



**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

**Thursday, November 15, 2018**

**Present:**

Mayor Eddie DeLoach  
Aldermen Bill Durrence, Van Johnson, Tony Thomas, Carol Bell, Julian Miller, Brian Foster, John Hall, and Estella Shabazz (arrived 10:26am)  
City Manager Rob Hernandez  
Chief Budget Officer Melissa Carter  
Chief Financial Officer David Maxwell  
City Attorney Brooks Stillwell (arrived 12:07pm)  
Deputy City Attorney Jen Herman  
Chief Infrastructure and Development Officer Heath Lloyd  
Savannah Fire Chief Charles Middleton  
Chief Community Services Officer Taffanye Young  
Chief Operations Officer Marty Johnston  
Director of Police Services Roy Minter

**Call to Order, Mayor Eddie DeLoach**

Mayor DeLoach called the meeting to order at 9:12 a.m.

**Opening Remarks, City Manager Rob Hernandez**

City Manager Rob Hernandez welcomed City Council to the Budget Workshop and introduced members of the City budget staff. He explained the purpose of the workshop is to engage City Council and staff in a discussion regarding the FY 2019 budget and start the conversation. Staff's job is to present a budget document that represents what they have heard from City Council and citizens. Over the course of the retreat, and if needed during an additional workshop on December 4<sup>th</sup>, staff will get City Council's feedback and incorporate that feedback into the proposed budget. We are scheduled for the first reading on November 20<sup>th</sup>, but we have time to make changes and make appropriate adjustments based on your feedback.

**FY18 General Fund Financial Update, Chief Financial Officer David Maxwell**

CFO David Maxwell provided a snapshot of fiscal year 2018 updated for the first ten months of 2018. He reminded everyone of where we were at the beginning of 2018 when we had a fire fee and lower millage rate. Since then, we have repealed the fire fee and adjusted the millage rate, and this update will reflect those changes. His update compared the 2017 actual revenue with 2018 actual revenue. Mr. Maxwell highlighted major variances between the two years, including increases in general sales tax collections, business taxes are on a positive trend, and inspection fees are showing a positive variance. Charges for services are showing a negative variance due to the impact of the police demerger. Investment income and miscellaneous revenue are trending up. Total revenues are up \$8.9 million. Aldermen Foster and Miller both



**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

clarified the impact of the demerger on revenue, which included the City no longer charging the County for services.

Mr. Maxwell reviewed in detail the variances in property taxes, including real property taxes, increases in delinquent property taxes, and personal property taxes. He explained the reasons for the increase can be attributed to the increase in the 2018 digest and that we are continuing to see construction growth. The City increased the millage rate to 13.40 in 2018 accounting for an increase in property taxes, as well. Alderman Durrence asked about the time table for the collection of delinquent taxes. Mr. Maxwell said about three years. Mr. Maxwell explained that a lot of the increases in tax collections are based on economic improvement and growth, including Local Option Sales Tax (LOST). The tourism industry growth impacts the collection of hotel/motel taxes. Increases in Records Court fines is related to the filling of positions within the Traffic Unit and increased State patrol operations. He again stressed that the City did see a decrease in charges for services related to the demerger of the Police Department.

Mr. Maxwell then reviewed actual expenditures, including savings in personnel due to the hiring freeze. The reorganization the City recently underwent makes it hard to compare 2017 to 2018 in terms of variances. Last year at this point we spent about \$148 million, whereas this year we have spent about \$151 million. However, in personnel we are about \$2.2 million less, though overall expenditures are about \$2.6 million over from 2017. Personnel expenditures are down due to the demerger, hiring freeze, and reduction of firefighter positions. Internal service expenditures are down, including due to property maintenance/code compliance being accounted for within the General Fund and within the Sanitation Fund and then charged back. Commodities, Contracts, and Interfund expenditures have gone up. Alderwoman Bell said that Council is usually more concerned about the General Fund, but because of the reorganization it is probably going to take us about a year or so to make real comparisons. Mr. Maxwell said that is why he stressed that the overall expenditures were showing an increase of about 1%. He noted that he wanted to bring to Council's attention that the revenues and expenses for 2018 are projected to be balanced at the end of the year. Chief Budget Officer Melissa Carter pointed City Council to page 68 of the budget document which provides a summary comparison of all funds which might prove more useful as a comparison.

Alderman Miller asked why Records Court's revenue has not gone up commensurate with the efforts we have put in to it. Mr. Maxwell pointed out that their revenues have gone up and that the various agencies have been writing more tickets, but that it is a manual process to get them into the system which has been affected by the malware virus. He said that court administrator, Buddy Clay, told him they have finally gotten caught up with getting all those tickets into the system. Alderman Miller asked about upgrading our computer system and electronic ticketing. Mr. Hernandez stated that in the budget they have set aside the first payment for a new Records Management System, but that it is more of a capacity issue than a



**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

financial issue. He hopes that in the next 2-3 years the City can replace the RMS system, but we need to make sure our RMS system works with the County's system. Alderman Miller said that not only will it help fund itself, it will improve our efficiency and our officers' morale. Alderman Durrence asked if reentering our tickets hold things up. Mr. Hernandez said that there is clearly a delay in processing and collection and that we have a very inefficient system. We have an increased ticketing volume that has caused Recorders Court to need temporary labor.

Alderman Thomas said the court is so overloaded with the traffic system that they are planning to have a court rodeo at the end of the month. He asked what does the new system cost. Mr. Hernandez said about \$3 million, but there is a preliminary discussion about standardizing countywide, but we need to make sure the system is robust enough to handle the operations of our police department for today and into the future.

**FY18 Debt Service Overview, Chief Financial Officer David Maxwell**

Mr. Maxwell provided an update on where the City is on our debt. We always want to make sure our debt level is serviceable and that we are not putting too much burden on our city. We are just looking at our General Fund supported debt. The City has a general obligation bond for \$2 million for the downtown streetscape plan coming up for approval, and this is the last piece of a bond series for the streetscapes. Alderman Thomas asked if any of the work has been done yet. Mr. Hernandez said only design work has been done so far. Alderman Thomas asked when the first bond was issued. Mr. Maxwell said in 2016, for design. Mr. Maxwell then explained the funding plan. Alderman Foster discussed the interest rates on the bonds. Alderman Thomas wondered when we were going to start these streetscapes. Mr. Hernandez said the design is now complete and we put it out for bid, but the cost exceeds the funds we have. So, we either have to borrow more funds or scale the project back. He stated that they wanted to focus on one street at a time and that they want to focus on Broughton Street first, though they have some safety issues on Bay Street, and they want to connect the streets as well. Alderman Durrence asked about GO bonds that could be paid for by SPLOST funds and stated that he understood from early on that this was never going to be enough money for the full streetscape project. Mr. Hernandez discussed that there were some issues with property owners on Broughton Street that they needed permissions from regarding the sidewalk. Alderman Johnson asked about liability if the owner did not allow the City access. Mr. Hernandez addressed repairs to the sidewalk for safety issues.

Mr. Maxwell discussed 2018 bonds issued for the Riverwalk extension, as well as the elevator and staircase on the west end of River Street. During the 2018 year, the City retired \$3.7 million in bonds. Alderman Foster asked about the rate for the bond coming up. Mr. Maxwell stated that he would let Council know at the next City Council meeting. Alderman Durrence asked about the TAD improvements. Mr. Maxwell stated those are for the Bilbo Canal off of President Street. Alderman Foster said that the amount of GO debt we have outstanding didn't even put us to 50% of our capacity. Mr. Maxwell stated that we do have borrowing capacity.



**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

Mr. Hernandez stressed that while we do have plenty of borrowing capacity, it is what you can service.

