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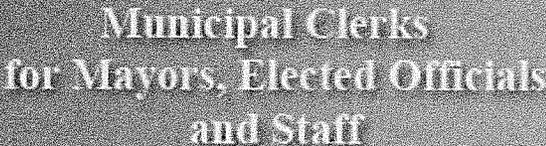
Masser, Michelle

From: Lashway, Lisa
Sent: Thursday, February 07, 2013 8:40 AM
To: Canning, Sean; Masser, Michelle
Subject: FW: Important Finance Notice Issued. Municipalities could qualify for federal ratable base/revenue loss assistance. Filing deadline extneded to Feb 15

Lisa Lashway
Mt. Olive Twp. Clerk
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Budd Lake, NJ 07828

From: NJLM to Municipal Officials [mailto:njlm-clerks@cityconnections.com]
Sent: Wednesday, February 06, 2013 4:28 PM
To: Lashway, Lisa
Subject: Important Finance Notice Issued. Municipalities could qualify for federal ratable base/revenue loss assistance. Filing deadline extneded to Feb 15

To view an online version of this email, click [here](#).



February 6, 2013

**Re: IMPORTANT FINANCE NOTICE ISSUED. MUNICIPALITIES
COULD QUALIFY FOR FEDERAL RATABLE BASE/REVENUE
LOSS ASSISTANCE. DEADLINE FOR FILING EXTENDED TO
FEBRUARY 15**

Dear Mayor:

The Division of Local Government Services (DLGS) today released Local Finance Notice 2013-10, which describes in detail the federal government's Community Disaster Loan Program, and clarifies eligibility criteria, which is not as difficult to meet as some have believed. When it is posted, you will be able to access the LFN at http://www.state.nj.us/dca/divisions/dlgs/resources/local_fin_notices.html

Local Finance Notice 2013-8 informed local governments about Federal funding available through the Community Disaster Loan Program. The program could potentially prevent unsustainable tax and rate increases in Sandy-affected communities. **Thus far, more than twenty-five local governments have begun the application process and DLGS strongly encourages other local governments to apply.**

Generally, communities that can show cumulative actual and projected revenue losses over a four year period, which includes the year of the disaster (2012), and the three subsequent fiscal years (CY 2013-CY 2015) that are greater than 5% of the 2012 budgeted revenue can receive funding. That funding can be used to offset the levy in 2013 and beyond, providing a stable tax and rate environment for communities where stability is sorely needed.

While funding comes in the form of a loan, there are several reasons why it may make sense to apply.

- (1) The interest rate on the loan is less than 1%.
- (2) The loan would be repaid at a time when the ratable base has been rebuilt, thereby reducing the impact on a currently diminished ratable

base.

(3) Loans can be forgiven under certain circumstances.

Measuring Sandy-Related Revenue Loss

FEMA has clarified that the minimum revenue loss required for Community Disaster Loan eligibility can be measured over **four years** rather than just one year, as was stated in Local Finance Notice 2013-8. The revenue loss experienced by a local government must still be greater than five percent, but that amount can be reached by the cumulative revenue loss experienced during the fiscal year the disaster occurred plus the three succeeding fiscal years.

The Division has composed a general checklist of revenue sources that should be considered in assessing whether, and to what extent, your local government is eligible for Community Disaster Loan relief. This checklist is by no means exclusive, but rather a means by which to focus on the many streams of revenue potentially impacted by Superstorm Sandy.

Certain estimated unreimbursed disaster costs directly attributable to Sandy, such as increased staffing, hiring of consultants and increases in insurance premiums, can also be factored into the revenue loss analysis for purposes of the Community Disaster Loan.

How the Community Disaster Loan Program Can Benefit Local Governments

The Division strongly encourages officials from municipalities, counties, local authorities and fire districts to explore whether they can stabilize taxes and/or rates through the Community Disaster Loan Program. **All local governments experiencing, or reasonably projected to experience, such revenue losses should apply for the Program.**

A Community Disaster Loan can be drawn down upon as needed to maintain solvency while cushioning taxpayers from unsustainable property tax or utility rate increases. The ultimate loan's rate of interest

is extremely low (currently less than 1%) and may be forgiven if the local government incurs a cumulative operating deficit and a revenue loss equal to the amount of the loan, for the three full years after the year of the disaster.

The loan term is for 5 years and starts when the local government executes the promissory note from FEMA. A loan term may be extended for up to 5 additional years if FEMA finds that the local government's fiscal situation warrants the extension. The maximum loan amount is the lesser of:

- 25% of the applicant's operating budget for the fiscal year of the disaster (or 50% of operating budget if revenue loss totals at least 75% of applicant's operating budget); or
- the cumulative estimated revenue loss for the fiscal year of the disaster and the subsequent three fiscal years, plus any estimated unreimbursed disaster-related expenditures

In either case, the maximum loan amount is capped at \$5 million. Local governments should show all actual and projected revenue losses attributable to Superstorm Sandy regardless of whether they exceed the maximum loan amount.

Local Governments Must Notify the Division of Intent to Apply for a Community Disaster Loan

As discussed in Local Finance Notice 2013-08, counties, municipalities, fire districts, authorities and special taxing districts that can reasonably demonstrate a greater than 5% actual or projected loss of annual revenue interested in applying must notify the Division by sending an email to Jason Martucci, the Division's Community Disaster Loan Coordinator, at Jason.Martucci@dca.state.nj.us. The Division is extending the submission deadline to **February 15**.

Include "Community Disaster Loan" in the heading of the email. In the body of the email identify: the interested applicant; a primary contact (including phone and email); and the name and contact (including phone and email) of the CFO or Finance Director. **It is extraordinarily**

important that the Division be notified as State endorsement of application is required and Division approval will be needed to include federal assistance as revenue in budgets.

Please contact DLGS for further details.

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
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609-695-3481