



CITY OF GERMANTOWN TENNESSEE

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FINANCIAL ADVISORY COMMISSION MINUTES

Tuesday, February 18, 2014, 6.00 pm
Blue Room, 1920 S. Germantown Road

Members Present: Sudhir Agrawal, Glenda Brock, Vincent Correale, Eddie Cox, Rik Ditter, Clint Hardin, Walter Krug, Howard Lasley, Frank Markus, Frederick Miller, Richard Wagoner, Mark Holland, Christine Menzel, Dale Stover, Jonathan Turner, Christy Gilmour, Sidney Kuehn, Julius Moody, Julie Klein, Alderman Rocky Janda

Members Absent: Russell Johnson, Paul Mosteller, and Harold Steinberg

Staff Present: Patrick Lawton, Ralph Gabb, Sherry Rowell, Jessica Brown, Adrienne Royals, and Bo Mills

CALL TO ORDER

Chairman Moody called the February 18, 2014 Financial Advisory Commission meeting to order at 6:02 p.m.

ESTABLISHMENT OF A QUORUM

Ralph Gabb called roll and announced a quorum was present.

APPROVAL OF THE MINUTES

****MOTION****

Chairman Moody moved to approve the minutes from the August 13, 2013 Financial Advisory Commission meeting as presented. Mr. Hardin made a motion to approve and Mr. Miller seconded, the motion passed unanimously.

NOMINATION OF VICE-CHAIR

****MOTION****

Chairman Moody called for nominations for vice-chairman. Mr. Hardin made a motion to appoint Russell Johnson as vice-chair of the 2014 Financial Advisory Commission. Mr. Markus seconded and the motion passed unanimously.

PURPOSE STATEMENT /ROLE OF COMMISSION/ETHICS FORM

Mr. Gabb reminded everyone about the Code of Ethics form. He asked Commission Members to please review the contents and make sure that a signed copy is turned in.

Mr. Lawton also spoke about the Code of Ethics form. After a brief discussion on the origin of the form he explained that commission members are subject to many of the same conditions as elected officials because both are considered to be a “publically appointed body.” He further explained that all meetings are taped and open to the general public; reports, information that is shared, comments, etc. all become public record. Per Mr. Lawton, all of our business should be as transparent as possible to make sure that we meet the state’s “Sunshine” law which ensures that there is nothing “backdoor” going on with our proceedings and meetings.

FY 15 BUDGET CALENDAR REVIEW

Mr. Gabb referred to the FY 15 Proposed Budget Calendar. He advised at the next FAC meeting (March 18th, 2014) the City’s Enterprise Funds which includes the Utility Fund, the Germantown Athletic Club, the Great Hall, Stormwater and Sanitation will be discussed. He further advised at the third meeting (April 1st, 2014), we will review the Capital Improvement and Infrastructure Replacement program. The April 15th meeting has now been moved to April 22nd, 2014; the Special Revenue Funds will be discussed at that time. Per Mr. Gabb, the fifth and final meeting will be on April 29th, 2014 and the General Fund Revenues and Expenditures will be covered.

BMA RETREAT OVERVIEW

Mr. Lawton stated that twice a year the Board of Mayor and Aldermen conduct a retreat. In January the vision/mission and core values for the City are tested and the City’s strategic objectives for the year are discussed. Per Mr. Lawton, the retreat is structured with two or three main assignments and projects along with a SWOT analysis (strengths, weaknesses, opportunities and threats). This year the Financial Trend Monitoring System was introduced. It serves as our “*environmental scan*” identifying the things that impact the City the most. Mr. Lawton said in the middle is where the chart shows if there is something going south, a project or activity that is maybe struggling or a new mandate that is coming down the pike. What actions and/or policies are in place whereby the Mayor and Board can try to reverse or resolve the situation?

Mr. Lawton advised that the Board looks at the Strategic Plan and all of the strategic objectives to be accomplished during the year. These objectives are then incorporated into five Focus Area Cabinets (City Services and Finance, Public Safety, Environmental Quality and Economic Development) in which Mr. Lawton meets with throughout the year on a quarterly basis to report and monitor progress towards each goal which is then reported back to the Board.

Mr. Lawton said the things in which the Mayor and Board want to see move forward and will have a budgetary impact include 1) two major Capital Projects that we are engaged with right now (Lateral G and Intersection of Germantown Road and Wolf River Boulevard) and 2) Schools (transfer of buildings/signed contract and funding). He also mentioned the Utility Fund (possible rate increase), changes to the existing pension plan (RPAC & OPEB) and changes to the Health Fund (wellness program/clinic).

FINANCIAL TREND MONITORING SYSTEM

Ms. Royals advised that the Budget Team has been looking at the Financial [inaudible] for years however; this was the first time that it was presented to the Board of Mayor and Aldermen for a policy decision. Referring to a handout, Ms. Royals advised that green means everything is okay and no warning trends have been detected, yellow means cautious and some trending (perhaps negative) is present, and red is a flag indicating that attention is needed by identifying the problem and possibly coming up with a solution. She said all of the revenue measures are in the green especially Revenue per Capita which shows that our revenue is proportional with the City’s growing population. If the population is stable but the revenue has changed either up or down means that

something is resonating. If trending downward the warning signal could be that the City is not sustaining its current [inaudible] and thus its current service level. She further advised that Expenditures per Capita is also in the green, however Fringe Benefits are in the yellow mainly because of healthcare and health cost expenses. Per Ms. Royals, we will most likely see improvement for this particular measurement in next year's budget. She said at this month end, compared to December 2013, we have a million dollars of savings in the [inaudible]. Mr. Lawton added that the bidding out of our "stop-loss" produced approximately a half million dollar savings.

Ms. Rowell spoke briefly on the Utility Fund. She advised that water sales were approximately 22% below budget. The total budget is roughly \$4.7 million this year; last year the budgeted amount was about \$4.8 million and the actual amount for the sale of water was \$4.1 million which resulted in a \$600,000 loss.

Ms. Brown talked about some of the Environmental Factors of the Financial Trend Monitoring System. She said Community Needs Resources (retail vacancy rate) is yellow in the area of retail vacancy rate. Per Ms. Brown, the City is using its Economic Strategic Plan to counteract this trend and get more business in Germantown. She explained that Intergovernmental Constraints (mandated expenditures) means that a cost has been mandated by the State or Federal Government (OPEB, Stormwater fees). All of these measures are trending in green. Disaster Risk, also in green, is all of the potential risks that the City might have. And the final factor, External Economic Conditions is measured through an annual community survey and also a Boards and Commissions survey.

OTHER BUSINESS

No other business.

ADJOURNMENT

On hearing no further business, Chairman Moody asked for a motion to adjourn. Mr. Hardin made a motion to adjourn and Mr. Cox seconded, the motion passed unanimously. The meeting adjourned at 7:15 p.m.