

Dear Walker County Citizen,

By now you've probably heard our county's finances are critical. The latest audit confirms the failed policies of the previous administration left us roughly \$70 million in debt, which creates an unprecedented hardship for Walker County. We, as a community, have inherited this debt and it will take all of us pulling together to make sure we don't pass it on to our children and grandchildren!

I have a roadmap to steer Walker County out of debt in twelve years. It's an aggressive plan that combines operating government leaner and more efficient, selling some county assets, renegotiating leases, growing new business, expanding our tax base and restructuring some services and fees.

Let me begin by addressing some frequently asked questions:

Can Walker County declare bankruptcy?

Simply put, no. The State of Georgia is one of two states in which bankruptcy is not a legal option for county or city governments. However, the State of Georgia has the power, in extreme cases, to step in and rule a city or county government, in a complete financial collapse.

Why don't you sell Mountain Cove Farms to pay off some of the debt?

It's not impossible, but it would be very challenging to do at this time. There is currently a \$15.3 million lien against the farm, since it was used as collateral, along with your Civic Center and your Ag Center, to secure the bond for the new industrial park. The Farm is probably worth half that amount. After overcoming the challenge of finding a potential buyer, we would need to convince the bond holders to release Mountain Cove Farms from the lien. The bond holders may not do that, since our county balance sheet is currently worse than when the bonds were issued. However, in the short term, we may be able to find someone to lease the property, which would get Walker County out of the business of operating a retail / hospitality facility.

Can you cut spending to help pay off the debt?

Since January 1st, 2017 we have reduced personnel expenses by over \$1.2 million dollars, moved our landfill toward profitability and ended the practice of offering employee benefits to ineligible individuals. The previous administration spent over \$26 million dollars from the general fund to operate the county in FY 2016. We will reduce operational expenses in FY 2017 by over \$2 million dollars!

Can you sell properties owned by Walker County to help pay off the debt?

Throughout this year, we have taken inventory of property owned by Walker County and discovered several county properties being rented at below market value, some with utilities included in the lease agreement at no charge. Walker County has been losing tens of thousands of dollars because of this practice. We are actively working to renegotiate those leases, and in some cases, offer lease holders an option to purchase the property.

Property Taxes: After much thought and many budget spreadsheets, I was forced to increase property taxes by 2.00 mills in the unincorporated areas of the county and 2.189 in the incorporated locations. Walker County had to borrow \$8 million to meet payroll this year. \$4 million was borrowed from Bank of LaFayette the second week of January 2017, and \$4 million in late June 2017 from First Volunteer Bank. The county has to generate more income before December 30, 2017, when the loans must be paid off in full. We are projecting the county will need to borrow money again over the next three years to meet payroll and operational obligations. My goal is to reduce the amount borrowed every year with a goal of ending the practice of short term financing by the end of 2020.

Public Safety Fee: We have also updated the county's fire fee schedule to create a more equitable system. The fee will now be known as a "Public Safety Fee" and will fund fire and emergency management operations, along with contracted ambulance services. These public safety services will finally be able to stand on their own, with a real budget to operate from that does not co-mingle or dip into the county's general fund, as in the past. This new schedule replaces the existing flat rate with a minimum/maximum fee that is based on the square footage of each structure. The move will result in roughly 10,000 property owners with smaller homes actually paying less each year in the unincorporated areas of Walker County and the City of Chickamauga.

At the same time, we will boost the number of full-time career fire stations from 4 to 6. Station 14 in Villanow and Station 15 in the Cane Creek Community will transition to 24/7/365 operations. Full-time firefighters will also be relocated from Station 11, just west of LaFayette, to Station 20, near Highway 136 and Cove Road. Walker County Emergency Services will tackle this responsibility on a budget for 2018 that will be (\$50,000) less than the department spent in 2016, all while providing a higher level of service and responding to an estimated 4,000 calls in FY 2018.

Public Health Facilities and Services District:

Like it or not, we will all have to take part in paying down our "inherited debt." We are projected to spend about \$4.5 million dollars in FY 2018 servicing county debt. The \$8.7 million owed to Erlanger following the Hutcheson debacle is due now. Erlanger Hospital has a Federal Summary Judgement against the citizens of Walker County giving Erlanger the ability to get a federal court order to increase your property taxes by as much as an additional 7.00 mills in order to pay them back.

With the next court date with Erlanger on the horizon and time running out, I was forced to create and establish the "Walker County Public Health Facilities and Services District," in an effort to try and keep the federal courts from imposing a 7.00 mill property tax, being pushed by Erlanger.

This special district allows for a special assessment to be charged on each parcel of property, over the next three years. The annual fee will be 0.14% of the fair market value of the property, up to a maximum fee of \$1,000 per year. No property is excluded. This special district will generate the funds needed to pay off our debt to Erlanger over three years. The fee will end after three years.

We didn't get into this mess overnight and there's no silver bullet that will miraculously fix it. Please know that I'm working every day to solve our county's problems. We all have a great love for Walker County and we all want to see her strong and prosperous again! We can make that happen, but I will need your support and understanding, and most importantly, we all have to work together for the common goal of restoring the financial health and integrity of Walker County. This will all take time to accomplish, but we are on the path to financial recovery!

Thank you for your support, and for taking your time to read this letter!

Sincerely your County Commissioner,

Shannon K. Whitfield
Sole Commissioner
Walker County GA