



# CITY OF GERMANTOWN TENNESSEE

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## **FINANCIAL ADVISORY COMMISSION MEETING MINUTES**

Tuesday, March 18, 2014, 6:00 pm  
Multi-Media Room, Great Hall & Conference Center  
1900 S. Germantown Road

**Members Present:** Sudhir Agrawal, Glenda Brock, Vincent Correale, Eddie Cox, Rik Ditter, Clint Hardin, Russell Johnson, Walter Krug, Howard Lasley, Frank Markus, Paul Mosteller, Harold Steinberg Richard Wagoner, Christy Gilmour, Sidney Kuehn, Julius Moody, Julie Klein, Alderman Rocky Janda

**Members Absent:** Frederick Miller, Mark Holland, Christine Menzel, Dale Stover and Jonathan Turner

**Staff Present:** Patrick Lawton, Ralph Gabb, Sherry Rowell, Adrienne Royals, Jessica Brown, Bo Mills, Phil Rogers, Joe Nunes, Nick Dahl, George Brogdon, Tim Bierdz, Cameron Ross, Mark Sharp, Kim Knop, Harry Sullivan and John Waggoner

### **CALL TO ORDER**

Chairman Moody called the March 18, 2014 Financial Advisory Commission meeting to order at 6:04 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 February 18, 2014 Financial Advisory Commission meeting as presented. Mr. Wagoner made a motion to approve the minutes, Mr. Hardin seconded and the motion passed unanimously.

Mr. Gabb announced that enterprise funds will be discussed at tonight's meeting. He stated that these funds operate and perform similar to any business (depreciation, fees for services, assets on books, etc.).

Russell Johnson updated everyone on the FAC Sub-Committee which was formed to discuss a possible increase to our water and sewer rate. Per Mr. Johnson, because the utility fund is an enterprise fund, services must be paid for and as it stands right now, related expenses for the fund have been outpacing the income received. He said that reports had been compiled by consultant, John Chlarson of the University of Tennessee Municipal Technical Advisory Service showing utility budget projections for fiscal years 2016 through 2019. Mr. Johnson further advised that after many considerations including Mr. Chlarson's study and Mr. Gabb's year-to-date audited

financial statements, it was recommended that utility rates be increased by 30% (minimum) for the next two years; at that time, the rate and pilot program will be re-evaluated once again.

### **FY15 UTILITY FUND**

Mr. Bo Mills spoke on current and increased water and sewer rates of an average residential water bill for 10,478 gallons. He said that the majority of our customers are much lower than this coming in at approximately 6,000 or 7,000 gallons per month. He further advised that for FY15 Revenues is budgeted at 8.8million which is a 2.4 million increase of the FY14 budget and Expenses for FY15 is approximately 4% increase over the FY14 budget. Mr. Mills said the Aeration Tower refurbishment project and Commercial/Residential Water Meter Replacement program are two new major achievements for FY14 that have been approved by the Board of Mayor and Alderman. Annual programs such as the Sewer/Manhole Rehab project and Well and Pump Maintenance will be continued in FY14. Mr. Mills also mentioned the Blue Grass Lift Station Refurbishment project which will address and rebuild an old, worn out station located on Blue Grass Lane west of Riverdale. Per Mr. Mills, a State of Tennessee Sanitary/Sewer survey on the City's water treatment plant was conducted and we scored 99% out of a possible 100. Mr. Mills said revitalization will continue through FY15 by relining pipes and manholes. Approximately twenty miles of sewer will be videotaped in order to prevent infiltration and blockage. After much discussion on several more FY15 projects, Mr. Mills explained that because the water system is Germantown's greatest natural resource it must be secured and protected so that it is ready for the citizens of Germantown. He also explained that the Farm Park buildings and bathrooms are currently on septic systems; \$105,000 will be used to run sewer to this site.

Chairman Moody called for approval of the Utility Fund budget with the inclusion of the 30% rate increase.

### **\*\*MOTION\*\***

Mr. Johnson moved to approve the Utility Fund budget as presented. Mr. Cox seconded and the motion passed unanimously.

### **FY15 STORMWATER FUND**

Mr. Mills stated that actual revenues are declining due to fee appeals and changes in the law while operating expenses are on a slight increase. Per Mr. Mills, some of the achievements for FY14 are the Annual Street Sweeping contract, the Annual Leaf Removal Program, and the Annual Monitoring Program (visual surveys of the streams). He said the quarterly Wolf River Water Quality Index monitoring will be continued as well. For FY15 as part of the MS4 Program a stormwater management First Flush Alternative will be implemented and existing infrastructures will be restored. Mr. Mills advised that a draft for the Stormwater Management Plan has been completed however, there are a few details to be finalized. He further advised that a 1994 model ReVAC and 1998 753 Bobcat six gear loader will be replaced with newer models this coming fiscal year. As for CIP, Mr. Mills said there are a few annual miscellaneous drainage improvements whereby contractors can come in and do "hot spot" repairs on our drainage system (paid from the stormwater fund).

Chairman Moody called for approval of the Stormwater Fund budget.

