

City of Tybee Island

Finance Committee

Final Minutes

March 6th, 2019

In attendance: Shawn Gillen, Monty Parks, John Branigin, Angela Hudson, Nalene Conway, Mayor Jason Buelterman.

Meeting called to order at 3:30 PM.

Mayor Buelterman – Discussion about set amount or percentage of budget to maintain in fund balance.

Gillen – We want cash available in case of 1. Hurricanes and then 2. Other emergencies. Committee came up with 3-3.5 million to respond to a hurricane (some or all would come back in time). Must have good bond ratings and extra for other emergencies. At 9 million we are at almost three times that amount.

Angela – likes 10 million to be safe.

Monty – thinks 10 is excessive. At some point we owe it to tax payers to ease back a little. We are adding parking spaces and increasing rates and hotel/motel goes up as they increase rates.

Gillen – typically capital budget is based on amount of fund balance you want to use. Fund balance should be used for capital expenditures, not ongoing expenses, if you use any of it.

Angela – right now we are at 9.5 million and we aren't at the end of the year yet. If we earn another million, we'll be at 10. The thing is the trend is generally that we bring in a lot more revenue.

SG – asked Angela if we set it at 10 would we still have the flexibility to do capital expenditures? If that is possible, then we could creep it up. Wants to maintain some flexibility for those expenditures.

Monty – inquired about other ways to set up buffer funds for something like the campground, for example, set aside for worst case scenarios.

SG – must find a balance because we will eventually pay the piper, if we put off something like building maintenance, for example.

John Branigin – we can set a floor, if we can justify why we set the floor where it is, but doesn't think we need to grow the fund balance. That money should be put towards capital because there are many things we need to be doing that we haven't been able to. We need to get caught up.

Jason – set the percentage and then dedicate everything above that to capital expenditures, sounds good.

Monty Parks – explained why he likes reserve accounts, increases transparency for example.

SG – 9.3 million must be in two categories, designated according to the rules. We need to be careful the money isn't unreachable because we might need it for something else. We need to be cautious about neglecting something like storm drains, for example, because if a large expense comes up in the future you'd have to increase those rates a lot to pay for it. Don't want to keep the rates artificially low by subsidizing that expenditure – water and sewer.

Monty – we will be increasing revenue with more parking spaces so I don't really want to increase water and sewer.

Jason – Shawn, bring a recommendation based on a percentage to the council and then they will decide what to do. Then we could avoid two-step budget process.

Monty – made a motion - Move that staff develop a reserve amount, a general fund amount, based on percentage of annual income, revenue, or operating expense, and present it to council as being the reserve amount with amount above to be dedicated towards capital means. Motion approved.

Mobil Phone Surcharges – John Branigin – we need to watch when we get our allotment from Department of Revenue. They may be more accurate in figuring out how many registered phones there are on Tybee. It could stay the same, in which case we are still getting underpaid. Worst case would be it all goes to Chatham County. We need to make sure we get our equitable share of the 911 money.

John Branigin – moves Angela keep an eye on our 911 reimbursements to see if she can draw any conclusions about whether we are still getting paid under what we should. Passed.

Solid Waste – John Branigin – thinks we should not subsidize what we charge for this.

John Branigin - Table this discussion. Staff will come back with an analysis of what we are paying for yard waste and recycling fees and how we are subsidizing the costs as a city. Our waste pickup contract is going to be renewed this year. When get the results of the RFP, we ask the staff to come up with a rates structure that fully funds what we pay.

Water/Sewer Rates – Mayor – can impact fees for construction go straight to water and sewer?

Motion – Monty - let's get a list of impact fees that could be subject to CPI increases to offset increased demand on city services. Motion passed.

Group discussed issue of beginning to set aside money for future major water/sewer construction and expenses and strategies for how to begin accumulating this money, and how much money it would actually be that we need to put aside. Do we subsidize this or not? What happens when cities subsidize this? Would SPLOST pay a role? What's the goal and how can we develop a policy? Who is using the water and sewer the most? Where is the data on this? Will the once-per-month Infrastructure Committee meeting be often enough to solve this issue? Do we have enough data on costs? What role would the Planning Commission play in determining a solution to this issue?

Motion by John Branigin- send the water/sewer rate issue to the MPIC and ask them to come up with, by June, a list of assumptions - either from Courtney's study or rethinking those - that can then become input into the infrastructure analysis, which can then drive the financial discussion. Motion approved.

Meeting adjourned at 4:43 PM.