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# ***Committee Meeting***

of

ASSEMBLY COMMERCE, TOURISM, GAMING, AND  
MILITARY AND VETERANS' AFFAIRS COMMITTEE

ASSEMBLY BILL No. 2806

*(Appropriates \$5 million to downtown business improvement loan fund in DCA)*

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**LOCATION:** Council Chambers  
Ocean City Hall  
Ocean City, New Jersey

**DATE:** November 27, 2000  
11:00 a.m.

**MEMBERS OF COMMITTEE PRESENT:**

Assemblyman Joseph Azzolina, Chairman  
Assemblyman Nicholas Asselta, Vice-Chairman  
Assemblyman George F. Geist  
Assemblyman John C. Gibson  
Assemblyman Kenneth C. LeFevre  
Assemblywoman Mary T. Previte



**ALSO PRESENT:**

Karlis C. Povisils  
*Office of Legislative Services  
Committee Aide*

Deborah K. Smarth  
*Assembly Majority  
Committee Aide*

Dana Burley  
*Assembly Democratic  
Committee Aide*

***Meeting Recorded and Transcribed by***  
The Office of Legislative Services, Public Information Office,  
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

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*(The Assembly Commerce, Tourism, Gaming, and Military and Veterans' Affairs Committee held a meeting on November 27, 2000 at 11:00 a.m. in Ocean City. The recorded portion of that meeting follows.)*

**ASSEMBLYMAN JOSEPH AZZOLINA (Chairman):** Good morning. This is the Assembly Commerce, Tourism, Gaming, and Military and Veterans' Affairs Committee. You're probably wondering why military and veterans' affairs are in it. Because I'm the most senior, I guess. Anybody who's ever served in the military and reserves for 42 years-- So whatever committee I have, that part of the title moves with me, or whatever I have to be chairman of. So we're happy to be here. And of course, two of your representatives are on our Committee today.

As I understand, we're going to take a tour first, then come back and hold the Committee meeting and testimony from the audience and so forth.

So may I have a roll call first?

MR. POVISILS (Committee Aide): Assemblywoman Previte.

ASSEMBLYWOMAN PREVITE: Here.

MR. POVISILS: Assemblyman Gibson.

ASSEMBLYMAN GIBSON: Here.

MR. POVISILS: Assemblyman LeFevre.

ASSEMBLYMAN LeFEVRE: Here.

MR. POVISILS: Vice-Chairman Asselta.

ASSEMBLYMAN ASSELTA: Here.

MR. POVISILS: Chairman Azzolina.

ASSEMBLYMAN AZZOLINA: Here.

Okay. Do any two local representatives want to say anything before we start the tour, or wait until later?

ASSEMBLYMAN ASSELTA: We'll wait until later.

ASSEMBLYMAN AZZOLINA: Okay.

Thank you very much. Let's go on the tour now. I understand that we're going to do that now.

### **(COMMITTEE TOUR)**

#### **AFTER TOUR:**

ASSEMBLYMAN AZZOLINA: Mr. Campbell, thank you very much. It was very enlightening, and to be particular, I got a lot out of it. I can bring my son down, an architect, and look at some of your architecture here, because I'm trying to do the same thing on a big, empty piece of property we have in Middletown, like 132 acres. We want to do a town center. That's not why I came, but it was enlightening to see this.

Before we get started, would Assemblyman Asselta or Gibson like to say anything?

ASSEMBLYMAN ASSELTA: Thank you, Mr. Chairman. Once again, thank you for hosting and having this Committee meet down here.

ASSEMBLYMAN AZZOLINA: Well, you're two of my favorite people anyway.

ASSEMBLYMAN ASSELTA: Oh, thank you.

ASSEMBLYMAN LeFEVRE: What am I, chopped liver?

(laughter)

ASSEMBLYMAN AZZOLINA: You're next.

ASSEMBLYMAN ASSELTA: Assemblyman Gibson.

ASSEMBLYMAN GIBSON: Thank you for selecting Ocean City as one of your tours, Mr. Chairman. It's nice to have you in our district. We welcome you and invite the community's participation. Once again, nice to see Ocean City so successful and the good weather.

Thank you, Mr. Chairman.

ASSEMBLYMAN AZZOLINA: That means we have to go to Atlantic City next, I guess, because my friend just called me some chopped liver. (laughter)

I would like to first start out by calling Mayor Henry Knight for comments.

**MAYOR HENRY KNIGHT:** Thank you very much. On behalf of all the citizens of Ocean City, I'd like to welcome you, Mr. Chairman and your Committee.

Ocean City is proud of what we've done so far in economic development. Some of the buildings that you walked past -- in 1993, 1994 -- were closed. The big bank building was empty. Stainton's was empty. And we decided that we had to take the bull by the horns and do some things. We first developed a plan where we were going to just do some brick and mortar downtown, and we developed a plan where we would have the town pay part of it and the downtown people pay part of it. Well, the more we looked into other communities and what they had done to try to pull themselves up, we

found that brick and mortar wasn't the only thing we needed. We needed a plan, and we needed to do promotions. In short, we needed an economic development coordinator, which we went out and hired.

