

AGENDA--CITY COUNCIL -- CITY OF MARTINSVILLE, VIRGINIA  
Council Chambers – Municipal Building  
**7:00 pm CLOSED SESSION**                      **7:30 pm regular session**  
**November 12, 2013**

**7:00--Closed Session**

1. Items to be considered in Closed Session, in accordance with the Code of Virginia, Title 2.2, Chapter 37—Freedom of Information Act, Section 2.2-3711(A)—Closed Meetings, the following:
  - A. A prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in locating or expanding its facilities in the community as authorized by Subsection 5.
  - B. Consultation with legal counsel and briefings by staff members, attorneys or consultants pertaining to actual or probable litigation, or other specific legal matters requiring the provision of legal advice by such counsel, as authorized by Subsection 7.

**7:30—Regular Session**

Invocation & Pledge to the American Flag-Mayor Kim Adkins

1. Consider approval of City Council meeting minutes of September 10, 2013 meeting. (2 mins)
2. Hear an update on the Martinsville City School's policy in regard to providing emergency/stand-by medical service at school athletic events. (15 mins)
3. Consider approval of Resolution regarding Uptown Paving Project-Phase 1-Revenue Sharing Agreement with VDOT FY2014. (5 mins)
4. Consider adoption of VDOT Six Year Improvement Program for FY2015-2020. (10 mins)
5. Hear finance report. (30 mins)
6. Hear a staff report on a recommended cash reserve policy for electric, water, and sewer funds. (20 mins)
7. Consider approval of consent agenda. (20 mins)
  - A. Re-appropriations FY13 to FY14
  - B. Regular consent agenda FY14
8. Consider discussion of 2014 Legislative Agenda. (15 mins)
9. Business from the Floor  
**This section of the Council meeting provides citizens the opportunity to discuss matters, which are not listed on the printed agenda. In that the Council meetings are broadcast on Martinsville Government Television, the City Council is responsible for the content of the programming. Thus, any person wishing to bring a matter to Council's attention under this Section of the agenda should:**
  - (1) come to the podium and state name and address;**
  - (2) state the matter that they wish to discuss and what action they would like for Council to take;**
  - (3) limit remarks to five minutes;**
  - (4) refrain from making any personal references or accusations of a factually false and/or malicious nature.****Persons who violate these guidelines will be ruled out of order by the presiding officer and will be asked to leave the podium.**  
**Persons who refuse to comply with the direction of the presiding officer may be removed from the chambers.**
10. Comments by members of City Council. (5 minutes)
11. Comments by City Manager. (5 minutes)



## **City Council Agenda Summary**

**Meeting Date:** November 12, 2013

**Item No:** 1.

**Department:** Clerk of Council

**Issue:** Consider approval of minutes of City Council meeting September 10, 2013.

**Summary:** None

**Attachments:** September 10, 2013 meeting

**Recommendations:** Motion to approve minutes as presented

September 10, 2013

The regular meeting of the Council of the City of Martinsville, Virginia, was held on September 10, 2013, 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 Gene Teague, Mark Stroud, Danny Turner and Sharon Brooks Hodge. Staff present included: Leon Towarnicki, City Manager, Brenda Prillaman, Linda Conover, Eric Monday and Eddie Cassidy.

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 Sharon Brooks Hodge, seconded by Gene Teague, with the following 5-0 recorded vote: Adkins, aye; Teague, aye; Stroud, aye; and Hodge, aye, Turner, aye, Council convened in Closed Session, for the purpose of discussing the following matters: (A) Consultation with legal counsel and briefings by staff members, attorneys or consultants pertaining to actual or probable litigation, or other specific legal matters requiring the provision of legal advice by such counsel, as authorized by Subsection 7. (B) Appointments to boards and commissions as authorized by Subsection 1.

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 Gene Teague, seconded by Sharon Brooks Hodge, with the following recorded 5-0 vote: Adkins, aye; Teague, aye; Stroud, aye; and Hodge, aye; Turner, aye, Council returned to Open Session.

Board appointment action taken: On a motion by Mark Stroud, seconded by Sharon Brooks Hodge, with a 5-0 vote, Council re-appointed Elizabeth Moore, 915 Corn Tassel Trail, to an unexpired term on the Architectural Review Board ending 3/31/15.

Following the invocation by Council Member Stroud and Pledge to the American Flag, the Mayor welcomed everyone to the meeting and advised that a proclamation addendum has been added and there will be an adjustment in the agenda order delaying Mr. Heath's EDC report.

Minutes: On a motion by Sharon Brooks Hodge, seconded by Mark Stroud, with a 5-0 vote, Council approved the minutes of the July 23, 2013 and August 13, 2013 meetings.

Addendum-Proclamation: Mayor Adkins presented a proclamation recognizing September 17-23, 2013 as Constitution Week.

Overview of Council's Neighborhood Tour and Meeting: Mayor Adkins presented a brief overview of the Sept. 9, 2013 Council tour of Uptown/Druid Hills areas and the Neighborhood meeting held at the School Board Administrative Office. Citizen comments included demolitions, graffiti, NCI positive impacts, cultural activities Uptown, and inquiries related to City budget.

Carlisle School update: Tommy Hudgins, new Headmaster at Carlisle School, was introduced by City Attorney Eric Monday. Mr. Hudgins updated Council on current and future activities at Carlisle and emphasized what an asset the school is to the community.

Arts & Cultural Committee ordinance, first reading: City Attorney Eric Monday briefed Council on the need for the ordinance increasing the number of members serving on the City's advisory Arts & Cultural Committee from five to eleven. Staff recommended that to get a broad spectrum of input from the various arts and cultural entities in the community regarding Arts & Culutrual related issues, that 11 members be able to serve on the committee. On a motion by Gene Teague, seconded by Mark Stroud, with the following recorded 5-0 vote:

September 10, 2013

Adkins, aye; Teague, aye; Stroud, aye; and Hodge, aye; Turner, aye, Council approved the proposed ordinance on first reading:

**Sec. 2-126. Purpose.**

The City of Martinsville finds that the continued development and success of its downtown commercial district and surrounding area requires incentives, and determines that the most appropriate method of offering incentives for the area described is to create an Arts and Cultural District in that area, as authorized by Section 15.2-1129.1 of the Code of Virginia. The City believes that the establishment of an Arts and Cultural District will improve the economic conditions of this geographic area located in the central business district portion and corridors to the central business district, which could, in turn, benefit the welfare of the citizens of Martinsville. An advisory Arts and Cultural Committee, consisting of five *eleven* members appointed by City Council for staggered three year terms, shall suggest the direction and purpose of the district.

**Staff update on Uptown promotional video:** City Manager Leon Towarnicki briefed Council on the activities of the group of working toward promoting the Uptown area and showed Council the 10 minute video produced by the group. He advised that MURA is taking the lead on distribution of the video for trade shows and community development and copies are to be available on flash drives.

**Resolution for shell building construction at Patriot Centre Lot 8:** City Manager Leon Towarnicki briefed Council on the recommendation regarding the construction of a shell building on Lot 8 in the Patriot Centre.

With the recent sale of the only remaining shell building in the Patriot Centre Industrial Park, the Martinsville-Henry County EDC recommended at the January 22, 2013 Council meeting that consideration be given to developing another shell building on Lot 8 to help with recruitment of industry to this area. Council voted to participate in the project with a 4-1 vote at that meeting. The proposed project is being developed under the revenue sharing agreement between Henry County and the City and the proposed Resolution commits the City to its share of the financial obligations related to the project. The recommendation to Council is to consider adoption of a Resolution authorizing the execution of an agreement providing for the obligations of the City to consider certain appropriations to the Industrial Development Authority of Henry County, Virginia and Henry County, Virginia to finance the construction of a shell building for economic development purposes at the Patriot Centre Industrial Park. Mark Heath of the M-HC Economic Development Corporation also presented details noting the interest rate will be 1.95%. After Council discussion, a motion was made by Gene Teague, seconded by Mark Stroud, to authorize the City Manager to execute the agreement with the approved resolution reflecting the 1.95% interest rate as discussed. The following resolution was approved by Council with a 5-0 vote:

**RESOLUTION AUTHORIZING THE EXECUTION OF AN AGREEMENT PROVIDING FOR THE OBLIGATIONS OF THE CITY TO CONSIDER CERTAIN APPROPRIATIONS TO THE INDUSTRIAL DEVELOPMENT AUTHORITY OF HENRY COUNTY, VIRGINIA AND HENRY COUNTY, VIRGINIA TO FINANCE THE CONSTRUCTION OF A SHELL BUILDING FOR ECONOMIC DEVELOPMENT PURPOSES AT THE PATRIOT CENTRE INDUSTRIAL PARK.**

WHEREAS, the City Council (the "City Council") of the City of Martinsville, Virginia (the "City"), desires to assist Henry County, Virginia ("Henry County") and the Industrial Development Authority of Henry County, Virginia (the "Henry County IDA") in connection with their efforts to obtain financing for all or a portion of the costs associated with the design, construction and equipping of a shell building on Lot 8 located in the Patriot Centre Industrial Park for use in economic development efforts to attractive commercial businesses to locate in the area, together with related costs and expenses (collectively, the "Project");

WHEREAS, the Henry County IDA is the fee simple owner of Lot 8 located in the Patriot Centre Industrial Park (together with the Project, referred to as, the "Property");

WHEREAS, pursuant to that certain Revenue Sharing Agreement dated as of April 30, 2002 by and among the City, Henry County and the Henry County IDA (the "Revenue Sharing Agreement"), the parties have agreed, among other things, that when a business locates on one of the designated sites on the Property, Henry County will pay to the City, on a subject to appropriation basis, one-third of all revenues generated by the real estate, personal property, machinery and tools, and consumer utility taxes collected by Henry County from the business located on such site, after Henry County is reimbursed for infrastructure costs in excess of grant funds and after repayment of any cash incentives that may be paid by the County;

WHEREAS, the undertaking of the Project is expected to be financed through the issuance by the Henry County IDA of its Lease Revenue Bond (Henry County Shell Building Project), Series 2013 (the "Bond"), and the issuance of the Bond is expected to be undertaken in accordance with the following documents (the "Financing Documents"):

(a) A Lease Agreement between the Henry County IDA and Henry County, pursuant to which the Henry County IDA will lease the Property to the County, and the County will agree, on a subject to appropriation basis, to make lease payments thereunder equal to or greater than the debt service payments due and payable on the Bond;

(b) An Assignment Agreement from the Henry County IDA to Carter Bank and Trust (the "Bank"), assigning the rights of the Henry County IDA under the Lease Agreement (except for certain rights to indemnification, payment of fees and expenses, etc.) to and for the benefit of the Bank;

(c) One or more support, purchase or similar agreements by and among Henry County, the Henry County IDA, the Martinsville Henry County Economic Development

Corporation ("MHCEDC") and the City (collectively, whether encompassed in one or more agreements, referred to as, the "Support Agreement"), pursuant to which, generally, (i) the MHCEDC will agree to fund to or otherwise reimburse Henry County for design, engineering, insurance, maintenance, utility, legal and other costs associated with the development of the Project, together with an amount equal to the rental payments due under the Lease Agreement during the construction period for the Project and for one year following the completion of the Project, and (ii) the City, in consideration of the Revenue Sharing Agreement and its other interests and desire to facilitate the development of the Project, will agree, subject to the terms set forth therein, to fund to or otherwise reimburse Henry County for an amount equal to at least thirty-three percent (33%) of the rental payments due and payable by Henry County throughout the term of the Lease Agreement;

(d) A Collateral Assignment or similar agreement pursuant to which the Henry County IDA and Henry County will assign substantially all of their rights under the Support Agreement to and for the benefit of the Bank; and

(e) Such other documents and agreements as may be deemed necessary or appropriate by Henry County in order to effectuate the financing of the Project;

WHEREAS, the obligation of the City to make any payments under the Support Agreement shall be subject to annual appropriations by the City Council, which is under no legal obligation to make such appropriations. Neither the Lease Agreement, the Support Agreement, the other Financing Documents nor the Bond will constitute a general obligation (left of the Commonwealth of Virginia or any political subdivision thereof, including the City, Henry County, and the Henry County IDA, or a pledge of the faith and credit or taxing power of the Commonwealth of Virginia, the City, Henry County or the Henry County IDA.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MARTINSVILLE, VIRGINIA:**

1. It is determined to be in the best interests of the City and its citizens for the City Council to enter into a Support Agreement in connection with the Project.

2. The City Manager and Assistant City Manager, either of whom may act, are hereby authorized and directed to execute and deliver a Support Agreement in connection with the Project upon the terms and conditions generally described herein, together with such amendments, modifications and supplements thereto as may be acceptable to the City Manager or Assistant City Manager; provided, however, that (i) the principal amount of the obligations under the Lease Agreement shall not exceed \$3,500,000, (ii) the interest rate on the principal components of the rentals under the Lease Agreement shall not exceed 1.95% per annum, (iii) the final maturity date of the Bond and the term of the Lease Agreement shall not extend beyond December 31, 2018, (iv) the debt service payments due under the Bond (and the rental payments under the Lease Agreement) shall consist of interest-only payments (together with any costs and expenses) until the maturity date thereof, and (v) the principal amount of the Bond and rental payment under the Lease Agreement is subject to prepayment at any time (upon reasonable notice), without premium or penalty. The execution and delivery of the Support Agreement by

the City Manager or Assistant City Manager shall constitute conclusive evidence of his approval of such completions, omissions, insertions or changes.

