

**APPENDIX A
CITY OF PERTH AMBOY,
IN THE COUNTY OF MIDDLESEX, NEW JERSEY**

GENERAL INFORMATION OF THE CITY OF PERTH AMBOY
COUNTY OF MIDDLESEX, NEW JERSEY

(Unless otherwise noted, the following information was obtained from the City of Perth Amboy.)

General Information

Perth Amboy, New Jersey (the “City”) is a small urban community that was once a focal point of the State of New Jersey. A City with a rich cultural history and a three hundred year old maritime and industrial legacy, it is an interconnection point for major highways, railroads, and waterways.

Founded in 1683 and chartered in 1718, the City played a prominent role in our nation’s and state’s history, serving as the state capital until 1790 and the location of the Middlesex County Court House until 1793. Perth Amboy’s City Hall was the site of the first signing of the Bill of Rights in 1790, and was also the historic location of the first African-American to cast a vote in the United States under the Fifteenth Amendment of the United States Constitution in 1870. Today, the City has a diverse multi-ethnic population and continues to serve as a point of entry for many new immigrants to our nation.

Located in the center of the State, midway between New York and Philadelphia, Perth Amboy is at the “crossroads” of major transportation systems connecting the Northeast Corridor. The City links the primary road, rail, air, and water transit facilities in the region. The New Jersey Turnpike, Garden State Parkway, and Interstate Highway 287 all intersect within a few miles of the City. Newark Liberty International Airport, located only twenty minutes from the City, offers convenient transportation, while LaGuardia and John F. Kennedy Airports can be reached within one hour. New Jersey Transit provides frequent daily commuter rail service directly to Pennsylvania Station in mid-town New York City via Newark, New Jersey with interconnections to the P.A.T.H. subway system and a direct rail link to Newark Liberty International Airport. The highway system provides access to Manhattan within a forty-five minute drive. Finally, the City’s position at the confluence of the Raritan River, Arthur Kill, and Raritan Bay provides deep-water access to the Atlantic Ocean for national and international marine traffic.

The residential areas of the City are primarily located in the northeast, central, and southern sections. The commercial areas are primarily located along the major boulevards, while the industrial areas are located along the north, east, and southwest perimeters of the City.

The City comprises a land area of 4.55 square miles with a population of 50,814 according to the 2010 Census. Utilities for the City are provided as follows: Electric - PSE&G, gas - NUI/Elizabethtown, water and sewer – Middlesex Water Company/City of Perth Amboy, and cable television – Comcast and Verizon FIOS.

Local Government

The City government operates under the Mayor-Council Plan B of Chapter 210 of New Jersey Laws of 1950 (Optional Municipal Charter Law of the State of New Jersey). The Mayor is the chief executive and administrative officer of the City and is elected to a four-year term. The

Mayor appoints all officers and employees of the City unless otherwise provided by law. The City Council is a five-member body elected to staggered four-year terms. The City Council acts as the legislative branch of local government.

All elected officials are elected at-large and serve a four-year term. Elections are nonpartisan. The City Council meets the second and fourth Wednesday of every month for regular meetings; caucus sessions are held the Monday before the council meeting at 4:30 pm. These meetings are open to the public and are in compliance with the New Jersey Open Public Meetings Act. The public is given an opportunity to speak on matters before the governing body as well as any topics that concern them.

Since 1995, the City has videotaped its public meetings and televised the meetings and other City events to the public through the local cable television public access channel.

The present members of the Governing Body are as follows:

<u>Members</u>	<u>Title</u>	<u>Term Expires</u>
Wilda Diaz	Mayor	12/31/20
William A. Petrick	Council President	12/31/18
Jelmin Caba	Council Member	12/31/20
Fernando Gonzalez	Council Member	12/31/18
Fernando Irizarry	Council Member	12/31/20
Joel Pabon, Sr.	Council Member	12/31/18

The City government is organized into seven departments together with two statutory departments. These departments include: Administration, Law, Police, Fire, Public Works, Code Enforcement, and Human Services. The two statutory departments include the City Clerk and Tax Assessor. The City operates a Water-Wastewater Utility, Parking Utility and a Marina Utility. In addition, there are the following semi-autonomous agencies within the City government: Free Public Library, Municipal Court, Planning Board, Zoning Board, Redevelopment Agency and Business Improvement District.

The Mayor: The Honourable Wilda Diaz was sworn in as Mayor of the City on July 1, 2008, becoming the first woman to hold that office and was re-elected in November 2012 and November 2016.

Prior to taking office, Mayor Diaz spent 20 years in the banking industry. Starting as a teller at a local bank after graduating from Perth Amboy High School in 1983, she quickly rose through the ranks. Mayor Diaz was an assistant vice president with Banco Popular when she won the mayoral seat in May 2008. Prior to taking office, she resigned from her position at Banco Popular.

A dedicated community activist, Mayor Diaz chaired the Board of Trustees for the Jewish Renaissance Foundation Medical Center, a non-profit group that provides health care to underserved communities. She was a driving force behind the Puerto Rican Patriotic Cultural Committee (Comité Cultural Patriótico Puertorriqueño de Perth Amboy), which sponsors the annual Hall Avenue Puerto Rican festival. She also served as a member of the Perth Amboy Merchants Association (PAMA), and was honoured as “Businesswoman of the Year” by local

organizations such as the Puerto Rican Association for Human Development (PRAHD), PAMA, and the Jewish Renaissance Foundation.

Born and raised in Perth Amboy, Mayor Diaz and her husband, Greg, have two adult children, Gregory and Samantha.

The Business Administrator: The Department of Administration is comprised of the following offices and divisions: Office of the Business Administrator, Personnel, Purchasing, Finance, Tax Collection, and Economic and Community Development.

Adam E. Cruz, currently serving as Business Administrator, heads this department and is the City’s chief operating officer. Mr. Cruz has over 20 years of municipal experience, with his most recent position as Assistant Business Administrator for the City of Newark, the largest municipality in New Jersey. Known for his management and procurement skills, Mr. Cruz is a graduate of Cook College, Rutgers University, with a Bachelor of Science in Environmental Planning and Design.

