HISTORIC FRANKLIN TENNESSEE

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City of Franklin

Meeting Minutes

Work Session

Tuesday, May 27, 2025	4:45 PM	Williamson County Auditorium

CALL TO ORDER
Mayor Ken Moore called the meeting to order at 04:45 PM

Board Members Present: Greg Caesar, Brandy Blanton, Clyde Barnhill, Beverly Burger, Patrick Baggett, Ann Petersen

Board Members Absent: Matt Brown, Jason Potts

Staff Present: Eric Stuckey, Mark Hilty, Kristine Brock, Vernon Gerth, Shauna Billingsley, Angie Skarp

CITIZEN COMMENTS

Comments on agenda items may be made in person or by emailing recorder@franklintn.gov before noon on the day of the meeting. Comments will be submitted for the record.

WORK SESSION DISCUSSION ITEMS

1. **Consideration Of Event Permit For Franklin Classic Sponsored By Mercy Community Healthcare In Downtown Franklin On September 1, 2025**

   Sponsors: Milissa Reierson, Monique McCullough

   The item was acknowledged and is planned for the June 10, 2025 Board of Mayor and Aldermen Meeting for consideration.

2. **Consideration Of Event Permit For Christmas Parade Sponsored By Downtown Franklin Rotary Club On December 6, 2025**

   Sponsors: Milissa Reierson, Monique McCullough

   The item was acknowledged and is planned for the June 10, 2025 Board of Mayor and Aldermen Meeting for consideration.

3. **Consideration Of Liquor License For West Main Street Liquors, (Jody Beard, Owner/Managing Agent) 1326 West Main Street, Franklin, TN 37064**

   Sponsors: Angie Skarp

   The item was acknowledged and is planned for the June 10, 2025 Board of Mayor and Aldermen Meeting for consideration.

4. **FY26 Proposed Budget Update**

   Sponsors: Eric Stuckey, Michael Walters Young

Mr. Stuckey proposed the FY 2026 Operating Budget for the City of Franklin. He explained that it will be presented through three (3) readings at the May 27, June 10 (Public Hearing), and June 24 Board of Mayor and Aldermen Readings under consideration of Ordinance 2025-13. Mr. Stuckey highlighted the signigicant differences in this operating budget compared to years past. Those major differences include:

- Periodic revaluation of assessed property and its impact on the Property Tax Rate
- Proposed changes to Property Tax and Hotel/Motel Occupancy Tax Rates
- Implementation of results of the latest Market Compensation Study
- Additional Program Enhancements Requests

Of particular note was the **Invest Franklin 2.0** initiative. Every four years, the County Property Assessor conducts a reappraisal of all property in Williamson County. This process updates valuations for each property, resulting in adjusted property tax rates. This provides the City with an opportunity to review its property tax rate and structure. The **proposed property tax rate for FY26** following the reappraisal **is $0.32 per $100 of assessed valuation** for the following purposes:

- **$0.2310 per $100 of assessed valuation** – existing certified rate used for operations and debt service
- **$0.0680 per $100 of assessed valuation** – infrastructure investments and transportation needs (namely) collaborating with TDOT to expand Mack Hatcher SE from two lanes to four lanes and other capital investments
- **$0.0210 per $100 of assessed valuation** – support City operations and service delivery for a growing community
- **Increase the Hotel Occupancy Tax by 1%** - To support Invest Franklin 2.0, the proposal is to increase the hotel tax to 5% (currently 4%). The additional 1% is projected to generate approximately $1.2 million annually. These funds would be dedicated to enhancing City parks and other improvements that positively impact Franklin's tourism offerings. The City of Franklin last changed the Hotel Occupancy Tax in 2004.

The Budget & Finance Committee recommended to the Board of Mayor and Alderman consideration of two different potential rates - the City Administrator's Recommendation of $.3200/$100 of Assessed Value, and a lower rate of $.2900/$100 of Assessed Value. These differential values are reflected in both Ordinance 2015-13 (Budget) and 2015-14 (Property Tax Rate) in the form of Option 1 ($.3200) and Option 2 ($.2900). Mr. Stuckey further explained, should the Board desire to establish a different property tax rate than the City Administrator's recommendation, the first reading would be the appropriate time.

Michael Walters Young, Chief Budget & Performance Officer, and the Budget team were present and available to answer any questions from the Board.

Alderman Blanton applauded staff for being nimble in this year's budget process as we received information, specifically regarding property tax, until the eleventh hour.