3. The City Council hereby consents to execution and delivery of the with Financing Documents to be prepared in connection with the financing of the Project.

4. Recognizing that the obligations of the City under the Support Agreement shall in no way constitute an obligation or indebtedness of the City, nor a pledge of the full faith and credit or taxing power of the City, in furtherance of the terms and conditions of the Revenue Sharing Agreement, the City acknowledges and agrees that that an allocation to the City of approximately 33% of the principal amount of the Bond for purposes of Section 265(b)(3)(C)(i) of the Internal Revenue Code of 1986, as amended (the "Code") represents a reasonable allocation bearing a reasonable relationship to the benefits to be received by the City from the issuance of the Bond in connection with the financing of the Project. The City hereby designates its reasonable allocation of the benefits to be received from the issuance of the Bond, "qualified tax-exempt obligations" for the purpose of Section 265(b)(3) of the Code. The City (together with its subordinate entities) does not reasonably anticipate issuing more than \$10,000,000 in bonds, notes, leases or other obligations of the City (excluding private activity bonds which are not qualified 501(c)(3) bonds under Section 145 of the Code) during calendar year 2013, and the City (together with its subordinate entities) has not and will not designate more than \$10,000,000 of qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Code during such calendar year. The City Manager and Assistant City Manager are each hereby authorized and directed to execute and deliver a bank-qualification allocation agreement or similar agreement necessary to further effectuate the foregoing.

5. The City Council, while recognizing that it is not empowered to make any binding commitment to make appropriations under the Support Agreement in future fiscal years, hereby states its intent to make such appropriations in future fiscal years, and hereby recommends that future City Councils do likewise during the term of the Support Agreement. The City Manager and Assistant City Manager are hereby authorized and directed to carry out the obligation imposed on them by the Support Agreement, subject to the terms and conditions of this Resolution.

6. This resolution shall take effect immediately.

*[Remainder of Page Intentionally Left Blank]*

**CERTIFICATE**

The undersigned Clerk of the City Council of the City of Martinsville, Virginia hereby certifies that the foregoing is a true, correct and complete copy of a resolution duly adopted by a majority of the members of the City Council of the City of Martinsville, Virginia present and voting during the meeting duly called and held on September 10, 2013, and that such resolution has not been repealed, revoked, rescinded or amended, but is in full force and effect on the date hereof. A summary of the members present or absent at such meeting, and the recorded vote with respect to the foregoing resolution, is set forth below:

MEMBER NAME	VOTING				
	PRESENT	ABSENT	YES	NO	ABSTAIN
Kim Adkins	✓	—	✓	—	—
Gene Teague	✓	—	✓	—	—
Mark Stroud	✓	—	✓	—	—
Danny Turner	✓	—	✓	—	—
Sharon Hodge	✓	—	✓	—	—

WITNESS my hand and the seal of the County this 10<sup>th</sup> day of September, 2013.

  
 Brenda Pullaman  
 Clerk, City Council,  
 Martinsville, Virginia

(SEAL)

**Consent Agenda:** On a motion by Gene Teague, seconded by Sharon Brooks Hodge, with a 5-0 vote, Council approved the following consent agenda:

BUDGET ADDITIONS FOR 9/10/13				
ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT
<b>FY13</b>				
<b>General Fund:</b>				
01101917	442701	Categorical Other State - Fire Programs Fund		4,168
01321102	506110	Fire Department - Fire Programs additional funding rec'd from state	4,168	
01102926	436427	Categorical Federal - Org Crime/Drug Enf Task Force		373
01311085	501219	Police Dept - OCDEF Overtime Grant funding	373	
<b>Total General Fund:</b>			<b>4,541</b>	<b>4,541</b>

BUDGET ADDITIONS FOR 9/10/13				
ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT
<b>FY14</b>				
<b>General Fund:</b>				
01100909	490104	Advance/Recovered Costs		625
01321102	506130	Fire Dept. - Repair/Maint - Burn Building	300	
01321102	503171	Fire Dept. - Repair/Maint - Burn Building - Labor	125	
01321102	505500	Fire Dept. - Travel & Training Reimbursement from Stuart VFD	200	
01100908	480412	Donations - Sheriff Dept		1,500
01331110	506104	Sheriff-Jail Annex - Non-capital Equipment Private Donation	1,500	
<b>Total General Fund:</b>			<b>2,125</b>	<b>2,125</b>

BUDGET ADDITIONS FOR 9/10/13				
ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT
<b>School Fund:</b>				
18102926	404818	Categorical Federal - Perkins Voc Ed		54,180
73101100	563000	High School Vocational Ed - Purchased Services	1,000	
73101100	565503	High School Vocational Ed - Travel	11,000	
73101100	566000	High School Vocational Ed - Materials	42,180	
11001100	561120	Instructional S&W	41,086	
11001100	562100	Social Security	2,548	
11001100	562150	Medicare	596	
11001100	562210	Retirement	4,791	
11001100	562400	State Life	489	
11001100	562520	LTD	35	
11001100	562750	RHCC	455	
18101918	480303	State Grants - Plugged In VA		28,000
87301310	561120	Instructional S&W	26,010	
87301310	562100	Social Security	1,613	
87301310	562150	Medicare	377	
18101918	402032	State Grants - ISAEP		1,701
72201100	561620	Capital Outlay Additions	1,580	
72201100	562100	Social Security	98	
72201100	562150	Medicare	23	

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18101918	404182	State Grants - Project Graduation Summer Academy		14,266
71501100	561120	Instructional S&W	12,690	
71501100	562100	Social Security	787	
71501100	562150	Medicare	184	
71501100	562800	Miscellaneous	605	
18101918	480303	State Grants - iReady Grant		8,500
11001100	566040	Software and Online Content	8,500	
<b>Total School Fund:</b>			<b>156,647</b>	<b>156,647</b>
<b>Federal School Programs Fund:</b>				
20102926	417348	Categorical Federal - Title 6B Spec Ed Preschool		5,702
86611100	561120	Title 6B Preschool - Instructional S&W	5,000	
86611100	562100	Title 6B Preschool - Social Security	310	
86611100	562150	Title 6B Preschool - Medicare	73	
86611100	566013	Title 6B Preschool - Materials & Supplies	319	
20102926	402748	Categorical Federal - Title 6B IDEA Spec Ed		500,131
86511100	561120	Title 6B Special Ed - Instructional S&W	147,307	
86511100	561151	Title 6B Special Ed - Instructional S&W Aide	209,176	
86511100	562100	Title 6B Special Ed - Social Security	22,102	
86511100	562150	Title 6B Special Ed - Medicare	5,169	
86511100	562210	Title 6B Special Ed - Retirement	41,566	
86511100	562300	Title 6B Special Ed - Insurance	40,592	
86511100	562400	Title 6B Special Ed - Life Insurance	4,242	
86511100	562520	Title 6B Special Ed - Disability	452	
86511100	562750	Title 6B Special Ed - Retirement Credit	3,957	
86511100	563140	Title 6B Special Ed - Purchased Services	19,000	
86511100	565503	Title 6B Special Ed - Travel	1,000	
86511100	566013	Title 6B Special Ed - Materials & Supplies	5,568	
<b>Total Federal School Programs Fund:</b>			<b>505,833</b>	<b>505,833</b>

Business from the Floor: (1) Ural Harris, 217 Stuart St., commented on AMP projects. Mayor Adkins asked that both handouts from Mr. Harris be a part of the meeting minutes and pointed out that Council agreed at the last meeting that there will be regular quarterly updates on the utilities and other enterprise funds to avoid covering same utility information at each meeting. Mr. Turner also asked that Council be sent copies of the Chicago Tribune article referenced in his comments.

Rate-and-switch: City dropping AEP in 2014 | The Columbus Dispatch var Columbus will not renew its contract with American Electric Power, leaving the company for a provider that offers a cheaper rate.

The final details are being worked out, but the city plans to switch to American Municipal Power to power its electrical grid, which serves about 13,000 customers as well as streetlights and city buildings.

The decision to switch providers largely was because of AEP's higher rate and the length of AMP's rate guarantee, said Laura Young Mohr, spokeswoman for the utilities department. The contract with AMP will allow the city "to start getting back to some much-needed capital reinvestment" that will reduce outages and provide better service to customers, Mohr said. The contract with AMP will start in June 2014, when the city's existing agreement with AEP expires. The city will pay a base rate of about \$42 per megawatt hour with AMP, compared with the \$58 base rate it is paying AEP this year. The city's savings will depend on how much electricity it consumes. Columbus spent \$63 million on power last year. AEP, which has its headquarters in Columbus, still will provide power to some city buildings not on the city's power grid, Mohr said.

portfolio," said Gary Holm, the city's director of public works.

The costly deals are affecting more than 2.5 million residents in Illinois, Indiana, Kentucky, Michigan, Missouri, Ohio, Virginia and West Virginia whose cities belong to municipal power agencies that bought shares of the coal plant six years ago.

At the time, municipal officials saw Prairie State as a reliable, affordable source of electricity and locked themselves into 28-year contracts with a company formed by Peabody Energy, the nation's largest coal producer. Peabody ended up with just a 5 percent stake in the plant after shifting most of the costs — and nearly all of the financial risks — to towns as small as 1,200 people.

The arrangement has drawn the attention of the Securities and Exchange Commission, which this year subpoenaed Peabody and municipal power agencies for more information related to Prairie State.

Today, many of the communities that bought into the coal plant are paying far more than neighboring cities for electricity, records obtained by the Tribune show.

According to monthly invoices obtained under the Freedom of Information Act, Naperville has been paying a monthly average of \$75.04 a megawatt hour this year, for example.

By contrast, Chicago pays about \$56 a megawatt hour through a deal city officials negotiated after voters approved a proposal for bulk purchasing of electricity, or municipal aggregation. Many other communities have secured even cheaper rates.

"Given current market conditions and forecasts, there is no question that Prairie State is not turning out to be a good deal for these communities," said David Kolata, executive director of the Citizens Utility Board, a nonprofit group created by Illinois lawmakers to represent residential utility customers. "They locked themselves into power at a very high price when they could be doing a lot better out on the market."

Homeowners and other ratepayers have largely been kept in the dark about the higher costs. Municipal contracts with the coal plant's operator require "any information of a technical, commercial or business nature" be kept confidential from all but a few officials. Meeting minutes show that discussions about the plant mostly take place in closed-door executive sessions.

Critics contend that elected officials didn't know enough about the project to make informed decisions, leaving cash-strapped communities struggling to cover

**U Harris**

From: "U Harris" <ueharris@comcast.net>  
Date: Wednesday, September 04, 2013 7:26 PM  
Subject: amp ohio

Chicago Tribune reporter  
September 4, 2013  
Towns pay high price for power after financing Illinois coal plant - chicagotribune.com  
Home > News > Chicagoland  
Towns pay a high price for power

Investing in a massive coal-burning power plant in southern Illinois has saddled some towns with similarly large electricity rates  
Across the nation, cities are taking advantage of deals for cheaper electricity made possible by low-cost natural gas. But not in five Chicago suburbs and more than 200 other Midwestern towns that made a big bet on coal.  
Construction cost for the Prairie State Energy Campus in southern Illinois totaled \$5 billion, and several area cities that invested in the project are paying the price. (E. Jason Wambsgans, Chicago Tribune / September 4, 2013)  
Across the nation, cities are taking advantage of deals for cheaper electricity made possible by low-cost natural gas. But not in five Chicago suburbs and more than 200 other Midwestern towns that made a big bet on coal.

Almost every month, Batavia, Geneva, Naperville, St. Charles and Winnetka are among dozens of municipalities feeling the sting of their decisions to finance the Prairie State Energy Campus in southern Illinois.

The promised savings simply have not materialized.

"Now THAT was expensive," a Winnetka village engineer wrote in an email responding to a recent power invoice.

Representatives of the affected cities say they still expect investing in the coal plant will pay off in the long run. But with Prairie State's construction costs totaling \$5 billion and natural gas prices expected to remain relatively low, these communities likely will pay higher prices for electricity for another decade, according to analyses for Batavia and the city of Cleveland.

Batavia, which signed up for more electricity than it ended up needing, will be selling excess power from the coal plant at a loss for years to come, according to a report prepared for city officials.

