

BUDGET, FINANCE & INVESTMENT COMMITTEE

May 30, 2013

5:30 P.M.

Courthouse

MINUTES:

Members Present:

Comm. Charlie Baum
Comm. Joe Frank Jernigan
Comm. Will Jordan
Comm. Robert Peay, Jr.
Comm. Steve Sandlin
Comm. Doug Shafer
Comm. Joyce Ealy, Chr.

Others Present:

Ernest Burgess
Sheriff Robert Arnold
Don Odom
Lisa Nolen
Jeff Sandvig
Joe Russell
Sonya Stephenson

Others Present:

Sue Cain
Rena Scudder
Ron Scudder
Emily Mitchell
Kathy McMahan
Regina Harvey
Scott Broden
Elaine Short

Chairman Ealy presided and called the meeting to order with all members being present.

The purpose of the meeting was to continue the review of the 2013-14 budget and make a recommendation to be published in the newspaper.

2013-14 BUDGET REVIEW:

At the last meeting, Comm. Shafer asked if there was a better way to implement the pay increases for employees stating that the health insurance increase and the cost of living increase for employees at the low end of the pay scale would cause a greater hardship for them. He suggested staggering the pay increases so that the lower paid employees would receive a larger percentage pay increase than those employees who were at the higher end of the pay scale.

Chairman Ealy advised that Comm. Shafer's question would be addressed first.

The Finance Director provided a handout showing how much the expanded 56-paygrade table would add to the appropriations if the expanded 56-paygrade table was implemented and the steps were increased by \$300 or \$500. Increasing the steps by \$300 and maintaining a 15% fund balance would add \$1,096,540 to the appropriations and \$1,261,021 to the 15% fund balance requirement in the General Fund. Increasing the steps by \$500 would add \$1,268,600 to the appropriations and \$1,458,890 to the 15% fund balance requirement in the General Fund. Adding \$500 to the expanded pay table would add \$72,511 to the Solid Waste Fund appropriations and \$188,124 to the Ambulance Service Fund appropriations.

Chairman Ealy also advised that at the last meeting, Comm. Baum presented a list of suggested cuts in the General Fund for the committee to consider. The Mayor and the Finance Director have studied the proposal to see what the impact of the cuts would be on the current budget, as well as next year's budget.

Mayor Burgess advised that he had reviewed Comm. Baum's suggestions, and he had reviewed the budget, but in order for the county to be able to deliver practical and critical services, he was making several recommendations. He advised that he was not recommending reducing the number of patrol vehicles funded in the budget. If the number of patrol vehicles was reduced from 30 to 20, then next year 45 vehicles would need to be purchased, and he did not think the county would be in a position next year to have the additional funds. Secondly, the 2013-14 budget would provide increases for one-half year of the health insurance increase. Next year there would be a full year of that increased cost. The county needs to build the fund balance in preparation for the increased health insurance cost, and even build past the minimum 15% requirement. He stated that it was critical that the county maintain the fund balance policies that the County Commission had put in place. The fund balance policies have helped the county immensely with the ability to borrow money at very low rates.

Mayor Burgess advised that he and the Finance Director had looked at how some of the pennies on the property tax rate could be moved around more than had already been suggested. First, in reviewing the Development Tax, it was proposed to increase the revenue estimate from \$2

million to \$2.5 million, with the County General Fund receiving \$250,000 more and the Debt Service Fund receiving \$250,000 in additional revenue. Additionally, it was suggested that the Development Tax be drawn down by an additional \$600,000 for capital purchases. Instead of using \$1 million of the Development Tax to fund capital purchases, \$1.6 million of the Development Tax would be used. That would still leave a projected ending fund balance in the Development Tax of \$1.5 million. He stated that would provide a reasonable balance for unexpected situations that might occur.

Thirdly, Mayor Burgess advised that his original recommendation included transferring 1.5 cents of the property tax rate from the Ambulance Service Fund to the General Fund. He reviewed the Ambulance Service Fund, and advised that only one more cent could be moved from the fund. The value of one penny was \$586,836. After moving one penny from the Ambulance Service Fund, the proposed ending fund balance at the end of 2014-2015 would be \$1.5 million. In the 2014-15 fiscal year, the Ambulance Service Fund would not have the capital needs that are currently being proposed.

Comm. Shafer stated that he had heard that there was a new apparatus that could take the place of the cardiac monitors that was just as good.

Mayor Burgess advised that he had also looked substantially at the ability to move some money from the Debt Service Fund, and he proposed moving one cent of the Debt Service property tax rate amounting to \$586,836 to the General Fund. This would still provide a reasonable ability to accommodate the needs that the school board had projected on their five-year capital plan and the County General's capital plan.

Mayor Burgess advised that he was also including in his recommendation that the pay table be expanded to the 56-paygrade table. He advised that Mrs. Stephenson had worked very hard over a year ago to conduct a salary compensation survey and review. He advised that county employees needed to be at a salary range that would keep them competitive in the marketplace. He did not recommend increasing the base to the table, but implementing the 56-paygrade table would provide everyone with a salary increase, except for a small number of employees. The new pay table would substantially help a very high percentage of employees. This would add approximately \$840,273 to the General Fund, \$58,004 to the Solid Waste/Sanitation Fund, and \$110,460 to the Ambulance Service Fund.

Mrs. Stephenson, Human Resource Director, explained that with the expanded pay table, there would be seven individuals who would not receive anything, because based on the salary survey study, they were already outside of their range. There was an additional 77 individuals who would not receive anything, because they were either already topped out, or they were newly hired. Mrs. Stephenson advised that 63 of the topped out employees would receive an increase due to the evaluation study.

