



*A Grand City* on a CHARMING SCALE

**Office of the Mayor**  
*Don Kyle, Mayor*

## STATE OF THE CITY 2016

On February 25, our Finance Supervisor, Assistant City Attorney, Council President, a rep from Joe Jolly and Co., and I visited the New York offices of both Moody's and Standard and Poors. Our purpose was the interview part of their review of our city's bond rating. We had spent weeks delivering financial and demographic data, in preparation for financing some significant capital investments, including street and road projects, sewer expansion, and major equipment.

I'm going to take just a few minutes to read my introductory "snapshot", if you will, of Decatur as presented to the two companies. Much of it you know, but it is a concise reminder of the many things that make our city great. It had to be short as we only had a two hour window with each service, to include their questions and any discussion.

### General Overview of Decatur, Alabama - February 25, 2016

Decatur is the county seat of Morgan County, Alabama and, with roughly a 56,000 population, is second in size only to Huntsville in the Morgan, Limestone, and Madison tri-county area. It sits on Wheeler Lake of the Tennessee River, a major inland waterway, which provides commercial shipping, recreation, and a huge source of water for virtually any use.

Much of our industrial base has located here because of the significant water resource. Some of those companies are 3M, BP (recently announced sale to Indorama), Ascend Technologies, Nucor Steel, Daikin America, General Electric, Hexcel Corporation, Toray Carbon Fibers, Toray Chemicals, United Launch Alliance, and others. We have fourteen Fortune 500 companies in our immediate area. This industrial collection has consistently resulted in annual investments that place our county in a nationally top fifteen for dollars invested (total of new companies and expansions). In 2015, for example, 18 companies accounted for over \$229 million invested, with the creation of over 600 new jobs.

At the same time, our Decatur Downtown Redevelopment Authority (DDRA), re-energized in about 2007 and challenged to revitalizing our traditional downtown area, reported a five year (ending 2015) success of 83 new businesses, \$26 million invested, and 550 jobs with an approximate \$10 million payroll. Going forward, DDRA is monitoring projects estimated at \$35 million, including a second 44K square foot Alabama Center for the Arts building, the 57K square foot Cook's Museum of Natural Science, a renovated historic train depot, and an uptick in loft apartments. Downtown is only part of Decatur's retail and commercial scene.



*A Grand City* on a CHARMING SCALE

**Office of the Mayor**  
*Don Kyle, Mayor*

As presented in the 2015 State of the City address, approximately 280 new businesses opened in the prior year, including 65 retail, 14 restaurants, and 100 service companies. Among public entities, serving the city and surrounding area, Decatur Utilities is owned by the City and provides gas, water, electric, and wastewater facilities. It is a well-run company and consistently has kept our rates low enough to be very attractive to business. We will soon be housing city inmates in a County jail addition, with the long-term contract stabilizing our recurring costs and eliminating the future prospect of a major jail building project/expense.

We are proud of our industry and our Chamber of Commerce has long partnered with Calhoun Community College to help assure that a highly skilled workforce is available when industry calls. In recent years, Athens State University has stepped up their efforts to do the same, even structuring new degree programs to fit local industry needs. But manufacturing, retail, commercial, and service are not our only strengths. We have an excellent city school system, with roughly 8600 students, that is building two new state-of-the-art high schools. Decatur-Morgan Hospital serves the entire county; and, managed by the Huntsville Hospital organization, has access to virtually every specialty in the medical arena.

Our residents are a widely mixed skill-set group, with thousands daily commuting east to the Huntsville area to take advantage of jobs related to, or spun off from, the defense industry located on Redstone Arsenal or NASA's Marshall Space Flight Center. A little aside here, the director of the original Hubble Space Telescope project is a Decatur resident. This connection is partly why United Launch Alliance (ULA) is a Decatur company, building the Atlas and Delta launch vehicles. ULA is at 105 consecutive successful launches and counting.

With the Army Material Command relocated to Redstone due to BRAC 2005, jobs and new related companies continue to grow and our residents continue to enjoy those opportunities. (By the way, if the US Army buys it, it is bought through this command.)

We are here to refinance our 2006 issue for more favorable interest rates, and also to fund our part of several major road building projects wherein our \$5.5 million gets us over \$22 million in road repairs and additions. We have also, with the help of our state legislative delegation, benefited from ongoing and completed road projects during the last 18 months costing over \$40 million with no local match. We are continually looking for improvements to our city to benefit our residents and, also, work for regional gain. We also expect to finance a \$3.5 million sewer expansion addition that will open hundreds of acres for commercial development along Alabama Highway 67 (our Beltline) and Alabama 20/Us Alt72. This will be funded by utility company pass throughs that do not affect General Fund Revenue.



