
State of the City Address - Mayor Jay A. Gillian

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Mayor Jay A. Gillian

February 11, 2016

Good evening, members of City Council, those here in Council Chambers and all residents and guests: Let me begin tonight by thanking you all for working together with me this year to preserve all the things we love about Ocean City.

Later tonight, I'll present to you a recommended 2016 operating budget that maintains all of Ocean City's superior services, invests in a wide array of improvements to every part of the city, and comes with a small tax increase.

But first, my duty is to report on the state of the city. As we like to hear in Ocean City — the forecast is great.

A record number of people enjoyed Ocean City's beaches and boardwalk in 2015. The city topped previous marks for beach tag revenue at \$4.18 million. More than 400,000 daily, weekly and seasonal tags were sold. The city also broke a record for parking revenue at more than \$3 million.

Hotels were filled, most Music Pier rock concerts sold out and businesses "were off to the races" when the weather turned nice this summer. Weekly rentals — the "backbone" of the summer season — were "absolutely outstanding," according to the Board of Realtors, and agencies are already seeing strong bookings for 2016.

Once again, Ocean City swept first place in every category of the New Jersey Top 10 Beaches Contest, including Top Beach, Top Beach for Family Vacations, Top Beach for Ecotourism and Top Beach for Day Trips. Ocean City was named to many other "Best Of" lists ranging from "Best Places for Women Owned Businesses" to "Top 10 Christmas Towns in New Jersey."

While the success of the tourism industry in some way affects everybody in town, Ocean City's triumphs in 2015 were not limited to the visitor economy. More and more people are investing in Ocean City as a place to live. Closed deals on property sales rose 7.1 percent from 851 in 2014 to 912 in 2015. The number of single-family home sales rose from 210 to 236.

Building permits for new construction have averaged 248 annually for the past three years after averaging just 129 in the previous three years.

Ocean City ranks No. 3 in the entire state of New Jersey in terms of the combined value of real estate within its municipal borders. And the rise in our ratable base from \$11.3 billion to \$11.4 billion will help us achieve even more capital projects without burdening taxpayers.

Ocean City was one of 48 environmentally-friendly towns that attained Sustainable Jersey certification in 2015. The city was among only five towns statewide in 2015 that received a Complete Streets Excellence Award.

More people than ever are enjoying what Ocean City has to offer. My administration continues to make a commitment to taking care of the town. The city team and City Council will invest an unprecedented \$98 million over the next five years to fix the beach, bay and boardwalk, public parks and facilities. The biggest part of that investment will be dedicated to roads and drainage projects to benefit the quality of life in our neighborhoods and to improve our driving, biking and pedestrian experiences.

Never before in the history of Ocean City has any prior administration dedicated even half as much to take care of these long-neglected projects. In 2016 alone, the city plans to spend \$34.2 million on capital improvements. Despite the increase in debt service on this program, I instructed my team to come up with a budget with a tax rate increase of zero. They delivered ... at least on the portions of the budget they can control.

Despite contractual increases of 1.25 percent across the board, salaries and wages under the proposed budget are \$172,000 less than last year. Operating expenses are mostly flat.

Unfortunately, we learned only this week that a change in the library's proposed return to taxpayers — which will be explained in detail in Frank Donato's presentation of the budget in two weeks — will potentially decrease our revenue projection by \$1.2 million. The result is a proposed increase of a little more than a penny on the tax rate. I'm not happy that there is any increase whatsoever, but I'm confident my team has delivered a barebones budget. I will not recommend the fiscally irresponsible practice of using too much of our fund balance for a one-time boost.

The previous five budgets under my administration and with the full support of City Council have included only nominal annual tax levy increases. Protecting the interests of taxpayers should always remain our top priority.

By the end of 2015, the city had negotiated four-year contracts with all eight labor unions representing city employees, and the average annual salary increases were at about 1.3 percent – a figure fair to both the city team and taxpayers. These contracts also included changes to health care plans that provided further savings to taxpayers.

Outside experts recognize the city's fiscal responsibility and have rewarded Ocean City with an exceptional AA bond rating and a succession of clean audits. While property values in Ocean City are representative of other shore towns, Ocean City enjoys an exceptionally low tax rate compared to most other municipalities statewide.

