



## ***From the President... MICHAEL HINCHMAN***

Greetings

This is my first letter as President of Fairness in Taxes. First, I want to thank Dave McGetigan for his service as President. His efforts were appreciated and well received by those of us on the Executive Committee and the membership at large.

In these difficult economic times FIT has a chance to play a more prominent role in budget issues. This is our challenge. We are up against inertia, the status quo and in some cases fear of reducing spending. Having been on the job for three months, I have felt the resistance first hand. To respond to this intransigence we will do what we have done in the past - be vocal at public meetings and occasionally advertise in the local papers. In addition, we are making a more concerted and focused effort to meet with Council members to make sure they understand the facts and figures of the administration's budget. At the very least we want transparency and openness. At the most recent Council meeting, I believe, our insistence on the correct process made Council chose to have a least one if not a couple additional workshops. This is just the start. We now intend to press our case directly with the Administration to challenge some of the underlying assumptions which we think are incorrect. We have found that we must do this because Council has a tendency to take things on face value and not really dig down. At this writing the outcome is not clear but I am happy we are a least being heard and the process is being opened up.

Tonight is the initial presentation of the school budget for July 1, 2009 to June 30, 2010. We are happy to report the budget is supposed to be 3.7% less. Although on the surface that sounds good, in my mind it is a reflection of padding the budget for the last couple of years. How else could you raise employee salaries by almost 4% which comprises at least 60% of the school budget? The second major issue facing the school district is consideration of consolidating the Primary School on West Avenue into the Intermediate School on Bay Ave. This process has dragged on of late as the Superintendent wanted to hear from various constitutes. It is our feeling that with declining enrollment and the cost to fix the primary school estimated to be \$6 million that the time is now to consolidate. Why spend the \$6 million on the primary school when you could use that at the Intermediate School?

Lastly, the annual meeting is scheduled for 9:30 Saturday morning on May 2 at the Music Pier. The meeting was moved up because we wanted to have Mayor Perillo speak. There was some hope that he might want to truly "debate" some of the budget issues, but the format will be more question and answer. Unlike Town Hall meetings the Mayor has from time to time, this offering is intended to have more real give and take.

I hope to see you all at the annual meeting and we thank you for your continued support.

***MICHAEL HINCHMAN***

## ***BUDGET REVIEW COMMITTEE...***

The 2009 Ocean City budget, presented by the Mayor, demonstrates a lack of empathy for the economic challenges facing the taxpayers of Ocean City.

Mayor Sal Perillo introduced the 2009 budget, in January, requesting a \$2.6 million tax increase with proposed spending of \$62 million. The increase to the rate proposed was 6.1 % which would mean, if passed, the mayor will have increased the tax rate by 27% in just 3 years. The Mayor claimed he had worked hard on this budget prior to its introduction. He stated that if he'd not worked on his departments to reduce their requests he would have needed a 10% increase. He further indicated he had saved \$1.9 million in spending prior to the introduction.

However, the budget presented was exactly the full amount allowed by state formula. The state formula allows for a 4% tax levy increase plus allowed exclusions. The 2009 budget process has been even less transparent than prior budgets. There is no available documentation of exactly what each city department requested and presented to the

## ***BUDGET REVIEW ... Continued***

mayor in November of 2008. There also is no record or listing of the savings that make up the reported \$1.9 million saved prior to the introduction of the budget. The city budget has grown from \$ 52.6 million in 2006 to \$ 62.3 million requested in 2009. The mayor and city council propose spending over \$10 million more to deliver the same services as supplied in 2006.

