



CITY OF MONTGOMERY

FY 2023

MAYOR'S

BUDGET MESSAGE

FY 2023 BUDGET MESSAGE

August 16, 2022

Mr. President and Members of the City Council, it is my pleasure to come before you as the Mayor of the great City of Montgomery to present the FY 2023 budget message. I come before you to present a balanced budget for your consideration and adoption.

At the close of FY 2021, the City had excess revenue over budget and under-spend by departments that allowed the City to pay off all short-term debt and some long-term debt. Short-term debt included paying off lease purchase agreements for three previous years and purchases procured in FY 2021 for rolling stock of more than \$17 million dollars. Long-term debt and a parking deck lease agreement amounting to almost \$9 million dollars were also paid off. Additionally, fund balance (City's reserves) was increased from \$26.5 million dollars to slightly over \$40 million dollars at the end of the year.

The current budget year began on October 1, 2021. Revenue has continued to grow in Sales and Use Taxes, Ad Valorem Taxes, Business Licenses, and Lodging Tax Revenues. The current year's budget includes positive growth due to the financial position of the City and projected revenue forecasts in the fourth quarter of FY 2021.

The City has taken a proactive approach in creating the FY 2023 budget through zero-based budgeting and ensuring that employee positions are funded to provide for the needs of those we serve – the citizens of our great City.

City departments have filled more vacancies due to this administration ensuring that the salaries of employee positions were competitive. We have been able to be more competitive due to the pay adjustment that was implemented at the beginning of the current fiscal year.

Many employees worked hours above a normal work schedule to ensure that services remained at a standard that citizens are accustomed to having in our City. Being in a posture to hire more employees has allowed City employees to get back to a normal workload and have more time to spend with their families. I am truly thankful for the resilience of our employees who serve the citizens of Montgomery. So now let me tell you about the FY 2023 Proposed Operating and Debt Service Budget.

First, employee merit raises are included in this budget. Merit raises will allow the City to remain competitive for hiring and retaining employees. If merit raises are not included in the budget, employee salaries will lag behind salaries of comparable positions in government and private enterprise.

Secondly, the budget includes eighty-nine (89) new positions to be funded. Just to name a few of the larger departments:

- 1) Fleet Management Department has nine (9) new positions of which the majority is for auto mechanics. Adding these positions will ensure that the fleet for the police, fire, and sanitation departments will be kept in good working order and on the streets rather than at the City Lot waiting to be repaired.
- 2) Sanitation Department has ten (10) new positions of which the majority is for service maintenance workers who are needed to ensure that citizens will have better scheduled pick up service.
- 3) Parks and Recreation Department has forty (40) new positions included in this proposed budget. These positions will ensure that the City's community centers will have adequate staff to keep the centers open for after-school and youth sports programs.

The FY 2023 Proposed Budget includes a one-time lump sum longevity payment for retirees and pensioners of the City which amounts to nearly

one million dollars. These former employees will receive their payment in late October.

Finally, increased allotments have been included in this budget for various agencies that provide needed and valuable services to the citizenry of Montgomery. Increases are also included that will bring more economic development and tourism to our City.

At this juncture, let me tell you how the City can afford the increases in this proposed budget. The City is still seeing significant revenue growth in various revenue streams and it is projected that the growth will continue during the upcoming budget year.

Also, due to debt restructuring in 2021, the City does not have any short-term debt that has to be serviced. The long-term debt in this budget is approximately \$23 million dollars which is significantly less when compared to \$35 million dollars or more in previous years. Consequently, the increase in revenue plus debt savings will provide for the increases in this proposed budget.

Additionally, there is an inter-fund transfer amount that is less than 2% of the total budget. These funds are from special revenue funds that can be used in the general fund to offset the cost of debt service payments. In years prior to FY 2021, these funds were often times included in the general fund budget but were never used due to revenue collections being greater than the amount that had been budgeted.

Sales and use tax revenues constitute approximately 50% of the proposed budget. The overall increase in this revenue stream year-over-year is more than 6%. Nearly 35% of the revenue is derived from ad valorem taxes, business licenses, and sanitation fees. The remaining 15% comes from lodging taxes, rental taxes and various miscellaneous revenues.

I am presenting to you today a balanced General Fund budget that is \$20 million dollars more than the current year's budget which does include increases for employee merit raises and accompanying fringe benefits

(FICA/Medicare, Retirement and Health Insurance). Additional funding for vacancies that are needed in City departments for better operating efficiency is included in this budget. The percentage increase for departmental operating budgets is nearly 6% more than the current year.

Those City Council Members who attended the budget meetings heard Cabinet Members and/or Department Heads express their concerns for hiring more staff in order to continue providing high standards of services that are paid for and rightly expected by the citizens of this City. Thank you for your observations and comments that helped with the composition of this budget. As you know, all departments presented increased budgets for staffing and various other operating needs resulting in an overall total increase of nearly 7.5% in the FY 2023 proposed budget compared to the current year's budget.

It is projected that revenue collected in the City in the current year will provide an additional increase to fund balance (reserve) that will help the City grow its savings so that it can be better prepared for unexpected events.

I want to spend a few minutes acknowledging the hard work that allowed us to get to this point. Our Cabinet Members, City Department Heads and their staff members spent a lot of time over the course of the last few months preparing zero-based budgets and evaluating their operations down to the smallest of details in order to prepare their budgets.

Many thanks to every employee for their hard, and often times, difficult work that they do each and every day to provide first-class services to the citizenry of Montgomery. Again, I offer my sincerest thanks to all of our City employees for their hard work and dedication to the pursuit of our purpose to restore and enhance lives, businesses and communities.

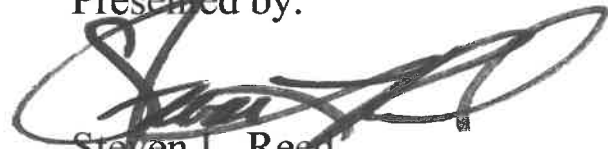
Also, deserving of our thanks are those employees who spent many long days and weekends preparing the final budget document. The Chief Financial Officer, Betty Beville, and her staff in the Finance Department

have worked diligently projecting revenues and screening expenditures for the FY 2023 proposed budget.

Since the pandemic has been somewhat abated, this administration is moving ahead to build a “better Montgomery” for all residents. My plan is to stay the course and move forward until that plan becomes a reality.

In conclusion, the proposed budget being presented to you today has a dollar value of \$289,703,493 dollars for your approval. I have confidence that this proposed budget will allow the City to move forward to building a better Montgomery for all people.

Presented by:

A handwritten signature in black ink, appearing to read 'Steven L. Reed', written over a horizontal line.

Steven L. Reed
Mayor