

BUDGET, FINANCE & INVESTMENT COMMITTEE

June 5, 2014

5:30 P.M.

Courthouse

MINUTES:

Members Present:

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

Others Present:

Ernest Burgess
Michael Gregory
Melissa Stinson
Lisa Nolen
Mary Schneider
Robert Arnold
Bernard Salandy
Tharrel Kast
Brian Robertson
Joe Russell
Jeff Davidson
Darin Moore

Mark Tucker
Jeff Sandvig

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

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 \$698.39 compared to \$792.28 for the prior year. The average cost per month was \$857.22 compared to \$818.36 for the prior year. When including the on-site medical clinics, the average cost per employee per month was \$893.12 compared to \$853.49 for the prior year for a trend of 4.6%.

For the Work Injury Fund performance, the year-to-date claims totaled \$1,471,195.58 compared to \$732,110.64 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. Sandlin moved, seconded by Comm. Peay to approve the Risk Management Financial Report as presented.

The motion passed unanimously by acclamation.

APPROVAL OF CHANGE TO RETIREE MEDICAL INSURANCE BENEFITS:

Mrs. Stinson requested approval of a change to the way the retiree medical benefits are funded. Originally, there was a HSA set up for the County to make contributions into for the retiree medical insurance. In December 2013, this was changed to a stipend due to the HSA only being allowed for high-deductible plans. It was recently discovered that a stipend arrangement would create a pension liability and thus Mrs. Stinson requested to change the funding to a separate HRA plan with \$300 per month contribution, or the adequate rate, whichever is less, for employees with less than 6 months of service at December 31, 2010, a contribution of \$500 per month, or the adequate rate, whichever is less, for employees with six months up to seven years of service at December 31, 2010 and a \$500 contribution, or the adequate rate, whichever is less, to those pre-65 retirees that opt-out of the County plan January 1, 2015. These employees would also have to meet certain years of service and age requirements to be eligible.

Comm. Jordan moved, seconded by Comm. Sandlin to approve the change to a HRA plan for retiree medical benefit funding as discussed.

The motion passed unanimously by roll call vote.

INVESTMENT REPORT:

Comm. Ealy presented the committee the monthly Investment Report noting that there were no CD bids this month. The LGIP interest rate for the month decreased to .07%.

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

The motion passed unanimously by acclamation.

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 May totaled \$77,250 with the year-to-date collections being \$3,558,000. This compared to the previous year when the monthly Development Tax collections were \$612,000, and the year-to-date collections were \$3,111,750.

The committee reviewed the fund cash balances totaling \$173,718,626 with operating funds being \$166,484,090 and borrowed funds being \$7,234,535. This compared to the same period last year when the total cash balances were \$178,421,506 with operating funds being \$166,706,307 and borrowed funds being \$11,715,200.

The Finance Director reviewed the revenue collections advising that most of the funds have positive indicators and collections through May as a percentage of budget are ahead of the last five years. Sales tax in the rural areas is up 13.44%, with all governments up 5.16%.

Revenues will be amended later in the meeting to reflect the positive results.

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

The motion passed unanimously by acclamation.

GENERAL FUND BUDGET AMENDMENTS

PAWS:

Michael Gregory, PAWS Director, presented a budget amendment and a budget transfer:

To purchase a department vehicle for the replacement of a van that has over 200,000 miles on it:

Increase Expend.:	101-55120-718 – Motor Vehicle	\$20,000
Increase Expend.:	101-55120-790 – Other Equipment	\$19,000
Decrease:	101-34585 – Restricted for Capital	\$39,000

To provide for repairs to the AC unit:

Increase Expend.:	101-55120-335 – M & R-Building	\$3,000
Decrease Expend.:	101-55120-413 – Drugs & Med. Supp.	\$3,000

Comm. Sandlin moved, seconded by Comm. Jernigan to approve the budget amendment and transfer as presented.

The motion passed by roll call vote, with Comm. Shafer abstaining.

