

Minutes of the Regular Work Session of the
Board of Mayor and Aldermen, City of Kingsport, Tennessee
Monday, November 17, 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 Larry A. Munsey

Alderman Patrick W. Shull

Alderman Jantry Shupe (*arrived
at 4:45 p.m.*)

City Administration

John G. Campbell, City Manager

J. Michael Billingsley, City Attorney

James H. Demming, City Recorder

1. **CALL TO ORDER:** 4:35 p.m., by Mayor Phillips.
2. **WORK SESSION TICKLER.** City Manager Campbell stated that the dog park is on schedule to open in December, originally with portable bathrooms. He added that water and sewer services are already there, but bathroom options still being investigated.
3. **ROLL CALL:** By Deputy City Recorder Gilbert. Absent: Aldermen Charles K. Marsh, Jr. Alderman Jantry Shupe arrived after roll call at 4:45 p.m.
4. **REVIEW OF AGENDA ITEMS ON NOVEMBER 18, 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.B.1 Consideration of an Ordinance Amending the FY2009 General Purpose School Fund Budget (Purchase Overlook Road Real Property) (AF: 350-2008). Kingsport City School (KCS) Financial Officer David Frye described the properties being purchased under this budget ordinance action. He explained that the ideal standard for housing 500 students is around 10 acres and the nearby school sits on about five acres. Purchase of these properties, in the short term, will provide parking for teachers and others. In response to an inquiry from Alderman Shull, Mr. Frye explained that, while there are no concrete plan KCS has for this land going forward, nearby property acquisitions could be used for further expansion, if warranted.

Alderman Shull expressed his discomfort with proceeding to acquire these pieces of property with no foreseeable knowledge of an overall plan.

Minutes of the Regular Work Session of the Board of Mayor and Aldermen of Kingsport, Tennessee, Monday, November 17 2008

VI.D.4 Consideration of Initial and Detailed Bond Resolutions Authorizing the Issuance of General Obligation Bonds (V.O. Dobbins Renovation/Non-profit Center) in an Amount not to Exceed \$7,145,000 (AF: 363-2008).

VI.D.5 Consideration of Initial and Detailed Bond Resolutions Authorizing the Issuance of Local Option Sales Tax Revenue and Tax Bonds (MeadowView Conference Center Expansion) in an Amount not to Exceed \$15,305,000 (AF: 364-2008).

VI.D.6 Consideration of Initial and Detailed Bond Resolutions Authorizing the Issuance of General Public Improvement Bonds (Various Projects including Parking Garage) in an Amount not to Exceed \$12,305,000 (AF: 365-2008).

City Recorder Demming explained how these bonds will be implemented, the requirements for each, and indicated they would be bid sometime after the new year.

Mr. Rick Delaney, an investor from Morgan Keegan, was asked to speak to the current, overall bond market. He explained that markets have been upside down, with very little activity, as expected, but have picked up significantly over the last two weeks. He added that interest rates have continued to fall and that passing these proposed resolution is the first step in preparing to move forward as rates improve in the market.

City Manager Campbell forecasted that this is a very favorable bidding time period regarding construction due to a hungry contractor market and material costs coming down.

Mayor Phillips clarified that if the BMA passes these three bond resolutions, it is doing so to be ready to take advantage of a more favorable bond market than the current one and that the bonds would not be sold without the Board's prior knowledge. City Manager Campbell explained the necessity to advertise the sale date and confirmed Board members would be made aware before the bonds were sold.

In response to an inquiry from Alderman Shull about peculiarities in any of these bond issues, Mr. Delaney responded that the V.O. Dobbins project involves 501(c)(3) nonprofit entities, the bond regarding MeadowView expansion has some tax issues that attorneys are still working on, and the third one involving the parking garage construction may also raise tax issues. City Recorder Demming added that the MeadowView resolution might be "peculiar" in that it is pledging local option tax on that debt.

Alderman Munsey confirmed that the Board would hold additional discussion on the parking garage construction project even if this is approved by BMA tomorrow night. City Manager Campbell stated that further BMA input would be sought on this project regarding design, size, and if the BMA eventually approves downtown TIF (tax increment financing), additional amounts that can be used. Mr. Munsey indicated that he supports all three of these resolutions to allow the City to prepare to take advantage

Minutes of the Regular Work Session of the Board of Mayor and Aldermen of Kingsport, Tennessee, Monday, November 17 2008

of the bond market and wanted to voice his support at this work session because he will be unable to attend tomorrow night's regular meeting when the vote is taken.

