

March 12, 2013

The regular meeting of the Council of the City of Martinsville, Virginia, was held on March 12, 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, Interim City Manager, Brenda Prillaman, Linda Conover, Dennis Bowles, Wayne Knox, and Ruth Easley. City Attorney Eric Monday was absent.

Closed Session: 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 Danny Turner, seconded by Sharon Brooks Hodge, with the following 5-0 recorded vote: Adkins, aye; Teague, aye; Stroud, aye; Hodge, 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) Discussion of the award of a public contract involving the expenditure of public funds, including interviews of bidders or offerors, and discussion of the terms or scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the public body as authorized by Subsection 29. (C) A personnel matter 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 Danny Turner, with the following recorded 5-0 vote: Adkins, aye; Hodge aye; Teague, aye; Stroud, aye; and Turner, aye, Council returned to Open Session. No action was taken

Regular Session: Following the invocation by Vice Mayor Gene Teague and Pledge to the American Flag, the Mayor welcomed everyone to the meeting and advised City Council will recess and convene as Martinsville Redevelopment & Housing Authority.

Martinsville Redevelopment & Housing Authority updated Section 8 Administrative Plan-public hearing and approve on first reading: Wayne Knox briefed the Authority members with the following information: In order to fully comply with the Title 24 of the Code of Federal Regulations, a complete rewrite of the Administrative Plan for our Section 8 Housing Choice Voucher was conducted with the assistance of representatives of the HUD Office, Richmond. Because this action is a significant amendment to our existing administrative plan, it is necessary that we hold a public hearing and have a required 30-day comment period for any additional public input after the Authority's approval. The Public Hearing was advertised in the Martinsville Bulletin before being held on March 12. MRHA Chairman Kim Adkins opened the public hearing. There were no public comments and MRHA Chairman Kim Adkins closed the public hearing. On a motion by Gene Teague, seconded by Sharon Brooks Hodge, with a 5-0 vote, the Authority approved, on first reading, the amended Administrative Plan and noted the required 30 day comment period for additional input will be held prior to submitting to HUD for final approval. On a motion by Gene Teague, seconded by Mark Stroud, the MRHA adjourned. Martinsville City Council regular meeting then re-convened.

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Minutes: On a motion by Gene Teague, seconded by Sharon Brooks Hodge, with a 5-0 vote, Council approved the minutes of January 22, 2013, January 30, 2013, February 11, 2013 tour and February 11, 2013 Neighborhood Council meetings.

MHC Economic Development update on retail-Mark Heath presented the following information regarding EDC efforts in retail development:

Small Business Jobs Created

- Since 2006, the Small Business division of the EDC has assisted with the creation of 308 new jobs and a total capital investment of \$13.8 million, of which 78 companies were retail or restaurants
 - One of the most prominent being Rising Sun Bakery, an organically grown business developed through the SmartSTART entrepreneurial training program
- Northwest TruValue Hardware opened a new store in Ridgeway in January 2013
- The EDC has committed \$150,000 to the Philpott Marina to support tourism and retail
- Overall, the EDC's approach to retail development has been a strong Small Business Division and to recruit manufacturing, office, and advanced logistics employment opportunities

Additional recent retail growth:

- CVS (2)
- Chick-Fil-A
- Citi Trends
- Dippers
- Dollar General (2)
- JC's 5 Star Outlet
- Northwest TruValue Hardware
- Pieces
- Virginia Home Inn Restaurant
- Walgreens(2)

WHERE DO WE GO FROM HERE?

The EDC's overall budget has declined by \$160,000 since 2009. Last year the EDC staff, at the board's direction, reviewed all programs and staffing to determine where savings might be realized. The result was to eliminate \$100,000 through a combination of program and staff reductions. Today the EDC operates with a staff of eight, down from its original ten.

