

BUDGET AND FINANCE COMMITTEE MINUTES

Chattanooga City Council June 27, 2023

Call to Order

Councilwoman Carol Berz, Committee Chair, called the meeting to order at 3:46 p.m. in the Assembly Room of the John P. Franklin, Sr. City Council Building. A quorum was present that also included Council Chair Raquetta Dotley, and Councilpersons Chip Henderson, Ken Smith, Darrin Ledford, Isiah Hester, Marvene Noel, and Demetrus Coonrod. Council Vice Chair Jenny Hill joined the meeting at 3:59 p.m. Phil Noblett, City Attorney, and Melissa Bardoner, Council Support Specialist, were also present.

Other Participants in Attendance

Finance: Vickie Haley, City Finance Officer; and Mayor's Office: Ryan Ewalt, Chief Operating Officer.

Approval of Minutes

On motion of Councilman Smith and seconded by Councilman Hester, the minutes of the last meeting (May 16, 2023) were approved as published.

Follow-up Topics from Previous Sessions:

HOTEL / MOTEL TAX

Councilman Henderson requested clarification on where the funds collected are currently being used, as well as what they could be used for under the expanded guidelines. Discussion ensued:

- Funds from the Hotel / Motel Occupancy tax must be used for the promotion of tourism and tourism development, according to T.C.A. § 67-4-1403 (Haley)
- Funds are currently being used: (Haley)
 - 1st – to pay down debt service on the city's 21st Century Waterfront Park project
 - 2nd – for downtown and tourism related Capital Improvement Plan (CIP) projects
- Whether the funds could be used for tourism outside of downtown (Henderson and Berz)
 - Ms. Haley affirmed
- How 'tourist related' is defined and whether the city's parks system qualified (Berz)
 - Ms. Haley responded

The following amounts and figures were requested (Henderson, Ledford, Smith, and Berz):

- The initial amount of the debt service bonds
- The amount paid yearly towards the debt service bonds
- The balance left remaining on the debt service bonds & whether they could be paid off early
- The breakdown for yearly revenue collected from hotel / motel taxes
- The amount in reserves
- After debt service has been paid each year, how / where has the balance of the remaining collected funds been allocated, going back to 2019

Upon no further questions or comments, the issue was closed.

NOVOAGLOBAL CONTRACT

Upon no questions or comments, the issue was closed.

CITY VEHICLE ASSIGNMENT & USE

Councilwoman Noel advised she had not received the list and requested it be re-sent to her. Councilwoman Berz affirmed. Upon no further questions or comments, the issue was closed.

22ND CENTURY TEMP AGENCY

Councilwoman Coonrod requested clarification on the following:

- The type & number of positions within the City that are being filled through the temp agency
- The process for deciding which open positions to list through the temp agency & which open positions to post through the City's employment portal
 - Why are community-based positions being out-sourced to out of state companies
- The existing terms of the contract with the temp agency and when it could be cancelled
- The benefits, financial & otherwise, of contracting through the temp agency as opposed to handling all hiring in-house
 - Mr. Ewalt responded

Councilwoman Noel inquired when the City's contract with 22nd Century Temp Agency began, and when the resolution to enter into the agreement came before Council. Mr. Ewalt and Councilwoman Coonrod responded. [*Vice Chair Hill entered the meeting during the temp agency discussion.*]

Councilwoman Coonrod requested a meeting between herself, Mr. Ewalt, and Ms. Lawrence in the City's HR Department, to discuss the 22nd Century Temp Agency contract with the City.

STVR PROPERTY TAX

Ms. Haley informed Council that the Land Development Office (LDO) had shared their list of Short-Term Vacation Rental (STVR) properties, showing which ones had been approved, issued, and non-owner occupied. A discussion ensued in which:

- Ms. Haley shared the Hamilton County Tax Assessor's interpretation of T.C.A. § 67-5-801
- Mr. Noblett informed Council of the possible implications of T.C.A. § 67-5-801, citing ongoing litigation *SEVIER COUNTY, TENNESSEE, et. al. v. TENNESSEE STATE BOARD OF EQUALIZATION, et. al.*
 - E2022-00773-COA-R3-CV
 - E2022-00777-COA-R3-CV
- Vice Chair Hill opined how (b)(3) of T.C.A. § 67-5-801 impacted the other provisions contained therein
- Vice Chair Hill offered possible solutions to address the tax rate classification issue on STVR applications
- Vice Chair Hill inquired as to the potential revenue that would result from the 15% increase if STVRs were taxed at the 40% commercial rate as opposed to the 25% residential rate
 - Ms. Haley advised she would look into this & follow up
- Councilman Ledford requested clarification on how the tax rate for STVRs that exist within UGC zoning would be assessed
 - Ms. Haley advised she would look in this & follow up

Vice Chair Hill and Councilwoman Berz requested that the committee reconvene in 30 days to follow up on the issues and questions from today's discussion. There was no objection from Council.

Adjournment

There being no further business, Councilwoman Berz adjourned the meeting at 4:26 p.m. The next meeting of the Budget and Finance Committee will be Tuesday, July 25, 2023.