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**CITY OF CAPE MAY
STATE OF THE CITY ADDRESS
BY
DR. EDWARD J. MAHANEY, JR.
MAYOR
JANUARY 1, 2014**

Good afternoon to our distinguished guests, residents, business persons, and visitors!

As we jointly embark upon a new City Council work year, it is appropriate and prudent to review briefly the progress achieved and challenges encountered by the City Council during the implementation of our City's long-range Sustainability Plan over the past 12 months, as well as to provide a succinct overview of the City Council's initiatives for the 2014 year.

COMMITMENT TO SUSTAINABILITY

As Councilwoman Swain and I pledged when we assumed our governing body positions on July 1, 2008, our City Council has, over the past five and one-half years, successfully integrated its long-range planning agenda with our long-term financial and capital planning programs to create and implement a comprehensive and systematic sustainability approach for our City over the next two decades. In the case of Cape May, sustainability must be defined in the broadest sense of the term: Our strategies are allowing us to sustain economic growth, sustain the City's infrastructure to assist in providing the programs and services that our residents expect and demand; sustain exemplary environmental stewardship, and sustain the affordability of the City for our residents, businesses, and visitors. With the State Planning Commission's award of certification for City of Cape May's Plan Endorsement Program on October 17, 2012, this achievement verified that the City's Master Plan was in full compliance and synchronization with the State Master Plan/Redevelopment Plan and also qualified the City for priority status in obtaining federal and state grants and low-interest loans for our ongoing and future community projects. All pertinent City planning documents are now current, valid, integrated, and working documents which chart the future direction of Cape May. As an example, during just the past three years, Cape May has attained over \$8.4 million in grants and rebates for City initiatives involving public improvements, environmental and energy conservation projects.

As further evidence of Cape May's commitment and accomplishments concerning sustainability, our City has achieved and maintained the highest level Silver Certification awarded by the statewide Sustainable Jersey program for the past three calendar years. Cape May is one of less than two dozen communities to have achieved and maintain Silver Certification status in the State of New Jersey. The Cape May Green Team conducted a successful statewide Green Festival in Convention Hall on April 13, 2013. The 2014 Festival will be held on April 12th. Within the first quarter of 2014, the City will install a wind turbine for clean energy and

educational purposes at the Cape May Elementary School as a result of a competitive Sustainable Jersey Wal-Mart Grant. Also, the City has prepared bid specifications for the installation of an electric vehicle charging station in 2014 at the Transportation/Welcome Center on Lafayette Street.

In a related manner, Cape May County Freeholder Will Morey and I continued our cooperative efforts with Captain Bill Kelly, Captain Todd Prestidge, and Commander Owen Gibbons at USCG TRACEN to complete a combined, comprehensive application package which will result in the achievement of federal certification for Cape May City and Cape May County in early 2014 as a “Coast Guard Community” in recognition of the longstanding productive partnership between TRACEN and our Cape May County communities. As Freeholder Morey has stated, this final application and achievement will represent a milestone, and hopefully not the culmination, of our extensive efforts between the City of Cape May and the County of Cape May.

OPEN SPACE AND PARKS SYSTEM

During the past three fiscal years, the City has been awarded almost \$1.6 million in Green Acres and Blue Acres grant funding from the New Jersey Department of Environmental Protection (NJDEP) for property acquisition at the Lafayette Street Open Space Recreation Area that is located along the main entranceway to Cape May near the downtown historic area. The City’s project was one of the highest rated applications reviewed by NJDEP, and was one of only three Blue Acres applications to be funded in the State. As a result, the City legally acquired the two major tracts known as “Vance’s Bar” on June 25, 2013 at no cost to the taxpayers. The dilapidated structure was demolished and the surface area was restored to serviceable condition by December 31, 2013. Through a variety of public-private partnerships, the objective is to unite, for programming purposes, the 38 acres of open space into a year round, comprehensive active and passive recreation complex with educational and environmental amenities. On December 6, 2013, the City submitted a competitive application to the New Jersey Economic Development Authority (NJEDA) seeking \$1.5 million of grant funding to implement the first phase of this comprehensive park area. NJEDA is projected to make announcements of grant awards during the first quarter of 2014. This project has been conceptually planned by our community members of all ages during open public meetings as part of the City’s partnership agreement with the Temple University School of Environmental Design during the 2009 through 2011 academic years. In the Spring of 2014, the City anticipates sponsoring a series of public planning sessions to gain consensus on the final design and features of this park.

Through the long-range planning process and coordinated capital planning, the City has now coordinated funding through a grant and the City’s capital fund for phased upgrades and improvements to Rotary Park, which is adjacent to our three-block long Washington Street Pedestrian Mall in the downtown historic district. The focus is on transforming Rotary Park into

an even more attractive, diversified, and accommodating venue to host a wider array of community-oriented cultural, artistic, historical, recreational, and social events. It is projected that the City will commence the construction on all three phases of this project in January 2016 in conjunction with the ongoing reconstruction of our Washington Street Mall service streets (which I will explain later in this address).

