

Minutes of the Regular Work Session of the  
Board of Mayor and Aldermen, City of Kingsport, Tennessee  
Monday, March 1, 2010, 4:30 PM  
Council Room – City Hall

PRESENT:

Board of Mayor and Aldermen

Mayor Dennis R. Phillips

Alderman Valerie Joh

Vice-Mayor Benjamin K. Mallicote

Alderman Larry A. Munsey

Alderman Tom C. Parham

Alderman Jantry Shupe

City Administration

John G. Campbell, City Manager

Joseph E. May, Assistant City Attorney

James H. Demming, City Recorder

1. **CALL TO ORDER:** 4:35 p.m., by Mayor Phillips.
2. **ROLL CALL:** By Deputy City Recorder Gilbert. Absent: Aldermen Charles K. Marsh, Jr. and Jantry Shupe (*arrived shortly after roll call at 4:38 p.m.*).
3. **WORK SESSION TICKLER.** Mayor Phillips reported that, after speaking with King College representatives regarding the status of Kingsport's involvement in the medical school project, he was told there is nothing they want to make public right now and nothing for Kingsport to address at this time.

Vice-Mayor Mallicote asked when the Board will be considering the "bridge" retirement question involving Kingsport police and fire employees and City Manager Campbell stated that there may need to be a special, called meeting later in March to address the subject.

Mayor Phillips inquired whether the Clinchfield/Center Street intersection improvements underway will be completed by the projected May 20, 2010 date. Public Works Director Ryan McReynolds said the project is on schedule and the same contractor is also working on the Harbor Chapel/Cooks Valley Road project. Both will be included on future ticklers, along with the ARRA paving on Orebank and other roadways which will begin once the weather allows.

Mayor Phillips expressed concern that Redflex, the company with which the City contracts to provide the red light cameras, was noted in a newspaper article for taking kickbacks in Louisiana. City Manager Campbell explained that it appears the company had paid lobbyists, who acted unethically by our standards, but was not necessarily illegal. Mayor Phillips asked the City Manager to check into this situation further and report findings back to the Board.

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**4. DILAPIDATED HOUSES PRESENTATION.** Code Enforcement Officer John Blessing described the success and development of the City's process for dealing with dilapidated property from April 2009 to date. He illustrated the progression for Board members, stating that the average case takes 150-180 days from start to demolition. In this period of less than a year, 22 hearings have been held and 21 buildings have been razed. Officer Blessing explained that many of these properties, which may incur substantial liens due to demolition costs, are acquired by Kingsport Housing and Redevelopment Authority (KHRA) and the Greater Kingsport Alliance for Development (GKAD) to rebuild livable housing. The City has used \$22,000 out of its budget but owners are strongly encouraged to tear down their own buildings. Officer Blessing also pointed out that, now that Public Works is utilizing a new PDA system on its routes, properties can be pinpointed and reported on a more regular basis.

**5. REVIEW OF AGENDA ITEMS ON MARCH 2, 2009 REGULAR BUSINESS AGENDA.** City Manager Campbell, members of staff and community members provided a summary or presentation for each item on the proposed agenda.

**PUBLIC COMMENT.** Ms. Mary McNabb brought to the BMA's attention that the 13 computers currently being used at the Senior Center are very outdated and an effort is underway to raise funds to update the equipment. While she emphasized that she was not asking for any public funds, she did ask for any ideas or avenues to raise the \$1,000 per computer that is needed.

Assistant to the City Manager and Interim Leisure Services Director, Chris McCartt, acknowledged the outdated issue with the Senior Center computer lab and stated that City staff has been working with Northeast State Community College and other schools to improve this situation, hopefully, around June. The equipment will not be new but will have newer operating systems and hardware. Senior Center Manager Shirley Buchanan has been researching various funding options, such as grants and donations, to assist in the computer upgrade.

***[Alderman Shupe left the meeting at 5:17 p.m. as the budget presentation began.]***

**6. BUDGET UPDATE.** City Manager Campbell provided an overview of the current budget status, projecting around \$2,253,124 in shortfall. Mr. Campbell explained this gap is largely due to lower state shared sales tax revenues, along with 17 straight months of each being below the previous months' sales tax receipts.

Mr. Campbell described measures being taken to adjust for the \$2 million shortfall, such as salary slippage, and a City-wide 3½ percent operating holdback, along with various other savings.

