


CITY OF TUSCALOOSA ALABAMA

FISCAL YEAR 2027

DELIVERING *RESULTS*

PROPOSED BUDGET





Standard of Excellence

To be the most accountable, innovative and effectively managed city in the United States.

Our Core Beliefs

Citizens must be safe, whether crime, fire, medical response or an act of nature, our response is swift and effective

Neighborhood protection and economic growth are achieved through conservative financial management, comprehensive planning and strategic infrastructure investments

All underserved areas deserve investments that enhance educational, economic and recreational opportunities

Elite customer service is a shared responsibility of everyone and our work must be guided by responsiveness, respect and accountability

Financial Strength

Assets: **$1.5B**

Capital Budgets: **$623M**

37th Consecutive
GFOA Certificate of Achievement
Excellence in Financial Reporting

6th Consecutive
GFOA Award
Distinguished Budget Presentation

Fitch Ratings

AAA

Moody's

Aa1

CITY OF TUSCALOOSA · ALABAMA

Planning for the Future

FY22 Budget Proposed:

- Water and Sewer 10-year plan
- RSA conversion plan
- New Public Safety Pay Plan

All are on track and on time today

Core Belief 2

Neighborhood protection and economic growth are achieved through conservative financial management, comprehensive planning and strategic infrastructure investments

Unassigned Fund Balance

General Fund

Unassigned – $36,568,286

Water and Sewer

Unrestricted – $48,525,608

Total **$85,093,894**

Total required by City code: $44,160,665

Public Safety Fund

(Reserve) – $18,990,579

Elevate Fund (Reserve) – $14,284,271

General Fund RFFI
(Reserve) – $12,404,633

River District Fund (Reserve) – $7,234,287

Total **$52,913,770**

Not required by City code but kept
by conservative budgeting

FY27 Budget Challenges

Legislative Impacts	$	1,870,000
SSUT		11,210,614
Health Insurance Cost		1,397,079
BF Goodrich		800,000
RSA Conversion		12,758,083
Total	**$**	**28,035,776**

Covenant with Taxpayers

Increased accountability

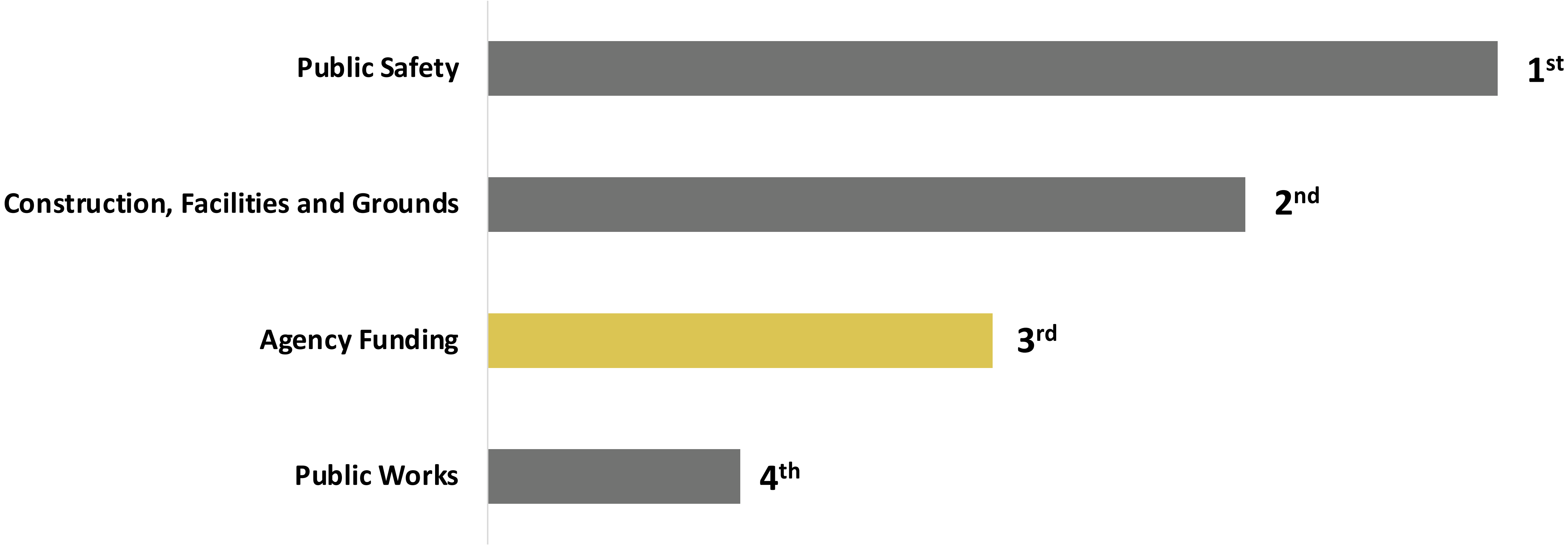
- City Departments
- Agencies

5% cut across all City departments

Total $1,685,083

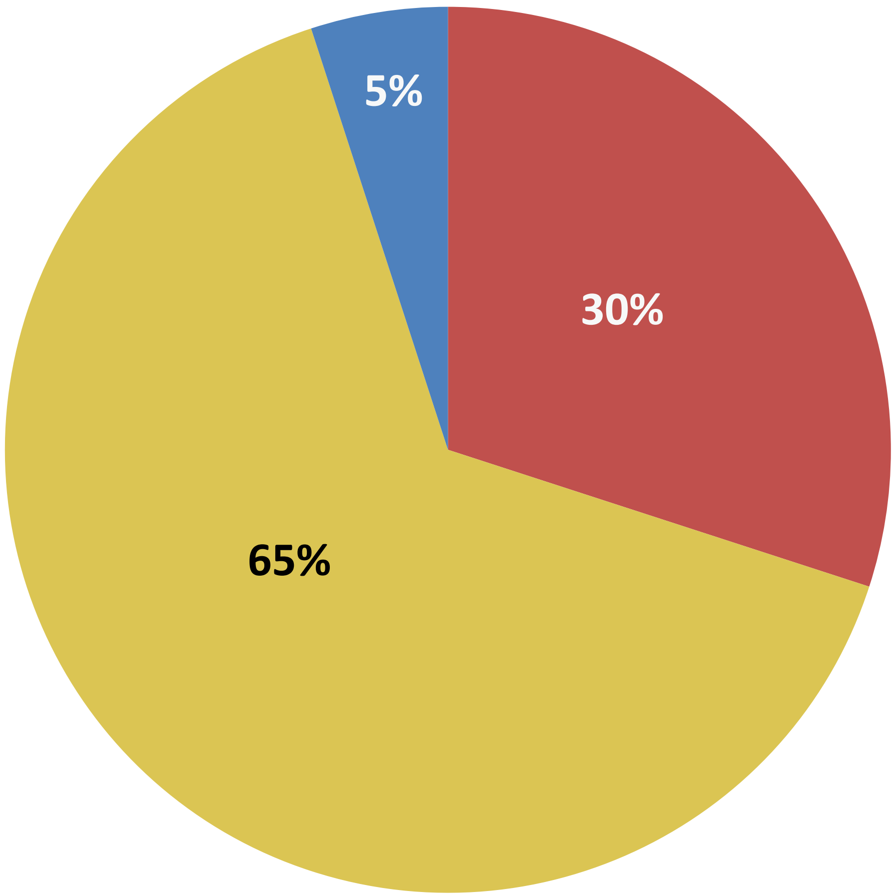
Significance of Agency Funding

Ranked **3 out of 20** in funding among City departments

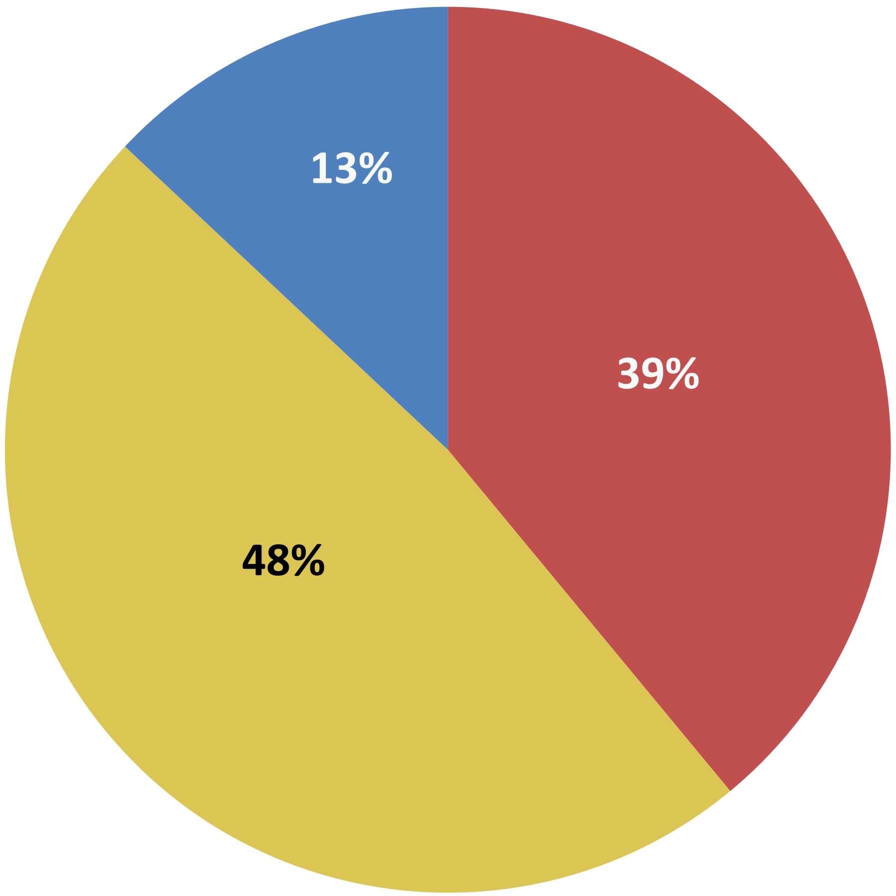


+16 more departments

FY26 Agency Funding Sources



Population Distribution



City of Tuscaloosa

City of Northport

Tuscaloosa County

Agencies will be level-funded

- Only new agency: Community Soup Bowl
- $40,000

New Park Maintenance

Construction, Facilities and Grounds will take over $32,240 of park maintenance from PARA

