

MINUTES OF MEETING, ATHENS CITY COUNCIL, JULY 18, 2006

The Athens City Council met in regular session on Tuesday, July 18, 2006, at 6:00 P.M. with Vice Mayor Perkinson presiding in the absence of Mayor Proffitt. The invocation was given by Council Member Alvey; and upon roll call, the following members were present:

Alvey, Myers, Pelley, Perkinson

Mayor Proffitt was out-of-town and did not attend the meeting.

The following decisions were made and ordered made a part of the records of the Athens City Council.

- 1 -

MINUTES

The Minutes of the regularly scheduled meeting held on June 20, 2006, which included the Adjourned Meeting on June 29, were submitted. Motion was made by Council Member Myers, seconded by Council Member Alvey, to approve the Minutes as submitted. Upon discussion, Council Member Pelley questioned the amendment to Budget Ordinance No. 942, as approved during the Adjourned Meeting on June 29, 2006. It was his understanding the amendment would allow for a cost of living increase from two percent to three percent for all employees in next year's budget. However, the motion as recorded in the Minutes reflects the possibility of a merit increase of up to three percent. Council members Alvey, Myers, and Perkinson affirmed their understanding of the motion during last month's meeting. Council Member Pelley advised that he would not have supported the amendment if he had fully understood the intention of the motion. After brief discussion, the Minutes were approved by voice vote.

- 2 -

COMMUNICATIONS FROM THE MAYOR

PRESENTATION OF VIVID AWARD

Council Member Alvey, along with all members of the Athens City Council, presented the *Very Important Volunteer Individual Award* for the month of July 2006 to Peggy Arterburn. Ms. Arterburn, who recently retired as President and CEO of the Athens Area Chamber of Commerce, was recognized for her significant service on the City of Athens Council Advisory Committee; the International Relations Council, which initiated the Sister City Program in the 1980's; the Commercial Recruitment Committee; and the Downtown Partnership Committee.

- 3 -

PROCLAMATION HONORING PEGGY ARTERBURN

Council Member Myers read and presented a proclamation to Ms. Arterburn honoring her 41 years of faithful service to the Chamber of Commerce. Beginning her employment with the Chamber in 1965, she was promoted to President and Chief Executive Officer in 1985 and served in that position until her recent retirement on July 14, 2006.

PROCLAMATIONS RECOGNIZING LOCAL VOCATIONAL STUDENTS

Council members Pelley and Myers presented proclamations honoring local students for their participation in a national Quiz Bowl competition last month. Students from the Tennessee Technology Center At Athens included Kristen Bull, Cindy Ellison, Sasha Lowery, Jonathan Rogers, Stephanie Webb, Margaret Arjomandi, T. J. Murphy, Cynthia Bailey-Ferguson, Todd McCurry, and Robert Stewart. Students from the McMinn County Vocational Center included Anthony Aiken, Jonathan Aiken, state officer Daniel Bonior, Jennifer Bonior, Jeb Brown, Jack Guthrey, and Caitie Horne. It was noted that both teams won national championships in their respective competitions, with the McMinn County Vocational Center winning its four consecutive championship and the TN Technology Center winning its second consecutive championship.

MUNICIPAL ACHIEVEMENT AWARD

While attending the annual Tennessee Municipal League Conference in Nashville, members of the Athens City Council were awarded a Municipal Achievement Award for *Excellence in Quality of Life Initiatives*. Vice Mayor Perkinson acknowledged receipt of this award which was presented in recognition of the Daddy/Daughter Dance. Austin Fesmire and his staff were commended for their outstanding efforts on behalf of the citizens of this community.

NATIONAL MARROW DONOR PROGRAM

Vice Mayor Perkinson acknowledged receipt of a certificate acknowledging the City's outstanding efforts in support of the National Marrow Donor Program and the Cooperative Appalachian Morrow Program, Inc. It was noted that the City participated in a successful bone marrow drive in conjunction with the Medic Blood Program on June 23, 2006.

MISCELLANEOUS CORRESPONDENCE

Vice Mayor Perkinson acknowledged receipt of numerous letters and notes of appreciation for services performed by city staff members.

