

Policies & Procedures

Budget Procedures

The Charter of the City of Chattanooga designates the City Council as being the party responsible for the preparation and passage of the annual budget. This is found in Title 6, Finance & Taxation, Chapter III, Section. 6.80 and states:

Section. 6.80 Annual budget not to exceed estimated revenue except in cases of extraordinary emergencies. It shall be the duty of the City Council elected under this act to prepare and pass an annual budget each year. The budget for the ordinary and extraordinary expenses of said city for any one year shall not exceed the estimated amount of revenue to be collected for said year; and in no event shall there be appropriated by the Council any sum or sums in excess of the estimated revenues of said city, for the fiscal year in which said appropriation is made. Provided, however, said members of the Council may, in extraordinary emergencies such as floods, epidemics, or destructive fires, make appropriations in excess of the estimated revenue when the public health, safety, and welfare demand same.

The Budget Section, a subsection of the Department of Finance, is the catalyst for the budget process for the City Council.

A brief description of the form of government the City of Chattanooga utilizes will be useful in more fully understanding the budget process. The City of Chattanooga operates under a Council/Mayor form of government, having changed from the Mayor/Commission form in 1990. The current organizational plan places legislative responsibility for municipal government in the City Council and gives administrative or executive authority to the Mayor. The Council levies taxes, enacts ordinances, adopts the annual budgets as well as performs other legislative functions. The Mayor, who is elected by the citizens of Chattanooga in an at-large vote, carries out the programs and policies approved by the City Council. In addition to advising the Council on policy and legislative matters, the Mayor also recommends the annual budgets and work programs.

The operating budget of the City is the single most important decision making document passed by the Council each year. This budget document passed each year must effectively accomplish several criteria as well

as meet certain governmental budgeting standards. The Government Finance Officers Association has established four (4) criteria that governmental budgets should meet:

A governmental budget should:

- (1) Be a policy document*
- (2) Be an operating guide*
- (3) Be a financial plan, and*
- (4) Be a communications device*

To insure these criteria are met, the Budget section of the City Finance Department prepares a budget calendar and budget policies to facilitate the decision-making process by providing overall direction to City departments. The budget calendar and the budget policies form the nucleus of the budget-making process for the City of Chattanooga. Following these two tools City Departments and Agencies develop their budget requests as well as their performance data to reflect the goals and objectives for the upcoming fiscal year.

The first budget procedure to be put into place is planning of the budget calendar and the budget policies by the City Finance Officer. In early February, the Budget Section, working under the direction of the Finance Officer, compiles draft copies of the proposed budget calendar as well as the proposed budget policies. When the Finance Officer is satisfied the proposals meet the needs of the Departments/Agencies, they are presented to the Mayor for review. The Mayor can at this time add to or delete from either document. When his review is finished the Mayor then presents the finished products to the City Council for review and approval. The City Council can then change either document. This provides the guidelines needed by the Departments/Agencies to begin budget preparation for the upcoming fiscal year. After the City Council has adopted the budget calendar and the budget policies, the Mayor meets with his Department Administrators and Department Budget Personnel to distribute them. While the budget calendar and budget policies are being discussed, the Budget Section of the City Finance Officer's Department is preparing the budget forms and supplementary data for distribution to the various Departments and Agencies. A budget request form is prepared for each activity within each department of city government. This budget request

form, along with the supplementary data, provides the detailed expenditures of the prior fiscal year and the detailed expenditures for the current fiscal year-to-date. Each department/Agency is responsible for projecting its expenditures thru the end of the fiscal year. Each increase requested in appropriations by a department or agency must be accompanied by a detailed justification sheet. Once the departments receive these budget request forms they are given a set time to return them to the City Finance Office, per the budget calendar. Detailed estimates are prepared of all anticipated revenues to the City from all sources. The Budget Section prepares these revenue estimates working in conjunction with the various departments and outside agencies or governmental units who plan to contribute funds to the City. The Revenue Budget Form contains data on the prior fiscal year, current year-to-date, a projection through the end of the fiscal year, and the amount estimated to be collected in the next fiscal year. These estimates are monitored throughout the budget-making process and changed as required, using updated data. When the Revenue Budget Form is completed it is discussed in detail with the Mayor by the Finance Officer.

The Departments and Agencies are given a deadline in the budget calendar by which to turn in their budget requests to the City Finance Office. During this time their budgets are finalized by their budget personnel working closely with the Budget Analyst assigned to their department. The goals and objectives of each activity are formalized, and the financial means to accomplish them are incorporated into their budgets. Each activity is a stand alone document, virtually a teaching tool. When presented to the City Finance Office, a department's budget consists of Budget Forms for each activity within the department, overlaid with a departmental summary form. The department's overall goals and objectives are stated here on the summary forms.

Once all Budget Forms for all departments and agencies are collected by the City Finance Office a review process begins by the Budget Section. This budget documentation turned in by the departments should include a statement of proposed departmental goals and objectives, performance measures, an estimate on the status of performance at the end of the current year as well as traditional account line item expenditure requests and justification for maintaining current and expanded expenditure requests. The Budget Section reviews each budget request to insure compliance with the budget policies.

It is at this time that budget sessions are held with department Administrators and budget personnel to

discuss various issues and gain a thorough understanding of the budget requests. After meetings with the departments, the Budget Section is ready to balance the budget request to the estimated revenues. When this is accomplished, the balanced budget is presented to the Mayor for review. At this point the Mayor can add or delete items to the budget. When the Mayor is satisfied that the budget presented represents the goals and objectives of the City and the financial means of reaching those goals and objectives, he will present the balanced budget to the City Council at a Budget and Finance Committee meeting.

The City Council begins a budget review of its own once it receives the balanced budget proposal. This is done through the Budget Committee, where numerous work sessions are held to examine all aspects of the proposal. Department Administrators are called in to explain differences in their current year budget and the proposed budget. Changes are made by the Council at their discretion. Finally, when the budget is agreed upon, a Budget Ordinance is written up by the Budget Section for passage by the City Council at a regularly scheduled meeting. In this Budget Ordinance the City Council sets the Tax Rate for the next year to support the budget being submitted. The City Council holds public hearings on the budget proposal during the time the budget is first presented and when it is finally passed. The Budget Ordinance, like all City Ordinances, must pass three readings of the Council to become law.

The City of Chattanooga's budget process has evolved into a comprehensive system. The process is being constantly upgraded to provide the best tool possible for the departments and agencies to work with and to produce a budget document that is easy to read and follow and at the same time complex enough to allow for the many changes confronted by the City each year.

During May and June, the City Council hears budget requests from agencies and departments at its regularly scheduled meetings. Prior to July 1, the City adopts an interim budget appropriating funds for the usual and ordinary expenses of the City government in an amount not to exceed one-twelfth of the preceding fiscal year operating budget for each month that the interim budget is in effect. Subsequently, the budget is legally enacted through passage of an ordinance with an operative date of July 1. Upon adoption of the annual budget ordinance by the Council, it becomes the formal budget for City operations. After the budget ordinance is adopted, the council can increase the budget only if actual receipts exceed the estimated, or from accumulated surplus in the amount of an unexpended appropriation from the

previous year. Budget control is maintained by recording encumbrances as purchase orders are written. Financial reports, which compare actual performance with the budget, are prepared monthly and presented to the Mayor, allowing the council to review the financial status and measure the effectiveness of the budgetary controls. Open encumbrances are reported as reservations of fund balance at June 30. All unencumbered and unexpended appropriations lapse at year-end.

The City Finance Officer is authorized to transfer budgeted amounts within divisions within the General Fund, but the authorization does not apply to funds other than the General Fund.

Formal budgets are adopted for the General Fund, Debt Service Fund, all enterprise funds and for a majority of the Special Revenue Funds, including the State Street Aid Fund. These formal budgets are adopted on a departmental basis. Line item amounts from the budget preparation phase are booked on the appropriation ledger.

City's Long Term Initiatives

As Mayor Corker took office in April of 2001, he presented an agenda that would maintain the strong fiscal character of the City through stimulation of the economy and providing good paying jobs for its citizens. This budget includes funding for **nine initiatives** that will help in achieving this goal. They are as follows:

Business Recruitment – This administration will work closely with the Chamber of Commerce to make recruitment of new businesses a top priority. An individual with extensive experience and business and industry contacts will be selected to lead this effort.

Access to Capital - Funding is provided for the recruitment and retention of a major regional economic development firm which will bring large amounts of venture capital and loans for new, start-up, minority owned or existing businesses in Chattanooga

Digital Vision – The goal of this administration is to capitalize on the assets we have to ensure that businesses in our community with high data transfer needs have access to digital technology at competitive prices. We will work closely with Oak Ridge National Laboratory (ORNL) and the

Electric Power Board to this end. The acquisition of strands of fiber optic lines will enable University of Tennessee at Chattanooga to connect with the ORNL, thereby significantly enhancing their capabilities to do applied research.

Enterprise South Industrial Park formerly the Volunteer Army Ammunition Site (VAAP) - Over \$20 million in joint City/County funding has been dedicated for the development of Enterprise South in order to attract new businesses with high paying jobs for the citizens of Chattanooga and Hamilton County. The County will fund 50% of total cost to develop and recruit businesses to this site.

Airline Service - This administration recognizes the need for strategic planning with regard to the future of the Airport Authority. A restructured Airport Authority recently adopted a strategic plan to increase and improve service.

