

BOARD OF MAYOR AND ALDERMEN

August 27, 2012

A regular meeting of the Board of Mayor and Aldermen was held on August 27, 2012 at 6:00 p.m. in the Council Chambers of the Municipal Center.

Mayor Sharon Goldsworthy was present and presiding.

The following Aldermen were present: Mark Billingsley, Ernest Chism, John Drinnon, Greg Marcom and Mike Palazzolo. Staff present: Patrick Lawton, George Brogdon, Kristen Geiger, Andy Pouncey, Wade Morgan, Tim Gwaltney, Michael Stoll, Ralph Gabb, Chief Richard Hall, Chief John Selberg, Butch Eder, Tony Fischer, Susan Hopson, Lisa Piefer and Dotty Johnson.

Call to Order

Mayor Sharon Goldsworthy called the meeting to order at 6:08 p.m.

Invocation

Economic and Community Development Director Andy Pouncey gave the invocation.

Pledge of Allegiance

Alderman Drinnon led the Pledge of Allegiance.

Approval of Agenda

Mayor Goldsworthy stated that during the executive session the Board had unanimously agreed to move item number 9 – Policy Letter Number 33 Revisions to the Consent Agenda.

Motion by Mr. Drinnon, seconded by Mr. Marcom, to approve the agenda as amended.

ROLL CALL: Marcom–yes, Drinnon–yes, Palazzolo–yes, Billingsley–yes, Chism–yes. Motion approved.

Approval of Minutes

There were no corrections or additions to the minutes.

Motion by Mr. Marcom, seconded by Mr. Drinnon, to approve the minutes of the Board of Mayor and Aldermen meeting held August 13, 2012 as written.

ROLL CALL: Marcom–yes, Drinnon–yes, Palazzolo–yes, Billingsley–yes, Chism–yes. Motion approved.

Citizens to be Heard

No citizens came forward.

Beautification Business Awards

Alderman Palazzolo presented awards to Dr. George H. Bouldien, owner of Bouldien Dentistry Clinic located at 3100 Professional Plaza; Ms. Terri Hannah owner of Terri Hannah Home and Garden located at 2110 Merchants Row No. 1; and Mr. Jeremy Wyatt, General Manager of Chili's Grill and Bar located at 7810 Poplar Ave. He complimented each for their landscaping excellence and for setting a good example by maintaining the exterior of their property. Each was presented a plaque.

Ordinance 2012-13 – Amendment to Ordinance 2012-8 (2012-13 Budget)

City Administrator Patrick Lawton explained that during the consideration and adoption of the FY13 Budget, the Administration and the Board of Mayor and Aldermen were simultaneously engaged in legal,

Board of Mayor and Aldermen

August 27, 2012

Page 2

regulatory and procedural requirements necessary in establishing a municipal school district for the City Germantown.

The Board initiated and adopted the following three ordinances:

1. An ordinance to create the Germantown Municipal School Board
2. An ordinance authorizing the creation of a municipal school system
3. An ordinance to increase the local option sales tax by ½ cent

The latter two ordinances required that they be placed before the electorate in Germantown in the form of a referendum for each. On August 2, 2012 the public spoke by overwhelmingly approving their adoption.

The passage of the referendum establishing the municipal school district now necessitates that the City move forward and address many of the initial start up costs and other logistical issues prior to the election of the Germantown Municipal School District (GMSD) board in November and the hiring of a superintendent in early January. The costs associated with this start up are significant and, due to the August 2nd referendum on the entire question, were not included in the FY13 Budget adopted June 25, 2012.

The referendum question authorizing an increase to the local option sales tax by ½ cent, currently the statutory limit, has been certified by the Election Commission and the State Department of Revenue has been notified to begin collecting this additional ½ cent for all sales that take place in Germantown. 100% of this amount will be returned to Germantown, generating an estimated 1.7 million dollars in additional sales tax revenue for our city. These dollars were also not included in the FY13 Budget at the time of its adoption in June.

This amendment to the FY13 Budget will recognize the revenue generated from the ½ cent sales tax to support our GMSD and identify the funding requirement between now and June 30, 2013 for the GMSD and create a separate GMSD fund recognizing the total revenue and expenditures requirements necessary to support this activity during the remainder of FY13.