PETITIONS AND REQUESTS

AUDIENCE

Vice Mayor Perkinson opened the meeting for petitions and requests from the audience. In response to a question from the audience regarding the proposed Mt. Verd annexation ordinance scheduled to be read later in the meeting, Vice Mayor Perkinson announced the following schedule

of events: 1st reading of the ordinance to be considered on July 18; if passed on first reading, recommendation from the Planning Commission regarding the proposed Plan of Services to be considered on August 15; Public Hearing of annexation ordinance on August 15; second and final reading of annexation ordinance projected for consideration on September 19; Public Hearing for Plan of Services to be held on September 19. After other comments, Mr. Rick Lay, a resident of the Belmont Hills Subdivision located on County Road 242, urged the Council to postpone the annexation until a major industry is ready to locate in that area and infrastructure dollars are available to cover the expenditures associated with this annexation. There were no other petitions or requests to be heard at this time.

- 9-

REPORTS

FINANCE DEPARTMENT REPORT

Mr. Mike Keith presented the Finance Department Report for the month and year ending June 30, 2006. He reviewed the Cash Balances and Investment Sheet as well as the revenue and expenditure reports for the General Fund and Sanitation. After brief discussion and comments, the report was accepted as presented.

- 10 -

POLICE DEPARTMENT REPORT

Chief Chuck Ziegler presented the Police Department Report for the month of June 2006. After brief discussion and comments, the report was accepted as presented.

- 11 -

FIRE DEPARTMENT REPORT

In the absence of Chief Miller, Fire Marshal Jim Benton presented the Fire Department Report for the month of June 2006. After brief discussion and comments, the report was accepted as presented.

- 12 -

COMMUNITY DEVELOPMENT QUARTERLY REPORT

Mr. Harold Hunter, Community Development Director, presented the Building Permit Quarterly Report for the City of Athens. For the period ending June 30, 2006, he reported the issuance of 155 permits, with valuation costs estimated at \$6,186,587. After brief comments, the report was accepted as presented.

- 13 -
ORDINANCES

ORDINANCE NO. 943 – SECOND READING – PUBLIC HEARING

“AN ORDINANCE TO AMEND ORDINANCE NO. 914 ENTITLED ‘THE ZONING ORDINANCE OF THE CITY OF ATHENS, TENNESSEE,’ SO AS TO AMEND CHAPTER 3, ZONING DISTRICTS, MORE SPECIFICALLY THE ADDITION OF SECTION 3.04.16 HISTORIC PRESERVATION COMMISSION AND HISTORIC OVERLAY DISTRICT AND CONSERVATION OVERLAY DISTRICT.”

Upon the reading of the caption by the recording clerk, Vice Mayor Perkinson opened the Public Hearing on Ordinance No. 943. There being no one wishing to discuss the ordinance, Public Hearing was closed. Upon consideration of this ordinance, motion was made by Council Member Pelley, seconded by Council Member Myers, to approve Ordinance No. 943 on Second and Final Reading, and upon roll call, Ordinance No. 943 was approved by the following vote:

AYES: Myers, Pelley, Perkinson
NAYS: Alvey
ABSENT: Proffitt

- 14 -
OLD BUSINESS

RECOMMENDATION FROM ARPC – REQUEST TO ABANDON PIPER ROAD

Vice Mayor Perkinson presented Minutes of the Athens Regional Planning Commission, meeting in regular session on June 5, 2006, unanimously recommending that City Council abandon Piper Road contingent upon a determination by the City Attorney relative to the rights of adjoining property owners. In a letter dated June 21, 2006, City Attorney Trew advised that Mr. Layman, one of the property owners to be affected by this street closing, is in a position to object to the plan and to make a claim for damages. After brief comments, motion was made by Council Member Myers, seconded by Council Member Pelley, to deny the abandonment based on the City Attorney’s comments as noted above. Upon roll call, the motion to deny the requested abandonment was approved by the following vote:

AYES: Alvey, Myers, Pelley, Perkinson,
NAYS: None
ABSENT: Proffitt

- 15 -

RECOMMENDATION FROM ARPC – MT. VERD ANNEXATION

Vice Mayor Perkinson presented Minutes of the Planning Commission, meeting in regular session on April 4, 2005, unanimously recommending that City Council proceed with the annexation of the Mount Verd Corridor. The proposed territory to be annexed is depicted in an attached map dated July 2006. The following ordinance was presented for consideration:

ORDINANCE NO. 944 – FIRST READING

“AN ORDINANCE TO ANNEX PROPERTY KNOWN AS THE MOUNT VERD AREA, AND DESCRIBED IN THE BODY OF THIS ORDINANCE, AND TO INCORPORATE THE SAME WITHIN THE CORPORATE BOUNDARIES OF THE CITY OF ATHENS, TENNESSEE.”

