

September 22, 2009

The regular meeting of the Council of the City of Martinsville, Virginia, was held on September 22, 2009, 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, Ruth Easley, Linda Conover, Leon Towarnicki, Gary Cody, and Robert Ramsey.

Following the invocation by Mayor Lawson and Pledge to the American Flag, Mayor Lawson welcomed everyone to the meeting.

On a motion by Mark Stroud, seconded by Kimble Reynolds, with a 5-0 vote, Council approved the minutes of the August 25, 2009 and August 31, 2009 Council meetings.

Mayor Lawson read a proclamation proclaiming the October 7 as International Walk to School Day. Jeannie Frisco and Kimberly Payne, representatives from Activate M-HC, were present to receive the proclamation.

The City Manager briefed Council on the agreement of City Council and Board of Supervisors which was discussed at their joint meeting held on August 31, 2009. Both bodies agreed to hold public hearings on disposition of the 20 E. Church Street building which will become vacant when the Henry-Martinsville Social Services moves to Clearview Business Park. Public input is being sought since this building is located within the Uptown Revitalization Master Plan area. The Mayor opened the public hearing. There being no public comments made, the Mayor closed the public hearing. The Mayor and Council encouraged the public to contact any Council member with their thoughts on uses for the Uptown building when DSS vacates the premises after the first of 2010. Council will hold another public input session after the first of 2010.

City Attorney Eric Monday reported on the disposition of numerous residual parcels on Spruce Street from the 1981 straightening and widening of Spruce St. Pursuant to Code of Virginia Sec. 15.2-1800, a public hearing is necessary to consider the disposition of real property, specifically, the transfer by quitclaim of these residual parcels of real estate to the adjacent landowners along the right-of-way corridor of new Spruce Street. He reported that VDOT has recently released their interest in these properties. He reported that Pro

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Automotive is interested in one of the residual properties and this property will be one conveyed with Council's authorization. Mayor Lawson opened the public hearing and receiving no comments, the Mayor closed the public hearing. On a motion by Gene Teague, seconded by Kimble Reynolds, with a 5-0 vote, Council authorized the City Manager to convey the residual properties to interested owners on Spruce Street.

Ruth Easley briefed Council on the ordinance that would provide a tax credit for certain real property rehabilitation and renovation. The draft ordinance presented would allow a partial exemption for substantially rehabilitated and renovated residential, commercial and industrial properties that are outside of the City's Enterprise Zone. There was discussion regarding the 20% figure and the Mayor noted it would not be a negative impact on revenue. Mayor Lawson opened the public hearing. There being no public comments, the Mayor closed the public hearing. A motion to approve the ordinance as presented on first reading was made by Gene Teague, seconded by Kimble Reynolds. Council Member Danny Turner made a motion to amend the original motion to 100% for five years. Mr. Turner's motion died for lack of a second. Council members pointed out they are not opposed to incentives for Uptown development. 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 ordinance as originally presented, on first reading,

**City of Martinsville (8-11-09 with Council Changes) Partial exemption of taxes on substantially rehabilitated real estate**

**Sec. 21-12. Policy and intent.** This section authorizes a partial exemption for substantially rehabilitated or renovated residential, multi-family, commercial or industrial real estate located anywhere within the City of Martinsville by providing tax credits in accordance with Code of Virginia, § 58.1-3220 et seq, as amended, and the provisions of this article. The partial exemption will provide an economic incentive for improvement of such real estate and will prevent the deterioration and vacation thereof, which is harmful to the health and welfare of the city.

**Sec. 21-12.1. Definitions.** The words and phrases defined in this section, when used in this article, shall have the following meaning except in those instances where the context clearly indicates a different meaning:

*Base value* means the assessed value of any structure covered by this section prior to the commencement of rehabilitation or renovation work, as determined by the commissioner of the revenue upon receipt of an eligible application for rehabilitated or renovated real estate exemption and after a physical inspection by an assessor from the commissioner's office.

*Commercial or industrial use* means improved real property that is used for commercial or industrial purposes, but that term does not include any hotel or motel. Such use also includes mixed use projects containing revenue-producing properties.

*Commissioner* means the commissioner of the revenue for the City of Martinsville or the designated agent of the commissioner.

*Exemption* means the real estate taxes resulting from the increase in the assessed value of a qualifying property attributable to the substantial rehabilitation thereof. In no case shall an exemption be permitted if the assessed value falls below the base value in any given year.

*Exemption district* means:

(1) The City of Martinsville Enterprise zone as defined in Sec. 7.5 of this Code.

(2) The City of Martinsville Historic District as defined in Section XXV of the Martinsville Zoning Ordinance.

*Mixed use structures* means structures used for both residential and commercial purposes.

*Multifamily residential real estate use* means improved real property containing two or more dwelling units, and not classified as a single family attached dwelling.

