
MEETING MINUTES
BUDGET & FINANCE COMMITTEE
CITY OF FRANKLIN, TENNESSEE
CITY HALL BOARDROOM
WEDNESDAY, APRIL 24, 2013 @ 3:00 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
Russell Truell, ACA Finance & Administration P
Mike Lowe, Comptroller P
Fred Banner, IT Director P
Jim Keller, Conference Center Director P
Joe York, Streets Director P
Shirley Harmon, Human Resources Director P
Brian Wilcox, Purchasing Manager P
Steve Sims, Court Clerk & Business Process Analyst P
Shauna Billingsley, City Attorney P
David Parker, City Engineer/CIP Director P
Brad Wilson, Facilities Project Manager P
Mayor Ken Moore P
Alderman Pearl Bransford 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 3:00 p.m.

2. Approval of the Minutes

Alderman Skinner moved to approve the March 20, 2013 minutes as presented. Seconded by Alderman Blanton. Motion carried unanimously.

3. Consideration of RESOLUTION 2013-26, Conference Center Budget

Jim Keller, Conference Center Director

Mr. Keller noted guest satisfaction is highly ranked and they are in Marriott's top 9% in service delivery. Revenues continue strong this year; the fourth best revenue year. The Conference Center continues to do well although some Conference Center customers are trying Drury Plaza. The Embassy Suites in Murfreesboro, a direct competitor for regional convention business, has taken groups that have outgrown the Cool Springs Conference Center.

Plans for the future are to keep quality intact as relates to product. The Conference Center is due for renovation at the end of 2014; capital is sufficient to cover renovations.

There was brief discussion on the renovation, parking, and catering.

Alderman Burger moved to approve Resolution 2013-26 and forward recommendation to BOMA. Seconded by Alderman Blanton. Motion carried unanimously.

4. Consideration of Contract Addendum to Conference Center Management Contract

Eric Stuckey, City Administrator

Russ Truell, ACA Finance and Administration

Eric Stuckey noted the existing agreement was approved in 1997 for a term of 15 years. The existing arrangement works well with the Hotel and Conference Center and it is proposed to roll the agreement to 2027 for continued success.

Russ Truell related there have been meetings over the past two years to look at details such as split of cost, shared kitchen arrangement, etc. It was found the way that is handled now is best and to extend it in the same way.

Discussion:

- The Williamson County Commission is voting on this contract addendum today. They are satisfied with the arrangement and asked the City to take the lead.
- There is a notice provision if either side wants to terminate the agreement
- 4% of reserve is being put back for renovations
- Deficit years were marginally weak
- The debt for the Conference Center was retired last year

Alderman Skinner moved to approve Addendum to Conference Center Operating Agreement and forward recommendation to BOMA. Seconded by Alderman Burger. Motion carried unanimously.

5. Budget Presentation – Information Technology

Fred Banner, IT Director

Reviewed:

- Measurements and Goals
- Sustainable actions
- Department Objectives
- Mission Statement created
- Personnel in holding pattern; awaiting information from Classification Compensation Study. Reorganizing and changing titles to reflect what the department is doing now and not 10 years ago. Potential to add one telecommunication technician position.
- Implement Utility Billing the first of the new fiscal year
- Annual maintenance for existing software systems average 10%-20% increases each year.
- Microsoft increased Enterprise Application software fee

- Capital 2014: \$275,000 for fiber equipment to finish the fiber loop for the City; replace some outdated computer hardware for Disaster Recovery site and Police Server Room @ \$76,000. Update VOIP phone system software @ \$50,000
- Reviewed Budget Summary, including each software system
- Request department name change from MIT to IT.

6. Budget Presentation: Elected Officials & Management

Eric Stuckey, City Administrator

Elected Officials

Budget 2013	Budget 2014	Increase (Decrease)	Percent Change	Personnel	Operations	Capital
\$183,345	\$264,865	\$81,520	44.5%	--	1. Election in FY 2014 2. Consultant Services for Strategic Planning	--

The biggest adjustment is the October 2013 election @ approximately \$44,000. The consulting services may be an over-projection. Approximately \$15,000 capital expense in the hardware category to streamline the agenda process to a true paperless agenda. I-Pads or tablets more functional than the laptops issued to the Aldermen; they are too big and heavy and some have been turned in. Software options being explored.

