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BUDGET AND FINANCE COMMITTEE

December 15, 1998

4:00 P.M.

The meeting of the Budget and Finance Committee was called to order by Councilman Hakeem, in the absence of Chairman Lively, with Council persons Hurley, Taylor, Franklin, Rutherford and Eaves being present. Chairman Lively joined the meeting later. City Attorney Randall Nelson, Management Analyst Randy Burns, and Shirley Crownover, Assistant Clerk to the Council, were also present.

Others present included Adm. Marcellis, Chief Coppinger, Daisy Madison, Jerry Mitchell, Mayor Kinsey, Ken Hays, Randy Ray, Adm. Boney, and Scott Wilson. Adm. Traugher and Chief Dotson joined the meeting later.

SUMMARY OF 1999 CAPITAL BUDGET

Councilman Hakeem asked Mayor Kinsey and Adm. Boney for an overview of the Capital Budget.

Mayor Kinsey stated that they would give the overview jointly; that the budget was just finalized, and the Council could take it back and look over it and come back with questions. He stated he would hit a few highlights; that this was a real tribute to the financial team after the reduction in property taxes. The total of the Budget is \$31,322,600, which is the largest Capital Budget the City has ever had and is a significant one.

Mayor Kinsey then proceeded to go over areas that call for real emphasis, beginning with the appropriation for Parks and Recreation in the amount of \$16,287,500. He explained that this included the three new centers and one major expansion; that this was a long overdue investment that will impact citizens. He stated this was a wonderful Plan that spans 10 years, and the total cost of the first three years is 50% of the total which shows that we are serious about improving

the parks, which is long overdue.

Mayor Kinsey mentioned that we are also going to streamline and modernize the firehalls, appropriating \$1,000,000 for land and design in the Southside. He stated he needed to admit to the Council that he did not realize we were talking public about the fire station location. He stated we did have the funds to begin the process and one-half million dollars for fire apparatus to get everything in top shape and get the older equipment replaced and maintained in sounder shape.

Councilman Hakeem asked if our equipment was pretty well maintained and will we have to accelerate our maintenance because of age. Adm. Boney responded that we have made a substantial step in buying five new pumpers at the cost of 3/4 million dollars; that the Chief has his own ideas about apparatus. Mayor Kinsey added that we could spend more money but at this time it is in pretty good shape.

The next area discussed by the Mayor was the Police Fleet Replacement, replacing the cars every four years. Councilman Hakeem asked how this played into the downsizing of the general car fleet. Adm. Boney responded that the Police Dept. took into account the take-home policy; that we have an expanded force, and the chief did look at the take-home policy in helping to decide at what rate we need to replace cars.

Mayor Kinsey noted that we would continue paving with a \$3,000,000 budget from last year; that \$2,000,000 will be done by the State in March and we will have an additional \$2,000,000; that we are making real headway in the paving area. Councilwoman Rutherford stated that MPO funds drive her crazy, questioning whether we would have any say so as to what streets we want work done on. Mayor Kinsey responded that we did choose the streets. Councilman Hakeem asked if there was any coordination in the projects and other utilities. Adm. Marcellis responded that we publish our resurfacing list and get the utilities involved; that we planned the work before we start resurfacing. He stated they were coordinated with the utilities.

Mayor Kinsey stated that cost of the Council Chambers was \$1,600,000; that we were paying for this through cash on hand and bonds as necessary, which could be as long as nine months off.

Councilwoman Hurley noted that Mayor Kinsey did not mention the Police and asked about the laptop computers. Mayor Kinsey responded that laptops were not being funded this year; that next year we would be looking at a large outlay.

Adm. Boney went over the format of the Spread Sheets, asking the Council to pay attention to the column headings.

Councilman Taylor made reference to Page 11 of the handout, questioning the \$36,277,480 funding request and the \$31,322,600 which

was the recommendation.

Councilman Hakeem asked if we expected to get a favorable bond rating. Mayor Kinsey responded that interest rates were going down; that we had a AA Bond Rating and lower interest rates than we have ever had.

Councilwoman Rutherford asked about the one-half million dollars for sidewalks adjoining schools and asked if the areas had been picked out. Mayor Kinsey responded that we have not picked out the areas; that he had meant to mention this as a highlight; that people can walk to schools, and we need to make these investments; that this is not so daunting a number as to throw up our hands; that one-half million dollars was a big number. Chairman Lively stated this would be money well-spent.

Adm. Boney stated that he welcomed questions of clarification on the Capital Budget and urged the Council members to give him a call.

Chairman Lively asked when they would like this on the agenda. Mayor Kinsey responded there was no big rush and suggested a three week time period. Chairman Lively stated the December 29th meeting should be a light one and Councilwoman Hurley suggested putting it on the agenda for the 29th, with a committee meeting prior to that.

EMINENT DOMAIN FOR WATERWORKS SYSTEM

Mayor Kinsey stated there was one other issue he wanted to discuss, and he passed out an Ordinance authorizing the city to own and/or operate a waterworks system within and/or beyond the boundaries of the city and authorizing the acquisition by eminent domain, purchase, lease or otherwise all lands, grounds and other property interests necessary to operate such waterworks system and authorizing a transfer of \$750,000.00 from the general fund to the liability insurance fund. He explained we were ready to begin the process and needed the \$750,000 to pay the costs involved to get to the point to acquire the Water Co. He stated he was not ruling out anything as to how this will be accomplished; that we have an engineering firm ready to begin work, and there will be legal costs.

The motion was made to put this on the agenda.

Mayor Kinsey went on to talk about the timeline, noting we would put out a request for qualifications in December of this year; that the firms would send us their qualifications by February 15th of 1999; that the responses due with competitive prices would be 5/1/99; an operator selected in June who would be able to commence operations in July of next year. Councilman Eaves asked if local firms would be

included. Mayor Kinsey responded we would not rule out local firms and that all who work at the Water Co. can continue to work there. He explained that many cities are putting water systems out for private management and are not terminating employees.

Councilwoman Hurley stated she wished the press would describe eminent domain to the public; that they don't understand this.

Mayor Kinsey mentioned an 1889 news item that stated that the Water Co. was established by the Union Army in New Jersey; that it appeared in both the Chattanooga Times and the Evening News.

Chairman Lively asked if copies could be made for the Council. It was noted that most of the water companies that are privately owned are around New Jersey; that most of the water companies in the country are publicly owned.

On motion of Councilwoman Hurley, seconded by Councilwoman Rutherford, this will be put on tonight's agenda.

The meeting adjourned at 4:35 P.M.