

FREQUENTLY ASKED QUESTIONS... CONSOLIDATIONS

NO	FAQ	NOTES
1	What are the non-binding referendums on the upcoming general election ballot and how do they impact me as a resident?	Both measures on the ballot are non-binding advisory only questions to gain guidance for the Diamondhead Fire District, Diamondhead Water & Sewer District, and the City regarding possible consolidation of fire services and water and sewer services into City operations. The referendums result in "NO" action of any kind on the part the 3 government agencies. The referendums will provide the guidance to all agencies to begin discussion regarding potential consolidation. These referendums will not change the service residents receive from the 3 governmental agencies.
2	Why is this on the ballot, now?	The Comprehensive Financial Statement completed and accepted by Council on March 26, 2021 indicated cost savings for residents through consolidation. There are no additional election costs to include the referendums on the June 2021 General Election ballot.
3	Is there only one referendum on the ballot?	No. The referendums are separate measures on the ballot thus allowing eligible electors to cast a vote on each entity independently.

4	Why is the City rushing to take over Diamondhead Fire District and the Diamondhead Water & Sewer District?	Consolidation of public services has been discussed since the incorporation of the City of Diamondhead in 2012. This is not a new or rushed issue. The City held a public hearing in 2018 to begin dialog in the community. The City hired an accounting firm to create a forecasted financial statement in 2019. That report was completed in 2021 and accepted by the Council. This is not a quick or easy issue. It will take time and much discussion by all 3 governmental entities in public workshops after the referendums are voted on by the residents.
5	Why is the City not disseminating signs or advertising?	The City will NOT be expending "public funds" for the production and/or distribution of any signs, advertisement, or the like in an attempt to influence your decision. The administration has confirmed with the MS State Auditor's Office that such expenses intended to influence the outcome of any political measure and paid for with "public funds" would constitute a misappropriation and expense of public funds. It is permissible for the City to expend funds necessary to educate and inform citizens on the matter.
6	Do other cities along the Coast have a separate fire districts or water and sewer districts providing these services to their residents?	No. Every city along the MS Coast operates its own fire department and water and sewer department. The current set up in Diamondhead is not typical. The Mayor and City Council in all the cities along the Coast are responsible for the operation of these public services.
8	When would consolidation happen?	Consolidation would not happen immediately. This will take time to develop a plan of action after much discussion and work with all 3 entities involved. This plan will include public workshops to develop an effective consolidation plan and to allow for additional resident input.
7	If the residents vote favorably on the referendums, does this mean that consolidation will automatically happen?	No. The measures are non-binding advisory only.

9	What was the purpose of the consolidated financial report provided by the city?	The purpose of the report was to project to the Council the financial impacts resulting from consolidating the 3 governmental entities. The goal is to identify duplicate costs that would be eliminated regardless of when consolidation would take place and to project future millage needed to support the new departments. The City Council wanted to know the financial impact on residents, and the Council wanted to know if consolidation of the Diamondhead Fire Department and the Diamondhead Water & Sewer District will cost residents more or less in taxes and fees. The report shows a savings for residents by reducing duplicate expenses.
10	How would residents save money?	Savings to residents would be realized by eliminating duplicate and redundant expenses of the 3 governmental entities.
11	What are some examples of redundant or duplicate costs that could possibly be eliminated?	Duplicate Administrative Positions, Audit Fees, Software Licensing, Attorney's Fees, Lobbyist, Commissioner Per Diem, Insurance, Equipment, and Websites (just to name a few).
12	How much savings is expected by consolidating the Diamondhead Water & Sewer District into the City?	The forecasted financial report projects an estimated savings of \$300,000 annually by consolidating the Diamondhead Water & Sewer operations into the City. These savings could result in lower utility rates for residents or could be used to fund much needed water and sewer capital infrastructure projects. This is detailed on page 17 of the forecasted financial report.

