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Councilmember District 3

WALLACE B. HUNTER, City Manager
MELONY LEE, City Clerk
STEPHEN C. SMITH, Utilities Director

**City of Phenix City
Budget Message
2018-2019 Proposed Budgets**

The total General Fund Budget for Fiscal Year 2018/2019 is \$39,479,980, an increase of \$1,339,968, which is a 3.5% increase over Fiscal 2017/2018. Projected increases in Taxes and Licenses accounts for most of the increase. No tax or fee increases are proposed or are expected for Fiscal 2018/2019. Budgeted expenditures and transfers for the General Fund are \$38,472,299. Operating expenditures are \$37,224,749 with debt service transfers of \$1,247,550. The City projects to end the 2019 fiscal year with a \$1,007,681 balance of revenues over expenditures.

The City budgeted an adjustment in the compensation system for fiscal year 2018/2019 of merit raises for eligible employees as warranted from a salary study completed by Ellis-Harper Management in accordance with the City’s Merit System. 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 \$4,551,410 in major capital improvements with the General Fund’s Capital Improvement Budget in addition to 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 \$697,354 in departmental capital equipment for lease payments and vehicles and equipment.

The 2018/2019 operating budget for the Utilities Division is \$12,727,151 with a utility debt service budget of \$3,827,754, which includes \$1,585,000 in principle reduction. A 5% rate increase, effective April 1, 2019, has been approved by the Council. The operating budget includes \$148,530 in departmental capital improvements and equipment, and \$8,665,000 in improvements from System Development Fees and Capital Funds. The City expects to issue \$8,000,000 in revenue warrants to fund the capital needs in 2019. 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, along HWY 80 in West Phenix City and Riverchase Drive and Summerville Road in North Phenix City.

The City's Special Revenue Fund Budgets for fiscal year 2018/2019 are as follows: The General Fund's Capital Improvement Fund Budget of \$4,551,410, which includes the improvements previously mentioned, in addition to continuing the paving program initiated in fiscal year 2012. The City expects to receive more than \$2,000,000 in grant funding in fiscal 2018/2019 and has set aside funds to match these grants. The Second Mortgage Fund budget is \$100,000 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 \$4,516,712 is for general obligation debt, which includes \$2,470,000 in principle retirement. The Gas Tax Funds Budget is \$575,000 for road improvements. The Corrections Fund Budget is \$75,000 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 is \$3,741,600 with \$2,400,000 in capital spending and \$670,000 in principle reduction to improve to the City's administration buildings.

Wallace Hunter
City Manager