

January 23, 2018

The regular meeting of the Council of the City of Martinsville, Virginia was held on January 23, 2018 in Council Chambers, Municipal Building, at 7:30 PM with Mayor Gene Teague presiding. Council Members present included Gene Teague, Chad Martin, and Kathy Lawson. Sharon Hodge and Jennifer Bowles were not in attendance. Staff present included City Manager Leon Towarnicki, Assistant City Manager Wayne Knox, City Attorney Eric Monday, Clerk of Council Karen Roberts, Telecommunications Director Mike Scaffidi, MiNET Accounts Manager Kathy Reed, Finance Director Linda Conover, and Deputy Police Chief Rob Fincher.

City Attorney Monday explained that Council Member Bowles was not feeling well and would be unable to attend the meeting. In accordance with the Code of Virginia Section 2.2-3708.1(A1 and 2) she could participate in the meeting by phone if present Council Members agreed. Council Member Lawson made a motion to allow Bowles to participate by phone; Vice Mayor Martin seconded the motion with the following roll 3-0 call vote: Lawson, aye; Teague, aye; and Martin, aye. Mayor Teague called the meeting to order and advised Council would go into Closed Session beginning at 7:00 PM. In accordance with section 2.1-344 (A) Code of Virginia (1950, and as amended) and upon a motion by Council Member Lawson, seconded by Council Member Vice Mayor Martin, with the following 4-0 recorded vote: Council Member Lawson, aye; Council Member Bowles, aye; Mayor Teague, aye and Vice Mayor Martin, aye, Council convened in Closed Session to discuss the following matters: (A) Appointments to boards and commissions as authorized by Subsection 1, (B) Consultation with legal counsel and briefings by staff members, attorneys or consultants pertaining to actual or probable litigation, or other specific legal matters requiring the provision of legal advice by such counsel, as authorized by Subsection 7, and (C) Addendum: Discussion or consideration of the acquisition of real property for a public purpose, or the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body, as authorized by Subsection 3. Upon returning to Council Chambers, City Attorney Monday explained again that Council Member Bowles would be allowed to participate in the meeting by phone. Mayor Teague explained that Council would return to Closed Session when the Regular Session was complete.

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

Consider presentation of a proclamation honoring Ruth H. Rothrock – Council Member Lawson read the proclamation that was presented by Council to family members. Ms. Rothrock's son Dru thanked Council and said the family was humbled for the recognition.



Proclamation

HONORING RUTH HENRY ROTHROCK

WHEREAS, longtime community leader and funeral home director, Ruth Henry Rothrock, passed away on January 11, 2018, at the age of 94; and

WHEREAS, Ruth Rothrock came to Martinsville in 1942 and worked for Western Union and Stone Transfer before spending generations working at Collins-McKee-Stone Funeral Home where she served countless families and community members as a licensed funeral director and through her tireless ministry of helping others through difficult times; and

WHEREAS, in addition to her accomplished career, she was deeply committed to serving her community and did so by serving at First Baptist Church as a deacon, in the Women's Missionary Union, and other programs, by serving in various capacities with the Martinsville chapter of SCORE, the Martinsville Hospital Auxiliary, the Piedmont Arts Guild, Grace Network, Beta Sigma Phi International Sorority, and other organizations; and

WHEREAS, she was dedicated to encouraging young people to pursue and continue their education and was an active and revered member of the Martinsville Henry County chapter of Altrusa International, Inc., and was a volunteer at Patrick Henry Elementary School; and

WHEREAS, she was a loving and devoted mother to her sons, Jim and Dru, and was widely known to and adored by so many others as "Mema" because she constantly served others in ways big and small;

NOW, THEREFORE, on this 23rd day of January, 2018, Martinsville City Council hereby honors the late Ruth Henry Rothrock for the contributions she made to our community, for her tireless and dedicated service to others, and for helping make our community a much better place for all. We extend our sincere condolences to the entire Rothrock family.

