

FISCAL YEAR 2019

MAYOR WALT MADDOX

MAYOR'S BUDGET RECOMMENDATIONS

**TOWARD
T  M  R R  O W**



“It's hard to rank government priorities... as all are **equally important** in many ways.”

“**Bike lanes** and **bike signage**. Lots of people ride bikes in Tuscaloosa for fitness and commuting.”

“All things considered, I am **very impressed** with the **quality** of Tuscaloosa's government services.”

“The City is growing fast, we need a better plan for **traffic** and **recreational activities** for our young adults and students.”

“Schools, schools, schools.”



STANDARD OF EXCELLENCE

To be the most **innovative** and **effectively managed** city in the United States

The budget is the City's roadmap to enhance the **quality of life** for **all citizens**.

It will be **conservative** to ensure healthy reserves and maintain high credit ratings.



CORE BELIEFS



**Economic prosperity
in all parts of our city**



**Open, efficient and
effective customer-friendly
environment**



**Emphasis on comprehensive
planning and infrastructure
investments**



**Citizen safety in all
areas with swift and
effective response**



**Highly effective
pre-k programs**



**Shared responsibility among
employees to provide high
level of dedication**



OPERATING BUDGETS

General Fund	\$ 155,105,724
Water and Sewer Fund	54,074,701
Total	\$ 209,180,425





EMPLOYEE INVESTMENT

2.0%

COST OF LIVING ADJUSTMENT

\$1,594,476

ONE

STEP INCREASE

\$920,629

No increase in **employee health insurance** deposit rates

Highest net pay for employees since **2006**

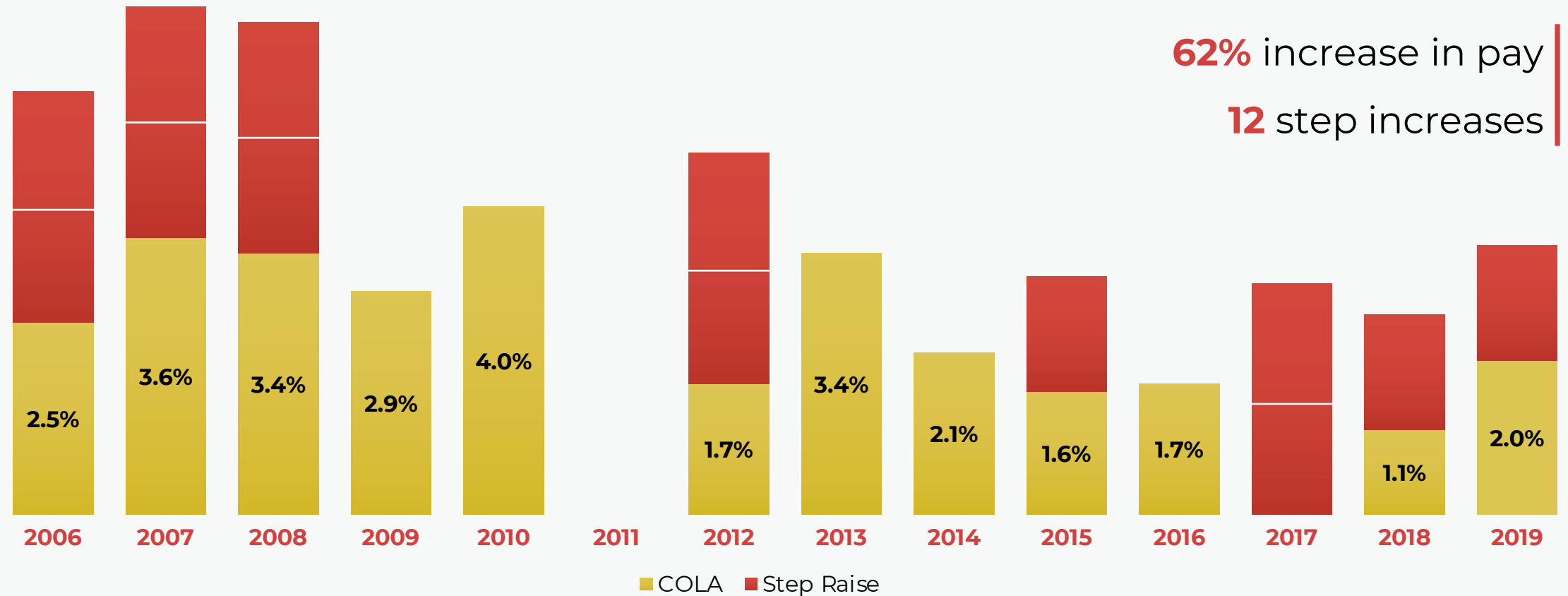
Includes **\$250,000** to offset the **Health Insurance Fund deficit**





