

May 19, 2008

A budget work session meeting of the Council of the City of Martinsville, Virginia, was held on May 19, 2008, in Council Chambers, Municipal Building, at 5:30 PM, to review the FY09 proposed budget with Mayor Kimble Reynolds, Jr. presiding. Council Members present included: Kimble Reynolds, Jr., Kathy Lawson, Ron Ferrill, Gene Teague, and James Clark. Also present were Council Member Elect Mark Stroud and Council Member Elect Danny Turner. Staff present included: Clarence Monday, City Manager, Brenda Prillaman, Wayne Knox, Robert Ramsey, Dennis Bowles, Kenneth Draper, and Linda Conover.

Mayor Reynolds called the meeting to order for the purpose of further discussion and review of the proposed FY09 budget.

Boys & Girls Clubs: Anne Frazier of the Boys & Girls Club answered questions regarding the city's \$20,000 funding to their organization and how it compares to the county's funding of \$5,000. The following points were made: Anne pointed out that their clubs were started in the city in 2004 and were not in the county until 2006; during the past year, they served 578 city kids and 285 county kids; they have 3 sites in the city and 2 county sites; they are grant-heavy at this time on their funding, but wish to expand in the future; county kids do not come to city sites; Council Member Teague stated the right funding formula should be that the city pays twice the county amount and he asked how a \$10,000 reduction would affect their organization; Anne stated if funding was cut, they would have to cut services; the organization does have a \$200,000 fundraising goal this year and have raised \$130,000 so far; Teague stated from a taxpayer's standpoint, the equity needs to be balanced with funding from county; a 6-week summer program is provided at 2 sites providing swimming lessons; Council Members Lawson and Ferrill and Mayor Reynolds pointed out the organization's programs are valuable and they are pleased with their fundraising efforts.

Patrick Henry Community College: Ron Epperly of PHCC answered questions regarding why the city funds more than the county and why such a large increase is requested; Ron stated the increase is in line with the number of city students in the fall 2007 semester; Teague asked that PHCC do a five year average on their funding request so there is not such a drastic swing in the request each year; Epperly stated the PHCC Board will be looking at the city picking up another seat on their board

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and the county may lose a seat; Epperly stated that dual enrollment and a combination of other factors have contributed to the increased funding request.

Small business assistance organizations funding requests discussion: Council Member Ferrill expressed his concerns regarding overlapping services and why Longwood's funding has gone from the \$5,000 last year to \$10,000 in this year's proposed budget. Council Member Teague, Council Member Lawson, and Council Member Clark all stated they had spoken with the city manager giving their input in favor of funding Longwood the \$10,000 as the budget was being prepared. Each of the four small business organizations present were asked to describe how their functions differed and to describe level of cooperation among the group of four.

Tiffani Underwood of West Piedmont Business Development Center briefed Council on how the incubator works with emerging entrepreneurs and provides them an environment to succeed; she connects her tenants with resources for business assistance they need and works in partnership with Longwood, SBTC, and the EDC.

Eva Doss, Southside Business Technology Center, pointed out her organization is the only consulting agency and their target market is larger companies; she does market research and analysis and does charge a fee. Her services differ greatly from the other three organizations as she deals mostly with existing businesses and industries that need consulting services.

Dick Ephgrave, Longwood Business Development Center, spoke regarding his efforts to work together with the other small business organizations to provide assistance; he stated they get together quarterly and speak to each other weekly; his referrals come from the banking community and he helps to do business plans; he said 60% of his client base is existing businesses; he feels his services augment the others and do not duplicate; in answer to question as to what was cut from last year's programs because he only received \$5,000, Ephgrave answered he eliminated several seminars; Ephgrave stated he worked with EDC regarding seminars and scheduling and both offer free business plans; he indicated he had not missed any of the group meetings in the last 12 months unless it was a scheduling conflict; he stated 32% of his client base is in Martinsville and Henry County and more Martinsville than Henry County.

