



CITY OF GERMANTOWN TENNESSEE

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FINANCIAL ADVISORY COMMISSION MINUTES

Tuesday, April 17, 2018, 6.00 p.m.

Economic & Community Development Klein Conference Room
1920 S. Germantown Road, Germantown, TN 38138

- Members Present:** Stacey Barrom, Hal Beckham, Brian Carney, Blake Deaton, Clint Hardin, Ashley Hopper, Alderman Rocky Janda, Russell Johnson, Julie Klein, Walter Krug, Christine Menzel, Chris Miller, Frederick Miller, Julius Moody, Paul Mosteller, Alan Richmond, Donnie Rose, Harold Steinberg, Richard Vosburg, Brian White, Scott Wickliffe
- Members Absent:** Jason Lowe, Denise Stumph, Brandon Westbrook
- Staff Present:** Alderman John Barzizza, Pam Beasley, Rodney Bright, Mark Carter, De'Kisha Fondon, Jason Huisman, Patrick Lawton, Sherry Rowell, Adrienne Royals, Natalie Ruffin, Andy Sanders, Chief John Selberg
- Others Present:**
- Superintendent Jason Manuel (GMSD)
 - Kevin Jones, CFO (GMSD)
 - Josh Cathey (GMSD)
 - Suzanne Johnson (School Board)
 - Betsy Landers (School Board)

CALL TO ORDER

Chairman Moody called the April 17th, 2018 Financial Advisory Commission meeting to order.

ESTABLISHMENT OF A QUORUM

Mr. Lawton then called the roll and announced that a quorum was present.

APPROVAL OF THE MINUTES

****MOTIONS****

Mr. Hardin moved to approve the minutes from the July 17th, 2017 Financial Advisory Commission meeting. Mr. Richmond seconded and the motion passed unanimously.

Ms. Klein moved to approve the minutes from the March 20th, 2018 Financial Advisory Commission meeting. Mr. Steinberg seconded and the motion passed unanimously.

Mr. Hardin moved to approve the minutes (as amended) from the March 27th, 2018 Financial Advisory Commission meeting. Mr. Johnson seconded and the motion passed unanimously.

REVIEW OF FY19 PROPOSED SPECIAL REVENUE FUNDS

Mr. Lawton explained that Special Revenue Fund is a governmental accounting term referring to funds where there is a dedicated revenue stream for a particular set of expenditures. Simply put, this is when revenue is earmarked for a specific expenditure purpose. An example is when the City receives revenue from the State of Tennessee for the Gasoline Tax; in turn, this money is then dedicated to go towards the State Street Aid Fund (paving the City's roads).

A) STATE STREET AID FUND—Presented by Andy Sanders, Assistant Director of Public Works

- Revenues-\$2,802,500
- Expenses-\$3,470,000

Mr. Andy Sanders (Assistant Director of Utilities) mentioned the following State Street Aid Fund highlights:

- The main source of revenue is from the Gasoline Tax.
- Sizeable increase in FY19 revenues (approximately \$200,000) and General Fund transfer of \$1,500,000.
- Street Contract Maintenance (\$2 million) covers our repaving and resurfacing program. Of the 220 miles in the City, these funds will allow us to resurface anywhere from 10 to 12 miles. Also, \$100,000 will be used for an asphalt rejuvenation treatment allowing us to extend the useful life of our pavement by another 5 to 10 years.
- City Street Maintenance (\$350,000) are funds allocated for bulk materials such as cement treatment base, asphalt, and materials use for pot hole patching and curb/gutter replacement.
- Other Maintenance (\$200,000) include funding mainly for street striping; required by the state to have thermoplastic striping which is used for lane lines, cross walks, bicycle lanes and other miscellaneous street markings.
- Utilities (Electricity and Gas) attribute to the maintenance and upkeep of 5,000+ street lamps/light throughout the City. This funding of \$920,000 will pay MLGW for the installment of new street lights, to maintain existing street lights, to replace bulbs, etc.

