

City of Auburn
FY 07 & FY 08
Biennial Budget
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The City of Auburn
Biennial Budget for FY 07 & FY 08
Budget Message

June 15, 2006
Honorable Mayor and Council Members
City of Auburn, Alabama

Dear Members of Council:

It is my pleasure to present the biennial budget for the City of Auburn, covering fiscal years 2007 and 2008. This is the City's fourth biennial budget and I believe the City has greatly benefited by utilizing this innovative approach to budgeting. We face the 2007 and 2008 biennium with a strong financial condition. The Management Team continues to control expenditures and our revenue is stable, thanks to our strong local economy and our economic development efforts.

The Government Finance Officers Association presented the City with its Award for Distinguished Budget Presentation for the seventh consecutive time for the FY 05-06 Biennial Budget. We are pleased that our professional peers acknowledge our budget as one worthy of recognition and I hope that you find it valuable in making the important decisions that will impact Auburn citizens and the City government over the next two years and into the future.

Citizen Survey

For over twenty years, the City of Auburn has conducted an annual citizen survey to identify priorities and strategic goals that guide the budget in the development and implementation process. The 2006 Survey was completed in March 2006 and was statistically valid within a 4% range with a 95% confidence level. The major findings of the Survey were an overall strong satisfaction rating for the service delivery by City of Auburn departments, a high trust level by the citizenry for the City Council, and an appreciation of the overall quality of life that Auburn offers.

Of the citizens responding to the Citizen Survey...

- 95% were satisfied with Auburn as a place to live
- 94% were satisfied with Auburn as a place to raise children (20% above national average)
- 90% were satisfied with the quality of Auburn's school system
- 86% were satisfied with Auburn's overall quality of life
- 85% were satisfied with overall quality of public safety services (Police & Fire)
- 83% were satisfied with Auburn as a place to work
- 83% were satisfied with City parks facilities and programs

Residents think more emphasis should be given to:

- Management of traffic flow in the City
- Maintenance of City streets, buildings, and facilities
- Adequacy of street lighting
- Enforcement of speed limits in neighborhoods

Several areas of concern were highlighted through the survey. One new issue that the survey identified as an emerging issue was adequacy of street lighting. Working with Alabama Power, we have created a plan to upgrade street lighting throughout the City by increasing the wattage on many existing streetlights and placing additional street lights on existing poles. The only cost to the City will be the additional electricity required to power the lights. This is an example of how we use the Survey to identify areas for improvement before a minor concern becomes a major concern for our citizens. Additional resources are budgeted to address street maintenance, traffic flow, and speeding in neighborhoods, which are detailed later in this message.

Accomplishments for the Quadrennium

As members of the Auburn City Council for the past four years, you should be proud of the long list of significant accomplishments by the City government. So often, we get caught up in the issues of the moment and do not reflect on where we have been and where we are now. Since this will be the last budget that this Council considers, I thought it would be worthwhile for you to review some of the major accomplishments of your term of office.

From your first day in office, you identified school funding as your top priority. Over the past four years, the City has appropriated over **\$22.5 million** to the Auburn City Schools from the General Fund alone. In addition, you authorized the issuance of \$33 million in bonds to finance major facility expansions and improvements at virtually all school campuses. You also revised the appropriation formula so the School's appropriation grows with the City's revenues- directly linking the schools' funding to our overall growth in the General Fund.

One of the City's challenges is to maintain adequate infrastructure to accommodate the needs of current citizens, as well as those who are moving to Auburn because of the educational opportunities and quality of life found here. You have invested heavily in infrastructure to ensure that the City's streets, drainage, and sanitary sewer system provide high quality service to our citizens. New sections or extensions of existing streets to make traffic flow more smoothly are being constructed on Richland Road and Veterans Boulevard. Traffic flow was also improved with the realignment of Mall Parkway and the Wynnsong Driveway. Traffic safety has been improved through the installation of traffic signals on East University Drive at Donahue Drive and Wrights Mill Road and the new traffic calming devices that have been installed on Windway Road, Azalea Drive, Summertrees Drive, Woodfield Drive, and in Asheton Park subdivision.

A high percentage of the streets within the City have been resurfaced over the past four years because of the priority you have placed on street maintenance. The City has spent **\$5.25 million** over the past four years resurfacing and restriping a total of **66 lane miles** in the City. Sidewalks have been built at a much greater rate than at any time in the City's history. The City has constructed over **6 miles** of sidewalks during the past four years along Dean Road, North Ross Street, Shelton Mill Road, Boykin Street, Foster Street, Clark Avenue, Old Mill Road, Dumas Drive, Genelda Avenue, Thomas Street, South College Street, Bedell Avenue, Woodfield Drive, Chewacla Drive, Armstrong Street, and East University Drive (Gatewood to Dean).

You have continued to address drainage problems throughout the City. We have completed **11 major drainage projects** which have greatly reduced flooding issues that plagued several areas. You unanimously voted for much stiffer requirements for detention facilities and erosion control measures to prevent future drainage issues from developing.

This Council has actively pursued the expansion of recreational facilities. You have built the 12-field **Soccer Complex** on Wire Road, made tremendous improvements at the **Duck Samford Park**, which is now one of the finest youth baseball-softball complexes in the State of Alabama, as evidenced by its selection to serve as the site of the 2005 Dixie Youth World Series. **Duck Samford Stadium** received an \$800,000 facelift. You have supported the creation and opening of **Town Creek Park** and **Town Creek Cemetery** on South Gay Street. You supported the development of the **Yarbrough Tennis Center** off Richland Road, which will provide clay courts, hard courts, and an indoor facility for our citizens.

Our recreational facilities and programs continue to receive honors. The Softball Complex was awarded the **2005 Alabama Amateur Softball Association Complex of the Year Award** and has also been selected for induction into the **Alabama Softball Hall of Fame** by the Amateur Softball Association. Auburn CityFest was awarded the **Event of the Year** by the Alabama Parks and Recreation Association for the State of Alabama District V in 2005. Auburn CityFest 2006 drew a record crowd of 35,000. We were also honored to be named a **Tree City USA** by the National Arbor Day Foundation in recognition of our commitment to the community forest.

In addition to investments in recreational facilities, the City has constructed several bikeways and bike paths. The **Wire Road Bikeway** was officially opened last month, and construction is currently underway on the **Thach Avenue Bike Lane** project. Bike lanes were also added along Wrights Mill Road, and the **Grove Hill multi-use path** has been a welcome addition for residents in the southern part of town. The annual Bike Bash continues to be a popular event and our local schoolchildren are learning about cycling through the Bicycle Storage Trailer & Safety Program used by the school system. In recognition of these projects and efforts, the City was designated a **Bronze Level Bicycle Friendly Community** last fall. Auburn is the only city in Alabama to receive this honor.

During the past four years, this Council has continued to improve our departmental facilities. There have been great changes on Tichenor Avenue with the remodeling of the Annex to house the Human Resources Department and the downstairs area of City Hall to make room for additional work and office space for Finance, Economic Development, and Information Technology. The building at 120 Tichenor was renovated to provide the City Meeting Room and offices for the City Attorney. Lighting improvements have been made on Tichenor Avenue and at the Douglas J. Watson Municipal Complex. We recently celebrated with the Water Works Board the dedication of the **Bailey-Alexander Water and Sewer Complex**, the new home of the Water Resource Management Department on West Samford Avenue.

The Library has continued to provide high-quality services to our community. Your support was instrumental in the recent Five Mill Referendum where Auburn voters overwhelmingly approved issuing bonds for a **12,000 square foot addition** to the Library. A city based on education should have a fine public library and we have the opportunity to expand our wonderful Library so it can continue to serve the needs of our citizens.

You have recognized the need for more affordable housing in the City specifically to benefit low and moderate income families and individuals. Through the North Auburn Housing Development Corporation and using CDBG funds, infrastructure installation for the **Northwest Village Subdivision** is currently underway. When completed, Phase One of this neighborhood will offer 25 low- to moderate-income families the opportunity to become homeowners. Auburn is the first community in Alabama to utilize CDBG funds sponsored by Housing and Urban Development (HUD) to construct single-family affordable housing units.

This Council has recognized the benefits of maintaining and improving upon the City's relationship with Auburn University. To this end, the City has formed a strategic partnership with the State of Alabama and Auburn University to develop the **Auburn University Research Park**. This 156-acre park will offer more opportunities for commercialization of research developments that occur at Auburn University. The park should be open by the end of 2006. We are also working with the University to improve area recreational facilities. With the participation of the Athletic Department, we are able to build the entire Tennis Complex all at once, rather than in stages as we had originally planned. The University benefits by getting improved facilities for the varsity men's and women's tennis teams, and our citizens benefit by having a larger and better facility than we could afford to build at once on our own. We will also be able to bid on large, revenue-generating tournaments once the Complex is complete. Of course, another example of our partnership with the University is the 2004 merger of police services. The merger has reduced duplication of services while improving police protection on campus and in the City.

You have also recognized that these improvements for our Schools, streets, sidewalks, bikeways, parks, buildings, and other infrastructure are dependent upon a strong economic base. Under the Alabama Constitution and laws, there are severe limitations on the use of property taxes to pay for the costs of government and the ability of local governments to set their own property tax rates. Therefore, if a city is to be successful, it must generate resources from commercial and industrial businesses. You have been extremely supportive of our efforts to enlarge and diversify the City's employment and retail base. The strong growth in occupation license fees and business licenses over the past 5-10 years shows the results of our economic development efforts.