Since we've made that hire, we developed our SID, which is in two parts; part is downtown, which you just toured, the other part is on the boardwalk. We formed a nonprofit group which manages the SID for us. And since then, it's developed into many more programs which all come together. We have a neighborhood preservation grant that helps us to do some things in the district. We have the Upstairs-Downstairs (*sic*) and the Main Street programs. All of them come together to try to promote our economic base.

Ocean City is almost entirely dependent on the resort business. We need to attract people and to make sure that they enjoy themselves. The majority of our budget is geared toward that. It's geared to making Ocean City a clean, attractive, safe place to be, and we pride ourselves on that.

Since we started our program with the economic development, we have been able to fill the bank building. It's all rented. Stainton's -- that big department store -- used to be a department store -- that's all filled. You saw the new SuperFresh building on your tour, and that was an abandoned car agency. As Mr. Campbell pointed out to you, there were several vacant lots up and down Asbury Avenue that have since been redeveloped, and we have almost 100 percent rental proportion on it downtown.

We're appreciative of what the State's done to help us, the money that we were able to get. The no-interest loan has really been able to help us do a lot of things. Not only do we do promotions, but we have used that money as a match with the city to do some capital items. All up and down

Asbury Avenue we are improving the sidewalks. We have improved the drainage, and we also have undertaken a traffic study.

Now, the bottom line is, we hope you're going to continue the program, because we're going to apply again. We have some other things that we need to be done. We'd like to do some more marketing. We need to do some more planning to integrate the boardwalk and the downtown. That's one of the things that's been our goal -- is to somehow to connect our two biggest commercial areas, the downtown and the boardwalk, with one of the streets. And we're not sure which one would be the best. We need to do some planning there to update our master plan, and we need to do more marketing.

So I'm hoping that our good example and our good work and our hard work that we put into raising our economic base will pay off in continuing funds so that we might continue. Again, I thank you very much, on behalf of all the citizens of Ocean City, for your hard work. It's too bad that you came here when it was so windy. I'm sure that we would have had a bigger turnout if it was a nicer day and if it was the beginning of the summertime, because we pride ourselves on our activity.

But one of the things we're trying to do to help ourselves economically is to extend the seasons. We have many events that we have in the spring and the fall, trying to stretch that two-month core season that we have for July and August.

So, again, thank you very much, on behalf of the city, for being here.

ASSEMBLYMAN AZZOLINA: Mayor, I think we were very impressed with the city, and thank you very much for your input.

John Shirk, is it?

**JOHN SHIRK:** Yes.

ASSEMBLYMAN AZZOLINA: Edwards Jones Investments?

MR. SHIRK: Yes.

ASSEMBLYMAN AZZOLINA: You have some comments?

MR. SHIRK: Yes. Thank you, Mr. Chairman. Thank you everybody for coming out today.

I'm the past president of BAND, the managing organization that manages the special improvement district, and I was privileged to be the president of that organization for the first five years. Tom Heist (phonetic spelling), who's on Thanksgiving vacation right now, is not here at the moment. But I will tell you that what's pleased me most about what's taken place with the downtown and the redevelopment is the volunteers. When I say volunteers, it's not people who've come out and spent a few minutes at a meeting and then disappeared. I'm talking about people who've stuck it out for six or seven years now during the formative stages and through the start-up process, which was not easy.

We had to convince people in the community that they wanted to have a self-assessment for a special improvement district, and that's not an easy thing to do. We got that commitment. We got the district started, and we've seen a lot of improvement. But what I've been most pleased about is the number of volunteers that have stuck it out. We typically have anywhere in the ballpark of, I'd say, about 75 volunteers in different levels on committee levels, and we have a board of about 25 people who meet faithfully every month. And I believe we accomplish quite a bit, but we've actually been able

to keep this group together and keep them positive during all the phases. Where in the beginning it went slowly -- there wasn't a whole lot that you could see -- we're finally into the bricks and mortar, and I believe people are really excited about seeing new trees and new benches, new sidewalks in the downtown. And I believe this will continue.

So I'd just like to say thank you for all of your support, and we'll do our part on our end. Thank you.

ASSEMBLYMAN AZZOLINA: Thank you very much, John.

Steve Brady is the President of Ocean City Home Bank. (no response)

Skip Tolomeo, owner of Sea Oats.

Thank you very much.

**SKIP TOLOMEO:** Thank you very much, Mr. Chairman. My name is Skip Tolomeo. I'm an owner of Sea Oats, which is a children's store on Asbury Avenue. We've been in business just about 20 years. I'm also President of the Retail Merchants Association, which is comprised of mostly the retail stores that are on Asbury Avenue as well as some of the feeder streets, like Seventh and Eighth Streets.

I would like to say that I think the legislation that has passed and the money that has become available, both to the city, has been a very strong asset. There have been times where, either political or financially, some municipals have not been able to do for downtowns what needs to be done. As retailers, we face an assortment of competition, both from large-scale malls, as well as now on-line E-mail commerce. Everything that we can do as a city, as well as a state, to I think enhance downtown to make it a -- my words --

warm and fuzzy atmosphere for people to come down and shop is an asset for all of it. It keeps a tax base for the municipal. It certainly, from a PR standpoint, makes all of us look real nice, especially in a seasonal area.

I would like to say that I think the more we can do for downtowns, the better off we are, and I think this is an appropriate spot. As far as the legislation goes, that's really an asset for us.

Thank you very much.

