

Transitional Aid Application for State Fiscal Year 2012
Division of Local Government Services
Department of Community Affairs

General Instructions: This application must be submitted in its entirety by **September 2, 2011** for funding consideration under this program. Information contained in the application is subject to independent verification by DLGS. Refer to Local Finance Notice **2011-22** when preparing this application for specific instructions and definitions, and review the Submission Checklist on Page 6.

Name of Municipality: City of Union City		County: Hudson	
Contact Person: Doug Gutch		Title: Treasurer	
Phone: 201-348-2778	Fax: 201-348-0639	E-mail: dgutch@ucnj.com	

I. Aid History

List amount of Transitional or former Discretionary Aid (Extraordinary, Special Municipal, or Capital Cities) received for the last three years, if any:

FY 2011	FY 2010	FY 2009
\$13,005,507	\$11,300,000	\$11,800,000

II. Aid Request for Application Year: (All municipalities currently operating under a Transitional Aid MOU are advised that a decrease from prior year funding is likely.)

Amount of aid requested for the Application Year:	\$14,000,000
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An aid request does not constitute guarantee of receipt of any funds.

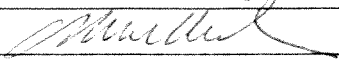
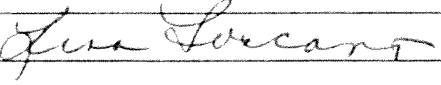
III. Submission Requirements

The following items must be submitted with, or prior to, submission of this application. Indicate date of submission of each.

Item	Date Submitted to DLGS
Prior Year Annual Financial Statement	09/08/11
Previous Year Annual Audit	03/31/11
Previous Year Audit Corrective Action Plan	08/16/11
Application Year Introduced Budget	
Budget documentation submitted to governing body	09/08/11

IV. Application Certification

The undersigned herewith certify that they have reviewed this application and, to the best of their ability, find its contents to be true and that it accurately portrays the circumstances regarding the municipality's fiscal practices and need for financial assistance. By submitting the application, the municipality acknowledges that the law provides that the decision of the Director regarding aid awards is final and not subject to appeal.

Official	Signature	Date
Mayor/Chief Executive Officer		
Governing Body Presiding Officer		
Chief Financial Officer		

V-A. Explanation of Need for Transitional Aid

Explain the circumstances that require the need for Transitional Aid in narrative form. Include factors that result in a constrained ability to raise sufficient revenues to meet budgetary requirements, and if such revenues were raised, how it would substantially jeopardize the fiscal integrity of the municipality.

The City has the highest unemployment rate in Hudson County (15% vs. 11.6% for Hudson County). The loss of Transitional Aid would create an unsustainable hardship on the City taxpayers. The extended downturn in the economy and high unemployment has affected homeowners and businesses. Homeowners face the possibility of foreclosure and businesses have and may face bankruptcy.

The City is a high density (the highest in the State) urban community with minimal space available for development. As a consequence the City is reliant on State aid, local taxes and other fees (fees are reviewed annually and revised as appropriate). The City struggles with an on-going structural budget deficit with no sure means of correction. The City continues its efforts to reduce expenditures.

Any further reductions will have a severe negative impact on the fiscal integrity of the City in providing public safety, health and basic municipal services.

The Mayor does not have control over certain budgetary expenditures including:

Group Health Insurance which increased by \$847,842;

Snow Removal which will increase by \$350,000;

Pensions which have increased \$866,008; and

North Hudson Regional Fire which will increase \$600,000.

In addition, the City no longer receives UEZ funding for

Two Police Officers (\$133,000)

