



CITY OF GERMANTOWN TENNESSEE

1930 South Germantown Road • Germantown, Tennessee 38138-2815
Phone (901) 757-7200 Fax (901) 757-7292 www.germantown-tn.gov

Financial Advisory Commission Minutes

Tuesday, February 28, 2012, 6.30pm
Blue Room, 1920 S Germantown Rd

Members Present: Chairman Clinton Hardin, Mike Agee, Eddie Cox, Russell Johnson, Mark Kooker, Walter Krug, Frank Markus, Harold Steinberg, Paul Volpe, Richard Wagoner, Jeff Weesner, Leslie Wolfgang and Ald. Mark Billingsley

Members Absent: Vincent Correale, Sharon Hammer, Thomas Harrison, Howard Lasley, Frederick Miller, Julius Moody, Armando Quinn, Frank SanPietro, Ron Sklar and Brian White

Staff Present: Kristen Geiger, Ralph Gabb, Michael Stoll, Adrienne Royals and Sherry Rowell

Call to Order

Chairman Hardin called the February 28, 2012 Financial Advisory Commission meeting to order at 6:35 p.m.

Roll Call & Introduction

Chairman Hardin called roll and announced a quorum was present.

Alderman Billingsley asked that staff follow up with FAC members who have missed two meetings to see if they will be attending any future meetings.

Approval of Minutes

Chairman Hardin called for approval of the minutes from the February 7, 2012 FAC meeting.

****MOTION****

Richard Wagoner moved to approve the minutes from the February 7, 2012 FAC meeting and to reflect that Patrick Lawton spoke about the schools system and also the ½ cent sales tax increase based on the school study. Frank Markus seconded and the motion passed unanimously.

Review of Special Revenue Funds

Kristen Geiger began her presentation by briefly explaining that the General Fund is the primary fund, taking in all the property tax revenue, general fees and court fines along with the state shared revenues and sales tax. Out of the General Fund are all the operating expenses for the City and the major areas of public safety, administration, parks, public services and the debt service

The City has 5 enterprise funds. These funds operate more in line with the private sector. User fees fund their operations and City shortfalls are funded from the General Fund.

FINANCIAL ADVISORY COMMISSION

February 28, 2012

Page Two

Review of Special Revenue Funds (Cont'd)

Special Revenue Funds are set-up for particular functions and fees are charged for the activities within that fund. Those fees stay within the fund and cover operating expenses and any improvements going forward.

Kristen stated that there were six Special Revenue Funds: Automated Enforcement, Drug Asset, Federal Asset, Pickering Center, Recreation and State Street Aid. For FY13 the City was projecting a little over \$3 million for the revenues and \$3.7 million for the expenses. This represents a 5% reduction from FY12. This reduction in revenues is in the area of the Recreation Fund. The soccer program was administered in-house in both FY12 and FY11 and has since been contracted out. The Pickering Center reflects an increase over last year because of a 24% increase in revenues (primarily rental fees). The remaining are projected to remain flat from last year to this year.

Kristen referred to the handouts and explained the types of operations and expenses for each fund.

- Pickering Center
 - Provides programming for seniors, cultural arts, and private rentals
 - Operating Expenses of the facility

- Drug Asset Fund
 - Funding provided by the City's drug-related fines and local confiscations
 - State law requires these resources be used in drug law enforcement
 - Overtime for police officers assigned to drug enforcement
 - Funds high school drug abatement education
 - Drug dog expenditures
 - Confidential informants

- Automated Enforcement
 - 1.25 employees (FTE) charged to this Fund
 - Covers the expenses for leasing the automated enforcement equipment
 - Includes expenses for the Alive-At-25 and Drivers Education programs

- State Street Aid
 - Covers the roadway expenses including crews, resurfacing 7-8 miles , asphalt rejuvenation, street sweeping, and street striping
 - Funds street lighting, fixtures and electricity (MLGW)

- Recreation
 - Includes the following recreation leagues: youth basketball, adult softball, adult baseball, tennis, adult kickball, croquet, sports camps, cheerleading, community education, and Mayor's Cup 5K Race.
 - Uniforms
 - Awards and trophies
 - \$50,000 Phase I – tennis control lighting
 - \$45,000 for cover shading at Bob Hailey Baseball Complex

FINANCIAL ADVISORY COMMISSION

February 28, 2012

Page Three

Review of Special Revenue Funds (Cont'd)

Federal Asset Fund - Money obtained from asset federal forfeitures is used by Police department expenditures. The federal government requires asset seizures to be placed in a separate fund and then used by the Police department.

Numerous questions were posed by members and discussion ensued regarding funding for bike lanes, street resurfacing, expenses anticipated in the drug & federal asset fund, revenues from recycling and the operational status of the automated enforcement cameras at Poplar and Farmington.

Review of General Fund Revenues

Ralph Gabb began his presentation on the General Fund Revenues. The General Fund is the primary fund that the City uses on a day-to-day basis and receives the bulk of its revenues from property taxes. It supports the fire and police services, building, park and street maintenance, recreational activities, performing arts and community grants, neighborhood services, City planning and engineering, court and library services, finance and general administration, capital financing and all other funds. The FY13 General Fund revenues are projected at \$39,061,235, which is a 1.4% increase over the FY12 estimate. General Fund revenues are comprised of property tax – 60%, sales tax – 19%, federal & state grants – 12%, license and Fees – 8% and interest – 1%.