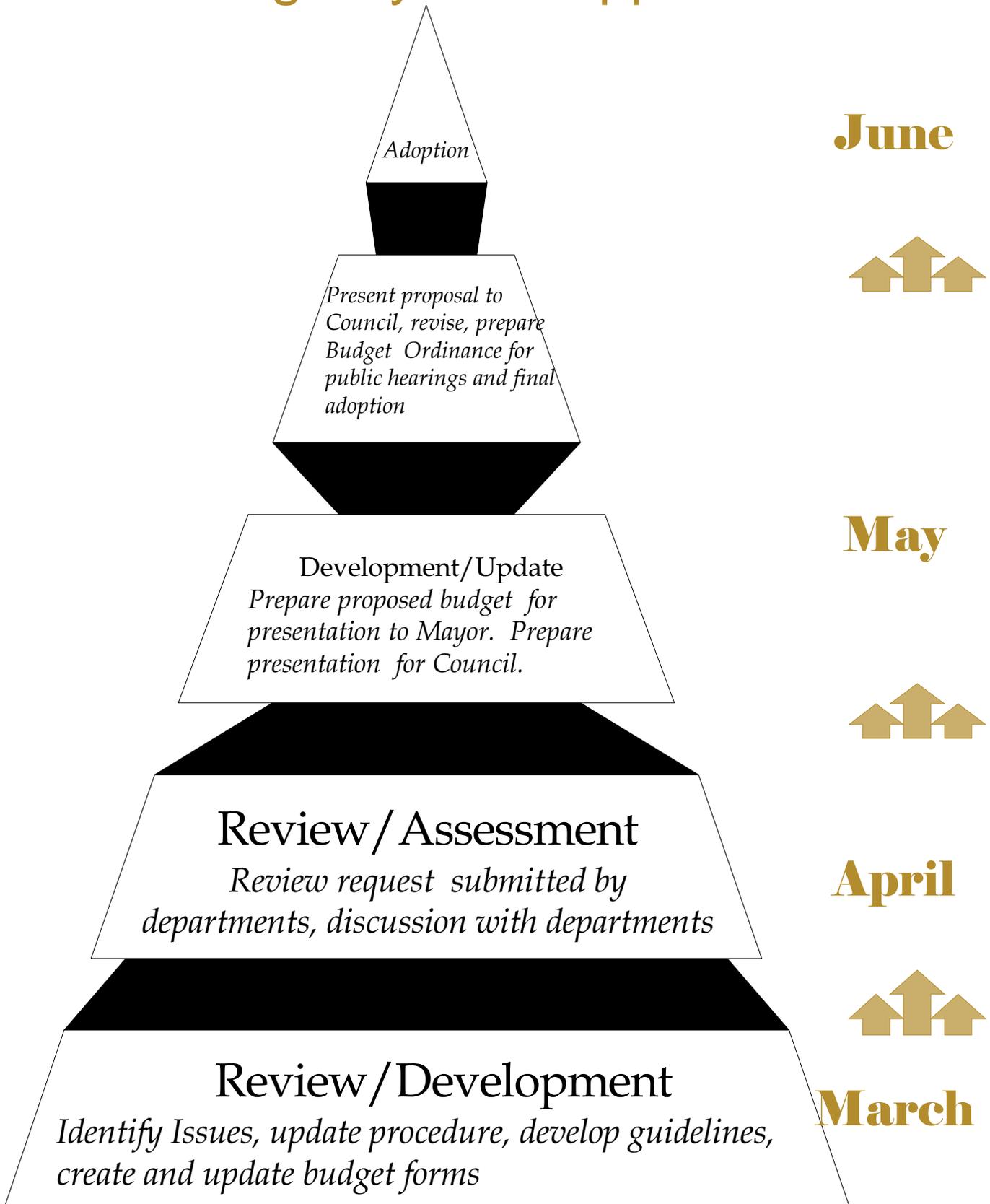
University of Tennessee at Chattanooga– This administration is committed to assisting UTC in becoming a place that attracts talented people from across the country and the world. A first class University is a prerequisite for every great city. Success in our digital vision will provide the opportunity for research and collaboration with other scholars across the country. Access to the Nation's super highway will have a tremendous effect on the University's ability to recruit technologically advanced students and faculty members.

Education – The formation of a Community Education Alliance composed of community and business leaders will work in coordination with the Hamilton County Department of Education and the Benwood Initiative to address the problems specific to high priority elementary schools in our community. This panel will specifically address teacher recruitment, teacher retention and the better coordination of the City administered Head Start program at these schools.

Neighborhoods– The Strategic Neighborhood Initiative (SNI) is a partnership between the City of Chattanooga and 15 high priority neighborhoods to transform them into clean, safe attractive communities with strong independent and capable neighborhood associations

Safety – Fear of crime in the neighborhood is of great concern to the citizens of Chattanooga. A new strategy calls for high visibility directed patrols in neighborhoods, faster response to calls for service, and a more timely response for investigating crime.

The Budget Pyramid Approach Model



S M T W T F S

January 2003

			1	2	3	4	
5	6	7	8	9	10	11	
12	13	14	15	16	17	18	
19	20	21	22	23	24	25	
26	27	28	29	30	31		

February 2003

							1
2	3	4	5	6	7	8	
9	10	11	12	13	14	15	
16	17	18	19	20	21	22	
23	24	25	26	27	28		

March 2003

							1
2	3	4	5	6	7	8	
9	10	11	12	13	14	15	
16	17	18	19	20	21	22	
23	24	25	26	27	28	29	
30	31						

April 2003

		1	2	3	4	5	
6	7	8	9	10	11	12	
13	14	15	16	17	18	19	
20	21	22	23	24	25	26	
27	28	29	30				

May 2003

			1	2	3		
4	5	6	7	8	9	10	
11	12	13	14	15	16	17	
18	19	20	21	22	23	24	
25	26	27	28	29	30		
31							

June 2003

1	2	3	4	5	6	7	
8	9	10	11	12	13	14	
15	16	17	18	19	20	21	
22	23	24	25	26	27	28	
29	30						

S M T W T F S

July 2003

			1	2	3	4	5
6	7	8	9	10	11	12	
13	14	15	16	17	18	19	
20	21	22	23	24	25		
26	27	28	29	30	31		

August 2003

						1	2
3	4	5	6	7	8	9	
10	11	12	13	14	15	16	
17	18	19	20	21	22	23	
24	25	26	27	28	29	30	
31							

September 2003

						1	2	3	4	5	6
7	8	9	10	11	12	13					
14	15	16	17	18	19	20					
21	22	23	24	25	26	27					
28	29	30									

October 2003

							1	2	3	4
5	6	7	8	9	10	11				
12	13	14	15	16	17	18				
19	20	21	22	23	24	25				
26	27	28	29	30	31					

November 2003

										1
2	3	4	5	6	7	8				
9	10	11	12	13	14	15				
16	17	18	19	20	21	22				
23	24	25	26	27	28	29				
30										

December 2003

						1	2	3	4	5	6
7	8	9	10	11	12	13					
14	15	16	17	18	19	20					
21	22	23	24	25	26	27					
28	29	30	31								

January
6-31 Preliminary prep work for budget documents
31 Target cut off for CY actuals on budget forms

February
3-4 Budget staff prepares online presentation for Depts
5 Budget forms available on-line to all Depts
14 Salary projections distribution to Depts

March
7 Deadline for Budget 2003 submissions along with goals and accomplishments
10-28 Budget review and discussions with departments

April
1-17 Budget review and discussions with departments
4 Agency requests due back to City Council
28 City/County Joint Budget Hearing
30 Discussions with Mayor

May
1-16 Budget review and discussions with departments
20 Discussion with Mayor
28 Capital Budget Meeting

June
23-27 Final Budget review and discussions with departments and agencies
30 Discussion with the Mayor

July
1 Presentation of Budget to Council with Powerpoint
8 Council approval 1st reading
15 Council approval 2nd and 3rd reading
16-18 Budget Roll to upload new budget
21 Budget staff start work on CABR 2004

August
 Budget staff work on CABR

September
9 Capital Budget Approval

October
15 Deadline date for CABR submission to GFOA

Budget Policies

The City of Chattanooga has as its highest priority not only the maintenance of basic public services and facilities necessary to meet the needs of its citizens, but also any future needs necessary to keep it the growing, thriving metropolitan area it has become over the years. Current basic public services are those services that would not be provided without public action, and future basic public services could not be provided without the proper planning necessary to provide them. Within this framework the City prepares its Operating Budget each year.

The overall goal of the City's financial plan is to establish and maintain effective top quality management of the City's financial resources. By effectively managing these financial resources through sound budget policies and the monitoring of the results of these policies throughout the fiscal year, the City builds itself a framework for subsequent years. Because the City involves each Department/Division so heavily in the budget process, the policies serve as an excellent training guide, even for the budget novice. And because the City involves each Department/Division Administrator so heavily in the budget process, the finished product, i.e. the Budget Ordinance, serves as an excellent management tool for use in day to day decision making in the operation of a department. The Budget Ordinance also provides the basis of financial control to ensure compliance and prevent any overspending. Monthly reports comparing budgeted amounts to actual amounts are furnished to each department for review. These reports are also used to search for funding sources, or unexpended appropriations, needed if a departmental mission is adjusted in midyear.

The City's budget policies are written up each year by the Budget Section of the City Finance Administrator's Office. These proposed policies are reviewed by the Finance Officer and Deputy Officer to insure they contain all information known at that time to provide the desired results of the current year budget process. Working together, the Finance Officer, Deputy Finance Officer, Budget Officer and the budget staff insure that the budget policies to be presented for consideration by the Mayor and City Council do contain the means to provide the basic public services. Basic public services can be defined as those services that are

- *essential to the health and safety of the City's*

citizens,

- *necessary in order to avoid irreparable damage to City resources, and*
- *a service that the absence of which would make the City's quality of life generally unacceptable to its citizens.*

After the budget policies have met the satisfaction of the Finance Officer and his staff, the Finance Officer presents them to the Mayor. They undergo further review, additions, deletions, and changes by the Mayor based upon his personal knowledge of the direction the City needs to be taking in conjunction with the Administrator's initiative. After the Mayor has reviewed the budget policies, he then presents them to the City Council for review and adoption. Here the City Council can add, delete, or change any portion of the policies they deem necessary. Once the Council is in agreement, the policies are formally adopted in a City Council budget meeting. Once adopted, the budget policies are set in place to serve as the guide for the fiscal year.

The following section outlines the budget policies adopted by the City Council for use in preparation of the City's FY 03/04 Operating Budget:

Budget Requests for FY 04 will be submitted on line item (Account) basis. All departments should present budget requests with minimal (1 to 2%) or no increases in total operating costs. Any increase beyond this will not be considered without compelling written justifications. This is an attempt to present a balanced budget given the reduced level of revenue the City is experiencing and the rising cost of healthcare and pension benefits. Generally, any growth in funding must be fully justified and will be at the expense of some other line item, barring a specific revenue generated to cover the additional expense.

Budget Requests will be divided into two parts: The Maintain Requests, and the Additional Requests. Requests for additional funding must be accompanied by narrative justification.

Maintain Requests will be based upon the projected 02/03 expenditures less any one time nonrecurring expenditures.

- a. Request for one time, unavoidable costs that are anticipated for FY 03/04 will be included

- in the Additional Requests with justification.
- b. Requests for recurring unavoidable increases, including such items as street lighting, other utilities, pension costs, FICA, etc., will be included in the Maintain Budget Requests.
- c. Each department was also asked to prepare budgets reflecting a zero growth 5% reduction and 10% reduction in operations including personnel costs.