**FY19 Budget Overview, Chief Budget Officer Melissa Carter**

Ms. Carter reviewed the proposed fiscal year 2019 budget, and stated the goal of the presentation will be to obtain City Council's feedback and direction. The proposed budget is \$398,883,830, with a proposed general fund budget of \$200,279,213. The proposed workforce is reduced from 2,487.61 in FY2018 to 2,420.10 in FY2019. She stated that the City has historically been reducing headcount and will be continuing that trend as we continue to right-size. Mr. Hernandez stated there will be a slight increase in employees related to the Cultural Arts Center and Pennsylvania Avenue Center. Alderwoman Bell asked when the Cultural Arts Center was going to open. Mr. Hernandez said it would be occupied in December, with a soft opening the first of the year and dedication in February. Alderwoman Bell asked for a site visit and Chief Operating Officer Marty Johnston will schedule a tour for City Council before the end of the year. Alderman Foster asked for an explanation on the adjustment of staff numbers. Police Communications has 97 positions transitioning to the County. The City will be retaining 6 to allow them to become vested before transitioning. The Mayor asked for clarification about their benefits. There was an extended discussion regarding adjustments in headcount. Alderman Johnson asked for the final budget document to include a narrative explanation of the position changes. Alderman Foster wanted to acknowledge that the decrease in full time employees is not as significant as it looks, but that we made a good move in moving Police Communications to the County. Alderman Thomas asked about the decrease in the City Manager's Office. Mr. Hernandez stated that is the former City Manager that was carried on our books coming off. The Mayor asked for clarification regarding new positions. Mr. Hernandez stated we have added positions to the Police Department. Alderman Johnson stated that each budget document has to live and stand on its own and there needs to be some explanation. Mr. Hernandez assured him that they would make sure the final document has those explanations. Alderman Thomas asked if there are any police officers that have been out of service for a year or more that are occupying a full-time position. Mr. Hernandez said that they would provide him that information.

Ms. Carter continued with the proposed budget review and discussed where the revenue comes from. She stated property taxes don't pay for all our City services; they pay for about 39% of our general fund. About 22% of the general fund comes from sales tax and about 19% from other taxes. She stated the tax digest is growing. Alderman Foster stated that he doesn't have a problem being conservative, but the City can do a midyear adjustment if the numbers are significantly different and we can identify priorities for a midyear review. Mr. Hernandez stated that their plan is to do a midyear budget conference along with an update of where we are. Alderwoman Bell clarified what Alderman Foster was suggesting. Alderman Johnson said we can set our preferences but also look at current situations for immediate needs. Alderman



**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

Miller asked for a monthly report on where we are on revenue so we know where we are each month. Mr. Hernandez said he would prefer a quarterly report, but that isn't really that useful because we don't get the state revenues in monthly. Alderwoman Bell agreed with the City Manager and stated that personally she didn't think the first six months are that useful.

There was a discussion of exemptions to the tax digest, which is about \$397.8 million. Ms. Carter compared the tax digest, exemptions, and the gross digest between 2017 and 2018, and showed that 2018 is ahead in all categories. Ms. Carter compared the City's millage rate of 13.40 (up from the adopted millage rate of 12.48) to other communities in the region and locally. Alderman Johnson said that this comparison is sort of misleading when some of these other communities are somewhat ala carte and our millage rate is all inclusive. Many of these communities have a lot of fees on top of their millage rate. Alderwoman Bell recommended a chart that fully includes all the fees as well as the millage rate. Alderman Johnson stated that Savannah is probably funding the local communities' cultural experience as well, and asked if we are going to continue to fund county-wide services on the backs of City residents. He stated that those local communities don't have to do certain things because they can just come to Savannah. Alderman Hall mentioned that the City employs more than all of those municipalities. Alderman Thomas stated that the reality is that Savannah is the nucleus of this community and they benefit off of what we do.

Ms. Carter stated the proposed budget is based on 13.4 mills. The budget proposal includes key revenue assumptions, including an unchanged millage rate, excluding one-time revenues such as sales of surplus property), and continues the phase out of the Freeport Exemption (there is only one more year to complete that process). Alderman Miller asked how much the exemption is worth. Ms. Carter said about \$500,000. Ms. Carter reviewed the 2018 projected revenues and the 2019 proposed revenues. Mayor DeLoach asked for clarification on property taxes. There was discussion of the proposed revenue projections. Ms. Carter reviewed miscellaneous types of revenue. Alderman Thomas stated the City isn't doing enough to go after grants and we need to employ grant writers. Mr. Maxwell pointed out that the grant numbers they were seeing were just those related to the general fund, but overall across the City we average about \$15 million in grants. Alderman Thomas stated there's all types of programs and sometimes it's just not having enough resources and getting the information. Ms. Carter pointed City Council to page 68 in the budget document for a summary of grant funding and reminded Council that as Federal grants dwindle so does our grant funding. Ms. Carter stated that the fee projections are relatively flat across all streams. Alderman Miller asked why the overall fee projection is decreasing. Ms. Carter stated probably due to the police demerger, as 2019 will be our first full 12 months without the police merged. Alderman Foster asked if these figures include the hurricane reimbursement. Mr. Maxwell stated that won't be seen in the general fund. Alderman Miller asked if the figures include pass throughs that we



**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

accept on behalf of the region. Mr. Maxwell said that if we are the grantee than we report it on our books, like Coastal WorkSource.

Ms. Carter stated the 2019 expenditure assumptions include a 3% general wage increase, opening the Cultural Arts Center, the PARC, a full year of the Central Precinct, full-year costs associated with leased facilities (including police precincts and the Savannah Morning News facility), a \$1 million contribution to the wage adjustment reserve, and increases in general operating expenses. Alderman Johnson asked to investigate a 4% general wage increase. Mr. Hernandez stated the budget eliminates 15 vacancies in the Fire Department. Earlier this year, City Council directed staff to conduct a study of the Fire Department. The Carl Vinson Institute of Government (UGA) study will be complete in January, but they have already presented several options. One option is to lower staffing from four per apparatus to three. Mr. Hernandez said he could not recommend this option for safety reasons. A second option is to combine a company. A third option is to eliminate one ladder company, which is included in the budget. Mr. Hernandez stated he is proposing to eliminate 15 vacancies which is the elimination of a ladder company. Alderman Hall asked how many people. Mr. Hernandez clarified this affects no people, it is 15 of 18 existing vacancies. Alderman Hall asked if this would reduce our ISO rating. Mr. Hernandez said it could, but that ISO looks at a variety of issues. He said the Fire Chief has developed a service delivery model that maximizes our ISO rating, and as part of that rating he has deployed ladder companies throughout the entire city. If you accept this recommendation, it would be a change to that model and could affect our rating. Alderman Hall asked if we are willing to do that, what is the safety factor, as everything we do is for safety. The discussion was set aside until Public Safety was discussed later in the retreat. Alderwoman Shabazz asked how much money the City has spent on renting the Savannah Morning News facility and what the projection was for 2019. Ms. Carter said we have spent between \$800-900,000 and that is not projected to increase for 2019. Alderwoman Shabazz stated she was not part of the Council decision to discontinue use of the fireboat, but that she was part of the administration that brought the fireboat to the City.

Ms. Carter continued the presentation with the key expenditure assumptions, including a review of salaries and benefits. She stated that outside services will have a slight increase, mostly due to the malware attack, including hardware and software related costs. Interfund charges and transfers are related to vehicle purchases as they try to keep up with needed replacements, including fire apparatus. Alderwoman Shabazz asked about the general wage increase. Mr. Hernandez said the 3% increase would be in January. Alderman Johnson said it was 2% last year and the additional 1% that was promised didn't happen. Mr. Hernandez stated we thought 3% would be a little bit ahead of inflation for 2019 which is projected at 2.8%. Alderman Miller asked for increases and decreases in general wage over the last few years. Alderman Johnson asked to include health care increases and decreases in that



**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

information, as well. Ms. Carter stated a 4% general wage increase would cost an additional \$800,000.

Ms. Carter stated that they are not anticipating having to draw anything from the reserve funds. Alderwoman asked what the reserve is now. Ms. Carter said \$36.9 which includes the sales tax stabilization reserve fund. Alderman Foster stated that it exceeds the best practices minimum. Mr. Hernandez reminded Council that to be a high performing organization to achieve triple bond rating we need to be above 30%.

The Mayor called for a break at 11:05 a.m.

The Mayor reconvened the meeting at 11:20 a.m.

Ms. Carter reviewed City Council's priorities and stated that the budget will align with the City's Strategic Plan. She stated that based on the proposed allocations, 46% of the general fund budget is attributed to public safety, 20% to infrastructure, 10% to neighborhood revitalization, 24% to good government, and the remainder to economic strength and poverty reduction.

Each of the priority areas were reviewed, starting with Public Safety, which is budgeted for a total of \$92,150,713 in expenditures and adding four new positions to the Criminal Investigation Unit. There was a discussion regarding the implementation of a department-issued rifle program (50 rifles). Alderman Johnson asked if there was a demonstrated need for them. Mr. Hernandez said that there is a need for law enforcement officers to be similarly equipped against the bad guys. Director of Police Services Roy Minter stated that they are looking at maximum capabilities and that we want out officers to be able to take tactical positions from a long-range position.