After a short discussion regarding the allocated cost for street paving (5 miles versus 10 miles), Mr. Lawton said although it looks healthy and increases in the outer years, the State Street Aid Fund will also depend on what is transferred from the General Fund. He also said concerns regarding the \$2 million can certainly be addressed when the budget is presented next year.

B) DRUG ASSET FORFEITURE FUND—Presented by Rodney Bright, Deputy Chief of Police

- Revenues-\$300,000
- Expenses-\$261,800
- State and Federal Drug Asset Forfeiture Fund Program.
- Through their participation with the DEA, local governments and law enforcement agencies receive a percentage of dollars, assets and property once they are diverted over to the Federal government.
- State law requires that these resources be limited to drug-related expenses such as training costs, overtime for drug enforcement officers, equipment, drug dog expenditures, etc.
- Sponsors the "Alive 25" Program for ninth graders at Houston High School.

C) FEDERAL ASSET FORFEITURE FUND (Continued by Mr. Bright)

- Revenues-\$50,000
- Expenses-\$50,000
- COG task force officer(s) partnered with DEA, West Tennessee Drug Task Force, Secret Service and FBI.
- Includes revenues obtained from asset forfeitures.
- Federal law requires money seized from assets to be placed in a separate fund and used by the Police Department.
- Covers task force officer's vehicle, vehicle maintenance, training and replacement of SWAT tactical vests.

D) PICKERING CENTER FUND—Presented by Natalie Ruffin, Recreation Superintendent

- Revenues-\$99,500
- Expenses-\$128,000

- Fund provides programming for fifty plus groups, computer classes and private rentals including parties, meetings and other community events throughout the year. This fund is also used for the overall operation and management of the facility.
- For FY19, Ms. Ruffin advised there will not be a request for a budget increase and rental rates will remain the same.
- Project 1--asking for \$2,500 to purchase an access control system to aid staff for facility rentals.
- Project 2--also requesting \$3,000 to replace the kitchen cabinets for commercial and more industrialized cabinets (with locking system).
- Requesting that Wi-Fi be installed at the facility.
- Fund is healthy and remains very strong.

E) RECREATION FUND (Continued by Ms. Ruffin)

- Revenues-\$675,100
- Expenses-\$800,500

- Includes recreation leagues such as youth basketball, adult softball, tennis, adult kickball, croquet, sports camps, community education and the Mayor's Cup 5K. Ms. Ruffin advised that the community education budget provides for the overall operation and management of the REACH program.
- This fund also provides for uniforms, awards and trophies.
- Official before and after school provider for the Germantown Municipal School District (since 2014).
- REACH program received the highest, three-star quality rating from the Department of Human Services in 2017. Presently, over 600 children are enrolled and over 300 attend on a daily basis.
- In regards to the overall operating fund, there are no significant changes however, a budget increase is being requested to provide relief to the Parks and Recreation Fund via a personnel line item adjustment (Ms. Ruffin's salary be split 50/50 between the REACH Program Fund and Parks/Recreation Fund).
- IRP projects for FY19 include: 1) the repair and re-surfacing of 14 tennis courts (\$29,000); 2) an upgrade to the conference room—with the addition of some IT equipment such as a projector and screen, inside the Parks and Recreation building (\$18,000); 3) the replacement of bleachers throughout the parks (\$10,000); and 4) a vehicle specifically to be used for the REACH program (\$35,000).
- Fund balance is healthy and remains very strong.

F) AMBULANCE FUND—Presented by John Selberg, Fire Chief

- Revenues-\$2,055,000
- Expenses-\$2,016,000

- Provides funding for emergency medical and transport.
- Presently, this fund covers 19 personnel (9 fire fighter EMTs, 9 fire fighter paramedics and 1 EMS Chief).
- Currently there are three ambulances that are staffed full-time and also three ambulances that are used as backup.
- Call load has increased approximately 10%--currently 3,000 calls a year. Also, more calls going to the senior living facilities and medical offices.
- There are no significant changes for this current year however, there has been an increase in the supply budget.
- In FY19, a new ambulance was purchased; also, excess funds from last year were drawn down to lower the General Fund transfer for this current year.
- Proposed 1.5% revenue increase this year to cover increase in costs.
- There is a 77% Net Revenue return (50% Gross Revenue) for billing—a total of \$12,000 was received in debt collection. Also, fee increases are not effective as 55% of customers are Medicare patients (also, affected by the Affordable Care Act).
- Increase in maintenance costs mainly due to cardiac monitor defibrillators coming off of their warranties.
- As for performance, customer surveys maintain a 99.3% satisfaction rate.
- The current ambulance response time is approximately 5 minutes and fifteen seconds.

