

UPPER TOWNSHIP PLANNING BOARD

STRATHMERE DEANNEXATION MINUTES APRIL 30, 2008

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

CALL TO ORDER

SUNSHINE ANNOUNCEMENT

SALUTE TO THE FLAG

ROLL CALL

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

Absent: Gary Riordan, James Schroder, and Duane Terwilliger.

Also in attendance were Dean Marcolongo, Board Solicitor; Stewart Wisner, Professional Planner, Shelley Lea, Board Secretary.

George Welker, 702 Bayview Drive, Strathmere, New Jersey, was sworn in. He testified that he grew up at 700 Bayview Drive. He discussed the revaluation done by a firm that the Township hired. He would like to move from Upper Township due to the high tax assessments and low quality of service. He stated that Upper Township Committee proposed Strathmere's annexation to Sea Isle City in 1983.

Mr. Welker discussed the water supply in 1983 when residents of Whale Beach had to fill water jugs of potable water from a faucet in Sea Isle. The Township was ordered by the NJDEP to immediately assume responsibility during the health emergency. He referred to closed session minutes between Sea Isle and Upper Township. He also referred to a letter from Mr. Waldron, Solicitor, to Sea Isle where the Township was willing to have Strathmere become annexed to Sea Isle City without any compensation.

Solicitor Marcolongo marked the minutes of a closed session meeting from January 11, 1983 as Exhibit S-71. Closed session meeting minutes of Sea Isle from January 12, 1983 were marked as Exhibit S-72. Sea Isle closed session minutes of September 1, 1983 were marked as S-73.

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Mr. Welker stated that in 1962 the Township refused to purchase more than 100 unbuildable lots left vacant or submerged during that years storm. He read a letter from Lee Whetstone, Chairperson for Cape May Committee on Beach Erosion, addressed to Honorable Marvin Perskie, dated 2/22/1967. The letter refers to inspections done on February 19 and 20 of the waterfronts from Ocean City to Cape May Point.

Solicitor Marcolongo marked the letter from Mr. Waldron to the Commissioners of Sea Isle dated 10/5/83 as Exhibit S-74. The letter from Lee Whetstone was marked as Exhibit S-75. A letter from Robert A. Roe, Commissioner, State of NJ Dept. of Conservation and Economic Development to Honorable Leo Migliaccio, dated 2/24/67 consisting of 2 pages and a one-page attachment titled Sea Wall Proposal was marked S-76.

Mr. Welker went on to state that a letter dated 2/24/67 from the Dept of Conservation and Economic Development had offered \$425,000 of matching funds for construction of permanent coastal protection. The residents of Strathmere funded the construction of the bulkhead.

Solicitor Marcolongo marked the letter from David Emell, Strathmere Improvement Association, to Senator Frank Farley, with attached Assembly Bill No. 821, consisting of 9 pages as Exhibit S-77.

Mr. Welker submitted 3 aerial photos taken of Strathmere on March 5, 1962 after the 1962 storm along with 4 photos taken in February 1998. The 3 photos dated 3/5/62 were marked as Exhibit S-78. The photos showing 4 different houses were marked as Exhibits S-79 through S-82. Mr. Welker stated that the houses shown in the photos were condemned. It is his opinion that the maintenance of the seashore is beyond Upper's capabilities.

Mr. Welker stated that this summer the residents of Strathmere would once again have to pay an off duty State Trooper to patrol 8 hours each weekend.

He submitted 5 photos showing Albert and Suzanne Lord's property and the neighboring properties. These photos were marked as Exhibits S-83 through S-87. Another photo was marked as Exhibit S-88. A photo taken from the air was marked as Exhibit S-89.

Mr. Welker stated that the Master Plan adopted by the Board in 1993 and revised in 2006 has scant mention of Strathmere. The United States Census Bureau considers Strathmere a Census defined place for which data is tabulated separately. The Master Plan does not include the 175 people of Strathmere in its total population calculations.

Solicitor Marcolongo marked the 2 page United States Census Bureau evidencing demographic information for Strathmere for the year 2000 dated 2/24/08 as Exhibit S-90. A 2-page document from the Census Bureau of 2/24/09 evidencing the same information for Upper Township was marked as Exhibit S-91. A large aerial photo from 1995 was marked as Exhibit S-92.