The caption of the above-described Ordinance was read by the recording clerk. Motion was made by Council Member Pelley, seconded by Council Member Alvey, to table Ordinance No. 944 on First Reading until next month. Upon discussion, Council Member Pelley stated it would be his desire to have the Mayor in attendance for the vote. Additionally, it was his feeling that the annexation had not been discussed as thoroughly as needed. After other comments, the motion to table was defeated by the following roll call vote:

AYES: Pelley
NAYS: Alvey, Myers, Perkinson
ABSENT: Proffitt

After additional discussion and comments of support from council members, motion was then made by Council Member Alvey, seconded by Council Member Myers, to approve Ordinance No. 944 on First Reading. Upon roll call, Ordinance No. 944 was approved by the following vote:

AYES: Alvey, Myers, Pelley, Perkinson
NAYS: None
ABSENT: Proffitt

- 16 -

ACCEPTANCE OF FEMA GRANT – PURCHASE ATHENS SUPPLY PROPERTY

As discussed briefly last month and during recent work session, the City of Athens applied for and was approved for grant funds through the Hazard Mitigation Grant Program in 2003 to acquire the Athens Supply property located at 106 Bank Street. According to correspondence dated November 25, 2003, from Mr. James H. Bassham of the Tennessee Emergency Management Agency, the grant has been approved for a total net eligible project cost of \$940,000 of which 75% will be federal funds (\$705,000). The purpose of these FEMA grant funds is to acquire property and structures that have been subject to frequent and severe flooding such as the Athens Supply Company property, which has experienced ten significant floods within the last forty years. These grant funds, both federal and local, will be used to acquire the property, demolish structures, and convert the land to a more appropriate use. The following resolution accepts the terms of the grant and authorizes the Mayor and City Manager to proceed in its efforts to purchase the Athens Supply property:

RESOLUTION NO. 2006-28

“A RESOLUTION AUTHORIZING ACCEPTANCE AND EXECUTION OF A HAZARD MITIGATION GRANT TO PURCHASE THE ATHENS SUPPLY PROPERTY LOCATED ON BANK STREET.”

The caption of Resolution No. 2006-28 was read by the recording clerk. Motion was made by Council Member Pelley, seconded by Council Member Myers, to approve Resolution No. 2006-28. Upon discussion, Council Member Alvey expressed opposition based on several issues. She advised the County Tax Assessor has the property appraised for \$108,360 as opposed to the project appraisal (which allows for relocation of the business from a flood zone) of \$850,000. Also, she expressed concern in that the purchase of this property by the City would eliminate it from the tax rolls. Instead, she encouraged that the property be left on the market as several potential buyers have expressed interest since the initial resolution was passed in 2003. Based on the City's portion of the grant purchase (\$135,000), she felt the purchase of this property would be of no benefit to the City of Athens. Regarding possible environmental issues, Mr. Mike Bourne of the Southeast Tennessee Development District, who would be administering the grant for the City of Athens, stated that the City would become an innocent landowner as it would not have been responsible for contributing to any contamination of the soil. He further advised if the City participates in this grant purchase, the property must remain in municipal ownership. It was Council Member Pelley's contention that the purchase of this property, containing 2.7 acres, will change the face of downtown Athens for its betterment and expressed his support. Other council members expressing a desire to move forward with this project were Council Member Myers and Vice Mayor Perkinson. After other comments, the resolution was approved by the following roll call vote:

AYES: Myers, Pelley, Perkinson

NAYS: Alvey

ABSENT: Proffitt

- 17 -

NEW BUSINESS

EDA PROPOSAL TO PURCHASE STILES PROPERTY

Mr. Jack Hammontree of the McMinn County Economic Development Authority presented a proposal to expand the Interstate Industrial Park by purchasing 24.5 acres from the estate of Louise Stiles at a cost of \$12,500 per acre. Mr. Hammontree requested that the City join with EDA and McMinn County in the purchase of this property at a total cost of \$306,250, with the City agreeing to pay one-half or \$153,125. After other comments, the following resolution was presented authorizing the City of Athens to approve and to appropriate the sum of \$153,125 as its share of the purchase transaction:

RESOLUTION NO. 2006-29

"A RESOLUTION TO APPROVE FUNDING FOR THE PURPOSE OF ACQUIRING ADDITIONAL PROPERTY TO EXPAND THE MCMINN COUNTY 1-75 INDUSTRIAL PARK IN ATHENS."

The caption of Resolution No. 2006-29 was read by the recording clerk. Motion was made by Council Member Myers, seconded by Council Member Alvey, to approve Resolution No. 2006-29. After discussion, the resolution was approved by the following roll call vote:

AYES: Alvey, Myers, Pelley, Perkinson

NAYS: None

ABSENT: Proffitt

RECOMMENDATION FROM ARPC – STERLING ROAD REZONING REQUEST

Vice Mayor Perkinson presented Minutes of the Planning Commission, meeting in regular session on July 3, 2006, unanimously recommending the rezoning of property located on Sterling Road and Rocky Mount Road, being shown as Lot #1 on McMinn County Tax Map 65. The property owner, Mr. Phil Patrick, has expressed desire to build residential housing at this location. After brief comments, the following ordinance was presented for consideration:

ORDINANCE NO. 945 – FIRST READING

“AN ORDINANCE TO AMEND ‘THE ZONING ORDINANCE OF THE CITY OF ATHENS, TENNESSEE,’ SO AS TO AMEND THE OFFICIAL ZONING MAP TO REZONE PROPERTY ALONG STERLING ROAD FROM I-1 (LIGHT INDUSTRIAL DISTRICT) TO R-2 (MEDIUM DENSITY RESIDENTIAL DISTRICT) SAID AREA BEING LOCATED WITHIN THE CORPORATE LIMITS OF ATHENS, TENNESSEE.”

The caption of the above-described Ordinance was read by the recording clerk. Motion was made by Council Member Pelley, seconded by Council Member Myers, to approve Ordinance No. 945 on First Reading, and upon roll call, Ordinance No. 945 was approved by the following vote:

AYES: Alvey, Myers, Pelley, Perkinson
NAYS: None
ABSENT: Proffitt

TML RISK MANAGEMENT POOL GRANT

As discussed during recent work session, Ms. Rita Brown, Director of Human Resources for the City of Athens, presented staff’s recommendation to apply for grant funds up to \$2,000 through the TML Safety Grant program. As described in a memorandum dated July 10, 2006, these grant funds will be used to purchase safety vests for police and public works, an automated external defibrillator for the Ingleside Pool, and other respiratory equipment at an estimated cost of \$4,552.21. After brief comments, the following resolution was presented for consideration:

RESOLUTION NO. 2006-30

“A RESOLUTION AUTHORIZING THE CITY OF ATHENS, TENNESSEE, TO PARTICIPATE IN THE TML RISK MANAGEMENT POOL LOSS CONTROL MATCHING GRANTS PROGRAM.”

The caption of Resolution No. 2006-30 was read by the recording clerk. Motion was made by Council Member Alvey, seconded by Council Member Myers, to approve Resolution No. 2006-30. After discussion, the resolution was approved by the following roll call vote:

AYES: Alvey, Myers, Pelley, Perkinson
NAYS: None
ABSENT: Proffitt

In future grant considerations, Council Member Alvey encouraged city staff to pursue the purchase of a defibrillator for each location of city government.

- 20 -

GOVERNOR'S HIGHWAY SAFETY GRANT

Chief Ziegler presented staff's recommendation to apply for grant funds in the amount of \$5,000 to assist in local traffic safety programs. He advised these funds will be used to update cameras in patrol vehicles. After other comments, the following resolution was presented for consideration:

RESOLUTION NO. 2006-31

“A RESOLUTION AUTHORIZING THE SUBMISSION OF A GRANT APPLICATION THROUGH THE GOVERNOR'S HIGHWAY SAFETY PROGRAM.”

