

April 23, 2013

The regular meeting of the Council of the City of Martinsville, Virginia, was held April 23, 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, Sharon Brooks Hodge and Danny Turner. Staff present included: City Manager Leon Towarnicki, Brenda Prillaman, Eric Monday, Linda Conover, Kathy Vernon, Mike Rogers, and Ruth Easley.

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 Danny Turner, 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) Appointments to boards and commissions as authorized by Subsection 1. (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) 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. At the conclusion of Closed Session, each returning member of Council certified that (1) only public business matters exempt from open meeting requirements were discussed in said Closed Session; and (2) only those business matters identified in the motion convening the Closed Session were heard, discussed, or considered during Session. On a motion by Danny Turner, seconded by Mark Stroud, with the following recorded 5-0 vote: Adkins, aye; Hodge, aye; Teague, aye; Stroud, aye; and Turner, aye, Council returned to Open Session.

Action taken on Board appointments:

West Piedmont Planning District Commission: Motion by Gene Teague, seconded by Sharon Hodge, with 5-0 vote, to reappoint Kathy Lawson, 909 Barrows Mill Rd., to a 3 year term ending 6/30/16.

Tree Board: Motion by Mark Stroud, seconded by Sharon Hodge, with 5-0 vote, to appoint Melanie Barrow, 82 Ziglar Rd., Fieldale, to a 3 year term ending 3/31/16. Motion by Danny Turner, seconded by Mark Stroud, with 5-0 vote, to appoint Nancy Philpott to a 3 year term ending 3/31/16.

Following the invocation by Vice Mayor Teague and Pledge to the American Flag, the Mayor welcomed everyone to the meeting. The Mayor noted adjustments to agenda adding a proclamation and moving the Mustangs item up to item 3 on the agenda.

Proclamation-Shelton Scales: Mayor Adkins presented a proclamation honoring J. Shelton Scales, who served in World War II and was one of original members of the Martinsville Volunteer Fire Company.

Update from 4/8/13 Neighborhood meeting at Albert Harris School: Mayor Adkins reported that after she recapped the April 9 Neighborhood Meeting, she received the following email from Mr. Lawrence Mitchell:

TO: Kim Adkins, Mayor, City of Martinsville

RE: Citizen Complaint

DATE: April 11, 2013

Dear Ms. Adkins,

This complaint is in reference to the April 8th and 9th meeting of the City Council. First, I would like to say how disappointing it was to view the Tuesday meeting on Cable TV and hear how you misrepresented and omitted issues I spoke about at the Albert Harris School.

During your recap of the Albert Harris meeting you mentioned my name. I have no problem with that since I spoke in public. But to not properly characterize what I said is another issue. This is why I am filing an official complaint.

First, at the Tuesday official meeting you mentioned that I was talking about 'down power lines' which was wrong. I specifically said, hanging telephone lines. Councilman Stroud said at the meeting that this was a telephone company complaint. But this is not completely true. Yes, the lines belong to the telephone company, but the poles that they hang on belong to the city.

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The other issue was the council's failure to give the name of individuals who represent themselves as community leaders and your council member, Hodge, did not give an adequate answer why these people names are kept confidential. If these people are giving the city council information that represents matters that affect the community at large, these individuals need to be identified to the community. Also, when did Ms. Hodge become the West End community representative?

The other issue was the access of Beaver Street to Fayette Street and Memorial Blvd. These access points need to be improved for the safety of the community. The city should place a meter car counter on the street to record the number of cars that use that street. This will give the city an accurate record of how much traffic travels along that street.

At the corner of Second Street and 'B' Street is a corner of Academy Place. On some rainy days there is a run off coming out of the ground. The Academy Place site was a toxic waste dump area. The city should conduct a test on the run off to see if it is toxic. Or contact the EPA to do a study.

The other issue was the resurfacing of Second Street.

Also, these complaints are not solely my own but issues that are of concerned to the community. Each of these items should be addressed individually and reported back to the community.

Sincerely,

Lawrence Mitchell

cc: Gene Teague, Vice Mayor

Mayor Adkins asked the City Manager to update on the issues that have been addressed and he advised status. Council Member Hodge responded to the comments regarding naming designating leaders with a prepared statement advising that she was elected as a representative of all areas of the city. Council Member Turner felt the email complaint was inappropriate and was making too much of the situation. Mr. Mitchell spoke advising that he sent the email as a messenger regarding neighborhood concerns and it seems a miscommunication has occurred and he did not mean to offend.

