

**FISCAL YEARS 2020 & 2021**

**BIENNIUM BUDGET  
WORK SESSION**

**CITY OF DOTHAN, ALABAMA**

**AUGUST 13, 2019**

**8:30 A.M.**

# Fiscal Years 2020 and 2021 Budget Goals

- Be fiscally responsible by maintaining an adequate Fund Balance compared to previous years' budgeted expenditures and transfers for General and Utility Funds.
- Create a Fund Balance Policy which recommends a minimum Unassigned Fund Balance of 8% to 17% (1-2 months).
- Convert current reserves to a Capital Improvement Fund to be used for capital improvement needs.

# Fiscal Years 2020 and 2021 Budget Goals

- Develop a six year Capital Improvement Projects (CIP) document to plan for future projects.
- Present by April 15th of each fiscal year, a Mid-Biennium Budget to fund any unfunded items that were requested during the Biennium Budget if funds are available.
- Create a Solid Waste Fund to account for the collection and disposal of Garbage, Recycling and Trash.

# Fiscal Years 2020 and 2021 Budget Goals

- Fund Strategic Plan Action Items.
- Maintain compliance and implement requirements of EPA sewer system AOC.
- Maintain facilities, resurfacing and fleet.
- Maintain competitive pay for staff.
- Maintain financial integrity of the self-insured programs.

# Fiscal Years 2020 and 2021 Funding Discussion

- Acquire financing to fund (approximately \$35.4 million):
  - Honeysuckle Roadway Improvements
    - Anticipate to borrow funds in Fiscal Year 2020 or 2021
  - City Track and Field Facility
    - Anticipate to borrow funds in Fiscal Year 2021
  - Rip Hewes Stadium Renovations and Parking Lot
    - Anticipate to borrow funds in Fiscal Year 2021

# Fiscal Years 2020 and 2021 All Funds

	<u>Revenues</u>	<u>Expenditures</u>
Fiscal Year 2020	\$255,546,416	\$255,546,416
Fiscal Year 2021	\$230,598,958	\$230,598,958

# Fiscal Year 2020

## Fund Balance General & Utility Funds

	<u>General Fund</u>	<u>Utility Fund</u>	<u>Total</u>
Beginning FB Estimated	\$ 40,000,000	\$ 45,000,000	\$ 85,000,000
Revenues	87,345,056	132,492,013	219,837,069
Expenditures	(98,581,320)	(136,910,610)	(235,491,930)
Transfer to DSF	(1,776,554)	(1,319,901)	(3,096,455)
Transfer to SWF	(6,684,982)	-0-	(6,684,982)
Transfer to School Fund	-0-	(4,023,113)	(4,023,113)
Trans to (from) UF	<u>8,867,290</u>	<u>(8,867,290)</u>	<u>-0-</u>
Ending FB Estimated	\$ 29,169,490	\$ 26,371,099	\$ 55,540,589
Minimum Reserve of 8%	<u>(7,500,000)</u>	<u>(10,500,000)</u>	<u>(18,000,000)</u>
Remaining FB Estimated	<u>\$ 21,669,490</u>	<u>\$ 15,871,099</u>	<u>\$ 37,540,589</u>
Reserve Above Minimum	23.37%	12.04%	16.72%

# Fiscal Year 2021

## Fund Balance General & Utility Funds

	<u>General Fund</u>	<u>Utility Fund</u>	<u>Total</u>
Beginning FB Estimated	\$ 29,169,490	\$ 26,371,099	\$ 55,540,589
Revenues	87,345,056	130,116,900	217,461,956
Expenditures	(96,039,930)	(120,615,305)	(216,655,235)
Transfer to DSF	(1,776,554)	-0-	(1,776,554)
Transfer to SWF	(1,170,041)	-0-	(1,170,041)
Transfer to School Fund	-0-	(4,037,988)	(4,037,988)
Trans to (from) UF	<u>9,456,659</u>	<u>(9,456,659)</u>	<u>-0-</u>
Ending FB Estimated	\$ 26,984,680	\$ 22,378,047	\$ 49,362,727
Minimum Reserve of 8%	<u>(7,500,000)</u>	<u>(10,500,000)</u>	<u>(18,000,000)</u>
Remaining FB Estimated	<u>\$ 19,484,680</u>	<u>\$ 11,878,047</u>	<u>\$ 31,362,727</u>
Reserve Above Minimum	21.01%	9.01%	13.97%

