

Mayor's Recommendation FY 2016 Operating Budgets



**General Fund
Water and Sewer Fund**

THE



TI



Max 18C, min 5C

Tuesday September 16 2008 timesonline.co.uk No 69430

Lehman collapse sends shockwave round world

Shares and oil prices plunge, thousands lose jobs

by Duncan Economics Editor

...rs of a global financial meltdown
w yesterday as the world...

Dow Jones industrial average was
down 300 points, or 2.6 per cent
Sentiment was also...





Philosophy

- The Budget will be the City's blueprint to improve the quality of life for all citizens
- The Budget will provide the mechanism to achieve the **Core Values** of our administration
- The Budget will be conservative to ensure healthy reserves and sound financial practices



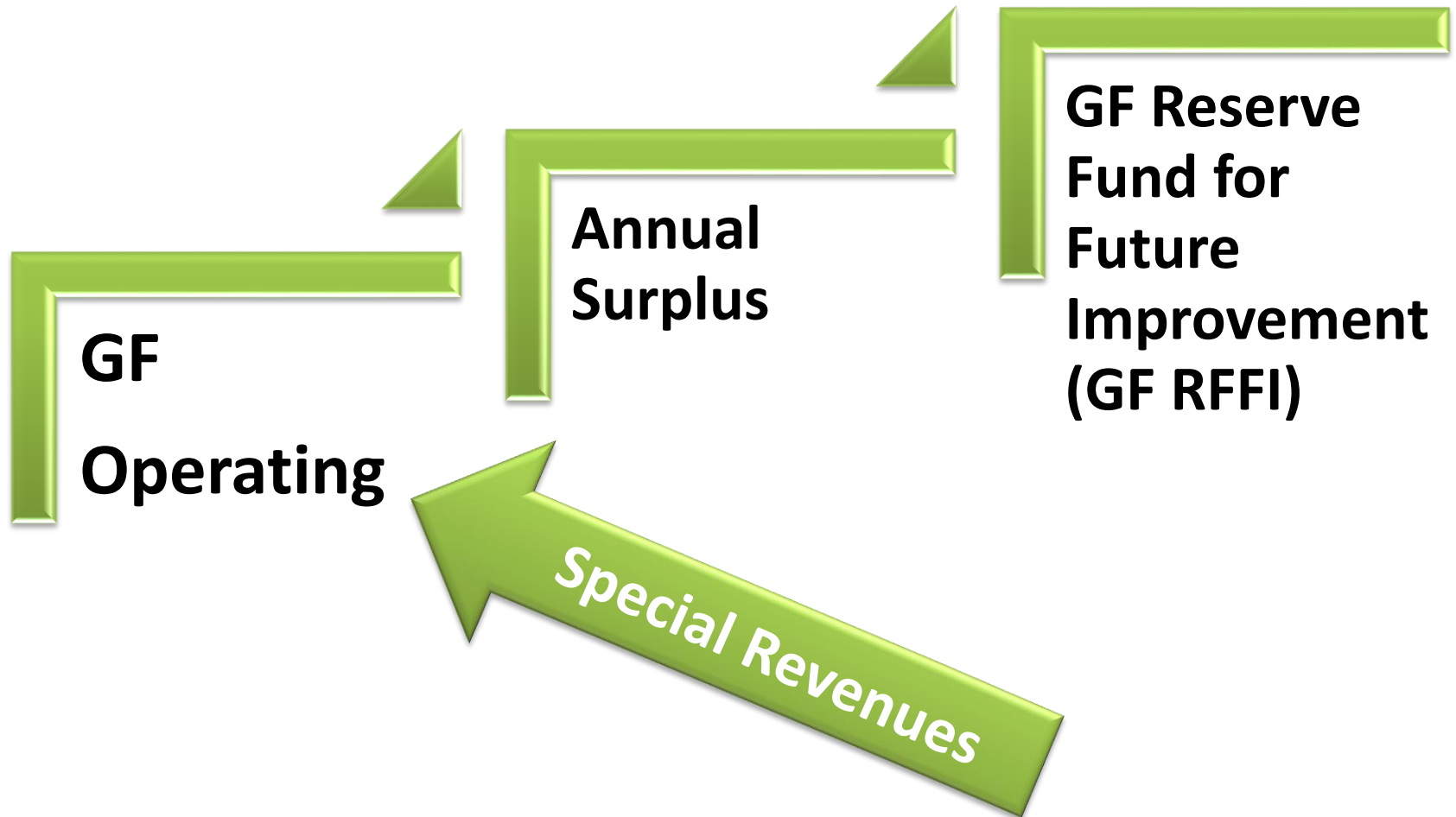
Major Challenges

- Growth from GF discretionary revenues are not sufficient to meet all personnel, vehicle and equipment costs, plus funding requests from agencies for FY 2016
- Internet sales continue to erode the City's growth in sales taxes
- Critical need to update and enhance equipment, technology integration and data security across multiple disciplines
- Critical need to update the Tuscaloosa Fire and Rescue (TFRS) fleet



Budget Basics

General Fund



Other Budgets



CDBG / Home



DR 1

DR 2



**Amphitheater
Clearing Account**



**Alabama Trust
Fund**



Gasoline Tax



Correction Funds

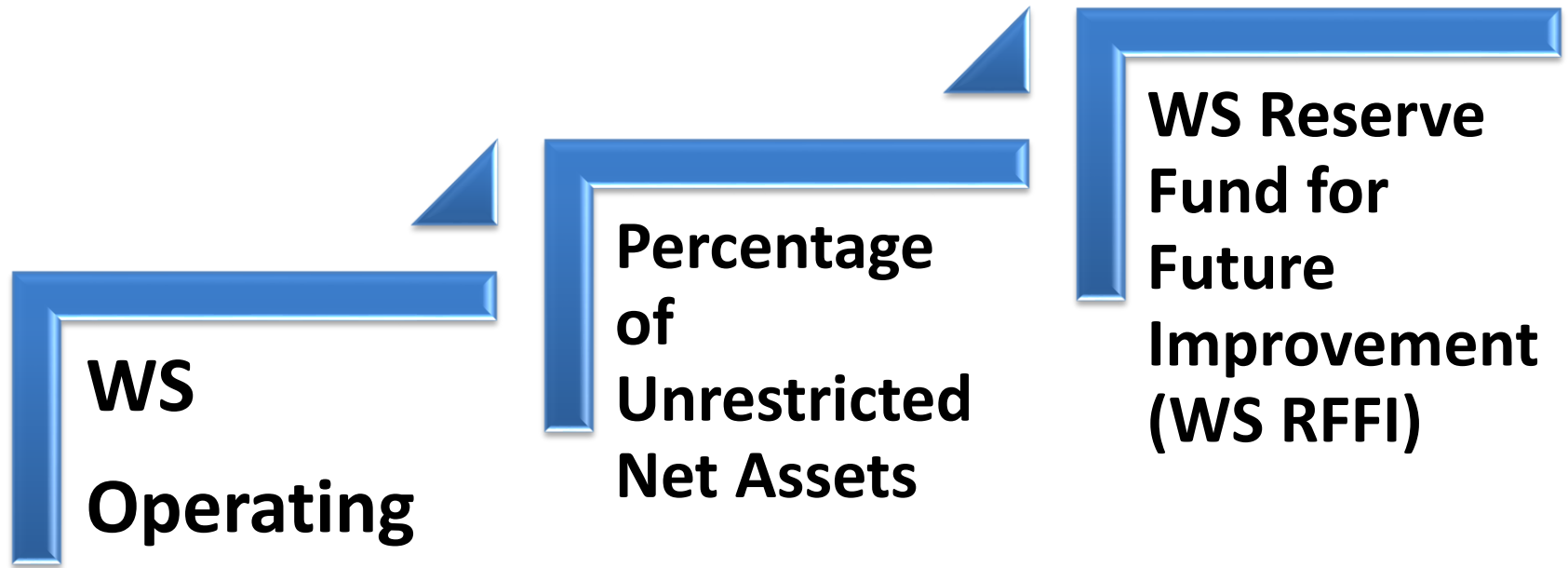


Grants



Bond Proceeds

Water and Sewer Operating (GF)





Primary Budgets

Operating Budgets (2016 Recommendation):

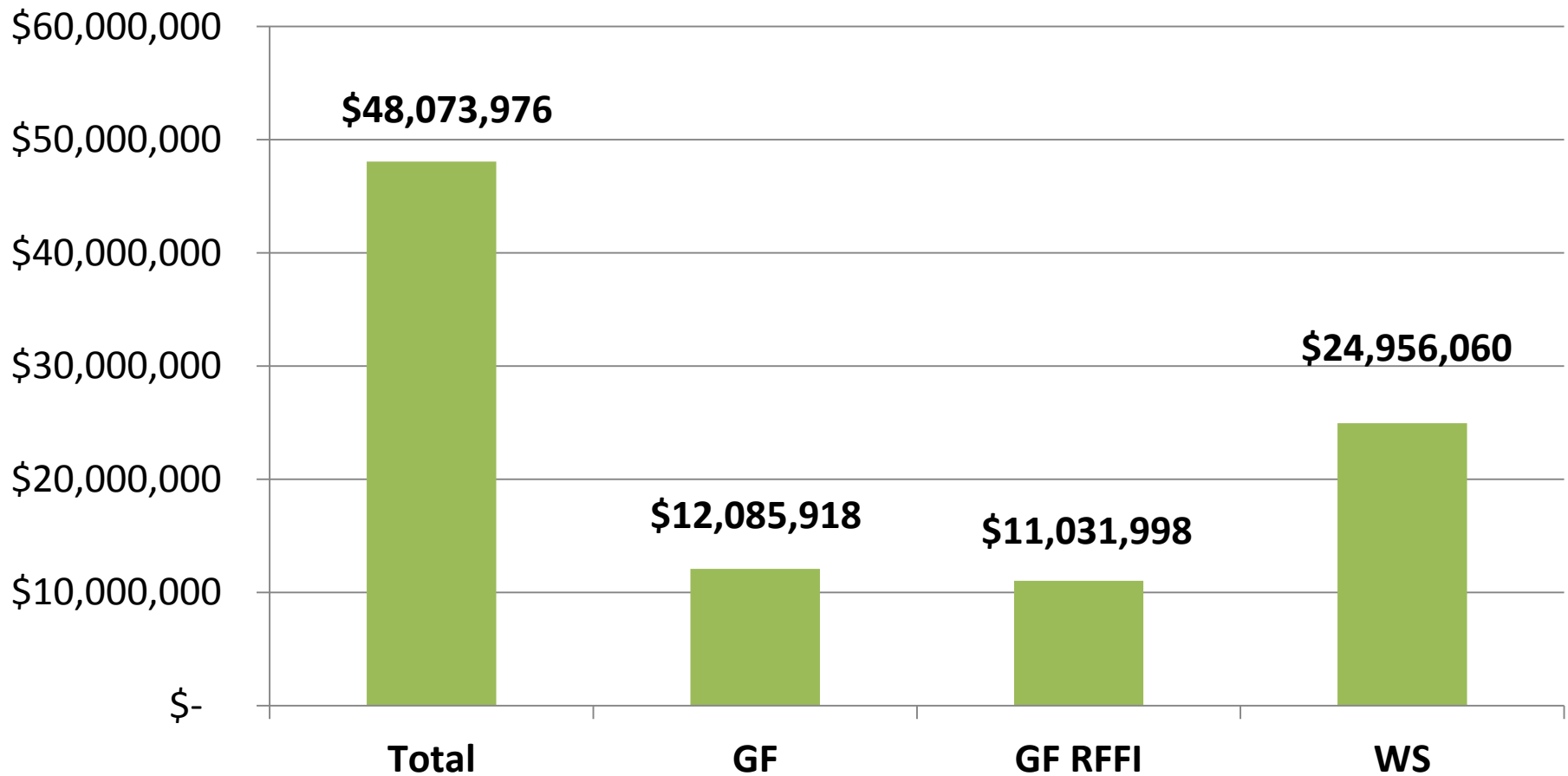
General Fund (GF)	\$ 139,332,712
Water and Sewer Fund (WS)	\$ 48,136,134