ASSEMBLYMAN AZZOLINA: Just for curiosity, how far is your nearest mall?

MR. TOLOMEO: Well, Shore Mall and Hamilton Mall are probably the closest ones, and they are anywhere from -- probably about a 20, 25-minute ride. We're kind of unique, I would say, because we are a barrier island. So we don't have the threat of, say, the Wal-Marts, that kind of thing, the box merchandisers to really come into town and be a direct competition.

In addition to that, if you really spent some time along Asbury Avenue, we're probably more moderate and upscale stores, which apply our trade more to the seasonal people who are down here from May until the end of September, October. They're really our asset.

One of the things we've tried to do, and some of us have been involved in trying to get an improvement and enhance downtown, is that we feel that if you have the right merchandise and you're customer oriented and you're service oriented, if we get the chance to get the people into town, then it's really up to the individual merchants to be able to make those people come back into town. But one of the things that we've found is that trying to get -- we don't want bullet shopping, target shopping. We don't want them just to

come to see us, walk in our store, get back in their car, and leave. And one of the ways to dilute that problem is to have downtown look nice, look comfortable, want to walk around, be able to sit down in the summer, have shade, so they have that opportunity to do that. We think that's all part of the package. If we have that part of the package, then it's really up to the merchants and the retailers to be able to maintain the customer base and have those people come back in over and over and over again.

And this capital improvement program will certainly give us the ability, as far as the brick and mortar purpose, to be able to do that. And then it's on our shoulders to make sure, if we get them into town, that we keep them in town.

ASSEMBLYMAN AZZOLINA: I'm curious. I don't know whether you can answer or not, but I know, across the country, the Wal-Marts, the big box stores that have destroyed downtowns where they've opened on the outskirts. I'm just curious if some of these downtowns have been able to revitalize again after that destruction.

MR. TOLOMEO: They are.

ASSEMBLYMAN AZZOLINA: I hear it over and over again, because I get around the country a lot. And I hear it over and over.

MR. TOLOMEO: I think the initial shock whenever you hear of the box superstores coming in, everybody thinks that you're going to -- you're facing competition. And part of that is the dollar for dollar. We cannot compete on a low-scale market. We don't have the spending volume. I want to say because of the amount that these, like Wal-Mart, buys-- They're making arrangements with the manufacturers to be able to buy merchandise

at a price that we can't even afford. I mean, they'd buy things that would cost us \$7, they'll be able to buy them for \$3 or \$4 just because they're dealing with that volume. We can't compete on that level.

Where we can compete is that if you come into my store and you have a baby gift, I guarantee it will be wrapped in baby paper and it will be a nice presentation.

ASSEMBLYMAN AZZOLINA: I'm in the supermarket business myself. And all the magazines I read and study and we talk about in our own company is, the key is, when you're a local business like we are and you are, is customer service, customer service, customer service.

MR. TOLOMEO: Exactly.

ASSEMBLYMAN AZZOLINA: And that's the key. And that's the key to survival of the small business.

MR. TOLOMEO: The other thing I would add to that is that like begets like. If you have a thriving downtown, there are merchants who may be in a different location -- and this has happened in Ocean City -- where there was a ladies' shop located in Stone Harbor. He came up on the 700 block and was looking around and saw the quality of stores and the type of stores that we had and decided to put a second store up on Asbury Avenue.

If you have your storefronts filled and the place looks nice and you have traffic on the street, it makes a big difference to get more quality merchants in town than if it's a barren street and you have vacant storefronts and it's just dismal and depressing looking. It just will not bring in quality kind of merchants into those areas. And to be honest with you, the low-end

merchants are a dying breed because of the big box stores are just putting them out of business.

ASSEMBLYMAN AZZOLINA: Are there any questions?

ASSEMBLYMAN GIBSON: Yes, Mr. Chairman.

First, a question for Skip regarding Sea Oats. In the back (indicating tour route), here where all the municipal parking is, it looks like there's a dedicated area for Sea Oats. Did I read the sign right?

MR. TOLOMEO: We're on the other side, on the west side of 700 block, but we actually do own parking behind our store that is dedicated to our employees and customers.

ASSEMBLYMAN GIBSON: Okay, maybe it's another company then that had seemed to have some dedicated parking back here.

MR. TOLOMEO: It's-- You know what? And I don't know how to-- It's a perceived problem. I think, in many cases, it's a parking problem. In the height of the summer, yes, it can be a problem. But generally, if there is adequate signage-- And that's one of the things that we want to do with the money that's hopefully coming down the pike with the capital improvement program, is to enhance the signage both for people who are coming into town to show them where the commercial district is, but also, once they get into town, where there is available parking to them. And if we do that, and we do that on an efficient, then you don't really have as much problem parking as you would think you do.

The problem again is, it's customers, too. Everybody wants to park in front of your store. Well, if you only have two parking spots in front of your store, there's no way everyone can park there. So we had to make it

as easy and as effective as we can for anybody coming on the street to find the available parking. And that really deals with signage and cleaning up the parking lots and enhancing their appearance.

ASSEMBLYMAN GIBSON: Thank you.

Thank you, Mr. Chairman.

ASSEMBLYMAN AZZOLINA: Any other questions?

ASSEMBLYWOMAN PREVITE: Mr. Chairman, I have a question, but I'm not sure whether it should be to the Mayor.

