

Minutes of the Regular Work Session of the
Board of Mayor and Aldermen, City of Kingsport, Tennessee
Monday, November 3, 2008, 4:30 PM
Council Room – City Hall

PRESENT:

Board of Mayor and Aldermen

Mayor Dennis R. Phillips

Vice-Mayor Benjamin K. Mallicote

Alderman Larry A. Munsey

Alderman Charles K. Marsh, Jr.

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:** 4:34 p.m., by Mayor Phillips.
2. **ROLL CALL:** By Deputy City Recorder Gilbert. Absent: Alderman Valerie Joh.
3. **WORK SESSION TICKLER.** No comment was made on the tickler.

4. **REVIEW OF AGENDA ITEMS ON NOVEMBER 4, 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.1 Consideration of a Resolution Approving Renewal of Recycling Services Agreement with Tri-City Waste Paper, Inc. for a Curbside Collection of Recyclable Materials Program and Authorizing the Mayor to Execute all Documents Necessary (AF: 343-2008). Public Works Director Ryan McReynolds and Streets and Sanitation Manager Ronnie Hammonds were asked by Alderman Marsh about the net cost and/or benefit of recycling. Mr. Hammonds responded that the annual recycling budget was around \$347,000 and the City, with this recycling contract, pays \$5,000 monthly, while receiving revenue back only for recycled newsprint. Mr. Hammonds pointed out that a substantial benefit of recycling is the diversion of materials into the landfill, which is, in part, mandated by the state.

Vice-Mayor Mallicote commented that, while the service may not make money, there are reasons to do so in spite of the cost. Mr. McReynolds indicated that the program is currently costing the City around \$120,000 per year.

**Minutes of the Regular Work Session of the Board of Mayor and Aldermen of
Kingsport, Tennessee, Monday, November 3, 2008**

Alderman Munsey pointed out that the resolution attached to the action form indicated that the City is requesting continuation but the attached letter from Tri-City Waste Paper indicates they are requesting the extension. City Attorney Billingsley confirmed that he would revise the resolution to reflect that intention before tomorrow night's meeting.

On a separate subject, Mayor Phillips asked City Attorney Billingsley if the City could legally repair a private road utilized by the public, referring to the road to Home Depot. Mayor Phillips indicated that he will send Home Depot a letter on behalf of the City informing them that the road is private and requesting the damaged areas be repaired.

5. DEFINED CONTRIBUTION v. DEFINED BENEFITS PLANS. City Recorder Jim Demming reported that the City has asked the Stanton Group to see what alternatives are available. Mr. Doug Anderson provided, at the request of the Audit Committee, information to Board members already presented to the Audit Committee. City Manager Campbell clarified that, if the Board chooses to do something different from Tennessee Consolidated Retirement System (TCRS), the process would take approximately a year and any employees currently in TCRS could choose to stay there. He just believes it prudent to look at alternatives.

Alderman Munsey, who is a member of the Audit Committee, had been contacted by City employees who had questions and he suggested that this meeting would be a good opportunity for them to hear what Board members hear for the first time and that this meeting is informational only.

Mr. Anderson proceeded to go over a PowerPoint entitled *City of Kingsport Retirement Program Study*. He indicated the benefits and costs of *Defined Contribution* and *Defined Benefits* plans and described differences involved. Simply put, the main difference is who shoulders the investment risk and added that around 45 out of 50 states have *Defined Benefit* plans, with the second biggest difference being how the value grows over time. He explained that *Defined Benefit* plans grow very slowly and *Defined Contribution* plans tend to grow more quickly.

Board discussion followed regarding investment strategies, TCRS returns, and what results were contained in the City's last annual TCRS report. There was discussion about the current program in place for City employees funded at a contribution rate of 16.58% of payroll, with the City paying the full amount of the plan. Alderman Shull urged the BMA and City staff to continue working on a plan involving City employees' retirement system, leaning toward a potential conversion to a *Defined Contribution* plan.

In response to an inquiry from Mayor Phillips why the City would consider changing its current retirement plan, City Manager Campbell answered that different plans could potentially benefit employees by allowing them to earn a higher salary since the City's contribution of 16.58% factored into the salaries currently offered. Mayor Phillips asked the Audit Committee to continue reviewing the options with employees and report back to the Board in the future with its recommendation.

Minutes of the Regular Work Session of the Board of Mayor and Aldermen of Kingsport, Tennessee, Monday, November 3, 2008

6. PRESENTATION ON KINGSFORT VETERANS MEMORIAL. Fundraising Chair Admiral John McKinley, Project Chairman Jim Erwin and Susan LaGuardia, Executive Director of Kingsport Tomorrow, jointly presented information on this project.

Mr. Erwin brought the Board up to date on the memorials progress and announced the dedication was a week away on November 11, 2008. Admiral McKinley reported the financial progress accomplished and the amount still needed to pay the final construction figures, resulting in a shortfall of \$248,133, after raising over \$590,000.

