



## City Council Agenda Summary

**Meeting Date:** August 9, 2010

**Item No:** 1.

**Department:** Clerk of Council

**Issue:** Consider approval of the minutes of May 25, June 8, and June 21, 2010 meetings.

**Summary:** None

**Attachments:** [Minutes May 25, 2010](#)  
[Minutes June 8, 2010](#)  
[Minutes June 21, 2010](#)

**Recommendations:** Motion to approve minutes as presented

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
<b>General Fund</b>	<b>\$2,895,776</b>	<b>\$27,448,331</b>	<b>\$27,873,331</b>		<b>\$ 2,470,776</b>	<b>\$(425,000)</b>
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
<b>TOTAL UTILITY FUNDS</b>	<b>\$6,678,967</b>	<b>\$26,710,573</b>	<b>\$28,130,573</b>	<b>\$1,420,000</b>	<b>\$ 6,678,967</b>	<b>0</b>
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
<b>TOTAL SCHOOL FUNDS</b>	<b>\$2,378,646</b>	<b>\$22,487,116</b>	<b>\$ 22,487,116</b>		<b>\$2,378,646</b>	<b>0</b>

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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
<b>TOTAL CAPITAL FUNDS</b>	<b>\$1,118,742</b>	<b>\$2,500,962</b>	<b>\$2,500,962</b>	<b>\$ 1,118,742</b>	<b>0</b>
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)
<b>TOTAL SP REV FUNDS</b>	<b>\$(619,087)</b>	<b>\$1,931,406</b>	<b>\$2,332,735</b>	<b>\$(1,020,416)</b>	<b>\$( 401,329)</b>
<b>TOTAL ALL FUNDS</b>	<b>\$12,453,044</b>	<b>\$81,078,388</b>	<b>\$83,324,717</b>	<b>\$1,420,000</b>	<b>\$ (826,329)</b>

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
<b><u>FY10</u></b>				
<b><u>GENERAL FUND</u></b>				
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	
<b>Total General Fund:</b>			<b>9,805</b>	<b>9,805</b>

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.

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Clarence C. Monday, Clerk of Council

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Kathy C. Lawson, Mayor

June 8, 2010

The regular meeting of the Council of the City of Martinsville, Virginia, was held on June 8, 2010, in Council Chambers, Municipal Building, at 7:30 PM, with Mayor Kathy Lawson presiding. Council Members present included: Mayor Kathy Lawson, Vice Mayor Kimble Reynolds, Gene Teague, Mark Stroud, Sr., and Danny Turner. Staff present included: Clarence Monday, City Manager, Brenda Prillaman, Eric Monday, Leon Towarnicki, Kenneth Draper, Wayne Knox, Mike Rogers, Donna Odell, Linda Conover, Dennis Bowles, Bobby Phillips, Dan Howell, Eddie Cassady, Sharon Echols, Susan McCulloch, Cindy Dickerson, and Ruth Easley.

Prior to the official beginning of the meeting, Vice Mayor Kimble Reynolds made a presentation of the Key to the City to outgoing Mayor Kathy C. Lawson followed by comments from Council members.

Following the invocation by Council Member Gene Teague and Pledge to the American Flag, Mayor Lawson called the meeting to order and welcomed everyone to the meeting.

On a motion by Kimble Reynolds, seconded by Gene Teague, Council approved with a 5-0 vote, the minutes of the May 13, 2009 meeting.

Mayor Lawson noted that item 2 on the printed agenda regarding the Sesquicentennial Committee will be delayed for a later meeting as the group is not ready yet.

Eric Monday, City Attorney, briefed Council regarding the charter amendment and ordinance to move the city elections from May to November. Changes in the state budget now transfer the cost of funding purely local elections to the locality and the cost of a City Council election is \$12,000. A shift to November elections keeps the funding costs with the state and requires both a local ordinance and a charter amendment, which could be introduced in the 2011 General Assembly and, if approved, would become effective July 2, 2011, thus affecting the 2012 Council elections. Council members subject to re-election in 2012 would have their terms extended to January 1, 2013, when the Council members elected in November, 2012 would take office, and when the organizational meeting with Mayoral and Vice-Mayoral elections would occur. The Mayor opened the public hearing and hearing no comments from the public, closed the public hearing. On a motion by Gene Teague, seconded by Danny Turner, with the following 5-0 recorded vote: Mrs. Lawson, aye; Mr. Reynolds, aye; Mr. Stroud, aye; Mr. Teague, aye; and Mr. Turner, aye, Council

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approved the charter amendment and ordinance, on first reading, to move the city election from May to November.

Mayor Lawson called on Susan McCulloch to report on the Historic District. A letter from Alexis Lee was read regarding the Historic District where Ms. Lee made the following three suggestions for establishing a building for the New College on the Baldwin block in the Fayette Street Historic District: suggested naming the campus or complex after Dr. Dana O. Baldwin; suggested the campus or complex have a building that is an African-American Culture Center as the hub of the campus or complex that is to be developed on the Baldwin block of land; suggested that Market Street be re-named after Dr. Dana O. Baldwin. Ms. McCulloch also reported that Fred Martin has advised if the Methodist Church is excluded from the districts, then he wants the Martin properties Uptown also excluded. Mayor Lawson opened the public hearing on the Historic Districts. Comments included: Alexis Lee, 127 Sellers St.—referenced items in letter previously presented at tonight’s meeting and emphasized that having Historic Districts will make our community a model in our country. Dr. Mervyn King--feels developing “donut holes” in the Historic District would be detrimental, comments on Schottland House and other properties he owns that have been restored to historic district compliance. Kim Adkins, Chairman of the Planning Commission read a letter from the Planning Commission regarding Historic Districts:

May 26, 2010--With the impending vote on the disposition of the Local Historic Districts, we, as members of the Martinsville Planning Commission, wish to reiterate our position on this issue. If you may recall, on March 18, 2010 Planning Commission unanimously recommended that all of Martinsville’s Local Historic Districts (Fayette St., E. Church St./Starling Ave. and Martinsville Uptown) contain the same boundary lines as existing State/Federal Historic Districts. During the regular Planning Commission meeting on May 20, 2010, after learning about the proposed boundary line change, we stand by our recommendation that the boundary lines of the 3 proposed local historic districts remain the same as we originally recommended to City Council. We understand this will be discussed for the Uptown (Martinsville District) during City Council’s public hearing on June 8, 2010. While we commend the City Council on its support of the concept of the local historic districts, the Planning Commission feels that its original recommendation reflects proper zoning and planning and is better for the districts and community as a whole than excluding any properties. Respectfully submitted, Members of the Martinsville Planning Commission

