



# CITY OF GERMANTOWN TENNESSEE

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## FINANCIAL ADVISORY COMMISSION MINUTES

Tuesday, April 19, 2016, 6.00 p.m.  
Economic & Community Development Blue Conference Room  
1920 S. Germantown Road, Germantown, TN 38138

**Members Present:** Hal Beckham, Clint Hardin, Alderman Rocky Janda, Russell Johnson, Jason Lowe, Michael McLaughlin, Christine Menzel, Chris Miller, Frederick Miller, Julius Moody, Paul Mosteller, Donnie Rose, Harold Steinberg, Dale Stover, Richard Vosburg, Brandon Westbrook and Scott Wickliffe

**Members Absent:** Sudhir Agrawal, Mark Holland, Walter Krug, Michael New, David Rea, Brad Reardon and Alan Richmond

**Staff Present:** Pam Beasley, Reynold Douglas, Tony Fisher, De'Kisha Fondon, Cameron Ross, Sherry Rowell, Adrienne Royals, Chief John Selberg

**Aldermen Present:** Alderman Barzizza, Alderman Dave Klevan

**Others Present:**

- Superintendent Jason Manuel and CFO Kevin Jones—GMDS
- Jane Robertson—The Commercial Appeal

### CALL TO ORDER

Mr. Lawton called the April 19<sup>th</sup>, 2016 Financial Advisory Commission meeting to order. He then advised that this is the final Financial Advisory Commission (FAC) meeting and that there may be a need to bring this body back together again at a later date to discuss other financial issues facing the City. He further advised that Superintendent Manuel and CFO Kevin Jones are attending tonight because the State of Tennessee views the Germantown Municipal School District (GMDS) as a component unit of the City of Germantown despite the fact that they have their own elected school board and appointed superintendent. There is also a requirement that the City actually approves their budget; as part of this entire process, a presentation followed by a recommendation to the Board of Mayor and Aldermen (BMA) will take place tonight. When the City's budget (and ordinance) is adopted by the BMA, it will include budget information for Germantown Municipal Schools as well.

### ESTABLISHMENT OF A QUORUM

Co-Chairman Johnson called the roll and announced that a quorum was present.

## **APPROVAL OF THE MINUTES**

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

Co-Chairman Johnson asked that the following changes be made to the April 5, 2016 FAC meeting:

- A) State Street Aid—(just before the “Motion” language) “The FAC overwhelmingly encouraged the paving of more than 10 miles per year.”
- C) Pickering Complex Fund—to add language that recognizes that “varied rate scale” means to take into consideration, or explore the feasibility of ‘higher charge for hi-demand periods such as weekends and lower charges for regular weekdays or low demand periods.
- G) Farm Park Fund—motion did NOT pass unanimously; 14 in favor, 1 opposed

Mr. Hardin moved to approve the minutes as amended from the April 5<sup>th</sup>, 2016 Financial Advisory Commission meeting. Mr. Westbrook seconded and the motion passed unanimously.

## **RIVERDALE EXPANSION PROJECT UPDATE**

Superintendent Manuel introduced Kevin Jones, CFO for Germantown Municipal School District. He stated that GMSD is in a very good position thanks to the support and commitment of this body and the Board of Mayor and Aldermen. Superintendent Manuel started by giving an update on the Riverdale Expansion Project. He said that several companies made bids on Thursday, March 31<sup>st</sup> with Zellner Construction coming in with the lowest bid of \$9,789,444; this amount includes all of the add-ons and deducts for the project. GMSD was very excited about working with Zellner as they have had experience with projects such as the re-do of the Memphis Transit Authority, Northwest-Passage and Zambezi River Memphis Zoo, University of Mississippi-Jackson Commons West, Southwest Tennessee Community College, Coahoma Community College, Beth Shalom Synagogue, Kirby Woods Baptist Church and Oxford Middle School addition. Superintendent Manuel further advised that the final project will include 18 regular education classrooms, 2 special education classrooms, a stem lab, a new band room with small practice rooms, art room with outdoor patio, vocal and orchestra room, a 500 seat gymnasium, office space and a multi-purpose room. This exceptional facility will be over 64,000 total square feet with approximately \$750,000 to \$1 million to be spent on the purchase of FFE (furniture and equipment), \$400,000 to pay the remaining architect fees and as previously mentioned, \$9.7 million which is the cost for the actual construction of the building. The project timeline includes:

