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**December 12, 2017 Council Work Session**

**Savannah City Government**  
**SUMMARY/FINAL MINUTES**  
**COUNCIL WORK SESSION &**  
**CITY MANAGER'S BRIEFING**  
**December 12, 2017 – 10:00 a.m.**

**Present: Mayor Eddie DeLoach, Presiding**

**Aldermen: Carol Bell, Julian Miller, Brian Foster, Van Johnson, Tony Thomas, Bill Durrence, John Hall, Estella Shabazz**

**Rob Hernandez, City Manager**

**Brooks Stillwell, City Attorney**

**William Shearouse, Assistant City Attorney**

Mayor DeLoach called the meeting to order.

City Manager Hernandez welcome everyone and gave a brief overview of what would be discussed.

**Workshop Agenda Items**

[1. 2018 Service Programs and Budget](#)

 [FY18 Proposed - Workshop 5.pdf](#)

Melissa Carter, Chief Budget Officer, stated there are some updates from the meeting from last Thursday that she would like to focus on today. During the last meeting the discussions ended with a review of Spending Plan 2 which included a proposed city-wide budget of \$408 million. Today's discussion will be on Spending Plan 3 which include changes in revenues, expenditures, enhancements and restoration. The \$2.2 million that was allocated for the Savannah Renaissance Project has been removed and those funds have been used to reallocate funding across the board for additional enhancements.

Ms. Carter stated there were previous discussions about the need for an operational contingency. As a result of the changes made since the last work shop there was a small amount of funds left over and staff is recommending that allocation go towards the operational contingency in the amount of \$498,000.

Alderman Miller asked what will the funds pay? City Manager Hernandez replied it is a reserve.

Alderman Bell asked if this is the total amount and if anything had been set aside prior to this amount. Ms. Carter replied to clarify the original preliminary budget and brief did include a sizable operational contingency. When we discussed it in the budget retreat, there were adjustments made that actually pulled from that operational contingency and your Spending Plan 2 which denotes your budget proposal only has about \$1.5 million in operational contingency. What is being proposed is that the additional \$498,000 be added to that amount for an additional cushion.

City Manager Hernandez stated that amount is separate and distinct from the overall \$39 million or so in the fund balance. He stated in a previous presentation it showed in order to get to the level that's recommended to obtain a AAA bond rating, we would have to be contributing somewhere around \$53 million to an undesignated reserve.

Alderman Thomas asked what does that amount to, to get to the AAA rating versus where we are? City Manager Hernandez replied it amounts to a lower interest rate. Presently, he doesn't know exactly how much. When you're borrowing money, depending on how much you borrow, every dollar in interest that you save money is a dollar that you save. Which typically results in a lower interest rate and it's also a signal to everyone in the community that we are a fiscally responsive and well run local government.

Ms. Carter moved on to the Fire Rescue Fund Overview stating as discussed during the Budget Retreat and in last week's work shop, the \$14.6 million in additional revenues were brought forward primarily because of the implementation of the Fire Assessment Fee. The fee basis will still cover 70% of the Fire Rescue Budget. Council also indicated they wanted some additional service reductions within fire, which have been made. However, we still need to generate the \$20.4 million revenue target in order to meet the 70% cost recovery. At 70% as Council directed that rate would mean each single family residential home will incur a flat rate of \$256 per parcel.

Alderman Hall stated he is telling his constituents the amount will be \$240, and asked why has there been a \$16 increase.

City Manager Hernandez replied when the \$240 was discussed at the budget retreat it was based on the \$3.1 million in cuts to the Fire Department, but Council directed staff to only eliminate the vacancies and not the full breadth of the \$3.1 million. That adjustment was made, which in turn impacted the rate. Additionally, the uncollectibles were adjusted from 5% to 8% for the first year. Since this is a new fee, we don't have a history with it and don't know what the success will be in collecting the fee, so we were a little more conservative.

Alderman Miller stated when those kinds of changes are made he asks in the future that Council is made aware as they are on the hook with their constituents and \$16 could buy them a great deal of frustration.

City Manager Hernandez replied understood and stated any changes made today or next Thursday with respect to the Fire Department Budget will impact the fire fee.

Alderman Durrence stated to Alderman Miller it's not just \$16 as there are multipliers based on square footage.

City Manager Hernandez stated if Council wants the fee to go back down to \$240, approximately \$1.2 million would have to be reduced.

Alderman Thomas stated apparently one of the news sources in town has reported that small houses will pay more than larger houses and asked if the residential fee that has been established is consistent for all single family houses regardless of size.

City Manager Hernandez replied yes the amount is for all residential units regardless of square footage. However, it's different for commercial properties because obviously there's the occupancy factor and the size of the commercial structure.

