

MINUTES OF BUDGET WORKSHOP

August 13, 2016

MONTGOMERY CITY COUNCIL

CALL TO ORDER

Mayor Pro Tem Rebecca Huss declared a quorum was present, and called the meeting to order at 10:03 a.m.

Present:

Jon Bickford	Place #1
John Champagne	Place #2
T.J. Wilkerson	Place #3
Rebecca Huss	Place #4
Dave McCorquodale	Place #5

Absent: Kirk Jones Mayor

Also Present: Jack Yates City Administrator

BUDGET WORKSHOP:

- ❖ Discussion of the following items related to the City of Montgomery 2016-2017 FY Proposed

Operating Budget:

- Summary
- General Fund Revenue
- General Fund Expenses
 - Administration
 - Police Department
 - Court
 - Public Works
 - Utility Fund
 - Special Funds

- Construction Fund
- Court Security Fund
- Court Technology Fund
- Hotel Occupancy Tax Fund
- Police Assets and Forfeitures
- Montgomery Economic Development Corporation

Jon Bickford asked to review the major changes in the proposed budget. Mr. Yates advised that the General Fund Sales Tax was up from \$1,490,000 to \$1,650,000 based on the assumption of the new Kroger store. Mr. Yates said that Kroger was approximately \$148,000 of that increase, which he allowed approximately a 2% percent increase for the rest. Mr. Yates advised that this figure did not include McCoy's. Mr. Yates said that the assumption for Kroger was \$30,000 per month for nine months, starting in January 2017. Mr. Yates said that Kroger had forecasted \$50,000 per month in sales tax. Mr. Yates advised that in the General Fund Expenses they have \$148,000 that the City will pay back to Kroger, with a net of \$80,000 - \$90,000.

Mr. Yates said that the General Fund also included one part time person added to the staff and one more person for Public Works. Mr. Yates said that the thought for the additional person for Public Works is that they will be able to do more jobs in house and save money on Gulf Utility, and they are busier now. Jon Bickford said that he wants to make sure that Mr. Mike Muckleroy, Public Works Manager, gets what he needs because he does a great job, and he does a great job at keeping an eye out for the City's money. Rebecca Huss said that Mr. Muckleroy said that if he needs money he will ask for it, but he does not see the need to pad his budget or spend it on things he does not need. Jon Bickford said that he is glad that Mr. Muckleroy feels that way and he wants to support that.

Jon Bickford said that the wages for the Police Department went up quite a bit, and asked if that is because they are adding personnel. Mr. Yates said that was not the case, but was due to a couple of things. First, he had forgotten to add one of the officers last year, which is \$60,000 of that increase. Mr. Yates said that the other item is the half of the salary for the warrant officer and the other half will be paid by the Court.

John Champagne asked how many total employees the City has. The City Secretary, Susan Hensley, advised that currently the City has 19 employees. Mr. Yates said that there will be 20 employees in 2016-2017.

Mr. Yates said that he also included 4% percent increase for the employee's payroll, which includes a 1½% cost of living increase, and then the other 2½% could be a merit increase pool based on merit. Mr. Yates said that everyone would receive a 1½% increase for the cost of living across the board. The 2½% merit raise possibility will be awarded based on performance, where some people might get a 2½% increase and some might get a different amount. Jon Bickford said that would figure out to be \$25,000 being put away for merit raises, which would go into a pool, to be determined on how it was awarded.

Mr. Yates said that he will handle the merit raises the same as he did last year, where the Department Heads conduct the evaluations, go over the evaluation with the employee, and then consult with him prior to advising what type of merit raise they will be awarding. Mr. Yates said that he approves all raises.

John Champagne asked about the increase in medical costs. Mr. Yates said that it includes medical, dental and life insurance. John Champagne asked if the figure was a real number or an estimate. Mr. Yates said that it was a precise figure. John Champagne said that in terms of benefits, it is over \$1,000 per employee, and is part of the employee's compensation, which is another 1½%. Dave McCorquodale said that if they are going to be talking to the employees, it would not hurt to point out that

benefit. Mr. Yates said that what he did last year, and he will do again this year, is to provide the employees with a fringe benefit analysis so that they know how much they are receiving in addition to their pay. John Champagne said that there are a lot of employees that do not receive this type of insurance, and it is good insurance. Rebecca Huss said that the deductible is pretty expensive. John Champagne said that in the private sector, this is an above average compensation.

Mr. Yates stated that the other item that they had discussed in the budget was patrol vehicles, which includes two patrol vehicles, either Blazers or Expeditions. Mr. Yates said that information will come to City Council in late December. The Chief is preparing a report for City Council. Jon Bickford said that it would be helpful to have information showing the difference in maintenance costs between the SUV's versus other vehicles. Mr. Yates advised that the Chief had provided him with the maintenance figures yesterday and the Charger costs considerably more than the Tahoe's. Mr. Yates said that the difference in costs for maintenance of the Charger was \$6,000 - \$10,000 over the life of the vehicles, with the Tahoe's at \$1,250.

