

**CITY OF CALHOUN
REGULAR CITY COUNCIL MEETING
DEPOT COMMUNITY ROOM
109 SOUTH KING STREET
APRIL 24, 2000 - 7:00 P.M.**

MINUTES

**PRESENT: James F. Palmer, Mayor
Ronald H. Woods, Mayor Pro Tem
Ray M. Denmon, Councilman
Lorene Potts, Councilwoman**

ABSENT: John D. Shelton, Jr., Councilman

**ALSO: William P. Bailey, City Attorney
Kelly Cornwell, Director of Utilities and Public Works
Eddie Peterson, Assistant Director of Utilities and Public Works
Cathy Harrison, City Administrator**

1. Mayor Palmer called the meeting to order and welcomed everyone in attendance.
 - a. Mayor Palmer gave the invocation.
2. Mayor Palmer led the group in the Pledge of Allegiance to the United States Flag.
3. Minutes of the April 10, 2000 regular City Council meeting were approved as written.
4. Mayor's Comments:
 - a. Mayor Palmer reviewed a request for the Council to consider a proclamation designating May 4, 2000 as a Day of Prayer. Mayor Palmer introduced a delegation from the First Methodist Church: Carol Enman, Mrs. Pat Thornton, Mrs. Jimmy Prater and Mr. and Mrs. Danny Johnson. Mrs. Pat Thornton gave a brief history of the four years that the delegation had requested the local government to follow suit, based upon a resolution passed by Ronald Reagan in 1988, declaring the first Thursday of May as a day of prayer. Mayor Palmer reviewed the proposed proclamation. Mayor Pro Tem Woods made a motion to adopt the proclamation, second by Councilwoman Potts, with Mayor Pro Tem Woods, Councilwoman Potts and Councilman Denmon voting affirmatively, motion carried. Mayor Palmer presented a signed copy of the proclamation to the group.
 - b. Mayor Palmer reported on the Council Planning Retreat held on April 14, 15 and 16. He stated the opportunity had allowed the elected officials and staff to review all activities of the ten departments of the City and to plan for the future of each. He stated it was a very successful planning retreat.
 - c. Mayor Palmer announced the first budget hearing would be held May 8, 2000 at 7:00 P.M. A work session of the Council and staff would be held on May 1, 2000 at 6:45 at the conference room at 700 West Line Street. Also, a work session with the City Board of Education would be held on April 26 at 7:00 P.M. at 700 West Line Street.
 - d. Mayor Palmer reminded everyone of the Hospital Fun Run scheduled for Thursday, May 11, 2000 at 6:30 P.M., beginning at Warrior Path.
 - e. Mayor Palmer reminded the Council of the beer and wine pouring license application of Linh Buu Quan, doing business as China Cook on Highway 53 at the former Golden Corral Restaurant. The public hearing will be held on May 8, 2000 at 7:00 P.M.
 - f. Mayor Palmer reminded everyone that April 23 through April 29 is City Government Week. He stated he and other elected officials and staff would be available to answer questions about city government or to review various departments.
 - g. Mayor Palmer reminded the Council of two alcohol license requests with public hearings scheduled for May 22, 2000 at 7:00 P.M.

- 1) A liquor and wine package license application of Marlynn M. Whittenburg, Manager Linda Whittenburg, for a new location at 235 West Line Street.
 - 2) A beer pouring license for El Rayos Restaurant, Karrie Ann Comparan, Manager, at 360 Piedmont Street.
- h. Mayor Palmer Reminded the Council and the general public of zoning hearings scheduled for May 8, 2000:
- 1) A new zoning of C-2 and annexation request of Frances Campbell for a lot at 212 West Drive.
 - 2) A new zoning of C-2 and annexation request of Rita Chadwick Cigainero, Barry Chadwick and Scott Chadwick for a lot at 389 West Belmont Drive.
 - 3) A new zoning of C-2 and annexation request of Thomas L. Fain for a lot at 214 West Drive.
 - 4) A new zoning of Industrial-G and annexation request of Kerry Ingredients for 55 acres off Salem Church Road and McDaniel Station Road.
 - 5) A new zoning of C-2 and annexation request of Warren Pass for a lot at 210 West Drive.
 - 6) A new zoning of Industrial-G and annexation request of Jerry Glenn Phillips for 307 Henderson Bend Road N. W.
 - 7) A new zoning of C-2 and annexation request of Charles R. Rickett for a lot at 369 West Belmont Drive.

5. Public Hearings and Comments:

- a. Mayor Palmer gave a second reading to the Hotel-Motel Tax Ordinance Amendment and opened the public hearing. Attorney Bailey reviewed the process, stating the consulting firm that had been hired to perform an audit of the Hotel-Motel Tax collections for the past three years had reviewed the ordinance and had made several recommendations. The first was to reprint the ordinance and all its amendments into one document, to add in the new state options for vendors regarding their submittals and their rights to fees, based upon filing timely returns. It would also change from a quarterly reporting system to a monthly reporting system. There were no comments from the public and the hearing was closed. Councilman Denmon made a motion to waive the third and fourth readings and to approve as written, second by Mayor Pro Tem Woods, with Councilman Denmon, Mayor Pro Tem Woods and Councilwoman Potts voting affirmatively, motion carried.

