



# **Trend of Public Spending on Aging Infrastructure in Jackson: Is the one percent tax increase enough?**

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# Introduction



- The purpose of this project analysis is to analyze the spending trends of public funds on aging infrastructure, namely the local city of Jackson, Mississippi. It will examine the Fiscal Years of six budgetary years beginning from 2011 unto 2014
- Infrastructure is defined as the basic physical and organizational structures and facilities (e.g., buildings, roads, water systems and power supplies) needed for the operation of a society or enterprise. These structures are the foundational framework serving as the life and vitality of cities, geographical areas, and our country
- In a shrinking local economy, there lies a common problem that exist within most every city in the United States and that is the problem of aging infrastructure. What do we do about it? How do we pay for it when many of our cities municipalities are operating in already Strain budgets?

# Background

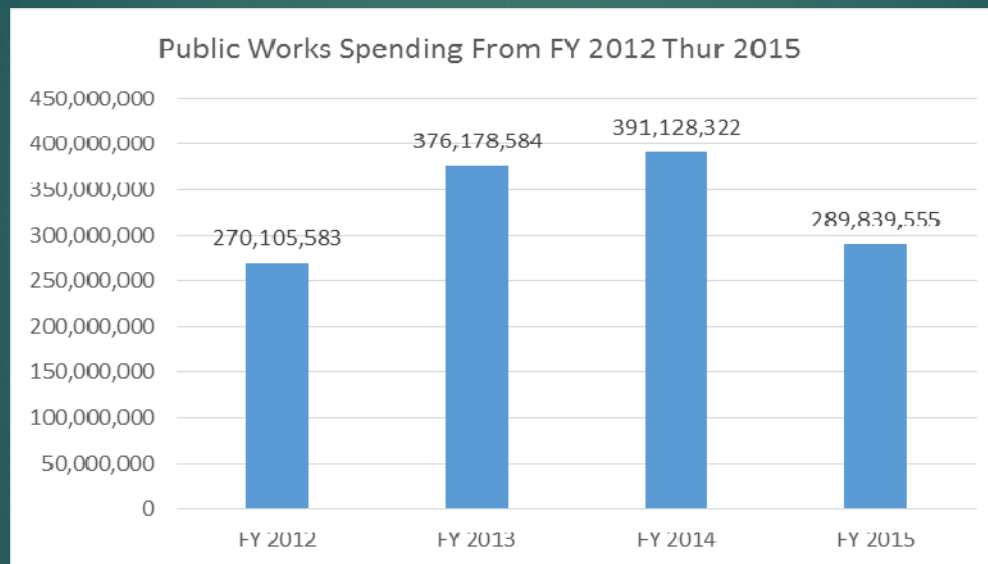
- According to the 2000 U.S. Census, Jackson had a population of 184,256. This is a drop of over 12,000, or 7%, from the 1990 U.S. Census count of 196,637, continuing a 20 year trend of overall population decline in Jackson
- Presently, Jackson has a 173,514 citizen within its radius of 113 square miles
- Also, unincorporated Hinds County experienced a decline in population of over 4,000 people between 1990 and 2000. The portion of Hinds County residents residing in Jackson has been between 70% and 80% since 1970. In 2000, 73% of Hinds County residents resided in Jackson. This is down from a peak of 80% in 1980
- The racial composition of the City has been changing in recent years. Between 1990 and 2000 the Black population grew by over 21,000 residents. Over the same ten year period the number of White residents decreased by almost 35,000. In 2000, the racial composition of Jackson was 70% Black, 28% White, 1 % Asian, and 1 % Other