The pay increase for BOMA will be included. Alderman Burger mentioned payment for cell phone, internet, etc. Russ Truell advised that given the tax codes, it is better to add that type allotment to the pay and designate as such. Alderman Burger said the Mayor's pay should be \$24,000 per year.

Administration

Budget 2013	Budget 2014	Increase (Decrease)	Percent Change	Personnel	Operations	Capital
\$599,530	\$701,387	\$101,857	17.0%	Administrative Analyst available to all City departments	--	Purchase of Agenda Management Software

Agenda Management Software is approximately \$25,000. The Administrative Analyst is actually two-year internships for those studying for their masters of administration. It is an opportunity to get involved and establish a pipeline of young talent interested in local government. That is Mr. Stuckey's long-term vision; it may not be done this year. Executive leadership development is important to build skills at all levels. Also mentioned, the importance of Leadership Franklin classes, pay increases, and that not all requested personnel changes in departmental budgets will be approved.

Capital Investment Planning (CIP)

Budget 2013	Budget 2014	Increase (Decrease)	Percent Change	Personnel	Operations	Capital
\$213,356	\$229,363	\$16,007	7.5%	Change from Part-Time Administrative Assistant to Full-Time Paralegal	--	--

Two years ago the position was full-time and then changed to part-time to accommodate the school schedule of the person in the position. That person will be moving to a new career soon and the position will change to Paralegal as that is a better skill match with all the contract and development work. Mr. Parker requests \$10,000 for consultant as well.

Communications						
Budget 2013	Budget 2014	Increase (Decrease)	Percent Change	Personnel	Operations	Capital
\$371,928	\$448,653	\$76,725	20.6%	Remove One Intern Position	Website Redesign	--

One intern position removed and reallocated hours with existing Intern. Website software obsolete. Costs to pay an outside company to change and update the site; unlimited support and maintenance including upgrade every four years with fee included. Digital Media Specialist's hours to increase. Some equipment requests. Ray Foglia outfitted the new studio to go live in case of an emergency.

Project & Facilities Management						
Budget 2013	Budget 2014	Increase (Decrease)	Percent Change	Personnel	Operations	Capital
\$818,377	\$925,517	\$107,140	13.1%	Add One Facilities Maintenance Worker	Includes generators, HVAC, parking garage maintenance	--

Significant increases depend on what is done on the operations side of the City Hall building. The \$100,000 is a significant budget request to fix the HVAC system, upgrade lighting and paint the ceilings a reflective white in the parking garages. The server room is being moved to the Police Department on May 1. There will be renovations in other departments that are growing and moving people around. There are no specific plans at this point. Add one maintenance worker position. The facilities group is growing. Alderman Burger commented on the condition of the building and the less than ideal working conditions in some areas.

Law Department						
Budget 2013	Budget 2014	Increase (Decrease)	Percent Change	Personnel	Operations	Capital
\$395,352	\$458,444	\$63,092	16.0%	Add one Administrative Assistant	Consultant requested for legislation support from January until recess	--

Reviewed the FY2012-2013 annual report, including number of requests, billable hours, cases, and staff duties, etc. The department will be introducing new standard form documents. They request an Administrative Assistant to perform some of the clerical duties now done by the Paralegal; that position needs to focus on research. The consultant for legislation is one who can be in the midst of things at Legislative Plaza as many proposed bills are attempting to take away the planning power of cities. With a \$15,000 contract, the City could partner with Brentwood as they have common interests. They have expressed interest. It is a matter of tracking and getting the City in front of right people at the right time. This would be a representative for the City, not a lobbyist.

Discussion:

- Alderman Burger: Need someone seasoned. Better to partner with Brentwood. Work between now and January to make inroads. Get on board this summer.
- Alderman Martin: Prefer the City Attorney and City Administrator choose the candidates without advertising the position. Brentwood has different issues and they shouldn't be mixed up with Brentwood issues.
- Mr. Stuckey affirmed Brentwood does have the same issues regarding the legislature trying to take authority away from local municipalities. Seasoned candidates will be sought.

Revenue Management						
Budget 2013	Budget 2014	Increase (Decrease)	Percent Change	Personnel	Operations	Capital
\$1,366,923	\$1,316,822	(\$50,101)	-3.7%	Move Business Process Manager Position to Finance	Anticipated changes with new Billing/Receipting Software and Property Tax Collections	--

The change in property tax collections will realize a savings over time.