Since you have been in office, the following major companies have come to Auburn: Weidmann Plastics, Electric Fuel Corporation, CV Holdings, SCA Inc., Pyongsan Inc., Leggett & Platt, and J&S/AST North America. Numerous smaller projects, such as MDT Armor, ATS Engineering, Hightex, Inc., and KC Sol-Tech have brought additional jobs to Auburn. In addition, Sommer Metalcraft, Rexnord, and Briggs & Stratton, and others have announced major additions to their workforces and facilities. During your term in office, over **2,000 jobs** have been created through our industrial recruitment activities, bringing a capital investment of **\$261 million**. The investments you have made in enlarging and diversifying our local economy are paying off and will continue to benefit the City for years to come.

The City of Auburn has made significant progress during the past four years. The projects and actions mentioned above represent only a few of the Council's accomplishments. Importantly, you have dealt with issues that will face Auburn in the future. You authorized the parking study to determine the urban core's current and future parking needs. The decisions you have made on streets were based on the Major Street Plan, sewers on the long-range Sewer Plan, and all projects on the Capital Improvements Program. The City is not strictly reacting to immediate problems but is placing them within long-term context in each of these critical areas.

On-Going Projects - The City has many projects that are underway that will be completed by the end of FY 06 or will be under construction during the next few months that may not be completed until FY 07 or FY 08. They include the following:

- Construction of the Tennis Center on Richland Road
- Construction of major sewer lines in west and southwest Auburn
- Widening of the Bent Creek Bridge at I-85 and related infrastructure improvements
- Construction of Fire Station #5 in south Auburn
- Infrastructure installation for the Auburn University Research Park

- Construction of a new interchange off I-85 at Cox Road/Beehive Road
- Improvements to the Dean/Samford Intersection
- Phase 2 extension of Richland Road
- Construction in the Northwest Village Subdivision
- Widening and repaving of Shelton Mill Road
- FY06 Resurfacing Project

Council Priorities

The Council provides the direction for the staff in a number of essential ways. One of the important things that you do is to set priorities that the staff strives to reflect in the budget that we develop and present to you. Especially helpful are the comments that you include on your priority rating sheets. They give us a better understanding of the issues and projects you consider most pressing. The final budget approved by the Council is based on a consensus of the members. Not every project or funding level by every member of Council is included in the budget, but through priority setting, we can learn the judgment of the Council as a whole. For the next biennium, you have placed the needs of the community in this order:

1. School funding
2. Commercial development
3. Industrial development
4. Street maintenance
5. Downtown parking
6. Traffic signal improvements
7. Pay raises for employees
8. Intersection/street improvements
9. Stormwater utility
10. Wireless for City departments
11. Bikeways/greenways
12. Sidewalk construction
13. Additional employees
14. Parks facilities
15. Outer loop project
16. Funding for other agencies
17. Televising public meetings
18. Wireless for entire City

Clearly, the Council has a strong interest in education, economic development, transportation infrastructure, the downtown area, and employees. The consistency of the Council priorities indicates that there is a general consensus among members on the direction in which the City is heading. All of the Council priorities are critical for the City to maintain and improve the quality of life that we now have in Auburn. The high quality of our school system has made Auburn an even more attractive place to live and has helped fuel significant residential development. This, of course, creates the need for infrastructure to accommodate the growth, as well as to maintain the older infrastructure.

Auburn's growth over the past forty years has meant that we consistently have had to widen streets and intersections, build new roads, install sewers, and construct water treatment and distribution facilities, parks, and departmental buildings. Council priorities target our limited

resources to address the most important needs of a growing community. We believe that the City has been effective in using its resources wisely to maintain and improve schools, services, and infrastructure.

Obviously, the City cannot do everything that everyone wants us to do because of limited resources. Several of the highest priorities of the City are demanding greater resources to maintain the quality that citizens have come to expect. Of course, using our resources to address these items limits what we can do in other areas. It requires that we manage our resources closely so that the priority items are addressed adequately. In the paragraphs that follow, I will explain how we are addressing the Council's top priorities.

Schools- In 1981, the City Council adopted an Ordinance that guaranteed the City Schools the equivalent of fifteen mills of property taxes from the City's General Fund. In 2003, this was adjusted to a twenty-mill equivalent. With the growth of the property tax base and the change to annual property appraisals, the City was put in a position where the appropriation to the Schools was increasing at a faster rate than revenue growth. With the support of the School Superintendent, you changed the appropriation formula from property tax equivalent to a percentage of general fund revenues. The City Schools will receive the greater of 13% of general fund revenues, based on actual revenues from two years prior, or \$6,795,523. Tying school funding to our overall revenue growth is a much more sustainable formula that hopefully will prevent future City Councils from having to make a tough choice between funding schools and other vital City services.

The Council's increasing commitment to School funding can be seen by the following historical data:

<u>Fiscal Year</u>	<u>General Fund Appropriation</u>	<u>General Fund Supplement</u>	<u>Total</u>
1995	\$ 2,036,976	\$ 157,924	\$ 2,194,900
1996	2,273,325		2,273,325
1997	2,504,616		2,504,616
1998	2,699,250		2,699,250
1999	2,822,247		2,822,247
2000	2,977,260	325,000	3,302,260
2001	3,307,014	825,000	4,132,014
2002	3,918,522	143,403	4,061,925
2003*	4,110,444		4,110,444
2004	4,357,070		4,357,070
2005	5,939,173		5,939,173
2006^	6,795,523		6,795,523
2007	6,795,523		6,795,523
2008	6,795,523		6,795,523

* Change from 15 to 20-mill equivalent

^ Change from 20-mill equivalent to percentage of General Fund revenues

Revenue from the two School property tax funds managed by the City is projected to increase by \$777,943 in FY 07 and by \$345,348 in FY 08. Direct City funding to the Schools from these sources will exceed \$9.5 million during the biennium

Economic Development- You rated commercial and industrial development as your second and third highest priorities this year. Sales tax is the City's single largest source of revenue, providing approximately forty percent of General Fund resources. Another thirty-five percent of General Fund revenues is obtained from business licenses, occupational license fees, and property taxes. Because of the difficulty to raise revenue through property tax increases under Alabama laws, the City will continue to derive its revenue from business-based taxes. Continued success in commercial and industrial development is crucial to the City's financial stability.

The planned major new developments at the Bent Creek/I-85 interchange are welcome additions to our retail base. The Economic Development Department has done an excellent job promoting Auburn to national retailers in obtaining this commitment. We have also continued our success with industrial development, evidenced by the recent location of GMB Automotive USA, Cumberland Plastics, Nikki America Fuel Systems, and others. Several of our existing industries have announced expansions, such as Health Information Design, CV Holdings, and Hoerbiger Hydraulics.

Transportation-Streets, Traffic Signals, Intersection Improvements- This City Council, like our citizens, has identified street maintenance, street and intersection improvements, and traffic signal installation as high priorities for the City. Your commitment to this important part of the City's infrastructure is reflected well in the summary of the accomplishments of the past four years. In addition to the streets, we have built many sidewalks and bikeways to offer alternative modes of transportation to the public.

The proposed budget includes funds for road resurfacing and restriping in FY07 and FY08. This Council's and prior Councils' strong commitment to street maintenance during the past decade has made a noticeable improvement in the condition of the streets in Auburn. However, since traffic and weather continually contribute to the degradation of asphalt, we must maintain an annual commitment to resurfacing if we expect to keep our streets in excellent condition. In addition, improving intersections to handle traffic movements more efficiently and constructing new street segments has led to improved traffic flow through and around the City over the past decade.

Over the next two years, we expect to continue to have significant improvements in our street network. The most visible change to City intersections will be the realignment of Martin Luther King Boulevard to connect to Bragg Avenue. The importance of this change will be to move the intersection away from the railroad tracks, thereby improving safety at this busy crossing. In addition, the extension of Samford Avenue to East Glenn Avenue, which is part of our Master Street Plan, should be completed. The Dean/Samford intersection improvement is slated to be finished before school begins in August. This will greatly improve visibility and safety at this busy intersection.

Traffic light installation is another priority of the Council addressed in the budget. We are planning for the installation of traffic lights at South College/Shell Toomer and West Samford/Shug Jordan. ALDOT has scheduled traffic studies for these two intersections during the fall. We are hopeful that the studies will indicate both signals are warranted and ALDOT will give us approval to proceed with installation. When the Samford Avenue road extension proceeds, we will install traffic

signals on East University Drive and Glenn Avenue to improve traffic flow and safety along this new road.

The Citizen Survey showed that our citizens are concerned about traffic in neighborhoods and residential areas. The traffic calming devices we have installed through the Traffic Calming Policy have shown to be effective and efficient at reducing speeds. We are encouraged by the results we have seen and plan to continue to install these devices when conditions are warranted and the area residents are supportive. In addition to the Traffic Calming Policy, we will continue to address concerns about neighborhood speed through educational campaigns and the use of our motorcycle patrols to increase police visibility in residential areas.

Downtown Parking- The Parking Study you commissioned in 2005 is almost complete and will be presented to the Council on July 18. City staff is working to formulate a plan to implement the study's recommendations. One major component of the plan will be the construction of a new parking deck in the downtown area. We are working to identify the most suitable site and develop a plan to finance the deck. The addition of a parking deck could lead to major new redevelopment of the urban core. We will come back to the Council with some recommendations for your consideration in the next few months.

