

BUDGET AND FINANCE COMMITTEE MEETING
January 16, 2001
4:00 P.M.

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

Others present included Mayor Kinsey, Adm. Boney, Beverly Johnson, Daisy Madison, Fredia Kitchen, Phillip Lynn, and Adm. Mitchell. Adm. Traughber joined the meeting later.

CAPITAL BUDGET PRESENTATION

Chairman Taylor called the meeting to order and turned it over to Mayor Kinsey.

Mayor Kinsey thanked the Council and each one present was presented with a packet, which is made a part of the minute material. He directed attention first to **Page 20**, adding that significant improvements were being proposed and noting that there would be funding from other sources in the amount of \$12,438,396. The other sources included Federal and State Grants, Foundations, TN Riverwalk Expansion, Hamilton County, Golf Course Insurance Recovery, and Community Development. The total amount coming from the General Fund will be \$18,253,681, including Economic Development (\$4,962,781), General Fund (\$3,593,200), and Bonds (\$9,697,700). The Enterprise Funds of Solid Waste Request (\$6,734,000) and Storm Water Request (\$2,100,000) amounted to \$8,834,000.

The next page dealt with the Total Bond Requirements, with the current year being \$9,697,700 bonds to finance. The last two years amounted to \$29,424,346 (Fiscal Years 1999 and 2000), making the total for three years of \$39,122,046. Mayor Kinsey explained that the debt service for the next Budget Year coming up is \$7 million +, which is less than it was four years ago. He stated that they first determined how much money we had before determining how we were going to spend it.

Councilman Pierce asked in looking at the current year bond requirement of \$9,697,700, was it the normal procedure to spend money that we don't yet have. Mayor Kinsey agreed that we have not issued the bonds yet. Councilwoman Rutherford questioned if most of this money would go to Parks and Recreation. Mayor Kinsey agreed that a large amount would go there. Councilman Pierce quipped that there was one project we had not broken ground on yet. Mayor Kinsey explained that we issue bonds at the time when the money is needed and when the market is good; that now was the time to issue bonds. He emphasized that the debt service was not going up in spite of our capital improvements. Councilman Eaves mentioned the Federal Reserves, with Mayor Kinsey noting that he would not be "guessing" interest rates in three months.

Mayor Kinsey continued with the Capital Budget, stating that he would not read it verbatim. He directed attention to **Page 3**, which was a Five Year Comparison of Capital Budget Appropriations. He stated that this was a very aggressive budget but again emphasized that \$12 million + was coming from other sources; that in prior years the City was funding all of the Capital Budget and this year it was only funding 60%.

Councilman Franklin asked if there were no appropriated funds for Safety. Mayor Kinsey explained that Safety had been broken down into Police and Fire—that he would have to add the two together.

Page 4 was a chart of the Five Year Comparison.

Page 6 showed the total proposed funding of \$5,433,750 for General Government and Agencies. \$527,500 is for CARTA as a local match for \$4.22 million FTA Grant. \$406,250 is for construction of an Early Head Start Facility adjacent to the existing Avondale Head Start Center with the operating cost provided by additional federal funding already approved. Councilman Pierce asked where this would be located. Mayor Kinsey responded that it would be close to the Avondale Head Start office on Ocoee; that we got a grant from the government to build the facility if we would put up one half; that we would still have the existing facility.

\$1,000,000 will go for the Chattanooga Experience, which is acquisition of property in the first step of a major expansion for the Regional History Museum. Mayor Kinsey explained that we were going to acquire property on 4th and Broad Streets, similar to what we did with the Creative Discovery Museum. He stated that he thought it was proper to put this money in to buy this property.

Councilwoman Rutherford asked if this is where the Towing Museum is now located. Mayor Kinsey responded that it was—that they were interested in relocating, and we should have this property anyway. Councilman Pierce asked that if we buy the property, will we donate it. Mayor Kinsey responded “yes”. Councilman Eaves added that technically we were entering into a partnership with the History Museum. Mayor Kinsey added that if this property is not used for the History Museum, it will be used by the City for something else. Councilman Eaves questioned how much we paid for the property where the Creative Discovery Museum is located. Councilwoman Hurley noted that this was part of the Kirkman Acquisition in the amount of \$8 million. Mayor Kinsey stated that he thought we paid \$2.7 million—that the City gave the land for the Creative Discovery Museum.

Page 7 showed total proposed funding in the amount of \$86,000 for Finance and Administration. \$37,000 is for Business License and property tax software and \$49,000 is for other miscellaneous items such as network upgrade, backup storage devices, and SCT Banner upgrade.

