

**SAVANNAH CITY COUNCIL
SPECIAL MEETING
AUGUST 29, 2012
CITY HALL
9 A.M.**

Mayor Dave Ingersoll presiding.

Purpose of Special Meeting: review the 2013 budget and East Main Street construction bids.

Council Members present: John Parker, Vernon Townsend, Joy Thompson, and Don Dillman. Mayor Dave Ingersoll, City Administrator Jill Cornett, City Clerk Beth Kar and several employees were present. The meeting notice was posted at City Hall August 28, 2012. The meeting was audio recorded.

DISCUSSION:

City Administrator Jill Cornett described differences between Fiscal Year 2013 and previous years' budgets. She added a budget narrative so the average citizen can better understand the City's finances. City Clerk Beth Kar has added spreadsheets to help track information. In the draft before Council, Cornett's budget narrative is not fully complete. There will be more information in the next version. Council had met on August 22 to discuss the budget.

Debt Schedules -- At today's meeting Cornett reviewed the debt schedule spreadsheet. Mayor Dave Ingersoll would like the detailed payment schedules for debt in the final version of the budget.

Transfers – Cornett described the transfers between funds for administrative services, as well as money restricted for debt payments and maintaining reserves. The Parks Fund pays the General Fund \$10,000 per year and Golf pays \$9,600 per year for administrative services. She explained that Golf does not have the benefit of taxation revenues like the Park does. The City transfers money from the 1 Cent Sales Tax to the Street & Drainage fund, which pays the Stormwater Certifications of Participation (COP). The City refinanced the Stormwater COP and a principal payment is not due in 2012 or in 2013. The City received its savings by a “discount” in two years of payments as opposed to receiving a check for the savings. Even though a principal payment is not due the City will keep transferring money from the Sales Tax to the Street & Drainage fund. She would prefer not to keep the money in the General Fund so the City is not tempted to spend it. Joy Thompson asked about putting money in the General Fund so it will look better when the City refinances next year. If the City's financial advisor, Jack Dillingham, suggests putting that money in the General Fund to look better, the City can still do that. Once money is in the Street & Drainage fund, it is restricted for debt payments. Next, Council discussed the Water debt allocations per month including money restricted for debt payments and reserves.

Other Transfers -- Cornett explained that the two CDBG grants will mean the money will be transferred into the City's bank account for the East Main Street and the new Senior Center CDBG grants and then will need to be transferred out as applicable. Council asked for more information on the CDBG grants. Will it be a one-time transfer? No, the payments will be in phases as the contractors' bills for work they completed and there will be more than one transfer.

Capital Requests -- The last sheet at the end of the Capital Requests is labeled “Shared Expenses” and is new from the last meeting. This sheet shows the capital requests that are broken down by multiple departments. The Park Board stated they would not pay for the codification expenses. Cornett explained that rather than take a distribution for codification bills out of the Parks fund, the Parks will be provided less of the \$27,100 transfer from the 1 Cent Sales Tax/General Fund. As the City moves forward and receive billings from the Sullivan Publications on the codification, then it can be decided whether to provide the full transfer to Parks from Sales Tax for the month after Sullivan’s bill or to deduct it from the total. Mayor Ingersoll described that under City Code there is a section saying Park Board is responsible for all billings to their credit. The \$27,100 transfer from Sales Tax to Parks is money allocated by the City and Council has discretion over the total. John Parker asked why an equal percentage could not be allocated from each department. The codification is to the benefit of the entire City and all of the funds. Don Dillman understood that all of the tax money from the Parks, they have control over spending. Joy Thompson suggested explaining the issue to Park Board President Dwyane Williams. He could be asked to attend the meeting where Council approves the final budget. The Golf fund would also be added to funds sharing the cost. The City would not include either the Cemetery or Clasbey funds due to their tight budgets.

Clasbey Center -- Joy Thompson asked what could be done to increase revenues to the Clasbey Center. Is the City not renting it out for enough money to cover expenses? Previous Councils were reluctant to raise fees. Costs have gone up and Council would need to approve the concept of raising the fees. Vernon Townsend expressed concern about giving away free usage to employees and wanted to make sure that cost was figured in with the other costs. Deputy City Clerk/Utility Clerk Brooke Bell described there was no real cost and employees clean it themselves after renting it. Mayor Ingersoll recommended looking at comparable facilities and keeping fees competitive. Fire Chief Tommy George stated that the last time the City increased Clasbey rental fees the fire station got bombarded with rentals. The City may not raise anything but needs to review the current rates. Mayor Dave Ingersoll asked to add the list of the departments that would be charged a percentage for the codification in the budget.