The caption of Resolution No. 2006-31 was read by the recording clerk. Motion was made by Council Member Alvey, seconded by Council Member Myers, to approve Resolution No. 2006-31. Upon roll call, the resolution was approved by the following vote:

AYES: Alvey, Myers, Pelley, Perkinson
NAYS: None
ABSENT: Proffitt

- 21 -

COMMUNITY DEVELOPMENT BLOCK GRANT

As discussed during recent work session, City Manager Moore advised that the City of Athens is eligible to request up to \$650,000 in loan funds through the Community Development Block Grant program for the purpose of assisting local industry and the creation of new jobs within the community. Mr. Moore advised that Maxwell Industries is locally based and is anticipating the creation of 30 jobs. He further noted that the City of Athens shall assume no financial liability for these loans as a result of this action. After brief comments, the following resolution was presented for consideration:

RESOLUTION NO. 2006-32

“A RESOLUTION AUTHORIZING SUBMISSION OF A GRANT APPLICATION TO THE TENNESSEE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT THROUGH THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM.”

The caption of Resolution No. 2006-32 was read by the recording clerk. Motion was made by Council Member Alvey, seconded by Council Member Myers, to approve Resolution No. 2006-32. After discussion, the resolution was approved by the following roll call vote:

AYES: Alvey, Myers, Pelley, Perkinson
NAYS: None
ABSENT: Proffitt

LAW ENFORCEMENT INFORMATION SHARING SYSTEM

Police Chief Ziegler advised that the Chattanooga Police Department has received a grant from Homeland Security to develop a Law Enforcement Information Sharing System known as the CopLink Program for use by regional counties. It was noted that McMinn County's grant will fund \$20,000 for the City of Athens to participate in the program during the first two years. Beginning the third year and each year thereafter, the City of Athens shall be responsible for maintenance costs estimated at \$1,045 annually. The following resolution was presented for consideration:

RESOLUTION NO. 2006-33

“A RESOLUTION TO AUTHORIZE THE CITY OF ATHENS TO ENTER INTO AN AGREEMENT FOR FUNDING OF LAW ENFORCEMENT INFORMATION SHARING SYSTEM (COPLINK PROGRAM).”

The caption of Resolution No. 2006-33 was read by the recording clerk. Motion was made by Council Member Myers, seconded by Council Member Alvey, to approve Resolution No. 2006-33. Upon roll call, the resolution was approved by the following vote:

AYES: Alvey, Myers, Pelley, Perkinson
NAYS: None
ABSENT: Proffitt

APPROVE UTILITIES BOARD BUDGET FOR FY 2006/07

As required by the State Comptroller's Office, Vice Mayor Perkinson presented the proposed budget for the Athens Utilities Board for fiscal year ending June 30, 2007. There being no discussion, motion was made by Council Member Myers, seconded by Council Member Alvey, to approve the budget as presented. Upon roll call, the motion was approved by the following vote:

AYES: Alvey, Myers, Pelley, Perkinson
NAYS: None
ABSENT: Proffitt

CITY OF ATHENS BUDGET AMENDMENT NO. 3 – FY 2005/06

Finance Director Mike Keith presented staff's recommendation to approve Budget Amendment No. 3 for fiscal year ending June 30, 2006. In a memorandum dated July 5, 2006, Finance Director Mike Keith stated the purpose of this amendment is to record pass-through grants to the Athens Utilities Board for various projects in conjunction with the Southeast Tennessee Development District. There being no further discussion, motion was made by Council Member Alvey, seconded by Council Member Myers, to approve the City of Athens Budget Amendment No. 3 as presented by city staff. Upon roll call, the motion was approved by the following vote:

AYES: Alvey, Myers, Pelley, Perkinson
NAYS: None
ABSENT: Proffitt

- 25 -

CONTRACT EXTENSION – JANITORIAL/CLEANING

Vice Mayor Perkinson presented written documentation acknowledging the mutual desire of the City of Athens and Bright & Shine Cleaning & Maintenance to extend the terms and conditions of the current janitorial/cleaning contract through August 31, 2007. The following resolution was presented for consideration:

RESOLUTION NO. 2006-34

“A RESOLUTION AUTHORIZING THE EXTENSION OF A CONTRACTUAL AGREEMENT BETWEEN THE CITY OF ATHENS, TENNESSEE, AND BRIGHT & SHINE CLEANING & MAINTENANCE.”

