

Minutes of the Regular Work Session of the
Board of Mayor and Aldermen, City of Kingsport, Tennessee
Monday, June 1, 2009, 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

J. Michael Billingsley, City Attorney

James H. Demming, City Recorder

1. **CALL TO ORDER:** 4:33 p.m., by Mayor Phillips.
2. **ROLL CALL:** By Deputy City Recorder Gilbert.
3. **WORK SESSION TICKLER.** Alderman Joh inquired about lighting on the Netherland Inn Road Bridge and Assistant Public Works Direction/Traffic Engineer Michael Thompson described what type of decorative lighting would be used and added that the bridge should be open around the middle of June.
4. **DISCUSSION OF CHANGING DATE OF JUNE 15, 2009 WORK SESSION.** Mayor Phillips confirmed that Board members had no conflicts if the second work session in June, scheduled for Monday, June 15, 2009, was moved to Tuesday, June 16, 2009, at 4:00 p.m., followed by the 7:00 p.m. regular BMA meeting. The rescheduling would allow Board members to attend the Tennessee Municipal League (TML) meeting scheduled in Chattanooga to begin on Sunday, June 14th, and end around 10:30 a.m. on Tuesday, June 16th.
5. **REVIEW OF AGENDA ITEMS ON JUNE 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. Those items the Board discussed at greater length or which received specific questions or concerns included:

VI.AA.3 Public Hearing and Consideration of an Ordinance to Adopt the FY09-10 Budget (AF: 169-2009). City Manager Campbell presented a FY2010 budget balanced with no increase in either tax or rates to City residents. At Alderman Munsey's suggestion, he explained why the City was increasing water/sewer rates to those outside the City utilizing City services.

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Alderman Marsh asked if \$310,000 in tap fee revenue was realistic in this downward economy. Public Works Director Ryan McReynolds provided the assurance and reasoning behind City staff's confidence in that projected amount. Alderman Marsh commended City Manager Campbell and City staff for developing a very reasonable budget in such a tight economic climate.

PUBLIC COMMENT ON ITEM VI.AA.3. At this time, Mayor Phillips invited any comments from the public on this specific agenda item.

Ms. Jenny Dougan, 2012 Wandering Drive, Kingsport, moved here three years ago and is a CPA. She provided Board members with letters from other parents who were unable to attend but wanted their opinions known to the Board. She has two children at Dobyne Bennett High School (DBHS) and, upon seeing budget comments in the local newspaper, expressed her concern about the City cutting the Kingsport City School (KCS) system budget for this fiscal year. She came in support of the City schools funding request and asked the BMA to consider funding amount requested as an investment in the future of Kingsport's children and its community.

Mayor Phillips explained that, contrary to the impression given by the newspaper, the City has not and is not cutting the school budget.

Alderman Shull responded that he shares Ms. Dougan's concerns, being the only BMA member with children in the KCS school system. He added that he and Vice-Mayor Mallicote attended a recent KCS budget meeting and reaffirmed the Mayor's statement that the City is not contemplating cutting their budget. He clarified that KCS has asked for \$1.7 million in additional funds from the City and the City will provide funding in a lesser amount.

Mayor Phillips went on to further explain that the City is also dealing with a difficult budgeting year and is required to prepare a balanced budget. While Board members would like to provide the requested, additional funding to the schools, the only way the City can do so is to cut other services, such as fire, police or utility services – none of the Board takes this decision lightly nor do they want to compromise the quality of education provided.

Further Board and public discussion centered around the possibility of using revenue from debt roll-off, the need to maintain school operating expenses, the additional \$800,000 the City plans to provide for school funding and where the City has found that amount, along with what amount of tax increase would be necessary to fill the schools' funding gap.

Ms. Pat Turner, 3425 Parkcliff Drive, Kingsport, responded to a question by Alderman Shupe why AP classes are being targeted by the KCS to be cut. Ms. Turner, a Board of Education (BOE) member explained that AP classes are not "required" and therefore, are subject to scrutiny when funds get tight. She wanted it known that last year, KCS cut \$1.8 million and lost ten teaching positions. This year, the KCS plans to lose three central office positions and unsure how many teaching positions.

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Vice-Mayor Mallicote opined that raising property taxes to meet this year's budget would be problematic—first, as a “band aid” over a larger, structural problem and, also, because of the relationship created by state law and/or City charter that the BMA is required to fund (or not fund) a budget over which it has no control. He would like to see the BMA and BOE meet to discuss a formula-based funding mechanism going forward, wherein the schools could depend upon receipt of a certain amount of City revenue.

Alderman Marsh stated that actual school expenditures in FY08 was \$51.8 million and, in FY09, reduced its budget to \$49.5 million. KCS' FY10 budget is now \$54.6 million, which is a 9% increase over FY09 and 6% over two years ago.

Dr. Kitzmiller inquired about the source of these figures and Mr. Marsh responded he had received these from City Budget Officer Judy Smith. Dr. Kitzmiller offered to meet to discuss these figures further and welcomed the opportunity to have public, accurate, two-way discussions, keeping in mind that there is a new school opening to serve the 1,000 acres annexed.