Alderman Thomas asked how the fee will be determined for duplexes or quadraplexes.

City Manager Hernandez replied it depends on whether or not the units are divided separately. The fee is based on the parcel, if they all have the same tax ID number it's one fee. However, if there is a separate tax ID for each unit, each unit will be assessed the fee.

City Manager Hernandez stated the discount policy rate will need to come back to Council at a later date if Council instructs staff to proceed with the proposed Fire Fee Assessment. The decision will be how much Council wants to rebate back in terms of a discount for planning purposes. Staff has factored 20% however Council may decide to do more or less. The way the rebate works is for a single family residence at 20% you take off \$50 right off the bat if you do certain things such as have working smoke detectors, fire extinguishers and things of that nature.

Alderman Shabazz asked for clarification on the assessed values for commercial properties.

City Manager Hernandez replied the fee is not based on the value of the commercial property it's based on the size of the commercial property and the risk factor that is assigned to that particular property. The easiest way to figure out or to try to estimate what your bill would be is to take the size of your structure and divide that by 1700 then you multiply that by the risk factor. He continued stating keep in mind there is a limit to the number of billing units which is 49, anything above 49 is not billed.

We must also take into account the risk factor, if the building is say masonry construction with sprinklers and things like that, they may have a lower risk factor than a four story wood-frame structure with no sprinkler systems.

Alderman Thomas expressed his concern about owners/landlords who will only be billed for the cap of 49 units but have more than 49 units that will spread the fees on to their tenants. He suggested educating the citizens more to include notifying them on the millage rate reduction to the customers. He continued stating he just wants to insure the citizens understand if they see rate increases and they're large rate increases, they need to know that it's not the City that's doing that.

Alderman Johnson expressed his concerns about renters who are on fixed incomes that cannot apply for the hardship because the amount set aside is for homeowners. He stated his continued issue about the fire fee is that the relief is geared towards the home owner. The City is offering a wonderful fee that renters and the people who will most likely need it, do not qualify.

City Attorney Stillwell stated Attorney Shearouse pointed out to him that landlords can deduct the fee because it is a business expense, but a homeowner cannot deduct it.

City Manager Hernandez stated the reason service reductions and enhancements are able to be restored that was discussed in Plan 3 is because of the additional revenues the fire fee provides. It provides relief to the General Fund, without the fire fee we're looking at a preliminary budget of \$187.2 million. So it's either the fire fee or an increase in the millage rate in order to be able to restore the services and enhancements.

Ms. Carter provided an overview of the proposed 2018-2022 Capital Improvement Plan stating there is a 5-year planned total of \$183 million over all funding streams. During FY2018, \$6.3 million would be allocated towards 98 projects, including Savannah Forward strategic priorities' projects.

Alderman Shabazz asked for clarification on the \$28 million for bonds in 2018. Ms. Carter replied \$27 million of the funds is planned for the additional streetscape improvements, to include Bay, River and Broughton streets; and there were some general obligation bonds that were planned in the debt plan. The other \$1 million is allocated to bring on a new fire apparatus.

Aldermen Shabazz, Hall, and Miller expressed their concerns and the need for drainage improvements in their districts moving forward in future budgets.

The City Manager stated there will be a SPLOST workshop in January. The 3<sup>rd</sup> quarter CIP report is currently available online.

Ms. Carter reviewed some highlights of the CIP program, including the Savannah Shines program, the Waters Avenue Streetscape, Joe Tribble Park Phase II, and Software Upgrades to include Electronic Timekeeping Phase I, and Budget and Performance Software.

Ms. Carter stated Cemetery projects that are planned for FY18 will total \$170,000, most of which already have some level of project balances.

The Civic Center is a standalone project. There are \$845,000 in critical short term needed maintenance projects proposed in FY18. City Manager Hernandez stated the plan for the Civic Center is just to do the bare necessities, to meet the basic operating requirements for the facility. Hopefully in two and a half to three years we will be moving into the a new arena therefore we do not plan to pour a lot of money into maintaining it. Staff understands along with this decision there will be an increase in complaints about its looks but it didn't seem cost feasible to do cosmetic work in the existing facility.

Taffanye Young, Chief Community Services Officer and Kerri Reid, Human Services Director, appeared to give a brief overview of how the process was handled for the proposed Community Partnership Investments. Ms. Young stated this year is the first year that the formerly called Social Services Grant Program switched over to what is being renamed to the Human Services Department. They have also switched over to a Request for Proposal (RFP) process. Two workshops were held for agencies to come in and go through the application. She stated there have been some questions and comments made in reference to the application being more complicated by agencies, but it was essentially the same application that people received in the past with some additional questions. For example, there was a question related to the utilization of volunteers for the program. That question remained, but there were then follow-up questions to clarify, such as what would be the role of those volunteers; what would be done if volunteers were

unable to be secured; and if the volunteers were staff. There were additional questions about the agencies track record; if they have ever done this type of program before; had there been success with it. The application wasn't difficult it just went into more detail so staff could weigh those against other proposals received. Ms. Young concluded stating all agencies did receive an RFP that outlined all of the scoring criteria and it was posted on our website.