*Owner* means the person or entity in whose name the structure is titled or a lessee who is legally obligated to pay real estate taxes assessed against the structure.

*Qualifying property* means an improvement to real property that is qualified to receive a tax credit pursuant to this article.

*Replacement* means the complete removal of an existing structure and the erecting of a new commercial structure, which may exceed the total square footage of the removed building by no more than one hundred (100) percent.

*Residential real estate use* means improved real property containing no more than one dwelling unit.

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*Special district taxes or levies* mean any tax or levy that is assessed by council in a defined area of the city in addition to the general city levy. Such districts may encompass all or a part of the city.

*Structure* means a building not less than twenty-five (25) years old on the date of the application, or fifteen (15) years old if located within the city's Enterprise Zone.

*Substantially rehabilitated, renovation* means improvements to an existing structure, and that phrase does not mean the construction of a freestanding, independent structure that is merely connected to an existing structure by an atrium, a breezeway or similar connecting element. For example, and without limitation, an existing commercial structure would not be substantially rehabilitated or renovated by the construction of a new, freestanding structure that is connected to that existing structure, but an existing commercial structure could be substantially rehabilitated or renovated by expanding the existing structure.

*Taxable year* is the fiscal year from July 1 through June 30 for which such real estate tax is assessed for the exemption claimed.

*Transient housing structure* means improved real property that is used for any facility, with or without separate cooking facilities within the unit, where overnight lodging for transients is provided to the public with or without compensation on a nightly, weekly, or monthly basis for a period of less than 90 nights per individual per year. This definition includes hotels, motels and bed and breakfast facilities, as that term is defined by Section II of the Martinsville Zoning Ordinance.

**Sec. 21-12.2. Eligibility.** For purposes of this section, real estate shall be deemed to be substantially rehabilitated, renovated or replaced when a structure, which is no less than 25 years old, has been so improved or replaced so that the fair market assessed value of the improved or replacement structure, as determined by the commissioner, is increased by no less than 20 percent.

- (a) In order for an addition to an existing residential or multifamily structure to qualify as substantial rehabilitation or renovation, the addition must be for improvements to living areas of the structure, such as bathrooms, kitchens, bedrooms and similar facilities. Additions for such things as garages, swimming pools, patios and similar facilities that are not used for living areas for the structure shall not be eligible for a tax exemption.
- (b) No improvements made to unimproved real property shall be eligible for partial property tax exemption pursuant to this section.
- (c) No property shall be eligible for a partial property tax exemption pursuant to this section unless all appropriate building permits have been acquired for the substantial rehabilitation, renovation or replacement of the structure on the property.
- (d) No property shall be eligible for a partial property tax exemption pursuant to this section if that property is substantially rehabilitated by the demolition and replacement of any structure that (i) is a registered Virginia landmark, or (ii) is determined by the department of historic resources to contribute to the significance of a registered historic district.

**Sec. 21-12.3. Administration.** The commissioner shall prepare and distribute application forms for persons who apply for partial property tax exemption pursuant to this article. The commissioner may prescribe rules and procedures for the administration of this article that are not in conflict with this article. Copies of such application forms and any prescribed rules and procedures shall be available to the public during regular office hours at the office of the commissioner.

**Sec. 21-12.4. Application procedure and processing fee.** The owner of any real estate who seeks to obtain the partial property tax exemption authorized by this section shall apply for such an exemption to the commissioner at the same time that the owner applies for a building permit to rehabilitate, renovate or replace the structure. Upon receipt of an application for partial property tax exemption, the commissioner shall determine a base fair market value assessment (hereinafter "base value") for the structure prior to commencement of rehabilitation, renovation or replacement. That base value shall serve as the basis for determining whether the rehabilitation, renovation or replacement increases the fair market value of the structure by at least 20 percent. The application to qualify for tax exemption shall be effective until June 30 of the third fiscal year following the year in which the application is submitted. If by such expiration date, the rehabilitation, renovation or replacement has not progressed to such a point that the assessed fair market value of the improvement to the property is at least the minimum required percent greater than the base value of such structure, and if the applicant desires to proceed with the application, then a new application for partial tax exemption shall be filed with the commissioner, and thereafter the commissioner shall establish a new base value.

