

March 10, 2015

The regular meeting of the Council of the City of Martinsville, Virginia, was held on March 10, 2015, in Council Chambers, Municipal Building, at 7:30 PM with Mayor Danny Turner presiding. Council Members present included: Vice Mayor Jennifer Bowles, Gene Teague, Sharon Brooks Hodge, and Mark Stroud. Staff present included: Leon Towarnicki, City Manager, Brenda Prillaman, Wayne Knox, Linda Conover, Eric Monday, Lane Shively, and Sean Dunn.

Closed Session: Mayor Turner 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: Turner, aye; Teague, aye; Hodge, aye; Stroud, aye; and Bowles, aye, Council convened in Closed Session, for the purpose of discussing the following matters: (A) Appointments to Boards and Commissions as authorized by Subsection 1. (B) A personnel matter as authorized by Subsection 1. (C) 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 71. 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 the Session. On a motion by Mark Stroud, seconded by Sharon Brooks Hodge, with the following recorded 5-0 vote: Turner, aye; Teague, aye; Hodge, aye; Stroud, aye; and Bowles, aye, Council returned to Open Session.

Board appointments actions: On a motion by Gene Teague, seconded by Stroud, Council approved the following appointments: (1) Aleen Wilson, 12 Letcher Ct., to a 3 year unexpired term ending 12/31/17 on the Arts & Cultural Committee as the Artisan representative, (2) Carolyn Beale, 105 E. Church St., to a 3 year unexpired term ending 12/31/17 as the citizen representative on the Arts & Cultural Committee, (3) Chauncey Adams, 21 Fayette St., to the Arts & Cultural Committee for a 3 year unexpired term ending 12/31/17. On a motion by Gene Teague, seconded by Jennifer Bowles, Council approved the appointment of Liz Secret, P. O. Box 614, to the Arts & Cultural Committee for a 3 year unexpired term ending 12/31/17 as the MURA representative. On a motion by Mark Stroud, seconded by Jennifer Bowles, Council approved the appointment of Lisa Smith, 803 Banks Rd., to the Southern Area Agency on Aging for a 3 year term ending 2/28/18.

Following the invocation by Council Member Stroud and Pledge to the American Flag, Mayor Turner called the meeting to order and announced that later in the meeting there will be a Skype update from the Martinsville High School team regarding the state championship.

Minutes: On a motion by Jennifer Bowles, seconded by Mark Stroud, with a 5-0 vote, Council approved the November 25, 2014 minutes.

City Garage Report-Vehicle Tracking: Lane Shively provided the following information and briefed Council on details of the system:

GPS / AVL Summary--Global Positioning System or Automatic Vehicle Locating Device

Monitor Assets – Vehicle Maintenance - Safety

City tested GPS tracking on 3 vehicles in August 2014-Meter reader truck & 2 on-call trucks
30 day pilot program

Objective--to determine if improvements could be made:

March 10, 2015

- Save fuel by eliminating wasteful idling (Idling Policy) *****
- Zero miles per gallon/ 1 to 1.5 gallons fuel usage/hr. idling*****
- Speed enforcement
- Inappropriate vehicle use
- Optimizing routes (garbage/bulk collection, meter reading, etc.)
- Reduce emissions/carbon foot print/eliminate unnecessary idling and/or improper driving.

Reporting/Alerts—Excel format*****

- Speeding
- Idling—Fuel mileage (Fuel used during idling)
- Out of area—(Geofence)
- Long Stops
- Odd-Hours

RFP was advertised to solicit information on vendors, services, and cost.

- Six responses received to the RFP.
- Staff has interviewed vendors and created short-list
- Review is still ongoing
- Considering small implementation number initially (10 to 15 units) with evaluation occurring at 90–120 days.
- After trial period decision will be made regarding continuation of program with cost benefit analysis.

Cash Reserve Policies-Refuse & Telecommunications: Finance Director Linda Conover reviewed the proposed cash reserve policies. 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. She distributed lengthy documents outlining these two cash reserve policies and focused particular attention to the last page of each document.



