

CITY OF FAIRVIEW

BOARD OF COMMISSIONERS & FINANCE REVIEW COMMITTEE SPECIAL MEETING MINUTES

MAY 12, 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 5:03 p.m.**
2. **Approval of the Agenda** – Vice Mayor Sutton made a motion for approval with Commissioner Bissell seconding. All were in favor.
3. **New Business**
 - A. Discuss and/or Take Action on Sale of Deer Ridge Property – Commissioner Bissell made a motion for approval with Vice Mayor Sutton seconding. City Manager Hall states we need permission to begin the bid process and should we put it out as a sealed bid. Attorney Cantrell states sealed bids are ok but notes to include the start and end dates in the ad. Hall notes the starting figure is \$135,000 which is what we purchased the property for in 2007. The local real estate estimate for current sale price was less than that. Commissioner Crutcher states he doesn't want to sell for less than the purchase price and states the proceeds should not be used to change our cash position but rather go back into the School Facilities Tax Fund and Mayor Carroll agreed. Vice Mayor Sutton states this property was purchased as a location for a future fire station but since we moved to the current location this property is no longer needed for that purpose. Cantrell notes to include a disclaimer that the City has the right to reject any and all bids. Mayor Carroll amended the motion to sell the property with the proceeds going into the School Facilities Tax Fund with Commissioner Bissell seconding. Finance Director Tom Daugherty notes for clarification of accounting he will show the sale of property as revenue and transfer into School Facilities Tax. All were in favor of the amended motion.
 - B. Discuss and/or Take Action on First Draft of Budget for 2015-2016 Fiscal Year – Vice Mayor Sutton made a motion for approval with Commissioner Bissell seconding. Daugherty discusses his budget noting a couple of errors. One changes the surplus to \$66,702 but the surplus is a result of moving 4 salaries; 1 out of PD to Drug Fund, and 3 out of Street Dept. to Street Aid. Daugherty notes he has met with Department Heads and they have scrubbed all departmental operating budgets and took almost all building maintenance out of Parks and will have to use special revenue accounts because pulled as much as possible out of the operating budget. Donna Brooks shares a comparison of

Daugherty's first and second proposals noting the issue she sees is we agreed to take operating expenses out of unassigned funds and this uses the Street Aid and Drug funds which prevents using those funds for other needed items such as paving roads. Brooks continued that until reserves are built back up State Street Aid is our only fall back.

Commissioner Crutcher presents his budget proposal addressing a few issues; 1) debt restructure, 2) Deer Ridge property sale, 3) salaries out of Street Aid, 4) salaries out of Drug Fund, 5) not filling open PD position, 6) reduce departmental operating budget. Crutcher stated he is tired of not having choices noting this sometimes leads to bad decisions. He states he is proposing a greater tax increase so revenue is higher but we also need cuts on expenses. Crutcher also states if taxes are raised we need to be able to pave streets. He proposes raising the tax rate to \$1.00 noting we lowered the rate in 2010 but have spent more each year, depleted the reserves, built infrastructure during a recession, increased the number of employees and salaries stating we need drastic action. Crutcher states the total employee related expenses should be no more than 3.5 million which is 73% of the general fund expenditures but that is in line with other municipalities. Crutcher suggests the tax increase of 21.5 cents go toward general fund with an additional 5 cents each going toward the Park Fund, Street Aid and Debt Service or a special census/impact study specifically. He asks the question will a special census give a return on investment – how much growth have we seen since 2010? City Manager Hall states water and sewer have been added to 196 residences since 2010. Crutcher notes his budget after tax increases would leave \$212,907 surplus. Crutcher also suggests cutting employees to a total of 52 positions as part of the solution to get to 3.5 million total employee expenses.

Mayor Carroll highlights a letter from the Office of State and Local Finance to the Board of Commissioners recognizing overspending from 2010 forward. Carroll states she is aware of recent changes in spending habits and staff has done great this year with cuts but we are still paying out of obligated funds. Carroll shares concerns of cutting too tight and thereby setting us up to fail noting this is a dangerous and reckless place for the city to be. Carroll presents a solution which Mrs. Brooks helped design that contains three options to get out in a year with a couple more years to get where we need to be. Carroll's three options are; 1) no tax increase with employee cuts, 2) tax increase of 23.5 cents, 3) tax increase of 30 cents. Carroll's proposals also included employee salary cuts of 5 to 7% of those earning more than \$35,000 annually because it is too costly to cut employees after we have invested so much in them. Carroll states we have to cut because the Comptroller can come in and dismantle the Board, fire employees, raise taxes, though that sounds dramatic we are close to being there and we need to get off that line. Carroll recommends the following cuts; grant positions when not funded, remove 1 detective, recommendations from Commissioner Bissell & Finance Director Daugherty, funding for July 3 (rely solely on donations), no insurance increase, incentive pay for volunteers at \$20,000, BOC and PC 5 – 7% pay cut, cut phone services to \$40,000 while looking at allotment for cell services. City Manager Hall notes he has Mrs. Taylor looking into other phone system options and has already cut a substantial amount from the cell phone bill just from those who don't really need or don't want. Hall states some were told by the previous administration they had to have a city cell phone. Carroll also suggested cutting BOC phones temporarily, deducting pay from those who go over cell plans and cutting uniform budget by 50% since we are in a hiring freeze. Carroll suggested cutting the gas budget by 15% by not taking cars out of the 37062 zip code, cutting history village budget by \$1,000 and do fundraiser instead, fire dept equipment to \$50,000. Commissioner Crutcher states he discussed staffing needs with Mr. Hall and whether need or can afford and also of employee morale. Crutcher

