



CITY OF GERMANTOWN TENNESSEE

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FINANCIAL ADVISORY COMMISSION MEETING MINUTES

Tuesday, April 14th, 2015, 6:00 pm

Blue Conference Room -- Economic & Community Development Building
1920 S. Germantown Road

Members Present: Christy Gilmour, Clint Hardin, Mark Holland, Alderman Rocky Janda, Russell Johnson, Juliet Klein, Walter Krug, Howard Lasley, Jason Lowe, Michael McLaughlin, Christine Menzel, Chris Miller, Frederick Miller, Julius Moody, Paul Mosteller, and Donnie Rose

Members Absent: Sudhir Agrawal, David Jackson, Michael New, David Rea, Dale Stover and Jonathan Turner

Staff Present: Patrick Lawton, Ralph Gabb, John Selberg, Jeff Beaman, Pam Beasley, Natalie Ruffin, Daniel Page, Phil Rogers, Jessica Brown, Sherry Rowell, Reynold Douglas, Richard Hall, Butch Eder, Lisa Piefer, Tim Gwaltney and Cameron Ross

Others Present: Alderman Mary Ann Gibson

CALL TO ORDER

Chairman Moody called the April 14th, 2015 Financial Advisory Commission meeting to order at 6:00 p.m.

ESTABLISHMENT OF A QUORUM

Ralph Gabb called roll and announced that a quorum was present.

APPROVAL OF THE MINUTES

****MOTION****

Chairman Moody moved to approve the minutes from the March 31st, 2015 Financial Advisory Commission meeting. Mr. Hardin made a motion to approve the minutes as corrected. Mr. Miller seconded and the motion passed unanimously.

REVIEW OF SPECIAL REVENUE FUNDS

Mr. Gabb explained that there are eight Special Revenue Funds which are just a little different from Enterprise Funds. These are governmental type funds used to account for the proceeds of specific revenue sources that are

restricted or committed to expenditures for specific purposes other than debt service or capital projects. He recalled that an Enterprise Fund is a proprietary type fund that is used to report activity for which a fee is charged to external users for goods or services.

1) STATE STREET AID FUND

City Administrator Patrick Lawton stated that this fund covers the expenses of City crews, street resurfacing, asphalt rejuvenation, street sweeping, street striping and streetlight electricity. He further advised that revenues in this fund are the portion of the escrow tax dollars that come back to the City of Germantown on a per capita basis. The revenue is used for Contract Street Maintenance Program which mills and paves a certain number of miles of street per year. This year the amount of anticipated paving has been increased to almost ten miles which is where we want to be in terms of a dollar amount. The other main expense in the State Street Aid Fund is Utilities which is our cost that is paid to Memphis Light, Gas and Water for streetlight electricity throughout the City. Mr. Lawton said although FY16 Revenue for State Street Aid from the State is just over a million dollars, it does not cover everything; there is another \$1.8 million in the form of a transfer in from the General Fund to help support the street sweeping contract and pave so many miles of street every year.

2) AUTOMATED ENFORCEMENT FUND

Police Chief Richard Hall spoke on the Automated Enforcement Fund. He stated the City has not been under contract for the last several years however, a vendor has been selected via the bid process which will hopefully go before the Board of Mayor and Alderman on May 11, 2015. The same guidelines will be used whereby payment will go to the screening officer (per State statute, an officer has to verify every violation); with this contract, the vendor will pay for the back end processing cost which includes part of the salary for the court clerk. Chief Hall further stated that the Automated Fund will cover expenses for programs such as Drivers Education and Alive-at-25 at Houston High School.

3) DRUG ASSET FORFEITURE FUND

Chief Hall advised that State and Federal laws allow local governments and law enforcement agencies to receive the proceeds from personal property and cash if it is proven that those assets were used in criminal activities such as selling, manufacturing and the distribution of illegal drugs. State law requires that these resources be used in drug related law enforcement expenses such as supplies, special equipment, overtime for enforcement officers, high school drug education, drug dog expenditures and confidential informants. The State Drug Asset Forfeiture Fund includes an officer that is on a State program under District Attorney, Amy Weirich's team called the West Tennessee Drug Task Force.

