



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, April 16th, 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 Special Revenue Funds
5. Any Other Business
6. Adjournment

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Financial Advisory Commission Minutes

Tuesday, April 16th, 2013, 6.00pm
Blue Room, 1920 S Germantown Rd

Members Present: Alderman John Drinnon, Vincent Correale, Eddie Cox, Glenda Brock, Clint Hardin, Russell Johnson, Julie Klein, Mark Kooker, Walter Krug, Howard Lasley, Christine Menzel, Harold Steinberg and Richard Wagoner.

Members Absent: Sudhir Agrawal, Rik Ditter, Sharon Hammer, Thomas Harrison, Frank Markus, Frederick Miller, Paul Mosteller, Paul Volpe and Leslie Wolfgang

Staff Present: Patrick Lawton, John Selberg, Ralph Gabb, Michael Stoll, Adrienne Royals, Jessica Brown and Sherry Rowell

Call to Order

Chairman Hardin called the April 16, 2013 Financial Advisory Commission meeting to order at 6:05 p.m.

Roll Call & Introduction

Mr. Gabb called roll and announced a quorum was present.

Approval of Minutes

It was noted from members that a question had been raised at the April 2nd FAC meeting and not been reflected in the minutes: If the Storm Water Fund was showing a cash balance, why could we not use this balance toward the City-wide drainage master plan? This will be corrected and added into the April 2nd minutes.

Mr. Lawton stated that staff had met with the BMA at a work session on the CIP. He noted that the Board members had considered the FAC advice and split between the General Reserves and the Storm Water Fund 50/50, this decision had been moving forward, but, as staff has been working on the budget and working on the presentation for the FAC meeting on April 30th of a balanced budget, five year planning model looking at the CIP and IRP. This project was taken out of the CIP because of the hit that it was taking on the reserves in general.

A member also noted that a question was raised at the last meeting regarding the GAC expansion design. Mr. Lawton responded that not only will the advisor chosen to perform the expansion design look at GAC's footprint but will also look outside the current GAC footprint for future expansion. This will be corrected and added to the April 2nd minutes.

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Chairman Hardin then called for approval of the minutes from the April 2nd, 2013 FAC meeting, with amendments

****MOTION****

Richard Wagoner moved to approve the minutes from the April 2nd, 2013 FAC meeting with amendments. Howard Lasley seconded and the motion passed unanimously.

Review of Special Revenue Funds

Mr. Gabb began the presentation by stating that the City has eight Enterprise Funds. These funds operate more in line with the public sector. User fees fund the enterprise operations and any shortfalls are funded from the General Fund. Special Revenue funds are set up for particular functions and fees are charged for the activities within that fund. Those fees stay within the fund and cover operating expenses and any improvements going forward.

Mr. Gabb stated that there were eight Special Revenue Funds: Automated Enforcement, Drug Asset Forfeiture, Federal Asset Forfeiture, Pickering Center, Recreation, State Street Aid, Ambulance Fund and Municipal School Fund. For FY14 the City was projecting \$7.4 million for the revenues and \$7.2 million for the expenses.

	<u>Revenues</u>	<u>Expenses</u>
Ambulance	\$ 2,262,462	\$ 2,027,935
Automated Enforcement	375,000	335,709
Drug Asset Forfeiture	350,000	245,750
Federal Asset Forfeiture	50,000	50,000
Municipal Schools	2,269,000	2,420,024
Pickering Center	65,000	38,375
Recreation	225,199	202,778
State Street Aid	<u>1,757,531</u>	<u>1,859,000</u>
TOTAL	\$7,354,192	\$7,179,571

Mr. Gabb referred to the presentation and explained the types of operations for each fund.

- Pickering Center - Provides programming for seniors, cultural arts, and private rentals
- Operation of facility

<u>CATEGORY</u>	<u>Actual FY12</u>	<u>Budget FY13</u>	<u>Estimated FY13</u>	<u>Amt Chg.</u>	<u>% Chg.</u>	<u>Budget FY14</u>
Professional Fees	\$ 15,650	22,500	18,500	2,500	13.51%	21,000
Supplies	2,492	4,500	1,700	2,800	164.71%	4,500
Allocations	2,324	2,800	2,300	300	13.04%	2,600
Capital Outlay	89,705	50,000	50,000	(50,000)	-100.00%	-
Utilities	7,688	10,150	8,425	1,850	21.96%	10,275
TOTAL	<u>\$ 117,859</u>	<u>89,950</u>	<u>80,925</u>	<u>(42,550)</u>	<u>-52.58%</u>	<u>38,375</u>

