

BUDGET, FINANCE & INVESTMENT COMMITTEE

March 6, 2014

5:30 P.M.

Courthouse

MINUTES:

Members Present:

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

Others Present:

Ernest Burgess
Jeff Davidson
Melissa Stinson
Lisa Nolen
Lynn Duke
Larry Farley
Jeff Sandvig

Rob Mitchell
James Baker
Sumner Bouldin
Joe Russell
Don Odom
Gary Clardy
Wayne Blair

Mark Tucker

Chairman Ealy presided and called the meeting to order with all members, except Steve Sandlin, being present.

APPROVE MINUTES:

Comm. Shafer moved, seconded by Comm. Jordan to approve the minutes of the February 6, 2014 Budget Committee meeting as presented.

The motion passed unanimously by acclamation.

INVESTMENT REPORT:

The committee reviewed the monthly Investment Report noting that the CD bid this month was at .14% for one year. The LGIP interest rate for the month continued at .10%.

Comm. Peay moved, seconded by Comm. Jernigan to approve the Investment Report as presented.

The motion passed unanimously by acclamation.

Commissioner Steve Sandlin arrived at the meeting.

FUND CONDITION REPORT:

Lisa Nolen, Finance Director, presented the monthly Fund Condition Report for the use and information of the committee advising that the Development Tax collections for the month of February totaled \$488,250 with the year-to-date collections being \$2,754,000. This compared to the previous year when the monthly Development Tax collections were \$572,250, and the year-to-date collections were \$1,610,250. The increase in current month collections over previous months is from 241 apartments at \$361,500.

The committee reviewed the fund cash balances totaling \$223,357,796 with operating funds being \$213,135,854 and borrowed funds being \$10,221,942. This compared to the same period last year when the total cash balances were \$225,610,860 with operating funds being \$210,494,673 and borrowed funds being \$15,116,187. The Finance Director noted that the Worker's Compensation Fund decreased this month due to a large claim that was paid and will be discussed by the Risk Management Director later in the meeting.

The Finance Director reviewed the revenue collections advising that the General Fund revenue was at 77.87% of budget, which is at a level higher than previous years to this point. This is due to increase in PILOT agreements, current property tax and development tax collections.

It was also noted that current property tax collections through February were at 86.66% of the levy compared to 88% of the levy last year. Also noted, sales tax collections in the rural area are up 18.09% over the prior year.

Also noted was Ambulance Service Fund charges for current services is down approximately 5% compared to prior year and Solid Waste Fund charges for current services is down approximately 4% compared to prior year.

Following review, Comm. Peay moved, seconded by Comm. Jernigan to approve the Fund Condition Report as presented.

The motion passed unanimously by acclamation.

RISK MANAGEMENT REPORT:

Melissa Stinson, Risk Management Director, presented the monthly Risk Management Financial Report for the use and information of the committee advising that the cost per employee per month for the medical, dental and vision program was \$788.74 compared to \$585.77 for the prior year. The average cost per month was \$853.36 compared to \$819.21 for the prior year. When including the on-site medical clinics, the average cost per employee per month was \$888.06 compared to \$854.54 for the prior year for a trend of 3.9%.

For the Work Injury Fund performance, the year-to-date claims totaled \$1,126,881.21 compared to \$555,553.30 for the prior year. Noted in the current year numbers was a large claim paid in February of about \$800,000, with additional funds related to this claim being paid out in the coming months.

Following review, Comm. Jordan moved, seconded by Comm. Jernigan to approve the Risk Management Financial Report as presented.

The motion passed unanimously by acclamation.

INDUSTRIAL DEVELOPMENT BOARD STATUS REPORT:

James Baker, Chairman of the Industrial Development Board (IDB), and Sumner Bouldin, Attorney for the IDB, were present to give an update to the Committee on the status of the PILOT agreements currently in place. Mr. Baker noted that all companies are currently in compliance with the agreements. He also explained to the committee that when reviewing a request from a company for a PILOT agreement, the test is a 3:1 benefit to the County versus the cost. Mr. Bouldin explained that the test is calculated over the life of the abatement period.

