

## **2013 State of the City Address** **Columbus, Georgia**

### **Introduction**

Thank you for allowing me the opportunity to speak with you about the state of our great City. I have the privilege of serving Columbus, Georgia in partnership with our esteemed City Councilors, our professional staff (ably lead by our City Manager, Mr. Isaiah Hugley), our School Board, our State Legislative Delegation, our brethren at Ft. Benning and in Phenix City, our Columbus civic leaders, and our engaged citizens. We are each an essential ingredient in the success of the whole. We are inextricably intertwined, as they say, and I believe we are most fortunate in that connection.

### **Where We Have Been And What We Have Accomplished**

The City of Columbus, Georgia stands on the threshold of a new era - one in which we have embraced again the river that created this Valley Region. For many years we have seen steady progress in enhanced economic sophistication and in the quality of life for our citizens. And, yet, in equal measures of excitement and frustration, we could feel a greater potential bubbled under the surface of this community. That potential was released metaphorically and literally with the exploding of the Eagle & Phenix dam in 2012. The citizens now embrace without hesitation the once skeptical future of being home to the longest urban Whitewater course in the world and all that it brings with it. Because that potential has been released, we cannot go back. The new spirit of the city, that sense of being able to accomplish great things and direct our course, tastes too good.

Our present state tells us that our time has been well spent strengthening and broadening the city's foundation. Our citizens told us twice this year (once in the passage of the TSPLOST and once in the passage of our new Charter amendments) that they trust their governing body and they trust their civic leaders. They told us they are excited about our future. We have seen new partners emerge in our renewed relationship with the Governor's Office and in the newly elected leadership of Phenix City. It is undeniable to me that the stars are aligning for the great City of Columbus and for this great region. We can accomplish big things.

Just this year we have:

- Unanimously reformed the City's Employee Pension Plan saving taxpayers some \$25 million over 15 years while preserving benefits for employees;
- Received an improved City Bond Rating from Aa2 to Aa1 (Moody's);
- Reduced crime to the lowest levels in six years – down 23% from its height; and,

- Passed the TSPLOST (which means \$300 million in additional revenue over 10 years) to fund third-shift and intercity bus service, Buena Vista “Spider Web” improvements, interstate access to Benning Tech Park, and completion of our 16-mile River Walk, among other projects.

And, before all that we spent 2011 reforming the Muscogee County Prison, the Parks and Recreation Department, the Civic Center and the Animal Care and Control Center. We revamped our Alcohol Ordinances, reduced copper theft by 47%, and completed our Rails to Trails project and the magnificent Ft. Benning Gateway. We also began construction on our Whitewater course, our new City Service Center and our 900- spectator Natatorium.

That is real progress. You can look at your neighbor and say, “Our City works for us. Our City solves our problems, overcomes our challenges and makes our lives better.” And, that, after all, is the very purpose of government – to accomplish through the collective what is impossible to accomplish alone.

### **What’s Next for Columbus, Georgia?**

Now that we know that we can accomplish great things together, now that we know that we have an irreversible energy to grasp our potential, now that we know that our civic leaders are ready for and capable of the hard work necessary to do these things, what is next for us? At a time of exceptional potential, are we ready to direct our future, as opposed to letting our future happen to us? I will tell you that “yes” we are ready to direct our future. We are ready to set a vision for what our city can be and lay out a map of how we can get there.

Our vision is clear. In the future, Columbus, Georgia will be a city more diverse, more densely populated, more sophisticated, safer, more culturally connected, and more prosperous. Gone are the days where we shutter ourselves off from the rest of the world. Gone are the days where our economic growth is dependent on one industry or segment of the economy. Gone are the days where we separate our community by income, race and opportunity. Gone are the days where a families’ income level determines whether their kids will go to a failing school or not. Gone are the days where we penalize through taxes newcomers simply because they desire to buy a house in Columbus, Georgia.

The map to our future, where this vision is well-rooted, lays out three legs of a journey.

### **Redevelopment Powers**

The first leg of our journey requires our city to adopt the Redevelopment Powers available under Georgia law. Redevelopment Powers are innovative financing tools that the State of Georgia has allowed cities to adopt since 1985 in order to revitalize blighted urban areas. Districts of blight and distress are identified and established by statutory criteria. The development within those districts is eligible for favorable bond financing, which makes those blighted districts more attractive for private market investment.