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Mr. Welker stated that other information is not acknowledged in the Master Plan such as transportation and evacuation routes. He feels that Upper Township has failed to plan or provide protection to Corson Inlet and Strathmere as indicated in Dr. Farrell's report of 2004. He referred to a letter from David Rosenblatt of the NJDEP, stating that there was no communication from Upper Township to the DEP regarding proactive protection for Corson Inlet and the north end of Strathmere.

Mr. Welker reviewed a satellite image from 1995 showing how long the point was at that particular time. Another photo that was taken in 2002 shows the beach replenishment project and how strong the inlet was at that particular time. A photo from 2006 shows the outer point is diminished significantly. Solicitor Marcolongo marked the photo from 1995 as S-92 the photo from 2002 as S-93 and the photo from 2006 as S-94

Mr. Welker submitted additional photos for the Board to see. An aerial photo of the north of Strathmere and Corson Inlet taken 4/17/08 was marked as S-95. The second photo showing the point during low tide was marked as S-96. An aerial photo of Strathmere was marked as S-97.

Mr. Welker discussed the consideration of Corbin City merging with Upper. He asked that Strathmere and Whale Beach be able to seek its own destiny as a coastal resort.

Solicitor Marcolongo marked as S-98 copy of a transcript, Strathmere Improvement Association vs. Upper Township, a hearing before Judge Perskie on October 19, 1984, consisting of 27 pages. A copy of the Upper Township Master Plan from 1962 was marked as S-99. Appendix A through C of the 2000 Master Plan from the Borough of Stone Harbor was marked S-100. The Borough of Avalon Reexamination of 10/3/07 including the fair share element was marked as S-101. A large packet containing Ocean City's Master Plan documents and potentially 1988 through 2006, certain Master Plan Reexaminations, housing plan elements and land use was marked S-102. Sea Isle City's Master Plan Reexamination of December 2007 was marked S-103. Sea Isle City's Master Plan from July 11, 1988 was marked S-104. A transcript of a telephone conference dated November 8, 1984 regarding litigation of Strathmere Improvement Association vs. Upper Township et al, parties participating being Judge Perskie, Peter Guffin, Richard McGlynn, Robert Fineberg, James Waldron and Anne Simonoff, consisting of 24 pages, was marked S-105.

There was discussion about the census information. Mr. Wisner will check to see whether the Strathmere excerpt submitted by Ms. Bittner is a subset of numbers already in the Township as a whole. Ms. Bittner stated that the census data lists Upper Township and then lists Strathmere alphabetically.

Mr. Wisner asked why the Sea Isle City ambulance squad no longer services Strathmere. Mayor Palombo answered that the Strathmere Volunteer Fire Chief suggested that Strathmere utilize Ocean City for a more direct response. Strathmere no longer uses Sea Isle as their 9-1-1-dispatch service.

PUBLIC PORTION

Leon P. Costello, 200 Simpson Avenue, Ocean City, New Jersey, was sworn in. He is with the firm Ford, Scott & Associates. He has prepared a report that analyzes most of the financial impacts to show what could and might happen if Strathmere were to deannex. A copy of the report was marked P-1.

Mr. Costello testified that Exhibit A shows the 2007 tax levies and tax rates. The 2008 numbers will not change radically. He discussed the budgets used to help the County divide the tax. He discussed equalized value and true value. Upper Township is the only community in Cape May County that does not have a local purpose tax. He reviewed how the tax rate is established.

The information provided by the tax assessor's office shows the 2007 ratable base for Strathmere as \$393,461,300. Exhibit 2 shows the effect on the tax rates if Strathmere were not part of Upper Township. He stated that the testimony given previously indicating there would be a \$600,000 savings in the county tax is not a true statement since the county tax follows the property wherever the property goes. There would be no savings to the property owners in Upper Township if Strathmere were to withdraw. The school tax rate would increase and would be imposed upon every remaining property in the Township. The local purpose tax would not change since there is none.

The next few pages of the report show the abstract ratables from the county. The numbers in the report support the numbers he used in his calculations. Mr. Costello agreed that if Strathmere were part of Sea Isle their taxes would be reduced. The reason there is no local purpose tax is due to the energy receipts tax, which is about 6.7 million.