SALARY INCREASE TRENDS

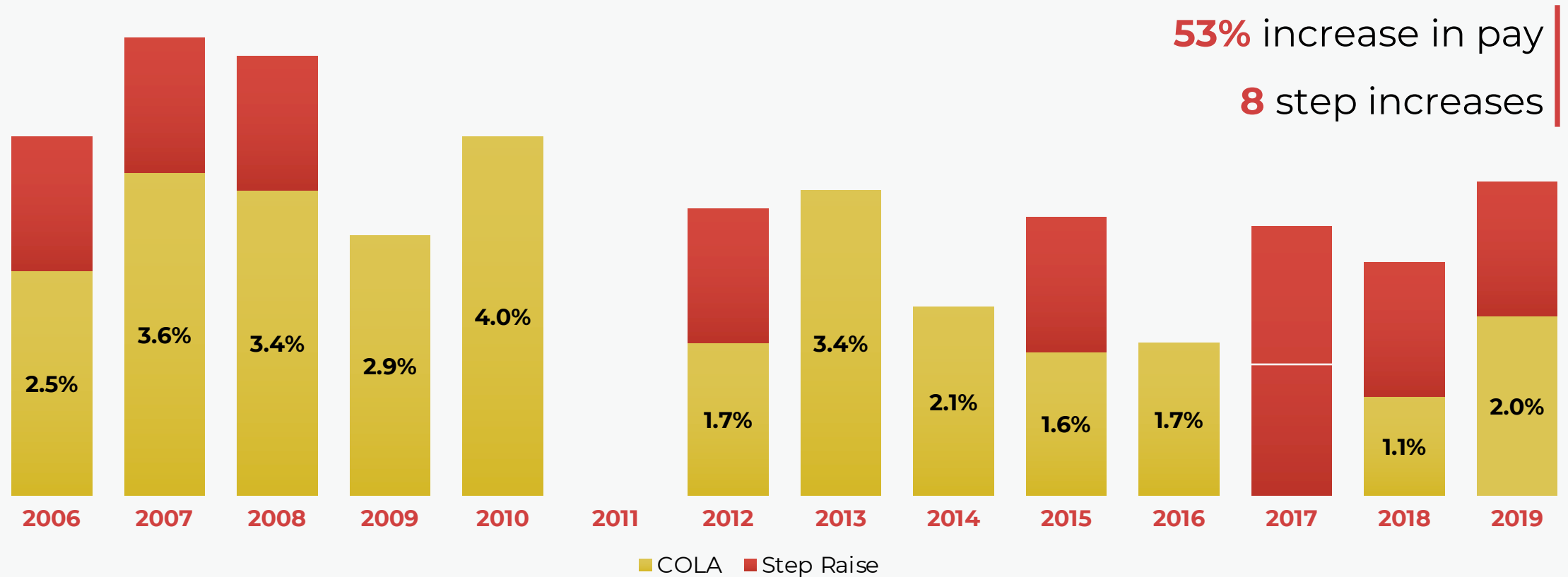
EXEMPT/PUBLIC SAFETY COLA AND STEP INCREASES





SALARY INCREASE TRENDS

NON-EXEMPT COLA AND STEP INCREASES

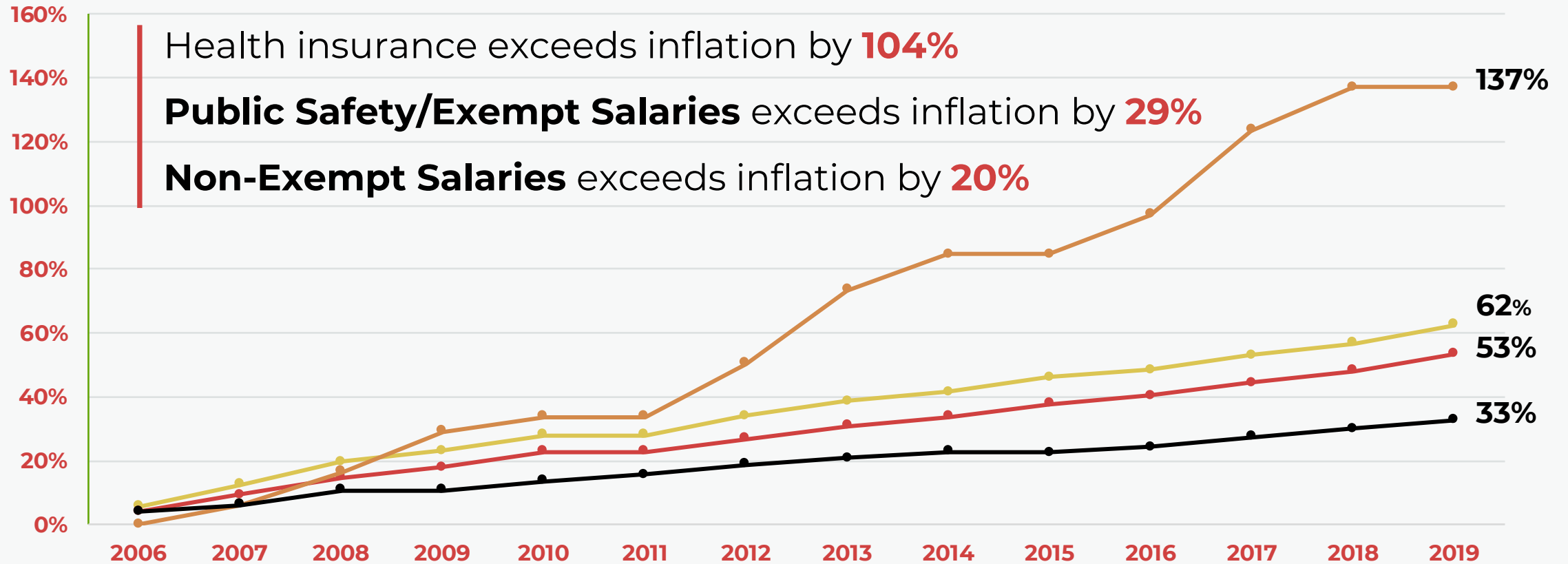




SALARY INCREASE TRENDS

COMPARED TO HEALTH INSURANCE

Exempt/Public Safety Salaries Non-Exempt Salaries Health Insurance Premiums National Inflation



ONLINE SALES UPDATE

April 2018 Alabama Legislature amends SSUT program

- Participation becomes mandatory for marketplace sellers
- Effective October 1, 2018

June 2018 Supreme Court overturns Quill “physical presence” rule in the Wayfair case

Online sales growth continues to **outpace** brick and mortar **3 to 1**

\$725,000 budgeted in FY 2019 for online sales tax, an **increase** of **\$275,000** over FY 2018

Estimated loss in sales tax revenue each year is **\$5.3 million**

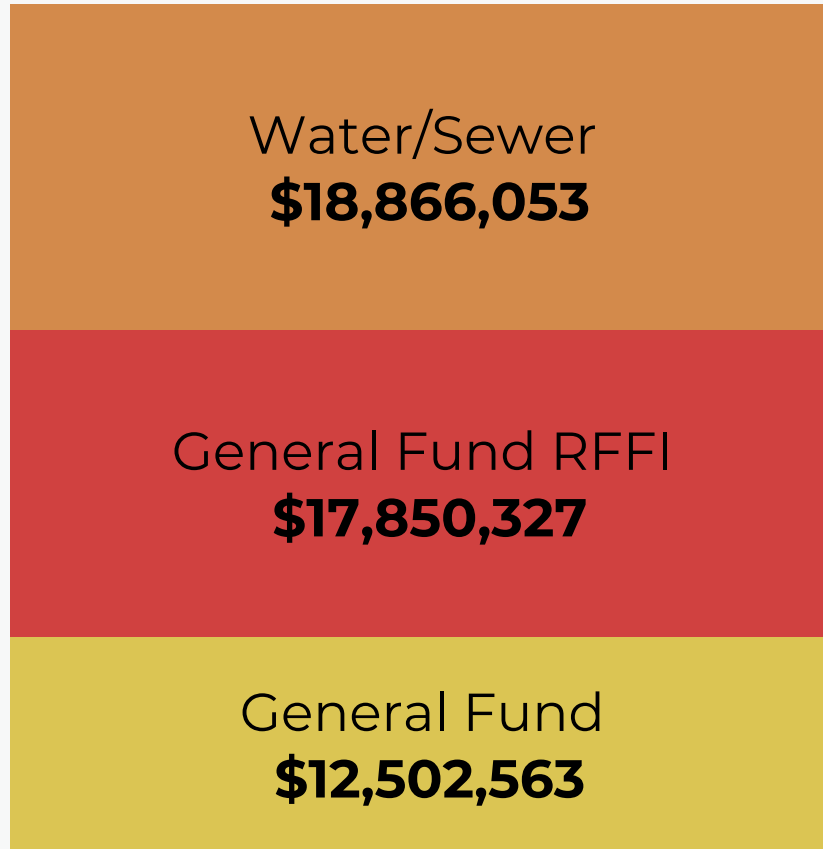




GENERAL FUND

UNDESIGNATED RESERVES

Total **\$49,218,943**



FY 2011 Budget \$42,598,280

Reserves are based on the FY 2017 and FY 2010 annual audits



ENVIRONMENTAL SERVICES

GARBAGE, TRASH AND RECYCLING

Recommending a **\$1 per month** rate **increase**

Each **\$1** yields nearly **\$275,000 annually** in revenues to be used to offset increases in much needed operational expense

