

MAYOR'S BUDGET MESSAGE
FISCAL YEAR 2017

AUGUST 16, 2016

2017 BUDGET MESSAGE

The 2016 Fiscal Year is coming to a close with several key highlights worthy of being noted. City revenues for the year will be approximately \$230.4 million, an increase of \$3 million from a year ago and \$400,000 above budget. Our expenditures for this year will be about \$227.7 million, about \$200,000 less than budgeted. We will once again operate within our means and increase our reserves.

A closer look at our revenue streams shows that in addition to an increase in sales taxes earnings, lodging tax receipts are up six percent. We are also seeing an increase in Ad Valorem taxes. This growth may be even more pronounced in the upcoming year as tax abatements awarded to Hyundai and many of its suppliers have expired.

Our solid stewardship of public dollars has allowed us to reach our budgeted goal of adding \$2 million to our reserves. We are budgeting a similar addition to City reserves in FY 2017; continuing to build a safety net in the event of any unforeseen crises.

It's important to note that our budgetary success is *not* the result of cutting services. Rather, it is a continuation of the expertise and hard work demonstrated by our fine City employees and managers. Recently, wallethub.com, an independent website ranked Montgomery as the best run city in Alabama and pegged us 51st in the nation! The Capital of Dreams received special praise for financial stability and in the areas of infrastructure and environment.

Praise is also coming in from other sources. Our Fleet Management Department is listed among the most efficient and as a peak performer by the national 100 Best Fleets Program. The Environmental Protection Agency presented Montgomery with the 2016 EPA Rain Catcher Award for the Fairview Environmental Park. Montgomery's support of Maxwell earned the Altus Trophy, presented annually to the community judged to have shown the most outstanding support to an Air Education and Training Command base.

The success of our Public Safety departments should be a source of civic pride in which we all share. Our Fire/Rescue Department continues to be one of just five in Alabama and the first to earn an ISO 1 rating; a standard achieved by fewer than one-half of one percent of the communities in America.

The Montgomery Police Department's utilization of data-driven enforcement, community engagement strategies such as Park, Walk and Talk and partnerships with concerned citizens and neighborhoods are yielding meaningful results. Violent crime in

Montgomery is down almost three percent compared to the same period last year; and total crime except for vehicle larceny is down as well. 60% of the cases in this category involve unlocked vehicles.

We remain committed to training new officers to serve and protect Montgomery residents and visitors. MPD's dedication to keeping our homes and businesses safe is continuing with new initiatives.

The Emergency Management Agency, which we co-fund with the County has undergone numerous upgrades and improvements. Nearly 30 new Community Emergency Response Team volunteers have been trained to assist our personnel in the event of a disaster. Our Emergency Operations Center, which becomes operational during natural or man-made crises, has been redesigned to incorporate best use practices from across the country.

Our dedicated responders are top-notch, so too are the Emergency Communications personnel, who are the point of contact for the public. In 2015, they made an average of 972 dispatches per day. Thus far in 2016, call volume is up nine percent and could exceed 386,000 by year's end.

We are in the final stages of repaving 130 miles of Montgomery roads rated to be in the poorest condition. The paving of neighborhood connector roads such as Narrow Lane, Ann Street, West Fairview, Carter Hill Road and others is being planned and will be initiated in 2017; along with continuing to repave the most poorly rated streets within our neighborhoods.

Montgomery's new Municipal Court will soon open. Our current court facility dates back to the 1960's. The new structure will address our courtroom capacity challenges providing us with the ability to have concurrent dockets and improved workspaces for court staffers.

Visitors to the Montgomery Museum of Fine Arts (MMFA) have also noticed construction work. City crews built a new service road for the property that will improve drainage for nearby homeowners and facilitate the construction of a new sculpture garden to be built with private funds.

The downtown Morgan Library Branch embarked on a multi-year renovation program that will provide our community with an educational, cultural and social resource for the 21st century. Volunteers from Maxwell and our own Maintenance crews and

Library personnel have done much of the work so far. The latest technology, updated furniture and better access for disabled patrons are coming to Morgan.

The City and its partners received headlines for looking to the future when the Montgomery Internet Exchange became operational earlier this year. It's the first exchange in Alabama and one of only a handful in the Southeast. Montgomery is the perfect location for such a high-tech resource due to Maxwell's leadership position in our country's cyber defense, housing the Cyber College of the Air Force; our concentration of institutions of higher learning; and, our growing tech community. In the future, high tech firms looking to start operations will have to consider Montgomery due to the infrastructure we're putting in place.