- May 5<sup>th</sup> 2016 – 11:00 a.m. Groundbreaking Ceremony at Riverdale Elementary School
- May, 2016 – Project Start
- May, 2017 – Substantial Project Completion
- June, 2017 – Total Completion including Punchlist; there is a contractual penalty for every day that goes past the project deadline.

Prior to presenting the GMSD budget, Superintendent Manuel reviewed various renderings of the new facility with commission members.

## **REVIEW OF GMSD FUND**

**Human Resources/Personnel** – Superintendent Manuel spoke on key points and highlights of the GMSD budget. He advised that the State Department of Education raised their revenue strengths with an increase of over \$900,000 to the district. The School Board used this funding as a 1) Step increase for teachers; all teachers get an 18 year step increase or salary schedule when they are hired (up approximately 1.5 to 2.5% every year). A COLA (Cost of Living Adjustment) stipend is allowed for those teachers who are at the top-of-scale and beyond step 18. The Board chose to use a stipend because it does not lock them into a permanent pay schedule; historically with Shelby County Schools, whenever there was a COLA increase/stipend, all of the salaries would “slide” up thus locking them in a newer and slightly higher class of pay.

Superintendent Manuel further advised that a RTI Coach has been added. Per Superintendent Manuel, this is not an athletic coach but rather a “Response to Intervention” (RTI) Coach whose purpose is help those students that fall in the “skill deficit” or lowest tier of three groups of students as a result of benchmark testing. He pointed out that these are not special education students but are however, students that struggle with key academic areas in math and language arts. Superintendent Manuel said that this is a very effective program—with the help of RTI Coaches (elementary level) last year, numbers decreased by half. Next year it will be introduced at the high school level. Because this program has been so successful, the State Department has asked these RTI Coaches and the Human Resources Department to travel and demonstrate or have others to come in and see how effective this program has been in Germantown.

A foreign language teacher’s position is being added to Houston High School. If enough students do not enroll at Houston High, this foreign language position will then be shared by Houston Middle School. Also to be added are 4 Teaching Assistants positions—3 at each elementary school and 1 special needs position at Farmington Elementary that came to be as a result of a Vanderbilt study that involves working with our special needs population and how special needs students can get jobs once they graduate from high school. The individual for this part-time position is a special needs student who is currently volunteering at Farmington Elementary. GMSD wants this to be an example of how being a part of this type of partnership works to benefit for our special needs community. Other changes in the Human Resources Department include a fully funded Other Post Employee Benefits (OPEB) Annual Required Contribution (ARC) for Retiree Health Insurance. A study group is looking at how the ARC will need to be modified, or adjusted over the years to come in order to continue and maintain a “healthy” state. This cost component alone is approximately \$700,000. Because it is no longer feasible, the days where teachers have the same healthcare plans as those that are in the retirement plan are now over per Superintendent Manuel. The school district is looking at different ways such as stipend options to lessen the cost of providing healthcare insurance for all retirees. All districts have moved away from this, especially the ones with new hires. Superintendent Manuel said the reality side of this is how do we take care of our teachers who have been committed to the district for years without making a change ten years from their retirement? This is at least one thing that must be taken into consideration.

**Technology** – Continuing on with the 1:1 Technology Initiative, Superintendent Manuel said that within two years from now, there will be a computer for every child in grade sixth through twelve. Because of instruction changes, the ways that these computers are used in school changes and just because of changes with the time, a Systems Specialist will be added to staff to help and assist with repairs and maintenance of the computers. There will be 2 computer carts for each Elementary School (Capital Outlay) and 800 new computers for Middle and High Schools (also Capital Outlay). The School Board has expressed the desire to move away from fully, shared services such as Purchasing, Payroll, and the Student Management System that were once shared with other districts when the doors were first opened. Now that GMSD is up and running, there are things that we can do on our own that are

more feasible and with the same benefit. And lastly under technology, cables as well as wireless systems had to be updated in order to accommodate all of the many required devices that are used on the systems in our schools.