I'm curious to know, is the money from the downtown business improvement loan -- is any of that allowed to go toward the salary of your director of your special improvement district? I mean, can it be in competition to the SID money?

MAYOR KNIGHT: Well, we use the money that we've gotten from these programs-- We use that for capital improvement only. The SID director is payed for out of the assessments that the people in the special improvement district pay. We collect-- The added assessment in those two districts is about \$160,000 to \$170,000 a year. That's what the businesses pay. That's their assessment.

We have a nonprofit organization that Mr. Shirk had called BAND. It's a business and neighborhood development organization. They managed the two special improvement districts, and they hire a director from the funds that are assessed. But all the moneys that we get from this program, we use for capital improvements.

ASSEMBLYWOMAN PREVITE: I'd like to know what you did to combat reservation from the business community about paying this

assessment. In the community I come from, there was strong opposition, and it was voted down to have a special improvement district. And people felt that it was like an additional business tax on them, and they opposed it. I'm curious to know what you did that successfully sold this idea of the special improvement district for your community. It's essentially to the business owners, is it not?

MAYOR KNIGHT: Yes, it is. The way we sold it was to show them the advantages of the improvements that could come, because not all of the money of the assessment is spent for capital and for salaries. It's spent for promotions. So we proved to them that the advantages of self-assessment, and they bought into it.

Now, it was quite a lengthy process. There were some areas that were left out of the original proposed zone, because there was so much opposition. But by and large, the people who are in the district approve of the district. They get a little antsy, if I might say so, because a lot of people seem to take a lot of stock in brick and mortar and, "what have you done for me lately," and they don't-- But by and large, most of the businesspeople are proud of what we've done. It takes a little bit of time to build on it.

I mentioned earlier in my talk that we were able to get other grant programs as a result of forming the special improvement district, like the neighborhood preservation. We have a commitment for \$500,000 from that program to build up some of the neighborhoods that are directly adjacent to the district. And the Upstairs-Downstairs program is working well, and the Main Street program. All of these have come as a result of having formed the district.

By and large, everybody's for it. They would like to just see some more progress faster. But you and I are in government. We know that some things go a little slowly, and we intend to work from a good base.

ASSEMBLYMAN AZZOLINA: Mr. Mayor, I want to compliment you on the Town Hall here. I've never seen a prettier place like this before--

MAYOR KNIGHT: Excuse me?

ASSEMBLYMAN AZZOLINA: Your town hall here, as pretty as this is, where you have your meetings. Your woodwork is very pretty.

MAYOR KNIGHT: Thank you very much. I'm glad you brought that up. We're looking for money for this, too. (laughter) This building is one of two buildings in the city that's on the National Historic Register. And we were able to get money from the historic trust to do the outside, and it was done in two phases. We got over \$2 million from the trust to help us do that. And we just finished the roof. As you can see (indicating damaged ceiling), that was really in need of repair, the roof. Now this is the last thing that has to be done -- is the city Council Chambers.

ASSEMBLYMAN AZZOLINA: It's pretty.

MAYOR KNIGHT: Thank you. But we need to make it more user-friendly. In a way, we need to fix all of this and restore all of this. And we have a lot of people that sit through long council meetings, and they don't like the hard seats. So we're going to get some cushions. But we need to make it so--

ASSEMBLYMAN AZZOLINA: It looks classy. (laughter)

MAYOR KNIGHT: Yeah. But if you put a good word in for the historic trust for a few more bucks, we would appreciate that.

ASSEMBLYMAN AZZOLINA: There you go.

Do you want to speak? Oh, I thought you had your hand up.

ASSEMBLYMAN ASSELTA: Let's keep the testimony going.

ASSEMBLYMAN AZZOLINA: Okay. Did Steve Brady get here yet? (no response) Okay.

Jay Gillian, Manager, Gillian Wonderland. What's the Wonderland?

**JAY GILLIAN:** My name is Jay Gillian. We have two amusement piers up on the boardwalk. We have amusement rides, and we have water parks. So I guess I have the most exciting job in here, because we provide our guests with fun. The boardwalk has been such an asset to Ocean City over the years, I mean, and with the implementation of the SID district has just been phenomenal.

Just a couple highlight things that we've done. One of the things we've done last year, we put a nice, big millennium clock at Ninth Street, next to Shrovers, another landmark in Ocean City. And that in itself has become a landmark. We've done special lights. This year, or over the last, I guess, five or seven years, we have family nights. I think in Ocean City we boast on having a nice family town. So on Thursday nights, which really was a horrible night, we turned to all bands and street walkers, and now Thursday night seems to be one of most popular nights.

One of the things that we'd like to do with the boardwalk, we'd like to widen it from 12th to 14th Street. I know the city administration has been working towards that, and hopefully, we will get to that. We would like to see someone oversee the boardwalk, somebody that -- they would be there

full-time. Parking is always a thing. I know the city stepped up to the plate and bought a lot of parking lots. And even though we did achieve all those, there's always room for more. I mean, to our guests, we always sort of have a little focus group with our guests, and we ask them what's the biggest problem, besides the fact they think our rides are too expensive. They always say that it's hard to park, but I think this city has worked on that.