- (a) All initial and subsequent applications for the partial exemption authorized by this section shall be accompanied by payment of a nonrefundable fee of \$50.00 for processing the application.
- (b) During the period between the receipt of the application and the time when the commissioner may ascertain that the fair market value of the structure has increased in value by at least the minimum percent specified in subsection (a) of this section, the owner of the property shall be subject to real property taxation upon the full fair market value of the property. At any time prior to May 1 of any fiscal year in which rehabilitation, renovation or replacement of a structure is complete, an owner may submit a written request to the commissioner to inspect the structure to determine if it then qualifies for a partial real property tax exemption. After the commissioner has determined that the assessed fair market value of a substantially rehabilitated, renovated or replaced structure exceeds the base value by the percentage specified by subsection (a) of this section, the tax exemption shall become effective beginning on July 1 of the next fiscal year.
- (c) Subject to the provisions of subsection (c) of this section and to sections 21-12.5 and 21-12.6, the owner of any residential or multifamily residential structure qualifying for partial exemption from the real estate tax because of substantial rehabilitation, renovation or replacement shall be issued a credit for the general real property tax otherwise due on the fair market value of that property in the amount that is equal to the value of the real property tax levy calculated on the difference in value between the base value and the initial fair market value of the substantially rehabilitated, renovated or replaced structure. That credit shall be applied for the first year of a five-year period following completion of the substantial rehabilitation, renovation or replacement. In each year of the four-year period following the first year period, the owner of a qualifying property shall be issued a credit for the real estate tax otherwise due on the fair market value of that property in an amount equal to the value of the real property levy calculated on the difference in value between the base value and the initial fair market value of the substantially rehabilitated, renovated or replaced structure, less 50 percent for year 2 through 5 of the exemption period. Credits against the real estate tax for any real estate qualifying pursuant to this section shall run with the land, and, except as otherwise provided by subsection (e) of this section and by sections 21-12.5 and 21-12.6, the owner of such property during each of the five years of the exemption period shall be entitled to receive a credit in the amount specified by this subsection.
- (d) In the event that the fair market value of a qualifying residential or multifamily residential structure increases after the first year of such substantial rehabilitation, renovation or replacement, the credit specified by subsection (d) of this section shall not be increased. In the event that the fair market value of a qualifying property decreases after the first year of substantial rehabilitation, renovation or replacement, the credit specified in subsection (d) of this section shall be limited to the extent that the credit shall not reduce the real property tax on a qualifying property below an amount equal to the amount of the real property tax computed on the base value. If any tax credit computed in accordance with subsection (d) of this section is reduced in accordance with this subsection, that credit reduction shall not be applied to any other property or to real property taxes assessed in any other calendar year. If the fair market value of any qualifying property decreases below the base value, then that qualifying property shall be assessed at the fair market value, and no credit against the general real property tax shall be allowed. If no tax credit can be granted because the fair market value of a qualifying property is below the base value, that unused credit shall not be applied to any other property or to real property taxes assessed in any other calendar year.
- (e) The credits against the real estate tax specified in subsection (d) of this section shall not affect any special district taxes or levies that may be imposed within the city. All ad valorem special district taxes or levies shall be computed on the full fair market value of all qualifying property.

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- (f) In determining the base value of any structure, and in determining whether any structure has been substantially rehabilitated, renovated or replaced to the extent that the fair market value of the improved or replaced structure exceeds the base value by the percent specified in this section, the commissioner shall employ usual and customary methods of assessing real property and improvements thereon.
- (g) This section shall be applicable to assessments of qualifying real estate made on and after July 1, 2009.

**Sec. 21-12.5. Limitations on eligibility for partial tax exemption and tax credit.**

- (a) The title of the property for which the partial exemption is claimed shall be held, or partially held, on the first day of the taxable year by the person or persons claiming the exemption, whether or not that person or persons initially performed the rehabilitation.
- (b) No property owner shall be eligible to apply for the partial tax exemption and tax credit provided by this article for any property which has delinquent taxes, penalties, or interest due the city.
- (c) If any property, for which an application for the partial tax exemption and tax credit provided by this article is made, has been damaged or destroyed as a result of a sudden natural or manmade disaster prior to the application, and that property will be repaired, rehabilitated or replaced through the use of any insurance or self-insurance proceeds, then the base value of the property, as provided herein, shall be computed based upon the fair market value of the property immediately prior to the sudden disaster. For purposes of this article, a sudden natural or manmade disaster shall include, but is not limited to damage or destruction caused by fire, flood, windstorm, and explosion.

**Sec. 21-12.6. Failure to pay real estate taxes in a timely manner; forfeiture of partial exemptions and tax credits, and further qualification limitations.**

- (a) No tax credit described in Sec. 21-12.4 shall be issued to any owner of any substantially rehabilitated, renovated or replaced structure if the real estate tax on that property has not been paid on or before June 5 and December 5 of any year as required by Sec. 21-2(1) of this Code. Failure to pay the real estate tax on improved real property in any year on, or before, the date on which the real estate tax is due shall result in the forfeiture of any partial tax exemption and tax credits that otherwise would have been applied to the real estate tax due in that year and in any future year. In such cases, the property shall be removed from the partial tax exemption program and the annual real estate tax shall be assessed on the full fair market value of the improved real property. Late payment of the real estate tax on real property and any substantially rehabilitated, renovated or replaced structure thereon shall be subject to late payment penalties and interest in accordance with Sec. 21-3 of this Code.
- (b) Notwithstanding any other provision of this article, no improved property which has qualified for a tax credit in accordance with this article by means of substantial rehabilitation, renovation or replacement shall be eligible to submit any application for further tax credits based on subsequent improvements during the initial or additional tax credit period.