Jimmy Crigger, Chatham Hts.—serves on Planning Commission and stated he wants Council to think before doing exclusions to the districts and asked that boundaries stay the same as was recommended originally by the Planning Commission. Mayor Lawson then closed the public hearing. The City Attorney was asked to clarify why he recommended that the Methodist Church be excluded and he reported that the church had been asking to be excluded from the beginning talks on the districts and for the two years this discussion has been going on, the Martins did not formally object until

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the last minute. The City Attorney pointed out that Council voted to amend the district on May 11, 2010. On a motion by Gene Teague, seconded by Mark Stroud, with following 4-1 recorded vote: Mrs. Lawson, aye; Mr. Reynolds, aye; Mr. Stroud, aye; Mr. Teague, aye; and Mr. Turner, nay, Council approved the three Historic Districts as previously amended. Mr. Turner pointed out his disapproval was that private property is private property and he indicated Council has no right to do this.

Commissioner of the Revenue, Ruth Easley, briefed Council on the Exemption Ordinance enacted by Council in January, 2007. Any entity that does not clearly fall into any exemption category granted by the Code of Virginia must request an exemption approval from the city council in the form of an exemption ordinance. In order for the exemption request to be considered by council as part of the annual budget deliberations, the requesting entity must have submitted an exemption application to the Commissioner of the Revenue by November 1, 2009. The Commissioner of the Revenue referred the application received to the City Manager along with a report of the revenue impact that any possible exemption may have. The City Manager appointed a review committee consisting of himself, Mayor Lawson, the City Commissioner of the Revenue, the City Treasurer, and the Assistant Finance Director to review the application received. Mayor Lawson opened the public hearing. Lynn Ward, Whittle Road, commented on the Artisan Café, Inc. application stressing how their organization enhances cultural opportunities which is in line with Council's goals. Council pointed out that another application may be submitted in November, 2010. Mayor Lawson closed the public hearing and asked for a motion to approve the exemption request. The exemption request died for lack of a motion.

Pursuant to Code of Virginia Section 22.1-29.1, a public hearing is necessary to introduce and consider names of persons interested in appointment to a vacancy on the Martinsville School Board and to receive the views of citizens within the school division. This state code also states that no nominee or applicant whose names have not been considered at the public hearing shall be appointed as a school board member. There is one 3-year position beginning July 1, 2010 and ending June 30, 2013 to the City's School Board. Mayor Lawson opened the public hearing and stated that Bill Manning and Dennis Casey have expressed interest in the appointment. Bill Manning of Knollwood Place spoke to Council requesting consideration. Mayor Lawson closed the public hearing.

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Eric Monday, City Attorney, briefed Council on the proposed dog control ordinances noting that unless affected citizens are willing to step forward, it will be hard to enforce. Mayor Lawson opened the public hearing and hearing no comments, closed the public hearing. On a motion by Kimble Reynolds, seconded by Gene Teague, with a 5-0 vote, Council approved repealing section 5-39 of the City Code in its present form leaving section 13-11 still in existence to address noisy dog issues. A motion was made by Gene Teague, seconded by Kathy Lawson, to adopt changing Subsection 5 of Section 13-11 to add language of 15 minutes time limit and change to Class 4 misdemeanor. After discussion, Council directed the City Attorney to bring back language for Section 13-11 at the June 22 meeting to address the repeat offender, time limits, and class of misdemeanor. The motion was withdrawn as well as the second.

Treasurer Cindy Dickerson briefed Council on the refund requested for cigarette stamps: A cigarette distributor no longer services accounts in the City of Martinsville and is requesting a refund on unused cigarette stamps. The request has been verified by the Commissioner of the Revenue and has been forwarded to the Treasurer for refund. The number of stamps returned was 17,660 @ .20 each less the 5% for a total refund of \$3,355.40. The Code of Virginia authorizes the City Treasurer to issue refunds up to \$2,500.00 without prior authorization of City Council. Because the refund amount is \$3,355.40, the Treasurer is requesting authorization by City Council to issue the refund. There is no issue of interest or penalty involved in the refund. On a motion by Danny Turner, seconded by Kimble Reynolds, with a 5-0 vote, Council authorized the City Treasurer to issue the refund of \$3,355.40.

John Dyches briefed Council on revisions to the City's Water and Sewer Services Terms and Conditions to provide for a senior citizens water service discount. At the May 25, 2010 meeting, Council voted to allow a \$5.00 per month water service discount for senior citizens and this policy is to be implemented through adoption of Article VII, Sec.8-7 and Appendix G additions to the Terms and Conditions. On a motion by Mark Stroud, seconded by Kimble Reynolds, with the following 5-0 recorded vote: Mrs. Lawson, aye; Mr. Reynolds, aye; Mr. Stroud, aye; Mr. Teague, aye; and Mr. Turner, aye, Council approved, on first reading, to adopt the revisions effective July 1, 2010.

City Manager, Clarence Monday, briefed Council on the resolution declaring the City's intention to authorize proposals for financing of capital expenditures and for the City to repay itself from such loan proceeds, including pre-paid and related expenditures. He noted this does not commit the city to any "new" debt. \$225,000 is budgeted in FY11 for purchase of a wastewater project. If adopted, this Resolution authorizes the City to repay itself from such loan proceeds. The Resolution authorizes and directs staff to take such other actions as they may deem necessary or appropriate

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to effectuate the financing and the transactions described in this Resolution, including requesting proposals from financial institutions for the financing and publication of notice of public hearing if deemed necessary. If approved by the City Council in the future, the City may opt to proceed with Phase 2 of the landfill methane recovery project/electric generation project, at an approximate cost of \$2.5M. Following adoption of this Resolution, staff will solicit bids for financing, and council will consider another related Resolution to authorize award of the actual contract for financing. On a motion by Gene Teague, seconded by Danny Turner, with the following 5-0 recorded vote: Mrs. Lawson, aye; Mr. Reynolds, aye; Mr. Stroud, aye; Mr. Teague, aye; and Mr. Turner, aye, Council approved the following resolution:

**RESOLUTION OF CITY COUNCIL OF CITY OF MARTINSVILLE, VIRGINIA DECLARING ITS INTENTION TO REIMBURSE ITSELF FROM THE PROCEEDS OF ONE OR MORE TAX-EXEMPT FINANCINGS FOR CERTAIN EXPENDITURES MADE AND/OR TO BE MADE IN CONNECTION WITH CITY OF MARTINSVILLE CAPITAL PROJECTS**

WHEREAS, the City of Martinsville (the "Issuer") is a body politic and corporate organized and existing under the laws of the Commonwealth of Virginia; and

WHEREAS, the Issuer has paid beginning no earlier than April 9, 2010 (60 days prior to the date of adoption of this resolution), and will pay, on and after the date hereof, certain expenditures ("Expenditures") for the acquisition, construction, expansion, renovation and equipping of City of Martinsville municipal facilities, specifically landfill improvements (including facilities for electricity generation from landfill gas) and wastewater treatment plant improvements (including an automatic bar screen) (together, the "Project"); and

WHEREAS, the City Council of the Issuer (the "City Council") has determined that those moneys previously advanced no earlier than 60 days prior to the date of adoption of this resolution and to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Issuer for the Expenditures from the proceeds of one or more issues of tax-exempt financing (the "Obligations").

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL AS FOLLOWS:**

Section 1. The City Council hereby declares the Issuer's intent to reimburse the Issuer with the proceeds of the Obligations for the Expenditures with respect to the Project made on and after the date referenced above. The Issuer reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Obligations.

Section 2. Each Expenditure was and will be either (a) of a type properly chargeable to capital account under general federal income tax principles (determined in each case as of the date of the Expenditures), (b) a cost of issuance with respect to the Obligations, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of the Issuer so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the Issuer.

Section 3. The maximum principal amount of the Obligations expected to be issued for the Project is \$2,900,000.

Section 4. The Issuer will make a reimbursement allocation, which is a written allocation by the Issuer that evidences the Issuer's use of proceeds of the Obligations to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. The Issuer recognizes that exceptions are available for certain "preliminary expenditures," costs of issuance, certain *de minimis* amounts, expenditures by "small issuers" (based on the year of issuance and not the year of expenditure) and expenditures for construction projects of at least 5 years.

Section 5. The employees, representatives and agents of the Issuer, including the City Manager, the Finance Director, the Assistant Finance Director, the City Attorney, Sands Anderson PC as bond counsel to the City, and Davenport and Company LLC as Financial Advisor to the City, are authorized and directed to take such other actions as they may deem necessary or appropriate to effectuate the financing and the transactions described in this Resolution, including requesting proposals from financial institutions for the financing and publication of notice of public hearing if deemed necessary.

Section 6. This resolution shall take effect immediately upon its passage.

City Manager, Clarence Monday, briefed Council on the proposed budget and amendments to this point noting that what remains is the last opportunity to make amendments. Discussion included: stimulus money for education and the need to be sure taxpayers are not suffering if schools are getting more money; school money can be disbursed quarterly; concerns that schools were closing Clearview and now there is money to re-open Clearview when the schools first indicated they did not have the \$383,000 for Clearview; Council concerns about so many furlough days for city employees; has to be balance with city employees taking a pay cut and school employees possibly getting salary increases and schools need to learn to live within its means; city should have a policy on a certain percentage of available dollars going to

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schools and if available dollars dropped off, then schools would have to absorb in proportion; need for police officers with growing gang problem and growing number of calls for service; funding formula with EDC; tiered furlough days concept should be considered; monitoring of electric costs monthly and consider giving money back to citizens. On a motion by Gene Teague, seconded by Kimble Reynolds, with the following 3-1 vote, Stroud (abstain), Turner (nay), Teague (aye), Lawson (aye), Reynolds (aye) Council approved the following 4-tier plan for graduated furlough savings of \$76,768 for Employees Under the City Manager. Also, a motion was made by Gene Teague, seconded by Kimble Reynolds with the following 3-1 vote, Stroud (abstain), Turner (nay), Teague (aye), Lawson (aye), Reynolds (aye) Council approved the following 4-tier plan for graduated furlough savings for Employees of the Commissioner of the Revenue for \$3,895 and Employees of the Sheriff's Department for \$26,827.

**GRADUATED FURLOUGH SAVINGS (4-tier plan) BASED ON ANNUAL SALARY**

**EMPLOYEES UNDER THE CITY MANAGER**

SALARY	ONE DAY SAVINGS	# OF DAYS PROPOSED	TOTAL SAVINGS
\$50,000 & above	9,959	3	29,876
\$35,000 - \$49,999	13,254	2	26,508
\$25,000 - \$34,999	10,469	1	10,469
up to \$24,999	2,566	0	0
<b>TOTALS:</b>	<b>36,247</b>	<b>-</b>	<b>66,852</b>
<b>ORIGINAL BUDGETED SAVINGS:</b>			<b>143,620</b>
<b>DIFFERENCE:</b>			<b>76,768</b>

**COMMISSIONER OF THE REVENUE EMPLOYEES**

SALARY	ONE DAY SAVINGS	# OF DAYS PROPOSED	TOTAL SAVINGS
\$50,000 & above	275	3	825
\$35,000 - \$49,999	172	2	344
\$25,000 - \$34,999	468	1	468
up to \$24,999	91	0	0
<b>TOTALS:</b>	<b>1,006</b>	<b>-</b>	<b>1,637</b>
<b>ORIGINAL BUDGETED SAVINGS:</b>			<b>5,532</b>
<b>DIFFERENCE:</b>			<b>3,895</b>

**SHERIFF'S DEPARTMENT EMPLOYEES**

SALARY	ONE DAY SAVINGS	# OF DAYS PROPOSED	TOTAL SAVINGS
\$50,000 & above	809	3	2,426
\$35,000 - \$49,999	1,771	2	3,541
\$25,000 - \$34,999	3,842	1	3,842
up to \$24,999	190	0	0
<b>TOTALS:</b>	<b>6,612</b>	<b>-</b>	<b>9,809</b>
<b>ORIGINAL BUDGETED SAVINGS:</b>			<b>36,636</b>
<b>DIFFERENCE:</b>			<b>26,827</b>

**GRAND TOTALS**

<b>GRADUATED SAVINGS:</b>	<b>78,298</b>
<b>ORIGINAL BUDGETED SAVINGS:</b>	<b>185,788</b>
<b>DIFFERENCE:</b>	<b>107,489</b>

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A motion was made by Kathy Lawson, seconded by Mark Stroud, with a 5-0 vote, to restore one position in the police department at an approximate cost of \$46,000 plus benefits.