Listed below is a table which shows the funding history for the EDC since FY2006: (amounts in thousands)

	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Harvest Foundation	\$800.0	\$800.0	\$800.0	\$1,000.0	\$950.0	\$1,000.0	\$1,000.0	\$1,000.0
Henry County	\$500.0	\$500.0	\$500.0	\$500.0	\$475.0	\$460.5	\$460.5	\$460.5
City of Martinsville	\$400.0	\$400.0	\$400.0	\$400.0	\$380.0	\$339.5	\$339.5	\$279.5
C-PEG/Chamber	\$200.0	\$200.0	\$200.0	\$25.0	\$25.0	\$25.0	\$25.0	\$25.0
TOTAL FUNDING	\$1,900.0	\$1,900.0	\$1,900.0	\$1,925.0	\$1,830.0	\$1,825.0	\$1,825.0	\$1,765.0

Shown below is a table which details the FY2013 funding percentage for each partner: (amounts in thousands)

Partner	Funding Amount	% Net Funding
Harvest Foundation	\$1,000.0	56.7%
Henry County	\$460.5	26.1%
City of Martinsville	\$279.5	15.8%
C-PEG/Chamber	\$25.0	1.4%
TOTAL	\$1,765.0	100%

Listed below is a table which shows the true net cost to Henry County by including the product development costs that are funded through the EDC budget: (amounts in thousands)

	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	TOTAL
Henry County Contribution	\$500.0	\$500.0	\$500.0	\$500.0	\$475.0	\$460.5	\$460.5	\$460.5	\$3,856.5
Total Product Development To Henry County	\$0	\$183.6	\$794.6	\$273.9	\$256.7	\$100.0	\$183.3	\$261.7	\$2,053.8
NET COST TO HENRY COUNTY	\$500.0	\$316.4	(\$294.6)	\$226.1	\$218.3	\$360.5	\$277.2	\$198.8	\$1,802.7

Listed below is a table which shows the true net cost to the City of Martinsville by including the product development costs that are funded through the EDC budget: (amounts in thousands)

	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	TOTAL
City of Martinsville Contribution	\$400.0	\$400.0	\$400.0	\$400.0	\$380.0	\$339.5	\$339.5	\$279.5	\$2,938.5
Total Product Development To the City of Martinsville	\$0	\$121.8	\$421.6	\$206.7	\$178.4	\$100.0	\$141.7	\$143.3	\$1,313.5
NET COST TO MARTINSVILLE	\$400.0	\$278.2	(\$21.6)	\$193.3	\$201.6	\$239.5	\$197.8	\$136.2	\$1,625.0

*In FY14, an additional \$150,000 has been committed to Product Development for the new Patriot Centre Shell Building

It is clear the EDC does not currently have the funding capacity to add additional staff, however, the EDC does believe it can make changes within our current organizational structure and do a better job branding and marketing our Small Business and Tourism Divisions to align with overall retail growth initiatives. We believe the data in this document supports the fact the EDC has been and is currently involved in efforts to promote and expand retail. Currently our Small Business and Tourism Divisions are working together to:

- Assist entrepreneurs wanting to start a retail venture through our one-stop-shop approach including Business Plan writing, licensing, zoning, financing, marketing, and incentives (City)
- Supporting existing retail and tourism vendors through Marketing co-op grants (25k combined)
- Existing business site visits
- Continuous entrepreneurial training series on relevant business topics and FAM tours

Additionally, staff has spent considerable time analyzing how we might better package and market our current programs and what new initiatives we might add. The EDC proposes the following steps:

- Create a new 'Retail Portal' on the YesMartinsville.com website that points retail clients to the websites of local brokers/developers and to the Small Business Division services
- Realign Small Business and Tourism staff to work seamlessly with promotions and services that increase 'traffic' in Martinsville-Henry County
- Utilize the findings of the Shop Local Initiative Final Report to target retail areas of need
- Work with Phoenix CDC and the Harvest Foundation to determine any niche market opportunities, such as farm-to-market restaurant concepts
- Assign Lisa Fultz as the EDC point of contact for all retail initiatives, working both with existing, local startup and out of town recruiting as appropriate
- Include Lisa Fultz in public monthly reports to City and County as to how enhanced efforts are proceeding including contacts, leads, hand-offs to local brokers, etc.

