

EXHIBIT F

CITY COUNCIL MEMORANDUM
04-20

DATE: April 15, 2004

TO: Honorable Mayor and Members of City Council

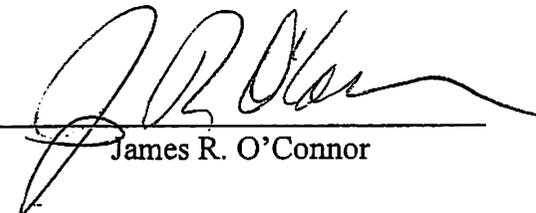
FROM: James R. O'Connor, City Manager

SUBJECT: PROPOSED OAK RIDGE HIGH SCHOOL RENOVATION PROJECT

The attached resolution is brought forward for the Council's consideration based on actions taken by the Board of Education at its April 13, 2004 meeting.

The resolution will provide staff direction from Council on whether or not to proceed with the development of a financing plan and the required action instruments relative to the proposed Oak Ridge High School renovation project.

A letter from Dr. Bailey transmitting the actions taken by the Board of Education on April 13, 2004 is also attached.


James R. O'Connor

Attachments

RESOLUTION

WHEREAS, Thomas, E. Bailey, Superintendent of Oak Ridge Schools, has submitted a letter to the City Manager, dated April 14, 2004, regarding the need for renovation of the Oak Ridge High School; and

WHEREAS, said letter indicates that the Oak Ridge Board of Education at its meeting of April 13, 2004 approved proceeding with Option B, *21st Century School at Existing Site*, as contained in the Oak Ridge High School Planning Study presented by Heery International, Inc.; and

WHEREAS, said Option B includes renovation of existing buildings at the Oak Ridge High School as well as demolition of existing buildings and construction of new facilities; and

WHEREAS, the maximum cost for funding Option B is projected to be \$58,000,000.00; and

WHEREAS, it is imperative to proceed expeditiously with investigation of methods to fund the Oak Ridge High School renovation project if actions are to be taken in time to meet the deadline for placing questions on the ballot for the August 5, 2004 county general election.

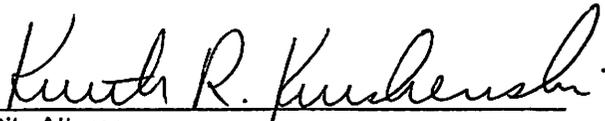
NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCILMEN OF THE CITY OF OAK RIDGE, TENNESSEE:

That the City Manager is hereby directed to investigate methods for funding the renovation of the Oak Ridge High School in accordance with Option B, *21st Century School at the Existing Site*, as contained in the Oak Ridge High School Planning Study presented by Heery International, Inc., in an amount not to exceed \$58,000,000.00.

BE IT FURTHER RESOLVED that prior to formal action by City Council to pursue funding for the Oak Ridge High School renovation project, the Oak Ridge Board of Education shall submit to the Mayor and Members of City Council a formal, written request for funding to support the project.

This the 19th day of April 2004.

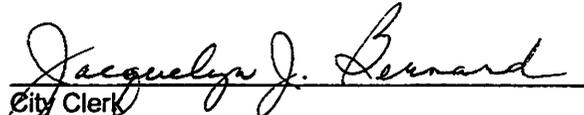
APPROVED AS TO FORM AND LEGALITY:



City Attorney



Mayor



City Clerk



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304 NEW YORK AVENUE
P.O. BOX 6588
OAK RIDGE, TN 37831-6588

Telephone: (865) 425-9001
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Dr. Thomas E. Bailey
Superintendent
email: tbailey@ortn.edu

April 14, 2004

Mr. Jim O'Connor
City Manager
City of Oak Ridge
P.O. Box 1
Oak Ridge, TN 37831

Dear Mr. O'Connor:

Please find enclosed, Item for Action taken by the Oak Ridge Schools' Board of Education on Tuesday, April 13, 2004. The Board approved the proposal of a new Oak Ridge High School plan.

In our discussion of related costs, a range of 54-58 million dollars was estimated, based on the Heery Summary. It should be noted that the Heery Summary does not include any programming input and the cost estimate should be considered a preprogramming and pre-concept cost for all areas. At the end of the programming effort, the cost estimate should be revised.

It is our hope that once final programming efforts are determined, all costs associated with the new ORHS project will fall within the 54-58 million-dollar range or less.

Sincerely,

Thomas E. Bailey, EdD
Superintendent of Schools

TEB:gw

Enclosure

c: Board of Education

Item For Action

Approval of the proposed New Oak Ridge High School plan

I recommend approval of Option B from the Heery Oak Ridge High School Planning Study report. The major elements of Option B are as follows:

- Upgrade mechanical and electrical systems.
- Retain and renovate most of building A and all of building AA, B, BB, C and G.
- Construct a new science wing, physical education space, small auditoriums/lecture halls, administration and guidance areas, and technical/vocational areas.
- Create new commons area containing a new cafeteria and media center that links the auditorium at the south to existing/new structures at the north end of the campus.
- Demolish buildings E and F.

The following recommendation is contingent upon the results of the Barge, Waggoner, Sumner & Cannon, Inc. site characterization evaluation to include the geotechnical report from Professional Engineers, Inc.