A motion was made by Danny Turner to regularly review electric rates and once we reach \$100,000 mark, to consider giving relief back to citizens. Motion died for lack of a second. Council member Teague pointed out it is already a practice in place to monitor the finances with the monthly finance report and changes can be made at that point. A motion was made by Mark Stroud to use \$42,306 for one fireman. The motion died for lack of a second. The Mayor reported we now have budget adjustments to this point at \$153,489. Donna Odell reported employee health insurance rates will include a 7% increase which will be passed on to employees.

A motion was made by Gene Teague, seconded by Mark Stroud, to adopt, on second reading, the FY11 budget ordinance with amendments with the following 4-1 recorded vote: Mrs. Lawson, aye; Mr. Reynolds, aye; Mr. Stroud, aye; Mr. Teague, aye; and Mr. Turner, nay.

SUMMARY STATEMENT OF ADOPTED BUDGET, 2010-2011

	<u>Revenues</u>	<u>Expenditures/ Transfers</u>
<b>General Fund</b>	<b>\$27,507,098</b>	<b>\$28,146,650</b>
Electric	\$17,456,566	\$17,986,104
Water	\$ 3,121,495	\$ 3,508,967
Sewer	\$ 3,804,512	\$ 4,343,008
Refuse	<u>\$ 2,002,000</u>	<u>\$ 2,103,444</u>
<b>TOTAL UTILITY FUNDS</b>	<b>\$26,384,573</b>	<b>\$27,941,523</b>
Schools	\$20,165,934	\$ 20,165,934
Cafeteria	\$ 1,130,987	\$ 1,130,987
School Grants	<u>0</u>	<u>0</u>
<b>TOTAL SCHOOL FUNDS</b>	<b>\$21,296,921</b>	<b>\$ 21,296,921</b>
Capital Reserve	\$ 742,472	\$ 742,472
Meals Tax	<u>\$1,342,260</u>	<u>\$1,342,260</u>
<b>TOTAL CAPITAL FUNDS</b>	<b>\$2,084,732</b>	<b>\$2,084,732</b>
CDBG	\$ 36,327	\$ 87,823
Housing Choice	<u>\$1,895,079</u>	<u>\$2,245,794</u>
<b>TOTAL SP REV FUNDS</b>	<b>\$1,931,406</b>	<b>\$2,333,617</b>
<b><u>TOTAL ALL FUNDS</u></b>	<b><u>\$79,204,730</u></b>	<b><u>\$81,803,443</u></b>

**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

**Power Cost Adjustment:**

PCA Multiplier	.0068
Average Increase	7.13%

**Water Rates:**

For Service Within City Limits:	
First 4,000 gals/month:	
¾" meter	\$19.81
1" meter	\$32.37

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1 ½" 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:	
¾" meter	\$26.00
1" meter	\$42.48
1 ½" 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

Human Resources Director, Donna Odell, briefed Council on the resolution regarding VRS contribution. Legislation enacted during the 2010 session gives local governments the option of 1) either having employees hired after July 1, 2010 pay the required 5 percent member contribution to the Virginia Retirement System, or 2) electing for the employer to pay any whole portion of the required 5 percent member contribution for employers hired after July 1, 2010. Human Resources recommends that the city pay all of the 5%. On a motion by Gene Teague, seconded by Kathy Lawson, with a 4-1 vote (Turner voting nay), Council approved the following resolution acknowledging that the City of Martinsville elects to pick up the 5 percent VRS member contribution:

**Resolution by City Council**

**Authorization to Pick-up the Employee's Contribution to VRS Under § 414(h) of the Internal Revenue Code For Plan 2 Employees**

WHEREAS, the Virginia General Assembly, in its 2010 session passed legislation creating a separate retirement plan for employees hired on or after July 1, 2010 (hereafter referred to as "Plan 2 Employees"). The legislation stipulates that Plan 2 Employees will pay their 5 percent member contribution and that, absent other action by the employer, such contribution will be paid through salary reduction according to Internal Revenue Code § 414 (h) on a pre-tax basis; and

WHEREAS, the legislation allows certain employers, including the City of Martinsville, to pick-up and pay all or a portion of the member contributions on behalf of its Plan 2 Employees as an additional benefit not paid as salary; and

WHEREAS, the election to pick-up and pay all or a portion of the member contributions on behalf of its Plan 2 Employees as an additional benefit not paid as salary shall, once made, remain in effect for the applicable fiscal year (July 1 - June 30) and shall continue in effect beyond the end of such fiscal year absent a subsequent resolution changing the way the 5 percent member contribution is paid; and

WHEREAS, employee contributions that are picked-up as an additional benefit not paid as salary are not considered wages for purposes of VA Code § 51.1-700 et seq. nor shall they be considered salary for purposes of VA Code § 51.1-100 et seq.; and WHEREAS, the City of Martinsville desires to pick-up and pay its Plan 2 Employees' member contributions to VRS as an additional benefit not paid as salary in an amount equal to (5%) of creditable compensation; and WHEREAS, VRS tracks such picked-up member contributions and is prepared to treat such contributions as employee contributions for all purposes of VRS. NOW, THEREFORE, IT IS HEREBY RESOLVED that effective the first day of July, 2010, the City of Martinsville shall pick-up member contributions of its Plan 2 Employees to VRS as an additional benefit not paid as salary in an amount equal to (5%) of creditable compensation subject to the terms and conditions described above; and it is further RESOLVED that such contributions, although designated as member contributions, are to be made by the City of Martinsville in lieu of member contributions; and it is further RESOLVED that nothing herein shall be construed so as to permit or extend an option to VRS members to receive the picked-up contributions made by the City of Martinsville directly instead of having them paid to VRS.

The Virginia General Assembly, in its 2010 session passed legislation creating a separate retirement plan for employees hired on or after July 1, 2010 (hereafter referred to as "Plan 2" employees). The legislation amended VA Code § 51.1-144 to provide that Plan 2 employees will pay their 5 percent member contribution and that, absent other action by the employer, such contribution will be paid through salary reduction according to Internal Revenue Code § 414(h). Internal Revenue Code § 414(h) provides that a governmental employer may "pick-up" mandatory employee contributions and thereby cause the contributions to be made on a pre-tax basis. The formal written action required by Internal Revenue Code § 414(h) to effect the pick-up has been taken by the General Assembly with the Governor's signature.