Education

The Perth Amboy Board of Education (the “Board”) provides education for all pupils in pre-kindergarten through twelfth grade and operates as a Type II District under the Education Law, codified as Title 18A of the New Jersey Statutes. The Board has nine (9) elected members who are residents of the City. The City has three pre-schools which provide a full-day educational program to over 1,100 three and four year-old students. In addition, there are five elementary schools for grades K to 4, two middle schools for grades 5 to 8, and one High School. The Board also operates a comprehensive adult school program.

During the past 10 years, three new schools opened in Perth Amboy: The Ignacio Cruz Early Childhood Center, the Dr. Herbert N. Richardson 21st Century School and the Edmund Hmieleski Early Childhood Learning Center. A new High School is currently planned on the 11.63-acre site of the former Delaney Homes Public Housing development. Funded by the Schools Development Authority, the new, 535,000-square-foot, state-of-the-art school will educate 2,800 students and is estimated to cost \$234 million.

The past enrollments of the District are as follows:

<u>Year</u>	<u>Enrollment</u>
2007-2008	9,742
2008-2009	9,708
2009-2010	10,464
2010-2011	10,530
2011-2012	10,688
2012-2013	10,707
2013-2014	10,829
2014-2015	11,917
2015-2016	11,209
2016-2017	11,700

Source: Perth Amboy Board of Education

In addition to the public school system, there are a number of parochial elementary schools in the City that are independently administered and operated, including a charter high school, Academy for Urban Leadership Charter High School. A County Vocational and Technical High School is also located within the City limits and provides a modern urban satellite campus for Middlesex County College.

Middlesex County College, the State’s largest community college, is located in nearby Edison Township. A number of college level courses, as well as adult enrichment programs, are offered locally at a branch site of the college located in downtown Perth Amboy. Rutgers, the New Jersey State University, is located in nearby New Brunswick.

Services

The City provides a variety of services consisting of police and fire protection, maintenance of city streets, sanitation and recycling collection, health and welfare services, and park and recreational facilities, as well as cultural activities.

Police Department: The Perth Amboy Police Department has established a table of organization of 131 Uniformed Officers, which are supported by part-time Special Police Officers, civilian 911 dispatchers, civilian report takers and a complement of non-uniformed civilian support personnel, including a Domestic Violence Response Team and a Civilian Emergency Response Team. The department was accredited in June of 2009, providing superior service utilizing the best practices in law enforcement and is currently in the process of reaccreditation, expecting completion in 2017.

A Police Director and an Acting Chief head the department. In addition to the usual protective services afforded the community, the department also maintains a full Investigative Division which includes an aggressive Juvenile Aid Bureau and a Community Service Bureau. The department operates a centralized 911 dispatch communication center for all emergency services within the city housed in the new Public Safety Complex.

A recap of the City’s crime index for the past ten years is as follows:

Year	Total Crimes	% Change vs. Prior Year
2007	1,329	
2008	1,358	2
2009	1,231	-9
2010	1,336	9
2011	1,420	6
2012	1,458	3
2013	1,286	-12
2014	1,242	-3
2015	1,076	-13
2016	1,008	-6

Fire Department: The City’s Fire Department is comprised of a combination of career and volunteer forces that provide fire suppression, emergency medical, and rescue services. A Fire Chief, who also serves as the Fire Director, heads the department.

There are a total of 63 career firefighters and officers who operate out of Fire Headquarters, utilizing a fleet of 8 fire and rescue apparatus, as well as 2 fire/rescue fire boats (approximately 40ft and 17ft, respectively). There is a 40-member volunteer fire force that is called upon on a twenty-four hour basis to assist in fire suppression and other support functions to augment the career firefighters. All members of the career fire force as well as members of the Police Department further support the City's Emergency Medical Service through an integrated "First Responder" program.

Public Safety/Court/Recreational and Community Center Facility and Fire/Emergency Services Complex: The City has a state-of-the-art facility to house the municipal court, police headquarters, fire headquarters, and emergency services. The Perth Amboy Public Safety Community Complex also includes a Health & Wellness Center, family recreation areas, and a large aquatics area. The facility houses two indoor sports courts, a walking/jogging track, free-weights, a group exercise studio, strength and cardio equipment, a Performing Arts Theater, and two swimming pools. Multi-purpose rooms and a childcare area are also available. The complex is centrally located on a 12-acre site. Additional space in the fire building is occupied by Code Enforcement and the Office of Economic and Community Development. The community fitness center is operated under an agreement with the Raritan Bay YMCA.

Public Works Department: The City provides full solid waste services to its residents and a comprehensive recycling program through the Department of Public Works. The department consists of 64 employees responsible for the operations of the following divisions: Engineering, road repair, solid waste, parks, buildings and grounds, and vehicle maintenance. The department operates a solid waste transfer station, the first municipal transfer station in the County, and disposes of over 19,000 tons of solid waste in the County landfill. The department participates in the State's Clean Communities Program. The department maintains and provides snow plowing and road repair for its 88 miles of roads.

Human Services/Recreation Department: The City has a wide range of parks, athletic fields, and open spaces. Perth Amboy's parks and recreation facilities make a substantial contribution to the quality of life in the City and enhance its reputation as a desirable place to live. This is nowhere more evident than along the waterfront where harbor vistas and panoramic views provide a spectacular setting for a wide range of recreation activities including walking, jogging, fishing, sailing, concerts, or just sitting and relaxing.

The City operates 22 parks comprising over 110 acres. Major recreational facilities include the following: Youth League Complex which provides youth sports activities including baseball, softball, soccer, basketball, and football and is the site of a new soccer turf field completed in 2016; a 1,300 seat lighted baseball stadium at Rudyk Park; and a skate park at the renovated Washington Park. Numerous neighborhood parks have been upgraded. Construction projects at Patten Park, Bayview Park, and Willow Pond have been completed. The Recreation Department provides a multitude of organized sports, club, and cultural activities yearly.

