



DeKalb County Government

Manuel J. Maloof Center
1300 Commerce Drive
Decatur, Georgia 30030

Minutes - Draft

FAB-Finance, Audit & Budget Committee

Tuesday, August 10, 2021

3:30 PM

This meeting will be conducted via teleconference (Zoom). Simultaneous public access to the meeting will be available

(1) via live stream on DCTV's webpage,

(2) on DCTVChannel23.TV

Meeting Started At: 3:31 PM

Attendees: Commissioners Rader, Cochran-Johnson, Davis Johnson, Terry

Present 2 - Commissioner Jeff Rader, and Commissioner Lorraine Cochran-Johnson

Absent 1 - Commissioner Larry Johnson

I. MINUTES

2021-2898 Commission District(s): ALL
Minutes for the July 22, 2021 Special Called Finance, Audit, and Budget Committee

MOTION was made by Lorraine Cochran-Johnson, seconded by Jeff Rader, that this agenda item be approved. The motion carried by the following vote:

Yes: 2 - Commissioner Rader, and Commissioner Cochran-Johnson

Absent: 1 - Commissioner Johnson

2021-2932 Commission District(s): ALL
Minutes for the July 27, 2021 Finance, Audit, and Budget Committee
MOTION was made by Lorraine Cochran-Johnson, seconded by Jeff Rader, that this agenda item be approved. The motion carried by the following vote:

Yes: 2 - Commissioner Rader, and Commissioner Cochran-Johnson

Absent: 1 - Commissioner Johnson

II. STATUS UPDATE

Mid Year Budget

[2021-2928](#) Commission District(s): All
2021 Budget Revision
MOTION was made by Lorraine Cochran-Johnson, seconded by Jeff Rader, that this agenda item be recommended for approval. to the Board of Commissioners, due back on 8/24/2021. The motion carried by the following vote:

Yes: 2 - Commissioner Rader, and Commissioner Cochran-Johnson

Absent: 1 - Commissioner Johnson

-Question LCJ: will this money for Sanitation sit as a draw from Sanitation?

COO Williams: that is correct; the Board did authorize \$10,000,000 to be drawn down as needed. We don't anticipate in this fiscal year, all of the funds being used, but having this line of credit up to that 10 million dollars is just what Sanitization needs, and we are very pleased the committee has recommended that thus far.

-Question JR: if the money is not expended in this fiscal year will it then will it fall back to General Fund balance or will it be retained for Sanitization again the next year. Following up what is the schedule and mechanism for paying back the loan?

-COO Williams: It will remain available as a draw, so we will have to segregate those funds. I believe we are talking a ten year pay back but we are still working that out.

-Question JR: How will that be formalized

-COO Williams: We will work on some way to codify that, whether MOU or some other mechanism. This loan is for capital expenses, well monitoring system and the Roll Carts, two of the major items.

-JR: I think ideal the term of the loan would be to commensurate it with the life of the assets. Is there an interest rate

-COO Williams: We had not planned on an interest rate. Previous conversations we had discussed rate increased at the land fill, we anticipate it will be paid back fully.

JR: We will have Staff monitor and bring that back regarding the criteria for the formal loan.

LCJ: I think apart of this discussion needs to be coming to PWI and discussing the financing further, either through rate increased or other mechanisms. I believe we are standing on a slippery slope because we can't keep operating at a deficit and not have the capability to pay back the loan. I look forward to having that conversation and seeing what those numbers would potentially look like.

-COO Williams: Yes, that was a part of the original motion to bring back those proposed fee increase at the landfill specifically.

-Question MDJ: Can you tell us if we are on a slippery slope?

-COO Williams: My interpretation is that, if we began to design our Sanitization budgeting on borrowing without increasing revenue, that is a path to nowhere. I believe she looks forward, as we all do, to proposed increases so that we do not have to continue borrowing.

-MDJ: I just want to explain why I asked because it may have been misunderstood, and I want constitutions hearing this to understand where we are now and what we are trying to do. Thank you.