The redevelopment districts are areas where businesses and affluent and middle-income families have left, leaving in their wake only the economically immobile – that is the elderly, the poor, and the disabled. These are places where the legitimate market is broken, and the illegitimate market of crime is too common. The schools struggle there because the kids don't have the resources or the support they need to come to school ready to learn. We have seen this type of blight and economic distress in cities throughout the country and the state; and, we have seen communities beat it.

We have seen this type of blight in our own city. Indeed, the Mayor's Commission on Real Estate Investment Initiatives recently found that thirty-five percent of our precious land resource sits blighted or under-utilized. While we have had success in revitalizing the Uptown area and the MidTown area, so much more could be done. We know blight has persisted along 2<sup>nd</sup> Avenue, south and east of Bibb City, and in our South Columbus region, among others. We have watched the disinvestment continue despite changing the names of these areas and despite well-meaning committees and organizations. No amount of well-wishing can turn a market around. The State of Georgia knows this plain economic fact as does some 60 communities throughout Georgia that have jumped to adopt Redevelopment Powers.

Columbus, however, lags behind. We attempted to adopt Redevelopment Powers in 2007, but when the opportunity went to a citywide referendum it failed narrowly by 260 votes. Misinformation gripped the issue and not enough of us stood up and spoke out to stop the spread of confusion and fear where none should have existed. We missed an opportunity.

Since 2007, too many children in Columbus have grown up in neighborhoods that were not as stable as they could have been. Through Redevelopment Powers we could have provided more stable neighborhoods and more opportunities for families. We could have encouraged development and growth toward our own under-utilized property, and not beyond our county's borders. We could have created more jobs. There is simply no reason to continue to deny Columbus, Georgia this tool. It would be foolish and unnecessary to do so.

Fortunately, the City Council has asked our State Delegation to allow us (as a community) the chance to vote to adopt Redevelopment Powers in Columbus, Georgia. We look forward to our Delegation's skill in shepherding that request through the state legislative system. I have asked the Chamber of Commerce to spearhead the Redevelopment Powers campaign and I call on all leaders of this community and all citizens to support their efforts. We look forward to a vote on this important initiative at the earliest date City Councilors feel is appropriate. Every day that we waste is a day that we needlessly deny ourselves the effective tools others have access to.

### **Urban Service Districts**

The second leg of our journey will require the new use of our long ago established Urban Service Districts. You all may know that the city currently has a handful of Urban Service

Districts, the primary two of which distinguish between our more densely populated, urbanized areas and those areas that are more rural in nature. Council sets a separate tax rate (known as a “millage rate”) for each district. The thought is that areas that are more populated and active demand more city services than those in less populated areas. Accordingly, the more populated areas pay a higher millage rate than the less populated areas.

The Mayor’s Commission on Real Estate Investment Initiatives and the Commission on Revenue Review have issued reports that were presented to Council and the public on November 27, 2012. (These reports can be found on the city’s website). Both Commissions have recommended an allowable and beneficial use of our Urban Service Districts. Under this use, Council will designate a distressed area of Columbus, one where population and businesses have fled, as a new Urban Service District. The concept is that upon application of an investor, Council will weigh the amount and type of investment and the economic and community impact of that investment (much like we do now with Enterprise Zones). Then, pursuant to ordinance criteria, Council can set a lower millage rate for a particular project for a limited time, thereby lowering its tax rate. This reduced tax rate encourages investment that would not have occurred but for the flexibility provided by the new Urban Service District. As a result of the encouraged investment, the community enjoys improved neighborhoods, retail shops, jobs, infrastructure and the general economic elevation of the area. We can see, then, that the reduced millage rate is well worth the increased investment and growth in the previously blighted district.

Through the Mayor’s Commissions we have had the valuable input of Councilors Barnes and Huff, as well as Councilors Baker and Henderson, together with a broad cross-section of community stakeholders. Assuring that this could be done and determining how best to do it has been time-consuming. Now, we have a draft ordinance ready to submit to Council for its deliberation and consideration. Through this concept of taking a fairly unique power that our Charter has bestowed on the City of Columbus and using it in a way that meets today’s needs and opportunities, we will be able to meaningfully address economically down-turned areas like we never have before. It is time. We have the ability to do it, and I encourage you all to support Council as they consider taking this next step in the optimization of our city resources of land, people and neighborhoods.

