

MINUTES  
OF THE  
BOARD OF MAYOR AND ALDERMEN

JUNE 10, 2010

---

The Board of Mayor and Aldermen of the City of Henderson, Tennessee met in regular session on Thursday, June 10, 2010 at 7:00 P.M. in the Council Chamber of the City of Henderson City Hall. Mayor Robert W. (Bobby) King was attending his WestStar Graduation and was unable to attend the meeting. Present and presiding was Vice-Mayor and Alderman Johny R. Farris and the following:

Aldermen: Robert C. (Bobby) Barnes, Johny R. Farris, Tim Faulkner,  
Buel Maness, Michael Phelps and Keith Smith.

Absent: None

There also present were: City Attorney Jerry Spore, City Recorder Jim E. Garland, Assistant Police Chief Leon Johnson, Public Works Director Jerry King, Building and Zoning Official Brent Beshires, Fire Chief Glenn Bryan and Utility Director Mark Elkins.

Alderman Michael Phelps gave the invocation and Alderman Tim Faulkner led the Pledge to the Flag. The following proceedings were entered here-to-wit:

The minutes of the previous meeting of the city board were presented for approval. There being no questions or corrections, motion was made by Ald. Barnes, duly 2<sup>nd</sup> by Ald. Faulkner to approve the minutes as prepared. Motion carried.

The accumulated accounts were presented for informational purposes and the board was asked if they had any questions concerning the accounts. As part of the accounts, Vice-Mayor Farris advised the board that Eagle Warehouse had leased the city owned building at 60 Record Drive. In order to use the building, they had to repair some of the electrical system and replace a total of six lights in the warehouse. They presented a bill to the city for \$1,200 from T n T Electrical and were asking for reimbursement for the cost of the repairs. After due consideration, motion by Ald. Barnes, duly 2<sup>nd</sup> by Ald. Phelps to reimburse Eagle Warehouse the cost of the repairs. Motion carried. There being no questions about any of the other accounts, the meeting continued.

Delegations were called for by Vice-Mayor Farris:

Mr. Jeff Faulkner, owner of Hi-Way Wrecker Service addressed the board about the city's towing policy. He stated that presently the city maintains a list of approved wreckers and they rotated the calls between the companies. He stated that he and Jeff Smith were both on the list and that Mr. Smith only has one wrecker. His business is not inside the city and he does not pay any city taxes or business license. He felt that if you were on the city towing list, the business needed to be inside the city. When questioned, Mr. Faulkner stated that he had talked

Minutes – June 10, 2010 (Cont'd)

---

with both the Chief of Police and the Mayor about this matter and they would not discuss making changes. Assistant Police Chief Johnson stated that the dispatcher has the list and at present only two companies are on it. The calls are rotated between both companies unless the owner of the car makes a request for a certain wrecker. Response times and available equipment was discussed. The THP policy was mentioned and how that affected the city policy was uncertain. With the city board unfamiliar with the policy and with the Mayor and Chief of Police out of town, the board tabled any action until the matter could be reviewed and discussed with them. No action was taken.

An ordinance to amend the Water, Sewer and Natural Gas rates had passed on the first reading during the May meeting. The ordinance was being presented for consideration on the final reading as follows:

ORDINANCE NO. 456

AN ORDINANCE TO AMEND TITLE 18, CHAPTER 1 AND TITLE 19, CHAPTER 2 OF THE HENDERSON MUNICIPAL CODE ADJUSTING WATER, SEWER AND NATURAL GAS RATES.

BE IT ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF HENDERSON, TENNESSEE, THAT:

**Section 1.** Title 18, Chapter 1, Section 18-128 is hereby amended to read as follows.

**18-128. Schedule of rates.** (1) The rates to be charged each residential user or consumer of water per month using meters inside the corporate bounds shall be as follows:

For the first 2,000 gallons of water or less.....\$ 10.01 (Net)  
All over 2,000 gallons of water, add \$ 2.50 per 1,000 gallons.

When two (2) or more houses, buildings, apartment houses, or a housing complex used for living, eating or sleeping quarters, uses water through a common meter; or in a house occupied by two (2) or more families where water is measured through one meter the minimum monthly rate shall be the minimum bill amount times the number of units served through a common meter. Such facilities, served through a common meter shall be billed under the rated schedule as if each unit were separately metered. Approval shall be obtained from the Utility Manager prior to the installation of any situation involving a common meter.