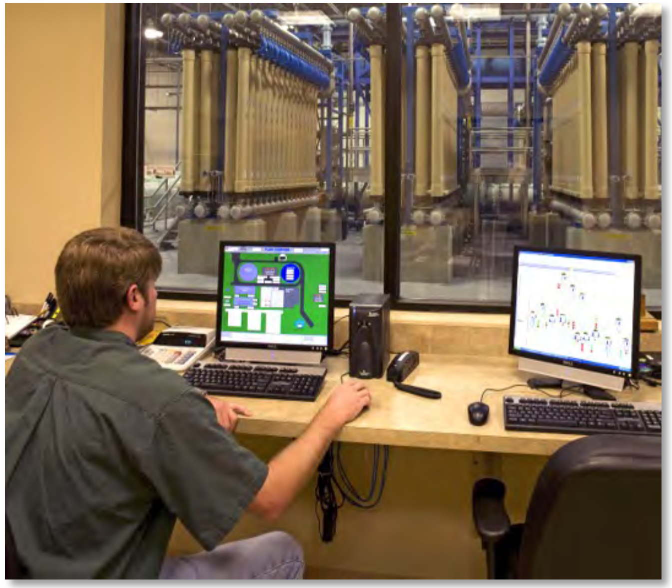
- Cardinal Park
- McKinney Park
- Monnish Park
- Harmon Park
- Rosedale Park
- Freeman Park

Operating Budget Overview

Total: $356,748,779

General Fund
$234,578,453

Elevate Tuscaloosa Fund
$31,069,907



Water and Sewer Fund
$91,100,419

Public Safety

$105,350,200

Public Safety RSA Conversion

$12,758,083

Infrastructure

$121,751,990

Education

$16,122,265

Vehicles and Equipment

$4,069,000

DELIVERING *RESULTS*

Public Safety Investments

Expansion of Behavioral Intervention Unit

Total Investment
$581,297

- 3 TPD social workers
- 1 dedicated cyber intelligence analyst
- 1 Indian Rivers social worker
- 1 assigned DCH social worker

LifePaks for Fire Rescue

Total Investment
$1,019,954

- 17 LifePaks
- FY27 Cost: $157,181
- Offset with Ambulance Franchise Revenues

DELIVERING RESULTS

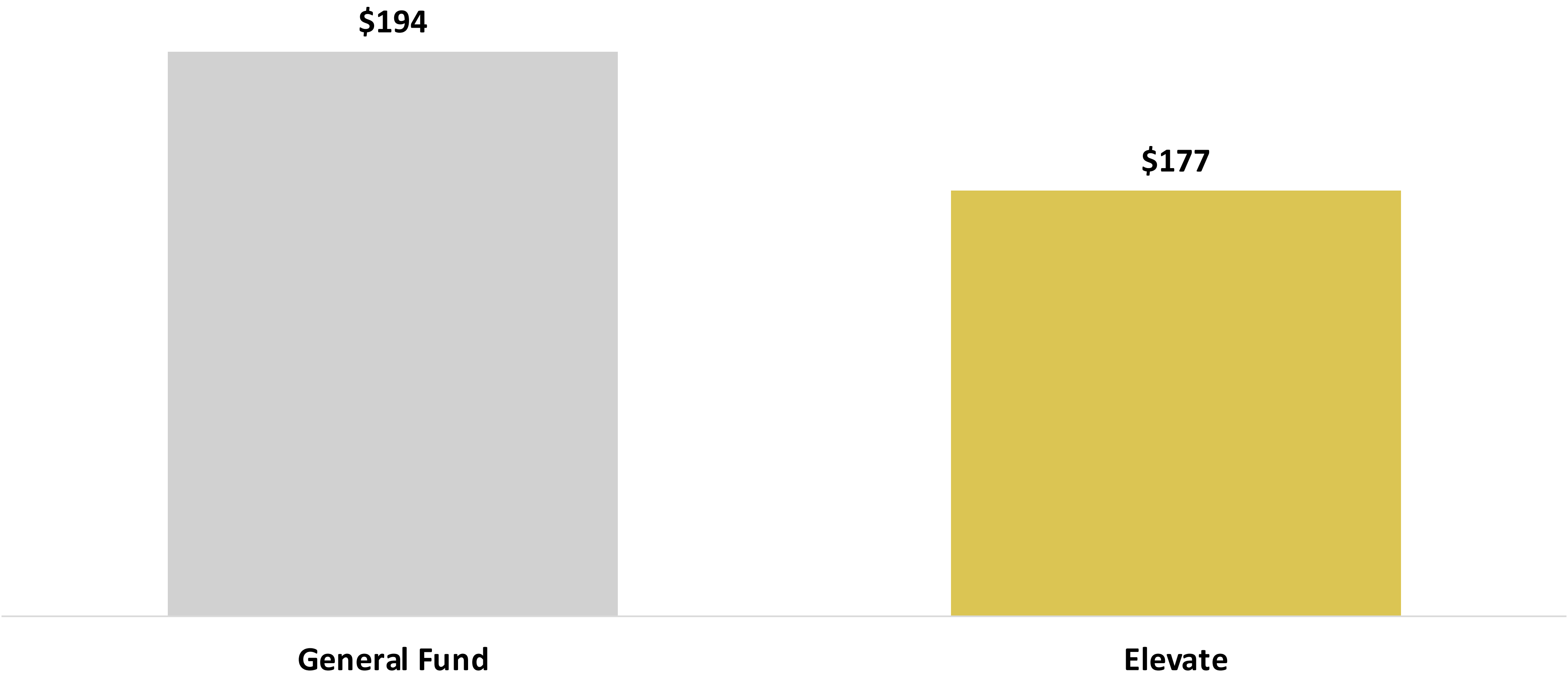
General Fund

Environmental Service Fees

- Residents will save $371 per year on environmental service fee
- Increase $2 a month

Environmental Services Annual Discount

Residential customers will save **$371 per year** on environmental services fee



City Sales Tax Rates

	Population	City Sales Tax Rate
Mobile	200,824	5%
Huntsville	233,627	4.5%
Dothan	72,600	4%
Decatur	58,056	4%
Birmingham	195,893	4%
Auburn	85,113	4%
Madison	67,968	3.5%
Hoover	93,550	3.5%
Montgomery	195,300	3.5%
Tuscaloosa	**114,316**	**3%**

Salary Increases

Full pay plan

- 2.2% COLA for all employees
- Pay plan step for public safety
- Pay plan steps for non-public safety

CITY OF TUSCALOOSA · ALABAMA

RSA Conversion

Projected New RSA Employer Contribution Requirement	$	27,335,635
Current Budgeted RSA and Pension Contributions	$	14,577,552
Projected New Annual Budget Capacity Needed for Conversion	$	12,758,083

RSA

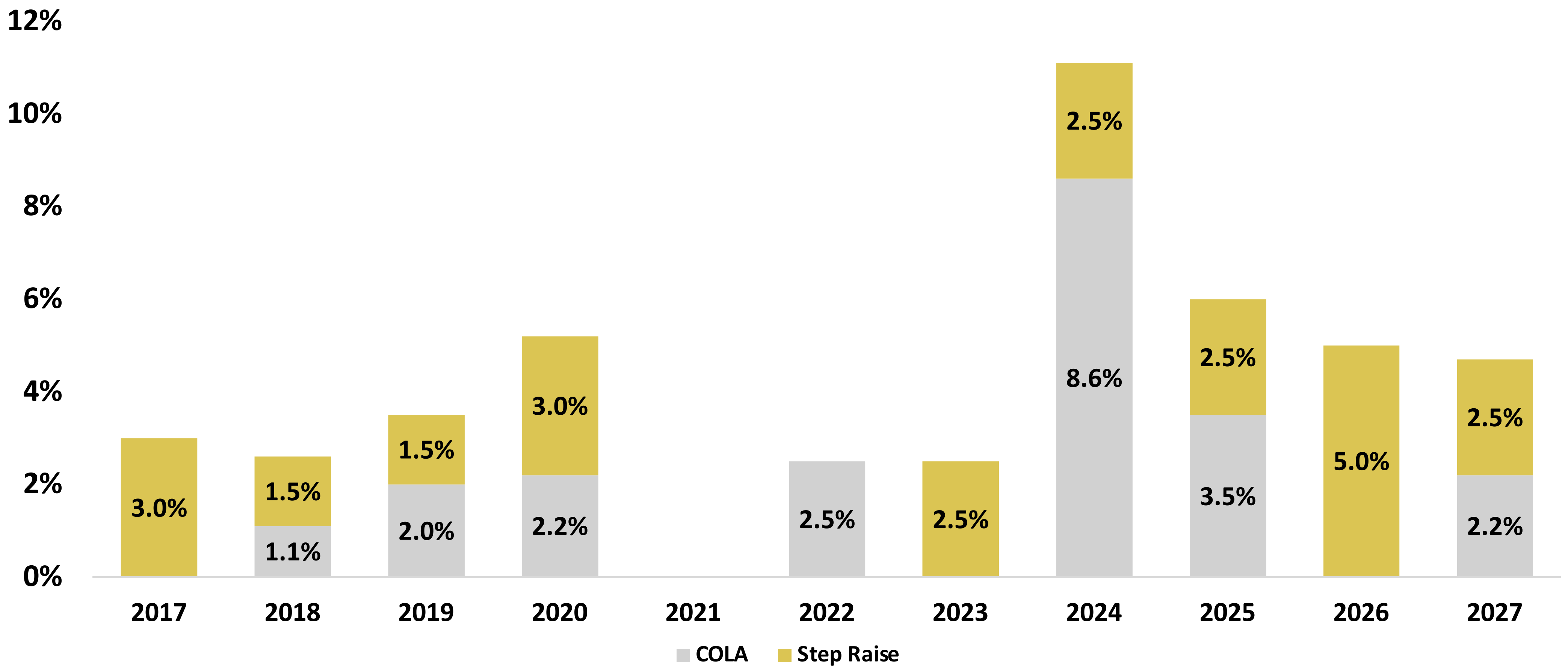
Annual Savings minimized impact on FY2027

