

From the President...Continued

criticisms mostly from elected folks:

- ◆ It has been called undemocratic.

Gosh, and I thought the people speaking in the voting booth was the apex of democratic expression!!

- ◆ It has been termed “no way to run a government”.

Actually, I almost agree with that one, except that when the representative government fails the people, then they are left with few other choices. I sure wish our elected officials were better at representing us.

- ◆ It doesn't give elected officials a chance to solve the spiraling spending problem!

This is an easy one – what do you call the past few years??? That was your chance. We have an administration that cannot live within reasonable means and a Council without the spine to act.

- ◆ It will muddy the campaign waters for Mayor and Council elections also in May.

Hmm, the people setting the agenda for an election – now there's a novel idea! I have a suggestion for candidates. Why not campaign on an even stronger platform than the initiative for limiting budget increases – like ZERO spending increases...and mean it this time?

Here's the bottom line... the initiative allows for actual INCREASES every year but tagged to be no larger than Social Security percentage increases...certain areas are even exempt. In addition, in a year when responsible elected officials feel we need a larger increase, they simply present their case to us taxpayers and we will vote on an additional increase.

Let's see...limited built-in spending increases every year...the possibility of even larger increases if necessary...the taxpayers – that is the people whose money it is anyway -- only need to approve the larger increase...elected officials making a case to spend more of the people's money to the people, also know as “accountability”...what is so unreasonable about this initiative??? Nothing!

You and I must live within the boundaries of financial indices for increases to our income – like annual Social Security Cost of Living – and we cannot afford to keep paying government's bills increasing at rates much higher than our income. Why should government not learn to live within reasonable means?

Consider the petition carefully. Participate in discussions about the actual initiative. And, most of all, those of us with voting rights in Ocean City – VOTE!

If not NOW, when? If not the VOTING TAXPAYERS, who?

2005 MUNICIPAL BUDGET

On April 28, 2005, with a vote of 6 to 1, the Ocean City Council approved the 2005 Municipal Budget of \$51.7 million . The new budget represents an increase of \$3.7 million or 7.7% over the 2004 adopted budget.

The budget required an increase in the tax rate of 1.5 cents increasing the 2005 municipal rate to 43.1 from 41.6 cents per \$ 100 of assessed value. On a home assessed at \$ 500,000 the increase would be \$75 additional tax over 2004.

This is the 3rd increase in 3 years. The total increase to the rate has been 24.1 percent. That's right, the municipal rate has increased just under 25% in 3 short years. While the city has increased the tax rate and spending, the Ocean City School system and Cape May County have continued to hold or even decrease the tax rate.

Of course, we need to look at what we get for the money. Our employees have some of the highest salaries in the state of New Jersey. In fact, we pay so well, that in spite of a record increase of \$230 million in the 2005 ratable base that yielded just under a million dollars of new revenue at the 2004 tax rate, we needed a tax increase. We just could not cover the scheduled pay increases and benefits programs. Life is good in Ocean City, but if you are one of its two hun-

Municipal Budget Committee... Continued

dred eighty-five (285) permanent full time employees life is great.

The city's budget (spending) has gone up 40.4% since 1997. The city was able to operate on \$37 million just eight (8) years ago. The future does not look any better. The 2006 budget is likely to be at least a 3.2 % increase in spending and another 7.7 % increase to the tax rate. The city's own projections on January 13, 2005, indicate a budget of \$53.4M for 2006. This will take the municipal rate to 46.4 cents, an increase of 7.7%. With a year warning, maybe we can all increase our investments and income by at least 7.7 % so we may comfortably afford this out of control spending.

At this point we normally would suggest you put some pressure on your local council representation. However, council just voted themselves, along with the mayor, a 26% raise, effective January 1, 2006. In addition, over the next 5 years, three raises of 3%, which would mean a total 10% increase by 2010.

In addition, Ocean City's highly paid senior management team will also be receiving raises of 3.5% for 2005 and 3% for 2006, again, without providing any goals or objective review prior to awarding raises. The goals and objectives have been a major clause in the senior management agreement since 1991. However, there has yet to be a year when it has been used. On 6/30/05 the newly elected council President for 2005, Jack Thomas, 3rd ward councilman, was quoted in the local newspapers saying that he would allow time for goals to be developed by 2007. Yes, that's right, 6.5% more money in hopes that by 2007 our senior management team will find time to perform to a major clause clearly spelled out in their contract since 1991. If they have not done it in 15 years anyone want to bet with Mr. Thomas they will provide goals by 2007. On July 15, 2005 councilman Denney did receive a verbal pledge from the Mayor to establish meaningful goals and objectives before year-end for 2006 budgets. We wish him well, but its has not been done since 1991.

The raises were approved by a vote of 5 to 2 with councilmen Alessandrine and Wagner voting against. Councilmen Carnuccio, Denney, Johnson, McCall and Thomas, all voted for the increases.

