**State of the City Address**

**Mayor Jay A. Gillian**

**Feb. 22, 2018**

Good evening.

It’s been quite a year, and we’ve accomplished a lot together. I want to thank Council for working with the administration again this year to continue all our important work.

I also want to praise the entire city team for their service to the community.  I challenge them every day to do more with less as we continue to add more and more projects to improve our infrastructure and way of life.

I want to thank everybody who serves on a city board or commission and everybody who volunteers for a church or community group in town.  Finally, I want to thank all of the citizens who took the time to attend a meeting or to write or call the city. This feedback is vital to good government.

The great news is the state of the city is strong. And although it is strong, we still have challenges. I know it can be frustrating trying to negotiate all the projects in all four wards.

We’ve tackled major repairs to every part of Ocean City, and the work continues. All of the people who live here, own property here or vacation here share a love of Ocean City. Tonight I want to outline the steps we’ve taken to improve Ocean City and let you know about our plans going forward. I also want to let you know about our plans to remain “The Most Tax-Friendly Municipality in New Jersey for Retirees,” while maintaining our standing as “Best Beach in America” and “Best Beach in New Jersey.”

Let that sink in for a moment.  How many towns would love to be in either of those categories? We are in both. The people who love Ocean City vote for us year after year because of the great things we have been doing. And separately, an independent group recognized the work City Council and the city team does year in and year out to provide the first class services people come to expect in Ocean City -- in the most cost-effective manner possible.  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 Ocean City.

* First I want to address the biggest issue: **roads and drainage**. In the seven years since I’ve been mayor. We have completely rebuilt more than 18 percent of Ocean City’s 110 miles of roads and alleys. I say “rebuilt,” because our road projects have taken a “complete streets” approach. We have replaced storm drainage systems, worked with utility companies for upgrades, repaired bulkheads, installed ADA-compliant sidewalks and added other amenities whenever possible. In some cases, we will just mill and pave a road, if that is all that is needed.  That percentage figure does not include any of the projects funded in 2017 – including the Fourth Ward drainage project and the north end drainage project that’s about to begin. When these neighborhood initiatives are completed, we will have repaved more than 25 percent of our roads. We have a long way to go. But some of the worst streets and three major neighborhood projects will be done. We will continue to work until we can reach a maintenance level.  Road infrastructure is an ongoing project that needs to be maintained and addressed through a well-thought-out plan like Council adopted last meeting.
* The **beach and boardwalk**are essential assets to anybody who owns property or runs a business in Ocean City. They are part of what defines “America’s Greatest Family Resort.”  I’m happy to report that a seven-year project to completely rebuild the boardwalk between Fifth Street and 12th Street will be finished two years early and under budget. This stretch at the heart of the boardwalk was constructed after a devastating 1927 fire. The new boardwalk will serve generations to come. I want to thank our contractors, Schiavone and Walters Marine, and our project management team who worked hard to complete a quality job.
* The entire island is now under agreement with the federal Army Corps of Engineers for a regular cycle of **beach replenishment projects**. Ocean City has received millions of cubic yards of sand to rebuild beaches, including just this winter – with federal and state programs paying for more than 90 percent of the cost. Remember these projects are not only for our tourism industry, but essential to the protection of all of our homes and properties.
* Through partnerships with ACT Engineering and state and federal regulators, Ocean City has been able to restart its **back bay dredging program**, and we’ve been able to cut through red tape on behalf of coastal municipalities throughout the state. A three-month extension of the annual dredging window and innovative programs to use dredged materials for wetlands restoration and other purposes are just part of what’s been accomplished and what’s planned. Most importantly, people are able to use the bayfront again for boating, sailing, paddling and swimming.
* The city continues to invest in the **downtown**with sidewalk, crosswalk and other improvements. As properties are redeveloped, they must be brought up to the codes of today. The city is doing its part to correct the designs of the past by removing pavers and making the properties ADA-compliant. Our downtown had one of the strongest seasons in years, and I am certain that the improved partnerships between the downtown merchants, BAND, Tourism Commission, the Chamber of Commerce and the Community Services team will lead to a thriving downtown. City Council and I plan to invest millions in the next five years on downtown infrastructure. We are always here to help downtown business owners with improvements or guidance where we can. I feel I can speak for council when I say we all want the downtown to flourish.

