

August 9, 2016

The regular meeting of the Council of the City of Martinsville, Virginia was held on August 9, 2016, in Council Chambers, Municipal Building, at 7:30 PM with Mayor Danny Turner presiding. Council Members present included Danny Turner, Jennifer Bowles, Gene Teague, and Sharon Brooks Hodge. Mark Stroud was not in attendance. Staff present included City Manager Leon Towarnicki, Assistant City Manager Wayne Knox, City Attorney Eric Monday, Clerk of Council Karen Roberts, Finance Director Linda Conover, Police Chief Sean Dunn, Utilities Director Durwin Joyce, Water Resources Director Andy Lash, and City Engineer Chris Morris.

Mayor Turner called the meeting to order and advised Council would go into Closed Session beginning at 6:30 PM. In accordance with Section 2.1-344 (A) of the Code of Virginia (1950, and as amended) and upon a motion by Hodge, seconded by Teague, with the following 4-0 recorded vote: Council Member Teague, aye; Vice Mayor Bowles, aye; Council Member Hodge, aye; and Mayor Turner, 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 probably 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 Teague, seconded by Hodge, with the following 4-0 recorded vote in favor to return to Open Session: Council Member Hodge, aye; Mayor Turner, aye; Council Member Teague, aye; and Vice Mayor Bowles, aye.

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

Consider approval of minutes from the July 26, 2016 Council Meeting – Bowles made a motion to approve the minutes, motion was seconded by Hodge with a 4-0 Council vote in favor.

Conduct a public hearing for consideration of citizens interested in the appointment to one unexpired term ending June 30, 2017 to the Martinsville City School Board – City Manager Leon Towarnicki explained the unexpired term available on the school board and the requirements for any citizen to be required for consideration of appointment. Mayor Turner mentioned Michael Hendricks, Council Member Hodge mentioned Artis Law, Council Member Teague mentioned Donna Dillard, City Attorney Monday mentioned Pam Allen, City Manager Towarnicki mentioned Dennis Casey and a resident was present to mention Lloyd Hairston's interest in being considered for the vacancy. Turner closed the public hearing. Towarnicki

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suggested scheduling those candidates for an interview immediately before and after the August 23 Council meeting.

**SCHOOL BOARD**

**SCHOOL BOARD** – The School Board is declared a body corporate. In its corporate capacity, it is vested with all the powers and charged with all the duties, obligations, and responsibilities upon school boards by law. It may sue, be sued, contract, be contracted with, and in accordance with the provisions of this title, purchase, take, hold, lease, and convey school property both real and personal. The School Board has the following powers and duties: 1) to make rules for the governance of the schools within its jurisdiction; 2) to determine the curriculum, methods of teaching, methods of administration and governance, and the length of the school term; 3) to employ and dismiss teachers upon the recommendation of the superintendent; 4) to suspend or expel pupils when necessary; 5) to establish such schools as are necessary in the judgement of the Board to so constitute a complete and efficient system; 6) to control and manage funds made available to the Board for the purpose of conducting free public schools; 7) examine all claims for payment and authorize payment; and 8) to submit annually to City Council a budget request.

**TERMS:** The Board consists of five members serving **three-year** terms appointed by City Council. **School Board members can serve a maximum of three 3-year consecutive terms.**

Meetings are held on the second Monday of each month.

**CONTACT:** Mr. Zeb Talley, Interim Superintendent, 403-5820, 746 Indian Trail, Martinsville, VA 24112

Name & Address	Initial Appointment	Term Expires	Full Term
Eric Hruza, 707 Mulberry Rd	6/30/16	6/30/19	1
<del>Craig B. Dietrich, 1227 Lanier Rd. (reappointed 6/10/14) (resigned 7/31/16)</del>	6/14/11	6/30/17	2
Victor Correa, 1242 Sam Lions Tr.	6/10/14	6/30/17	1
Lawrence Mitchell, 700 Second St.	6/16/15	6/30/18	1
Joan Montgomery, 807 Corn Tassel Tr.	6/16/15	6/30/18	1

NOTE: If a Board or Commission does not specify number of terms a person can serve, then the number of terms defaults to three terms per a policy adopted by City Council December 11, 1990. (per city attorney 4/26/11) Two exceptions (1) if no one is interested (2) no one qualified has applied, then the person holding the position can serve another term if Council chooses.