notes when salaries are cut across the board versus cut a few positions you affect far fewer people noting he doesn't know if he could support across the board cuts but if we follow his proposal the insurance is whatever fits into the 3.5 million. Carroll states there is enough surplus in her proposal to go with the top insurance choice. Commissioner Johnson agrees with Crutcher that cuts across the board will have great impact on productivity while drawing a line in the sand for those affected versus not will create friction. Carroll states that she was trying to be mindful of those who make less than \$35,000 annually and the impact it would have on them. Brooks suggested sending the 3.5 million figure to department heads and let them decide what is best for morale – cuts across the board or cutting positions. Bissell proposes an alternative solution and doesn't agree we can't find more cuts in the operating expenses. He suggests using Street Aid for salaries this coming year but not the next year, we need a no hire/no promotions firm policy and none of the figures include a 2% attrition rate that we average every year. Brooks suggested cutting part time including park ranges, janitor, summer programs. City Manager Hall reminds everyone that we have a contract with the county to clean the health clinic so removing the janitor position is not possible. Bissell states we should look at limited function positions versus broad function and overtime is a luxury we are not obligated to pay by law and comp time functions well. Crutcher states he won't vote for the plan if salaries are taken out of Street Aid noting his 5 cent property tax supplement is not to replace salaries stating we are at a crossroads and need to make tough decisions. Brooks states the Comptroller is telling us to get our house in order. Carroll states every day we have funds out of the School Facilities Tax we put management at risk and our goal should be to put our business back in order and build funds back up whether we cut salaries, positions or programs. Johnson asked Daugherty how long it would take to get the costs associated with Crutcher's plan and he stated 5 to 10 minutes. Brooks asked if Crutcher was suggesting who to get rid of and he answered no but we need to look at positions noting his opinion is the parks is a luxury. Brooks suggested if we get rid of parks programs to get rid of all and operate like the state parks. Johnson notes the state parks still have maintenance and security. Crutcher suggests going from 60 funded positions in 2015 to 52 in 2016 noting that number may fluctuate some based on the figures from Daugherty. Fire Chief Travis O'Neal states that due to SAFER grant restrictions if staffing level is not maintained they can come back and charge us for the whole grant amount. Brooks states she knows this is stressful for all involved, especially the employees, but we have never been able to afford what we had. Crutcher states if we don't make drastic changes now we will be asking for more next year and he doesn't want to have the same discussions again. Brian Baker states as a citizen he doesn't have a problem with a proposed tax increase as long as the city is willing to show they are making cuts as well. Baker notes he likes Crutcher's proposal and feels it is better to hurt a few than the whole stating he has been on both sides of the issue in the past. Mayor Carroll amends the motion to send the City Manager back to discuss with department heads and present cuts and schedule another meeting. Crutcher confirms that is for the 3.5 million figure for all employee related expenditures and Carroll notes she was ok with the 4.2 million. Crutcher seconded the motion. Daugherty confirms that salaries should be out of unassigned and recommends taking the salary out of Drug fund too because the revenue stream is so unpredictable. Carroll withdrew her motion and Crutcher withdrew his second. Crutcher makes a motion to send Tom's budget back to change all employee related expenditures at 3.5 million with all salaries out of unassigned general fund and for Fire Chief and Police Department bring back the grant paperwork for review with Vice Mayor Sutton seconding. FOR: Carroll, Crutcher, Johnson, Sutton, AGAINST: Bissell, motion carries.

- C. Discuss and/or Take Action on Employee Health Plan for 2015-2016 Fiscal Year – Commissioner Crutcher made a motion to defer until the next meeting with Commissioner Johnson seconding. FOR: Carroll, Crutcher, Johnson, Sutton, AGAINST: Bissell, motion carried.
- D. **Adjournment** – Commissioner Johnson made a motion to adjourn. Next meeting set for May 21 at 5:00 p.m. prior to the regularly scheduled Board of Commissioners meeting. Meeting was adjourned at 6:55 p.m.

Brandy Johnson
City Recorder