




CITY OF FAIRHOPE MORATORIUM REPORT

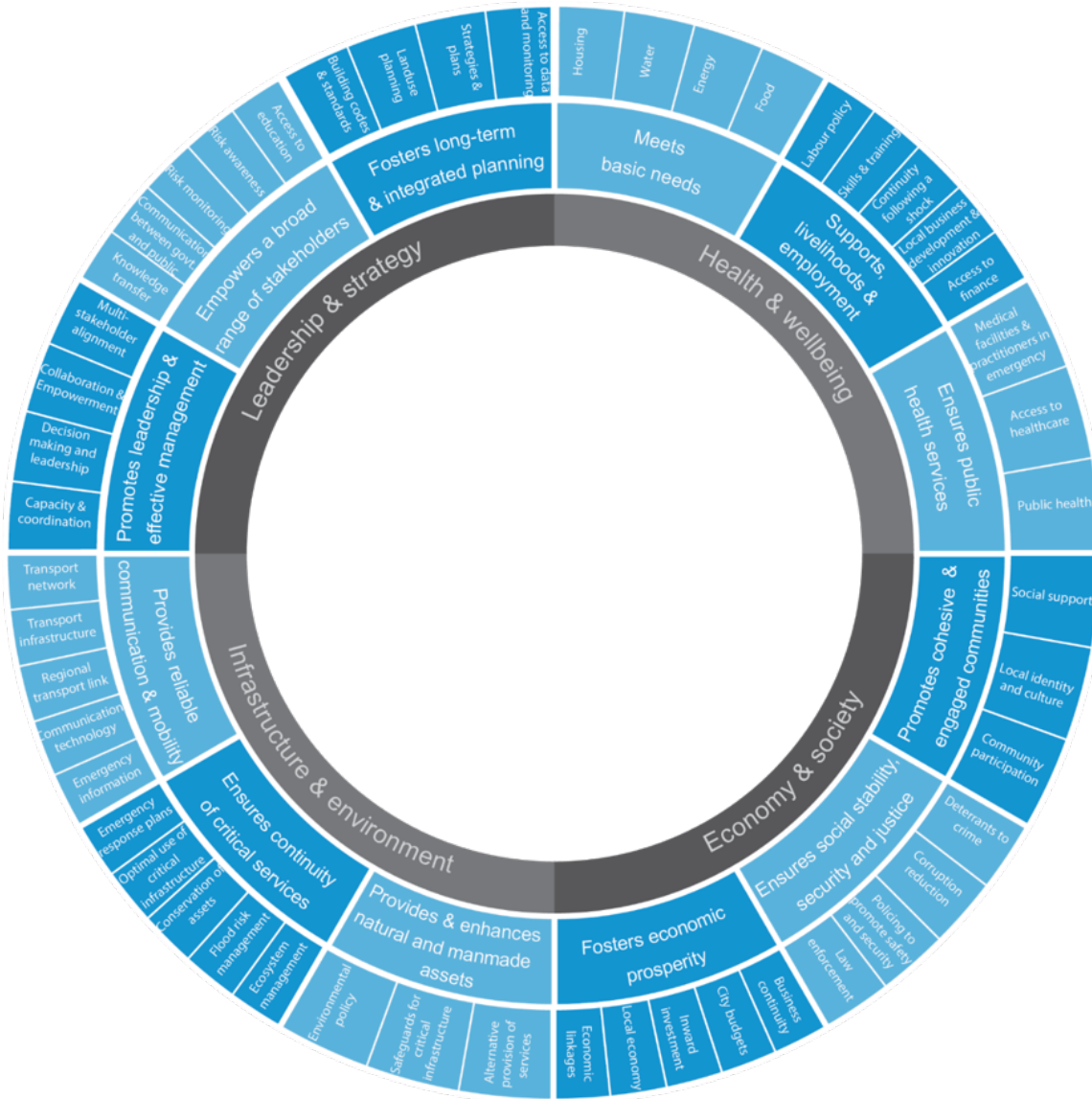
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CITY OF FAIRHOPE MORATORIUM AN OPPORTUNITY TO EMBRACE RESILIENCE

The moratorium period led us to explore solutions for many issues. We learned that citywide functions are interconnected and that by using resilience techniques, we were able to determine the most effective ways to address these issues. The “resilience wheel,” pictured below, demonstrates the intricacies of departmental responsibilities from information technology to emergency response, community development to sanitation, environment to transportation. Actions taken by one department can have a large impact on the productivity and efficacy of all departments. The lessons learned during the moratorium exceeded the initial scope. The result is a new way of working together for our community that will have a lasting, positive impact.



