

BUDGET, FINANCE AND PERSONNEL COMMITTEE
JUNE 8, 2010
2:00 P.M.

Councilwoman Berz, Chairwoman, called the meeting of the Budget, Finance and Personnel Committee to order with Councilpersons Scott, Robinson, Ladd, Gilbert, and Rico present. Councilmen Benson and Murphy joined the meeting later. City Attorney Michael McMahan; Management Analyst/Auditor Randy Burns; and Shirley Crownover, Assistant Clerk to the Council, were also present.

Others present included Barry Bennett, Dan Johnson, Lee Norris, Fredia Kitchen, Larry Zehnder, Chief Parker, Tony Sammons, Richard Beeland, Chief Rawlston, Simone White, Ulystein Oates, Bob McGee, Randy Ray, Vickie Haley, Susan DuBose, and Wayne Cropp.

Chairwoman Berz called the meeting to order, stating that before the discussion began concerning the agencies, she would like to make a few comments and ask a question. She thanked Chairman Rico for carrying the “budget load” for her last week. She explained that she worked out all the time and sometimes her back went “wonky”; that Chairman Rico did a fine job. She also wanted to thank the Times-Free Press for their article explaining the tax breakdown, especially wanting to thank Cliff Hightower, who was not present at tonight’s meeting. She asked that her thanks be conveyed. She then stated that there had been great deliberation relative to this Budget, and the time that had been set aside did not seem to be enough; that Pension and other Benefits will be discussed next week, and we had covered three areas and asked if anyone had any suggestions as to how to handle the Budget.

Councilwoman Ladd noted that last week the Council concentrated on the General Fund and did not even touch it; that a few ideas floated; that she would recommend increasing the Budget discussion time to one or two days a week and ask each Department Head to come in, and the Council submit questions in advance so that the Department Heads can address specifics; that we need to gather information and move forward.

Councilwoman Scott agreed that the Council needed to meet more frequently and not drag this out; that the Council needed to spend more time on major portions with Department Heads and the major allocations.

Councilman Rico stated that if what they meant by a couple of days was other than Tuesday, he agreed.

Chairwoman Berz stated that the Council needed to pick a day and see where we are and then give Public Notice.

Councilwoman Robinson suggested Thursday, June 17th.

Councilwoman Ladd stated that she was thinking earlier than that, maybe Monday or Thursday of this week.

Councilman Rico suggested a Monday, as soon as everyone can meet.

Councilman Benson stated that since Tuesdays are already “blocked” out, that maybe the Council could start on Tuesday at 8:00 a.m. and go throughout the day and spend the necessary time.

Councilwoman Ladd stated that she had other meetings scheduled for Tuesday morning.

Chairwoman Berz asked if everyone wanted to start next Monday? Councilman Benson stated that everyone had problems—that he met with the Planning Commission on Monday. Councilwoman Robinson stated that she would be out of town that day. Councilman Gilbert asked about meeting in the evenings? Chairwoman Berz stated that would not work for her because she taught at the “Y”. Councilman Rico asked about next Thursday. Councilwoman Scott mentioned meeting two days in a row. Chairwoman Berz stated that she had a problem with all day on Thursday and suggested that during the break everyone look at their calendars and arrange an all day meeting. Councilman Gilbert suggested a Saturday, with Councilman Rico stated that we are forgetting the Department Heads—that it was not fair to ask them to work on Saturdays.

Councilman Benson stated that he wanted to expedite this and give Administration a chance also; that he did not think anyone on this Council thought that this City can pay a \$.64 increase during these hard times; that this cannot measure up; that this Budget is complex, but it is not as complex to Administration; that he thought we should ask Administration to bring us a Budget if we reduced the amount to a \$.20 increase or a \$.34 increase and incrementally step down for this year; that we could request an incremental raise the following year. He reiterated that we can’t measure up to this proposed Budget and have to begin to “cull” it down and see what services can be provided if the increase is say \$.54 or \$.34. He suggested that we cut the amount back and ask Administration to bring back maybe three options with their selected priorities.

