

**CITY OF METTER
PUBLIC HEARING
FY 2017 BUDGET
6:00 P.M.**

A public hearing was held at City Hall on Monday, July 11, 2016, at 6:00 p. m. in the Council Chambers.

Attending the meeting were the following officials:

Mayor Billy Trapnell
Councilwoman Chyrileen Kilcrease
Councilman Ed Boyd
Councilman Gregory Thomas
Councilwoman Marsha Colson
Councilman Paul MacGregor
City Manager Mandi Cody
City Clerk Angie Conner
Public Works Director Cliff Hendrix
Chief of Police Mack Seckinger
Fire Chief Jason Douglas
Deputy Clerk Cindy Collins
Classic Main Street Director Jaime Riggs
Carvy Snell, Metter Advertiser

Attending the meeting were the following guests:

Shannon Winterhalter – University of Georgia
Olivia Head – University of Georgia
Shelly Strange – Citizen
Officer James McKie – Metter Police Department

CALL TO ORDER AND WELCOME

Mayor Trapnell called the hearing to order and welcomed everyone.

PURPOSE

The purpose of the hearing was to present the proposed FY 2017 Budget to the mayor and council for their questions and comments and also for public input.

Ms. Mandi Cody, City Manager, presented the Proposed FY 2017 Budget which includes July 1, 2016 through June 30, 2017. It includes special revenue SPLOST funds (2005 and 2011); enterprise funds in water; and general operations fund. The enterprise fund

(water) is balanced and the special revenue funds are governed by the SPLOST and TSLOST referendums and statues and the expenditures from these special revenue funds will be presented for individual approval by Council.

Ms. Cody said that she has three significant issues to point out to council. The first issue is that the general fund budget is not balanced. The figures are approximately \$128,922 more in planned expenditures than projected revenues. Ms. Cody said that at this time staff is unable to recommend any additional cuts to these funding levels without interrupting levels of service to our citizens.

The second issue is although this proposal contemplates no increase in taxes or other revenues; a millage rate increase may nevertheless be necessary in order to maintain current funding levels due to the Tax Assessor's finding of a significant depreciation in the city's tax base. Preliminary findings indicate that the current millage rate would need to increase from 7.958 to 8.005 just to maintain the same level of funding. Ms. Cody noted that staff is continuing to study this situation and will keep council apprised.

The third issue is that this proposal was formulated based on a number of important assumptions – many of them policy in nature- and all of which should be strongly evaluated and considered by the governing body. Ms. Cody noted that any assumptions listed here that are not supported by the Council should be communicated to the City Manager and adjustments can be made. These budget assumptions are as follows:

General Assumptions:

1. The Budget will be adopted, and accounted for, using generally accepted accounting principles, with Enterprise funds budgeted and accounted for using full accrual and accounting similar to private businesses, and all other funds budgeted and accounted for used modified accrual accounting in accordance with best practices and generally accepted governmental accounting standards.
2. Assumes the economy will remain in the current condition.
3. Based on current economic conditions, all revenue projections have remained flat from the previous fiscal year. This includes all forms of taxes, licenses, and franchise fees. It should not be noted; however, that through May 2016 revenues for FY 2016 are approximately 12% below projections. Although expenditures have held at or below authorized spending levels, this decrease in revenues is cause for alarm both in FY 2016 performance and FY 2017 projections.
4. Controllable expenditures have remained flat from FY 2016.
5. Assumes that there will be an ad valorem (property) tax increase only to account for the depreciation in the tax digest. Actual revenue from the millage is expected to remain flat.
6. Assumes no increase in utility, sanitation, or other fees assessed by the City for services performed.
7. Assumes no equity transfers from the enterprise funds.
8. Assumes no transfer of funds from the Fund Balance or other reserves.

9. Assumes that the Proprietary Fund of Water/Sewer will be self-supporting without assistance from the General Fund
10. Assumes the elimination of the \$30,000 per year revenue from the Housing Authority due to the elimination of this funding source at the federal level.
11. Assumes an increase in municipal court fines collected from \$85,000 to \$100,000.
12. Increases significant increase (approximately 55%) in property and equipment insurance premiums based on most recent billing.
13. Assumes significant increase (approximately 63%) in workers compensation premiums based on most recent billing.
14. Assumes stable premiums on health/ medical insurance. However; these have not yet been released and as this is only the second year of coverage with this company, there is not enough data to make projections here.
15. An amendment will be required to consider revenues and expenditures for the Community Center. In service delivery talks with the County, it was requested that the City assume operations of this city owned building. The County is expected to provide historical financial data and access to the building. We are awaiting this information in order to set these figures.