6. Old Business:

- a. Mayor Palmer stated the Council had adopted a new Recreation Advisory Commission ordinance at the prior meeting and he would recommend the following be appointed to serve on the commission:
 - 1) Jimmy Mathews for a one-year term;
 - 2) Stevie Robbins for a four-year term;
 - 3) Grant Walraven for a four-year term;
 - 4) Tommy Curtis for a six-year term; and
 - 5) Bob Parlow for six-year terms.

Following discussion, Mayor Pro Tem Woods made a motion to approve those individuals for the staggered terms as recommended, second by Councilman Denmon, with Mayor Pro Tem Woods, Councilman Denmon and Councilwoman Potts voting affirmatively, motion carried.

7. New Business:

- a. Mayor Palmer stated that due to very high rate increases being proposed by the City's current group health carrier, CIGNA, and also due to the fact that CIGNA had lost some of the doctors and clinics in Rome, it was the City's plan to move forward a little quicker than normal with reviewing its group health plans for the upcoming fiscal year. He asked the insurance agents, Beason and Meadows, to review the proposal. Jennifer Beason stated they had determined that based upon the large increase that was being asked by CIGNA, they felt it was necessary for them to obtain additional bids to determine if it was possible to

gain similar insurance at a more favorable rate. Jennifer stated they had been able to receive bids from Aliant for Aliant Preferred and Aliant Select Products, from Humana, from New England Life and from United Health Care. She stated based upon their proposals, it was their recommendation that the City move to the Aliant Preferred Plan, which would be most similar to the current plan enjoyed by the employees of the City of Calhoun. It would also have a more favorable prescription card, to be utilized without formularies, as presently required by CIGNA. She stated based upon these factors, it was the recommendation of the insurance agents to recommend the firm of Aliant Preferred for health care coverage for the City of Calhoun for the upcoming year. She stated that based upon the move, it would be possible for the plan to be in place by June 1. Following discussion, Mayor Pro Tem Woods made a motion to accept the recommendation of the insurance agents and to move forward with the Aliant Preferred Plan, second by Councilwoman Potts, with Mayor Pro Tem Woods, Councilwoman Potts and Councilman Denmon voting affirmatively, motion carried.

- b. Mayor Palmer stated each elected official had been forwarded a copy of surplus property, including vehicles, equipment and items from the Police Department. He stated these were from the Water and Sewer Construction Department, the sewer plant, the water plant, the Street Department and the Police Department. He asked if there was a motion from the Council to deem these properties as surplus property and to authorize the setting of a local auction date to be determined for the sale of said items. Following discussion, Mayor Pro Tem Woods made a motion to declare the property as surplus and to authorize the sale of said surplus property at a public auction, with proper advertising, following the setting of a date. The motion was seconded by Councilman Denmon, with Mayor Pro Tem Woods, Councilman Denmon and Councilwoman Potts voting affirmatively, motion carried.
8. Other written items not on the agenda:
- a. Mayor Palmer stated he had received a request to declare April 30 through May 6, 2000 as Brain Tumor Awareness Week. He read a proposed resolution. Following the reading, Councilman Denmon made a motion to adopt the resolution, second by Mayor Pro Tem Woods, with Councilman Denmon, Mayor Pro Tem Woods and Councilwoman Potts voting affirmatively, motion carried.
 - b. Mayor Palmer stated the City of Calhoun had received a request from the Georgia Municipal Association to adopt a resolution regarding E-commerce: the non-taxable sales of goods and items on the Internet. Mayor Palmer read the proposed resolution. Following the reading, Councilman Denmon made a motion to adopt the resolution, second by Mayor Pro Tem Woods, with Councilman Denmon, Mayor Pro Tem Woods and Councilwoman Potts voting affirmatively, motion carried. Mayor Palmer asked that copies of the resolution be forwarded to the appropriate federal representatives and senators.
 - c. Mayor Palmer stated the City's zoning map had been updated to include all annexations and zoning changes through March 30, 2000. He stated the map had now been placed on the wall at the Depot for all to review. He asked for a motion to recognize the map as the City's official zoning map. Councilman Denmon made a motion to recognize the map as the City's official zoning map, second by Councilwoman Potts, with Councilman Denmon, Councilwoman Potts and Mayor Pro Tem Woods voting affirmatively, motion carried.
 - d. Mayor Palmer stated that in order for the City to move forward to a new type of bill under its new utility billing software, changing from the postcard bill to sheet billing, it would be necessary for the City to provide a sheet feeder and folding module, in order to handle the normal billing per month. He stated this would be a trade of other equipment associated with the postcard bill, which would be traded, along with an upgrade for the mailing machine. He asked for the Council to approve a renewal of the lease arrangement with Pitney Bowes for lease of the equipment for a 54-month period. The equipment would be leased at \$1,174.99 for the first three months and \$1,551.99 for the remaining 51 months. The items would be covered under warranty for the first three months, being the reason for the lower payments. The City would be able to disregard

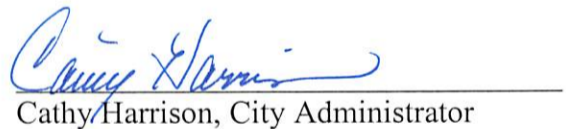
the \$825.00 lease payment presently in effect for the other equipment. Following discussion, Mayor Palmer asked if there was a motion to approve and to authorize the Mayor to sign all necessary documents. Mayor Pro Tem Woods made a motion to approve the lease and to authorize the Mayor to sign all necessary documents, second by Councilman Denmon, with Mayor Pro Tem Woods, Councilman Denmon and Councilwoman Potts voting affirmatively, motion carried.

