

Transitional Aid Application for Calendar Year 2016
Division of Local Government Services
Department of Community Affairs

General Instructions: This application must be submitted in its entirety by March 21, 2016 for funding consideration under this program. Information contained in the application is subject to independent verification by the Division. Refer to Local Finance Notice 2016-4 when preparing this application for specific instructions and definitions, and review the Submission Checklist on Page 7 of the Local Finance Notice.

Name of Municipality:		Borough of Seaside Heights		County:	Ocean
Contact Person:		Christopher Vaz		Title:	Administrator
Phone:	732-793-9100	Fax:		E-mail:	administrator@seaside-heightsnj.org

I. Aid History

List amount of Transitional Aid received for the last three years, if any:

CY 2015	CY 2014	CY 2013
\$0	\$0	\$0

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:	\$2,702,000
--	--------------------

If not seeking a decrease, a letter from the Mayor is required. See Local Finance Notice 2016-4.

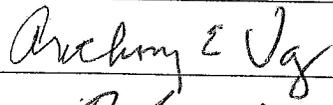
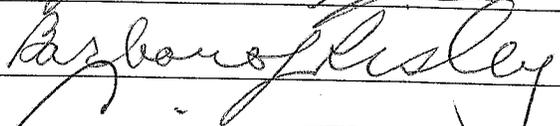
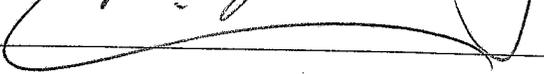
III. Submission Requirements

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
2015 Annual Financial Statement	
2014 Annual Audit	12/29/2015
2014 Corrective Action Plan	02/18/2016
Application Year Introduced Budget	03/29/2016
Budget Documentation Submitted to Governing Body	03/29/2016

IV. Application Certification

The undersigned herewith certify that they he or she has reviewed this application and, to his or her knowledge, believe the contents to be accurate true and represent 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		3/21/16
Governing Body Presiding Officer		3/21/16
Chief Financial Officer		3/21/16
Chief Administrative Officer		3/21/16

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.

1. Loss of Essential Services Grant - \$2,178,750

The Borough of Seaside Heights continues to recover after Superstorm Sandy (October 2012) and the South End Boardwalk Fire (September 2013). Both disasters pummeled the aggregate assessed value of real property located in the Borough. The initial conventional wisdom when the Essential Services Grant Program was conceived and approved by HUD was that the assessment base of "Sandy communities" would likely improve in approximately three (3) years allowing the tax levy to gradually replace the ESG funding that supported the the ability to . This turned out not to be the case, especially in Seaside Heights.

Taxable value:

2012: \$843,276,901

2013: \$617,804,000

2014: \$623,753,994

2015: \$640,833,200

2016: \$633,423,000

2. Water/Sewer utility revenue losses - \$180,148

Many year-round and seasonal residents still have not returned to their homes after Superstorm Sandy. Most of these people find themselves nearly 3.5 years later finally demolishing or lifting/renovating their homes. The temporary, long-term absence of thousands of residents has negatively impacted water/sewer revenues – no customers, no revenue.

3. Tax Appeals – approximately \$1,200,000 in refunds

Assessment dollars under appeal for the following years:

2009 \$20,000,000

2010 \$20,000,000

2011 \$60,000,000

2012 \$75,000,000

2013 \$40,000,000

2014 \$60,000,000

2015 \$65,000,000

* See supplement sheet #1

Borough of Seaside Heights
Supplement Sheet #1

Exhibit A – Transitional Aid Application For Year 2016

V-A. Explanation of Need for Transitional Aid

Continued from application...

The Assessor estimates that these tax appeals will result in refunds \$1,200,000 +/-

Moreover, the appeals will further impact the Borough in context of the Borough's assessed value in the years that follow the judgments.

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 Borough does not have the ability to raise sufficient tax revenues or other revenues to meet budgetary requirements after the loss of the Essential Services Grant. The ESG funding amounted to approximately 37.5% of the 2015 tax levy (\$5,774,648). Simply stated, the loss of \$2,178,750 in grant revenue creates a substantial shortfall that cannot be replaced in the context of tax revenue or other revenues.