City of Martinsville Refuse 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 Budget expenditures, the methodology determined minimum cash reserve should be \$607,966 as calculated below:

Recommended MINIMUM Reserves	Percent Allocated	Projected 2014
Operation & Maintenance Less Depreciation Expense	12.5%	\$ 154,750
Historical Rate Base	1.0%	44,367
Current Portion of Debt Service	58.0%	222,369
Five Year Capital Plan - Net of bond proceeds	28.0%	156,400
Recommended MINIMUM Reserves		\$ 607,966

*For simplification, the above calculation can be estimated by taking the total O&M budget and using 134 day working capital lag.

Overall Policy Working Capital Days/O&M expenses		
Expenses	\$	1,652,358
Minimum Cash Recommendation		607,966
Expenses/Minimum recommendation		2.72
Days in year		365.00
Days working capital		134

It is important to emphasize this is a recommended minimum cash reserve calculation. Actual cash reserves may vary substantially above the minimum and is dependent on the life cycle of assets, future capital plan, rate setting policies, 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 of Martinsville Telecommunications 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 Budget expenditures, the methodology determined minimum cash reserve should be \$215,297 as calculated below:

Recommended MINIMUM Reserves	Percent Allocated	Projected 2014
Operation & Maintenance Less Depreciation Expense	12.5%	\$ 71,027
Historical Rate Base	1.0%	6,879
Current Portion of Debt Service	100.0%	-
Five Year Capital Plan - Net of bond proceeds	28.0%	137,400
Recommended MINIMUM Reserves		\$ 215,297

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

Expenses	\$	577,459
Minimum Cash Recommendation		215,297
Expenses/Minimum recommendation		2.68
Days in year		365.00
Days working capital		136

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

March 10, 2015

No action was taken at this meeting, however, Council will consider formal adoption of electric, water, sewer, refuse, and telecommunications cash reserve policies during budget process.

Before going to next agenda item, Mayor Turner advised he had MHS Coach Adkins on the phone and an update was given on the upcoming championship game.

Strategic Planning Session and budget meetings schedule: Mr. Towarnicki reviewed the details regarding the upcoming March 20 and 21, 2015 Strategic Planning Session and other dates and times of budget worksessions.

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:

BUDGET ADDITIONS FOR 3/10/15				
ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT
FY15				
General Fund:				
01100909	490104	Advanced/Recovered Cost		1,755
01311085	506104	Police Department - Non-Capital Equipment Insurance for replacement of in-vehicle laptop computer.	1,755	
01100909	490104	Advance/Recovered Costs		500
01321102	506130	Fire Dept. - Repair & Maint.-Burn Building Reimbursements for training	500	
Total General Fund:			2,255	2,255
CDBG Fund:				
47102926	447047	Categorical Federal - Uptown Revitalization Program		9,067
47823521	506324	Uptown - Commercial Rehab - Façade Improvements Project drawdowns #16 & #17	9,067	
47102926	447063	Categorical Federal - Northside Neighborhood Project		943,904
47835525	505370	Northside Project - Administration	80,000	
47835525	505371	Northside Project - Acquisition	77,276	
47835525	505372	Northside Project - Clearance & Demolition	37,200	
47835525	505373	Northside Project - Owner Occupied Rehabilitation	196,600	
47835525	505374	Northside Project - Investor-owned Rehabilitation	57,600	
47835525	505375	Northside Project - Owner Occupied Reconstruction	299,515	
47835525	505601	Northside Project - Homeownership Creation	48,000	
47835525	505601	Northside Project - Street Improvements	134,963	
47835525	505601	Northside Project - Flood Drainage Facilities	12,750	
Total CDBG Fund:			952,971	952,971

Business from floor: Patrick Wright of Spruce Street commented on a property in Collinsville area of Henry County that needed attention.

Council comments: Stroud-updated on his mother and asked for prayers; Teague-Fast Track event was excellent and City MINET booth was well received; Bowles-Fast Track was a great event and reminded citizens to check list of Board vacancies on city website to become active in government; Turner-reported Fast Track produced a potential new business and he reported on MHS Basketball games.

City Manager comments: Mr. Towarnicki acknowledged city staff, Wayne Knox, Mike Scaffidi, and Karen Roberts for all their work on the MINET booth at Fast Track and he announced the March 17 Statewide Tornado Drill.

There being no further business, the meeting adjourned at 8:30 pm.

Brenda Prillaman
Clerk of Council

Danny Turner
Mayor