

# TENNESSEE Town & City

6,250 subscribers

www.TML1.org

Volume 62, Number 12

July 18, 2011

## Local control of public rights-of-way under attack

This spring, the Federal Communications Commission (FCC) released a Notice of Inquiry (NOI) seeking information related to local public rights-of-way practices, processes and costs. The NOI explains that the FCC is attempting to learn more about the challenges and costs associated with the use of the public rights of way by communications companies and whether these challenges and costs impact broadband deployment for wired and wireless facilities siting.

Specifically, the NOI poses questions in the following areas:

1. Processes involved in securing approvals for use of rights-of-way
2. Processing time for requests for use of rights-of-way
3. Reasonableness of charges for use of rights-of-way
4. Examples of typical and/or problematic franchising or rights-of-way access agreements
5. Whether state statutes and local ordinances have been updated to reflect current developments in the communications industry and recent changes in communications technologies that require access to public rights-of-way
6. Whether rights-of-way users receive consistent treatment
7. Whether there is uniformity with respect to processes, practices and costs for rights-of-way users in metropolitan areas, suburbs and rural areas

While the NOI is purported to be an information gathering endeavor, a quick review of the content and tone of the specific questions posed in the context of recent

FCC inquires and actions in this area should alarm any local official. Recent efforts by the telecommunications industry resulted in federal changes to the cable franchising laws and a new state cable franchising law. Another example of the industry's efforts at the FCC can be found in the so-called Tower Siting Shot Clock Rules, which set a timeline for action on collocation and other tower siting applications. Both limited local authority and further eroded local control.

The telecommunications industry has had its sights set on the local governance of the public rights of way for some time. In the past, the industry has been willing to settle for incremental wins, with respect to rights-of-way, because they had larger objectives. With the larger objectives out of the way, the focus of the industry is again on rights-of-way.

Anyone concerned about local government's ability to provide for the safety of residents and security of facilities located in the public rights-of-way, absent additional federal, state or corporate interference, should read the questions included in the NOI. Deadline to submit a response to the FCC was July 18.

The industry arguments and attacks on local control of rights-of-way have clearly penetrated the consciousness of the FCC commissioners. The industry will be filing plenty of comments in support of their argument. Please don't dismiss this threat. Take the opportunity to fight for local control. TML will continue to keep you apprised on this issue.

## UT Public Service Intern program producing next generation leaders

BY VICTORIA SOUTH  
TML Communications Coordinator

Sometimes the small detours along the way can be the most eye opening. This summer, on the way to earning their degrees, nine graduate students from a variety of disciplines are visiting the world of local government in cities, counties and agencies across the state through an outstanding internship program offered through the University of Tennessee Institute for Public Services (IPS).

Formally announced in the spring, the Tennessee Public Service Intern Program is open to graduate, undergraduate and post-graduate students from six universities within the state. After the student submits a letter of interest, the project is facilitated by the UT Municipal Technical Advisory Service (MTAS) and the UT County Technical Assistance Service (CTAS), who supply placement assistance and mentorship via MTAS and CTAS consultants.

The year-round program, in its inaugural session, has all the markings of success, according to MTAS Executive Director Steve Thompson, the program's point of contact.

"For the first time off, I think we're very successful," Thompson said. "I initially thought we might have interest from two or three places, but we had interest from six campuses, 11 candidates and 13 communities. Using some of the lessons we have learned from IPS, we will shape the program for the upcoming semesters. But we have great students and great faculty members and overall I would say the first year is a success."



Photo by Victoria South

La Vergne Mayor Senna Mosley visits the TML Annual Conference alongside her city's Public Service Intern Michael Thompson.

According to Thompson, the intern program has two goals, to line up a quality pool of future leaders and to provide students with an exceptional learning experience they can utilize in their own communities.

"We emphasize that students should be doing something worthwhile during the internship, helping a community with one or more projects they would like to have done," Thompson continues. "Perhaps it's a fleet study or a study on revenues, or any number of topics, but something a community might not have the time or personnel to do without assistance from the intern."

The students receive academic credit and are paid for their work through MTAS and CTAS, while

their project reporting often leads to further urban research. Participants also note that the intangible qualities of the experience, surpasses pure academic knowledge alone.

**Michael Thompson—Tennessee State University—LaVergne**

"Coming from a large city, Chicago, I didn't have a strong sense of community and pride. I seem to have found it here in LaVergne. The work environment here is great, probably the best I've ever worked around. Both of my primary duties are dealing with Human Resources. It's very interesting to see how the actual process works, from application to actually hiring and orientation. I will see INTERNS on Page 6

## Expanded alcohol laws increase tax revenues

BY PAMELA M. PRAH  
Stateline Staff Writer

Last month, the owner of the Wine Chap store in Nashville did something that would have been illegal just a few weeks before. He held two wine tastings in the store, letting customers sample high-end summer whites and sip expensive Bordeaux for free. Richard Payne figures he sold 10 cases of wine because of those tastings. He calls them "a good tool to get customers to try something that they might not have otherwise tried or thought too expensive." But Payne isn't the only one who made money from the tastings. The successful promotions meant extra tax revenue for the state of Tennessee. And that's one of the reasons lawmakers decided this year to allow restaurants, bars and liquor stores to offer free samples.

Across the country, Republi-



Successful promotions mean extra tax revenue for the state, one of the reasons lawmakers decided this year to allow restaurants, bars and liquor stores to offer free samples.

cans swept into office in 2010 vowing to cut, not raise taxes, even "sin" taxes like those on alcohol and tobacco, which historically have tended to go up when budgets get tight. In the recession year of 2009, more than a dozen states relied on higher alcohol or cigarette taxes to help dig themselves out of budget

holes. But this year, Republican governors and legislatures decided they could generate needed revenue by changing their alcohol laws and leaving the tax rates alone.

**Growlers to go**

Of course, legalized tasting of spirits doesn't in itself mean more

See SPIRITS on Page 9

## GASB issues fund balance reporting regs

BY KAY H. STEGALL  
MTAS Finance Consultant

The Government Accounting Standards Board issued Statement 54: *Fund Balance Reporting and Governmental Fund Type Definitions*. The implementation date for this standard is for periods beginning after June 15, 2010, which means FYE 6/30/11.

The statement has raised several issues related to the way cities now define governmental funds, mainly special revenue funds, and the classification of fund balance in financial reports. Fund balance is only used in the governmental fund types:

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Projects Funds
- Permanent Funds

Proprietary funds and internal service funds use the term "net assets" to describe the equity in the

funds. That terminology changed with the implementation of GASB 34. Consequently, the changes resulting from GASB 54 do not affect fund types other than governmental fund types listed above.

### Fund Balance Reporting

Governmental accounting standards now require the reporting of five classifications of fund balance.

#### Non-spendable

This classification of fund balance includes amounts that due to their nature cannot be spent, i.e. inventory. Amounts that legally or contractually cannot be spent also are required to be classified as non-spendable. An example might include the corpus or principal in a permanent fund that is legally required to remain intact.

#### Restricted

Amounts required to be classified as restricted result from restrictions placed on their use by:

- External enforceable legal restric-

tions that are imposed by creditors, grantors, contributors, or laws and regulations of other governments.

- Imposed by law through constitutional provisions or enabling legislation.

Examples of restricted fund balance amounts include unspent grant funds, debt covenants and gasoline tax revenue for street purposes.

#### Committed

Amounts defined as committed arise from self-imposed constraints put on the use of the funds by the government's highest level of authority, which is the full governing body. The commitment must be made by formal action (resolution or ordinance) and the action must be taken before the end of the fiscal year. An example might include the passing of a resolution to commit \$20,000 for upgrading the city's computer system.

See GASB on Page 8

## Congress poised to take on Transportation Authorization

BY LESLIE WOLLACK  
Nation's Cities Weekly

Celebrating the 55th anniversary of the Interstate highway system, House and Senate transportation leaders are close to introducing transportation authorization bills, although they will look very different. Both proposed versions of the bill will renew the current federal program, known as SAFETEA-LU, which expired in September 2009 and has been extended by Congress until the end of this fiscal year on Sept. 30, 2011.

Federal transportation spending has exceeded the available funding due to decreased revenues. Fuel taxes have provided the revenue for federal transportation programs but have fallen short in recent years due to decreased driving and more fuel-efficient vehicles.

The House leadership is looking to cut federal transportation programs by 30 percent in order to make up that shortfall.

While there is much discussion about the need to find new revenues to support much-needed transportation improvement projects and maintain the existing road and transit systems, there is no support for even mentioning new taxes in the current political environment.

House Transportation committee Chairman John Mica (R-Fla.) appears ready to move ahead with a six-year federal transportation program at greatly reduced levels soon after the July 4 recess.

According to reports by Mica and others, the House bill will propose a collapse of many of the current 101 separate programs, regulatory streamlining to reduce costly delays and more flexibility for states to spend funds to meet their needs.

Local governments will not gain more decision-making ability, as NLC and others have been seeking, according to reports.

Mica had announced that he will introduce the transportation bill in time for a July 12 committee meeting, although the House leadership

has not scheduled any time for the full House to consider the bill as yet.

Senate leaders from the Environment and Public Works Committee also plan to release their bill shortly.

Committee Chair Barbara Boxer (D-Calif.) has been working with bipartisan leadership on the committee and the Senate Finance Committee to find funding for a bill at current spending levels. That would require a \$12 billion infusion of revenue each year to make up the difference between spending and revenues.

In the Senate, three committees have jurisdiction over the surface transportation program in addition to the committee responsible for funding the bill. The Senate Banking Committee oversees the transit portion of the program and the Senate Commerce Committee also has a piece of the program.

Boxer indicated that she will release her bill shortly, likely in early July, with a potential hearing before the Senate Environment and Public Works Committee in mid-July.

Although not stated by the Senate leadership explicitly, the Senate bill is likely to be for two years based on available funding, plus any additional funding determined by the Senate Finance Committee, while the House plans to push for a six-year bill.

With so many must-pass bills on the Congressional agenda and so little time, it is unlikely that Congress will be able to reach agreement before the current program expires on September 30.

In addition to funding issues and the structure of the transportation program, there will certainly be several attempts to amend the legislation when it comes before the House and Senate committees.

One controversial issue, a proposal to allow larger trucks on Interstate highways, likely will be offered as an amendment to any authorization bill in committee.

Many local governments are concerned that efforts to extend the

See TRANSPORTATION on Page 5



# Lipscomb's Andrews Institute guiding the future of civic leadership

Former Bredeesen press secretary Lydia Lenker appointed executive-in-residence

BY VICTORIA SOUTH  
TML Communications Coordinator

Famous writer Dorothea Brande once said "Man's mind is not a container to be filled, but rather a fire to be kindled." Founded October 2010, the Nelson and Sue Andrews Institute for Civic Leadership at Lipscomb University is fanning that flame—engaging today's leaders at the state, local and international level, while propelling the legacy of one of Nashville's most vibrant civic leaders.

The institute's bright new offices and state-of-the-art learning space, the COLLABoratory, located on the third floor of the university's Ezell Center, is a fitting tribute to Andrews, who with his wife Sue at his side, inspired, mentored and encouraged others to follow the example of collaborative initiatives among business, non-profit and government leaders.