Capital/Infrastructure Budgets:

General Fund Reserve Fund for Future Improvements (GF RFFI) (excludes bond proceeds)	\$ 20,670,801
Water and Sewer Reserve Fund for Future Improvements (WS RFFI) (excludes SRF/DWSRF, and bond proceeds)	\$ 23,993,621



Undesignated Reserves for Primary Budgets

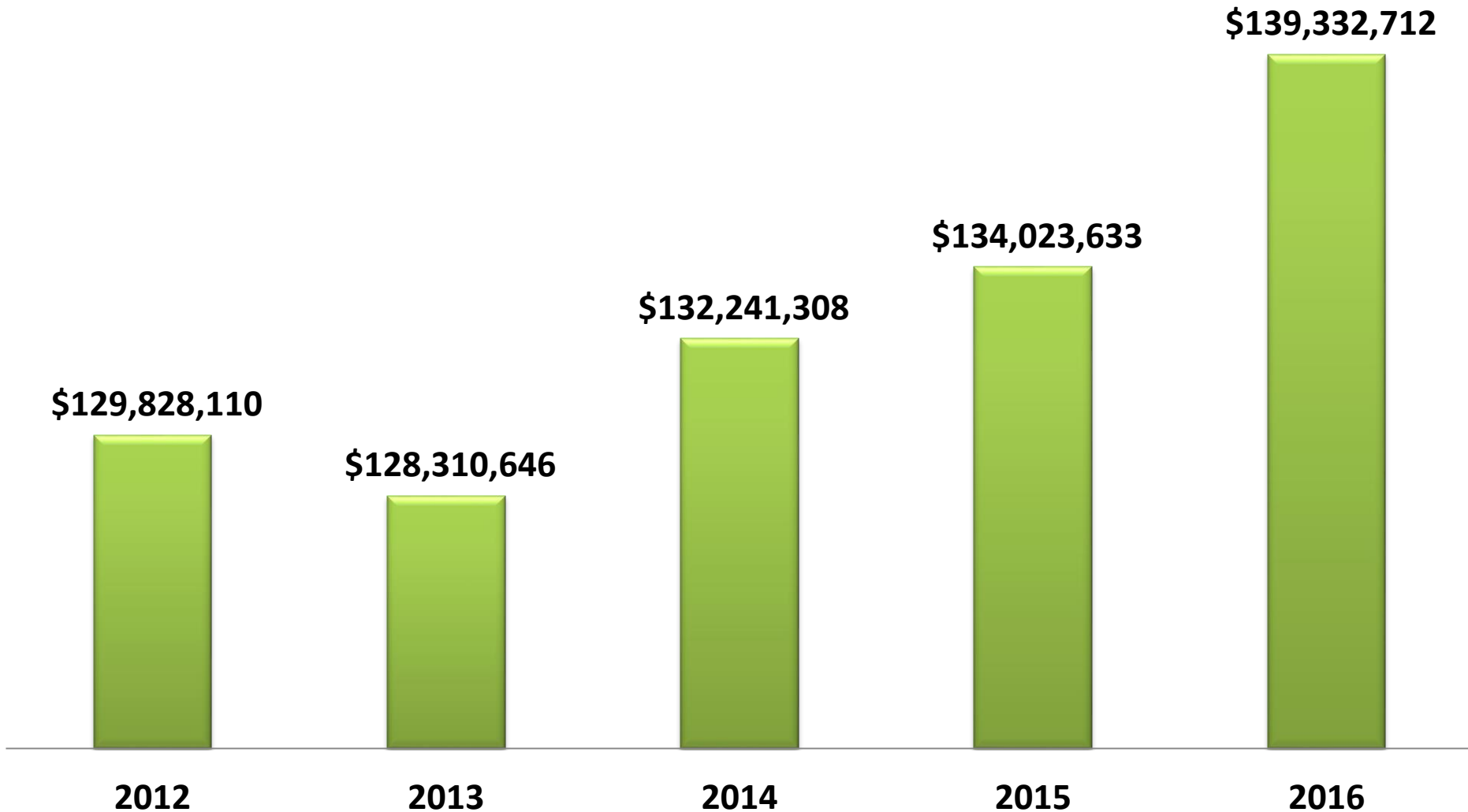


Reserves are based on the FY 2014 annual audit.

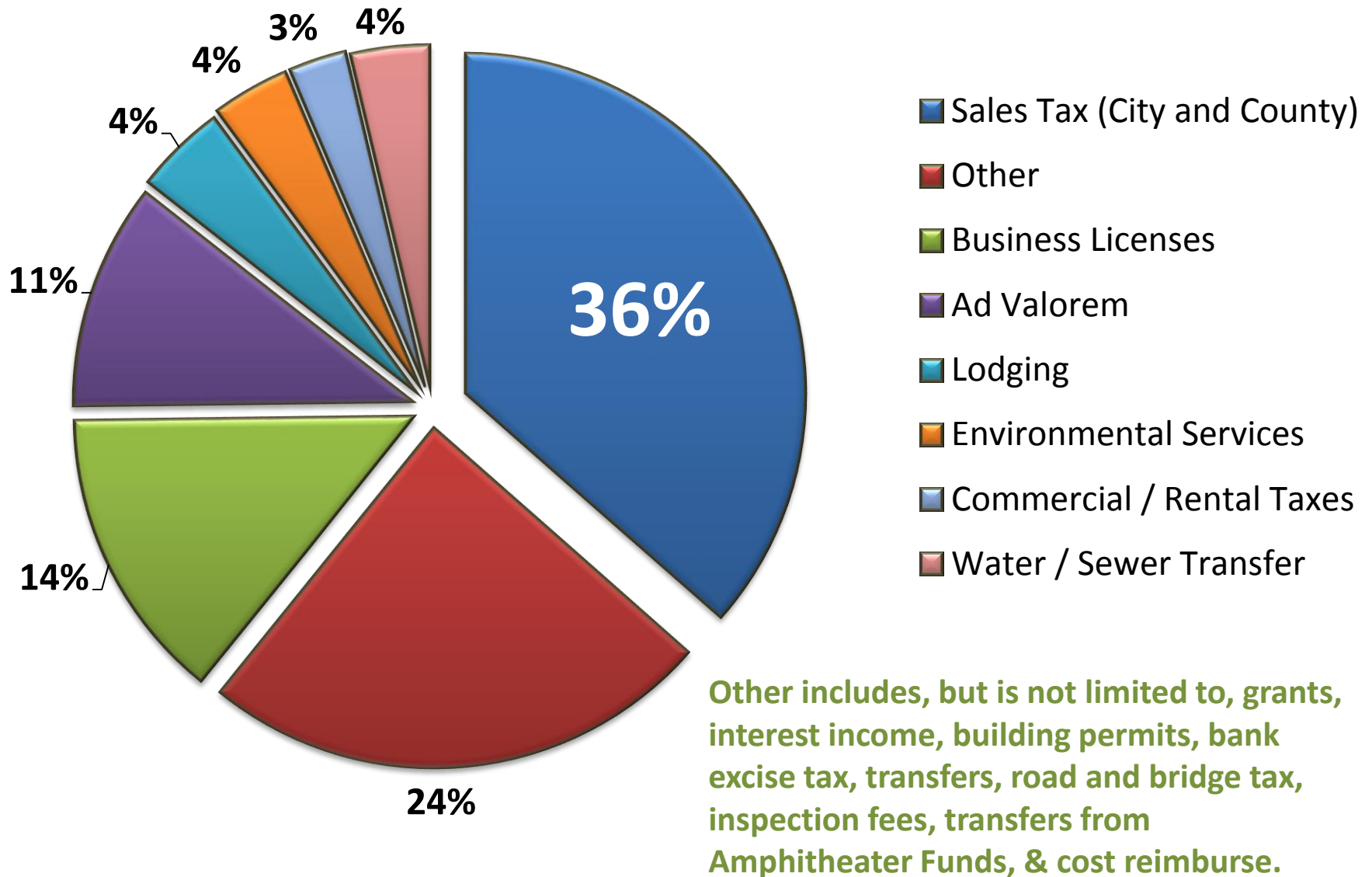


General Fund Operating Budget

General Fund Budget History



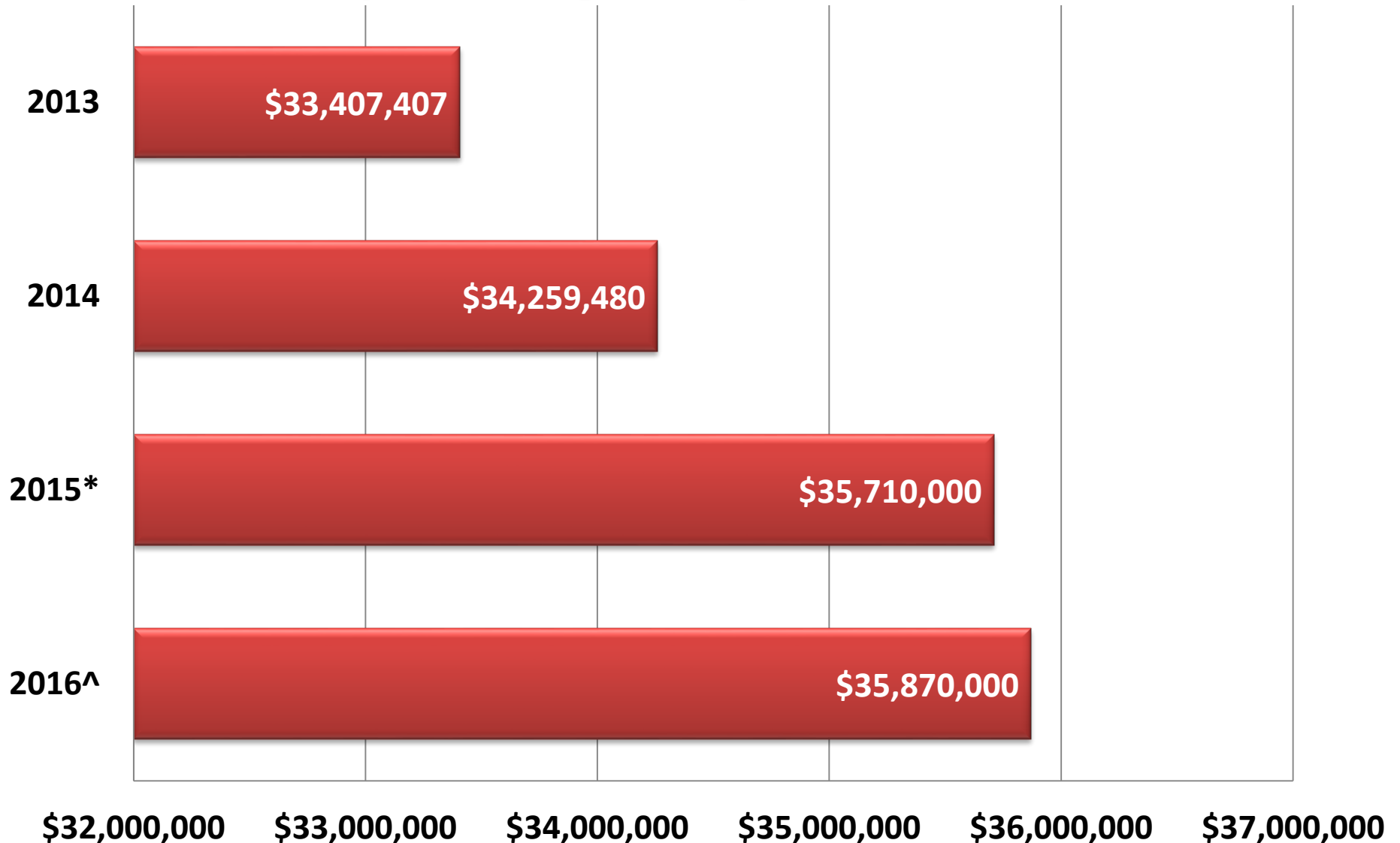
General Fund Revenue Sources



Major Discretionary Revenues

Discretionary Taxes	FY 2016 Proposed	FY 2015 Projections	Difference
City Sales Taxes	\$ 35,870,000	\$ 35,710,000	\$ 160,000
Business Licenses	\$ 19,300,000	\$ 19,195,000	\$ 105,000
County Sales Taxes	\$ 14,307,750	\$ 13,835,000	\$ 472,750
Ad Valorem Tax	\$ 13,600,000	\$ 13,340,000	\$ 260,000
Water/Sewer Transfer	\$ 5,153,991	\$ 3,592,271	\$ 1,561,720
Rental License Tax	\$ 3,000,000	\$ 2,800,000	\$ 200,000
Use Tax	\$ 3,060,000	\$ 3,000,000	\$ 60,000
Ad Valorem Tax (Vehicle)	\$ 1,400,000	\$ 1,400,000	\$ -
Total	\$ 95,691,741	\$ 92,872,271	\$ 2,819,470

