

**Department of Community Affairs
FY 2008-2009
OLS Discussion Points**

Question #1

What progress has the Local Finance Board made toward adopting performance measures, as it was required to do by March 15, 2008? If those measures are not yet adopted, what is the timetable for doing so? Did the Department provide any empirical research that supports any or all of the Governor's recommended municipal aid reductions? If so please provide that research. If not, can the Department explain the decision to use population as the key index to determine reductions in CMPTRA among other factors that could be utilized? Was the Department asked by the Governor to conduct any analysis of the potential impact of these reductions on municipal services and property taxes prior to his determination to recommend them? If so, please provide that analysis. Does the Department have a plan for the consolidation of municipalities with population of 10,000 or less that would take effect prior to or on July 1, 2008? Does the Department have a plan that would lead to the sharing of services among these municipalities that would take effect prior to or on July 1, 2008?

DCA's Division of Local Government Services and the Local Finance Board have been hard at work to make progress on the new Property Tax Relief legislation (A-1). The Department has developed forms, reporting procedures and guidance regarding the institution of the 4% tax levy cap. The Local Finance Board has conducted hearings on the cap waiver requests, developed initial standards on debt issuance, and will adopt rules, issue a Local Finance Notice and/or provide guidance where appropriate. The Local Finance Board has also adopted guidance on "substantially similar" regarding the Defined Contribution Retirement Program and the Department continues to work closely with Pensions to provide guidance in this area.

DCA has drafted "user friendly" municipal and county budget formats and is currently redesigning the forms into an electronic reporting system to meet the criteria of the legislation. We expect this user-friendly budget to be available for FY 2009 municipal and county budgets. DCA has also facilitated the first meeting of the Local Unit Alignment, Reorganization and Consolidation Commission (LUARC) scheduled for April 8, 2008, and will continue to support the Commission throughout its tenure.

Department staff continues to research and review various models including the Rutgers and Pew Foundation models, which will enable municipalities to collect key indicators of government performance, track those indicators, and report levels of service and progress to stakeholders. We are developing methods to determine performance metrics to be used in future funding decisions. It is estimated that concentrated work on the Performance Measurement Program can commence after July 1, 2008.

We believe that we need to re-examine how we distribute all aid. With regard to municipalities with populations of 10,000 or less, DCA is currently examining ways to lessen the impact of the reduction in state aid by phasing in the reductions over several years. We will also work to develop qualitative and quantitative metrics to develop a new funding formula for the distribution of Municipal Aid within the next Fiscal Year.

The utilization of population data to determine municipal aid is a viable approach, and one of several alternatives. The decision to reduce CMPTRA is a decision intended to encourage local governments to streamline operations to create efficiencies and reduce costs. We will continue to work with the Legislature as we did on school aid to come up with a fair and equitable distribution.

DCA encourages municipalities of all sizes to share services as an effective means of reducing costs. We continue to accept applications for the SHARE program to assist municipalities that want to study or implement shared services. The program is currently being reviewed to develop additional incentives for smaller governments to share services and to expand the current statutory parameters of the program. Several municipalities are also actively pursuing shared services and several counties, through COUNT grants, are exploring "regionalization of services." For example, we are actively working with Corbin City and Upper Township on their consolidation efforts, and Wantage Township, Sussex Borough and Montague Township are also exploring the possibility of a three-way consolidation. The Department will assist any municipality that wants to study or consider consolidation.

Question #2

What is the timetable for the development of the spending plan for the Consolidation Fund? Based on this timetable, what is the likelihood that any municipality below 10,000 will receive assistance that affects its 2008 or 2009 costs of providing its current array of municipal services? What types of Consolidation Fund activities will be funded by the Consolidation Fund? What types of new incentives does the Department intend to offer local governments from Consolidation Fund resources? Do these new incentives include interim replacement of any portions of proposed State aid reductions to prevent large property tax increases that might be unaffordable to certain homeowners?

Municipal consolidation is a complex issue and the Consolidation Fund is no different. Armed with the knowledge that all municipalities are different and unique, we expect to administer the Consolidation Fund on a case-by-case basis to achieve successful results.

DCA also expects municipalities to take advantage of the flexibility provided by the Local Option Consolidation Act passed last year to develop locally-based approaches to consolidation. Municipalities will also take advantage of the property tax relief program that was part of that Act, which provides an effective guarantee against property tax increases for residential property owners that stem directly from consolidation.

Representatives from the Department of Community Affairs and the Department of Education recently met with county and school shared services coordinators to discuss the expansion of sharing services between local units. Together, we are actively pursuing and developing parameters that support the consolidation and regionalization of local units and services. The Act requires the Commissioners of DCA and DOE and the State Treasurer to meet to establish guidelines for the Consolidation Fund. One of the things we may consider is recognizing towns that have implemented successful SHARE programs.

Finally, the Department is actively supporting the LUARC Commission, which is tasked with identifying services of local units and proposing certain consolidations and regionalization efforts. The Commission's first meeting is scheduled for April 8, 2008.

Question #3

Please list, by municipality for State Fiscal Year 2008, the amount of the Special Municipal Aid expended to date, including to which local fiscal year the disbursement was credited. Which municipalities have been approved or are under active consideration to receive the remaining FY 2008 funds? In what amount per municipality and for which local fiscal year? Is the recommended level of the FY 2009 funding adequate in light of the fact that recommended FY 2009 formula aid reductions to the seven municipalities that received FY 2007 Special Municipal Aid total \$12.4 million? Has the Local Finance Board established a memorandum of understanding that sets forth the terms and conditions of enhanced state oversight with each municipality receiving Special Municipal Aid? If so, please provide a copy of each memorandum of understanding. If not, please identify the recipient municipalities with which no memorandum of understanding has been established, and state the reasons for lack thereof.

In the FY 2007 budget, State budget appropriations were supplemented in order for municipalities to receive Special Municipal Aid from the state budget in the same year as their municipal budget. Prior to this time, fiscal year SMA municipalities “borrowed” their current year budget allocations from the next year’s state budget – thus, fiscal year towns were one year “behind.” Calendar year towns were two years behind.

In SFY 2007, the following municipalities received allocations: Asbury Park City* (\$7,408,206) [Asbury Park entered the program this year and were not “behind”]; Camden City (\$92,431,804); Bridgeton City (\$2,500,000) [Bridgeton entered the program late and was not “behind”]; Harrison Town* (\$8,900,000) [Harrison is a calendar year municipality, so this represents a three-year allocation because Harrison was two years “behind”]; Paterson City (\$53,600,000); Ewing (\$2,000,000); and Union City (\$5,600,000).

Harrison*, a calendar year town, received a total of \$6,600,000 for its CY 2007 budget - \$2,600,000 from the SFY 2007 and \$4,000,000 from the SFY 2008 budgets. Asbury Park* needs \$12,000,000 for their CY 2008 budget (\$8,000,000 from the SFY 2008 budget and \$4,000,000 from the SFY 2009 budget).

For State Fiscal Year 2008, Camden City has already received an advance of \$28,112,408 of its total disbursement of Special Municipal Aid. When the Municipal Rehabilitation and Economic Recovery Act (MRERA) was first enacted, Camden City received “Rehabilitation Act” funding with a small supplemental Special Municipal Aid allocation. In FY 2006, all MRERA aid was allocated through the Special Municipal Aid line in the state budget.