	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
Directed Revenues	$ 7,400,625	$ 7,553,059	$ 7,689,385	$ 7,578,041	$ 7,719,065	$ 7,862,502	$ 8,008,392
Pay Plan Expenses	(6,180,446)	(6,157,802)	(5,763,076)	(5,339,279)	(4,885,012)	(4,398,816)	(3,879,175)
Debt Service Completion - Planned Available Budget Capacity	-	947,800	2,366,168	2,735,931	2,735,931	2,735,931	4,177,381
Budgeted Expenditure Cuts to be Made	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	2,000,000	-
Total Planned Revenue	**$ 5,220,179**	**$ 6,343,057**	**$ 8,292,477**	**$ 8,974,693**	**$ 9,569,984**	**$ 8,199,617**	**$ 8,306,598**

Beginning Available Escrow	$ 13,770,400	$ 18,990,579	$ 14,515,463	$ 11,982,940	$ 10,132,633	$ 8,877,617	$ 6,252,233
Projected New Annual Budget Capacity Needed for Conversion	-	(10,818,173)	(10,825,000)	(10,825,000)	(10,825,000)	(10,825,000)	(10,825,000)
Ending Available Escrow	**$ 18,990,579**	**$ 14,515,463**	**$ 11,982,940**	**$ 10,132,633**	**$ 8,877,617**	**$ 6,252,233**	**$ 3,733,832**

Public Safety Employee Raises

4.7% increase



RSA Withholdings Impact

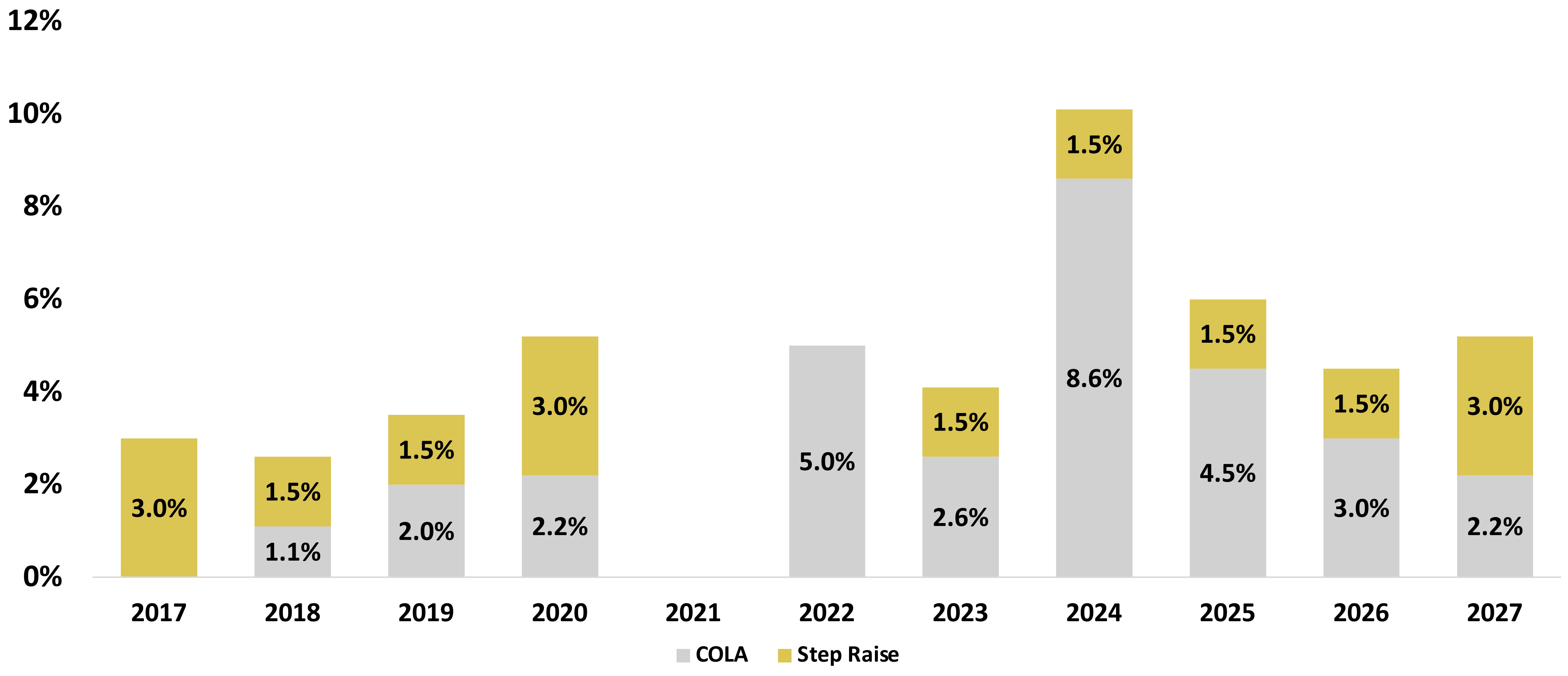
Net pay increase to lowest pay grade

	Police and Fire Pension Withholdings (13%)	RSA, Tier I Withholdings (6%)	RSA, Tier II Withholdings (8.5%)
PF1 (Step 1) Salary	$ 58,951.49	$ 58,951.49	$ 58,951.49
Retirement Withholdings	7,663.69	3,537.09	5,010.88
Net Pay*	51,287.80	55,414.40	53,940.62
Net Pay* Per Pay Period	1,972.61	2,131.32	2,074.64
Net Pay Increase Per Pay Period	**$ -**	**$ 158.72**	**$ 102.03**

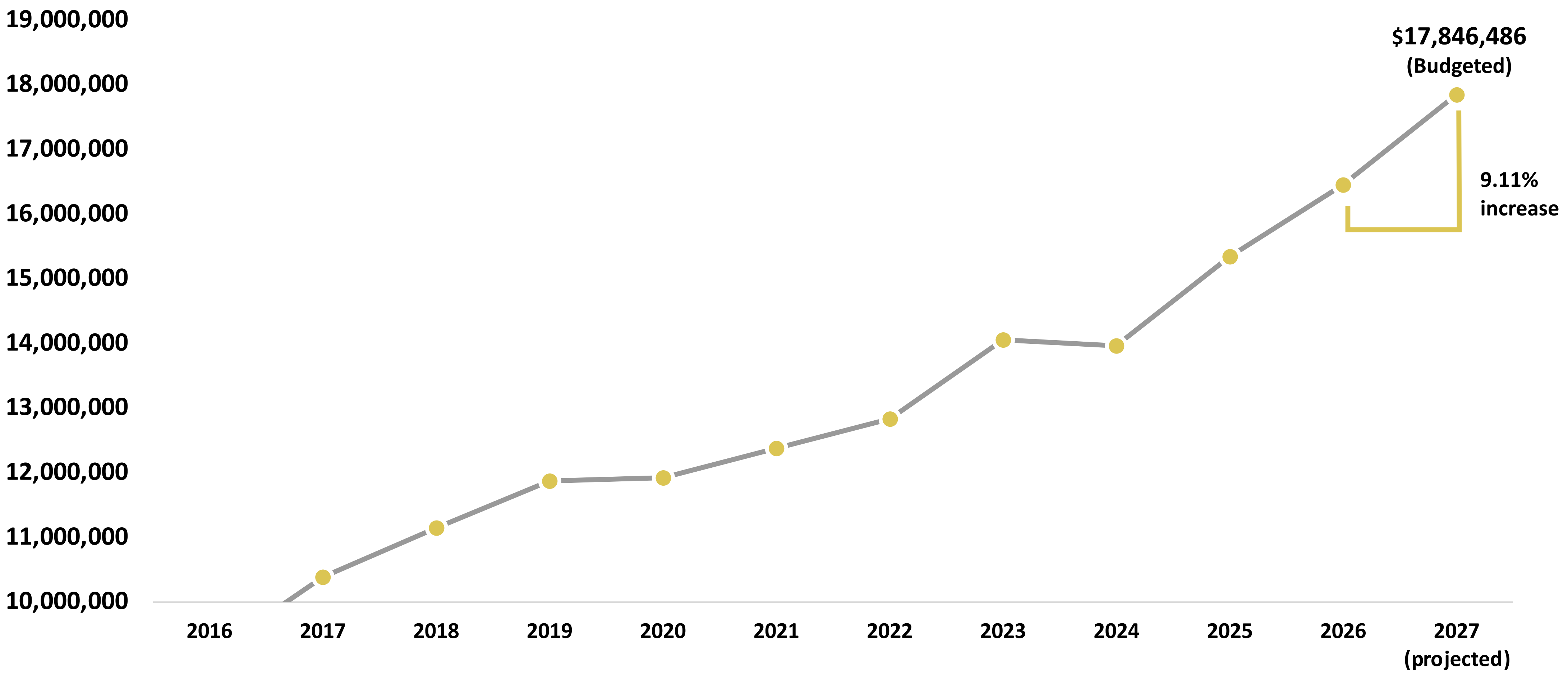
* Subject to individual tax rates and other withholdings elected by employee