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The legislation also permits each county, city, town, local public school board or other local employer to pick-up, in whole or in part (in 1 percent increments), the 5 percent member contribution as an additional benefit not paid as salary. The employer's optional payment of the 5 percent member contribution may be phased in over a period approved by the VRS Board not to exceed 6 years and may only be made on a uniform basis for all its Plan 2 employees. The formal written action required by Internal Revenue Code § 414(h) to effect the pick-up using the alternatives permitted by the legislation must be taken by the governing body of the specific employing entity and must be effective only on a prospective basis.

X This is to acknowledge that the City of Martinsville elects to pick-up all of the 5 percent member contributions as approved by the Council of the City of Martinsville, Virginia. **Adopted by the City Council in regular session assembled in Martinsville, Virginia this 8<sup>th</sup> day of June, 2010.**

On a motion by Gene Teague, seconded by Danny Turner, with a 5-0 vote Council approved both consent agendas, Part A and Part B, as follows:

BUDGET ADDITIONS FOR 06/08/10				
ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT
<b>FY10</b>				
<b>GENERAL FUND</b>				
01100906	461407	Charges for Services - Mustangs/Sponsorships		100
01725422	505508	Mustangs - Meals	100	
01100909	490134	Recovered Costs - Recreation & Parks		2,250
01720420	506014	Hooker Field - Field Materials & Supplies	250	
01711210	506007	Parks & Recreation - Equipment & Supplies	200	
01725422	506700	Mustangs - Souvenir Expense	1,800	
		appropriate funds		
<b>Total General Fund:</b>			2,350	2,350
<b>SCHOOL FUND:</b>				
18102926	418297	Categorical Federal - NASA Program		125,000
66501100	561120	MMS - Summer SEMAA - Instructional S&W	6,000	
66501100	562100	MMS - Summer SEMAA - Social Security	372	
66501100	562150	MMS - Summer SEMAA - Medicare	87	
65001100	561120	MMS - Secondary - Classroom Instruction - S&W	60,000	
65001100	562100	MMS - Secondary - Classroom Instruction - Social Sec	3,720	
65001100	562150	MMS - Secondary - Classroom Instruction - Medicare	870	
65001100	562210	MMS - Secondary - Classroom Instruction - Retirement	8,748	
65001100	562300	MMS - Secondary - Classroom Instruction - Med Insur	3,780	
65001100	562400	MMS - Secondary - Classroom Instruction - State Life	345	
65001100	562520	MMS - Secondary - Classroom Instruction - LT Disability	70	
65001050	565503	MMS - Secondary - NASA Program - Travel	10,000	
65001050	566001	MMS - Secondary - NASA Program - General Supplies	10,500	
65001050	566013	MMS - Secondary - NASA Program - Instructional Mat.	10,508	
65001050	566014	MMS - Secondary - NASA Program - Other Supplies	10,000	
		Appropriation of NASA Program funds		
18102926	418298	Categorical Federal - Prime Time/21st Century Grant		55,164
85001029	563140	Prime Time Learning Project - Contracted Services	50,000	
85001029	566001	Prime Time Learning Project - General Supplies	1,900	
85001029	566014	Prime Time Learning Project - Other Operating Supplies	3,264	
		Appropriation of Prime Time - 21st Century Grant funds		
18103908	418286	Miscellaneous Revenues - E-Rate Reimbursement		53,758
85001040	563144	Division-Wide Technology - Data & Technology Support	23,758	
85001040	566013	Division-Wide Technology - Materials & Supplies	30,000	
		Appropriation of E-Rate Revenues		
<b>Total School Fund:</b>			233,922	233,922

BUDGET ADDITIONS FOR 06/08/10				
ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT
<b>FY10</b>				
<b>CAPITAL FUND</b>				
16101917	443700	Categorical Other State - Tobacco Funds		590,000
16582373	509184	Tobacco Funds - Faneuil	590,000	
		appropriate funds		
<b>Total General Fund:</b>			590,000	590,000

Business from the floor: Eural Harris, Stuart St., commented on his concerns with utility costs, asked Council to watch the school budget, need to continue looking at merging, and does not think hospital should get a discount on electric charges.

Comments by Council members: Turner-encouraged attendance at Mustang games. Stroud-budget process was difficult this year and comments on the Gulf oil spill issue. Reynolds-commented on how it has been good to watch the transformation

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on Council's Goals & Initiatives and the impact Mayor Lawson has had on the change. Lawson-thanked everyone for the reception, she has a real concern with the schools closing a school for savings and then they decide they aren't closing the school, she encouraged Council to look at those numbers in next year's school budget, comments on EDC funding not equitable for city and county and funding formula needs to be reviewed.

Comments by City Manager: Mr. Monday pointed that city administration knows that Council works a lot of hours and he also thanked Mayor Lawson and commended her for her leadership.

In accordance with Section 2.1-344 (A) of the Code of Virginia (1950, and as amended) and upon a motion by Kimble Reynolds, seconded by Danny Turner, with the following 5-0 recorded vote: Mrs. Lawson, aye; Mr. Reynolds, aye; Mr. Stroud, aye; Mr. Teague, aye; and Mr. Turner, aye, 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 Gene Teague, seconded by Mark Stroud, with the following 5-0 recorded vote: Mrs. Lawson, aye; Mr. Reynolds, aye; Mr. Stroud, aye; Mr. Teague, aye; and Mr. Turner, aye, Council returned to Open Session.

On a motion by Danny Turner, seconded by Stroud, with a 5-0 vote, Council appointed Eric Monday, 1015 Mulberry Rd., to a 4 year term ending 5/31/14 on the Henry-Martinsville Social Services Board. On a motion by Kimble Reynolds, seconded by Mark Stroud, with a 5-0 vote, Council appointed James C. Richardson, 115 Melody Ct., to a 3 year term ending 6/30/13 on the Piedmont Regional Community Services Board. On a motion by Gene Teague, seconded by Kimble Reynolds, with a 5-0 vote, Council made the following appointments to the Planning Commission: Tim Martin, 913 Mulberry, 4 year term ending 6/30/14, Jimmy Crigger, 1410 Chatham Rd., 4 year term ending 6/30/14, Will Pearson, 719 Indian Trail, 4 year term ending 6/30/14, and Monroe Ridenhour, 1231 Mulberry, to fill an unexpired term ending 6/30/12. On a motion by Kathy Lawson, seconded by Gene Teague, with a 5-0 vote, Council appointed Eddie White, 1725 Meadowview Lane, to another 4 year term ending

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6/30/14 on the Patrick Henry Community College Board. On a motion by Mark Stroud, seconded by Kimble Reynolds, with a 4-0 vote (Mayor Lawson abstained), Council agreed to appoint Kathy Lawson, 909 Barrows Mill Rd., to the 3 year term as a citizen member of the West Piedmont Planning District Commission Board.