Projecting City Sales Tax



*Projected collections per City Revenue Department

^Net of anticipated rebate payments for The Shoppes at Legacy Park



- Anticipated Sales Tax Revenues: \$790,000
- Incentive (based on anticipated revenues): \$630,000
- Net Sales Tax Revenue: \$160,000

City Sales Taxes

- Represents nearly 25 percent of GF revenues and nearly 40 percent of discretionary revenues
- If you include the City's share of the County-wide tax, then the City's rate is 2.5 percent
- The cities listed are city sales tax only and exclude either their county-wide sales taxes or occupational taxes they collect

City	Population	City Rate	Combined Rate
Mobile	194,822	5.00%	10.00%
Huntsville	183,739	4.50%	9.00%
Birmingham	212,038	4.00%	10.00%
Dothan	67,382	4.00%	9.00%
Auburn	56,908	4.00%	9.00%
Decatur	55,996	4.00%	9.00%
Gadsden	36,674	4.00%	9.00%
Opelika	27,825	4.00%	9.00%
Bessemer	27,289	4.00%	10.00%
Phenix City	36,185	3.75%	8.75%
Montgomery	205,293	3.50%	10.00%
Madison	44,972	3.50%	9.00%
Florence	39,447	3.50%	8.50%
Prattville	34,873	3.50%	9.50%
Enterprise	27,789	3.50%	9.00%
Hoover	83,412	3.00%	9.00%
Vestavia Hills	34,090	3.00%	9.00%
Alabaster	30,991	3.00%	9.00%
Homewood	25,262	3.00%	9.00%
Tuscaloosa*	95,334	2.00%	9.00%

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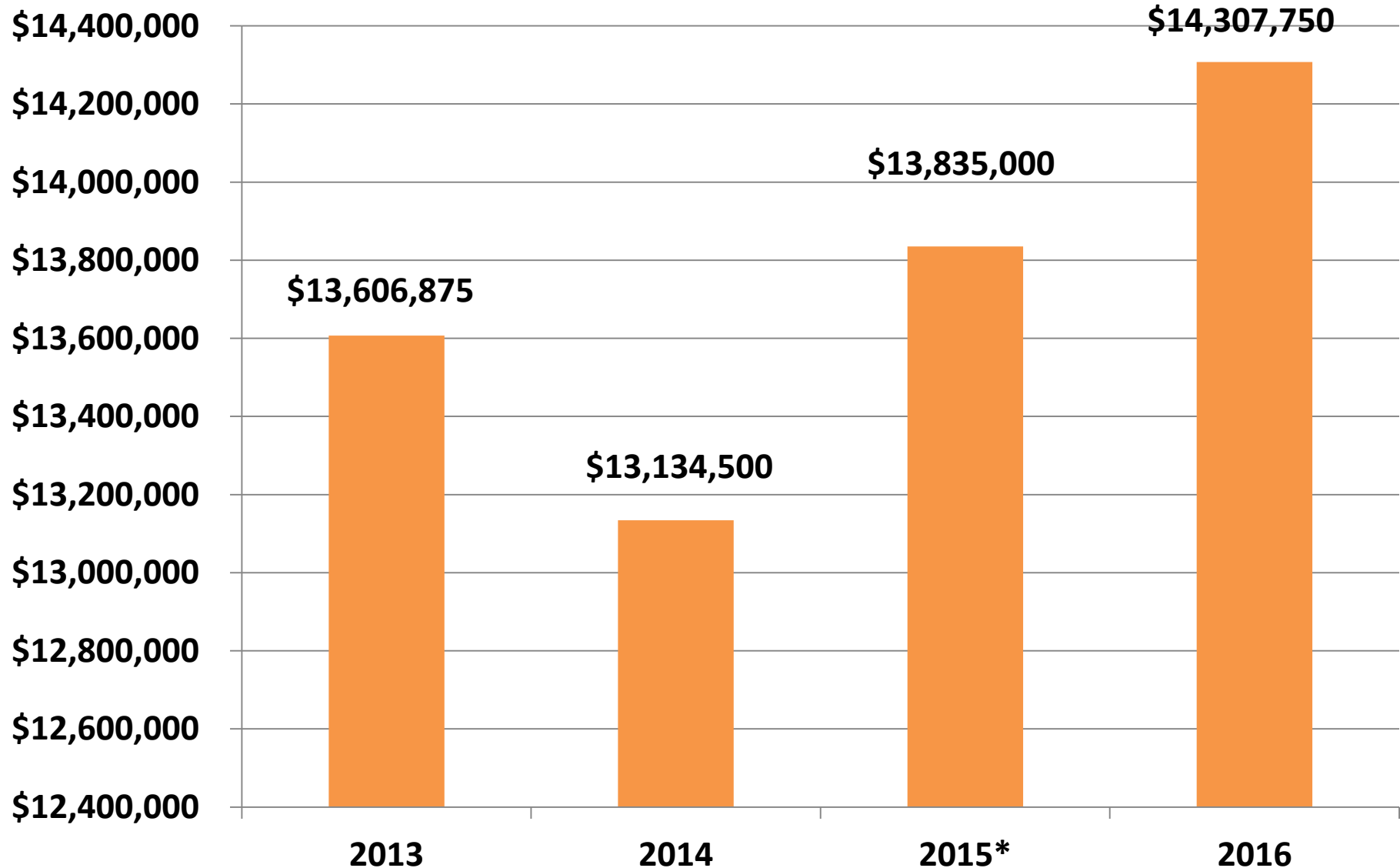
In Layman's Terms

“If we had their current city sales tax rate, then we would have an additional \$_____ to invest across the City annually¹”

Mobile (5 percent):	\$53.4 million
Huntsville (4.5 percent):	\$44.5 million
Auburn (4 percent):	\$35.6 million
Montgomery (3.5 percent):	\$26.7 million
Hoover (3 percent):	\$17.8 million

¹Based on the City's sales tax rate that 1 percent equals \$17.8 million for FY 2016

Projecting County Sales Tax



*Projected collections per City Revenue Department.

Current Tuscaloosa County Sales Tax Structure

State of Alabama	4%
Tuscaloosa County*	2%
Local Jurisdiction	2%
Temporary School Tax (expires 2016)	1%

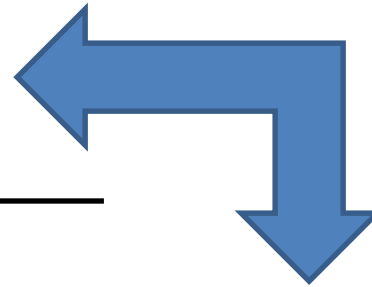


City of Tuscaloosa	25%
Tuscaloosa County Commission	20%
Tuscaloosa City Schools	20%
Tuscaloosa County Schools	20%
DCH	10%
City of Northport	5%

TRANSFORMING TUSCALOOSA COUNTY

Effective June 2, 2016

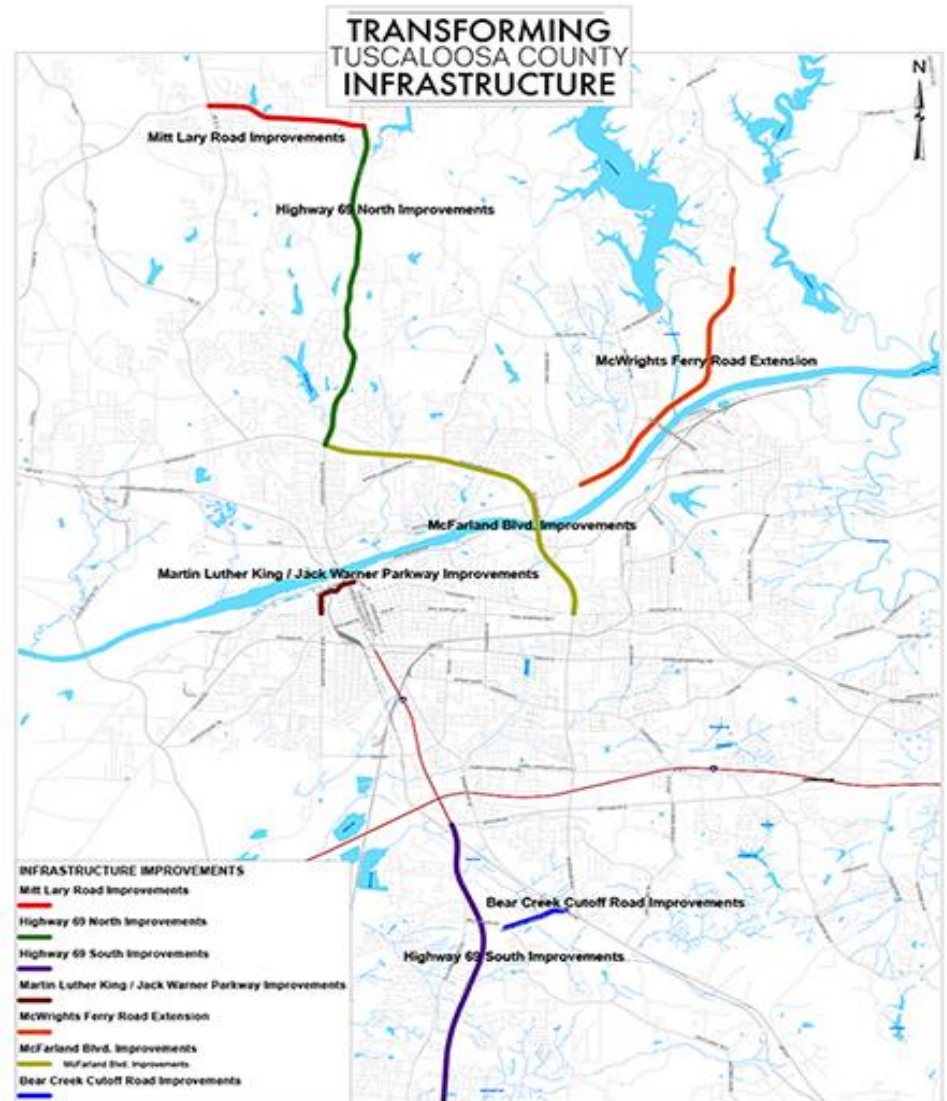
State of Alabama	4%
Tuscaloosa County*	3%
Local Jurisdiction	2%