They spend our tax dollars very freely. The examples are numerous:

- Ø The boardwalk ipe wood lawsuit cost Ocean City taxpayers \$100,000. Additionally, acceptance of materials from the supplier much of which was cut to the wrong size and forcing us to accept pine because the ipe wood was unavailable. The total cost is way over \$1.3 million plus legal expenses. The 10th to 11th Street boardwalk after 2 years is still a patch work of old and new lumber and is now part of a \$360,000 temporary substructure repair program required to make the boardwalk safe for the 2009 season.
- Ø Another example is the recent hiring of an in house City solicitor. The final candidate presented by the mayor and hired is a person whom has not practiced law in the past 10 years and was working in Ocean City's personnel department. The mayor wanted starting salary to be \$91,000 a year. The city council reduced the salary to \$75,000 or about 18% less then the mayor proposed.

Again, the City does spend our tax dollars freely.

The majority of the city council has not been working hard for the taxpayer. They have gone from a pledge to begin working on the city's 2009 budget immediately upon completing the 2008 budget, to actually not holding any budget workshops until February 2009. The two workshops that were held were for the mayor to present the proposed expenditures and the proposed revenues. The council subsequently canceled budget workshops scheduled in March. City Council appeared to fall in line with the mayor that the city, more than its property owners, needs another \$2.6 million to make ends meet. There seems to be an arrogance this year in the attitude shown by some of our elected officials in that they believe Ocean City and those that own here have been removed from any impact of the current financial crisis that has effected the rest of America and the world's economies.

The council, on March 26, 2009, accepted the introduction of the Mayor's \$62 million budget. There was a slight modification to the budget of \$320,000. This is claimed to be "a result of working very hard to find a savings" but in fact the city needed to reduce the budget amount because they had exceeded the state allowable cap. The council decided that rather than pass this amount on to the taxpayers, they would keep it in the Fund Balance (SURPLUS FUND) and still raise taxes \$2.6 million. The council persons that voted to accept the introduction were council president Scott Ping, council vice president Keith Hartzell, councilman at large Mike Allegretto and 3rd ward council person Sue Sheppard.

It was during this meeting that after public comments on the budget, council president Ping stated that if you live at the beach you should expect a tax increase. The mayor, during the same meeting, stated he wants to improve services for the investors (SPECULATORS & DEVELOPERS) and the visitors. He seems to have completely forgotten about the residents, the registered voters, and second homeowners. He would rather the taxpayer fund whatever services speculators and developers (the people who brought us those housing units currently for sale every 100 feet apart in Ocean City) want no matter what the cost.