Employee Pay and Benefits- In every department, we have well-educated and well-trained employees that are highly dedicated to the City of Auburn and its citizens. I believe that you would have a difficult time finding the level of ability and commitment among any group of employees that we have with the people that work for Auburn's City government. It is gratifying to work with the department heads and other employees because they truly care about this City and the kind of work they do on behalf of Auburn residents. We were pleased recently to receive the Leadership in Institution Award from the Lee County United Way recognizing the example we set by our employees' commitment to the United Way and the local charities it supports. The high regard that citizens have for our employees is reflected in the positive ratings given them by the annual citizen survey.

I believe we have this outstanding workforce as a result of City Councils over the years understanding that for the City to be successful it is necessary to invest in our most important asset, our employees. It sends a very strong positive message to our employees when you rate pay raises in the top ten. You have made a commitment that employees should be compensated well, should have opportunities through training and development for personal and professional growth, and should have excellent benefits. As a result, the City of Auburn is a very good place to work. The City's reputation as a quality employer is reflected in the statistics on longevity. Over 33% of the City's regular workforce has been with us for ten years or longer, despite absorbing 27 new police officers from Auburn University in 2004. We are recruiting qualified personnel and they are staying with the City in all of our departments.

This year's budget is again pro-employee with money invested in pay raises, training and education, and benefits. The proposed budget includes a three percent cost-of-living adjustment for regular employees in FY 07 and FY 08, as well as money necessary to fund the merit raises granted to employees based on their performance. Lee County is experiencing record low unemployment, which is beneficial to employees and the local economy; but it makes it more difficult for employers to attract and retain highly skilled and qualified employees. By maintaining your commitment to our employees, we remain competitive in the job market for employees. Through our training and development programs, we have many young professionals in our departments that have the potential to assume higher-level supervisory and managerial roles

within the City. This commitment to the future will provide long-term stability for the City government.

Other Key Recommendations- We have included in the budget funds to supplement the State's upcoming flood plain study. The last flood map update was done in 1991, and is in need of updating. The State is funding the most basic level of the study and we will pay for additional detail which will benefit us as we plan for the City's future.

Additionally, included in the budget are funds for our estimated share of the new terminal at the Auburn-Opelika Robert G. Pitts Airport. Lee County and the City of Opelika are also contributing to this project.

Issues and Initiatives for the Biennium

During the upcoming biennium, there will be major issues and projects for us to address:

Planning Study. The Planning Department has included funds in their budget to conduct a detailed planning study including population/demographic forecasting and compiling detailed inventories for current development such as housing unit by type, population by age groups, retail space by gross area, etc. This will help the creation of the Auburn Interactive Growth Model (AIGM) that forecasts the spatial distribution of the population over time and the apportionment of land uses necessary to meet the needs of the population. The AIGM will be used to update our future land use plan and annexation policy.

Development Review Task Force. I have formed an internal Task Force comprised of the Directors of Economic Development, Information Technology, Planning, Public Works, and Water Resource Management to review the City's entire development process from start to finish. The Task Force is charged with identifying opportunities for improving the process and helping to set realistic and consistent expectations for developers, citizens, City staff, Planning Commission members, and elected officials.

Other Post Employment Benefits (OPEB). The Governmental Accounting Standards Board (GASB) has produced Statement No. 45 regarding the funding requirements for other post-employment benefits (OPEB), such as retiree health care. The City will be required to have an actuarial valuation of plan assets, and the actuarial accrued liability every 2 years. We are required to implement GASB 45 by the end of FY09 and have included funds in FY08 to conduct the actuarial valuation.

Cox/Beehive Interchange. We are very thankful to Senator Shelby, Senator Sessions, and Congressman Rogers for their assistance obtaining federal funding to construct a new interstate interchange near Cox and Beehive Roads. This \$18.4 million project will be a catalyst for further economic growth in west Auburn and provide relief to the congestion and safety problems on College Street. The new interchange will also provide for easy access to the Auburn Technology Park West. Currently, we are acquiring the needed right-of-way.

Auburn University Research Park. As mentioned earlier, the City has joined forces with the State and Auburn University to develop the Auburn University Research Park. The Research Park will support the research and academic mission of Auburn University, while also adding jobs and revenue to our local economy. Envisioned as a "research village," the Park will feature laboratory space, a business incubator, and office spaces to facilitate the commercial development of AU research technologies and products. The first buildings will be ready for occupancy by 2007.

Water and Sewer Projects. The Water Resource Management Department will be working to develop a long-range plan for the sewer system and to identify and secure future water supply sources. The Cost of Services Study will be complete soon, which will help identify appropriate charges for water and sewer access fees and tap fees.

Quadrennial Revenue Review. Next spring, the Finance Department will conduct a comprehensive review of all current revenue sources and identify any adjustments that could improve the equity and efficacy of our tax structure.

Keep Auburn Beautiful. Earlier this year, the Environmental Services Department and Auburn Beautification Council presented a proposal to expand our beautification efforts through a program of education, advocacy, and involvement. We are planning to move forward with this program and introduce new events in Auburn aimed at "Keeping Auburn Beautiful."

Financial Overview

The past quadrennium has been a time of progress for the City. Our high quality of life and excellent school system has continued to fuel residential growth. This residential growth has been accompanied by employment growth, especially in our industrial sector. Our revenue growth has been strong, enabling us to undertake more projects and offer more amenities to our citizens. However, due to increased retail competition in our area we are now faced with slowing growth of our major revenue source, sales tax. While the city has undertaken wise investment choices, we must be patient while these investments mature. There are increased demands on the General Fund's resources to pay for salaries, appropriations to outside agencies, and debt service. As we cautiously enter the FY 2007 & FY 2008 biennium, it is time to thoughtfully prioritize the use of our resources in order to maximize the services provided to our citizens.

When we set out to develop the biennial budget, two main targets were kept in mind for the General Fund:

1. Personal services (salaries and benefits) should be no more than 50% of total expenditures and Other Financing Uses
2. Ending fund balance must be no less than 25% of budgeted expenditures

The budget I present to you tonight meets those two objectives. Keeping our personnel costs down while maintaining a strong ending fund balance allows us the flexibility to deal with changing economic conditions.

Achieving a balanced budget for FY2007 and FY2008 presented a particular challenge. We are no longer experiencing double-digit revenue growth due to increased retail competition and a cooling national economy. We are projecting about 4.5% annual growth in our top four revenue sources- sales taxes, occupation license fee, business licenses, and property taxes. Revenue projections tend to err on the side of conservatism, but we feel these projections are realistic.

In order for us to maintain our strong financial position, we must keep our operating expenses at reasonable levels, so that we do not create an unsustainable operating budget. Our Department Heads have risen to the challenges of the FY07 & FY08 biennium and submitted fiscally responsible budget requests.

The main expense in City government is personal services- salaries and benefits for our employees. This is why we strive to keep this amount at 50% or less of our total expenditures. Since FY 2003, we have added 64 regular, full-time employees to our workforce. The police merger with Auburn University accounts for 42% of these positions, and we are fully reimbursed for

all of those costs. In the FY 07 budget, the cost for Personal Services is 49 percent of the total General Fund and in FY 08, the percentage is 50 percent. As you see, we have met our goal, but our capacity to add additional positions is limited by future revenue growth. The proposed budget does include 7 new full-time positions: 2 - Detectives, 2 - 911 Communications Officers, a Principal Planner, and a Tennis Coordinator and Maintenance Worker for the Yarbrough Tennis Complex. By maintaining the number of employees at a level where efficiency is optimized, we are able to pay employees well, provide developmental opportunities for employees, fund the Schools, and have resources to provide the high levels of services that our citizens have come to expect.

The proposed budgets for FY 07 and FY 08 will maintain the City's strong financial position with an ending balance in excess of at least \$13.5 million each year. The \$13 million excludes the \$4.5 million Permanent Reserve Fund that the Council established in 2002. The ending fund balance exceeds the Council's formal policy requirement of six percent, and meets our informal goal of twenty-five percent. Due to our heavy reliance on sales tax, it is prudent for the City to have a healthy ending fund balance. Sustaining this level of fund balance helps us maintain our excellent credit ratings of AA- and Aa3 from Standard & Poor's and Moody's Investor Services. A second reason is that, while we pride ourselves on planning, no amount of planning can predict every event that may require the use of our resources.

Revenues- Excluding debt proceeds and transfers, the biennial budget includes an increase in projected total revenue in the General Fund of \$135,195 (0.3%) for FY 07 over the FY06 Mid-Biennium projection and \$1,780,811 (3.7%) for FY 08. The major sources of revenue are expected to remain steady through next two fiscal years, as shown in the table following this paragraph. Sales taxes are estimated to increase by 2.9 percent in FY 07 and by 4.3 percent in FY 08; property taxes by 5.9 percent in FY 07 and FY 08; and occupation license fees by 3.5 percent in FY 07 and by 4 percent in FY 08. The projected increase in business licenses in FY07 is larger than normal due to the change in payment schedule for residential rental fees. We are cautiously optimistic about the local economy based on the recent numbers that we have.

