



CITY OF GERMANTOWN TENNESSEE

1930 South Germantown Road • Germantown, Tennessee 38138-2815
Phone (901) 757-7200 Fax (901) 757-7292 www.germantown-tn.gov

Financial Advisory Commission

Tuesday, March 19, 2013 – 6.00 p.m.
Blue Room

Economic & Community Development, 1920 S. Germantown Road

1. Call to Order
2. Establishment of quorum
3. Consideration of Minutes
4. Review of
5. Any Other Business
6. Adjournment

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Financial Advisory Commission Minutes

Tuesday, March 19, 2013, 6.00pm
Blue Room, 1920 S Germantown Rd

Members Present: Alderman John Drinnon, Sudhir Agrawal, Glenda Brock, Vincent Correale, Rik Ditter, Sharon Hammer, Clinton Hardin, Russell Johnson, Julie Klein, Walter Krug, Howard Lasley, Frank Markus, Christine Menzel, Frederick Miller, Julius Moody, Paul Mosteller, Harold Steinberg, Paul Volpe, Richard Wagoner and Leslie Wolfgang

Members Absent: Eddie Cox, Thomas Harrison and Mark Kooker

Staff Present: Patrick Lawton, George Brogdon, Phil Rogers, Chuck Porter, Bo Mills, Joe Nunes, Ralph Gabb, Michael Stoll, Adrienne Royals, Sherry Rowell

Others: Alderman Rocky Janda

Call to Order

Chairman Hardin called the March 19, 2013 Financial Advisory Commission meeting to order at 6:05 p.m.

Roll Call & Introduction

Ralph Gabb called roll and announced a quorum was present.

Approval of Minutes

Chairman Hardin called for approval of the minutes from the February 12, 2013 FAC meeting.

****MOTION****

Vincent Correale moved to approve the minutes from the February 12, 2013 FAC meeting. Julie Klein seconded and the motion passed unanimously.

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FY14 Utility Fund – Bo Mills

Bo Mills started his presentation of the Utility fund by stating that the fund comprised of water treatment plants, distribution system and also the sanitary sewer collection. The FY14 operating revenues are \$7,668,000 an increase of 3.0% over FY13 estimate and an 5% decrease from FY13 budget. FY14 operating expenses are \$7,599,600 an increase of 3.5% over FY13 estimate and a 0.6% decrease from FY13 budget.

Utility fund achievements include; Aeration Tower Refurbishment in Progress in FY 13 Miller Farms Sewer Outfall Basin Improvements; Commercial and Residential Water Meter Replacement Program; Annual Sewer Main Rehabilitation Project (6,400 linear feet of 8" and 1,200 linear feet of 10" sewer main); Annual Well and Pump Maintenance Program (Southern Ave./Johnson Rd. Well Fields); Repaired and rehabilitated 56 sewer manholes; New Wolf River Boulevard Water Main; Recent ISO Rating Class III – Water System rated high.

Infrastructure Revitalization includes; Sewer Cured In Place Pipe Lining and Manhole Rehabilitation Projects; Sewer Main, Lateral and Manhole Video Inspections; Annual Well and Pump Assessments; Annual Hydrant Flows and Testing; Elevated Tank Inspections; Long-term capital investment; Upgrade 30 year old system; Threat protection

Utility Fund – Projects and Initiatives

CIP - \$ 465,000

Germantown Road South Sewer Expansion	-	\$ 50,000
Germantown Road South Water Main Relocation	-	\$ 200,000
North Johnson Road Lift Station Force Main Re-routing	-	\$ 215,000

IRP - \$ 545,000

Maintenance of Sewer Collection System	-	\$ 300,000
Water Mains Maintenance	-	\$ 50,000
Backhoe (sewer)	-	\$ 125,000

Chairman Hardin called for approval of the FY14 Utility Fund.