Ms. Carter said in addition to recommending a reduction in firefighters, the budget continues the Basic Life Safety Training program. Mr. Hernandez stated that while they are proposing to eliminate certain positions, that doesn't mean that in 2020 we won't need to increase our headcount in Fire again. The UGA study is proposing we include quick time response vehicles that would respond in certain areas. For FY2019, we are proposing a reduction in vacant positions, but in 2020 we might be having a different discussion about positions doing something different. Alderman Thomas asked if we have the personnel needed for the Sweetwater station. Mr. Hernandez said yes. Alderman Foster stated that he has done some research comparing our department to some others in the state and shared a chart with everyone. He discussed the source of his numbers, which include population, area, budget, and ISO rating. He discussed the comparisons and stated he thinks our taxpayers need an answer why they are paying so much compared to other communities. He stated he is just putting the numbers out there and from a numbers standpoint thinks perhaps our department is



**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

overfunded. He also said that most insurance companies don't care about ISO ratings anymore. He also talked to some other mayors and governments and their insurance rates aren't any higher as ISO 3s. The majority of the counties around us are rated as 5s. He thinks the insurance rating is a fallacy and that the ISO is overrated. Mr. Hernandez stated that he can only respond in general terms as he is not familiar with the other jurisdictions. He knows that UGA is comparing us to Charleston, Columbus, and Macon/Bibb. He stated he knows that Columbus has more staffing than we have, but that he does not know what is in their fire departments or if they provide hazmat and EMS. He stated that he thinks we have a tendency to focus on ISO ratings, which is a grade that looks at a variety of factors including the fire department, as well as fire prevention and water supply. ISO reflects on the level of investment the City has made in this department. Only you, as Council, can determine the level of investment. What matters is your ability to provide a minimum level of staffing within a certain period of time. In certain areas we need a very robust response time, like in the urban core, but maybe that is not replicated in other areas that are not as developed. Alderman Johnson stated that he concurs with Alderman Foster, but like Police one size does not fit all. In his district, the residents are surrounded by a variety of heavy industrial uses and if there is a fire they need extensive hazmat experience. He asked, if we are paying this much, what are we getting for the investment. Alderwoman Bell stated we budget for the norm not the exception and said some decisions can't be made until we get the UGA information. Mr. Hernandez reminded Council that the budget proposal does include eliminating 15 vacancies. Alderman Miller reiterated that we have a study coming and that we are looking out for firefighter safety and public safety. Alderman Hall asked if they could hear from Chief Middleton. Fire Chief Charles Middleton came forward and explained that differences exist in where we are and in what we do. Savannah is the third busiest port, there is a heavy industrial presence, the region looks to our staff for their expertise (including hazmat), we value firefighter safety, we provide an equal level of service throughout the community, and we have the equipment and we maintain it. He said the fireboat and the river are perhaps the best hydrant we have that covers the entire historic district, and it adds a level of comfort and protection. He stated it is up to you as elected officials to decide what level of protection you provide. He said it is apples and oranges when you start comparing communities. Alderwoman Bell asked if the City gets support from the Coast Guard. Chief Middleton said they don't fight fires, but that it is a mutual relationship for other things. Alderman Johnson asked in a major disaster who could provide Savannah mutual aid. Chief Middleton said it depended on what it is and what we needed, but probably Pooler. Mr. Hernandez said that we need to put it on our agenda to work with the Port and the Airport Commission to ensure they are contributing their fair share to the fire protection we are providing them. The Airport uses some military resources, but for any fire affecting the terminal or other airport related property, our department is the primary response entity, yet the Airport does not contribute to those costs. It is not a revenue diversion issue, because the FAA will allow the appropriate costs. He stated that he would work with staff to come up with a cost allocation to make sure the general fund charges back to the





**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

general enterprises that receive services. For the Port, it is a little trickier because it is not in the City's jurisdiction and you do not have any control, so he will need your assistance and legislative help. The Port has been a great partner; when the City needs specialized equipment they assist, but that is a one-time cost that then requires personnel and training and we bear most of that cost. We need to bring the Port to the table. Mayor DeLoach, in reference to Alderman Foster's chart, stated that he wanted to emphasize that we are talking about substantial communities and that he wanted to make sure we look at their departments and what they are doing in comparison to ours. Mr. Hernandez said that he knew UGA narrowed down their comparables to those three communities and he will get them to explain why they chose those as comparables. Alderman Foster stated that consolidated governments are more efficient. Alderman Foster then discussed service to newly annexed areas and levels of service.

Ms. Carter reviewed the Infrastructure priority which is proposed to receive expenditures totaling \$39,569,992, along with CIP funding of \$1,570,000 for storm sewer rehabilitation, Local Maintenance and Improvement Grant (LMIG) resurfacing match, and preservation fee projects. Alderman Durrence asked about the LMIG resurfacing match and if we were increasing the amount of resurfacing we planned to do. Mr. Maxwell discussed the LMIG grant. Alderman Durrence said the bigger question is about street resurfacing and asked if this level of funding gets us past 11 miles a year. Mr. Hernandez said that our repaving has been somewhat limited to the funding we have been getting from LMIG, but that if we made the additional investment we could repave more streets. Alderman Miller stated that infrastructure is something that is of great concern in my district. Mr. Hernandez pointed out that the budget book is organized by service centers with the key business units and the expenditures that go along with that. The Infrastructure and Development service center starts on page 171. Alderman Miller asked for a report by line item by service center. Ms. Carter said that pages 176-177 lists the performance goals, objectives and projections for FY2019. Alderman Johnson said that neighborhoods are constructed different and repaving over a structurally deficient street is just repaving over a structurally deficient street. He said that they are all asking for more specificity of where this money is going and where it is being used. Alderman Durrence said that he thought the big point is that this problem is all over the City and that if we just rely on State money we are never going to get caught up. Mr. Hernandez said these are all valuable points, and that he wanted to remind Council that the very first deliverable in the Strategic Plan is the comprehensive assessment streets and that we are about 50% done on that and then we can start addressing streets in a prioritized manner. Alderwoman Bell asked when that assessment will be done. Mr. Lloyd said that they expect to be finished in the first quarter of 2019. Mayor DeLoach stated that we have a SPLOST tax coming up and we should put a large portion to infrastructure for the basics. Alderwoman Bell stated that street paving seems to be a high priority for Council and that maybe once the assessment is completed at the midyear review more money can be allocated to it. Alderman Johnson stated that perhaps City Council can be of assistance in identifying areas and see if that aligns with staff's assessment. Alderman Miller



**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

said we are not just talking about sidewalks and street pavement. He stated that he has communities struggling with street flooding. Alderman Hall said that some of us remember what SPLOST was intended for, roads and road related projects. Alderwoman Shabazz mentioned storm and sewer assessment and said 2019 is supposed to be her year for a detailed plan to help reduce flooding in her area. She stated she needs a plan and asked how much money we are planning to put in the 2019 budget to reduce flooding in the Springfield Basin. She said she needs a breakdown and specific plan, and stated what she is talking about costs millions of dollars and will probably need SPLOST dollars. Alderman Thomas said the current funding strategy will take 70 years to repave our streets and we are adding land to our city. He said we are not even addressing the truck traffic that is going through these streets and the port is not contributing and we do not get taxes from there; our taxpayers are shouldering that, especially going down Bay Street. He stated we need a discussion of those uses of our infrastructure and some recovery of that, and we need to talk about trains and those crossings in our city. Alderman Johnson discussed the Hudson Hill community center that had to be closed due to structural deficiencies. Mr. Hernandez said that he had yet to review all of the final documentation related to the center and that they have discovered some significant settlement issues. They still do not know if the facility can be repaired and will look for funding once they know the extent of repairs or replacement. He did not include a request in this budget because he does not know yet what he is requesting, but he is looking for a variety of funding. Alderman Johnson asked if they should consider a placeholder. Mr. Hernandez said they could do that. Alderwoman Shabazz said in reference to the truck and train traffic that is over on the west side, there is a CSX path that is destroying our streets and there are issues with weight restrictions. Alderman Thomas asked if we have done an assessment on bridges. Mr. Lloyd said the last assessment was three years ago. Alderman Durrence asked for clarification on miles of street paved when based on two lane streets.

Ms. Carter reviewed the priority of Neighborhood Revitalization, for which a total of \$19,068,296 in expenditures has been budgeted, including for the launching of the Pennsylvania Avenue Resource Center, implementing Summer and Winter Youth Basketball Programs, implementing Downtown Cleanliness Crews for litter pickup with four staff members (funded by nightly occupied room fees, includes pressurized sidewalk cleaning, and coordinated through a partnership with downtown partners), and additional maintenance and repair for parks, playgrounds, pools and landscapes. Alderman Foster asked about cleaning sidewalks on a regular basis. Mr. Hernandez said there would be two personnel dedicated to that. Alderman Thomas stated he was very happy to hear about the sidewalks as the city is very filthy, though this is no reflection on staff, but the people who use it. He wanted to know how many tickets have been written up for litter in 2017 and 2018, and stated we need to get serious about littering. He feels we have become complacent in many areas and thinks many people are riding by it and not seeing it anymore. He asked what our real efforts are going to be in 2019. He said Keep Savannah Beautiful used to be tasked with this and take it seriously. Mr.