A core member of the Watauga Group, a secret society of Nashville business leaders devoted to long-range civic planning, Andrews, before his death in 2009 at age 82, challenged civic educators to study the successful community initiatives of Nashville's past 60 years as a model to be researched, archived and shared with future leaders.

"Nashville was a model for col-

methodically and civilly, that you almost run out of time thinking about your own career. Gov. Bredeesen is fond of saying "Let chance be your friend." This is one of those instances where happenstance and being at a certain time and place

*"May I live with honor, may I act with courage, and may I achieve humility."*

—Nelson Andrews

opened a great opportunity for me. I literally attended one of Lipscomb's Nashville Business Journal breakfasts, started talking with Linda, and with that very event and conversation, she created this position for me. It's a wonderful continuum of something I've been doing for eight years and a great place for me to land, catch my breath and do some wonderful, meaningful work.

In her new role, Lenker, a former television and radio news anchor and member of the press, will develop and manage special initiatives for the institute while assisting with classes designed to help students use communication strategies to reach common ground.

"Lydia is a wonderful example of bringing everything you've done together to help other people learn how to create the common good," Schacht agrees. "Communication is

arts to the city. We like to say we're unraveling the DNA of what makes this work. Every city has a certain DNA, a base history and culture that is the foundation for the civic leaders it produces and the civic leadership that can create solutions and transform a city. While an anthropologist does try to stay somewhat removed, our students in both the master's and citizen leadership academies will be directly engaged in their community.

**TT&C: How does the institute plan to become a statewide model?**

**Schacht:** Every county in Tennessee has a leadership program, and we believe there's a way to engage leaders from around the state. We would like to provide a connecting point, serving as a resource for all of these leadership programs. One way is to have leaders become part of our

master's degree program, but we also want to host statewide leadership programs and statewide leaders here at the institute. Our first statewide collaboration was the Governor's Summit on Aging, which brought together public, private and non-profit leaders on individual issues. Also, while our initial focus is on a Nashville model of collaborative leadership and its results, we will cover examples of civic leadership as it is practiced throughout Tennessee and I fully expect that we will find different kinds of successes across the state.

**TT&C: A main component of the institute's master's curriculum is the role of vision. How does the institute assist students in creating a vision?**

**Schacht:** When I try to get people to think about vision, communication and strategy, one of the hardest things is keeping them from immediately jumping to strategy and tactics. Nelson Andrews kept coming back to the idea that vision comes from looking at all the possibilities; from being creative in the way you think about an issue, to choosing the vision that has the best possibility of transforming your community. You must have a very clear idea of what the world's going to be like when you transform it. It's why you get up in the morning and tap dance into work every morning because you are clear about what that vision is for how you as a leader can transform your community. One of the toughest things to do is to get people to refine and refine that vision so that it drives everything, so that your strategy goes back to the vision. I think Nelson Andrews and his peers created Nashville's agenda, which engaged the community in that vision and looking to the future process.

**TT&C: Another component of the program is the gathering of oral histories. How do you plan to facilitate that process?**

**Schacht:** What we will do here is not only use our radio and television



Photos by Victoria South

Andrews Institute Executive Director Linda Peek Schacht and Executive-in-Residence Lydia Lenker

studios downstairs, as well as our two audio suites. We'll be bringing some people on campus to do oral reporting and will be sending students into the community with tape recorders to document histories from leaders, particularly those in areas students are passionate about. Several foundations are giving money for community journalism and money for projects that use technology to capture either the history or the current affairs within certain communities.

**TT&C: Will there be workshops in the future for mayors and other local government officials?**

**Schacht:** You're singing my song! There's obviously the bringing together of public-private, non-profit groups to look at a single issue, but also what we envision is workshops for teams within a city government or corporation, for them to learn how, within their own sector, to reach out to other groups. Some of the best training I've done has been when a team comes in to set their own vision and set a strategy to reach it and to set the priorities of how it's going to get done. Whether it's workshops or a certificate on civic leadership with a focus on municipal leadership, we will customize whatever is the best route.

**TT&C: If the institute buried a**

**time capsule representing its work—not to be opened for another 60 years—what would be inside?**

**Schacht:** I think we would put the results of our work—looking at other people's work inside, so we will have the plan behind Nashville's agenda and what was produced from that. We would also look at the amazing work of our elected officials who have been known to engage public and non-profit leaders in solving and addressing complex issues that we face. We would look at Phil Bredeesen as Mayor, what he did and how he took that leadership style into the Governor's office. We'd include some of the early work Gov. Haslam's done and Mayor Karl Dean, and we would focus on how the people of Nashville have come together, whether it's the Community Foundation or in response to the flood. We will try to leave enough for people to understand the culture that allowed Nashville to be successful in times of plenty and times of crisis... Or maybe we'd just put one of our I-pads in there with a bunch of batteries!

For more information about the Nelson and Sue Andrews Institute for Civic Leadership, visit [civicleadership.lipscomb.edu](http://civicleadership.lipscomb.edu) or [leadingvoices.lipscomb.edu](http://leadingvoices.lipscomb.edu). For more information about the institute's new master's program, call 615-966-6155.



The institute's COLLABoratory is unique. The walls are lined with life-size photos of civic leaders from every sector, including former Lipscomb alum and Speaker of the House Beth Harwell, along with built-in I-pads. The facility's State-of-the-art equipment provides video conferencing from all over the world.

laborative leadership long before the concept became popular," said Linda Peek Schacht, the center's executive director and a former senior fellow at Harvard University's Center for Public Leadership and Center for Business and Government. "Before anyone ever coined the phrase "corporate social responsibility," private leaders in Nashville stepped up to the plate over a period of time to help government and non-profits engage, whether it was civil rights, education or dealing with how to build our reputation as "Music City."

Joining Schacht, is Lydia Lenker, press secretary to former Gov. Phil Bredeesen, who is on board for one year as the institute's executive-in-residence. Both are excited to speak about the institute's initiatives and its new one-year master's degree program, one of only two such programs in the nation.

**TT&C: Did you ever envision yourself here following the end of Gov. Bredeesen's administration?**

**Lenker:** You have a certain life and lifestyle and routine for eight years and you know it's coming to an end, but you're so busy focusing on making sure that the end is completed

such a big part of that."

**TT&C: What does civic leadership mean to you and how important is civic leadership to Nashville?**

**Lenker:** I was lucky enough to work for a man who was a civic leader. I didn't really know the term at the time; I just knew he was a consensus builder. Gov. Bredeesen knew how to bring Democrats and Republicans together. He knew how to go across the state and bring people together. This is true civic leadership, when people can sit down and talk and reach a common goal through collaboration. Seeing that for eight years, I value it greatly. Nashville has this synergy, this collective vibe about it. The flood is a perfect example. The city really took care of itself, circled the wagons and got the job done. It's a perfect example of collaboration between non-profits, governments and business.

**TT&C: The institute says it is attempting to unravel the DNA of Nashville's model of civic leadership. Would you consider this endeavor another form of anthropology?**

**Schacht:** That's a wonderful way to

## Nelson Andrews, civic leader

Nelson Andrews believed that civic leadership was the responsibility of all sectors. He worked to form collaborations among business, non-profit and government leaders. Known as a ferocious sporting competitor and a man of diverse talents, Andrews' list of hobbies included: helicopter pilot, racquetball, tennis, musician, silversmith, unicyclist and bee-keeper.

He worked tirelessly—always behind the scenes—encouraging others to take the lead. His endeavors include The Davidson Group, created by Nashville Agenda's Steering Committee, for the purpose of promoting positive race relations in Nashville.

Participants in the program are paired by ethnic and cultural differences, providing an opportunity to build informal relationships with individuals from different backgrounds. For more information, visit <http://thedavidsongroup.org/page.asp?SID=1&Page=2>

Other endeavors pioneered by Andrews include: Leadership Nashville; The Better Business Bureau of Nashville/Middle TN; Children's Hospital at Vanderbilt University, and Canby Robinson Society; The Country Music Foundation; Habitat for Humanity and Character Counts, Stand for Children. He served as president of the Nashville-area Chamber of Commerce in 1970, and was a prime mover be-



Nelson Andrews

hind the creation of the Metro-Nashville Airport Authority. His vast awards and honors include: several "Nashvillian of the Year Awards," The Pencil Foundation's E. Bronson Ingram Award and The American Cancer Society's John C. Tune Award.



Bryan O'Neal, operations manager and engineer for Lipscomb's Department of Communication and Journalism, works in one of the campus television studios that will be used for projects by the Andrews Institute.

## The Nelson and Sue Andrews Master's in Civic Leadership

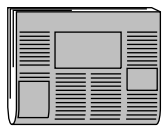
Beginning this fall, the new master's program in civic leadership will prepare recent college grads and mid-career professionals for leadership positions in both their communities and their profession. The program can be completed in either one year or 15 months through evening, weekend and online classes. It is designed for business, non-profit and government professionals of any age seeking a leadership degree focused on social innovation and collaboration.

A variety of career sectors are supported by the degree, including all levels of government, public policy analysis, corporate public affairs, philanthropy, community



development, urban planning and social innovation through existing nonprofits and the creation of public-private partnerships.

National and international scholars and experts in civic leadership will join Nashville civic leaders and Lipscomb faculty in teaching the courses.



## CLASSIFIED ADS

Advertising: \$9.25 per column inch. No charge to TML members. Send advertising to: TT&C Classified Ads, Mona Lawrence, 226 Capitol Blvd. Suite 710, Nashville TN 37219; e-mail: mlawrence@TML1.org; or fax: 615-255 4752.