GOALS, FINDINGS & ACHIEVEMENTS

The City of Fairhope has experienced unprecedented growth during the last 5 years. In fact, the City has realized a 26% jump in population during the past 5 years alone. Central to the City's success, and the resulting demand and growth, is its small-town ambience and excellent City services. However, rapid growth and development has begun to strain the City's ability to provide the high level of services City leaders and residents desire, provide infrastructure to appropriately serve new development, and above all maintain the small-town charm citizens and visitors alike have enjoyed. In general, Fairhophians' quality of life was at risk.

While the moratorium began with the idea that planning was the primary focus, we found that responsible growth is not solely the purview of planning. Managing a city's growth is complex and requires a comprehensive approach and coordination of all municipal services. Essentially, the Planning Department needed to move away from a permitting only mindset, to a focus on planning for new development in an organized and orchestrated fashion. This necessitated the evaluation of all City departments as part of this new planning process.

Initially, it was clear that our infrastructure was overburdened and quickly becoming more so, but how critical was it? It became evident that it was time to evaluate the City's sewer, natural gas, water and electric systems to determine if they were meeting our current and projected needs based on growth. These systems were analyzed with the goal of creating more efficient, safe and environmentally responsible processes. In order to achieve this, a stronger coordination between Public Works, Utilities, Economic and Community Development and Planning, as well as public engagement in the development process was needed.

In response to these challenges, City officials realized a critical juncture in the life of the City was rapidly approaching. The tipping point was near, and action needed to be taken. The current path was clearly not working and the quality of life and the environment were beginning to show signs of stress.

Growth and development have far reaching and sometimes permanent consequences. The moratorium affected only major projects of five or more subdivision lots and multiple occupancy permits. Instituting a limited moratorium seemed drastic to some, but a temporary pause was required to identify the issues and define solutions. The moratorium provided City staff with the appropriate time to evaluate the issues, and identify and propose alternatives.

ISSUES

What Led City Leaders to Enact a Moratorium

The primary issues that led city leaders to enact a moratorium were: extraordinary growth, infrastructure capacity and quality of life. The following outline the initial focus of the moratorium:

- Evaluate all city regulations and ordinances relating to planning, building, services as they related to growth
- Review community and economic development needs and identify opportunities related to citywide operations and plans
 - Identify funding sources, partnerships and other strategies to help address deficiencies
 - Evaluate downtown traffic, parking and pedestrian safety
- Evaluate Building and Permitting regulations
- Evaluate Public Works and stormwater issues
- Evaluate waste water system including:
 - Design standards
 - Transmission capacity
 - Next steps
- Review stewardship and operational efficiencies for:
 - City leases
 - Franchise agreements
 - Revenue sources
 - Evaluate departmental efficiencies and adequacies
 - Address inefficiencies in 2018 proposed budget
 - Provide improved government transparency to citizens
 - Review staffing levels vs needs

GOALS IDENTIFIED & ACHIEVED

Planning

The Planning Department's overall goal is for the City of Fairhope to be nationally recognized as a leader in innovative planning techniques and design while upholding the legacy of Fairhope and its environmental stewardship. To attain this goal, a new path must be chartered beginning with a more integrated and inclusive comprehensive planning approach to city growth and development.

Comprehensive Plan

The Comprehensive Plan must be more comprehensive in nature, integrating future land use, urban and community design, conservation and natural resources, infrastructure capacity (roads and utilities) into one visionary but action-based document. Additionally, a comprehensive planning approach is important for monitoring, evaluating and managing storm water appropriately. It provides for the orderly disposition of land, resources, facilities and services with a view to securing the physical, economic and social efficiencies, health and well-being of our community. This important document requires clear and detailed implementation methods. To that end, the Plan should contain an implementation element. The implementation element will describe how and when the Plan should be used and updated and by whom. This will insure that the Plan is used regularly and consistently thereby increasing its effectiveness.

As part of the City's efforts, we applied for funding to create an updated Comprehensive Plan, a Land Use Plan (the first for Fairhope), and recommendations to implement form-based code where appropriate. Additionally, this funding would support an ordinance audit of all planning ordinances by a nationally recognized planning organization.

Form-Based Code

Form-based code is a land development regulation that fosters predictable results in the built environment and high-quality public space by using physical form (rather than separation of uses) as the organizing principle for the code. Form-based code is a regulation, not a mere guideline, adopted into city, town, or county law and offers a powerful alternative to conventional zoning regulations. This is a practice that will be recommended by the Planning Department to the Planning Commission and City Council.

Form-based code addresses the relationship between building facades and the public realm, the form and mass of buildings in relation to one another, and the scale and types of streets and blocks. The regulations and standards in form-based code are presented in both words and clearly drawn diagrams as well as other visuals. They are keyed to a regulating plan that

designates the appropriate form and scale and, therefore, character of development, rather than only distinctions in land-use types.

