

Good afternoon! Thank you all for being here today as I provide highlights of the City of Clarksville's 2016-2017 budget.

You've heard me say many times before that adopting a budget is the most important function of government. Through our budget, we provide the essential services our citizens need - those things only governments can provide like safe roads, well-trained public safety personnel, and recreational opportunities. Government also provides reliable utilities and so much more and we encourage businesses to invest in our community and partner with us to bring new opportunities to Clarksville.

Having served as a public servant for a long time, I have learned that budgeting requires a sometimes delicate balancing act. On one hand, there are the real needs of the City and all of its residents. On the other hand, there is the desire to continue to invest our time and the taxpayers' money in projects and programs that lay a solid foundation for growth and opportunity. These two factors are equally important. It can be difficult to manage this balance for a community that is growing as steadily and rapidly as Clarksville. As you will hear, we are working hard to pay the right amount of attention to both sides of the coin in this proposed budget.

Before I go into the specifics of the budget, I want to confirm to everyone that the City of Clarksville has a very positive fiscal outlook. This isn't just my opinion. The bond rating agencies agree. According to Fitch, "The city continues to experience very strong population growth, more than triple the Tennessee annual rate for the 2010-2014 time period and double that of the U.S. The other rating agency, Moodys, notes that "the city has historically been very conservative with the budget... Fund balance is still

expected to remain healthy in fiscal 2016 budgeting strategy.” Both of these rating agencies have continued to reaffirm the City of Clarksville’s AA rating citing fiscal strength.

To put it simply, we are in a very stable financial situation and we plan to stay there.

So, let’s start with the big picture and then get to some of the details.

The total city-wide proposed budget for the next fiscal year is just under 400 million dollars, \$389,622,058 to be exact. That includes all the Enterprise funds, like Gas & Water and CDE, where all of the funding comes through the rates you pay for services and Transit, where most of the funding comes from federal and state funding and rider fees. It also includes the General Fund budget. That’s the part that is partially funded through taxes like property and sales tax. The General Fund budget is just over 94 million dollars or \$94,193,821 to be exact.

Now, as anyone who has ever planned and designed a budget knows, revenue is only half the story. The other half is the expenditures. I want to give you a few details about the City’s budget that you may not realize.

In addition to all of the Departments funded under the General Fund, there are other fiscal obligations we have to meet. For example, the City owns the property housing the Customs House Museum and the Ajax Senior Citizen’s Center. Although separate organizations or Boards are running those programs, the City is responsible for the property needs and maintenance and we support a majority of their operating costs. Another example is the expenses we share on a 50-50 basis with the County for

the Clarksville-Montgomery County Regional Airport and the Regional Planning Commission. We also have costs that are “unavoidable” like election costs and money we provide to groups like CrimeStoppers each year because of local ordinances. Finally, under state law, half of the local option sales tax collected within the Clarksville City limits, is given to the Clarksville-Montgomery County School System. We also have some local agreements where we have agreed to give more than our 50% to the school system. This year, that total amount is projected to exceed 45 million dollars. In fact, over the past 5 years, including this year, we have provided nearly 200 million dollars to the school system.

Once you begin to realize how many ways the City’s expenditures must be divided, you can get a feel for the challenge of providing for this year and planning for the future.

My philosophy for planning and funding projects is pretty straightforward: we identify the needs and their costs. Only after we are assured we can meet those needs do we look to spend on other resources that can bring opportunity and other investment to Clarksville. In fact, I often reflect back on advice I received from the late Gov. Ned Ray McWherter when I was first elected to the state legislature over twenty years ago. He told me, “In order to get things done in government you have to plan your work and work your plan.” He also stressed that you have to be patient and be determined at the same time!

Now back to the task at hand, identifying the actual needs for each Department has taken on a new level of difficulty in the past couple of years because of Clarksville’s

tremendous growth. Quite simply, it costs more to provide police and firefighters and all the tools they need for a population growing by leaps and bounds. It also costs more to keep our streets paved and safe and to staff the Departments so that we can respond to the citizens' needs. Providing more resources and services means that we must expect an increase in the Departments' budgets. It can't be avoided altogether. But what we can do, and what I have done, is to try to limit the increases in those budgets.

This year, in order to maintain a balanced budget, I asked each Department Head to hold any unavoidable proposed increases to 4.5% of last year's amended budget. This figure is based on two primary factors. First, I am proposing a 2% general wage increase for our City employees. This amount is based on the findings of our HR Director's annual market analysis and recommendation to the CFO who then reviews for funding and sustainability. But, the main reason I am proposing this increase is simple. They deserve it. We have an incredibly talented and dedicated city employee team. They are the people who provide these much needed services every day. From building inspectors to program directors, from police officers and fire fighters to street maintenance workers, we are very fortunate to have a group of employees who work tirelessly to make our city the best it can be. It is the right thing to do to stay competitive in the market so that we can retain the very best employees for our City.