Hear quarterly staff update on Utilities – Electric, Water and Sewer – City Manager

Towarnicki welcomed Andy Lash and Durwin Joyce who were present to provide updates on the Electric Department as well as the Water/Sewer Department. Lash described the production at the water and wastewater plants and stated that both locations remain in compliance of all policies. He summarized revenue and expenditures. Towarnicki explained that final numbers would not be available until after the audit is complete in October. He said the sewer line has been installed for the Smith River Intercept; there is minimal finish work to complete. Towarnicki described the work involved including a retaining wall that was built before the sewer work could be started. Towarnicki said the cost to complete this project was in line with the bid. Lash described other current projects including the sludge press, meter changes, asset management, AMI base station systems, etc. Turner expressed residents’ concerns about manhole covers on Liberty Street that are in the line of traffic and asked that those be looked at. Lash detailed a program that documents location and inspection details of city manholes. Joyce summarized the power cost and usage in FY16 emphasizing the totals are not official until after the audit is complete. He explained the financial benefits of hydroelectric generation and landfill gas generation along with the electric department revenue and expenditures. Joyce detailed projects including the Depot Street voltage regulator,

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substation improvement, switch replacements, etc. Joyce said around 800 street lights out of 3,000 have been replaced.

# City of Martinsville Utilities FY '16 Report

## Water/Wastewater Summary

- Production:
  - Average flow at the Sewage Treatment Plant was 4.971 MGD for FY'16
  - Water production was 1.898 MGD for the same period
  - Both plants operated within compliance with no foreseeable issues.

2

## Revenue/Expenditures

Total Water Revenue = \$3,265,843  
**Total Water Expense = \$2,825,154**  
 Net Revenue = \$440,689

Total WW Revenue = \$4,243,212  
**Total WW Expense = \$3,664,408**  
 Net Revenue = \$578,804

\*Numbers subject to change after final audit

3

## Current Projects



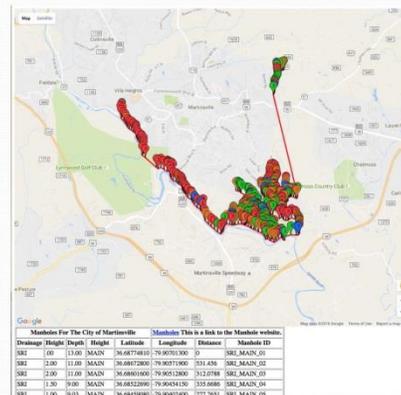
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## Projects Cont.

- Finished sewer repair along Walker Road.
- Large meter change started(AMI Project).
- Looked at different solids handling facilities and modern equipment.
- Asset Management – Continued work on asset management project; Manhole inventory concentrated on Mulberry Creek.
- JCI – HD Supply installed Radio Receivers at three Water Tank sites – sites have been tested(AMI).

5

## Current Project Cont.



6

### Current Project Cont.



7

### Electric Summary

FY '16

- Purchased power = 163,758 MWh
- Hydroelectric Plant = 3798 MWh
- Landfill Gas Generator = 5795 MWh
- Total power needs = 173,351 MWh
- Projected needs = 180,325 MWh
- Difference between projected and actual = 6974 MWh
- Average cost of purchased power = \$74.78

8

### Financial Benefits of Hydroelectric Generation

- Hydro Plant Generation = 3798 MWh
- Total Avoided Cost = \$284,014
- Operating Cost = \$74,187

Net Avoided Energy Cost = \$209,827

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### Financial Benefits of LFG

