



BOARD OF MAYOR AND ALDERMEN WORK SESSION MINUTES

Monday, May 08, 2023 at 2:00 PM

City Hall, 415 Broad Street, Montgomery - Watterson Boardroom

Board of Mayor and Aldermen

Mayor Patrick W. Shull, Presiding

Vice Mayor Colette George

Alderman Betsy Cooper

Alderman Darrell Duncan

Alderman Paul W. Montgomery (*joined by phone*)

Alderman Tommy Olterman

Alderman James Phillips

I. CALL TO ORDER 2:00 p.m. by Mayor Patrick W. Shull.

II. ROLL CALL by City Recorder/Treasurer Lisa Winkle.

III. DISCUSSION ITEMS

1. FY24 Budget

The City Manager gave a presentation on the upcoming fiscal year general fund budget process and timeline. He provided details on the financial health of the city, noting property tax as well as sales tax continue to be strong. He discussed the operating budget and the priorities that were defined in the strategic planning session. There was discussion throughout the presentation as he answered questions from the board.

Human Resource Director Tyra Copas presented information on the compensation study that was initiated a year ago, highlighting the process that was taken and the results that were produced. City Manager remarked the focus had been on pay, benefits and culture in an effort to take care of employees and make Kingsport where people want to work. Ms. Copas provided details on the new pay structure that will bring employees to market value, pointing out everyone will receive an increase.

Mr. McCartt then provided information on the outside influences beyond the city's control that have impacted the budget, including increased costs of electricity and fuel, inflation and the national economy, and the most significant being the dramatic increase in the property tax ratio assessment. He made a recommendation on how to absorb the loss through

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restructuring the budget. He also confirmed the state understands that this needs to be addressed with legislation and hopefully the city can recapture some of the money at some point.

The City Manager summarized what had been presented thus far, pointing out the budget had been balanced with no tax increase. He stated most programming would remain flat but there would be no impact to the recommended pay increases stemming from the compensation study. The emphasis that had been placed on infrastructure improvements would also continue. He pointed out with the assistance of the schools there will be an SRO placed in every school.

Mr. McCartt discussed the capital budget at this time, commenting on the projects that will be addressed with the proposed bond issuance. He explained with the unexpected cost of repairing the DB Dome, the Fire Station 2 project would not be moving forward right now. The other projects include the Justice Center, the Library and Roads/Infrastructure.

City Recorder/Treasurer Lisa Winkle gave information on total outstanding debt and the timeline for issuing bonds, pointing it would happen pretty quickly after the budget was approved to get the funding in place for the Dome. She pointed out the investment rates were good and talked about the benefits of going with 30 year bonds, including the flexibility it gives to the upcoming annual budgets. She also confirmed to the Mayor after ten years the city would have the option to refinance.

The City Manager concluded the presentation by discussing the sustainable paving program and the focuses for the upcoming year. He then stated although this wasn't the budget that was initially anticipated earlier this year, he listed the many projects that will be able to move forward in spite of the revenue shortfall. He confirmed it was a conservative approach with the hopes for adjustments as the year progresses. Lastly, he mentioned the many community partners the city supports and the proposed funding for each.

NOTE: At 3:55 p.m. there was a 10 minute recess.

At 4:05 p.m. Deputy City Manager Ryan McReynolds gave a presentation on the Water Utilities pointing out the importance of a master plan and the next stage is implementing it into the budget process. He presented the water and sewer CIP, pointing out the biggest project would be the utility relocation for Memorial Boulevard. He noted the city is waiting on the state to bid out the project before moving forward.

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The Deputy City Manager discussed the operating budget, commenting on the increasing costs of power and chemicals over the past year. Mr. McReynolds highlighted the objectives and how to make the utilities achieve financial sufficiency. He explained the restructuring of rates last year and the increases that need to be made. He presented a comparison from bills in other cities and how utility costs compare to daily purchases. He answered questions and discussion ensued throughout the presentation.

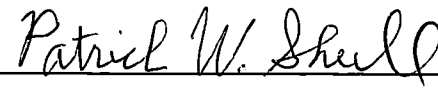
The City Manager thanked everyone involved in this process and stated staff would get any additional information requested before the next budget work session on Thursday where Superintendent Dr. Hampton and David Frye will present the school's budget.

IV. ADJOURN

Seeing no other matters presented for discussion, Mayor Shull adjourned the meeting at 4:42 p.m.


ANGELA MARSHALL
Deputy City Recorder




PATRICK W. SHULL
Mayor