I get letters, phone calls, emails, and unsolicited comments on the street praising our city's workforce, but one letter really made an impression on me. It was from a gentleman diagnosed with a rare incurable disease with only a short time to live and no ability to provide a holiday celebration. Our City's firefighters came together and provided Christmas for this family. To quote his letter, "Knowing that this will be the last

Christmas my children will have with me, there are no words to express my gratitude for all that was done for myself and my family. I just want to make sure it is known how outstanding the men and women are that are working for the City of Clarksville. Thank you all so much for your kindness and compassion that has been given.” There is no question in my mind that our employees deserve this 2% general wage increase.

The remaining 2.5% of the targeted increase is based simply on general economic growth. Again, we have more people – and more moving in every day. It is illogical to believe that we can provide the same level of services for a rapidly growing population with the same resources we’ve had for years. It just can’t happen.

Now, that 4.5% targeted increase must be viewed with common sense. That percentage can affect Departments in vastly different ways. For example, 4.5% of the Internal Audit Department’s budget is about \$25,000. But 4.5% of the Police Department’s budget is hundreds of thousands of dollars. What I can tell you with certainty is that almost every single department has met my targeted rate and several have actually requested less.

One of the Departments that I am proposing to provide additional funding to is the Office of Housing and Community Development. I am making some big changes in that Department. First, I am announcing that we are beginning the process for a name change. Hopefully, that team will soon be known as the Office of Community and Economic Development.

There are several agencies and organizations in Montgomery County that do a great job of focusing on various aspects of economic development, particularly industrial

recruitment in the Industrial Park. There isn't an economic development department currently within our City government. I believe we need a person with a unique perspective as we continue to grow and seek more development interest in Clarksville, especially in our downtown core. Keith Lampkin has that knowledge and skill and will continue to serve as Director of the Department but will work with the other economic development groups within the City.

Also, as part of that new mission, I am announcing the formation of a Business Leaders Advisory Task Force. This group, which will be headed by local businessman David Smith, will bring together business leaders from our community to provide ideas and suggestions to Keith and our entire City team about how to make Clarksville more attractive to businesses and investors and create an easy environment for them to do so. I believe we made tremendous strides in that goal with changes made to establish the Common Design Review Board in the last year. I look forward to having the Business Leaders Advisory Task Force provide guidance to build on that foundation.

My proposed budget also includes additional capital project funding for two projects that I believe will lead to economic development and many other benefits for all of Clarksville. I have included money in previous year's budgets to get to the point where we are today, but it had been reduced by the Council. I hope that is not the case this year.

The consultants we have been working with on the Clarksville Performing Arts and Conference Center have indicated that the site they have recommended will be better suited for the new Center if we are able to include the building property adjacent

to the city-owned lot on Franklin. This budget includes money to begin negotiations to purchase that building in order to keep the project moving along.

Additionally, I have also included money to continue the work on the Athletic Complex I have proposed. The experts who have been working on a site selection have completed their work and recommend the site near exit 8. They will be presenting their final report to the City Council before the budget is voted on. I know this is a project that Clarksville needs and, from what I hear, what most Clarksville residents want. I also believe we should listen to the experts we have retained because they are extremely qualified to look at all the factors in determining where the complex will be most successful. I believe it is imperative to listen to people who have that expertise when we are spending your tax dollars.

If we are going to spend the public's dollars, I have to make sure that we are doing so in a way that has the best chance of success. I believe we must have a general vision of a project and a well thought-out plan to achieve our goals for that project. Since economic development is at least part of the goal for both of these projects, we should continue with them in a way that will increase the likelihood of success. We owe our citizens nothing less.

Over the past year, construction of the North Police Precinct was completed and is now fully staffed and operational. We also officially opened Fire Station 12 in the Industrial Park and it, too, is fully operational. Construction has also begun on Fire Station 11 at Exit 1 and we are on time to complete this new facility by this fall with staffing to begin in September and October.

In order to provide these critical public safety resources, a proposal was made last year to provide a stable revenue source to complete the projects. The budget that was passed, however, put the tax rate back to the level that existed prior to the reappraisal – \$1.24. Based on the economic situation at that time, we believed that we would require an additional increase this year to \$1.39. As I and Laurie Matta, the City's CFO explained at the time, all things being equal, an increase to that amount would be required to maintain the level of services the City is obligated to provide going forward. Over the past year, it has become apparent that "all things being equal" can sound a lot simpler than it actually is.

For example, when we develop the budget, we have to estimate the revenues we expect to collect for the next year. This year, our tax collections were better than expected. Not only did we receive more in sales taxes than we could have expected, we also received more in State Shared Revenues and the Hall Income Tax both of which are beyond the City's control to predict. The revenue we are projected to receive from CDE is also more than we anticipated.

I am also proud to say that every one of our City's Department Heads did everything possible to keep costs to a minimum – sometimes going without requested resources and personnel to do so. This isn't an ideal situation. I assure you that there isn't a single Department Head that comes to me with a laundry list of dream items for their Departments. I have always encouraged them, and I believe they have responded incredibly well, to keep their budget requests to those resources they truly need. But it is not fair to our citizens if we cut corners in providing services they are paying for. Again, it's a balancing act.

