

ORDINANCE NO. 10-5

AN ORDINANCE APPROPRIATING FUNDS
RECOMMENDED BY THE CITY MANAGER
ON THE 2010/2011 BUDGET

WHEREAS, the City Manager for the City of Oak Hill, Tennessee, has presented to the Board of Commissioners his budget recommendations for the fiscal year 2010/2011; and

WHEREAS, the budget recommendations appear to be satisfactory; and

WHEREAS, the Board of Commissioners desires to make the appropriations in accordance with said budget;

NOW, THEREFORE, BE IT ORDAINED by the City of Oak Hill that the Board of Commissioners hereby appropriate the amounts requested in each budget item by the City Manager as set out in said budget recommendation, a copy of which is attached to this Ordinance.

This Ordinance shall take effect immediately upon passage of second reading.

Mayor

City Manager/City Recorder

Passed First Reading

Passed Second Reading

APPROVED AS TO FORM AND LEGALITY – CITY ATTORNEY

Ledger	Item	FY 2008 Actual	FY 2009 Actual	FY 2010 Estimated	FY 2011 Proposed
32610	Building Permits	\$313,744	\$125,165	\$98,500	\$120,000
32910	Sign Permits	\$0	\$0	\$0	\$0
32660	Planning & Zoning Fees	\$0	\$0	\$1,750	\$25,000
33594	Telecommunications Fee	\$0	\$0	\$425	\$450
34100	Charges for Services	\$0	\$0	\$500	\$500
33591	TVA In Lieu	\$43,874	\$45,321	\$50,500	\$52,500
33510	State Sales Tax	\$337,636	\$312,912	\$307,000	\$311,000
31610	Local Sales Tax	\$22,973	\$29,253	\$30,000	\$30,600
33520	State Income Tax	\$929,023	\$696,375	\$525,000	\$485,000
33800	Metro Road Funds	\$88,000	\$0	\$0	\$0
33530	State Beer Tax	\$2,585	\$2,465	\$2,500	\$2,550
33550	State Street Income	\$144,292	\$133,630	\$137,500	\$140,000
36100	Interest	\$397,425	\$344,024	\$335,000	\$310,000
36990	Misc.	\$1,094	\$1,902	\$8,000	\$2,500
	Total	\$2,280,646	\$1,691,047	\$1,496,675	\$1,480,100

Ledger	Item	FY 2008 Actual	FY 2009 Actual	FY 2010 Estimated	FY 2011 Proposed
41000					
110	Employee Salaries	\$251,836	\$188,663	\$248,500	\$253,000
130	Employee Benefits	\$48,403	\$83,922	\$30,500	\$30,750
160	Board Salaries	\$10,800	\$16,200	\$16,200	\$16,200
252	Professional Svc. Salaries	\$0	\$0	\$38,000	\$42,000
	Retirement	\$0	\$0	\$36,000	\$37,500
250	Other Professional Svc.	\$47,112	\$48,040	\$28,000	\$31,000
259	Public Relations	\$88,967	\$45,782	\$43,000	\$47,000
300	Office Supplies	\$19,588	\$17,459	\$18,500	\$16,500
531	Rent	\$30,885	\$31,924	\$22,500	\$34,000
142	Employee Health Insurance	\$0	\$0	\$37,500	\$45,000
510	Liability Insurance	\$15,151	\$22,589	\$21,750	\$23,500
515	Worker's Comp Insurance	\$0	\$0	\$5,915	\$6,200
520	Property Insurance	\$0	\$0	\$200	\$225
514	Surety Bonds	\$0	\$0	\$707	\$1,000
172	Election	\$5,885	\$0	\$18,000	\$0
329	Misc.	\$38,904	\$23,935	\$7,500	\$1,000
260	Repair & Maintenance	\$0	\$0	\$4,500	\$4,500
	Dues & Subscriptions	\$0	\$0	\$5,000	\$5,000
148	Training	\$0	\$0	\$2,000	\$2,250
280	Travel	\$0	\$0	\$3,800	\$4,250
282	Auto Allowance	\$15,834	\$1,788	\$2,000	\$4,500
231	Legal Notices	\$0	\$0	\$2,500	\$2,500
234	Police Patrols	\$0	\$4,500	\$49,000	\$50,000
240	Utilities	\$0	\$0	\$11,500	\$11,500
600	Special Projects From Reserves	\$0	\$0	\$600,000	\$375,000
	Operating Expenses	\$573,365	\$484,802	\$1,253,072	\$1,044,375
900	Capital Outlay	\$4,668	\$0	\$12,000	\$0
43100					
340	Street Supplies	\$0	\$90,484	\$5,500	\$6,000
265	ROW Mowing	\$0	\$0	\$38,000	\$40,000