-TJ Sigler: The list Mr. Manson provided matches what we have with the expectation of Farm and Charm appropriations in which we noted that was a consideration but had not gone through committee yet, the final budget document will reflect that it has been passed. In terms of the budget it is the same as what was previously presented on July 22nd with the only difference is it will reflect the retention bonuses are approved and the change in amount for the Sanitation loan and corrections to the Watershed Fund

-COO Williams: We have also segregated funds for several future studies, is that correct

-Director Sigler: There are standalone agenda items to be incorporated into the budget at a later time

-Question JR: if those items are passed then they would have budgetary implications and we could amend the budget to fund those items or funded our of existing departmental budgets. I do want to recognized the responsiveness of some of these needs as it relates to ongoing maintenance and the delivery of services. Mr. Williams mentioned the Administration did embrace additional funding for the replacement of deteriorating boardwalks in the Path system. I believe we had Staff comprise a list of questions in response to the July 27th Revised budget if we could get Mr. Manson to sound those off.

-Question J Manson: Watershed Operations Fund (511): The revised midyear budget includes an increase of \$32,910,604 to be added as Charges for Services. Staff requests further clarification from the Administration regarding the reasoning behind this increase in the Watershed Operations Fund.

TJ Sigler: we reviewed that and will be presenting a correction to that; the new number will be more in line with the actuals through June. Will probably be in the neighborhood of \$270M. A substitute for that will be coming

-Question J Manson: Designated Fund: The revised midyear budget includes a decrease of the Designated Fund months reserved from 1.28 months reserved in the proposed midyear budget to 0.37 months reserved in the revised midyear budget. Total reserves (fund balance) in the Designated Fund decreased from \$4,720,791 to \$1,398,669, representing a -175% decrease in the fund balance. Staff requests further clarification from the Administration regarding use of fund balance for the Designated Services Fund.

-TJ Sigler: there were additional expenses in Parks (\$1M) and Transportation (\$600K+), and a transfer from the unincorporated Fund. A big part of that was the real estate investment amount.

-Question J Manson: Fleet Maintenance: The revised midyear budget includes an increase of \$1,500,000, or 4.96% for Fleet Maintenance, and is funded through the Vehicle Maintenance Fund. This is due to a \$1.5M allocation to be used for additional gasoline due to market uncertainty. Staff requests further clarification from the Administration regarding market

conditions which are affecting this allocation.

-TJ Sigler: when we are budgeting for Fleet Management, it's more an art than a science. There have been increasing in fuel prices, particularly during the colonial pipeline shutdown. This acts as a buffer in the budget for fuel

-Question J Manson: E911 Fund: The FY21 revised midyear budget includes transfers of \$917,290 from the Police Fund, and \$261,746 in transfers from the Fire Fund. Staff requests further clarification from the Administration regarding this allocation, and whether these transfers were made to defray the fund's budgetary reserves, which decreased by \$574,976.

-TJ Sigler: that is a portion of it. Starting last year we started transfers from these funds into the E911 Fund. That is because the charges are not adequate to cover at current level; it is to fund the shortfall

-Question LCJ: the \$10M loan was due to the shortfall, and my question is how do we bridge that gap? Until we have a remediation plan or ways to increase revenues..

-LCJ: Motion to support this budget of a substitute that would include an adjustment of revenue expectations for watershed, an accurate estimate of the Sanitation Loan, and language that would structure the repayment of the loan consistent of the life of the assets purchased, and recognition that this line of credit would remain for 2 years

Second: JR

Vote: yes 2-0 (LJ Absent)

-JR: I appreciate the work of the Administration, Staff and our own in regards to this budget, with Changing circumstances to ARP funds and other circumstances, I also appreciate the Administrations management of the budget to this point. Mr. Williams had referenced a potential 4th Quarter budget evaluation to be coming in the fall that would perhaps give us more information on how the year has shaped up in the budget then of course we will be working towards next year's budget.

-MDJ: I would like to thank the committee for their hard work, and thank the administration and staff for all they do in providing us the necessary information that we need for oversight. I'm glad that the budget has been passed; I have confidence that they will continue to do what they have done to put us in this strong financial position that we have now.

