



CITY OF GERMANTOWN TENNESSEE

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FINANCIAL ADVISORY COMMISSION MINUTES

Tuesday, March 20, 2018, 6.00 p.m.
Economic & Community Development Klein Conference Room
1920 S. Germantown Road, Germantown, TN 38138

Members Present: Stacy Barrom, Alderman John Barzizza, Brian Carney, Blake Deaton, Clint Hardin, Alderman Rocky Janda, Russell Johnson, Julie Klein, Walter Krug, Jason Lowe, Michael McLaughlin, Christine Menzel, Chris Miller, Frederick Miller, Julius Moody, Paul Mosteller, Alan Richmond, Donnie Rose, Harold Steinberg, Richard Vosburg, Brian White, Scott Wickliffe

Members Absent: Hal Beckham, Ashley Hopper, Denise Stumph, Brandon Westbrook,

Staff Present: Patrick Lawton, Adrienne Royals, Sherry Rowell, De'Kisha Fondon, Phil Rogers, Bo Mills, Nick Dahl, Joe Nunes, Jason Huisman, Cameron Ross, Andrew Sanders

CALL TO ORDER

Chairman Moody called the March 20th, 2018 Financial Advisory Commission meeting to order.

ESTABLISHMENT OF A QUORUM

Chairman Moody then called the roll and announced that a quorum was present.

APPROVAL OF THE MINUTES

****MOTION****

A commission member moved to approve the minutes from the January 23rd, 2018 Financial Advisory Commission meeting. An alternate commission member seconded and the motion passed unanimously.

REVIEW OF FY19 BUDGET ENTERPRISE FUNDS

Mr. Lawton advised that Enterprise Funds are different and apart from the General Fund as they are governmental funds that operate more like a business. Associated revenues that are collected for the service provided goes directly towards the support of that individual operation. Enterprise Funds include the Stormwater Management Fund, the Utility Fund, the Sanitation Fund, the Germantown Athletic Fund and the Great Hall & Conference Center Fund.

FY19 STORMWATER MANAGEMENT FUND

•Operating Revenues	\$1,045,500 (0.7% increase over FY18 Estimate)
•Operating Expenses	\$1,033,700 (4.1% increase over FY18 Estimate)

The Stormwater Fund was put in to place in 2009. Mr. Bo Mills, Director of Public Works explained that Operating Revenues come from stormwater fees (\$3.50) that are paid with the water bill each month. Achievements in FY18 include:

- The Annual Street Sweeping Contract - removed 2,800 cubic yards of debris from curbs and gutters including two citywide sweeps).
- The Annual Public Right of Way Leaf Removal Program – removed 3,290 cubic yards of leaves from streets, curbs, gutters and drain inlets.
- The Annual Monitoring Program - performed visual stream surveys and Inventory.
- Cured in Place Pipes (CIPP) – relined 200 linear feet of 15” storm sewer pipe and 700 linear feet of 18” storm sewer pipe.

Projects and Initiatives for FY19 will be to maintain our Stormwater Management Plan/Program NPDES permit, continuance of stormwater inventory, to employ a stormwater engineer, to maintain our stormwater system through customer requests and to maintain all catch basins, pipes and ditches. IRP cost for stormwater pipes to be relined with CIPP along with drainage maintenance totals approximately \$75,000.

****MOTION****

A commission member moved to approve the FY19 Stormwater Fund. An alternate commission member seconded and the motion passed unanimously.

FY19 UTILITY FUND:

•Operating Revenues	\$8,834,000 (1.9% increase over FY18 Estimate)
•Operating Expenses	\$8,165,900 (3.2% increase over FY18 Estimate)

Mr. Mills said the Utility Fund is very healthy right now. Accomplishments for the past year include:

- Southern Avenue Water Treatment Plant electrical panels (Phase I) was put into place.
- Commercial and residential Water Meter Replacement Program is ongoing.
- Annual Well and Pump Maintenance Program used at Southern Avenue/Johnson Road well fields.
- Water Modeling Plan (Forest Hill Heights District).
- Lined and rehabilitated sewer laterals for over 40 houses.
- Sealed and rehabilitated 80 sewer manholes.

Mr. Mills then spoke briefly on Infrastructure Revitalization. He said that we must take extremely good care of our water and sewer system by constantly looking at the infrastructure and keeping it revitalized through video inspections, system analysis and tests, long-term capital investment, new electrical panels, SCADA system upgrade and an annual replacement program.

Projects and Initiatives include \$3,558,100 for Capital Improvement Plan (CIP) projects and \$555,000 for Infrastructure Replacement Projects (IRP) including a new Ford F-350 replacement truck.

Mr. Lawton announced that the City of Germantown is very proud to have Mr. Mills represent us not only as a Director, but also nationally as the President of the American Public Works Association (APWA).

****MOTION****

A commission member moved to approve the FY19 Utility Fund. An alternate commission member seconded and the motion passed unanimously.

