

CITY OF FAIRVIEW

BOARD OF COMMISSIONERS & FINANCE REVIEW COMMITTEE SPECIAL MEETING MINUTES

MAY 4, 2015

Patti L Carroll, Mayor
Toney R Sutton, Vice-Mayor
Allen Bissell, Commissioner
Shannon L Crutcher, Commissioner
Stuart L Johnson, Commissioner
Wayne Hall, City Manager
Larry Cantrell, City Attorney
Brandy Johnson, City Recorder

Present: Carroll, Sutton, Bissell, Crutcher, Johnson, Baker, Brooks
Others Present: Hall, Cantrell, Daugherty, Johnson

1. Call to order by Mayor Carroll at 5:01 p.m.

2. Approval of the Agenda (skipped)

3. New Business

- A. Discuss and/or Take Action on First Draft of Budget for 2015-2016 Fiscal Year - Donna Brooks, Co-Chair of the Finance Review Committee discusses several goals for the end of the fiscal year, including 1) operating costs of the city come from unassigned revenues unless there is an associated fund, 2) none of the funds can have a negative balance and 3) unassigned fund has to be at zero on June 30 but may fluctuate throughout the year. All in attendance were in agreeance. Daugherty publicly apologized for his comments about the park at the last meeting. He continues that he met with Ralph Cross of MTAS who warned of continuing current practices of going into the restricted fund balance because it is illegal. He shared his observations of how the current budget situation came to be and states there are many areas to raise revenue but most also cost money to set into place and right now there are no funds for the special census or impact fee study which would both bring in funds. Daugherty discusses the projected operating expenditures for next year in the amount of \$832,814 which is a 36% reduction from last year. Differences in salaries from this year to next year were questioned. Daugherty notes it is the full year of the fire chief and showing salary increases at the anniversary date. Carroll questioned the difference for the incentive pay line item and Daugherty states that is for the auxiliary police and volunteer fire which will be cut by hiring a floater for the fire department rather than paying volunteer \$125 per day. Carroll asked for explanation on promotions in the Police Department recently. City Manager Hall notes Joseph Cox was promoted to Sergeant to replace Travis O'Neal, Shane Dunning made a lateral move to Detective and Pat Stockdale was promoted to Lieutenant to replace Roy Russell who has fewer hours as Park Ranger. Stockdale's position remains open. Brooks asks Daugherty if he budgeted \$400,000 more in revenue from property taxes next year planning on an increase and what if there is no increase. Daugherty replied yes and we will have to subtract \$400,000 if there is no increase. Carroll asked how we will have the cash flow to make it

to January and Daugherty replied our debt payments were the main problem and if we restructure we will be relieved of those this year nothing we have been able to maintain otherwise. Daugherty continues if we need to get the TAN (Tax Anticipation Note) we can do and repay by the end of the fiscal year. He states he doesn't recommend this right now but we would be able to borrow up to 60% of our proposed property tax revenues. Commissioner Bissell made a motion for a 15 minute recess to review the budget document seconded by Commissioner Crutcher. Meeting was recessed at 5:30 p.m. and reconvened at 5:37 p.m. Brooks states you cut \$219,000 from this year's budget and did an outstanding job. But at some point when you keep cutting, the employees won't have anything to do. We have to cut \$437,757 from this year's expenditures. Next year's ending balance greatly depends on this year's ending balance and where we begin next year. Brooks lays out some suggestions on ways to make cuts, including: eliminating the assistant police chief and one detective position, cutting the City Manager and Codes Director's salaries, open positions remain unfilled, mandatory no overtime, no salary increases, no promotion increases, fees for using the park, phone allowances instead of city cell phones, not keeping the grant firemen at the end of the grant, charge for chipper service, tax anticipation note, property tax increase, salary cut of 10% across the board above \$35,000, go back to all volunteer fire department, and get a committee of local business people or a civic organization to study every position and determine the need as well as the possibility of giving up general sessions court. It was discussed that general sessions court is actually making a little bit of revenue for the city and having to go to Franklin would tie up way more time and officers than having it here. Carroll notes that with no payment on debt service the first year it will help and asks what happens the second year when we have to begin repaying the debt again? Crutcher states he sees cuts of 8% but property tax increase of 35% and a budget above the 4.2 million amount discussed at the last meeting. He continues that if we don't attack this problem from both directions we will end up in the same situation because it doesn't appear we are making big enough strides in another direction. Commissioner Bissell presents another budget option starting with this years actual revenues with a few suggestions on areas that could be cut which resulted in a need for the CFO to cut an additional \$150,000 with department heads. Crutcher asks CFO Daugherty if he feels we can make these cuts and Daugherty replied his numbers are based off past experience and the year before to create his best guess of what will happen. Mayor Carroll noted if we're taking pay cuts the employees need to also. Bissell continues his plan which includes a 12 cent tax increase to bring us to a 75 cent tax rate. Bissell presents the last increase in property taxes was in 2004 and it was reduced in 2011. He states this raise would bring us current with inflation levels since 2008 though it still doesn't factor in growth so this is what the tax rate should have been anyway. He notes that it will be higher than other cities in Williamson County however our assessments are lower here and we also have no special taxes like some other areas such as a fire tax or special school district tax. With his plan he suggests merit raises on the employee's anniversary date, no layoffs, don't fill two vacancies and ask the CFO to determine \$200,000 more in cuts. Crutcher noted we will still have a negative balance in the school facilities fund and Bissell stated yes but we will be taking a big step to close the gap. He asks the group not to blame the employees for the problems. Crutcher asks Daugherty if he can make the additional \$200,000 in cuts and Daugherty replies he will have to meet with each department head as they are the expert in their own area. Daugherty notes Brooks had a point when asking if we would have resources to do our jobs and states the fire department has been holding off on equipment that needs to be purchased for some time already. Crutcher notes the growth has not come fast enough to replenish funds used in preparing our infrastructure. He

