



Mobile, Alabama
FINANCIAL PROJECTIONS
Beginning October 1, 2012
(FY 2012—FY 2013)



PRESENTERS INCLUDE:

Mobile Mayor Sam Jones

Mobile Finance Director - Barbara Malkove

Mobile CitiSmart Coordinator - Bill Harkins

An aerial photograph of a city skyline, featuring several prominent skyscrapers. The image is slightly faded and serves as a background for the text. The sky is a clear, pale blue.

Why Give A Financial Projection Now?

“Mobile will face a financial crisis next October. It would be irresponsible for city leaders not to address the problem now, and more importantly, not inform citizens.”

Mobile Mayor Sam Jones



Issues for FY2012/2013 Budget

- Economic conditions affecting the country also affect the City
- Foreclosures driving down property values
- Downturn in economic activity means a decline in sales tax revenue

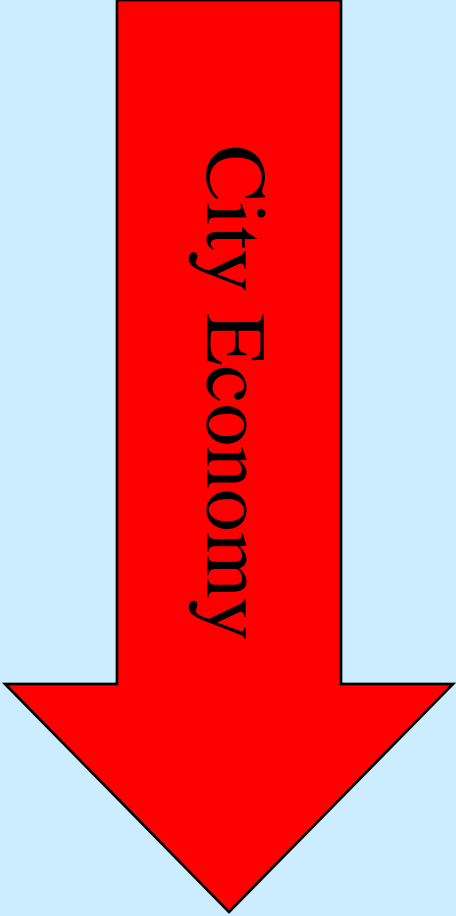
Why is there a decline in revenue?



National Economy



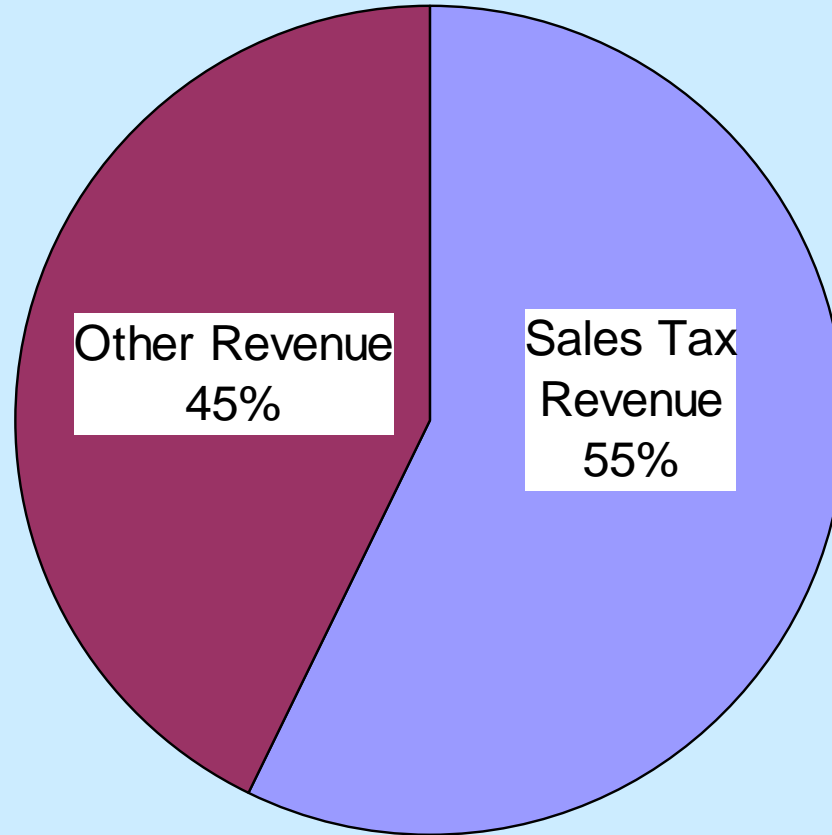
State Economy



City Economy

WHAT IS MOBILE'S PRIMARY SOURCE OF REVENUE?

