

June 1, 2007

The Honorable Mayor and City Council
City of Statesboro
PO Box 348
Statesboro, Georgia 30459

Re: City Manager's Budget Message and Transmittal of the Proposed Budget for FY 2008

Gentlemen:

Enclosed for your consideration is the proposed FY 2008 Budget for the City of Statesboro. It identifies the revenues and expenditures that are deemed necessary to maintain and in some areas improve the present levels of municipal services.

The annual Budget is one of the most important policy decisions that you as the elected officials of this City make each year. The Budget determines the staffing level of each service, the equipment and supplies, the priorities for service the City can afford to provide, and which major capital projects will be funded. Therefore, the Budget is an important planning tool for municipal government. It also serves as an accounting tool, because it assures that the limits set by appropriations cannot be exceeded under State statute. Finally, the Budget serves as a management tool in assisting your management staff to compare costs of alternative methods of providing City services, and to analyze the proper mix and level of revenue sources.

Budget Assumptions:

In preparing this Budget and the six-year Capital Improvements Program (CIP), your staff has used several assumptions that are critical in computing anticipated revenues and expenditures (expenses). Any budget and six-year capital plan by definition is a planning document, and not every issue will have been determined prior to its preparation and adoption. Therefore, it is necessary to base the budget on certain assumptions. If changing circumstances affect those assumptions, the budget can be adjusted accordingly.

These major assumptions are as follows:

- Assumes that there will be no ad valorem (property) tax increase. There will be a revaluation of property this year, as in FY 2005. We cannot bill for taxes until the

County Tax Assessor's Office has heard the various appeals, and provides the final tax digest. Therefore, there may be some delay in getting the property tax bills printed and distributed on the regular schedule. Assumes that the City will receive 4% growth in the tax digest, compared to last year's growth rate of 4.19%. This is based upon recent conversations with the Tax Assessor's Office.

- Assumes an approximately 2% increase in both the commercial and residential sanitation fees, to offset the effects of seven years of inflation, coupled with significant price increases in gasoline and diesel over the last two years. Our disposal hauling contracts have a fuel adjustment clause, which has caused them to increase proportional to the spike in gasoline and diesel prices.
- Assumes an 8% increase in tipping fees for all customers except governmental entities, to offset the rising cost of the hauling contract, which has a fuel adjustment rider. Gasoline and diesel cost increases have resulted in two years of increases that we cannot absorb. The governmental entities should not pay the higher fee as we subsidize the other users now by buying landfill space out of SPLOST revenues.
- Assumes an approximately 2% increase in water or sewer rates. This is the first increase in seven years, and is needed to offset general inflation over those seven years, a Georgia Power electricity rate increase last summer, coupled with an increase recently in their fuel adjustment charge, major increases in the cost of PVC pipe (petroleum based) and ductile iron pipe, brass and copper fittings and meter parts, and significant gasoline and diesel price increases over the last two years.
- Assumes an increase in water and sewer tap fees that covers the actual costs for materials, labor, and equipment. This is the first increase in seven years, and is needed to offset seven years of inflation, and the cost increases for meters, tapping saddles, and other parts.
- Assumes no increases in the natural gas rate profit margins. The actual rates for gas fluctuate monthly depending upon the underlying wholesale cost of the gas to the City, purchased through MGAG (the Municipal Gas Authority of Georgia). Assumes a normal winter heating load.
- Assumes a 5% increase in building and related fees to offset the lost buying power from seven years of inflation. Our cost for personnel to conduct these inspections has increased over that seven year period, with no increase in the fee structure.
- Assumes that the fund reserve targets established by the Mayor and City Council in the Financial Policies will have been met and maintained in all operating funds during the fiscal year, except for the General Fund, the Natural Gas Fund, and the Solid Waste Collection Fund. These funds have made sizable transfers either in FY 2006 or FY 2007 to the CIP Fund to help construct the new Police Station. We will need to rebuild these reserves over the next few years.

