

**State of the City Address**  
**Delivered by John J. Mazziotti, Mayor**  
**January 19, 2012**

Members of the City Council, Palm Bay Citizens and City Staff:

As required by City Charter, tonight I present to you the State of the City address.

2011 can best be described as a year of extraordinary change and the start of an unprecedented evolution of City government. Change in City government is inevitable. The difficulty is creating a new model for local government that remains responsive to our citizens' needs.

The preparation of the FY 2012 budget was a pivotal event in the City's recent history. Palm Bay was fortunate to experience a rapid increase in property values up through 2008. However, in the last several years, Palm Bay has experienced an even more precipitous drop in property values. The City's 2011 total taxable value is less than the total taxable value in 2004.

Many residents would be surprised to know that, in aggregate, the taxes they are paying today are slightly less than the taxes paid by city residents/businesses in 2006. This is a result of a 50% drop in assessed valuation over the last 4 years.

The trend in rapidly declining taxable revenue has necessitated that the City rethink the business of government. As our residents and businesses experience economic distress the City must be even more creative in the delivery of quality municipal services at an affordable price. The next few years will be a time of evolution in local government, as we can no longer afford the old models of service delivery. If we still want a high-quality City, we cannot just decide to do less with less. We must figure out new ways to deliver the services our residents and businesses need.

Prioritizing resource allocation has always been the foundation of governmental decision making, but this year the choices have been especially painful. This year's budget reflects a philosophy of shared responsibility for the City's fiscal health. Taxpayers are facing a higher tax rate (increasing from 7.5 mils to 9.0 mils) and less services. Employees accepted 9 furlough days and the 3rd year without any pay increases.

The City staff was reduced by 33.4 full time equivalent positions citywide. Staffing reductions occurred in all departments, with a significant reduction in managerial and administrative staff. Operating expenses were also reduced in almost every department. The entire system of government is getting smaller, with the trend expected to continue.

One of the most significant service reductions was the necessity to defer any capital investment in the City's road program. During the years that revenues were increasing, Council approved a multi-year road maintenance program at up to \$2 million per year. With over 900 miles of roadways this was only a start, but it represented the commitment to maintain the City's roads. In the third quarter of FY 11, it became necessary to stop work on the FY 11 projects (saving

approximately 1 million dollars) and defer any road maintenance investment in FY 12. Where residents once had a plan and hope for better roadways, now the plan is on indefinite hold, while roadway conditions deteriorate. Everyone agrees that this is not a smart way to manage road maintenance.

Other capital investments deferred include fleet and computers. Typically, an annual investment in the City's fleet should be over \$500,000 and the City's annual investment in technology should be over \$100,000. These are conservative system maintenance numbers, not what is actually needed to properly maintain these assets.

While one or possibly two years of deferred maintenance may be tolerable, the backlog of maintenance coupled with the increasing likelihood of system failure is not a sustainable model for managing local government assets.

So, with all of these reductions and possibly more on the horizon – what can we do to create a more effective system?

Government is often criticized for operating in silos – where departments act independently without regard for what can be achieved by working together. In Palm Bay, that is not the case. Palm Bay's employees are truly a team – always thinking about partnerships both within the organization as well as with other agencies and the private sector.

Let me give you a few examples:

The construction of the City Hall Annex was led by now Deputy City Manager, Chad Shultz. Chad brought together representatives from almost every department to keep this project on schedule and obtain cost efficiencies that allowed for better results. Because of the savings, the project was able to include a full-build out of the new customer service area which opened last week.

And if you're visiting the new Annex or City Hall, you'll notice some very nice folks staffing our information desks who can help you find what you need. These staff members are volunteers, and I want to thank them and our many volunteers for their service.

Speaking of volunteers – the City's Volunteer Service Corps program remains strong despite the loss of the paid position that previously managed the program. The program is now managed by volunteers – Dave and Betty Dion – who have recruited and helped place numerous volunteers throughout all aspects of the City. I would also be remiss if I didn't mention Project Search – where the City has partnered with the Florida Division of Vocational Rehabilitation, Brevard Public Schools, and Bridges BTC, Inc. to bring young adults into our workforce at no cost to the City.

The City's V-COP program remains a local as well as international sensation. Recently, the Jamaican Constabulary Force visited the Palm Bay Police Department with the intention of learning how to replicate our program. Our V-COPS provide extraordinary service – at no cost to our taxpayers.

The City's Police Department is also an integral part of our economic development team. Palm Bay has partnered with DNA:SI Labs to process local DNA evidence in crimes such as

burglaries and we are working with Integenx to be the test site for crime scene or booking facility DNA testing with results in 90 minutes – compared to weeks or months through traditional methods. Our reputation for innovation in police work has also brought Escent Technologies – with 50 jobs with an average annual wage of \$45,000 to the City.

Building Palm Bay's reputation as the national and even global focal point for high tech police work is an economic development strategy that is unique to Palm Bay. This is a niche we can market that is complementary to our existing high-tech business focus. Of course, the real success of the program is that our Police Department, with less officers per capita than most departments, has reduced the crime rate in Palm Bay to one of the lowest in Central Florida. From an economic development standpoint – a very safe City is an important part of our municipal portfolio.

Probably the most significant economic development event in Palm Bay last year was the announcement of Harris' 100 million dollar expansion. This will bring a significant investment to Palm Bay's economy over the next few years and should jump start our economic recovery, especially in the construction and housing sectors. This project was a culmination of not only a public-private partnership but also the results of behind-the-scenes efforts of many staff members including Edyie McCall, our Business Development Administrator, and Elia Twigg, our new Public Works Director – who worked together to secure over 4 million dollars in state and federal grant funds to reroute Troutman Boulevard.