The City collectively strives to implement our long-range strategies to achieve our community-based vision and goals that are emphasized in the City's Master Plan and Vision Statement phase of the Plan Endorsement process. The City is still deeply engrossed in the process of acquiring and preserving 78 acres of pristine environmental wetlands in East Cape May as a wildlife sanctuary. Therefore, the City continues to participate in the ongoing planning and negotiation meetings with the principals of East Cape May Associates, the United States Army Corps of Engineers, the New Jersey Department of Environmental Protection, and the American Littoral Society to reach mutual agreement on the finalization of the permitting process. These negotiations represent the final step of implementing the settlement agreement signed by all the parties at the Cape May City Council reorganization meeting on July 1, 2009. Under this settlement agreement, the City of Cape May will become an owner and managing partner of the 78-acre wildlife sanctuary at a cost of \$4.4 million that will be covered totally by grants. This purchase will have no financial cost to the Cape May taxpayers.

WATER SUPPLY AND CONSERVATION

During the period from 1995 to 1998, City Council planned and financed the installation of a reverse osmosis, two million gallons per day, water desalination plant accompanied by two new wells drilled into the brackish 800 foot Atlantic City sands aquifer. This capital project was financed totally by grants and low interest loans. As the only desalination plant in New Jersey, our facility provides 2.0 million gallons of our maximum 3.4 million gallon daily capacity, and currently produces 66% of the potable water used daily on a year round basis in Cape May City, the Boroughs of Cape May Point and West Cape May, and the U.S. Coast Guard Base. This facility has moved Cape May's status from a water dependent utility to an independent, regional water supplier. During the 2014 calendar year and fiscal year, the City Council will be planning the location, design, permitting, and funding for an additional new water supply well to be drilled into the Atlantic City 800-Foot Sands Aquifer to continue to ensure an adequate potable water supply for our regional residents for the next 25 years. This new well would replace the current Well #5 which has become increasingly salt-intruded in the 600-Foot Cohansey Aquifer. Based upon very rudimentary estimates, the cost of developing this new well may range between \$750,000 and \$1 million. The City is currently preparing a letter of intent, which will be followed by a complete grant and very low interest loan application, to the New Jersey Environmental Infrastructure Trust seeking the necessary funding for this project. Concurrently, the City will continue assessing the desalination plant's physical and operational conditions to

ascertain specific long-term improvements which must be planned, financed, and implemented to sustain the efficiency and cost effectiveness of this facility.

During the 2013 year, City Council has completed the planned restoration of the 79 year old, 700,000 gallon Madison Avenue Water Tank and the repair and painting of the 19 year old, 1 million gallon Standpipe at our Public Works/Water and Sewer Utility Complex on Canning House Lane. The City has already achieved a \$2.1 million grant and low-interest loan agreement with the United States Department of Agriculture (USDA) which is projected to cover the cost of the vast majority of this dual project. With the successful completion of this dual project, both the Water Tank and Standpipe should be serviceable for at least another 50 years with periodic maintenance performed.

Over the past three years, Cape May has been installing water meters with encoded registers and radio frequency automatic meter reading and leak detection for all 3,889 accounts. Currently, the completion rate has surpassed 94%, with only the large volume commercial users with larger sized pipes needing to be upgraded. This initiative reduces labor costs since City employees are no longer being reassigned for one week on a quarterly basis to conduct on-site manual readings of individual meters. Also, the leak detection feature has ensured more timely identification of unknown leaks and thus conserved water, especially in seasonally occupied homes.

During the past three years, the Cape May City Council has genuinely cooperated with the Borough of West Cape governing body to resolve a concern emanating from the West Cape May Taxpayers Association that there is an unresolved discrepancy between 1) the volume of metered potable water purchased by the Borough of West Cape May from the City of Cape May, and 2) the volume of potable water that is sold by West Cape May to its customers. As part of the research and analysis of this reported problem, the City of Cape May voluntarily replaced the master water meters at Wilbraham Park and Canning House Lane with state-of-the-art master meters which also measure low flow below 40 gallons per minute. The City's cost for the installation of these replacement meters was \$250,000 which also included engineering and site work. Then, in compliance with a longstanding, mutual agreement with West Cape May, the City of Cape May completed in a timely manner a data-based study of water volume billed by Cape May to West Cape May and the relationship of flows through the master meters at Wilbraham Park and Canning House Lane. This study was conducted by Kevin J. Dixon, PE, PP, CME of Dixon Associates, and the printed report was released at a news media conference on October 10, 2013. In his conclusions, Mr. Dixon stated, "It is my opinion, with a reasonable degree of engineering certainty based upon the materials and information reviewed, that West Cape May has been underbilled [by the City of Cape May] for flow over the last several years. The underbilling may have been as high as 2MGPY, based on the measured number of instances of flow in both new meters at or below 40 GPM and between 40 and 100 GPM. It is my opinion that the unaccounted for water usage is occurring on the West Cape May side of the Canning House Lane meter, and being consumed before entering the Cape May system again through the Wilbraham Park meter." As stated sincerely during the news media conference on October 10,

2013 and also subsequently to West Cape May officials, the City of Cape May remains ready, willing, and able to assist the Borough of West Cape May to ascertain the source and cause of the unaccounted for water usage which is occurring in the West Cape May system.