- Landfill Gas Generation = 5795 MWh
- Total Avoided Cost = \$433,350
- Less O&M expense = \$303,543
- Less Debt Service = \$132,749

Net Avoided Cost = (-2,942)

10

### Revenue/Expenditures

Total Revenue = \$17,685,813  
Total Expense = \$19,210,142\*

Net Revenue = (-\$1,524,329)

\*Includes transfer to General Fund of \$2,053,302, transfer to Capital of \$692,351, and transfer to Landfill of \$433,350

11

### Projects



Voltage Regulator replacement at Depot St. Sub

12



34 KV Switch replacement at Depot St. Sub

13



12 KV Switch Replacement

14



Uptown outage on 8/1/2016

15

Consider support of possible legislation regarding lottery proceeds – City Manager Towarnicki detailed the prior discussion regarding Nottoway County’s proposal that 5% of Virginia lottery proceeds be returned to the locations where the tickets were purchased which would increase revenue for those locations. There are 34 locations in the 24112 zip code that sell lottery tickets; out of those approximately 13 locations are within Martinsville City limits. Individual store sales would be needed to figure out proportion amounts between Martinsville and Henry County. He recommends that the City lend support in this effort to Nottoway County as well as our local legislators. Teague thanked Ural Harris for bringing this subject to Council’s attention. Hodge made a motion to support the possible legislation, Bowles seconded the motion with all Council Members in favor.

*A Joint Petition  
from the representatives of Nottoway County, Virginia*



344 West Courthouse Road  
P.O. Box 92  
Nottoway, Va 23953  
434-645-6096  
notoway@nottowayva.org

Senator Frank Ruff 14 July 2016  
P.O. Box 332  
Clarksville, VA 23927

Delegate Thomas C. Wright, Jr.  
P.O. Box 1323  
Victoria, Va 23974

**Subject:** Lottery for Localities



100 West Elm Street  
Blackstone, Va 23824  
434-292-7251  
info@townofblackstoneva.com

Gentlemen;

We are requesting a 'Lottery for Localities'. Specifically we are requesting legislation that will allocate 5% of total lottery sales back to the general revenue funds of localities where those sales originated. It is envisioned the allocation will be culled from total sales and subtracted from that portion of the lottery pool designated as the 'prize pool' (approximately 60.6% of sales). In this way, the public school funding allocation (approximately 29% of sales) is untouched. No monies are diverted from public education by our formula.



224 Second Street  
Burkeville, Va 23922  
434-767-4095  
burkeville@townofburkevilleva.com

The attached background paper and plan provides facts in regards to the Virginia State Lottery in Nottoway County (as a case study of a Virginia community). It outlines what we envision as a course of action that will benefit all Virginia's localities and Virginia's citizens. This plan has been presented to the governing bodies of the three towns and the county. These governing bodies have voted for support of this plan and seek legislation that will implement this concept to the benefit of all Virginians.



125 East Corcoran Ave.  
Crewe, Va 23910  
434-645-9453  
www.townofcreweva.com

The revenue infusion a 'Lottery for Localities' can provide to local governments will have a positive impact for cash strapped rural communities facing an ever shrinking business and community tax base while demands for public services rise. We feel this is a discussion that needs to be initiated across the Commonwealth with local governments and state officials. We are open to constructive dialogue and suggestions on how make this concept a reality.

By copy of this letter, we are formally requesting the Virginia Municipal League and the Virginia Association of Counties to make this legislation a priority on their respective legislative agenda for the 2017 session.

