CITY OF SOUTH FULTON, GEORGIA
5600 Stonewall Tell Road, South Fulton, GA 30349
Tuesday, December 11, 2018, 5:00 PM

The Honorable William "Bill" Edwards, Mayor
The Honorable Mark Baker, District 7, Mayor Pro Tem
The Honorable Catherine F. Rowell, District 1 Councilmember
The Honorable Carmalitha Gumbs, District 2 Councilmember
The Honorable Helen Z. Willis, District 3 Councilmember
The Honorable Naeema Gilyard, District 4 Councilmember
The Honorable Rosie Jackson, District 5 Councilmember
The Honorable khalid kamau, District 6 Councilmember

WORK SESSION AGENDA

1. Call to Order

2. Discussion Items

   a. Sanitation Services - Melanie Winfield, Assistant City Manager

   b. Proposal to Provide Special Services:
      - Revenue Enhancement and Expenditure Reduction Services - Marshall Mitchell, Legal Analyst and Forensic Accountant, Fincher Denmark, LLC

3. Executive Session (CLOSED), if necessary.

4. Adjournment

CITY OF SOUTH FULTON

COUNCIL AGENDA ITEM

COUNCIL WORK SESSION

SUBJECT: Sanitation Services

DATE OF MEETING: 12/11/2018

DEPARTMENT: City Manager

ATTACHMENTS:

Description	Type	Upload Date
WS_Sanitation Services	Cover Memo	12/5/2018

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CITY OF SOUTH FULTON SANITATION SERVICES

WILLIAM "BILL" EDWARDS
Mayor

ODIE DONALD II
City Manager

Presented By:

Melanie D. Winfield, Assistant City Manager

CITY OF SOUTH FULTON

COUNCIL AGENDA ITEM

COUNCIL WORK SESSION

SUBJECT:	Revenue Enhancement Services Proposal_Fincher Denmark
DATE OF MEETING:	12/11/2018
DEPARTMENT:	Attorney

ATTACHMENTS:

Description	Type	Upload Date
WS_Revenue Enhancement Services	Cover Memo	12/6/2018

December 5, 2018

The Honorable William "Bill" Edwards, Mayor
Councilwoman Catherine Foster-Rowell, District 1
Councilwoman Carmalitha Gumbs, District 2
Councilwoman Helen Willis, District 3
Councilwoman Naeema Gilyard, District 4
Councilwoman Rosie Jackson, District 5
Councilman khalid kaman, District 6
Councilman Mark Baker, District 7
City of South Fulton, Georgia
5440 Fulton Industrial Blvd.
Atlanta, Georgia 30336

Re: Proposal to Provide Special Services (Presentation Draft)

Dear Mayor Edwards and Members of the City of South Fulton City Council:

In connection with recent conversations with several members of City Council, I discussed the Revenue Enhancement and Expenditure Reduction Services offered by our Firm. I suggested that I would prepare proposal information for review and consideration by the Mayor and governing authority and the following is presented related to that suggestion.

Our Firm, Fincher Denmark LLC, has developed a particular expertise in assisting municipal clients with identification of revenue enhancement opportunities and expenditure reduction options. We have found, through providing general legal and litigation services to our municipal clients that newer cities entering into long-term intergovernmental and/or other contractual agreements which may impact the municipal revenue streams, operating and capital expenditures is a wide-spread practice. We have also found that the resources required to properly inventory, update, control, and verify compliance with terms of such agreements are often not identified as an essential activity within the governmental staffing plan.

The failure to dedicate the proper resources to the activities that are listed above has often resulted in taxpayers paying too much for municipal services and our clients realizing less revenue and payments for facilities and equipment than the terms of intergovernmental or other agreements actually provide. Intergovernmental agreements, as you know, can be for periods up to fifty (50) years. The development and blending of personnel to process, account for and manage critical tasks requires that consideration be given to the revenue, operating and capital expenditure model that may produce the best outcomes. Our experience providing special services to municipal clients sets us apart and allows us to close the gap that exists between limited internal resources and the need for greater resources.

We have saved our clients millions of dollars through our external review of these types of documents. And, just as important, we then establish an inventory of the agreements to facilitate on-going compliance with terms of the agreements as well as for use as a training reference.