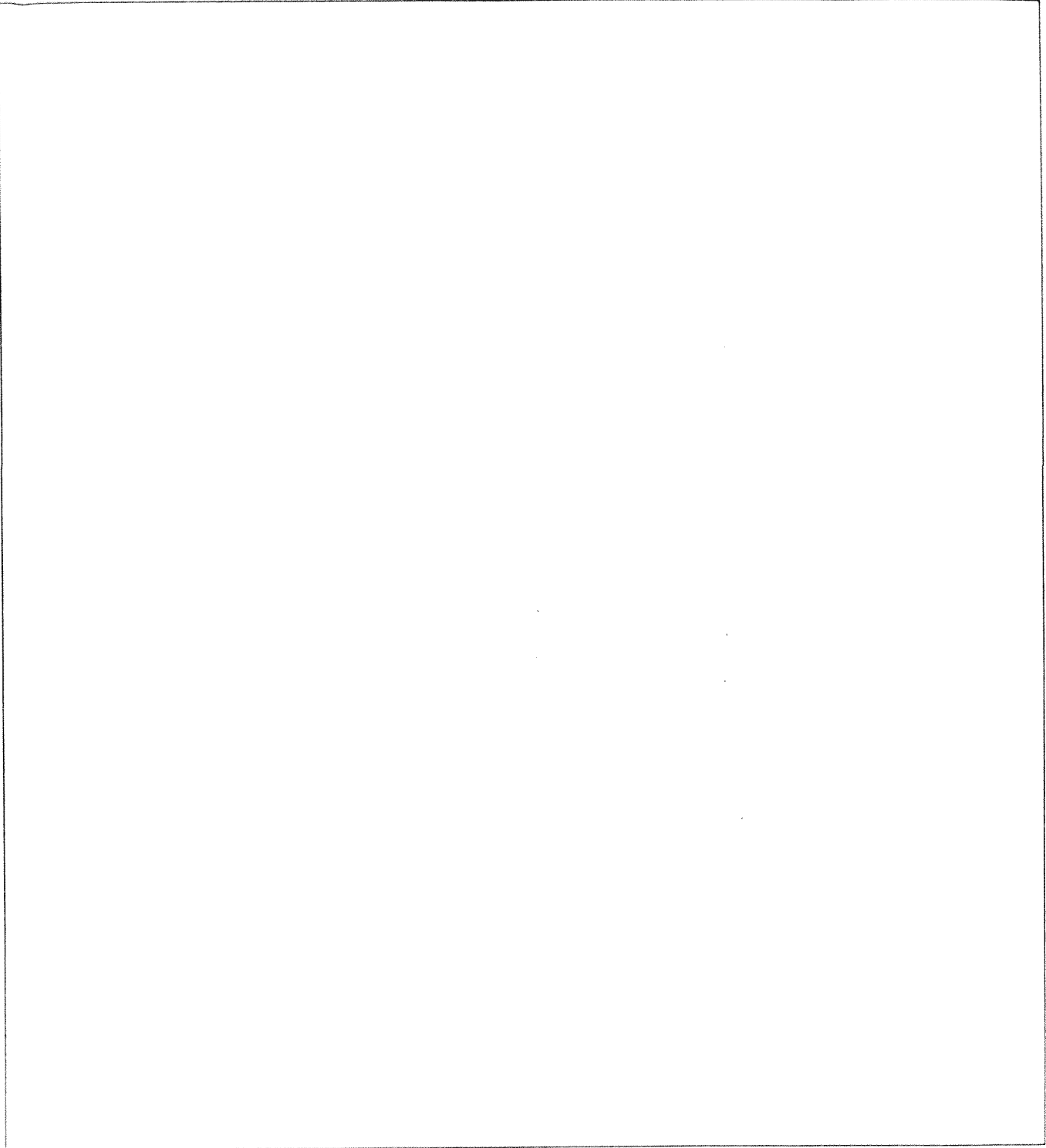
Liter Clean-up (\$235,560)

Revenue reductions from 2011 to 2012 include:

Municipal Court Fines decreased \$67,450;

Interest and Investments decreased \$28,075; and

The City maintains its revenue, but continues to struggle to fund required budget increases.



V-B Alternate Eligibility Calculation “NOT APPLICABLE”

Complete this section only if Transitional Aid **was not** received in the prior year. If the requirements of this section are met, this application must also reflect that the criteria in Section C, items 2-7 of Local Finance Notice 2011-22 are met.

Part 1 calculates loss of equalized value. If there is a loss of at least *2% of equalized value*, the eligibility criteria is met and the rest of the form does not have to be completed.

If the 2% criterion is **not** met, continue with Part 2 to identify individual revenue losses (exclusive of State CMPTRA/ETR formula aid reductions) or specific, extraordinary appropriation increases (pursuant to Local Finance Notice 2011-22, Item B-8).

