

STATE OF ALABAMA                    )  
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COUNTY OF BALDWIN                )

The City Council met in a Work Session/Budget Meeting at 4:00 p.m., Delchamps Room, 161 North Section Street, 161 North Section Street, Fairhope, Alabama 36532, on Monday, 22 September 2016.

Present were Council President Jack Burrell, Councilmembers: Diana Brewer, Michael A. Ford, and Kevin Boone, Mayor Timothy M. Kant, City Attorney Marion E. Wynne, and City Clerk Lisa A. Hanks. Councilmember Rich Mueller was absent.

Council President Burrell called the meeting to order at 4:00 p.m.; and thanked Mayor Kant and staff for their work in preparing the budget. He said the budget stays 90 percent constant; and the newly elected could make recommendations and then vote to amend. He also requested Mayor Kant to keep a tightened belt and not spend just because you are going out of office. Council President Burrell said this is a good framework for the City Council and the City of Fairhope.

Mayor Kant went over the highlights to the proposed budget. He is proposing a two percent cost of living increase for each City employee and mentioned a proposed one percent merit raise for some employees. Capital expenditures in general fund are \$3,055,219; capital project fund expenditures are \$4.0 million. City Public Utilities will have capital upgrades of \$2,054,976 which includes \$1.4 million for system upgrades and \$612,976 to purchase vehicles and equipment. Mayor Kant said \$1,902,500 of the sales tax revenue will be used for capital projects. The total budget for general government and city utilities is \$64,801,106 total revenue and \$60,164,551 in total expenses, with a surplus of \$4,636,555. Mayor Kant stated that City Accountant Loran Walker, Finance Director Jill Cabaniss, and City Treasurer Deborah Smith worked on the budget. He said the only debt reduction this year could be in the Utilities Fund on the Triangle property debt; and the General Obligation Warrant has an extra \$1.1 million additional payment built in. Mayor Kant said the surplus is not for the General Fund with most of it in the Utilities.

The revenues and transfers were briefly explained the differences by Mayor Kant and Council President Burrell. Council President Burrell commented the property taxes are very accurate even through these are up seven percent. He said the General Administrative Expense is up due to the increase in medical expenses. The 26 dash mount cameras for patrol and fire truck/main pumper were questioned. City Treasurer Deborah Smith explained what the impact fees could be used for and it is based on a percentage for each area: Fire, Parks, Recreation, and Transportation.

Council President Burrell said Public Works is up \$900,000 plus this year and requested an explanation. Public Works Director Jennifer Fidler explained that routes are up from four routes to five routes due to growth. She said we need to replace the chassis on worn out trucks; and the Recycling trucks are over 10 years old. Ms. Fidler stated that the equipment is shared between all departments including the Utilities. Mayor Kant commented this was Public Works year for funds. Ms. Fidler stated we are growing by five percent each year and have added another route.

Council President Burrell said that insurance expenses (medical) are over \$700,000 from last year. He stated his concern with statements being said that the City's OPEB and RSA are underfunded. He said the OPEB is just a snapshot and forecast for all employees when they retire; and RSA is paid monthly. City Treasurer Deborah Smith said that the OPEB (Other Post-Employee Benefits) is an obligation to City employees which is based on an actuarial prepared on employees who were hired prior to October 1, 2010. She said this is steadily decreasing due to either employees leaving employment or they turn 65 years old.

Mayor Kant commented on the Community Development Budget and said these need to be reviewed as you did in prior years to decide which ones the City Council will donate to and how much. He also explained three major projects that will need to be prioritized for 2017 through 2021: the Electric Department's substations especially at Church and Nichols and/or a new substation for the City; the Gas Department's mandatory cast iron change out for the City; and the Water Department's refurbish and paint 2 million gallon water tank. Mayor Kant recommended Plan B for the electric system and the need to do this project first.

Council President Burrell stated the need for another Budget Meeting and will send out a notice soon.

There being no further business to come before the City Council, the meeting was duly adjourned at 6:00 p.m.

  
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Jack Burrell, Council President

  
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Lisa A. Hanks, MMC  
City Clerk