City of Tuscaloosa	19%
Tuscaloosa County Commission	14.3%
Tuscaloosa City Schools	20%
Tuscaloosa County Schools	25%
Road Improvement Authority	10%
DCH	6.7%
City of Northport	5%

TRANSFORMING TUSCALOOSA COUNTY

- McFarland Boulevard Improvements
- MLK Jr. and Jack Warner Parkway Improvements
- Highway 69 South Improvements
- McWrights Ferry Road Extension and Improvements

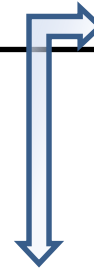


Estimated Impact: FY 2016

October 1 – June 1 (2% tax rate)	\$ 10,377,750
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June 2 – September 30 (3% tax rate)	\$ 3,930,000
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15 percent (of the 3% tax rate)	\$ 589,500
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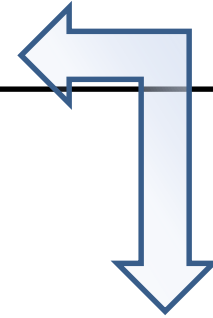
Recommendation: Dedicate \$589,500 to the Public Works Capital Fund (PWCF) for either direct vehicle purchases or a limited debt issuance for a five-year vehicle plan

Note: Less the 15 percent, total County wide sales tax revenue is projected to be \$13,718,250

Estimated Impact: FY 2017

October 1 – September 30	\$	15,809,804
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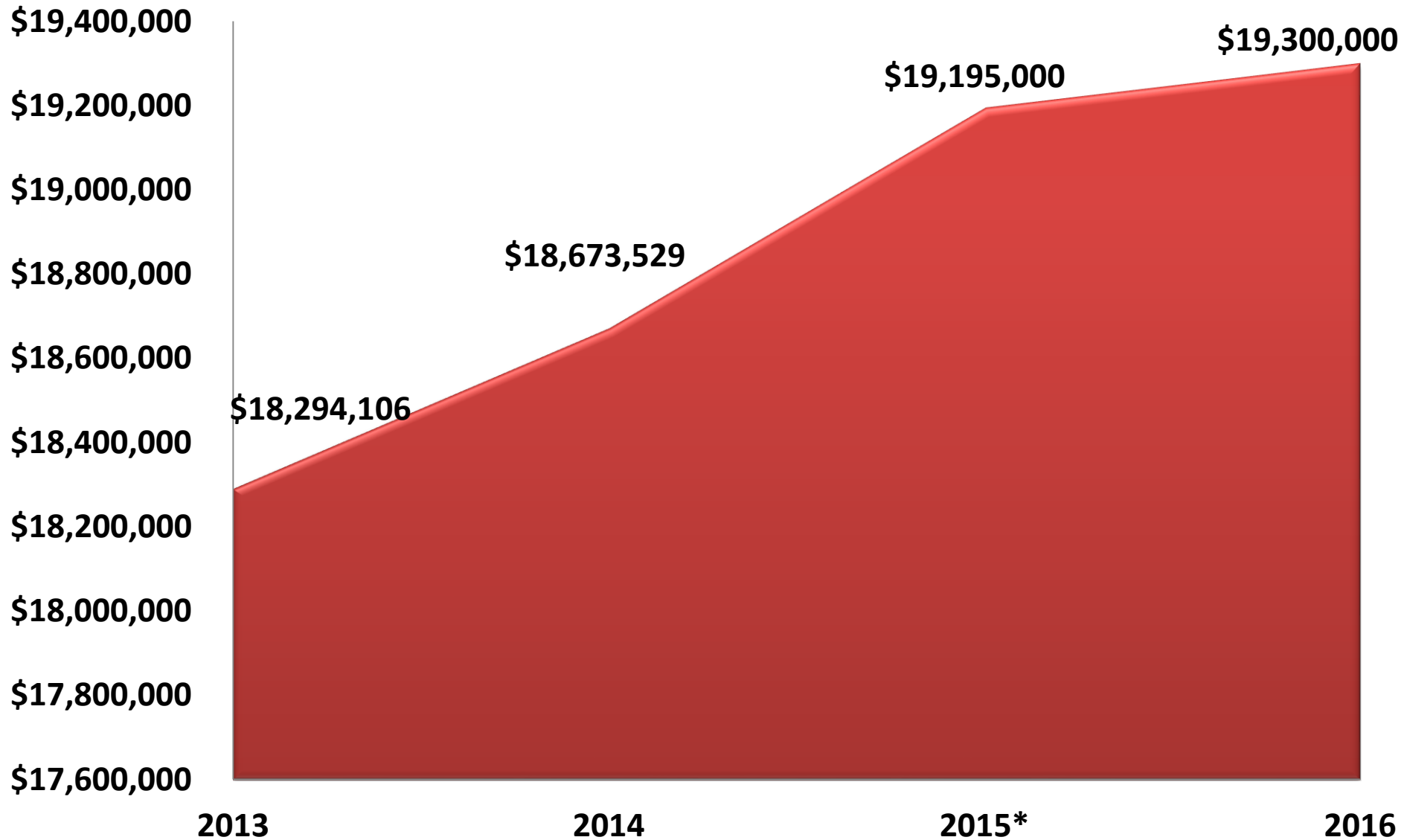
15 percent (of the 3% tax rate)	\$	2,371,470
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Recommendation: Utilize \$1,660,029 (70%) for a bond issue dedicated to general fund infrastructure projects

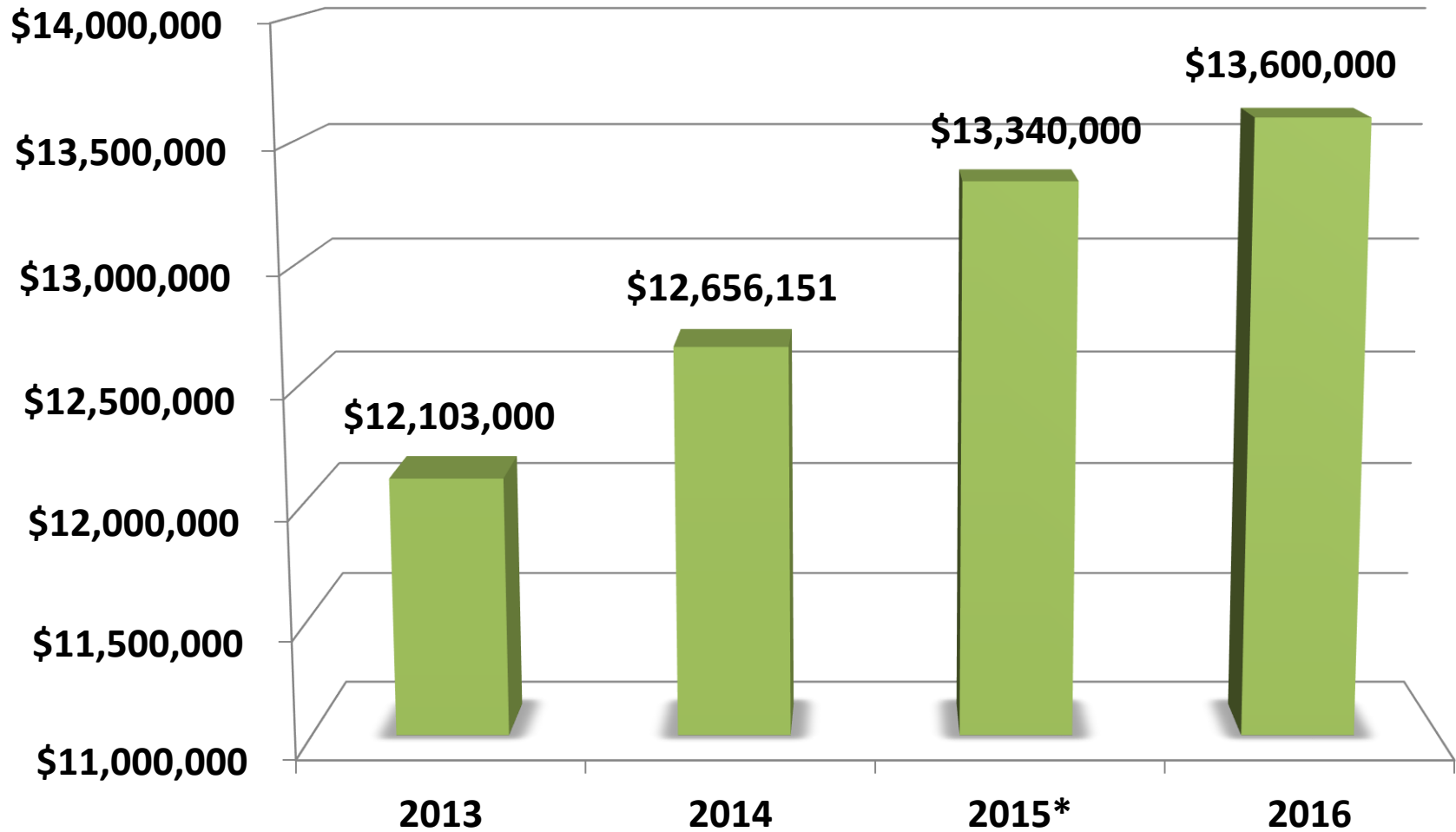
Recommendation: Dedicate \$711,441 (30%) to PWCF for general fund vehicles

Projecting Business Licenses



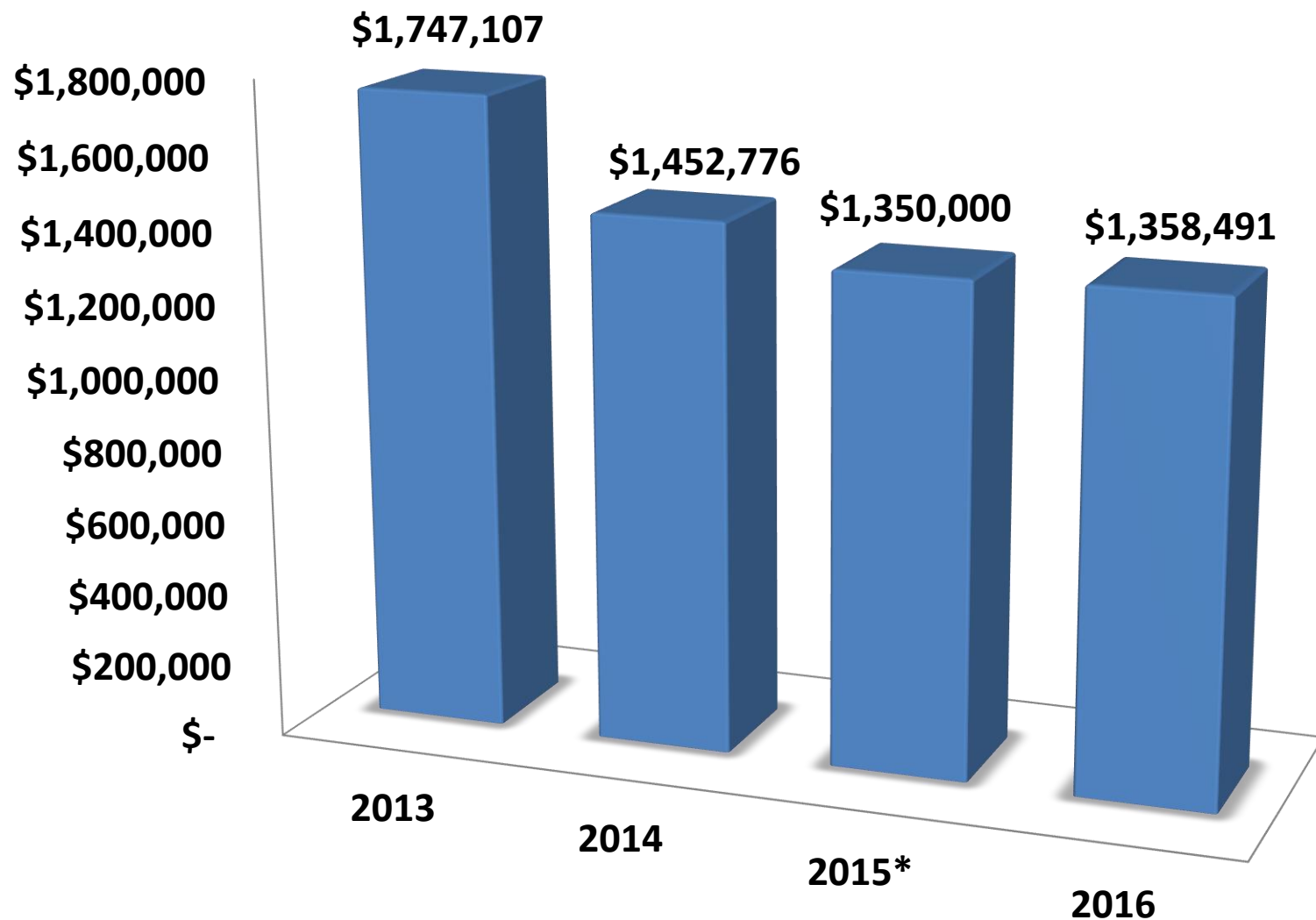
*Projected collections per City Revenue Department.