This approach contrasts with conventional zoning's focus on the micromanagement and segregation of land uses, and the control of development intensity through abstract and uncoordinated parameters (e.g., FAR, dwellings per acre, setbacks, parking ratios, traffic LOS), to the neglect of an integrated built form. Not to be confused with design guidelines or general statements of policy, form-based code is regulatory, not advisory. They are drafted to implement a community plan and they support the achievement of a community vision based on time-tested forms of urbanism. Ultimately, form-based code is a tool; the quality of development outcomes depends on the quality and objectives of the community plan that the code implements.

The recommendation is to first implement this practice for Greeno Road, which can serve as an example for other areas of Fairhope. This will give neighborhoods the opportunity to understand and provide input to the development of their neighborhoods instead of leaving it to developers to define.

Ordinance Recommendations and Changes

Several ordinances and regulations were identified and revisions have been recommended.

Central Business District (CBD) Height Restriction - to encourage reinvestment in property, mixed use to allow for more activity downtown, and provide more architecturally appealing design without overpowering the streetscape.

Central Business District Expansion – a walkability analysis was applied to our Central Business District. The recommendation was made of a quarter-mile radius/five-minute walk from the center of downtown. This included from the intersections of Fairhope Avenue and Section Street and areas that were determined to fit the scope of the CBD. Several of these sites that do not have public parking are required to undergo a parking analysis. This expansion does not infringe upon established neighborhoods.

Building Heights – measurements for required building heights have been updated to reflect International Building Code (IBC).

Application Procedures – the application process has been updated with the intent to streamline the current arduous requirements. A mandatory meeting with the developer and all city departments is now being conducted to identify and discuss solutions to issues prior to an application being submitted. Following the initial meeting, a mandatory meeting with adjoining property owners within 300ft is required to discuss concerns prior to the site plan development's completion and the application submission.

Site Plan Review – site plan review is focused on planning efforts with detailed engineering required only after approval and review by city engineers. This refocuses and emphasizes city efforts on planning and compatibility issues with detailed engineering required only after this initial approval.

Accessory Dwelling Units – a recommendation to allow this opportunity which can benefit homeowners who have elderly parents, adult children and others. Having an accessory dwelling unit on a homeowner's property can be an asset for those families who may be caregivers. The principal dwelling must be owner occupied.

Zoning Ordinance Amendment for Sub-regulations for Storm Water and LID Requirements - the purpose of this amendment is to remove the mandatory requirement of ten (10) Low Impact Development (LID) techniques from the subdivision regulations and specify a total suspended solids reduction (TSS) of 80%, and allow the engineer of record to specify LID techniques that are a best fit for a particular site.

Development Impacts on Our Schools – reporting the impact of a new development on schools to the school board is now required. The school board's responsibility is to take the appropriate steps to accommodate any student population growth.

Online Zoning Map Viewer with Current and Proposed Project Locations – this technology will allow the City's zoning map, planning and police jurisdiction, flood zones, aerial photography (including Google Street View) and new development project locations (with site plans and relevant projection information) to be posted on an online interactive mapping format available to the public.

Greeno Road Corridor Overlay –Greeno Road is an important gateway into Fairhope. A realistic and practical approach for development along Greeno Road is a necessity. As such, high quality development is desired and expected on this important corridor. To achieve this goal staff is evaluating an urban transect-based planning approach based in a form-based code development technique.

Unified Land Development Code – this will consolidate and replace the zoning ordinance, subdivision regulations, and other development-related regulations and ordinances. The new code will combine all land development related regulations into one succinct document. This will aid in the City's enforcement of its regulations as well as provide an easy to read set of regulations for the public and developer alike. The result will be two documents, a Comprehensive Plan and a Land Development Code which will clearly articulate the City's vision of development and include technical development standards.

Additional Planning Recommendations

It was determined that becoming part of FEMA's Community Rating System (CRS) will help reduce flood insurance premiums for our citizens. The Planning Department is working with our Building Department to implement this program.

During the moratorium review process, the need to closely coordinate and integrate economic development into the planning process was identified.

Community Development

During the moratorium, the need to closely coordinate and integrate community and economic development into our planning process was identified. Working in partnership with the City of Fairhope Planning Department, the Community Development Department works on related economic development as part of our citywide processes in the following ways:

- Identify and analyze opportunities for redevelopment including undeveloped properties and vacant buildings, especially those in highly visible areas and blighted properties;
- Work with potential investors for specific types and sizes of properties in specific areas;
- Create and offer business retention and expansion assistance;
- Shepherd through the permit process or provide information on allowable type uses;
- Create a database of grant or loan programs;
- Maintain an inventory online of sites for commercial or industrial properties;
- Work with local businesses to understand employment needs and help find solutions (i.e., restaurants need chefs, work with Coastal Alabama Community College culinary program to assist in job placement);
- Maintain contact with existing industries and businesses;
- Provide assistance to merchants in an effort to maintain a viable Central Business District;
- Work closely with other federal, state, local and private economic development organizations that are able to make resources available for businesses and industries.