(2) The rates to be charged each commercial user or consumer of water per month using meters inside the corporate bounds shall be as follows:

For the first 2,000 gallons of water or less .....\$12.24 (Net)  
All over 2,000 gallons of water, add \$ 2.50 per 1,000 gallons.

Where more than one commercial building or complex uses water through a common meter, or in a building or buildings occupied by more than one commercial user of water where the water is measured through a common meter, the minimum monthly bill shall be the minimum bill amount times the number of units served through the common meter. Such facilities, served through a common meter, shall be billed under the rate schedule as if each unit were separately metered. Approval shall be obtained from the Utility Manager prior to the installation of any situation involving a common meter.

(3) The rates to be charged each industrial user or consumer of water per month using meters inside the corporate bounds shall be as follows:

For the first 2,000 gallons of water or less .....\$ 13.91 (Net)  
All over 2,000 gallons of water, add \$ 2.50 per 1,000 gallons.

## Minutes – June 10, 2010 (Cont'd)

---

Where more than one industrial building or complex, other than defined above, uses water through a common meter, or in a building or buildings occupied by more than one industrial user of water where the water is measured through a common meter, the minimum monthly bill shall be the minimum bill amount times the number of units served through the common meter. Such facilities, served through a common meter, shall be billed under the rate schedule as if each unit were separately metered. Approval shall be obtained from the Utility Manager prior to the installation of any situation involving a common meter.

(4) The rates to be charged each residential user or consumer of water per month using meters outside the corporate bounds shall be as follows:

All users other than those on the Deanburg System:  
For the first 2,000 gallons of water or less.....\$ 15.91 (Net)  
All over 2,000 gallons of water, add \$ 4.50 per 1,000 gallons.

All users on the Deanburg System:  
For the first 2,000 gallons of water or less.....\$ 20.02 (Net)  
All over 2,000 gallons of water, add \$ 4.50 per 1,000 gallons.

When two (2) or more houses, buildings, apartment houses, or a housing complex used for living, eating or sleeping quarters, uses water through a common meter; or in a house occupied by two (2) or more families where water is measured through one meter the minimum monthly rate shall be the minimum bill amount times the number of units served through a common meter. Such facilities, served through a common meter shall be billed under the rated schedule as if each unit were separately metered. Approval shall be obtained from the Utility Manager prior to the installation of any situation involving a common meter.

(5) The rates to be charged each commercial user or consumer of water per month using meters outside the corporate bounds shall be as follows:

For the first 2,000 gallons of water or less .....\$ 15.91 (Net)  
All over 2,000 gallons of water, add \$ 4.50 per 1,000 gallons.

Where more than one commercial building or complex uses water through a common meter, or in a building or buildings occupied by more than one commercial user of water where the water is measured through a common meter, the minimum monthly bill shall be the minimum bill amount times the number of units served through the common meter. Such facilities, served through a common meter, shall be billed under the rate schedule as if each unit were separately metered. Approval shall be obtained from the Utility Manager prior to the installation of any situation involving a common meter.

(6) The rates to be charged each industrial user or consumer of water per month using meters outside the corporate bounds shall be as follows:

For the first 2,000 gallons of water or less .....\$ 15.91 (Net)  
All over 2,000 gallons of water, add \$ 4.50 per 1,000 gallons.

Where more than one industrial building or complex, other than defined above, uses water through a common meter, or in a building or buildings occupied by more than one industrial user of water where the water is measured through a common meter, the minimum monthly bill shall be the minimum bill amount times the number of units served through the common meter. Such facilities, served through a common meter, shall be billed under the rate schedule as if each unit were separately metered. Approval shall be obtained from the Utility Manager prior to the installation of any situation involving a common meter

(7) An additional ten percent (10%) will be charged and collected from all users and consumers whose bills have not been paid by the delinquent date of each month that such bills become due.

Minutes – June 10, 2010 (Cont'd)

(8) In addition to the charges made for users and consumers of water, a charge of One Hundred Percent (100%) of the amount paid by such users and consumers shall be collected from all who have been connected to and are using the sanitary sewer system of the City of Henderson, including those inside and outside the corporate bounds, or where any building falls under the availability of the City of Henderson's public sanitary sewer system as outlined in 18-302.

