

MAYOR'S BUDGET MESSAGE
FISCAL YEAR 2015

AUGUST 19, 2014

BUDGET MESSAGE

As we near the end of FY 2014 and begin to prepare for FY 2015, let me take the opportunity in this budget message to commend our citizens, our City Council, our managers and employees for the progress we have made even in the face of declining spending.

While our FY 2014 revenue stream will be slightly above the budgeted \$229M, our overall expenditures will be significantly less than budgeted by about \$5M. This gives us the opportunity to shore up some Internal Service funds, fill gaps in MATS funding and increase our reserves by another \$2M bringing this important measure close to \$17.5M.

Even in the face of less expenditures, substantial progress has been made in maintaining and improving services for citizens and visitors alike.

Progress can be measured in the form of increased travel and tourism. With the help of the Central Alabama Sports Commission and the Convention and Visitor Bureau, many new venues will be coming to Montgomery adding significantly to our tax base. The ESPN Raycom Camellia Bowl is but one example. Montgomery continues to lead the State and Southeast in increased lodging occupancy rates over the last 3 years. The Economic Development arm of the Chamber of Commerce continues to rank high in industry recruiting and job creation being in the top 1, 2 or 3 in the state over the last several years depending on the measurement. National and regional economic development organizations recognize our success as well by ranking Montgomery's effort and successes in the top 10 in the South. Residential and retail development can be seen throughout the city, with Montgomery leading the State over the last 2 or 3 years in residential sales increases. Multifamily development is robust throughout our city including downtown with more than 500 units expected to come on line in the next year.

With rooftops come retail and other commercial opportunities. We are seeing local and national restaurants spring up. We have seen retail like Gander Mountain and giants like Whole Foods come into this market. This is a tremendous compliment to our vision and future success. Our own citizens believe in our future in that Montgomery's Business Confidence Index has led the state in 12 of the last 16 quarters including the previous and present quarter this year.

The incidents of crime have declined this year. Our homicide rate is down by nearly 50% and overall crime rate has decreased 5% from already historically low levels. Our Fire department continues to enjoy the highest ISO rating of our peer cities in the State at ISO 2.

Montgomery residents are experiencing high rates of recycling of household waste -- all with the traditional green container. We can take great pride in that we have the most technologically advanced solid waste recycling facility in the U.S. through our partnership with IREP. In operation less than 3 months, more waste is being recycled daily.

Almost 100 miles of our roads and streets have been repaved over the last three years and we will complete our \$7M multi-year repaving efforts by this time next year and will be well on our way to repaving major connector streets through the State ATRIP program. As we complete this phase, we must find resources to attack additional streets in need of attention.

As we move into FY 2015, our proposed budget will be similar to what we will spend in 2014. This is because our projected revenues will not support higher expenditures as we need to be fiscally conservative with our expectations for sales, ad valorem and other tax revenues. We will not have some one time revenues we have enjoyed in previous years as well.

Given the \$228M revenue expectations, as well as the necessity to fund an additional \$2M to our reserves and fund increased health costs and debt service, our managers have presented department budgets which will maintain services at present levels or higher.

The budget does not include any employee-wide furlough days as in the past but does include a \$1.9M market adjustment to our compensation structure which will begin to address the City/County Personnel Board recommendations to bring our employees pay in line with our peer groups. Their survey found our plan to be on average about 10% below similar plans. This budget proposes the first step in a 3-year-plan to bring it to parity.

The proposed budget also includes a \$3M increase in sanitation and landfill fees. The total cost to operate this enterprise is in excess of \$18M and today we receive revenue of approximately \$15M. The budget proposal anticipates a neutral position relative to costs and revenues.

Public Safety is expected to reach slightly higher personnel levels than we presently have on the force and will be sufficient to maintain current ISO and proficiency ratings and

commits resources to protect citizens with new and innovative techniques, operations and equipment.

As we look forward to historic events in 2015, we want our city to be ready for thousands who will celebrate with us – the 50th anniversary of the Civil Rights Selma to Montgomery March and the 60th anniversary of the Bus Boycott. This will take resources not only to complete infrastructure improvements, but to clean up areas throughout our City from dilapidation, unsightly weeds and urban blight. Operational resources will be necessary to handle the events to ensure our citizens and visitors enjoy themselves.

While we do not have authority over our schools, our citizens have placed responsibility with us to assist our Board of Education and County to educate all our youth. We are extremely proud and pleased with our magnet schools, our academics, IB programs and the many good things happening in our school system including system-wide accreditation. We support these activities with various funding from ball fields, facility uses, police presence, construction and debt services – to name a few. It takes several million of our budget dollars to support these activities.

We call on our Superintendent and Board to move forward with Career Technical Education initiatives. Consolidation at the old Montgomery Mall in concert with Alabama's two year system and AIDT has the potential to create a world class technical center dedicated to educating our youth to handle 21st century jobs. Nothing is more important to our future and we should fund that effort.

In closing, I congratulate all in the selection of Montgomery, Alabama as the Best Historic City in America. This unique distinction gives us bragging rights no one else can claim. We will see significant increases in visitors because of this and it has already started.

In addition, the designation of Montgomery being one of the newest "All American" cities places us in a position to truly be the "Capital of Dreams" but more importantly a "City for Success" for all to enjoy.