

City of Rome
FINANCE COMMITTEE MEETING
November 18th, 2015

PRESENT:

Committee Chairman, Evie McNiece
City Commissioner Bill Irmscher
City Commissioner Milton Slack
City Manager, Sammy Rich
Finance Director Sheree Shore
Assistant Finance Director Toni Rhinehart
Assistant City Manager, Patrick Eidson

Guests:

News Media
Joe Smith, City Clerk
Commissioner Elect Craig McDaniel
Patrick Kirn—Stonebridge Golf Course
Chris Snyder—Stonebridge Golf Course

Chairman McNiece called the meeting to order, and the minutes from the October 21st, 2015 meeting were approved.

PROPOSAL FOR EXTERNAL AUDIT EXTENSION:

Ms. Shore distributed to the Committee the three year audit extension proposal from our external auditors, Mauldin and Jenkins. Ms. Shore briefly reminded the committee that the City of Rome had always used criteria for audit services that had historically required a "Big 8" firm. As these firms eventually got out of governmental auditing, the City bid services and acquired Mauldin Jenkins, probably at this time the largest governmental audit firm in the state. The City requires their auditor to also perform the School system's audit and also have expertise of like size and complexity of other governments. Although there are most likely local firms that could perform the City's audit, there are none known locally that are currently performing a school board audit. Therefore, with those considerations, Ms. Shore had asked Mauldin Jenkins to submit a three year proposal for the extension of audit services. The amounts submitted will actually start with a savings from the current year and three years from now will be at the current rate. Staff is confident we are receiving great service and expertise. Floyd County also uses the same firm which is actually a plus in many areas. Staff's recommendation is to accept the three year proposal. After some discussion, Commissioner Slack made a motion to accept the extension to present to the full City Commission. Commissioner Irmscher seconded and the vote was unanimous for presentation at the Commission meeting in December.

PROPOSED 2016 PRELIMINARY BUDGETS:

Ms. Shore did make sure that all attending had in hand the preliminary draft of the 2016 budgets.

City Manager, Sammy Rich began by making general comments concerning the current year for the City. All are aware that the unanticipated sales tax refund this year has significantly reduced our net revenues for the year and does give pause for next year. Although we have certainly seen a positive uptick in some revenues and economic indicators, there is no real significant change seen for our economic environment for next year. Mr. Rich and Ms. Shore

have diligently reviewed all the line items of every department, with an eye for possible changes, or improvement of processes. With that said, the proposed 2016 budget does assume a moderate increase in the tax digest and a possible tax increase. He re-iterated that this was not a definite, but that the tax revenues needed might necessitate that. Floyd County had to make that tough decision this year. Mr. Rich did also want to comment that there were no increases proposed for business licenses, cemetery fees, landfill fees, or residential garbage fees. Water and Sewer rates are yet to be determined based on the findings of the current rate study. Another area of overall concern were rising health insurance costs, which has necessitated a 8% increase in the City contribution for 2016 and a 10% increase for employees. City contributions for Retirement and Workers Compensation remained at 2015 levels. Payroll expenses at this time include a 0 to 2% merit increase for employees. Mr. Rich reminded the committee that over the last couple of years the City has made a focused effort to make pay plan adjustments to Public Safety employees (police and fire), water treatment operators, Transit operators, and some heavy equipment positions to continue to help make the City competitive in the open market. The City is our employees, Mr. Rich emphasized, and we do have an obligation to try to keep our pay up to retain our good employees. No additional personnel positions were budgeted, but the City will transfer the few employees currently working at the West Third Tennis Center as that facility becomes City operated in 2016. Currently funded outside agencies were all funded but with no increases. Ms. Shore noted that the 2.8% increase in the overall General Fund budget seems higher than in the past couple of years, but was generally considered a modest increase before 2009. Both Mr. Rich and Ms. Shore thanked the departments for their continued frugality and hard work in generating the 2016 budgets.

Ms. Shore then noted that we would take a brief moment to skip to the proposed Golf budget for 2016. We had invited Patrick Kirn, Operations Manager, and Chris Snyder, Maintenance Superintendent, to briefly talk about the proposed budget. Ms. Shore noted that the budget projects a \$75,000 operating deficit, which would be made up with a City transfer. We do not usually have the privilege of having their personnel present to answer any questions. Joe Smith, City Clerk did comment that he felt there was no doubt that Billy Casper has done a great job at the course, and that the course from a maintenance perspective was in the best shape it had been in. What has been the factor is just been the decline in revenues, and he felt that that issue was felt by Billy Casper.

