
MEETING MINUTES
BUDGET & FINANCE COMMITTEE
CITY OF FRANKLIN, TENNESSEE
CITY HALL BOARDROOM
TUESDAY, FEBRUARY 15, 2011 @ 5:00 P.M.

Committee Members

Alderman Ann Petersen, Chair P
Alderman Beverly Burger P
Alderman Michael Skinner P

Other Attendees

Eric Stuckey, City Administrator P
Russell Truell, ACA Finance & Administration P
Mike Lowe, Controller P
Mark Hilty, Water Management Director P
Rocky Garzarek, Fire Chief P
Todd Horton, Assistant Fire Chief P
Jackie Moore, Police Chief P
David Rahinsky, Interim Police Chief P
Mayor Ken Moore P
Fred Banner, MIT Director P
Lanaii Benne, Assistant City Recorder P
Linda Fulwider, Board Recording Secretary P

1. Call to Order

Alderman Petersen called the meeting to order at 5:00 p.m.

2. Approval of the Minutes

Alderman Skinner moved to approve the January 26, 2011 minutes as revised. Seconded by Alderman Burger. Motion carried unanimously.

Items 7 and 8 were addressed before the remainder of the agenda

3. Consideration of Sole-Source Purchase from JWC Environmental of Buford, Georgia, in the Total Amount of \$25,720 for One (1) Reconditioned Comminutor to Replace a Failed Unit for the Water Reclamation Facility Division of the Water Management Department (\$27,000 Budgeted in 431-89530-52213 for Fiscal Year 2011)

Mark Hilty, Water Management Director

Mr. Hilty said a similar purchase was made last year. Two failed and this item is to replace the second failed unit with a reconditioned unit at half the cost of a new unit and with the same warranty as a new unit.

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

4. Consideration of Sole-Source Purchase from Ashbrook Simon-Hartley of Houston, TX in the Total Amount of \$201,070 for Parts, Supplies, Materials and Labor Necessary to Recondition Two (2) Klampress Type 94-890 Size 3 (2.0 Meter) Belt Filter Presses for the Water Reclamation Division of the Water Management Department (\$170,000 Budgeted in 431-89530-52213 for Fiscal Year 2011)

Mark Hilty, Water Management Director

Two presses in operation since 2001 are at the end of the life cycle to deteriorate (life cycle 8-10 years). The budgeted amount is \$31,000 less than the actual bid for reconditioning. Cost savings realized in other areas making funds available.

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

5. **Consideration of Goals for FY2011-2012 Budget**

Eric Stuckey, City Administrator

Financial Goals, Non-Financial Goals, and Specific Fiscal Year 2011 Initiatives presented. Mr. Stuckey asked if the Committee had anything to add or any comments before the Goals go to the full Board.

Alderman Petersen referred to the goal to maintain an undesignated reserve fund in compliance with BOMA's adopted policy. She thought reference should be made to the adopted debt policy as well. She added she could find no updated numbers on the debt policy since the 2009 numbers. Mr. Stuckey related it had been updated within the year. Since then there was some refunding and there may additional re-funding as well. Russ Truell related he had spoken with PFM and planned to bring the information to the next meeting. Some language changes needed on the debt policy per the State Comptroller's model policy. He clarified that what Alderman Petersen is referring to is the funding capacity model. Need to get forecast revenues and budget forecasts before doing the update. Staff will bring it to Committee in steps beginning in March. Mr. Stuckey mentioned the adjustments necessary to be in line with the State Model that, by the way, was significantly influenced by what the City of Franklin did in developing a municipal debt policy and guidelines.

Alderman Petersen asked about debt benchmark updates. Mr. Truell explained those updates would not be available until May or June. Alderman Petersen said the Committee had said we had a policy on debt service as a percent of operating expenditures. She has the 2009 figures but no updates in terms of City debt. Mr. Truell related some of that was included in the Committee conference call with PFM. Another issue; maintain and enhance water infrastructure to improve quality of life. Some of the other goals should be tweaked. Mr. Stuckey said some have been on the list for more than one year and may not be as relevant. He will look at that.

