

10/7/2019 Update Budget Overview

Summary of Impact Fees & Fund Balances

We have built up cash funds this term and invested in many long overdue facility maintenance needs and there's still much to do. There is not currently a short-term capital budget plan in place. The decision to move forward on purchasing 113 acres on 13/32 for future parkland will drain all capital improvement fund balances needed for urgent facility needs and will prevent the City from expanding Volanta Park with four additional ballparks to fill an immediate capacity need for up to ten years. This purchase will also prevent repurposing the K-1 Center we just purchased. Without prioritizing capital spending, citizens will not realize the full potential of strategic investing.

<u>Capital Project Fund Balances</u>	<u>9/30/2019</u>	<u>Notes</u>			
Investment CD - Savings	1,065,146.07				
Reserve-AG Edwards	639,635.07				
Municipal Capital Improvement	769,190.88				
Correction Fund - Savings	217,602.27	For Jail/Court only			
Capital Projects Fund	1,846,790.31				
Total for City Projects/Maintenance	4,538,364.60	Only amount that can use City Critical needs not Restricted			
<u>Capital Project Urgent Needs Buy Not Budgeted</u>					
City Hall roof,maintenance & awning replacement		1,300,000.00 Do we want to sink more \$ in an obsolete blding?			
Public Works roof & maintenance		400,000.00			
Police Patrol Precinct East		700,000.00			
Welcome Center (bare min), up to \$1M		150,000.00			
Quail Creek Club House new roof		30,000.00			
Nix Center (fresh air intack replace & roofing associated)		60,000.00			
Haven termite damage & roof		25,000.00			
Parks & Rec Bathrooms / ADA Compliant & Upgrades		50,000.00 \$50k/yr for 5 years, sooner the better			
Rec Pool Building structural deficiencies		600,000.00			
Total		3,315,000.00 total Amount needed now			
Total left from all Captital Funds		1,223,364.60			
<u>Impact Fees</u>					
	<u>Police</u>	<u>Fire</u>	<u>Transpertation</u>	<u>Parks/Rec</u>	
Current Balance	295,114.64	959,296.84	807,846.56	1,522,681.94	
2020 Budgeted Expenses	109,416.00		950,000.00	725,105.00	
Expansion of Volanta				1,585,000.00	Add four ballparks & Parking
2020 Projected Income	225,699.00	1,184,297.00	107,847.00	1,422,587.00	
Total end of FY 2020	411,397.64	2,143,593.84	(34,306.44)	635,163.94	
<u>Capital Project Need to Plan</u>					
Pecan Building purchased in 2013 for New Public Works, no plann stil		still no plan.			Currently used as very expensive storage
K-1 Center purchase			?		When will the City move forward on plan?
First Responders Safe Room			?		This is a must have
New City Hall & One-Stop Service Center			?		Must Plan future, current City Hall bad shape

We went through Revenue projections and Jill put in FY2019 actuals - **many came in higher than what originally projected, including sales tax which is the largest revenue stream.** Reworked 2020 projections with extremely conservative estimates based on trends since 2015.

