

SPECIAL FINANCE COMMITTEE MEETING MINUTES

November 9, 2009

Members of Finance Committee present: Ron Stake, Mel Clemens, Fred Deskins, Jr., Leslie Kelly.

Other members of Council present: Doug Joseph, Barth R. Cotner, Council President William L. Hills. Councilwoman Donna Shirey was absent.

Mr. Stake: I'll call to order the Special Finance Committee Meeting at 6:33 p.m. Item 2 is approval of the agenda. Are there any changes to the agenda by members of the Finance Committee? Then we'll move on to Item No. 3.

Item 3 - 2010 Appropriation- -on 10-19-09 item held two weeks; *on November 2, 2009 item held until Special Finance Committee meeting on 11-9-09.* I thought we'd try and schedule some before Council, Special Finance Committee Meetings to be able to get going on the budget. I know that there was some comments from Council members last year, they'd like to be more involved in the budget process, so here we are and please get involved. The a, we do have very limited information so far this year. I think we have City Council, I know that I received a copy of the City Council Budget, the Mayor's Budget. I did pick up a copy of the Police Department Budget but other than that I haven't seen anything else. So we will move on at this time to the City Council Budget and members this weekend saw some changes in the Council Budget proposal for this year which I think are some changes in the right direction. One change at least in the right direction, reducing one of the full time positions to a part time position thus saving about \$36,000 in the City Council appropriation. Did everybody receive that over the weekend? Are there any questions or comments in regards to that? I know that Mrs. Frazier worked on this and appreciate her input. Last year's budget proposal was \$349,037, this year it will be \$313,517 and with the change from a full time position to a part time position, there are some changes in wages, PERS contributions, group insurance and Medicare. Anybody have anything to add on the City Council portion of the 2010 appropriations?

Mr. Deskins: I have a.....

Mr. Stake: Councilman Deskins.

Mr. Deskins: Councilman Stake thank you. I have a couple questions. I'd like basically this information purposes for myself. I'd like to know from the Auditor if he's got a projection, expected revenue for 2010. I'd like to see the expected revenue that was issued for 2009 and then also see how it came in, if that's possible and also this 2010 expected revenue, how was it arrived? I mean we're looking at a \$700,000 deficit based on what we need. Is there some big things that we don't see there that you could clear up for us?

Mr. Harris: The major one, as far as the revenue this year is two things. No. 1, we had an unexpected

\$325,000 estate tax last year that, unless the same gentlemen's going to die again, we probably won't get this year. The second one is, you've been getting quarterly, the statements from the Tax Administrator on the Income Tax and if you'll look in the Income Tax, you'll see that the net profit portion of that is down about \$400,000 to \$500,000 from last year. We certainly, from looking at the third major component in that is the interest income and interest rates continue to stay very, very small. The Federal Open Markets Committee really has no intentions at least until this time next year of moving interest rates upward. That is now about the third largest income producer that we have so when you take that which used to be three years ago it was \$1,000,000 and now is down to \$300,000 to \$400,000, that's \$600,000 drop because of the interest rate decline. The second one is the \$300,000 some from the Estate Tax last year and then the \$400,000 to \$500,000 we're down in the Net Profit Tax and that's where you see the drop in the expected revenue is basically in those three lines.

Mr. Deskins: Thank you very much.

Mr. Harris: Also, Mr. Stake, you had mentioned about the budgets. Mine, and when it was turned in and was in with the other budgets with your packets so mine is also done.

Mr. Stake: Yours was in our packets?

Mr. Harris: Yes with the packets. With the packet you got initially, as mine is in it.

Mr. Stake: Oh, okay.

Mr. Hills: Mr. Stake, if I could ask, because that's where I get, we're going to see so many different things of the same thing. In the October 15th request, the Mayor said to Council, I do not have revenue projections, but here's the working budget for 2010. Your numbers in here for Auditor are not 2009 carry forwards. They are new numbers, is that correct?

Mr. Harris: That is correct.

Mr. Hills: Okay, that helps. I don't think that was noted anywhere, but maybe we're supposed to know it. So these are new 2010 numbers.

