

2018 BUDGET MESSAGE

"INVESTING IN OUR FUTURE"

SLIDE 1

WELL, HERE WE ARE! HERE WE ALL ARE! I WANT TO THANK THE JUDGES, CONSTITUTIONAL OFFICERS, & DEPARTMENT HEADS FOR BEING HERE TODAY. THIS REALLY IS A TEAM EFFORT. IF WE ARE GOING TO BUILD THE KIND OF COMMUNITY WE WANT, IT'S GOING TO TAKE ALL OF US WORKING TOGETHER.

SLIDE 2

LET ME BEGIN BY SAYING THAT I'M VERY OPTIMISTIC ABOUT THE FUTURE OF MACON-BIBB COUNTY. I THINK CONSOLIDATION HAS BEEN THE BEST THING FOR US, AND WE ARE POISED TO CAPTURE A SIGNIFICANT PART OF THE GROWTH THAT IS PROJECTED FOR OUR PART OF THE COUNTRY.

IN MY MOST RECENT "STATE OF THE COMMUNITY" ADDRESS, I SAID THAT WE WERE BECOMING "INCREASINGLY ENLIGHTENED". I SAID THAT WE ARE STILL "DYNAMIC" AND WE ARE STILL "INCREASINGLY CONFIDENT", BUT NOW WE ARE BECOMING AWARE OF ONE SIMPLE TRUTH: WE ARE IN COMPETITION WITH OTHER COMMUNITIES THROUGHOUT THE SOUTHEAST, ACROSS THE NATION, AND AROUND THE WORLD FOR JOBS, INDUSTRY, POPULATION GROWTH, AND TAX BASE. WE ARE REALIZING THAT IF WE ARE GOING TO COMPETE, WE MUST HAVE AN ATTRACTIVE COMMUNITY, AND NOT JUST ATTRACTIVE FOR US GATHERED HERE, BUT FOR ALL AGES, RACES, AND ETHNICITIES, AND WE HAVE MADE A GREAT START.

SLIDE 3

OUR BRIEF THREE YEAR HISTORY HAS BEEN QUITE SUCCESSFUL FROM AN "EFFECTIVE AND EFFICIENT GOVERNANCE" STANDPOINT, AND THAT IS ONE OF THE POINTS OF OUR "STRATEGIC PLAN". SO, THESE POINTS ARE CHECK MARKS IN OUR PROMISE TO THE PEOPLE OF MACON AND BIBB COUNTY.

SLIDE 4

WE HAVE SUCCEEDED IN THE SECOND POINT OF OUR STRATEGIC PLAN AS WELL; ECONOMIC AND COMMUNITY DEVELOPMENT. WE HAVE GROWN EXISTING BUSINESSES AND ATTRACTED NEW INDUSTRY. THE CHAMBER OF COMMERCE, MEDC, AND THE INDUSTRIAL AUTHORITY HAVE TEAMED UP TO FORM A NEW MODEL OF ECONOMIC DEVELOPMENT THAT IS HAVING DRAMATIC AND POSITIVE IMPACTS.

SLIDE 5

AND OUR DOWNTOWN CORE IS A SUCCESS STORY THAT HAS EVERYBODY ENTHUSIASTIC AND OPTIMISTIC ABOUT OUR FUTURE. THIS IS THE WALKABLE-URBAN ENVIRONMENT THAT IS SO ATTRACTIVE TO THE MILENIALS AND EMPTY NESTERS AS WELL. AND WHERE THE MILENIALS GO, BUSINESS AND INDUSTRY FOLLOW.

SLIDE 6

WE HAVE BEEN SUCCESSFUL IN OUR THIRD STRATEGIC PLAN FOCUS AS WELL, AND THAT IS INFRASTRUCTURE IMPPROVEMENT. OUR SUCCESSFUL 2011 SPLOST HAS GIVEN VOTERS THE CONFIDENCE TO RENEW THE SPLOST IN 2016, AND WE ARE MAKING PLANS NOW TO GET A HEADSTART ON SOME OF THE POPULAR AND MUCH NEEDED INFRASTRUCTURE PROJECTS. ROADWAY AND STORMWATER IMPROVEMENTS, RECREATION AND CULTURAL FACILITIES, COURTHOUSE ADDITION, AND DEVELOPING "GRAD CERTIFIED" (GA. READY FOR ACCELERATED DEVELOPMENT) INDUSTRIAL SITES.