Alderman Burger asked Mr. Stuckey what we would lose out on if we selected Option 2.
Answer: Mr. Stuckey explained that this option would not address capital investment needs that are not currently funded in the proposed operating budget. We want to have the capacity to fund projects if the opportunity arises.

Alderman Burger followed up by asking why would we not allocate the entirety of the increased property tax revenues to infrastructure projects? How do we ensure that the collected revenues are not being used elsewhere?
Answer: Mr. Stuckey stated that we have grown as an organization, so the allocation towards operations meets the growth needs. In year one, this will largely contribute to public safety staffing needs. A large portion of the revenues will be allocated to servicing debt for ongoing and upcoming CIP projects. He reminded the Board that this rate change is a long-term decision, so we need to be forward-thinking about the allocation of increased capacity. He also added that while Franklin has one of the most robust impact fee structures in Tennessee, it only pays for improvements related to a development, it does not cover operational expenses.

Alderman Burger stated that she would support this ordinance to get to public hearing.

Alderman Baggett appreciated that this property tax discussion is not coming from a place of being underfunded like many communities in Tennessee. However, we need to ensure that the new revenues are allocated to funds that the citizens support (i.e. infrastructure). He noted that people have expressed distaste for the City Hall project, especially its price tag, but our CIP has the capacity to fund ~$500M in projects over the next ten years (66% cash), so it is just a small piece of the pie. He reminded the public that if the City did not fund 50% of state road projects, like Mack Hatcher Parkway, it would not get done in a timely fashion. That is why we are looking at increasing property tax. Not because we are strapped for cash or because we are building a new city hall, but because we want to help with TDOT projects that are a priority within the community.

Alderman Barnhill largely agreed with Alderman Burger and Alderman Baggett's comments. He did, however, disagree with the notion that the city hall construction is not a big project. It does, in fact, take away funding for Mack Hatcher, SR-96 improvements, and the Goose Creek Overpass. He also expressed opposition to where TDOT is funding state roads. He mentioned that they are not prioritizing the roads where there is extensive growth. Overall, he supported Option 1 of this ordinance.

Alderman Caesar emphasized that the property tax is not the only rate increasing for those who own property or are doing business in Franklin. He reminded the Board that we have increased impact fees across the Board. Nonetheless, he aims to be very conscious of how we are allocating the money we are taking directly from his constituents' pockets. He stated that she would support this ordinance to get to a public hearing.

Alderman Baggett reiterated that inflation has significantly impacted the spending power of the city's budget. As inflation soars, we must respond with increases to salaries. By not increasing the tax rate to cover some operational expenses, we would have to dip into capital funds, which would take away from CIP projects. It is all interconnected.

Alderman Burger discussed that as a leader in economic development and education in the state, we are being shortchanged in state-funded projects.

Mayor Moore requested that staff explain where the million dollars was coming from in order to pay for the proposed compensation and pay adjustments.
Answer: It is built-in across the operating budget. It is reflected in the personnel costs in all funds where there are people assigned.

Mayor Moore expressed support for Option 1 for the property tax rate increase. He also discussed disappointment in not getting funding for numerous state roadway improvements, especially SE and NW Mack Hatcher Parkway.

The item is planned for the May 27, 2025 Board of Mayor and Aldermen Meeting for consideration on First Reading.

5. Consideration Of Resolution 2025-40, A Resolution To Adopt A Position Classification Plan And Pay Plan For Employees Of The City Of Franklin, Tennessee

Sponsors: Kevin Townsel

Mr Stuckey introduced the item. He explained that approximately 70% of the general fund budget is allocated to personnel costs, so it is critical to keep the compensation and classification plan as up to date as possible. It was last updated three years ago as part of the FY23 budget process.

As a part of the proposed FY26 Budget, the City has completed a comprehensive review of its Compensation Plan. Consultant Burris, Thompson & Associates (BTA) worked closely with the City's Human Resources Department, Department Directors, and City Administration to provide a Compensation Study to guide the

City's plan update. The consultant used market data from private employers and a group of 16 middle Tennessee local governments to help determine market comparisons for each of the city's 300 positions. In 2024, as a part of the FY25 budget, the City updated the compensation plan related to public safety (Police and Fire) to reflect a more competitive position in the market, moving to the 90th percentile or top 10% or better compared to the Middle Tennessee market.

Steve Thompson, BTA Consulting President, explained the compensation plan update methodology and was also available to answer any questions from the Board.

