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To The Honorable Council  
City of Tuskegee, Alabama

Dear Ladies and Gentlemen:

I am proud to present the proposed budget for Fiscal Year 2008 for your consideration. The focus of the 2008 proposed budget is one of *sustainability* – funding critical ongoing needs in an environment of fiscal challenges.

Tuskegee's economic outlook is encouraging. In the near-term, both continued growth in the regional economy and new local commercial developments should contribute to growth in the Tuskegee area. This trend, combined with our local economic development efforts, such as downtown revitalization, Washington Plaza, Tuskegee Industrial Park upgrades, and the Exit 38 Development, are expected to result in wage and job growth, as well as new construction activity. We have reason to be optimistic about our economy and about the City's financial condition.

This letter formally transmits the City of Tuskegee's Fiscal Year 2008 Budget and Capital Improvement Plan.

### **ACCOMPLISHMENTS OF FY 2007**

The Tuskegee City Council should certainly be proud of the accomplishments achieved by the City government in FY 2007.

Meeting the needs of Tuskegee's children continues to be a major priority of this Council. You placed a high priority on the City's Summer Youth Employment Program, which provided summer youth work experience for 50 youth. You have also supported the improvement of facilities at Lake Tuskegee, Abbot Park, Greenfork Park, and H. B. Henderson Park. The Council continued to provide a supplement of \$100,000 to the YMCA for youth programming. Finally, The Council's Task Force on Youth Development was created in April 2007 to advise the Council on all matters related to youth in our community.

From the beginning of your term, you rated street maintenance as a top priority. Because of your decision to allow staff to refinance the City's bond issues, 19 streets were repaved:

***Downtown Streets***

Elm Street  
Maple Street  
Rosa Parks Drive (Partial)  
Lee Street  
Fonville Street (Partial)  
Spring Street  
Oak Street

***District 1***

Taylor Street

***District 2***

Torbert Circle  
Lake Shore Drive (Partial)  
Brown Street  
Collins Street  
Street off Collins Street  
South East Marina Drive  
Ike Road

***District 3***

N. Church Street  
New Street  
Harper Street

Additionally, traffic safety has improved through intersection improvements at all newly paved streets, Harper Street and US Highway 80, North Church and US Highway 80, Brown Street and US Highway 29, and Ike Road and US Highway 81.

The City drainage network has been improved by removal of sediment at specific locations on major streets, such as Bulls Avenue and Ike Road, to name a few.

During the past year, this Council has improved departmental facilities, specifically the Gomillion Building, Fire Department, and Senior Citizens Center.

Your support of commercial developments is already paying off with the construction of Washington Plaza and new businesses in the Downtown area. In the past year, City staff has actively engaged in economic development, including industrial recruitment. These efforts have resulted in:

- Ten (10) inquires from industrial prospects requesting information on utilities, industrial park sites, and a community profile.
- Five (5) site visits by prospect industries
- One (1) active project approved by the IDB

## **BUILDING A BALANCED BUDGET**

A key component of sustainable financial health is balancing the budget each year, e.g., not spending any more in a given year than we collect in revenue. The FY 2008 Budget for the City of Tuskegee is challenging to develop because of the competing expectations of citizens and City Council. City staff must maintain and in many cases enhance the services to the public while developing strategies to reduce the tax burden on citizens. Therefore, the staff's approach for this budget is to focus first on core services based on Council's mission and to fund these services at an adequate level.

The FY 2007 Adopted and Amended Budgets provide a context for the FY 2008 Budget. The amended FY 2007 Budget was \$7,263,140. In building the FY 2008 Budget, we considered adjustments from partial year funding, inflationary increases to utilities, fuels, etc., and multi-year contractual agreements.

Our financial forecasts for FY 2008 indicate a positive trend in our revenue base. We have a slight increase in our sales tax collections. Our estimates associated with adding new property to the tax roll next year will likely mirror last year's property tax collections.

## **COST CONTROL EFFORTS**

Each department of the City frequently reviews its operations to determine opportunities for reductions in expenditures. In this vein, each City department reduced its non-personnel base budget by 7–10 percent.