Proposed Residential	\$ 21.35
Proposed Non-Residential	31.35



ENVIRONMENTAL SERVICES

GARBAGE, TRASH AND RECYCLING

Proposed Residential	\$ 21.35
Proposed Non-Residential	31.35

Rates needed to meet actual cost

Residential	\$ 27.82
Non-Residential	37.82

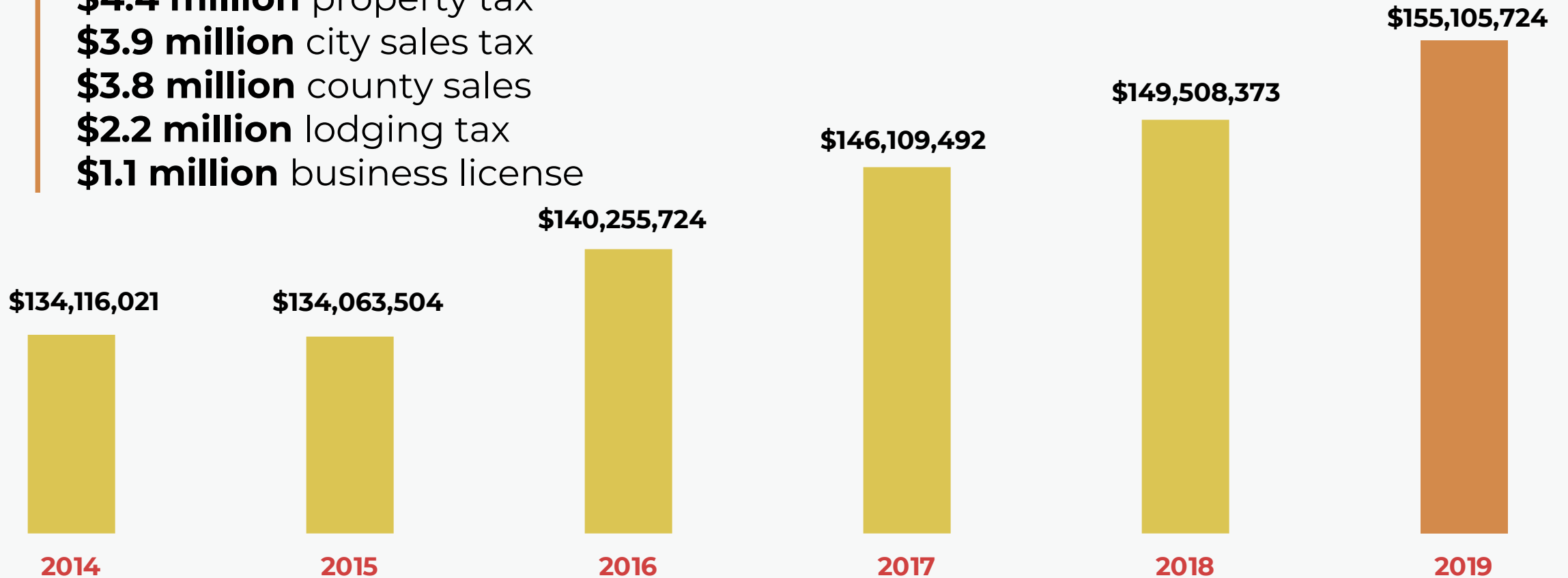
Annual customer savings **\$77.65**



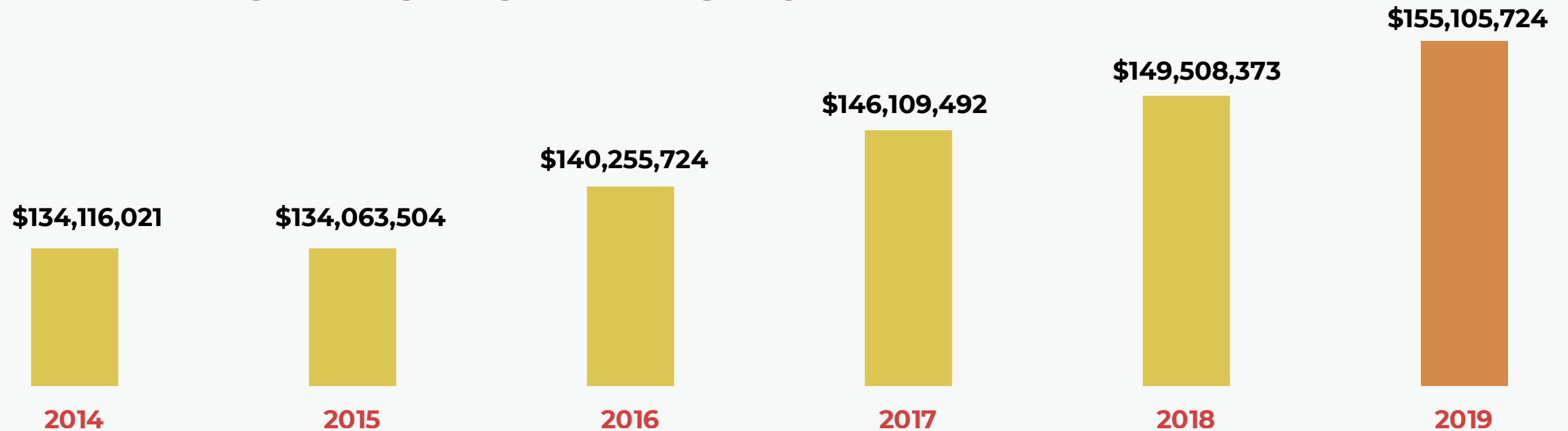
REVENUE BUDGET HISTORY

\$20.9 million growth since 2014

- \$4.4 million** property tax
- \$3.9 million** city sales tax
- \$3.8 million** county sales
- \$2.2 million** lodging tax
- \$1.1 million** business license



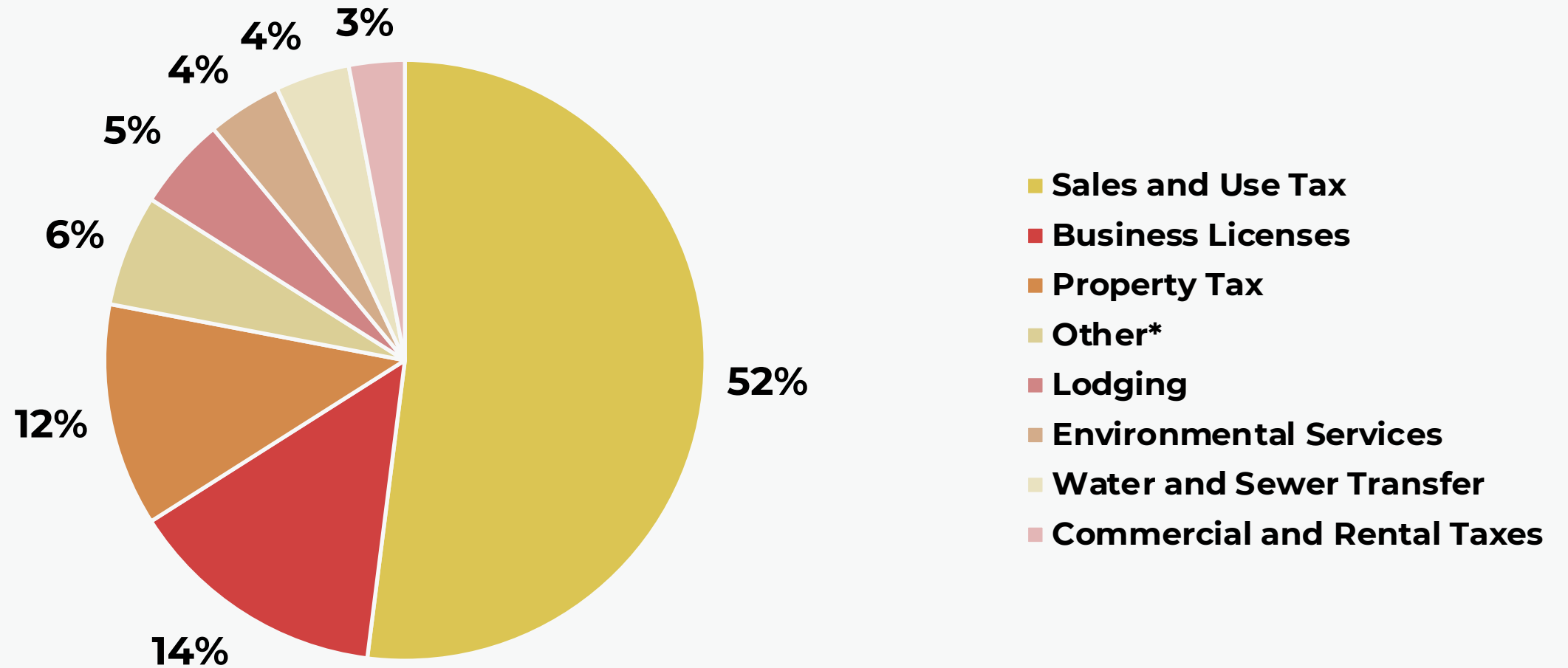
REVENUE BUDGET HISTORY



\$ **666,274** is passed through to the **Tuscaloosa City Schools** (12%)
1,110,677 in **city sales tax** increases
663,000 in **county sales tax** increases
546,010 in **use tax** increases
864,000 in **lodging tax** increases
925,142 in **property tax** (\$315,000 for GF Facility Renewal Fund)
675,000 in **business license** increases



REVENUE SOURCES



*Other includes, but is not limited to, grants, interest income, building permits, bank excise tax, transfers, road and bridge tax, inspection fees, and cost reimbursements

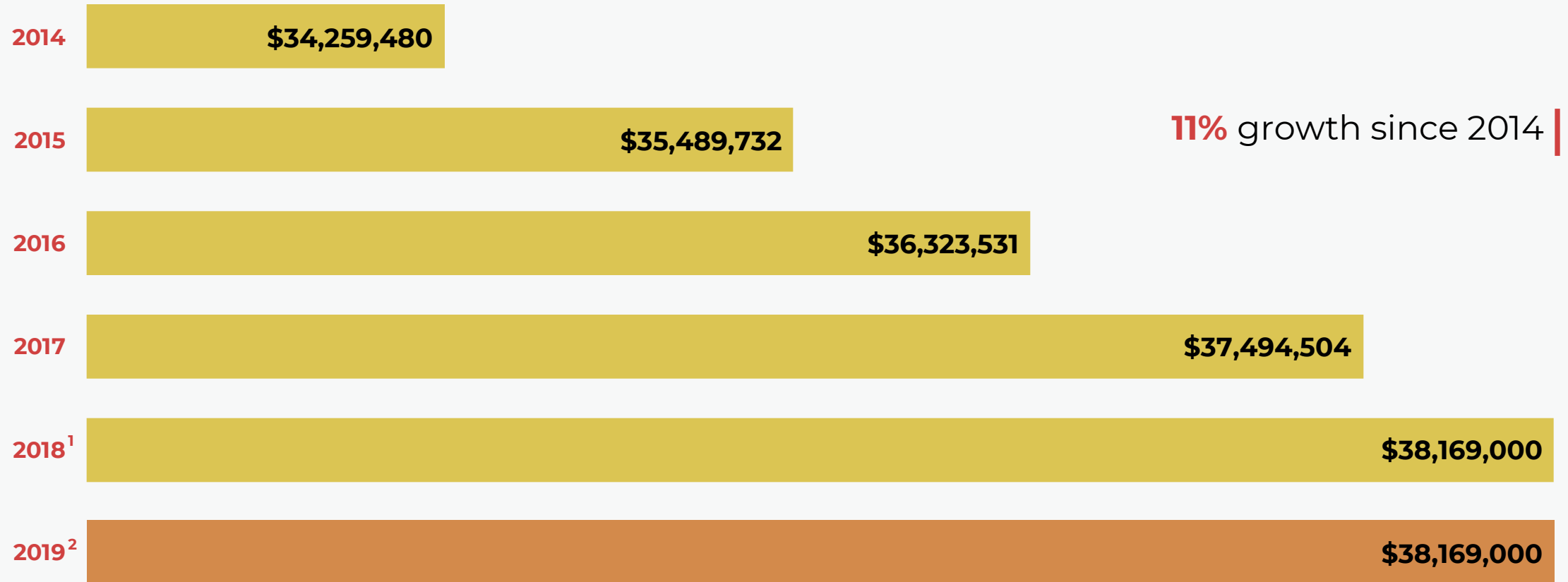


MAJOR DISCRETIONARY REVENUES

DISCRETIONARY TAXES	FY 2019 PROPOSED	FY 2018 BUDGET	INCREASE
City Sales Tax	\$ 38,169,000	\$ 37,058,323	\$ 1,110,677
Business License	19,850,000	19,175,000	675,000
Property Tax	17,042,000	16,116,858	925,142
County Sales Tax	16,936,000	16,273,000	663,000
Water/Sewer Transfer	6,396,059	6,309,866	86,193
Rental License Tax	3,336,000	3,202,000	134,000
Use Tax	3,844,000	3,297,990	546,010
Liquor Tax	1,685,000	1,549,000	136,000
Total	\$107,258,059	\$102,982,037	\$4,276,022