Projecting Ad Valorem



***Projected collections per City Revenue Department**

Projecting Building Permits



*Projected collections per City Revenue Department.

GF Department Expenditures

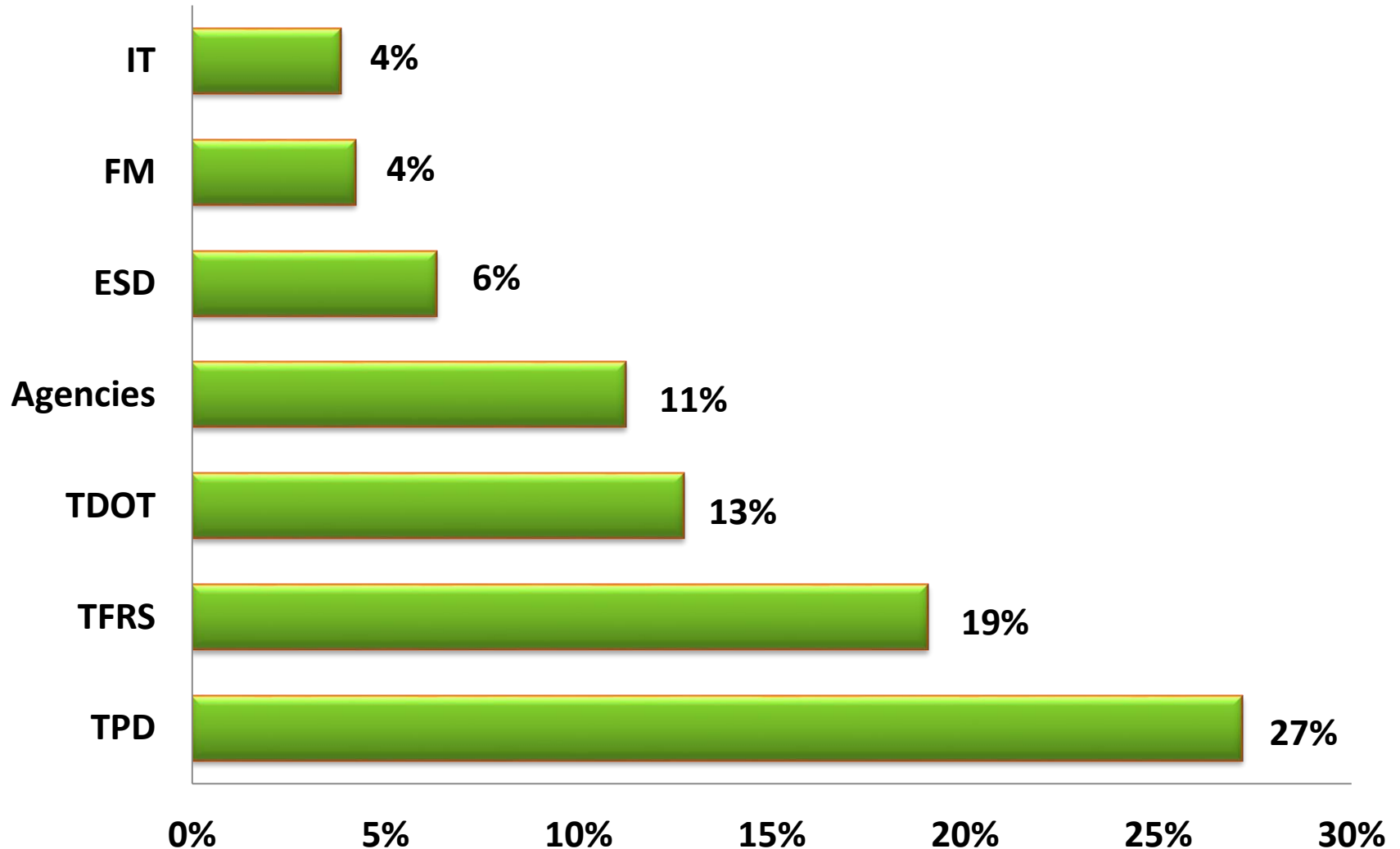
Police	30,672,215
Fire & Rescue	21,476,599
TDOT	14,344,507
Agencies	12,515,847
Environmental Services	7,134,153
Facilities Maintenance	4,751,705
Information Technology	4,325,963
Finance and Purchasing ¹	2,629,369
Planning and Developmental Services	2,327,211
Human Resources ²	1,971,458
City Attorney ³	1,689,691
City Engineer	1,646,212
Arts and Entertainment	1,447,523
Mayor/Clerk/311/Communications	1,442,257
Municipal Court	1,126,693
Revenue	1,059,537
Recovery	875,485
Federal Programs	551,322
Economic Development	515,592
Council	326,586

¹ Includes City Liability and Property Insurance

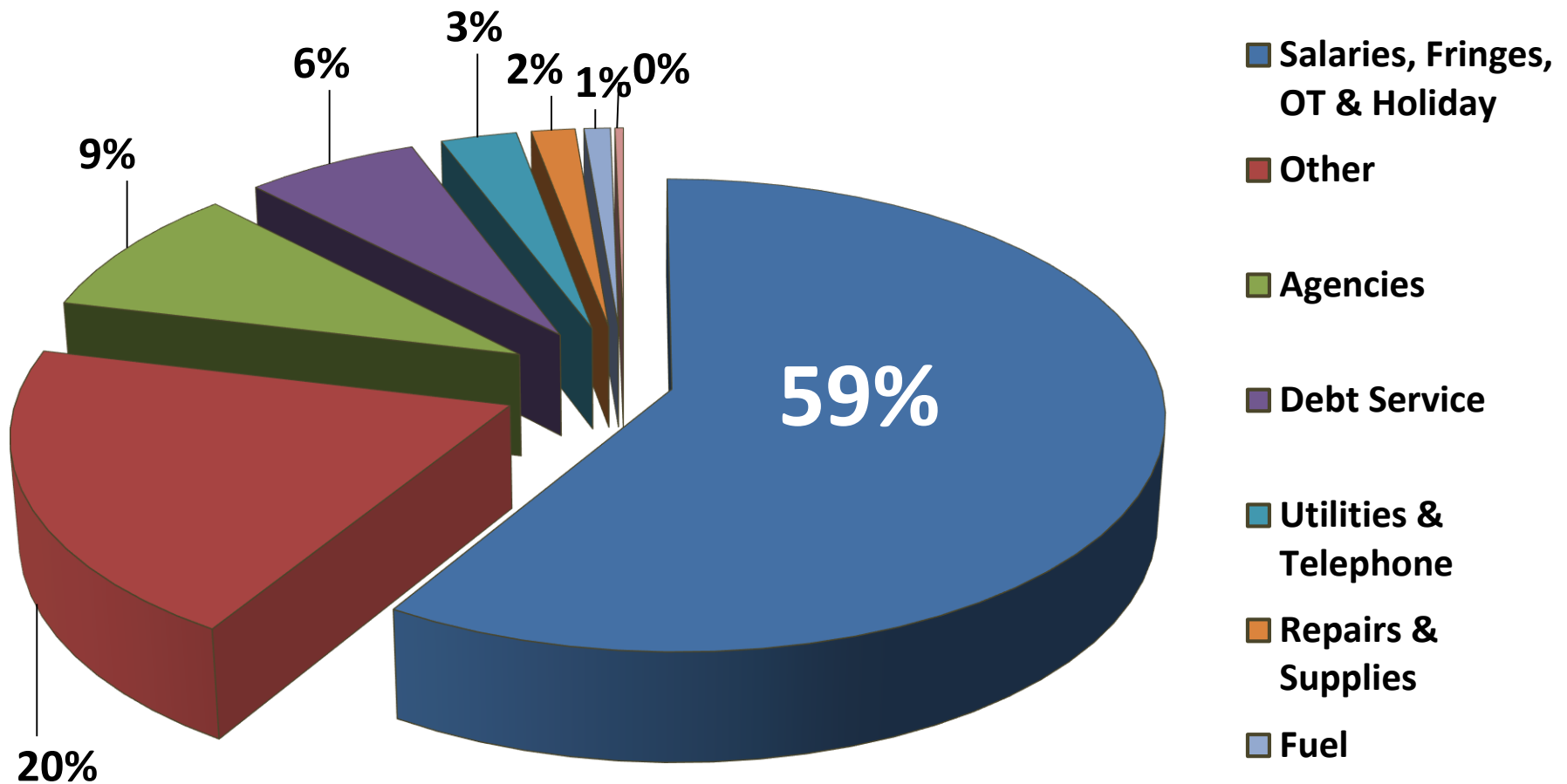
² Includes Workers' Compensation Fund

³ Includes Damage Claims Fund

GF Major Department Expenditures



General Fund Expenditures



Other expenses include, but not limited to, contingency, property insurance, auditing, etc. (excludes school transfers)

For FY 2016, \$81,838,316 is allocated towards salaries, fringes, holiday and overtime.

