Minutes

Budget Meeting

Board of Commissioners
May 9, 2012
5:00 P.M.

Notice: A complete audio recording of this meeting can be heard by accessing Fayette County's Website at www.fayettecountyga.gov. Click on "Board of Commissioners", then "County Commission Meetings", and follow the instructions. The entire meeting or a single topic can be heard.

The Board of Commissioners of Fayette County, Georgia, met in a Budget Meeting on Wednesday, May 9, 2012 at 5:00 p.m. in the Commissioners' Conference Room, Suite 100, 140 Stonewall Avenue, Fayetteville, Georgia.

Commissioners Present:
Herb Frady, Chairman
Robert Horgan, Vice Chairman
Steve Brown
Lee Hearn
Allen McCarty

Staff Present:
Jack Krakeel, County Administrator
Karen Morley, Chief Deputy Clerk
Chief Finance Officer Mary Holland
Assistant Finance Director Toni Jo Howard
Budget Officer Sergio Acevedo

Chairman Frady called the budget meeting to order at 5:00 p.m.

FY2013 BUDGET OVERVIEW:

County Administrator Jack Krakeel remarked that staff would be presenting the Board with a summary overview of the proposed FY2013 budget including strategies for balancing the budget consistent with the Board's direction to him during the Retreat meeting that there would not be a tax increase. He said staff had taken an aggressive approach to the Budget in trying to bring it to a balanced position and he felt this had been achieved. He noted that there was also a line item detail as well as summary reports for every single department budget and staff would be glad to answer any questions.

Chief Finance Officer Mary Holland and Assistant Finance Director Toni Jo Howard presented an overview of the projected revenues, recommended expenditures and transfers from/to cash reserves. A copy of the power point presentation, identified as "Attachment No. 1", follows these minutes and is made an official part hereof.

Ms. Howard remarked that the General Fund had projected revenues in the amount of $42,358,812 and recommended expenditures in the amount of $45,210,016. She said the total for Special Revenue Funds was in the amount of $14,312,127 and expenditures in the amount of $15,188,437. She noted that the total governmental fund had projected revenues in the amount of $56,670,939 and recommended expenditures in the amount of $64,118,205. She said the Enterprise Fund had projected revenues in the amount of $15,466,987 and recommended expenditures in the amount of $15,847,024. She said the Vehicle/Equipment Replacement Fund had recommended expenditures in the amount of $604,420. She said the total for all budgeted funds was $72,137,926 and recommended expenditures in the amount of $80,569,649.

Ms. Howard further remarked that the anticipated FY2012 results should show the General Fund with a $72,000 positive position, the Fire Services Fund with a $180,000 positive position, and the EMS Fund with a $77,000 negative position. She said staff had identified some strategies that might be used based on the Board's direction to be able and these included a decrease in the recommended CIP in the amount of $1.6 million; project closings in the amount of $448,000; the Early Retirement Program based on current information as of today in the amount of $665,000; and recommended eliminated positions in the amount of $165,000. She said if the Board decided to implement all of these strategies it would provide a total of $2.9 million which could be utilized instead of having to use the unassigned fund balance. She remarked that there was a Net Available Fund Balance in Fire Services in the amount of $672,789. She noted that the EMS Net Fund Balance was in the amount of $981,684.

Ms. Howard further remarked that the total FY2013 recommended maintenance and operations budget was $75.8 million, which was a decrease of $.4M or 0.6% less than FY2012's revised budget. She remarked that this overall reduction was achieved largely due to budgeting salaries at 97%. She said this savings allowed for an overall budget below the revised 2012 even with rising fuel, utility, election, and software costs.