INFRASTRUCTURE IMPROVEMENTS

Over a six-year cycle, Cape May has successfully attained \$2.9 million in competitive N.J. Small Cities CDBG grant funds to ensure compliance with ADA requirements. Primary focus has been on providing full access and related amenities on our Promenade, beaches, Washington Street Mall service streets, all intersections in Village Greene, and the Franklin Street Civic Center for our local and visiting disabled and elderly citizens.

Based upon this continuing support from Governor Christie and the New Jersey Department of Community Affairs during six phases of this comprehensive, mandated public improvement program, Cape May will initiate on January 6, 2014 the installation of ADA-compliant ramps at eight additional intersections in Village Greene and also the reconstruction of the 400 block of Carpenters Lane, complete with compliant ramps and parking structures. This Phase V project is scheduled to be completed on or before May 23, 2014. As I announced in December 2013, Governor Christie has approved Phase VI of this multi-year program in Cape May. Thus, in January 2015, the City will commence with the reconstruction of the 300 block of East Lyle Lane and Mansion Street, creation of additional ADA –compliant ramps at intersections on Philadelphia Avenue, and continued installation of ocean overlook structures and Mr. Boardwalk on our beaches. During the 2014 fiscal year, the City will be applying and competing for N.J. Small Cities CDBG grant funds to activate Phase VII which focuses on reconstructing the 400 block of Lyle Lane which represents the final block of the Washington Street Mall service streets to be upgraded and become ADA-compliant. Concurrent with the implementation of Phase VII, the City intends to effectuate the redesign and renovation of Rotary Park at a cost of approximately \$1 million which consists of grant funds and capital improvement funding which has been budgeted and set aside over the past six years, as I mentioned earlier in this State of the City Address. Also, with the funding and implementation of Phase VII, all intersections, which are east of Madison Avenue to Pittsburgh Avenue and from Beach Avenue north to Texas Avenue, will be ADA-compliant. Thus, it will be possible to walk from any location in Village Greene to the Cape May beachfront with the existence of the ADA-compliant ramps. This accessibility was requested of me by the Village Greene Civic Association two years ago, and the City is now progressing to complete this extensive project over a four-year period primarily with grant monies, as I had promised.

During the past four years and continuing into the 2014 year, the City has made substantial progress on necessary USDA-funded sanitary sewer improvements and street reconstruction on 21 separate roadways. By utilizing USDA grants and low-interest loan funds, and then coupling these monies with dollars from the City's general capital as well as water and sewer utility

capital programs, the City has been able to replace aging infrastructure and roadways with state-of-the-art technology and materials in the most cost-effective manner with significantly lesser impact on our taxpayers and ratepayers. In the 2013 year, the City completed the 600 block of Washington Street as well as individual blocks on Cape May Avenue, Corgie Street, and Jefferson Street.

During the 2014 calendar year, Cape May will complete the following funded infrastructure improvements: 1) Reconstruct Cape May Avenue on the North side from Reading to Trenton Avenues; 2) Reconstruct Delaware Avenue from Trenton to Pittsburgh Avenue; 3) Abandon existing 4" water main and reconnect services to existing 6" water main on Beach Avenue between Howard Street and Jefferson Street; 4) Replace existing sanitary sewer on Beach Avenue from Jefferson Street to Madison Avenue; 5) Replace Gurney Street storm sewer from seawall to Columbia Avenue; and 6) Replace Harbor Lane bulkhead.

In addition, the City completed a year-long capital improvement project at the City Hall complex in December 2013 which included the replacement of all windows and the provision of brick and mortar pointing to this entire historical building in an exhaustive attempt to keep the structure water-tight and prevent continuing water intrusion which was significantly damaging the interior walls, finishes, and amenities.

On December 4, 2013, Cape May submitted a Streetscape Application for competitive grant funding to NJEDA for the purpose of renovating and upgrading the former Oasis Grill and Ricker's Gift Shop adjacent to the new, multi-purpose Convention Hall in the hub of the commercial district on the promenade and beachfront. This comprehensive project will provide a multi-purpose comfort station which will include public restrooms, areas for changing clothes, secure locker facilities, outdoor foot and full shower stations, and outdoor drinking water fountains. This comfort station will be ADA-compliant and accessible, and it will also offer baby changing tables in both the men's and women's restrooms. This venue will also establish secure storage space for equipment and materials to maintain and service the comfort station as well as an administrative office for the Beach Tag Program which is a component of the City's Beach Utility.