In 2017, the City anticipates the opening of its beachfront to bathing for the first time in over 30 years along Sadowski Parkway. Beachside activities and events are planned for the summer season including beach volleyball, an art festivals and other entertainment and family-oriented activities.

The City also has a municipal marina, known as Harborside, consisting of 144 boat slips, a brick-paved harbor walk, two fishing piers, and a marina facilities building. The 1½-mile Harbor walk connects to historic sites and the Sadowski Parkway beach area, which also has two additional fishing piers.

A Department of Human Services consists of the following divisions: Housing and Social Services, Aging, Public Information, and Vital Statistics. The department works closely with a network of City, County, and non-profit social service organizations to meet the varied needs of the community.

Code Enforcement Department: The department directly monitors all activities relating to the construction, renovation, or maintenance of property. Staffed by seventeen full and part time employees, it offers diverse services through its divisions, which include: Construction official, housing and property maintenance code enforcement, fire prevention, and zoning. These divisions oversee all activities relating to the use, occupancy, or physical condition of every property. A recap of the construction permits issued during the most recent four years is illustrated below:

<u>Permit Type</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Building	651	539	552	554
Electrical	765	558	559	528
Plumbing	375	404	387	383
Fire Protection	287	281	265	193
Elevator	<u>7</u>	<u>5</u>	<u>1</u>	<u>2</u>
Total	2,085	1,787	1,764	1,660

Source: Department of Code Enforcement

Economic & Community Development Office: The Office of Economic and Community Development (OECD) pursues and administers funding programs for a variety of city projects. The office is instrumental in planning and overseeing development of various public projects. It also assists with private revitalization.

As an urban city, the City receives U.S. Housing & Urban Development funds which include the Community Development Block Grant Program (CDBG) and HOME Program. The City received \$610,182 in CDBG funds and \$324,930 in HOME funds in 2016. The CDBG funds are used for a variety of public service activities, housing, historic preservation, and public improvement projects. The HOME funds are used to develop, build, or rehabilitate affordable housing units within the City. The City has successfully administered the federal CDBG program for more than thirty years.

Various achievements/efforts of OECD in 2016 and beyond include the following:

Creative Perth Amboy: a National Endowment for the Arts Our Town Grant was awarded in 2013 for the undertaking of an inventory or existing arts and cultural resources, creation of an Arts Council and identification of new opportunities for arts and culture in the City to drive economic development and tourism. The study was finalized in 2015 and implementation began in 2016 through public art projects, ordinance changes and a strategic plan that was awarded the Outstanding Municipal Planning Award by the New Jersey American Planning Association.

Surveyor General's Office: renovation of a historic public office using \$200,000 grant funds from the NJ Historic Trust and CDBG program to convert into a museum and public information center with an anticipated opening in the spring of 2017.

Downtown Rezoning: in 2016, the OECD oversaw an outreach and planning process to review the existing downtown commercial core zoning code to see how to better encourage private investment. New regulations based on a form-based code were developed to make it easier for existing property owners to expand or improve, encourage transit friendly develop and protect the existing character of the downtown. The Planning Board approved the rezoning in early 2017, with the City Council soon to follow.

Workforce Development Efforts: partnering with the Department of Recreation to create opportunities and training for Perth Amboy residents. Programs included take students from 9th to 11th grade to Rutgers Day to experience a college campus, assisted individuals in a First Impressions Program in resume writing and mock interviews and through the City's Summer Youth Employment Program providing resume writing, interview skills workshops and FAFSA form preparation sessions.

Municipal Youth Shadowing and Tutelage (MYST) Program: initiative to provide City youth guidance by the City's municipal professionals regarding career opportunities so as to provide for the next generation of municipal workers is anticipated to commence with the 2017 Summer Youth Employment Program.

Dog Park: creation of a dog park and motorized boat launch at the foot of the Victory Bridge along the City's waterfront with \$3.2 million in grant and local funds to attract residents and tourists to the Raritan River. Construction is expected to begin in the summer of 2017.

Waterfront Park: OECD has assisted with the oversight of cleanup and sale to the County of Middlesex of a 6 acre property along the City's waterfront where the County will build a \$10 million park with multi-purpose playing fields and other recreational facilities.

Free Public Library: The City operates a free public library that participates in a Middlesex County Inter-Local Service Agreement, providing the public with direct reciprocal borrowing privileges to the collections of approximately thirty-five Public Libraries in surrounding communities. In addition, the Library is a member of the Middlesex County Library Automation Consortium, which supplies and maintains free Internet public access. In cooperation with the New Jersey State Library, Interlibrary Loans throughout the country are also available to the public.

The Library's core collection consists of approximately 150,000 book volumes and subscriptions to over 444 periodicals. The Perth Amboy Free Public Library was opened on December 9, 1903 and is believed to be the first Carnegie library in New Jersey.

The City is in the midst of a complete Library renovation and addition to the present structure. The City and the Library Board of Trustees have agreed to pursue interim improvements consistent with the general development plan for the City of Perth Amboy Free Public Library. These improvements are expected to cost in the range of \$1.5 million, inclusive of grants received for this purpose. The improvements include replacement of the Library roof, all Library

windows, repointing of the exterior brick and upgrades to the electrical system. Interior plaster work and walls have been refurbished and floor covering replaced. A new HVAC system has been installed as well providing year-round climate control. Additional improvements include upgrades to the electrical system, the addition of barrier free access and a barrier free restroom

City Workforce

As of December 31, 2016, the City employed a workforce totaling 486 full and part-time employees, consisting of 374 full-time employees and 112 part-time employees among the various departments of City government and six elected officials. A comparative recap of the City's full time workforce is illustrated below:

<u>Department</u>	<u>City's Full Time Workforce</u>		
	<u>Calendar Year</u> <u>2014</u>	<u>Calendar Year</u> <u>2015</u>	<u>Calendar Year</u> <u>2016</u>
Police (Uniformed)	111	123	129
Fire (Uniformed)	58	50	63
Public Works	66	58	64
All Other Departments	102	107	110
Water System Utility	1	1	1
Parking Utility	3	4	4
Marina Utility	2	3	3
Total	343	346	374

Source: Personnel Officer

Medical Facilities

The Raritan Bay Medical Center offers a total of 510 beds to residents both north and south of the Raritan Bay area. A medical staff of approximately 600 physicians and a professional nursing and service staff of approximately 1,800 render medical/surgical, maternity, pediatric and general and critical care, as well as extensive outpatient services (through the Joseph S. Yewaisis Outpatient Center), drug addiction treatment, specialized women's and children's care, and 24-hour emergency care.

