

May 24, 2012

A budget worksession of the Council of the City of Martinsville, Virginia, was held on May 24, 2012, in Council Chambers, Municipal Building, at 4:15 PM, with Mayor Kim Adkins presiding. Council Members present included: Mayor Adkins, Vice Mayor Kimble Reynolds, Gene Teague, Mark Stroud, Sr., and Danny Turner. Staff present included: Leon Towarnicki, Interim City Manager, Brenda Prillaman, Linda Conover, Eric Monday, Dennis Bowles, Kenneth Draper, Ashby Pritchett, Steve Draper, Ruth Easley, Donna Odell, Cindy Dickerson, and Andy Lash.

Mayor Adkins called the meeting to order.

Constitutional officer's budget recommendations: Clerk of Circuit Court Ashby Pritchett presented the following Constitutional Officer Plan for achieving \$50,000 in

The city has originally allocated \$4,725 per employee for medical insurance in the 4/26/12 introduced budget. It is our understanding that the actual amount may have been amended during the May 22<sup>nd</sup> meeting to be \$4,230. Historically there are employees in the Sheriff's Department, the Commonwealth Attorney's office and the Treasurer's office who do not take advantage of this benefit, though it is required to be budgeted by the city. At the end of the fiscal year this money has been recognized as savings. Rather than waiting until the end of FY13 to recognize this savings, the Constitutional Officers suggest recognizing the savings on the front end of the fiscal year. These are savings that do not affect revenue streams or require personnel layoffs. The recognized savings would be as follows:

Sheriff :	16 employees either at the \$4,725 as originally budgeted = \$75,600 or at the adjusted amount of \$4,230 = \$67,680
Commonwealth's Atty:	3 employees either at the \$4,725 as originally budgeted = \$14,175 or at the adjusted amount of \$4,230 = \$12,690
Treasurer:	1 employee either at the \$4,725 as originally budgeted = \$ 4,725 or at the adjusted amount of \$4,230 = \$ 4,230
<b>Total Savings:</b>	at the \$4,725 as originally budgeted = <b>\$94,500</b> or at the adjusted amount of \$4,230 = <b>\$84,600</b>

We did not receive updated budget documents so it is a bit difficult for us to determine if we are working from the original budget document using the \$4,725 as an assumption, or the \$4,230 as an assumption.

After lengthy discussion on the insurance issue, Sheriff Steve Draper reported he can commit \$10,000 out of his department's budget without affecting personnel.

Library funding: Drusilla Carter of the library reported impact on cutting library funding \$61,000 in FY13 noting it would affect state aid and federal funding. Council discussion included reviewing the original regional funding agreement for the library which was made more than 20 years ago.

Southside Fire station funding: Chief Kenneth Draper presented the following information for Council consideration:

### **1. Closing the Southside Fire Station (Company 2)**

#### *Potential Savings:*

- **Building Related:**
  - Approximately \$5,500.00 annually in utilities.
  - Approximately \$500-\$1,000 in routine maintenance.
  - Approximately \$587 in VML insurance (building & boiler)
  - \$126,300 tax assessed value, if sold.

- **Non-Building Related:**
  - Approximately \$5,000 from the sale of 'Old Engine 2' (1934 American LaFrance Fire Engine).
  - Approximately \$5,000 from the sale of Engine 1 (1979 Oren).
  - Approximately \$648 in VML insurance (Engine 1).

*Pros:*

- **Reduction in the amount expended in our/City's operating budgets:**
  - Approximately \$7,700 annually.
  - Approximately \$136,300 revenue from sale of building and two engines, as noted above.

*Cons:*

- **Overcrowding at Headquarters Fire Station (Company 1):**
  - Company 1 was built in 1967, and was never designed to house the number of personnel, equipment and apparatus that is currently assigned to this station.
    - Would have to remodel station to accommodate the additional personnel from Company 2.
    - Would have to remodel station to add sufficient storage space for items that are currently being stored at Company 2 (uniforms, structural turnout gear, fire hose, etc.).
    - Would have to add additional apparatus bay space for one (1) fire engine and one (1) ambulance.
  - Approximate cost is estimated to be in excess of \$1 million to renovate Company 1 to address aforementioned overcrowding issues.
- **Increased fire & EMS response times to Southside area of City:**
  - Company 1 is not centrally located within the City.

- Mostly affect area around Company 2; Memorial Blvd., Forest St., Smith Lake Rd. and their side streets. Could potentially affect the southern most areas around Mulberry Rd., Druid Hills, and side streets.
- Estimate an increase of one (1) to three (3) minutes in affected areas.
- Would potentially result in greater fire loss, and decreased chance of surviving a significant medical or traumatic event in affected areas.

- **Decrease in ISO Fire Rating for the City.**
  - Currently the Fire & EMS Department, and City, is rated at an ISO Class 4.
  - Closing Company 2 would result in our ISO rating to decrease to a Class 5, and potentially to a Class 6.
  - Would affect both residential and commercial property insurance rates. Those who have their insurance with companies that base their rates on the ISO Rating Scale would see an increase in their premiums; however, it is unclear how much of an increase would be realized.

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Leon Towarnicki presented the following recap of information from 5/22/12 Council FY13 budget actions:

**File Notes From 5/22/12 Budget Discussion**

Begin with General Fund usage of	\$866,816
• Add transfer from Capital Reserve -	\$171,182
• Add estimated capital debt service (for \$1.1 million capital)	\$250,000
• Add estimated cost of financial plan of	\$20,000
• Add due to meals tax reduction from 1% to ½% of	\$97,000
• Add due to water/sewer rate reductions from \$3.50 to \$2.50 of	\$164,108
Total projected FB usage -	\$1,569,106

Reductions

Eliminate 3 positions – Police, Budget Analyst, Mechanic – approx	\$215,000
Not fill Parks & Rec Director, but convert part time office to full time -	\$55,000
School reduction of	\$126,394
Remove Goals & Initiatives -	\$10,000
Reduction to EDC -	\$60,000
Constitutionals cumulative reduction of	\$50,000
Insurance reduction of	\$131,703
Total reductions	\$648,097
Resulting Projected use of FB	\$921,009

Employee Health Insurance

- (1) \$67,300 (cost to restore HSA Funding)
- (2) \$126,808 (cost for City to absorb 7.3% increase only)
- (3) \$258,511 (cost to absorb 7.3% increase and drop employee cost to \$90)

Currently 1 and 3 are in budget. Councilman Teague suggested leaving 1 and 2 only in budget, and employee cost remains at current level. Cost will be 1 + 2, or \$194,108, saving City \$131,703.

Suggest consider eliminating HSA of \$67,300 and including #3 @ \$258,511. Savings to City will be \$67,300. Will reduce projected saving from CT recommendation by \$64,403

Council discussion included: acceptable use of fund balance; capital list and priorities; continuing year after year same budget issues; electric capital future costs; options for reducing city capital costs figure; financing options for capital other than fire truck; need to review city vehicles' policy and take-home vehicles; reversion options and financial analysis and importance of citizen input on reversion issue; City Attorney to present Council reversion details at next meeting.

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On a motion by Gene Teague, seconded by Mark Stroud, with a 5-0 vote, Council accepted the \$10,000 budget reduction for the Sheriff's budget which now brings use of fund balance to \$961,000.

No other actions were taken and the meeting adjourned at 6:50 pm.

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Brenda Prillaman, Clerk of Council

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Kim Adkins, Mayor