Part 1 – Eligibility of Value Loss	Current Year County Equalization Table County Apportionment (a)	Prior Year Director’s Table Equalized Value (b)	Decrease (c)
Equalized Value Reduction			
Percent of loss from prior year (c) divided by (b) as percent:			
If this exceeds 2%, stop and proceed to the next page.			

Part 2 – Demonstration of Revenue Loss/Substantial Cost Increase

Complete Part 2 if eligibility was not met in Part 1. Show: (1) extraordinary revenue losses (exclusive of State CMPTRA/ETR aid reductions, but inclusive of other aid, including payments under various open space State payments in lieu of tax programs), but not as the aggregate of many revenue line items; and (2) or specific, extraordinary increases in appropriations. Describe the item on the cell below each entry. If applicable, indicate in the description of the extraordinary increase in expenditure if the increase was the result of a policy decision made by the municipality (i.e. a back-loaded debt service schedule, deferred payment, costs associated with additional hires, etc.)

Revenue or Appropriation	Prior Year Value	Current Year Value	Amount of Loss/Increase
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			

V-C Actions to Reduce Future Need for Aid

Detail the steps the municipality is taking to reduce the need for aid in the future. Include details about long-term cost cutting and enhanced revenue plans, impact of new development, potential for grants to offset costs, and estimated short and long-term annual savings. Use additional pages if necessary.

The City has aggressively sought to control and reduce expenditures. The City's policy has been not to replace employees who retire, resign or are otherwise terminated, except for positions essential to conduct City business. The City has required employees to assume the responsibilities of terminated employees in order to effect staff reductions. When employees must be replaced, new hire salaries are at entry level, or substantially less than the terminated employee salary. When possible, the City uses part-time hires in order to save on benefit costs.

This policy has enabled the City to reduce full-time budgeted positions from 442 in FY2004 to 356 in FY2012. In FY 2012 the City will realize \$757,000 in savings of police officers who retired during FY2011 (average salary \$120,000/year). The City replace two (2) officers (salary \$90,314) through grant funding and one officer charged to the City budget.

Since January, 2011 ten non-uniform personnel with a combined salary of \$668,000 retired and are not expected to be replaced.

The City continues to aggressively seek grant funding to effect budget cost savings. An example of this is the police grant the city obtained which over the course of three years will save \$2,209,000 in police salaries.

In fiscal 2010, the City awarded contracts for solid waste removal, recycling and container services. The current contract results in a \$ 1,980,000 savings over its five year life as compared to the prior contract.