The County administered Raritan Bay Mental Health Center is located in the City and provides comprehensive outpatient psychiatric care as well as substance abuse and family counseling.

The Jewish Renaissance Medical Center, located in the downtown area of the City, is a Federally Qualified Health Center that provides comprehensive primary care (medical, dental and behavioral) to the medically underserved population without regard to ability to pay or insurance status.

Growth

The economic development initiatives that the City has undertaken since 1991 have expanded the City's tax base and employment opportunities. The following companies continue to make significant investments in the City's revitalization effort:

Raritan Bay Medical Center: A New Jersey state-designated primary stroke center, Raritan Bay Medical Center is a recipient of the American Stroke Association's Get with the GuidelinesSM – Stroke Bronze Performance Achievement Award, recognizing the medical center's success in implementing a high standard of stroke care. RBMC, with locations in Old Bridge and Perth Amboy, is also one of less than two percent of hospitals nationally to achieve re-designation as a Magnet Hospital, recognizing nursing excellence, and is a three time recipient of the New Jersey Horizon Blue Cross Blue Shield patient care quality award. RBMC provides medical-surgical, maternity, pediatric, diagnostic imaging, laboratory and general and critical care, as well as adult behavioral health, emergency and interventional cardiac and same day surgery services.

In 2016, the Raritan Bay Medical Center completed a merger with Meridian Health. Both not-for-profit organizations are locally based and have developed critical hospital and non-hospital services, including outpatient facilities, which both boards agree would create greater community access to physicians and quality health services.

Buckeye Partners, L.P.: A midstream energy company since 1886, Buckeye acquired approximately 250 acres of land and extant improvements in 2012 from Chevron Corporation for \$260 million. Their intention is to develop the property so that it will provide liquid storage and distribution services to manufacturers and users. Their current facility plan calls for an added investment of about \$200 million. Improvements will include upgrading both port and rail facilities, the construction of a new interconnecting pipeline to their Linden facilities with which this facility is to interact, and construction of four new 250 million barrel storage tanks on the property. This development plan is estimated to involve a 5-year build out. Additionally, Buckeye is seeking to connect a new pipeline to their Perth Amboy facility as part of an additional \$1 billion investment. In consideration for this approval, Buckeye will be contributing to the expansion and development of Rudyk Park.

Vira Manufacturing, Inc.: Vira Manufacturing and Insight Merchandising are proud to announce the merging of two exceptional companies that strive to create merchandising retail space that blends superior design with functionality. The partnership between the two established companies as VIRA Insight LLC will immediately result in increased production capabilities, and extended resources. It will uphold unique specialization in acrylic, metal, and store fixture fabrication on the side of Insight Merchandising, LLC, united with showcases, metal, and wood fixtures from Vira Manufacturing, Inc.

A leader in the design and installation of highly effective fixtures, custom displays, and themed environments for retail customers, Vira relocated and consolidated its New Jersey facilities to the City in 2002, and presently employs 157 individuals and projects \$300,000 in private investment for 2017.

Preferred Freezer Industries, Inc.: Preferred Freezer Services offers the most modern, state-of-the-art, full service temperature controlled warehouses in the United States. They currently employ 127 full-time employees and anticipate a private investment of \$275,000 in 2017.

Tropical Cheese Industries/Menpe Company: Tropical Cheese Industries manufactures specialty dairy products under the Paisano, El Molino Rojo, and Tropical brand names to satisfy the specialty fresh cheese needs of Caribbean and Hispanic consumers living throughout the US. It distributes its products primarily along the East Coast.

Individualized Shirts Co.: One of the nation's leading manufacturers of custom shirts, Individualized Shirts, formed in 1961, employs 238 workers and recently completed an \$869,000 modernization program at its 35,000 square foot facility. Also a manufacturer of readymade shirts, Individualized Shirts offers custom shirts from a wide array of imported fabrics that are virtually unlimited in terms of color, fabrication, and pattern.

U.S. Foodservice: The Metro New York Division of US Foodservice opened a 615,000 square foot facility in the City, the largest broad line food distribution center in the Northeast. The full distribution facility features state of the art construction, eco-friendly and high-efficiency lighting and refrigeration systems, and a first-class culinary innovation center. US Foodservice employs 702 individuals at this location and plans to invest \$3.6 million dollars in 2017.

Englert Inc.: An innovator in both the gutter and metal roofing businesses, Englert currently employs 136 employees. It is one of the few single-source aluminum roof manufacturers with an in-house coil coating line. Englert Inc. plans a capital investment of \$1 million dollars in 2017.

V & S Amboy Galvanizing: V&S offers the highest-quality galvanizing for structural steel and fasteners. The company offers quality hot dip galvanizing, paint over galvanizing (COLORZINQ®), and the exclusive DUROZINQ® package, which combines hot dip galvanizing services, shipping, consultation, and custom zinc paints. V & S currently employs 43 individuals at its location within the City. The company projects a capital investment of \$700,000 in 2017.

