



Mayor Wilson's 2020 Budget Overview

This is not your typical overview for a budget. I sincerely hope you will take the time to review it - I promise if you do, you'll be inspired to hold elected officials accountable and understand what will happen if you don't.

The image included in this blog post is about importance of passing the budget on time. Something that has not taken place this term. The budget was updated 7 times before it was approved late by Council for the fourth year in a row. We cannot run a City successfully without it.



For the first time in Fairhope history, the 2020 City Budget proposal requires zero dollars of utility profits to balance. The City is finally self-sustaining financially and can run independently from our Utility Department. There are ZERO Utility dollars paying for government operating expenses. I'm not sure how many ways I can articulate it, but this is a very good thing and something to be celebrated!

And in case anyone tries to tell you "it's all City money", know that is not true. The City operates with tax dollars. The Utility Department operates with rate fees. The money is not the same and going back to the old way of doing business should never happen again.

IF UTILITIES WERE STILL USED AS A SLUSH FUND

If Reported Financials the Same as previous Terms			
	<u>2017</u>	<u>2018</u>	<u>2019</u>
City Surplus	\$4,861,460	\$4,216,218	\$3,936,051
Utility Surplus	\$2,148,709	\$2,504,961	\$2,995,084

	2017	2018	2019
Utility Actual Surplus	\$4,559,572	\$7,106,964	\$7,606,545

Since there has been some confusion about what this really means, I want to show you how the City and Utility financials would look if we made no changes. The City would have robbed the Utility Department \$4.86M in 2017, \$4.2M in 2018 and almost \$4M in 2019.

The City was running at an almost \$6M deficit annually before this term. During the last three years, the City has taken over 100% of its own expenses leaving the utility department in a position to afford

its long overdue upgrades and rehabilitation. **The co-mingling of money is what put our utilities in the state they're in today.**

If any future elected official tries to reverse this, citizens should demand a Utility Board be put in place.

OVERALL OBJECTIVES & GOALS OF THIS ADMINISTRATION

ESTABLISH A PLAN FOR RESPONSIBLE GROWTH

This was the number one concern in 2016 for Citizens and why I decided to run for office. There was no strategic plan in place and the City was allowing developers to define it for us. The Comprehensive plan ties in all city services, environmental impacts and smart growth objectives which will serve as a true roadmap for our future. The \$850k RESTORE-funded, community-engaged plan will start soon.

How to Manage Growth?

Two-thirds of the area that makes up Fairhope is un-zoned. Therefore, pretty much anything can be developed, and it will affect your quality of life. Planning must include enforceable regulations for development through a comprehensive land-use plan. Contiguous property, if annexed, would enable the City to fully enforce a standard for which property owners, developers and their neighbors will benefit.

To start this process, there must be a value for those who live outside the City limits. Otherwise, there is no incentive to change anything. The map below shows the blue areas inside and white areas outside our City limits. The Airport is the non-contiguous South parcel. As you can see, developers have a great deal of flexibility to do what they want in most of the area that makes up our great City.

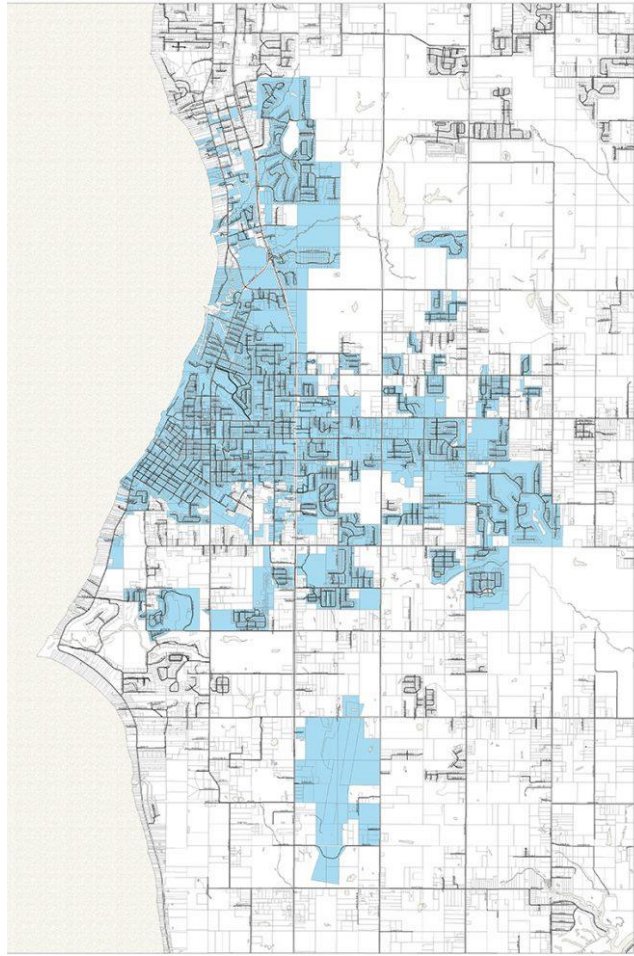
Proper planning encourages those who own contiguous property to annex into the City and become part of a bigger more collaborative development plan. Because this has not been in place for so long, developers are defining our future.

In order to manage the growth and ensure the quality of life you enjoy, the mindset must shift from "I want to be able to do whatever I want with my property" to "I want to be a part of a bigger plan that elevates us all." When this happens, we all benefit: property owners, developers and our neighbors! Otherwise, the very things we love about living in a Utopian Village will change and change quickly.

Police Jurisdiction

Another way to incentivize annexation and manage expenses is to reduce our Police Jurisdiction or eliminate it through a planned transition with the County. The Police Department has been grossly understaffed for many years and we currently extend the PJ three miles outside the City limits. Each year the department's budget increases while the revenue collected from the PJ does not come close to offsetting its portion of expenses.

FAIRHOPE CITY LIMITS



Blue shaded area inside City Limits. Most of the white shaded area makes up the Police Jurisdiction

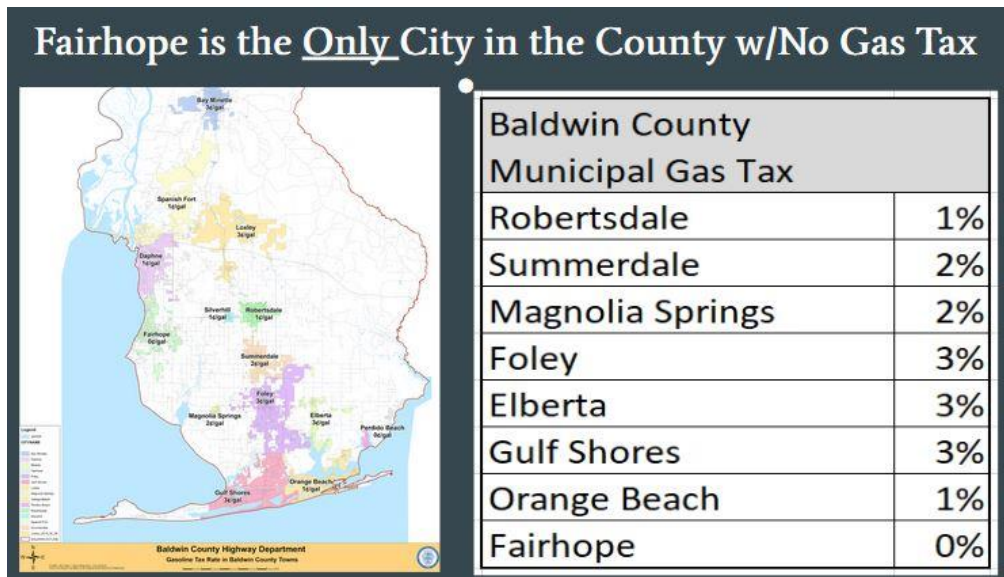
It is not financially sustainable nor fair to taxpayers inside the City limits paying for most of the budget. The revenue received in the jurisdiction does not come close to offsetting its share of the overall PD. Council cannot continue to ignore this unsustainable issue. We work for constituents, the ones who voted us into office. You expect us to plan Fairhope’s future.

POLICE JURISDICTION IS NOT SUSTAINABLE

POLICE DEPARTMENT EXPENSES				
FY20	FY19	FY18	FY17	FY16
\$7,498,796	\$6,154,254	\$5,914,850	\$5,345,629	\$5,716,485

POLICE JURISDICTION REVENUE OFFSET				
	FY19	FY18	FY17	FY16
License Fees	\$90,000.00	\$88,206.00	\$89,921.00	\$83,700.00
Cigarette/Tobacco Tax	\$27,500.00	\$45,710.00	\$45,944.00	\$43,588.00
Liquor/Beer/Wine Tax	\$39,400.00	\$59,086.00	\$71,316.00	\$47,504.74
Lodging Tax	\$426,140.00	\$388,748.00	\$454,258.00	\$460,148.61
Sales/Use Tax	\$745,100.00	\$747,983.00	\$647,633.00	\$616,537.77
Total	\$1,328,140.00	\$1,329,733.00	\$1,309,072.00	\$1,251,479.12

A stop gap measure to increase revenue would be to add a City gas tax. Believe it or not, The City of Fairhope is the only city in Baldwin County that **does not have a city gas tax**. Like many revenue opportunities that should have been in place long before now to operate the City, the "Utilities can pay for it" mentality was always the solution.



Now, before anyone gets upset about this proposition, understand the price of gas includes all taxes. Businesses who sell gas must be competitive. The City can either continue to give the additional profit to businesses or collect its share to help offset PD expenses in the PJ and street infrastructure needs inside the City limits.

To give you an idea of the income this brings in for the City of Daphne, one penny for their corporate limits brought in \$228k in 2018 and there's no PJ.

END WASTEFUL SPENDING & INVEST IN PRIORITY NEEDS

Legal Expenses

When I took office, I made it clear that the City would no longer spend tax dollars on unnecessary lawsuits. Many of these were the result of inconsistent development decisions for special interests. In our City, the Mayor's role is to hire the outside firm to handle litigation and Council's role is to appoint a City Attorney (and prosecutor which has always been one person). I had to sell each councilman on my choice to hire Matt McDonald as the City litigator and Ken Watson as our Planning attorney. Council does not have to involve the Mayor at all in their appointment for the City attorney and they did not. Here are the results of the average annual legal expenses for the last three terms.