These projects took advantage of more than $8 million in grants, and the city has submitted applications for millions more in grants. The city continues to experience strong tax base growth. We’ve added more than $100 million in ratables in each of the past four years. That makes this an ideal time to complete this ambitious list of capital projects.

City Council just passed a five-year capital plan that outlines more than $100 million in continued improvements, including $32 million for more road and drainage projects and $6 million for new special neighborhood flood remediation projects.

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.
* For our flood remediation efforts, we are at Class 5 in the National Flood Insurance Program’s CRS ratings. 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.
* Our Green Team recently achieved Silver Level with Sustainable Jersey. We were awarded grant funding for an electric vehicle, which is used daily in our code department. We are now pursuing Gold level and hope to be the first town to get there.
* In addition to our many honors as a tourist destination, NJBIZ named Ocean City “The Most Tax-Friendly Municipality in New Jersey for Retirees.” Our 0.79 percent local property tax rate is the lowest among the Top 10 places for retirees.
* We have also created new tools for our residents and guests to contact us.  We continue to have town hall meetings, and we created a pothole hotline, among other initiatives. I would like to thank Doug Bergen for helping us share positive news and responding to our guests.  I would also like to thank our Public Works team for quickly resolving issues and for being responsive to the requests of our community.

Finance Director Frank Donato will explain more in his presentation on March 8, but this year’s draft budget includes a tax rate increase of just under a penny. The owner of a $500,000 home can expect to pay about an extra $50 in municipal taxes this year under the proposed budget

About $750,000 of the growth in the budget this year (or more than half) is attributable to debt service and capital. That is the cost of our major infrastructure improvements.  State-mandated pension increases make up almost another $300,000.

Our health-care premiums remain stable this year, which is great news for an expense that can see big changes from one year to the next in every industry. Salaries overall are relatively flat as we enter the last year of a four-year schedule with our major unions and bargaining groups.  The budget funds 258 full-time employees this year, up one from 2017, as well as a level number of part-time and seasonal hours to operate our dozens of facilities, programs and welcome centers throughout the year.

I’d like to stress that conservative financial planning will always be a priority of mine.  As we sit here today, our fund balance has lost $1 million in the past two years. We must remind ourselves constantly that we are a tourism-driven community, and the impacts of the summer season are felt not only by our private sector friends, but by city government as well.  In 2017, we saw revenues down or flat in many categories, due in large part to the rainiest July and August we’ve seen in many years.  I’m confident we will rebound and build our fund balance back up, but in the meantime we need to continue to be conservative on our revenue projections, and safeguard our fund balance. I would like to thank our finance team for its professional approach to our finances and for sound guidance and feedback.  Every year I ask my senior staff to create a budget at a zero increase, and with all the capital work we have committed to complete, having a proposed budget at under a penny is a testament to the entire leadership team.

City Council recently honored a young Ocean City resident who had achieved the rank of Eagle Scout. It was a great honor for Andrew Leonetti and all of the Eagle Scouts we have honored. But when I think of Andrew, I remember a young man who came to City Council. He wasn’t happy with a proposed ordinance, but he spoke his mind respectfully and passionately ... and ultimately he helped reshape the new law to one that worked much better for everybody. Evan and Jesse Schmeizer were two other young students who came to Council with concerns about city work at Carey Stadium. Their input provided great value.

Andrew, Evan and Jesse make me think of the Carnival Bayou residents who helped us refine our guidelines for private dredging, the Ocean Reef residents who spoke up about a proposal to dewater dredged material at the Shelter Road Recycling Center, or a man named Don Hepner who came to City Council when I first took office to tell us about a great game called Pickleball. City council and I could go on with a great number of other examples, but in each of these cases, the voice of the people was heard.

That’s government at its finest. All of us are here to represent the taxpayers who elected us. I think I can speak for Council when I say this: When someone comes to speak at a Council meeting, we listen and in many cases it leads to positive results.

Thank you all. I’m looking forward to another productive year in Ocean City, and I want to keep working with City Council, the city team and all Ocean City taxpayers to make Ocean City a great place for generations to come.

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