Personnel Issues:

- a. Maintain Requests for Salaries & Wages will include all positions authorized at the current Pay Plan Amount. The Finance Office will provide projections.
- b. Maintain Requests will not include any requests for funding of additional personnel.
- c. Do not include funds for pay raises or pending reclassifications. Step increases are provided for by Projections, which will be entered by the Budget Analysts after a decision is made concerning salary and wage changes.
- d. Budget Requests for overtime must be from a zero base, consistent with overtime ordinances, and not justified by prior year experience only.
- e. If you plan to hire temporary workers, your budget estimate should include payroll taxes. Any hiring of contract employees must stand up to IRS scrutiny. Personnel has developed guidelines to assist in determining whether a person would be an employee or contract employee.
- f. Temporary staffing should be budgeted under "Salaries & Wages".
- g. There will be no additions to the total number of positions. New positions and position reclassifications must be matched with comparable reductions or consolidation of existing positions so as to result in no increase in total personnel cost.
- h. New and additional positions (including reclassifications) must be submitted to Personnel for review no later than March 28, 2003. Forms are available in personnel, see Jean Smith (ext. 4862). (All requests for new positions and reclassifications must be supported by corresponding reductions in existing positions resulting in the same or reduced payroll cost)

Renewal & Replacement:

Budget Requests will include capital operating requirements, to be funded from the amount appropriated for Renewal & Replacement of Equipment. Generally, a capital operating requirement has a useful life of less than 15 years and involves a cost less than \$25,000.00. Items with a longer useful life and greater cost will be included in the Capital Budget. We anticipate that the FY 03/04 budget will include funding for Renewal & Replacement in the amount of \$1,500,000.

All departments will include in each activity funds for vehicle repairs at City Garage. Parts will be billed by the Garage at a 25% markup. Labor cost has been set at \$47.25 per hour. Vehicle maintenance cost expenses should be based on hours experienced during FY 02/03 execution. The price factor to be used for forecasting fuel costs is \$1.45 per gallon for gasoline and \$1.30 per gallon for diesel. This reflects a \$0.10 and \$0.15 per gallon price increase over FY03 fuel rates.

Fringe Benefit costs are to be included in each Activity Request which has Personnel costs. These Fringe Benefit costs are:

General Pension	4.07%
Fire & Police Pension	18.39%

CIGNA Healthcare premium net of employee contribution:

Individual	\$225.02
Subscriber + Child	\$375.80
Subscriber + Spouse	\$459.06
Family	\$636.81

Life Insurance Coverage: \$0.295 per \$1,000 coverage/month. Maximum: \$50,000.

Long-Term Disability:
\$0.1875 per \$100 coverage per month.

FICA	6.20%
Medicare	1.45%

Union Pensions:

Operating Engineers	\$1.18/hour
Laborers	\$0.92/hour

Anticipated increase in utility cost during FY04
Electricity: 5% Natural Gas 15% Water: 6%

Budget Execution Guidance

Salary and wage funds are "generally untouchable" to use as funding sources for other line items during the fiscal year.

Use of the city's garage services is mandatory for applicable procedures/services unless specific approval of the Mayor is obtained in advance.

Descriptions, Goals & Objectives, and Performance Measures for each activity will be distributed during budget preparation. Please update, where necessary, as they are included in the City's Comprehensive Annual Budget Report submitted to the Government Finance Officer's Association.

Revenue Policies

The City of Chattanooga's revenue programs are administered by the Budget Section of the Department of Finance & Administration. The Budget Section adheres to long-standing principles which insure stability and financial health. The cornerstone of these principles followed by the City is an air of conservatism. The City never has, nor never will, intentionally overestimate a revenue source merely to fund a project or additional personnel. The revenue policies of the City remain fairly constant from year to year, changing to include new revenue sources and an extension of the tax base when appropriate. These revenue policies give a good insight into the reasoning being considered by the City at budget time. The policies themselves reflect the conservative approach used by the City.

Revenue policies of the City include, but are not limited to the following:

The City will maintain effective collection systems and implement aggressive enforcement strategies to maximize revenues from all sources.

The City will attempt to maintain a diversified revenue base, which will not emphasize any one revenue source.

The City will attempt to maintain a revenue system which will encourage development of alternative revenue sources.

The City will continually monitor the local tax effort, such as Property Tax and Sales Tax, and compare it with other cities of comparable size.

The City will maintain a broad revenue base; that is, a large number of widely diversified revenue sources will be established and maintained in order to distribute the revenue burden equitably and protect the City from short-term fluctuations in any one revenue source.

The City will follow a conservative approach in the projection of revenues so that actual revenues at year end will consistently equal or exceed budgeted amounts.

The City will actively seek Federal and State grants and insure a fair proportion is received.

The City will review all user fees and licenses annually, adjust these fees and licenses when appropriate, and establish new fees and licenses when necessary.

The City will establish all user charges and fees at a level related to the full cost of providing the operating, direct, indirect, and capital services.

The City will limit the designation of General Fund revenues for specified purposes in order to maximize flexibility and utilize revenues more efficiently.

The City will continue to maintain its low Debt Ratio in providing funding through general obligation bond sales.

Cash Management & Investment Policy

1.0 Policy It is the policy of the City of Chattanooga to invest public funds in a manner which will maximize investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing

the investment of public funds. The City Treasurer is authorized to manage the investments described herein.

2.0 Scope This investment policy applies to all financial resources of the City of Chattanooga, other than funds of The City of Chattanooga General Pension Plan and The City of Chattanooga Fire and Police Pension Plan, managed by a board of trustees or contractual managers; Deferred Compensation Plan funds managed externally; and such funds excluded by law, bond indenture or other Council-approved covenant.

These funds are accounted for by the City's Finance Department Accounting Services Division, as represented in the City of Chattanooga Comprehensive Annual Financial Report and include:

2.1 Funds

- (1) General Funds
- (2) Special Revenue Funds
- (3) Debt Service Funds *(unless prohibited by bond indentures)*
- (4) Capital Project Funds
- (5) Enterprise Funds
- (6) Any new fund created by the City Council, unless specifically exempted.

Funds held by the Hamilton County Finance Department during tax collection period shall be governed by the County's investment policies, and are not subject to the provisions of this policy.

3.0 Prudence The standard of prudence to be used by investment personnel shall be the "Prudent Investor Rule" and will be in the context of managing an overall portfolio: "Investments shall be made with judgment and care-under circumstances then prevailing-which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." Investment officials meeting this standard will be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0 Investment Objectives. The primary objectives, in priority order, of the City of Chattanooga's investment activities shall be as follows:

4.1 Safety. Safety of principal is the foremost

objective of the investment program. Investments of the City of Chattanooga shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversion is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

4.2 Liquidity. The City of Chattanooga's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

4.3 Return on Investment. The City of Chattanooga's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and cash flow characteristics of the portfolio.

4.4 Local Institutions. Local institutions shall be given preference when they are, in the judgment of the Treasurer, competitive with other institutions.

5.0 Delegation of Authority. Chattanooga City Charter 6.1 Empowers the Mayor, Finance Officer, and Treasurer with the investment responsibility for the City. There is created within the Department of Finance, a Treasury Division. The Treasurer is responsible for day-to-day investment decisions and activities and the development and maintenance of written procedures for the operation of the investment program, consistent with these policies.

Procedures should include reference to: safekeeping, SPA repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Officer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

The Treasurer shall report to the Mayor and Finance Officer at agreed-upon intervals, on investment

activities. The Treasurer will train other investment personnel to assist and provide relief in the day-to-day placement of investments.

6.0 Ethics and Conflicts of Interest.

Any person involved in the investment process shall refrain from personal business activities which could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Investment personnel shall disclose to the Mayor any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment position that could be related to the performance of the City of Chattanooga, particularly with regard to the time of purchases and sales.

Bonding of all staff involved in the investment process shall be required, and such bonding requirements shall apply to those individuals authorized to place orders to purchase or sell investment instruments.

7.0 Authorized Financial Dealers and Institutions.

The Treasurer will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the State of Tennessee. These may include "primary dealers" or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by the laws of the State of Tennessee.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Treasurer with the following:

- (1) Audited financial statements
- (2) Proof of National Association of Security Dealers certification.
- (3) Trading resolution
- (4) Proof of State of Tennessee registration
- (5) Completed broker/dealer questionnaire
- (6) Certification of having read the City of Chattanooga's investment policy and depository contracts.

An annual review of the financial condition and registrations of qualified bidders will be conducted by the Treasurer.

A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the city of Chattanooga invests.

8.0 Authorized and Suitable Investments.

The City of Chattanooga shall limit its investments to those allowed by the Tennessee Code Annotated 6-56-106, which states:

"In order to provide a safe temporary medium for investment of idle funds, municipalities are authorized to invest in the following:

- (1) Bonds, Notes or Treasury Bills of the United States;
- (2) Non-convertible debt securities of the following issues:
 - (A) The Federal Home Loan Bank;
 - (B) The National Mortgage Association;
 - (C) The Federal Farm Credit Bank; and
 - (D) The Student Loan Marketing Association;
- (3) Any other obligations not listed above which are guaranteed as to principal and interest by the United States or any of its agencies;
- (4) Certificates of deposit and other evidences of deposit at state and federal chartered banks and savings and loan associations.
- (5) Obligations of the United States or its agencies.
- (6) The Tennessee Local Government Investment Pool
- (7) Repurchase Agreements (provided a Master repurchase agreement has been executed and approved by the state director of local finance, such investments are made in accordance with procedures established by the state funding board;)"

8.1 Securities Not Eligible As Investments For Public Funds In The State Of Tennessee:

- (1) Corporate Bonds
- (2) Corporate Stocks
- (3) Foreign Government Obligations
- (4) Futures Contracts
- (5) Investments in Commodities

- (6) Real Estate
- (7) Limited Partnerships
- (8) Negotiable Certificates of Deposit

8.2 Reverse Repurchase Agreements.

The City of Chattanooga will not engage in using Reverse Repurchase Agreements. “Leveraging” is not an acceptable strategy for the City.