Non-Public Safety Employee Raises

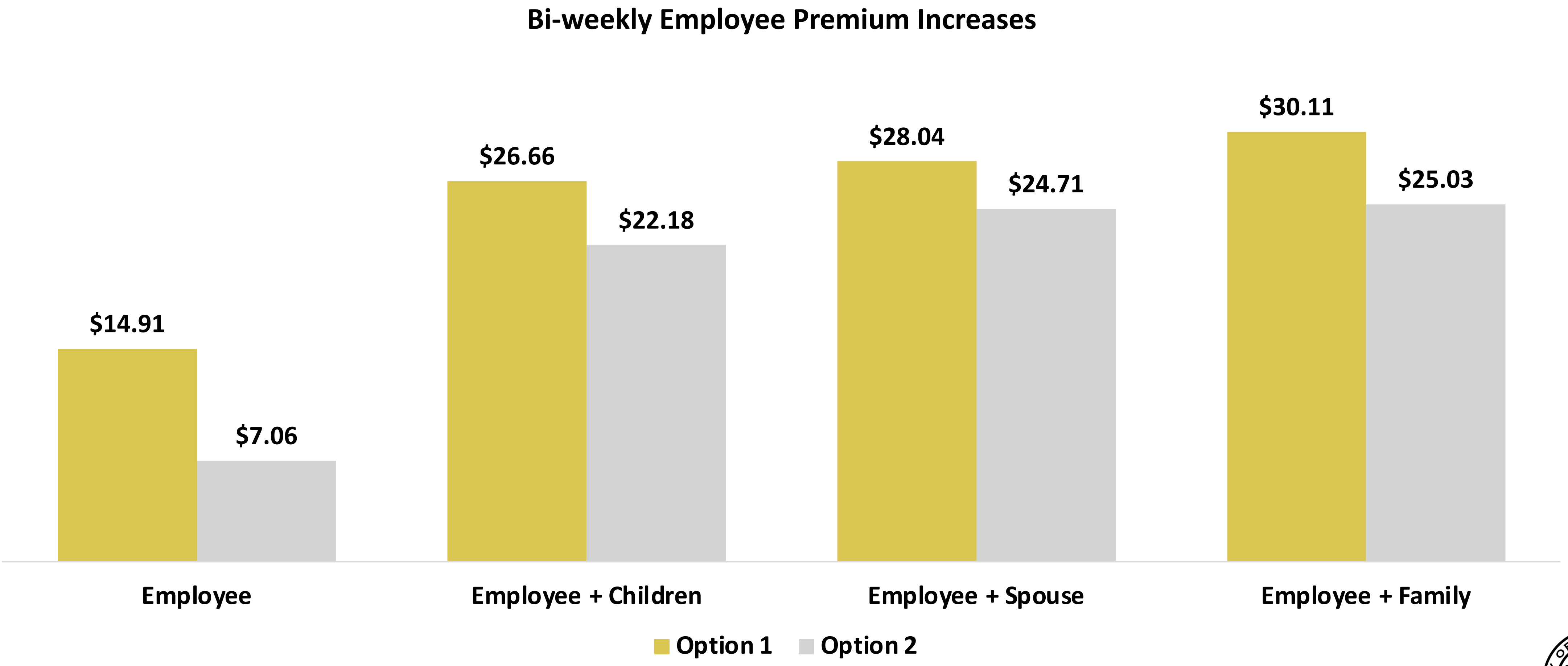
5.2% increase



Health Insurance Costs



Health Insurance Impact

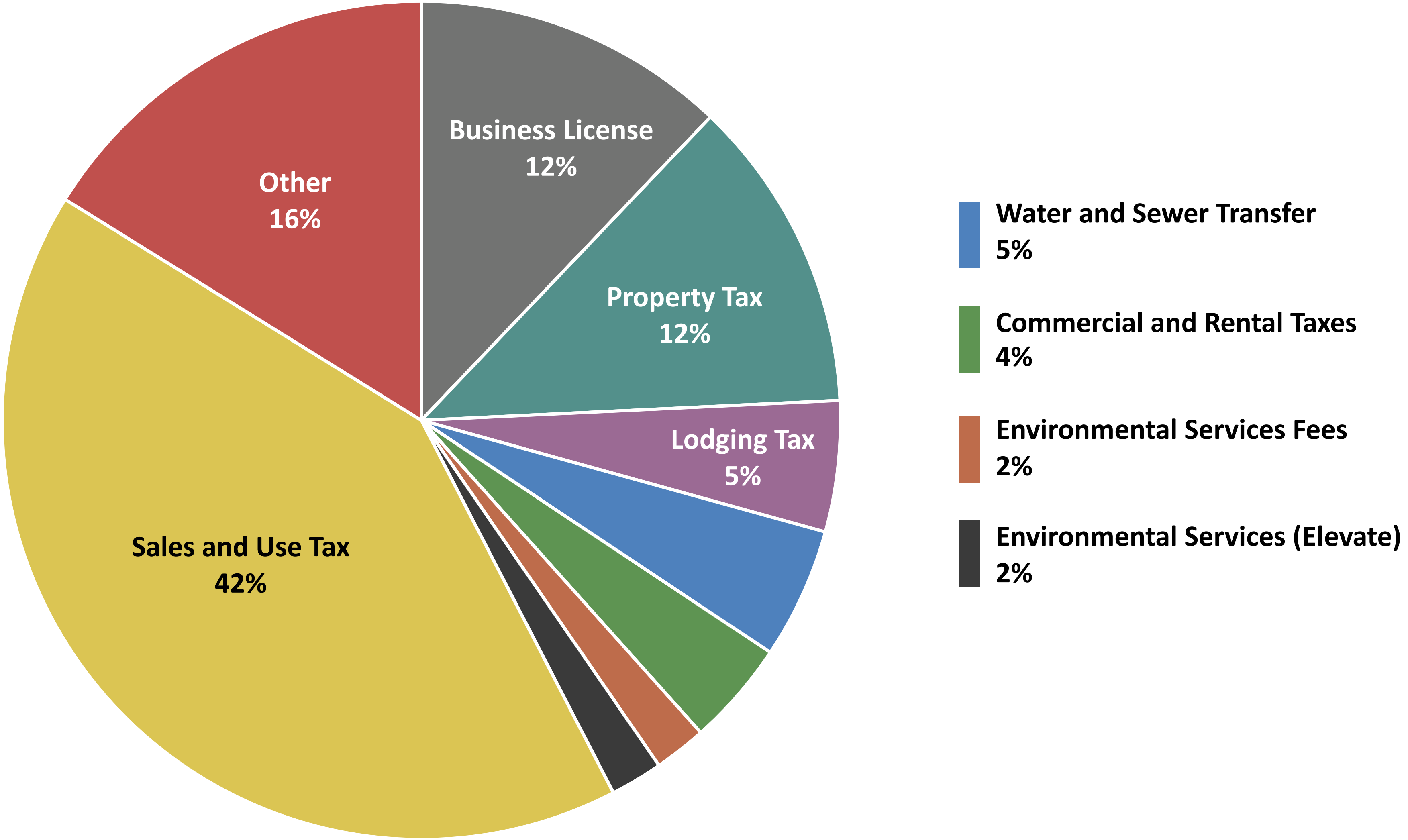


Health Insurance Impact

Net salary increase to lowest pay grade

Pay Grade 5 (Step 1) Salary	$	39,584
Salary Increase (COLA + 2 Steps)		2,094
Adjusted Salary		41,678
Less: Health Insurance Increase		(723)
Net Adjusted Salary	$	1,371
Net Salary Increase		3.5%

Revenue Sources (% of budget)



*Other includes, but is not limited to, grants, interest income, building permits, bank excise tax, transfers, road and bridge tax, inspection fees, and cost reimbursements

Major Discretionary Revenues

	FY 2027 Budget	FY 2026 Budget	Difference
Sales tax	$ 48,600,000	$ 47,620,000	$ 980,000
Use tax	6,571,000	6,680,000	(109,000)
Use tax – internet (SSUT)	11,577,000	9,381,000	2,196,000
Ad valorem tax	25,771,000	23,045,000	2,726,000
Liquor tax	4,163,000	3,637,000	526,000
Lodging tax*	12,708,000	11,733,000	975,000
Dwelling tax	4,827,000	4,613,000	214,000
Business license	26,103,000	26,303,000	(200,000)
County sales tax	22,937,000	22,345,000	592,000
Total	**$ 163,257,000**	**$ 155,357,000**	**$ 7,900,000**

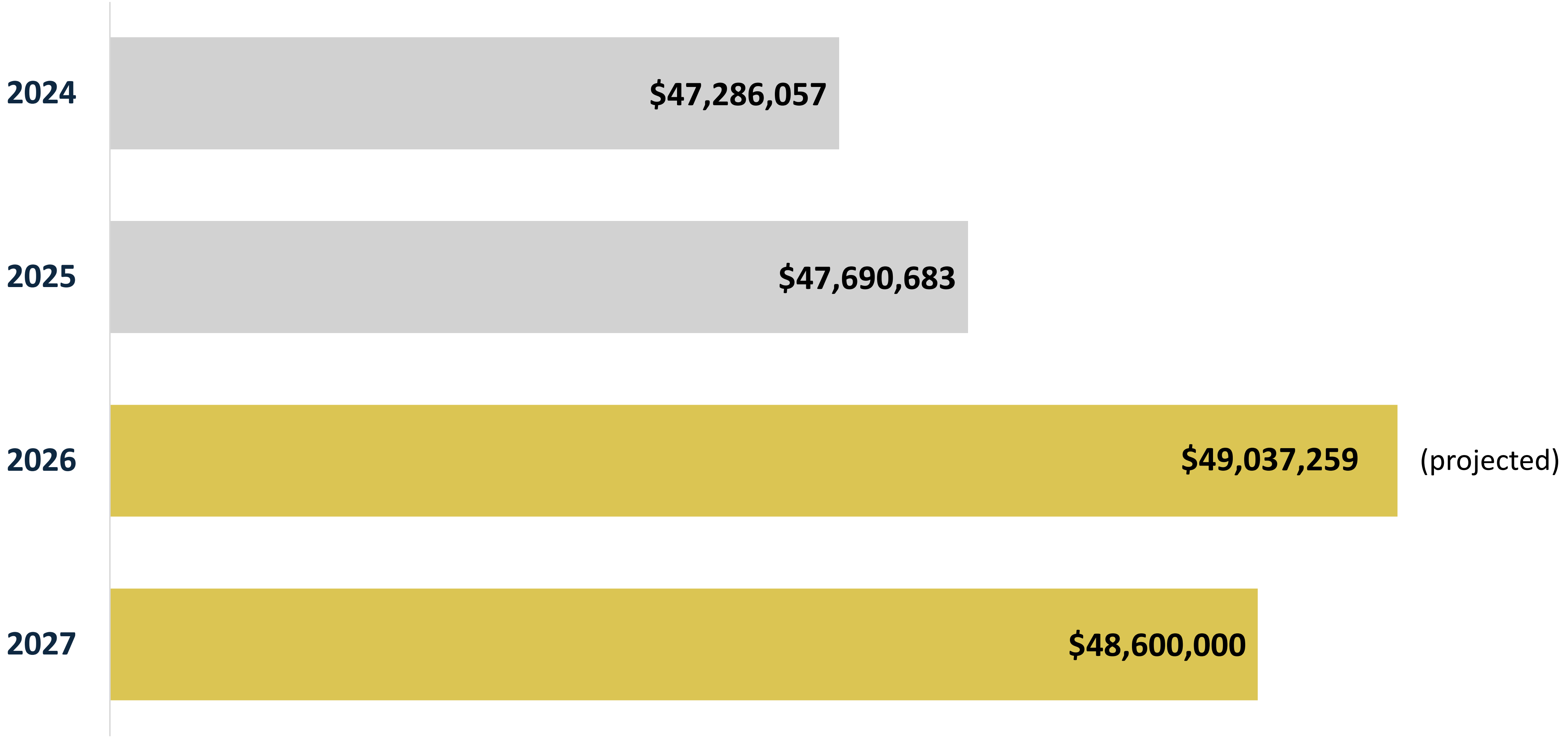
*Includes short-term rentals.

