



MAYOR JAY A. GILLIAN

2014 BUDGET ADDRESS

FEBRUARY 13, 2014

[2014 City Budget-Mavor Budget](#)

Good evening.

Last Friday my office made the Administration's 2014 operating budget available to each of you. Tonight I'll make a few comments on the past year, the budget and the year ahead.

It's hard to believe that this is the fourth budget I have presented. The process and approach has been the same as the previous three. We are done with the days where City Council is presented with a budget that has some wiggle room. The department heads were again instructed to present me with a budget that maintains or enhances all services that our residents, property owners and visitors expect, in the most cost efficient manner possible. Each department has again started at zero. Not started with last year's budget number - but started at zero, and constructed their budget request from there.

The only significant increases in the budget are contractual salary increases and the cost of health insurance which, like the rest of the country, continues to rise dramatically. Employee contributions are up which off sets some of this cost.

The budget at this point contains a tax rate increase of approximately 1.5 cents. Approximately one half cent of this increase is due to decreased ratables. This budget will meet or be well under any required "caps."

Comparing this year's budget to last year's will be a little tricky in some areas impacted by the reorganization Council approved.

The reorganization has been successful and Roger McLarnon and his team are to be complemented. Our management team is much smaller than when I became Mayor and they all have risen to the occasion and provide outstanding leadership.

In previous years, I, and those who served before me, have used this occasion to describe the "State of the City."

I'm pleased to tell you that tonight that the financial condition of the City is solid and we are poised to continue to improve in the days ahead.

Evidence of this lies in our fund balance position. We stated during the budget workshops last year that our goal was to get fund balance back up to the \$5 million level. I'm pleased to report to you that we finished the year with a fund balance of just over \$5.8 million. That's the largest

fund balance in the history of Ocean City. So in the year following Hurricane Sandy, and in a year with a somewhat soft tourism season and a very rainy start to the season, we finished with the highest fund balance in our City's history.

During next week's workshops we will note some factors that influenced fund balance to the good that we can't count on every year. However, our overall position is strong, and our property values appear to have stabilized.

Construction activity is up dramatically; with storm recovery obviously still a major factor.

We are in good shape financially because we've budgeted responsibly in the past. Again this year, we might be tempted to apply a little more of fund balance toward the budget, but we shouldn't for reasons that we'll discuss. I always remind you, our City has been very well served by listening to the advice of our financial professionals. We've restructured our debt in recent years and been able to responsibly take on more capital improvements. On the operating side we've been conservative, prudent and thoughtful of the future. City Council should join me in taking pride in the current financial condition of the City. There are hundreds of towns in the State of New Jersey who continue to face trying times and would love to be in the same condition we are.

However, we still have some challenges and some uncertainty ahead.

The flood insurance increases required by the Biggert-Waters Act could cripple our local economy. I am calling on our federal legislators, the Congress and the President to make changes to this law and let our recovery continue.

There are positive signs that the local real estate market is improving.

The rental season thus far looks encouraging. We need to keep this momentum going. Earlier today Councilman Allegretto and the rest of the Tourist Development Commission adopted their budget which will fund a broad based marketing campaign using a variety of different media. The Commission's budget directs the great majority of the funds to advertising out of the area, as it should.

Our property values have stabilized. The proactive approach we have taken with a series of reassessments over the past few years is a great success story. Tax appeals were down dramatically last year as a result. Neighboring communities are spending millions of dollars for reevaluations and borrowing millions of dollars to cover their losses from tax appeals because they didn't do what we did. And we did it in house, which is a testament to the experience and professionalism of our Tax Assessor and his staff.

Let's look back on 2013 for a few minutes. At this time last year we were still reeling in many ways during the recovery process for Sandy. The last two months of 2012 and much of 2013 had us dealing with a succession of emergency appropriations, bond ordinances, contracts and zoning changes all related to the storm. It was not an easy year. We should feel good about the fact that the Administration and the City Council worked together to do what was needed in a short period of time.

Credit for the fact that we were ready for the summer season must be given to our team members. Like us, they were determined to have this City ready for our guests, and we were.

My good feeling about the recovery is tempered by the fact that some people have still not returned to their homes. The difficulty in getting information, getting grants, dealing with insurance, and dealing with FEMA has been widely reported. We all know business and home owners, who remain frustrated. Some have received grants but too many have either been denied (some in error as we now know) or sit in limbo. We continue to urge our state and federal legislators to get the bureaucrats to cut through the red tape and complete the recovery for everybody.

City codes and construction requirements can be difficult to navigate as well. I encourage anyone having difficulty rebuilding due to local issues to contact my office. We'll do everything we can within our codes to avoid any further delay in a construction project.