Community Engagement

Addressing growth related communications and outreach is an important part of managed growth. During the moratorium period, the Community Development Department began coordinating outreach to Fairhope residents regarding concerns exacerbated by rapid growth and development. Methods of outreach include community meetings, social and other media and topical town hall meetings.

Finally, the Community Development Department began leading efforts to identify and apply for funding to improve environmental, transportation and infrastructure related strains and conditions. Since the moratorium began, the department has applied for over \$48M in grants and has been awarded nearly \$700K in grant funding and technical assistance. Grants received to date are focused on stormwater management, quality of life and environmental stewardship.

Downtown Traffic, Parking & Pedestrian Safety

Downtown traffic and parking plays a key role in Fairhope's growth. People don't go where they can't move around easily or find convenient parking. Growth has exacerbated congested conditions in downtown Fairhope, the heart of our economic prosperity and social fabric.

As part of ongoing efforts to identify grant opportunities to ensure deficiencies and needs are addressed, grants were pursued and awarded to address public transportation and parking in downtown Fairhope. A new BRATS hub will be built at the parking deck between N. Section and Church Streets. With grant dollars, the parking deck will be renovated, traffic around the parking deck will be redirected, and the alley area will be improved by adding a safe pedestrian walkway. BRATS will provide easy access to downtown Fairhope, dropping off passengers within convenient walking distances to local merchants. Grants are also being pursued to fund electric vehicles that will move people without adding more cars.

A planning grant also awarded to the City will allow for wayfinding signage to be designed and locations identified. This will help drivers find their destinations, thus easing some of the burden of traffic and helping to protect pedestrians.

Working with various committees, existing and proposed bike racks have been mapped and evaluated as part of moving the Complete Streets initiative forward. This effort will allow people to more easily ride bikes in town and have a place to secure them while dining or shopping. Providing this infrastructure is one of the strategies to reduce congestion downtown.

Building & Permitting

Ordinance 1398 (Erosion and Sediment Controls)

Several sections were revised to cover sites with multiple buildings and to address stabilization of roadways.

Ordinance 1370 (Wetlands Protection)

A meeting was held in late August with several wetland consultants and City staff to discuss the ordinance and received multiple suggestions for possible revisions and clarifications. A follow up meeting is scheduled for mid-October.

Ordinance 1586 (Building permit fee schedule)

Amended the permit fee schedule to address fines and penalties for builders that are scheduling repeated inspections without having performed the work or corrective actions.

A Builders Summit meeting was held in January and invited builders and developers to discuss the permitting and inspection process to help reduce delays and problems for everyone.

A Flood Map Open House meeting was held for the public to display the new FEMA flood maps and answer questions.

A Homebuyers Due Diligence checklist was created for prospective buyers to know what questions to ask before purchasing a property. These questions include zoning regulations, subdivision restrictive covenants, drainage concerns, possible flood zones, etc.

A revised Building Permit Checklist was created to provide builders and owners a detailed list of requirements and submittals needed for building projects.

A Frequently Failed Items List was created for building inspections to identify the most common items that fail inspections for each phase of work.

A Flood Zone Construction checklist was created for a builder or owner who is considering building in a Special Flood Hazard Area/Flood zone.

A revised Building Permit Card was designed to allow a grid for inspector sign-off on approved inspections in addition to the paper inspection reports left on site.

The Building Department has begun the process of joining the FEMA Community Rating System (CRS) program for flood zone development. Membership in this code-plus program will allow for flood insurance discounts based on the enforcement of Federal regulations and the City Flood Damage Prevention Ordinance.

Both the City Building Code Supplement and City Electrical Code Supplement are being revised in preparation of adopting the 2018 International Building Code series in mid-2018. The 2012 I-codes are currently being enforced.

All recommendations for ordinance and regulation changes go before the City Council for approval.

Public Works

Stormwater issues have been at the forefront of the moratorium objectives. To provide constant attention to this issue, stormwater will be addressed from an existing system maintenance as well as in-house design review for new development. To carry out this objective the City has hired an experienced Professional Engineer (P.E.) as Public Works Director to provide guidance and expertise in this endeavor.

Development Review

By working within the planning and zoning development process, including updating land use codes, Public Works will insure that ecological impacts to the environment by future development are minimized through appropriate design, landscaping, erosion control, stormwater management and proper planning. It must be foremost for the City of Fairhope to protect valuable natural resources, the natural environment and the quality of life for all its citizens. To preserve the integrity, stability and the value of land, the City of Fairhope will continue to employ the use of innovative, Leadership in Energy and Environmental Design (LEED-certified) and/or other “green” practices as a component of development design. Any new application for development or redevelopment must evaluate the drainage globally. Inadequate drainage systems must be recognized and mitigation measures put in place at time of development. The developer and his engineer(s) must evaluate upstream and downstream and design for no offsite impacts and the accommodation of in site conditions. Many of these requirements are already incorporated in existing code or are currently being updated. The key to success in stormwater management for new development is the review process. The proposed process involving predesign meetings, community information meetings and in-house engineering will afford the City of Fairhope the highest level of coordination and review. Most potential drainage problems can be addressed and mitigated through good design, oversight, review and code compliance.

