

City of Rome
FINANCE COMMITTEE MEETING
November 16th, 2016

PRESENT:

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

Guest: City Commissioner Wendy Davis

Chairman McNiece called the meeting to order, and the minutes from the October 18th, meeting was approved. She also thanked everyone for moving the meeting earlier to accommodate their schedules.

REVIEW OF DRAFT 2017 PROPOSED BUDGETS:

Ms. Shore noted to the committee that the distributed budget document was the complete draft of all of the City budgets. Also distributed was the highlight sheet fund by fund. Ms. Shore commented that she would go through the budgets by the highlight sheet but would certainly welcome any comments or questions as we went along.

Ms. Shore did start the review with just some general comments for the entire process and budgets as a whole. She did want to thank all of the department heads that took the time to submit these budget requests—they were pretty much all timely and very well done with realistic requests.

- Ms. Shore noted that the proposed budget for the General Fund assumes a slight increase to the 2017 tax digest but NO millage rate increase is included. There are also no increases budgeted for the second year for business licenses (including alcohol), cemetery fees, landfill fees, or residential garbage fees.
- Also, because the water/sewer rate study will be reviewed again in 2017, there are no projected increases for those rates included at this time.
- There is a 5% increase for the both the City and employees for health care costs. The city also has modest increases for retirement and workers compensation costs in 2017.
- There are no additional personnel outside of Tennis included in this budget; it does include moving one part time position to full time.
- The budgets include a 1.5% payroll merit increase for all employees.
- Fuel costs are anticipated to continue at 2016 levels.
- There is included in these budgets-the first complete year for the Tennis Center.

General Fund:

On the revenue side, Ms. Shore reviewed those line items with expected increases, of course tax revenues being the largest. Other increases include intangible taxes, and a slight increase in overall business licenses. However several major revenue sources are projected to **decrease** in 2017, including motor vehicle taxes, TAVT, and Local option Sales taxes. Interest and costs revenue is also expected to decrease in response to the new state legislation. Police Fines/Forfeitures are also decreasing slightly to better reflect current receipt activity.

Total Operational revenues are only projected to increase 1.8%, even with the tax millage rate increase.

Ms. Shore also explained that with the new GASB requirements for the retirement liability, all other funds' retirement costs will be paid from the General Fund with each fund reimbursing the General fund for that expense. That will lower personal services within each of the funds, but increase transfers out—and will not impact the bottom line.

On the expense side—most departments are pretty much in line with small increases from 2016. Items to note—the Business System Analyst position has been promoted to the Assistant director of Information Technology and those departments are now combined. The Police department is only projecting a 1.3% operational increase for 2017. As part of the traffic/electrical department re-organization, the remaining two electrical employees and their corresponding budget will move to the Water fund. The Urban Forestry and signage employees will now be budgeted in Street department. This reorganization will be moderate savings to the General Fund.

There are also additional monies added to the economic development line item to give the City some options as to some separate monies for possible retail development options.

Commissioner McDaniel inquired as to the timing and use of the projected revenue from the sale of the Riverside property. Mr. Rich said that hopefully this transaction would take place before the end of the year, but there had been discussion as to several uses of the funds, including but not limited to possible pay supplements for employees, additional monies for capital, and additional monies for the Fifth Avenue streetscape and infrastructure improvements. Commissioner McDaniel commented that some of that could also possibly be held as contingency for shortages in 2017.

Commissioner McDaniel also inquired as to the gaming and licensing issues for the electronic gaming machines. Rich noted that we are definitely looking into options for that but are waiting currently on direction from the District Attorney office as to how to proceed.

Ms. Shore did note to the committee the large amount budgeted for retirement costs in 2017 for the other City funds—but noted that this is covered by the increase in the transfers in from those funds. Outside of this—total operational expenses and transfers out increased only 1.8%. The General Fund is projected as a balanced budget.

WATER/SEWER FUND:

The Water/Sewer Fund does have a projected use of retained earnings of \$137,510. This is mainly due to some capital outlay for 2016 that will not be completed until 2017.