But in all, when you see our boardwalk, I think we have a spectacular town. I think all of us here are excited. We have a great chamber. I know Dennis Campbell, since he's come to town, he's been an asset. I mean, we're excited. I mean, when my grandfather came in here in 1930-- So from 1930 on, there's about four generations now of Gillians in Ocean City, and we just absolutely love this town. We try to stay involved in it. My father's been in politics over the years, as a couple people know. So again, we want to hopefully hear some more money from the SID that we can keep on doing better things.

I don't know if you guys really want padding on the seats, because I know at some of these council meetings you want to get them out of here.  
(laughter)

ASSEMBLYMAN AZZOLINA: You don't want them too soft.

Dennis, I guess you're next.

**DENNIS CAMPBELL:** Mr. Chairman, ladies and gentlemen of the Assembly, thank you very much for coming and holding this meeting in Ocean City and letting us give you an opportunity of how partnerships work. I know that this Committee has worked very diligently in developing incentives for business. Obviously, 128 miles of sandy beaches and the economy and

tourism -- I think the record is now \$27 billion in tourism -- it's business. But many of the incentives that we've looked at legislatively have been, and rightly so, been targeted at job creation and big business. Well, downtowns are about small business. And many of the programs that are out there don't work for small businesses, simply because they're owner-occupied businesses. And I think many of you are businesspeople, and you understand that some of the programs are great for factories and great for the high-tech business that New Jersey needs, but we also have the downtowns.

Your program of capital investment, that \$5 million, you can see here in Ocean City, became partners with small businesses and individuals. You saw plaques out on the street of people who donated less than \$100, but a lot of those people did that. We saw and talked about the clock. The capital dollars helped us to make that initial project, but it was the individual gifts of individual citizens, not just business, that contributed to the downtown and to the boardwalk districts.

A program such as this that needs to be funded really gets at helping where 90 percent of small business is. Small business, companies under 100 employees or mom-and-pop operations, as we all grew up and know and love, this is where your capital program comes in, in partnerships. Partnerships with local governments, so they can put together their capital plans knowing there's other capital dollars to match with. It's partnerships of individuals. It's partnerships of individual investors. We're proud of the fact that Ocean City has done so many of the Upstairs-Downstairs (*sic*) loan programs compared, because it was a partnership. It was capital investment dollars that had been locked up. The banking community wasn't prepared to

lend equity on a mixed-use building. Your program unlocked that resource, put those capitals back out. Many of the storefronts you see happened because of that program.

The capital projects, the half-million dollars in the downtown, will be matched by another million dollars. But it's not just the million dollars from the municipal budget, it's the other investment, the \$1000 tree, the \$60 brick. It's a commitment of those people to come back into the downtown and look at how they're part of this rebirth. And I think that this program, and speaking from the statewide, is the answer. It is your business development tool for other downtowns that are full of small businesses who can't take advantage of many of these employment credits. They're good programs.

I've been an economic development specialist for years, and I think those programs are valuable. But they've always, in the downtown, missed that mark, because obviously, a small business doesn't have a lot of employees. But they're the ones that have been there in the good times and the bad, and that's where you need your partners to save the downtowns. Because let's face it, if the big corporations are going to come to New Jersey, and they're going to select this for their home office, they're looking at the community in total. They're looking at the education system. They're looking at the quality of life. And downtown is at the heart of quality of life.

This program, I'm telling you, is one of the best programs that you've put together and needs to be refunded, because it gets to the root, it gets to the heart of the community -- of every New Jersey community.

Thank you.

ASSEMBLYMAN AZZOLINA: One of the purposes of this Committee is how we help small businesses. Everything has been geared toward manufacturing and bringing in other companies from other states, and so forth, but we do know that the small business is really the backbone of this country. And if you add up all of the small businesses, all of the few employees of every small business throughout the country, they really total probably a lot more than the big corporations, because they've merged and all of a sudden 1500 people, 2000 people laid off. And we've got to do more to help the downtowns and help small businesses. These are the kind of things we want to hear. In fact, I was going to ask you the question, what more we can do? You already answered most of it, what we can do to help revitalize downtown. So, if you have any other comments, we'd like to hear what you have.

MR. CAMPBELL: Well, the State has got some good operational programs -- the Main Street program, your SID program. They are good policy programs, providing good technical help, but what is really needed is that financial help. As I mentioned earlier, even the commercial banking community, of course, that keeps merging, which takes the local banker further and further away from the local businesspeople, don't understand the problem of particularly shore communities and the seasonality or even normal retail problems. This program, like your Upstairs-Downstairs, unlocked equity. I mean, there were properties here sitting on a large percentage of equity, but they couldn't do financing with it. They couldn't put that money back. There was no program. Your program connected to that.

This capital project really also gives credibility. The Mayor talked about it and, as the Assemblywoman asked the question about selling the

project to a community, it's about building a matrix. It's about building partnerships. Ocean City, obviously, doesn't hit the profile of a lot of urban aid communities. We're not perceived that way. But quite honestly, the taxpayers are just as tough, if not tougher, on what they want to see their dollars spent on. And the business community is no different. They don't want to go out and spend their dollar, not knowing there's a commitment from the government. Well, these programs develop leverage so that we can say, "If you put up a dollar, there's two dollars." We can really get something done together.