	<u>FY06</u>	<u>FY07</u>			<u>FY08</u>		
	Budget*	Projected	Increase	As a %	Projected	Increase	As a %
Sales Tax	\$ 19,100,000	\$ 19,650,000	\$ 550,000	2.9%	\$ 20,500,000	\$ 850,000	4.3%
Occupation Lic. Fee	7,000,000	7,245,000	245,000	3.5%	7,535,000	290,000	4.0%
Business License^	5,924,205	6,717,400	793,195	13.4%	6,995,300	277,900	4.1%
Property Tax	2,375,000	2,515,500	140,500	5.9%	2,664,330	148,830	5.9%

* As amended at mid-biennium or proposed to be amended at end of biennium

^ Includes franchise fees, residential and commercial rental fees, and construction license fees

The budget has no recommendations for any General Fund revenue increases. A 5% sewer rate increase is proposed for FY07. Costs of providing sewer services has increased over the past few years due to stricter environmental regulations and increased costs of maintaining our system. This five percent increase is projected to result in an increase of approximately \$1.00 in the average residential monthly bill. The need for an increase in the sewer service charge is not based on the improvements to the plants that will be made over the next two years or current and future expansions planned for our sanitary sewer system. A sewer bond issue will pay for those

projects. Future revenue from new customers will pay the cost of debt service for these improvements.

Next spring, the Finance Department is scheduled to conduct a quadrennial review of the City’s revenue structure. Following this review and analysis, the staff will report on the growth and stability of the City’s various revenue sources and will make recommendations concerning methods for strengthening the City’s financial position and improving the equity of the licenses, taxes and fees that support the provision of the various City services.

General Fund Expenditures-The departmental budgets are projected to decrease by 2 percent in FY 07 and increase by 3.4 percent in FY 08. The decrease in departmental spending for FY 07 is \$670,712 and increase for FY 08 is \$1,128,091. The increases in department budgets are primarily due to the three percent cost-of-living adjustment for regular employees and the funding of the merit pay plan for both fiscal years. Departmental spending on contractual services and commodities is fairly level. Also, the last of our capital leases will pay out in FY 06, eliminating the need for debt service in the departmental portion of the General Fund budget. The result is that we have fairly tight departmental budgets.

General Fund - Comparative Expenditures by Category

	FY06 Mid-Bi Budget	Proposed Budget - FY07		Proposed Budget - FY08			
		Budgeted	Increase/(Decrease)		Budgeted	Increase/(Decrease)	
			Amount	As a %		Amount	As a %
Departments							
Personal Services	\$ 24,313,528	\$ 25,447,550	\$ 1,134,022	4.7%	\$ 26,488,743	\$ 1,041,193	4.1%
Contractual Services	4,395,018	4,406,658	11,640	0.3%	4,525,085	118,427	2.7%
Commodities	2,775,477	2,891,610	116,133	4.2%	2,974,222	82,612	2.9%
Capital Outlay	2,172,971	308,337	(1,864,634)	-85.8%	194,196	(114,141)	-37.0%
Debt Service	67,873	-	(67,873)	-100.0%	-	-	-
Total Departmental	33,724,867	33,054,155	(670,712)	-2.0%	34,182,246	1,128,091	3.4%
Non-Departmental							
General Operations	1,295,850	1,191,866	(103,984)	-8.0%	1,137,054	(54,812)	-4.6%
Project Operations	2,622,650	1,250,000	(1,372,650)	-52.3%	1,500,000	250,000	20.0%
Agency Funding	8,097,283	8,212,194	114,911	1.4%	8,213,494	1,300	0.0%
Transfers to other funds	17,728,727	1,829,300	(15,899,427)	-89.7%	2,154,300	325,000	17.8%
Debt Service	5,632,372	6,368,429	736,057	13.1%	5,890,054	(478,375)	-7.5%
Total Non-Departmental	35,376,882	18,851,789	(16,525,093)	-46.7%	18,894,902	43,113	0.2%
General Fund Totals	\$ 69,101,749	\$ 51,905,944	\$ (17,195,805)	-24.9%	\$ 53,077,148	\$ 1,171,204	2.3%

In order to present a balanced budget, we have had to reduce the amount of capital outlay for our departments. The budget includes the purchase of two vehicles for the new detectives and the replacement of several vehicles in the Environmental Services Department, including two mini-trucks that service our backdoor garbage customers, as well as furnishings for the Library expansion. Each department has provided a list of their capital outlay request, which has been prioritized by the department head. During the second quarter of FY07, we will look at revenues, and if they are performing better than expected, we will begin to purchase those capital items and make adjustments at mid-biennium

The non-departmental budget is also very lean. We reduced the amount of the Capital Improvements Program (CIP) that is funded by the General Fund to a level that is affordable within

our budget constraints. Funding is provided for upgraded 911 equipment, the flood map update, traffic signal installation, and road resurfacing. As with the departmental capital outlay, we will work to fit more projects in if revenues outperform our projections. The increase in Agency Funding in FY07 is due to the funding formula for the Convention & Visitor's Bureau. Earlier this year, Council approved increasing the City's lodging tax rate to 7% and providing 1/7 of that revenue to the CVB. Auburn City Schools will receive \$6,795,523 each year of the next biennium. Additionally, we have provided level funding for all of the other agencies currently receiving appropriations. Debt service will peak in FY07, as several older issues will be retired next year. The debt service budget includes funding for the Samford Avenue extension.

Capital Improvements Program (CIP). The FY07 & 08 CIP includes over \$65 million of projects on roads, sewers, recreational facilities, bridges, and other infrastructure improvements and expansions. Major projects in the CIP include the Bent Creek Bridge widening, Cox/Beehive Interchange project, Tennis Center, Library Expansion, road resurfacing, Hwy 14/Bragg Avenue realignments, Samford Avenue Extension, Fire Station #5, S5 Sewer sections, and Northside Transfer improvements.

Capital Improvements Program by Category

	FY07	FY08
Leisure Facilities	\$ 9,172,246	\$ 348,000
Bikeways/Greenways	749,000	-
Sidewalks	60,000	75,000
Road Resurfacing	899,248	1,500,000
Traffic Signal Installation	150,000	175,000
Intersection Improvements	1,370,000	279,000
Future Roads	-	1,000,000
Bridge Improvements/Replacements	16,018,005	1,560,000
City Buildings	360,000	10,000,000
Other	494,679	95,000
Information Teachnology	2,200,000	295,000
Public Safety	1,708,000	1,158,000
Sewer	8,242,344	7,200,000
Total CIP Spending	<u>\$ 41,423,522</u>	<u>\$ 23,685,000</u>
 Two Year CIP Total	 <u>\$ 65,108,522</u>	

The CIP for FY09-FY12 provides for over \$80 million in future spending. The projects in FY09 and later are all subject to change, given future Council and citizen preferences and available resources, but it does address our community's needs as expressed through the citizen survey, various City Boards and Commissions, and the Auburn 2020 plan.

The sections of the budget following this Budget Message will provide detailed analyses of the City's revenues and expenditures.

Conclusion

I firmly believe that the proposed biennial budget addresses the priorities of the City Council and meets the needs of the departments. Of course, it does not address every need that everyone wants the City to fund; but it will result in two solid years of achievement for the Auburn City government. The Schools will continue to receive a healthy appropriation and our immediate capital outlay needs will be met. The pay raises for employees will help us attract and retain excellent employees and maintain the City's position as a competitive employer in a very tight labor market.

The budget document also includes mission statements and annual goals for each department; revenue projections and proposed expenditures for the General Fund, the Sewer Fund, and all the other budgeted funds of the City, including analyses by category and function; overviews of revenue and debt; data on the number of authorized personnel; and the capital improvements program.

I want to express my appreciation to the department heads for their excellent work on the budget this year and their willingness to work together in the best interest of the City and their desire to be fiscally responsible. I especially appreciate the work of Finance Director Andrea Jackson and her staff and Human Resources Director Steve Reeves and his staff. Their fine work has resulted in a solid proposed budget that allows the Council to make well-informed decisions. Finally, this budget is a result of the hard work of Meagan Kramer, the city's first budget analyst. Meagan has worked many extra hours on the information contained within this budget and she has delivered to us a superb biennium budget proposal. I hope that after reviewing this document the council will feel very optimistic about the future of the city's financial state.

Sincerely,

Charles M. Duggan Jr.

Charles M. Duggan, Jr.
Acting City Manager

CITY OF AUBURN

Key Decisions

FY 2007 & FY 2008 Biennial Budget

1. Should the following positions be added in the General Fund? In budget.

- a. Public Safety – Police Division
Two (2) Detectives (\$92,544)

Yes No

- b. Public Safety – Communications Division
Two (2) Communications Officers (\$74,157)

Yes No

- c. Parks & Recreation – Leisure Services Division
Tennis Center Coordinator (beginning in February 2007) (\$29,555 FY07;
\$53,199 FY08)

Yes No

- d. Parks & Recreation – Parks & Facilities Division
Park Maintenance Worker (beginning in February 2007) (\$14,000 FY 07;
\$24,000 FY 08)

Yes No

- e. Planning Department
Principal Planner (\$60,772)

Yes No

2. Should regular City employees receive three percent across the board pay raises and the merit raises included in the pay plan in FY 07 (\$595,559) and FY08 (\$623,332)? In budget.

Yes No

3. Should sewer service charges be increased by 5% effective October 1, 2006? In budget. (Monthly increase for average residential bill will be approximately \$1).