Current revenue projections do not include any rate increases, but may be reviewed after the rate study is completed. Revenues are adjusted for projected activity with the rate increase included for July of this year.

As previously discussed the re-allocation of retirement costs from departmental personal services to transfers out does skew the personal services comparisons. The Operations office has been increased to accommodate the two new assistant positions. Also noted is the new "Electrical Services" department.

The transfer to the Renewal/Extension fund is also substantially up to reflect the additional capital monies budgeted for 2017 for projects to include the GAC filters, update of the SCADA system, Mt. Alto Water main replacements, CSO improvements, and Horseleg Creek and Silver Creek sewer improvements.

The transfer back to the General Fund was reduced to help accommodate the transfer of the electrical employees to the Water fund.

BUILDING INSPECTION FUND:

Permits have been increased to reflect historical and projected revenues. Personal Services has been increased to reflect the re-instatement of a final building inspector position. A modest use of retained earnings is budgeted for 2017.

TRANSIT FUND:

Revenues have been adjusted downward to better reflect the projected continued decline in ridership. Transit Federal Operating Grant funds are up in 2017 to \$875,000. Fuel costs are expected to be along 2016 levels which is important as this is a very fuel intensive operation.

CAPITAL FUND:

Capital tax revenues are also expected to increase in 2017, along with a modest increase from the General Fund. Ms. Shore noted that the major capital expenses for 2017 include new Police software, Police vehicles, asphalt paving machine, Civic Center bathroom renovations, and seed money for the NEP initiatives.

FIRE FUND:

The City and County contributions for 2017 have increased \$175,000 or 2.9%. Part of this increase is to eliminate the use of retained earnings, and the fund is presented with a balanced budget for 2017. Ms. Shore also pointed out to the committee that the decrease in personal services was just the re-class of the retirement expenses down to the Transfer to General.

HOTEL/MOTEL TAX FUND

There is a projected increase in overall revenues with current activity and the anticipated opening of the Marriott. The 2% portion for the Tennis Center is budgeted at \$290,000.

HEALTH INSURANCE FUND

Ms. Shore directed to the committee to the Health Insurance fund—noting this was a tough fund to balance. It does have the City and employee contributions increasing 5%. Ms. Odom and Ms. Shore have also reviewed the plan and made changes to bring the City's plan more to a standardized BCBS plan, thus saving some projected claims expenses.

WORKERS COMPENSATION FUND:

Ms. Shore noted that this fund has had a good couple of years, but the City's contribution did increase a modest 3%. This has been the first such increase since 2011. A use of \$25,000 of fund balance is budgeted.

TAX ALLOCATION DISTRICT FUND (TAD):

Ms. Shore did review with the committee that for 2017, the projected revenues from the TAD One district would be up, but would only include the City M/O portion, as the debt commitments for the Marriott and the Riverpoint properties are not activated until the projects are on the tax digest completely. This should be 2018 for the Marriott project. Commissioner Davis posed the question of how this money was to come in and go out as budgeted if we are supposed to have excess to fund the Riverpoint project. Ms. Shore explained that the only commitment of the monies before the debt is executed is any infrastructure improvements on West Third and the levee tie-in for the hotel once it is completed. Because we desire to have a balanced budget, the total expense is budgeted to match the projected revenues. Once the Riverpoint project is complete, all entities will be participating and the amount of the projected revenues will increase.

STONEBRIDGE GOLF COURSE

The Bill Casper Golf Operating budget is presented projecting a \$66,816 deficit. It is with fewer rounds—but this deficit is smaller than the projected 2016 number.

DOWNTOWN PARKING FACILITIES FUND:

Personal Services reflect the transfer of the downtown street laborer from the DDA fund. Overall Parking revenues are anticipated to be just slightly above 2016 levels.

SPLOST FUND:

Major projects anticipated for 2017 are Burnett Ferry Road improvements, and Chulio Road.

