

SAMUEL L. JONES
MAYOR

CITY OF MOBILE

OFFICE OF THE CITY COUNCIL
COUNCIL MEMBERS

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DISTRICT 7

CITY CLERK
LISA C. LAMBERT

April 9, 2010

Attached is a comprehensive analysis of the fiscal impact of various revenue sources recommended by the City Council's finance committee and others concerned about the city's deficit. Please note the options also include the previous salary cut recommendations.

As outlined in the attachments, some of the options will address the city's current financial crisis, while others will solve the problem overall. The attachment includes a spreadsheet that outlines the revenues (or reductions of expenditures).

Also included in the package is a regional comparison of tax rates in other municipalities and garbage fees collected in other cities. You will have charts and graphics showing how we rank with other cities in Alabama.

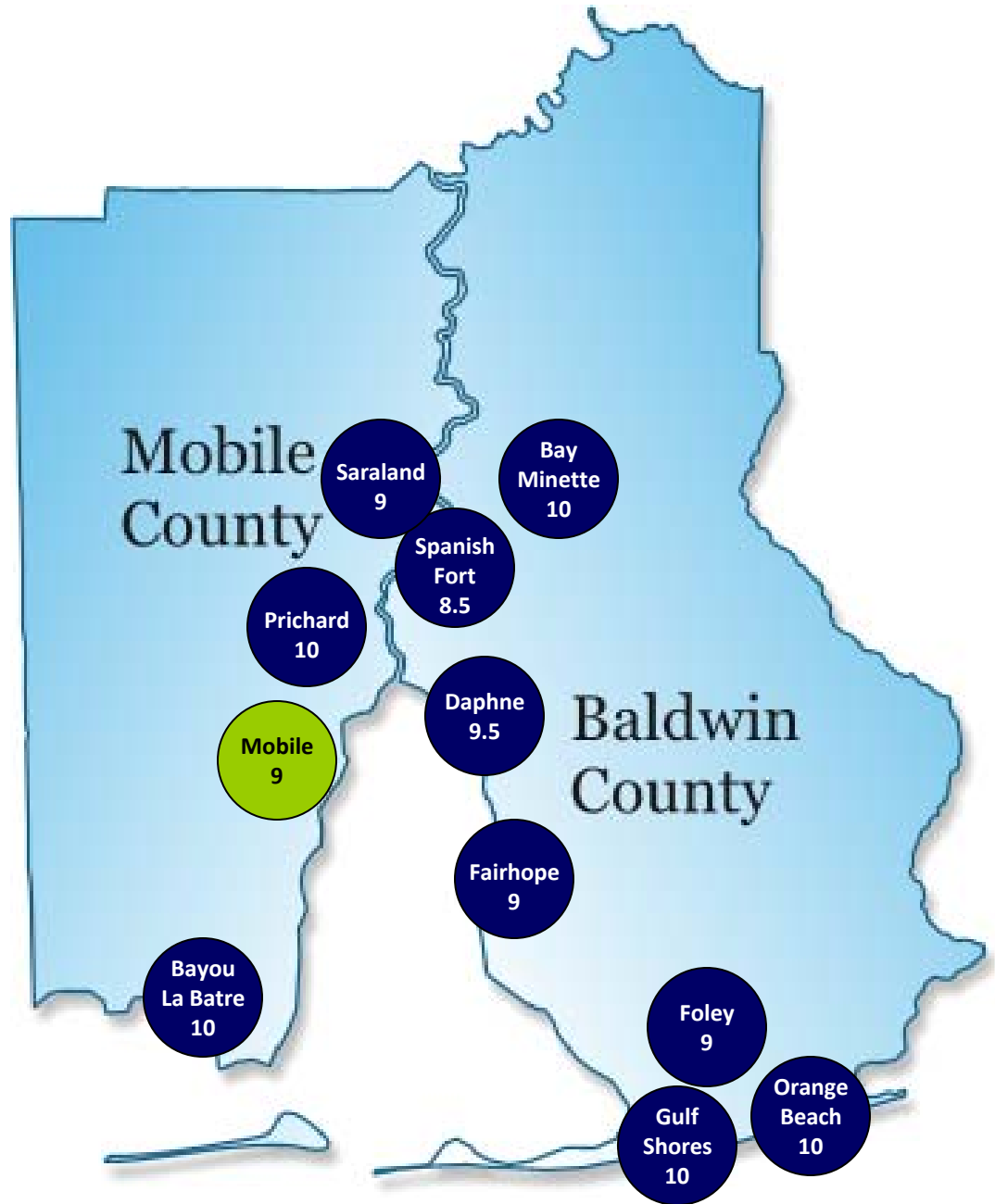
All reductions have been submitted by the departments themselves based on numbers they believe they can deal with on a short-term basis. By no means can these departments continue to limit the costs that they have so drastically cut this year. (See attached spreadsheets showing departmental line item cuts which were included in the three rounds of their current operating budget).