Declining Sectors

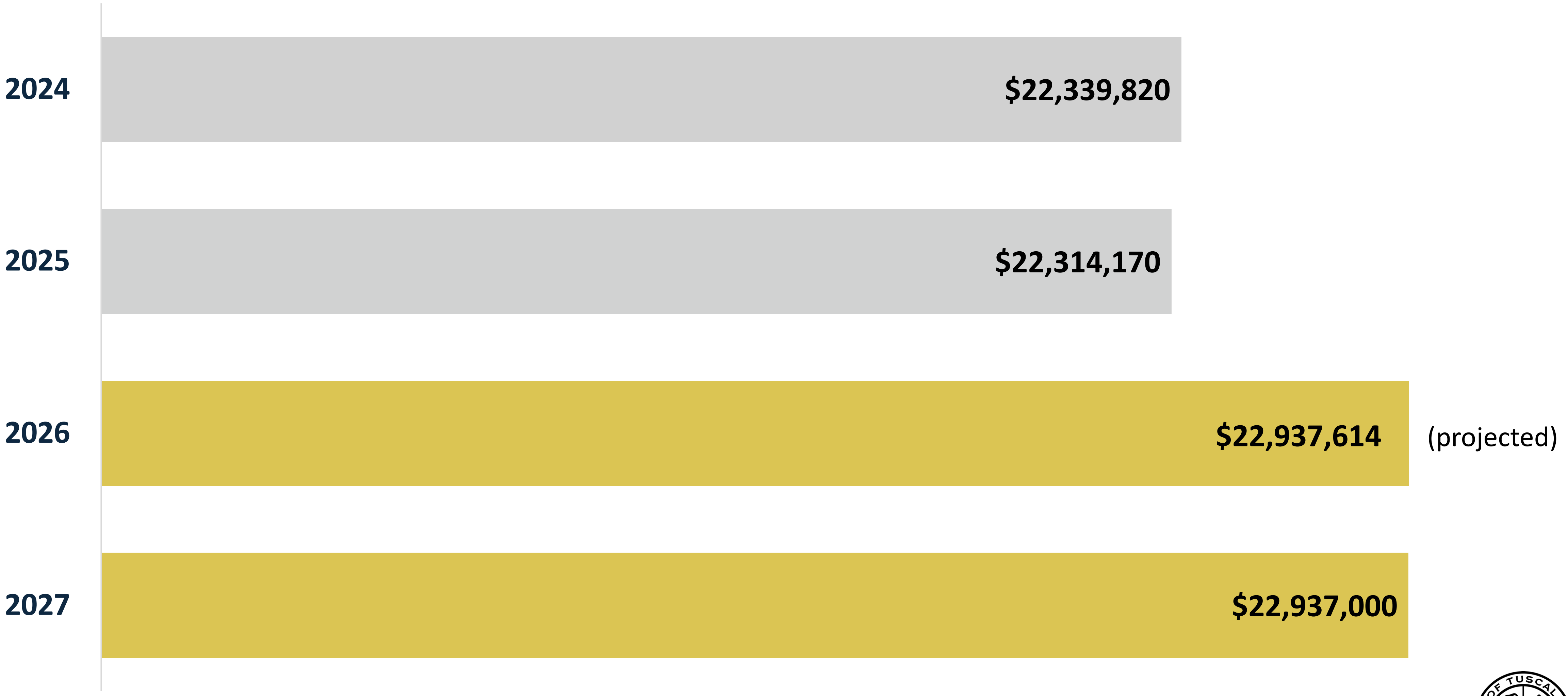
	Oct - May 2025	Oct - May 2026	Decline Rate
Department and Big-Box Stores	$ 7,466,200	$ 6,704,460	10%
Building Materials	$ 2,508,244	$ 2,377,693	5%
Pharmacies and Personal Care	$ 885,262	$ 859,768	3%
Furniture	$ 428,495	$ 364,048	15%
Jewelry Stores	$ 257,501	$ 249,880	3%
Gifts and Novelties	$ 133,557	$ 130,050	3%


BFGoodrich®
Tires
Tuscaloosa Plant
BFGoodrich Tire Manufacturing
An Operating Division of Michelin North America, Inc.