**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

Hernandez stated with respect to issuing citations, law enforcement officers have to actually witness the act, and that the problem is citywide. He said we are addressing the problem through our litter and sanitation crews, and adding four additional people to our litter crews. He said sometimes you have to hit them in the pocketbook to change behavior. Some cities have a clean city fee on their water bill. In Sanitation they have started a campaign that “litter costs you.” Individuals need to realize that they are paying \$150 a year just to pick up trash. He would like to expand our education component. Looking at what Austin did; reminding folks that there is a cost to throwing out that can of soda. It’s applied on their water bill. Alderman Hall said the trash is coming from restaurants and lotto stores. Mr. Hernandez said it’s their customers, not the stores. Alderman Miller said city staff has been working on a program that is going to be announced at our next work session and asked Chief Young to talk about it.

Chief Community Services Officer Taffanye Young discussed the upcoming citywide community litter cleanup. The goal of the cleanup is to change behavior to keep litter from getting on the ground in the first place. It will be held March 1-2. The first day will be City staff and the second day will be for the community to get out. If people personally engage in the cleanup they are less likely to turn around and throw trash on the ground. Alderman Foster asked if being a go cup city contributes to litter. Ms. Young said that in her opinion it does and specific corridors are an issues. Alderman Foster asked if our go cup area should be drawn back. Alderwoman Bell applauded staff for engaging youth groups and neighborhood associations, and encouraged them to ask Junior Achievement and 100 Black Men about their programming. Alderman Thomas said the City currently pays over \$2 million for street lights and lately a lot of street lights are out. Georgia Power says an acceptable outage is 5%, but we need to do night surveys and see if they are contributing to public safety issues. Mr. Hernandez stated that Council can help us get the word out at town halls to remind constituents to call 311 about street lights. Alderman Miller stated they have been using 311 and they have been getting fixed.

Ms. Carter reviewed the Economic Strength and Poverty Reduction priority to which \$714,930 in expenditures have been allocated. She stated this priority has a lot of non-General Fund funding, including CDGB grants. General Fund allocations include new Cultural Arts Center staff and operations, and enhanced coordination of film and special events. Mr. Hernandez said that historically the City paid SEDA about \$157,000 for film coordination and this year we are keeping that money in house and bringing an additional person on staff. They are also providing additional personal for the PARC and will be moving the Eastside Golden Age Center clients and staff to the PARC. Alderman Thomas would like to know the non-General Funds for the priority, as the slide doesn’t show accurately what we are trying to do to combat poverty. Mayor DeLoach read a message from Trip Tollison that stated according to the US Census Bureau, in the last two years Savannah’s poverty rate has dropped 5%, from 26.4% in 2015 to 21% in 2017. Macon/Bibb County had a 24.9% rate in 2017 and Augusta/Richmond a 23.1%



**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

rate in 2017, making Savannah lower than both of those communities. Ms. Carter directed Council to page 215 of their budget book for a listing of funding related to Economic Strength and Poverty Reduction, including \$6.2 million in WorkSource Coastal funding and \$140,000 in CDBG grant funds running through PARC. Alderwoman Shabazz asked about sidewalks in Bradley Pointe from Highway 17 to the end. Mr. Hernandez said that he did not think there is a specific project related to them in the 2019 budget.

Ms. Carter reviewed the Good Government priority slated to receive \$48.7 million in expenditures, including the general wage increase and an allotment to the wage adjustment reserve, as well as enhanced call center staffing, performance benchmarking, open records software, and auditing software.

The Mayor adjourned the meeting for lunch at 12:50 p.m.

The Mayor resumed the meeting at 1:45 p.m.

Ms. Carter continued with the FY19 Budget Overview and reviewed the Proposed Strategic Investments. Many of these are small investments intended to move us forward in the strategic plan. Overall the budget presents equal revenues and expenditures for a balanced proposed budget. Alderwoman Shabazz asked if one of her neighborhoods could be next for the Savannah Shines program. Mayor DeLoach said he thought Cumming Street is next. Mr. Hernandez said that they had evaluated a number of neighborhoods and scored them on a variety of factors and the next was West Savannah. Alderman Miller asked if we can step up our blighted program to try to get more of these properties cleaned up, and perhaps seek out partners who can help with these properties.

Ms. Carter reviewed challenges on the City's radar as they continue to try to keep the budget balanced, including:

- Aligning our resources with our strategic plan for full implementation
- Facility needs assessment and master plan
- City Hall repairs and restoration
- Arena and Canal District development
- Civic Center redevelopment
- Fairgrounds redevelopment
- Police Records Management System (RMS) replacement
- Automated time and attendance system
- Technology upgrades/IT strategic plan
- Hurricanes and natural disasters
- Central maintenance and operations facility



SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018

- Public safety facilities
- Stormwater infrastructure
- Rehabilitation of parks and community centers
- SPLOST
- LOST renegotiations
- Municipal Court
- Leapfrogging/Scattered development
- Employee retention and compensation
- Succession planning

Alderman Miller asked where we are with Municipal Court. Mr. Hernandez stated that it is not a project we are working on right now. Recently the Recorder's Court administration had been transferred back to the City by state legislation.

Ms. Carter reviewed the budget calendar, including the first budget hearing on November 20<sup>th</sup>, with a second budget hearing on December 6<sup>th</sup>. If an additional workshop is needed, it will be held on December 4<sup>th</sup>. Final adoption of the budget is scheduled for December 6<sup>th</sup>.

**FY19-FY23 Proposed Capital Improvement Program, Chief Budget Officer Melissa Carter**

Ms. Carter passed out a handout that provided a full scope of the CIP program across all funding streams. For the proposed Capital Improvement Program, they followed some general guidelines, including focusing on projects that supported the strategic priorities. The CIP budget addresses planning and maintenance, protection of previous investment in physical assets through maintenance or renovation, and planning and construction of public facilities and infrastructure. The CIP funding is below FY2018 levels as they need to look at the operational budget impacts of the 2018 projects on the 2019 budget. Looking at the CIP online dashboard, there are over 300 active projects. We now have a centralized Capital projects function and we need to let them continue to keep pace on projects already underway so that we are not outpacing our operations. Unfunded and on-hold projects lists grows as new projects are added. Alderman Durrence asked for the unfunded list. Alderwoman Bell asked what the dollar value of the unfunded list is. Ms. Carter said that there may be projects on that list that are no longer relevant. Alderwoman Bell said that it may be helpful to the aldermen to see that list. Alderman Durrence said there may be projects that you have decided are no longer valid, but there may be citizens that think they are. Alderman Thomas said we need to have some say in what goes on the unfunded list so that we can communicate with our residents so that there are no surprises. Alderman Miller said there isn't a single thing on the 2019 list for my district. Alderwoman Shabazz said that she has been talking about sidewalks and drainage and that there is nothing in my district on this list. Alderman Thomas said that he thinks the problem is that we need to have better communications. Mr. Hernandez said if the



**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

project is on the unfunded list then it doesn't really exist. It doesn't exist until we bring it forward and you approve it, then it becomes real. There was then an extended discussion about the process for how projects get recommended and approved. Alderwoman Shabazz discussed needs regarding flooding in her district and an extended discussion about what can be done regarding the Springfield Basin. Mr. Hernandez stated these needs were larger than what can be done with the CIP budget and involve a phased implementation. He stated that they were talking about a \$40 million project from Bowles Ford Park north, and that is probably just for Phase I.

Alderman Durrence stated 11 of the 25 projects for 2019 are downtown, but they amount to less than \$1 million and all are funded by the preservation fee, funded by people taking tours. Alderwoman Bell pointed out that on page 241, it showed \$59 million across all funds was being spent on the Capital plan, with only \$4 million allocated from the General Fund, which isn't very much. Alderman Foster asked if there is anything in the sewer fund that comes from SPLOST. Ms. Carter said it is all out of sewer. Mr. Hernandez said there are drainage related projects that are SPLOST. He stated we are constantly upgrading water and sewer. Alderman Foster said that is all underground work. Ms. Carter said the capital program is not broken down by district, it is delineated by funding streams and improvement categories. She reviewed the funding by source, with the lion's share made up by water and sewer funds. They are hoping to increase CIP funding by the General Fund in 2020 and 2021. Ms. Carter reviewed expenses by category. Mr. Hernandez stated that \$750,000 for drainage, \$650,000 for public buildings, and \$150,000 for streets is all a drop in the bucket. He said we just don't have the resources we would like to reinvest in our public infrastructure. It is so difficult in the General Fund when you are competing with all these other needs. Ms. Carter reviewed some of the highlights of the CIP including \$1 million for Savannah Shines, \$750,000 for storm sewer rehab, \$1 million for the Records Management System, \$552,000 for I&D Water Plant lab equipment, \$150,000 for fire building capital maintenance, and \$90,000 for a cemetery master plan.

