

CITY OF FAIRVIEW

BOARD OF COMMISSIONERS SPECIAL CALLED MEETING

May 29, 2014

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

Present: Totty, Bissell, Carroll, Sutton

Others Present: Hall, Cantrell, Humber, Daugherty, Fox, Cooper, Paisley, Russell

Absent: Johnson, Johnson

1. **Call to order by Mayor Totty at 5:45 p.m.**
 2. **Approval of the Agenda** – Discussion for approval of agenda was not done at this time.
 3. **New Business – Discuss and/or Take Action on City of Fairview Budget for Fiscal Year 2014-2015.** – Mayor Totty turned floor over to CFO Daugherty. Daugherty explained that they have received new state format for the 2014-2015 fiscal budget, which should correlate with the audit. Daugherty stated it shows FY 2013-2014 actuals, estimated 2014 numbers and proposed 2015. Asked for any questions and then deferred to City Attorney Cantrell regarding the time issues regarding passing the budget.
- ❖ Attorney Cantrell stated that the budget should be passed by July 1st, and once it's passed a copy must be sent to the Comptroller's office. The Comptroller's office does not have to approve it. He stated that first reading would need to be tonight or at the next meeting. Stated that minimum time between first and second reading of all ordinances cannot be less than seven days, and with fourteen days between meetings that would be okay. Normal procedure when you need to advertise, unless the statute states differently, is that you have to put notice of the hearing and the public hearing in the paper at least ten days before the second reading. Some cities have different types of charters and deal with this differently, but if you do not have one of those types of charters, under T.C.A. 6-56-206 it requires a minimum ten day notice before the hearing, which from a procedural standard we normally prefer that the notice goes to the paper about fifteen days before that hearing because that gives time in case you are in the middle of a cycle with the paper coming out and gives sufficient time to get the ten day notice out. Fourteen would be okay. If you have the first reading at the first regular meeting in June, then you could make the announcement about the second reading and the public hearing before that time. You do not have to have the first reading before you announce the date and time for the public hearing. Also at the same time of the first reading, the BOC will need to consider a tax rate because it a requirement by law to set the tax rate to support the budget. It is proposed to have these in the same ordinance because they are closely tied together that you can't have one without the other. If you have the first reading of the budget at the next meeting, or if you have the first reading tonight, you would need to schedule the first reading of the tax rate for your first meeting in June. You could either put it at the regular meeting, or have a special meeting before. There are some where the public hearing has to be held differently,

such as: if you are changing a subdivision regulation, that public hearing has to be thirty days before you have that discussion; if you are having an annexation, it has to be at least fifteen days, but this only has to be ten. Your budget ordinance would become final at the second reading, or fifteen days from the first reading, whichever is last to occur. Commissioner Carroll asked if there had been any change in this since last year and Attorney Cantrell clarified that there had not.

- ❖ CFO Daugherty explained that cuts were made on the budget in each department since last meeting. Also he did receive projections for sales tax since that time. It was enough growth that he felt confident in adding revenue to that line item in the budget. Numbers in revenue that increased included property tax. This changed from 2% uncollectible to 1% uncollectible. On sales tax it changed from \$110,000.00 per month to \$115,000.00 per month. The local taxes went from \$45,000.00 per month to \$50,000.00 per month. He feels everything on revenues is very conservative, and hopes we exceed this and that reserves are substantially able to put some back. Stated he is very confident that Fairview is right on the verge of exciting things in terms of development and new businesses coming in, and feels like the city's revenue has lagged but believes it will catch up.
- ❖ Commissioner Carroll stated that there has been that hope for several years, but have not seen these expectations. She acknowledged that CFO Daugherty has right mind set, and has done cuts, but she wanted to be sure we were not using over projections based on only one month when we have 12 months. She asked how he came up with the figure of increase in those areas after he looked at it again.
- ❖ CFO Daugherty stated that based on the numbers that came back from the Tennessee Department of Revenue, the city went up to the \$95,000.00 in sales tax on the county share, which is the big number; the 31610.
- ❖ Carroll asked if it was all based on sales tax, and Daugherty confirmed that it was from the sales tax that comes in from the county.
- ❖ Mayor Totty asked if it was line 31610, and Daugherty confirmed that was correct. Totty asked about the comment of it going to \$110,000.00 per month, and Daugherty confirmed that was his projection at the last meeting. Totty questioned that taking the projected of 2013, the \$925,000.00 projected, 566, and then you've got a proposed \$1.38 million, that number divides out to be \$37,800.00 per month, not \$100,000.00. She asked for clarification from Daugherty.
- ❖ Daugherty asked Totty what she was dividing, and she stated the projected on 13/14 budget; the difference where he was saying he anticipated additional revenue in the county sales tax, and he went up to \$1.38 million. Daugherty clarified that the projected was for the amount of county sales tax projected to be received by June 30, 2014. Totty asked for clarification that for the next twelve months it was increased to \$1,380,000.00 and he confirmed that was correct. She then stated that difference divided by twelve is \$37,800.00 per month. She asked if he raised to that amount and divided by twelve and got the \$110,000.00 amount. She asked for clarification, and Daugherty clarified that he was talking about the total on the proposed at the original meeting. Totty referred to Commissioner Carroll's question about the difference of \$925,000.00 and the \$1,380,000.00 and what has him making that projection. Daugherty stated that Walmart is in business and their sales tax is starting to come in, of which the city has seen nil this year; hardly any. So, that is the entire amount of the projection.
- ❖ Totty asked for clarification that the \$454,000.00 in sales tax on the county is what Daugherty was expecting next year from Walmart, and he confirmed that as correct.
- ❖ Commissioner Carroll asked for clarification that this amount was using Walmart projections for twelve months or just what has come in, and Daugherty clarified that it was for what has come in so far.