Assumptions regarding Capital Improvement Plan:

16. Assumes the elimination of all capital improvement projects and/or expenditures from the general fund during FY 2017.
17. It is anticipated that during FY 2017, the staff will request Council authorization to purchase an Engine for the Fire Department. This is an anticipated \$349,000 expenditure that would require lease financing. If ordered during the FY 2017 budget, payments of approximately \$38,000 per year would be requested beginning in FY 2018.
18. The Streetscape project for the Park will carry over from FY 2016 – utilizing TSPLOST, Grant, and SPLOST funds.

Considerations regarding staffing and internal operations:

19. Assumes no increase or decrease in overall staffing for City operations. The Budget, does; however, move funding to support one position from Streets and Lanes (Supervisor) to the Fire Department to support the hiring of an additional fire fighter.
20. Assumes a 2.0% equity increase for qualifying employees pursuant to the Classification and Compensation Plan adopted by City Council in December 2014 and commitment to implement phase 2 at this fiscal year. This may need to come out.
21. Assumes a merit increase up to 1.5% for employees. Personnel Policy allows for a 3% but this year we have capped it at 1.5%. We may need to look at this.

22. The total projected amount of both equity and merit increases is approximately \$21,000.
23. Assumes the continued payment of one accounts clerk within city hall being funding from the water enterprise fund.

Considerations regarding joint or shared services:

24. Assumes that the Candler County Board of Commissioners will contribute **\$175,000** toward funding of Fire and Rescue Services to the unincorporated portions of Candler County and the Town of Pulaski by the City of Metter Fire and Rescue Department. The current year's contribution was \$126,000. The \$175,000 projection is based on conversations with a county committee working on this service area. City staff proposed that the County cover half the cost of service of Fire (approximately \$435,000 for operations). Currently, the Fire & Rescue department is in need of additional career firefighters, and requires \$200,000 in equipment replacements and is in need of one engine (\$350,000); and one ladder truck (\$500,000). There has been no confirmed decision from the county at this time.
25. Assumes no contribution from the Candler County Board of Commissioner or other entity for Animal Control services since the County is undetermined in its desire to continue receipt of this service. We are prepared to handle either way the county decides to go.
26. Assumes contribution of \$84,000 to the Candler County Board of Commissioners for Recreation Services. This is pursuant to the intergovernmental agreement between Candler County and the City of Metter.
27. Assumes expenditure of \$44,110 to the Regional Library System for library services pursuant to the service delivery strategy and past practice.
28. Assumes expenditure of \$18,528 to the Candler County Airport Authority. This is at the funding level requested.
29. Assumes **NO** expenditure to the Candler County Board of Commissioners for Jail services. The service delivery strategy contradicts itself, but does contemplate \$40,000 per year in payment to the County. Additionally, please note that the County has requested a multi- year phase in of approximately \$88,000 per year to cover dispatch services at the jail plus an anticipated \$40-\$50 per diem rate for inmates. Ms. Cody said that she has not honored any of these requests. She said she made that election based in part on her findings that the city tax payers are paying into the county general fund at rather high levels and she is trying to track those services that the tax payers are receiving in exchange for their tax bills. The jail is usually one of those services provided community wide. We will need to get into this discussion at a later date.

30. Assumes an expenditure of \$11,000 to the Candler County Board of Commissioners for landfill services regarding yard debris. No charges are incurred for household debris.
31. Assumes contribution of \$25,000 to the Candler County Industrial Authority (CCIA). It should be noted that this level of funding is less than that considered needed by the CCIA and they have requested that the City consider additional funding levels in the future.
32. Assumes the approval of a lease for the purchase of a Fire Command vehicle approved in FY 2016 with half of the lease payments being provided by Candler County.