County Administrator Jack Krakeel remarked that there were a couple of caveats to this budget including the outcome of the L.O.S.T. discussions with the municipalities and the consolidation of fire services with the City of Fayetteville. He said these were two critical components that needed to be recognized. He remarked that based on staff's information available today and the strategies that were developed with respect to the early retirement plan, the current projections indicate a savings of approximately $664,000 per year. He said this was attributable to elimination of specific jobs as well as a reduction in salaries for replacement positions. He said this information was calculated based on the information that was available to date in terms of the individuals who have indicated that they have signed up for the plan. He said the recommended potential savings was in the amount of $664,000 against the estimated cost of the buy back in the amount of $560,000. He pointed out that the medical cost was included as a component cost of that and would be incurred as a result of new employees taking positions of employees who retire as opposed to those positions that are not being filled. He said in the Resolution it was recommended that this entire amount could be prefunded out of the Unassigned Fund Balance. He said the Board has two options for funding and that is to prefund the entire amount from the Unassigned Fund Balance and he noted that there are sufficient funds there to cover that. He said for the General Fund the total cost, if it is amortized over 20 years, it would be approximately $142,369, Fire and EMS would be $31,532, and Water System would be $17,201. He said the option for amortizing this could be accomplished without any impact to current revenues in that the County's current contributions on an annual basis to the retirement plan are $1,236,057 per year. He said the recommended contribution for FY2013 is

$732,243 and that would achieve a targeted funding ratio of the pension plan of 125%. He noted that the current ratio was 118% funded.

At this time the Board discussed the impact on several departments as a result of employees leaving to take the early retirement plan. County Administrator Jack Krakeel said these were tough decisions and the Board would have to make the decisions on whether positions would be eliminated or not. He said his recommendation would be for the Board to look at positions as to what was absolutely essential.

Chairman Frady said the County was not out of the current economic downturn and it has not gone to the bottom yet. He said the Board has to look at money versus employees although he did not like to do this, but sometimes it gets to the point where this has to be done.

Mr. Krakeel said the Board would be provided updated information on this issue at the next budget meeting scheduled for Thursday, May 24th at 4:00 p.m.

At this time there were questions from the Board on the negative amount projected for the EMS Fund, allocation of funding for recreation, strategies for the recommended CIP reduction, several department requests, the Vehicle Replacement Fund and the schedule for vehicle replacement.

Commissioner Brown questioned the status of ambulances and interjected that he felt public safety was very critical for the citizens. Chief Finance Officer Mary Holland said as part of the consolidation that Mr. Krakeel has been working on, staff has identified areas that need to be looked at closely. She said this equipment cannot be purchased without some funding and this needed to come from the Fire and EMS Fund and not the General Fund. Commissioner Brown said this would need to be a serious discussion between the Board of Commissioners and the citizens in these fire districts. He said if the citizens want the ambulances to be at their home in an emergency, funds have to be there to accomplish this.

Mr. Krakeel reminded the Board that last year the Board had increased the fire and millage rate to begin to offset some of those issues but long term it was not sufficient. He said he hoped to present the Board with a comprehensive analysis after the consolidation discussion to bring to the Board a recommended millage rate that would allow for the consolidation and allow for addressing the long term capital needs in fire services. He said if the County continues with declining property values, the Board would be very limited in its options and would have to either increase millage rates or cut services. He said this was fundamentally where the Board was at with those two districts.

Commissioner Brown said there was not a more fundamental duty for this Board than providing public safety. He said this was something that he felt needed to be laid out clearly, what it will look like in the future, and past history of the fund so that the citizens have a very clear picture. He also pointed out that the funding for the new Emergency Operations Center needed to be discussed. He said there would have to be some fund balance built in to care for this new center.

Mr. Krakeel remarked that the recommended millage rate needs to be determined based on current discussions with the City of Fayetteville. He said once those discussions are completed, the Board will have a fundamental understanding of what the cost impact of that will be, potential long term savings, what the millage rate should be to fundamentally address the critical issues of looking at service not only in the City of Fayetteville but county-wide. He said this would then allow the Board to set the millage rate at an appropriate level to account not only for capital replacement funding but increased funding associated with a new EOC and utility expenses as well.

The Board called for a short break at 6:17 p.m. and the meeting reconvened at 6:50 p.m.

At this time, there was some discussion about the vehicle replacement fund and various County fees for recreation and permits and inspections. Mr. Krakeel reminded the Board of prior discussions where the Board directed staff to come up with realistic fee projections. He said part of that would depend on the consolidation discussions on merging fees between the City and the County.

