



City of Auburn
Home of Auburn University

August 8, 2012

Honorable Mayor and Council Members
City of Auburn, Alabama

Dear Mayor and Members of Council:

I am pleased to present for your consideration the City of Auburn's Proposed Biennial Budget for Fiscal Years 2013 and 2014. This budget represents the continuing commitment of our city government to delivering superior services and facilities while striving towards excellence in efficiency and taxpayer value. Reflected in this budget are the Council's goals, priorities, tradition of fiscal discipline, as well as the City's historically conservative management policies. Fiscal sustainability in the face of a slow national economic recovery remains a key factor in our budgeting strategy and, as always, input from the citizens we serve greatly directs our budget development.

Organization of this document

Our budget document is designed to provide the Council with complete, intensive information so that they can set the City's course for the next two years. To maintain transparency with the public this information is provided, in full, via the City's web site: www.auburnalabama.org/budget. Of course, with the wealth of information contained within this document one may feel overwhelmed by the number of charts, graphs, spreadsheets and statistics. To help reduce this feeling, the following descriptions provide a brief overview of the main areas of the budget document:

Introductory Information - The initial section contains an executive summary, which is this budget message, providing a basic overview of our financial position and strategy for the next two years followed by the Council's key decisions. The message concentrates primarily on the activities of the City's General Fund from a "bird's eye" perspective. As the City's largest fund, the General Fund houses most of the City's departmental and non-departmental operations. By comparison, the City's Enterprise Funds, especially those which account for business type activities (sewer and solid waste services), are largely self-contained with their rates set to finance a narrow scope of activities.

The General Fund accounts for a diverse stream of resources and a multitude of very different types of municipal activities thereby requiring numerous decisions to be made

on resource allocation. These decisions are influenced by the priorities of our residents, governing body, advisory boards, and management. The budget message not only gives a brief overview of our fiscal health, but also explains how those priorities translate into spending and policy decisions. For more detail on our governmental fund structure, please see the *Description of All Budgeted and Major Funds* on page 96.

General Information – This section contains a description of everything that influences our budget process including a combined view of all of our governmental funds. As the budget is guided by several policy, planning, and priority documents, this section contains our financial policies, a description of our budgetary system, Citizen Survey summary, and short and long term goal updates. It also contains the *Financial Overview* (page 74), which gives a much more in-depth review of our resources and revenues, as well as our debt. Lastly, it contains the City-wide organizational chart and a summary and history of authorized personnel (page 107).

General Fund - The largest section of the document, it contains revenue projections, trend analyses, and all of our proposed departmental and non-departmental expenditures in various presentation formats and at a high level of detail. Since many of our departments operate in different service areas, presented in this section is a program-level summary (page 119), where the various departments, divisions, and non-departmental activities are aggregated into broader categories, such as Parks, Leisure & Culture, Economic Development, and Public Safety. Because this section breaks down all of the various non-departmental expenditures, such as debt service and support to outside agencies, and combines them in distinct program areas, it gives a realistic picture of “where our money goes” in an easy to understand format. The program areas generally follow the ideals and objectives set forth in the City’s Vision and Mission Statements.

Enterprise Funds – As mentioned above, our enterprise activities encompass services which are paid for through user fees such as our solid waste and sewer services. Since there is a very narrow set of activities within these funds, and the revenues are restricted to those activities only, the enterprise section stands somewhat independent from the rest of the document. In addition to fund and department-level financial information, also included in this section are *Financing Structure* documents which provide detail on the operation of each fund.

Other Funds – These sections contain special revenue funds and debt service funds, which have narrow, purpose-restricted revenue and expenditures, as well as special activity sub-funds of the General Fund which provide for the City’s self-insured employee benefit and liability risk retention activities. Also included is information on the Public Park & Recreation Board (PPRB). The Board provides for the operations of the Yarbrough Tennis Center which is a partnership endeavor between the City and Auburn University.

Capital Budgets – The City’s capital spending is outlined, including detail by funding source, project category, and department. The six-year Capital Improvement Plan (CIP) is also presented.

Reference Information – This final section contains a variety of community and organizational statistics and data, including schedules and summaries of our taxes and fees.

It is my hope that this document clearly exemplifies our commitment to spending taxpayer resources wisely and in full accordance with the desires and priorities of our residents.

A very brief overview of accomplishments of the past biennium...