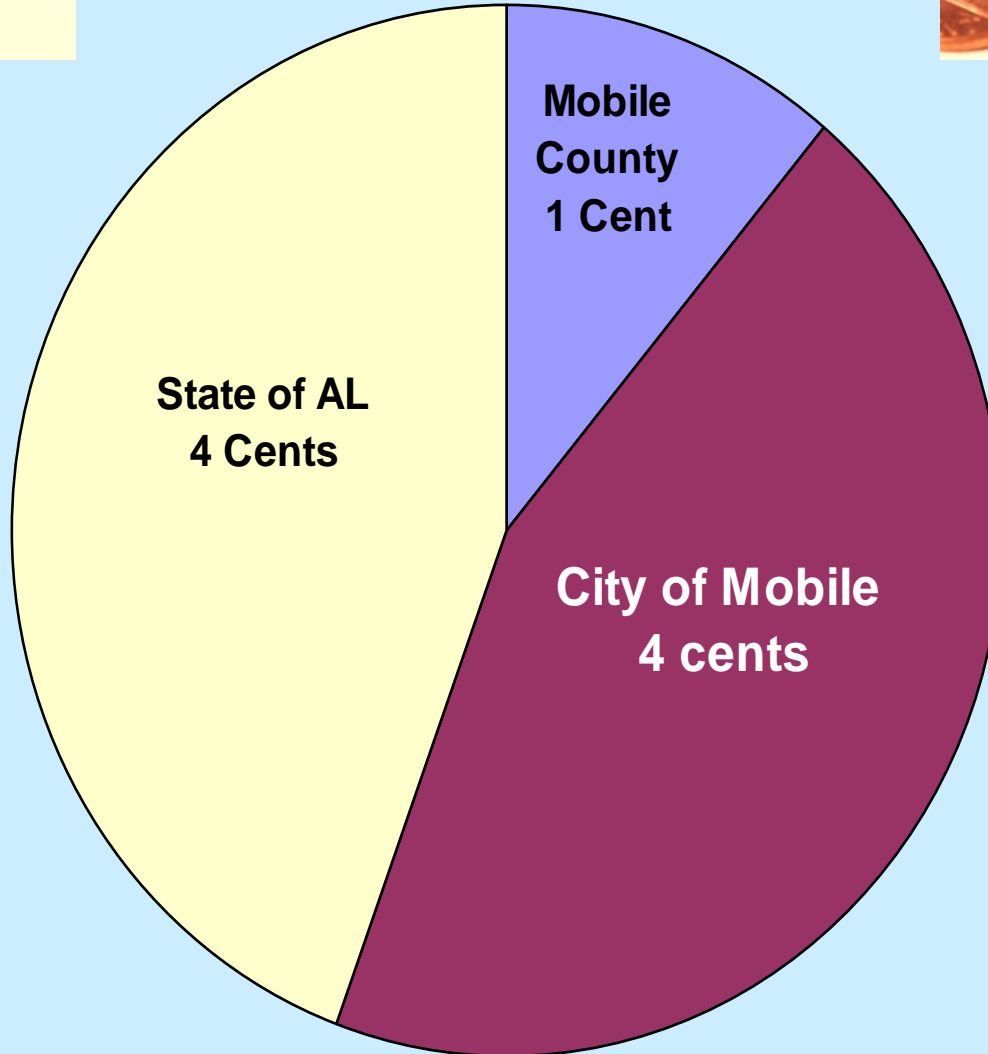
FY 2013 Sales Tax vs. Other Revenue



SALES TAXES –

Local Governments' main revenue source is derived from sales taxes.

9 Cent Sales Tax Distribution



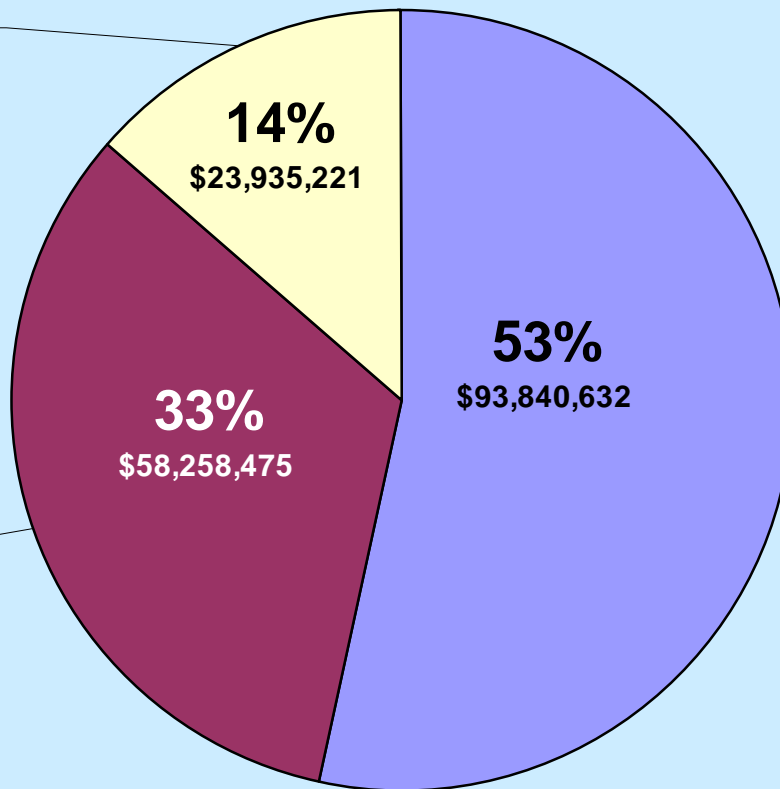


FY 2011-2012 Expenditures



Other
(General Government, Mayor's Office, City Council, Finance, Legal, Museums)

Public Services
(Garbage, Trash, Engineering, RoW Maintenance, Streets, Parks and Recreation, Urban Development)