**Operations** – Capital Outlay expenses include *Modular Classrooms* that will be leased for Dogwood and Farmington Elementary Schools as well as, the Debt Payment that is due to the City of Germantown for the Riverdale Construction Project. There will be an increase in *Transportation Contract* due to a change in start times (two bell times as a result of the three tier system). This additional cost (approximately \$400) will be expensed as Professional Fees.

### **GMSD Revenues**

Referring to the GMSD Fund budget, Superintendent Manuel advised that a strong reserve of \$1 million has been built mainly because it took only one year versus seven or eight years to repay the RAN (Revenue Anticipation Note) back to the City of Germantown. He further advised that GMSD is predicting another year of conservative spending with an estimate of a \$7 million or more reserve; \$1 million of this reserve will go towards the Riverdale Construction Project. Superintendent Manuel said that it is very exciting to have built such a big reserve while adding programs, staff positions and a huge computer initiative that is going to change student impact within the classroom. He then directed everyone's attention to the FY16 and FY17 budget—there is an increase in BEP (Basic Education Program) money from the State. There is however a slight decrease in the ADA (Average Daily Attendance) funding because the number of students in this district has remained constant while other districts have increased in their enrollment. Other Revenues per Superintendent Manuel includes the PEG (Public, Education and Government) funding for the television studio, tuition from students that live outside of Shelby County, alternative school funding (excluding \$150,000 from Collierville Schools) and State plans.

### **GMSD Expenses by Category**

Comparing budgets for FY16 and FY17, Superintendent explained that there is a slight increase for Personnel mainly due to growth positions with built in "step" positions. Six positions were saved this year in case there is an increase in student population—teachers can be added very quickly without having to go before the Board and make an actual head count change. Superintendent Manuel further explained that the increase in Professional Fees is due to the change in start times per the contract with Durham. Other Professional Fees include architecture, legal and debt service fees. Capital Outlay expenses (as previously stated) include the debt service payment to the City, the lease for modular classrooms (portables) and 800 new computers for the Middle and High Schools.

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

Mr. Westbrook moved to approve the recommendation of the FY17 Germantown Municipal School District Fund as presented to the Board of Mayor and Aldermen. Mr. Vosburg seconded and the motion passed unanimously.

### **REVIEW OF FY17 GENERAL FUND**

After Mr. Lawton recognized all Department Heads and the Budget and Performance Analyst team he advised that an offer had been made to a likely candidate for the position of Finance Director.

Mr. Lawton stated that the General Fund is the *largest* component of the City's budget and it supports areas such as Public Safety, Facility, Parks and Street Maintenance, City governance (BMA and Administration), Performing Arts, H.R., City Planning/Engineering, Court, IT, Library, Finance and Procurement and Capital Financing. This is

primarily what funds from property and sales taxes or any other money that comes into the City without a user based purpose are used for.

Mr. Lawton said the budget is built around strong financial policies that are adhered to in a very strict fashion. It is also based upon the priorities made with the BMA and strategic objectives that emerged from the Germantown Forward 2030 Plan.

### **General Fund Revenues**

There was a 1.2% increase over the FY16 estimate totaling \$50,589,000. Mr. Lawton said that the City anticipates this being stronger next year through modest increases. Per Mr. Lawton, soon there will be new retail establishments that will hopefully fill more spaces at the Shops of Saddle Creek. Also, along with the opening of Trader Joes, some of the phases of Thornwood are scheduled to open by FY17. There will be development of the old Kroger building as well as fifteen housing units per year over the next four to five years with values of approximately \$500,000/\$600,000.