Ald. Billingsley stated that the proposed ½ cent local sales tax increase would generate \$2.4 million if it applied only in Germantown. If the tax was implemented county wide it would improve to about \$2.9 million.

Ralph spoke about the per capita revenue stating that the City has always looked at trends warning us to where problems might occur. Ralph spoke about Germantown being somewhat of a bedroom community, and because of that, Property Taxes will be the bulk of the revenues. Germantown foreclosures were very low compared to the neighboring cities. A discussion ensued regarding the new cancer facility due to be built on the old Walmart property at Wolf River. Kristen Geiger responded by stating that Engineering and Planning was looking at anticipating the impact of the new structure on traffic at the intersection of Germantown and Wolf River Blvd. Ralph Gabb stated that there would be three sources of revenue generated from this new facility: sales, personal property and real property taxes.

A discussion followed about hotels in the City and how much revenue these generated. A member asked how many hotels and rooms we had in total. Kristen Geiger responded that there were 7 hotels and that she would follow up with the number of rooms.

A question was raised regarding the change in court revenues numbers between the two fiscal years. After some discussion, Kristen Geiger stated that further analysis was required.

GovDeals revenue was also discussed. Staff explained that surplus equipment and non-patrol cars, if they were not traded in, were sold on GovDeals. Patrol cars are sold directly to other municipalities,

FINANCIAL ADVISORY COMMISSION

February 28, 2012

Page Four

Review of General Fund Revenues (Cont'd)

Chairman Hardin called for a motion to approve FY13 Special Revenue Funds.

****MOTION****

Richard Wagoner moved to approve the FY13 Special Revenue Funds as presented. Jeff Weesner seconded and the motion passed unanimously

Chairman Hardin called for a motion to approve FY13 General Fund Revenues.

****MOTION****

Richard Wagoner moved to approve the FY13 Special Revenue Fund as presented. Jeff Weesner seconded and the motion passed unanimously

Investment Sub-Committee

Chairman Hardin asked for volunteers to serve on the investment sub-committee. Frank Markus, Clint Hardin, Walter Krug and Jeff Weesner volunteered and were appointed to the investment sub-committee. Michael Stoll stated that he would get some details together and set up a tentative meeting for Tuesday March 20 at 6.00pm, prior to the next FAC meeting.

Any Other Business

A question was posed regarding the schools system; if the school system proceeds, would it overshadow other things like the ambulance service, which was put off last year for another year. Members wanted to know what is happening to the ambulance service. Where do we stand on this project now versus what's going to come up. Kristen Geiger stated that at this point the County has agreed that they want to exercise the option to go for the last year. It is not yet certain whether or not they will go out to bid for another contract or if they will bring the service in-house. During the next fiscal year, FY13, we will be examining the option of bidding the contract directly or bringing it in-house. Financially we could still keep going and those decisions could still happen and the funding can still be used to draw down reserves to bring it in-house during that time.

Ald. Billingsley stated that he was not happy about how the ambulance issue was addressed last year. He explained that he had a private meeting with Kristen Geiger and Patrick Lawton and voiced his concerns about the need to be proactive because it takes a year to ramp up. He further stated that it would be appropriate for Chief Selberg and Patrick Lawton to come back and give the commission an update on where we stand now with the county, what our options are going to be and what we need to do to plan ahead. He noted that some of these critical issues were too big to be brought before a sub-committee and should be presented fully to the entire FAC. These should include ambulance, schools system and any other significant issues.

A member stated that he had spent some time with the fire department and noted that they did a fantastic job. Ald, Billingsley encouraged commission members to come and see behind the scenes, be it fire, police, court or any other aspect of the City.

FINANCIAL ADVISORY COMMISSION

February 28, 2012

Page Five

Any Other Business (Cont'd)

A member stated that the school system was the eight hundred pound gorilla in the room. He believed that it was a no brainer that Germantown should start their own school system. He further stated that we could be assured that there would be nothing favorable coming from the County or Memphis to any of the municipalities.

Ald. Billingsley stated that the Board had accelerated the final reading to their meeting on March 5 2012. The second reading regarding moving forward with the schools as well as moving forward with a tax equal to ½ cent on sales tax was held the previous night (February 27th). He encouraged members to attend the third reading and stated that the Mayor had been somewhat silent relative to our position and what's been done thus far. Stating that because of required notifications, there will be a special referendum on schools in May 2012. The local sales tax vote is anticipated in August 2012 coinciding with the regular elections. Also anticipated is the election of a school board in November 2012.

One member stated that the voters need to be educated and that he was getting questions from Germantown residents as to why we will have students who are not residents of Germantown. Does that mean that we are going to have school board members who are also non-residents? Ald. Billingsley stated that he had never heard that idea proposed. Non-resident students will only be able to attend Germantown schools if the County agreed to give up those students because the money is attached to them.

Adjournment

****MOTION****

Chairman Hardin called for a motion to adjourn the meeting. Harold Steinberg made a motion, seconded by Eddie Cox. The motion passed unanimously