

BUDGET, FINANCE AND PERSONNEL COMMITTEE

November 10, 2009

2:00 P.M.

Councilwoman Berz, Chairwoman, called the meeting of the Budget, Finance, and Personnel Committee to order, with Councilmen Rico, Ladd, Robinson, McGary, Scott, Gilbert, Benson and Murphy present. City Attorney Valerie Malueg ; Management Analyst Randy Burns; and Shirley Crownover, Assistant Clerk to the Council, were also present.

Others present included Robert Ledford, Susan Dubose, Doug Kelley, Donna Kelley, Madeline Green, Paul Page, Chief Parker, Daisy Madison, Frank Hamilton, Lee Norris, Jerry Stewart, Joachim Volz, Jim Templeton, John VanWinkle, Vickey Haley, and Dan Johnson. Attorney McMahan, Bill Payne, Steve Leach, Richard Beeland, Chief Cooper, Fredia Kitchen, and Larry Zehnder joined the meeting later.

On motion of Councilman McGary, seconded by Councilwoman Ladd, the minutes of the previous meeting were approved as published.

Chairwoman Berz outlined four concerns for the meeting tonight—Continuation of discussion relating to employment and insurance matters; Fire and Police Pension Quarterly Report; ISS Budget; and Capital Budget. She decided to take the Fire and Police Pension Quarterly Report first.

FIRE AND POLICE PENSION QUARTERLY REPORT

Ray Ryan was present to give an update on the Pension Fund as of October 31, 2009. He went over the highlights, and the Report is made a part of this minute material. The market value as of 10/31/09 was \$188,012,163, which was up from \$176,653,242. The total return to date was 11%. The recommended City contribution rate for FY 2010 is 23.23%.

OVERTIME—HOURS PAID VERSUS HOURS WORKED

Chairwoman Berz asked for direction on this issue in coming up with a base, stating that a consensus was needed and that there had been some creative ideas expressed. Councilman McGary remembered that the Hours Worked route and FLSA guidelines were two different things, stating that he thought hours paid was already off the table. Chairwoman Berz noted all kinds of ways to ameliorate our policy, stating that the attorneys had to write this up. Chief Johnson added that a modified FLSA allows holidays to be counted as days worked—that with this basic concept, he felt that we could move forward. It was agreed that this is a base to start from. It was noted that adding more holidays has been discussed. **On motion of Councilman Benson, seconded by Councilman McGary, Administration is to come up with a recommendation and allow the Council to review and modify it.**

ISS BUDGET

Councilwoman Scott felt that a discussion of the ISS Budget was in order before discussing the Capital Budget because of a possible rate increase, which would impact the Capital Budget.

Adm. Leach presented a handout of the Budget Presentation, which is made a part of this minute material. He noted that the rate increase would be 3% beginning January 1st. He turned the meeting over to Jerry Stewart.

Mr. Stewart hit on several high points, noting that the debt service was going down. Councilwoman Scott stated that even though Councilmembers had met with Mr. Stewart individually that some discussion needed to take place for the public to have some understanding. She posed the question of why sewer service charges were declining if the City was growing. Mr. Stewart responded that industry was finding cheaper ways and also water-saving devices were being used by citizens.

Councilman Benson asked for some explanation of why it is good business for our Enterprise System to let Hamilton County and Georgia Waste Water Systems use our enterprise. Mr. Stewart mentioned one plant system with only two other areas in Trenton, Georgia and Chickamauga. He noted that Hamilton County and Georgia pay their share.

Councilwoman Scott asked for the view of Debt Service from Ms. Madison. Ms. Madison explained that ISS does not stand on its own—that an “A” rating company asked that it be over 2.0; that we ask for 1.45 for ourselves, and it is below where we would like it to be at 1.2.

