MINUTES OF THE
TENNESSEE ADVISORY COMMISSION
ON INTERGOVERNMENTAL RELATIONS
7 December 2011

MEETING CALLED TO ORDER
The Tennessee Advisory Commission on Intergovernmental Relations met in room 29 of the Legislative Plaza at 1:04 p.m., Chairman Senator Mark Norris presiding.

Present 23
Mayor Tommy Bragg
County Mayor Ernest Burgess
Mr. Charles Cardwell
Mr. Rozelle Criner
Ms. Paula Davis
Representative Vince Dean
Mayor Brent Greer
Representative Curtis Halford
Senator Douglas Henry
County Executive Jeff Huffman
County Mayor Kenny McBride
Mr. Iliff McMahan
Senator Randy McNally
Speaker Emeritus Jimmy Naifeh
Senator Mark Norris
Representative Gary Odom
Mayor Tom Rowland
Representative Charles Sargent
Mr. Tommy Schumpert
Mayor Pro Tem Kay Senter
Senator Jim Tracy
County Mayor Larry Waters
Comptroller Justin Wilson

Absent 2
Senator James Kyle
Mayor Keith McDonald
1. Call to Order and Approval of September 2011 Minutes

Chairman NORRIS called the meeting to order at 1:04 p.m. and asked for approval of the minutes. Representative DEAN made a motion to adopt the minutes. The motion was seconded by Vice Chairman ROWLAND. The minutes were approved.

2. Utility District Board Selection Methods

   a.) Presentation by Comptroller Justin WILSON

Comptroller WILSON commented that anecdotally and based on staff opinions, better commissioners tend to be chosen when they are appointed by the chief executive officer rather than by election. All members of his staff who deal with utility districts share this view. He cited several issues that can arise from customer elections, including staggered terms (which would require multiple elections), inconsistent election procedures from county to county, low voter turnout, personal motivations and internal conflict where the executive officer and commissioners have fundamentally different views.

Senator HENRY asked Comptroller WILSON to address the issues of districts overspending or “undercollecting” on revenues and the effect that might have on bonds floating around with the name of the State of Tennessee on top of them. Comptroller WILSON responded that his office does have a concern about that. Sometimes individuals run for these positions without understanding the financial consequences behind their actions. They promise to lower rates or keep rates the same in order to secure a seat on the board without reducing any services. He noted that reducing services can be an appropriate decision. He believes that having this responsibility on the chief executive officer of the county would be helpful to the security of the bonds.

Chairman NORRIS asked whether the Comptroller’s position was that this is where the responsibility rests under present law. Comptroller WILSON explained that the current responsibility lies with the issuer, which is usually the utility district. He noted a possible exception where the bond is guaranteed by the county but stated that this is not usually the case. Chairman NORRIS asked Comptroller WILSON if he thinks this is a change that should be made. Comptroller WILSON said he is not recommending the change at this time. But if the chief executive officer appoints the commissioners, they would be sensitive to this.
b.) Presentation by Ms. Leah ELDRIDGE, Senior Legal Research and Policy Coordinator, TACIR

Ms. ELDRIDGE explained that SB 500 and SB 830 were brought before the legislature to change the method of selecting utility district commissioners from appointment by county mayors to election by customers in the Bon De Croft Utility District in White County and in all of the utility districts in Lawrence County. The two bills were prompted by customer complaints alleging instances of district mismanagement and citing what they believe were bad commissioner decisions.

In Tennessee, commissioners are chosen by one of three methods: (1) the election method (used in ten counties), (2) the self-appointment method (used in a handful of multi-county districts in twelve counties), and (3) the appointment by county mayor method (used in the vast majority of districts).

Ms. ELDRIDGE explained that TACIR staff does not recommend that the method of selection be changed in the districts. First, past research by state agencies has indicated that the county mayor method is the best approach and best serves the public interest. Second, Ms. ELDRIDGE noted that other mechanisms are in place to assist customers if they feel that their districts are being mismanaged. Utility district oversight is already provided by two state agencies: the Division of Municipal Audit and the Utility Management Review Board (UMRB). Utility districts are audited annually, and any financially distressed districts are referred to the UMRB to help resolve those financial issues. The UMRB also has authority to prescribe rate changes.