Beginning in November 2007, the Department developed an application in an effort to better assess the needs of municipalities seeking Special Municipal Aid. *(Please refer to Attachment #1.)* Applications were sent out to Asbury Park City*, Camden City, Bridgeton City, Harrison Town*, Paterson City, Jersey City, Union City, Newark City, Irvington and Ewing. To date, we have received nine applications back.

As part of the application process, each municipality must submit a budget. The Department is currently in the process of reviewing the materials submitted. Allocations are determined by the Local Finance Board.

The Local Finance Board has established a memorandum of understanding that sets forth the terms and conditions of enhanced state oversight with each municipality receiving Special Municipal Aid. *(Please refer to Attachments #2 and #3.)* Attachment #2 was utilized up to and before September 2007. Attachment #3 is refined slightly due to the partnership forged between the Division of Local Government Services, Office of Economic Growth, Urban Enterprise Zone Board and the Economic Development Agency. Newly added is a presentation the SMA municipality must make to the above "partnership" so that each member of the partnership knows the direction of development within the SMA community, thus, theoretically leading to lesser dependence on Special Municipal Aid.

*(*denotes calendar year towns)*

Question #4

Which municipalities have met the criteria to be the subject of a Local Finance Board hearing on the creation of a financial review board? How many hearings on that matter were convened by the Local Finance Board for each municipality? According to the record established in those hearings, what specific recovery measures were successfully implemented or what other actions were taken that improved fiscal conditions that led the Board to its conclusions on creating a financial review board?

Pursuant to N.J.S.A. 52:27D-118.29(c), “[i]f an eligible municipality receives increased amounts of aid under [the Special Municipal Aid Act] after January 1, 1999 and continues to receive such aid for two continuous fiscal years, at the end of each second year, or at such other time as the board deems appropriate, the board shall hold a hearing for the eligible municipality to demonstrate why the board should not create a financial review board to oversee the fiscal condition of the municipality. If the board finds that the eligible municipality has successfully implemented fiscal recovery measures or has otherwise acted to improve sufficiently its fiscal condition, the board shall permit the eligible municipality to continue to receive aid without the creation of a financial review board and be subject to other fiscal recovery conditions the board may place on it;...”

The Local Finance Board hears annual testimony on each Special Municipal Aid recipient at its public hearings for the award of Special Municipal Aid. The Board has implemented a financial review board once in the past. It was in effect for a year before being determined that it was no longer functioning in an efficient manner. The Board continues to monitor each recipient through the Memorandum of Understanding required of each municipality in the program. The MOU places fiscal restrictions and requirements on the municipality to move toward fiscal recovery. As part of the ongoing oversight process, DCA meets regularly with each municipality in the program to assure that the provisions of N.J.S.A. 52:27D-118.30b-d, are met. The Division of Local Government Services receives monthly reports on revenue and expenditures and holds quarterly meetings to review each municipality’s ongoing efforts to achieve financial stability.

Question #5

Tenant-Based Rental Assistance: How much of the total expended since SRAP commenced was for this form of rental assistance? How many households have received this assistance in each month of Fiscal Year 2008 thus far and what were the total and average-per-household assistance payments per month respectively? How much of the total amount under obligation is for tenant-based assistance? What is the latest month in which these obligated amounts will fund assistance payments? Of the total recommended FY 2009 funding for SRAP – \$52.5 million – how much is required to fund vouchers already in use? How much is estimated to increase the number of vouchers in use? How many additional vouchers does that estimate represent?

Tenant-based rental assistance remains with the household and provides the family with the freedom to choose a unit in any community, as long as such units are approved by the DCA. Since SRAP commenced, \$26.3 million has been expended through Tenant-Based Rental Assistance. Funds are not obligated for tenant-based rental assistance. The average household assistance payments (HAPS) for FY 2008 are \$623 per month (Elderly), \$788 per month (Family), \$807 per month for Disabled, and \$974 per month for DHS. DHS SRAP vouchers are higher than others on average because the clients were homeless and have a lower family income and generally require larger unit sizes due to their family composition. Therefore, they tend to qualify for larger subsidy amounts. *Please refer to the chart below to see how many households have received assistance during FY 2008.*

MONTH		July 2007	August 2007	September 2007	October 2007	November 2007	December 2007	January 2008	February 2008	March 2008
	PROGRAM CATEGORY	TOTAL HAP	NUMBER OF CLIENTS	NUMBER OF CLIENTS	NUMBER OF CLIENTS	NUMBER OF CLIENTS	NUMBER OF CLIENTS	NUMBER OF CLIENTS	NUMBER OF CLIENTS	NUMBER OF CLIENTS
FY 2008	SRAP 26 Elderly (O)	\$ 3,187,066.61	492	512	530	561	579	591	618	615
	SRAP 27 Families (F)	\$ 3,036,864.20	496	446	443	421	413	389	417	413
	SRAP 31 DHS (L)	\$ 5,284,542.06	320	361	410	521	603	674	769	872
	SRAP 36 Disabled (H)	\$ 786,820.37	29	43	56	86	112	132	168	179
	CURRENT TOTAL	\$12,295,293.24	1,337	1,362	1,447	1,589	1,707	1,786	1,982	2,079

Of the total recommended FY 2009 funding for SRAP, which is \$52.5 million – \$19 million is required to fund vouchers already in use and \$15.7 million is estimated to increase the number of vouchers in use by an additional 1,500 vouchers.

Project-Based Rental Assistance: How much of the total expended since SRAP commenced was for this form of assistance? How much of the total amount under obligation is for this form of assistance? How many rental units have been constructed and are now occupied? How many additional units, by fiscal quarter, are projected to become occupied through disbursement of funds now under obligation? What is the estimated number of new units to be funded from the FY 2009 SRAP appropriation?

Project-based assistance is unit-specific and cannot be transferred to any other unit for the 10-year term of the contract. Since SRAP commenced, \$1.7 million has been expended through Project-Based Rental Assistance. Of the total amount under obligation, \$72.9 million is for this form of assistance. A total of 719 project-based vouchers were awarded in the prior two fiscal years, which have resulted in the construction of 483 rental units, with 75 additional units per fiscal quarter to become occupied through disbursement of funds now under obligation. DCA estimates 176 new units will be funded from the FY 2008 SRAP appropriation, and all of those units are expected to be occupied within two years. We also now give priority funding to projects that are ready for construction.

Given uncommitted balances of \$40 million – one third of the total resources allocated to SRAP over four fiscal years – what assurance can the Department give the Legislature that a \$15 million increase in funding will not result in the further build-up of unspent resources?

The State Rental Assistance Program is a remarkably successful program, with demand at an all-time high. Between now and the end of this Fiscal Year, DCA anticipates that all available funds will be committed or spent between Project-Based Assistance, Tenant-Based Assistance and Administrative Costs. The Governor is committed to protecting New Jersey's most vulnerable citizens. Regulations require that 75 percent of the vouchers are made available to families with incomes no higher than 30 percent of median income, and 100 percent to families with incomes no higher than 40 percent of median income. We are also working with the Department of Human Services to allocate up to 500 vouchers from the additional funding to assist in meeting the court imposed Olmstead mandates and other special needs communities.

The elderly eligible age limit for Tenant-Based Assistance has also been reduced from 65 to 62. As a result, many more seniors are now eligible for benefits. DCA has also increased its Tenant-Based voucher role by 15 percent between September 2007 and March 2008. That trend is continuing without interruption. Without additional funding, we would have to stop leasing to ensure it did not transgress the law by over-committing its fund balance. DCA needs the additional \$15 million if it is to keep pace with demands to house all these individuals and families.