**Sec. 21-12.7. Commencement of exemption; land books.**

- (a) The partial exemption shall commence in the tax year following the completion of the rehabilitation, inspection and verification by the assessor, and determination by the commissioner of the revenue that the requirements of the section have been met.
- (b) Nothing in this section shall be construed to permit the commissioner of the revenue to list upon the land books and reduced assessed value due to the partial exemption created by this section.

Ruth Easley briefed Council on the ordinance to change setting the allocation percentage for tax relief for tax year 2009 noting this is a housekeeping item and would omit the requirement that the PPTRA percentage rate be set as a part of the annual budget process. Instead, the percentage rate would be adopted by resolution once the Commissioner of the Revenue has a firm calculation of the rate necessary to fully expend the state's reimbursement. On a motion by Danny Turner, 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 approved the following ordinance, on second reading:

**Sec. 21-10. Personal Property Tax Relief**

- (a) *Purpose; Definitions; Relation to other Ordinances.*

The purpose of this Ordinance is to provide for the implementation of the changes to PPTRA affected by legislation adopted during the 2004 Special Session I and the 2005 Regular Session of the General Assembly of Virginia.

- (1) Terms used in this Ordinance that have defined meanings set forth in PPTRA shall have the same meanings as set forth in Va. Code § 58.1-3523, as amended.
  - (2) To the extent that the provisions of this Ordinance conflict with any prior Ordinance or provision of the City Code, this Ordinance shall control.
- (b) *Method of Computing and Reflecting Tax Relief.*
    - (1) For tax years commencing in 2006, the City of Martinsville adopts the provisions of Item 503.E of the 2005 Appropriations Act, providing for the computation of tax relief as a specific dollar amount to be offset against the total taxes that would otherwise be due but for PPTRA and the reporting of such specific dollar relief on the tax bill for qualifying vehicles obtaining situs within the City of Martinsville as of January 1<sup>st</sup> of each tax year.
    - (2) Qualifying vehicles shall receive personal property tax relief in the following manner:
      - a. Personal use vehicles valued at \$1,000 or less will be eligible for 100% tax relief;
      - b. Personal use vehicles valued at \$1,001 to \$20,000 will be eligible for the annually adopted percentage of local tax relief;
      - c. Personal use vehicles valued at \$20,001 or more shall only receive the annually adopted percentage of local tax relief on the first \$20,000 of assessed value; and
      - d. All other vehicles that do not meet the definition of "qualifying" (business use vehicles, farm use vehicles, motor homes, etc.) will not be eligible for any form of tax relief under this program.

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- (3) The City Council shall set ~~as part of its annually adopted budget~~ *by resolution* the percentage of tax relief at such a level that it is anticipated fully to exhaust PPTRA relief funds provided to the City of Martinsville by the Commonwealth.
  - (4) Personal property tax bills shall set forth on their face the specific dollar amount of relief credited with respect to each qualifying vehicle, together with an explanation of the general manner in which relief is allocated.
- (c) *Allocation of Relief among Taxpayers.*
- (1) Allocation of PPTRA relief shall be provided in accordance with the general provisions of this section, as implemented by the specific provisions of the City's annual budget relating to PPTRA relief.
  - (2) Relief shall be allocated in such a manner as to eliminate personal property taxation of each qualifying vehicle with an assessed value of \$1,000 or less.
  - (3) Relief with respect to qualifying vehicles as identified and assessed by the Commissioner of the Revenue with an assessed value of more than \$1,000 shall be provided at a percentage, annually fixed and applied to the first \$20,000 in value of each such qualifying vehicle, that is estimated fully to use all available state PPTRA relief. The percentage shall be established ~~annually as a part of the adopted budget for the City of Martinsville.~~ *by resolution after the Commissioner of the Revenue has completed the annual personal property assessment.*
- (d) *Transitional Provisions.*
- (1) Pursuant to authority conferred in Item 503.D of the 2005 Appropriations Act, the City Treasurer is authorized to issue a supplemental personal property tax bill, in the amount of 100 percent (100%) of tax due without regard to any former entitlement to state PPTRA relief, plus applicable penalties and interest, to any taxpayer whose taxes with respect to a qualifying vehicle for tax year 2005 or any prior tax year remain unpaid on September 1, 2006, or such date as state funds for reimbursement of the state share of such bill have become unavailable, whichever earlier occurs. Supplemental assessments for tax years 2005 and prior that are made on or after September 1, 2006 shall be deemed 'non-qualifying' for purposes of state tax relief and the local share due from the taxpayer shall represent 100% of the tax assessable.
  - (2) Penalty and interest with respect to bills issued pursuant to subsection A of this section shall be computed on the entire amount of tax owed. Interest shall be computed at the rate provided in 21-3 from the original due date of the tax.