- e. Mayor Palmer congratulated Jeremy Mills on his move to Channel 12 in Chattanooga, Tennessee. He stated Mr. Mills had been an excellent reporter for the City of Calhoun and he appreciated the opportunity to work with Mr. Mills over the past couple of years. Mayor Palmer wished him good luck in his new endeavors.
9. Work Report of Director of Utilities and Public Works, Kelly Cornwell:
 - a. Director Cornwell stated the Cash Road water project is almost 100% complete.
 - b. Director Cornwell stated on Highway 41 North, the City had replaced approximately 1000 feet of 1-inch water line that was approximately 30 to 40 years old, with a 6-inch water line. Those residents in the area would have more pressure and better service than in the past.
 - c. Director Cornwell stated the contractor had almost completed the punch list for the CDBG grant project for the Mill Village.
 - d. Director Cornwell stated the generator has rebuilt and is being packed and crated and will be shipped back to the City of Calhoun and reinstalled within the next few days.
 10. Mayor Palmer inquired if it would be necessary to move to Executive Session. The response was negative.
 11. Mayor Pro Tem Woods made a motion to adjourn, second by Councilwoman Potts, with Mayor Pro Tem Woods, Councilwoman Potts and Councilman Denmon voting affirmatively, motion carried.

Approved:


James F. Palmer, Mayor

Submitted:


Cathy Harrison, City Administrator

CITY OF CALHOUN,
GEORGIA

RESOLUTION

WHEREAS, the week of April 30, 2000 through May 6, 2000 will be Brain Tumor Awareness Week; and

WHEREAS, each year, over 100,000 people in the United States are diagnosed with a primary or metastatic brain tumor; and

WHEREAS, brain tumors are the second leading cause of cancer deaths in children under the age of 20 and the third leading cause of cancer death of young adults age 20 through 39; and

WHEREAS, there are over 100 different types of brain tumors, making effective treatment very complicated; and

WHEREAS, brain tumors are located at the control center for thought, emotion and movement, their effects on an individual's physical and cognitive abilities can be devastating; and

WHEREAS, brain tumors are treated by surgery, radiation therapy, and chemotherapy, either individually or in combination; and

WHEREAS, only thirty-seven percent of males and fifty-two percent of females survive five years following diagnosis of a primary benign or malignant brain tumor; and

WHEREAS, children are treated differently than adults for brain tumors, with sixty percent of children with brain tumors surviving, they are often left with long-term side effects; and

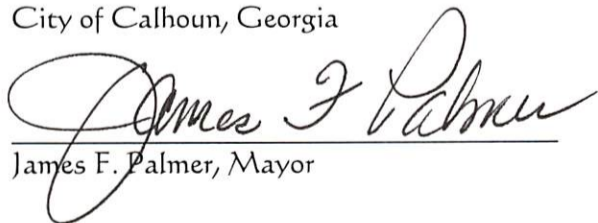
WHEREAS, people with brain tumors require access to quality specialty care, clinical trials, follow up care and rehabilitative services.

NOW, THEREFORE, BE IT RESOLVED, the Mayor and Council of the City of Calhoun hereby recognize April 30, 2000 through May 6, 2000 as Brain Tumor Awareness Week; and

BE IT FURTHER RESOLVED, the Mayor and Council of the City of Calhoun recognize Brittany Mincey, who has been treated for brain tumors since her diagnosis in 1995. Brittany Mincey is a very courageous young lady, whose loving parents continue to fight this disease and are faithfully waiting for more effective treatment and elimination of brain tumors.

ADOPTED this the 24th day of April 2000.

City of Calhoun, Georgia


James F. Palmer, Mayor

Attest:


Cathy Harrison, City Administrator

**CITY OF CALHOUN,
GEORGIA
RESOLUTION**

WHEREAS, the use of new communications technologies, including the Internet, as a way to conduct sales of goods and services is accelerating; and

WHEREAS, out-of-state vendors who conduct sales via the Internet, mail order and phone, under many circumstances are not required by law to collect existing sales and use taxes imposed by state and local governments in which the purchaser resides; and

WHEREAS, the primary barrier to collecting taxes on remote sales is the Supreme Court's ruling in Quill v. North Dakota, which defers to Congress, and only Congress, to authorize states to require remote vendors to collect taxes in a manner that does not unduly burden interstate commerce; and

WHEREAS, current laws create a competitive disadvantage and great inequities between our city's merchants who sell from traditional "Brick-and-mortar" establishments and those who sell from electronic stores; and

WHEREAS, this migration of sales to the Internet is restricting the ability of state and local governments and school districts to collect taxes, which finance essential public services, including but not limited to police, fire, emergency medical service, education, social services, infrastructure development, and local healthcare; and

WHEREAS, the United States Constitution reserves for the states the right to collect and impose taxes; and

WHEREAS, 45 states and the District of Columbia collect over 40 percent of overall revenue from sales taxes to fund vital public services; and

WHEREAS, a recent University of Tennessee study estimates that state sales tax revenue losses in 2003 will exceed \$10 billion; and

WHEREAS, the Advisory Commission on Electronic Commerce, established by the Internet Tax Freedom Act, failed to address, in a fair and equitable manner, the growing volume of tax-free sales transactions occurring over the Internet, which have put "brick-and-mortar" stores at a competitive disadvantage; and

WHEREAS, the Commission's report to Congress does not effectively address the tax losses state and local governments will experience if the Internet becomes a permanently tax-free retail market.