## **COUNCIL PRIORITIES**

The Council provides the direction for the staff. Critical to this role is the establishment of priorities that the staff strives to reflect in the budget that we develop and present to you. Based on our conversations with Council, your priorities are similar to those of last year:

- Street Paving and Maintenance
- Public Safety
- Economic and Community Development
- Commercial Development
- Parks and Recreation Facilities
- Community Aesthetics
- Employee Pay and Benefits
- Non-City Agencies

Council priorities continue to serve as the framework for how we do business, provide the continuity and direction needed to develop a solid City government, help achieve our livable city vision, and develop annual goals. Departmental goals can be found on the City's website at <http://www.tuskegealabama.org>.

## **UNDERSTANDING COMMUNITY PRIORITIES AND MEASURING CUSTOMER SATISFACTION**

During FY 2007, The City of Tuskegee started asking its citizens to participate in a survey to identify their priorities and concerns, as well as to gauge their satisfaction with city services. Citizens are asked to rate City services including police, fire, garbage collection, etc., from “very satisfied” to “very dissatisfied”. The results of the Survey will be presented to Council in late August 2007 and will be posted on the City’s website.

Public feedback is essential to our ability to assess progress in service delivery and allocate resources during budget development. Additionally, public feedback helps us improve the public accessibility and accountability of City government.

### **CORE SERVICES INVESTMENTS**

Tuskegee is in a state of revitalization. As part of the City’s budget process, the City Council hosted “Coffee with Council” in the three Council districts. The feedback from these meetings reinforced the need for the City to focus on key priorities: public safety, economic redevelopment, infrastructure repair and replacement, recreation, and last but certainly not least, programs that enhance the quality of life for our children, youth, families and seniors. These priorities were clearly addressed by City departments as they submitted their FY 2008 budget requests. Due to financial constraints, the FY 2008 Budget includes only a fraction of these requests.

Expenditures expected to influence the FY 2008 Budget are:

- Growth in the Capital Improvement Program impacting debt service payments;
- Employee compensation and benefit costs;
- Anticipated revenues from non-general fund sources;
- Operating budget impact of new City facilities;
- Anticipated increases related to health care, retirement, fuel and utilities; and

Last year, the City’s budget was designed to improve our core services and infrastructure needs. Clearly, the ability of a local government to respond effectively to these needs depends on the available resources.

#### Investing In Employees

In order to continue providing quality services to the public, the City must maintain a workforce that receives fair and equitable compensation. Without employees who are dedicated to public service, the City cannot continue to meet the needs of the citizenry.

Last year, we made significant progress toward rebuilding our workforce and I believe this budget proposal will help sustain the workforce.

*Compensation Market Study Implementation.* In FY 2007, we completed a comprehensive market compensation review, which is an update of our staff salaries compared to the Tuskegee market, and began implementation of the City's pay classification plan. Sworn police and fire employees (Public Safety Series) were adjusted to market in FY 2007.

The 2008 budget proposal includes \$36,898 to continue implementation of the pay classification plan. However, because the City continues to face financial challenges, we propose to adjust the salaries of non-sworn employees by series, beginning with the Service-Maintenance Series. The pay adjustments for jobs in this series are listed in the graph below.

<b>Position</b>	<b>Current Hourly Base Pay</b>	<b>Proposed Hourly Base Pay</b>	<b>Difference</b>
Foreman	\$ 12.84	\$ 12.84	\$ .00
Skilled Equipment Operator	\$ 11.77	\$ 12.33	\$ .56
Skilled Equipment Operator – Basic (Driver)	\$ 10.70	\$ 10.86	\$ .16
Service Maintenance Worker	\$ 8.48	\$ 9.61	\$ 1.13
Service Maintenance Worker Helper	\$ 6.95	\$ 8.65	\$ 1.70
Automotive Mechanic – Journey	\$ 14.60	\$ 14.60	\$ .00
Automotive Mechanic – Skilled Worker	\$ 11.75	\$ 11.75	\$ .00
Automotive Mechanic – Semi Skilled Worker	\$ 10.70	\$ 10.70	\$ .00
Animal Control Officer	\$ 6.82	\$ 11.00	\$ 4.18
Facility Maintenance Technician	\$ 10.70	\$ 13.00	\$ 2.30

Assuming availability of funds later in FY 2008, the salaries of all other employees, including non-sworn employees in Public Safety will be adjusted to market.