"In retrospect, we should have focused on a little more diversity in our

<p>years of extra costs while waiting for benefits to materialize.</p> <p>"These people are car mechanics and insurance salesmen, not energy experts," Batavia resident Betsy Zinser said of municipal officials. A former commercial banker, she has persistently raised questions about the coal plant at public meetings. "They were bamboozled by Peabody and the municipal power agencies," she said.</p> <p>Prairie State's government investors continue to defend the project. In May they released an annual report that stated "the future of energy is here," described critics as "cynics" and called the coal plant a "reliable, low-cost and stable source of electric power that is produced in a safe and environmentally responsible manner."</p> <p>In a statement, Peabody said it is cooperating with the SEC investigation and called Prairie State "one of the most transparent projects of its kind." The company also predicted the power plant will be cheaper than other providers in the long run because its municipal owners avoided transportation costs by purchasing a coal mine next to the plant.</p> <p>"After performing extensive research and investigating all options for new long-term power sources, they concluded that Prairie State was the right project and took an active role in the development of the facility," wrote Vic Svec, a</p> <p>Towns pay high price for power after financing Illinois coal plant - Page 2 - chicagotribune.com</p> <p>Naperville's city manager, Doug Krieger, attributed the plant's higher costs in part to mechanical problems that have sharply reduced its electrical output. Power agencies have been forced to buy electricity on the open market to make up the difference, even as they continue to pay off debt from building the plant.</p> <p>"Is it a big difference? Yes, it absolutely is. But it's not like we are looking at changing our rates based on one season's worth of data," Krieger said in an interview. "We still feel comfortable with our decision to take a long-term approach with Prairie State. We can weather what we see as a short-term hiccup."</p> <p>Naperville is paying the highest average rate of the five Chicago-area municipalities that buy electricity from the coal plant. Average rates for the other four are \$73.62 a megawatt hour in St. Charles, \$64.55 in Batavia and Geneva, and \$55.24 in Winnetka, which gets credits for the use of a local power plant that helps meet demand.</p> <p>Without the credits, Winnetka would be paying \$71.05 a megawatt hour on average, records show.</p> <p>Some cities and municipal electric agencies that financed Prairie State are shielding residents from the coal plant's price spikes by dipping into bond proceeds and draining budget reserves, records show. As a result, some</p>	<p>ratepayers haven't felt the full brunt of the higher-than-expected electricity costs.</p> <p>Others, including Geneva and St. Charles, are charging more through "adjustment" charges tacked on to electric bills. Batavia is doing both, allocating \$2 million in reserves this year as well as assessing charges that have accounted for up to 10 percent of monthly residential bills.</p> <p>In Ohio, records show, American Municipal Power has spent \$20 million this year to hold down monthly rates for the coal plant that otherwise would have jumped as high as \$121 a megawatt hour. The coal plant is still significantly more expensive than other providers in the portfolios of participating Ohio communities, including pollution-free wind energy.</p> <p>Investor-owned utilities like ComEd are required to seek the approval of state rate-setting commissions before investing in a new power plant. But that wasn't the case for the municipal power agencies in Illinois and Ohio that decided to buy into Prairie State six years ago, even as private investors were abandoning the project and dozens of other coal plants nationwide.</p> <p>Peabody promoted Prairie State as a low-cost power provider and hedge against volatile market prices, according to minutes from city council meetings. The decisions to pay for the project drew little debate among elected officials and only a smattering of objections from citizens and environmental activists.</p> <p>By the time construction began in late 2007, Peabody had raised the price tag from \$2 billion to \$2.9 billion. Ballooning costs for trained workers, steel and other materials drove the price to \$5 billion by the time it began operating in 2012.</p> <p>Rules planned by President Barack Obama's administration to combat climate change could bring another financial setback. The coal plant, the largest source of greenhouse gases built in the United States in a quarter-century, churns more than 13 million tons of heat-trapping carbon dioxide into the atmosphere every year, an amount equivalent to adding 2 million cars to the nation's highways.</p> <p>The Tribune reported in 2010 that Prairie State's construction overruns had forced municipal power agencies to take on more debt and would significantly increase the costs passed along to cities. The Illinois Municipal Electric Agency, or IMEA, an association of 33 cities that includes Naperville, St. Charles and Winnetka, estimated in bond documents that its electric delivery rates would be \$63.40 a megawatt hour in 2013, up 30 percent from 2007.</p> <p>Officials discounted the findings. "It's still a good deal for us in the long term," then-St. Charles Mayor Donald DeWitte said at the time. "There's no way the cost of our power is going up 30 percent."</p>
<p>Records show the average monthly delivery charge for St. Charles this year is 51 percent higher than in 2007.</p> <p>St. Charles and Winnetka officials directed questions about their power bills to the IMEA, which owns 15 percent of Prairie State. The agency acknowledged that the consumer-friendly deals brokered by Chicago and other cities raise questions about its decision to invest in an actual power plant. But most municipal aggregation contracts are for one or two years and don't guarantee long-term price stability, officials said.</p> <p>"I don't think our rates are excessively higher," said Phillip "Doc" Mueller, IMEA's senior vice president for government affairs. "In a year or two years or five years the value of our approach is going to be apparent. It may not be apparent today, but it is going to be very shortly."</p> <p>Other Prairie State members are scrambling to spread out the coal plant's costs.</p> <p>Batavia and Geneva belong to a separate organization, the Northern Illinois Municipal Power Agency, or NIMPA, that owns 7.6 percent of Prairie State. In June, the agency voted to raise rates for its member communities by 6.25 percent to \$64.55 a megawatt hour, including \$8.05 to cover higher-than-expected costs for the coal plant.</p> <p>As recently as 2011, records show, the agency had projected rates at \$52 a megawatt hour.</p> <p>"We're not happy about it," said Richard Heinemann, a NIMPA attorney. "We're in a turbulent phase. It's challenging for the communities to absorb this. But we're still confident the investment will pay off."</p> <p>Towns pay high price for power after financing Illinois coal plant - Page 3 - chicagotribune.com</p> <p>Officials in both suburbs said.</p> <p>"Geneva's mix of resources does not take full advantage of the short-term windfall of the market low energy prices, nor does it suffer the cost of market high energy prices," Kevin Stahr, a city spokesman, wrote in an email response to questions.</p> <p>Said Holm, the Batavia public works director: "We're doing everything we can to make it work."</p>	<p>Invoices from Ohio-based American Municipal Power, the largest owner of the coal plant, break down the costs of each source of energy and provide the most dramatic examples of towns being stuck with expensive electric bills.</p> <p>In May, AMP charged Galion, Ohio, \$85.13 a megawatt hour to cover its share of Prairie State, a cost that would have jumped to \$21.87 a megawatt hour had the agency not tapped into funds to stabilize rates. By contrast, AMP charged Galion \$35.43 a megawatt hour for wind energy in its portfolio.</p> <p>During the same month, AMP charged the city of Celina, Ohio, \$87.31 a megawatt hour for Prairie State but just \$39.90 for electricity purchased on the open market when mechanical problems forced the coal plant off-line.</p> <p>The invoices largely confirm the findings of a study last summer by the Institute for Energy Economic and Financial Analysis, a group dedicated to reducing the nation's reliance on coal and other nonrenewable sources of electricity. At the time, AMP and other municipal power agencies dismissed the study as "deeply flawed."</p> <p>"When is somebody going to go back to Peabody and say this is not what you promised?" said Sandy Buchanan, the institute's executive director.</p> <p>The City Council in Galion voted last week to ask Ohio's attorney general to investigate how Peabody and AMP marketed the coal plant to cities.</p> <p>AMP did not return telephone calls or emails. But in a memo to Galion officials last month, the agency said it never promised particular rates to communities and it fully disclosed potential risks.</p> <p>"The idea that AMP has not been 'transparent and above board' regarding Prairie State is an insult," the memo stated.</p> <p>A small Missouri community, meanwhile, recently became the first Prairie State municipality to escape its contract. Marceline, the boyhood home of Walt Disney, had been paying more than \$100,000 a month for its share of the coal plant — a huge expense for a city with an annual budget of just \$8 million.</p> <p>Under its new deal, Marceline sold its share of Prairie State to a municipal power pool and reduced its monthly payments to \$22,000. The agreement, approved last month, is expected to save the city \$6 million during the next five years.</p> <p>"It's going to help us immensely," said City Manager Luke Lewis, who earlier this year called Prairie State a "toxic asset." "We were to a point where we just couldn't raise our rates any more."</p>

(2) Timothy Downey, 1001 Indian Trail-asked for a Children At Play sign on Beverly Way. City staff was directed to refer this issue to the Transportation Safety Commission for options regarding signage for Children at Play on city streets making the policy consistent across the city. City Attorney Eric Monday said state law does not allow children to play in street. (3) Bobby Phillips, City Safety Officer, reported the City has been awarded the grant for the public warning devices to install 8 sirens throughout the city. (4) Chad Martin thanked Mayor for her involvement in the picnic table project, thanked police officers and Councilman Turner for their participation in the softball event, and invited Council to the Give Back event set for the 21<sup>st</sup>.

Council comments: Stroud-thanked city staff for addressing sidewalk issue at the Southside car wash; good news regarding public warning systems, and he reported on 9/11 facts and asked that all citizens always remember September 11. Turner-questions on utility hookup policy and commended all those working on Uptown activities. Adkins-voiced her concerns about the BPOL tax elimination and asked Council to consider a resolution to be sent to legislators asking that the BPOL tax not be eliminated. Council Members

September 10, 2013

Hodge and Turner were not in favor of opposition to the elimination of the tax. Vice Mayor Teague and Council Member Stroud support the Mayor in preparing the resolution to be sent to state legislators. Mayor Adkins will prepare the resolution for consideration at the next meeting.

City Manager comments: Mr. Towarnicki: (1) reported the City will receive an award from VML for the Depot Street project and commended Susan McCulloch for her work on the project (2) shared information on City employee blood drive and neighborhood clean ups scheduled (3) advised that the City and County will work together on the Veterans Award this year (4) reported on successful recent events Uptown and the first night fishing event held at the City reservoir. City Attorney Eric Monday gave historical information on the establishment of the BPOL tax and advised he serves on the Board at Carlisle School and noted that what the school achieves is done for half the cost of the going market rate for private education in Virginia and North Carolina and the school was recognized in the Virginia Living magazine as one of the best private schools.

There being no further business, the meeting adjourned at 9:35 pm.

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Brenda Prillaman  
Clerk of Council

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Kim Adkins  
Mayor



## City Council Agenda Summary

**Meeting Date:** November 12, 2013

**Item No:** 2.

**Department:** City Manager

**Issue:** Hear an update on the Martinsville City School's policy in regard to providing emergency/stand-by medical service at school athletic events.

**Summary:** At Council's meeting on October 22<sup>nd</sup>, Ms. Shelby White spoke during business from floor about concerns she had regarding the lack of stand-by emergency medical service at a recent Martinsville Middle School football game during which her son was injured. The School Administration will be discussing this matter at their regular School Board meeting on Monday, November 11.

School Administration and Board members will provide a brief update at the Council meeting regarding current policy along with any changes they deem appropriate.

**Attachments:** None

**Recommendations:** None - no action needed by Council.



## City Council Agenda Summary

**Meeting Date:** November 12, 2013

**Item No:** 3.

**Department:** Public Works

**Issue:** Consider approval of Resolution regarding Uptown Paving Project – Phase I -Revenue Sharing Agreement with VDOT FY 2015

**Summary:** Uptown revitalization enhancements have determined that Church, Main, Bridge, Walnut, Lester, and Clay Streets in the Uptown area are in need of repair due to deteriorated pavement conditions. New crosswalks are needed at all intersections.

The City can enter into a cost sharing agreement with VDOT to pay for 50% of the costs of these repairs and improvements.

**Attachments:** Resolution of Intent to Participate in the FY 2015 Revenue Sharing Program for Uptown Paving Project – Phase I

**Recommendations:** Motion to approve Resolution to participate in FY 2015 Revenue Sharing Program with VDOT

**RESOLUTION**

A RESOLUTION OF INTENT TO PARTICIPATE IN THE FY 2015 VDOT REVENUE SHARING PROGRAM FOR THE UPTOWN REPAVING PROJECT

**WHEREAS**, the City of Martinsville desires to submit an application for an allocation of funds of \$450,000 (\$225,000 state and \$225,000 city) through the Virginia Department of Transportation Fiscal Year 2014-15 Revenue Sharing Program; and,

**WHEREAS**, \$225,000 of these funds are requested to fund the Uptown Repaving Project (0.93 mi.); and,

**THEREFORE, BE IT RESOLVED**, that the City of Martinsville hereby supports this application for an allocation of \$450,000 (\$225,000 state and \$225,000 city), through the Virginia Department of Transportation Revenue Sharing Program; and,

**BE IT FURTHER RESOLVED**, that the City Manager is hereby authorized to execute, on the behalf of the City of Martinsville, all necessary agreements required in conjunction with said project.

Adopted this 12th day of November 2013

\*\*\*\*\*

ATTEST:

\_\_\_\_\_  
Clerk of Council

\_\_\_\_\_  
Date

At a regularly scheduled meeting of the City of Martinsville Council held on November 12, 2013, on a motion by \_\_\_\_\_, seconded by \_\_\_\_\_, the above resolution was adopted by a vote of \_\_\_ to \_\_\_.



## City Council Agenda Summary

**Meeting Date:** November 12, 2013

**Item No:** 4.

**Department:** Public Works

**Issue:** Consider Adoption of VDOT Six-Year Improvement Program for FY 2015-2020

**Summary:** Once a year the City adopts a formal list of street construction priorities for inclusion on VDOT's Six-Year Improvement Program.

Previously, the City had designated Repairs to the Commonwealth Boulevard Bridge as its top priority, with construction of the remaining leg of Liberty Street from Clearview Drive south to Commonwealth Boulevard as its second priority, followed by work along Fayette Street from Pine Hall Road west to the Norfolk and Western Railroad underpass.