Yes No

4. Should the following equipment be purchased? In budget.

- a. Police Cars (2) – Public Safety
(\$46,200 FY07) Yes X No _____
- b. 911 System – Public Safety
(Replacement; \$180,000 FY07) Yes X No _____
- c. 12 Passenger Van – Environmental Services
(Replacement; \$20,000 FY07) Yes X No _____
- d. Mini Trucks (2) - Environmental Services
(Replacement; \$44,000 FY07) Yes X No _____
- e. Pickup Truck – Environmental Services
(Replacement; \$18,137 FY07) Yes X No _____
- f. Knuckle Boom Loader Truck – Environ. Svcs
(Replacement; \$96,196 FY08) Yes X No _____
- g. Furnishings for Building Expansion – Library
(\$100,000 FY08) Yes X No _____
- h. Tractor – Sewer Maintenance
(\$35,000 FY07) Yes X No _____
- i. Pickup Trucks (3) – Sewer Maintenance
(Replacements; \$25,000 FY07; \$40,000 FY08) Yes X No _____
- j. Portable Pump – Sewer Maintenance
(\$40,000 FY07) Yes X No _____
- k. Jet Truck – Sewer Maintenance
(Replacement; \$130,000 FY08) Yes X No _____
- l. Camera Transporter – Sewer Maintenance
(Replacement; \$15,000 FY08) Yes X No _____
- m. Water Quality Testing Equipment – Watershed
(\$7,500 FY07) Yes X No _____

5. Should the following General Fund expenditures for capital improvement projects, as listed in the long-term Capital Improvement Program, be approved? In budget.

Yes X No _____

- a. Road Resurfacing (\$899,248 FY07; \$1,500,000 FY08)
- b. Shell Toomer/South College Traffic Signal, pending ALDOT approval
(\$75,000 FY07)
- c. West Samford/Shug Jordan Traffic Signal, pending ALDOT approval (\$75,000
FY07)
- d. FEMA Flood Map Update – City’s Share (\$200,752 FY07)

6. Does the City Council adopt the Capital Improvements Plan (CIP) with the understanding that projects included in FY 07 and FY 08 are budgeted, but projects listed for FY 09-12 are subject to change, dependent upon future economic conditions and changing citizen preferences?

Yes No

7. Should the City Council continue providing level funding for agencies receiving City support? In budget.

For a listing of each agency's request, please see Section 6 of the Proposed Budget Document.

Yes No

8. If Opelika and Lee County both choose to increase their appropriations to the Lee-Russell Council of Governments, should the City match that contribution level? (\$8,350 FY07 and \$12,850 FY08 increase requested for operations; \$7,000 FY07 for vehicle replacement) Not in budget.

Yes No

9. Should the City appropriate funding for the following first-time requests? Not in budget.

Yes No

- a. \$5,000/year for Lee County Crimestoppers
- b. \$10,000 for Miracle Field (FY07)

The City of Auburn, Alabama

“Home of Auburn University”
www.auburnalabama.org



Welcome to Auburn, Alabama

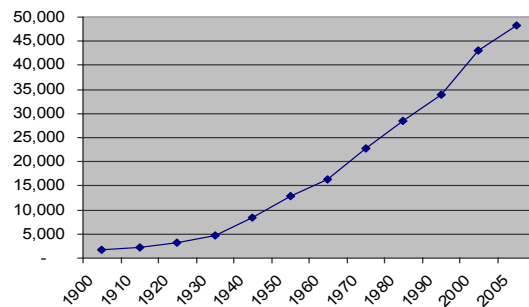
The City of Auburn, located in east central Alabama, is a thriving and diverse university-based community. The City was incorporated in Lee County in February of 1839. The establishment of Auburn University in 1856 marked the beginning of a mutually beneficial partnership producing what *Demographics Daily* recognized as a small city “dream town,” offering a high quality of life to all its citizens.

Located near Georgia’s west central border, Auburn is conveniently located on Interstate Highway 85, 115 miles southwest of Atlanta and 60 miles east of Montgomery, the Alabama State Capitol. Auburn is 120 miles southeast of Birmingham, the largest city in Alabama, and is 40 miles northwest of Columbus, Georgia. With easy access to highway, rail, and air transportation, Auburn’s location has been a significant factor in its continuing growth.



Auburn’s population has grown from 1,831 in 1900 to an estimated 49,928 in 2005. Population growth has averaged 2.5% per year since 2000. As the population has grown and the economic base has diversified, the City of Auburn has responded with expanded and innovative government services to provide for the needs and the expectations of a highly educated and multi-cultural citizenry.

Auburn Population



Auburn’s population has grown steadily since 1960

Auburn has a Council/Manager form of municipal government. The City Council consists of nine members, eight elected from single member wards, and the Mayor, who is elected at large. This legislative body establishes policy to guide the various City departments in providing services to its citizens. The City Manager is the chief executive officer of the City, directing and managing the daily activities of the City Government. Charles M. Duggan, Jr., a graduate of Auburn University, has served as City Manager since February 2006. The City departments include:

- | | |
|----------------------------|---------------|
| Office of the City Manager | Judicial |
| Information Technology | Library |
| Human Resources | Finance |
| Economic Development | Planning |
| Parks and Recreation | Public Works |
| Environmental Services | Public Safety |
| Water Resource Management | |

Approximately 400 regular, full-time employees staff these departments, producing high-quality and cost-effective public services.

Government Services

Public Safety Services. The Public Safety Department is comprised of five divisions: Police, Fire, Communications, Codes Enforcement, and Administration. The Police Division includes 106 police officers, providing an average emergency call response time of 2-3 minutes. The Auburn University Campus Police department merged with the City of Auburn Police Department effective July 1, 2004. Now all law enforcement and public safety services for the campus are handled by the City. This merger allows for more comprehensive and higher quality public safety protection for residents and students living in Auburn, without duplication of services.

The Fire Division includes 36 regular, full-time firefighters and 95 student firefighters, manning four fire stations. Design for a fifth fire station began during fiscal year 2005, and construction is scheduled to begin in FY 2007. The staffing, training, and equipment levels in the Fire Division enable City residents to enjoy a Class 2/9 fire insurance rating. Communications provides E-911 emergency response and dispatch services to the public. Codes enforcement monitors construction activities within the City and compliance with public safety ordinances. Ambulance services are provided via a contract with East Alabama Medical Center.

Public Works Services. The City's Public Works Department oversees the development and maintenance of the City's transportation systems. The City's roadway system currently includes over 597 miles of paved streets and less than 2.5 miles of unpaved road. Public Works will expend approximately \$2.4 million on road resurfacing during fiscal years 2007 & 2008.

The Engineering Division of the Public Works Department performs planning and design services for the City's future highway, bikeway, and sidewalk systems. In addition, Public Works also monitors and inspects the construction and renovation of City facilities, including buildings, and parks.

Environmental Services. Given Auburn University's origins as an agricultural and mechanical college, it is not surprising that Auburn's residents give a high priority to its environmental quality of life. The City's Environmental Services Department maintains the cleanliness of the City's rights of way to a standard considered remarkable for a university town. Environmental Services collects household waste, recyclables and yard waste, offering citizens their choice of lower-cost curbside collection or higher-fee back yard collection service. Environmental Services is also responsible for animal control and maintenance of the City's vehicle fleet.

Leisure Services. In addition to the many diverse cultural opportunities afforded by Auburn University, the City's Parks and Recreation Department and City Library provide many leisure time choices to residents. The Library has 26 internet-connected computer workstations available to the public, which had 94,202 patron sign-ins during fiscal 2006. In fiscal 2005, the Library installed wireless internet access so that patrons may use their laptop computers in the facility. The Library also added a children's edition of the public access catalog to provide younger users with an easy and graphically appealing way to search the library catalog.

Due to the increased popularity of the City Library, a \$1.75 million, 12,000 square foot expansion is planned for fiscal year 2007 to accommodate the growing number of patrons. This new expansion will house Youth Services, additional public-use computers, and two offices.



The Parks and Recreation Department maintains sixteen City parks, four cemeteries, numerous recreation facilities - including three recreation centers, two pools, ten tennis courts, four youth baseball complexes, a seven-field soccer complex, a two-field football complex, 30

miles of bike paths, an award-winning five-field competition class softball complex, a community arts center and more. The citizens of Auburn voted to use the Special Five Mill Fund in April 2006 to construct a new tennis center that will house 28 outdoor tennis courts and 6 indoor tennis courts to be used by both the citizens of Auburn and Auburn University. Parks and Recreation also provides programs ranging from organized team sports leagues for football, basketball, soccer, baseball, and softball to music and dancing lessons to summer day camps and swimming teams.

Education Services. The Auburn City Schools provide services to more than 5,300 students. The City Schools' facilities include an early education center, five elementary schools, one middle school, one junior high school, and one high school. Teacher to student ratios range from 1:18 in the early education center to 1:23 in the middle and high schools. Of its teachers and administrators, 70% have advanced degrees and their average employment within the Auburn City system is twelve years. The City Schools expend an average of \$7,664 annually per pupil.

The City school system is accredited by the State Department of Education and the Southern Association of Colleges and Schools. It has been rated among the top 100 school systems in the nation by *Offspring Parenting* magazine (a subsidiary of *The Wall Street Journal*). The system consistently produces an average of six National Merit Scholars out of a graduating class of 290. Auburn High School offers the International Baccalaureate (IB) Program, a rigorous program based on the syllabi for 11th and 12th grades used by outstanding education systems throughout the world. Excellent choral, art, band, sports, and other extra curricular programs are offered and encouraged. Music and art teachers are in all the schools beginning with first grade. Participation in athletic programs begins in Grade 7.