Question #6

Please provide a list of municipalities currently participating in the NPP, the amount awarded to each, and a description of the purposes for which funds will be spent and the impact these funds are intended to have on a municipality's ability to meet the goals of its strategic revitalization plan. Has the Department successfully leveraged any other funds when allocating these State funds? What percentage of the funds applied for were awarded as grants and loans respectively? Will the Department make alternative funding available to municipalities that have ongoing projects that are a part of this program? Will the Department use fund balances available at the end of Fiscal Year 2008 to continue the Neighborhood Preservation Program? Absent additional appropriations in FY 2009 and beyond, at what point will the program cease to operate entirely?

(Please refer to Attachment #4 for a list of municipalities currently participating in the Neighborhood Preservation Program.) NPP revitalization plans are initiated and funded by the Neighborhood Preservation Program grant. With assistance from DCA, plans are developed each year by community stakeholders, and are approved and adopted by municipal resolution. Every plan differs and is tailored to meet the needs of individual participating neighborhoods.

Examples of activities in an NPP strategic plan include, but are not limited to: single-family and rental housing rehabilitation, infrastructure improvements, commercial property and signage improvements, neighborhood beautification and clean-up projects, community education programs, home purchasing assistance, and youth educational and recreation programs. In many cases, the NPP grant is the only community development activity in these neighborhoods.

The Neighborhood Preservation Program provides financial assistance to municipalities, who in turn provide deferred loans to individual home owners, landlords and commercial property owners. Most deferred loans are payable to the state at the time of resale.

During the most recent round of NPP funding in FY 2008, 11 new applications were submitted to the department for funding – 10 grants were awarded and one is still pending. The NP Program also awarded \$1.5 million to 15 current grantees and extended their contracts – including all contracts in the planning “phase-one” period – to June 30, 2009.

This recent grant round reduced the NPP account to under \$500,000, the balance of which will be proportioned to the remaining grantees with administrative responsibilities to continue the community development operations into FY 2009. The additional funds may carry the programs an additional six months.

All active Neighborhood Preservation Program grantees have been extended to June 30, 2009, after which all programs would officially expire. The aforementioned \$500,000 balance may extend program operations until December 30, 2009. Beyond that date, all funds will be exhausted.

The NPP has a long and successful record of accomplishments in leveraging other funds in its revitalization efforts. Historically, the program leverages nine dollars to every state dollar invested in the communities. While most leveraged funds are from the local or private match, DCA has also been able to direct other resources to NPP neighborhoods through DCA's federal HOME program and, where eligible and available, DCA's federal Small Cities Community Development Block Grant Program.

In lieu of continuing NPP funds where individual and local resources are not available to maintain the viability of a neighborhood, consideration should be given to increasing the cap and number of eligible municipalities that participated in DCA's Neighborhood Revitalization Tax Credit Program.

Question #7

How many units of housing for individuals with special needs have been constructed as of March 1, 2008? How many of these units were occupied as of March 1, 2008? Will the NJHMFA meet its stated goal of constructing, acquiring, or rehabilitating 600 units of special needs housing by the end of FY 2008? Please provide an update on the progress on the 271 units of Special Needs Housing and 13 housing units under other special needs programs that were under construction at this time last year. How many units of housing does the HMFA intend to finance in FY 2009? Where will those units be located?

As of March 1, 2008, the New Jersey Housing and Mortgage Finance Agency has financed the construction of 152 new units and 153 acquired/rehabilitated units. All 305 of those units were occupied as of March 1. We have already met and exceeded our goal to produce 600 units of special needs housing by the end of the FY 2008, and to date have committed a total of 684 units/beds under the Special Needs Housing Trust Fund. Of the remaining 387 units that are not yet occupied, we expect approximately half of those units to be occupied by the end of FY 2008 and will continue to work toward occupying the remaining units as soon as possible.

At this time last year, there were 271 units of Special Needs Housing and 13 housing units under other special needs programs under construction. All of those units are now either completed or under construction. In FY 2009, we intend to finance approximately 285 additional units in nearly every county of the state.

As of March 2008, approximately \$68.2 million was committed through the Special Needs Housing Trust Fund, leaving a balance of \$131.8 million out of the original \$200,000 allocation. The \$68.2 million leveraged an additional \$91 million dollars.

We could use the Special Needs Housing Trust Fund and other sources of capital funding to build more. However, these projects require operating and service money to serve their residents, and the Special Needs Trust Funds are not available for these expenses. DCA has already maximized the available operating funding for these projects through State Rental Assistance programs. DHS needs more funding for operational and support services if we are to continue to build more, and we are working with DHS to maximize the use of their funding for such purposes.

Question #8

Please discuss the impact of the instability in the credit markets on 1) the ability of the NJHMFA to issue bonds that provide financing of home construction and rehabilitation; and 2) the Balanced Housing Program. Have increased borrowing costs forced the agency to delay the purchase of bonds for projects scheduled to begin FY 2008 or 2009? How will the instability in the credit markets affect the ability of the Department and the Agency to meet the Governor's goal of creating and preserving 100,000 units of affordable housing for middle-income, moderate-income, and low-income New Jersey residents over the next 10 years?

HMFA continues to maintain an excellent bond rating, and is viewed by the industry as a quality lender who offers stable credit products and maintains high underwriting standards. Since January 2006, HMFA provided close to \$1 billion to fund single family mortgages for 4,500 New Jersey families. In 2007 alone, we originated over 2,100 single-family loans for approximately \$600 million worth of mortgages for first-time or urban target homebuyers. These are more mortgages than any other time in the Agency's history. We did this without resorting to the use of the non-traditional, interest only, adjustable rate or sub-prime mortgage products that have caused such turbulence in the market.

We view this increase in the demand for HMFA mortgages as a "flight to quality" by the public. Because the Agency does not offer any "non-traditional" mortgage products, it has been looked to as a reputable and trustworthy lender by the public and a stable bond issuer by the credit market. Additionally, our default rate is less than 2 percent, which is better than most banks.

Together, DCA and HMFA continue to work toward the Governor's goal of providing 100,000 affordable units for New Jersey families. HMFA anticipates selling both single-family and multi-family bonds in April 2008. Based on the Agency's reputation, quality underwriting and performance, we do not foresee a problem in pricing HMFA bonds in the market, and we expect to finance a record number of single-family mortgages for both first-time and urban target area homebuyers.

It is difficult to know how the instability in the credit markets will affect our next issuance of bonds. However, the slow-down in the housing market will have a direct impact on the realty transfer fees collected, which funds DCA's Balanced Housing Program.

We also expect to continue funding rental housing projects, though not at the current level. The reduction in the realty transfer fees has also affected the amount of “gap,” or matching, subsidy funding provided to projects through the Balanced Housing Program. In fact, there has been a \$26 million dip in annual revenue coming in to the program in the last two years, compared to our highest year on record of \$109 million during SFY 2006. In addition, the federal Low Income Housing Tax Credit syndicators are becoming very selective about the projects in which they invest. Therefore, the amount of equity generated through the sale of tax credits has been reduced significantly.

