

## MINUTES

### Finance Committee

July 29, 2020

City Hall

4:30 p.m.

**Council Member Jason Peterson and Council Member Rusty Nix were in attendance. Council Member Willie Goldsmith attended via Zoom due to the COVID-19 pandemic.**

Council Member Peterson called the meeting to order at 4:36 p.m.

Council Member Nix made a motion to approve the Minutes from June 24, 2020. Council Member Peterson seconded. ALL AYES . . . MOTION APPROVED.

The City Clerk presented the following:

#### June 2020 Financial Summary

As the report indicates, we are meeting or exceeding our expectations regarding our amended budget as far as revenue is concerned. Sales Tax Revenue for June was actually up month-to-date over last year by close to \$5,000. However, our revenue year-to-date is down around \$80,558. This was anticipated, however, given the ongoing pandemic and related economic crisis, and a major reason we recently amended our budget. On a more positive note, our Property Tax collections are \$15,044 ahead year-to-date – 103% of budget. Similarly, Business License collections are at 100.3% of budget year-to-date. Interestingly, Beer and Liquor tax collections are at 90% of budget, and Tobacco Tax is \$12,232 ahead year-to-date – 131.97% of budget. (I guess being locked inside our homes with the kids all these months has literally driven us all to drink and smoke, at least that's my excuse – and I don't have kids.)

It is worthy of note that the Golf Course revenues are at 78.71% of their amended budget. (We were at the 75% calendar mark as of the end of June.) On the other hand, cancelling park rentals and activities due to COVID-19 has really hit Parks & Rec hard. They are only at 54.72% of budgeted revenue for the fiscal year.

By the way, an early look at our July sales tax revenues indicates we remain on target to meet our budget estimates as far as Sales Tax is concerned. As of 7.24.20, we received \$231,906.46 of the 4 Cent Sales Tax revenues. Compared with last year, that number is \$64,390 lower, but the revenue number last year was inflated because Fred's overpaid us by around \$90,000. So, this is still a very good result. As you will recall, our amended budget assumes we will bring in at least an average of \$200,000 a month for the remainder of the fiscal year. So far, we are well ahead of that estimate. That should provide us with a good cushion going forward, as well as provide us with some flexibility with our upcoming budget.

With regard to expenditures, most departments are on track to meet their revised budgets. City Hall, Streets and Roads and Leaf and Limb have high salary costs which we are reviewing. We have to make journal entries to input salary data, so there may be an error. If not, we'll need to make additional budget adjustments. The good news here continues to be that we are spending less than we are bringing in. In fact, we are currently showing a positive ending balance of just over \$586,000.

This good news is reflected in our cash accounts, as well. Despite everything we've gone through, we continue to maintain a healthy General Fund balance of \$988,867, as well as another \$127,000 that will be transferred into the GF from the Golf account. There are also GF related funds in the Park & Rec account, as well as the ALDOT account. Therefore, I do not envision us having any cash flow problems through the end of the current calendar year. At that point, we start to receive the bulk of our Business License and Property Tax revenues – and the cycle starts all over again.

The committee the discussed the advantages of the RSA Tier 2 to Tier 1 conversion.

Actuarial estimates of the increased employer cost to provide Tier I benefits to Tier II employees have been posted in the Employer Self-Service (ESS) portal. Tier II employees will also share in the increased cost of the improved benefit.

Once the resolution is submitted and approved by RSA the new benefit structure will become effective October 1, 2020.

Questions or concerns? Contact Evans Brown at [ebrown@arsea.org](mailto:ebrown@arsea.org) or 334-834-9116.

## SAMPLE RESOLUTION TO PROVIDE TIER I BENEFITS TO TIER II EMPLOYEES

WHEREAS, under the provisions of Act 2019-132, employers who participate in the Employees' Retirement System pursuant to *Ala. Code* § 36-27-6 may elect to provide Tier I retirement benefits to Tier II plan members, and

WHEREAS, \_\_\_\_\_ participates in the Employees' Retirement System pursuant to *Ala. Code* § 36-27-6 and wishes to improve retirement benefits for its Tier II plan members;

NOW, THEREFORE, BE IT RESOLVED BY [THE LOCAL GOVERNMENT], that \_\_\_\_\_ elects to provide Tier I retirement benefits to its Tier II plan members, subject to approval by the Employees' Retirement System Board of Control; that, if approved, such election shall be effective the following fiscal year and is irrevocable.

BE IT FURTHER RESOLVED that \_\_\_\_\_ has reviewed the actuarial cost estimates provided by the Employees' Retirement System for such election and agrees to pay any resulting increases in the employer contribution rate.