Mr. Harris: Yes, sir. That's correct. Now if you want me to do another one and pass it out and mark it separately, I'd be glad to do so.

Mr. Hills: I'm just looking at I mean, your 2010 numbers appear to be about \$10,000 less than.....

Mr. Harris: Yeah, it's about \$7,500 less than last year.

Mr. Hills: Less than last year?

Mr. Harris: Um-hum.

Mr. Hills: And the Council budget's approximately a 10% reduction.

Mr. Stake: Okay, any other.....

Mr. Deskins: I wonder, where are we now, we're at \$700,000.

Mr. Stake: We're not a lot closer, we're not that much closer.

Mr. Hills: I guess if you would look at it, \$700,000 plus.....you take 36.....

Mr. Stake: You take 36 and there's no way, I don't have in front of me right now.....

Mr. Hills: Expenses are \$40,000 down so.....

Mr. Harris: One other thing on the revenue after looking, the Mayor and I went over some things last Friday. It looks like a few things, like the Clerk of Courts is going to be up a little but so you'll be getting some revised numbers on those with your packet this week and they'll be going up \$40,000 or \$50,000 from the Building Department and the Clerk of Courts so that will be also helping some. Also, we had talked privately before with several Council people concerning the money going into the City's Contingency Reserve also known as the Rainy Day Fund. The State Auditor and I have been going around about that but we can actually take the \$50,000 that's going in there from the Income Tax and move it to the General Fund. That would take care of part of that problem as well and of course we talked last week as well about taking the Bed Tax from 4% to 6%. That would another \$50,000 even after the \$25,000 goes to REDI that would help alleviate that problem as well so there are a couple of things on the revenue side that can be done in order to create some additional revenue in there.

Mr. Stake: Okay, any other questions, comments from Finance Committee, members of Council? The next I guess, we can go over the Mayor's Budget. I noticed that hasn't changed much from last year. I think last year's was \$207,657, this year's request is \$206,462. Mayor, do you have anything you want to add on to that?

Mayor McCloud: Not on this, Mr. Stake. It kind of speaks for itself.

Mr. Stake: Okay. Next would be the Clerk of Courts Budget. Mayor, have you received anything from the Clerk of Courts in regards to the Appropriation Request coming to Council?

Mayor McCloud: No, it'll be, I'll have that this week, but no I haven't.

Mr. Stake: Have you received any other departmental budget appropriation request?

Mayor McCloud: Yeah, I have Mr. Stake. I'll have these down probably tomorrow, Development, HR and Engineering.

Mr. Stake: That's what you've received so far? Okay. I think it's important we get moving on these things. Do you think you can have the rest of those down to us fairly soon?

Mayor McCloud: Yes.

Mr. Stake: When would that be?

Mayor McCloud: I'll try to do it, I'll have these three down tomorrow, I'll try to have the Police Budget down by the end of the week. That's what I'm safely comfortable committing to. In the _____ going through this, identified \$100,000 in Clerk of Court money on the revenue side that hadn't been accounted for. So I'll send it down, Mr. Stake, it's, until we know how much we have to, how much we don't have to spend, I'm not sure how meaningful it's going to be, but I will get them all down post-haste.

Mr. Stake: Well, I think in a memo, the Auditor gave us back on October 23rd, he says that our estimated revenue is \$12,578,952 so we do know what the expected revenue is and I think this would be the number. Mr. Harris, are you comfortable with this number?

Mr. Harris: Like I said, the Clerk of Courts and the Building Department are going to come in a little bit higher than but I think you're going to be probably \$50,00 - \$60,000 higher than that so you're still going to be considerably over as the budget stands today.

Mr. Stake: I'm sorry Mr. Harris. How much more are you estimating might be added to that?

Mr. Harris: I think the numbers were around \$50,000 to \$75,000.

Mr. Stake: Okay, so it'd still be okay. About \$12,625,000 or so? So Mayor, there's your number I guess. City Attorney, have you passed in your budget request to the Mayor?

Mr. Hood: I have not. Like Mr. Harris, my department's budget was included in the Mayor's initial draft to City Council. The Mayor was kind enough to forward a sheet to my office last week, but there were some things on the agenda that I couldn't move around. So I took a look at it this morning. There's going to be very minor adjustments if anything so the numbers you have in front of you are pretty firm. As you know Chairman Stake, my department is a very small department in

the city so I can't see any significant increases and I'll try my best to decrease once again this year.