M. Gene Teague, Mayor

Read a Proclamation acknowledging February 2018 as Black History Month – Vice Mayor Martin read the proclamation.



Proclamation

RECOGNIZING FEBRUARY, 2018 AS BLACK HISTORY MONTH IN THE CITY OF MARTINSVILLE

WHEREAS, Dr. Carter G. Woodson, distinguished African American author, editor, scholar, and historian who is known as the "Father of Black History" founded the Association for the Study of Negro Life and History (now the Association for the Study of African American Life and History) in September, 1915, and Negro History Week in 1926, which became Black History Month in 1976, intended to encourage further research and publishing regarding African American heritage; and

WHEREAS, Americans of African descent have made valuable and lasting contributions to our country, our state, and our local community, achieving exceptional success in all aspects of society including business, education, politics, science, arts ; and

WHEREAS, in 1976 Black History Month was adopted to honor and affirm the importance of the history of African Americans and to focus on the stories and teachings of those who helped build our nation, advance the cause of civil rights and strengthen families and communities; and

WHEREAS, the City of Martinsville continues to work toward building an inclusive community that lives up to the American ideal of equality of educational, social, and economic opportunity for all our citizens;


NOW, THEREFORE, I, Gene Teague, Mayor, and members of Martinsville City Council do hereby proclaim the month of February, 2018 as Black History Month in the City of Martinsville and we urge all citizens to join in celebrating the significance of African American culture in its past, present, and future.

Gene Teague, Mayor

January 23, 2018

Hear an update regarding status of activities related to the Brownfield Grant the City received – Assistant City Manager Wayne Knox summarized the current Brownfield Grant activity and welcomed representatives of Draper Aden, which updated Council on the Brownfield Grant progress. Two City employees attended the Brownfield Conference this past year, which provided considerable education regarding the grant. Draper Aden is working on five properties in the area and detailed the status of each location. Draper Aden feels strongly that the City would benefit from a second Brownfield Grant and would like to proceed with a new proposal to continue the program.

Hear an update on FY18 Telecommunications operations – MiNET Director Mike Scaffidi introduced the newest department employee Kathy Reed. Scaffidi summarized the department revenue and expenses, current operational issues, customer base, system growth, value of the services provided and the anticipated future of the department including marketing, expansion, and resources needed. City Manager Towarnicki said an ad was placed in the Chamber’s magazine and it will be marketed at the upcoming trade show. There is some discussion regarding potential residential high-speed internet and telephone services in the future.

 January 2018 Council Update Michael Scaffidi Director of Telecommunications	TELECOM/MINET STAFF <ul style="list-style-type: none">• Mike Scaffidi Director• Jared Pruett Network Services Specialist• Randy Craig Telecom Support Supervisor• Charles Anderson Telecom Technician• Eric Boaz Telecom Technician• Kathy Reed Accounts Manager
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FY18 BUDGET INFORMATION THROUGH DECEMBER 31, 2017	CURRENT OPERATIONAL ISSUES																								
<table border="1"><thead><tr><th colspan="2">REVENUE</th></tr></thead><tbody><tr><td>Total Budgeted Revenue</td><td>\$1,794,161</td></tr><tr><td>Collected as of 12/31/2017</td><td>\$ 833,429</td></tr><tr><td colspan="2" style="text-align: center;">46.4 % of Budgeted Revenue Collected</td></tr><tr><td>Year End Projection (99.6%)</td><td>* \$1,787,281</td></tr><tr><td colspan="2"><i>*Conservative estimate based on July-Dec operations</i></td></tr></tbody></table> <table border="1"><thead><tr><th colspan="2">EXPENSES</th></tr></thead><tbody><tr><td>Total Budgeted Expenses</td><td>\$1,794,161</td></tr><tr><td>Total Budget Used</td><td>*\$1,072,095</td></tr><tr><td colspan="2" style="text-align: center;">59.7% of Budget Used</td></tr><tr><td>Year End Projection (93.5%)</td><td>\$1,676,793</td></tr><tr><td colspan="2"><i>*Includes up-front capital expenses</i></td></tr></tbody></table>	REVENUE		Total Budgeted Revenue	\$1,794,161	Collected as of 12/31/2017	\$ 833,429	46.4 % of Budgeted Revenue Collected		Year End Projection (99.6%)	* \$1,787,281	<i>*Conservative estimate based on July-Dec operations</i>		EXPENSES		Total Budgeted Expenses	\$1,794,161	Total Budget Used	*\$1,072,095	59.7% of Budget Used		Year End Projection (93.5%)	\$1,676,793	<i>*Includes up-front capital expenses</i>		<ul style="list-style-type: none">▪ Replacing phone equipment now at reduced cost, instead of FY20- FY22 as originally planned. (approved by Council 9/12/17) Switch-out requires temporary operation of dual system during transition.▪ On-going work to maintain high reliability of system.▪ Continue to explore upgrades, system enhancements, future projects.▪ Traffic signal work; upgrades, Opticom installation▪ Continue to receive and evaluate inquiries from potential customers.
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CUSTOMER BASE