So I think the credibility in selling a program like this is when there are programs like this bill out there, that when a community makes a commitment, that they know that there's a hand across the table to meet them and match up those dollars. And then you're going to really unlock, like we've seen here, the investment to match dollar for dollar and get the kind of multiplying factor that I think you want to see, which comes back to the State Treasury.

ASSEMBLYMAN AZZOLINA: Obviously, the matching dollars is the best. When you give money for nothing, you don't put it in, it doesn't do any good. It just goes down the drain.

MR. CAMPBELL: It gets the commitment. You need the commitment there. It can't be a handout, and I think the model of the program was well thought and crafted, and I think we just need the funding.

ASSEMBLYWOMAN PREVITE: How have you been able to measure the impact of this district, the SID? You've got two of them, right? How have you been able to measure the impact on other parts of the town

beyond that district? I mean, the boardwalk-- How has the boardwalk been impacted, or other parts of the community impacted, than just this one business district?

MR. CAMPBELL: Well, I think in the case of Ocean City, as our primary industry is tourism and it's customer satisfaction, it's expectations of the types of crowds that we can develop at events. Ocean City's, for example, tourism budget is probably one of the smallest of the shore communities that you'll visit. But we have the large crowds, because we have developed a quality product and the attendance we see back which, in fact, relates to retail sales. This year, for the first time, even though it was a rainy season, we saw our day passes increase this year. We see strong numbers at our events. We have a first night event coming up -- a nonalcoholic celebration. It's sold out. It will be sold out. There's only so many tickets that can be sold. So it's in the success of that and what our banking community tells about deposits.

This last year we saw an overall 7 percent to 8 percent increase in sales over the previous years. I'm not sure what the numbers are for 2000. It was a different year. It was a different kind of year, but I think we'll see the numbers solid. And I think the fact that we see the season getting longer-- I don't know what the number is this year, but last year, in December, we surveyed. We had something like 50 or 60 retail businesses that were still open on the boardwalk, because they knew what was going to happen every sunny weekend no matter whether it was December or not. So that's the results we've seen, and the surveys back from some of the citizens of what they expect and continue to see.

ASSEMBLYMAN AZZOLINA: By the way, this young lady here, Mary, is a very unique person. During World War II, she was a little girl in China -- stuck over there during the whole war. So I want you to know she--

ASSEMBLYWOMAN PREVITE: Well, now, I should tell you, Mr. Chairman, that I was a guest to speak at the Tabernacle in Ocean City. I think it was a Sunday night in August. And that itself is a unique operation that the Committee would be interested in. I'm sure that it has its own attractions that bring quite a few people to the community. It's just right up the street here on Asbury Avenue, is it not?

MR. CAMPBELL: That's right. The Tabernacle can see anywhere from 2000 to 3000 people go through that facility on an average Sunday, with speakers from all over the country.

ASSEMBLYMAN AZZOLINA: Almost like Ocean Grove.

Mayor, you wanted to say something?

MAYOR KNIGHT: Yes. To address your question about the effect on the rest of the community, one of the things I keep telling people when I'm out campaigning -- which seems like forever and ongoing, as you all know -- is they ask me, "Why should I put tax dollars into downtown?" And I tell them, if you don't put tax dollars into downtown, then that store is going to be empty and they're not going to pay taxes. And we need X amount of taxes to run this town to keep it the way you want. Then it's going to fall back on the residents. And I think people understand that. They've come to understand it. It's just not a mentality that -- let the businesspeople take care of themselves, because we're all in this, really, together.

The other effect I think is that we have no empty stores, which is kind of neat in itself when you look back on what we went through in the early '90s. So there is a positive effect, and the positive effect also leads to more jobs. There's more people working in a lot of these local businesses.

ASSEMBLYMAN AZZOLINA: Thank you, Mayor.

I guess Steve hasn't gotten here yet.

MR. CAMPBELL: No. We're going to ask Joann DeIVescio, the Executive Director of the Chamber, to speak on his behalf.

ASSEMBLYMAN AZZOLINA: Yeah. We're going to ask anybody in the audience who wants to speak. So think about it. You're all next. (laughter)

**JOANN DeIVESCIO:** Well, I'd like to welcome all of you to Ocean City. I am Joann DeIVescio, the Executive Director of the Greater Ocean City Chamber of Commerce, and we planned this beautiful day just for you to come into town--

ASSEMBLYMAN AZZOLINA: Thank God.

MS. DeIVESCIO: --today, because we knew you were going to be taking a walking tour. You know, the Chamber represents not only the business community in the downtown area, but we represent the business community at large here in Ocean City. I can tell you, from the Chamber's standpoint, the stronger and more stable and more exciting our business community is downtown, the better it is for our businesses in all of Ocean City. We need to have the downtown remain strong and viable. If you look at the mix of stores that we have on the avenue in the past four or five years, they've really-- We've gotten some new stores in.

As Skip was saying, there are people in other communities that have come to look at our vibrant downtown and said, "Well, we see how successful the stores are, and we'd like to bring a store into Ocean City." So we do have some new people moving into the stores. The stores have changed over the years. They have changed for the better. The programs that we're doing downtown -- we try to do a number of events in the off-season to bring people into the downtown. The Regional Merchants Association -- they do a great job in some of their, especially, Christmastime promotions. On every weekend, there's something going on with Santa and sleigh rides and-- So there's a number of opportunities for people to come into the downtown, and that's what we're looking for.

