

**UPPER TOWNSHIP PLANNING BOARD
STRATHMERE DEANNEXATION
MARCH 18, 2008**

A special session was held at the Township Hall, 2100 Tuckahoe Road, Petersburg, New Jersey at 6:00 p.m. for the purpose of holding a public hearing regarding the Petition filed by the Citizens of Strathmere and Whale Beach to deannex from Upper Township and annex to Sea Isle City, New Jersey.

ROLL CALL

Present: Daniel Bready, William Brown, James Kelly, Curtis Corson, James Schroder, Donald Kissling, Duane Terwilliger, Susan Ragan, Mayor Palombo, Renee Scrocca.

Absent: Gary Riordan

Also in attendance were Dean Marcolongo, Board Solicitor; Stuart Wiser, Professional Planner; and Shelley Lea, Board Secretary.

Chairperson Scrocca stated that Mr. Kelly has read the transcript from the February 2, 2008 meeting and has signed a certification stating the same.

Herb Hollinger, 113 Putnam Avenue, followed up on his previous testimony for the fishing club. He reviewed the dune fence issue. He stated that he has called Mr. Dietrich, Township Engineer, who felt that the fences did not need repairs and that repairs and maintenance would be done in the fall by the prisoners. He is disappointed to see the fencing between Seacliff Avenue and Taylor Avenue is in disrepair due to lack of maintenance. He wants Upper Township to be more proactive toward dune fencing replacement and repair.

Mr. Hollinger submitted a package containing 12 photographs of Strathmere beach. The photos were marked as Exhibit S-42. Five photos showing Ocean City's dune fencing south of 34th Street were marked as Exhibits S43, S-44, S-45, S-46 and S-47. He believes the photos show a huge contrast between the conditions of their fences. His point is that its time to put another fence in that general area to keep building the dune. The fences that are not broken over appear to be doing a good job

Mr. Corson indicated that the fencing is for crowd and traffic control to keep people and vehicles off the dunes. He believes the existing fences are doing a good job.

John Manganaro , 7 Sawmill Road, Monroeville, NJ, was sworn in. He is the Director of Public Works in Sea Isle City. He received a subpoena from Ms. Bittner to appear at tonight's hearing. He is in charge of Sea Isle's 52 public works employees. The public works employees take care of trash, recycling, water, sewer, beaches, roads and the infrastructure including buildings. The staff is increased during the summer to

UPPER TOWNSHIP PLANNING BOARD

MARCH 18, 2008

Page 2 of 7

accommodate the additional trash pickups. In the summer trash is collected twice a week and once during the winter. Four employees are assigned to beach maintenance. Their duties include beach raking, fencing, removing trash from the beaches and maintenance of the beach paths. They have never used prisoners to do any work in Sea Isle City. A copy of the affidavit that she referred to was previously marked as Exhibit S-40.

Mr. Manganaro testified there are approximately 25 to 30 additional employees during the summer. About 95percent are assigned to trash collection. There are less than 2,800 residents in Sea Isle during the winger. He is not sure of the population during the summer. He is not aware of the population in Strathmere. He did not know that there was a program to utilize inmates to put up dune fence. He believes that Sea Isle City would consider free labor. Dune fencing is done throughout the year. At this time it is a daily operation. Sea Isle City's beach is roughly 3 miles long. Sea Isle City employees are paid through taxation.

Mr. Manganaro testified that Sea Isle owns 1 street cleaner and they are going out to bid on another one. During the winter the streets are cleaned about 3 times a week. It is harder to sweep the streets during the summer due to congestion. They try to sweep a couple hours early morning in high-density areas. They own 4 or 5 snowplows on full size trucks. When asked he commented that it is common for storm sewer pipes to clog up. Since 2005 they have had to address the geo tubes 3 times for a cost of \$400,000 to \$500,000. Their 5-year permit with the State expires in 2010.

Ms. Bittner submitted the 2007 Municipal Budget that was marked by the Solicitor as Exhibit S-48. The Schedule of Improvement Authorization (General Capital Fund) consisting of 3 pages was marked as Exhibit S-49.