**Office of the Mayor**  
*Don Kyle, Mayor*

We only participated directly in one of two major announcements in west Huntsville, but closer to our city center, we will certainly benefit by the estimated 4,000 jobs brought by Remington and Polaris to our end of the Tennessee Valley.

We do this with very conservative financial methods. With near flat revenue projections, we brought FY2015 in with a \$2.3 million surplus. Total surplus fund balance was at roughly \$27 million. We must, as you know, plan with multiple "buckets" of money because grants, earmarks, and other restrictions limit use flexibility of some of our funds. Here are some key philosophies:

- A. When planning next year's operating budget, we use current year actual revenues as our projected income, unless a decline is expected. This generally creates a fund balance surplus by year end, and the surplus is available for capital needs.
- B. We, by resolution, set aside part of the revenue generated by a major shopping center, The Crossings, only to be used for a general fund deficit or major unexpected repairs (like a roof, HVAC, etc.). Even with this set aside, we plan our general operating budget to balance without using reserves for recurring expenses.
- C. When considering a city-based incentive to retail, the potential recipient must submit an extensive application to prove its viability (this was designed by a former bank commercial lender); and, the incentive is only based on the performance of the applicant once the project is up and running. No upfront money from public funds.
- D. One of our five council members is liaison to our Accounting/Finance Department and is actively engaged year round, especially during our budget process. We've hired two new accounting/finance staff with more extensive education and experience than we've had in the past.
- E. Reports are sent to the council monthly with major revenue sources, expenses exception reports, and non-recurring items constantly reviewed. We've pushed our auditors more aggressively to assure an earlier audit completion than in the past.

We know there are other things you may wish to hear and look forward to discussing them. We have for you a copy of this summation, along with a copy of our Chamber of Commerce guide, DDRA summary, 2015 county expanding industry report, 2015 State of the City handout, and the Chamber's top 5 stories for 2014 and 2015. We hope this gives you a good "snapshot" of the City behind the numbers you've already received.



**Office of the Mayor**  
*Don Kyle, Mayor*

On March 14, we received word from Standard & Poor's that we had retained our bond AA rating.

## **END OF BOND REVIEW COMMENTS**

While this presentation was short, and without great details, none of the content was achieved by merely ideas and talk. Our many assets were acquired and continue to grow because of Patience, Perseverance, and Collaboration by many individuals and entities.

**Take, for instance, the Alabama Robotics Park.** Governor Riley first presented the idea around early 2006, many of us lobbied to have it near Calhoun, instead of Cullman County, our legislators worked to find available funding, and Phase I broke ground at the beginning of the 2008-2012 quadrennium. Our legislative delegation continued to seek funding, and Phase III is at completion in 2016. It took over 10 years and a lot of hands working together. Is this because government is slow and bureaucratic? No, it's because government does not have unlimited resources any more than most of us do. It had to be done in phases.

**The Beltline widening project.** It was planned well before 2004, but the first of 3 phases did not begin until the city, our MPO officials, our delegation, the Chamber, and others, pushed Montgomery hard to get it started, about 10 years ago. It took roughly 9 years to finish all 3 phases.

**Downtown Redevelopment.** This run is 10 years and counting, beginning with refreshing or re-emphasizing a Downtown Redevelopment Authority. I remember the Chamber Washington trip, either 2005 or 2006, when we excitedly but anxiously made presentations to our two Senators and Congressmen, hoping that some federal money would fall our way to help. Senator Sessions came through with just shy of half a million dollars, and Second Avenue Streetscape was born. Talk had already begun, in City Hall, about donating city-owned property, between 1st and 2nd Avenues, if a college arts center there became true. The second building is virtually complete, in 2016, and our art resources are growing. This project survived, while 3 different 2 year college chancellors were in office, because our local and state level officials would not let it die. A spinoff, if you will, the River Clay Art Festival, kicked off last Fall, after **over** 2 years of study, review, and planning by a large organization of local volunteers. This was not slowed by government or bureaucracy; it was wisely slowed by the volunteers to assure that the first episode of River Clay would be successful. And it was, I think, even beyond the hopes of the committee. I know that the artists were extremely impressed.



