
MEETING MINUTES
SPECIAL BUDGET & FINANCE COMMITTEE
 CITY OF FRANKLIN, TENNESSEE
 CITY HALL BOARDROOM
 MONDAY, MAY 14, 2012 @ 4:00 P.M.

Committee Members

Alderman Ann Petersen, Chair P
 Alderman Beverly Burger, Vice Chair P
 Alderman Brandy Blanton P
 Alderman Michael Skinner P

Other Attendees

Eric Stuckey, City Administrator P
 Russ Truell, ACA Finance & Administration P
 Vernon Gerth, ACA Community/Economic Development P
 Mike Lowe, Comptroller P
 David Parker, City Engineer/CIP Executive P
 Mayor Ken Moore P
 Alderman Margaret Martin P
 Lanai Benne, Assistant City Recorder P
 Linda Fulwider, Board Recording Secretary P

1. Call to Order

Alderman Petersen, Chair, called the special meeting to order at 4:00 p.m.

2. Presentation of the Proposed Fiscal Year 2012-2013 Budget

Eric Stuckey presented an overview of the budget and key components.

THE FOCUS

Management

- Policy development and implementation
- Budget process
- High quality service levels
- Department level key performance measures
- Benchmarking program
- Capital Investment project oversight and delivery
- Telling "Franklin's story" locally and beyond

Community Development

- Desired location
- High Development Standards
- Educated workforce
- Sites ready for development
- Aggressive State incentives
- Work with partners at State and Williamson County
- Play "offense"

Strong Financial Base

- Long-Term financial planning (revenue diversification)
- Capital Investment plan process
- Multi-year financial planning
- Healthy reserve levels
- Triple-A Bond rating from both Moody's and S&P
- Support changing service needs

TRANSFORMING HOW WE DO BUSINESS

Public Safety

- Police Flex Team problem solving and proactively responding to needs
- Expanded walking patrols in downtown and neighborhoods
- Mounted patrol for a \$1 per year
- School Resource Officers at Freedom Middle School and Poplar Grove School
- Grant-funded education and proactive patrol focused on DUI offenders
- ISO rating of 2, the best in Tennessee
- Expanded Advanced Life Support response, increased paramedic staffing
- Automatic aid agreement with Brentwood for fire response
- Expanded training through Franklin's training facility – regional and across City departments
- Uninterrupted Power Supply provided at 22 key intersections

Customer Service

- City Hall express payment window
- Use of seasonal/temporary workers to handle peak work loads
- Online service request system available 24/7
- Social Media (Facebook, Twitter, You Tube, Pintrest) reaching and responding to citizens

- Expanded communication capabilities and strategies
- Historic Parks cell phone tour

Development Services

- Development plan process shortens review by 60 days
- Online inspection scheduling and results review
- Electronic plan submission and review
- Plan review deadlines implemented and being shortened
- Options for plan by consultants for larger projects
- Land Use Character Area reviews conducted by Planning staff not consultants

Infrastructure

- Improved interconnection for water supply
- Repair and expanded raw water reservoir
- Near perfect Sanitary Survey scores over the past three years (2009-11): 96, 98, 98
- Water's leak detection program identified and repaired leaks that otherwise would have resulted in the loss of 40 million gallons of treated water in a year
- Street resurfacing plan for all streets
- Infrared truck – street patching efficiency improved
- Capital Investment Plan prioritization and funding plan
- Parks partnerships with FBC, Cowboys, and Friends of Franklin Parks to enhance/preserve facilities
- Traffic signal timing enhancing operations and traffic flow without roadway construction

Fiscal Stability/Efficiency

- Debt and Reserve Policies established
- Triple-A bond rating from Moody's and S&P
- Reformed and updated employee pension plan
- Proactive safety program
- Purchasing card program brings better efficiency and tracking to transactions, plus a \$37,400 rebate
- Online auction of surplus equipment (\$180,000 in the first 9 months of FY12)
- Virtualized servers save money and brings efficiency (13 servers reduced)
- Electronic filing and data tracking in City Court