With City Council's support, in the past year we have made further progress in updating our infrastructure and catching up on overdue improvements. We replaced nine bulkheads. Two more are currently under contract. This total of eleven is more than the previous five years combined. As we've said during the capital workshops, it makes no sense to undertake road and drainage repairs in areas where the bulkheads are either too low or have failed.

We are now in position to make much needed road and drainage improvements in areas adjacent to these bulkheads. In the coming year these areas will include, among others, parts of the Gardens and the neighborhood between 14th and 16th Streets west of Bay Avenue.

On tonight's agenda you will be asked to authorize going to bid on the Merion Park project. Our engineering consultants have designed a project that will reduce flooding and repair the roads in that neighborhood. The project includes three pumps, a first for Ocean City. I appreciate the patience of the residents of Merion Park and I appreciate their input to this project.

We are nearing completion of the first phase of the boardwalk replacement. The modular construction method has saved us time and money. The design and materials used will provide us with a deck that feels much sturdier than the older sections.

In a few weeks we will move back into the ground floor of City Hall. Some have suggested this has taken too long. In response I say I was more concerned with getting people back in their homes than I was in getting us back into offices. Having said that, I appreciate the patience and positive attitudes displayed by our team members who were relocated since the storm. Lastly, we owe sincere thanks to our partners here at the library that have made this space available for our Council meetings.

The ground floor of City Hall will provide bigger public restrooms for the downtown, a long time objective.

Speaking of the downtown, some of the most positive feedback I heard in 2013 was about the holiday decorations. They didn't just brighten the downtown, they brightened spirits. This year we're going to finish the remaining blocks. I'd like to thank Paul Cunningham of the Downtown Merchant's Association for his expertise and guidance on this project.

In return, I'm going to ask the downtown merchants a favor. During the holiday season I'm going to ask them to remain open at least one evening, Fridays. That's it. Just commit to five evenings between Thanksgiving and Christmas. If they do, I promise to work in partnership with them, the Tourist Commission and our business community to add entertainment, special events

and funding to promote the whole effort. I know so many of the owners who work long and hard hours. But I'm going to ask them to add just five evenings for the overall good of the downtown.

We are seeking grant funding for additional physical improvements to the downtown. There are challenges related to this because much of the Sandy relief funding has various limits on eligibility. Therefore much of the funding is sitting unused. The State and federal governments must loosen these restrictions. Our downtown was as severely damaged as some urban areas that do qualify for the funding and we deserve consideration.

We have unfinished business related to some other City facilities.

FEMA has determined that they will not fund the construction of a new fire station at 29th Street. We have been going back and forth with them ever since the storm and it's time to move on. We remain committed to maintaining three fire stations as we discussed during the public safety workshops. We will propose repairing the garage bays so that they can continue to house the fire and rescue vehicles. We can construct new connected living quarters next to the station near where the temporary trailer currently sits. The structures can be tied together architecturally with an attractive new facade that will complement the neighborhood. FEMA will fund a portion of this work.

The storm also changed things related to the 2nd Street Marina. As Council is aware, we do not have any executed agreement related to the proposed public-private partnership for that site. Council's approval of that agreement was conditioned on approvals by both Green Acres and Cape May County. We were working through that process when the storm destroyed the old marina. That changed things dramatically. While previously we could not fit marina improvements into our capital plan, we now have FEMA project worksheets in the system for \$600,000 of damage, with a 90% - 10% cost share. That makes the replacement of some or all of the docks feasible. The City would continue to operate the marina. We will discuss this further with Council and the public in the weeks ahead.

We spent a good deal of time in 2013 discussing public safety services. The most important thing government does is keep people safe.

My direction to the Police Chief and Fire Chief was the same as the other department heads: do not compromise service levels in any way, but deliver these services in the most cost effective manner possible.

This budget funds 58 full time police officers, a reduction of one from last year and down from 66 just a few years ago. An adequate number of seasonal officers will again be deployed. Chief Callahan continues to manage overtime effectively and responsibly.

The budget for the Fire Department reduces overtime by \$200,000. from last year's spending level. Chief Breunig has been deploying his men in a new manner since January 1st including running a number of shifts at lower staffing levels than in the past. Continuing this during the slower months of the year will save money without reducing service.

In the next two months you will see seasonal EMT's on our ambulances at certain times. Again, this will provide these vital services more cost effectively than utilizing overtime. Councilmen Hartzell and Ping should be acknowledged for the amount of work they put into analyzing these

services and suggesting how we might provide them more efficiently. I know we have implemented change slower than they would have liked, but this is a good first step in my mind.