Respectfully,

*Greg Eanes* *William C. Coleburn* *John Joe Morrissette*  
Hon. Greg Eanes Mayor Town of Crewe  
Hon. William C. Coleburn Mayor Town of Blackstone  
Hon. Joe Morrissette Mayor Town of Burkeville

*Gay L. Simmons*  
Hon. Gay L. Simmons  
Chairman  
Nottoway County Board of Supervisors

Ce  
Virginia Municipal League  
P.O. Box 12164  
Richmond, Va 23241

Virginia Association of Counties  
1207 East Main Street, Suite 300  
Richmond, Va 23219-3627

Hon. Riley E. Ingram  
Chair, Cities, Counties and Towns  
3302 Oaklawn Boulevard  
Hopewell, Va 23860

Sen. Thomas K. Norment  
Co-Chair, Senate Finance  
P.O. Box 6205  
Williamsburg, Va 23188

Hon. Chris S. Jones  
Chair, Appropriations Committee  
P.O. Box 5059  
Suffolk, Va 23435-0059

Sen. Bill Stanley  
Chair, Local Government  
13508 Bocker T. Washington  
Highway  
Moneta, Va 24121

Sen. Emmett Hanger  
Co-Chair, Senate Finance  
P.O. Box 2  
Mount Solon, Va 22843-0002

*Background Paper*

**Lottery for Localities  
A Course for Action**

**1. Background:** The Virginia State Lottery is a \$1.8 billion<sup>1</sup> state run enterprise. The sales of lottery tickets are untaxed by localities. The lottery been referred to as a 'backdoor tax' or 'regressive tax' in which the poor give money to the state government.<sup>2</sup> Lottery spending drains rural communities of dollars that might otherwise be spent energizing our local economies by generating local retail sales as well as meals, gas and lodging taxes for our local general revenue. Virginia Lottery disbursements for calendar year 2015 resulted in an estimated \$1.166 billion (60.6%) devoted to prizes; \$103 million (5.6%) was paid out to retailers and \$90.8 million (4.9%) was devoted to operating costs. That left \$533.8 million (28.9%) to be distributed to Virginia's public school systems in accordance to a state formula.<sup>3</sup>

**2. Local Sales:** In response to a request for information, the Virginia Lottery submitted the data below reflecting the Nottoway County calendar year 2015 sales of Virginia Lottery tickets.<sup>4</sup>

OFFICIAL LOTTERY RECORD TOTAL SALES: CERTAIN ZIP CODES CALENDAR YEAR 2015	
ZIP Code	Total Sales
23824	\$3,676,882.26
23922	\$495,186.25
23950	\$2,035,514.50
Sum:	\$6,207,576.00

**3. Local Education Return:** The \$62 million in local sales results in just over \$2 million a year returning to Nottoway County Schools. Lottery proceeds are paid to the county school system twice a month. The formula used by the lottery to return monies to school systems is not based on locality sales but on a student *per capita* formula. For example, Fairfax County, the fastest growing county in Virginia and among the ten richest in the nation, received over \$36 million in lottery proceeds in FY2015.<sup>5</sup>

<sup>1</sup> 2015 figures from the Virginia State Lottery website. \$1.844 billion in sales.  
<sup>2</sup> It is not our intent to suggest the lottery should be abolished, only to make an observation.  
<sup>3</sup> See Virginia Lottery website for the overall breakdown.  
<sup>4</sup> Phone inquiry and E-mail dated 19 May 2016, Greg Eanes to Amy Roper, Policy, Process and Legal Document Administrator, Va State Lottery; E-mail response dated 23 May from Roper to Eanes, with attachment.  
<sup>5</sup> See Virginia Lottery for payouts, [https://www.vslottery.com/paying\\_matters.aspx](https://www.vslottery.com/paying_matters.aspx).

**4. Prior Efforts at Taxation:** In the 2012 Legislative Session Senator Frank Ruff proposed a bill for a sales tax on the purchase of lottery tickets. The Virginia Municipal League supported the measure. The Virginia Lottery opposed the bill and was successful in defeating the bill during the Senate Finance Committee hearing. VML Director of Fiscal Policy Neal Menkes says, "To the best of my knowledge no attempt has been made since 2012."<sup>6</sup>

**5. Virginia Constitution:** VML advises the Virginia Constitution, specifically Article X, Section 7-A "explicitly identifies public education as the sole purpose of Lottery proceeds." The Virginia General Assembly can redirect a portion of the Lottery Proceeds Fund for other purposes but it requires a 4/5 majority vote in both Houses (32 Senators and 80 House members).<sup>7</sup> The power to change the formula to benefit all Virginia communities rests with the Virginia General Assembly.