Budget Director Judy Smith had prepared a graph on *Local Option Sales Tax for July-December 2009* which reflected figures are currently below the last three years (FY10-\$7,196,255; FY09-\$7,700,003; FY08-\$7,429,755; and FY07-\$7,608,651).

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Mr. Campbell pointed out the huge loss in local option sales tax due to the inclement weather the weekend before Christmas and opined that losses that weekend alone were probably around \$200,000 to \$250,000.

The presentation progressed to a graph on *Sales & Use Tax Categories from July – December* which covered numerous categories from which sales tax is received. Mayor Phillips expressed concern about the dramatic change in the Furniture Store sales, decreasing from \$426,292 in FY09 to \$231,282 in FY10 and inquired whether that could be due to a “coding” issue.

Regarding *General Fund Positions Held*, Alderman Parham asked if all positions currently being held (21 full-time and 9 part-time) will need to be filled when the economy picks up, to which the City Manager replied that the majority are crucial and will need to be filled if the City services continues to provide the current level of public and safety services.

Discussion then covered the *Sewer Fund*, showing a total budget of \$13,612,300 with reserves of \$5.2 million, and the *Water Fund*, showing a total budget of \$14,018,600 with reserves of \$3 million. A water usage graph showing consumption in million gallons, through January of each year, indicated consumption is down: from 2,149 in FY08 to 2,098 in FY09 to 2,054 in FY10.

State Street Aid revenue is projected to come in at \$101,700 over expenses, which Mr. McReynolds explained is the City’s share of the gas tax and is generally used for street maintenance. Unfortunately, this amount barely covers street lighting.

The four remaining funds covered, *Solid Waste, Risk, Health Insurance* and *Fleet*, elicited discussion about investment being \$16,000 below budget and Worker’s Compensation is projected to be \$283,700 over budget. This deficit will be funded from Risk’s fund balance of \$1,320,408. Health insurance revenue is currently projected to be \$247,000 over expenses, with \$2.8 million in reserves. Retiree’s health insurance expenses are around \$300,000 over budget and the reserve balance for Retiree Health Insurance is \$315,200. The City currently has around 80 retirees, making costs steep. Lastly, the Fleet fund replacement vehicles are budgeted for FY10 at \$2.5 million, with the FY11 fund facing the replacement of eight (8) school buses next year.

Mr. Campbell then moved to a handout provided: *Regional Sales – Twelve Year Plan with Aquatic Center and Aquatic Center Operating Subsidy*. The table indicated that the Aquatic Center expenditures would commence in FY11 at \$678,700 and the operating subsidy would only be \$50,000 that year, with interest-only payments due in FY11 and FY12 and full payments beginning in FY13. In response to an inquiry from Alderman Munsey, Mr. Campbell indicated that the regional sales tax revenue should cover the operating expenses.

Summing up the budget discussion, Mayor Phillips pointed out the difficulty, based on the first six months’ figures for this fiscal year, of balancing the FY10 budget and the further, perhaps greater, difficulty of balancing the FY11 budget if sales tax revenues do not increase.

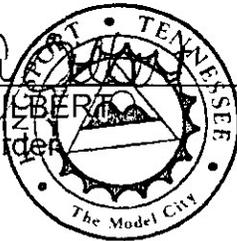
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On another topic, Mayor Phillips questioned Public Works Director McReynolds about brush pickup procedures and guidelines. Mr. McReynolds explained that the City doesn't not pick up, free of charge, commercial tree cutters' debris. City residents that have tree cuttings, from one to two trees, are able to leave debris for curb pick-up, free of charge.

The Mayor's concern involves senior citizens who, if a tree is blown down during a storm and they contract to have it cut up, they must pay for both the cutting and the removal. Mr. McReynolds confirmed that is the Public Works' policy and admitted that contractors quote two prices to homeowners – one that includes removal and a lower one that allows the debris to be put at the curb for City pick-up – with homeowners, logically, picking the lowest price. The burden then becomes the City's in not being able to get to regular routes in a timely and efficient manner. The fees charged by the City covers some of the expense of sending a dedicated truck to pick up large amounts of brush at curbside.

**7. ADJOURN.** Seeing no other matters presented for discussion at this work session, Mayor Phillips adjourned the meeting at 6:30 p.m.

*Elizabeth A. Gilbert*  
ELIZABETH A. GILBERT  
Deputy City Recorder



*Dennis R. Phillips*  
DENNIS R. PHILLIPS  
Mayor