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**JUNE 1, 2009**  
**CITY OF HIAWASSEE**  
**OPERATIONS & FINANCE COMMITTEE**  
**COMMITTEE MINUTES/SUMMARY**

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**THE OPERATIONS AND FINANCE COMMITTEE MET ON MONDAY, JUNE 1, 2009 AT 3:30 PM AT CITY HALL. CHAIRMAN ANNIE JOHNSON CALLED THE MEETING TO ORDER. ATTENDING THE MEETING WERE BARBARA MATHIS, MAYOR, ANNIE JOHNSON, COUNCILMAN, JANET ALLEN, COUNCILMAN, RICK STANCIL, MANAGER, BOB CRAWFORD, MEMBER, AND CHRIS SWETT, CITY RESIDENTS. A QUORUM WAS PRESENT.**

OLD BUSINESS.

- 1) APPALACHIAN REGIONAL COMMISSION GRANT AND FUNDING OF CITY MATCH.

THE COMMITTEE RECEIVED A BRIEFING ON THE PART 2 APPLICATION FROM THE MANAGER. THE COMMITTEE SPENT A GOOD DEAL OF TIME REVIEWING THE ARRA FINANCIAL INFORMATION.

THE COMMITTEE DISCUSSED THE NEED FOR ADDITIONAL REVENUE FROM WATER & SEWER SERVICE TO MEET STATE AND FEDERAL REQUIREMENTS TO RECEIVE ARRA FUNDING. THE COMMITTEE AGREED WITH THE PLANNING COMMITTEE THAT THE CITY MUST RECEIVE FUNDING FROM OTHER SOURCES TO CONTINUE THIS SERVICE. ALTERNATIVES DISCUSSED INCLUDED DIRECT PAYMENTS BY THE COUNTY OR THE WATER AUTHORITY; A BIGGER CUT OF THE SALES TAX DOLLARS, THE CITY RECEIVING WATER RIGHTS WHERE SEWER IS PROVIDED IN THE COUNTY, AND INCREASED FEES TO COUNTY CUSTOMERS.

THE ARRA REPORT SHOWS THE IMMEDIATE NEED TO RAISE \$100,000.00 TO MEET ARRA-GEFA REQUIREMENTS. THE CONSENSUS WAS THAT THIS REVENUE NEEDS TO BE RAISED PRIMARILY FROM COUNTY SEWER USERS.

THE COMMITTEE DISCUSSED THE RECOMMENDED INCREASE IN WATER/SEWER RATES TO MEET STATE AND FEDERAL REQUIREMENTS.

THERE WAS DISCUSSION REGARDING THE AUTHORITY LAYING NEW WATER LINES THROUGHOUT THE COUNTY. THESE NEW LINES ARE BEING INSTALLED OUTSIDE THE AUTHORITY'S SERVICE DELIVERY AREA WITHOUT SEEKING CITY APPROVALS. THE MAYOR AND MANAGER HAS VOICED ITS DISAGREEMENT TO THE COMMISSIONER, THE CITY OF YOUNG HARRIS AND DIRECTLY TO GENE MITCHELL. THE COMMITTEE AGAIN DISCUSSED A RESPONSE TO THE AUTHORITY'S VIOLATION OF THE CURRENT SEWER DELIVERY AREA AGREEMENT. OPTIONS INCLUDED ADDRESSING THE ISSUE IN THE NEW SDA AGREEMENT.

THE COMMITTEE AGREED THAT THE MANAGER SHOULD RESEARCH THIS ISSUE AND RECOMMEND OPTIONS TO DEAL WITH THESE VIOLATIONS. IF NECESSARY AND APPROPRIATE, THE MANAGER SHOULD REPORT THE AUTHORITY TO STATE OFFICIALS.

2) EMERGENCY WATER PLANT CAPITAL COST.

THE MANAGER DISTRIBUTED A PROPOSED LETTER TO GENE MITCHELL WITH THE CITY'S CALCULATION OF COSTS. THE LETTER, ATTACHMENTS, AND PROPOSED COUNCIL RESOLUTION WERE DISCUSSED.

3) BROADBAND WIRELESS.

THE MANAGER BRIEFED THE COMMITTEE ON THE PROPOSAL TO SUBMITTE A BROADBAND WIRELESS PROPOSAL FOR ARRA FUNDING. THE PROPOSAL WOULD BE A DUPLICATE OF THE ONE PREVIOUSLY SUMMITTED TO THE STATE. THE NEW PROPOSAL WOULD INCLUDE A LAW ENFORCEMENT AND SECURITY CAMERA COMPONENT. THE CITY CAN NOT FUND ANY MATCH REQUIREMENT DUE TO THE CURRENT NEED TO FUND THE THREE SEWER PROPOSALS. OUR ARRA ANALYSIS SUPPORTS THIS WAIVER REQUEST. THE COMMITTEE APPROVES THE SUMITTAL OF A WAIVER REQUEST DUE TO CURRENT CITY BUDGET LIMITATIONS.