Senator HENRY asked for clarification on the UMRB’s authority. He asked whether it can raise rates or whether it can bring suit against the commissioners. Ms. ELDRIDGE explained that the UMRB can force a rate change by filing suit against the commissioners in chancery court. She then deferred to Joyce WELBORN, Board Coordinator for the Office of State and Local Finance within the UMRB, who confirmed Ms. ELDRIDGE’s statement. Ms. WELBORN explained that the UMRB can require a rate change through the chancery court if the commissioners decide not to increase rates.

Chairman NORRIS asked about the actions that are being taken for the four districts that are currently in a financially distressed status. Ms. WELBORN said that plans are in place to assist those districts. Steps can include rate increases or reductions. Ms. ELDRIDGE mentioned several other rules that are currently in place, including the 35% threshold for water losses, which could cause utility districts to come under the review of the UMRB. The Tennessee Department of Environment and Conservation handles water quality issues.

Ms. ELDRIDGE noted that customer grievances can also be addressed through the legal system. Ms. ELDRIDGE added that the utility district law does provide procedures for
ousting commissioners and procedures for petitioning the UMRB for a review of rates or commissioner decisions.

Ms. ELDRIDGE noted that even if the utility district law is changed in these districts, there is no guarantee that it will result in a better run district. To illustrate this point, she pointed out that four districts that select commissioners through the election process are currently under UMRB review for excessive water loss and financial distress. Another election district had water quality violations this year. Another consideration is election cost, which can be burdensome for smaller utility districts. Noting that the law provides several adequate remedies for addressing the issues that could arise in the districts, Ms. ELDRIDGE reiterated TACIR staff’s position that the two bills not be passed.

Senator TRACY asked about the procedure for complaints in districts where the county mayor appoints the Board of Commissioners. Ms. ELDRIDGE explained that a complaint is typically filed with the Board of Commissioners. If it is not resolved, then customers can contact the UMRB for review of that decision. Senator TRACY then asked about the procedure for requesting an audit if there are concerns about the misuse of funds. He wanted to ensure that customers have a proper avenue for addressing that concern. Ms. ELDRIDGE explained that the Division of Municipal Audit could be contacted directly.

Speaker Emeritus NAIFEH noted that the rates for the six Lawrence County utility districts vary quite a bit. He then asked about the revenues at the West Point Utility District, expressing concerns about their ability to operate the district on only $59,000 per year. He asked if that included salaries. Ms. WELBORN responded that the West Point Utility District pays small salaries to three individuals: a bookkeeper, a meter reader, and a certified operator, noting that the third is required by law.

Chairman NORRIS asked why ten districts have elected boards while others are appointed. Ms. ELDRIDGE explained that prior to 2004, the statute governing the selection of commissioners had many different subsections and exceptions that allowed for alternative methods of selection.

Senator TRACY asked Ms. ELDRIDGE to explain what self-appointed boards are. Ms. ELDRIDGE explained that the commissioners select their own replacements. This occurs in the multi-county districts.

Chairman NORRIS asked for clarification on the ouster procedures in Title 7. Ms. ELDRIDGE explained that aggrieved parties can petition the UMRB by obtaining signatures from 20% of the customers in the district. Once the petition is certified, an administrative law judge, sitting alone, will hear the case and render a decision. This decision can be appealed to the UMRB or the administrative law judge for reconsideration. Mr. DOSS asked if there is any difference in ouster proceedings
depending on whether commissioners are appointed or elected. Ms. ELDRIDGE stated that there was not any difference.

Mayor Pro Tem SENTER asked about the process that commissioners take in forwarding names to the county mayor. Ms. ELDRIDGE responded that the procedure differs and is at the discretion of the districts. This is not outlined in the statute.

Chairman NORRIS asked for a motion to receive the report. The motion was made by Speaker Emeritus NAIFEH and seconded by Vice Chairman ROWLAND. Chairman NORRIS noted that this report was very thorough and that it is duly received with thanks to TACIR staff.

3. Commission Updates

Chairman NORRIS introduced and welcomed TACIR’s new member, Iliff MCMAHAN, Regional Director, Department of Economic and Community Development.

4. Presentation by Dr. Reuben KYLE, Senior Research Consultant, TACIR, on the Electric Generation and Transmission Cooperative Act

Dr. KYLE provided a brief update of the report and gave an overview of the Electric Generation and Transmission Cooperative Act enacted in 2009 and amended in 2010. Among other things, the Act charged TACIR with monitoring changes in the wholesale supply arrangements of the Tennessee Valley Authority (TVA) to determine the possible effect on TVA’s payments in lieu of taxes (PILOTs). Under the Act, TACIR must report any changes or recommendations to the legislature annually.

