



AGENDA
FINANCE COMMITTEE
May 01, 2019 at 4:00 PM

Call to Order

Approval of Minutes

Old Business

1. Notes, Finance Committee, March 6, 2019

New Business

2. Salary Scale/Steps
3. Finance Director Discussion

City Manager Comments

Adjournment

Item Attachment Documents:

1. Notes, Finance Committee, March 6, 2019

Attendees: Jason Beulterman, John Branigin, Monty Parks, Shawn Gillen, Angela Hudson, Nalene Conway

Jason called the meeting to order.

New Business:

Jason Beulterman – Determine set amount or percentage of budget to maintain in fund balance

Jason asked Shawn and Angela for thoughts on this.

Shawn asked Angela what our annual general fund revenues are.

Angela replied that last year we took in \$11.3 million. She stated in doing the budget we are at \$7 million in terms of payroll and personnel. Payroll is at 65%

Shawn advised the committee that the number the study came up with was \$3.5 million needed to respond to a hurricane. He stated it is possible to get all or most of that back but it takes time. The question is what we need beyond that to have sufficient reserves for good bond readings or the ability to respond to another emergency within the same year. Shawn used \$9 million as an example. \$9 million is about 85% of revenues on an annual basis.

Jason asked Shawn if he was suggesting if we set \$9 million as the amount.

Angela suggested \$10 million and stated several debts that could occur if something happens to the island.

Monty stated that he thinks \$10 million is excessive. He stated that at some point we owe it to the tax payers to ease back a little. Monty stated we are adding parking spaces and increasing parking rates. He mentioned that hotel/motel only goes up as those rates increase.

Angela stated as of right now we are at \$9.5 in revenues. She stated our trend with the exception of last year (transferring \$800,000 in to the Campground fund to make it whole again) is we have traditionally been bringing in a lot more revenue of a million dollars or more.

Shawn stated we have to do some capital projects. He stated we can't just rely on SPLOST to do that, and we need to be in the position to use some general fund revenues (revenues over expenditures). Shawn asked Angela if we set it at \$10 million would we still have that flexibility to do the \$500k and \$1 million in capital projects of general fund.

Angela stated that people can also look at operating cost.

Monty asked if we could dedicate money to separate accounts/programs instead of only having a general fund reserve.

The committee discussed this as an option.

Shawn suggested instead of picking a flat number, determine a percentage.

John stated he thinks it is reasonable to set a floor as long as we can justify the amount based on potential issues. He stated he doesn't think we need to grow the fund balance anymore. John stated he would like to take the money that would have gone to grow the fund balance and put it towards capital.

Jason stated he agreed with setting a percentage that will be enabled to grow and dedicate everything above towards capital.

Monty stated the reason he suggested reserve accounts was because it makes it more transparent more than it sitting in general fund.

The committee discussed fund balance and designation according to GASB rules.

Shawn advised that enterprise funds are intended to be self-sufficient. He stated that utility is supposed to have a rate structure that should sustain it operationally and capital wise in to perpetuity. He stated if subsidizing with general fund dollars you are artificially lowering those rates.

Jason asked Shawn to work with his team to come up with a percentage and make a recommendation to City Council with the additional money being designated for capital.

He stated to Monty if council thinks what he is suggesting is this is the best way to move forward they can make that recommendation.

The committee discussed.

Monty made a motion that staff develop a reserve general fund amount based on percentage of annual income, revenue, or operating expense and present to council as being the reserve amount with the amount above to be dedicated toward capital means. John seconded. All were in favor.

John Branigan – Mobile 911 surcharges

John stated that according to the GMA update, the money from the 911 surcharges now goes from the telecoms to the Georgia Department of revenue rather than directly to the counties. He stated that he pulled his landline phone bill and at the very bottom under the 911 fees it states “based on our records your CUI number is GA0911, your regulatory address is Tybee Island”. He advised that we watch when we get our allotment from the Department of Revenue because a couple things could happen.

- They may be more accurate in figuring out how many registered phones there are on Tybee Island so our amount could go up.
- It could stay relatively the same in which case we are still getting underpaid.
- The worst case would be the Georgia Department of Revenue decides Tybee Island is in Chatham County, it all goes to Chatham County in which case we don’t get anything.