Alderman Burger stated she saw nothing that addressed pursuing additional ways for revenues in departments. For example, the old golf house at the Eastern Flank Battlefield. Some groups use the facility now, but the kitchen should have a working sink with running water. The only water is in the restrooms. The City is sitting on a revenue source. See what can be done in the next budget in a smart way without breaking the bank. Mr. Stuckey related the second bullet under Financial Goals covers that. Alderman Burger wants department directors to be encouraged to think of additional revenue sources. Mr. Stuckey said that could be addressed when the Parks Department presents their budget.

Mr. Stuckey will update the goals draft and present it at a work session.

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- Eric Stuckey said the department heads are bringing budget requests and needs to the Committee for the upcoming year and beyond. The departments were asked to focus specifically on budget issues only and not presentations on what has been done. Department profiles are included as well. What is presented tonight will be processed into what staff puts together for recommendation and the City Administrator's recommended Budget. What is presented tonight isn't necessarily what will be

when the recommended budget is brought forth in May.

Alderman Skinner asked if department directors were instructed to fund pay increases; is it reflected in these documents. Mr. Stuckey stated that was not included as it is more of a global decision staff makes later in the process as they see what is available in revenue estimates and expenditures across the board. The 2% increases that became effective January 1, 2011 are reflected in these numbers.

Alderman Petersen mentioned that in most government entities in the surrounding area provide projected revenues along with the projected expenses to give those making decisions an idea of where things stand. Mr. Stuckey responded that at least a preliminary projection should be available in the next couple of weeks. There will not be the large reductions seen in the last two years.

6. Budget Presentation: Fire Department

Rocky Garzarek, Fire Chief

Rocky Garzarek and Todd Horton presented the Fire Department budget.

Measurement/Goal	FY09	FY10	FY11 (Projected)	FY12 (Goal)
Goal – To maintain an average first unit response time (from receipt of dispatch to arrival) of four minutes or less to 90% of all emergency incidents				
Average Response Time	4:29 min	4:21 min	4:25 min	4:00 min
Goal – To confine the fire to the room of origin for 90% of all interior structure fire incidents	81%	82%	90%	90%
Goal – To deliver in-house continuing education credit training to all personnel that enables each to meet their medical recertification requirements	100%	100%	100%	100%
Goal – To deliver adequate in-house fire suppression training to all personnel that enables each to meet the Tennessee Commission on Firefighting’s 40-hour in-service training program	100% Offered & Attended	100% Offered & Attended	100% Offered & Attended	100% Offered & Attended
Goal – To maintain an Insurance Services Rating of Class 2 or better	2	2	2	2

Personnel submittal reflects a .66% increase because of the mid-year 2% raise; the defunding of two vacant firefighter positions instead of five; and continued elimination of funding for an Accreditation Manager and an intern. Included is incentive pay funding for \$19,400 to compensate personnel who will be achieving Paramedic or EMT certification. There is an additional \$30,000 estimated to compensate for step up pay as outlined in an HR rule change.

Operational requests increased by 42% (\$529,377). The increase accounts for Capital items that now fall under Operations and necessary adjustments and purchases for both operational and Capital equipment that has been eliminated for two consecutive budget years, including three staff vehicle replacements. Hope for two grants that will reduce this amount by \$90,000.

Capital requests are increased by \$798,000: Includes \$312,000 for the design of two fire stations and

\$132,000 for the addition of four tornado sirens, all of which are normally charged to Facilities Tax. In addition, it includes a 10% down payment on a replacement Ladder Truck at \$70,000, three rescue truck replacements at \$255,000, and a drafting pit at \$40,000.

The issue of the FFD providing emergency services transport was discussed. There will be a feasibility study done to determine if this would be a viable source of revenue. Generating revenue is not the main reason the department is pursuing this. The FFD is service driven and would like to provide this service to the community. The department receives many more emergency services calls than fire calls. Chief Garzarek said strategically have been preparing for this. They are spending money on these calls with no return financially.

Questions relating to overtime and holiday pay were discussed and clarified, as well as proposed equipment purchases. Sustainability is high priority for the department.