Patrick Kirn, Stonebridge Golf Manager was given the floor to briefly discuss next year's projections. He discussed that the current budget again tries to reflect a realistic revenue projection for the course. He discussed their ideas for raising the revenues, including new revenue sources, increasing food/beverage profits, and event specials. They are also looking at trying to reduce expenses where it makes sense without compromising the maintenance of the facility. Mr. Smith noted that so much of the expenses at the course were fixed costs and hard to reduce. There was discussion with the committee, and then the guests were excused.

Ms. Shore was then given the floor to review the budget items fund by fund. The discussion went mainly by the outlined comments which are attached to these minutes. Any additional comments are noted by fund below.

GENERAL FUND:

Noted was the additional revenues needed from taxes, as this is the primary source of revenue for the City. The City currently budgets collections at 92% which is conservative and in most years actual collection rates have been above that. Sales tax, Insurance Premium Taxes, and franchise taxes are all increased slightly to reflect current year trends. With no projected increase in business license fees, most of those items are level. Total revenues and transfers in are up \$763,000 or 2.8%

Expenses for the most part are up slightly over 2015, mainly in the increases in payroll costs, including health insurance. Ms. Shore did point out the increase in transfers out to the Fire Fund, and Capital fund to cover additional costs.

WATER AND SEWER FUND:

As previously mentioned, the rate study has not been completed, and no changes have been proposed until that study is finished. Ms. Shore did note that the biggest change for next year is the debt reduction due to the 2005 issue paying off this year. Commissioner Irmscher inquired of Mr. Rich about the Wholesale agreement with the County. Mr. Rich commented that that contract was still currently in negotiations, and the county has bought more water than anticipated this year, and he is confident they should have something worked out by the end of the year.

BUILDING INSPECTION FUND

Ms. Shore noted to the committee that revenues have been very good this year, and that next year's projections looked at last year and this year's collections. There are two vehicle replacements budgeted for next year, and that costs are reflective in a use of fund balance for next year.

BUSINESS IMPROVEMENT DISTRICT FUND:

Ms. Shore did remind the committee that next year is the initial year in the expanded BID district boundary lines and the increase in their self-taxation and business license surcharge.

CAPITAL FUND:

There is a slight increase in capital expenses next year, mainly in projects such as the repair of the City Hall, and seed money for development of the General Electric property. Mr. Rich commented that they are also looking to raise monies by perhaps selective timber sales and possible outside donations for development of the trails, etc.

TOURISM FUND:

With the opening of the Hampton Inn, and hopefully construction of the Marriott, the Tourism department is gearing up to partner with the new management of the Forum to start heavily focusing on forum and tourism promotion. There are additional hotel/motel tax monies allocated, and a possible contract labor position to help forum promotion is budgeted.

FIRE FUND:

The Fire fund only shows a 1.7% increase in projected expenses, but the City and County contribution is increasing more to help reduce the projected use of fund balance. The fund is at a high staffing percentage and new Fire Chief Troy Brock has been working diligently to get his promotions and unfilled training positions in place.

HOTEL/MOTEL TAX FUND:

The Hotel/Motel tax funds shows the anticipated increases in revenue from an overall general increase and also the anticipated increase due to the opening of the Hampton and being able to have more rooms for downtown convention and events.

HEALTH INSURANCE FUND:

Ms. Shore noted that the fund reflects the increases in the City and employee contributions as well as the transfer of the post-65 retirees from the current Blue Cross Blue Shield plan to a true Medicare supplement plan. This hopefully will be beneficial to the City and the retirees in the long run.

SPLOST FUND:

The committee briefly reviewed the proposed SPLOST projects for next year, noting that the Tennis Center, and hopefully the Burnett Ferry road improvements, being the two large projects to be completed next year. Ms. Shore noted that because of the bond proceeds in 2015, the accounting for the repayment does make the fund appear a little unusual.

SOLID WASTE MANAGEMENT FUND:

The fund reflects no proposed increase in residential garbage fees, and the slight proposed increase in commercial rates. Again, the City Tax contribution is slightly lower than 2015.

PLANNING COMMISSION FUND:

City and County operating contributions remain the same in 2016, and there is a significant reduction in capital/GIS outlay due to the aeriels for this year.

