

AGENDA SESSION

June 29, 2010

3:00 P.M.

The Agenda Session was called to order by Councilman Rico, with Councilmen Benson, Berz, Gilbert, Ladd, and Scott present. Councilmen Murphy, Robinson and McGary joined the meeting later. City Attorney Michael McMahan and Shirley Crownover, Assistant Clerk to the Council, were also present.

Others present included Dan Johnson, Richard Beeland, Officer Kennedy, Beverly Johnson, Sandy Coulter, Missy Crutchfield, Paul Page, Danny Thornton, Greta Hayes, Gary Hilbert, Mark Keil, Barry Bennett, Jerry Stewart, Joachim Volz, Bill Payne, Chief Parker, Lee Norris, Steve Leach, Jim Templeton, Bob McGee, Daisy Madison, and Randy Ray. Vickie Haley, Tom Dugan, Fredia Kitchen, Simone White, Beverly Cosley, and Dickie Hutsell joined the meeting later.

Chairman Rico asked that Mr. Johnson proceed with the agenda. **Ordinance 5(a)** dealt with a Budget Ordinance change. Ms. Madison explained that this was a Solid Waste amendment—money in and money out, with no impact; that this was explained two weeks ago and amends the Solid Waste Budget to allow for additional costs. **Ordinance 5(b)** is a rezoning of a tract of land located at 1109 Fairview Ave. for Arvin H. Reingold. Mr. Johnson explained that this had previously been deferred as Councilman McGary stated that there were people that needed to be talked to.

Ordinance 6(a) is the first reading of the Budget Ordinance. Councilwoman Berz asked if this was ready to be brought forward? Councilman Benson confirmed that it was for a \$.37 tax increase, with Ms. Madison noting that the tax rate would be \$2.309. Councilman Benson questioned if the Council was ready to vote, with Chairman Rico being in favor of going ahead with first reading. Councilwoman Scott noted that there might be a further amendment.

Ordinance 6(b) amends the City Code as to Hospitalization and other benefits after retirement by adding new subsections. Attorney McMahan clarified that this changed the OPEB rules. Councilwoman Berz asked if it was the Council's final approval. Councilwoman Scott asked if this was written out and could the Council read it? She asked if it had changes between last week and today and was told "no".

Resolution (a) authorizes Parks and Recreation to enter into an agreement and to accept a donation from Bi-Lo, LLC in the amount of \$24,000 to provide for various activities. Councilwoman Scott asked if we were giving them anything in return? Ms. Hayes explained that this was just a partnership, and we would put flowers in their stores. Councilwoman Scott clarified that we were not promising to buy supplies from them.

Resolutions (b) and (c) are Public Works' items and were discussed last week. **Resolutions (d), (e) and (f)** all have to do with Neighborhood Stabilization Program Funds, which are awarded to Quality Lifestyle Services, 28th Legislative District Community Development Corp., and Rosewood Supportive Services. Councilwoman Scott asked that Chairman Rico report at tonight's meeting that this is HUD money and not General Fund money.

Resolution (g) declares surplus property for sale/exchange of 730 Chestnut Street Building for the acquisition of 911 Eastgate Loop building for the purpose of library expansion and the addition of museums. Councilwoman Scott asked that someone from General Services give the Council the long and sordid history of this. Mr. Thornton explained that this was a property exchange started in 2005 to keep Blue Cross-Blue Shield downtown and to save jobs from leaving; that from 2005 until now there was \$1.00 a year to maintain the property; that Blue Cross had left the building and gone up on the hill, and the property is ours; that there was an agreement with the Indigo Hotel; however the fact remains that this is our building, and we can exchange it for what we need, and the building we are getting in the swap is much better. Councilwoman Scott asked if there was an active lease with Indigo Hotel and was told "yes"; however Mr. Thornton added that we have the option. Councilwoman Scott asked if we had the option of keeping the building, with Mr. Thornton responding "not now". This prompted Councilwoman Scott to ask if it were Indigo Hotel's building, how we were able to exchange it? Mr. Thornton explained that there was a 10-year lease, and we have the right to assign the rights to someone else. She asked if they had not bought it yet and was told "no"—that they were leasing it. Councilwoman Scott confirmed that there was still a contract for a Lease with Option to Purchase—that we still have rights. Mr. Thornton responded that this was true unless we assign ownership. Councilwoman Scott stated that the location was interesting; that the City does not have a lot of parking, and this building has the capability for parking. Mr. Thornton agreed that there was the capability—that it was structurally sound. Councilwoman Scott questioned swapping this for a piece of property at the Mall to be used as a museum and library, stating that she thought there was more of a need for parking downtown that was greater than the need for the property at the mall; that we have to pick and choose property that we can get our hands on in the downtown area—that this property we are swapping out for the library, we would own outright; that other libraries are jointly owned—that we would own this outright where typically they are jointly-owned; that we would own the property outright and take it out of the loop.