Health First is another partner in Palm Bay's success. It is a major sponsor of the City's 4<sup>th</sup> of July celebration and its Trauma Unit is partnering with the Palm Bay's SWAT team to develop their Tele-Medic program where a trauma surgeon at Holmes connects directly with the SWAT team. In the event there is a need, immediate critical care can be implemented. This is the first project of its kind and was presented by Dr. Peter Pappas, Chief Doug Muldoon, and Captain John Resh at the International Chiefs of Police Conference this past October.

In August, the Police Department received its first-ever Mobile Command / Communications Center, which was built locally in Melbourne by North American Catastrophe Services. This state of the art command center was funded through a federal grant with the assistance of Congressman Posey and former Congressman Weldon. Matching funds from the Law Enforcement Trust Fund were used to acquire the communications equipment. This will enable all first responders (such as Fire, Public Works, and Utilities) and other local government agencies to communicate during an emergency or to establish a command center in the field.

The Utilities Director Dan Roberts and the Utilities Department staff are also leaders in cost saving improvements. In FY 11, the Department's energy costs at the water and wastewater treatment facilities were almost \$400,000 less than they were in FY 2008. The Department has also saved over \$100,000 through process improvements. The City's Utility has won numerous awards over the past few years, but I would like to highlight the recognition two years in a row by the United Safety Council – Gold Safety Achievement Award – which is the top national award in the small company category. Also note the Department was one of only four recipients of the Florida Department of Environmental Protection – Outstanding Water Reclamation Facilities Award for regulatory compliance, operational excellence and high level maintenance.

What this means to our residents is that they are receiving top-quality utility service at a reasonable rate and we are planning to continue that trend in the future.

In the Public Works Department staff is keeping the City's roadways clean and making sure the drainage system works. These are the behind-the-scenes folks that patch your potholes, straighten stop signs, keep City vehicles running, pick up litter, mow the medians, and respond to almost every imaginable call. The Department also includes talented construction staff who are building new sidewalks near schools using federal grant money and who have partnered with several departments to build City projects.

In the Parks and Recreation Department, the staff is responsible for maintaining the City's parks and facilities as well as for programming fun events for our residents. They do an amazing job with very few resources. Heidi Lapin, Parks and Recreation Director, and her staff, bring Palm Bay residents family-friendly movies in the park every month thanks to a contribution from Alpizar Law that funded the movie screen. Another signature event is the City's holiday parade which is sponsored by Palm Bay Hospital and is growing more popular every year! New this year - the Department has partnered with the Police Athletic League to relocate PAL to the Community Center – where we have great programs for the City's youth.

Another significant project planned for 2012 is the construction of the northwest section of the Parkway. This project has been in the planning stages for many years, but will finally be constructed later this year using 8.5 million dollars in state and federal grant funds, with the support of Senator Nelson and our state and federal legislators. The City's share is funded through transportation impact fees, not tax dollars.

The Public Works Department is also working with Tim Ford, the Bayfront Community Redevelopment Agency Administrator, to transform US 1 through streetscaping, sidewalks and lighting. This project, funded through state and federal grants as well as redevelopment funds, should enhance the marketability of the US 1 corridor for residential and business development.

Public Works, as well as several other departments, are working with Lisa Morrell, IT Director, and her staff, to explore social media as another way to communicate with our citizens. Our website has a newly upgraded economic development page – of special interest to small businesses and a new sustainability page, with energy saving tips for our residents, coming soon.

A few other highlights:

Dave Watkins, Growth Management Director, and his staff, have used federal grant funds to acquire and renovate for energy efficiency over 40 foreclosed homes. These homes are now being resold to low and moderate income Palm Bay residents with the proceeds going back into the program.

Palm Bay's new Fire Chief, Jim Stables, is talking with Brevard County Fire Rescue about efficient fire rescue operations through cooperative collaboration. The City is also looking forward to the construction of a new fire station on Port Malabar Boulevard later this year that will replace the aging facility on Palm Bay Road.

The IT Department is looking at some new Palm Bay "apps" for your smart phone. In the future, you may be able to report a pothole or pay your utility bill through these applications.

I also need to recognize the staff that works behind the scenes, George Hunt, Director of Human Resources, and his staff, along with Yvonne McDonald, Finance Director, and her staff, are the support systems for municipal operations. Our audits are clean, our purchasing division is nationally recognized, and our risk management programs are minimizing our exposure to liability. The City Clerk, Alice Passmore, and the City Attorney, Andrew Lannon, are also part of the City's leadership team. Although these employees are not often in the limelight, they are the foundation upon which the City functions and they do their jobs very well.

I have specifically mentioned Palm Bay's leadership team by name, because I want to introduce you to people who will be leading Palm Bay through unprecedented change. We are starting 2012 with a new City Manager, new Deputy City Manager, new City Attorney, new Deputy City Attorney, and 5 of 9 departments are under new leadership. I am proud to say that all of the recent promotions to leadership positions have come from within. Our staff is exceptional, and we will continue to develop the next generation of leaders as well.

I hope you have noticed some of the themes that I've mentioned throughout this address. First and foremost, we are committed to ensuring that Palm Bay is a quality city with a strong reputation. We will accomplish this with very talented staff who are creative in leveraging our limited resources. We are also focused on improving our financial stability through building our reserves, reducing our long term liabilities, and investing in economic development.

The next few years will be challenging years. We will need to work smarter with the resources we have. Yes, we have challenges but I believe a stronger Palm Bay will be able to meet those challenges.

I would like to thank our residents and businesses for investing in Palm Bay, thank our City staff for their commitment to Palm Bay, and thank the Council for its work on behalf of the City of Palm Bay.

God bless America and God bless the City of Palm Bay.