

October 23, 2012

The regular meeting of the Council of the City of Martinsville, Virginia, was held on October 23, 2012, in Council Chambers, Municipal Building, at 7:30 PM, Closed Session beginning at 7:00PM, with Mayor Kim Adkins presiding. Council Members present included: Mayor Kim Adkins, Vice Mayor Kimble Reynolds, Gene Teague, Mark Stroud and Danny Turner. Staff present included: Leon Towarnicki, Interim City Manager, Brenda Prillaman, Eric Monday, Linda Conover, Wayne Knox, Susan McCulloch, and Rob Fincher.

Mayor Adkins called the meeting to order and advised Council will go into Closed Session. In accordance with Section 2.1-344 (A) of the Code of Virginia (1950, and as amended) and upon a motion by Kimble Reynolds, seconded by Gene Teague, with the following 5-0 recorded vote: Adkins, aye; Stroud, aye; Reynolds, aye; Teague, aye; and Turner, aye, Council convened in Closed Session, for the purpose of discussing the following matters: (A) Discussion of the award of a public contract involving the expenditure of public funds, including interviews of bidders or offeror, and discussion of the terms or scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the public body as authorized by Subsection 29. (B) A personnel matter as authorized by Subsection 1.

Following the invocation by Council Member Mark Stroud and Pledge to the American Flag, the Mayor welcomed everyone to the meeting.

Minutes: A motion was made by Kimble Reynolds, seconded by Gene Teague to approve the minutes as presented. Before the vote was taken, Mayor Adkins asked that the September 25, 2012 minutes be amended by adding: Ms. Adkins called on Martinsville-Henry County Chamber of Commerce President Amanda Witt to give an update the WPWIB's services to employers as the WPWIB funds the Chamber to administer its services to the business community. Mr. Reynolds and Mr. Teague then withdrew their original motion and second. On a motion by Danny Turner, second by Gene Teague, with a 5-0 vote, Council approved the amended September 25, 2012 minutes and the October 3, 2012 minutes.

Phoenix CDC presentation by Ray Gibbs: Phoenix CDC has developed preliminary information regarding an approximate \$5 million multi-story, multi-use building project that will involve redevelopment of the City-owned Fayette Street parking lot. Several building options are being considered that will place a new structure toward the front of the lot facing Fayette Street, with the remainder of the parking lot including the existing school bus garage being redeveloped for continued use as City-maintained public parking. The CDC has participated in several meetings with business and property owners in an effort to address concerns regarding impact of the project. Development of the project is contingent upon the City conveying the property to the CDC. The entire site will be developed including parking, and the CDC will lease back to the City the parking areas for continued use as City-maintained public parking. Ray Gibbs, PCDC President and CEO presented information on the project including intended use, financing, and a possible project schedule.



POTENTIAL INFILL DEVELOPMENT (NEW CONSTRUCTION)

FAVETTE STREET SQUARE
GROUND FLOOR - Plan A - Apartment Office & Commercial Space

FAVETTE STREET SQUARE
NEW URBANISM DESIGN - Plan B - Accommodations for Medical School Entrances

FAVETTE STREET SQUARE
NEW URBANISM DESIGN - Plan C - Accommodations for On Street Parking & School

FAVETTE STREET SQUARE
2ND & 3RD FLOOR: APARTMENTS (14 UNITS PER FLOOR - TOTAL 28 UNITS)

FAVETTE STREET SQUARE
1-BR - 625 SF (COMMERCIAL UNIT) / 6 - 1-BEDROOM UNITS / FLOOR
SAMPLE: 1-BEDROOM APARTMENT

FAVETTE STREET SQUARE
2-BR - 865 SF (COMMERCIAL UNIT) / 4 - 2-BEDROOM UNITS / FLOOR
SAMPLE: 2-BEDROOM APARTMENT

FAVETTE STREET SQUARE
1-BR w/ DEN - 710 SF (COMMERCIAL UNIT) / 4 - 1-BR w/DEN PER FLOOR
SAMPLE: 1-BEDROOM with DEN

FAVETTE STREET SQUARE
MIXED-USE BUILDING: COMMERCIAL & RESIDENTIAL
BUILDING SUMMARY
12,000 - 11,000 SQ FT w/ COMMERCIAL
1400 - 1600 UNITS PER RESIDENTIAL FLOOR
TOTAL 2800 - 3200 UNITS
• 12 - 1 BR
• 1 - 1 BR w/DEN
• 1 - 2 BR
• 2 - 3 BR
TYPICAL BUILDING STYLE