# Public Works Mission Statement

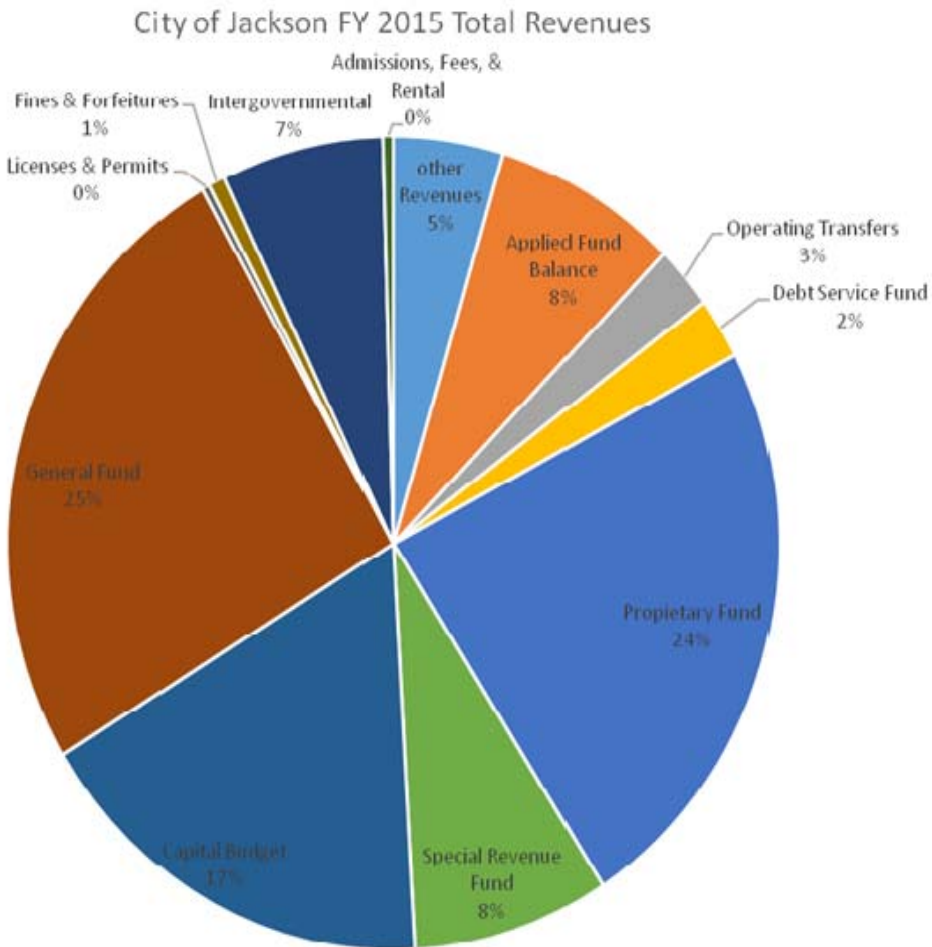


**The mission of the Public Works Department is to maintain and enhance our capital city's infrastructure with dependable, professional and dedicated employees who are committed to excellence. These functions are carried out through the department's various divisions which include: engineering, facility management, infrastructure management, solid waste, water and sewer and vehicle maintenance.**