Mr. Stake: Appreciate that Mr. Hood. Okay, I don't think Council members have any other information other than what we've received in the initial packet which I guess a lot of it was 2009 budget information with the exception of the Auditor and maybe a little bit of exception with the City Attorney. So I guess, at this time, I mean.....

Mrs. Kelly: I have a question.

Mr. Stake: Yeah. Councilwoman Kelly go ahead.

Mrs. Kelly: On, in the Mayor's budget, there's \$32,000 for Special Counsel, I just have a question on what's the difference between Special Counsel and the Mayor's Budget and then is there Special Counsel in the City Attorney's Budget? What's the difference between the two?

Mr. Stake: Mayor, do you want to answer that?

Mayor McCloud: Yes, thank you. The Special Counsel for Labor Negotiations, Marc Fishel, comes out of the Mayor's budget, City Attorney had different Special Counsel needs so different Special Counsel.

Mr. Stake: And from time to time, Council may have Special Counsel needs but there's nothing in the budget this year but that brings up, I'm glad Councilman Kelly you brought that up because I do know that we, what we had appropriated for Special Counsel in the Mayor's Budget this year was not enough and we did have to make an additional appropriation. Mayor, are you comfortable with the figure you've given us so far for the next year?

Mayor McCloud: I am monitoring that. At this time, I am, and hopefully we've got the one labor union issue behind us which took a lot of time so I'm comfortable with that.

Mr. Stake: Okay, President Hills.

Mr. Hills: If I could just ask because I know we did appropriate some additional money didn't we above that \$32,000, \$8,000 or \$12,000 or something.....

Mayor McCloud: Something like that I believe.

Mr. Hills: I noticed your expenses are only through 6/30. I don't know, are they, they're available through what, '08, '09.....

Mr. Harris: We'll have October done probably this week so we would have October, through the end

of October numbers available at the end of this week.

Mr. Hills: Okay, so we'll have, some of these will be updated more because I gather this one came, the Mayor's came down with the 2009. I don't know what it was in the other one as of June. I think what we're getting at, somebody correct me if I'm wrong, Mayor you say you have received Development, HR and Engineering. Now are those '10 requests exceeding the request of 2009?

Mayor McCloud: They are different. I'm not sure they all exceed but they are all slightly different. Not a lot, but they will be different in some areas Mr. Hills.

Mr. Hills: Okay, now you think most of them are going to be that way because we've got some, we got some adjustments, you bring up a good point. If in the Auditor's numbers, there's some demonstrations of some additional dollars coming in, if all of us are looking at June, 2006 as actual, there may be some more stuff out there to see but I have not seen the Police budget but I've probably got \$10 I'd bet you on any given day that the 2010 budget would be a greater request than the 2009 received budget. And I would think that probably some of the other departments are also going to be that same way. So, I think, as the Chairman said, we're in sort of a balancing type thing but we are looking at it the way we need to look at it. If revenues can be, if we can show where revenues projected for 2010 based on actuals in '09 that looks like it can go up, that makes our revenue picture better. However, when we're looking at budgets that are going to go up to the request in 2010 above what it was for 2009, that takes whatever those revenues are and moves them out of the way. So, you think everything will be available within two weeks or?

Mayor McCloud: Oh yeah and less than that.

Mr. Hills: Leslie, you say you've seen the Police Budget. Is it up over?

Mrs. Kelly: It's up over \$7,000,000.

Mr. Hills: It's up over what?

Mrs. Kelly: It was, it says it's up over \$7,000,000.

Mr. Deskins: Here it says it's up over \$7,400,000.

Mr. Hills: But that's in the numbers in the packet, right?

Mrs. Kelly: Right.

Mr. Hills: But now the numbers in the packet on Police Budget.....

Mrs. Kelly: It looks like \$7,000,000.

Mr. Hills: But wasn't it based on the 2000 and , the working budget for 2010. Wasn't it based on same number for 2009?