Public Safety
(Police, Metro Jail, Fire, Paramedic, Court, Animal Control)



CitiSmart Accountability



- Works with all departments (performance measures)
- Adjusts focus (Over Time Costs, Performance Contracts, Process Improvement, etc.)
- Incorporated Public Affairs Research Council of Alabama “Critical Issues” review process



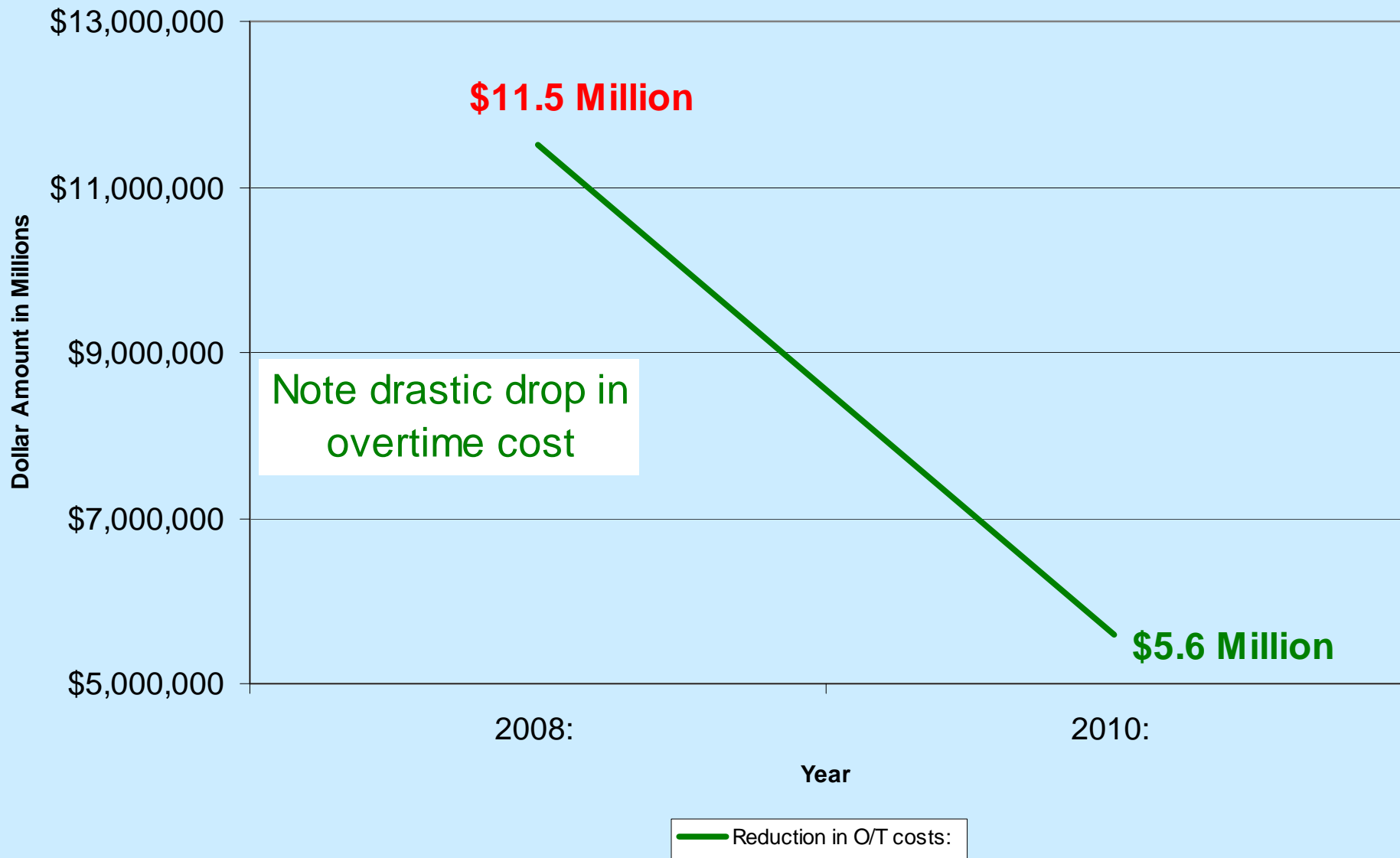
Reductions to Date (Monitored at CitiSmart)



- Freeze new hires (non-public safety)
- Across the board cuts for all city departments last 3 years
- 50% reduction in training
- No pay raises last 5 years
- Performance contract reductions
- No discretionary spending
- 50% reduction in overtime