BE IT FURTHER RESOLVED that beginning in the month that such election is effective, \_\_\_\_\_'s Tier II plan members shall contribute 7.5% of their earnable compensation to the Employees' Retirement System and [the local government]'s Tier II plan members who are firefighters or law enforcement officers, as defined by *Ala. Code* § 36-27-59(a), shall contribute 8.5% of their earnable compensation to the Employees' Retirement System, as required by Act 2019-132.

BE IT FURTHER RESOLVED that \_\_\_\_\_ has not increased the member contribution rates for its Tier I members as provided by Act 2011-676 and, as required by *Ala. Code* § 36-27-6.5, \_\_\_\_\_ has submitted to the Employees' Retirement System a plan to increase such rates.



ARSEA/APEAL strongly recommends the retirement contribution paid by your Tier I employees (hired before 1/1/2013) remain at the current levels.

Questions or concerns? Contact Evans Brown at [ebrown@arsea.org](mailto:ebrown@arsea.org) or call 334-834-9116.

## SAMPLE EMPLOYER PLAN FORM

Name of Agency \_\_\_\_\_  
Full name, no initials please

Unit Code \_\_\_\_\_

As required by that Act 2019-132, employer submits the following plan to the Employees' Retirement System (ERS) to increase the member contribution rates for its Tier I plan members from 5% to 7.5% of earnable compensation, and for Tier I plan members who are firefighters or law enforcement officers, as defined by Ala. Code § 36-27-59(a), from 6% to 8.5% of earnable compensation.

*If employer has not increased Tier I member contribution rates as provided by Act 2011-676 and has passed a resolution to elect to provide Tier I retirement benefits to Tier II plan members as provided by Act 2019-132, employer must complete the following section.*

### Plan Options

Employer shall increase the rates as set forth above if and when (Check One):

- Employer's funding level drops below \_\_\_\_\_%.
- Employer's contribution rate increases above \_\_\_\_\_%.
- Employer is unable to make its required employer contribution. ←
- On \_\_\_\_\_ (insert date).
- Other (insert other circumstances): \_\_\_\_\_

**This option will not adversely affect Tier I employees and gives the employer flexibility should funding become an issue in the future.**

When the above conditions are met as provided by the plan, employer agrees to raise the Tier I plan member contribution rates by passing a resolution to do so as required by Act 2011-676 and provide such resolution to the ERS.



**Employer Information**

Name of Agency \_\_\_\_\_  
Full name, no initials please  
 Unit Code \_\_\_\_\_

**Plan Information**

*If employer has not increased Tier I member contribution rates as provided by Act 2011-676 and has passed a resolution to elect to provide Tier I retirement benefits to Tier II plan members as provided by Act 2019-132, employer must complete the following section.*

As required by that Act 2019-132, employer submits the following plan to the Employees' Retirement System (ERS) to increase the member contribution rates for its Tier I plan members from 5% to 7.5% of earnable compensation, and for Tier I plan members who are firefighters or law enforcement officers, as defined by Ala. Code § 36-27-59(a), from 6% to 8.5% of earnable compensation.

**Plan Options**

Employer shall increase the rates as set forth above if and when (Check One):

- Employer's funding level drops below \_\_\_\_\_ %.
- Employer's contribution rate increases above \_\_\_\_\_ %.
- Employer is unable to make its required employer contribution.
- On \_\_\_\_\_ (insert date).
- Other (insert other circumstances): \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Employer Certification**

When the above conditions are met as provided by the plan, employer agrees to raise the Tier I plan member contribution rates by passing a resolution to do so as required by Act 2011-676 and provide such resolution to the ERS.

**Sign Here →** Signature of Authorizing Official \_\_\_\_\_ Date \_\_\_\_\_  
 Name and Title \_\_\_\_\_  
Please Print  
 Telephone Number \_\_\_\_\_

Chief Littleton said we need to do this if we are going to remain competitive with regard to recruitment of Police Officers and other employees.

Mayor Cost said the League of Municipalities recently adopted this for their employees.

Council Member Nix said he thinks converting everyone to Tier 1 is a good idea.

Council Member Peterson said he would like to know what all of our Tier 2 employees think about this. He suggested it be taken to the full council for consideration.

Mayor Cost presented a proposed capital improvement project. She first pointed out what we've accomplished so far.