The largest portion of General Fund Revenues is our property tax (58%) which has served the City well especially during the recession because of our high, strong property values. For FY17, the total for property taxes is \$28,997,483. Property Taxes by Category are: a) Current and Real Property Tax which is the largest component totaling \$26.8 million; b) Personal Property Tax is a 30% assessment that is charged on personal property and equipment that is owned by businesses is right at \$788,000; c) PILOT is the fee or payment in lieu of tax that the Utility Fund pays to the General Fund because of the pipe and the land within the City and d) the "In Lieu of" are formula driven taxes paid to the City of Germantown for TVA lines that run through the city and an equivalent payment that would be made if an MLGW plant or equipment was to be located here in Germantown, assessed at 55% of its value. Other components that make up the General Fund Revenues include: Sales Tax (22%) which is \$11,039,499; funding from Federal and State Government (12%) total \$5,956,306; and Other Revenues (franchise fees for AT&T and Comcast, court cost and fines) all total \$3,814,751. Referring to a chart of Property Taxes as a Percent of General Fund Revenues, Mr. Lawton said this information is an indicator used by rating agencies to evaluate overall credit worthiness. An increase could indicate that the City is showing a greater dependency on property taxes to support basic City services and perhaps a decline in other revenues.

Mr. Lawton said there has been a nice, healthy growth for local sales tax revenues. He reflected back to FY13 when the City identified an increase in local option sales tax. Per Mr. Lawton, the referendum did not specifically state that money received was going to schools; this revenue however, did help us to meet our financial obligations to the district. Even when we lost the lawsuit the first time around, the referendum/local option sales tax increase stayed in place and was never taken away. These funds were then put into a separate education fund to help pay for education related activities. In FY15, this money was transferred back to the General Fund thus causing a nice, steady increase in sales tax revenue. As for State sales tax allocation, Mr. Lawton reports that there was a decline as a result of the FY08 recession. This is the per capita portion in which the City of Germantown receives of the 7%, a proportionate share based on the City's population. It too is formula driven by statute and changes every year. A recent update tells us that the City will get \$81 per inhabitant or approximately \$3.2 million based upon the City's population. Mr. Lawton said this is a good, steady growth and an overall good trend for us and the State as well. He further advised that this is also an indicator that is used by rating agencies to see if the City has sufficient revenue per capita to support the level of services that our citizens require in our community.

## **General Fund Expenses**

Mr. Lawton stated that there was a 2% increase over the FY16 estimate totaling \$49,812,200. He then discussed what we do as a community/organization and how the services provided to the residents are received and valued by the community. From our most recent annual survey, the following are random responses reflecting that citizens are somewhat or very satisfied with:

- The overall image and reputation of Germantown = 95%
- Germantown's overall job of providing high quality services = 90%
- Overall direction the City is taking = 80%
- Overall value of City services for my tax dollar = 79%
- Net promoter score = 70 (above 50 is considered excellent)
  - Promoters (76%)—feels positive about living in Germantown.
  - Passive (18%)—feels indifferently about living in Germantown.
  - Detractors (6%)—actively working against the City in terms of what we are and what we stand for.

