

**OAK RIDGE CITY COUNCIL MEETING
Municipal Building Courtroom**

May 24, 2010 – 7:00 p.m.

AGENDA

1. INVOCATION

Pastor Robert May, Oak Ridge Family Bible Church

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

4. APPEARANCE OF CITIZENS

5. APPROVAL OF AGENDA

6. RECOGNITION OF VISITORS

7. SPECIAL REPORTS

a. FY 2009 Audit Committee: Councilwoman D. Jane Miller, Chair

b. City Manager Search Committee: Mayor Tom Beehan, Chair

8. APPROVAL OF MINUTES – May 3, 2010 and May 10, 2010

9. RESOLUTIONS

General Resolutions

A resolution determining and certifying a Certified Tax Rate of \$2.39 for the recently completed general reappraisal of property within the City of Oak Ridge, in accordance with the provisions of T.C.A. §67-5-1701.

Bids and Contracts

A resolution employing the firm of Pugh & Company, P.C., Certified Public Accountants, Knoxville, Tennessee, to audit the accounts and funds of the City of Oak Ridge, Tennessee, covering the operations for the fiscal year ending June 30, 2010 for a fee of \$49,700 for the regular audit and preparation of the City's Comprehensive Annual Financial Report and \$28,875 for additional procedures related to power purchased by the City from the Tennessee Valley Authority, for a total payment not to exceed \$78,575.00.

10. ADOPTION OF ORDINANCES (SECOND READING)

AN ORDINANCE TO PROVIDE REVENUE FOR MUNICIPAL PURPOSES FOR THE FISCAL YEAR BEGINNING JULY 1, 2010, BY IMPOSING A TAX ON ALL PROPERTY WITHIN THE CITY, FIXING THE RATE OF THE TAX, ADOPTING A BUDGET, AND ADOPTING APPROPRIATIONS.

11. CITY MANAGER'S REPORT

Oak Ridge Chamber of Commerce Contract

12. ADJOURNMENT

MEMORANDUM

DATE: May 17, 2010

TO: Fellow Members of City Council

FROM: FY 2009 Audit Committee
Councilwoman D. Jane Miller, Chair
Councilwoman Ellen D. Smith
Councilman David Mosby

SUBJECT: REVIEW OF FY 2009 AUDIT

City Council's Audit Committee met on May 10, 2010 to review the audit of the City's accounts and funds that was conducted by Pugh & Company, P.C., the firm of certified public accountants engaged by the Council for this purpose. Present at the meeting were Mr. A. Ted Hotz, Vice President of Pugh & Company; the three members of the Audit Committee, the Interim City Manager, the Deputy City Manager, the City's Finance Director, and the City Clerk.

Two audit-related reports were reviewed: the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2009 and the Report on Policies, Management Guidelines and Procedures Placed in Operation, and Tests of Operating Effectiveness for the Period from July 1, 2008 to June 30, 2009 for the end-use billing process related to power purchased from the Tennessee Valley Authority (TVA). These reports have been distributed to the Council. Two additional documents are attached to this memorandum, one a letter provided by the audit firm containing additional information related to its audit and the other a *Management Representation Letter* signed by Steve Jenkins, as Deputy City Manager, and Janice McGinnis, as Finance Director. Mr. Hotz explained that this *Management Representation Letter* is a new requirement of the American Institute of Certified Public Accountants (AICPA). With reference to the "balance sheet misstatements" contained in the "Summary of Audit Differences" attached to the audit firm's letter, the Finance Director explained that this is related to the estimation of liability associated with compensated absences, and its effect is immaterial. Mr. Hotz agreed.

This is the fourth year that additional audit procedures were conducted in connection with the City's purchase of power from TVA. These additional procedures are requested by the Tennessee Valley Authority which assumes the major portion of the cost. In discussing the report related to this audit, Mr. Hotz clarified that these results are not uncommon; in fact, TVA has found similar problems system-wide with most being much greater in scope than those found in the City of Oak Ridge. The Deputy City Manager again commented on the impact of the City's computer system in this regard and confirmed that the matter of system upgrades is under consideration by the staff. He also reported that TVA's billing process will soon be changed.

At the conclusion of the CAFR review, Mr. Hotz characterized his firm's presentation of the audit as a "clean opinion report."

At this same meeting, the Audit Committee also considered the option for renewal of the contract with Pugh & Company, P.C., for the fiscal year ending June 30, 2010. Its recommendation in this regard will be found later in the agenda under Bids and Contracts.

The Audit Committee unanimously recommends acceptance of the Comprehensive Annual Financial Report, City of Oak Ridge, Tennessee, for the Fiscal Year Ended June 30, 2009 and the Report on

Policies, Management Guidelines and Procedures Placed in Operation, and Tests of Operating Effectiveness for the Period from July 1, 2008 to June 30, 2009 for the end-use billing process related to power purchased from TVA. It also recommends that the succeeding Audit Committee establish a schedule for monitoring the staff's progress on its corrective action plan.


D Jane Miller

Attachments

PUGH & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

WILL J. PUGH, CPA
RONNIE G. CATE, CPA
C. LARRY ELMORE, CPA
W. JAMES PUGH, JR., CPA
DANIEL C. FRANKLIN, CPA
JAMES H. JONES, CPA
LISA W. HILL, CPA
SUSAN R. FOARD, CPA
ANDREW R. HARPER, CPA
R.E. FOUST, CPA
A. TED HOTZ, CPA
BARRETT V. SIMONIS, CPA

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315 NORTH CEDAR BLUFF ROAD
KNOXVILLE, TENNESSEE 37923

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KNOXVILLE, TENNESSEE 37930-1409

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MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

To the City Council Members and Senior Management of the
City of Oak Ridge, Tennessee

We have audited the financial statements of the governmental activities, the business-type activities, the Convention and Visitors Bureau, a discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Oak Ridge, Tennessee (the "City") for the year ended June 30, 2009, and have issued our report thereon dated April 26, 2010. We did not audit the financial statements of the Oak Ridge Schools, a blended component unit reported as a governmental fund, and the Oak Ridge Public Schools Education Foundation, Inc., a discretely presented component unit. These component units comprise 28 percent of assets, 7 percent of net assets, 38 percent of revenues, and 37 percent of expenditures of the total reporting unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Oak Ridge Schools and the Oak Ridge Public Schools Education Foundation, Inc. is based on the reports of the other auditors. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our addendum to the contract to audit the accounts of the City for the period of July 1, 2008 to June 30, 2009, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about City's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on City's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on City's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the audit approach previously communicated to you in our meeting about planning matters on June 24, 2009.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the notes to the financial statements. We believe management has selected appropriate accounting policies. No new accounting policies were adopted and the application of existing policies was not changed during 2009, except for the adoption of GASB 45 and FASB 50, as explained in Note 5 and Note 22. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The City's accounting estimates are described in the notes to the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Note 1 – Summary of Significant Accounting Policies
- Note 2 – Property Tax
- Note 3 – Department of Energy
- Note 4 – Retirement Plan
- Note 5 – Post Employment Healthcare Plan
- Note 8 – Accounts Receivable
- Note 9 – Deposits and Investments
- Note 13 – Capital Assets
- Note 14 – Long-Term Liabilities
- Note 15 – Interfund Receivable and Payable Balances
- Note 16 – Transfers
- Note 17 – Commitments
- Note 18 – Reserves and Designations
- Note 20 – Risk Management
- Note 22 – Governmental Accounting Standards Board (GASB) Statements
- Note 23 – Subsequent Events
- Note 24 – Prior Period Adjustment

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the attached management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We have also issued an independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards, dated April 26, 2010.

This information is intended solely for the use of Council members and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

Pugh & Company, P.C.

Certified Public Accountants

April 26, 2010

CITY OF OAK RIDGE, TENNESSEE
SUMMARY OF AUDIT DIFFERENCES

Year Ended June 30, 2009

	<u>Current Year Over (Under) Statement</u>
Statement of Activities Misstatements	
Current Year Effect on Change in Net Assets (before effect of prior year differences)	
To adjust compensated absences	\$ (20,022)
Effect of Unadjusted Audit Differences - Prior Year	<u>(25,408)</u>
Net Effect on Change in Net Assets for Unadjusted Audit Differences	<u><u>\$ (45,430)</u></u>
Balance Sheet Misstatements	
Assets	\$ -
Liabilities	\$ (20,022)
Net Assets	\$ 20,022

CITY OF OAK RIDGE



POST OFFICE BOX 1 • OAK RIDGE, TENNESSEE 37831-0001

April 26, 2010

Pugh and Company, P.C.
315 N. Cedar Bluff
Knoxville, Tennessee 37930

We are providing this letter in connection with your audit of the financial statements of The City of Oak Ridge, Tennessee as of June 30, 2009 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the Convention and Visitors Bureau, a discretely presented component unit, each major fund, and the aggregate remaining fund information of The City of Oak Ridge and the respective changes in financial position and, where applicable, cash flows thereof in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with U.S. generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, through the date of this letter, the following representations made to you during your audit.

- 1) The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government and its component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 2) We have made available to you all—
 - a) Financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Minutes of the meetings of City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 3) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 4) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or the schedule of expenditures of federal awards.
- 5) We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
- 6) We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
- 7) We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.