Thanks to a multi-year cooperative effort by the City, the City Engineering firm, and the NJDEP, all outstanding mitigation issues concerning underground storage tanks at the Cape May Public Works Department/Water and Sewer Utility campus on Canning House Lane have now been resolved and closed out at the end of 2013. Some of these particular issues originated decades ago, but their total resolution confirms Cape May's commitment to a sustainable environment.

NEW CAPE MAY CONVENTION HALL

Of course, our new Cape May Convention Hall has been our most visible public improvement during the past two years. This state-of-the-art, multi-purpose facility opened as scheduled and within budget on Memorial Day weekend in 2012. Designed to the Silver LEEDS level, this structure represents a vital economic development initiative that will expand Cape May's economy to a 10.5 month season and secure Cape May's niche as a premier tourist destination. While Convention Hall is primarily a community center, this \$10.5 million edifice offers the opportunity for conferences, small conventions, and performing arts events. The array and diversity of events conducted in our new Hall during the 2012 and 2013 seasons demonstrated the capability and flexibility of this multi-purpose venue to meet the goals established in the Business Plan for our developing Tourism Utility. In fact, the initial functioning of the new Tourism Utility in 2012 and 2013 showed the gradual, but steady, movement toward a more comprehensive, planned approach and strategies by the cooperating public and private sectors to promote and market Cape May more effectively and efficiently as a premier tourist destination for all four seasons. On a very encouraging note, the City's Tourism Utility did achieve self-liquidating status in the 2012 and 2013 fiscal years as required by State of New Jersey statutes. Deputy Mayor Wichterman and I have been coordinating with City Manager MacLeod on the development and implementation of the ongoing modifications of a customized approach which should strengthen the sales and marketing capability and productivity of the multi-purpose Convention Hall facility. My City Council colleagues and I have appreciated the complimentary comments offered by our residents and visitors relating to the four diverse and free holiday events which the City sponsored in Convention Hall in December 2013 as an indication of our gratitude for the public's support of the Hall and its programs and activities during 2013. Of interest to children of all ages, the roller skating sessions resumed for the Winter season on December 20, 2013.

Following two Summer seasons of mutually beneficial mentorship and partnership with the Richard Stockton College of New Jersey, the City of Cape May has assumed sole authority and responsibility for the sponsorship and production of the eight-week Summer Concert Series in addition to year-round performing arts events at Convention Hall in 2014. A full array of diversified, high quality arts, educational, historical, environmental, social, recreational, and cultural events have been scheduled to attract patrons of every age, area of interest, and socioeconomic group throughout the four seasons of the year.

During the past year, the City produced and distributed the inaugural print and digital editions of the 2013 City of Cape May Information Guide and Event Schedule to optimize the Cape May experience for both our residents and visitors. This 54-page guide book was well-received by recipients, and it provided the first-ever comprehensive calendar of all events scheduled in the City of Cape May by the City, our eight non-profit partners, Chamber of Commerce of Greater Cape May, civic organizations, and religious groups. In a related fashion, the City also produced its initial Cape May Concert Series program book which was distributed to all patrons at nine of the major performing arts concerts throughout the 2013 year. Both the Information Guide and

the Concert Series program book were totally supported financially by dedicated individuals, businesses, organizations, advertisers and grant monies so that no taxpayers' funds were utilized.

In another related initiative pertaining to the promotion and marketing of Cape May as a premier tourist destination in all four seasons of the year, the City planned, funded, and implemented a new and separate destination website with the aid of a contracted technology consultant firm. Titled as www.DiscoverCapeMayNJ.com, this destination website went "live" in the Spring of 2013, and it has produced measurable results that clearly demonstrate its effectiveness in achieving a larger market share of the regional, national, and global tourism industry. As this new tourism-oriented website develops more fully over the coming year, it is also linked and is complementary to the City of Cape May's official governmental website, www.capemaycity.com. As City government progresses through the 2014 year, the content City's pre-existing departmental websites will be incorporated appropriately into the two above-cited websites, after which the departmental websites will be terminated.

The City of Cape May is pleased to announce that the 40th consecutive Summer season of free Rotary Bandstand concerts will be conducted from Memorial Day Weekend through the weekend following Labor Day. Some new musical groups will join the traditional and loyal regional bands to provide 43 free concerts which address a wide spectrum of musical tastes.