(9) All who obtain their water supply from a source other than the City of Henderson water system which are connected to the sanitary sewer system of the City of Henderson, or where any building falls under the availability of the City of Henderson's public sanitary sewer system as outlined in 18-302, shall be required to pay \$19.00 per month inside the city and \$28.00 per month outside the city.

**Section 2.** Title 19, Chapter 2, Sections 19-201 through 19-205 are hereby deleted in their entirety and replaced with the following:

**19-201. Residential and small commercial rates.** The rates to be charged each user or consumer of natural gas classified as residential or small commercial inside the corporate limits of Henderson shall be as follows:

Minimum Bill (includes no gas usage)..... \$3.75  
"All Gas Usage .....Cost of gas including pipeline, inventory, storage and all other related charges as certified by the utility director and approved by the mayor, plus a markup per MCF set by resolution of the Board of Aldermen that covers the operations and overhead expenses of the department."

The rates to be charged each user or consumer of natural gas classified as residential, or small commercial outside the corporate limits of Henderson shall be as follows:

Minimum Bill (includes no gas usage)..... \$6.00  
"All Gas Usage .....Cost of gas including pipeline, inventory, storage and all other related charges as certified by the utility director and approved by the mayor, plus a markup per MCF set by resolution of the Board of Aldermen that covers the operations and overhead expenses of the department."

Where more than one house, building, or housing complex used for living, eating, or sleeping quarters, uses gas through a common meter; or in houses occupied by more than one family and in apartment houses where the gas is measured by a common meter, the minimum monthly bill shall be multiplied by the number of families served through each common meter. The serving of more than one structure through a single meter must have prior written approval of the Utility Director. Separate houses, multi-family residences, and apartment houses served through a common meter shall be billed under the above rate schedules as if each family unit were separately metered.

**19-202. Medium commercial rates.** The rates to be charged for each user or consumer of natural gas classified as medium commercial inside the corporate limits shall be as follows:

Minimum Bill (includes no gas usage)..... \$25.00  
"All Gas Usage .....Cost of gas including pipeline, inventory, storage and all other related charges as certified by the utility director and approved by the mayor, plus a markup per MCF set by resolution of the Board of Aldermen that covers the operations and overhead expenses of the department."

The rates to be charged each user or consumer of natural gas classified as medium commercial outside the corporate limits shall be as follows:

Minimum Bill (includes no gas usage)..... \$37.00

Minutes – June 10, 2010 (Cont'd)

-----  
“All Gas Usage .....Cost of gas including pipeline, inventory, storage and all other related charges as certified by the utility director and approved by the mayor, **plus** a markup per MCF set by resolution of the Board of Aldermen that covers the operations and overhead expenses of the department.”

**19-203. Large commercial rates.** The rates to be charged for each user or consumer of natural gas classified as large commercial inside the corporate limits shall be as follows:

Minimum Bill (includes no gas usage)..... \$50.00  
“All Gas Usage .....Cost of gas including pipeline, inventory, storage and all other related charges as certified by the utility director and approved by the mayor, **plus** a markup per MCF set by resolution of the Board of Aldermen that covers the operations and overhead expenses of the department.”

The rates to be charged for each user or consumer of natural gas classified as large commercial outside the corporate limits shall be as follows:

Minimum Bill (includes no gas usage)..... \$67.00  
“All Gas Usage .....Cost of gas including pipeline, inventory, storage and all other related charges as certified by the utility director and approved by the mayor, **plus** a markup per MCF set by resolution of the Board of Aldermen that covers the operations and overhead expenses of the department.”

**19-204. Industrial rates.** The rates to be charged for each user or consumer of natural gas classified as industrial inside the corporate limits shall be as follows:

Minimum Bill (includes no gas usage)..... \$50.00  
“All Gas Usage .....Cost of gas including pipeline, inventory, storage and all other related charges as certified by the utility director and approved by the mayor, **plus** a markup per MCF set by resolution of the Board of Aldermen that covers the operations and overhead expenses of the department.”

The rates to be charged for each user or consumer of natural gas classified as industrial outside the corporate limits shall be as follows:

Minimum Bill (includes no gas usage)..... \$67.00  
“All Gas Usage .....Cost of gas including pipeline, inventory, storage and all other related charges as certified by the utility director and approved by the mayor, **plus** a markup per MCF set by resolution of the Board of Aldermen that covers the operations and overhead expenses of the department.”

