

**MINUTES OF
CITY COMMISSION MEETING
MONDAY, JUNE 28 2010, 5:30 P.M.
CITY HALL, PIGEON FORGE, TENNESSEE**

Vice Mayor McClure called the meeting to order with the following in attendance: Commissioner Brackins, Commissioner Robinson, Commissioner Wear, City Manager Teaster, City Recorder Clabo, City Attorney Gass, members of the press and interested citizens. Mayor Whaley was absent.

Vice Mayor McClure opened the meeting and led in the pledge of allegiance.

REGULAR MEETING

The minutes were unanimously approved following motion by Commissioner Wear and second to motion by Commissioner Brackins.

The authorization for the payment of bills was unanimously approved following motion by Commissioner Brackins and second to motion by Commissioner Wear.

Ordinance No. 907 to set the property tax rate for the 2010-2011 fiscal year was presented for the second reading. On a motion by Commissioner Wear, second by Commissioner Robinson, and with all voting "aye" the motion was approved on the second reading.

Ordinance No. 908 to make and fix the annual appropriations for the several departments of the City of Pigeon Forge, Tennessee, for the fiscal year beginning July 1, 2010 and ending June 30, 2011 was presented for the second reading. Vice Mayor McClure requested comments from the floor regarding the budget. Tony Rast Jr. asked to read a statement to be included as part of the minutes. Please see Attachment A for his statement.

Commissioner Robinson stated he had several questions regarding the budget. He started by asking about the Birds Creek water line project that has been presented to the City and why it is currently not in the proposed budget since it will put the City over budget as soon as the project is underway. Public Works Director Miller stated that the costs are currently unknown and the City could amend the budget but if council wanted him to guess at the costs he could.

Commissioner Robinson asked City Attorney Gass about the contract with Veolia and the manhole rehabilitation. City Attorney Gass stated that input from Martin Cross may be beneficial for council. Martin Cross discussed 51 manholes that have issues related to hydrogen sulfide and is deemed capital per the contract. The budget line that includes manhole rehabilitation does not cover all aspects such as the hydrogen sulfide issue. Commissioner Robinson wanted to ensure that the City is not paying for the same thing twice. City Attorney Gass stated that the manhole rehabilitation in question in the current year had already been removed from the budget and it appeared that other amounts Commissioner Robinson was questioning were in future years.

Vice Mayor McClure asked what other services Veolia performs. Mr. Cross discussed manhole rehabilitation, perform camera work, perform cleaning, perform smoke testing, perform analysis of flows with a computer program throughout the collection system to try to identify sources of inflow infiltration, and incidental work.

Commissioner Robinson asked if it was correct that when budget is approved, are we approving paying companies that we have contracts with that are already in place. City Attorney said yes. Commissioner Robinson then stated that the City has \$15,000,000 in unbid contracts (Toll Free Fulfillment, Mike Wilds, Veolia, Bohan, and USDM) so if budget is approved, are contracts approved. City Attorney Gass stated that what council has done is approve scope of services. City Attorney Gass stated that if a contract is in place and council authorizes the funding in the budget then the business can be paid. Commissioner Robinson asked if Toll Free Services is considered a professional service since it is not being bid. City Attorney Gass stated that he did not remember the contract and that council may want to revisit it. Commissioner Wear added that the idea had been proposed that the City take all of its contracts and put them on a schedule and have staff and department heads recommend to council how long it needs to be before each is revisited. City Attorney Gass reiterated that professional services did not have to be bid. Commissioner Robinson asked if these were professional services and not required to be bid. City Attorney Gass stated that he would be glad to look into and issue a written opinion.