MUNICIPAL BUDGET

In 2014, City Council's goal is to formulate and adopt an overall municipal budget (including the current fund, water and sewer utility, beach utility, and tourism utility) which provides the requisite programs and services expected by the public while maintaining the affordability for all of us to continue to live, work, and visit here. In addition, this 2014 Budget should continue the gradual, but steady, process (which was started in the 2012 budget) of shifting the cost burden of tourism activities from the residential and commercial taxpayers to the actual participants in tourism-related activities. As required by State law, all three City utility budgets (water and sewer, beach, and tourism) were self-sustaining in 2013, and they are being composed to do likewise in 2014. The City of Cape May is currently being challenged by the following significant factors: 1) The ongoing slow return from the downturn in the regional, national, and global economies over the past 6 years; 2) The State of New Jersey's 2% tax levy cap imposed on municipal budgets; 3) The projected impacts of new FEMA, NFIP, and Biggert-Waters regulations affecting flood insurance availability and significant premium increases in the aftermath of Superstorm Sandy; and 4) The City Council's commitment to resolve all outstanding issues and recover its long-term consequential costs related the flood elevation of the recently constructed Cape May Convention Hall.

As a direct effect of the devastation of Superstorm Sandy, FEMA, in the latter stages of 2012 and during all of 2013, commenced a two-year procedure for the immediate updating of the agency's

flood maps and regulations which will have multiple and diversified impacts on coastal communities in New Jersey. The City of Cape May views this process as a major issue. Therefore, beginning in November 2012, the City and I have already been participating in data gathering and planning meetings with FEMA, NFIP, Congressman LoBiondo, Governor Christie, Lieutenant Governor Guadagno, State of New Jersey Cabinet Members, State Senator Van Drew, Assemblymen Albano and Andrzejczak, Cape May County and Atlantic County Freeholders, and Coastal Coalition officials on a continuous schedule to ensure that the best interests and needs of our City property owners are met. Emphasis has been addressed to providing City-sponsored or endorsed educational seminars, informational bulletins, media releases to disseminate accurately and timely the critical information regarding the updated flood maps, regulations, guidelines, and procedures. The seminars have been focused on our Cape May property owners and residents as well as real estate professionals, banking personnel, mortgage personnel, contractors, and other relevant parties. On Saturday, June 15, 2013, the City sponsored and hosted a FEMA Informational Meeting at our Convention Hall which was attended by over 400 property owners who had the opportunity to interact collectively and on an individual basis with 22 FEMA and NJDEP technical professionals concerning the specifics of regulations, guidelines, available grant and loan programs, and other assistive resources that could benefit the property owner and his/her property.

Through the dedicated efforts of the Coastal Coalition, which is an authorized body of elected and appointed local and county officials representing each of the coastal communities in Atlantic and Cape May Counties, our affected towns have been responsible for the development and issuance of the accurate and research-based configurations of the Preliminary Work Maps in the Summer of 2013 which replaced the rushed, overstated, and poorly-designed Advisory Base Flood Elevation Maps (ABFEs) which were released hurriedly in early 2013 with arbitrary and inaccurate scientific content. Based upon painstaking hours and days of shared data collection and analysis with a myriad of scientific and technical advisors from a wide array of fields and locations, the Coastal Coalition was successful collectively in structuring a positive working relationship with FEMA and its subcontractors which has resulted in the release of Preliminary Work Maps for Cape May and Atlantic Counties that reflect valid, complete data-based computer modeling displaying reduced numbers and sizes of V (Velocity) Zones as well as a reduction in the Elevations in all Zones. As Cape May's designated representative to the Coastal Coalition, I can attest that this outcome provides realistic, achievable, and affordable criteria for our City of Cape May government and property owners, specifically in terms of the requirements of future local flood hazard mitigation ordinances and capital projects, the necessity and content of adjustments to the City's zoning ordinances and construction requirements, the continued availability and affordability of flood insurance coverage for our Cape May residential and commercial property owners, the continued inclusion of the City of Cape May in the NFIP and the Community Rating System, and continued viability and increasing strength of the Cape May real estate market.

While the Coastal Coalition assigned priority status to the achievement of accurate Preliminary Work Maps during the 2013 year, the coming year of 2014 will see us focus intently on the continued availability and affordability of flood insurance coverage for our residential and commercial property owners. A vital component of this upcoming agenda will be a strong, cooperative working relationship of our Coastal Coalition with Congressional lawmakers of both political parties across the Nation as we collectively strive to override the disastrous requirements of the Biggert-Waters Bill. Biggert-Waters became law in July 2012 and completely revamped the fundamental principles and concepts of the NFIP, including the progressive schedule of removing the subsidies of the NFIP which had existed since its inception in 1968. At a critical point in this planned lobbying effort, I will be requesting all Cape May property owners and residents to support the Coastal Coalitions efforts loudly and clearly by contacting your Congressional legislators in our multi-state region and demanding the reversal of the restrictive measures in the Biggert-Waters Bill. Thank you in advance for your cooperation in this endeavor.