FY19 SANITATION FUND

- Operating Revenues \$4,995,800 (.3% increase over FY18 Estimate)
- Operating Expenses \$4,985,800 (3.1% increase over FY18 Estimate)

Neighborhood Services Manager Joe Nunes reported the following:

- Total number of complaints for FY17 was 1,607 (down by 87% from FY16's total count of 12,047).
- Household trash volume is down slightly by .5%; recycling volume is down as well by 6%.
- Department's operational objective is to collect 440 pounds of recyclables per household/per year; 430 pounds is projected for FY18.
- This is the third of a five year contract.
- Reductions in revenue are due to a slight decline in the number of backdoor service customers, higher than anticipated yard waste volume and rising recycling process costs.
- Total estimated Net Position of fund is \$968,000.
- Rear loader and knuckleboom collection of yard waste include 67,800 cubic yards for FY17; we are projecting a collection of roughly 81,300 cubic yards in FY18.

Mr. Nunes then spoke on items for future consideration. After a review of other municipal operations, a loose leaf collection program was discussed. Options included hiring an outside contractor or performing the service in-house. Some key findings in the customer service area include quantity versus quality and also, delays in collection during the peak season. Because we do not have a local site to dispose of waste/debris along with minimal cost savings create ongoing operational challenges. Projected costs include \$1.1 million for equipment and personnel (in-house service), \$500,000 for an outside contractor (per year) and estimated cost per household (\$3.50-\$4.00 per month) added to the current fee. FY19 CIP include an additional facility for recycling drop off (cardboard, electronics, used oil, etc.). Per Mr. Nunes, fees for FY19 will remain unchanged for the remainder of the contract (2 years). Proposed FY19 Monthly Fees include:

<u>FY19</u>	<u>SERVICE</u>
\$36.50	Backdoor Service
29.50	Curbside Service
19.00	Condo Service

****MOTION****

A commission member moved to approve the FY19 Sanitation Fund. An alternate member seconded and the motion passed unanimously.

FY19 GERMANTOWN ATHLETIC CLUB (GAC) FUND

- Operating Revenues \$4,452,200 (4.9% increase over FY18 Estimate)
- Operating Expenses \$4,010,900 (5.9% increase over FY18 Estimate)

Mr. Phil Rogers, Director of the Germantown Athletic Club presented the Athletic Club Fund for FY19. He reported the following Club statistics:

- The Club is open 360 days a year and 106 hours a week.
- Currently, there are 12,000+ active members with daily attendance usually averaging around 1,500 with peaks in the summer, some days over 2,000.
- The Club is staffed with 200+ part-time employees during the peak season and only 13 full-time staff members with 40 plus hours.
- Memberships include several categories with household members (24%) being the largest and individual members (20%) the second largest.
- 63% of its members are Germantown residents and 37% are non-residents.

Mr. Rogers further advised that Achievements over the past year included a Net Operating Income of \$435,733 (FY17) and Estimated Net Operating Income was \$459,103 (FY18). He said in the year to come, Projects and Initiatives will include Phase IV renovations, improvement of member retention/daily club usage and continual reinvestment back into the facility. CIP projects include Phase IV Club renovations (\$825,000) as well as the installation of internal cameras (\$150,000). IRP projects include an HVAC Cooling Tower (\$125,000).

****MOTION****

A commission member moved to approve the FY19 Germantown Athletic Club Fund. An alternate commission member seconded and the motion passed unanimously.

FY19 GREAT HALL FUND

- Operating Revenues \$503,700 (4.0% increase over FY18 Estimate)
- Operating Expenses \$559,600 (2.0% increase over FY18 Estimate)

Mr. Nick Dahl, Manager of the Great Hall and Conference Center advised that there is over 8,600 square feet of meeting and banquet space that averages approximately 21 events per week, 1,100 events per year and over 70,000 attendees per year. Customers of the facility include a wide variety of businesses, social, religious and governmental groups. Per a customer satisfaction survey, 100% marked that they were "*very satisfied*," when asked about their experience in using of the Great Hall and Conference Center. Mr. Dahl reported that since FY12, Revenue continues to grow while Operating Income (\$61,494) is slowly progressing; contributions from other funds (\$75,000) hopefully will have a zero balance by FY22. Project and Initiatives for FY19 include an IRP request for the installation of new carpeting in rooms 1-5 and hallway (\$59,000)

****MOTION****

A commission member moved to approve the FY19 Great Hall Fund. An alternate commission member seconded and the motion passed unanimously.

OTHER BUSINESS

Mr. Lawton announced that the City's Capital Improvements Program will be reviewed at the next scheduled Financial Advisory Commission meeting on Tuesday, March 27th, 2018.

****MOTION****

A commission member moved to adjourn the meeting. An alternate commission member seconded and the motion passed unanimously

ADJOURNMENT

With that, the meeting was adjourned.