8.3 Risk. The City’s investing maxim is that public funds should never be put at risk.

9.0 Investment Pool. A thorough investigation of the pool/fund is required prior to investing, and on a continual basis. There shall be a questionnaire developed which will answer the following questions:

- (1) A description of eligible investment securities, and a written statement of investment policy.
- (2) A description of interest calculations and how it is distributed and how gains and losses are treated.
- (3) A description of how the securities are safeguarded (including the settlement processes, and how often are the securities priced and the program audited).
- (4) A description of who may invest in the program, how often, what size deposit and withdrawal.
- (5) A schedule for receiving statements and portfolio listings.
- (6) Are reserves, retained earnings, etc. utilized by the pool/fund?
- (7) A fee schedule, and when and how it is assessed.
- (8) Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

10.0 Collateralization. All certificates of deposit and repurchase agreements will be collateralized. The collateral pledge level to be used by each Collateral Pool participant to arrive at their pledge target may be determined on a percentage basis using the following factors:

- (1) If the Total Collateral Pool participants hold an aggregate of less than thirty percent (30%) of the total sum of deposits held in the State of Tennessee by financial institutions, the collateral pledging level shall equal two hundred percent (200%).
- (2) If the Total Collateral Pool participants hold an aggregate of thirty percent (30%) or more of the total sum of deposits held in the State of Tennessee by financial institutions,

the collateral pledging level shall equal one hundred fifteen percent (115%).

(3) However, the collateral pledging level will be one hundred percent (100%) for any participant whose bank rating is equal to or greater than twenty-five (25) as determined from the most recent quarterly report published by Sheshunoff Information Services, Inc. (bank president’s national peer group weighted rating). The collateral pledge level will be ninety percent (90%) if the participant meets the requirement in Rule 1700-4-1-.04(1)(b).

Each pool participant is required to maintain, at a minimum, pledged collateral with a minimum market value of one hundred thousand dollars (\$100,000).

Custodial Agreement: Collateral will always be held by an independent third party with whom the city has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. All financial institutions doing business with the City are required to sign a Bond and Deposit Agreement with the City and it will be updated annually. The right of collateral substitution is granted.

11.0 Safekeeping and Custody: All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a Delivery-Versus-Payment (DVP) basis. Securities will be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts.

12.0 Diversification

The City will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and the Tennessee State Local Government Investment Pool, no more than 50% of the City’s total investment portfolio will be invested in a single security type or with a single financial institution.

13.0 Maximum Securities:

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Under current City policy, unless matched to a specific cash flow, the City will not directly invest in securities maturing more than two (2) years from date of purchase. However, the City may

collateralize its repurchase agreements using longer dated investments not to exceed five(5) years to maturity.

Reserve funds may be invested in securities exceeding two (2) years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

14.0 Internal Control

The Treasurer shall establish an annual process of independent review by an external auditor. The review will provide internal controls by assuring compliance with policies and procedures.

15.0 Performance Standards

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

15.1 Market Yield (Benchmark): The City's investment strategy is passive. Basically, the passive approach to investing involves buying-and holding purchases until maturity. Given this strategy, the basis used by the Treasurer to determine how the portfolio's market average rate of return compares to market yields shall be the six-month U.S. Treasury Bill and the average Federal Funds Rate.

16.0 Reporting. The Treasurer is responsible for preparing a quarterly investment report to the Mayor and Finance Officer which will provide a clear picture of the status of the current investment portfolio. The management report should include comments on the fixed income markets and economic conditions, discussions regarding restrictions on percentage of investment by categories, possible changes in the portfolio structure going forward and thoughts on investment strategies.

Schedules in the quarterly report should include the following:

- (1) A listing of individual securities held at the end of the reporting period by authorized investment category, and financial institutions
- (2) Average life and final; maturity of all investments listed
- (3) Coupon, discount or earnings rate
- (4) Par value, Amortized Book Value and Market Value
- (5) Percentage of the Portfolio represented by each

investment category

17.0 Investment Policy Adoption: The City of Chattanooga's Investment policy shall be adopted by resolution of the City Council. The policy shall be reviewed on an annual basis by the Finance Officer and Treasurer and any modifications made thereto must be approved by the City Council.

Debt Policies

The City will maintain a bond retirement fund reserve which is equivalent to the amount of debt service due on tax-supported General Obligation Bonds in the next fiscal year.

The City will not issue notes to finance operating deficits.

The City will issue bonds for capital improvements and moral obligations.

The City will publish and distribute an official statement for each bond and note issue.

Reserve Policies

The City will maintain a revenue reserve in the General Operating Fund which represents between 18-20% of the fund's expenditures.

The City will maintain a revenue reserve in the Interceptor Sewer Fund and the Solid Waste/Sanitation Fund.

Accounting, Auditing, and Financial Reporting Policies

An independent audit will be performed annually.

The City will produce annual financial reports in accordance with Generally Accepted Accounting Principles (GAAP) as outlined by the Governmental Accounting Standards Board.

The City will maintain a strong internal audit capability.

Capital Budget Policies

The City shall invest a percentage of its general operating funds to finance ongoing infrastructure maintenance, repair and replacement programs, and to implement approved plans that foster economic and neighborhood development each year.

The City will develop a multi-year plan for ongoing capital improvements, update it annually, and make all capital improvements in accordance with the plan. Funding of repair and replacement schedule projects will have funding priority before discretionary capital projects.

Capital improvement projects which violate the principles and concepts of an adopted City plan or which duplicate other public and/ or private services will not be considered.

The City Council will use the following criteria to evaluate the relative merit of each capital project:

Projects which will increase property values in a neighborhood, residential or business district; Projects identified by a priority board or a department as important; Projects which will directly benefit a community development area of the City; Projects which are part of a multi-year funding commitment; Projects which are an element of an approved master plan adopted by City Council; Projects which result in the creation of permanent jobs and/ or generate additional net revenue to the city; Projects specifically included in an approved replacement schedule.

Legal Requirements

In 1982 the Tennessee General Assembly passed what has become known as the “Municipal Budget Law of 1982.” This law was incorporated into the Tennessee Code Annotated under *Section 6-56*. The following excerpts are from Tennessee Code Annotated 1992 Replacement and provide the state requirements for municipal budgets.

6-56-203. Annual Budget Ordinance. The governing body of each municipality shall adopt and operate under an annual budget ordinance. The budget ordinance shall present a financial plan for the ensuing fiscal year, including at least the following information:

(1) Estimates of proposed expenditures for each department, board, office or other agency of the municipality, showing in addition, the expenditures for corresponding items for the last preceding fiscal year, projected expenditures for the current fiscal year and reasons for recommended departures from the current appropriation pattern in such detail as may be prescribed by the governing body. It is the intent of this subdivision that except for moneys expended pursuant to a project ordinance or accounted for in a proprietary type fund or a fiduciary type fund which are excluded from the budget ordinance, all moneys received and expended by a municipality shall be included in a budget ordinance. Therefore, notwithstanding any other provision of law, no municipality may expend any moneys regardless of their source (including moneys derived from bond and long-term note proceeds, federal, state or private grants or loans, or special assessments), except in accordance with a budget ordinance adopted under this section or through a proprietary type fund or a fiduciary type fund properly excluded from the budget ordinance;

(2) statements of the bonded and other indebtedness of the municipality, including the debt redemption and interest requirements, the debt authorized and unissued, and the condition of the sinking fund;

(3) estimates of anticipated revenues of the municipality from all sources including current and delinquent taxes, nontax revenues and proceeds from the sale of any bonds or long-term notes with a comparative statement of the amounts received by the municipality from each of such source for the last preceding fiscal year, the current fiscal year, and the coming fiscal year in such detail as may be prescribed by the governing body;

(4) a statement of the estimated fund balance or deficit, as of the end of the current fiscal year;

(5) a statement of pending capital projects and proposed new capital projects, relating to respective amounts proposed to be raised therefore by appropriations in the budget and the respective amounts, if any, proposed to be raised therefor by the issuance of bonds during the fiscal year; and

(6) such other supporting schedules as the governing body deems necessary, or otherwise required by law.

The City Code of the City of Chattanooga also provides requirements for a budget. Following is an excerpt from Chapter III, Chattanooga City Code:

Sect. 6.80. Annual Budget not to exceed estimated revenue except in cases of extraordinary emergencies. It shall be the duty of the City Council elected under this act to prepare and pass an annual budget each year. The budget for the ordinary and extraordinary expenses of said city for any one year shall not exceed the estimated amount of revenue to be collected for said year; and in no event shall there be appropriated by the City Council any sum or sums in excess of the estimated revenues of said City, for the fiscal year in which said appropriation is made. Provided, however, said City Council may, in extraordinary emergencies such as floods, epidemics, or destructive fires, make appropriations in excess of the estimated revenue when the public health, safety, and welfare demand same.

Budget Ordinance

ORDINANCE NO. 11434

AN ORDINANCE, HEREINAFTER ALSO KNOWN AS “THE FISCAL YEAR 2003-2004 BUDGET ORDINANCE”, TO PROVIDE REVENUE FOR THE FISCAL YEAR BEGINNING JULY 1, 2003, AND ENDING JUNE 30, 2004, AND APPROPRIATING SAME TO THE PAYMENT OF EXPENSES OF THE MUNICIPAL GOVERNMENT; FIXING THE RATE OF TAXATION ON ALL TAXABLE PROPERTY IN THE CITY, AND THE TIME TAXES AND PRIVILEGES ARE DUE, HOW THEY SHALL BE PAID, WHEN THEY SHALL BECOME DELINQUENT; PROVIDING FOR INTEREST AND PENALTY ON DELINQUENT TAXES AND PRIVILEGES, AND TO AMEND PART II, CHATTANOOGA CITY CODE, SECTIONS 10-23, 11-251, 12-21, 16-55, 24-304, 24-322, 18-191 THRU 18-196, AND TO AMEND ORDINANCE NO. 11328.

