



June 1, 2015

Honorable Mayor and City Council
Powder Springs, GA

Dear Mayor Vaughn and City Council:

The Proposed Budget for FY 2016 is hereby submitted for your review and consideration. It is largely the product of the City Council retreat, collaboration with City staff and budget workshops to identify needs for the coming fiscal year. The priorities set at the end of that process are preserved in the Proposed Budget.

The Proposed Budget includes more than \$16 million of investment in City services and infrastructure: including \$7 million for General Fund day-to-day operations, \$700k for one-time items funded with fund balance (our savings account), to include a total of \$1.9 million for capital projects. The Proposed Budget is based on principles reflected in the City's values and Council's core strategies. Those strategies include:

1. Create Destinations that appeal to residents and visitors
2. Develop and promote a safe City
3. Create and Atmosphere of Community
4. Attract and retain businesses

The activities used both in the development of this budget, as well as the guiding principles in our budget process, include:

- Minimizing the financial burden on the City's taxpayers;
- Providing a balanced program of quality service; and,
- Making annual decisions that can be sustained over the long term

Minimizing the financial burden on the City's taxpayers

Economic development is addressed to diversify the City's tax base with more quality commercial properties that will generate tax revenues and reduce homeowners' tax burden. Working with Council and the Development Authorities, the City plans to formulate economic development policy that ensures incentives are market-driven and protects City of Powder Springs taxpayers from undue cost and risk.

This Budget includes a net gain over FY 2015 of three additional full time positions and one change from a part-time to a full-time position. This adjustment recognizes the quality of City staff and their capacity to meet a growing City's needs without automatic annual increases in every department.

Providing a balanced program of quality service

The Proposed Budget provides quantitative measures of performance that allow citizens to gauge the City's progress and success in various operating areas. Departments are providing performance measures as a part of the Budget, and these metrics will be monitored throughout the year along with revenue and expenditures.

This Budget includes funds for \$1.9 million in capital projects that address water, sewer, streets and storm water needs, as well as the expansion of Linear Park. If we do not continue to renew and add to the City's capital stock, then our service delivery will suffer in every major basic service area. The Proposed Budget accomplishes this while minimizing taxpayers' financial burden.

Customer service will be a primary focus across the City in FY 2016. We must continue to develop courtesy and responsiveness as fundamentals of our approach while setting a foundation for healthy, productive communications between the City and its customers.

Making annual decisions that can be sustained over the long term

Employee compensation is adjusted, providing salary increases in line with market conditions while maintaining the employee portion of health insurance premiums to more closely mirror packages offered by neighboring cities and the surrounding labor market.

Financial reserves are maintained at levels that provide a necessary cushion against the likelihood that we will face another major flood or comparable emergency at some point in the foreseeable future. As paralleled with other cities in Cobb County, and cities of similar population in Georgia, these operating reserves range from three months to twenty-four months. The City of Powder Springs' operating reserves are maintained to cover six months of operations and Debt Service reserves meet legal requirements.

Revenues are trending in a favorable position; however, growth is slow. Much of the savings that the City has accrued is a direct result of prior budget cuts, downsizing and conservative spending. This balanced budget achieves City goals, funds capital needs and demonstrates slow conservative and strategic growth. This methodology is how the City survived the recession and this same methodology is how the City will continue to prosper and fund future obligations and capital needs, while continuing to maintain those reserve levels necessary to sustain the impact of any future disaster, be it economic or physical.

Long-term debt is planned and structured for affordability and annual review. As our long-term financial planning considers local and national economic factors, the annual budget that derives from this long-term plan allows the Council to re-evaluate the City's position each year and ensure that the City continues to live within its means.

We are creating a customer friendly, responsive, innovative and financially responsible government. The City's management team is committed to seeing this effort through. Thank you for your assistance in the preparation of this Proposed Budget for FY 2016.

Sincerely,

Pam Conner
City Manager

Diana Belanger
Finance Director