Mr. Lawton said the current property tax rate is \$1.93 and there are no proposals for an increase for this year or in FY18. Expenses by Category include General Government, the second largest expense component (30%) that entails the budget for all five Aldermen. Because this is an election year, a variance of 12.8% was used to pay the election commission. FY17 Civic Support comes in at \$1.5 million while expenses for City Court total \$720,865; this cost is for court personnel and the cost to run the City's court system. For Administration, a \$1.5 million budget goes towards running the day to day affairs of the City with direction taken primarily from the Mayor and the five elected officials (voting body). Through Mr. Lawton's office, policies established by these elected officials are constantly being interpreted in order to move the City in the right direction. He has a very capable staff that consists of 5.6 individuals. The three major models or operations at the Germantown Performing Arts Center (GPAC) are the presenting season (when artists are introduced on stage), educational programs (the offering of) and its use as a rental venue. Mr. Lawton advised that GPAC opened in 1994 and has been a very successful operation. He further advised that there is a 501(C) 3 Board of Directors that is associated to GPAC. This Foundation's primary responsibility is to fundraise, or raise additional funds in order to offset ticket sales. As for the programming side, bringing in amazing artists is also handled by the Board. The FY17 budgeted amount of \$1,316,032 is the City's contribution to GPAC; as a result of owning and operating the building, the City takes care of the building itself, the staff, lights and everything associated with the facility. Mr. Lawton explained that Information Technology (IT) has a very small staff of 5 individuals that support over 450 desk top computers, take care of primary and backup data for the City, provide all Wi-Fi and internet services for internal and external users, maintain over 25 server systems, files and applications, responsible for the backup and archiving of all critical data and support software applications for two of the City's major systems (SunGard and New World). Mr. Lawton said for Human Resources (HR), there is a -7.6% decrease primarily due to the overlap and elimination of long-time employee, Ernie Moretta's position. Long and overdue, Mr. Lawton said the cost to run a Class and Comp Analysis needs to be added to the HR budget. He said it will take approximately \$40,000 to have a professional come in and do a study on position grades and classifications so that we are competitive with similar positions in the public sector of this area. There was a 2.7% increase in Finance. Per Mr. Lawton, there was really no major change in this department and no new positions. The reason for this small increase is due to Finance's acquirement of the postal machine from the Procurement department. As for Procurement, there are 7 staff members that are charged with the purchasing activities for the City as well as risk and asset management. In Community Development a decrease in funding by -8.7% was mainly due to a reduction in major planning areas such as the Forest Hill Heights area. Mr. Lawton said on the other hand, we do want to keep some additional funding (approximately \$50,000) this year for small area plans of the Central Business District and the Western Gateway. Because these areas have a certain degree of architecture standards and aesthetics, the City would like

to bring in some architectural expertise on a project by project basis to make sure that the related proposal does not violate the integrity of any of these plans. Mr. Lawton also explained that because there is an on-call relationship with a local traffic engineering firm, a vacant position for a Traffic Engineer may possibly be brought back in order to reduce the amount that is being spent for this on-call service. The General Services department is primarily responsible for the City's physical plant. They are also charged with managing fleet services and the administration and operation of all Capital Improvements Projects (CIP) throughout the City. This department is made up of 17 employees; it is likely that a new position in building/grounds maintenance will be added this year. And lastly, the area of Budget and Performance is primarily involved with the budget right now. This 3 member team works closely with all of the department heads and with Mr. Lawton as well. They are also responsible for special projects throughout the year; as a result of the Strategic Plan, they will also be involved with Performance Measurement (9 key performance areas and approximately 30 strategic objectives).

The Infrastructure Replacement Program (IRP) is a ten year program that is contained in the budget. It differs from the Capital Improvement Program (CIP) where projects last fifteen to twenty years. IRP projects are going to be fixed up and changed out on a more regular basis such as vehicles and building improvements throughout the City. The costs for these items also show up in each department's operating budget. Mr. Lawton advised that the City will be doing additional work at the Train Depot, to the interior of Parks and Recreation and at GPAC, new flooring in lobby area, main stage curtains, performance risers/platforms and folding chairs along with floor refurbishment in the Black Box; a new vehicle will be added to the fleet in Community Development. IRP projects for IT include information security, software upgrades/updates, public safety software/police mobile data terminals/electronic ticketing, court software/security cameras, tablet computers for the Fire department and HR performance software just to name a few.