CITY OF FAIRHOPE PROPOSED BUDGET FY 2019-2020									
	2020 BUDGET	CHANGES BY MAYOR	COUNCIL CHANGES	DEPARTMENTAL CHANGES AFTER BUDGET MEETINGS	2020 REVISED PROPOSED	2020 BUDGET W/OUT INSURANCE	2019 ACTUAL	INC/(DEC)	% INC/(DEC)
REVENUE									
TOTAL PROPERTY TAXES	6,355,000	100,000	(155,000)		6,300,000		5,950,680	300,000	5%
TOTAL LOCAL TAXES	11,016,232	289,502	(116,232)		11,189,502		10,991,595	328,912	3%
TOTAL LICENSES AND PERMITS	4,719,500	(84,650)	0		4,634,850		4,626,579	(141,515)	-3%
TOTAL FINES AND FORFEITURES/COURT	308,000	4,000	0		312,000		278,347	28,000	10%
TOTAL ADULT RECREATION DEPT.	38,500	(500)	0		38,000		36,489	(1,900)	-5%
TOTAL RECREATION DEPT	447,000	5,000	0		452,000		456,362	(51,500)	-10%
TOTAL GOLF DEPARTMENT	1,106,000	(4,000)	0		1,102,000		1,060,651	(136,500)	-11%
TOTAL STATE OF ALABAMA	330,000	(125,000)	0		205,000		448,659	128,350	64%
TOTAL INTEREST AND RENTS	367,501	(5,000)	0		362,501		256,061	114,081	45%
TOTAL MARINA REVENUE	399,200	56,000	0		455,200		428,881	(72,800)	-15%
TOTAL CHARGES FOR SERVICE	5,031,500	(81,000)	0		4,950,500		4,565,401	450,500	10%
TOTAL OTHER REVENUE	616,000	0	0		616,000		172,141	354,800	136%
PROJECTED TOTAL REVENUE	30,734,433	154,352	(271,232)		30,617,553		29,211,846	1,300,428	4%
EXPENDITURES									
GENERAL GOVERNMENT	4,578,469	(81,019)	64,600	(4,896)	4,557,154	3,908,272	3,643,122	534,794	13%
JUDICIAL	316,166		0		316,166	278,480	319,743	117,286	59%
POLICE DEPARTMENT	7,498,796	(128,927)	0	(94,096)	7,275,773	6,071,637	6,143,796	769,715	11%
FIRE DEPARTMENT	739,017	4,878	331,000	10,317	1,085,212	985,298	763,780	(244,572)	-25%
ECONOMIC & COMMUNITY DEVELOPMENT	2,084,912	8,766	38,448	44,704	2,176,830	2,039,893	2,051,333	181,332	10%
PARKS AND RECREATION SERVICES	5,638,048	4,578	(200,000)	(65,755)	5,376,871	4,776,097	4,603,160	481,894	10%
PLANNING & DEVELOPMENT SERVICES	1,769,508	(4,120)	0	0	1,765,388	1,532,035	1,528,579	297,931	20%
PUBLIC WORKS	7,938,763	69,522	(117,856)	(46,060)	7,844,369	6,638,740	8,159,296	678,818	9%
Estimated discounted utilities to the City (actual cost will be determined when cost of service study is complete-Ordinance would need to be updated for cost only because the City is currently paying residential rates)					0				
Gas wholesale cost of product plus cost of service	(12,710)				(12,710)		(12,710)		
Electric wholesale cost of product plus cost of service	(153,000)				(153,000)		(153,000)		
Water cost of service	(44,133)				(44,133)		(44,133)		
Wastewater cost of service	(44,133)				(44,133)		(44,133)		
TOTAL GOVERNMENTAL EXPENDITURES	30,309,702	(126,322)	116,192	(155,786)	30,143,786		26,958,833	2,573,221	9%
APPROPRIATIONS AND TRANSFERS									
PUBLIC LIBRARY	818,477		40,924		859,401		818,477	0	0%
BALDWIN COUNTY TRANSIT HUB	27,600		-		27,600		27,600	0	0%
THE HAVEN	65,000		-		65,000		65,000	0	0%
AIRPORT	320,000		-		320,000		320,000	0	0%
LEASE PURCHASE	69,820		-		69,820		\$52,438	2,320	3%
TRANSFERS TO DEBT SERVICE	300,000		-	-	300,000		3,318,786	(1,948,507)	-87%
TRANSFERS TO CAPITAL PROJECTS	50		50		0		\$1,143,500	(1,143,500)	-100%
TOTAL APPROPRIATIONS AND TRANSFERS	1,600,897		40,924	0	1,641,821		5,745,801	(3,089,687)	-66%
TOTAL REVENUES	30,734,433	154,352	(271,232)	0	30,617,553		29,211,846	1,300,428	4%
Municipal Capital Improvement Funding	-				0			(400,000)	-100%
Utility Transfers for City Operating	-				0		510,000	(510,000)	-100%
Utility Transfers for City Capital Purchases					0		0	0	100%
Proposed Utility PILOT fee of 8% to the City (cost)	513,000				513,000		1,128,000	(615,000)	-55%
Transfers from Impact Fees	524,521			10,317	534,838		116,393	(443,879)	-46%
Capital Lease Proceeds							990,929		
Funding for Corrections Capital Purchases	154,450				154,450				
Rollover for 2019 Capital-Fund Balance				102,501	102,501				
TOTAL EXPENDITURES	31,910,599	(126,322)	157,116	(155,786)	31,785,607		32,704,634	(516,466)	-2%
SURPLUS (DEFICIT)	15,805	280,674	(428,348)	268,604	136,735		(747,467)	2,465	18%
2019 "Deficit" from transferring over \$1M from Fund Balance to payoff City Debt in June. Should be a Surplus **\$300k									