# Trend of Public works Spending

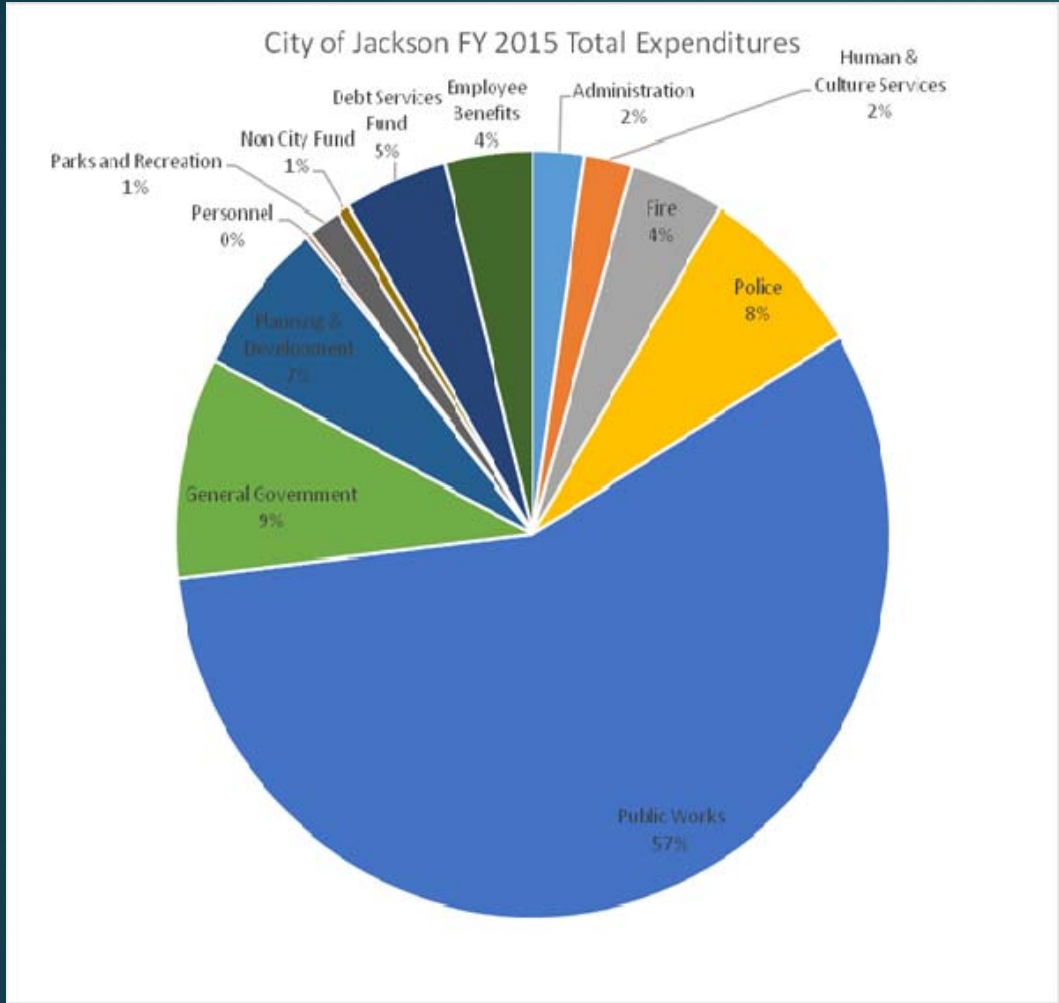


This graph gives an analysis of the trend of Public Funds that spent on Capitol Project. These funds are categories under the Capitol Outlay Funds which often purchases are made through Bonds purchases and intergovernmental transfers



## Revenue Sources

General Revenue Fund	\$129,799,717
Licenses & Permits	\$1,639,020
Fines & Forfeitures	\$3,487,100
Intergovernmental	\$34,645,465
Admissions, Fees, & Rentals	\$2,244,165
Capital Budget	\$87,967,241
Others Revenues	\$23,538,143
Applied Fund Balance	\$39,752,893
Operating Transfers	\$12,812,363
Debt Services Fund	\$12,437,744
Proprietary Fund	\$119,991,610
Special Revenue Fund	\$42,104,205
Total FY 2015 Revenue	510,419.666



Expenditure Sources

Administration	\$11,848,554
Human & Cultural Services	\$11,106,884
Fire	\$21,748,376
Police	\$38,941,242
Public Works	\$289,839,555
General Government	\$47,593,460
Planning & Development	\$33,772,196
Personnel	\$1,083,964
Parks & Recreation	\$7,693,494
Non City Fund	\$2,812,494
Debt Service Fund	\$23,686,647
Employee Benefits	\$20,215,572
Total Expenditures	\$510,342,382

# Jackson's Infrastructure

- ▶ The City of Jackson Public works facilities and services include: Building and Grounds,
- ▶ Solid Waste, Streets, **Bridges**, Drainage, Traffic Engineering, Water
- ▶ Sewage, Building and Grounds constructs and maintains the
- ▶ public buildings and ground



# Aging Pipes

Many areas in the City of Jackson are experiencing sink holes, broken pipes and leaking water mains which causes major shift under the concrete pavements. Over time these leaks underneath can cause sink holes hugh enough to swallow large structures



## **State of our Infrastructure: City of Jackson**

Public infrastructure assets are in significant need of repairs and upgrades just to maintain current service levels but there is a severe shortage of capital