Assumptions regarding contracts for services:

33. Assumes that the City of Metter will continue to contract with the Chamber of Commerce at a rate of \$18,575 to provide Better Hometown Services. Council should note that this figure contemplates a 1.5% increase in salary, rather than the 3% requested. It also fails to recommend requested funding for a façade grant program.
34. Assumes an expenditure of the requested \$6600 to Communities in School for public education purposes.
35. Assumes that the City of Metter will continue to fund the Welcome Center at 100% of the Hotel Motel Tax Collection (\$64,000) plus an additional \$16,500 in general fund support in continuation of past practices.
36. Assumes a continued “pass-through” fiduciary relationship with Family Connection will continue in the amount of approximately \$46,000.
37. Assumes a one year contract with the Contract between the City of Metter and N. Harris Computer Corporation to purchase software licenses in the amount of \$3,725 and contract for \$407 in annual maintenance and support fees in order to provide online city utility billing and payment services for water and sanitation customers and direct deposit services for employees and vendors.
38. Assumes the approval of a Memorandum of Understanding regarding the Candler County Archway Partnership committing the City of Metter as a Community Participant and to contribute \$10,000 of the total \$50,000 Community Fee for Fiscal year 2017.
39. Assumes the approval of a Work Detail Agreement Contract between the Georgia Department of Corrections and the City of Metter to provide a Work Detail to the City of Metter in the amount of \$42,600.
40. Assumes the approval of a contract for services with Brown Pelican Consulting in the amount of \$10,000 for services related to service delivery analysis.

Alternatives:

In addition to evaluating the policies behind the assumptions enumerated above, council should also consider alternatives to address the deficiencies in the proposed budget as both sound practices and state law require the adoption of a balanced budget. Some alternatives and important facts for consideration may include one or a combination of the following:

1. The elimination or revision of any of the above assumptions.
2. Cut current levels of service.
 - a. Ms. Cody said that in her early opinion, services seem to be at or below levels considered appropriate by the Council and the Citizens and current staffing levels appear necessary to meeting these expectations.
3. Transfer some or all of the deficiency from the City's fund balance.
 - a. The City's fund balance at the end of FY 2015 was within recommended levels - \$789,913, or 33.1% of total General Fund expenditures. However, \$198,000 was planned to move from this amount in order to balance FY 16's budget; however, tight expenditure controls may have prevented this need. The FY 16 audit will be completed within the coming months and will make this determination. **That being said, the fund balance is not strong enough to sustain continue movements for operation purposes.**
4. Increase in millage rate.
 - a. It is expected that the millage rate will have to increase from 7.958 to 8.005 in order to maintain FY 2016 funding projections in FY 2017 due to decreases in the city's tax base. This is based on preliminary findings. The tax digest will not be certified until early fall and Council will be required to hold public hearings and set the FY 2017 millage rate once the tax digest has been duly certified and presented to the City.
 - b. One mill of tax generates approximately \$77,000 in property tax revenues.

Based on comments from Council, staff will make the necessary adjustments at the conclusion of this meeting and present revisions at a budget hearing and called council meeting on **July 25, 2016 at 6pm**. Assuming Council agreement, staff will be prepared to adopt the budget and the enumerated (assumed) contracts for services included within on July 25, 2016 at a called council meeting to be held immediately following the public hearing.

Also, please bear in mind that the Candler County Board of Commissioners have opened Service Delivery Strategy negotiations. Early talks have been held regarding jail services, fire services, the community center, and animal control. However, additional talks are necessary and many other services must be covered. A revised agreement is due to the State in 2018.

The staff appreciates Council's serious consideration of these issues as well as comment from the public.

Councilman MacGregor had a few questions concerning the additional position in the fire department and animal control services. Ms. Cody addressed his questions. She said that there is a bigger need for additional staffing in the fire department and the county has not made any definite decisions at this time.

Councilman MacGregor asked Ms. Cody is it broken down anywhere that shows what services the city tax payers are getting for the county taxes they pay. She said that she has asked for that information but has not received it at this time. She said that she has looked in their audit statements and has not seen these figures. Councilman MacGregor said that we need to know where it is going. Ms. Cody said that by our calculations the city tax payers are paying approximately \$850,000 per year which is property taxes paid to the county commissioners and they should be receiving that value in services back inside the city limits.

Councilman MacGregor asked Ms. Cody if the \$16,500 that we give to the Welcome Center is fair. Ms. Riggs said that this money is used to run and staff the Welcome Center. Then we also do the advertising, magazines, websites, etc. for promotion of Metter and Candler County. Ms. Cody said that the \$16,500 is general fund money. The \$64,000 is the hotel/motel money. Mrs. Riggs said that a couple of years ago that money was increased by \$6,500 to allow for staffing the Welcome Center on the weekends.

Councilman MacGregor asked about the contract with Emanuel County Probation Detention Center. He said that a while back we got reports of the prisoners tearing up equipment. He wanted to know if this is still going on. Mr. Hendrix said that this problem has been resolved.

