

Budget Committee
Minutes
City of Jackson
03-25-2021

I. Call to order and welcome

Chairman Paul Taylor called the meeting to order. In attendance for the Go-To-Meeting were committee members Andrew Long, Paul Taylor, Ron Tharpe, Johnny Dodd, and Ross Priddy; absent were Doug Roth and Mark Johnstone. Also present was Lori Nunnery, with VisitJacksonTN. In attendance from the City were Bobby Arnold, Tawanika McKinney, Mayor Conger, Alex Reed, and Sandy Maxwell, recorder of the minutes. The full video of the meeting can found at <http://www.youtube.com/CityofJacksonTN731> (time-frame reference).

II. Approval of Minutes: February 11, 2021, were approved as presented.

III. Information

a. FY21 Revenue Report (*Bobby Arnold*) (1:18 – 4:39)

Report: Mr. Arnold said the numbers are favorable. We are looking at the three main revenue accounts. Local tax is at 87% of our annual budget compared to the target of 66%. State tax is at 79%, and Hotel-Motel tax is up 119% because an increase was not budgeted. These are February Y-T-D numbers; we got our March states-tax payment a few days ago. Mr. Arnold added that March numbers are the most favorable numbers that we have had Y-T-D, so we are 7% above last year. Property tax has not had a negative impact and is tracking at or above the prior year due to strong collections. Comparing other revenues are at or above budgeted versus the prior year; tax equivalents, such as beer, liquor, business tax, cable taxes, city stickers, miscellaneous fees, state shared revenues. We only have four lagging categories: building and related fees, fines and forfeitures, JPD miscellaneous revenues and recreation, and public facilities, primarily due to being closed for COVID.

b. Revised Debt Service Schedule (4:49 – 6:27)

Mr. Arnold said the City of Jackson Capital Budget Summary spreadsheet is self-explanatory. He said the JPD capital outlay has now been added as well as some footnotes pertinent to the debt. The debt has also been broken down between Debt Service Fund or the Solid Waste Fund.

c. American Rescue Plan Local Government Distribution (6:31 – 11:07)

Chairman Taylor explained this is a new and developing item that the State of Comptroller's office has sent out. As many of you know, the federal government passed the American Rescue Plan, which provides direct local government assistance. The numbers are preliminary, but it looks like the City of Jackson could receive as much as \$14.5 million, distributed in two payments (\$7.25 million), one in 60 days and the other in a minimum of 12 months. There has only been some general guidance on how the money can be used, but so far, nothing specifically telling us how we can spend the money. The Mayor's office is looking at applying some of the money to our deferred maintenance projects since last year's capital budget was pretty bare-boned. The Mayor reiterated what Chairman Taylor had said. The Mayor added his office is checking with the Department of Treasure and Tennessee Municipal League looking for updates; currently, guidelines are very broad and general, but we expect guidelines to come from the Department of Treasury before we get our first installment. Chairman Taylor said he hopes we get our guidelines before we meet again so that this committee can discuss the opportunities for this money. He added that the Act itself is to replace lost revenue compared to the year prior (FY-19) to the pandemic's onset. We are starting to look at the lost revenues (building department, hotel/motel tax, etc.) for that period.

IV. Business

a. FY22 Budget Calendar

i. Review of FY22 updated 5-year capital plan (11: 12 – 14:48)

Chairman Taylor referenced the City of Jackson Capital Budget Summary spreadsheet, stating this a draft submitted by the Department Heads and put together by the Finance Depart. He also reminded everyone that the spreadsheet was sent out before the American Rescue Plan initiation, so changes to this budget are likely to follow. Mr. Taylor asked Mr. Arnold to report on the spreadsheet.

Report: Mr. Arnold said the spreadsheet is self-explanatory but is still a work in progress. We are waiting on the American Rescue Plan guidelines, which will change some budget lines, so we are at a wait-and-see standpoint.

ii. Update on FY22 Operating Budget (14:54 – 23:42; 25:50 – 29: 41)

Chairman Taylor asked Mr. Arnold to give an update on the Operating Budget.