Kerri Reid, Human Services Director, appeared to briefly go through the evaluation process. The proposals were separated into categories and reviewed and scored by members of our evaluation committee, the scores were then averaged and ranked accordingly. Staff opted to fund the top six in each category which included: community intervention; economic development and job training; youth programming; senior programming; and other poverty reduction programs. The committee consisted of 15 staff from across the City of Savannah. Ms. Reid stated she believes they did a very good job of trying to look at the proposals as they came in and weigh it against: if they had been funded previously; what the deliverables were; the number of individuals they hoped to reach within our community; and the outcomes that they plan for the upcoming year.

Alderman Shabazz stated there was a program that she was concerned about that did not fit in the category, the Sexual Assault Nurse Examination Program which is under the Rape Crisis Center. When victims go to the hospital they go through a very stringent situation, and our police department and those nurses have to work hand in hand this year in collecting the forensic evidence. In reference to the statements made by the Director of the Rape Crisis Center during the last Council meeting how could she have found this in the breakdown of the two categories? She stated maybe a more detailed conversation needs to be held in reference to this issue because she believes that the program didn't fit in any of the categories.

Ms. Young stated under the RFP that was released there is a category that could have been used and it doesn't state public safety, which was the call of City Manager Hernandez who suggested not calling it "public safety" but rather community intervention, so that it will show community agencies stepping in and partnering with our police and law enforcement agencies to prevent, and engage the community with the prevention of crime. One of the other categories listed was an option was to provide immediate assistance to low income families to meet basic human services following household displacement or other crisis events. Applications within that category were received but none of which came from the Rape Crisis Center and no communication or questions were posed in advance. An application was received from the Rape Crisis Center and they were among the top six and were recommended for funding for the youth prevention and education program. Staff decided to forgo the application for bartender training.

Alderman Johnson stated he has concerns about one of the City's major components which is Step Up Savannah. The City says economic strength and poverty reduction are two of its strategic goals. The program was created by the City, and the goal of that was specifically to be the City's arms, soldiers in the streets as it related to poverty reduction. It was funded from the General Fund because we thought it was that important and didn't want them to compete. He continued stating we wanted to make sure that we allocated money on an annual basis to assist them in creating a collaborative, creating a board and doing those things to help us in those efforts and they were cut significantly in this new process. Secondly, programs like the Fair Housing Council, Parent University both of which are programs that can help the City do the things we say we are about doing. He stated he realizes there has to be a way of being able to limit funding as every program isn't noteworthy but he believes there are some which is why previous administrations have made sure funds were designated because they didn't want the above mentioned programs to be thrown in that pit to compete with others.

Mayor DeLoach stated if the majority of Council does not vote for the Fire Fee none of these programs will be funded. Alderman Johnson stated he felt the Mayor was being disingenuous as there are other ways to find funding such as temporary retirement incentive plan, examination of legal fees, a millage rate increase, and leveraging the City's spending power.

Eileen Baker, Cultural Affairs Director, briefly reviewed the process for allocating funds for the Cultural and Arts Investment Program. She stated the application process included a Request for Proposals (RFP) which was released in August to include four workshops and countless individual sessions. The proposals were reviewed by staff and the Cultural Affairs Commissioners, a group of citizens appointed by Council. The Commissioners are also assigned to various programs; they go throughout the City during the year to check on the progress of the programs. The Commissioners met to evaluate and determine scores for the applicants, which is a very cohesive and comprehensive process. Ms. Baker reviewed the investment process, pending Council approval of the funding, which includes specific deliverables, measurable goals, outcomes, indicators, and funding disbursements. Included in the funding distribution is an evaluation by Commissioners, these programs are required to provide details of their progress before receiving the next disbursement.

Alderman Bell asked Ms. Reid to go through Step Up Savannah's application process. Ms. Reid stated all of the agencies went through the same process. The process described that the Rape Crisis Center went through is the same process that Step Up Savannah went through. She stated it is a competitive process and Step Up submitted seven applications in various categories. What made them different from any other agency is that they were competing amongst other agencies as well; versus in the past, Step Up received an allocation from a different fund and this year was the first year that they competed. This year, because they came into the competitive process, their application was ranked and scored amongst other agencies that were providing similar services.