Jon Bickford said that the other item that he had questions about was the weapons. Jon Bickford stated that the line item for patrol weapons is \$4,000, which is up from \$2,500 last year. Jon Bickford advised that his neighbor, Joel Gordon, stated that it is very customary for the officers to buy their own guns. Jon Bickford asked if the City should be buying the guns and dictating which guns they use. Dave McCorquodale said that the Chief's theory is yes for standardization. The Chief also had mentioned a liability issue as well, because if everyone is using the same gun and they are all maintained the same way. Jon Bickford discussed the fact that he would not be able to use the same weapon as someone with smaller hands, and he felt that a person should buy a handgun that they are comfortable with and easy for them to use and is accurate.

Rebecca Huss said that her issue was that other cities like Shenandoah do a monthly installment where the officer buys their own weapon on an installment plan with the City. Mr. Yates said that since the City buys the weapon, when the officer leaves, the

weapon stays with the City. Rebecca Huss said that is correct except when the officer leaves and becomes a reserve officer, the officer keeps his weapon. John Champagne said that this is the first that he has heard that the officers are keeping their guns when they leave. Jon Bickford said that he had a problem with them keeping their gun, because they are not full time employees. Dave McCorquodale said if the City is not paying them, but they are still on patrol for the City, he is good with the gun remaining with them. Dave McCorquodale said that he would also expect them to work a shift for the City every so often.

Rebecca Huss brought up the computerized scheduling system, and said that the Chief vehemently said at the last meeting that the cost of the system was \$2,000, but the invoice for the system is \$36 per month times 12 is not that amount. Rebecca Huss said that budgets were to be truthful and not slush funds to move funds around, and it needs to be more the Mike Muckleroy approach, where it costs what it costs and that is what you put down. Then if you need more funds later, you come back and justify it. Rebecca Huss said that she did not feel that there has been a good explanation as to why standardization and the City buying all the guns has to be the way they do it.

Jon Bickford said that the Police budget is up 22% percent with the largest growth, so the benefits and compensation at \$700,000 is basically 70% percent of the budget. Mr. Yates said that if City Council would like a separate report regarding the weapons from the Chief he can get that prepared.

Jon Bickford asked about the ballistic vests and shields, because they are not adding anyone. John Champagne advised that they have to be replaced after a certain amount of time.

Jon Bickford said that even though the revenue is increasing \$200,000, the expenses are increasing \$700,000. Mr. Yates advised that \$148,000 of the expenses is the payoff for Kroger, which that amount is also included in the revenue. Mr. Yates said that he overestimates the budget expenses and underestimates revenue. Mr. Yates said that he

does not expect that the City will spend \$2.9 million dollars. Mr. Yates said that he approves all capital outlay expenditures. John Champagne said that he thinks the expenses are woefully low. Rebecca Huss said that right now the City's expenses are at \$1.9 million through the end of June. Mr. Yates said that is approximately \$211,000 per month. Rebecca Huss said they need to increase the maintenance budget and start a depreciation budget, and when McCoy's starts, those funds should go into a reserve account for maintenance.

Mr. Yates advised that \$6,000 for radios has been moved from capital outlay to supplies and equipment. Jon Bickford said that his question regarding radios was whether the changes were mandated or by choice. Mr. Yates said that most of the changes that are made are mandated changes because the City has to have certain radios that connect to the County system. Mr. Yates advised that he will be overseeing when the radios will be purchased because it is a capital expenditure. Jon Bickford said that most of the expenses are either mandated or established policy for the budget. Jon Bickford said that he just wanted to make sure that everyone was comfortable that the forecasted revenues are going to go up \$200,000 and forecasted expenditures are going to be \$500,000, so we are on a path to spend more than they are earn. Jon Bickford said that they need to watch that the City's expenses do not have to follow the revenue. Mr. Yates said that however much revenue the City has, has nothing to do with the expenses. Mr. Yates also stated that the Department Heads only think about the expenses, not revenues. Mr. Yates advised that he reviews every budget with the Department Head.

Jon Bickford asked if Mr. Yates tasks the Department Heads with saving a percent of the budget for the year. Mr. Yates said that he tells them to spend every dollar as if it is your own.

Mr. Yates advised that he needs to review the departmental budgets with each department on a monthly basis. John Champagne said that he would make the point

that their ability to make money will affect how the organization can compensate you and how they can afford it.

Jon Bickford said that the official record states that there was no budget amendment to the current budget, and Mr. Yates says that his budget is \$2.6 million and he is going to manage it and bring it in at \$2.45 million. John Champagne said that City Council oversees the budget, they do not prepare the budget.

Mr. Yates said that he could write a sentence about every line item in the budget because he is familiar with it. Mr. Yates said that one of the things that he and Ms. Hensley were going to prepare was a Chart of Accounts, but we just did not have time to complete for each line item, but we will work on it this year. Jon Bickford said good work to Mr. Yates and Ms. Hensley. Jon Bickford said that he knows they have some warts here and there, but said that things seem to be running a lot smoother than they ever have, and thanked Mr. Yates and Ms. Hensley.