Review: Cost of Living Adjustments (COLA) and Step Increases

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
COLA	2.5%	3.6%	3.4%	2.9%	4.0%	0.0%	1.7%	3.4%	2.1%	1.6%
Exempt/Public Safety Step Raise	3.0%	3.0%	3.0%				3.0%			1.5%
Non-Exempt Step Raise	1.5%	1.5%	1.5%				1.5%			1.5%
Total: Exempt/ PS	5.5%	6.6%	6.4%	2.9%	4.0%	0.0%	4.7%	3.4%	2.1%	3.1%
Total: Non-Exempt	4.0%	5.1%	4.9%	2.9%	4.0%	0.0%	3.2%	3.4%	2.1%	3.1%

***FY 2011 contained a negative COLA based on the consumer price index – southeastern region**



Salary/Benefits Recommendations

- COLA – 1.7 Percent
- Insurance Increases of:
 - \$10.20 (Employee)
 - \$18.78 (Employee + Child)
 - \$19.86 (Employee + Spouse)
 - \$21.18 (Family)
- Continue to absorb
Affordable Care Act Taxes
- Police and Fire Pension
Fund Contribution
Increase: \$86,049





Salary/Benefit Costs

	General Fund	Water/Sewer	Total
COLA	\$ 1,281,094	\$ 398,073	\$ 1,679,167

ACA Excise Tax	\$ 7,000
ACA Reinsurance Support Tax	\$ 150,000
Total	\$ 157,000

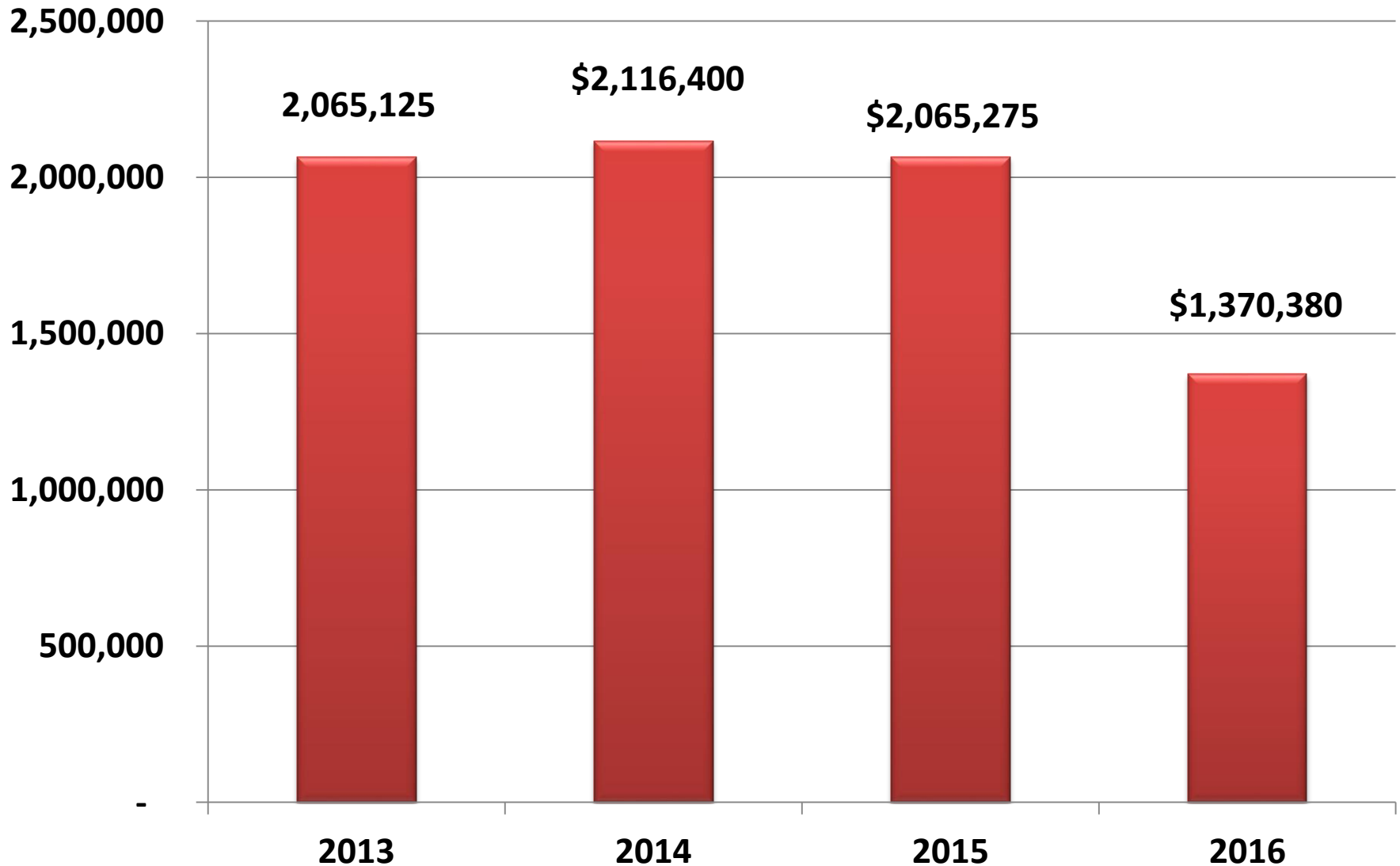
COLA cost estimates include overtime and retirement costs

Department Pay Adjustments

- Increase Paramedic Pay
- Move Grade 4 ESD Crew Workers to Grade 5



General Fund Fuel Costs



The FY 2016 budget reflects \$2.00 per gallon for unleaded and \$2.25 per gallon for diesel.



Upgrading TFRS Fleet and Equipment

Fund five-years of vehicles and/or self contained breathing apparatus (SCBA) through a \$3 million debt issuance with a pay back period of 60 months

4 Pumper Trucks:	\$2,000,000
SCBA Equipment or Ladder Truck:	\$1,000,000
Rescue Vehicle (surplus funding):	\$250,000

The City is currently in the grant application process for SCBAs, and has a match of \$250,000 budgeted in the Public Safety Capital Fund



Upgrading TPD Fleet

- Transfer 75% of Deferred Prosecution and certain miscellaneous revenues generated from Municipal Court (\$112,500), plus \$100,000 of discretionary General Fund revenues to Public Safety Capital Fund
- The total amount of \$212,500 will be used to purchase police patrol vehicles, motorcycles and/or investigator vehicles
- From savings generated in the FY 2015 budget, the City has authorized the purchase of 3 additional investigator vehicles (fully equipped)



Upgrading GF Fleet

- Transfer \$500,000 from GF to PWCF for vehicle purchases and combine with the \$589,500 from the 15 percent of the 3 percent County-wide Sales Tax
- The total amount available to be used is \$1,089,500
- Review the feasibility of funding five years of non-public safety, general fund vehicles similar to TFRS



On-Site Health Clinic(s)

- To create cost containment with health insurance costs, and provide employees a high standard of care with lower out of pocket costs, there will be a concerted effort to establish an on-site health clinic(s) for employees
- A process is being created which will provide input from local health care providers and insurance specialists



Organizational Structure and Technology Investments

- In FY 16, there will be a recommendation to re-align several departments that oversee capital projects, planning and business development services. In advance, the budget includes two new engineers (GF and WS)
- The budget includes 4 new IT employees divided among GIS and Data Analysis/Security. In alignment with a proposed re-organization, an intensive effort is underway to create a “data driven” City that has integrated technological capacities that vastly improve customer service and internal operations



GF Budget Highlights

- Provides 3 new employees for the Alberta Technology Center
- Provides 1.7% increase in funding to PARA
- Provides \$9,023,886 for debt service which is only 6.48% of budget, giving Tuscaloosa one of the lowest per capita debt ratios in Alabama
- Environmental Service Fees (garbage, debris, recycling) is projected to be \$5,121,500. Expenses are projected to be \$7,134,153 bringing the General Fund subsidy to \$2,012,653
- Provides a contingency budget of \$408,775



As part of our agency funding agreements with PARA and the Tuscaloosa City Schools, we are recommending that these agencies be required to participate in the Tuscaloosa Builds Program when constructing new facilities



The Amphitheater Operations are projected to be funded by the Amphitheater Clearing Account (sponsorships, box seating, concessions, merchandise and ticket sales)





- Anticipated Lodging Tax Revenues: \$670,000
- Incentive (based on anticipated revenues): \$365,000
- Net Lodging Tax Revenue: \$305,000



Water and Sewer Operating Fund

W&S Fund Budget History

Fiscal Year	Budgeted Revenues	Budgeted Expenses
FY 2016 ¹	\$48,136,134	\$52,836,157
FY 2015	\$44,490,855	\$47,384,869
FY 2014	\$41,774,826	\$45,610,511
FY 2013	\$41,066,667	\$44,550,301
FY 2012	\$39,013,759	\$42,047,269

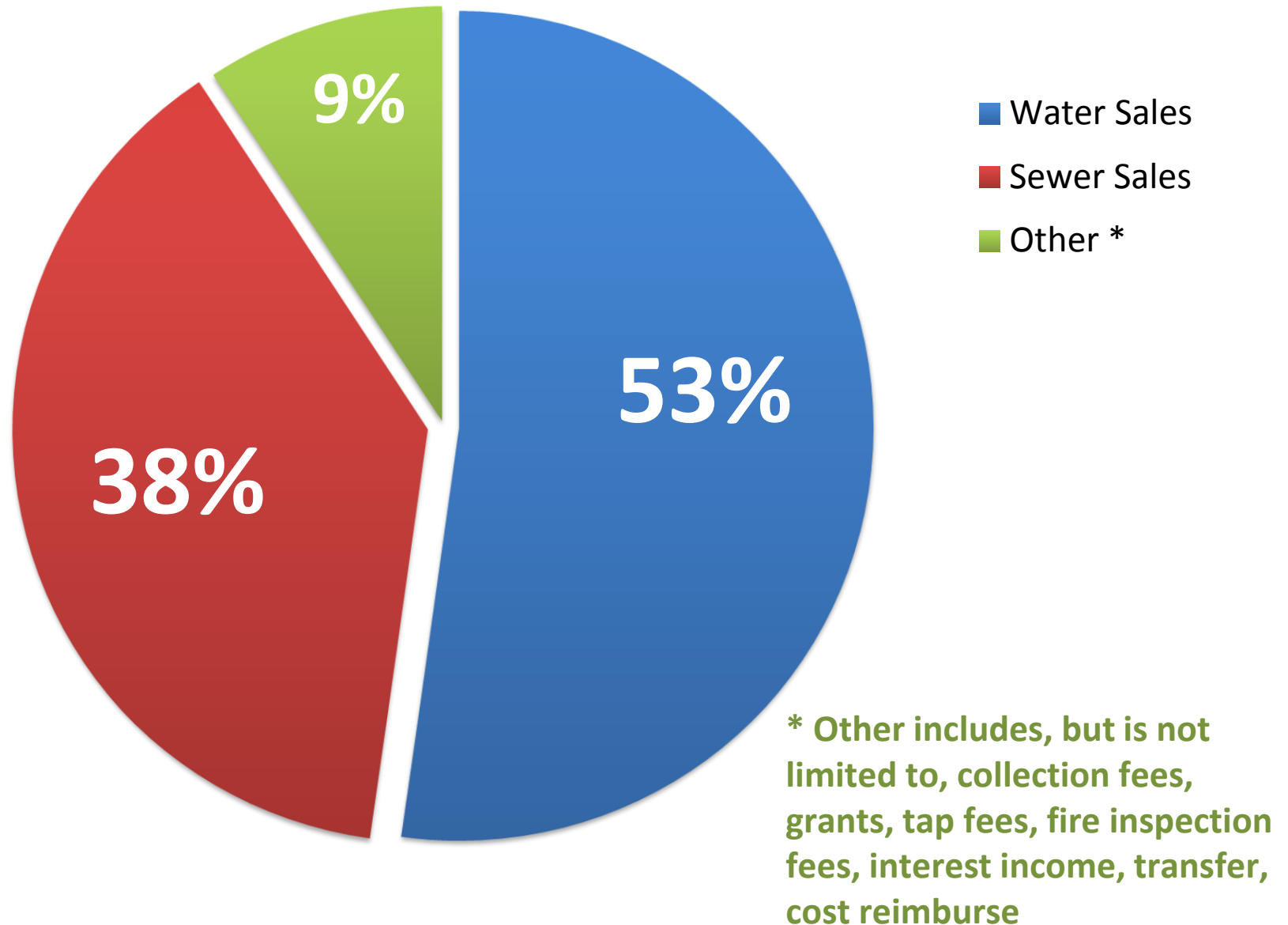
¹Without depreciation, expenses would be \$43,136,157