Sustainable Community

- Blue Bag residential curbside recycling – over 50% participation and 15% diversion
- Brown bag yard waste collection and composting operation
- BOPAE implemented
- Working with TDEC and other local governments to plan long term for landfill/solid waste needs
- Energy efficient lighting in Parks
- Solar array at Water Reclamation Plant through a public-private partnership
- Energy efficiency review throughout the organization
- Partnership with EPA in reviewing energy efficiency with Water Management

OVERVIEW

- General Fund Budget of \$55.1 million, an increase of 3.1%
- This budget still represents a 7% reduction to the general fund budget vs. FY 2008-09
- Total Operating Budget of \$81.6 million, an increase of 1.8% (Primarily due to hazard mitigation expenditures, and capital purchases in the Facilities Tax Fund)
- The budget is structurally balanced
- Essential service levels maintained

The \$55.1 million compares to \$53.4 million net of the 84 Lumber purchase for the Public Works Facility. That was netted out and will be back in the General Fund.

Even with the budget reductions, the City maintained most of the efficiencies from a different economic time and still enhanced services.

There will be no draw on fund reserves. In the current fiscal year there is money to contribute to the fund balance in reserves.

Alderman Burger asked to have the reserve fund explained for the listening public. Mr.

Stuckey related it is used to bridge the gap when there are emergencies or disasters, and as backup for the self-insured medical insurance and Worker's Compensation to support on an ongoing basis. Roughly half of City revenue comes from Sales Tax. In 2008-2009, reserves helped to maintain salaries, etc. It is one of the main things bond rating agencies look at. It is critical to maintain a strong financial base.

GENERAL FUND HIGHLIGHTS

- In compliance with BOMA's debt and reserve policies
- No layoffs of existing staff
- A general salary increase of 2.5% proposed for December 21, 2012. Implementation of merit pay program
- Property Tax same as 2012 (.3765 per \$100 of assessed valuation)
- No reserves targeted from fund balance
- Performance measures and sustainability initiatives for each department

CHANGE IN BUDGET AMOUNTS

- Reviewed bar graph depicting the change in amounts for All Funds and the General Fund for FY 2011, FY 2012, and FY 2013

OPPORTUNITIES

- Maintain high quality services
- Invest in our future
- Enhance our community's competitive position
- Focus on possibilities, not just current challenges
- Maintain Franklin's unique character

WHERE DOES THE MONEY COME?

(GENERAL FUND REVENUES BY CATEGORY)

- Local Sales Tax 45.8%
- Property Tax 12.2%
- Other Local Taxes 6.6%
- Licenses & Permits 7.7%
- Intergovernmental 24.5%
- Charges for Services 0.1%
- Fines & Forfeitures 1.9%
- Use of Money & Property 1.0%
- Other Revenue 0.2%

WHERE DOES THE MONEY GO?

(GENERAL FUND EXPENDITURES BY CATEGORY)

- Personnel 69.0%
- Operations 23.3%
- Capital 4.4%
- Transfers 3.2%

WHERE DOES THE MONEY GO?

(GENERAL FUND EXPEDITURES BY FUNCTION)

- Police 24.0%
- Fire 23%
- Streets 10%
- Parks 6%
- Transfer to Solid Waste 2%
- Transfer to Transit 1%
- Other 34%

FINANCIAL PERFORMANCE GENERAL FUND

	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Estimated	2013 Budget
Revenue	38.1	43.5	47.2	53.0	54.8	50.1	47.7	50.7	52.1	55.1
Expenditures	44.8	45.5	44.7	50.2	54.4	52.1	50.5	51.7	51.6	55.1
Fund Balance	27.1	25.1	27.6	30.4	30.8	28.8	26.0	25.0	25.5	25.5