Sean Brandon, Mobility and Parking Services Director, appeared to give a brief overview and update on the Parking Matters implementation which includes the removal of time zones, an increase in rates in the red zone, and a test of residential zones in Washington and Warren Squares.

Alderman Thomas asked how much money the parking fund made last year. Mr. Brandon replied approximately \$10.5 million which includes off and on street. The parking garages account for approximately \$6 million of that amount. Security is being switched over to police officers as they are able to do a lot more than security in terms of enforcement. The new shuttle routes that were established in September are being used by a mix of workers and residents. Lastly, he briefly discussed the bicycle infrastructure which he stated is going smoothly, he hopes to have something for Council to approve on the Liberty to Wheaton streets design.

Ms. Carter asked Council to keep in mind that there are some proposed fee changes as it relates to parking fines and parking garages many of which are related to the Parking Matters implementation in FY18. Some of the daily rates discussed are being proposed to increase from \$1 an hour to \$2 an hour in certain garages.

Ms. Carter gave Council an overview of the Civic Center Fund stating the spending level is approximately \$3.8 million. The normal allocations from the hotel/motel tax revenue will be allocated over to the Civic Center Fund to fund its operating expenses as well as cover capital investments which discussed earlier will be needed for critical infrastructure and maintenance for the existing facility.

Alderman Foster asked if the City receives 100% of the hotel/motel tax. City Manager Hernandez replied no, the City receives approximately 50% of the hotel/motel, transient occupancy tax, and then those funds go into the General Fund. For FY18 we're estimating that we are going to generate about \$11 million from our portion of the hotel/motel tax.

Alderman Foster stated the way he understands it is in the past it was set up so that any deficit in the Civic Center operations would be covered by the hotel/motel tax. Ms. Carter replied the hotel/motel transfer is part of the revenue base for the Civic Center Fund. If there are any additional operating expenses over and above the revenue base for this fund, then that amount would be borne by the General Fund as an additional contribution to rebalance the fund. It is not balanced with hotel/motel revenue and the City will only get that portion of the hotel/motel tax funds as it is a defined portion. Attorney Stillwell stated he believes Alderman Foster is thinking about the Trade Center. Once the Trade Center's budget reaches a certain amount of money, the City then gets the rest of the money for the Civic Center. Marty Johnston, Chief Operating Officer, stated the Civic Center gets 25% of anything over the \$850,000.

City Manager Hernandez stated that concludes the staff presentation and they are happy to answer any questions regarding the budget. He asked for direction from the Mayor and Council in preparation to hopefully finalize the FY18 Budget at next Thursday's Council meeting. He stated with the consensus of Council, staff plans to move forward with Plan 3 which includes service restorations and enhancements, as well as the imposition of a Fire Fee at 70% cost recovery which equates to \$256 per billing unit.

City Manager Hernandez stated staff will make every effort to place individuals who were affected by the restructuring in a position as there are plenty of vacancies. With respect to the restructuring there were comparable opportunities for individuals to move into, understanding that there may be a handful where there are no comparable positions and the ones that come to mind are the Ambassadors; but again every effort will be made with all of those employees to find employment with the City should they decide to remain with us.

Alderman Johnson asked at what point will the employees be informed as it is December 12<sup>th</sup>. City Manager Hernandez stated it is his understanding that for the last several weeks vacancies are being posted and interviews are taking place.

Alderman Bell asked City Manager Hernandez how difficult will it be to price the options made by Alderman Johnson. City Manager Hernandez replied in terms of a temporary retirement incentive program, we could estimate that we would have to offer between \$15,000 to \$20,000 as an incentive to have people retire. The problem is we don't necessarily know which employees will take it and then it only saves money when you eliminate those positions that the employee retires from and in some cases it may be that it is a critical position, then all the City would be doing is getting a person to retire early but we still have to backfill the position. Therefore it would be difficult to put a price tag on that certainly before next Thursday. Another option was borrowing and he

doesn't recommend borrowing money for operating expenses. City Manager Hernandez deferred to Attorney Stillwell as it relates to the City's legal fees who stated the total expenditures are about \$2 million to run the law department. There are 200 or so on going legal matters at any given time, you may be able to jigger it and make it \$1.9 or \$2.1 million but a significant amount of funding will not be saved.

Alderman Foster stated the biggest way the City could save money is having the State pass legislation saying municipalities cannot be sued.

## [2. Executive Session: Personnel and Litigation](#)

Upon motion of Alderman Johnson, seconded by Alderman Shabazz, and unanimously carried Council went into Executive Session for the purpose of discussing Litigation and Personnel.

Upon completion of this session, a motion was made to come out of Executive Session by Alderman Johnson, seconded by Alderman Shabazz, and unanimously carried.

Mayor DeLoach adjourned this meeting.

Luciana Spracher, Acting Clerk of Council