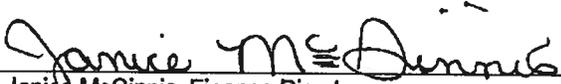
- 8) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
- 9) We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit being undertaken and the corrective actions taken to address significant findings and recommendations.
- 10) We have a process to track the status of audit findings and recommendations.
- 11) We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit being undertaken and the corrective actions taken to address significant findings and recommendations.
- 12) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 13) The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 14) The following, if any, have been properly recorded or disclosed in the financial statements:
 - a) Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b) Guarantees, whether written or oral, under which the City is contingently liable.
 - c) All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances, consistently applied, and adequately disclosed.
- 15) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts, or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 16) There are no—
 - a) Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
 - b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with *Financial Accounting Standards Board (FASB) Statement No. 5, Accounting for Contingencies*.
 - c) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5.
 - d) Reservations or designations of fund equity that were not properly authorized and approved.
- 17) As part of your audit, you prepared sections of the draft financial statements and schedules. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and schedules.
- 18) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 19) The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 20) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 21) The financial statements include the component unit as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 22) The financial statements properly classify all funds and activities.
- 23) All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

- 24) Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.
- 25) Provisions for uncollectible receivables have been properly identified and recorded.
- 26) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 27) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 28) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 29) Deposits and investment securities are properly classified as to risk, and investments are properly valued.
- 30) Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated. The useful lives of all capital assets are considered reasonable. Donated assets are properly recorded at their fair market value on the date donated.
- 31) The City meets the GASB-established requirements for accounting for eligible infrastructure assets using the modified approach.
- 32) Required supplementary information (RSI) is measured and presented within prescribed guidelines.
- 33) The terms, interest rates, interest payable in future years, fair value amounts, and the assessments of risks related to the derivatives (interest rate swaps) were provided by Morgan Keegan. The terms, interest rates, interest payable in future years, fair value amounts, and the assessments of risks are fairly stated and appropriate for financial statement measurement and disclosure purposes.
- 34) We agree with the findings of specialists in evaluating the other post-employment benefits and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the basic financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists. We believe that the actuarial assumptions and methods used to measure OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 35) In regards to the nonattest services performed by you, we have:
 - a) Made all management decisions and performed all management functions.
 - b) Designated an individual with suitable skill, knowledge, or experience to oversee the services.
 - c) Evaluated the adequacy and results of the services performed.
 - d) Accepted responsibility for the results of the services.
 - e) Established and maintained internal controls, including monitoring ongoing activities.
- 36) With respect to federal award programs:
 - a) We are responsible for complying and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.
 - b) We have, in accordance with OMB Circular A-133, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
 - c) We are responsible for complying with, and have complied with in all material respects, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program.
 - d) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in internal control over compliance or other factors to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to control deficiencies reported in the schedule of findings and questioned costs.

- e) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to major federal programs.
- f) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- g) We have complied, in all material respects, with the compliance requirements, including when applicable, those set forth in the *OMB Circular A-133 Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards, including those resulting from other audits or program reviews.
- h) Amounts claimed or used for matching were determined in accordance with relevant guidelines in *OMB Circular A-87, Cost Principles for State, Local, and Tribal Governments*, and *OMB's Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.
- i) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- j) We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- k) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- l) We have charged costs to federal awards in accordance with applicable cost principles.
- m) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- n) We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of *OMB Circular A-133*.
- o) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by *OMB Circular A-133*, and we are responsible for preparing and implementing a corrective action plan for each audit finding.

No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.


Steven Jenkins, Deputy City Manager


Janice McGinnis, Finance Director

MAYOR'S MEMORANDUM
10-08

DATE: May 18, 2010

TO: Fellow Members of City Council

FROM: City Manager Search Committee
Mayor Tom Beehan, Chair
Councilwoman D. Jane Miller
Councilman David Mosby

SUBJECT: REPORT AND RECOMMENDATION

The City Manager Search Committee met on May 18, 2010, to consider the adoption of the attached resolution. All of the Committee members were present, with the alternate member, Councilwoman Ellen Smith, being out of town. Also present were: Ms. Marty Adler-Jasny, representing the League of Women Voters; Council members Charlie Hensley and Anne Garcia Garland; the City Attorney, the Personnel Director and the City Clerk.

The City Attorney briefed the committee on the applicability of Tennessee's Open Records Law to the City Manager Search Process, and Ms. Adler-Jasny commented on the participation of the League of Women Voters in the previous search process and responded to questions in this regard.

The Committee adopted the attached resolution unanimously and recommends its ratification by City Council.



Tom Beehan

Attachment

**RESOLUTION OF THE
CITY MANAGER SEARCH COMMITTEE
OF THE OAK RIDGE CITY COUNCIL**

WHEREAS, on February 8, 2010, with the adoption of Resolution No. 2-22-10, City Council entered into an agreement with The Mercer Group, Inc., Atlanta, Georgia, for the provision of executive search services for the position of City Manager of the City of Oak Ridge; and

WHEREAS, on May 6, 2010, Mr. James Mercer, President/CEO of The Mercer Group, submitted the attached suggested timeline for the City Manager search process, which timeline was presented to City Council for approval on May 10, 2010; and

WHEREAS, in its consideration of the approval of the timeline, City Council adopted a motion providing for approval of the suggested timeline through June 24, 2010, with instructions to the City Manager Search Committee to meet and discuss the schedule and come back to the Council with a recommendation, ideally by the May 24, 2010 meeting of City Council; and

WHEREAS, the City Manager Search Committee has met and reviewed the suggested timeline as presented by The Mercer Group, and with the adoption of this resolution presents its recommendation to City Council.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY MANAGER SEARCH COMMITTEE OF THE CITY COUNCIL OF THE CITY OF OAK RIDGE, TENNESSEE:

That the attached timeline is approved as presented and, working with The Mercer Group, this Committee shall proceed with the development of a schedule of events to take place on June 28-29, 2010, when the finalist candidates for City Manager shall be in Oak Ridge for the interview process.

BE IT FURTHER RESOLVED that said schedule shall be presented to City Council for final approval.

BE IT FURTHER RESOLVED that this resolution shall be presented to City Council for ratification at its meeting on May 24, 2010.

This the 17th day of May 2010.

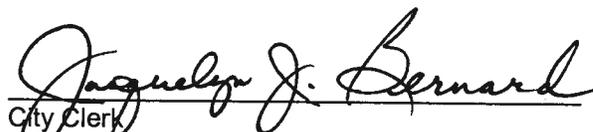
APPROVED AS TO FORM AND LEGALITY:



City Attorney



Mayor



City Clerk

**CITY OF OAK RIDGE
CITY MANAGER SEARCH
SUGGESTED TIMELINE FOR SEARCH PROCESS**

Aggressively Source and Recruit Candidates	April 27-June 3, 2010
E-Mail Progress Reports to City	Weekly
Cutoff Date for Receipt of Applications	June 4, 2010
Meet with City Council to Review Candidates of Interest	June 8, 2010
(Consultant) Conduct Interviews, Reference and Background Checks on Candidates	June 9-23, 2010
Report to City Council on Finalist Candidates	June 24, 2010
Interviews of Candidates by City Council	June 28-29, 2010
Decision on Selected Candidate	June 30, 2010
Negotiate with Selected Candidate	June 30-July2, 2010
New City Manager Reports to Work	30 to 60 Days Later
Close off Search	July 5, 2010

MINUTES OF THE OAK RIDGE CITY COUNCIL MEETING

May 3, 2010

The regular meeting of the City Council of the City of Oak Ridge, Tennessee, convened at 7:00 p.m. on May 3, 2010 in the Courtroom of the Municipal Building with Mayor Thomas L. Beehan presiding.

INVOCATION

The Invocation was given by The Reverend Curtis McClane, Highland View Church of Christ.

PLEDGE OF ALLEGIANCE

Mr. Jim Dodson, Art Teacher at Jefferson Middle School, led the Pledge of Allegiance to the Flag of the United States of America.

ROLL CALL

The following members of Council were present: Anne Garcia Garland, Thomas W. Hayes, L. Charles Hensley, D. Jane Miller, David N. Mosby, Ellen D. Smith, and Mayor Thomas L. Beehan.

Also present were Gary M. Cinder, Interim City Manager; Kenneth R. Krushenski, City Attorney; Steven W. Jenkins, Deputy City Manager; Janice E. McGinnis, Finance Director; and Jacquelyn J. Bernard, City Clerk.

Representing the Oak Ridge Schools were Mr. Keys Fillauer, Chairman of the Board of Education; Dr. Thomas E. Bailey, Superintendent of Schools; and Ms. Karen Gagliano, Director of Business and Support Services.

APPEARANCE OF CITIZENS

Federal Funding for Nuclear Reactors

Mr. Joseph Lee, 99 E. Pasadena Road, commented on a recent conversation he had with Senator Lamar Alexander of the Tennessee Congressional delegation in which he encouraged the Senator to be an advocate for Oak Ridge where the issue of funding nuclear reactors is concerned. It was Mr. Lee's contention that Oak Ridge is an obviously appropriate location for such a reactor and he encouraged local support for such at the federal level.

APPROVAL OF AGENDA

Councilwoman Smith moved that the agenda for this meeting be approved as published, seconded by Councilman Hensley.

The Mayor announced that the staff has recommended the addition of the following to the agenda:

- A proclamation designating May 6, 2010 as "National Day of Prayer."
- The Report and Recommendations of the FY 2011 Budget and Finance Special Committee.
- A resolution authorizing the City to enter into a contract with the State of Tennessee, Department of Transportation (TDOT), Nashville, Tennessee, for the maintenance of prescribed sections of State routes within the city during the period of July 1, 2010 through June 30, 2011.

Councilman Hensley moved that the agenda be amended as recommended by the staff. The motion was seconded by Councilman Hayes and carried by unanimous voice vote with Council members Garcia Garland, Hayes, Hensley, Miller, Mosby, Smith, and Mayor Beehan voting “Aye.”

The agenda was approved, as amended, by unanimous voice vote with Council members Garcia Garland, Hayes, Hensley, Miller, Mosby, Smith, and Mayor Beehan voting “Aye.”

RECOGNITION OF VISITORS

The Mayor welcomed all visitors to the meeting.

