



April 15, 2008

### *Investing in a Sustainable Future*

Members of the Memphis City Council and citizens of Memphis:

I am honored to present the proposed annual budget for the City of Memphis for the fiscal year beginning July 1, 2008, and ending June 30, 2009.

I'd like to express my sincere appreciation to the Memphis City Council for its continued cooperation and support as we navigate these financially challenging times.

With each passing day, we continue to realize our vision of being recognized globally as the city of choice in which to live, learn, work and recreate. With this overall goal in mind, we continue to make positive

strides today to invest in a successful tomorrow.

However, to ensure a sustainable future during these tough economic times, we must make tough economic decisions. As the cost of doing business continues to rise, we must make adjustments to keep pace. The Fiscal Year 2009 proposed operating and capital improvement program budgets have been developed to not only address stagnate revenues and implement cost saving measures, but also to provide adequate funding for such top service priorities as public safety.

Therefore, on behalf of the citizens of Memphis, I present proposed budgets of \$595.3 million for General Operations and \$241.3 million for the Capital Improvement Program (CIP).

### **Combating stagnate revenues; addressing increasing costs**

Due to our country's sluggish economy, and declining interest rates our investments are not generating the level of revenue we have become accustomed to earning. This trend, coupled with more conservative consumer spending and less flexibility in accessing other financing options, has caused our revenue growth to fall off slightly. As a quarter of our half-billion-dollar general fund operating budget is generated by the local sales tax, investment profits and operating transfers, we anticipate a \$6 million fall off in revenue growth for Fiscal Year 2009.

In addition to less revenue, we must deal with higher operating costs associated with skyrocketing fuel prices, an increased allocation to fund future retiree health benefits and address new Governmental Accounting Standards Board requirements, and additional costs related to the our anti-blight pro-