* Recess 5:02- 5:08

7. Budget Presentation – Human Resources

Shirley Harmon, Human Resource Director

Personnel:

- Reorganize Risk sub group – Remove Risk Analyst Position and add Safety Coordinator and modify Risk Manager job description. No increase in pay associated with the change

Expenses:

- Raise Tuition line item from \$60,000 to \$130,000. Have had one budget amendment to raise current 2013 tuition to \$85,000. Currently have requests for approximately \$105,000.
- \$16,000 in budget for new copy machine. Maintenance on current machine quite costly with huge amount spent on ink cartridges.
- \$19,640.00 for small SUV for Risk Manager. Three positions are called to sites and vehicles needed.
- Keep \$100,000 in budget for the HRIS for the department. Reviewing proposals and very close to purchasing a system.

8. Update Regarding Classification and Compensation Study

Eric Stuckey, City Administrator

Shirley Harmon, Human Resource Director

Every employee completed a job survey. Updates were done and compared to the private sector and the benchmark in the public sector. A group of cities was used for comparison to

see where the City of Franklin lies within that group. As the information comes back they are working with department directors; ultimately positions will be reviewed to see where the City stands overall. This will be done in parallel with or shortly after the Budget. The number of pay grades will be reduced from 22 to about 15 grades. There were too many and there was overlap. Funding will be incorporated in the budget to put approximately 100 employees (out of approximately 700) in the proper pay grade. No employee will get a pay decrease should the correct grade be lower; however, the employee would be topped out and just get the percentage in the first year. In the second year, it will be ascertained if the employee is in the proper place within the pay grade based on longevity, work performance, etc. Those not meeting these standards will not automatically receive an increase. If possible, implementation will be in the first quarter of new fiscal year.

Discussions on the outcome of the study will take place in May or June. By October 1, 2013, the new pay system will be in place. The cost should be around \$350,000, which amounts to an approximate 1% raise. Steve Thompson, lead consultant, will present the report when it is ready and walk through the whole process.

9. Discussion of Health Insurance Recommendation

Eric Stuckey, City Administrator

Shirley Harmon, Human Resource Director

The employee portion of the health insurance premium has not been increased since 2008. BOMA should be thinking about setting the appropriate share for the employer and employee to pay. The numbers are out of sync with the high deductible option (mainly retirees). That portion will need to be phased in.

- * Alderman Blanton left the meeting at 5:30 p.m.

There are 617 subscribers with 1,726 covered lives. The City has been managing the cost well. Eric Stuckey said he didn't think the changes would be astronomical. Set a percentage share that will be ongoing, with the lions share to be paid by the City. He added that with affordable care, this will be a discussion every year.

Shirley Harmon complimented Tammie Pitts, Benefits Manager, for doing such a great job of staying current on healthcare reform.

10. Discussion of Pension Funding Recommendation

Eric Stuckey, City Administrator

Shirley Harmon, Human Resource Director

The pension fund was over-funded due to information provided by the actuary. The funding level now is about 90%. Recommend \$4,033,372 (13.95%) of the covered payroll. For a significant period of time there were no employee raises, but a lot of time, effort, and money did go into getting the pension fund to where it should be. Total 827 employees in fund(s).

11. Budget Presentation: Finance & Administration

Finance

Mike Lowe, Comptroller

Budget 2013	Budget 2014	Increase (Decrease)	Percent Change	Personnel	Operations	Capital
\$827,002	\$920,352	\$93,350	11.3%	Move of Business Process Manager Position from Revenue Management	Includes banking fees, financial advisor fees, and investment advisor fees	--

The department had no audit findings in 2012. Four employees became Certified Financial Managers.

Purchasing				Brian Wilcox, Purchasing Manager		
Budget 2013	Budget 2014	Increase (Decrease)	Percent Change	Personnel	Operations	Capital
\$220,985	\$207,625	(\$13,360)	-6.0%	--	Additional Automation of Purchasing Functions	--

The department was established in 2002 and Mr. Wilcox came on board in 2004. Until last year, it was a two-person department. The budget is 90% personnel expense with three people in the department since last fall; Purchasing Manager, Technician, and Specialist. Growing the department has resulted in a more timely delivery of service. Their focus is on the non-construction part of purchasing from the private sector that other departments need to serve the public. There have been no issues with purchasing cards that could not be resolved. The purpose of the cards is to make the process more efficient for small purchases and some large. He is pleased with the high level of cooperation from employees. A fringe benefit of the cards is that as the volume grows the rebates do as well.