PROCLAMATIONS AND COURTESY RESOLUTIONS

Resolution No. 5-33-10

A resolution accepting the works of art that have been added to the display in the Municipal Building and commending the young artists for donating their work to the City for the enjoyment of all who visit the Municipal Building.

Councilwoman Smith moved that the resolution be adopted. The motion was seconded by Councilman Hensley and carried by unanimous voice vote with Council members Garcia Garland, Hayes, Hensley, Miller, Mosby, Smith, and Mayor Beehan voting “Aye.”

Those young artists who were present were presented with executed copies of the resolution and given special recognition, as were their teachers.

A proclamation designating the week of May 9–15, 2010 as “Police Week” and Saturday, May 15, 2010 as “Police Memorial Day.”

Councilwoman Miller moved that the proclamation be adopted. The motion was seconded by Councilwoman Smith and carried by unanimous voice vote with Council members Garcia Garland, Hayes, Hensley, Miller, Mosby, Smith, and Mayor Beehan voting “Aye.” The proclamation was presented to Police Chief David Beams.

A proclamation designating May 10, 2010 as “National Day of Prayer.”

Councilman Hayes moved that the proclamation be adopted. The motion was seconded by Councilwoman Miller and carried by unanimous voice vote with Council members Garcia Garland, Hayes, Hensley, Miller, Mosby, Smith, and Mayor Beehan voting “Aye.”

Councilwoman Miller accepted the proclamation on behalf of the requester, Pastor Robert May of Oak Ridge Family Bible Church, who was unable to be present at this meeting.

PUBLIC HEARING – None

CONSENT AGENDA – None

SPECIAL REPORTS

Budget and Finance Special Committee

Councilman Hensley, as chair of the Council's Budget and Finance Special Committee, presented the committee report, concluding with its recommendations which follow:

- That the Economic Diversification Fund be held flat;
- That a separate fund be created for the photo enforcement camera revenues; and
- That each Council member review the list of potential funding requests and cuts, and be prepared to present alternatives and to participate in the budget deliberations at the public hearing and special meetings that have been scheduled for this purpose on May 10 and 24, 2010.

Councilman Hayes moved that the Committee's recommendations be approved. The motion was seconded by Councilman Hensley and after brief deliberation, it carried by voice vote with Council members Hayes, Hensley, Miller, Mosby, Smith, and Mayor Beehan voting "Aye" and Councilwoman Garcia Garland voting "Nay."

City Attorney Evaluation Committee

Councilman Hayes, who chairs the Council's City Attorney Evaluation Committee, announced that the Committee is scheduled to meet on May 5, 2010 to develop a recommendation regarding the procedure for evaluating the performance of the City Attorney over the past year.

City Council Audit Committee

Councilwoman Miller, who chairs the Council's FY 2009 Audit Committee, announced that this committee will meet on May 10, 2010, to review the audit of the City's accounts and funds that was conducted by Pugh & Company, the firm of certified public accountants engaged by the Council for this purpose.

Travel Report

Councilwoman Miller reported on her attendance at the Energy Communities Alliance (ECA) Nuclear Workforce Development and Training Peer Exchange which was held April 21-23, 2010 in Augusta, Georgia. Councilwoman Miller, who serves as Mayor Pro Tem, represents the City on the ECA Board of Directors as the standing alternate to Mayor Beehan.

APPROVAL OF MINUTES

Councilwoman Smith moved that the minutes of the April 12, 2010 meeting of City Council be approved as submitted by the City Clerk. The motion was seconded by Councilwoman Garcia Garland and carried by unanimous voice vote with Council members Garcia Garland, Hayes, Hensley, Miller, Mosby, Smith, and Mayor Beehan voting "Aye."

ORDINANCES

First Reading of New Ordinances – None

Adoption of Ordinances (Second Reading)

Ordinance No. 4-10

AN ORDINANCE TO AMEND ORDINANCE NO. 2, TITLED "THE ZONING ORDINANCE OF THE CITY OF OAK RIDGE, TENNESSEE," BY AMENDING THE ZONING MAP WHICH IS MADE A PART OF THE ORDINANCE BY CHANGING THE ZONING DISTRICT OF PARCEL 059.00, ANDERSON COUNTY

TAX MAP 940, GROUP B, FROM UB-2, UNIFIED GENERAL BUSINESS TO B-2, GENERAL BUSINESS WITH A PLANNED UNIT DEVELOPMENT (PUD) OVERLAY.

Councilman Hensley moved that the ordinance be adopted, seconded by Councilwoman Miller.

Statements in opposition to the adoption of this ordinance were presented by Council members Smith and Garcia Garland. Statements in support of its adoption were presented by Council members Hensley and Hayes.

The ordinance was adopted by electronic vote with Council members Hayes, Hensley, Miller, Mosby, and Mayor Beehan voting "Aye" and Council members Garcia Garland and Smith voting "Nay."

Ordinance No. 5-10

AN ORDINANCE TO AMEND ORDINANCE NO. 2, TITLED "THE ZONING ORDINANCE OF THE CITY OF OAK RIDGE, TENNESSEE," BY AMENDING THE ZONING MAP WHICH IS MADE A PART OF THE ORDINANCE BY CHANGING THE ZONING DISTRICT OF PARCEL 040.00, ANDERSON COUNTY TAX MAP 100A, GROUP A, AND PARCEL 043.00, MAP 100A, GROUP A, FROM O-1, OFFICE, TO R-3, MEDIUM RESIDENTIAL; AND AMENDING THE COMPREHENSIVE PLAN'S LAND USE PLAN BY CHANGING THE DESIGNATION OF SAID PARCELS FROM O, OFFICE TO R, RESIDENTIAL.

Councilwoman Smith moved that the ordinance be adopted. The motion was seconded by Councilman Hayes and after brief deliberation, it carried by unanimous voice vote with Council members Garcia Garland, Hayes, Hensley, Miller, Mosby, Smith, and Mayor Beehan voting "Aye."

Ordinance No. 6-10

AN ORDINANCE TO AMEND ORDINANCE NO. 2, TITLED "THE ZONING ORDINANCE OF THE CITY OF OAK RIDGE, TENNESSEE, **ARTICLE III, TITLED "GENERAL PROVISIONS,"** SECTION 3.07, TITLED "ACCESSORY BUILDINGS OR STRUCTURES OF ADDITIONS TO PRINCIPAL BUILDINGS," TO AMEND SUBSECTION (E)(2) TO ALLOW SIX-FOOT DECORATIVE FENCING IN CERTAIN CIRCUMSTANCES PROVIDED THE TOP TWO FEET ARE LATTICE OR SOME OTHER OPEN DESIGN; **ARTICLE IX, TITLED "SPECIAL DISTRICTS,"** SECTION 9.05, TITLED "PUD, PLANNED UNIT DEVELOPMENT DISTRICT," SUBSECTION (V)(4)(A) TO CORRECT A TABLE REFERENCE; AND SECTION 9.09, TITLED "MANHATTAN DISTRICT OVERLAY (MDO)," SUBSECTION (D)(1) TO CHANGE THE SIDE AND REAR SETBACKS FOR PRINCIPAL BUILDINGS, ADDITIONS, STRUCTURES, AND ACCESSORY BUILDINGS FROM SIX FEET TO FIVE FEET, AND TO ADDRESS NON-ROOFED AND NON-ENCLOSED APPURTENANCES; **ARTICLE XI, TITLED "OFF STREET PARKING AND LOADING REQUIREMENTS,"** SECTION 11.01, TITLED "VEHICLE ACCESS CONTROL," SUBSECTION (D)(4) TO CORRECT THE REFERENCES TO RESIDENTIAL DISTRICTS; SECTION 11.02, TITLED "REQUIRED OFF-STREET PARKING," SUBSECTION (F)(1)(F) TO CORRECT A TYPOGRAPHICAL ERROR IN THE SUBSECTION; SECTION 11.03, TITLED "REQUIRED OFF-STREET PARKING LOT LAYOUT, CONSTRUCTION AND MAINTENANCE," SUBSECTION (F)(4) TO ADD A CROSS REFERENCE TO ANOTHER APPLICABLE PROVISION AND SUBSECTIONS (G), (H) AND (I) TO DELETE THESE SUBSECTIONS WITHOUT REPLACEMENT; **ARTICLE XIII, TITLED "LANDSCAPING AND DESIGN STANDARDS,"** SECTION 13.02, TITLED "DESIGN REVIEW STANDARDS," SUBSECTION (C)(2) TO ADD A STATEMENT ABOUT EXISTING VEGETATION IN RELATION TO PLANTING AND SCREENING REQUIREMENTS; SUBSECTION (D)(3) TO ADD A STATEMENT ABOUT PARAPET WALLS, AND TO INCLUDE INDUSTRIAL ZONING DISTRICTS TO THE LIST OF DISTRICTS THAT REQUIRE BUILDING SERVICE AREAS OR LOADING AREAS TO NOT BE VISIBLE FROM THE STREET; SUBSECTION (E)(2) TO ADD A STATEMENT ABOUT CURBS AND BUMPER STOPS IN PARKING AREAS, AND TO INCLUDE REQUIREMENTS FOR HAVING PARKING LOT ISLANDS; SUBSECTION (F) TO ADD ADDITIONAL PROVISIONS ABOUT PLANTING

AND MAINTENANCE OF LANDSCAPE AND PLANTING MATERIALS, TO HAVE THE STREETScape PROVISIONS ON VISUAL IMPACT OF PARKING AREAS APPLICABLE TO INDUSTRIAL ZONING DISTRICTS, TO SPECIFY THAT GRASS AREAS SHALL BE ESTABLISHED AT THE TIME OF ISSUANCE OF THE CERTIFICATE OF OCCUPANCY, AND TO CORRECT A TYPOGRAPHICAL ERROR; SUBSECTION (G)(3) TO UPDATE THE EXISTING ZONING DISTRICT REFERENCES FOR TRANSITIONAL SCREENING AND TO ADD OFFICE ZONING DISTRICTS, AND TO ADD PROVISIONS ABOUT BUFFERS FOR NON-RESIDENTIAL ZONING DISTRICTS OPPOSITE RESIDENTIAL ZONING DISTRICTS TO REDUCE THE NEGATIVE IMPACTS ON ADJACENT RESIDENTIAL PROPERTIES; SUBSECTION (H) TO ADD A STATEMENT OF INTENT REGARDING LIGHTING PROVISIONS, AND TO UPDATE THE LIGHTING REQUIREMENTS TO REDUCE THE NEGATIVE EFFECTS OF LIGHTING AND TO ADDRESS SAFETY AND VISIBILITY CONCERNS; AND FIGURE 13.04 (A-B), TO ADD A STATEMENT ABOUT EVERGREEN PLANTING FOR BUFFERS WHEN NON-RESIDENTIAL USES ABUT RESIDENTIAL USES; AND **ARTICLE XIV, TITLED "SIGN REGULATIONS,"** SECTION 14.05, TITLED "GENERAL REQUIREMENTS," SUBSECTION (2) TO INCLUDE POLE SIGNS IN THE REQUIREMENTS PERTAINING TO GROUND SIGNS.