The City’s existing stormwater system must be evaluated and an internal plan developed to address its state of repair and inadequacies. This will need to be addressed almost like a strategic plan that is comprised of identified benchmarks leading to an overall objective. Benchmarks should include, but not be limited to:

- A complete inventorying and evaluation of existing drainage systems within the City of Fairhope
- Mapping the City Stormwater Management System (SWM) in detail in GIS – details should include pipe material & size, inverts, junctions, nodes, inlets, outfalls, etc.
- Acquire and become competent in the use of drainage design software such as StormCAD, PondPack and CulvertMaster. This will allow complex design of SWM facilities “in-house”

- Modeling each of the City's watersheds using Gridded Surface/Subsurface Hydrologic Analysis (GSSHA) to identify problem areas and areas for future regional SWM Facilities
- Create an "in-house" prioritized drainage project list that can be implemented and constructed by Public Works personnel – set a goal of what number of projects are to be completed by Fiscal Year End
- Create a prioritized capital SWM Project list and identify funding opportunities – this capital improvement plan should be a 5, 10 through 25-year consideration
- Establish a comprehensive SWM Plan for the City with clearly defined goals and objectives

If these steps are undertaken simultaneously, noticeable improvements in the City's stormwater management will occur.

Utilities & Infrastructure

Design Standards

It didn't start last month. It didn't start a year ago. The City was warned in 2011 when the City's water reclamation plant (WRP) was upgraded. "The development of a comprehensive sanitary sewer collection and conveyance management plan is an important element to consider in planning future operational and maintenance budget needs." (*Technical Memorandum 6; CH2MHILL; November 7, 2011*) The City has had no plan. CH2MHILL, the firm that conducted the 2011 review of the WRP, recommended that the next phase of the 2011 study "...should be to examine the city's wastewater *collection* system (underground piping, lift stations, etc.) – which have been subject to overflow in recent years."

The City of Fairhope is in one of Alabama's most complex and diverse watersheds – the Mobile Bay Estuary. That alone is reason enough to be vigilant and proactive about our waste water transmission capabilities. It's the responsible thing to do. It is not enough to have an award-winning water reclamation plant. If we can't get the waste water to the plant safely, what have we achieved?

We must ask ourselves: Where do we want to be 20 years from now? If we don't act now, then we must get use to the idea that unnecessary sanitary sewer overflows will be a part of our everyday lives. That is unacceptable. In 2011, we were advised to perform analyses that would be used to develop a Facility Plan which would present infrastructure improvements recommended to meet the City-endorsed short- and long-term planning goals. Short-term improvements were those required during the next 5 years (2011-2016) and included improvements required to meet EPA redundancy and reliability criteria. Long-term improvements were those required between 5 and 15 years (2016-2026) and included planning goals that would be assessed every 3 to 5 years to track flows and loads, to consider current regulatory environment, and to adjust the long-term improvement implementation schedule as needed. The City never endorsed planning goals.

Well, that was 2011. It's 2017 and our waste water transmission lines are the same as they were in 2011. Meanwhile our population has grown 27% and we hook up hundreds of new homes and businesses each year. In fact, permitting to date has increased 57% since 2000. We don't need to go into the details of our growth. Everyone feels it every day. ALDOT is enlarging State Highway 181 to 4 lanes between Daphne and State Highway 104 and will possibly extend the four-lane to County Road 32. When complete development along HWY 181 will accelerate. It's already accelerating along HWY 104. The Comprehensive Plan completed in 2015 showed the same growth pattern yet still there is no plan for sewer. Growth will not stop. The City has not been looking forward. Now it cannot afford not to. Our sewer system must keep pace with our growth now and our growth in the future.

Transmission Capacity

The *Capacity Study for Gas, Water and Sewer Utilities* conducted by Goodwyn, Mills & Cawood, Inc. (GMC) was delivered to our Utilities Department in early October 2017. Following is a synopsis of their findings.

GMC says Fairhope is "...facing a significant landmark in the life of its sewer system." The City can "...allow the system to continue to function with its current intent and convey all of its sewage to trunk lines through the central business district and old Fairhope. These major pump stations and gravity lines have reached the end of their useful life and need substantial upgrades to continue serving the residents of Fairhope."