CITY SALES TAXES



¹Projected collections per Accounting and Finance Department

²FY 2019 budget based on FY 2018 projections



CITY SALES TAX VS. OTHER CITIES

CITY	POPULATION	CITY RATE	COMBINED RATE
Mobile	190,265	5%	10%
Gadsden	35,409	5%	10%
Huntsville	194,585	4.5%	9%
Birmingham	210,710	4%	10%
Vestavia Hills	34,291	4%	10%
Bessemer	26,386	4%	10%
Dothan	68,202	4%	9%
Auburn	63,973	4%	9%
Decatur	54,405	4%	9%
Phenix City	36,219	4%	9%
Alabaster	33,202	4%	9%
Opelika	30,240	4%	9%
Enterprise	28,247	4%	9%
Montgomery	199,518	3.5%	10%
Madison	48,861	3.5%	9%
Prattville	35,409	3.5%	9.5%
Florence	39,852	3.5%	8.5%
Hoover	84,920	3.5%	8%
Daphne	25,960	2.5%	9.5%
Tuscaloosa	100,287	2%	9%

Tuscaloosa's combined rate is **2.57%** if portion from county is included



CITY SALES TAX VS. OTHER CITIES

If we had their city sales tax rate, then we would have an additional \$_____ to invest across the City annually*

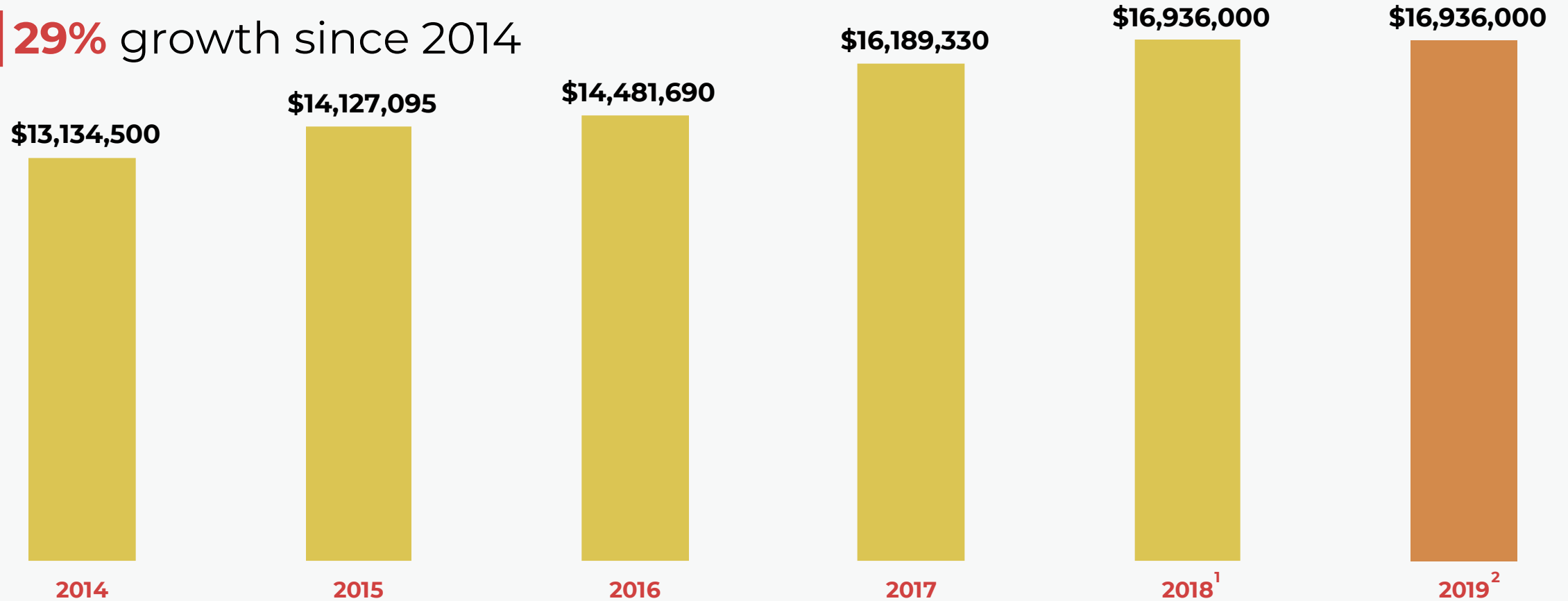
Mobile 5%	\$ 57 million
Huntsville 4.5%	47.5 million
Auburn 4%	38 million
Montgomery/Hoover 3.5%	28.5 million

*Based on the City's sales tax rate that 1 percent equals \$19 million for FY 2019



COUNTY SALES TAX

29% growth since 2014



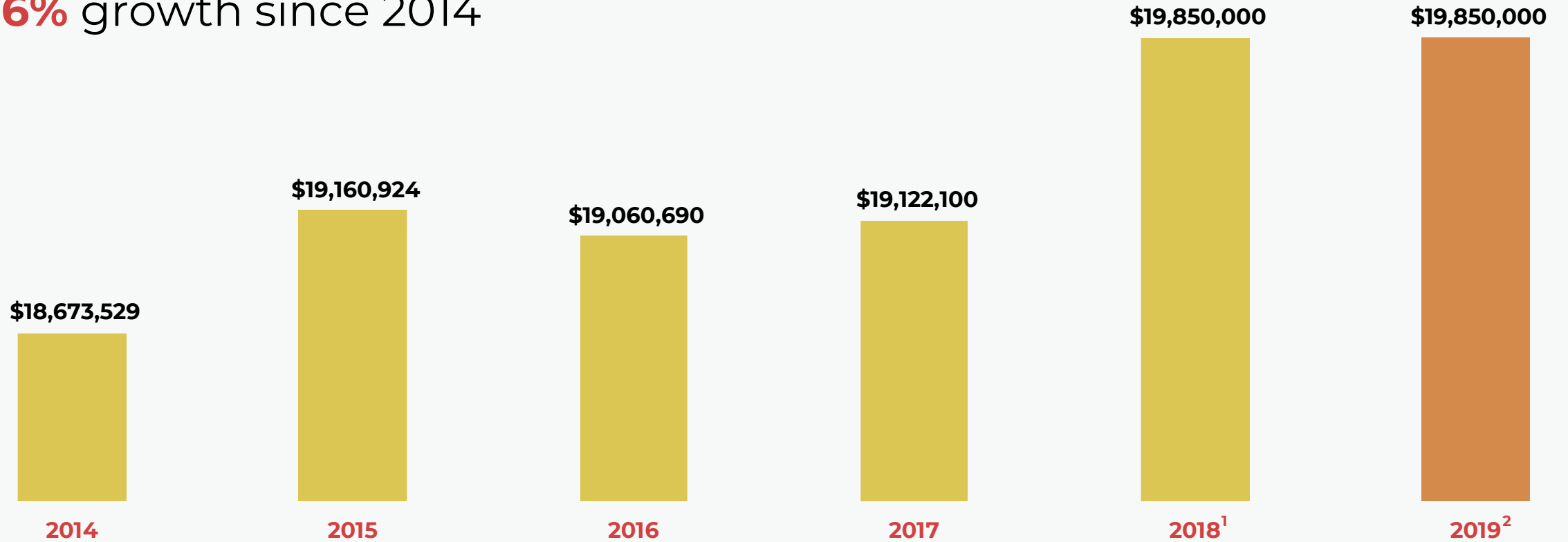
¹Projected collections per Accounting and Finance Department