- The Budget will be adopted, and accounted for, using generally accepted accounting principles, with Enterprise and Internal Service Funds budgeted and accounted for using full accrual accounting similar to private businesses, and all other funds budgeted and accounted for using modified accrual accounting.
- Assumes that the 2006 Position Classification and Compensation Plan prepared by the Vinson Institute of Government and adopted last year will be increased by 1.0%.
- Assumes that employees would be eligible on their anniversary dates for probationary and merit increases of 2.5% during the fiscal year.
- Assumes that the group term life insurance will be maintained at one times an employee's annual salary, capped at \$100,000.
- Assumes the economy will remain strong, with sales taxes, building permits, and business licenses at normal levels.
- Assumes that inflation will remain in the same low range as recent years.
- Assumes that the City will be able to consistently transfer \$650,000 to the CIP Fund every fiscal year, primarily from the Water and Sewer Fund, while still maintaining adequate reserve funds and providing pay increases and benefits adequate to remain competitive in the local labor market.
- Assumes that the City will enter into some annexations in FY 2008 that would require major investments by the City in roads, drainage, water, sewer and gas improvements. Specific areas include the Cawana Road area and the Westside area.
- Assumes that the City will fund, in the Capital Improvements Program, some Residential Subdivision Incentive Program requests from developers under this policy to encourage single-family residential developments inside the City limits.
- Revenues were projected from a scale of high, medium, and low within the medium range, so that they are realistic, but not overly optimistic or pessimistic.
- Assumes that medical and dental insurance coverage increases will be held to 0% during the year, with changes in the plan as necessary to keep the expense at that level. We cannot continue to absorb medical inflationary increases far in excess of the inflationary increases of other goods and services. The only solution is to reduce the benefit structure through higher deductibles, higher co-pays, and similar methods.
- Assumes that medical insurance premiums will change from 80% employer paid, to 79% employer paid for FY 2008, and will decrease by another 1% each year for the next four years until it reaches 75% employer paid. This is more in line with what other governmental agencies are paying as a percentage of medical insurance.

- Assumes that the maximum deduction allowed in employees' Flexible Spending Accounts will increase from \$3,000 to \$3,500, to offset medical inflation and the fact that this new plan will probably have higher deductibles and co-pays.
- Assumes that Equity Transfers to the General Fund will be as follows:

Natural Gas Fund	\$900,000
Water/Wastewater Fund	\$751,000
SW Collection Fund	\$525,000
SW Collection Fund for GMA Lease Reimbursements	\$ 7,000
SW Disposal Fund	\$157,000
Benefits Insurance Fund (Health Insurance portion)	\$200,000
Benefits Insurance Fund (Workers Compensation portion)	\$100,000

TRANSFERS BETWEEN FUNDS					
Transfer In	General	CIP	W and S	SW Disp.	
Transfer Out					TOTALS OUT
General		\$ 86,752			\$ 86,752
02 SPLOST					\$ -
07 SPLOST					
W and S	\$ 751,000	\$ 500,000			\$ 1,251,000
Natural Gas	\$ 900,000				\$ 900,000
SW Collection	\$ 532,000				\$ 532,000
SW Disposal	\$ 157,000				\$ 157,000
Benefits Insurance	\$ 300,000				\$ 300,000
TOTALS IN	\$2,640,000	\$ 586,752	\$ -	\$ -	\$ 3,226,752

- Assumes that all Proprietary Funds will be self-supporting without assistance from the General Fund. However, the Solid Waste Disposal Fund will not be self-supporting without the 2002 and 2007 Special Purpose Local Option Sales Taxes (SPLOST) paying for air rights and post-closure expenses, as the current \$30.00 per ton tippage fee does not offset all the costs of the transfer station, hauling contract, disposal contract, and post-closure costs of the Lakeview Landfill site including operation and maintenance of the methane extraction system. Hauling and disposal alone cost us nearly \$30.00 per ton under the contract with the Wayne County Solid Waste Authority and Williams Brothers Trucking, Inc.
- Assumes a 2% inflationary increase in the disposal contract for the next fiscal year. This contract is tied to 78% of the CPI Index for the year from the previous February to the current February.

- Assumes a 2.6% inflationary increase in both the hauling and grinding contracts for the next fiscal year, based upon the CPI from the previous February to February, 2007.
- Assumes that cemetery lots in the new addition will increase to \$1,000 per lot, which is comparable to private cemeteries in the area.
- Assumes that the City will close on a \$2,325,000 GEFA loan for the Westside Sewer Outfall Project, and the W. Grady St./Police Department Area Water/Sewer Project; and a \$3,000,000 GEFA loan for the Cawana Road/Fair Road Water/Sewer Project.
- Assumes that the City will enter into a \$1,500,000 GEFA loan on behalf of the City and County to finance an expansion of the transfer station and the inert landfill.
- Assumes that instead of Bulloch County paying twenty-five (25%) percent of the operating and capital costs of the Statesboro Fire Department, which has been the historic percentage used since the mid-1980's, a new percentage will be used based upon the proportion of the property value outside the City limits protected by the Statesboro Fire Department. That percentage, based upon present values, is estimated at 42%.
- Assumes that Workers' Compensation insurance premiums and expenses will be budgeted in the Benefits Insurance Fund. The revenues, expenses, and equity shall be segregated from the medical insurance revenues, expenses, and equity, so that the true financial position of both insurance programs can be easily obtained.
- Assumes the Mayor and City Council will have reviewed and approved a revision of the Occupation Tax methodology, based upon the recommendation of the Occupation Tax Study Committee.
- Assumes the hiring of the following additional personnel:
 - 1 Meter reader position in the Water and Sewer Fund
 - 1 additional full-time janitor in lieu of the contract for janitorial services
- Assumes that the Finance Department will a) either re-bid its IT Services Contract (currently held by ProNet), with the full-time staffing level increased from 1 to 2 technicians in order to dedicate one primarily to the new Police Station; or b) hire a comparable number of in-house staff. This contract is to maintain computers, troubleshoot problems, and standardize software and hardware purchases, given the new requirement to keep our online services available at all times.
- Reflects that the City has contracted to allocate 72.9% of the Hotel/Motel Tax to the SCVB; to allocate 8.0% to MainStreet; and to allocate 19.1% to the Statesboro Arts Council. These contracts were renegotiated and adopted by the City Council in spring, 2006, for a two-year period ending June 30, 2008.