The creation of the GMSD with a projected opening date in August 2013 will require that the key central office leadership team be in place no later than January 31, 2013. The complete central office leadership team should be in place by March 1, 2013. This recommendation and staffing level is based on the SES Feasibility Study from January 2012. These staff positions, including the five-member school board, totals 37 with operating costs through FY13 of \$1,234,851.

Appropriate space to house the GMSD administration is not available within existing City buildings. Therefore, City administration is currently investigating leasing vacant commercial space. Approximately 10,000 sq. ft. will be necessary. Based on current marketing per-square-foot pricing, we are anticipating a six-month lease cost of \$100,000.

Other significant expenditures include office FF&E at approximately \$500,000 and an additional \$578,000 for software and hardware costs for school attendance, transportation zone planning, payroll, purchasing, the phone system, and overall student information and records system.

The FF&E and hardware and software should be in place in January 2013 as the GMSD prepares to open doors on our school district in August 2013. Other significant costs include ongoing legal and consulting services through FY13 in the amount of \$150,000.

The estimated costs associated with the GMSD between now and June 30, 2013 is \$2.8 million. All significant purchases, after the amendment to the budget is approved and before the GMSD board is in place, will be presented to the Board of Mayor and Aldermen for approval. Staff will consider every

Board of Mayor and Aldermen

August 27, 2012

Page 3

possible and proactive approach to reduce these anticipated costs through the competitive bidding process, lease arrangements and technology.

The revenues to support the GMSD will come from the increase in the local option sales tax, which will generate approximately \$1.7 million.

Because of the significant start up costs for the District in FY13 and only nine months of collection from the ½ cent sales tax increase, it will be necessary to transfer, as a part of this budget amendment, \$1.1 million from General Fund reserves.

The actual budget amendment, No. 13-8, identifies the \$2.8 million proposed budget for this new fund and the \$1.7 million in increased sales tax and the transfer of \$1.1 million from General Fund reserves to address this gap.

The transfer from the fund balance to meet this funding need will not impact our designated reserves, including those dollars set aside for emergencies and catastrophes, contingencies, the IRP, tax anticipation and debt service. It will however reduce our undesignated reserves from \$2.8 million to \$1.7 million, creating a deficit in the General Fund. However, due to the nature of this funding demand and the time frame we are operating within, the Administration can support and recommend this action by the Board of Mayor and Aldermen. Staff will work closely with the Financial Advisory Commission and the Board of Mayor and Aldermen and address this budgetary situation as we prepare the FY14 budget and five-year financial plan.

Beginning with the adoption of the FY14 budget, the GMSD will present its funding request to the Board of Mayor and Aldermen. As you will recall from the referendum question establishing our school system, the City is required to fund a minimum \$2.1 million. A full year of the ½ cent sales tax should produce \$2.4 million.

While there has been tremendous community support for the GMSD initiative to move forward and widespread understanding of risks, pitfalls and challenges that lie ahead, the Administration supports and recommends the adoption of the FY13 Budget Amendment on first reading and to move it to a second reading and public hearing on September 24, 2012.

The budget adjustment of \$10,000 is to pay for research to develop documents to portray the history of Germantown. Researchers are reviewing thousands of documents and compiling them into specific subject notebooks and digitizing materials where those interested can come to the Germantown Regional History and Genealogy Center to discover how Germantown was formed as well as the people and events which have molded our community into what it is today.

The \$10,000 is being transferred from interest earned on the \$250,000 endowed to the Germantown Community Library from the Germantown Civic Club. Since the gift was received, the endowment has earned over \$20,000 in interest.

It was determined that the malfunctioning ADA doors at the Athletic Club must be replaced in FY13. The motor controlling the automatic mechanism for the interior and exterior doors has died and replacement parts are not available. Therefore, the budget adjustment associated with this portion of the amendment will transfer \$15,000 from the Club's fund balance to building improvements to replace these doors.

Motion by Mr. Billingsley, seconded by Mr. Drinnon, to adopt Ordinance 2012-13 – Amendment to Ordinance 2012-8 the 2012-13 Budget, and to set September 24, 2012 for the Second Reading and Public Hearing date.