GENERAL FUND REVENUE COMPARISON

BUDGET REVENUES	FY 12 Budget (as amended)	FY 13 Budget	% Increase (Decrease)
■ Local Taxes	33,347,033	35,588,949	6.7%
■ Licenses & Permits	3,886,600	4,259,140	9.6%
■ Intergovernmental Revenue	13,255,516	13,509,272	1.9%
■ Charges for Services	47,000	73,590	56.6%
■ Fines & Forfeitures	1,012,500	1,021,450	0.9%
■ Uses of Money & Property	650,001	526,211	-19.0%
■ Other Revenue	100,000	100,000	0.0%
■ Allocation from F/B	1,105,926	0	-100.0%
■ TOTAL	53,404,576	55,078,612	3.1%

LOCAL SALES TAX

- Budgeted to increase in 2012-13 (\$25.2 million)
- Growth of 5% (almost \$1.2 million) from 2011-12 estimated
- Statewide estimate for growth is approximately 3.4% to 4.03%
- 45.8% of total general fund revenue

PROPERTY TAX

- Certified Tax Rate based on last year’s reassessment of property is .3765 per \$100 of assessed valuation
- No increase in tax rate anticipated – 27th consecutive year without a rate increase
- Of tax rate, 57% allocated for general fund; 43% for debt service fund
- City of Franklin has the 2nd lowest property tax rate among Tennessee cities with a population of over 25,000 people (Only Lebanon’s is lower)

PROPERTY TAX COLLECTIONS (reviewed bar graph 2004-2013)

- Of the \$11.7 million in 2012, \$6.7 million is proposed for the General Fund and \$5.0 million for the Debt Service Fund

PROPERTY TAX RATE SUMMARY

- Reviewed figures from 1982-2013

EFFECTIVE PROPERTY TAX RATE (reviewed graph 1980-2012)

- Loss of purchasing power since 1980 – 52.6%

CITY PROPERTY TAX RATE COMPARISON (reviewed comparison with 27 Tennessee cities over 25,000)

- It was noted that those in the Franklin Special School District are taxed at a higher rate than the City rate

RATIO OF SALES TAX TO PROPERTY TAX (reviewed bar graph)

RATIO OF SALES TO PROPERTY TAX (reviewed bar graph FY 1989-2013)

SALES TAX/PROPERTY TAX TRENDS BY FISCAL YEAR (reviewed bar graph 2000-2013)

INTERGOVERNMENTAL REVENUE

- Projected at \$13.5 million
- Second largest revenue source
- Includes Business Tax within state shared taxes
- Grant funding including hazard mitigation grant and TOC project revenue

HALL INCOME TAX (reviewed bar graph 2006-2013)

- 2013 - \$1,246,000 based on past performance
- Figures will be received in July or August

OTHER TAXES

- Local Beer Tax
- Business License & Gross Receipts Tax

- Wholesale Liquor Tax
- Alcohol Privilege Tax
- Hotel/Motel Tax – Special Funds

FEES AND OTHER INCOME

- Franchise Fees
- Building Permit Fees
- Court Fines & Costs
- Stormwater Fees – Other Fund
- Interest Earnings

**GENERAL FUND BALANCE SUMMARY
FISCAL YEAR 2012-2013**

Estimated Beginning Fund Balance	\$25,547,412
Estimated FY 2012 Annual Revenues	55,078,612
Estimated FY 2012 Expenditures	55,078,612
Estimated Ending Fund Balance	\$25,547,412
Estimated Fund Balance Allocation	\$0

GENERAL FUND EXPENDITURES BY DEPARTMENT (reviewed figures)

- Changes from Presentation to Proposed Budget were distributed as well

CHANGE IN PERSONNEL EXPENSE

- 2.5% cost of living adjustment – effective December 21, 2012. Implementation of merit pay program
- Although one (1) less authorized position, several public safety employee positions, previously vacant, funded in 2013
- Part time/seasonal workers where possible
- No increase in health insurance to employees
- 3.5% turnover factor (pay + benefits) used
- Pension across all funds budgeted at \$5 million
- Holding 35 authorized positions vacant