Page 8 shows total proposed funding of \$4,222,950 for Police Services with \$1,000,000 going for fleet replacement; \$222,950 for the Solar Institute Renovation; and \$3,000,000 for the First Phase of Technology. Regarding the Technology, Mayor Kinsey stated that it would take a year to get the RFP out and there was no need to spend any money beyond the \$3,000,000.

Councilman Pierce questioned the Fleet Replacement being previously funded at \$2,000,000 and being cut back now to \$1,000,000. He added that it should be in good shape. Mayor Kinsey stated that he would not want to go below \$1,000,000.

Mayor Kinsey stated that he would try to have the Capital Budget Ordinance ready by next week and that would leave time to ask more questions.

At this point Councilman Eaves asked if anyone knew if the apartments on the River had been sold—the ones that RiverCity owns. Mayor Kinsey responded that they had not been sold; that actually the City gets \$350,000 from these as the City owns the land. Councilwoman Rutherford questioned if this was in addition to taxes, and the Mayor responded that it was.

Page 9 showed the total proposed funding for Fire Services to be \$1,652,200. Mayor Kinsey stated that we were in pretty good shape. \$220,000 of this is for additional funding for the super fire station construction, which is the large Fire Station on Main Street. Councilman Pierce asked what happened to the two-way street. Mayor Kinsey stated that we had done that. Councilman Pierce stated that it had been one and one-half months. Ms. Johnson stated that they needed to change the sign. \$185,000 goes to update the computer software.

Page 11 included \$14,332,000 for Public Works projects. Mayor Kinsey stated that this was a significant amount of money. \$2,203,000 of this is for paving on local residential streets; with the money put in by the City and MPO, Mayor Kinsey stated that we were caught up on major streets. Mayor Kinsey noted that the City allocated \$2 million for this last year and also we had MPO money. He again noted that this was a sizable amount. \$9,732,000 goes for street rehabilitation. Mayor Kinsey stated that this was very significant—that sidewalks have been well received and that Walnut Street Bridge needs to be repainted. \$457,000 will be spent to get our radio system up to speed with 800 MHZ.

Page 12 dealt with Street Rehab Projects in the amount of \$9,732,000. \$1,400,000 of this is allocated for Market Street Streetscape, 6th to MLK. Councilman Pierce asked if there was any talk of redesigning this. Mayor Kinsey stated that the Council needed a presentation on this. Councilman Pierce asked if this involved the parking. Mayor Kinsey responded that they had a Plan that had not been shown to the City Council. Councilman Pierce asked how we could approve this when we don't know the Plan. Mayor Kinsey questioned if Stroud or RiverCity could not make this presentation. Ms. Johnson asked if this could be done at their regular Public Works Committee meeting in two weeks or if they needed to set a Special Meeting. Mayor Kinsey stated that he felt a Special Meeting was needed as this is a "big deal".

Mayor Kinsey continued looking at Street Rehabilitation that was already under construction; some of which was funded through the swap of MPO and this completes the book work. He stated that we could get it done at half the cost, and we could have trees.

Mayor Kinsey next addressed the \$1,430,000 for UTC Dorm Streetscape/MLK Historic District. He stated that the Council had already approved the Plan, and the design is under way.

The \$416,000 for 13th St. Broad & Market is new and Mayor Kinsey stated that he would ask that this be done next week, as well.

Councilwoman Rutherford asked if there was an actual outline for 4th St. Broad to Lindsay. **Mayor Kinsey stated that he would get them to do all three of these next week—4th Street Broad to Lindsay; Market St. Streetscape, 6th to MLK; and 13th St. Broad & Market.**

Mayor Kinsey went on to say that \$85,000 is for Lost Mound Drive/(BASF/NK). He stated that this had taken five years and was a continuation of the RiverWalk. Hamilton County is participating in this cost, also. Mayor Kinsey stated that this was a simple thing that had taken a long time. It includes a traffic light plus a little more.

Mayor Kinsey stated that a tremendous amount of infrastructure in Public Works was going on.

Page 13 included \$3,733,396 for Parks, Recreation, Arts & Culture. Mayor Kinsey stated that this had accelerated over what we had planned to do. He stated that we had been funding \$125,000 to the Zoo for as long as he had been with the City, and we continue to leverage the private sector. Councilwoman Hurley added that a large amount of the money for the Zoo has been from the private sector. Mayor Kinsey stated that it was unbelievable the changes that were taking place.