Enrichment classes and programs are provided for all students throughout the system. Auburn High School offers 12 Advanced Placement (AP) classes. Concurrent college enrollment, through Auburn University and Southern Union State Community College, is available for students

who wish to take courses not taught at Auburn High School. The quality of the school system is a significant factor in the City's recent residential and industrial growth.

There are numerous colleges and technical schools within a 50-mile radius of Auburn:

- Auburn University, in Auburn
- Columbus State University, Columbus, GA
- Tuskegee University, Tuskegee, AL
- Southern Union State Community College, Opelika, AL
- Chattahoochee Valley Community College, Phenix City, AL
- LaGrange College, LaGrange, GA
- Central Alabama Community College, Alexander City, AL
- Auburn University at Montgomery, Montgomery, AL
- Huntingdon College, Montgomery, AL
- Alabama State University, Montgomery, AL
- Troy State University at Montgomery, Montgomery, AL
- Faulkner University, Montgomery, AL
- Patterson State Technical College, Montgomery, AL

The Auburn City Schools system has been rated among the top 100 school systems in the nation... The quality of the school system is a significant factor in the City's recent residential and industrial growth.

Auburn University has been rated among the top 50 public institutions in the nation for providing a quality education at an exceptional value by *US News & World Report* for twelve consecutive years.

Auburn University's student body is taught by 1,177 full-time and 299 part-time faculty members. Approximately 96% of Auburn students receiving their degrees are employed full-time after graduation. The University is nationally known for the achievements of its veterinary medicine, engineering, and business graduates.

As the City's largest employer, Auburn University is a major contributor to the local economy. Enrollment, which has remained steady over the past ten years, was 22,498 for

the fall semester 2006. Included in the total enrollment are approximately 3,200 graduate students.



Jordan-Hare Stadium at Auburn University

Southern Union State Community College is located in Auburn's sister city, Opelika, which is also the Lee County seat. Southern Union is less than ten miles from Auburn and offers courses in business, accounting, computer science, industrial electricity and electronics, automotive technology, welding, and more. Fall 2006 enrollment was approximately 3,700.

Utilities. The City's Water Works Board, drawing from Lake Ogletree as its main source, provides water services. The City's Water Resource Management department also operates two wastewater treatment plants with a total treatment capacity of 7 million gallons per day and is currently expanding their production and treatment capacities to 9 million gallons per day to accommodate the City's projected population growth. During fiscal year 2005, the City's stormwater program was moved from Public Works to the Water Resource Management department. The intent of this move is to manage water supply, treatment and distribution, wastewater collection, treatment and disposal, and stormwater quality using a water quality approach. This division will coordinate and implement the Phase II Stormwater Regulations published by the federal government in 1999, while offering educational opportunities about stormwater issues and enforcing the City's erosion and sediment control ordinance.

The City's Economic Development Department, in partnership with the City's Industrial Development Board, has achieved an outstanding level of success in this effort, having assisted in the recruitment of more than thirty-five companies that have resulted in the creation of more than 4,000 jobs.

Healthcare. The Auburn area is served by the East Alabama Medical Center, an outstanding regional medical facility. EAMC's cardiac and cancer treatment programs have received national recognition. EAMC was named as one of the top 100 cardiac care hospitals in the United States and ranked 18th on *Fortune's* "100 best companies to work for" list in 2002.



East Alabama Medical Center, a regional medical facility

East Alabama Medical Center's main campus has 314 beds and is located in Opelika. EAMC provides emergency medical transport services to the City of Auburn. An auxiliary campus in Auburn provides assisted living, hospice care and fitness facilities.

Transportation. The Auburn area is highly accessible by various transportation modes. Situated at the intersections of Interstate 85 with US Highways 280 and 29, the cities of Atlanta, Montgomery and Birmingham are all within an easy two-hour drive. Auburn is served by four trucking terminals, all within 25 miles of the City; three overnight package carriers and two commercial bus lines.

Auburn University operates the Auburn-Opelika Airport with the financial support of the three local governments in Lee County. Federally funded improvements are currently underway to accommodate the airport's growth in corporate jet activity. Other conveniently accessible airports include Hartsfield International Airport in Atlanta (100 miles by Interstate 85), the Columbus (Georgia) regional airport (40 miles

by US 280) and the Montgomery regional airport (60 miles by Interstate 85).



CSX Transportation provides local mainline rail service through its Southern Railway and Western Railway of Alabama divisions.

Factors Affecting Financial Conditions

Local Economy

From the founding of Auburn University in 1856, the City's economy has been dominated by the University's presence. The University's students and faculty were attracted to the quality of life in Auburn and wanted to remain in the City on a long-term basis. Consequently, many were overqualified for the available jobs, but chose to accept underemployment in order to remain in Auburn.

In the mid-1980's, the City government began a conscious effort to strengthen the City's economic base through diversification. The City government created an Economic Development Department, whose mission it is to recruit small to medium-sized technology-based companies that could offer a high level of employment to citizens, with the corresponding improvements in salaries and benefits.

The City's Economic Development Department, in partnership with the City's Industrial Development Board, has achieved an outstanding level of success in this effort, having assisted in the recruitment of more than thirty-five companies that have resulted in the creation of more than 4,000 jobs. The location of these many companies in Auburn has meant that the City had to acquire and develop three industrial-technology parks, with a fourth currently under development. In addition, the City is partnering

with Auburn University and the State of Alabama to construct a University-based research park.

The City's innovative economic development tools include a Revolving Loan Fund program funded from a loan repayment stream that was the product of certain federal grant programs, facilitation of public-private technology partnerships with Auburn University, a small-business incubator facility, a comprehensive workforce development program, and property tax abatements. The focused and creative use of these tools resulted in the location of the following companies, among others, in the City's industrial parks and the Auburn Center for Developing Industries: ATS Wheels, Briggs & Stratton Corporation, Falk Corporation, Donaldson Company, EPOS Corporation, Hoerbiger Automotive Comfort Systems, Leggett & Platt, Inc., MasterBrand Cabinets, Inc., Nikki America Fuel Systems, Touchstone Precision, Inc., and Weidmann Plastics.

The Auburn Center for Developing Industries (ACDI), a small business incubator facility, opened in 1989 to enable new business ventures to become established in a cost-controlled environment while adding jobs to the community. This project has been very successful, graduating more than four tenants to the City's industrial and technology parks and expanding its facilities three times. Current tenants located in the incubator include an automotive textile manufacturer and a software engineering company.

Auburn Technology Park North (ATPN) now stands at full capacity with 7 tenants, totaling more than 500 jobs. In 2006, Leggett & Platt, Inc., a Fortune 500 company headquartered in Carthage, Missouri, began production in their 140,000 square foot facility in ATPN. Once in full production, Leggett & Platt will have contributed over \$25 million in capital investment to the community.

Construction of the 450-acre Auburn Technology Park West is expected to begin in 2007. Plans are underway to construct Auburn's 3rd interchange along Interstate 85. This interchange will service the future site of the West Technology Park. Construction is expected to get underway in the last part of 2007.

Commercial development continues to be strong in Auburn. Numerous projects, including banks,

restaurants, and other retail operations, have opened along the U.S. Highway 29/South College corridor, just off Interstate Highway 85. A \$40 million expansion of Colonial University Village retail shopping mall was completed with the expansion of Dillard's and JC Penney's. New national retailers and streetscape tenants at Colonial University Village include Belk, Ann Taylor Loft, Chico's, Coldwater Creek, Jos. A Bank, Lane Bryant, and Talbots. Several other major national retailers are currently considering lease options at University Village. In addition, major infrastructure improvements at the Bent Creek Interchange, Exit 57, are currently underway. These improvements will make way for additional retail outlets, including Sam's Club.

In addition to its business recruitment programs, the City's Economic Development Department has worked to improve housing opportunities within the Auburn city limits via an Affordable Housing Program, partnering with Habitat for Humanity, and administering numerous housing rehabilitation and other public service programs funded by federal Community Development Block Grants. The North Auburn Housing Development Corporation (NAHDC), a non-profit dedicated to affordable housing in Auburn, and the City of Auburn recently broke ground on the Northwest Village Subdivision. This subdivision is a partnership between the City and the NAHDC to provide an affordable housing subdivision for residents in Northwest Auburn. Tentative plans are to complete five houses this year. Phase I of the project should be complete in 3-5 years.



Northwest Village Subdivision Groundbreaking

Financial activities in Auburn are anchored by thirteen different banks with eighteen locations (excluding ATMs). These financial institutions have combined assets of approximately \$758 million. The largest bank in the City is an independent bank and the State's four largest

bank holding companies all have offices in Auburn. In addition, there are two federal credit unions and six nationally associated investment brokers providing financial services to Auburn's residents and businesses.

The physical boundaries of the City continue to expand with residential, commercial, and industrial growth. During fiscal 2006, the City annexed 1,278 acres into the City limits as part of the City's long-range plan for growth through annexation. All annexations are initiated by request of the property owners. The City's Planning Commission approved twenty-nine new subdivisions, incorporating 1,051 single-family residential lots and several multi-family residential lots which will include nearly 1,000 units.

In fiscal 2006, building permits were issued for 480 new single-family residences valued at \$111,572,248 million (↑17.7 %), 135 of which had valuations in excess of \$250,000 each. Also permitted during fiscal 2006 were 31 multi-family buildings valued at \$43.4 million (↑ 87.6%) and 8 new commercial and industrial facilities valued at \$16.7 million (↑ 36%). In response to several years of significant growth, the City completed construction of three new fire stations in fiscal 1998 and another fire station is planned for construction in FY 07.