CORRECTIONAL WORKHOUSE:

Bernard Salandy, Workhouse Supervisor, presented a budget transfer to provide sufficient funds in the Clerical Personnel line item for the remainder of the fiscal year:

Increase Expend.:	101-54220-162 – Clerical Personnel	\$2,510
Decrease Expend.:	101-54220-115 – Sergeants	\$2,200
	101-54220-160 – Guards	\$310

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

The motion passed unanimously by roll call vote.

JUVENILE DETENTION:

Director Nolen presented a budget transfer to provide sufficient funds in the Overtime line item for the remainder of the fiscal year:

Increase Expend.:	101-54240-187 – Overtime Pay	\$2,000
Decrease Expend.:	101-54240-164 – Attendants	\$2,000

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

The motion passed unanimously by roll call vote.

SHERIFF'S DEPARTMENT:

Sheriff Robert Arnold and Joe Russell, Chief Deputy, presented various budget amendments and budget transfers:

To correct salary line items to reflect amounts actually paid out:

Sheriff

Increase Expend.:	101-54110-109 – Captain	\$2,500
	101-54110-110 – Lieutenants	\$600
	101-54110-115 – Sergeants	\$4,700
	101-54110-140 – Salary Supplements	\$4,200
	101-54110-189 – Oth. Sal. & Wages	\$44,000
Decrease Expend.:	101-54110-107 – Detectives	\$37,000
	101-54110-119 – Accountants	\$19,000

Jail

Increase Expend.:	101-54210-110 – Lieutenants	\$1,000
	101-54210-115 – Sergeants	\$8,000
Decrease Expend.:	101-54210-160 – Guards	\$9,000

To transfer funds from Sheriff to Jail for food and utilities:

Increase Expend.:	101-54210-422 – Food Supplies	\$60,000
	101-54210-452 – Utilities	\$40,000
Decrease Expend.:	101-54110-194 – Jury & Witness Exp	\$10,000
	101-54110-307 – Communication	\$70,000
	101-54110-425 – Gasoline	\$20,000

To fund part-time salaries:

Increase Expend.:	101-54110-169 – Part-time Personnel	\$12,000
Decrease Expend.:	101-54110-148 – Dispatchers	\$12,000

To recognize donations into other contractual services and other charges:

Increase Revenue:	101-44570 – Contrib. & Gifts	\$1,200
Increase Expend.:	101-54110-399 – Oth. Contract. Serv.	\$700
	101-54110-599 – Other Charges	\$500

To recognize funds from sale of recycled materials into other supplies & materials and building improvements:

Increase Revenue:	101-44145 – Sale of Recyc. Mat.	\$1,980
Increase Expend.:	101-54210-499 – Other Mat. & Supp.	\$538
	101-54210-707 – Building Improve.	\$1,442

To recognize funds from contributions into in-service training:

Increase Revenue:	101-48130 – Contrib. & Gifts	\$900
Increase Expend.:	101-54110-196 – In-Service Training	\$900

To recognize funds from sale of materials into office supplies and other supplies & materials:

Increase Revenue:	101-44130 – Sale of Mat. & Supp.	\$1,984
Increase Expend.:	101-54110-435 – Office Supplies	\$80
	101-54110-499 – Other Mat. & Supp.	\$1,904

To recognize revenue from storage fees on impounded vehicles into building improvements:

Increase Revenue:	101-44990	– Other Local Rev.	\$2,563
Increase Expend.:	101-54210-707	– Building Improve.	\$2,563

Comm. Jordan moved, seconded by Comm. Jernigan to approve the budget amendments and transfers as presented.

The motion passed unanimously by roll call vote.

DRUG FUND BUDGET AMENDMENT:

The committee next considered the Drug Fund revenue adjustment budget amendment which reflected increases in revenue of \$94,800 and an increase in expenditures for trustee's commission of \$1,800, which is a net increase to Restricted for Public Safety of \$93,000.

Comm. Jernigan moved, seconded by Comm. Baum to approve the revenue adjustment budget amendment as presented.

