

**MAYOR'S BUDGET MESSAGE**  
**FISCAL YEAR 2020**

**AUGUST 20, 2019**

## **2020 BUDGET MESSAGE**

The proposed fiscal year 2020 budget for the City of Montgomery may be regarded as a numerical tool that presents a clear view of our financial stability and strength.

Nearly a decade ago, as the great recession gripped cities around the globe, Montgomery saw its top revenue stream plummet. In a span of two years, our sales tax receipts went from \$98-million to \$84-million, a 14% decline.

Through improved efficiency and productivity, fiscal conservatism, creative pursuit of non-traditional funding and capitalizing on opportunities when they presented themselves, Montgomery weathered the storm!

When the 2019 fiscal year comes to a close, sales tax revenues are projected to surpass \$112-million; a record high for our city. Total revenues for FY '19 will approach nearly \$257-million.

Strong economic indicators are numerous and diverse. FY '19 expenses will fall just below \$256-million. Our reserves, the funds that provide a safety net during calamity, totaled \$23.6-million 12 months ago; at the start of FY'20 the figure is projected to be more than \$25-million.

Montgomery budget messages frequently express gratitude to the 2,400 employees who wake each day to serve our great city, our dedicated department heads and cabinet members. This year's message continues the tradition of awarding kudos where they are due. A decade ago, our employee ranks numbered nearly 2,800. Today, they are fewer yet accomplishing more. We also have the good fortune to benefit from partnerships with entities both inside and outside of our city government. The City Council plays an intricate and vital role in our successes.

Our Chamber of Commerce is an economic development juggernaut recognized nationwide within its industry. Its multi-faceted approaches have brought home the goods year after year for Montgomery and communities here in the River Region.

Since the onset of the great recession, our area has been the beneficiary of 257 economic development projects, more than \$2.5-billion in capital investment and nearly 11,300 new jobs. Unemployment, which once soared near 10%, has fallen to just above 3%. Conversely, our employment figures have skyrocketed: our city is home to close to 100,000 jobs. This year we are on track to have the second best year ever in economic development/capital growth. The Chamber's pursuit of opportunities is ongoing and more prosperity lies ahead.

The Convention and Visitors Bureau (CVB) is the Chamber's tourism division. Montgomery's status as a destination city is not the byproduct of coincidence. The hard work of CVB professionals translates to more than \$12.3-million in lodging tax revenue this year, a continuation of Montgomery's dominant hotel occupancy rates and average spending by visitors that approaches nearly \$1.7-million each and every day! This comes from business, leisure and sports-related travel.

Tourists from around the globe are attracted to our city and the development community is too. New hotel construction is rampant in downtown and along the I-85 corridor. Our expanding hotel capacity will allow the CVB to pursue larger, more lucrative conventions and meetings.

Another key area in which the Capital of Dreams is reaping favorable national attention is our Smart City, Cyber City, Gig City strategy and technology initiatives. Our partnership with the military, business community, Chamber and Montgomery County is reaping awards and recognitions in a realm that was nonexistent a few years ago.

The MG Mix, the fastest growing internet exchange in the Southeast now hosts 28 companies, including some of the biggest names in technology. Our Smart City initiatives produce cost-savings and service improvements that are boosting the quality of life for all of our citizens. The growth of our tech sector is attracting new young talent from around the world and delivering opportunities that allow Montgomery's daughters and sons to pursue their fortunes here.

The transition from FY '19 to FY '20 coincides with a major development that helps us retain our talented city employees while also providing stronger protection for their financial future. The conversion from our

independent retirement fund to the Retirement Systems of Alabama was overwhelmingly approved by city employees and will go into effect on the first day of the new fiscal year. Our thanks to the internal personnel and RSA team members who toiled for months to accomplish this complex transition without any disruption to the conduct of city business.

The move to RSA is creating a “money mirage” that can be misleading. By mere comparison alone, expenditures for our brave Police and Fire/Rescue departments *appear* to be reduced in FY '20 from this year. In actuality, retirement costs for the MPD and MF/R will drop by more than \$1.5-million, while funding for the operational costs of these departments is *increasing* 2% above current support levels.

Montgomeryans should be proud of their Public Safety services. Fire/Rescue continues to maintain the first ISO1 rating in the state of Alabama. This past year the MPD earned the highly coveted accreditation from CALEA. The Department’s new STAR Watch program has added more than 2,500 “extra eyes” to help solve crime. As more homes and businesses avail themselves of this technology, our grasp on criminals will continue to tighten.

Contrary to claims in social media, the number of crime victims has been decreasing over the last several years. In fact, there are more than 500 fewer victims in the last three and a half years. This positive trend, a reduction of nearly five percent, is due to innovative law enforcement techniques, community policing and the assistance of our citizens.

Montgomery’s citywide embrace of new technologies is positively impacting multiple aspects of our day-to-day lives. Parking in downtown has been simplified and made more convenient. Our highly-acclaimed Sanitation Department is using artificial intelligence to boost efficiency, better maintain its fleet of vehicles and deliver heightened service to citizens.

The task of assessing the roads used by citizens and visitors alike, is benefitting from a technological innovation that is cutting edge and is the epitome of a smart city. Our partnership with RoadBotics ensures our road maintenance resources are objectively and fairly applied.

FY '19 witnessed the long-awaited start to repave Court Street, a project that required participation from the business community and multiple

government agencies. \$12.5-million (local and federal) are moving this project to completion. Motorists are already enjoying smoother, safer rides on West Fairview and Zelda Road. Our progress in this area continues in FY '20 due to generous allocations from each Council member and \$2-million in projected proceeds from the gasoline tax.

Council members are also worthy of all of our gratitude for their strong support to combat abandoned and dilapidated buildings. Recently, Montgomery attained a key milestone: the remediation of the 435<sup>th</sup> structure in the first phase of our anti-blight initiative. FY '20 will see \$500,000 allocated to continue this effort; 11% above current funding.

The 2020 fiscal year budget provides a clear view of the steps to be taken to ensure Montgomery's continued progress. It contains projected revenue of \$260-million, ongoing support for the safety and quality of life of our citizens and visitors and conservative expenditures that display discipline and restraint.

Montgomery has been recognized multiple times for being the "best run" city, the safest city and the happiest city in the state. National media have proclaimed we're the best place to launch a tech start-up, to buy your first home and one of the top places to visit. Although, our great city will have a leadership change very early in the next fiscal year, fundamental elements are in place for a bright future that will allow all Montgomerians to visualize a safe, vibrant and growing Montgomery, in its entirety that we can all be proud to call "home".

-Todd Strange  
Mayor