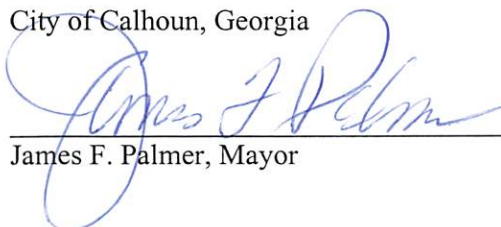
THEREFORE, BE IT RESOLVED that the City of Calhoun opposes any congressional action to implement the Advisory Commission on Electronic Commerce's report proposals that would preempt state and local sovereignty, guaranteed by the 10th Amendment of the United States Constitution; and

BE IT FURTHER RESOLVED that the City of Calhoun supports simplification of state and local sales taxes and urges states to move expeditiously to craft and approve model legislation; and

BE IT FURTHER RESOLVED that the City of Calhoun opposes any congressional efforts to expand the current moratorium to cover state and local sales and use taxes.

ADOPTED this the 24th day of April 2000.

City of Calhoun, Georgia



James F. Palmer, Mayor

Attest:



Cathy Harrison, City Administrator

**CITY OF CALHOUN
MAYOR, COUNCIL & STAFF PLANNING RETREAT
GOLD CREEK RESORT
SATURDAY, APRIL 15, 2000**

MINUTES

- 9:00 A.M. Kelly Cornwell gave a review of the Telecommunications Department. He gave an overview of where the City is in its current telecommunications operations and related some of the current contracts he is working on, which will allow the City to begin additional telecommunications services. He stated there is presently a \$4,300.00 monthly transport fee that will be charged by MEAG, which will allow the City of Calhoun to have outside connectivity. He also stated that T-1 service sales will be priced at 20% lower than market and the City will price long-distance services due to the new contracts being considered, at 4.5¢ per minute to industry. He stated he presently has a proposal from Carriage regarding 515,000 minutes per month for long distance operations. He stated he is preparing a report for Carriage and hopes to be able to give a favorable report to the Mayor and Council in the near future regarding the acceptance of the proposal. He also stated he has discussed with the City of Rome the possibility of the City of Calhoun providing service and maintenance for a new fiber network system that the City of Rome may install for the City and for their city schools. He stated they are presently trying to acquire a \$500,000.00 grant to assist with this project. He stated at this time he is looking for a method to connect the Rome system to the City of Calhoun system, in order that we might provide maintenance at our present location. He stated through a Unidial MCI connection to MEAG, by way of a two-year contract, the City of Calhoun may be able to provide additional services. He stated the present system operated by the City of Calhoun has 250 T-1's maximum, with approximately 20% currently being used. He stated it will require us to use two fibers to carry all the long distance business that we have proposed. He stated the internet connections will be made through MEAG by way of T-1 connections. He also stated that in order for the City of Calhoun to be able to provide an effective Telecommunications Department and to meet the goals for the department, it is necessary to have on hand a manager who is well trained to visit the industry with the City's marketing director, to make sure all of our services can be sold appropriately and as technical questions are asked regarding how services can be delivered, the manager for the area can answer these questions directly, rather than relying on outside contract vendors to respond at a later time. He stated for the system to be maximized to its fullest potential, it is necessary to have a hands-on manager who is well versed in this type of operation and who is dedicating 100% of their time to this project. Following discussion, the Mayor and Council authorized the Director to proceed immediately with the advertising for this position and to have this person on hand as soon as possible.
- 11:15 A.M. Eddie Peterson gave a report to the Mayor and Council regarding public safety.
1. Peterson stated he was very excited about the appointment of the new Police Chief. He met with him and was very impressed by the knowledge the new chief has of the current operations of the city workforce and the planning that he has already prepared in terms of reorganization for the department. Peterson stated some of his plans included the following:
 - a. He would eliminate the present position of Assistant Chief and would appoint a Chief of Operations, whom he would recommend being Garry Moss. He stated the present Assistant Chief, Randy Jackson, would move into the position of Court Systems Director. He stated the Senior Administrative Officer would be Randy Gallman. Head of Investigations would be Jerry Sapp. Kevin Sutton would be returned to patrol activities and the drug task program and D.A.R.E. program would be under direction of Diane Kirby. He stated he would pursue dispatching through the 911 operations, utilizing their services and relieving those operators for other duties. He would recommend Harrison Housley be moved to