### CHIEF OF POLICE

**LA VERGNE.** The city is seeking applicants for the position of Chief of Police. The chief of police directs and coordinates activities of the police department. The chief reports to the city administrator, the mayor and board of alderman. He or she executes departmental rules and regulations and coordinates and administers divisions through subordinate personnel. Divisions administered may include: but are not limited to administrative, field operations, general office staff, patrol, CID, investigations including internal audits and narcotics. A bachelor's degree is preferred with 10 years law enforcement experience with three of those years in management. Salary: \$59,852 - \$67,364. Benefits: Group Medical, Rx, Dental, Vision, STD, LTD, Paid Time, etc. Full information can be obtained at [www.LaVergneTN.gov](http://www.LaVergneTN.gov). Application deadline is July 26, 2011. DOQE

### PARKS & RECREATION DIRECTOR

**JOHNSON CITY.** The city is taking applications for an innovative and experienced Director of Parks and Recreation. The position is responsible for leading a staff of 63 employees and managing a \$3.42 million department budget. Candidates should possess strong interpersonal and communication skills; demonstrated leadership experience; extensive experience of a progressively responsible nature in organized parks and recreational activities. Bachelor's degree from an accredited college or university required. Send a confidential resume and application to City of Johnson City, Human Resources Department,

P.O. Box 2150, Johnson City, TN 37605. Visit our website at [www.johnsoncitytn.org](http://www.johnsoncitytn.org) to access an application, and view the full ad and job description. EOE

### PLANNING & DEVELOPMENT DIRECTOR

**JOHNSON CITY.** The city is looking for an innovative and experienced Planning and Development Director. The position is responsible for leading a staff of 28 employees and managing a \$2.5 million department budget. This position oversees planning, building codes, development, GIS and M.T.P.O. Candidates should possess: strong interpersonal and communication skills; demonstrated leadership experience; extensive experience of a progressively responsible nature in planning, community development and building codes; and a bachelor's degree from an accredited college or university, master's degree preferred. Send a confidential resume and application to City of Johnson City, Human Resources Department, P.O. Box 2150, Johnson City, TN 37605. Visit our website at [www.johnsoncitytn.org](http://www.johnsoncitytn.org) to access an application, and view the full ad and job description. EOE

### RECREATION PROGRAM SUPERVISOR

**PIGEON FORGE.** The city's Department of Parks and Recreation is accepting Resumes for the position of Recreation Program Supervisor. Duties include: Plans, organizes, promotes, and supervises a diverse and comprehensive recreation program including certain special events, group fitness, summer camps and after school programs for ages 6-12, and contract employees. Qualifications: BS Degree in Parks and Recreation or related field and certifiable as CPRP; with 1-2 years experience, recreation supervision experience preferred. Certified to administer CPR and first aid,

strong program assessment planning and implementation skills, rules and skills involved in a variety of organized recreation activities, facilities and equipment appropriate in recreation programs. Possess a valid Tennessee Driver's License. Mail resume to: City of Pigeon Forge Human Resources Department, Post Office Box 1350, Pigeon Forge, TN 37868-1350. Resume must include three personal references and if applicable, three work references including contact name, phone number, your association/with number of years associated. Resumes must be postmarked by July 22, 2011, at 4:30 P.M. No telephone calls. EOE and complies with the ADA and Title VI. Applicants will be subject to a background check, driving history check and drug testing in accordance with city policy.

### POLICE CHIEF.

**SPRINGFIELD.** The city is accepting applications for Police Chief. Individual will plan, organize and direct the activities of the Police Department under a Council/Manager form of government. Previous Chief retired with 21 years of service in the position. The Police Department consists of 39 POST certified officers and is one of the first in the state to be accredited by the Tennessee Law Enforcement Accreditation Program. Bachelor's degree with a major in criminal justice, public administration, business administration or a related field required. A minimum of 15 years experience in law enforcement, with at least 10 years of supervisory experience above the rank of sergeant required. Master's degree in criminal justice can be substituted for two years of supervisory experience. Salary range \$57,013 - \$77,771 (DOQ). Applications must be received by Thursday, September 15, at the following address: P. O. Box 788, Springfield, TN, 37172. The City of Springfield is an AA/EOE employer.

## NATIONAL BRIEFS



### BY TML STAFF REPORTS

**Facing the same high fuel costs as individual consumers, state officials who build and maintain roads are looking for new ways to cut fuel consumption, improve efficiency and save money.** State departments of transportation, confronting increasing fuel costs and declining tax revenue, are trying everything from tapping solar power to run warning lights atop vehicles, to converting work trucks to domestic propane or natural gas, to heating state patrol posts by burning wood. "DOTs right now are facing tough times in terms of the funding available to do essential work," says John Horsley, executive director of the American Association of State Highway and Transportation Officials (AASHTO). "Most state legislators are at a point where they are not going to raise taxes, and the tax base is down — property taxes and the fuel tax. Across the board, states are having to tighten their belts." The hit can be significant: In Utah, for example, steeper gas prices have driven fuel costs for the agency's 4,200 vehicles up by about 30 percent — the state has spent \$1 million more so far than last fiscal year. Despite a recent dip at the pump, Horsley says this year's high prices have hurt more than in 2008, the last time gas prices hit \$4 a gallon. "What we're seeing in 2011 is what I call a double whammy," he says. "Costs are going up at a time when state revenues are down. States are going to have to find ways to economize."

**Federal subsidies received by nearly 80,000 Tennessee farmers are at risk as lawmakers scrutinize every corner of the federal budget for programs to cut.** The subsidies are a prime target because their opponents include lawmakers from both parties, experts say. Con-

servatives blast them as an example of government intrusion into free markets, and liberals say they encourage environmentally hazardous overfarming. Freshman Rep. Scott DesJarlais of Tennessee, a member of the Agriculture Committee, said "agriculture is no exception" when it comes to considering budget cuts. Other freshmen on the committee also have expressed a willingness to trim the program.

**Several members of Congress plan to call for a presidential commission to study the formation of a National Museum of the American People in Washington to tell the history of immigration and migration that formed the nation.** Virginia Rep. Jim Moran, and Tennessee Rep. John Duncan, are expected to introduce legislation that calls for studying the idea of creating such a museum without any federal taxpayer funds. "The people of the United States do not have a comprehensive and accurate picture of all the peoples who created and continue to build the nation," the bill says. Both Canada and Mexico have major museums near their capitals telling the story of their peoples.

**A U.S.-Mexico agreement steamrolled the last opposition to Mexican trucking firms getting credentials to haul anywhere in the United States.** Department of Transportation Secretary Ray LaHood said the new program will emphasize safety and lead to Mexico rescinding retaliatory tariffs on certain U.S. goods. Electronic monitoring systems will track how many hours the trucks are in service. Drivers will also have to pass safety reviews, drug tests and assessments of their English-language and U.S. traffic sign-reading skills. Mexico has the authority to demand the same of U.S. truck drivers entering their territory.



## RICE SIGNS

Your Leader In Transportation Safety

- Traffic Signs
- Roll-Up Construction Signs
- Sign Stands
- Traffic Cones & Barricades
- Custom Street Name Signs
- Sign Posts & Hardware

### Free Traffic Sign Catalog:

Call 888-728-7665

- or -

Visit [www.RiceSigns.com](http://www.RiceSigns.com)

### Contact Us / Bids / Quotes:

Toll-Free: 888-728-7665

Fax: 877-546-6165

Email: [sales@RiceSigns.com](mailto:sales@RiceSigns.com)

Web: [www.RiceSigns.com](http://www.RiceSigns.com)



## Good Risk Management is just Good Management



5100 Maryland Way • Brentwood, TN • 800-624-9698

Cities and municipal agencies have joined together to create in the TML Pool what has grown to be the largest municipal insurer in Tennessee. The extent of the coverage provided for municipal exposures is staggering.

The Pool insures:

- 40,575 municipal employees for workers' compensation representing more than \$951.7 million in annual payroll exposures;
- 18,960 municipal vehicles with total insurable values of some \$350 million for liability coverage; and provides
- general liability coverage for 16,407 miles of streets.

THE  
TML **POOL**  
Tennessee's Leader in Risk Management Services

## Water and wastewater loans awarded to cities

Seven Tennessee municipalities and one county have been approved to receive low-interest loans for water and wastewater infrastructure improvements.

The SRF Loan Program provides low-interest loans that help communities, utility districts, and water and wastewater authorities finance projects that protect Tennessee's ground and surface waters and public health. Loans are used to finance the planning, design, and construction of water and wastewater facilities.

The Department of Environment and Conservation administers the State Revolving Fund (SRF) Loan Program for the state of Tennessee in conjunction with the Tennessee Local Development Authority. The U.S. Environmental Protection Agency provides grants to fund the program, and the state provides a 20 percent match. Loan repayments are returned to the program and are used to fund future SRF loans.

Through the SRF Program, communities, utility districts, and water and wastewater authorities can obtain loans with lower interest rates than most can obtain through private financing. Interest rates for loans can vary from zero percent to market rate based on each community's economic index. In addition, loans utilizing this year's EPA grant funds include 20 percent principal forgiveness.

The funding order of projects is determined by the SRF Loan Program's Priority Ranking Lists that rank potential projects according to the severity of their pollution and/or compliance problems or for the protection of public health.

The following recipients received wastewater loans:

- City of Blaine – The city of Blaine will receive \$950,000 for a project that includes a new wastewater treatment plant and collection system. The project will be funded with a 20-year, \$760,000 loan with an interest rate of 0.68 percent and \$190,000 in principal forgiveness that will not have to be repaid.
- Town of Greeneville – The town of Greeneville will receive more than \$4.9 million for a project that includes collection system expansion in the Andrew Johnson Highway and Whirlwind Road areas. The project will be funded with a 20-year, \$3.9 million loan with an interest rate of 2.62 percent and \$986,481 in principal forgiveness that will not have to be repaid.
- Roane County – Roane County will receive nearly \$5.6 million for a project that includes collec-

tion system extension in two areas – the Delozier Lane and Post Oak Valley Road area, and the Keyton Drive, Swan Pond and U.S. Highway 70 area of the Clinch River. The project will be funded with a 20-year, \$4.5 million loan with an interest rate of 1.77 percent and \$1.1 million in principal forgiveness that will not have to be repaid.

The following recipients received drinking water loans:

- City of Athens – The city of Athens will receive \$2 million for a green project that includes stream bank restoration and water treatment plant upgrades. The project will be funded with a 20-year, \$1.6 million loan with an interest rate of 3.18 percent and \$400,000 in principal forgiveness that will not have to be repaid.
- City of Elizabethton – The city of Elizabethton will receive \$3.8 million for a project that includes two new source wells, water treatment plant and water lines replacements. The project will be funded with a 20-year, \$3 million loan with an interest rate of 1.99 percent and \$760,000 in principal forgiveness that will not have to be repaid.

The following recipients received traditional wastewater loans:

- City of Clarksburg – The city of Clarksburg will receive a \$130,000, 20-year loan with an interest rate of 1.02 percent, for a project that includes collection system expansion in the Purdy Road, Haley Street and Clarksburg Road areas and associated new pump stations with treatment at the Huntingdon Highway 22-Bypass Lagoon.
- City of Elizabethton – The city of Elizabethton will receive a \$2.8 million, 20-year loan with an interest rate of 1.84 percent for a project that includes replacement of sewer lines, rehabilitation of pumping station, and upgrade of wastewater treatment plant.
- City of Morristown – The city of Morristown will receive a \$1.6 million, 20-year loan with an interest rate of 2.73 percent for a project that includes rehabilitation/upgrades to Witt 1, Witt 2 and Witt 3 pump stations.
- City of Savannah – The city of Savannah will receive a \$1.33 million, 20-year loan with an interest rate of 1.84 percent for a project that includes wastewater treatment plant upgrades, installation of a SCADA system, and the replacement and upsizing of the existing riverside pump station and adjoining 4,000 linear feet of force main.

Traditional loans do not include the 2010 EPA funding or the principal forgiveness provision.

Since its inception in 1987, Tennessee's Clean Water State Revolving Fund Loan Program has awarded almost \$1.16 billion in low-interest loans. Since its inception in 1996, Tennessee's Drinking Water State Revolving Fund Loan Program has awarded over \$179 million in low-interest loans. Both programs combined award more than \$87 million annually to Tennessee's local governments for water and wastewater infrastructure projects.

Any local government interested in the program should contact the State Revolving Fund Loan Program, L&C Tower, 8th Floor, 401 Church Street, Nashville, TN 37243, or call (615) 532-0445. Additional information about the SRF Loan Program may be found online at [www.tn.gov/environment/srf](http://www.tn.gov/environment/srf).