- Assumes that the salary and benefits of both the Executive Director of the Statesboro Arts Council (SAC) and the Executive Director of the Downtown Statesboro Development Authority (DSDA) will be adjusted the same as a full-time City employee.

Major Issues:

Background:

The City of Statesboro and Bulloch County are continuing the strong growth that has characterized recent years. The City grew by 19% and the County by 29% from 1990 to 2000. A recent special census by the Georgia Institute of Technology put the city's population at 26,534, and the county's at 65,445. In the last few years, Georgia Southern University has completed the new School of Information Technology; the Nesmith-Lane Continuing Education Building (which also includes an 850-seat theatre in the Performing Arts Center); a new Nursing/Chemistry Building; and three student-housing complexes for over 1,800 students. The university is nearing completion of the renovation and expansion of Henderson Library, and an expansion of the Recreation Activity Center (RAC). It also has implemented a transit system with natural gas-powered buses to help alleviate the traffic issues associated with a 17,000-student campus. This is an unprecedented building construction schedule for the university, allowing its physical plant to catch up with the explosive student enrollment over the prior decade. This has, and will continue to pump millions of dollars into the local economy, and position Georgia Southern University and Statesboro/Bulloch County as a major economic engine in southeast Georgia. Georgia Southern University continues to rank in the top three choices of Georgia students earning the HOPE college scholarship for academic excellence.

Ogeechee Technical College, with over 2,000 students, continues to expand its facilities and course offerings. It serves a three-county area centered on Bulloch County.

East Georgia Regional Medical Center continues to expand its services, most recently adding a wound treatment facility with hyperbaric chamber capabilities. The hospital continues to successfully recruit physicians, some in specialties the community has not had previously. EGRMC is building a regional client base.

The city is seeing heightened interest in commercial development in five key geographic areas. First, the extension of Brannen Street to Veterans Memorial Parkway has resulted in Buckhead Plaza commercial development. Most of the parcels are now developed, or under construction. In addition, a new full-service Holiday Inn is under construction on Commercial Drive, in addition to a branch bank. The new Toyota dealership has occupied its new building, and out-parcels along that entrance road are available. On the other side of the Parkway, the city is working with a developer on a major shopping center for the corner of Brannen Street and the Parkway, which will be adjacent to Bulloch County's planned bike trail.

Second, the Market District development adjacent to East Georgia Regional Medical Center on Fair Road has nearly built out all the available parcels in this 90 acre area, with the exception of a big-box retail lot, and a multi-family tract.

Third, the City has completed an approximately \$2.0 million SPLOST water and sewer extension project that provides major water and sewer lines along US 301 South to the Veterans Memorial Parkway intersection area. The lack of utilities is the only thing that has prohibited this major intersection and adjoining property from becoming another prime commercial retail area. Woodland Square, with a Talbot's store and other retailers, has opened in the past year. The larger tract near the Parkway has generated interest from major retail developers as well.

Fourth, the City is in the process of installing the trunk water and sewer lines to open up the Cawana Road area to single-family residential development. This area will qualify for the Subdivision Incentive Program. This has been a primary goal of the Mayor and City Council, as most of the new single-family residential development in the previous decade had taken place outside the City limits. The incentive program, coupled with available property adjacent to the City limits that can be pre-annexed to qualify for the incentives, has reversed this unfavorable trend. The City now has several new residential subdivisions available for home building. In addition, this sewer line will serve the commercial property fronting GA 67 (Fair Road) between the Parkway and Burkhalter Road. The site plan and zoning for another new hotel have been approved, and construction is underway at the corner of Fair Road and the Parkway.

