

BOARD OF CITY COMMISSIONERS
SPECIAL CALLED WORK SESSION – ROOM 100
MAY 14, 2014

PRESENT Mayor Dorothy Hubbard
Mayor Pro Tem Jon Howard
City Commissioner: Bobby Coleman, BJ Fletcher, Bob Langstaff, Jr.,
and Tommie Postell
City Manager: JL Taylor
City Attorney: CN Davis

Mayor Hubbard called the meeting to order at 9:02 a.m.

BUDGET DISCUSSION

Mr. Taylor stated that this budget is unlike any other that has been presented. He recognized the Finance Department's hard work and contributions and thanked them for their efforts in putting the budget together for presentation. He noted the differences in this budget (the corporate) budget includes the City's government budget and the utilities budget, which will not be discussed today; however, it will be brought back to the Commission to review to be included and incorporated into the City's budget. The government (City) budget will be presented in two parts 1) general and special fund budget and 2) enterprise fund budget (he explained the differences, especially as it relates to specialized accounting procedures of each account). He stated that the intent is to integrate most of the revenue generating, self-sustained enterprise fund into a utility organization. He explained how the new budget will show the impact of cost-sharing in relation to depreciation to indirect funds as well as showing a fully-burdened structure, which will show costs allocated/associated with organizations, which will reveal that the enterprise organizations may or may not be self-sustained. He added that for those that are not self-sustaining, decisions will have to be made to support them from the general fund or other action must be taken. He mentioned the challenges that were not anticipated as it relates to rising costs, in which the 2013 budget was balanced with a transfer of funds from the sanitary sewer fund, which avoided a millage rate increase. He mentioned an increase in revenue of approximately \$2.5 million/annually because of the addition of four traffic cameras on police vehicles using tag readers. Using a power point presentation (copy on file), he discussed [slide 2] the budget process timeline; anticipated issues and challenges for the 2015 budget [slide 4] (no transfer from sewer fund, funding all positions except 13 in APD; MEAG transfer expected to be less; little growth in taxes and adjustments to HB 489); unanticipated challenges [slide 5] continued funding of retirees Medicare supplement, failure to redistribute LOST, full integration of WG&L, continued rising healthcare cost; Five Year Plan Update [slide 6] as it relates to the continued development and growth of the city, including becoming more operational cost conscience, organize/develop policies and operational revenue generation; revenue expansion [slides 7-10] hotel/motel tax increase, review of OTC, Alcohol License review, excise tax on rental motor vehicles and HB 489 review with audit of OTC report and transit rate structure still under review. Sale of surplus properties, with the first round having three of the four properties offered being sold; wrecker service dispatch fee; false alarm fee; review of Planning

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Department's service fee; funeral escort fee still under review. LOST distribution is currently off the table and growing the tax digest is being reviewed. He commented on reducing operating costs as it pertains to an organizational structure and operational integration, which may include personnel reductions through attrition, early retirement and forced reductions where necessary. Policy changes include the sign ordinance, special events ordinance and HR policy manual, which have been reviewed. Vacant building ordinance, right-of-way maintenance ordinance and expanding dispatch services are still under review. He discussed the single governance/operational leadership, elimination of duplication in policies, developing policies and procedures that reduce risk through a corporate-wide safety program and improve operational efficiencies, reduce personnel structure where needed, improve fuel consumption efficiencies, review vehicle take-home program, look into using natural gas for vehicles, reduce recreational program service cost and evaluate outsourcing. He discussed the balanced general fund budget of \$82,607,650 [slide 11] and showed a pie chart of the breakdown [slide 12] of what is included in the general/special funds. He discussed the largest cost contributors to the general/special funds [slide 13], which includes fully funding Worker's Comp, insurance match, retiree insurance, salary adjustment (to include a 2% COLA) and transfer from hotel/motel.

Commissioner Postell asked if the 2% COLA includes City/WG&L. Mr. Taylor advised that it is inclusive, but the utility's budget will be brought back for review.

Regarding the enterprise funds [slide 14] he advised that the budget is \$45,522,493, but does not include transfers from WG&L and Telecom division; he reviewed a pie chart [slide 15], which breakout enterprise funds and stated that it includes the Airport, which the City subsidizes and explained that even though it does not make enough money, it has an economic impact for this community. Referring to the Civic Center, he stated that he will propose a consideration of outsourcing it and added that storm water utility and solid waste were added, as noted. Regarding enterprise funds increase in budget [slide 16] he discussed some of the largest contributors – depreciation, worker comp, insurance match, storm water fee, indirect cost, salary adjustment, storm water fund, transit grant funded capital, adding that cut backs were made in other areas to mitigate the effect of these increases.