Councilwoman Scott stated that she would support this approach as long as the Budget comes back as “zero”.

Councilwoman Robinson stated that she liked what Councilman Benson said.

Councilman Murphy stated that the Council should vote on components of the Budget presented in chunks; that we might get seven votes to do two academies; that if we give it back to Administration, they might “lop” off what the Council wants to continue, and this is the Council’s responsibility; that Administration has made their proposal, and it is up to the Council; that the Council needs to explore the 4% raise and see whether it stays or not.

Chairwoman Berz clarified that Councilman Murphy was in favor of taking this component by component in each Department. She stated that she did not think the two approaches were mutually exclusive. She stated that first, we needed to come up with a day and that tonight, the Council would make this announcement of a time to look at the Budget component by component; that Councilman Benson’s idea of maybe cutting to 20% could show what Administration is willing to get rid of. She asked Mr. Johnson if he could look at these numbers in this way?

Mr. Johnson responded “no”; that they had presented the Budget that they thought was best for the City at this point in time, mentioning the recession of 2008 and 2009; however it had been reported in February that we were out of the recession; that Chattanooga is one of three areas in the country where unemployment is declining; that we are coming out of the recession. He stated that we did not need four or five versions of the Budget—that this would be a waste of time; that he agreed with Councilman Murphy about getting the Council’s priorities; that anything else was a waste of Staff time.

Chairwoman Berz asked Councilman Benson about the information he would want concerning incrementally reducing the \$.64 increase. He responded information as to what it takes for personnel if full staffing is incorporated for the Police Dept.; information about “unfreezing” areas; that he felt the Council could tell them a figure, and they could come back with a Budget.

Councilman Gilbert stated that he agreed with Councilman Benson; that we are looking at disruption of jobs; that we need to see if each individual is needed in the Department; that a lot of corporations were cutting millions of dollars. Chairwoman Berz asked if he was talking about looking at the Budget functionally? He responded that he was talking about looking at duplications.

Chairwoman Berz asked the Council’s pleasure; that we needed to pick a date and then go to the Departments’ individual budgets and ask questions. She asked if there were any other questions “globally”?

Councilwoman Robinson stated that she thought as we looked at the Budget that we were all hearing the same thing; that our citizens are asking us to take a hard look and slow things down; that we are going to try to remedy the Pension fund, but this may take a couple of years; that we are looking at our Operating Budget for agencies, and we can go down the list, mentioning Air Pollution, RPA, Neighborhood Enterprises, etc., stating that there is quite a list of these organizations—that these organizations are “multipliers”—that they are able to take a modest allocation and multiply this into an aggressive agenda; that it was wrong and short-sighted to limit “multipliers”; that they give added value with great leadership, and we should not “gut” this to save money; that the Council does not have the expertise that these agencies have; that we should give Mr. Johnson and Daisy Madison the leadership of what we cut first—that there are some big targets out there.

Chairwoman Berz asked if this should be the topic of discussion at the first meeting? Councilwoman Robinson responded that this was just what **she** was saying; that this was not across the board cuts to create a budget; that she did not want to do this; that she was not ready to tell Administration what to do; that we could not solve the Pension problem in one year, but we would fix it; that we needed to get our big problems prioritized.

Councilman Benson stated that he had heard from the agencies two times; that this was a very small percentage of the total Budget; that the rest of the Budget was for departments; that there were a lot of questions for departments, and we needed to start with the Mayor’s Office and the Council office—that we needed to start at the top and not spend a lot of time on agencies because we had more knowledge of them than we had of departments.

Chairwoman Berz asked if everyone was in agreement for an all day meeting?

Councilman Benson noted that some constituents were saying do away with some departments; that their concerns and anxieties need to be examined.

Chairwoman Berz stated that the Council could submit their own questions and do this ahead of time with the departments so that they can come prepared. Councilman Benson stated that one question could lead to another question, with Chairwoman Berz noting that we were back to a day long discussion.