# Jackson's Infrastructures Project Cost

- Public infrastructure assets are in significant need of repairs and upgrades just to maintain current service levels but there is a severe shortage of capital
- Total estimated needed infrastructure spending in Jackson exceeds \$743 million between now and 2031 of which \$664 million is not budgeted
- Water and wastewater infrastructure improvements is estimated at \$658.3M
- Drainage improvement needs are currently estimated at \$40.1M
- Roadway resurfacing (milling and overlay) needs are currently estimated at \$44.5M
- MS DOT State Aid has evaluated the City's 200+ bridge structures and assigned 60% of the structures a sufficiency rating of 50 or less

# Jackson Financial Outlook

- The City's financial stability is evidenced by the general fund reserve, fund balance reserve policy, bond ratings and other fiscal determinants.
- An Unrestricted General Fund Reserve policy that is within the range of level cited by GFOA recommended practice has been adopted by the City Council
- The City's unreserved fund balance amounted to 14 percent of the adopted General Fund operating revenues for FY 14
- The unassigned General Fund balance available for the future appropriation is 16,579,012 million, which includes \$8,386,933 million attributable to the City's General Fund reserve policy. An additional 3,220,650 million is reserved for inventories and state tort claims
- The city remains as of 2014 FY an excellent place for investors with ratings of A1 on G.O. bonds and A1 on Revenue bonds by Moody's and A+ on G.O. Bonds and A+ on Revenue Bonds by Standard & Poor's

# Challenges



- Revenue sufficiency
- Building capital to fund improvements
- No sustainable funding source for drainage and roadway improvements
- Limited engineering and technical staff
- Limited number of in-house crews and operations staff
- Rapidly deteriorating infrastructure and deferred maintenance
- Regulatory programs (MS4, CD)

# Jackson 1 Percent Sales Tax Increase



- As of April 1 through September 30 the 1 percent sales tax has generated \$5,645,715 for the year ended September 30, 214
- As of April 1, 2015 the one percent sales tax has generated \$11,600,000.00 per the CAPR report.
- Estimated over a 20 year period it would accumulated \$232,000,000 tax revenue just short of \$520,000,000
- When 90 percent of the voters approved the tax back in January, they understood that the estimated \$15 million would go toward the city's infrastructure, which has been a thorn in the Jackson's side for years.
- The tax originally applied to all business in the state making sales, delivery, or installations of property or services within the city of Jackson. However, House Bill 787, which passed in April, removed this portion.

# One Percent Sale Tax Cont.



- The original sales taxes included some exemptions: food and beverages at restaurants, lodging from hotel and motel rooms, retail sales of food not purchased with food stamps, and subscription television and Internet services
- However, the new amendments imposed changes would increase the number of goods and services exempt from the tax, including "the Special Infrastructure Tax for the wholesale sales of food and drink for human consumption sold to full-service vending machine operators and the wholesale sales of light wine, beer and alcoholic beverages
- This increase in exemptions could cut the estimated tax revenue down to \$8 million or \$9 million, Ward 4 Councilman De'Keither Stamps says

# FY 2015 CIP Look Ahead Bold New Infrastructure Improvement Program

Solicitation	Estimate	Timing	Type
BNII Program Management	TBD	Q1	RFP
Timber Bridge Replacement Program-Design	\$800k	Q2	RFP
Timber Bridge Replacement Program-Construction	\$6M	TBD	BID
Small Diameter Water Line Replacement-Design	\$1.5M	Q2	RFP
Small Diameter Water Line Replacement-Construction	\$12M	TBD	BID
Roadway Resurfacing/Reconstruction Program	\$20,1M	on-going	BID
Comprehensive Drainage Study	TBD	Q3	RFP
Green Infrastructure Challenge	TBD	Q1	RFP

# Conclusion

## Policy Recommendations

- The Legislature should to reapply House Bill 787 originally Tax levies on all businesses making sales in the City of Jackson.
- City of Jackson should impose 1 percent tax penalty on anyone who work outside of the city limit from at least 20 miles or greater.
- Instead of a 1 percent tax increase; I would impose a 2 to 3 tax increase and this will be a more realistic goal in order to put forth a sustainable revenue to cover Jackson infrastructural projects.
- Lastly, I will impose a tax levy on all guns sold in the city limits for sustainable revenue to cover bond issues.