These investments of public monies are diversifying our local economy and strengthening our community. Private investors are also staking their claim in Montgomery's success. Gerhardi, a German automotive supplier was founded 220 years ago. When the company decided to build its first North American plant, it selected Montgomery. Gerhardi will spend nearly \$38 million with construction due to start in 2017. When the plant is operational in 2018, it will employ 240 people. This is the first German company to invest in Montgomery.

An American firm that dates back to 1886 with longtime roots in Montgomery has just completed a major expansion here. Coca Cola United spent \$35 million and employs more than 300 people (63 added in the last 19 months) at its new regional distribution and equipment refurbishment center. The 855,000 square foot building serves customers in Alabama and Georgia.

These are key examples of our economic development partnership with the Chamber of Commerce that have led to us being in the top three for industry and job creation in the state over the last few years. Thus far in 2016, we have added more than 1,200 jobs in new or expanding businesses, with more to be announced!

These kinds of successes have propelled Montgomery to the top of Alabama's Business Confidence Index for the past two quarters. Montgomery has held the top spot in eight of the last ten, and 19 of the past 24 quarters.

Signs of development are dominant on both sides of historic lower Dexter Avenue. ELSAJA is beautifully restoring the Kress Building with 85,000 square feet of retail space and 30 apartments. Foshee Design and Construction continues its success in urban infill with high-end residential and commercial spaces on Dexter and on Monroe Street.

Foshee has also completed a 200+ unit apartment community on Berryhill Road in East Montgomery. More than 200 new apartments are filling up in two new buildings at 79 Commerce Street and at the Heights on Maxwell Boulevard. Nearby, a new Staybridge Suites extended stay hotel was recently announced at 301 Bibb Street.

Families in West Montgomery are seeing a repaving and streetscaping project on Fairview Avenue that includes new traffic signals, sidewalks and wheelchair ramps. Various City departments collaborated to help bring new shopping options to the intersection of Fairview and Court Street. It's just a stone's throw from the City's expansion of the Lanier Place neighborhood.

Neighborhoods in South Montgomery are seeing new activity at One Center, the former Montgomery Mall location. Communities continue to receive better public safety protection thanks to Police and Fire/Rescue personnel stationed at the Southcentral precinct. The start of Montgomery Public School classes saw the arrival of nearly 500 students at the Montgomery Preparatory Academy for Career Technologies (MPACT). It will help ensure students who decide against attending traditional college are better prepared to join the workforce. The City and Montgomery County are contributing generously to the construction of MPACT and to the future home of LAMP, which will be located nearby.

Since the start of the fiscal year, our Inspections Department has issued nearly 1,600 building permits with a valuation of more than \$181 million. This follows up a very strong performance from FY 2015 and includes permits for nearly 200 single family homes.

The efforts of the Convention and Visitor Bureau, the Central Alabama Sports Commission and our Parks and Recreation Department continue to build Montgomery's reputation as the Sports Capital of the South.

In December, football lovers across the country will watch the third annual Raycom Media Camellia Bowl. The first two games were both recognized as among the best of their college bowl seasons. The Southern hospitality our community displays to the teams and their fans is a consistent source of praise. This greatly contributed to the \$40 million in additional spending during the past two Decembers.

Organizers for the recently contested World Horseshoe Pitchers Championships remarked Montgomery was the best setting ever for their tournament. We received similar praises last year during the Scott Firefighters Combat Challenge. The

firefighters were so impressed they immediately elected to hold this year's tournament here in Montgomery again!

After an absence mandated by the great recession, the Air Force Information and Technology Conference is set to return to Montgomery this month. Top military personnel and representatives from leading tech companies will be here where our cyber initiatives and the internet exchange will be featured.

Events like this and other tourist attractions continue to be a growth industry for us. Last year, a tremendous 1,429,499 room nights were spent here; up from the previous year and a new record for Montgomery. Along with the direct collection of lodgings taxes, visitors to our city spend \$1.4 million every day in dining, shopping, gas and other travel-related expenses. Montgomery's hotel occupancy rate continues to lead Alabama's largest cities.

As we continue to build on our momentum, the FY 2017 budget projects our City revenues will climb to \$235.8 million and contains expected expenditures of a similar amount; which includes a \$2 million increase in reserves. The budget contains the final salary adjustments that will bring paycales for employees, particularly our front line service workers in line with peer communities.

This budget has new dollars for the removal of blight and dilapidation; increases in our Police and Fire/Rescue ranks; and also includes a \$6 million expenditure for new capital equipment. Overall, the FY 2017 budget increases 2.5% above FY 2016 and responsibly ensures the City lives within its means. This budget along with our City Council, managers and employees will continue reaching for new heights as we strive to live the Capital of Dreams.