- ❖ Totty asked for clarification that in this projection we would get \$454,000.00 in county taxes more than we received this budget, and Daugherty confirmed that was correct. Totty asked for clarification that there was increase of \$160,000.00 in local tax, and Daugherty confirmed that was correct. She also asked for clarification that this amount was \$13,000.00 per month. Daugherty explained that local sales tax comes in from state shared on the 20th, and it has been increasing. Totty stated that was only a 12% increase, and agreed that was fair to Daugherty's numbers. She also asked if it was averaging about \$37,000.00 per month for a 20% increase with the projections (actuals) from Walmart so far. Daugherty confirmed that there was \$43,000.00 last month. Totty stated that she may have misunderstood the \$110,000.00 division, but that would be \$37,800.00 projected per month, and if that was what was resolving, then that was the question. Daugherty asked for clarification of what she was asking, and Totty stated that he was not estimating, but that he was stating what was actually received from Walmart, and then multiplying that times twelve, which is the difference of the \$925,000.00 and the \$1,380,000.00. Daugherty clarified that was not correct, and that he was estimating/projecting and believes there will be substantially more sales tax than there has been, and that \$1.38 million is a conservative number.
- ❖ Commissioner Bissell stated that Totty and Daugherty were stating the same thing, and Totty agreed. Bissell paraphrased that last month we received a \$43,000.00 increase, and that Daugherty was using less at a \$37,000.00 increase. He stated that adopting this figure would be conservative if the trend continues based upon what has been seen thus far and not doing the same as last year and anticipating but not knowing anything. This would be adopting from real numbers. Bissell paraphrased that Daugherty believes the \$43,000.00 will continue to increase, and that is where the surplus will come from that will replenish the reserve funds.
- ❖ Totty asked if the \$110,000.00 number was the full budget number and said she understood. Commissioner Carroll stated that she understood that we were using a twelve month/or average based off the last four months, and that the projection was for a twelve months. She stated that discussion at other workshops was to only use what was seen, but that this was a projection. She also stated that she did understand that was what a budget was, but that this puts us using Walmart money, and there is only a four month window. She was clarifying that this was the reason for her questions.
- ❖ Commissioner Bissell stated that it was safe to use the actual during the four months, and that doesn't include any boom time. Totty stated last year we had nothing, and Bissell stated that we are in the lowest retail cycle time, and that it doesn't include any holiday spending. He stated that he believes it is an ultraconservative number. Carroll agreed that it was conservative but she was concerned that reserves needed to be rebuilt and that going in using Walmart and spending every dime would make us no better off in the next budget year than we are now.
- ❖ Commissioner Bissell stated that he disagreed with her and stated that he believes that it will be increasing each month, and that building at \$37,000.00 will mean anything over that amount will be extra money that could go back into reserves. Commissioner Carroll stated that most people did not see it that way last year, but we did not "pull off the money." She stated that her wish is that this would be a rebuilding year and rebuilding the reserves. She also stated that she does not mind using four months that was brought in into next year's budget, but projecting twelve months would get us back to the same line. She stated that she did not want to put a whole lot of "fluff" and acknowledged that departments had made cuts, and she appreciates that, but she thinks it is easy at six months to go back and see if Walmart does what Daugherty projects and then spend for "things" and employees after that. She states it is easier to go back and give money where it was mis-budgeted than it is to budget high and then try to figure out how to pay for it.
- ❖ Commissioner Sutton asked Daugherty to clarify what the projection for the increase in the reserve would be, and Daugherty stated that he was expecting a decrease based on these

numbers. Totty asked for clarification of the number being \$525,867.00 in order to answer Mr. Sutton's question. Totty stated that she came up with a figure of \$1,929.00 in the red.