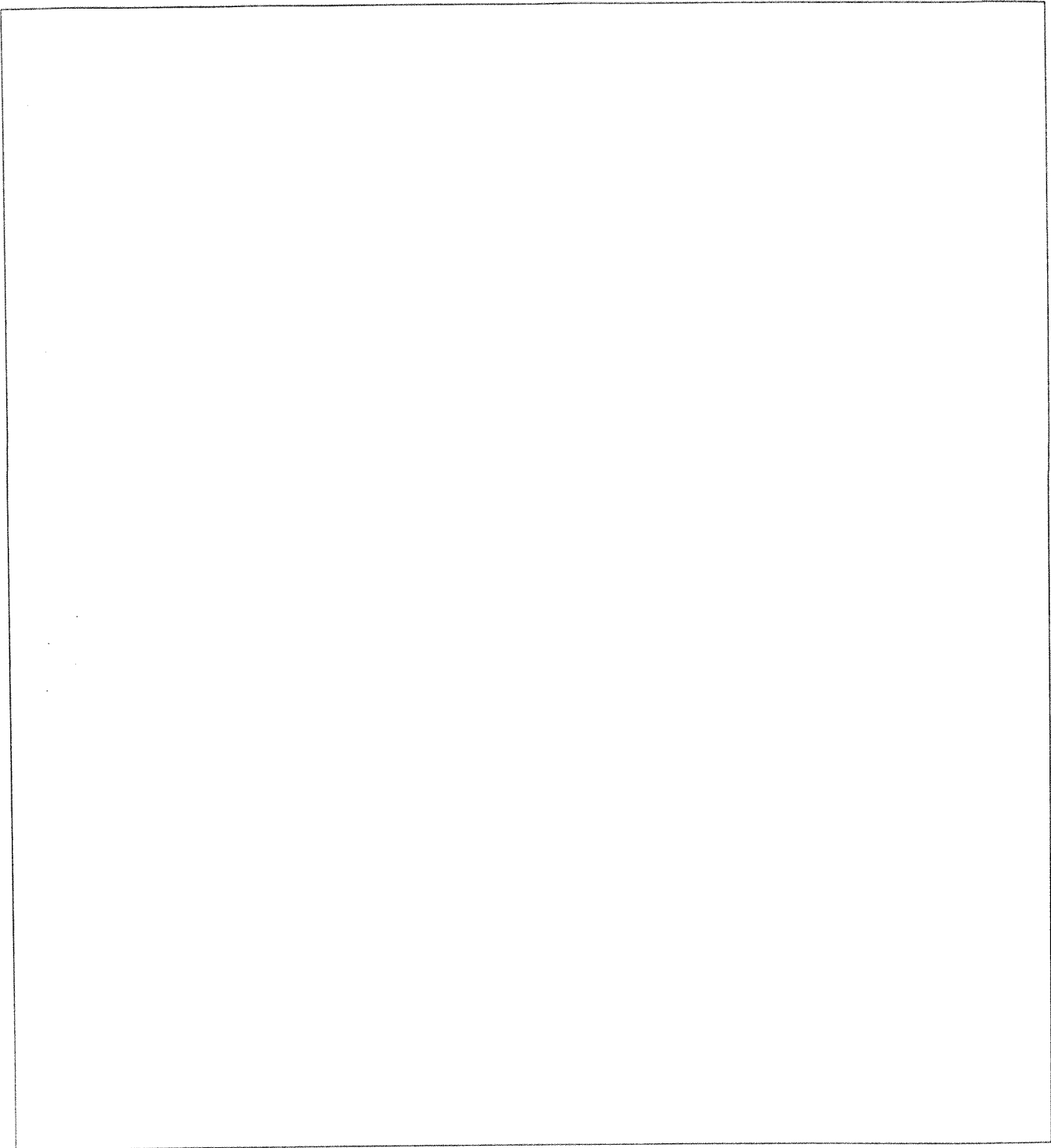
During FY 2012 the City will enter a cooperative purchasing agreement for electricity with the County of Hudson with a projected savings of 5%.