An employee who assumes temporary job duties (election duties, etc.) will be compensated for the additional duties. The employee's salary will be adjusted to market at the same time other employees in their series are adjusted.

*Medical and Dental Insurance.* The City's strategy has been to hold constant the relative portion of the City and employees' health insurance costs when rates increased. However, due to cost increases imposed by medical providers for dependent coverage, employees will see cost increases this year as follows:

<b>Coverage*</b>	<b>City's Contribution</b>	<b>Employee's Contribution (Current)</b>	<b>Employee's Contribution (Proposed)</b>	<b>Difference</b>
Individual	\$ 229.94	\$ 25.00	\$ 45.00	\$ 20.00
Family	\$ 545.82	\$ 140.00	\$ 180.00	\$ 40.00

While no increase will meet with approval by our employees, the City's cost to employees is still consistently less than most public organizations in the area. Below is a summary for the cost of insurance coverage in other local organizations.

<b>Organization</b>	<b>Employee's Contribution (Individual)</b>	<b>Employee's Contribution (Family)</b>
City of Auburn	\$ 46.00	\$ 276.00
City of Opelika	\$ 25.88	\$ 490.00
City of Montgomery	-	\$ 165.00
Tuskegee University	\$ 133.88	\$ 509.40
State of Alabama	-	\$ 168.00

*Succession Planning and Staff Training.* An important issue facing City government in the next five years is the retirement of a significant number of our employees. A survey of city employees eligible to retire within the next five years indicates that voids will be left in many key positions. It is vital that we begin planning for employee retirements to ensure that delivery of services to our citizens continue through the transition process.

Beginning this year, we will institute a succession-planning program. The Program will include the City's new Supervisor Certification Program. The purpose of the succession-planning program is to prepare candidates within city government with the necessary skills and competencies to compete for advancement into positions that may become vacant due to retirements.

*Technology Advancements.* Support service functions across the City are strained, both within the departments and at the senior management level. While in the midst of offering core services, implementing critical new services, and managing new facilities, workloads continue to increase. Insufficient staffing resources will produce problems over time and can cause burnout in dedicated and hard working staff, no matter how much they are paid. In FY 2008, we will implement an intranet portal, which provides a single point of access to information (administrative policies, forms, etc.) for City employees. Technology will continue to play a vital part in ensuring the successful operation of City government.

### Police Presence

The most significant of our core service investments is for public safety. We constantly evaluate operations and administration of the City's public safety functions, the largest of which is the Tuskegee Police Department. Our review of Public Safety operations includes benchmarking, staffing, and opportunities for reducing costs.

### Parks and Recreation

As Tuskegee continues to grow, the demands on the current parks and public spaces and the need to expand recreational services will increase. The maintenance of parks and public space includes maintenance of pools, walking trails, recreation and senior centers, and

playground equipment. Investment in this core area will help the City to protect and preserve parks, facilities, and public open spaces at an acceptable level.

The FY 2007 Budget included funds for the following recreation positions:

<b>Position</b>	<b>Number</b>	<b>Employment Period</b>
Parks Maintenance Worker	3	April - September
Lifeguard Supervisor	1	June - August
Lifeguard	7	June - August

The FY 2008 Budget includes funding for two park maintenance workers, seven life guards, a lifeguard supervisor, and Recreation Specialist. All of the proposed positions are part-time. The Recreation Specialist will be responsible for developing innovative recreational programs as well as general supervision of part-time staff. The Recreation Specialist will also provide staff support to various citizen-based advisory boards.

State and federal laws specify minimum safety standards that must be maintained in the parks systems. Although these standards were partially addressed with funds from the 2007 Capital Improvements Fund, additional resources are needed.