The City of Auburn continues to weather a challenging economy with relative strength. Without minimizing the impact of the economic downturn on our residents and their families and businesses, the continued, albeit slow, growth of our diverse local economy has provided a measure of stability in the services our residents have come to expect and on which they depend. We continue to strongly support our schools, successfully recruit major national and international companies, complete large numbers of capital projects and provide excellent municipal services. A brief recap of the progress made towards the priorities of the Council in the last two years in our community follows:

- **Education:** Auburn City Schools (ACS) consistently experiences record enrollment growth each year as parents are drawn to the excellent teachers, facilities, and programming ACS has to offer. ACS broke ground this year on their newest elementary school on the north side of town and has purchased land for a new high school. The City Council provided an additional \$2.5 million in local funding each year to facilitate this growth bringing the annual General Fund appropriation to just over \$9.5 million. We anticipate that establishing a permanent funding mechanism for the schools to ensure continued excellence will be a major focus over the next two years.
- **Economic Development:** Continued recruitment of progressive, high-technology manufacturing firms over the past two years will add 1133 new jobs and almost \$254 million in capital investment to our economy. Construction of the final phase of Auburn Technology Park West is underway and will be home to GE Aviation, SiO2 and many other firms. We have forged agreements with several new or expanding businesses to utilize a unique program of commercial incentives to encourage redevelopment and new projects, including the Shoppes at Cary Creek, home to



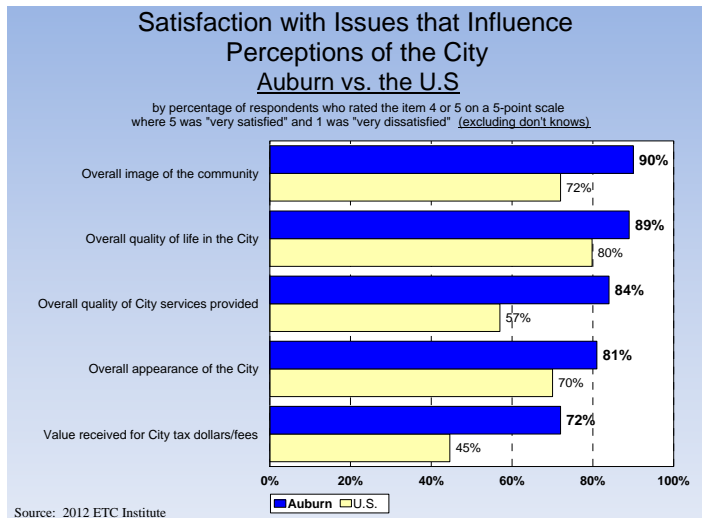
Auburn's newest Publix and gateway to Cary Creek Parkway, and future residential and commercial development.

- **Roads & Bridges:** Our commitment to maintaining and improving the City's infrastructure remains high. To that end, the last biennium saw the replacement of the North Donahue Bridge and the roadway widened. Additionally, we allocated \$3.8 million in total resurfacing for the biennium and the last of those resurfacing projects are slated for completion this year. Currently underway is the Hamilton Road reconstruction project where \$1.2 million has been designated to complete this project and includes expanding our bicycle network with new four-foot bicycle lanes on both sides of the road. Finally, although numerous developers defaulted on their obligations to complete neighborhood infrastructure, the City has been able to recover nearly \$750,000 from liquidated surety bonds and, supplementing with our own funds and crews, we moved 11 subdivisions towards final completion.

Markedly, the achievements listed above are all in addition to our employees continuing to deliver excellent services to our residents on a daily basis. Our Citizen Survey results indicate that Auburn residents remain extremely satisfied with the services we provide and with the value they receive for their tax dollar. To find out more about our accomplishments over the past biennium, please contact the Office of the City Manager.

Citizen Survey & Resident Priorities

Each year, the budget process kicks off with the annual Citizen Survey. The survey provides an opportunity to evaluate resident satisfaction with the services we provide and to gauge citizen



priorities for the investment of their tax dollars and fees. Once again, we were pleased to find that in almost every category measured, the City of Auburn performed well above the national average and, in many cases, set the bar for other communities. Auburn residents continue to feel good about their city as a place to live, work and raise a family. Included in this document on page 23 is the executive summary of the 2012 Annual Citizen Survey which provides an excellent synopsis of our citizens' viewpoints, a

comparison of our city to other cities, and is worth taking time to read. The full text of the report, as well as the presentation of the results, can be found on the City's website at www.auburnalabama.org/survey.

In developing the budget, we use the survey tool in several ways. First and foremost, we measure satisfaction trends over time in each service area, both overall and by department/division. This allows us to spot areas of concern and address them before they become problems. Page 28 of this document contains a summary of trends we have monitored over the past seven years. Of note is that over this period, 56 categories showed significant increases in citizen satisfaction, with only one category showing a decrease.

Second, we use the Citizen Survey's Importance/Satisfaction Matrix to determine which projects and services should be emphasized when developing the budget proposal for the next two years. Flow of traffic and congestion management, maintenance of City streets and facilities, police and fire protection, and continued support of Auburn City Schools are the priorities identified by residents, and this budget contains provisions for each. The additional penny of sales tax levied in 2011 has allowed the City to invest in each of these areas at a level which meets these expectations, and, quite frankly, would not be possible without it.