Finally, based on our current cash flow, we must pass an option before May 1st to prevent a disruption in city services.

Samuel L. Jones
Mayor

City Sales Tax Rates

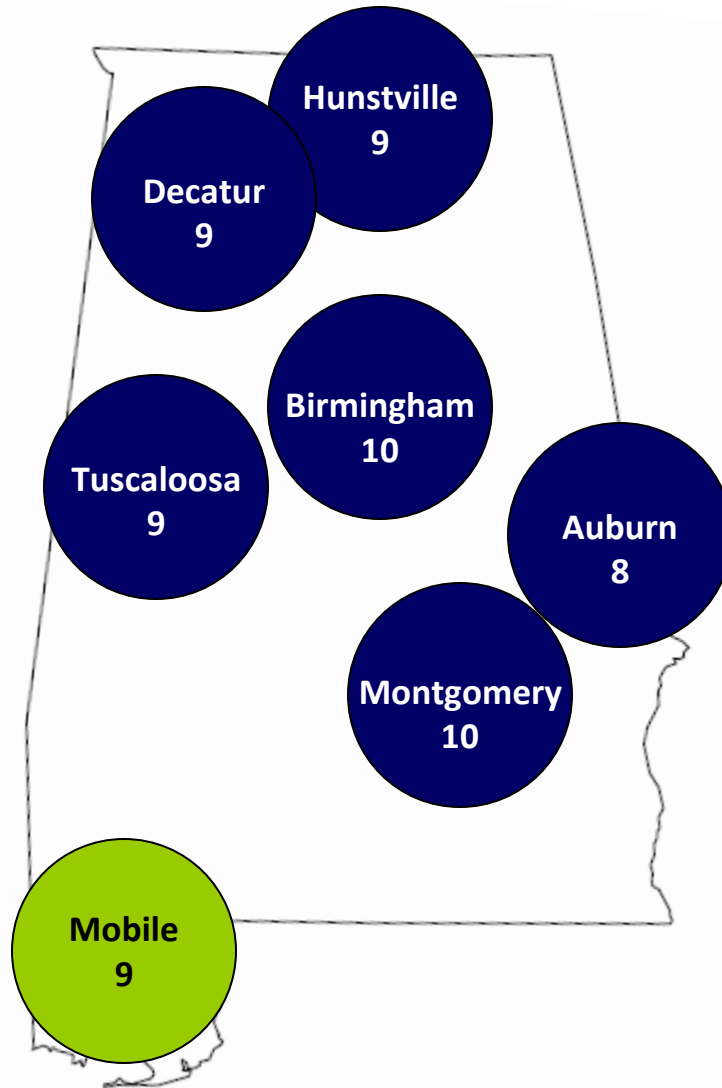
Bay Minette	10%
Bayou La Batre	10
Gulf Shores	10
Orange Beach	10
Prichard	10
Daphne	9.5
Fairhope	9
Foley	9
Tanger Outlet Mall	9.5
Mobile	9
Saraland	9
Spanish Fort	8.5
Eastern Shore Center	9.5
Bass Pro Shops	10



Baldwin County cities include 1% school tax

Sales Tax Rates

Birmingham	10%
Montgomery	10
Decatur	9
Huntsville	9
Mobile	9
Tuscaloosa	9
Auburn	8