**Office of the Mayor**  
*Don Kyle, Mayor*

**Recreation facilities**, like Jack Allen and Ingalls, continue to be improved and the use increases. The pavilion obviously enhanced Ingalls Harbor and grounds, and we've added a center supervisor to see it is used more. It is no coincidence that Home2Suites is locating next door. The official groundbreaking was just Tuesday. Our **dressing room facility**, at Jack Allen, is now available. Talk about collaboration, the CVB and Park and Rec are informed of the need of locker rooms for certain kinds of events. Senator Orr finds some grant funding, but it will be spread over a 5 year period. City government approves the front end funding/financing so the structure does not have to wait 5 years. (We also added some funding to get the size needed for bigger events.)

**Our school leadership** spent most of this term (since 2012) planning long range needs including construction of 2 new high schools. They continue the unending push for higher graduation rates, higher test scores, and job or college readiness, while dealing with a constantly moving student demographic. Our efforts to expand Pre-K availability are growing throughout the city and county, with more state and local funding available for additional classes. This topic is really important to me, being the spouse of a 35 year public elementary teacher. A PARCA review of Montgomery's first First Class Pre-K students, now in 6th grade, showed that "those who had participated as 4 year olds consistently outperformed their peers". Perhaps more importantly, "First Class Pre-K closed the achievement gap for participating low-income students by an average of 25 percent".

## WHAT IS STILL TO COME?

Moulton Street improvements – 2 projects; Austinville, Flint, and Mill Road improvements, and -at last – Spring Avenue improvements will begin. Also, the Wilson Street project **will** come to an end.

Did you make the Depot grand opening last Saturday? Talk about patience, perseverance, and collaboration. State funding, city funding, private funding, railroad, police officials, city history coordinator, volunteer train enthusiasts, utilities, I.T. improvements, ALDOT, a great contractor, architect, and a project manager. And we, the city, end up with a beautifully restored historic building, another museum, and seriously needed police department office space we could not have built for what the city alone contributed. Even something like the recent Zagat's listing of Decatur as one of two "Under the Radar" food destinations in the state did not happen overnight. Those local entrepreneurs have worked many years building their reputations.

And speaking of museums, the Cook Museum of Natural Science. 200,000 plus visitors a year, jobs created, beautification of virtually a whole city block, affiliation with the



*A Grand City* on a CHARMING SCALE

**Office of the Mayor**  
*Don Kyle, Mayor*

Space and Rocket Center (the most popular tourist attraction in the state), and learning opportunities you cannot get from a book or computer for all our children. WOW!

We continue to have potential store owners and developers look at properties on our main traffic arteries. You are already seeing sidewalk improvements on Lee Street, another transportation grant funded downtown improvement. (The depot and amphitheater were also partly funded by state grants.) We continue evaluating priorities for local street resurfacing. Completion of the Beltline sewer expansion will enhance property values in the western part of the city, along with adding growth opportunities.

We have more loft apartments under construction – specifically on the south end of 2nd Avenue, at the Bank and Lee Street junction, and the Amberly Hotel being renovated into apartments. I wonder what next will bring the kind of excitement that Krispy Crème did upon opening? We began moving electric utilities underground with the 6th Avenue Mapco project and have a template with DU for continuation as redevelopment occurs, which will greatly improve the appearance of 6th Avenue SE.

You know, sometimes progress causes inconvenience, and change causes confusion. But we have to make tough decisions sometimes for a greater end result. Our Public Works' group is becoming more efficient and customer sensitive every day, and it is taking fewer staff to deliver the service. Our Animal Shelter is second to none in cleanliness and user friendliness. Attendance and activities are way up at the Turner-Surles facility.

We've asked ALDOT and the contractor to accelerate the Wilson Street project any way possible, and they are responding. Region leadership has promised every effort to finish by June 1. (I am convinced that, upon completion, we will soon talk of the headache as a distant memory.)

I know this has perhaps seemed like a scatter gunned approach, but, with so many different things happening, how else do you do it? Things don't always line up in a neat row or on a comfortable schedule, so your elected officials and career public servants have to be ready to respond to and facilitate new opportunities. I guess I'll wind down now so we can all get back to work. After all, I do know that between Park and Rec, H.R. and myself, there is a lot of paperwork involved in hiring the 300 plus seasonal help that goes into our overall park system every summer. I am privileged to work with many dedicated public servants, both career and elected, and many agencies, **like the Chamber**, which work to move our city to greater possibilities. That is why these many positive things are happening, by working together, and that is why the state of our city is great. We all will continue Moving Forward.