HMFA and DCA have formed several new partnerships in an effort to find alternative funding sources to fill the gaps created by the lack of Balanced Housing funding and reduced amount of tax credit equity. We are partnering with municipalities in an effort to combine HMFA funding with Municipal Housing Trust funds, used to fill the financing gap to create affordable housing. In addition to the Special Needs Housing Trust Fund, we continue to work closely with the Department of Human Services in an effort to pool state dollars to further assist in the creation of supportive housing. We are also working with the Federal Home Loan Bank of New York to provide joint training sessions for developers of affordable housing. However, these banks have limited funding as well, so this funding will not replace the reduction of Balanced Housing funding.

Question #9

Please provide information on FY 2008 spending to date based on the budget provided to the Legislature last year, as summarized above. Does the Department project that it will spend or commit an additional \$7.7 million by the end of FY 2008? If not, what is the revised budget for the Lead Hazard Control Fund for FY 2008? Is the FY 2009 recommended appropriation to the Fund predicated on the FY 2008 State appropriation being lapsed rather than transferred to the Fund in FY 2008? If not, how do the Governor and the Department justify the FY 2009 funding recommendation?

The majority of loan applicants are families with lead poisoned children. In the upcoming year, we believe activity could double as a result of several new initiatives. The Lead Identification and Field Testing Program (LIFT) increases the capacity of local health departments and other public health agencies to identify lead-based paint hazards in housing and other painted or coated surfaces in the home. The Housing Assistant for Lead-safe Living Opportunities Program (HALLO) allots funding to the case management of families with children with an elevated blood lead level to deal specifically with the family's shelter needs. The Health Expedited Abatement of Lead Program (HEAL) provides financial resources to assist local health departments who choose to perform the lead abatement of residential housing where an owner has refused or is unable to perform the abatement in a timely manner. And the Geographic Organization of Lead Data Program (GOLD) will help us target lead poisoning prevention activities using GIS technology data.

The Department of Health and Senior Services (DHSS) is also examining the possibility of lowering the current blood lead action level. If that occurs, we anticipate double to triple the number of lead poisoned children and referrals to both the loan and emergency relocation programs.

The Lead Hazard Control Assistance Fund (LHCA) currently has an uncommitted balance of \$7.08 million. We do not intend to spend/commit the entire \$7.08 million by the end of FY 2008. Based on actual expenditures, applications in progress and outstanding obligations, we expect to expend or commit an additional \$2.7 million for a revised FY 2008 budget of \$7.8 million. Despite critical staff vacancies in the past year, we have seen a steady increase in program activity level. As a result of these trends, we project that the budget for FY 2009 should reflect a total of \$12.3 million – \$1.1 million for administrative costs, \$3.7 million for education and outreach, \$5 million for lead abatement loans, \$2 million for emergency relocation assistance and \$500,000 for the lead registry.

These projections are based on current program trends. They do not take into account several possible outcomes resulting from new LHCA initiatives, State regulatory actions and activity generated by LHCA's non-profit partners. They also do not take into account the impact of a statewide education and outreach campaign that emphasizes the importance of lead poisoning prevention. The projection of expenditures from March 24, 2008 to June 30, 2009 is a total of \$15 million, including the FY 2009 budget of \$12.3 million.

Question #10

How many more dwellings will the Department be required to inspect as a result of the mandate contained in the new law? Are these dwelling units included in the inspection workload data reported in the FY 2009 budget? How many inspectors will the Department need to hire in order to fulfill the requirements of P.L.2007, c. 251? What is the additional cost to the Department associated with inspecting single-family and two-family dwellings as mandated? Does the FY 2009 budget make adequate provisions for these costs?

DCA's Division of Codes is currently working to identify and register all one- and two-family rental units in the State that would require inspection under P.L.2007, c.251. Based on information obtained from the 2000 Census, we estimate that an additional 225,000 to 250,000 dwelling units will come under our Bureau of Housing Inspection's jurisdiction. This represents a 30 percent increase in the Bureau's inspection responsibilities in terms of numbers of dwelling units alone. Building inspectors cannot be as efficiently deployed as they are for large multiple dwellings when there are only one or two units to be inspected at an address. If current staff levels remain the same, we expect a decline in the total number of units inspected by each inspector per day.

The inspection workload data reported in the FY 2009 budget does not include any of the additional units requiring inspection. In order to fulfill the requirements of the new law, we estimate the Bureau of Housing Inspection will need a total of 34 inspectors and five support staff to carry out the inspection of one- and two-family rental properties.

DCA estimates a yearly cost of \$2.7 million at full production. Although the program will eventually be fee supported, we still must perform the inspections to collect the fees. The Bureau also estimates an additional \$500,000 would be needed to perform the initial task of locating and registering all one- and two-family rental properties in the State. Once this initial task is complete, the Bureau can start to perform the inspections and collect fees. The FY 2009 budget has no provision to accomplish this task. We will seek budget language to allow us to use funding from the Lead Hazard Control Assistance Fund to hire additional staff and develop the database of one- and two-family properties in the State.

Question #11

How many employees of the Department of Community Affairs are eligible for the early retirement initiative, or may be laid off, by division? To the extent that new employees cannot be hired, what services or programs will be reduced or eliminated? How will the reductions affect the Department's monitoring and oversight of contracts and grant agreements, and its efforts to maximize federal funds?

DCA provides an incredibly wide range of programs and services that respond to issues of public concern including fire and building safety, housing production, community planning and development, and local government management and finance. As a result of the State's financial condition and the statewide hiring freeze, many of these critical programs lack adequate staff to perform with the proficiency needed to reach their objectives. There are currently more than 140 vacant positions that will not be filled. Moreover, the current hiring freeze is not going to be lifted in the foreseeable future.

DCA has one of the oldest workforces of all State Departments, and we have already seen an increase in retirements without the ability to replace those who leave. Approximately 10 percent of DCA's workforce is currently at retirement age. When the early retirement initiative is unveiled, we will undoubtedly be impacted even more.

Despite this grim fiscal outlook, DCA remains committed to doing more with less. On February 28, I asked all DCA Division Directors to undertake a full scale review of all Division programs and associated regulations. *(Please refer to Attachment #5.)* Wherever possible, we are paring down rule provisions that are no longer useful and may be difficult to administer. We are examining programs or aspects of programs that are not functioning as efficiently as possible because they conflict with other department's rules. We are simplifying our procedures so that we don't let the process bog down our ability to provide adequate service to the citizens of the State.

Question #12

What amount of the Department's original FY 2008 appropriations were reallocated to Interdepartmental Accounts as savings from management efficiencies? What specific efficiencies were achieved by the Department that correlate to the reallocations? What adverse impacts, if any on the output and outcomes of Department programs and services resulted or will result from these funding reallocations, in the current fiscal year and as projected for FY 2009?

In FY 2008, \$409,000 of the Department's original appropriations was reallocated to Interdepartmental Accounts through general reductions to operating costs and salaries across the Department.

ATTACHMENT #1

**NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS – DIVISION
OF LOCAL GOVERNMENT SERVICES
2008 SPECIAL MUNICIPAL AID APPLICATION AND INFORMATION FORM
52:27D-118.24 ET SEQ.**

General Instructions: This application must be submitted in its entirety for funding consideration under this program. Information contained in the application is subject to independent verification by DLGS.