Mr. Stake: I think that's what the memo said. It was based on the appropriation request for 2009.

Mr. Hills: What's this one attached to? That

Mrs. Kelly: Yeah, that's the 2010 budget request.

Mr. Stake: The Police budget for 2009 was \$7,256,996.

Mrs. Kelly: This one's \$7,401,000.

Mr. Deskins: You're looking at 2009.

Mr. Stake: Right.

Mr. Deskins: The numbers for 2010 are \$7,430,463.

Mrs. Kelly: Oh, I've got a different one.

Mr. Stake: The one I have for 2010, and there's so many things flying around but the one I have for 2010 is \$7,607,788.

Mr. Hills: What you have is a, and I'm going to try to, I think, what we have is a memo from Harris to the Mayor and Council members, then an updated revenue production and an updated cover sheet for the 2010 budget so there has been that submitted and that's a three page document on October 23rd but on October 15th, there is the memo that came to Council, copied Harris and Hood from the Mayor and that number, spreadsheet you're looking at I think is different than the.....

Mrs. Kelly: That one has the Police budget at \$7,401,253. The recent one from Mr. Harris has it as \$7,430, 753.

Mr. Hills: Yeah, but see, I guess there is difference.

Mrs. Kelly: There is a \$30,000 difference.

Mr. Hills: Yeah, so we're looking at two different, we're not comparing apples and apples yet, we're not there. We're.....which I'm not sure that.....

Mrs. Kelly: It says 2010 Budget Request - \$7,430,000 then this says.....

Mr. Hills: I know what it says on the form.

Mrs. Kelly: This one says 2010 budget request too.

Mr. Hills: I don't think those were generated, obviously they're not generated with the same amounts, obviously they're not from the same forms, are they?

Mr. Deskins: October 15.....(inaudible).

Mr. Hills: And one's October 23rd. I don't know what the right numbers are.

Mr. Stake: Mr. Harris, wasn't the 2009 Budget Request for the Police Department \$7,256,996?

Mr. Harris: The only one that I'm aware of, now unless they've given Joni something to put on the system.

Mr. Stake: I'm talking about this year's 2009.

Mr. Harris: Okay, 2009 is for the Police Department is.....

Mr. Stake: The last memo you put out that's what it says the 2009 Budget request was.

Mr. Hills: And that matches the one we have from the Mayor too, so.

Mr. Stake: For 2009.

Mr. Harris: I got the last one, I've got \$7,215,368 was the original budget for 2009, \$7,215,368.

Mr. Stake: Okay, well, the memo you put out October 23rd has the 2009 Police Budget Request as \$7,256,996.

Mr. Harris: That was the original one. There was additional appropriations of 40 some thousand dollars so that's where that came in.

Mr. Stake: Oh okay.

Mr. Harris: But the original budget that was passed was \$7,215,368 but then there was additional appropriations of.....

Mr. Deskins: Of \$47,000 more on top of that.

Mr. Harris: Yep.

Mrs. Kelly: So, for the 2010, which one's the right number? Mr. Harris, for 2010, which is for the Police Department, but.....

Mr. Harris: You'll have to ask the Mayor. He's the one that has the numbers, I don't have. Whatever number he's talked to, I don't know. I don't do their budget. You've got the Service Director. She might be able to answer.

Mrs. Kelly: Well this is, I'm talking based on the memo that you put out. This is the one on the 23rd that has the 2010 Budget Request.

Mr. Harris: As of the 23rd, that's the budget request number I had from the Police Department that was on the.....

Mrs. Kelly: That one's up to date versus the one on the 15th.

Mr. Harris: Yes.

Mrs. Kelly: Okay, thank you.

Mr. Harris: Pam's probably got the new one if you want it.

Mr. Stake: Mrs. Boratyn, do you want to add something, go ahead.

Mrs. Boratyn: I think Councilwoman Kelly has the right number, \$7,430,753. That is the most up to date number.

Mr. Stake: From who?

Mrs. Boratyn: From the Police Department.

Mr. Stake: It is?

Mrs. Boratyn: Yes.

Mr. Stake: Okay.

Mrs. Kelly: Okay.