Among a long list of grants Ocean City received this year are \$5 million for a north end stormwater pumping station, \$2.6 million for a wetlands restoration program using dredged material, \$500,000 for a new skateboard park, \$501,000 for Transportation Center repairs, \$230,000 for City Hall restorations and \$221,000 for the installation of bike racks.

It's through mutual respect and cooperation with the City Council that we can achieve this success in protecting taxpayer interests. And I look forward to continuing exceptional cooperation with City Council in 2016.

I'd also like to note that the administration has hired a number of new team members in key existing positions who share a dedication to hard work, efficiency, transparency, cost savings and a commitment to serving the taxpayer first.

This spirit of teamwork was on display during the recent storm that brought the worst flooding since Sandy. The city team members and key community members helped to keep everybody in town safe and to get the town back up and running quickly. I am more and more confident in our team and the leaders we have put in place, but will continue to challenge them to do better and be more proactive.

The coming year will see a flurry of activity, starting with the return of the Army Corps of Engineers to add more sand to the south end. When they're done, we'll have a complete line of dunes from north to south protecting properties. And we'll have wide and healthy beaches from tip to tip for perhaps the first time since the island was developed.

The third phase of the boardwalk reconstruction will be finished in another month, and within three years, the structure will be completely replaced between Fifth Street and 12th Street.

The city remains determined to find a long-term and sustainable solution to bayside dredging. I'm prepared to invest to get the job done. But we will continue to explore every possible avenue to find a responsible and cost-effective way to do so.

Most importantly, Ocean City will continue to fix roads and drainage. I've proposed spending \$17.4 million on road and drainage projects in 2016 and \$34.6 million in total over the next five years.

The city has identified the most flood-prone neighborhoods on the island and is working with outside engineering experts to design comprehensive plans to mitigate flooding across these large drainage basins. Merion Park was completed in December 2014. Two more neighborhoods are in the design phase: 26th Street to 34th Street (between West Avenue and Bay Avenue) and 1st Street to 8th Street (between West Avenue and the bay). It is more important than ever that we work together on solutions and move forward on these vital projects.

The north end project takes advantage of a \$5 million grant – the largest in the city's history. The city is working to obtain grant funding for part of the 26th to 34th Street project to help make even more work possible. We are pursuing recommendations made at the town hall meeting, and we will do what is best for the city as a whole.

At the same time, the city is using a [Road Rating System](#) to determine priorities for additional road work across the length of Ocean City. All projects are designed to address utility work, drainage, paving, and amenities for pedestrians/bicyclists at the same time.

Our capital plans include funding for a new police station and we have existing capital dollars set aside for a renovated firehouse at 29th Street. I feel it's vitally important to protect the interests of the people who protect us. While these projects may be costly, they will allow the public safety departments to operate as they should: efficiently, safely and with up-to-date technology.

In the end, pouring money into a futile effort to maintain a century-old police building would only hurt taxpayers. The city is considering various locations and

plans to build a new police station and municipal court building with as little impact as possible to police operations and to the public.

Firefighters have been working out of temporary living quarters at 29th Street since Superstorm Sandy, and I understand their frustration with the pace of plans to renovate the firehouse there. But the city is still working with FEMA on plans that would include a substantial reimbursement to help pay for the job. The city team and taxpayers are both waiting for the government to act. In the end, I'd like to see a facility that could stand the tests of time and floods. We will find a long-term solution, one that is appropriate for the neighborhood, beneficial to our firefighters, and most importantly, fair to the taxpayer.

Under the leadership of the Department of Community Services, we continue to pursue the installation of artificial turf at Carey Stadium. The project was part of a 2014 plan to save money on maintenance and increase opportunities for different games and events on the field. I'm confident now that the city team has identified a cork infill that is natural, healthy and entirely organic ... and that will be the most cost-effective option. A special weave in the artificial grass helps keep the infill in place in wind and rain.

Lastly, I'd like to take a moment to honor John Kemenosh, who passed away late last year. John was on City Council when I first came to office, and he graciously served as a mentor to me as a public servant. John dedicated his life to helping the city and the community, and he should be a role model for us all as we move into 2016. I know that one reason City Council and the administration work well together is because of Mr. Kemenosh and his ability to pull us all together to get things done right for Ocean City. I am sure he knows we miss him dearly.

Thank you all, and I look forward to working together with City Council on this budget and to move our capital plan forward.