WHEREAS, Pursuant to and in compliance with the provisions of the Charter of the City of Chattanooga, Tennessee, the revenue has been estimated for operating the Municipal Government for the fiscal year 2003-2004 from all sources to be as follows:

PROPERTY TAXES:

Current Taxes on Real & Personal Property	79,397,860
Taxes on Real & Personal Property - Prior Years	2,605,000
CHA - In Lieu of Taxes	20,420
TVA - In Lieu of Taxes	1,056,075
Electric Power Board - In Lieu of Taxes	2,928,731
Electric Power Board Telecomm – In Lieu of Taxes	199,508
Chattanooga Labeling System – In Lieu of Taxes	9,151
CNE - In Lieu of Taxes	57,996
E I Dupont – In Lieu of Taxes	252,678
Metals USA - In Lieu of Taxes	40,839
Burner Systems - In Lieu of Taxes	24,853
Messer Griesheim Ind – In Lieu of Taxes	64,571
T B Wood’s Inc – In Lieu of Taxes	7,274

Regis Corporation - In Lieu of Taxes	51,852
Pavestone Company – In Lieu of Taxes	26,493
Chattanooga Bakery In Lieu of Taxes	4,471
JRB Company In Lieu of Taxes	24,486
National Print Group In Lieu of Taxes	5,069
Top Flight, Inc In Lieu of Taxes	11,862
Chattem, Inc In Lieu of Taxes	17,951
Nabisco Inc In Lieu of Taxes	34,092
Covenant Transport – In Lieu of Taxes	23,453
Signal Mountain Cement – In Lieu of Taxes	543,152
Kenco Group, Inc - In Lieu of Taxes	21,619
Total Other – In Lieu of Taxes	11,277
Corporate Excise Taxes – State (Intangible Property)	183,932
Interest & Penalty on Current Year Taxes	67,167
Interest & Penalty on Delinquent Taxes	261,406
Delinquent Taxes Collection Fees	275,810
TOTAL PROPERTY TAXES	\$ 88,229,048

OTHER LOCAL TAXES:

Franchise Taxes – ComCast Cable	1,397,342
Franchise Taxes – Chattanooga Gas	313,750
Liquor Taxes	1,400,700
Beer Taxes	4,273,300
Local Litigation Taxes - City Court	4,932
TOTAL OTHER LOCAL TAXES	\$ 7,390,024

LICENSE, PERMITS, ETC.:

Motor Vehicle Licenses	393,564
Parking Meters	441,634
Business Licenses (excluding Liquor)	120,000
Gross Receipts Tax	2,772,411
Fees for Issuing Business Licenses & Permits	57,000
Interest & Penalty on Business Licenses & Permits	72,000
Wrecker Permits	4,200
Building Permits	917,863
Electrical Permits	163,033
Plumbing Permits	177,309
Street Cut-In Permits	319,080
Temporary Use Permits	3,300
Sign Permits	117,570
Taxi Permits	3,700
Liquor By the Drink Licenses	123,264
Hotel Permits	2,000

Gas Permits	7,500
Liquor By the Drink – Interest & Penalty	3,208
Plumbing Examiner Fees & Licenses	25,000
Electrical Examiner Fees & Licenses	35,000
Gas Examination Fees & Licenses	35,000
Mechanical Code Permits	61,664
Permit Issuance Fees	53,790
Beer Application Fees	85,000
Annual Electrical Contractor License	64,000
Exhibitor’s fees	3,000
Mechanical Exam Fee & Licenses	62,000
Subdivision Review/Inspection Fee	69,962
Misc. Licenses & Permits	20,087
	<hr/>
TOTAL LICENSES, PERMITS, ETC.	\$ 6,213,139

FINES, FORFEITURES, AND PENALTIES:

City Court Fines	23,800
Delinquent City Court Fines	17,192
Criminal Court Fines	243,398
Parking Ticket Fines	365,706
City Fines-Speeding	396,846
City Fines-Other Driving Offenses	334,714
City Fines-Non Driving Offenses	23,017
Delinquent Tickets	65,906
Delinquent Tickets – Court Cost	21,268
Delinquent Tickets – Clerk’s Fee	124,236
	<hr/>
TOTAL FINES, FORFEITURES AND PENALTIES	\$ 1,616,083

REVENUES FROM USE OF MONEY OR PROPERTY:

Interest on Investments	650,058
Sale of City Owned Property	20,000
Sale of Back Tax Lots	45,000
	<hr/>
TOTAL FROM USE OF MONEY OR PROPERTY	\$ 715,058

REVENUES FROM OTHER AGENCIES:

Local Option Sales Tax-General Fund	21,102,341
State Beer Taxes	73,560
Hall Income Tax	2,000,000
State Sales Tax	8,497,319
State Mixed Drink Tax	1,074,629
State Gas Inspection Fees	323,061

State Maintenance of Streets	99,897
State Alcoholic Beverage Tax	66,514
Hamilton County - Radio & Electronics	134,000
Hamilton County Ross' Landing/Plaza	528,391
State – Specialized Training Funds	415,800
State – Telecommunication Sales	25,806
	<hr/>
TOTAL FROM OTHER AGENCIES	\$ 34,341,318

SERVICE CHARGES FOR CURRENT SERVICES:

Current City Court Costs	278,892
Court Commissions	12,000
Delinquent City Court Cost	4,180
Clerk's Fees	847,000
Delinquent Clerk's Fee	29,896
Current State Court Costs	1,681
Delinquent State Court Costs	2,537
Court Administrative Cost	8,611
Service of Process	1,416
Processing of Release Forms	12,371
Delinquent – processing of release forms	4,307
Charges for Financial Services - Electric Power Board	7,200
Variance Request Fees	9,270
Fire & Ambulance Service Fees	1,153
Warner/Montague Park Ballfield Fees	2,100
Fitness Center	35,432
Arts & Culture	51,000
Skateboard Park	9,290
Kidz Kamp	81,788
Champion's Club	21,634
Construction Board of Appeals	2,280
Zoning Letter	2,760
Sign Board of Appeals	3,840
Certificates of Occupancy	8,430
Sewer Verification Letter	2,340
Modular Home Site Investigation	570
Plan Checking Fee	214,610
Phased Construction Plans Review	6,607
Cell Tower Site/Location Review	3,840
Memorial Auditorium Credit Card Fees	43,500
Tivoli Credit Card Fees	11,163
Sports Program Fees	5,900
Non-Traditional Program Fees	3,855
OutVenture Fees	10,016
Police Reports: Fees, Accidents, etc.	141,289

Photo/ID Card Fees	11,698
Dead Animal Pick Up Fee	9,581
Credit Card Convenience Fee	7,391

TOTAL SERVICE CHARGES	\$ 1,911,428
-----------------------	--------------

MISCELLANEOUS REVENUE:

Land & Building Rents	69,887
Dock Rental	26,321
Payroll Deduction Charges	6,815
Indirect Cost	2,585,866
Plans and Specification Deposits	13,800
Condemnation	39,714
Memorial Auditorium Rents	202,000
Memorial Auditorium Concessions	50,000
Tivoli Rents	138,462
Tivoli Concessions	20,402
Swimming Pools	23,468
Park Concessions	16,413
Frost Stadium Income	600
Recreation Center Rental	31,259
Carousel Ridership	109,206
Walker Pavilion Rents	19,028
Engel stadium	2,650
Coolidge Park Table Rents	5,393
Recreation Center Concessions	17,002
City Softball Program Fees	25,000
Other Miscellaneous Revenue	212,276
Auditorium Box Office	64,199
Tivoli Box Office	31,877
Sale of Equipment – GF Dept	69,228
Loss & Damage – GF Dept	205,274
Sale of Scrap – GF Dept	46,013
Miscellaneous Rev – GF Dept	46,643
Greenway Facilities Rent	7,106
Outside Sales – Radio Shop	37,925
Memorial Auditorium OT Reimbursement	10,000
Tivoli Theatre OT Reimbursement	7,075

TOTAL MISCELLANEOUS REVENUE	\$ 4,140,902
-----------------------------	--------------

TOTAL GENERAL FUND ESTIMATED REVENUE	\$144,557,000
--------------------------------------	---------------

=====

and,

WHEREAS, It is necessary to base the appropriations to the various departments of the Municipal Government on the above estimated revenues;

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE:

SECTION 1. That for the purpose of raising revenue to operate the various departments, agencies, boards, commissions, offices, divisions or branches of the Municipal Government, and to pay the interest on and retire bonds of said City as they mature, there be and is hereby levied upon all taxable property within the City of Chattanooga, Tennessee, a tax for the year 2003 at a rate of \$2.516 upon every \$100.00 in assessed value of such taxable property; and to the extent applicable there is also levied a tax at the same rate upon every \$100.00 of Merchant and other Ad Valorem within the corporate limits of the City of Chattanooga, Tennessee.

SECTION 2. That the assessment made by the Assessor of Property of Hamilton County, Tennessee, and by the Tennessee Regulatory Agency for 2003 on all property located within the Corporate limits of the City of Chattanooga, Tennessee, be and is hereby adopted as the assessments of the City of Chattanooga.

SECTION 3. That the taxes herein levied on all taxable property within the corporate limits of the City of Chattanooga shall be due and payable at the office of the City Treasurer and Tax Collector OCTOBER 1, 2003, and shall become delinquent MARCH 1, 2004, after which date unpaid taxes shall bear interest at twelve percent (12%) per annum, and a penalty of six percent (6%) per annum, plus other penalties as provided by law, which shall be paid by the taxpayer; provided, that except for taxpayers receiving tax relief under T.C.A. Sections 67-5-702 through 67-5-705. That taxes which are currently delinquent shall likewise bear interest at the rate of (12%) per annum effective August 1, 2003 and penalty at the rate of six percent (6%) per annum, subject to the statutory exclusions referenced above.

SECTION 4. That the Provisions of Chapter 387, Public Acts of 1971, as amended by Chapter 850, Public Acts of 1972, and as further amended by the Public Acts of 1973, and as further

amended, relative to the authorization of local taxes upon the privilege of engaging in certain types of business activities be and are hereby adopted by reference, and there is hereby levied a Business Tax on all businesses taxable by municipalities under Chapter 387, Public Acts of 1971, as amended, at the maximum rates specified therein. The City Treasurer is authorized and directed to collect such taxes as are authorized by said Act to be collected by the City of Chattanooga, a municipality, together with such interest and penalties as may become due thereon, at the maximum rate provided by law. In addition to said taxes, the City Treasurer is hereby authorized and directed to collect a fee of Five and 00/100 Dollars (\$5.00) upon the issuance of any privilege license under said Business Tax Act and also upon receipt of each payment of the Gross Receipts tax authorized by said Act, except that this fee may not be charged persons paying the annual minimum tax under the provisions of Chapter 58, Title 67, of the Tennessee Code Annotated, if paid on the same date as the respective and related return is filed.