Regarding the Community Rating System (CRS) of the NFIP, the City of Cape May structured a coordinated and integrated plan from 2009 through 2013 which has resulted in the City's rating being increased from Class 8 to Class 6. Thus, effective October 1, 2013, all City of Cape May property owners with flood insurance benefit from an increase to 20% discount (from the previous 10%) in their flood insurance premiums as their renewals come due. Cape May was recognized by FEMA as one of 17 New Jersey municipalities for reducing their flood hazard risk through the CRS during an awards ceremony on December 18, 2013. During the awards ceremony, FEMA officials announced that this 20% discount in flood insurance premiums totals a savings of \$614,000 per year for the participating Cape May property owners. However, Cape May is only 300 point shy of achieving Class 5 status which is currently the highest level in the State. We intend to complete additional creditable activities within the coming year to attain Class 5 status, and thus qualify for a 25% discount while joining only ten other New Jersey municipalities at that level. Currently, 2,757 of the City's approximately 4,000 properties (approximately 70%) participate in the NFIP.

The City of Cape May stood united with the New Jersey coastal communities in steadfastly opposing the bill sponsored by State Senator Michael Doherty and Senate President Stephen Sweeney in December 2012 which, if enacted, would have required any New Jersey municipality that accepts state or federal aid for rebuilding its beaches to provide beach and restroom access for free. I served on a small committee of selected North and South Jersey coastal town Mayors that organized and implemented a well-rounded educational and lobbying plan to defeat this legislation. Our committee of Mayors was in frequent communication with Governor Christie who had already gone on record as opposing this legislation. Thanks to the tremendous support of the Christie Administration, as well as coastal state legislators and local residents along the New Jersey coast, this proposed legislation has been relegated to the "back burner" and ultimately will fail to become law. The same fate should befall the current pending legislation

that basically would change the responsibility for and control of the operations/maintenance of beaches (including bathing beaches and the attendant beach tag programs) from local municipalities to county governments. Again, the diverse and numerous flaws in this particular bill would wreak havoc with existing long-term agreements on local shoreline protection and hazard mitigation projects as well as municipal budgets in a State where tourism is the third leading industry. The City will remain vigilant as this specific bill navigates the legislative process, but it is reassuring to know that the Cape May County Board of Chosen Freeholders has adopted the position of opposing this legislative bill.

In a related development, the City is currently completing a biennial beach replenishment on our main beach between the U. S. Coast Guard Base and Third Avenue as part of our 50-year agreement with the U.S. Army Corps of Engineers and the NJDEP. Over 530,000 cubic yards of sand is being dredged and spread on the beaches between the Coast Guard Base and Baltimore Avenue. This replenishment was initiated in November 2013 and will be completed in mid-January 2014. Because of the devastation inflicted on New Jersey beaches by Superstorm Sandy, the federal government has waived the 25% state and local cost sharing requirement for this particular cycle. The federal government is paying 100% of the cost.

Since 2009, the City has been discussing and planning with the U.S. Army Corps of Engineers and the NJDEP the elevation and capping of the oceanfront seawall from Madison Avenue eastward to the intersection of Beach and Wilmington Avenues and then for one additional block to the intersection of Wilmington and New Jersey Avenues. This main purpose of this potential hazard mitigation project would be to reduce, and possibly eliminate, storm surges which overrun the seawall, especially at the very vulnerable intersection of Beach and Wilmington Avenues. While all three parties agreed on the desired solution, adequate funding was not available individually or collectively to implement this improvement. FEMA records indicate that 25% of the City's repetitive loss properties are situated in the seven blocks along Beach Avenue from Philadelphia to Wilmington Avenues.

During Superstorm Sandy, this particular intersection experienced serious continuous flooding during both high and low tides throughout the storm. Television camera crews recorded this flooding as verification, and, at the conclusion of the storm, the City was left with a solid layer of beach sand which was four lanes wide and eight feet high along the Beach Avenue block from Brooklyn Avenue to Wilmington Avenue. During the height of the storm, the speed of the continuously flooding seawater overwhelmed the ability of the storm sewer system in the Poverty Beach area to control the rising level of seawater and to ultimately process it into the ocean.

Following Superstorm Sandy and with the announcement of additional federal funding for hazard mitigation projects, the City submitted two projects in 2013 which were designed to elevate and cap the seawall in the eastern part of the City. The first application was to the New

Jersey Shore Protection Program on June 26, 2013 to the NJDEP. I was verbally informed during a meeting with members of the Governor's Cabinet on November 26, 2013 that no projects would be funded in this particular hazard mitigation program because the number of applications and attendant amount of funding requested far exceeded the capacity of this program's appropriation. In addition, I was informed that the total allocation for this specific program had been redeployed for housing programs to meet the needs of North Jersey residents who were left homeless after Sandy. The City's second application was submitted to the U.S. Army Corps of Engineers on November 6, 2013 as a Request for Assistance for Areas Impacted by Hurricane Sandy. We are awaiting the completion of the review process on this application which proposes to repair up to 4,800 linear feet of existing seawall between Madison and Wilmington Avenues at a total projected cost of \$2.7 million.