We also utilize the survey to rank specific capital investments. Typically, we use this as an early measure of preference for major projects in advance of the Special Five Mill referendums, or, to reaffirm priorities for projects on the near horizon. Not surprisingly, downtown parking continues to be a high priority, with 61% of residents identifying it as the highest priority project. Earlier this week, staff delivered a presentation on our plans for the first phase of the downtown parking project and we have proposed funding for a comprehensive downtown redevelopment plan with parking as a major focus; this is discussed in more detail later in this message. Sixty percent of residents identified road reconstruction and resurfacing also as a high priority project. As a result, resurfacing expenditures have reached their highest level than any previous biennium.

General Management & Budget Strategy

As the City developed the past two biennial budgets, a key component of management's strategy was to rely on reserves to absorb the impact of the recession in order to reduce any potential decreases to the level of service enjoyed by our residents. Another component of this strategy was to temporarily move the burden of transportation infrastructure and some capital equipment replacement to the Special Five Mill Fund and other special revenue funds where excess capacity was available. During this time, containment of operating costs was also a primary focus since keeping operating costs roughly level would allow modest growth in revenues to position the City to more easily absorb the return of capital investment to the General Fund after giving that fund a few years of relief.

This strategy has paid off. Overall, as the economy has begun to stabilize and show signs of growth, management's strategy has been to continue to contain operating costs while maintaining a high level of service and investing in capital asset maintenance and replacement. Also integral to our long-term management plan maintaining a balance between these fiscal strategies and policy initiatives designed to encourage sustainable and manageable growth.

The information that follows includes discussion of the key areas of revenues and expenditures we considered in developing this budget proposal. A detailed analysis and discussion of our revenue outlook and trends, as well as an overview on the City's debt position, is included in the Financial Overview starting on page 74 of this document.

Revenues, Resources and Outlook for the General Fund: Our fiscal year 2012 General Fund net ending fund balance is projected to be almost 30% of our expenditures. This is over our target range and an increase over currently budgeted amounts. As a result, we plan to draw down this balance in the next biennium by continuing to invest in capital infrastructure and vehicle and equipment replacement. The following table illustrates the six year outlook for the General Fund.

General Fund (100 Only) - Changes in Fund Balance									
	Actual	Actual	Budget	Biennial Budget		Projected			
	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
Beginning Fund Balance	25,686,770	23,374,404	25,532,419	23,332,145	20,107,948	19,992,670	19,947,438	21,048,952	22,326,760
Revenues	52,114,937	55,667,909	62,332,862	63,253,081	64,870,396	66,812,634	68,913,820	71,058,043	73,275,776
Other Financing Sources (OFS)	15,396,250	471,317	1,757,488	296,250	296,250	300,750	305,340	312,363	319,596
Total Revenues & OFS	67,511,187	56,139,225	64,090,350	63,549,331	65,166,646	67,113,384	69,219,160	71,370,406	73,595,373
Expenditures	46,971,169	45,788,038	53,137,482	55,502,769	54,049,165	55,647,695	56,315,933	57,987,547	57,052,291
Other Financing Uses (OFU)	22,852,384	8,193,172	13,153,142	11,270,759	11,232,759	11,510,922	11,801,713	12,105,051	12,420,898
Total Expenditures & OFU	69,823,553	53,981,210	66,290,624	66,773,528	65,281,924	67,158,617	68,117,646	70,092,598	69,473,189
<i>Change in Fund Balance</i>	(2,312,366)	2,158,015	(2,200,274)	(3,224,197)	(115,278)	(45,232)	1,101,514	1,277,808	4,122,184
Ending Fund Balance	23,374,404	25,532,419	23,332,145	20,107,948	19,992,670	19,947,438	21,048,952	22,326,760	26,448,944
Less: Permanent Reserve Fund	4,682,899	4,724,918	4,070,287	4,090,638	4,111,092	4,172,758	4,235,349	4,298,880	4,363,363
Net Ending Fund Balance	18,691,505	20,807,501	19,261,858	16,017,309	15,881,579	15,774,680	16,813,603	18,027,881	22,085,581
<i>NEFB as % of Exp. & OFU</i>	33.06%	38.55%	29.74%	23.99%	24.33%	23.49%	24.68%	25.72%	31.79%
<i>Unreserved, Undesignated</i>	11,265,468	13,053,936	11,472,021	8,477,347	8,592,404	8,727,233	10,008,855	11,466,827	15,725,873
<i>Unreserved, Undesignated as % of total</i>	48.20%	51.13%	49.17%	42.14%	42.93%	43.71%	47.51%	51.31%	59.41%
<i>Debt Svc. as a % of total adj Exp&OFU</i>	11.4%	14.5%	12.8%	12.5%	12.0%	9.7%	7.9%	7.7%	6.9%
<i>Personal Services as a %</i>	47.02%	50.45%	43.75%	43.53%	45.29%	45.11%	45.59%	45.41%	46.96%