The IDB has assisted with community projects, such as, the MTSU Science Building, Motlow State Community College at Smyrna, and expansion at the Smyrna Airport. Funds to make this assistance possible are from community development fees paid by the companies with PILOT agreements.

GENERAL FUND BUDGET AMENDMENTS

JUVENILE DETENTION:

Lynn Duke, Juvenile Detention Director, presented a budget transfer for Juvenile Detention for upgrades to the Commander System:

Increase Expend.:	101-54240-790 – Other Equipment	\$16,000
Decrease Expend.:	101-54240-338 – M & R Vehicles	\$4,000
	101-54240-399 – Other Cont. Serv.	\$10,000
	101-54240-499 – Other Supp. & Mat.	\$2,000

Comm. Peay moved, seconded by Comm. Shafer to approve the budget transfer as presented.

The motion passed unanimously by roll call vote.

PROPERTY ASSESSOR:

Rob Mitchell, Property Assessor, presented a budget transfer to fund the communications line item for Reappraisal for the remainder of the year:

Increase Expend.:	101-52310-307 – Communications	\$3,000
Decrease Expend.:	101-51210-308 – Consultants	\$3,000

Comm. Jernigan moved, seconded by Comm. Shafer to approve the budget transfer as presented.

The motion passed unanimously by roll call vote.

SHERIFF'S DEPARTMENT:

Joe Russell, Chief Deputy, was present to request approval of various budget amendments and transfer:

To recognize revenue from insurance recovery for wrecked vehicle:

Increase Revenue:	101-49700 – Ins. Recovery	\$6,670
Increase Expend.:	101-54110-718 – Motor Vehicles	\$6,670

To transfer funds for in-service training:

Increase Expend.:	101-54210-196 – In-Service Training	\$8,000
Decrease Expend.:	101-54210-790 – Other Equipment	\$8,000

To recognize revenue from donations into SCAN, memorial garden, shop w/ sheriff, op. integrity and vegetable garden:

Increase Revenue:	101-44570 – Contrib. & Gifts	\$2,074
Increase Expend.:	101-54110-399 – Other Cont. Serv.	\$370
	101-54110-499 – Other Supp. & Mat.	\$805
	101-54110-599 – Other Charges	\$850
	101-54210-499 – Other Supp. & Mat.	\$49

To recognize revenue from donations into animal supplies and vet services:

Increase Revenue:	101-44570 – Contrib. & Gifts	\$2,331
Increase Expend.:	101-54110-357 – Vet. Services	\$1,331
	101-54110-401 – Animal Food & Sup.	\$1,000

To recognize revenue from sale of materials into office supplies, printing and vegetable garden:

Increase Revenue:	101-44130 – Sale of Mat. & Supp.	\$917
Increase Expend.:	101-54110-349 – Print, Stat. & Forms	\$110
	101-54110-435 – Office Supplies	\$570
	101-54210-499 – Other Supp. & Mat.	\$237

To recognize revenue from sale of recycled materials into vegetable garden and communications:

Increase Revenue:	101-44145 – Sale of Recyl. Mat.	\$3,700
Increase Expend.:	101-54110-307 – Communications	\$3,097
	101-54210-499 – Other Supp. & Mat.	\$603

To recognize revenue in commissary sales and allocate funding for overtime and related benefits and office supplies:

Increase Expend.:	101-54210-187 – Overtime Pay	\$33,170
	101-54210-201 – Social Security	\$2,060
	101-54210-204 – State Retirement	\$4,210
	101-54210-212 – Emp. Medicare	\$490
	101-54210-435 – Office Supplies	\$10,000
Increase Revenue:	101-44131 – Commissary Sales	\$49,930

Comm. Shafer moved, seconded by Comm. Jernigan to approve the budget amendments and transfer as presented.