Councilman Hayes moved that the ordinance be adopted. The motion was seconded by Councilman Hensley and after brief deliberation, it carried by unanimous voice vote with Council members Garcia Garland, Hayes, Hensley, Miller, Mosby, Smith, and Mayor Beehan voting "Aye."

Ordinance No. 7-10

AN ORDINANCE TO AMEND TITLE 5, TITLED "MUNICIPAL FINANCE AND TAXATION," CHAPTER 1, TITLED "MISCELLANEOUS," OF THE CODE OF ORDINANCES, CITY OF OAK RIDGE, TENNESSEE, BY DELETING SECTION 5-101, TITLED "TAXES IMPOSED; DATE FIXED," IN ITS ENTIRETY AND SUBSTITUTING THEREFOR A NEW SECTION 5-101, TITLED "TAXES IMPOSED," IN ORDER TO DELETE THE MAY 1 DUE DATE FOR FIXING THE TAX RATE; AND BY DELETING SECTION 5-103, TITLED "DELINQUENCY PENALTIES," IN ITS ENTIRETY AND SUBSTITUTING THEREFOR A NEW SECTION 5-103, TITLED "DELINQUENCY PENALTIES," IN ORDER TO ESTABLISH A UNIFORM PENALTY FOR FAILURE TO PAY TAXES BY THE DUE DATE.

Councilwoman Smith moved that the ordinance be adopted. The motion was seconded by Councilman Hayes and after brief deliberation, it carried by unanimous voice vote with Council members Garcia Garland, Hayes, Hensley, Miller, Mosby, Smith, and Mayor Beehan voting "Aye."

RESOLUTIONS

General Resolutions

Resolution No. 5-34-10

A resolution approving the Community Development Block Grant Annual Action Plan for FY 2011 and the proposed allocations of CDBG Entitlement funds, totaling \$282,187.00, for FY 2011.

Councilwoman Miller moved that the resolution be adopted. The motion was seconded by Councilwoman Smith and after brief deliberation, it carried by unanimous voice vote with Council members Garcia Garland, Hayes, Hensley, Miller, Mosby, Smith, and Mayor Beehan voting "Aye."

Resolution No. 5-35-10

A resolution approving a revised Social Services Policy in accordance with the recommendations submitted to the City by Aid to Distressed Families of Appalachian Counties, Inc.

Councilman Hayes moved that the resolution be adopted. The motion was seconded by Councilman Mosby and after brief deliberation, it carried by unanimous voice vote.

Resolution No. 5-36-10

A resolution authorizing the submission of an updated grant application to the U.S. Department of Justice, Office of Community Oriented Policing Services (COPS) to be utilized to hire new law enforcement officers through the COPS Hiring Recovery Program.

Councilman Hayes moved that the resolution be adopted. The motion was seconded by Councilwoman Miller and the resolution was deliberated at some length with the City Manager and Police Chief David Beams responding to the Council's questions and comments.

The resolution was adopted by unanimous voice vote with Council members Garcia Garland, Hayes, Hensley, Miller, Mosby, Smith, and Mayor Beehan voting "Aye."

Bids and Contracts

A resolution awarding a contract in the estimated amount of \$77,850.00 to Rogers Group, Inc., Oak Ridge, Tennessee, for the furnishing of all labor, tools, materials, equipment and supplies necessary to perform all work and services for the construction of a parking lot at Elza Gate Park.

Councilman Hensley moved that the resolution be adopted, seconded by Councilwoman Smith.

Councilman Hayes moved that this resolution be postponed to the May 10, 2011 City Council meeting for consideration in the context of the FY 2011 budget. The motion was seconded by Councilwoman Garcia Garland and after brief deliberation, it carried by electronic vote with Council members Garcia Garland, Hayes, Miller, and Mosby voting "Aye" and Council members Hensley, Smith, and Mayor Beehan voting "Nay."

Resolution No. 5-37-10

A resolution authorizing the City to enter into a contract with the State of Tennessee, Department of Transportation (TDOT), Nashville, Tennessee, for the maintenance of prescribed sections of State routes within the city during the period of July 1, 2010 through June 30, 2011.

Councilwoman Miller moved that the resolution be adopted. The motion was seconded by Councilwoman Smith and after brief deliberation, it carried by unanimous voice vote with Council members Garcia Garland, Hayes, Hensley, Miller, Mosby, Smith, and Mayor Beehan voting "Aye."

ELECTIONS

Environmental Quality Advisory Board, Designated Student Seats

On first ballot, Ms. Dora Mcpeak, a student at Oak Ridge High School, was elected to serve on the Environmental Quality Advisory Board for a two-year term of office commencing on June 1, 2010. She received the votes of Council members Hayes, Hensley, Miller, and Mayor Beehan. Master Austin Morgan, also a student at Oak Ridge High School, received the votes of Council members Garcia Garland, Mosby, and Smith.

Councilman Hensley moved that Austin Morgan be elected by acclamation to serve on EQAB for the balance of an unexpired term of office ending on May 31, 2011. The motion was seconded by

Councilwoman Smith and carried by unanimous voice vote with Council members Garcia Garland, Hayes, Hensley, Miller, Mosby, Smith, and Mayor Beehan voting "Aye."

Notice of Elections

Mayor Beehan announced that seven (7) elections are scheduled for the June 7, 2010 City Council meeting to appoint:

- One (1) member to the Anderson County Board of Equalization
- One (1) member to the Anderson County Community Action Commission
- Three (3) members to the Elder Citizens Advisory Board
- Two (2) members to the Highland View Redevelopment Advisory Board
- One (1) member to the Board of Plumbing Examiners
- One (1) member to the Traffic Safety Advisory Board who shall be an Oak Ridge High School student
- One (1) member to the Board of Zoning Appeals

The deadline for filing is 5:00 p.m. on Tuesday, May 25, 2010.

COMMUNICATIONS – None

CITY MANAGER'S REPORT

I. Award of \$100,000 Tennessee Energy Efficiency and Conservation Block Grant

The City Manager reported that State Representative Jim Hackworth has announced that the City of Oak Ridge will be receiving a Tennessee Energy Efficiency and Conservation Block Grant from the State of Tennessee, Department of Economic and Community Development, Energy Policy Office, in the amount of \$100,000. He advised that the grant will assist with two projects, a building retrofit project and an energy efficiency and conservation strategy which includes public education and community outreach for the Oak Ridge Climate Action Plan.

II. Budget Presentation

Oak Ridge Schools

The FY 2011 budget for the Oak Ridge Schools was presented by Mr. Keys Fillauer, Chairman of the Board of Education, with the assistance of Dr. Tom Bailey, the Superintendent of Schools, and Ms. Karen Gagliano, Director of Business and Support Services. In summary, the total for the General Purpose School Fund was presented as \$55,035,408, with the requested transfer from the City's General Fund being \$14,470,131.

City Operations

The Interim City Manager presented the proposed FY 2011 budget for the City of Oak Ridge, with the assistance of the Deputy City Manager and the City's Finance Director. In summary, the total proposed expenditures for all funds was estimated at \$182 million and the General Fund budget for municipal operations was estimated at \$19,240,271 for a projected tax rate of \$2.41 (estimated certified rate based on the current property reappraisal).

CITY ATTORNEY'S REPORT

The City Attorney reported briefly on the status of (1) the delinquent property tax sale and (2) the lawsuit against the City that was filed by the Baird Tree Company. With reference to the latter, he reported that the Court of Appeals has ruled in the City's favor.

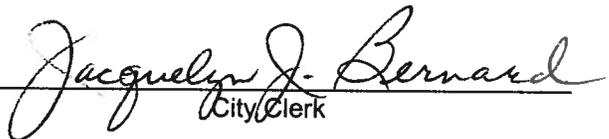
MISCELLANEOUS

Power Outages

There was a brief discussion regarding a recent power outage in the city, with the City's Electric Director, Mr. Jack Suggs, responding to the Council's questions and comments in this regard. In response to an inquiry by Councilwoman Smith, he confirmed that the staff is looking into the possibility of providing a vehicle for conveying recorded information about power outages to citizens who call to report a power outage or to inquire about the status of such an outage.

ADJOURNMENT

The meeting adjourned at 10:18 p.m.


City Clerk

MINUTES OF THE OAK RIDGE CITY COUNCIL MEETING

May 10, 2010

A special meeting of the City Council of the City of Oak Ridge, Tennessee, convened at 7:00 p.m. on May 10, 2010 in the Courtroom of the Municipal Building with Mayor Thomas L. Beehan presiding.