FAVETTE STREET SQUARE
RECOMMENDATIONS / PROJECT CONCEPT

RECOMMENDATION	APPROXIMATE COST	APPROXIMATE SAVINGS	NET COST
1. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000
2. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000
3. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000
4. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000
5. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000
6. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000
7. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000
8. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000
9. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000
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11. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000
12. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000
13. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000
14. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000
15. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000
16. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000
17. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000
18. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000
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42. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000
43. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000
44. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000
45. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000
46. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000
47. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000
48. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000
49. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000
50. LEASE EXISTING BUILDING	\$1,000,000	\$0	\$1,000,000

FAVETTE STREET SQUARE
DEVELOPMENT COST
• LAND: \$1
• HARD: \$3,500,813 (\$11.80/SF)
• SOFT: \$1,185,600 (\$38.40/SF)
• DEV. FEE: \$750,426 (24%)
TOTAL COST: \$5,505,840 (\$141.18/SF)

FAVETTE STREET SQUARE
@ TARGET RENTAL RATES

RENTAL RATES (Apartments: \$0.87/SF per Month)
• 1-Bedroom Unit: \$ 544 / Month
• 1-Bedroom w/Den: \$ 653 / Month
• 2-Bedroom Unit: \$ 753 / Month
• 3-Bedroom Unit: \$850 / Month
Ground Floor Office Space: \$10 /SF + Utilities + Janitorial

After lengthy Council discussion and questions regarding design, timeline for project, parking lot needs related to existing businesses as well as proposed medical school, tax liability issues, sustainability, why existing Henry Hotel building not considered for this project, and management of new building responsibility, a motion was made by Gene Teague, seconded by Kimble Reynolds, to set a public hearing for November 13, 2012 regarding conveyance of the Fayette Street parking lot to Phoenix Community Development Corporation.

Update on City's fiber optic system: Leon Towarnicki, Interim City Manager, presented information on statistics gathered from the recent survey done by consultants developing a business plan for possible expansion of the city's fiber optic system. He noted that conclusions of the survey indicated that if the city chooses to go in this direction and that there is the customer base here. Our system currently provides a combination of telephone and internet services for many city facilities as well as a number of private businesses. He reported the consultants will provide an in depth presentation at the November 13 meeting of the business plan for Council's consideration. Council comments included: Turner-city government has no business in businesses that private enterprise can do as we can't keep up with technology. Stroud-complimentary of city staff who have been successfully working with broadband and providing service for the city's system for over ten years. Adkins-feels the MINET Wi-Fi capabilities positions us for the future as well as our hospital and the infrastructure for health care and we need to continue to explore these opportunities. Teague-briefly described history of how the city started out with the fiber optic loop for the Electric SCADA system and how it has developed and grown over the years. Mr. Teague feels it is a worthwhile thing to look at expanding the system and leveraging that asset already in place.

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Arts & Cultural Incentives: City Planner Susan McCulloch presented the following information: During its May 29, 2012 regular meeting, the Arts & Cultural Committee voted unanimously (5-0) to recommend that Planning Commission hold a public hearing to gather public input on this issue. The Committee discussed potential incentives to entice new arts- and/or cultural-related businesses into the district. The existing local benefits for the Enterprise Zone are competitive benefits that have been in place since 2008. Entrepreneurs and property owners have indicated that they are a great help when starting operations in the Zone. The overlay for the Arts & Cultural District is almost completely within the Enterprise Zone, except for 455 parcels on Market Street and Fayette Street. The members of the Arts & Cultural Committee recommend that those businesses not already covered by Enterprise Zone benefits be allowed to apply for local Enterprise Zone benefits for arts- and/or cultural-related businesses, calling the benefits "Arts & Cultural District Incentives". Local Enterprise Zone incentives would remain in place in the Enterprise Zone. Businesses would not be allowed to apply for both Enterprise Zone benefits and Arts & Cultural District Incentives at the same time. On September 20, 2012, after holding a duly advertised public hearing, the Planning Commission voted 4-0 upon the recommendation and recommended it be submitted to City Council. Staff recommends that Council consider setting a public hearing to gather community input. On a motion by Gene Teague, seconded by Kimble Reynolds, with a 5-0 vote, Council agreed to set a public hearing for the November 13, 2012 meeting.