### **Sunsetting the Property Tax Freeze**

This past year we have been hard at work on the third component necessary for our bright future. Members of the Mayor’s Commissions, our exemplary city staff, Columbus State University’s Dr. Benjamin Blair and many others have labored to see if there is a workable solution to the Property Tax pact we made with our citizens some 30 years ago. Let me say at the outset, that our Property Tax Freeze is just that – a pact. It has been upheld at the ballot box twice. The Georgia Supreme Court has affirmed it. I believe that those who have the Property Tax Freeze are entitled to it. It is a commitment we have made and one we will honor to those who have relied upon it. Accordingly, I do not support, and would not advocate for, a complete repeal of the Property Tax Freeze. Such a repeal could have dramatic and unfair effects. As far as I am concerned that option is off the table.

However, I realize that this tax mechanism conceived some 30 years ago is fatally flawed. It does not accomplish its purported goals:

- The Property Tax Freeze does not cap city budgets. Our budget at the time the Freeze was instituted was \$50 million dollars. Today it is \$267 million dollars. So, if capping the city's budget was its goal, it has failed.
- The Freeze does not protect seniors or any other class of citizens, except those that have lived in their house for a long time without any improvements. So, if protecting seniors and modest income families was its objective, the Freeze has failed.
- The Freeze does not help families in tough economic times. The Tax Freeze actually prejudices our citizens in times of economic downturn, when they need relief the most. If your property is frozen from upward valuation, it is frozen from downward valuation, too. Accordingly, if the economic protection of the citizens was the goal of the Tax Freeze, it has failed us.
- The Property Tax Freeze does not enhance economic growth. To the contrary, it depresses our tax digest and denies much needed funds to our school system and city, requiring other taxes to be pushed around in the form of higher millage rates, higher Occupation Tax and sales taxes in order to meet the revenue demands for essential services. If encouraging growth was its objective, the Freeze has failed.
- The Freeze does not create tax equity. Quite the opposite. We know that thousands of citizens pay precious little in property taxes while their next-door neighbors pay many times that amount for precisely the same house and lot size. So, if tax uniformity was the goal, the Property Tax Freeze has failed.
- The Freeze does not promote fairness. Our Property Tax Freeze creates a troubling concept known as a "Welcome Stranger Tax", meaning that in Muscogee County the very people we are trying to encourage to come into our community – our young people returning from college, the military families we take such pride in, and the working middle-income families this city was built on – are taxed more, much more, than their neighbor, simply because they are new. So, if fairness was the purpose of the Tax Freeze, it has failed us.

Despite its well-intended genesis, our Property Tax Freeze is in practice Un-Columbus. It is the anti-thesis of everything we say we are and everything we want to be. And, so, my challenge as Mayor – a person who ran for office to bring you solutions to tough problems fairly and forthrightly – is to reconcile how to shed us of this ineffective, unfair, and economically limiting Freeze while preserving the reliance long-time homeowners have placed in it. I believe we have found that balance and I pose it here today. I open the floor on this suggestion for review, analysis and debate.

I propose that our 30-year old Property Tax Freeze be Sunsetting. That means that on a voter approved date in the future, all those who have the property tax freeze will keep it, but all new transfers will not re-vest in the tax freeze. All new transfers occurring after the date approved will vest in a new property tax system where properties are assessed by the market value and, therefore, keep pace with inflation. That new tax system will not affect those vested under the old Freeze system, but the new tax system will be advantageous for new purchasers, because I am recommending that the new tax system come with an enhanced Homestead Exemption. That is an increase of the current Homestead Exemption from \$13,500 to \$20,000. In other words, I am recommending a **\$6500** exemption increase - that is **nearly a 50% increase** in the current exemption. So, for example, a new transfer on a \$200,000 home will have roughly a 10% property tax **decrease** on city property taxes alone.

