

Minutes of the Regular Work Session of the
Board of Mayor and Aldermen, City of Kingsport, Tennessee
Monday, September 21, 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 Tom C. Parham

Alderman Jantry Shupe

City Administration

John G. Campbell, City Manager

J. Michael Billingsley, City Attorney

James H. Demming, City Recorder

1. **CALL TO ORDER:** 4:35 p.m., by Mayor Phillips.
2. **ROLL CALL:** By Deputy City Recorder Gilbert. Alderman Munsey arrived immediately after roll call was completed.
3. **UPDATE ON HOLSTON BUSINESS DEVELOPMENT CENTER.** Mr. Chip Bailey, Incubator Director of the Holston Business Development Center, provided Board members with a written report on the Center's progress over the last year. He stated that, for the first time in six years, the Center is at complete capacity and have started a new waiting list.

Mr. Bailey provided statistics and relevant information concerning small business counseling and training, graduating businesses, current tenants, and number of individuals employed.

4. **DOWNTOWN KINGSFORT ASSOCIATION (DKA) / DOWNTOWN BUSINESS ALLIANCE (DBA) FUNDING.** Vice-Mayor Mallicote provided a packet to Board members and provided a history and timeline of what has transpired to date regarding this situation involving DKA and DBA. DBA was organized to market downtown, something the group felt was not happening under DKA. There have been numerous discussions and attempts made to decide how to work together or merge and, during the City's budget process, both associations made requests for the same pot of money – to market downtown Kingsport. At its June 2, 2009 meeting, the BMA agreed to a budget of \$48,000 for this purpose and expressed its preference that the groups work together to allow the Board to fund one. William "Bill" Wray agreed to mediate discussions between the two groups and has continued, sporadically, since July 23, 2009. No agreement has been reached, to date, to work together and, essentially, have reached an impasse.

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The materials provided and defined by Vice-Mayor Mallicote included a Timeline, Sponsorships Garnered by DBA, Funding Recommendation, DKA Contract Responsibilities Recommendation, followed by the Mediator's Report. The Mediator's Report, which summarized the status of ongoing dialogue between the mediation committees of DBA and DKA, was followed by the Bylaws of DKA.

Mr. Mallicote recommended, as one who has been involved with discussions since the beginning, the City enter into an agreement with DKA for the entire \$48,000, upon the condition that DKA to adopt changes set out in Exhibit 1, attached to Mediator Wray's report. He further recommended that the City attorney monitor that process and, upon his confirmation that the changes have been appropriately made, DKA will receive the \$48,000 funding for FY10 – time being of the essence in resolving these changes so all involved can work together to promote the holiday season and events.

Vice-Mayor Mallicote believes adoption of this proposal will maintain the DKA history, structure, assets and assure continuance of the current president, as well as the president-elect and these changes will make DKA more responsive to changing downtown needs. He stated that this offer should remain open until the first BMA meeting on October 6, 2009 and, if not resolved by that date, he will recommend that the City fund DBA and, because the group has no corporate structure, the Chamber of Commerce will incubate them.

Aldermen Marsh and Parham asked why Board members were just receiving this considerable amount of information today and had not been provided sufficient time to review and digest prior to this meeting. Vice-Mayor Mallicote indicated that time constraints had prevented him from providing it for inclusion in the Friday Board packets.

Alderman Munsey expressed concern that, although he agreed the proposal was a good step toward the right solution, he see the conditions imposed on DKA are one laid done by DBA and not mutually agreed to by DKA or a third party. He further stated that it appeared the mediation process has not worked and the parties should be given more than two weeks to work on a resolution. Other Board members agreed that the timeframe appeared to be too short.

At this time, Mayor Phillips invited representative from both groups to address the Board.

Larry Crawford, current DKA president, indicated he has not seen the written version of Vice-Mayor Mallicote's proposal provided to Board members but that DKA has been charged, through its contract with the City, to put "feet on the street" by promoting downtown businesses through events. He complimented DBA for many of the contributions made to downtown promotion through advertising and various events. He went on to describe how DKA has used the City's funding in the past and generated eight times that amount by promoting downtown businesses.