Alderman Shull reiterated that he believes the V.O. Dobbins project grew beyond what was originally presented which is why he voted against it. Regarding downtown parking issues, he stated that, in earlier discussion, Alderman Marsh had provided some great alternative avenues in lieu of building a parking garage. Alderman Shull mentioned that he had not seen parking studies done from 1970 forward and would like further documentation to confirm the need. City Manager Campbell agreed to provide Board members with updated information. Assistant to the City Manager, Chris McCartt, also shared that discussion had been held with Regions Bank representatives and that possible parking is now tied up in leases. He stated that another avenue explored was possibly demolishing certain City-owned buildings but that action was not supported by the downtown community because of the number that would need to be torn down. The 300 parking spaces a parking garage could provide, right off of Broad Street, would be a huge lift to existing businesses, as well as an incentive for future business recruitment. He will provide Board members with copies of reports recommending the City look at a parking structure.

VII.2 Consideration of an Ordinance to Appropriate Funds from the General Fund Balance for the Completion of the Construction of the Veterans Memorial (AF: 351-2008). Board members indicated they had been thanked profusely for helping complete the Veterans Memorial project and the recent dedication was well-attended. Alderman Shull inquired about whether additional pavers could be made available to sell to those citizens seeking to purchase them. He requested that Mr. McCartt check with representatives of Kingsport Tomorrow to follow up on these requests.

Mr. McCartt responded that he believes there is a waiting list of around 30 people who desire to purchase pavers and Wright and Henderson has been asked look for and design an additional space to accommodate these requests.

5. QUARTER BUDGET UPDATE. Budget Officer Judy Smith went over figures for the FY09 first quarter report and City Manager Campbell reported that the City sales tax revenues have already exceeded last year's figures for the same time period.

Board discussion followed regarding the state's revenue shortfall, the fallout expected from that situation and the effect on the City's budget going forward. Annual projection figures were contemplated and the need to diversify was discussed.

Alderman Joh brought up that local housing markets are maintaining values which appears to be a great positive for the local economy. Mr. Campbell agreed that the City has a very strong real property tax situation but expressed his desire to see City revenues spread more evenly over all three taxes.

Ms. Smith continued with expenditures, showing that fuel price savings are projected to be around \$300,000 for all funds, which figure was a very conservative estimate based on the probability of increased fuel prices in the spring.

Minutes of the Regular Work Session of the Board of Mayor and Aldermen of Kingsport, Tennessee, Monday, November 17 2008

City Manager Campbell indicated that, since the BMA is doing major capital improvements through debt spending, it is important to separate the annual operating budget from the City's long-term debt.

6. RECYCLING UPDATE. Public Works Director Ryan McReynolds provided background on the inception of the City's recycling program in 1991, originally, in response to federal and state diversion mandates. He described how the program is implemented and carried out, as well as the way the City processes its recycles and the costs involved.

Mr. McReynolds provided a history of the current contract as follows: in the FY09 budget, there is an overall Budget of \$455,600 which includes the \$60,000 fee to Tri-Cities Waste; revenue receipt for materials of around \$67,000; personnel costs of \$206,800; estimated diversion of materials into the landfill savings of \$85,000, resulting in an estimated overall program cost of \$303,600 annually.

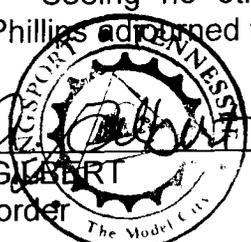
Alderman Shull asked about the consequences if the City chose to end recycling and Mr. McReynolds responded that the City would never stop the program because rules and regulations are leaning more and more toward recycling, but the City could adjust the way it is handled. City Manager added that City staff is constantly looking at the best practices of other places regarding potential costs but there is a need to maintain the same level of diversion the City currently attains.

Alderman Joh suggested having homeowners separate recyclable items to save personnel costs from having to do so and educating the public on this process. Alderman Shupe asked about the benefit of marketing all of the recyclable items picked up, similar to the process in Johnson City, and was told that a separate facility would be required to capitalize on this avenue of recycling.

Mayor Phillips requested that Mr. McReynolds provide Alderman Marsh with a copy of this recycling report.

7. ADJOURN. Seeing no other matters presented for discussion at this work session, Mayor Phillips adjourned the meeting at 6:20 p.m.


ELIZABETH A. GILBERT
Deputy City Recorder




DENNIS R. PHILLIPS
Mayor