

BUDGET & FINANCE COMMITTEE MEETING 8-25-2009 SUMMARY

All committee members were present except James. The meeting was called to order at 1:00 pm

1. Review and Discussion of Revenues – O'Mara-Final revenues for June, 2009, Revenues for July 2009

Gray asked for clarification on OLT net profit Jan.-July 09 numbers and if there was a historical trend regarding net profit and payroll withholdings.

O'Mara showed relationship between the two, pointing out net profits is not as stable as payroll withholdings.

Ellinger referred to the revenue increase that was added in order to balance the budget and wanted to know plans to monitor predictions for revenue and if there were alternatives in place in the event we do not make the numbers. He expressed concern about the assumption and any risk associated with these predictions. He asked O'Mara for advice in looking at cuts if need be.

O'Mara acknowledged this was a very challenging time and any predictions were volatile.

Beard commented about recent incentive programs meant to stimulate the economy and wanted to take a look at the expense side, asking O'Mara if and when council could get that info.

Myers asked how revenue numbers might effect hiring new positions, adding, this is an item that should already be under consideration. He asked for the proposed number for new hires and which of those were critical hires.

Stinnett asked Myers to clarify the requirement, was his request regarding the process of hiring or the numbers being hired.

Myers confirmed he would like to see the number of new hires being considered.

Stinnett asked O'Mara if it would be possible to present an update on the expenditure side of the house at the next Budget & Finance meeting.

O'Mara responded he would provide a report tracking actual to budget.

2. Discussion on Landfill User Fee - Stinnett asked O'Mara to give the presentation on landfill user fees before Urban Service District Fund.

Lane asked about operating expense and what makes up the fund balance of \$25.545.

Stinnett asked about the timeline for plans to close the Old Frankfort Pike Landfill and is the user fee of \$4.50 still necessary.

Beard also questioned what was happening on Old Frankfort Pike.

Comm. Taylor told the committee that landfill is not closed saying the water system is not in compliance and there are a couple of capital projects planned in order to address the problem before it's closed.

3. Presentation on Urban Service District Fund- O'Mara- Solid Waste, Street Cleaning and Street Light Statistics

Comm. Taylor distributed a handout showing where the fund is used, how it is managed and historical data showing a 10 year snapshot of spending, breakout of operating capital and other program expenditures. She talked about vacant positions, gave projections and data to year 2015, explaining the forecast. She said the predictions are recycling revenue to increase plus lower debt service and indirect cost. Taylor said there are opportunities with \$1.4 million savings predicted regarding labor costs for new recycling center, changing out trucks that are over 10 years old. Replacing heavy equipment will be in the picture in the next couple of years, along with new GPS tracking systems which will improve fuel costs.

Blues asked how tax payer savings were calculated and was told it's based on a medium home price of \$250K. Blues discussed other choices/options for use of those savings, adding use of those funds is the choice of the community.

Taylor agreed, saying her proposal is only one option.

Gorton agreed with Blues regarding concerns about options for use. She mentioned a street sweeping study, asking Taylor for an update. She also wanted to know about funded positions and how many are temporary. Taylor estimated the number around 60. Gorton asked for a breakdown on how temporary positions are used in waste management.

Myers asked Taylor if the same model used in today's presentation could also be used for solid waste and how much work would it take to keep this model. Taylor said this was an analysis that would need refining, an involved study and expertise.

Motion by Myers directing Commissioner Taylor to pursue a study and analysis of fee based services in waste management, seconded by Lane, passed without dissent.

Stinnett inquired about time frame for reporting status of the motion, Myers suggested the October B/F meeting.

Stinnett asked Taylor for details on vacancies and how soon they would be filled. She told the committee there is a priority list of hires which includes 17 positions and several others already advertised. She said the plan is to increase the skill level and reduce personnel numbers. Stinnett expressed concern with 20% vacancy rate. He remarked about \$6K per year dumpster cost if was feasible or is the cost actually more. He commented on \$44 million surplus concern is we going to continue adding this surplus. He wanted to know what happened in the last two fiscal years to account for an almost \$13 million increase and wanted to know who was behind decisions to wait on investing in equipment and allowing the vacancy rate to go so high.

Taylor gave details on the street light and street cleaning surplus numbers.

Lane asked about employment standards and if compensation is paid for shift work. The incentive system of waste management was explained, and the reduction of overtime.

4. Update on Bond/Debt- O'Mara-Listing of Total Outstanding Bonds-Debt as % of General Fund Revenue

O'Mara explained this presentation is about general fund debt, showed current obligations, assumptions used and projections to FY2016.

Lane had a question about the police and fire pension fund.

Stinnett asked what rating agencies look at when bonding. O'Mara explained agencies look at all financial aspects of this government. There was discussion on revenue bonds and if we currently have any, about projections and assumptions and how they are used in regard to bonding. O'Mara reminded the committee they are merely projections which will vary.

Gorton asked about capital workshops.

5. Business Occupational License Fee Discussion – O'Mara- Ordinance No. 160-2008 Amending Sections 13-5 and 13-9 of the Code of Ordinances to Establish an Annual Minimum License Fee of \$100.

O'Mara explained how the ordinance applies. The business occupational license and tax business license fee is on all business activity in Fayette County, no matter the length of time. He presented statistics from last year, total active accounts, closed accounts, accounts paid and dollars collected.

Gorton asked if questions/concerns and phone calls from the public have continued in respect to this ordinance. He said it has subsided however there are still questions about home based businesses. She asked if there was a system in place to communicate details of the ordinance to the public.

Blues asked about net profit and if payments are general fund money, the fee is not some sort of processing fee. O'Mara explained purpose of the fee.

Beard asked about accounts payable and 30% difference and wanted to know how we address filing.

O'Mara said this is not the first year for business occupational license and a great job has been done educating the public about it.

Stinnett asked about the process and if there was an opportunity not to do a second mailing, suggested looking into a simpler method.

Motion to adjourn, passed, meeting adjourned at 2:58 pm