Aristacare At Alameda Center: Oak Park/Aristacare at Alameda Center has been providing quality care for over 30 years. Services include cardiac telemetry monitoring, sub-acute care, IV therapy, respiratory & tracheostomy care, Alzheimer's care, and long-term care in a home-like setting. The 216 staff members, including nurses and therapists (ACLS certified), and physicians, make them a leader in skilled nursing and rehabilitation care. The center offers 7-day a week intensive rehabilitation and specialized programs for Hispanics and Indians. \$1,000,000.00 in private investment is planned in 2017.

ShopRite: Wakefern is a cooperative and wholesale provider comprised of 46 members who own and operate retail supermarkets under the ShopRite banner in New Jersey, New York, Connecticut, Pennsylvania, Delaware, and Maryland. Wakefern Food Corporation is the largest retailer-owned cooperative in the United States. The ShopRite supermarket in Perth Amboy employs 51 full-time and 153 part-time employees. It made a private capital investment of \$215,000 in 2016.

Madsen & Howell, Inc.: Family owned and operated since their inception in 1909, Madsen & Howell is one of the Northeast's principal independent industrial distributors and one of the largest in New Jersey. Their Perth Amboy headquarters is home to the company's state-of-the-art 120,000 square foot warehouse employing 22 people.

Kinder Morgan: The Northeast Region of KM Terminals services the eastern part of the United States from the Port of Camden, New Jersey, to New York Harbor. It includes liquid petroleum/chemical distribution services in Carteret and Perth Amboy, New Jersey terminals. With marine access to New York Harbor, rail access to CSX, and full connectivity to the Buckeye, Colonial, Harbor, and Sunoco pipelines, Carteret and Perth Amboy are at the center of liquid product movement in the northeast United States. Kinder Morgan has 55 full time employees in Perth Amboy and is currently making \$6 million in private investment.

Mayab Happy Tacos, Inc.: Incorporated in 1976 in Brooklyn, New York, Mayab Happy Tacos, Inc. manufactures canned Mexican foods, sugar or sugar substitute candy, chewing gum and chocolates and employs 35 full time individuals.

Housing Programs

The City provides various housing programs in the form of grants and forgivable loans. Successful programs include the following: First Time Homebuyers Down Payment Assistance Program, Paint reimbursement program, Home Improvement/Rehabilitation Grant Program, and Senior Citizen Safe Housing Grant Program.

Other housing needs of the City are being met by community based non-profit organizations such as: The Perth Amboy Housing Authority, P.A.R.T.N.E.R, Catholic Charities, Cathedral Community Development Corporation, The Puerto Rican Association for Human Development, and The Jewish Renaissance Foundation.

The Perth Amboy Redevelopment Team for Neighborhood Enterprise and Revitalization (P.A.R.T.N.E.R), was recently awarded \$500,000.00 from the Wells Fargo Regional Foundation to support the Gateway Neighborhood Collaborative (GNC). The GNC initiative aims to promote the development of a resident-led and community-supported redevelopment framework of a Gateway neighborhood in the City whereby a community-based and multi-agency approach to housing, economic development, crime prevention and neighborhood restoration will provide jobs, ratables, business expansion, entertainment and recreational opportunities and transit oriented mixed use developments. The Gateway neighborhood is an estimated 42 square blocks located within the southeastern and central quadrants of the City where economic distress and remnants of a bygone industrial heritage remains in a densely populated area. P.A.R.T.N.E.R, a 501 (c) 3 non-profit organization established by the City's Housing Authority, is collaborating with the City, the Redevelopment Agency, the Housing Authority and community organizations and will use the grant funds to further this project.

Redevelopment Initiatives

In March 1997, the City created the Perth Amboy Redevelopment Agency (PARA) and adopted an aggressive redevelopment plan, FOCUS 2000, to revitalize almost 1,500 acres within the city. PARA was charged with developing and implementing the redevelopment within the City in conjunction with the City's Special Improvement District and Urban Enterprise Zone. Through over \$1.0B of public/private partnership initiatives, PARA's efforts to date have generated millions in revenue to the City, created over a thousand jobs, and remediated over 100 acres of brownfield properties. Current redevelopment projects will result in an additional 300 acres

remediated, creating thousands of jobs and bringing in a little over \$500 million dollars of new investment in the City by the end of 2018. Its ongoing efforts include additional residential, retail and commercial/industrial projects throughout the City with a focus on job creation and more sustainable growth geared to transit riders.

Over the past 20 years, the City's FOCUS 2000 redevelopment plan progressed from a general citywide planning tool to a design and implementation phase initiative. Throughout 2016, the entire FOCUS 2000 plan was updated (now FOCUS 2020) to reflect current market conditions, a new vision for the City and compliance with today's standards for planning and development. The proposed plan, scheduled for presentation to the Planning Board in the summer of 2017, will assist PARA in smart, attractive, sustainable development. Illustrated below are the current redevelopment projects:

ePort Phase I – A \$180 million industrial warehousing redevelopment project situated on ASARCO's former 68-acre site next to the Outerbridge Crossing into New York City. During 2016, three buildings were built to provide over a million square feet of warehouse/distribution space. Additional public benefits include an expanded and upgraded water line, land contribution for a new firehouse and millions of dollars in additional revenue annually. The first and largest building has been secured by Target for their first warehouse in New Jersey. At full buildout, Target expects to employ 1,000 people in their facility. The two other buildings are under negotiation and fit out for other tenants who are expected to create an additional 300 to 400 jobs.

ePort Phase II – This site rests of the remaining 100 acres of the former ASARCO site and is currently undergoing remediation which includes significant demolition, excavating and raising the grade of the site above the flood zone. The remediation will complete in 2017 allowing for construction to begin in Q1 of 2018, adding an additional 1 million square feet of warehousing and industrial space. The project is expected to provide 300 - 500 additional jobs and millions in ratables when construction complete in 2018. In addition, the developer is retaining two well-established local businesses on site, building a new cell phone tower on site and will be making a contribution to the city's new firehouse.