## Electric and other utility workers now protected by Tennessee's Move Over law

Legislation signed by Gov. Bill Haslam expands Tennessee's Move Over law to include electric and other utility vehicles.

Police, fire and highway construction vehicles were already covered before the law's expansion. However, the Tennessee Electric Cooperative Association and its member cooperatives recognized the need to include electric and other utility vehicles.

Effective July 1, motorists approaching a utility vehicle with flashing lights are required to move over if safe to do so, creating an empty lane buffer. When changing lanes is not possible, motorists must reduce speed.

"Electric utility workers have a dangerous job," says Mike Knotts, director of government affairs for the Tennessee Electric Cooperative Association, "and the expansion of the Move Over law makes their working environment safer."

Roadway crashes are the lead-

ing cause of occupational fatalities in the United States. The Tennessee Department of Safety reports that more than 100 highway and street construction workers are killed each year as a result of vehicle crashes or equipment accidents on the job. Another 20,000 are injured.

Tommy Campbell, a lineman for Duck River Electric Membership Corporation in Decherd, knows all too well the dangers of working near traffic. Campbell was struck by a vehicle while retrieving a tool from a bin on the side of his truck. The impact threw him over the hood and windshield of the oncoming vehicle and into the air before landing in the street. His injuries required major surgery.

"I knew my foot was severely injured," says Campbell about the accident. "I worried I would not be able to climb poles anymore. My father was a lineman, and that is what I love doing." Fortunately, Tommy resumed climbing poles one

year after the accident.

"This is a great law for utility workers," Campbell says. "We have to get the word out and make the public aware. Drivers must slow down when approaching utility vehicles."

"We appreciate the Tennessee General Assembly and Gov. Haslam for protecting Tennessee's utility workers, and we are especially grateful to Sen. Steve Southerland and Rep. Phillip Johnson for sponsoring the legislation on our behalf," says Knotts.

The Tennessee law is the first of its kind in the country. North Carolina's Move Over law includes utility workers but only during emergency situations such as storm restoration.

Tennessee's law applies anytime utility vehicles are working with flashing lights.

Additional information on the Move Over expansion can be found at [www.moveovertennessee.org](http://www.moveovertennessee.org).

## U.S. Congress to take on Transportation

**TRANSPORTATION** from Page 1 current 80,000-pound limit on Interstate highways to 97,000 pounds would further degrade the life of roads and programs and pose a major risk to public safety on the highways.

Lobbying campaigns for and against the proposed increase in the limit have taken place across the country and legislation has been introduced on both sides of the issue. NLC policy opposes an increase in the current truck size limit.


Rain or shine,  
sleet or hail,  
every day is perfect  
for a GovDeals sale!

  
**GovDeals**

Online Government  
Surplus Auctions—24/7

Visit [GovDeals.com](http://GovDeals.com) today  
or call 1-866-377-1494

Visit us at [www.bankofamerica.com](http://www.bankofamerica.com).

 Bank of America, N.A. Member FDIC.  
©2004 Bank of America Corporation.  
SPN-41-AD

 **Higher Standards**

## J.R. Wauford & Company

Consulting Engineers, Inc.

### Water and Wastewater Systems

Home Office:  
2835 Lebanon Road  
P.O. Box 140350  
Nashville, TN 37214  
(615) 883-3243

[www.jrwauford.com](http://www.jrwauford.com)

Branch Offices:  
Maryville, TN 37804  
(865) 984-9638  
Jackson, TN 38305  
(731) 668-1855





**Tennessee Municipal League**  
2011-2012 Officers and Directors

- PRESIDENT**  
**Kay Senter**  
Mayor Pro-Tem, Morristown
- VICE PRESIDENTS**  
**Ken Wilber**  
Mayor, Portland  
**Allen Barker**  
Mayor, Humboldt  
**David May**  
Councilmember, Cleveland
- DIRECTORS**  
**Bryan Atchely**  
Mayor, Sevierville  
**Daniel T. Brown**  
Mayor, Knoxville  
**Kevin Helms**  
City Manager, Oak Hill ( District 5)  
**Vance Coleman**  
Mayor, Medina (District 7)  
**Betsy Crossley**  
Mayor, Brentwood (District 6)  
**Karl Dean**  
Mayor, Metro Nashville  
**Bo Perkinson**  
Vice Mayor, Athens (District 3)  
**David Gordon**  
Mayor, Covington (District 8)  
**J.H. Graham III**  
Mayor, Crossville  
**Bill Hammon**  
Asst. City Manager, Alcoa (District 2)  
**Curtis Hayes**  
Mayor, Livingston  
**Dot LaMarche**  
Vice Mayor, Farragut  
**Ron Littlefield**  
Mayor, Chattanooga  
**Keith McDonald**  
Mayor, Bartlett  
**Troy Beets**  
Mayor, Kingston  
**Norman Rone**  
Mayor, McMinnville (District 4)  
**Charles "Bones" Seivers**  
President-CEO, TN Municipal Bond Fund  
**Margaret Feierabend**  
Councilmember, Bristol (District 1)  
**A.C. Wharton**  
Mayor, Memphis  
**Ron Washington** (Director-at-Large)  
Councilmember, Murfreesboro  
**James Lewellen**  
City Manager, Collierville  
President (TCMA)  
**John Holden**  
Mayor, Dyersburg
- PAST PRESIDENTS**  
**Sam Tharpe**, (2011) Mayor, Paris  
**Tom Beehan**, (2008) Mayor, Oak Ridge  
**Tommy Green** (2007) Mayor, Alamo  
**Tommy Bragg** (2006) Mayor, Murfreesboro  
**Bob Kirk** (2004) Alderman, Dyersburg  
**Tom Rowland** (2002) Mayor, Cleveland  
**Dale Kelley** (2010) Mayor, Huntingdon

- TML AFFILIATED ORGANIZATIONS**  
(Ex-Officio Directors)
- Tennessee Municipal Attorneys Assn. Joe Thompson, Gallatin
  - Tennessee Municipal Judges Conference John T. Gwin, Mount Juliet
  - Tenn. Chapter, American Public Works Calvin D. Clifton, Little John Engineering
  - Tennessee Government Finance Officers Daisy Madison, Chattanooga
  - Tenn. Assn. Housing & Re devel. Auth. Melba Johnson, Lexington
  - Tennessee Building Officials Assn. Steve Mills, Hendersonville
  - Tennessee Fire Chiefs Assn. Jerry W. Crawford, Collierville
  - Tennessee Assn. of Air Carrier Airports Larry Cox, Memphis
  - Tennessee Association of Chiefs of Police Gil Kendrick, Jackson
  - Tennessee Water Quality Management Jack Graham, Maryville
  - Tennessee Recreation and Parks Assn. George Brogdon, Germantown
  - Tennessee Chapter, American Planning Karen Hundt, Chattanooga
  - Tennessee Personnel Management Assn. Alan Jones, Metro Knox Airport Authority
  - Tenn. Assn. Municipal Clerks & Records Lanai Benne, Franklin
  - Tennessee Assn. of Public Purchasing Rex Gaither, Smyrna
  - TN Section, Institute of Transport Engineers Kevin Cole, Knoxville
  - Tennessee Public Transportation Assoc. Rebecca Harris, Cookeville
  - Tennessee Fire Safety Inspectors Tommy White, Sevierville
  - Assn. of Independent and Municipal Schools Reecha Black, Alamo

- TML ASSOCIATE PARTICIPANTS**
- Diamond LEVEL MEMBERSHIP**  
Bank of America
- GOLD LEVEL MEMBERSHIP**  
Bank of New York Trust Company, N.A.  
Fifth Third Bank
- SILVER LEVEL MEMBERSHIP**  
ING Financial Advisers, LLC  
SpeedFix
- Bronze LEVEL MEMBERSHIP**  
Alexander Thompson Arnold, PLLC  
Alliance Water Resources  
Carr, Riggs & Ingram, LLC  
Lee Company  
Sophicity
- CORPORATE LEVEL MEMBERSHIP**  
A To Z MUNI-DOT Company  
Askew Hargraves Harcourt & Assoc., LLC  
Barge, Waggoner, Sumner & Cannon, Inc.  
CMI Equipment Sales, Inc.  
DBS & Associates Engineering  
Education Networks of America  
Employee Benefit Specialists, Inc.  
GEO-Job GIS Consulting  
J.R. Wauford & Co. Consulting Engineers, Inc.  
Kennerly, Montgomery & Finley, P.C.  
Local Govt. Corporation  
Mapletronics Computers  
Mattern & Craig, Consulting Engineers, Inc.  
McGill Associates, P.A.  
One Source Document Solutions, Inc.  
Pavement Restorations, Inc.  
Smith Seckman Reid, Inc.  
Tennessee Cable Telecommunications Assn.  
Tennessee Energy Acquisition Corporation  
Tennessee Fiber Optic Communities  
Thompson & Litton, Inc.  
TLM Associates, Inc.  
Tri Green Equipment, LLC  
Tysinger, Hampton and Partners, Inc.  
URS Corporation  
Utility Service Co., Inc.  
Vaughn & Melton  
Volkert & Associates  
Waste Connections of Tennessee Inc.  
Waste Industries of Tennessee  
Waste Management  
Wiser Company, LLC  
Woodard & Curran, Inc.

# June tax collections exceed state estimates

Total tax collections for June were above state budget estimates for the month. Finance and Administration Commissioner Mark Emkes announced that overall June revenues were \$1.07 billion, which is \$31.8 million more than the state budgeted. June sales tax collections represent consumer spending that took place in the month of May.

June marks the 11th consecutive month this fiscal year in which total collections have exceeded the budgeted estimates. Sales tax collections in June recorded the 15th consecutive month of positive growth, exceeding the budgeted estimate, and corporate tax collections also performed above June expectations. "Tennessee's revenue collections continue to show a positive growth trend, but the latest national leading economic indicators point to a slow economic recovery," Emkes said. "This will require us to continue to closely monitor collections and expenditures for the remainder of this year in order to end this fiscal year with a balanced budget."

The general fund was over collected by \$31.1 million, and the four other funds were over collected by \$700,000.

Sales tax collections were \$28.8 million more than the estimate for June. The June growth rate was 6.32%. For eleven months revenues are over collected by \$195.6 million. The year-to-date growth rate for eleven months was positive 4.60%.

Franchise and excise taxes combined were \$29.6 million above the budgeted estimate of \$253.2 million. The growth rate for June was 13.18%. For eleven months revenues are over collected by \$47.8 million and the year-to-date growth rate was 6.99%.

Privilege tax collections were

\$3.7 million below the June estimate. For eleven months collections are \$9.7 million below the budgeted estimate.

Business tax collections were \$20.3 million less than the June estimate. Year-to-date collections for eleven months are \$38.8 million below the budgeted estimate.

Inheritance and estate tax collections were \$800,000 below the June estimate. For eleven months collections are \$26.7 million above the budgeted estimate.

Tobacco tax collections were \$1.6 million below the budgeted estimate of \$29.5 million. For eleven months revenues are under collected by \$7.2 million.