Mr. Stuckey pointed out Mr. Wilcox and his team helped establish the departmental purchasing representative program in each department. They meet on a regular basis with Purchasing.

Court				Steve Sims, Court Clerk & Business Process Analyst		
Budget 2013	Budget 2014	Increase (Decrease)	Percent Change	Personnel	Operations	Capital
\$301,557	\$259,953	(\$41,604)	-13.8%	--	Reduction of operating costs due to reporting of court fees due to State as reductions of revenue	--

The budget decreased due to new Court software. They have the ability to count revenues that come into Court; they act as an agent for the State. Request the purchase of a copy machine to replace the 10-year-old hand-me-down machine that does not function well. They are looking at the records function with 20 years of general sessions documentation (retention is forever) something must be done with these records. Court costs will be reviewed; of the \$75 revenue, \$40 goes to the Police Department, and \$35.00 to Court. Conducting surveys to look at operations. There has been a downturn in revenues. The Tennessee Code regulates how the money can be used and awaiting an opinion from them. The outside collections aspect is working well.

Eric Stuckey thanked Mr. Sims for the great work done on getting the property tax collection going with the Williamson County Trustee.

12. Budget Presentation – Debt Service Fund
Mike Lowe, Comptroller

DEBT SERVICE FUND					
CITY OF FRANKLIN DEBT SERVICE FUND					
FISCAL YEAR 2013 ESTIMATED					
	General Fund	Solid Waste	Road Impact	Hotel/Motel Tax	Total
Beg Bal	\$318,138	\$0	\$0	\$0	\$318,138
Transfers from....	\$0	\$564,407	\$3,006,829	\$1,612,122	\$5,183,358
Property Tax	\$4,779,633	\$0	\$0	\$0	\$4,779,633
Rebates	\$440,797	\$0	\$330,219	\$127,489	\$898,505
Interest Income	\$5,000	\$0	\$0	\$0	\$5,000
Debt Service	(\$5,500,495)	(\$564,407)	(\$3,337,048)	(\$1,739,611)	(\$11,141,561)
Remaining Balance	\$43,073	\$0	\$0	\$0	\$43,073
FISCAL YEAR 2014 BUDGET					
	General Fund	Solid Waste	Road Impact	Hotel/Motel Tax	Total
Beg Bal	\$43,073	\$0	\$0	\$0	\$43,073
Transfers from....	\$0	\$569,819	\$3,513,048	\$1,155,322	\$5,238,189
Property Tax	\$5,459,048	\$0	\$0	\$0	\$5,459,048
Rebates	\$405,740	\$0	\$303,243	\$116,418	\$825,401
Interest Income	\$5,000	\$0	\$0	\$0	\$5,000
Debt Service	(\$5,907,861)	(\$569,819)	(\$3,816,291)	(\$1,271,740)	(\$11,565,711)
Remaining Balance	\$5,000	\$0	\$0	\$0	\$5,000