The March 19, 2002 SPLOST referendum's passage assured that the Development Authority of Bulloch County would receive \$4,000,000 of these funds to acquire a 294-acre expansion of the Gateway Industrial Park. That property has been acquired and properly zoned. Also included was \$1,500,000 for the DABC to pay the City to install the water and sewer lines within a portion of this new industrial park. This assures that the DABC will be in a position to aggressively seek additional industrial investment and jobs. While Daimler/Chrysler pulled out of its planned van plant on the mega-site in Chatham County at the intersection of I-16 and I-95, this property is being aggressively marketed by the State of Georgia. We believe that any large manufacturer occupying that site will attract supplier companies for just-in-time deliveries. That makes Statesboro one of the prime locations for such supplier manufacturers within a 75-mile radius, and should result in further expansion of our manufacturing base.

In summary, the continued growth of Georgia Southern University, while simultaneously enhancing the academic prestige and quality of students (ie., higher SAT scores for entering freshman), and the continued growth of Ogeechee Technical College make Statesboro a regional center for higher education.

The commercial/retail segment of the economy continues to rapidly expand. Statesboro is the trade hub for an 8-county area, and our sales tax revenues reflect this. New restaurants and national retail outlets are finding favorable demographics for expansion here. The health care segment of the economy is growing rapidly, as new specialists move to the area, and EGRMC expands its services.

The multi-family segment of the construction industry continues to expand, even though GSU has opened its three new student housing complexes. Privately-owned Cambridge, Copper Beach, and the Exchange have opened in the last year, and two additional complexes are under construction. Single-family housing has improved dramatically with developers now using the new Subdivision Incentive Program.

Finally, industrial and business recruitment should pick up as the DABC develops an expansion to the Gateway Industrial Park, using the SPLOST funding. The continued growth of GSU (averaging about a 600-student increase per year) and OTC, expansion of the commercial/retail sector and health care sector, and the continued growth in multi-family and single-family housing should result in a solid local economic outlook. There is some concern about the national retrenchment in the housing industry, but that is not expected to significantly decrease housing here due to the influx of new residents. A good barometer of retail activity is the growth rate in sales tax collections. In calendar year 2005, the tax grew by 7.5%. The growth rate for calendar year 2006 was double that—15%. The 2005 level was a very healthy increase by any standard. The 2006 level was an exceptional year. Both years reflect the growth in the population, but also the growth in retail choices in Statesboro. Those increased choices should continue in the immediate future.

This expanding economic activity translates into growing needs for improved transportation, water and sewer, natural gas, solid waste, and public safety services. In short, the City will have to respond effectively to these changes, proactively plan for them, and finance major public works and utilities improvements to keep up with the growth. The funding initiatives in the proposed Budget attempt to address many of these growth challenges.

Further Economic Development Initiatives:

While there has been progress in a number of areas, there are still three major economic development initiatives that need to be addressed by the Statesboro/Bulloch County community. The first is the need to complete the environmental assessment phase and purchase the rights-of-way for the final leg of Veterans Memorial Parkway between US 301 North and US 80 West. If this is not done soon, we run the risk that a subdivision in that quadrant will be built where the road should be built. That will make future land acquisition even more costly. This leg is essential for the community to have a completed loop for traffic flow. The City, County, GDOT, and the DABC held a joint meeting in April, 2003, at which this priority was discussed, and the City and County shortly thereafter adopted a joint resolution asking the GDOT to proceed with this land acquisition as soon as possible. **However, four years later the Georgia Department of Transportation still has not determined the exact route.**

The second is that the community needs to systematically study how Statesboro and Bulloch County can capitalize on the intellectual capital at GSU, particularly the new School of Information Technology. With GSU training these knowledgeable workers, we need to develop a business recruitment strategy to make this community a sought-after location for IT firms. GSU President Grube has approached the DABC, the City and the County about this, and these entities as well as OTC are working cooperatively on this project. This was part of the State's strategy in placing the IT school at Georgia Southern University.

Third, the Bulloch County Board of Education has finished its master plan for school construction. One of the primary concerns is the current overcrowding at Statesboro High School. The funding of these facilities was approved by the voters in an Education SPLOST referendum. The Board of Education is constructing a new Statesboro High School on the

existing campus, then removing the unusable buildings to construct the parking lot. We need to assure that Statesboro High School enjoys a reputation for academics and extra-curricular activities that encourages citizens to live within the City of Statesboro; and developers to build new pre-annexed single-family subdivisions inside the City limits.