LEGAL EXPENSES SIGNIFICANTLY REDUCED

TERM	Average Spent Per Term			
	Total	City Attorney	City Litigation Planning	Utility
2017-19	\$320,301	\$132,981	\$171,272	\$15,917
2013-16	\$427,360	\$84,935	\$322,447	\$19,979
2009-12	\$619,958	\$93,227	\$372,457	\$56,274

As you can see, each category has significantly decreased except for the council-appointed City Attorney. Contributing factors include duplication of litigation work and the lack of knowledge in responding to routine, municipal legal questions. The unfortunate fact is not only that expenses are increasing, but the level of service is poor, and the City attorney has proven to be a bias, political appointment. This conflict should no longer be ignored because you are paying over \$130k a year for his part-time work.

	Change Since Last Term	Manged By
City Legal: Litigation, Planning & Misc	-54%	Mayor
Utility Department	-21%	Mayor
City Attorney	30%	Council

Litigation & Planning legal expenses have gone down 54% and Utility Department legal expenses down 21%. The only legal expenses that have increased are the City Attorney's. When I tried to manage these expenses and ask questions about exorbitant fees, Council passed a resolution to have all his invoices paid directly by the Treasurer - no questions asked. The solution? Another City attorney should be appointed, or a full-time in-house attorney should be hired to focus on one client, the City.

Reducing Contracted Engineering Expenses

This term's average annual savings in engineering expenses over last term is \$425k/year and \$460k savings in 2019. Savings like this have enabled us to balance the budget and invest in critical needs. I'd like to thank our Professional Civil Engineers "The RICHARDS" for their huge contribution in this area.

Before this term, the City and Utility Departments contracted out every single dollar of engineering service.

The real savings from hiring both Richards, our Operation Director of Utilities and Richard Johnson, our Public Works Director, has been realized in liability exposure by having the day-to-day oversight. Technical experience is still needed though, particularly in each utility department (water, sewer, gas and electric) because it pays off in more ways than dollars and cents.

ENGINEERING EXPENSES

	<u>PLANNING</u>	<u>PUBLIC WORKS</u>	<u>CAPITAL PROJECTS</u>	<u>UTILITIES</u>	<u>TOTAL</u>
2013	\$ 16,182	\$ 50,446	\$ 61,005	\$ 386,578	\$ 514,210
2014	\$ 27,339	\$ 251,481	\$ 125,142	\$ 304,019	\$ 707,982
2015	\$ 66,553	\$ 148,941	\$ 221,196	\$ 276,000	\$ 712,690
2016	\$ 48,385	\$ 260,806	\$ 201,144	\$ 36,579	\$ 546,914
2017	\$ 35,036	\$ 31,513	\$ 46,955	\$ 81,421	\$ 194,925
2018	\$ -	\$ 9,166	\$ 126,700	\$ 95,932	\$ 231,798
2019	\$ 313	\$ -	\$ 84,725	\$ 74,717	\$ 159,755

\$460,694 2019 Savings over last term
\$424,956 Average Savings over last term

Incentivize Health & Wellness

City of Fairhope should be committed to the health and well-being of our employees and retirees.

This term, the City finally addressed offering Free Family Insurance for all new hires. This was simply unsustainable for taxpayers, but no one wanted to address it. This highly competitive benefits package is still in place for current employees and will be considered in this year's new personnel comp study.

We are self-insured and this expense continues to increase each year. In order to maintain this expense and continue offering City employees the most competitive benefits package, we must incentivize health and wellness. Establishing a policy requiring employees to complete a biometric screening at the Annual Employee Health and Wellness Fair is something many municipalities and counties do, and it pays off for everyone.

PROTECT AND INVEST IN OUR CITY ASSETS

Municipal Pier Our first RESTORE project for the Municipal Pier and South Park is moving forward now. This green infrastructure project will include a South Beach Park bluff stabilization, improvements to our Bayfront shoreline, upgrades to drainage infrastructure that will provide new opportunities for our community and visitors to engage with the Bay at our Municipal Pier, an area that

is our unofficial “town center”. The project includes upgrades to drainage infrastructure, storm-water management facilities, construction of shoreline structures (breakwaters, jetties and groins) and upgrades to seawalls.

Quail Creek Golf Club New enhancements to the Clubhouse have been a huge improved service for citizens and visitors. We will continue this effort as we have the funds for the interior. The greens are in the best condition they've ever been, and overall playability of the course is significantly improved because of investing in professional training and experience.

Fairhope Docks Taking back the management of our city-owned marina has paid off in a short period of time. It was the right decision. Long-neglected maintenance and capital projects have been completed with more budgeted this year. The dredging of our waterway is finished, a new fuel dock has covered the operational expenses. Because of the recent closure of the fuel dock at the Grand, Fairhope Docks is already seeing an increase in fuel sales. The 2020 budget includes the purchase of dredging equipment to maintain our boat slips that will pay for itself after its first job.

Library

The library runs as a component of the City with an appropriation. I proposed making the Library a department of the City to save in administrative costs, manage expenses and increase the funding for books and programs. This idea was met with great push back. In 2019 City funded \$1,039,183 or 96.2% of the total operating which increases every year.

As we all know, the infrastructure improvements for the library have been put off for over 10 years. With every passing year, the problems got worse and the cost to fix it increased. This year, the project which cost over one million dollars was finally completed.

It’s important to point out that all of these very expensive capital improvement accomplishments over the last 3 years were accomplished without borrowing funds because of the significant improvement in our financial health.

Volunteer Fire Department

The City of Fairhope has an incredibly dedicated [Volunteer Fire Department](#). Its jurisdiction includes over two-thirds of the County; however, County ad valorem taxes collected each year have not been used to help offset its growing needs. Like the Library, the City funds most of the operating expense and can no longer afford to do so without these expenses being shared by the County.

Volunteer Fire Department Expenses Paid by the City			
2017	2018	2019	2020
\$477,389	\$900,959	\$881,645	\$739,012

This expense does not include building maintenance & liability insurance paid by the City. I requested a copy of audited financials. We have received unaudited Tax Returns and still awaiting financials. We all want the very best for our Fire Department using all funding from taxpayers.

Hiring more Employees in Building Maintenance Department was a critical need. City-owned buildings were not being taken care of and it has cost us dearly. We went from one full-time, over-worked person to a department of six (including two electricians) to maintain some of our most valuable, appreciating assets.

Prioritizing needs for all City-owned buildings in a comprehensive plan is a must. The lack of funds needed to invest in annual maintenance has left most of our buildings in very poor condition. Most departments have outgrown their facilities. City Hall, Warehouse (IT, Planning, Public Works, Utilities and more), the Police Dept and the new purchase of the K-1 property all need renovation and/or expansion to best serve our citizens and employee needs.

Parks We're working with the National Park Service to help with comprehensive planning for connectivity and walkability. We must thoughtfully invest in enhancements for current parks and fund acquisition for additional parkland. With impact fees, we have an opportunity to plan through community engagement. Do we want to keep up with the Jones' by developing the same thing as neighboring municipalities or develop recreational opportunities that cannot be found close by?

RESTORE TRUST THROUGH TRANSPARENT COMMUNICATION & ACCOUNTABLE LEADERSHIP

- All Meetings are Live-Streamed and Available on the City YouTube Channel
- Citizens Know Where Every Tax Dollar is Spent
- Passing the Budget by Oct 1st
- Scheduling more time to discuss strategic planning in open meetings.
- Making sure important decisions go through a formal community engagement process

We are investing in [software](#) that will bring citizens better, more responsive customer service with accountability.

INVEST IN PERSONNEL NEEDS

Full-Time Employees vs Population Growth

	CITY FULL-TIME EMPLOYEES								Total Change 2012-16	Total Change 2016-18	Total Change 2018-19	Notes
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019				
POPULATION=POP	14,184	16,385	16,794	18,089	18,730	19,421	22,085	N/A	4,546	3,355	NA	
GENERAL GOVERNMENT												we had 51 total FT in General Admin which would net -1 to date
Administrative	32	36	28	27	28	27	28	30	-4	0	2	was 36 people in 2013 which would have made it down 6 people
Judicial	3	2	2	2	2	2	3	3	-1	1	0	
Building	8	8	5	7	9	8	9	10	1	0	1	
Planning	4	5	5	5	5	7	5	7	1	0	2	Replaced director with 2 managers.
POLICE	44	48	46	46	45	49	51	61	1	6	10	was 48 in 2013. Severely understaffed for PJ before this term
DISPATCH	18	17	18	17	14	15	12	13	-4	-2	1	
STREETS	36	39	39	41	46	42	42	37	10	-4	-5	
SANITATION	19	17	21	22	20	19	22	27	1	2	5	Cut Inmate Program (inconsistent schedules) to increase on-time service to 99%
FACILITIES MAINTENANCE	0	0	0	1	2	2	3	6	2	1	3	This was never invested in before. Maintaining one of our most valuable assets
FLEET	4	3	4	5	6	7	7	7	2	1	0	
GOLF	14	15	16	18	20	19	19	14	6	-1	-5	
RECREATION	19	24	23	25	26	29	28	18	7	2	-10	
MARINA	0	0	0	0	0	0	3	2				New department created when took back management of Fairhope Docks
ADULT RECREATION-NIX	14	9	10	11	12	11	11	4	-2	-1	-7	
CIVIC	1	2	2	2	2	2	2	2	1	0	0	
MUSEUM	1	1	1	1	1	2	2	2	0	1	0	
ECONOMIC & COMM DEV	0	0	0	0	0	2	2	2				New department created this term

City Administrative Role

Most Cities our size (even smaller) have a full-time City Administrative position. **The City of Fairhope has been employing a full-time administrative position since at least 2001.** The job titles have varied but the role filled the need for the day-to-day administrative work for a municipality. Titles included a City Administrator, a General Superintendent and an Administrative Superintendent.