LAND BANK AUTHORITY

Mr. Rich noted that hopefully the new agreement with the county for the LBA will be settled shortly and this agency can gear back up to its full potential. There is budgeted seed money for both the City and County of \$2500 each.

TENNIS CENTER FUND:

As previously noted, the City will take operational ownership of the Downtown Tennis Center (west third) as of 2016. Estimates for those revenues and expenses are shown in the proposed budget. An operational budget for the Rome Tennis Center at Berry will be more developed when all of the operational logistics are worked out when it opens.

COMMUNITY DEVELOPMENT FUND:

Ms. Shore just pointed out to the committee that the community development fund itself is smaller than shown. The additional \$300,000 in revenues and expenses is to cover the separate stand-alone grant funds that consolidate into this fund at year end.

Ms. Shore noted that these draft budgets will be submitted for consideration at the next City Commission meeting this Monday night. There will be no official discussion at that time, other than at the commission's discretion. There will be a public hearing on them at the first meeting in December, and officially adopted at the final meeting in December. Draft copies will be sent to all of the other commissioners for review.

With no further business to discuss, the meeting was adjourned.

Respectfully Submitted



Sheree T. Shore

General Overall Comments Proposed 2016 Budget

General Comments

- The proposed budgeted 2016 tax revenue assumes a moderate increase in the digest for 2016 and a possible tax increase.
- There is **no** rate increase budgeted for business licenses, cemetery fees, landfill fees, or residential garbage fees.
- The Water/Sewer rate study is still in process so no rate changes will be reviewed until after the completion of the study.
- There are some smaller anticipated increases in revenues of Sales Tax, Insurance Premium Tax, and Franchise Taxes. However, many other revenues remain at 2014/2015 levels.
- The General Fund is a balanced budget with only a 2.8% projected increase.
- Due to the significant rise in health insurance claims, the City Contribution for Health Insurance increased 8%.
- The City Contributions for Retirement and Workers Compensation remain the same as 2015 levels.
- Employee health insurance rates will increase 10% in 2016 with no change in deductibles but an increase in the out of pocket maximum.
- Payroll expenses include a 0-2% merit pay adjustment for employees. Pay plan adjustments have been completed for most positions to be adjusted.
- No new personnel positions are budgeted. There is some budget allowance for upgrades to a couple of positions pending probable retirements.
- Outside agencies were all funded but with no increases.
- Fuel costs are anticipated to be at 2015 levels.
- Projected budget numbers for the Downtown Tennis Center are included. This facility will become City operated as of 2016

Budget Highlights Proposed 2016 Budget

General Fund

<u>Page No.</u>	<u>Revenues</u>
2	Ad Valorem Tax revenue assumes a moderate increase in the tax digest and a possible tax increase
2	Tag/Title fee is projected to remain close to the same amount as 2015.
2	Motor Vehicle Ad Valorem decreases another 31% based on current collections. This revenue source is decreasing at a rate almost double the estimate.
2	Local Option Sales Tax (LOST) is budgeted with a slight increase over 2015.
2	Georgia Power Franchise Fee is expected to increase slightly as well as the Insurance Premium tax.
3	Most licenses, permits and fees were budgeted at 2015 levels; there is no increase in these fee structures for 2016.
3	Police Fines/Forfeitures have been reduced to reflect a downward trend for the last three years.
3	Rent revenue increase includes the rental agreement with the NRGRC.
4	Hotel/Motel Fund Transfer-In to General Fund is to help with planning for new Tennis Center.
4	Total revenues are projected to increase only 2.8%
	<u>Expenses</u>
5	Expenses include a 0 to 2% merit raise for employees. In process pay plan adjustments are completed for most adjusted positions.
5	Municipal Court is up due to the movement of service contracts from Police.
5	Human Resources is up slightly due to additional monies budgeted for City-wide training and tuition reimbursement.
6	Information Technology is up due to increase in service contracts.

General Fund cont.