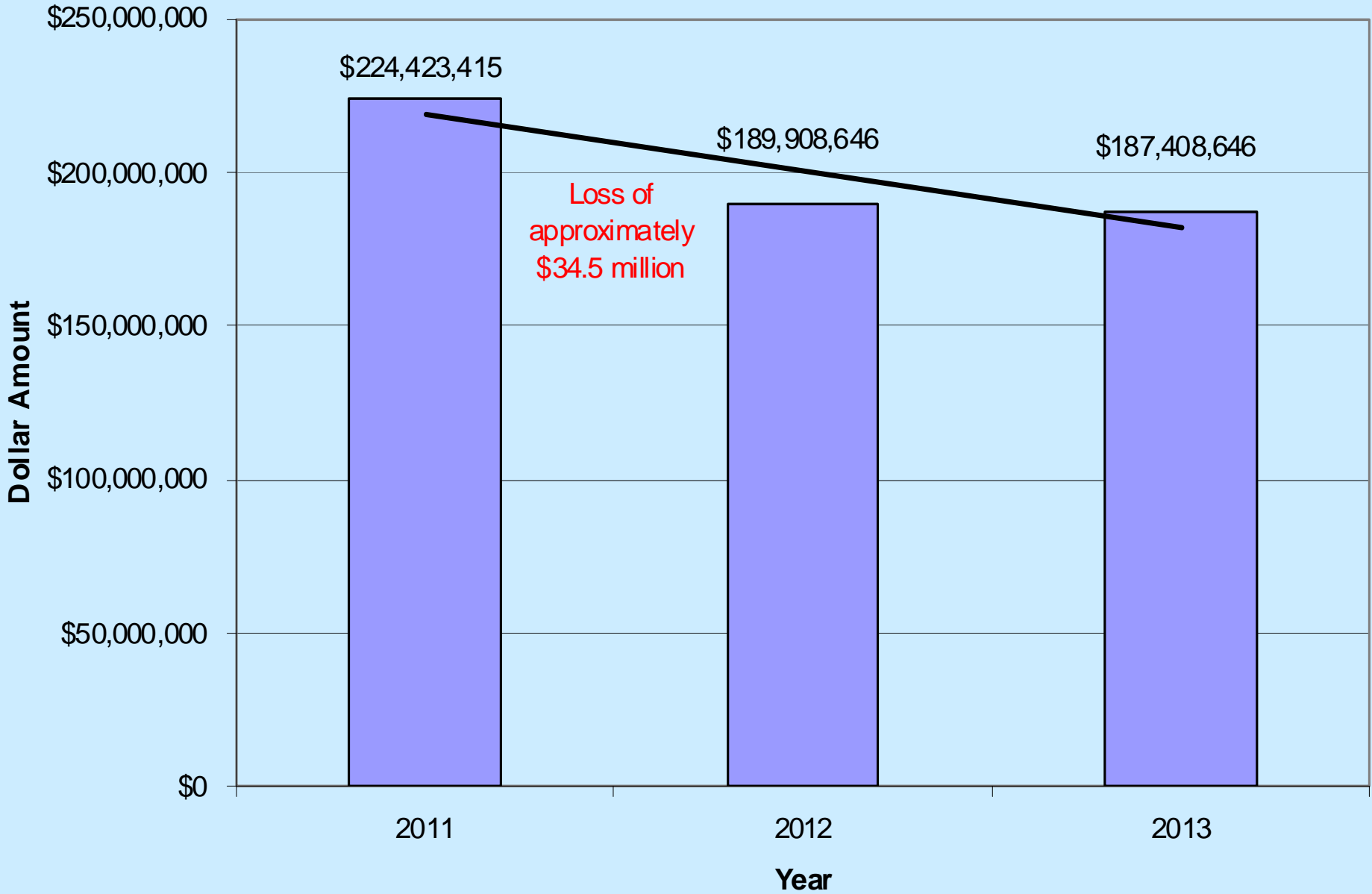


Reduction in O/T costs 08-10

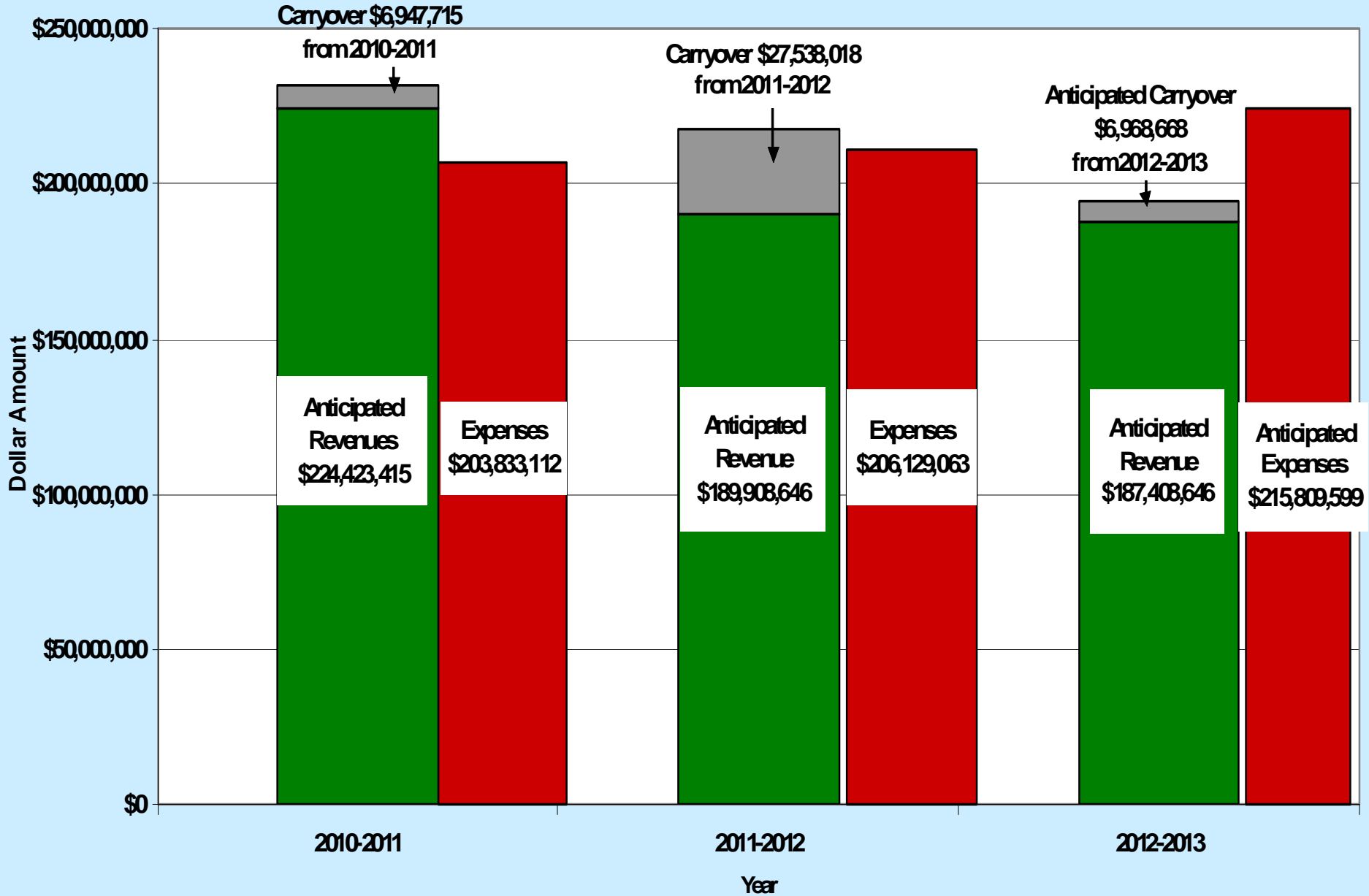




Revenue Trends 2011-2013

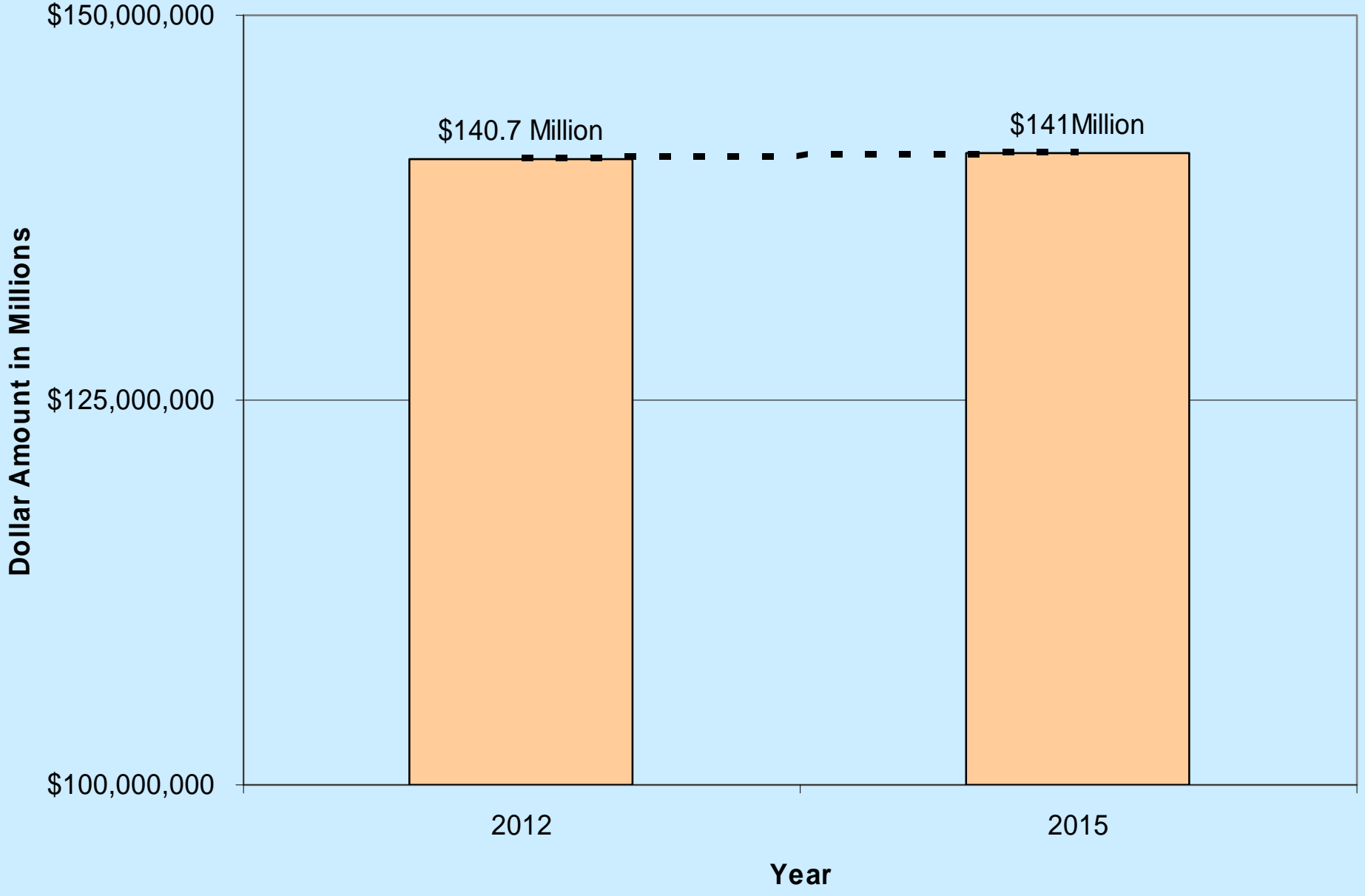


Revenue and Expense Trends 2011-2013





Projected Tax Revenue 2012-2015





Without , Services in Jeopardy



- Fire Station closings
- Reduction in Parks operations and athletics
- Community/Senior Center reduction in operations
- Reduction in Libraries operations
- Major infrastructure projects delayed or cancelled



Without , Services in Jeopardy

- Public safety response times
- Homeowners insurance rates increase (ISO)
- Animal Shelter reduction in operations
