

August 23, 2011

The regular meeting of the Council of the City of Martinsville, Virginia, was held on August 23, 2011, in Council Chambers, Municipal Building, at 7:30 PM, with Mayor Kim Adkins presiding. Council Members present included: Mayor Kim Adkins, Vice Mayor Kimble Reynolds, Gene Teague, Mark Stroud, Sr., and Danny Turner. Staff present included: Clarence Monday, City Manager, Brenda Prillaman, Eric Monday, Linda Conover, Leon Towarnicki, Donna Odell, Kathy Vernon, Kenneth Draper, Tony Beal, and Mike Rogers.

Following the invocation by Vice Mayor Kimble Reynolds and Pledge to the American Flag, the Mayor welcomed everyone to the meeting.

City Employees eligible for Service Awards-July 1 through September 30, 2011 were recognized by the reading of the following list:

Terry Morton	30	Circuit Court Clerk's Office
Jean Nunn	30	Circuit Court Clerk's Office
David Wallace	30	Sheriff's Department
Karen Mays	30	Purchasing
Marshall Thomas	30	Police Department
Michael Mabe	30	Electric
Ashby Pritchett	25	Circuit Court Clerk's Office
Reggie Gravely	25	Police Department
William Fabinski	25	Public Works
Bernie Gray	25	Fire Department
Ercell Cowan	20	Registrar
Kenneth McFarling	20	Sheriff's Department
Roy Prillaman	20	Sheriff's Department
Jackie Dillard	20	Sheriff's Department
Pam Gill	20	Sheriff's Department
Bart Hampton	20	Sheriff's Department
Mark Stroud	20	Sheriff's Department
Mildred Spence	20	Sheriff's Department
Steve Hairston	20	Sheriff's Department
Patti Farmer	20	Circuit Court
Betty Wagoner	15	Circuit Court Clerk's Office
Erika Hamilton	15	Circuit Court Clerk's Office
Pamela Shoemaker	15	Commissioner of Revenue's Office
Cindy Dickerson	15	Treasurer's Office
Sheila Clark	15	Treasurer's Office
Gina Shelor	15	Treasurer's Office
Laura Hopkins	15	Sheriff's Department
Ruth Easley	10	Commissioner of Revenue's Office
Jody Duncan	10	Commissioner of Revenue's Office
Joan Ziglar	10	Commonwealth Attorney's Office
Sandra Gentry	10	Commonwealth Attorney's Office
Renay Hairston	10	Commonwealth Attorney's Office
Connie Marshall	10	Sheriff's Department
Mildred Montgomery	10	Sheriff's Department
Kevin Turner	10	Sheriff's Department
Ed Gower	10	Sheriff's Department
Tonija Hairston	10	Sheriff's Department
Teresa George	10	Sheriff's Department
Brenda Eggleston	10	Sheriff's Department
Lenny Noel	10	Sheriff's Department
Michael Watkins	10	Sheriff's Department
Bonnie Hammock	10	Sheriff's Department
Dean Comer	10	Sheriff's Department
Robbin Acord	10	Sheriff's Department
Michael Eggleston	10	Sheriff's Department
Doug Hardy	10	Sheriff's Department
Jonathan Barker	10	Sheriff's Department
Tim Gary	10	Sheriff's Department
Dwight Robertson	10	Sheriff's Department
James Cooper	10	Sheriff's Department
Vicky Belcher	10	Victim Witness
Keith Hudson	10	Fire Department
Robin Legus	10	Purchasing
Kris Bridges	10	Inspections
Donald Martens	10	Public Works
Carol Schmidt	5	Commissioner of Revenue's Office
Dallas Hairston	5	Commissioner of Revenue's Office
Kimberly Boyd	5	Commissioner of Revenue's Office

Wanda Jessup	5	Finance Department
Mark LaPrade	5	Fire Department
Joseph Washburn	5	Police Department
Jeff Corcoran	5	Sheriff's Department
Earl Preston	5	Sheriff's Department
Marietta Harmon	5	Sheriff's Department
Rodney Smith	5	Sheriff's Department
Trina Snead	5	Sheriff's Department
Darla Crigger	5	Sheriff's Department
Casey Wilson	5	Sheriff's Department
Joseph Haynes	5	Fire Department
Paula Bowen	5	Commonwealth Attorney's Office
Donald Goodman	5	Commonwealth Attorney's Office
Justin Taylor	5	Public Works
Jane Toler	5	Fire Department
Dale Davis	5	Fire Department
Eddie Dillard	5	Police Department
"Cricket" Hankins	5	Parks & Rec
Nancy Sherman	5	Commonwealth Attorney's Office
Mark Spencer	5	Sheriff's Department
Christopher Penn	5	Public Works

A proclamation recognizing National Payroll Week as September 5-9, 2011 was presented by Mayor Adkins to Donna Odell, Human Resources Director.

