

CITY OF DOTHAN

BIENNIUM BUDGET WORK SESSION FISCAL YEARS 2022 & 2023

AUGUST 19, 2021

8:30 A.M.

Fiscal Years 2022 and 2023 Budget Goals

- Be fiscally responsible by maintaining an adequate Fund Balance compared to budgeted expenditures and transfers for General and Utility Funds.
- Maintain a Fund Balance Reserve with a minimum Unassigned Fund Balance of 8% to 17% (1-2 months).
- Reserve funds for Capital Improvement Projects as they are approved.

Fiscal Years 2022 and 2023 Budget Goals

- Maintain 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.
- Fund Strategic Plan Action Items.

Fiscal Years 2022 and 2023 Budget Goals

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

Fiscal Years 2022 and 2023

All Funds

	<u>Revenues</u>	<u>Expenditures</u>
Fiscal Year 2022	\$283,810,635	\$283,810,635
Fiscal Year 2023	\$253,585,981	\$253,585,981

Fiscal Year 2022

Fund Balance General & Utility Funds

	<u>General Fund</u>	<u>Utility Fund</u>	<u>Total</u>
Beginning FB (Estimated)	\$ 30,000,000	\$ 45,000,000	\$ 75,000,000
Revenues	98,280,556	144,494,918	242,775,474
Expenditures	(123,794,452)	(141,838,637)	(265,633,089)
Transfer to DSF	(1,776,553)	-0-	(1,776,553)
Transfer to SWF	(3,336,022)	-0-	(3,336,022)
Transfer to School Fund	-0-	(4,006,153)	(4,006,153)
Trans (to) from UF	<u>20,626,471</u>	<u>(20,626,471)</u>	<u>-0-</u>
Ending FB (Estimated)	\$ 20,000,000	\$ 23,023,657	\$ 43,023,657
FB Permanent Reserve	<u>(10,400,000)</u>	<u>(13,400,000)</u>	<u>(23,800,000)</u>
Unassigned FB (Estimated)	<u>\$ 9,600,000</u>	<u>\$ 9,623,657</u>	<u>\$ 19,223,657</u>
Reserve Above Minimum	7.45%	5.78%	7.00%

Fiscal Year 2023

Fund Balance General & Utility Funds

	<u>General Fund</u>	<u>Utility Fund</u>	<u>Total</u>
Beginning FB (Estimated)	\$ 20,000,000	\$ 23,023,657	\$ 43,023,657
Revenues	97,430,556	137,304,000	234,734,556
Expenditures	(107,643,952)	(128,076,323)	(235,720,275)
Transfer to DSF	(1,432,965)	-0-	(1,432,965)
Transfer to SWF	(3,351,173)	-0-	(3,351,173)
Transfer to School Fund	-0-	(4,015,870)	(4,015,870)
Trans (to) from UF	<u>9,997,534</u>	<u>(9,997,534)</u>	<u>-0-</u>
Ending FB (Estimated)	\$ 15,000,000	\$ 18,237,930	\$ 33,237,930
FB Permanent Reserve	<u>(10,400,000)</u>	<u>(13,400,000)</u>	<u>(23,800,000)</u>
Unassigned FB (Estimated)	<u>\$ 4,600,000</u>	<u>\$ 4,837,930</u>	<u>\$ 9,437,930</u>
Reserve Above Minimum	4.09%	3.41%	3.86%

General Fund

Significant Revenue Changes from Fiscal Year 2021 Budget

	<u>2022</u>	<u>2023</u>
General Sales Tax	\$ 9,000,000	\$ 9,000,000
Contributions and Donations	850,000	-0-
Water World Admissions	350,000	350,000
Advalorem Taxes	300,000	300,000
Rebuild Alabama Gas Tax	300,000	300,000
Privilege License	200,000	200,000