The Summary page of budget now shows \$136k surplus with additional strategic cuts in revenue. Council cuts were based on projected FY2019 revenue. FY2020 is requesting lodging tax increase 1% to the original proposed amount of 7% which was cut to 6% (lower than our area average). This is a reasonable lodging tax which does not impact citizens' pocketbook. The increase of Council and Mayor salary which Council wanted to add into the 2020 budget will not take effect until FY2021 so this was taken back out. Revenue projections have been

estimated very conservatively and budget goals have been met every single year this term.

General Admin expenses in 201

- From Jill, “I went through capital items and noticed that several 2019 items have either not been completed or have not been received. I went ahead and added those back into the appropriate departments with notes to the side. I also added a line on the summary page called Rollover for 2019 Capital-Fund Balance to show where that much was budgeted as revenue (in 2019) so it wouldn’t affect the bottom line for 2020. I have highlighted this in yellow on the first page.
- Health insurance and workman’s comp is now reporting same cost per individual employee base on Plan 1, Plan 2, Single or Family. It will no longer be actual costs per dept. This has impacted some depts appearing to have a great increase.

Public Safety stats. Fairhope PD was grossly understaffed. The total expenses paid for Public Safety as a percentage of other Alabama Cities also demonstrates that even with the increased budget, we are still lower than all of these cities:

Public Safety % of Operating Expense Alabama Cities	
City	2014
Anniston	41%
Bessemer	42%
Mt Brook	38%
Homewood	33%
Gadsden	38%
Tuscaloosa	38%
Mobile	43%
Hoover	46%
Dothan	31%
Vestavia Hills	30%
Florence	31%
Montgomery	38%
Huntsville	28%
Decatur	28%
Prattville	44%
Auburn	31%
Phenix City	31%
Athens	28%
Madison	31%
Enterprise	30%

	2015	2016	2017	2018	2019	Proposed 2020
Fairhope						
TOTAL FIRE EXPENDITURES	409,470	500,460	479,406	902,977	883,664	741,037
TOTAL POLICE EXPENDITURES	5,137,499	5,716,341	5,345,629	5,914,850	6,154,254	7,498,796
TOTAL PUBLIC SAFETY	5,546,969	6,216,801	5,825,035	6,817,827	7,037,918	8,239,833
TOTAL CITY OPERATING	27,950,551	30,095,739	27,074,570	31,851,086	32,704,634	31,159,706
% of TOTAL CITY OPERATING	19.85%	20.66%	21.51%	21.41%	21.52%	26.44%

Fire Dept budget still has \$331k in the proposed budget and need confirmation of county ad valorem contribution for the rest. This tax is collected for this purpose and historically has not been used to equitably fund the department. Here are the County ad valorem taxes collected by Fairhope VFD from 2014-2018 and 2019 would be even higher since property tax income was increased.

2014	3,576,849,840	5,137,704	4.0%	138,856.86
2015	3,778,576,700	5,441,150	5.6%	147,058.12
2016	3,982,808,980	5,735,245	5.1%	155,006.62
2017	4,208,993,120	6,060,950	5.4%	163,809.46
2018	4,491,956,560	6,468,417	6.3%	174,822.09

Department heads have cut other expenses which has left a \$136+ surplus (we usually try to breakeven).

The Public Works Department has historically run at a deficit.

FY2016	FY2017	FY2018	FY2019	PROP 2020
(\$757,670)	(\$236,101)	(\$1,012,376)	(\$319,921)	(\$570,799)

For the first time in many years, the cost of service increased a \$1 a year for the last three years. However, this has not been enough to offset expenses for twice a week service. Richard Johnson will present two options for Council approval after a formal survey is taken. One option will be to keep twice a week garbage pickup with the estimated increase in cost. The second option will be for once a week service which will hopefully keep the price the same. Either way, the department will be able to cover at least 90% of its expenses.