



CITY OF GERMANTOWN TENNESSEE

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Financial Advisory Commission Minutes

Tuesday, April 30, 2013, 6.00 pm
Blue Room, 1920 S Germantown Rd

Members Present: Alderman John Drinon, Eddie Cox, Rick Ditter, Sharon Hammer, Chairman Clint Hardin, Russell Johnson, Julie Klein, Walter Krug, Howard Lasley, Frank Markus, Christine Menzel, Julius Moody, Paul Mosteller, Harold Steinberg, Paul Volpe, Richard Wagoner, Leslie Wolfgang, Ald. Mark Billingsley

Members Absent: Sudhir Agrawal, Glenda Brock, Vincent Correale, Thomas Harrison, Mark Kooker, Frederick Miller

Staff Present: Patrick Lawton, Ralph Gabb, Sherry Rowell, Jessica Brown, Susan Hopson, George Brogdon, Michael Stoll, Andy Pouncey, Jeff Beaman, Adrienne Royals, Alderman Rocky Janda, Alderman Forest Owens

Others: Clay Bailey

Call to Order

Chairman Hardin called the April 30, 2013 Financial Advisory Commission meeting to order at 6:03 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 April 16, 2013 FAC meeting with amendments.

****MOTION****

Richard Wagoner moved to approve the minutes from the April 16, 2013 FAC meeting with amendments. Julius Moody seconded and the motion passed unanimously.

Review of General Fund

Patrick Lawton advised that two years ago the City raised property taxes (six cents) based on a two year funding model. He said although the six cents will get us through two years, there will have to be some type of significant revenue enhancement to sustain General Fund for FY14 and beyond. Mr. Lawton explained the proposed FY14 General Fund in detail via a power point presentation.

Julie Klein asked Mr. Lawton to clarify the elimination of spousal coverage for new employees. Mr. Lawton said that only if the spouse cannot get insurance any place else, he/she would be eligible for our insurance plan. However, if the spouse of a new employee can get insurance through his/her employer, then he/she would not be covered.

Mr. Lawton stated that property taxes have grown as a result of the proposed tax increase. Eddie Cox reported that property taxes were 58% last year and now 63.5% this year of overall revenues. This increase is especially good because we are highly dependent on property tax revenues.

A member stated his concern regarding a lead position for Economic Development. Mr. Lawton explained that a workforce analysis was done and it was determined that the City did not have a person on staff with a true level of expertise in economic development; Administration felt it would be best to contract this position out. The idea is to find an individual in the next two or three years who can develop the necessary skill sets and become that full time Economic Development “go-to” person.

After a brief discussion regarding retail sales in Germantown, Mr. Lawton advised that the Economic Development Strategic Plan determined that Germantown is still a very desirable place to be. He said although the market is strong, our product needs to be different and more attractive.

Howard Lasley questioned the transfer of funds in the State Street Pave Fund. Mr. Lawton advised that the amount of materials used for street paving has been cut back. He further stated that substantial cuts had also been made in the Capital Improvements Program. Projects with grants and state/federal funding will remain. Other projects are either moved out of the five year program or are being totally eliminated.

After clarification regarding expenditures for Fire/Safety and Animal Control, Eddie Cox suggested that the public should also be made aware of such explanations; the .445 tax increase is not *all* going into the City of Germantown’s pockets. Properly explain and let residents know that a certain amount is going towards the City’s new ambulance service. Mr. Lawton stated that the public is notified via public hearing, contacting of neighborhood associations, email, etc. Julie Klein suggested that the public should be made aware of the tax increase and how it impacts the schools. Mr. Lawton said this is addressed through a referendum question that inquires about the increase of a property tax rate to support municipal schools. After much discussion, members still felt that details of tax increase were not very clear in the minds of the Germantown residents.

A member asked if the .445 tax increase will be in place for the next five years as projected or will it carry over for seven or eight years as in the past. Mr. Lawton answered by stating that there are three factors that will need to be considered. Another “turn down” with the economy, strategic planning—retail changing dramatically within the next five years and having the best municipal schools in the county will determine how far the increase will take us.

One member spoke against the five year plan. He said with these economic conditions there is more uncertainty and angst over what is going on with property taxes right now. He feels the City should be much more conservative on the projected revenue increases over the next five years. The City should hold off on tax increases right now and wait to see what the economy and new school system brings. Another member wanted to know why is it costing so much more to run government. Ralph Gabb stated this was in part due to a decrease in property value for the past few years and also because there were more appeals for property value appraisals which resulted in an eroding recognition of revenue and expenses.

Mr. Lawton advised that a decision for a five year time line was based on the fact that large tax increases set for five years in the past have sustained eight or ten years in some cases. The same thought process was used for this model with consideration of the economic climate, new school system, work that is being done in Economic Development (bringing in

new businesses) and internal efficiency/minimizing expenditures. He further stated that a very large portion of funds are offset to maintain critical reserve levels.

A member stated that it is very important that the public of Germantown understands this five year plan so that they are in the right frame of mind come July 16th. More must be done to get the word out. Mr. Lawton said that there will be collateral material sent out prior to the vote on the 16th. Also, meetings will be scheduled to clarify and discuss budget and school issues with different civic groups and neighborhood associations.

Another member asked if the potential increase of property value from the proposed school system is reflected in the projected revenues over the next five years. It was explained that it is a four year assessment cycle. Mr. Lawton stated that Administration has taken a very conservative approach on our revenues and expenditures. We however are very hopeful; we anticipate what type of impact the Municipal Schools will generate in terms of increased property values.

Mr. Lawton's stated after twenty-four years of service as the City Administrator, he would not stand here and say this is the direction that we need to go in if he truly does not believe this to be the best course of action for the financial sustainability of our community. He recommended that we move forward with Administration's five year plan and tax increase.

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

****MOTION****

Eddie Cox moved to approve the FY14 General Fund as presented. Paul Mosteller seconded and the motion passed.

Any Other Business

None

Adjournment

Hearing no further business, Chairman Hardin called for a motion to adjourn the meeting. The meeting adjourned at 8:07 p.m.