Name of Municipality _____ County _____
Mailing Address _____ Fax _____

Date Completed _____ Completed by _____ Title _____

Contact person to whom questions on this application should be referred:

Name _____ Title _____

Direct telephone number _____ E-mail _____

Section I Aid History

List amount of Discretionary Aid received for the last four years, if any:

2007:		2006:		2005:		2004:	
--------------	--	--------------	--	--------------	--	--------------	--

Aid Request for 2008:

How much aid is being requested for this year:	\$
--	----

An aid request does not constitute guarantee of receipt of any funds.

Submission Requirements

Without exception, the following items must be on file with the Division prior to submission of this application. Indicate date of submission of each.

2007 Annual Financial Statement _____

2006 Annual Audit _____

2006 Audit Corrective Action Plan _____

2008 Annual Budget _____

IF AID IS GRANTED, ARE YOU WILLING TO ENTER INTO A "MEMORANDUM OF UNDERSTANDING" THAT WILL, AMONG OTHER RESTRICTIONS AND REQUIREMENTS:

	YES	NO
a. Allow the Director of Local Government Services to assign Management and Financial Specialists assess your municipal operations	_____	_____
b. Require the municipal to take action as recommended by the Director to address the findings of Division staff	_____	_____
c. Require the municipality to develop and implement a Fiscal Recovery Plan approved by the Director	_____	_____

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 and acknowledge the requirements with which the municipality must comply in order to receive aid as outlined above.

Mayor _____ Date _____

Chief Financial Officer _____ Date _____

ATTEST: _____

Municipal Clerk

DATE: _____

Section III - A

Explanation of Need for Special Municipal Aid under 52:27D-118.24 et seq.

Describe in complete detail the circumstances that require the need for Special Municipal Aid for the current fiscal year. Include a list of all prior year revenues that will not be realized in the 2008 budget. Use additional sheets if necessary.

Section III - B

Detail the steps the municipality has taken or plans to take to eliminate the need for aid in this and subsequent years. Include details about cost cutting measures, enhanced revenue plans, staffing, potential for grants to offset costs, etc. and estimated short and long-term savings. Use additional sheets if necessary.

Section III – C

Describe in complete detail the impact if aid is not granted for the current fiscal year. 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 ranking purposes, consider the two sections as one list.

Rank Order	Department	# of Layoffs	Effective Date	2007 Full Time Staffing	2008 Full Time Staffing	\$ Amount to be saved

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

Rank Order	Service	Cost Savings	Impact on Services

Toward what services did you apply your 2007 Special Municipal Aid?

\$ Amount	Appropriation

If any new or expanded programs and additional personnel are planned in the 2008 budget list on chart

Additional 2008 Costs	Description of Service/Program/New Personnel

Historical Fiscal Statistics

	ITEM	Actual 2006	Actual 2007	Introduced 2008 without Aid
1. Property Tax Rates				
	Municipal tax rate			
	School tax rate			
	County tax rate			
	Open Space tax rate			
	All other unit tax rates			
	TOTAL (all units) tax rate			

2. Property Tax Levies				
	Municipal Purposes	\$	\$	\$
	School purposes (all)	\$	\$	\$
	County	\$	\$	\$
	Open Space	\$	\$	\$
	All Other	\$	\$	\$
	Total tax levy	\$	\$	\$
	Total general appropriations	\$	\$	\$

3. Cash Status Information				
	% Of current taxes collected	%	%	%
	% Used in computation of reserve	%	%	%
	Reserve for uncollected taxes	\$	\$	\$
	Total year end cash surplus	\$	\$	
	Total non-cash surplus	\$	\$	
	Year end deferred charges	\$	\$	

4. Assessment Data				
	Assessed value (as of 7/1)	\$		
	Average Assessment - single family	\$		
	Number of tax appeals granted			
	Amount budgeted for tax appeals	\$	\$	\$
	Refunding bonds for tax appeals	\$	\$	\$
	Year of latest revaluation/reassessment:			

Special Municipal Aid Application

2008

	2006	2007	Intro 2008
5. Staffing Levels			
Uniformed Police - Staff Number			
Total \$ S&W Expenditures	\$	\$	\$
Uniformed Fire - Staff Number			
Total \$ S&W Expenditures	\$	\$	\$
All Other Employees - Staff Number			
Total \$ S&W Expenditures	\$	\$	\$

Section V – Proposed Budget

Cap Information

- | Item | Yes | No |
|--|-----|----|
| 1. Was a budget cap index rate ordinance adopted in 2008?
If yes: % that was used | | |
| 2. Amount of cap bank available going into current year | | |
| 3. Is the current year budget at CAP?
If NO, amount of remaining balance | | |
| 4. Does the 2008 budget anticipate use of a surplus waiver to exceed the cap?
If yes, amount: | | |
| 5. Was a referendum conducted to exceed the cap held? | | |

	Yes	No
%		
\$		
\$		
\$		
\$		

Appropriations

List the five largest items of 2008 appropriation increases

Appropriation	2007 Budgeted	2008 Proposed	\$ Amt of Increase
Totals			

Special Municipal Aid Application
 List all new full time positions planned in 2008:

2008

Department	Position	#	Dollar Amount

If you plan to sell any municipal assets in 2008, please complete the chart.

Item	Anticipated Sale Date	Revenue Anticipated

Section VI

Financial Practices

Expenditure controls and practices

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

Risk Management

Question	Yes	No
1. Is the municipality a member of a joint insurance fund? If yes, list the risks that are insured by a JIF: (i.e., liability, workers comp, health, etc.)		
2. Is the municipality self-insured for any risks (not through a JIF)? If yes, list them:		
3. Is the municipality commercially insured for major risks? i.e., liability, workers comp, health, etc.) If yes, list them:		

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				
Average percentage increase	%	%	%	%
Last contract settlement date				
Contract expiration date				

Tax enforcement practices:

Date of last tax sale: _____

Does the municipality use the accelerated tax sale program? _____

When was the last foreclosure action taken or tax assignment sale held: _____

During 2007, on what dates were tax delinquency notices sent out: _____

Other Financial Practices

Amount of interest on investment earned in:

2006	\$	2007	\$	Anticipated in 2008	\$
------	----	------	----	---------------------	----

List the instruments in which idle funds are invested:

What was the average return on investments during 2007? _____%

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

Service Delivery

List all services and the organization for which the municipality contracts with another government agency. Include all Interlocal Service Agreements, informal shared services, and memberships in cooperative purchasing program. Use additional sheets if necessary.

List the services and the name of the organization which have been contracted or outsourced to private or non-profit organizations

ATTACHMENT #2

MEMORANDUM OF UNDERSTANDING

WHEREAS, the _____ (hereafter the City/Town) qualifies as an “eligible municipality” for the receipt of Special Municipal Aid pursuant to R.S. 52:27D-118.25 et seq., and

WHEREAS, the Director (Director) of the Division of Local Government Services has determined, in accordance with the criteria set forth in R.S. 52:27D-118.25 et seq., that the City/Town is experiencing fiscal distress and warrants the receipt of Special Municipal Aid to enable the City/Town to meet both its current year budget needs by providing essential services related to the safety and public health of its residents and to work towards regaining its financial stability; and

WHEREAS, the Local Finance Board has, on the basis of the Director’s findings and of its own review of such findings, determined that State Aid, in the form of Special Municipal Aid shall be granted to the City/Town subject to the requirements of the law and provisions and requirements of this agreements; and

WHEREAS, the Local Finance Board has further determined that a grant in the amount of \$_____ for CY/FY 2006 should accordingly be provided to the City/Town subject to the requirements set forth in the Municipal Aid Act, R.S. 52:27D-118.25 et seq., and the contractual provisions set forth herein; and

WHEREAS, continued participation and State supervision in the distressed cities program remains a condition of receiving such assistance or any future assistance. As such, the City/Town is directed to implement any government, administrative and operational efficiencies and oversight measures necessary for the fiscal recovery of the City/Town as may be recommended by the Director and approved by the Board; and

WHEREAS, the Director may withhold any State aid payments or any future Special Municipal Aid payments that are disbursed by the Division of Local Government Services if the Director finds that the City/Town has failed to implement fiscal recovery measures approved by the Board.