PENSION PLAN CONTRIBUTIONS (reviewed bar graph 1998-2013)

- Revisions made to be more manageable and sustainable over time. Significant improvements.
- Employees now have a choice of Defined Contribution or Pension

APPROPRIATIONS (reviewed bar graph 2005-2013)

- Held steady with one exception. Animal Control is driven by a contract
- Recommend \$20,000 allocation for partnership to work with Williamson County Economic Development Office for business retention

OTHER GENERAL FUND INITIATIVES

- Retains Tuition Reimbursement Program
- Retains City-wide safety program
- Human Resources and Development/Permitting Software
- Development of new server room at Police Facility
- Targeted funding of previously vacant positions, primarily in public safety areas
- Merit Pay program - \$125,000 pool for one-time supplements to recognize performance on major work objectives

SPECIAL REVENUE FUNDS

- Street Aid & Transportation – Gas Tax (page 212-213)
 - Roadway Resurfacing program approximately \$2 million. A transfer from General Fund of \$409,000 is budgeted to assist in reducing the anticipated repaving cycle from 20 or more years
- Solid Waste (page 142-159)
 - Four Divisions: Administration, Collection, Disposal, Curbside Recycling
 - Direct revenues approximately equivalent to last year (\$7.6 million)
 - Expenditures approximately equivalent to last year (\$8.5 million)
 - As in 2012, transfer slightly less than \$1 million

- No increase in residential or commercial rates
- Road Impact Fund (page 214)
- Facilities Fund (page 222)
- Stormwater Fund (page 210-2011)
- Drug Fund (page 111)
- Hotel Tax Fund (page 223)
- Transit (pages 160-164)

WRAP UP

- Meeting budget goals and objectives despite challenging economic times
- Increase in expenditures in General Fund equivalent to rate of inflation (3%)
- Revenues estimated with signs of growth (recovery)
- Sales tax dependence continues
- No draw on fund balance
- Reserves at year-end far above policy level

Mr. Stuckey thanked the Budget Team, Russ Truell, Mike Lowe, Vernon Gerth, Stacy Woodard, the Finance team, and Monique McCullough and Lanai Benne for putting the document together.

QUESTIONS/DISCUSSION:

Alderman Petersen asked about Economic Development on page 196. Mr. Stuckey explained the \$25,380 is at the same level as last year and it is paid on a quarterly basis. In light of the forthcoming changes to the Williamson County-Franklin Chamber of Commerce he asked if the committee wanted any changes. The consensus was to leave as is with quarterly payments for the time being.

Judy Hayes and Nancy Conway came forward to speak to the merger of three Chambers. The Transition Board meets on a regular basis and is now negotiating the bylaws. A key part is to have a partnership with the City of Franklin much as it has been. It is expected the merger will take place in the latter quarter of the year. They welcome any input the City may have and they will keep the City advised of the progress.

Appropriations, page 219: Valerie Buford, Tennessee Rehabilitation Center @ Franklin, came forward with two board members, Ms. Betsy and Mr. Richard. They requested a \$3,000 increase to the \$22,495 allocation for a total of \$26,000, to enable the hiring of another rehab assistant. They formed a partnership with the schools that will result in additional students at the Center. The federal government provides 70% if local funding can provide 30%.

Alderman Burger asked what other funding they receive and was told they receive funding from Williamson County. The County will probably not increase funding either.

Alderman Martin came forward and said she had visited the facility and they do excellent work that is appreciated by the clients and their families.

Ms. Buford and Betsy Hester said they had a presentation for the City. Some information was distributed.