INVOCATION

The Reverend Joe Westfall of the Disciples of Christ Church gave the Invocation.

PLEDGE OF ALLEGIANCE

Ms. Elizabeth Herbes, the Social Services Program Director with Aid to Distressed Counties of Appalachian Counties (ADFAC), led the Pledge of Allegiance to the Flag of the United States of America.

ROLL CALL

The following members of Council were present: Anne Garcia Garland, Thomas W. Hayes, L. Charles Hensley, D. Jane Miller, David N. Mosby, and Mayor Thomas L. Beehan.

Also present were Gary M. Cinder, Interim City Manager; Kenneth R. Krushenski, City Attorney; Steven W. Jenkins, Deputy City Manager; Janice E. McGinnis, Finance Director; and Jacquelyn J. Bernard, City Clerk.

Representing the Oak Ridge Schools were Board of Education members Keys Fillauer, Chairman, and Robert S. Eby, Angi Agle, and Dan DiGregorio; staff members Dr. Thomas E. Bailey, Superintendent of Schools; and Ms. Karen Gagliano, Director of Business and Support Services.

APPEARANCE OF CITIZENS - None

APPROVAL OF AGENDA

Councilwoman Miller moved that the agenda be approved as published. The motion was seconded by Councilman Hensley and carried by unanimous voice vote with Council members Garcia Garland, Hayes, Hensley, Miller, Mosby, Smith, and Mayor Beehan voting "Aye."

RECOGNITION OF VISITORS

The Mayor welcomed all visitors to the meeting, according special recognition to the members of the Board of Education and Schools' staff.

PUBLIC HEARING

A public hearing was held on the proposed FY 2011 Budget for the City of Oak Ridge.

Citizen Participation

There were no citizen comments.

City Council Discussion

The Council discussed the budget at length, with no formal action being taken. All Council members participated in the discussion as well as the Interim City Manager, the Deputy City Manager, and the Finance Director.

SPECIAL REPORTS

Suggested Timeline for City Manager Search Process

Mayor Beehan, who chairs the Council's City Manager Search Committee, presented the timeline suggested by Mr. Jim Mercer of The Mercer Group for completion of the City Manager search process, as follows:

Aggressively Source and Recruit Candidates	April 27-June 3, 2010
E-Mail Progress Reports to City	Weekly
Cutoff Date for Receipt of Applications	June 4, 2010
Meet with City Council to Review Candidates of Interest	June 8, 2010
(Consultant) Conduct Interviews, Reference and Background Checks on Candidates	June 9-23, 2010
Report to City Council on Finalist Candidates	June 24, 2010
Interviews of Candidates by City Council	June 28-29, 2010
Decision on Selected Candidate	June 30, 2010
Negotiate with Selected Candidate	June 30-July 2, 2010
New City Manager Reports to Work	30 to 60 Days Later
Close off Search	July 5, 2010

The Mayor recommended approval of this timeline.

Councilwoman Miller moved that the timeline be approved as suggested by Mr. Mercer, seconded by Councilwoman Smith.

Councilman Hensley moved that the timeline be amended by adding a week between the interviews of the candidates and the decision on the selected candidate. The motion was seconded by Councilwoman Garcia Garland but failed to carry by electronic vote with Council members Hayes, Miller, Mosby, Smith and Mayor Beehan voting "Nay" and Council members Garcia Garland and Hensley voting "Aye."

Councilwoman Smith moved that the motion be amended to provide for approval of the suggested timeline through June 24th, *Report to City Council on Finalist Candidates*, with instructions to the City Manager Search Committee to "meet and discuss the schedule and come back to the Council with a recommendation, ideally by May 24th so that we can finalize the rest of the schedule."

The motion was seconded by Councilman Hensley and carried by roll call vote with Council members Garcia Garland, Hayes, Hensley, and Smith voting “Aye” and Council members Miller, Mosby, and Mayor Beehan voting “Nay.”

City Attorney Evaluation Committee

Councilman Hayes, Chairman of the City Attorney Evaluation Committee, presented the Committee’s report, concluding with its recommendations which were:

- That the evaluation questionnaire used in 2009 be used again this year;
- That the City Attorney be requested to submit a progress report and evaluation of his goals and objectives for this evaluation period;
- That the Interim City Manager be requested to provide comments on the City Attorney’s performance for this same period; and the following schedule be approved for completion of the evaluation process:

- | | |
|--------|--|
| May 5 | Committee meeting to approve the procedure to be recommended to City Council and to develop a schedule for completing the evaluation process. |
| May 10 | Presentation of the Committee’s recommendations to City Council. |
| May 11 | Assuming City Council approval of the Committee’s recommendations, distribution of the evaluation packet, including the City Attorney’s progress report on FY 2009/2010 goals and objectives and the Interim City Manager’s comments on his performance, to Council members. |
| May 18 | Deadline for return of the completed evaluation questionnaires to the City Clerk. |
| May 24 | Committee meeting to review the summary of the evaluation questionnaires prepared by the City Clerk and to develop recommendations regarding the City Attorney’s salary and/or other amendments to his Employment Agreement. |
| June 7 | Presentation of the Committee’s final report and recommendations to City Council. |

Councilwoman Smith moved that the Committee’s recommendations be approved. The motion was seconded by Councilman Hensley and carried by unanimous voice vote with Council members Garcia Garland, Hayes, Hensley, Miller, Mosby, Smith, and Mayor Beehan voting “Aye.”

FIRST READING OF NEW ORDINANCES

AN ORDINANCE TO PROVIDE REVENUE FOR MUNICIPAL PURPOSES FOR THE FISCAL YEAR BEGINNING JULY 1, 2010, BY IMPOSING A TAX ON ALL PROPERTY WITHIN THE CITY, FIXING THE RATE OF THE TAX, ADOPTING A BUDGET, AND ADOPTING APPROPRIATIONS.

Councilwoman Smith moved that the ordinance be approved on first reading, seconded by Councilman Hensley.

The Interim City Manager advised that since the insertion of \$2.41 in the ordinance as the estimated tax rate for calendar year 2010, the staff has received information from the Anderson County Property Assessor indicating that the certified rate will more likely be in the range of \$2.39 to produce the same

property tax revenue from properties previously on the roll as was billed for those properties for the previous year. He requested that the ordinance be amended to reflect a rate of \$2.39.

Councilman Hensley moved that the ordinance be amended as requested by the Interim City Manager. The motion was seconded by Councilwoman Garcia Garland and carried by unanimous voice vote with Council members Garcia Garland, Hayes, Hensley, Miller, Mosby, Smith, and Mayor Beehan voting "Aye."

The ordinance was then discussed at length with the City Manager, the Deputy City Manager, the Finance Director; Mr. Josh Collins, the Director of Recreation and Parks; Ms. Kathryn Baldwin, the Director of Community Development, and Ms. Katy Brown, the Executive Director of the Convention and Visitors Bureau, responding to the Council's questions and comments. The following motions were offered:

Councilwoman Smith moved that the ordinance be amended to reflect the transfer of \$200,000 from the Golf Course Fund to the Debt Service Fund. The motion was seconded by Councilman Hensley and after brief deliberation, it failed by electronic vote with Council members Hayes, Miller, Mosby, and Mayor Beehan voting "Nay" and Council members Garcia Garland, Hensley, and Smith voting "Aye."

Councilman Hensley moved that the ordinance be amended to reflect the addition of three police officers and one dispatcher in the Police Department, with the estimated cost of \$231,000 for such to be taken from the photo enforcement camera revenues (contained in the Special Programs Fund) in FY 2011 unless the City receives grant funds for this purpose, in which event there would be no 2011 expenditure of existing City funds. The motion died for lack of a second.

Councilwoman Smith moved that the ordinance be amended to reflect deletion of the \$180,000 designated in the Capital Projects Fund for upgrades to Cedar Hill Park. The motion was seconded by Councilwoman Garcia Garland but failed to carry by electronic vote with Council members Hayes, Hensley, Miller, and Mosby and Mayor Beehan voting "Nay" and Council members Garcia Garland and Smith voting "Aye."

Councilman Hensley moved that the ordinance be amended to reflect the addition of \$20,000 in the Community Development budget for housing demolition purposes. The motion was seconded by Councilwoman Smith but failed to carry by electronic vote with Council members Garcia Garland, Miller, Mosby, Smith and Mayor Beehan voting "Nay" and Council members Hayes and Hensley voting "Aye."

Councilwoman Smith moved that the ordinance be amended to reflect an increase of \$3,500 in the transfer from the General Fund to the Grant Fund for allocation as an increase in the social services contract with Aid to Distressed Families of Appalachian Counties. The motion was seconded by Councilman Hayes and carried by electronic vote with Council members Garcia Garland, Hayes, Hensley, Miller, Smith, and Mayor Beehan voting "Aye" and Councilman Mosby voting "Nay."

Councilman Hayes moved that the ordinance be amended to reflect deletion of the \$108,000 allocated in the budget for a contract with The Ferguson Group, the City's federal lobbyist. The motion was seconded by Councilwoman Smith but failed to carry by electronic vote with Council members Garcia Garland, Hensley, Miller, Mosby, and Mayor Beehan voting "Nay" and Council members Hayes and Smith voting "Aye."

Councilwoman Garcia Garland moved that the ordinance be amended by reduction of the transfer from the General Fund to the General Purpose School Fund to the same amount of the transfer for FY 2010 (from \$14,470,131 to \$13,980,802). The motion was seconded by Councilwoman Smith but failed to

carry by electronic vote with Council members Hayes, Hensley, Miller, Mosby, Smith, and Mayor Beehan voting "Nay" and Councilwoman Garcia Garland voting "Aye."

Prior to the final vote on the ordinance, a brief discussion occurred with reference to the Council's desire for improvements to the City's web site. The Deputy City Manager advised that he would be distributing a brief survey in this regard to the Council within the next few days.

