

May 20, 2011

Mr. Tim Gobble, City Manager
City of East Ridge
1517 Tombras Avenue
East Ridge, Tennessee 37412

Dear Tim

Congratulations on your recent appointment as city manager of East Ridge. Thanks for meeting with me yesterday on short notice. I enjoyed our visit discussing city issues and concerns.

In reference to the need for additional revenue the city may want to consider a referendum on increasing the local sales tax from 2.25% to up to 2.75%. While sales tax revenues are generally shared with schools, local sales tax revenue above the 2.25% county rate does not have to be shared with schools, until the county adopts a similar rate on a county wide basis. Even with a referendum, the county has to be given an opportunity to increase the county rate should the city referendum pass.

Solid waste service is an important budgetary consideration. While MTAS does not recommend a specific rate in the absence of a solid waste study, we do recommend that the city operate the solid waste program as an enterprise fund whereby revenues are sufficient to pay operating and capital cost of the service.

We discussed the importance of regularly checking and verifying the accuracy of the sales tax situs report provided upon request from the State Department of Revenue. I recommend that you check the reports' listing of businesses against your business license records. Any irregularities should be reported to the State Department of Revenue for correction. Recently, a city in Hamilton County recovered about \$500,000 in business tax revenue that was being improperly recorded, and not on the city's situs report. This is a reoccurring source of revenue.

MTAS charges for training and codification of municipal ordinances. We do not generally charge for other services. Your municipal code book has not been updated since 2002 and is in need of update. I recommend that you contact MTAS Municipal Codes Attorney Stephanie Allen at 865-974-0411 and request an update. It is important that the city's laws, rules, regulations be updated from time to time.

One of the services that I provide is a council orientation program for primarily new council members; however, I encourage the mayor and all council members to attend the 1.5 hour orientation review of the charter, rules, regulations, agenda formats and TIPS for council members. It is an informal meeting where council members may ask questions about

procedures and legislative matters. Please let me know when you need a council orientation program.

We discussed the use of MTAS legal services in providing limited legal advice and opinions. While our legal consultants cannot be city attorneys for all cities in Tennessee, I can process some legal assistance requests through our attorneys. We do assist cities in preparing request for proposals and other studies, reports and documents.

Another service that I provide is the facilitation of a strategic plan, or if the city already has a strategic plan, an update of the plan. It is especially beneficial to new council members in that they participate in the development of goals and objectives and tend to work better as a group. It is an excellent way to encourage the council to focus on community needs and resources. I recently facilitated strategic plans for Elkton, Oak Hill, Pulaski, Fairview and Signal Mountain.

Strategic thinking and planning are important critical elements of public management. Its purpose is to establish long-term goals, annual objectives, and detailed actions/strategies that address issues related to performance, productivity, required statutory services, and community and personal well- being.

Because its focus must be on identifying the most critical factors affecting the community or client base and on seeking the most effective and efficient means to address them, it is one of the key factors in any successful organization. If successful, the strategic planning process will:

- Accelerate the city's ability to solve identified issues and challenges.
- Encourage creativity and innovation.
- Ensure a more efficient use of resources.
- Develop a greater degree of cooperation and collaboration.
- Create a sense of team and mutual accomplishment.
- Reduce confusion about roles, responsibilities, and accountability.
- Serve as a basis for evaluating employee and program performance.
- Tie the budget to program performance.
- Serve as the basis for funding requests and the allocation of resources.
- Clarify and showcase an agency's intent and use of funds.

Please let me know if there is an interest in my facilitating the development of a strategic plan for the city.

MTAS does a limited number of Comprehensive Management Reviews (CMR's) as we discussed. MTAS devotes considerable resources to the study and it is important that the community be willing to implement a reasonable number of recommendations from the study. Requests for CMR's should be addressed to MTAS Director Steve Thompson.

The ICMA Retirement Corporation provides an IRS 457 defined contribution retirement program that may be of interest to you. I think you have Steve Varner's contact information with the ICMA Retirement Corporation. I think he has a daughter living on Signal Mountain.

While there are requirements for membership in the Tennessee City Manager's Association, I encourage you to apply and participate. Hopefully, your prior service in city and county government will be sufficient in meeting their requirements. You may need to wait a couple of years to meet the ICMA requirements for membership.

I coordinate monthly Southeast Tennessee city manager meetings in Cleveland. Our next meeting is May 25 at the Mountain View Motel, formerly Holiday Inn Express. I encourage you to attend and participate.

Tim, I think that you will find city management to be challenging and rewarding. I look forward to working with you in the future and I am available to assist you on request. Please call me when I may be of service. My cell phone number is 615-772-3031.

Sincerely

Ron Darden
Municipal Management Consultant