Alderman Burger thought the various agencies could not be equally compared and appropriations should be viewed as wants vs. real needs. She asked if the committee wanted to juggle the allocations to provide more for those entities providing services that enable people to function in society, to eat, and to work. To her that seemed more critical than buying books for the Library or for some of Franklin Tomorrow's requests. Make sure a rational decision is made based on revenues. Is the committee willing to take \$1,000 off the Library or Franklin Tomorrow allocations? This group needs \$3,000 more.

Alderman Skinner recused himself from the discussion because he sits on the board of directors for one of the recipients, J. L. Clay Senior Citizen Center. He then left the room.

- Alderman Blanton thought it too late in the process to shave numbers. What about the other agencies that asked for but did not receive increased allocations? She did not want to take away funding from other entities.
- Alderman Petersen pointed out that the committee had indicated to all the entities that the City would hold the line. There may have been others who did not come forward because of that.
- It was noted if this entity does not receive \$3,000 more they cannot hire another assistant. They would not lose all funding.
- Russ Truell said that several entities asked for increases and were told there would be no increases, and most held the line.
- Alderman Burger didn't think it was too late to change the allocations and reiterated what she said about critical needs. She thought the full Board should discuss this.
- Mr. Stuckey noted the Board could vote on the total amount budgeted and then discuss the allocations within that amount at another time.
- Alderman Petersen asked if that meant all agencies could come and appeal their allocations.
- Mr. Stuckey explained the previous process with the United Way took the burden of hearing each agency's presentation off the committee. He asked if the committee wanted to change the process?
- Alderman Petersen thought a full Board discussion should take place to determine if the process should change. Mr. Stuckey indicated it could go to a Work Session for discussion.
- Alderman Burger thought the Board should discuss needs vs. wants. The Board might want to consider using the United Way again.
- Alderman Petersen recommended bringing that topic back for discussion prior to the next budget year.

Alderman Burger moved to take to Work Session for discussion, the matter of being approached by an entity requesting an increase in allocation and allow the entity to provide a presentation to the Board. Motion DIED for lack of a second.

Alderman Skinner rejoined the meeting.

Alderman Burger moved to revisit the process for allocations at a Work Session in six months. Seconded by Alderman Blanton. Motion carried unanimously.

QUESTIONS/DISCUSSION (continued):

- Hall Tax was briefly discussed
- Solid Waste budget would be approximately \$500,000 more if not for the Agreement with Bi-County
- Changes to be made to the Budget Goals: Under Specific Fiscal Year 2013 Initiatives: 3rd bullet change to –Implement the consolidation of various public works departments in a single facility at 124 Lumber Drive that will accommodate the current and future service needs of the community. 4th bullet to be updated regarding the CIP Funding Plan. Mike Lowe will make the changes prior to the May 17th meeting.
- Russ Truell explained the bond process and mentioned that the information is in the Audit Report
- Alderman Petersen referred to page 66 and took issue with the Thursday prior to a BOMA meeting to receive agenda packets as she thought the goal was one week before. Eric Stuckey and Lanaii Benne explained sometimes mistakes happen; issuing agendas dependent on receiving materials from department directors, and often additional information critical to the item is received right before a meeting. Any item the Board is uncomfortable with can always be deferred. Alderman Skinner commented it is more important to him to have completed items even if not delivered until the Friday before.
- Pages 160 and 161 – Transit System: Those pages will be replaced with 2013 information
- Alderman Petersen asked about the amount of money to increase employee pay. Mike Lowe and Eric Stuckey provided explanations.
- Alderman Petersen had questions on debt service and road impact fees. Russ Truell provided detailed explanations.

Consensus was that with the updates, the FY 2012-2013 Budget is ready for vote at the May 17th Budget & Finance Committee meeting.

ADJOURN

Alderman Burger moved to adjourn. Seconded by Alderman Blanton. Motion carried unanimously

Meeting adjourned @ 6:15 p.m.

Ann Petersen, Chair

Minutes prepared by Linda Fulwider, Board Recording Secretary, City Administrator's Office - 6/22/2012 10:37 AM