Robert Swartz, 106 Bishop Court, Egg Harbor, New Jersey, was sworn in He is a certified public accountant and a registered accountant for over 30 years. He testified that 85 percent of his work is governmental. He has been involved in assisting municipalities with putting together budgets. He has been retained by Citizens of Strathmere and Whale Beach to look at the fiscal impact of Strathmere deannexing from Upper Township and the impact it would have on the residents. He has reviewed several documents. His conclusion is that as a result of the revaluation there was a shift of the taxes from the mainland to the beach resort in the amount of approximately 2 million dollars. The mainland residents previously paid the 2 million dollars. Deannexation would have no effect on the local purpose tax since there is none but it would free up money in the budget specifically identified for Strathmere. He figures about \$400,000 in the budget could be used for other things besides Strathmere. He estimates about 4 percent of the budget exclusive of the reserve or uncollected taxes is dedicated to Strathmere. Strathmere residents pay 17 percent of the school and county tax. The budget contains \$50,000 that is designated for beach replenishment projects. This amount transfers every year and now totals \$400,000. The township also has \$765,000 in the capital improvement fund that is not designated for any particular purpose.

UPPER TOWNSHIP PLANNING BOARD

MARCH 18, 2008

Page 3 of 7

Mr. Swartz testified that he did not review other beach communities since someone else will address this. There will be a positive long-term impact on school taxes for Upper Township as a result of Deannexation since the State has a new school funding formula. It is likely that the long term effect of Deannexation will provide 1.7 to 2 million dollars to the school district that they would not otherwise get. Sea Isle City does not receive hardly anything since barrier beach communities are unique and have high property values. Because of the high values they are not considered family friendly and generate a small amount of school children.

Based on 2007 and the preliminary numbers from 2008, he feels there would not be an impact to the County tax. Upper Township would see a savings of approximately \$600,000 on County taxes. Assuming that the average home in Upper Township is assessed at \$350,000 the average property would see an increase of about \$700 on their property taxes. He has not done a detailed analysis but his professional opinion is that there would be an impact on the tax levy if Corbin City were to merge with Upper Township.

Mayor Palombo feels that Corbin City has no impact on this discussion since it may never merge. Mr. Swartz disagreed with this statement since if there is a loss of revenue, such as Deannexation, there are other areas where the Township would be able to recover those costs.

Solicitor Marcolongo explained that the Avalon Manor Case indicated that the Board should not be concerning themselves with what areas they could recoup some of the damage as a result of Deannexation.

Mr. Swartz went on to explain that if Corbin City were to merge it would bring in an additional \$60,000,000.00 of ratables to the Township. This would be worth \$750,000.00 that would go toward making up the loss of revenue from Deannexation. The ratables in Strathmere are about \$350,000,000.00. The loss to Upper Township would be \$3,750,000.00 without Corbin City.

Ms. Bittner stated that they plan to address the fiscal impact with the governing body and not the planning board. She does not believe that fiscal impact and property tax receipts are planning issues.

Solicitor Marcolongo marked a package of charts consisting of 10 pages prepared by Mr. Swartz as Exhibit S-50.

Mr. Swartz stated that the charts demonstrate the overall impact on all the taxpayers in the Township and also demonstrate the impact on the residents of Strathmere based on the Deannexation. He finds there is a great deal of difference in the results for individual property owners. He reviewed each of the charts. The first chart shows that there was a significant jump in the tax dollars in 2006. There was a very big jump for the entire township in 2005. He discussed energy receipt taxes that the township should be getting

UPPER TOWNSHIP PLANNING BOARD

MARCH 18, 2008

Page 4 of 7

from the State. He stated that a few years ago the township was made to cut back on the amount of aid they were providing to the school district. The township is using money collected from all the taxpayers including Strathmere to avoid having a local purpose tax. If Strathmere were to deannex the tax rate for the rest of the township would increase 20 cents. The residents of Strathmere paid 4.9 million in taxes in 2007.