- Parks and Street maintenance reduction in operations
- Performance Contracts funding eliminated (Chamber of Commerce, AltaPointe, Mobile Area Education Foundation, Boys & Girls Club, Convention Bureau, Bowl Games, Ladd Stadium, Sports Authority, Downtown Alliance, etc.)



Without , Services in Jeopardy

- Special events overtime (Mardi Gras, Azalea Trail Run, Bayfest, New Year's Celebration, etc.)
- Equipment replacement **(380 of 601 Police vehicles with over 100,000 miles – nearly 90 of those patrol units have over 200,000 miles)**
- Reduction of trash pickup services
- Furloughs or layoffs of City workers (including Police & Fire)
- Bond rating for Mobile

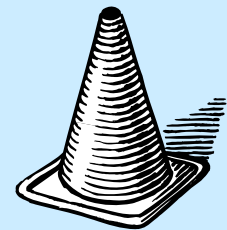


Projects in Jeopardy Requiring 20% Match

- **\$11,580,569** → Zeigler - Athey to Forest Hill - FY13
- **\$5,378,259** → Zeigler - Cody to Schillinger - FY14
- **\$4,383,474** → Dauphin Street - Sage to Springhill hospital - FY14
- **\$4,980,691** → McGregor-Dauphin to Eslava Creek – FY15



***Total costs increase by 4% annually when projects are delayed**





Rising Cost of Services (uncontrollable costs)

- Fuel
- Utilities
- Insurance (property, liability, healthcare)
- Equipment replacement
- Police & Fire pension
- Cost of maintaining streets
- Required grant matches
(public safety, public services, roads)
- Federal & State mandates