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- Drug Asset Fund - Expenses used for the City's drug-related fines and confiscations
- State law requires these resources be used in drug law enforcement
- Overtime for police officers assigned to drug enforcement
- Funds high school drug education
- Drug dog expenditures
- Confidential informants

<u>CATEGORY</u>	<u>Actual FY12</u>	<u>Budget FY13</u>	<u>Estimated FY13</u>	<u>Amt. Chg.</u>	<u>% Chg.</u>	<u>Budget FY14</u>
Personnel	\$ 41,036	81,000	81,000	-	0.00%	81,000
Communication	-	1,000	1,000	-	0.00%	1,000
Professional Fees	-	24,000	-	24,000	100%	24,000
Other Maintenance	-	5,000	5,000	-	0.00%	5,000
Supplies	84,108	132,869	132,869	(869)	-0.65%	132,000
Rent	-	750	750	-	0.00%	750
Capital Outlay	67,521	-	-	-	-	-
Utilities	2,213	2,000	2,000	-	0.00%	2,000
TOTAL	\$ 194,878	246,619	222,619	23,131	10.39%	245,750

- Federal Asset Fund - Expenditures in this cost center account for the use of money obtained from asset forfeitures to be used by the Police department. The federal government requires money seized from assets to be placed in a separate fund and then used by the Police department.

<u>CATEGORY</u>	<u>Actual FY12</u>	<u>Budget FY13</u>	<u>Estimated FY13</u>	<u>Amt. Chg.</u>	<u>% Chg.</u>	<u>Budget FY14</u>
Personnel	\$ -	25,000	25,000	-	0.00%	25,000
Supplies	6,204	75,000	27,000	(2,000)	-7.41%	25,000
TOTAL	\$ 6,204	100,000	52,000	(2,000)	-3.85%	50,000

- Automated Enforcement - 1.25 equivalent employees charged to this Fund
- Covers the expenses for leasing the automated enforcement equipment
- Includes expenses for the Alive-At-25 and Drivers Education programs

<u>CATEGORY</u>	<u>Actual FY12</u>	<u>Budget FY13</u>	<u>Estimated FY13</u>	<u>Amt. Chg.</u>	<u>% Chg.</u>	<u>Budget FY14</u>
Personnel	\$ 129,581	130,209	126,506	3,703	2.93%	130,209
Supplies	2,577	7,500	7,500	-	0.00%	7,500
Rent	112,719	196,800	23,575	151,425	642.31%	175,000
Grants	19,600	23,000	-	23,000	100%	23,000
TOTAL	\$ 264,477	357,509	157,581	178,128	113.04%	335,709

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- State Street Aid - Covers the expenses of city crews, street resurfacing, asphalt rejuvenation, street sweeping, and street striping - 7-8 miles
- Streetlight electricity
- Street Cleaning moved to Stormwater Management Fund
-

<u>CATEGORY</u>	<u>Actual FY12</u>	<u>Budget FY13</u>	<u>Estimated FY13</u>	<u>Amt. Chg.</u>	<u>% Chg.</u>	<u>Budget FY14</u>
Roads and Mains	\$ 1,431,391	1,800,000	1,693,635	(658,635)	-38.89%	1,035,000
Utilities	809,559	824,000	812,000	12,000	1.48%	824,000
TOTAL	\$ 2,240,950	2,624,000	2,505,635	(646,635)	-25.81%	1,859,000

- Recreation - Includes the following recreation leagues: youth basketball, adult softball, adult baseball, tennis, adult kickball, croquet, sports camps, cheerleading, community education, and Mayor's Cup 5K Race.
- Uniforms
- Awards and trophies

<u>CATEGORY</u>	<u>Actual FY12</u>	<u>Budget FY13</u>	<u>Estimated FY13</u>	<u>Amt. Chg.</u>	<u>% Chg.</u>	<u>Budget FY14</u>
Personnel	\$ 27	-	-	-	-	-
Professional Fees	119,092	130,667	117,534	16,124	13.72%	133,658
Supplies	44,893	55,270	54,670	(1,400)	-2.56%	53,270
Rent	1,375	4,250	1,700	2,550	150.00%	4,250
Allocations	10,692	11,600	10,550	1,050	9.95%	11,600
Capital Outlay	80,443	95,000	42,646	(42,646)	-100.00%	-
TOTAL	\$ 256,522	296,787	227,100	(24,322)	-10.71%	202,778

Numerous questions were posed by members and discussions ensued regarding automated enforcement, street paving and fees for cyclists using the City streets.