Community Life. The Auburn area, through its ties to the University, its convenient accessibility to larger cities, and its active and diverse citizenry, enjoys a rich, varied and multi-cultural community life.

Community gathering places include the Auburn University Hotel and Dixon Conference Center, which was constructed in partnership with the City; Kiesel Park, a 127-acre pastoral park that includes the recently restored Nunn Winston House and a pavilion; the Jan Dempsey Community Arts Center; the Auburn Technology Park common area and gazebo; Chewacla State Park with its lake, waterfall and hiking trails; the City Library; Boykin Community Center; Hickory Dickory Park, a community-built children's playground; Frank Brown Recreation Center; Dean Road Recreation Center; and the Foy Student Union Building, Davis Arboretum, Graves Amphitheater and Samford Park, all on the campus of Auburn University.

Auburn's multi-cultural population is evident from the variety of the religions represented by

the more than 50 churches in the area: Catholic, Baptist, Jewish, Muslim, Unitarian, Presbyterian, Church of God, Church of Christ, Methodist, Seventh Day Adventist, Episcopal, Assembly of God, Lutheran and the Church of Jesus Christ of Latter Day Saints.

Cultural interests are promoted by the Auburn Arts Association and the various liberal arts schools at the University. The University and the City's Community Arts Center host plays, ballets, art exhibits and musical performances. The 1200-seat Performing Arts Center in nearby Opelika features world-class operas, playwrights, musicians and other forms of entertainment, including the San Francisco and New York City Opera Companies and Houston's Alley Theater.

Auburn University opened the Jule Collins Smith Museum of Art in October 2003. The 40,000 square foot museum houses the University's permanent collection of American art that includes works by Georgia O'Keefe, Jacob Lawrence, Arthur Dove, and other internationally noted artists. The museum features a 120-seat auditorium, restaurant, grand rotunda, and eight exhibition galleries. The museum gardens feature walking paths, fountains, and large-scale sculpture.



The Jule Collins Smith Museum of Art recently celebrated its first birthday.

The Alabama Shakespeare Festival is just 60 miles away in Montgomery's Winton M. Blount Cultural Park. Also located in Montgomery is the Alabama Archives and History Museum and the Alabama State Capitol, one of only a few state capitols to be designated a National Historic Landmark. The State Theater of Georgia, the Springer Theater, is located in Columbus, Georgia. Columbus, about 45 minutes from Auburn, also hosts the Columbus Symphony, the Confederate Naval Museum, the Columbus Ballet and the U.S.

Army Infantry Museum in the adjacent military installation, Fort Benning.

Special events unique to the Auburn area include:

- Floral Trail in late March and early April, a self-driving tour showcasing the area's azaleas and dogwoods.
- Auburn University's A-Day weekend in April, the annual intra-squad football game and University class reunions.
- Auburn City Fest, an annual outdoor festival including: music, arts & crafts, food, and children's activities
- Mayor's Memorial Day Breakfast in honor of the area's war veterans.
- Summer concert series in Kiesel Park
- The Loachapoka Syrup-Sopping festival and historical fair held at the Lee County Historical Society Museum.
- The annual Dogwood Dash, a road race comprised of two running segments and one biking segment.



Auburn maintains a Veterans Memorial, funded in part by donations from the sale of bricks engraved with the names and armed services data of local veterans.

- Football Fan Day at Auburn University, preceding the start of each football season.
- Auburn Spirit Triathlon, consisting of a 200 meter swim, eight mile bike ride and 1.8 mile run.
- Pine Hill Cemetery Lantern Tour, a walking history tour of Auburn's oldest cemetery, sponsored by the Auburn Heritage Association.

- Fourth of July Fireworks Celebration at Duck Samford Park
- Labor Day Freedom Celebration at Duck Samford Park.
- Holiday Tour of Homes sponsored by the Auburn Heritage Association.
- Victorian Front Porch Christmas Tour in neighboring Opelika, where historical homes and their front porches are decorated for the holidays in Victorian style.

What makes Auburn unique? The presence of Auburn University creates a cosmopolitan feeling in this Alabama city. An estimated two out of three people living in Auburn are from other parts of the country or the world. The University's membership in the Southeastern Conference brings an influx of

visitors, not only for home football games, but also for the University teams' basketball, baseball and women's softball games and swimming, tennis and gymnastics meets.

Auburn feels like a much larger city in many respects. But residents still enjoy the amenities of smaller town life: friendly townspeople, helpful neighbors, ease of movement from one part of town to another, a feeling of community and a sense of security. They also enjoy a spirit that is difficult to define or to describe: The Auburn Spirit.



Industrial Development Board of the City of Auburn, Alabama
Results of Economic Development Activity ~ 1994 – 2006

Year	Company	Product	Corporate Headquarters	Capital Investment*
1994	KD Industries	Metal stamping	Valley View, OH	\$ 1,300,000
	Langcourt, Ltd.	Re-manufactured engines and parts	Auburn, AL	650,000
	Briggs & Stratton Corp.	Gasoline engines	Milwaukee, WI	100,000,000
1995	Capitol Vial (expansion)	Sterile plastic vials	Fultonville, NY	25,000,000
	Auburn Millworks	Windows, doors, wood mouldings	Auburn, AL	1,000,000
	Falk Corp. (expansion)	Power transmitting gears	Rockford, IL	20,000,000
1996	Craftmaster, Inc.	Commercial printing	Auburn, AL	3,268,000
1997	Capitol Vial (expansion)	Sterile plastic vials	Fultonville, NY	3,950,000
	Family Properties, LLC	Office furniture	Auburn, AL	1,200,000
1998	Environmental Resource Analysts	Environmental Engineering	Auburn, AL	500,000
	Hoerbiger Drivetech USA	Clutch plates	Vienna, Austria	3,700,000
1999	Donaldson Company, Inc.	Air filtration systems	Bloomington, MN	25,000,000
	EPOS Corporation	Computer hardware & software	Auburn, AL	2,100,000
	Masterbrand Cabinets	Kitchen cabinets	Jasper, IN	13,500,000
	Prostarr Plastics	Plastic injection moulding	Auburn, AL	1,100,000
2000	National Center for Asphalt Technology	Asphalt research	Auburn University	4,000,000
	Health Information Design	Drug Utilization Review	Auburn, AL	1,000,000
2001	Touchstone Precision, Inc.	Automotive injection moulding	Kyoto, Japan	10,000,000
	ATS Light Alloy Wheels	Automotive wheels	Werdohl, Germany	49,000,000
	CoachComm	Wireless Communication	Auburn, AL	2,000,000
	Hoerbiger Automotive Comfort Systems, Inc.	Automotive hydraulics	Vienna, Austria	3,000,000
2003	Intramicon	Microfibrous materials	Auburn, AL	1,300,000
	Electric Fuel	Zinc-air batteries	Bet Shemesh, Israel	1,500,000
	Weidmann Plastics Technology North America, Inc.	Automotive plastics	Rapperswil, Switzerland	10,000,000
	CV Holdings	Specialty Packaging	Amsterdam, NY	39,100,000
	MDT Armor	Armoring vehicles	Bet Shemesh, Israel	500,000
2004	SCA Inc.	Injection moulding - automotive	Asan, Korea	5,654,500
	Pyongsan Inc.	Automotive HVAC tubing	Asan, Korea	2,735,314
	RE Hodges	Paper Manufacturing Solutions	Auburn, AL	150,000
	Hightex, Inc.	Automotive textiles	Althengstett, Germany	569,948
	Leggett & Platt Aluminum Group	Aluminum Castings	Carthage, Missouri	25,000,000

PROJECTED NUMBERS FROM CURRENT ANNOUNCEMENTS

Year	Company	Product	Corporate Headquarters	Capital Investment*	
2005	J&S North America	Seatbelt Components	Wustermark, Germany	\$ 4,000,000	
	Briggs & Stratton Corp. (Exp)	Gasoline engines	Milwaukee, WI	13,000,000	
	Rexnord (formerly Falk) (Exp)	Power transmitting gears	Rockford, IL	9,000,000	
	Nikki America Fuel Systems	Fuel systems	Kawakawa, Japan	9,200,000	
2006	Cumberland Plastic Systems, LLC	Injection molding	Auburn, AL	5,000,000	
	Health Information Design (Exp)	Drug Utilization Review	Auburn, AL	2,500,000	
	CV Holdings (Exp)	Specialty Packaging	Amsterdam, NY	41,000,000	
	Weidmann Plastics Technology North America, Inc. (Exp)	Automotive Plastics	Rapperswil, Switzerland	8,000,000	
	Capitol Vial (Exp)	Sterile Plastic Vials	Auburn, AL	2,225,000	
	ATS Light Alloy Wheels (Exp)	Automotive Wheels	Hagen, Germany	17,000,000	
	Donaldson Company, Inc. (Exp)	Air filtration systems	Bloomington, MN	4,000,000	
	Hoerbiger Automotive Comfort Systems, Inc. (Exp)	Automotive Hydraulics	Zug, Switzerland	2,500,000	
	Leggett & Platt Aluminum Group (Exp)	Aluminum Castings	Carthage, Missouri	7,000,000	
	Cylpro Auburn, Inc.	Precision machining and complex turning	Hengelo, Netherlands	3,700,000	
	Aluminum Technology Schmid North America, Inc.	Precision CNC machining	Suttgart, Germany	5,000,000	
	Total Capital Investment*				\$506,402,762
	Total Employment*				3,890

(Exp) – Expansion of current production

*Includes total created and projected as of November 1, 2006.