Dr. KYLE reminded the Commission of the importance of TVA PILOTs as mentioned in the report. TVA has made PILOTs of nearly $5 billion since federal fiscal year 2000 to the eight states affected by TVA power production. In fiscal year 2011-12, it is anticipated that the amount of PILOTs will be $567 million, with more than 61% ($347 million) being paid to Tennessee. Chairman NORRIS asked how these numbers compare to last year. Dr. KYLE explained that these numbers change from year to year. While total PILOTs decreased by 5.5% in 2009-10, they increased by about 7% this year.¹ Chairman NORRIS asked for clarification on whether the 7% increase is for the current year or if that is a projection. Dr. KYLE stated that this is for the upcoming federal fiscal year. Beginning October 1, payments to the state of Tennessee and its local governments will be $347.3 million for the current fiscal year.² Chairman NORRIS asked when Dr. KYLE received the figures. Dr. KYLE said the totals were released on November 18th, and the numbers allocated within the state were received this past week.

¹ The report states the correct amounts as a 3.4% decline from federal fiscal year 2010 to 2011 and an increase of 5.4% from 2011 to 2012.
² $347.3 million for federal fiscal year 2011-12, including $3.3 million directly to local governments; $342.4 directly to the state during the state’s 2011-12 fiscal year.
The issue is whether the supply arrangements of TVA affect the PILOTs. In 2011, TVA agreed to close a number of coal-fired steam plants. When this happens, more power is produced somewhere else. The most important consideration is where property is owned. If operations shift from Tennessee to another state, then the allocation of the PILOT between states could change.

Mayor GREER complimented Dr. KYLE on the thoroughness of the report and informed the Commission of his involvement with the Association of Tennessee Valley Governments (ATVG). He discussed the importance of this topic for local governments, especially since TVA is looking into building nuclear plants and selling off and leasing back property. The states where this property is sold off will be affected. Mayor GREER announced that the ATVG is having a meeting on January 18, 2012, in Nashville, and TVA will speak to the membership on this topic. Chairman NORRIS thanked Mayor GREER for the information and stated that it would be beneficial if representatives from TACIR or the Department of Finance and Administration attend the meeting.

Dr. KYLE stated that in order to finance the expansion of nuclear capability in North Alabama, TVA proposed a sale and leaseback arrangement with part of the facility at the John Sevier plant in East Tennessee and the Watts Barr second nuclear reactor. He explained that the sale and leaseback would result in a transfer of title so part of the PILOT could be shifted from Tennessee to Alabama. The question is what will TVA do with the facilities and property they no longer plan to use. Dr. KYLE emphasized the volatility of the PILOT. He discussed some of the contributing factors listed in the report: state of economy, weather patterns, modernization of the region’s power generation system, alternative financing strategies, and changes in the overall rate structure.

Dr. KYLE stated that, in order to fund the construction of the nuclear facility in north Alabama, new debt must be issued, and the $30 billion debt ceiling imposed in 1979 is a critical issue. Because of financial limitations, TVA is considering new options such as sale and leaseback arrangements. PILOT allocations are up, but it is still a highly volatile situation. Chairman NORRIS asked whether it is the TVA Act that determines the formula. Dr. KYLE clarified that the federal law specifies that the 5% total PILOT has its own rules of allocation. TVA and Tennessee each have rules for intrastrate allocations.

Mayor GREER recognized Frank MCKEE (of CTAS), who was in the audience. Mr. MCKEE was involved in the original discussion and helped establish the formula. Tennessee benefits from the properties we have here, and so do our local governments. TACIR is also impacted by the formula. Mayor GREER mentioned that in Henry County, 100% of TVA revenue—about $1.6 million—goes towards education. Chairman NORRIS asked about the source of the revenue. Dr. KYLE said that revenue is generated on the properties within the states that they operate and
where they own property. Ms. ROEHRICH-PATRICK clarified from the audience that half of the distributions by TVA are based on power sales in each state.

Chairman NORRIS asked whether TVA’s net would be reduced if power was purchased through water-turbine generated electricity. Dr. KYLE pointed out that a 1979 federal bill requires the TVA to buy any excess power regardless of the source. It doesn’t matter where the power is produced or who produced it. If that power passes through TVA’s books, then it is included in the 5%. Mayor GREER explained that the term “net” is really gross revenue that goes to the TVA—with the exception of that which goes to the federal government itself. Chairman NORRIS clarified that anything generating additional power acquired by the TVA increased the amount that is available.