The stark reality is that, in order to balance the budget without the ESG funding, the Borough would have to substantially reduce appropriations. This will lead to an historic layoff of Seaside Heights municipal employees including dozens of permanent and seasonal law enforcement officers, seasonal beach attendants, lifeguards, parking meter workers, and employees whose jobs involve marketing Seaside Heights to visitors who pump millions of dollars into our local tourism economy – including parking meter revenue and beach fees.

V-B. Demonstration of Revenue Loss/Substantial Cost Increase

Show: (1) specific, extraordinary revenue losses, but not as the aggregate of many revenue line items; and (2) specific, extraordinary increases in appropriations, but not as the aggregate of many appropriation line items. 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.)

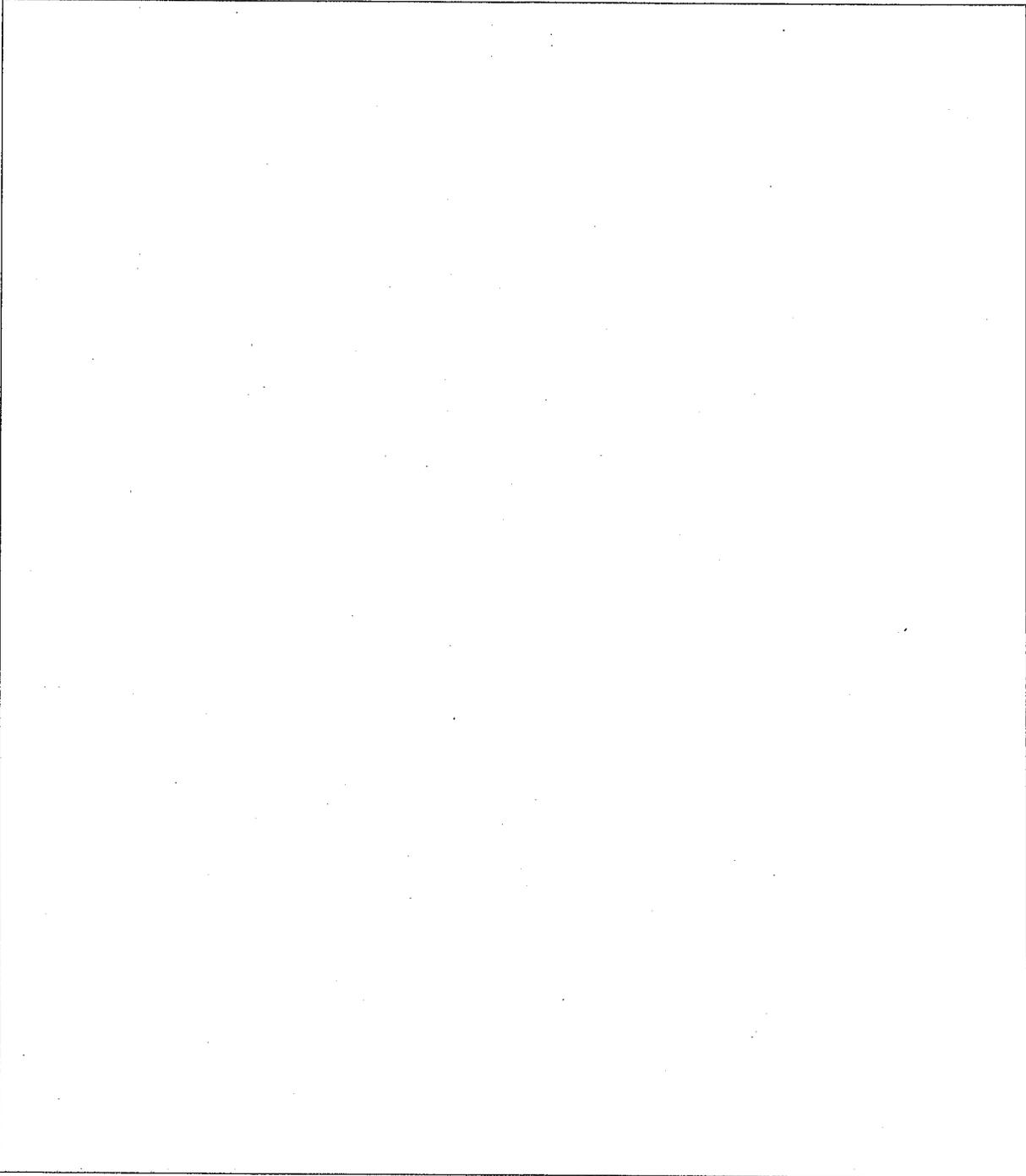
Revenue or Appropriation	2015 Value	2016 Value	Amount of Loss/Increase
CDBG Essential Services Grant	\$1,800,000	\$0	(\$1,800,000)
Description:	Police – Salaries & Wages		
CDBG Essential Services Grant	\$378,750	\$0	(\$378,750)
Description:	Water/Sewer Utility – Salaries & Wages		
Water/Sewer Utility Revenues	\$2,379,000	\$2,198,851	(\$180,148)
Description:	Water rents		
Water/Sewer Utility Revenue	\$343,156	\$0	(\$343,156)
Description:	Operating Surplus		
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. (Items included in a Transition Plan submitted by a current recipient need not be repeated here.)