The motion passed unanimously by roll call vote.

SPECIAL PURPOSE FUND BUDGET AMENDMENT:

The committee next considered the Special Purpose Fund budget amendment. The amendment is to recognize funds for May from asset forfeitures and appropriating it for confidential drug enforcement:

Increase Revenue:	121-47700	– Asset Forfeiture	\$856
Increase Expend.:	121-54110-319	– Conf. Drug Enforce.	\$856

Comm. Sandlin moved, seconded by Comm. Jordan to approve the budget amendment as presented.

The motion passed unanimously by roll call vote.

GENERAL FUND BUDGET AMENDMENTS, CONTINUED

EMERGENCY MANAGEMENT:

Tharrel Kast, Director, presented a budget transfer to purchase ReadyOps Software for the EOC:

Increase Expend.:	101-54430-709	– Data Process. Equip.	\$6,323
Decrease Expend.:	101-54430-411	– Data Process. Supp.	\$353
	101-54430-412	– Diesel Fuel	\$1,750
	101-54430-425	– Gasoline	\$1,177
	101-54430-429	– Instruct. Supp& Mat	\$1,500
	101-54430-435	– Office Supplies	\$900
	101-54430-451	– Uniform s	\$500
	101-54430-711	– Furniture & Fixtures	\$143

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

Comm. Peay asked what was currently being used to accomplish the task this software will be used for. Director Kast explained that there is currently no software being utilized and the communication is either by phone or radio.

Comm. Peay expressed his concern with purchasing something new if other departments are already using a different communication tool. Director Kast explained that this software would tie the different departments together.

Director Kast explained that the software would provide command and control at a faster rate at an emergency incident. It could also be used as a planning tool.

Comm. Peay asked if there were any agencies that we have mutual aid agreements with currently using the software. Director Kast explained that there are no agencies currently using this software, but there is no cost to be a user of the software. The purchase being requested is for 50 administrative licenses.

Director Kast explained that his goal is be able to tie all the agencies in the Homeland Security District together with a software that will work well and at a lot less cost.

The motion passed by roll call vote, with Comm. Peay voting “no”.

The other transfers presented by Director Kast are:

To fund communications for the remainder of the fiscal year:		
Increase Expend.:	101-54430-307 – Communication	\$3,100
Decrease Expend.:	101-54430-351 – Rentals	\$3,100
To purchase additional communication equipment:		
Increase Expend.:	101-54430-708 – Comm. Equip.	\$6,700
Decrease Expend.:	101-54430-320 – Dues & Member.	\$200
	101-54430-499 – Misc. Supplies	\$6,500

Comm. Sandlin moved, seconded by Comm. Jernigan to approve the budget transfers as presented.

The motion passed unanimously by roll call vote.

GENERAL FUND REVENUE ADJUSTMENTS:

Director Nolen presented revenue adjustments for the General Fund which reflected increases in revenue of \$3,393,551, decreases in revenue of \$1,457,376, and total revenue of \$83,519,131. After increasing the corresponding expenditures and allocating the restricted and committed revenue, the net increase to the Unassigned Fund Balance, Account 101-39000, is \$19,562.

Director Nolen also explained that \$900,000 of the net increase in revenue is being set aside to fund a large workers compensation claim that was discussed during the review of the Risk Management report earlier in the meeting.

Comm. Jernigan moved, seconded by Comm. Baum to approve the revenue adjustment budget amendment as presented.

The motion passed unanimously by roll call vote.

AMBULANCE SERVICE FUND BUDGET AMENDMENTS:

Director Nolen presented two budget amendments for the ambulance service:

To recognize revenue from the Rutherford County Emergency Communications District and appropriate it to In-Service Training:		
Increase Revenue:	118-48130 – Contributions	\$8,000
Increase Expend.:	118-55130-196 – In-Service Training	\$8,000
To transfer funds from the Ambulance Service Fund to the Capital Projects Fund for constructing a new ambulance station and renovation of the Burton Street property:		
Increase Expend.:	118-99100-590 – Operating Transfers	\$250,000
Decrease Expend.:	118-55130-706 – Building Construct.	\$250,000

Director Nolen also presented the revenue adjustment budget amendment which reflected increases in revenue of \$78,900 and decreases in revenue of \$265,667. These amendments resulted in a net decrease to Assigned for Public Health of \$186,767.

