

**State of the City Address**  
**Mayor Jay A. Gillian**  
**Feb. 28, 2019**

Good evening.

As we begin a new year, I want to thank you all for working together to make Ocean City a truly exceptional place to live, work and play.

I'm proud to report: The state of the city is stronger than ever.

In the past eight years, we have completed an unprecedented number of improvements to every part of town. At the same time, we remain responsible to taxpayers. In a moment, Finance Director Frank Donato will distribute a draft budget that includes zero increase to our tax rate.

Every year, I challenge the city team to do more with less as we continue to take on more projects to improve our infrastructure and way of life. I want to thank them for their commitment to working on behalf of all taxpayers.

We have come a long way since I took office in 2010.

From the start, City Council and the city administration made a priority of addressing the most common complaints: Fix our roads ... help with flooding. A neighborhood drainage project at mid-island is nearly complete, and residents are already seeing positive results. Another major drainage project at the north end will be finished in the next month or two. We expect the same great outcome. Merion Park was the first neighborhood to be completed. We will take what we've learned from these efforts as we address every area of town.

When projects now under construction are done, we will have completed 35 percent of our roads.

New study after study tell us what we already know: Barrier islands flood. But unlike others, Ocean City is taking a lead in finding solutions. The elevation of homes and infrastructure, installation of pumping stations, replacement of bulkheads and barriers, creation of living shorelines, purchase of open space and various other ideas are all part of our work.

The beach now features a continuous line of protective dunes from tip to tip. The Army Corps of Engineers will return to Ocean City later this year to complete a beachfill project for the length of Ocean City.

A complete replacement of the boardwalk between Fifth Street and 12<sup>th</sup> Street was completed last spring -- two years ahead of schedule and under budget.

The back-bay dredging program has been successful, and people are able to use the bayfront again for boating, sailing, paddling and swimming. Ocean City continues to lead the way in breaking down barriers and eliminating red tape. Our partnerships at the federal and state level are a model for other coastal towns.

The city continues to invest in the downtown with sidewalk, crosswalk and other improvements. Our downtown had another strong year, and I am certain that the improved partnerships among the downtown merchants, BAND, Tourism Commission, the Chamber of Commerce and the Community Services team will make the downtown even more successful.

The county completed projects to rebuild the 34<sup>th</sup> Street Bridge and West 17<sup>th</sup> Street Bridge.

We were able to convert two abandoned gas stations at the foot of the Ninth Street Bridge into open space with county grants paying more than \$1.1 million for the purchases. I want to thank the county for investing in Ocean City. Our partnerships at all levels are paying off.

The 2018 budget closed with a record number of grants at more than \$11.7 million, and the city continues to take advantage of all grant opportunities.

We've added more than \$100 million to our tax base in each of the past five years, and interest rates are still relatively low. That makes this an ideal time to complete this ambitious list of capital projects.

The capital plan presentation you're about to see includes three big items. We are obligated to make major investments in affordable housing, and it's important to provide this basic need for all our residents. We are looking at all options for construction of a new public safety building to replace the century-old police station.

The expansion of rest rooms, locker rooms and concessions at the Sports and Civic Center will provide increased revenue from the Civic Center and nearby Carey Stadium.

Every year, I remind you all that our capital plan is just that – a plan. Every item must be approved and funded separately before any work can be done. And we will be able to change whenever an important need or a great opportunity arises. It's impossible to know – five years in advance – what chances we will have to acquire open space or benefit the community in other ways. But we will not let golden opportunities pass us by.

Once we complete these projects, we can begin to scale back our capital plan investments and move into a maintenance mode.

Some other highlights I'd like to mention:

- The city received another perfectly clean audit this year. Ocean City has not received a single finding during my administration and has preserved an exceptional AA bond rating.
- The city saved money with more shared services agreements with Sea Isle City, Somers Point, Upper Township and other municipalities. We also benefit from the shared expertise of professionals such as Business Administrator George Savastano, Construction Official Neil Byrne and others.
- For our flood remediation efforts, we are at Class 5 in the National Flood Insurance Program's Community Rating System. That means policy holders in Ocean City receive a 25 percent discount and collectively save more than \$2.8 million every year. Community members and business owners with expertise in different fields are part of a Floodplain Management Committee that has been working hard to achieve Class 3 this year, which would increase the discount to 35 percent. We expect to know later this spring ... with any further discounts effective in October.
- City Council approved a smoking ban for all beaches to protect our reputation as "America's Greatest Family Resort."
- In addition to many other honors, Ocean City was named "Best Beach in New Jersey" and "America's Happiest Seaside Town."

Frank Donato will explain more in his presentation at the next City Council meeting, but this year's draft budget includes no change to the tax rate. On average, owners can expect to pay the same amount for municipal taxes this year.

Ocean City continues to benefit from a growing tax base – we saw \$133 million in new ratables this year. A new arrangement for retirement health care benefits saved the city more than \$2.2 million. Revenues from 2018 were up by about \$280,000. These factors helped us continue our infrastructure improvements without raising the tax rate.

We will face many challenges in the coming years as we work to maintain responsible budgets. At the urging of the new governor, the state approved a new bill that raises New Jersey's minimum wage to \$15. In Ocean City, it will cost taxpayers almost \$1 million to bring 640 employees (mostly

young seasonal workers, often living at home with their parents) up to the minimum wage. That doesn't even take into account the need to adjust pay scales for seniority, which will cost a lot more. Every town in the state now has to consider increased taxes and user fees, reduced or eliminated services, and job cuts as we work to absorb short-sighted laws like this.

The debt we've taken on in the past few years in order to accomplish all of these improvements, plus everything you'll be presented tonight, has been carefully planned and updated each year. In no way is this a "fly by the seat of our pants" process. We have projections of what our next three bond sales will look like going out to the year 2023, starting with a sale of up to \$90 million later this year, the city's largest sale ever.

Please know that it will always be the top priority to protect our taxpayers.

Thank you all. I'm looking forward to another productive year in Ocean City. As mayor, I will make sure our city is clean, safe and family-friendly and will commit the resources to make that happen. I know City Council and the city team are with me in our continued goals. We all share a common mission, so future generations can enjoy the Ocean City we all know and love.