

BUDGET AND FINANCE COMMITTEE MEETING

June 6, 2000

4:30 P.M.

The Budget and Finance Committee was called to order by Councilman Taylor, Chairman, with Councilmen Franklin, Hurley, Hakeem, Pierce, Crockett, and Rutherford present. City Attorney Randall Nelson; Management Analyst Randy Burns; and Shirley Crownover, Assistant Clerk to the Council, were also present.

Others present included Mayor Kinsey, Adm. Boney, Adm. Mitchell, Daisy Madison, Theora Guest, Scott Wilson, Chris Haley, Fredia Kitchen, and Simone White. Adm. Traugher joined the meeting later.

PRESENTATION OF FISCAL YEAR 2001 BUDGET

Chairman Taylor turned the meeting over to Adm. Boney and Mayor Kinsey, who stated that they would rely on Daisy Madison. Ms. Madison handed the Books out, which is made a part of the minute material.

While waiting for the computerized presentation, Mayor Kinsey began a general overview of the Budget. The total budget requests amounts to **\$142,495,485**, after departments were requested to not ask for things not needed. The recommended Operating Budget is **\$131,017,415**; this is less **\$6.3 M** Appropriation from Fund Balance and represents an Operating Budget increase of **\$4.8 M or 3.85%**. This, of course, excludes the capital appropriation, which will be coming up in October.

Over ½ of Revenues comes from property taxes (**\$66,601**). The Property Tax Rate will remain at **\$2.31/\$100** Assessed Valuation. Total Revenues are projected at **\$130,581,609**, which includes a forecast of a **1.6%** increase in taxes—people are paying their taxes more on time and delinquent taxes are down by **\$.55M**. Other local taxes are projected at **2.71%** growth; Licenses and Permits should increase by **5.17%**; Gross Receipt Taxes are up by **8.65%**; Building Permits increased by **20%**, based on activity over the last 12 months. Mayor Kinsey noted that a lot of building was going on. Revenues from other Agencies are up **\$2.0 Million or 5.42%**, with the State (Hall) Income Tax at the current level of **\$2.9M**. Mayor Kinsey explained that if the State impacts us negatively, we should be okay, and he projected business as usual. The State Sales Tax is up **2.71%**, and the County-Wide Sales Tax is up **9.31%**. Mayor Kinsey explained that we are beginning to see a drop-off in COPS Grant Revenue, and it is down about **38%**. It should fall off over the next couple of years.

Councilman Crockett asked if that will fall by the same amount in “out” years. Mayor Kinsey responded that he thought it might be less but it will be about that amount; that it won’t be this high again; that it took a big effort to get this Grant and to get the Information System up to speed; hopefully we will be successful.

Mayor Kinsey next went to Page 6—Revenues (Charges for Services); Reimbursement from other departments for Health Insurance is up **\$.474M or 19.6%** due to increased cost of insurance; the increased fees from PRAC (Parks, Recreation, Arts & Culture) is due to increased level of activities at facilities such as Coolidge Park, Memorial and Tivoli Auditoriums; also there are new activities such as the Champion’s Club and Skatepark. Mayor Kinsey stated that we had tried to get more professional in how we recognize income from recreational sites; that we are reporting all of the revenue and expenses separately.

Page 7 deals with Expenditures and General Government is the largest with **22%**. Mayor Kinsey explained that this includes a lot of things. The Police Department and Parks and Recreation spend the next largest amount of money. The total Operating Budget is **\$131,017,415**; the Contingency is at **\$448,000**. Mayor Kinsey explained that in the time that he had been here we had not utilized the Contingency Fund. The Agency Funding has been reduced to the prior year’s level with the exception of CARTA being up **\$270,342**, which is fueled by the cost of fuel—this is **\$75,000** less than they had asked for; TN Riverpark is up **\$38,656** and continues to operate in different phases and is split with Hamilton County Government; Carter Street Corporation is up slightly at **\$32,280**; Downtown Partnership is up **\$40,000**. This does not include any appropriation to new agencies. Some agencies were not included and are funded from the Economic Development Fund and include the Chamber Foundation at **\$448,911**, the Chamber of Commerce at **\$50,000**, and the African American Chamber of Commerce at **\$150,000**.

