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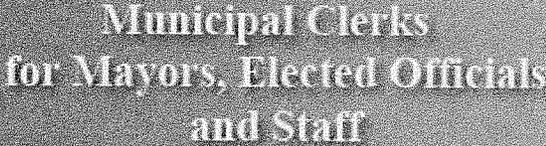
Masser, Michelle

From: Lashway, Lisa
Sent: Wednesday, January 09, 2013 4:29 PM
To: Canning, Sean; Masser, Michelle
Subject: FW: Division of Local Government Services Issues Guidance on CY 2013 Transitional Aid Process

Lisa Lashway
Mt. Olive Twp. Clerk
973-691-0900 Ext. 7291
FAX 973-691-2080
PO Box 450
Budd Lake, NJ 07828

From: NJLM to Municipal Officials [mailto:njlm-clerks@cityconnections.com]
Sent: Wednesday, January 09, 2013 4:19 PM
To: Lashway, Lisa
Subject: Division of Local Government Services Issues Guidance on CY 2013 Transitional Aid Process

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January 9, 2012

Re: Division of Local Government Services Issues Guidance on CY 2013

Transitional Aid Process

Dear Mayor:

The Division of Local Government Services has issued Local Finance Notice 2013-5 which explains the criteria and application process for CY 2013 municipalities to be considered for Transitional Aid, which is the only discretionary aid available for CY municipal budgets. Aid will only be available to CY municipalities that anticipate difficulties in making payments towards nondiscretionary or critical obligations including, but not limited to, debt service, contractual obligations and public safety payroll.

Please note, for those municipalities that may be seeking Transitional Aid due to Superstorm Sandy, the Division has stated that State aid will not be made available to municipalities not making every effort to obtain federal assistance. Federal assistance is available for municipalities that have lost taxable properties and revenue sources due to Superstorm Sandy. Any municipality seeking to apply for Transitional Aid to address such losses must immediately meet with the Division to discuss local efforts to obtain federal assistance.

Applying for aid under this program is considered by the Division a declaration that the municipality is incapable of meeting its obligations and managing its finances without special state assistance, oversight and intervention.

- Receipt of this aid will be conditioned on the municipality meeting the following requirements:
- Submitting to broad State controls over hiring, procurement, and other matters
- Enacting or strengthening comprehensive pay-to-play ordinances
- Performing reasonable revaluations or reassessments of property as required by law
- Submitting to such additional fiscal control measures as may be directed by the Division of Local Government Services

Applicants that receive Transitional Aid will be required to sign a Memorandum of Understanding (MOU) with the Division acknowledging state controls and committing to compliance with the MOU. MOU's are

customized to some extent for every municipality applying for State aid to address unique challenges or opportunities for additional savings or revenues. Please note that those municipalities seeking aid solely due to the impacts of Superstorm Sandy, will likely be asked to sign a different MOU with specifically tailored conditions focusing on: updating emergency management plans; demonstrating a commitment to quickly rebuilding public property and ratables in a manner designed to minimize recurring damage; pursuing efficiencies through mergers or shared services as deemed appropriate by local officials to address changed population or service models; and aggressively pursuing all available federal assistance.

The application, evaluation and award process is rigorous and developed to apply to municipalities that have severe structural financial problems. Only municipalities demonstrating substantial actions to become self-sufficient by increasing revenues or reducing costs will be awarded funds.

Labor cost reductions and changes in service delivery are general pre-conditions for receipt of aid. Applications must show that the municipality has moved beyond planning for operational efficiency and has begun to reduce costs. Maintenance of the "status quo" will not suffice.

The application and introduced budget should reflect only funding for essential services. Budgets must eliminate discretionary spending funded by property taxes, such as discretionary accounts for elected officials, non-essential funding of non-profit agencies, and budgeting for non-essential personnel vacancies.

Additionally, applicants shall demonstrate that user fees have been established for discretionary services so that taxpayers are not subsidizing nonessential programs.

Any Calendar Year municipality that is not currently receiving Transitional Aid intending to apply for CY 2013 Transitional Aid must notify the Division by e-mailing the information set forth in the "Notice of Intent to Apply" (on page 8 of Local Finance Notice) to dlgs@dca.state.nj.us by Friday, January 25, 2013.

The Mayor or Chief Administrative Officer of each CY municipality who is applying for 2013 aid and is not currently receiving Transitional Aid must attend a mandatory orientation meeting to discuss the application and conditions of award. **The meeting is scheduled for Tuesday, January 29, 2013, at 1:00 p.m., in**

Conference Room 129, Department of Community Affairs, located at 101 South Broad Street, Trenton. Orientation meeting attendance is not required for municipalities currently receiving Transitional Aid.

The Division must receive applications and related material, including introduced budgets, for CY 2013 budgets by Friday, March 15, 2013. Budgets must be introduced by the application deadline or no aid will be provided. Awards are expected to be as soon as possible thereafter, so that municipalities may plan for a levy cap referendum if necessary.

Please review Local Finance Notice 2013-5 for the full details on applying for Transitional Aid. The application can be downloaded from the Division website. Contact the Division at dlgs@dca.state.nj.us with any questions.

Very truly yours,

William G. Dressel, Jr.
Executive Director

*If you would like to be removed from receiving faxed advisories please contact Shirley Cade at scade@njslom.com or 609-695-3481 ext. 114 with the name of your municipality and fax number. Thank you.

Please be advised that the information you receive is not legal advice. You must consult your town attorney to make sure that any of the material you receive is in accordance with current state law and your particular facts and situation.

Please be advised that the New Jersey State League of Municipalities is subject to the New Jersey Open Public Records Act. As such, any email sent or received by the League may be subject to a records

request.

New Jersey League of Municipalities
222 West State Street, Trenton, NJ 08608
609-695-3481

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