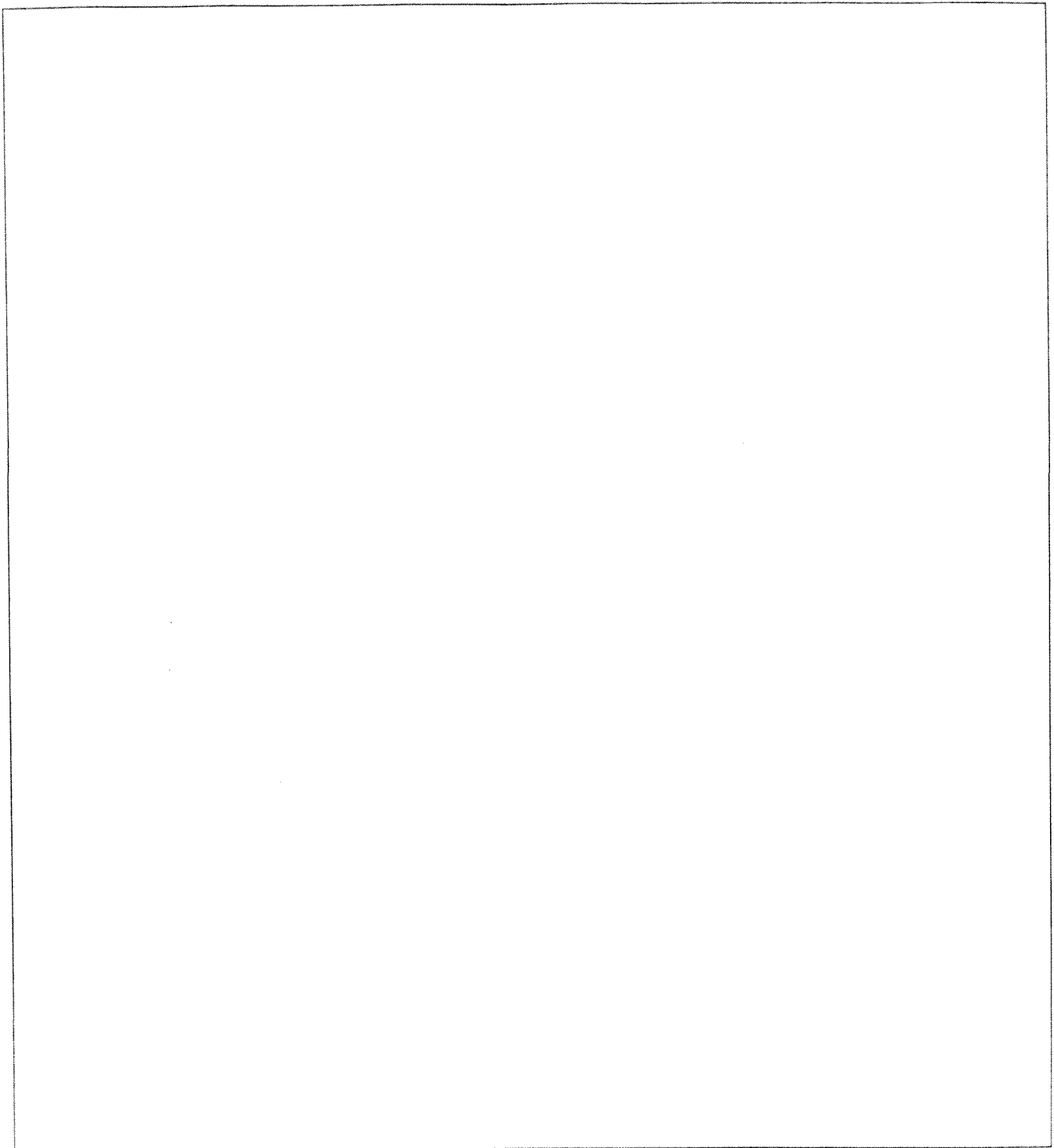
The City is currently in negotiation with the Union City Employees Association. The City is seeking substantial give-backs, including the elimination of terminal leave, caps on vacation and sick time, reduction of vacation & personal days and increase in insurance co-pays.

As a further control on expenditures, the Mayor reviews all purchase requisitions prior to processing.

The City will pursue a telephone audit to pursue potential savings.

The City is making every effort to control and reduce expenditures. Significant budget items beyond the City's control include county and regional solid waste dumping fees, group health insurance costs, pension contributions and debt service.





VI. Historical Fiscal Statistics

Item	2010	2011	Introduced Application Year
1. Property Tax/Budget Information			
Municipal tax rate	\$3600	\$4202	\$5,314.
Municipal Purposes tax levy	\$52698551	71908923	\$75,779,049
Municipal Open Space tax levy	\$	\$	\$
Total general appropriations	103903095	103532309	\$108,899,346

2. Cash Status Information			
% Of current taxes collected	96.68%	98.98%	%
% Used in computation of reserve	%	%	98.89%
Reserve for uncollected taxes	\$722,857	\$910,000	\$1,215,000
Total year end cash surplus	\$117,000	\$1,065,000	
Total non-cash surplus	\$	\$	
Year end deferred charges	\$0	\$2,367,038	

3. Assessment Data			
Assessed value (as of 7/1)	\$1,477,62,8249	\$1,486,326,824	\$1,474,896,524
Average Residential Assessment	\$119,200	\$119,200	\$118,400
Number of tax appeals granted	304	389	
Amount budgeted for tax appeals	\$	\$	\$
Refunding bonds for tax appeals	\$	\$	\$

4. Full time Staffing Levels			
Uniformed Police - Staff Number	151	150	170
Total S&W Expenditures	\$17,859,346	\$17,512,000	\$17,902,000
Uniformed Fire - Staff Number			
Total S&W Expenditures	\$	\$	\$
All Other Employees - Staff Number	234	218	186
Total S&W Expenditures	\$12364374	\$11413700	\$12,137,285