Another expenditure on Page 9 is the Second Division of City Court or Night Court. The total budget is **\$414,155**, with eight new positions at **\$300,063**. Councilman Pierce asked Mayor Kinsey to elaborate on the eight new positions. Mayor Kinsey responded that one could see this on Page 13, and he would soon be at that page.

Expenditures continued on Page 10, with Personnel Cost being up **\$1,677,992 or 2.65%**. Mayor Kinsey explained that very significant plusses and minuses were utilized to arrive at this number; that step increases happen each year for the General and F&P Pay Plans at a cost of **\$2.2.M**; there is a **6%** increase for Non-Pay Plan employees. Mayor Kinsey noted that we spent a significant amount of money trying to update our Pay Plan, and it was instituted several years ago. He stated that we wanted to make sure we are in balance. When we instituted the new Pay Plan, we had to make huge changes as we were behind the market and people were going to other areas. The Pay Plan is updated each year.

The General Pay Plan will be a **2%** increase and the Fire & Police Plan, a **3%** increase. Mayor Kinsey stated that we wanted to make sure that we stay competitive and attract the best personnel.

Page 11 also deals with Expenditures and included 43 additional positions at an estimated cost of **\$1,217,755**; 38 are full time positions and 5 are part-time positions. Five of the new positions are in the Police Department at **\$98,444**; 14 positions are in the Fire Department at **\$433,060**; one position is in Public Works at **\$34,452**; eight positions are in State Street Aid-Alley Cleanup at **\$130,000**; eight positions are in Parks, Recreation, Arts & Culture at **\$176,951**; eight positions are in Night Court at **\$310,325**; two are in General Services at **\$62,376**; and six are in Neighborhood Services at **\$111,972**.

Councilman Crockett asked if these were salaries and not “loaded numbers”. Ms. Madison responded that it included salaries and benefits. Councilman Crockett asked if the Police Chief was trying to fully staff the Domestic Violence Force. Mayor Kinsey responded that we have the number we think we need to run the Police Department; there is a question of allocation for this particular program; if the Police Chief believes it is warranted, officers are there to be allocated. He stated that we would talk about this in a Safety Committee meeting. He added that we had streamlined management and added civilians; there are lots more police on the streets and the officers are being utilized on Tasks Forces.

Page 12 dealt with the new positions in Public Works, there being eight of them. Mayor Kinsey stated that we call on Adm. Marcellis all the time to do more and more; that the State Street Aid-Alley Cleanup crew can be compared to Stormwater; that our stormwater issues are not what they were in the past and now we are making efforts to address the alleys. He stated that we had not had resources to maintain them, and this will provide resources for our needs; that this is a great step and will make a difference in our neighborhoods. There will be five full time new positions in Parks, Recreation, Arts, & Culture as this department is providing more and more services.

Page 13 deals with new positions in the Second Division of City Court or Night Court. There will be eight new positions at **\$310,325**, including a Judge, two Court Officers, an Office Assistant, a Court Supervisor, a Bench Clerk, a Cashier, and a Police Liaison. Adm. Boney explained that Night Court would need supervision, and it would shift from Day Shift into Evening Shift. Councilman Pierce noted that Court usually lasts three to five hours at the most, questioning if we would utilize a split-shift. Adm. Boney noted that once they are into the docket, there is not a lot of activity. Councilman Pierce asked if the Court Clerk’s office would have job descriptions or just do what is needed? Adm. Boney stated there would be 15 employees with cross-training for a lot of the responsibilities. He explained that we went through this when we did the Pay Plan Study. Councilman Pierce noted that he had had complaints about people not doing what their job description calls for.

Page 13 also dealt with new positions in General Services @ **\$62,376** and positions in Neighborhood Services @ **\$111,972**.

There are 14 new firefighter positions. Mayor Kinsey explained that over the last three years we have gotten our Fire Department fully staffed, and also the Police Dept., to the level that they are needed; that technology will make a difference; that they are much more visible, and there are a lot more officers.

He stated that as far as Public Works, Adm. Marcellis does an unbelievable job with the folks he has; that it takes a number of people to do the job people want. He stated that all of the positions are fully funded where normally there have been historical vacancies.

