
MEETING MINUTES
BUDGET & FINANCE COMMITTEE
CITY OF FRANKLIN, TENNESSEE
CITY HALL BOARDROOM
WEDNESDAY, MAY 15, 2013 @ 3:00 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
P	Mike Lowe, Comptroller	P
P	Paul Holzen, Engineering Director	P
	Mayor Ken Moore	P
	Lanaii Benne, Assistant City Recorder	P
	Linda Fulwider, Board Recording Secretary	

1. Call to Order

Alderman Ann Petersen, Chair, called the meeting to order at 3:00 p.m.

2. Approval of the Minutes

Alderman Burger moved to approve the April 24, 2013 minutes as presented. Seconded by Alderman Blanton. Motion carried unanimously.

3. Consideration of Third Quarter Budget Amendments

Mike Lowe, Comptroller

Amendments January through March 2013 – Changes to Organization Chart in General Fund:

- a) Solid Waste Disposal – Solid Waste Supervisor reclassified as a Transfer Station Supervisor. No change in pay grade.
- b) Parks Reclassification – 1 full-time Maintenance Worker (PG 9) reclassified as 1 full-time Research & Planning Analyst (PG 14). Current budgeted funds anticipated to cover these classifications.
- c) MIT Reclassification – 1 full-time Network Technician (PG 16) reclassified as 1 full-time Network Technician II (PG 18).
- d) Planning Reclassification – Vacant part-time Planning Associate reclassified as Planning Assistant.
- e) BNS Reclassification – 3 Combination Inspectors, Grade 1 (PG-TBD) reclassified as 1 Building Inspector-Electrical (PG 16) and 2 Building Inspectors (PG 16). 4 Combination Inspectors, Grade 2 (PG-TBD) reclassified as 1 Building Inspector-Plans Ex Sr. (PG17), 1 Building Inspector-Electrical Plans Ex Sr. (PG 17), 1 Building Inspector-Electrical (PG 16), and 1 building Inspector (PG 16). 1 Neighborhood Resource Coordinator (PG 12) reclassified as 1 Zoning Enforcement Officer (PG-TBD).
- f) TOC Reclassification – ITS Specialist Sr. job title reclassified to ITS Specialist. No change in pay grade.
- g) Revenue Management – Assistant City Recorder/Billing was reclassified as Business Process Improvement Manager/City Court Clerk. No change in pay grade.
- h) Human Resources – Creation of an Employee Relations Manager position. Current budgeted funds anticipated to cover reclassification.

Alderman Burger moved to approve Third Quarter Budget Amendments and forward recommendation to BOMA. Seconded by Alderman Skinner. Motion carried unanimously.

4. Consideration of FY2013-2014 Operating Budget

Eric Stuckey, City Administrator
Russ Truell, ACA Finance & Administration

The Focus

Management
<ul style="list-style-type: none"> ♦ Policy development and implementation ♦ Budget process ♦ High quality service levels ♦ Department level key performance measurers ♦ Benchmarking program ♦ Capital Investment project oversight and delivery ♦ Telling “Franklin’s story” locally and beyond

Community Development
<ul style="list-style-type: none"> ♦ 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
<ul style="list-style-type: none"> ♦ 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

Overview

- ♦ General Fund Budget of \$57.9 million, an increase of 4.6%
- ♦ This budget is below the FY2008-09 general fund budget
- ♦ Total Operating Budget of \$87.0 million, an increase of 6.2% [Primarily due to capital in the TOC department (\$3.1M), and in the Facilities Tax Fund (\$1.4M)]
- ♦ The budget is structurally balanced
- ♦ Essential service levels maintained

General Fund Highlights

- ♦ In compliance with BOMA’s debt and reserve policies
- ♦ A general salary increase of 2.0% proposed for July 5, 2013. Second year of merit pay program.
- ♦ Implementation of classification and compensation study
- ♦ Property Tax same as 2013 (.3765 per \$100 of assessed valuation)
- ♦ No reserves targeted from fund balance
- ♦ Performance measures and sustainability initiatives for each department

Opportunities

- ♦ Maintain high quality services
- ♦ Invest in our future
- ♦ Enhance our communities competitive position
- ♦ Focus on possibilities, no just current challenges
- ♦ Long term planning and preparation for growth impact
- ♦ Maintain Franklin’s unique character

General Fund

Where does the money come from?