The ordinance was approved on first reading, as amended to reflect a property tax rate of \$2.39 for calendar year 2010. The vote was unanimous with Council members Garcia Garland, Hayes, Hensley, Miller, Mosby, Smith, and Mayor Beehan voting "Aye."

RESOLUTIONS – BIDS AND CONTRACTS

Resolution No. 5-38-10

A resolution awarding a contract in the estimated amount of \$77,850.00 to Rogers Group, Inc., Oak Ridge, Tennessee, for the furnishing of all labor, tools, materials, equipment and supplies necessary to perform all work and services for the construction of a parking lot at Elza Gate Park.

Councilwoman Smith moved that the resolution be adopted, seconded by Councilman Hensley.

The resolution was deliberated at some length, with the Interim City Manager and Mr. Jon Hetrick, Parks Maintenance Supervisor in the City's Recreation and Parks Department, responding to the Council's questions and comments.

The resolution was adopted by electronic vote with Council members Hayes, Hensley, Miller, Mosby, Smith, and Mayor Beehan voting "Aye" and Councilwoman Garcia Garland voting "Nay."

ADJOURNMENT

The meeting adjourned at 10:20 p.m.


City Clerk

ADMINISTRATIVE SERVICES MEMORANDUM
10-2B

DATE: May 19, 2010
TO: Gary M Cinder, Interim City Manager
FROM: Steven W. Jenkins, Deputy City Manager
SUBJECT: Certified Tax Rate

The City received the attached notification of the certified tax rate from the State of Tennessee State Board of Equalization. There have been several meetings of the Budget and Finance committee to discuss the reappraisal and the certified tax rate. As discussed in those meetings, approval of the certified rate is necessary to equalize the tax collections based on the recent reappraisal. Based on the reappraisal, the certified rate is \$2.39, which is the rate that was approved by City Council at the first reading of the budget.

Assuming City Council does not increase the rate, the only action that is required is approval of the certified rate by simple resolution that is attached. If City Council approves budget increases that require the tax rate to be above \$2.39, then a series of additional actions will be required. The necessary actions include publication of intent to exceed the certified rate in the newspaper and at least one additional meeting that includes a public hearing. Attached is documentation from the State outlining the actions that will be required to increase the City's property tax rate.

Staff recommends approval of the attached resolution.


Steven W. Jenkins

Attachments

City Manager's Comments:

I have reviewed the above issue and recommend Council action as outlined in this document.


Gary M. Cinder

5/18/2010
Date



RECEIVED
2010 MAY 19 AM 7:57
OFFICE OF THE CITY CLERK

STATE OF TENNESSEE
STATE BOARD OF EQUALIZATION
SUITE 1700
JAMES K. POLK OFFICE BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-0280
PHONE (615) 401-7883

May 17, 2010

Honorable Thomas L. Beehan
Mayor, City of Oak Ridge
P. O. Box 1
Oak Ridge, TN 37831-0001

Re: Equalized property tax rates

Dear Mayor Beehan:

Attached is a text discussion and calculation of equalized property tax rate for the city of Oak Ridge for tax year 2010. The rates for both the Anderson and Roane County portions are the same this year (\$2.39), but that will probably change in the future when the appraisal ratios for the two counties change. The purpose of different rates is to take into account the relative levels of assessments for the different parts of the city, and maintaining a differential of this proportion is the only way to assure an acceptable degree of tax uniformity throughout the city (other than to create an assessment authority for the city and utilize values separate from those established by the county assessors). The proportions established for these rates should be recalculated next year because the appraisal ratios will change.

You are welcome to review these figures and if you concur, the city governing body should proceed to determine (concur in) these equalized rates by simple action on motion and second. This is normally done as the budget is presented. You may use Step 7 of the calculation to determine rates necessary to meet the budget while maintaining the necessary differential, and if the equalized rates do not need to be exceeded, the city may proceed to adopt its actual tax rates. If the equalized rates will need to be exceeded, the city should publish notice and conduct a public hearing before acting on final tax rates. A sample of this notice is enclosed.

Page 2
Mayor Beehan
May 17, 2010

Please call or write if you wish to discuss this further.

Sincerely,

A handwritten signature in cursive script that reads "Kelsie Jones by es". The signature is written in black ink and is positioned above the printed name and title.

Kelsie Jones
Executive Secretary

c: Vernon Long, Anderson County Assessor
Teresa Kirkham, Roane County Assessor

City of Oak Ridge

	Parcels2010	Ratio2010	LoclAsmt09	LoclAsmt10	PSCAsmt09	Ratio09	PSCAsmt10	TotAsmt10	NewRea	NewPers	Rate09	Levy09	AdjAsmt10	EqAdjAsmt
Anderson	12,125	1.0000	541,260,746	641,436,929	7,471,336	0.8094	9,230,709	650,667,638	4,237,663	4,704,285	0.0277	15,199,879	641,725,690	641,725,690
Roane	2,305	1.0000	145,627,374	169,979,658	1,113,320	0.8008	1,390,260	171,369,918	389,968	692,571	0.0277	4,064,717	170,287,379	170,287,379
											TotalLevy	19,264,596		
Instructions:											TotEqAsmt			804,793,688
Fill out columns a-g & k-l											Overall ETR			2.3937
Complete form:											ETRB/Area			
												County1		2.3937
												County2		2.3937

Total Equalized Assessment was reduced by \$7,219,381 for appeals allowance.



STATE OF TENNESSEE
STATE BOARD OF EQUALIZATION

SUITE 1600
JAMES K. POLK STATE OFFICE BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-0280
PHONE (615) 741-4868

Procedure for Developing Equalized Tax Rates for Multi-County Jurisdictions

Background

Tennessee has a number of cities lying in two or more counties which levy a city ad valorem property tax. In these cases, property values in the representative counties were established at different times and therefore are seldom assessed on a comparable basis. The recommended solution has been creation of a separate assessment function for these counties, in which the city is reappraised on the same cycle as the predominant county and maintenance of assessment records is performed either by a city assessor or under agreement with the state and/or representative county assessors. While this is usually the best long-term solution, some cities which have not yet addressed the problem face it anew each time any of their counties are reappraised. Applying the same city tax rate to differently valued parcels raises a serious uniformity issue under the Tennessee Constitution and jeopardizes the validity of the city levy.

One short-term alternative for these cities, pending a general reappraisal, is adjustment of the city tax rate to accommodate differing levels of assessment within the city, a procedure referred to here as the equalization of tax rates. The procedure was approved by the State Board of Equalization on August 14, 1989.

Equalizing the city tax rates

The purpose of this approach is to adjust the actual city tax rate to be applied within each county within the city, in such a way that all properties are taxed uniformly when both the rate and assessed value are considered together. A calculation form is attached, and the concept is explained below.

The first step would be to fix a pro forma equalized tax base for the city. This is done by first dividing the total assessments in the city, by county, by the approved appraisal ratio for that county, and then adding these assessments together. Although applying the same tax rate to these equalized values would achieve rough equity, it would also require creation of a separate assessment records base and agreements with the representative county assessors to maintain it. Equalizing tax rates instead allows the city to defer these arrangements until the general reappraisal.

The second step is determining the previous year's property tax levy, which represents the property taxes billed for the previous tax year. Dividing the previous year's levy by the equalized city tax base yields an overall equalized rate which must then be adjusted for use in the separate areas of the city, by county. The equalized rate for each county portion of the city is determined by dividing the overall rate by the approved appraisal ratio for the county.

If the city needs to increase its rate from the previous year's rate, the city would first increase the overall rate before applying the appropriate adjustment to fix the separate equalized rates.

The foregoing adjustment would be done each year until the long term solution of a general reappraisal, occurred. Each year, the current appraisal ratios and assessed values would be used. Because equalizing tax rates in this manner has the same effect as adjusting relative values throughout the jurisdiction, it is perhaps safest for the city to give public notice before establishing equalized tax rates in excess of those determined through the above process.

Further details concerning these procedures are available from the State Board of Equalization.

S1E078

WORKSHEET FOR CALCULATING TAX RATE EQUIVALENTS AND TARGET RATES FOR MULTI-COUNTY JURISDICTIONS

STEP 1. Collect and list needed information. (see instructions, attached)

<u>Row</u>	<u>Item</u>	(Column A) (most parcels) <u>Area A</u>	(Column B) <u>Area B</u>	(if applicable) (Column C) <u>Area C</u>	(Column D)
1	County name	<u>Anderson</u>	<u>Roane</u>		
2	County parcel count	<u>12,125</u>	<u>2,305</u>		
3	Appraisal ratio	<u>1.0000</u>	<u>1.0000</u>		
4	Unadjusted assessed value	<u>\$ 650,667,638</u>	<u>\$ 171,369,918</u>		
5	Net new real property	<u>\$ 4,237,663</u>	<u>\$ 389,968</u>		
6	Net new personal property	<u>\$ 4,704,285</u>	<u>\$ 692,571</u>		
7	Previous year levy	<u>\$ 15,199,879</u>	<u>\$ 406,4717</u>		<u>\$ 19,264,596</u>

STEP 2. Determine the adjusted current year assessed value by area. By area, subtract new real property (Row 5 above) and new personal property (Row 6 above) from the total unadjusted value (Row 4 above).

<u>Row</u>	<u>Item</u>	<u>Area A</u>	<u>Area B</u>	<u>Area C</u>
8	Adjusted assessed value	<u>\$ 641,725,690</u>	<u>\$ 170,287,379</u>	<u>\$</u>

STEP 3. Equalize the adjusted assessed values. By area, divide the adjusted values (Row 8) by the appraisal ratio (Row 3).