Gateway Redevelopment Project - This project encompasses 50 acres of brownfields at the entrance to the City's central business district at the intersection of Smith Street and Convery Boulevard. The intended end use is a multi-sport indoor/outdoor complex resulting in over \$44 million in private investment. The intended end user would attract 100,000 visitors annually, create 50 jobs and provide shared service use of the recreational fields for the City's programs. This project is slated to begin construction in 2018.

500 High Street – A \$4 million rehab project creating 40 luxury units on the City's waterfront. The final project will include three floors of residents over a flagship restaurant site. This project will remediate contaminated land and rehab a historic structure on one of the city's main arterials. The project is expected to come on the tax rolls in Q1 of 2018.

Hobart Street Plaza – The agency assisted in the creation of a redevelopment plan and designation of a developer for an existing Hobart Street Plaza building. Rehabilitation of the building was completed in 2015 with the leasing of 36 residential units and a first-floor office/retail space taking place in 2016. Additionally, the project created additional revenues for the parking authority by leasing spaces for residents in the Jefferson Street lot.

Landings at Harborside – A \$600 million redevelopment project consisting of mixed-use residential, retail, and recreational venues to the City, Landings at Harborside is currently in redesign to include a community center, public waterfront esplanade, and parks. Project construction began in 2003. Landings’ first residential building with 78 units was sold out during the pre-construction offering and is now occupied. The Bayview, the second building in the project, was completed in 2007. A revised project is progressing with the design of site plans and property acquisition, remediation of ongoing environmental concerns, and demolition of Phase 1 properties – visually and physically opening up the waterfront area. The transformation of Perth Amboy’s waterfront continues at a slow pace, but once all approvals are received, the project is expected to begin construction again in 2018. About 15 acres of the original Landings project has been purchased by Middlesex County to develop a state of the art park with ball fields, playgrounds and expanding waterfront amenities.

Gerdau – This 100 acre site along the Raritan River was recently purchased by a developer who is working with the City to redevelop the property by the end of 2018 for an additional million square feet of light manufacturing and distribution. The project will entail \$100 million in private investment and will create two new waterfront parks, a senior citizen park, a mile long green way, new public amphitheater to host large events and will reconnect the surrounding neighborhood to the waterfront under the existing train trestle. Upon completion, the project should provide between 300 and 500 jobs and create millions of dollars in ratables.

Delaney Homes – Completion in 2016 of a 72 unit affordable senior housing building. The remainder of the site is intended for reuse as a new high school upon conveyance of the property to the Board of Education and securing of \$160 million of State funds.

Smith Street Realty – The current owners of this corner lot at a major gateway entrance to the City have been conditionally approved to move and expand their current carwash operations as well as build a Wawa and make public improvements. The project is estimated to create 20 new jobs and bring in new ratables.

Riverwalk – This project is planned for 400 new market rate residential units along the city’s Raritan Riverfront, remediating a severely contaminated 6 acre site within walking distance of the city’s commuter rail station. The project will reintroduce the city’s grid, and create new improved open space.

Perth Amboy Self Storage – This project will create 2000 storage units in a 93k square foot structure on a former industrial site near the Outerbridge Crossing. The building will complement the existing redevelopment at the northern gateway to the City from Staten Island with a historic façade paying tribute to the City’s past. Upon completion the project will create significant ratables on a less than acre site with over \$15 million in private investment from the developer.

In addition to the above initiatives, the City’s redevelopment efforts include several small “in-fill” projects that will transform tax foreclosed and/or underutilized properties into productive commercial and residential properties.

Capital Planning

In accordance with the New Jersey Local Budget Law, the City must adopt and annually revise a six-year capital program budget. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of possible capital expenditures that the local unit may contemplate over the six-year period. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and method of financing, or from the annual operating budget if the items are detailed therein. The Calendar Year 2016 Budget for the City contained a six-year capital plan as required by law. It anticipated various capital improvements and acquisition of vehicles and equipment with a total estimated cost of \$25,639,968.00, with approximately \$4,000,000.00 of such improvements to be made in 2016. Additionally, over \$21,860,000.00 of improvements for Water/Wastewater are contained in the six-year capital plan with over \$5,000,000.00 invested for 2016. Further capital programs in the succeeding fiscal years are anticipated to continue the upgrade in the infrastructure necessary to help revitalize the City and ensure the delivery of essential services.

Collection of Taxes

Property taxes are based upon the Tax Assessor's valuation of all real property located in the City and are levied for the calendar year. The taxes for City, Local School, County, and Special Improvement District purposes are consolidated into one tax levy which is apportioned on each individual tax bill by rate and amount for informational purposes. Taxes levied for the purpose of the Local School District cover the current calendar year. The City remits funds to the Board of Education based on school needs on a periodic basis throughout the year. The City remits taxes for County purposes quarterly, on the 15th day of February, May, August, and November. The City remits taxes for Special Improvement District purposes on the 5th day of March, June, September, and December.

Tax bills are calculated in June, after the budgets are adopted and the County strikes a certified tax rate, and are payable by quarterly installment on the 1st day of February, May, August, and November. The governing body grants a ten-day grace period during which each quarterly installment may be paid without interest or penalty. A change from fiscal to calendar year effective January 1, 2011, resulted in a tax billing based on the formula of calculated rate times assessment, less what was billed in the first six months of the tax year which is based on previous year tax rate. The tax bill issued after the County tax rate is set shows the breakdown of the annual tax rate.

Delinquent tax payments, after a ten (10) day grace period from the due date, are subject to an interest penalty of eight (8%) percent per annum on the first \$1,500.00 of delinquency and eighteen (18%) percent per annum on amounts exceeding \$1,500.00, calculated from the date the taxes were payable until the date of actual payment. Unpaid taxes are subject to tax sale in the same fiscal year in which the taxes are levied on or after November 11th in accordance with the Accelerated Tax Sale Law, Chapter 99, Public Laws of 1997.