(Ord. No. 2005-8, 12-13-2005)

Bobby Phillips, Safety Officer, briefed Council on the Hazard Mitigation Grant Program pointing out the only match requirement will be an in-kind contribution, which will require each locality's representative on the project management team maintain and provide a record of their hours, hourly rate, and mileage to document the required match for the grant. On a motion by Gene Teague, seconded by Kimble Reynolds, with a 5-0 vote, Council approved authorizing the City Manager to sign the Letter of Intent to participate in the West Piedmont Multi-Jurisdictional Hazard Mitigation Plan Update.

Leisure Services Director, Gary Cody, briefed Council on the proposed resolution asking for Council's endorsement of the skatepark project in order to pursue funding. On a motion by Danny Turner, seconded by Gene Teague, Council adopted the following resolution with the word "initial" added to designate Wilson Park as the initial location for the skatepark:

**A RESOLUTION OF THE CITY COUNCIL CONCERNING THE CONSTRUCTION OF A SKATEPARK IN J. FRANK WILSON PARK**  
**Whereas**, the City of Martinsville encourages the improvement of recreational opportunities for its citizens and in particular its youth; and  
**Whereas**, citizens of Martinsville, including youth, has expressed a desire for a skatepark to be constructed in the City; and  
**Whereas**, skateboarding is a admirable activity which contributes to the health and happiness of the City's citizens, particularly its youth;  
and  
**Whereas**, the City Council has specifically adopted the improvement and increased use of Wilson Park as one of its goals and initiatives for the City; and  
**Now therefore be it resolved**, by the City Council of Martinsville, Virginia, in regular session assembled on September 22, 2009, that Council recognizes the desirability of constructing a skatepark; and  
**Be it further resolved**, that Council designates the INITIAL location of a skatepark as Wilson Park; and  
**Be it finally resolved**, That Council authorizes the Department of Recreation and Leisure Services to pursue all available sources of funding for the construction of such a skatepark.

City Attorney Eric Monday briefed Council on the proposed dog defecation ordinance for Council's consideration. Comments included: City resident, William Eggleston, pointed out to Council this ordinance needs to be citywide, not just on city property; if choose to do citywide, need to advertise again and modify

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ordinance; the ordinance presented focuses mainly on Uptown; suggestion to advertise as original version from August presentation minus the reservoir; Council has not heard a large outcry from residents for a citywide ordinance. After discussion and comments, Council asked that the City Attorney prepare a revised ordinance for consideration at the October 13 meeting with changes as discussed.

Leon Towarnicki presented the following Martinsville Mustangs 2009 Season Report:

Team information Summary

- Fifth season in the Coastal Plain League
- Phil Cerreto named CPL 2009 Offensive Player of the Year (First time in franchise history)
- Phil Cerreto winning the CPL 2009 All-Star Home Run Derby (First time in franchise history)
- Three players selected as All-Stars (Phil Cerreto, Trent Rothlin, Tyler Smith)
- Trent Rothlin named CPL Pitcher of the Week (twice) and set an all-time franchise record for strikeouts.
- Team set a franchise record of 8 consecutive wins.
- Overall season record was 22 wins – 34 losses (10th place overall)
- Lost 14 games by one run.

**Fiscal Year & Basis For Report  
Correction to 2008 Report**

Last August as the 2008 report was prepared, budget expenses were reviewed line by line/month by month for each individual line item in the Mustangs budget in an effort to match appropriate expenses with the correct season the expenses were attributed to. The report presented to Council last year showed revenue as \$130,145 and expenses as \$170,968 through approximately the 3<sup>rd</sup> week of August, for a net cost of \$40,823 for the 2008 season. It was noted in that report there could be additional expenses to be attributed to the 2008 season as final invoices came in, and there were. After the close of FY08, budget documents shows the 2008 actual expenditure for Mustangs Baseball as \$202,617 which includes some costs that should have been attributed to the previous season since invoices for bus travel, lodging, and credit card expenses that occurred in August are processed in September for the previous month. Backing those estimated 2007 costs from the actual 2008 budget, the estimated cost for the 2008 season is approximately \$190,000, leaving a net cost to the City of approximately \$60,000. This year, by preparing the report a month later, most of the season-ending invoices have had time to be processed which allows for a more accurate accounting.

**2009 Season Report**

This annual report covers the 2009 season and compiling the report is somewhat complicated by the fact the City budget runs from July 1 to June 30 and the summer baseball season spans from May to August. For purposes of this report, revenues and expenditures will be compared against the just-completed FY09 budget.