5. Impact of Proposed Tax Levy

			Amount
Current Year Taxable Value			1,486,326,824
Introduced Tax Levy			66,702,783.81
Proposed Municipal Tax Rate	\$4.488	Average Res. Value (#4 above)	118,400
Current Year Taxes on Average Residential Value (#4 above)			5,313.79
Prior Year Taxes on Average Residential Value			4,512.91
Proposed Increase in average residential taxes			800.88

VII. Application Year Budget Information

A. Year of latest revaluation/reassessment

1991

B. Proposed Budget – Appropriation Cap Information

- | Item | Yes | No |
|---|-----|----|
| 1. Was an appropriation cap index rate ordinance adopted last year?
If YES: % that was used | X | |
| 2. Amount of appropriation cap bank available going into this year | | |
| 3. Is the Application Year budget at (appropriation) cap?
If NO, amount of remaining balance | X | |
| 4. Does the Application Year anticipate use of a waiver to exceed the appropriation cap?
If YES, amount: | | X |

	Yes	No
2.5%		
\$843,061.64		
\$		
\$		

C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
Group Health Insurance	14,720,862	15,568,704	847,842
Consolidated Police & Fire Pension	4,663,501	5,529,509	866,008
North Hudson Regional Fire & Rescue	17,400,000	18,000,000	600,000
Police Salary	17,653,394	18,000,000	346,606
Snow Removal	150,000	500,000	350,000
Debt Service	8,988,582	9,106,311	117,729

D. List all new property tax funded full-time positions planned in the Application Year:

Department/Agency	Position	Number	Dollar Amount
Public Safety	Deputy Director, Public Safety	1	90,000

E. Display projected tax levies, local revenues (not grants), anticipated (gradually reduced) Transitional Aid, total salary and wages, and total other expenses projected for the three post-application years:

	Tax Levy	Local Revenues	Transitional Aid	Total S&W	Total OE
First year	61,700,000	26,250,000	11,754,000	29,596,000	70,108,000
Second year	63,750,000	25,785,000	11,065,000	29,000,000	71,600,000
Third year	65,950,000	24,500,000	11,850,000	28,900,000	73,400,000

VIII. Financial Practices

A. Expenditure controls and practices:

Question	Yes	No
1. Is an encumbrance system used for the current fund?	X	
2. Is an encumbrance system used for other funds?	X	
3. Is a general ledger maintained for the current fund?	X	
4. Is a general ledger maintained for other funds?	X	
5. Are financial activities largely automated?	X	
6. Does the municipality operate the general public assistance program?		X
7. Are expenditures controlled centrally (Yes) or de-centrally by dept. (No)?	X	
8. At any point during the year are expenditures routinely frozen?	X	
9. Has the municipality adopted a cash management plan?	X	
10. Have all negative findings in the prior year's audit report been corrected?	X	
If No, list those uncorrected as an appendix.		

B. Risk Management: Indicate ("x") how each type of risk is insured.

Coverage	JIF/HIF	Self	Commercial
General liability	X		
Vehicle/Fleet liability	X		
Workers Compensation	X		
Property Coverage	X		
Public Official Liability	X		
Employment Practices Liability	X		
Environmental	X		
Health	SHBP		X

C. 1) Salary and Employee Contract Information (when more than one bargaining unit for each category, use average):

Question	Police	Fire	Other Contract	Non-Contract
Year of last salary increase	2012	N/A	2008	01/01/05
Average percentage increase	4%	%	4.5%	3.5%
Last contract settlement date	01/01/08		01/01/05	
Contract expiration date	12/31/12		12/31/08	

2) Explain if any of the following actions have been taken or are under consideration for the Application Year: (SEE ATTACHED)

Action	Police	Fire	Other Contract	Non-Contract
Furloughs (describe below)				
Wage Freezes (describe below)				
Layoffs (describe below)				

The City's policy has been to reduce salary cost through attrition. To the extent positions must be replaced, the City endeavors to have part-time replacements. The following employee count reflects that policy:

2004	442 FT	209 PT
2005	426 FT	219 PT
2006	440 FT	229 PT
2007	425 FT	217 PT
2008	409 FT	240 PT
2009	405 FT	300 PT
2010	382 FT	322 PT
2011	370 FT	314 PT
2012	356 FT	326 PT

D. Tax Enforcement Practices:

Question	Yes	No
1. Does the municipality use the accelerated tax sale program?	X	
2. When was the last foreclosure action taken or tax assignment sale held: Date:	October, 2005	
3. On what dates were tax delinquency notices sent out in 2010: Date:	Dec. Jan. Mar. Apr. May, June	
4. Date of last tax sale: Date:	06/10/11	

E. Specialized Service Delivery:

If the answer to either question is "Yes," provide (as an appendix) a cost justification of maintaining the service without changes.

Service	Yes	No
Sworn police or firefighters are used to handle emergency service call-taking and dispatch (in lieu of civilians)		X
The municipality provides rear-yard solid waste collection through the budget		X

F. Other Financial Practices

1. Amount of interest on investment earned in:

Prior Year:	\$60,077	Last Year:	\$31,296	Anticipated Application Year:	\$31,295
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2. List the instruments in which idle funds are invested:

New Jersey Cash Management	
New Jersey Asset Rebate Management	
Money Market	

3. What was the average return on investments during SFY 2011?

.87%

4. When was the last time fee schedules were reviewed and updated?

2010

G. Status of Collective Negotiation (Labor) Agreements: List each labor agreement by employee group, contract expiration date, and the status of negotiations of expired contracts.

Employee Group	Expiration Date	Status of Negotiations of Expired Agreement
Union City Employees Association	12/31/2008	In negotiations. Went to Mediation in March 2010
		PERC Fact-finding currently in progress. The City
		has not reached an agreement. The City is negotiating for give-backs, including the elimination
		of terminal leave, caps on vacation & sick time, reduction of vacation and personal days, increase in

		Group insurance co-pays, and no increase in salaries

IX-C. Evaluate existing local revenues, as to whether or not the rates or collections can be increased or imposed, and if so, how changes will be implemented; i.e., recreation fees, utility fees, land use fees, construction, housing, and fire code.

Local Revenues and services provided through the General/Current Fund	Check if services is provided	Are fees charged to cover the costs of the program?	If fees do not cover costs, what is the amount of subsidy?	If there is a subsidy, explain why fees cannot be increased to reduce or eliminate subsidy.
Recreation programs	<input checked="" type="checkbox"/>	NO	\$227,047	Give the City population's economic status and the high unemployment level, it is not feasible to charge fees for recreation and pools. Imposition of user fees would preclude use by the population most in need of these services.
Sewer Fees	<input type="checkbox"/>	N/A		
Water Fees	<input type="checkbox"/>	N/A		
Swimming Pool	<input checked="" type="checkbox"/>	NO	\$160,265	See Above
Uniform Construction Code	<input checked="" type="checkbox"/>	YES		
Uniform Fire Code	<input checked="" type="checkbox"/>	YES		
Land Use Fees	<input checked="" type="checkbox"/>	YES		
Parking Fees	<input type="checkbox"/>			The Union City Parking Authority operates parking facilities and collects fees for usage.
Beach Fees	<input type="checkbox"/>	N/A		
Insert other local fees below:	<input type="checkbox"/>			

Section XI – Impact of Limited or No Aid Award

Describe in complete detail the impact if aid is not granted for the current fiscal year; **this priority setting requires that the municipality will maintain a minimum level of essential services.** List the appropriate category of impact if the aid is not received. Rank each item from both lists as to the order in which elimination will take place. If across the board cuts will be made, indicate under service. **For rank order purposes, consider the two sections as one list. The cuts outlined here are one that the municipality is committing to make if they do not receive aid.**

Rank Order	Department	# of Layoffs	Effective Date	2010 Full Time Staffing	2011 Full Time Staffing	\$ Amount to be Saved

If the City does not receive the funding herein applied for, municipal taxes would increase by an additional \$ 11,300,000. The SFY 2012 budget reflects a 9% increase in municipal taxes from SFY 2011. Taxes on a house with an assessed valuation of \$ 118,400 would increase \$ 800.08 annually. Denial of the requested aid would make the tax increase 23 %. That additional 23% increase would have to be raised in the February and May tax quarters. Such an increase would create incredible hardship on the community and its tax payers. The predictable result of such an increase would ensure that numbers of people would lose their homes. Additionally, the City would experience a severe shortfall in operating budget revenue.