Optional Industrial Rate: Industrial customers, who use at least 50% of their natural gas usage for processing, may contract their natural gas rate under the following rules and terms. (1) Request must be made in writing. (2) 50% of their natural gas consumption must be used in their manufacturing process, (3) must remain on this rate for a minimum contract period of twelve (12) months, and (4) customer must understand that if extreme conditions exist that limits the availability of natural gas, said process natural gas consumption would have to be lowered until the situation is normalized.

“All Gas Usage .....Cost of gas including pipeline, inventory, storage and all other related charges as certified by the utility director and approved by the mayor, **plus** a markup per MCF set by resolution of the Board of Aldermen that covers the operations and overhead expenses of the department.”

Minutes – June 10, 2010 (Cont'd)

---

**19-205. Minimum Bills.** Customers will be charged the minimum of \$3.75 for residential and small commercial inside city, \$6.00 for residential and small commercial outside city, \$25.00 for medium commercial inside city, \$37.00 for medium commercial outside city, \$50.00 for large commercial/industrial inside city, and \$67.00 for large commercial/industrial outside city, for each active gas account. This does not include customers who qualify for the Optional Industrial Rate.

**Section 3.** BE IT FURTHER ORDAINED THAT this ordinance and the rate changes shall take effect on all bills with a due date after the first of the month after final passage, the public safety and welfare requiring it.

---

After considerable discussion, motion was made by Ald. Phelps, duly 2<sup>nd</sup> by Ald. Maness, to pass the Ordinance to increase Water rates, Sewer rates and Natural Gas minimum bills on the second/final reading. Upon a roll call vote the following was cast:

Ayes: Johny R. Farris, Tim Faulkner, Buel Maness, Michael Phelps and Keith Smith.  
Noes: Robert C. (Bobby) Barnes.

Therefore Vice-Mayor Farris declared the ordinance passed and the rates amended.

A resolution on the proposed cost of living raises and step increases was presented for approval as follows:

**RESOLUTION # 2010-004 with 3% Raise**

WHEREAS, the Board of Mayor and Aldermen met as a committee to conduct a study and review of the salaries of it's employees pursuant to Section 4-222 of the Henderson Municipal Code; and,

WHEREAS, the Board of Aldermen met with each respective department head to consider the salary and wage rates of each employee in their respective department; and,

WHEREAS, the said board considered and reviewed the recommendations made by each department head for their employees as well as the budget constraints,

NOW BE IT THEREFORE RESOLVED by the Board of Mayor and Aldermen that:

SECTION I. All full-time employees and all part-time employees be given a 3.0% Cost of Living Adjustment (COLA).

SECTION II. The following employees shall be given the COLA raise listed in SECTION I above along with scheduled step raises and/or raises due to promotion or due to changes in pay scales which will make their new pay rate the following amounts.

David Russell -----	\$ 18.85	per hour
Randy Smith -----	\$ 14.14	per hour
Angela Hysmith Morris -----	\$ 13.43	per hour
David L. Goff -----	\$ 11.19	per hour
Ricky Pickett -----	\$ 14.14	per hour
Danny Wade -----	\$ 12.57	per hour
Mike Mercer -----	\$ 11.88	per hour
Billy Shavers -----	\$ 11.19	per hour

Minutes – June 10, 2010 (Cont'd)

---

SECTION III. As part of this Resolution, Exhibit A - Pay Scale for the Utility Department, Exhibit B - Pay Scale for the Public Works Department and Exhibit C - Step Raise for Certifications for the Building and Zoning Official are hereby adopted.

SECTION IV. All Full Time Employees are to receive Christmas Bonus Pay based on the number of years of continuous employment with the city in the amount of \$25.00 per year with a minimum of \$50.00. All Part Time Employees are to receive \$50.00 flat Bonus Pay. This Bonus Pay shall be paid in one lump sum on or about December 1, 2010. In order to receive the Christmas Bonus based on years of service, an employee must be on the payroll in some "pay" status (working, annual leave, sick leave or workman's comp. leave) on December 1<sup>st</sup> of the current year. The amount paid is based on the number of total years completed as of December 31<sup>st</sup> of the current year.

BE IT FURTHER RESOLVED that all pay raises and title changes stated in this resolution become effective with the payroll period beginning June 28, 2010.