**Attachments:** City of Martinsville  
VDOT Six-Year Improvement Program FY '15-'20

**Recommendations:** Motion to approve VDOT Six-Year Improvement Program FY '15-'20 as presented

**City of Martinsville**  
**VDOT Six-Year Improvement Program FY '15-'20**

**Martinsville**

1. Reconstruction of the Commonwealth Boulevard Bridge over the Norfolk Southern Railway, Structure #1803.
2. Complete the remaining leg of the Liberty Street (Route 174) improvement project consisting of improvements to Liberty Street from Clearview Drive south to Commonwealth Boulevard;

Specific Projects as identified in the 2035 Rural Long-Range Transportation Plan

*VA 174 from North York Street to North Longview Street*

Short-term widen to five lanes. CURRENTLY UNDER CONSTRUCTION

3. Widen and realign the section of Fayette Street (Route 57) from Pine Hall Road west to the Norfolk and Western Railroad underpass including curb, gutter, and sidewalk. Also, as a second phase, replace the Norfolk and Western Railroad underpass and widen and realign the section of Fayette Street (Route 57) from the Norfolk and Western Railroad underpass to the corporate limits including curb, gutter, and sidewalk.

Specific Projects as identified in the 2035 Rural Long-Range Transportation Plan

*Fayette Street under Norfolk Southern Railroad*

Long-term widen to four lane facility and replace underpass.

Specific Project as identified in the 2020 Martinsville-Henry County Small Area Urban Transportation Plan

*Fayette Street under Norfolk Southern Railroad*

Long-term widen to four lane facility and replace underpass.

4. Endorsement for the Interstate 73 project.

Specific Projects as identified in the 2035 Rural Long-Range Transportation Plan

*I-73 from North Carolina State Limit to Franklin County Limit (Henry County)*

Long-term construct new facility, four lanes with median.

*Priority 1-Completion of I-73 from the Patriot Centre to the North Carolina State Limit.*

*Priority 2- Completion of I-73 from the Patriot Centre to the Franklin County Limit.*

*I-73 from VA 40 to VA 635 (Franklin County)*

*Priority 3- Long-term construct new facility, four lanes with median.*

5. Endorsement for completion of U.S. Route 58 westward to its intersection with Interstate 77.

Specific Projects as identified in the 2035 Rural Long-Range Transportation Plan

*US 58 / US 220 at bridge over Smith River*

Mid-term replace westbound direction with two lane structure.

*US 58 West at VA 684 (Carver Road)*

Mid-term implement access management to clearly define access points to gas station along US 58 and VA 684. Continue to monitor intersection for impact of rumble strips along westbound approach. Consider signalization, when warranted, to provide gaps for Carver Rd and Friendly Church Rd traffic. Long-term lower roadway profile of westbound approach.

*US 58 from Floyd County Limit to VA 600 (Patrick County)*

Long-term widen to four lanes with median.

*US 58 from East US 58 Bypass to West US 58 Business (Patrick County)*

Long-term widen to four lanes with median.

*US 58 Business at US 58 Bypass (Jeb Stuart Bypass) (Patrick County)*

Short-term relocate stop control on southbound approach of the connector road from US 58 Bypass to US 58 Business (Jeb Stuart Highway). Long-term reconstruct intersection to improve connectivity.

*US 58 from West Ramps Blue Ridge Parkway to East US 58 Bypass (Patrick County)*

Long-term widen to four lanes with median.

**Meeting Date:** November 12, 2013

**Item No:** 6.

**Department:** Finance

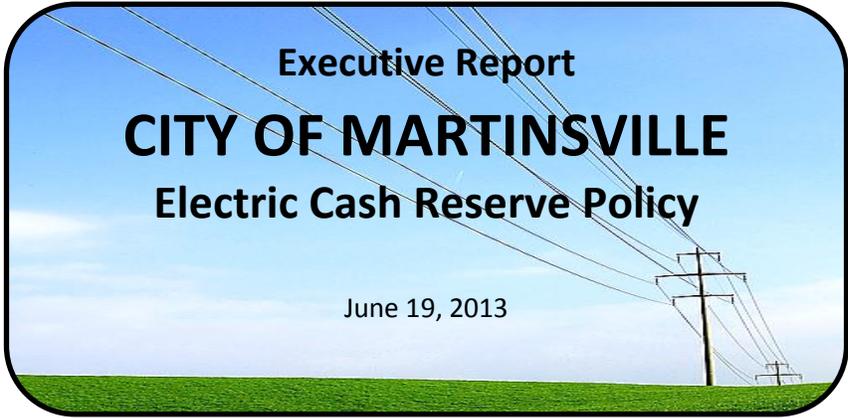
**Issue:** Hear staff report on recommended Cash Reserve Policies for Electric, Water, and Sewer Funds.

**Summary:**

To help ensure financial stability, timely completion of capital improvements, and enable the utilities to meet requirements for large unexpected expenditures, a minimum cash reserve policy should be established. While minimum cash reserves attempt to quantify the minimum amount of cash the utility should keep in reserve, the actual cash reserves may vary substantially above the minimum and is dependent upon several risk factors for the utility. Cash reserve policies and guidelines are established to ensure that enough cash exists for timely payment of bills; both short- and long-term financial health of the individual utilities; stable rates for customers; ability to fund unanticipated cost contingencies; and identifying the amount and timing of future bond issues. Adopting a cash reserve policy meets a significant factor for bond rating agencies.

**Attachments:** **Martinsville Electric Cash Reserve Policy**  
**Martinsville Water Cash Reserve Policy**  
**Martinsville Wastewater Cash Reserve Policy**

**Recommendations:** For review and comments by Council, and possible consideration of adoption.



Rate Design and Financial Analysis  
Specializing in Cost of Service



June 19, 2013

Mr. Dennis Bowles  
Utilities Director  
City of Martinsville, VA

Dear Mr. Bowles,

We are pleased to present this executive summary report on development of an electric minimum cash reserve policy for the City of Martinsville, VA.

To help ensure financial stability, timely completion of capital improvements and enable the utility to meet requirements for large unexpected expenditures, a minimum cash reserve policy should be established. Minimum cash reserves attempts to quantify the minimum amount of cash the utility should keep in reserve, the actual cash reserves may vary substantially above the minimum and is dependent several risk factors for the utility.

The specific purposes of this study are:

- 1) Identify the major risk categories for the Electric Utility
- 2) Establish a risk factor for each exposure
- 3) Determine and recommend a minimum recommended cash reserve

This report includes the results and calculations of the analysis and recommended formula for a minimum reserve policy.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Beauchamp", is written over a horizontal line.

Utility Financial Solutions, LLC  
Mark Beauchamp  
CPA, MBA, CMA



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## City of Martinsville Electric Cash Policy

### Introduction

Cash reserve policies and guidelines are often established by utilities to maintain appropriate cash reserves to help ensure:

1. Cash exists for timely payment of bills
2. The short-term and long-term financial health of the Utility
3. Stable rates for customers
4. Cash exists to fund unanticipated cost contingencies
5. The amount and timing of future bond issues are identified
6. A significant factor is being met for bond rating agencies

In recent years the compounded impacts of power supply cost uncertainties, a sluggish economy, volatile energy prices, and rising capital improvement costs have posed challenges to maintaining stable rates and cash reserves. It is important for utilities to maintain the financial flexibility to smooth rate increases and stagger rate adjustments for customers of the utility.

Minimum cash reserve guidelines proposed in this report should be set to allow reserves to fluctuate above the minimum guidelines. The decision to hold more money than the established minimum cash guidelines should be based on the assessments of uncertainties and other financial policies such as:

- The financial risk facing the utilities
- Rate setting policies
- Variability in power costs
- Debt policies
- Future capital improvements needed by utility
- Line Extension policies

The adequacy of the guidelines may be reviewed internally each year, and if appropriate, revised guidelines may be recommended.



# City of Martinsville Electric Cash Policy

## Methodology

Minimum cash reserves attempts to quantify the minimum amount of cash the utility should keep in reserve, the actual cash reserves may vary substantially above the minimum and is dependent several risk factors discussed below.

The methodology used in this report is based on certain assumptions related to percent of operation and maintenance, purchase power, historical investment in assets, debt service and the five-year capital plan. The establishment of minimum cash reserves should consider a number factors including:

## Operations and Maintenance Risk

**Working Capital Lag** - Timing differences exist between when expenses are incurred and revenues received from customers. Establishing a minimum cash reserve helps ensure cash exists to pay expenses in a timely manner.

- **The cash reserve policy will include 12.3% of annual operating expenses excluding depreciation expense and power supply expenditures.**
  - 12.3% was derived by assuming a 45 day lag between billing and payment receipt from customers. (45 days/365 days).

Total 2013 Electric O&M Budget	\$	17,464,352
Depreciation		(500,000)
Power Supply		<u>(13,896,480)</u>
Expense w/out Depr and Power supply	\$	3,067,872
45 Days working Capital Lag		<u>12.3%</u>
<b>O&amp;M Risk</b>	<b>\$</b>	<b>378,231</b>



# City of Martinsville Electric Cash Policy

## Power Supply Risk

**Max Month** – The peak month power supply was used in the cash reserve calculation. This represents 10.2% of the total yearly power supply.

- The cash reserve policy will include 10.2% of annual power supply.
  - **10.2% was derived by determining the peak month, July at \$1,410,996 and divided by the total yearly power supply costs. ( $\$1,410,996 / \$13,803,361 = 10.2\%$ )**

### Power Purchase/Production Risk

	2013 Budget
July	\$ 1,420,515
August	1,370,530
September	1,115,151
October	996,533
November	1,068,579
December	1,192,082
January	1,208,974
February	1,150,718
March	1,090,185
April	1,004,906
May	1,037,394
June	1,240,912
<b>Total</b>	<b>\$ 13,896,480</b>
Peak Month	\$ 1,420,515
Working Capital Lag	1.0
Power Supply Allocation	\$ 1,420,515
Percentage of Total	10.2%



# City of Martinsville Electric Cash Policy

## Historical Investment Risk

**Investment in assets** – Catastrophic events may occur that require substantial investments to replace damaged assets. Some examples of catastrophic events include ice storms, earthquakes, wind storms, floods, or tornadoes. Many of these catastrophic events may allow the utility to recover the cost of damages from FEMA; however FEMA reimbursements can take between 6 months to 2 years to recover. The utility should ensure adequate cash reserves exist to replace the assets in a timely fashion and to arrange short term financing options. The minimum reserve levels are often combined with emergency funding from banks or bonding agencies. The percent to the minimum cash reserves are dependent on the age of the assets in service and the level of risk of catastrophic type events.

- **The cash reserve policy will include 3% of the historical investment in assets as recorded in the financial statements.**
  - **The typical range for set aside under this category is 1 – 3%. The following table represents determination of the risk factor:**

<b>Risk Table</b>		
Depreciation Percent	0 - 49%	1.0%
Depreciation Percent	50 - 55%	2.0%
Depreciation Percent	Over 55%	3.0%

- **Martinsville is depreciated at 75.7% as calculated below and allocated a 3% risk factor:**

Historical Investment		\$ 29,930,379
Accum Depreciation		22,658,620
Percent Depreciated		75.7%
Risk Associated with Historical Assets		3.0%
Historical Investment Risk		\$ 897,911



# City of Martinsville Electric Cash Policy

## Debt Service Risk

**Annual debt service** – Some debt service payments do not occur evenly throughout the year and often occur every six months. The utility has to ensure adequate cash reserves exist to fund the debt service payment when the payment is due.

- **The cash reserve policy will include 100% of the current portion of debt service.**

Payment Date	Principal	Interest	Total
	\$ -	\$ 2,363	\$ 2,363
	20,702	-	20,702
<b>Total</b>			<b>\$ 23,065</b>

Highest Payment Risk	100%
----------------------	------

## Five-Year Capital Plan Risk

**Capital improvement program** – Some capital improvements are funded through bond issuances and some through cash reserves. The establishment of a minimum cash reserve level helps to ensure timely replacement or construction of assets.

- **The cash reserve policy will include 20% of the five year capital improvement program less any improvements funded through the issuance of bonds.**

	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Total
Total Capital Plan	\$ 553,400	\$ 413,100	\$ 317,010	\$ 520,560	\$ 300,000	<b>\$ 2,104,070</b>
Bond Proceeds						-
<b>Net</b>	<b>\$ 553,400</b>	<b>\$ 413,100</b>	<b>\$ 317,010</b>	<b>\$ 520,560</b>	<b>\$ 300,000</b>	<b>\$ 2,104,070</b>

Capital Plan Risk	20.0% \$ 420,814
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# City of Martinsville Electric Cash Policy

## Minimum Cash Reserve Calculation

The minimum cash reserve calculation considers the risk “in total” and not each individual category. For example; catastrophic events can occur and the amount may far exceed the amount set aside under “Historical investment in assets”.

