

Budget Message  
May 18, 2010

We find ourselves back where we started of getting back to the basics and rebuilding. When Birmingham was founded and there was explosive growth that was described as magic, our City stalled due in part to the Wall Street crash of 1873. Shortly after that Wall Street crash and the great depression, our City grew at an explosive rate. More than a hundred years later, we have again inherited a recessed economy and now in 2010, there is work to do. In my first 90 days as Mayor, I talked with you in the cafés, the board rooms, the classrooms and in the neighborhoods and from our talks I am convinced that our growth is set to explode again.

But we must first rebuild. We inherited a budget that was close to \$80 million in the red. Together, we made the adjustments and together we balanced the budget. It was half the battle. This year's budget will be just as tough.

Revenue is down and we will have less while our citizens deserve more.

Our projected revenues for this year are down considerably from the last budget year. I don't like it. I'm not happy that we are in this situation under my watch, but it is where we are. The budget that I am presenting today forecasts just under \$350 million in revenue. This is based not on wishes or hopes but on real numbers we can expect. We all would like more revenue and I will constantly watch to report our status, but for now, this is it.

Several weeks ago, I asked department heads to review their budgets to trim the fat and make the tough decisions. They know their department's needs best and I felt that they could make the most informed decisions and the hard choices without interrupting critical city services. Once we received their recommendations, my budget team and executive staff went through each item literally line by line and there needed to be more cuts.

We have had to make some very unpopular and hard choices, but we focused first on funding essential city services and secondly on economic development that have the greatest possibility of generating revenue.

The Capital Improvement Program including Recovery Zone Bond Projects totals \$37,247,000 for FY2011 capital budget. The recommended appropriations address maintaining existing infrastructure, complying federal regulations, meeting contractual requirements, supporting redevelopment and planning a brighter future.

Personnel is almost 70% of the budget, city services are approximately 16%, economic development services are 11% and bonded indebtedness for parks, libraries and streets is 3%. I have asked and received favorable responses from the corporate community assisting with some of the shortfall so we may continue to promote the arts and culture.

We are contractually obligated to funding some projects and must continue to maintain the City's infrastructure like transit with \$5,000,000 in the budget for the Birmingham Jefferson County Transit Authority. Transit is a vital service for our citizens and is critical for sustained economic growth. Some projects we have funded in the past will go away. We will no longer allocate \$8,000,000 to the multi-purpose facility until we can receive collective support from the region.

We have identified more cuts that will allow us to truly evaluate recreation centers that need repairs and libraries that need more resources. Under this proposed budget, seven recreation centers will close for nine months and five libraries will close for nine months after the summer break. I understand the value and worth of our recreation centers and libraries, I have great memories of Memorial Park and the Titusville branch where I studied. I am committed to our children and their development and we will find ways to open back better than before, but we must make the difficult choices now to balance our budget as the law requires.

I am recommending that the yearly neighborhood allocation be \$2,000 per neighborhood for Fun Days, allowing full access to this year's allocation without the normal 70-30 rule of disbursement. If we can get through this lean fiscal year, I see a brighter future and I am asking that we all work through this with unity and a team spirit. Our neighborhoods are the city's backbone.

In addition to these cuts presented in the 2010-2011 budget, there are some immediate savings including eliminating vacant positions saving us approximately \$10,000,000.

The budget that I am presenting begins with me giving 10% of my own salary back to the City. I started with my executive staff and will temporarily reduce all city employee salaries by 10%. Also, I am adjusting rates for special events pay, eliminating the immediate need for layoffs or furloughs. While there is not enough time to implement before this budget goes into effect, additionally we are working diligently to offer possible options like early retirement or buyouts.

Locally or nationally, I don't enjoy being the one to deliver this kind of news, but we are required by law to have a balanced budget and that means difficult choices and harsh realities where we together, the Mayor's Office, the Council, the Neighborhoods and the employees must rebuild united for the good of the City.

I am committed to you and the people we serve. I am committed to what we will become. I am committed to a great city, Birmingham, our City.