JULY 2017 THROUGH APRIL 2018

- August customer base - 128
- December 30, 2017 - 143
- February 1, 2018 – anticipated 154
- April 1, 2018 – anticipated 161
- Currently working with 18 companies
 - Generally meeting with four to six per month
 - Seven companies complete (billing begins in January)
 - Completing four optical builds (completion Feb/March)
 - Seven companies in negotiation process

SYSTEM GROWTH

REVENUE IMPACT

- July monthly billing \$106,000
- *Added Accounts Manager in August (Kathy Reed)*
- December monthly billing \$125,000
- February – June expected billing \$145,000

Current revenue through December along with anticipated billings from system growth should impact FY18 YE revenue favorably, by approximately \$200,000.

VALUE OF SERVICE PROVIDED BY TELECOM/MINET

- No debt/"Pay-As-You-Go"
- Significant internal telecom cost savings
- New phone system (20 year life)
- Special services to customers
 - Network and virus protection through FW
 - Ability to customize service to meet customer needs
- Expanded service area footprint
- Local service provider (customer service)

FUTURE

- **MARKETING**
 - Market MINet's capacity/speed in conjunction with industrial property and other developable sites
 - Utilize existing partners (EDC, Chamber, etc) to better promote the system's capabilities as a marketing tool
- **EXPANSION**
 - Residential Inquiries about service to the home
 - Business Inquiries outside of our Current Footprint – ROI may be longer.
 - Possible Wireless Investment
- **RESOURCES NEEDED**
 - Construction Crew
 - Researching Billing Systems
- **NEW FIBER BUILD**
 - Time Consuming
 - Expensive

Consider a review of the City's Finance Report – Finance Director Linda Conover summarized the Finance Report. Council Member Lawson made a motion to approve the finance report as presented; Vice Mayor Martin seconded the motion with all participating Council Members voting in favor.

CITY OF MARTINSVILLE						
FUND BALANCES YE FY17						
	Audited Fund Balance & Cash Equiv. 06/30/16	Revenues FY17	Expenditures FY17	Re-appropriated Funds	Audited Fund Balance & Cash Equiv. 06/30/17	Net (Decrease) Increase
GENERAL	6,809,939	28,910,114	30,079,952	1,163,620	4,476,481	(2,333,458)
MEALS TAX	844,678	2,106,392	2,668,373		282,697	(561,981)
CAPITAL RESERVE	579,687	1,380,851	1,444,616	319,576	196,346	(383,341)
TOTAL CAPITAL FUNDS	1,424,365	3,487,243	4,112,989	319,576	479,043	(945,322)
REFUSE	5,328,983	2,255,618	2,240,388	32,861	5,311,352	(17,631)
WATER	1,911,240	3,544,906	2,138,409		3,317,737	1,406,497
SEWER	1,681,392	4,196,844	3,215,670	200,000	2,462,566	781,174
ELECTRIC	440,887	18,467,604	17,790,353	334,128	784,010	343,123
TOTAL UTILITY FUNDS	9,362,502	28,464,972	25,384,820	566,989	11,875,665	2,513,163
<i>*Cash & Cash Equivalent Reported for Utilities</i>						
CAFETERIA	1,149,493	1,751,224	1,530,521		1,370,196	220,703
SCHOOLS	0	21,868,494	21,868,494	634,794	(634,794)	(634,794)
SCHOOL GRANTS	78,554	1,830,473	1,896,637		12,390	(66,164)
TOTAL SCHOOL FUNDS	1,228,047	25,450,190	25,295,651	634,794	747,792	(480,255)
TELECOMMUNICATIONS	(41,622)	2,051,726	1,593,086	22,000	395,017	436,639
CDBG	3,382	571,792	466,026	17,481	91,667	88,285
TOTAL SP REV FUNDS	(38,240)	2,623,518	2,059,113	39,481	486,684	524,924
TOTAL ALL FUNDS	18,786,613	88,936,037	86,932,525	2,724,460	18,065,665	(720,948)