Additionally, as a plausible strategy to improve communication with the general public on the beachfront during developing serious weather issues and general emergency conditions/situations, The City applied to FEMA three years ago for grant funding to install a reliable, state-of-the-art beachfront public address system to service the entire 2.3 miles of Cape May beaches. FEMA endorsed our need and provided a grant of up to a \$35,000 maximum and requiring 50% matching funds from the City. Thanks to the enthusiasm and dedication of Cape May's Public Works Department employees, this wireless public address system has now been installed, is fully operational, and will be utilized during the 2014 year and beyond. The total cost of this project was approximately \$50,000 with FEMA contributing half of that total for this vital life safety communications system that can be activated from Beach Patrol Headquarters and the Cape May Police Department.

In a rewarding experience related to Cape May's commitment to and practice of strong sustainability measures, the City received and opened bids on December 18, 2013 for the collection and disposal of recyclable materials for an ensuing term of five years, commencing February 1, 2014. Blue Diamond Disposal of Woodbine, NJ was the winning bidder with an annual cost of \$180,000 for the first year of the contract. Increases in each of the four subsequent years of the contract shall be based upon the advertised October Philadelphia Consumer Price Index in the year prior to the beginning of each contract year capped at 5%. Since the 2013 annual cost under the expiring recycling contract is \$234,000, the award of this new contract on January 7, 2014 will result in an annual savings of \$54,000. A major factor in this significant savings is the City's cooperative partnership with the Cape May County Municipal Utilities Authority in the transitioning from a multiple, separated approach to a single stream recycling method during the 2013 year.

Our City has been an ardent practitioner of a long-range budgetary process with capital improvement budgets which address the ongoing development/evolution of Cape May in a systematic and cost effective manner. Consequently, the Cape May government has gradually attained an excellent bond rating which ensures that the City taxpayers and ratepayers benefit

from the lowest possible interest rates when Cape May finances capital improvement projects. On June 19, 2013, Standard and Poor's Rating Service elevated our City's bond rating status from AA- to AA. As an immediate outcome, during our subsequent bond sale involving the conversion of \$13 million of bond anticipation notes to permanent financing, the City received almost 80 bids that resulted in the City achieving an interest rate of 3.38% for this bond issue. This particular bond sale primarily involved the construction costs of our new Convention Hall and was strategically scheduled in accordance with our long-range capital planning to occur when \$14 million of bonds were being retired. Thus, there was no increase in the debt service for the City of Cape May. The City is scheduled to have another bond sale in the Summer of 2014 at a significantly lesser value, but with a similar outcome concerning the interest rate achieved and with the amount of bonding being retired simultaneously.

Within the parameters of long-range planning, prudent fiscal management, and operational effectiveness, the City of Cape May has strategically positioned itself in Fiscal Year 2014 with a rare, yet daunting, opportunity to continue the restructuring of the Table of Organization and related service delivery systems to ensure the sustainability of the necessary array of programs and services that are expected and demanded by our taxpaying public over future years. This window of opportunity occurs very infrequently and must be embraced if City Council truly desires to solidify and gradually expand the economic foundation of our City so that we can maintain and improve the quality and quantity of governmental, social, arts, history, environmental, educational, recreational, and tourism functions and activities which make Cape May a desired destination in which to live, work, and visit. The City Council has a fundamental right and responsibility to review periodically every current program and service to ensure that the service delivery system is the most efficient and effective achievable and that all physical, personnel, and fiscal resources are being deployed appropriately and to the best benefit of our residents, businesses, and valued visitors. As an indication of City Council's adherence to this important responsibility, Cape May engaged in a joint training mission with Alpha Company of the U. S. Army's 404th Civil Affairs Battalion stationed at Fort Dix, NJ for the purpose of having a third-party evaluation of the actual status of our City's long-range Sustainability Plan, Emergency Preparedness Plan/Operations, Economic Infrastructure, and Physical Infrastructure. The Army personnel, aided by U.S. Marine Corps and U. S. Coast Guard personnel, conducted their assessment on November 3rd through 8th of 2013 and then presented their consultative and constructive report, including strengths, needs, and opportunities of the City, to the City Council at a public meeting on November 8, 2013. While the overall findings of this military report were very complimentary of the City's organization and functioning, the Army did provide insightful and achievable initiatives that the City could undertake to improve organizational aspects and operational systems which would enhance the efficiency and effectiveness of City government while benefitting our residents, businesses, and visitors.