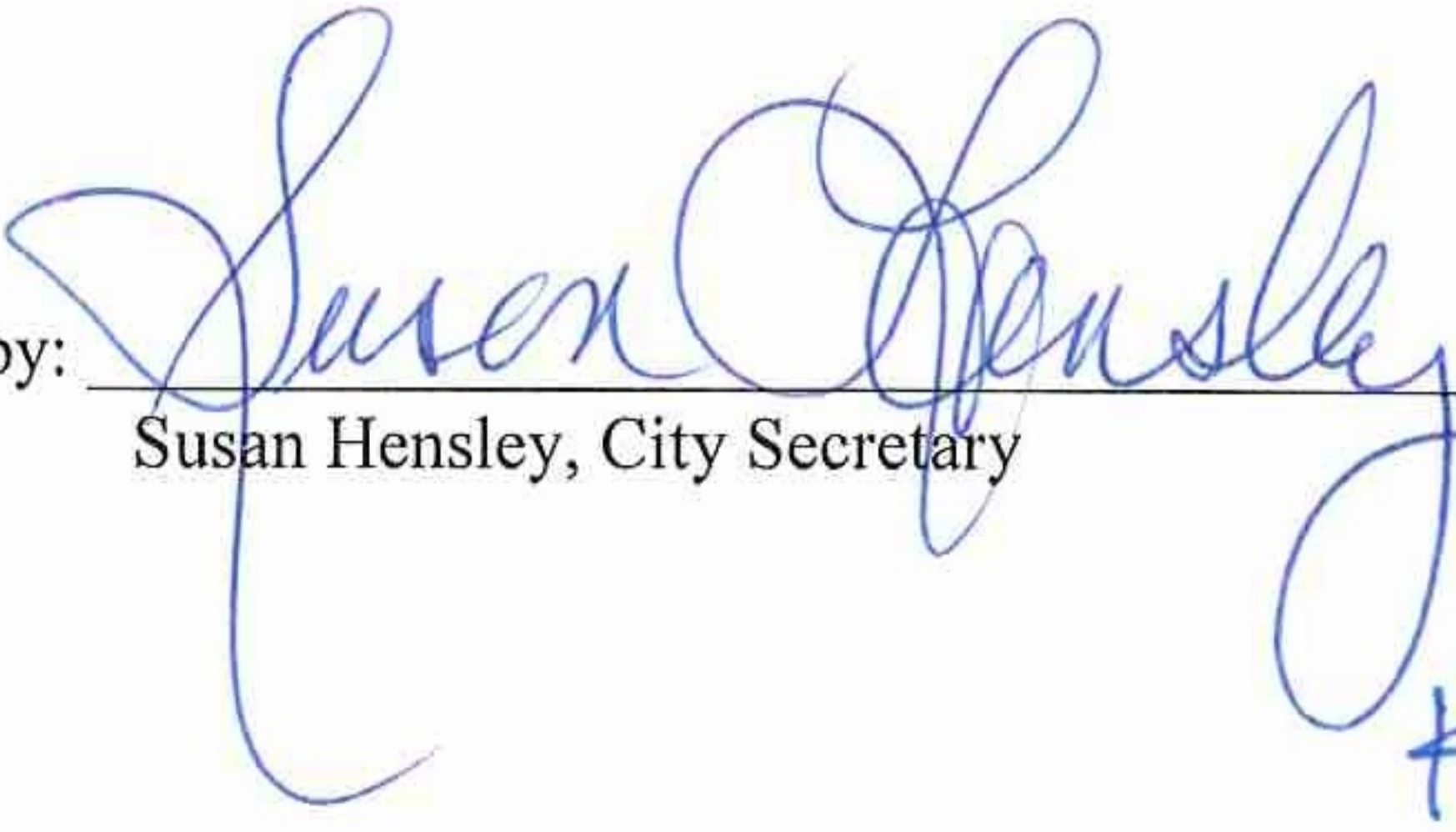
Mr. Yates said that he took some revenue off of the charge for services because he and Mr. Burleigh got together and estimated that they are going to be about \$20,000 dollars down because of approving the rates in the first of November billing instead of October billing.

Jon Bickford asked what the new part time person would be doing. Ms. Hensley advised that they will be working on all of the old and current records to get them all in order. Ms. Hensley advised that Mrs. Regina Rather was the Deputy City Secretary with her when she worked at Shenandoah. Ms. Hensley said that Mrs. Rather has also had human resources and records management experience. Jon Bickford said that he was on board and liked the idea of part time employees. Rebecca Huss said that both Ms. Carol Raica and Mrs. Rather are happy with part time work and have experience and are happy to work for the City.

Jon Bickford stated that he had all his questions answered today. Mr. Yates advised that there is a meeting scheduled for next Friday, which should take about 10 minutes. Mr. Yates said that the budget can be approved at the August 23, 2016 meeting, but the tax rate will be adopted at the September 6, 2016 meeting. Jon Bickford stated that he might be at the Friday meeting.

ADJOURNMENT

Mayor Jones adjourned the meeting at 11:03 a.m.

Submitted by:  Date Approved: 9/27/16
Susan Hensley, City Secretary


Kirk Jones

Mayor Kirk Jones