Next, Mr. Lawton spoke on Public Safety, advising that this is the largest component (39%) of General Fund Expenses. In the Police department there are 99 sworn police officers, 21 public safety dispatchers and 3 civilian support staff. There was an increase of 5.3% over the FY16 estimated budget as the goal was to create the new district by adding 7 additional police officers. A recommendation for a new district was made a year ago because of increased activity in the Central Business District. Chief Hall felt this would detract from active patrol in the neighborhoods so 3 officers were hired early on in FY16 and 4 more were hired in January, 2016. Also, there were requests for a School Resource Officer at Germantown Middle, however now there is a School Resource Officer at all of the 8 public schools here in Germantown. The 3 basic units/division of the department are Uniform Patrol, Investigations and Police Services. The strong sense of personal safety and security is one of the main reasons why people live in the City of Germantown. In the Fire department, there are 84 full-time fire fighters; 75 are assigned to shifts and 38 are paramedics. The operations of a full service fire department include emergency response/emergency medical, an ambulance service, fire response, a hazmat unit, fire prevention, fire preparedness, code enforcement and fire life safety education. Mr. Lawton advised that there are no new positions associated with the Fire department's budget this year. Because we are always looking to add or upgrade to make sure that our fire personnel have the best equipment and vehicles, changes (mainly due to infrastructure replacement) are constantly happening. He further advised that in the Police department, 5 or 6 vehicles are replaced every year in attempt to rotate the fleet (9 vehicles) on a yearly basis. Also, as a result of the new district, 3 new vehicles with in-car video systems are being added to the fleet. In the Fire department, items requested include the addition of 1 vehicle to fleet, thermal imaging detectors, Power Hawk, rope rescue gear, attack nozzles, generators for apparatus, portable radio microphones and pagers.

Again, responses from a recent survey on public safety services indicated that citizens are somewhat satisfied or very satisfied with:

- Safety of living in Germantown compared to other cities = 95%
- Response time of police when called = 89%
- Response time of Fire Department when called = 85%
- Response time of Emergency Medical Services when called = 81%

Mr. Lawton spoke about the reality of actual response times. The Police department's established target for response time for the 3<sup>rd</sup> quarter was 4 minutes; their actual response time is 2 minutes and 45 seconds. The targeted response time for the Fire department was 6 minutes and the 3<sup>rd</sup> quarter's actual response time is right at 6 minutes. Ambulance and Medical service's target response time was 5 minutes and 45 seconds; their actual is 5 minutes and 29 seconds. Mr. Lawton commended both departments for their outstanding work of staying within their targeted response times.

The Parks and Recreation department is an expense component of Community Services (6%) and is under the direction of Ms. Pam Beasley. Per Mr. Lawton, she manages facility usage, volunteers, public/private partnerships and recreation events for the City, just to name a few. This department is divided into three areas—recreation, natural resource management (park rangers) and parks administration. Ms. Beasley recently completed and is ready to submit hopefully another successful application for the accreditation of the City's park system. Mr. Lawton advised that there are no new positions in the department. The Genealogy Center is the building located right next to the Pickering Center and is also where the new fountain will be. Ten years ago, the West Tennessee Genealogy Center approached the City with an amazing collection of genealogy books (The Davies Plantation). Once donated, the collection was stored where it is now, in the Genealogy Center which was newly renovated at that time. We contract with LSSI, the City's current Library provider to handle associated funds and day to day operations of the Genealogy Center. Per Mr. Lawton, we've had a great working relationship with this group since 2004. He said there was a slight budget increase due to the 3% contract cost. The Cultural Arts Program is managed by Parks and Recreation as well. This area is responsible for fun activities such as the "Easter Egg Extravaganza," "Pops in the Park" concert, movie night and the holiday parade. IRP projects for this year include a replacement vehicle (1) for Park's fleet, Oaklawn Garden maintenance (review and examination of structure with possible demolition) and the Rotary Club YEP project. The Youth Education Pond is a place where Grandparents can take their Grandchildren and teach them how to fish.

What does the public think about our parks in general? Responses from a recent survey on Community Services indicated that citizens are somewhat satisfied or very satisfied with:

- Maintenance of City parks and open spaces = 93%
- Overall quality of the Germantown Library = 92%
- Availability and variety of recreation programs = 78%

Areas of Transportation and Environment (10%) include Public Works (street signs, storm water management, grounds) and Animal Control. Although utilities fall under the Public Works department, related expenses are not reflected in the \$4,443,734 total. Per Mr. Lawton, there are no new positions in this department. Mr. Lawton encouraged all to visit the newly renovated Animal Control Shelter as there are plentiful animals to adopt. To make sure that we have an overall, high satisfaction level from the public, old and outdated equipment has to be replaced. Mr. Bo Mills (Director of Public Works) pointed out that IRP item, asphalt recycling hot patch machine has been on the radar for a long time. This piece of equipment will help to keep asphalt mix hot during the winter/cold months. He also mentioned that the Poplar Estates pedestrian bridge is deteriorating and is in need of repairing.