In the meantime, you might want to call you local councilmen and ask them to get serious about getting a handle on the budgets and spending. After all if they need a 26% raise to enter 2006, then maybe they should worry what the taxpayers need to enter 2006.

HOW THEY VOTED ON THE 2005 BUDGET

<i>NAME</i>	<i>INITIAL POSITION</i>	<i>WHO VOTED FOR THE 1.5 CENT INCREASE</i>
Alessandrine	1.5 cent increase	Yes
Carnuccio	1.5 cent increase	Yes
Denney	1.7 cent increase	Yes
Johnson	1.7 cent increase	Yes
McCall	1.9 cent increase	No
Thomas	1.5 cent increase	Yes
Wagner	0.0 cent increase	Yes

EDUCATIONAL REVIEW COMMITTEE

The Education Review Committee has been very active in recent months, with our primary focus being the budget proposed for the 2005-2006 school year. Our team conducted a detailed analysis of the proposed budget, and then launched a campaign to inform the school board members and the school administration of the excessive spending in the proposed budget. After numerous meetings and much public discussion, the budget for next year was reduced by over \$1,500,000 from the administration's initial proposal. While there still are areas of overspending in the Ocean City schools, the 2005-2006 budget, approved by taxpayers on April 19, is an important step in the right direction towards better fiscal management of our local schools.

Since early 2004 we have been stressing the need to improve our students performance on statewide math proficiency tests. Based in part on pressure from us, the school administration implemented a program in October 2004 to improve math proficiency at all grade levels. We recently learned that the scores from the March 2005 tests show some improvement over the prior year. While we are pleased to see this progress, we will continue to promote a better correlation between school expenditures and the level of student proficiency in the Ocean City schools.

We were disappointed that the school board did not follow our recommendation to hire a qualified recruiter to search for a new superintendent to replace Dr. Dearborn, who left Ocean City schools on June 30. In fact, the search process used by the school board resulted in no candidate being hired to fill this critically important position. As a result, the school board was forced to hire an interim superintendent for the next school year. We now believe the school board is prepared to follow the process we recommended to them 6 months ago- a little late, but better late than never. We will continue to monitor this critical recruiting effort by the school board.

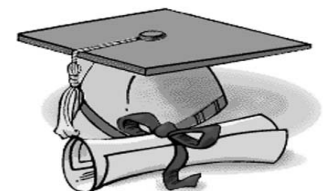
Please let us hear from you if you have suggestions for improving the Ocean City schools, or if you would like to help us in our ongoing efforts.

	<i>SPENDING PER PUPIL</i>
<i>NATIONAL AVERAGE</i>	<i>\$7,376</i>
<i>NEW JERSEY AVERAGE</i>	<i>\$11,248*</i>
<i>OCEAN CITY</i>	<i>\$15,972**</i>

2004 Data *Cost per pupil is the highest in the nation **Cost per pupil is the 2nd highest in New Jersey

FAIRNESS IN TAXES CIVIC PRIDE AWARD

This year we are proud to announce our \$1,000 scholarship has been awarded to Gianni Di Clemente, who will be attending the University of Delaware, in September. We wish to congratulate Gianni and wish him the best of luck in all of his future endeavors.



PUBLIC WORKER'S COMPENSATION

How long can we survive when real public workers pay and benefits increase faster than our ability to pay....

A recent article that appeared in the Star Ledger quotes former treasurer of the State of New Jersey, John McCormac, who recently suggested that New Jersey scale back the health and pension benefits of retired workers. A sober look at the numbers shows why he's worried. In five years, those benefits will devour 20% of the state budget, up from 8% now. McCormac believes benefits should be scaled back so that they resemble benefits in the private sector.

Thanks to accelerating salaries and generous benefits, it pays handsomely to be a government worker these days.



	*Average Compensation	**Average retirement	Workers with some type retirement plan	Workers with a defined benefit pension	Workers with health insurance
State & Local governments	\$34.72	\$2.23	98%	90%	86%
Private sector	\$23.76	\$0.85	60%	24%	66%

*Per hour including benefits **Cost per hour

It has long been accepted as truth, that government workers get good benefits and job security in lieu of high salaries, but that has all changed. In 2004, the average salary for the public worker was \$49,275 compared with \$34,461 for the private sector. The average public sector retiree received \$16,188 in 2003 according to the Employee Benefits Research Institute (EBRI), while the private sector retiree receives \$7,200 annually. EBRI concludes, state and local government wage and salary costs are 40% higher than the private sector; its employee benefit costs are 60% higher.

We can't sustain our quality of life in Ocean City because our taxes have become more than we can afford.

What we need is for our local, state and county governments and school systems to become more efficient and affordable.