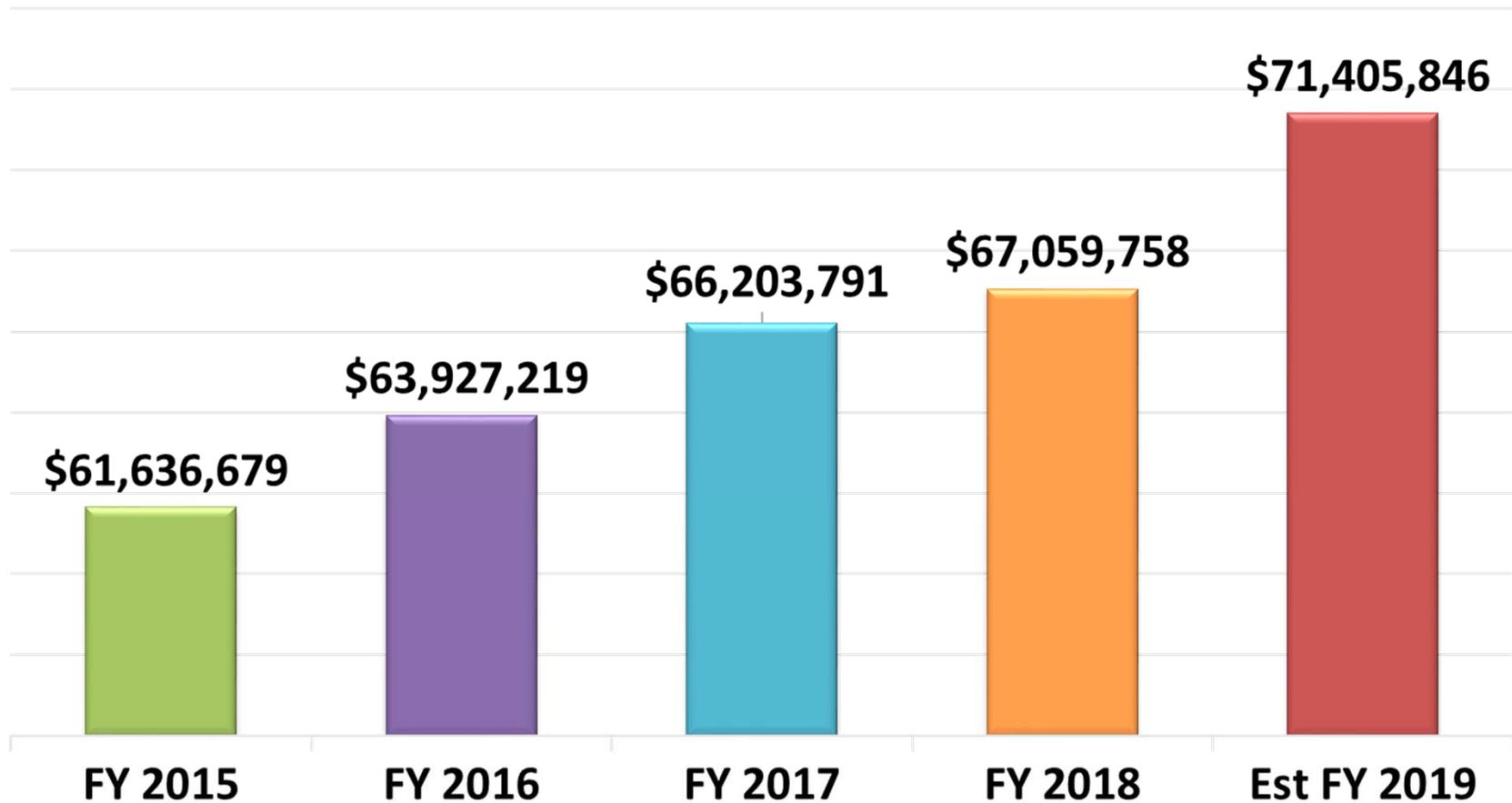
# General Fund

## Significant Revenue Changes from Fiscal Year 2019 Budget

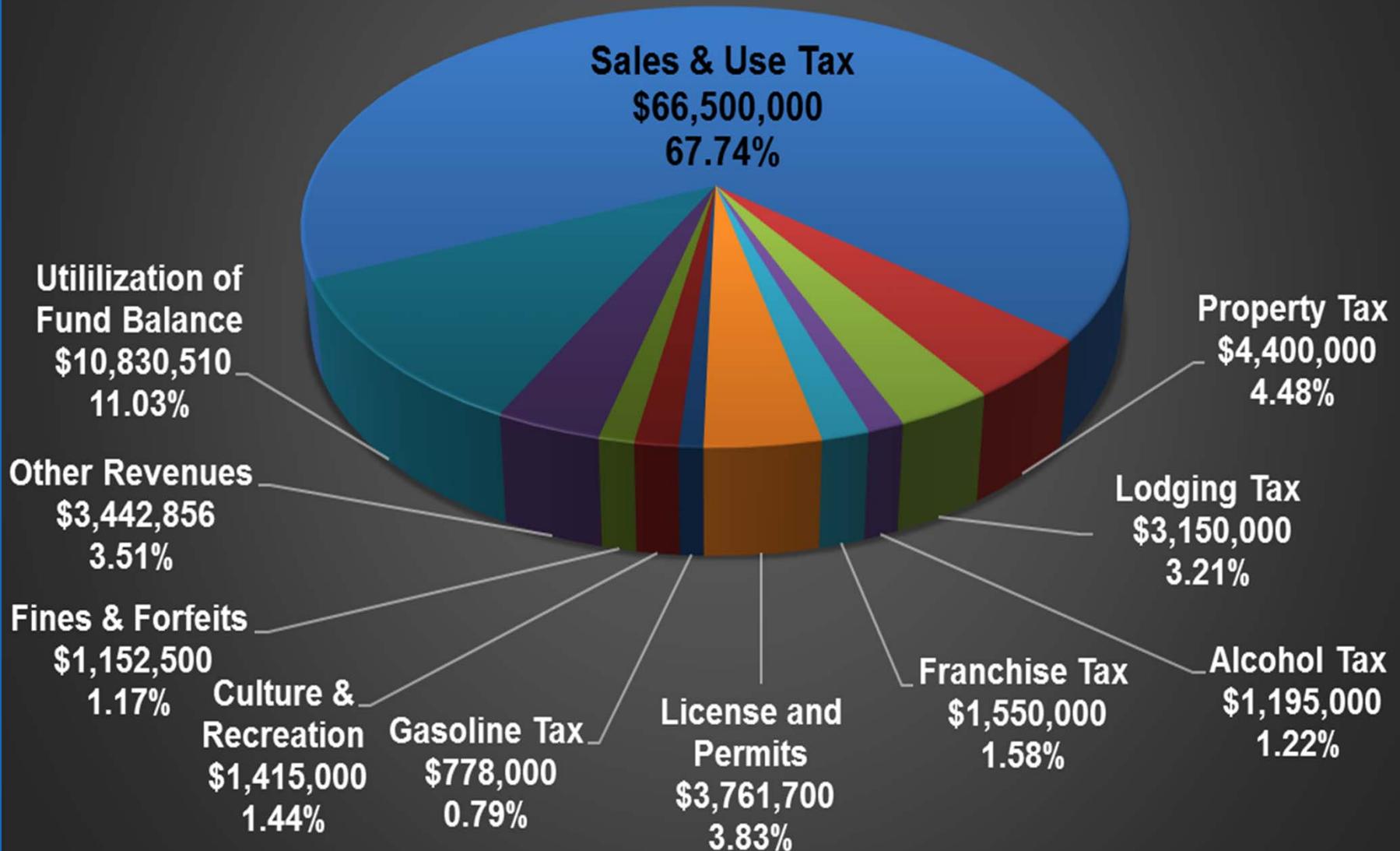
	<u>2020</u>	<u>2021</u>
General Sales Tax	\$ 4,300,000	\$ 4,300,000
Lodging Taxes	450,000	450,000
Privilege License	100,000	100,000
Solid Waste (Moved to SW Fund)	(4,000,000)	(4,000,000)
Landfill Use Fees (Moved to SW Fund)	(1,000,000)	(1,000,000)
Garbage Carts (Moved to SW Fund)	(4,000)	(4,000)
Interest Income	592,000	592,000
Fines and Forfeits	<u>(400,000)</u>	<u>(400,000)</u>
Increase in Revenues from FY19	<u>\$ 38,000</u>	<u>\$ 38,000</u>