Street Projects – The bid to slurry seal Catalpa Street was not bid on prevailing wage so the end expense will be higher: \$16,500 instead of \$13,700. The estimate to slurry seal Park could be as high as \$18,000 but if Vance Brothers receives the bid for work for Mo-DOT the bid would be less than \$18,000 because they would already be in the area. City Administrator Jill Cornett requested to increase the City’s estimated share on East Main extension from \$75,000 to \$85,000. She wants to make sure there is a buffer in case they come across something unforeseen. To move forward, the City would need to have the ordinance to approve Auxier Construction for East Main read for the first and second readings at the next regular Council meeting on September 4. Mayor Ingersoll brought up the alternate on the bid included two items: removing a tree and possibly removing a sewer line. The City crews could remove the tree and the sewer line would be televised in case it does not need to be taken out. Directory of Public Works Kenny Lance stated that if there were tree roots, there would have been sewer problems which there were not. The cash difference is \$68,000 between total costs of East Main and the funding grant. Christy Bennett/EBR owes the City some cash to put into the project that was part of the signed agreement. John Parker mentioned that the last project Auxier Construction had with the City had several change orders. Mayor Ingersoll was concerned that if the sidewalk was not put in, the City would not end up putting it in. Ingersoll took Auxier’s total bid \$395,247 subtracted \$5,700 (tree \$2,700 plus \$3,000 sewer pipe) = **\$389,547** for the final amount. Vernon Townsend asked for more information on CDBG grants. Mayor Ingersoll described that when the flood hit, monies from the CDBG grants were designated for water shed

projects which is what these were designated. There is not much money left. John Parker asked if \$85,000 was a big enough cushion for the City's share. Costs are estimated at \$68,000 over the grant amount.

John Parker motioned to accept the apparent low bidder of Auxier Construction for the construction of the East Main Street extension, with the removal of items 34 and 35 (the tree removal and sewer line), and to create an ordinance to be read for the first and second readings at the next Council meeting. Don Dillman seconded. Vote: 3 yes; 1: abstention (Townsend). Townsend said he had reservations; the bid sheet he looked at showed the costs as \$500,000. City Administrator Jill Cornett described there were only specific reasons for abstention such as conflict of interest. Townsend changed his abstention to a yes vote. Motion carried. Cornett clarified that the total listed the full project bid as if the County was going to do no work to help out with the project. The engineer, TREKK, asked the contractors to include that cost.

Review Detailed Budget Line Items – City Administrator Jill Cornett covered each revenue and expense line item of the budget. In her budget narrative she listed more information and graphs on the taxes the City receives. In the 2013 budget, the tax collection does not include the rate increase. The revenues were budgeted conservatively.

Payroll – One of the street department workers is out on worker's compensation. Former Cemetery worker Mike Clark has been working in the street department. Dellie Dunn helped with the Cemetery and moved onto the Wastewater department when the employees made it clear they could not take off full days. Cornett would like to pass the budget as is and later have a discussion about specific employees and compensation in closed session. In the past, two employees, Davey Poland and Mike Clark's pay was budgeted out of the Cemetery fund. In the proposed budget, the burden was taken off the cemetery by allocating Mike and Davey's pay and benefits to other departments such as the Street department. By zeroing out the payroll, the Cemetery would be self-sustaining and the City would not have to make transfers from the General Fund in order to keep a positive Cemetery fund cash balance. Mayor Ingersoll thought this was misleading because people are working in the Cemetery. Cornett had met with the new auditor who also thought at least some payroll should be allocated from the Cemetery department. Joy Thompson asked about rolling the Cemetery fund into the General Fund. The City's auditor and City Clerk Beth Kar stated because the City has Cemetery CDs, it makes sense not to commingle Cemetery with General Fund. It would also take away from the fund's detailed information. Mayor Dave Ingersoll asked about allocating 50% of Davey Poland's payroll to the Cemetery. Cornett asked what City Clerk Beth Kar thought of that idea. At 50% of payroll and benefits, the City would still have to plan transfers to meet expenses and maintain a positive cash balance in Cemetery. Council decided to have Poland's pay and benefits 50% from the Street department and 50% from the Cemetery.

Jill Cornett reminded Council they would be getting updated budget sheets. Look at the top left hand corner of pages for the time stamp if anyone has questions if it is the newest information.