Adm. Mitchell noted that the Chimpanzee Exhibit was due to open in April and \$2 million of this was private money.

Councilwoman Rutherford asked if the \$800,000 for Brainerd Park was the “deal” on Moore Rd. Adm. Mitchell answered in the affirmative, stating that the demolition was complete and this was also for the structure itself.

Page 14 was a continuation of Parks, Recreation, Arts & Culture. \$1,200,000 is for Recreation Centers with \$1,050,000 going for the South Chattanooga Recreation Complex; \$350,000 to finish the Police Precinct; \$700,000 to expand the Charles A. Bell site; and \$150,000 for the East Lake Recreation Center. Mayor Kinsey explained that the expansion of the Charles A. Bell site was funded with a significant amount (\$500,000 federal grant) other than just City money. Adm. Mitchell stated that an Environmental Study was being done to see where the building for the Boys Club could be located.

Page 15 showed total proposed funding of \$1,231,781 for General Services. \$100,000 of this will go for purchasing software; the \$253,781 for the Frederick Street project has already been presented to the Council. He stated that the Council had seen a Plan of the Task Force on small businesses. \$38,000 is for a Planning Study of City Hall & Campus; \$340,000 is for a Chiller & Boiler Replacement in City Hall. Mayor Kinsey stated that we had made great progress with this building (City Council Building); that it was a great place to come to and was long overdue. He also stated that the Development Center would be a great working environment for our people. He went on to say that City Hall was in dire need of an uplift; that it would take a lot of money to get it up to speed, and he was not comfortable doing this at this time. He reiterated that there was still a lot of work to do. He stated that the Chiller & Boiler did have to be replaced in City Hall now. Councilman Eaves questioned if this was the total overall zoning of it. Adm. Traugher stated that it was the overall plan that the Mayor was talking about. Mayor Kinsey stated that this did not “fix” the zones. Councilman Pierce asked what it would cost to do this. Mayor Kinsey explained that it would entail tearing out walls, and in this case we would need to be doing everything; that this just keeps the heat and air conditioning in the building. Councilman Hakeem noted that Mayor Kinsey was leaving something for the next Mayor to do. Mayor Kinsey agreed, stating that this was one of the things that he was leaving; that it would be a major commitment and a multi-year process, and he did not think that he should be proposing something that would be this disruptive to City Hall. He stated, however, that he did get encouragement from people who work in the building. Councilman Hakeem asked if there were any preliminary plans for this. Mayor Kinsey responded in the affirmative. Councilwoman Rutherford asked if the \$38,000 for a Planning Study for City Hall included this. Councilman Pierce asked what the plans were for the old Council Chambers. Mayor Kinsey stated that this was part of the Plan; that they had had uses for this, but they did not move there as it would have been a large project, and he was not comfortable proposing a major removal, and it was never done.

Page 16 was a duplication of Page 20 showing the sources of Funding.

Page 17 showed a total proposed funding of \$6,734,000 for the Solid Waste Fund.

Page 18 showed a total proposed funding of \$2,100,000 for Storm Water. Mayor Kinsey noted that the Council would hear in a moment, in the Public Works Committee, a contract that would actually be a part of the \$1,750,000 for Drainage Projects. He stated that two more contracts had been designed, and the Council would be hearing one Contract today. \$100,000 is for a Storm Water Fee Study. He stated that there had been no increase in Storm Water fees for 7-8 years, and it did not make sense; that Arcadis was doing preliminary work, and they were very confident we could be getting in excess of \$1/2 million without raising fees by just getting things classified as land uses change. Councilman Pierce asked if they could tell us how to collect those that are uncollectable or if we just had to accept this. Mayor Kinsey reiterated that we were leaving \$1/2 million on the table and also noted that we don't have a final court order saying that this is a "fee". Councilman Pierce stated that we had made it "mandatory". Mayor Kinsey stated that he agreed, but the courts don't.

At the point Mayor Kinsey stated that the City had been asked to donate a portion of Engel Stadium to UTC and UTC was asking that we fix the Storm Water; that UTC does not pay us Storm Water fees. Councilman Pierce stated that they won't be asking us for Storm Water; however this is a piece of property we need to dispose of. He asked if they paid property taxes, and the answer was "no".

Mayor Kinsey stated that with all of the improvements in capital funds, the total Bond Requirements had been \$39,122,046, and the debt service, now, was no more than it was four years ago and was certainly affordable. He reiterated that the Capital Budget Ordinance would be ready next week.

The meeting adjourned at 5:00 P.M.