

**MAYOR'S BUDGET MESSAGE**  
**FISCAL YEAR 2016**

**AUGUST 18, 2015**

## 2016 BUDGET MESSAGE

The approaching close of the 2015 Fiscal Year finds Montgomery's finances strong and growing. Our revenues will likely exceed \$227 million; some \$2.3 million more than we budgeted. At the same time, our anticipated expenditures will be in line or slightly less than the budget of \$223 million.

This performance is a true testament to the professionalism and dedication of our City managers and employees, allowing us to progress during these challenging economic times. In spite of holding the line on spending, Montgomery became the first city in Alabama history to earn an ISO 1 rating for fire safety. Less than a ½ percent of American communities have attained this standard. It means our 911 operators and dispatchers, our water and hydrant infrastructure and our brave men and women who battle flames and smoke are delivering top-of-the line protection to Montgomery; which saves our residents and businesses insurance premium dollars.

Another Public Safety accomplishment of which we can all be proud is a continued decrease in total crime, based on the latest Year-to-Date (YTD) figures. The partnerships between neighborhoods and the Montgomery Police Department to systematically target illegal behavior and proactively build bonds within the community should be applauded. A spontaneous photograph of some of our officers engaging with youths in a pick-up basketball game attracted praise and compliments from around the world. The image showed the MPD's "Park, walk and talk" philosophy at work and underscores the value of citizen-police teamwork.

A key indicator of our economic vitality is the higher valuation of Montgomery's new construction building permits; compared to a year ago up more than \$72 million or 111%. Cranes and construction crews can be found in every corner of our community. Our new environmental park adds beauty to West Fairview Avenue and protects our water supply. The revitalization of downtown continues with development projects on Lower Dexter Avenue and the addition of hundreds of new residential units along Maxwell Boulevard and Bibb Street. The Cloverdale neighborhood has welcomed new luxury apartment dwellers. Construction is underway for nearly a dozen new shops and restaurants on the Atlanta Highway, at the location where Head Elementary School was located. At Chase Corner on Taylor Road, national restaurant chains are set to open and construction will soon begin for a Whole Foods grocery store.

With renovation construction complete, families are already buying products at Renfroe's Grocery out east, the Cash Saver Food Outlet on Southern Boulevard and the Piggly Wiggly on Fairview Avenue. In these cases, private grocers elected to set up shop in properties that were previously vacant.

This tremendous vote of confidence is mirrored on a larger scale by Montgomery's continued top ranking in Alabama's quarterly Business Confidence Index.

Montgomery business leaders have a more optimistic outlook of their home community than their counterparts in other Alabama cities, ranking us number one in business confidence for the last six consecutive quarters and 16 of the last 20.

Faith in our economy is one of the underlying reasons that our city welcomed the addition of 2,800 new jobs in 2014; and more than 1,300 jobs so far this year, with more to be announced.

Economic indicators such as leading the state in hotel occupancy and percentage growth in retail home sales for a third consecutive year should be a clear signal to all that the Capital of Dreams is also the City for Success. A national survey of housing conditions ranks Montgomery as the 18th best city in the country and tops in Alabama for first time homebuyers. The survey ranked Montgomery as the nation's 4th best real estate market, based on variables such as the median home price appreciation and average square footage.

While the national media are proclaiming that Montgomery is an outstanding place to live, we are also fortunate to be recognized as a top tourist destination. Last year, our hotels had more than 1.4 million room nights booked. Year-to-date figures for bookings and groups are impressively higher than last year. This doesn't happen by accident. The Convention and Visitor Bureau, the Central Alabama Sports Commission and the City's Parks and Recreation Department are formidable recruiting forces. In December, college football fans from coast-to-coast will focus on Montgomery for the second annual Camellia Bowl. ESPN will use the game to kick-off the day's bowl game coverage. The Multiplex at Cramton Bowl continues to host basketball, volleyball, wrestling and many other events. Next year, we'll add another: the World Championship of Horseshoe Pitching. We are also primed to host hundreds of competitors for the Scott Firefighter World Combat Challenge this October. Biscuits

baseball, collegiate athletics, high school competitions and youth sports all contribute handsomely to Montgomery's economic success.

A well-known adage proclaims, "if you're not moving forward, you're going backwards." That's why it's crucial for progressive communities to invest in themselves, but to do so wisely and purposefully.

Although we are not directly tasked with educating our students, Montgomery's prosperity and schools are unbreakably intertwined. And that is the reason we work so closely with the Board of Education to better educate all of our students. We are supporting the educational components of One Center which will be the new home for LAMP Magnet High School and MPACT, the Montgomery Preparatory Academy for Career Technologies. One Center's proximity to Trenholm Community College and AIDT will ensure young Montgomerians are equipped for the challenging job markets for this, the 21<sup>st</sup> century.

Construction is already underway for a new municipal court. The current facility is antiquated and with just one courtroom, often causes a backlog of dockets. The new judicial facility will allow citizens to have their cases adjudicated more swiftly.

We are in the final months of the first phase of 130-mile street repaving project. As we move into late 2016, we will begin our second phase, attacking some 170 miles of streets that need repaving.

These investments are not made lightly and come as Montgomery's debt per capita remains among the lowest of Alabama's major cities.

Our City Council and city managers are to be commended for their prudent fiscal management. It has allowed Montgomery to increase our reserves and to restructure more than \$50 million of outstanding debt that will save city taxpayers more than \$2 million and cut a full year off the original repayment terms. We will close this fiscal year with more than \$20 million in reserves, up from \$5 million five years ago. Our near-term goal is to reach 15-20% of our general fund budget.

Our city departments have increased their productivity and efficiency, allowing service levels to remain constant and in some cases climb, even though our workforce has been reduced during the great recession. This past year, we have been able to implement the first two phases of a three step-plan to bring our compensation levels in line with peer

cities. Barring unforeseen circumstances, in FY 2017...or before... the plan will be fully implemented.

Our vision to sustain a safe, vibrant and growing Montgomery, in its entirety, that we can all be proud to call "home" is a blueprint that continues to move us forward. It's underpinned by teamwork, dedication and managing resources. The FY 2016 budget projects revenues slightly below \$230 million; and FY 2016 expenditures are targeted at just under \$228 million, which would allow our reserves to be strengthened by at least \$2 million as we have done the last few years. This budget is characterized by conservative growth, fiscal restraint and the spirit of unity, the same traits necessary for our great city to remain the "Capital of Dreams".