Ms. Carter closed her presentation by reviewing the issues and challenges of the Capital Improvement Program, including:

- Maintaining public facilities
- Rising construction costs
- Growing unfunded/on-hold list
- Equipment replacements as capital needs
- Limited revenues vs. growing capital needs and increased operational costs

Alderman Miller repeated that Council needs to see the unfunded list, because they may have spoken to staff and put things on the list, and some of the unfunded items may have originated with the aldermen. Alderwoman Shabazz complimented staff and said they have been great



**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

with moving the district SPLOST projects forward. She said she wanted the Springfield Basin to be on the five year plan.

**Council Discussion and Direction**

Mayor DeLoach expressed his desire to continue with Savannah Shines and keep funding consistent. He stated you can't develop it every year if you don't have money every year. Mr. Hernandez stated we can have an allocation each year, but that he didn't want to give anyone the impression that we would be moving to a new neighborhood each year, because it takes longer than one year in a neighborhood. It may take two years in a particular neighborhood, but we can certainly prefund and know the money is there. Alderman Johnson stated we have 99 neighborhoods, and that his concern is that some neighborhoods will not have the benefit of Savannah Shines. He stated that there are components of Savannah Shines that can be packaged and split among neighborhoods and that there are best practices that can be done simultaneously in several neighborhoods. Mr. Hernandez reminded Council that Savannah Shines maximizes resources in order to make the biggest impact in the least amount of time as possible, and that if you sprinkle here and there you don't have much to show for it. Alderman Hall urged his colleagues to let Savannah Shines play out and improve on it with the next neighborhood. Mayor DeLoach said we can do a quicker, better job with the next one. Chief Community Services Officer Taffayne Young said that all of our citywide activities haven't stopped because of Savannah Shines, including home improvement and leadership programs. What is unique about Savannah Shines is tying all of it together at once. Alderman Johnson asked that the West Savannah Revitalization Plan and Augusta Avenue Plan be on the capital plan. Alderman Foster discussed banks and that people need to have confidence in the redevelopment of the areas, and that this was a key part of Savannah Shines.

Alderwoman Shabazz asked about the status of getting security cameras in her district, as folks are concerned about dumping and crime. Mr. Hernandez said that in many parts of the city the main problem is access to wireless and fiber and we need the infrastructure for that camera. However, he has also asked the Police Department to put the brakes on the expansion of cameras until we have a plan for the proactive use of cameras. There is more value to having cameras that are being used to prevent a crime or to immediately respond, not to use them in a reactive way after the fact. Cameras need to be monitored with built in analytics. He stated that's where we need to get to, not just buying cameras and throwing them up on poles. We need to integrate our digital camera feeds and right now we have all these separate systems. Police are working with IT and looking for a solution from vendors to integrate into one system and to access private cameras. He stated he is hesitant to expand cameras until he knows where we are headed. Alderwoman Shabazz asked about fiber in her district. Mr. Hernandez stated that a couple of months ago IT Director Cam Mathis gave a presentation where it was discussed that public owned fiber infrastructure throughout the county was cost prohibitive,



**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

and that we need all the entities to work together and connect their networks together. He discussed the need to incentivize the private providers to go into areas not currently served. Alderman Foster said SCAD gave a presentation the day before where they discussed that they currently have 1,000 cameras in place today and every dorm has cameras surrounding them monitored 24 hours a day. The City has access to them. Alderman Durrence said those cameras are facing out too.

Alderman Johnson asked about the ShotSpotter technology and if we were supposed to expand it. He said it has gotten better and that we needed to look at expanding it beyond the downtown corridor. Interim Chief Revenew discussed that ShotSpotter has helped tremendously; it has helped identify hot spots. They would like to expand and one area they have identified for expansion is the state streets. There is a need to integrate all the technology together so they can quickly respond. The RMS system is going to be pivotal to integrate all of this so they can be proactive instead of reactive. Director of Police Services Minter said they are hoping to get to a point where ShotSpotter is no longer necessary, and that also ShotSpotter has a new technology so you can predict where shots are more likely so that you can see where you need to position your staffing to be proactive. Mr. Hernandez discussed Smart Cities and that Georgia Power wanted Savannah to be the second host site. Assistant Chief Robert Gavin said that would integrate ShotSpotter with cameras and we had picked out a corridor but we have IT issues we need to address that has stalled us regarding fiber. Alderman Johnson asked the City Manager to follow up on that. Alderman Hall thinks we need to have a conversation about whether or not we want that in our district. Mr. Hernandez discussed Smart City, including street lights and parking meters which are intelligent and contingent on fiber and the roll out of a national 5G network, which we are still a couple of years away from.

Alderman Durrence stated he wanted more roads.

Alderman Johnson brought up funding for StepUp Savannah and the Metropolitan Planning Commission, especially as we move forward with a greater scope of work that we are asking of them. Mr. Hernandez said the new director, Ms. Wilson, submitted a request for additional funding that is part of our proposed budget. With respect to StepUp, he said they are treating them as an outside agency and they can submit a funding request. Alderman Johnson said that he philosophically disagrees with that, as they were created as a partner with us and that provided they are following a work plan, you are now asking a collaborative to compete. We didn't create them to compete, we created them to be our experts. They can't do that if they are having to compete for funds with those they are trying to collaborate with. Alderwoman Shabazz agreed with Alderman Johnson. She said StepUp was a key part in reducing our poverty rate that the Mayor reported on today. We don't need to stop that success.





**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

Alderman Miller asked if we have completely backed away from Parent University. Mr. Hernandez said that with any nonprofit we have a request for proposal process under the community partnership program and the review community looked at a number of factors to determine what services we wanted to purchase, and the committee then made recommendations back to the Chief Community Services Officer who made recommendations back to you which you can see on page 253. We are financially constrained and they had a certain amount of money to work with, and they tried to reach as many people as they could with the money they had to work with. Alderman Miller clarified that what was in the budget was what has been recommended. Mr. Hernandez said that those requests not recommended are also included in the budget book. Ms. Young said the City received 54 applications from 40 organizations. They had \$650,000 to work with, and over \$2 million in requests. StepUp received \$92,000 in 2018 and they are recommending \$102,000 in 2019. Alderman Miller said that Crimestoppers is not being funded, and that is a dangerous situation. Mr. Hernandez said that he is committed to funding the service that the Police Department requires, and that is an anonymous and confidential method by which the public can call in and report crime, but that the organization that is known as Crimestoppers has to go through the same process as any other nonprofit. The City gave them about a year and a half to get used to the process of applying for funding. Their application did not meet our minimum requirements and he had concerns about what we were getting for our contributions. The Savannah Police Department will have access to an anonymous tip line of some sort, they will have that tool available to them. Alderman Johnson said that people aren't going to call the police. Mr. Hernandez said that Crimestoppers isn't the only game in town. He said he would like to have a discussion with each member of Council about this. Alderman Miller said that he understood that we have limited funding, but that there is a difference between services we need and those organizations that come to us and say they need funding. Mr. Hernandez said the key work is service and not the organization.

Alderman Thomas asked if the total amount we are putting towards the homeless issue is \$195,000. Mr. Hernandez said for the continuum of care. There is additional funding from the federal government for us providing the continuum of care. Alderman Thomas said he is concerned about the level of homeless and the amount of resources we are putting into the issue. Mr. Hernandez said the federal government requires we have a continuum of care which is a plan to address homelessness. Alderman Miller said he is Council's appointee to the Homeless Authority and for years they have been asking for money and for years we have been asking for a plan about what they are going to do with the money, and they are trying to do that now. Ms. Young said that the \$195,000 you see is just for administration, the other money you saw was Shelter Plus grant funds of about \$600,000. The Homeless Authority also receives about a couple of million in grant funds.