1. In the area of personnel costs, the Police Department will immediately analyze its year-round and temporary staffing needs and make appropriate adjustments. The 2016 budget raises \$2,786,000 to fund year-round sworn and non-sworn salaries as well as \$525,000 for temporary seasonal and temporary long-term Class I and Class II officers. \$1,800,000 of \$2,178,750 ESG funding supported the Police Department's salary budget in 2015. Although the Police Department will not be able to bear the entire loss of \$1,800,000, the Police Department will take steps to assume most of the burden and impact while other Borough departments take steps to bear some of the burden.
2. Given that a reduction in force will impact year-round Police Department employees, including law enforcement officers, the Police Department will research the availability of law enforcement staffing grants including the COPS Hiring grant program which we anticipate will be announced soon.
3. The Borough recently hired a redevelopment planner to assist Borough officials develop a long-term strategy for redeveloping Boardwalk properties impacted by Superstorm Sandy and the South End Boardwalk Fire and vacant Boulevard properties.
4. Department Heads have been directed to review revenue items and recommend areas where fees should be increased. In particular, the Borough Council recently increased beach fees so that they are more comparable to fees charged by other beach communities.



V-D. Discussion of Health Benefits

Skip this section if using SHBP. If not using SHBP, explain why the health benefit plan being used is cheaper, or what reasons exist for failing to move to SHBP. Additionally, list all brokers (primary broker or risk manager, all co-brokers, and sub-brokers) together with their compensation for the current and prior two fiscal years. Compensation must be disclosed in this section whether provided directly by the municipality or as a commission from the insurance provider. It is the municipality's right, and obligation, to determine whether the broker is compensated with commission in order to fully complete this section. If commissions are being earned, provide both how the commission is calculated (percentage of premium or self-insurance) and the actual \$ value of the commission received in each year.

SHBP for health benefits other than prescription drug coverage.

The Borough moved prescription drug coverage to Benecard commencing in 2015 due to cost savings achieved in 2015 and 2016. The broker of record is Conner Strong & Buckelew. The broker is paid through commissions by the insurance provider.

March 2015 – December 2015: \$9,175.52

2016: anticipate \$15,000

Borough of Seaside Heights
2016 Prescription Renewal Comparison

	Current \$3 / \$10	State Health Benefit Plan
Monthly Rates:		
Single	\$198.78	\$196.59
Parent/Child	\$335.93	\$351.90
Husband/Wife	\$399.59	\$393.18
Family	\$534.71	\$548.49
No. in Class:		
Single	23	23
Parent/Child	4	4
Husband/Wife	9	9
Family	31	31
Monthly Premium:		
Single	\$4,571.94	\$4,521.57
Parent/Child	\$1,343.72	\$1,407.60
Husband/Wife	\$3,596.31	\$3,538.62
Family	\$16,576.01	\$17,003.19
Monthly Premium	\$26,087.98	\$26,470.98
Annual Premium	\$313,055.76	\$317,651.76