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Lisa Fultz, Economic Development Corporation, Small Business Development, reported many of her agency's educational opportunities have been in cooperation with the other agencies and one was in conjunction with Longwood; she deals with expansions and start ups and both she and Longwood deliver business plan assistance with the EDC supplying one-stop hands on assistance; she feels difference in the services is in the delivery of the services; her referrals come from banks, seminars, incubator, and many are word of mouth; Council Member Teague requested that at their next Small Business Roundtable discussions that they tell us as a community the ten things needed to help small business clients be more successful and get back to the city and the county with the information; she stated level of cooperation has improved since the last time they reported to Council.

Council then had budget discussions regarding adjustments to the proposed budget.

Discussion on Schools: the City Manager was directed by Council to meet with Dr. Kizner and Travis Clemons regarding the school budget, especially capital requests regarding roofs needed, and have information for Council to be ready to make a decision at their meeting on May 27. There was lengthy discussion regarding the schools budget requests including: need for 3 year old class and how schools need to re-adjust their priorities to fund programs they are asking the city to fund; a lot of the school money is going toward salary increases instead of programs; schools should be budgeting for their own capital projects and the city should find a cooperative way to get this process started.

Discussion on Electric: After lengthy discussion regarding reducing electric rates for small general service business and medium general service business categories, the following actions were taken by Council:

On a motion by Kathy Lawson, seconded by Gene Teague, with a unanimous vote, Council agreed to lower small general service electric rates from 9.12% to 4.56% and medium general service electric rates from 18.48% to 11.22%. Council calculated that lowering the proposed percentage increases for churches and small and medium general service customers will lead to a budget shortfall of \$269,624. Discussion comments included: in the past, when electric costs went up, the city did not pass it on to customers and it will eventually have to be done; the agreement

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with AMP-Ohio requires that several months operating expenses have to be in electric fund.

On a motion by Gene Teague, seconded by Ron Ferrill, with a unanimous vote, Council agreed to lower the proposed \$200,000 for market adjustments to employees' salaries to \$100,000. By halving the \$200,000 and putting \$100,000 toward the electric rates, Council reduced its shortfall to \$169,624.

Wayne Knox, Community Development Director, briefed Council on ways city staff continues to look at updating city ordinances to improve efforts to rid Martinsville of blight such as junked cars and overgrown properties. He pointed out the overall plan takes time and personnel and a lot of things are already in place, just need to update ordinance. The biggest challenge is turnaround time. The legal process with the courts is the next step and needs to be more aggressive. Mayor Reynolds pointed out the reason the city attorney's hours were increased was to be sure we have in place the legal piece so follow-through can be done on outstanding bills for property maintenance repeat offenders. The Mayor stated preparedness is the key and once the system is in place, cases will move through the system.

In accordance with Section 2.1-344 (A) of the Code of Virginia (1950, and as amended) and upon a motion by Ron Ferrill, seconded by Gene Teague, with the following recorded vote: Mr. Reynolds, aye; Mr. Clark, aye; Mrs. Lawson, aye; Mr. Ferrill, aye; and Mr. Teague, aye, Council convened in Closed Session, for the purpose of discussing the following matters: (1) a personnel matter, as authorized by Subsection 1 and (2) consultation with legal counsel and briefings by staff members, attorneys or consultants pertaining to actual or probable litigation, or other specific legal matter's 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 said Session. On a motion by Kathy Lawson, seconded by James Clark, with the following recorded vote: Mr. Reynolds, aye; Mr.

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Clark, aye; Mrs. Lawson, aye; Mr. Ferrill, aye; and Mr. Teague, aye, Council returned to Open Session. Council took no action after returning to Open Session.

There being no further business, Mayor Reynolds adjourned the meeting at 8:33 PM.

Clarence C. Monday
Clerk of Council

Kimble Reynolds, Jr.
Mayor