4) FEDERAL ASSET FORFEITURE FUND

Chief Hall then explained that The Federal Drug Asset Forfeiture Fund includes full time officers assigned to programs such as the DEA, FBI, and the Secret Service; if there is a seizure anywhere in the State (i.e. Memphis International Airport) by one of these task forces, Germantown gets a percentage of the proceeds. Expenses include needed resources and personnel training and Revenues are received from the Federal Government and are based upon the City's assistance and participation on forfeiture cases. Revenues are also obtained from asset forfeitures.

Mr. Gabb explained that because of State and Federal laws, this money is not in any way co-mingled with City funds; the City uses SunTrust Bank for its primary accounts while funds for the Drug Asset and Federal Asset

Forfeiture accounts are kept with First Tennessee Bank to ensure that these monies are not mixed in with other City funds. There is a separate audit on both funds and only three individuals (Chief Hall, Patrick Lawton and Mayor Palazzolo) are able to sign off on the account.

5) RECREATION FUND

Recreation Superintendent Natalie Ruffin presented the Recreation Fund. She advised that this fund is managed under the Parks and Recreation Department and is supported by program participation fees as well as late fees. It includes recreation leagues such as youth basketball, adult softball, adult baseball, tennis, adult kickball, croquet, sports camps, cheerleading, community education and the Mayor's Cup 5K. Related expenses are dedicated to paying the part-time coaches and officials, uniforms, sports equipment and trophies/awards. This fund also includes before/after school and intramurals programs for GMSD. Ms. Ruffin recalled last year when the Parks and Recreation Department was developing a partnership with GMSD. Going into FY16, Ms. Ruffin said they would like to continue to build on this relationship and to gain a pilot program which is the *Intramural Program* which will be modeled after the enrichment programs that have been around for several years now. It will be offered in the fall and spring at Riverdale, Houston Middle and Houston High schools. Ms. Ruffin further advised that a budget increase has been requested for Personnel cost in FY16; they would like to take the existing REACH Manager position out of the General Fund and put it in the Recreation Fund to lessen the impact to the General Fund and better serve the Recreation Fund. Mr. Lawton added that the afterschool program and Recreation Fund has definitely been a success given what has taken place the first year to get things up and running. Ms. Ruffin said during registration the department was "blown away" because of so much interest. Currently, there are 100 punch-card users and approximately 200 plus participants.

6) PICKERING CENTER FUND

Ms. Ruffin advised that the Pickering Center Fund is a rental facility that is managed by the City's Parks and Recreation Department. It is used for senior citizen programming, instructional programs and private rentals including parties, meetings and other community events. This fund is also supported by program participation fees as well as facility rental fees. There is a bond that covers expenses for all the senior classes, dances, bridge games, and cultural arts, instructional programs, special events, special workshops, day trips, extended overnight trips and for the operation of the facility itself. Ms. Ruffin further advised that a slight increase has been requested for FY16 for Professional Fees to cover instructor cost and also for Supplies to replace tables and chairs.

7) FARM PARK FUND

Pam Beasley, Director of the Parks and Recreation Department began by stating that the Bobby Lanier Farm Park is a special use park facility focusing on sustainable education and demonstration; this is the newest park that is in its third year of operation. Per Ms. Beasley, the Farm Park budget supports all of the educational programs and events of the park as well as the *Community Garden* project. Ms. Beasley further stated that the park's niche is adult educational programs with the target audience being homeowners that are interested in enhancing their landscaping production, irrigation costs and selecting sustainable plant material. The Tennessee Office of Sustainability has designated the Farm Park as one their educational facilities to do programming for the west district workshop. Ms. Beasley advised that the Farmer's Market is one of the primary programs of the park; last year's attendance (over 7,700) was a little lower than the first year (10,000 attendees) due to rain.

Ms. Beasley recalled last year's presentation when it was said that a State grant would be applied for to help rebuild one of the old shed structures and make it into a multi-use facility to support the farmer's market and other events in the event of rain. According to Ms. Beasley, this structure could create the potential for a new stream of revenue because of its categorization as rental income; it will not compete with the other rental facilities that we

have throughout the City. Although it will be rented out, our mission is not to be a rental facility, but to offer rentals as a way of subsidizing the cost of operating the farm. In the FY16 budget, Ms. Beasley said that over \$28,000 has been projected as income from holding eight rentals; as the rental business grows, it is hopeful that rentals will max out at approximately \$65,000 for twenty rentals per year. She further stated that partnerships are continually being pursued throughout the community; there are approximately thirty-three organizations including schools, businesses and service organizations that support the Farm's mission.

