



April 27, 2010

Dear members of the Memphis City Council and people of Memphis:

This is my first budget presentation as your City Mayor, and it is an honor I accept eagerly. Everywhere in Memphis, I see signs of progress, forward momentum, and new hope. Our potential is limited only by our capacities for creativity and hard work, which I know to be limitless.

I am pleased to present this budget for the City of Memphis for the fiscal year beginning July 1, 2010 and ending June 30, 2011. My proposed operating budget for fiscal year 2011 includes planned spending of \$636.4 million and a Capital Improvement Program (CIP) budget of \$79.8 million.

As with previous years, the operations of our police and fire divisions comprise the largest portion of the budget. Sixty percent of our spending in the year ahead will be devoted to ensuring public safety and continuing our war against crime. Thanks to assets like the Real Time Crime Center and programs like Blue CRUSH, the past

twelve months have seen some of the most dramatic decreases in violent crime in years. My administration will continue to invest strategically in crime-fighting strategies that get results, including proactive programs like the Drug Court, Just Care 180, and other components of Operation: Safe Community.

While ensuring the domestic tranquility of our city remains my single greatest commitment, a number of other changes are imperative.

For far too long, city government has been over-reliant on property taxes to fund our operations. The unfortunate long term effect has been that even while our annual budgets have grown, more and more middle class families have left Memphis. This leaves city government in the untenable position of delivering critical services to an increasingly diffuse and less wealthy population.

In short, the business model for Memphis city government is broken and must be fixed. While we will always look for ways to conduct the city's business more efficiently, simple cost-cutting or short term fixes will not be sufficient. The time is at hand to reach for more ambitious and far-reaching solutions to our most critical fiscal challenges.

We must leverage our many assets to become a true city of choice for all people. This vision is predicated on a value proposition wherein we use our tax revenue to make intelligent investments in our city's future.

We can and must provide our citizens with an efficient, transparent government that is relentlessly focused on growing the economy and bettering the quality of life for everyone. Middle class families should choose

to live here and low-income families should find ways of moving into the economic mainstream. Students should have options for their future and and talented workers should be developed, attracted, and valued.

Memphis can rightfully claim to be the first, best, and only city in America to boast a number of assets: unparalleled contributions to music and art, the most geographically desirable location in the country, the world's busiest cargo airport, and abundant areas of astonishing natural beauty.

Moreover, we as Memphians enjoy a strong civic heritage of resilience, compassion, and innovation that sets us apart from the rest of the world. Our resurgent downtown, our hospitals and research centers, our thriving faith community, and our growing logistics, medical device, bioscience, and entrepreneurship sectors prove this.

My vision for all of us is to build upon these assets and claim our rightful place as a city of choice for everyone.

The priorities contained in my proposed budget emanate directly from these values. This begins with a renewed focus on developing our human capital – the surest predictor of a city's economic success. Our Office of Talent and Human Capital was created to enact strategies for keeping our best, brightest, and most talented young workers here in Memphis. If we can provide more opportunities for more of our young people, we will grow our economy, rebuild our tax base, and create more and better jobs for all citizens.

Equally critical will be an unprecedented focus on planning and fiscal accountability in government. The new Office of Strategic and Financial Planning will be responsible for guiding the city's fiscal health moving forward. This kind of long-term, research-driven coordination of the city's budget has never occurred before. In my administration, it will become the norm.

The shape, size, and density of the city's population have changed tremendously over the past fifty years. The size of government must adapt. In this regard, the input and advice of the private sector will be essential. For example, this year I will appoint a volunteer commission of local businessmen and efficiency experts to help strategically guide a process of rightsizing or relocating some city services and buildings.

I believe that citizens should, whenever possible, have to pay for the amount of government they use. Finding a more fair and equitable way to gather this revenue, which may include instituting or increasing some service fees instead of raising taxes, is a critical part of my plan. We are presently in negotiations with the Shelby County Trustee's Office to see if we can consolidate the property tax billing and collection functions to streamline the process for taxpayers.

The 2011 CIP budget focuses on investments that will make our city safer, stronger, and more appealing to both visitors and residents. These include two major community development projects, Legends Park (on the location of the former Dixie Homes public housing project) and Triangle Noir, where Cleaborn and Foote Homes presently stand, which will join other successful HOPE VI and mixed-income projects across Memphis. When complete, these new developments will provide hundreds of units of new housing and thousands of square feet of new commercial space in the heart of our city.

