



BOARD OF MAYOR AND ALDERMEN WORK SESSION MINUTES

Friday, March 06, 2026 at 10:00 AM

City Hall, 415 Broad Street, Montgomery - Watterson Boardroom

Board of Mayor and Aldermen

Mayor Paul W. Montgomery, Presiding

Vice Mayor Darrell Duncan

Alderman Morris Baker

Alderman Betsy Cooper (*arrived after roll call*)

Alderman Colette George

Alderman Gary Mayes

Alderman James Phillips

I. CALL TO ORDER 10:00 a.m. by Mayor Paul Montgomery.

II. ROLL CALL by City Recorder Travis Bishop.

III. DISCUSSION ITEMS

1. BMA FY-27 Budget Planning Session

The City Manager opened the meeting by summarizing the agenda and pointing out staff will be presenting a snapshot of the budget from different aspects. He recognized David Elkins from Brown Edwards and then turned the meeting over to the City Recorder. Mr. Bishop gave a presentation on the FY 2025 Financial Statement Draft review. He provided details contributing to the delay in presenting the audit, noting staff turnover, GASB 101 and a change in the financial statement preparation. Mr. Bishop discussed pressures on the general fund. There was some discussion as Mr. Bishop and Mr. McCartt answered questions throughout the presentation. Deputy City Manager McReynolds also provided further details when answering questions regarding enterprise funds and subsidies. Mr. Bishop also provided details regarding the debt service fund, the regional sales tax fund, state street aid fund, water and sewer funds, aquatic center and Meadowview CRCC funds and the fleet fund.

Break from 11:25 to 11:30

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Assistant City Manager Jessica Harmon provided an update to the strategic plan, highlighting the seven focus areas and the accomplishments that have been made in these areas over the last year. She mentioned the action plan that was developed by staff and is reported to the BMA every other month.

Lunch Break from 11:50 to 12:25

City Recorder Bishop provided an update on the FY26 financials, discussing the recent bond issuance and noting Kingsport has a high-grade rating of Aa2. He gave details on revenue projections in regard to property and sales taxes. He also discussed expenditure historical trends as well as projections. There was some discussion.

City Manager McCartt presented information on cost savings and budget impacts to the General Fund. He discussed operating adjustments and identified where cost savings were located within the budget. Mr. McCartt also highlighted the key factors that affect expenditures including personnel costs and market conditions. He answered questions throughout this presentation.

Break 1:15 to 1:25

Human Resources Manager Tyra Copas gave a labor update and providing details on new hires, terminations and retention. She pointed out the city is now in a healthy/normal range regarding turnover rates. There was some discussion as she answered questions. The city manager also provided further details throughout the presentation. Ms. Copas talked about market information and recruitment challenges. The last half of the presentation she discussed the health insurance for both active employees as well as retirees.

City Recorder Bishop talked about FY27 revenue projections relative to the consumer price index and pointed out it is less than the rate of inflation and can be seen statewide. He mentioned several factors that affect these projections.

City Manager McCartt provided a budget overview for FY27, noting the upcoming timeline and summary of requests including personnel and operational costs. He talked about next steps to evaluate all potential increases even after the budget is implemented. Mr. McCartt then highlighted capital requests across all city departments. Lastly, Mr. McCartt discussed the general fund outstanding debt, noting the downward trend. He pointed out relying on debt service to fund new projects will be challenging due to the increase in costs such as building a new elementary school. The City Manager stated the need to develop a five-to-ten-year capital improvement plan to be developed outside of the FY27 budget timeline and include all enterprise funds in addition to the general fund.

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The board members expressed their appreciation for the data presented today and the hard work put in by staff. They requested information on economic growth, as that will also have an impact.

IV. ADJOURN

Seeing no other business for consideration, Mayor Montgomery adjourned the meeting at 2:59 p.m.

ANGELA MARSHALL
Deputy City Recorder

PAUL W. MONTGOMERY
Mayor