Senator HENRY questioned “gross proceeds” as mentioned in the last paragraph of page 2 in the handout. He asked whether anyone besides TVA has defined that term. Chairman NORRIS said the Commission would follow up on his question. Mayor GREER stated that when the deal was put in place in 1978, the formula was standardized and federal energy purchases from TVA would not be included in the amount. Mayor GREER stated he would get that information to the Commission. Dr. KYLE also confirmed that he would follow up on this.3

Chairman NORRIS asked County Executive HUFFMAN about the amount Tipton County receives from TVA and whether it is used for education. County Executive HUFFMAN provided an estimate of $1 million. County Executive HUFFMAN noted that if a county is using TVA in lieu of dollars for education in a county with more than one school system, and you lose that revenue, then you have to come up with more than what you lost. You have to come up with that plus the ADA percentage that you share with the other system. A lot of county systems are putting TVA in lieu of dollars in their education budget because that is revenue that is not sharable. If they have to replace that with local revenue that is sharable, then that is more money than they were getting.

Dr. KYLE concluded by noting that he misspoke at the last meeting about TVA bonds in answering a question from Senator HENRY. TVA bonds are not guaranteed by the U.S. Treasury; however, TVA does benefit indirectly from the federal government’s credit rating. Chairman NORRIS asked when TVA sells and buys back property, to whom are they selling. Dr. KYLE responded that private investors buy the property and lease it back. Chairman NORRIS asked whether Dr. KYLE would suggest that a federal amendment be made to include leasehold interests.

Ms. ROEHRICH-PATRICK advised the Commission that the report needed Commission approval. Mayor GREER made a motion to approve the report, and Mayor MCBRIDE seconded. Senator HENRY then asked if there should be any examination about gross proceeds before receiving the report. Chairman NORRIS said this should be clarified,

3 The term gross proceeds has been clarified in the report.
but it should not preclude receipt of the report. Ms. ROEHRICH-PATRICK suggested that the Commission approve the report subject to TACIR staff adding a clarification. The report was unanimously approved by the Commission with that contingency.

5. Presentation by Dr. Rose NACCARATO, Senior Research Associate, TACIR, on Election Legislation

Dr. NACCARATO presented TACIR staff analysis on two election bills that were sent to the Commission for study. Staff analyzed the issues in SB 1872 (Kyle)/HB 0472 (Pitts) and SB 2035 (Ford)/HB 0779 (Brown) but made no firm recommendations.

SB 1872 requires the state election coordinator to study the feasibility of permitting registered voters who reside outside the precinct listed as their permanent residence on their permanent voter registration card to vote only for candidates running for statewide office; the study will not address property rights voting; the coordinator must report the results of the study to the General Assembly by February 28, 2012.

SB 2035 requires the local law enforcement department to make every reasonable effort to have a visible presence during the time of door-to-door campaigning if a candidate for state or local public office requests it in a timely manner.

County Executive HUFFMAN said that local law enforcement was so taxed already with their limited resources that it was not at all feasible. Dr. NACCARATO said that the bill only asked for law enforcement to make every effort to supply officers, and the fiscal note assumed that campaigns would pay for additional officers if none could be spared. Vice Chairman ROWLAND pointed out that such a law could lead to requests for protection for pizza and package delivery persons. Mayor WATERS noted that a representative who has guns pulled on her canvassers might want to reevaluate her campaign. Dr. NACCARATO relayed that the person with the weapon had been assaulted on his property previously and was alarmed by strangers at his door. Speaker Emeritus NAIFEH said his county executive advised him to vote against this bill. He also noted his opposition to providing any state training materials on canvassing safety.

Mayor BURGESS asked about SB 2035 and Dr. NACCARATO said that the bill provided only for non-permanent residents to be able to vote in statewide elections outside of their permanent county of residence. Mayor BURGESS asked about programming the voting machines to produce a statewide-election-only ballot and Dr. NACCARATO said that it should not be too technically difficult given the way that ballots are currently pulled up on electronic machines. Vice Chairman ROWLAND asked about students moving their registrations to their college addresses. Dr. NACCARATO responded that they are allowed to do so, but that the bill is aimed at students (or others at temporary addresses) who do not want to change their permanent addresses. Speaker Emeritus NAIFEH asked if people would still be allowed to vote at their permanent residences or
if they would lose that ability. Dr. NACCARATO responded that they would not lose any voting rights, only that they would gain the ability to cast a vote in statewide elections in the county of their temporary residence. Mayor BRAGG asked if the statewide-only ballot would be difficult. Dr. NACCARATO said she would have to research it further to be sure. Chairman NORRIS asked her to find out and follow up at the next meeting.