If certain events occur that results in cash reserves falling below the minimum cash reserve levels, the City Council should take action to restore cash reserves to the minimum levels over the subsequent three years. These actions may include a number of options:

1. Rate Adjustments
2. Cost reductions
3. Issuance of bonds to fund capital improvement programs
4. Modification of the assumptions used to determine the cash reserve levels

## Minimum Cash Reserve Calculation

Based on 2013 Budget expenditures, the proposed 2013 recommended minimum cash reserve is \$3.14 million as calculated below:

Recommended MINIMUM Reserves	Percent Allocated	Projected 2013
Operation & Maintenance Less Depreciation Expense and PP	12.3%	\$ 378,231
Purchase Power	10.2%	1,420,515
Historical Rate Base	3.0%	897,911
Current Portion of Debt Service	100.0%	23,065
Five Year Capital Plan - Net of Bond Proceeds	20.0%	420,814
<b>Recommended MINIMUM Reserves</b>		<b>\$ 3,140,536</b> *

\*For simplification, the above calculation can be estimated by taking the total O&M budget and using 68 day working capital lag.

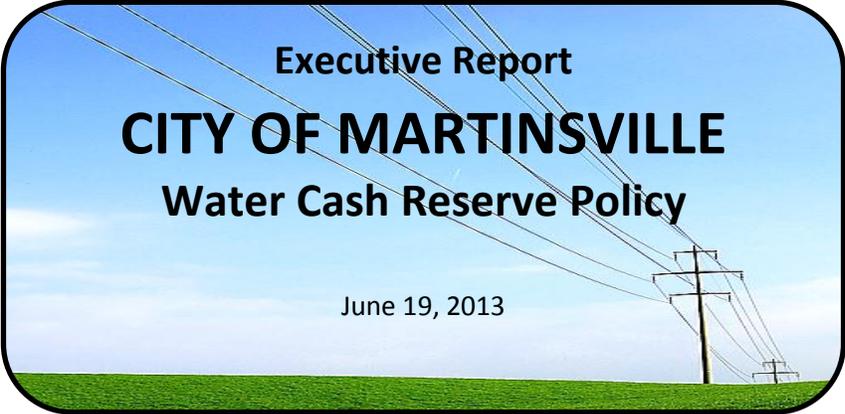
<u>Overall Policy Working Capital Days/O&amp;M expenses</u>	
Total Yearly O&M Expenses (less Depreciation)	\$ 16,964,352
Minimum Cash Recommendation	3,140,536
Expenses/Minimum recommendation	5.40
Days in year	365.00
<b>Days working capital</b>	<b>68</b>

It is important to emphasize this is a recommended minimum cash reserve. Actual cash reserves may vary substantially above the minimum and is dependent on the life cycle of assets, future capital plan, rate setting polices, and debt policies.



## City of Martinsville Electric Cash Policy

The cash reserve calculation should be updated annually as part of the budget process. The discussion with the City Council should include a visual description of the past trends, current position and future projections.



**Executive Report**  
**CITY OF MARTINSVILLE**  
**Water Cash Reserve Policy**

June 19, 2013



Rate Design and Financial Analysis  
Specializing in Cost of Service



June 19, 2013

Mr. Dennis Bowles  
Utilities Director  
City of Martinsville, VA

Dear Mr. Bowles,

We are pleased to present this executive summary report on development of a water minimum cash reserve policy for the City of Martinsville, VA.

To help ensure financial stability, timely completion of capital improvements and enable the utility to meet requirements for large unexpected expenditures, a minimum cash reserve policy should be established. Minimum cash reserves attempts to quantify the minimum amount of cash the utility should keep in reserve, the actual cash reserves may vary substantially above the minimum and is dependent several risk factors for the utility.

The specific purposes of this study are:

- 1) Identify the major risk categories for the Water Utility
- 2) Establish a risk factor for each exposure
- 3) Determine and recommend a minimum recommended cash reserve

This report includes the results and calculations of the analysis and recommended formula for a minimum reserve policy.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Beauchamp", is written over a horizontal line.

Utility Financial Solutions, LLC  
Mark Beauchamp  
CPA, MBA, CMA



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## City of Martinsville Water Cash Policy

### Introduction

Cash reserve policies and guidelines are often established by utilities to maintain appropriate cash reserves to help ensure:

1. Cash exists for timely payment of bills
2. The short-term and long-term financial health of the Utility
3. Stable rates for customers
4. Cash exists to fund unanticipated cost contingencies
5. The amount and timing of future bond issues are identified
6. A significant factor is being met for bond rating agencies

In recent years the compounded impacts of cost increases, a sluggish economy, and rising capital improvement costs have posed challenges to maintaining stable rates and cash reserves. It is important for utilities to maintain the financial flexibility to smooth rate increases and stagger rate adjustments for customers of the utility.

Minimum cash reserve guidelines proposed in this report should be set to allow reserves to fluctuate above the minimum guidelines. The decision to hold more money than the established minimum cash guidelines should be based on the assessments of uncertainties and other financial policies such as:

- The financial risk facing the utilities
- Rate setting policies
- Variability in production costs
- Debt policies
- Future capital improvements needed by utility
- Connection Fees

The adequacy of the guidelines may be reviewed internally each year, and if appropriate, revised guidelines may be recommended.



# City of Martinsville Water Cash Policy

## Methodology

Minimum cash reserves attempts to quantify the minimum amount of cash the utility should keep in reserve, the actual cash reserves may vary substantially above the minimum and is dependent several risk factors discussed below.

The methodology used in this report is based on certain assumptions related to percent of operation and maintenance, production costs, historical investment in assets, debt service and the five-year capital plan. The establishment of minimum cash reserves should consider a number factors including:

### Operations and Maintenance Risk

**Working Capital Lag** - Timing differences exist between when expenses are incurred and revenues received from customers. Establishing a minimum cash reserve helps ensure cash exists to pay expenses in a timely manner.

- **The cash reserve policy will include 12.3% of annual operating expenses excluding depreciation expense and water production costs.**
  - **12.3% was derived by assuming a 45 day lag between billing and payment receipt from customers. (45 days/365 days).**

2013 Budget Expenses	\$	3,225,647
Depreciation in Budget		250,000
Net Expenses	\$	2,975,647
45 Day Working Capital Lag		12.3%
O&M Risk	\$	366,005



# City of Martinsville Water Cash Policy

## Historical Investment Risk

**Investment in assets** – Catastrophic events may occur that require substantial investments to replace damaged assets. Some examples of catastrophic events include ice storms, earthquakes, wind storms, floods, or tornadoes. Many of these catastrophic events may allow the utility to recover the cost of damages from FEMA; however FEMA reimbursements can take between 6 months to 2 years to recover. The utility should ensure adequate cash reserves exist to replace the assets in a timely fashion and to arrange short term financing options. The minimum reserve levels are often combined with emergency funding from banks or bonding agencies. The percent to the minimum cash reserves are dependent on the age of the assets in service and the level of risk of catastrophic type events.

- **The cash reserve policy will include 3% of the historical investment in assets as recorded in the financial statements.**
  - **The typical range for set aside under this category is 1 – 3%. The following table represents determination of the risk factor:**

Risk Table		
Depreciation Percent	0 - 49%	1.0%
Depreciation Percent	50 - 55%	2.0%
Depreciation Percent	Over 55%	3.0%

- **Martinsville is depreciated at 71% as calculated below:**

Historical Investment- 2013	\$	15,429,323
Accum Depreciation - 2013		10,976,369
Percent Depreciated		71%
Risk Associated with historical Assets		3.0%
Historical Investment Risk	\$	462,880



# City of Martinsville Water Cash Policy

## Debt Service Risk

**Annual debt service** – Some debt service payments do not occur evenly throughout the year and often occur every six months. The utility has to ensure adequate cash reserves exist to fund the debt service payment when the payment is due.

- **The cash reserve policy will include 100% of the current portion of debt service.**

Payment Date	Principal	Interest	Total
	\$ 4,575	\$ -	\$ 4,575
<b>Total</b>			<b>\$ 4,575</b>
Highest Payment Risk			100.0%

## Five-Year Capital Plan Risk

**Capital improvement program** – Some capital improvements are funded through bond issuances and some through cash reserves. The establishment of a minimum cash reserve level helps to ensure timely replacement or construction of assets.

- **The cash reserve policy will include 20% of the five year capital improvement program less any improvements funded through the issuance of bonds.**

	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Total
Total Capital Plan	\$ 380,000	\$ 582,000	\$ 500,000	\$ 230,000	\$ 235,000	<b>\$ 1,927,000</b>
Bond Proceeds	-	-	-	-	-	-
<b>Net</b>	<b>\$ 380,000</b>	<b>\$ 582,000</b>	<b>\$ 500,000</b>	<b>\$ 230,000</b>	<b>\$ 235,000</b>	<b>\$ 1,927,000</b>
Capital Plan Risk						20.0% \$ 385,400



# City of Martinsville Water Cash Policy

## Minimum Cash Reserve Calculation

The minimum cash reserve calculation considers the risk “in total” and not each individual category. For example; catastrophic events can occur and the amount may far exceed the amount set aside under “Historical investment in assets”.

If certain events occur that results in cash reserves falling below the minimum cash reserve levels, the City Council should take action to restore cash reserves to the minimum levels over the subsequent three years. These actions may include a number of options:

1. Rate Adjustments
2. Cost reductions
3. Issuance of bonds to fund capital improvement programs
4. Modification of the assumptions used to determine the cash reserve levels

## Minimum Cash Reserve Calculation

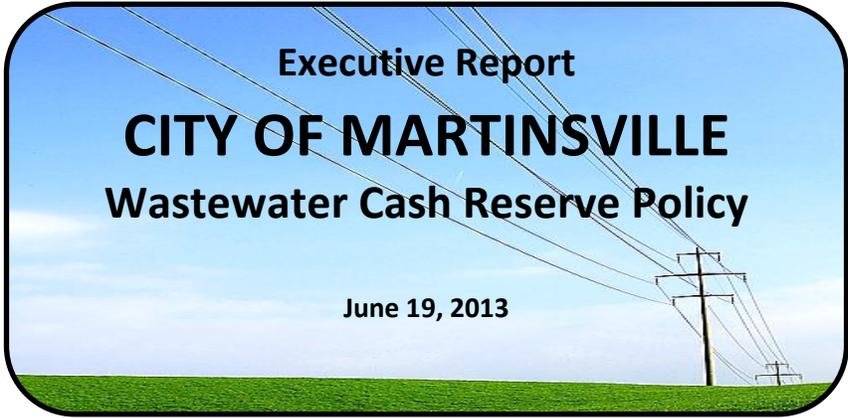
Based on the 2013 Budget expenditures, the proposed 2013 recommended minimum cash reserve is \$1.2 million calculated below:

Recommended MINIMUM Reserves	Percent Allocated	Projected 2013
Operation & Maintenance Less Depreciation Expense	12.3%	\$ 366,005
Historical Rate Base	3.0%	462,880
Current Portion of Debt Service	100.0%	4,575
Five Year Capital Plan - Net of bond proceeds	20.0%	385,400
<b>Recommended MINIMUM Reserves</b>		<b>\$ 1,218,859</b> *

\*For simplification, the above calculation can be estimated by taking the total O&M budget and using a 138 day working capital lag.

It is important to emphasize this is a recommended minimum cash reserve. Actual cash reserves may vary substantially above the minimum and is dependent on the life cycle of assets, future capital plan, rate setting polices, and debt policies.

The cash reserve calculation should be updated annually as part of the budget process. The discussion with the City Council should include a visual description of the past trends, current position and future projections.



**Executive Report**  
**CITY OF MARTINSVILLE**  
**Wastewater Cash Reserve Policy**  
  
June 19, 2013



**UFS**  
Utility Financial Solutions, LLC

**Specializing in Cost of Service,  
Rate Design, and Financial Analysis**

Rate Design and Financial Analysis  
Specializing in Cost of Service



June 19, 2013

Mr. Dennis Bowles  
Utilities Director  
City of Martinsville, VA

Dear Mr. Bowles,

We are pleased to present this executive summary report on development of a wastewater minimum cash reserve policy for the City of Martinsville, VA.

To help ensure financial stability, timely completion of capital improvements and enable the utility to meet requirements for large unexpected expenditures, a minimum cash reserve policy should be established. Minimum cash reserves attempts to quantify the minimum amount of cash the utility should keep in reserve, the actual cash reserves may vary substantially above the minimum and is dependent several risk factors for the utility.

The specific purposes of this study are:

- 1) Identify the major risk categories for the Wastewater Utility
- 2) Establish a risk factor for each exposure
- 3) Determine and recommend a minimum recommended cash reserve

This report includes the results and calculations of the analysis and recommended formula for a minimum reserve policy.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Beauchamp", is written over a horizontal line.

Utility Financial Solutions, LLC  
Mark Beauchamp  
CPA, MBA, CMA



	<b>Page</b>
<b>1 Introduction.....</b>	<b>1</b>
<b>2 Methodology Allocation.....</b>	<b>2-5</b>
<b>3 Minimum Cash Reserve Calculation.....</b>	<b>6</b>



## City of Martinsville Wastewater Cash Policy

### Introduction

Cash reserve policies and guidelines are often established by utilities to maintain appropriate cash reserves to help ensure:

1. Cash exists for timely payment of bills
2. The short-term and long-term financial health of the Utility
3. Stable rates for customers
4. Cash exists to fund unanticipated cost contingencies
5. The amount and timing of future bond issues are identified
6. A significant factor is being met for bond rating agencies

In recent years the compounded impacts of cost increases, a sluggish economy, and rising capital improvement costs have posed challenges to maintaining stable rates and cash reserves. It is important for utilities to maintain the financial flexibility to smooth rate increases and stagger rate adjustments for customers of the utility.