Further, "It is recommended that the City make the critical infrastructure improvements indicated in the report herein to continue providing quality sewer service to its existing customers. Major pumps stations and gravity lines need **immediate** (emphasis added) attention. Investment into the sewer system is vital to extend its life."

GMC also recommends that the City develop a sewer model which then may be used to create a Sewer Master Plan that meets all the objectives of the City and provides avenues for growth.

Recommended Immediate Wastewater System Improvements

- Recommend an immediate and complete replacement of the 4 major lift stations – S. Section St., N. Section St., Thompson Hall and Doghouse.
- Recommend significant improvements of major gravity outfall lines which are carrying flows greater than their design capacity and are approaching total capacity:
 - Doghouse Pumping Station line runs down Fairhope Avenue to Fernwood
 - S. Section with 2 additional stations; if all 3 stations are pumping simultaneously, the line they share is consumed and could create sewer surcharging in the manholes
 - Thompson Hall discharges into an 8" gravity main behind the Winn Dixie store near Greeno Road and then combines with a line that the East of Sun Pumping Station discharges into and then flows to the Doghouse Station; the invert of the gravity line with both stations pumping is above design capacity and on the verge of exceeding its total capacity
- Recommend an aggressive sewer collection system (Closed Circuit TV and Cured-in-Place Pipe) to address aged infrastructure in the older portions of town where clay pipe is prevalent; this repair entails 6 miles of pipe per year for the next 10 years

Sewer System Expansion Alternatives

- Upgrade 4 pump stations and related lines and continue to send all the sewer to the existing waste water treatment plant
 - First update S. Section Street pumping station
 - Second update Doghouse pumping station
 - Third update Thompson Hall pumping station
 - Fourth update N. Section Street pumping station
- Same as Alternative 1 above but:
 - Treat upgrade to S. Section Street differently by emptying into a 12” gravity line on Church St and upgrade current undersized 12” line on Church St to 18”
 - Upgrade Doghouse pumping station
 - Upgrade Thompson Hall pumping station
 - Upgrade N. Section St. pumping station
- Alternate 3 is the most significant increase in sewer capacity. We can improve the existing infrastructure to meet the service area requirements; the “...expected growth and corresponding sewer system would be collected and directed to a location to be determined on the East side of US Highway 98. A site may be selected for treatment and discharge that meets the approval of ADEM through required NPDES [National Pollutant Discharge Elimination System] permitting.”

Next Steps

- Evaluate rate increase to invest in capital improvements for rehabilitation
- Increase treatment/transmission connection fees to invest in capital improvements
- Evaluate all policies and procedures
- Apply long-term planning to projects to evaluate future growth and capacity needs
- Review material and equipment standards for modernization

Fiscal Stewardship & Operational Efficiencies

Review City Leases, Franchise Agreements, Revenue Sources and Recommend Updates

A review of all city services, rentals, leases, and franchises was completed; all were compared with neighboring municipalities and their offerings and pricing. The various departments are adjusting pricing structure to remain competitive.

The 30-year old lease on the marina expired October 14, 2017. A thorough research of city-owned and operated marinas along the coastal United States was conducted and it was determined that it is in the best interests of the City to assume control of marina management. This is probably the most positive and exciting singular decision the City has made in years. Fairhope Docks will be renovated and become the Water Gateway to Fairhope.

Other leases are targeted for review as their expiration dates come up. Leases will be reviewed in their entirety so they are as beneficial to the City as they are to the lessee and will go before the Council for approval.

The City Franchise Agreement is being presented to Council for update to include electrical charges to vendors and conditions relevant to food vendors which were not previously addressed.

Rental facilities were reviewed and compared to like municipalities in the area. Pricing changes for our rental facilities are being recommended to the Council to remain competitive.

With the removal of the AT&T cell tower, and the bidding process completed, painting of the water tower will begin. This is important to preserve the tower and extend its life span.

The City website is in the final stages of complete redesign featuring more information and user-friendly links to all areas of city government, events and news.

Evaluate Departmental Efficiencies and Adequacies, Revenues and Expenditures

Personnel needs were identified as well as equipment needs –modernization needs – and the fiscal year 2018 budget was developed based on the findings. We also identified where our revenues can be enhanced simply by enforcing ordinances already on the books. It is not inexpensive to run a city and offer the services at the level of quality offered in Fairhope. A high level of services is something we want to maintain which means not only increasing revenues but also cutting wasteful expenditures. The fiscal year 2018 budget addresses these issues.

2018 Proposed Budget Presented on 9/25/17

2017's budget is focused on cutting wasteful spending and separating the financials for the City and Utilities. The result has already demonstrated a path for a more financially responsible government. We exceeded revenue goals and were under budget on expenses which not only saved millions of dollars over previous years, but greatly reduced the city's reliance on our utility profits.

