

May 13, 2009

A budget work session meeting of the Council of the City of Martinsville, Virginia, was held on May 13, 2009, in Council Chambers, Municipal Building, at 7:00 PM, for further review of the FY10 proposed budget with Mayor Kathy Lawson presiding. Council Members present included: Vice Mayor Kimble Reynolds, Gene Teague, Mark Stroud, Sr., and Danny Turner. Staff present included: Clarence Monday, City Manager, Leon Towarnicki, Brenda Prillaman, Eric Monday, Iris Read, Cindy Dickerson, Donna Odell, Linda Conover, and Steve Draper.

After calling the meeting to order, Mayor Lawson called on City Manager Clarence Monday to present information on MINET/Fiber Optic expenses FY10. The city's fiber optic system provides broadband and phone service to the municipal building, city schools, and various other businesses. He asked Linda Conover to explain revenue and expenditures received from MINET. MINET revenue has grown from \$7,574 in 2005 to \$75,246 projected for 2010. The MINET budget for fiscal year 2010 includes \$188,700 in expenditures including troubleshooting, repair and maintenance, expanding the system into the Patriot Centre and providing a secondary internet connection. Leon Towarnicki pointed out the secondary connection would be critical for some customers to prevent the system from going down when there is a city power failure. Council Member Teague pointed out the budget does not include an estimated \$130,000 to \$150,000 the city saves each year from not having to pay for outside phone service. The savings realized have more than paid for the investment in the system.

The City Manager reviewed spreadsheets outlining personnel costs noting that the size of government has diminished since the city's population has decreased and that the state does not fully fund constitutional office personnel. Turner pointed out the need to cut the size of government and that we need to properly allocate funds for capital needs of school and the city—also we should not dip into reserve funds. Lawson stated this is a very conservative budget. Teague noted that 53% of salary costs is schools and only 10% of salaries can be touched and that would cut services.

Collections by the City Attorney and Treasurer's office were then discussed. Treasurer's office has been very aggressive in collections and the city attorney takes the next step to collect. After further discussion of collections, a motion was made by Kimble Reynolds, seconded by Gene Teague, with a 5-0 vote, to authorize the City Attorney to collect delinquent general billing, delinquent utility bills, and delinquent

May 13, 2009

business license fees. A collection procedure is to be worked out and brought back to Council for review.

Council had discussion regarding the residency requirement affecting hiring ability for department heads. Council asked that this item be placed on the May 26 agenda for public input and the city attorney is to prepare a resolution and draft ordinance for Council to review.

Council discussed the merger of certain city departments and school departments and stated there needs to be a committee appointed by the Mayor and a draft resolution prepared by the City Attorney so this issue can be further addressed in the next 45 days to see what is workable.

The City Manager discussed changes to the proposed FY10 budget highlighting the budget amendments identified after the 3/5/09 meeting. He pointed out staff has been as creative as possible on expenses. On a motion by Gene Teague, seconded by Kimble Reynolds, with a 4-1 vote, Danny Turner dissenting, Council approved the following budget amendments presented to Council at this meeting:

CHANGES TO CITY MANAGER'S PROPOSED FY10 BUDGET					
LINE ITEM:	ORIGINAL	CHANGE	AMENDED	DATE	COMMENT
GENERAL FUND:					
Revenue:					
01100902 442506 - Communication Tax	1,062,000	(97,090)	964,910	3/5/09	Cncl appr
Total Change in Revenue:		(97,090)			
Expense:					
01931255 509280 - Transfer to Schools	6,389,251	50,000	6,439,251	3/5/09	Cncl appr
01816244 505645 - E911 Communications Center	303,545	6,195	309,740	3/5/09	Cncl appr
01816244 505682 - State/Local Hospital Program	7,000	(7,000)	0	3/5/09	Cncl appr
Total change in Expenditures:		49,195			
As of 3/5/09, need to identify \$146,285 in expenditure reductions and/or increased revenue.					
01100901 411189 - Delinquent Taxes Referred to Atty	280,000	(120,000)	160,000		
Total budget amendments needed to date:					
- approved at prior meeting of 3/5/09:	146,285				
- identified after 3/5/09:	120,000				
Subtotal:	<u>266,285</u>				
- corresponding reduction in Atty's bonus		(10,000)			
Now need to identify this amount in reductions and/or increased revenue:		<u>256,285</u>			

Council directed the City Manager to develop a menu of possible further budget cuts, totaling \$200,000, and bring such back to Council at the May 26 meeting.