Although the Sunset would apply to all local property taxes, including the school tax, the school board will have the option of choosing to join in the proposed \$6,500 increased Homestead Exemption for its school tax portion. Certainly, I would ask them to join us in this tax break because that would encourage more new transfers, thereby accelerating the process of broadening our tax base and leveling out the inequities in our current Tax Freeze system. This proposed property tax break will also begin the process of eliminating our "Welcome Stranger Tax", and may well have the effect of bolstering the Columbus housing market after several sluggish years.

I propose that we take this recommendation to the policy makers and citizens of our community. In the immediate future, I will convene a meeting of City Council representatives, to include our Mayor Pro Tem and our Budget Chair; our School Board representatives; the senior members of our State Legislative Delegation; our Development Authority representatives; and pertinent members of our City Staff. Multiple public forums, Council Work Sessions, and School Board Work Sessions will follow this initial vetting by our Public Policy makers. Let's walk through the numbers and see what the effects of this suggested solution will be. Let's look at the immediate and long-term effects to our citizens under the proposed new system (remembering that existing homeowners will remain under the Freeze they currently have). And, let's look at the effect Sunsetting the Property Tax Freeze and offering a significant tax break in the form of an increased Homestead Exemption will have on our city and school board revenues.

I can tell you this. I have seen the numbers. This tax break for new transfers is meaningful, and it eases the transition from the Freeze to a Fair Market valuation system. This tax break has short-term costs for the city (and for the school board, should they elect to join in the increased Homestead Exemption); yet, the long term effects of revenue streams that keep pace with inflation allow the city and school board to better meet their future needs and will even allow the city and the school board to consider millage reductions in future years. The city could also consider other future tax adjustments, such as Occupation Tax adjustments for businesses that create the jobs that keep our economy and our families strong.

This is a valid proposal to shed a weight around the neck of our community – one that is currently driving families and young people away. I am confident that once the leaders and the citizens of this community see how this proposal will work, we will be comfortable in asking our City Council and our State Legislative Delegation to allow us the opportunity to have an up or down vote on that which we have **never** voted before. Yes, the lifting of the property Tax Freeze retroactively has been voted on and polled several times in the past to dramatic negative effect. The proposal I make today is not that. The proposal I make today is something else entirely, and the citizens of Columbus, Georgia have never voted on anything remotely like it. The proposed Sunset is fair because it protects those that rely upon the Freeze, and the tax break is an attractive incentive to all those who will join us in the new tax system of our future.

### **The Journey's Destination**

The foregoing proposals rest on sound economic principles. They illustrate precisely how the local government and the private market should interact. These proposals are the very essence of Public/Private Partnerships. These tools are necessary because they eliminate existing market anomalies and allow the private market to flourish where currently it cannot take hold. These proposals will make Columbus a destination city for people who are looking for community and prosperity. These proposals also will enhance the quality of life and opportunities for our current residents.

With these tools we can restore Ft. Benning Road leading up to the traditional entrance of Ft. Benning with mixed-use developments of shops, restaurants, and residential units perfect for military and military-related families. We can take the depressed area north of the Total Systems campus and south of Bibb City along our beautiful and exciting River and build a City Village – one that supports housing for all income levels and creates an environment for the jobs of today and of the future.

We can have it all now, if only we can put the pieces of our potential together; and, I believe we can through the three-pronged approach I have set out today. We can tackle our blighted areas and turn them around to be vibrant, safe communities with productive schools. We can reform our tax system to be more fair and to encourage growth. We can do this because in Columbus, Georgia, we do big things.

### **Conclusion**

Let me conclude by stating what has been made obvious by now – the State of our City is strong. And, yet, it can be stronger and better. This effort, this journey into our future, will require all of you to be actively engaged in an effort to inform others and encourage them to join us. These possibilities will not happen by accident. If we are to be successful, we must have your shoulder to the wheel of this effort - each one of you. You are going to have to spread the word to your colleagues and friends. You will have to write Letters to the Editor, and “yes”, even Sound Offs. You are going to have to call your City Councilors and let them know you support these solutions and this effort. You cannot leave the elected

officials out there alone. We are all going to have to get off our comfortable duffs and do this. But, if you join with us, you will be amazed at what we can do together.

Thank you for your attention. It is a great privilege to serve as Mayor of such an exceptional city. We have the fortitude to capitalize on our success and to meet our potential; and, I look forward to working with you to make it happen.