



April 20, 2018

To the Honorable Mayor Williams and Members of the City Council:

The budget preparation process that began in early February is entering its final stage of development. The process began with a budget kickoff meeting where the proposed process, objectives, expectations, and budget calendar were discussed with each of the Department Heads and key staff members. The Department Heads then spent approximately a month reviewing their current budget(s) appropriation(s) and developing their anticipated needs for the 2018/2019 fiscal year (Fiscal Year 2019). The Finance Director and I then met with each Department Head to review their requests and justification for each line item. After reconciling the Department's requests, the Finance Director and I then met individually with the City Council Members to review and discuss the proposed budget format, projected fund balances and critical issues facing the community to develop the proposed budget. These fruitful and candid discussions provided us with valuable feedback to develop and fine tune the proposed budget request. Based upon the direction we received from those meetings, we prepared the proposed budget including the preliminary millage rate, taxable value projections, new revenue sources, capital improvement requests, additional staffing requests, FY18 year-end projections, and finally proposed the tentative millage rate which was incorporated into the proposed FY19 budget proposal. The budget has been balanced, reconciled and compiled. Therefore, with this letter, I am transmitting the proposed budget for your thorough review, consideration, and subsequent adoption.

A cornerstone in developing an annual budget is to fully evaluate all available revenue sources and proposed expenditures to provide the resources to pay for the full range of provided municipal services and to calculate and propose a millage rate. The City has been a good fiscal steward and has reduced the City's millage rate the past six (6) years from 153 to 120 mills. This reduction continues to provide the taxpayers with needed fiscal relief and it continues to make the City more competitive in attracting new business and industry. We are proposing another millage rate reduction with the proposed FY19 budget. The other taxing jurisdictions in Jasper County and surrounding communities cannot make the same claim regarding consistent and persistent millage rate reductions over the same period.

The City is fortunately in a very high growth environment and the City's total taxable real and personal property value increased 21.4% in FY18 and is projected to increase 21.96% in FY19. This significant increase in property values provides the City Council with unique opportunities to provide needed funding for critical capital improvement projects, a millage rate reduction, or some combination of both. The proposed budget recommends a millage rate reduction of three (3) mills while providing needed funding for vital capital improvement projects. These proposed projects include the building of a new fire department station headquarters, a new multi-purpose community/recreational facility, and a new road through the Hardeeville Commerce Park. The decision on what the final millage rate should be to meet all the competing demands, solely lies within the jurisdiction of the City Council.

The City continues to be a very good steward of the public's funds and at the end of FY18 has a budget stabilization fund balance which meets the Government Finance Officers Association recommended General Fund balance of 25% of the annual expenditures or three (3) months of expenditures set aside as an "emergency or rainy-day fund". The City has also set aside funding for a Merit and Paid Time Off pool, has transferred dollars to fund the City's Five-Year Capital Improvement Fund and has a projected unreserved balance of \$669,691. The Merit and PTO pool is an appropriation to fund performance-based merit pay increases as well as funding accrued time payouts to those employees leaving city service. The proposed FY19 budget continues to adequately fund the budget stabilization fund, appropriates funding for the Merit/PTO pool, provides an appropriation of \$843,226 to the Five-year CIP, while maintaining an unreserved balance of \$894,391. The transfer to the CIP fund from the General Fund is needed to fund the City's local match portion of grants as well as to provide the necessary resources to make up shortfalls in any proposed project. The proposed allocation of the City's reserves continues to promote a strong financial position for our community.

Upon review of the City's audit regarding historical full time staffing equivalents, the City has maintained a small work force even with the City's rapid expansion in area from 5 square miles to 56 square miles and the population more than doubling over the past ten (10) years. The FY18 budget had appropriated funds for eighty-eight (88) full time equivalents in the City's ten (10) General Fund Departments. The City's Department Heads submitted requests for an additional twenty three (23) FTE's and eleven (11) personnel for promotions based upon the growing needs and service demands. After careful consideration and review of each of the merits of the personnel requests, the proposed FY19 budget proposes an additional eight (8.0) full time equivalents and six (6) promotions to meet the growing needs of our community. The following positions are proposed to be funded:

- ✓ Deputy City Manager
- ✓ Deputy City Clerk
- ✓ Permit Tech
- ✓ Building Inspector
- ✓ Corporal Detective
- ✓ Administrative Assistant in the Municipal Court
- ✓ Accounts Receivable Clerk
- ✓ Maintenance Worker II in Public Works

These proposed positions are critically needed to meet the increasing work load and demands of growth and to reduce the burden on the existing work force. The proposed budget also contains a 2.05 % cost of living increase for the City's employees which will generally cover the anticipated increases in the employees' retirement contribution costs. Please see Exhibit A for the proposed positions job description and a justification for each position as well.

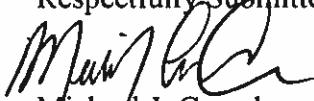
The proposed budget contains a very robust Capital Projects and Improvements plan to enhance our facilities and increase the overall quality of life in our community. Projects will be financed by a combination of State Grants, proceeds of debt, contributions from outside sources and existing City resources. The proposed total Capital Improvement Plan is projected to be approximately (\$16,743,045) including (\$602,007) for replacement vehicles and equipment. The most other notable projects include:

(\$9,7084,883) for new public buildings or facilities or expansions to existing facilities;  
(\$4,543,000) for infrastructure, storm drainage projects and/or street or highway projects and the Hardeeville Commerce Park;  
(1,475,271) for all Debt service payments;

The City's elected and appointed officials will continue to collaborate, cooperate, be creative and be willing to consider unconventional approaches and partnerships to continue to meet our mission, goals and objectives. Our City continues to be blessed with a committed group of Department Heads and employees who work hard every day to serve the citizens of our community, and I want to acknowledge their dedication and many contributions. In closing this message, I want to extend my deepest appreciation to our Finance Director, Ms. Niema Gantt for her tireless efforts in providing invaluable assistance in the development of this proposed document. This budget is not the City Manager's budget or the City Council's budget but a guiding document that is owned by all that helped prepare it. One Team-One Dream!

We look forward to meeting with you to present this proposed budget.

Respectfully Submitted,



Michael J. Czymbor  
City Manager

c. Lori Pomarico, City Clerk  
Niema Gantt, Finance Director  
Prina Maines, City Attorney