

February 14, 2017

The regular meeting of the Council of the City of Martinsville, Virginia was held on February 14, 2017 in Council Chambers, Municipal Building, at 7:30 PM with Mayor Gene Teague presiding. Council Members present included Gene Teague, Chad Martin, Jennifer Bowles, Sharon Brooks Hodge, and Kathy Lawson. 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, Sheriff Steve Draper, Telecommunications Director Mike Scaffidi, Director of Electric Durwin Joyce, Director Water Resources Andy Lash and Police Chief Sean Dunn.

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) of the Code of Virginia (1950, and as amended) and upon a motion by Council Member Lawson, seconded by Council Member Hodge, with the following 4-0 recorded vote: Council Member Lawson, aye; Mayor Teague, aye; Council Member Hodge, aye; and Council Member Bowles, aye. Council convened in Closed Session to discuss the following matters: (A) Appointments to boards and commissions as authorized by Subsection 1, and (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. Vice Mayor Martin joined the closed session already in progress. 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 Lawson, seconded by Council Member Hodge, with the following 5-0 recorded vote in favor to return to Open Session: Council Member Hodge, aye; Mayor Teague, aye; Council Member Lawson, aye; Council Member Bowles, aye; and Vice Mayor Martin, aye.

Council Member Hodge made a motion to appoint Joseph Martin as the Citizen member to the West Piedmont Planning District Board of Commissioners for an unexpired 3-year term ending June 30, 2019. Council Member Bowles seconded the motion with all Council Members voting in favor.

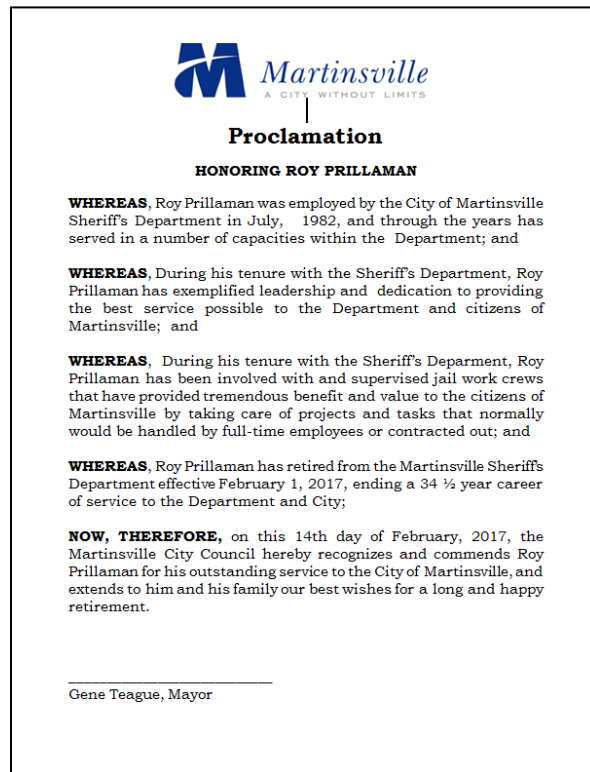
Council Member Bowles made a motion to appoint Council Member Hodge as Martinsville's elected-official representative on West Piedmont Workforce Investment Board's Local Elected Officials Consortium for a term coinciding with the Council Member's term on council and ending December 31, 2020. Council Member Lawson seconded the motion with all Council Members voting in favor.

Following the invocation by Vice Mayor Martin and Pledge to the American Flag, Mayor Teague welcomed everyone to the meeting.