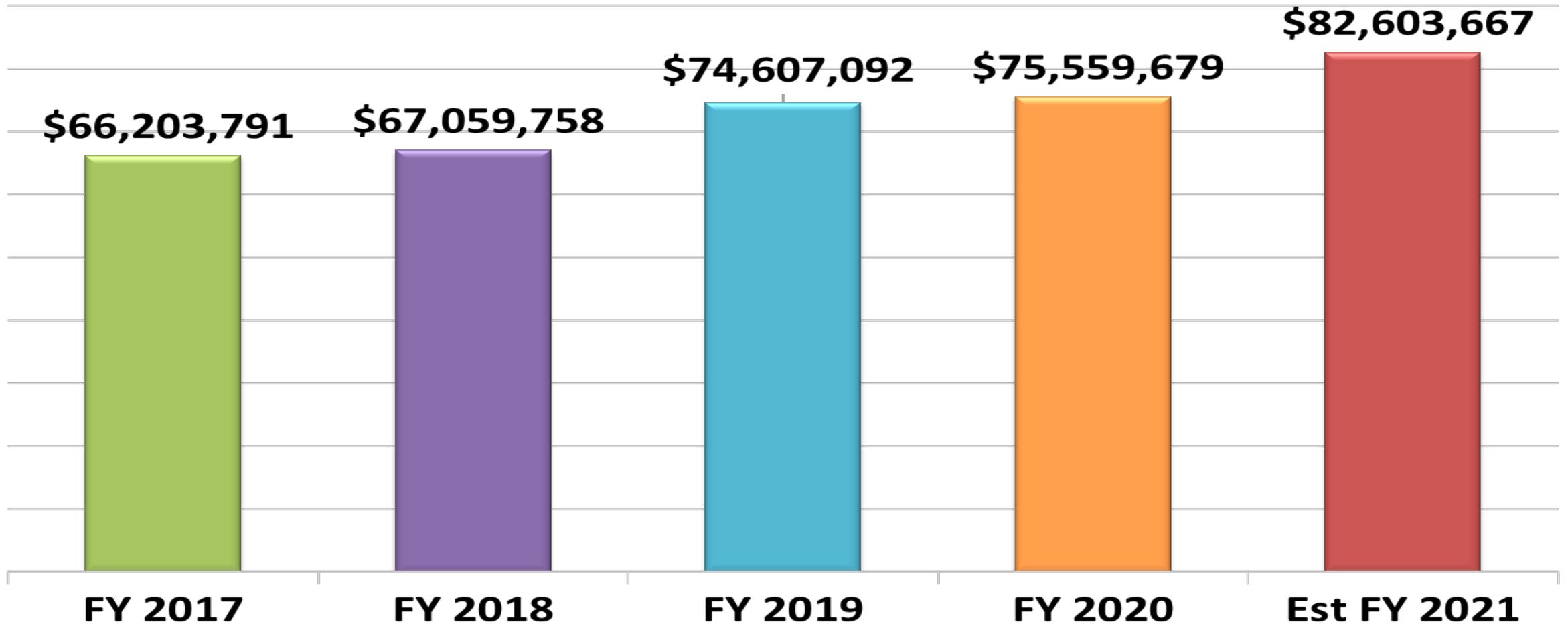
General Fund

Significant Revenue Changes from Fiscal Year 2021 Budget

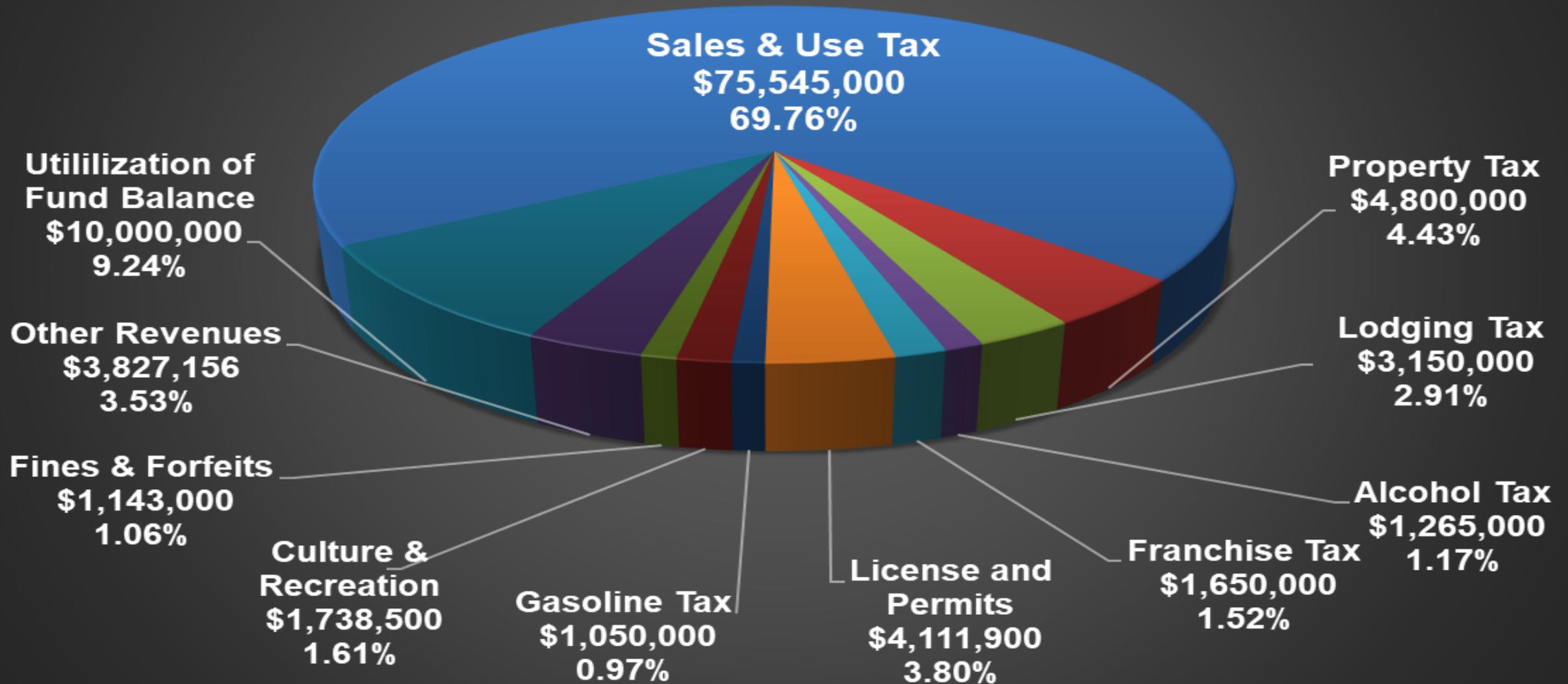
	<u>2022</u>	<u>2023</u>
Cable/Phone Franchise Tax	\$ 100,000	\$ 100,000
Motor Vehicle Advalorem Taxes	100,000	100,000
Insurance License	100,000	100,000
Various Other Revenue	120,500	120,500
Interest Income	<u>(485,000)</u>	<u>(485,000)</u>
Increase in Revenues from FY21	<u>\$10,935,500</u>	<u>\$10,085,500</u>

