

**COVINGTON, TENNESSEE
CAPITAL AND OPERATING PLAN WORK SESSION
FEBRUARY 2, 2019**



**Pinnacle Planning Advisors
The Wharton Group
Goforth Planning and Management**

Capital and Operating Plan Work Session Covington, Tennessee

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Covington Capital and Operating Plan Work Session

February 2, 2019

Summary Report

Introduction

The consulting team was approached in 2017 to aid the Mayor, City Administration, and Board of Aldermen to establish a Vision and Strategic Plan for Covington. The consulting team conducted extensive community engagement including individual interviews with elected officials, directors, and a diverse group of community leaders. Additionally, there was an online citizen survey soliciting priorities for the city that was completed by an astounding 669 citizens. Finally, a Vision and Strategic Planning Session was held with 49 stakeholders on November 7, 2017 at Dyersburg State Community College that resulted in priorities and recommendations for going forward. The final report was a ten-year plan that contained 53 recommendations by the priority functional areas of Economic Development and Job Creation; Workforce Development; Youth Development; Blight Removal; Public Safety; and General Government. Recognizing financial and resource limitations, the recommendations were arranged for Years 1-3 and Years 4-10.

The Covington Vision and Strategic Plan was adopted by the Mayor and Board of Aldermen in April 2018. City elections were held in the fall of 2018 and the mayor was reelected along with three new Aldermen. A fourth alderman was appointed to replace Jere Hadley upon his passing in November 2018.

The beginning of the new term for the mayor and newly elected appointed aldermen provided the opportunity to develop priorities among the recommendations in the plan and to build a consensus for taking Covington forward. The consulting team was asked to facilitate an implementation plan for the recommendations and to help prioritize the capital needs of the city. A Covington Capital and Operating Plan Work Session was scheduled for February 2, 2019 from 9:00-2:00 at Dyersburg State Community College. The process and outcomes are described in the following sections.

Process

Advance planning for the work session included: one on one interviews with directors, departments heads, aldermen, and the mayor. The intent was to determine items that had been accomplished since adoption of the plan in April 2018; priorities that had emerged since adoption of the plan; and capital projects that are needed and associated costs. Results of the interviews produced not only priorities among the original recommendations, but also a list of thirteen new recommendations and capital projects to be added for consideration by the full group at the work session.

The work session was divided into three topical areas: introduction and review of the previous work; prioritizing operating plan recommendations for Years 1-3 and the thirteen added recommendations; and a review/prioritization of capital projects.

Participants

Mayor Justin Hanson
Vice Mayor Johnetta L. Yarbrough (District 1)
Alderman Minnie Bommer (District 1)
Alderman Jeff Morris (District 2)
Alderman Keith Phelps (District 2)
Alderman C. H. Sullivan (District 3)
Alderman Danny Wallace (District 3)
Sara Gangaware, Administration
Rachel Witherington, City Attorney
Buddy Lewis, Police
Mike Naifeh, Fire
David Gray, Public Works
Joe Mack, Parks and Recreation
Tina Dunn, Recorder/Treasurer
Tiny Rose, Human Resources
Lessie Fisher, Codes
Robin Anderson, Airport
Barrie Foster, Museum
Nic Shaw, GIS/IT

Vision and Strategic Plan Recommendations

The fifty-three original recommendations were divided into thirty-eight short term, Year 1-3, recommendations and thirteen additional recommendations. After highlighting the recommendations that had been accomplished or were significantly underway, the remainder were prioritized for action in the next twenty-four months. All participants were provided five red dots representing the first priority valued at 2 points and five green dots representing second priority valued at 1 point. Total points were tabulated and produced the following priorities:

Covington Capital and Operating Plan Work Session

VISION PLAN RECOMMENDATIONS BY RANKING	Points
Quantify debt capacity and establish a Capital Improvement Plan for a five-year period.	31
Form Mayors Blight Team comprised of officials from planning, code enforcement, legal and prosecutors, health department, etc. which meets monthly to review priority cases, documents outcomes and produces an annual report with accomplishments and recommendations. (Codes Department, City Attorney, Fire Marshall, Health Department)	22
Consider formation of a “Covington Land Bank” to accept/acquire blighted properties and facilitate redevelopment.	16
Develop a specific debt capacity plan and five-year CIP based upon the priorities Established. (General Government)	14
Evaluate need for additional police officers. (Public Safety)	14
Establish a five-year capital plan for equipment and facilities.	12
Establish Redevelopment (TIF) District north of downtown. (Blight Removal/Economic Development)	12
Promote affordable homeownership opportunities. (Blight Removal/Economic)	12
Establish additional communication between major employers and educational institutions with focus on apprenticeships, summer employment, internships, and on-site training programs. (Chamber, TCAT, DSCC, City)	11
Structure the code enforcement program around three strategies: 1) routine district inspection; 2) complaint-driven system; 3) concentrated code enforcement in strategic areas. (City Code Department and Blight Team)	11
Establish fee structures for PILOTs, TIFs, and other incentives. These fees should be used to support economic development efforts. (City and IDB)	10
Develop a fleet management system for replacement of vehicles and equipment for all Departments. (General Government)	10
Coordinate with Tipton County workforce development initiatives and the Workforce Investment Network for in-school youth and out of school adults. (City, Board of Education, Chamber, TCAT, DSCC)	9
Establish Neighborhood Watch programs for all neighborhoods in Covington.	9
Use or sell existing city properties. (Blight Removal/Economic Development)	9
Utilize the annual support for the Covington Chamber to reinforce retail, existing business, and coordination on marketing (Covington budget/contracts).	8
Establish a Tax Increment Financing Strategy to employ on economic development and community development activities (City and IDB).	8

Promote expansion of the “Dual Enrollment/Dual Credit” college courses for high school students. (Tipton County, City, Board of Education, TCAT, DSCC)	8
Develop a robust youth program (City, Youth Organizations, Foundations)	7
Pursue termination of contract for Biomass facility.	7
Link the Covington Chamber more directly into the HTL Advantage Economic Development Programs. (City/Tipton County/Chamber)	5
Construct an attractive sign with an electronic changeable copy at the corner of Highway 51 and West Pleasant Avenue. This sign should be located in the area where the airplane is located and as close to the highway as possible. The sign should be visible from both northbound and southbound traffic.	5
Develop and implement a robust and aggressive plan to market the Covington Square and Historic District as destination attractions for tourists and residents alike.	5
Establish a Summer Youth Program sponsored by businesses, WIN, City government, churches, etc. which focuses on youth 14-21 with age appropriate activities.	5
Support Chamber’s “Existing Business Retention Program” (City/Covington Chamber)	3
Develop “Codes 101” training programs for neighborhood and other community leaders to familiarize them with code policy and violations.	3
Evaluate need for additional staff in HR to handle the Civic Center. (General government)	3
Market the Tennessee Promise, Tennessee Reconnect, and other state programs to youth and adults in Covington through educational institutions, faith-based community, and businesses. (City, Faith Based Groups, Chamber)	2
Establish a Faith Based Advisory Council to communicate educational and training opportunities, promote career exploration, and identify candidates for skills training. (City, Faith based Leaders)	2
Enhance the Parks and Recreation programming through church leagues and other private sports leagues.	2
Establish and document overtime and comp time policy.	2
Review methodology for In-Lieu-of-Payments for gas, water and sewer. (General Government)	2
Establish a business watch program and meet with business leaders quarterly to review incidents and tactics to reduce crime.	1
Prepare an annual crime presentation with crime statistics and trends by area, and type of criminal activity.	1
Ensure ongoing civic engagement in the final plan and implementation of adopted priority recommendations.	1
Evaluate overtime policy vs additional permanent staffing. (Public Safety)	1
Evaluate need for additional staff in Parks for maintenance. (General Government)	1
Refine incentive policy and programs to be offered to attract a significant expansion or new business (City and IDB).	0

Solicit Support of Non-for-Profit Entity to Develop Detailed Blight Strategy	0
Establish Code Enforcement Auxiliary using neighborhood liaisons to identify and report code violations. (City Code Department and Blight Team)	0
Reevaluate PILOT policies to ensure increasing payments, minimize multiple PILOT for routine investments, and annually audit payments. (Economic Development)	0
Update City Code to reflect changes in state law, consider rental registration, enhance blight removal, address youth violence, etc. (General Government)	0