<u>Page No.</u>	<u>Expenses</u>
6	Police Department increases for personnel include merit raises. Budget is calculated with some vacancies.
7	Engineering is down slightly due to the removal of the part-time allowance for an engineer.
7	The downtown Street laborer position has been moved from the Street department to DDA.
8	Street Lighting costs continue to increase in 2016.
8	Cemetery has projected increases due to a potential upgrade in a position and an increase in inmate crew costs.
8	Public Works Garage is down due to changes in personnel structure.
8	Total Public Works expenses are right at 2015 levels.
9	City Hall/Auditorium personnel have some possible changes to positions.
9	Other facilities include Veteran's Building, Town Green, Clock Tower, Open Door Home, Boys and Girls Club, Floyd Training Center, Kelsey, Aycock and Burrell building. We will now also have insurance and some other related expenses with the addition of the History Museum building.
10	Environmental Information reflects some savings by having the Adopt a Stream program help share in some of their expenses. Personnel costs have increased to correct an error in 2015.
10	The Public Information payments reflect the General Fund commitment for the new Communications Director hosted in Tourism Fund.
10	Economic Development reflects City commitment to Partners for Prosperity and the 20/20 Plan and related expenses.
11	Payments to outside agencies stayed the same.
11	Contingency expenses have been increased.
11	Total Operating Expenses increased by only 1.7%
11	Transfer to Solid Waste reduced by \$15,000. This is due to decrease in leases payments and personnel restructure.

- 11 Transfer to Fire **increased** 4.3% or \$250,000 due to personnel costs increases, and the intent to reduce the use of fund balance in the Fire Fund budget.
- 11 Transfer to Capital has increased due to anticipated capital expenses for the GE property development, repairs to City Hall, and street paving needs.
- 11 Transfer to Golf has increased in anticipation of the proposed deficit in operating budget.
- 11 Total Expenditures and Transfers Out increased 2.8%

Water and Sewer Fund

Page No.

Revenues

- 13 Current revenue projections do not include any rate increase projections. This will be reviewed after the in process rate study is completed.
- 13 County wholesale water purchases budget has been increased in anticipation of a new wholesale water agreement with Floyd County.
- 13 Expected Operating revenues are right in line with 2015 revenue projections.
- 14 The debt service transfer has been reduced to reflect the bond indebtedness decrease.

Expenses

- 15 Operations Office shows a decrease due to personnel restructure.
- 15 Most departments are in line with 2015 budgets with moderate increases for utility costs in Water Tanks and Pumps,
- 16 Environmental Conservation has some increases in anticipated costs for 2016.
- 17 Capital Outlay does anticipate a modest increase in expenses for 2016
- 18 The Bond payment budget has been reduced to reflect the decrease in bond debt.

Building Inspection

Page No.

- 20 Decrease in Personal Services reflects a restructure in personnel. Capital Outlay is budgeted to reflect two additional vehicles. Revenues are budgeted at an increase to reflect historical trends in revenue generation.
- 20 A modest use of retained earnings is budgeted for 2016.

Transit

Page No.

- 21 Department of Human Resources (DHR) decreased by 40% due to reduction in receipts.
- 21 Tripper Service Revenue is up due to the addition of several additional routes.
- 21 Transit Federal Operating Grant funds are slightly less than 2015.
- 21 Advertising Revenue has been decreased due to falling demand.
- 22 Transit expenses include some pay plan adjustments, and a more complete staffing. Fuel costs are estimated to remain at 2015 levels.

Business Improvement District

- 23 Business Improvement District has a balanced budget for 2016, and does anticipate the expanded District lines for revenue generation.

Capital Fund

Page No.

- 24 Capital Tax revenues are expected to be right at 2015 levels.
- 24 The Transfer from General Fund has been increased to help defray additional capital costs for street paving, GE property development and repairs to City Hall.
- 24 Other Equipment and projects are right at 2015 levels.
- 24 Projects for 2015 include Street paving, sidewalk improvements, and the initial costs for the development of the General Electric property.
- 24 Payments to Insurance Fund are to repay loan for Mausoleum.

Tourism

Page No.

25 Hotel/Motel allocations have increased \$40,000. Also the 1% forum promotion split is changed from a 75/25 county /tourism split, to a 40/60 split. This will give the CVB additional funds to promote the forum and fund the communication Directors time for that function. The City's contribution for that position is also added. Forum Promotion expenses have been increased to reflect the availability of additional funds. These increases are in anticipation of the opening of the new Hampton Inn, the construction startup of the Marriott, the City ownership of the Downtown Tennis Center, and the anticipated opening of the Rome Tennis Center.

Fire Fund

Page No.