247	Street Lighting	\$33,178	\$32,685	\$35,500	\$36,000
255	PW Emergency	\$281,808	\$0	\$12,500	\$13,500
256	Chipper Contracting	\$38,502	\$160,605	\$167,500	\$169,500
268	Street Repair & Maintenance	\$0	\$184,718	\$50,000	\$125,000
257	Snow/Salt Contracting	\$30,385	\$23,691	\$121,550	\$35,000
258	Professional Svc.	\$51,031	\$41,496	\$57,000	\$59,000
	Operating Expenses	\$434,904	\$533,679	\$487,550	\$484,000
901	Capital Outlay	\$72,684	\$0	\$25,000	\$0
51622					
298	Opt. Trn. Sanitation Fund	\$289,992	\$289,992	\$289,992	\$304,500
	Total Operating Expenses	\$1,298,261	\$1,308,473	\$2,030,614	\$1,832,875
	Total Capital Outlays	\$77,352	\$0	\$37,000	\$0
	Grand Total	\$1,375,613	\$1,308,473	\$2,067,614	\$1,832,875
	Total Employees	4	4	4	4

	FY 2008 Actual	FY 2009 Actual	FY 2010 Estimated	FY 2011 Proposed
Beginning Fund Balance	\$6,709,848	\$7,614,881	\$7,997,455	\$7,426,516
Revenues	\$2,280,646	\$1,691,047	\$1,496,675	\$1,480,100
Expenditures	(\$1,085,621)	(\$1,018,481)	(\$1,777,622)	(\$1,528,375)
Other	(\$289,992)	(\$289,992)	(\$289,992)	(\$304,500)
Ending Fund Balance	\$7,614,881	\$7,997,455	\$7,426,516	\$7,073,741

FY 2011 BUDGET SUMMARY

The following is a summary of the proposed budget for the upcoming year. The budget is being presented in much of the same format that was used last year. I will focus my comments in this document on the primary issues impacting this budget, as well as, the major differences between the prior budget years and the proposed budget year. Issues are presented in no particular order.

REVENUES

1. Total revenue is projected to be down 12.5% from the actual FY 2009 numbers. Total revenue is projected to be down 1.1% from the estimated year end numbers for FY 2010.
2. I am projecting an increase of 1% to 1.5% in most sales and state shared revenue sources. An increase is also projected for the local building permits and new revenue is included as projected from the new fee structure. Recent activity in building permits and cases before the BZA and Planning Commission indicate that local economic activity is increasing and this slight increase is reasonable. These levels are still well below the pre-recession numbers.
3. Hall Income Tax is the one state shared revenue that is still projected to trend downward. This source tends to trail economic activity more so than other sources. After having a 33% decrease from FY 2008 to FY 2009, I am projecting a decrease of 24.6% for FY 2010 and another 7.6% for FY 2011. Once again I would like to point out that since we do not know what our current year collections are for this revenue source until two months after the year closes, it is particularly difficult to project for the next budget year.
4. As we have now gone two years without receiving any Metro road funds, they have not been included in this budget. That was another negative impact to the budget that had to be overcome and is a major detriment to road maintenance.
5. We are also projecting a third straight year of declines in our investment interest earnings as rates continue to be low, especially in the instruments that are available for local governments to use for investments.

EXPENDITURES

1. Salary increases of 1.5% are budgeted for all three of the staff members and the city attorney. The budget reflects no changes in benefits for any of the employees beyond that stated above.
2. The budget includes an increase in payment to the Safety Coordinator from \$500 per month to \$750 per month. He invests more time in the program than anyone imagined before it began and we have received a great deal of positive feedback for his efforts. As such, I believe that this increase is well deserved. It may look large when considered as a percentage, but amounts to only \$3,000 per year.
3. I am proposing the implementation of a system using either CODERED or an equivalent vendor. This would replace the capital costs budgeted for a second emergency warning siren. Investigation has shown that a second siren provides little benefit to the City. It would take at least two more sirens to offer an increased benefit. We can fund the combination CODERED notification and weather warning systems for almost seven years for what one siren would cost. The system offers us a block of 10,000 telephone minutes that can be used for any purpose that we choose. This could be BZA and PC notices to people that live a certain distance from a property or to notify residents of road work that might be starting in certain areas. The possibilities are endless. This is accompanied by the CODERED Weather Warning Service. It loads a base set of public telephone numbers for Oak Hill and allows residents to voluntarily add private numbers, cell numbers, and email addresses. If a severe weather alert is issued for Oak Hill, calls, texts, and emails are sent to all parties. It is more precise than the siren system as the