# Sales and Use Tax

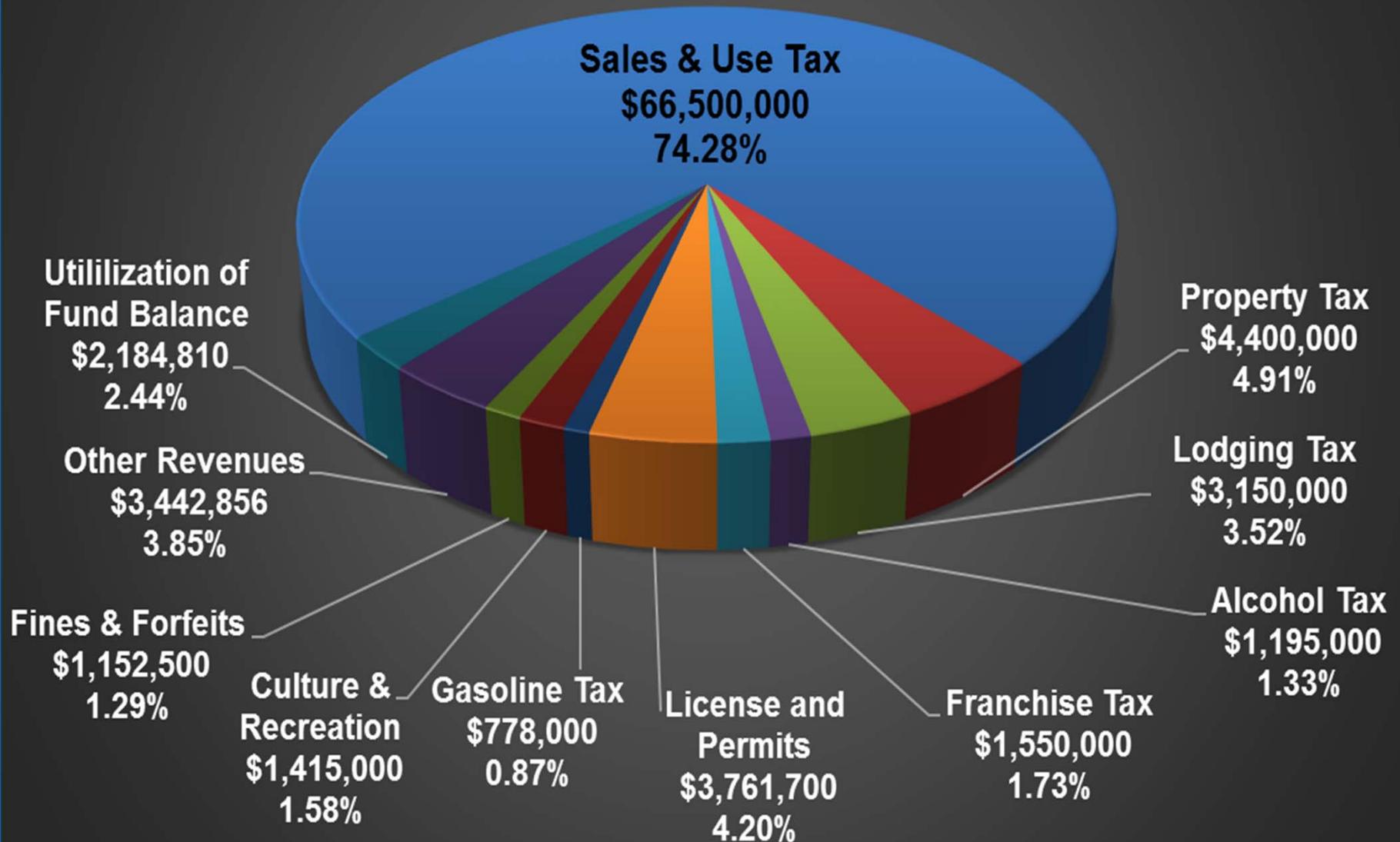
## Fiscal Years 2015-Estimated 2019



# General Fund Revenues FY 2020 - \$98,175,566



# General Fund Revenues FY 2021 - \$89,529,866



# General Fund Summary of Changes from Fiscal Year 2019 Budget

	<u>2020</u>	<u>2021</u>
Operating Expenditures	\$ 716,293	\$ 3,351,147
Capital Improvement Items FY19	(7,489,490)	(7,485,190)
Capital Improvement Items FY20/21	<u>14,394,234</u>	<u>9,213,690</u>
Total Increase from 2019 Budget	<u>\$ 7,621,037</u>	<u>\$ 5,079,647</u>

\*Solid Waste Expenses Removed-SWF Created 10/01/19

# General Fund

## Significant Operating Changes from Fiscal Year 2019 Budget

	<u>2020</u>	<u>2021</u>
Payroll	\$ 2,817,866	\$ 5,789,837
Overtime with Fringes	688,212	688,212
Payroll (Moved to SWF)	(4,677,232)	(4,677,232)
Overtime with Fringes (Moved to SWF)	(64,185)	(64,185)
Operating Funds (Moved to SWF)	(1,380,218)	(1,380,218)

# General Fund

## Significant Operating Changes from Fiscal Year 2019 Budget

	<u>2020</u>	<u>2021</u>
Election Expense	\$ -0-	\$ 100,000
Compensation Study	100,000	-0-
AMI Hosting Site Annual Fee	121,830	121,830
Disaster Recovery Cloud Services	71,928	71,928
City-Wide Telephone Service	350,000	350,000
Microsoft Suite Licensing	53,000	53,000

# General Fund Significant Operating Changes from Fiscal Year 2019 Budget

	<u>2020</u>	<u>2021</u>
Network Switches	\$ 70,000	\$ 70,000
Digital Document Work Flow Solution	60,000	60,000
Digital Evidence Storage Solution	60,000	60,000
Fiber Maintenance	25,000	25,000
PS Promotional Assessments	46,500	46,500

# General Fund

## Significant Operating Changes from Fiscal Year 2019 Budget

	<u>2020</u>	<u>2021</u>
Contribution to Retirees' Insurance	\$ 100,000	\$ 100,000
Re-Insurance	100,000	100,000
Transitional Affordable Care Act	(183,000)	(183,000)
Document Scanning	30,000	-0-
Body Worn Camera Data	278,400	278,400

# General Fund

## Significant Operating Changes from Fiscal Year 2019 Budget

	<u>2020</u>	<u>2021</u>
Motorola Contract	\$ 340,000	\$ 340,000
Batteries for Radio System	25,992	25,992
Animal Shelter - Vet Service & Meds	37,700	37,700
Medical Supplies & Equipment	46,248	46,248
Uniforms & Safety Shoes	96,500	96,500

# General Fund

## Significant Operating Changes from Fiscal Year 2019 Budget

	<u>2020</u>	<u>2021</u>
Asphalt, Concrete, Materials	\$ 118,019	\$ 118,019
Pavement, Sign & Storm Drainage Inv.	300,000	-0-
City Wide Fencing	100,000	100,000
Tennis Program	49,500	49,500
Public Safety Facility-Operations	122,500	122,500

# General Fund

## Significant Operating Changes from Fiscal Year 2019 Budget

	<u>2020</u>	<u>2021</u>
Water, Electric & Sewer	\$ 126,250	\$ 126,250
Workers' Compensation	65,000	65,000
Contribution to Employees' Insurance	100,000	100,000
Appropriation Agency Funding	191,360	191,360

# General Fund

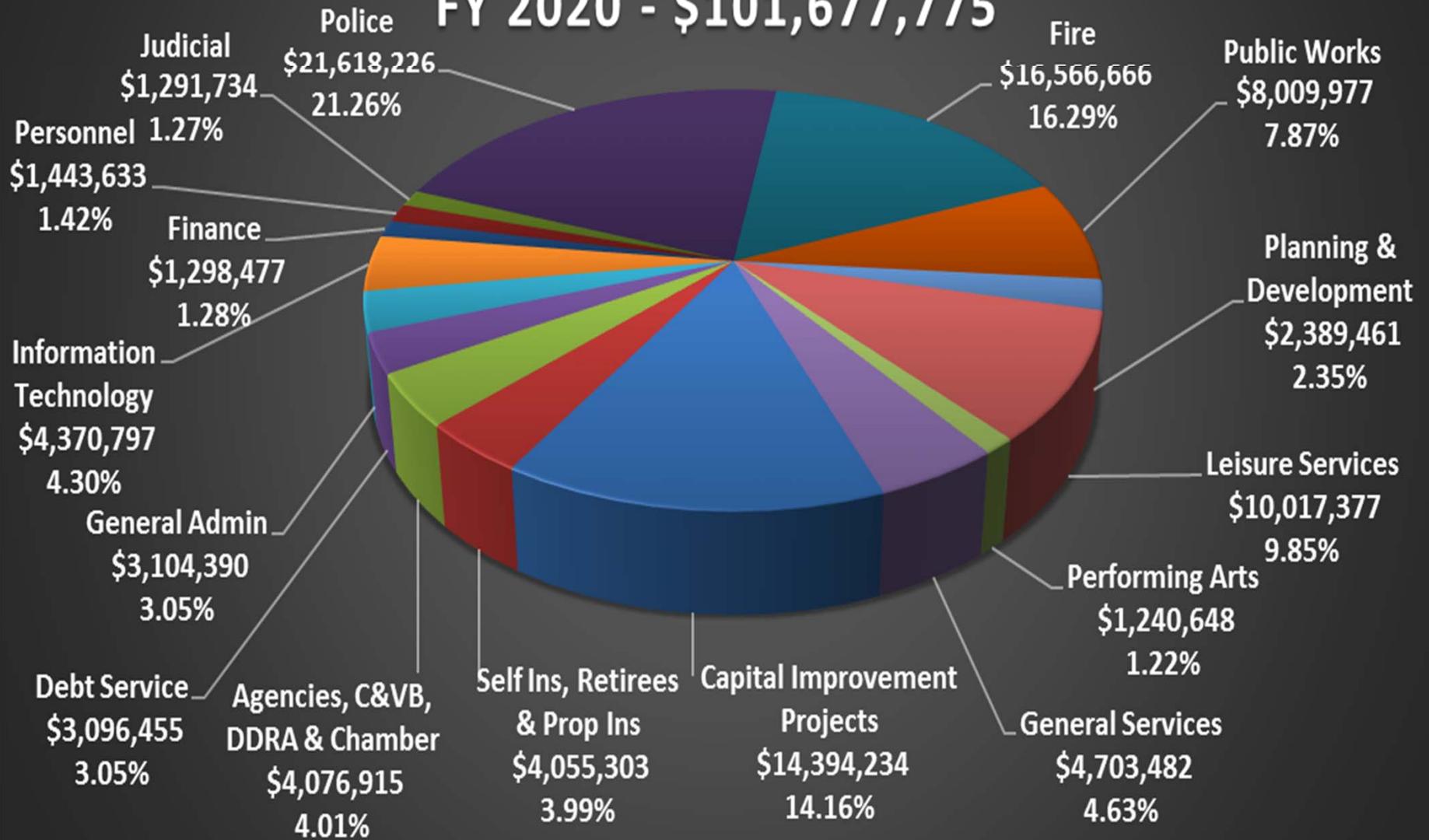
## Significant Operating Changes from Fiscal Year 2019 Budget