Tax Collection History

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>% of Collections</u>
2016	\$93,648,830.35	\$93,401,052.62	99.74%
2015	\$93,426,590.79	\$93,004,274.91	99.55%
2014	\$93,249,413.83	\$92,796,514.42	99.52%
2013	\$92,689,520.16	\$92,088,926.25	99.35%
2012	\$92,349,542.37	\$91,332,710.56	98.90%
2011	\$93,323,216.75	\$91,912,262.91	98.49%
2010	\$90,584,210.04	\$89,776,198.42	99.11%
2009	\$85,857,235.87	\$84,872,436.72	98.85%
2008	\$73,354,827.69	\$73,209,261.17	99.79%
2007	\$63,849,155.40	\$62,905,521.37	98.99%
2006	\$57,072,872.81	\$52,247,591.63	91.54%

Source: City of Perth Amboy Annual Financial Statements

Components of Tax Rate

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Municipal	\$1.757	\$1.757	\$1.765	\$1.738	\$1.629	\$1.631	\$1.516
Local School District	\$0.757	\$0.749	\$0.755	\$0.737	\$0.699	\$0.680	\$0.621
County	\$0.366	\$0.394	\$0.398	\$0.362	\$0.352	\$0.344	\$0.323
Total	\$2.880	\$2.900	\$2.918	\$2.837	\$2.680	\$2.655	\$2.460

Source: Tax Collector

Assessed and Equalized Valuations and Tax Rates

<u>Year</u>	<u>Tax Rate per \$100 of Assessed Valuation</u>	<u>Net Valuation Taxable</u>	<u>Comparative Aggregate Equalized Valuation</u>
2016	2.880	\$3,238,323,149	\$3,074,156,692
2015	2.900	\$3,207,480,830	\$2,988,454,368
2014	2.918	\$3,181,302,187	\$3,204,095,668
2013	2.837	\$3,251,454,215	\$3,086,629,215
2012	2.680	\$3,433,840,161	\$3,670,201,113
2011	2.655	\$3,487,409,300	\$3,727,457,567
2010	2.460	\$3,623,458,400	\$3,720,565,150
2009	2.373	\$3,611,935,700	\$3,912,832,521
2008	2.177	\$3,601,477,000	\$3,893,067,776
2007	\$2.08	\$3,575,020,400	\$3,724,755,574

Source: Tax Assessor

Ten Largest Taxpayers

As of January 1, 2017

Owner of Record	Aggregate Assessed Value	As A Percentage of Assessed Value of Real Property
Buckeye Perth Amboy	\$193,207,600	5.97%
Harbortown Terrace, LLC	\$122,118,900	3.78%
ProLogics, LP	\$96,000,000	2.97%
Kinder Morgan Liquids Terminal	\$89,629,000	2.77%
Bridge Perth Amboy	\$50,051,900	1.55%
Paramount Properties	\$36,974,800	1.14%
NCP/Gerdau	\$25,000,000	0.77%
Matrix Perth Amboy Industrial	\$23,560,000	0.73%
Tower Management	\$19,000,000	0.59%
Harbor Terrace, LLC	<u>\$18,000,000</u>	<u>0.56%</u>
<i>Total</i>	\$673,542,200	20.82%

Source: Tax Assessor

Comparative Unemployment Rate

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
City of Perth Amboy	8.2%	10.2%	15.7%	16.0%	15.9%	15.1%	14.4%	10.6%	9.6%	7.8%
State of New Jersey	4.2%	5.5%	9.2%	9.6%	9.3%	9.3%	8.2%	6.70%	5.8%	5.0%
U.S. Average	4.6%	5.8%	9.3%	9.6%	8.9%	8.1%	7.4%	6.15%	5.3%	4.9%

Source: U.S. Bureau of Labor Statistics

Income Levels

City of Perth Amboy

Median household income, 2011-2015 (dollars).....	\$44,024
Per capita money income in past 12 months (2015 dollars), 2011-2015.....	\$19,218
Persons below poverty level, percent, 2011-2015.....	22.8%

County of Middlesex

Median household income, 2011-2015 (dollars).....	\$79,593
Per capita money income in past 12 months (2015 dollars), 2011-2015.....	\$34,674
Persons below poverty level, percent, 2011-2015.....	8.5%

State of New Jersey

Median household income, 2011-2015 (dollars).....	\$72,093
Per capita money income in past 12 months (2015 dollars), 2011-2015	\$36,582
Persons below poverty level, percent, 2011-2015.....	10.8%

Source: www.census.gov

City of Perth Amboy Debt Summary
(as of December 31, 2016)

GROSS DEBT:

School District Purposes	\$ 5,300,000.00
Self-liquidating Purposes	80,707,741.27
Other	<u>106,610,841.76</u>

Total Gross Debt: \$192,618,583.03

(Less: Deductions)

School District Debt	(5,300,000.00)
Self-liquidating Debt	(80,707,741.27)
Other (1)	<u>(950,945.65)</u>

NET DEBT \$105,659,896.11

(1) Includes deductions for bonds issued by another Public Body and guaranteed by the City, as well as certain refunding obligations deductible by statute.

3-year Average Equalized Value \$3,098,703,285.33

NET DEBT (% of Avg. Equalized Value) 3.410%

Comparative Population

	<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>	<u>1970</u>
City of Perth Amboy	50,814	47,303	41,967	38,951	38,798