City of Auburn

Personnel Summary by Department and Division

The City Council has long recognized that employees are the City's most important asset and has invested substantially in employees' training and development over the years. The City Council has adopted the position that the City should limit the number of employees to the absolute minimum "to get the job done" while ensuring that employees are fairly compensated and receive ample opportunities for professional growth. This policy has resulted in having well trained and highly motivated employees providing excellent services to the citizens of Auburn.

Authorized Regular Full Time Positions

Department	Division	FY 04	FY05	FY06	FY07	FY08
City Manager		5	4	5	5	5
Judicial		7	7	6	6	6
Information Technology	<i>Info Tech</i>	7	7	7	7	7
	<i>GIS</i>	5	3	3	3	3
Finance		17	17	17	17	17
Economic Development		11	12	14	14	14
Human Resources		6	6	6	6	6
Public Safety	<i>Administration</i>	4	4	4	4	4
	<i>Police</i>	82	109	110	112	112
	<i>Fire</i>	30	31	43	43	43
	<i>Communications</i>	6	6	7	9	9
	<i>Codes Enforcement</i>	7	8	9	9	9
Public Works	<i>Administration</i>	6	6	6	6	6
	<i>Construction and Maintenance</i>	15	18	18	18	18
	<i>Engineering</i>	10	11	12	11	11
	<i>Inspection</i>	4	4	6	6	6
	<i>Traffic Engineering</i>	3	3	3	3	3
Environmental Services	<i>Administration</i>	6	6	6	6	6
	<i>Recycling</i>	16	16	16	16	16
	<i>Solid Waste</i>	14	15	16	16	16
	<i>Animal Control</i>	2	2	2	2	2
	<i>Right of Way Maintenance</i>	7	6	7	7	7
	<i>Fleet Services</i>	9	10	10	10	10
Library		19	19	19	19	19
Parks and Recreation	<i>Administration</i>	5	5	5	5	5
	<i>Leisure Services</i>	15	19	19	18	18
	<i>Parks and Facilities</i>	24	25	26	26	26
Planning		7	7	7	8	8
Totals - General Fund		<u>349</u>	<u>386</u>	<u>409</u>	<u>412</u>	<u>412</u>
Water Resource Management	<i>Sewer Maintenance</i>	11	12	15	15	15
	<i>Watershed Division</i>	0	0	4	4	4
Grand Totals - City Employees		<u><u>355</u></u>	<u><u>398</u></u>	<u><u>428</u></u>	<u><u>431</u></u>	<u><u>431</u></u>
Water Works Board	<i>Water Operations Admin</i>	3	5	4	4	4
	<i>Water Pumping and Purification</i>	8	8	8	8	8
	<i>Water Distribution</i>	14	12	12	12	12
	<i>Meter Reading</i>	4	4	4	4	4
	<i>Water Revenue Office Admin</i>	2	2	2	2	2
	<i>Billing and Collections</i>	7	8	8	8	8
Totals - Water Works Board Employees		<u><u>38</u></u>	<u><u>39</u></u>	<u><u>38</u></u>	<u><u>38</u></u>	<u><u>38</u></u>

Miscellaneous Statistical Data

Auburn, Lee County, Alabama

Date of Incorporation: February 2, 1839

Form of Government:

Municipal: Council-Manager
County: Commission

City Council Meetings:

First and Third Tuesdays each month
at 7:30 PM in the Council Chambers,
141 N. Ross Street

City in Square Miles: 55

Location: Auburn is located in east central Alabama at the junction of the Piedmont Plateau and the Coastal Plains, 50 miles northeast of Montgomery, 120 miles southeast of Birmingham, 112 miles southwest of Atlanta and 20 miles northwest of Columbus, Georgia.

Elevation: 732 feet. Auburn is the highest point between Atlanta and New Orleans.

City of Auburn Population:

1900 Federal Census 1,831
1910 Federal Census 2,145
1920 Federal Census 3,338
1930 Federal Census 4,727
1940 Federal Census 8,380
1950 Federal Census 12,939
1960 Federal Census 16,261
1970 Federal Census 22,767
1980 Federal Census 28,471
1990 Federal Census 33,830
2000 Federal Census 42,987
2005 Census Bureau estimate 49,928

Sales Tax Rates: 8.0%
(4.0% State, 3.0% City, 1.0% County)

Number of Schools:

City Schools: 9
Private School: 1
County Schools: 11

Recreation:

Number of parks/playgrounds 15
Number of tennis courts 14
Number of golf courses 5
Recreation/community centers 6

Major Employers:

Auburn University: 6,871 employed
Briggs & Stratton: 1,100 employed
Auburn City Schools: 552 employed
MasterBrand Cabinets 496 employed
City of Auburn 450 employed

City Police Force: 105 Officers

Response time: 3 minutes

City Fire Division: 36 career firefighters
55 student firefighters

Fire Insurance Rating: Class 2/9

Financial Institutions:

Banks 13
Credit Unions 2

Health Care Facility:

East Alabama Medical Center: 352 beds

Railroads with local mainline services:

Southern Railway
Western Railway of Alabama
(CSX Transportation)

Airports:

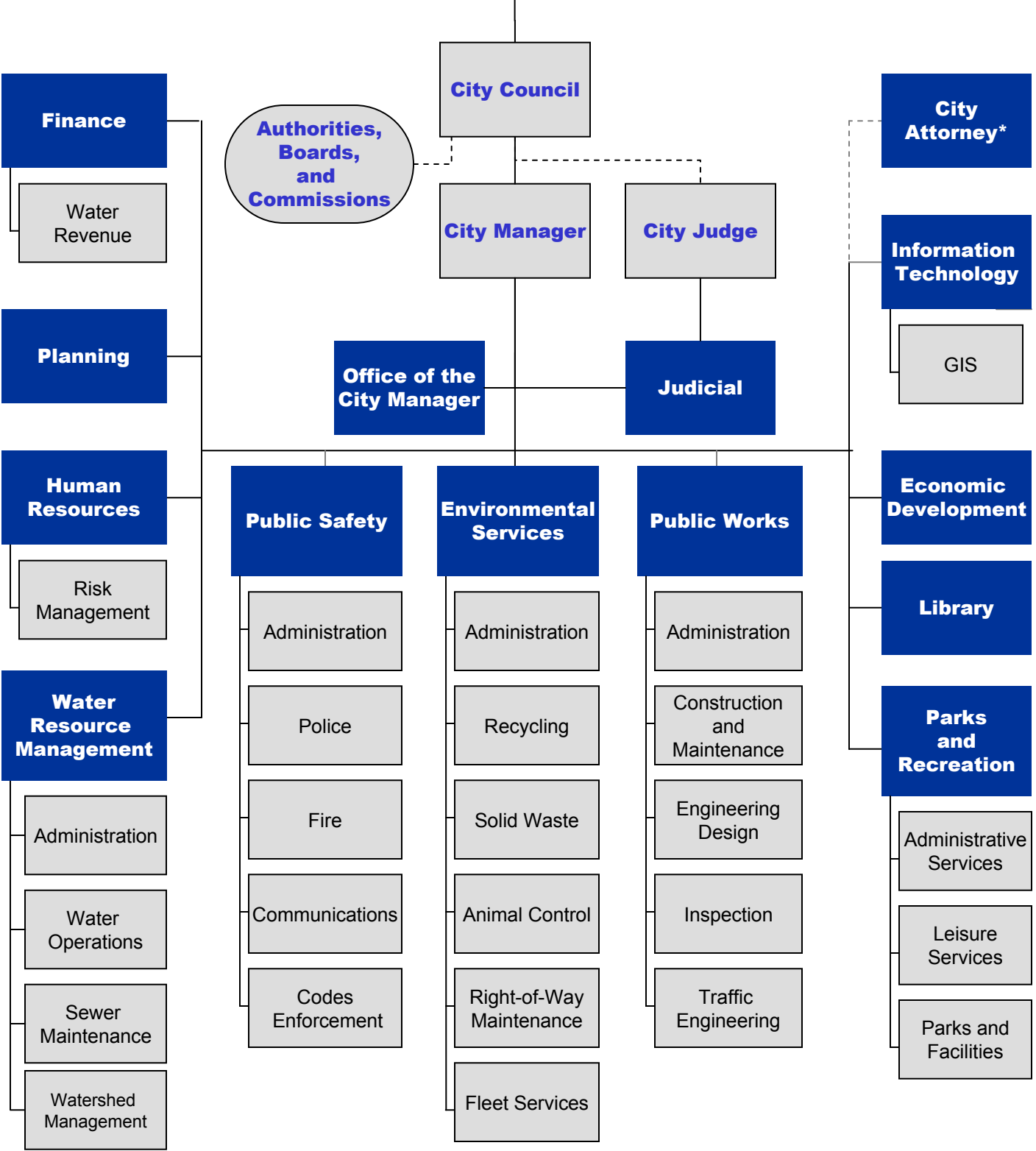
Auburn-Opelika Airport, local
Columbus, Georgia, 40 miles
Montgomery, Alabama, 60 miles
Atlanta, Georgia, 115 miles

Climate:

Average Annual Rainfall: 52.60"
Average Annual Snowfall: 0"
Average Annual Temperature: 63°F

Organization Chart

Citizens of Auburn



* City Attorney services are contracted outside the organization

Legend:	Policy or Judicial Authority	Department	Division or Sub-Departmental Unit
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