Minutes: On a motion by Gene Teague, seconded by Mark Stroud, with a 5-0 vote, Council approved the minutes of the March 12, 2013 meeting.

Mustangs update: Jesse Cole of Team Cole & Associates gave an update on the upcoming 2013 baseball season and the activities and events planned. Mr. Towarnicki commented briefly on the contract to extend the 2014 season advising that funding is included in the proposed FY14 budget at the \$10,000 lesser cost as pointed out. Council comments included: Hodge-opposed to extending contract and will vote against it. Stroud-commended Mustangs and the \$10,000 drop in price will make his decision easier. Turner-questions about Fourth of July events. Teague-pleased with this report and it shows that baseball can have a path that is good at not a great cost and thanked Mr. Cole for bringing this option to Council.

Proclamation-National Correctional Officers week: Mayor Adkins presented a proclamation recognizing National Correctional Officers and Employees Week.

Piedmont Governor's School project presentation: Dr. Nina Huff and students from the Piedmont Governor's School presented their citizen survey project to City Council. Teams of students presented the information in segments and explained their processes used in gathering and analyzing the data presented. Dr. Huff and the students then presented a handmade quilt to Council signifying what the students felt they had learned during the process. Council Member Hodge expressed her objection to a patch on the quilt and how it was presented. After lengthy discussion, Council Member Teague complimented the students on their work and asked for their recommendations on 3 or 4 things Council could work on. Council Member Turner thanked students for gathering all the information and doing the survey for the city and added that he completely and totally supported the students' efforts. Likewise, Council Member Stroud expressed his thanks and appreciation to the students of Piedmont Governors School for their work on the project.

Public Hearing regarding tax exemption request: Commissioner of Revenue Ruth Easley briefed Council on the personal property tax exemption request from STEP, Inc. with a tax revenue impact of \$31.79. She also reported the organization is in the process of updating their bylaws to include language reflecting City of Martinsville. Mayor Adkins opened the public hearing. No comments were made and the Mayor closed the public hearing. On a motion by Sharon Hodge, seconded by Danny Turner, with the following 5-0

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recorded vote: Adkins, aye; Hodge, aye; Teague, aye; Stroud, aye; and Turner, aye, Council approved the ordinance on first reading to grant the requested personal property exemption for STEP, Inc. and designated it as a charitable organization.

Resolution approval regarding Anti-displacement required for pre-contract work NCI: Susan McCulloch presented information regarding an Anti-Displacement Resolution required by DHCD for the Community Block Grant as part of the pre-contract work for NCI. The required process involves the approval of the resolution to be completed to follow steps that are in line with federal and state protocol. This same resolution was approved in the Cherry Street CDBG and Martinsville Business District Revitalization CDBG Project as well. Community Development recommends that City Council approve the resolution, which will enable us to be compliant with DHCD paperwork and move the grant process forward. The NCI Community Development Block Grant – New College Expansion – Building on Baldwin project will be a revitalization catalyst in the Martinsville community. On a motion by Gene Teague, seconded by Danny Turner, with a 5-0 vote, Council approved the following resolution:

Residential Anti-Displacement and Relocation Assistance Plan Certification City of Martinsville

The *City of Martinsville* will replace all occupied and vacant occupiable low/moderate-income dwelling units demolished or converted to a use other than as low/moderate income dwelling unit as a direct result of activities assisted with funds provided under the *Housing and Community Development Act of 1974*, as amended. All replacement housing will be provided within three (3) years of the commencement of the demolition or rehabilitation relating to conversion.

Before obligating or expending funds that will directly result in such demolition or conversion, the *City of Martinsville* will make public and advise the state that it is undertaking such an activity and will submit to the state, in writing, information that identifies:

1. A description of the proposed assisted activity;
2. The general location on a map and approximate number of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than as low/moderate-income dwelling units as a direct result of the assisted activity;
3. A time schedule for the commencement and completion of the demolition or conversion;
4. The general location on a map and approximate number of dwelling units by size (number of bedrooms) that will be provided as replacement dwelling units;
5. The source of funding and a time schedule for the provision of replacement dwelling units;
6. The basis for concluding that each replacement dwelling unit will remain a low/moderate-income dwelling unit for at least 10 years from the date of initial occupancy; and
7. Information demonstrating that any proposed replacement of dwelling units with smaller dwelling units is consistent with the housing needs of low- and moderate- income households in the jurisdiction.