Chairman NORRIS suggested moving the report to the next meeting so that the issues could be further clarified. The members concurred.

Chairman NORRIS adjourned the meeting at 2:20 p.m.
MINUTES OF THE
TENNESSEE ADVISORY COMMISSION
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8 December 2011

MEETING CALLED TO ORDER

The Tennessee Advisory Commission on Intergovernmental Relations met in room 29
of the Legislative Plaza at 8:37 a.m., Chairman Senator Mark Norris presiding.

Present 21

Mayor Tommy Bragg
County Mayor Ernest Burgess
Mr. Charles Cardwell
Mr. Rozelle Criner
Ms. Paula Davis
Representative Vince Dean
County Mayor Brent Greer
Representative Curtis Halford
Senator Douglas Henry
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Speaker Emeritus Jimmy Naifeh
Senator Mark Norris
Representative Gary Odom
Mayor Tom Rowland
Mayor Pro Tem Kay Senter
Senator Jim Tracy
County Mayor Larry Waters
Comptroller Justin Wilson

Absent 4

Senator James Kyle
Mayor Keith McDonald
Representative Charles Sargent
Mr. Tommy Schumpert

Phillip Doss represented Justin Wilson.
1. **Call to Order**

Chairman NORRIS called the meeting to order at 8:37 a.m.

2. **Presentation by Mr. Bill TERRY, Senior Research Consultant, TACIR, on Planning and Zoning Legislation**

Mr. TERRY discussed two bills, the first of which, SB 347/HB 125, sponsored by Representative SARGENT and Senator HAYNES, concerns extraterritorial zoning and the adoption of subdivision regulations in the municipality's planning region. Extraterritorial zoning is the extension of the zoning authority of a municipality into its urban growth boundary outside of the corporate municipal boundary. Mr. TERRY identified the central issue as whether a county legislative body in a county without zoning legislation should have the right to approve or reject a municipality's efforts to extend planning and zoning into its urban growth boundary. He remarked that it is a “sticky issue.”

The 1998 enactment of the Tennessee Growth Policy Act, PC 1101, changed some rules of regional planning and established that in counties without county zoning, municipalities may provide extraterritorial zoning and subdivision regulations beyond their corporate limits with the approval of the county legislative body. Mr. TERRY stated that the effect of SB 347/HB 125 would be to repeal this section whereby counties would no longer have the authority to reject extraterritorial municipal zoning and subdivision regulations.

Mr. TERRY opined that this bill will create controversy as on one hand landowners outside the municipality do not vote for municipal law makers while on the other hand municipalities are affected by land use decisions outside the city limits and may eventually be annexing adjacent areas. In order to address the issue of representation outside of the municipality the legislature later amended state law to require a representative to serve on planning commissions from the area outside of the municipality and within their planning region, but there continues to be opposition. A number of counties have enacted joint city-county planning commissions as a way to work together.

The Tennessee Municipal League supports the ability of municipalities to plan and zone within their legally established and locally approved urban growth boundary. They state that the development that occurs outside of the municipality has a great impact on the total area and that upon annexation many times a municipality has to expend a great deal of money in bringing the new territory up to the standards of the municipality.
The Greater Nashville Regional Council supports extraterritorial zoning and subdivision regulation and notes that PC 1101 directs municipalities to consider the area outside the corporate boundary in the designation of an urban growth boundary. Mr. TERRY noted that courts have tended to side with municipalities in cases that have gone to trial. The Tennessee County Services Association and the Tennessee County Commissioners Association are opposed to the bill. They observe that the county legislative body represents the area outside of the municipality and should have a vote in the process. They also fear that municipalities could use zoning to restrict commercial development outside municipal borders in an effort to increase tax revenue for the municipality at the expense of the county.

Chairman NORRIS sought confirmation that the report is still in draft form, which Mr. TERRY confirmed.

Senator HENRY asked Chairman NORRIS whether it is true that the successful growth of Memphis was due to “Boss” Crump (an early 20th century Memphis politician) not allowing businesses to locate within the city unless they first paid for new infrastructure. Chairman NORRIS responded that he had heard the same thing but did not have a definite answer. Chairman NORRIS remarked that Memphis is a successful metropolis with both county and city zoning including extraterritorial zoning.