Mr. Swartz stated that the second chart "Comparison of Tax Dollars – Strathmere" shows a calculation based on reallocating the county taxes. The chart compares the difference between UT and Sea Isle City's taxes based on various assessment. The chart titled "Change in Tax Levy for Individual Properties" shows the taxes paid by the township that is not part of the Deannexation taxes before and after Deannexation. The numbers are based on 2007 information.

Charts A, B and C are mainland properties. He believes that property owners on the mainland will end up paying property taxes that are about the same as before Deannexation.

Charts D and E refer to Strathmere. The charts show a significant rise in taxes prior to deanexation and a reduction after Deannexation.

It is his conclusion that Deannexation will have a short-term affect on the mainland property owners. Many of the property owners will be brought up to the level they were prior to Deannexation. This assumes nothing will change beyond what he saw in the 2008 budget. This assumes no expenses in law enforcement or beach nourishment or beach maintenance. Midterm, the years 2010 – 2011 will stay the same with the exception that there is still growth on the mainland. At that time, assuming there are no changes to the law, he assumes the Deannexation will benefit the township by approximately 2 million dollars. In addition to this there will be \$400,000.00 of savings in the annual budget. He noted that there will be a very real cost to the township by retaining Strathmere.

There was a short break at this time.

Mr. Swartz agreed with Chair Scrocca that ocean front property is a finite resource and for that reason it tends to be purchased at higher rates and taxed higher. He added that the barrier beach community is totally different in its value than the majority of the rest of the township. He agreed that the limited amount of waterfront property in Upper Township makes the values higher. He does not believe that Avalon Manor is as humongous as Strathmere since so many things are different. He agrees that Avalon Manor is segregated by Middle Township by a causeway.

Mr. Swartz agreed that the State is cutting back on aid as a whole. For this reason he thinks it is beneficial to Upper Township to allow Strathmere to deannex. He discussed formula aid and the fact that Upper Township will probably lose 3 million dollars in aid. There is currently one child from Strathmere in the school system. He agreed that Upper

Township would lose 350 million dollars by Deannexing but the cost of educating the children of Upper Township, as a whole would not change.

Mr. Swartz testified that \$3,750,000 is the amount of money in a combination of new ratables or additional revenue that Upper Township would have to receive to keep the tax rate at the same level as prior to the Deannexation. Roughly 4.9 million dollars is the total taxes that are presently coming in from Strathmere. The Township itself does not lose anything, it is a reallocation of those dollars amongst the other residents of the Township. The \$3,750,000 is a realistic number because it is in fact the number that will have to be made up in some other fashion if Strathmere deannexes.

Mr. Swartz discussed adjustment aid for 2008 –2009 which he projects will be 3 million dollars. There was no adjustment aid previously. He also reviewed school aid and the new state formula. He testified that he is not currently representing any other barrier islands although he has in the past. He recognizes the trends of tear towns and redevelopment on the barrier islands.

Ms. Bittner offered the 2008 budget for Upper Township into evidence. The preliminary 2008 budget was marked as S-51. Mr. Swartz testified that he has looked at previous Upper Township budgets. He determines that the portion of the budget relating to Strathmere remains around 4 percent of the total budget even though the budget is increasing. It appears the amount spent on the mainland increases while the amount spent on Strathmere has been flat. In 2006 Strathmere was 5.67 percent and then it dropped down to 5 percent and now it is about 4 percent.

Douglas Gaffney, 1500 Walnut Avenue, Voorhees, New Jersey, was sworn in. He testified that he is a registered professional engineer in New Jersey and a coastal engineer. He reviewed his education and professional experience. Currently he is a consulting engineer with Ocean and Coastal Consultants. The business is headquartered in Connecticut and he runs an office in New Jersey. They service a wide variety of clients. He is familiar with Dr. Farrell, a coastal geologist. Sea Isle City has a coastal engineer from Drexel University that assist the municipal engineer.