²FY 2019 budget based on FY 2018 projections



BUSINESS LICENSE

6% growth since 2014



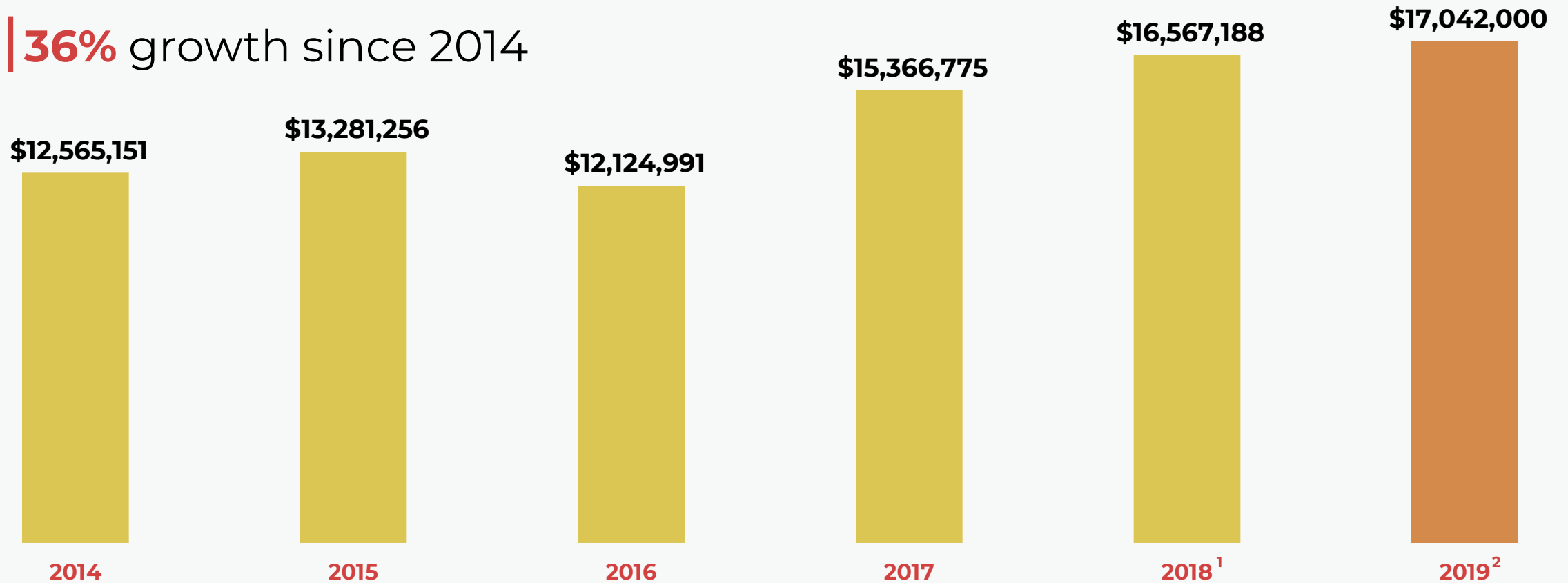
¹Projected collections per Accounting and Finance Department

²FY 2019 budget based on FY 2018 projections



PROPERTY TAX

36% growth since 2014



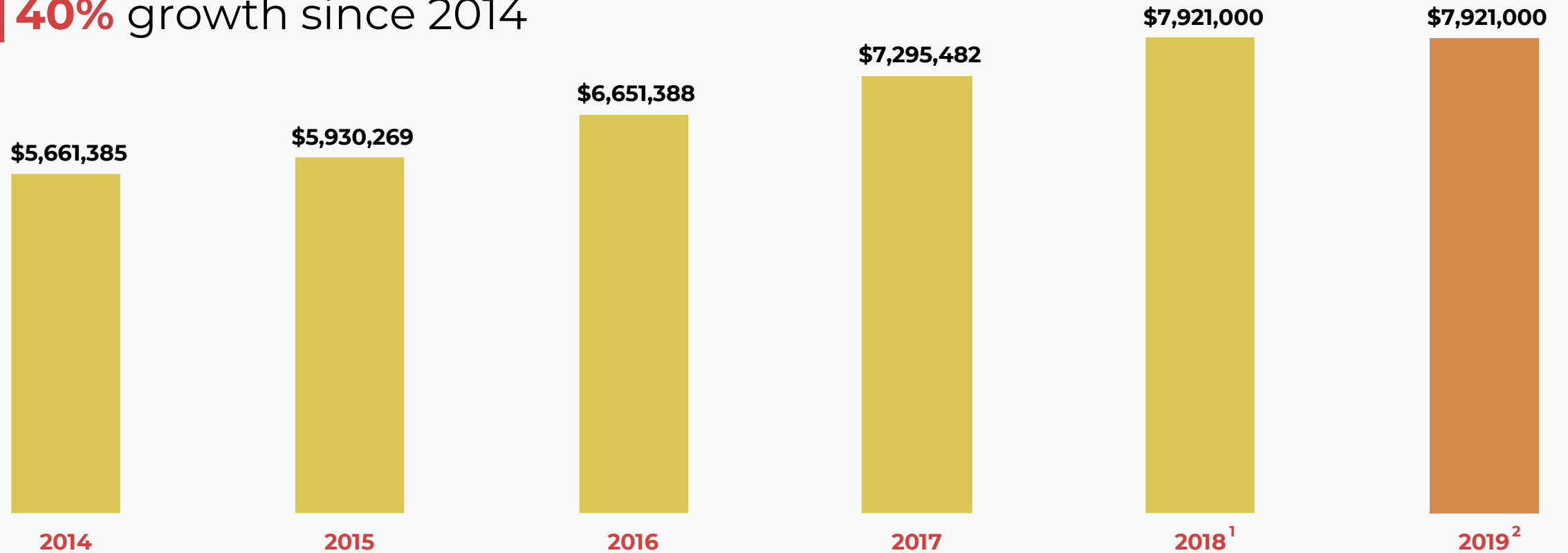
¹Projected collections per Accounting and Finance Department

²FY 2019 budget based on FY 2018 projections



LODGING TAX

| **40%** growth since 2014



¹Projected collections per Accounting and Finance Department

²FY 2019 budget based on FY 2018 projections



LODGING TAX ALLOCATIONS

2% of lodging tax is committed to the **Amphitheater** and **River Market**

In FY 2008, we projected we'd collect **\$955,242** by **FY 2015**

We were on target, collecting **\$1,068,378**



LODGING TAX ALLOCATIONS

2% of lodging tax is committed to the **Amphitheater** and **River Market**

In FY 2008, we projected we'd collect **\$1,107,387** by **FY 2020**

We are on target, projecting to collect **\$1,368,208**



EXPENDITURE HIGHLIGHTS

BUDGET PROCESS

Each department was tasked with **level funding** operations using FY 2018 amounts

Items outside of level funded amounts were submitted during the budget process as **unfunded requests** and carefully reviewed

- Personnel
- New initiatives
- Technology
- Equipment and facility improvements



EXPENDITURE HIGHLIGHTS

NEW INITIATIVES



\$80,000



Expanding **hours of operation** at The Gateway 

- Will open at **8 a.m.** and on **Mondays**
- **11,000+** visitors



\$30,000

Phase I study to analyze **terminal improvements** at the Tuscaloosa Airport



\$130,000

Take over the maintenance of **Annette Shelby Park** and various **boat landings**, offset by a reduction in PARA agency funding



EXPENDITURE HIGHLIGHTS

NEW INITIATIVES



\$385,297

Police security in elementary schools

- **10** new **security guard seniors** (APOST certified)
- **\$97,000** offset by TCS reimbursement for **crossing guards**
- Police division **Adopt-A-School** initiative to save in overtime costs



\$350,000

Investing in Fire and Rescue overtime to provide new **off-duty training program**

- More stations remaining online
- Uninterrupted training for our firefighters



EXPENDITURE HIGHLIGHTS

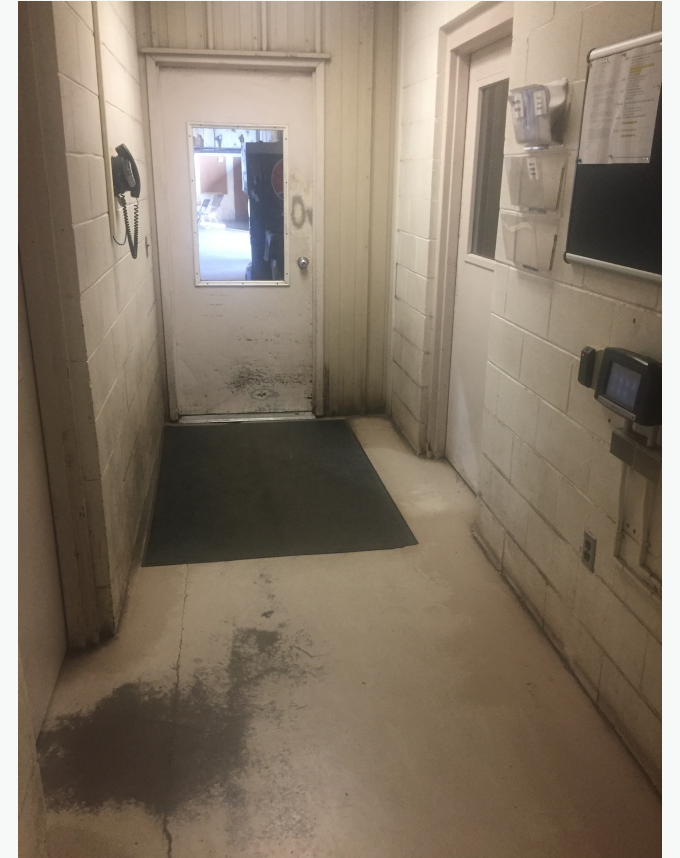
GENERAL FUND FACILITY RENEWAL FUND

\$475,000

3% of projected property tax growth is budgeted for FY 2019 – **6 year** average is **5%**


\$315,000


2% of the growth will be transferred into the **GF Facility Renewal Fund** to begin funding much needed facility improvements



EXPENDITURE HIGHLIGHTS

AGENCY FUNDING AND CONTINGENCY

 **\$115,040** increase to **Transit Authority** for new **Skyland route** operating costs

 **\$130,000** reduction for PARA due to City costs for **Annette Shelby Park** and **various boat landings**

All other agencies that submitted applications were **level funded**

Provides a contingency balance of **\$534,979**



EXPENDITURE HIGHLIGHTS

PUBLIC SAFETY RADIO COMMUNICATIONS SYSTEM

- Leading-edge **emergency** and **disaster response** capabilities
- Safer community
- **Enhanced mutual support** with neighboring communities
- **Real-time information** sharing among first responders