Overall, our revenues have stabilized since the downturn, and we are beginning to see modest growth in most major revenue categories. As is our practice, our revenue projections are conservative, but realistic. Revenue from business license fees, as a lagging indicator, is projected to see a slight decline. We continue to see robust growth in our Occupational License Fee revenue as a result of our industrial development activities, and sales tax recovery continues indicating the growing strength in our local economy. For a more in-depth look at our General Fund revenue outlook, please see the *Financial Overview* on page 77.

The one percent sales tax increase authorized by the City Council in August of 2011 was intended to provide for school infrastructure investment, continued economic development, improvements to the Opelika Road corridor, and to maintain the current service levels provided to Auburn's citizens. The ordinance levying the additional penny contained a provision to rescind the increase if an Ad Valorem Tax increase is approved by voters in a millage sufficient to replace the penny. In recognition of this, we have targeted the proceeds of the sales tax increase primarily towards non-recurring capital investments. This complements our ongoing

strategy and positions the City to react to a potential reduction in sales tax revenues should the increase be rescinded.

Should a reduction occur, and if resulting revenue growth is insufficient to maintain existing service levels, we would reduce our General Fund capital investments while slowly scaling back service delivery in order to balance the budget over the longer term. This would require a return to the Special Five Mill Tax to fund infrastructure needs at a reduced level and eliminate or postpone quality of life projects (primarily future recreation center and park projects) and reconsideration of future economic development projects.

Operating Costs: In general, we have maintained our departmental operating costs roughly level since the downturn began. The proposed budget includes personnel cost increases sufficient to cover the merit plan, modest increases to cover rising maintenance and energy costs, funds to operate the new Senior Center, increased funds for mowing and trimming of rights-of-way, and additional overtime to accommodate increased Police patrols. A cost of living adjustment is not included in the budget recommendation.

Personnel costs have historically accounted for roughly 50% of our total General Fund expenditures and about 75% of our departmental costs. Personnel costs are the largest single component of our operating cost structure. As such, controlling personnel costs is a critical component of our fiscal planning. With the increase in spending related to education,



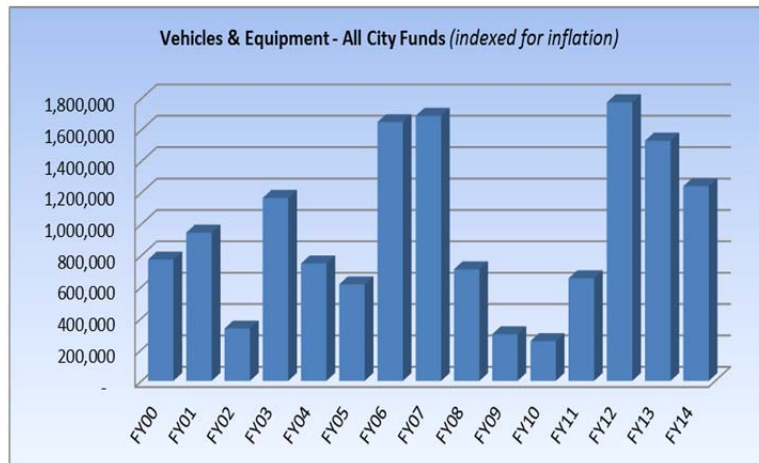
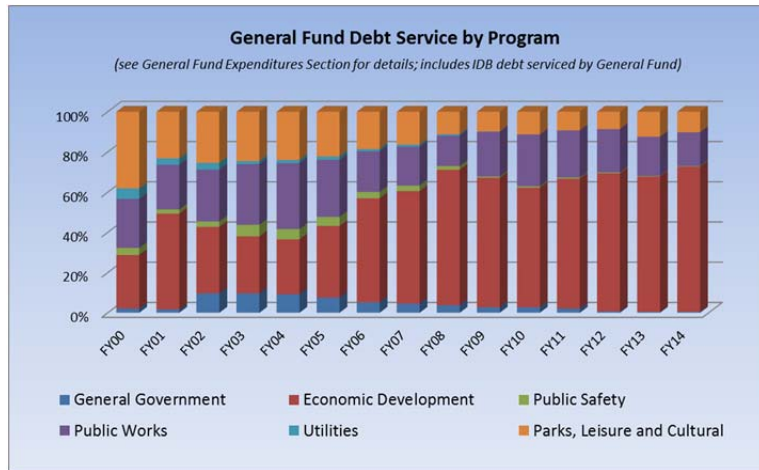
economic development, and capital investment, this ratio has dropped to around 45%, and is projected to remain at this level for the projection period. Ongoing organizational changes related to the creation of the Neighborhood, Growth, Development and Infrastructure Business Unit along with improvements in operations and technology across all departments have allowed us to reduce the overall number of