Commissioner Robinson said that he has looked at the public notice and he doesn't feel that it is correct. (See Attachment B for questions regarding public notice). City Recorder Clabo stated that he would be glad to sit down with Commissioner Robinson and discuss how public notice is prepared. Commissioner Robinson said that the public notice does not balance. City Recorder Clabo noted there may be some differences in what the Commissioner is looking at because the Water and Sewer fund is not required to be included in the public notice. Commissioner Robinson stated that there were discrepancies with the number of employees, salaries, debt service, and calculation errors that are referenced in Attachment B. Commissioner Robinson said that there is nothing on the public notice for debt. City Recorder Clabo said that debt is included in the general fund expenditures. Commissioner Robinson asked why the City didn't show total debt. City Recorder Clabo explained that this budget only covers revenues and expenditures for the 2010-2011 fiscal year. City Attorney Gass asked if Commissioner Robinson would like a letter from the auditor that this complies with state law. Commissioner Robinson stated that would be fine.

Commissioner Wear thanked City staff and departments on hard work related to budget. He added that when revenues improve, he would like to see employee raises the first thing added back to the budget. On a motion by Commissioner Wear, second by Commissioner Brackins, the motion was approved on the second reading. Commissioner Robinson voted no.

Ordinance No. 909 to amend the Pigeon Forge Municipal Code by revising title 12, chapter 1 section 12-102 (1) so as to update the building code for the City of Pigeon Forge was presented for the first reading. Chief Building Inspector Dunn explained that this is modeled after the State Fire Marshal's Office and the City is following the lead of the electric system and state. On a motion by Commissioner Robinson, second by Commissioner Wear, and with all voting "aye" the motion was approved on the first reading.

Ordinance No. 910 to amend ordinance no. 894 annual appropriations for fiscal year 2009-2010 was presented for the first reading. City Recorder Clabo explained briefly larger account balances and explained transfer amounts. On a motion by Commissioner Wear, second by Commissioner Brackins, and with all voting "aye" the motion was approved on the first reading.

Resolution No. 773 to amend the fees for refuse collection for commercial 4 yard and 8 yard dumpsters was presented for approval. Commissioner Robinson stated that he was against this since he was not aware of the issue. He stated that the City needs to try to be more economical and the businesses are in hard times right now. Vice Mayor McClure and Commissioner Brackins stated that this had been discussed in the past at work sessions. Commissioner Robinson asked if council had discussed how to better manage the sanitation expenses. Commissioner Brackins noted that it has been discussed how much money the City is collecting versus how much it is paying out to dispose of trash. Vice Mayor McClure said that the City is still operating at a loss. Commissioner Robinson said he would like to look at ways to maybe operate better. On a motion by Commissioner Brackins, second by Commissioner Wear, it was approved to accept resolution as presented. Commissioner Robinson voted no.

Approval to donate exercise equipment to Pigeon Forge High School was presented for approval. Parks and Recreation Director Wilbanks noted that this was done periodically and he was recommending donating a treadmill, recumbent bike, and leg press. On a motion by Commissioner Brackins, second by Commissioner Robinson, it was unanimously approved to accept the request as presented.

Approval of a memorandum of understanding with the Knoxville Police Department for support of law enforcement operations was presented for approval. Police Chief Baldwin stated that this would allow the departments to help each other when called upon. On a motion by Commissioner Robinson, second by Commissioner Wear, it was unanimously approved to accept the request as presented.

Approval of agreement with MF Billboards, LLC regarding the relocation of billboards on certain properties was presented for approval. City Attorney Gass presented and discussed that this was a request to relocate sign to Buddy's Bar-B-Q and Pigeon River, Inc. and that Kenneth M. Seaton and MF Billobards, LLC have relinquished rights to D&B Billboards. This agreement needs to be amended to include D&B on settlement agreement. On a motion by Commissioner Wear, second by Commissioner Robinson, it was unanimously approved to accept the request as presented.

Approval to accept a state operating assistance grant from TDOT for the Trolley Department was presented for approval. Mass Transit Director Marine stated that the City had been allocated \$277,668.55 and the funds will be used to assist in the expenses of day-to-day operations of the trolley department such as for salaries, maintenance, fuel, advertising, etc. On a motion by Commissioner Brackins, second by Commissioner Wear, it was unanimously approved to accept the request as presented.