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City of Montevallo Capital Projects 2008-2020 DRAFT

Project	Funding Sources				Status
	City Only	MDCD	Grant	Gift	
Paving - phases I-III		X			complete
SCP-FA bridge		X		X	complete
SCP-M Bridge		X		X	complete
SCP trails		X			complete
SCP pavillion		X	X		complete
City Hall Demo		X			complete
King St ADA		X			complete
Owl's Cove Park		X			complete
Bicentennial park		X			complete
Magnolia Lane improvement		X			complete
UMOM purchase and renovation		X			complete
City Hall		X			complete
Streetscape		X	X		complete
Middle Street		X	X		complete
MMS-CDBG	X		X		complete
Tavern purchase and renovation		X			complete
Track and Field		X			complete
Softball Stadium		X			complete
Stephens Park Improvements		X			complete
Orr Park Creekbank Restoration	X		X		complete
Fire Dept upgrades				X	complete
Fire Truck purchase	X				complete
Street sign replacement		X			complete
Sidewalk repair		X			complete
SCP trails		X			complete
Victory Purchase	X				complete
Golf Course equip. and upgrades	X			X	complete
Mahler House Restoration				X	in progress
Wayfinding		X			in progress
Paving - phase IV		X			approved
Hwy 25 Crosswalk		X			approved
Victory Renovation					site plan drafted
Dalley Park ADA					site plan drafted
Storm Shelter					site plan drafted
Hotel					site plan drafted
HWY 25 sidewalks					grant submitted
sidewalk - replacement					assessment complete
sidewalk - new installation					assessment complete



541 Main Street  
Montevallo, AL 35115  
205-665-2555  
205-665-9203 Fax  
www.cityofmontevallo.com

Hollie C. Cost, Ph.D. – Mayor  
Herman Lehman – City Clerk  
Jeremy Littleton – Chief of Police  
Brad Davis - Fire Chief

**Council Members**

Tiffany Bunt  
Willie Goldsmith  
Arthur Herbert  
Rusty Nix  
Jason Peterson

July 29, 2020

Council:

Over the past eight years, we have accomplished quite a bit together. In particular, I would confidently state that we have completed more capital improvement projects than any council in recent history. As evidence of that, I have attached a spreadsheet outlining those projects as well as the status of others that are in progress or on the horizon. You will note that many of these projects were funding primarily through grants or gifts. We are updating the spreadsheet so that it will include their estimated value and total cost to the city. That will be provided to you in the near future. We should be wholeheartedly proud of this record of service to our community. As a team, we have demonstrated our commitment to follow-through and responding to the needs and desires of the public.

In that spirit, although our remaining time together is short, I would ask that we continue to work as a team to finalize a few remaining and quite significant projects as our parting contribution to the city. It is important to note that these directly reflect recommendations from our recently adopted comprehensive plan. So, I ask that you consider an ambitious, impactful and quite feasible proposal to complete these remaining key projects: Dailey Park Upgrade, Sidewalk Enhancement and Expansion, Victory (renovation and occupation), Storm Shelter installation and securing a contract to develop a Hotel.

Thank you for all that you continue to do to serve our city. I truly value our collective vision and collegiality.

Hollie C. Cost, Mayor  
City of Montevallo

## Victory through Accessibility

### Project Summary

#### Victory Building

- Purchased with cash in 2019 for \$375,000; appraised value \$525,000
- LOI from brewery awaiting our approval. Brewery would occupy the entire top level
- Bottom level slated for use by ValloCycle and city storage
- Estimated expense: \$2,000,000 for full site development (includes storm shelter, paving, roof, windows, electrical)
- Estimated gain/benefit: Sales tax revenue and rent from tenants \$33,750 annually; reinvestment in historical asset





### Storm Shelter (12x48; 114 occupancy)

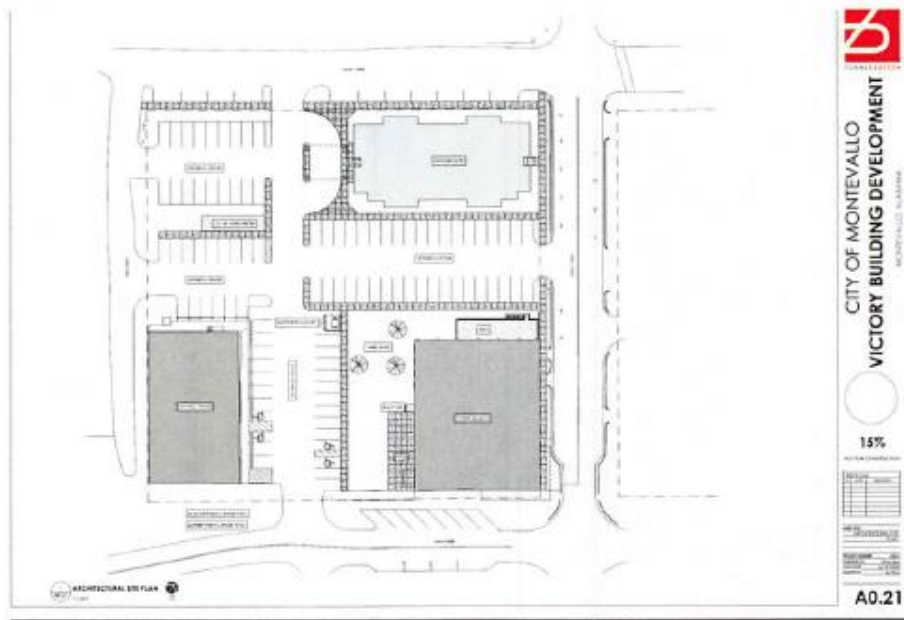
- Architectural drawing to place shelter on property behind City Hall.
- Estimated expense: \$200,000 – included in Victory Renovation above



