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City of Phenix City Budget Message 2017-2018 Proposed Budgets

The total General Fund Budget for Fiscal Year 2017/2018 is \$38,140,012, an increase of \$688,682, which is a 1.8% increase over Fiscal 2016/2017. Projected increases in Taxes and Licenses accounts for most of the increase. No tax or fee increases are proposed or are expected for Fiscal 2017/2018. Budgeted expenditures and transfers for the General Fund are \$37,650,929. Operating expenditures are \$36,978,379 with debt service transfers of \$672,550. The City projects to end the 2018 fiscal year with a \$489,083 balance of revenues over expenditures.

The City budgeted an adjustment in the compensation system for fiscal year 2017/2018 of 4% for employees in pay grades EAP 5 thru 9, and 1% for all other employees effective October 1, 2017 as warranted from a salary study completed by Ellis-Harper Management. This change is the fourth 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. The employees' share of the premiums, which became effective in January of 2017, is 10%.

Capital improvement plans for the City include several ongoing improvements, which include the storm drainage system in Saddlebrook Subdivision and a new fire training facility. Construction of several major road enhancements includes South Railroad Street, 5th Street South, Brickyard Road, Downing Drive, and replacing the bridge at Cutrate Road and Opelika Road. The City expects to complete more than \$10,500,000 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 \$1,078,208 in departmental capital equipment including \$515,225 for Public Safety vehicles and equipment and lease purchase payments for fire equipment. The Budget includes \$113,000 in Parks and Recreation and \$373,483 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 2017/2018 operating budget for the Utilities Division is \$12,407,296 with a utility debt service budget of \$3,554,908, which includes \$1,535,000 in principle reduction. A 5% rate increase, effective April 1, 2018, has been approved by the Council. The operating budget includes \$285,325 in departmental capital improvements and equipment, and \$6,583,786 in improvements from System Development Fees and Capital Funds. The City expects to issue \$8,500,000 in revenue warrants to fund the capital needs in 2018. 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 2017/2018 are as follows: The General Fund's Capital Improvement Fund budget of \$10,527,677, which includes the improvements previously mentioned, in addition to continuing of the paving program initiated fiscal year 2012. The City expects to receive more than \$2,000,000 in grant funding in fiscal 2017/2018 and has set aside funds to match these grants. The Second Mortgage Fund budget is \$275,000 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 \$4,552,792 is for general obligation debt, which includes \$2,395,000 in principle retirement. The Gas Tax Funds Budget is \$600,000 for road improvements. The Corrections Fund budget is \$65,000 to help defray the cost of operating the municipal court, and the Confiscated Property Budget is \$25,000 to assist with operations of the Police Department. The City's Public Building Authority budget includes \$650,000 in principle reduction to improve to the City's administration buildings, a Utility Warehouse, and a Vehicle and Equipment Maintenance Facility.

Wallace Hunter
City Manager