8) AMBULANCE FUND

Chief Selberg talked about the Ambulance Fund. He stated that the Ambulance Service consists of four ambulances, three are staffed full-time and one is a backup/reserve ambulance with all personnel being Fire Fighters that rotate back and forth. He further stated that a private billing service is used and has brought in so far \$803,395 for the first year; \$756,681 came in by September 1, 2014 and was posted in FY14 while the rest has been posted to FY15. There was a 65% revenue projection for the first year however, actual revenue received was 79%; because there is \$300,000 worth of charges outstanding at this time, the City has hired a debt collection service that will kick off on May 1st to work on bringing in additional revenue. For FY15, \$835,936 was projected for total revenue; currently, revenues total \$559,943 (67%). Chief Selberg said the department will continue to bring in revenue for FY15 through August, 2015 (two months into the new fiscal year) keeping them on track to meet the budget revenue projections for FY15. As for FY16, revenue projections total \$880,000 and include not only an anticipated increase in transports but also a 3.5% increase in transport fees and income from the debt collection service. FY16 plans include lightening the staff by removing three Fire Fighters which will eliminate the need for a third Ambulance that will be stationed with Engine 93; next year the third staffed Ambulance will be moved to Station 2 at Dogwood Road. This in turn will improve response times in District 2 and also easily provide backup to the other two ambulances from Station 2.

Chief Selberg then compared the Ambulance Budget to the Fire Department Budget. For FY13 there was no Ambulance Service. In FY14, revenue from the service helped to save the department \$700,550. In FY15 (\$802,241) and FY16 (\$314,042) are anticipated savings as a result of the Ambulance Service. Chief Selberg stated if nothing else, this certainly shows that we have been successful by impacting the City in such a positive way. He then pointed out the following important facts:

- *The City incurred no additional cost to start the Ambulance Service.*
- *Funding for the Ambulance Service comes from the Fire budget plus revenue.*
- *The City has saved approximately \$600,000 annually by taking over the Ambulance Service.*
- *Ambulance Budget Transfer was reduced by \$500,000 in FY15 to limit surplus.*

Chief Selberg said that he is most proud of the customer service that is provided by his team. He said that paramedics stay with the patient from the moment they get there all the way to the hospital. Also, post survey results are good indicating that citizens are happy with the Ambulance Service; 98.8%=Above Average or Outstanding and 92%=Outstanding. The overall rating is 4.92 out of 5 and also there were many great comments from the customers. Per Chief Selberg, our cardiac arrest survival (ROSC) rate is 35% for all cardiac arrest (including flat line) and 55 % for workable rhythms.

He then explained that the department has a partnership with the Germantown Methodist Hospital called the *HeartSafe* program which:

- Enhances cardiac and stroke care in the community and helps with cardiac and stroke survival

- Provides training for CPR and AED (9th and 11th graders in high school and quarterly classes offered to the community)
- Pushes for more AEDs (Automatic External Defibrillators) throughout the community
- Provides joint training, including how to improve the overall emergency medical system
- Commitment to the community on health and survivability

CIP – 5TH AMBULANCE

Chief Selberg restated that there are four ambulances, three staffed and one backup. The one backup has proven to be insufficient especially during periods of heavy call loads. Whenever an ambulance is out of service, such as recently when work was being done for several weeks on one of the trucks resulted in calling for a private ambulance service more than once a day; currently, a private Ambulance Service is used to provide backup for the City approximately sixteen times per month. A fifth ambulance would allow a second backup ambulance staffed by paramedic and EMTs from the Fire Engine when needed. Also, a fifth ambulance will assure better backup for the staffed ambulances and allow up to five calls at a time without the need to call for a private ambulance service. This in turn will improve operational capacity to handle back-to-back medical calls, greatly reduce need to rely on private ambulance services and assure that our citizens receive exceptional service from Germantown's Ambulance Service. A cost of \$198,000 includes the cost of the vehicle itself (\$150,000) plus equipment such as a defibrillator and radios.

****MOTION****

Mr. Johnson made a motion to fund a fifth ambulance. Mr. Miller seconded and the motion passed unanimously.