Monthly Garbage Fees

Mobile (proposed) \$17.53

Auburn \$17.00

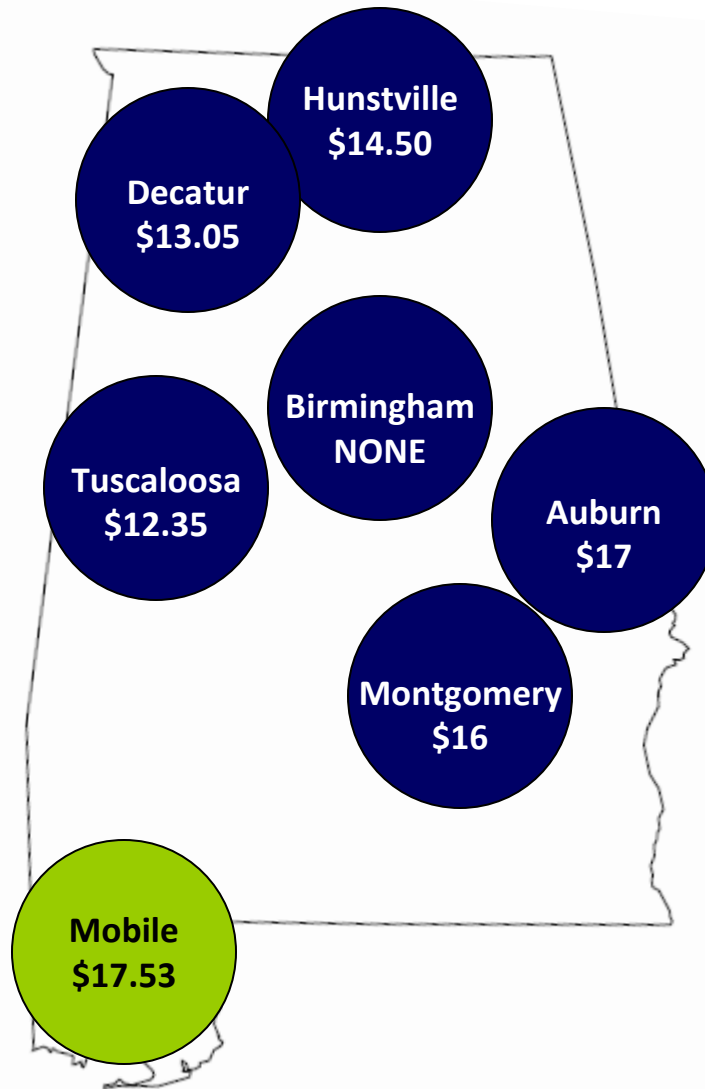
Montgomery \$16.00

Huntsville \$14.50

Decatur \$13.05

Tuscaloosa \$12.35

Birmingham NONE



Deficit for Remainder of FY2010
\$4,875,982



\$17.53 per month garbage fee
= \$4,679,664 for FY2010

**Revenue
Generating
Options**

10% Salary Cuts

10% Employee Salary Cuts
= \$5,063,152 for FY2010



1 Cent Sales Tax Increase
= \$7,000,000 for FY2010

Last Four Months 2010

PROJECTED BUDGET DEFICIT year ending 9/30/10

Audit Adj to Fund Balance Carryforward	\$ (3,768,877)
Net Revenue Shortfall	(6,652,984)
Attrition Deficiency	<u>(8,115,769)</u>
Total Projected Deficit 9/30/2010	\$ (18,537,630)

SOLUTIONS

15% Operating Cuts	\$ 2,169,970
Round Two Cuts	4,169,266
Capital Transfers	3,223,000
2% Reserve	4,099,412
	<u>13,661,648</u>
Unfunded deficit	<u>\$ (4,875,982)</u>