**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

Alderman Foster asked to compare millage rates, as earlier this year we raised the millage rate. He wanted to know if the plan was to lower it. Mr. Hernandez said the budget is based on the 13.4 millage rate and it does not contemplate rolling it back. If City Council wants to, it would need to be addressed in investments. At 13.4 mills you see what you are buying. If you roll it back, you will be buying even less. Alderman Thomas asked what if you roll it back to 13.3. Alderman Foster said he wanted to at least put it on the table for discussion, and said what about a quarter, which is \$1 million.

Alderman Johnson thanked the City Manager, budget team, and staff.

Mayor DeLoach adjourned the meeting for the day at 3:32 p.m.

**Friday, November 16, 2018**

**Present:**

Mayor Eddie DeLoach  
Aldermen Bill Durrence, Van Johnson, Tony Thomas, Carol Bell, Julian Miller, Brian Foster, John Hall, and Estella Shabazz (arrived 9:53am)  
City Manager Rob Hernandez  
Chief Budget Officer Melissa Carter  
Chief Financial Officer David Maxwell  
City Attorney Brooks Stillwell  
Deputy City Attorney Jen Herman  
Chief Infrastructure and Development Officer Heath Lloyd  
Savannah Fire Chief Charles Middleton  
Chief Community Services Officer Taffanye Young  
Chief Operations Officer Marty Johnston  
Director of Police Services Roy Minter

**Call to Order, Mayor Eddie DeLoach**

Mayor DeLoach called the meeting to order at 9:09 a.m.

City Manager Hernandez welcomed everyone to the second day of the Budget Workshop. He pointed to page 71 of the budget book for proposed changes in the fee schedule which will make us more competitive and make sure we are recouping our costs. The schedule covers everything from cemetery to water and sewer. Staff are not recommending any parking fee changes.

**2019 Proposed Utility Funding Plans, Chief Financial Officer David Maxwell**



**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

Mr. Maxwell stated that he has updated this presentation from past years and would not rehash elementary concepts of the water and sewer funds. Instead he wanted to look at the rate setting process. He reviewed where the numbers come from, including:

The 2019 rate encompasses:

- Assumptions for new growth – 1,400 new water/sewer customers
- Assumptions for water/sewer usage – 9,999,527 CCFs
- Assumptions for increased costs – 4%
- Assumptions for rate increases - \$1.95/month combined bill for average customers
- Assumptions for capital needs - \$139,103,000
- Assumptions for borrowing costs - %4
- Cash flow needs - \$19,320,600 average annually for capital plan
- Coverage requirements for bond covenants – at least 1.25x

Alderwoman Bell asked how you protect new customers. Mr. Maxwell said based on tap in fees, over history, you project forward. Mr. Maxwell said that based on assumptions you build the model and project out five years. Alderman Hall asked for clarification of projection of water CCF measurement. Mr. Maxwell said that is measured in hundred cubic feet. He said you project water usage, revenues and operating expenses. Alderman Miller asked about factoring in anticipated rate increases over the next five years. Alderman Hall asked how often the sewer rate is calculated. Mr. Maxwell said your sewer rate is double what your water is. The water is about free, but it costs to treat and distribute it. To treat sewage is highly intensive and costly; it is regulated by the EPD and federal regulations. It is very costly to accumulate that sewer and then treat it. Keep in mind too that there is a cap on residential sewer at 50 units. Alderman Johnson asked what is the percentage set aside for maintenance. Mr. Maxwell said they would get to that. The model also looks at net revenue and debt service, all of the bonds we have to service, and then the amount available for our capital program. For 2019 we will have about \$21.4 million, after our operating expenses and debt. If we aren't generating enough for our capital plan, we have to look at rate increases and additional borrowing. Alderman Johnson asked how would you characterize the condition of our sewer system if it was on a grade system. Mr. Maxwell said he just got a draft document from Moody's on our water and sewer debt and they track the age of our assets and in their calculation we have about 22 years of life left, which is really good. We are right now going through a cycle of replacing our treatment plants. Chief of Infrastructure and Development Heath Lloyd said that for water and sewer they have a fairly aggressive rehab program to keep the infrastructure in good shape. Alderman Miller asked about the total of capital needs and the projected revenue and proposal to fund. Mr. Maxwell reviewed the funding plan, including net income, tap-in and connection fees, planned new borrowing, and interest on restricted assets for a five year total of \$139.1 million. Mayor DeLoach asked about spending this amount



**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

of money and when the work will be done. Mr. Maxwell said it a continual process of maintenance on a schedule. Mayor DeLoach clarified his question, stating he wasn't talking about preventive maintenance but major projects. Mr. Lloyd said that it is a little bit different with water and sewer because it is a continual process with continual assessment, modification and rehab. Mr. Maxwell stated that they do a five year and 20 year plan of what needs to be replaced to keep the system running efficiently. Mr. Lloyd then discussed preventive maintenance for wells, lift stations, and lines. Alderman Johnson said if we were able to make a significant investment in water or sewer or both through a comprehensive campaign like SPLOST, would we be able to allow our citizens not to have to invest in it through their pockets and their monthly bills would be lower. Mr. Hernandez said the challenge with relying on SPLOST is that there is a lot of uncertainty with SPLOST. A lot of water and sewer plans are 20 years out and in his opinion there is too much uncertainty in relying on SPLOST. Our water and sewer charges are on the lower end compared to other communities, and we have continuously invested in our water and sewer system. We don't get a lot of complaints from our customers about the quality and service, and we are the provider for the region.

Mayor DeLoach stated that we have got to do something on the stormwater issue to improve that program with long term maintenance. Can we set up the same type of enterprise fund to fund stormwater for the long term to start taking care of those issues. Mr. Hernandez stated that he is right, the solution to stormwater is to set up an enterprise fund and capture a portion or total costs through a user fee, those that use the service pay for the service. Mr. Lloyd reminded Council that the storm sewer and sanitary sewer are two systems. Alderman Durrence clarified that this enterprise fund is just for sanitary sewer. The CIP list is all sanitary sewer project, all stormwater comes out of the General Fund. Alderman Miller asked how many customers there were. Mr. Maxwell said there are 85,000 individual customers, some with multiple units. Alderman Miller asked how many accounts. Mr. Maxwell said 95,000. Alderman Durrence said sounds like you have well thought out long-term maintenance and we need that same plan for stormwater and streets, but that he doesn't know how you do that without dedicated funds. Mr. Maxwell said we also need those for our facilities and our fleet replacements, but that it's just a matter of setting up a system with identified funds. Alderman Durrence said problem is dedicated funds, but infrastructure issues in the long-run makes everything easier for everybody. Alderman Foster agreed with him and said when you don't have that plan in place buildings are falling apart and you have to get your current assets in line before you build new. Mr. Hernandez said it's about shifting the way of doing business from reactive to proactive. The reason we are the way we are is because we haven't had dedicated funding streams. Alderman Thomas said there was a plan and it was called SPLOST and it was supposed to be dedicated to stormwater and streets and then they started sprinkling projects in there. There was an extended discussion of original SPLOST projects and how we have gotten away from that. Mr. Hernandez stated that Georgia jurisdictions use SPLOST as their primary method of funding capital projects and we could put together a comprehensive



**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

package and issue general obligation bonds to provide more investment in facilities, roads or stormwater, but it would require the public's approval. Mayor DeLoach stated the problem working with SPLOST money is that there is not enough money for repairs to underground infrastructure. We need to determine long-term how to make this happen. Mr. Hernandez said to remember that SPLOST is on a six year cycle and these projects are long term and can't rely on SPLOST to bond for them. Alderwoman Bell said we need to remember to engage the other entities to contribute to the infrastructure, like the Ports, and we need to consider how to provide services before we annex new properties. Attorney Stillwell said that's a very valid point for some past annexations like Godley Station and New Hampstead, but he noted not for the more recent annexations. If you look at a map, we are not trying to infill and connect the areas so we are increasing our efficiency for the areas we are already serving. Alderman Miller stated that they were dancing around the issue of storm sewer and asked that we put it on the "parking lot" to be looking into some kind of fund for storm sewer. Mr. Hernandez said that they were already looking at it. Mayor DeLoach and Alderman Johnson added roads, as well. Attorney Stillwell said for drainage, the Springfield Canal must be widened from 516 north and to even begin to address these issues in the Canal District, which is probably the number one most important infrastructure issue that needs to be addressed in the next five years, it is probably \$30-50 million. Alderman Thomas said that he thought the Canal District was supposed to be private investment. Attorney Stillwell said not the infrastructure. Alderman Thomas said that when ideas are presented they need all the information; that he did not disagree with him, but that they just need all the information. Mayor DeLoach compared the City to the County, and said that you may not get something in your district but you know what is important in other districts so when it came to your opportunity everybody agreed to support the project in your district. Alderman Thomas said in this Canal District none of us truly understood how much it truly is going to cost. Mr. Hernandez said we recognize that these are high cost projects and as a result we have funded them over a series of SPLOST projects. For example the Casey Drainage Project, which we started funding in SPLOST 3, knowing this is going to be a \$30 million project. I'm not suggesting this is the approach we take for the Springfield Canal.