Report: Mr. Arnold said his department is working hard to compile the budget of both revenue and expenses, but they are nearing the end with the first set of compilations of the Operating Budget. He said that he wanted to present a few comments, but he did not want to get ahead of the agenda item and talking about the Budget Hearings. His first comment was about COVID and its impact. Mr. Arnold said we have been looking at revenues for this year compared to the budget. Now we are shifting gears; now, we are looking forward to next year's numbers. He said he had reviewed property assessments and values, and we may anticipate a marginal growth in property tax values, which is normal. On the other revenue items, it is generally flat compared to the revenue streams. Mr. Arnold said the question is can we maintain some of the good numbers we have experienced this year. He added that he has called but has not gotten any projections from the state regarding state shared revenues and the American Rescue Plan; we are waiting on guidelines. Another possible revenue savings will in the new solid waste contract. On the expense side, Mr. Arnold noted, the normal inflationary pressures that exist, fuel cost, adjusting salary budget (increase compensation, longevity, etc.), employee benefits, debt services (transferring operating funds from Police and Fire over to Debt Service Fund) are all things needing to be considered on the expense side of the budget. He added reopening of public facilities, the Solid Waste contract's impact, and the baseball team are some miscellaneous items that can affect revenue and expenses—one final item to evaluate is the new Core Financial software and how we will proceed; the expense could range from \$400,000 up to a million dollars.

Chairman Taylor thanked Mr. Arnold for his report. He added that the Core Financial Software is very important in his opinion so that we can perform analysis in a timely manner, which is currently being done manually. Mr. Taylor asked Mr. Arnold if he thinks we are looking at the potential effects of some inflation. Mr. Arnold said yes, that is a topic that has been discussed with external factors (supplies, fuel, utilities, etc.) with the Department Heads. Boardmember Andrew Long asked about the American Rescue Plan; as guidelines unfold, will we consider using funds to lessen the capital budget for large non-recurring items? The Mayor said yes if that is an option for us to use the American Rescue Plan funds to pay down debt, we will, but we will have to wait on the guidelines. Boardmember Ron Tharpe asked if we feel the potential of inflation would take us off-target for our capital plans. The Mayor said the presented capital plan is bare-bones, and if the American Rescue plan allows us to pay off some debt, we can push other projects forward.

iii. Scheduled Council Budget Hearing for April 15, 2021 (23:43 – 25:45; 29:48 – 33:18)

Chairman Taylor reminded everyone that one of the roles this board has taken on is facilitating the council's budget season. He said more information would be sent out shortly. Mr. Arnold added that we all need to be aware that our budget assumptions and projections on sales tax were

challenging to make this time last year due to the uncertainty that the pandemic had caused. He said we are fortunate that things have worked out very well for us partly due to the stimulus money businesses and people have gotten. Boardmember Ross Priddy asked how the April 15 meeting would go. Chairman Taylor said it should be a few hours with only larger departments speaking. The Mayor agreed that if there were no material changes to the department's budget, they would not need to speak, but larger departments such as public safety would speak. Still, it would also depend on the number of questions from the council.

b. FY20 Corrective Actions Update and Plan Development (*Tawanika McKinney*) (33:21 – 46:25)

Chairman Taylor asked Ms. McKinney to report on all the findings from the State of TN Comptroller's and our corrective action plans.

Report: Ms. McKinney read each comptroller finding and provide the action plan. See reference PDF titled Comptroller Report and Action Plan for details.

Boardmember Ross Priddy asked about the storage issue; is it space or just a need for filing cabinets. Ms. McKinney said it is more about space, saying that boxes are stacked on top of boxes because there is no place to store them. The old building had more storage space, so some boxes were not moved to the new building because there is no place to put them. She also stated that there needs to be a better system for scanning documents to be stored electrically. Chairman Taylor asked if she or someone else is responsible for the check-ins. She said yes, she would be doing those as needed but a little more frequently in some cases. Boardmember Johnny Dodd asked if City Court is short-handed. Ms. McKinney said that she thinks things would be better if some processes were a little more organized. Besides, they were down two positions, but one has since been filled. She added that the staff is very respective to making things right.

Chairman Taylor explained that since the Budget Committee also takes on the role of auditing responsibilities, he would seek a motion to accept the corrective action plan that Ms. McKinney has presented. Mr. Andrew Long made the motion, seconded by Mr. Ron Tharpe, motion passed 5 - 0.

c. Regular meeting time – 2nd Thursday of the Month @ 11:00 AM (46:38 – 48: 28)

i. April 8, 2021 (discuss timing related to CC Budget Hearings)

Chairman Taylor proposed that we postpone our regularly scheduled meeting on April 8 until after the Budget Hearing. He said he would find a date and let everyone know. He also added that next month (April) would be our last virtual meeting, as the Governor's mandate will expire.

V. Adjourn (48:54)