

**BUDGET AND FINANCE COMMITTEE MEETING**  
**February 1, 2000**  
**5:30 P.M.**

The Budget and Finance Committee meeting was called to order by Councilman Hakeem, Chairman, with Councilmen Taylor, Pierce, Eaves, Franklin, Hurley, Rutherford, and Crockett present. Councilman Lively joined the meeting later. City Attorneys Randall Nelson, Mike McMahan, and Phil Noblett were also present. Management Analyst Randy Burns and Shirley Crownover, Assistant Clerk to the Council, were present.

Others present included Mayor Kinsey, Adm. Boney, Adm. Marcellis, Fredia Kitchens, Daisy Madison, Adm. Traugher, Adm. Mitchell, and Ken Hays.

**CEMETERY—2100 BLOCK OF SHEPHERD RD.**

Chairman Hakeem made the Council members aware that about a month ago a Special Permit was passed for a cemetery by the Planning Commission and the City Council, and there was no opposition at either meeting; that there is a difficulty with the Board of Zoning Appeals, and the Ordinance is to be sent back to the Planning Commission if no action is taken at the Zoning Appeals Board meeting on February 9<sup>th</sup>.

**CAPITAL BUDGET**

At this point Chairman Hakeem recognized Councilman Crockett, who had questions regarding the Capital Budget. Councilman Crockett stated that his only question related not to the projects themselves but to the funding source and the use of \$10 million from the Economic Development Fund to fund the Capital Budget. He stated that he thought all of the projects were good and all of them had something to do with increasing the quality of life and economics but not necessarily directly. He passed out some information that is made a part of the minute material and addressed questions raised in this memo. He stated that some of the projects in this Capital Budget do not meet the same requirements as projects we have done so far. All of these projects involve economic development and neighborhood revitalization and all of these things we have done at a level that could never have been funded in the past—we would have had to wait for the Capital Budget cycle.

Chairman Hakeem stated that he was gathering from what Councilman Crockett was saying that there were some things whereby we would be setting a precedent and that Councilman Crockett felt that there were things in this Budget that were not looked at by criteria used before. Councilman Crockett agreed that there were a fair number of things in the Capital Budget that would be good to be funded out of Economic Development.

Chairman Hakeem questioned if we had officially set any criteria as to how Economic Development money is to be used. Councilwoman Rutherford stated “not that she knew of”. She added that she was really lost in this conversation and asked Councilman Crockett to pick out one or two items that he felt did **not** meet the guidelines. Councilman Crockett responded that there was a whole list of projects done. Councilwoman Rutherford stated that she was referring to this Budget that we are voting on tonight.

Councilman Crockett stated that the economic development projects that we have done directly have had to do with tax revenue and producing of jobs; that currently a fair number falls within this category—but things like police radios do not fall in this category and should be in the general fund.

Mayor Kinsey explained the approach he took to come up with the Capital Budget; that in his opinion it was geared toward economic development; that we are improving neighborhoods and parks and green space is for economic development, and he would argue that recreation centers are as important as green space—that there is \$9 million right there. He reiterated that the entire Budget is for economic development; that we could still react quickly if the situation arose. He stated that he thought this was very conservative and would leave plenty of money—that there is \$3 million, and it is growing every month.

Chairman Hakeem asked in regards to the police radios—if this was a safety perception.

Mayor Kinsey responded that one-third was being funded out of Economic Development—that clearly \$10 million was for that purpose; that he did not see the wisdom in letting this fund grow and grow and going out and borrowing money—that he would not run a business this way.

Councilman Taylor questioned if we did not take \$10 million from the Economic Development Fund if we would have to take out a loan. Mayor Kinsey responded that we would either have to cut out some projects or go borrow money; that we have cash on hand and don’t need all of that in reserve—that “idle cash was almost as bad as an idle mind”.

Councilman Lively stated that Councilman Crockett had made a point, but he felt there were \$10 million dollars worth of economic development projects in this Budget.

In response, Councilman Crockett stated that everything we do is for economic development; that in the past we had not had a source of funding; that the last government administration took on real hard stuff to do, and we were able to do a number of projects; that without the economic development fund we could not have done Eastgate nor Ridgedale—that we would have had to go through a laborious process; that in a given year it would take most of our capital to do these real hard things. Councilman Crockett stated that he thought two issues deserved thought—that a good part of this Budget is directly economic development, but he did not think it was \$10 million dollars; that the other part, what we would have normally funded out of the General Fund, we would run the risk of (1) having the ability to do economic development at a scale which we have never had before (we don't know the future) and (2) we looked the public in the eye and told them what we were going to do with the money—we made a commitment and now would be changing what we would use it for.

Councilman Pierce stated that we did go out and talk about economic development and specified three major projects—VAAP, Southside, and the Trade Center; that if we have funds, we ought to use these funds and not just wait on something to happen. He questioned at what point we would do something with this money.

**Councilwoman Rutherford made the motion that as economic development is for a better quality of life and these major projects do show a better quality of life, that we pass this Ordinance on second and third readings. She added that this would periodically come up, and she would like there to be some general guidelines set up in the next few months.**

**Councilwoman Hurley seconded this motion.** She added that she would like to comment on what communities want—that we go to the communities and find out what they want, and this Budget reflects what they want—they want money spent for a better quality of life, including better fire service, street paving, and sidewalks. She reiterated that this is what neighborhoods want. Councilwoman Rutherford added businesses, as well as neighborhoods, want this.

Councilman Franklin questioned how this proposal depletes the Economic Development Fund and how we will recoup this money.

Councilman Crockett pointed out that we also have other obligations.

Mayor Kinsey responded that there is \$3.3 million in the fund, and it is always increasing; that we do have some ongoing obligations—10% to 15% of this; that we have maintained a policy of 20% reserve for our AA Bond rating; that if we are going to build up excess cash, we would be better off cutting taxes.

Councilman Taylor stated that he knew the interest was accumulating and questioned how much was going into this fund other than interest. It was explained that the sales tax is \$800,000.

Councilman Crockett stated that this had been a great discussion—and a long one. He stated that he would like this Ordinance to pass on second reading tonight and hold third reading—that we are drawing the fund down even though we are accruing. He stated that there were a number of questions about what we have obligated; that we also should craft a Policy for this.

Chairman Hakeem asked the maker of the motion if she would like to modify it.

Councilman Eaves called for the question.

**Councilwoman Rutherford again stated her motion for second and third readings on this Ordinance tonight and in the next few weeks have the Chairman of the Budget Committee set a meeting to come up with some guidelines. This was seconded by Councilwoman Hurley, who added that she doubted if Westside would have made a policy. This will be recommended to the full Council, with Councilman Crockett voting “No”.**

The meeting adjourned at 5:50 P.M.