- o Cardiac arrest survival in Germantown remains high; as of last year, the rate of survival was a 45% and, as of this morning, the survival rate was 72%.

G) FARM PARK—Presented by Pam Beasley, Director of Parks and Recreation

- Revenues-\$160,300
- Expenses-\$175,800
- o This is the 7th season of operation.
- o Covers expenses associated with providing farmers' market and educational programming.
- o The Farm Park's core mission is education; provided field trips help students from multiple school districts to learn about various features and different aspects of the Farm Park.
- o The estimated budget for this year is right at \$167,000; a maintenance facility to house equipment was built using funds that were carried over from the FY17 budget (\$17,000).
- o Changes for FY19 include: 1) a slight increase of 17% in personnel; 2) an increase of 36% in communication fees to outfit the newly renovated Welcome Cottage with Wi-Fi and telephones; and 3) the purchase of a tractor.

****MOTION****

Mr. Steinberg made the following two motions:

- A) To increase the Farm Park budget by \$25,000 thus making the part-time farming position full-time, *and*
- B) A recommendation be made to the Board of Mayor and Aldermen (BMA) that the Farm Park Fund will no longer serve as a Special Revenue Fund.

Mr. Johnson said initially, the Farm Park was promoted as being a self-sustaining fund however, it is a known fact that the Farm Park is actually costing the City more money. Mr. Johnson also noted that the equipment from our Public Works Department could be shared to help keep the Farm Park up. He encouraged commission members to oppose the motion.

Upon the sharing of thoughts and recommendations being made (equipment rental, equipment maintenance, daily use of equipment, compost), it was decided that the motion should be put to a vote.

Commission members voted as follows:

Stacy Barron – *yes*; Hal Beckham – *yes*; Brian Carney – *yes*; Blake Deaton – *yes*; Clinton Hardin – *yes*; Ashley Hopper – *yes*; Alderman Janda – *yes*; Russell Johnson – *no*; Julie Klein – *yes*; Walter Krug – *left early*; Jason Lowe – *absent*; Christine Menzel –*yes*; Chris Miller – *left early*; Frederick Miller – *yes*; Julius Moody – *yes*; Paul Mosteller – *yes*; Alan Richmond – *no*; Donnie Rose – *yes*; Harold Steinberg – *yes*; Denise Stumph – *absent*; Richard Vosburg – *yes*; Brandon Westbrook – *absent*; Brian White – *yes*; Scott Wickliffe – *yes*.

With a total vote of 17-2, the motion passed.

****MOTION****

Mr. Hardin moved to approve the City of Germantown's FY19 Special Revenue Funds as amended. Mr. Steinberg seconded and the motion passed unanimously.

REVIEW OF GERMANTOWN MUNICIPAL SCHOOL DISTRICT (GMSD) CAPITAL IMPROVEMENTS BUDGET (FY18-FY22)

School Board member Betsy Landers thanked the City for all of their support. She advised that bids for the construction of the new elementary school opened today and that the official ground breaking will be on May 1st, 2018. Ms. Landers further

advised that the budget is aligned with State goals and is thus developed based on the district's strategic plan. According to an expenditure comparison chart, GMSD spends \$8,700 (per pupil) annually; this ranks us in the bottom 16th percentile for per pupil expenditures across the state. The following accomplishments have been achieved thus far:

- Teachers – ensure the recruitment and retention of the best top quality teachers (top priority)
- More nurses - 1 nurse per every 1,000 students
- School clerical staff – funded for 16 clerical positions by the State however, 26 positions are maintained
- Response to Intervention (RTI) Coaches – currently not funded by the State; positions (5) funded annually at a cost of \$375,000

District Initiatives include 1) on average, \$1.8 million is spent annually on capital outlay (mainly for upgrades to schools); 2) The Blended Learning (1:1 Initiative) is a \$600,000 program that puts over 7,000 devices in the hands of our 6th-12th graders; this program also places GMSD schools in the top 15% of schools across the district; 3) Other Post Employee Benefits (OPEB) obligations are fully funded (100%) by the district (\$500,000/year); and 4) Later start time for schools as requested by the community.