The motion passed unanimously by roll call vote.

APPROVAL OF FUNDING FOR EAGLEVILLE SCHOOL-PHASE I:

Don Odom, Director of Schools, Jeff Sandvig, Assistant Superintendent for Budget & Finance, and Gary Clardy, Assistant Superintendent for Engineering & Construction, were present to request funding for phase I of Eagleville School. Phase II was done prior to phase I. Phase I will be a 30,300 square foot addition that includes nine classrooms, two science labs, a band rehearsal room, a choir rehearsal room, boys and girls restrooms, offices, stage dressing rooms, 1,500 square foot dining expansion, bank/bookstore and serving line renovation. The design was completed in 2011 and was originally bid in August, 2011 with the low bid of \$3,694,000. Mr. Clardy now projects the cost of Phase I to be \$6,796,000 with the inflationary trends that have been recently noted. The proposed bid opening and construction start is scheduled for June 2014, with completion in July 2015.

Mr. Odom noted that there were 1,140 new students in the system at the beginning of the 2013-2014 school year. Rockvale Middle had growth of 100 of those new students. This addition to Eagleville School may help the crowding situation at Rockvale Middle. Also, there is a waiting list for Eagleville School due to the fact that it is K-12 and there is an over 95% graduation rate.

Mr. Sandvig noted that equipment related to the dining expansion and serving line renovations can be paid for out of the Cafeteria Fund.

Comm. Jernigan moved, seconded by Comm. Jordan to approve funding for Eagleville School Phase-I at an estimated cost of \$6,800,000.

The motion passed unanimously by roll call vote.

REQUEST FROM AMERICAN GOLD STAR MOTHERS:

Mayor Burgess presented a request and a sample resolution from American Gold Star Mothers to place signs on State Route 1 in Rutherford County at a cost of \$162.50 per sign. This organization is made up of women who have experienced the loss of a child serving in the military and their mission statement is to honor their children through service to Veterans and Military Families. The signs will state "Gold Star Families Memorial Highway-Honoring our Fallen Heroes."

Comm. Sandlin moved, seconded by Comm. Peay to approve the resolution presented in support of the Tennessee General Assembly honoring our fallen heroes.

The motion passed unanimously by roll call vote.

ACCEPTANCE OF 2013 SAFER FIRE GRANT AND RELATED AMENDMENT:

Rutherford County received notification that it was awarded the 2013 SAFER grant for \$1,400,712 to fund 12 firefighter positions for two years. Larry Farley, Fire Chief, presented information about the County to support the need for full-time firefighters. There were 1443 calls in 2011; 1998 calls in 2012 and 2170 calls in 2013. With the increase in calls annually, it is important to have stations staffed around the clock. The County has changed from a farming community to a commuter community. Where there were once many volunteers at home during the day to respond to calls, there are now fewer volunteers available to respond during normal work hours. With staffed stations, training would be improved, fire reports would be current and there would be a guaranteed response during the day. There would also be an improvement in the current ISO rating of class 5 to class 4, which would help lower residents' insurance cost.

Also he added, that if any veterans were hired, they could be funded on the grant for a period of three years.

Comm. Peay moved, seconded by Comm. Shafer to accept the two year term 2013 SAFER fire grant from the Federal Emergency Management Agency.

The motion passed unanimously by roll call vote.

Also, as part of the grant acceptance, the following budget amendment was presented to recognize the revenue and expenditure for the remainder of the current fiscal year:

Increase Revenue:	101-47990	– Other Dir. Fed Rev.	\$154,725
Increase Expend.:	101-54320-189	– Other Sal. & Wages	\$102,650
	101-54320-201	– Social Security	\$6,365
	101-54320-204	– State Retirement	\$13,030
	101-54320-205	– Emp. & Dep. Ins.	\$31,000
	101-54320-209	– Disability Ins.	\$190
	101-54320-212	– Employer Medicare	\$1,490

Comm. Shafer moved, seconded by Comm. Peay to approve the budget amendment as presented.