A proclamation recognizing Baby Safety Month was presented by Mayor Adkins to representatives of the Martinsville Exchange Club.

A proclamation was read by Vice Mayor Kimble Reynolds recognizing the City of Greensboro's Human Relations Commission for their generosity and sharing of knowledge with the City's Human Relations Advisory Commission when the group visited Greensboro August 16.

City Manager, Clarence Monday, presented the following information to Council:

During a joint work session with the City Council and School Board on August 11, 2011, the City Council requested specific information be provided to the Council at its next meeting. The follow-up included:

1. Capital improvements needs of the City and School Board for the next 5-10 years.
2. Determine if it is possible to pursue the QSCBs at another offering, thus passing on the Fall issuance.
3. Detailed report of various options and alternatives that were considered other than what was recommended to the Council.
4. How the City plans to fund its commitment for work at the Commonwealth Crossing Business Center site.
5. How borrowing \$10.5M would affect the City's creditworthiness.

Information held by the City, pertaining to items #1 and 4 was included in your council packets. At tonight's meeting, school officials are present who can provide other information, as requested.

Before answering questions about the City's five-year CIP and funding options for work at the Commonwealth Crossing site, I would like to address other points for your consideration.

Section 2 of the City Charter grants certain powers and responsibilities to the City Manager. Among these duties, it is stated that the City Manager shall "...keep the city council fully advised as to financial conditions and needs of the city." This duty is enacted by various methods including memos, conferences, one-on-one meetings, and during public presentations. The City Manager relies on other key staff for input including but not limited to the Assistant City Manager, City Attorney, Finance Department staff, and other relevant personnel.

Because of me doing my job and other staff members pursuing work as directed by the Council, I have been labeled as being opposed to the MHS renovation project. Furthermore, while informing the Council as to the financial conditions of the City, an elected official questioned why information was distributed to the Council at 2:00 in the afternoon, the day of the August 11th meeting, instead of weeks and weeks before that meeting.

I will now discuss issues that I have advised the Council on many times before, not weeks or moments prior to this particular meeting. It is my responsibility to advise the Council on such matters that will affect this City this year, next year, and years into the future.

1. In May 2009, I took part in a financial re-rating process for the City. Although our rating was determined to be "average" there were concerns identified for our future including our continued loss of population, shrinking tax base, compounded job losses, and an approved budget exceeding available revenue. Since that time, the budgets for fiscal years 2010, 2011, and 2012 have been adopted with the use of fund balance. By taking on more debt commitment and continued economic challenges, I suspect that our cost of borrowing for city projects beyond the MHS project could cost more in interest charges, making future borrowing more expensive.
2. Council must consider its ability to fund future capital needs with our remaining debt capacity AND available revenue. Starting with infrastructure, there are and will be other needs in the City.

- a. The water treatment plant is over 60 years old.
 - b. Many water lines were installed in the late 1800s, and to borrow a statement from the Supt of Water Resources, "our newer lines were installed in the 1930s."
 - c. Maintenance of electric substations is expensive and must be performed on a regular cycle.
 - d. Street paving is behind schedule with routine street paving needs exceeding annual street maintenance funds.
 - e. Capital improvements for our utilities have often been made on a pay-as-you-go basis, but recent policy has been to hold the line on utility rates, thus making investment in infrastructure nearly impossible with revenue recovery not even totally recouping our cost of operation in the electric enterprise.
3. City facilities are aging and no funds have been set aside for such work that WILL become necessary in the immediate future.
- a. Fire station #2 was constructed in 1948 and barely allows a modern fire engine to fit inside the station.
 - b. Fire Station #1 was built in 1968 and does not allow all apparatus to be inside, and there are no separate sleeping quarters for females that surely will work there someday.
 - c. City Hall was built in 1968, the same year as MHS that must be renovated because lighting, heating, cooling, and space has become obsolete. May I remind you that our City Hall jointly serves as our courthouse?
 - d. The City Shop and Garage is aging with the most recent renovation of the City Shop area occurring following a fire that caused extensive heat and smoke damage.
4. Let's don't forget routine equipment needs. In FY09, the City's Capital Budget was \$1.5M for vehicles and equipment such as police cars, fire trucks, etc. When the recession hit, capital was one of the first areas cut, after personnel, to minimize the use of our rainy day funds to balance the budget. In this fiscal year, only \$810,612 is budgeted for capital, other than in the enterprise funds, while the capital review committee identified \$1.6M in needs. Of the budgeted amount, over \$278,000 is for annual debt service while only \$531,630 is budgeted for new projects. One ambulance is \$200,000 of this new money, leaving little funds for other routine equipment. Staff has tried for four years to purchase a fire truck; however, funds run out quickly and another year has gone without this vital equipment being purchased. The City's five year CIP identifies over \$15M in normal, routine equipment needs and does not include the needs of the School system or for major renovations to our facilities, whether the same age or older than MHS.