Dan Johnson noted that using this building for parking would not provide that many public spaces; that this would not be a good utility of this building; that it was across from Citi-Park and would not be a good location.

Councilwoman Scott mentioned \$1.5 million dollars planned to build a new parking deck. Mr. Johnson responded that she was talking about CARTA, which was on Walnut St. and this is on Chestnut St. She asked if parking was not a problem in this area—that people often had to circle the block to find parking.

Councilman Benson stated that this was very complex; that Blue Cross was going to move to Memphis or were looking at Hixson; that they were looking at parking and taking a lift to get a car up.

Councilwoman Scott pointed out that Indigo Hotel leased it for parking. Mr. Page agreed that they did lease it for parking; however we would be charging rent for the Library and gaining revenue. Councilwoman Scott stated that her point was location and potentially having this for a good need for the downtown area. She stated that this needed to be looked at if the Hotel does not exercise their right to purchase.

Resolution (h) authorizes Public Works to award a Contract for city sidewalks on Barton Ave. to Integrated Properties, LLC in the amount of \$60,525.00 with a contingency amount of \$6,050.00 for an amount not to exceed \$66,575.00. Mr. Leach explained that this was a Capital Project to do in conjunction with paving stimulus money. Mr. Payne showed graphics of Barton Ave. and the GPS campus—that this would be bid through Purchasing. Mr. Leach added that they wanted this installed prior to paving, with Mr. Payne agreeing that they wanted to get this in ahead of time—to get the ramp in place and then pave, making for a seamless project.

AGENDA ITEMS FOR JULY 6TH

Ordinance 6(a) amends the City Code relative to Vehicles for hire and will be discussed in Legal and Legislative. **Ordinance 6(b)** amends the City Code in regards to the Personnel Ordinance. Attorney McMahan explained that this was a complete redrafting of the Personnel Ordinance. Councilwoman Berz added that the concept had already been approved. **Ordinance 6(c)** amends the City Code by inserting a new Division entitled “Injury on Duty Program”. Attorney McMahan was not sure about discussion on this; however it was finally in Ordinance Format, and they were ready when the Council was ready. He noted that it was important to act on the Personnel Ordinance quickly. Councilwoman Berz noted that this would result in a great savings and questioned if the Council needed to see the power point again, noting that this was already approved in concept.

Councilman Gilbert noted that the work day was from 8:00 a.m. to 4:30 p.m., which allowed for 30 minutes of break time. He questioned if the City was losing money on the 30 minutes break time? Attorney McMahan explained that Administration sets the hours for employees and allows 30 minutes for lunch. Councilman Gilbert questioned if employees were working 7 ½ hours and the City was paying for 8 hours. Ms. Madison noted that most all employers allow for breaks. Councilman Gilbert still maintained that employees were working 7 ½ hours and getting paid for 8. Ms. Madison agreed that what he was saying was true; however most workers do not take 15 minute breaks in the morning and afternoon. He asked if employees were getting paid for breaks? Mr. Johnson stated that it was built into the 8-hour day. Mr. Norris added that their employees get breaks in the morning and afternoon. Mr. Payne added that they get 30 minutes for lunch and also two 15-minute breaks and most people pull this together for an hour lunch time.

Resolution (a) is a Public Works' item and will be discussed next week.

Resolution (b) awards a contract to Weeks Paving, Inc. for rear parking lot repairs at the Police Service Center for the amount of \$13,891.00.

Resolution (c) extends the Special Exceptions Permit for a PUD known as The Covenant Planned Unit Development on tracts of land located in the 1600 Block of Eucalyptus Drive. Councilman Gilbert indicated that the interested parties had gotten together—that this was zoned for townhouses.

Chairman Rico asked Councilman McGary about his rezoning. Councilman McGary indicated that he was checking on this.

At this point Councilwoman Scott spoke to an amendment concerning the Budget and revenue in regards to the Hotel-Motel Tax that we assess; that we are assessing a 4% tax and the County assesses a 4% tax. She stated that she had done some research with MTAS and a lot of people have a 5% tax; that she had checked with Daisy and the City Attorney to see if there is a cap; that there is a lot of infrastructure for the tourist business, and she thought we could add an extra percent and could come up with \$975,000 based on a flat fee—more or less; that we would have more revenue than we have now, and she thought this should be added to this Budget and bring in some extra money.

Councilwoman Robinson asked if MTAS was talking about 5% max? Councilwoman Scott noted that this could be independently based on the City and County; that it would not change for the County. Attorney McMahan added that Home Rule is capped at 5%. Councilwoman Scott confirmed that the Hotel-Motel Tax is designated to go to the 21st Century Waterfront but went on to say that it would decrease our debt and decrease debt service and would indirectly help us on debt service, which has sky-rocketed.

At this point, Councilman McGary stated that he had reached the President of MLK, and they were requesting that the rezoning be put on hold to work on items; that they wanted this put on hold until all details are worked out.