NEW BUSINESS.

- 1) GEFA CWSRF APPLICATION, PART 2, REPORT AND ANALYSIS AND PROPOSED WATER AND SEWER RATES;

THE COMMITTEE RECEIVED A BRIEFING ON THE PART 2 APPLICATION FROM THE MANAGER. THE COMMITTEE DISCUSSED THE NEED FOR ADDITIONAL REVENUE FROM WATER & SEWER SERVICE TO MEET STATE AND FEDERAL REQUIREMENTS TO RECEIVE ARRA FUNDING.

THE REPORT SHOWS THE IMMEDIATE NEED TO RAISE \$100,000.00 TO MEET ARRA-GEFA REQUIREMENTS. AT A MINIMUM, THE CITY MUST RECEIVE WATER REVENUE WHERE IT PROVIDES SEWER SERVICE. THE COMMITTEE AGAIN STATED ITS POSITION THAT THE CITY MUST RECEIVE FUNDING FROM THE COUNTY TO CONTINUE TO PROVIDE FOR COUNTY SEWER SERVICE.

- 2) AMENDED 2008-2009 BUDGET & 2009-2010 BUDGET;

THE MANAGER REPORTED THAT THE MAYOR, CLERK AND CITY MANAGER MET WITH SHELIA CHAPMAN AND PREPARED BUDGET RECOMMENDATIONS. THE RECOMMENDATIONS WERE THEN PRESENTED. THE MAYOR AND MANAGER GAVE AN OVERVIEW OF THE BUDGET PROCESS, THE NEED FOR TWO READING BY THE COUNCIL AND ONE PUBLIC HEARING. A MEMO FROM THE CITY MANAGER WAS PROVIDED AND DISCUSSED. THE BUDGET MEMO GAVE A GENERAL REVIEW OF BOTH BUDGETS WITH ESTIMATED REVENUES AND EXPENSES.

THE COMMITTEE WAS ADVISED THAT THE COUNCIL WOULD HAVE A FIRST READING ON JUNE 2. A PUBLIC HEARING WOULD THEN BE HELD. THE COMMITTEES AND COUNCIL WILL HAVE A MONTH TO REVIEW THE RECOMMENDATIONS PRIOR TO ADOPTION. COMMENTS FROM THE PUBLIC HEARING WILL BE PROVIDED TO THE COMMITTEE AND THE COUNCIL FOR REVIEW.

- 3) RESOLUTION TO ESTABLISH A RESTRICTIVE MONEY MARKET ACCOUNT FOR SEWER PLANT TANK RENOVATIONS.

THE MANGER DISCUSSED THE NEED TO BEGIN TO SET ASIDE MONEY FOR THE RENVOATION OF THE SEWER PLANT TANKS. BEAR ESTIMATES THAT APPROXIMATELY \$100,000.00 WILL BE NEEDED WITHIN THE NEXT FIVE YEARS TO RENOVATE THE PLANT TANKS. STAFF RECOMMENDS THAT WE BEGIN TO SET ASIDE MONEY IMMEDIATELY FOR THIS PUPROSE IN A RESTRICTED ACCOUNT (INTEREST BEARING MONEY MARKET) FOR THIS PURPOSE. \$30,000.00 WILL BE TAKEN OUT OF THE CURRENT SEWER BUDGET PRIOR TO THE END OF THE FISCAL YEAR TO ESTABLISH THE ACCOUNT.

- 4) RESOLUTION TO ESTABLISH A RESTRICTIVE MONEY MARKET ACCOUNT FOR WATER PLANT METER REPLACEMENTS.

THE MANAGER ALSO DISCUSSED THE NEED TO SET ASIDE MONEY ANNUALLY FOR THE PURCHASE METERS AT THE WATER PLANT. RANDY ESTIMATES THAT APPROXIMATELY \$10,000.00 WILL BE NEEDED WITHIN THE NEXT THREE YEARS TO RENOVATE THE PLANT TANKS. STAFF RECOMMENDS THAT WE BEGIN TO SET ASIDE MONEY IMMEDIATELY FOR THIS PUPROSE IN A RESTRICTED ACCOUNT (INTEREST BEARING MONEY MARKET) FOR THIS PURPOSE. \$3,000.00 WILL BE TAKEN OUT OF THE CURRENT WATER TREATMENT BUDGET PRIOR TO THE END OF THE FISCAL YEAR TO ESTABLISH THE ACCOUNT.

SUMMARY AVAILABLE ON JUNE 2, 2009.

APPROVED:

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ANNIE JOHNSON, CHAIR

ATTEST:

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BARBARA MATHIS, MAYOR