Rebate is 8% less in FY 2014 due to sequester

Debt Service higher in 2014 due to refunding last year at fixed rate

DEBT SERVICE FUND

DEBT SERVICE PRINCIPAL BY FISCAL YEAR						
FY	General Fund	Solid Waste	Road Impact	Hotel/Motel Tax	Total	
2013	\$3,081,500	\$534,000	\$1,690,070	\$1,163,430	\$6,469,000	
2014	\$3,412,200	\$550,000	\$2,012,240	\$690,560	\$6,665,000	
2015	\$3,265,800	\$569,000	\$1,765,790	\$708,410	\$6,309,000	
2016	\$3,172,300	\$588,000	\$1,566,390	\$731,310	\$6,058,000	
2017	\$3,574,850	\$607,000	\$871,640	\$1,168,510	\$6,222,000	
2018	\$2,772,850	\$173,000	\$1,642,840	\$774,310	\$5,363,000	
2019	\$2,852,600	\$0	\$1,685,130	\$797,270	\$5,335,000	
2020	\$2,931,250	\$0	\$1,732,220	\$821,530	\$5,485,000	
2021	\$3,017,400	\$0	\$1,780,740	\$851,860	\$5,650,000	
2022	\$3,108,750	\$0	\$1,647,310	\$658,940	\$5,415,000	
2023	\$3,212,900	\$0	\$1,692,840	\$684,260	\$5,590,000	
2024	\$3,810,050	\$0	\$2,530,640	\$1,404,310	\$7,745,000	
2025	\$3,624,250	\$0	\$3,145,150	\$895,600	\$7,665,000	
2026	\$3,739,350	\$0	\$3,237,640	\$918,010	\$7,895,000	
2027	\$3,873,200	\$0	\$3,344,610	\$942,190	\$8,160,000	
2028	\$3,256,000	\$0	\$2,522,010	\$821,990	\$6,600,000	
2029	\$3,372,250	\$0	\$2,607,570	\$845,180	\$6,825,000	
2030	\$1,440,250	\$0	\$1,605,500	\$859,250	\$3,905,000	
2031	\$869,250	\$0	\$655,750	\$0	\$1,525,000	
2032	\$897,750	\$0	\$677,250	\$0	\$1,575,000	
2033	\$940,500	\$0	\$709,500	\$0	\$1,650,000	
2034	\$983,250	\$0	\$741,750	\$0	\$1,725,000	
2035	\$1,026,000	\$0	\$774,000	\$0	\$1,800,000	
2036	\$1,068,750	\$0	\$806,250	\$0	\$1,875,000	
2037	\$1,111,500	\$0	\$838,500	\$0	\$1,950,000	
	\$64,414,750	\$3,021,000	\$42,283,330	\$15,736,920	\$125,456,000	

Mr. Lowe explained the information in the above summary and the impact of the federal sequester on the rebates for bonds; 8% of rebate has been reduced for 2014 (835,401). There is (\$5,500,495) Debt Service in the General Fund in 2013. General Fund Debt Service for 2014 is higher at (\$5,907,861) due to refunding last year at fixed rate. Hotel/Motel Tax Debt Service 2013 (\$1,739,611) and 2014, with paying off the Conference Center (\$1,271,740).

Russ Truell noted that since the interest rates are so low, the Hall Income Tax on the Revenue side will come in slightly under what was budgeted last year.

There was some discussion on Road Impact Fees, the sequester, when the next bond issue is needed, how long low rates will last, sale of property, borrowing for the Public Works Facility, and the Hillsboro Road project.

13. Consideration of RESOLUTION 2013-27, A Resolution of Support for Tax Exemption on Municipal Bonds

Russ Truell, ACA Finance & Administration

Mr. Truell explained tax-exempt municipal bonds are the primary means by which state and local governments finance three quarters of the critical infrastructure of our nation, including roads, bridges, hospitals, schools, and utility systems, and the reasons why the tax exemption should be supported. To pay taxable rates would be an expense for the taxpayers. There is growing opposition to the proposals to cap or eliminate tax-exempt status of Municipal Bonds.

Alderman Burger moved to forward recommendation to BOMA to approve Resolution 2013-27 in support of tax exemption on Municipal Bonds: That the City of Franklin Board of Mayor and Aldermen supports the preservation of tax-exempt financing, and deliver said Resolution to our representatives. Seconded by Alderman Skinner. Motion carried unanimously 3-0 with Alderman Blanton absent.

14. Monthly Reports

a) Sales Tax Report – February 2013

No questions or comments

b) Property Tax Report – March 2013

No questions or comments

c) Transit System Report – March 2013

No questions or comments

d) Conference Center Report – March 2013

Need to keep funds back for expansion should the Conference Center need to be expanded at some point.

e) Construction Activities Report – March 2013

No questions or comments

f) Fuel Hedging Report – March 2013

No questions or comments

g) Investment Report – March 2013

No questions or comments

Reports filed with the minutes

15. **Other Business**
None

ADJOURN

Meeting adjourned @ 6:23 p.m.

Ann Petersen, Chair

Minutes prepared by Linda Fulwider, Board Recording Secretary, City Administrator's Office - updated 4/4/2013 11:45 AM