And we hope to be able to do that on the boardwalk, also, with the additional funding that we hope will come through. We'll be able to do more programs on the boardwalk, get some of the facade programs going along the boardwalk, help the boardwalk merchants, you know, spruce up their storefronts. We'd also talked about the parking a little bit. I think with a better signage program the perception that there's not enough parking in the downtown will probably be taken away. We just need to let people know that there is parking in the immediate vicinity of downtown. It may just not be in front of your store. But if you're going to the mall, obviously, you don't get to park in front of Macy's, or any of those stores, anyway.

So, especially on beautiful days like today, it's nice to be able to take a walk and walk a couple of blocks to see the different types of stores that we have along Asbury Avenue. And like I said, what has been done on the avenue is certainly on the side streets, Eighth Street, Ninth Street, Tenth

Street. You'll see additional stores have moved into those side streets, also. So again, I think that's all part of us having a successful downtown program. We're able to attract merchants to come into -- not only into the downtown to where the SID district is, but to the downtown in general. And of course, the SuperFresh opening -- that was an incredible investment for that company to come and put a major supermarket in the middle of a downtown. That certainly has enhanced the area, and it's brought a lot of people to come into the downtown area who were going over there and shopping and maybe stroll the avenue for a while.

So thank you very much.

ASSEMBLYMAN AZZOLINA: Thank you very much.

Would anyone else like to talk?

Yes, sir. Give your name, serial number, and so forth. (laughter)

**LAWRENCE M. CARNUCCIO:** My name is Larry Carnuccio. I'm excited that you're here. Thank you, Mr. Chairman.

I think I'd like to talk to you and give you another perspective. I'm a Councilman here in Ocean City. I'm also a businessman, and I own a property in the central business district. I'm on the Board of Directors of the Chamber of Commerce, as well as BAND.

I'd like to take you back about four years ago. I had a property on the avenue. Prior to that four years, I had tenants that would leave in the middle of the night, because they couldn't afford to be here. With some work with Dennis Campbell, once we formed the special improvement district, I was able to get an Upstairs-Downtown loan of \$150,000. That building has been renovated. The people in that building-- It was occupied immediately. So you

can see the impact that the Upstairs-Downtown program had on a property owner like myself and an investor.

The frustration -- let me just talk about that a little bit. When we first put the special improvement district together, we all had visions that the town would move forward quicker than it has. And the reality is that it takes -- it's a process. It takes time. It takes investment. It takes people believing in our local economy to invest. I tell you that there are some people who are frustrated, but I can see the change. On the 900 block of Asbury alone, where my property was, we had four empty stores. Today, they're all filled.

What can you do? Continuity is the most important thing. We started the investment program. We were using the money, and we need you to continue to fund it, because it's that follow-through that will give potential investors the optimism to want to reinvest in the community.

I want to thank you for being here, and again, I'm very excited about it. Thank you very much.

ASSEMBLYMAN AZZOLINA: Thank you very much.

Anyone else like to talk from the audience? Don't be bashful. We're recording everything you say. (laughter) (no response)

Assemblyman Asselta, do you want to say anything?

ASSEMBLYMAN ASSELTA: Yes, Mr. Chairman.

First off, I would like to thank each and every one of you for coming out -- for your testimony this morning, because truly you help us promote legislation just like this. As the original author of this legislation back in 1997, I had many of you come to Trenton and testify in front of this Committee. And this Committee ought to be congratulated, the people that

were on this Committee at that time, for passing that legislation, which had a different form per se, and we eventually evolved into this loan program that we decided we would accept.

A couple of things historically. Prior to this legislation, there were 30 SID districts in New Jersey. Today there are 45. So the districts are growing statewide, and we like to think that this program has helped enhance that. Most importantly, the concept behind this, back in 1997, was a response to all development around the state.

Ocean City, because of its leadership here, has truly taken advantage of the district and the loan program. But quite frankly, this is a statewide initiative that would help probably offset some of the mall development that is happening, taking away from our downtown districts.

I myself grew up in a town that had a vibrant downtown district. Now, because of Cumberland Mall and its growth, has whittled away to nothing. And districts like that across the state are happening every day as we speak. And unless we help provide incentives to these downtown districts, they will be gone forever, and our historical value of those districts will be gone forever. That was the impetus behind this legislation -- to lend a hand. And Dennis Campbell said it right by saying all this is, is a partnership.

Assemblywoman Previte asked a question as to how those assessments are made and do those business owners believe. Almost every one of these districts -- they all believe in it. They are assessed a tax. They take the money out of their budget, however small that may be, and say, "We want to invest together." All we are saying is the State plays a role and a partner in this, as we believe in what you're doing, and we're going to help you.

And this loan program enhancement of \$5 million, Mr. Chairman, should only scratch the surface. Because of the first round of funding, only 11 communities -- and Ocean City being 1 -- have taken advantage. There are many more communities out there that need this opportunity, as Ocean City has taken, to invest in their own community and rebuild that downtown area.

So I want to thank you for posting this bill so quickly. This money needs to be accessed as soon as possible, and I appreciate all your support and all the members here.

ASSEMBLYMAN AZZOLINA: Thank you.

I'd like to call on Assemblyman LeFevre. He was Assistant Secretary of Commerce, I believe, in the Kean administration, and I think you probably have something to say in this area.