I appreciate Chief Breunig's and his team's willingness to implement needed changes in a responsible manner. I support the Chief's vision for the future of the Fire Department.

Following the public safety workshops I directed Chief Callahan to place aed's in more police vehicles. The money for these will be well spent if they save just one life. We have had aed's on the street for years, but we now have them in every single patrol vehicle.

On tonight's agenda is a resolution endorsing our five year capital plan along with introduction of the first bond ordinance of the year.

The development and refinement of our capital plan is something we should take pride in. When I became Mayor there was no multiyear plan in place to address what the public is most concerned with - our infrastructure. The high bond ratings we have achieved and maintained are partially due to this sound planning approach for capital improvements.

The capital plan continues to emphasize road and drainage improvements. It will produce noticeable results in the coming years.

We will be dealing with a great deal of roadwork and occasional inconvenience between now and summer with the City, the utility companies and the County all undertaking a number of projects.

We're fortunate that the County will be reconstructing Bay Avenue between 6th and 18th Streets. The utility work in preparation for that project and the weather have left some portions of Bay Avenue in deplorable condition. The Council President, Vice President and Mr. Dattilo and I discussed our concerns about this with Freeholder Hayes earlier this week and we are urging the County to improve the conditions as soon as the weather allows.

The capital plan includes some matching funds for a pump station project that is made possible by one of the biggest grants in the City's history. The pump station and associated improvements will significantly reduce the chronic flooding between 3rd and 8th Streets west of West Avenue.

We will make use of additional grant funding in the coming year for transportation improvements and historic preservation.

Yesterday, Georgia Arnold met with an interested group of residents to discuss how best to use our Community Development Block Grant funding from the federal government.

In 2014 we will begin the next phase of the boardwalk replacement project. We will continue the same construction method as we move south toward 12th Street.

As important as these things are, the capital plan can't be just about roads and drainage. Our parks, playgrounds and other amenities are part of what makes Ocean City attractive to families.

In this regard, I'm committed to constructing a new skate park this year. We can reach consensus on a suitable location, we can find the funds required and we can get it done. I would like to thank Councilman DeVlieger for being such an advocate for this. I'd also like to thank

him, Councilman Allegretto and Councilman McClellan for serving on a Council subcommittee for the project.

This year we will be fortunate enough to receive a 100% federally funded multi-million dollar beach replenishment project for the south end. Following this we will then have the entire island in the program that calls for periodic replenishment every three years. The City has been seeking this for over fifteen years and it's now a reality.

The Administration is working with another sub-committee of City Council on bay and lagoon dredging. A viable disposal method for the spoils is one of the biggest challenges we face. Several things are in process on parallel paths:

1. We have filed a permit application to enlarge the undersized Route 52 site which could allow us to complete the unfinished work from the last contract plus dredge Snug Harbor.
2. We are exploring the acquisition of one or more properties in other communities that could be used as disposal sites.
3. We have filed for two grants to fund a pilot project to use dredge spoils to stabilize and create wetlands. This is being done in other states and is working. It has never been permitted or done in New Jersey and we would like to be the first.
4. We are exploring all viable ways to empty Site 83 and create capacity for new spoils.
5. We continue to have good dialog with the permitting agencies at the state and federal levels. I am hopeful this will lead to their favorable consideration of some new ideas.
6. Finally, I have discussed with the subcommittee and others exploring the use of one of our largest parcels of land – our golf course. Our golf course is an asset, but is underutilized because of poor drainage. We believe we could use dredge spoils, combined with other materials, to raise the course and make it drain properly. This has been done in New Jersey. This would close the course for a lengthy period of time but result in an even bigger asset: a quality nine hole executive course that does not have 100 unplayable days a year due to flooding. There are a number of permitting and logistical issues to explore further to make this reality.

This remains a challenging time, not just for us, but for local governments everywhere. Many of the reforms from the state level have been helpful but more are needed.

There is a continued emphasis on sharing services and my administration intends to move further in this direction. In the coming weeks I will present to you at least two shared services agreements for us to provide engineering services to neighboring communities.

We hope to expand these and other relationships in the future in ways that can benefit each town involved. In our case, these agreements will provide new revenues to the City.

I'm filled with optimism that this will be a great year for Ocean City. When this brutal weather finally lets up, we're going to see people's spirits rise and their love for Ocean City will be evident.

I want to thank the Council President and Vice President for working so closely with me during this challenging year.

I'd like to thank the entire Council for working in partnership with me and my team. I receive a lot of compliments for how well we work together to make Ocean City a better place.

That's how it will happen: by the Administration, the Council, the City team and the community working together. That's how we recovered from the storm, and that's how we'll move forward.

Let's stay positive and let's have a great year.