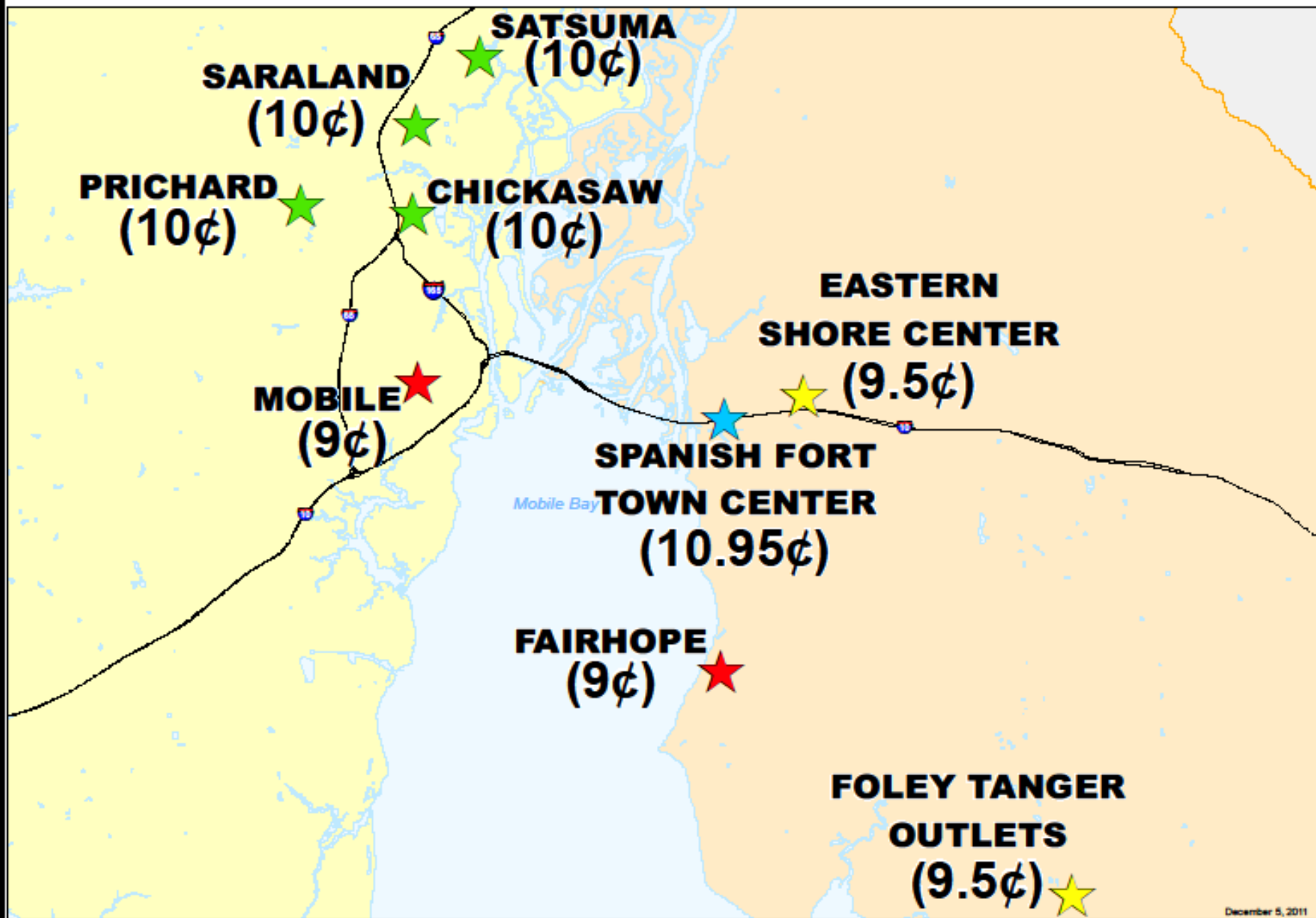


Other Options Presented – But Not Approved By City Council:

- **BUSINESS LICENSE REGRESSION** - We can raise business licenses revenue by changing the regression tables and gain another \$2 million;
- **STORMWATER MANAGEMENT FEE** - A storm water management fee will generate \$11-12 million;
- **GARBAGE FEE** - We can add a garbage fee that will raise enough to cover the cost of trash and garbage collection and disposal but would be a real burden on the poor and fixed income citizens. **ALSO, PLEASE NOTE THAT UNDER STATE LAW, THE CITY CAN ONLY COLLECT THE COLLECTION COST FOR GARBAGE/TRASH. WE CANNOT COLLECT ANY ADDITIONAL FUNDS.**

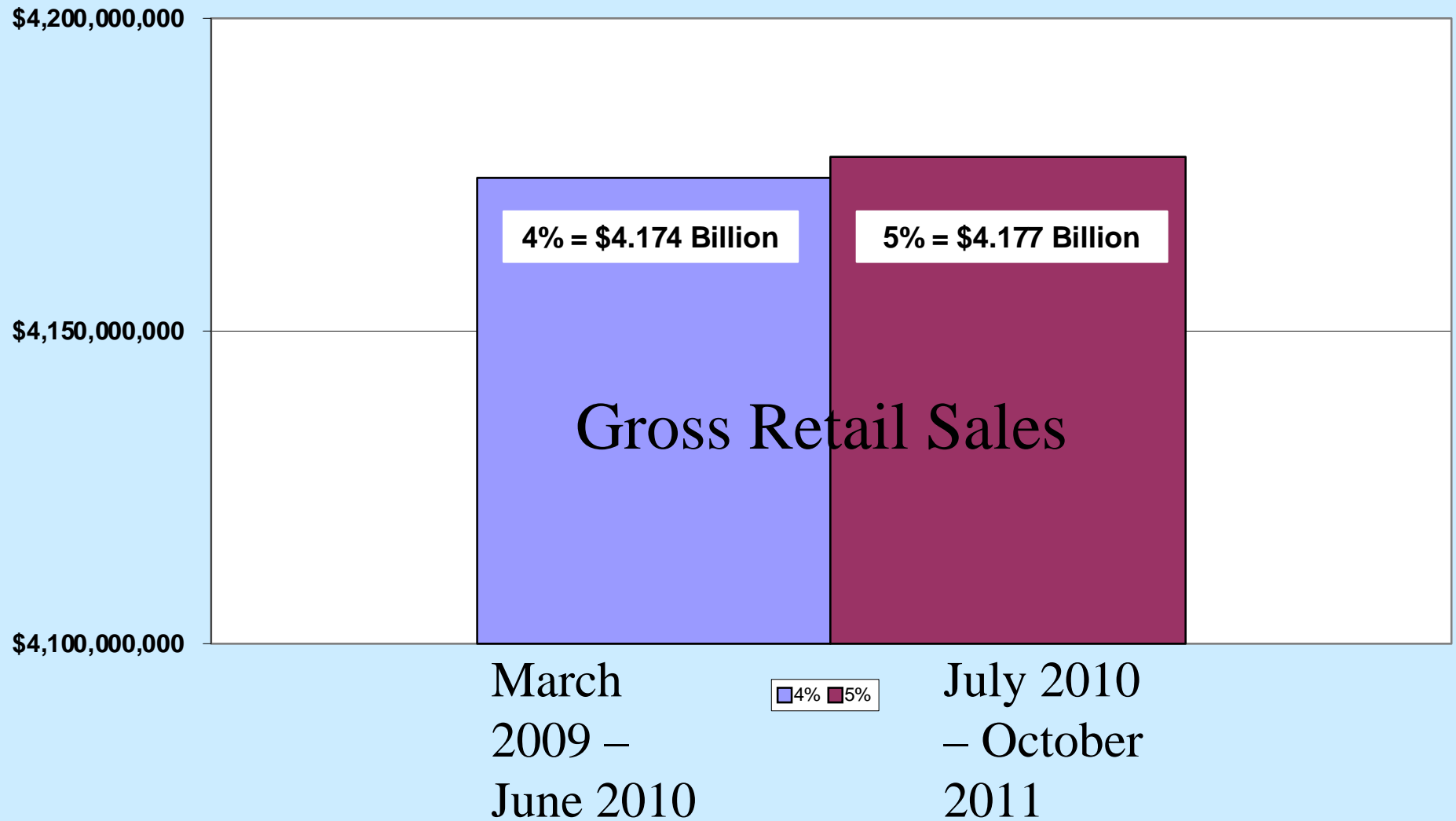
We can do all these revenue enhancements if approved by the City Council.