- (Item 7 addressed after Item 2)

7. Budget Presentation: Police Department

Jackie Moore, Police Chief

Chief Moore, who will retire in two days, expressed his great appreciation for Interim Chief David Rahinsky for his leadership and to the two Deputy Chiefs Bruce Bateman and Mike Jordan for their leadership and involvement. He turned the presentation over to Chief Rahinsky. Professional, Progressive, Responsive

2007-2010 Statistics

Measurement/Goal	2007	2008	2009	2010
Offenses	2,429	2,380	2,643	2,751
Clearance Rate	44.71	44.79	48.51	50.96
Group A Crimes per 100,000	4,347	4,147	4,519	4,537
Arrests	1,384	1,687	1,991	2,022
Traffic Crashes	2,311	2,188	2,040	2,227

The majority of crimes were retail thefts

2007-2010 Personnel

No request for new personnel

Unfunded Vacancies to Remain Vacant

- 13 patrol officers
- 2 detectives
- 3 telecommunicators
- 1 records clerk

Two Current Position Reclassification Requests

- Administrative Secretary to Administrative Assistant
- Sergeant to Lieutenant

Total Personnel Budget

- 2011 = \$10,589,369 2012 = \$11,096,680

Regular Pay Increased

- 2011 = \$6,648,156 2012 = \$7,203,521

3-Year Decrease in Overtime

- 2009 = \$778,000
- 2010 = \$573,000
- 2011 = \$412,000 estimated actual

Operations Budget

- 20 Operations Categories
 - ◊ In this budget asking for:
 - Less in 13
 - Same in 3
 - More in 4
- Increased Cost in Operations
 - \$3,161,091 - \$3,403,721
- Anticipated Increases
 - Utilities
 - Fuel
 - Machinery and Equipment
 - Rentals
 - Debt Service
- Capital Increase
 - \$406,510 - \$485,585
- 2012 Capital Purchases
 - 14 Dodge Chargers - \$23,966
 - 7 Ford Escapes - \$21,423
- In comparison
 - 2011 - \$14,156,970 2012 - \$14,985,886

In 2012 the Police Department will continue to

- Be responsible fiscal managers of budgeted city funds;
- Proactively seek grant funding opportunities to offset the expenditure of taxpayer dollars;
- And continue along the City's path of sustainability

Discussion:

- Five-year rotation for purchase of vehicles. Seven vehicles approaching the 10-year mark. Continue to look at lease purchase agreements vs. outright purchase to see which is most cost effective.
- Fuel hedging numbers locked in. Does Committee want to change the percentage in future?

Mayor Moore asked Chief Moore and Chief Rahinsky what the biggest challenges are going forward.

Chief Moore referred to a seminar held today that focused on dangers across the U.S. with the uptick in intentional killing of police personnel. One is domestic terrorism. Officer safety is primary and if the department cannot maintain a level of training and intelligence to take to the streets they could be extreme danger. Criminal activity will be more and more high tech crime, identity theft, and white-collar crime. They have done a great job in apprehending and prosecuting those cases. Domestic violence, drug trafficking, and meth labs are infiltrating Franklin, Williamson County, and Middle Tennessee. The good news of that is there is better networking

between the FPD and State and federal agencies with less grandstanding.

Chief Rahinsky stated Chief Moore has positioned the department well for the future. There is concern that some of the urban crime to the north and south will grow with more people moving in from Davidson County. The level of safety in Franklin is often taken for granted. They hosted 120 law enforcement jurisdictions at the Marriott, Franklin. It is a great venue; people love to travel here. Chief Moore has made Franklin Police Department the envy of the State.

Eric Stuckey commented on the need to have sophistication to respond to more urban-like crime yet maintain that small town feel.

Alderman Burger asked what has been done in technology the past couple years budget wise. Chief Rahinsky responded they have a partnership with the FBI and they are working to defer some of the costs. Some police personnel drive FBI cars among other things. One detective on the Federal Crime Task Force drives their vehicle. That defers a lot of cost.

8. Budget Presentation: Drug Fund

Jackie Moore, Police Chief

Some categories moved to the Drug Fund. Drug seizures make this self-funding. There are strict guidelines of what is allowed and for use of the funds.

- (Back to Item 3)

9. Consideration of Including All Proposers for Annual Audit

Russ Truell, ACA Finance & Administration

This item reports the status of our auditing contract and proposes the method of obtaining auditing services in future years. Four years ago was the last time proposals were received. Prior to the last RFP the same auditor had been contracted for at least 18 years. A new auditor was selected at that time. Mr. Truell asked if the Committee wanted to exclude the current auditing firm.