Mayor Burgess advised that before his recommended changes, the General Fund needed 5.82 additional pennies on the property tax rate to meet the 15% fund balance requirement. After the proposed transfers of pennies on the property tax rate, the number of pennies needed was 3.97 cents.

Mayor Burgess advised that the General Purpose School Fund needed 2.72 additional pennies on the property tax rate to meet their required three percent fund balance.

Mayor Burgess recommended a five cents property tax rate increase for the General Fund and five cents property tax rate increase for the General Purpose School Fund. Increasing the 2.72 cents needed for the General Purpose School fund to five cents would only provide an additional \$1 million to try to meet the \$9 million fund balance requirement. He stated that he believed it was imperative that there was enough money going into the General Purpose School Fund so that the three percent fund balance requirement was not jeopardized. Mayor Burgess advised that the fund balance would gain money due to unspent expenditures, the same as every year, but he reminded the committee that there would be a full year of health insurance increases next year, which would amount to much more than \$1 million for the Board of Education. He stated that

he could not recommend anything less than a 10 cent property tax increase and have a reasonable hope that property taxes would not have to be increased again next year.

Chairman Ealy asked Mayor Burgess how the property tax increase would impact a citizen who had a \$150,000 home.

Mayor Burgess advised that someone with \$150,000 home would be required to pay an additional \$37.50 more in property taxes. Someone with a \$200,000 home would pay an additional \$50 in property taxes.

Comm. Sandlin asked what the proposal would do to the employee who received a pay increase, a health insurance increase, and a property tax increase.

Mrs. Stephenson advised that the minimum pay increase, with the exception of those employees who were not going to receive anything, was \$316 per year. The pay increase would be capped at \$5,000, and those employees would be caught up in subsequent years.

Mayor Burgess advised that the average increase of the health insurance to employees was 38%.

Comm. Jordan stated that with Mayor Burgess' proposal the total property tax rate would increase from \$2.4652 per \$100 of assessed value to \$2.5652, and he remembered when the property tax rate was \$2.74. He stated that Rutherford County's property tax rate was lower than it was 11 years ago.

Comm. Baum stated that his proposal would reduce expenditures and would also reduce the amount of the required fund balance. This would generate a savings of approximately \$300,000. He stated that the number one concern that he had heard about his proposal was that it did not provide any pay increase for employees, but he stated that there would be approximately \$300,000 to provide some pay increase.

Comm. Jordan stated that the purchase of vehicles had been put off for several years, and at some point vehicles for PAWS and Building Codes needed to be replaced.

Comm. Shafer advised that he had reviewed Comm. Baum's proposal, and he could agree with leaving the open positions open and eliminating some of the vehicles, but he said that the new Storm Water position was needed.

Following discussion, Comm. Peay moved, seconded by Comm. Shafer to adopt the mayor's proposal, increasing the Development Tax estimated revenue to \$2.5 million with \$250,000 additional to the General Fund and \$250,000 additional to the General Debt Service Fund; drawing down the Development Tax by an additional \$600,000 for capital purchases; moving an additional one cent of the property tax rate from the Ambulance Service Fund to the General Fund; moving an additional one cent of the property tax rate from the General Debt Service Fund to the General Fund; implementing the 56-paygrade pay table but not increasing the base; and increasing the property tax rate by 10 cents allocating an additional five cents to the General Fund and an additional five cents to the General Purpose School Fund for a total property tax rate of \$2.5652 per \$100 of assessed value.

Comm. Shafer advised that the budget proposal would not affect him, because he would be retiring at the end of June.

Comm. Sandlin stated that he did not believe a tax increase could be approved with the thought that another tax increase would not be needed for another five years. He stated that he could not vote in favor of the motion. He stated that he looked at the budget as to balancing it per year, and he believed that the proposal was providing some funding toward next year.

The Finance Director advised if the motion was approved, the information would be published in the newspaper, and the information would be presented to the public at the public hearing on June 17.

Commissioners Jernigan, Peay, and Shafer read their conflict of interest statements.

The motion to adopt the mayor's proposal, increasing the Development Tax estimated revenue to \$2.5 million with \$250,000 additional to the General Fund and \$250,000 additional to the General Debt Service Fund; drawing down the Development Tax balance by an additional \$600,000 for capital purchases; moving an additional one cent of the property tax rate from the Ambulance Service Fund to the General Fund; moving an additional one cent of the property tax rate from the General Debt Service Fund to the General Fund; implementing the 56-paygrade pay table but not increasing the base; and increasing the property tax rate by 10 cents allocating an additional five cents to the General Fund and an additional five cents to the General Purpose School Fund for a total property tax rate of \$2.5652 per \$100 of assessed value passed by roll call vote with Commissioners Jernigan, Jordan, Peay, Shafer and Ealy voting "yes"; and Commissioners Baum and Sandlin voting "no".

RECOMMENDATION FOR PUBLICATION:

Ms. Elaine Short, Deputy Finance Director, advised that the Murfreesboro Post quoted the same rate as last year for publishing the county's budget at \$1,260. The Daily News Journal also quoted the same price as last year at \$3,326.40 plus a \$25 affidavit charge.

Comm. Jordan moved, seconded by Comm. Shafer to publish the 2013-14 budget proposal in the Murfreesboro Post on Sunday, June 9, 2013.

The motion passed unanimously by acclamation.

ADJOURNMENT:

Chairman Ealy advised that the next meeting would be the regular monthly meeting on Thursday, June 6, 2013 at 5:30 P.M.

The Public Hearing on the 2013-14 budget will be held on Monday, June 17 at 7:00 P.M.

There being no further business to be presented at this time, Chairman Ealy declared the meeting adjourned at 6:27 P.M.

Elaine Short, Secretary