Minimum cash reserve guidelines proposed in this report should be set to allow reserves to fluctuate above the minimum guidelines. The decision to hold more money than the established minimum cash guidelines should be based on the assessments of uncertainties and other financial policies such as:

- The financial risk facing the utilities
- Rate setting policies
- Variability in production costs
- Debt policies
- Future capital improvements needed by utility
- Connection Fees

The adequacy of the guidelines may be reviewed internally each year, and if appropriate, revised guidelines may be recommended.



# City of Martinsville Wastewater Cash Policy

## Methodology

Minimum cash reserves attempts to quantify the minimum amount of cash the utility should keep in reserve, the actual cash reserves may vary substantially above the minimum and is dependent several risk factors discussed below.

The methodology used in this report is based on certain assumptions related to percent of operation and maintenance, production costs, historical investment in assets, debt service and the five-year capital plan. The establishment of minimum cash reserves should consider a number factors including:

## Operations and Maintenance Risk

**Working Capital Lag** - Timing differences exist between when expenses are incurred and revenues received from customers. Establishing a minimum cash reserve helps ensure cash exists to pay expenses in a timely manner.

- **The cash reserve policy will include 12.3% of annual operating expenses excluding depreciation expense and wastewater production costs.**
  - **12.3% was derived by assuming a 45 day lag between billing and payment receipt from customers. (45 days/365 days).**

2013 Budget Expenses	\$	4,197,258
Depreciation in Budget		<u>550,000</u>
Net Expenses	\$	3,647,258
45 Day Working Capital Lag		<u>12.3%</u>
O&M Risk	\$	<u>448,613</u>



# City of Martinsville Wastewater Cash Policy

## Historical Investment Risk

**Investment in assets** – Catastrophic events may occur that require substantial investments to replace damaged assets. Some examples of catastrophic events include ice storms, earthquakes, wind storms, floods, or tornadoes. Many of these catastrophic events may allow the utility to recover the cost of damages from FEMA; however FEMA reimbursements can take between 6 months to 2 years to recover. The utility should ensure adequate cash reserves exist to replace the assets in a timely fashion and to arrange short term financing options. The minimum reserve levels are often combined with emergency funding from banks or bonding agencies. The percent to the minimum cash reserves are dependent on the age of the assets in service and the level of risk of catastrophic type events.

- **The cash reserve policy will include 3% of the historical investment in assets as recorded in the financial statements.**
  - **The typical range for set aside under this category is 1 – 3%. The following table represents determination of the risk factor:**

<b>Risk Table</b>		
Depreciation Percent	0 - 49%	1.0%
Depreciation Percent	50 - 55%	2.0%
Depreciation Percent	Over 55%	3.0%

- **Martinsville is depreciated at 83.8% as calculated below:**

Historical Investment	\$	19,607,093
Accum Depreciation		16,423,193
Percent Depreciated		83.8%

Risk Associated with historical Assets		3.0%
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Historical Investment Risk	\$	588,213
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# City of Martinsville Wastewater Cash Policy

## Debt Service Risk

**Annual debt service** – Some debt service payments do not occur evenly throughout the year and often occur every six months. The utility has to ensure adequate cash reserves exist to fund the debt service payment when the payment is due.

- **The cash reserve policy will include 100% of the current portion of debt service.**

Payment Date	Principal	Interest	Total
	\$ 148,582	\$ 452	\$ 149,034
<b>Total</b>			<b>\$ 149,034</b>

Highest Payment Risk	100.0%
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## Five-Year Capital Plan Risk

**Capital improvement program** – Some capital improvements are funded through bond issuances and some through cash reserves. The establishment of a minimum cash reserve level helps to ensure timely replacement or construction of assets.

- **The cash reserve policy will include 20% of the five year capital improvement program less any improvements funded through the issuance of bonds.**

	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Total
Total Capital Plan	\$ 346,389	\$ 565,000	\$ 543,000	\$ 150,000	\$ 290,000	<b>\$1,894,389</b>
Bond Proceeds						-
<b>Net</b>	<b>\$ 346,389</b>	<b>\$ 565,000</b>	<b>\$ 543,000</b>	<b>\$ 150,000</b>	<b>\$ 290,000</b>	<b>\$1,894,389</b>
						20.0%
<b>Capital Plan Risk</b>						<b>\$ 378,878</b>



# City of Martinsville Wastewater Cash Policy

## Minimum Cash Reserve Calculation

The minimum cash reserve calculation considers the risk “in total” and not each individual category. For example; catastrophic events can occur and the amount may far exceed the amount set aside under “Historical investment in assets”.

If certain events occur that results in cash reserves falling below the minimum cash reserve levels, the City Council should take action to restore cash reserves to the minimum levels over the subsequent three years. These actions may include a number of options:

1. Rate Adjustments
2. Cost reductions
3. Issuance of bonds to fund capital improvement programs
4. Modification of the assumptions used to determine the cash reserve levels

## Minimum Cash Reserve Calculation

Based on the 2013 Budget expenditures, the proposed 2013 recommended minimum cash reserve is \$1.56 million as calculated below:

Recommended MINIMUM Reserves	Percent Allocated	Projected 2013
Operation & Maintenance Less Depreciation Expense	12.3%	\$ 448,613
Historical Rate Base	3.0%	588,213
Current Portion of Debt Service	100.0%	149,034
Five Year Capital Plan - Net of Bond Proceeds	20.0%	378,878
<b>Recommended MINIMUM Reserves</b>		<b>\$ 1,564,737</b>

\*For simplification, the above calculation can be estimated by taking the total O&M budget and using a 136 day working capital lag.

It is important to emphasize this is a recommended minimum cash reserve. Actual cash reserves may vary substantially above the minimum and is dependent on the life cycle of assets, future capital plan, rate setting polices, and debt policies.

The cash reserve calculation should be updated annually as part of the budget process. The discussion with the City Council should include a visual description of the past trends, current position and future projections.



## City Council Agenda Summary

**Meeting Date:** November 12, 2013  
**Item No:** 7-A  
**Department:** Finance  
**Issue:** Consider approval of consent agenda re-appropriations.

**Summary:**

The attachment amends the FY14 Budget with re-appropriation of FY13 funds remaining due to incomplete projects, various grant funding, and prior commitments in the following amounts by fund:

General Fund: \$651,978  
Meals Tax Fund: \$1,736,047  
Water Fund: \$52,062  
Electric Fund: \$60,850  
Capital Reserve Fund: \$606,256  
Housing Choice Fund: \$12,000  
School Funds: \$82,128

Total All Funds: \$3,217,179

**Attachments:** Spreadsheet

**Recommendations:** Motion to approve

**RE-APPROPRIATIONS FY13 TO FY14**

<b>ORG CODE</b>	<b>OBJECT</b>	<b>DEPARTMENT</b>	<b>ACCOUNT DESCRIPTION</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>GENERAL FUND</b>					
01103938	462101		Contribution From Fund Balance		\$ 651,978
01121010	501100	City Manager's Office	Full time S&W/SS/Medicare	\$ 70,967	
01122022	502815	Employment Services/Devel	Wellness Program	\$ 7,159	
01217078	506047	Sheriff - Courts	Project Life Saver	\$ 7,998	
01221082	506105	Commonwealth's Attorney	State - Confiscated Assets	\$ 5,939	
01221082	506118	Commonwealth's Attorney	Local - Confiscated Assets	\$ 57	
01311085	501206	Police	Overtime - DMV Grant	\$ 21,571	
01311085	501214	Police	Overtime - Occupant Protection Grant	\$ 4,215	
01311085	506078	Police	State - Confiscated Assets	\$ 1,439	
01311085	506079	Police	Federal - Confiscated Assets	\$ 3,720	
01311085	506118	Police	Local - Confiscated Assets	\$ 925	
01311085	508165	Police	Construction - Animal Shelter	\$ 5,353	
01311085	506061	Police	Ammunition	\$ 2,029	
01311085	506062	Police	Firearms	\$ 7,931	
01321102	506110	Fire	Fire Programs	\$ 38,777	
01322105	506114	EMS	Four for Life	\$ 20,402	
01341135	506300	Inspections	Demolition	\$ 58,282	
01331108	503400	Sheriff - Corrections	Prof. Serv. - Security System	\$ 6,241	
01331108	505540	Sheriff - Corrections	Training	\$ 6,350	
01331108	508216	Sheriff - Corrections	COPS Technology Grants Program	\$ 18,872	
01413146	503191	Street Marking	Prof Serv - Contractors	\$ 302,729	
01812245	503833	Uptown Master Plan Phase I	Prof Serv - North Lawn Planning	\$ 5,125	
01812245	506830	Uptown Master Plan Phase I	Supplies - Comfort Station	\$ 9,325	
01812245	506833	Uptown Master Plan Phase I	Supplies - North Lawn	\$ 41,192	
01816244	505666	Contributions-Outside Agencies	Regional Social Services Board	\$ 5,380	
<b>MEALS TAX FUND</b>					
02103938	462101		Contribution from Fund Balance		\$ 1,736,047
02160270	508260	Meals Tax Adm	Maint/Improvement - High School	\$ 1,736,047	
<b>MINET/FIBER OPTIC FUND</b>					
11103938	462101		Contribution from Fund Balance		\$ 15,858
11315308	508013	Physical Plant Expansion	Minet Expenses	\$ 15,858	
<b>WATER FUND</b>					
12103938	462101		Contribution From Fund Balance		\$ 52,062
12543313	508220	Water Maintenance	Physical Plant Expansion	\$ 52,062	
<b>ELECTRIC FUND</b>					
14103938	462101		Contribution From Fund Balance		\$ 60,850
14565340	506900	Electric General Expense	Disaster Recovery	\$ 60,850	
<b>CAPITAL RESERVE FUND</b>					
16103938	462101		Contribution From Fund Balance		\$ 606,256
16575365	508075	Vehicles	Police Dept	\$ 21,519	
16575365	508080	Vehicles	Fire Dept	\$ 456,436	
16576366	508055	ADP Equipment	Information Services	\$ 18,306	
16577367	508670	Physical Plant Expansion	Garage/Warehouse Complex	\$ 5,179	
16577367	508140	Physical Plant Expansion	City Hall	\$ 104,816	
<b>HOUSING CHOICE FUND</b>					
49103938	462101		Contribution From Fund Balance		\$ 12,000
49535280	501300	HAP Administration	Part-time & Temporary Wages	\$ 12,000	
<b>TOTAL CITY FUNDS:</b>					<b>\$ 3,135,051</b>

<b>SCHOOL FUNDS</b>					
18103938	462101		Contribution From Fund Balance		\$ 82,128
81621310	563142	HARVEST - ELEMENTARY	Professional Development	\$ 7,085	
81621310	568200	HARVEST - ELEMENTARY	Capital Outlay Additions	\$ 10,000	
81631310	563142	HARVEST - SECONDARY	Professional Development	\$ 4,723	
82021310	563000	DMAS - SUPPORT STAFF	Purchased Services	\$ 36,192	
82031310	563000	DMAS - SUPPORT STAFF	Purchased Services	\$ 24,128	
<b>TOTAL SCHOOL FUNDS:</b>					<b>\$ 82,128</b>
<b>TOTAL RE-APPROPRIATIONS FROM FY13 TO FY14:</b>					<b>\$ 3,217,179</b>



## City Council Agenda Summary

**Meeting Date:** Nov. 12, 2013  
**Item No:** 7-B  
**Department:** Finance  
**Issue:** Consider approval of consent agenda.

**Summary:**

The attachments amend the FY14 Budget with appropriations in the following funds:

**FY14:**

General Fund: \$193,818 – Grants, Donations, Reimbursements, & Asset Forfeiture Proceeds

School Federal Grants Fund: \$1,884,659 – Federal Funds

School Fund: \$54,180 – Federal Funds

**Attachments:** Spreadsheet

**Recommendations:** Motion to approve

**Meeting Date:** November 12, 2013  
**Item No:** 5.  
**Department:** Finance  
**Issue:** Consider approval of Financial Report

**Summary:**

**FY13 – Year End Revenues & Expenditures; Combined Balance Sheet;  
Projected Fund Balance**

With the final audit review about 99% complete, FY13 is all but officially closed. The attached reports reflect these figures, which are not expected to change.

Exclusive of School and Special Revenue funds, actual revenues were \$58,965,447, representing 98.3% of the receipts anticipated of \$59,957,500. Included in those receipts, Local Sales/Use Taxes received from the Commonwealth were \$1,886,892.41, which was 99.4% of what was anticipated during the FY14 budget process. Utility Fund revenue receipts averaged 97.5% of anticipated amounts for the year.

At year's end, actual expenditures were \$64,390,585, representing 93.3% of amounts anticipated during the FY14 budget process. This occurred due in part to lower fuel costs and incomplete projects. These projects should be completed with re-appropriated funds as proposed this evening.