The *City of Martinsville* will provide relocation assistance to each low/moderate – income household displace by the demolition of housing or by the direct result of assisted activities. Such assistance shall be that provided under Section 104 (d) of the *Housing and Community Development Act of 1974*, as amended, or the *Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970*, as amended.

**The *City of Martinsville* FY 13 New College Institute Expansion – Building on Baldwin’s project activities as planned will not cause any displacement from or conversion of occupiable structures.** The City of Martinsville will work with the grant management staff, engineers, project area residents, and the Department of Housing and Community Development to insure that any changes in project activities do not cause any displacement from or conversion of occupiable structures.

In all cases, an occupiable structure will be defined as a dwelling that meets local building codes or a dwelling that can be rehabilitated to meet code for \$25,000 or less.

Resolution urging maintaining Tax Exempt Status of Municipal Bonds: Leon Towarnicki briefed Council on the resolution urging maintaining Tax Exempt Status of Municipal Bonds. Congress and the Administration are considering eliminating or altering the ability of state and local governments to issue tax-exempt financing in the form of municipal bonds. This form of financing is critical to providing infrastructure for our community and throughout the nation. Tax-exempt municipal bonds fund public utility projects such as construction of power generation facilities, improvements to public water and sewer infrastructure, public schools, roads etc. Some potential threats to tax-exempt financing include:

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- Changing the tax-exempt status of municipal bond interest (including taxing the interest earned by certain classes of taxpayers);
- Issuing municipal bonds as tax-credit bonds, instead of tax-exempt bonds;
- Replacing the muni-tax exemption with a direct subsidy to the issuer;
- Narrowing the scope of projects eligible for tax-exempt financing; or
- Changing overall tax rates or tax treatment of investment income (could make tax-exempt investments less attractive).

American Municipal Power Inc. along with Blue Ridge Power Agency encourages the passage of a resolution by City Council in support of maintaining tax-exempt municipal bonds. On a motion by Danny Turner, seconded by Mark Stroud, with a 5-0 vote, Council adopted the following resolution which will be sent to President Obama, Senator Kaine, Senator Warner, and Congressman Griffith:

**RESOLUTION  
IN SUPPORT OF TAX-EXEMPT FINANCING  
OF THE MARTINSVILLE CITY COUNCIL**

**Whereas**, tax-exempt bonds are the basic tool used by states, cities, counties, towns, universities, school districts, and other governmental entities to fund public purpose projects necessary to provide needed infrastructure and services; and

**Whereas**, municipal bonds are celebrating a century of success as essential financing mechanisms that have been exempt from federal taxation since 1913; and

**Whereas**, today, three-quarters of the infrastructure investment in the U.S. is financed by state and local government bonds, including roads, bridges, sewers, hospitals, libraries, schools, town halls, police stations, electric and gas infrastructure for public power utilities, and other government purpose investments made by state and local governments; and

**Whereas**, every year, on average, public power utilities nationwide make \$15 billion in new investments financed with municipal bonds for power generation, distribution, transmission, reliability, demand control, efficiency, and emissions controls – all of which are needed to deliver safe, affordable, and reliable electricity to customers; and

**Whereas**, the ability of these governmental entities to issue tax-exempt bonds so that they are attractive to investors is essential to the daily life of hundreds of millions of Americans; and

**Whereas**, pressure to reduce the federal budget deficit has resulted in an ongoing review by Congress and the Administration of nearly all federal tax and spending programs, including tax-exempt financing; and

**Whereas**, contrary to the perception that tax-exempt bonds only benefit high net-worth individuals, more than half of all municipal bond interest paid to individuals is earned by those with income of less than \$250,000; and

**Whereas**, proposals to tax the interest on municipal bonds for some taxpayers would also likely alter the ability of state and local governments to access cost-effective financing, jeopardizing essential infrastructure projects nationwide that would benefit all citizens, not just those in the higher-income brackets; and

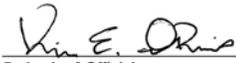
**Whereas**, tax credit and direct payment bonds would offer a poor substitute for traditional tax-exempt financing because they lack certainty and do not generally appeal to traditional municipal bond investors, including those who participate in the market through mutual funds; and

**Whereas**, reductions in the availability of tax-exempt financing to municipal governments, or increases in their cost of issuing tax-exempt bonds, would impose significant fiscal injury on these local governments and seriously impair their ability to maintain essential safety and services for their citizens; and

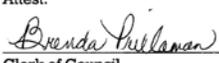
**Whereas**, the loss of tax exempt financing would likely force local governments to significantly increase income taxes and utility rates, and therefore impose serious negative financial hardships on lower- and middle-class families in municipal electric communities.