Mr. Lawton reported that responses from a recent survey on Satisfaction with Transportation and Environmental Services indicated that citizens are somewhat satisfied or very satisfied with:

- Appearance and maintenance of street medians = 91%
- Effectiveness of animal control and shelter services = 73%
- Maintenance and driving condition of City streets (including pavement), lane striping, curbs, gutters, etc. = 72%

He advised as with Public Works, Animal Control also has performance measures. Developed for some years now, is the live-release rate. Although it sounds cruel, Mr. Lawton said this is technically a “kill” shelter. Theoretically, the idea is to bring animals in, keep them for a few days and then send them away with a new family; unfortunately, many have to be put down because of space limitations, despite the expansion that is now taking place. Because shelter employees are tasked with trying to place these animals, their 3<sup>rd</sup> quarter target was an 85% live-release rate. According to a recent Q3 report, the shelter’s live-release rate is now at 94%; animals did not have to be put down because there was an issue of space, but because it was sick, or that it had a biting problem. Mr. Lawton said this dedicated staff did an excellent job; they were able to meet their target through good marketing skills and networking to locate an owner/new owner.

Mr. Lawton advised that in the outer years, Expense per Capita increased at a moderate pace. This also is a trim line that rating agencies look at as well. An increase in this area indicates that expenses of the City are outstripping our revenues. With the General Obligation Debt Service, we should always see a steady decrease as time goes by. Spikes or increases occur as a result of money spent on large City projects such as Lateral G or for the schools. Although there has been debt in FY17, we should still be able to see a steady decline which comes as a result of Debt Service payments. Based on the City’s population, the Net Debt per Capita is what people are paying for debt. A steady decrease is a good indication for the rating agencies. And the last line on the General Fund Budget Summary is the Fund Balance as a percent of expenditures. Mr. Lawton said we have always tried to come in at 40% for our Fund Balance expenditure percentage. He also explained in FY19, we will probably look into some type of revenue enhancement. Not certain as to what that means yet, Mr. Lawton said we will see what happens with continued growth in our sales tax and property tax values. Because of the FY14 tax increase, we were able to demonstrate that the 40% could indeed be achieved.

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

Co-Chairman Johnson recommended that the City require a Freedom of Information Act (FOIA) requestor to pay for the City’s reasonable costs incurred in producing the requested materials, including but not limited to redacting confidential information, and to assess the reasonable costs onto the requestor. Mr. Vosburg seconded and the motion passed unanimously.

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

Mr. Mosteller recommended that City staff and the Board of Mayor and Aldermen work with the City’s legislative liaison and other like minded cities to enact legislation to allow actual costs to be assessed against the Freedom of Information Act requestor. Mr. Miller seconded and the motion passed unanimously.

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

Mr. Vosburg moved to approve the General Fund budget as presented. Clint Hardin seconded and the motion passed unanimously.

**OTHER BUSINESS**

Mr. Lawton stated that the next step of the budget process will be to take the entire budget document before the Board of Mayor and Aldermen in a work session on May 4<sup>th</sup>, 2016. He welcomed everyone to come and sit in on the meeting. He further stated that the first reading of the budget will be on May 9<sup>th</sup>, 2016 and the second reading and public hearing will be on June 13<sup>th</sup>, 2016. Also on this date, Chairman Moody will present the budget letter on behalf of the Financial Advisory Commission (with a recommendation). The third and final reading of the budget will be at the end of June.

Mr. Mosteller commended the Budget and Performance Team for all of their hard work and a job well done with putting the budget together. Mr. Lawton agreed and gave thanks as well.

**ADJOURNMENT**

With that, the meeting was adjourned.