Mr. Maxwell returned to his presentation and reviewed some of the most significant projects to be funded, including:

- City Lot Relocation, \$8.5 million
- New Travis Field Treatment Plan \$35 million
- Lift station and sewer line rehab \$19.5 million
- Water lines and wells rehab \$6.03 million

Mr. Maxwell reviewed our rate increases going back to 2011 and projected through 2023 for 15CCF, 25CCF, and 35CCF customers, all around 4% for the entire four years. The majority of the rate increases were based on capital improvements required. Alderman Durrence asked



**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

how much of the increase is due to the treatment of surface water. Mr. Maxwell and Mr. Lloyd discussed the use and production of groundwater versus surface water. Groundwater usage has increased. Mr. Maxwell compared our water and sewer rates (our 2019 rates compared to 2016 rates for our comparables) for other communities. Our combined rate is \$86.28. The average of the comparison group is \$114.97, placing us well below the monthly average. Mr. Hernandez asked if staff had the numbers for Atlanta. Mr. Maxwell said he did not. Alderman Miller asked how the comparison cities were chosen. Mr. Maxwell said they were chosen based on who participated in the rate survey, and then he selected Georgia cities and those close to us in South Carolina. The wastewater rate outpaces the Consumer Price Index, due to regulation and construction costs. Alderman Thomas pointed out that Charleston is roughly double to us. Mr. Maxwell said Savannah takes advantage of a wide customer base.

Alderman Thomas asked where we were on collections and billing for utility collections. He said he had gotten calls about meters not being read. Mr. Hernandez told Council the City has two types of meters now. We have traditional meters and meters where the meter reader has an electronic device that communicates with the meter. Ultimately the long-term goal is to get to where the meter communicates with the back office and nobody needs to be in the proximity of the meter. As far as he knows, the billing issues are resolved. In January, they are going to reinstate a more aggressive approach where customers are either on a payment plan or will be cut off. As long as customers contact them, they will work with them. Alderman Foster asked when they are going to go monthly. Mr. Hernandez said they need to resolve all their issues first. They plan to update you during the first quarter on where they are on implementing the recommendations. Mr. Maxwell said that along with the Revenue Director, he looked back at collections for the last few years. For 2016, they still have 5% delinquency rate (\$3.5-4 million), for 2017 still have 8-9% delinquent (\$5-6 million), so far in 2018 have 24% ( but that is billed up to this point and a lot are not due yet). Alderman Thomas asked if that was good. Mr. Maxwell said that compared to property taxes, after three years 99% were collected. Once people move it is harder to collect. The Revenue Director is in the process of issuing an RFP to focus on closed accounts. Last year they issued an RFP that was too broad and the responses were not good because we were going for someone to collect all delinquencies, and now we are focusing on just utility bills. Alderman Thomas asked if you pay online is there a fee. Mr. Maxwell said if you use credit and debit there is a fee, for bank and routing there is no fee. Alderman Durrence asked about looking at your bill online. Mr. Maxwell said not yet, but that is on our radar and that the next phase we are looking at is to pay from an app. Revenue Director Ashley Simpson discussed phase two which will include pay by phone and an app for a mobile device and they hope that will include seeing your bill online, too. Alderwoman Bell asked is the revenue and code enforcement systems talk to each other. Ms. Simpson said the citizen fills out one form at Revenue and then Revenue takes care of it.

**FY19 Sanitation Fund Overview, Chief Financial Officer David Maxwell**



**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

Mr. Maxwell reviewed residential sanitation services including weekly curbside collection, recycling, bulk item pickup, yard waste removal, litter removal, etc. He reviewed commercial services including refuse collection, container repair, and construction waste. Mr. Maxwell discussed issues affecting the sanitation system costs, including: landfill capacity at the Dean Forest site; funding for relocation of the City Lot; and recycling costs. The landfill project started in 2015 and the construction project was bid earlier this year. Staff came to Council earlier this year for a bond for an expansion which should provide for 20 years of capacity. We need to continue to monitor the landfill and make sure we have a funding street. The recycling contract with Pratt expired, we rebid it and only got one bid. The recycling market has changed. We used to get paid for people to take our recyclables, and now we will have to pay people to take them. Mr. Maxwell reviewed the financial plan, looking at the landfill expansion and city lot relocation, and bond issues coming up and bond expirations. He is projecting a rate increase of 1% for 2019, or 35 cents a month. Compared to private haulers, our projection compares very favorably. Alderman Miller asked about commercial rates. Alderman Durrence asked why we charge less the more trash we generate. Sanitation Director Gene Prevatt said the unit cost remains the same. We charge the average unit cost for collection and we aren't trying to compete with the private companies. Alderman Johnson suggested something fairer based on use of system and that we charge based on quantity of pickup. Mr. Hernandez said his point centers on fairness principal and they could charge a higher fee for a larger cart. Alderman Johnson said water is based on consumption. Mayor DeLoach said our trash is the cheapest in the community. Mr. Maxwell said we send the same crew by your house that we send by your neighbor's house. Alderman Miller said he has a second bin for recyclables and he paid for that bin and it is costing him more money. Mr. Hernandez said that they have built in to this year's rate the additional cost of disposing material. Mr. Prevatt said the fee covers yard waste, recyclables, and refuse. It's more challenging to meter that out. Alderman Durrence asked how the disposal of recycling compares. Alderman Thomas asked what we are doing with recyclables. Mr. Hernandez said we are going to have to pay the company to take our recyclables. China is imposing new regulations. Options are to pay provider or to landfill them, which would then eat away at our landfill capacity, so we need to look at that. Alderwoman Bell asked if they have looked at receptacles downtown for residents to share. Mr. Prevatt said some service lanes are a challenge for large receptacles, and they are looking at ways to make them blend in better and change the lid color. Alderwoman Bell said she was talking about the number of them. Mr. Prevatt said they haven't done a lot of work on that, as it gets a little problematic when neighbors start sharing receptacles, it's a privacy issue. Mr. Hernandez said if you can get everyone to consolidate the number of receptacles... Alderman Miller asked who has the receptacle.

Mr. Maxwell provided an update on hurricane recovery. For Hurricane Matthew, which hit in October 2016, the City had \$13.7 million in cleanup costs which the federal government reimbursed with a 25% match from Sanitation. For Hurricane Irma, which hit in 2017, the City



**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

had \$600,000 in debris removal. Last week we got a check from the State. There are no grant matches, because the State will pick up the match. Alderman Thomas said our Sanitation Department deserves tremendous accolades for the last two years with all the storms and hurricanes. There are some coastal communities that still have damage that has not been removed from Matthew, and our staff has been amazing for helping us so quickly get cleaned up. Mr. Hernandez stated that they do that every weekend as well. You come by on Monday morning and there is no trace of the weekend. Alderman Thomas said every member of the workforce, but Sanitation especially, are the unsung heroes. Alderwoman Bell said that after the Savannah State parade it was amazing that within an hour MLK looked like a parade had never occurred. Alderman Hall thanked staff for the quick cleanup on the Skidaway corridor after the Savannah State homecoming; Sunday morning it was immaculate. Alderman Johnson said this is what they do every day. Pay raises are important. It is one thing to say it; you need to show them.

The Mayor adjourned the meeting for a break at 10:50 a.m.

The Mayor resumed the meeting at 11:04 a.m.

**Council Direction**

Mr. Hernandez stated they would now like to review the “parking lot” list of items and get additional direction from City Council in order to move forward with preparing the final budget.

Ms. Carter reviewed the “parking lot” items:

- Recorder’s Court: reevaluate 2018/2019 revenue projections
- Council tour of Cultural Arts Center: Marty Johnston will schedule in December
- Variances in FTEs: explanation will be provided in final budget, by department, and include what caused them; and follow-up provided to Council
- Identify priorities to look at midyear if there are excess monies (unanticipated revenue)
- Budget amendments will be performed on a quarterly basis
- Alderman Miller would like to receive revenue report on a monthly basis
- Provide detailed narrative that compares all services in the millage rate
- Procure grant funding to offset expenses: Alderman Thomas stated he is concerned about finding additional grant opportunities. Alderwoman Bell said in the past we had grants writers, both centralized and decentralized, but we need to be aware of the matching component. Mr. Hernandez said the other caveat is that some provide seed money and then you have to provide funding to continue to it. Ms. Carter said the Budget Office used to have a dedicated grant writer, but now we have a combined position with a budget analyst position. Alderman Miller said that a budget analyst never stops, and asked how a grant writer keep up as that’s a fulltime job in his mind.