2010

Solutions for General Fund Deficit year ending 9/30/10

<u>Various Options</u>	<u>10% Pay Reduction Scenario 1</u>	<u>Garbage Fee Scenario 2</u>	<u>1 Cent Sales Scenario 3</u>
Unfunded deficit from prior page	\$ (4,875,982)	\$ (4,875,982)	\$ (4,875,982)
10% Salary Reduction	5,063,152		
Garbage @\$17.53/month/household		4,679,664	
1 cent sales tax	-	-	<u>7,000,000</u>
Estimated balance (deficit) at 9/30/10	<u>\$ 187,170</u>	<u>\$ (196,318)</u>	<u>\$ 2,124,018</u>

2011

Solutions for General Fund Deficit year ending 9/30/11

	10% Payroll Reduction Scenario 1	Garbage Fee Scenario 2	1 Cent Sales Scenario 3
Fund Balance Forward	No carryfwd	No carryfwd	No carryfwd
2% Reserve 2011 Estimated	(4,230,626)	(4,230,626)	(4,230,626)
Estimated Revenues 2011	196,992,000	196,992,000	196,992,000
Estimated Expenditures 2011	(208,986,973)	(208,986,973)	(208,986,973)
Motor Pool Repayment from 2010	(3,000,000)	(3,000,000)	(3,000,000)
Economic Development Repayment	(2,500,000)	(2,500,000)	(2,500,000)
15% Operating Cuts Remain in Place	<u>1,686,310</u>	<u>1,686,310</u>	<u>1,686,310</u>
Unfunded deficit	\$ (20,039,289)	(20,039,289)	(20,039,289)
10% Salary Reductions	11,588,272		
Garbage @\$17.53/month/household		11,231,194	
1 cent sales tax	<u>-</u>	<u>-</u>	<u>28,000,000</u>
Estimated balance (deficit) at 9/30/11	<u>\$ (8,451,017)</u>	<u>\$ (8,808,095)</u>	<u>\$ 7,960,711</u>

2010 MID-YEAR REDUCTIONS

	10% REDUCTION FY2010	15% REDUCTION	ADDITIONAL REDUCTIONS
General Government			
City Clerk	\$ 15,475	\$ 2,614	
Mayor's Office	\$ 62,000	\$ 10,635	
Office of Strategic Initiatives		\$ 3,327	
City Council	\$ 398,675	\$ 27,429	
CitySmart	\$ 4,204	\$ 2,700	\$ 1,000
City Hall Overhead			
Mobile Metro Jail			
Archives	\$ 6,247	\$ 1,455	
Legal	\$ 42,350	\$ 38,240	\$ 48,240
Total General Government	\$ 528,951	\$ 86,400	\$ 49,240
Administrative Services			
Director-Administrative Services	\$ 45,803	\$ 9,000	\$ 42,000
Human Resources	\$ 25,146	\$ 8,300	\$ 6,800
Keep Mobile Beautiful	\$ 15,650	\$ 7,250	\$ 4,150
M.I.T	\$ 100,457	\$ 94,471	\$ 32,000
G.I.S.	\$ 49,935	\$ 3,707	\$ 3,386
Telecommunications	\$ 10,034	\$ 75,272	\$ 10,000
Neighborhood & Community Services	\$ 39,750	\$ 25,400	\$ 8,500
Urban Development	\$ 57,784	\$ 30,000	\$ 35,000
Total Administrative Services	\$ 344,559	\$ 253,400	\$ 141,836
Financial Services			
Finance Administration	\$ 3,340	\$ 444	
Budget	\$ 450	\$ 301	
Purchasing	\$ 2,104	\$ 1,304	
Accounting	\$ 5,090	\$ 2,082	
Inventory Control	\$ 4,500	\$ 1,475	\$ 750
Treasury	\$ 12,544	\$ 10,178	
Payroll	\$ 2,600	\$ 1,813	\$ 500
Police&Fire Pension	\$ 8,300	\$ 402	
Revenue	\$ 25,463	\$ 14,035	
Total Financial Services	\$ 64,391	\$ 32,034	\$ 1,250

Economic, Culture, Community Develop.