The motion passed unanimously by roll call vote.

AMENDMENT TO GRANT CONTRACT WITH TENNESSEE DEPARTMENT OF HUMAN SERVICES:

Lisa Nolen presented an amendment to grant contract 35981 with the Tennessee Department of Human Services for child support services. This amendment extends the contract for one year from July 1, 2014 until June 30, 2015, increases the maximum liability to the State by \$28,329 and requires additional matching funds of \$14,593 from the County.

Comm. Jordan moved, seconded by Comm. Jernigan to approve the grant amendment with the Tennessee Department of Human Services.

The motion passed unanimously by acclamation.

REQUEST TO RECLASSIFY TWO POSITIONS WITHIN PET ADOPTION & WELFARE SERVICES:

Lisa Nolen presented a letter from Michael Gregory, Director of PAWS, expressing his apologies for being absent from the meeting and requesting that two of the department positions be reclassified in the current year. The request is to reclassify two vacant animal control officer positions, numbers 1661 and 1662, to a training officer and an administrative assistant. This change will affect the budget by saving \$56.

Comm. Jordan moved, seconded by Comm. Jernigan to approve the reclassification of positions 1661 and 1662.

The motion passed unanimously by roll call vote.

PRESENTATION OF 2014-15 BUDGET SCHEDULE:

A proposed 2014-15 budget schedule was presented to the committee to schedule meeting dates to review the departmental budgets.

Comm. Jordan asked to move the proposed meeting on May 12 to the following night, as the proposed night is Planning Commission. No objection was made by any member of the committee.

Being no further changes requested by the committee, the 2014-15 budget schedule will be as follows:

- May 8, 2014 – 5:30 P.M. - Budget Committee regular meeting & 2014-15 budget overview
- May 13, 19, & 21, 2014 - 5:30 P.M. General Fund departmental budgets
- May 19, 2014 – will also review Volunteer Fire Departments, DEA Fund & Drug Control Fund, and Ambulance Service Fund
- May 21, 2014 – will also review Non-Profit Organizations, Economic Development Fund, Solid Waste/Sanitation Fund, Highway Fund, and Debt Service Fund
- May 27, 2014 – 4:30 P.M. - Joint Meeting with Health & Education to review school budgets at School Board Central Office
- May 28, 2014 – 5:30 P.M. – General Purpose School Fund, Central Cafeteria Fund, Education Capital Projects Fund
- June 4, 2014 – 5:30 P.M. – Propose Annual Budget for Publication
- June 5, 2014 – 5:30 P.M. – Budget Committee regular meeting
- June 17, 2014 – 7:00 P.M. – Public Hearing on Budget
- June 19, 2014 – 5:30 P.M. – Discuss Public Hearing
- June 20, 2014 – Last date for Board of Education to adjust line items required by changes made by the Budget Committee
- June 25, 2014 - 5:30 P.M. – Any current year budget amendments. 2014-15 budget review, approve Tax Levy Resolution & Appropriation Resolution
- June 27, 2014 – 9:00 A.M. County Commission meeting to adopt budget proposal

OTHER BUSINESS – ACCEPTANCE OF THE DEBT SERVICE FUND CASH FLOW REPORT:

Lisa Nolen presented the cash flow report, through the end of the fiscal year, for the debt service fund. Presentation of the cash flow, along with having a debt policy, is a requirement of the Three Star Program. As shown in the presentation, there will be sufficient cash to pay the expected obligations.

Comm. Jordan moved, seconded by Comm. Peay to accept the cash flow report.

The motion passed unanimously by acclamation.

ADJOURNMENT:

There being no further business to be presented, Chairman Ealy declared the meeting adjourned at 7:17 P.M.

Mark Tucker, Secretary