In conclusion, our City is like many other municipalities. Infrastructure is aging, and there always will be needs that exceed available financial resources. However, it is not a matter of if, but when will our position catch up with us? Think about the impact of a garbage truck going out of service due to us ignoring that purchase. Let us lose a fire truck, like the 1979 model that we have been trying to replace for four years. Until new revenue opportunities develop, lingering capital needs cannot be met without a tax increase, fee increases, expenditure adjustments, and/or a combination of these measures, unless the savings account is hit harder.

Therefore in advising the City Council, my message is simple. When you make your decision about the MHS project, remember there are other needs in our City that must be addressed in a balanced manner. Finally the staff is only doing its job in advising you of the needs of the City, and these thoughts are not a strike against the needs at MHS.

The City Attorney summarized the legal aspects of incurring the debt requested by the School Board, and the options available for securing public input on the debt:

The Virginia constitution limits debt capacity to 10% of the total value of city real estate. The total debt capacity is \$67M in round figures. Outstanding debt is \$18M, leaving \$49M available debt. The school request is 21% of that \$49M, and 1.6% of the total real estate value.

The City Charter, chapter 11, section 2, requires a referendum for any bond issue, except that section 5-D states that a public hearing may be held if the bonds are less than 2% of the total real estate value. The requested bonds are less than that amount and a public hearing, instead of referendum, is an available option. A referendum is not possible in 2011, and never was possible if the QSCB bonds were to be used, because (1) state law requires an ordinance and court order for the referendum to be entered at least 81 days out from the election, which was August 19, and (2) the QSCB bonds are scheduled for sale on the same day as the general election, November 8, and action approving them would have to be taken prior to that date. Any local special election can no longer be held on a day other than a general election. Therefore if a referendum is desired, it must be held on the 2012 general election day.

There was lengthy discussion between Council and School Board members regarding different scenarios for the proposed renovations and their costs. Mayor Adkins then opened the floor for public comment on this issue. Monty Ridenhour, 1231 Mulberry Rd., read a letter from Geri Ridenhour asking that Council make it public as to financial concerns of city manager; Tim Byrd, 707 Druid Lane, urged city to move forward with the \$10.5 million renovation; Rebecca Moore, Corn Tassel Trail, spoke on behalf of student body advising updates are needed; Mike Rogers, Police Chief, voiced his concerns on the overall financial needs of the city and the tight

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budget situation facing the city; Bennie Gray commented that the schools need to be more creative in funding rather than using all of meals tax and stated that if schools can find money to give school employees raises, then they can find money to do this project; Bill Manning, school board chairman, asked for Council's support for the \$10.5 million renovation project and he noted that \$150,000 has already been invested with architects on this project. By consensus, Council agreed to schedule a joint work session with the school board to discuss and understand components of the project and options for lowering costs. Mr. Manning requested that Council provide specific questions to the school board in writing. On a motion by Gene Teague, seconded by Kimble Reynolds, with a 5-0 vote, Council agreed to set a public hearing for September 13, 2011 for comments from the public on financing the renovation.

Clarence Monday explained the need for the proposed Resolution recognizing the efforts of the Martinsville Fire Company for purposes of the Line of Duty Act. On August 23, 1949, Martinsville City Council approved the Constitution and By-Laws of the Martinsville Volunteer Fire Company and all of the provisions and regulations set forth. The first organizational meeting of the Volunteer Company was held September 7, 1949 between City Manager Kent Mathewson and a number of interested citizens of the City. After training, the volunteer members began answering fire calls on October 12, 1949 and there are currently 23 members on roll. On a motion by Gene Teague, seconded by Danny Turner, with a 5-0 vote, Council adopted the following resolution which is to be sent by Human Resources to appropriate state entities:

WHEREAS, those who work tirelessly by donating their time and skills to give back to their communities and perform a valuable service deserving of public recognition; and

WHEREAS, the Martinsville Volunteer Fire Company, which has been authorize and chartered to perform public service in the City of Martinsville is recognized as an integral part of the official safety program for the Martinsville Fire Department and

NOW, THEREFORE, BE IT RESOLVED that Martinsville City Council, through the adoption of this resolution and pursuant to Code of Virginia (Section 9.1-400 et seq.); hereby recognizes the members of the Martinsville Volunteer Fire Company for their valuable service and dedication.

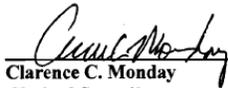
Adopted in Martinsville, Virginia this 23rd day of August, 2011.