Over the last several years the City has through attrition, reduced personnel costs (this year alone \$1,462,000). Budget reductions beyond those already reflected in the SFY 2012 budget would have a severe negative impact on the health, public safety and quality of life of this community and its citizens.

If services will be reduced, describe the service, impact and cost savings associated with it.

Rank Order	Service	Cost Savings	Impact on Services

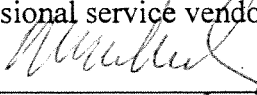
XII. Agreement to Improve Financial Position of Municipality

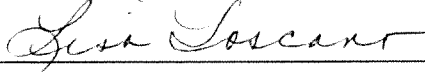
If aid is granted, the municipality will be required to submit to certain reporting conditions and oversight as authorized by law and a Memorandum of Understanding will need to be signed. Please mark each box below indicating that the applicant understands, and agrees to comply with these broad reporting and oversight provisions.

	Yes	No
1. Allow the Director of Local Government Services to assign management, financial, and operational specialists to assess your municipal operations.	X	
2. Implement actions directed by the Director to address the findings of Division staff.	X	
3. Enter into a Memorandum of Understanding and comply with all its provisions, without exception.	X	

XIII. Certification of Past Compliance for Municipalities Currently Operating Under a Transitional Aid MOU:

The undersigned certify that the municipality has complied with all the conditions and requirements of 2010 MOU conditions, including, but not limited to, the following: submission of a Transition Plan, adoption of a pay to play ordinance, receipt of signed approval forms as required prior to hiring personnel and contracting with professional service vendors.

Mayor:  Date: _____

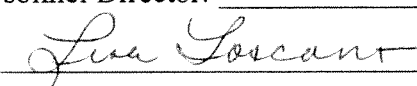
Chief Financial Officer:  Date: 9/9/11

Chief Administrative Officer: _____ Date: _____

XIV. CAMPS Certification (Civil Service municipalities only)

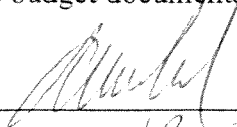
For Civil Service municipalities, the undersigned, being knowledgeable thereof, hereby certify that the municipality has placed the names of all current civil service employees in the NJ "CAMPS" system.

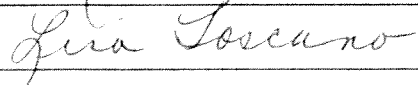
Human Resources or Personnel Director: _____ Date: _____

Chief Financial Officer:  Date: 9/9/11

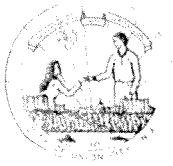
XV. CERTIFICATION OF APPLICATION FOR TRANSITIONAL AID

The undersigned acknowledges the foregoing requirements with which the municipality must comply in order to receive aid as outlined above. In addition, included with this application is a copy (printed or electronic) of the budget documentation that supports the budget calculation that was provided to the governing body.

Mayor:  Date: _____

Chief Financial Officer:  Date: 9/9/11

Chief Administrative Officer: _____ Date: _____



THE CITY
OF
Union City

3715 PALISADE AVENUE
UNION CITY, NEW JERSEY 07087

DEPT. OF REVENUE & FINANCE
TREASURER

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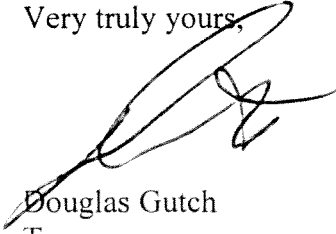
September 9, 2011

Thomas Neff, Director
New Jersey Department of Community Affairs
Division of Local Government Services
101 South Broad Street
Trenton, New Jersey 08625

The following documents are enclosed (original and two copies):

Transition Aid Application
Annual Financial Statement
2012 Budget (draft, to be introduced not later than September 20)

Very truly yours,



Douglas Gutch
Treasurer