Mr. Gaffney testified that he has reviewed the submitted photographs showing the dune fencing. He has worked with the NJDEP in evaluating dunes. In looking at the photos, his opinion is that the dune fencing does not appear to be maintained. It is understandable that the fence in the back is dilapidated because you wouldn't want to go back and fix them. The fence on the toe of dune is important since it catches most of the wind blown sand. Dune vegetation is easily trampled so often communities will put dune fence in the back to keep people off the dunes.

Mr. Gaffney testified Ocean City's dune fencing shown in the photo are for the purpose of delineating the walkway and for crowd control. It is not fair to compare the pictures since they are for different purposes. He commented that the dunes are vegetated which is a good thing. He has visited the site where the sand is currently being placed. Dr.

UPPER TOWNSHIP PLANNING BOARD

MARCH 18, 2008

Page 6 of 7

Farrell's report indicates changes to the dunes over time and in a few cases the dunes have grown in elevation. The year 2004 was a particularly bad year for the township since a lot of sand was lost and the width of the dunes seemed to decrease quite a bit. The dunes have slowly gained a little sand. The quarterly profiles allow you compare things over time. These documents along with the research by the Army Corps of Engineers show the loose of sand on both the beach and the upper portion around to the inlet is cyclical. The loses that Upper is now seeing are not unexpected. The Corp of Engineers suggested a 5-year re-nourishment plan. Since the last beach fill was in 2001 the township is on borrowed time.

He discussed Avalon which has similar situations being at the north end of a barrier island with inlet problems and cycles of erosion. The State gets \$25 million dollars a year as a dedicated funding source for shore protection. Typically, if you are doing a beach protection project that is similar to the Army Corps project, you can be reimbursed for some of the costs. He suggested that if the Township waits for federal funding part of Strathmere could be gone. He discussed different types of projects in nearby communities. He stated that Corson's Inlet is not a federal navigation inlet although recreational boaters believe that it is. The NJDEP is responsible for maintenance of State channels. There are whole ranges of structural solutions that can help keep the sand on the beaches longer than if sand were pumped there and allowed to dissipate. He discussed the structures on the south and north ends of Strathmere. The structures in the northern area are old and dilapidated and should be repaired or removed since they are a safety hazard. In the absence of adequate sand those are going to be continually exposed and a continuing safety hazard. Since the Township would like Strathmere to remain a natural beach he recommends having the township engineer in consultation with a coastal engineer inspect and assess the groin and bulkheads that are owned by Upper Township. Those that are dilapidated and non-functioning need to be looked at to determine if they are part of the protection of the community. Some communities are returning to judicial use of hard structures such as breakwaters, groins and dune corps. Installing a well designed structure to keep sand on the beach longer would stretch the time of the periodic nourishment. The appropriate data collection must be done to determine what kinds of alternatives would work. The work that Dr. Farrell is doing should be continued. Someone should be designated to look specifically at wave transformation. He stated that inlet dynamics are always more complicated than just a straight shoreline due to the reversal of currents that send sand to the north and south. He also suggests looking specifically at the sediment budget of the Township and designing a shore protection structure that will work. Then you can go to the NJDEP with your request to install the structure.

He stated that Sea Isle City has a coastal engineer that is called in when needed. The sand that is being put in the inlet now is not going to last very long. The problem with stop gaps are that they cost a lot of money. If you put sand on the oceanfront it is guaranteed to go to the inlet.

UPPER TOWNSHIP PLANNING BOARD

MARCH 18, 2008

Page 7 of 7

Mayor Palombo indicated that the State does not necessarily do beach replenishment programs on their property. The Township was forced to pay extra money since they were concerned about the infrastructure and the houses that are there.

Stephen C. Martinelli, 1923 Tuckahoe Road, Petersburg, NJ was sworn in. He would like to let other residents know when the meeting would be open for public comment. Chair Scrocca indicated that if Ms. Bittner finishes at the next meeting and there is time left over public comment would begin.

The next meeting is scheduled for Monday, April 7th from 6 p.m. until 9 p.m.

ADJOURNMENT

The meeting was adjourned at 9:05 p.m.

Submitted by,

Shelley Lea