SLIDE 7

TO RECAP, WE HAVE MET THE 20% REDUCTION IN EXPENSES, BUT ALSO REDUCED REVENUES BY \$20 M WHEN WE ELIMINATED DOUBLE TAXATION, SO OUR EXPENDITURES ARE GREATER THAN OUR REVENUES.

SLIDE 8

SO, AT THIS POINT, WE HAVE THE OPPORTUNITY AND OBLIGATION TO REFLECT ON SOME BASIC FUNDAMENTALS AS PART OF OUR BUDGETING PROCESS:

1. WHAT IS THE APPROPRIATE COST OF GOVERNMENT ? THAT QUESTION REQUIRES ADDITIONAL INFORMATION TO ANSWER:

- HOW LARGE IS THE COMMUNITY?
- WHAT SERVICES ARE PROVIDED?
- IS THE COMMUNITY GROWING, STATIC OR DECLINING?

2. WHAT IS THE BEST WAY TO FINANCE THE GOVERNMENT? THAT QUESTION ALSO HAS SEVERAL DIFFERENT OPTIONS FROM WHICH TO CHOOSE:

- AD VALOREM TAX?
- LOCAL OPTION SALES TAX (LOST)?
- FINES, FEES, & FORFEITURES?
- BUSINESSSS LICENSES?
- USER FEES?
- SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST)?
- ALL OF THE ABOVE IN MODERATE AMOUNTS?

3. THE FINAL AREA FOR OUR CONSIDERATION IN THE BUDGETING PROCESS IS WHAT IS THE RELEVANT HISTORY OF THE GOVERNMENT?

- IN 2013, CITY OF MACON AND BIBB COUNTY- COMBINED BUDGET OF \$165M
- CONSOLIDATION WAS EFFECTIVE JAN.1, 2014- AND BALANCING REVENUES AND EXPENSES HAS BEEN A MOVING TARGET OVER THESE LAST 3 YEARS.

- MANDATED REDUCTION IN EXPENSES – 20% OF GENERAL FUND BUDGET
- ELIMINATED FORMER CITY TAXES OVER TWO YEARS- \$20M/YEAR IMPACT
- EARLY RETIREMENT – 300 FEWER EMPLOYEES NOW THAN 1/1/2014
- DEEP CUTS TO EVERY DEPARTMENT- NOW THREATENING PERFORMANCE
- DEFICITS IN LAST TWO YEARS (\$6M AND \$8M) FUNDED FROM RESERVES

WE HAVE BEEN FOCUSING ON REDUCTION OF EXPENSES, AND I WANT TO THANK OUR JUDGES, CONSTITUTIONAL OFFICERS AND DEPARTMENT HEADS FOR REDUCING OUR GENERAL FUND BUDGET BY THE 20% REQUIRED IN OUR CHARTER. HOWEVER, WE CAN'T GET ANY MORE BLOOD OUT OF THAT TURNIP. THE CHART IN THE LOWER LEFT CORNER SHOWS THE OUR ACTUAL EXPENDITURES WERE LESS THAN BUDGETED AMOUNT IN IN FY 14 AND 15, BUT ARE EQUAL TO BUDGETED AMOUNTS IN FY 16 AND 17.

SLIDE 9

AT THE SAME TIME OUR REVENUE ESTIMATES HAVE COME UP SHORT; SALES TAXES HAVEN'T BEEN AS STRONG IN THE POST RECESSION ECONOMY, AD VALOREM TAXES HAVE BEEN OFF DUE TO TAVT AND MORE AUTOMOBILES ROLLING OFF THE DIGEST, AND NEW GROWTH HAVING A HARD TIME OUTPACING DECLINING PROPERTY VALUES.