Ironically, with 44% growth, Council de-funded this full time City administrative position during the last council meeting before this term started. Since the election was in August 2016, it does not make sense to de-fund this position in October unless the intention was to limit resources for the office of the Mayor. Decisions like this and many others over the last three years should concern you. The success of the City is not about me personally or a political agenda.

Timeframe	City Administration Postion
4/2/2001:	Hired City Administrator pay range of \$89,500 - \$110,000 (still researching how long had)
Prior to 2009:	City had Administrative Superintendent AND General Superintendent
2009 - 2012:	City Administrator
2007 - 2011:	Administrative Superintendent
2013:00:00	Council unanomously voted to defund & delete City Administrator
2012-2016:	General Superintendent (city administrative position)
10/21/16	Council Defunded General Superintendent (This term started 11/7/16)

Auburn University, contracted to update our personnel comp study, agrees that a full-time Administrative role is a priority need.

Something else to note, Council is in the process of passing the new salary increases for Mayor and Council for the 2020 term, a decision that must be made no later than months before the next election. We have time to wait for the completion of the Auburn Study, so what's the rush? I made sure to address the unsustainable promise of free family insurance during our first year in office. Council and Mayor should be no different. The value of FREE family insurance was approximately \$17k a year in 2018! Why is Council increasing its salary without addressing this huge benefit? A benefit no other city gives to its part-time council member roles - much less a full-time position. Our part-time employees do not receive health insurance.

Another consideration is the fact that since the City owns its Utilities, the Mayor can earn a second paycheck for [Superintendent of Utilities](#). The absence of an experienced Operation Director in the past was also a contributing factor in the long-term neglect of infrastructure upgrades and maintenance. With our growth, the **Mayor can no longer serve as a full-time Mayor, a full-time Administrator and a full-time Superintendent of Utilities.**

UTILITY INFRASTRUCTURE UPGRADES & EMPLOYEE NEEDS

[Since Nov 2016, this administration has aggressively pushed the need for upgrading and rehabilitating each utility](#), particularly the Sewer System. Both the 2017 and 2018 budgets included funds for these projects. Both years, our Operation Director with 28 years' experience advised each utility needed

more technical experience to facilitate these upgrades. Both years, Council cut the infrastructure from the budget and advised that the technical help needed would not be funded. The 2019 budget, once again, included the infrastructure plan but not the technical experience because we knew Council was opposed to this consideration. It was finally funded, and work began last fall.

Last term we saw a population increase of 32% and full-time Utility Department employees DECREASED! The net increase for both Utility & City employees only went up around 3%. Population increases **another** 18% this term and the first two years were spent hiring back the deficit created from last term. Surprisingly, **Council made the decision to de-fund the Assistant Superintendent positions in each Utility Departments when the Superintendents retired** - Electric in mid-2017, Gas in late 2017 and Water & Sewer in Feb of 2018. In 2019, we finally increased FT employees from 2012 by 7 employees.

UTILITY EMPLOYEES

<i>Since 2012 Number of FT Employees</i>							
	32% Growth				18% Growth in 2 Years		
Utility Employees	2013	2014	2015	2016	2017	2018	2019
Population	16,385	16,794	18,089	18,730	19,421	22,085	
Gas	-1	-3	-3	-3	-2	-2	1
Electric	-1	-1	3	1	1	1	5
Water/ Sewer	-2	-2	-3	-4	0	0	1
Net Change	-4	-6	-3	-6	-1	-1	7

Remarkably with 44% growth from 2010-2018, Utility Employees have Decreased!

Establish a PILOT fee for Utilities

Cities that own their utilities have different structures for benefiting the Cities typically established by utility boards in the form of franchise fees or PILOT fees (payment in lieu of taxes). Richard Peterson found the lowest percentage was **5% of gross revenue** in Rolla City MO. There were several in the 8% - 10% range. Again, taken from gross revenue. I have proposed and included in the 2020 budget, an 8% profit share of the NET projected Utility profits to be used for community development.

Keep in mind, the City used over 50% of profits for **government services** before this term. Now that the City is self-sustaining, a reasonable percentage for community development is an appropriate allocation. When Utility upgrades are complete, then the City could consider an increased percentage, or an amount taken from **gross profits**. In less than five years, the City and our Utilities will be able to do incredible things for our community!

STRATEGIC BUDGET VS YEAR-TO-YEAR WINGING IT

We've moved from planning year to year to a strategic budget which includes vision and short- & long-term planning. I'm extremely proud of the hard work all our supervisors put into this effort. This year, the budget was developed exclusively through our MUNIS budget module which will revolutionize how we plan future budgets. Because of this process, the 2020 Draft Budget is formatted differently until all edits are completed through MUNIS during September open meetings. A final budget will then be published online. The draft budget will be posted on the City website this week.

- Help prevent errors related to the detailed manual system.
- We can include detailed notes for all to see and the notes are stored for future budget purposes
- There's a place for justifications, whether the expense is a one-time investment or a known annual expense.
- General expenses in each department have been broken out more to manage.
- The cuts already made to balance the budget are visible and can be planned for another year.
- Will save an incredible amount of time in the future
- Reduces the time it takes to edit
- Allows department heads to strategically plan their department's future.

The time-consuming part of the budget process - developing and balancing - has been accomplished. The City and Utility budgets are both in the best financial shape ever from three years' worth of managing each department's revenue and expenses. **We've completed more infrastructure maintenance, capital projects and repaired long-ignored damage this term than ever before. We've invested in new equipment to increase productivity and decrease inefficiencies and expenses. Newly established safety measures to protect our city employees has decreased our Workman's Comp insurance and limit liability exposure. Without borrowing money.**

We have much more to cover during September and I have implored Council to take the time needed to meet and ensure the budget passes on time this year. All amendments to the proposed budget must take place with communication in open meetings for the benefit of citizens, employees and me. **This is how all government budgets are developed.** Council has avoided this open process the last three budget cycle and it is contrary to State Statute.

Transitioning into a new term will always take longer because the term starts around Nov 7th. This term, Council has taken longer to pass a budget than any term. The budget proposals this term are the most transparent, accurate every proposed. The financial condition of the City & Utilities is in the best shape than ever before. There's no excuse for not passing the budget on time.

FY	Delivered	Passed	Timeframe Delivered to Passed	Notes
2007	9/5/2006	9/25/2006	20 days	
2008	9/6/2007	9/24/2007	18 days	
2009	9/15/2008	12/8/2008	2.8 months	New Term
2010	8/21/2009	9/28/2009	38 days	
2011	7/14/2010	9/27/2010	2.5 months	<i>City Administrator in place and delivered early, passed before end of fiscal year</i>
2012	8/19/2011	9/26/2011	38 days	
2013	10/12/2012	11/5/2012	24 days	New Term
2014	9/16/2013	10/14/2013	28 days	
2015	9/17/2014	9/29/2014	12 days	
2016	8/31/2015	10/12/2015	42 days	
2017	2/1/2016	4/24/2017	2.5 months	New Term: Budget was totally reformatted, separating Utility & City with 3 year comparison. Each dept separated out with own expenses and revenue. This was a very complex, time-consuming process.
2018	June-Aug	1/22/2018	5 months	<i>Presented budget by dept from June through Aug, delivered overall budget book early Sept</i>
2019	8/10/2018	11/26/2019	2.5-3.5 months	<i>Oct 22: Police, Fire, Econ/Comm Dev, Planning/Building and Utilities passed 10/22. Public Works and Parks and Recreation passed 11/13/19, Remaining sections of budget passed 11/26/19</i>
2020	8/26/2019	?		

This process before has enabled Council to sit on the budget for many months beyond the deadline without any accountability and prevented the ability of employees and I to do our job successfully. Please help us hold them accountable. With Council's willingness to pass the budget by the 10/1 deadline, we can make 2020 a model year for our citizens.

September 6th UPDATE

Information given to Citizens about two agenda items up for approval on Sept 9th.

1. Approving an annual benefit for next term's elected officials:
Mayor \$100,576/yr plus an option for an additional salary of Superintendent of Utilities, Council \$27,576/yr, and Council President \$28,776/yr.

2. Spending \$2.65M for parkland without a funding plan, community engagement or strategic planning?

If so, you need to come to the meeting at 6pm, Sept 9. Feel free to comment here too for those who cannot attend.

Agenda #9 - Mayor Comments

Final Adoption – An Ordinance to Establish Monthly Salary for the Mayor and Councilmembers; City of Fairhope Code of Ordinance (Section 2-21) lacks transparency.

This decision **does not have to be made until Mon, February 25, 2020** and should wait for a cy and a formal compensation comparison. A comparison required for every other position in the City and Utility dept.

Most importantly, the decision includes elected officials participating in “Plan I” - a **FREE Family Health Insurance Package**. I proposed changing this financially unsustainable benefit in 2017 and council approved for new hires. The 2019 value of free family insurance option was \$15,576. Plan II effective 2017: \$275 per month for family and \$75 per month for single coverage. Family \$1,298.00 less \$275.00 = \$1,023.00 per month = 12,276/yr and Single \$539.00 less \$75.00 = 464.00 per month = \$5,568/yr.

It’s important to understand that simply comparing the cost of Plan I with Plan II would not accurately estimate the savings for taxpayers. By having a premium for family insurance (even with this very competitive rate), this increases the likelihood of spouses keeping their own employer's health insurance. Before 2017, offering free family health insurance ensured almost 100% participation.

This approval equals a <u>minimum total annual compensation of:</u>	
Mayor	\$100,576/yr <i>(+option for an additional salary for Superintendent for Utilities)</i>
Council	\$27,576/yr
Council President	\$28,776/yr

Breakdown of Salaries including free family insurance for last term, this term and proposed next term:

<u>Total Annual Benefit</u>	<u>2012-2016</u>	<u>2016-2020</u>	<u>2020-2024</u>
Mayor	\$90,000	\$32,400	\$85,000
w/ Free Family Insurance	\$107,200	\$47,976	\$100,576
Council	7,200	\$9,600	\$12,000
w/ Free Family Insurance	\$24,400	\$25,176	\$27,576
Council President	8,400	\$10,800	\$13,200
w/ Free Family Insurance	25,600	\$26,376	\$28,776
<i>Value of free family insurance \$17,200 in 2017 and \$15,576 in 2019</i>			

The value of free family insurance for elected officials this term will be a minimum of **\$374k**.