**6. Observations:** Using 2015 lottery sales figures, if the Nottoway County lottery sales were taxed at 5% or had a 5% kick-back to locality general revenue funds, the county and towns would take in \$310,378.74.<sup>8</sup> It is envisioned the 5% formula be split between the County and the Towns with the County receiving 40% of the total revenues generated in the incorporated towns and 100% of total revenues generated by retail outlets outside of the towns. Using 2015 sales figures this would result in the following (estimated):

Blackstone	\$110,306.77 (-)
Burkeville	\$15,455.05
Crewe	\$61,063.43
Nottoway County	\$124,151.49 (+)
<b>Grand Total</b>	<b>\$310,978.74</b>

**Note:** Three of the 23824 outlets are outside of Blackstone and in the County therefore the actual total for Blackstone would be less and the total for the county would be more. The data used was requested from the Lottery based on the zip codes of the Lottery retail outlets.

While larger communities might view these amounts as 'chump change', they do represent significant sums to rural communities. If Crewe received an additional \$61,000 it could pay down the debt from government mandates, improve infrastructure, etc. These are monies that could help town governments take care of big ticket items and desired community development projects which it seldom has funds to address.

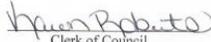
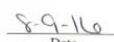
Using 2015 figures, state lottery total sales were \$1.844 billion. Pulling off 5% off the total sales would result in \$92,200,000 that could be returned to localities.

Taking \$92.2 million from the 2015 prize payout portion *only* would reduce the payout fund from \$1.166 billion to 1.073 billion and does *not* take away from the amount returned to local

<sup>6</sup> E-mail dated 19 May 2016 from Neal Menkes to Eanes.  
<sup>7</sup> Ibid.  
<sup>8</sup> Of course this would fluctuate depending on annual sales. The estimated 5% levy on 2015 sales for the 23824 zip code would equate to \$183,844.61; on 23922 sales equates to \$24,758.41 and 23950 sales at \$101,775.73.