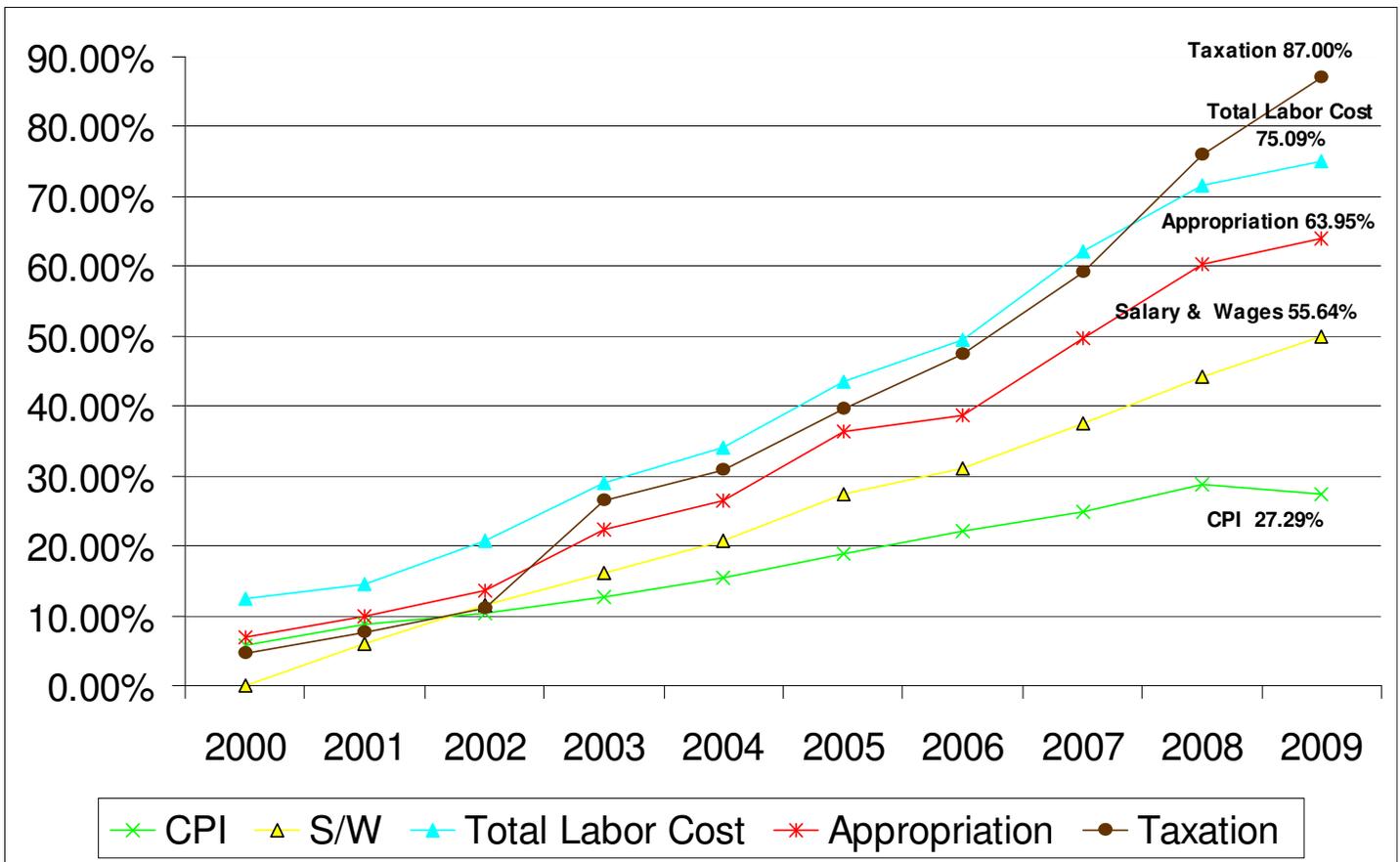
Having closely reviewed this proposed 2009 budget, Fairness In Taxes believes that the City, for the same amount of taxation budgeted in 2008, could actually run with no changes to the 2008 manpower and service levels and still leave the city with over \$2.1 million in surplus above the budget amount needed. Yes, we are saying for the same tax dollars the city ran on in 2008 could make ends meet and deliver the same services with the same number of employees for 2009. Yep, no need for a tax rate increase. All that is needed is for the city to honestly state their expenditures and revenues and use the surplus. There is a long history of over stating expenses and under stating revenues.

So here is what you need to do, call, write or e-mail the mayor and the council. Let them know that your money is important to you and that despite some of their thinking the current world wide financial crisis has affected you. Tell

**BUDGET REVIEW ... Continued**

them to tighten their belt and hold the line on the tax increase. Last, if you are registered to vote in Ocean City, remind them. The mayor and three councilmen are up for reelection next year (Perillo, Ping, Hartzell, and Allegretto). You may also want to ask them if they are on the city's health insurance benefits besides the salary they are pulling as elected officials. These perks may be in part why they think Ocean City is unaffected by the current financial crisis. Contact them today, (listing on address page of this publication and also on the city website – ocnj.us). Tell them to treat your hard earned dollars with respect and to hold the line on taxes and spending.

**OCEAN CITY**  
 TAXATION - APPROPRIATION - TOTAL LABOR COST - SALARY WAGES -  
 CONSUMER PRICE INDEX  
 \*1998 & 1999 not shown on graph below



CPI = Consumer Price Index - Inflation Indicator  
 S/W = Salary Wages

Total Labor Cost = S/W + Pension + Insurance  
 Appropriation = Total Budget

The above graph shows a relationship between the Consumer Price Index, Salary & Wages, Total Labor Cost, Appropriation & Taxation.