SO WE HAVE USED RESERVES TO FUND THE DIFFERENCE OVER THE LAST COUPLE OF YEARS, TO THE TUNE OF \$19M TOTAL.

SLIDE 10

BUT WE HAVE HELD OUR COUNTY MILLAGE RATE THE SAME SINCE 2012.

- RESERVES NOW AT MINIMUM LEVEL (45 DAYS OPERATING CAPITAL)
- RECENT BOND RATINGS- MAINTAINED AA RATING BUT PLACED ON "NEGATIVE WATCH"

- WE HAVE TO HAVE ADDITIONAL REVENUE NOW TO INVEST IN OUR FUTURE IF WE ARE TO HAVE THE COMPETITIVE COMMUNITY WE ALL WANT FOR OUR CHILDREN AND OUR GRANDCHILDREN.

SLIDE 11 & 12

WE ARE ON THE RIGHT TRACK; OVER THESE LAST 3 YEARS, WE HAVE ATTRACTED NEW INDUSTRY, BUILT NEW RECREATIONAL FACILITIES, ADDRESSED THE BLIGHT ISSUE, ENHANCED OUR PUBLIC SAFETY, AND CREATED AN ELECTRIFIED URBAN CORE WHICH IS ATTRACTING POPULATION GROWTH AND PRIVATE INVESTMENT.

SLIDE 13

WE MUST CONTINUE TO BUILD THE ATTRACTIVE COMMUNITY OF THE FUTURE.

WE MUST INVEST IN OUR FUTURE! PARKS, GREEN SPACE, PUBLIC SAFETY, ATTRACTIVE AND SAFE NEIGHBORHOODS ARE ALL PART OF THE COMMUNITY WE MUST HAVE TO BE COMPETITIVE.

SLIDE 14

WE CAN USE THE SPLOST TO PAY FOR CAPITAL COSTS, BUT THAT CAN'T PAY FOR PERSONNEL COSTS. WE CANNOT CUT EXPENSES ANY FURTHER,

SLIDE 15

THEREFORE, WE ARE PROPOSING A GENERAL FUND BUDGET OF \$148M, UP FROM \$144M, FOR AN INCREASE OF \$4M OR 2.7 %.

THAT WILL ALLOW US TO CONTINUE DOING THE GOOD WORK WE HAVE BEEN DOING TO SUSTAIN AN ADEQUATE LEVEL OF SERVICES IN SO MANY AREAS, PLUS PROVIDE ADDITIONAL COMPENSATION FOR OUR PUBLIC SAFETY PERSONNEL, ADDITIONAL STAFFING LEVELS IN FIRE DEPARTMENT AND SHERIFF'S OFFICE AS WELL AS RECREATION, AND MAKE THE REQUIRED CONTRIBUTION TO OUR PENSION PLANS TO KEEP THEM ACTUARIALLY SOUND. SO THAT BRINGS US TO THE DISCUSSION OF HOW TO FINANCE THE COST OF THE GOVERNMENT WE WANT?

SLIDE 16

THE CHALLENGE IS TO PAY FOR ENHANCEMENTS TO PUBLIC SAFETY, ADEQUATELY STAFF RECREATION FACILITIES, PROVIDE ESSENTIAL SERVICES AND MAINTAIN OUR RESERVES AT AN APPROPRIATE LEVEL. YES, WE CAN AND WILL LOOK FOR ADDITIONAL EFFICIENCIES AND CERTAIN USER FEES AND APPLICATION FEES MAY NEED TO BE ADJUSTED, BUT FIRST AND FOREMOST, WE NEED TO CLOSE THE GAP OF CURRENT REVENUES AND CURRENT SPENDING.

SLIDE 17

SO WE HAVE A PROPOSED BUDGET OF \$148 M, WHICH IS \$4M HIGHER THAN LAST YEAR, AND WE CANNOT DIP FURTHER INTO RESERVES; IN FACT, WE HAVE TO COVER OUR CURRENT SHORTFALL.