CAPITAL IMPROVEMENTS PROGRAM

Mr. Lawton said the Capital Improvements Program (CIP) is a short range plan of five years in which we look at the capital needs of the City and try to identify the appropriate funding source for the projects; It gives the opportunity to accurately plan in a fairly short time frame by looking at the funds that need to be allocated, identify grant opportunities, consider venturing into the bond market and reduce borrowing cost overall. Mr. Lawton further stated that CIP is funded from a variety of sources such as the General Fund Reserve, Grants, State funds and bond sells. Mr. Lawton explained that all of the capital projects that are submitted to the City from all of the various departments go through the Capital Improvements Review Team who in turn take a cut of the capital projects and weigh them against the City's Financial Policy to make sure that the project is worthy to go forward. The Funding Policy is also referenced to make sure we can actually subsidize the project.

A) GENERAL GOVERNMENT PROJECTS

1) Parks and Recreation Building – Exterior Improvements (\$110,000). This is the old City Hall and old Fire Station #1. It is in need of a new roof, windows, painting and rotten wood needs to be replaced and 2) Fire Engine F-148 (\$760,000) is seventeen years old and now needs to be replaced; parts availability goes only ten years back and maintenance cost increases every year. The F-148 will be shifted from front line service to reserve status.

B) MAJOR ROADS PROJECTS

1) Wolf River Boulevard Milling and Paving--East (\$1,722,000) – During all of the heavy construction on Wolf River Boulevard Extended, large trucks damaged both ends of Wolf River Boulevard. In FY15, the plan was to spend dollars and repair the two ends however, because Kimbrough to Germantown Road is in such bad disrepair, the entire area is going to have to be repaved which is going to eat up all of the dollars that is available for Wolf River milling and paving. The plan going forward is to take money from the FY15 McVay Road project and move those dollars over to the Wolf River Boulevard milling and paving from Farmington Boulevard to Houston High School.

2) Germantown Road Realignment (\$150,000) – This realignment project is in Germantown's central business district and was identified in 2007 as a result of the 20/20 plan. It will realign Germantown Road and then reconnect with Germantown Road versus traveling through West Street and North Street. Because the City has been able to secure funding through an MPO for this project and because of the work that is presently being done in the central business district, Mr. Lawton feels that it is important to move forward with this project. The \$150,000 proposed in FY16 is to finalize plans, construction drawings and bid documents for the right-of-way acquisition that is scheduled for FY17; the total cost for the right-of-way is estimated to be approximately \$2.4 million excluding construction cost which is not available at this time.

3) Poplar Avenue Culvert Replacement Phase III (\$600,000) – Galvanized metal culverts that run underneath Poplar Avenue are deteriorating and are in need of repair or replacement. Mr. Lawton said this project is being fully funded (100%) by State and Federal Governments. For FY16, it is anticipated that eight culverts will be replaced.

4) Wolf Trail Cove Preliminary Engineering & Environmental Design (\$250,000) – This project will provide an extension of Wolf Trail Cove (behind Waffle House) from Germantown westward to connect with Wolf River Boulevard and provide a bypass route for traffic southbound on Germantown Road. Mr. Lawton said this will have a positive impact on the flow of traffic in that area however, it does not improve the actual movement of traffic a whole lot. This project is funded 100% by the City of Germantown.

C) INTERSECTIONS

1) Wolf River Boulevard and Germantown Road Improvements (\$250,000) – In short, this project will provide traffic signal modification and additional lanes at the Wolf River Boulevard and Germantown Road intersection. Part of the work that is taking place now is the finalization of the final design for the FY17 right-of-way acquisition. This project is 100% State funded and is estimated to cost approximately \$500,000.

2) Bicycle Facilities Program (\$25,000) – This program will restripe existing bike lanes, install new bike lanes, install signage and install bike racks at City facilities with a focus on areas that are especially near public schools.

3) Western Gateway Transportation Study (\$70,000) – Area at the west end of the City near Poplar Avenue and Kirby Road (approximately fifty-eight acres) has been involved in a study to rezone the property to a *Smart Growth* code and is now called the Western Gateway area. In order to understand how the traffic flows, the City is being proactive by developing a transportation plan to provide a blueprint for a safe and efficient transportation system.

4) Safe Routes to School (\$200,000) – This project creates opportunities for elementary and middle school students to safely bicycle and walk to and from schools. Infrastructure improvements include new sidewalks, bike lanes and signage. Increased physical activity that leads to a healthier life style, enhanced neighborhood schools, reduced traffic and air pollution around the schools are some of the benefits of this program.