	<u>2020</u>	<u>2021</u>
Various Other Expenditures	<u>\$ 329,123</u>	<u>\$ 322,006</u>
Increase in Expenditures from 2019	<u>\$ 716,293</u>	<u>\$3,351,147</u>

# General Fund Expenditures

(Includes Debt)

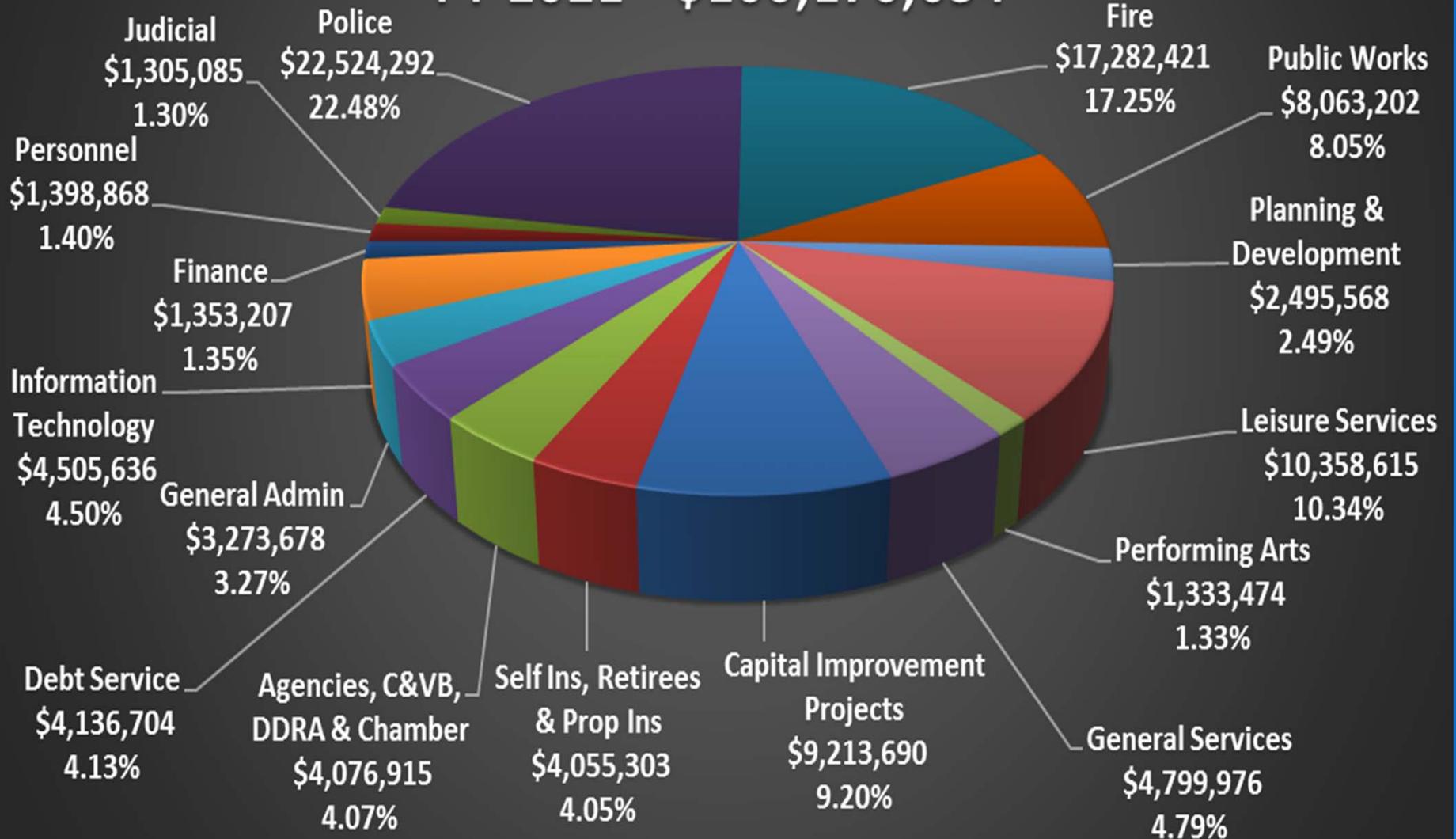
## FY 2020 - \$101,677,775



# General Fund Expenditures

(Includes Debt)

## FY 2021 - \$100,176,634



# General Fund Capital Improvement Projects Fiscal Years 2020 and 2021

	<u>2020</u>	<u>2021</u>
Economic Development	\$ 150,000	\$ 150,000
City-Wide Special Projects	100,000	100,000
Computer & Software Upgrades	515,000	515,000
Animal Shelter Fees & Design	100,000	-0-
Renovation of Courtroom	110,000	-0-

# General Fund Capital Improvement Projects Fiscal Years 2020 and 2021

	<u>2020</u>	<u>2021</u>
Mobile Data Terminal Replacement	\$ 125,000	\$ 125,000
Motorola Radio Annual Contract	519,490	515,190
Fire Station #10 Design	-0-	400,000
Girard Drainage Basin	400,000	-0-
Storm Drainage Assessment	-0-	400,000

# General Fund Capital Improvement Projects Fiscal Years 2020 and 2021

	<u>2020</u>	<u>2021</u>
Denton Road Widening	\$ 3,050,744	\$ -0-
Bridge Repair/Improvements	100,000	100,000
Street Resurfacing	2,250,000	2,250,000
Sidewalk Projects	250,000	250,000
McCain Traffic Controller Upgrades	500,000	500,000

# General Fund Capital Improvement Projects Fiscal Years 2020 and 2021

	<u>2020</u>	<u>2021</u>
Brownfields Remediation	\$ 100,000	\$ 100,000
Neighborhood/Housing Rehabilitation	100,000	100,000
Replace Sand Filters at Pools	-0-	170,000
Water World Phase I	2,771,000	-0-

