

## September 26, 2018 Work Session

The work session meeting of the Council of the City of Martinsville, Virginia was held on September 26, 2018 in Council Chambers, Municipal Building, at 7:00 PM with Mayor Gene Teague presiding. Council Members present included Gene Teague, Jim Woods, Jennifer Bowles, Kathy Lawson and Chad Martin. Staff present included City Manager Leon Towarnicki, Assistant City Manager Wayne Knox, City Attorney Eric Monday, Clerk of Council Karen Roberts, Police Chief Eddie Cassady and Finance Director Linda Conover.

Mayor Teague called the meeting to order and advised Council would go into Closed Session beginning at 6:00 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 Bowles with the following 5-0 recorded vote: Council Member Bowles, aye; Mayor Teague, aye; Council Member Woods, aye; Council Member Lawson, aye; and Vice Mayor Martin, aye. Council convened in Closed Session to discuss the following matters: (A) Consultation with legal counsel and briefings by staff members, attorneys or consultants pertaining to actual or probable litigation, or other specific legal matters requiring the provision of legal advice by such counsel, as authorized by Subsection 7. At the conclusion of Closed Session, each returning member of Council certified that (1) only public business matters exempt from open meeting requirements were discussed in said Closed Session; and (2) only those business matters identified in the motion convening the Closed Session were heard, discussed, or considered during the Session. A motion was made by Council Member Bowles; seconded by Council Member Lawson, with the following 5-0 recorded vote in favor to return to Open Session: Council Member Bowles, aye; Mayor Teague, aye; Council Member Woods, aye; Vice Mayor Martin, aye; and Council Member Lawson, aye.

No action was taken from Closed session.

Conduct a work session on reversion – City Manager Towarnicki presented information related to the previous studies on Martinsville City reversion.



Table 4 City of Martinsville, Virginia Financial Forecast updated 9/21/18

Expenditures by Function Reversion Study - Nov. 15, 2013 (prepared by RFC)	Base Yr 2014 Budget	Forecast				
		2015 Year 1	2016 Year 2	2017 Year 3	2018 Year 4	2019 Year 5
Total General Govt Admin	4,131,644	4,235,516	4,341,525	4,449,443	4,559,294	4,671,406
Total Judicial Administration	2,015,400	2,064,314	2,115,170	2,166,829	2,219,299	2,272,750
Total Public Safety	9,983,923	10,229,135	10,478,879	10,732,482	10,989,982	11,252,204
Total Public Works	4,326,584	4,396,593	4,492,998	4,590,508	4,689,116	4,789,128
Total Health & Welfare	100	102	104	106	108	110
Total Parks, Rec. & Cultural	783,492	788,527	806,320	824,312	842,505	860,957
Total Community Planning	2,815,264	2,814,684	2,824,712	2,834,915	2,845,461	2,856,246
Total General Fund	24,056,407	24,528,871	25,059,708	25,598,595	26,145,765	26,702,801
Total School Operating Fund	21,277,322	21,700,741	22,126,076	22,550,897	22,974,854	23,399,889
Total Enterprise Funds	25,592,839	23,140,687	23,601,990	24,065,280	24,530,336	24,999,011

Expenditure Summary Actual Expenditures	Actuals					Unaudited		Budgeted
	2014 Base Year	2015 Year 1	2016 Year 2	2017 Year 3	2018 Year 4	2019 Year 5	2019	2019
Total General Govt Admin	3,652,928	3,800,766	3,901,813	3,690,455	3,676,697	4,042,997		4,042,997
Total Judicial Administration	2,165,263	2,096,773	2,319,578	2,293,176	2,332,742	2,428,351		2,428,351
Total Public Safety	9,418,417	9,176,453	10,054,968	9,674,758	9,686,567	9,981,809		9,981,809
Total Public Works	4,265,599	3,456,455	4,783,384	4,631,649	5,938,614	4,825,982		4,825,982
Total Health & Welfare	45	41	0	0	13	0		0
Total Parks, Rec. & Cultural	1,044,516	930,080	659,508	587,939	564,184	589,221		589,221
Total Community Planning	5,390,512	4,958,922	4,311,109	4,330,935	4,613,878	4,604,208		4,604,208
Total General Fund	25,937,280	24,419,490	26,030,360	25,208,912	26,812,695	26,472,568		26,472,568
Total School Operating Fund	21,478,883	22,354,912	22,138,096	21,868,494	22,340,669	22,753,464		22,753,464
Total Enterprise Funds	27,942,206	26,875,457	28,740,102	24,597,953	27,778,489	32,933,799		32,933,799