- ❖ Daugherty stated that on the budget there was total appropriations of \$5,586,925.00 with revenue of \$5,291,325.00, and using a fund balance of \$571,000.00 for the difference. He also stated again that he feels that is a conservative revenue number. He suggests that we "hit it" from the expense side and that he feels we are to the point where we will be cutting service. He also expressed optimism regarding the revenue side, and reiterated that if he thought we were going to "flat line" he would say that. He also stated the numbers were not exactly what he wanted to present, but stated that the budget is balanced. He suggested doing monthly analysis and being careful. Totty agreed. He also stated that we had been being careful, but he is concerned about getting to property tax season with cash flow. He expressed appreciation for everyone's perspective but says he does not want to "cry wolf", and have already done cuts or things we regret after putting money into training, resources, etc.
- ❖ Commissioner Carroll suggested that we could add it back with a budget amendment. She also stated that she understood what he was saying but at the end of this budget and going into the next one it will be tight. She suggested that we continue with the mindset of making cuts. She stated she knows Walmart and Taco Bell projections are great but would rather go back and amend the budget and add things later. She stated that to make a projection for the budget to be balanced was not going to work, and Totty agreed that it was not right. She stated that she knew Daugherty "came into a mess" and that it was not his fault, and that Commissioner Bissell believed that it was due to property tax being lowered for the past three years and that she believed that may be it, but also believes that if we had taken a more conservative budget for the last three years, we would not have been in this mess and it would have been fine without the property tax. She reiterated that we do not have the reserves that we should, and that we need to build those back up. She stated that Daugherty's projections for Walmart are probably right, but she prefers to have a balanced budget without using Walmart money, build reserves back to where they need to be, and then do a budget amendment later.
- ❖ Totty agreed with Carroll. Totty asked for clarification of expenses of hiring new employees in this budget. She cited the ordinance regarding the fund balances and the number of full time equivalent employees that would be attached and stated that may answer her question. Carroll stated that this was the first budget that did not show the salaries of employees included in it, and she asked if it was in the budget. Carroll stated she was looking at line items to be sure there was no variation, and she asked if there would be any variations. Totty asked about new employees and this budget, and how much that adds to the budget. Daugherty clarified that there would be no new employees, but there were two part-time employees that would be moving to full-time, and one was a firefighter and the other was IT in the police department. He stated that he had that information printed out in his office, and he could get it for them. He stated he had written down the amount of employees in each department but had not added that to the final draft. He stated that he could give that to the Board verbally, or he could give a list of all full-time employees and their salaries from his office if they would like to see it now. Carroll stated that they were not voting tonight, but she said that looking would give her an idea of the differences...are we adding a new line item? Totty stated that was the reason for asking that question. She stated that if there were raises, new monies, new job salaries, those are places that you could say would be postponed and see what kind of savings, in order to add to Carroll's conversation and put a dollar to it. Daugherty stated that everything in the budget was at the current rate, and that there were no raises or salary increases, except the IT person in police department is going from part-time to full-time and that is a salary increase.
- ❖ Commissioner Bissell stated that he understood that there is no cost of living raise, but there is the merit raise, and if you look at salaries it is 2% and asked if that was right. (some of Bissell's comments were inaudible). He stated that it says \$2,384,000.00 and that's a 2% increase over previous years and that's a 2% merit raise. Bissell asked for clarification from Daugherty. Daugherty confirmed that it did go up 2% but it was because of the two employees going from part-time to full-time. Bissell questioned if this did not include their 2% merit raise. Daugherty

confirmed that it did not. Daugherty stated that 2% would have been around \$52,000.00, and that he kept everything exactly as it was except for those two.

- ❖ Carroll stated that honoring the merit raise could be easily done later if every Walmart dime was not spent. She stated that other governments did not give cost of living raises until January 1st, and that it could be added later. Totty asked for clarification that it was not included in this budget and was already cut, and there was still the difference. Daugherty confirmed that was correct. Carroll reiterated that Walmart projections were being used for twelve months.
- ❖ Commissioner Bissell ask City Attorney Cantrell if there was an obligation on the 2% that is tied to the step increases that are for successful evaluations after one year of employment. Bissell cited the ordinance that was passed reflecting this, and asked Cantrell if we had the ability to renege on that. Cantrell stated that we have an obligation right now but could go back and redo/change the ordinance. Bissell also asked for confirmation of whether you could retroactive the ordinance, and Cantrell stated that you cannot retroactive the ordinance. Bissell also stated that we do not have to give a cost of living because the way the ordinance was set up was that cost of living would be determined upon budget, but the 2% merit raise has to be granted or the ordinance has to be changed. Cantrell confirmed that was correct. Cantrell also stated that you could go back and retroactively give the 2%, but you cannot go back and retroactively take that 2% away. Bissell stated that we could defer the payment of the 2%, but it would have to go back to the July 1st date. Cantrell confirmed that was correct.
- ❖ Carroll stated that we could vote tonight, but Sutton stated they could not vote tonight. Carroll stated that they could vote the next, the first meeting and would still have the two readings, and it would still be enough time. Cantrell agreed. He suggested that if the Board wanted to do that, that they have the first reading at the next/first Board meeting in June, but to go ahead and have the second reading at the second meeting in June, but put the notice of the public hearing and the second reading, at least get it to the newspaper prior to the first meeting. He stated that would assure that it did not fall on a cycle where you couldn't get the ten day notice, because that would require rescheduling and having a special meeting because you must have the ten day notice. He also confirmed that you could defer when you pay it, but you would have to either repay it or redo the ordinance.
- ❖ Commissioner Bissell stated that unless there was a plan to do something, then it needs to be added to the budget, and Totty agreed because of the ordinance issue. Totty also said that if the money is not there that something has to change because you can't pay if there is no money. Bissell stated that you could not leave it out of the budget because there is a legal obligation to fund it. He also stated that we could wait until June 30, 2015 to pay it because we did not have the cash flow but understood that Cantrell stated that at this time everyone who gets a successful evaluation is going to get a 2% raise, so the ordinance either needs to be changed or that 2% (whatever amount that is) into this line item, and the issue has to be dealt with.
- ❖ Carroll stated that she understands that the employees have been expecting, or have been guaranteed, but the Board can change the ordinance at any time just as easily as a step plan was put in, it can be taken away, and the ordinance just has to be changed. She understood this was not a good practice to take away what was expected but felt there are not a lot of choices at this time. She suggested that the City Manager would need to lay people off, or we would need to find ways to cut. She stated that would not be good and we need to find a way to compromise and rebuild this year. She stated that we have great employees and she wants them to stay. Once again, she reiterated that if Walmart, Taco Bell, etc. do well, we could go back and be good to the employees and try to give them what they need, but with no reserves, it is a different ball game.
- ❖ Totty stated that we doubled the debt service that we had last year, and Carroll agreed. She stated that tightness of the excess is going to pay the debt and that is why there is no excess to pay raises as in the ordinance. Totty also had questions to clarify other expenses that had been