SOLID WASTE COMMISSION (LANDFILL):

There are no fee increases anticipated for 2017. Capital Outlay is increased due to anticipation of the purchase of some larger pieces of equipment. Also increased is the payment to the Recycling Center in anticipation of the possible move for that facility

SOLID WASTE MANAGEMENT FUND (COLLECTION):

Revenues assume no increase in projected fees. This fund has a balanced budget.

ROME/FLOYD COUNTY PLANNING COMMISSION:

Operating contributions from the City and County are increasing in 2017 due to increases in personal services costs and a decrease in anticipated grant revenues.

ROME TENNIS CENTER AT BERRY

Enclosed is the consolidated budget projection for not only the Rome Tennis Center, but the Downtown Tennis Center as well. Ms. Shore distributed another handout which outlined all of the scheduled tournaments for 2017 as well as the individual budgets for each of the facilities. As you can see—there is a shortfall budgeted for the Downtown Tennis Center that will have to be made up from some other source. Mr. Rich did discuss the history behind keeping the downtown courts—but acknowledged that there were other options possible in the future. Commissioner Davis did want to remind everyone however that the City did commit to the downtown courts when the new facility opened. For full disclosure, Ms. Shore just wanted the committee to be aware of the projected shortfall with the structure as it now stands. Mr. Rich assured the committee that Mr. Daglis did have some plans for mitigating this shortfall, but we all did need to be aware of it.

COMMUNITY DEVELOPMENT FUND:

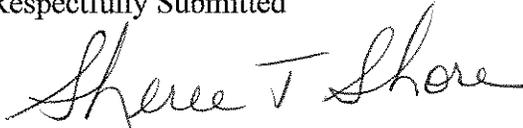
This fund is a balanced fund but due to decreasing outside grant funds, the contribution from the City has increased

2017 BUDGET UPDATE:

These draft budgets will be submitted for consideration at the November 28th City Commission meeting. There will be a first reading and public hearing on them at the first meeting in December, with adoption anticipated at the second meeting in December.

With no further discussion, the meeting was adjourned.

Respectfully Submitted

A handwritten signature in cursive script that reads "Sheree T. Shore". The signature is written in black ink and is positioned above the printed name.

Sheree T. Shore

General Overall Comments Proposed 2017 Budget

General Comments

- The proposed budgeted 2017 tax revenues assume a slight tax digest increase and no millage rate increase.
- There is **no** rate increase budgeted for the second year for business licenses, cemetery fees, landfill fees, or residential garbage fees.
- The Water/Sewer rate study will be reviewed again in 2017, but there is no projected increase included with the proposed budget.
- There are projected **decreases** in several major General Fund revenue sources applicable to recent legislative changes. These include Sales tax, TAVT, Motor vehicle, and Interest and costs.
- There is a 5% increase for both the City and employees for Health Insurance.
- Modest increases for Workers Compensation and Retirement.
- Includes the first complete year for the Tennis Center budgets.
- No additional personnel are budgeted outside Tennis. Does include moving a part-time employee to full time.
- The General Fund is a balanced budget with only a 1.6% increase in operational expenses.
- Payroll expenses include a 1.5% merit increase for employees.
- Outside agencies were all funded but with no increases.
- Fuel costs are anticipated to be at 2016 levels.

Budget Highlights Proposed 2017 Budget

General Fund

<u>Page No.</u>	<u>Revenues</u>
2	Ad Valorem Tax revenue assumes a modest increase in the tax digest but with no tax millage increase.
2	Tag/Title fee is projected to decrease 17.6%.
2	Motor Vehicle Ad Valorem decreases another 22% 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 3.3% or \$200,000 decrease.
3	Most licenses, permits and fees were budgeted at projected 2016 levels; there is no increase in these fee structures for 2017.
3	Interest and Costs have been reduced to reflect new legislation.
3	Police Fines/Forfeitures have been reduced to reflect a downward trend for the last three years.
4	Transfers in from other funds have been increased to cover the retirement expense now paid from the General Fund.
4	Total operational revenues are projected to increase only 1.6%.
	<u>Expenses</u>
5	Expenses include a 1.5% merit raise for employees.
6	Business Systems Analyst has been consolidated into the new Office of Technology Services.
6	Police Department only has a 1.3% operational increase for 2017.
7	Public Works office is up due to the budgeting of the re-instated full time Public Works Director.