At the end of FY13 total combined fund balance is \$21,126,274 a decrease from FY12 of \$5,646,236. The unassigned Fund Balance is \$3,939,301 for non-utility funds and \$10,467,030 for utility funds, for a total of \$14,406,331. Adjusted for proposed re-appropriations not already designated as non-spendable, restricted, committed or assigned, unassigned non-utility funds are \$3,049,036, and utility funds are \$10,354,118.

All City funds in the Central Depository Account at June 30<sup>th</sup> were \$15,989,344.26.

**Attachment:** Combined Balance Sheet FY13  
Revenues & Expenditures FY13  
Projected Fund Balance FY13

**Recommendations:** Motion to approve financial report

**City of Martinsville**  
**Combined Balance Sheet**  
**06/30/2013**  
**FY2013**

As prepared for 11/12/13 meeting

FUND	TOTAL ASSETS*	LIABILITIES &RESERVES	CURRENT FUND BAL & NET POSITION	JUNE 30, 2012 FUND BAL & NET POSITION	DIFFERENCE FROM FY12
GENERAL FUND	\$ 11,920,978	\$ (4,691,790)	\$ 7,229,188	\$ 7,374,295	\$ (145,107)
MEALS TAX	\$ 3,011,855	\$ (775,066)	\$ 2,236,789	\$ 9,519,913	\$ (7,283,124)
SCHOOL CAFETERIA	\$ 980,901	\$ (47,373)	\$ 933,528	\$ 860,250	\$ 73,278
REFUSE COLLECTION FUND	\$ 9,174,700	\$ (6,879,326)	\$ 2,295,374	\$ 2,163,379	\$ 131,995
WATER FUND	\$ 5,444,941	\$ (4,696,114)	\$ 748,827	\$ 496,654	\$ 252,173
SEWER FUND	\$ 4,665,747	\$ (3,511,757)	\$ 1,153,990	\$ 813,954	\$ 340,036
ELECTRIC FUND	\$ 15,457,257	\$ (9,188,418)	\$ 6,268,839	\$ 4,584,420	\$ 1,684,419
CAPITAL RESERVE FUND	\$ 891,952	\$ (57,854)	\$ 834,098	\$ 1,239,637	\$ (405,539)
SCHOOL FUND	\$ 1,557,756	\$ (1,557,755)	\$ 0	\$ -	\$ 0
SCHOOL FEDERAL PROGRAMS	\$ 177,237	\$ (170,523)	\$ 6,714	\$ 23,061	\$ (16,347)
CDBG FUND	\$ (460,622)	\$ (132,257)	\$ (592,879)	\$ (583,104)	\$ (9,775)
HOUSING CHOICE	\$ 16,105	\$ (4,296)	\$ 11,809	\$ 280,062	\$ (268,253)

<b>TOTAL</b>	<b>\$ 52,838,806</b>	<b>\$ (31,712,529)</b>	<b>\$ 21,126,277</b>	<b>\$ 26,772,521</b>	<b>\$ (5,646,244)</b>
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Re-appropriations (approved 10/9/12)

\$ (11,247,457)

Adjusted Total:

\$ 15,525,064

\*Re-appropriations for FY12 include \$768,824 for Capital Fund Energy Efficiency Project and \$8,731,416 for Meals Tax Fund H.S. Renovation Project, leaving \$1,747,217 for other projects.

**RESERVED FUNDS**

INSURANCE TRUST FUND	\$ 340,524	\$ -	\$ 340,524	\$ 467,908	\$ (127,384)
INMATE TRUST FUND	\$ 82,723	\$ (126)	\$ 82,597	\$ 97,340	\$ (14,743)

**Fiduciary Agency Funds:**

05-SVRFA	\$ 99,533	\$ (14,086)	\$ 85,447	\$ 81,101	\$ 4,347
06-Dan River ASAP	\$ 235,668	\$ (85)	\$ 235,584	\$ 181,391	\$ 54,193
08-WPBDC	\$ 102,039	\$ (10,754)	\$ 91,285	\$ 109,583	\$ (18,298)
15-PRCJTA	\$ 516,521	\$ (9,546)	\$ 506,975	\$ 502,642	\$ 4,332
30-BRRL	\$ 242,456	\$ (35,086)	\$ 207,370	\$ 154,160	\$ 53,210
<b>TOTALS:</b>	<b>\$ 1,196,217</b>	<b>\$ (69,556)</b>	<b>\$ 1,126,661</b>	<b>\$ 1,028,876</b>	<b>\$ 97,785</b>

**City of Martinsville**  
**Consolidated Revenues and Expenditures**  
**FY13 - June 30, 2013**

(prepared for 11/12/13 meeting)

	<i>Budget</i>	<i>Anticipated</i>	<i>Actual YTD</i>	<i>Remaining Balance</i>	<i>Difference Ant vs. Actual</i>
<b>General Fund</b>					
Revenues	\$ 30,836,672	\$ 30,633,859	\$ 30,287,155	\$ 549,517	98.9%
Expenditures	<u>32,714,041</u>	<u>31,026,419</u>	<u>30,432,251</u>	2,281,790	98.1%
Excess (deficiency) of revenues over expenditures	\$ <u>(1,877,369)</u>	\$ <u>(392,560)</u>	\$ <u>(145,097)</u>		
	(Fund Bal contrib)				

	<i>Budget</i>	<i>Anticipated</i>	<i>Actual YTD</i>	<i>Remaining Balance</i>	<i>Difference Ant vs. Actual</i>
<b>Capital Funds</b>					
<b>Meals Tax</b>					
Revenues	\$ 1,893,250	\$ 1,905,950	\$ 1,947,906	\$ (54,656)	102.2%
Expenditures	<u>10,624,666</u>	<u>10,624,666</u>	<u>9,231,031</u>	1,393,635	86.9%
Excess (deficiency) of revenues over expenditures	\$ <u>(8,731,416)</u>	\$ <u>(8,718,716)</u>	\$ <u>(7,283,124)</u>		
<b>Capital Reserve</b>					
Revenues	\$ 1,077,795	\$ 1,025,188	\$ 1,086,102	\$ (8,307)	105.9%
Expenditures	<u>2,260,100</u>	<u>2,236,817</u>	<u>1,491,642</u>	768,458	66.7%
Excess (deficiency) of revenues over expenditures	\$ <u>(1,182,305)</u>	\$ <u>(1,211,629)</u>	\$ <u>(405,540)</u>		
<b>TOTAL CAPITAL FUNDS:</b>	\$ (9,913,721)	\$ (9,930,345)	\$ (7,688,664)		
	(Fund Bal contrib)				

	<i>Budget</i>	<i>Anticipated</i>	<i>Actual YTD</i>	<i>Remaining Balance</i>	<i>Difference Ant vs. Actual</i>
<b>Refuse Fund</b>					
Revenues	\$ 1,814,000	\$ 1,780,123	\$ 1,739,297	\$ 74,703	97.7%
Expenditures	<u>1,970,383</u>	<u>1,850,195</u>	<u>1,607,302</u>	363,081	86.9%
Excess (deficiency) of revenues over expenditures	\$ <u>(156,383)</u>	\$ <u>(70,072)</u>	\$ <u>131,995</u>		
<b>Water Fund</b>					
Revenues	\$ 3,104,198	\$ 3,305,786	\$ 3,223,717	\$ (119,519)	97.5%
Expenditures	<u>3,462,198</u>	<u>2,935,296</u>	<u>2,971,544</u>	490,654	101.2%
Excess (deficiency) of revenues over expenditures	\$ <u>(358,000)</u>	\$ <u>370,490</u>	\$ <u>252,173</u>		
<b>Sewer Fund</b>					
Revenues	\$ 3,760,612	\$ 4,034,212	\$ 3,943,304	\$ (182,692)	97.7%
Expenditures	<u>4,310,612</u>	<u>3,908,248</u>	<u>3,603,268</u>	707,344	92.2%
Excess (deficiency) of revenues over expenditures	\$ <u>(550,000)</u>	\$ <u>125,964</u>	\$ <u>340,036</u>		
<b>Electric Fund</b>					
Revenues	\$ 17,571,805	\$ 17,272,382	\$ 16,737,966	\$ 833,839	96.9%
Expenditures	<u>18,427,138</u>	<u>16,410,048</u>	<u>15,053,547</u>	3,373,591	91.7%
Excess (deficiency) of revenues over expenditures	\$ <u>(855,333)</u>	\$ <u>862,334</u>	\$ <u>1,684,419</u>		
<b>TOTAL UTILITY FUNDS:</b>	\$ (1,919,716)	\$ 1,288,716	\$ 2,408,623		
	(Fund Bal contrib)				

**Consolidated Revenues and Expenditures**

**FY13 - June 30, 2013**

	<i>Budget</i>		<i>Actual YTD</i>	<i>Remaining Balance</i>	<i>Difference Budg vs. Actual</i>
<b>Cafeteria</b>					
Revenues	\$	1,312,838	\$	\$	118.1%
Expenditures		<u>1,357,598</u>	<u>1,476,827</u>	(119,229)	108.8%
Excess (deficiency) of revenues over expenditures	\$	<u>(44,760)</u>	\$	<u>73,278</u>	
<b>Schools</b>					
Revenues	\$	20,520,258	\$	\$	98.8%
Expenditures		<u>20,628,556</u>	<u>20,283,524</u>	345,032	98.3%
Excess (deficiency) of revenues over expenditures	\$	<u>(108,298)</u>	\$	<u>(0)</u>	
<b>Federal Programs</b>					
Revenues	\$	2,150,421	\$	\$	108.7%
Expenditures		<u>2,150,421</u>	<u>2,353,851</u>	(203,430)	109.5%
Excess (deficiency) of revenues over expenditures	\$	<u>-</u>	\$	<u>(16,347)</u>	
<b>TOTAL SCHOOL FUNDS:</b>	\$	<u>(153,058)</u>	\$	\$	
		<i>(fund bal contrib)</i>		56,931	
<b>Special Revenue Funds</b>					
<b>CDBG Fund</b>					
Revenues	\$	55,855	\$	\$	(172,343)
Expenditures		<u>212,907</u>	<u>237,973</u>	(25,066)	
Excess (deficiency) of revenues over expenditures	\$	<u>(157,052)</u>	\$	<u>(9,775)</u>	
<b>Housing Choice Fund</b>					
Revenues	\$	1,973,200	\$	\$	327,113
Expenditures		<u>2,251,903</u>	<u>1,914,339</u>	337,564	
Excess (deficiency) of revenues over expenditures	\$	<u>(278,703)</u>	\$	<u>(268,252)</u>	
<b>TOTAL SPECIAL REVENUE FUNDS:</b>	\$	<u>(435,755)</u>	\$	<u>(278,027)</u>	
<b>GRAND TOTALS:</b>					
<i>(excluding Schools &amp; Special Revenues)</i>					
<b>Revenues:</b>	\$	<b>60,058,332</b>	\$	\$	<b>98.3%</b>
<b>Expenditures</b>		<u><b>73,769,138</b></u>	<u><b>68,991,689</b></u>	<b>9,378,553</b>	<b>93.3%</b>
<b>Excess (deficiency) of revenues over expenditures</b>	\$	<u><b>(13,710,806)</b></u>	\$	<u><b>(5,425,137)</b></u>	
<b>Local Sales/Use Taxes</b>	\$	<b>1,900,000</b>	\$	\$	<b>99.4%</b>
		<b>1,898,000</b>	\$	<b>1,886,892</b>	<b>13,108</b>

The Budgeted Revenue amounts do not include any contributions from Fund Balance.