SPENDING OUT OF CONTROL

Fairness in Taxes continues to be concerned about spending at all levels of government. According to a recent article in the February 16, 2005, edition of The Ocean City Gazette, the per capita spending in Cape May County is now approaching \$1,200 while the state average for all other counties is approximately \$600 per person. The following

lists the county and per capita spending.

COUNTY	BUDGET	POPULATION	PER CAPITA SPENDING
Atlantic County	\$155,141,885	268,693	\$577
Ocean County	\$306,074,918	553,251	\$553
CAPE MAY COUNTY	\$117,443,671	100,758	\$1,166
Monmouth County	\$435,548,908	636,298	\$685

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<i>MUNICIPALITY</i>	<i>POPULATION</i>	<i>BUDGET</i>	<i>SPENDING PER CAPITA</i>
Lower Twp	22,019	\$19,119,893	\$868
Stafford Twp	24,944	\$27,498,779	\$1,102
Middle Twp	16,724	\$15,664,789	\$936
Little Egg Harbor Twp	19,324	\$15,552,421	\$805
OCEAN CITY	15,506	\$48,045,170	\$3,098
Ventnor City	12,831	\$19,880,485	\$1,549
Brigantine	12,769	\$18,619,631	\$1,458

SPENDING OUT OF CONTROL...Continued

ET CETERA...

This table illustrates per capita spending for resort municipalities, with populations of 12,000 or more. **Note:** Ocean City is **250 % higher**, per capita, than the least costly municipality in Cape May County.

2004 Data

Stop complaining. You haven't seen anything yet. Wait until you see the next reval.

You just took an extra \$3.7M from the taxpayers

Why do our elected officials need another 26% increase in salaries when your compensation between 1995 & 2005 increased by 150%?

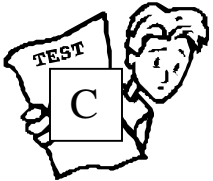
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Government

On July 15, 2005, Mayor Bud Knight stated "Things are going so well that the County is ordering us to have another **Reevaluation 2006-2007**". According to the Ocean City Sentinel Ledger, the July 21, 2005, issue George R. Brown, III, county tax administrator, "Ocean City is likely to face another re-evaluation within the next two years, affecting the 2008 tax season". Does anyone remember the last re-evaluation and the subsequent **Music Pier event**?

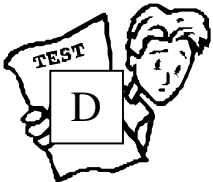
BUDGET REPORT CARD 2005

Ocean City School Budget



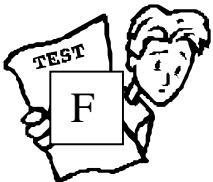
- Decrease in local tax levy of \$1.5M.
- Decrease in the tax rate of 2 cents.
- Spending has increased by 56% since 1997.
- Ocean City student enrollment has **declined 29% since 1997.**
- **Cost per student (\$15,972)** for our K through 12 program is the 2nd highest in the state of New Jersey
- The 2005-2006 approved budget is a step in the right direction but more focus is needed to **reduce spending** in all areas, especially in light of the **declining enrollment.**

Cape May County Budget



- Decrease in tax rate from 24.90 cents in 2004 to 20.61 cents in 2005 per \$100 of assessed value.
- The county has increased **spending by 6.3%** from \$110M in 2004 to \$117M in 2005.
- The county has **increased spending by a total of 17%** since 2002.
- Decrease in population in Cape May County of 1,568, a 1.5% decrease, from 2000 to 2004.
- Per capita spending, on average, is almost **twice** as much as any other county in New Jersey.
- Cape May County has **failed to control spending.**

Ocean City Adopted Municipal Budget



- Increases in the tax rate of 1.5 cents, from 41.60 cents in 2004 to 43.10 cents in 2005, per \$100 of assessed value.
- The city has increased **spending by 7.7%** from \$48M in 2004 to \$51.8M in 2005.
- Revenues from ratables have increased by \$900,000.
- The city has increased **spending by a total of 20%** since 2002.
- Ocean City government has **failed to control spending.**

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

Please notify us of any address changes



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

- | | |
|-------------------|--|
| Jodi Alessandrine | 42 West Avenue, OC, NJ 08226
391-8598 |
| Larry Carnuccio | 218 E. Atlantic Blvd., .OC, NJ 08226
391-9414 |
| Ron Denney | 1412 Pleasure Ave., OC, NJ 08226
399-3856 |
| Gregory Johnson | 403 Haven Avenue, OC, NJ 08226
457-4764 |
| Mayor Knight | 2217 Haven Avenue., OC, NJ 08226
399-4646 |
| Frank McCall | 130 S. Inlet Drive., OC, NJ 08226
391-8062 |
| Jack Thomas | 16 Grenada La., OC, NJ 08226
399-9586 |
| Roy Wagner | 2824 Wesley Ave., OC, NJ 08226
399-4429 |