Vice Chairman ROWLAND asked Mr. TERRY about adding a member to the planning commission from outside the city limits when a planning commission is required to expand by private act. Mr. TERRY responded that there is an exemption in the bill for cities with private charters (based on his recollection, not review of the act).

The second piece of legislation Mr. TERRY addressed was SJR 103, a resolution introduced by Senator MCNALLY, proposing an investigation into solutions to help local governments solve the problem of blight. The impetus for the resolution was the abundance of blighted housing in Oak Ridge that was constructed as temporary housing for government workers during the Manhattan Project and has since fallen into disrepair. Similar conditions of blight are found in other cities throughout the state. Mr. TERRY commented that the economic and social costs to cities arising from blighted and abandoned structures is high and a 2010 study in Philadelphia found that wide spread vacant property reduces market values by 6.5% citywide and by as much as 20% in neighborhoods with an abundance of vacant properties. Blighted properties often have tax delinquencies and many times the amount of the delinquency is greater than the value of the property.

Mr. TERRY opined that aggressive code enforcement can be used to combat blight. In cases where a property owner refuses to let a code inspector on his property, an administrative inspection warrant can be obtained from state court to allow the inspector access. Communities can also create an administrative hearing officer to take
action on code enforcement. Housing authorities are also empowered to take an aggressive attitude toward blight and work to acquire tax delinquent properties.

Last year Senator KYLE and Representative MILLER introduced a bill to create the authority for municipalities to establish a land bank. A land bank can be a public or non-profit corporation that acquires and holds derelict property for the purpose of putting it back into productive use through sale or redevelopment.

Representative ODOM asked whether a land bank could do a land swap. Mr. TERRY answered that it would depend on the authorization in state law and remarked that Genesee County, Michigan, offers an example of a highly effective land bank and that this mechanism is widely used in “rust belt” states like Michigan, Indiana, and Ohio.

Chairman NORRIS advised Mr. TERRY to talk to the trustee and the mayor’s office in Memphis as they have several bills concerning foreclosures and back taxes. Mr. TERRY responded that he has talked with the Memphis codes director and non-profit associations that deal with blighted properties.

Mr. DOSS asked how the land bank acquires the land. Mr. TERRY answered that tax delinquent properties may be sold at auction or the county or city can dispose of the property by granting it to the land bank.

Senator MCNALLY asked if limitations could be put on outside housing authority vouchers. Mr. TERRY responded that the problem has been pointed out to him as existing in Oak Ridge as families using section 8 vouchers from other communities are eager to locate in Oak Ridge because of the good school system. Since section 8 is a federal program, the state cannot limit where the vouchers can be used.

Senator MCNALLY commented that he enjoyed an article in the City Paper on Mr. CARDWELL.

3. Presentation by Ms. Reem ABDELRAZEK, Senior Research Associate, TACIR, on Fire Service Funding

In the June 2011 TACIR Commission meeting, Chairman NORRIS recommended that staff complete the study outlined in HJR 0204 even though it did not pass in the Senate State and Local Committee. HJR 0204 asks TACIR to complete a study focusing on fire service funding by local governments, including the impact on local governments if fire protection was an essential service. Ms. ABDELRAZEK noted that Senator MCNALLY’s bill, SB 987, highlighted a specific department changing its funding structure to a fire utility district in Knox County. While SB 987 also was not sent to TACIR, its subject matter will be covered in the fire study.
Ms. ABDELRAZEK shared the study research plan with the Commission members and welcomed their feedback. The study will include the following components:

- A look at the types of fire departments in Tennessee
- The breakdown of fire coverage across the state
- The funding mechanisms available to fire departments
- The local government impact in providing fire service
- Case studies in Tennessee and other states
- A discussion of emerging issues and challenges

Vice Chairman ROWLAND asked if the report will have a statewide inventory of the types of departments (volunteer, paid, etc.). He also mentioned a recent incident in the city of South Fulton (Obion County) in which a home burned down while the fire department sat and watched. Ms. ABDELRAZEK said yes, staff is collecting inventory information now and plans to include it in the report. She also commented that this is the second time South Fulton has been in the news because it has a “no pay, no spray” policy, a subject that will be covered in TACIR’s fire study. Chairman NORRIS remarked that while there was legislation to study this issue, legislation was not required because it is an important enough issue that should be studied regardless. He also asked the Commission to think about any input they would like to provide staff for this study.