Fund Balance Summary					
		Total Funds:	Total Category:		
Non-spendable:			1,205,350		
Inventory		1,200,075			
Prepaid Items - Gen Fund		5,275			
Restricted:			0		
Capital Proj - Meals Tax Fund		0			
Capital Reserve Fund Project		0			
Committed to:			1,424,221		
PART		41,635			
Cafeteria Fund		1,370,196			
School Grants Fund		12,390			
Assigned to:			907,767		
Capital Reserve Fund		515,922			
CDBG - Special Revenue		109,148			
Meals Tax Fund		282,697			
Unassigned:			14,528,327		
Non-utility Funds:		3,025,234			
Utility Funds:		11,503,093			
Totals:		18,065,665	18,065,665		
Unassigned Comparison to Policy - Non-Utility Funds					
		Cash Reserves Comparison		Cash Reserves by Fund:	
Fund Balance		Utility Funds		Refuse:	4,147,536
Recommended	Variance to	Actual:	11,503,093	Water:	1,542,101
10% of Budget	Policy	Recommend	11,367,758	Sewer:	1,905,717
3,024,214	1,021	Variance:	135,335	Electric:	3,772,404
Rev. 1/16/18				TOTAL:	11,367,758

City of Martinsville Consolidated Revenues and Expenditures FY18 - 12/31/17					
	Budget	Anticipated	Actual YTD	Remaining Balance	Difference Ant vs. Actual
General Fund					
Revenues	\$ 30,134,893	\$ 14,268,533	\$ 14,854,210	\$ 15,280,683	104.1%
Expenditures	31,293,302	15,995,231	15,969,388	15,329,914	99.8%
Excess (deficiency) of revenues over expenditures	\$ (1,164,409)	\$ (1,726,698)	\$ (1,115,178)		
	(Fund Bal contrib)				
Capital Funds					
Meals Tax					
Revenues	\$ 2,187,978	\$ 1,067,282	\$ 1,057,837	\$ 1,130,141	99.1%
Expenditures	1,973,373	1,519,528	1,519,528	453,845	100.0%
Excess (deficiency) of revenues over expenditures	\$ 214,605	\$ (452,246)	\$ (461,691)		
	(Contrib to FB)				
Capital Reserve					
Revenues	\$ 1,153,247	\$ 602,378	\$ 602,378	\$ 550,869	100.0%
Expenditures	1,518,508	926,495	926,495	592,013	100.0%
Excess (deficiency) of revenues over expenditures	\$ (365,261)	\$ (324,117)	\$ (324,117)		
TOTAL CAPITAL FUNDS:	\$ (150,656)	\$ (776,363)	\$ (785,809)		
	(Fund Bal contrib)				
Refuse Fund					
Revenues	\$ 2,243,625	\$ 848,900	\$ 842,768	\$ 1,400,857	99.3%
Expenditures	2,967,223	1,008,353	930,012	2,037,211	92.2%
Excess (deficiency) of revenues over expenditures	\$ (723,598)	\$ (159,453)	\$ (87,244)		
MINet/Fiber Optic Fund					
Revenues	\$ 1,772,761	\$ 692,216	\$ 833,429	\$ 939,332	120.4%
Expenditures	1,794,761	932,745	1,072,095	722,666	114.3%
Excess (deficiency) of revenues over expenditures	\$ (22,000)	\$ (240,529)	\$ (238,666)		
Water Fund					
Revenues	\$ 3,604,065	\$ 1,801,563	\$ 1,785,306	\$ 1,818,759	99.1%
Expenditures	4,129,701	1,716,741	1,757,637	2,372,004	102.4%
Excess (deficiency) of revenues over expenditures	\$ (525,636)	\$ 84,822	\$ 27,609		
Sewer Fund					
Revenues	\$ 4,178,512	\$ 2,089,256	\$ 2,159,601	\$ 2,018,911	103.4%
Expenditures	5,650,167	3,928,176	3,770,987	1,879,180	96.0%
Excess (deficiency) of revenues over expenditures	\$ (1,471,655)	\$ (1,838,920)	\$ (1,611,385)		
Electric Fund					
Revenues	\$ 20,041,707	\$ 10,042,179	\$ 9,304,134	\$ 10,737,573	92.7%
Expenditures	21,700,133	9,332,962	9,096,966	12,603,167	97.5%
Excess (deficiency) of revenues over expenditures	\$ (1,658,426)	\$ 709,217	\$ 207,168		
TOTAL UTILITY FUNDS:	\$ (4,379,315)	\$ (1,204,334)	\$ (1,463,852)		
	(Fund Bal contrib)				