Mr. Hills: And that's on the form that's attached to Auditor Harris' memo.

Mr. Stake: Yeah, where is that memo?

Mrs. Boratyn: I don't have his memo, I just have information that was provided from.....

Mr. Stake: When did he just give us that, what's the date of that memo?

Mr. Hills: The memo was dated October 23rd. I don't know what the date of this form is.

Mr. Stake: Oh, okay, the Budget Request, I got it.

(Many people talking at the same time)

Mr. Stake: Mr. Harris, when you did that, did you just add in increases in personnel expenses?

Mr. Harris: Yeah, there was also one that came over from the Chief for \$12,500 for their copier leases that was not put in that number that we added that back in because that's something we're contractually committed to pay.

Mr. Hills: Is that under the capital purchases because there is a \$12,500 that shows up on the one sheet that doesn't show up on the other.

Mr. Harris: Yep, that's what it is. That's the lease payments for the, and they added \$17,000 for the finger print machine that they're going to start, they have to electronically capture finger prints now for people. Boy, I thought they were going to buy that out of there.

Mr. Stake: Mr. Harris, Mrs. Boratyn, anything else you want to add.

Mrs. Boratyn: The fingerprint machine will be purchased from their Grant Funds that they have. The money, this money is to pay costs for the BCI, FBI for when they, it's a , when they do the prints, people will pay it. We will collect the money from whoever comes in to get fingerprinted. It will come in and go into a revenue account but the Police Department put money in here so they could pay those bills starting with the first of the year. They have to go ahead and pay the bill to BCI and FBI but they'll be collecting the money from whoever gets, well the city will get the money from whoever gets fingerprinted and it will go into a revenue account that's in the budget for fingerprinting which right now, has \$11,000 in it from the current way in which people get fingerprinted and they pay the city. It goes into that account.

Mr. Stake: Okay and that's fine. Any other questions or comments from Finance Committee, members of Council? I mean, we seem like we're all fumbling around up here. We kind of are because this is very disorganized. The way that we, since I've been on Council, the way that we've

received the budget proposal has been from the Mayor with every Department and every other, the Auditor's Office, City Council, City Attorney's Office turning in their numbers to the Mayor along with work sheets to back up their budget requests and the Mayor would turn that into us and it'd be all under one document and as we go through it, we can make changes to that document but right now I have six, seven different pieces of paper hanging around up here and it does make it very difficult so I would ask the Mayor if we could have for the next Finance Committee Meeting the budget 2010 appropriation request from all departments in the city with the backup sheets and the way you've listed it out Mayor, every other department should be listed that way and I think it would make it easier for us to do what we need to do. Councilman Clemens did you have something.....

Mr. Clemens: And it's true. That's the way we always did it. This having different figures on different dates and talking about doesn't work out. It's supposed to be turned in by the Mayor and I know that Brad will do it the correct way that we've always did it so we have them all at once and we go over them and have a copy sheet with them that tells them what they're for and that's the only way you're ever going to straighten it out.

Mr. Stake: And that way, we don't have to have people stand up and make comments and all these things. There are usually enough information on these worksheets under the comment section to figure it out and if we do have questions, at least the way I've been doing it, if I did have questions in regards to the worksheets, I've gone to the that individual and asked those questions. So, if we can get it that way I think we can make this process run a lot smoother and a lot quicker. Councilman Clemens.

Mr. Clemens: The only way we can balance is, like we always have. If you have the Comment Sheets there and we're over and we have to balance, we have to look and see what we want and what we can reduce or what we can add and what we can keep. If we don't have those, we can't do it. Just look at figures and how much it is, doesn't get it.

Mr. Stake: That's correct. I mean it's obvious we're going to have to prioritize this year, I think fairly drastically and Council people are the ones who make the final decision on what gets appropriated so I think you should have all the information so that you can do that. Okay, are there any other questions or comments? I don't think we can go any further tonight unless anybody else has anything they want to add. If there is nothing else, then I'll adjourn the Special Finance Committee Meeting at 7:00 p.m.

Special Finance Committee

---Nancy C. Frazier, Clerk of Council

November 9, 2009

(Transcribed/S. Cochran, Ass't. Clerk of Council)