Should the determination be made that retail recruitment is to be a priority requiring additional staff and resources, corresponding cuts would be required from current operations. The chart below shows the current allocations from which any cuts would come:

Category	Percentage	Amount
RECRUITMENT	32.9%	\$582,987
TOURISM	23.5%	\$416,422
PRODUCT DEVELOPMENT	15.5%	\$275,000
SMALL BUSINESS	13.3%	\$235,456
OFFICE OPERATIONS	12.5%	\$222,112
ALL OTHERS	2.4%	\$42,500

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Staff update on City's procedure handling after hours calls-Utilities Director, Dennis Bowles, presented an overview of the city's call system for handling after-hours/emergency calls pointing out that Answer Connect is currently being used as it was the most cost effective way to outsource the task when it became an issue during the citywide power outage several months back. After Council discussion, staff was directed to take steps to investigate local vendors that could provide the service needed.

Review proposed write off policies- Interim City Manager briefed Council on the background and proposed write off policies for utility bills, general/miscellaneous bills, and business licenses. After lengthy Council discussion, staff was directed to bring back a firm policy to Council to assure that taxpaying citizens are not subsidizing those that are not paying their bills. Council indicated they would like to know the exact amounts of uncollected bills for budget discussions. Mr. Towarnicki advised Council that a policy will be formulated with a clear cut implementation plan for Council approval in the next few weeks.

Consent agenda: On a motion by Gene Teague, seconded by Danny Turner, with a 5-0 vote,

BUDGET ADDITIONS FOR 3/12/13				
ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT
FY13				
General Fund:				
01101918	443156	Grants - State - VDEQ Environmental Site Assessment		17,800
01812242	503143	Misc Expense - Environmental Evaluations	17,800	
		Grant funding		
01101917	442810	Categorical Other - State - Highway Projects		458
01413151	503140	Thorofare Construction - Prof.Serv. - Utility Relocation	458	
		Reimbursement-Liberty St Project		
01100909	490104	Advance/Recovered Costs		7,010
01331108	501300	Sheriff/Corrections - Part-time & Temporary Wages	5,100	
01331108	502100	Sheriff/Corrections - Social Security	316	
01331108	502110	Sheriff/Corrections - Medicare	74	
01331108	506008	Sheriff/Corrections - Vehicle Equipment & Maint.	1,020	
01331110	506200	Sheriff/Annex - Prisoner Allowance	500	
		Reimbursement from Henry County for litter pickup - Oct 2012-Jan 2013		
01100909	490104	Advance/Recovered Costs		31,131
01127060	503190	Garage - Prof. Service - Bldg/Grnd Maintenance	970	
01127060	506007	Garage - Repair & Maintenance Supplies	3,342	
01413147	506010	Signals - Traffic Signal Maintenance	22,069	
01126055	503320	Info Services - Maint. Service Contracts	4,750	
		Insurance Reimbursement from Derecho expenses		
01100909	490801	Recovered Costs - Senior Citizens		2,293
01714212	506016	Senior Citizens - Program Supplies	2,293	
		Reimbursements from trips and Bingo		
01100908	480420	Donations - Senior Citizens		450
01714212	506016	Senior Citizens - Program Supplies	450	
		Donations for Health Fair		
01102926	436430	Categorical Federal - SCAAP Funds		1,236
1331108	508220	Sheriff - Corrections - Physical Plant Expansion	1,236	
		SCAAP Funding		
Total General Fund:			59,142	59,142
Water Fund:				
12100909	490104	Advance/Recovered Costs		638
12541311	506007	Water Plant - Repairs & Maintenance	638	
		Insurance Reimbursement from Derecho expenses		
Total Water Fund:			638	638
Capital Reserve Fund:				
16100909	490104	Advance/Recovered Costs		7,185
16576366	508055	ADP Equipment - Information Services	7,185	
		Insurance Reimbursement from Derecho expenses		
Total Capital Reserve Fund:			7,185	7,185

Business from floor: Ural Harris, 217 Stuart St.-concerns about utility cutoffs, Commonwealth Crossing expenses, Henry Hotel/Phoenix CDC issues, and need to cut EDC funding; Rick Ward, new director at Blue Regional Library introduced himself to Council; Chad Martin-invited Council to participate in PHCC event regarding safe schools.

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Council comments: Hodge-surprised there is a not a policy already in place for delinquent accounts that have reached the statute of limitations; Stroud-encouraged citizens to check on neighbors.

Interim City Manager comments: Mr. Towarnicki reminded Council of the capital worksession set for March 20, 2013 at 6pm.

There being no further business, the meeting adjourned at 9:10 pm.

Brenda Prillaman
Clerk of Council

Kim Adkins
Mayor