Gasoline and motor fuel collections for June were over collected by \$800,000. For eleven months revenues are over collected by \$10.7 million.

All other taxes for June were under collected by a net of \$1 million

The budgeted revenue estimates for 2010-2011 are based on the State Funding Board's consensus recommendation of April 7, 2010, and adopted by the second session of the 106th. General Assembly in June. They are available on the state's website at <http://www.tn.gov/finance/bud/budget.html>.

The State Funding Board met on Dec. 8 and 14, 2010, and again on Feb. 7, 2011. As a result of these meetings the board adopted mid-year revised revenue ranges for 2010-2011. The board issued a formal letter addressed to the Governor and Chairman of House and Senate Finance Ways and Means Committees dated February 25, 2011 detailing the board's actions.

The 2010-2011 revised ranges adopted by the board reflect growth rates ranging from 3.60% to 4% in

total taxes, and 3.95% to 4.45% in general fund taxes. Based on the board's consensus recommendation, the official budgeted estimates for 2010-2011 were revised in March 2011.

The revised estimates are reflected on pages A-72 and A-74 in the 2011-2012 Budget Document and assume an over collection in total taxes in the amount of \$198.5 million, and an over collection of \$161.3 million in general fund taxes.

Year-to-date collections through June compared to the February revision are \$77.4 million above the total estimate, and \$67.2 million above the general fund estimate. The four other funds that share in state tax collections are \$10.2 million above the revised estimate.

The funding board met again on April 12, 2011, to hear updated revenue estimating presentations on the state's near-term economic outlook for fiscal years 2010-2011 and 2011-2012, taking final action on April 15 to revise the February ranges.

The action taken by the board in April recognized an increase at the top of the range for 2010-2011 from 4% to 4.15% in total taxes and from 4.45% to 4.50% in general fund taxes. The result of this action increased projected revenues for total taxes by \$15.1 million and general fund taxes by \$15.2 million for this fiscal year. This increase was recognized in the administration's budget amendment and adopted by the General Assembly on May 21, 2011.

Year-to-date collections through June compared to the final action taken by the board and approved by the General Assembly are \$62.3 million above the total estimate, and \$52.0 million above the general fund estimate.



**Aug. 4-5: Grants Training:** The Tennessee Department of Economic and Community Development, Research and Planning Division and Grant Writing USA will present a two-day grants workshop in Nashville. Learn how to find grants and write winning grant proposals. Training is applicable to grant seekers across all disciplines. More information and online registration is available at: <http://grantstraining.com/tnmuni> or contact Rupa DeLoach, 615.532.1912 or e-mail [rupa.deloach@tn.gov](mailto:rupa.deloach@tn.gov)

**Aug. 10-30: UT MTAS Municipal Legislative Update.** Held from 8:30 am. to 12:30 pm. **Aug. 10** in Knoxville at the University of Tennessee Conference Center, 600 Henley Street; **Aug. 16** in Jackson, West Tennessee Center for Agricultural Research, Extension, and Public Service, 605 Airways Boulevard; and **Aug. 30** in Franklin, Williamson Co. Ag. Expo Park, 4215 Long Lane. This course provides a summary of legislation of municipal impact passed during the 2011 session of the Tennessee General Assembly. The legislative summaries will cover a myriad of city concerns including personnel, law enforcement, tort liability, code enforcement, utilities, land use and many others. The course will be conducted by Municipal Technical Advisory Service legal consultants and will offer participants the opportunity to ask questions about any new legislation. Municipal employees—\$25 per person per class. All other participants—\$55 per person per class. Make checks payable to the University of Tennessee. You may register by mail, fax or online.

For questions about registration, please contact Elaine Morrissy at 865-974-0411 or e-mail [elaine.morrissy@tennessee.edu](mailto:elaine.morrissy@tennessee.edu).

## REVENUE COLLECTIONS JUNE, 2011, AND 11 MONTHS YEAR-TO-DATE

June Collections:	Budgeted	Actual	Difference
	Accrual Estimate		
General Fund	\$877,213,000	\$908,287,000	\$31,074,000
Highway Fund	59,535,000	58,605,000	(930,000)
Sinking Fund	30,830,000	31,052,000	222,000
City & County Fund	65,916,000	67,314,000	1,398,000
Earmarked Fund	2,050,000	2,050,000	0
<b>Total</b>	<b>\$1,035,544,000</b>	<b>\$1,067,308,000</b>	<b>\$31,764,000</b>

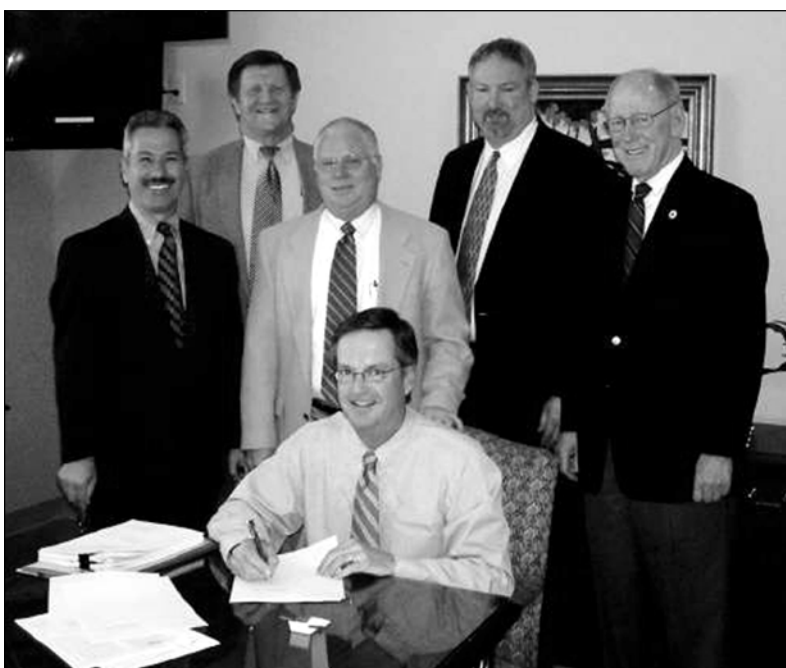
Year-To-Date Collections:	Budgeted	Actual	Difference
	Accrual Estimate		
General Fund	\$7,722,612,000	\$7,941,655,000	\$219,043,000
Highway Fund	607,964,000	612,469,000	4,505,000
Sinking Fund	338,111,000	339,648,000	1,537,000
City & County Fund	735,880,000	760,328,000	24,448,000
Earmarked Fund	22,550,000	22,550,000	0
<b>Total</b>	<b>\$9,427,117,000</b>	<b>\$9,676,650,000</b>	<b>\$249,533,000</b>

**TENNESSEE MUNICIPAL LEAGUE STAFF**  
Margaret Mahery, Executive Director  
Chad Jenkins, Deputy Director  
Mark Barrett, Legislative Research Analyst  
Carole Graves, Communications Director & Editor, *Tennessee Town & City*  
John Holloway, Government Relations  
Debbie Kluth-Yarbrough, Director of Marketing / Member Services  
Kevin Krushenski, Legislative Research Analyst  
Mona Lawrence, Administrative Assistant  
Denise Paige, Government Relations  
Victoria South, Communications Coordinator  
Sylvia Trice, Director of Conference Planning

**TENNESSEE TOWN & CITY**  
(ISSN No. 0040-3415) Publication No. 539420  
— Official publication of the Tennessee Municipal League. **Publisher:** Margaret Mahery ([mmahery@TML1.org](mailto:mmahery@TML1.org)); **Editor:** Carole Graves ([cgraves@TML1.org](mailto:cgraves@TML1.org)); **Phone:** 615-255-6416. **Advertising:** Publisher reserves the right to reject any advertising deemed unacceptable. Fax classified ads to *TT&C*: Attention Mona Lawrence at 615-255-4752, or e-mail [mlawrence@TML1.org](mailto:mlawrence@TML1.org). Fax advertising copy to *TT&C*: Attention Debbie Kluth at 615-255-4752, or e-mail to [dkluth@TML1.org](mailto:dkluth@TML1.org). Opinions expressed by non-League officials or staff do not necessarily reflect policies of TML. *Tennessee Town & City* is published, semi-monthly, 20 times per year at 226 Capitol Blvd., Suite 710, Nashville, TN 37219-1894. Periodicals postage paid at Nashville, TN. Subscription rates: \$6 per year to members, \$15 to nonmembers, \$1 a copy. **Postmaster:** Send changes of address to Tennessee Town & City, 226 Capitol Blvd., Suite 710, Nashville, TN 37219-1894.

# No loan is too large or too small

See us for your special projects needs. (615) 255-1561



The city of Murfreesboro closes a \$103 million loan, the largest in TMBF history.



The town of Nolensville closes a \$21,000 loan.

# GASB issues new fund balance reporting requirements

GASB from Page 1

## Assigned

Amounts defined as assigned arise from intentions of the government to use the funds for a specific purpose. This action may be taken by the highest level of authority or a designated body (committee) or an individual (city manager or mayor). Assignment of fund balance is a less formal action than required for committed funds and the action may be taken after the end of the fiscal year.

## Unassigned

The amounts in the unassigned fund balance classification represent those funds that are left for spending after funds earmarked for specified purposes have been otherwise classified. The General Fund is the only fund that will record a positive unassigned fund balance. The nature of other fund types automatically makes those resources restricted, committed or assigned. The only situation where other types of funds would report amounts in the unassigned fund balance category is if the balance is negative. This might occur if the fund spends more resources than it has available in restricted, committed or assigned fund balance.

*Note:* the term "unrestricted fund balance" used in publications refers collectively to the three categories of committed, assigned and unassigned.

## Fund Balance Policy

The statement requires that governments report certain policies and procedures in the footnotes to the audited financial statements. Does this mean cities have to adopt a formal fund balance policy? No, but adopting a fund balance policy is a good idea and is viewed favorably by credit rating agencies. Regardless of whether governments adopt a formal fund balance policy the following information must be included in the June 30, 2011, audited financial statements:

- For committed fund balance:
  - What is the government's highest level of decision-making authority, i.e. full board?
  - What is the formal action required to be taken to commit resources, i.e. resolution or an ordinance.
- For assigned fund balance:
  - The body (committee) or individual (mayor, city manager or finance director) authorized to assign resources for a specific purpose.
  - The policy established by the governing body that gives that authorization.
- What order will fund balances be utilized?
  - The government must state whether restricted or unrestricted resources will be used when expenditures are incurred where either may be used.
  - Disclosure must also be made regarding whether committed, assigned and unassigned fund balances are considered to be used when the expenditure incurred is for the specified purpose of those classifications.
- The purpose of each special revenue fund, identifying each specific revenue stream that is committed or restricted.
- Detail of the nature of the non-spendable, restricted, committed or assigned fund balance amounts if

not presented on the face of the balance sheet.