SECTION 5. That the budgets of the various departments, agencies, boards, commissions, offices, divisions, or branches of Municipal Government for the fiscal year beginning July 1, 2003, are fixed as hereafter set out; and the amount so fixed for each is hereby appropriated out of the estimated revenue for said year for the use of that department, agency, board, commission, office, division, branch of government, to-wit:

GENERAL FUND APPROPRIATIONS

Department of Finance & Administration	\$ 8,645,340
Department of Police	36,994,102
Department of Fire	24,898,855
Department of Public Works	26,838,624
Department of Parks, Recreation, Arts & Culture	10,647,641
Department of Personnel	6,253,797
Department of Neighborhood Services	1,455,819
General Government & Supported Agencies	27,428,467
Executive Department	<u>1,394,355</u>
 TOTAL	 \$ 144,557,000 =====

DEPARTMENT OF FINANCE & ADMINISTRATION

Finance Office	\$ 1,798,128
Information Services	2,558,064
City Treasurer	526,254
Telephone System	335,450
City Court Clerk – Operations	932,856
City Court Clerk’s Office – Space Cost	116,480
Telecommunications Operations	125,676
Building Maintenance	746,866
Electronics Division	389,097
Purchasing	801,230
Real Estate – Administration	163,739
Real Estate – Property Maintenance	151,500
	<hr/>
TOTAL	\$ 8,645,340

DEPARTMENT OF POLICE

Police Operations	1,607,998
Chief of Police	428,645
Uniform Services Command	464,711
Sector 1	6,444,027
Sector 2	4,486,683
Sector 3	4,475,394
Community Services	646,218
Special Operations	1,153,223
Animal Services	1,157,749
Park Security	100,000
Support Services	559,363
Training Division	990,054
Technical Services	1,438,204
Operations Support Services	3,806,225
Major Investigations	3,941,402
Office of Budget & Finance	446,291
Accreditation	242,748
Fleet / Facilities Management	2,418,429
Administrative Services	1,202,674
Internal Affairs	487,491
Community Outreach	127,257
Police Information Office	130,888
Legal Services	136,549
Technology Coordinator	101,879
	<hr/>
TOTAL	\$ 36,994,102

DEPARTMENT OF FIRE

Fire Operations	\$ 24,325,655
Utilities	573,200
	<hr/>
TOTAL	\$ 24,898,855

DEPARTMENT OF PUBLIC WORKS

Administration	\$ 929,576
City Engineer	1,964,322
Municipal Forestry	511,108
Street Cleaning	1,804,342
Emergency	734,806
City Wide Services	946,183
Sewer Construction & Maintenance	1,916,986
Inspection Division	1,884,761
Board of Gas Fitters	3,200
Board of Plumbing Examiners	2,250
Board of Electrical Examiners	18,920
Board of Variances	10,000
Board of Mechanical Examiners	1,500
Utilities	146,755
Brainerd Levee 1,2,3	38,750
Orchard Knob Storm Stations	31,475
Minor Pump Stations	25,800
Traffic Administration	645,328
Traffic Control	1,650,988
Street Lighting	2,563,500
Solid Waste & Sanitation Fund Subsidy	4,832,016
Storm Water Subsidy	683,952
Waste Pickup Garbage	2,693,326
Waste Pickup Brush	2,798,780
	<hr/>
TOTAL	\$ 26,838,624

DEPARTMENT OF PARKS, RECREATION, ARTS & CULTURE:

Administration	\$ 566,938
Public Information	86,230
Senior Citizen A.O.	58,916
Greater Chattanooga Sports Committee. A.O.	75,000
Inner City Ministry. A.O.	18,500
Recreation Facility Management	3,047,510
Fitness Center	258,369
Urban & Community Recreation	41,584
OutVenture	123,654
Sports	20,011

Champion's Club	214,995
Aquatics	159,879
Parks & Athletic Fields	794,350
Tennessee Riverpark – Downtown	1,005,411
Buildings & Structures	823,782
Carousel Operations	85,779
Parks & Facilities	452,139
Landscape	449,222
Tennessee Riverpark Security	75,000
City Wide Security	101,908
Athletic Facilities	399,476
Memorial Auditorium	355,913
Civic Facilities Concessions	46,818
Tivoli Theatre	214,724
Civic Facilities Administration	574,023
Arts & Culture	218,969
Chattanooga Zoo	378,541
TOTAL	\$ 10,647,641

DEPARTMENT OF PERSONNEL

Administration	951,543
Physicals	125,450
Employee Benefit	325,323
Employee Insurance	4,772,881
Job Injuries	78,600
TOTAL	\$ 6,253,797

DEPARTMENT OF NEIGHBORHOOD SERVICES

Administration	\$ 312,698
Codes & Community Services	686,468
Neighborhood Relations	341,653
Neighborhood Mini Grants	115,000
TOTAL	\$ 1,455,819

DEPARTMENT OF EXECUTIVE BRANCH

Mayor's Office	853,708
Office of Performance Review	216,135
General Fund – Community Development	190,501
Grants Administration	97,359
Human Rights	36,652
TOTAL	\$ 1,394,355

SECTION 5(a). GENERAL GOVERNMENT & SUPPORTED AGENCIES. The initials “A.O.” as they appear in this Section, or elsewhere in the Ordinance, shall mean “Appropriation Only” which is hereby defined to mean that the amount as is shown being appropriated is only the appropriation of the City toward the total budget of such department, agency, board, commission, office or division or branch of government and is not to be construed to mean that such amount is its total budget or appropriation. The initials “A.S.F.” as they appear in this Section, or elsewhere in this Ordinance, shall mean “Appropriation to Special Fund” which is hereby defined to mean that the amount as is shown being appropriated is to a Special Fund that will not revert to the General Fund at the end of the fiscal year.

GENERAL GOVERNMENT & SUPPORTED AGENCIES:

City Council	\$	666,345
Air Pollution Control Bureau A.S.F.		270,820
Allied Arts Council A .O.		250,000
Association of Visual Artists A.O.		15,000
Chattanooga Regional History Museum		24,000
Audits, Dues, & Surveys		206,757
CARCOG & Economic Development District A.O.		30,493
CARTA Subsidy A.O.		3,158,650
Carter Street Corporation Lease Agreement A.O.		1,420,529
Carter Street Corporation A.O.		176,324
C-HC Bicentennial Public Library A.S.F.		2,405,725
Chatt. African-American Museum/Bessie Smith A.O.		70,000
Chatt. African-American Museum Bldg. Maint A.S.F.		35,000
Chattanooga Neighborhood Enterprises A.O.		2,000,000
Chattanooga Area Urban League A.O.		50,000
Chattanooga Storm Water Fees A.S.F.		70,000
Children’s Advocacy Center A.O.		30,000
Citizen Relationship Management		324,869
City Court (Judicial) #1		323,372
City Court (Judicial) #2		298,905
Community Foundation Scholarships		160,000
Community Research Council, Inc.		10,000
Contingency Fund		588,856
Debt Service Fund A.S.F.		7,636,840
Downtown Design Center		218,535
Downtown Partnership A.O.		140,000
Homeless Health Care Center A.O.		17,500
Human Services A.S.F.		1,333,477

Intergovernmental Relations	228,850
City Attorney's Office	
Administration	685,101
Liability Insurance Fund A.S.F.	1,100,000
Renewal & Replacement	1,500,000
Pensions, FICA, & UIC	23,937
Regional Planning Agency A.S.F.	974,817
Scenic Cities Beautiful A.S.F.	30,294
Tuition Assistance Program	20,000
Tennessee RiverPark A.O.	798,471
Westside Development Corporation A.O.	75,000
WTCI-TV-Channel 45 A.O.	60,000
	<hr/>
TOTAL	\$ 27,428,467

SECTION 6. That there be and is hereby established a budget for each of the following special funds for Fiscal Year 2003-2004:

Fund Number	Fund Title	Amount
1119	<u>ECONOMIC DEVELOPMENT/EDUCATION FUND</u>	
Estimated Revenue:		
	City – Only Sales Tax	17,300,000
	TDZ – State Sales Tax	345,000
	TDZ – County Sales Tax	330,000
		<hr/>
		\$ 17,975,000
		=====
Appropriations:		
	Education – Hamilton County	7,905,059
	Education – School Resource Officers	554,000
	Community Education Alliance	190,941
	Chattanooga Economic Development Capital Fund	2,385,146
	Chattanooga African-American Chamber of Commerce	150,000
	Chattanooga Chamber for Economic Development	400,000
	Business Development Initiative	75,000
	Net Debt Service	5,639,854
	Tourist Development – Debt Service	675,000
		<hr/>
		\$ 17,975,000
		=====

SECTION 6(a). The following provisions apply to the Economic Development/ Education Fund for Fiscal Year 2004. The direct appropriation to the Hamilton County Education Department shall be frozen at the Fiscal Year 2001 level of \$8,459,059 except that an amount equal to 75% of the City's cost of salaries and operating expenses related to School Resource Officers serving in Hamilton County Schools shall be retained by the City. All funds collected above the Fiscal Year 2001 amount this year and in subsequent years shall be held by the City for funding of the Mayor's education initiatives—the Community Education Alliance.

SECTION 6(a)(1). The funding level for the Mayor's education initiative, the Community Education Alliance, shall continue to be equivalent to the excess funds collected over the "frozen" level of \$8,459,059 for fiscal year 2001 as discussed in SECTION (6)(a) and may cover salaries (for a limited staff), administrative expenses, analysis of fundraising opportunities and programs to benefit principally schools within the City, and other education-oriented initiatives.

SECTION 6(a)(2). From previously approved and uncommitted capital funds allocated to the Enterprise South Industrial Park, there is authorized and directed a transfer of up to \$430,000 to the Chamber of Commerce for expenditures related to marketing and recruitment for Enterprise South, with the provision that one-half of such expenditures shall be repaid to the City by Hamilton County. The City Finance Officer shall also be authorized to enter into a contract with the Woodhill Group for a period of up to one year and an amount not to exceed \$100,000 for business recruitment services related to Enterprise South Industrial Park, with funds to come from previously approved and uncommitted capital funds allocated to Enterprise South Industrial Park and with the provision that one-half of such expenditures shall be repaid to the City by Hamilton County.

SECTION 6 (a) (3). That Ordinance No. 11328 is amended such that:

(i) Section 2 of said Ordinance be amended to authorize the Chattanooga Downtown Redevelopment Corporation as successor to the Southside Redevelopment Corporation to execute qualifying projects on behalf of the City and submit, as required, request for payment of such projects through the City Finance Officer for payment from the Riverfront Projects Capital Fund.

(ii) That a new Section 5 be added in the existing Ordinance as follows and that the current Section 5 be renumbered as Section 6.