Historic Development	\$	5,586	\$	3,036	
Mobile Museum of Art	\$	149,071	\$	36,600	\$ 10,000
History Museum	\$	64,193	\$	34,436	\$ 79,583
Film Office(Fort Conde)	\$	<u>2,030</u>	\$	<u>2,220</u>	

Total Economic, Culture, Community Develop.	\$	220,880	\$	76,292	\$ 89,583
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Police

Police Administration		\$	147,895	
Special Operations		\$	-	
Field Operations		\$	-	
School Traffic		\$	-	
Investigative Services		\$	-	
Police Towing & Impound		\$	-	
Support Services		\$	<u>-</u>	

Total Police	\$	390,653	\$	147,895	\$ 1,040,000
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Fire

Fire Administration		\$	12,495	
Fire Prevention		\$	1,101	
Fire Training		\$	3,747	
Fire Suppression		\$	27,104	
E-911		\$	<u>1,496</u>	

Total Fire	\$	125,690	\$	45,943	\$ 1,405,433
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Other Public Safety

Municipal Court	\$	30,450	\$	21,906	\$ 4,070
Animal Shelter	\$	<u>18,333</u>	\$	<u>7,614</u>	

Total Other Public Safety	\$	48,783	\$	29,520	\$ 4,070
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INTERNAL SERVICE AND ENTERPRISE FUNDS

MOTOR POOL	\$	8,438,054	\$	13,000	
MOBILE TENNIS CENTER	\$	67,999	\$	5,202	\$ 1,050
ALS TRANSPORT			\$	-	
AZALEA CITY GOLF	\$	16,733	\$	-	
WAVE	\$	550,000	\$	343,446	\$ 351,284
MCVB			\$	175,000	
GRAND TOTAL OPERATIONS	\$	15,048,931	\$	2,169,970	\$ 3,394,266
Non-Departmental					
CONTRACTS & DUES	\$	521,418			
RETIREMENT RESERVE				\$	400,000
SCHOOL TAX REBATE				\$	300,000
CIVIC CENTER	\$	<u>117,611</u>		\$	<u>75,000</u>
TOTAL NON-DEPARTMENTAL	\$	639,029		\$	775,000
GRAND TOTAL	\$	15,687,960	\$	2,169,970	\$ 4,169,266

FY 2010 CAPITAL TRANSFERS

DESCRIPTION	PROJ CODE	CURRENT FUND	AMT TO TRANSFER
MISCELLANEOUS STREET IMPRS.	88	585	450,000.00
STORMWATER-MISC BRIDGE IMPROV	619	585	100,000.00
			550,000.00
CITY'S SHARE-HILLCREST MPO PROJ	621	584	237,274.17
PKS-KIDD PARK IMPROVEMENTS	1259	584	116,710.22
			353,984.39
CITY SHARE-ZEIGLER BLVD	906	590	400,000.00
ST PLAN-TRAFFIC CALMING	979	590	400,000.00
			800,000.00
NEW TOWING FACILITY	1268	583	65,566.84
SIGNAL SYSTEM IMPROV-AIRPORT	4493	583	115,754.70
WILSHIRE ROAD	7232	583	80,200.00
			261,521.54
RESURF-4 CENT GAS TAX	6001	588	281,805.07
FIRE DEPT-NEW PUBLIC SAFETY FACI	7152	581	122,076.38
MACY PLACE DRAINAGE IMPROV	7224	581	131,077.34
			253,153.72
UNALLOCATED FUNDS		551	500,000.00
TOTAL TRANSFER TO GENERAL FUND			\$ 3,000,464.72
(NO INTERRUPTIONS TO PROJECTS)			

FY 2010 CAPITAL TRANSFERS

PUBLIC WORKS DEPT EQUIPMENT	139	551	100,000.00
CITY SHARE-CREPE MYRTLE TRAIL	5060	551	37,687.66
COMM/REACT/CITISMART	1108	551	23,000.00
BUILDINGS & GROUNDS ALLOWANCE	157	551	62,312.34
PROJECTS TRANSFERRED (FUNDING NOT REPL)			<u>\$ 223,000.00</u>
GRAND TOTAL -- TRANSFER TO GEN FUND			<u><u>\$ 3,223,464.72</u></u>