# General Fund Capital Improvement Projects Fiscal Years 2020 and 2021

	<u>2020</u>	<u>2021</u>
Vehicle Replacement-General Fund	\$ 1,550,000	\$ 2,200,000
Facility Repairs & ADA Compliance	1,050,000	1,050,000
Various Other Capital Improvements	<u>653,000</u>	<u>288,500</u>
Total Capital Improvement Projects	<u>\$14,394,234</u>	<u>\$ 9,213,690</u>

# General Fund Administrative/Support Services

	<u>2020</u>	<u>2021</u>
General Administration	\$ 3,104,390	\$ 3,273,678
Information Technology	4,420,797	4,505,636
Finance	1,298,477	1,353,207
Personnel	1,443,633	1,398,868
General Services	4,703,482	4,799,976

# General Fund Administrative/Support Services

	<u>2020</u>	<u>2021</u>
Judicial	\$ 1,291,734	\$ 1,305,085
Insurance	4,055,303	4,055,303
Capital Improvements	<u>3,988,000</u>	<u>4,328,500</u>
Total	<u>\$24,305,816</u>	<u>\$25,020,253</u>
Percent of Total GF Expenditures	25%	26%

# General Fund Public Safety

	<u>2020</u>	<u>2021</u>
Police	\$21,618,226	\$22,524,292
Fire	16,566,666	17,282,421
Capital Improvements	<u>644,490</u>	<u>915,190</u>
Total	<u>\$38,829,382</u>	<u>\$40,721,903</u>
Percent of Total GF Expenditures	40%	42%

# General Fund Public Works

	<u>2020</u>	<u>2021</u>
Engineering/Traffic	\$ 3,545,116	\$ 3,697,682
Street	4,302,180	4,198,217
Environmental	162,681	167,303
Planning & Development	2,389,461	2,495,568
Capital Improvements	<u>6,802,744</u>	<u>3,700,000</u>
Total	<u>\$17,202,182</u>	<u>\$14,258,770</u>
Percent of Total GF Expenditures	17%	15%

# General Fund Recreation & Culture

	<u>2020</u>	<u>2021</u>
Leisure Services	\$10,017,377	\$10,358,615
Performing Arts	1,240,648	1,333,474
Capital Improvements	<u>2,959,000</u>	<u>270,000</u>
Total	<u>\$14,217,025</u>	<u>\$11,962,089</u>
Percent of Total GF Expenditures	14%	12%

# General Fund Agencies

	<u>2020</u>	<u>2021</u>
Chamber of Commerce	\$ 300,000	\$ 300,000
Dothan Downtown Redevelopment	400,000	400,000
Dothan Area Convention & Visitors	1,400,000	1,400,000
Dothan-Houston County Library	730,000	730,000
Industrial Development Board	125,000	125,000

# General Fund Agencies

	<u>2020</u>	<u>2021</u>
Wiregrass Museum of Art	\$ 293,750	\$ 293,750
Wiregrass Transit Authority	109,000	109,000
Other Agencies	<u>726,100</u>	<u>726,100</u>
Total	<u>\$ 4,083,850</u>	<u>\$ 4,083,850</u>
Percent of Total GF Expenditures	4%	4%

# School Fund Appropriation

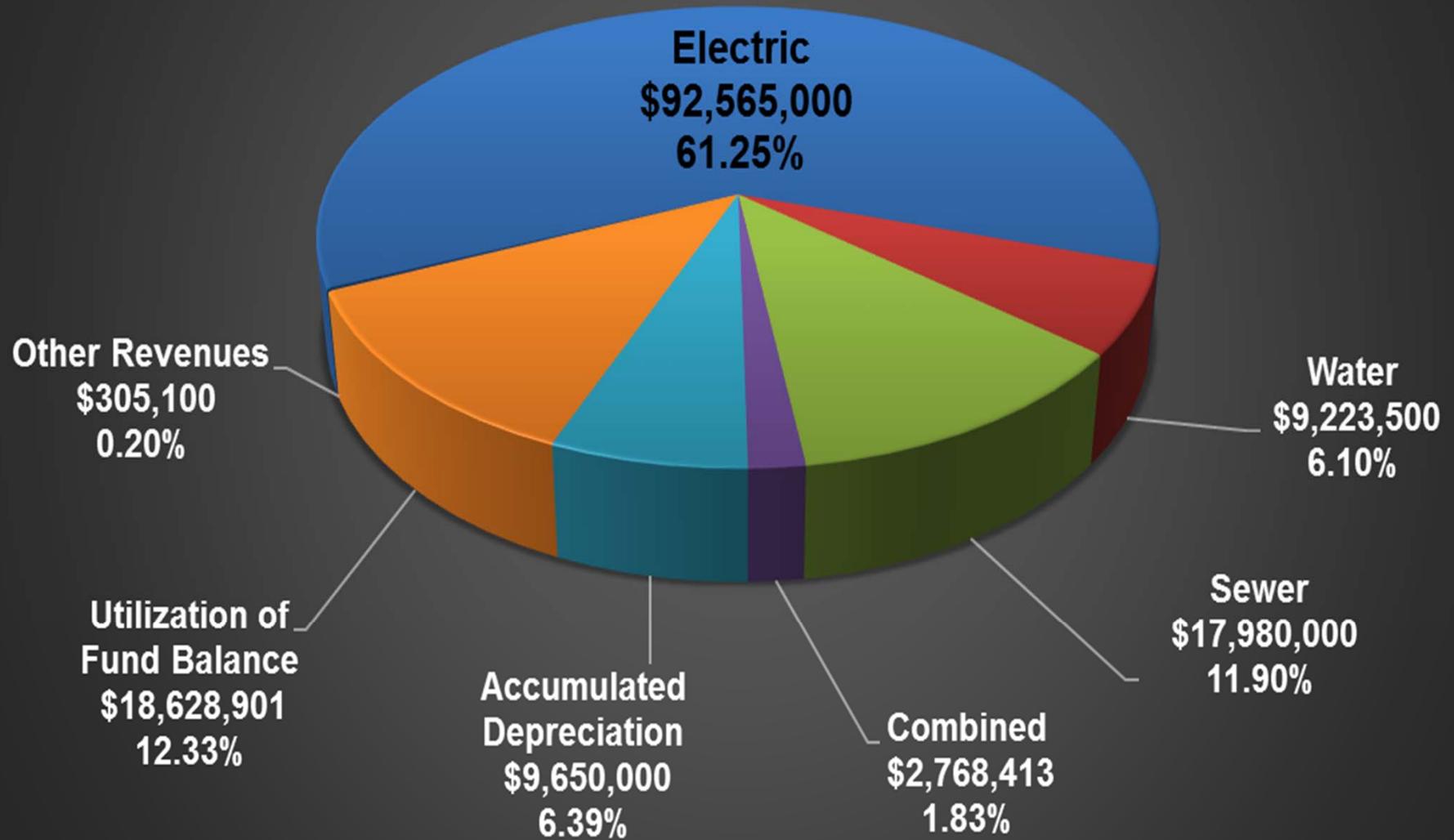
	<u>2020</u>	<u>2021</u>
Cash Appropriation	\$ 3,738,286	\$ 3,738,286
Operating-Ins, Printing, etc.	199,866	199,866
School Crossing Guards	102,554	108,226
School Protection Officers	364,843	383,250
Debt Service	<u>1,306,000</u>	<u>-0-</u>
Total	<u>\$ 5,711,549</u>	<u>\$ 4,429,628</u>