### Hotel Development

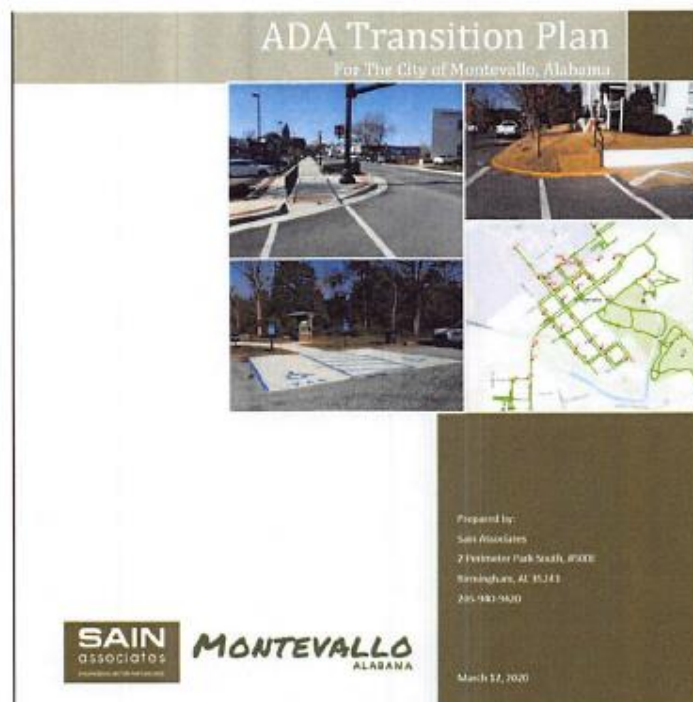
- Completed 3 feasibility studies
- Identified appropriate site on city property
- Developed incentive package
- Secured interested developer
- Drafted unique site plan
- Estimated expense to the city: transfer of property ownership to the developer
- Estimated economic impact:
  - \$154,256 in sales tax annually (55 rooms @70% annual occupancy @\$222 per night spending);
  - Annual lodging tax
    - yr 4: \$48,000
    - yr 5: \$55,000
    - yr 6 + : \$83,000





#### Downtown Sidewalk Repair and Expansion Phase I

- Developed an ADA transition plan based on: County sidewalk assessment, UM student sidewalk audit and council prioritization list.
- It is critical that we address the high priority needs.
- Estimated expense to the city: \$250,000
- Benefit to the city: provides a more sustainable transportation infrastructure that is accessible to all.



### Dailey Park Upgrade

- Developed full plans for restroom, ADA accessible playground equipment, walking track and parking places.
- Estimated expense: \$167,373
- Benefit: provides enhanced and fully accessible public recreation space in public housing neighborhood.



### Funding Proposal

#### Total Project Expense:

Victory redevelopment including storm shelter	\$2,000,000
Sidewalk installation and restoration-Phase I	\$ 250,000
Dailey Park	\$ 167,373
Total	\$2,417,373

#### Estimated eventual annual economic benefit to the City:

Brewery rent and sales tax	\$ 33,750
Hotel lodging tax	\$ 83,000
Local sales tax benefit from hotel	\$154,256
Total	\$271,006 + unknown additional economic impact

#### Funding Structure

In order to move forward with this proposal, it is recommended that the city take the following actions:

- Sell the city tower for \$600,000
- Pay off fire truck loan @ \$447,000
- Reinvest these funds into the project:
  - Net gain from sale of tower= \$153,000
  - MDCD revenue gained from potential property sale: \$400,000
- Secure a loan of \$1,900,000 (annual payment \$132,230.76)
- Loan repayment plan:
  - Reinvest Fire Truck payment - \$93,470
  - Rent from brewery: \$15,600
  - Sales tax from brewery: \$16,875
  - Capital Improvement fund - \$6,285.76

There being no further business before the committee, Council member Nix made a motion to adjourn. Council Member Goldsmith seconded. ALL AYES . . . MEETING ADJOURNED at 5:30 p.m.

Submitted by:

Herman Lehman  
City Clerk & Treasurer