There being no further business, Mayor Lawson adjourned the meeting at 11:21 pm.

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Clarence C. Monday  
Clerk of Council

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Kathy C. Lawson  
Mayor

June 21, 2010

The City Council of the City of Martinsville, Virginia, assembled on June 21, 2010, at 6:00 P.M. to tour the landfill project and Westside area neighborhoods prior to their quarterly Neighborhood Focus Meeting scheduled for June 22, 2010 at High Street Baptist Church, 401 Fayette St.

Council Members present for the tour included: Mayor Kathy C. Lawson, Vice Mayor Kimble Reynolds, Council Member Gene Teague, Council Member Mark Stroud, and Council Member Danny Turner. Others present included: Clarence Monday, Leon Towarnicki, Andy Powers, and Mickey Powell with the Martinsville Bulletin.

No other business was conducted during the tour and immediately after the tour ended, Council members disbursed.

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Clarence Monday  
Clerk of Council

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Kathy C. Lawson  
Mayor



## City Council Agenda Summary

**Meeting Date:** August 9, 2010

**Item No:** 2.

**Department:** City Manager

**Issue:** Consider approval of FY2010-11 Performance Contract between Piedmont Community Services and the Virginia Department of Mental Health, Mental Retardation and Substance Abuse Services.

**Summary:** State law requires Piedmont Community Services to submit this contract each year for review and approval by the local government, but said approval does not make the local government a party to the contract and creates no additional responsibility. Jim Tobin will be at the meeting to answer any questions.

**Attachments:** [Summary letter and contract information](#)

(Contract is approximately 100 pages and is in the City Manger's office available for review)

**Recommendations:** Motion for approval



## MEMORANDUM

**TO:** Richard Huff, Franklin County Administrator  
Clarence Monday, City Manager  
William Scudder, Patrick County Administrator  
Benny Summerlin, Henry County Administrator

**FROM:** James M. Tobin, Executive Director

JMT

**DATE:** July 2, 2010

**RE: FY 2011 PERFORMANCE CONTRACT B/T PCS & DBHDS**

Enclosed is the FY 2010-11 Performance Contract between Piedmont Community Services and the Virginia Department of Behavioral Health and Developmental Services (DBHDS). State law requires PCS to submit this contract for your review and potential approval (37-2.508.D). The Department expects this contract to be acted upon by local governments by September 30, 2010. Approval does not make local government a party to the contract and creates no additional responsibility.

Please send me a written statement indicating the action by Council or Board. I am obligated to send this documentation to Richmond by September 30, 2010.

Submission of this contract is intended to provide local governments with full knowledge of and an opportunity to comment upon services provided by community services boards. As the agent of local government, PCS intends to meet community needs and to act on your behalf to the best of our ability.

A summary page follows this letter and contains financial information and summarizes services statistics. Also, the document has been split into three parts with the purpose of simplification:

- o Performance Contract continues as the core financial and service agreement;
- o Partnership Agreement pulls out of the contract important policy understanding; and
- o Administrative Requirements Document.

Numerous technical and language changes are scattered throughout the FY 2011 document. No substantial changes are contained and some reporting requirements have been eliminated.

Please let me know if I can provide any further information or clarification. Thank you for your continuing support for individuals and families affected by behavioral health and developmental disabilities.

JMT:kwh

Enclosures

c: PCS Board of Directors

# PIEDMONT COMMUNITY SERVICES

## ANNUAL BUDGET PRESENTATION

FISCAL YEAR JULY 1, 2010 THROUGH JUNE 30, 2011

REVENUE CATEGORY	APPROVED FY10 BUDGET	REVISED FY 10 BUDGET	PROPOSED FY11 BUDGET	% CHANGE FROM FY10	COMMENTS
STATE (SA code 4001)	\$ 811,561	\$ 811,561	\$ 811,561	0.00%	State Substance Abuse Funds (Federal Block match required minimum funding rat
STATE (MR code 4000)	\$ 196,254	\$ 103,727	\$ 103,727	0.00%	FY10 general state cuts adjusted for Mental Retardation funds (ID services)
STATE (MH code 4007)	\$ 816,361	\$ 781,130	\$ 781,130	0.00%	FY10 general state cuts adjusted for Mental Health funds
STATE OTHER	\$ 281,543	\$ 281,543	\$ 271,668	-3.51%	Non-Mandated, Child Services, SA Diversion; drop IX NGR1, Waiver Start Up
STATE LAW REFORM	\$ 265,194	\$ 265,194	\$ 265,194	0.00%	State Mandated Law Reform funding did not change
STATE PHARMACY	\$ -	\$ 404,260	\$ 606,390	50.00%	Outsourcing state pharmacy aftercare meds. Full year funding received in FY11
STATE REGIONAL	\$ 1,002,022	\$ 965,021	\$ 965,021	0.00%	One-time additional LIPOS funding in FY10R and FY11 not included
FEDERAL	\$ 1,247,216	\$ 1,225,665	\$ 1,225,665	0.00%	Path homeless services and funding was dropped from FY10 revision
LOCAL/CONTRIBUTIONS	\$ 355,277	\$ 345,737	\$ 345,512	-0.07%	No increase budgeted from localities in FY11; 3% requested; contributions vary
GRANT FUNDS*	\$ 751,167	\$ 957,821	\$ 845,893	-11.69%	FY11 Healthy Families TANF funds drop; drop position; (see Grants, below)
MEDICAID--CLINIC	\$ 378,463	\$ 390,000	\$ 346,000	-11.28%	Outpatient counseling and Medical services funded by Medicaid; structure change
MEDICAID--SPO	\$ 5,828,094	\$ 6,078,402	\$ 6,360,589	4.64%	Structural changes within Clinical division
MEDICAID WAIVER	\$ 2,771,998	\$ 2,714,666	\$ 2,818,132	3.81%	MR Residential Group Home and MR In-Home Medicaid services
MEDICAID OTHER	\$ 150,610	\$ 187,854	\$ 167,834	-10.66%	Medicaid for Substance Abuse Services; Medicaid transportation; clinic supplementer
OTHER FEES	\$ 1,117,401	\$ 1,178,350	\$ 1,168,906	-0.80%	Self pay, Medicare, Commercial, Apt rent, School contracts, others
ADMIN OVERHEAD	\$ 871,000	\$ 871,000	\$ 879,000	0.92%	Funds from operating budgets used to support Admin
OTHER	\$ 155,262	\$ 566,928	\$ 148,730	-73.77%	Grant overhead; IX FY10 Carryover funds drop out; reserve contingency
<b>TOTAL REVENUES</b>	<b>\$ 16,999,423</b>	<b>\$ 18,128,859</b>	<b>\$ 18,110,952</b>	<b>-0.10%</b>	