**Now, therefore, be it resolved**, that the City of Martinsville urges the Administration and the Congress of the United States to reject efforts to tax the interest on municipal bonds or otherwise alter the federal tax treatment or fundamental structure of municipal bonds.

**Be it further resolved**, that a copy of this resolution shall be sent to our U.S. congressional delegation and the Administration.

  
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Authorized Official

April 23, 2013  
Date Adopted

Attest:  
  
\_\_\_\_\_  
Clerk of Council

Set public hearing date for FY14 Budget: On a motion by Gene Teague, seconded by Sharon Hodge, with a 5-0 vote, Council set the public hearing for the FY14 Budget for May 14, 2013.

Consent agenda: On a motion by Gene Teague, seconded by Danny Turner, with a 5-0 vote, Council approved the following consent agenda:

		BUDGET ADDITIONS FOR 4/23/13			
ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT	
<b>FY13</b>					
<b>General Fund:</b>					
01101917	442810	Categorical Other - State - Highway Projects			446,822
01413151	503193	Thorofare Construction - Prof.Serv. -Inspections/Fees	446,822		

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		Reimbursement-Liberty St Project		
01101918	443402	State Grant - Stormwater Mgmt Plan Study		11,731
01413149	503162	Street Construction - Stormwater Mgmt Study	11,550	
01413149	503163	Street Construction - Stormwater Study/Advertising	181	
		Reimbursement from DCR for Stormwater Study		
01100909	490104	Advance/Recovered Costs		1,762
01331108	501300	Sheriff/Corrections - Part-time & Temporary Wages	1,280	
01331108	502100	Sheriff/Corrections - Social Security	79	
01331108	502110	Sheriff/Corrections - Medicare	19	
01331108	506008	Sheriff/Corrections - Vehicle Equipment & Maint.	256	
01331110	506200	Sheriff/Annex - Prisoner Allowance	128	
		Reimbursement from Henry County for litter pickup - January 2013		
01100908	480410	Donations/Fire Department		250
01321102	505500	Fire Department - Travel	250	
		Donation from citizen		
<b>Total General Fund:</b>			<b>460,565</b>	<b>460,565</b>

Finance Report: Finance Director Linda Conover presented the finance report as follows:

**FY13 – Revenues & Expenditures through March 31, 2013; Combined Balance Sheet; Projected Fund Balance**

Exclusive of School and Special Revenue funds, actual revenues were \$41,457,992, representing 101.8% of the anticipated \$40,716,143 through the third quarter, ending March 31<sup>st</sup>. Presenting eight months, Local Sales/Use Taxes collected through March 31<sup>st</sup> are ahead of anticipated by \$48,554, for total receipts of \$753,420. Utility revenues were mixed with Water Fund and Sewer Fund receipts being greater than anticipated, and Refuse Fund and Electric Fund receipts being less than anticipated, although not by large amounts.

Actual expenditures were \$49,574,259, which is less than the anticipated amount by \$900,803. The “actual” figures include all outstanding encumbrances of \$1,665,926.

As of the end of the FY13 third quarter, the current total combined fund balance for FY13 is \$21,053,946, a decrease over FY12 of \$5,718,575. The unadjusted available cash-on-hand March 31<sup>st</sup> for City Funds was \$9.3 million.

From estimates prepared during the FY14 budget process, the projected fund balance, including all Utility Funds, for FY13 is \$16,136,456 – a decrease from FY12 year-end of \$10,636,065. Based upon this projection, the unassigned Fund Balance would be \$2,796,762 for non-utility funds and \$9,014,641 for utility funds, for a total of \$11,811,403.

On a motion by Mark Stroud, seconded by Sharon Hodge, with a 5-0 vote, Council approved the report.

Business from floor: Debbie Hall of M-HC Historical Society requested that her agency be allowed to present to Council at their upcoming budget worksession. Council agreed to add this agency to the list for consideration.

Council comments: Turner-commented on inappropriate treatment of the students during their presentation tonight; Stroud-stated his comments would not be appropriate for this venue; Adkins-shared that she had been in discussion with VEC and there is a need to make sure everyone knows we have job openings here—the WIB center will be calling those who need jobs with the goal to cut unemployment in half.

City Manager comments: Mr. Towarnicki reminded Council of upcoming budget worksessions and noted there were five outside agency funding requests which were not included in the proposed budget and they will also be invited to present to Council at a worksession.

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

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Brenda Prillaman  
Clerk of Council

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Kim Adkins  
Mayor