Approval of the 2010-2011 Scope of Work with Bohan for tourism advertising was presented for approval. Executive Director of Tourism Downey said that this had been unanimously approved by the marketing advisory board on May 14, 2010 and discussed with

Brian Gilpatrick at the June 14, 2010 work session. Commissioner Robinson stated that he was behind advertising but does not think that this qualifies as a professional service. City Attorney Gass said that he believed that it was a professional service. On a motion by Commissioner Wear, second by Commissioner Brackins, it was approved to accept the request as presented. Commissioner Robinson voted no.

Approval of the 2010-2011 Scope of Work with USDM for online tourism advertising was presented for approval. Executive Director of Tourism Downey said that this had been unanimously approved by the marketing advisory board on May 14, 2010 and discussed at the June 14, 2010 work session. Commissioner Robinson stated he had the same concerns as he had with the Bohan agreement. On a motion by Commissioner Wear, second by Commissioner Brackins, it was approved to accept the request as presented. Commissioner Robinson voted no.

Approval of agreement with Majority Opinion Research for the 2010-2011 marketing research program was presented for approval. Executive Director of Tourism Downey said that this had been unanimously approved by the marketing advisory board on May 14, 2010 and discussed at the June 14, 2010 work session. On a motion by Commissioner Brackins, second by Commissioner Wear, it was approved to accept the request as presented. Commissioner Robinson voted no.

Approval of contract to lease three Tennessee State Welcome Center kiosk spotlight packages was presented for approval. Executive Director of Tourism Downey said that the kiosks are located at the I-75 south bound Jellico Welcome Center, I-75 north bound Chattanooga Welcome Center, and the I-81 south bound Bristol Welcome Center. The total cost for a year lease is \$19,500. Each year thereafter the City of Pigeon Forge will have first right of refusal. On a motion by Commissioner Brackins, second by Commissioner Wear, it was unanimously approved to accept the request as presented.

Approval of contract with BDS for 2010-2011 brochure distribution was presented for approval. Executive Director of Tourism Downey stated that the company will deliver the travel planners to the state welcome centers, state rest areas, and brochure racks in Sevier County. On a motion by Commissioner Wear, second by Commissioner Robinson, it was unanimously approved to accept the request as presented.

Approval of agreement with Wilbur Smith and Associates for waterline design for Birds Creek Road was presented for approval. Public Works Director Miller stated that this had been mentioned at the last work session where the road in front of Catons Chapel School is being moved and the water line going to have to be moved also. Miller added that this engineering firm had designed the road and had the most data on the project. This will slow the project down for the state but will allow design work to be done by Wilbur Smith at a cost of \$12,100. On a motion by Commissioner Robinson, second by Commissioner Wear, it was unanimously approved to accept the request as presented.

Approval of bid for traffic sign supplies was presented for approval. Public Works Director Miller recommended purchasing supplies from lowest bidder per item. On a motion by Commissioner Brackins, second by Commissioner Wear, it was recommended to accept the bid as presented.

Manager's report included the following:

1. There will be a beer board meeting on July 8, 2010 at 2:00 p.m. in the council room of city hall.
2. There will be a planning commission meeting on July 27, 2010 at 3:00 p.m. in the council room of city hall.
3. The 4th of July celebration will take place on Saturday July 3rd at Patriot Park.
4. City offices will be closed in observation of July 4th on Monday July 5, 2010.

Vice Mayor McClure asked for comments from the floor and/or board.

Wilburn Malugen asked about the order of agenda items. He said that according to the charter, the order of business should be as follows: 1) call to order by the mayor; 2) roll call by the recorder; 3) reading of minutes of the previous meeting by the recorder and approval or correction; and 4) grievances from citizens. Mr. Malugen stated that he was just asking for the charter to be followed. Vice Mayor McClure asked City Attorney Gass to look at charter. City Attorney Gass stated that he would look into question and advise City Manager Teaster with a memo.

Following other general comments from the floor and board, the meeting was duly adjourned at 7:00 p.m.