W&S Revenues

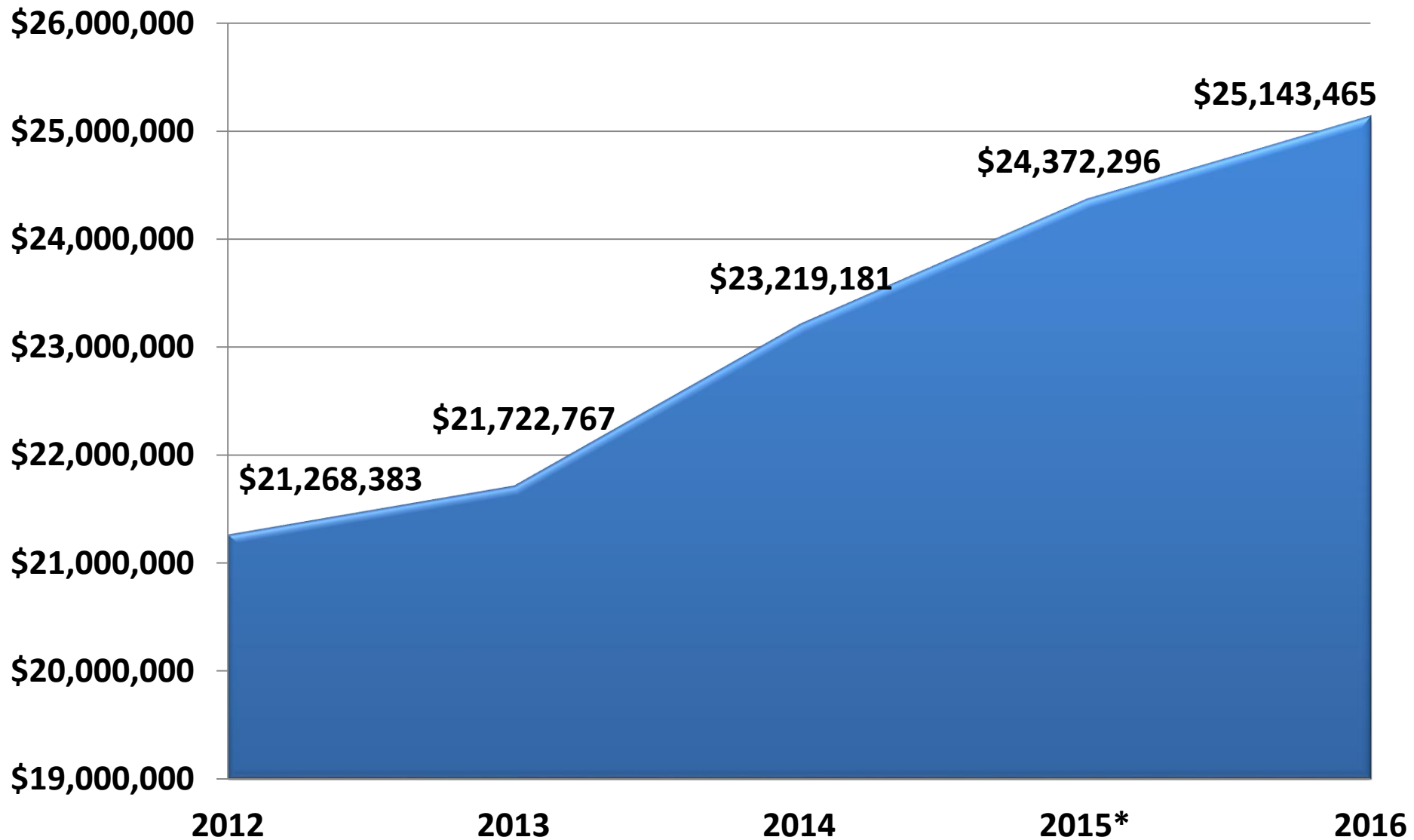
Revenues	FY 2015 Budget	FY 2016 Budget	New Revenues	% Change
Use of Property	\$13,200	\$20,000	\$6,800	52%
Charges for Services	\$44,548,512	\$46,882,311	\$2,333,799*	5.2%
Interfund Transfer	\$65,143	\$50,140	(\$15,003)	(23%)
Other Revenues	\$495,103	\$1,183,683	\$688,580	139%
Total	\$45,121,958	\$48,136,134	\$3,014,176	6.7%

* Increase from FY 2015 budget represents a 2% rate increase along with anticipated growth of water and sewer sales per Water and Sewer Department

W&S Revenue Sources

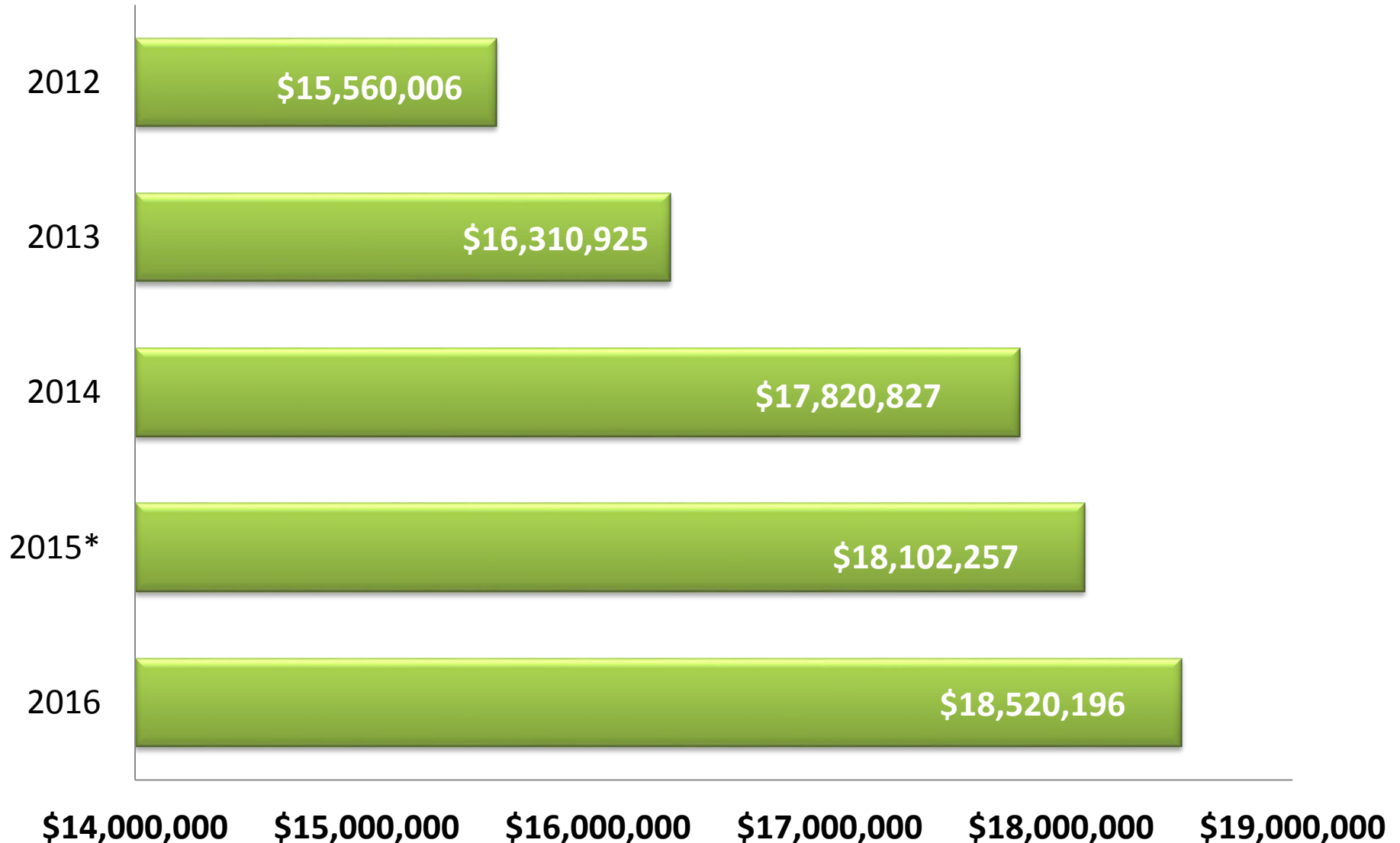


Projected Water Sales



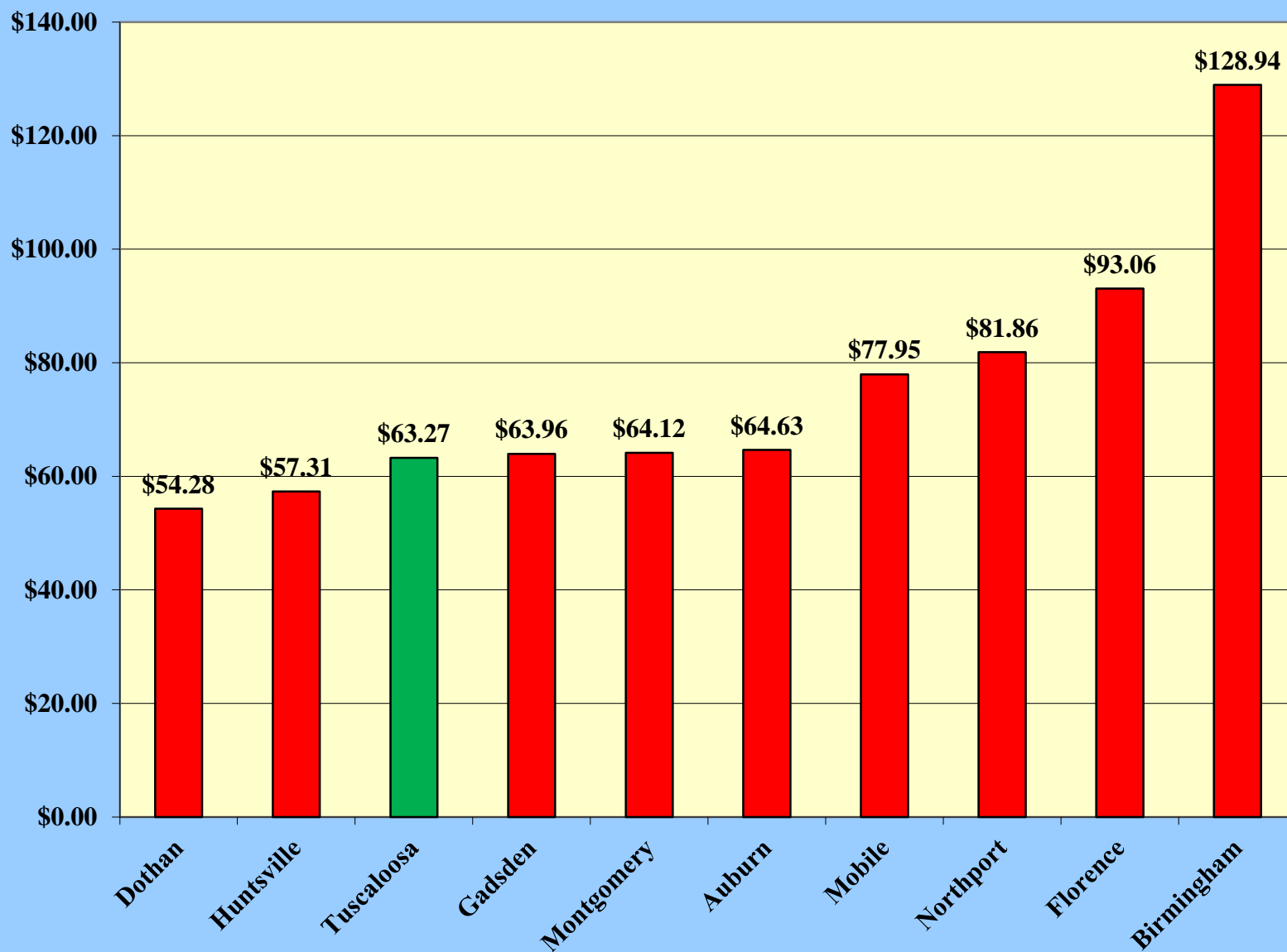
*Projected sales per Water & Sewer Department