incurred. She stated to Bissell that we could not vote on his question and that the agenda was put out today, so the subsequent information may need to be added for discussion. Bissell stated that he would not be at the next meeting, so there would need to be another special meeting set in order to have that vote if all 5 members are to be involved in the vote. Totty stated that she preferred a full Board to vote on the budget, and Bissell was appreciative of that and apologized for being absent from next meeting. He stated that if the Board was going to change the ordinance, that needed to be done before the end of June because otherwise the approval happens on June 30th, and the day the first budget starts the contract is, the ordinance takes hold, and we owe the 2%. He stated it must be changed this month if it will be delayed or removed; or reduce it to 1% or do something with it. Totty stated that she was unsure if it could be settled at this time, and certainly could not be voted on at this time.

- ❖ Totty asked for clarification on some expenditures. Her first question was regarding professional services, line 250. She asked Daugherty if that service had changed or if he had moved that category in a different direction? She asked if he was projecting \$86,000.00, and he was now proposing \$36,000.00, did he move that other \$50,000.00 somewhere or were we just not going to have those services this year. Daugherty stated that we should not have those services this year. Totty asked who those services were, or what the \$50,000.00 expenditure was for. Daugherty explained that there were several legal investigations that went on in the city this year. Totty then asked about the engineering and landscaping services, which was \$62,000.00 but was now down to \$37,000.00. She asked if there was a specific or did any of that get moved to another line item. Daugherty stated that nothing got moved to another line item. He also explained that most of the engineering fees were paid, and we do not have to pay for them twice. He stated that we were going at all new grants, and projects that need engineering fees in a different light where we are not spending the money and then stopping the project, and where we would hopefully be much more economically smart about the engineering fees. Commissioner Sutton asked him if this was where we used engineers to compensate for the lack of a Codes Director for a period of time until Mr. Humber came in. Daugherty stated that was not correct, and that this all happened prior to that. He referred this question to City Manager Hall and Codes Director Humber.
- ❖ City Manager Hall explained that most of this expense was for engineering fees designed for Lake Van in the park, the road to Bowie Lake Road, and these two alone were over forty something thousand. Carroll stated Triangle School was included also. Mr. Hall also added Safe Routes to School that was thirty something thousand that Mr. Humber is trying to move forward with, and has an 18 month extension on that project. There has been twenty something thousand paid out on the Safe Routes to School already, and we're in line to get \$17,000.00 of that back. It is an 80/20 grant, so we get 80% of the grant's engineering fees back. Totty asked for clarification that the \$40,000.00 less in next year's budget was due to the fact that we would not be requiring engineering services. Mr. Hall stated that we won't be requiring as many engineering fees, and that we are trying to get estimates on those so he can bring those to the Board so they will know where we are before we go forward. Mr. Hall also stated that we have to pay the surveying and engineering fees up front on these grants, so if that can be controlled better he feels that will lower that line item, and hopefully be in line to get some of those engineering fees back. Totty also mentioned prior discussion about the possibility of having a part-time engineer for \$37,000.00 to be on salary/on staff and want to help. She stated there was a job description for this at one time. She stated that if we are paying \$62,000.00 to an engineer, and we could get one on staff, on a salary, to be with us all the time, she believes that would be a good direction versus paying pro bono, not pro bono, but a la carte the engineers we currently have. Mr. Hall stated that he would be looking into that. Carroll stated that we should think about that in 2016. Totty stated there was \$37,000.00 in the budget and if we could hire someone it would just be a change in who we call when we call.
- ❖ Mr. Humber stated to Totty that we would look any way we can to cut cost, but to hire an engineer was going to cost a lot more than \$37,000.00, or \$40,000.00 a year. He also stated that to also have one that is a P.E., which is what the current consultant is, would cost a lot, considerably more than that. He stated that until we have that much full time work, it would be