We also delayed hiring the staff for Fire Station 11 to this year and we saved some costs in putting Station 11 into service. And we've created new revenue streams where possible like providing the new Driver's License renewal station in City Hall. By the way, we are planning a Grand Opening for that station in the near future.

All of these developments, and more, have a positive impact on the City's revenue and prove that from one fiscal year to another, things don't always remain equal.

The result is that I will not have to propose a tax increase to \$1.39. Based on our increased revenue and our decreases in spending, I am not proposing the .15 tax increase we feared would be necessary. However, I am proposing only a 5 cent increase to \$1.29.

Once again this year, the increase is necessary for public safety. Even with the additional revenue and savings I have explained, there will still be over a little more than 1.7 million dollars needed for Fire Station 11 and 18 firefighters, 3 District Chiefs, staff, training and equipment. Also, included in that number is about 300,000 for additional paving in the City limits.

As I have explained, we knew last year that the tax rate of \$1.24, which was adopted by the Council, would not provide sufficient funds to put Fire Stations 11 and 12 in service and provide staffing for both, and provide other essential services we need. I want to emphasize that I am not proposing an increase in taxes for the purpose of simply increasing the City's fund balance. The 5 cents I am proposing is to finish the work we've started and to make sure all of the people across Clarksville have the

resources and public safety responses they need and to allow the other departments of City government to continue to provide the excellent services Clarksvillians have come to expect.

While we are talking about public safety and specifically Clarksville Fire Rescue, I do want to make an announcement that isn't really budget related. Deputy Chief Howell Albright, "Buff" to many of us, is retiring on July 1 because of a state law that requires him to do so. Deputy Chief Albright has been an exemplary member of Clarksville Fire Rescue. He has been involved in almost every aspect of responding to the growth the Department has experienced over the past few years. He has contributed to the community in countless ways and has set an example for other firefighters in the way he represents Clarksville Fire Rescue and the City of Clarksville. I want to thank him for his years of service but, more than that, for the care he has given our community throughout his years of service.

As Mayor, I have the honor and responsibility to appoint the new Deputy Chief in consultation with Chief Roberts. I am very pleased to announce today that I am appointing Ray Williams, who currently serves as the Fire Marshall and Fire Rescue Public Information Officer as the new Deputy Chief upon Chief Albright's retirement. I have every confidence that Chief Williams will continue to serve our citizens with the commitment and understanding he is already known for. Ray is a native Clarksvillian who graduated from Northwest High School. After college and a stint in the Army, he joined Clarksville Fire Rescue in 1987 and has moved up the ranks from a firefighter and engineer to a fire prevention officer and Fire Marshal. Not only does he know

Clarksville Fire Rescue extremely well, he knows the people of Clarksville. I am very excited about his new opportunity and I know he is as well.

Now, back to the budget.

Any time a property tax increase is recommended, the first thing people ask is, “how will this affect me?” That’s a great question. This 5 cents will mean that the average homeowner in Clarksville who pays property taxes will see an increase of \$1.34 per month. So, for less than a cup of coffee from a drive through, Clarksvillians will have a better equipped fire department with a faster response time. I think most people understand that is an investment worth making.

I also want to mention that even at \$1.29, Clarksville’s property tax rate is still far below that of the other four major cities. And we are still 75 cents less than we were paying, in Clarksville, just 15 years ago.

It’s important to understand that the major focus of my proposed budget is to maintain the services the City must provide – those things that only government can provide. To do so costs more than most people think. For example, we all know that keeping our streets safe requires more than new pavement every few years. We also have to keep them clean. This year, we have included money for a new street sweeper and it costs over \$160,000. The City Garage, which maintains almost all of the vehicles in the City’s fleet, needs a new generator. That costs around \$12,000. These investments in maintaining our essential services add up pretty quickly but they are investments we must make to keep up with the demands of a growing city.

Before I wrap up, I want to thank the entire Finance Department team, especially our CFO Laurie Matta and Director of Finance Debbie Frazier, for their support and hard work in preparation of this budget. They intend to have digital copies of the full proposed budget ready for the council members by close of business today, for those members who have requested paper copies, they will be notified as soon as they are prepared. The next step will be the two scheduled work sessions on May 19th and May 31st.

My goal is to keep Clarksville moving forward with the very best resources and that includes public safety, streets, and economic development opportunities. It also includes maintaining a well-trained and devoted team of employees. I am confident that the budget I am proposing will allow us to continue to do that with the least minimal effect to our taxpayers. As I've said many times before, I never forget that I am spending other people's money. I remain committed to doing so in a way that will have the greatest impact and provide the most reliable, professional and necessary services. I am proud of this budget proposal I make today but I am more proud of the people who make up our community called Clarksville. Thank you for the honor and privilege of serving as your Mayor.

Thank you for being here today.