# Utility Fund

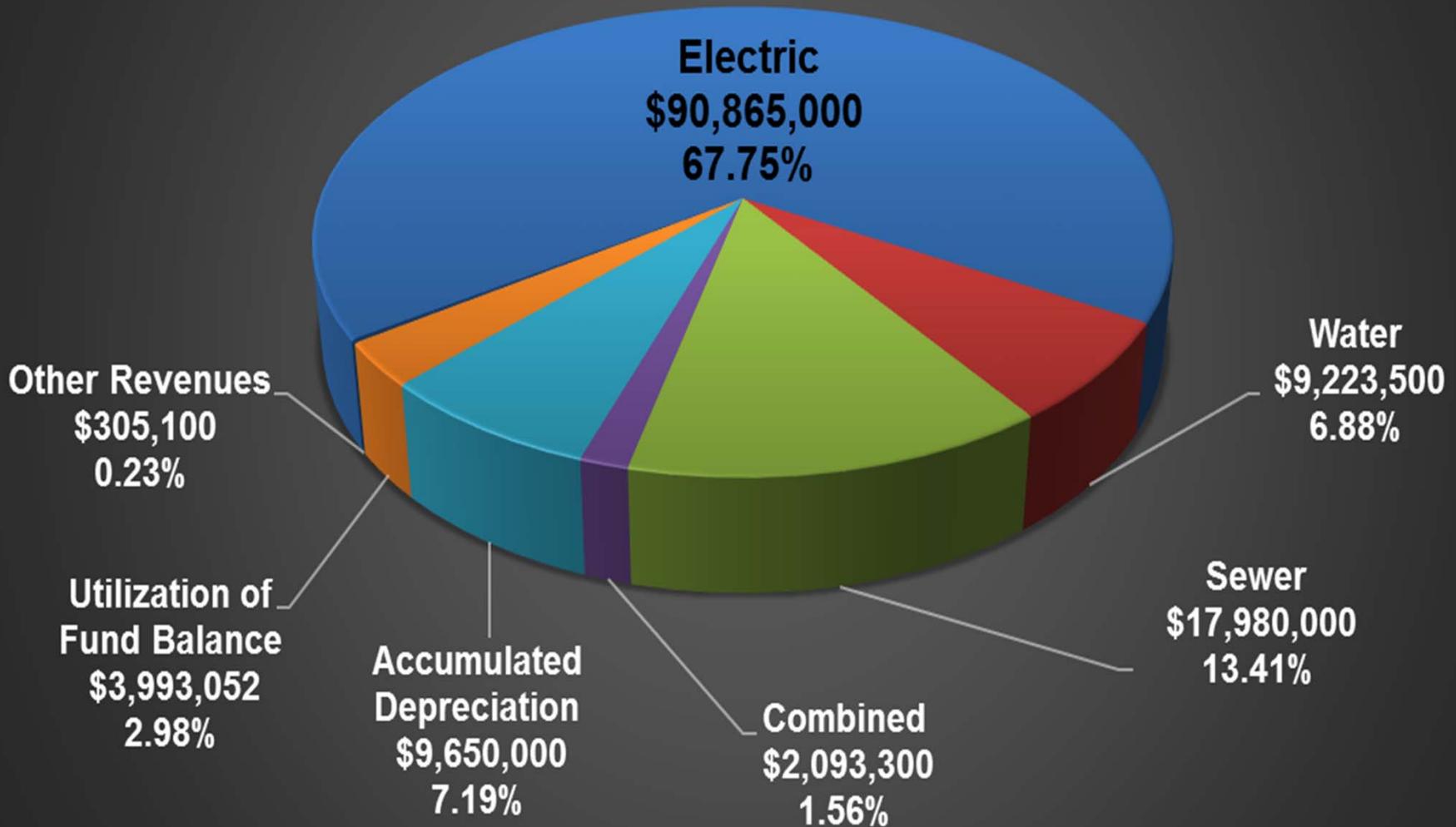
## Significant Revenue Changes from FY 2019 Budget

	<u>2020</u>	<u>2021</u>
Electric Sales	\$ 500,000	\$ 500,000
AMEA Revenue	1,700,000	-0-
Sewer Service Fees	2,185,000	2,185,000
Interest Income	1,000,000	1,000,000
Accumulated Depreciation	1,000,000	1,000,000
Various Other Revenues	<u>97,100</u>	<u>(578,013)</u>
Increase in Revenues from FY19	<u>\$ 6,482,100</u>	<u>\$ 4,106,987</u>

# Utility Fund Revenues FY 2020 - \$151,120,914



# Utility Fund Revenues FY 2021 - \$134,109,952



# Utility Fund

## Summary of Changes from FY 2019 Budget

	<u>2020</u>	<u>2021</u>
Operating Expenses	\$ 2,499,637	\$ 3,354,332
Capital Improvement Items FY19	(8,402,000)	(8,342,000)
Capital Improvement Items FY20/21	<u>21,580,000</u>	<u>4,370,000</u>
Total Increase from 2019 Budget	<u>\$15,677,637</u>	<u>\$ (617,668)</u>

# Utility Fund

## Significant Operating Changes from FY 2019 Budget

	<u>2020</u>	<u>2021</u>
Payroll	\$ 755,571	\$ 1,522,225
Overtime with Fringes	289,988	289,988
Hosted Site-Customer Flow Meters	-0-	175,000
UV Bulbs at Little Choctawhatchee	30,000	30,000
Sludge Drying Bed Upgrade	(10,000)	(70,000)
Water, Electric and Sewer-UF	399,500	399,500