better to look at it when it was a full time job and we need that much done. He stated that we were still in a period where it is part time. He also says that there is also a lot of experience and expertise from someone who has worked with the city for a long time and a group that knows a lot about the grants and lots of things we are working on, but we will be glad to look at that in the future. She asked that he keep an open door regarding this. Humber stated that we are trying to keep those costs down at this point, and that engineering fees have been paid for such as Safe Routes to School, for resurfacing, and also for Lake Van project, and we want to use some of the things that have already been paid for. Totty agreed but also stated that there was a gentleman owns his own business and in the past he offered his services part-time, and the job description was done about a year ago. She suggested getting the job description that was approved for a line item of an engineer in the Codes Department in front of us and she was not sure whether that had a dollar attached to it, but it was what will be needed in the future.

- ❖ Totty asked for clarification on 510. She stated seeing \$168,000.00 projected for 13/14, and \$199,000.00. She asked if the \$30,000.00 was for new property or an increase in premium on the property and liability insurance. Daugherty stated that was an increase in premium. She also asked if that was for one year, and Daugherty confirmed that as correct, and that included workman's comp. He also stated that we had a lot of claims in workman's comp and property this year and that was the reason for the increase. He also explained that TML bases the rates on how hot the claims are. Totty asked if HR monitors the workman's comp for validity, and for fair and reasonable claims. She acknowledged Roy Russell who stood up and asked if we needed to be in training and education and mentioned OSHA, and wanted to know how we could prevent another \$30,000.00 increase. Mr. Russell stated that he was not sure if you could actually "train" accidents not to happen, or water pipes not to break, or deer to not jump in front of automobiles, or employees to not get hurt. He stated that we did have a couple of bizarre incidents this year both in Fire & Police. He cited an unusual number of accidents, and also spoke about busted pipes here at City Hall. He stated that the rate that we had with TML was great, but it did increase slightly due to several incidents. Totty asked for clarification about OSHA, and Commissioner Sutton confirmed that it was Tennessee's OSHA, or TOSHA. Mr. Russell also stated that the safety committee worked toward training to help prevent accidents. Totty asked how many accidents and Russell stated that there have been 16 reported accidents, with one of those has been a prolonged recovery with a reserve officer who tore his ACL and had surgery, a couple of firefighters, and several nuisance items such as insect bites, exposure to disease, etc. Sutton asked if these were "normal" and Russell confirmed they were. Sutton also stated that we had gone from a great figure to a normal figure and Russell confirmed that we were at a very low number of occurrences and now we are at a more moderate number.
- ❖ Chief Cooper asked if some of the increase was due to new vehicles, particularly fire trucks, and Daugherty confirmed that this increase includes property such as new fire and police vehicles. Totty said that she was looking for confirmation that something different had happened to cause the increase in premium. Sutton stated that a car was destroyed due to a deer this year, and asked for confirmation of the cost. Mr. Russell stated there have been 3 deer incidents in the last 12 months, and also a tree that fell on one vehicle. Commissioner Sutton stated these were unavoidable incidents. Totty clarified once again that the \$30,000.00 increase was for new police and fire vehicles also, and that this made sense. Daugherty stated that the workman's comp is highest, liability is next, and property is least expensive.
- ❖ Totty asked for clarification on 931, Street Paving & Improvements, with \$174,659.00 in expenses projected for this year, and only \$25,000.00 proposed for next year. Daugherty asked for clarification of the line item she was asking about, and she confirmed it was 931. She directed her question to Keith Paisley, Daugherty or City Manager Hall. Mr. Paisley responded initially but it was inaudible. Totty stated that her understanding was that in 2014-2015 that the estimate of \$25,000.00 was all that would be spent on streets and improvements. Paisley stated that was the same amount that was put in last year. Totty first stated that it was \$55,000.00 for last year, but changed that and stated that there was \$145,000.00 budgeted for 13-14. Daugherty stated that if there is a budget amendment it makes that number increase,

