

NON-PROFIT

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FAIRNESS IN TAXES

P.O. Box 565
OCEAN CITY, NJ 08226
609 398-6411
2008
FEBRUARY NEW SLETTER

FROM THE PRESIDENT

Dear Members and Friends,

Two reasons for this "Mini-Newsletter" – first, to remind those who have not yet renewed their membership by paying the \$10.00 per year dues how much we need you! Please, help us avoid another costly reminder and re-up today with the convenient enclosed envelope.

Second, to address once again why it is so important to renew and, for the many who have renewed, to be active. Ocean City Spending is not only still out of control but, maybe, worse than ever!

Now the City Administration and City Council do not want to hear that, and will float all kinds of misleading statistics and "half"-facts to convince you how grateful you should be that they are grabbing more and more of your money and making it harder and harder for you to live in or invest in Ocean City.

Further, they will erroneously defend the current reval accomplished while our real estate market is in freefall BUT using figures from the earlier rising real estate market, and they will tell you that it is not only fair, in addition it isn't even going to cost you more money, really!

Check your tax bills when they arrive and see if you agree! Then, ask yourself the question whether you are better off spending-wise and tax-wise than you were two years ago.

From the perspective of Fairness In Taxes, the answer is clearly a resounding NO. And why? Well, we could go on for hours literally...as we seem to do discussing this terrible situation at our meetings. But this "Mini Newsletter" demands a "Mini" President's Letter as well, so let me say it concisely.

Because, our current Administration and City Council have not only failed to change the prevailing attitude toward spending and taxation in Ocean City, they may even have exacerbated it! That attitude simply put is reflected in your starting point when you design the budget.

Instead of starting from the viewpoint how little might government take from the Tax-payers in order to provide good, efficient and affordable services, Ocean City starts by asking how much they are legally allowed to take from us, they max that our for every cent they can, and make a budget fit that figure.

Not only has the Administration maxed out the full percentage increase permitted by the

From the President... Continued

State on tax levy, they EXCEEDED that cap, and had to back out \$800,000 + -- NOT because they were looking at efficiency or even exercising understanding for the financial burden on the Taxpayer, but simply because they are just NOT PERMITTED to take that tax money from us!

That's why we need to stand together as property owners, year-round and summer residents, and, most of all, Taxpayers in Ocean City. That's why FIT needs you!

Watch the mail, Sentinel and Gazette Ads and our Website for more information, especially regarding a proposed Tax-payer's Rally to tell our Administration and Council to stop this crazy spiral that is giving us double digit tax rate increase this year and threatens the same for three, four or MORE years to come at the same time as our properties drop in value and our economy – not just national but personal household economy – is unstable and threatened. THIS MAKES NO SENSE.

You do the calculation, and ask again "Am I better off than two years ago?" when a Mayor candidate and Council candidates SAID they would put the Taxpayer FIRST! It appears right now the only thing they are putting us first in is SPENDING!! That is a first place position that we Taxpayers neither cherish nor is it necessary despite the Administration's and Council's whining to the contrary.

DAVID MCGETTIGAN

BUDGET REVIEW COMMITTEE...

The proposed 2008 City Budget creates many concerns about the negative effect it will have on Ocean City and its tax-payers.

The proposed 2008 city budget reflects the maximum allowable budget increase under the state's 4% cap. You'd never think property taxes were an issue in New Jersey by this action. No attempt to control the city's spending can be found, in fact this action will result in the city having an increase in the surplus fund ("Fund Balance") of record amount at year-end.

The budget, released by Mayor Sal Perillo on January 17, 2008, proposes: 12.25% increase to the tax levy. This is an increase that is 433% above Social Security's Cost Of Living Adjustment of 2.3% for 2008.

Appropriations (Spending)

Total appropriations increased 7.02% from \$57M in 2007 to \$61M in 2008.

SIGNIFICANT LINE ITEMS IN SPENDING

Full time Salaries increased 6% from \$22.5M to \$24M. This 6% includes pending salary increase of \$400,000 that was erroneously listed as a FICA (Federal Insurance Contributions Act) figure rather than being listed as the full time salary number. The pending salary increases are associated with the ongoing contract negotiation with the firefighters union.

Pensions increased from \$2.2M to \$2.9M: an increase of 35%.

Retirement System Ocean City

Police Fire Retirement System \$17,742 Per employee

Public Employees Retirement System \$1,700 per full time active employee

Personnel - The full time employees increased from 271 in 2007 to 272 in 2008.