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Mr. Gabb handed over to Mr. Lawton who then stated that the BMA had approved the Administrations' recommended policy statement that City in engage in an in-house ambulance operation. In that action the BMA also directed the Administration to look at developing the necessary cost expenditures associated with having service up and running by July 1st 2013. Mr. Lawton then referred to the presentation and the handouts and explained the fund.

- Ambulance Fund - Covers expenses associated with providing in-house ambulance service.
- FY14 contains start-up cost
- 12 FTEs

<u>CATEGORY</u>	<u>Actual FY12</u>	<u>Budget FY13</u>	<u>Estimated FY13</u>	<u>Amt Chg.</u>	<u>% Chg.</u>	<u>Budget FY14</u>
Personnel	\$ -	\$ -	\$ 13,867	1,167,950	8422.49%	\$ 1,181,817
Communication	-	-	300	1,650	550.00%	1,950
Professional Fees	-	-	840	62,591	7451.31%	63,431
Insurance	-	-	1,250	13,750	1100.00%	15,000
Other Maintenance	-	-	-	1,000	100%	1,000
Supplies	-	-	24,550	77,989	317.67%	102,539
Rent	-	-	6,000	42,000	700.00%	48,000
Allocations	-	-	1,714	20,484	1195.10%	22,198
Capital Outlay	-	-	-	590,000	100%	590,000
Utilities	-	-	-	2,000	100%	2,000
TOTAL	\$ -	-	48,521	1,979,414	4079.50%	2,027,935

Members questioned what this would mean in terms of a projected property tax increase. Mr. Lawton stated that if the City did not collect revenue then the worst case scenario would be looking at a 7 cent adjustment, if the City collects the 65% of billings then it would be a 2 cent property tax adjustment. Members also questioned if the City had a five or ten year projection to follow to see how accurate the real costs are as opposed to projected costs. Mr. Lawton said that this fund would be monitored closely and that the Commission would be kept informed.

Another member stated his concern and questioned whether there had been sufficient data in the past as to the quality of service rendered. And going forward was there a plan in place to monitor the continuity of service? Chief Selberg stated that the City tracks the condition of the patients and that these are broken down into three categories; basic life support, ALS1 and ALS2, depending on what level of advance care is provided. This information is used to determine the level of fee that would be charged. After hospitalization, the only patients that the City is able to track would be the ones in full arrest. Chief stated that as far as tracking all patients, it is very difficult to track the outcome from the hospital because of the HIPPA guidelines.

A member asked about the type of measurements used for tracking quality of service. Chief Selberg stated that the City is able to track response times and also the patient condition from arrival at the scene until delivery to the hospital. Chief noted that there was a new software program for heart patients called Heart Net which tracks patients through the hospital. Mr. Lawton noted that another measure that the fire department has is patient satisfaction grading, and this can be transferred to the EMS also.

A question was asked as to where the revenue came from. Chief Selberg stated an estimate had been made of revenues and costs, and that approximately about 55% of patients were on Medicare. Insurance companies would be billed initially and anything that the insurance does not cover will be billed to the patient.

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It was questioned whether it was expected to improve on the call times once the service came into place. Chief answered that at this time when a call comes in the closest fire engine would be dispatched to the scene as these all contain paramedics. Currently, Shelby County Fire Department will then be contacted to have an ambulance dispatched, although most of the time they actually following the fire truck to the scene. By the time they arrive at the scene, the ambulance crew has been notified by Shelby County and officially dispatched thus seemingly making their response times very fast. With the new system the City ambulance will be dispatched immediately and only if a fire truck is required will it be dispatched.

Members said that response times would prove to be misleading as the ambulances that we have now would have a faster response time than those that will be provided under the new service. It was noted that currently the response time for the Fire Truck was approximately five minutes. Under the new service, ambulances would be housed at Farmington and Forest Hill. It was noted that there should be a time saving as the transfer between the fire department and the ambulance would not be occurring, but also that the patients information would be transferred directly to the hospital.

A question was asked as to whether it was expected to transfer current staff from fire trucks and engines to the ambulances and hiring 12 new people and what would the impact be. It was noted that there would be three more people hired for each shift and one of the existing employees would be reassigned to make the fourth person. All personnel hired would also be cross trained as fire fighters and will rotate around. Mr. Lawton stated there would actually only be 9 new hires and that three personnel from Truck 41 would be transferred. Chief stated that most of the new personnel would probably be hired from the reserve firefighters as these were already extremely well trained.

Chief Selberg stated that 1,751 patients were transported to the hospital last year, of which approx 70% went to Methodist hospitals.