and that is not necessarily the amount that was in the original budget, as there could have been amendments made throughout the year. She asked not what was spent in the last 11 months, but that it was only \$25,000.00 for the next 12 months, and wanted to clarify that this meant there would be no street paving or improvements and asked for clarification of what the \$25,000.00 was projected and proposed for. Paisley stated that it was for whatever repairs need to be made to the streets. He mentioned Katherine Drive that had to be dug up this year...(INAUDIBLE). Totty asked for clarification that there was a bid 2-3 months ago on this project, and Paisley stated that it was about \$10,000.00. Totty clarified once again that it was not necessarily what was spent, but that it was the decline in the number of street paving and improvement projects other than Katherine Drive. Paisley stated that this goes toward pothole repairs, and everything else...(INAUDIBLE). Totty asked if a check would be coming in the next couple of years for street aid, and Commissioner Bissell stated that we receive a 4 year allotment every four years from TDOT, so that we can pave, etc. Totty asked for confirmation that this went into revenues under Street Aid revenue, and Bissell confirmed that was correct. Bissell also stated that when that check is received is when the decision is made which projects will be done. He also stated that the \$25,000.00 looks like a great drop because the money included in the fiscal year 13-14 was the \$145,000.00 that we spent on widening Bowie Lake Road. He stated that if you take the \$145,000.00 out of the \$172,000.00 spent, it would be about the same amount of money, but it's for potholes, etc. He reiterated that when the money was received from the state, the decisions would be made as to which projects would be done. Totty asked where the NPO money comes in. She asked where this money was in the budget, and the projects that are to be done with it. City Manager Hall stated that he was unsure where it was in the budget, but that it is the resurfacing grant. Totty asked where it would be in expenditures. Mr. Hall asked Daugherty for clarification that once the grant was received, it would need to be appropriated. Daugherty confirmed, but said he has not received any numbers or projections regarding NPO money. He stated that if we receive money, we should be able to do a budget amendment and spend it, but he said he is not familiar with that money. Carroll asked for clarification that this grant money was not listed in this budget, and this was confirmed. Totty stated that these were NPO projects; connector roads such as Chester. She stated she was unsure if Mr. Humber was aware of that. Mr. Humber stated that when the grant is received and what the match will be. He stated that he understood this would be a capital project, and it would be separate from the street department budget. He also stated he did not know where the money was coming from. Mr. Hall stated that it was a 75/25 grant so the city would be out about \$97,000.00. Mr. Humber confirmed that from the figures sent we are looking at \$97,000.00. Totty stated that there was a grant of \$186,000.00 that the city was in the middle of at this time last year with NPO, and the Safe Routes to School. Commissioner Bissell stated that there had been a request before Mr. Humber was hired, and that he and John (Bledsoe) had worked on it in terms of federal money. He stated that they put in for reimbursement of \$117,000.00 plus some engineering fees, and he asked for clarification of this from Mr. Hall. Mr. Hall confirmed this was correct, and Mr. Bissell said that had been submitted, and stated that this money was not in this budget either. Totty agreed, and said that she signed for it, and that was the reason she was "chasing" it. Bissell stated that if we were going to adopt a conservative approach we did not need to allocate the money until after it is received, and then it would be reimbursement and we could use that to be the matching amount. He stated that after working with John on this, he understood that in terms of the appropriation, that is where the money for the matching amount will come from as far as the NPO to do the paving projects, etc. Totty reiterated that at this point there are no projects this year in street paving or road improvements, and that the \$25,000.00 if only for potholes and miscellaneous. Commissioner Sutton confirmed that was correct and was for general repairs.

- ❖ Totty asked for clarification on 940, machinery & equipment. She stated there was a projection to spend \$34,429.00 this year, and there is a proposal of \$105,000.00. Daugherty stated that all machinery and equipment was coming out of park fund or state street aid, which are considered general fund categories, but they are assigned monies; not unassigned. Totty asked if the entire \$105,000.00 was already spent, and Daugherty responded that it was coming out of the drug fund or state street aid, and that it had not been spent. Totty asked if it had been obligated, and Daugherty confirmed it had. Totty also asked if it had been obligated, voted on in

vehicles. Daugherty confirmed that, and also a chipper. Commissioner Bissell responded that some it had been put out for bid; only the truck. Totty asked for clarification about the \$113,000.00 for transportation equipment and what it is proposed for. She stated this was line 944. She asked if that was the cost of the police car radios. Daugherty stated no. Totty stated that it was \$108,000.00, and Daugherty stated he did not think it was that much. Daugherty stated that \$25,000.00 of the 944 is coming from state street aid, and \$87,650.00 of the 940 is coming from state street aid. Totty asked for clarification that 940 and 944 was coming from state street aid. Daugherty stated that \$35,000.00 was coming from parks on 944, and \$53,334.00 to 944 from the drug fund. Totty asked to clarify 940. Daugherty stated that there was \$10,000.00 for 940 from the drug fund. Totty asked where the \$95,000 was coming from. Totty stated that this was just like a workshop. Totty stated there was \$218,000.00 in expenses and that looking at added taxes in the proposed budget and it is balanced, but then looking at services and things there are not enough money for that doesn't answer if it is already obligated (INAUDIBLE). Daugherty stated that all of 944 is either in parks, drug fund or state street aid, and that the majority (95%) of 940 is in state street aid and the drug fund. Totty clarified that there was \$10,000.00 in the drug fund and \$95,000.00 out of state street aid. Daugherty confirmed that was correct, and he stated that there may be a couple of other line items in a couple of other departments, but they were very small, and that was the difference. Totty asked for confirmation that all the money deposited from the 4 years of state street aid that was to be used for preparing, taking care of, maintaining, and improvement of roads and streets and bridges was being eat up in this year's budget toward vehicles. Daugherty stated he thought there was a misunderstanding and that the check Commissioner Bissell was referring to was a separate check that comes in once every four years, and he stated that he had not ever seen one and was not sure, but that he would be happy when it comes in. He stated that we do get a monthly allotment. Commissioner Bissell confirmed that these were two separate things. Totty said he had said something about a bigger one, but she knew there was a monthly one. Daugherty stated that we received about \$200,000.00 a year in state street aid. Totty stated that we were spending all of it in the vehicles, the chipper, except for the parks. She stated that the money was being used for differences of what it should be used for, and that was her opinion which she was entitled to. She stated that it was coming to Fairview to improve roads, streets, bridges, and Daugherty said "or equipment to do those things." Totty asked where the money was going when we needed to do those improvements, and if we needed to do a bridge on Horn Tavern Road, which is drastically, desperately one lane, we don't have the money, and that the money that comes in for that purpose is being utilized on other things. She stated that was her opinion, and she would like for it to be more reasonably looked at for the benefits of the future improvements instead of spending it on wants.