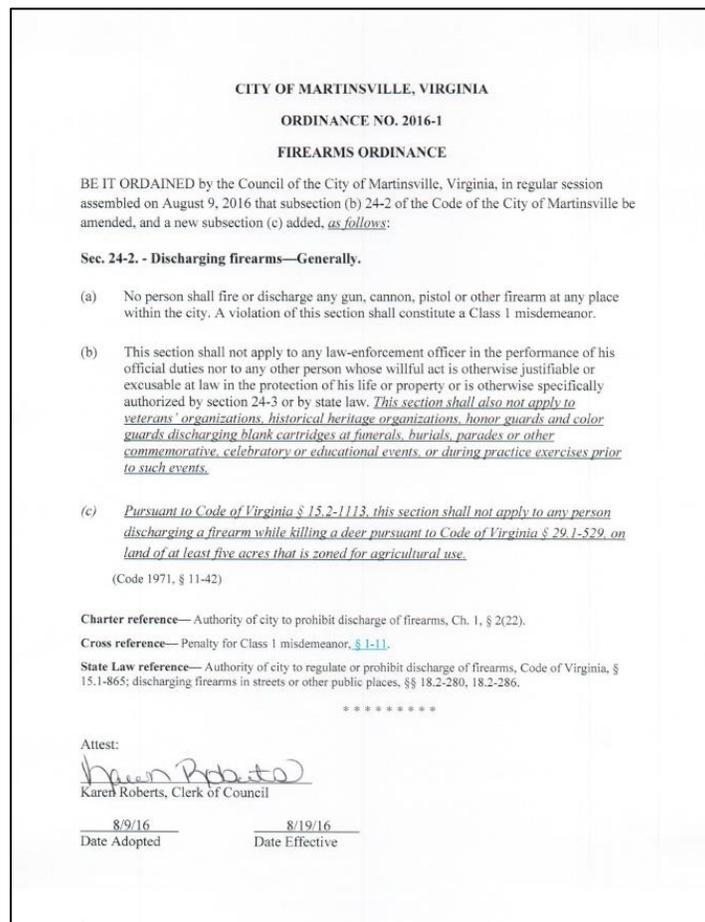
<p>school systems.<sup>9</sup> Lottery jackpots are announced ahead of sales. The diversion of the 5% of sales is invisible to individual players and will not impact those announcements nor deter people from playing the lottery.</p> <p>Lottery returns to localities should be based on local sales and not a per capita basis. In this way, we in the locality only get a percentage of what is generated in our localities.</p> <p>Further, the lottery funds that come to the localities should be unrestricted and for our general revenue to address local needs.</p> <p>This should be viewed as a bi-partisan effort which benefits all Virginia's taxpayers and local governments regardless of the size of their populations.</p> <p><b>7. Proposed Course of Action:</b></p> <p>a. Enact legislation to allocate 5% of total lottery sales to the localities in which the sales are made.</p> <ul style="list-style-type: none"> <li>i. Only the prize payout portion of the funds will be impacted (trimmed from 60.6% to 55.6% of total lottery allocations);</li> <li>ii. These funds are to be culled by the Virginia Lottery from sales and placed in a separate 'Lottery for Localities' fund until payout;</li> <li>iii. Payouts to localities to be made on a quarterly basis;</li> <li>iv. Payouts to localities will go to incorporated town, county or city general revenue funds, based on total lottery sales in those localities;</li> <li>v. Payouts to localities will be unrestricted in how they are spent.</li> <li>vi. County governments would receive up to 40% of incorporated town lottery proceeds unless the county government opts for a lower percentage at the local level.</li> </ul> <p>b. Phased Implementation:</p> <ul style="list-style-type: none"> <li>i. Legislation passed in the 2017 session will take effect on 1 July 2017.</li> <li>ii. It is envisioned the 5% would be culled from the last six months of 2017 sales and these could be paid by 15 January 2018 with follow-on payments after every quarter.</li> </ul> <p><small><sup>9</sup> It is envisioned the new formula could be locked in as follows: Prize Pool, 55.6%, Lottery for Localities Fund, 5%, Retailers, 5.6%, Operating Costs, 4.9% and Public School Fund, 28.9%.</small></p>	<p>iii. This phased implementation gives the Virginia State Lottery more than six months to orchestrate the administrative procedures to accommodate the new legislative mandate while building the 'Lottery for Localities' pool.</p> <p style="text-align: center;">-end-</p>
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Consider adoption of a resolution committing funding to the VDOT Revenue Sharing Program – Chris Morris says this is a quick housekeeping item with correction to wording of the resolution. Council Member Teague made a motion to adopt the resolution, Council Member Hodge seconded the motion with all Council Members voting in favor.