Sales and Use Tax

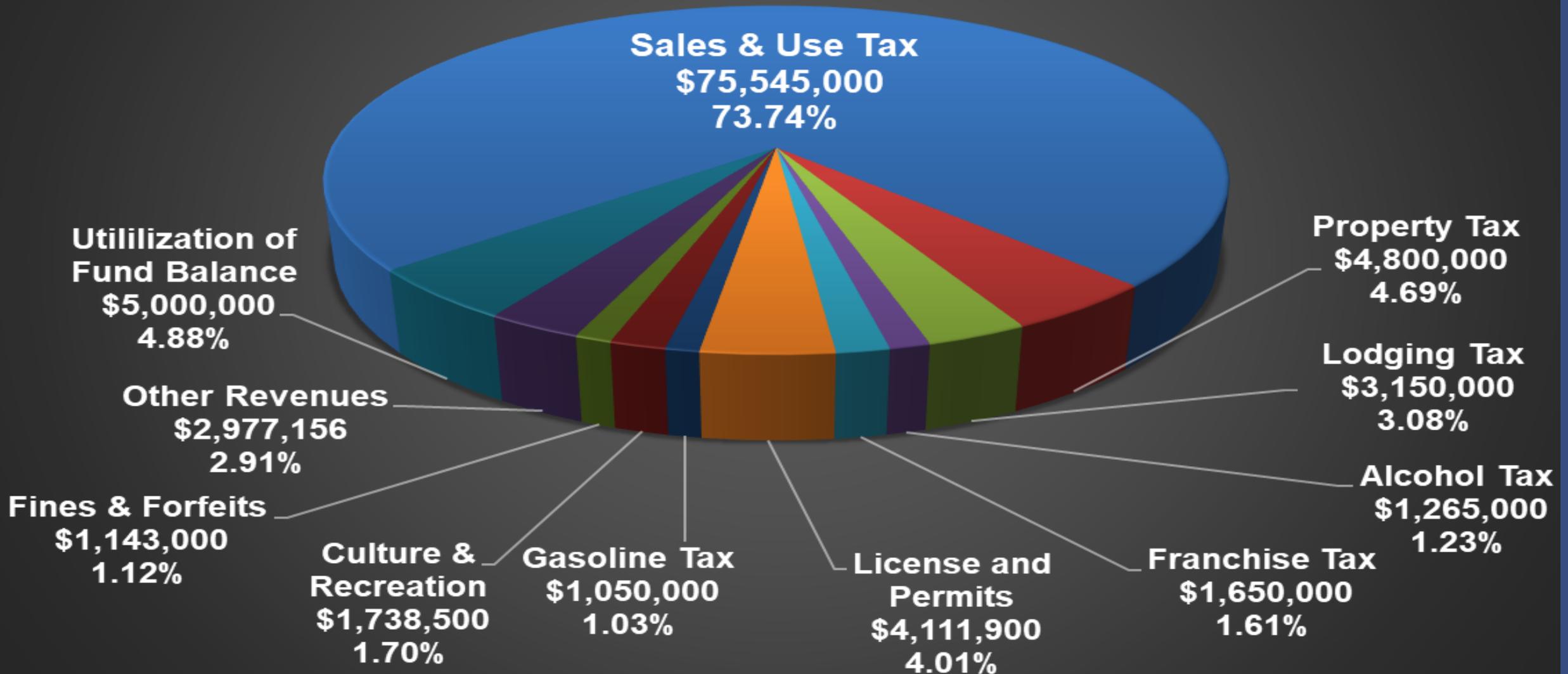
Fiscal Years 2017-Estimated 2021



General Fund Revenues FY 2022 - \$108,280,556



General Fund Revenues FY 2023 - \$102,430,556



General Fund

Summary of Changes from Fiscal Year 2021 Budget

	<u>2022</u>	<u>2023</u>
Operating Expenditures	\$ 9,173,665	\$ 11,108,176
Capital Improvement Items FY21	(9,213,690)	(9,213,690)
Capital Improvement Items FY22/23	<u>27,794,547</u>	<u>9,709,536</u>
Total Increase from 2021 Budget	<u>\$ 27,754,522</u>	<u>\$ 11,604,022</u>

General Fund

Significant Operating Changes from Fiscal Year 2021 Budget

	<u>2022</u>	<u>2023</u>
Payroll	\$ 6,449,418	\$ 8,475,645
Election Expense	(100,000)	(100,000)
Industrial Development - XLAM	(125,000)	(125,000)
Re-insurance	175,000	175,000
Body Worn Cameras	(105,000)	(105,000)

General Fund

Significant Operating Changes from Fiscal Year 2021 Budget

	<u>2022</u>	<u>2023</u>
ROW Mowing	\$(205,000)	\$(205,000)
Cemetery Mowing Trans from SWF	125,678	125,678
Storm Drainage Inventory	500,000	500,000
Storm Drainage Hydrological Study	500,000	500,000
Workers Comp & Self Insurance	137,927	137,927

General Fund

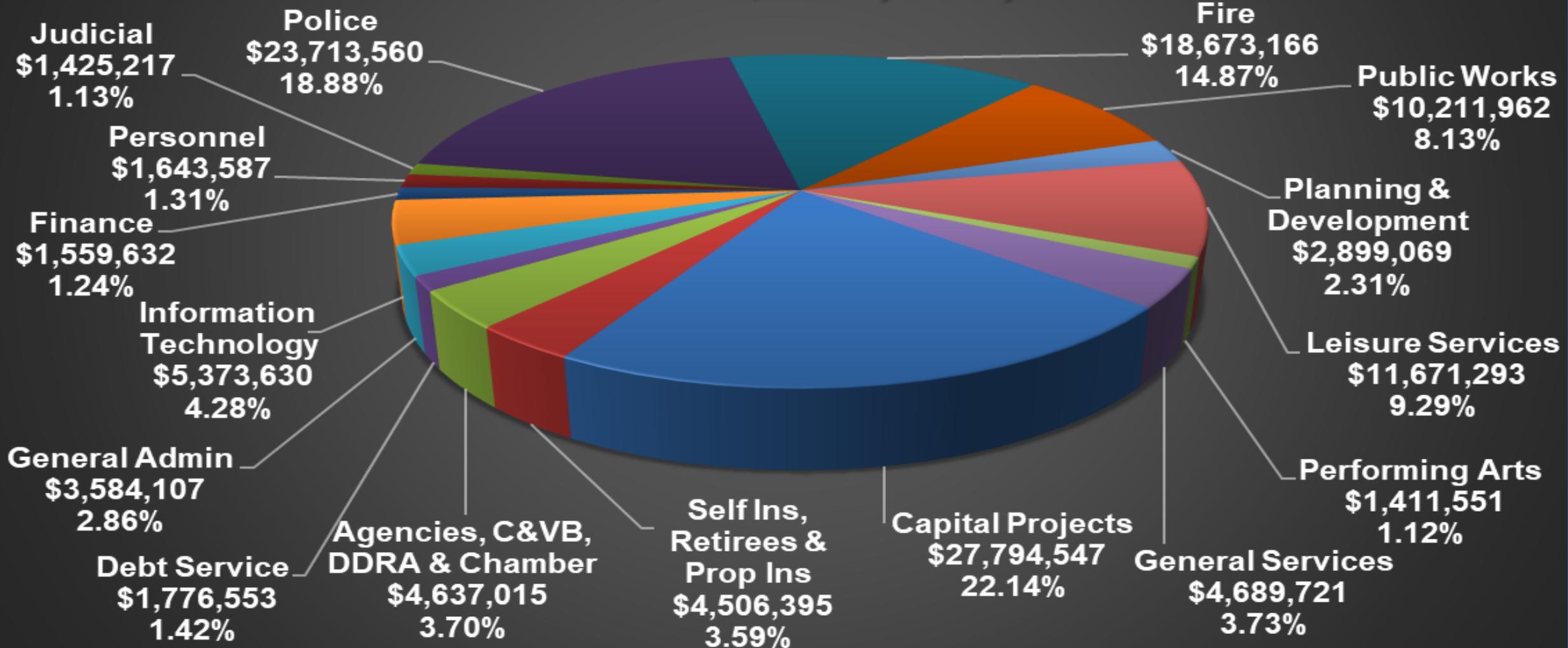
Significant Operating Changes from Fiscal Year 2021 Budget

	<u>2022</u>	<u>2023</u>
Appropriation Agency Funding	\$ 678,165	\$ 678,165
Various Other Expenditures	<u>1,142,477</u>	<u>1,050,761</u>
Increase in Expenditures from 2021	<u>\$ 9,173,665</u>	<u>\$ 11,108,176</u>

General Fund Expenditures

(Includes Debt)