- ◆ Taxation is 200% higher for the same period of time.
- ◆ Total labor is 170% higher for the same period of time
- ◆ Total appropriation is 125% higher for the same period of time
- ◆ Salary & wages is 100% higher for the same period of time

## ***PLANNING & ZONING***

After working for almost two years drafting a Residential Zoning Ordinance to reduce building mass and to protect neighborhoods from community changing redevelopment, the Planning Board sent an ordinance to Council last spring, which took steps in that direction. However, one of the last acts of the old Council before the newly elected Ward Councilpersons took office was to make three changes which had the effect of going in the opposite direction:

- Ø First, Council removed porches and decks from the Floor Area Ratio (FAR) calculation, which had been intended to prevent the massing effect of multiple stacked porches.
- Ø Second, it doubled the allowed size of secondary building elements and dormers. This change was introduced by then Council President Keith Hartzell without benefit of open scrutiny by the Planning Board during the prior year and a half the ordinance was being drafted.
- Ø Third, the prohibition on rooftop decks in residential zones was eliminated.

Councilwoman Sheppard took the initiative to revisit those issues one at a time. First, she convened a focus group in her Third Ward consisting of individuals with differing views on rooftop decks and managed to draft a compromise. That resulted in placing controls on rooftop decks intended to reduce the intrusive effects upon neighboring properties. Then she led Council for passage of that ordinance. Councilman Wagner continues to lead the fight for those who favor elimination of rooftop decks. Until the make-up of Council changes, that does not seem likely.

## ***EDUCATIONAL REVIEW***

The Fairness In Taxes board members consistently attend all of the Ocean City Board of Education meetings. We also meet privately with the school district Superintendent, Business Manager, and the school board President in an attempt to monitor school district spending.

The new 3-year contract with the Ocean City teachers seems to have produced some positive results since raises are being held to 3.9%, 3.7%, and 3.82%; some of the lowest percentages in the State of New Jersey. The cost of doctors' visits has doubled, but unfortunately teachers still will not have to contribute to their medical insurance plans. Additionally, teachers will now have to enroll in HMO medical plans, or else pay extra to remain in a POP plan.

Initially, the Ocean City Board of Education refused to consider Sea Isle City Board of Education's proposal to close their elementary school and send their students to Ocean City. This proposition was rejected because it would have required Ocean City to accept all of Sea Isle City's tenured teachers (8). Sea Isle City recently rewrote the proposal to include a proposition that requested only students in grades 5 to 8 attend Ocean City schools, and that we be required to accept only one of their teachers, a math teacher. Ocean City voted to accept the new version. The cost of the new teacher from Sea Isle City will be covered by the \$400,000 in additional tuition charged for the new incoming Sea Isle City students. This change will take effect starting in September 2009.

The proposed 2009-2010 Ocean City school district budget also seems promising, calling for a 3.6% DECREASE in spending. Because the number of students from Upper Township who attend Ocean City High School will decrease by 80 students next year, the tuition charged for each Upper Township student will increase 5.6% next year to \$15,960.

Three 3-year term vacancies are available for the Ocean City School Board. The candidates are: incumbent Jim Bauer, Pat Kazanjian, Donald Kerns, Barbara Kichline, Peter Madden and Tom Oves. Fred Hoffman and Frank Favarzani have decided not to seek re-election.