investigations and the Senior Investigative Officer would be Larry Gilbert. Fran Houser would be moved to the area of child abuse and parking operations. Wayne Brown would be the supervisor for the day shift traffic officers operations and Larry Bowen would be the night shift director for patrol operations. VanDyke would handle the fleet operations and maintain all records. All personnel files would be moved to the Human Resource Department. He also has plans to review the current fine structure and to increase stops and work on cruising activities, thereby increasing the fine revenues in order to provide funding for two additional patrolmen. Traffic is a problem in the immediate area and will continue to be so as we continue to grow at this fast pace. This problem needs emphasis and he will move in this direction very quickly. He stated, in terms of the fleet, he has specific ideas on the vehicle fleet that is needed for a very active department and he will work with the Georgia State Patrol for used vehicles for the department. He also has reviewed the facility. He feels there will be a need for additional space. He is looking at other areas for part of the operations to be relocated. He also feels there is a drug problem in the area and he has specific plans to deal with this particular problem. He also has plans to develop community policing and to make Police Department more community oriented and to also make it a more integral part of the overall City operations. He also has plans to develop a better rapport with senior citizens, such as providing scam conferences, training sessions at the Senior Citizens Center, which would assist in improving local relationships and also make an effort to improve state relationships. He also has plans to develop a physical fitness program and has recognized the need for a new Hispanic officer. Peterson stated Chief Grizzle will come on board on May 1, 2000 and he is looking forward to working with the new Chief in these new and exciting possibilities for the Police Department.

- b. In terms of the Fire Department, Peterson reviewed the long-range plans of the City, which include adding nine new firefighters this year. The emphasis is being placed on adding six men in January and the other three in May or June of 2001. This will be within the recommendations of ISO to add additional personnel. The additional personnel will allow the City to hold off on development of the fourth fire station for an additional three or four years.
- c. Following discussion with the elected officials, it was a possibility that part of the manpower could be added over the next 18-month period as opposed to the immediate 12 months. It was emphasized that the present budget includes purchase dollars for a fourth fire station and Mayor Palmer asked that this be moved on during this fiscal year.
- d. Peterson reviewed the current training of the Fire Department staff and the Fire Chief and reviewed the work that the Fire Chief has implemented with the Emergency Management Department for Gordon County and the HAZMAT group that is being established for the region, which will be of long-range benefit for the City of Calhoun. He also reviewed the City's response to many accidents and the need for becoming qualified as first responders, since they are normally the first to arrive on the scene.

1:00 P.M. Water and Sewer – Kelly Cornwell

1. Kelly reviewed the current distribution water system. He provided handouts to the group, which had been prepared by Consolidated Technologies, Inc., which reviewed the City's water needs over the next several years. He stated that in order for the City to procure the additional half million gallons needed per year, the City must decide its course of action and move toward this goal, since based upon the need for an additional one half million gallons per day each year, this will equate to 5

million additional gallons per day needed over the next ten years. He stated the possibilities for this additional water supplies would be:

- a. Additional withdrawal permission for the current water system, which could be handled by improving the immediate plant. This would provide approximately 2 million additional gallons.
- b. The possibility of an additional 3 million gallons from Big Springs.
- c. Also, an additional 1.5 to 2 million gallons could be gained from reassessing the current well and possibly adding an additional well.
- d. The possibility of obtaining water from Carter's Lake.
- e. Mr. Cornwell reviewed those possibilities and the cost for each. Mr. Cornwell reminded everyone that the study was based on 3 million gallons by the engineering firm of CTI. He also reminded everyone that in the calculations regarding springs, it did not include the cost of Big Springs. He stated the wells, based on a 3 million gallon per day calculation is the cheapest option and future wells in the same area may dilute the present well, which is permitted at 1.5 million gallons per day. He stated water from Carter's Lake could be treated with a cartridge filter type of system, since it does have low turbidity. He also reminded everyone that the carpet industry may require less water in the future, since they will work toward lower utility costs for their processing. Cornwell stated Gordon County is growing at the rate of approximately 1000 houses per year. At this time, Dalton is attempting to take 20 million gallons per day from Carter's Lake.
- e. Following discussion of the City's water needs in the immediate future, it was the consensus of the group that in the immediate future, the City should continue to high rate the water plant in the hopes of increasing the production to 1.5 million gallons per day increase at the plant and to review well number 3 and the possibility of extending the permit to include an additional million gallons per day. The elected officials asked that all options be reviewed.

2. Cornwell stated that based upon the City's immediate needs for sewer and on the revised sewer extension policy, the City can delay the water plant renovation of the old portion of the plant for an additional two to three years.

- a. Mayor Pro Tem Woods asked that the plans be revised to look at the Amakanata, Camelot and Idle Acres special sewer districts. Cornwell stated at this time and in the immediate future, he will not have time for the engineering department to do the necessary engineering plans for this type of operation and this would be the first step in moving toward the ability to make this offer to the residents of the areas. He estimated the cost of the study would be approximately \$20,000.00. The Council asked that this be included in the immediate plans to proceed with the study.
- b. Cornwell stated the City is continuing to make progress with televising problem areas in the sewer lines and he anticipates with the new crew that is being added, it will allow faster improvements in the lines.
- c. Mr. Cornwell also discussed the possible future changes in the Water and Sewer Construction Department structure, which would allow the superintendent in training, Jerry Crawford, to become the overall person in charge of water and sewer in terms of plants and construction departments. He stated Mr. Crawford is working toward his Class 1 title for plants, since he already maintains this for distribution systems. He has 25 years of experience in the field and would be an excellent candidate for this new structure. The Council concurred this would be the direction to move.