Expenditure Summary Projected vs. Actual	Comparison					Unaudited		Budgeted
	FY14 Variance	FY15 Variance	FY16 Variance	FY17 Variance	FY18 Variance	FY19 Variance	FY19	FY19
Total General Govt Admin	(478,716)	(434,750)	(439,712)	(758,988)	(882,597)	(628,409)		(628,409)
Total Judicial Administration	149,863	32,459	204,408	126,347	113,443	155,601		155,601
Total Public Safety	(565,506)	(1,052,682)	(423,911)	(1,057,724)	(1,303,415)	(1,270,395)		(1,270,395)
Total Public Works	(60,985)	(940,138)	290,386	41,141	1,249,498	36,854		36,854
Total Health & Welfare	(55)	(61)	(104)	(106)	(95)	(110)		(110)
Total Parks, Rec. & Cultural	261,024	141,553	(146,812)	(236,373)	(278,321)	(271,736)		(271,736)
Total Community Planning	2,575,248	2,144,238	1,486,397	1,496,020	1,768,417	1,747,962		1,747,962
Total General Fund	1,880,873	(109,381)	970,652	(389,683)	666,930	(230,233)		(230,233)
Total School Operating Fund	201,561	654,171	12,020	(682,404)	(634,185)	(646,425)		(646,425)
Total Enterprise Funds	2,349,367	3,734,770	5,138,112	532,673	3,248,153	7,934,788		7,934,788

Capital Requests vs. Actual Funding								
	Refuse	Telecom	Water	Sewer	Electric	Total Utilities	Cap Reserve	Grand Total
FY14 Requests	230,000	140,100	406,000	661,448	608,100	2,045,648	1,488,087	3,533,735
Actual Funding	165,000	185,000	252,000	181,073	433,000	1,216,073	406,000	1,622,073
Variance	-65,000	44,900	-154,000	-480,375	-175,100	-829,575	-1,082,087	-1,911,662
FY15 Requests	115,000	208,100	578,000	551,875	518,910	1,971,885	2,086,967	4,058,852
Actual Funding	111,929	185,000	379,000	135,000	537,500	1,348,429	767,770	2,116,199
Variance	-3,071	-23,100	-199,000	-416,875	18,590	-623,456	-1,319,197	-1,942,653
FY16 Requests	180,000	289,500	962,000	653,000	629,000	2,713,500	2,160,532	4,874,032
Actual Funding	162,500	250,600	697,370	574,000	509,500	2,193,970	1,308,309	3,502,279
Variance	-17,500	-38,900	-264,630	-79,000	-119,500	-519,530	-852,223	-1,371,753
FY17 Requests	145,000	433,150	586,000	485,000	524,500	2,173,650	1,910,532	4,084,182
Actual Funding	127,500	286,650	428,000	450,000	490,000	1,782,150	577,148	2,359,298
Variance	-17,500	-146,500	-158,000	-35,000	-34,500	-391,500	-1,333,384	-1,724,884
FY18 Requests	629,500	487,000	479,000	616,000	747,500	2,959,000	1,793,841	4,752,841
Actual Funding	629,500	334,000	479,000	315,000	743,000	2,500,500	746,199	3,246,699
Variance	0	-153,000	0	-301,000	-4,500	-458,500	-1,047,642	-1,506,142
FY19 Requests	880,000	440,700	572,000	776,000	795,000	3,463,700	1,836,232	5,299,932
Actual Funding	547,000	373,700	505,000	524,000	589,000	2,538,700	802,605	3,341,305
Variance	-333,000	-67,000	-67,000	-252,000	-206,000	-925,000	-1,033,627	-1,958,627

Linda Conover went over projected versus actual financial documentation.

MARTINSVILLE REVERSION STUDY: PROJECTED VERSUS ACTUAL OVERVIEW							
		2014	2015	2016	2017	2018	2019
Total General Fund	Projected Revenue	\$25,640,618	\$25,596,877	\$25,556,745	\$25,516,733	\$25,477,064	\$25,437,838
	Actual Revenue	\$28,072,761	\$26,899,011	\$27,144,033	\$29,458,508	\$30,843,845	\$29,466,946
	<b>VARIANCE</b>	<b>\$2,432,143</b>	<b>\$1,302,134</b>	<b>\$1,587,288</b>	<b>\$3,941,775</b>	<b>\$5,366,781</b>	<b>\$4,029,108</b>
Total General Fund	Projected Expenditures	\$29,870,407	\$30,459,151	\$31,108,594	\$31,768,458	\$32,439,026	\$33,121,927
	Actual Expenditures	\$31,964,423	\$30,857,914	\$31,968,195	\$31,456,118	\$33,885,143	\$32,900,208
	<b>VARIANCE</b>	<b>\$2,094,016</b>	<b>\$398,763</b>	<b>\$859,601</b>	<b>(\$312,340)</b>	<b>\$1,446,117</b>	<b>(\$221,719)</b>
Total General Fund	Projected Rev vs. Exp	(\$4,229,789)	(\$4,862,274)	(\$5,551,849)	(\$6,251,725)	(\$6,961,962)	(\$7,684,089)
	Actual Rev vs. Exp	(\$3,891,662)	(\$3,958,903)	(\$4,824,162)	(\$1,997,610)	(\$3,041,298)	(\$3,433,262)
	<b>VARIANCE</b>	<b>\$338,127</b>	<b>\$903,371</b>	<b>\$727,687</b>	<b>\$4,254,115</b>	<b>\$3,920,664</b>	<b>\$4,250,827</b>