- ♦ Local Sales Tax 47.5%
- ♦ Property Tax 10.4%
- ♦ Other Local Taxes 6.7%
- ♦ Licenses & Permits 7.6%
- ♦ Intergovernmental 24.7%
- ♦ Charges for Services 0.1%
- ♦ Fines & Forfeitures 1.8%
- ♦ Use of Money & Property 0.6%
- ♦ Other Revenue 0.2%
- ♦ Contributions 0.3%

Where does the money go?

- (by Category)
- ♦ Personnel 66.7%
 - ♦ Operations 23.9%
 - ♦ Capital 6.8%
 - ♦ Transfers 2.6%
- (by Function)
- ♦ Police 23%
 - ♦ Fire 22%
 - ♦ Streets 9%
 - ♦ Parks 6%
 - ♦ Transfer to Sanitation 1%
 - ♦ Transfer to Transit 1%
 - ♦ Other 38%

Financial Performance General Fund

	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Est.	2014 Budget
Revenue	43.5	47.2	53.0	54.8	50.1	47.7	50.7	50.9	55.3	57.9
Expenditures	45.5	44.7	50.2	54.4	52.1	50.5	51.7	49.9	53.0	57.9
Fund Balance	25.1	27.6	30.4	30.8	28.8	26.0	25.0	26.0	28.3	28.3

General Fund Revenue Comparison

Budget Revenues	FY13 Budget (as amended)	FY 14 Budget	Percent Increase/Decrease
Local Taxes	35,753,949	37,430,490	4.7%
Licenses & Permits	4,345,326	4,395,000	1.1%
Intergovernmental Revenue	13,509,272	14,318,767	6.0%
Charges for Services	73,590	73,700	0.1%
Fines & Forfeitures	1,021,450	1,020,000	-0.1%
Uses of Money & Property	526,211	344,001	-34.6%
Other Revenue	100,000	320,000	220.0%
Total	55,329,798	57,901,958	4.6%

Local Sales Tax

- ♦ Budgeted to increase in 2013-14 (\$27.5 million)
- ♦ Growth of 5.8% (\$1.5 million) from 2012-13 estimated
- ♦ Statewide estimate for growth is approximately 3.4% to 4.03%
- ♦ 47.5% of total general fund revenue

Property Tax

- ♦ Certified Tax Rate remains at .3765 per \$100 of assessed valuation
- ♦ No increase in tax rate anticipated – 27th consecutive fiscal year without a rate increase
- ♦ Of tax rate, 53% allocated for general fund; 47% 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 Revenue

- ♦ Of the \$12.3 million in 2014, \$6.05 million is proposed for the General Fund, \$5.45 million for the Debt Service Fund, and \$825,000 to the Industrial Development Board

Intergovernmental Revenue

- ♦ Projected at \$14.3 million
- ♦ Second largest revenue source
- ♦ Includes Business Tax within state shared taxes
- ♦ Grant funding including TOC project revenue (\$3.1 million)

Hall Income Tax

- ♦ 2006 \$ 665,946
- ♦ 2007 \$1,474,563
- ♦ 2008 \$1,952,187
- ♦ 2009 \$1,102,450
- ♦ 2010 \$ 559,388
- ♦ 2011 \$1,228,236
- ♦ 2012 \$ 793,173
- ♦ 2013 \$1,246,000
- ♦ 2014 \$ 915,000

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 2013-2014

- ♦ Estimated Beginning Fund Balance \$28,316,475
- ♦ Estimated FY2014 Annual Revenues \$57,901,958
- ♦ Estimated FY2014 Expenditures \$57,901,958
- ♦ Estimated Ending Fund Balance \$28,316,475