Mayor Hubbard asked the transit grant match. David Hamilton, Transit Director, stated that it is 10%. Discussion followed on purchase of transit vehicles (CNG conversion fueling) with Commissioner Langstaff questioning the type of vehicles and whether or not buses have been ordered; working on CNG vehicles, fueling station, etc. Commissioner Langstaff commented on the benefits outweighing the cons of purchase, adding that it makes sense to look at this; Dallas has already converted and Miami is about to convert.

Continuing with the presentation, Mr. Taylor discussed the three largest general fund revenue sources [slide 17], which are property tax (26%), sales tax (15%), and the WG&L transfer (16%) as noted. He stated that the next slide [18] charts the revenue sources percentages of the general

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fund trend with the next three slides [19-21] showing property tax revenue, WG&L transfer trend and sales tax revenue trend. He stated that the general fund/special funds is a balanced budget [slide 22], and does not require additional transfers from the fund balance, etc.; however, the general fund will need to transfer \$1.9 million from the fund balance to subsidize enterprise funds that do not recover their costs. He noted what the total budget includes [slide 23] – 2% cost of living increase, fully funding workers comp, recognition and funding of depreciation in appropriate funds, charges received from storm water utility, adjusting the distribution of indirect cost and the increased match of group insurance. He advised that slide 24 is a pie chart of the total system budget of \$128,130,143, which also includes SPLOST.

Commissioner Langstaff questioned the depreciation of 6% with Mr. Taylor advising that it was zero last year. Discussion followed on funding of positions and being prepared to hire if necessary which is why it is inclusive in the proposed budget, etc. Commissioner Langstaff commented on depreciation and budgeting for it, but not spending it. Mr. Taylor explained that it is shown as an expense, but rates are not changed – it is shown as a business expense. In reply to Commissioner Langstaff, Mr. Taylor gave a detailed explanation of the process of depreciation. Jo Brophy, CFO, explained that the City has always had book depreciation, in which it was reconciled at the end of the year, but it has never been budgeted and compared to total expenditures. Referring to the budget, she said it appears that the City is going from \$-0- to \$7.+ million, but on the actual books the number is very similar to prior years; it changes depending on the number of additions/deletions throughout the year. She briefly explained that a business running at a net profit (recovering 100%) earns enough revenue to cover appreciation expense. Currently, a majority of the City's enterprise funds are not generating enough revenue to cover depreciation; therefore, the effect of depreciation has been backed-out regarding how much the City needs to supplement them; only those with a true cash leak at this point will be supplemented. She added that the intent is to grow enterprise funds enough to become self-sustained so that their revenue can fund their depreciation; until then the fund balance will be grown for the enterprise funds until they need to spend it down and replace capital.

Continuing with the presentation, Mr. Taylor discussed what is included in the budget [slide 25] and briefly discussed CAD 911, adding that offering this service regionally needs to be considered. Regarding the summary of full time positions [slide 26], he advised that there was growth, but there has been adjustments as well, as noted. He mentioned what the budget does not include [slide 27], adding that it does not include funding for the RiverQuarium and Civil Rights Institute. Challenges [slide 28] includes staff levels, resource duplications/efficiencies/economies of scale, with the integration including HR (completed), Finance, IT, Fleet Management, inventory management/control (completed) and contract services organizations. He added that he is looking for a way to ensure fair treatment for city/county residents related to service delivery of recreation and mentioned accumulated sick/vacation leave of approximately \$4. 4 million being a challenge that will come due one day. In reply to Mayor Hubbard, Mr. Taylor stated that sick/vacation leave is paid to employees when

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they retire, but the policy was amended to not add to the current total. Additionally, the city's aging sanitary/sewer system, along with its 560 miles of streets and alleys are expensive to maintain.

Continuing with the presentation, he noted other challenges [slide 29]; particularly the impact of HB 60, adding that research continues to ascertain what can/cannot be done. Regarding the future [slides 30-31] he discussed the option of a fire fee, adding that this will be brought back for future discussion along with other items that are listed. In conclusion, he asked that Commissioners call/email him to discuss questions/concerns.

Mayor Hubbard questioned slide 17, with Mr. Taylor stating that the percentages were rounded up. After review, he stated that it is an error, the percentage is 57%.