13	How much savings is expected by consolidating the Diamondhead Fire Department into the City?	The forecasted financial report projects an estimated savings of \$54,000 annually by consolidating the Diamondhead Fire Department operations into the City. The real savings for residents is the change of paying the flat fee of \$300 a year (or \$25 a month) to the fire district compared to paying ad valorem taxes which is based on assessed property values. For example, according the report, a homeowner with an assessed property value of \$100,000 with homestead exception would realize a \$25 annual increase to property taxes in lieu of \$300 annually paid directly to the fire department' a net savings of \$275 annually. For properties assessed at \$200,000 with homestead exemption, the net savings is \$175 annually. This is detailed on page 15 of the report.
14	Why did the City use 2019 financial reports?	Projections are based on factual historical data. At the time the City requested the information, the 2019 reports were the most recently completed audits by both the Fire District and Water and Sewer District. The report is based on their audited financial statements.
15	Why didn't the report show increases in costs such as a new fire engine or water and sewer improvements?	The basis of the report is to gain an understanding of changes that would take place only as a result of consolidation. The objective is to look for redundant or duplicate costs that would be eliminated through consolidation; therefore, major equipment and capital projects were not included in duplicate costs as such items will continue to be a need in the future.
16	If the Diamondhead Fire Department becomes a department of the City, do residents still pay the \$25 monthly fire district fee?	No. Residents would no longer pay \$25 a month but the cost to run the fire department would become part of city property taxes, like most other cities.
17	Would firemen lose their pension plan (PERS)?	No. Fireman vested in the PERS system could maintain those retirement benefits however, new contributions and service credit would not continue under the city's current retirement plan. The City is actively working to find a way to maintain PERS for firemen and has submitted an inquiry to PERS regarding options to continue participation for firemen should consolidation occur. The City Council overwhelmingly supports our firemen.

18	What would happen to employees at the Diamondhead Fire District and Diamondhead Water & Sewer District?	The City intends to make an offer for employment to all employees of both entities. Over time, the City would work to right-size the staff through attrition to achieve the savings.
19	Does the City want to take over the Diamondhead Water & Water District to get control of their cash for "pet projects?"	Absolutely not. Utility revenue received is defined as "enterprise funds". By statute, these funds must be accounted for separately and independently of the City's general operating fund and must be utilized for the purpose for which they generated--operating the water and sewer departments.
20	Is the City "cash strapped" and in need of the cash from the Diamondhead Fire Department and Diamondhead Water & Sewer District?	Absolutely not. As of fiscal year end September 30, 2020, the City of Diamondhead has a healthy cash balance on hand of over \$5 million, including a \$2 million emergency fund.
21	Is this a "hostile takeover" of the Diamondhead Water & Sewer District and Diamondhead Fire District by the City of Diamondhead?	Absolutely not. This is a non-binding advisory only measure to gain resident input.
22	What is the City's retirement plan for employees?	The City offers employees retirement savings account through the Mississippi Government Employee's Deferred Compensation Plan and Trust on a voluntary basis with 100% immediate vesting. Employees electing to participate establish a contribution rate appropriate for their individual needs. The City provides a dollar-for-dollar match up to 8% that is limited to annual match maximum of \$5,000 . The employee controls their retirement planning including how those funds are invested.
23	Does the City provide health insurance to employees?	Yes. The City has a group health insurance plan for employees that is very competitive, but fiscally responsible. The employee contributes \$40 per pay period for the employee's health insurance premium, and the City does not provide a contribution for dependent coverage. The employee pays 100% of dependent premiums.

24	Why did the City Council vote last year to reduce property taxes from 34 to 29.5?	Since incorporation, property taxes have been based 34 mills. Each year the City has operated with a surplus fund balance allowing fund balance accumulation. The City Council determined that it was in the best interest of the residents to reduce the millage to 29.5 still generating the revenue needed to operate the city. In addition, recent legislation enacted the internet "sales tax" bill that is on pace to generate new revenue of approximately \$400k annually for the City.
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