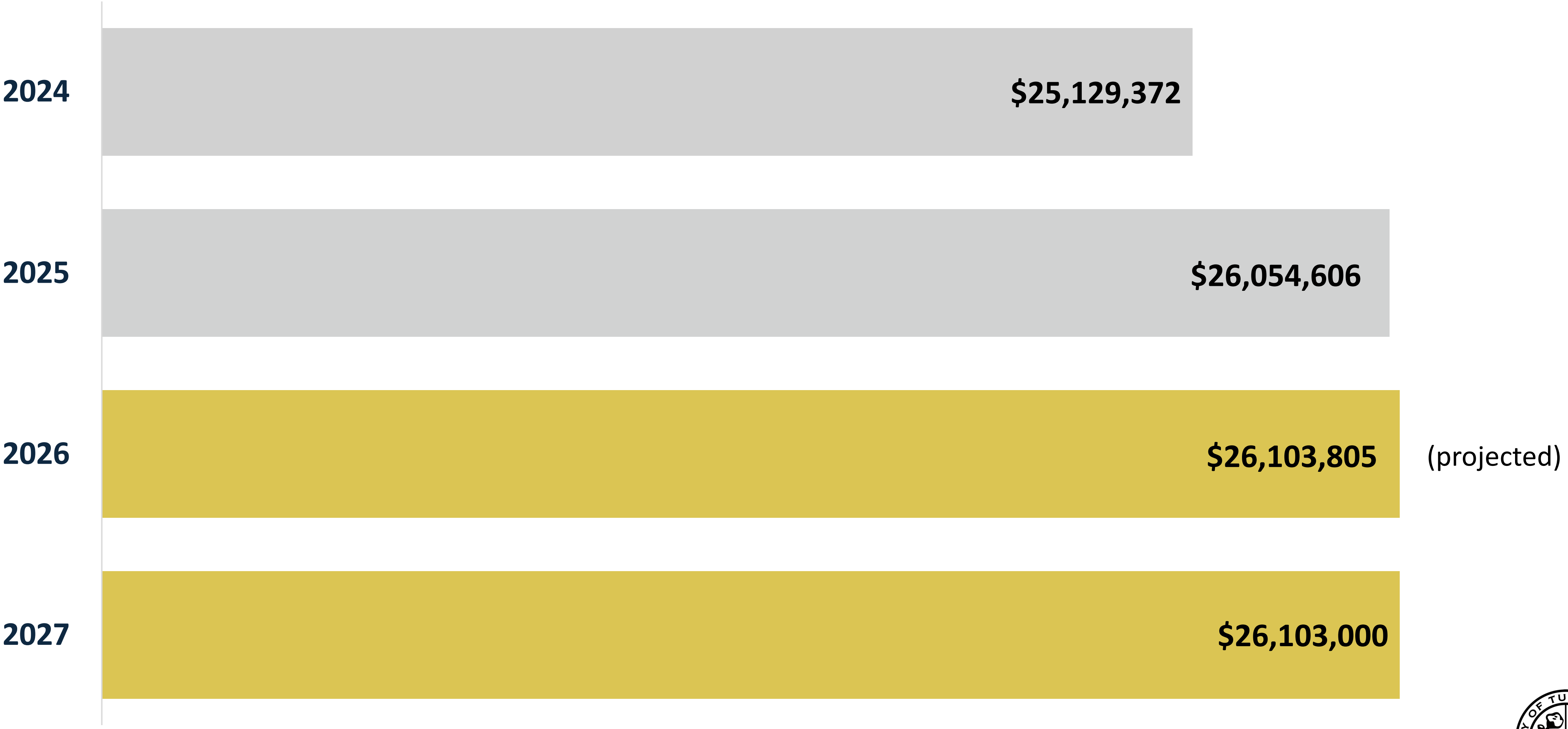
City Sales Tax



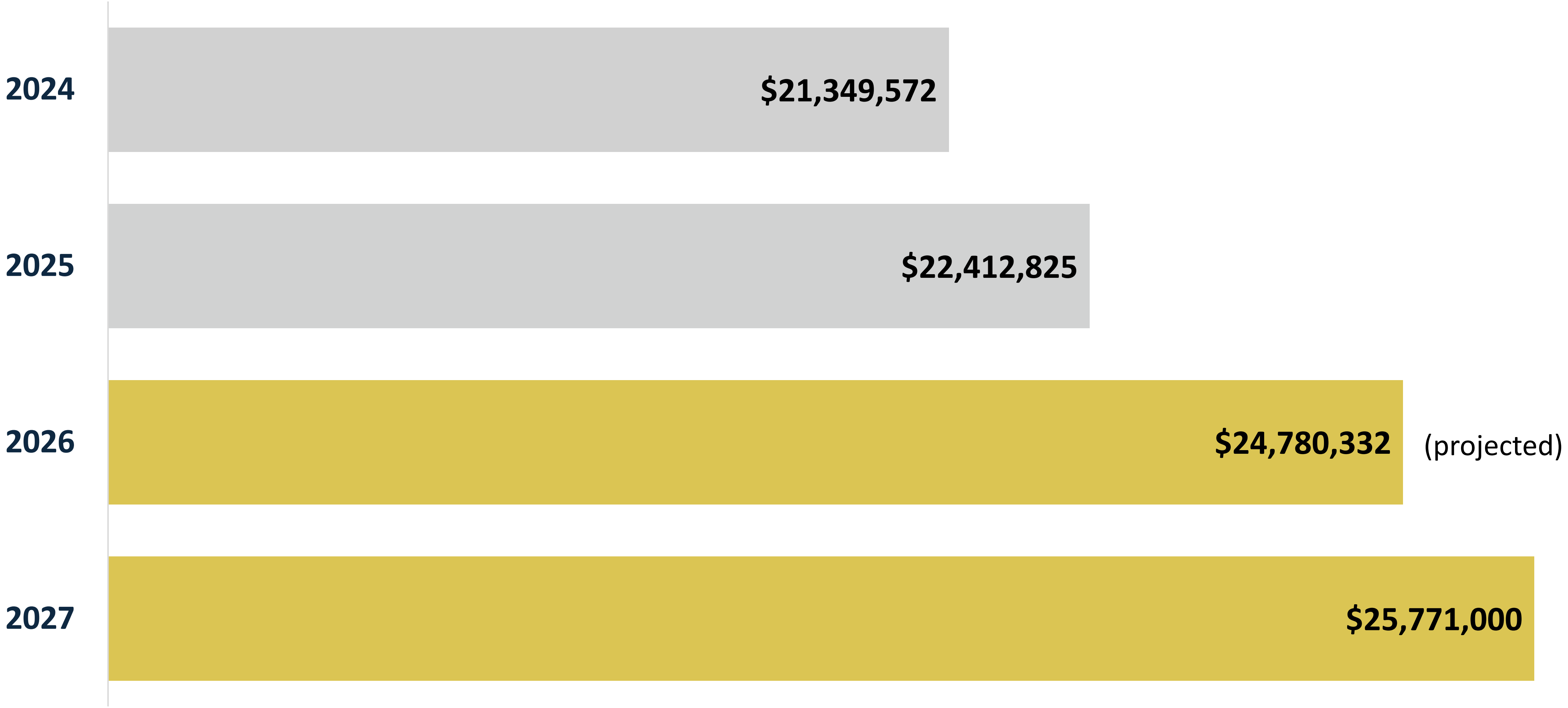
County Sales Tax



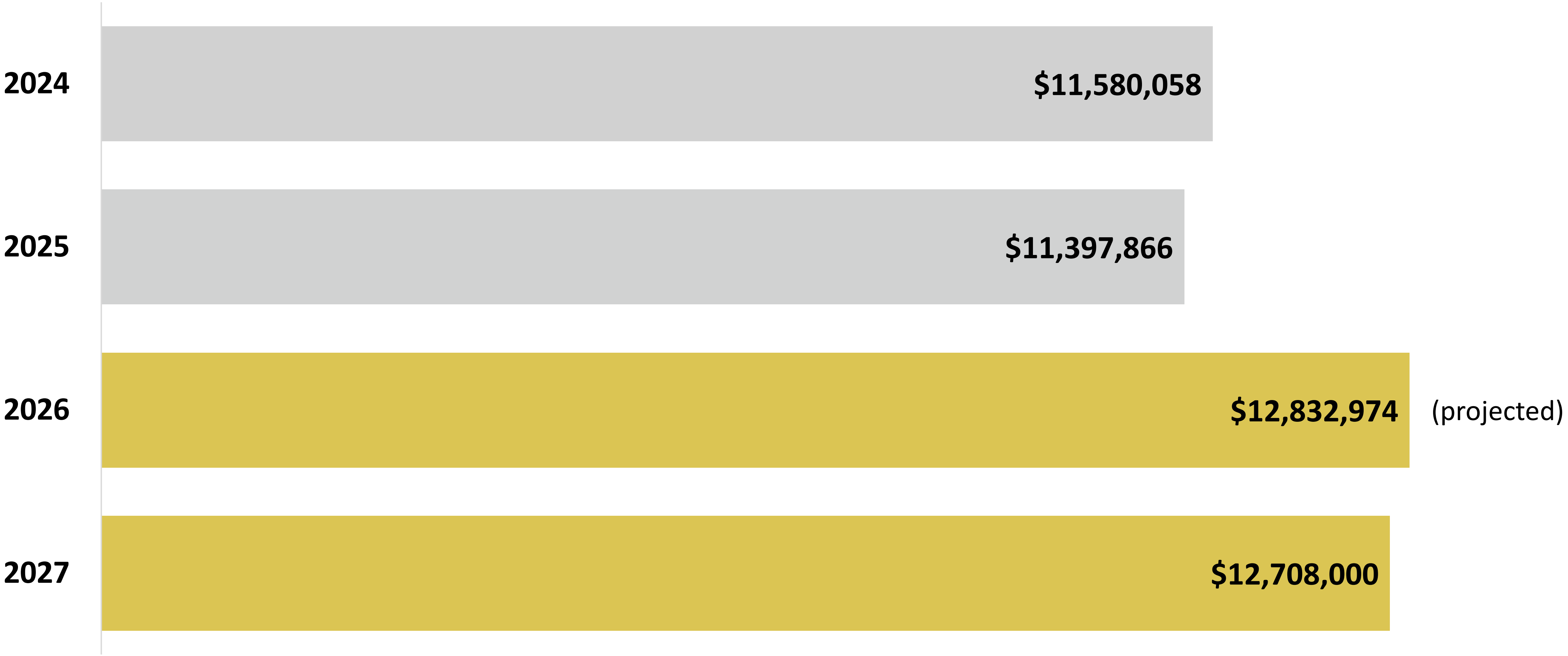
Business License



Property Tax

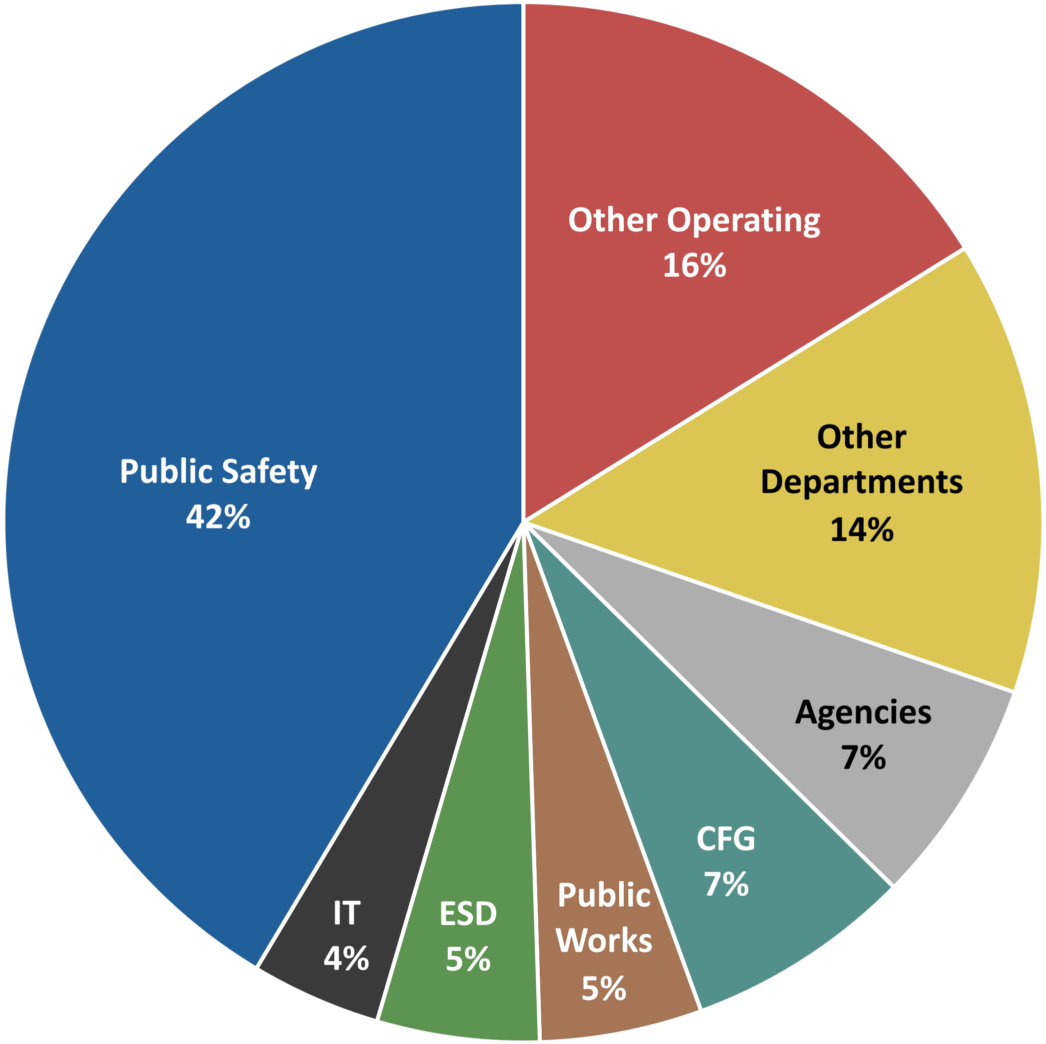


Lodging Tax



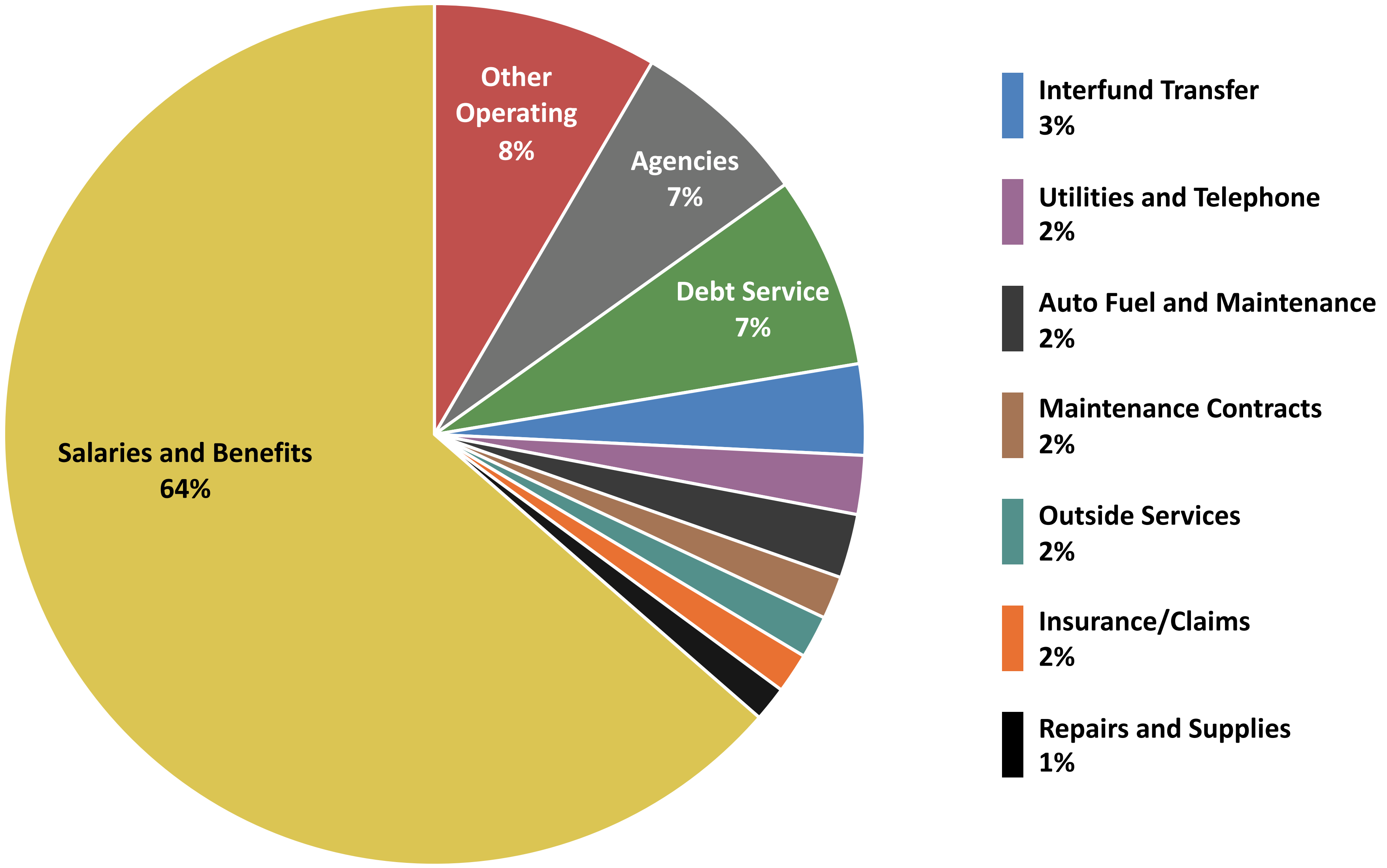
Includes short-term rentals.

Expenditures By Department



*Other Operating includes debt service, lodging tax transfers, jail costs, animal shelter, property insurance, etc.

All Expenditures By Type



*Other includes, but is not limited to, contingency, maintenance contracts, jail costs, pass through funds, insurance and claims.

Then and Now

Budget Comparison

	2007	2019	2026	2027
Salaries and Benefits	60%	59%	63%	64%
Debt Service	4%	5%	7%	7%
Debt Service excluding TCRIC	4%	5%	4%	4%

*Does not include other operating expenditures

DELIVERING *RESULTS*

ELEVATE TUSCALOOSA

ELEVATE

Completed Projects

ELEVATE

Active Projects

Public Safety

20%

of Elevate Tuscaloosa goes directly to public safety employees

Pre-K

Nearly **550 children** enrolled in pre-k for spring 2026 semester

Each child enrolled in pre-k saves the family **$5,811**

Summer Learning

1,500+ students took advantage of this free program in 2026

22% of total PreK-7th grade students attended summer learning

Each child who participates for 9 years (Pre-K through 7th Grade) could save the family more than **$12,000.**

Dual Enrollment

13,000+ credit hours earned to date

12 free hours for every high school student

University of Alabama offers students **9 additional courses (12+ hours)** at **no cost**

Shelton State matches **12 additional hours** after graduating high school

TCS National Board-Certified Teachers

Total Investment
$148,500

Students taught by NBCTs achieve higher academic outcomes

TCS retains NBCTs at a higher rate