4. Presentation by Ms. Catherine CORLEY, Senior Research Associate, TACIR, on School Infrastructure Needs

Ms. CORLEY stated that this report is an overview of the information in the inventory, designed to provide a summary of Tennessee’s public school building needs.

Ms. CORLEY stated that school facilities needs are driven primarily by enrollment growth and wear and tear on existing facilities. She said that even though enrollment growth has been tapering off overall, it still drives the majority of needs in certain areas of the state. She stated that half of all Tennessee’s schools were built before 1970 but many schools likely have had additions in the intervening years to accommodate growth or modernization. Ms. CORLEY stated that to accommodate enrollment growth, local officials either build a new school or add on to existing schools. The estimated cost for new schools has fluctuated while addition costs have steadily increased. Ms. CORLEY stated that in the 2009 inventory (which covers the five year period of July 1, 2009 through June 30, 2014) there were 66 projects for new schools totaling $1.2 billion. More than one third of these have been reported in the inventory since 2002 and more than two thirds have been listed five years or more and the bulk of them are still in the conceptual stage. Some of these projects may have been delayed for lack of funding. Ms. CORLEY stated that school systems that reported the greatest need for new schools also rank at or near the top of enrollment growth. In the 2006 inventory, four school systems reported a need to build new schools and additions
exceeding $100 million: Montgomery, Rutherford, Sumner, and Williamson Counties. As of 2009, only Montgomery and Williamson still report estimated needs of greater than $100 million.

Ms. CORLEY stated that over the last four inventories the estimated cost of additions has risen. It is possible that school systems see this as a more economical way to add capacity to schools. She said that estimated cost of additions has continued to increase, but is still significantly smaller than that reported for new school buildings. In 2009, additions accounted for $376 million (23%) of the $1.6 billion in needs reported for both new schools and additions.

Ms. CORLEY stated that wear and tear on existing schools is the other main driver of school infrastructure needs. Over the past decade the condition of Tennessee’s schools has improved. She said that in the 2009 inventory, only 8% of schools were rated in less than good condition. Nearly 80% of the costs reported for schools in fair or poor condition are renovation costs. Of the 133 schools in fair or poor condition, 114 (86%) were built before 1970 and half of them are in Knox and Davidson counties. She said that school buildings that are rated less than good are either replaced or upgraded. Fifteen school systems report that more than half the costs of improvements for new and existing schools are for upgrading and replacing school buildings in less than good condition. Local officials estimate the replacement cost at $302 million, an increase of nearly $100 million from the previous inventories. Only 19 schools needed to be replaced. Ms. CORLEY stated that school buildings may need to be modernized even though they are still in good condition.

Mayor BURGESS commented that the school data is good, thorough, and complete, but we need to come up with some alternatives as far as scheduling and use of these facilities without having to build more buildings. He said the reason Rutherford County has no school in poor condition is that they have dedicated five cents of property tax to capital improvement projects in schools.

Chairman NORRIS stated that the data should be useful especially in Shelby County for their inventory analysis in the endeavor to combine their systems and that TACIR should hear from the Shelby transition committee at some point.

5. Veteran Service Officer Compensation Report

   a.) Presentation by Commissioner Many-Bears GRINDER, Department of Veteran Affairs

Commissioner GRINDER stated that the Tennessee Department of Veteran Affairs serves over half a million veterans and one and a half million dependents. Twelve field offices cover the entire state. Some offices serve up to 14 counties each and six offices have one person working in the field office. They are mandated by state law to train
the county service officers but do not supervise, hire, fire, or control them. They train
them and assist them in the more complex cases. Last year, in partnership with the
county service officers and in conjunction with the veterans’ service organizations that
come under their support umbrella, they generated $820 million in tax free federal
dollars for veterans and their families.

Commissioner GRINDER said they cannot accomplish the mission by themselves. She
said they have to have the help of the county service officers in order to serve these
very deserving citizens of Tennessee. She said she has her executive staff traveling the
state meeting with county officials helping them to understand the importance of their
county service officers. She said that while she is a huge advocate of the county service
officers she cannot support a mandate that will determine the minimum salary for
them. She stated she is afraid that if the bill is passed some of the counties may decide
day they cannot afford a county service officer and close the office they have. Some county
service officers make a very good salary, and a county might be tempted to decrease
their salary. She stated that her strategy is to show the county leadership a fully
resourced county service office can increase their local revenue.

Chairman NORRIS said he is glad to hear how she is coordinating and cooperating with
the counties and helping to facilitate the development of county service offices.
Commissioner GRINDER stated that two counties are getting ready to open an office.