Agenda Item 16

There’s the notion that Council President and I oppose each other’s agendas. I guess this would make sense if I pushed for objectives behind closed doors. The difference between us is I propose objectives through inclusive, collaborative and strategic planning. It’s this process I’ve been fighting to create for citizens for the last three years.

On May 29th, Council voted to approve appraising the property on 13/32. Many came out to voice their opinion for the parkland on Twin Beech. **Council communicated that approving an appraisal, is not**

deciding to purchase. However, following the routine decision-making strategies of the past, that's exactly what is happening now.

Resolution – (Lacks transparency, Mayor Comments in Red)

The City Council desires to have **(what about Mayor, City Employees or Citizens desires?)** and make available for public use additional Recreation Land and or other purposes **(what other purposes?)**, and the City Council has searched for available lands and negotiated for the purchase of Recreational lands, **(Council has only negotiated once option. The land I negotiated would have been paid exclusively from Impact Fees over a 3-year period at 0% interest. There would be no need to borrow money or use City reserves needed for critical infrastructure.)** and the City of Fairhope by way of the City Council hereby **conditionally agrees (should conditionally include funding, community engagement and all options available?)** to purchase approximately 114 acres of land located on the northwest corner of County Road 13 and 32. Council hereby **authorizes Council President Jack Burrell to negotiate the terms and conditions (Council President writes these resolutions where he self-appoints himself to negotiate These negotiations excludes everyone except council)** of the final purchase agreement contingent on, but not limited to a satisfactory Phase 1 Environmental Site Assessment. The amount of the purchase agreement shall be two million six hundred and fifty thousand dollars (\$2,650,000.) **(An amount equal to 12% over appraised value. A premium which was never considered for Twin Beech location.)** for the purchase of the property located at 8875 County Road 32, and the closing date shall be on or before November 15, 2019.

- The purchase is not in the 2020 budget being proposed this month
- We do not have the funds available in Impact Fees
- Limited City Reserves are needed for critical infrastructure for our facilities. None of which have been discussed yet.
- The City just paid off its debt in June 2019. Do citizens want to have a say in going into more debt when this administration has finally accomplished a self-sustaining City budget without using Utility profits.
- No rush, plenty of opportunities available East of 98 for a long time.
- Other opportunities still available for discussion including an option to purchase land to expand Volanta Park.
- The City is in the middle of comprehensive planning of all parks through National Park Service. NPS recommended Twin Beech and opposed 13/32 due its lack of comprehensive planning for walkability and connectivity.
- Ask Council to remove this purchase until the budget is presented and you have a say.

9-10-19 Update

Item#9 - Council approved to increase salaries for elected officials keeping the financially unsustainable free family health insurance package. Councilmen Robinson advised he wanted to wait for the Auburn recommendation.

Item#16

Councilmen Burrell, Brown and Boone approved spending \$2.65M to purchase parkland without a funding plan, community engagement or consideration for strategic planning. Do citizens want the City to go into debt after paying it off in June and use City Reserves needed for critical infrastructure to purchase this parkland when there are other opportunities available that would not require this reckless spending?

Council communicated in May when ordering the appraisal for the property on Co Rd 32/13 that it was just approving an appraisal – not purchasing the property, citizens believed them. Many came out in opposition of moving in this direction instead of considering the Twin Beech location of building equity in a community which has been under-served for a very long time.

Fast forward to last night without any citizen communication, Council approved the purchase. It's this kind of move that builds so much distrust for elected officials – sneaky, under-the-radar decision-making. (Councilmen Conyers and Robinson did vote against this purchase)

Council did not want to purchase the Twin Beech land because it was “overpriced”, however, three councilmen believed it was okay to pay a premium in an area that has many future opportunities. Parkland must be strategically planned; the National Park Service is undergoing this process for the City now and their recommendation was ignored.

Here were the new facts I brought up during last night’s council meeting about the appraisal for which I was rebuked for bringing up since I'm not an appraiser. Four Comps were used in determining the value of this property for \$23,246/acre.

ONLY TWO PROPERTIES WERE ACTUAL SALES:

- 77 Acres across the street from the proposed purchase, Sold Jul 2018, \$14,935 (adjusted to 17,508)
- 98 Acres, Sold Jan 2017, \$12,755 (adjusted to \$14,718)

THE OTHER TWO PROPERTIES HAVE NOT SOLD:

- 41 Acre PENDING sale adjusted for \$23,452 (no record still of the sale)
- 57 Acre LISTING adjusted for \$20,842

Are sales so limited in the fastest growing City in the State, that appraisers must resort to pending sales and listings for comps? Based on these "comps" if averaged would be \$19,130. Using actual sales only would at best be \$17,508. I will admit, I'm not an appraiser and know that appraisals are very much subjective. But before Council spends \$2.56M of your tax dollars on this purchase, take the time to let them know your thoughts now since you were never given this opportunity. council@fairhopeal.gov

Appraised Value of \$23,246/acre Determined off Two Actual Sales, One Pending Sale & One Listing

Land Analysis Grid	Comp 1	Comp 2	Comp 3	Comp 4
Address	8875 County Road 32	SE Cor of Hwy 32 and Co Rd 13	16222 Co Rd 13	Hwy 32
City	Fairhope	Fairhope	Fairhope	Old Pierce Rd
State	Alabama	Alabama	Alabama	Fairhope
Date	7/2/2019	7/13/2018	1/31/2017	Alabama
Price	-	\$1,150,000	\$1,250,000	Pending ✓
Acres	113.00	77.00	98.00	Active Listing ✓
Acre Unit Price	-	\$14,935	\$12,755	\$23,634
Transaction Adjustments	Actual Sale	Actual Sale	Pending Sale	Listing Only
Adjusted Acre Unit Price	\$17,508	\$14,718	\$22,452	\$20,842



CITY OF FAIRHOPE
Mayor Karin Wilson

161 N Section Street
Fairhope, AL 36532

251-990-0110 Office
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September 17, 2019

Dear Council President Burrell and Councilmen,

Subject: Veto Ordinance to Establish Monthly Salary for the Mayor and
Councilmembers; City of Fairhope Code of Ordinance (Section 2-21).

As I have stated publicly, this Ordinance lacks transparency and the decision to adjust next term's elected officials' salaries does not have to be made until Monday, February 25, 2020. Therefore, I am exercising my right as Mayor to veto this decision.

Auburn University has been hired and began updating the City of Fairhope's Compensation Study for all City & Utility employees, Mayor and Council, which will provide us with an unbiased, third-party comparison of like municipalities. Considering this fact, I believe this important decision should wait until the study is completed with the condition that the elected official positions come back before Feb 25, 2020.

Section 4 of the ordinance, "The Mayor and members of the City Council will have the option of participating in the City of Fairhope's Group Health Insurance Plan Option I is not a transparent expense to taxpayers as this option grandfathers in future elected officials in participating in free family health insurance at no cost, and with very little deductible for an entire household with dependents under 26 years of age.

I recommended changing this benefit in 2017 which council approved resulting in new hires participating in Plan II. The new plan is competitive for attracting great employees and financially sustainable for taxpayers. Why would Council approve elected officials participating in a better family health insurance package than new hires? The expense of the benefit was \$17,200 in 2017 and \$15,576 for FY2019 ending on September 30, 2019. (Part-time employees have never received any health insurance benefits). The total expense for this term's free family insurance for elected officials will be a minimum of \$374K.

When there is any adjustment made for City or Utility employees, Council requires a formal comp process. For taxpayer's sake, I recommend having Auburn University finish the study it was hired to accomplish before future elected compensation packages are approved by Council.

9/29/19 Update FY 2020 Budget Overview

The City is financially better off today than it ever has been! If proposed as is, the FY2020 budget will be the first-ever self-sustaining budget without the need of Utility profits paying government expenses.

Downplaying significant progress is par for the course; however, it is not as important for Council to understand this fact as it is for you. Holding future elected officials accountable to continue a transparent strategic budget process is paramount. Utility funds and tax funds are not the same and this mindset has prevented critical investments in utility upgrades, facility infrastructure, personnel needs and protecting our quality of life. We cannot afford to go backwards.

The 2-page handout Councilman Brown shared during last work session:

Page 1:

GENERAL GOVT BUDGET VS ACTUAL ANALYSIS FOR 2020							
	2016	2017	2018	2019	2020	▲ from '17-'19	
REVENUES							
General Govt. Budget	\$24,043,399	\$26,940,979	\$27,245,572	\$29,434,005	\$30,734,433	\$2,493,026	9.25%
General Govt. Actual	\$24,016,381	\$27,156,545	\$27,246,000	\$28,651,162		\$1,494,617	5.50%
DIFFERENCE	-\$27,018	\$215,566	\$428	-\$782,843			
EXPENSES							
General Govt. Budget	\$24,219,413	\$23,688,861	\$25,320,695	\$27,736,483	\$29,938,702	\$4,047,622	17.09%
General Govt. Actual	\$23,474,490	\$21,976,689	\$25,448,159	\$25,411,886		\$3,435,197	15.63%
DIFFERENCE	-\$744,923	-\$1,712,172	\$127,464	-\$2,324,597			
Expense vs Revenue Budget	-\$176,014	\$3,252,118	\$1,924,877	\$1,697,522	\$795,731		
Expense vs Revenue Actual	\$541,891	\$5,179,856	\$1,797,841	\$3,239,276			

Explained: "Budget" vs "Actual" figures. Actual figures should be used in determining trends. As explained in the last four annual budget presentations, the City took over its own operating expenses from the Utility Department and reduced the amount of Utility transfers needed to cover its government expenses to zero. Obviously, when this correction is made, City expenses are going to increase. Not because it's costing more money but because we're reporting it correctly.

Every year since then, this administration has continued to correct expenses in each department in order to manage and more accurately report a transparent budget. For example, during the Public Works budget presentation, Richard Johnson explained that two employees have been paid from the electric dept when this should have been expensed to the building maintenance department under Public Works.