NOW, THEREFORE, IT IS AGREED by and between the City/Town and the Director that, in consideration for a grant in the amount of \$_____ for CY/FY 2006, the City/Town shall observe and comply with the requirements established for the receipt of such assistance, shall implement any and all government, administrative and operational efficiency, and oversight measures necessary for the fiscal recovery of the City/Town as may be recommended by the Director and approved by the Local Finance Board, and shall otherwise completely and fully cooperate with the Director and the Board in achieving the purposes for which assistance is being made available, that is to alleviate the City’s/Town’s financial distress, to meet its immediate budgetary needs and to restore its financial stability.

ATTACHMENT #2

BE IT FURTHER AGREED, that the City/Town shall comply with certain personnel requirements as stated below:

1. The City/Town shall impose a hiring freeze on new employees. Any request for new employees (request of waiver) shall be made to the Director with justification for the need of the new hire. Advertising or posting for new employees is not permitted without prior approval by the Director of a waiver. This freeze shall include replacements for persons who have left the employment of the municipality and whose position is not filled at the time of the award.
2. The City/Town shall freeze all salaries for all employees not covered by a current contractual agreement.
3. The City/Town shall not fund vacancies for non-essential positions.
4. No budget monies shall be expended for charities or "the sunshine fund" type expenditures.
5. The City/Town shall freeze promotions and transfers involving salary increases unless required by contractual obligations.
6. The City/Town shall prepare a plan for reduction of staff through attrition.
7. The City/Town shall submit, prior to Board approval, a list of all employees with their title, salary and date hired.
8. In the event a waiver is granted from the hiring freeze, the City/Town must submit copies of job applications and resumes for all potential employees.
9. The City/Town shall provide details of labor negotiations with Division on a monthly basis and prior to ratification.
10. The City/Town shall submit copies of all ratified labor contracts to Division.
11. The City/Town shall not hire any consultants including outside attorneys, without prior written approval of the Director.
12. The City/Town shall pay salaries and wages in a given year in an amount not to exceed the annual rate of compensation established by ordinance for each job title.
13. The City/Town shall seek reimbursement from employees who, in any of the five preceding years, were paid salaries and wages with the addition of a 27th pay period in excess of the annual rate of compensation established by ordinance for the job title.

BE IT FURTHER AGREED that the City/Town, for any requested replacement, shall prepare and submit a waiver to the Director for the hiring of any replacement personnel and/or the transfer of any employee in compliance with a resolution adopted by the Board for municipalities receiving Special Municipal Aid. The waiver must include a description of the personnel action, salary implication, and a detailed explanation of the need for such action. The waiver must contain the signatures of the Mayor, Business Administrator and Chief Financial Officer.

BE IT FURTHER AGREED that the City/Town shall comply with certain budget and operations requirements as stated below:

ATTACHMENT #2

1. The City/Town shall submit detailed monthly revenue and expenditure budget reports, including any fees paid to consultants, and copies of budget transfer resolutions approved by the governing body to the Director.
2. The City/Town shall not fund nor expand new programs or services without the prior approval of the Division.
3. Out-of-state travel is prohibited and overnight stays within New Jersey are prohibited, except when essential for licensure or certification required for employment or where required as a condition of a grant.
4. The City/Town must have certified personnel where required by statute.
5. The City/Town shall impose an expenditure restriction for educational expense. Educational expense should be limited to certified personnel or those in certification programs requiring CEUs or training.
6. The City/Town shall utilize the maximum percent allowable for "Reserve for Uncollected Taxes calculation" and shall hold accelerated tax sale.
7. The City/Town shall not make a change in insurance plan or carrier without Division approval.
8. The City/Town shall hold timely foreclosures and lien sales.
9. The City/Town shall insure that all interfunds must be liquidated by year-end.
10. The Town must have functional general ledger, fixed asset and encumbrance accounting systems.
11. The City/Town shall prepare its tax billings in compliance with Ch. 72, P. L. 1994, related to State Fiscal Year estimated tax bills and tax billing.
12. Reimbursement for employee meals or entertainment is prohibited and City/Town funds cannot be used for receptions for City/Town employees.

BE IT FURTHER AGREED that the City/Town shall introduce its budget within 20 days of the statutory deadline and shall adopt the budget within 45 days of introduction.

BE IT FURTHER AGREED that the City/Town shall submit the following documents/reports to the Division:

1. Monthly revenue and expenditure reports.
2. Analysis of fees set by ordinance vs. cost of services provided.
3. Cash management plan to Division.
4. Plan for sharing services and cooperative purchasing with contiguous municipalities or the County where practical.
5. Analysis of current debt structure and plan for debt reduction.
6. Plan for collection of outstanding grants receivable.
7. Annual fiscal recovery plans for 5 years and shall include details on efforts to eliminate the need for Special Aid and shall include a capital project/acquisition plan.

BE IT FURTHER AGREED that the City/Town agrees to comply to the general procedural and operational requirements as listed below:

1. The City's/Town's representatives shall meet with Division staff quarterly to discuss budget and fiscal progress, or more often as requested by the Division.
2. The City/Town shall agree to a review of operations by Division staff.

ATTACHMENT #2

3. The City/Town shall agree to implement recommendations of Division.
4. The City/Town must sign a Memorandum of Understanding each year municipality is in program (before they receive allocation).
5. The City/Town is directed to implement any government, administrative and operational efficiencies and oversight measures necessary for the fiscal recovery of the municipality.
6. Director may withhold any State Aid payments or future Special Municipal Aid payments if Director finds that municipality has failed to implement fiscal recovery measures approved by Local Finance Board.
7. The City/Town shall observe and comply with all statutory requirements with respect to prudent budgeting, fiscal controls, and tax collection procedures, (for municipality, county and schools).
8. The City/Town shall comply with all requirements imposed by the Board and the Director and shall fully cooperate with the Director and the Board in achieving the purposes for which assistance shall be made available.
9. Participants are subject to the restrictions for one fiscal year following receipt of the award.

BE IT FURTHER AGREED that, at the discretion of the Director, the Special Municipal Aid allocation may be made in quarterly payments and that such payments will be made based on a compliance review of the terms of this agreement. If this agreement is for less than the entire year, then payments will be made in equally divisible amounts for the remaining months of the year.

BE IT FURTHER AGREED that the City/Town Governing Body shall review this Memorandum of Understanding and pass a Resolution authorizing this Agreement within 20 days of the date of execution of this Agreement.

BE IT FURTHER AGREED that the Director may withhold from the City/Town any State aid payments that are disbursed by the Division of Local Government Services if the Director finds the City/Town has failed to implement fiscal recovery measures approved by the Board, and

IT IS FINALLY AGREED that the terms of this agreement shall be binding upon the City/Town for any and all subsequent years in which Special Municipal Aid funds are allocated to the Town.

