

CITY OF BELLE MEADE
Minutes of the Annual Budget & Finance Committee Budget Presentation
April 25, 2018 at Belle Meade City Hall

The Budget & Finance Committee met at 5:00 p.m. on Wednesday, April 25th to review the proposed budget for fiscal year 2018/2019. Present were Mayor Jim Hunt, Commissioner Cathy Altenbern, Committee Members Bill Blaufuss, Larry Wieck, Eric Helman and Peggy Warner, as well as Finance Director Aspen Collins and City Manager Beth Reardon. Five members of the public were present. The date and time of the meeting had been posted on the City website.

Mayor Hunt opened the meeting at 5:04 p.m. and welcomed everyone. He stated there was no public hearing, but the Committee may choose to receive questions from citizens. He briefly explained the goals of the budget, the budget cycle, and the Committee's role in the process.

Director Collins presented the proposed budget as follows:

- Review of rates charged by the City: property tax, sewer user and stormwater fees. It was noted that no property tax increase is budgeted, but it is the Commissioners' policy is to review the rate again after the Hall Tax is received in July.
- 3-year comparison of revenue collections and expenditures. No major changes in recurring revenues and expenses. General fund interest revenue is expected to increase by about \$60K. Payoff of pension unfunded liability of \$81K is recommended.
- List of upcoming capital outlay projects. The largest project budgeted is street resurfacing at approx. \$300,000. Also stormwater projects totaling just over \$50K and a new phone system for city hall budgeted at \$15K.
- Review of assigned and unassigned fund balance. The anticipated fund balance at the end of budget year 2018-19 is just under 13.7M. Helman asked how much is projected to come out of fund balance at 6-30-18 to cover budget deficit? Director Collins replied that the current budget began with 1.8M deficit, due to several large capital projects (Video Surveillance, paving, roundabout, Harding Pl. sidewalk), but should end the year with an estimated deficit of \$200K when the roundabout and sidewalk costs are added back to fund balance. Blaufuss asked if the current fund balance represented 3-4 years of reserves and was told yes.

Commissioner Altenbern asked the Committee members to confirm what was said at the past two Audit meetings regarding use of excess fund balance. Is the City in crisis due to Hall Tax elimination? Helman recalled that the word crisis was not used; conservative was used. Committee members had stated that citizens did not want a big spike in property taxes at once, and therefore they recommended the Commissioners be conservative in capital spending, so that tax rate increases, if necessary, were held to the minimum. Helman stated his position on this has not changed, and other Committee members agreed.

The floor was opened for questions from the public. Randy Gross of 4416 Harding Pl. had 2 questions: (1) after meeting separately with Commissioners about the Harding Pl. sidewalks and hearing their comments on being cautious and conservative on use of excess fund balance, he would like clarification on what that means. (2) What guidelines are recommended for using the fund balance and how much should be maintained? One Commissioner told the Harding Pl. residents that the fund balance should not be spent, but used to "stave off" property tax increases.

Mr. Gross felt this was holding the fund balance hostage, to the detriment of future projects and planning.

To answer question 1, Mayor Hunt stated the commissioners adopted a Resolution in 2016 that basically said the need for a property tax increase would be evaluated each year until the Hall Tax was totally eliminated and only be approved if necessary. Last year, the City budgeted 1.5M in Hall Taxes, but received 2.8M, which resulted in no increase in property taxes. To answer question 2, Blaufuss stated he agrees with being conservative without carrying it too far. He thinks maintaining at least one year operating expenses in the fund balance and letting the Commissioners decide how to allocate/spend the rest is reasonable. Wieck felt the fund balance should be kept higher than that so that property taxes would not need to be raised for a while. Blaufuss felt it should be looked at annually, but the residents of Belle Meade are getting one heck of a deal in property taxes now for what they are getting in services from the City. Helman stated the proposed budget has a 473K contribution to fund balance. If the City continues to add to fund balance, then perhaps it should look at compiling a wish list of capital projects to accomplish long term. Blaufuss said the current 5-year capital plan looks to be very, very conservative, and the City should consider spending more on these and other capital items.

Resident Gross still questioned why a policy is not being developed to analyze and gradually decrease the fund balance while also increasing the property tax. Mayor Hunt stated the plan should be more sophisticated than the 2016 Resolution. Helman suggested the City consider zero balance budgeting and also a policy that looks out 10 years that can be evaluated by future commissioners.

Laura Katherine Wood of 4405 Harding Pl. asked how are B&F Committee recommendations presented to Commissioners? Mayor Hunt stated minutes are taken at all meetings. Helman stated the Committee is not contemplating getting involved in discussing specific capital projects.

Wieck asked if the City has estimated projections of recurring operating expenses. For instance, the Video Surveillance System, after the warranty runs out, will have recurring expenses that must be budgeted every year and projected over the life of the system. Director Collins said we do take that into account every budget year. Wieck recommended we have a 5-plus year plan for repairs and maintenance for capital infrastructure.

Helman suggested that the Committee have a follow up meeting to discuss recommendations for an appropriate level to maintain in the fund balance. Mayor Hunt and Commissioner Altenbern agreed this would be very helpful to them and future commissioners.

There being no other matters, the workshop meeting was adjourned at 6:30 p.m.

City Manager Beth Reardon

Mayor Jim Hunt