As far as managing Revenue, we can only make educated estimations based on trends. It's only a tool and will be what it will be. Because the City divided up expenses and revenues by department, we

have been able to identify areas where the City needed to increase fees and invested in ways to increase revenue opportunities.

Here is what the year-end figures would look like if corrections were never made and left as it was before this term:

	2017	2018	2019
City Surplus	\$4,861,460	\$4,216,218	\$3,936,051

And it be continuing the optics of a financially sustainable City leaving utility profits so low it could not afford proper maintenance and upgrades.

The second page of the handout from Councilman Brown:

	Actual		Budgeted		▲ from '17-'20	Increase
	2017	2018	2019	2020		
Police Department	\$5,001,417	\$5,606,688	\$6,439,101	\$6,982,773	\$1,981,356	39.62%
Salaries	\$3,028,151	\$3,195,469	\$3,629,613	\$3,952,370	\$924,219	30.52%
Fire Department	\$393,773	\$511,335	\$627,375	\$525,013	\$131,240	33.33%
Salaries	\$139,969	\$143,660	\$151,467	\$155,350	\$15,381	10.99%
Economic & Community	\$934,546	\$1,219,386	\$985,778	\$926,685	-\$7,861	-0.84%
Salaries	\$164,794	\$134,404	\$149,309	\$128,500	-\$36,294	-22.02%
Civic Center (net loss)	\$100,577	\$223,186	\$132,854	\$215,172	\$114,595	113.94%
Salaries	\$102,928	\$114,407	\$118,113	\$159,000	\$56,072	54.48%
Nix Center (net loss)	\$279,184	\$274,010	\$292,999	\$372,626	\$93,442	33.47%
Salaries	\$152,923	\$157,356	\$169,908	\$184,140	\$31,217	20.41%
Parks and Rec (net loss)	\$1,315,290	\$1,611,033	\$1,796,269	\$2,078,486	\$763,196	58.02%
Salaries	\$914,156	\$1,032,120	\$1,187,667	\$1,319,345	\$405,189	44.32%
Fairhope Docks	\$0	\$2,511	-\$38,480	\$80,345	\$80,345	3199.72%
Salaries	\$0	\$56,034	\$107,342	\$128,180	\$128,180	228.75%
Golf Operations	\$271,102	\$492,387	\$512,135	\$721,111	\$450,009	165.99%
Salaries Clubhouse	\$298,131	\$320,416	\$428,876	\$411,730	\$113,599	38.10%
Salaries Grounds	\$294,967	\$303,511	\$367,755	\$405,995	\$111,028	37.64%
Planning	\$222,946	\$288,372	\$398,267	\$580,828	\$357,882	160.52%
Salaries	\$294,622	\$335,625	\$392,723	\$530,220	\$235,598	79.97%
Building	\$783,618	\$784,626	\$1,146,080	\$593,320	-\$190,298	-24.28%
Salaries	\$360,565	\$417,869	\$480,256	\$499,691	\$139,126	38.59%

The handout does not include how departments were restructured, the deficit in full-time employees due to lack of hiring during unprecedented growth, population growth for perspective and includes only two years (2017 & 2018) of actual figures.

It's also important to note that Economic & Community Development and Fairhope Docks were newly created departments this term. There is no comparison, and both were needed. The Econ/Comm Dev department has been restructured several times this term and responsible for helping secure over \$22M in funding for the City and Utility needs which taxpayers will not have to pay. After taking back the management of Fairhope Docks, the City has successfully created a more environmentally healthy marina. Income from boat slips and gas sales have enabled the City to pay for facility upgrades. After only 16 months in operation, the marina revenue started paying for all day-to-day expenses including salaries.

I have also communicated over the years the fact that the Police and Fire Department cannot financially sustain their respected jurisdictions without equitable funding due to population growth. During the 2017 budget presentation, I included the following comparison of sworn officers by population. This is when I started adding more officers to the budget. In 2019, we have 41 sworn officers. In 2016, this figure is still far lower than other comparable cities in the State:

CITY	POPULATION	SWORN OFFICERS	City-Data.com 2016 crime index (National Average is 275)
Prattville, AL	35,317	83	270.1
Vestavia Hills, AL	34,124	82	73.6
Alabaster, AL	31,545	61	135
Fairhope, AL	32,663	36	203.6
Opelika, AL	29,171	84	465.6
Enterprise, AL	27,772	52	241.7
Bessemer, AL	26,949	118	1,164.9
Homewood, AL	25,802	70	298.5
Northport, AL	24,709	59	278.2
Daphne, AL	24,395	50	127.6

Salary expenses are inevitable when trying increase employees to maintain City services. Waiting to fill these deficiencies has cost the City and Utilities far more in the cost of delayed maintenance and upgrades than the salary increases. And the cost of the upgrades now will be exponentially higher due to poor planning.

	CITY FULL-TIME EMPLOYEES								Total Change 2012-19	Notes
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019		
POPULATION	14,184	16,385	16,794	18,089	18,730	19,421	22,085	N/A	7,901	41% Population Growth 2010-2018
GEN GOV ADMIN	32	36	28	27	28	27	28	30	-2	
Judicial	3	2	2	2	2	2	3	3	0	
Building	8	8	5	7	9	8	9	10	2	
Planning	4	5	5	5	5	7	5	7	3	Replaced director with 2 managers.
POLICE	44	48	46	46	45	49	51	61	17	ALL full-time Employees in dept.
DISPATCH	18	17	18	17	14	15	12	13	-5	
STREETS	36	39	39	41	46	42	42	37	1	
SANITATION	19	17	21	22	20	19	22	27	8	Added to obtain 99% on-time
FACILITIES MAIN.	0	0	0	1	2	2	3	6	6	Lacking before this term
FLEET	4	3	4	5	6	7	7	7	3	
GOLF	14	15	16	18	20	19	19	14	0	
RECREATION	19	24	23	25	26	29	28	18	-1	
MARINA	0	0	0	0	0	0	3	2	2	New department
NIX	14	9	10	11	12	11	11	4	-10	
CIVIC	1	2	2	2	2	2	2	2	1	
MUSEUM	1	1	1	1	1	2	2	2	1	
ECON & COMM DEV	0	0	0	0	0	2	2	2	2	New department
Total	217	226	220	230	238	243	249	245	28	
Total % Change		4.15%	-2.65%	4.55%	3.48%	2.10%	2.47%	-1.61%	12.90%	

With 32% population growth from 2012-2016, the City increased FT employees by only 9.7% (5.3% from 2013-2016). The lack of hiring in needs to keep up with citizen services was ignored.

Changing the mindset of combining City and Utilities revenue and expenses as if both are the same pot of money has been a challenge. A great deal of hard work has been invested in separating the two in order to create a City budget free of Utility subsidies and to enable our Public Utilities to afford the upgrades needed. It's become a broken record:

Councilman Conyers' Handout

	FY 2014-2015	FY 2015-2016	FY 2016-2017	FY 2017-2018	FY 2018-2019
<i>Gas Fund</i>	\$ 7,358,052	\$ 6,276,645	\$ 6,342,735	\$ 6,718,321	\$ 7,026,000
<i>Electric Fund</i>	\$ 20,523,934	\$ 20,215,093	\$ 20,737,767	\$ 20,890,411	\$ 21,506,946
<i>Water Fund</i>	\$ 6,419,440	\$ 6,891,473	\$ 7,271,716	\$ 7,313,269	\$ 7,698,815
<i>Sewer Fund</i>	\$ 3,984,381	\$ 4,264,784	\$ 4,329,389	\$ 4,368,758	\$ 4,592,273
Utilities	\$ 38,285,807	\$ 37,647,995	\$ 38,681,607	\$ 39,290,759	\$ 40,824,034
City General Fund	\$ 21,911,228	\$ 24,043,399	\$ 26,940,979	\$ 27,245,572	\$ 29,376,805
TOTAL REVENUES	\$ 60,197,035	\$ 61,691,394	\$ 65,622,586	\$ 66,536,331	\$ 70,200,839
<i>Gas Fund</i>	\$ (4,524,012)	\$ (4,216,965)	\$ (4,800,909)	\$ (4,689,296)	\$ (5,327,187)
<i>Electric Fund</i>	\$ (16,943,809)	\$ (16,340,087)	\$ (16,868,114)	\$ (17,102,057)	\$ (17,535,025)
<i>Water Fund</i>	\$ (3,026,739)	\$ (3,445,336)	\$ (3,637,144)	\$ (3,393,540)	\$ (3,775,510)
<i>Sewer Fund</i>	\$ (3,432,704)	\$ (3,937,268)	\$ (4,303,887)	\$ (4,096,449)	\$ (4,253,266)
Utilities	\$ (27,927,264)	\$ (27,939,656)	\$ (29,610,054)	\$ (29,281,342)	\$ (30,890,988)
City General Fund	\$ (22,466,036)	\$ (24,219,413)	\$ (23,688,861)	\$ (25,448,159)	\$ (28,445,534)
TOTAL EXPENSES	\$ (50,393,300)	\$ (52,159,069)	\$ (53,298,915)	\$ (54,729,501)	\$ (59,336,522)
<i>Gas Fund</i>	\$ 2,834,040	\$ 2,059,680	\$ 1,541,826	\$ 2,029,025	\$ 1,698,813
<i>Electric Fund</i>	\$ 3,580,125	\$ 3,875,006	\$ 3,869,653	\$ 3,788,354	\$ 3,971,921
<i>Water Fund</i>	\$ 3,392,701	\$ 3,446,137	\$ 3,634,572	\$ 3,919,729	\$ 3,923,305
<i>Sewer Fund</i>	\$ 551,677	\$ 327,516	\$ 25,502	\$ 272,309	\$ 339,007
Utilities	\$ 10,358,543	\$ 9,708,339	\$ 9,071,553	\$ 10,009,417	\$ 9,933,046
City General Fund	\$ (554,808)	\$ (176,014)	\$ 3,252,118	\$ 1,797,413	\$ 931,271
TOTAL SURPLUS (before transfers)	\$ 9,803,735	\$ 9,532,325	\$ 12,323,671	\$ 11,806,830	\$ 10,864,317
<i>Gas Fund</i>	\$ 1,326,575	\$ 770,119	\$ 750,000	\$ 468,000	\$ 255,000
<i>Electric Fund</i>	\$ 500,000	\$ 1,050,908	\$ 1,235,000	\$ 652,667	\$ 715,000
<i>Water Fund</i>	\$ -	\$ 1,130,055	\$ 900,000	\$ 1,000,000	\$ 746,000
<i>Sewer Fund</i>	\$ -	\$ -	\$ -	\$ -	\$ -
UTILITY TRANSFERS	\$ 1,826,575	\$ 2,951,082	\$ 2,885,000	\$ 2,120,667	\$ 1,716,000