<u>Row</u>	<u>Item</u>	<u>Area A</u>	<u>Area B</u>	<u>Area C</u>
9	Equalized & adjusted values	\$ 641,725,690	\$ 170,287,379	\$
10	Total equalized values	\$ 812,013,069 *		

STEP 4. Determine the overall tax rate equivalent. Divide the previous year's levy (Row 7) by the sum of all equalized values (Row 10) and multiply times 100.

<u>Row</u>	<u>Item</u>	<u>Area A</u>	<u>Area B</u>	<u>Area C</u>
11	Overall tax rate equivalent	\$ 2.39		

STEP 5. Determine the tax rate equivalent by area. By area, divide the overall tax rate equivalent (Row 11) by the appraisal ratio (Row 3).

<u>Row</u>	<u>Item</u>	<u>Area A</u>	<u>Area B</u>	<u>Area C</u>
12	Tax rate equivalent by area	\$ 2.39	\$ 2.39	\$

STEP 6. Targetting the current year's equalized tax rates. Whether the current year's tax rates must be increased above the equivalent rates in item 5 is determined by (a) the amount of any new revenue needs and (b) the taxable value of new real property improvements and personal property added since the previous year. To project current year revenues from the equivalent tax rates, use the most recent total actual assessed values by area (Row 4 above). If the revenues so calculated are sufficient to meet current year needs, no increase above the equivalent rates is necessary and the equivalent rates may be adopted as actual tax rates. Remember to consider usual collection shortfalls in determining whether the equivalent rates will be sufficient. If the equivalent rates are insufficient to generate needed new revenue, calculate the target rates as shown in step 7 below and do not adopt the rates until after publication notice and a public hearing.

- Row 2 - Parcel count
- Row 3 - List here the current year's appraisal ratio approved by the State Board of Equalization for the county.
- Row 4 - List by area the total current year's value of all taxable property.
- Row 5 - List the total current year's value of all real property improvements added to the assessment roll since the previous year's levy was set.
- Row 6 - List the total year's value of all personal property added for the first time in the current year.
- Row 7 - List total property taxes billed from the previous year.

KJ/clh
S1E083

3/29/10 - Distributed to C. Mayor,
Dep. C. Mayor, City Attorney,
and Finance Director

RECEIVED

2010 MAR 29 AM 8:19

OFFICE OF THE CITY CLERK



STATE OF TENNESSEE
STATE BOARD OF EQUALIZATION
SUITE 1700
JAMES K. POLK OFFICE BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-0280
PHONE (615) 401-7883

March 26, 2010

Memorandum

To: County and city mayors in property tax revalue counties

From: Kelsie Jones, Executive Secretary *[Signature]*
State Board of Equalization

Subject: **Certified tax rate compliance**

Jurisdictions completing reappraisal or value updating programs approved by the State Board of Equalization are required by law to calculate a "certified tax rate" based upon the revalued tax base within the jurisdiction. The rate is calculated at the level which will produce the same property tax revenue from properties previously on the roll as was billed for those properties for the previous year. To insure the integrity of the levy against a legal challenge, please take note of the actions needed to comply with this law.

1. Calculation. You will be provided a calculation form with our estimate of the certified rate through the assessor's office. Note that the law does not permit the rate to be rounded up. Tax rates may be adopted in fractions of a cent but rounding up the certified rate is not permitted. *The form should be returned to this office with your signature and the signature of the assessor.* If you want to submit changes please call first.
2. Determination. The county commission (or city council or board) must officially determine the certified rate. This is done by simple action of the body on motion and second. If the certified rate is sufficient to meet the new budget, the governing body may proceed to adopt the actual tax rate, and no further compliance steps are required.
3. Publication. *If the certified rate will not be sufficient to meet the new budget*, the governing body should direct the clerk to arrange publication of a newspaper notice, "Notice of public hearing to consider whether to exceed the certified tax rate". A sample notice is attached, and should be used.

Page 2
Memorandum
March 26, 2010

4. Hearing and adoption of actual tax rate. At the conclusion of the public hearing, the governing body may proceed to adopt the actual tax rate.

5. Documentation. The county or city should send us a copy of the newspaper affidavit of publication within 30 days of publication, and if the certified tax rate is exceeded, we should also be sent a certified copy of the tax rate resolution or ordinance.

This is a brief outline of the process. Please call if we may be of further assistance.

cc: Assessor of Property

Enc.

Example of newspaper advertisement notifying the public of intent to exceed the certified tax rate:

**NOTICE OF INTENT TO EXCEED
CERTIFIED TAX RATE**

The [County Commission][Board of Mayor and Aldermen] of [county or city] will conduct a public hearing on _____, at _____ p.m., on the [county's][city's] intent to exceed the certified property tax rate. This public hearing will be held at _____. [*Optional:* The certified tax rate as defined by T.C.A. §67-5-1701 is \$_____ per \$100 of assessed valuation. The City's proposed FY _____ budget, if adopted, will require a proposed tax levy of \$_____ per \$100 of assessed valuation.]

RESOLUTION

WHEREAS, State law requires periodic general reappraisal of all real property within the County;
and

WHEREAS, a general reappraisal of all property within the City of Oak Ridge has just been
completed; and

WHEREAS, State law further requires that after such general reappraisal, the governing body
shall determine a certified tax rate which will provide the same ad valorem revenue for the City as was
levied during the previous year; and

WHEREAS, such certified tax rate has been determined by the City; and

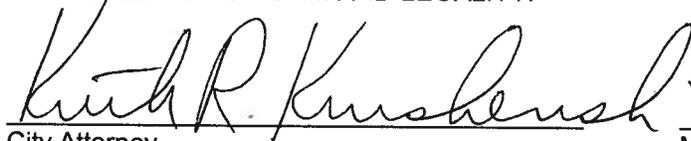
WHEREAS, the State Board of Equalization has reviewed and approved the Certified Tax Rate for
accuracy and equity.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF OAK RIDGE,
TENNESSEE:

That in accordance with the provisions of Tennessee Code Annotated §67-5-1701, the City
Council of the City of Oak Ridge, Tennessee hereby determines and certifies a Certified Tax Rate of \$2.39
for the recently completed general reappraisal of property within the City of Oak Ridge.

This the 24th day of May 2010.

APPROVED AS TO FORM AND LEGALITY:



City Attorney

Mayor

City Clerk

MEMORANDUM

DATE: May 17, 2010

TO: Fellow Members of City Council

FROM: FY 2009 Audit Committee
Councilwoman D. Jane Miller, Chair
Councilwoman Ellen D. Smith
Councilman David N. Mosby

SUBJECT: RENEWAL OF CONTRACT WITH PUGH & COMPANY, P.C.

The Audit Committee met on May 10, 2010 to consider renewal of the contract with Pugh & Company, P.C., Certified Public Accountants, for the audit of the City's accounts and funds for FY 2010. All committee members were present, along with Mr. A. Ted Hotz, Vice President of Pugh & Company; the City Manager, the Deputy City Manager, the City's Finance Director, and the City Clerk.

On May 19, 2008, City Council adopted Resolution No. 5-44-08 which awarded the contract for audit of the FY 2008 operations to Pugh & Company, with payment in the amount of \$45,900, including the preparation of the Comprehensive Annual Financial Report (CAFR). The contract contained options for four additional one-year audit periods – fiscal years ending June 30, 2009, 2010, 2011, and 2012 – with renewal at the discretion of the audit committee, subject to the approval of City Council, and with payment to be in accordance with the proposal submitted by Pugh & Company dated April 11, 2008, provided there is no significant change in the scope of the engagement. The proposed fee for the FY 2010 audit was \$49,700, including preparation of the CAFR, and no significant change in the scope of the audit is anticipated.

At the request of the TVA, Pugh & Company has also agreed to perform additional procedures related to power purchased by the City from the TVA for a fee of \$28,875, with \$25,000 of the cost of such procedures to be borne by the Tennessee Valley Authority.

The attached resolution will approve the employment of Pugh & Company, P.C., Certified Public Accountants, to audit the City's accounts and funds for FY 2010, for a fee of \$49,700, plus \$28,875 for additional procedures related to power purchased by the City from the TVA, for a total payment not to exceed \$78,575. The Audit Committee unanimously recommends the adoption of this resolution.


D. Jane Miller

Attachment

RESOLUTION

WHEREAS, Article V, Section 19, of the Charter of the City of Oak Ridge, Tennessee, provides that an audit shall be made of the accounts and funds of the City covering the operations of the past fiscal year by a Certified Public Accountant selected by the Council; and

WHEREAS, to aid in the selection of a firm of certified public accountants to conduct the audit for the past fiscal year and to oversee said audit, City Council has appointed three of its members to serve as an Audit Committee; and

WHEREAS, on the recommendation of the Audit Committee and with the adoption of Resolution No. 5-44-08 on May 19, 2008, City Council engaged the firm of Pugh & Company, P.C., Knoxville, Tennessee, to conduct the audit of the City's accounts and funds for the fiscal year ending June 30, 2008; and

WHEREAS, the contract for said audit contained options for four additional one-year audit periods, including the fiscal year ending June 30, 2010; and

WHEREAS, the Audit Committee has determined that it would be in the City's best interests to extend the contract with the firm of Pugh & Company for an additional one-year period, and the firm has agreed to such an extension for a fee of \$49,700.00, including preparation of the City's Comprehensive Annual Financial Report; and

WHEREAS, said firm has also agreed to perform additional procedures related to power purchased by the City from the Tennessee Valley Authority (TVA) for a fee of \$28,875, \$25,000 of which shall be reimbursed by TVA..