Kevin Townsel, Human Resources Director, was also present to answer any questions.

The following is a summary of the results of the plan:

- The Compensation Study showed that overall, our 2024 pay ranges are 14% below the target position of the top 10% or better compared to the market.
- Some positions required movement of pay grades based on changes in the labor market and inflationary pressures.
- Of the City's 300 positions, 58 positions (19%) will increase by one pay grade.
- 125 City team members (17% of full-time employees) will increase by one pay grade.

The proposed corrections based on the Compensation Study data are as follows:

- Adopt the new pay plan that increases all pay grade ranges.
- Move all impacted employees to their updated pay grades. All who are below the new minimums will be moved to the new minimum pay of their pay grade. All employees with an upgraded pay grade will, at least, receive a 3% increase.
- Employees receive an across-the-board market adjustment that will raise each team member's compensation by 2.5%.
- Employees receive a merit increase of 0.5% - 2.5% based on the previous year's review.

Alderman Caesar clarified how much of a compensation increase any employee is eligible to receive annually.
Answer: Mr. Stuckey explained that there is an automatic market increase of 2.5% this year and a 0.5% - 2.5% merit-based increase. Hence, any employee will be eligible to receive between a 3% - 5% raise this year.

The item is planned for the June 10, 2025 Board of Mayor and Aldermen Meeting for consideration.

6. **Consideration Of Procurement Award To Urgent Team Management, LLC Of Nashville, Tennessee In The Total Annual Estimated Amount Of $359,610 For Near-Site Clinic Healthcare Services For The Human Resources Department For A Term Of Award (Procurement Solicitation No. 2025-018; Contract No. 2025-0214)**

Sponsors: Kevin Townsel, Tracy Harness

The item was acknowledged and is planned for the June 10, 2025 Board of Mayor and Aldermen Meeting for consideration.

7. ***Consideration Of COF Contract No. 2025-0166, With Gresham Smith & Partners For The Water Line Relocation Design For The Franklin Road Bridge Replacement Over The Harpeth River In The Amount Of $75,120**

Sponsors: Michelle Hatcher, Brian Goodwin, Patricia McNeese

The item was acknowledged and is planned for the May 27, 2025 Board of Mayor and Aldermen Meeting for consideration.

8. ***Consideration Of Amendment 5 To COF Contract No. 2020-0012, With Hazen And Sawyer For No Cost And Modifications For The Southeast Wastewater Capacity Evaluation**

   Sponsors: Michelle Hatcher, Chris Franklin

   The item was acknowledged and is planned for the May 27, 2025 Board of Mayor and Aldermen Meeting for consideration.

9. **Consideration Of Amendment 2 To COF Contract No. 2019-0122, With SS-CH Franklin, LLC For Parkland Impact Fee And Construction Agreement For Aureum PUD**

   Sponsors: Lisa Clayton, Heather Eusebio

   The item was acknowledged and is planned for the June 10, 2025 Board of Mayor and Aldermen Meeting for consideration.

10. **Presentation On Artificial Intelligence For Government**

    Sponsors: Jason Potts, Shauna Billingsley, Kevin Townsel, Brandi Arnett

    Mr. Stuckey introduced the item. In December, several members of Franklin's Artificial Intelligence (AI) Committee attended the GovAI Coalition Summit in San Jose. This conference covered a range of topics, including AI trends, policy development, ethical practices, data management, and practical applications in local government.

    Jason Potts (IT Director), Andrew Southern (IS Developer), Kevin Townsel (HR Director), and Shauna Billingsley (City Attorney) provided a brief overview of AI technology, discussed the importance of having an AI policy in place, explored responsible use of the AI technology that benefits operations, addressed legal considerations, and presented current use cases.

    Alderman Baggett emphasized the need for AI integration into the city's workflow to promote operational efficiency, but he also stressed the importance of data protection. Additionally, he thinks AI could be a tool to help citizens. For example, he presented the idea of having the chatbot on our website scan agenda and minutes data to answer specific questions about items that have been discussed at BOMA.
    Staff noted that they will look into the functionality of that in the existing Citibot tool.

    Alderman Burger stressed that every employee needs AI training.

OTHER BUSINESS

ADJOURN

Meeting Adjourned @ 6:46 PM

Dr. Ken Moore, Mayor

Minutes Prepared by Sarah Schilling, Assistant Deputy City Recorder, City Administrator's Office - 6/3/25, 8:43 AM