EXPENSE CATEGORY	APPROVED FY10 BUDGET	REVISED FY 10 BUDGET	PROPOSED FY11 BUDGET	% CHANGE FROM FY 10	COMMENTS
PERSONNEL	\$ 11,226,496	\$ 11,495,008	\$ 11,525,015	0.26%	NO FY11 COLA or merit budgeted, VRS employer contribution increased 5%
OPERATING	\$ 4,101,682	\$ 4,805,030	\$ 4,861,044	1.17%	\$600,000 aftercare med costs not in original FY10 budget; various operating increa
OPERATING OVERHEAD	\$ 871,000	\$ 871,000	\$ 879,000	0.92%	Funds from operating budgets used to support Admin
GRANT EXPENSES	\$ 800,245	\$ 957,821	\$ 845,893	-11.69%	Varies per grant source (see list below)
<b>TOTAL EXPENSES</b>	<b>\$ 16,999,423</b>	<b>\$ 18,128,859</b>	<b>\$ 18,110,952</b>	<b>-0.10%</b>	

FY11 Grants: Tobacco Use Control, Drug Free Communities, STOP Act, Drug Task Force, Tobacco Settlement, Criminal Justice, Day Reporting, Healthy Families, Part C  
 FY10 Grants carried into FY10 which ended and do not carry into FY11: CSAP, STARS,



# COMMONWEALTH of VIRGINIA

JAMES W. STEWART, III  
COMMISSIONER

DEPARTMENT OF  
BEHAVIORAL HEALTH AND DEVELOPMENTAL SERVICES

Post Office Box 1797  
Richmond, Virginia 23218-1797

Telephone (804) 786-3921  
Voice/TDD (804) 371-8977  
[www.dbhds.virginia.gov](http://www.dbhds.virginia.gov)

## MEMORANDUM

**TO:** Community Services Board Executive Directors, Local Government Department Director, and Behavioral Health Authority Chief Executive Officer

**FROM:** Paul R. Gilding  
Community Contracting Director

**SUBJECT:** **FY 2011 Community Services Performance Contract**

**DATE:** May 3, 2010

Attached for your information and use are the FY 2011 contract documents: the Community Services Performance Contract and the Partnership Agreement. The Community Services Board Administrative Requirements, a separate document incorporated into the Performance Contract by reference, is also attached. These documents are available on the Department's web site at [www.dbhds.virginia.gov](http://www.dbhds.virginia.gov). The Department will distribute Letters of Notification and the CARS contract software electronically soon. Letters of Notification contain initial allocations of state and federal funds to community services boards (CSBs), the behavioral health authority, and the local government department with a policy-advisory CSB, all of which are referred to as Boards or CSBs in the contract documents and this memorandum.

The attached documents reflect comments received during the 60-day public comment period required by § 37.2-508 of the *Code of Virginia*, the work of the Performance Contract Committee established by the Department and the Virginia Association of Community Services Boards, and comments from Department staff. Given the complete rewrite of the contract for FY 2004 and positive reaction to versions of the contract since then, the Department and the Performance Contract Committee decided to focus changes in the FY 2011 contract in only a few areas. Thus, most parts of the contract documents remain substantially unchanged from FY 2010.

### Performance Contract Changes

1. The General Requirements Document, currently identified as a performance contract document, is reorganized and renamed Community Services Board Administrative Requirements. Many of the current provisions are moved to applicable sections in the Performance Contract body or the new Exhibit K: General Requirements, with other sections of the current General Requirements Document remaining in the new Administrative Requirements document. The CSB Administrative Requirements document is incorporated into and made a part of the contract by reference, like the Core Services Taxonomy or CCS 3 Extract Specifications, but it is no longer identified as one of the contract documents.

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2. Several other documents, such as the Core Services Taxonomy, CCS 3 Extract Specifications, and Regional Utilization Management Guidance, currently incorporated into and made a part of the contract by reference, are identified as being available on the Department's web site.
3. Language currently contained in the General Requirements Document about the Board's preadmission screening and discharge planning responsibilities is added on page 4.
4. Language about the Department's continuity of care responsibilities, currently in the General Requirements Document, is added on page 12.
5. Language is added on page 14 in section 7.i about the Department implementing a peer review process. This provision reflects a recommendation in the Department's audit from the Auditor of Public Accounts (APA).
6. Language about Board subcontracting, currently in the General Requirements Document, is added on pages 14 and 15.
7. Language currently in section 10 of the contract about Discharge Planning Protocols and Continuity of Care Procedures is deleted on page 18, since revisions of the protocols are supposed to be finished this fiscal year.
8. A new table is added on page 30 (AP-1) to capture information about how many individuals are receiving medications funded with Pharmacy Medication Supports funds.
9. Additional co-occurring disorder requirements in Exhibit B, proposed for inclusion in the FY 2011 Performance Contract, are deferred for possible inclusion in the FY 2012 contract.
10. Language is added on page 42 about the Web Site CSB and State Facility Accountability Measures.
11. Requirements in Exhibit E for System Transformation Initiative and LIPOS Reports are deleted; these reports have been eliminated in the 2010 Appropriation Act.
12. Language is added on page 45 to require Boards to submit July CCS 3 extract files by the end of August. In the FY 2010 contract, new fiscal year CCS 3 data was not submitted until October 1 for July and August. Also, language on page 45 that permitted corrections of CCS 3 data until October 1 is deleted; the October 1 option is not needed and delays processing previous fiscal year CCS 3 data in the Central Office.
13. In response to a comment in the Department's audit from the APA, the due date for CPA audits is moved from December 1 to October 1 on page 46, but links of semi-monthly disbursements to receipt of the audits are removed from Exhibit E. Also in response to a comment in the APA audit, language is added on page 46 to address federal block grant sub-recipient monitoring requirements for administrative policy CSBs.
14. Finally, a new Exhibit K: General Requirements is added to the contract to incorporate applicable provisions from the current General Requirements Document in several areas. While these are shown as new provisions, they are copied from the current General Requirements Document with no substantive changes.