**\*\*MOTION\*\***

Mr. Cox moved to approve the Stormwater Fund budget as presented. Mr. Hardin seconded and the motion passed unanimously.

**GERMANTOWN ATHLETIC CLUB FUND**

Mr. Phil Rogers advised that Operating Revenues for the FY15 Athletic Club Fund budget increased by 10.5% and Operating Expenses decreased by 5.9% mainly because of the restructuring of staff. He said that there is a budget increase for Personnel because the Club is a little short staffed right now; he hopes to fill some positions during FY15. After Mr. Rogers went over the Club's mission statement, he gave a brief history and advised that the twenty-fifth anniversary is coming up. He said within an approximate two mile radius there are about twenty-two health club offerings other than the Athletic Club. Mr. Rogers said the five things in place to help drive business is: 1) What can we do to help people meet their goal, 2) How can we provide good customer service, 3) What can we do to keep the Club exciting, 4) How do we keep our customers involved after the membership sale and 5) How do we reinvest back into the Club to make sure that we are still providing the best quality. He said in FY13 the Club cleared \$526,741 and was able to give back \$850,000 to the general fund. For FY14 the estimated Net Operating Income will be a little over \$700,000 which means that we are trending in the right direction. Per Mr. Rogers, projects for FY15 include an increased focus on personal training and continued development of the new training model (multiple project), update of management software, improve memory retention and continual reinvestment back in the Club with staff, membership and the facility. He further advised that equipment which has been leased in the past will be a lot more cost effective if we were to make a CIP purchase, keep it for the life span, and then depreciate it out. Also, according to Mr. Rogers, phase I of a very large Club renovation is hopefully set to start soon.

Chairman Moody called for approval of the Germantown Athletic Club Fund budget.

**\*\*MOTION\*\***

Mr. Hardin moved to approve the Germantown Athletic Club Fund budget as presented. Mr. Cox seconded and the motion passed unanimously.

**FY15 SANITATION FUND**

Mr. Joe Nunes presented on the FY15 Sanitation Fund. He said Operating Revenues for FY15 totaled \$2.5 million which is a .2% decrease from FY14 and Expenses for FY15 increased by 4.2% over FY14. Mr. Nunes advised that the slight decline in revenue is primarily due to recycling rates; last year the rates that we were getting for recyclable materials were considerably higher (decreased from \$40-\$50/ton to \$25/ton). Mr. Nunes further advised that liquidated damages are up as a result of so many customers choosing curbside trash service. He said once again, there will be no forecasting in fees (increase) for this year or for FY16. The goal is to maintain the fee at the current level and draw down the fund; there is however a FY17 budget projection for a fee increase of \$3.00 per month. Mr. Nunes spoke briefly on service issues. He said that now household trash has met the service levels that are outlined per the contract. The current issue is primarily service for yard debris. Per Mr. Nunes, contractors are getting new equipment and changing out some of their older/worn equipment here in Germantown. An extensive study was conducted to determine if this particular service could be brought in house. The conclusion was that the City could probably provide a higher level of service at the same or reduced price, however the cost to get started (8 to 10 million) was the leading factor as to why this could not be done right now.

Chairman Moody called for approval of the Sanitation Fund budget.

**\*\*MOTION\*\***

Ms. Gilmour moved to approve the Sanitation Fund budget as presented. Mr. Steinberg seconded and the motion passed unanimously.

**FY15 GREAT HALL FUND**

Mr. Nick Dahl advised that the Great Hall Fund is expected to reach \$398,000 in revenues for FY15 which is a 3.2% increase over the FY14 budget. Operating Expenses budgeted for \$545,000 is a .2% increase over the FY14 budget. Mr. Dahl further advised that one of the initiatives for FY15 is to continue to create positive word of mouth [inaudible] an excellence and superior value. He said that 83.7% people marked that they were “extremely satisfied” on a recent survey for the Great Hall. Other initiatives include increased awareness and drive inquiries through marketing tactics such as social media, websites, print and broadcast media, tradeshow, networking, sales and other marketing avenues as well as exploring and developing new growth opportunities. Per Mr. Dahl, catering surcharges and an in house decorating service are other ways of generating increased revenue for the Great Hall. He also stated that one of the FY15 CIP is the Patio Project which will improve the Hall’s competitive position and boost rental revenue by way of a lobby expansion and patio renovation. Mr. Dahl said that this facility is the only one of its kind in Germantown and there are very few facilities such as this on this side of Poplar and I-240.

Chairman Moody called for approval of the Great Hall Fund budget.

**\*\*MOTION\*\***

Ms. Kuehn moved to approve the Great Hall Fund budget as presented. Ms. Gilmour seconded and the motion passed unanimously.

Mr. Gabb reminded everyone of the next Financial Advisory Commission meeting on April 1<sup>st</sup>, 2014 in the Blue Conference Room at 6:00 p.m. Topics to be discussed are CIP and IRP

**OTHER BUSINESS**

No other business.

**ADJOURNMENT**

The meeting adjourned at 8:24 p.m.