SECTION 5. BE IT FURTHER ORDAINED, that revenues from the County, State or Federal government, or any other governmental or non-governmental source, designated for qualifying projects or related to the completion or maintenance of such projects, shall be directly appropriated to the Riverfront Projects Capital Fund for expenditures pursuant to the designation by the funding source and agreement with the Chattanooga Downtown Redevelopment Corporation.

2104 STATE STREET AID FUND

Estimated Revenue:

State of Tennessee	\$ 3,621,297
Investment Income	30,000
Fund Balance	320,000
	<hr/>
	\$ 3,971,297
	=====

Appropriations:

Appropriation	\$ 3,971,297
	<hr/>
	\$ 3,971,297
	=====

2106 HOTEL/MOTEL TAX FUND

Estimated Revenue:

Occupancy Tax	\$ 1,750,000
	<hr/>
	\$ 1,750,000
	=====

Appropriations:

21 st Century Waterfront Capital Fund	\$ 1,720,000
Hamilton County	30,000
	<hr/>
	\$ 1,750,000
	=====

3100 DEBT SERVICE FUND

Estimated Revenue:	
General Fund	\$ 7,636,840
911 Emergency Communications	200,000
Hamilton County	794,983
Safety Capital (Fire Loan)	3,525
City Hotel/Motel Tax	2,477,538
	<hr/>
	\$ 11,112,886
	=====
Appropriations:	
Principal	\$ 4,556,613
Interest	6,546,273
Bank Service Charges	10,000
	<hr/>
	\$ 11,112,886
	=====

2105 COMMUNITY DEVELOPMENT FUND

Estimated Revenue:	
Community Development Block Grant - New Grants	\$ 2,253,000
CDBG – Program Income	981,000
Emergency Shelter Grant	88,000
	<hr/>
	\$ 3,322,000
	=====
Appropriations:	
CADAS	\$ 50,000
Chattanooga Homeless Coalition	34,000
City of Chattanooga Codes & Community Service	175,000
City of Chattanooga Neighborhood Services	264,450
Chattanooga Neighborhood Enterprise	1,571,750
Habitat for Humanity	98,000
Northside Neighborhood House	15,000
Enterprise Center-Renewal Community	316,725
Community Development Administration	280,075
C D Office – Debt Services – Infrastructure Loan	429,000
ESG – Chatt Room in the Inn	19,773
ESG – Family & Children’s Services	66,227
ESG – Interfaith Hospitality Network	2,000
	<hr/>
	\$ 3,322,000
	=====

2105 ECONOMIC & COMMUNITY DEVELOPMENT - HOME PROGRAM

Estimated Revenue:	
Federal Grant (HOME)	\$ 1,251,771
Program Income	348,229
	<hr/>
	\$ 1,600,000
	<hr/> <hr/>

Appropriations:	
HOME – CCHDO	\$ 368,000
HOME – CNE	1,028,250
28 th Legislative district CDC	73,750
Community Development Administration	130,000
	<hr/>
	\$ 1,600,000
	<hr/> <hr/>

2102 HUMAN SERVICES DEPARTMENT

Estimated Revenue:	
Federal – State Grants	\$ 12,323,289
City of Chattanooga	1,333,477
Contributions & Parent Fees	89,195
Interest Income	40,000
Fund Balance	148,000
	<hr/>
	\$ 13,933,961
	<hr/> <hr/>

Appropriations:	
Administration	\$ 1,307,490
Headstart	7,880,550
Day Care	940,575
Weatherization	415,942
Foster Grandparents	477,408
LIEAP	854,055
CSBG	742,832
Occupancy	226,221
Human Services Program	907,020
Neighborhood Family Services	109,000
City General Relief	72,868
	<hr/>
	\$ 13,933,961
	<hr/> <hr/>

5200 SOLID WASTE & SANITATION FUND

Estimated Revenue:	
Landfill Tipping Fees	\$ 612,447
Permits	1,000
State of Tennessee Household Hazardous Waste Grant	85,000
State of Tennessee Recycle Rebate	60,000
General Fund Subsidy	4,832,016
Sale of Scrap Metal	40,000
Investment Income	234,850
	<hr/>
	\$ 5,865,313
	<hr/> <hr/>
Appropriations:	
Recycle	\$ 656,750
Waste Disposal – Chattanooga Landfill	234,850
Sanitary Landfill	1,018,084
Wood Recycle	372,195
Solid Waste Reserve	246,344
Debt Service	3,176,090
Household Hazardous Waste	161,000
	<hr/>
	\$ 5,865,313
	<hr/> <hr/>

5300 STORM WATER FUND

Estimated Revenue:	
Storm Water Fee	\$ 4,481,009
General Fund Subsidy	683,952
	<hr/>
	\$ 5,164,961
	<hr/> <hr/>
Appropriations:	
Storm Water Administration	\$ 1,755,422
Storm Water City Wide Services	1,132,460
Debt Service	2,277,079
	<hr/>
	\$ 5,164,961
	<hr/> <hr/>

SECTION 6 (b). That there be and is hereby authorized the appropriation of all collections and fund balances to the respective funds, other than the General Fund, to be expended for the general public purposes as indicated.

SECTION 6 (c). That the City Finance Officer is authorized to enter into contracts necessary for the development, planning and establishment of The Enterprise Center, with funding for such contracts to come from UDAG program income in amount not to exceed \$418,000. These contracts shall include, but not be limited to, a contract with Joe Ferguson for a period of six months and amount not to exceed \$62,500 with an option to renew at the same rate for up to an additional six months; a contract with Wilma Carter for a period of six months and amount not to exceed \$14,500 with an option to renew at the same rate for up to an additional six months; a contract with the Woodhill Group for a period of six months and amount not to exceed \$25,000 with an option to renew at the same rate for up to an additional six months.

SECTION 6 (d). From previously approved and uncommitted funds in the Human Services Department, there is directed and authorized a transfer of \$50,000 to the Coalition for the Homeless for development of a blueprint to end homelessness as directed by the Director of the Office of Performance Review.

SECTION 7(a). That all persons in the General Pay Plan, and the Fire and Police Pay Plans within the “City of Chattanooga Classification System” and covered by the “Pay Plans” on the effective date of this Ordinance shall receive a three percent (3%) increase in pay in addition to the amount they are being paid on the effective date of this Ordinance. The above pay provisions may be waived only by the authority of the Mayor on a case-by-case basis. This raise shall be retroactive to July 1, 2003, for those persons employed by the City on July 1, 2003, and still employed by the City. This retroactive raise shall also be available and paid to each person who has retired from City employment during the period of July 1, 2003, through the effective date of this Ordinance. The basis of computing such retroactive pay shall be the period July 1, 2003, through their final employment date. Persons who have left City employment for any reason other than retirement prior to the effective date of this Ordinance shall not be eligible for retroactive pay. However, a Department head can certify that an employee is not qualified for a pay

increase. Also, all persons within the “City of Chattanooga Classification System” but not covered by the “Pay Plans” shall receive a three percent (3%) increase in pay effective July 1, 2003. Permanent part-time employees shall receive a three percent (3%) increase.

SECTION 7(a)(1). In addition to the minimum rate of pay established in the Classification Plan, a rate of pay less than Step One (1) of the designated pay grade may be assigned to the newly employed or promoted incumbent for a specified period of time. This step shall be identified as “probation step”. Provided, however, that no full time City employee shall be paid less than the prevailing poverty rate, except for those employees whose pay is governed by federal formula.

SECTION 7(a)(2). Any person employed on a temporary basis in positions authorized within the Classification Plan shall be paid at a rate not more than Step One (1) of the position’s pay grade. As provided in the Chattanooga City Code, Part II, temporary employment shall not exceed a period of six (6) months on any occasion.

SECTION 7(a)(3). In addition to positions provided for hereinafter, known as positions within the “City of Chattanooga Classification Plan”, which includes only permanent full time positions, the City recognizes and authorizes the following types of designation of positions as exempt from the Classification Plan: Permanent Part-Time, Temporary Part-Time, Permanent Daily, Permanent Full-Time Elected Officials, and Temporary Full-Time.

SECTION 7(b). That except as otherwise provided, the positions specified hereinafter are hereby authorized at the pay grades or maximum amounts and upon the terms hereinafter specified.

SECTION 7(b)(1). In order to achieve the efficiencies in personnel assignments, the Mayor is hereby authorized to realign, reclassify or otherwise change positions within the total number of funded positions provided for.

SECTION 8. That all salaries and wages and other expenditures shall be paid only upon the authorization of the official who has the responsibility of expending the appropriation against which the salaries or wages or other expenditures are charged, pursuant to Private Acts of 1953, Chapter 105, Section 2 (4). That all funds appropriated in this Ordinance for payment of salaries and/or wages shall be spent for

salaries and wages only unless proper authorization is given to do otherwise.

SECTION 9. That the City Finance Officer is authorized to pay the payroll and/or costs of personal services, whether on the payroll, voucher or otherwise, of the Air Pollution Control Bureau, Chattanooga-Hamilton County Bicentennial Library, Chattanooga-Hamilton County Regional Planning Agency, Special Counsels and personnel of the Office of the City Attorney, Human Services Department, Scenic Cities Beautiful, and any other department, agency, board, commission, office, division, or branch of Municipal Government heretofore or hereafter established, notwithstanding that same is not specified hereinbefore, as certified to him by the respective administrative official.

SECTION 9(a). That the City Finance Officer is authorized to pay a uniform and equipment maintenance allowance of five hundred dollars (\$500.00) for all sworn police officers and firefighters as of July 1, 2003, except for those new employees who have received from the city a new uniform since July 1, 2002. Further, the City Finance Officer is authorized to pay a supplemental tool allowance of one hundred fifty dollars (\$150.00) for certain employees as set forth in Resolution No. 18381, dated December 5, 1989, as amended; and is authorized to pay a supplemental uniform allowance of two hundred fifty dollars (\$250.00) for City Court Officers. It shall be the duty of employees receiving these supplements to use the funds for the specified purpose and retain receipts to that effect.

SECTION 9(b). That the City Finance Officer is authorized to match the total salaries of all participants in the Fire and Police Pension Fund with a contribution from the General Fund not to exceed eighteen and thirty nine one hundredth percent (18.39%).

SECTION 9(c). That the City Finance Officer is authorized to match the total salaries of all participants in the General Pension Plan as specified in the most recent actuarial study with four and seven one hundredth percent (4.07%) contribution from the General Fund.