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On behalf of DBA, Kanishka Bindadda and John Vachon commented on the DBA's desire to be included as a part of DKA's decision-making body and process and, thus, the request for DKA's bylaws to be revised and updated. Both gentlemen have felt "stonewalled" by DKA's responses to DBA's requests for inclusion and involvement and cited examples of such. They indicated they would like to work together to effect change and promote and enliven the downtown area.

Ms. Mary McNabb stated that she now lives in downtown Kingsport and sees DKA as doing things specific for the entire community where it appears DBA is seeking taxpayer money to advertise their own private businesses. She believes DBA is doing a great job of promoting downtown but does not believe the City should pay for advertising. She mentioned the proven history of DKA, while DBA has been around only three years.

Ms. Hannah Green responded to Ms. McNabb's statements, saying she lives downtown and is a member of DBA, but doesn't own a downtown business and sees DBA as concerned about the whole community, not just downtown.

DKA past president, Mark Freeman provided further clarification about the timeline of working on a resolution between the two organizations.

Greg DePriest is a minister and past Board member of DKA who lives downtown. Pastor DePriest sees DBA as developers and believes the City should be developer-friendly. He indicated that this close community doesn't need the tension created by this situation and the two groups should work together, drawing on the wisdom of the older generation and the creativity of the younger one.

Ms. Joyce Grills, a downtown business owner, is for downtown Kingsport and would like to see these groups come together.

Mayor Phillips encouraged both groups to get together and let the Board know what decision has been reached. The Board will vote on the Vice-Mayor's proposal at the next business meeting.

On a different, yet related note, Alderman Marsh commented that he had tried to come downtown recently and found many streets had been blocked off, evidently, for the Eastman Road race. This Saturday, Main Street will be blocked off and businesses are unhappy because it hurts their business and they were not made aware. Upon further check, he learned that the City's traffic department did not know about it this morning. Mayor Phillips agreed that, perhaps, the City is taking closing streets too lightly – he recently received a letter from a resident at the Fort Henry Arms who cannot get home when Fort Henry Drive is blocked off.

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5. WORK SESSION TICKLER. Alderman Joh inquired about Greenbelt access to and from the old Netherland Inn Road bridge. Assistant to City Manager McCartt indicated areas of the Greenbelt that are currently being improved around Industry Drive and Cloud Park.

Alderman Marsh mentioned an item of concern that was not including on the tickler regarding the \$100 fine for red light camera infractions, which he believes are excessive and which he would like to see reduced to \$75.

Further Board discussion regarding this proposed fine reduction included the impact on the current year's budget revenue, the deterrent to run red lights, the negative financial impact on less well-off citizens, and methods necessary to make any requested reduction. City Attorney Billingsley explained that the \$100 charge is divided \$50 for the fine and \$50 for court costs, which court costs must be kept consistent and cannot be changed just to reduce this charge. Mr. Billingsley will confer further with Mr. Marsh to discuss various options to submit for future Board consideration regarding reduction of this charge and this item will be added to the tickler for further Board follow-up.

Fire Chief Craig Dye indicated that completion of Fire Station 7 will be delayed until around the end of October.

6. REVIEW OF AGENDA ITEMS ON SEPTEMBER 22, 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.D.6 Consideration of a Resolution to Authorize the Mayor to Reject All Bid(s) Related to the Purchase of Four (4) 19-Passenger Urban Mass Transit Mini-Buses (AF: 311-2009). City Manager Campbell explained this request to reject all bids by delaying this purchase for three to five weeks will allow the City to purchase more fuel efficient buses and the delay may allow for more bidders.

Alderman Marsh expressed great concern over purchasing additional transit vehicles when ridership figures are down 18% and opined that it doesn't make sense to spend half a million dollars to buy four buses when transit use demand has fallen.

City Manager Campbell asked that the Board look at the whole transit program and this action will allow the City to replace inefficient vehicles with more efficient, although more costly, ones. Mr. McCartt further offered that this month ridership, being offered at no charge, is around 5,000. Improvements in numbers were seen in June and July and August was down, which is traditionally so, as schools reopen.