Mr. Lawton noted that he would e-mail the PowerPoint presentation to members.

Mr. Lawton then went on to present the Municipal School Fund and referred to the presentation, stating the Tennessee House and Senate had passed the bill overwhelmingly and noted that the lobbyist had informed Administration that the passing of a companion bill had lifted the limitation on the number of school district in any county. Anticipating that the Governor will sign the legislation, a calendar had been put together of when certain things are going have to happen leading up to when the money would be spent on start up costs for opening of school doors in August of 2014. The BMA will have to take action on the ordinances (May 2013), reestablish referendum (special election July 2013), and election of school board (November 2013).

Mr. Lawton stated that the revenue projections for 2014 are associated with collecting the half-cent sales tax. The expenses associated with the start up costs in FY14 are based upon the initial cost projections provided to Administration in the consultant's report. The anticipated revenues being brought in FY14 with the half-cent sales tax plus a fund balance left over from FY13 will be enough to cover the costs during FY14. After the initial start up costs in the City will then be responsible for providing funding to help support the Germantown Municipal School System, the school system will get the DEP and ADA money and by State Law, the City has to contribute to the schools system.

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- Municipal School Fund - Expenditures in this cost center account for the use of money obtained from half a cent sales tax. They represent the start-up cost for the Germantown School System.

<u>CATEGORY</u>	<u>Actual FY12</u>	<u>Budget FY13</u>	<u>Estimated FY13</u>	<u>Amt Chg.</u>	<u>% Chg.</u>	<u>Budget FY14</u>
Personnel	\$ -	\$ -	\$ 511,119	793,732	155.29%	\$ 1,304,851
Communication	-	-	7,058	80,757	1144.19%	87,815
Professional Fees	-	-	417,223	(255,101)	-61.14%	162,122
Insurance	-	-	-	6,000	100%	6,000
Other Maintenance	-	-	-	3,600	100%	3,600
Supplies	-	-	-	20,860	100%	20,860
Rent	-	-	-	153,576	100%	153,576
Allocations	-	-	-	12,000	100%	12,000
Capital Outlay	-	-	-	640,000	100%	640,000
Utilities	-	-	-	29,200	100%	29,200
Grants	-	-	299,745	(299,745)	-100.00%	-
TOTAL	\$ -	\$ -	1,235,145	1,184,879	95.93%	2,420,024

Mr. Lawton then asked if there were any questions from members. A member asked if the new legislation addressed the school buildings. Mr. Lawton stated that it did not but that the City was looking at ways to try to address that situation either with discussions with the unified school board or possibly with legislation at some point. Mr. Lawton also stated that the referendum would be the exact same question as the last year's referendum.

A member asked whether the Germantown school would be just for Germantown students or whether they would be the same as the current attendance zones. Mr. Lawton stated that the BMA had said they were ready, willing and able take children who are in the current attendance zones and that had not changed.

Mr. Lawton stated that he was pleased with the results of the Bill being passed but that the half-cent sales tax increase was not generating what the City had hoped. He further noted that sales tax in general is down across the board but it is going to be able to cover the cost that is required.

Mr. Lawton noted that if any additional costs come up that are not covered then these costs will be transferred back to the fund.

Mr. Lawton also pointed out that in preparing for the budget, and with the half-cent sales tax, the City was able to allocate some of the revenues for school expenses in FY13, such as school resource officers, crossing guards, legal fees and GHS-TV.

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Chairman Hardin then called for approval of the Special Revenue Funds as presented.

****MOTION****

Harold Steinberg moved to approve the Special Revenue Funds as presented. Eddie Cox seconded and the motion passed unanimously.

Any other Business

Mr. Gabb stated that a member had raised a question at the April 2nd meeting as to whether the GAC was sitting with a lot of cash and a very high working capital. Mr. Gabb stated that the GAC cash fund is approximately \$2.6m and working capital about the same as the GAC does not have a lot of current liabilities. In FY11 \$1.1million was transferred for capital expansion which has yet to be used, there has been a good profit running since FY11, and its looks like it will be doing very well again this year. The city is proposing to move \$850,000 back from the GAC back into the General Fund as that is where the money originally came from, since the GAC is not using it. The city is waiting to see the entire financial picture of the city before they continue with this. There is a \$260,000 study being undertaken this year but any construction is still off at least until FY15 and if there are insufficient funds then we will relook at the General Fund to transfer money over if necessary or possibly a bond issue, if the project goes forward.

Adjournment

Hearing no further business Chairman Hardin called for a motion to adjourn the meeting. The meeting adjourned at 7.20pm