I believe the commitment to parks and recreation facilities is based on the belief that they make a difference in the lives of children. We realize that this investment, like investment in the Schools and community activities, has a significant impact on the activities that children decide to pursue. Through our facilities, we are providing worthwhile alternatives for them.

#### Summer Youth Employment Program

The FY 2008 Budget continues funding for the Summer Youth Employment Program, which provides meaningful employment experiences for 50 youth. In addition, the City will coordinate with the Chamber of Commerce and local businesses to provide employment opportunities through the private sector for an additional 25 youth. The FY 2008 Budget includes \$38,000 for the Summer Youth Employment Program.

#### Professional Services

In an effort to maximize available resources, the FY 2008 Budget includes \$20,000 for *Economic Development Technical Assistance Services*. Services will include assisting the City in recruiting potential economic development target audiences and host visits by industry leaders with the goal of locating new corporate tenants to the City of Tuskegee. Services will also include identifying and pursuing eligible sources of federal funding (e.g., appropriations earmarks, grants, etc.) related to the City of Tuskegee's economic development strategy. This contract would replace the City's short-term professional service agreement (\$7,000) for economic development technical assistance.

If funds are available at FY 2008 mid year, the following professional services are proposed:

*Grants Writing Services.* Services will include prospecting for funding possibilities such as foundations, businesses, and other options; completing each step of the grant proposal writing process (research, proposal draft, Letter of Inquiry, full grant proposals); and managing grant dollars received as the City's agent. The projected cost of this service is \$25,000.

*Engineering Technical Assistance Services.* Services will include project management, design, and construction engineering for the City's capital improvement program and related projects. In addition, services will include providing in-house design of small projects, management of large capital improvements, and general oversight of the Public Works Department. The projected cost of this service is \$30,000. The part-time engineer position, currently budgeted at \$20,000 would be eliminated.

The successful consulting firms should produce a return sufficient to cover the cost of their contract.

As the City's financial position improves and the need for specific service delivery intensifies, the services listed above may be phased out and replaced with full-time employees who will perform these tasks.

## **COMMERCIAL DEVELOPMENT**

Council priorities also included commercial development. The City's second largest revenue source is sales taxes. The City's ability to fund all the services that we expect and want is dependent on a strong tax base. If retail leaves Tuskegee, not only will the City not be able to fund any critical services, but also we will not be able to continue additional funding for street resurfacing and capital improvements.

As long as the tax situation remains as it is in Alabama, the City will continue to derive revenue from the business-based taxes. Therefore, just as we have become active in the creation of an industrial base, we have to continue to be active in the recruitment and development of a commercial base. I think that this pattern of development that is being established will provide a commercial anchor for the next decade; so it will be important for the City to be alert to new commercial development opportunities to locate in our area.

## **FINANCIAL OVERVIEW**

*It is critical in FY 2008 for the City to have a financial buffer in the event of an unexpected economic downturn, natural disaster, need for budget stabilization, as well as to fund future one-time expenditures. At least twenty-five percent (25%) of any new revenue from the Utilities Board of the City of Tuskegee should be dedicated to a budget reserve account.*

In order for us to maintain a stable financial picture, we must keep our operating expenses at reasonable levels, so that we do not build in expenses that we will not be able to maintain. The main expense in City government is Personnel, which ideally should be kept under 50 percent. In the FY 2007 Budget, the cost of Personnel was 62.68 percent of the total General Fund budget, and in FY 2008 budget, the percentage is 66.80 percent. This increase is an

increase of 4.12 percent, which is a result of adjusting the salaries of sworn public safety personnel (police and fire) to market. In FY 2008 we will begin to reduce the Personnel cost. Only essential positions that become vacant (retirement, etc.) will be filled.

### Revenue Projections

One of the most important tools in the budget process is a forecast of revenues. To develop the forecast, City staff analyzes three years of historical trends and patterns, looks ahead using economic projections, and incorporates inflation rates.

Revenue projections used to prepare the FY 2008 Budget total \$ 7,094,050. This is a decrease of 19.61 % over the FY 2007 Budget.

