

MAYOR'S BUDGET MESSAGE
FISCAL YEAR 2018

AUGUST 1, 2017

2018 BUDGET MESSAGE

During the 2017 Fiscal Year the City of Montgomery amassed an impressive string of accomplishments. Our finances remain strong. City revenues are projected to exceed \$237-million. This record performance is being facilitated by all-time highs in sales tax revenues (exceeding \$105M), ad valorem tax revenues (exceeding \$32M) and lodgings tax revenues (exceeding \$9M).

We are projecting actual expenditures to come in just under \$235-million. This year, the City will once again make a \$2-million contribution to our reserves; raising its total to \$25-million and allowing us to maintain our current bond rating with a possible upgrade at our next evaluation.

Our city notched many other distinctions that were not budget related. The Alabama Department of Commerce reports in 2016 (the year for which the most recent data is available) Montgomery led the state in job growth with more than 1,700 new jobs in existing or new companies. The 42 economic development projects we successfully landed ranks second in the state.

The end of the fiscal year also sees Montgomery returning to its common spot at the top of the Alabama Business Confidence Index. 62.4% of polled business owners predict better economic performance in the third quarter. This score is Montgomery's third highest since the University of Alabama Center for Business and Economic Research began conducting the quarterly poll in 2007. Montgomery has held Alabama's highest ranking for 19 of the past 27 quarters.

The Montgomery Internet Exchange, or as it's commonly called the MGMix, is a source for continued optimism about the future. Since it was formed just over a year and a half ago, about two dozen companies are making use of its high tech service. The addition of a 100 Gigabit switch boosts its capacity and will continue to attract high tech firms to our area. In FY '18 we will increase our IT budget to further invest in this resource.

Montgomery's tourism infrastructure is another valuable asset. Trivago, the travel-based website, ranks Montgomery as the second best value destination in the country and identified us as the #1 best value city significant to African-American history.

This year Montgomery once again leads the state with the highest hotel occupancy rate. On average, tourists spend \$1.35-million here each day. That figure is likely to climb as two new downtown hotels are under construction, another hotel announcement may be made very shortly and negotiations are taking place for two other hotels. This added capacity will allow the Convention and Visitor Bureau (CVB) to pursue larger, more lucrative meetings and conventions.

The CVB, along with the Central Alabama Sports Commission and our Parks and Recreation Department work tirelessly to cement our status as the Sports Capital of the South. In December, the eyes of the nation will again focus on Montgomery during the fourth annual Raycom Media Camellia Bowl, shown on ESPN. Our city will also receive national exposure when the Guardian FCS Kickoff Classic takes place featuring Jacksonville State versus the University of Tennessee- Chattanooga. It is the nation's first televised college football game of the season and it too will be covered by ESPN. The sports network has contracted for the game to be held at historic Cramton Bowl next year as well. Our corporate community and enthusiastic sports fans deserve kudos for their robust support of our athletic events.

Our city departments deserve praise for the actions they undertake every day to increase Montgomery's quality of life and for providing ever expanding services. In fact, in recognition of our employees' success, we were ranked the best run city in Alabama last year, by a national organization. The FY '18 budget will ensure their meaningful work is not disrupted.

From January to June of this year, our brave police officers have responded to 133,754 calls for service! Thanks to data-driven enforcement strategies, digital analysis of crime data, community interaction and 12-hour patrol shifts our streets are safer. Compared to this time a year ago, business robberies are down 40 percent and vehicle burglaries have been reduced 16 percent. MPD expenditures in FY '18 will increase by \$1.25-million, ensuring our community remains adequately staffed with 515 officers as our target.

Montgomery's Fire/Rescue Department, which continues to maintain Alabama's first ever ISO 1 rating has been dispatched on more than 17,000 EMS calls and nearly 2,500 fire suppression calls in the first half of 2017.

The average response time for both types of service runs is just over four minutes. In FY '18 the Department's budget will climb \$1-million with 420 fire personnel as our target. We are purchasing property on the Atlanta Highway where we plan to build a state-of-the-art station. Its coverage area will include neighborhoods and the Industrial Park.

Our Parks and Recreation Department is slated to receive an additional \$600,000 in FY '18. The staff, with assistance from the Church of the Highlands, will provide crucial services to an underserved area with programs based in the former Regency Park Boys and Girls Club and the Gunter pool and skate park. We also hope to add programs in the Calmar Drive area.

The FY '18 budget boosts spending to \$400,000 to address distressed properties. In FY '17, the City will have abated 160 unsafe structures, a dramatic increase over past years and we have a goal of 250 for 2018. This accomplishment to provide safety and protect property values is due to the partnership with the City Council and the cooperation of ADEM and City personnel in Inspections, Engineering and our Landfill.

This budget makes sound investments in our community in multiple ways. FY '18 will feature the first of three annual payments of \$540,000 to upgrade and secure the perimeter of Dannelly Field, home of the 187th Fighter Wing, which proudly represented our area as it vies to bed down the F-35. Our communitywide support of this project demonstrates our worthiness to receive these jets and the financial security they will provide for decades to come.

Montgomery County government is partnering with us for the Dannelly perimeter. It is also joining us in the purchase of a downtown parking deck. The deck will be used by County workers along with City employees in our 25 Washington building. The current parking facility will be made available to support development projects that are currently revitalizing Lower Dexter Avenue with exciting new retail and residential spaces. The City's share is \$550,000.

The last comprehensive land use study for the City of Montgomery was completed more than a half century ago. Sustained, thoughtful growth requires a new study. The first of two annual payments of \$200,000 will be

included in this budget. It will provide a valuable compass as our City moves forward.

No single resource is more crucial to our future prosperity than a well-educated workforce that can thrive in the globally competitive economy of the 21st century. A public school system that prepares its students attracts desirable companies and the high wages they provide. While we have bright spots in our education system, we need to do a better job of preparing all of our students for the 21st century. Accordingly, the FY '18 budget will invest \$150,000 for a consultant study on the merits of developing a City school system.

2014 was the last year our dedicated City employees were eligible for merit raises. The City underwent a multi-year restructuring of its pay plan to ensure our salaries were in line with our peers. In FY '18, merit raises will return for employees who earn them based on their job performances. The City will also spend \$2-million to raise the employer contribution for health insurance coverage.

FY '18 will also feature a heightened contribution to the City's internal service fund. It covers the difference between actual health care expenses and the amount of funds brought in from health coverage premiums. The \$25-million reserves at FY '17 will be increased by at least \$1-million in 2018.

This budget contemplates a slight increase in the City share of the lodgings tax. It will climb from 10% to 11%. Even with the increase, our overall rate will be in line with comparable communities.

Every direction in which we turn there is evidence of Montgomery moving boldly forward: construction at the Zoo and Museum; a modern municipal justice complex; renovations at the Morgan Library branch that now make it 100% ADA compliant; repaving of 100 street segments in 2017; and further expansion of new technologies like our Open Data portal that boosts transparency. At \$242.2-million, this budget aggressively, yet responsibly aims to ensure our continued progress as we endeavor to remain a sustained, vibrant and growing city in its entirety, that we can all be proud to call "home".