Combining Utility & City total expenses and revenue from the CAFR does not explain all the corrections made over the last three years. Here is the breakdown how utility transfers were used in addition to the total amount the Utility dept paid from its operating account for City expenses:

	2015	2016	2017	2018	2019	2020 Budget
UTILITY TRANSFERS for Community Dev					1,128,000	513,000
UTILITY TRANSFERS for City Operation	1,826,575	2,951,082	2,885,000	2,120,667	510,000	ZERO
Utility City Operation Expenses	2,442,631	2,797,227	ZERO	ZERO	ZERO	ZERO
Total Utility Subsidy City Operation	4,269,206	5,748,308	2,885,000	2,120,667	510,000	ZERO
(this total must be added as an expense for the City & added as additional Revenue for Utility!)					2019 Comm Dev for Purchase K-1	8% Net Profit Proposed for Comm Dev.

Before 2017, the City reported it was operating in the black when it was operating at around an almost \$6M deficit. The City required over half of utility profits to pay government expenses. The City has taken over its own expenses and does not require utility transfers or utility direct payments for operating. Because of this, The City has invested in more infrastructure than ever before, hired more full-time employees than ever before, has paid off its debt and has not borrowed a dime to do it!

That is the difference! I am puzzled as to why this significant financial improvement has been downplayed. Again, it's not as important for Council to understand the critical improvements made in order to afford everything that has been accomplished the last three years. It is very important that you understand it to hold future elected officials to continue transparent financial planning. We absolutely cannot afford to go backwards.

10/7/2019 Update Budget Overview

Summary of Impact Fees & Fund Balances

We have built up cash funds this term and invested in many long overdue facility maintenance needs and there's still much to do. There is not currently a short-term capital budget plan in place. The decision to move forward on purchasing 113 acres on 13/32 for future parkland will drain all capital improvement fund balances needed for urgent facility needs and will prevent the City from expanding Volanta Park with four additional ballparks to fill an immediate capacity need for up to ten years. This purchase will also prevent repurposing the K-1 Center we just purchased. Without prioritizing capital spending, citizens will not realize the full potential of strategic investing.

<u>Capital Project Fund Balances</u>		<u>9/30/2019</u>	<u>Notes</u>		
Investment CD - Savings		1,065,146.07			
Reserve-AG Edwards		639,635.07			
Municipal Capital Improvement		769,190.88			
Correction Fund - Savings		217,602.27	For Jail/Court only		
Capital Projects Fund		1,846,790.31			
Total for City Projects/Maintenance		4,538,364.60	Only amount that can use City Critical needs not Restricted		
<u>Capital Project Urgent Needs Buy Not Budgeted</u>					
City Hall roof,maintenance & awning replacement		1,300,000.00	Do we want to sink more \$ in an obsolete blding?		
Public Works roof & maintenance		400,000.00			
Police Patrol Precinct East		700,000.00			
Welcome Center (bare min), up to \$1M		150,000.00			
Quail Creek Club House new roof		30,000.00			
Nix Center (fresh air intack replace & roofing associated)		60,000.00			
Haven termite damage & roof		25,000.00			
Parks & Rec Bathrooms / ADA Compliant & Upgrades		50,000.00	\$50k/yr for 5 years, sooner the better		
Rec Pool Building structural deficiencies		600,000.00			
Total		3,315,000.00	total Amount needed now		
Total left from all Capital Funds		1,223,364.60			
<u>Impact Fees</u>					
	<u>Police</u>	<u>Fire</u>	<u>Transpertation</u>	<u>Parks/Rec</u>	
Current Balance	295,114.64	959,296.84	807,846.56	1,522,681.94	
2020 Budgeted Expenses	109,416.00		950,000.00	725,105.00	
Expansion of Volanta				1,585,000.00	Add four ballparks & Parking
2020 Projected Income	225,699.00	1,184,297.00	107,847.00	1,422,587.00	
Total end of FY 2020	411,397.64	2,143,593.84	(34,306.44)	635,163.94	
<u>Capital Project Need to Plan</u>					
Pecan Building purchased in 2013 for New Public Works, no plann stil		still no plan.			Currently used as very expensive storage
K-1 Center purchase		?			When will the City move forward on plan?
First Responders Safe Room		?			This is a must have
New City Hall & One-Stop Service Center		?			Must Plan future, current City Hall bad shape

We went through Revenue projections and the Finance Director put in FY2019 actuals - many came in higher than what originally projected, including sales tax which is the largest revenue stream. Reworked 2020 projections with extremely conservative estimates based on trends since 2015.

CITY OF FAIRHOPE PROPOSED BUDGET FY 2019-2020									
	2020 BUDGET	CHANGES BY MAYOR	COUNCIL CHANGES	DEPARTMENTAL CHANGES AFTER BUDGET MEETINGS	2020 REVISED PROPOSED	2020 BUDGET W/OUT INSURANCE	2019 ACTUAL	INC/(DEC)	% INC/(DEC)
REVENUE									
TOTAL PROPERTY TAXES	6,355,000	100,000	(155,000)		6,300,000		5,950,680	300,000	5%
TOTAL LOCAL TAXES	11,016,232	289,502	(116,232)		11,189,502		10,931,595	328,912	3%
TOTAL LICENSES AND PERMITS	4,719,500	(84,650)	0		4,634,850		4,626,579	(141,515)	-3%
TOTAL FINES AND FORFEITURES/COURT	308,000	4,000	0		312,000		278,347	28,000	10%
TOTAL ADULT RECREATION DEPT.	38,500	(500)	0		38,000		36,489	(1,900)	-5%
TOTAL RECREATION DEPT	447,000	5,000	0		452,000		456,362	(51,500)	-10%
TOTAL GOLF DEPARTMENT	1,106,000	(4,000)	0		1,102,000		1,060,651	(136,500)	-11%
TOTAL STATE OF ALABAMA	330,000	(125,000)	0		205,000		448,659	128,350	64%
TOTAL INTEREST AND RENTS	367,501	(5,000)	0		362,501		256,061	114,081	45%
TOTAL MARINA REVENUE	399,200	56,000	0		455,200		428,881	(72,800)	-15%
TOTAL CHARGES FOR SERVICE	5,031,500	(81,000)	0		4,950,500		4,565,401	450,500	10%
TOTAL OTHER REVENUE	616,000	0	0		616,000		172,141	354,800	136%
PROJECTED TOTAL REVENUE	30,734,433	154,352	(271,232)		30,617,553		29,211,846	1,300,428	4%
EXPENDITURES									
GENERAL GOVERNMENT	4,578,469	(81,019)	64,600	(4,896)	4,557,154	3,908,272	3,643,122	534,794	13%
JUDICIAL	316,166		0		316,166	278,480	319,743	117,286	59%
POLICE DEPARTMENT	7,498,796	(128,927)	0	(94,096)	7,275,773	6,071,637	6,143,796	769,715	11%
FIRE DEPARTMENT	739,017	4,878	331,000	10,317	1,085,212	985,298	763,780	(244,572)	-25%
ECONOMIC & COMMUNITY DEVELOPMENT	2,084,912	8,766	38,448	44,704	2,176,830	2,039,893	2,051,333	181,332	10%
PARKS AND RECREATION SERVICES	5,638,048	4,578	(200,000)	(65,755)	5,376,871	4,776,097	4,603,160	491,894	10%
PLANNING & DEVELOPMENT SERVICES	1,769,508	(4,120)	0	0	1,765,388	1,532,035	1,528,579	297,931	20%
PUBLIC WORKS	7,938,763	69,522	(117,856)	(46,060)	7,844,369	6,638,740	8,159,296	678,818	9%
Estimated discounted utilities to the City (actual cost will be determined when cost of service study is complete-Ordinance would need to be updated for cost only because the City is currently paying residential rates)					0				
Gas wholesale cost of product plus cost of service	(12,710)				(12,710)		(12,710)		
Electric wholesale cost of product plus cost of service	(153,000)				(153,000)		(153,000)		
Water cost of service	(44,133)				(44,133)		(44,133)		
Wastewater cost of service	(44,133)				(44,133)		(44,133)		
TOTAL GOVERNMENTAL EXPENDITURES	30,309,702	(126,322)	116,192	(155,786)	30,143,786		26,958,833	2,573,221	9%
APPROPRIATIONS AND TRANSFERS									
PUBLIC LIBRARY	818,477		40,924		859,401		818,477	0	0%
BALDWIN COUNTY TRANSIT HUB	27,600		-		27,600		27,600	0	0%
THE HAVEN	65,000		-		65,000		65,000	0	0%
AIRPORT	320,000		-		320,000		320,000	0	0%
LEASE PURCHASE	69,820		-		69,820		52,438	2,320	3%
TRANSFERS TO DEBT SERVICE	300,000		-	-	300,000		3,318,786	(1,948,507)	-87%
TRANSFERS TO CAPITAL PROJECTS	50		50		0		\$1,143,500	(1,143,500)	-100%
TOTAL APPROPRIATIONS AND TRANSFERS	1,600,897		40,924	0	1,641,821		5,745,801	(3,089,687)	-66%
TOTAL REVENUES	30,734,433	154,352	(271,232)	0	30,617,553		29,211,846	1,300,428	4%
Municipal Capital Improvement Funding	-				0			(400,000)	-100%
Utility Transfers for City Operating	-				0		510,000	(510,000)	-100%
Utility Transfers for City Capital Purchases					0		0	0	100%
Proposed Utility PILOT fee of 8% to the City (cost)	513,000				513,000		1,128,000	(615,000)	-55%
Transfers from Impact Fees	524,521			10,317	534,838		116,393	(443,879)	-46%
Capital Lease Proceeds							990,929		
Funding for Corrections Capital Purchases	154,450				154,450				
Rollover for 2019 Capital-Fund Balance				102,501	102,501				
TOTAL EXPENDITURES	31,910,599	(126,322)	157,116	(155,786)	31,785,607		32,704,634	(516,466)	-2%
SURPLUS (DEFICIT)	15,805	280,674	(428,348)	268,604	136,735		(747,467)	2,465	18%
2019 "Deficit" from transferring over \$1M from Fund Balance to payoff City Debt in June. Should be a Surplus ~\$300k									