Projected Sewer Sales



*Projected sales per Water & Sewer Department

Average Monthly Bill (\$)



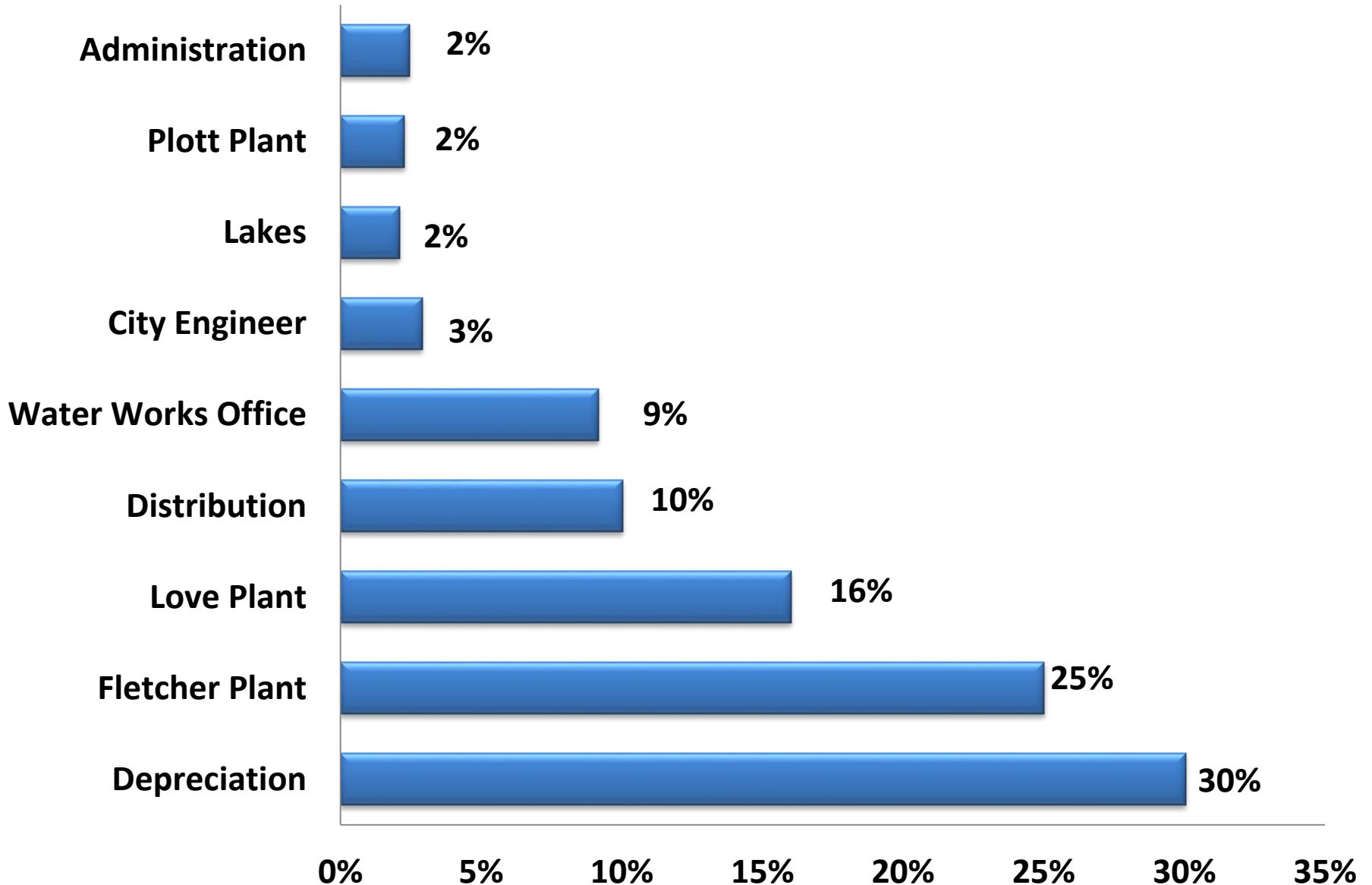
W&S Division Expenditures

Division	FY 2016
Fletcher Plant ¹	\$8,074,833
Ed Love Plant	\$5,169,814
Water Distribution	\$3,234,859
Water Works Office ²	\$2,958,424
City Engineer	\$936,084
Administration	\$793,641
Lakes	\$674,694
Plott Plant	\$734,303

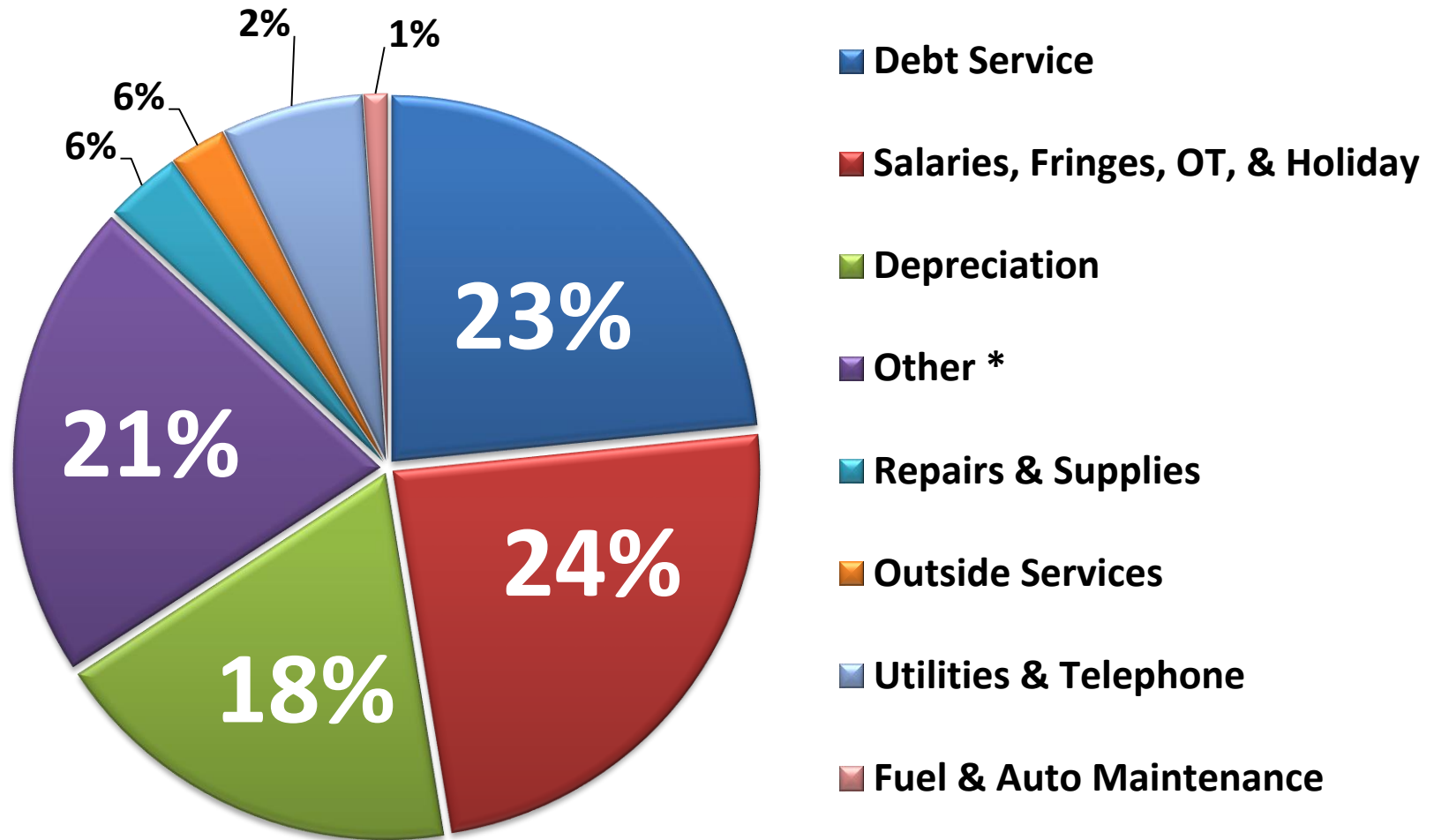
¹ Includes sewer lift stations and sewer distribution

² Includes meter readers

W&S Division Expenditures



W&S Projected Expenditures



*Other includes, but is not limited to, transfers out, equipment, chemicals, special projects, travel, damage claims, bad debts, and uniforms

For FY 2015, \$12,695,292 is allocated towards salaries, fringes, holiday and overtime



Upgrading WS Fleet

Designate \$750,000 of WS expenses for vehicle purchases

Review the feasibility of funding five years of water and sewer vehicles



State Revolving Funds for Water and Sewer

The City is investing \$26.6 Million in water and sewer improvements through the Drinking Water and Clean Water State Revolving Fund programs

CWSRF: \$20.2 Million – 76 percent

DWSRF: \$6.4 Million – 24 percent

In FY 2016, the debt service interest payment is \$ 585,200



Road Repair

- Between aging sewer infrastructure, and new growth, there are several areas in the City where roads are in poor condition due to our infrastructure
- The FY 2016 budget contains a special project line item of \$500,000 for repair and deep patching – The project lists will be determined in the same manner as paving (engineering evaluation)
- Similar to other large cities in Alabama, WS will provide a capital fee reimbursement to the GF for infrastructure

Budget Team



Mike Wright, CPA
Finance Director

Linda McKinney, CPA
Revenue Director

Susan Snowden, CPA
Associate Finance Director

Carly Standridge, CPA
Internal Auditor, GF

Katy Metcalfe, CPA
Internal Auditor, W&S

Michelle Patton
Accountant



Finance Committee

2016 Budget Hearing Schedule

Daugherty Conference Room

Tuesday, September 1, 2015

9:00am – 9:30am:	Overview
9:30am – 10:00am:	General Fund Revenues
10:15am – 11:30am:	Water & Sewer Fund
11:45am – 12:15pm	PARA
12:15pm – 12:45pm	Tuscaloosa Public Library
12:45pm – 1:15pm	Tuscaloosa Tourism & Sports Commission



Finance Committee

2016 Budget Hearing Schedule

Daugherty Conference Room

Tuesday, September 8, 2015

- | | |
|---------------------------|--|
| 8:00am – 9:00am: | Review Options for Vehicles/Equipment Purchases |
| 9:00am – 10:30am: | Review External Departments
(Planning & Development, Economic Development, TDOT,
OCE, Recovery, and Environmental Services) |
| 10:45am – 12:00pm: | Review Internal Departments
(Finance, Revenue, HR, IT, Mayor/Clerk, Council,
Federal Programs, Facilities Maintenance and OCA) |
| 4:00pm – 4:15pm: | Finance Committee Meeting |
| 4:15pm – 5:15pm: | Vehicles and Heavy Equipment Review |



Finance Committee

2016 Budget Hearing Schedule

Daugherty Conference Room

Tuesday, September 15, 2015

- | | |
|---------------------------|--|
| 8:30am – 9:00am: | New Employee Requests |
| 9:00am – 11:00am: | Review Public Safety Departments
(Police, Fire & Rescue, and Municipal Court) |
| 11:15am – 12:00pm: | Agency Funding |
| 12:10pm – 1:00pm: | Budget Wrap up |

Tuesday, September 22, 2015

- | | |
|---------------|------------------|
| 6:00pm | Council Adoption |
|---------------|------------------|