VI. Historical Fiscal Statistics

Item	2014	2015	Introduced Application Year
1. Property Tax/Budget Information			
Municipal tax rate	\$0.866	\$0.901	\$1.006
Municipal Purposes tax levy	\$5,398,851	\$5,774,648	\$6,369,167.75
Municipal Open Space tax levy	\$0	\$0	\$0
Total general appropriations	\$15,345,549	\$15,819,610	\$15,634,471
2. Cash Status Information			
% Of current taxes collected	99.34%	98.58%	%
% Used in computation of reserve	99.16%	99.27%	99.55%
Reserve for uncollected taxes	\$99,999.06	\$93,399.06	\$195,000
Total year end cash surplus	\$1,070,435.67	\$3,261,581.25	
Total non-cash surplus	\$1,070,435.67	\$459.45	
Year end deferred charges	\$3,347,273.15	\$1,640,000	
3. Assessment Data			
Assessed value (as of 1/10)	\$623,753,994	\$640,833,200	\$633,423,000
Average Residential Assessment	\$221,353.92	\$226,875.47	\$225,840.22
Number of tax appeals granted	38	41	
Amount budgeted for tax appeals	\$0	\$0	\$100,000
Refunding bonds for tax appeals	\$0	\$0	\$522,000
4. Full time Staffing Levels			
Uniformed Police - Staff Number		27	26
Total S&W Expenditures	\$	\$3,034,751	\$2,931,047
Uniformed Fire - Staff Number	N/A	N/A	N/A
Total S&W Expenditures	\$N/A	\$N/A	\$N/A
All Other Employees - Staff Number		73	73
Total S&W Expenditures	\$	\$3,173,133	\$3,285.169
5. Impact of Proposed Tax Levy			
			Amount
Current Year Taxable Value			633,423,000
Introduced Tax Levy			6,369,167.75
Proposed Municipal Tax Rate	1.006	Average Res. Value (#4 above)	225,840.22
Current Year Taxes on Average Residential Value (#4 above)			2,233.32
Prior Year Taxes on Average Residential Value			2,000.22
Proposed Increase in average residential taxes			+233.10

VII. Application Year Budget Information

A. Year of latest revaluation/reassessment

2013

A1. Most current equalized ratio

2016: 100.31

B. Proposed Budget – Appropriation Cap Information

	Yes	No
Item		
1. Was an appropriation cap index rate ordinance adopted last year? If YES: % that was used	X	
3.5%		
2. Amount of appropriation cap bank available going into this year	\$1,101,220.10	
3. Is the Application Year budget at (appropriation) cap? If NO, amount of remaining balance		X
\$533,828.43		
4. Does the Application Year anticipate use of a waiver to exceed the appropriation cap? If YES, amount:		X
\$		

C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
Police Department S/W	2,086,074	3,880,000	1,793,926
Tax Appeal Reserve	0	100,000	100,000
Solid Waste Collection S/W	168,600	251,000	82,400
Beach & Boardwalk Operations S/W	544,410	695,000	150,590
Payment of bond principal	585,000	740,000	155,000
Interest on bonds	131,000	204,000	73,000

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

Department/Agency	Position	Number	Dollar Amount
	None		

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					
Second year					
Third year					

* To be supplied with budget on Tuesday, March 29, 2016

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? If so, please identify system being used. Edmunds suite of finance software	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? If not, be prepared to discuss why not in your application meeting.		X

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	2016	N/A	2016	2016
Average total cost percentage increase	2%	N/A%	2%	2%
Last contract settlement date	6/20/2014	N/A	03/02/2016	
Contract expiration date	12/31/2016	N/A	12/31/2018	

Application Year: CY 2016	Municipality: Seaside Heights	County: Ocean
---------------------------	-------------------------------	---------------

2) Explain, if any, actions that have been taken or are under consideration for the Application Year:

Action	Police	Fire	Other Contract	Non-Contract
Furloughs (describe below)	X	N/A	X	X
Yes, if no aid granted. However, we are beginning the process now for an RIF effective September 6.				
Wage Freezes (describe below)				
Layoffs (describe below)				
Yes, if no aid granted. However, we are beginning the process now for an RIF effective September 6.				

D. Tax Enforcement Practices:

Question	Yes	No
1. Did the municipality complete its accelerated tax sale by December 31, if included in 2015 budget? If not, please include a letter from the tax collector explaining why he/she failed to complete the sale in a timely manner and what the impacts were on cash flow and lost investment earnings.	X	
2. When was the last foreclosure action taken or tax assignment sale held: Date:	12/18/2013	
3. On what dates were tax delinquency notices sent out in 2015: Date:	3/6/15, 6/24/15, 11/11/15	
4. Date of last tax sale: Date:	12/16/2015	

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:

2014	\$0	2015	\$212.60	Anticipated Application Year:	\$212.60
------	-----	------	----------	-------------------------------	----------

2. List the instruments in which idle funds are invested:

NJ Cash Management Fund	

3. What was the average return on investments during 2015?	.175%
4. Left Blank Intentionally	
5. The name and firm of the municipality's auditor?	Oliwa & Associates
6. When was the last time the municipality changed auditors?	2014

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
PBA Local 252	12/31/2016	N/A
Teamsters Local 97	12/31/2015	Settled. Contract being typed.
Teamsters Local 469	12/31/2015	Union failed to accept Borough's offer. Negotiations ongoing.