When developing a fund balance policy certain elements should be considered. The policy should include the above required disclosures as detailed in items 1-3, the minimum unrestricted fund balance requirement for the general fund and the policy for use and replenishment of stabilization (rainy day) fund resources if the government has one. The Government Finance Officers Association recommends that governments keep at least two months of operating revenues or expenditures in the general fund balance. Maintaining a comfortable cushion is crucial to good financial management because it helps governments compensate for unexpected events.

## Defining Governmental Funds

The definitions of special revenue, capital projects and debt services funds were changed or clarified in the new accounting standard. A special revenue fund can only be used if a significant amount of revenue supporting the activities is restricted or committed for that specific purpose (other than debt service or capital projects). Restrictions must be imposed by an external source such as the state or federal government. A common example is the state street aid fund, which is supported by revenues restricted by state law to be spent on specific street-related expenditures. The restricted source of revenue has to be considered a substantial source of revenue for the fund. A committed revenue source would be one that the full governing board has passed a resolution committing that stream of revenue for a specific purpose and that constitutes a substantial funding source of the fund.

Capital projects funds may include expenditures for general capital purchases. In the past capital projects funds have been used primarily for major construction projects. Only general fund capital projects should be accounted for in capital project funds, any capital projects done by utilities (proprietary funds) should be accounted for in their respective funds.

Debt service funds are to be

used when legally required or when resources are being accumulated to pay for principal and interest on long-term debt. This is simply a clarification from previous standards.

## Practical Suggestions Fund Types

Some special revenue funds currently established by governments may not meet the definition of a special revenue fund under GASB 54. Tennessee law currently requires that solid waste operations be accounted for in either a special revenue fund or operating landfill or incinerator in a proprietary fund. Fees charged for solid waste services are not considered restricted and are not committed unless the governing body adopts a resolution committing its use for only solid waste purposes. Any existing special revenue fund that does not meet the new definition must be combined into the general fund at the end of the fiscal year for reporting purposes. In other words, governments should continue to account for solid waste operations in a separate fund during the year. The Comptroller of The Treasury, Division of Municipal Audit has issued the following guidance:

"The activities being accounted for in a proprietary fund are not impacted. However, activities being accounted for in special revenue funds will be affected. Solid waste activities will not meet the criteria for being reported in a special revenue fund. To bridge the gap, the accounting records will still account for solid waste activities as they have in the past. However, for financial reporting purposes, the activities will be rolled into the general fund. A supplemental schedule should be created to reflect the activities to demonstrate compliance with T.C.A."

The complete directive from Municipal can be found in the Internal Control and Compliance Manual for Tennessee Municipalities, [www.comptroller1.state.tn.us/macitymanual.asp](http://www.comptroller1.state.tn.us/macitymanual.asp).

## Classifying Fund Balances

Classifying fund balances for implementation of the new standard will

require governments to assess decisions made throughout the year regarding how resources are intended to be spent. Some of the steps necessary to properly classify fund balances include:

- Determine if the government has non-spendable assets such as inventory, pre-paid expenditures or long-term receivables (due from other funds) that should be classified.
- Locate any resolution or ordinance that earmarks a specific revenue stream or available resources for a specified purpose.
- Identify any restrictions placed on resources by external parties such as debt covenants and state or federal law.
- Document if authority has been given to a committee or individual to assign resources and create a list of assignments made by those parties.

## Internal Accounting & Reporting

T.C.A. § 9-2-405, known as the Local Government Modernization Act of 2005, requires that local government accounting and reporting comply with generally accepted accounting principles. Penalties may be assessed at the discretion of the comptroller's office for non-compliance with the act. What this means for governments is they must follow accounting standards established by the Governmental Accounting Standards Board (GASB). In order to record the new fund balances in the internal accounting system new account numbers must be established. Depending on the type of software used in each government this may have to be done with assistance from software vendors. MTAS recommends that governments consult with their software vendors and independent auditors prior to making any adjustments to fund balance in the accounting system. The best solution for the time being is to create a separate spreadsheet or file to reclassify fund balances and maintain supporting documentation for your classification decisions for the independent auditors.

Contact an MTAS finance consultant if you have questions regarding the new requirements.



## July 23: Mountain City Sunflower Festival

Held on Main St., this free, family friendly event features crafts, good food, music, a Sunflower Beauty Pageant, Sunflower Contest and kids activities. For more information, call 423-727-1950.

## Aug 11 -Aug 13 McMinnville Smokin' in McMinnville BBQ Festival

Held at 500 Garfield Street. Join us for this three-day state BBQ competition and family-friendly festival. Free admission. For more information, call 931-473-6611.

## Aug. 20: Munford

**5K Run/Walk and Kids Fun Run**  
A sanctioned Memphis Runners Track Club race through Historic Downtown Munford. Starts at Centennial Park on Reeder Avenue at 8 am. Proceeds benefit the Munford-Tipton County Memorial Public Library. For more information visit [www.munford.com](http://www.munford.com), email [djroaddawg@yahoo.com](mailto:djroaddawg@yahoo.com) or call 901-484-7113.

## Aug 26 -Aug 27: Nashville

**Music City Festival & BBQ**  
Nashville, Riverfront Park. For more information, call 615-732-9910.

## Sept. 5: Harrogate

**Annual Labor Day Celebration**  
Harrogate City Park at 3 p.m. with kids' games, live bands, food, crafts and business fair. Spectacular fireworks display at 9 p.m. For more information, call Harrogate City Hall at 423-869-0211.

# Recreation Trails grant workshop scheduled for Aug. 24; new grant cycle to be announced

The Tennessee Department of Environment and Conservation is beginning the 2011 Recreational Trails Program grant application cycle with an Aug. 24 workshop to help government officials, parks and recreation departments and non-profit organizations understand the grant application process.

Recreational Trails Program grants may be used for non-routine maintenance and restoration of existing trails, development and rehabilitation, trailside or trailhead facilities such as restrooms, kiosks and parking lots, construction of new trails and land acquisition for recreational trails or corridors.

Federal, state and local government agencies may apply, as well as non-profit organizations that have obtained IRS 501(c)(3) status and have a written trail management agreement with the agency that owns the property where the trail project is located.

The department's Division of Recreation Educational Services will host three workshops on Wed., Aug. 24, from 10 a.m. to 1 p.m. (local times apply) at the following Environment and Conservation locations:

- Jackson Environmental Field Office, 1625 Hollywood Drive, Jackson, 38305
- Downtown Nashville Central Office, 401 Church Street, L&C Tower, 17th Floor, Nashville, Tenn., 37243
- Knoxville Environmental Field Office, 3711 Middlebrook Pike, Knoxville, 37921

Funding for RTP grants is provided by the Federal Highway Administration through the federal Safe, Accountable, Flexible, Efficient Transportation Equity Act. The Department of Environment and Conservation administers this grant program for the state of Tennessee.



The application deadline for the 2011-2012 Recreational Trails Programs grant cycle is October 28, 2011, at 4 p.m. (CST). The RTP grant is an 80/20 percent match and the total grant amount awarded this year will be \$120,000.

To learn more about the RTP grant program and other recreation or conservation-based grant pro-

grams that may be available in the future, please visit [www.tn.gov/environment/recreation](http://www.tn.gov/environment/recreation). For more information about the upcoming application workshop or to register, contact Carol Thompson at 615-532-0208 or [carol.h.thompson@tn.gov](mailto:carol.h.thompson@tn.gov); or contact Recreation Educational Services at 615-532-0748 or [tdec.res@tn.gov](mailto:tdec.res@tn.gov).

**Budgets are Tight..  
What Are You Doing About  
Rising Healthcare Costs?**

## We Have The Answer... A Comprehensive Near-Site Clinic!

- ✓ Save up to 15 % (or more)
- ✓ Control Office Visits, Urgent Care & Ancillary Costs

Benefit From Our Experience!

# smartER clinix™

[www.smartERcoverage.com](http://www.smartERcoverage.com)

Contact Leigh Price  
1-866-281-3128 or  
[lprice@smartercoverage.com](mailto:lprice@smartercoverage.com)



# NLC accepting applications for 2011 City Showcase

BY LARA MALAKOFF  
NLC Staff

The National League of Cities (NLC) is currently accepting applications for the 2011 City Showcase, NLC's premier program celebrating city achievements. Successful, creative programs from cities and towns across the country are encouraged to submit an application to participate.

The City Showcase celebrates cities for their achievements and provides city leaders and staff with the resources and networking opportunities they need to learn and grow.

Through the City Showcase, NLC recognizes and showcases city programs that form creative collaborations, implement new processes or make efficient use of resources to improve city functioning and enhance the quality of life for their residents.

The centerpiece of the City Showcase activities will take place during NLC's Congress of Cities and Exposition in Phoenix, November 9-12. Representatives from selected programs will engage in conversations with attendees about their implementation strategies, successes and lessons learned. They will also have the opportunity to display their information in the exhibit hall.

Participating cities will be honored by NLC in a conference-wide event and recognized in conference publications. Selected city programs will also be showcased on NLC's website and highlighted in Nation's Cities Weekly and other venues.

City Showcase programs are selected for their innovative practices and for their contribution to a collection of programs that demonstrates a wide range of geographical locations, city sizes and topic areas.

Programs that address a variety of topics relevant to cities will be considered, but emphasis will be placed on programs that are aligned with one or more of the conference's 2011 concurrent conference topics:

- Green Cities
- Economic Development
- Infrastructure

## Your City's Families

At the Congress of Cities and Exposition, participating programs are highlighted as models and educators. Program representatives will display and discuss their successes with conference attendees, providing them with innovative ideas for planning and problem solving in their own communities.

Both participating programs and conference attendees will benefit from this exchange of innovative ideas.

According to Laura Cisneros, of San Jose, Calif., "it is rewarding to attend a conference where we meet leaders from throughout the United States who we can learn from, network with and discuss the issues we are all facing today. You leave the conference with new ideas, new insights and new connections to make us more effective in our role."

Representatives from participating programs will also have the opportunity to talk with one another about their successes, challenges and solutions and form ongoing connections with their peers from across the country.