Councilwoman Scott stated that she was not clear and asked if we were going to talk about agencies today or not? She stated that one of her fears was that this was taking a lot of time and adds to the fact that we don't see any subtractions; that we need to give some priority as to what we should have and should not have—that we were going to have to take things away; that the Council needed to share “take away” items and talk about them; that we should begin talking about agencies today, immediately.

Chairwoman Berz stated that the committee would get on to their agenda today.

Councilman Rico stated that the Council was going to have to make decisions that are not popular with city employees and their raises; that this was very unpopular, but the Council had to make hard decisions and see where the “big” money is; that other things can wait until next year.

Councilman Gilbert urged that when we look at departments that we look at the entire department.

Chairwoman Berz questioned if we were going to get into the agencies today—that this was a great discussion going on.

Councilwoman Scott stated that for the sake of transparency, that before any discussion, each Councilmember should state where their allegiances were—that she was a volunteer Board Member for CNE, and she would not speak at all concerning CNE; that no one should benefit from any budget item.

Councilman Murphy stated that he was an upaid member of River City Board and Hamilton County Industrial Board; that he was also an unpaid legal advisor to one of his neighborhood associations.

Councilwoman Ladd stated that she had resigned from most of the Boards she was on but did have contracts through her company with several of the agencies.

Councilman Benson stated that he was a member of the RPA Board and would abstain from voting on anything concerning RPA.

Councilman Rico stated that he was on several boards but did not feel it would be a conflict of interest. Councilman Benson disagreed and asked the City Attorney to address this. Attorney McMahan explained that it would only be a conflict if the Councilmember, or any member of their family, was receiving any financial benefit.

Councilwoman Robinson stated that she did not want to “disenfranchise” herself because of community service boards, mentioning Allied Arts, CNE, a supporter of WTCI; affiliation with RiverPark, Chattanooga Downtown Partnership, the African-American Museum, the Railroad Authority, Moccasin Bend, and RiverCity Company.

Chairwoman Berz stated that we were going to look at the Budget for agencies; that Randy Burns had handed out a worksheet for the agencies, which covers the packets that he also handed out. Mr. Burns stated that he had not handed out spread sheets—that they must have come from the Finance Department. Chairwoman Berz asked if everyone wanted to proceed?

Councilwoman Robinson asked if there were any “burning” issues? She reiterated that these agencies are our “multipliers”; that this City does more than plug up potholes and pick up garbage; that we had had economic growth that goes way beyond “potholes—that these agencies are our “multipliers”; that many agencies take \$200,000 and raise a couple of million dollars with it through grants—that millions and millions of dollars benefit our City, and this is a great investment across the board; that these groups do a huge amount and are a good investment.

Councilwoman Scott stated that these organizations do a great job—that there is not a bad organization in front of us, but we don’t have a lot of money for them to leverage off of; that we are stretched thin; that in decreasing this Budget, we need to look at what is the primary focus of government—that is what do we have to do—that we are not doing a good job with potholes and paving of streets; that we need to focus all our dollars on these things—that Allied Arts is not a primary function of government; that museums are wonderful but not a primary function of government; that it is not a primary function of government to give college scholarships; that we are looking to marginalize some of these things and focus on the absolute necessities for people to live; that this amount of money is significant; that we continue to subsidize Carter Street Association and Finley Stadium that should be pulling their own weight. She asked what tax dollars need to go for—that some things have to come off; that once something is started, it never seems to leave, and we have too many umbilical cords—that “seed money” and a “life line” is different; that RPA is a State requirement, but some of these agencies are not requirements and some have to be pared down.

Councilwoman Ladd stated that she agreed with Councilwoman Scott; that she loved agencies and the tremendous add-ons; that she had thought about Public Works, Security with the Fire and Police and other things would have to sit and wait; that our constituents do not want it spent this way; that some of the agencies are redundant and need to be combined. She questioned why we were supporting two museums that want quite a lot of money—that we need just one good museum and charge an entrance fee; that two or three agencies need to come together because they are serving the same group of people, and this is just feeding their egos and can’t continue.