We can best meet the numerous challenges and opportunities facing the City of Statesboro by carefully selecting goals, and executing clearly defined objectives to obtain those goals. To facilitate discussion, I have grouped these goals and objectives under the City department that will be responsible for them.

Finance and Administration Department:

Goal: Continue to improve the City's overall financial condition.

Objectives:

1. Prepare and administer a fiscally conservative operating and capital budget that stays within available resources. Build up the reserve funds to the targeted level in each fund.
2. Prepare accurate monthly financial reports for the governing body and management, so that decision-makers have timely financial information.
3. Obtain an unqualified (clean) audit opinion, and prepare a Comprehensive Annual Finance Report.
4. Continue to reduce the outstanding debt of the City, while incurring only a limited amount of new indebtedness.
5. Continue to aggressively collect all property taxes due, using tax lien sales as needed.
6. Continue to aggressively collect overdue utility bills, using account termination and collection agencies as needed.
7. Audit the hotel/motel operators every three years to assure compliance with the hotel/motel tax.
8. Audit our utility franchisees to assure compliance with the franchise terms and payments.
9. Continue to monitor internal controls so that all funds are properly received and accounted for.
10. Fully implement the Purchasing Manual policies to assure budgetary compliance, and best pricing.
11. Monitor compliance closely on the procurement card process.

Goal: Continue to improve the City's capacity to provide quality customer service.

Objectives:

1. Publicize through GSU mailings to students, and other media for other customers the availability of online utility, property tax, and court fine payments.
2. Keep the number of misreads on utility accounts below 0.05%.
3. Staff the drive-thru window for customer payments.
4. Continue to correct billing errors within a 24-hour time period.
5. Install the new email server to improve departmental connectivity.
6. Install the new telephone system.
7. Conduct a study and implement the recommendations for deployment of a wireless internet system.

Goal: Continue to improve the City's records retention program.

Objectives:

1. Finish scanning all records into a digitized, searchable database.
2. Work with GSU to establish and catalog the historical records museum in the Drummer Building.
3. Cut down on paper copies whenever possible, using the server storage capability.
4. Use condensed printing on large printing jobs whenever feasible.
5. Destroy records that have been scanned, and are not of historical value.

Goal: Assure that the City maintains a good work environment and has a competitive salary and fringe benefits structure to recruit and retain qualified employees.

Objectives:

1. Administer the Personnel Policies and Procedures (Employee Handbook) in a fair, impartial manner.
2. Continue to recruit broadly to obtain a workforce that resembles the community.
3. Maintain the revised Classification and Compensation Plan developed by the Vinson Institute of Government.
4. Maintain the higher deductible workers' compensation insurance program, and develop a reserve fund to meet anticipated deductible payments.
5. Implement the higher deductible property and liability insurance programs, and develop a reserve fund to meet anticipated deductible payments.

Engineering Department:

Goal: Improve both vehicular and pedestrian safety.

Objectives:

1. Construct the intersection improvements at W. Grady St. and College St.
2. Install the US 301/Old Register Road intersection improvements, including a traffic signal and turning lanes, to better handle the GSU traffic growth.
3. Resurface approximately \$250,000 of streets with local funds, and about \$60,000 in LARP funding from the GDOT.
4. Maintain sidewalks for pedestrian safety.
5. Begin construction of the E. Main Street Streetscape phase.
6. Install a traffic signal at the intersection of N. Zetterower and E. Main St.
7. Improve the intersection of Fair Road and South Main St. (US 301 S).
8. Construct #1 Blue Devil Alley, leading to the new Statesboro High School from Northside Drive.
9. Work with the GDOT on a right-turn only access point on the Parkway for the major development on Brannen St. at the Parkway.
10. Work with the GDOT on the four-laning of the Parkway from US 301 South to US 301 North.

Goal: Decrease the possibility of damage from flooding in lower elevation areas.

Objectives:

1. Finish the ditch stabilization project behind R. J.'s Restaurant.
2. Continue to maintain the major drainage ditches and canals so that the system can discharge heavy rains as designed.

Goal: Assure that proposed developments are built according to the City's standards.

Objectives:

1. Continue to meet with developers at the beginning of projects so that they have a clear understanding of development standards before design begins.
2. Continue to provide timely (within two weeks) review of subdivision plats for street and drainage design.
3. Continue to diligently inspect all developers' subdivision and commercial infrastructure construction that will be dedicated to the City for ownership and maintenance.
4. Continue working with the Planning Department to assure that all zoning criteria, including setbacks, buffering, parking, signage, and tree ordinance provisions are met.

Goal: Provide additional burial spaces in Eastside Cemetery.