## ***BOARDWALK INFORMATION***

The 9th to 10th street Boardwalk re-decking project was a series of costly mistakes made by the city. The project was poorly planned and even more poorly executed. The whole project can be considered a total loss for the following simple reasons:

**BOARDWALK ...continued**

1. There was no factual justification to attempt to re-deck the Boardwalk with any long term decking material let alone ipe at \$27 per square foot. The city’s initial analysis of the Boardwalk's condition was flawed. In their attempt to justify the purchase of ipe decking they ignored facts and evidence in the city's possession that showed the substructure was failing and that repair costs would be prohibitive. We now know what should have been obvious to the city in 2007: It is cheaper to build new than it is to repair.
2. Even the section of Boardwalk the city did re-deck was not materially improved. Its weight capacity was not increased and most of the "repair" work completed by the city is now going to have to be redone. 4320 square feet of 3 x 4 yellow pine decking installed by the city in the cart path area was determined to be inadequate by Gibson Associates and had to be replaced immediately with 3 x 6 pine decking. Subsequently, our city engineer has determined that the 2 x 6 decking used everywhere else on the boardwalk is inadequate and should be replaced with 3 x 6 decking material. In the end, all the decking installed by the city on the 9th-10th street block was not the correct thickness of material and will have to be replaced.

The city hasn't learned from their costly mistakes. What the city might have been able to chalk up as an expensive lesson can't be as they continue to make the same mistakes moving forward.

Below is a simple accounting of the money wasted so far by the city on the project.

9th to 10th Street project	\$300,000
Gibson Associates report	\$ 5,000
Replacement of 4320 sq ft 3 x 4 Pine	\$ 40,000
Redoing of city repair work	\$ 75,000
 9th to 10th Street Total	 \$420,000

So far, the city has spent \$420,000 on just 1/3rd of a Boardwalk block. This is a conservative number as there are some figures, like the total number of city employee hours spent on the project, that are not available. Most importantly this waste was all preventable. What cost do we put on two wasted years of time?

The first phase of planned repairs alone will cost \$370,000 not including \$50,000 in engineering costs. This is \$131,000 more than the original \$238,810 estimated by the city. The city’s excuse for this discrepancy is the tight schedule required for the completion of the repairs. If the city had not ignored the facts for the last two years there would be no time pressure, but because they did we can now add another \$131,000 to the amount they have wasted. We should be finalizing replacement plans by now. Instead, the city is applying more temporary band-aids to the substructure..

These repairs have been given an expected lifespan of only 5 years and yet they will cost the city a staggering \$165 / sq ft. When Ocean City could build a new boardwalk with a 100 year lifespan for anywhere from \$75 to \$150 per sq ft depending on materials it is easy to see that these repairs are just more waste caused by the city’s procrastination and refusal to plan properly.

**PROPERTY TAX FREEZE FOR SENIORS AND DISABLED RESIDENTS**

GOOD NEWS! The New Jersey State Legislature has raised income thresholds for seniors and disabled New Jersey residents to have their property taxes frozen at current levels. Homeowners who make as much as \$80,000 a year can now qualify for the freeze.

The threshold has been increased from \$45,135 in income if single and \$55,344 in combined income for married couples, to \$80,000 for both couples and single residents. The new limits are as follows:

- \$60,000 – single or combined income during tax year 2007
- \$70,000 – single or combined income during tax year 2008
- \$80,000 – single or combined income during tax year 2009

## **Property Tax Freeze ...continued**

Disabled residents, or those age 65 or older who meet the income threshold must also meet the following requirements under the program:

- have lived in New Jersey continuously for the last ten years;
- owned and lived in a home or a mobile home for the past three years;
- paid full amount of property taxes or site fees of a mobile home that were due up to the year in which you are claiming reimbursement.