Cost \$6,000,000

7-year lease \$936,000/year



EXPENDITURE HIGHLIGHTS

PUBLIC SAFETY RADIO COMMUNICATIONS SYSTEM

Funding Proposal

FY 2018 Escrow **\$1,230,000**

- **\$500,000** Police salary savings
- **\$250,000** Contingency
- **\$396,000** Armory Drainage Fund
- **\$84,000** Land sale (GF-RFFI)
- **FY 2019** 1 year lease deferment
- **FY 2020** Use escrowed funding for first payment
- **FY 2021** \$750,000 in current debt service (fire equip.) to roll off
- **FY 2022** \$170,000 in current debt service (dispatch console) to roll off



EXPENDITURES BY DEPARTMENT

Infrastructure and Public Services	\$ 33,212,877	21.4%
Other Operating ¹	32,576,060	21.0%
Police	32,112,317	20.7%
Fire & Rescue	23,621,877	15.2%
Agencies	12,228,804	7.9%
Information Technology	5,539,180	3.6%
Accounting and Finance ²	4,387,700	2.8%
Office of Urban Development	4,072,262	2.6%
Human Resources ³	2,411,109	1.6%
Office of the City Attorney ⁴	1,795,413	1.2%
Office of the Mayor	1,219,091	0.8%
Municipal Court	1,061,369	0.7%
Federal Programs	540,237	0.3%
Council	327,428	0.2%

¹ Includes debt service and intergovernmental tax pass through

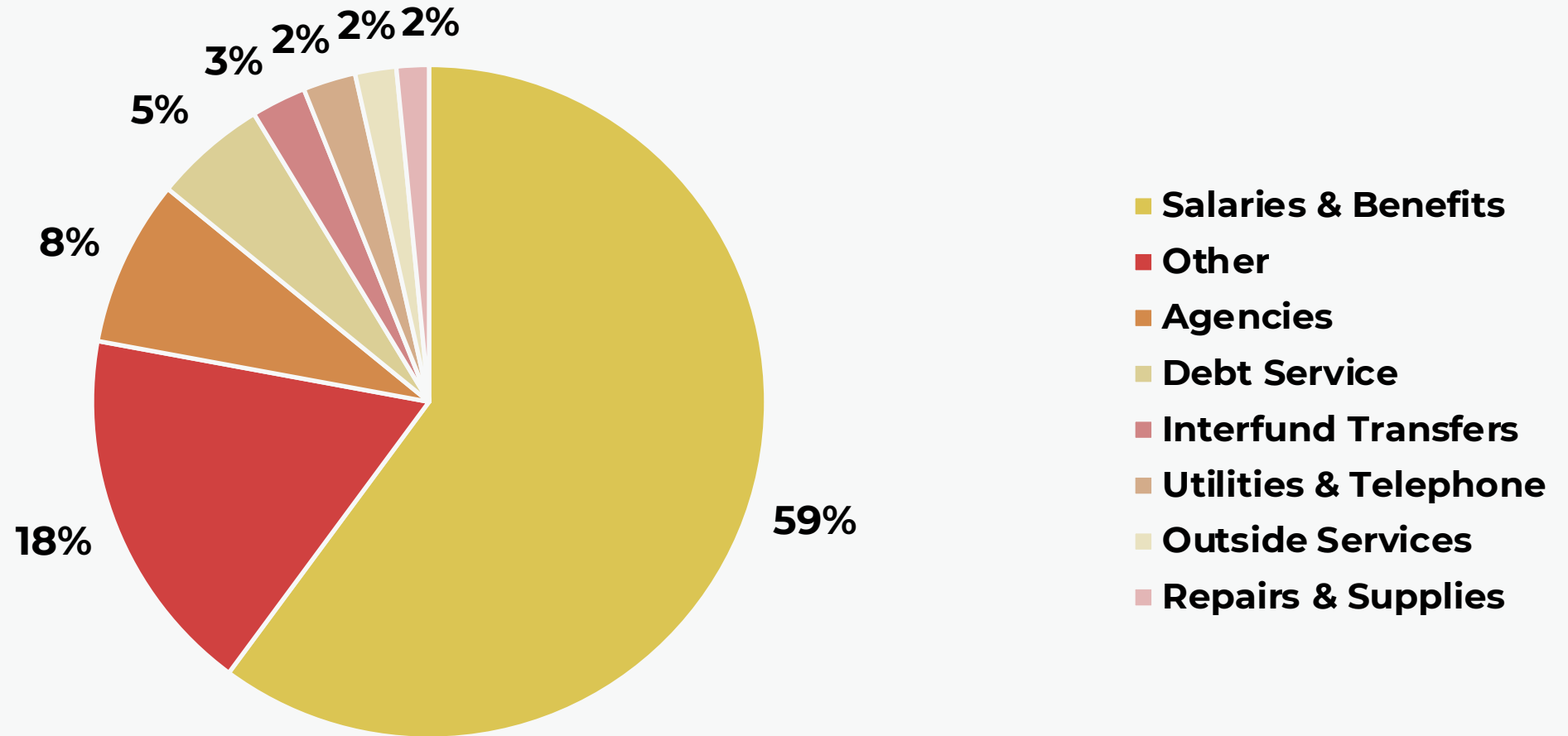
² Includes all property and liability insurance for the City

³ Includes workers' compensation claims

⁴ Includes damage claims and judgements



EXPENDITURES BY TYPE



*Other includes, but is not limited to, contingency, maintenance contracts, jail costs, pass through funds, insurance and claims

\$91,899,579 in Salaries and Benefits



THEN AND NOW

BUDGET COMPARISON

	2007	2019
Salaries and Overtime	60%	59%
Other	22%	25%
Agencies	11%	8%
Debt Service	4%	5%
Utilities and Telephone	1%	2%
Auto Fuel and Maintenance	2%	1%



VEHICLES AND EQUIPMENT

General Fund

Lease Payments	\$ 328,092
Unassigned	434,028
Total	\$ 762,120

Public Safety Capital Fund

FY 2018 Police Equipment Savings	\$ 323,000
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 Fund police helicopter FLIR system to enhance night flying capabilities



TUSCALOOSA COUNTY E-911

E-911 contribution FY 2019 is **\$128,828** less than FY 2018

\$586,468

City share of capital expenses for new building (42.5%)

- **\$117,000** in debt service (year 2 of 5)
- Strategic re-alignment
 - Reduce **personnel cost** by **\$119,000**
 - Reduce **non-emergency calls** into E-911
 - Enhance **medical dispatching**



FUTURE FUNDING NEEDS

POLICE HEADQUARTERS HVAC PROJECT

Upgrade of HVAC system located at police headquarters

Estimated cost **\$2,500,000**

Current funding **\$200,000** (GF-RFFI)

Funding needs **\$2,300,000**



FUTURE FUNDING NEEDS

AIRPORT RUNWAY RECONSTRUCTION PROJECT

To reconstruct and strengthen runway to increase weight capacity performance

\$10,000,000 - \$13,200,000 Estimated cost range

Grant Potential

- **90%** Federal
- **5%** State
- **5% Local**

\$500,000 - \$660,000 City Share if grant is awarded





WATER AND SEWER FUND

WATER AND SEWER BUDGET HISTORY

FISCAL YEAR	BUDGETED REVENUES	BUDGETED EXPENSES
2019*	\$ 49,854,359	\$ 54,074,701
2018	49,500,412	53,726,708
2017	47,833,814	52,842,063
2016	47,952,451	52,309,169
2015	44,490,855	47,384,869
2014	41,774,826	45,610,511

*Without debt principal, expenses would be \$44,564,701



REVENUE HIGHLIGHTS

Recommending a **1%** Water and Sewer rate increase

- **1%** yields about **\$450,000**
- Average monthly residential Water and Sewer bill is **\$56.71***
- Average monthly commercial Water and Sewer bill is **\$258.69***
- The **lowest** rate increase in recent City history

Recommending a **0.5%** Water and Sewer rate increase for rural water authorities