Sales Tax – The fire department would like to start setting aside money for a fire truck. It was 10 years for the last financing. Joy Thompson asked if the City needs to purchase a fire truck right now or set aside money for a future down payment. Fire Chief Tommy George recommended setting money aside for the future purchase of a fire truck. Don Dillman asked if the age of the trucks would affect the City's ISO rating. No, the ISO rating depends on water pressure and how much water can be provided.

Parks – The revenues for Parks concession are higher than the current year. Cornett thought Parks were going to raise concessions and other fees. Vernon Townsend asked why the pool closed 2 weeks earlier than usual. The pool closed at the same time as recent years.

NID – City Administrator Jill Cornett would like Council to approve the transfer of money prior to the end of the budget year so the NID fund does not end the year with a negative balance. She would like Council to later consider paying off the NID debt early. John Parker motioned to transfer \$6,000 from the General Fund to NID Fund. Vernon Townsend seconded. Motion carried.

Water – The Cash Carryover line item will be a lot larger in the final budget because it will include the totals for the monies restricted for debt and reserves as part of the total. Council discussed the debt and restricted funds. Vernon Townsend wanted to make sure the City addresses closing the old water plant.

Wastewater – The Wastewater Plant had some major expenses of items to be replaced. Some items they had hoped to just repair will need to be replaced.

Cemetery – Mayor Ingersoll described his idea of setting up an endowment fund for the Cemetery and setting aside an amount for each lot sold such as \$100 for perpetual maintenance. Some of the Chester Baum trust money could be used. Joy Thompson wanted to review the price of the lots. The question arose how many lots had been sold since the Council approved the rate increase. Cremations are becoming more prevalent. Vernon Townsend suggested setting aside a section of the cemetery to spread cremations. Cornett was not sure if municipal cemeteries can do that. John Parker questioned if there was anyway the City can allow payment plans, where the total cost of the lot did not have to be paid at one time. There is a lot of advertising for other places that allow payment plans. Joy Thompson reported that on Memorial Day in St. Joseph cemeteries sold lots cheaper if they were purchased on that day. Could Savannah do that? She also suggested talking to the local funeral homes for feedback and ideas.

Golf Course – Golf Course Manager Mark Christopher described the major expenses as chemicals and irrigation. The Pro Shop is not looking at raising costs on concessions. The Golf Committee was looking at raising costs on other things. Vernon Townsend asked about renovating the back room and using it more. The Course does use it for smaller outings and plans to replace the carpet and put in new tile. Vernon Townsend thought it seemed like the chairs are up on the tables and the room not in use when he has visited. The room is cleaned up after events. It is used more on the weekends.

Clasbey Center – Building Inspector Gene Grossman had cautioned that here may be more repairs on the air conditioning units in the Clasbey Center. Cornett asked about the Clasbey roof. Mayor Ingersoll agreed that a lot of places with that type of roof had problems after this summer's extreme heat. The City probably needs to have the Clasbey Center roof inspected.

Chester Baum Trust Park Fund – The money from the Chester Baum Trust for the Parks was put into the old Messick Fund that was not being used.

Personnel – City Administrator Jill Cornett is working on an additional personnel spreadsheet for the final budget. She wants to address compensation for part time personnel after the passage of the budget. John Parker asked if her pay was included in the total with the 5% raise since she was under contract unlike the rest of the employees. Cornett responded that a raise for her could

be taken out of the budget and postponed to another time. Vernon Townsend felt that when talk was about pay raises for employees, hers should not be in the same document because it was conflict of interest.

Final Budget – Don Dillman motioned to proceed with an ordinance for the final draft of the budget for Tuesday, September 4th's meeting. Vernon Townsend would like to have more than 24 hours to review the budget. Mayor Ingersoll asked for clarification: would it be for one reading or two readings on Tuesday. It will be for two readings. John Parker seconded. Motion carried on 4 yes votes. Cornett read off the ordinances for Tuesday's meeting. One will need to be added to amend the Football Booster's lease of the Clasbey Center. They were provided a rate for the smaller room and realized they needed the larger room. Their rate has been raised to \$50 a rental. City Administrator Jill Cornett will prepare the ordinance to amend the rental agreement.

Adjournment

No further business to discuss. Meeting adjourned at 11:28 a.m. on a motion by John Parker and seconded by Joy Thompson. Motion carried on 4 yes votes.

Dave Ingersoll, Mayor

ATTEST: _____
Beth Kar, City Clerk