
MEETING MINUTES
BUDGET & FINANCE COMMITTEE
CITY OF FRANKLIN, TENNESSEE
CITY HALL BOARDROOM
THURSDAY, AUGUST 16, 2012 @ 4:00 P.M.

Committee Members

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

Other Attendees

P	Eric Stuckey, City Administrator	P
P	Russell Truell, ACA Finance & Administration	P
A	Mike Lowe, Comptroller	P
P	Mark Hilty, Water Management Director	P
	Rick McPeak, Water Management Assistant Director	P
	Mayor Ken Moore	P
	Alderman Margaret Martin	P
	Lanaii Benne, Assistant City Recorder	P
	Linda Fulwider, Board Recording Secretary	P

1. Call to Order

Alderman Ann Petersen, Chair, called the meeting to order at 4:05 p.m.

2. Approval of the Minutes

Alderman Skinner moved to approve the July 19, 2012 minutes as presented. Seconded by Alderman Burger. Motion carried unanimously.

3. Consideration of RESOLUTION 2012-44, A Resolution of The Board of Mayor and Aldermen for Utilization and Replacement of Funds from Certain Reserve Accounts (Reserve Policy)

Russ Truell, ACA Finance & Administration

Discussion on this item was a continuation from the previous two meetings regarding the Government Accounting Standards Board (GASB), Statement 54, established regulations that apply to various reserves in the General Fund of Municipalities. Staff presented a policy to govern the use and replenishment of reserves. To address insurance reserves, Item 4 was added: "In the case of reserves for insurance, an amount not greater than half of the reserves shall be used in any one fiscal year."

Alderman Burger moved to approve Resolution 2012-44 and forward recommendation to the August 28, 2012 Work Session and BOMA meeting. Seconded by Alderman Skinner. Motion carried unanimously.

4. Update on Bond Refunding Plan

Russ Truell, ACA Finance & Administration

Mr. Truell announced that a response from the City's submission of a bond refunding plan was received from the State Comptroller's office today. Information from PFM was distributed. The interest rates were locked in at the lowest rate.

The original PFM proposal set the debt schedule on a 17.5 year repay. It was changed to 15 years with the savings applied to each maturity. However, the City asked PFM to do level debt service instead. Mr. Truell explained the debt service for each year. In 2009 \$22.6 million in variable debt was issued; this an opportunity shorten the term and lock in a 2.1% interest rate for the 15 years with level debt service.

Alderman Burger moved to approve Resolution 2012-44 and forward recommendation to the August 28, 2012 Work Session and BOMA meeting. Seconded by Alderman Skinner.

Alderman Petersen asked several questions which were answered by Mr. Truell.

Motion to approve and forward Resolution 2012-44 approved unanimously.

5. Update on Status of Financial Report for Year Ending June 30, 2012

Russ Truell, ACA Finance & Administration

Mike Lowe noted at the time of the initial report in July, there were several items that had been incurred by June 30, 2012 that were not yet available. He provided an updated report that included invoices from vendors for goods or services received through June. Most, if not all, have now been paid. This pertains to the General Fund. He anticipated a formal update would be presented in September.

6. Consideration of RESOLUTION 2012-45, A Resolution of Amendments to the 2011-2013 Water Department Operating Budget

Mark Hilty, Water Management Director

Rather than bring a new 2013 budget to the Committee and Board, these amendments reflect those items that have arisen since passage of the budget during the 2012 budget process. Cost of service is not included because the study is not finished. A rate increase is not being proposed at this time. Mr. Hilty thought the evaluation would be ready to present in September.

The amendments, as proposed, would result in:

WATER	Increase/(Decrease)	
Revenue	\$	---
Expenses	\$	122,427
Net Increase (Decrease) to Total Water Operating Fund Budget	\$	122,427

WASTEWATER	Increase/(Decrease)	
Revenue	\$	---
Expenses	\$	(136,101)
Net Increase (Decrease) to Total Wastewater Operating Fund Budget	\$	(136,101)

RECLAIMED WATER	Increase/(Decrease)	
Revenue	\$	---
Expenditures	\$	6,000
Net Increase (Decrease) to Total Reclaimed Water Operating Fund Budget	\$	6,000

Mr. Hilty gave a PowerPoint Presentation:

Water and Sanitary Sewer Funds

- ◆ The water and sanitary sewer enterprise funds are established to account for the operations and capital investments of the Water Management Department. The expenditures associated with providing services to customers on a continuing basis are recovered solely through user charges and development fees.