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF OAK RIDGE, TENNESSEE:

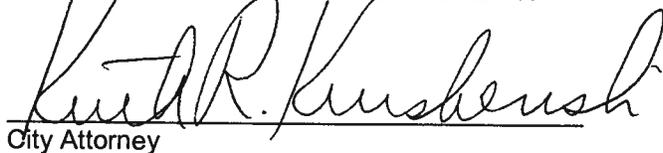
That the recommendation of City Council's Audit Committee is approved and the firm of Pugh & Company, P.C., Certified Public Accountants, Knoxville, Tennessee, is employed to audit the accounts and funds of the City of Oak Ridge, Tennessee, covering the operations for the fiscal year ending June 30, 2010 for a fee of \$49,700 for the regular audit and preparation of the City's Comprehensive Annual Financial Report and \$28,875 for additional procedures related to power purchased by the City from the Tennessee Valley Authority, for a total payment not to exceed \$78,575.00.

BE IT FURTHER RESOLVED that the TVA shall reimburse the City for \$25,000 of the costs associated with the additional procedures related to power purchased by the City from TVA.

BE IT FURTHER RESOLVED that the Mayor is hereby authorized to execute the appropriate legal instruments to accomplish the same.

This the 24th day of May 2010.

APPROVED AS TO FORM AND LEGALITY:



City Attorney

Mayor

City Clerk

ADMINISTRATIVE SERVICES MEMORANDUM
10-3B

DATE: May 19, 2010
TO: Gary M Cinder, Interim City Manager
FROM: Steven W. Jenkins, Deputy City Manager
SUBJECT: Changes to the appropriation ordinance

At the first reading of the City's appropriation ordinance, there were 2 amendments that were approved by City Council. The first amendment reduced the proposed property tax rate from \$2.41 to \$2.39. This amendment was necessary to reduce the rate to match the certified tax rate. The second amendment was to increase the funds that are transferred to ADFAC by \$3,500. This amendment was based on a request from ADFAC and will help to offset the increased demands related to the current economic conditions. The attached ordinance includes the changes necessary to reflect the amendments that were approved at first reading.

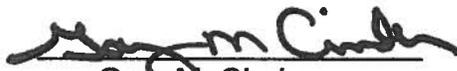
Staff recommends approval of the attached ordinance.


Steven W. Jenkins

Attachments

City Manager's Comments:

I have reviewed the above issue and recommend Council action as outlined in this document.


Gary M. Cinder

5/19/2010
Date

FINANCE DEPARTMENT MEMORANDUM
10-04

DATE: May 6, 2010

TO: Gary M. Cinder, Interim City Manager

THROUGH: Steven W. Jenkins, Deputy City Manager

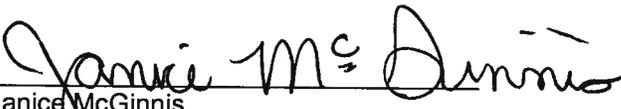
FROM: Janice E. McGinnis, Finance Director

SUBJECT: FY 2011 Appropriation Ordinance



Attached is the fiscal 2011 Appropriation Ordinance reflecting appropriations for the various City Funds as presented in the proposed budget document. The calendar 2010 proposed property tax rate is \$2.41 per \$100 of assessed valuation as outlined in Section 2 of the ordinance. As you are aware, this is a reappraisal year for property tax assessments in Oak Ridge. The \$2.41 property tax rate presented in the Appropriation Ordinance is the tax rate that City staff estimates to be the certified tax rate for 2010. The State of Tennessee will provide the base certified tax rate. The State calculates the certified rate at the level which will produce the same property tax revenue from properties previously on the roll as was billed for those properties for the previous year. City Council must take official action on the certified tax rate. The certified tax rate and required City Council actions will be provided as soon as the information is received from the State.

The City's General Fund municipal expenditures are budgeted at \$19,240,721, a 2.9% increase over fiscal 2010 budgeted expenditure levels. The City's operating transfer to the Oak Ridge Schools is presented at the School Board's requested fiscal 2011 funding level of \$14,470,131, a 3.5% increase over fiscal 2010 funding levels.


Janice McGinnis

Attachments

<p>Interim City Manager's Comments:</p> <p>I have reviewed the above issue and recommend approval of the attached ordinance.</p> <p> _____ Gary M. Cinder</p> <p><u>5/6/10</u> _____ Date</p>

TITLE

AN ORDINANCE TO PROVIDE REVENUE FOR MUNICIPAL PURPOSES FOR THE FISCAL YEAR BEGINNING JULY 1, 2010, BY IMPOSING A TAX ON ALL PROPERTY WITHIN THE CITY, FIXING THE RATE OF THE TAX, ADOPTING A BUDGET, AND ADOPTING APPROPRIATIONS.

WHEREAS, the City Manager, in accordance with the requirements of Article V, Section 10, of the Charter of the City of Oak Ridge, has submitted to City Council a proposed budget prior to the beginning of the fiscal year upon which a public hearing was held on May 10, 2010 as required by law; and

WHEREAS, in accordance with the requirements of the same Charter section, the Council held meetings which served to provide guidance to the City Manager on the preparation of the proposed budget.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF OAK RIDGE, TENNESSEE:

Section 1. The budget for the fiscal year beginning July 1, 2010, submitted to City Council by the City Manager, is hereby adopted.

Section 2. In order to provide revenue for municipal purposes, there is hereby imposed on the value of all property within the City of Oak Ridge as such value has been ascertained by the taxing authority of the City, a levy at the rate of \$2.39 upon each One Hundred Dollars' (\$100.00) worth of assessed value of all taxable property, this levy to be the tax rate for the year 2010. This levy shall also be imposed upon such assessments as may be certified for tax purposes to the City of Oak Ridge by the Public Service Commission of the State of Tennessee.

Section 3. In accordance with Article V, Section 13, of the Charter of the City of Oak Ridge, the following amounts shall be and hereby are adopted as appropriations by funds for the operation of the City of Oak Ridge, Tennessee, for Fiscal Year 2011:

General Fund, Municipal Operations	\$ 19,240,271
Debt Service (Bond and Interest Redemption Fund)	\$ 8,655,000
State Street Aid Fund	\$ 1,383,000
Streets and Public Transportation Fund	\$ 260,000
Drug Enforcement Program Fund	\$ 363,000
Grant Fund	\$ 4,500,000
General Purpose School Fund	\$ 55,035,408
Golf Course Fund	\$ 1,335,000
Capital Projects Fund	\$ 4,750,000
Solid Waste Fund	\$ 2,460,300
Economic Diversification Fund	\$ 2,837,000
West End Fund	\$ 2,750,000
Special Programs Fund	\$ 900,000

Section 4. The following amounts in the proprietary-type funds are projected expenses for Fiscal Year 2011 and are provided for informational purposes:

Electric Fund	\$ 55,610,000
Waterworks Fund	\$ 18,850,000
Emergency Communications District Fund	\$ 545,000

Section 5. In order to provide funds to meet the expenditure requirements, the following transfers are projected for Fiscal Year 2011 and are provided for informational purposes:

<u>To General Fund For Tax Equivalent</u>	
From Electric Fund	\$ 1,230,000
From Waterworks Fund	\$ 1,270,000
<u>To General Purpose School Fund for Operations</u>	
From General Fund	\$ 14,470,131
<u>To Debt Service Fund</u>	
From General Fund	\$ 3,545,000
<u>To Capital Projects Fund</u>	
From General Fund	\$ 476,271
<u>To Economic Diversification Fund</u>	
From Electric Fund	\$ 164,000
From Waterworks Fund	\$ 132,000
<u>To State Street Aid Fund</u>	
From General Fund	\$ 653,000
<u>To Streets and Public Transportation Fund</u>	
From General Fund	\$ 55,000
<u>To Solid Waste Fund</u>	
From General Fund	\$ 1,460,300
<u>To Grant Fund</u>	
From General Fund	\$ 171,850

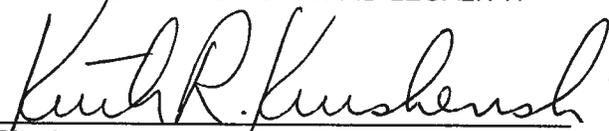
Section 6. All proceeds received through fines, forfeitures and the disposal of seized goods resulting from the City's drug enforcement program shall be used exclusively for that program. A Special Revenue Fund has been established and any funds expended will be limited to the funds collected for that program.

Section 7. The taxes levied under this Ordinance shall become due and payable, shall become delinquent and shall be subject to penalties, the execution of distress warrants and sale of property levied upon as provided by law.

Section 8. The levy provided for herein shall be imposed on all taxable property as the same has been reported to the Council as a final total assessment of each class of property by the legally constituted Boards of Equalization for property situated in either Anderson County or Roane County within the City of Oak Ridge. The written report of the Equalization Boards shall be the assessment roll of the City of Oak Ridge.

Section 9. This Ordinance shall become effective ten (10) days after adoption on second reading, the welfare of the City of Oak Ridge requiring it.

APPROVED AS TO FORM AND LEGALITY:


City Attorney

Mayor

City Clerk

Public Hearing: 5/10/10
First Reading: 5/10/10
Publication Date: 5/17/10
Second Reading: 5/24/10
Publication Date: _____
Effective Date: _____

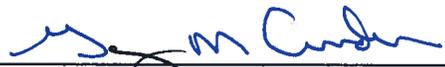
CITY COUNCIL MEMORANDUM
10-18

DATE: May 19, 2010
TO: Honorable Mayor and Members of City Council
FROM: Gary M. Cinder, Interim City Manager
SUBJECT: CITY MANAGER'S REPORT

Oak Ridge Chamber of Commerce Contract

Council Action Recommended: None, for information only.

The current contract between the City and the Chamber of Commerce for economic development services will expire on June 30, 2010. Due to scheduling problems, the presentation of a new agreement between the City and the Chamber will be presented for the Council's consideration at the July 12, 2010 meeting. As work will continue after contract expiration, it is staff's intent to have the agreement post-dated to ensure contractual coverage for the entire period.



Gary M. Cinder