Getting back to the Hotel-Motel tax, Councilman Benson noted that this tax passed in 2004, and it was tough to get it passed—that the industry thought it was counter-productive; however we went ahead and raised it on them, and the “hue and cry” was large; that Mayor Corker pushed this hard. He questioned if we really needed to change it to 5% at this time—that it would take a lot of study.

Attorney McMahan noted that this was “staged” because of opposition. Councilman Benson stated that the industry felt that it put them at a disadvantage, but they had all lived through it.

Councilwoman Robinson stated that the City of Chattanooga did not have anything until 2004, and the revenue was dedicated to paying the \$60 million dollars on the Riverfront; that we collected the Hotel-Motel Tax and paid the bond debt. She questioned how long it would take to pay this off and was told 20 years.

Ms. Madison stated that she thought the tax was phased in in order to get the debt on bonds—in order to generate “pay as you go”—that the Waterfront, itself, has heavy maintenance.

Councilwoman Robinson noted that County enacted the Hotel-Motel tax in the 1980’s to build the Round House, and it became a “cash cow” and was paid off in record time.

Ms. Madison cautioned that in the past 2-3 years, it has not grown at the same rate, with Councilwoman Robinson adding that we were “holding our own”.

Councilwoman Berz questioned why we would not want a quicker payout with a cap of 5%--that she doubted if people would compare their taxes on a hotel stay. She asked if this would pay off our debt more quickly? Ms. Madison responded “of course”. Councilwoman Berz stated that she thought this was a good idea and verified that all of the money would be dedicated to the Waterfront. Attorney McMahan stated that the Hotel-Motel tax was a dedicated bonded indebtedness. Councilwoman Berz reiterated that she thought it was a good idea.

Councilman Murphy agreed with Councilwoman Berz—that this would not “clobber” us, and the allegiance would be to debt.

Councilwoman Scott added that 56 counties were at 5% or higher according to MTAS.

Councilwoman Robinson noted that in talking about the County—they control it, and it goes to the Convention and Business Bureau.

At this point, Mr. Johnson went over tonight’s purchases.

The first was for Education, Arts & Culture for a blanket contract for Online Ticketing & Box Office Management from Intelli-Mark (Etix) not to exceed \$175,000 annually. Mr. Johnson stated that this had been going on several years and was paid for by the ticket price.

The second purchase was for Public Works of a Sewer License Agreement and Annual Maintenance Software from MHW Soft Americas, Inc. in the amount of \$14,345.00. The next was also for Public Works and a blanket contract for Machining, Fabrication & Related Repair Services from Valley Mechanical, Inc. for approximately \$62,000 annually.

The fourth purchase was for General Services and a blanket contract for electrical labor citywide from Triad Electric at an estimated amount of \$700,000 annually. Mr. Page confirmed for Councilwoman Berz that this was “as needed” and was probably more than it would cost. The next purchase was also for General Services and was an emergency purchase for Police vehicle equipment from Mountain View Ford in the amount of \$93,030.00.

The next purchase was for Public Works and a blanket contract for repair services for electric motors, drives and boards from Cole Technology, Inc. for approximately \$147,969.00 annually.

The next purchase was also for Public Works and an emergency purchase of liquid oxygen from Air Liquide Industiral U.S. LP in the amount of \$32,175.06. This was questioned by Councilwoman Scott. Mr. Stewart explained that about 3-4 weeks ago there was a new contract; that due to a problem we did not have a large enough supply, and they had to switch over to do maintenance on a 100% compressor—that all of this occurred between May 14th and May 27th. Councilwoman Scott asked if we did not have equipment that was supposed to make this? Mr. Stewart stated that this equipment was in the shop to be repaired; that he would assure her that we would not be buying it unless it was needed—that “Murphy’s Law” was alive at their place—that this is what it takes to run the plant.

Councilman Murphy stated that Mr. Stewart's explanation was interesting but questioned what the emergency was? Mr. Stewart responded that he had to buy this on "spot" market, and it happened to be more than \$10,000, and he had to get the Council's approval. Councilman Murphy questioned if there was not a Requirements Contract in place? Mr. Stewart responded that this was just the way bureaucracy works—that it is the process. Councilman Murphy asked if we knew when the prior contract was over? Mr. Stewart responded that we did not have a contract because we were manufacturing our own.

The next purchase was for Parks and Recreation and the purchase of a blanket contract for White Ball Field Sand from Dunlap Stone in the amount of an estimated \$11,000.00 annually. This is at \$15.40 per ton.

The next purchase was for General Services to ratify the purchase of vehicle parts from Lee-Smith, Inc. in the amount of \$174,294.78. Councilwoman Scott asked if this was part of a blanket contract. Mr. Page explained that we cancelled the blanket contract when we re-bid; that it was broken into two parts.

The last purchase was for General Services, also, and the purchase of two TI Testers from Electrodata, Inc. in the amount of \$10,540.00. Councilman McGary asked what T1 Testers are? Mr. Page responded that they test \$5 million dollar equipment for nine counties.

The meeting adjourned at 3:45 p.m.