General Fund Expenditures by Department

Department	Personnel	Operations	Capital	Transfers	Total
Elected Officials	144,259	115,178	0	0	259,437
Administration	480,239	162,514	25,000	0	667,753
Capital Investment Planning	206,042	28,788	0	0	234,830
Project & Facilities Management	410,381	494,909	0	0	905,290
Human Resources	835,893	470,661	100,000	0	1,406,554
Law	311,129	150,576	0	0	461,705
Communications	312,323	133,839	0	0	446,162
Parks	2,054,910	1,352,758	34,500	0	3,442,168
Police	10,626,601	2,812,503	0	0	13,439,104
Fire	11,069,557	1,562,476	100,000	0	12,732,033
Finance	778,228	149,611	0	0	927,839
Information Technology	1,448,356	2,235,661	401,000	0	4,085,017
Purchasing	183,454	21,344	0	0	204,798
Revenue Management	858,130	430,708	0	0	1,288,838
Court	200,026	50,849	0	0	250,875
Building & Neighborhood Services	1,953,224	291,093	0	0	2,244,317
Planning & Sustainability	1,182,445	243,667	0	0	1,425,112
Engineering	764,313	112,034	0	0	876,347
Traffic Operations Center	228,307	372,195	3,115,000	0	3,715,502
Streets-Maintenance	2,111,424	1,406,676	39,100	0	3,557,200
Streets-Traffic	645,793	430,132	115,000	0	1,190,925
Streets-Fleet Maintenance	474,653	171,803	0	0	646,456
General Expense	1,325,500	98,820	30,000	0	1,454,320
Appropriations	0	421,375	0	0	421,375
Economic Development	0	119,318	0	0	119,318
Transfer to Street Aid	0	0	0	490,135	490,135
Transfer to Sanitation & Env. Services	0	0	0	508,148	508,148
Transfer to Transit	0	0	0	499,400	499,400
Total	38,605,187	13,839,488	3,959,600	1,497,683	57,901,958

Change in Personnel Expense

- ♦ 2.0% cost of living adjustment – effective July 5, 2013. Second year of merit pay program
- ♦ Net of 11 positions added. Intern position in Admin to be available to all departments
- ♦ Cost sharing structure of health insurance with employees defined. 85%/80% cost share policy.
- ♦ 3.5% turnover factor (pay + benefits) used
- ♦ Pension across all funds budgeted at \$4.1 million
- ♦ Holding 30 authorized positions vacant

Other General Fund Initiatives

- ♦ Increases Tuition Reimbursement Program
- ♦ Targeted staff increases in growth impacted areas: Parks, Streets, BNS
- ♦ Human Resources Software
- ♦ Special Census is funded (\$80,000)
- ♦ Merit Pay program continuation - \$125,000 pool for one-time supplements to recognize performance on major work objectives
- ♦ Department name changes: Information Technologies (IT) and Sanitation & Environmental Services

Special Revenue Funds

- ♦ Street Aid & Trans – Gas Tax
 - Roadway resurfacing program of slightly above \$2.1 million. A transfer from General Fund is budgeted of \$490,000 to assist in reducing the anticipating repaving cycle from 20 or more years. \$165,000 is included for sidewalk repair.
- ♦ Sanitation & Environmental Services
 - Change department name from Solid Waste
 - Four Divisions: Administration, Collection, Disposal, Curbside Recycling
 - Direct revenues slightly less than last year (\$7.4 million)
 - Expenditures less than last year (\$7.9 million)

- Transfer from General Fund reduced to \$500,000, a reduction of over 85% since 2008
- Residential recycling (“Blue Bag”) pilot program concludes and becomes part of permanent City services
- No increase in residential or commercial rates
- ♦ Road Impact Fund
- ♦ Facilities Fund
- ♦ Stormwater Fund
- ♦ Drug Fund
- ♦ Hotel Tax Fund
- ♦ Transit

Wrap Up

- ♦ Meeting budget goals and objectives despite challenging economic times
- ♦ Increase in expenditures in General Fund equivalent to rate of inflation (4.6%)
- ♦ Revenues estimated with signs of growth (recovery)
- ♦ Sales tax dependence continues
- ♦ No draw on fund balance
- ♦ Reserves at year-end far above policy level

There were questions asked and answered during the presentation. Alderman Burger again expressed her opinion regarding certain appropriations, and stated she thought the appropriations section should be voted on separately from the rest of the budget. Discussion ensued.

Alderman Skinner moved to approve the FY 2013-2014 Operating Budget as presented and forward to BOMA for First Reading on May 28, 2013. Seconded by Alderman Burger. Motion carried unanimously.

5. Other Business

None

ADJOURN

Alderman Skinner moved to adjourn and motion carried unanimously.

Meeting adjourned @ 4:43 p.m.

Ann Petersen, Chair

Minutes prepared by Linda Fulwider, Board Recording Secretary, City Administrator's Office - updated 5/22/2013 10:13 AM