Mr. Costello included pages 12 through 29 of the budget showing all the expenditures the Township makes. The Mayor and Committee would not change because there is less property to govern. Some of the changes in these pages would be that the Township would no longer contribute for providing ambulance service by Ocean City, less gasoline, tipping fees, public buildings and grounds, emergency sewer protection, beach protection, electric, etc. There are budget capital items that are directly related to Strathmere that would be eliminated from the budget such as beach patrol, equipment, beach replenishment, and contribution to capital improvements for beach replenishment, and a line that's called Strathmere projects. All of these items would equal less than \$500,000. Other items could be affected if there were changes to the workforce.

Mr. Costello stated that the charts also show that the township budget continues to rise and the State Aid went down, and the school contribution was eliminated in 2006. Previous testimony was that the Township would save \$2,000,000 in school tax in the year 2012. He has not seen any calculations or evidence of this savings. There is no indication as to how much if anything the State will provide in 2012. He discussed adjustment aid. He discussed an email from Gary Everson from the State Department of Education. If Strathmere were to withdraw there would be a difference of \$13,499 that

the Township would receive at the school district level. It further indicates that the aid would stay the same unless there is a decline in enrollment greater than 5%. He does not believe there will be a windfall of \$2,000,000 of additional state aid if they were to withdraw.

Mr. Costello testified that he audits several shore communities, including Cape May City, North Wildwood, Sea Isle City, Brigantine, all have had beach-funding programs in the past. There is always a small portion of a beach project that each municipality contributes into. He referred to the beach project beginning soon in Ocean City that will cost over six million. The City is paying one and a half million which is the largest contribution they have made to their beach fill protection since 1992. The City will bond the project. Every million dollars that a municipality would borrow currently on a 15 year payback would average out to about \$88,000 per million. It would cost \$88,000 a year for 15 years to pay back \$1,000,000. The Township currently has no debt whatsoever and has about \$80,000,000 borrowing capacity. Right now the Township could borrow \$3,000,000 for the cost of one cent on the tax rate. If Strathmere withdraws it would cost the Township 20 cents on the tax rate.

Mr. Costello concluded that if Strathmere were to withdraw, the school tax rate would increase by 20 cents. The County tax would remain the same. There would be increases to property values, a \$300,000 home would go up \$60. \$500,000 would go up about \$1,000, the \$1,000,000 house would go up \$2,000. Any operational savings will not go to reduce the school taxes since the Township has not made any contributions to the schools since 2005. Any savings would be allocated to other projects that were left off the budget.

Mr. Costello testified that his testimony is from reliable sources such as the Dept. of Education, County Board of Taxation, actual bond sales and the Township budget. He has been the Township Auditor since about 2001. He feels that including Corbin City at this time would be speculative. It was mentioned earlier that Corbin City is a \$30,000,000 ratable. If you gain \$30,000,000 and take away 400,000,000 your not replacing even ten percent. It would cost money to service Corbin City. Corbin City pays \$800,000 a year to send their kids to Upper Township. If they become part of Upper Township you would no longer receive money from them.

Mr. Costello referred to the joint services agreement with the police through various lower cape may towns. The savings to each community has been relatively significant since it started. There is a separate interlocal agreement for EMS.

During cross-examination by Ms. Bittner, Mr. Costello testified that Solicitor Marcolongo asked him to prepare a financial analysis of what it would mean if Strathmere were no longer part of Upper Township. The school budget is included by default because that's part of the tax bill. He stated that the Township has no extra money in a savings account. If an expense had to be incurred, Upper Township, like any other municipality, is allowed to do emergency appropriations during the year for

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anything that would happen that they did not know about at the time of the budget. The Township has been at the cap limit the last 3 years. The Township could apply for a waiver from the State to pay for police if they needed. The Township could enter into an interlocal agreement with Sea Isle since it would be exempt from the cap. Items such as beach replenishment are considered capital and are exempt from the cap.

Mr. Costello testified there is maybe \$45,000 saved for beach replenishment projects. He is qualified to look at the school budget, however Mr. Garcia is the school auditor.

There was discussion concerning the bonding capacity. The Township's bonding capacity is somewhere between 70 and 80 million dollars. The bonding capacity is based on equalization.

The next meeting was scheduled for May 21, 2008 from 6 p.m. until 9 p.m.

The meeting was adjourned at 8:53 p.m.

Submitted by,

Shelley Lea
Board Secretary