Councilwoman Ladd continued stating that if the City was doing great on our essentials, these might be nice things to have in place; that she had been going through this and looking hard at agencies, and this is not a great thing this year.

Councilman Gilbert suggested starting with those that have a matching component in the County first.

Chairwoman Berz asked Councilwoman Scott how working with looking at the sales tax was coming along? Councilwoman Scott responded that they had not started negotiations; that the Memo of Understanding had not run out yet; that she called the County today, and they had not put an Agency Budget together yet—that they might match us or even go over; that the Council’s discussion today has precedence; that their Budget has not happened. Chairwoman Berz asked “then we should be the driver?” Councilman Gilbert stated that we needed to do what we need to do.

Councilman Benson stated that the County is riding on our backs and agency after agency should be funded by several communities; that the City is carrying the freight and all of these things are quality of life but so is “flushing your commode”; that now the Council has to prioritize; that we can reduce 5%; that he would say cut everything 5% down the road; that we are putting homeowners out of business; that he would like to see us considerably reduce every agency 5% and then go to the County and other municipalities; that the agencies have the responsibility to go to these communities, and he would recommend 5% cut down the line; that if we have to agree on these one by one, we will be here until next year.

Councilman Gilbert stated that he agreed with Councilman Benson; that we need to look at this closely; that we do have a lot of cities that don’t give a dime, and these are well-off people, and they can “chip in”.

Chairwoman Berz noted that we have no jurisdiction over other cities; that we have to do what we will do—that anything else is wishful thinking.

Councilwoman Scott stated that she had just got this latest information on agencies and the districts that they serve. Mr. Burns stated that this was not a consideration that it be in every packet. Councilwoman Scott asked if we did not request this information at all? Mr. Burns confirmed that it was not a part of the request. Councilwoman Scott suggested that next year that we need to see a percentage of where the services are rendered and where the funding is coming from. She asked if we were going to talk about these individual agencies?

Chairwoman Berz asked if the Council would like to talk about individual agencies?

Councilwoman Robinson stated that she would like to reach a point out of time and not do anything to “lop” off anything until we have the big picture; that we need to be able to say “yes, we need to fund fully” and “slow this train down”; that we are going forward with debt and rational decisions need to be made to get out of debt; that we have a huge amount of employers in this town and have a huge economic engine working, and we are poised for a bright future; that this City is not ready to go bankrupt, and if we are not careful, we will do some serious damage; that it has taken years to get to this point, and we need to think before we cut off anything.

Chairwoman Berz stated that Councilwoman Robinson had mentioned debt as it related to OPEB and asked if we needed to look at that whole picture before we “lop” agencies? Councilwoman Robinson stated that we may want to change how we go forward; that there can be some “big” fixes, and the citizens will be glad. She stated that Mr. Johnson could figure this out in an hour.

Councilman Murphy mentioned quasi-functions of government, stating that if you exclude these, it pares the Budget down; that he would like to make a suggestion before we go 5% across the board cutting and Councilwoman Scott says this is not enough; that we need to see where the “big fish” are and look at large amounts first such as CARTA—that this is a big one. Chairwoman Berz asked if he was suggesting we look at quasi-governmental agencies first? Councilman Murphy responded that a vast majority are getting small dollars; that in terms of an investment in time, he would move that we consider these in size order and look at the largest one first.

Councilwoman Scott stated that this was actually her suggestion—that we look at what we need and others for possible reductions.

Chairwoman Berz noted that it is now 3:00 p.m. and asked what the Council’s pleasure was? Councilman Rico responded that it was now time for other committee meetings. Chairwoman Berz asked if we would discuss how we will handle agencies at another time? Councilwoman Scott stated that we were out of time and would suggest continuing this conversation at our next session. Chairwoman Berz stated that our next session was for Benefits. Councilman Rico stated that if we have a big meeting, it will cover a lot. Chairwoman Berz asked that councilmembers check their calendars for a day long work session.

The meeting ended at 3:00 p.m.