- ❖ Commissioner Bissell stated he wanted to express his opinion about this subject. He stated that the money was sent in order to make the determination as to what we need, not want. He stated that maintaining safe and working equipment in order to take care of what you already have is as pressing a need as building or repairing a road. He stated that his opinion was that the money was not being misspent. Totty stated she did not say misspent, and Bissell clarified "not allocated that way." Totty stated that would show in the vote, and also that we had five more minutes and asked for any comments/questions. Commissioner Sutton asked Mr. Daugherty if all the monies that had been spent from that fund were part of a requirement that it be spent on. Daugherty asked for clarification that the question was had the money been spent on what it was supposed to be spent on, Sutton confirmed that was correct, and Daugherty answered yes to that question. Daugherty also stated there should be a little reserve in there in case of emergencies. Sutton asked for clarification once again that the monies spent were spent on things that qualified, and Daugherty said yes.
- ❖ Totty asked for other comments at this time. Commissioner Carroll asked Commissioner Bissell, Daugherty, and Donna Brooks if they had met again after looking over the information, and Bissell responded that they had not. Carroll also asked Mrs. Brooks if she had looked over what Daugherty had presented, and Mrs. Brooks stated that she had. Mrs. Brooks suggested that it needed to be looked at on a monthly basis, and be sure we are headed in the right direction, and not wait even 3 months if not. Brooks stated that so much of the budget was in

employees, insurance, and debt service, and that left very little that could be cut, and still have anything. Totty asked what the percentage was of the employee in the current budget, and Brooks and Daugherty agreed that if you take employees, insurance and debt service together it would come to 75%. Commissioner Sutton asked if you removed the debt service would it be closer to 64%, and Brooks stated probably.

- ❖ Totty asked for other comments, and Commissioner Sutton thanked Daugherty and Brooks for their hard work. Commissioner Bissell asked Totty if it was proper to set a date for the special meeting to deal with the first reading. Commissioner Sutton stated that it could not be done on the 5th, and Totty confirmed that was correct because there would not be a full Board on that date. Totty clarified that there were two ordinances to be dealt with, and they are the employee piece that was mentioned, and the other was adopting the budget. Bissell stated having the first reading so that the second reading could be on 6-19-14. Bissell asked Cantrell for confirmation of the number of days needed, and Cantrell stated ten. Bissell also asked if Monday, June 9th would be the last day if a special meeting was needed and Cantrell stated that there was a 10 day publication notice. Totty stated that she understood that could be put in the paper before the public and Cantrell confirmed that you could, but that you would need to decide the date for the meeting. Bissell asked how many days were required between the first and second readings, and Cantrell stated that on any ordinance that was not otherwise directed by statute requires 7 complete days, which means you need 8 days between them. Bissell asked if we wanted the second reading and public hearing on the 19th (June), then the special meeting would need to be either the 9th or 10th (June), and Cantrell stated that would be correct assuming that the notice was out before the meeting was held. Bissell stated that we would put one meeting in the paper that states the special meeting for first reading would be on the 9th or 10th, Monday or Tuesday, and then the second reading and public hearing would be on 6-19-14. Totty asked if Friday, June 6th was available. Cantrell stated that the 10th was the Planning Commission meeting, and Commissioner Sutton asked for confirmation of that date. Totty stated that she would be out of the country the week of the 9th. Daugherty asked for confirmation regarding dates for posting public notices and Cantrell stated that you were required to post the first reading as is normally done, but the second reading requires a 10 day notice between the first and second readings because the public hearing is also going to be held. Cantrell stated that you also have to include your tax rate. Totty asked who would present the tax rate so that could be put in the ordinance, and Cantrell stated that it is in the ordinance and that he believed it was #9. Totty stated that was blank, and asked if it was left out. Cantrell stated that we don't know what it is going to be until the Board sets it. There was some discussion at this point that was inaudible. Commissioner Carroll stated that a budget extension could be filed, and Cantrell confirmed that could be done, but that would put us in the Comptroller's "doghouse". Totty stated she was not afraid of that, and Carroll stated we should be there anyway, but immediately stated she was joking. Cantrell stated that if the budget was not passed by July 1st, the current would be extended until it is passed. Bissell asked if there was any prohibition for having the meeting on a Saturday, and Cantrell stated there was not. Bissell suggested it be held on Saturday. Totty stated she did not mind that, but why couldn't there be a special meeting on the last week of June instead of putting it on the 19th. Cantrell asked her if she was referring to the second reading, and Bissell stated there would not be 10 days between the 19th and the end of the month and asked if that would be enough time to get it done correctly. Sutton stated he thought there would be. Cantrell stated that if it was advertised ahead of time there would be enough time because there would be 11 days between the 19th and the 30th of the month. Bissell stated that was okay with him and he wanted to have the budget passed before the end of the month. Cantrell confirmed that the 30th would be the 11th day so that would be safe, assuming the notice stating it would be on the 30th was put out prior to the meeting on the 19th so that it could get in the paper. Totty asked if a motion would be that first read be on the 19th, with a notice being placed out for a public hearing on the 30th. Cantrell confirmed that would be acceptable, but that both the tax rate and the second reading of the budget would need to be advertised. Sutton asked Cantrell if it was proper to vote on a motion tonight. Totty stated that it was because it was on the agenda to discuss and/or action.