APPROVED: _____


MAYOR

ATTEST: _____


CITY RECORDER

I would like to make a statement to be reflected in the minutes on the public hearing for the proposed budget.

My concern is with the line item, "committed projects by council but currently unfunded" (Tab 5, 2009/2010 budget). This item outlines the projects that the city has committed to but has not appropriated funding for.

The court order and judgment of 2005 regarding the city of PF and the developers of Riverwalk and Pigeon Falls Lane, in which the city committed to develop a trolley station, extend Jake Thomas Rd., and construct Pigeon Falls Ln is omitted. These projects total well over \$100 million. This number does not include the surface parking facility which will total over 47 million with interest.

The Court Order was approved by the PF Board of Commissioners making the above a committed project.

My understanding is that Pugh and Company (the auditors) base their audits on the information provided by the city's approved budgets. After they spot check certain areas of the budget, which in this case may be incomplete, they evaluate the city's financial policies. These audits are in turn given to Cumberland Securities, who then uses them as a basis for the city's financial soundness, which establishes our bond rating.

I fear our bond holders may be unaware of this \$100 million+ liability. If this is true, this would impact our bond

rating as well as the interest rate we are paying on bonds well into the future.

If this Judgment is not included in the budget under the line item, "committed projects by council but unfunded" then it would seem to have been willfully omitted . Passing this budget with such a fundamental flaw would continue to omit this massive liability which will double our current debt load.

With revenues flat and debt doubling, I worry about what types of drastic measures the city will have to face in order to confront its massive debt load.

**Pigeon Forge Tourism Development Zone
Project and Cost Summary**



Project	Square Footage	Estimated Cost
Master Development Strategy, TDZ Planning, preliminary design work		\$500,000
Pigeon Forge Civic Events Center Complex:	COURT ORDER.	
▪ Civic Events Center	90,000 s.f.	\$45,000,000 ✓
▪ Amphitheater and Festival Center	130,680 s.f.	\$8,000,000
▪ Public Parking and Intermodal Center	486,000 s.f.	\$10,500,000 ✓
▪ Multi-Use Arena and Southside Public Parking Facility		\$6,200,000
Total Square Footage:	<u>706,680 s.f.</u>	ACT. 32.m.
Traffic and Access Improvements Projects:		
▪ Wears Valley Parking Facility		\$12,500,000
▪ Enhanced Transit System		\$42,500,000
▪ Jake Thomas Road Connector		\$29,000,000
▪ Westside Connector		\$15,250,000
▪ Wears Valley Road Extension and Improvements		\$17,625,000
▪ Conner Heights Road Extension		\$4,250,000
Utility and Infrastructure Improvements:		
Wastewater Treatment Plant Expansion and Collection System Improvements		\$29,000,000
Community Development Projects:		
▪ Pigeon Forge Heritage Village and Smoky Mountain History Museum		\$18,000,000
▪ Middle Creek Transportation Node and Sports Complex		\$4,950,000
▪ Parkway Redevelopment Project		\$17,750,000
▪ Pigeon River Greenway		\$1,500,000
Contingency		\$12,500,000
Total Project Cost	1,167,480 s.f.	\$275,025,000

PUBLIC NOTICE SHOWS:

TOTAL EST. REVENUE	\$40,233,665	#1
TOTAL EST. EXPENSE	39,181,949	#2
	1,051,716	SURPLUS
	THAT ADDS TO BEG. BAL.	