THAT WILL REQUIRE \$8M OR 2 MILS OF ADDITIONAL PROPERTY TAX. THEN WE NEED TO FUND THE ADDITIONAL COSTS ASSOCIATED WITH THE WITH ENHANCEMENTS NOTED ABOVE, AND THAT WILL REQUIRE AN ADDITIONL 1 MIL. ALONG WITH OTHER COST SAVINGS AND REVENUE ENHANCEMENTS ALREADY IN PLACE, WE PROPOSE A 3 MIL TAX INCREASE IN AD VALOREM TAX RATES.

SLIDE 18

THAT WOULD PROVIDE US WITH BUDGET FOR FY '18 THAT FUNDS NECESSARY SERVICES, WITH PUBLIC SAFETY (SHERIFF, FIRE DEPT, AND EMERGENCY MANAGEMENT) COMPOSING ALMOST ½ OF THE TOTAL. WE WILL BE PROVIDING NOTEBOOKS TO THE COMMISSIONERS WITH THE DETAILS OF THIS BUDGET PROPOSAL, AND WE LOOK FORWARD TO THE DISCUSSION.

SLIDE 19

HOWEVER, I WANT TO GO BACK TO THE BIG PICTURE. OUR CURRENT SHORTFALL OF \$8M IS ABOUT 5.5% OF OUR TOTAL BUDGET.

OUR CURRENT SHORTFALL IS NOT A RESULT OF EXCESSIVE SPENDING, IT'S A MATTER OF REDUCED REVENUE.

WE HAVE REDUCED REVENUES TO AN UNHEALTHY LEVEL.

THE 3 MIL. AD VALOREM TAX INCREASE WILL RESTORE THE REVENUE STREAM AND ALLOW US TO RESPONSIBLY PLAN FOR OUR CONTINUED GROWTH AND VITALITY.

TO DEMONSTRATE THE EFFECT OF THAT TAX INCREASE, A \$100K PRIMARY RESIDENCE WOULD HAVE AN ASSESSED VALUE OF \$33K, SO 3 MILS, OR \$1/THOUSAND, WOULD EQUAL LESS THAN \$100/YEAR IN ADDITIONAL TAXES.

THIS IS THE FIRST TAX INCREASE SINCE 2012, AND IT REPRESENTS THE INVESTMENT WE ARE MAKING IN THE FUTURE OF OUR COMMUNITY.

HOWEVER, AS A CONSOLIDATED GOVERNMENT, THERE IS A POSSIBILITY THAT WE COULD HOLD A PUBLIC REFERENDUM IN THE FUTURE TO VOTE FOR AN ADDITIONAL PENNY OF SALES TAX THAT WOULD ACT TO ROLL BACK AD VALOREM TAXES. KNOWN AS THE "OTHER LOCAL OPTION SALES TAX", OR O-LOST, THIS TAX IS USED IN COLUMBUS-MUSCOGEE COUNTY WITH GOOD RESULTS. IN FACT, IF YOU COMPARE OUR PROPOSED BUDGET AND FUNDING SOURCES FROM OTHER SIMILARLY SITUATED COMMUNITIES, YOU WILL FIND THAT WE ARE IN LINE WITH THEM.

SLIDE 20

REGARDLESS OF YOUR THOUGHTS ABOUT THE O-LOST PROPOSAL, WE MUST ACT NOW TO STOP THE DEFICIT SPENDING AND ADEQUATELY FUND OUR FY 2018 BUDGET , WITH ITS PROPOSED IMPROVEMENTS.

I WANT TO THANK JULIE MOORE AND HER BUDGET TEAM FOR THE HARD WORK THEY HAVE PUT IN MEETING WITH ALL OF OUR CONSTITUTIONAL OFFICERS, ELECTED JUDGES, AND EVERY DEPARTMENT DIRECTOR AND GETTING THEIR INPUT INTO THE BUDGET THAT HAS BEEN PUT TOGETHER, FOR COMMISSION APPROVAL, FOR THE CITIZENS' BENEFIT, AND FOR THE WELL BEING OF MACON-BIBB COUNTY.

THANK YOU FOR YOUR ATTENTION.