D) DRAINAGE

- 1) Miscellaneous Drainage Improvements (\$50,000) – Addresses not only small isolated drainage problems in residential areas and the public right-of-way but emergency problems that do not require detailed plans and specifications.
- 2) Cameron Brown Park Drainage Improvements (\$210,000) – Drainage outfall is causing extreme erosion to the drainage ditch and the surrounding area. This project will provide stabilization for the severely eroded ditch bank between the baseball fields and restroom facilities.
- 3) Grove Park Lake Outfall Repairs (\$210,000) – To repair outfall that is in danger of collapsing as a result of severe erosion to the discharge pipe.
- 4) Lateral G Phase I Construction (\$1,100,000) – This is a project that the City would like to complete in two phases where funding will come from FY16 and FY17. An engineering study was done a year ago and all alternatives were considered to fix the flooding and drainage problems associated with Lateral G. Mr. Lawton advised that post recession, this project got pushed back and is now being re-visited. Once repaired, Lateral G will reduce the potential for flooding and achieve a revision of the *FEMA 100 Year Flood Plain Map* for this area. Meetings with representatives from Houston High School have taken place to discuss the impact that construction is going to have on their playing field which is used for band, football and a number of other activities.

E) PARKS

Wolf River Boulevard Greenway Trail Connectors (\$1,700,000) – Will provide a connector from the new trail head to Neshoba Park and also provide a connector from Cameron Brown Park to Farmington Boulevard.

F) GERMANTOWN ATHLETIC CLUB

Athletic Club Improvements Phase I Construction (\$1,500,000) – Improvements will be done in three phases. Phase 1 includes improvements to the upper and lower levels north of the membership desk and east of the gym (staff office area, children's area, spin class room and meeting rooms). There will be significant improvements to HVAC, plumbing and electrical systems as well.

G) THE GREAT HALL AND CONFERENCE CENTER

Great Hall Lobby Expansion (\$155,000) – This project include expansion of the lobby area, removal of the inside walls and doors surrounding unused stairwell and the addition of a new floor over the stairwell creating additional space.

H) UTILITIES

- 1) Western Gateway Sewer Basin Study (\$213,000) – This study includes both east and west basins whereby the water and sewer needs in this area are examined to determine if the existing sewer system is capable of handling the influx of larger buildings as a result of the Smart Growth plan. Study elements include 1) Asset evaluation (size, material type, condition); 2) Flow monitoring (both dry and rainy conditions); 3) Hydraulic modeling; 4) Full build-out flow projections and 5) Master plan options for future improvements.

2) Lateral D Sewer Crossing Protection (\$1,900,000) – This will protect the sewer that crosses Lateral D for several hundred feet (north and south) and also will aid in stabilizing the severely eroded stream bank north of the sewer crossing that could potentially effect some of the homes located downstream.

Mr. Lawton talked about the Preliminary Funding Model. He explained that this funding model is consistent with the City's financial policies. According to this model, proposed FY16 CIP Projects are to be funded from reserves coming from the Great Hall, the Utility Fund and the Athletic Club (\$2,533,000); \$1,230,000 will be taken from the Hall Income Tax, consideration of issuing debt (Bonds) in the amount of \$2,454,400 and Federal and State funding that will be used for various road projects and the drainage improvement project. And, in an effort to be prepared, there is a Contingency of \$250,000 for any shortcomings.

Chairman Moody moved that the FY16 Special Revenue Funds as presented be approved.

****MOTION****

Mr. Johnson made a motion to approve the FY16 Special Revenue Funds. Mr. Lasley seconded and the motion passed unanimously.

Chairman Moody moved that the FY16 Capital Improvement Program as presented be approved.

****MOTION****

Mr. Hardin made a motion to approve the FY16 Capital Improvement Program. Mr. Holland seconded and the motion passed unanimously.

OTHER BUSINESS

Mr. Gabb reminded everyone that there will be one more scheduled FAC meeting on April 28th which will cover the General Fund.

Alderman Janda thanked Commission members for their inquiries and recommendations; he urged them to call him, Mr. Gabb or Mr. Lawton if they have any questions.

Mr. Gabb said the City of Germantown is rated AAA by both credit agencies and is also looked up to throughout the State because of the commitment that is made by this commission. With that, he too thanked the Commission members.

ADJOURNMENT

The meeting adjourned at 8:00 p.m.