# Utility Fund

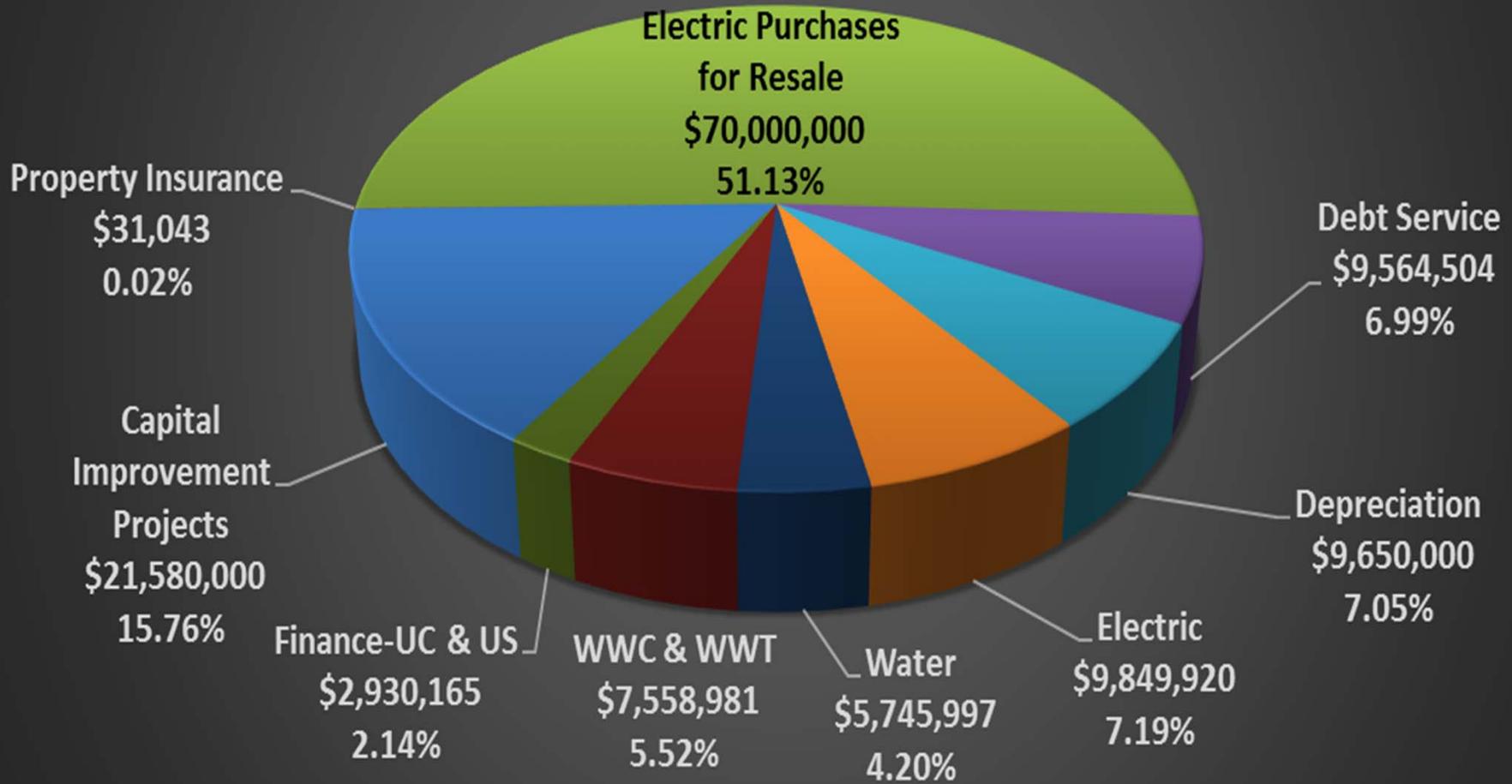
## Significant Operating Changes from FY 2019 Budget

	<u>2020</u>	<u>2021</u>
Uniforms & Safety Shoes	\$ 26,950	\$ 26,950
Depreciation	1,000,000	1,000,000
Various Other Expenses	<u>7,628</u>	<u>(19,331)</u>
Increase in Expenses from 2019	<u>\$ 2,499,637</u>	<u>\$ 3,354,332</u>

# Utility Fund Expenses

(Includes Debt)

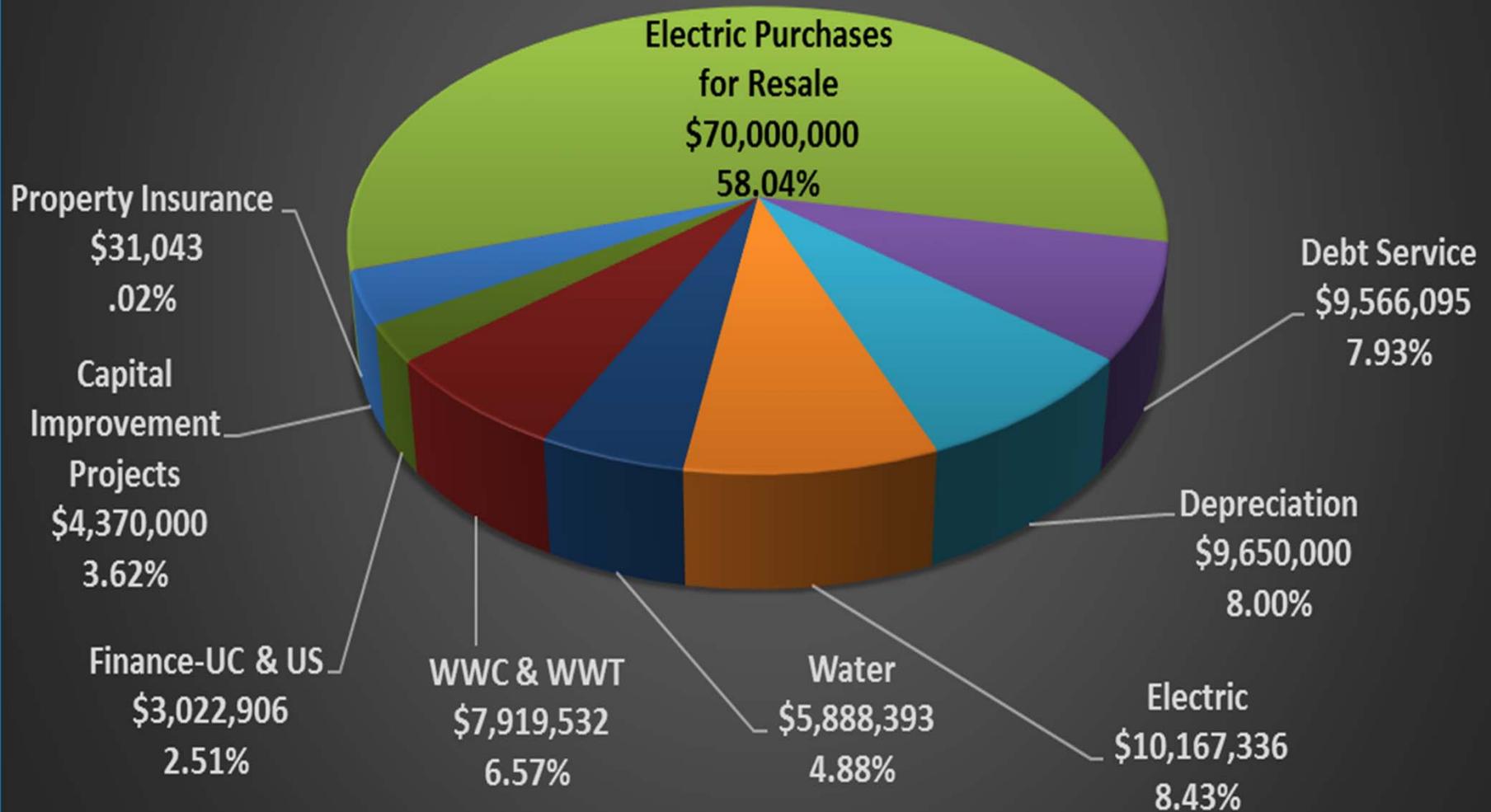
FY 2020 - \$136,910,610



# Utility Fund Expenses

(Includes Debt)

FY 2021 - \$120,615,305



# Utility Fund Capital Improvement Projects Fiscal Years 2020 and 2021

	<u>2020</u>	<u>2021</u>
Tree Trimming of Electric System	\$ 750,000	\$ 750,000
Transformers for Substations	500,000	500,000
PCB Transformer Program	228,000	240,000
Reclosure Replacement	200,000	200,000
City Emergency Operations Facility	1,700,000	-0-

# Utility Fund Capital Improvement Projects Fiscal Years 2020 and 2021

	<u>2020</u>	<u>2021</u>
Advanced Metering Infrastructure	\$ 4,000,000	\$ -0-
Downtown Lighting & Improvements	150,000	150,000
Refinish Downtown Decorative Poles	100,000	-0-
Vehicle Replacement for Utility Fund	750,000	750,000
Red Water Repairs	1,600,000	1,600,000