For FY 2009, the revised Mustangs’ budget was \$191,767 and projected revenue was \$118,410, for a budgeted net cost to the City of \$73,357. (FY10 projects revenue at \$120,600 and expenses at \$213,686, for a budgeted net cost of \$93,086) Actual expenditures as shown on an end-of-August budget report for the 2009 season are \$213,875, plus an additional \$2,500 yet-to-be-paid to the Chamber as the bonus for reaching certain benchmarks outlined in the City/Chamber contract, for a total of \$216,375.

Revenue for the 2009 season increased substantially to \$159,487 compared to \$130,145 for the 2008 season. Game day revenue (gate, concessions, beer, and souvenirs) increased from \$75,515 in 2008, to \$86,054 in 2009; and advertising increased from \$44,440 in 2008 to \$61,140 in 2009. Subtracting revenue from expenses leaves a net cost to the City for the 2009 season of \$56,888 which is approximately \$16,500 better than what was budgeted, but unfortunately still not where we had hoped to be. Due mostly to the partnership with the Chamber, revenue increased by approximately \$30,000 over the previous year, but unfortunately the increase in revenue did not translate to a corresponding reduction in City net cost as the increase in revenue was matched by increases in expenditures (\$17,250 to the Chamber, increases in travel expenses, uniform costs, concession supplies/beer due to additional sales, etc.), all of which had a net effect of essentially neutralizing the increase in revenue.

Revenue/Expense Comments - The following is a breakdown of expenditures and revenue for the current Mustangs’ budget:

<b>Expenses:</b>	<b>%</b>
Personnel (salary, benefits, part-time, interns, police OT) . . . .	26.9
Advertising . . . . .	15.3
Travel (bus and lodging) . . . . .	15.3
Concession/beer contract sales. . . . .	5.7
Team equipment . . . . .	5.7
Food supplies . . . . .	6.6
ABC supplies . . . . .	3.9
Umpires. . . . .	4.2
League Dues . . . . .	6.6
Misc (telecom, postage, office supplies, souvenir expenses) . . .	7.0

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<b>Revenue:</b>	<b>%</b>
Game day (gate, concessions, souvenirs, beer sales) . . . . .	54.0
Advertising (sponsors, outfield signs) . . . . .	38.2
Tickets . . . . .	5.6
Misc . . . . .	2.2

As noted last year, in reviewing each line item of the annual budget for Mustangs Baseball, I find very little, and in most cases nothing that I would recommend/suggest be cut or eliminated in effort to reduce expenses while continuing to maintain a quality program. There are options to reduce advertising and promotion expenses but, as has been discovered in previous seasons, a lack of adequate advertising and promotion effort has a direct effect on attendance and game-day revenue. Much of the operation’s expenses are either fixed, or mandated by the league in such a manner that little or no flexibility exists for significant reductions.

Attendance – Paid attendance as reported to the CPL office for the 2009 season was 27,833 for 29 home games, showing an approximate 8% increase over 2008. A combination of good weather, the recently-installed field drainage system, and use of the infield tarp resulted in only one rainout for the season on June 4<sup>th</sup>. (It should be noted June 4<sup>th</sup> would have been a Thursday night game and for the season, Thursday night games averaged \$4,316 in game day revenue) By comparison, reported attendance for the 2006 season was 36,075, 24,649 for the 2007 season, and 25,792 for the 2008 season.

**General Comments**

As last year, I would again have to summarize the experience of the fans at the games this summer as good – we had very few complaints and those we did receive, we attempted to address immediately. Many positive comments were received during the season about the team, about Hooker Field, and more important about the interest in keeping baseball here.

There were a number of notable season highlights – the individual success achieved by several team members; the City’s partnership with the Chamber of Commerce, all the new advertising money brought to the program, and the fact that game day revenue and advertising revenue increased significantly in spite of local economic and unemployment issues; again the nights sponsored by the Chamber were very well attended; the July 4<sup>th</sup> game and fireworks show was a huge success resulting in the season’s highest game day revenue; all of the “thirsty-Thursdays” were a big success; a visit by Congressman Tom Perriello and a pre-game military service induction ceremony; and the “throwback Tuesdays” when the Mustangs wore replica Martinsville Oilers jerseys as a tribute to the Connie Mack League Oilers team that played at Hooker Field (English Field previously) in the 1970s.

We also had a few disappointments – the June 4<sup>th</sup> rainout (although we were fortunate to only have one home rainout for the season); losing 14 games by one run and failing to make the playoffs; and low attendance at several promotional nights.