Consolidated Revenues and Expenditures					
FY 18 - 12/31/17					
	Budget		Actual YTD	Remaining Balance	Difference Budg vs. Actual
Cafeteria					
Revenues	\$ 1,561,255	\$	\$ 746,649	\$ 814,606	47.8%
Expenditures	1,597,955		694,728	903,227	43.5%
Excess (deficiency) of revenues over expenditures	\$ (36,700)	\$	\$ 51,921		
	(Fund Bal contrib)				
Schools					
Revenues	\$ 22,036,647	\$	\$ 9,609,802	\$ 12,426,845	43.6%
Expenditures	22,806,169		10,493,517	12,312,652	46.0%
Excess (deficiency) of revenues over expenditures	\$ (769,522)	\$	\$ (883,716)		
Federal Programs					
Revenues	\$ 614,376	\$	\$ 890,912	\$ (276,536)	145.0%
Expenditures	614,376		1,040,307	(425,931)	169.3%
Excess (deficiency) of revenues over expenditures	\$ -	\$	\$ (149,395)		
TOTAL SCHOOL FUNDS:	\$ (806,222)	\$ -	\$ (981,189)		
	(fund bal contrib)				
Special Revenue Funds					
CDBG Fund					
Revenues	\$ 138,283		\$ 139,317	\$ (1,034)	100.7%
Expenditures	155,764		239,529	(83,765)	153.8%
Excess (deficiency) of revenues over expenditures	\$ (17,481)		\$ (100,211)		
TOTAL SPECIAL REVENUE FL	\$ (17,481)		\$ (100,211)		
GRAND TOTALS:					
<i>(excluding Schools & Special Revenues)</i>					
Revenues:	\$ 65,316,788	31,412,307	*****	*****	100.1%
Expenditures	71,033,168	*****	*****	*****	99.1%
Excess (deficiency) of revenues over	\$ (5,716,380)	*****	*****		
Local Sales/Use Taxes	\$ 2,065,000	\$ 796,058	\$ 783,570	\$ *****	98.4%
Meals Taxes	\$ 1,820,000	882,700	\$ 873,255	\$ 946,745	98.9%
The Budgeted Revenue amounts do not include any contributions from Fund Balance.					