# Utility Fund Capital Improvement Projects Fiscal Years 2020 and 2021

	<u>2020</u>	<u>2021</u>
Point Repair & Rehab for AOC	\$ 100,000	\$ 100,000
3D Manhole Inspection Scanner	100,000	-0-
Omussee Trunk Line Replace/Rehab	8,500,000	-0-
Generator at Golf Creek Lift Station	150,000	-0-
Napier Field Lift Station Replacement	150,000	-0-

# Utility Fund Capital Improvement Projects Fiscal Years 2020 and 2021

	<u>2020</u>	<u>2021</u>
Lakewood Lift Station and Forcemain	\$ 400,000	\$ -0-
CSSAP Repairs	2,050,000	-0-
Various Other Capital Improvements	<u>152,000</u>	<u>80,000</u>
Total Capital Improvement Projects	<u>\$21,580,000</u>	<u>\$ 4,370,000</u>

# Utility Fund Public Utilities

	<u>2020</u>	<u>2021</u>
Electric	\$ 9,849,920	\$10,167,336
Water	5,745,997	5,888,393
Wastewater Collection	2,705,015	2,953,356
Wastewater Treatment	4,853,966	4,966,176
Collections & Services	<u>2,930,165</u>	<u>3,022,906</u>
Total	<u>\$26,085,063</u>	<u>\$26,988,167</u>
Percent of Total UF Expenses	19%	22%

# Utility Fund

## Public Utilities - Other

	<u>2020</u>	<u>2021</u>
Power Purchased for Resale	\$ 70,000,000	\$ 70,000,000
Capital Improvements	21,580,000	4,370,000
Debt Service	9,564,504	9,566,095
Depreciation	9,650,000	9,650,000
Insurance	<u>31,043</u>	<u>31,043</u>
Total	<u>\$110,825,547</u>	<u>\$ 93,617,138</u>
Percent of Total UF Expenses	81%	78%

# Fiscal Years 2020 and 2021 Solid Waste Fund

	<u>2020</u>	<u>2021</u>
Revenues	\$ 4,804,000	\$ 5,504,000
Expenses	(11,488,982)	(6,674,041)
Transfer from General Fund	<u>6,684,982</u>	<u>1,170,041</u>
Total	<u>\$ -0-</u>	<u>\$ -0-</u>

\*Solid Waste Fund Created 10/01/19. Expenses Include Capital Projects of \$4.7m in 2020 and \$.3m in 2021.

# Solid Waste Fund Summary of Changes from Fiscal Year 2019 Budget

	<u>2020</u>	<u>2021</u>
Operating Expenses	\$ 6,725,982	\$ 6,374,041
Capital Improvement Items FY19	-0-	-0-
Capital Improvement Items FY20/21	<u>4,763,000</u>	<u>300,000</u>
Total Increase from 2019 Budget	<u>\$11,488,982</u>	<u>\$ 6,674,041</u>

# Solid Waste Fund

## Significant Operating Changes from Fiscal Year 2019 Budget

	<u>2020</u>	<u>2021</u>
Payroll (Moved from GF)	\$ 4,677,232	\$ 4,677,232
Overtime w/ Fringes (Moved from GF)	64,185	64,185
Operating Funds (Moved from GF)	1,380,218	1,380,218
Payroll	(19,592)	203,467
Overtime with Fringes	20,539	20,539
Garbage Tipping Fees	475,000	-0-

# Solid Waste Fund

## Significant Operating Changes from Fiscal Year 2019 Budget

	<u>2020</u>	<u>2021</u>
Curbside Trash Tipping Fees	\$ 100,000	\$ -0-
Various Other Expenses	<u>28,400</u>	<u>28,400</u>
Increase in Expenses from 2019	<u>\$6,725,982</u>	<u>\$6,374,041</u>

# Solid Waste Fund Capital Improvement Projects Fiscal Years 2020 and 2021

	<u>2020</u>	<u>2021</u>
Landfill Engineering and Construction	\$ 2,513,000	\$ -0-
Landfill Equipment	2,050,000	300,000
Automated Route Mgmt System	<u>200,000</u>	<u>-0-</u>
Total Capital Improvement Projects	<u>\$ 4,763,000</u>	<u>\$ 300,000</u>

# Expenditure Overview

## Significant Changes

# Expenditure Overview

## Significant Changes

- Personal Services - Includes Funding for General Increases/Compensation Study, Performance and Fringes.

\$ 4,888,598 (Increase from 2019 to 2020)

\$ 3,985,763 (Increase from 2020 to 2021)

- Increases include Additional OT and Fringes - \$998,738.
- Proposed 2.0% General Increase with an Additional 1.0% for Public Safety - Effective 10/1/19.
- Proposed Implementation of Compensation Study - Effective 10/1/20.

# Expenditure Overview

## Significant Changes

- Removed from Budget FT Position - Savings of \$100,000
  - Management and Productivity
- Created 2 Full-Time Positions - Cost of \$268,000
  - Assistant City Manager
  - Line Foreman

# Expenditure Overview

## Significant Changes

- Upgraded 8 Positions - Additional Cost of \$76,000
  - Revenue Enforcement Officer
  - Lead Inspection Services Technician
  - Aquatics Maintenance Technician
  - Part-time Recreation Clerk to Full-time Secretary
  - Lead Lineman (4)

# Expenditure Overview Significant Changes

## Retirement Systems of Alabama (RSA)

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>Change in % 2020 to 2021</u>
Tier I	21.47%	21.47%	21.24%	(.23%)
Tier II	20.75%	20.72%	20.48%	(.24%)

The decrease in the percentage from Fiscal Year 2020 to 2021 represents a savings of \$100,000.

# Expenditure Overview

## Significant Changes

- Health Insurance Claims
  - Projected Claims for 2020 - \$12.5M
  - Current Premium Structure Generates \$13.8M
  - No Proposed Increase to Employees' and Retirees' Premiums
  - Employee Health Insurance Reserves are strong with a balance of over \$5M.

# Expenditure Overview

## Significant Changes

### Debt Service

	<u>FY 2020</u>	<u>FY 2021</u>
General Fund Debt	\$ 3,096,455	\$ 1,776,554
Utility Fund Debt	<u>9,564,504</u>	<u>9,566,095</u>
Total Debt Service	<u>\$ 12,660,959</u>	<u>\$ 11,342,649</u>
Net Increase (Decrease)	<u>\$ (13,171)</u>	<u>\$ (1,318,310)</u>

# Items Not Funded In Budget

(Department Requests Totaled Over \$40M)

- Fiber Infrastructure Phase 3
- Digital Solutions Software for Human Resources
- Storm Drainage Improvements
- Honeysuckle Roadway Improvements
- Planning and Business Development Software

# Items Not Funded In Budget

(Department Requests Totaled Over \$40M)

- City Track and Field Facility
- Renovations and Resurfacing Parking Lot at Rip Hewes
- Replace Ballfield Lighting
- Animal Shelter
- Electrical System Upgrades

# Items Not Funded In Budget

(Department Requests Totaled Over \$40M)

- Water Main Upgrades
- Sewer Lift Station Rehab
- Improvements & Program Requirements of the AOC
- Additional Police Officers for City Parks
- Land for Industrial Park

# Items Not Funded In Budget

(Department Requests Totaled Over \$40M)

- Additional Space for City Departments
- Construction of Fire Station No. 10
- Implementation of Bike & Pedestrian Plan
- Civic Center Improvements

# Fiscal Years 2020 and 2021

## Next Steps

- August 26<sup>th</sup> - Biennial Budget Available for Commission
- September 3<sup>rd</sup> – Biennial Budget Presented to Commission for Adoption

**QUESTIONS?**