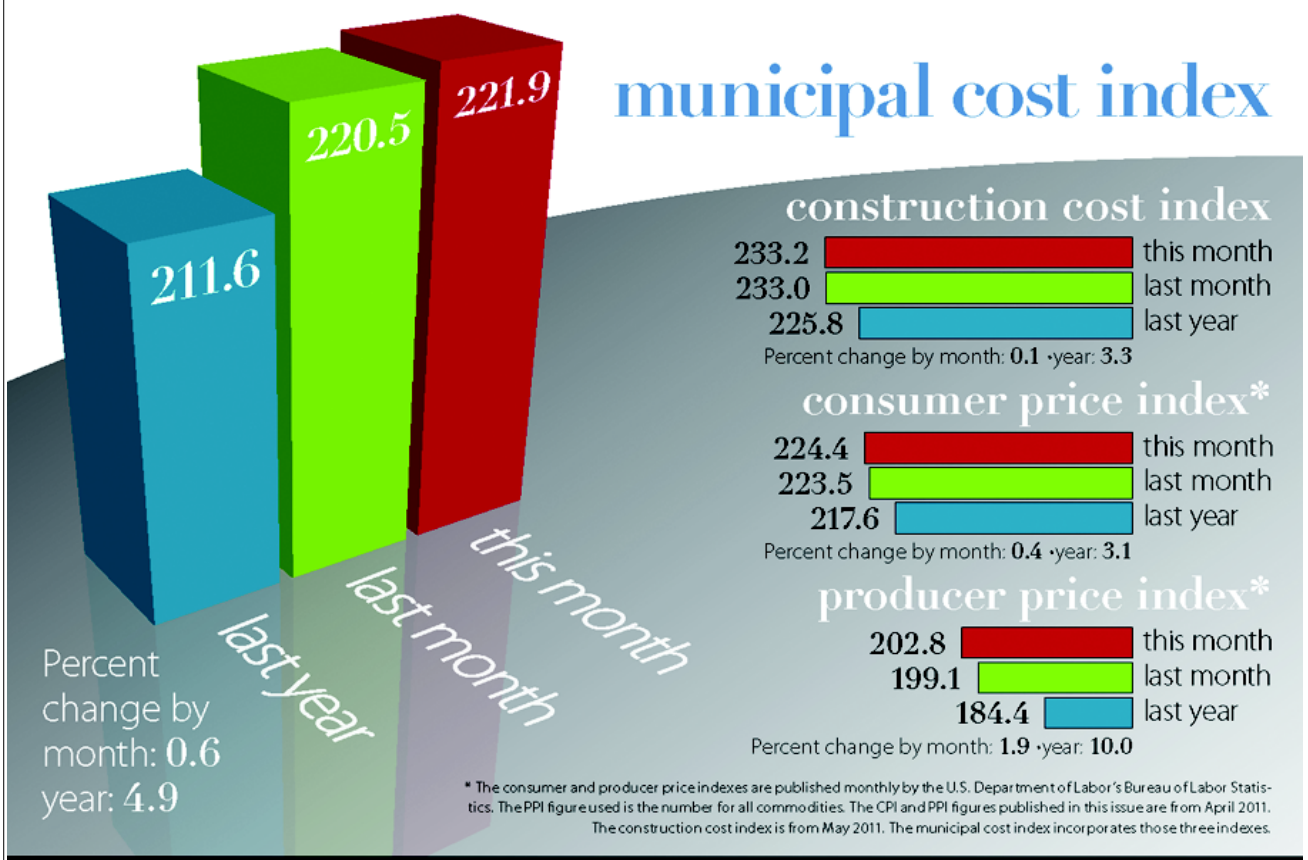
The City Showcase is "a great way to connect with other municipalities around issues we face every day and find new and innovative solutions," said 2010 participant Sandra Seader of Longmont, Colo.

Programs selected to participate will be provided with two free registrations to NLC's Congress of Cities and Exposition in Phoenix. Southwest Airlines, the official airline of the City Showcase, will make it possible for some participating cities to fly to Phoenix to share their successes with conference attendees. The cost of the exhibit space is covered by NLC. Additional scholarships may be awarded to participating programs for display and other travel expenses.

Applications are available now. The application deadline is July 31. Applicants will be notified during the month of August if they are selected.

For more information about the City Showcase, contact Lara Malakoff at malakoff@nlc.org or Will McGahan at mcgahan@nlc.org.

# The Municipal Cost Index shows the effects of inflation on the cost of providing municipal services.



## most recent marketbasket

	Percent change from			Percent change from			
	Current	last month	last year	Current	last month	last year	
Air conditioning equipment	168.0	1.3	3.0	Milled rice	192.9	-1.6	5.6
Asphalt felts, coatings	223.8	0.8	0.2	Mixed fertilizers	196.7	0.7	12.1
Ball, roller bearings	231.4	0.2	2.9	Motors, generators	199.6	0.3	6.1
Cement	191.7	0.7	-2.2	Natural gas	178.6	9.4	5.8
Coal	206.7	0.4	9.5	Office, store machines	121.8	0.7	0.5
Communication equipment	106.1	-0.3	0.3	Paper	190.3	0.8	6.6
Concrete products	210.5	0.2	-0.1	Passenger cars	129.6	0.5	0.5
Construction machinery	195.5	0.1	2.1	Plumbing fixtures, brass fittings	235.2	0	1.9
Crude petroleum	310.8	3.6	33.3	Plywood	177.8	1.6	-5.4
Diesel fuel (No. 2)	339.8	3.5	41.6	Prepared paint	247.1	0.2	5.1
Electronic computers	27.4	-0.4	-11.6	Pumps, compressors	222.4	0.8	3.8
Fabricated metal products	210.9	0.8	5.4	Residential electric power	156.5	0.4	3.1
Floor coverings	171.7	0.4	3.0	Sand, gravel, crushed stone	265.6	-0.3	1.8
Foundry, forge shop products	200.2	0.5	5.4	Sanitary papers, health products	182.7	0	0.9
Gasoline	321.9	3.6	38.8	Sporting, athletic goods	134.1	0.2	-0.1
Glass containers	184.0	0	2.1	Steel mill products	220.7	2.2	13.0
Gypsum products	201.6	-4.9	-2.1	Switchgear	210.0	0.2	2.3
Hardwood lumber	186.6	-0.4	0.8	Synthetic fibers	110.8	1.0	-1.9
Heating equipment	225.4	-0.1	2.5	Tires, tubes, tread, etc.	153.7	4.5	13.3
Heavy motor trucks	198.2	0	2.7	Tools, dies, jigs, fixtures	145.9	0.6	2.2
Home heating oil and distillates	296.7	3.9	37.6	Transformers	230.8	0.4	4.0
Internal combustion engines	163.5	0.4	0.2	Transmission equipment	239.6	0.5	3.9
Iron ore	153.4	0	9.0	Truck trailers	188.7	0.2	4.0
Iron and steel scrap	653.5	0.1	7.9	Wiring devices	218.4	0.5	3.6

The construction cost index is from May 2011; the CPI and PPI figures are from April 2011. The Municipal Cost Index incorporates all three indexes and represents June 2011. Developed exclusively by *American City & County*, it is designed to show the effects of inflation on the cost of providing municipal services. State and local government officials can rely on *American City & County's* Municipal Cost Index to stay on top of price trends, help control price increases for commodities, make informed government contract decisions and intelligent budget planning.

# Tasting for Dollars: Expanded alcohol laws increase tax revenues

## SPIRITS from Page 1

money for the state. But increased sales, particularly of high-end products, can generate quite a bit in taxes. Nationwide, state taxes on alcoholic beverage sales produced \$5.5 billion in 2010, according to the most recent U.S. Census data. Alcoholic beverages are taxed at a high rate by all levels of government — more than 50 percent of the purchase price of a typical bottle of spirits goes to federal, state, or local taxes of some kind, according to the Distilled Spirits Council of the United States (DISCUS), which represents producers and marketers. DISCUS figures that alcoholic beverages bring in \$41 billion a year in direct and indirect revenue for state and local governments. The group has lobbied in favor of free tasting laws.

"Policy makers at the state and local level are desperate to raise revenue without raising taxes or cutting programs," says Ben Jenkins, vice president of government communi-

cations for DISCUS. "Modernizing dated alcohol laws is a positive way to do it."

In addition to Tennessee, Washington State approved a bill this year that allows 30 state liquor stores to hold at least six tasting events throughout the year. The measure also allows restaurants to sell half-gallon, refillable glass jugs of tapped beer to go, known as growlers. The new law "not only will help our partnering craft beer industry, but will also spur economic growth in our industry," says Bruce Beckett, director of government affairs for the Washington Restaurant Association. This year's tasting laws come on top of liquor sampling bills passed in 2010 in California, Michigan, New Jersey and Virginia.

## Thirst on Sundays

Another way states can get more revenue from alcohol is by extending the hours of legal sale. For the most part, that means allowing

liquor stores to open (or open longer) on Sundays. This year, Georgia repealed its statewide ban on Sunday alcohol sales and will allow voters to decide whether their local communities want to offer it. Connecticut and Indiana are now the only states that still ban Sunday sales of liquor, wine and beer for consumption off-premises.

Liquor suppliers like to point out that rolling back "blue laws" controlling Sunday liquor sales is a way to hole in the budget that opened up after state workers rejected a benefits concession deal.

"Customers aren't asking for longer store hours," insists Fred Marosko of the Texas Package Stores Association. He believes that DWI fatalities on Sundays would go up in the state if an expanded hours measure passed, just as he says they did in New Mexico after that state approved Sunday liquor sales. In Texas, in addition to voting down expanded Sunday sales, lawmakers

rejected measures that would have allowed breweries to sell directly to consumers, and distillers to sell souvenir bottles to visitors who tour their facilities.

Tennessee's liquor tasting measure actually was part of a package aimed at luring Sierra Nevada Brewing Co. to open a brewery in East Tennessee by allowing the sale of high-alcoholic content beer. "It's about jobs," says state Senator Doug Overbey, who introduced the bill. In the meantime, the Jack Daniel's distillery in Lynchburg, is already planning tastings because of the new state law. "This will be good for business and for consumers," says Jeff Arnett, a Jack Daniel's master distiller.

## Smoking, gambling prevention programs cut back

Few states increased cigarette taxes or expanded gambling this year. What they did, in the interest of balancing their ledgers, was reduce

funding for programs aimed at helping people quit smoking or gambling. Indiana, New York and North Carolina were among states that cut or eliminated tobacco prevention and cessation programs, while Florida, Nevada, New York and New Jersey slashed funds to help problem gamblers.

New Hampshire cut its cigarette tax by 10 cents to \$1.68 a pack, hoping to lure smokers from Maine, Massachusetts and Vermont who have to pay a tax of \$2 or more. "It's a big mistake," says Dan Cronin of the Campaign for Tobacco-Free Kids. He predicts that in the long run, the state will spend millions more in higher health care costs related to smokers.

Meanwhile, the Florida Council on Compulsive Gambling saw its state funding drop from \$1.8 million to \$264,000. "We're reeling and in a state of shock," says Pat Fowler, the executive director, who has had to let go half of her staff.

# INFRASTRUCTURE UPGRADES THAT PAY FOR THEMSELVES...

Contact ESG to accomplish the improvements you need most:

- AMR and Water/Wastewater Upgrades
- HVAC/Control Upgrades
- Window/Door Replacements
- Lighting and Electrical Upgrades
- Traffic and Street Lighting
- Guaranteed Energy Savings

**ESG** ENERGY SYSTEMS GROUP

[www.energysystemsgroup.com](http://www.energysystemsgroup.com)

**ESG NASHVILLE OFFICE**  
501 Union Street, Suite 300B  
Nashville, TN 37219  
866.200.5675

**ESG JOHNSON CITY OFFICE**  
1319 Sunset Drive, Suite 100  
Johnson City, TN 37604  
423.283.0886

©2011 Energy Systems Group, LLC

# ECD's Bill Hagerty launches Jobs4TN Strategy, decentralizes decision making

BY GAEL STAHL

Bill Hagerty was born and raised in Gallatin, 35 miles north of Nashville, where he attended K-4 public schools. His father is a native Tennessean, and his mother a Kentucky native who has lived most of her life in Tennessee. When Hagerty was in fourth grade, his family moved to Kentucky and Hagerty didn't return to Middle Tennessee until he enrolled at Vanderbilt University where both of his parents and a number of other relatives attended. He graduated Phi Beta Kappa with a degree in economics and did graduate work at Vanderbilt Law School where he was a Wilson Scholar and associate editor of the Law Review. After graduation, Hagerty pursued a business and public sector career rather than private practice of law and his use of his legal education didn't re-emerge until this year when he was named commissioner of the Tennessee Department of Economic & Community Development.