alert is only issued if the storm has Oak Hill in its path. With the sirens, they may be sounded if there is a storm that is projected to pass through any part of Davidson County. The total cost of this system is \$6,700 per year. We are reducing some expenditures to accommodate for this by continuing to move toward electronic means of communication with our residents. As such, we are proposing only four to five newsletters for the upcoming year. The final number will be determined by budgeted funds available after we enact this system and cover other expenses. However with the CODERED and Granicus systems in place, I do not believe that citizens will be less informed. If anything, I believe they will receive information in a more timely manner and our efforts will be more environmentally friendly. A single newsletter typically costs between \$3,500 and \$4,500, depending upon the length. It is also more efficient to have fewer issues that are greater in length.

4. We expect to reduce expenditures on utilities by changing our telephone services when our current agreement expires. We will likely issue an RFQ for combined telephone and internet services. In my opinion, we currently pay an excessive amount for telephone services, but our hands are tied until our contract expires later this calendar year.

5. We are proposing a slight increase in the budget for police patrols. The increase is \$3,000 and equates to about 42 hours of additional patrols.

6. The budget continues to include approximately \$47,000 in expenditures for brush collection above and beyond the amounts allowed by our policy. For the past five plus years the City has collected more brush from homeowners than our policy allows. As I pointed out last year, if the budget continues to be tight we may have to look at enforcing the policy. We must consider whether it is fair to cut services to all residents in an effort to continue to provide this extra service to those who choose to ignore the policy. Should this practice end, I would recommend transferring the funds into road paving/repairs.

7. The budget continues to include funding for office expansion, even though we have been unable to get the landlord to give us a proposal to use the additional space. If we want to expand our space, we may have to pursue other locations.

8. Insurance premiums are based upon our current coverage with projected increases for the upcoming year. I will be offering some coverage options for you to consider over the next few months. These options would allow us to reduce expenditures in these areas as TMLRMP personnel feel that some of our coverage limits are excessive and our deductibles are too low. I will provide additional information regarding this in a separate analysis once it is complete.

9. Due to my familiarity with the budget this year versus last year, I have been able to reduce some expenditures in certain line items with the benefit of transferring those funds to other areas.

10. While some of the budgeted amounts are small increases over the current budget year estimates, they are slightly less than what was actually budgeted for this year. The reason for this is as pointed out in point number nine.

11. We have been able to increase the street maintenance line item by \$75,000.

12. The budget for snow/salt contracting has been approached from the standpoint that the current year was an anomaly, and that the current year expenditures will settle back down to historical levels.

13. Since our contracts with Jackaroo and Clean Earth will expire eight months into this year, I have attempted to project a reasonable increase in costs for the last four months of the year. We have enjoyed savings over the last few years as the contracts called for no annual adjustment in the cost of services. However, that is likely to mean we will see a larger increase this year than would have occurred if there had been a periodic adjustment in fees under the current agreements that was tied to some type of economic indicator.

14. There are some projects that have been budgeted in the current year that will continue into the proposed budget. These amounts are not currently known and have not been included. An amendment will be needed later to account for them. However, the proposed increases will be equal to

the funds not spent during the current budget year and they will have no net impact on the budget over a two year cycle.

15. It is anticipated that matching grant funds will be taken from the city's reserves. With the amounts still undetermined, these have not been included in the budget and will need to be addressed through an amendment if and when these projects are approved.

FUND BALANCE

1. Fund balance is projected to decrease during this year by 11.6% from FY 2009 actual totals and by 4.8% from FY 2010 estimated totals. This amount is not cumulative. Without the \$750,000 contribution to Radnor, these amounts would be a 2.2% decrease from the FY 2009 actual totals and a .3% increase from the FY 2010 estimated totals. The primary items accounting for this are those mentioned as needing a budget amendment in the separate document that I sent regarding the FY 2010 Budget Amendment.

2. The proposed budget fund balance would increase by just more than \$22,000 if it were not for the Radnor contribution. However, budget amendments to account for the other ongoing projects would likely make this number negative by year end, while improving the number for the difference between FY 2009 and FY 2010. Over a two year cycle, it would have no impact.

3. With all of this taken into consideration, we still expect to end the FY 2011 year with a fund balance in excess of \$7M. The reduction in fund balance is due to projects that the city has undertaken recently that were long overdue and should have been done during the years in which the city was enjoying large increases to its fund balance.

4. I would also like to recommend that the city begin to develop a capital improvement budget over the next twelve months for implementation next year. This can be done by the staff, in conjunction with the Financial Advisory Committee.