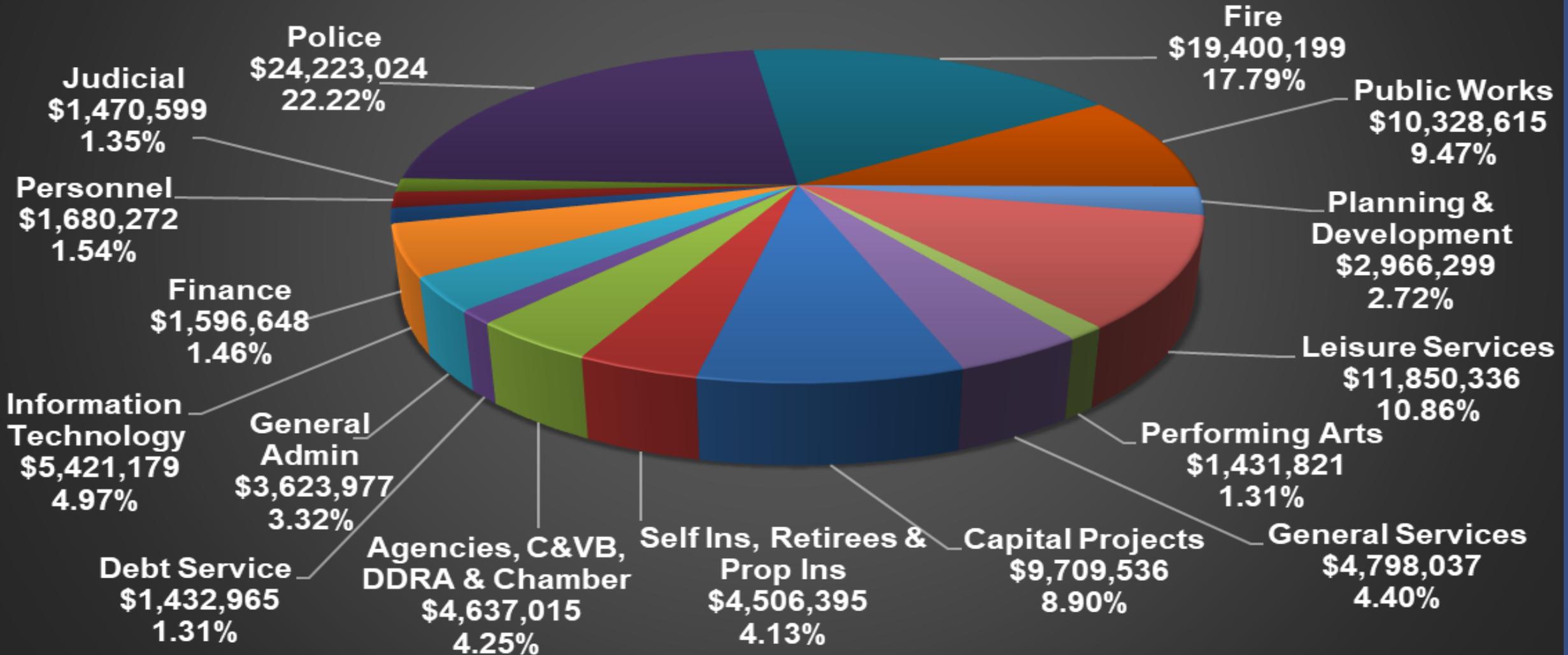
FY 2022 - \$125,571,005



General Fund Expenditures

(Includes Debt)

FY 2023 - \$109,076,917



General Fund Administrative/Support Services

	<u>2022</u>	<u>2023</u>
General Administration	\$ 3,584,107	\$ 3,623,977
Information Technology	5,373,630	5,421,179
Finance	1,559,632	1,596,648
Personnel	1,643,587	1,680,272
General Services	4,689,721	4,798,037

General Fund Administrative/Support Services

	<u>2022</u>	<u>2023</u>
Judicial	\$ 1,425,217	\$ 1,470,599
Insurance	4,506,395	4,506,395
Capital Improvements	<u>9,432,430</u>	<u>5,378,296</u>
Total	<u>\$32,214,719</u>	<u>\$28,475,403</u>
Percent of Total GF Expenditures	26%	26%

General Fund Public Safety

	<u>2022</u>	<u>2023</u>
Police	\$23,713,560	\$24,223,024
Fire	18,673,166	19,400,199
Capital Improvements	<u>3,016,169</u>	<u>543,190</u>
Total	<u>\$45,402,895</u>	<u>\$44,166,413</u>
Percent of Total GF Expenditures	37%	41%

General Fund Public Works

	<u>2022</u>	<u>2023</u>
Engineering/Traffic	\$ 6,259,333	\$ 6,362,924
Street	3,772,673	3,782,962
Environmental	179,956	182,729
Planning & Development	2,899,069	2,966,299
Capital Improvements	<u>4,618,430</u>	<u>3,450,000</u>
Total	<u>\$17,729,461</u>	<u>\$16,744,914</u>
Percent of Total GF Expenditures	14%	16%

General Fund Recreation & Culture

	<u>2022</u>	<u>2023</u>
Leisure Services	\$11,671,293	\$11,850,336
Performing Arts	1,411,551	1,431,821
Capital Improvements	<u>10,727,518</u>	<u>338,050</u>
Total	<u>\$23,810,362</u>	<u>\$13,620,207</u>
Percent of Total GF Expenditures	19%	13%

General Fund Agencies

	<u>2022</u>	<u>2023</u>
Chamber of Commerce	\$ 550,000	\$ 550,000
Dothan Downtown Redevelopment	400,000	400,000
Dothan Area Convention & Visitors	1,400,000	1,400,000
Dothan-Houston County Library	876,000	876,000
Wiregrass Museum of Art	430,000	430,000

General Fund Agencies

	<u>2022</u>	<u>2023</u>
Wiregrass Transit Authority	\$ 109,000	\$ 109,000
Friends of Fort Rucker	140,000	140,000
Other Agencies	<u>732,015</u>	<u>732,015</u>
Total	<u>\$ 4,637,015</u>	<u>\$ 4,637,015</u>
Percent of Total GF Expenditures	4%	4%

School Fund Appropriation

	<u>2022</u>	<u>2023</u>
Cash Appropriation	\$ 3,738,286	\$ 3,738,286
Operating-Printing and Uniforms	63,000	63,000
School Crossing Guards	122,648	125,486
School Protection Officers	<u>594,437</u>	<u>608,196</u>
Total	<u>\$ 4,518,371</u>	<u>\$ 4,534,968</u>