The City Manager reviewed the following ordinance to advertise the proposed budget as originally proposed:

CITY OF MARTINSVILLE, VIRGINIA ORDINANCE NO. 2009-__

BE IT ORDAINED by the Council of the City of Martinsville, Virginia, in regular session assembled May 26, 2009, that the following sums of money be and hereby are appropriated—by specified Fund—for the City's fiscal year ending June 30, 2010, from the following Fund sources of estimated revenue:

SUMMARY STATEMENT OF BUDGET ESTIMATES, 2009-2010

Projected Fund	Projected	Budgeted	Fund	Projected Net
----------------	-----------	----------	------	---------------

May 13, 2009

	Balance 06/30/09	Revenues FY09-10	Exp/ Transfers	Depreciation	Balance 06/30/10	(decrease) Increase
General Fund	\$2,469,407	\$28,889,422		\$29,433,664		\$ 1,925,165 \$(544,242)
Electric	\$4,703,536	\$17,789,990		\$18,289,990	\$ 500,000	\$ 4,703,536 0
Water	\$ 171,275	\$ 2,977,740		\$ 3,227,740	\$ 250,000	\$ 171,275 0
Sewer	\$ 546,954	\$ 3,490,012		\$ 4,010,012	\$ 520,000	\$ 546,954 0
Refuse	\$2,036,554	\$ 1,729,000		\$ 1,829,000	\$ 100,000	\$ 2,036,554 0
TOTAL UTILITY FUNDS	\$7,458,319	\$25,986,742		\$27,356,742	\$1,370,000	\$ 7,458,319 0
Schools	\$1,732,382	\$24,415,980		\$ 24,415,980		\$1,732,382 0
Cafeteria	\$ 444,904	\$ 1,180,987		\$ 1,180,987		\$ 444,904 0
School Grants	\$ (21,372)	0		0		\$ (21,372) 0
TOTAL SCHOOL FUNDS	\$2,155,914	\$ 25,596,967		\$25,596,967		\$2,155,914 0
Capital Reserve	\$ 392,639	\$ 872,134		\$ 872,134		\$ 392,639 0
Meals Tax	\$ 776,100	\$1,463,650	\$1,463,650		\$ 776,100	0
TOTAL CAPITAL FUNDS	\$1,168,739	\$2,335,784		\$2,335,784		\$ 1,168,739 0
CDBG	\$(676,737)	\$ 529,954	\$ 449,400		\$(596,183)	\$ 80,554
Housing Choice	\$ 370,176	\$1,972,189	\$2,239,860		\$ 102,505	\$(267,671)
TOTAL SP REV FUNDS	\$(306,561)	\$2,502,143	\$2,689,260		\$ (493,678)	\$ (187,117)
TOTAL ALL FUNDS	\$12,945,818	\$85,311,058	\$87,412,417	\$1,370,000	\$12,214,459	\$ (731,359)

BE IT FURTHER ORDAINED by said Council that the tax rates for said fiscal year shall be, for each one hundred dollars of assessed valuation, as follows:

Rate Class

Real Estate: \$1.01816 per \$100 assessed value
 Personal Property: \$2.30 per \$100 assessed value
 Machinery & Tools: \$1.85 per \$100 assessed value

BE IT FURTHER ORDAINED by said Council that the Proposed Personal Property Tax Relief Act Reimbursement Rate shall be set at 42.86%.

BE IT FURTHER ORDAINED by said Council that the rate for public electric service shall remain unchanged from the current rate, but that rates for other public utility services shall be established for the said fiscal year as follows:

Tiered Water and Sewer Rates

First 4K gals/month \$17.28
 Next 2.996M gals/month \$2.60 per 1000 gals.
 Next 7M gals/month \$2.25 per 1000 gals.
 Over 10M gals/month \$1.90 per 1000 gals.

Refuse Fund Rate

Rate Class

Residential Service \$16.25/month
 Commercial Service \$24.50/month

BE IT FURTHER ORDAINED by said Council that this Ordinance shall be effective on and after July 1, 2009.

Attest:

Clarence C. Monday, Clerk of Council
 June 9, 2009
 Date Adopted

July 1, 2010
 Date Effective

On a motion by Gene Teague, seconded by Mark Stroud, with a 5-0 vote, Council agreed to authorize the City Manager to advertise the proposed rates as outlined.

There being no further business, Mayor Lawson adjourned the meeting at 8:45 PM.

Clarence C. Monday
 Clerk of Council

Kathy C. Lawson
 Mayor