Signature of Mayor

Date_____

Signature of Director

Date_____

Certification of Municipal Clerk

Date_____

ATTACHMENT #3

MEMORANDUM OF UNDERSTANDING

WHEREAS, the _____ (hereafter the City/Town) qualifies as an "eligible municipality" for the receipt of Special Municipal Aid pursuant to R.S. 52:27D-118.25 et seq., and

WHEREAS, the Director (Director) of the Division of Local Government Services has determined, in accordance with the criteria set forth in R.S. 52:27D-118.25 et seq., that the City/Town is experiencing fiscal distress and warrants the receipt of Special Municipal Aid to enable the City/Town to meet both its current year budget needs by providing essential services related to the safety and public health of its residents and to work towards regaining its financial stability; and

WHEREAS, the Local Finance Board has, on the basis of the Director's findings and of its own review of such findings, determined that State Aid, in the form of Special Municipal Aid shall be granted to the City/Town subject to the requirements of the law and provisions and requirements of this agreements; and

WHEREAS, the Local Finance Board has further determined that a grant in the amount of \$_____ for CY/FY 2006 should accordingly be provided to the City/Town subject to the requirements set forth in the Municipal Aid Act, R.S. 52:27D-118.25 et seq., and the contractual provisions set forth herein; and

WHEREAS, continued participation and State supervision in the distressed cities program remains a condition of receiving such assistance or any future assistance. As such, the City/Town is directed to implement any government, administrative and operational efficiencies and oversight measures necessary for the fiscal recovery of the City/Town as may be recommended by the Director and approved by the Board; and

WHEREAS, the Director may withhold any State aid payments or any future Special Municipal Aid payments that are disbursed by the Division of Local Government Services if the Director finds that the City/Town has failed to implement fiscal recovery measures approved by the Board.

NOW, THEREFORE, IT IS AGREED by and between the City/Town and the Director that, in consideration for a grant in the amount of \$_____ for CY/FY 2006, the City/Town shall observe and comply with the requirements established for the receipt of such assistance, shall implement any and all government, administrative and operational efficiency, and oversight measures necessary for the fiscal recovery of the City/Town as may be recommended by the Director and approved by the Local Finance Board, and shall otherwise completely and fully cooperate with the Director and the Board in achieving the purposes for which assistance is being made available, that is to alleviate the City's/Town's financial distress, to meet its immediate budgetary needs and to restore its financial stability.

BE IT FURTHER AGREED, that the City/Town shall comply with certain personnel requirements as stated below:

ATTACHMENT #3

1. The City/Town shall impose a hiring freeze on new employees. Any request for new positions (request of waiver) shall be made to the Director with justification for the need of the new positions. This freeze shall not include replacements for persons who have left the employment of the municipality, whose position is deemed as an essential service by the City/Town, and are being replaced with no addition appropriation in the budget. ALL hirings, however, must be filed with the Division.
2. The City/Town shall freeze all salaries for all employees not covered by a current contractual agreement.
3. The City/Town shall not fund vacancies for non-essential positions.
4. No budget monies shall be expended for charities or "the sunshine fund" type expenditures.
5. The City/Town shall freeze promotions and transfers involving salary increases unless required by contractual obligations or unless the promotion/transfer results in no increased cost to the municipality (filling of vacated position).
6. The City/Town shall prepare a plan for reduction of staff through attrition.
7. The City/Town shall submit, prior to Board approval, a list of all employees with their title, salary and date hired.
8. In the event a waiver is granted from the hiring freeze, the City/Town must submit copies of job applications and resumes for all potential employees.
9. The City/Town shall provide a status report of labor negotiations to the Division prior to ratification.
10. The City/Town shall submit copies of all ratified labor contracts to Division.
11. The City/Town shall not hire any consultants including outside attorneys, without prior written approval of the Director. This provision does not include attorneys, consultants, engineers, etc. whose positions have been appointed on a regular basis by the City/Town and whose position has been regularly funded by a budget appropriation.
12. The City/Town shall pay salaries and wages in a given year in an amount not to exceed the annual rate of compensation established by ordinance for each job title.
13. The City/Town shall seek reimbursement from employees who, in any of the five preceding years, were paid salaries and wages with the addition of a 27th pay period in excess of the annual rate of compensation established by ordinance for the job title.

BE IT FURTHER AGREED that the City/Town, for any requested replacement, shall prepare and submit a waiver to the Director for the hiring of any replacement personnel and/or the transfer of any employee in compliance with a resolution adopted by the Board for municipalities receiving Special Municipal Aid. The waiver must include a description of the personnel action, salary implication, and a detailed explanation of the need for such action. The waiver must contain the signatures of the Mayor, Business Administrator and Chief Financial Officer.

BE IT FURTHER AGREED that the City/Town shall comply with certain budget and operations requirements as stated below:

ATTACHMENT #3

1. **The City/Town shall submit detailed monthly revenue and expenditure budget reports, including any fees paid to consultants, and copies of budget transfer resolutions approved by the governing body to the Director.**
2. **The City/Town shall not fund nor expand new programs or services without the prior approval of the Division.**
3. Out-of-state travel is prohibited and overnight stays within New Jersey are prohibited, except when essential for licensure or certification required for employment or where required as a condition of a grant.
4. The City/Town must have certified personnel where required by statute.
5. The City/Town shall impose an expenditure restriction for educational expense. Educational expense should be limited to certified personnel or those in certification programs requiring CEUs or training.
6. **The City/Town shall utilize the maximum percent allowable for "Reserve for Uncollected Taxes calculation" and shall hold accelerated tax sale.**
7. The City/Town shall not make a change in insurance plan or carrier without Division approval.
8. The City/Town shall hold timely foreclosures and lien sales.
9. **The City/Town shall insure that all interfunds must be liquidated by year-end.**
10. **The Town must have functional general ledger, fixed asset and encumbrance accounting systems.**
11. The City/Town shall prepare its tax billings in compliance with Ch. 72, P. L. 1994, related to State Fiscal Year estimated tax bills and tax billing.
12. Reimbursement for employee meals or entertainment is prohibited and City/Town funds cannot be used for receptions for City/Town employees.

BE IT FURTHER AGREED that the City/Town shall introduce its budget within 20 days of the statutory deadline and shall adopt the budget within 45 days of introduction.

BE IT FURTHER AGREED that the City/Town shall submit the following documents/reports to the Division:

1. Monthly revenue and expenditure reports.
2. **Analysis of fees set by ordinance vs. cost of services provided.**
3. Cash management plan to Division.
4. Plan for sharing services and cooperative purchasing with contiguous municipalities or the County where practical.
5. Analysis of current debt structure and plan for debt reduction.
6. Plan for collection of outstanding grants receivable.
7. **Annual fiscal recovery plans for 5 years and shall include details on efforts to eliminate the need for Special Aid and shall include a capital project/acquisition plan.**

BE IT FURTHER AGREED that the City/Town agrees to comply to the general procedural and operational requirements as listed below:

1. The City's/Town's representatives shall meet with Division staff quarterly to discuss budget and fiscal progress, or more often as requested by the Division.