Utility Fund

Significant Revenue Changes from FY 2021 Budget

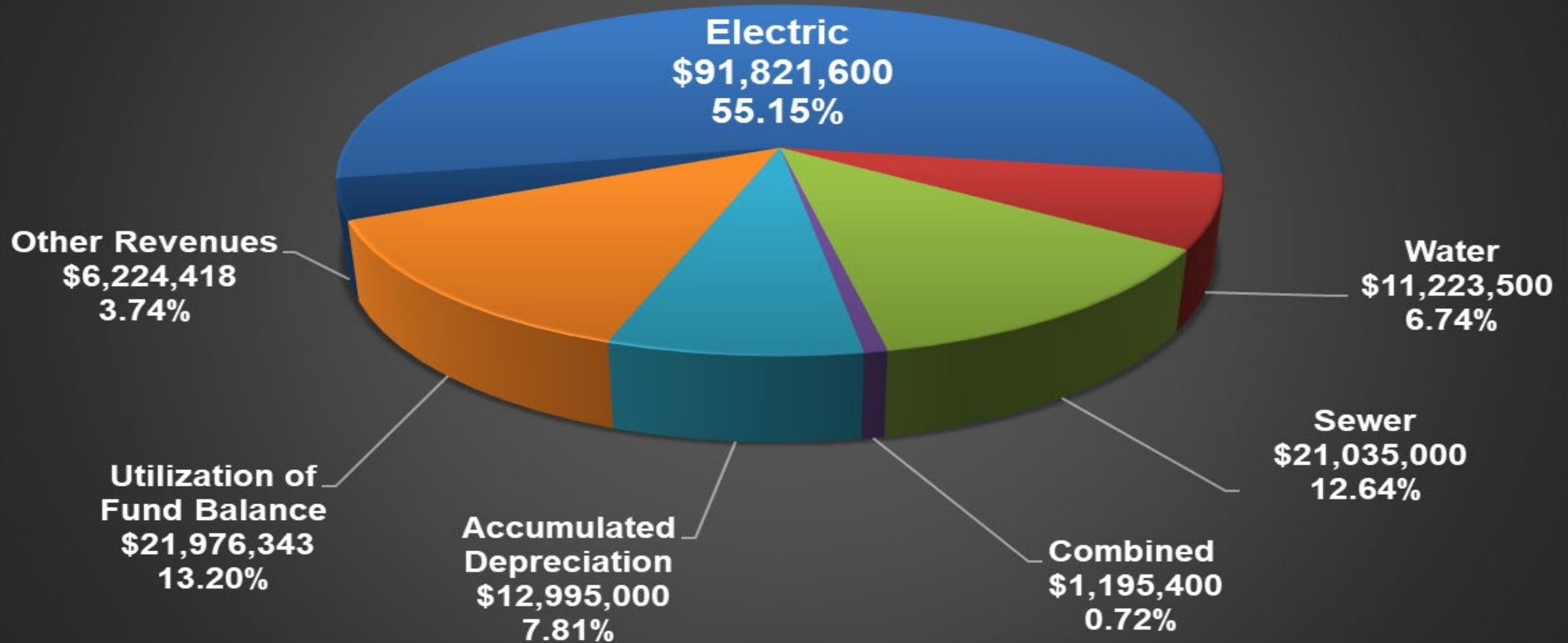
	<u>2022</u>	<u>2023</u>
Water Sales	\$ 2,000,000	\$ 2,000,000
AMEA Revenue	971,600	-0-
Sewer Service Fees	3,000,000	3,000,000
Interest Income	(900,000)	(900,000)
ARPA Funds	6,219,318	-0-

Utility Fund

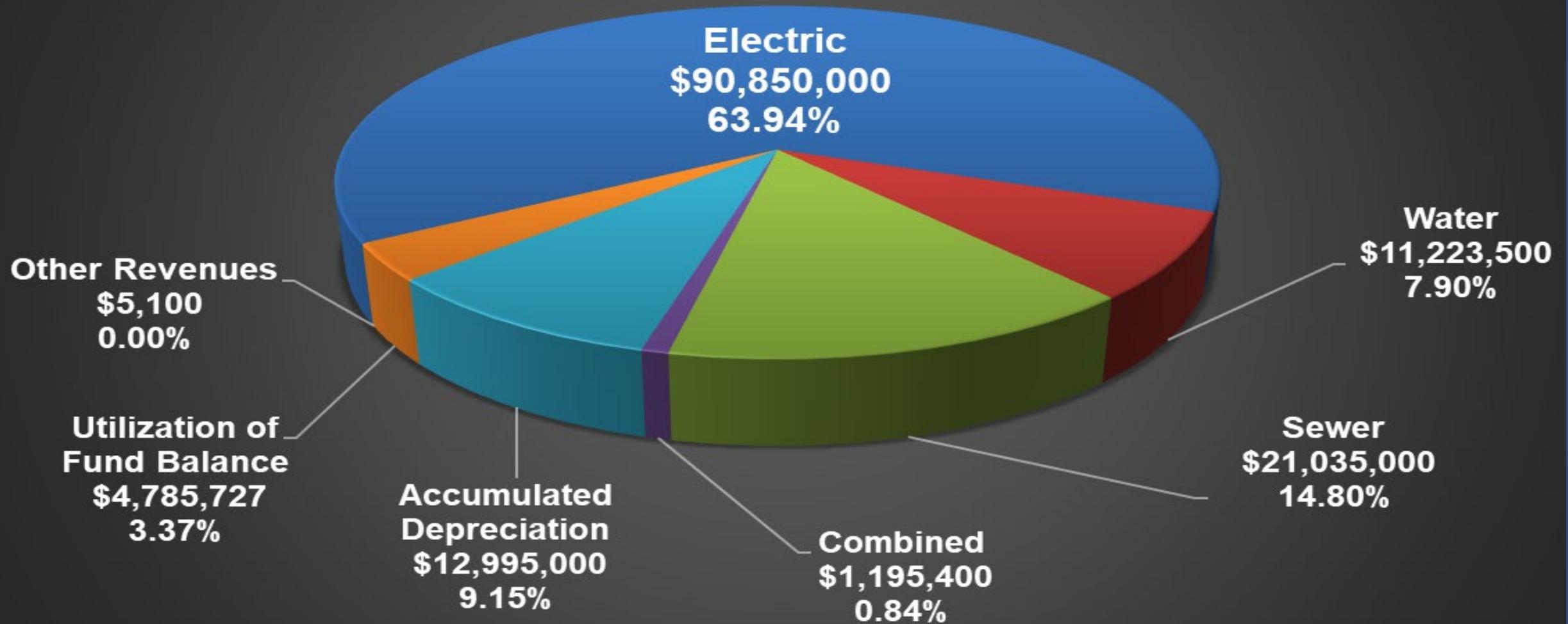
Significant Revenue Changes from FY 2021 Budget

	<u>2022</u>	<u>2023</u>
Credit Card Convenience Fee	\$ (250,000)	\$ (250,000)
Accumulated Depreciation	3,345,000	3,345,000
Various Other Revenues	<u>(7,900)</u>	<u>(7,900)</u>
Increase in Revenues from FY21	<u>\$14,378,018</u>	<u>\$ 7,187,100</u>