The Summary page of budget now shows \$136k surplus with additional strategic cuts in revenue. Council cuts were based on projected FY2019 revenue. FY2020 is requesting lodging tax increase 1% to the original proposed amount of 7% which was cut to 6% (lower than our area average). This is a reasonable lodging tax which does not impact citizens' pocketbook. The increase of Council and Mayor

salary which Council wanted to add into the 2020 budget will not take effect until FY2021 so this was taken back out. Revenue projections have been estimated very conservatively and budget goals have been met every single year this term. General Admin expenses in 201

From Finance Director, “I went through capital items and noticed that several 2019 items have either not been completed or have not been received. I went ahead and added those back into the appropriate departments with notes to the side. I also added a line on the summary page called Rollover for 2019 Capital-Fund Balance to show where that much was budgeted as revenue (in 2019) so it wouldn’t affect the bottom line for 2020. I have highlighted this in yellow on the first page.

Health insurance and workman’s comp is now reporting same cost per individual employee base on Plan 1, Plan 2, Single or Family. It will no longer be actual costs per dept. This has impacted some depts appearing to have a greater increase.”

Public Safety stats. Fairhope PD was grossly understaffed. The total expenses paid for Public Safety as a percentage of other Alabama Cities also demonstrates that even with the increased budget, we are still lower than all these cities:

Public Safety % of Operating Expense Alabama Cities	
City	2014
Anniston	41%
Bessemer	42%
Mt Brook	38%
Homewood	33%
Gadsden	38%
Tuscaloosa	38%
Mobile	43%
Hoover	46%
Dothan	31%
Vestavia Hills	30%
Florence	31%
Montgomery	38%
Huntsville	28%
Decatur	28%
Prattville	44%
Auburn	31%
Phenix City	31%
Athens	28%
Madison	31%
Enterprise	30%

	2015	2016	2017	2018	2019	Proposed 2020
Fairhope						
TOTAL FIRE EXPENDITURES	409,470	500,460	479,406	902,977	883,664	741,037
TOTAL POLICE EXPENDITURES	5,137,499	5,716,341	5,345,629	5,914,850	6,154,254	7,498,796
TOTAL PUBLIC SAFETY	5,546,969	6,216,801	5,825,035	6,817,827	7,037,918	8,239,833
TOTAL CITY OPERATING	27,950,551	30,095,739	27,074,570	31,851,086	32,704,634	31,159,706
% of TOTAL CITY OPERATING	19.85%	20.66%	21.51%	21.41%	21.52%	26.44%

Fire Dept budget still has \$331k in the proposed budget and need confirmation of county ad valorem contribution for the rest. This tax is collected for this purpose and historically has not been used to equitably fund the department. Here are the County ad valorem taxes collected by Fairhope VFD from 2014-2018 and 2019 would be even higher since property tax income was increased.

2014	3,576,849,840	5,137,704	4.0%	138,856.86
2015	3,778,576,700	5,441,150	5.6%	147,058.12
2016	3,982,808,980	5,735,245	5.1%	155,006.62
2017	4,208,993,120	6,060,950	5.4%	163,809.46
2018	4,491,956,560	6,468,417	6.3%	174,822.09

Department heads have cut other expenses which has left a \$136+ surplus (we usually try to breakeven.)

Public Works Department has historically run at a deficit.

FY2016	FY2017	FY2018	FY2019	PROP 2020
(\$757,670)	(\$236,101)	(\$1,012,376)	(\$319,921)	(\$570,799)

For the first time in many years, the cost of service to citizens increased a \$1 a year for the last three years. However, this has not been enough to offset expenses for twice a week service. Richard Johnson will present two options for Council approval after a formal survey is taken. One option will be to keep twice a week garbage pickup with the estimated increase in cost. The second option will be for once a week service which will hopefully keep the price the same. Either way, the department will be able to cover at least 90% of its expenses. This survey will take place first of the year. The Budget as presented does not include this additional revenue or reduction in expenses.

10/12/19 Update Budget Review

The fiscal year started Oct 1st. After two work sessions on Monday and Wednesday, we are now waiting on Council to pass. The next regularly scheduled Council meeting is not until Oct 28th. If you have not read the Budget Overview with multiple updates over the course of the last six weeks, I urge you to do so [here](#).

As you can see, Council was presented a balanced budget without the use of Utility profits which are needed to fully upgrade Gas, Electric, Water and Sewer. Council was concerned about increased expenses and I explained it is a combination of reporting expenses in the correct departments, adding full-time employees with 41% population growth, purchasing new equipment and investing in capital improvements. Moving City expenses from Utilities is not adding expenses, it is correcting the reporting. In addition, we've cut wasteful spending, improved efficiency and increased revenue to cover corrections made.

The biggest investment was in our Public Safety. The Police Department was extremely understaffed with only 36 sworn officers. Here is a breakdown of other cities with similar population (and much less) and the number of sworn officers in 2016:

CITY	POPULATION	SWORN OFFICERS	City-Data.com 2016 crime index (National Average is 275)
Prattville, AL	35,317	83	270.1
Vestavia Hills, AL	34,124	82	73.6
Alabaster, AL	31,545	61	135
Fairhope, AL	32,663	36	203.6
Opelika, AL	29,171	84	465.6
Enterprise, AL	27,772	52	241.7
Bessemer, AL	26,949	118	1,164.9
Homewood, AL	25,802	70	298.5
Northport, AL	24,709	59	278.2
Daphne, AL	24,395	50	127.6

Today we have 41 sworn officers and 4 open positions (as of a few weeks ago), which comparably is still low. We must plan our Police Jurisdiction because based on the growing population of the 3-mile PJ, the City cannot afford to hire and expand this budget without more funds.

In 2015, the City of Fairhope was spending only 19.85% of its budget on Public Safety and this was when the City required 50% of Utility profits to balance! Here is the percentage of the budget for Public Safety in other cities in the State from 2014 compared to Fairhope's percentage of budget the last 5 years with 2020 proposed budget.

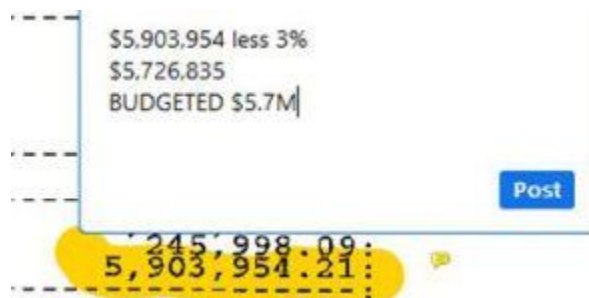
Public Safety Spent as a % of Operating Budget			
Alabama City	2014	Fairhope	
Anniston	41%	2015	19.85%
Bessemer	42%	2016	20.66%
Mt Brook	38%	2017	21.51%
Homewood	33%	2018	21.41%
Gadsden	38%	2019	21.52%
Tuscaloosa	38%	2020	26.58%
Mobile	43%		
Hoover	46%		
Dothan	31%		
Vestavia Hills	30%		
Florence	31%		
Montgomery	38%		
Huntsville	28%		
Decatur	28%		
Prattville	44%		
Auburn	31%		
Phenix City	31%		
Athens	28%		
Madison	31%		
Enterprise	30%		

Additional Cuts and Edits

Council decided to reduce revenue projections which were evaluated on trends since 2015. The original budget were estimated projections for FY2019, but overall actual figures came in higher. While I was out of town Monday, Council met and stated the revenue needed to equal \$30M. Wednesday, we presented the three revenue estimates in question with more detail:

REVENUE & TRANSFERS	FY2015	FY2016	% Chan	FY2017	% Chan	FY2018	% Chan	FY2019	% Chan	MAYOR'S THIRD 2020 EDITED	% Chan	Notes about estimates	Council Cuts 10/7	% Chan
Real Estate Taxes	3,950,750	4,218,538	7%	4,433,020	5%	4,874,857	10%	5,277,153	8%	5,700,000	8.01%	Property Tax is collected in arrears and is always very close to the figures that come directly from Teddy Faust's office. 2019 property taxes to be collected is \$5.87M. Reduced this by 3% for a cushion.	5,600,000	6%
Sales Tax	6,797,757	7,422,726	9%	8,006,744	8%	8,344,237	4%	8,898,012	7%	8,797,387	-1.13%	This revenue was up 9.5 and 9% last three years. 1.3% estimate is conservative.	9,183,744	0%
SSUT (online sales tax)	-	-		62,607		100,004	60%	282,742	183%	367,565	30.00%	Online sales growing exponentially.		
Lodging Tax	681,419	696,379	2%	762,562	10%	653,697	-14%	485,936	66%	573,000	0.00%	Kept lodging tax the same as last year. Proposed, once again increasing to 7% (in line with neighboring municipalities). This add'l 1% = ~\$175k in revenue	500,000	3%
Lodging Tax-PJ								600,403		688,000	0.00%	1% Lodging increase split 87,064 inside \$87,597 outside city limits.	550,000	-8%

Real Estate Tax revenue is not a number pulled out of the air. The figures come directly from the County and historically entered the budget as is. In the 2020 proposed budget, we already reduced it by 3%.