3:00 P.M.

Eddie Peterson reviewed the Public Works and Parks area.

1. In the Street Department, Kevin McEntire has retirement of Howard Chadwick and Charlie Walraven forthcoming in this fiscal year, which will allow him to add new personnel and to promote from within. He

- stated there may also be additional retirements during the year, which will allow him to add in younger personnel in the department.
2. Eddie Peterson stated the House Bill 489 agreement, which will allow additional paving in the City of Calhoun will be a great improvement for the City Street Department. Mr. Peterson stated the environmental study on the intersection job at Court and River Street is moving forward. He stated he would speak with Alan Theriault regarding a joint transportation plan for the City and County. Mayor Pro Tem Woods stated he had that conversation with Mr. Theriault several days ago and Mr. Theriault was posing that question to the County Commission. Mr. Peterson stated it was his understanding that the County does intend to provide improvements to New Town Road and to Peters Street with the 2 mills tax dollars. They are presently in the process of making an offer for the property owned by the Offits at the intersection of New Town and Red Bud Roads.
 3. Mr. Peterson stated that Mr. Sims has the documents ready for bid on the trial and this will be moving forward very shortly.
 4. He stated that in the future, the City will need to consider storm water problems and a great deal of curb, gutter and sidewalk work in the next ten years.
 5. He stated in the immediate plans, he has discussed the purchase of three parcels at the old landfill off Beamer Road and should be able to close on those within the next week. There area three other lots remaining to be purchased.
 6. The group engaged in a discussion regarding whether or not to continue the commercial garbage pickup area, since this is a decision year. Mr. Peterson stated there are approximately 230 customers and if the City is to continue in the business, it will be necessary to buy a truck to maintain the business. Discussion continued through the pros and cons of this concept and the result was that it would be in the best interest to add the purchase of a commercial truck into the budget and to continue in the business at this time.
 7. In terms of Parks and recreation, Mayor Palmer stated that at the next Council meeting, his appointments would include Jimmy Mathews for the one year term on the new Recreation Advisory Commission, Grant Walraven and Stevie Robbins for the four-year terms and Mr. Parlo and Tommy Curtis for the six-year terms. The group discussed briefly the need for significant improvements at the Recreation Department, due to the lack of improvements over the past few years in several areas.

5:00 P.M. Group discussion proceeded on the following:

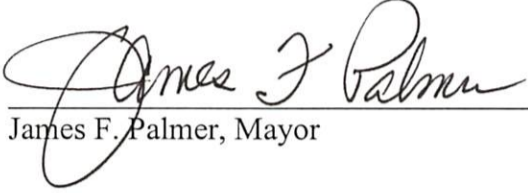
1. The group discussed reviewing and updating the Zoning Ordinance in several areas, to consider revising the lot size requirement, to consider downtown residential zoning and other areas.
2. The group also reviewed the present operations for the library and the House Bill 489 agreement with Gordon County. Mayor Palmer stated that at the present time, the agreement calls for the County paying 65% of the operating expenditures and the City paying 35%. The agreement does call for capital expenditures to be split 50/50. The Library Board is requesting funds to make major repairs to the roof of the building, which could cost in excess of \$200,000.00. Following his initial discussion with members of the County Commission, they are reluctant to make repairs to the roof, since they do not own the building. This is based on preliminary inquiries and do not represent the final findings of a normal budget request. It was the consensus of the group that the library board should continue with its normal budget request process and to notify the City if there are any problems regarding the matter.
3. Mayor Palmer stated if there were no additional items to be discussed with the group, he felt the day and a half meetings had been most informative and had allowed the group to have insight into the immediate needs of the City and to make some decisions regarding long-term management. He expressed appreciation to the elected officials for their willingness to take

their personal time to attend the sessions and to be active participants in the process. Mayor Palmer stated he is very excited about the City of Calhoun and its many activities. He is very excited about the future of the City.

6:00 P.M. The meeting was adjourned.

Approved:

Submitted:


James F. Palmer, Mayor


Cathy Harrison, City Administrator

**CITY OF CALHOUN
MAYOR, COUNCIL & STAFF PLANNING RETREAT
GOLD CREEK RESORT
FRIDAY, APRIL 14, 2000**

MINUTES

- 2:00 P.M. Mayor Palmer welcomed everyone to the annual planning retreat for the Mayor, Council and staff. He stated it was his desire to review the current operations and plan for the future. He stated he was extremely proud of the multi-faceted operations of the City of Calhoun and of the dedication of the election officials to spend their personal time to plan for the continued operations.
- 3:15 P.M. Cathy Harrison, City Administrator and Finance Director gave an overview of the proposed budget for 2000-2001. She reviewed areas of projected increased revenues, additional personnel being requested by department heads, and any unusual expenses for the departments, as follows:
1. The General Fund income budget includes a \$1,476,404.00 transfer from the Electric Department. It includes an estimated \$700,000.00 in gross receipts taxes from natural gas marketers, a \$99,209.00 transfer from the golf course to go toward the long-term debt (a 19% increase from the current year) and a \$306,000.00 transfer from Municipal Court.
 2. The General Administration expense budget does not include any new personnel. It does include an airport budget of \$148,384.00 for operating and capital expenses. However, \$26,336.00 will be reimbursed by the Airport Authority for the County's one-half of wages. The budget includes \$100,000.00 as one-half of the roofing expense for the Library. The General Administration budget includes the same social service transfers as were approved last year, plus the van driver's wages and van operating expense for the nutrition project, which has been on-going for the last ten years. These are combined under the "welfare related" heading for a total of \$54,799.00.
 3. The Public Safety expense budget includes only the addition of the new Chief Of Police, with a short overlap of pay for the current Chief. The Fire expense budget includes the addition of nine new firemen, with six being added in July and the other three a few months later.
 4. The Public Works expense budget includes one new employee in the maintenance and shop (parks, grounds and upkeep) area. The local paving funds have been deducted and an estimated \$300,000.00+ is expected in paving and LARP work from the County.
 5. Enterprise Funds include individual income and expense budgets.
 - a. Sewer – There are no projected rate increases for sewer. The reduced rates for the current 330 customers, as per HB-489, have been included. Sewer Construction includes a new two-man crew for maintenance work associated with the infiltration crew. We have estimated a rebuild of four lines next year and new lines paid for by developers, totaling \$300,000.00.
 - b. Water – There is a water rate increase included in the income budget. The increase is projected to be 5¢ for all gallons above the minimums for customers inside the City and 10¢ for those outside the City. The total increase totals \$234,743.00. The Water Construction Department includes a new three-man crew, which will allow the meter replacement and backflow prevention work to begin again. This is a state-mandated activity that we must continue. We also included funding for rebuilding four existing water lines and included \$374,000.00 in new services, which will be paid for by developers. The water expense budget includes a \$487,144.00 transfer to sewer to cover its operating shortage. A \$32,913.00 balance of income was transferred to the Electric Department to assist with the general fund transfer.
 - c. Electric – A 6% rate increase is projected with plans to level the winter and summer rates for residential customers prior to the start of the summer season. No new employees were projected. There is a \$1,476,404.00 transfer to the General Fund included in the budget, plus the principal and interest debt service payments to MEAG and the City. The MEAG refund of \$633,000.00 is projected to assist in these payments. The generator portion of the electric budget includes \$200,000.00 for a new transformer for the new generator. We felt this was a

- necessary purchase to make at this time. In fact, we need permission to order at this time, since it may take six months for delivery.
- d. Telecommunications includes new revenue sources: long distance sales to industrial customers, internet, T-1's, more dark fiber and Ethernet sales. We have projected two new employees, a manager and a service technician. We are excited about a person who had provided Y2K contract services for us last year who has expressed an interest in the job. There is no repayment of principal, only interest, projected for the loan due the Reserve Fund.
 - e. Natural Gas – The Shell contract should be signed and the initial payment of \$10.00 per customer should be paid to us prior to June 30, 2000. Therefore, only the customer service and marketing revenues are projected for next year.
 - f. Golf – We have projected 35,500 rounds of play, with green and cart fee increases. There are no new employees projected, only the equipment mechanic position, which has been open for several months. The Golf Advisory Commission had requested a sizable pay increase for the golf pro. However, after discussions with the Mayor, this is being phased in over the next three years.
 - 1) Special Funds: The North Industrial Project is being included since the absence of a service delivery (HB-489) contract prevented any borrowing for this fiscal year. Engineering is being completed, in addition to right-of-way procurement, hopefully by July 1, 2000, in order for bids to be taken early. We lost our ARC grant this year due to HB-489. I am exploring a possible portion of the project pulled out and used for a grant application later this year.
 - 2) Water Revenue bond debt is only for the water system. The bond series that funded sewer projects will be paid by June 30, 2000.
- 6. General Obligation bond debt is for the golf course, with the golf course funding a little over ¼ of the debt payment for next year.
 - 7. Revolving Loan budget is the estimated revenue from loans and investment of idle funds.
 - 8. Recreation is a stand-alone budget, with tax revenues, concession income, and city funds transferred from the General Fund to fund all operating expense and a substantial amount for roof repairs. The new method of operating will result in an additional \$16,866.00 local share payment by the City above last year's budget.
 - 9. Municipal Court includes police fines of \$420,000.00, with payments mandated to the state and county deducted and the balance, \$306,000.00, being transferred to the General Fund.
 - 10. Hotel-Motel Tax includes city tax collections and contract payments to the Chamber and the Industrial Development Authority. Please remember the City contributes \$4.00 for every \$1.00 the County contributes to these two organizations.
 - 11. Solid Waste includes garbage pick-up charges for our commercial accounts, rental fees for dumpsters, and the landfill fees for residential customers. The City has projected a 10% rate increase on the pick-up and rental fees for commercial accounts. The balance of the BFI payments for the residential pick-up and disposal charges are paid for through taxes, as indicated by the General Fund transfer.
 - 12. Intersection Improvements: We do not anticipate the improvements that will allow the removal of truck traffic in the downtown area to be completed by June 30, 2000. Therefore, it has been rolled over to 2000-2001.
 - 13. The River Park Project includes the trail, and bathroom and concession stand construction, to be carried over for completion from 1999-2000 to this year.
 - 14. The School Trust portion of the budget will be completed following our meetings and discussions with the School Board.
 - 15. Harrison stated the first budget hearing will be May 8, 2000. Mayor Palmer stated additional work sessions will be scheduled with the Council to provide a finished product for the final public hearing in June.
 - 16. Following review of the proposed 2000-2001 budget, Harrison provided a list of proposed budget amendments for the current fiscal year (1999-2000.) Harrison explained that in order to meet the changing needs of various operations, to include those items that had been verbally approved by the Mayor and Council but were not officially approved, and to include additional revenue above and beyond the original projections, the proposed amendments are outlined for the Mayor and Council to consider prior to the next meeting.
 - 17. Harrison reviewed the current reserves for both the General Fund and the Water Sewer and Electric Funds, as follows:
 - a. At this time, we have the following funds designated officially as reserves:
General.....\$3,156,331.91