Recommendation 45, A8, and 40 are closely associated with each other and related to the capital improvement plan process. They received the highest points and collectively totaled 57 points (31, 14, and 12 points respectively) which is evidence of the importance the participants view establishing a capital improvement plan based upon a sound debt capacity analysis. The scope of services to produce the debt capacity analysis and capital plan is well beyond the scope of services for the half day work session. Furthermore, a financial services firm with specialized municipal finance expertise should be engaged to accomplish these tasks. The capital priorities identified in this work session should be the basis for a future capital improvement plan with dates and funding projections based upon the detailed debt analysis.

Recommendation 27, 31, and A2 all relate to addressing blighted conditions and collectively totaled 50 points (22 points, 16 and, 12 points respectively). Aging portions of the city and certain gateways into the city project a less than desirable image of the city and can also affect adjoining property values and tax collections. There are good models in Tennessee that have addressed the blight team and landbank, notably Memphis and Shelby County. The University of Memphis Law School and the non-profit, Neighborhood Preservation Inc., are both good sources of information on establishing the Blight Team and Land Bank and have offered assistance. Tax Increment Financing is a permitted function of the Industrial Development Board and additional policy/procedures guidance, as well as support from Tipton County will pave the way for full implementation.

Capital Improvement Plan Priorities

The Capital Improvement Plan (CIP) is for capital projects including buildings, land, and major equipment. The capital project spending should reflect and support the vision and strategic plan priorities developed in the previous adopted plan. In the past several years capital spending to upgrade aging equipment and provide maintenance on key facilities has been undertaken.

An essential component of a capital plan is calibrating the amount of spending to the debt limits of the city to maintain a quality credit rating and avoid taking on debt beyond the city's capacity. Conducting a detailed debt capacity analysis is well beyond the scope of work for the work session and should be considered as a follow up to determine how and when to fund the priorities identified.

In the individual interviews conducted in advance of the work session, capital projects were identified and prioritized by the interviewees. A listing of projects by department was produced with an estimate of the cost and the city's share if outside sources were also identified.

At the work session, there was a brief review of the Moody's Investor Service "issuer Comment" on the financial condition of the city. The city's Moody bond rating for GO bonds is A2. For the most part the issuer analysis was favorable with only a few key indicators shows as weakening. These included: Available Fund Balance as a Percent of Operating Revenues; Moody's-adjusted Net Pension Liability to Full Value; and Moody's-adjusted Net Pension Liability to Operating Revenues. It should be noted that the city has already made pension changes to transition to the state pension fund for new hires and is evaluating alternatives for certain current employees.

At the work session, each department or proponent of the capital projects listed provided an overview and rationale for the project. In a process like the Vision and Strategic Plan recommendations, red and green dots were used to represent the priorities of all work session participants.

The projects were evaluated based on their importance to the short and long term future of the City. The cost of the project was not a determining factor in the priorities. Of course, cost is always a factor and the high cost of some of these projects will require them to be postponed until grants can be obtained or there is some triggering condition or conditions that requires that they be implemented as soon as possible. An example of such a trigger would be the need to expand the sewer capacity for a significant new or expanded industry.

Conversely, some projects that may not rate in the highest levels have grants that only require a small amount of local funds. Even though these projects do not rate high, they need to be seriously considered based on the cost benefit to the City.

The outcome of the rating of projects by the work session participants is provided below:

Covington Capital Improvements Worksheet/Ranking			
Capital Projects	Cost	City Share	Points
Police Station	\$ 3,030,000	\$ 3,030,000	29
Rehab Ballfields: Cobb Parr Park	\$ 250,000	\$ 250,000	28
Relocate Sewer outflow to River	\$ 30,000,000	\$ 30,000,000	25
Sewer Plant Improvements	\$ 8,000,000	\$ 8,000,000	19
Tractor with Side Arm	\$ 100,000	\$ 100,000	18
ADA Compliance	\$ 800,000	\$ 800,000	18
Covington Elementary Demolition	\$ 200,000	\$ 200,000	18
Complete Training Center	\$ 30,000	\$ 30,000	16
State Street Fund	\$ 285,400	\$ 5,708	16
Archive Building (\$3,000 sq ft)	\$ 300,000	\$ 300,000	13
Change Gas and Water Meters	\$ 4,000,000	\$ 4,000,000	12
Concession/Out Buildings at Parks	\$ 480,000	\$ 480,000	11
Water Plant improvements	\$ 50,000	\$ 50,000	11
Pool House	\$ 175,000	\$ 175,000	7
Tree Obstruction and Removal	\$ 75,000	\$ 3,750	7
Hangar Construction	\$ 600,000	\$ 30,000	6
Replace Engine	\$ 600,000	\$ 600,000	5
Newman Park: Aerial Adventure	\$ 500,000	\$ 500,000	5
Pickups	\$ 100,000	\$ 100,000	5
Sidewalk on Highway 51	\$ 1,000,000	\$ 200,000	4
Civic Center Roof	\$ 13,000	\$ 3,000	4
Sidewalks on James	\$ 725,000	\$ 145,000	3
(2) Commercial Diesel Mowers	\$ 60,000	\$ 60,000	1
Apron Site work design	\$ 35,000	\$ 1,750	0
Apron Site Construction	\$ 265,000	\$ 13,250	0
Corporate Hangar Design	\$ 50,000	\$ 2,500	0

The highest ranked project was a consolidated police facility at a reduced cost of approximately \$3.0 million. It was noted that there are (35) staff members in the department currently spread out in five locations. It was noted that the safety of both citizens and those being detained is jeopardized by not having adequate secured entrances to the current facilities. Additionally, the evidence storage facility is inadequate which could jeopardize proper handling of sensitive materials.

As evidence to the commitment to enhancing the quality of life in Covington as well as the functional area of Youth Development, the second highest priority was to rehab ball fields at Cobb Park. The deferred maintenance has yielded facilities that are deteriorating and need significant improvement. This modest amount of funding was deemed a very high priority as well.

The next two projects on the ranking were also the two most expensive projects and relate to the wastewater sewer system. The system requires an upgrade to develop the needed capacity for expansion of current industry but is also critical for recruitment of new industries that create jobs and capital investment. Also, a planned extension of the city's system to the Mississippi River will enable a reduced level of treatment because of the massive water flow but will yield additional capacity as well. These projects may be partially funded by a combination of sewer enterprise funds, state grants, and private industry investments.

The next three projects all received (18) points and are in three different functional areas. The ADA compliance relates to mandatory upgrades of city infrastructure to comply with the federal American with Disabilities Act. This is not optional and is based upon a plan for bringing the city into compliance over time.

The demolition of the former school site near downtown is to remove a deteriorated school facility that is a blighting influence on the city. The facility is beyond reasonable restoration and needs to be demolished. This will also make the site available for additional municipal purposes adjoining the tennis courts.

The tractor with side arm in the Public Works Department will allow the more efficient grass and weed cutting of the 275 acres of properties that are maintained by the city. Currently, there are six personnel with weed eaters working five days a week to maintain these areas. The new equipment will allow reducing that allocation of resources by 50% and enable the teams to work on other city public works priorities.

The remaining projects were scored from one point to sixteen but that does not mean they should not be incorporated into the longer-range capital improvement plan. As the amount of debt that can adequately be handled is determined and as other projects are completed, these projects will become higher priorities.

Conclusions

Covington is well positioned for additional growth and prosperity as West Tennessee continues to be the focus of State government and development of the megasite as well as reshoring of manufacturing to the United States.

Implementation of the Vision and Strategic Plan recommendations as well as capital investments to support the overall priorities identified will facilitate additional growth in population, jobs, and the tax base. Having a consensus among the political leadership and leaders in the administration is a significant step towards the full implementation of the city's collective vision.

Periodic review of the recommendations and priorities in this Capital and Operating Plan Work Session would be beneficial to maintain accountability to achieving the priorities identified.

Achievement of the planning efforts will demonstrate that Covington is a good place to live, learn, and work together, thus the branding statement for the city.