Utility Fund Revenues FY 2022 - \$166,471,261



Utility Fund Revenues FY 2023 - \$142,089,727



Utility Fund

Summary of Changes from FY 2021 Budget

	<u>2022</u>	<u>2023</u>
Operating Expenses	\$ 8,003,731	\$ 5,807,518
Capital Improvement Items FY21	(4,370,000)	(4,370,000)
Capital Improvement Items FY22/23	<u>17,589,601</u>	<u>6,023,500</u>
Total Increase from 2021 Budget	<u>\$ 21,223,332</u>	<u>\$ 7,461,018</u>

Utility Fund

Significant Operating Changes from FY 2021 Budget

	<u>2022</u>	<u>2022</u>
Payroll	\$ 1,418,617	\$ 1,857,568
Water, Electric and Sewer-UF	(204,000)	(204,000)
Uniforms	100,000	100,000
Pad Mounted Transformer Inspect	250,000	250,000
Cost of Service Study	150,000	-0-

Utility Fund

Significant Operating Changes from FY 2021 Budget

	<u>2022</u>	<u>2023</u>
Well Electrical Equipment Upgrades	\$ 100,000	\$ 100,000
Long Range Plan & Model Update <small>10 Yr</small>	200,000	-0-
Security Improvements	168,000	-0-
Chlorine Cylinder Scale Replace	103,000	-0-
Bacteriological Sampling Points	-0-	115,000

Utility Fund

Significant Operating Changes from FY 2021 Budget

	<u>2022</u>	<u>2023</u>
AOC Consultant	\$ 125,000	\$ 125,000
Cypress Creek WWTP Plan Update	250,000	-0-
Rebuild 4 Influent Pumps	200,000	200,000
Effluent Outfall Structural Upgrades	170,000	-0-
UV Bulbs for Treatment	300,000	300,000

Utility Fund

Significant Operating Changes from FY 2021 Budget

	<u>2022</u>	<u>2023</u>
Fuel Tank Replacements & Covers	\$ 120,000	\$ -0-
Paving Improvements at Little Choc	200,000	-0-
Credit Card Fees	262,927	262,927
Depreciation	3,345,000	3,345,000

Utility Fund

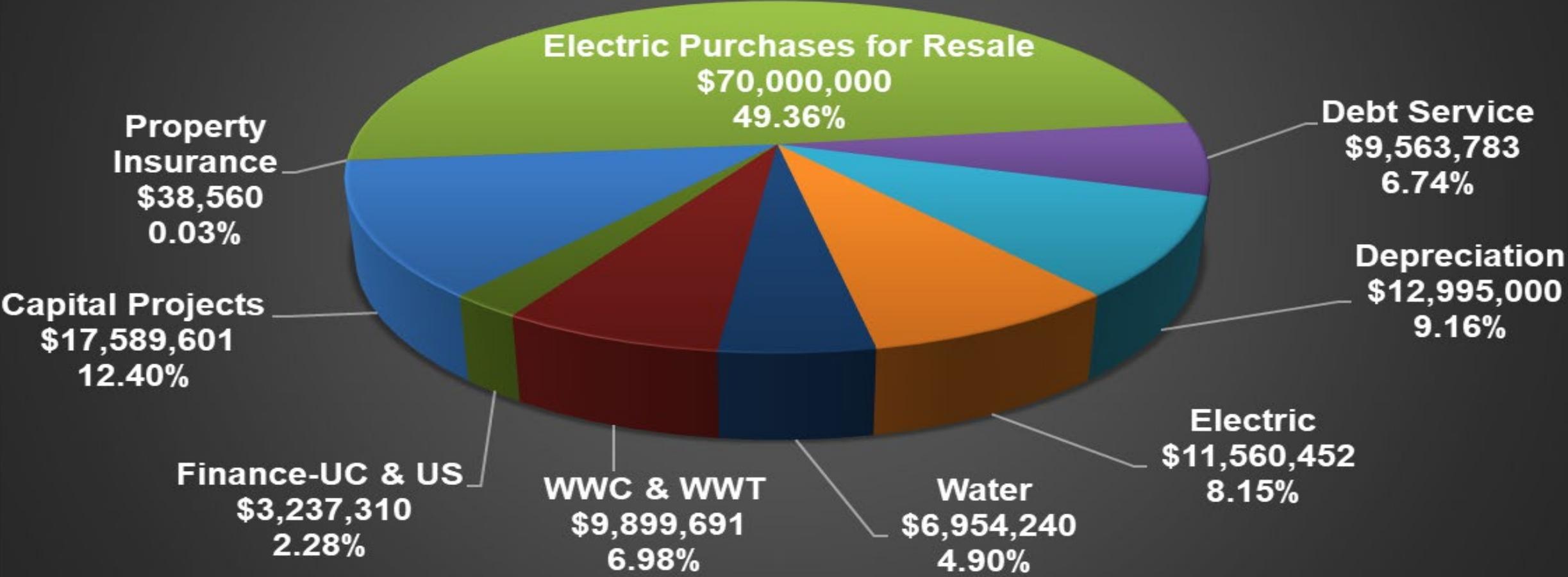
Significant Operating Changes from FY 2021 Budget

	<u>2022</u>	<u>2023</u>
Various Operating	<u>\$ 745,187</u>	<u>\$ (643,977)</u>
Increase in Expenses from 2021	<u>\$ 8,003,731</u>	<u>\$ 5,807,518</u>

Utility Fund Expenses

(Includes Debt)

