

What I would like to do today is to talk to you for about 10 minutes and update you on what your city government has done so far to deal with our difficult circumstances. Then I would like to give you a chance to participate and have 5 or 10 minutes of question and answers.

Before I start I would like to introduce a few people that are here today,...my Department Directors, our new city attorney, Sue Lewis, City Clerk, and most important your city council members.

I see a few of the magistrates that are here as well, and of course Judge Lusby. I would like to take this time to thank Judge Lusby for all his help during these past two years. It is nice to see Superintendent Putty here, and it is nice to have another female in the headlines besides me.

Thank you so much for inviting me today. This is the third year I've had the opportunity to visit with you and each year I have tried to bring you some good news. However, I'm afraid this year I must deliver some bad news along with the good.

No one here needs to be reminded we are in the most challenging times at the national, state, and yes, local level, both in the private sector and in government. How we deal with these challenges will leave a lasting mark for generations to come.

I believe the first step is to face our circumstances straight forwardly and see them as opportunities for innovative thinking, and for considering solutions which otherwise might escape our attention.

The last two years have given me the opportunity to grow in this job and learn some tough lessons. Some have played out very publicly, some have even been viewed as failures, but failure is the seed to success.

Thomas Edison said “*Many of life’s failures are people who did not realize how close they were to success when they gave up.*” And while our problems are large, they are not insurmountable.

It might be useful to look back a little.....

In 1986

- The Fiscal Court dominated the headlines in the paper
- The city’s budget was 1.9 million dollars
- The population of the Georgetown was less than 9,000 people
- The big issue for the city council was whether to buy a new phone system for the City.
- The Mayor’s position became full-time

But one event changed our destiny.....

- The ground breaking of the Toyota Plant –
- That is when the city began to make headlines around the state and the nation...Georgetown was on the map. Today we are the 17th largest city in Kentucky with a population near 24,000.

I believe we are all proud of how we have embraced the changes and prosperity that came with Toyota while keeping that unique Georgetown class and style.

Two years ago when I took office, I believe one of the principal reasons I won was because I ran as a fiscal conservative. When I took office in Jan '07, the expenditures were exceeding revenues; we found it necessary to streamline city services. While change often is met with resistance, we were forced to cut our operative budget by 10%. It is significant to point out that had we not taken those early actions we would be facing even greater problems in the budget today. The city was \$ 3 million in the red in January 07, by the end of that budget year, the city found itself less than \$ 2.5 million short. Before the end of the 2008 budget year was over, the economy began to slide and our revenue projections were once again adjusted down.

Again we were faced with a \$ 3 million dollar deficit for the year 2008. Of course, less revenue required even deeper cuts. We saved taxpayers substantial expense with the decisions made regarding insurance, the transfer of Cardome, the sale of Bradshaw, reductions in City employee benefits, trimming the payroll and trying to make city government more efficient. At the end of last fiscal year, June 08, we managed to hold the line. Though we made tough and at times unpopular decisions, we had made enough corrections that we were close to the target at the end of the year. There is not much glory in it but, that has been one of the strong achievements of this administration.

All the while I have kept to my core values. Do what you think is right whether it is popular or not, to have transparency in local government, to serve people not myself, and my main goal has been to protect the tax payer's dollars and use them as wisely and efficiently as government

allows. A lesson I have learned is government does not work like the private sector. But we must keep the private sector in mind as government works.

But, of course we had not yet done enough. The current budget year has presented us with even greater challenges, with the continued down turn in the economy.

We have accomplished much and continued to streamline government and have eliminated waste where we find it.

Let me share with you where we are now with some of the cost cutting measures that have been put in place:

1. We have initiated a hiring freeze for the last two years. As people have retired or left they have not been replaced. We have trimmed our payroll from 210 employees to 169 positions. This is a yearly savings of \$2.1 million dollars
2. The city council and I have trimmed the benefits provided to our employees over the last two years. No longer do employees get anniversary salary increases, and they now contribute 10% of the cost of their insurance.
3. We put our insurance out for bid, and for the first time in years and along with bundling insurance, we are saving a substantial amount.
4. Our City Engineer has created a partnership with Georgetown College which has saved both parties on our storm water permitting requirements. I would like to thank President Crouch for his support and partnership with the City. The City Engineer is also managing projects and cutting the use of consultants.
5. We are reducing the number of men per garbage truck as of February. So far, it is been successful; the two-man truck is almost producing as much as the three-man

truck. – (Public Works has done a great job with getting all the brush picked up, and keeping the roads clean during the snow storm.) I would also like to thank corporate citizens, Frank and Richard Hamilton who helped us clean Main Street so thoroughly.

a) Another partnership we have developed is with Toyota. (Show chart developed by Toyota.) A special thank you to President Steve St. Angelo for his generosity to the community.