*Does not include garbage rates



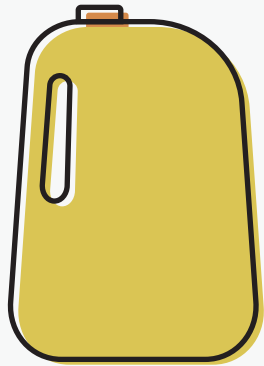
MONTHLY CUSTOMER IMPACT



REVENUE HIGHLIGHTS



A gallon of **tap water** costs **\$0.0029**



\$3.62

A gallon of **milk**



\$16.80

A gallon of **coffee**



\$45.34

A gallon of **wine**



\$1.00

A gallon of **bottled water**

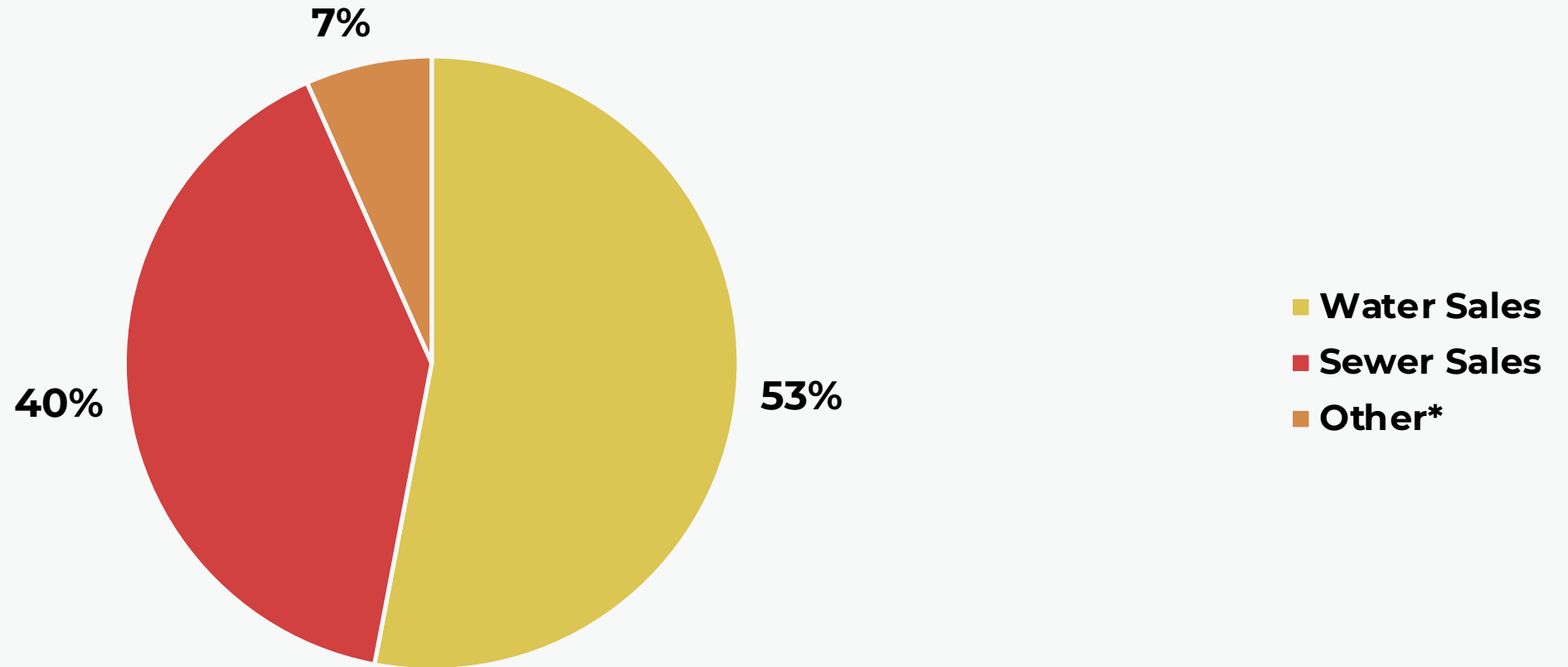


REVENUE COMPARISON

REVENUES	FY 2018 BUDGET	FY 2019 BUDGET	DIFFERENCE
Use of Property	\$ 26,000	\$ 30,500	\$ 4,500
Charges for Services	49,428,528	49,298,815	-129,713
Other Operating	500	461,500	461,000
Transfers from Other Funds	45,384	44,544	-840
Cost Reimbursements	0	19,000	19,000
Total	\$49,500,412	\$49,854,359	\$353,947



REVENUE SOURCES

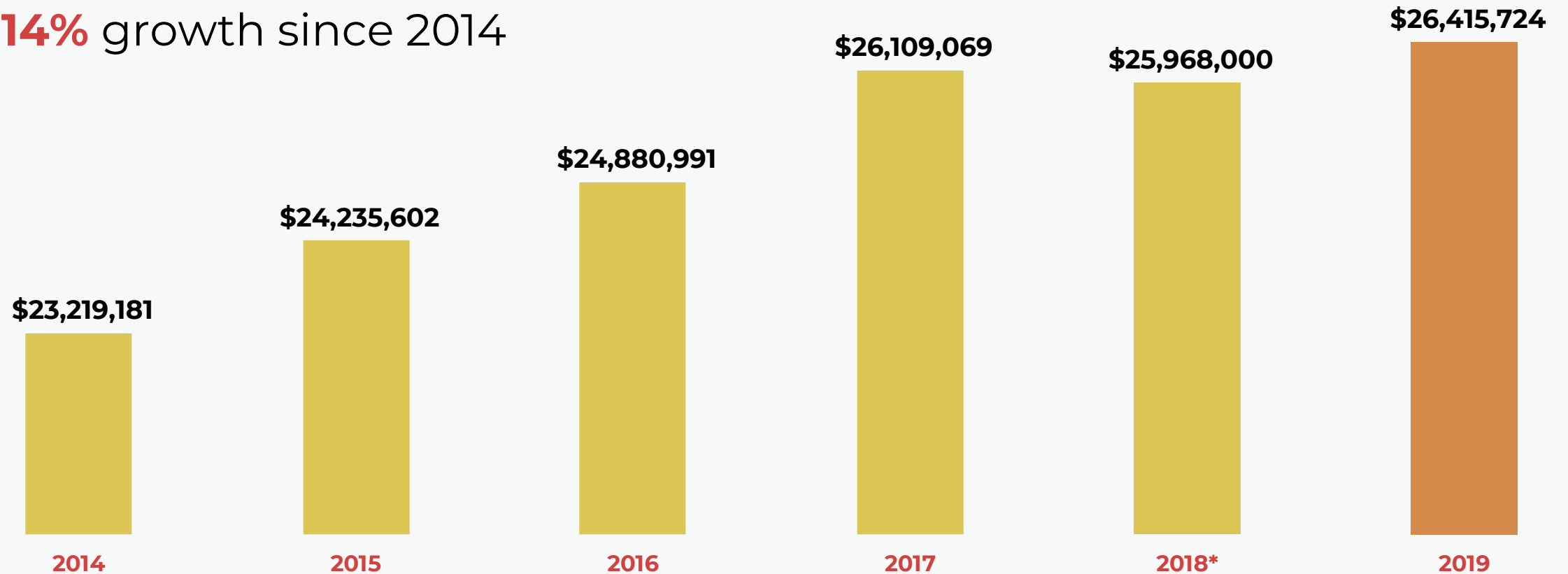


*Other includes, but is not limited to, collection fees, tap fees, meter/fire connection fees, interest income, transfers from other funds and cost reimbursements



WATER SALES

| **14%** growth since 2014

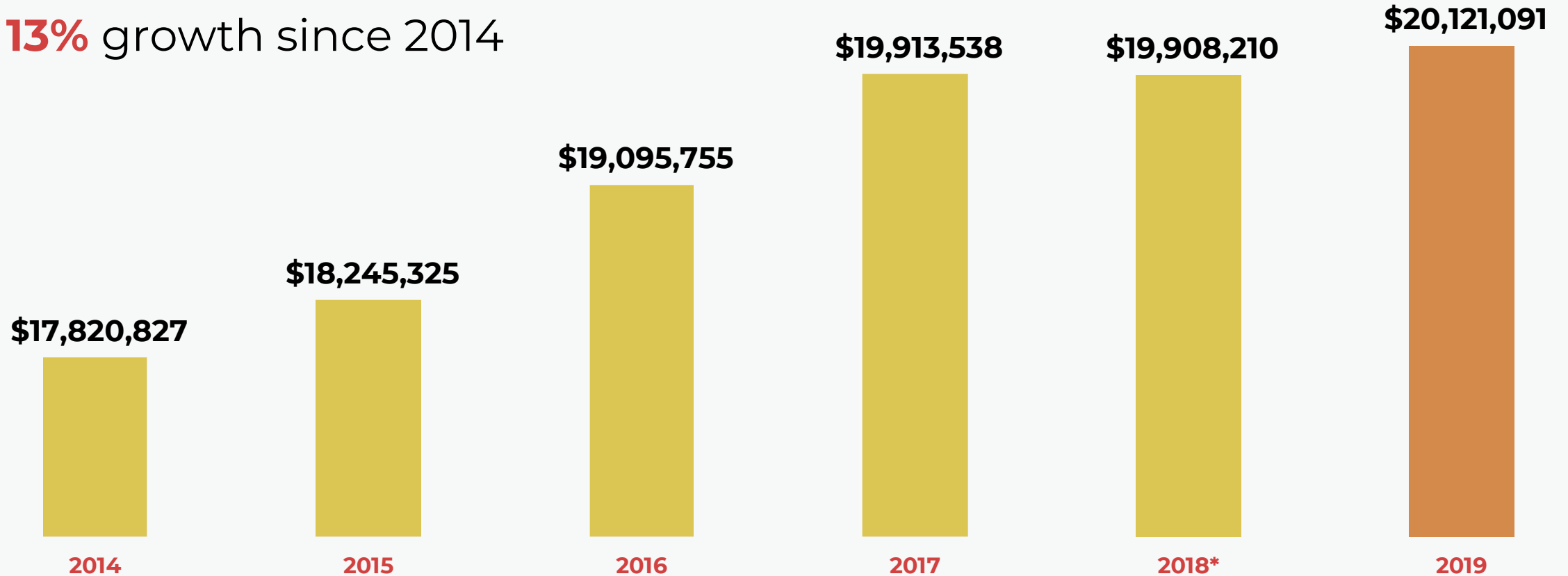


*Projected collections per Accounting and Finance Department



SEWER SALES

13% growth since 2014



*Projected collections per Accounting and Finance Department



EXPENDITURE HIGHLIGHTS

WATER AND SEWER FACILITY RENEWAL FUND

\$300,000 is budgeted to be transferred into the **WS Facility Renewal Fund** to begin funding much-needed facility improvements