International Tuition Initiative

Total Investment
$160,000

Increases yearly study abroad opportunities for TCS students

Sister Cities:

- Narashino, Japan
- Schorndorf, Germany
- Sunyani-Techiman, Ghana

Elevate Partnerships

$121,715,766

Since 2020

Grants and Partnerships

Grants and Partnerships		
BUILD Grant (Western Riverwalk)	$	15,000,000
FAA (Tuscaloosa National Airport)		34,061,977
MPO (University Blvd)		10,000,000
ALDOT (Transit Study)		78,000
ARC (Saban Center)		1,000,000
Grant Funding	**$**	**60,139,977**

Saban Center	$	59,348,704
All-Inclusive Playground		1,000,000
Emily Baker Trust		1,227,085
Partnership Funding	**$**	**61,575,789**

Total Grants and Partnership Funding (2020-2026)	**$**	**121,715,766**
Total Elevate Tax Revenue (2020-2026)	**$**	**171,871,698**

15% Operations and Maintenance Fund

Crew salaries + benefits	$	1,458,339
TPD salaries + benefits		106,039
Elevate operating and maintenance costs		459,769
Utilities		268,100
Transfer to River District Fund	$	1,500,000
Undesignated Reserves	$	3,442,045

Revenues

Sales Tax	$	24,693,000
Use Tax		3,285,866
Gross Revenues	**$**	**27,978,866**
Less:		
Sales Tax Abatements		(320,959)
Environmental Services Fees transfers		(5,000,000)
Net Revenues	**$**	**22,657,907**

Saban Center

Salaries and Benefits	$1.5M
Direct Facility Costs	$355K
Marketing/Fundraising	$295K
Supplies and Services	$115K
Software Fees	$350K

River District Parking

Total Investment
$2.8 Million

121 Parking Spaces

3 Bus Parking Spaces

7-year payback period

Tourism Capital Lodging Tax to River District Fund

2028-2034

DELIVERING *RESULTS*

Water and Sewer

Delivering Results

10-year Capital Plan Update

- Began in FY22
- 14 projects complete and 21 active
- 67% of priority 1 projects active or complete
- Estimated Investment $241,850,919