Board members discussed various ways of assisting in funding this shortfall, such as use of the AEP sales proceeds or whether use of Public Art funds might be appropriate. The Veterans Memorial group was commended on its ability to raise 70% of the costs, given the dire economic times and rising materials costs and providing the City with such a quality memorial on City property.

Alderman Marsh and Shull both expressed their discomfort with funding the balance out of public funds, although both were very complimentary of the memorial and the labor of love behind raising the majority of the costs. Alderman Shull, as a veteran himself, stated that the greatest tribute a citizen can make is to contribute voluntarily, not by being compelled to give through public funding. He suggested funding the shortfall initially from the general fund with the intention to reimburse that fund eventually through with Public Art funds.

Vice-Mayor Mallicote agreed that this is a difficult position for the Board, as well as those involved in the Veterans' Memorial project, but felt it comes down to showing the City's support and appreciation.

Ms. LaGuardia pointed out that the committee did raise the amount of money they originally planned for this memorial but costs came up that were unplanned and assured Board members that they were still raising money and had no plans to quit.

Further Board discussion led to the suggestion that this action be included on tomorrow night's meeting agenda for consideration. City Attorney Billingsley will prepare an action form, resolution and ordinance to do so.

7. UPDATE ON COOK'S POINT. Mayor Phillips began by saying that developer, Erik Fritz, has been working with the City on issues of concern in this subdivision. Mayor Phillips indicated he had responded to Martha Simmons that the City is doing all it can do and homeowners may need to address additional issues in the courts. He asked that this presentation address the six concerns brought up by Ms. Simmons.

Development Services Coordinator Rack Cross provided a PowerPoint presentation covering the City's review and reaction to the following: 1) Common areas, 2) Unsightly detention pond, 3) vegetation, 4) T-turn not provided, 5) Top coat of pavement not installed, 6) Construction debris not removed, and 7) Slopes too steep.

Minutes of the Regular Work Session of the Board of Mayor and Aldermen of Kingsport, Tennessee, Monday, November 3, 2008

Although the development is presently meeting City ordinance standards and expectations, the City is encouraging the developer to go beyond what is presentable and what appeared to be promised at the development's conception.

In response to an inquiry from Alderman Munsey, Alderman Marsh (the BMA's representative on the Planning Commission) explained that some of these issues are homeowner issues and don't involve the City but the City does have direct responsibility no others, such as the T-intersection that has not been completed and the asphalt base does not have a top coat, with about 80% of the development finished.

Mr. Munsey asked if residents have input if a developer approaches the Planning Commission with changes, after initially approved, and Mr. Marsh answered that, if residents have come and expressed concerns, the Commission tries to work with them.

Mayor Phillips asked City staff if the City is currently enforcing codes at the site and was assured it is doing so. A performance bond covering the paving was recently extended by the Planning Commission, largely because the amount of the bond would not have covered the cost of paving (due to increased cost of oil/petroleum/asphalt).

Vice-Mayor Mallicote went back to Ms. Simmons' list of six issues and went over the City's responses:

- 1) Retention pond – expect to be completed as development is completed;
- 2) Erosion/drainage – have a satisfactory engineer's report this is not a problem;
- 3) Common areas containing a gazebo, picnic area and vegetation – The area originally designated for this common area now has a home built on it but the development still contains around 22-23% to be allotted for common space and a minimum amount of 20% is required by City Code.
- 4) Contractor debris – While not ideal, the amount of debris, during construction, is within the boundaries allowed. City staff has asked the developer to continue to be diligent about this.
- 5) T-turnaround – This turnaround is not completed but is scheduled for completion in Phase III.
- 6) Street paving – The last layer of asphalt is scheduled to be completed on Phase III. Phase IV will take place on Triangle Circle.

Developer Erik Fritz addressed several of the issues. He explained that completion of the development has slowed due to sales that are extremely slow - only one unit sold this year. He expressed his reluctance to top coat the paving while still under construction because of the damage heavy trucks will cause. He acknowledged that the T-turnaround was a misunderstanding with the City and subcontractor doing the road and was verbally approved by the engineer.

Ms. Martha Simmons asked if this presentation would also be held at tomorrow night's meeting because several residents, having only four and a half hours notice of this

**Minutes of the Regular Work Session of the Board of Mayor and Aldermen of
Kingsport, Tennessee, Monday, November 3, 2008**

meeting had planned to come tomorrow night. She proceeded to go over several of the issues she felt had not been represented truthfully or completely.

Mayor Phillips said this would not be presented tomorrow night but Ms. Simmons or any other homeowner was welcome to come down and get a printed copy.

8. ADJOURN. Seeing no other matters presented for discussion at this work session, Mayor Phillips adjourned the meeting at 7:45 p.m.


ELIZABETH A. GILBERT
Deputy City Recorder




DENNIS R. PHILLIPS
Mayor