H. Tax Abatements. Please provide a detailed discussion of any short-term or long-term tax abatements that are currently in place or are currently being negotiated including the following information:

Project Name/Property	Type of Project	2015 PILOT Billing	2015 Assessed Value	2015 Taxes If Billed in Full at 2015 Total Tax Rate	Term of Tax Abatement
Seaside Senior Apartments Redevelopment Project	HUD financed Senior Housing (apartments)	N/A	\$1,971,000 * appraised at \$1,300,000	N/A	Upon satisfaction of agency mortgage not to exceed 50 years
Short term abatements	Property improvements * see enclosed 2016 list				5 years

Application Year: CY 2016 Municipality: Seaside Heights County: Ocean

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.

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 type="checkbox"/>			We are reviewing the feasibility of charging a fee for the use of the Community Center.
Sewer Fees	<input checked="" type="checkbox"/>			We are reviewing the feasibility of modifying our water/sewer fee structure.
Water Fees	<input checked="" type="checkbox"/>			We are reviewing the feasibility of modifying our water/sewer fee structure.
Swimming Pool	<input type="checkbox"/>			
Uniform Construction Code	<input checked="" type="checkbox"/>			We are reviewing the feasibility of modifying our UCC fee structure.
Uniform Fire Code	<input type="checkbox"/>			
Land Use Fees	<input checked="" type="checkbox"/>			We are reviewing the feasibility of modifying our land use fee structure.
Parking Fees	<input checked="" type="checkbox"/>			We are reviewing the feasibility of raising fees in the \$1.50/hr areas to \$2.00/hr
Beach Fees	<input checked="" type="checkbox"/>			Beach fees have been increased for 2016
Insert other local fees below:	<input type="checkbox"/>			
Land Use Escrow fees for in-house staff	<input type="checkbox"/>			
Land Use Escrow fees for independent contractors	<input checked="" type="checkbox"/>			We are reviewing the feasibility of modifying our land use escrow fee structure.

Application Year: CY 2016 Municipality: Seaside Heights County: Ocean

Section XI – Impact of Limited or No Aid Award

Describe in complete detail the actual 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	2014 Full Time Staffing	2015 Full Time Staffing	\$ Amount to be Saved
1	Police (Seasonal/Temporary)	60	July 1			\$262,500
2	Police (Sworn Officers)	5	July 1			\$146,250
3	Police (Clerical)	1	July 1	3	3	\$25,000
4	All Other Departments	18	July 1			\$220,000

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

Rank Order	Service	Cost Savings	Impact on Services
1	Beach operations	\$300,000	Lifeguard and beach attendant staffing would be cut in half. We would open less number of beach access points and allow swimming only on 5 or 6 streets.
2	Senior bus transportation	\$15,000	We would temporarily end senior bus transportation.

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 new 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 new 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 is in substantial compliance with the conditions and requirements of the 2015 MOU and is moving in good faith to correct those area of noncompliance that have been identified, including, but not limited to, the following: establishment of a pay to play ordinance; termination of longevity pay for officers and employees not contractually entitled to longevity pay; termination of health benefits for part time officers and employees; receipt of signed approval forms as required prior to hiring personnel and contracting with professional service vendors.

Mayor: Anthony E. Vay Date: 03/21/2016

Chief Financial Officer: Brian J. Risley Date: 03/21/2016

Chief Administrative Officer: [Signature] Date: 03/21/2016

XIV. CAMPS Certification (County and Municipal Personnel System - 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 NJ "CAMPS".

Human Resources or Personnel Director: [Signature] Date: 03/21/2016

Chief Administrative Officer: [Signature] Date: 03/21/2016

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: Anthony E. Uj Date: 03/21/2016

Chief Financial Officer: Barbara Kishley Date: 03/21/2016

Chief Administrative Officer: [Signature] Date: 03/21/2016