Mr. Stewart noted that the 3% increase is because we need \$407,595, with Councilwoman Scott asking if we had “run the numbers”. He also noted that we have gone nine years without a rate increase. Councilman Murphy asked for an explanation of the trend line on Page 10, with Mr. Stewart explaining that in 2001 we upgraded the plant. Chairwoman Berz mentioned the difference between the sewer system and water runoff, wanting to know if at anytime the two converged. Mr. Stewart stated that to separate everything would cost \$400 million dollars. Chairwoman Berz felt that citizens needed to know that they had some obligation in order for us to become environmental—that it takes government, citizens and builders working together. Mr. Stewart felt that with “Clean Water—The Clear Choice” campaign, we were doing this. She also wanted to know if when we issue building permits, we require certain kinds of sewers? Adm. Leach responded that we require the standard products in the market place. It was noted that this Budget is not proposed to separate the two systems but deals with operation and management.

Councilman Murphy asked if there was any plan or timetable to separate the combined system? Mr. Stewart responded that in 1993 we built 8 different CSO Treatment Facilities, reiterating that it would cost \$400 million dollars to separate the two—that we would separate if the opportunity comes along. Mr. Payne added that to require this, there would have to be a complete change in EPA rules—that it takes \$40 million dollars to treat and \$400 million dollars to separate.

Chairwoman Berz asked if there was a consensus on the Capital Budget, noting that Councilwoman Scott and Councilman Murphy did not seem to have all the information they needed. It was noted that Administration would like to see the Capital Budget on the November 17th agenda. Councilwoman Scott felt that the public should be allowed to share in this with the Council. Chairwoman Berz asked the Chattanooga Times reporter if he could put a box around the fact that the Capital Budget will be voted on first reading on November 17th and second reading on November 24th. Adm. Leach noted that it would also be on the website.

This meeting was adjourned at 2:55 to come back at the end of the agenda for more discussion on the Capital Budget.

The meeting reconvened at 4:15 P.M. Ms. Madison presented the Council with a Resolution adopting a Five-Year Capital Improvement Plan and also a copy of the Capital Budget for the FY 2010. Both of these are made a part of the minute material of this date. Chairwoman Berz explained to the Council that this Five-Year Plan is only binding one year at a time, with Ms. Madison adding that the first year is the current recommended Capital Budget. The purpose of a Five-Year Plan was questioned, with Ms. Madison explaining that when we issue bonds, they want a Five-Year Capital Plan. The only difference in the Capital Budget of what had been presented and today's presentation was that \$1.2 million dollars had been included in General Government because of a Brownfield Grant. Chairwoman Berz indicated that the Council could be given a week to review this information.

Councilwoman Scott indicated that she had already been meeting with different departments. She questioned what CCRC stood for and was told Chattanooga Community Resource Center. She also had questions concerning a \$100,000 allocation for City Hall Campus. Paul Page explained that this was for such things as new lighting in the campus area, which also included the Council chambers and other minor re-hab jobs. Upon further questioning by Councilwoman Scott, Chairwoman Berz noted that the Council could say “no” to this. Ms. Scott also questioned the Third Street Parking Lot, which was explained to her. She also had some questions concerning Traffic Engineering and was told that this was not being funded. She questioned this and was told that Traffic Engineering has a priority system—that there has to be criteria and money on a per year basis.

Chairwoman Berz again noted that the Council could approve this or it could be modified—that it was up to the Council to say “massage” or change it. She noted that she was impressed by the zeroes and was told that Public Works asked for the money and Administration said “no”. She suggested further presentations and discussion.

Councilwoman Robinson inquired as to Hamill Rd. in Hixson, asking if this included the middle part. Dennis Malone responded only a portion—that this year’s budget would not complete this project.

Chairwoman Berz thought that the annexation cost looked low and was told that this cost is separate from the sewers. She felt that this was misleading.

Ms. Madison explained that the Five-Year Plan is not obligated and is a Resolution rather than an Ordinance—that financial agencies like to see plans.

Councilman Murphy felt it was an inappropriate time for a police precinct, stating that this money could find a different home, mentioning Tatum Park in his district.

Chairwoman Berz stated that we would take time next week for education and to go through these issues; that we would meet at 2:00 p.m. to go over these concerns.

The meeting adjourned at 4:55 p.m.