The City of Tuskegee depends on a number of locally controlled revenue sources to make up its General Fund. Approximately 75.5 percent of revenues are found in four categories. The most significant increases are licenses and permits including occupational licenses. The major sources of revenues are expected to remain static or increase slightly through FY 2008, as shown in the table below.

	FY 07	FY 08		
	Budget	Projected	Increase	As %
Occupational License	\$ 1,575,750	\$ 1,550,000	\$ (218,742)	(1.63)
Sales and Use Taxes	\$ 1,245,000	\$ 1,400,000	\$ 54,225	12.45
Garbage & Trash Collection	\$ 1,155,750	\$ 1,160,000	\$ 4,250	.37
Franchise Fees - Utilities	\$ 610,750	\$ 650,000	\$ 39,750	6.43

\* Includes franchise fees, residential rental tax, general business license, and construction permits and fees

### State and Federal Aid

State and federal aid received in FY 2007 are listed in the table below.

Type of Funds	Purpose	Amount
Federal Aviation Administration (FAA) Grant	New access road, electrical vault, and apron at Moton Field	\$ 1,000,000
Federal Transportation Grants	U.S. Highway 80 Drainage Project	1,705,000
State Transportation Grants	U.S. Highway 80 Drainage Project	295,000
Community Development Comprehensive Block Grant (CDBG)	Development of a small area in District 2	550,000
Energy Grant	Recycling Drop Off Center	10,000
Congressional Appropriation – Congressman Mike Rogers	Downtown revitalization (new sidewalk, lighting, etc.)	445,800
Alabama Tree Grant – Alabama Power Company)	Development of phase one of the North Main Tree Project	1,000
<b>Grand Total</b>		<b>\$ 4,006,800</b>

In FY 2008, the City anticipates receiving the following aid from state and federal sources to support local programs and projects.

Type of Funds	Purpose	Amount
Congressional Appropriation/CDBG Enhancement Funds	10" water lined serving Moton Field and the Tuskegee Airmen's Museum.	\$ 350,000
Federal Aviation Administration (FAA) Grant	Engineering/Design of new terminal building	73,900
Appalachian Regional Commission (ARC) Grant	City facilities upgrades	250,000
<b>Grand Total</b>		<b>\$ 1,119,700</b>

The funds above, if received, are for specified purposes and can only be spent for the purposes identified in the table.

The inclusion of expected state and federal aid is difficult because decisions on some of these revenues have not yet been determined or may change at any time due to various factors such as economic conditions.

#### Revenue Review

City staff will conduct a comprehensive revenue review for FY 2008. This review will include an analysis of how fees have kept pace with inflation and if any of the fees appear to be less than the costs to the City to provide the services.

The Municipal Business License Reform Act of 2006 (Act 2006-586) establishes a statewide uniform system for issuing and calculating of the cost of municipal business licenses, common business license application form for use by all municipalities, and uniform definition of "gross receipts". The City administration will introduce an ordinance to adopt the provisions of the Municipal Business License Reform Act of 2006. Council adoption of this Ordinance is expected to improve collection of business license fees and ensure compliance such as in our neighboring cities.

### **ANNUAL CAPITAL PROGRAM (CIP)**

The City's Capital Budget is a five-year plan of critical capital improvements to address our aging infrastructure as well as new initiatives to drive our economy. Each year, the City Council reviews this five-year plan and allocates funds to implement the annual plan.

In an atmosphere of tax reduction and reduced spending, there is a misperception that spending in the capital plan should be eliminated as a means of reducing budget expenditures. Failure to address some items in the annual capital plan can lead to a backlog of infrastructure capital needs (streets, storm water drainage, maintenance of City buildings, etc). With this in mind, projects in the five-year Capital Improvements Budget have been recommended to fulfill past commitments or address immediate needs.

The plan is comprised of the following:

1. Projects currently underway
2. Projects committed to by the City Council in the prior budget year
3. Projects that represent community priorities as reinforced during this year's "Coffee with Council" meetings
4. Projects that are a result of local, state, or federal mandates.
5. Projects that enable the City to grow its economic base

The projects in the Capital plan will impact the entire community.