BEG. BALANCE	33,091,604	#3
	+ 1,051,716	
CORRECT TOTAL	34,143,320	
PUBLIC NOTICE FIGURE	34,133,540	#4
	9,780	MISTAKE

ESTIMATED REVENUE 2010-2011

	25,315,230	#5
	5,274,385	
	3,322,133	
	5,274,385	
PUBLIC NOTICE	40,233,665	#1
CORRECT ADDITION	39,186,133	
	1,047,532	MISTAKE

ESTIMATED EXPENSE 2010-2011

	9,638,000	# 6
	38,181,949	# 2
CORRECT ADDITION	47,819,949	
PUBLIC NOTICE FIGURE	39,181,949	# 7
	8,638,000	MISTAKE

47,819,949
 39,186,133
 8,633,816

IF THIS IS ACTUAL EXPENSE
 IF THIS IS ACTUAL REVENUE
 OVER SPENDING BY \$8,633,816

STREET/PUBLIC WORKS

	823,000	# 8
	803,185	# 9
PUBLIC NOTICE FIGURE	1,625,185	#10
CORRECT ADDITION	1,626,185	
	1,000	MISTAKE

PUBLIC NOTICE SHOWS 2010-2011	359 EMPLOYEES
ACTUAL BUDGET PAGE 3 SHOWS	418 EMPLOYEES
	(263 FULL - 155 PART)

**PUBLIC NOTICE SHOWS
2010-2011 SALARIES**

9,638,000

**ACTUAL BUDGET
TABLE 16-1 SHOWS**

11,786,000

2,148,000 MISTAKE

**ACTUAL GENERAL FUND BUDGET
AND 1ST READING SHOW**

40,808,134

PUBLIC NOTICE SHOWS

40,233,665

PUBLIC NOTICE

The City of Pigeon Forge, hereby provides certain financial information of the 2010-2011 fiscal year budget, in accordance with provisions of chapter 484. Public Law of 1991, as amended.

City of Pigeon Forge, Tennessee Proposed Budget For the Fiscal Year Ending June 30, 2011

GENERAL FUND	ACTUAL 2009-2009	ESTIMATED 2009-2010	PROPOSED 2010-2011		ACTUAL 2009-2009	ESTIMATED 2009-2010	PROPOSED 2010-2011
Estimated Revenue				State Street Aid Fund			
Local Taxes	24,115,716.00	24,183,135.00	25,315,230.00	5 Estimated Revenue			
State of Tennessee	4,314,905.00	5,945,059.00	5,274,385.00	State of Tennessee	106,949.00	232,692.00	245,000.00
Federal Government	12,250.00	110,577.00	3,322,133.00				
Other Source	7,196,963.00	4,975,187.00	5,274,385.00	Total Estimated Revenue	196,949.00	232,692.00	245,000.00
Total Estimated Revenue	35,839,834.00	35,213,969.00	40,228,005.00	1 Estimated Expenditures			
Estimated Expenditures				Other Costs	223,758.00	233,515.00	452,257.00
Salaries	8,946,916.00	9,019,039.00	9,638,000.00	6 Total Expenditures	223,758.00	233,515.00	452,257.00
Other Costs	27,568,393.00	24,339,540.00	38,181,949.00	2 Estimated Beginning Fund Balance	609,234.00	582,425.00	581,601.00
Total Estimated Expenditures	36,515,309.00	33,358,578.00	39,181,949.00	1 Estimated Ending Fund Balance	582,425.00	581,602.00	374,345.00
Estimate Beginning Fund Balance	32,111,899.00	31,236,224.00	33,091,604.00	3 Employee Positions	0	0	0
Estimated Ending Fund Balance	31,236,224.00	33,091,604.00	34,133,540.00	4 Debt Service Fund			
Employee Positions (Full & Part Time)	355	355	369	Estimated revenue (Included in General Fund)			
STREET/PUBLIC WORKS				Estimated Expenditures			
Estimated Revenue (Included in General Fund)				Other Costs	0.00	0.00	0.00
Estimated Expenditures				Total Expenditures	0.00	0.00	0.00
Salaries	611,051.00	807,500.00	823,000.00	8 Estimated Beginning and Ending Balances			
Other Costs	1,904,708.00	767,831.00	803,185.00	9 (Included on General Fund)			
Total Estimated Expenditures	1,904,708.00	1,575,331.00	1,626,185.00	10 Submitted this 17th day of June, 2010			
Employee Positions	27	27	27	Earlene M. Teaster, City Manager			
				Demia Clabo, City Recorder			