Sales Tax revenue (combined from above graph Sales Tax and SSUT/Online Sales Tax) has increased 9%, 8%, 5% and 9% from 2015-2019. We proposed a 4% increase in the original budget presentation. When Council wanted to keep the estimate the same as last year, this would have required a great deal of unnecessary cuts. We then broke out regular sales tax and online sales tax to better evaluate figures. Regular sales tax increased 7% and online sales tax 183%. In the third edited budget, we reduced regular sales tax to 1.13% and online sales tax 30%. Online sales have been increasing exponentially and changes in the law recently will increase even more.

The Lodging Tax rate was at 4% in 2018. Since Spanish Fort is at 8%, Daphne 6%, Foley 7%, Gulf Shores 7%, Orange Beach 7% and Mobile 8%, I proposed increasing lodging tax to 7%. Councilman Burrell stated he didn't want to raise taxes. I advised that this tax would not affect local citizens, it is a tax visitors expect to pay and is in line with neighboring cities. Council, however, did support Burrell and only increase the rate to 6% and the City missed out on \$175k in revenue FY2019 – revenue which can be reinvested in the department that promotes tourism and shopping locally to increase the revenue even more. I am, once again, recommending the rate be 7% for FY2020 (increasing 1%). An amount not figured into this budget.

When reviewing the budget, we overlooked including a \$1/mo increase in Sanitation starting in Jan. \$94,500 was added to revenue in this department (based on growing zero customers).

This budget does not include these potential adjustments:

- Council asked the Fire Dept to contribute \$200k of the County ad valorem taxes they collect to go towards equipment needed. The City has included \$331k in the budget for the \$531k needed. If the contribution is not made, Council stated the City’s portion would be pulled about a month ago and there has been no word on whether the department will contribute funds collected for this purpose. The Fire Department has collected ~\$954k from the County since 2015.
- The proposed 1% Lodging Tax increase needs a separate approval which would add \$175k in revenue.

The sudden need to be extra conservative with revenue as if this administration needs to be micromanaged in the financial department is nothing more than politics. If Council’s goal was to be genuinely conservative, they must do so where it matters the most – Capital Investments and Comprehensive Planning.

Capital Investments Should be Council’s Main Focus

The City built up cash reserves this term and invested in many long overdue facility maintenance needs. As mentioned in the last presentation, building maintenance was not even a funded department before this term and largely ignored. There is not currently a short-term capital budget plan in place because the main focus was taking care of emergency needs and creating a self-sufficient City. We still have urgent facility and infrastructure needs that need to be paid out of capital investment funds.

Capital Project Fund Balances		9/30/2019
Investment CD - Savings		1,065,146.07
Reserve-AG Edwards		639,635.07
Municipal Capital Improvement		769,190.88
Debt Reduction Fund		695,000.00
Capital Projects Fund		1,846,790.31
Total for City Projects/Maintenance		5,233,364.60
Capital Project Urgent Needs Buy Not Budgeted		
City Hall roof,maintenance & awning replacement	1,300,000.00	Invest if new City Hall not considered
Public Works roof & maintenance	400,000.00	
Police Patrol Precinct East	700,000.00	
Welcome Center (bare min), up to \$1M	150,000.00	
Quail Creek Club House new roof	30,000.00	
Nix Center (fresh air intack replace & roofing associated)	60,000.00	
Haven termite damage & roof	25,000.00	
Parks & Rec Bathrooms / ADA Compliant & Upgrades	50,000.00	\$50k/yr for 5 years, sooner the better
Rec Pool Building structural deficiencies	600,000.00	
Total	3,315,000.00	Capital Projects need now but not budgeted
Capital Project Need to Plan Near Future		
Pecan Building purchased in 2013 for New Public Works	?	Purchased long ago, still no plan
K-1 Center purchase	?	When will the City move forward on plan?
FEMA Storm Shelter First Responders	?	
New City Hall & One-Stop Service Center	?	Must Plan future, current City Hall at Capacity

The total Cash funds available for Capital improvement today is ~\$5.2M. The approximate amount needed for urgent facility needs is \$3.3M. The unknown amount needed for capital projects needed in the very near due to capacity issues and quality of service for citizens: FEMA Storm Shelter for First Responders, City Hall, Public Works, Utilities, Police Station and the future use of the K-1 Center to name a few.

Capital Spending Priorities

Council is moving forward on purchasing 113 acres on 13/32 for \$2.65M for future ballparks – a decision made during the budget process with no communication with me as to how this was going to be paid. The budget had already been finalized. The likelihood of the City affording its development soon with the priority needs above would take years. The balance in Impact Fees for Parks would not cover the expense.

Parks Director, Pat White, reevaluated the opportunity of expanding Volanta Park with four additional ballparks. This would resolve an immediate capacity need for up to ten years. The estimated the cost is \$1.5nd could start in 2020. Lighting expense could be paid out of 2021 impact fees:

	Police	Fire	Streets	Parks	
Current Balance	295,114.64	959,296.84	807,846.56	1,522,681.94	
2020 Projected Income	225,699.00	225,000.00	107,847.00	550,000.00	
Balance	520,813.64	1,184,296.84	915,693.56	2,072,681.94	
2020 Projects Budgeted	109,416.00		950,000.00	725,105.00	
Add 4 Ballparks				1,585,000.00	Volanta Expansion 2020-21
Total 2020 Expenses	109,416.00	0.00	950,000.00	2,310,105.00	
Total end of FY 2020	411,397.64	1,184,296.84	(34,306.44)	(237,423.06)	Project roll over into 2021

(Note: 2020 expenses in the Fire Department do not have qualified expenses for impact fee use)

Council and the Rec board unanimously agree that this would be a good decision. What do you think? The issue now is the City cannot afford to do it all. As you can see above, Impact fees would need to be used in the 2020 budget and a portion in 2021 to build four more ballparks. The 113 acres would have to be paid out of Capital Funds which would drain the balance by around 50%. Do taxpayers want to put the purchase of 113 acres on parkland that cannot be developed for years ahead of the urgent needs in our most valuable assets? Ahead of moving forward on the K-1 property? There must be strategic capital spending plan in place with your input before this money is spent. In a fair democracy, your involvement is key in making important decisions. Our City government is not a dictatorship. The property is scheduled to close in Nov 2019.

(note – the parkland on Twin Beech was to be paid out of impact fees over a 3-year period. The Volanta Park expansion would have to start end of 2020 to cash flow. However, it would still allow purchase of additional parkland close to town and solve the immediate ballpark capacity needs and not be touching capital funds)

This Administration has exceeded budget goals every year this term while at the same time paying off debt, increasing cash funds and creating a City budget requiring zero utility profits to pay government expenses. From the last presentation, here is what the City financials would look like if **no corrections**

were made in reporting expenses in appropriate departments:

If Reported Financials the Same as previous Terms			
	<u>2017</u>	<u>2018</u>	<u>2019</u>
City Surplus	\$4,861,460	\$4,216,218	\$3,936,051
Utility Surplus	\$2,148,709	\$2,504,961	\$2,995,084

The City would have been falsely reporting a surplus and continue leaving Utility profits too low to afford maintenance and needed upgrades. And it would be wrong. Unethical even. With all these significant financial improvements to both Utility and City financials, we just want to move forward with another productive year.

10/25/19 Update Budget Overview

I've heard from no one on Council since the last meeting on 10/9. No questions. No special meetings scheduled to go over any concerns. Since the budget is now a month past due, I naturally thought adopting the budget Monday, 10/28 would be on the agenda. It is not.

What is on the agenda is extending the budget approval with no date in sight as to when it will happen. And the approval of spending \$2.65M on 113 acres of over-priced property across town for a future ballpark site.

Where are the priorities? There's a sense of urgency to purchase 113 acres but no rush at all to pass a budget? The most important job of Council is adopting a budget by Oct 1st and this has yet to happen for the fourth time.

Council is getting ready to approve depleting the City's capital reserves needed for critical maintenance upgrades and impact fees which everyone agreed would be used for expanding Volanta Park with four additional baseball fields that could be built within a year and fill capacity needs for up to ten years. We cannot afford to do both. No one is even considering how this affects our ability to move forward on plans for the K-1 Center.

There is abundant opportunity to purchase property East of Greeno and you had absolutely zero say in this purchase.

The RESTORE-funded Strategic Comprehensive Land-Use Plan (VISION 2030) is forthcoming and allows an inclusive process to define **your** vision on how the City grows and how to attain long-term goals based on this vision. These priorities will never be realized when decisions are made without your consideration and without strategic planning and budgeting.

Now we must wait for the fourth year in a row for Council to do the job they were elected to do - pass the budget. Cities cannot operate under this type of oppression.

The budget finally passed Nov 13th.

Dec 2019 - Council approved the purchase of 113 acres of land for \$2.65M without community any engagement or input.

Jan 2020 - Council approved the purchase of parcel less than 1000sf on the corner of Section and Fairhope Ave in partnership with FSTC for \$525k (City's share \$265k)

Success is only possible when an environment of collaboration and common goals are established. We must establish a citizen-engaged capital spending plan before any more tax dollars are spent on expensive capital purchases and projects. The City has invested in a great deal of property over the years; however, the lack of long-term planning has prevented timely development to meet our needs.

Mar 2020 – Met with all directors to postpone any expenditures unless critical due to Covid-19. The only projects moved forward were funded by grants, impact fees or RESTORE funds until we get a better idea of where we are after the pandemic.

5-25-20 7-month budget review. Because of the early intervention with budget cuts and postponements, this administration will exceed our projected operating budget goal. However, because Council made the unplanned, unbudgeted purchase of parkland for \$2.65M there will be a realized deficit:

YEAR TO DATE & PROJECTED YEAR END BUDGET

(58% through the year - 7 months)

Mayor's Budget (without parkland purchase)

Revenue = 62% (4% over projected budget)

Expenses = 46% (12% under projected budget)

End of year projection SURPLUS \$1,086,733

Council Budget (last minute purchase of parkland \$2.65M)

Revenue = 62% (4% over projected budget)

Expenses = 65% (7% over projected budget)

End of year projection DEFICIT \$1,506,735