

May 25, 2010

The regular meeting of the Council of the City of Martinsville, Virginia, was held on May 25, 2010, in Council Chambers, Municipal Building, at 7:30 PM, with Mayor Kathy Lawson presiding. Council Members present included: Mayor Kathy Lawson, Vice Mayor Reynolds, Gene Teague, Mark Stroud, Sr., and Danny Turner. Staff present included: Clarence Monday, City Manager, Brenda Prillaman, Eric Monday, Leon Towarnicki, Eddie Cassady, John Dyches, Dennis Bowles, Donna Odell, Linda Conover, Laura Hopkins, Steve Draper, Kenneth Draper, Mike Rogers, and Joan Ziglar.

Mayor Lawson called the meeting to order and Council Member Danny Turner led the invocation and pledge to the American flag.

Mayor Lawson read and presented a proclamation to Terri Hatchett of Henry-Martinsville Department of Social Services proclaiming May as Foster Care Month.

Mayor Lawson read and presented a proclamation to Police Chief Mike Rogers proclaiming Click It or Ticket Mobilization in Martinsville.

Mayor Lawson recognized the 2010 Student Scholarship recipients. Taylor Eanes received \$250, Brittany Thomas received \$250, and Alisha Potter received \$125. Those contributing to this scholarship program, which was established in 2009 by Mayor Lawson, were Mayor Kathy Lawson, Vice Mayor Kimble Reynolds, Council Members Gene Teague, Mark Stroud, Danny Turner, City Attorney Eric Monday, City Manager Clarence Monday, School Superintendent Scott Kizner, Commissioner of Revenue Ruth Easley, Clerk of Court Ashby Pritchett, Treasurer Cindy Dickerson, Commonwealth Attorney Joan Ziglar, and Sheriff Steve Draper.

Council then re-convened in the Circuit Courtroom to conduct the public hearing on the FY11 budget. Before opening the public hearing, Mayor Lawson called on City Manager Clarence Monday for remarks. Mr. Monday made the following points regarding this proposed budget: the FY11 budget has no tax increases proposed; started out with a \$4.8 million deficit; budget balanced by eliminating 12 city employees, employee furlough days are proposed which will a 2% pay reduction for city employees plus their 12% increase for health insurance premium, low capital expenditures, reducing funding to outside agencies, passing state dollar losses for Constitutional offices back to the Constitutional offices, reducing operating costs in departments, passing health insurance costs to employees; deficit then still \$1.5 million short and to make up for that amount, substantial reductions in Police and Fire staffing would be required, so we looked at power and water costs; City has been subsidizing electric rates with a \$1.1 million increase in transmission charges; water costs 64% more per gallon to produce since loss of HC PSA and increased chemical and electricity costs; budget to date is \$403 out of balance and Council has option to amend/modify; public hearing then to be held for public input; then vote on budget on first reading and Council can still change the budget; final vote will be on June 8. Steve Draper informed Council there is a modification in the Sheriff's office budget due to a

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change in the state allocation and he asked to restore an employee furlough day and purchase a workforce van. Mayor Lawson then opened the public hearing on the FY11 proposed budget.

Comments: Co-owners of Midget Market spoke regarding the electric rate increase and how it affects their struggling business. Eural Harris of Stuart St. spoke asking that Council consider another way to balance the budget rather than increased electric rates and commented on city paying too much for the schools and EDC budget. Tyler Millner of Axton commented schools should be a priority in the budget, rates increases are hurting citizens, economic development issues and the need for one government for city and county. Mr. Jerry Womack commented that the city should have full disclosure in all reports and practice transparency. Jimmy Crigger of Chatham Hts. asked that Council look at budget very closely and consider taking money from the reserve fund to cover the budget deficit.