keeps hearing citizens say they mistrust our past use of funds. City Manager Hall notes the tax decrease in the economic downturn of 2007-2013 we only had 64 building permits but in the last 16 months we have had 67. Growth is upon us. Mayor Carroll shares a tax rate history noting she found it interesting we have had much higher rates in the past. Johnson notes that the assessments weren't the same then so the actual amount paid was much lower than it is now. Johnson continues much the same we can't directly compare our tax rate to any other community in or out of Williamson County due to varying assessed values. Carroll state she believes we have to make a tax increase and also agrees with Crutcher that we need cuts so the taxpayers aren't footing the bill for mistakes made over the past few years. She states she pulled the cell phone bills from the past 6 months and it ranges from \$3,000 to \$5,000 per month for 36 employees. Carroll stated a lot of cities provide phone allowances which would provide more control over the plans and eliminate overage charges. (Johnson exited the meeting at 6:48 p.m.) Carroll notes we have been generous giving employees a 2% raise the last few years but it doesn't matter how much we love our employees we can't give that increase. Carroll continues that small amounts add up and we need to cut people or programs/services noting we have to make decisions and if we raise tax to cover needs we need a commitment to raise it for several years because we won't be out of this hole in one year. Attorney Cantrell reminds the Board that any Board can vote to raise or lower the taxes at any time and any future Board can't be held to another's legislation or that is contract legislation. Some questions were asked and answered about changes in specific line item budgets from this year to next year. Crutcher asked if the school facilities money had not been there would there have been bills we would not have been able to pay? Daugherty states we would have had to go into restricted funds. Crutcher asks if it is not there next year and we miss on the budget and can't pay bills. Carroll states we run that risk noting we still spent even during the freeze state and citizens are concerned we will be in the same situation again. Daugherty states the Board has taken responsible steps with putting the stabilization plan into place and the state looks favorably on that. He states we are at a crossroads and it is time to move. Daugherty states he will get with the directors and try to cut to get to \$628,000. Carroll states if they can't make the cuts then ask who they want to let go of. Carroll states they have to function but if I can come look at 6 months of cell phone bills and find cuts then they can too and we have to be realistic. Sutton states he would like to see Bissell's plan in writing because it sounds like it does what we are asking. Crutcher agrees that Bissell's budget makes the cuts and raises taxes. Bissell asks for directors to review every line item and evaluate if this plan is doable. He notes we should also look at our own practices, such as committees could meet quarterly, buy tablets so the packets aren't printed or delivered and not just take the easy route and dump employees without exploring every other option. He asks to give the employees problems to solve and they can make the adjustments. Crutcher questions whether we are cutting to the point we can no longer be functional noting the comptroller asks for a realistic budget. Carroll states our number one job is to pass a balanced budget and we need to have these discussions. Brooks suggests earmarking the property tax increase to put toward reserves. Daugherty states we are maintaining our bills without the debt service and the TAN (Tax Anticipation Note) is a valid option if we need it. Carroll states even if all goes perfectly we are still in trouble for a lot longer and really need to consider the liability for the city operating any account in the negative. Cantrell states that is addressed in the recovery plan. Brooks notes it doesn't account for the current negative balance. Cantrell notes he has been getting digital versions of the agenda and packet for some time and only prints what he needs and it works very well. Hall notes we are also addressing the phone system, promotions have stopped and we are in a hiring freeze. Carroll asked

about selling the property. Hall states we can sell but those funds cannot be counted in the budget until it is sold. Funds from the sale of the outparcel on Dice Lampley would also have to go back into the Park Fund. It was decided that the next meeting would be Tuesday, May 12 from 5:00 to 7:00 p.m. prior to the Planning Commission meeting.

4. **Adjournment** – Vice Mayor Sutton made a motion for adjournment with Commissioner Crutcher seconding. All were in favor and meeting was adjourned at 7:50 p.m.

Brandy Johnson
City Recorder