Superintendent Jason Manuel reminded everyone that the majority of GMSD funding (\$27.3 million) does not come from the City of Germantown, it comes from State BEP projections. County funds (projected \$23.8 million) are settled up at the end of the year and are based on student attendance and membership. The City of Germantown provides a \$24.7 million maintenance of effort.

Superintendent Manuel said the school board is especially challenged with the anticipation of large expenditures to come (i.e. costs associated with opening a new school--principal, assistant principal, librarian, counselors, additional books, etc.); the goal of a revenue neutral budget is to *not add* new initiatives and programs. Budget highlights included Human Resources, continued funding of OPEB, Technology (establishment of 21st century classrooms and schools), construction of new elementary school and purchases for new school (supplies, equipment, textbooks). Superintendent Manuel pointed out discrepancies between the School's budget projections and the City's Budget Projection Summary (estimated FY18 and FY19). Areas that were cited include:

- A decrease in **Other Revenues** is due to a one-time grant (career and technical education) that is no longer (went away).
- An estimated increase of anticipated fluctuation in **Sales Tax** (prediction only).
- **Personnel**—step increase in compensation and 1% increase of COLA adjustment.
- **Professional Fees** are now off the board; remaining architectural fees will now be paid from bond proceeds.
- **Capital Outlay**—\$3 million moved from reserves in advance to cover anticipated land purchase price of \$200/square foot; actual price was \$193/square foot. Also, a **MOU** was signed with the City to self-fund a central office for the new school district; \$1 million also moved from reserve to pay for the original cost. A capital outlay note will be arranged with the City to pay for the rest.

Superintendent Manuel spoke briefly on Unfunded District Requests. He said if funding was available, the District would like to see security camera upgrades, additional positions (academic, exceptional student education, student services) and additional custodial staff. Currently, Dogwood Elementary, Farmington Elementary, Houston Middle, Houston High, Riverdale K-8 and a new elementary school make up Germantown's school district. Funding sources include The City of Germantown/Bonds (\$34,969,140), GMSD (\$13,290,660), Shelby County (\$1,856,488), PEG (\$371,819) and private donations (\$790,288). Capital Improvement projects set to be completed this year include the new elementary school (\$27,000,000), central office space (\$4,000,000), Farmington HVAC unit replacement (\$620,000) and a field house for Houston High (\$3,500,000). Other essential projects to be completed (at a later date) are security upgrades for all schools, a boiler/chiller replacement system at Riverdale Elementary and ADA upgrades at Dogwood Elementary.

Superintendent Manuel then reminded everyone about existing middle school capacity issues—right now due to growth, we are above our capacity limit; not only is enrollment and growth being tracked but rezoning is also being considered to try and accommodate this dilemma, especially for additional/increased capacity in the years to come.

****MOTION****

Mr. Hardin moved to approve the FY19 Germantown Municipal School District Capital Budget as presented. Mr. Vosburg seconded and the motion passed unanimously.

OTHER BUSINESS

Mr. Vosburg mentioned that last year, this commission recommended to the BMA that a donation be contributed to the construction of a new State veteran's home (West Tennessee Veteran's Home) to be located in Arlington, TN. Per Mr. Vosburg, the City is willing to give \$50,000 of City funds which are to be matched with donations given by COG residents. The Veteran's Home Association is asking that each resident contribute \$100 in honor of a veteran or just as a onetime donation. He further advised that this is a 501(c)(3) organization and that contributions are tax deductible.

****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.