Comm. Sandlin moved, seconded by Comm. Peay to approve the budget amendments as presented.

The motion passed unanimously by roll call vote.

APPROVAL OF MULTI-YEAR PURCHASE AGREEMENT FOR OIT:

Mayor Burgess stated that OIT is purchasing a storage array device for redundant backup from LPS Integration on a multi-year payment plan and LPS as arranged the financing of the purchase as a capital lease agreement through De Lage Landen Public Finance LLC. The purchase is for \$340,972.54 or \$113,657.51 per year with no interest.

Comm. Jordan asked if the funds for the purchase is already in the budget. Director Nolen explained that the first year payment is in the budget.

Comm. Sandlin asked about the transfer of ownership under the lease in the event of a disaster and the property was destroyed. Brian Robertson stated that once we sign the contract the property belongs to the County and would fall under our insurance.

Comm. Jordan moved, seconded by Comm. Jernigan to approve the multi-year lease purchase agreement.

Comm. Shafer asked about the due date of the initial payment. Brian Robertson explained that the vendor is providing an incentive of \$23,000 if the first payment is made by June 23, 2014. Darin Moore explained that due to quantity savings and delaying the purchase of other items, the funds are available in the current year budget.

The motion passed unanimously by roll call vote.

APPROVAL OF GRANT WITH TENNESSEE DEPARTMENT OF CHILDREN'S SERVICES FOR JUVENILE DETENTION:

Director Nolen advised that the grant with the TN Department of Children's Services is for housing state juveniles at a rate of \$132.38 per child per day. The maximum liability to the state is \$180,698.70 and the term is July 1, 2014 through June 30, 2015.

Comm. Peay moved, seconded by Comm. Jernigan to approve the grant with TN Department of Children's Services for Juvenile Detention.

The motion passed unanimously by roll call vote.

APPROVAL OF GRANT WITH THE TENNESSEE DEPARTMENT OF MENTAL HEALTH FOR DRUG COURT:

Mary Schneider presented the recurring grant from the Tennessee Department of Mental Health and Substance Abuse Services in the amount of \$107,500, with no matching funds from the county. The grant covers the term of July 1, 2014 through June 30, 2015.

Comm. Peay moved, seconded by Comm. Sandlin to approve the grant contract as presented.

The motion passed unanimously by roll call vote.

SOLID WASTE FUND BUDGET AMENDMENTS:

Chairman Ealy relayed Mac Nolen's regrets for having to be at a meeting with tire dealers related to used tire disposal and not being able to attend the committee meeting.

Finance Director Nolen presented two budget transfers:

To fund electronics recycling expense for the remainder of the fiscal year.		
Increase Expend.:	116-55739-399 – Oth. Cont. Services	\$20,000
Decrease Expend.:	116-55739-733 – Solid Waste Equip.	\$20,000
To fund communication and utilities for the remainder of the fiscal year.		
Increase Expend.:	116-55732-307 – Communications	\$4,000
	116-55732-452 – Utilities	\$5,000
Decrease Expend.:	116-55732-402 – Asphalt	\$9,000

Director Nolen also presented the revenue adjustment budget amendment which reflected increases in revenue of \$323,501 and decreases in revenue of \$35,000. There is also an increase in expenditures for trustee's commission of \$1,550. These amendments resulted in a net increase to Assigned for Public Health of \$356,951.

Comm. Sandlin moved, seconded by Comm. Jernigan to approve the budget transfers and amendment as presented.

The motion passed unanimously by roll call vote.