**CITY OF MARTINSVILLE**  
**PROJECTED FUND BALANCE 06/30/2013**

(11/12/13)

	<u>Audited Fund</u> <u>Balance</u> <u>06/30/12</u>	<u>Actual</u> <u>Revenues</u> <u>FY13</u>	<u>Actual</u> <u>Expenditures</u> <u>FY13</u>	<u>Transfers</u> <u>In/(Out) &amp;</u> <u>Debt Issuance</u>	<u>Projected</u> <u>Fund</u> <u>Balance</u> <u>06/30/13</u>	<u>Net</u> <u>(Decrease)</u> <u>Increase</u>
<b>GENERAL</b>	<b>7,374,285</b>	<b>27,752,840</b>	<b>30,432,254</b>	<b>2,534,316</b>	<b>7,229,187</b>	<b>(145,098)</b>
MEALS TAX	9,519,913	1,947,906	8,911,858	(319,173)	2,236,788	(7,283,125)
CAPITAL RESERVE	1,239,637	97,554	1,491,643	988,548	834,096	(405,541)
<b>TOTAL CAPITAL FUNDS</b>	<b>10,759,550</b>	<b>2,045,460</b>	<b>10,403,501</b>	<b>669,375</b>	<b>3,070,884</b>	<b>(7,688,666)</b>
REFUSE	2,163,379	1,599,297	1,607,302	140,000	2,295,374	131,995
WATER	496,654	3,223,717	1,869,598	(1,101,946)	748,827	252,173
SEWER	813,954	3,943,304	2,745,289	(857,979)	1,153,990	340,036
ELECTRIC	4,584,420	16,737,966	14,129,781	(923,766)	6,268,839	1,684,419
<b>TOTAL UTILITY FUNDS</b> (net position)	<b>8,058,407</b>	<b>25,504,284</b>	<b>20,351,970</b>	<b>(2,743,691)</b>	<b>10,467,030</b>	<b>2,408,623</b>
CAFETERIA	860,250	1,550,105	1,476,828		933,527	73,277
SCHOOLS	0	20,283,524	20,283,524		0	0
SCHOOL GRANTS	23,061	2,337,505	2,353,851		6,715	(16,346)
<b>TOTAL SCHOOL FUNDS</b>	<b>883,311</b>	<b>24,171,134</b>	<b>24,114,203</b>		<b>940,242</b>	<b>56,931</b>
CDBG	(583,105)	228,199	237,973		(592,879)	(9,774)
HOUSING CHOICE	280,062	1,646,087	1,914,339		11,810	(268,252)
<b>TOTAL SP REV FUNDS</b>	<b>(303,043)</b>	<b>1,874,286</b>	<b>2,152,312</b>		<b>(581,069)</b>	<b>(278,026)</b>
<b>TOTAL ALL FUNDS</b>	<b>26,772,510</b>	<b>81,348,004</b>	<b>87,454,240</b>	<b>460,000</b>	<b>21,126,274</b>	<b>(5,646,236)</b>

## Fund Balance Summary:

	Total Funds:	Total by Category:
Non-spendable:		1,322,747
Inventory	838,216	
Prepaid Items - Gen Fund	6,576	
Prepaid Items - Cap Reserve Fund	477,955	
Restricted:		2,274,054
Capital Proj - Meals Tax Fund	2,211,940	
Capital Reserve Fund Project	62,114	
Committed to:		2,650,167
CCBC	1,666,700	
PART	31,415	
Housing Choice	11,810	
Cafeteria Fund	933,527	
School Grants Fund	6,715	
Assigned to:		472,975
Thoroughfare Constr	154,099	
Capital Reserve Fund	294,028	
Meals Tax Fund	24,848	
Unassigned:		14,406,331
Non-utility Funds:	3,939,301	
Utility Funds (net position):	10,467,030	
<b>Totals:</b>	<b>21,126,274</b>	<b>21,126,274</b>
Projected Re-approp not listed above:	(1,003,177)	(1,003,177)
Adjusted unassigned:		13,403,154
Non-utility Funds:	3,049,036	
Utility Funds (net position):	10,354,118	

**BUDGET ADDITIONS FOR 11/12/13**

<b>ORG</b>	<b>OBJECT</b>	<b>DESCRIPTION</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b><u>FY14</u></b>				
<b><u>General Fund:</u></b>				
01101918	443403	State Grants - Local Emer Mngmt Program Grant		7,500
01334122	506131	Safety - LEMP Grant Supplies	7,500	
		Local Emergency Management Program Grant		
01100908	480420	Misc. Revenue - Donations-Sr. Citizens		100
01714212	506016	Senior Citizens - Program Supplies	100	
		Donation for Holiday Tea Program		
01100909	490801	Recovered Costs - Senior Citizens		3,023
01714212	501300	Senior Citizens - Part-time Wages	1,944	
01714212	502100	Senior Citizens - Social Security	120	
01714212	502110	Senior Citizens - Medicare	28	
01714212	506049	Senior Citizens - Vehicle Fuels	931	
		Transportation Grant - July through September		
01101918	443312	State Grants - JAG/LLEGB Funds		4,360
01311085	506082	Police Dept - Byrne/JAG Grant Expenses	4,360	
		Grant funds		
01101917	442810	Categorical Other - State - Highway Projects		155,206
01413151	508220	Thorofare Construction - Physical Plant Expansion	155,206	
		Reimbursement-Liberty St Project		
01101918	443156	State Grants - VDEQ - Environmental Assessments		15,300
01812242	503143	Miscellaneous Expense - Environmental Evaluations	15,300	
		Brownfield Restoration - VBAF-12		
01100909	490104	Advance/Recovered Costs		7,792
01812245	506833	Uptown Master Plan - Supplies-North Lawn	7,792	
		Reinvestment of gateway refund		
1101917	442402	Categorical Other State - Confiscated Assets - C Atty		138
1221082	506105	Comm Atty - Conf Assets State	138	
1101917	442401	Categorical Other State - Confiscated Assets - Police		399
1311085	506078	Police Dept - Conf Assets State	399	
		Asset Forfeiture Proceeds		
<b>Total General Fund:</b>			<b>193,818</b>	<b>193,818</b>

**School Federal Grants Fund:**

20102926	401038	Title I		1,047,796
86011100	561120	Instructional S&W	316,776	
86011100	561151	Instructional S&W Aides	180,900	
86011100	562100	Social Security	38,072	
86011100	562210	Retirement	63,553	
86011100	562300	Insurance	67,402	
86011100	562400	Life Insurance	5,922	
86011100	562520	Disability	592	

86011100	563000 Purchased Services	147,010	
86011100	565503 Travel	50,000	
86011100	566013 Materials & Supplies	141,384	
86012160	561120 Admin S &W	27,234	
86012160	562100 Social Security	2,083	
86012160	562210 Retirement	3,478	
86012160	562300 Insurance	3,044	
86012160	562400 Life Insurance	324	
86012160	562520 Disability	21	
20102926	436738 Title IIA		120,654
86111100	561120 Instructional S & W	43,599	
86111100	562100 Social Security	3,335	
86111100	562210 Retirement	5,568	
86111100	562400 Life Insurance	519	
86111100	563000 Purchased Services	62,560	
86111100	562300 Health Insurance	5,074	
20102926	436583 Title III		10,349
86311100	563000 Purchased Services	800	
86311100	565503 Travel	1,298	
86311100	566013 Materials & Supplies	8,251	
20102926	435838 Title VI Rural Ed		40,027
86411310	561120 Instructional S & W	20,000	
86411310	562150 Social Security	1,586	
86411310	563000 Purchased Services	18,441	
20102926	417338 Title VIB IDEA Pre School		5,702
86611100	561120 Instructional S&W	5,000	
86611100	562100 Social Security	310	
86611100	562150 Medicare	73	
86611100	566013 Materials & Supplies	319	
20102926	402738 Title VIB Flow Through		500,131
86511100	561120 Instructional S&W	147,307	
86511100	561151 Instructional S&W Aides	209,176	
86511100	562100 Social Security	22,102	
86511100	562150 Medicare	5,169	
86511100	562210 Retirement	41,566	
86511100	562300 Insurance	40,592	
86511100	562400 Life Insurance	4,242	
86511100	562520 Disability	452	
86511100	562750 retirement Credit	3,957	
86511100	563140 Purchased Services	19,000	
86511100	565503 Travel	1,000	
86511100	566013 Materials & Supplies	5,568	

20102926	428738 21st Century Community Learning		160,000
86901100	563000 Purchased Services	130,880	
86901100	565503 Travel	10,580	
86901100	565240 Communications	1,200	
86901100	566000 Supplies	17,340	

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<b>Total School Federal Grants Fund:</b>		<b>1,884,659</b>	<b>1,884,659</b>
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**School Fund:**

18102926	404838 Perkins Voc Ed		54,180
73101100	563000 Purchased Services	1,000	
73101100	565503 Travel	11,000	
73101100	566000 Materials	42,180	

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<b>Total School Fund:</b>		<b>54,180</b>	<b>54,180</b>
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## City Council Agenda Summary

**Date:** November 12, 2013

**Item No:** 8.

**Department:** City Attorney

**Issue:** Discussion of 2014 legislative agenda

**Summary:** The City annually determines its legislative priorities. Attached is 2013's legislative agenda.

Prefiling for specific legislation is December 6, 2013. Most mandates (funded and unfunded) are addressed through modification of the state budget, may not require individual bills, and could be addressed during the General Assembly session.

**Attachments:** 2013 Legislative Agenda

**Recommendations:** Discussion, possible amendment and approval.



The City of Martinsville appreciates the efforts its legislators undertake at both the state and federal level on behalf of its citizens. Listed below are the City's priorities requested of its legislative delegation in 2013.

### *Virginia General Assembly*

#### **Transportation**

1. In the short term, upgrade those portions of Route 220 overlaying I-73 to interstate standards. Any construction or upgrades to the I-73 corridor should begin on those sections passing through Henry County.
2. Continue to place priority on Route 58 improvements, particularly the section between Stuart and Hillsville, Virginia.
3. Endorse the rapid development of the Trans-Dominion Express, with particular emphasis on extension of passenger rail service to Roanoke.
4. Encourage the enactment of a long-term capital funding formula for the future transportation needs of the Commonwealth.

#### **Education**

1. City Council endorses the agenda proposed by the Martinsville City School System and also endorses the educational priorities adopted by Henry County, on behalf of its school system.
2. Oppose the imposition of unaided education mandates and in the event of revenue cuts by the Commonwealth opposes targeted cuts by the Commonwealth, instead preferring local decision making authority on where to make any such cuts.
3. Recognizing its potential to promote economic development within our community and region, continue support for the development and funding of the New College Institute; urge that any funding reductions to New College Institute, if considered, be minimized to the greatest extent possible; and support the affiliation of The New College Institute as a branch of a four-year public university.

#### **Economic Development**

1. Urge the General Assembly to maintain the current moratorium on uranium mining; engaging in uranium mining would result in highly damaging effects on all other economic development efforts in the region, excluding the jobs created by a mine itself.
2. Maintain current levels of funding for economic development incentives, including but not limited to the Governor's Opportunity Fund.
3. Enhance the authority granted to localities to address and eliminate blighted properties, and the formation of interstate compacts to allow expedited recourse against out-of-state property owners.
4. Continue current funding levels of the Virginia Museum of Natural History.
5. Support the development of a multiuse trail traversing Southern Virginia from the Blue Ridge Parkway to the Chesapeake Bay in order to stimulate economic growth and promote regional tourism.
6. Include Mayo River State Park on the Commonwealth's list for future capital funding, as a benefit to the entire southern Virginia region.
7. Request enhanced state and federal financial assistance for localities which exceed the average state unemployment rate by 300% or more.
8. Urge the issuance of necessary permits from the Environmental Protection Agency and Army Corps of Engineers for development of the Commonwealth Crossing Site.
9. Support continued tourism awareness initiatives in the Martinsville-Henry County region.

## **Governance**

1. Request the appointment of a joint gubernatorial/legislative commission to examine the structure of local government in Virginia, the commission's mandate to include:
  - a. Examination of local government in the other 49 states for potential adaptation to Virginia.
  - b. Enable cities to expand their revenue base
  - c. Elimination of the "zero-sum" revenue base structure, which creates friction between cities and counties.
  - d. Elimination of redundant services and programs between contiguous cities and counties.
2. Require full funding for HB 599 funds, in fulfillment of the Commonwealth's commitment to cities in return for their acquiescence in the annexation moratorium.
3. Explore all potential options for the generation of revenue by localities.
4. Request the elimination of "local aid to the Commonwealth" in the state budget; local aid artificially inflates state revenues by shifting responsibility for cuts in vital services onto localities.
5. Elimination of all unfunded mandates from the Commonwealth to localities.
6. Oppose any elimination or alteration of local revenue streams, and specifically oppose any amendment to the current manner in which the Business Occupation and Licensing Tax and the Machinery and Tools Tax are levied.
7. Request at a minimum, level funding for operational requirements of the Henry-Martinsville Department of Social Services.
8. Request that the General Assembly leaves intact the fire programs fund and the rescue squad assistance funds and not use these funds as a way to balance the state budget.
9. Support legislation directing health insurance credit for retirees of local government, constitutional officers, school division employees, and state employees.
10. Request that the Commonwealth fully fund its obligations to constitutional officers.
11. Oppose any attempt to curtail the doctrine of sovereign immunity for localities.
12. Oppose any attempt to permit collective bargaining for state and local government employees.
13. Oppose any amendment of the existing burden of proof or process in local tax appeals cases.

## **United States Congress**

1. Urge the Federal Highway Commission to adopt the CTB's designated route for I-73, or alternatively to preserve the current record of decision in the event the CTB's route is rejected.
2. In the short term, upgrade those portions of Route 220 overlaying I-73 to interstate standards.
3. Oppose any change in the route of the Amtrak Crescent train service. Encourage Amtrak to provide motorcoach transfer service between Danville and Martinsville.
4. Request \$3.72M in funds for the redevelopment of brownfields extending from the former Sara Lee site, along Aaron Street, to Rives Road.
5. Request \$6.25M in funds for the elimination and redevelopment of blighted areas in the city.
6. Request legislation to provide special federal incentives to businesses locating in regions which have experienced job losses in excess of 5% of the total workforce and/or declines in median incomes since the adoption of NAFTA, WTO or GATT. Target such areas for increased federal funding in education or workforce retraining.
7. Extend high speed broadband service throughout southern Virginia.
8. Request enhanced state and federal financial assistance for localities which exceed the average state unemployment rate by 300% or more.
10. Urge the issuance of necessary permits from the Environmental Protection Agency and Army Corps of Engineers for development of the Commonwealth Crossing Site.

**Staff Designations**

**City Council empowers the following staff members to speak on its behalf and in its best interests to the General Assembly, its members and committees:**

City Attorney

City Manager

Other department heads as appointed by the City Manager