



**City of Phenix City
Budget Message
2016-2017 Proposed Budgets**

The total General Fund Budget for Fiscal Year 2016/2017 is \$37,451,330, an increase of \$831,940, which is a 2.3% increase over Fiscal 2015/2016. Projected increases in Taxes and Charges for Service accounts for most of the increase. No tax or Fee Increases are proposed or expected for Fiscal 2016/2017. Budgeted expenditures for the General Fund are \$37,363,622. Operating expenditures are \$36,340,472 with debt service transfers of \$1,022,550 and transfers to the Capital Improvement Fund of \$600,000. The City projects to end the 2016 fiscal year with \$87,708 balance of revenues over expenditures.

The City is adjusting its' payroll system in fiscal year 2016/2017 by 2% for Public Safety Employees and 1% for all other employees effective October 1, 2016 and an additional 1% for all employees effective April 1, 2017 as recommended by a study done by Ellis-Harper Management. This change is the third phase of an ongoing effort to bring the City's salaries and benefits in line with the market. The city participates in the State of Alabama Employee Pension System which established a two tier system as of January 2013. Employees employed after that date will participate in tier 2 of the system. In January of 2015, the City changed its employee health care system by joining the State of Alabama Local Government Plan. In January of 2015, employees began paying 5% of the health

insurance cost into the health care system. The employee share of the premiums increased to 7.5% for January 2016 premiums (paid in December of 2015) and will increase to 10% for January 2017 premiums (paid in December of 2016).

Capital improvement plans for the City include several ongoing improvements including a new museum, the storm drainage system in Saddlebrook Subdivision and a new fire training facility. Construction of several major road enhancements including South Railroad Street, 5th Street South, Brickyard Road, Opelika Road, and replacing the bridge at Cutrate Road and Opelika Road. The City expects to complete more than \$2,800,000 in major capital improvements with the General Fund's Capital Improvement Budget including more than \$2,000,000 in state grants for road and bridge improvements as part of its ongoing capital improvement program. Capital improvements to the utility system are discussed later in this message.

The City has budgeted \$961,905 in departmental capital equipment including \$461,119 for Public Safety vehicles and equipment and lease purchase payments for fire equipment. The Budget includes \$51,000 in Parks and Recreation and \$331,201 in Public Works equipment. Departmental capital expenditures include payments on five-year lease purchase agreements for a Fire Pumper and Public Works vehicles and equipment.

The 2016/2017 operating budget for the Utilities Division is \$12,089,475 with a utility debt service budget of \$3,554,746, which includes \$1,490,000 in principle reduction. No rate increase is proposed in the budget. The operating budget includes \$415,478 in departmental capital improvements and equipment, and \$765,411 in improvements from System Development Fees. This capital budget includes replacement of older water and sewer mains in older areas of the City. Beginning in fiscal year 2008/2009 the City began a multi-year program to upgrade our treatment plants, storage tanks and old water and sewer lines. The system has continued to expand our sewer collection system to the south and west and upgrade the pumping stations and lines in the northern areas. The City is moving forward with plans to ensure adequate water and sewer will be in place to accommodate the proposed new developments on Highway 431 in south Phenix City and Riverchase Drive in north Phenix City.

The City's Special Revenue Fund Budgets for fiscal year 2016/2017 are as follows: The General Fund's Capital Improvement Fund budget of \$3,848,047, which includes the improvements previously mentioned, in addition to completion of the paving program initiated fiscal year 2012. The City expects to receive more

than \$2,000,000 in grant funding in fiscal 2016/2017 and has set aside funds to match these grants. The Second Mortgage Fund budget is \$125,000 along with \$50,000 in the General Fund for the removal of dilapidated and obsolete structures throughout the city and compliance with new Federal ADA standards. The Seven Mill Fund of \$3,947,720 is for general obligation debt, which includes \$2,005,000 in principle retirement. The Gas Tax Funds budget is \$600,000 for road improvements. The Corrections Fund budget is \$96,500 to help defray the cost of operating the municipal court and the Confiscated Property budget is \$15,005 to assist with operations of the Police Department. The City's Public Building Authority budget includes \$640,000 in principle reduction and improvements to the City's administration buildings and a Utility Warehouse and a Vehicle and Equipment Maintenance Facility.

Wallace Hunter
City Manager