Acknowledgements – In preparing this report and reflecting on the work and effort that went into this past season, there are many groups as well as individuals that made significant contributions to the 2009 season. Again, City Council certainly should be recognized for support and funding of the team. Members of the Technical Advisory Committee provided comments and suggestions throughout the season. Thanks go out to the Mustangs players and coaches for their efforts on the field as well as the impact they all made in our community during their stay. The host families deserve recognition and thanks for providing accommodations to the Mustangs’ players during the summer. Thanks to all those who advertised whether on the outfield fence signs, in the programs, on the pocket schedules, sponsored a night at the ballpark, or in any way contributed to the 2009 season. Thanks and appreciation to Amanda Witt and the Chamber of Commerce for partnering with City for the 2009 season. A big thank-you to fans who came out during the season to support the Mustangs. Thanks to the approximate 20-member game-day staff who sold tickets, concessions, sold souvenirs and programs, announced the game, ran the scoreboard, handled the promotions and kids’ events, and who in some way had a hand in making the visit to the ballpark an enjoyable experience. And again, thanks to Dr. Doug Christman for the many hours he put into making this season a success. Doug Christman is the Mustangs’ volunteer team President, attended league meetings, prepared detailed after-game critiques, and could always be found mingling in the crowd and listening to what the fans had to say. We certainly could not have enjoyed the success we had without his efforts.

**Concluding Comments and Recommendations**

As the 2009 season began, there were high hopes that the difference between revenues and expenditures could be improved. Revenues did improve significantly thanks largely to the partnership with the Chamber. Unfortunately as we have found with other budgets, expenditures also increase. As shown from the previous three seasons, the cost to the City to provide Mustangs baseball is approximately \$60,000 per year, a number Council has concerns over considering the budget issues facing the City.

As we look forward to the 2010 season, the following recommendations are being made:

- Review player recruiting strategy; involve all the coaching staff in the selection process; and make efforts to recruit Division I players to complement the team roster (this process is currently underway).
- Consider partnering with the Chamber of Commerce for advertising sales again for the 2010 season to build upon the success achieved in the 2009 season.
- Explore other partnership opportunities to maximize revenues and minimize expenses.
- Review the team marketing process with emphasis on increasing attendance and corresponding game-day revenue. Reactivate the Technical Advisory Committee and utilize their expertise to assist in improving specific areas related to marketing, promotions, and advertising.
- Although the goal is to turn baseball into a revenue/expense neutral venture (or better yet, generate a profit), develop an acceptable net cost range to work towards.
- Continue to explore options for capital improvements at Hooker Field including (but not limited to) improved concession/press box facilities and restrooms.

**MARTINSVILLE MUSTANGS –SUMMARY OF REVENUES, EXPENSES, NET COST**

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
ACTUAL REVENUE		\$130,145	\$159,487	
BUDGET PROJECTION		\$129,250	\$118,410	\$120,600
ACTUAL COST		\$190,000	\$216,375	
BUDGET PROJECTION		\$182,805	\$191,767	\$213,686
ACTUAL NET	\$57,415	\$60,000	\$56,888	
BUDGET PROJECTION		\$53,555	\$73,357	\$93,086

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Amanda Witt of the M-HC Chamber of Commerce gave an overview of the marketing and advertising efforts for the Mustangs during the 2009 season. She noted that industry leaders were very supportive of the team and were pleased that Council chose to keep baseball in Martinsville. After lengthy discussion on the need for public/private partnerships, Council directed the city manager to approach the Southern Virginia Recreation Facilities Authority board regarding the Mustangs and report back to Council.

Council reviewed semi annual reports submitted by outside agencies receiving City F10 funding.

Linda Conover briefed Council on the monthly finance report as follows:

**FY09** Since the last report dated August 25, revenues for FY09 have increased slightly due to the recapturing of revenues received in FY10 that were anticipated in the prior year. The expenditures for FY09 appear to have decreased. However, this is due to the preparation for the annual audit with preliminary audit adjustments, and again, these figures are not final at this time. These figures will continue to change through various journal entries and adjustments.

For FY09, overall revenues are currently \$1,761,171 less than anticipated and overall expenditures are currently \$6,304,621 less than anticipated. Impending factors that will significantly reduce this total are the estimated depreciation adjustments of \$1.37 million and re-appropriations. At present, the requested re-appropriations total \$1,872,309 across the various funds. A listing for Council's review will be presented at the October 13<sup>th</sup> meeting.

Currently, the total of combined fund balances for FY09 is \$18,597,427, but this figure is also in transition due to the preliminary audit adjustments. Again, these figures are incomplete and should not be considered final. Outstanding year-end adjustments will impact the overall fund balance. When all audit adjustments have been completed, the final FY09 Fund Balance should still be very close to the original projection of \$13,118,437.

**FY10** Through the first two months of the new fiscal year, actual revenues are \$179,076 greater than anticipated for total received of \$7,992,268; actual expenditures are \$99,435, slightly less than anticipated for total expensed of \$11,019,744. This trend is typical for this time of year as R/E and P/P taxes have not yet been billed, and "good weather" projects are continuing into the fall.