Kim E. Adkins
Mayor, City of Martinsville

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Attest:


Clarence C. Monday
Clerk of Council

8-23-11
Date Adopted

After discussion Council agreed to hold the Tuesday, November 8, 2011, Council meeting as previously scheduled instead of changing date due to it being Election Day.

Linda Conover, Budget Analyst, presented the following monthly finance report:

FY11 – PRELIMINARY YEAR-END FINANCIAL REVIEW

FY11 officially ended on June 30, 2011; however, all year-end transactions will not be finalized until at least the end of September in order to realize all earned revenue and incurred expenses for the fiscal year. Therefore the annual audit process will occur in mid-October. Based upon these facts, staff is hereby providing a summary of FY11 revenues and expenditures, and a combined balance sheet, reflecting the estimated fund balance. The final audit will provide an exact accounting of the fiscal year and can be expected in early 2012.

FY11 – Revenues & Expenditures - UNAUDITED

Upon examination of the City's Funds, exclusive of School and Special Revenue Funds, unaudited figures are provided for actual versus anticipated revenues and expenditures. These numbers only include transactions recorded through August 8, 2011. Several year-end audit adjustments and Enterprise Funds' depreciations are not included in this report. Currently, there is an excess of revenues over expenditures of \$916,411. However, depreciation expense alone is estimated at \$1,440,000, reversing the excess to a deficit of \$523,589. Again other year-end adjustments will increase and decrease both revenues and expenditures before FY11 is officially closed.

FY11 – Combined Balance Sheet – UNAUDITED

The current total combined fund balance for FY11 is \$14,290,080, which would initially be an increase over FY10 of \$1,162,867. However, as shown on the enclosed spreadsheet, when both estimated depreciation and re-appropriation requests are factored in, the revised FY11 fund balance is \$13,392,080, representing a 2% increase over FY10's year-end fund balance. Remember, many year-end adjustments have yet to be made so this figure is still a moving target and should not be interpreted as final. Furthermore, prior commitments to special projects such as Commonwealth Crossing and the Landfill Methane Project will also reduce the anticipated fund balance before the completion of FY12.

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

BUDGET ADDITIONS FOR 8/23/11				
ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT
<u>FY11</u>				
<u>GENERAL FUND</u>				
01102926	436401	Categorical Federal - Confiscated Assets		288
01311085	506079	Police Dept - Federal Asset Forfeitures appropriate fed asset forfeitures rec'd 6/10/11	288	
Total General Fund:			288	288

BUDGET ADDITIONS FOR 8/23/11				
ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT
<u>FY12</u>				
<u>GENERAL FUND</u>				
01100908	482901	Misc. Unclassified Revenue		2,872
01122022	505502	HR - Employee Relations appropriate reimbursement	2,872	
Total General Fund:			2,872	2,872
<u>CAPITAL RESERVE FUND</u>				
16100908	432316	Misc. - Court Rpt/Judge		5,000
16577367	508140	Plant Expansion - City Hall appropriate Court funds	5,000	
Total General Fund:			5,000	5,000

Business from the floor: Reid Young, Knollwood Place, pointed out numerous issues of concern with littering in the area and laws that should be in place to deter littering. Council asked Mr. Young to attend the next Council meeting to discuss this as an agenda item. Phillip Van Cleve, representing VA Citizen Defense League, commented regarding the recent banning of guns in the municipal building which is also the courthouse. Mayor Adkins advised that Council has a prepared statement which was read aloud by Council Member Mark Stroud:

Statement on Guns in the Courthouse

The policy banning weapons possession in this building was set out by a court order. The order was requested by the Sheriff, who is a state constitutional officer. The order was entered by a state circuit court judge. The judge found that this entire building is a

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courthouse—there is no reasonable way to separate the local and court functions. State law says that no weapons are allowed in courthouses. Until there is a court order directing otherwise, the ban will remain in effect.

Tony Beal, City Fireman, encouraged citizen participation in the September 11 Remembrance Service planned. Ural Harris, 217 Stuart St., commented on school funding request. Bennie Gray commented regarding the traffic signal at Liberty and Clearview.

In accordance with Section 2.1-344 (A) of the Code of Virginia (1950, and as amended) and upon a motion by Gene Teague, seconded by Kimble Reynolds, with the following 5-0 recorded vote: Adkins, aye; Teague, aye; Reynolds, aye; Stroud, aye; and Turner, aye, Council convened in Closed Session, for the purpose of discussing the following matter: (A) 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 Kimble Reynolds, seconded by Mark Stroud, with the following recorded 5-0 vote: Adkins, aye; Reynolds, aye; Teague, aye; Stroud, aye; and Turner, aye, Council returned to Open Session.

No was action taken.

There being no further business, Mayor Adkins adjourned the meeting at 10:32 pm.

Clarence C. Monday, Clerk of Council

Kim E. Adkins, Mayor