**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

Alderman Bell stated we would also benefit from other organizations bringing grants to us.

- Investigate a 4 percent general wage increase: Ms. Carter said it would add about \$872,000 to the budget if we go from 3 to 4% increase. Alderman Johnson stated we need to tell our employees they are the best and make up for last year where we did not give them the additional percentage. Ms. Carter said for Alderman Foster's request regarding a millage rate adjustment, if we rollback .10 to 13.3, we can adjust projections, do a 4 percent increase and do the rollback.
- Alderman Foster asked for feedback on a 3 percent increase. Mr. Hernandez said that based on the CPI and the increase in Social Security (2.8%), inflation is picking up, and it is a very tight labor market. Foster asked what inflation was last year. Mr. Hernandez said it was around 2.4%. Alderman Bell asked where we were with compensation study. Mr. Hernandez said that contract is going to be signed today, and it will take about 8 months to complete and compare to our markets for different job classes. Alderman Bell stated that she was not sure we are doing ourselves a favor to do a general wage increase, and that she would rather focus on where the need is. Alderman Johnson said to keep in mind with compensation studies, some might cure, but generally they do not affect everyone, for the vast majorities their pay isn't affected at all. You should do them regularly and check where you are with the market, and correct certain positions. Alderman Bell asked if we have looked at the real needs in the organization, like Sanitation rather than across the board. Mr. Hernandez said that we need to have the data that shows that they are underpaid. Alderman Bell said that she would rather hesitate doing anything until we get some data. Mr. Hernandez said to remember the pay and comp study won't affect our budget until 2020 and that in this budget you are setting aside \$1 million in the wage adjustment account. Alderman Hall clarified the percentage increase in discussion and what was given last year. Alderman Johnson said that last year we did 2, but that recommendation was for 3 and we were going to revisit the last 1 percent midyear and then chose not to do it. This is an opportunity to recover that. Alderman Miller said we have fiduciary responsibilities. Alderman Thomas asked budget to confirm the statement that with 4% increase and millage reduction they could do the budget in place. Mr. Hernandez and Ms. Carter said that is correct. Alderman Thomas asked are we willing to adopt that. Alderman Durrence asked are we doing that just by upping our property tax estimate, and if that was realistic. Mr. Hernandez stated that when we put out our projections we like to say we are realistically conservative, but there is some room for adjustments. The budget director is comfortable with making that adjustment, we wouldn't recommend anything above that. Alderman Durrence asked if we get to midyear and those numbers didn't materialize, are we going to have to give up the millage reduction. Alderman Thomas said he'll have to come back with options. Alderman Foster said he thought there is a good compromise here, and suggested a 3.5 wage increase with the difference going to

**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

the reduction in taxes millage rate. Alderman Johnson stated that they are currently in a bidding war as it relates to police and we are losing police officers. Alderman Foster said you have to think about the taxpayers. Alderman Thomas said a .2 millage rate reduction and 3.5% wage increase. Alderman Durrence stated midyear if you can't do. Alderman Foster stated there was a great deal of confidence from the budget director. Mayor DeLoach confirmed the consensus was for a 3.5% general wage increase, with a .2 mill decrease (to 13.2 mills). Alderman Johnson said on a \$100,000 home the decrease would be about \$8/year.

- Alderman Thomas said SCAD has purchased around \$80 million property off the tax rolls and asked if that was about a \$2 million impact. There was a discussion of tax value. Alderman Durrence said Georgia Southern is going to do the same thing. Alderman Hall said you have to look at the economic benefit of it too.
- Mr. Hernandez said you will need about \$1 million in rebalancing for the wage increase and mill decrease. There was a discussion of revenue projections and additional money needed for what Council wants to do. Mr. Hernandez said staff will figure it out and bring it back to you.
- UGA Fire Department Study: will schedule a City Council work session when study complete; proposed budget includes elimination of 15 vacant positions. Alderman Thomas discussed the ISO rating and what the possible ramifications were if the ISO rating goes down. Mr. Hernandez said there were no ramifications to the City budget. Insurance companies look at a variety of factors. Alderman Thomas asked if public safety will be compromised. Mr. Hernandez said that he did not believe that public safety will be compromised, but that the response that is provided by that unit will have to be made up by another response unit. Alderman Thomas said he was concerned about hotels and hospitals that need ladder companies. There was a discussion of the UGA study. Alderman Johnson stated he was concerned about response within four minutes. Mr. Hernandez stated that they are not closing any stations so the primary response time remains the same. Alderman Johnson asked if they will have a huge overtime budget because we don't have sufficient coverage. Mr. Hernandez said they did an analysis of staffing and this budget recommendation addresses this and that we are only affecting vacant positions and no employee is adversely affected. Mayor DeLoach reminded City Council to let the City Manager run the fire department and that their discussion is about the budget and not running the department. Alderman Johnson said that cutting positions increases overtime. Mr. Hernandez said he did not believe it will increase overtime, though you will always have overtime in the fire and police. Though there is an impact to service, he did not think there is an adverse impact to public safety. Mr. Hernandez said they will come back and discuss in greater detail in January, as they are only seeing one recommendation from UGA.
- Springfield Basin: funding alternatives, including SPLOST



**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

- Trucks coming off ACL Boulevard across viaduct onto Liberty Parkway and using that as a main artery coming from the CSX where they are loading cargo; also ACL Boulevard and Staley Avenue being used as a cut through to the Georgia Ports Authority: need enforcement as streets are not made for this type of traffic. Mr. Hernandez led a broader conversation of port truck traffic, Bay Street included, where the Port needs to pay its share for the impact on street infrastructure. Trains are different than trucks and there isn't a lot the City can do about trains. Alderman Durrence said that last year Traffic Engineering brought a proposal to Council about the restriction of deliveries downtown, and they asked for it to be pursued, but we need to talk to stakeholders. We need to be working on it. Alderman Johnson said the Woodville and Hudson Hill community need enforcement where trucks try to circumvent lights by going through neighborhoods. Mr. Hernandez said he will have the police look into that.
- Budget placeholder for Hudson Hill Community Center: Mr. Hernandez said he would like to handle that on an individual basis and come back to Council during a quarterly amendment. His goal is to figure out ways to remediate and figure out different financing option rather than estimate something with a really rough guess. Alderman Johnson said he concurred. Mr. Hernandez said it is looking like that facility is not salvageable and is built on unsuitable soils. The big challenge there is finding a suitable location now to build a new facility and we have four ideas. Alderman Hall asked if the builder has any responsibility. Mr. Hernandez said he didn't know the statute of responsibility. Alderman Johnson said we accepted it. Alderman Hall asked if legal staff could explore it. Attorney Stillwell said sure. Alderman Foster said we were probably way beyond any claim. Attorney Stillwell said the general statute on construction defects is short. Mr. Hernandez said I know we need to replace this facility, however he stated he is not interested nor would he recommend replacing it with a like facility; it needs to be appropriately sized.
- Litter: Alderwoman Shabazz asked about the four new people for litter pickups, and asked if we could do something during the different seasons in different areas. Mr. Hernandez said the four new staff people are to supplement the existing staff.
- Unfunded CIP projects: unfunded projects list will be provided via email
- Savannah Shines: continue with \$1 million allocation
- Alderman Miller stated we all need sidewalks. Mr. Hernandez said for SPLOST 7 there will be an inclusion throughout the jurisdiction.
- There was a discussion regarding streets, and that following the completion of the second half of the pavement assessment a plan would be created.
- Mr. Hernandez said that regarding the billing of sanitation based on consumption, staff will come back with options for residential for Council's consideration.



**SAVANNAH CITY COUNCIL  
BUDGET WORKSHOP  
Critical Workforce Shelter  
November 15-16, 2018**

- Alderman Miller asked about Crimestoppers. Mr. Hernandez said they will identify more clearly in the budget how they will address it and he will talk to individual Council members about Crimestoppers, as necessary.

Mr. Hernandez said the biggest take away for staff that they need to work on is the 13.2 millage rate and the 3.5 wage increase. Mayor DeLoach confirmed City Council consensus on those two points.

There being no further business, Mayor DeLoach declared this meeting of Council adjourned at 12:33 p.m.

*Luciana M. Spracher*

Luciana M. Spracher  
Acting Clerk of Council