

Atlantic City Recovery Plan Public Meeting

Tuesday, July 26th, 2016



“The Municipal Stabilization and Recovery Act” (S1711)

- * “Not later than 150 days next following the commissioner’s final determination that a municipality is in need of stabilization and recovery, ***the governing body of the municipality in need of stabilization and recovery shall prepare and adopt a resolution containing a five-year recovery plan... that is sufficient to effectuate the financial stability of the municipality...***”
- * **DUE DATE: November 3, 2016**

“The Municipal Stabilization and Recovery Act” (S1711)

- * “... *the recovery plan shall establish processes and identify specific actions undertaken by the municipality* following the determination that it is a municipality in need of stabilization and recovery ... and actions to be undertaken by the municipality if the recovery plan is approved.”

Stakeholders

City Council

ACMUA

MBCA

CRDA

NAACP

ACDEVCO

SJTA

South Jersey Chamber of Commerce

Greater Atlantic City Chamber of
Commerce

Presidents of Civic Associations

Leadership for Municipal Unions

Fellowship of Churches

Casino Association

Atlantic City Board of Education

Atlantic City Free Public Library

NJ Senate President Steve Sweeney

NJ Assembly Leader Vincent Prieto

Howard Kyle, Chief of Staff, Atlantic County
Government

Jerry Del Rosso, Business Administrator, Atlantic
County Government

Marge Schott, County Tax Administrator

Ernest Coursey, Freeholder

Frank Formica, Freeholder Chairman

Donna Danielson, Tanger's Outlet - The Walk

Bart Blatstein

Glenn Straub

Multi – Cultural Associations

Bridge Loan from State

- * Process delayed until State's Fiscal year begins July 1, 2016
- * Draft agreement should be finalized for council approval
- * \$60 million from Atlantic City Alliance (ACA) plus \$15 to \$18.5 million from Investment Alternative Tax (IATs) will be available as collateral

Budget

	2016 Budget	2017 Budget
	\$239,000,000	TBD
Property Taxes	117	120
Other Income	17	25
CMPTRA	20	20
Energy Receipts	6.3	6.3
Former ACA Funding	30	15
IATS	10	18.5
Transitional Aid	TBD (\$10 - \$40)	TBD

Financial Advisor and Budget Consultant

- * NW Financial has been retained as financial advisor
- * PFM has been engaged to support the Recovery Plan development
- * PFM team members have previously worked on turnarounds and financial plans for cities including Baltimore, Philadelphia, Providence and Miami
- * Multi-year budget forecast updates and dept. head interviews are now underway

Bond Counsel / \$240 Million Debt

- * McManimon, Scotland & Baumann, LLC has been retained as bond counsel
- * Focused on refinancing/restructuring/structuring of existing City debt and other obligations
- * Goals: Reduction in annual debt service over 2 years by \$8 million and restructuring of annual debt savings would be an additional \$8 million
- * 2016 Debt Payment is \$38 million and the goal for 2017 is \$22 million.

Borgata Tax Appeal

- * State leading negotiations with Borgata and negotiate any settlement funding
- * Discussions and negotiations are ongoing
- * Next settlement meeting is August 30th, 2016

Atlantic City Municipal Utilities Authority

- * City/MUA to discuss increasing income significantly annually to the City yet still remain an Authority
- * Other options: changes within Authority or dissolving Authority and creating a Utility
- * Potential for solar fields on Duck Island
- * Mayor and Business Administrator plan to meet with the ACMUA Board and Director

Atlantic City Police Department

- * Police Benevolent Association's and Superior Officers Association collective bargaining agreements comparable to 2015 International Association of Fire Fighters
- * Agreements include: no increase in salary and benefits for "promotions to fill vacancies" until new collective bargaining agreements is approved
- * For possible consideration of early retirement, there are approximately 40- 63 individuals who are eligible