Revenue Highlights

Average monthly residential water and sewer bill is **$94.77**

$257
Power

$130
Internet and Streaming

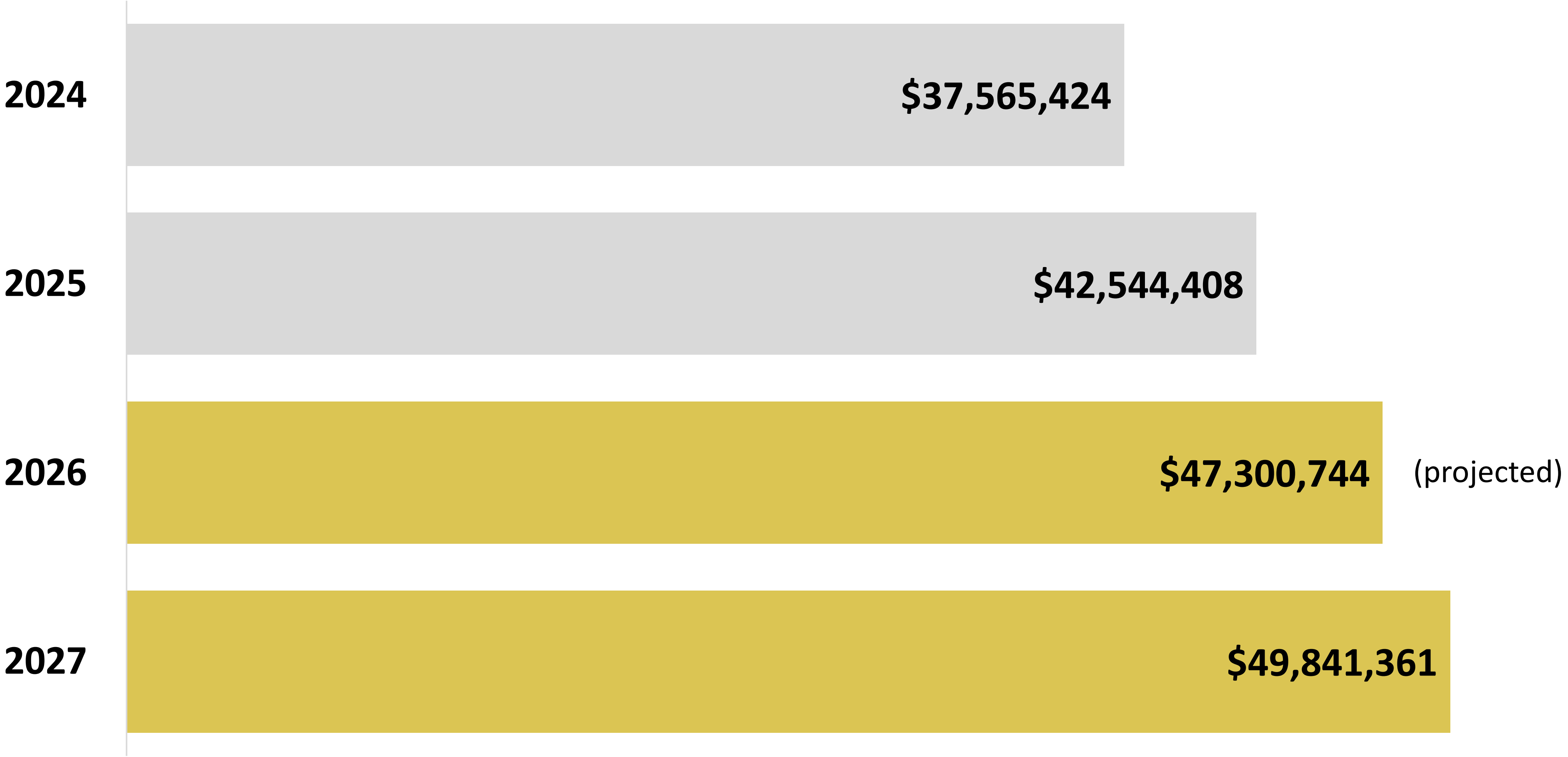
Water and Sewer Rates

Water and Sewer is an enterprise fund: it must pay for itself

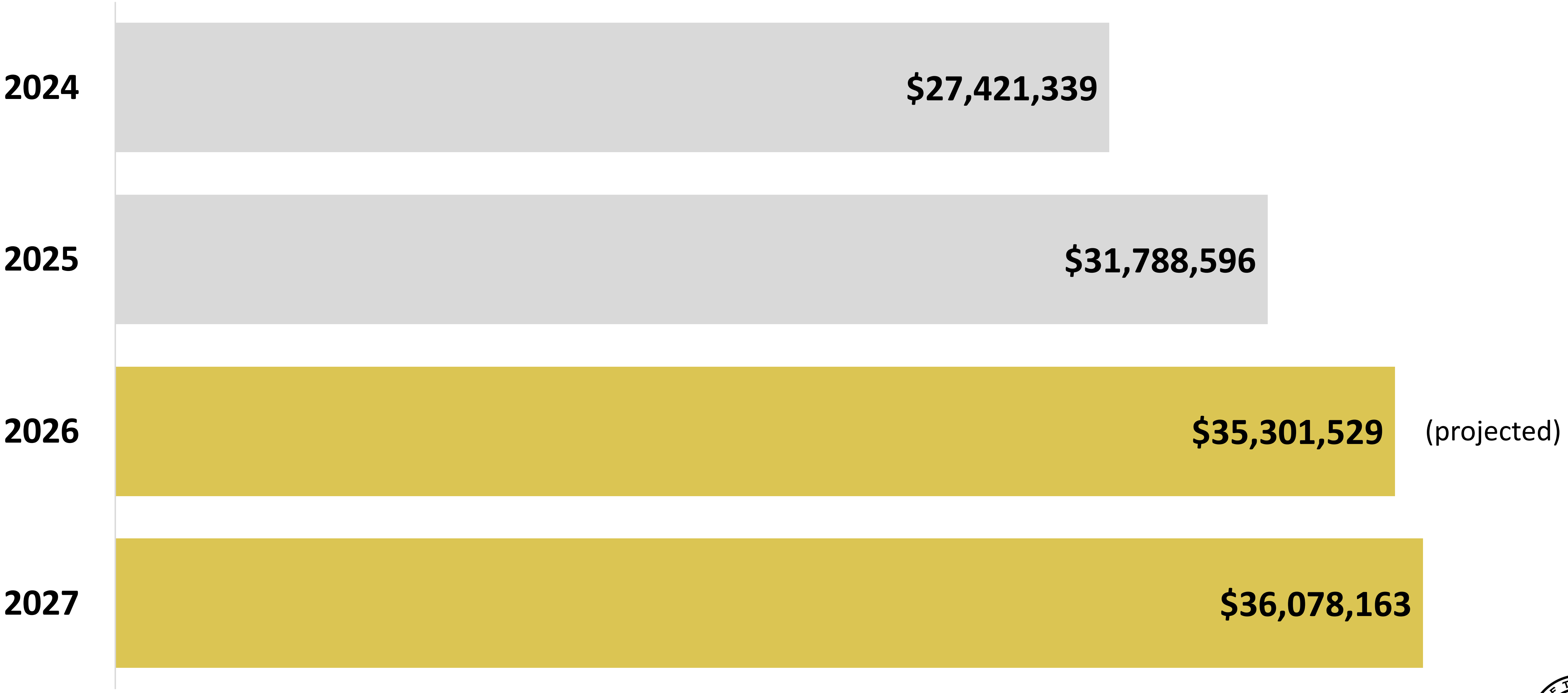
Code requires a 2.2% rate increase

> Increase to average residential bill:
> **$2.08** per month

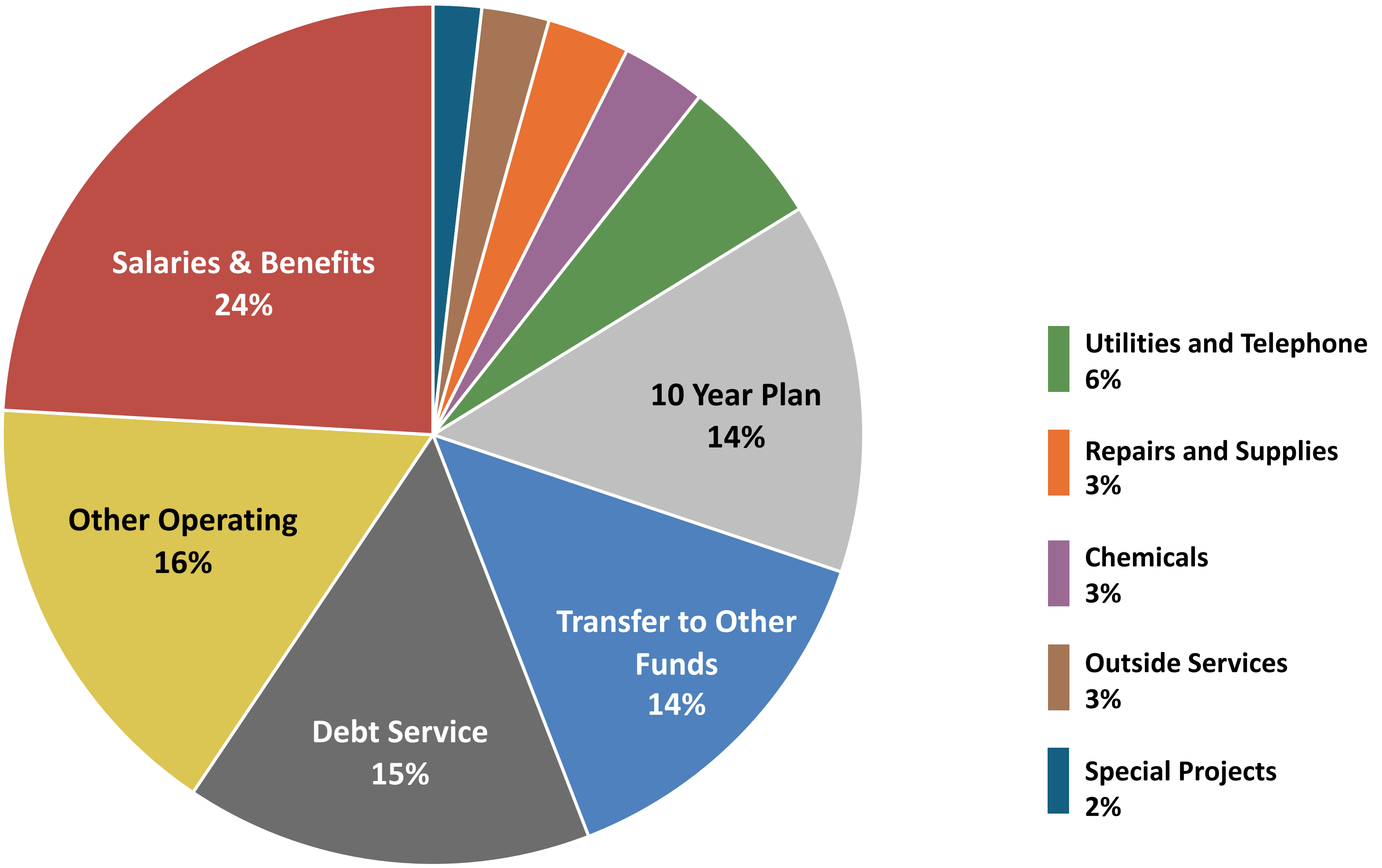
Water Revenues



Sewer Revenues



All Expenditures by Type



Indirect Costs

The City calculates an indirect cost allocation based on a percentage of salaries to apply to the Water and Sewer budget

Estimated Actual Cost **$10,485,869**

Indirect Costs

Personnel Operating Area	Basis for consideration	% of WS work	Budget of Operating Area	% of budget allocated to WS activities
Office of the City Attorney	# of documents created	45%	$ 3,066,991	$ 1,380,146
Human Resources	# of employees	13%	3,723,865	484,103
Accounting and Finance	Total Budgets	37%	6,011,773	2,211,564
Facilities Maintenance	Square footage of City Facilities	46%	7,936,291	3,650,694
Information Technology	# of devices managed	10%	9,894,641	980,579
Operations	Special Projects	40%	1,208,298	483,319
Council	# of Council agenda items	42%	720,989	302,815
Mayor/Clerk	# of Council agenda items	42%	971,310	407,950
Strategic Communications	Budget of public education campaigns	5%	1,320,438	66,022
Fleet Maintenance	# of vehicles	23%	$ 2,293,253	$ 518,677
			Total Indirect Cost Transfer Basis Support	**$ 10,485,869**

Then and Now

Budget Comparison

	2007	2026	2027
Salaries and Benefits	27%	21%	24%
Debt Service	**30%**	**16%**	**15%**
Utilities and Telephone	7%	6%	6%
Auto Fuel and Maintenance	1%	1%	1%

*Does not include other operating expenditures

Budget Hearing Dates

- Wednesday, August 26, 8:30 a.m.
- Wednesday, September 2, 8:30 a.m.
- Thursday, September 3, 8:30 a.m.

To find this presentation
and more information on the

Mayor's 2027 Proposed Budget

Visit **tuscaloosa.com/27budget**