Board of Mayor and Aldermen

August 27, 2012

Page 4

ROLL CALL: Marcom–yes, Drinnon–yes, Palazzolo–yes, Billingsley–yes, Chism–yes. Motion approved.

Policy Letter Number 33 Revisions – MOVED TO CONSENT

Radio System

IT Director Tony Fischer stated the current radio system used by Police and Fire currently has coverage and reliability issues. Many times the Police and Fire personnel have trouble communicating from many areas of town.

In December of 2010, the City hired Elert & Associates as consultants to review the public system and to recommend the requirements for a new system. They found the current system was unable to meet the needs of the City's public safety agencies and a new system was recommended based on standards which are used in public safety in the US.

Most of the radios and repeaters in both the Fire and Police Departments will be replaced. Also the radio consoles in dispatch office will be new state of the art systems. This new fully digital system will have coverage and reliability required by our public safety personnel and will also allow interoperability with Shelby County Police and Fire Departments for mutual aid response.

Motion by Mr. Drinnon, seconded by Mr. Marcom, to approve the purchase of a Public Safety Radio System in the amount of \$1,708,969.00 and four (4) year maintenance agreement in the amount of \$199,628.00 from Motorola Solutions Inc. and declare existing radio system equipment not included in trade-in as surplus.

ROLL CALL: Marcom–yes, Drinnon–yes, Palazzolo–yes, Billingsley–yes, Chism–yes. Motion approved.

CONSENT

Bulk Uniform Purchase – Fire Department

The Fire Department provides uniforms that are issued to its members by means of a uniform allotment. The items in this request were priced at a bulk order price in order to save money for the employee and the City. Prices were also requested for a non-bulk order to allow for items to be purchased for new employees and for employees who need additional items.

MOTION: To approve the purchase of uniform items at a bulk order price from Accurate Law Enforcement in the amount of \$8,276.00, from Mid South Solutions in the amount of \$3,137.00, from Tiger Promotions in the amount of \$327.50, and to allow for the individual purchase of uniform items not to exceed an individual employee's allotment or budgeted amounts.

PEG Funds

Comcast and AT&T were granted rights within the City of Germantown to provide cable service to the citizens of the City. As part of the franchise agreement Comcast and AT&T are required to pay a PEG access support fee to the City and in turn the City remits the funds to a designated PEG station.

MOTION: To approve the transfer of funds in the amount of \$44,731.17 which was received from Comcast and AT&T to be designated PEG station Germantown Community Television Foundation and approve Budget Adjustment Number 13-04.

Reappointments to Germantown Education Foundation

Alderman Billingsley asked to be recused from voting on this agenda item because of his working relationship with David Baytos.

Board of Mayor and Aldermen

August 27, 2012

Page 5

In 2009, the Board approved the appointments of David Baytos, Dick Leike and Debra Wiles for three-year terms. The reappointments are for three-years and will run until 2015.

MOTION: To approve the reappointments of David Baytos, Dick Leike and Debra Wiles to the Germantown Education Foundation.

Policy Letter Number 33 Revisions – Moved from Reg Agenda

The management and operation of all youth sports is guided by Policy Letter Number 33. It provides a standard operating policy and procedure that is fair, consistent and in keeping with the City's mission and values. The Parks and Recreation Department staff, along with the members of the Parks and Recreation Commission, is recommending the following revisions to Policy Letter Number 33:

The non-resident fee required to be collected by sports providers operating community youth recreational and competitive sports programs will be based upon a percentage relationship between the property tax revenues for the City of Germantown and the total City budget and shall be assessed per participant, provided that no fee shall exceed One Hundred Dollars (\$100) per participant for both competitive and recreational leagues.

MOTION: To approve the recommended revisions to Policy Letter Number 33 – Sports Operating Procedures and Sports Package.

Alderman Billingsley recused himself from voting on the reappointments to the Germantown Education Foundation but voted on the rest of the consent agenda.

Motion by Mr. Drinnon, seconded by Mr. Palazzolo, to approve the consent agenda as stated.

ROLL CALL: Marcom–yes, Drinnon–yes, Palazzolo–yes, Billingsley–yes, Chism–yes. Motion approved.

ADJOURNMENT

There being no further business to be brought before the Board, the meeting was adjourned.

Sharon Goldsworthy, Mayor

Dotty Johnson, City Clerk/Recorder