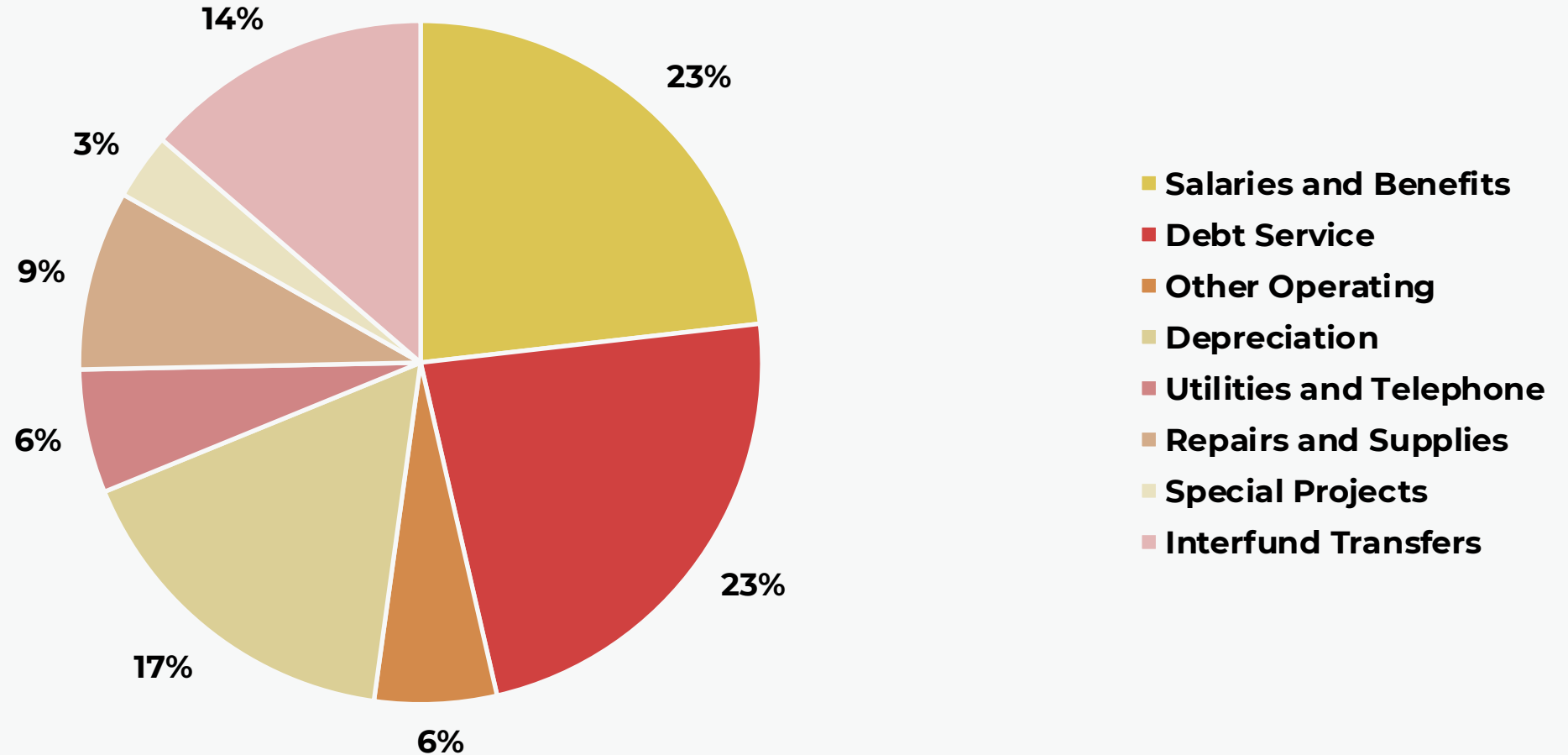
EXPENDITURE BY DEPARTMENT

Other Operating*	\$ 28,976,200	53.6%
Infrastructure and Public Services	23,080,603	42.7%
Office of Urban Development	937,002	1.7%
Information Technology	524,602	1.0%
Accounting and Finance	506,294	0.9%
Office of the City Attorney	50,000	0.1%

*Other includes, but is not limited to, debt service, depreciation and transfers to other funds



EXPENDITURE BY TYPE



Other expenses include, but are not limited to, chemicals, tip fees, outside services and auto fuel

\$12,536,882 in salaries, and benefits.



THEN AND NOW

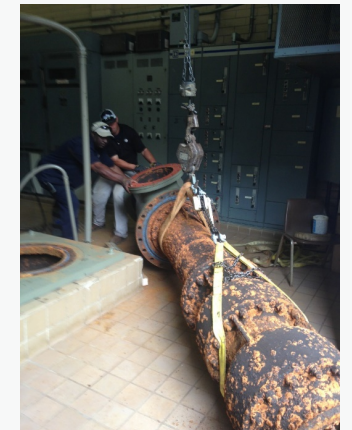
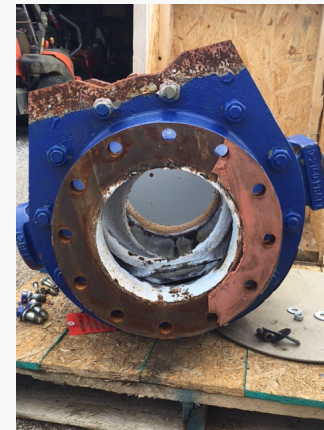
BUDGET COMPARISON

	2007	2019
Salaries and Benefits	27%	23%
Other	34%	45%
Debt Service	30%	23%
Utilities and Telephone	7%	6%
Equipment	1%	2%
Auto Fuel and Maintenance	1%	1%



VEHICLES AND EQUIPMENT

Lease Payments	\$ 228,305
Process Equipment	478,000
Capital Repairs	1,062,120
Vehicle Allocation	421,695
Total	\$ 2,186,000



BUDGET TEAM

ACCOUNTING AND FINANCE



Walt Maddox
Mayor

Mike Wright
Chief Financial Officer

Susan Snowden
Deputy Chief Financial Officer

Katy Metcalfe
Director of Budgets & Strategic Planning

Ashley Price
Budget Manager



2019 BUDGET HEARING SCHEDULE

DAUGHERTY CONFERENCE ROOM

Tuesday, Aug. 28

8 – 8:30 a.m.	Tuscaloosa Tourism
8:30 – 9 a.m.	Tuscaloosa Board of Education
9 – 9:30 a.m.	Tuscaloosa Public Library
9:30 – 10 a.m.	District Attorney's Office
10:15 – 10:35 a.m.	Kristen Amerson Youth
10:35 – 10:55 a.m.	Child Abuse Prevention
10:55 – 11:55 a.m.	Transit Authority
3:15 – 4 p.m.	PARA



2019 BUDGET HEARING SCHEDULE

DAUGHERTY CONFERENCE ROOM

Tuesday, Sept. 4

8 – 8:30 a.m.	Overview
8:30 – 9:30 a.m.	Revenues
9:30 – 10:45 a.m.	Police
10:45 – Noon	Fire and Rescue
Noon – 12:30 p.m.	Budget Hearing Wrap-Up



2019 BUDGET HEARING SCHEDULE

DAUGHERTY CONFERENCE ROOM

Tuesday, Sept. 11

8 – 10 a.m.	Infrastructure and Public Services
10 – 10:30 a.m.	Office of the City Attorney
10:30 – 11:30 a.m.	Urban Development
11:30 a.m. – Noon	Federal Programs
Noon – 12:30 p.m.	Budget Hearing Wrap-Up



2019 BUDGET HEARING SCHEDULE

DAUGHERTY CONFERENCE ROOM

Tuesday, Sept. 18

8 – 8:45 a.m.	Accounting and Finance
8:45 – 9:30 a.m.	Mayor/Clerk/Council/Communications
9:30 – 10:30 a.m.	Human Resources
10:30 – 11:30 a.m.	Information Technology
11:30 a.m. – Noon	Municipal Court
Noon – 12:30 p.m.	Budget Hearing Wrap-Up





WE WANT YOUR INPUT

Visit Tuscaloosa.com/towardtomorrow

TOWARD
T M R R W