

March 11, 2014

The regular meeting of the Council of the City of Martinsville, Virginia, was held on March 11, 2014, 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, Sharon Brooks Hodge, Mark Stroud and Danny Turner. Staff present included: Leon Towarnicki, City Manager, Brenda Prillaman, Eric Monday, Eddie Cassady, Wayne Knox, Linda Conover and Kenneth Draper.

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 Mark Stroud, seconded by Sharon Brooks Hodge, with the following 5-0 recorded vote: Adkins, aye; Teague, aye; Hodge, aye; Stroud, aye; and Turner, aye, Council convened in Closed Session, for the purpose of discussing the following matters: (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) 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 Mark Stroud, seconded by Sharon Brooks Hodge, with the following recorded 5-0 vote: Adkins, aye; Teague, aye; Hodge, aye; Stroud, aye; and Turner, aye, Council returned to Open Session.

Following the invocation by Vice Mayor Teague and Pledge to the American Flag, the Mayor welcomed everyone to the meeting and announced an addendum to the agenda regarding electric rates.

Board appointment: On a motion by Mark Stroud, seconded by Sharon Brooks Hodge, with a 5-0 vote, Council appointed Walt Shaw, 1422 Church St. Ext., to the Architectural Review Board for a 3 year term ending 3/31/15.

Minutes: On a motion Gene Teague, seconded by Mark Stroud, with a 5-0 vote, Council approved the minutes of the December 10, 2013 called meeting and December 10, 2013 regular meeting.

Update from Fire Department: Chief Kenneth Draper presented an update on the fire that occurred at the former American Furniture plant on Aaron Street on March 3, 2014. All Council members expressed their appreciation to the fire department and all city personnel for the excellent job done in fighting that fire.

Transfer Housing Choice program: Wayne Knox briefed Council on the proposed change in Housing program administration. In reviewing the history of the Housing Choice Voucher Program, aka Section 8 Rental Assistance, which dates back to the 1970's, the program has always fulfilled a great need in Martinsville- Henry County and at one time covered Patrick County. The program began as a conduit for federal funds through the Virginia Housing Development Authority and around 2003 began going directly to HUD. Over recent years and as regulations changed, the cost of administering the program has increased and varying funding formulas followed. This has resulted in an operating deficit and at times just barely breaking even. As a means to contain costs, positive and encouraging discussions have occurred with our neighboring public housing authority, Danville Redevelopment & Housing Authority, to determine interests they might have in assuming management since DRHA is a larger organization. As per HUD regulations, the transfer of program administration can only be accomplished with another public housing authority and from a geographical standpoint, DRHA is the logical choice for Martinsville. Should Council desire to move forward

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with the transfer, Council will need to convene as the Martinsville Redevelopment and Housing Authority and adopt the attached Resolution for the first step in the approval process from HUD. The Board of Directors for the Danville Redevelopment & Housing Authority must also officially approve such a transfer. It was noted that 65% of those being served by the Martinsville Housing office are county residents. Mr. Knox also introduced Gary Wasson and Terry Ferguson with the Danville Redevelopment Housing Authority. After lengthy Council discussion, Council asked that a public comment period on this topic be added to the March 25, 2014 Council meeting agenda and then consideration of further action.

Incubator management agreement: Leon Towarnicki briefed Council on the proposed agreement transferring management of the West Piedmont Business Development Center to the Martinsville-Henry County Chamber of Commerce Partnership for Economic Growth (C-PEG) effective April 1, 2014. As a result of financial difficulties, the Board of the West Piedmont Business Development Center (Incubator) located in Uptown Martinsville at 22 East Church Street voted in December, 2013 to terminate operations as of the end of March, 2014. Since the City is the owner of the building, City staff has managed daily operations beginning in February while options to continue the functions of the Incubator were explored. The most promising option that has emerged is a partnership with the Martinsville-Henry County Chamber of Commerce Partnership for Economic Growth (C-PEG). Continued discussions with the Chamber's Executive Director have resulted in development of an agreement to transfer management of the Incubator to C-PEG, effective April 1, 2014, with C-PEG continuing and perhaps even expanding the functions of the Incubator. On a motion by Gene Teague, seconded by Sharon Brooks Hodge, with 5-0 vote, Council authorized the City Manager to execute the agreement:

*THIS MEMORANDUM OF UNDERSTANDING, (the "MOU") made and entered into this the \_\_\_\_\_ day of \_\_\_\_\_, 2014 by and between the City of Martinsville, a municipal corporation created and existing under and by virtue of the laws of the State of Virginia (hereinafter referred to as "City"), party of the first part, and the Martinsville-Henry County Chamber of Commerce's Partnership for Economic Growth (C-PEG) party of the second part;*