Cantrell stated that this would be part of the budget, and that it is broad enough to include setting the special meeting.

- ❖ Bissell made a motion to have first reading at the regular meeting on June 19th, and that there be a special meeting called for a public hearing and second reading on June 30th at 7:00. Sutton seconded the motion. Totty confirmed that the time would be at 7:00 PM, and Bissell confirmed. Totty asked for any discussion regarding this. Carroll asked if this included any ordinance regarding the employee piece, or if there would still be enough time to do that. Totty stated that it could be on the 19th agenda. Bissell agreed, and Cantrell stated that there was no public hearing required for that. Carroll stated that we would be better off to know where we stand, and she did not want to wait until the 19th and find that it was required, and then would not have a balanced budget. She wanted to explore how to do it as soon as possible. Bissell stated that during the first read on the 19th there would be discussion again, and there would also be another month of experience with Walmart money. Carroll agreed, but stated that we would also be required to have the two readings to change the pay plan ordinance, and Cantrell confirmed this. Cantrell stated this was part of the policies and procedures. Bissell stated that even though the agenda had been publicized for the meeting on the 5th, you could add that to the agenda on the 5th, and then have a final vote on the 19th. Carroll stated that would be better in order to know where we stand. Totty stated that there needed to be discussion regarding this because we would need to know the pros and cons, so that if the ordinance has to be addressed in a delay, deny, or change, there would need to be some kind of communication regarding the plan of action. She also stated that you would be required to explain what was being done to the employees, and why it was being done. Bissell stated that he could be persuaded, but his position is that he would vote to delay it, and not voting tonight. He stated that people had been working for the past year under that assumption, and that we could find the \$48,000.00 somewhere else before we could not pay them. He also stated that he was willing to listen to reason about waiting to be sure that the money is coming in. He stated that there were still 4 other Board members, and if they felt strongly about it they could go forward. He stated that even if it was done on June 10th when he will be absent he would still have his chance to vote on June 19th either way, so in order to meet the time frame it would need to be put on the agenda and discuss it. Totty asked if there was any other discussion. There was no response. Totty stated that the motion for the first read of the ordinance and the budget for 2014-2015 to be put on the June 19th agenda, and then for the timing for it to be a second read, final read, and public hearing on June 30th at 7:00 PM. Cantrell stated that this also needed to include the tax rate. Totty asked for other discussion. Bissell asked Daugherty if this assumption was based on the current tax rate, and Daugherty confirmed that was correct. Bissell also asked if by the 19th of June he could give a report of what each penny would do in terms of revenue, and Daugherty stated that he could give him that information at this time. City Manager Hall stated that he could answer the question now if they would like and the Board agreed they would. Mr. Hall stated that each penny would create \$16,800.00 in revenue. Totty stated that with respect to the time at 7:01 PM that she had Section 8 of the ordinance, she had highlighted a detailed plan would be attached to the budget, and becomes part of the budget ordinance. In addition, the publish operating budget and budgetary comparison shown by fund with beginning and ending fund balances, and the number of full time equivalent employees required by Section 6-56-206 will be attached. She asked if everything was in there, or were the things she just read missing. Daugherty stated that they were missing the fund beginning, but that he just had to type it in. He stated he needed to put in the employees, and the beginning and ending balance. Totty said that when it say "see attached", it's either attached or we don't have it so she wanted to clarify that she did not have it, and the will be needed for review prior to it being said that it's added, and did not have time to review it. Daugherty agreed. Carroll stated that there was a motion made, and Totty stated we went off topic on discussion. Totty apologized for going off topic on discussion, and asked for all those in favor of the motion. All were in favor; none opposed.

4. **Adjournment** – Mayor Totty asked for motion for adjournment. Commissioner Sutton made a motion for adjournment with Commissioner Bissell seconding. All were in favor and meeting was adjourned at 7:03 pm.

Susan Fox
Deputy City Recorder