Objectives:

1. Finish the design of the entire 26-acre tract purchased in the prior year.
2. Determine the actual phasing of this development.
3. Begin development of the roads, and survey the lots for the first phase of this expansion, and offer the lots for sale.

Goal: Enhance the availability of parking in the downtown area.

1. Negotiate with churches that have large parking lots for work-week usage of some of these spaces.
2. Review and implement some version of the City Engineer's plan for additional parking spaces on Railroad Avenue and Courtland Street.
3. Work with the new DSDA Director on a program to have downtown employees not park on the street in the best customer spaces.

Fire Department:

Goal: Continue to have no loss of life or serious injury from a fire-related incident, and to keep fire-related property losses under 0.03% of the appraised value of the property within the City and the five-mile Fire District outside the City.

Objectives:

1. Continue to stress fire prevention through annual inspections of businesses.
2. Continue to stress fire prevention through visits with school children in the public and private schools.
3. Continue to maintain an average response time under five minutes for calls inside the City.
4. Continue to properly train firefighters to stress safety in their work.
5. Continue to upgrade and enhance our firefighting equipment by purchase of new turnout gear and a commercial grade washing machine to remove contaminants.
6. Repair the roofing system and seal the open-faced brick to minimize water damage at the Fair Road Station.
7. Finish a Fire Station Location Study to determine the number and location of fire stations within the City and the five-mile Fire District. Then, work cooperatively with Bulloch County to implement the needed changes.

8. Implement a new contract for coverage within the Fire District that more fairly distributes the costs of the department.

Natural Gas Department:

Goal: Continue to operate this inherently dangerous system in compliance with all federal and state regulations in order to avoid any serious injuries or property damage.

Objectives:

1. Continue to educate the public on the safe use of this commodity.
2. Provide by contract for safe, professional installation and servicing of natural gas appliances.
3. Continue to provide systematic training in operations and safety for all natural gas employees.
4. Have no serious accidents during the year.
5. Join the MGAG consortium for safety and regulatory compliance.

Goal: To expand this system in the most desirable locations to maximize both service and profitability.

Objectives:

1. Continue to install services to new residential subdivisions and commercial developments.
2. Identify those areas within the City without natural gas service and install it.
3. Install the extension on GA 67, Langston Chapel Road, and Cawana Road.

Goal: To encourage growth of the customer base by making natural gas appliances more readily available.

Objectives:

1. Continue to provide the customer incentives to purchase natural gas appliances.

Planning Department:

Goal: Continue to encourage single-family residential development within the City.

Objectives:

1. Administer the Single-family Residential Incentive Program so that developers are encouraged to develop properties either within the City, or adjacent to the City so that the property is annexed before development begins.

Goal: Continue to encourage the development of housing ownership options for low- and moderate-income citizens.

Objectives:

1. Continue the partnership with Habitat for Humanity of Bulloch County, Inc., providing them with lots in Statesboro Pointe, and partial loans, to expedite the construction of these homes. The goal is to construct 4 houses in this fiscal year.
2. Continue to work with Habitat by providing them with desirable lots acquired through tax lien sales.
3. Work with developers of R-8 subdivisions to develop more "starter" homes on 8,000 sf lots.

Goal: Continue to deal effectively with the development community, while assuring that the City's development objectives are met.

Objectives:

1. Review subdivision plats and resolve any issues in a timely manner.
2. Continue to provide clear schedule deadlines for the Planning Commission submittals, public hearing advertisement requirements, and City Council public hearing dates.
3. Meet with developers before they begin design so that they are clearly informed of our criteria.
4. Meet with developers and others on rezoning requests and variance requests so that they understand what a compatible use of that property would be.

Goal: To proactively plan for the growth of the community.

Objectives:

1. Develop procedures with Bulloch County for the joint review of developments near the City limits.
2. Conduct a coordinated Land Use Plan and Thoroughfare Study with Bulloch County so that road development and land use planning just outside the City are compatible with the City's long-term plans.
3. Update the City's Comprehensive Plan, as required by the Georgia Department of Community Affairs.
4. Update the City's Short Term Work Program, as required by the Georgia Department of Community Affairs.

Goal: Improve the physical condition of all neighborhoods.

Objectives:

1. Identify all unoccupied structures, and notify the owners that they must be brought up to the minimum housing code.
2. Identify all occupied structures that are deteriorated and unpainted, and notify the owners that they must be brought up to the minimum housing code.
3. Identify all lots and tracts that need to be mowed and raked, and notify the owners that these nuisances must be removed.
4. Identify all junked or abandoned vehicles on lots and tracts, and notify the owners that these nuisances must be removed.
5. Coordinate a corps of volunteers to perform minor maintenance projects for low- and moderate- income citizens unable to afford repairs identified by the City Marshal.