HIGHWAY FUND REVENUE ADJUSTMENT BUDGET AMENDMENT:

Director Nolen presented the revenue adjustment budget amendment which reflected increases in revenue of \$631,670 and decreases in revenue of \$342,591. There is also an increase in expenditures for trustee's commission of \$3,000. These amendments resulted in a net increase to Assigned for Highways of \$286,079.

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

The motion passed unanimously by roll call vote.

DEBT SERVICE FUND REVENUE ADJUSTMENT BUDGET AMENDMENT:

Director Nolen presented the revenue adjustment budget amendment which reflected increases in revenue of \$1,282,300 and decreases in revenue of \$196,802. There is also an increase in expenditures for trustee's commission of \$17,000. These amendments resulted in a net increase to Assigned for Debt Service of \$1,068,498.

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

The motion passed unanimously by roll call vote.

PRESENTATION OF CT-0253 FORM FROM BOND ISSUE:

The state requires the presentation of the CT-0253 form from any debt issuance to be presented to the governing body. Closing of the recent bond issues will take place on June 12, 2014 and the form will be presented at the Commission meeting on June 12, 2014.

2014-2015 BUDGET REVIEW:

Director Nolen presented a summary of proposed increases in commissioner and board member pay that was requested by Comm. Sandlin at the June 4, 2014 meeting. Based on the proposal of \$50 per meeting increase for Commission meetings and \$25 per meeting increase for sub-committee meetings, the annual budget effect would be an increase of \$31,500. With the Road Board and the School Board pay tied to any increases in Commission pay, those annual increases would be \$4,200 and \$15,050, respectively. Comm. Sandlin also asked to see the impact of increasing the Planning Commission and Board of Zoning Appeals by \$50 per meeting and those annual increases would be \$18,000 and \$4,200, respectively. Also included in the summary was

an increase to the Election Commission which amounts to an annual increase of \$4,625. Director Nolen noted that the Election Commission increase would be tied to population.

Director Nolen also presented a summary of pay for all Tennessee counties prepared by the CTAS. She also presented a letter from the County Attorney detailing how the various committees are tied together concerning pay.

Comm. Sandlin moved to raise the pay of the committees and sub-committees as detailed in the summary, with the exception of the Election Commission. Motion failed for lack of a second.

Comm. Jordan and Comm. Baum acknowledged the effort of Comm. Sandlin, but did not feel that it was appropriate to vote themselves a pay increase.

Mayor Burgess stated that he had failed to bring up something that he feels needs to be addressed. Seventy three people in the General Fund and Ambulance Service Fund are topped out at pay step 20 and will not get any increase, but will get health insurance increases passed on to them. He proposed giving them a ½% increase in their base pay, which will be on average \$250.

Comm. Peay asked if a new step was going to be added to accommodate these individuals. Mayor Burgess explained that a full step would not be added, as this increase would only equate to about one third of a pay plan step.

Mayor Burgess stated that the increase would be \$19,903, split between two funds as \$11,573 for the General Fund and \$8,330 for the Ambulance Service Fund.

Comm. Jordan moved, seconded by Comm. Sandlin to add ½% to the pay of the seventy three employees that are topped out.

Comm. Baum asked what the school system has done for employees that are topped out. Jeff Sandvig stated that at a minimum all employees were given at least \$120 to offset some of the increase in health insurance.

Comm. Peay stated he feels comfortable if this was a one-time increase, but he would like to see what the costs would be for future years and how many others would top out in the near future.

Comm. Baum stated that he agreed with Comm. Peay in that he is comfortable for a one-time increase, but can't understand why we would need to add another step to the pay table when it has only been in place for one year. He stated that there must have been a reason why the table was capped at 20 steps when it was put in place.

Mayor Burgess explained that going beyond 20 steps would have been too costly.

The motion passed by roll call vote with Comm. Baum and Comm. Peay voting "no"..

ADJOURNMENT:

There being no further business to be presented, Chairman Ealy declared the meeting adjourned at 7:10 P.M.

Mark Tucker, Secretary