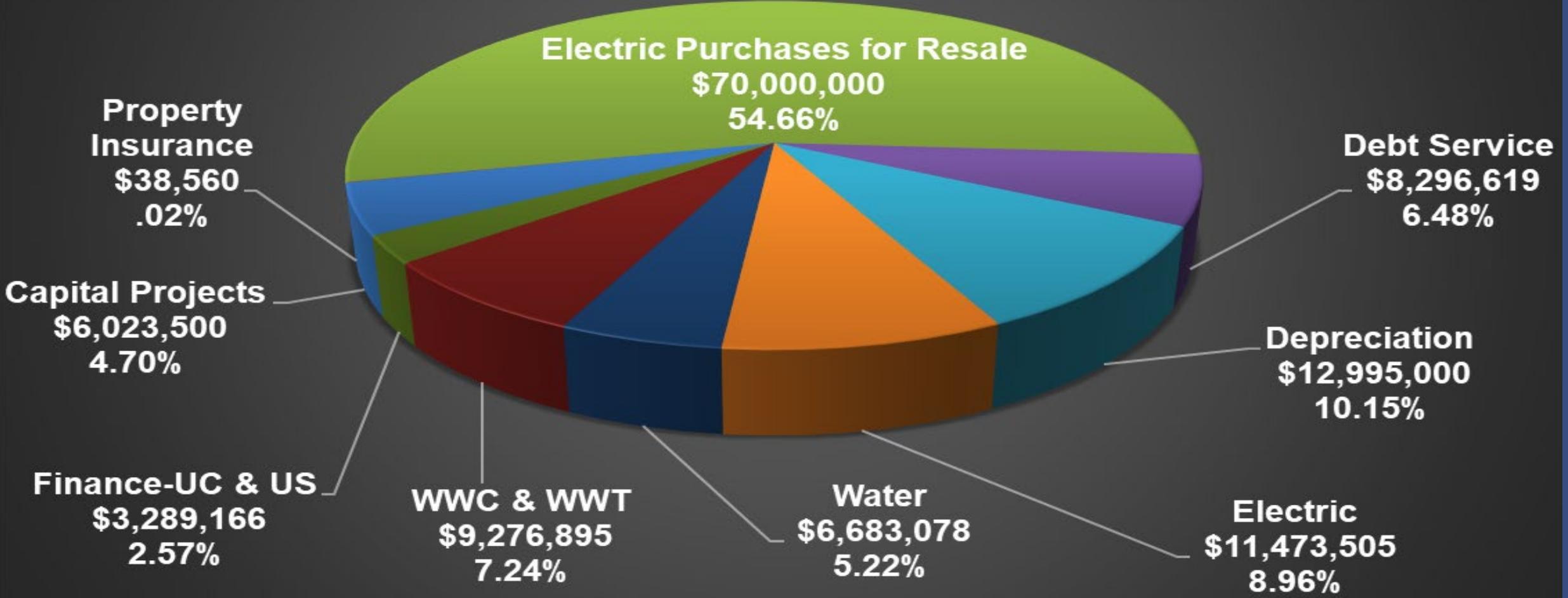
FY 2022 - \$141,838,637



Utility Fund Expenses

(Includes Debt)

FY 2023 - \$128,076,323



Utility Fund Public Utilities

	<u>2022</u>	<u>2023</u>
Electric	\$11,560,452	\$11,473,505
Water	6,954,240	6,683,078
Wastewater Collection	3,502,773	3,561,664
Wastewater Treatment	6,396,918	5,715,231
Collections & Services	<u>3,237,310</u>	<u>3,289,166</u>
Total	<u>\$31,651,693</u>	<u>\$30,722,644</u>
Percent of Total UF Expenses	22%	24%

Utility Fund

Public Utilities - Other

	<u>2022</u>	<u>2023</u>
Power Purchased for Resale	\$ 70,000,000	\$ 70,000,000
Capital Improvements	17,589,601	6,023,500
Debt Service	9,563,783	8,296,619
Depreciation	12,995,000	12,995,000
Insurance	<u>38,560</u>	<u>38,560</u>
Total	<u>\$110,186,944</u>	<u>\$ 97,353,679</u>
Percent of Total UF Expenses	78%	76%

Fiscal Years 2022 and 2023

Solid Waste Fund

	<u>2022</u>	<u>2023</u>
Revenues	\$ 7,483,100	\$ 7,483,100
Expenses	(10,819,122)	(10,834,273)
Transfer from General Fund	<u>3,336,022</u>	<u>3,351,173</u>
Total	<u>\$ -0-</u>	<u>\$ -0-</u>

Solid Waste Fund Summary of Changes from Fiscal Year 2021 Budget

	<u>2022</u>	<u>2023</u>
Operating Expenses	\$ 3,530,081	\$ 3,610,232
Capital Improvement Items FY21	(300,000)	(300,000)
Capital Improvement Items FY22/23	<u>915,000</u>	<u>850,000</u>
Total Increase from 2021 Budget	<u>\$ 4,145,081</u>	<u>\$ 4,160,232</u>

Solid Waste Fund

Significant Operating Changes from Fiscal Year 2021 Budget

	<u>2022</u>	<u>2023</u>
Payroll	\$ 166,316	\$ 291,467
Solid Waste Disposal Charges	1,500,000	1,500,000
Recycling Disposal Charges	100,000	100,000
Depreciation	1,476,000	1,476,000
Cemetery Mowing Trans to GF	(125,678)	(125,678)

Solid Waste Fund

Significant Operating Changes from Fiscal Year 2021 Budget

	<u>2022</u>	<u>2023</u>
Refuse Roll Carts	\$ 100,000	\$ 100,000
Various Other Expenses	<u>313,443</u>	<u>268,443</u>
Increase in Expenses from 2021	<u>\$ 3,530,081</u>	<u>\$ 3,610,232</u>

Expenditure Overview

Significant Changes

Personal Services

- Personal Services includes Funding for Cost-of-Living Adjustment (COLA), Performance Increases, Previously Added Positions and Positions Recommended for Funding in this Budget.
 - \$8,289,930 (Increase from 2021 to 2022) – Includes an Additional \$3.2M for 27 Pay Periods for Fiscal Year 2022
 - \$2,606,926 (Increase from 2022 to 2023)
- Cost of Living Adjustment (COLA) – Each 1% ~ \$800,000

Retirement Systems of Alabama (RSA)

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>Change in % 2022 to 2023</u>
Tier I	21.24%	20.98%	21.71%	.73%
Tier II	20.48%	21.45%	22.09%	.64%

The increase in the percentage from FY 2021 to 2022 and FY 2022 to 2023 represents the election made under Act 2019-132 for Tier 1 benefits for Tier 2 employees.

Health Insurance

- BCBS Projected Claims for 2021 - \$14.7M
- Current Premium Structure Generates \$13.8M
- No Proposed Increase to Premiums
- Employee Health Insurance Reserves are strong with a balance of over \$5M.

Debt Service

	<u>FY 2022</u>	<u>FY 2023</u>
General Fund Debt	\$ 1,776,553	\$ 1,432,965
Utility Fund Debt	<u>9,563,783</u>	<u>8,296,619</u>
Total Debt Service	<u>\$ 11,340,336</u>	<u>\$ 9,729,584</u>
Net Increase (Decrease)	<u>\$ (2,313)</u>	<u>\$ (1,610,752)</u>

WE ❤️
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Love Your Schools
Prepare for the future education and workforce development needs of Dothan.

Love Your Work
Prepare for the future economic development of Dothan.

Love Your Orange Barrels
Improve growth management and enhance the function and appearance of existing infrastructure and major transportation routes.

Love Your Downtown
Enhance Downtown as the center of the community.

Love Your City Employees
Build a transparent, high performing, customer service focused City organization.

Love Your Neighborhood
Improve the condition and appearance of mature/declining neighborhoods.

Love Your Neighbor
Improve neighborhood relations and communication.

Love Your Business
Revitalize commercial corridors.



