

Minutes of the Regular Work Session of the  
Board of Mayor and Aldermen, City of Kingsport, Tennessee  
Monday, July 14, 2008, 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 Charles K. Marsh, Jr.

Alderman Larry A. Munsey

Alderman Patrick W. Shull

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.
3. **WORK SESSION TICKLER:** No discussion.
4. **FUEL UPDATE.** City Fleet Manager Steve Hightower went over a PowerPoint presentation on Fleet Fuel Management which included the number and type of Fleet vehicles and equipment, current method of purchasing fuel, department reduction measures taken and planned, and the strategy and effectiveness of utilizing hybrid vehicles. Mr. Hightower added that it is more costly to be "green" but there is a federal environmental push as part of the Clean Air Quality Act, as well as the benefit of supporting local farmers. He informed Board members that the City Manager has requested a 5% reduction (in gallons) in FY09 fuel consumption City-wide.

Board discussion included questioning the amount of and need for take-home vehicles, most of which are police cars, deemed necessary for quick response for the sake of public safety. Alderman Shupe asked about sending an alternative vehicle rather than sending a fire truck on each emergency medical call and Mr. Campbell responded that he has spoken with Fire Chief Dye regarding this situation and staff is looking at various ways to respond differently.

It was requested that Mr. Hightower return to an October BMA work session and provide a status report reflecting fuel purchase and usage up to the end of the first fiscal year quarter, ending in September, to monitor the status of "actual usage expense versus amount budgeted."

**Minutes of the Regular Work Session of the Board of Mayor and Aldermen of Kingsport, Tennessee, Monday, July 14, 2008**

**5. AUTOMATIC METER READING PRESENTATION.** Public Works Director Ryan McReynolds presented a proposed Utility Metering Initiative that would allow the City to implement an automated meter reading service by entering into an agreement with Johnson Controls. Mr. McReynolds explained that the following agenda item would come for the Board's consideration at tomorrow night's business meeting:

**VI.D.4 Consideration of a Resolution Authorizing the Mayor to Sign all Applicable Documents to Enter into a Performance Contract Agreement with Johnson Controls, Inc. for Automated Meter Readers Services, a Lease Purchase Agreement with All-American Investment Group, LLC (Lessor), and an Escrow Agreement with the Lessor and U.S. Bank National Association (Escrow Agent) (AF: 225-2008).**

He recognized Ms. Miles Mennell, Mr. Russell George and Mr. King Moon of Johnson Controls who were in attendance to address any questions or concerns and they would also attend tomorrow night's meeting, along with two others from Johnson Controls.

The presentation covered many aspects of this service, including the number of water meters that would be updated, as well as leak detection sensors. Mr. McReynolds explained the project's benefits such as fuel savings, billing accuracy improvements and water conservation. The total project is guaranteed to save the City \$15,666,806 over 17 years, the life of the Performance Agreement. Mr. McReynolds added that the terms of the agreements are still being worked out between the parties.

Alderman Munsey indicated he would like to see the savings figure on a "net present value" basis and mentioned his reluctance to move ahead with this action item, which will be in resolution form—requiring only one reading—in the absence of the City's Chief Financial Officer, Jim Demming. Alderman Marsh, likewise, was concerned whether this updated system could be implemented without any rate increase. Mayor Phillips expressed unease about the effectiveness of this technology at the end of the lease term in 17 years and whether anyone had witnessed the system at work. Water Distribution Manager Chad Austin replied that Abingdon, Virginia has been using an automated system and staff had traveled there to see how it functioned, firsthand.

Board members further discussed warranty periods and coverage and equipment life. Board members wanted confirmation that no City capital is required to move in this direction, no rate increase will be required and the system is guaranteed to be cost-effective for at least 17 years, with equipment warranted up to 20 years.

It was determined that Mr. McReynolds would provide Board members with the "net present value" figure requested earlier by Alderman Munsey prior to tomorrow night's vote.

**6. UPDATE ON CITY – COUNTY SEWER AGREEMENT.** Public Works Director Ryan McReynolds described the purpose of this agreement with Sullivan County and how it is has been followed since its inception over 10 years ago. City Manager Campbell referred to the environmental issues of residents using septic systems and the expense to the City

**Minutes of the Regular Work Session of the Board of Mayor and Aldermen of Kingsport, Tennessee, Monday, July 14, 2008**

the expense to the City if and when those properties are annexed into the City limits and the City is required to provide sewer service. Mayor Phillips confirmed with City Manager Campbell that no further extension of sewer lines into the county will take place without further discussion and vote of the Board.

**7. REVIEW OF AGENDA ITEMS ON JULY 15, 2008 REGULAR BUSINESS AGENDA.** City Manager Campbell, members of staff and community members provided a summary or presentation for each item on the proposed agenda. Those items the Board discussed at greater length or which received specific questions or concerns included:

**VI.D.4 Consideration of a Resolution Authorizing the Mayor to Sign all Applicable Documents to Enter into a Performance Contract Agreement with Johnson Controls, Inc. for Automated Meter Readers Services, a Lease Purchase Agreement with All-American Investment Group, LLC (Lessor), and an Escrow Agreement with the Lessor and U.S. Bank National Association (Escrow Agent) (AF: 225-2008).** A presentation and discussion on this agenda item took place earlier in the meeting under Agenda Item 5.

*Alderman Shull requested the following two agenda items be discussed out of order to allow him to leave the meeting at 6:30 p.m.*

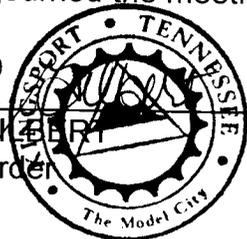
**VI.D.2 Consideration of a Resolution to Authorize the Mayor to Sign all Documents Necessary to Enter into a Material Agreement with Rob McLean related to Anchor Pointe Subdivision and an Ordinance to Appropriate Funds (AF: 226-2008) and**

**VI.D.3 Consideration of a Resolution to Authorize the Mayor to Sign all Documents Necessary to Enter into a Material Agreement with Ken Bates related to Chase Meadows Subdivision – Phase I and an Ordinance to Appropriate Funds (AF: 227-2008).** Alderman Shull was concerned that the City is subsidizing developers from out of the area and Alderman Joh explained that this action is taken to level the playing field in order to attract developers to the Kingsport area. Mr. Campbell added that one of the purposes is to incentivize developers to look at property close to City limits to ensure you are not dealing with septic systems which is more expensive than if sewerlines can be installed on the frontend of a project. He used Colonial Heights as an example, which area, if annexed in the future, will be a very expensive area to do so, because of the large number of septic systems.

**8. ADJOURN.** Seeing no other matters presented for discussion at this work session, Mayor Phillips adjourned the meeting at 6:45 p.m.

*Elizabeth A. Gilbert*

ELIZABETH A. GILBERT  
Deputy City Recorder



*Dennis R. Phillips*  
DENNIS R. PHILLIPS  
Mayor