****MOTION****

Vincent Correale moved to approve the FY14 Utility Fund. Julie Klein seconded and the motion passed unanimously.

FY14 Stormwater Management Fund – Bo Mills

Bo Mills stated the FY14 operating revenues are \$1,057,300, a 3.9% increase over FY13 estimate and a 2.9% decrease from FY13 Budget. FY14 operating expenses are \$1,006,500, a 8.3% increase over FY13 estimate and a 0.5% decrease from FY13 Budget. Stormwater management achievements include annual street sweeping contract to remove debris from curbs and gutters, annual leaf removal program to remove leaves from streets, curbs, gutters and drain inlets, and annual monitoring program to do visual stream surveys and inventory; continuing quarterly Wolf River water quality index monitoring.

Implement a master drainage and stormwater infrastructure plan; Implement stormwater management for first flush alternatives; Utilize stormwater funds to restore existing infrastructure "hot spot" areas and to create a stormwater management program/plan

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FY14 Stormwater Management Fund – Bo Mills(Con'td)

Chairman Hardin called for approval of the FY14 Stormwater Fund.

****MOTION****

Frank Markus moved to approve the FY14 Stormwater Fund. Paul Volpe seconded and the motion passed unanimously.

FY14 Germantown Athletic Club Fund - Phil Rogers

Phil Rogers began the presentation stating that the FY14 operating revenues are \$3,877,200, a 2.9% increase over FY13 estimate and a 3.7% increase over FY13 budget. FY14 operating expenses \$3,787,100, a 3.9% increase over FY13 estimate and a 1.9% increase over FY13 budget. Noting the Germantown Athletic Club Mission Statement; we believe a strong family and community begin with a central place that fosters relationships and improves the health and quality of life of every member. 60% of members are residents and 40% are non-residents. Projects and initiatives include; continued improvement and focus of commitment to customer service excellence; increased member retention; increased emphasis on multiple profit centers (MPC); continual reinvestment back into the Club

Germantown Athletic Club

CIP - \$1,140,000

Club renovation design

- \$1,000,000.

Chairman Hardin called for approval of the FY14 Germantown Athletic Club Fund.

****MOTION****

Harold Steinberg moved to approve the FY14 Germantown Athletic Club Fund. Frank Markus seconded and the motion passed unanimously.

FY14 Sanitation Fund – Joe Nunes

Joe Nunes stated that the FY14 projected operated revenues are \$3,546,400, a 0.2% decrease from FY13 estimate and a 0.8% increase over the FY13 budget. The operating expenses are \$3,603,700, a 4.3% increase over the FY13 estimate and a 2.6% increase over the FY13 budget. FY14 program changes impacting budget; Almost 2/3 of customers choosing curbside service; 50% of Community Services Coordinator salary covered under sanitation budget; 10% lower revenues and expenses than FY11. Previous contract estimate was 35-40% curbside. Lower fee caused shift in customers. Monthly fee: \$24.50 for backdoor service; \$20.00 for curbside service; \$14.65 high density service - No change in fee. Single Stream Recycling; 11,250 Carts/Bins – 84% of households; Weekly set out rate averages 66%; FY13 Volume up 20 tons (1%)

Chairman Hardin called for approval of the FY14 Sanitation Fund as presented.

****MOTION****

Paul Volpe moved to approve the FY14 Sanitation Fund. Vincent Correale seconded and the motion passed unanimously.

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FY14 Great Hall Fund - Chuck Porter

Chuck Porter began his presentation by stating the FY14 operating revenues were \$305,700, a 3.5% increase over FY13 estimate and a 36.3% increase over FY13 budget. FY14 operating expenses are \$525,800, a 3.2% increase over FY13 estimate and a 5.2% increase over FY13 budget. Chuck stated that the Great Hall continues to establish value for the community and to maintain customer orientated and focused employees that work continuously to raise productivity and rental sales. Having state of the art technology infrastructure to help support businesses.