A motion was made by Danny Turner, seconded by Kimble Reynolds, to cut \$1.5 million from the proposed budget and not do the electric rate increase. Discussion: graduated electric rate increases were looked at; most of city debt is in schools; fund balance information reported by Linda Conover:

Explanation of Combined Balance Sheet dated 5/21/10

1. "Fund Balance" is just a number on any given day because assets and liabilities change daily.
2. There is much movement in the Fund Balance over even a short period of time. In the months of October, November, April and May, this "number" is especially volatile due to annual timed revenue collections.
3. The Fund Balance is defined as the City's "net worth". If we were to "close shop", requiring payment to all our "creditors", the amount left over, if any, would be our Fund Balance.
4. Fund Balance is NOT the cash-on-hand.
5. Cash-on-hand represents our cash and cash equivalents, such as investments, and as of May 21, 2010 was \$12,858,607. Cash-on-hand DOES impact our Fund Balance.
6. Tonight's Fund Balance amount is an ESTIMATE, as we will not know the final impact of FY10's activities until the audit is complete, which will be later this fall.
7. As of June 30, 2009, the Fund Balance was \$13,582,957. During the course of this year, Council has made appropriations from this amount, including \$799,000 for the purchase and renovation of the new Social Services building; \$95,000 for the purchase of Henry Hotel; and \$2,121,342 in re-appropriations from FY09.

The City Manager reported that using the fund balance to balance the budget would be financially risky; discussion on revenue from landfill; discussion on the 138 core government positions, 83 are police and fire; need to move toward combining like services with schools for efficiency and effectiveness; need to survey residents as to what services are important to them. The following vote was taken on the original motion to cut \$1.5 million from budget: motion failed with a 3-2 vote, with Lawson, nay, Teague, nay, Stroud, nay.

Danny Turner made a motion to fund the Economic Development Corporation at a per capita rate and the motion died for lack of a second.

Danny Turner made a motion to eliminate the tax collector position and the motion died for lack of a second. City Attorney Eric Monday spoke to Council noting that the people who don't pay their taxes are the ones paying for his salary.

Kathy Lawson made a motion to implement a \$5 senior discount for water and sewer bills with a financial impact of \$116,000 to be taken from the fund balance. Mark Stroud seconded the motion. The motion passed with a 5-0 unanimous vote.

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Kimble Reynolds made a motion, with a second by Danny Turner, to allow the schools to use unspent funds for early childhood at risk programs.

A substitute motion was made by Gene Teague to allow schools to use ½ of savings generated this year up to \$75,000. This substitute motion died for lack of a second.

A second substitute motion was made by Gene Teague, seconded by Danny Turner, to allow schools to use leftover funds capped at \$225,000. The substitute motion passed with a 4-1 vote, Mr. Reynolds voting nay.

Mark Stroud made a motion to hire two police positions at a cost of \$92,000 with a second by Kimble Reynolds. Chief Mike Rogers spoke advising that there is critical need in his department, however, he couldn't ask for more employees with the budget situation the way it is. Mr. Stroud then withdrew his motion.

Council member Teague asked for figures on costs of furlough days on a tiered scale of employees making above and below \$35,000 for further discussion at the June 8 meeting. Fire Chief Kenneth Draper briefed Council on the cuts in the fire department budget and impacts.

A motion was made by Gene Teague, seconded by Danny Turner, with a 4-0 vote (Mr. Reynolds had to leave the meeting at 9:30 pm and was not present for this vote or the remainder of the meeting) to approve the amended Sheriff's budget:

Sheriff's Office FY 11 Budget Amendments

Original reduction in budget was \$127,385

Governor restored funding to Sheriff's. The amount restored to our office is \$58,767

Request to fill two open positions by mid August (when academy begins)\$7,870, restore 1 furlough day in corrections \$5,488--total (\$13,358)

restore one furlough day in courts—total (\$1,639)

Additional restored funds to go toward purchase of vehicle \$43,770.

Jimmy Crigger pointed out to Council that it is misleading to say we have \$13 million when we need part of that to do daily business. Eric Monday pointed out that Council Member Stroud signed a disclosure that he is a constitutional employee and his wife is a school employee. On a motion by Gene Teague, seconded by Mark Stroud, with a 3-1 vote (Mr. Turner, nay, and Mr. Reynolds, not present), Council agreed to approve the proposed budget ordinance on first reading as amended.