Capital Budget Focus

- Meeting Infrastructure Needs
 - Transportation, Utilities and Technology
- Meeting Public Safety Needs
- Meeting Quality of Life Needs
 - Recreation and Leisure
- Maintaining City Facilities
- Downtown Redevelopment
- Maintaining Healthy Neighborhoods and Affordable Housing
- Economic Development
- Maintaining the Financial Health of the City



Transportation

- Flowers Chapel Road
 - Phase 1 Design-Highway 84 West to Woodmere Drive (\$110,000)
- Increase Annual Resurfacing Budget from \$2.25 Million to \$2.5 Million
- Traffic Signal Equipment Upgrades (\$500,000 Annually)
- Bridge Repair (\$100,000 Annually)
- Right-of-Way Mowing Crew (\$276,000 Annually)
- Right-of-Way Mowing Crew Equipment (\$345,800)

Utilities



- Electric System Improvements
 - Evening Dispatch Crew (\$119,000 Annually)
 - Emergency Electric Source Station (\$971,601 AMEA Funded)
 - Underground Conversion (\$500,000 Annually)
 - Replacement of Direct Buried Secondary (\$250,000 Annually)
 - Vehicle Replacement (\$850,000 Annually)
 - Vegetation Management (\$750,000 Annually)
 - Substation Improvements (\$500,000 Annually)
 - Transmission Line Switch Replacement (\$290,000 Annually)
 - PCB/Wildlife Protection Program (\$300,000 Annually)



Utilities

- Sewer System Improvements
 - Basin B4-52 Sewer Repair & Rehab (\$2.85 Million ARPA Funds)
 - Beaver Creek/Old Little Choc Trunk Line Rehab (\$7.3 Million ARPA Funds)
- Water System Improvements
 - Increase Annual Red Water Repairs Budget from \$1.6 Million to \$2 Million (ARPA Funds)
 - Red Water Repairs Inspector (\$70,000 Annually)
 - Hodgesville Rd. Water Main Improvements (\$230,000)
- Storm Sewer System Improvements
 - Storm Drainage Assessment and Analysis
 - (\$1 Million Annually)



Technology

- Enterprise Resource Planning Solution (\$3.1 Million)
- Computer & Software Upgrades (\$515,000 Annually)
- Fiber Crew (\$247,000 Annually)
- Fiber Crew Equipment/Training (\$255,000)
- Fiber Hut Switch Upgrades (\$144,046 Annually)



Public Safety-Police

- Police Vehicles (\$1.15 Million Annually)
 - Increase from 10 to 25 vehicles
- Integrated Ballistic Information System (\$207,494)
- Taser Replacement (\$880,750)
- Radio Consoles for Communications Center (\$119,735)
- Personnel
 - Accounting Technician (\$59,000)
 - 10 Police Officers (\$0)
 - Canine Units (\$18,000)



Public Safety-Fire

- Cardiac Monitor Replacement (\$550,000)
- AreaRAE Gamma Remote Monitoring System (\$100,000)
- Ladder Truck (\$1.2 Million)
- Fire Station #3 Design (\$550,000)
- 9 Firefighters (\$600,000 Annually)



Parks & Recreation

- Rip Hewes Stadium Phase II (\$6 Million)
- Water World (\$2 Million)
 - Entrance, Concessions, Employee Lounge
 - Additional Lifeguards & Concessionaires (\$0)
- Field Lighting
 - Dixie Youth (\$500,000)
 - Tennis Center (\$200,000)
- James Oates Park Turf (\$1.7 Million)
 - Cost Share with Visit Dothan
- Walton Pool Repairs (\$250,000)
- Westgate Softball Complex Fence Replacement (\$100,000)



City Facilities & Fleet

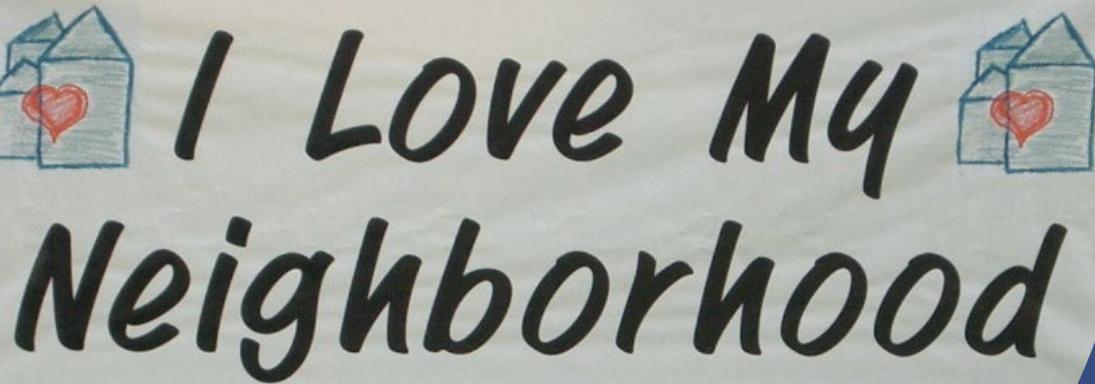
- Facility Maintenance/Repairs and Project Management
 - Facility Repairs (\$800,000 Annually)
 - ADA Compliance (\$250,000 Annually)
 - General Services Project Manager (\$106,000)
- Fleet Management (\$1.7 Million Annually)
 - Increase Vehicle Replacement Funding in Solid Waste Division from \$300,000 to \$850,000 Annually



Downtown

- Downtown Infrastructure and Beautification
 - 300 Block of North Foster Street Underground Utilities & Streetscape (\$600,000)
 - North Saint Andrews Streetscape (\$400,000)
 - North Oates & Powell Streetscape Phase 1 (\$50,000)
 - Downtown Lighting (\$150,000 Annually)

Neighborhoods



 I Love My 
Neighborhood

- Neighborhood Enhancement
 - Dothan Neighborhood Initiative Partnership Grant Program (\$25,000 Annually)
 - Sidewalk Crew (\$167,000 Annually)
 - Sidewalk Crew Equipment (\$145,800)
 - Sidewalk Construction (\$250,000 Annually)
- Affordable Housing

Economic Development



- Industrial Development
- Commercial (Re)development
- Economic Development Projects (\$500,000 Annually)
- Brownfield Remediation (\$100,000 Annually)

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Financial Condition

- City is Financially Strong
 - Healthy Fund Balance
 - Growing Permanent Reserve Fund
 - Strong Credit Rating
 - Debt Management
- Economy is Strong
 - Sales Tax Revenue
 - Enterprise Funds Revenue
 - COVID Threat
 - Federal Infrastructure Funds
- Strategic Planning Process
- Capital Planning Process & Funding Strategy

Fiscal Years 2022 and 2023

Next Steps

- **Thursday, August 26th** – Requested Deadline for Comments
- **Thursday, September 2nd** – Biennial Budget Documents Available for Commission
- **Tuesday, September 7th** – Biennial Budget Presented to Commission for Adoption

QUESTIONS?