---

These raises had been discussed in several budget meetings and therefore discussion was limited. Motion was made by Ald. Smith, duly 2<sup>nd</sup> by Ald. Maness to approve the resolution as prepared. Upon a roll call vote the following was cast:

Ayes: Robert C. (Bobby) Barnes, Johny R. Farris, Tim Faulkner, Buel Maness,  
Michael Phelps and Keith Smith.

Noes: None.

Therefore Vice-Mayor Farris declared Resolution No. 2010-004 duly adopted.

The 2010-2011 Budget and Tax Rate Ordinance was presented for consideration on the first reading. The proposed tax rate was the Certified Rate of \$1.22 per \$100 of assessed value. Detailed line item budgets were provided to the board members and well as department heads in their packets on Tuesday prior to the meeting for review. Recorder Garland explained to the board that the budget was amended with the recommendations made by them at the last budget meeting including: Amendments to the fire department line items, deleting a truck in the public works department, and adding a car video camera in the police department. He stated that he would be happy to answer any questions that they might have. Ald. Smith asked for a further explanation of the certified tax rate. Recorder Garland explained that during the year of a reappraisal, the State of Tennessee determines what the certified rate will be. The certified tax rate will produce the city a total amount of tax dollars equal to the previous year at the old tax rate. New construction is excluded from this calculation. The city can exceed this certified tax rate but must hold special public hearings if they plan to do so. Individual property owner's taxes will normally be approximately the same as the prior year but may increase or decrease depending on how their individual assessments are adjusted.

Motion was made by Ald. Faulkner, duly 2<sup>nd</sup> by Ald. Smith to approve the ordinance as prepared on the first reading. Upon a roll call vote the following was cast:

Ayes: Robert C. (Bobby) Barnes, Johny R. Farris, Tim Faulkner, Buel Maness,  
Michael Phelps and Keith Smith.

Noes: None.

Minutes – June 10, 2010 (Cont'd)

Vice-Mayor Farris declared the ordinance passed on the first reading. A public hearing on the proposed budget must be held before the ordinance can be considered on the final reading. This will take place at the July meeting of the board.

The 2010-2011 Capital and Operations Budget for the Water, Sewer and Natural Gas Departments were presented as follows for consideration:

**HENDERSON UTILITY DEPARTMENT  
2010-2011 OPERATIONS BUDGET SUMMARY**

Water Revenue:		
Water Sales -----	\$1,025,500	
Water – All other Revenue -----	\$ 95,600	
Total Water Revenue -----	\$ 1,121,100	
Water Expenses:		
Water – Power and Pumping -----	\$ 16,000	
Water – Treatment Plant -----	\$ 203,300	
Water – Distribution System -----	\$ 125,600	
Water – Shop & General Maintenance -----	\$ 36,500	
Water – Billing and Collection -----	\$ 78,250	
Water – Admin & General Expense -----	\$ 321,050	
Water - Other Expenses -----	\$ 299,500	
Water – Funds in Reserve -----	\$ 40,900	
Total Water Expenses -----	\$1,121,100	
Sewer Service Revenue -----		\$ 659,400
Sewer – All other Revenue -----	\$ 8,000	
Total Sewer Revenue -----	\$ 667,400	
Sewer Expenses:		
Sewer – Collection Lines and Pumps -----	\$ 87,500	
Sewer – Treatment & Disposal -----	\$ 20,300	
Sewer – Laboratory and Testing -----	\$ 38,350	
Sewer – Shop and General Maintenance -----	\$ 25,100	
Sewer – Billing and Collection -----	\$ 22,250	
Sewer – Admin & General Expense -----	\$ 136,600	
Sewer – Other Expenses -----	\$ 288,000	
Sewer – Funds in Reserve -----	\$ 49,300	
Total Sewer Expenses-----	\$ 667,400	
TOTAL WATER/SEWER COMBINED -----		\$1,788,500
Gas Revenue:		
Gas – Natural Gas Sales -----	\$ 2,600,000	
Gas – Natural Gas Markup Revenue -----	\$ 921,800	
Gas – All Other Revenue -----	\$ 90,100	
Total Gas Revenue -----	\$ 3,611,900	
Gas Expenses:		
Gas – Purchase Gas for Resale -----	\$ 2,600,000	
Gas – Transmission and Distribution -----	\$ 147,100	
Gas – Shop and General Maintenance -----	\$ 67,500	
Gas – Billing and Collection -----	\$ 91,750	