Great Hall achievements; branding and marketing plan have been received well in the community; 3rd year of the GHCC Commission providing outstanding leadership; Continuation of the GHCC Taskforce recommendations implemented: development of other revenue sources and a community network; Revenue Growth: FY13 Estimate - 22%, FY12 – 43%, FY11 – 48%. Revenues have grown from \$114,800 in FY10 to \$295,500 in FY13; Continued Revenue Growth: The GHCC Commission will propose a rental fee increase in FY14. However, due to future bookings made at current rate, increase of rate will not be in fully realized during FY14.

Projects and initiatives include; Infrastructure enhancement; Continuing to Increase "Other Revenues" with increases in room rentals, linens, pipe and drape, and non-alcoholic beverage service; continue to increase visibility among the business community by direct involvement– via internet, Germantown Chamber, Collierville Chamber, Memphis Chamber, Memphis Convention & Visitors Bureau, International Association of Venue Managers, National Association of Catering Executives and Business Networking International Mid-South.

Great Hall

IRP - \$18,000

Hallway flooring	-	\$ 18,000
(held over from FY12 and FY13)		

Chairman Hardin called for approval of the FY14 Great Hall Fund.

****MOTION****

Frederick Miller moved to approve the FY14 Great Hall Fund. Vincent Correale seconded and the motion passed – 18 yes, 2 no.

Property Tax Reappraisal

Ralph Gabb referred to the handout and stated that he and Patrick Lawton had met with Cheyenne Johnson, Shelby County Assessor on March 12, 2013. The State of Tennessee requires the Assessor to periodically update the real property values in Shelby County to reflect market value. Noting that Shelby County is on a four-year Reappraisal cycle, with the last reappraisal occurring in 2009. Reappraisals eliminate inequities that are created over time due to changes in the real estate market and ensure fairness and equity for property. Ralph stated that residential values dropped about 6.8% but that commercial properties increased 6.53%. Property owners can initiate an Informal Review process online, by telephone or by visiting the Assessor's office.

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Patrick Lawton stated that the city was looking for a roll up on the tax rate just to get back to square one with what's been lost in the reappraisal and then hopefully a few pennies will be added onto that to take into consideration appeals as there is gap that will have to be addressed in terms of excess revenues and over expenditures.

Patrick stated that he had met with department head and key budget people and put a spending freeze in FY13 on what the city is currently doing with the discretionary dollars that are available, travel and employee education, capital outlay and others things befitting of that category. FY14 in going forward to look at a number of things that are meaningful. Department heads were charged with going out and meeting with their people, keeping minutes of meetings and asking people for budget cut ideas, noting that these are not to be one time cuts but to be sustainable for the five year planning period. Submissions were turned in on March 8th and the City was able to eliminate \$1.3m in FY14 with substantial cuts in FY13 also. Capital Projects were looked at with the projects funded from the reserves also being halted, approximately \$1.5m.

Looking at the big picture, the City recently executed a new contract with the TPA, Third Party Administrator, and will get deeper discounts in the medical plan. Health plan changes will be taken to the Personnel Advisory Commission on March 20th, 2013 and include such things as not including spouses on City health insurance after July 1, 2013; increasing premiums January 1st 2014; making changes to prescription plans having mandatory mail order prescriptions. Retirement Fund, based upon actuarial assumptions, the City will recommend to the Retirement Planning Advisory Commission for new hires to participate in a new retirement plan effective from July 1st, 2013.

Patrick recommended that the last two FAC meetings be combined so that revenues and expenditures are looked at in the same meeting. The meeting was tentatively set for April 23rd

Ambulance Service

Patrick noted that the Fire had gone back and revisited the ambulance service numbers and reduced the cost to make it more manageable and competitive. This will be brought back to the FAC at a later date.

Adjournment

Hearing no further business Chairman Hardin called for a motion to adjourn the meeting. The meeting adjourned at 8:10pm.