Hagerty's first job after law school was a seven-year stint with a management consulting firm called the Boston Consulting Group. He was outside of the United States during most of that time including three years when he was the firm's senior expatriate at Tokyo with responsibilities throughout Asia. The focus on Asian business gave him a broad-based grounding in business.

He went from there to work in the George H.W. Bush White House on a White House Fellowship. He was assigned to the administrator of NASA, and later that year, to Vice President Dan Quayle. He was asked to stay another year and became chief economist to the President's Council on Competitiveness where he worked in international trade, financial markets, telecommunications and defense as part of the White House Domestic Policy staff. The council performed a massive regulatory review of federal government and divided up responsibilities. Hagerty mostly got those that had a trade or business focus and calls that job a great warm-up for his current position since the focus of the Competitiveness Council was on regulation and about how to make business more competitive by getting government out of the way.

On leaving the White House, Hagerty began working in venture capital and private equity investing, during which he founded, funded and grew a number of successful business enterprises. He has served as top executive and chairman of such domestic and international firms as board director of the global publishing company Houghton, Mifflin Harcourt and of R.J. O'Brien, the largest independent futures broker-age in the United States. Other major stops during Hagerty's career were serving in senior executive positions with CyMed, the nation's third largest medical records company; NEW Customer Services Company, the nation's largest electronics warranty company; Sound Advice, a home entertainment retailer; and Powerway, Inc, an automotive supply chain management software company. He also has extensive experience in international business having served as CEO of ALAM, Ltd, a joint venture private equity investment platform that was majority-owned by Lehman Brothers. He helped establish offices in Hong Kong and Beijing.

In January, Hagerty took leave from Hagerty Peterson, LLC, a merchant bank and private equity firm he founded, to become Gov. Bill Haslam's commissioner of Economic & Community Development.

Hagerty and his wife Chrissy have just celebrated their 10<sup>th</sup> wedding anniversary. They have four children ages 2, 4, 6 and 8.

After this interview in late June, Gov. Bill Haslam and Commissioner Hagerty launched a new program intended to provide infrastructure for entrepreneurs. Startup Tennessee is a public-private partnership that will work to connect new businesses with capital and mentors.

**TT&C: Mitt Romney issued a highly congratulatory press release when Gov. Haslam chose you to head ECD. How far back do you and Mitt Romney go?**

**BH:** I've known Mitt for a long time. We started our consulting careers at the same firm where Mitt was ahead of me. I've always had the highest regard for him and was the national finance chair for his presidential

campaign in 2008. We brought in huge financial support but did not prevail so when Sen. McCain asked me to come and help his campaign, I did. I was on his transition team helping put together personnel for the new administration if he won. It was fascinating work that forced us to think through which positions were most mission critical to absolutely have warm bodies ready to fill their roles on day one, and which agencies we didn't need to bother with. For example, the new administration could probably get by without having the FCC commissioner named the first day, but I was three levels deep into the Treasury's key positions. It had to be done on a very 'deep background' basis. We were not able to interview people but talked with others about who might be good. It reminded me of my old days with Boston Consulting Group where we had a group of young people cranking 24/7. I'd get to the office at 7 each morning and leave at midnight. The team would continue working doing a tremendous amount of entry search and analysis on the best candidates for a new administration.

**TT&C: Which of the various domestic and international firms that you headed helped prepare you for ECD commissioner?**

**BH:** Every one of them had an impact on my perspective. We were talking about one just this morning that is informing my viewpoint on how we might help create jobs in rural Tennessee. I was a founder and served as the chairman of the firm called CyMed, a medical transcription firm that acquired four medical transcription firms and grew to be the third largest in the United States with hundreds of medical transcriptionists working for us in the United States and abroad. That is a work-at-home business model that we could employ here in Tennessee where the unemployment rates vary drastically across the state – above 20 percent in some rural counties. Those counties lack the infrastructure urban areas have. With today's budget constraints, it's hard to pipe in new infrastructure such as interstate off ramps or new rail lines. Broadband is a much more effective and efficient type of infrastructure to help these communities find work-at-home business models. People can dial in to a central server and connect through the Internet or phone with workers at a call center to get customer service-related work. We need to plan how to seed some of these ideas.

**TT&C: What years were you in Japan?**

**BH:** I was in Japan for three years in 1988-1991 and learned to speak Japanese, at least up to step one level. At the beginning of my time here as commissioner, I addressed a Cherry Blossom Festival gathering in Japanese. That even shocked my family since my children had never heard me speak Japanese at home. It was a wonderful experience living in Japan; and since coming to this job, I've had an opportunity to build a great relationship with Consul General Hitoshi Sato. We have about \$14 billion in Japanese investments in our state and 35,000 Tennesseans working for Japanese companies. I'm glad to have the background to help us continue to strengthen and grow that relationship with Japan.

**TT&C: Many city officials were confused by ECD's decision to shut down the Office of Local Planning and dismiss the 58 planners that worked with 167 mid-sized cities and 60 counties. Why did the Administration do this?**

**BH:** Gov. Haslam challenged us and every other member of his cabinet to ask ourselves first whether the functions of our department were something the state should be performing. We thought very hard about local planning since it is essentially a local function that the state provides a subsidy for, even though private firms do local planning and some municipalities conduct their own local planning. We considered two options. One was to take local planning to market rates but retain it within the state. The other was to put local planning back into the local area. We decided on the latter.

For the 212 local government clients – cities and counties – that currently utilize our service, we're aggressively planning to make sure that every one of these municipalities is taken care of during the transition in various ways. Some are hiring our local planners; others are in a county that hires a local planner to service all



Bill Hagerty

*"We think we'll get a higher return on our investment by focusing on industries that have a particular logistical or strategic reason for being in Tennessee."*

the cities in the county, and we've got some development districts that are taking some of our local planners on board to handle that function on a more local basis. Also, some private firms have been bringing our ECD planners onboard to serve places that had been utilizing our service. ECD is also retaining a small staff of planners to help make this transition work over the course of the year.

**TT&C: The 2011-12 FY budget earmarked \$1 million for the phasing out of the planning office. How will that money be used?**

**BH:** If all 212 current participants apply for the funds, it will be divided into 212ths and delivered in equal amounts to all of the participants in the transitional pool. I don't think it will involve all 212 but whatever municipalities require transitional funding will have it distributed to them on an equal basis to subsidize their local planning services during this year of transition until they can build up their budgets and handle it on their own.

**TT&C: ECD also provides mapping, administers the national flood program, and serves as the FEMA contact. Who will assist cities with these services?**

**BH:** The mapping functions will go out to the local areas. The FEMA and flood functions will remain here in our department.

**TT&C: The Bredesen Administration was credited for jobs creation and significant industrial recruitment during tough economic times. What do you hope to accomplish with your changes?**

**BH:** Our metrics may be a little bit different. We're focused on trying to improve the unemployment rate and improve the per capita income in the state, both of which have declined over the past several years. We're focusing on businesses and entrepreneurial activities that have been the sources of the greatest job growth. Most jobs don't come in the biggest increments, but are created five, 10, 20 jobs at a time through small business expansions. That is where we're going to double our effort. At the same time, we're going to continue to recruit jobs from outside the state and we've still got four overseas offices run by an aggressive, competent team that works with a great set of incentives to attract companies from outside Tennessee. But most of the changes that we have put in place focus on companies that exist here already to help them to expand and grow.

**TT&C: What you are referring to is part of ECD's Jobs4TN plan to overhaul the whole Department by targeting job clusters and existing industries, establishing nine regional "jobs base camps" across the state, investing in innovation, and reducing business regulation. Would you expand on this plan, especially the nine jobs base camps to develop regional**

businesses to start up or expand and grow. With federal regulations, our congressional delegation has volunteered to help us make Tennessee as a test case. Tennessee businesses will go to Washington to testify about regulations that are getting in the way, and we'll have Washington come to Tennessee to conduct field interviews with companies and municipalities talking about how Washington's regulations make life more difficult and might be more streamlined. The state will do everything we can to streamline its regulations better. As for municipal level regs, the beauty of having the nine distinct regions is that there will be more opportunity to observe and share best practices across those regions. When a particular municipality learns how to achieve its regulatory goal in some streamlined fashion, it can share those best practices and help others bring new efficiency into the system.

We want to keep in mind what the regulatory goal is we're trying to achieve whether it's a safety goal or a performance goal. We want to make sure that we're doing it in a more efficient manner rather than maintain regulations that are outdated, redundant, contradictory or causing inefficiency.

**TT&C: You've appointed such professionally prominent regional directors that it seems like you're decentralizing ECD operations from this Snodgrass Building out to the nine districts.**

**BH:** We are indeed decentralizing management and I could not be more thrilled with the caliber of people we've been able to put into these new regional director positions. These outstanding folks will be the people responsible for delivering the state to business. That's a common issue within our department and the departments of Revenue, TDEC, TDOT, Labor and Tourism. These directors along with their staffs will be the point persons delivering what ECD can provide in the most professional manner possible. I'm optimistic that this administration's thrust will be dramatically improved as a result.

**TT&C: Anything about ECD's top to bottom review I haven't asked about?**

**BH:** The four primary areas you asked about are the major points in our change of focus. We've also hired more staff to focus on bringing in companies from outside of the United States or from outside this state. I think you'll see much more robust project management in our department located here in Nashville to go along with our robust field organization in those nine districts. We are looking at the export function and have an office in China, the largest and fastest growing consumer market in the world. We've asked that office to not just be looking for companies in China to locate in Tennessee but also help find customers for Tennessee companies to sell their goods and services to in that growing China market.

**TT&C: What's your strategy with regard to giving tax write offs to companies who start up here and create jobs or on allowing Amazon not to collect sales taxes at a distributing center in Chattanooga if it hires more employees?**

**BH:** The governor has asked us to undertake a review of all the incentives that are being used right now by our department and by the Department of Revenue. We plan to have that review done and ready for the next legislative cycle. What we're doing for now is implementing a number of commitments that were made by the prior administration. Those were made under laws that currently exist today. I think that before any changes or modifications take place over the course of the next several months we will analyze the incentives and that changes will be forthcoming as we move into the next legislative cycle.

**TT&C: A lot of Tennessee cities have invested a lot of time and energy in the Three Star Program and believe it's a good tool to promote community progress. Does the Haslam administration plan to preserve that program?**

**BH:** We're continuing the Three Star program. It's totally a quality management type program in line with my corporate past. We are evaluating it now and may make some changes to it in the future. At this point, it continues as it has been.

Fourth is reducing regulations that hinder the business climate. We've just started a regulatory review and will report our results to the governor in the fall. We want to identify federal, state, or local regulations that make it more difficult for