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A STATEMENT FROM THE MAYOR AND CITY COUNCIL

CITY OF DIAMONDHEAD

April 6, 2021

City of Diamondhead: On Friday March 26, 2021 at a Special Meeting, the Mayor and City Council approved a resolution to add two non-binding referendums to the general election ballot on Tuesday, June 8, 2021. The purpose of the referendums is to allow residents of the City of Diamondhead to voice their opinions as to whether to consolidate the Diamondhead Fire District (DFD) and/or the Diamondhead Water and Sewerage District (DWSD) into the operations of the City of Diamondhead.

First, the quality of services provided by DFD and DWSD are outstanding! This discussion is not about service. The employees, firemen, and commissioners who serve in these organizations do amazing work and should be commended. However, the City of Diamondhead was incorporated 10 years ago and discussions about consolidating all public services started at that time (i.e. police, fire, recreation, and water & sewerage).

Currently, our community has four “taxing” authorities with 26 board members governing about 9,000 residents. Residents, business owners, and developers often complain that they do not know who to call or where to go with their issue. Residents also complain about the high cost to live in Diamondhead with multiple taxes and fees. In addition, with four governing boards, each entity is making financial decisions separately without regard to what the other entities are doing. For example, the City of Diamondhead reduced its millage rate from 34 to 29.5 for FY2021. At about the same time, the DWSD increase rates for water and sewerage services. These decisions were made independent of each other. Each entity is taking on new debt without regard to the other entities. The City just purchased new equipment on a lease purchase while the fire district purchased a new fire truck with a loan. The DWSD is in the process of issuing a new \$12.5 million revenue bond on top of refunding the existing \$8.5 million bond for a total of \$21 million bond of indebtedness. With each entity taking on new debt separately without regard to the other public entities, our community may become unaffordable for many to live in which will ultimately impact our property values. This is troubling since the taxpayers will pay for this with potential increased taxes and fees. It is not to say our community did not need new equipment, a fire truck, or infrastructure improvements; however, it is prudent to collectively consider the bigger picture when making these decisions. Consolidating resources would have eliminated some of the new debt. That is best accomplished by having one governing board that is elected by you, the rate payer/taxpayer, to oversee the operations, like most other cities across America.

Consolidation of public services is not a new topic. Since 2012, there was discussion about consolidating public utilities and services into the City. Mayor Schafer discussed this in length at his “coffee call” meeting held by the Hancock County Chamber of Commerce in 2019 at the Lazy Gator. In fact, the City Council was elected by the



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citizens with the promise to move
efforts forward with regard to

consolidation of public services in the last election cycle in 2017.

To begin this process in 2019, the City hired a certified public accountant to prepare a consolidated financial statement to forecast the financial impact of consolidating services to the City. The goal was (1) to identify any potential savings or cost increase and (2) to project what millage rate would be necessary to support these services. Ultimately, the council wanted to open the discussion of the financial ramifications of consolidation, if any. The city submitted a public records request to the DFD and to the DWSD, and the financial report was created based on information provided by both entities, including their most recent audited financial statements from FY2019.

The City believes savings can be achieved by consolidating the Fire Department and Water and Sewer District into the City. The projections outlined in the report were conservative estimates by the accountant. Overtime, considerable savings will be realized through attrition of duplicate positions and other expenses. The Mayor and City Council have provided this report to the public for their review as part of the agenda packet from the special meeting on Friday, March 26, 2021 available the city's website. The report has also been sent to the commissioners of the DWSD and DFD. This report is only looking at the financial impact of potential consolidation. There are other factors that must be considered (i.e. PERS for firemen, capital improvement plans and projects, impact on employees, service to residents, etc.). This is not an easy or quick decision. This will take time. If consolidation occurs, the City of Diamondhead is committed to offering all employees of both the DFD and DWSD a position with the City.

The next step is for the residents' voices to be heard and vote in the General Election on Tuesday, June 8, 2021. If residents want consolidation the City will begin holding public workshops with the two boards to discuss the matter in greater detail. The City is committed to following the will of the residents.

The non-binding referendums on the general election ballots on Tuesday, June 8, 2021 is your opportunity to have your voice heard. The City Council wants to hear from the residents as to how they wish to proceed with possible consolidation of these public services in Diamondhead.