Mayor Pro Tem Howard asked WG&L's budget last year; Mr. Taylor replied that it was \$124.0 million, but he will verify this. Mayor Pro Tem Howard referred to page 28 regarding service delivery/recreational items and asked the number of parks and their upkeep. Mr. Taylor discussed the number of parks (well over 100), along with their upkeep, adding that many become holding ponds when it rains. Mayor Pro Tem Howard commented on page 29 pertaining to the miles of roads, streets and alleys, specifically the condition of the median on E. Oglethorpe, road conditions in the area, etc., upkeep (trash/grass). He mentioned a new citizen to Albany who questions his decision to retire here and complained about the upkeep of roads and gateways. Mr. Taylor agreed, adding that more citizen involvement is needed. Regarding the gateways, he stated that three are on state-owned property and some of the backdrop belongs to the State, areas become holding ponds when it rains, become inaccessible thus creating additional challenges. He suggested developing policies to put resources in the right places. Mayor Hubbard agreed that we have to think outside of the box and develop solutions. Commissioner Fletcher suggested taking photos; Mr. Taylor agreed that reporting information to APD will assist in catching those who litter. Mayor Hubbard added that involving the community is important. Mayor Pro Tem Howard stated that he is concerned about the future - more so now than previously – after visiting all six wards. He mentioned that the turnout for the recent Gang Task Force Summit was terribly low. Mayor Hubbard interjected that valuable information was presented with APD doing an excellent job in putting on the summit. Mayor Pro Tem Howard suggested that we are spinning our wheels; there is a need to raise the public's pride in our community and to get them involved. Mr. Taylor stated that he has asked other municipalities how they get citizens involved – they all agreed that it is challenging.

Commissioner Fletcher commented on the cultural change that was discussed at the retreat, adding that this has to be made. She mentioned that with Albany being an entitlement city, there needs to be ways to ensure that everyone gives back. She stated that the city has 65% renters and asked to see a fair tax that prevents people from beating the system; find ways to make them pay their fair share or become so uncomfortable that they leave the community. She said she would

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like to see new people here who are willing to pay their share. Regarding page 28 and the \$4.4 million for sick/vacation leave she asked if money is put up to cover this; Mr. Taylor replied in the negative, adding that it is not budgeted and explained how it is currently being handled. He said his intent was to make the Commission aware so that when it comes about, they cannot claim they never heard about it. He commented that by growing the corporation and realizing efficiencies, we will be able to add to the fund balance, but not spend it, as well as focusing the next SPLOST on infrastructure.

In reply to Mayor Hubbard, Mr. Taylor discussed trees with large root intrusion and its effect on sanitary sewer, sidewalks, etc. Mayor Hubbard asked about accumulated sick leave and if notices are given as discussed some years ago. Mr. Taylor stated that this is rarely done, if at all, due to how people plan their retirements; there is charge for the payout of annual leave, but sick leave can legally be held until the next fiscal year. Mayor Hubbard stated that future notification is essential. Mr. Taylor stated that retirees will continue to draw their pensions, but may have to wait longer for benefits to begin, adding that so far there has not been a demand that outstrips resources.

Commissioner Postell asked if the auditors completed the audit; Mr. Taylor replied that the audit is complete. Ms. Brophy said info was sent to the state on December 30th and after the auditors presented, the books were given out. Mr. Taylor stated that he will provide another copy.

Mayor Hubbard stated that Mr. Taylor requested emails be sent regarding questions/concerns and that discussion will be included on having certain departments to present to the Commission. Mr. Taylor added that the utility budget will be forthcoming. He asked to be informed if there are departments that the Commission wants to review.

Mayor Pro Tem Howard asked if Department Heads can come on May 20th. Discussion followed with Mayor Pro Tem Howard asking to have APD, Code, and Recreation present on May 20th.

OTHER BUSINESS

Mayor Hubbard stated that a copy of the resignation letter from Rashad Flournoy, WG&L Commissioner, will be placed in all boxes; she asked if we will consider those who previously requested to be considered or to advertise.

Commissioner Postell stated that his recommendation is to advertise again.

Commissioner Fletcher asked if applicants can be brought to the Commission so that they will know requirements in order to help them make decisions. The Clerk discussed the process, in which contact information is included for meeting times/dates/location when appointment letters are mailed. She stated that information on all boards including departmental contact numbers are

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also posted on the City's website. The consensus was to start advertising immediately.

Mayor Hubbard mentioned GMA's program for 6th Graders: If I Were Mayor....Essay, with Robert Cross and Merry Acres participating. She stated that she will be visiting each school today and tomorrow to thank the students for their participation.

There being no other business, the meeting adjourned at 10:51 am.

SONJA TOLBERT
CITY CLERK