#### New Police and Public Works Facilities

In FY 2007, City Council emphasized the need to relocate the Police Department to the downtown area and build a new public works complex. Site location and preliminary design began in 2007. Preliminary costs to complete both projects are approximately \$400,000. It is our hope that these projects can be completed in FY 2008 with current capital improvement funds and Rural Development Funds.

#### Parks Maintenance

A year of effort to revitalize City parks (H.B. Henderson, Abbott, and Greenfolk) is finally coming to fruition. The City continues to support infrastructure improvements at City parks by adding \$30,000 in the FY 2008 Budget. In addition, the City will pursue grant funds to assist in upgrading the swimming pool at Abbott Park.

#### Purchase of Handicap Van for Senior Citizens Department

The current handicap accessible van is in poor condition and constantly requires repairs. If funds are available at FY 2008 mid-year, we propose to allocate \$35,000 to replace the handicap accessible van for our seniors.

#### Street Resurfacing

There is a backlog of infrastructure repair projects, including street resurfacing, storm water drainage, and maintenance of City buildings.

In February 2007, the City Council voted to refinance the City's bond issues, which resulted in 1,600,000 in General Obligation Warrants for capital improvements and \$1,105,000 Gas Tax Revenue Warrants for new road and street improvements.

The FY 2008 Budget includes \$75,000 to continue our street resurfacing efforts. District priority streets that were not resurfacing in FY 2007 are as follows:

#### *District 1*

Josephine Street

Haggins Street

Logan Street  
Alabama Avenue

*District 2*  
Nancy Road  
Auburn Street  
Brothers Drive

*District 3*  
Highland Hills Road  
Gautier Street & Southmont Drive  
Gomillion Avenue  
Webb Street

*Arterial Street*  
Bibb Street

### **SUPPORT OF COMMUNITY EVENTS**

The City continues to support a variety of community events. The FY 2008 Budget provides \$11,500 for ongoing support for the following programs:

- Memorial Day Fly-In – \$5,000
- July 4<sup>th</sup> Celebration – \$3,000
- Welcome Back Celebration for Tuskegee University Students – \$3,500

### **OUTSIDE AGENCIES SUPPORT**

#### YMCA

The FY 2008 Budget continues funding of \$100,000 for the YMCA recreational activities for youth in the Tuskegee community.

#### Macon County Board of Education

The FY 2008 Budget continues Council supplement funding for education. While the funds are limited, this investment indicates Council's recognition of the importance of Education. The proposed funding for FY 2008 Budget will remain \$20,000.

#### "Fighting Heart Disease" Nutrition Intervention Program

Heart disease is the number one killer of all Americans, but is a disease that disproportionately affects African Americans. The City is collaborating with Tuskegee University in a Cardiovascular Equality-ACCE/NUTRIFORDs project, "Fighting Heart Disease" Nutrition Intervention Program. In June 2007, the City Council approved financial support of \$10,000, payable in two installments. The first allocation of \$5,000 was disbursed

in FY 2007 and the remaining \$5,000 is included in the FY 2008 Budget. Approximately 124 City employees will participate in training for preventing or reducing the risk of heart disease.

Macon County Council on Retardation and Rehabilitation (MCCRR)

The MCCRR program is designed to train physically and mentally challenged adults to function to their maximum capabilities in their respective homes and communities. MCCRR requested \$60,000 for FY 2008. We recommend \$15,000 as local matching funds.

**CONCLUSION**

Tuskegee is truly emerging . . . a city emerging from a period of decline to a thriving community.

While this progression as a City has also brought challenges, we are also fortunate to have a community of committed citizens who are excited about Tuskegee's future. This proposed FY 2008 Budget strives to address the concerns of our City Council and citizens.

The budget document includes mission statements and annual goals for each department; revenue projections and proposed expenditures for the General Fund (including analyses by category and function); an overview of revenues and debt; and data on the number of authorized personnel.

Finally, I would like to express my appreciation to the department heads for their excellent work on the budget this year. I am especially appreciative of the work of the Finance Director, Harvey Smith, and the entire Finance Department. We hope this proposed budget allows the Council to make well-informed budget decisions.

Respectfully submitted,

Alfred J. Davis  
City Manager