Source: U.S. Census Reports

**Assessed Valuation of Real and Business Personal Property
By Classification**

Year	Vacant Land		Residential		Apartments		Commercial		Industrial		Total Real Property
	Parcels	Value	Parcels	Value	Parcels	Value	Parcels	Value	Parcels	Value	
2016	273	\$101,726,700	7,659	\$1,835,209,100	167	\$267,514,900	858	\$453,458,600	112	\$575,690,200	\$3,233,599,500
2015	302	\$79,692,700	7,262	\$1,832,902,000	167	\$266,769,600	866	\$455,945,200	112	\$567,728,700	\$3,203,038,200
2014	304	\$82,693,600	7,633	\$1,843,730,700	165	\$266,393,300	857	\$463,266,000	113	\$510,101,600	\$3,166,145,200
2013	305	\$83,460,300	7,627	\$1,894,458,000	164	\$264,861,200	859	\$466,538,200	113	\$526,059,800	\$3,235,377,500
2012	309	87,135,300	7,629	2,023,835,000	165	263,553,600	862	475,857,300	116	567,369,300	3,417,750,500
2011	309	89,811,800	7,629	2,085,723,400	166	267,990,800	865	485,650,000	118	558,233,300	3,487,409,300
2010	318	122,396,600	7,626	2,130,949,200	163	269,974,500	866	484,769,400	118	615,368,700	3,623,458,400
2009	335	119,848,200	7,605	2,133,526,100	163	267,950,900	872	497,028,400	122	593,582,100	3,611,935,700
2008	393	125,408,300	7,531	2,111,910,000	166	282,341,300	885	521,939,300	123	559,939,300	3,601,477,000
2007	378	129,532,600	7,405	2,077,477,800	164	266,474,300	888	430,427,300	124	571,108,400	3,575,020,400

Source: Tax Assessor

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

Local Bond Law (N.J.S.A. 40A:2-1 et seq.)

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the City are general full faith and credit obligations.

Debt Limits

The authorized bonded indebtedness of the City for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3 1/2% of its average equalized valuation basis. The average for the last three years, of the equalized value of all taxable real property and improvements and certain Class II railroad property within the boundaries of the City, as annually determined by the State Director of Taxation is \$3,098,338,922.00.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

As of December 31, 2016, the City's net debt was 3.410% of its Average Equalized Valuation basis. See "Exceptions to Debt Limits – Extensions of Credit" below.

Exceptions to Debt Limits - Extensions of Credit

The City may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the City may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the City or substantially reduce the ability of the City to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the City to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations). The City has received approval from the Local Finance Board to exceed its debt limit.

Short-Term Financing

The City may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance creating such capital expenditure, as it may be amended and supplemented. A local unit's bond anticipation

notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten years. An additional period may be available following the tenth anniversary date equal to the period from the notes' maturity to the end of the tenth fiscal year in which the notes mature plus 4 months in the next following fiscal year from the date of original issuance. The amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue commencing in the third year after the date of original issuance of any such notes and every year thereafter through the tenth year described above.

The Local Budget Law (N.J.S.A. 40A:4-1 et seq.)

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division ("Director") prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

Tax Anticipation Notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

Miscellaneous Revenues

The Local Budget Law (N.J.S.A. 40A:4-26) provides that "no miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing to the local unit."

No budget or budget amendment may be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

Real Estate Taxes

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also, the local unit is required to make an appropriation for a “reserve for uncollected taxes” in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by June 30 of that year. The reserve requirement is calculated as follows:

$$\frac{\text{Levy required to balance the budget}}{\text{Prior year's percentage of City's Current Tax Collection}} = \text{Total Taxes to be Levied}$$

The budget also must provide for any cash deficits of the prior year.

Deferral of Current Expenses

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of a local unit. However, with minor exceptions, such appropriations must be included in full in the following year’s budget.

The exceptions are certain enumerated quasi-capital projects (“special emergencies”) such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations and drainage map preparation for flood control purposes which may be amortized over five years. Of course, Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited, except for: (i) during the first three (3) months of a current fiscal year, appropriation reserves may be transferred to the immediately preceding fiscal year’s budget; and (ii) transfers between major appropriation accounts are permitted during the last two (2) months of a current fiscal year. Such transfers must be approved by two-thirds of the full membership of the governing body of a local governmental unit. Although sub-accounts within an appropriation account are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

Operation of Utilities

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property. For each

utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations, which cannot be provided for from utility surplus, if any, are required to be raised in the “current” or operating budget. The City has a Water and Wastewater Utility Fund, a Parking Utility Fund, and a Harborside Marina Utility Fund.

Limitations on Expenditures (“Cap Law”) (N.J.S.A. 40A:4-45.1 et seq.)

Sections 40A:4-45.1-45.40 of the Local Budget Law, commonly known as the “Cap Law”, imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception to this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 5% or the “Index Rate”. The “Index Rate” is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. The Index Rate for Calendar Year 2017 is 2.5%. Other exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. The “Cap Law” does not limit the obligation of the City to levy ad valorem taxes upon all taxable real property within the City to pay debt service on any outstanding obligations of the City.

Tax Levy Cap (N.J.S.A. 40A:4-45.44 et. seq.)

Starting with fiscal year 2011 budgets, municipalities are limited to a 2% increase in their tax levy. The levy cap calculation is subject to various adjustments, such as the value of increased assessments and other modifications. The levy cap is in addition to the existing appropriation cap (see above).

Capital Budget

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures, which the local unit may contemplate over the six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach, and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. A re-evaluation of all property in the City was conducted in 2005 and was effective for the 2006 Tax Year.

Upon the filing of certified adopted budgets by the City's Local School District, Special Improvement District and the County, the tax rate is struck by the Middlesex County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in the State for various special services rendered to the properties located within the special districts.

The City mails tax bills semiannually in June and December. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00. These interest and penalties are the highest permitted under the State Statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes.

Tax Appeals

State Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the City must mail to each property owner a notice of the current assessment and taxes on the property. Taxpayers have a right to petition the County Board of Taxation on or before April 1 for review of their assessments. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as cancelled or remitted taxes for that year. If the taxpayers feel their petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

The Local Fiscal Affairs Law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually, with the Director,

a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local units financial procedures and must be filed with the report, together with all recommendations made, within six months after the close of the fiscal year and must be published in a local newspaper within 30 days of its submission. The Director may grant an extension for the completion of the audit. The entire annual audit report for the year ended December 31, 2015 for the City is on file with the Clerk and is available for review during business hours. It is also accessible on the City's website: www.ci.perthamboy.nj.us.