The external forensic reviews for our clients have resulted in the reduction in intergovernmental sewer service and capital charges, an increase in invoicing and collection of occupation, liquor-by-the-drink taxes and other municipal revenues, expansion of assessment of taxable real and personal property, and reductions in debt service payment requirements. In addition, this approach to serving our clients has resulted in our identifying debt refunding opportunities, Federal and State grants, hotel/motel tax rate increase options, increases in franchise fees and use of right of way fees, additional 911 revenues, and savings related to insurance and pension program costs.

The forensic engagements that we have conducted and are conducting for our clients have resulted in some significant revenue and expense reduction impacts. All of the engagements are part of the public record and we have listed certain details related to such engagements to provide you with some perspective regarding our efforts and successes:

Client	**Scope of Services**	**Results***
City of Lake City, GA	Review of proceeds from abandoned vehicle sales by towing operations	$100,000+
City of College Park, GA	Review of sewer surcharges and water rates related to a major contract	$600,000+

City of College Park, GA	Review of real property assessments for taxable airport parcels located in the City; occupation tax payments by vendors located in recently annexed areas	$450,000+
City of Hapeville, GA	Review of personal property digests and assessments for utilities, real property	$1,900,000+
City of Chamblee, GA	Ongoing review related to property assessments and occupation taxes related to Peachtree DeKalb Airport operations	$ TBD

*****The amounts indicated as **Results** reflect the impact related to the initial discovery and does not reflect the recurring financial impact related to the discovery.

Matters that may be included in the scope of services for the City of South Fulton include the following:

- Review of Property Assessments and Exemptions
  - Personal Property
  - Real Property
- Cell Tower and Antenna Inventory and Assessment Review
- Utility Digest Calculation Review
- Franchise Agreement Review
- Use of ROW Review and Analysis
- Federal and State Grant Opportunity Review
- Abandoned Vehicles Recovery Opportunity
- Review of Billboard and Other Income Property Assessments
- Pension and Insurance Cost Reduction Analysis
- Review of 911 Charges and Expenditures
- Review of Interpleaded and Foreclosure Recoveries
- Review of Opportunity to Assess Public Property Used for Proprietary Purposes

- Review of Contracted Services Cost
- Review of the Determination of Capital Cost and Values Related to the IGA with Fulton County
- Review of TAVT and LOST Allocation and Distribution Calculations

For many of these items, if not all, success will mean a stream of revenues/savings well into the future. Thus, while the revenues/savings for any given year may be small, the cumulative amount over the time horizon could be quite significant. For that reason, we believe it is appropriate to use the "at risk" fee model to recognize this dynamic.

For example, if we discover municipal revenue that should have been collected by the City in prior years and that amount has accumulated to $50,000 by the time of our discovery, with an estimated annual impact of $10,000 per year going forward, our proposed "at risk" fee arrangement would yield us $16,666 (33 1/3% of $50,000) plus $2,500 (25% of $10,000) over the following seven years. Thereafter the City would realize the full amount of the discovery.

The total fees in the example above would be $34,166 and the City would have realized $85,834 through year seven. That calculates to a fee percentage of 28% for a 7 year horizon, 23% for a 10 year horizon of realization and 14% for a 20 year horizon of realization.

We have/are successfully executed projects using this type of fee arrangement with the City of Hapeville, City of Chamblee, and the City of College Park. We are also in discussions with other cities regarding these special services. We have experience quantifying the results of our forensic efforts so that it is clear what the recoveries of prior years' revenues and expenses are and what the recurring impact of our effort will be. In some cases, our work will yield results that will structurally change the revenue and expense model for the City and, therefore, yield benefits for as long as the basic underlying activities occur in the City.

Accordingly, we would propose an "at risk" percentage fee to be applied based on prior year impacts, enhanced revenues, contract savings and operational cost reductions, together with a period of time such fees would be payable for "recurring" revenues, savings and cost reductions. Fees would only be payable when enhanced revenues, savings and cost reductions are realized. Litigation costs, if any, required to pursue and collect any amounts would not be included in this fee.

We would certainly appreciate the opportunity to assist the City of South Fulton with this matter and look forward to hearing from you. We are available to start this project on a full scale basis as soon as we receive authorization to execute the same.

Sincerely,

Marshall L. Mitchell
Forensic Accountant and Project Manager