Financial Planning Path

- ◆ Cost of Service Analyses – 2007, 2009, 2010 & 2012
 - Rate Funded Capital
 - Operations Reserve
 - User Charges
 - Reclaimed Water
- ◆ Development Fee Evaluation 2012
- ◆ Biennial Budgeting and Financial Plans
- ◆ Integrated Water Resources Planning

Budget Amendment Overview

- ◆ Operations Revenues
- ◆ Operations Expenditures
 - Personnel
 - Organization
 - Operations & Maintenance
 - Operations Capital

Water and Sanitary Sewer Sales and Revenues

- ◆ Water consumption declined from 2005 through 2010; 2011 to 2012 experienced a 0.6% increase in domestic water sales volume and 8.8% increase in irrigation water sales volume
 - 1.2% increase in sales volume
 - 2.0% increase in revenue
- ◆ FY2011 Water Sales 1,618,943,221 gallons compared to FY2012 Water Sales 1,637,859,530 gallons
- ◆ Sanitary Sewer Service declined from 2008 through 2010; 2011 to 2012 experienced a 1.2% increase in the COF water utility area, 4.6% increase in MUD water utility and 11.1% decrease in MVUD and HB&TS utilities
 - 4.1% decrease in sales volume
 - 10.8% increase in revenue
- ◆ FY2011 Sanitary Sewer "Sales" 2,288,225,746 compared to FY2012 Sewer "Sales" 2,193,855,529

Spreadsheets/Charts Displayed

- ◆ Water Revenues & Wastewater Revenues
- ◆ Water Management Department Expenditures
- ◆ Water Management Department Proposed Organization
- ◆ Expenditures – Personnel Changes
- ◆ Water Section Expenditures Operations and Maintenance* (*Does not include personnel or capital)
- ◆ Wastewater Section Expenditures Operations and Maintenance* (*Does not include personnel or capital)
- ◆ Water Section Expenditures – Capital
- ◆ Wastewater Section Expenditures - Capital

Questions were asked and answered during discussion. Proposed to keep the projected revenues for 2013 the same until after the cost of service analysis.

Proposed Personnel Changes (grade levels estimated):

Water Distribution

- ◆ Budgeted for 2 additional staff members in FY2013 (Equipment Operator Sr. and Utility Service Worker Sr.). Due to decrease in growth postponed until 2014.

Wastewater Section

Utility Administration

- ◆ Upgrade unfilled position of Regulatory Coordinator (grade 19) to establish Assistant Director of Administration and Policy (grade 23)
- ◆ Reclassify Lift Station Technician (grade 14) to Maintenance Technician

Water Reclamation

- ◆ Reclassify Wastewater Maintenance Technician (14) to Maintenance Technician

Maintenance

- ◆ Maintenance Supervisor (grade 19)
- ◆ Maintenance Technician (grade 14)

The Maintenance Section would be manned with personnel cross-trained for work in all divisions.

There was some discussion on the large amount of equipment needed to efficiently run Water Management and plans to budget for specific equipment in future.

Alderman Skinner moved to approve Resolution 2012-45 and forward recommendation to BOMA. Seconded by Alderman Burger. Motion carried unanimously.

The aldermen brought up several issues regarding rates, future growth, fees, inside/outside ratepayer fees, etc. Eric Stuckey advised the issues mentioned could be discussed when cost of service is addressed.

**7. Consideration of Agreement with EnerNOC, Inc. for Wastewater Plant Energy Savings
Mark Hilty, Water Management Director**

Mr. Hilty related EnerNOC manages programs to reduce electrical consumption, which they would do at the Wastewater Plant. TVA then provides rebates for energy saved. Mr. Stuckey explained the City essentially would get paid for modifying the process. Mr. Hilty added that there are a number of communities involved in the program. The program does not interfere with any plant processes and there is no penalty if energy can't be curtailed. The Law Department is currently reviewing the contract.

Alderman Burger moved to forward recommendation to BOMA. Seconded by Alderman Skinner. Motion carried unanimously.

8. Monthly Reports (Information Only)

a) Sales Tax Report – June 2012

b) Construction Activities Report – July 2012

c) Transit System Report – July 2012

d) Conference Center Report – July 2012

There was some discussion as to why revenues were down more this year than last year. The last payment of the debt is at the end of 2012. City and County officials have been discussing future management of the Conference Center.

e) Investment Report – FY2011-2012

f) Non-Profit Contracts Report

Reports filed with the minutes

Alderman Petersen asked why Road Impact fees were lagging behind Building Permits. Mr. Truell said perhaps Building and Neighborhood Services could research that and added that there is a team working on it as well.

9. Discussion of Future Meeting Dates

Mr. Stuckey noted the Committee had previously discussed a change in meeting date, but never made a decision.

It was decided to change the meeting date to the Wednesday following the Tuesday of the second monthly BOMA meeting. This schedule will provide one week in the month without any scheduled committee meetings. Next meeting Wednesday, September 26, 2012 @ 4:00 p.m.

ADJOURN

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

Meeting adjourned @ 5:47 p.m.

Ann Petersen, Chair

Minutes prepared by Linda Fulwider, Board Recording Secretary, City Administrator's Office - updated 9/5/2012 12:33 PM