budgeted employees from the FY2008 level (see the chart above, and the Personnel Authorization Summary table on page 107 for more detail). Since the current biennium began, we have shed five regular full-time positions, and left two assistant director positions unfunded. Zero new positions are recommended in this proposed budget, and as stated above a cost-of-living adjustment (COLA) is not included. As the economy continues to improve, however, and our employees are asked to do more with less, we will have to reconsider this course to maintain our competitive position in the labor market and retain quality employees.

Capital Investments: Our capital investment strategy has remained consistent with the approach outlined in the past two biennial budgets. After several years of lean capital budgets the General Fund began in FY2012 taking a larger role in capital funding, including the replacement of aging vehicles and equipment in the City's fleet, and City infrastructure repair and maintenance projects.

Using General Fund cash for major capital investment has also been necessitated by a shift in our debt spending over the last several years. In the past, a large number of maintenance projects and large equipment purchases were funded through the issuance of general obligation debt. As our debt has increasingly shifted towards major investments in economic development (technology parks and major commercial developments like Sam's), we have begun to fund much of our routine road and infrastructure maintenance and the replacement of capital equipment to a pay-as-you-go basis, using cash. The chart at the top of this page illustrates the reprogramming in General Fund debt that has occurred to meet the Council's priority of industrial and commercial development.

The proposed budget contains \$11,397,657 in General Fund capital spending over the biennium, with over 85% of that amount providing for maintenance and improvements to infrastructure and facilities. The remaining capital



Budgeted Capital Outlay & Projects (by funding source)

	FY2013	FY2014	Total
General Fund	\$	\$	\$
Departmental Vehicles & Equipment Replacement	944,750	657,900	1,602,650
Departmental Vehicles & Equipment Expansion	13,900	18,480	32,380
Departmental Projects	759,000	65,000	824,000
General Operations Projects	135,000	35,000	170,000
Public Works Project Operations	4,482,848	4,285,779	8,768,627
Total - General Fund Capital Outlay & Projects	6,335,498	5,062,159	11,397,657
Sewer Fund			
Departmental Vehicles & Equipment Replacement	-	25,000	25,000
Departmental Vehicles & Equipment Expansion	105,000	25,000	130,000
Projects	5,137,000	1,538,500	6,675,500
Total - Sewer Fund	5,242,000	1,588,500	6,830,500
Solid Waste Management Fund			
Departmental Vehicles & Equipment Replacement	513,000	564,500	1,077,500
Departmental Vehicles & Equipment Expansion	-	-	-
Projects	12,500	12,500	25,000
Total - Solid Waste Management Fund	525,500	577,000	1,102,500
Public Parks & Recreation Board Fund			
Capital Outlay & Projects	61,000	-	61,000
Total - Public Parks & Recreation Board Fund	61,000	-	61,000
Total - Budgeted Capital Outlay & Projects	12,163,998	7,227,659	19,391,657

investment is applied towards the replacement of aging vehicles and equipment. Over the past several years, vehicle and equipment replacements have been postponed, resulting in higher operating and repair costs and a greater likelihood that downtime will result in service disruptions. The graph on the preceding page shows the City's spending trends on vehicles and equipment, and illustrates the lack of equipment replacement during the downturn. Since service and staffing levels have remained relatively constant over the past several years we have not enlarged our fleet. Therefore, the proposed non-project capital budget emphasizes replacement rather than expansion. Of the \$2,867,530 proposed for capital equipment and vehicles, approximately 95% replaces existing assets. The few items that are classified as expansion will enhance the efficiency and effectiveness of operations. It is important that the City continues to renew the fleet on a consistent basis in order to reduce overall operating costs and maintain service levels.

Growth & Development Issues: Our focus on growth management will help to ensure that we are maximizing the use of our existing infrastructure and services as we move into the next biennium. We have taken a number of positive steps in this direction over the last few years. Improvements to our development agreement process and increases in sewer access fees have helped to ensure developers participate in the public costs associated with growth projects, and the adoption of *CompPlan 2030* in October of 2011 reinforced the City Council's and management's commitment to smart growth principles. In general, the Future Land Use Plan, a key component of *CompPlan 2030*, emphasizes infill development and makes it easier to redevelop nonconforming sites. While infill development and redevelopment increases density, the maximum utilization of the existing infrastructure needed to provide service is less costly in the long run than expanding our service territory.