*WITNESSETH:*

*THAT, WHEREAS the City (through the Martinsville Industrial Development Authority) currently owns the property located at 22 East Church Street, Martinsville, VA, said property acquired for the purpose of development and operation of a business incubator (the "Incubator"); and,*

*WHEREAS, since its inception, the Incubator has operated as the West Piedmont Business Development Center (WPBDC), incorporated by the Commonwealth of Virginia's State Corporation Commission as a non-stock corporation pursuant to Chapter 10, Article 10 of Title 13.1 of the Code of Virginia; and,*

*WHEREAS, by unanimous vote of a quorum of the duly appointed Board of Directors of WPBDC, assembled in a called meeting on December 17, 2013, a decision was made to terminate operations of the Incubator as currently organized and operating effective March 31, 2014, citing financial difficulties rendering current operations unsustainable; and,*

*WHEREAS, recognizing the value and importance of the Incubator as a resource for the community to promote, stimulate, encourage, assist, and provide educational opportunities for new or developing business owners or entrepreneurs, and also recognizing a close parallel to its current operations, C-PEG desires to assume responsibility for continued operations of the Incubator under the guidance and direction of current Chamber leadership and C-PEG Board of Directors;*

*NOW, THEREFORE, that for and in consideration of the mutual and respective covenants and agreements contained herein and made with respect to the performance of the services by C-PEG, the parties to this MOU hereby agree as follows:*

1. *Term and Renewals – The term of this MOU shall cover the initial period from April 1, 2014 through June 30, 2015. This MOU may be extended for a period beyond June 30, 2015, if mutually agreed to by both parties, said MOU extension finalized prior to May 31, 2015.*

2. *The Incubator will continue to be operated under the name of West Piedmont Business Development Center, with operations to remain at the current facility at 22 East Church Street, Martinsville, VA, with general business hours from 8 am until 5 pm.*

3. *Management of WPBDC will be by C-PEG under the guidance of the Board of Directors of C-PEG.*

4. *The City will commit to the level of funding and support currently provided to the WPBDC in the City's FY14 budget (subject to City Council approval) including an annual financial contribution, and use of the building including electricity, water, and sewer. Additionally as building owner, the City will be responsible for major maintenance such as HVAC, roof, structure, major repairs, etc.*

5. *C-PEG will be responsible for routine daily maintenance related to operations such as cleaning, trash removal, replacement of bulbs, etc.*

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6. C-PEG will provide staff presence in the building related to functions associated with a business incubator environment. C-PEG will have the ability to market, design and implement training and related programs for business tenants, and utilize the space in the building for business incubator-type activities and events.
7. The current West Piedmont Business Development Center Board will terminate/disband effective March 31, 2014, and appropriate filings will be prepared in accordance with State Corporation Commission guidelines to officially terminate/cease operations of the Incubator as it now exists.
8. C-PEG, at its discretion, will be responsible for management of the facility including (but not limited to) establishment of a new board (if it so chooses), staffing, marketing, recruitment of tenants, development of tenant lease agreements/terms of occupancy, cooperation with other entities to the extent beneficial (EDC, Harvest, SCORE, etc. ). Lease payments by tenants for occupancy/use of space will be made to C-PEG.
9. C-PEG will present reports periodically to the governing bodies of both Martinsville and Henry County regarding operations.
10. C-PEG will handle all financials including billing, payables, receivables, i.e. the City will not have responsibility related to being fiscal agent.
11. The City will maintain a presence on C-PEG's Board to ensure the City's best interests are being met through this partnership.

IN WITNESS WHEREOF, Martinsville City Council, party of the first part, has caused this MOU to be executed in its name by its City Manager; and C-PEG, party of the second part, has caused this MOU to be executed in its name by its Board President; this the day and year first above written.

MARTINSVILLE CITY COUNCIL

BY: \_\_\_\_\_  
City Manager

C-PEG  
BY: \_\_\_\_\_  
Board President

Authorizing expenditures with funding FY14 and FY15: In an effort to reduce the impact on the FY14 Budget, 4 major projects/purchases were funded at approximately half of the full cost in the FY14 budget, with plans to fund the remaining amount in FY15. Timing on implementation or purchase is intended to occur in such a manner so as to allow funds from both FY14 and FY15 to cover the full cost when invoiced. These projects include: Garbage Truck – Refuse Fund – FY14 Budget: \$115,000; FY15 will only need \$81,001 based on bids received.

Bucket Truck – Electric Fund – FY14 Budget: \$92,500; FY15 will require match of \$92,500.

Zoning Ordinance Update Project – General Fund – FY14 Budget: \$80,000; FY15 will require match of \$80,000.

Main Intercept Inspection Project – Sewer Fund – FY14 Budget: \$138,438; FY15 will require match of \$138,438.