Elvis Presley Boulevard will receive substantial improvements to accommodate the continuing growth and future development of Graceland and the surrounding area. Leveraging our city's unique music history, our private sector partners are committed to transforming this area into a global entertainment destination that will draw thousands of new visitors to Memphis. Across town, public green space improvements to the former Mid-South Fairgrounds will provide attractive and comfortable recreation space for all Memphians and drive future development on this critical piece of public property.



I also seek your support for an enhanced Skycop system that will allow our police department to remotely monitor locations throughout Memphis that have unusually high potential for criminal activity. The system can be mounted on poles and buildings, and will monitor and record activities from distances of several thousand feet away. This state-of-the-art technology apprehends criminals, protects property, reduces litter, and ultimately saves lives.

The Memphis Fast Forward economic development plan, which is supported by the City of Memphis, is working, and will continue to create jobs and develop new high-growth employment sectors. Hundreds of millions of dollars will be invested in our public schools by the City of Memphis, the Bill & Melinda Gates Foundation, and the U.S. Department of Education to ensure that every child in Memphis can receive a free, world-class education and matriculate successfully into a great college. Mixed-income community development projects throughout the city provide clean, safe, affordable neighborhoods for a new generation of Memphis families. Improving public transit and creating more bicycle and pedestrian lanes are critical to sustaining the environmental and economic health of our urban core.

These critical investments will pay tremendous dividends as we emerge from the recession. Our commitment to the quality of life for all Memphians has never been stronger, and as a result Memphis stands poised not merely to share in the recovery, but to excel on our own terms.

The ideas contained in my proposed budget are rooted in the philosophy that we cannot cut our way to prosperity, nor can we tax our way to prosperity. We can only grow our way to true prosperity.

We have faced difficult times in the past, and we will face them again. We will overcome them as we always have – through ingenuity, perseverance, and an abiding faith that our best days are still to come. Our responsibility in this moment is to set out on the right path, with the right purpose, and to guide our city to a place of lasting prosperity. Future generations are depending on us, and we cannot afford to leave our destiny to chance.

Memphis must be a city of choice. My proposed 2011 budget is the first step in that process.

Yours in service,

A C Wharton, Jr.
Mayor, City of Memphis

NOTE: The Mayor's transmittal letter was written at the time that the Proposed Budget was submitted to Council. This schedule shows the amendments made to the Proposed Budget.

FY 2011 Operating Budget	Proposed Budget	Amendments	Adopted Budget
General Fund Revenues			
Unallocated Revenues	\$ 593,815,930	\$ 41,000,000	\$ 634,815,930
Divisional Revenue	\$ 42,616,558	\$ (10,000)	\$ 42,606,558
Total Revenues	\$ 636,432,488	\$ 40,990,000	\$ 677,422,488
General Fund Expenditures			
City Attorney	\$ 14,688,188	\$ (707,111)	\$ 13,981,077
City Council	\$ 1,614,184	\$ (10,439)	\$ 1,603,745
City Court Clerks	\$ 5,060,163	\$ (15,847)	\$ 5,044,316
City Judges	\$ 617,200	\$ -	\$ 617,200
Community Enhancement	\$ 8,996,819	\$ (86,445)	\$ 8,910,374
Engineering	\$ 8,983,362	\$ (370,556)	\$ 8,612,806
Executive	\$ 7,559,005	\$ (114,403)	\$ 7,444,602
Finance	\$ 5,865,448	\$ (81,572)	\$ 5,783,876
Fire	\$ 163,074,108	\$ (3,131,141)	\$ 159,942,967
General Services	\$ 13,708,099	\$ (1,068,697)	\$ 12,639,402
Grants & Agencies	\$ 68,950,604	\$ 49,638,408	\$ 118,589,012
HCD	\$ 4,761,631	\$ -	\$ 4,761,631
Human Resources	\$ 7,898,879	\$ (472,447)	\$ 7,426,432
Information Services	\$ 21,138,137	\$ (1,663,425)	\$ 19,474,712
Parks	\$ 28,133,341	\$ (61,966)	\$ 28,071,375
Police	\$ 232,891,521	\$ (4,356,248)	\$ 228,535,273
Public Services	\$ 23,822,355	\$ (22,054)	\$ 23,800,301
Public Works	\$ 18,669,444	\$ (742,363)	\$ 17,927,081
Total Expenditures	\$ 636,432,488	\$ 36,733,694	\$ 673,166,182
Contribution To Fund Balance	\$0.00	\$ 4,256,306	\$ 4,256,306

FY 2011 CIP Budget	Proposed Budget	Amendments	Adopted Budget
Total Revenues	\$ 191,608,617	\$ 6,120,396	\$ 197,729,013
Total Expenditures	\$ 191,608,617	\$ 6,120,396	\$ 197,729,013