Alderman Burger moved to approve and forward to BOMA to go forward with the RFP process without limitation on bidders. Seconded by Alderman Skinner. Motion carried unanimously.

10. Acknowledgement of RFP Process for Conference Center Audit

Russ Truell, ACA Finance & Administration

The same Auditor has done the Conference Center audit since it opened in 1999. Mr. Truell asked if the auditor should be excluded from the RFP process. He added there is a dramatic difference in size and scope of the audit compared to an audit of the City.

Alderman Burger moved to approve and forward to the Board the recommendation to begin the RFP process with the inclusion of the current auditor for the Conference Center. Seconded by Alderman Skinner. Motion carried unanimously.

11. Acknowledgement of Online Budget Manual for Departments/Elected Officials

Russ Truell, ACA Finance & Administration

Mike Lowe reported this new program is more detailed. It is on Inside the City, and includes a designated space for questions. No action required.

12. Consideration of Second Quarter Budget Amendments

Russ Truell, ACA Finance & Administration

Mike Lowe said they would like to bring the amendments to the Committee quarter by quarter as was done for the first quarter. As the first quarter amendments did not move to the Board, the first and second quarters will be forwarded.

Second Quarter Amendments:

- Annual Paving Program delayed by the May flood
Street Aid Fund Street Department \$ 626,182
- Annual Paving Program delayed by the May flood
General Fund Transfers \$ 626,182
- Court Reporter fees in Legal Department. \$ 1,500
 - Total Second Quarter \$1,253,864
 - Total First & Second Quarter \$1,942,873

Alderman Skinner moved to approve Second Quarter Budget Amendments and forward to BOMA along with the First Quarter Budget Amendments. Seconded by Alderman Burger. Motion carried unanimously.

13. Report on Any Administrative Action on Budget

Russ Truell, ACA Finance & Administration

There was no administrative action taken by the City Administrator to change anything in the Budget.

14. Consideration of Amendment to Financial Advisory Contract with Public Financial Management

Russ Truell, ACA Finance & Administration

The item is to amend the existing contract with Public Financial Management from an hourly basis to a retainer basis.

PFM proposes a quarterly retainer of \$4,000. In calendar year 2010, the hourly billing charges totaled just over \$22,000. Staff recommends the adoption of the retainer basis for this year and but continue to monitor the hours worked. PFM came to many more meetings than anticipated last year. The original budget amount was \$10,000.

Alderman Skinner moved to approve and recommend to BOMA the adoption of the amendment to change to a retainer basis with PFM. Seconded by Alderman Burger. Motion carried unanimously.

15. Update on Status of Investment Advisory Search

Russ Truell, ACA Finance & Administration

This item is to initiate a formal search for a firm to help staff with non-pension investments. Mr. Truell recommended engaging the search now with the idea that sometime between now and the fall the search be completed and a candidate brought to this Committee for approval.

16. Consideration of MIT Contractual Agreement for Programming Services

Fred Banner, MIT Director

Russ Truell noted it is difficult to replace technical talent. MIT is looking at a more organized way to get employees with the high level of expertise needed. The answer is the use of temporary programmers from this firm. They can be used as needed. Mr. Banner noted they would be paid

on an hourly basis. City legal reviewed the contract.

Alderman Burger moved to approve and forward to BOMA MIT Contractual Agreement. Seconded by Alderman Skinner. Motion carried unanimously.

17. Monthly Reports (Information Only)

a) Sales Tax Report – December Sales

Sales Tax revenue up

b) Fuel Hedging Report – January Utilization

No comments or questions

c) Conference Center Report – January

Conference Center would like to make a presentation at the next meeting

d) Transit System Report – January

No comments or questions

e) Construction Activities Report – January

No comments or questions

f) Property Tax Report - January

No comments or questions

ADJOURN

Alderman Burger moved to adjourn, seconded by Alderman Skinner. Motion carried unanimously.

Meeting adjourned 6:57 p.m.

Ann Petersen, Chair

Minutes prepared by Linda Fulwider, Board Recording Secretary, City Administrator's Office – 2/28/2011 2:22 PM