Atlantic City Fire Department

- * Analysis of costs: promotions costs versus “out of title costs”
- * Safer grant renewal after 2017 – 85 firefighters
- * For possible consideration of early retirement, there are approximately 30 to 46 firefighters

Atlantic City Municipal Employees

- * Workforce has been reduced from 1255 to 894 (361 reduction of employees)
- * For possible consideration of early retirement, there are approximately 40 non uniform employees who are eligible
- * Shared serviced with the County would reduce City workforce by 24 full time employees
- * Shared services with the County for Meal on Wheels, senior transportation and public health would save 1.1 million
- * Health Plan – switching from \$10 to \$15 copay with annual savings of \$1.2 million
- * Prescription Plan – change resulting in annual savings of \$1.2 million

Potential Cost Savings

- * Procurement process to determine lowest cost
 - * Kelly Act – Bid out Fri., July 28th, 2016
 - * Residential trash – Bid out Fri., July 28th, 2016
 - * Recycling – Bid out Fri., July 28th, 2016
 - * City's payroll services – RFP / Due Aug. 9th, 2016
 - * Tow lot – specs for procurement are under development
 - * Public Defender and Prosecutor – specs for procurement are under development

Increased Revenue

DIVISION	2015	2016
* Construction	\$1,708,200	\$1,950,000
* Property Imp./ Landlord Reg.	\$ 142,310	\$ 212,310
* Rooming Houses	\$ 5,750	\$ 36,575
* Mercantile	\$ 766,958	\$ 972,865
* Foreclosure Registration	\$ 0	\$ 300,000
* Parking Meters	\$ 511,583	\$ 750,000
(balance of 2016 with new meters - \$1,500,000 in 2017)		
TOTAL	\$3,134,801	\$3,922,050

****INCREASE OF \$787,249 in 2016 and \$1.6 million in 2017****

*****Additional annual revenues may include revenue generated by water system*****

Increased City Revenue

- * New properties added to tax rolls and/or PILOT
- * Additional parking meters throughout City
- * Offer additional leases for services on beach
- * Offer four-wheel drive permits for beaches during the off season

Potential Shared Services

- * Review Atlantic County proposal for

- Senior transportation - \$259,588

- Meals on wheels - \$450,354

- Health related issues - \$436,011

Total - \$1,144,955

- * Meeting with Absecon Island communities and City of Pleasantville to discuss shared services on Tuesday, August 2nd, 2016

Lighting Changeover (LED)

- * Boardwalk lights funded by CRDA
- * Residential lights -\$2 million grant from BPU
Additional loan of \$5 million from Atlantic Electric to replace 8,500 ACE owned lights
- * Cost of energy will be reduced by 60%
- * 2015 energy costs for street lights was \$2 million

City-owned Property for Sale

- * Proceeds of June 23 Auction – \$1.7 million
- * Proceeds from sale of NJ Avenue and Boardwalk and Garden Pier – \$5.3 million
- * Additional revenue opportunities: closed bid for Bader Field and 11 acres on Riverside Drive (near the wind mills) due back on August 4th, 2016

CRDA Property Auction

- * Work with CRDA to conduct auction of “CRDA-owned properties” throughout the City not located within South East Inlet
- * This would move properties to the City’s tax rolls

Potential Savings at a Glance

Category	Revenue Increase
Auction of City Properties to Date	\$7 million
Increased Revenue	\$1.6 million
ACMUA	TBD

Category	Budget Reductions
Shared Services	\$1.1 million
Health Plan	\$1.2 million
Pension Plan	\$1.2 million
*Early Retirement: Police, Fire & Civil Service	TBD
Reduced Debt Payment	\$16 million

* Requires DCA approval / Based on approximately 140 early retirees

Open Discussion for Public

Questions?

Comments?

Suggestions?

Next Month's Community Update...

Tuesday, August 23rd, 2016

City Council Chambers

6:00pm to 8:00pm

THANK YOU FOR YOUR ATTENDANCE.