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**Partnership Agreement Changes:** There are no substantive changes in the agreement.

The Community Services Performance Contract General Requirements Document is no longer an identified contract document. Instead, applicable parts of the General Requirements Document are moved into the Performance Contract body or the new Exhibit K, and the remaining parts of the General Requirements Document are renamed Community Services Board Administrative Requirements. A new Appendix C is added to the CSB Administrative Requirements to reflect the report of the Unspent Balances Work Group.

All of the contract's Exhibit A will be submitted electronically, using CARS software supplied by the Department. More detailed information about which parts of the contract must be submitted on paper is contained in Exhibit E of the contract, the Performance Contract Process. CARS also contains Table 2: FY 2011 Board Management Salary Costs, which enables CSBs and the Department to respond to requirements in § 37.2-504 of the *Code of Virginia*. This table also collects FTE information by program area and for services available outside of a program area, including numbers of peer providers. Peer providers are staff who self-identify as individuals receiving services and have been hired specifically as peer providers. Staff who have not been hired as peer providers, even if they have a mental health or substance use disorder or intellectual disability, should not be reported as peer-providers.

The Department is distributing FY 2011 contract documents electronically, rather than as paper copies by mail. This enables the Department to distribute these contract documents more quickly and easily and allows recipients to distribute the documents to others more rapidly and efficiently.

To be accepted for processing by the Department, a performance contract must satisfy the criteria in Exhibits E and I of the contract.

1. Exhibits A and H (first two pages) and Table 2 must be submitted to the Department's Office of Information Technology Services using CARS software and must be complete and accurate.
2. Since the contract is being distributed electronically to CSBs, the parts of the contract that are submitted on paper should be printed, signed where necessary, and mailed to the Office of Community Contracting at the same time that Exhibits A and H are submitted. These parts include: the signature page of the contract body (page 19), the signature page of Exhibit B, Exhibit D (if applicable), Exhibit F (two pages), the first page of Exhibit G, the Board's current organization chart (the third page of Exhibit H); Exhibit J (if applicable), and the signature page of the Partnership Agreement (page 11). The second page of Exhibit G must be submitted as soon as possible and no later than September 30. The Department must receive all parts of the contract that are submitted on paper before a contract submission will be considered to be complete.
3. Exhibit A must conform to the allocations of state and federal funds in the Letter of Notification enclosures, unless amounts have been revised by or changes negotiated with the Department and confirmed by the Department in writing. Revenues must equal costs on all contract forms or differences must be explained on the Financial Comments form.
4. Contracts must contain actual appropriated amounts of local matching funds. If a CSB cannot include the minimum 10 percent local matching funds in its contract, it must submit a written request for a waiver of the matching funds requirement, pursuant to § 37.2-509 of the *Code of Virginia*, to the Office of Community Contracting with its contract. More information about the waiver request is contained in an attachment to this memorandum.

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The FY 2011 contract and other materials described above are due in the Department's Office of Community Contracting by **June 18, 2010**, except for Exhibits A and H (the first two pages), which are submitted to the Department's Office of Information Technology Services by the same date. More detailed information about submitting Exhibits A and H (the first two pages) in CARS will be provided in the Performance Contract Workshops, conducted by Department staff later in May.

Section 37.2-508 or 37.2-608 of the *Code of Virginia* requires the CSB or behavioral health authority to make its proposed performance contract available for public review and solicit public comment for a period of 30 days before submitting it for the approval of the operating or administrative policy CSB or behavioral health authority board of directors or the comments of the local government department's policy advisory CSB. That same *Code* section authorizes the Department to provide up to six semi-monthly payments of state and federal funds to allow sufficient time to complete public review and comment, local government approval, and Department negotiation and approval of the contract. The Performance Contract Process (Exhibit E) automatically provides the first two semi-monthly July payments to all CSBs, whether or not a contract has been submitted. The Process conditions the next four semi-monthly payments (two in August and two in September) on the Department's receipt of a complete performance contract.

Once a performance contract is received in the Department, the CSB's Community Contracting Administrator will review it and notify the CSB within five working days that it is or is not accepted for review by the Department. Unacceptable contracts will need to be revised before the Department will process them. For CSBs, please call or e-mail your Community Contracting Administrator if you have any questions about this memo or the contract documents. If other recipients of this memorandum have any questions about it or the contract documents, please e-mail me at [paul.gilding@dbhds.virginia.gov](mailto:paul.gilding@dbhds.virginia.gov) or call me at (804) 786-4982. Thank you.

Enclosures (4)

PRG/prg

pc: State Board of Behavioral Health and Developmental Services

State Facility Directors	Sanford L. Hostetter	Grace H. Sheu
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Victoria H. Cochran	Janet S. Lung	Cheryl L. Stierer, Ph.D.
Charline A. Davidson	James M. Martinez, Jr.	Frank L. Tetrick, III
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Mary Ann Discenza	Hope Merrick	Miranda A. Turner
Heidi R. Dix	James J. Morris, Ph.D.	Ruth Anne Walker
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Adrienne Ferriss	Russell C. Payne	Steven Wolf, Ph.D.
Nancy C. Ford	C. Lee Price	Joy Yeh, Ph.D.
Wayde Glover	Mellie Randall	Jane D. Hickey
Arlene G. Good	Cecily J. Rodriguez	G. Douglas Bevelacqua
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Marion Y. Greenfield	Lester H. Saltzberg	Mary Ann Bergeron
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Sharon M. Hoban	Michael A. Shank	Joe Flores
Neila L. Gunter	Hervey E. Sherd	Douglas Varney
Cynthia A. Hatch	Randy Sherrod	



## **City Council Agenda Summary**

**Meeting Date:** August 9, 2010

**Item No:** 3.

**Department:** Parks & Recreation

**Issue:** Hear an update on the Martinsville Mustangs.

**Summary:** Staff will provide an update at the meeting.

**Attachments:**

**Recommendations:**



## City Council Agenda Summary

**Meeting Date:** August 9, 2010

**Item No:** 4.

**Department:** Electric

**Issue:** Hear a staff report on AMP projects.

**Summary:** Staff will provide an update at the meeting.

**Attachments:**

**Recommendations:**