



State of New Jersey
DEPARTMENT OF COMMUNITY AFFAIRS
101 SOUTH BROAD STREET
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CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

LORI GRIFA
Commissioner

October 7, 2011

Honorable Tony Mack, Mayor
City of Trenton
319 East State Street
Trenton, New Jersey 008608

Dear Mayor Mack:

I am writing to inform you that the Division of Local Government Services has concluded its review of applications for Transitional Aid to Localities. You are advised that the Division of Local Government Services will allow the City of Trenton to anticipate an award of \$22,000,000 of Transitional Aid to Localities for the purpose of moving forward with the introduction and ultimate adoption of Trenton's budget. Please be aware that this Transitional Aid award is contingent on the Legislature enacting a supplemental appropriation bill that allows for appropriate oversight and Trenton should not adopt a budget until the Legislature has acted.

Please be advised that this level of funding will be contingent on the City agreeing to an initiative, memorialized in a Memorandum of Understanding, designed to assist the City in attracting and retaining a qualified Business Administrator and experienced Department leaders. The initiative would entail establishing a three person "Management Recruitment and Retention Committee" consisting of an appointment by the Mayor, City Council, and the Director of the Division of Local Government Services. The Committee would be responsible for ensuring a competitive process is followed to solicit candidates for the Business Administrator and all department leaders. Nominations would still be made by the Mayor, but would be required to be from candidates approved by a majority of the members of the Committee. The Council would agree to consider each candidate on the merits within 15 days of the nomination and objections to the candidate would have to be set forth in a resolution and could only be for failure to meet position requirements as set forth in a City ordinance.

The Division of Local Government Services is confident that the level of support that has been proposed will be enough to allow for a tax levy that is far below the statutory cap and less than what has been proposed in the draft budget received as part of the application. This is largely because of several factors. First, the City's PFRS bill for this fiscal year was recently reduced by approximately \$2.4 million due to pension reforms, which is in addition to a previously announced \$241,000 reduction in the PERS bill. Second, the State would once again be willing to allow the City to defer, at least in part, a \$1.5 million write-off of an account receivable or allow the City to write down the receivable through the use of certain surplus funds. Additionally, the City could spread its unemployment payments over a two year period.



The award amount, in conjunction with some of the options listed above and others not listed here, could potentially allow for the rehiring of some of the recently laid off public safety personnel.

Should the City decide not to accept this award and its conditions, the Division of Local Government Services will move forward with a lesser award of \$16 million. This lesser amount reflects a recognition that the City faces a unique status as the State Capital and a recognition that it cannot reasonably be expected to ever eliminate its dependence on this level of funding.

The Division looks forward to continuing our mutual efforts to improve the structural integrity of Trenton's budget and to establish a climate such that Trenton can attract and retain quality managers needed in these difficult times. If you should have any questions or concerns, please do not hesitate to contact my office at 609-292-6613.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas H. Neff". The signature is written in a cursive style with a large, sweeping initial "T".

Thomas H. Neff, Director
Division of Local Government Services