Commissioner Horgan questioned the $600,000 currently in the Kenwood Park account. He asked if those funds could be entered into the proposed strategies. Chief Finance Officer Mary Holland replied that this money was designated for the next phase of the park which the Board has not yet taken action on the next phase. Chairman Frady said the idea was that the money would stay in that account for recreation like a contingency fund. Commissioner Hearn asked Chairman Frady if he was saying to leave the money there for recreation projects and Chairman Frady replied no, he was just saying that the money was in there but it was unassigned.

The Board discussed the request from the Elections Department for the EZ Absentee System software program in the amount of $19,220. He said the EZ system would be compatible with the current system and it would help the Elections Department staff with absentee voter registration and things of that nature. Mr. Krakeel said it was his recommendation to address this issue next year and get through this election year. The cost of the County handling the cities elections was also discussed.

Commissioner Horgan questioned the septic system failure at the Animal Shelter. He said it was his understanding that there were several remedies and all could be fairly expensive.

County Administrator Jack Krakeel remarked that the latest figures that he has would be approximately $15,000 to run a sewer line from County property over to the Rite Aid store and then do a tie in. He said staff was waiting to find out if the County could get an easement from Rite Aid before bringing this matter to the Board. He pointed out that the cost to upgrade the septic system would be approximately $11,000. He said as soon as he obtains this information, he would bring this back to the Board.

Commissioner Horgan commented on the huge issue in the Health Department regarding District IV. He said some of the other counties want to move out of District IV and three counties have already requested to leave. He said the question that has come up in the Board of Health was what the minimum amount of money that Fayette County has to pay would be. He said it had come to the point where the District is starting to handle more and more of the process of a Board of Health to the point where they have centralized scheduling out of LaGrange. He said another issue that came up in these discussions was how the money was assigned.

Mr. Krakeel said he had done an analysis of that budget at the regional level approximately three years ago and after three days he still did not understand it. He said he was aware that there had been a change in the percentage population allocations that occurred as a result of Legislation last year. He said at least now the formula is more reflective of the population and it was a gradual step process.

Commissioner Horgan questioned the escalating fuel and utility costs that the County is facing in the future. He asked if there was a mechanism in place where these numbers can be increased as costs increase to cover these charges.

County Administrator Jack Krakeel said approximately five years ago the Board approved additional capacity in terms of underground fuel tanks. He said he has instructed the Fleet Maintenance Director to watch the pricing so the County can purchase fuel at a cheaper price and then fill the tanks. He said it was his opinion that the next step should be the discussion of a cooperative approach to purchasing. He pointed out that the Board of Education and other municipalities are part of a cooperative purchasing environment.

Commissioner Hearn said he would like to compliment staff on the asphalt budget in the Road Department. He said a few years ago he had been somewhat critical of the asphalt and tack fund being underfunded but based on his calculations this budget was fully funded. He said he appreciated the fact that staff was earmarking the L.M.I.G. (Local Maintenance and Improvement Grants) to asphalt and tack. He said these funds can be used for paving dirt roads, new culvert projects, asphalt, and intersection improvements just to name a few. He remarked that the $500,000 that was plugged into the budget for asphalt at this juncture with the County's tight budget, was just exactly where it should be. He said he would also like to continue the good working relationship that the County has with Peachtree City and Tyrone. He commented that there were some items in the Road Department budget that could not be adjusted such as what the County was paying Coweta and Spalding for the inmate detail, tree removal, seasonal labor and so forth. He felt it would be beneficial to staff if there was clearer direction on where that money would come from.

Commissioner Brown questioned if the constitutional officers would be attending the Board's Budget meeting on May 24th at 4:00 p.m. and Mr. Krakeel replied yes.

Chairman Frady remarked that staff would be bringing the Board information as requested on various items to the next Budget Workshop meeting.

After a brief discussion on some general issues, Mr. Krakeel noted that the next Budget meeting would be held at 4:00 p.m. on May 24th just prior to the Board of Commissioners' meeting at 7:00 p.m. Hearing no further business, the meeting was adjourned at 7:45 p.m.

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Karen Morley, Chief Deputy Clerk Herbert E. Frady, Chairman

The foregoing minutes were duly approved at an official meeting of the Board of Commissioners of Fayette County, Georgia, held on the 14th day of June, 2012.

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Karen Morley, Chief Deputy Clerk