Goal: Improve the development standards by rewriting sections of the Zoning Ordinance.

1. Recommend changes to the Zoning Ordinance for action by the Planning Commission and the City Council in areas identified by the Planning Department staff.

Police Department:

Goal: Decrease the amount of traffic accidents within the City.

Objectives:

1. Provide extra patrolling in known high accident areas.
2. Work with the City Engineer's Office to identify road alignment or other design factors needing correction.
3. Work with the City Engineer's Office to identify the best locations for cameras to enforce traffic signal violations.

Goal: Decrease the amount of drug-related crime within the City.

Objectives:

1. Work with the DEA and the local Drug Task Force to increase the number of convictions and drug seizures by 10%.
2. Work with the City Marshal to identify and remove rundown properties being used as drug houses.
3. Contest the early parole of known drug dealers at State Parole Board hearings.

Goal: Decrease the amount of crime related to physical assaults.

Objectives:

1. Work with DFACS and other agencies to identify and prosecute cases of physical abuse.
2. Identify and publicize the names and locations of known pedophiles within Bulloch County.
3. Remove all vicious animals that are not properly under control of the owner.
4. Contract with Bulloch County for animal control services.
4. Remove all animals that have become a nuisance to any neighborhood.

Goal: Continue to maintain high professional standards, and improve the morale of the department.

Objectives:

1. Maintain status as a Georgia Certified Police Department by continuing review and refinement of all operating policies.
2. Develop a more clearly defined career ladder.
3. Finish the construction of the new Police Station by August, 2007.
4. Continue to upgrade the equipment by earmarking all confiscated assets forfeitures for purchase of Police Department equipment.

Public Information Office:

Goal: Better inform our citizens of the activities and programs of the City.

Objectives:

1. Continue to publish a quarterly newsletter mailed with utility bills.
2. Develop additional pieces to insert in the utility bills as needed by various departments.
3. Develop four brochures on City services.
4. Post more City information on the website, including press releases.

Public Works Department:

Goal: Maintain the street surfaces and drainage system so that they function properly.

Objectives:

1. Evaluate all pothole and drainage complaints the same day they are received.
2. Prioritize repairs and maintenance so that known safety hazards are repaired as soon as possible.
3. Improve the quality of repairs so that a pothole repair is permanent, all the loose material is removed, the patch is flush with the surrounding surface and doesn't sink.
4. Reduce the number of repeat repairs.

5. Assist the City Engineer's Office in identifying those streets needing resurfacing.

Goal: Maintain a healthy environment by the removal and disposal of garbage, yard waste, and other debris.

Objectives:

1. Continue to complete all assigned residential and commercial garbage routes with minimal missed locations.
2. Continue to complete the daily routes for yardwaste collection.
3. Continue to grind as much yardwaste as possible to minimize cost, re-use the material, and reduce the use of landfill space.
4. Continue to operate the transfer station safely and in compliance with all EPD regulations.
5. Expand the transfer station using a GEFA loan.
6. Expand the inert landfill using a GEFA loan.
7. Work with the County to expand its recycling center, using County SPLOST funds.

Goal: Maintain and beautify the Cemetery and the various public areas to enhance the City's appearance.

Objectives:

1. Continue the seasonal lawn care and flower planting schedule.

Goal: Continue to maintain the City's fleet of vehicles at below market labor rates, and to reduce the number of breakdowns in the field.

Objectives:

1. Maintain the average number of equipment pieces maintained by each mechanic.
2. Reduce the amount of work farmed out due to lack of training or equipment.
3. Continue to properly train the mechanics on all types of equipment.
4. Continue the preventive maintenance schedule so that equipment failures on the job are further reduced.
5. Increase the efficiency rating of each mechanic by 3% over the previous year.

Water and Wastewater Department:

Goal: Continue to provide safe drinking water with no disruptions other than for minor line repairs.

Objectives:

1. Continue to maintain all lines, pumps, and water tanks so that breakdowns are avoided.
2. Continue to maintain the SCADA system so that system information is provided in a timely manner for the operators.
3. Upgrade the SCADA system software.
4. Continue to train and supervise the laboratory staff so that all required EPA/EPD testing is completed and reported as required, and that any quality issues are addressed immediately.
5. Continue the backflow prevention installation program.
6. Install \$50,000 worth of touch-read meters to replace older meters.
7. Hire one additional meter reader.
8. Replace the handheld meter reading equipment.
9. Loop the 12" water main from Well #9.