CITY OF MARTINSVILLE, VIRGINIA ORDINANCE NO. 2010-___

BE IT ORDAINED by the Council of the City of Martinsville, Virginia, in regular session assembled May 25, 2010, that the following sums of money be and hereby are appropriated—by specified Fund—for the City's fiscal year ending June 30, 2011, from the following Fund sources of estimated revenue:

SUMMARY STATEMENT OF BUDGET ESTIMATES, 2010-2011

	Projected Fund Balance 06/30/10	Projected Revenues FY10-11	Budgeted Exp/ Transfers	Depreciation	Projected Fund Balance 06/30/11	Net (Decrease) Increase
General Fund	\$2,895,776	\$27,448,331	\$27,873,331		\$ 2,470,776	\$(425,000)
Electric	\$5,695,239	\$17,456,566	\$17,981,566	\$ 525,000	\$ 5,695,239	0
Water	\$ 240,931	\$ 3,237,495	\$ 3,502,495	\$ 265,000	\$ 240,931	0
Sewer	\$ 193,376	\$ 3,804,512	\$ 4,334,512	\$ 530,000	\$ 193,376	0
Refuse	\$ 549,421	\$ 2,212,000	\$ 2,312,000	\$ 100,000	\$ 549,421	0
TOTAL UTILITY FUNDS	\$6,678,967	\$26,710,573	\$28,130,573	\$1,420,000	\$ 6,678,967	0
Schools	\$1,836,694	\$21,356,129	\$ 21,356,129		\$1,836,694	0
Cafeteria	\$ 569,160	\$ 1,130,987	\$ 1,130,987		\$ 569,160	0
School Grants	\$ (27,208)	0	0		\$ (27,208)	0
TOTAL SCHOOL FUNDS	\$2,378,646	\$22,487,116	\$ 22,487,116		\$2,378,646	0

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Capital Reserve	\$ 387,343	\$1,158,702	\$1,158,702	\$ 387,343	0
Meals Tax	\$ 731,399	\$1,342,260	\$1,342,260	\$ 731,399	0
TOTAL CAPITAL FUNDS	\$1,118,742	\$2,500,962	\$2,500,962	\$ 1,118,742	0
CDBG	\$(621,959)	\$ 36,327	\$ 87,823	\$(673,455)	\$(51,496)
Housing Choice	\$ 2,872	\$1,895,079	\$2,244,912	\$(346,961)	\$(349,833)
TOTAL SP REV FUNDS	\$(619,087)	\$1,931,406	\$2,332,735	\$(1,020,416)	\$(401,329)
<u>TOTAL ALL FUNDS</u>	<u>\$12,453,044</u>	<u>\$81,078,388</u>	<u>\$83,324,717</u>	<u>\$1,420,000</u>	<u>\$11,626,715</u>
				<u>\$ (826,329)</u>	

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

Tax Rates

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 certain utility service rates be amended as follows:

Power Cost Adjustment:

PCA Multiplier	.0068
Average Increase	7.13%

Water Rates:

For Service Within City Limits:

First 4,000 gals/month:	
3/4" meter	\$19.81
1" meter	\$32.37
1 1/2" meter	\$67.85
2" meter	\$117.64
3" meter	\$259.98
4" meter	\$459.05
6" meter	\$1,028.08
Next 2,000 gals/month	\$3.19 per 1000 gals
Next 100,000 gals/month	\$2.94 per 1000 gals
Next 100,000 gals/month	\$2.43 per 1000 gals
Over 206,000 gals/month	\$2.10 per 1000 gals

For Service Outside City Limits:

First 4,000 gals/month:	
3/4" meter	\$26.00
1" meter	\$42.48
1 1/2" meter	\$89.02
2" meter	\$154.35
3" meter	\$341.10
4" meter	\$602.29
6" meter	\$1,348.86
Next 2,000 gals/month	\$4.18 per 1000 gals
Next 100,000 gals/month	\$3.86 per 1000 gals
Next 100,000 gals/month	\$3.19 per 1000 gals
Over 206,000 gals/month	\$2.75 per 1000 gals

BE IT FURTHER ORDAINED by said Council that this Ordinance shall be effective on and after July 1, 2010.

Mayor Lawson closed the public hearing and Council then re-convened in Council Chambers at 9:55pm for the rest of this meeting.

The City Manager re-capped for Council budget actions taken to this point. Amendments are as follows: (1) Sheriff's amended line items at no additional local costs (2) offer senior citizens over 65 discount for a total of \$5 for water and sewer to be taken from fund balance \$116,000 per year (3) allow schools to carry over up to \$225,000 into FY11 for the at risk program (4) staff was directed to bring back to Council figures on tiered furlough days.