ASSEMBLYMAN LeFEVRE: I think it's all been said. I think this is a valuable program. I always thought that access to capital was one of the failures on the State level in helping communities, as well as businesses. I think this is a valuable fund. And the fact that we're refunding it today, here in Ocean City, who is a beneficiary of it, I think is appropriate. I'm an old fan of Ocean City. I spent a lot of years here. I said to somebody coming in here I've been in this building before, but not for hearings. (laughter)

ASSEMBLYMAN AZZOLINA: Fines. (laughter)

ASSEMBLYMAN LeFEVRE: Not me. (laughter) We all have. But seriously, I think that everything's been said that I could say, and so I'd be redundant at this point.

ASSEMBLYMAN AZZOLINA: Thank you.

ASSEMBLYMAN LeFEVRE: Thank you.

ASSEMBLYMAN AZZOLINA: Assemblyman Gibson.

ASSEMBLYMAN GIBSON: Let me repeat, Mr. Chairman. Thank you for bringing your Committee to Ocean City. It's nice for the people who have something to say to the State Legislators not to have to travel to Trenton to do that. You've made that possible here today in Ocean City, and you continue to do that as you chair your Committee.

I'm impressed with the enthusiasm and the success that's been testified here today. I thank all the testifiers. It's kind of exciting to see Ocean City feel as good about themselves as they should. They have a right to do that and to give us what we need to do to move the second round of funding for the downtown business districts in the State of New Jersey. Ocean City has demonstrated to us today, both on a walking tour and by their testimony, this success. And I'm enthusiastic about the bill that we'll be considering this afternoon, and the rest of the bills on your program.

ASSEMBLYMAN AZZOLINA: Thank you.

Mary, would you like to say something, or--

ASSEMBLYWOMAN PREVITE: I do. We are struggling in our state with sprawl that is absolutely devouring our open space, our farmland, and our woods and forests. This is the kind of thing that can help stop that sprawl. If we can revitalize our downtowns and our communities and make people want to stay in the downtown, live in the downtown, instead of moving out into the open space, we are taking an important step to address the sprawl. So this is money very well invested, and you may sign me on as a cosponsor to this. (applause)

ASSEMBLYMAN AZZOLINA: Thank you.

Well, this is bringing the State government down to the local level. We're going to do more of these -- another one up in North Jersey in the near future. I'd like to, now-- In the north, way north. I live in Monmouth County, and it's funny. Down here, they think I'm up north, and up north, they think I'm south. We're really Central Jersey. We're in the middle. For me, either way is easy. The poor guys down here that have to come up to North Jersey, it's really rough.

Anyway, why don't we consider the bill now? We've been talking about it, and why don't we-- Do you want to read the bill?

MR. POVISILS: It's already been pretty accurately explained. I'll just be very brief. The bill appropriates 5 million from the General Fund to the downtown business improvement loan fund in the Department of Community Affairs. The 1998 enabling legislation included an appropriation of 5 million to the fund. This bill, Assembly Bill No. 2806, provides the fund with an additional 5 million for a second round of funding.

ASSEMBLYMAN AZZOLINA: Do I hear a motion on the bill?

ASSEMBLYMAN GIBSON: I'd be privileged to make the motion, Mr. Chairman, and to congratulate my colleague, Assemblyman Asselta, with this legislation.

ASSEMBLYMAN AZZOLINA: And second?

ASSEMBLYWOMAN PREVITE: Second.

ASSEMBLYMAN AZZOLINA: Roll call.

MR. POVISILS: On the motion to release Assembly Bill No. 2806, Assemblywoman Previte.

ASSEMBLYWOMAN PREVITE: Yes.

MR. POVISILS: Assemblyman Gibson.

ASSEMBLYMAN GIBSON: Yes.

MR. POVISILS: Assemblyman LeFevre.

ASSEMBLYMAN LeFEVRE: Yes.

MR. POVISILS: Vice-Chairman Asselta.

ASSEMBLYMAN ASSELTA: Yes.

MR. POVISILS: Chairman Azzolina.

ASSEMBLYMAN AZZOLINA: Yes.

MR. POVISILS: Motion carries, bill is released.

ASSEMBLYMAN AZZOLINA: See, that was all fixed. (laughter)  
(applause) The word didn't sound right, though, did it -- fixed? (laughter)

*(At which point, the Committee entertained unrelated matters)*

ASSEMBLYMAN AZZOLINA: By the way, all these money bills have to go to Appropriations. So it doesn't mean, because we pass them here, they'll pass appropriations. But I would think that the bill which affects you here will have a lot of support and should be easy sailing through the Appropriations Committee. You may have a tough time when it gets to the administration, but we don't know yet until we get the bill all the way through. So it means we have a lobbying effort from ourselves to appropriations, and then we need a lobbying effort to the administration also. Okay.

Well, the Committee meeting is over.

Do I have a motion to adjourn?

ASSEMBLYWOMAN PREVITE: So moved.

ASSEMBLYMAN ASSELTA: Second.

ASSEMBLYMAN AZZOLINA: Thank you.

Well, everybody, it's been a pleasure being here, and I think we learned a lot today. And I think more committees ought to go on the road and learn from the people there what it's all about, when you see it firsthand.

I see you have lunch here, I guess. Thank you very much.

**(MEETING CONCLUDED)**