As you have observed during this State of the City Address, Cape May's dedication to sustainability is a comprehensive commitment encompassing all interrelated operations and

aspects of City government, including the municipal budget, new Convention Hall, infrastructure improvements, water supply and conservation, and open space and parks system. In an effort to increase communication, maintain public participation, and ensure coordination and cooperation among the public and private sectors regarding the implementation of this sustainability plan, I reorganized the Mayor's Advisory Committee on January 1, 2013 to focus on this vital endeavor. Specific initiatives and goals have been assigned with completion deadlines, and the Committee has reported its findings and conclusions to City Council in a public meeting setting. In its initial assignment, this Committee was tasked with completing an overview of the City's aesthetic appearance and providing recommendations to City Council in March 2013 regarding improvements and upgrades to improve the appearance and functionality of Cape May that could be achieved operationally and affordably by City government prior to the commencement of the 2013 Summer season. A significant number of these recommendations were instituted prior to and during the 2013 Summer season, while the remaining more complex, time-consuming, and expensive improvements are being addressed on an ongoing basis. Subsequently, the Mayor's Advisory Committee will now concentrate on more longitudinal topics concerning proactive and progressive economic development-oriented initiatives which will facilitate the attainment of goals within our City's Sustainability Plan. Such concentration will require the Committee to interface with both public boards/commissions and private organizations within and outside the City to develop feasible strategies which again will be reported to City Council in a public meeting setting. Concurrently and in a coordinated fashion, Cape May will continue an ongoing cooperative effort which I have initiated with Cape May County Freeholder Will Morey to establish a regional economic development program which will benefit all of our County's residents. Composed of a representative and diversified cross-section of the Cape May community, the Mayor's Advisory Committee will continue to consist of the following six members: Mark Lomanno, Susan Mullins, Curtis Bashaw, Scott Thomas, Hilary Pritchard, and Eliza Lotozo.

At this time, I want to thank Deputy Mayor Jack Wichterman for his leadership in spearheading the statewide effort to address and rectify the school funding formula that continues to affect Cape May City taxpayers negatively in the operation of the Lower Cape May Regional School District. Councilman Bill Murray deserves recognition for his pivotal role as the Chair of the City's Shared Parking Committee during the formulation of its fact-finding report in 2013 as well as his continuing contributions to the Planning Board and Resort/Event House Committee. During the formulation and first six years of operation of the Washington Street Mall Management Company, Councilwoman Terri Swain has been a dedicated and guiding Board member who has provided invaluable technical assistance on governmental and business issues that have resulted in the noticeable improvements on the Mall as well as tourism promotion. Terri will now assume the position of City Council liaison to the Environmental Commission as the City progresses in increasing the communication of the Commission's input into the decision making duties of the Planning and Zoning Boards as well as to the implementation of the City's Sustainability Plan and continued participation in the Sustainable Jersey program.

Councilwoman Deanna Fiocca has graciously agreed to resume her role as City Council's liaison to the Historic Preservation Commission to facilitate communication and cooperation as we pursue our planned course toward maintaining our National Historic Landmark status and Certified Local Government status with the federal and state agencies, respectively. It should be noted that the City was recently awarded another in a series of competitive grants in the amount of \$24,999 by the New Jersey State Historic Preservation Office (SHPO). Our local HPC will complete an additional 200 historic property surveys through a qualified third party professional contractor as a component of our ongoing plan to retain our City's National Historic Landmark Status. Early in 2014, the City will be submitting another grant application to the SHPO for the final funding to survey the last remaining segment of the total of 1,500 properties needed to be reviewed in this lengthy process.

In a truly complimentary gesture to the Cape May residents and businesses, both Governor Christie and Lieutenant Governor Guadagno have personally commented to me, on several occasions during the past few months, how much they appreciated the warmth, hospitality, cooperation, and support which they received during their visits to our City over the past four years. Key Christie Administration aides have also visited and toured Cape May in recent months for the purpose of scheduling a major statewide conference or seminar at our Convention Hall facility, with the potential possibility of an appearance by the Governor or Lieutenant Governor.

CONCLUSION

In concluding this State of the City Address, it is imperative to emphasize that the accomplishments achieved and the challenges that have been overcome are possible only by the cooperation, dedication, commitment, and hard work of the residents and business people who comprise our Cape May community. Your involvement, input, direction, and work ethic are the key ingredients that give Cape May the quality of life that motivates all of us to live and/or work in this National Historic Landmark City and encourages visitors to seek Cape May as a premier tourist destination. Thank you for all you continue to do for our community, and we look forward to working with you in the coming year. On behalf of my colleagues on City Council, I wish a happy, healthy, prosperous, and enjoyable year in 2014 for all our residents and business persons.

Dr. Edward J. Mahaney, Jr.
Mayor
City of Cape May