John stated that the best news out of this is now there is one entity that we have a better chance to try to get this cleared up so we are getting our equitable fair share of that 911 money.

Angela stated that we are getting some of the prepaid fees.

Jason stated we have been waiting for written confirmation that they won’t hit us up with a bill two years down the road.

The committee discussed there were a lot of kinks to be worked out.

John made a motion to have Angela keep an eye on our 911 reimbursements and see if she can draw any conclusion about whether we are still being underpaid. Monty seconded the motion. All were in favor.

John Branigan – Solid waste subsidy

John stated that he personally thinks it is wrong to be subsidizing what we charge for solid waste

Shawn stated it is his understanding there are two pieces that cause a general fund subsidy of solid waste fund.

- Steven's Day exemption
- The City is charged yard waste pick up. The charge is not extended to the customer.

John stated he does not believe this is very transparent.

Jason asked what it would cost each home to pay for yard waste.

Nalene replied that the city is paying \$4.64 per home, approximately 2,600 residents bringing the monthly total to \$12,041.

The committee discussed whether or not to continue subsidies and reviewed the current amounts being subsidized.

The committee discussed the purpose of the Steven's Day subsidy is to relieve the residents of rate increases.

The committee discussed the option of modifying or possibly terminating the contract with Atlantic Waste saving the citizens and the city (in subsidies) approximately \$240,000 per year.

John stated an option of not billing people directly period and just have the city pay for it as part of city services.

Jason stated he wanted to figure out a way to get the cost everyone pays for yard debris through subsidy and taxes down.

The committee discussed parameters for a proposal.

John stated that we have two separate issues.

- Not getting the service from Atlantic Waste on a city wide basis that we should be
- General fund subsidizing enterprise fund

Jason asked Shawn what the motion should be.

Shawn stated the motion should be to assess alternative means of yard waste collection that would lower the subsidization of yard waste collection in the solid waste fund.

John stated that he thinks we should table all of this and pay greater attention to the RFP that we put together and when we get the results of the RFP we ask the staff to come up with a rate structure that fully funds what the city has to pay.

The committee agreed to hold off.

John Branigin – Water/Sewer Rates

Jason asked if he could make a suggestion that we consider doing the same thing with the CPI to the rates that we do with all the impact fees for developers that would be in construction and any other impact fees where the money goes straight to water and sewer.

The committee discussed.

Monty made a motion to get a list of impact fees that would be affected by a CPI increase. John seconded. All were in favor.

John stated we need to act with some sense of urgency to figure out how we are going to get from here to there. There being ten years out when we start construction of the new sewer treatment facility. He stated he thinks it's up to the Infrastructure Committee to come up with a road map for how to get things done. He stated he thinks the Finance Committee needs to play a role in figuring out what the strategy is to making sure we can pay for it.

Monty suggested moving some money out of general fund and start the fund, put seed money in there now.

The committee discussed whether or not the percentage of the increase in demand based on R2 build out is minimal.

Shawn advised the committee;

- Use caution subsidizing utility fund with general fund dollars because over time that can cause neglect to the system.
- Courtney is giving a starting point and does assume full build out.
- If new SPLOST passes some of that can be used and is not general fund subsidy but instead using one time dollars for one time expenditure.
- There are two types of structures Courtney recommended.
- The 3,000 citizens of Tybee aren't the ones driving the water demand, so how do you push the cost to those driving the demand.
- Get a list of the highest users top to bottom, commercial and residential and then cross reference those addresses with our short term vacation rental database or homestead exemption data. Courtney's study only gave top ten.

The committee discussed if Infrastructure and Finance Meetings will give enough focus.

Monty stated he thinks it a good idea to have Planning Commission look at the R-2 definition.

Shawn stated the Master Plan Implementation Committee is in their charge, was to go through the caring capacity study and this is an outgrowth of the caring capacity study. He stated they are eager to help.

Jason stated we need to know how much money we actually need.

John made a motion to charge the Master Plan Implementation Committee with coming up with a list of assumptions either from Courtney's study or rethinking those that can become the input into the infrastructure analysis which can then drive the financial discussion. Monty seconded the motion.

Jason requested a motion to adjourn the meeting. Monty made the motion. John seconded. The meeting was adjourned.