General Fund cont.

<u>Page No.</u>	<u>Expenses</u>
7	The Street Department will acquire the Urban Forestry and Traffic Sign employees and related expenses.
8	Traffic department has transferred out the electrical employees to Water Fund and the Urban Forestry and Traffic Sign employees to Street. Only Traffic employees and related expenses are budgeted for 2017.
8	Street Lighting costs are budgeted at 2016 levels.
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 expenses are up due to the planned move for their part time employee to full time.
10	Community Events has some additional money for potential expenses associated with the ACC tennis tournaments next spring.
10	Economic Development has been allocated additional budget in 2017.
11	Retirement costs for all other funds outside of General are budgeted for 2017. Transfers are increased to offset directly these costs.
11	Total Operating Expenses increased by only .9%
11	Transfer to Solid Waste <u>stayed the same for 2017.</u>
11	Transfer to Fire <u>increased</u> 2.9% or \$175,000 due to personnel costs increases, and the intent to eliminate the use of fund balance in the Fire Fund budget.
11	Transfer to Planning Commission has increased to cover anticipated higher payroll expenses and decrease in anticipated grant revenues.
11	Total Expenditures and Transfers Out increased 1.6%.

Water and Sewer Fund

<u>Page No.</u>	<u>Revenues</u>
12	The Water/Sewer fund has a projected use of fund balance of \$137,510.
13	Current revenue projections do not include any rate increase projections. This will be reviewed after the rate study is completed.
13	Revenues have been adjusted for projected 2016 activity.
	<u>Expenses</u>
15	Retirement costs for each department have been removed from Personal Services and reclassified to transfer to General Fund. Although this does not affect the bottom line within the fund, most departments' personal service's budgets show a decrease.
15	Operations Office has increased to accommodate the expenses associated with the hiring of the two assistant directors.
15	The remaining electrical employees from General Fund have been transferred to a new department in Water—Electrical Services. This department will continue to provide electrical services for all of the water/sewer facilities and to other City needs.
17	The debt service transfer has been reduced to reflect the bond indebtedness decrease.
17	Water and Sewer Capital Outlay does anticipate a modest decrease in expenses for 2017.
17	The transfer to Renewal/Extension is significantly increased to include anticipated projects of GAC filters, update of SCADA system, Mt. Alto Water main replacements, CSO improvements, Horseleg Creek and Silver Creek sewer improvements.
17	The Transfer to General Fund has been reduced to accommodate the transfer of the electrical employees into the Water/Sewer fund.

Building Inspection

Page No.

- 20 Permits have been increased to reflect historical and projected revenues.
- 20 Personal Services reflect the re-instatement of a building inspector.
- 20 A modest use of retained earnings is budgeted for 2017.

Transit

Page No.

- 21 Fare revenues have been decreased to reflect current activity.
- 21 DHR contract service has also been decreased to reflect less usage.
- 21 Tripper Service Revenue is up due to the addition of several additional routes.
- 21 Transit Federal Operating Grant funds are up in 2017 by \$75,000.
- 21 Advertising Revenue has been decreased due to falling demand.
- 22 Transit expenses include the re-class of retirement costs from fringe benefits to the transfer to General. Fuel costs are expected to remain within 2016 levels.

Business Improvement District

- 23 Business Improvement District has a balanced budget for 2017, and does anticipate the expanded District lines for revenue generation.

Capital Fund

Page No.

- 24 Capital Tax revenues are expected to increase in 2017.
- 24 The Transfer from General Fund has been increased.
- 24 Other Equipment and projects are close to 2016 levels.
- 24 Projects for 2017 include new Police software, Police vehicles, Asphalt paving machine, Civic Center bathroom renovations. Also includes seed money for NEP initiatives.

