



State of New Jersey
DEPARTMENT OF COMMUNITY AFFAIRS
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CHRIS CHRISTIE
Governor

RICHARD E. CONSTABLE, III
Commissioner

KIM GUADAGNO
Lt. Governor

February 20, 2013

Honorable Jeffery Jones
Members of the Governing Body
City of Paterson
155 Market Street
Paterson, New Jersey 07505

Dear Mayor and Council:

As you are aware, the City Administration has been unable to present amendments to allow for a budget adoption until the Division of Local Government Services announces the awards of Transitional Aid to fiscal year applicants. Be advised that the Division of Local Government Services intends to announce awards on February 27, 2013. Upon award, the City administration will be able to propose amendments and the City Council will be able to move forward with the adoption of a budget.

If the City Council continues to refuse to adopt a temporary budget until a grant award has been announced and a permanent budget has been adopted, the City administration will have no choice but to issue contractual and legally required notice to all its employees and vendors that their services may no longer be provided for lack of statutory authority to pay bills. However, be advised that City Council's refusal to enact a temporary budget does not trump federal and State laws that require employees to be paid for time worked. The City must pay employees for time worked or under Federal and State labor laws.

The direct consequence of the City Council's failure to act will likely be that the City Administration will have to begin shutting down government services. Further, the City Administration will have to notify public employees, pursuant to legally required notification requirements, of their final days of employment and notify vendors their services are no longer statutorily funded.

The disruption and pain associated with City Council shutting down its own government services is unwise - especially since the Division's announcement of an aid award is just one week away and a permanent budget can be adopted immediately thereafter. Consequently, it is advised that the City Council should adopt a temporary budget and avoid the chaos and disruption that deliberate inaction will otherwise create.

Sincerely,

Thomas H. Neff, Director
Division of Local Government Services