6. There have been few to no capital improvements.
7. There have been no new vehicles purchased in the last two years.
8. We now bid out any and all contracts whenever possible to obtain the best price for services.
9. There is little to no travel in all the departments.
10. Training is now done in-house or close to Georgetown.
11. Public Works employees have been cross-trained and now share labor with Sanitation, Public Works, Recycling, Beautification and the Cemetery.
12. Overtime has been reduced in all departments.
13. Only 4 vehicles are taken home by on-call employees with a new policy on public vehicle use being implemented.
14. Police cars are no longer taken home if they live in the county.
15. Fire trucks are dedicated to Fire runs only.
16. The phones throughout city government have been changed and consolidated with phone use being trimmed and monitored. We also consolidated all the cell phones to one company which has saved on our monthly bill.

Addressing these problems has not been easy, but if we had not taken such measures we would be facing even greater problems today. In 2007 the budget of Georgetown was \$23 million dollars. Our budget for 2010 is \$15 - \$16 million dollars or less. The last year that Georgetown had a \$15 million dollar budget was 1999. The down turn in the economy has set us back 10 years.

As a fiscal conservative I have been passionate about the budget and my overall fiscal responsibility to the citizens of Georgetown.

So as I stand before you today, I can say that the state of our city is far from perfect, but it is set on the right path. The new Council you have chosen has been quick to learn and accept our difficult circumstances. While they have had little time to acclimate themselves they deserve credit. By their second meeting they started making tough decisions. While we respect each others different views there is unity in spirit that I have never experienced in city government. The Council and the Mayor's Office are working closely together to try and manage the current economic crisis. Our battle is not over. We still have some very heavy topics on the agenda, and as you know things can get heated at council meetings. I know there will be opponents on both sides of the issues and tensions will be strong, but debate is the life blood of understanding. Together this council and I will handle ourselves in a professional manner and we will find solutions.

Over the past two years I have done what was necessary within the power of the office of the Mayor to handle the problems of the budget. At the same time the council will now have to make hard decisions, and, take action that only the legislative branch can do.

We are now nearly $\frac{3}{4}$ of the way through Fiscal 2009. As we go forward and plan for Fiscal 2010, there will still have to be more adjustments made to the expense side of the budget. The new budget will require sacrifice from everyone.

We believe that we will still see declining revenues over the next six months at least. How we as a council and as your mayor address those issues will impact all of us.

These may be difficult times but they can teach us valuable lessons so that hopefully we never have to repeat the mistakes of the past.

In the future some areas need new attention directed to them:

- Wise budgeting in the future will require a certain % of the revenues be put in reserves;

- Net profits no longer be budgeted as re-occurring revenues ;

Meaning that we no longer use net profits for salaries and pay increases...it should be used for one-time capital expenditures.

- Never again must we pass a budget which requires the use of all our reserves to balance.
- The Council and the Fiscal Court need to take a serious look at merging the County and City Fire Departments, which will be a savings to both governments as reported by the Interlocal Task Force.
- Our employees will be asked to participate with their health insurance to compete with the market place.

CONCLUSION

The next two years will be challenging, yet I am optimistic about the opportunities. We need to go back to the lessons of simpler times, and return to the life lessons of our parents. We can get by with less and still do what is necessary. We can return to depending on each other and make our volunteer spirit even stronger.

Go back to sharing with our neighbors. My Grandmother just had a birthday three weeks ago and she turned a young age of 102. I thought about all the changes she has seen and been through in her life. She grew up with no electricity, no phone, and no car. She went through the great Depression, WWI, WWII. She has seen this country's best years and this country's worst years, and she survived.

I asked her how did she do it? Her answer was simple, but true. It was love of God, love of family and love of friends, and to never give up. At 102 years old, she has not given up!

We are not in the best of times, but by no means are we in the worst of times.

Just as with our country we can not be happy with thinking the best of times are behind us. If we give up, then we never succeed.

We need now to look forward, not back; to stand tall to the challenges; and be wise in our decisions.

Let me leave you with one last story. Recently there was an article in the paper that Georgetown is not Mayberry anymore.

That is true, but one of my favorite movies is... It's a wonderful life. I always felt like George Bailey – I am simple girl that had big dreams, but stayed in her hometown... if you remember,

the movie has a scene where mean Mr. Potter has found a way to take George's business away from him. And George is beside himself with worry and angry. George makes a statement which is true to all of us setting in this room today. George states **"We have to stick together... we can get though this thing all right! We have got to have faith in each other!"** Yes we will get though this... you know how the movie ends. The community comes together stronger than ever, and the angel gets its wings. As we leave here today, may God watch over all of us. As we will come through these changing times and when it is over, the community will be stronger than ever. God bless you.