24 Payments to Insurance Fund are to repay loan for Mausoleum.

Tourism

Page No.

25 Hotel/Motel allocations have increased \$10,000. 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. Additional monies have been submitted in 2017 in anticipation of the ACC tennis tournament, and the opening of the new Marriott Riverfront hotel.

Fire Fund

Page No.

26

The fund has a balanced budget in 2017.

- City and County contribution goes up \$175,000 each or 2.9%.
- Retirement costs of \$967,500 have been re-classed from Personal services to Transfer to General.
- Total Expenses and Transfers Out increased only 2.0%

Hotel/Motel Tax Fund

Page No.

27 There is a projected increase in overall revenues due to current 2016 activity and the anticipated opening of the Marriott.

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 for the 2% hotel/motel tax.

Insurance Fund

Page No.

28 City contribution has increased 5% and employee contributions have increased 5%.

28 Revenues between the contributions have been reallocated to reflect the actual numbers trending in 2016 .

- 28 Revenue numbers have been adjusted to reflect the gross accounting of the retiree contributions and the subsequent payment to Humana for the supplement plan cost.
- 28 Claims paid have been increased to reflect projected claims based on current activity and the BCBS projections for 2017. 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 2018.
- 28 This fund is a balanced budget.

Workers Compensation

Page No.

- 29 City contribution had a modest increase of 3%. This has been the first increase of contributions since 2011. Insurance premiums have been adjusted to reflect actual for 2016. A use of \$25,000 of fund balance is budgeted.

Tax Allocation District Fund (TAD)

Page No.

- 30 TAD number 1 (West Third Street) revenue generation has increased with the Publix shopping area, but still is only allocating City M/O currently. It is expected that activity will sharply increase in 2018 with the Marriott and the Riverpoint projects coming onto the tax digest.

Entitlement Fund

Page No.

- 31 Continued decrease in the anticipated federal funding. 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 \$66,816 deficit. Most revenue and expense line items are in line with 2016.

Downtown Development Fund

Page No.

- 33 Budget amounts reflect the movement of the downtown street laborer from the DDA fund to the Parking fund.

Downtown Parking Facilities Fund

Page No.

- 34 Personal Services does reflect the transfer of the downtown street laborer from the DDA fund to this fund. Overall Parking revenues are anticipated to be at 2016 levels. Operating expenses are in line with 2016.

Forum Parking Fund

Page No.

- 35 Revenues here also reflect slight projected increases.

SPLOST Fund

- 36 The SPLOST budget for 2017 will focus on the completion of the Tennis Center, Burnett Ferry Road improvements and the beginning of the Chulio Road project.

Solid Waste Commission (Landfill)

Page No.

- 37 Fees anticipate no increase in 2017. 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 payment to the Recycling Center in anticipation of a possible move for that facility.
- 37 Cash surplus of \$150,000 is projected.

Solid Waste Management Fund (Collection)

Page No.

- 38 Revenue assumes no increase in projected fees.
- The fund has a balanced budget.
 - Dumpster rental is now a separate line item.
 - Transfer from General Fund remained the same.
 - Expenses are right in line with 2016 levels.

Rome/Floyd County Planning Commission

Page No.

- 39 Operating Contributions from the City and County are increasing next year due to increases in personal services costs and a decrease in anticipated grant revenues. There is a decrease in capital/GIS expenses for next year.

Public Building Fund

- 40 The proposed budget does include the finally official new lease with DHR. 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 There are no budgeted revenues/expenses with this fund for 2017.

Land Bank Authority

- 42 The Land Bank Authority has a submitted budget in anticipation of a new City/county agreement.

Tennis Center:

43 The Tennis Center now has submitted its first complete year budget. There are 34 plus tournaments scheduled at the RTC for 2017. The detail budgets for the RTC shows a projected balanced budget, but the DTC projects a \$115,000 operating loss.

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.