Dr. GREEN asked how homeless veterans are being helped. Commissioner GRINDER
stated that Secretary Shinseki has a goal to eradicate homelessness among veterans by
2015. She stated that her department works closely with Operation Stand Down and
also works with Department of Labor on jobs for veterans. She stated that she is
pursuing something that may entail bus passes for veterans.

Senator HENRY asked if other cities have operations similar to Operation Stand Down.
Commissioner GRINDER said yes. She said they have programs in Memphis and
Chattanooga.

Mr. MCMANAN asked how the offices would become self-sufficient. Commissioner
GRINDER said they have a county that has gone from no county service officer to one
county service officer and now has doubled to two county service officers. She said they
welcome veterans from other counties since they go shopping while they are there.

b.) Presentation by Ms. Leah ELDRIDGE, Senior Legal Research and Policy
Coordinator, TACIR

Ms. ELDRIDGE noted that the county veteran service officers are dedicated, hard-
working individuals committed to helping the veterans of this state secure the benefits
to which they are entitled. They work long hours. They are willing to travel to a veteran
at their home, hospital or nursing home in order to help them. The officers’ actions
benefit the community since the veteran benefits which the officers help veterans obtain make their way back into the local economy. The officers are individuals that deserve to be adequately compensated for their services to veterans and the community.

She noted that SB 1336/HB 895 came about at a time when counties are still affected by the economic downturn. This bill would require counties to raise the salary for a county veteran service officer when counties are still economically distressed. The law does not require counties to employ a county veteran service officer. If this legislation passed, it is possible some counties would do away with county veteran service officers altogether which could be detrimental to veterans. She stated that it is difficult to balance the interests of counties with those of the county veteran service officers and the veterans they serve. This report does not offer a specific recommendation on SB 1336/HB 895.

Representative DEAN asked if the bill had been refiled. Ms. ELDRIDGE answered no.

Vice Chairman ROWLAND made a motion to receive the report. Mr. MCMAHAN seconded the motion. Chairman NORRIS noted that the report was unanimously received.

6. Succession Planning Update

Chairman NORRIS announced that Dr. GREEN had prepared some thoughts on succession planning for TACIR. The proposed progression would be for Dr. GREEN to move into an emeritus status and Lynnsise ROEHRICH-PATRICK to succeed him as TACIR’s executive director. The plan would take place officially sometime in the first six months of next year and, in the interim, Ms. ROEHRICH-PATRICK would be named Deputy Executive Director. Mr. Cliff LIPPA R D would move into that position when Ms. ROEHRICH-PATRICK vacated it.

Chairman NORRIS stated that the executive committee of TACIR’s officers (Chairman NORRIS, Vice Chairman ROWLAND, and Senator MCNALLY) conferred with Dr. GREEN about this plan. Chairman NORRIS recommended that be the course of action TACIR follows with the executive committee having the authority to work out the details on insurance and benefits. Chairman NORRIS mentioned that the committee checked with human resources on how to proceed and this plan would be consistent with the way it has been handled in the past.

Chairman NORRIS asked Dr. GREEN how long he has been with TACIR. Dr. GREEN called on Senator HENRY since he is the only other person still on the Commission from when the Commission was created. Dr. GREEN added that he was with it in the Comptroller’s office before it was funded and has been with it ever since. Senator
HENRY moved approval of the plan. Chairman NORRIS noted that it was properly moved and asked for a second.

Chairman NORRIS informed the Commission that he and Dr. GREEN have discussed succession planning for the past eight or nine months and it is something Dr. GREEN is eager to do, but in an orderly fashion, and we are indebted to him for his service and to those who continue to support the organization.

Dr. GREEN stated to his mayor in Murfreesboro (BRAGG) and his mayor in Rutherford County (BURGESS) that this will give him more time to focus on local issues.

(Standing ovation from Commissioners and audience)

Chairman NORRIS stated that he would almost take that as by acclamation, but there is a motion before us. All in favor signify by saying aye. Any opposed or abstaining? There were none.

Senator HENRY moved that the Chairman direct the secretary to prepare the appropriate resolution of appreciation for Dr. GREEN. Chairman NORRIS stated that without objection it would be done.

7. Future Meeting

Chairman NORRIS announced the Commission would meet again in June, 2012. He said that a lot of material had been covered at the December meeting. Chairman NORRIS stated that suggested dates for a June meeting would be circulated to the members by email.

Chairman NORRIS adjourned the meeting at 9:50 a.m.