Sewer.....	273,305.03
Water.....	762,877.04
Electric.....	519,292.77
Total	\$4,711,806.75

- b. We have the following principal loans outstanding, which will increase the sewer, water and electric reserves:

Generator Loan Balance	\$4,973,888.50
Telecommunications Loan Balance.....	1,829,221.00
Total	\$6,803,109.50

- c. Based on the policy of maintaining a four month operating budget, we need the following reserves:

General.....	\$4,182,518.00
Sewer.....	2,119,575.00
Water.....	2,348,038.00
Electric.....	7,678,383.00
Total	\$16,328,514.00

- d. Based on projected earnings of cash investments and interest from the loans, we can anticipate a growth of approximately \$550,000.00 annually, which will take 8¾ years to reach the current reserve level if we allow interest alone to fund the balance desired for reserves.

- e. Allowing a 4% annual increase in budgets, the reserve requirement increases to a new level of \$23,937,784.00 in 8¾ years. However, the 4 months level is a conservative reserve and in 8¾ years, the City may wish to lower the requirement to 3 months, which would be \$17,953,338.00, based on current budgets at that time and the City would be short by only \$1,624,824.00.0

- 18. Harrison reviewed the renewal and replacement funds and provided information regarding the current depreciated value of the utility systems, as per the following:

- a. At this time, we have \$1,609,031.65 in Renewal and Replacement funds. During this fiscal year, I have transferred only \$200,000.00 to the fund. The other \$400,000.00 has been proposed to be deducted as amendments to help fund the \$700,000.00 in projects not included in the original budget. These items are \$118,000.00 for the purchase of property at the landfill; the street light project at College Street and Red Bud Road for \$117,000.00 (excluding Electric Department labor;) the increased cost for Piedmont Street at \$416,000.00, plus approximately \$132,209.00 in contract labor costs in the Water and Sewer Construction Departments for the water and sewer lines on Piedmont.

- b. Our revenue projections did not leave room for very much growth above projections. These increases covered the areas in overtime pay and associated costs to meet the very demanding 9 months we have had in terms of construction and growth, and to offset the low level of expenses we projected last year.

- c. The June 30, 1998 annual report indicates a current depreciated cost value of our utility systems as follows:

Water.....	\$25,297,563.00
Sewer.....	33,566,201.00
Electric.....	5,373,288.00
Total	\$64,237,052.00

- d. Water and sewer lines are depreciated based on 50 years of life. Water and sewer plants are depreciated based on 50 years of life, with their motors and parts depreciated on a scale of 5 to 10 years of life. The electric distribution system has approximately a 30 year life, based on its depreciation scale.

- e. My estimate of where our systems currently rank on these scales based on new additions, improvements and upgrades is:

- 1) Water - 20 years used of an average life of 42 years for lines, plants, motors, etc.
- 2) Sewer - 10 years used of an average life of 42 years for lines, plants, motors, etc.
- 3) Electric - 13 years used of an average life of 30 years for the system.

- f. Our 1998 annual depreciation costs were as follows:

Water.....	\$875,661.00
Sewer.....	1,057,073.00
Electric.....	317,230.00

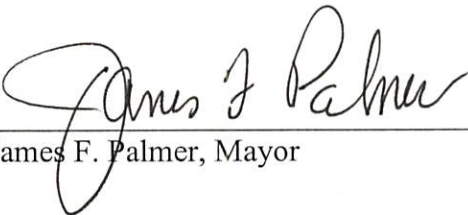
Total\$2,249,964.00

- g. In order to build the renewal and replacement fund needed to maintain a system at a 50% or better life value, we need to develop a policy for transfers from operating revenues to the renewal and replacement fund.
- h. My suggestion for the next 5 years would be an absolute cash transfer of \$1,000,000.00 each year, with interest accruing to the fund. This would be in addition to new system capital expansions of \$1,000,000.00 to \$1,500,000.00 annually, which would help to maintain a level life status.

5:30 P.M. The Mayor and Council held a group discussion until 6:30 P.M. regarding City operations, without staff members present.

Approved:

Submitted:



James F. Palmer, Mayor



Cathy Harrison, City Administrator