The caption of Resolution No. 2006-34 was read by the recording clerk. Motion was made by Council Member Pelley, seconded by Council Member Myers, to approve Resolution No. 2006-34. After discussion, the resolution was approved by the following roll call vote:

AYES: Alvey, Myers, Pelley, Perkinson
NAYS: None
ABSENT: Proffitt

- 26 -

REVIEW BIDS – PORTABLE DIESEL-POWERED AIR COMPRESSOR

In review of Bid No. 1427 dated June 30, 2006, Finance Director Mike Keith recommended the acceptance of the low bid to purchase a portable diesel air compressor (trailer mounted). After brief comments, motion was made by Council Member Alvey, seconded by Council Member Myers, to accept the low bid as submitted by Ingersoll Rand in the amount of \$10,970. Upon roll call, the motion was approved by the following vote:

AYES: Alvey, Myers, Pelley, Perkinson
NAYS: None
ABSENT: Proffitt

- 27 -

PROPOSED SURPLUS PROPERTY – MILITARY VEHICLES

Vice Mayor Perkinson presented staff's recommendation to declare five military vehicles operated by the Athens Police Department as surplus property to be offered for public sale. Attached to the memorandum was a letter dated June 12, 2006 from the Tennessee Department of

General Services authorizing disposal of the equipment. After brief comments, motion was made by Council Member Myers, seconded by Council Member Pelley, to declare the vehicles as surplus property and to authorize their sale as recommended by city staff. Upon roll call, the motion was approved by the following vote:

AYES: Alvey, Myers, Pelley, Perkinson
NAYS: None
ABSENT: Proffitt

- 28 -

COMMITTEE APPOINTMENT – RECREATION ADVISORY BOARD

Vice Mayor Perkinson presented three committee applications for the vacancy on the Recreation Advisory Board as follows: Reba Powers, a resident of 109 Mason Street; Jeanne Williams, a resident of 506 East Madison Avenue; and Ralph Baldwin of 3006 Hawthorne Street. Each council member expressed difficulty in selecting one due to the outstanding caliber of candidates. Based primarily on his recreational background, motion was made by Council Member Myers, seconded by Vice Mayor Perkinson, to appoint Ralph Baldwin to fill the vacancy on the Recreation Advisory Board. Upon the following roll call, the motion failed due to the lack of a majority vote:

AYES: Myers, Perkinson
NAYS: Alvey, Pelley
ABSENT: Proffitt

Indicating his desire to bring more balance to the committee (as it relates to the number of females versus the number of males), motion was made by Council Member Pelley, seconded by Council Member Alvey, to appoint Ms. Reba Powers to serve a four-year term on the Recreation Advisory Board. Her term will expire on June 30, 2010. Upon roll call, the motion was approved by the following vote:

AYES: Alvey, Pelley, Perkinson
NAYS: Myers
ABSENT: Proffitt

- 29 -

MANAGER'S REPORT

City Manager Moore presented the Manager's Report. He reviewed progress of current city projects/meetings scheduled during the months of July and August. After additional discussion, the report was accepted as presented.

8:14 P.M.....The Athens City Council recessed and reconvened as the Athens Beer Board

RELINQUISHMENT OF BEER PERMIT – TOBACCO & BEVERAGES MART

Vice Mayor Perkinson presented a letter of relinquishment dated July 12, 2006, for the Tobacco & Beverages Mart located at 1852 Decatur Pike, effective following the close of business on August 6, 2006. It was noted that the establishment will be going out-of-business as of that date. After brief comments, motion was made by Council Member Myers, seconded by Council Member Pelley, to accept the relinquishment as submitted. Upon roll call, the motion was approved by the following vote:

AYES: Alvey, Myers, Pelley, Perkinson
NAYS: None
ABSENT: Proffitt

**8:15 P.M.....The Athens Beer Board adjourned and reconvened
as the Athens City Council**

ADJOURNMENT

There being no further business to come before the meeting and upon motion duly made and seconded, the meeting adjourned at 8:25 p.m.

JOHN M. PROFFITT, Mayor

MITCHELL B. MOORE, City Manager