Councilman Beehan moved that the ordinance be adopted. The motion was seconded by Councilman Golden and carried by unanimous roll call vote.

Ordinance No. 11-04

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 583.02, BLOCK 17-CN, FROM R-4-C, MULTIPLE-FAMILY RESIDENTIAL TO R-1-C, ONE-FAMILY RESIDENTIAL.

Councilwoman Dunlap moved that the ordinance be adopted. The motion was seconded by Councilwoman Miller and carried by unanimous roll call vote.

Adoption of Resolutions

Resolution No. 4-51-04

A resolution directing the City Manager to investigate methods for funding the renovation of the Oak Ridge High School in accordance with Option B, 21st Century School at the Existing Site, as contained in the Oak Ridge High School Planning Study presented by Heery International, Inc., in an amount not to exceed \$58,000,000.00.

Councilman Beehan moved that the resolution be adopted, seconded by Councilwoman Dunlap.

The resolution was deliberated at length with the City Manager; Mr. Tracy Larabee, Vice Chairman of the Board of Education; and Dr. Tom Bailey, Superintendent of Schools, responding to the Council's questions and comments. The discussion centered primarily on possible funding mechanisms and their potential impact on the City's debt service, the tax rate, and the Capital Improvements Program (CIP). The funding mechanisms mentioned were an increase of .50 percent in the local option sales tax rate and the issuance of general obligation bonds, both of which would be subject to referendum, private donations and possible grants. The City Manager clarified that if it is proposed to use the sales tax and bond mechanisms, the proceeds would be designated solely for this Oak Ridge High School renovation project. He also advised that it is proposed to hold a City Council/Board of Education work session at the Oak Ridge High School at which citizens as well as Council members would be invited to tour the facility to see first-hand the need for renovation.

Councilman Abbatiello read the following statement into the record:

Oak Ridge is well known as having one of the highest tax rates in Tennessee. The tax rate we just adopted at \$2.87 has been maintained for two years. We are at the 100 percentile point and we have maintained that level by basically not funding capital improvement projects for the last two years, yet we're seeing now \$13.2 million in the CIP and an additional \$58 million is being asked. We are a city with more than two times the per-person debt of other Tennessee cities and one which was only able to hold a stable tax rate by having restricted all borrowing over this last two years. This was done to allow pursuit of a more competitive position through pursuit of an equitable DOE "fair-share" payment to the City. To date, this City has not even seen fit to request modified payments under the provisions of the Atomic Energy Act of 1955 even though DOE pays less than one-tenth of the revenue expected of a private employer. Today, Oak Ridge is strangling its municipal employees by restricting municipal salaries by \$1.3 million while we pay the highest average school system wages in Tennessee.

We are a generous city. We just adopted a budget which gives the school system \$11.2 million for next year and we are funding 75% of all the operational expense increases which are in the school system. We are consuming about two-thirds of all property tax collections for this

contribution to the Schools, and this we are really proud of. Today, there are \$13.2 million of funds for capital needs in the CIP that the City is desirous of borrowing, and this is over and above the high school consideration. This potential new debt would reach \$71 million of total involvement. How much it would cost us individually is yet to be understood, an understanding we all need before we make any decision on this issue. It takes our debt to the brink of that allowed under our Charter.

In short, we citizens are heavily in debt, spending heavily, and taxed in the extreme, and we appear to desire to go even further into debt and to further tax ourselves to the extreme. This will only further restrict our future growth and create an upward tax spiral. This is a tax spiral I want to understand before I make any decisions on this issue. I support the high school modification but not at this price.

Mr. Martin McBride, 954 W. Outer Drive, expressed his support for having a "top-notch, 21st century high school" and offered advice about how to approach funding to reach that goal.

Councilman Abbatiello moved that the resolution be amended to direct that the staff include the projects estimated to cost \$13.2 million as presented in the CIP in its investigation of funding mechanisms. The motion died for lack of a second.

The City Manager advised that with the adoption of this resolution, the schedule for further consideration of this issue would be as follows:

May 3, 2004 Council Meeting	Presentation of staff report and possible first reading of an ordinance to increase the sales tax rate
Week of May 9, 2004 (date to be determined)	Joint City Council/Board of Education Work Session at the Oak Ridge High School
May 17, 2004 Council Meeting	Second reading of the ordinance to increase the sales tax and possible adoption of a bond resolution

The resolution was adopted by roll call vote with Councilman Abbatiello casting the only dissenting vote.

ADDENDUM TO THE AGENDA: Resolution No. 4-52-04

A resolution approving the Oak Ridge Board of Education's submittal of an application to the State of Tennessee School Board Authority and the Tennessee Department of Education for Qualified Zone Academy Bonds in the amount of \$4,000,000.00 to supplement the cost of the Oak Ridge High School renovation project.

Councilman Beehan moved that the resolution be adopted. The motion was seconded by Councilwoman Dunlap and after brief deliberation, it carried by unanimous roll call vote.

(Postponed)

A resolution accepting the recommendation of the Economic Development Committee and approving the *Property Tax Incentive Program Policies and Procedures, City of Oak Ridge, Tennessee, Industrial Development Board, April 2004.*

Councilwoman Dunlap, who chairs the Council's Economic Development Committee, recommended that the Council postpone this resolution to allow the staff additional time to complete its review and present a report regarding the impact of this tax incentive proposal.