UTILITY SUBSIDY TO THE CITY

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Utility Transfers to City	\$1,826,575	\$2,951,081	\$2,885,000
Operating Expenses Paid from Utility	\$2,442,631	2,797,227	Zero
Total Utility Dept Paid	\$4,269,206	\$5,748,308	*\$2,885,000

** Actual Transfer Should have Been \$1,817,567*

The Utility subsidy came in the form of transfers into the City's operating account and by directly paying City operating expenses as you can see in the graph above. After separating out City & Utility financials, Utilities no longer pay for City expenses such as phone, computer, community development among many other expenses. Utilities will continue to make up the shortfall for the City but only in a transparent transfer and only for the amount needed until infrastructure is updated.

**SUBSTANTIALLY
DECREASED
UTILITY SUBSIDY**

2015 \$4,269,206
2016 \$5,748,308
2017 \$1,787,671



In 2017, the Utility transfer exceeded the City's need showing a surplus. The actual subsidy should have been \$1,787,671, which is substantially lower than previous years.

ACTUAL CITY DEFICIT BEFORE TRANSFERS

2015 (\$6,899,023)
 2016 (\$7,010,820)
 2017 (\$1,902,671)



Here is the net City deficit and when compare to the last two years, the City's reliance on Utility assistance has greatly reduced and well on its way to being self-reliant.

CITY SURPLUS (DEFICIT) AFTER TRANSFERS

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total Revenue	21,911,228	24,043,399	26,905,014
Total Expenditures	-28,810,252	-31,054,220	-28,843,650
Impact Fees	ZERO	ZERO	115,000
Cash Reserves	5,044,601	200,000	ZERO
City Operating Paid out of Utilities	-2,442,631	-2,797,227	ZERO
Utility Transfer to City	1,826,575	2,951,081	2,885,000
Surplus (Deficit)	-2,470,479	-6,656,967	1,061,364

In 2017, the City did not use any cash reserves as in years past either. While we transferred more than what was needed from Utilities, this is the first surplus in many years. Now that expenses are properly appropriated, we can manage utility subsidy and even plan for the correct amount the city should be getting to better serve its citizens.

UTILITY SURPLUS

Utility Totals	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Budget 2018</u>
Total Revenue	38,285,807	37,647,995	38,681,607	40,804,345
Total Expenses	27,927,264	27,939,656	29,610,054	29,743,041
City Operating Expenses Paid	2,442,631	2,797,227	zero	zero
Net Operating Income/(Loss)	7,915,912	6,911,112	9,071,553	11,061,304

- 2015 & 2016 Utilities paid City Operating Expenses in Addition to Transfers to General Fund
- 2018 projected with all city operating paid by city and proposed rate increases to pay for utility infrastructure

Because less is being transferred out, Utilities' profits have increased. With 2018 projected profits, we can start immediately on upgrading the urgent needs in the sewer department.

PERSONNEL STATS

Full-Time Employees				
	2010	2017	Change	
Employees	281	270	-3.90%	
City Population	15,326	19,421	26.60%	

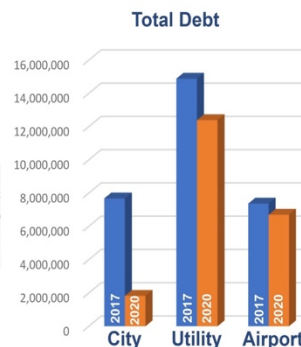
	2014	2015	2016	2017	2018
COLA	328,661	273,871	214,609	200,226	
MERITS/PROMOTIONS	189,071	147,305	256,352		244,844
TOTAL INCREASE	517,732	421,176	470,961	200,226	244,844
COLA/MERITS % OF SAL	4%	3%	4%	2%	2%

Since 2010 the City of Fairhope has grown in population almost 27% while the total number of Full-time City employees has decreased almost 4%. The shortage has been a long-term problem but has been particularly exasperating now due to rapid growth. We must fill in the holes to bring better services, become more efficient, capitalize on revenue opportunities and greatly reduce overtime.

The budget also includes 2% fund for merit increases based on performance. By eliminating the standard cost-of-living raise, we can afford to raise employees for exceptional performance. The increase will happen on the anniversary date rather than all at once after the budget passes.

TOTAL DEBT

	2017	2020
Total City Debt	7,679,616	1,825,576
Total Utility Debt	14,885,000	12,389,040
Total Airport Debt	7,370,629	6,695,629
Total	\$29,935,245	\$20,910,245



Total debt with 2020 projection is as follows: The City debt will be paid down to just under \$2MM, but Utility and Airport debt are long term. Utilities have also held debt which should have been under the City such as the settlement/purchase of the “Triangle” property. We can no longer co-mingle expenses and revenue or we cannot properly manage the areas that need attention.