Currently, the combined fund balances for FY10 are \$13,468,301. However, this figure is based on unaudited beginning balances, which as mentioned before, will definitely change. Until the audited figures are determined, these are just an estimate. Reliable figures will be reported as soon as possible upon completion of the FY09 annual audit, which is continuing this week.

On a motion by Kimble Reynolds, seconded by Mark Stroud, with a 5-0 vote, Council approved the monthly finance report.

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

**BUDGET ADDITIONS FOR 09/22/2009**

<b>ORG</b>	<b>OBJECT</b>	<b>DESCRIPTION</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b><u>FY10</u></b>				
<b><u>GENERAL FUND</u></b>				
01101917	442402	Categorical Other State - Confiscated Assets - C Atty		282
01221082	506105	Comm Atty - Conf Assets State	282	
01101917	442401	Categorical Other State - Confiscated Assets - Police		845
01311085	506078	Police Dept - Conf Assets State	845	
		State Confiscated Assets		
01102926	436401	Categorical Federal - Confiscated Assets - Police		2,580
01311085	506079	Police Dept - Federal Asset Forfeiture	2,580	
		Federal Confiscated Assets		
01100904	442402	Categorical Other State - Confiscated Assets - C Atty		77
01221082	506118	Comm Atty - Conf Assets State	77	
		Local Confiscated Assets from State Police		

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01101918	443312	State Grant - JAG/LLEBG - Police Dept		3,966
01311085	506104	Police Dept - Non-Capital Equipment	3,966	
		Transfer from special account into General funds		
01100909	490104	Recovered Costs		988
01311085	506008	Police Dept - Vehicle & Equipment Maintenance	988	
		Use of insurance to repair damaged patrol car		
<b>Total General Fund:</b>			<b>8,737</b>	<b>8,737</b>
<b><u>CAPITAL RESERVE FUND</u></b>				
16100909	490104	Recovered Costs		6,582
16572362	508105	Major Tools & Equipment - Public Works	6,582	
		Use of insurance to replace damaged mower		
<b>Total Capital Reserve Fund:</b>			<b>6,582</b>	<b>6,582</b>
<b><u>HOUSING CHOICE FUND</u></b>				
49103919	443130	Private Grant/Harvest Loan		340,000
49535281	508250	Housing Assistance/Land Acquisition	340,000	
		Appropriate funds for purchase of Henry Hotel		
<b>Total Housing Choice Fund:</b>			<b>340,000</b>	<b>340,000</b>

Business from the floor: Dr. Kizner summarized state budget cuts effects on schools; Dr. Kizner also spoke in favor of keeping the baseball team here as it gives young people a safe place to go and suggested county should partner with city on the baseball team; Dr. Kizner reminded Council of tour of Martinsville High School and Council Member Teague stated we need to look at creative ways to finance as there is no new money; Vice Mayor Reynolds reported Virginia First Cities is working on how we can go out and lobby legislators and now trying to get school divisions involved.

Comments by Council members: Turner pointed out issues with Uptown parking and limits needed for on-street parking. Stroud commented on positive comments he has heard regarding the Big Chair. Reynolds complimented Mayor on green initiatives and city administration for efforts regarding landfill and solar panels—he also encouraged administration & Council to not stop in our energy initiatives so our community won't be left behind. Mayor Lawson reported Green Committee will report at October 13 meeting, commented on Big Chair and traffic being generated, encouraged those interested in community garden spots to reserve their spots now, and reported she has also heard concerns regarding Uptown parking issues as well.

Comments by City Manager: reminded Council of special called meeting on September 30 to meet with city staff regarding goals; reported that Donna Odell has been named interim Human Resource Director in order to maintain

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continuity in that department; reviewed information sheets regarding state budget cuts and reported more information will be provided to Council.

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 matters: (A) Appointments to Boards and Commissions as authorized by Subsection 1. (B) The condition, acquisition, use or disposition of real property as authorized by Subsection 3.

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 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 returned to Open Session.

On a motion by Danny Turner, seconded by Gene Teague, with a 5-0 vote, Council appointed Tim Martin to the Planning Commission for an unexpired four year term ending 6/30/2010.

On a motion by Mark Stroud, seconded by Gene Teague, with a 5-0 vote, Council appointed David Hodges to the Board of Zoning Appeals for a three year term ending 9/11/2012.

On a motion by Kimble Reynolds, seconded by Gene Teague, with a 5-0 vote, Council appointed Brooke Hairston to the Transportation Safety Commission for a one year student term ending June 30, 2010.

There being no further business, Mayor Lawson adjourned the meeting at 10:00 pm.

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Clarence C. Monday  
Clerk of Council

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Kathy C. Lawson  
Mayor