Given that purchase of equipment or contracts for services for the approximate full amounts noted will require partial funding from a not-yet-approved FY15 budget, the City's auditing firm has suggested that approval of these projects or purchases be specifically granted with the understanding of the required commitment of funds by Council in FY15. After Council discussion, a motion was made by Gene Teague, seconded by Mark Stroud, with a 4-1 vote (Turner-nay), to grant approval to administration to proceed with the projects or purchases noted, with the understanding that the balance of the funds will be included in the FY15 Budget. Mr. Turner expressed his concerns if the state doesn't come up with a budget.

Addendum-Power costs update: Mr. Towarnicki presented the following update on the impact of seasonal power costs on the City's Electric Department budget: Since the January 28, 2014 Electric Utility update to Council, there have been two significant developments that will have an impact on budgeting and City electric rates going forward. As was pointed out previously, the electric rate stabilization plan has been underperforming relative to initial projections. Updated information received shortly after the Council presentation indicated, based on revised projections, the stabilization plan would most likely be depleted of funding sometime in late summer/early fall 2014. The more significant issue is the City's January 2014 purchased power bill. As City staff worked with consultants to address the stabilization plan, the City

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received the January power bill which was \$2,248,197 - approximately \$1 million more than anticipated. The increase is attributed to two main issues – the necessary purchase of more power coupled with unusually high congestion costs on the PJM transmission grid. The remaining balance in the stabilization fund was credited toward that bill leaving the net cost of \$1,696,314.59 to be paid from the purchase power line item in the City’s Electric Department budget. Staff will provide a brief update to Council on this issue with a presentation of more detailed information planned for the March 25th Council meeting. After lengthy Council discussion, on a motion by Gene Teague, seconded by Mark Stroud, with a 5-0 vote, Council directed the City Manager to send letters to legislators as well as to the Federal Energy Regulatory Commission regarding the increased transmission/congestion costs.

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

<b>BUDGET ADDITIONS FOR 3/11/2014</b>				
<b>ORG</b>	<b>OBJECT</b>	<b>DESCRIPTION</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>FY14</b>				
<b>General Fund:</b>				
01100909	490104	Advance/Recovered Costs		13,335
01812242	506067	Misc. Exp. - RADAR Transit Program	13,335	
		Reimbursements for fuel		
01101918	443404	Grants-State - VPHIB Special Initiative Program		7900
01322105	506104	EMS - Non-capital Equipment	7900	
		Grant awarded for (4) new computers for EMS data collection/reporting.		
<b>Total General Fund:</b>			<b>21,235</b>	<b>21,235</b>
<b>School Fund:</b>				
18103919	489904	Private Grant - Harvest Foundation Contribution		150,000
81621310	561120	Instruction S&W	6,000	
81621310	562100	Social Security	372	
81621310	562150	Medicare	87	
81621310	563000	Purchased Services	37,320	
81621310	563142	Professional Development	15,381	
81621310	565503	Travel	24,673	
81621310	565800	Miscellaneous	1,967	
81621310	566000	Materials & Supplies	600	
81621310	566013	Instructional Materials	3,600	
81631310	561120	Instruction S&W	4,000	
81631310	562100	Social Security	248	
81631310	562150	Medicare	58	
81631310	563000	Purchased Services	24,880	
81631310	563142	Professional Development	10,254	
81631310	565503	Travel	16,448	
81631310	565800	Miscellaneous	1,312	
81631310	566000	Materials & Supplies	400	
81631310	566013	Instructional Materials	2,400	
<b>Total School Fund:</b>			<b>150,000</b>	<b>150,000</b>

Business from floor: Amanda Witt and Sheriff Steve Draper encouraged citizens to participate in the Dancing for the Arts fundraiser for Piedmont Arts Association on March 22, 2014; Patrick H. Wright-1201 Spruce St., comments on where money goes for the dancing fundraiser; Ural Harris-217 Stuart St.-comments regarding urban redevelopment and AMP.

Council comments: Hodge-encouraged Section 8 Housing recipients to voice their opinions to Council and noted the recent Fast Track trade show was a great experience; Stroud-congratulated UVA for winning the championship and again commended the fire department personnel; Turner-reported MHS Band going to DC for the Patrick’s Day Parade and made a motion that a letter be sent to the governor to present a clean budget without Medicaid expansion. Mr. Turner’s motion died due to lack of a second; Teague; commented now is not the time to send a letter and we need to wait for the budget process to move forward; Adkins-asked

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that the HUD programs for veterans be part of the discussion going forward with the Housing agreement and Mr. Knox reported that discussion is already occurring.

There being no further business, the meeting adjourned at 9:20pm.

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Brenda Prillaman  
Clerk of Council

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Kim Adkins  
Mayor