

May 5, 2009

A budget work session meeting of the Council of the City of Martinsville, Virginia, was held on May 5, 2009, in Council Chambers, Municipal Building, at 7:00 PM, to review the FY10 proposed budget with Mayor Kathy Lawson presiding. Council Members present included: Vice Mayor Kimble Reynolds, Mark Stroud, Sr., and Danny Turner. Council Member Gene Teague was absent. Staff present included: Clarence Monday, City Manager, Leon Towarnicki, Brenda Prillaman, Eric Monday, Donna Odell, Dennis Bowles, and Ruth Easley. School Superintendent Dr. Scott Kizner, School Board members Jim Johnson and Bill Manning were present as well as numerous other school administrators and personnel.

After calling the meeting to order, Mayor Lawson called on Dr. Kizner who read a prepared statement regarding the city school FY10 budget request. He also reviewed several documents outlining school goals, school programs, funding history, and salary and position reductions information. Martinsville School Board Chairman Jim Johnson suggested a compromise requesting the school reduction be brought down to \$300,000 instead of the proposed \$350,000 reduction. He also suggested that the anticipated school surplus of up to \$250,000 be given back to the schools. Also, if schools receive another anticipated \$120,000, they asked to be allowed to use \$80,000 of that amount to cover the payback amount agreed to in fall of 2008 when the city approved loaning money from the fund balance to the schools to pay for replacement lights at Martinsville High School football field and the school division committed to repaying \$80,000 a year for five years. There was a brief discussion, with no decision made, on merging some of the city government and city schools departments including human resources, purchasing, finance and building maintenance. On a motion by Danny Turner, seconded by Mark Stroud, with a 4-0 vote, Council agreed (1) to a \$300,000 school reduction for FY10 instead of \$350,000 proposed for FY10 (2) to allow schools to carry over up to \$250,000 of unexpended funds from the FY09 school budget to use in FY10 for operations expense (3) to cover the \$80,000 loan payback for year one of five payback years, schools to be allowed to use \$80,000 of anticipated surplus the schools receives if over \$250,00.

There was brief discussion of projected fund balance for FY09 and FY10 with the city manager pointing out the timing of cash flow and the special revenue funds are

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factors in the fund balance amount as well as collections of city revenues. Information was provided to Council on fund balance figures for past years for comparison.

After discussion of the Communications Tax change due to a mistake on the state level which makes localities disbursements amounts less than originally thought, a motion was made by Danny Turner, seconded by Kimble Reynolds, with a 4-0 vote, for a budget adjustment to reduce the FY10 budgeted figure for Communications Tax by \$97,090 to \$964,910 in order to more accurately reflect the anticipated reduced revenues.

Council reviewed spreadsheets outlining proposed amounts for outside agencies with the City Manager explaining that for agencies that already receive city funding were funded with a 5% cut unless special conditions existed.

On a motion by Kimble Reynolds, seconded by Mark Stroud, with a 4-0 vote, Council approved budget amendments for the following: (1) 911 Center adjusted to \$309,740 instead of \$303,545 originally proposed (2) State & Local Hospitalization Program (SLHP) adjusted to \$0 since this program has been temporarily suspended by the state due to budget cuts. No motion was needed on the electric issue as the net effect will be zero and the appropriation will not change.

Council had discussion regarding city revenues for FY10.

The City Manager will review the proposed budget after these amendments approved by Council in the amount of \$147,000 and bring recommendations for cuts to the budget worksession on May 13th for Council's review and approval.

The Mayor pointed out a second budget work session will be held on May 13 at 7:00 PM and the City Manager asked that Council members advise him of topics to be included on the agenda so it can be distributed this week. Council Member Turner commented we need to cut the size of city government. Mayor Lawson reported input has been received from Council members for the City Manager to use as to Council's preferences on using the fund balance and where cuts in the budget should be made.

There being no further business, Mayor Lawson adjourned the meeting at 8:36 PM.

Clarence C. Monday
Clerk of Council

Kathy C. Lawson
Mayor