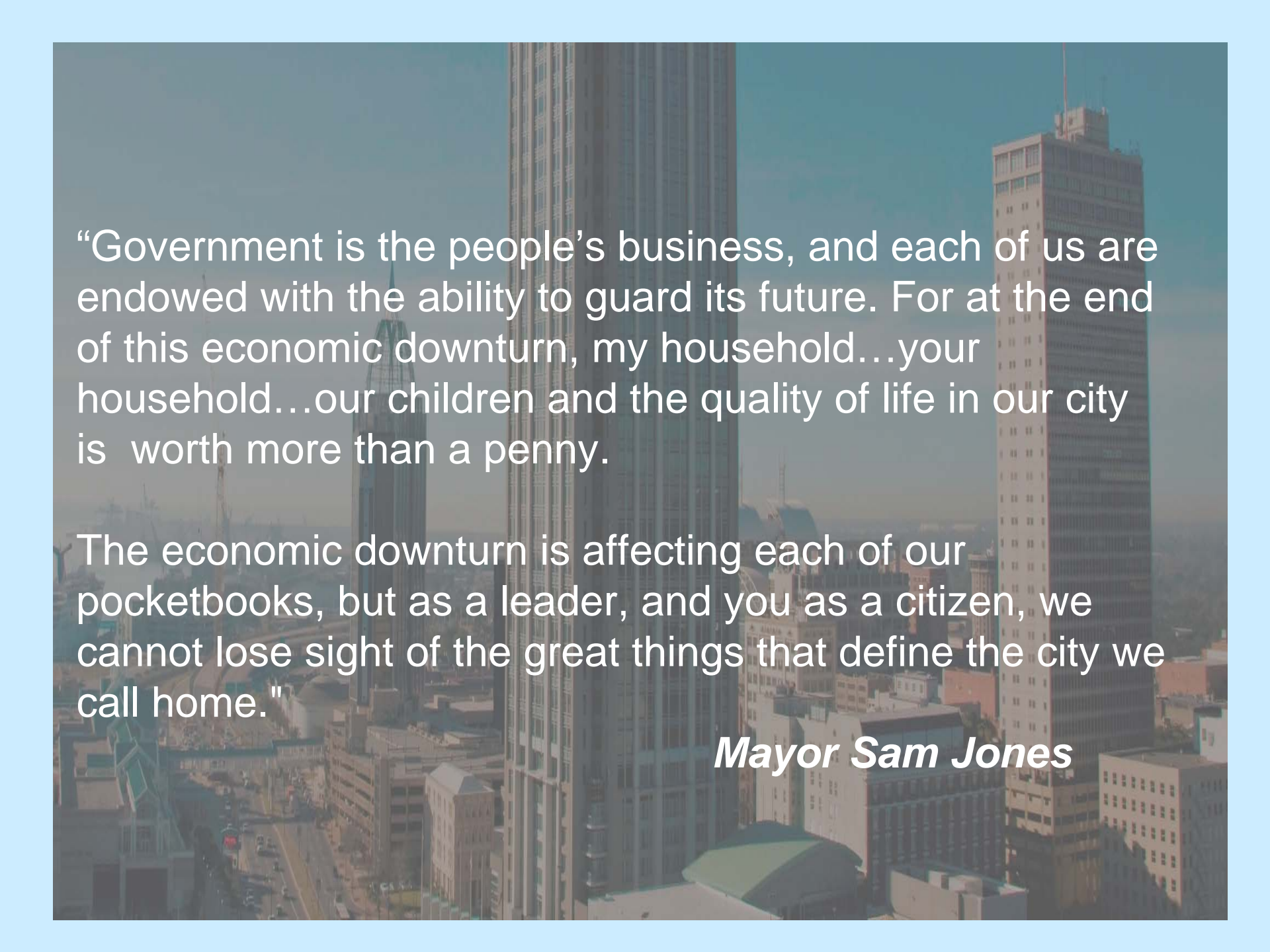
SALES TAX OF MOBILE AND SURROUNDING AREAS



Additional Penny Sales Tax DID NOT negatively affect local consumer spending

Sales Comparison 16 Months



An aerial photograph of a city skyline, featuring several prominent skyscrapers. The image has a slightly hazy or overcast quality, with a light blue tint. The text is overlaid on the left side of the image.

“Government is the people’s business, and each of us are endowed with the ability to guard its future. For at the end of this economic downturn, my household...your household...our children and the quality of life in our city is worth more than a penny.

The economic downturn is affecting each of our pocketbooks, but as a leader, and you as a citizen, we cannot lose sight of the great things that define the city we call home.”

Mayor Sam Jones