CIVIL ENGINEERING EXPENSE

	PLANNING	PUBLIC WORKS	CAPITAL PROJECTS	UTILITIES
2017 Expenses	\$35,036	\$31,513	\$46,955	\$81,421
Avg Last 4 Yrs ~	\$39,000	\$149,000	\$131,000	\$217,000
Estimated Savings	\$3,964	\$117,487	\$84,045	\$135,579

Average Spent Last 4 Years
\$536,000

Total Spent in 2017 \$195k
Total Savings \$341,075

One of the big reductions in 2017 was excessive engineering expenses. We saved \$341K+ by hiring the Operations Director who is a Professional Engineer (PE). The 2018 budget includes a new engineering department which will be a shared expense in all departments which will include SCADA, mapping and GIS services. This department is a critical need to solve sewer leaks and quality water concerns.

FLEET MANAGEMENT

Fiscal 2017 began with 234 passenger vehicles. We were paying more in mechanical expenses than the vehicles were worth and paying unnecessary liability insurance. We are beginning 2018 with ~142 passenger vehicles.

When new vehicles were purchased, the old ones were handed down. New purchases must replace old equipment unless we are adding a person.

The 2018 budget includes leasing larger equipment so we are not having to pay the whole purchase up front. There will be no surprises on capital outlay each year, full warranty and maintenance included with lease and turned in for new equipment. This process will save money (mechanical, overtime, efficiency).

MISC SAVINGS

- Annual Savings Transitioning Utility Billing to Munis \$73,110/year
- Tree Lighting Contract Labor, ideas for future
- Credit card payment savings switching in April after contract
- Encouraging people pay online save postage
- Travel use city vehicle or rent vehicle.
- Manage Overtime by Hiring in Needs & Purchasing Reliable Equipment
- Fleet Management: Decrease Excessive Mechanical and Liability Expense
- Internal Safety Training will Decrease Workman's Comp Expense

2018 BUDGET

CITY OF FAIRHOPE BUDGET FY 2017-2018	
TOTAL REVENUES	26,795,945
TOTAL EXPENDITURES	32,352,404
SURPLUS (DEFICIT)	(5,556,459)
TRANSFERS FROM IMPACT FEE FUND	745,820
CASH RESERVES	2,030,000
NET PROFIT/(LOSS)	(2,780,639)
UTILITY TRANSFERS TO CITY GOVERNMENT	2,815,000
TOTAL SURPLUS (DEFICIT) AFTER UTILITY SUBSIDY	34,361

Budget 2018	
Utility Revenue Income	
Gas Fund	6,729,500
Electric Fund	21,239,545
Water Fund	7,947,300
Sewer Fund	4,888,000
Total Revenue	40,804,345
Utility Expenses	
Gas Fund	4,732,424
Electric Fund	17,159,905
Water Fund	3,659,764
Sewer Fund	4,190,948
Total Expenses	29,743,041
Net Operating Income/(Loss)	11,061,304
Proposed Transfer to City	(2,815,000)

Provide Improved Government Transparency for the Citizens

In an effort to better inform citizens, the number of live-streamed committee and department meetings on Facebook and YouTube have been increased.

Town Hall Meetings were initiated to meet with citizens on important subjects that are key to government operations.

‘Ate at Eight’ was launched as an informal monthly breakfast at alternating local restaurants. This was created to provide citizens an opportunity to talk with the mayor one-on-one.

We are using all means of communication available to the city at this time to inform citizens about what is happening in Fairhope. This includes events, emergencies, critical meetings, good news, recognition to outstanding employees or citizens, and more.

A full-time communications position has been proposed to the City Council so we can further improve our conversations with our citizens. All our communications would filter through this position assuring concise, quick, and accurate information.

Of course, no number of updated ordinances and policies and regulations will do us any good if we don’t have the proper staffing to review them, enforce them or keep them updated as time goes on, or if we don’t have the modern equipment to help us complete these ongoing tasks efficiently.

IN CONCLUSION

Fairhope is at a crossroads. The City must do what it can to celebrate our past, preserve our present and secure our future. “We’ve always done it that way” is not sufficient justification for making decisions. Past practices must be replaced with more innovative and modern approaches. Technology can assist us in our efforts to build a sustainable waste water system, develop stormwater solutions and implement resilience practices. Moving in this direction will ensure that the quality of life for which Fairhope is recognized continues well into the future.

To that end, overarching goals in line with the findings of the moratorium are being developed. Each department will be asked to establish departmental goals that will support and help achieve what is in the best interest of the City as a whole. The moratorium period revealed the importance of integrating cross-departmental workflow in order to effectively operate. This all-inclusive approach to governing the City of Fairhope will result in better government and stronger ties with our residents.

While these things may not be achieved overnight, steady progress is being made. Some of the findings from the moratorium period have already resulted in positive change and these efforts will continue as we work together to protect and preserve the City of Fairhope.