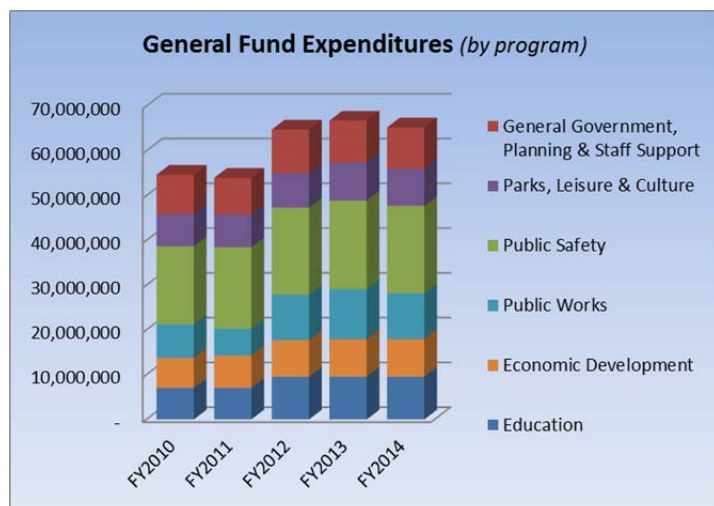
Upon adoption of *CompPlan 2030* by the City Council, the Planning staff (in concert with the Planning Commission) began working in earnest toward plan implementation. A priority implementation document was developed and it has served as the foundation upon which the initial phase of plan realization has been based.

To date, the City's Annexation Policy has been updated to reflect the City's optimal boundary growth strategy set forth for the 2030 planning horizon. Annexation analysis has been enhanced to include additional input from Auburn City Schools, the Codes Division of Public Safety, and the Animal Control Division of Environmental Services. This input supplements analysis already provided by the Environmental Services, Finance, Planning, Public Safety, Public Works, and Water Resource Management Departments. Finally, the policy takes a proactive approach by citing the future land use classification assigned to each subject property and providing potential zoning options to be considered.

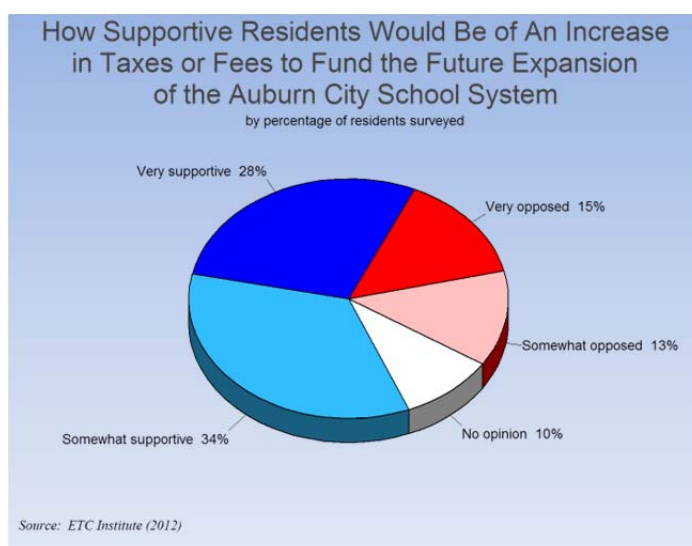
As we continue to implement the policies and objectives in *CompPlan 2030*, we expect to see long-term improvements in land use and more strategic use of multi-family zoning that will result in better managed growth, more efficient use of infrastructure and services, and stronger neighborhoods.

City Council Priorities

The City is fortunate to have a City Council that has maintained a very strong consensus on the priorities of the City's management and future direction. In preparation for the budget and through the completion of a priority ranking worksheet, the Council was asked to rank which projects and services should be given priority in the next biennium. The results of the ranking exercise again revealed a strong consensus on where our resources should be allocated and reaffirmed the course we are presently taking. The chart to right gives a summary view of how the City's General Fund resources are allocated to meet these priorities; the program areas include the departments and divisions tasked with these services, as well as the non-departmental spending, such as debt service and agency support, required to fulfill those tasks. More information on the program areas can be found on pages 125-126 of this document. The top ten priorities that follow illustrate the Council's focus on each of these general categories. A packet of tables detailing these priorities is included in your binder. Note that while we do not include any public safety services areas in our ranking, the Council and our residents have continued to demand the highest level of protection in this regard as is demonstrated by our allocation of resources to this program area.



