



BOARD OF MAYOR AND ALDERMEN WORK SESSION MINUTES

Friday, February 23, 2024 at 10:00 AM

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
Alderman Tommy Olterman
Alderman James Phillips

Leadership Team

Chris McCartt, City Manager
Michael Borders, Assistant City Manager
Bart Rowlett, City Attorney
Lisa Winkle, City Recorder/Treasurer
John Morris, Budget Director
Scott Boyd, Fire Chief

Ryan McReynolds, Deputy City Manager
Jessica Harmon, Assistant City Manager
Tyra Copas, Human Resources Director
Dale Phipps, Police Chief
Adrienne Batara, Public Relations Director
Floyd Bailey, Chief Information Officer

- I. **CALL TO ORDER** 10:10 am by Mayor Shull.
- II. **ROLL CALL** by City Recorder/Treasurer Lisa Winkle. Alderman Cooper and Alderman Olterman arrived after roll call.

The City Manager opened the work session stating this is the fifth year in a row the strategic planning session has taken place. He explained this will be a little bit different than previous years in that it will be budget heavy. He summarized the topics to be covered throughout the following budget section.

- **FY-24 Budget Overview** (McCartt/Morris) (1.5 hour)

Mr. McCartt talked about the appraisal ratio issue, noting in late April notified by the comptroller that property values would be dropping after the recent assessment which resulted in a 3.8 million dollar hit. Staff presented four options to offset the loss but ultimately recommended restructuring the budget to absorb the loss. He explained sales tax refunding regarding a loss of 1.3 million

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dollars as a result of a mistake that we had no control over. He pointed out the health of the economy within the city is still in great shape and November and December would have been record breaking months without the hit from the sales tax refunding.

- **FY-25 Revenue Projections** – Feel very good about where they will be. Challenge is necessary expenses that need to be brought in. Continue to look at pay and benefit to remain competitive. John Morris provided details on how projects not completed are taken in account such a Brickyard and Shipp Springs. Mr. McCartt discussed planning for future debt issues, noting continually looking at the general fund so as not to overburden it for CIP projects that may arise, such as a new school, fire stations or general park improvements as well as public works.

School Superintendent Dr. Chris Hampton then provided information on the facilities study and the upcoming need for two new schools. He pointed out the projected enrollment for Jackson and Washington Elementaries in 2028 would be at 105%, pointing out the ideal capacity is 80-85%. He also talked about improvements to the TAC facility. Dr. Hampton presented possible sites and the pros and cons for each one.

- **Labor Report (Copas)** – Provided details on staffing levels and market data. Last year there were 156 new hires - the most ever and 122 terminations. 15 % turnover rate but significantly better than the national average.
 - **Vacancies** - She discussed the vacancies and positions that are on hold as well as the labor market statistics for the region compared to the national average.
 - **Market trends (impact of FY-25 Budget)** Continue to focus on the pay plan, benefits and work based learning as well as a new effort to recruit nationally and target specific positions/divisions.
- **CIP Review (Debt) Chart for FY-26 and FY-27**
- **Regional Sales Tax (Borders)** Discussed challenges and changes and how we are adapting regarding the following venues.
 - **Meadowview, Cattails, and KAC** – provided a history of the local option sales tax since the implementation of the increase to .25% in 1992. He presented statistics regarding the use of these spaces and the events that occur. He discussed debt

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service, operations subsidy and ultimately fund balance. Mr. Borders discussed the specific fund challenges since COVID-19 including a decrease in guest volume and unique events noting these have a direct impact on operating revenue. He concluded how these challenges are being addressed, including proactive sales and marketing as well as finding alternative revenue sources.

- **Communication (Batara)** (30 minutes)
 - Ms. Batara provided a review of efforts to improve our communication to citizens – Talked about the many outlets where city news can be found. She discussed the citizen survey results and how the results helped to craft a path forward regarding the website and social media. There has been a significant increase in press releases, newspaper and television mentions. She provided statistics on the success of the city’s websites they monitor as well as Facebook pages, Connect Kingsport, text and email subscribers. She mentioned there would be a Model City 101 class offered in the fall to inform citizens of what is going on in city government. There was some discussion. The mayor pointed out this department not only puts out information but corrects misinformation that’s already out there.
- **Lunch** (30 minutes)
 - General Discussion between BMA and Leadership Team
 - Areas of interest?
 - Concerns?
 - Priorities for FY-25?
- **CIS Overview** (Bailey/McReynolds) (45 Minutes)
 - **New Customer Information System that will improve our billing system (major financial expenditure in FY-25)** Floyd Bailey provided a history of the current Naviline system, noting it’s base was established before the internet and no real updates have been made. He explained that the CIS is a customer self-service portal that will allow the customer to perform many actions without coming to a city facility. He also explained the new processes and workflow and

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the many benefits provided. He discussed the current project scope and the timeline to implementation, noting this is only the first phase for these improvements with the next phase replacing much of the remaining Naviline system.