Consider adoption of a Council Resolution in support of House Bill 222 introduced by 3rd District House Delegate James W. Morefield – City Manager Towarnicki explained House Bill 222 that establishes an income tax modification and the need for the resolution to express Council’s support. Council Member Lawson made a motion to adopt the resolution; Vice Mayor Martin seconded the motion with all participating Council Members voting in favor.

Consider approval of Consent Agenda - Council Member Lawson made a motion to approve the consent agenda as presented; Vice Mayor Martin seconded the motion with all Council Members voting in favor.

BUDGET ADDITIONS FOR 1/23/18				
ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT
FY18				
General Fund:				
01101917	442810	Categorical Other State - Highway Project		296,132
01420152	508220	VDOT Reserve - Physical Plant Expansion Reimbursements	296,132	
01100908	480403	Miscellaneous - Donations/Bike Rodeo		1,881
01311085	506081	Police Dept. - Bike Rodeo Supplies/Grant Donations	1,881	
01100909	490104	Advanced/Recovered Costs		2,000
01311085	503300	Police Dept. - Software Maintenance Refund from software vendor	2,000	
Total General Fund:			300,013	300,013

January 23, 2018

Business from the Floor – Wayne Knox shared details about the next Citizen’s Academy that would be held every Thursday in February and encouraged residents to register and participate. Ural Harris, 217 Stuart Street expressed concern regarding the zoning requirements and the proposed walking trail. Harris requested that some specifics be removed from the zoning ordinance to prevent the County from causing some of the same issues with the residents in the future. Deputy Police Chief Rob Fincher invited residents to Hardees on East Church Street for 9:00-10:30am Thursday for the Coffee with a Cop event. Hannah and Emma Hale are students who attended the meeting for school credit and were welcomed to the meeting by Council members.

Comments by members of City Council – Council Member Bowles thanked Council for allowing her to participate electronically. Vice Mayor Martin wished Bowles a speedy recovery and Council Member Hodge safe travels. Martin thanked the students for attending and encouraged them to research a leadership program that is offered through UVA. Council Member Lawson shared that there will be a cursive writing class being offered in the City for any parents who would like for their children to learn cursive since the schools don’t teach it any longer. Mayor Teague recognized Pete Bluhm who was an active part of the community and passed away this past weekend.

Comments by City Manager – City Manager Towarnicki recognized Mr. Bluhm also. He will be in touch with Council Members regarding meetings needed regarding the Housing Office and a pre-budget work session sometime in February. Budget documents will go out to staff in the coming week and will be presented to Council early April. There is a program offered through the Utility Billing department to average out the bills each month to avoid the high/low dips. The new meter system recently identified over 20 leaks at residential properties during the exceptionally cold days. Mayor Teague said he is still receiving a number of complaints regarding power outages and feels there are ways to update the system to keep residents informed. Towarnicki said they are working on a variety of resolutions.

City Attorney Monday spoke about the loss of Karen Gunter-Walker who passed away last week. Karen was an asset to the department and worked well with residents who visited the office. She was a good friend, a wonderful Christian, a talented artist who created and gave away beautiful handmade Christmas cards and an asset to the residents of the community. She will be sorely missed.

Council Members returned to Closed Session at 9:07pm.

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 the Session. A motion was made

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by Council Member Lawson, seconded by Vice Mayor Martin, with the following 4-0 recorded vote in favor to return to Open Session: Council Member Bowles, aye; Mayor Teague, aye; Vice Mayor Martin, aye; and Council Member Lawson, aye.

A motion was made by Council Member Bowles to appoint James Hyler to the School Board for an unexpired term ending June 30, 2018; the motion died due to lack of a second.

A motion was made by Council Member Lawson to appoint Sammy Redd to the School Board for an unexpired term ending June 30, 2018; Vice Mayor Martin seconded the motion. All participating Council Members voted in favor

There being no further business, Council Member Lawson made a motion to adjourn the meeting; the motion was seconded by Vice Mayor Martin with all Council Members voting in favor. The meeting adjourned at 11:00pm.

Karen Roberts
Clerk of Council

Gene Teague
Mayor