#1 - School Funding: The City Council, like our residents, continues to place a high priority on the funding of our local schools. With the decrease in state funding over the past several years and continued growth in enrollment, the City Council dedicated an additional \$2.5 million from the sales tax increase to Auburn City Schools (ACS) to help fund the construction of the new elementary school and purchase land for a new high school. The construction of the new elementary school is underway, with completion anticipated in time for the 2014 school year. Land has been purchased on East Samford Avenue and construction of a new high school is being evaluated. At the time of this writing, there is still much unresolved



At the time of this writing, there is still much unresolved

regarding the future expansion plans of ACS, as well as the resources required to accommodate future growth. Given these funding needs, it is possible that Auburn City Schools and the City Council will begin the process to put a property tax referendum before voters in the next fiscal year. Should such a referendum pass, it would significantly impact school funding and the existing City fiscal structure. The Citizen Survey was utilized to gauge preliminary support for such referendum. Sixty-two percent of those responding were supportive of an increase in fees or taxes (see chart on preceding page). Of those answering in the affirmative, 65% preferred an increase in Ad Valorem taxes.

#2 - Industrial Development: Industrial development, as directed by the City’s Industrial Development Board (IDB) and carried out by the City’s Economic Development (ED) Department, has long been a priority of the City Council and management. The targeted activities of the IDB and ED create high-wage jobs for residents, increase revenues for the City, and increase opportunities for local businesses. The proposed budget includes debt service for the completion of Auburn Technology Park West and continued funding of the activities of the IDB.

#3 - Commercial Development: While the City has always strived to promote commercial development, efforts have been increased in recent years in order to compete with neighboring communities. In the last few years, our efforts in this regard have expanded to complement overall community redevelopment goals as well. In July of 2011, a presentation to the City Council outlined the new Commercial Development Incentive program, and we have already forged agreements with several new and existing businesses to use the sales tax sharing program to promote expansions and redevelopments. This program is expected to be a vital part of the efforts to reinvigorate Opelika Road and the downtown area.

#4 - Renew Opelika Road: The revitalization of Opelika Road was identified as a priority by City staff and the City Council as early as 2010. Of several focus areas identified for special study in *CompPlan 2030*, the Opelika Road Corridor rose to the top. As a result, the “Renew Opelika Road” planning initiative is well underway with completion anticipated in December 2012. Plan implementation will be coordinated largely by the Planning and Economic Development Departments. One million dollars is included in each year of the proposed budget and Capital Improvement Plan (CIP); this may be used for debt service or capital projects depending on the aforementioned plan, adoption and implementation details.

#5 - Street Maintenance & #7 - Intersection/Street Segment Improvements: With traffic flow and congestion concerns as priorities for citizens and Council, the proposed budget includes a number of capital projects addressing roadways. Two million dollars in general resurfacing and restriping projects are proposed each year, with an additional \$575K from the General Fund leveraging over \$1.3



million in ALDOT funding for Moores Mill and Shelton Mill Roads. The chart on the preceding page shows our increased resurfacing funding, as well as the larger role the General Fund is taking to meet the need. To alleviate congestion on South College and Longleaf, we have proposed almost \$1.0 million in intersection improvements in FY2014; this project will also improve traffic flow coming from the new interchange and Cox Road. Including state funds, we will construct almost \$6.9 million in road projects in the FY2013-FY2014 biennium. We will also finish the improvements to Shug Jordan/East University and South College intersection, which are included in the FY2012 budget. Additionally, we have proposed increased funding for right-of-way maintenance in order to improve our mowing, trimming and litter collection efforts along the roadways.

#6 - Downtown Parking, #8 - Downtown Event Space & #9 - Downtown Redevelopment Plan:

Downtown parking continues to be a priority for the residents and City Council, as well as our downtown businesses. There continues to be both the perception of insufficient parking, and the underutilization of existing parking. Further, pedestrian accessibility and way-finding issues, combined with a lack of landscaping and public space, do not create the welcoming atmosphere a vibrant downtown requires.

In January of last year, residents approved the 2012 Special Five Mill referendum, which in part targeted downtown parking improvements. We assembled an internal team to develop proposals and, after meeting several times with downtown businesses and residents, management delivered recommendations to the Council earlier this week.

The project will entail not only the addition of over 90 new public spaces, but also significant improvements to pedestrian facilities and landscaping. Public improvements are envisioned to be complemented with incentives to encourage businesses to improve the rear entrances to their buildings and open up additional outdoor dining and gathering spaces. Perhaps most innovative is the ability to convert the east lot into event space in order to enhance and expand our ability to host community events downtown. A preliminary design is shown on this page.



#10 - Facility and Building Maintenance: Identified on the Citizen Survey as an emerging issue, the Council ranked facility and building maintenance as a medium priority. During the downturn, some routine maintenance and necessary repairs were deferred or unable to be funded to the extent required. I have included some modest funding increases to the departmental operating budgets to facilitate these repairs. Additional funds of \$844,000 are proposed for deferred facility renovations and repairs, including replacement of the HVAC system at the Douglas J. Watson Municipal Complex, a new employee break room and vehicle wash rack at Fleet Services, and roof replacement at three fire stations. City Hall will also receive new paint and carpet for the first time in over ten years, as well as other repairs. The expenditures proposed meet citizen's expectations that their tax dollars are spent wisely to maintain clean, safe facilities in good repair while at the same time reduce the likelihood of more costly repairs down the road.