III. DISCUSSION

Financial Statements

-presentation provided from CFO McNabb

-Question JR: is there a process after the moratorium to decide what debt we can expect to collect

CFO McNabb: We are working on updating those projections now for collections

-Question JR: The refunding and the new debt would require the development of rating documentation and an official statement? Would we be able to save money by bundling or issuing both at same time?

-CFO McNabb: Absolutely. We would gain a lot by combining them, and reduces our legal fees.

-JR: I believe that this is an important update that we do every month. Thank you Ms. McNabb for bringing this to us on a monthly basis. We look forward to hearing more on the debt issuance. Have we gone to market on the TAN issuance?

-CFO McNabb: Yes sir, we finished the TAN and the money is in the bank. Will be paid off at year end with no issue.

IV. AGENDA ITEM

Previously Heard Items

2021-2857

Commission District(s): All

A Resolution by the Governing Authority of DeKalb County, Georgia, to Encourage the Pension Board to Add Environmental, Social, and Governance Factors Language to the DeKalb County Pension Plan Investment Policy Statement

MOTION was made by Lorraine Cochran-Johnson, seconded by Jeff Rader, that this agenda item be recommended for approval to the Board of Commissioners, due back on 8/24/2021. The motion carried by the following vote:

Yes: 2 - Commissioner Rader, and Commissioner Cochran-Johnson

Absent: 1 - Commissioner Johnson

-information provided from Commissioner Terry and Pension Board chair Ed Wall

-TT: I appreciate the Green Policy and FAB committees for taking the time for this item; Commissioner Cochran-Johnson is right, we can't compel the pension board to do anything particularly, but this does ask the pension board to take this policy into their consideration.

-LCJ: Motion to accept the amendment of the current policy to include the language as presented

New Agenda Items

2021-2846

Commission District(s): ALL

CO - Change Order No. 4 to Contract No. 966523 for Local Small Business Enterprise (LSBE) Certification and/or Contract Compliance Services: for use by the Department of Purchasing and Contracting (P&C). This contract consists of the outsourcing of certification and compliance services in accordance with the DeKalb First LSBE Ordinance. Awarded to Georgia Minority Supplier Development Council (GMSDC). Amount Not To Exceed: \$280,668.30.

MOTION was made by Lorraine Cochran-Johnson, seconded by Jeff Rader, that this agenda item be recommended for approval to the Board of Commissioners, due back on 8/24/2021. The motion carried by the following vote:

Yes: 2 - Commissioner Rader, and Commissioner Cochran-Johnson

Absent: 1 - Commissioner Johnson

-information provided from CPO Horner

-CPO Horner: What we have done over the last year is; gone through OIIA Audit, internal assessment of LSBE Program, develop response to OIIA finding and implemented program improvements.

-S Edwards: One thing we have done is mandate vendors to have a Isupply Registration, vendors can not complete the certification without that number. This effort alleviates duplicate vendors, we have currently cleaning up that database. For spend report process, we cover the thresholds in which each contract has been assigned participation percentages. We monitor it at 25%, 50% and 75% percent completion. If they do not meet those thresholds they are notified to provide justification, If there is failure for justification we provide the CPO and an outside committee with a report which can includes review of the vendor and next steps to hopefully meet requirements. We have a LSBE website that includes requirements and forms to apply, they also provide a space for vendors to ask questions and submit completes which get reviewed by staff. We have also added noncompliance training for Vendors who have failed to meet ordinance requirements.

-CPO Horner: This is an extension of one additional year to allow us time to move forward with obtaining and implementing new software and brining services in house. We also want to work with commissioners to make changes with ordinance to have a better way to enforce requirements and commitments Vendors have made.

-JR: I am interested in how we structure this program, and it is important to administer it in an effective and transparent way. This hybrid model did identify a gap, and we would like to be party to the decision in whether we outsource or in-source this type of work.

Meeting Ended At: 5:01 PM

MOTION was made by Lorraine Cochran-Johnson, seconded by Jeff Rader, that this agenda item be adjourned meeting. The motion carried by the following vote:

Yes: 2 - Commissioner Rader, and Commissioner Cochran-Johnson

Absent: 1 - Commissioner Johnson

Barbara H. Sanders-Norwood CCC, CMC