- **Water Meter installation update** – brief update given by Deputy City Ryan McReynolds.
- **Financial Information System (FIS)** – on the horizon
- **Break** (15 Minutes)
- **KPD Staffing (Phipps)** (30 minutes) Chief Phipps noted the basis of this presentation regarding a manpower master plan is the vision that concerns growth and development. He provided statistics on current staffing and budgeting. There was discussion throughout the presentation as he answered questions.
 - **Population growth** – City is expected to increase by 6.5% by the next census. He presented different pathways to grow the department to compensate.
 - **Ratio of population/sworn officer** – operational vs administrative growth to achieve 2.52 officers per 1,000 citizens.
 - **Strategy to increase the number of sworn officers** – implementation costs discussed for each phase of each pathway presented. The goal is to maintain a sustainable ratio that allows for proactive policing rather than reactive and to allow flexibility.
- **Code Enforcement** (Harmon) (30 minutes) Assistant City Manager Jessica Harmon explained why code enforcement is important and detailed the current structure of the department. She provided a history of the cases regarding both dilapidation and property maintenance.
 - **Focus areas** – Lynn Garden Corridor Study resulted in a special project area yielding 130 violations in the fall of 2023 and a process moving forward.

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- **Demolition expenses** – Discussed upcoming projects regarding dilapidations and highlighting the status of larger commercial buildings. Voluntary compliance is the goal but not always feasible and means of cost recovery in the city code.
- **Break** (15 Minutes)
 - **Lightning Round** (30 minutes)
 - **Downtown – Main Street** – Public Works Director Michael Thompson gave an update noting utility lines are in and they are working on curbs. He stated they are starting to peel back road structure before resurfacing and looking at summer of 2025 to complete.
 - **Review of City capital projects – Justice Center** – Mr. McCartt said a letter was sent to Sullivan County requesting the money they received in bonds and will bid out in the next 30-45 days. **Library** – Assistant City Manager Borders discussed the renovation details including plans and the projected timeline. **Bays Mountain** – Mr. Borders also discussed the park improvement plan and the current projects underway as well as an upcoming grant opportunity for the Otter Habitat and the Nature Center.
 - **Paving/Roads** – Mr. Thompson gave an overview highlighting program goals and outcomes. He pointed out the transparent paving plan is data driven. Some discussion ensued.
 - **Review status of private projects**
 - **Econ Development** – Stephen Bower reviewed ongoing projects including: Fort Henry Mall and IMAX theatre, Kingsport Pavilion, Brickyard, Cement Hill, HAAP Industrial Site; KEDB Properties: Dobyntaylor Warehouse, New Street Parking Lot, Airport Parkway, Improvement Building and Business Park Development
- **General Discussion (BMA/McCartt)** (30 minutes)
 - **Review of the day** – Appreciate staff for putting presentations together. Appreciate the board for their time and attention.

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- **Follow-up items for future BMA Work Sessions**

- Alderman Phillips stated he appreciates all the good information, noting it was out of the ordinary for unexpected expenditures and it was beneficial to see what those items will look like before we get into the budget work sessions. He asked for a summary of what we can proceed forward with regarding prioritizing. Mr. Phillips also asked about holding the tax rate and what that might look like. Alderman Duncan thanked the staff for all the work in getting this together. He mentioned state sales tax hasn't been on the radar to be challenged at the state level. He also asked for an update on new homes and other developments. Alderman Montgomery appreciated everything and suggested another work session day to look at education. He also questioned commercial demolition and dilapidation. Mr. McCartt stated he has spoken with Dr. Hampton about a joint work session with the BOE. Vice-Mayor George stated the need to watch so that the legislators did not take away the city's ability to hold the tax rate. She also asked for an update on the Debt roll off. The mayor said everything presented was informative and beneficial. He stated Kingsport is a progressive city with a lot of great things happening.

III. ADJOURN

Seeing no other matters presented for discussion, Mayor Shull adjourned the meeting at 3:48 p.m.

ANGELA MARSHALL
Deputy City Recorder

PATRICK W. SHULL
Mayor