SECTION 9(d). That the City Finance Officer is authorized to pay the following Union Pension Plans the specified amounts per participation agreements:

Central Pension Fund	\$1.18 Per Hour
LIUNA (Laborers) Pension Fund	\$ 0.92 Per Hour

SECTION 10. That the City Finance Officer is authorized to reimburse officials and employees for use of personal vehicles on official business at the current rate per mile recognized and established by the Internal Revenue Service.

SECTION 11. That for employees currently receiving a monthly allowance of four hundred dollars (\$400.00) per person in-lieu of a take-home government vehicle shall continue to receive same for as long as such employee holds his or her current position. Additional employees may receive this allowance only with approval of the Mayor and passage of an ordinance by the City Council.

SECTION 12. That for employees called to active duty during a National Emergency such as, but not limited to, the War on Terrorism or an Iraq Conflict, shall be paid the difference that their City pay exceeds their total military base pay, up to \$850.00 per month, from the time called to active duty until relieved from active duty status or until June 30, 2004, whichever occurs first. Payments beyond the current fiscal year shall be subject to future appropriations by City Council. The City Finance Officer be and is authorized to appropriate the necessary money from other available funds. (The difference in pay shall be calculated without regard to any payment of combat pay).

Further, with the concurrence of the General Pension Fund and the Fire and Police Pension Fund, or any union fund participation agreement, the City shall pay such contributions necessary, both the employee's and the employer's share, based on their pension-eligible salary at the time of call-up (not counting over-time pay) to ensure the continued enrollment and pension-eligibility of employees while called-up for this National Emergency for the same period as referenced above. In this manner, the affected employees shall not be penalized nor incur financial hardship as relates to their pension eligibility.

If the City's medical insurance provider will extend medical coverage to families affected by the call-up of reservists in response to the current National Emergency beyond the customary six (6) month period, the City shall pay the employers share of the premium for such coverage for up to one (1) year after any employee is called-up to active duty. The employee's share of the coverage shall remain the responsibility of the employee and may be paid in the most convenient method by the employee. During the time of active duty, the employee may request the City to make such payments on his/her behalf and reconcile the amounts paid upon his/her return to City employment.

SECTION 13. That pursuant to the Charter, it shall be unlawful for any department, agency, or branch of the Government to expend any money other than the purpose for which it was appropriated, nor shall the expenditures for a purpose exceed the appropriation for said purpose.

SECTION 14 (a). If at any time the actual receipt of revenues is projected to be less than the estimated revenues, it shall be the duty of the Mayor to forthwith initiate an ordinance amending this budget ordinance so as to appropriately reduce or otherwise change the various appropriations made herein which, in the judgment of the City Council, should be made.

SECTION 14 (b). If at any time the City receives an allocation of additional revenue from the State of Tennessee during the fiscal year as a result of the restoration of all or part of reduction in State-shared revenue, the Mayor shall be authorized to expend such funds on projects provided for in the City's Three Year Capital Plan.

SECTION 15. That any person, firm or corporation who engages in any business, occupation or vocation without first obtaining a license or permit therefore as provided herein shall, upon conviction, be fined not less than two dollars (\$2.00) nor more than fifty dollars (\$50.00) for each violation, and each day or violation shall constitute a separate offense.

SECTION 16. That Chattanooga City Code, Part II, Chapter 10, Section 23, be and the same is hereby amended:

Sec. 10-23. Engineering plans review and fees.

The City Engineer is authorized to charge a non-refundable fee for services provided as follows:

Plans deposit for project cost of \$500,000 or less	\$ 35.00
Plans deposit for project cost of \$501,000 to \$1,000,000	50.00
Plans deposit for project cost of over \$1,000,000	100.00
Subdivision review & inspection fee for lots (per lot)	300.00

Section 17. That Part II, Chattanooga City Code, Chapter 12, Article I, Section 12-21, be and is hereby amended by deleting said Section and substituting in lieu thereof the following:

Section 12-21. Court Costs.

(a) In all cases tried in the City Court of Chattanooga for the violation of ordinances of said City, costs shall be taxed as follows:

Clerk's Fee	\$ 37.75
Affidavit	4.00
Docketing Fee	2.00
Judgment Fee	5.00
Taxing	1.00
State Privilege Tax	14.75
Fire/Police Fee	5.00
Microfilming	2.00
Data Processing	3.50
Technology Fee	3.00
Officer's cost, arrest	1.00

(b) The following costs shall be taxed as applicable:

Photocopy	\$1.00
Facsimile	2.00
Local Litigation (criminal)	5.25
Processing of Release forms	5.00
Service of Process	5.00
Continuance	0.25
Recognizance Bond	0.50
Appeal Bond	0.75
Issuing subpoena for a single witness	0.50
Issuing subpoena for each additional witness	0.10
Mittimus to workhouse	0.25
For each witness summoned	0.50
Continuance requiring officer's attendance	1.00

(c) The Clerk's fee in the amount of Thirty-Seven Dollars and 75/100 (\$37.75) shall be reduced to Twenty-Seven Dollars and 75/100 (\$27.75) for all violations paid prior to court.

SECTION 18. That Chattanooga City Code, Part II, Chapter 16, be and the same is hereby amended by deleting section 16-55 in its entirety and inserting in lieu thereof the following:

Sec. 16-55. Alarm systems; false alarms.

(a) Definitions. For purposes of this section, the following words and phrases shall have the meaning given herein:

Alarm system means any mechanical or electrical device, which is designed to signal the occurrence of an illegal entry or other activity or event requiring urgent attention and to which the Department is expected to respond with emergency personnel or equipment. The term shall include automatic and

manual hold-up alarm systems, burglar alarm systems, direct-dial telephone devices, audible alarms and proprietor alarms.

Department means the Chattanooga Police Department.

False alarm means an alarm signal to which the Department responds with any emergency service personnel or equipment when a situation requiring a response by the Department does not in fact exist, regardless of whether the signal is caused by the inadvertence, negligence or intentional act or omission of an alarm company or alarm user or by a malfunction of the alarm. False alarm also means an alarm that emits a siren or other signal that is audible off the premises on which the alarm system is located that indicates an emergency situation or break-in when such emergency situation or break-in has not in fact occurred, regardless of whether the signal is caused by the inadvertence, negligence or intentional act or omission of an alarm company or alarm user or by a malfunction of the alarm. The following shall not be considered false alarms:

- (1) Alarms caused by the testing, repair or malfunction of telephone equipment or lines, provided the owner, user or operator first gives notice to the Communications Division of the Department prior to testing and repairing such equipment or lines;
- (2) Alarms caused by earthquakes, floods, windstorms, thunder or lightning;
- (3) Alarms caused by an attempted illegal entry of which there is visible evidence or which the Department determines to be the result of an intrusion attempt or alarm tampering; and
- (4) Alarms caused by the testing, repair or malfunction of electrical utility equipment or lines.

Location means the property, building, residence or business from which any alarm signal originates.

- (b) Police Department to receive information about person responsible for cutting off alarm systems prior to installation; failure to turn off false alarm. It shall be unlawful to install, repair or operate an alarm system without first giving written notice to the Regulatory Bureau of the Police Department of the name, address and telephone number of the person who shall be responsible for cutting off the alarm system when advised to do so by the Department. It shall likewise be unlawful for the owner or operator of an alarm system not to keep such information current and correct relative to the telephone number and name of the person who is responsible for cutting off the

alarm system. It shall be unlawful for the owner or operator of the alarm system not to provide the names and telephone numbers of persons who will be available to cut off the alarm on a twenty-four-hour basis every day of the year. It shall be unlawful for any owner, user or operator of an alarm system to refuse or fail to turn off or cause to be turned off an alarm system which is currently causing a false alarm within thirty (30) minutes after being notified to so do by the Department regardless of whether such owner or operator has given the written notice required by this subsection.

- (c) False alarms unlawful. It shall be unlawful for the owner, user or operator of an alarm system to allow such alarm system to generate a false alarm from any location within the City. Each false alarm shall be considered a separate violation.
- (d) Exemption. The provisions of subsection (c) above shall not take effect as to any owner, user or operator of an alarm system for thirty (30) days after completion of a system installation to allow for equipment failure, adjustment, subscriber education and possible environmental problems that cannot be detected prior to installation.
- (e) Penalty for violation. The penalty for a first violation of the provisions of subsection (c) above may, in the discretion of the judge, be limited to a requirement to complete a False Alarm Reduction Course administered by the Police Department; such course must be completed, in the discretion of the judge, by the owner of the alarm system or the manager of a business location at which a false alarm has occurred. The penalty for a second or subsequent violation of the provisions of subsection (c) above shall be limited to the maximum penalty allowed by state law for such violation, but such limitation shall not apply to a violation of any other provision of this section unless otherwise provided by state law.
- (f) Issuance of citations. Any officer assigned to the Regulatory Bureau of the Police Department may issue a citation for a violation of this section, provided that such officer shall also subpoena to court any officer or other witness necessary to establish such violation. Notwithstanding the foregoing, no citation for a false alarm may be issued until not less than two warning notices have been given to or served upon the owner or operator of an alarm system or a not less than two warning notices have previously been posted on the property on which such alarm system is located; said notices shall notify the owner or occupant that an officer has responded to a false alarm at the property and that the owner or operator of the alarm system will be subject to a citation for future false alarms.

Section 19. That Part II, Chattanooga City Code, Chapter 24 be and is hereby amended by deleting from Sections 24-304 and 24-322 the words and figures “five dollars (\$5.00)” wherever the same appears and substituting in lieu thereof the words and figures “ten dollars (\$10.00).”

Section 20. That Part II, Chattanooga City Code, Chapter 18, be and is hereby amended by repealing Sections 18-191 through 18-196 so as to eliminate public dumpster services to entities not owned and controlled by the City of Chattanooga.

SECTION 21. That this Ordinance shall be operative, as distinguished from its effective date, on and after July 1, 2003.

SECTION 22. That if any section, sentence, word or figures contained in this Ordinance should be declared invalid by a final decree of a Court of competent jurisdiction, such holding shall not affect the remaining sentences, sections, words or figures contained in this Ordinance, but the same shall remain in full force and effect.

SECTION 23. That this Ordinance shall take effect two (2) weeks from and after its passage as provided by law.

PASSED on Third and Final Reading

July 15, 2003.

John P Franklin /S/
CHAIRPERSON

APPROVED: Y DISAPPROVED: _____

DATE: _____, 2003

Bob Corker /S/
MAYOR

Reviewed by: David Eichenthal /S/
David Eichenthal

RLN/DRE/tr/pm