Mayor Lawson read the list of names of city employees recognized for years of service:

Brian Mabe	Public Works	10
Steven B. Kendrick	Police Department	10
Vollie Norris	Police Department	10
Chad Rhoads	Police Department	10
Jeffrey Joyce	Public Works	15
Troy Reeves	Fire Department	15
Wayne D. Knox	Community Development	15
Tony C. Davis	Public Works	20
Victor "Steve" Cannaday	Public Works	25

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Seth Kanode	Police Department	25
Clyde Jones	Parks & Recreation	25
Mark Fabinski	Public Works	25
Sanders L. Handy	Parks & Recreation	30
Rodney W. Leftwich	Water Resources	30

On a motion by Gene Teague, seconded by Mark Stroud, with a 4-0 vote, Council agreed to set a public hearing for June 8, 2010, to consider an organization's local tax exemption request.

No one was present to give the update on the Community Storehouse as was printed on the agenda.

Council had lengthy discussion regarding the proposed dog ordinance and agreed to hold a public hearing at the June 8, 2010 meeting for public input.

On a motion by Gene Teague, seconded by Danny Turner, with a 4-0 vote, Council approved the following consent agenda:

BUDGET ADDITIONS FOR 05/25/10				
ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT
<u>FY10</u>				
<u>GENERAL FUND</u>				
01100909	490104	Recovered Costs		300
01331108	501200	Sheriff - Corrections - Overtime	300	
01100909	490801	Recovered Costs - Senior Citizens		69
01100908	480420	Donations - Senior Citizens		628
01714212	506016	Senior Citizens - Program Supplies	697	
01100909	490134	Recovered Costs - Recreation & Parks		875
01711210	506007	Parks & Recreation - Equipment & Supplies	875	
01100909	490104	Recovered Costs		350
01322105	505500	EMS - Travel/Training	350	
01100909	490104	Recovered Costs		4,523
01311085	506008	Police - Vehicle Equipment & Maintenance	4,523	
01100909	490134	Recovered Costs - Recreation & Parks		2,160
01713211	506010	Park Maintenance - Maintenance & Materials appropriation of recovered costs	2,160	
01100908	480411	Miscellaneous - Donations/Skate Park		900
01713211	503600	Parks & Recreation - Advertising appropriation of donation	900	
Total General Fund:			9,805	9,805

Business from the floor: Mattie Atkins, 1418 S. Askin St., spoke to Council about problems she is having with barking dogs at night. Police Chief Mike Rogers will handle this. Jimmy Crigger, Chatham Hts., voiced his concern over the poor voter turnout and reported there is a water meter sitting sideways on Chatham Hts.

Comments from Council: Mayor Lawson stated the Vice Mayor had a previous commitment and that was the reason he had to leave the meeting early tonight. She also reminded citizens of the MHS band concert and the Memorial Day service this Sunday. Mr. Turner commended PHCC on their tournament at Hooker Field and stated he would like to post flags at city hall on Memorial Day.

Comments from City Manager: Mr. Monday reminded citizens that City Hall will be closed Monday for Memorial Day holiday and also closed on Friday, May 28, as a furlough day for city employees. He reported the city is now generating carbon credits and Council will tour the facility on their June 21 neighborhood tour. He also expressed birthday wishes to Holiday Yeaman (a long time city employee and former Clerk of Council) who will be 95 this Saturday.

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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 Mark Stroud, with the following 4-0 recorded vote: Lawson, aye; Teague, aye; Stroud, aye; and Turner, aye, (Reynolds-absent) Council convened in Closed Session, for the purpose of discussing the following matter: (A) Appointments to boards and commissions 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 said Session. On a motion by Danny Turner, seconded by Mark Stroud, with the following 4-0 recorded vote: Lawson, aye; Stroud, aye; Turner, aye; and Teague, aye, (Reynolds-absent) Council returned to Open Session. No action was taken.

There being no further business, the meeting adjourned at 11:40 pm.

Clarence C. Monday, Clerk of Council

Kathy C. Lawson, Mayor