Councilman Boyd wanted to know if we have identified which revenue streams are the most delinquent verses our projections. We also know our sales taxes are delayed and we know our large months are probably May and June and they have not come in yet. They could be higher. Ms. Cody said that she understands that this is seasonal and hopefully May and June will kick the sales tax figures back in line.

Councilman Boyd asked if the revenues on motor vehicles are shrinking faster than we anticipated and causing a deficit for our budget. Ms. Cody said very much so. Councilwoman Colson said that legislature is currently looking at ways of changing that system.

Councilwoman Colson said that she would like to get monthly reports like the school board does on what property taxes have gone uncollected, what the revenues are for property taxes and what are we expecting that are delinquent. Also, what are the TAVT taxes, ad valorem and sales taxes through the most recent data available? The school board gets this information monthly. She wanted to know if we can get this same information because it will give us more of a true picture going forward. Mayor Trapnell said that we can request this information.

Councilman Boyd asked Ms. Cody if it is her recommendation that we not take action on this until we get further information from the county and our end of the year reports. Ms. Cody said that tonight's meeting was advertised as a public hearing to present these numbers to both council members and the public. No action is expected or requested tonight.

Mayor Trapnell said that our revenue is approximately 12% below projections but thanks to a great staff who have kept our expenses down likewise. Ms. Cody agreed.

Mr. Carvey Snell had a question about the computer software. He said that at one point this was a high priority because the one that is here now is so old. Is what you are proposing just a patch until we can afford a different system? Ms. Cody said it is a dated system but it can serve the purpose for a little longer.

Mr. Snell asked if paying the water bills online would be through the website. Ms. Cody said that is our hope. Councilman MacGregor asked if someone would be able to use a credit card onsite. Ms. Cody said that is part of the plan.

Councilman MacGregor thanked Ms. Cody for the information which she presented to council.

Councilwoman Colson asked what has the city done for the boys and girls club in the past and what do we plan for in the future. Ms. Cody said that they use our building rent free.

Councilman Thomas asked if there is any money appropriated to clean up some of the old dilapidated houses. Ms. Cody said that there was no money included for this. We are talking about it at the staff level and we will have a proposal for you that will be budget neutral.

Ms. Cody said that she has presented a general fund balance that is \$129,000 in the red and she is not hearing anyone tell her to cut anything. If that is the case then we will have to take from the fund balance or raise the millage rate or both. This is a policy decision that council needs to make.

Councilman Thomas asked Ms. Cody if the city has options if we don't reach an agreement with the county on jail services. Ms. Cody said that the city does have options. Ms. Cody said that the county is presently sending her bills for services at the jail that she can't find any legal documents giving them the authority to do such. She said that she is not going to pay them unless there are legal documents saying that we owe it. Ms. Cody said that all of this should be worked out through the service delivery strategy. She said that she is not sure that the city is utilizing \$40,000 per year out of the jail services. Ms. Cody said that the one of the county commissioners wanted to know why she did not want to pay the county for that service and the city expects for the county to pay for animal control and fire and rescue services. Her answer is that the city tax payers pay the county taxes for city owned property and they are legally required to be provided services in exchange for those taxes. The county tax payers are not paying to

the city of Metter any taxes or fees for the services that they are receiving, so the services that are being provided to the unincorporated areas of the county (animal control and fire and rescue) or the Town of Pulaski are being done so at the cost to the city tax payers. The city is subsidizing services that are going out into the county and that is why it is legal and fair and moral for us to say that the county has to pay for the services that the city is providing out into the county. Ms. Cody said that she is encouraged by the conversations that we have been having during our service delivery strategy meetings. She thinks some education has occurred in the committee meetings.

Mr. Carvey Snell asked Ms. Cody if the city would have to use any of the fund balance for FY 2016. Ms. Cody said that we may not use any of it. She said without the final numbers yet she could not say that for a fact. She said that staff has done an excellent job keeping costs down. Mr. Snell said that he is upset that we have the Jaycee Park with nothing happening and other projects with nothing happening. Councilman Boyd said that the city has really been operating in the dark since we changed the budget year so if we come out of the first cycle without having to use fund balance or only having to use some of it then that will be a testament to people that staff has keep it close. We have also managed through the worst recession since the recession with no tax increase. We still have a reserve fund. With the economy picking up we could be in a great position going forward to make the park and other things happen.

ADJOURNMENT

After no further discussion, Mayor Trapnell adjourned the public hearing.

The meeting was adjourned at 7:13 p.m.

Angie Conner, City Clerk

William M. Trapnell, Mayor