updated 9/26/18

Table 4						updated 9/25/18
City of Martinsville, Virginia						
Financial Forecast						
Expenditures by Function	Base Yr	Forecast				
	2014	2015	2016	2017	2018	2019
Reversion Study - Nov. 15, 2013 (prepared by RFC)	Budget	Year 1	Year 2	Year 3	Year 4	Year 5
Total General Govt Admin	4,131,644	4,235,516	4,341,525	4,449,443	4,559,294	4,671,406
Total Judicial Administration	2,015,400	2,064,314	2,115,170	2,166,829	2,219,299	2,272,750
Total Public Safety	9,983,923	10,229,135	10,478,879	10,732,482	10,989,982	11,252,204
Total Public Works	4,326,584	4,396,593	4,492,998	4,590,508	4,689,116	4,789,128
Total Health & Welfare	100	102	104	106	108	110
Total Parks, Rec, & Cultural	783,492	788,527	806,320	824,312	842,505	860,957
Total Community Planning	2,815,264	2,814,684	2,824,712	2,834,915	2,845,461	2,856,246
Local Contribution to Schools	5,814,000	5,930,280	6,048,886	6,169,863	6,293,261	6,419,126
<b>Total General Fund</b>	<b>29,870,407</b>	<b>30,459,151</b>	<b>31,108,594</b>	<b>31,768,458</b>	<b>32,439,026</b>	<b>33,121,927</b>
Total School Operating Fund	21,277,322	21,700,741	22,126,076	22,550,897	22,974,854	23,399,889
Total Enterprise Funds	25,592,839	23,140,687	23,601,990	24,065,280	24,530,336	24,999,011
Expenditure Summary	Actuals				Unaudited	Budgeted
Actual Expenditures	2014	2015	2016	2017	2018	2019
	Base Year	Year 1	Year 2	Year 3	Year 4	Year 5
Total General Govt Admin	3,652,928	3,800,766	3,901,813	3,690,455	3,676,697	4,042,997
Total Judicial Administration	2,165,263	2,096,773	2,319,578	2,293,176	2,332,742	2,428,351
Total Public Safety	9,418,417	9,176,453	10,054,968	9,674,758	9,686,567	9,981,809
Total Public Works	4,265,599	3,456,455	4,783,384	4,631,649	5,938,614	4,825,982
Total Health & Welfare	45	41	0	0	13	0
Total Parks, Rec, & Cultural	1,044,516	930,080	659,508	587,939	564,184	589,221
Total Community Planning	5,390,512	4,958,922	4,311,109	4,330,935	4,613,878	4,604,208
Local Contribution to Schools	6,027,143	6,438,424	5,937,835	6,247,206	7,072,448	6,427,640
<b>Total General Fund</b>	<b>31,964,423</b>	<b>30,857,914</b>	<b>31,968,195</b>	<b>31,456,118</b>	<b>33,885,143</b>	<b>32,900,208</b>

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Total School Operating Fund	21,478,883	22,354,912	22,138,096	21,868,494	22,340,669	22,753,464
Total Enterprise Funds	27,942,206	26,875,457	28,740,102	24,597,953	27,778,489	32,933,799
<b>Expenditure Summary</b>	<b>Comparison</b>				<b>Unaudited</b>	<b>Budgeted</b>
Projected vs. Actual	FY14	FY15	FY16	FY17	FY18	FY19
	Variance	Variance	Variance	Variance	Variance	Variance
Total General Govt Admin	(478,716)	(434,750)	(439,712)	(758,988)	(882,597)	(628,409)
Total Judicial Administration	149,863	32,459	204,408	126,347	113,443	155,601
Total Public Safety	(565,506)	(1,052,682)	(423,911)	(1,057,724)	(1,303,415)	(1,270,395)
Total Public Works	(60,985)	(940,138)	290,386	41,141	1,249,498	36,854
Total Health & Welfare	(55)	(61)	(104)	(106)	(95)	(110)
Total Parks, Rec, & Cultural	261,024	141,553	(146,812)	(236,373)	(278,321)	(271,736)
Total Community Planning	2,575,248	2,144,238	1,486,397	1,496,020	1,768,417	1,747,962
Local Contribution to Schools	213,143	508,144	(111,051)	77,343	779,187	8,514
Total General Fund	2,094,016	398,763	859,601	(312,340)	1,446,117	(221,719)
Total School Operating Fund	201,561	654,171	12,020	(682,404)	(634,185)	(646,425)
Total Enterprise Funds	2,349,367	3,734,770	5,138,112	532,673	3,248,153	7,934,788

Mayor Teague supports the need for an additional meeting to go over the study and other information in more depth. Teague supports an updated study, which could be close to \$20,000 more. Teague asked if Monday and Towarnicki could build an RFP before they update the summary. Council prefers to hold another work session and meet with Robinson Farmer Cox to talk about the assumptions Council prefers to see in the next study. City Attorney Monday explained that state law requires an updated study before Council can petition for reversion.

There being no further business, Council Member Lawson made a motion to adjourn the meeting; the motion was seconded by Council Member Bowles with all Council Members voting in favor. The meeting adjourned at 8:10pm.

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Karen Roberts  
Clerk of Council

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Gene Teague  
Mayor