If you believe that you, or someone you know, is eligible for the program and you or they have not received an application from the Department of Treasury for 2007, please visit the following links:

Link for information on qualifying for 2007 reimbursement  
<http://www.state.nj.us/treasury/taxation/07increaseincome.shtml>

Link for the 2007 Property Tax Reimbursement Application  
[http://www.state.nj.us/treasury/taxation/pdf/other\\_forms/ptr/07ptr1.pdf](http://www.state.nj.us/treasury/taxation/pdf/other_forms/ptr/07ptr1.pdf)

## **ANNUAL MEETING**

**OUR ANNUAL MEETING HAS BEEN SCHEDULED FOR MAY 2, 2009 @ THE MUSIC PIER - BUSINESS MEETING BEGINS @ 9:30AM. FREE COFFEE & DONUTS**

## **DUES**

**WE WISH TO THANK ALL OF YOU WHO HAVE PAID YOUR DUES. THOSE WHO HAVE NOT YET PAID WILL NOTICE YOUR ENVELOPE HAS 09 ON YOUR ADDRESS LABEL & A REMITTANCE ENVELOPE IS ENCLOSED.**

**PLEASE NOTIFY US OF ANY DISCREPANCIES.**

**PLEASE REMEMBER THE DUES INCREASED TO \$15.**

**WE ARE ATTEMPTING TO UPDATE OUR MAILING LIST AND WOULD APPRECIATE YOUR NOTIFYING US OF CHANGES.**

## **WEBSITE - WWW.FAIRNESSINTAXES.COM**

**OUR WEBSITE IS UP AND RUNNING. PLEASE CHECK US OUT. WE ARE CONTINUALLY UPDATING INFORMATION AND WOULD LIKE YOUR INPUT.**

## ***FAIRNESS IN TAXES***

***P.O. Box 565***

**Ocean City, NJ 08226-0565**

### **FAIRNESS IN TAXES**

Is organized for the purpose of serving the taxpayers and residents of Ocean City, NJ as an advisory and fact finding group in areas such as city budget, school board budget, taxes and other related civic activity in the interests of owners of real estate in Ocean City.

Hotline 609 398-6411

Email [www.fairnessintaxes.com](http://www.fairnessintaxes.com) and select Contact Us.

Please notify us of any address changes

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**OUR ANNUAL MEETING MAY 2, 2009 @ THE MUSIC  
PIER - @ 9:30AM. FREE COFFEE & DONUTS**

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***FAIRNESS IN TAXES WEBSITE IS UP AND RUNNING***

***[www.fairnessintaxes.com](http://www.fairnessintaxes.com)  
CHECK FOR UPDATED INFORMATION!!***

**A list of phone numbers of Council Members and the Mayor is as follows: (area code 609)**

<b>1st Ward</b>	John Kemenosh	312 North Street	399-6088	<a href="mailto:jkemenoshoc@aol.com">jkemenoshoc@aol.com</a>
<b>At-Large</b>	Scott Ping	5415 Haven Avenue	399-0413	<a href="mailto:Scottping2006@yahoo.com">Scottping2006@yahoo.com</a>
<b>At-Large</b>	Michael Allegretto	1423 Simpson Avenue	432-8739	<a href="mailto:Mike@michaelallegretto.com">Mike@michaelallegretto.com</a>
<b>2nd Ward</b>	Karen Bergman	637 Asbury Avenue	703-7817	<a href="mailto:karenconnects@msn.com">karenconnects@msn.com</a>
<b>Mayor</b>	Sal Perillo	8 Brittany Drive	399-0646	<a href="mailto:sal6767@yahoo.com">sal6767@yahoo.com</a>
<b>At-Large</b>	Keith Hartzell	720 Asbury Avenue	399-5324	<a href="mailto:keithhartzell@hotmail.com">keithhartzell@hotmail.com</a>
<b>3rd Ward</b>	Susan Sheppard	39 Spruce Road	425-7710	<a href="mailto:susansheppardocnj@yahoo.com">susansheppardocnj@yahoo.com</a>
<b>4th Ward</b>	Roy Wagner	2824 Wesley Avenue	399-4429	<a href="mailto:edwinaroyoc@yahoo.com">edwinaroyoc@yahoo.com</a>

Regular council meetings are held the 2nd & 4th Thursday of every month @ 7PM in Council Chambers @ City Hall.