<p><i>Council Members</i>          Danny Turner, Mayor          Jennifer Bowles, Vice-Mayor          Sharon Brooks-Hodge          Mark Stroud          Gene Teague</p>		<p><i>City Manager</i>          Leon E. Towarnicki  <i>City Attorney</i>          Eric H. Monday  <i>Clerk of Council</i>          Karen Roberts</p>
<b>RESOLUTION</b>		
A RESOLUTION OF ASSURANCE TO COMMIT FUNDING TO VDOT REVENUE SHARING PROGRAM		
<p><b>WHEREAS</b>, the City of Martinsville has entered into a Programmatic Project Administration Agreement for funds approved through the Virginia Department of Transportation Revenue Sharing Program; and,</p>		
<p><b>WHEREAS</b>, the city of Martinsville is committed to meeting its financial obligations under the Virginia Department of Transportation Revenue Sharing Program; and,</p>		
<p><b>THEREFORE, BE IT RESOLVED</b>, that the Council of the City of Martinsville hereby commits to fund its local share of preliminary engineering, right-of-way, and construction (as applicable) of the project(s) under agreement with the Virginia Department of Transportation in accordance with the project financial documents; and,</p>		
<p><b>BE IT FURTHER RESOLVED</b>, that the City Manager is hereby authorized to execute, on the behalf of the City of Martinsville, all necessary agreements required in conjunction with said project.</p>		
<p>Adopted this 9th day of August, 2016</p> <p style="text-align: center;">*****</p>		
<p>ATTEST:</p>		
<p>          Clerk of Council</p>	<p>          Date</p>	
<p>At a regularly scheduled meeting of the City of Martinsville Council held on August 9, 2016, on a motion by Council Member Teague, seconded by Council Member Hodge, the above resolution was adopted by a vote of <u>4</u> to <u>0</u>.</p>		
<p>55 West Church Street, P. O. Box 1112, Martinsville, VA 24114-1112 276-403-5180 Fax: 276-403-5280          www.martinsville-va.gov</p>		

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Consider adoption on second reading of an amendment to the Firearms Ordinance, Section 24-2 of the Martinsville City Code – Monday reminded Council that the ordinance was previously approved on first reading. The local honor guard had contacted him with concerns and he stated that there were some heritage organizations and reenactment groups that would be affected by the amended ordinance. Monday pointed out changes made to paragraph B that would directly affect those organizations. Council Member Teague made a motion to modify the firearms ordinance with changes to section B, Vice Mayor Bowles seconded the motion with all council members in favor. Vice Mayor Bowles made a motion to adopt the ordinance on second reading, Council Member Hodge seconded the motion. A roll call vote was held with all Council Members voting in favor 4-0: Bowles, aye; Turner, aye; Teague, aye; and Hodge, aye.



Schedule Neighborhood Meetings – Towarnicki explained the previous neighborhood meeting schedule and suggested dates and locations for 2016/2017 meetings. Council agreed with the schedule and locations as listed with the recommendation of using Patrick Henry School for the Druid Hills/Uptown meeting.

Comments by members of City Council – Bowles thanked Chief Dunn for giving out ice cream to some of the local children. She also read a letter from Representative Mark Warner. Turner thanked Martinsville Mustangs, the Police and Fire Departments and others for assisting with making a special night for a local child.

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Comments by City Manager - Towarnicki said the City was contacted by a representative of Warner's staff stating that he would be in Martinsville Monday August 15 and asked to hold an informal town hall meeting with City representatives 5:45pm-6:30pm at the Virginia Museum. He also stated that the Virginia Municipal League is requesting a local Christmas ornament again this year. He suggested that the City allow local artists to submit their ideas and allow a selection committee to choose the winning ornament to send.

Business from the Floor (not televised) - Sophia Esdaile asked why the school board members serve 3-year terms, Council Members serve 4-year terms and the Mayor and Vice Mayor serve 2-year terms. Turner explained that the Mayor and Vice Mayor are chosen with each election every 2 years. Monday explained that the terms for Council and the School Board are passed by the general assembly and not decided on by the City. Esdaile asked if Council would consider making the Mayor position an elected position instead of a Council decision. Monday explained the Council would need to make the request then the request would need to be presented at general assembly. Bowles also said Public Works Director Jeff Joyce had contacted her about the glass-recycling question Esdaile had asked at a previous meeting, stating that there would be no cost savings to recycle glass locally by using a company in Danville.

There being no further business, a motion was made by Teague to adjourn the meeting, seconded by Bowles with all Council Members voting in favor. The meeting adjourned at 8:51pm.

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Karen Roberts  
Clerk of Council

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Danny Turner  
Mayor