Goal: Continue to collect and treat all wastewater on our system within the NPDES Permit issued by the Environmental Protection Division of the Georgia Department of Natural Resources.

Objectives:

1. Continue to maintain the sewer lines, pump stations, and WWTP so that overflows are avoided.
2. Continue to operate the WWTP and the laboratory so that all parameters of the NPDES Permit are met, and properly tested and reported to the State monthly.
3. Install emergency generators at two more sewer lift stations.
4. Repair the tanks at the wastewater treatment plant.

Goal: Reduce the amount of infiltration and inflow into the wastewater collection system.

Objectives:

1. Use the Cues camera to systematically identify the areas of worst infiltration and inflow, particularly in heavy rains.
2. Develop a priority rating system for these problems, and either contract for or repair in-house.
3. Complete the Westside Interceptor Sewer Project.

Goal: Install water and sewer lines into unserved areas within the City, and to fast-growth areas and new developments in the City and immediately outside.

1. Develop the City's first Capital Cost Recovery District, set the fees, and use a GEFA loan to install the first phase of water and sewer trunk lines into the Cawana Road/GA 67 Area.

Outside Agencies:

Three other agencies are affected by this Budget. In May, 2006, the City renegotiated its contracts with the Statesboro Convention and Visitors Bureau (SCVB), the MainStreet/DSDA and the Statesboro Arts Council (SAC) to market the area for tourism. The new percentages of the Hotel/Motel Tax provided to each under these two-year contracts are 72.9% to the SCVB, 8.0% to the DSDA/MainStreet, and 19.1% to the SAC. This will help stabilize the funding for these last two entities, while only reducing the rate of growth for the SCVB.

Impact of the Capital Improvements on the Operating Budget:

The capital improvements within this Budget proposal have differing affects on the operating side of the Budget. The downtown streetscape project will provide replacement sidewalks, new curb and gutter, and repaving. So, it should decrease the cost of maintenance over the next few years. The street projects, for the most part, are realignments, or added turning lanes. The drainage system improvements are replacements of existing infrastructure, so they should not increase operating costs. The street and drainage projects should have minimal impact on our street/drainage maintenance budget. The sidewalk projects will not require any real maintenance for at least ten years. The replacement sidewalks will reduce the amount of patching required from the operating budget.

The new residential subdivision and commercial development infrastructure (streets, drainage, sidewalks, water lines, sewer lines, and natural gas lines) that is dedicated to the City for ownership and maintenance will increase our operating costs over time. However, they generate tax base and utility revenues to offset these costs. And, if properly constructed and inspected they should not require a lot of maintenance for about a decade.

The equipment and vehicle purchases are all for replacement of older, worn out equipment. This should decrease the operating expenses to maintain them.

The new police station will be a considerably larger building to heat, cool, and light. It will be about 2.5 times the size of the current one. That will be a major impact on future operating budgets, but the HVAC units should also be more efficient than the old system.

The water and sewer line projects and the natural gas line projects will, over time, increase the number of miles of line maintained, but initially should require little maintenance. They should also provide the additional customer base to offset these operational costs. Consequently, the utility funds should be able to absorb these operational increases with no difficulty.

Conclusion:

While these are not all the issues facing the City of Statesboro, they are the ones of major concern from a financial standpoint. I believe this Budget contains the major goals and objectives agreed to at the City Council Retreat in April. Completing all the projects budgeted herein will result in a number of significant improvements in the community. I want to commend this Mayor and City Council for planning the long-term capital needs of this community, and committing the financial resources to assure that those plans become reality. Using this process has served the community well, and will continue to do so, as we face the challenges and opportunities of a growing city.

I would be remiss if I did not acknowledge the numerous hours of staff time that have gone into the preparation of this Budget. I want to particularly thank Director of Administration and Finance Judy McCorkle, City Accountant Cindy West, and their staff for their work in aggregating the information, and projecting preliminary revenues and expenditures. Every department head developed not only a requested operating budget, but a projection of capital needs for the next six years. They and their staffs are to be commended for their work. I thank them all for their efforts and timeliness in completing both this Budget and the separate Capital Improvements Program document. It is truly a team effort to prepare these two documents.

Copies of the proposed Budget and Capital Improvements Program will go on file in the City Clerk's Office on June 1, 2007. The Public Hearing on the Budget is scheduled for June 12th, and the adopting Resolution will be on the City Council Meeting agenda for June 19th. It will go into effect on July 1, 2007, subject to any changes that you might make in its adoption.

Please let me know if I can provide any further information as you review this proposed Budget and Capital Improvements Program.

Respectfully submitted,

George A. Wood
City Manager