ATTACHMENT #3

2. The City/Town shall agree to a review of operations by Division staff.
3. The City/Town shall agree to implement recommendations of Division.
4. **The City/Town must sign a Memorandum of Understanding each year municipality is in program (before they receive allocation).**
5. The City/Town is directed to implement any government, administrative and operational efficiencies and oversight measures necessary for the fiscal recovery of the municipality.
6. Director may withhold any State Aid payments or future Special Municipal Aid payments if Director finds that municipality has failed to implement fiscal recovery measures approved by Local Finance Board.
7. The City/Town shall observe and comply with all statutory requirements with respect to prudent budgeting, fiscal controls, and tax collection procedures, (for municipality, county and schools).
8. The City/Town shall comply with all requirements imposed by the Board and the Director and shall fully cooperate with the Director and the Board in achieving the purposes for which assistance shall be made available.
9. Participants are subject to the restrictions for one fiscal year following receipt of the award.

BE IT FURTHER AGREED that, at the discretion of the Director, the Special Municipal Aid allocation may be made in quarterly payments and that such payments will be made based on a compliance review of the terms of this agreement. If this agreement is for less than the entire year, then payments will be made in equally divisible amounts for the remaining months of the year.

BE IT FURTHER AGREED that the City/Town Governing Body shall review this Memorandum of Understanding and pass a Resolution authorizing this Agreement within 20 days of the date of execution of this Agreement.

BE IT FURTHER AGREED that the Director may withhold from the City/Town any State aid payments that are disbursed by the Division of Local Government Services if the Director finds the City/Town has failed to implement fiscal recovery measures approved by the Board, and

IT IS FINALLY AGREED that the terms of this agreement shall be binding upon the City/Town for any and all subsequent years in which Special Municipal Aid funds are allocated to the Town.

Signature of Mayor

Date_____

Signature of Director

Date_____

Certification of Municipal Clerk

Date_____

ATTACHMENT #4

2008 NPP Active Programs	
Municipality	Total Award
Glassboro	\$570,000
Ocean City	525,000
Perth Amboy	525,000
Atlantic City	500,000
Highland Park	538,500
Merchantville	525,000
Millville	525,000
Mt. Holly	525,000
Brick Twp	525,000
Paulsboro	525,000
Berlin Twp	625,000
Elizabeth City	525,000
Maplewood	525,000
Neptune Twp	525,000
Pleasantville	525,000
Salem City	525,000
South Amboy	525,000
Trenton	525,000
Vineland	425,000
Upper Deerfield	425,000
Woodbury	425,000
Palmyra	425,000
Asbury Park	425,000
Franklin Twp	425,000
Carteret	425,000
West Orange	425,000
Plumstead Twp	425,000
Jersey City	425,000
Irvington	325,000
Brick Twp	225,000
Keyport	225,000
Lower Twp	225,000
Ocean City	225,000
Point Pleasant	125,000
Merchantville	125,000
Pleasantville	125,000

ATTACHMENT #4

Neptune Twp	125,000
Newark	125,000
Collingswood	125,000
Edison	125,000
Hammonton	125,000
Middletown	125,000
Gloucester Twp	125,000
Camden	125,000
Trenton	125,000
Total	\$16,558,500



State of New Jersey
DEPARTMENT OF COMMUNITY AFFAIRS
101 SOUTH BROAD STREET
PO Box 800
TRENTON, NJ 08625-0800

JON S. CORZINE
GOVERNOR

JOSEPH V. DORIA, JR.
COMMISSIONER

MEMORANDUM

TO: Cynthia Wilk, Director of Codes and Standards
Paul Dice, Acting Director of Housing
Richard Osworth, Director of Community Resources
Janice Kovacs, Director on Women
Larry Petrillo, Director of Fire Safety
Sue Jacobucci, Director of Local Government Services
Cindy McDowell, Director, Fiscal Office
Lee Wolf, Director, IT Services
Angie Armand, Director, CHPRD
Anne Vidunas-Gladwell, Director, Auditing
Ben Spinelli, Executive Director, Smart Growth
Dorothy Guzzo, Executive Director, Historic Trust
Lucy Voorhoeve, Executive Director, COAH
Marge DellaVechia, Executive Director, HMFA
Catherine Stargill, Executive Director, GRC
Leslie Anderson, Executive Director, NJRA
Robert Ceberio, Executive Director, HMDC

FROM: Joseph V. Doria, Jr.
Commissioner

DATE: February 25, 2008

RE: Review of Programs and Regulations

Since coming to DCA I have been learning that many programs are more challenging to manage than I anticipated. As a result of the State's financial condition, a number of programs lack adequate staff to perform with the proficiency needed to reach the objectives they were designed for. While I do not yet know the scope of every DCA program, I suspect that there are many programs that may not operationally meet the requirements of their own regulations.

The current hiring freeze is not going to be lifted in the foreseeable future. DCA is seeing an increase in retirements without the ability to replace those who leave. I am certain that over the past few years you have been told to do more with less. You have all made a valiant effort to absorb more responsibility often without the resources that





State of New Jersey
DEPARTMENT OF COMMUNITY AFFAIRS
101 SOUTH BROAD STREET
PO BOX 800
TRENTON, NJ 08625-0800

JON S. CORZINE
GOVERNOR

JOSEPH V. DORIA, JR.
COMMISSIONER

would insure success. Some of our programs are struggling; we are open to criticism for not being responsive and frustrated because we know that we are doing the best that we can with the resources available. I think the time has come to be realistic. We need to examine our programs and separate the functions that are required or central to the public welfare from those that are not. We must decrease the level of effort and expenditures on activities that divert us from core functions.

Similarly, some rules that were developed a decade or more ago and have been retooled to serve a program's changing needs have become overly complex and sometimes prevent us from delivering a service timely, efficiently and economically. We need to simplify our procedures so that we don't let the process bog down our ability to provide adequate service to the citizens of the State.

With this memo I am asking you to undertake a full scale review of all your division's programs and their associated regulations. Tell me which activities we need to protect and which ones are no longer relevant or crucial and where we can weed out and pare down rule provisions that are no longer useful or efficient and may be difficult to administer. I also want to know, to the extent that you are aware, if there are programs or aspects of programs that cannot function as designed because they are in conflict or incompatible with other department's rules.

Do not give me a report that defends the status quo and requests more staff to effect improvements. Such an account will suggest that you have missed the point of the exercise.

Please structure your report such that you will begin each program assessment by providing:

1. The program's name.
2. The program's current budget (separate total administrative cost from program services).
3. Does the program operate by regulation; if so, provide the citation to the Administrative Code?
4. Date that the rule was adopted, last amended and will expire.
5. Are all elements of this program or activity statutorily required?
6. Are all elements of this program/activity meeting spending targets and service objectives?
7. Notwithstanding any current statutory obligation, does it make sense to continue this program/ activity or any of its components?
8. If it makes sense to continue the program, how can the program and rule be simplified?



ATTACHMENT #5



State of New Jersey
DEPARTMENT OF COMMUNITY AFFAIRS
101 SOUTH BROAD STREET
PO BOX 800
TRENTON, NJ 08625-0800

JON S. CORZINE
GOVERNOR

JOSEPH V. DORIA, JR.
COMMISSIONER

While I expect specificity with respect to suggested programmatic and regulatory changes, you needn't propose actual language changes now. I understand that this is a big effort so you will have a month to complete this task. The deadline is March 25th. Please submit your report in hard copy along with a CD directly to my secretary, Cathy Lipyanka.

I want to thank you all for the cooperation that I have had since coming to DCA. It has been terrific. I look forward to getting to know you better as we re-examine our programs and plan for the future.