Also on the horizon...

Part of developing a two-year budget plan is recognizing that there will be issues and concerns that will be unresolved, unknown, or will require consideration during the budget implementation period. Since some of the known, although unresolved, issues have the potential to have a significant impact on the City's fiscal planning, they warrant some mention now.

- **Moores Mill Road Bridge** – Governor Bentley has announced that the City will receive \$4.8 million in funding for the replacement of the bridge over I-85. The cost estimates are still being reviewed, but the City will need to provide at least \$1.2 million as the local match. When we have a better picture of how much we will need, and when we will need to provide it, we will present the Council with a recommendation. If the amount is close to the estimate, we will likely propose either shifting money scheduled for resurfacing, or using any surplus funds from FY2012. If it is significantly higher, we may propose borrowing funds. This is an important project, and we do not wish to miss an opportunity to leverage state funds.
- **School funding** – Now that the new superintendent is in place, and the elementary school is under construction, the City will need to work with ACS to determine the school system's long term needs and how best to meet them. More than likely, this will involve putting a referendum for an Ad Valorem tax increase before the voters. This would impact more than just the schools since, as mentioned above, a property tax increase potentially could trigger the repeal of the sales tax increase which could require a major shift in the City's financial strategy. We anticipate much more discussion on this in the near future.
- **Parks & Recreation planning** – One initiative that will be undertaken by staff this biennium is to conduct a community recreation needs assessment to provide input for the development of a Parks & Recreation Master Plan. While we do have some undeveloped park lands in our current inventory, we need to make sure our future development of recreation facilities not only meets the needs of our residents, but that we secure sufficient space for long-term expansion. The proposed budget includes

funds for debt service should suitable land be found and the Council determines it is necessary.

- **Facility needs** – We are in the process of evaluating our long-term facility needs in order to ensure we have adequate space for expansion in the future. Our Police Division is currently in need of additional space. In the next biennium, our space needs assessment will be completed, and options for future facilities will be brought to the Council. We will also be evaluating the designation of a facilities division to handle more routine maintenance in-house to reduce costs.
- **Maintaining a highly motivated workforce** – It has been several years (2009) since a cost-of-living adjustment (COLA) was granted to City employees and a COLA is not proposed for this year. This has been a prudent position during the downturn, however, as the economy recovers we should consider the need to attract and retain quality people and the rising competitiveness of other employers. It has long been a priority of the Council to ensure we have highly educated, qualified, and motivated personnel working in a professional organization. If this is to remain a priority, we will want to consider this at Mid-Biennium.

In closing...

The residents of Auburn expect superior service and accountability for their tax dollars. According to the Citizen Survey, the satisfaction with the value received for taxes and fees exceeds the national average by 27 points. The proposed budget is designed to continue to meet the expectations of our citizens, with enough flexibility to react to the continued economic uncertainty which defines our current revenue outlook.

The staff and I welcome any questions you may have about the budget.

Sincerely,



Charles M. Duggan, Jr.

City Manager

CITY OF AUBURN

Key Decisions

FY 2013 & FY 2014 Biennial Budget

1. Should the City's capital budget be adopted as proposed, including the adoption of the Capital Improvement Plan (CIP) with the understanding that projects included in FY 2013 and FY 2014 are budgeted, but projects listed for FY 2015-2018 are subject to change, depending on future economic conditions and changing citizen preferences and infrastructure needs? See Capital Budget section for details. In budget.

Yes No

2. Should the City increase its enforcement efforts for residential rental tax collection?

Yes No

3. Funding of Outside Agencies *A packet containing the copies of the agency request letters, as well as the Council's adopted policy on the funding of outside agencies, may be found in the binder pocket.*

- a. Should the City provide level funding to Outside Agencies in FY 2013 & FY 2014? In budget.

Yes No

- b. If no to 3a, should any or all agencies be increased or decreased, or should the City begin providing support to any new agencies? Please explain:

- c. Should the City provide an additional \$19,500 in FY2013 and 24,500 in FY2014 to the Lee-Russell Council of Governments as requested? These amounts are necessary to leverage federal and state funding. In budget.

Yes No

- d. Should the City provide \$50,000 to the Forest Ecology Preserve in FY2013 & FY2014 under the terms of the proposed pilot agreement (developed by City staff)? *A copy of the agreement may be found in the binder packet.* In budget.

Yes No

4. Should the City provide \$9.5 million to Auburn City Schools, which includes the supplemental appropriation of \$2.5M resulting from the Sales Tax increase? In budget.

Yes No

5. Should the City pursue the purchase of additional park land for future expansion? In budget.

Yes No