



DR. R. GRIFF GORDY
Mayor Pro Tem / At Large

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Mayor

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Councilmember District 2

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Councilmember District 3

WALLACE B. HUNTER, City Manager
MELONY LEE, City Clerk
CHARLES D. WOODY II, Utilities Director

**City of Phenix City
Budget Message
2019-2020 Proposed Budgets**

The total General Fund Budget for Fiscal Year 2019/2020 is \$44,507,533, an increase of \$5,102,553, which is a 12.95% increase over Fiscal 2018/2019. Projected increases in Taxes and Licenses accounts for most of the increase. No tax or fee increases are proposed or are expected for Fiscal 2019/2020. Budgeted expenditures and transfers for the General Fund are \$43,649,897. Operating expenditures are \$41,294,785 with debt service transfers of \$1,250,000. The City projects to end the 2020 fiscal year with an \$842,748 balance of revenues over expenditures.

The City budgeted an adjustment in the compensation system for fiscal year 2019/2020. Employees will receive a 2% cost of living adjustment in October of 2019 and an additional 1% cost of living adjustment in April of 2020. Merit raises for eligible employees, as warranted from a salary study completed by Ellis-Harper Management in accordance with the City’s Merit System, are budgeted for April of 2020. 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%. Employees who participate in the City’s wellness program receive a discount in their cost.

Capital improvement plans for the City include several ongoing improvements, which include multiple street improvement projects and replacing bridges on Cutrate Road, Opelika Road, and Seale Road. The City expects to complete more than \$16 million in major capital improvements with the City’s General Fund Capital Improvement Budgets, 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 \$1,200,355 in departmental capital equipment for lease payments and vehicles and equipment.

The 2019/2020 operating budget for the Utilities Division is \$13,246,227 with a utility debt service budget of \$3,992,327, which includes \$1,681,738 in principle reduction. No rate increase is anticipated for Fiscal 2020. The operating budget includes \$543,920 in departmental capital improvements and equipment, and \$8,450,000 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 2020. This capital budget includes the replacement of older water and sewer mains in older areas of the City, expansion of the Wastewater Treatment Plant, and new water and sewer mains. 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 2019/2020 are as follows: The General Fund's Capital Improvement Fund Budgets of \$16,383,752, 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 2019/2020 and has set aside funds to match these grants. The Second Mortgage Fund Budget is \$184,675 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 \$4,517,762 is for general obligation debt, which includes \$2,545,000 in



principle retirement. The Gas Tax Funds Budget is \$500,000 for road improvements. The Corrections Fund Budget is \$55,000 to help defray the cost of operating the Municipal Court, and the Confiscated Property Budget is \$15,313 to assist with operations of the Police Department. The City's Public Building Authority's Budget is \$10,037,000 with \$8,700,000 in capital spending, and \$690,000 in principle reduction to improve the City's administration buildings.

Wallace Hunter
City Manager