Vice-Mayor Mallicote pointed out that, the way state funding works by taking into account the amount the City subsidizes, the City becomes penalized for providing additional money. Currently, the combination of state and county money contributed per student is approximately \$6,600.

At this time, the Mayor thanked the parents and school board members in attendance and continued with review of items on the regular business meeting agenda.

[Additional discussion on the KCS budget follows discussion on Item VI.B.7.]

VI.B.7 Consideration of an Ordinance to Adopt the FY10 Urban Mass Transit Budget (AF: 166-2009). Alderman Marsh asked if the City's transit system is worth the investment and why Board members have not been receiving ridership figures. Mr. McCartt will see that they received that information and provided an update on construction of shelters and schedules being posted at the various sites. Mayor Phillips indicated his approval with the City offering \$15 summer fare ticket. Alderman Marsh requested a year-end report to allow Board members to have cornerstone discussion about the transit system. Mr. McCartt will do so at the end of October, the end of the federal budget fiscal year.

Regarding the KCS budget, Alderman Marsh asked that Board members be provided, by tomorrow night, the amount of money KCS received in FY08, FY09 and expect to receive in FY10 so that the perception the City is giving schools less money will reflect that the City is actually increasing funding.

Board members further discussed the school funding situation, opining that state funding is not declining due to good growth in Kingsport and Sullivan County property

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tax increase. KCS has also benefited from growing sales tax in the area. Alderman Munsey indicated that it appears there are avenues of revenues not being discussed when the BOE quotes figures, such as \$2 million received by Sullivan County which hasn't been mentioned the last two years.

VI.D.13 Consideration of a Resolution Authorizing the Mayor to Execute Agreements with Various Agencies and Organizations for Services in Fiscal Year 2009-2010 Benefiting the General Welfare of Kingsport Residents (AF: 158-2009). City Manager Campbell explained that the Board will vote for the overall amount in the budget ordinance for these partnership contributions but believes there needs to be a more detailed scope description in each of these agreements defining services for the monies received.

Alderman Marsh asked about the status of the Humane Society and Mr. Campbell responded that a temporary director is in place and it will continue to operate as usual and is expecting \$36,000 from the City. City Manager Campbell has recently been appointed to a new County commission task force on the Humane Society, adding that Mr. Joe Herron is the county advocate and is eager to work with the City on this.

PUBLIC COMMENT.

Mr. Bill Testerman, 2205 Sunningdale, Kingsport, is owner of Blakley Mitchell on Broad Street and is also on the Executive Committee of Downtown Kingsport Association (DKA). From his point of view as a business owner, DKA is a nonprofit that is wonderfully self-motivated and doing a very good job promoting downtown. He asked the BMA not to penalize DKA by splitting its funding with the recently created Downtown Business Alliance (DBA) who is not a nonprofit organization, has no structure, no board members, no bylaws and no plans for the proposed \$24,000 in City funding, other than advertisement. He added that his business pays for its own advertising expenses.

Vice-Mayor Mallicote responded that he sees DBA as very successful in its marketing of downtown and DBA's brochure lists every downtown business in the brochure, not just those paying to be included.

Alderman Marsh asked Mr. Testerman if DKA and DBA are mutually incompatible and Mr. Testerman said the two groups have held many meetings and are generally moving in same direction. Further discussion included the process necessary to allow DBA to have members appointed to the DKA Board and what is necessary to have the groups work together toward a unified goal of promoting downtown Kingsport. Alderman Shall mentioned he had previously recommended an advisory committee be appointed to address issues with both associations and report back to the Board.

Mayor Phillips summed up the discussion by stating that the \$24,000 proposed to fund both groups is to be used, 100%, for the promotion of downtown. He further stated that, if these two groups cannot get together, this Board will not fund either.

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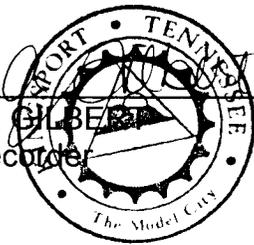
Ms. Barbara Brown of Lomax Street in Kingsport, spoke in support of DBA's efforts to promote downtown merchants and provide free music and advertisement which will be very beneficial to the downtown's redevelopment efforts and she would also like to see the two groups come together.

6. PRESENTATION OF NEW CITY WEBSITE. Mr. Tim Whaley, Community and Government Relations Director reported the City's new website, at www.kingsporttn.gov is now online and more user friendly. He introduced Kanishka Biddanda of Creative Trust who formatted the new site, which has been designed to allow easy expansion of additional features, as available and desired.

Mr. Biddanda stated that the City's new site has many more features than others nearby and has been submitted for consideration of national website awards. He added that the site will allow consolidation of City departments that previously outsourced their individual sites and each department has been trained to maintain their own information.

7. ADJOURN. Seeing no other matters presented for discussion at this work session, Mayor Phillips adjourned the meeting at 7:08 p.m.


ELIZABETH A. GILBERT
Deputy City Recorder




DENNIS R. PHILLIPS
Mayor