26

- \$100,000 of fund balance is still budgeted for 2016, but it is a significant reduction from the past two years
- City and County contribution goes up \$250,000 each or 4.3%
- Personal Services which is merit raises, pay adjustments and health benefits are up \$197,500.
- Capital expenses have been minimized to help the payroll funding and bridge the loss of grant funds.
- Total Expenses and Transfers Out increased only 1.7%

Hotel/Motel Tax Fund

Page No.

27 There is a projected increase in overall revenues due to the anticipated opening of the new Hampton Inn, and general overall increases.

27 The expense section does show the revised allocation for the county and Tourism for the 1% forum promotion money. Expenses are also shown for the transfer out to the Tennis Center.

Insurance Fund

Page No.

- 28 City contribution has increased 8% and employee contributions have increased 10%.
- 28 Revenues between the contributions have been reallocated to reflect the actual numbers trending in 2015
- 28 Revenue numbers have been adjusted to reflect the movement of Post-65 retirees from the main Blue Cross plan to a true supplement plan.
- 28 Claims paid have been adjusted for the removal of the retirees and to reflect changes to the plan made in 2016. Increases to stop loss insurance rates and administrative fees are noted. Re-insurance fees are expected to decline as it is projected that will phase out in 2017.
- 28 This fund is a balanced budget.

Workers Compensation

Page No.

- 29 City contribution remains the same. Insurance premiums have been adjusted to reflect actual for 2015. A use of \$75,000 of fund balance is budgeted.

Tax Allocation District Fund (TAD)

Page No.

- 30 TAD number 1 (West Third Street) revenue generation has increased some, with the Publix shopping area, but still is only allocating City M/O currently.

Entitlement Fund

Page No.

- 31 Next year's focus will be on Minor Repairs and Sidewalk Improvements.

Stonebridge Golf Course

Page No.

- 32 Billy Casper Golf Operating budget is projecting a \$74,937 deficit. We have discussed with management about the City's concerns with supplementing the operations. Will have to review monthly in 2016.

Downtown Development Fund

Page No.

- 33 Budget amounts reflect the movement of the downtown street laborer from the Street Department to DDA. The Street department budget was adjusted to reflect this change.

Downtown Parking Facilities Fund

Page No.

- 34 The 2016 budget reflects projected increases in most revenue sources. The major increase in expense is the service contract for the parking software and infrastructure.

Forum Parking Fund

Page No.

- 35 Revenues here also reflect slight increases.

SPLOST Fund

- 36 The SPLOST budget appears to be significantly over budgeted, but is an application of the large borrowing in 2015 for the Tennis Center construction. The budget does show the anticipated transfers for the annual bond payment, as well as expenses for the projects anticipated for next year.

Solid Waste Commission (Landfill)

Page No.

- 37 Fees anticipate no increase in 2016. Increases reflect actual revenues over the last couple of years.
Capital Outlay is up due to anticipation of a need for some larger expensed equipment. Also increased is the anticipated payment to the Recycling Center.
- 37 Cash surplus of \$210,000 is projected.

Solid Waste Management Fund (Collection)

Page No.

- 38 Revenue assumes no increase in residential fees, and a 2% increase in commercial.
- The fund has a balanced budget.
 - Dumpster rental is now a separate line item.
 - Transfer from General Fund decreases \$15,000
 - Expenses are right in line with 2015 levels.

Rome/Floyd County Planning Commission

Page No.

- 39 Operating Contributions from the City and County are right at 2015 levels. There is a decrease in capital/GIS expenses for next year.

Public Building Fund

- 40 The proposed budget assumes the current proposed contract agreement is accepted. The lease will revert back to a \$35,750 annual maintenance contribution. The City will provide the contracted additional services and will receive a 5% administration fee. Any monies that are not spent out of the additional services portion will remain with the City.

City of Rome Redevelopment Fund

- 41 We did budget \$5,000 for possible development expenses.

Land Bank Authority

- 42 This is the first year that the City has the Land Bank Authority. The proposed budget amounts are just an estimate of possible activity for 2016.

Tennis Center:

- 43 The Tennis Center is included because of the expenditures of the restricted hotel/motel monies. Noted are the revenues and expenses for the Downtown Tennis Center (West Third) which will become City operated in 2016. When the new Rome Tennis Center is opened, we will revisit this for a possible mid-year revision.

Community Development

Page No.

- 44 This fund is a balanced budget, but does depend on funds committed from the South Rome Development Corporation and maximizing other grant funds. Some reallocation of expected revenue funds has been done to better align budget vs actual receipts.