Page 14 covers an Election Expense up to **\$135,000** to cover the cost of the FY01 election that comes up in August. Debt Service is up to **\$557,486** to cover added cost of funding \$45M capital outlay budgets for FY 99 and FY00. There is no funding included for anticipated capital for the FY01 budget, which will occur in October or November. Departmental Operating Budgets, excluding personnel costs, show minimal increases. Finance & Administration is up **\$340,407 or 10.52%**, as governmental accounting is much more complicated.

Page 15 shows the Police Department up **\$387,546 or 10.8%**, mainly due to the addition of a **\$316,000** contract with the Humane Society formerly budgeted as a supported agency cost. The Fire Department is down by **\$563,736 or 19.67%** because of a reduction in fire hydrant fees by over **\$570,000**. Public Works is up by **\$1,290,898 or 12.31%** primarily due to an increase in fuel costs, bringing the vehicle operating cost up **\$122,513**; an increase in landfill subsidy of **\$771,448**; and additional cost for alley clean-up of **\$320,000**.

Page 16 contains a general summary of the Departmental Operating Budgets.

At this point a handout was given from the office of Adm. Traughber dealing with BCBST Insurance Costs and is made a part of the minute material. Mayor Kinsey explained that we had gone over our health insurance problems with Blue Cross, and he gave credit to Adm. Traughber who has worked hard at negotiating with Blue Cross. There is about a \$1,500,000 increase over what was budgeted last year or **12.4%**. Mayor Kinsey explained that there would be some changes to the employee Health Plan; that Health Plans need to be adjusted. He noted that we did not change the contributions, and the changes are relatively minor. Most co-payments that were \$15 will change to \$20 and Brand Name drug co-pays will change from \$15 to \$20. He stated that we are happy with Blue Cross, and there is no change in benefits.

Councilwoman Hurley asked if we would still have access to all hospitals. Mayor Kinsey answered that we would utilize all hospitals and doctors that we have used over the last two years.

Mayor Kinsey noted that Page 16 shows that Personnel is up **\$92,615 or 28.2%** due to an additional **\$85,000** primarily to administer promotional testing for fire and police personnel. Neighborhood Services is up **\$99,903 or 20%** due to an additional **\$115,000** for neighborhood mini grants previously funded from Community Development Funds. Mayor Kinsey explained that we fund one-half and there is a match for the other one-half. He stated that this was a real plus for this program.

Page 17 shows that Parks, Recreation, Arts, & Culture is up by **\$399,639 or 14%**, primarily due to increased cost of implementing Recreate 2008 with maintenance costs for more expanded facilities. He noted there was no cost for the Skatepark—that it was operated privately.

At this Point Mayor Kinsey thanked Daisy Madison, Fredia Kitchen, Randy Ray, Chris Haley, Simone White, and Theora Guest. He stated that they had gone above and beyond, and he felt good about this budget; that it includes basic services, and he added he was hearing good things about stray animals being picked up.

Councilman Pierce asked to look at line items, noting that it seemed difficult to find the Judges in one location. Ms. Madison explained that initially they did not have the accounting in place for Night Court, and it is called Night Court on Page 55. Mr. Burns asked about other costs associated with that. Ms. Madison stated that salaries were \$310,000 and the other is for operating costs. Councilman Pierce questioned the operating costs, stating he would like to see the Court as a whole on one page—that it should be in one package. Adm. Boney explained that the figures did not get in this report. Ms. Madison directed Councilman Pierce to Pages 55 and 62—that he would need to look at these two pages. Mayor Kinsey stated that they would coordinate these two pages for Councilman Pierce in the next two days.

Chairman Taylor asked if there were any other questions. Councilman Hakeem asked Chairman Taylor what he thought about this budget. Chairman Taylor thanked the Mayor for presenting this and also Ms. Madison and Adm. Boney. He stated that he definitely was excited that taxes were not going up, and he asked the Council to peruse this, and we would have another committee meeting coming up.

Councilwoman Rutherford asked if all property was being reassessed. Mayor Kinsey responded that would take place next year—that it is every four years.

Chairman Taylor stated that the next Budget Meeting would be June 20th. Adm. Boney asked for first reading of the Budget Ordinance on June 20th and second and third reading on June 27th.

The meeting adjourned at 5:15 P.M.