Health insurance increased \$1.1M or 21.86% from 2007 to 2008

Health insurance is out of sight with the prescription drug program cost increased by 20.6% or over \$1.1 million.

Reserve for Uncollected Taxes - Increased by 25% or \$300,000.

Library - Increased by 15% or \$533,000

ADDITIONAL CONCERNS

Public Works - Cost of utilities continue to increase and yet the city's new Public Works building remains partially empty and none of the older buildings at 9th street or 15th street have been closed and no consolidations of offices have occurred.

Aquatic Fitness Center - There is little or no information available on the cost centers that the city runs. For example, the Aquatic and Fitness Center, which lost over \$200,000 in 2006 and operated at a loss in 2007 is expected to be part of the Community Center building expansion. Making a bad situation worse, after spending tax dollars to study the Center and recommendations on how to improve the return on our investment we learn that the floor plan for the proposed building project includes retaining a racket ball court, even though the results of the study completed in 2007 indicates racket ball is not a sport of any popularity (currently only 12 to 15 people use it current courts with any regularity) and the space could be better utilized. It will most likely never cover its overhead costs.

Revenues - In addition to the tax levy we also face the increased assessment due to the hybrid reval. The ratable values will increase by 51% from \$8.26B for the 2007 budget to \$12.5B for the 2008 budget. Had Cape May County booked the Ocean City reval at the start of 2007 the assessed value of Ocean City would have been \$14B. The city lost \$1.5B in value in the past 12 months. That places the rate of depreciation at over 10% annually. Its means as housing market slide continues that Ocean City is losing over \$100 million in value every month. If the housing market correction runs through 2010 as many experts are beginning to claim and also projecting an average 30% pricing correction, that would mean by the end of 2010 Ocean City will be barely worth more then the \$8.26B. This is about the same assessed value as in 2007.

Despite a housing boom that ended in 2006, we are being reassessed in a downward correction in the value of our homes. At the same time we are facing an outrageous tax increase in our taxes.

Our elected officials promised to control spending but they do not appear to have the courage to keep their promises. Do not let them use your silence as concurrence; they will use your silence to justify their lack of commitment to the taxpayers. So what can we do about all of this? Let the Mayor and members of City Council know that this budget and the reval are unacceptable. Join us in speaking out against this outrageous taxation increase. Call them, e-mail them, write letters to the editor, attend council meetings and speak out.

EDUCATION REVIEW COMMITTEE

With a per pupil cost of \$16,400, one of the highest in NJ, we have many concerns about how our tax dollars are being spent and your voices are important. The new school budget is scheduled to be introduced at the Wednesday, March 19, 2008, School Board meeting. This budget will be voted on the following week on Wednesday, March 26, 2008. Please note that because of the Easter vacation there could be a change in this date. All meetings start at 7:00 PM and are held in the Community Room of the Ocean City High School. It is of the utmost importance that as many people as possible attend the March 19, 2008 meeting in order to voice any concerns that you might have.

School Board elections are scheduled for Tuesday April 15, 2008. Applications for all candidates are due by Monday, February 25, 2008. There are three (3) positions for three (3) year terms each, and one (1) position for a one (1) year term up for election.

Ocean City Primary School enrollment is currently at 272 in grades kindergarten through 3rd grade. The Intermediate School enrollment is at 412 for grades 4 to 8. The High School enrollment is at 1358. Four hundred thirty six (436) students of those students are Ocean City residents and nine hundred twenty two (922) are out-of-district students.

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

Please notify us of <u>any</u> address changes

FAIRNESS IN TAXES WEBSITE IS UP AND RUNNING

www.fairnessintaxes.com CHECK FOR UPDATED INFORMATION!!

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

1st Ward	Jody Alessandrine	42 West Avenue	391-8598	jodyaoc@aol.com
At-Large	Scott Ping	5415 Haven Avenue	399-0413	scottping2006@yahoo.com
At-Large	Michael Allegretto	1423 Simpson Avenue	432-8739	MichaelAllegretto@prufoxroach.com
2nd Ward	Gregory Johnson	403 Haven Avenue	457-4764	
Mayor	Sal Perillo	8 Brittany Drive	703-7675	sal6767@yahoo.com
At-Large	Keith Hartzell	720 Asbury Avenue	399-5324	keithhartzell@hotmail.com
3rd Ward	Jack Thomas	16 Grenada Lane	399-9586	jackthomasocnj@comcast.net
4th Ward	Roy Wagner	2824 Wesley Avenue	399-4429	edwinaroyoc@yahoo.com

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