Monthly finance report: Finance Director Linda Conover presented the following information:

FY12 – PRELIMINARY YEAR-END FINANCIAL REVIEW

With the annual audit approaching next week, some year-end transactions have not yet been finalized. A summary of FY12 revenues and expenditures, and a combined balance sheet with Council-approved re-appropriations, reflecting the estimated fund balance has been provided for your review. When complete, the audit will provide an exact accounting of the fiscal year.

FY12 – Revenues & Expenditures - UNAUDITED

Upon examination of the City's Funds, exclusive of School and Special Revenue Funds, unaudited figures are provided for actual versus anticipated revenues and expenditures. These numbers include transactions recorded through September 30th. A few year-end audit adjustments, including asset capitalizations are not yet included in this report. Currently, there is an excess of revenues over expenditures of \$1,088,050. Additional audit adjustments will impact both revenues and expenditures before FY12 is officially closed.

FY12 – Combined Balance Sheet – UNAUDITED

The current total combined fund balance for FY12 is \$25,833,939, which would initially be an increase over FY11 of \$11,574,755. However, when Council-adopted re-appropriations are factored in, the current revised FY12 fund balance is \$14,586,482, an increase of \$2,126,364. This figure is still not final as more year-end audit adjustments have yet to be made.

Projected Fund Balance for FY12 - UNAUDITED

Based on actual figures and approved re-appropriations as presented to date, the overall Fund Balance at the end of Fiscal Year 2012 is projected to be \$15,510,855, an increase of \$1,251,671 over the prior fiscal year. The unassigned Fund Balance, exclusive of Utilities, is estimated to be \$1,802,213.

On a motion by Mark Stroud, seconded by Danny Turner, with a 5-0 vote, Council approved the finance report.

Consent Agenda: On a motion by Gene Teague, seconded by Mark Stroud, with a 5-0 vote, Council approved the following amended consent agenda:

ORG	OBJECT	DESCRIPTION	BUDGET ADDITIONS FOR 10/23/12	
			DEBIT	CREDIT
<u>FY13</u>				
<u>General Fund:</u>				
01101917	442402	Categorical Other State - Confiscated Assets - C Atty		794
01221082	506105	Comm Atty - Conf Assets State	794	
01101917	442401	Categorical Other State - Confiscated Assets - Police		1,504
01311085	506078	Police Dept - Conf Assets State	1,504	
		state asset forfeitures		
01100908	440403	Miscellaneous - Donations/Mustangs		1,452
01725422	505508	Mustangs - Meals various donations	1,452	
01102926	436427	Categorical Federal - Org Crime/Drug Enf Task Force		1,601
01311085	501219	Police Dept - Overtime - OCDEF federal grant funding	1,601	
<u>Total General Fund:</u>			<u>5,351</u>	<u>5,351</u>

Business from floor: Chad Martin-expressed appreciation to Council and others who made the recent baseball game event successful and he asked Council to assist him in getting the Chamber of Commerce

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involved next year. Dr. Mervyn King, 28 Jones St.-voiced concerns with design of proposed Fayette St. building and encouraged use of existing buildings instead of new construction.

Council comments: Turner-extended welcome to race fans and announced Rock N Grill had ribbon cutting; Stroud- encouraged all to vote and thanked city manager for sending letter to General Via.

City Manager comments: Towarnicki-reported staff recognitions received at water treatment plant and inspections office; also reported city staff is working with Piedmont Governor's School on a citizen survey which should have results back to Council in spring 2013. Eric Monday reminded Council it is time to consider the annual Legislative Agenda and the pre-filing deadline is December 7 this year.

Closed Session: Council then re-convened Closed Session. At the conclusion of Closed Session, each returning member of Council certified that (1) only public business matters exempt from open meeting requirements were discussed in said Closed Session; and (2) only those business matters identified in the motion convening the Closed Session were heard, discussed, or considered during Session. On a motion by Danny Turner, seconded by Mark Stroud, with the following recorded 5-0 vote: Adkins, aye; Reynolds, aye; Teague, aye; Stroud, aye; and Turner, aye, Council returned to Open Session. No action was taken.

There being no further business, the meeting adjourned at 9:45 pm.

Brenda Prillaman, Clerk of Council

Kim Adkins, Mayor