Alderman Marsh suggested using automobile instead of buses for the transit routes and Mr. McCartt concurred that some areas have done so using minivans for ADA and fixed routes. Kingsport is currently using 16-passenger buses and is expanding routes to include the Meadowview area.

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Mayor Phillips posed the question what if the City supplied no transit and just answered transit needs on demand and Mr. McCartt replied that he has already been exploring that possibility and TDOT has done a "demand response" study he is reviewing.

VII.1 Consideration of an Ordinance to Condemn for Easements and Rights-of-Way for the Harbor Chapel/Cooks Valley Road Improvement Project (AF: 298-2009). City Attorney Billingsley asked that Item VII.1 be removed from the Consent Agenda because there is no further need for this action.

7. PHASE II PROJECT OVERVIEW – ENERGY EFFICIENCIES. Mr. Russ Nelson of Energy Systems Group reported that, in spite of a substantial increase in electric rates, this project has exceeded the guaranteed savings. Mr. Nelson described additional projects going forward after spending a year and a half looking at updating various energy efficiencies avenues for City buildings. He shared pictures of fire station window replacement and restroom renovations, as well as the Bays Mountain Complex converting HVAC to "lake loop" geothermal and the use of Photo Voltaic roof Panels for on-site electric generation. He mentioned it has been a very collaborative effort with Bays Mountain Park staff.

Mr. Nelson added that this building (City Hall) has a dated circulation and air distribution system and engineers spent three full days looking at this to define a specific set of solutions, which do not include a simple fix but help understand the challenge. He went over a list of Phase II Project Priorities, along with a Scope Summary Matrix which led into discussion on specific upgrade projects and a financial summary reflecting a "simple pay back" within 14.3 years to accomplish Phase II projects.

In response to an inquiry from Alderman Marsh, Mr. Nelson confirmed that a 7.5% escalation factor was included in the proposed figures. Alderman Munsey pointed out, as he has in the past, the need to factor in the net present value in these figures.

[Alderman Marsh left the meeting at 6:45 p.m. following this discussion.]

BOARD COMMENT. Mr. Tim Whaley, Community and Government Relations Director described a TIGER (Transportation Investment Generating Economic Recovery) grant he just learned is available and interchanges are among approved projects. He recommended the Board apply to receive this grant for improvement of the dangerous interchange located at the intersection of I-81 and I-26. If the Board approves application for this grant, which requires no match but which would look more favorable if the Board agreed to a \$1 million match for this \$43 million project. He added that the Board could vote to withdraw at a future date, even if this competitive grant was awarded to Kingsport. Also, if awarded, the \$1 million funding could be shared by other regional partners who would benefit by the interchange improvement at that location, such as Johnson City, Washington County and Sullivan County.

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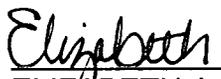
A resolution will be drawn up for consideration at tomorrow night's meeting and City Attorney Billingsley stated that Alderman Marsh will need to be informed about and provided information on this added agenda item prior to the meeting.

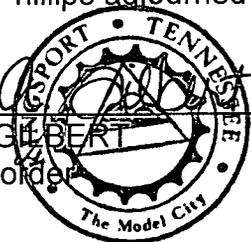
Mr. Whaley spoke next about the Environmental Protection Agency (EPA) new ozone designation and added that the region has met the new goal for the last two years running. He mentioned additional steps EPA is taking to lower the bar even more and the City will work with Congress members to attempt to keep that from taking place.

Budget Officer Judy Smith was asked to give an update on sale tax revenue figures and she reported that revenue was down about 8% (\$100,000). City Manager Campbell reminded the Board that this figure is from the first month of the new fiscal year and will get better; that being said, he is continuing to work with City department heads to stay balanced.

PUBLIC COMMENT. None.

8. ADJOURN. Seeing no other matters presented for discussion at this work session, Mayor Phillips adjourned the meeting at 7:00 p.m.


ELIZABETH A. GILBERT
Deputy City Recorder




DENNIS R. PHILLIPS
Mayor