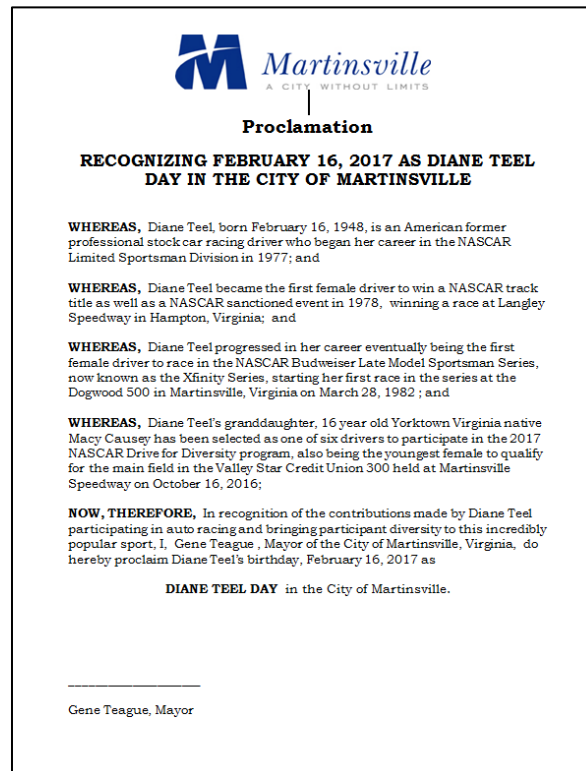
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Consider approval of minutes of the January 24, 2017 Council Meeting – Mayor Teague noted that changes were made to the wording in relation to the Martinsville Redevelopment Housing Authority. Council Member Lawson made a motion to approve the minutes as amended; Council Member Hodge seconded the motion with all Council Members voting in favor.


Recognize retired Martinsville City Sheriff's Deputy Roy Prillaman – Council Member Lawson read the proclamation. Sheriff Steve Draper spoke about Prillaman, stating he has always been quick to help residents in the City and in the County. Prillaman helped start the electronic monitoring program in the Sheriff's department and accepted most tasks asked of him without complaint. Mr. Prillaman said everyone had been amazing and response to his retirement had been overwhelming. He will miss working with the Sheriff's department and looks forward to working part-time with them beginning in March. Mayor Teague thanked Prillaman for his service and said the City and the citizens are very appreciative. Lawson said Prillaman was always willing to go the extra step. Vice Mayor Martin thanked Prillaman and referenced the projects he assisted on. Council Member Bowles thanked Prillaman and said he was one of her favorite people. Prillaman recognized his wife of 40 years and said he had made many memories while working for the City.



Read a Proclamation acknowledging February 16, 2017 as Diane Teel Day in the City of Martinsville – Mayor Teague read the proclamation recognizing Ms. Teel and thanked Council Member Bowles for bringing this to his attention.



Hear an update on FY17 Telecommunications operations – Mike Scaffidi, Telecommunications Director provide a PowerPoint to update Council Members on the department's progress including current staff, responsibilities, customer base, revenue vs expenses, FY17 projects and the expected future direction in marketing, expansion and resources needed. Council Member Hodge expressed her previous concern about the high number of customers on the waiting list and said it is great to see that those customers have moved forward and become active customers. Hodge asked if the expected investment is on target. Scaffidi said the total investment is actually a little lower than anticipated. Hodge asked that he keep in mind the changing technology to prevent increased infrastructure improvements in the future. Council Member Bowles asked if he was looking for grants to assist with rural area expansion. Scaffidi said there are grants available but he does not having the manpower to research and apply for those grants. Mayor Teague asked if there were still opportunities to expand, specifically with businesses. Scaffidi said he had currently designed a system to serve the community and focusing on high bandwidth wireless solutions that can work with homes or businesses. Hodge asked at what point the City would become competition with other providers stating the City does not want to drive out other providers. City Manager Towarnicki said as more fiber is in place, it is easier to find new customers and the City can provide services to areas where current service is not available. Scaffidi said he needs staff to keep up with potential new customers. Hodge admitted to being skeptical previously but she is pleased with how the project has advanced. Teague requested a number for the total requests for residential services for the next update.



February 2017
Council Update

Michael Scaffidi
Director of Telecommunications

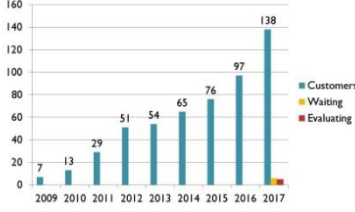
EMPLOYEES

- Mike Scaffidi Director
- Jared Pruett Network Services Coordinator
- Randy Craig Telecom Support Supervisor
- Charles Anderson Telecom Technician
- Vacant (Telecom Technician) Reviewing Applicants

RESPONSIBILITIES

- Maintain and Control 56 Traffic Control Devices in the City of Martinsville
- Design and Maintain a 48 to 96 Optical Fiber Plant
- Design and Maintain a Ten Gigabit Optical Network
- Deliver Network Services to Companies
 - Telephone
 - Internet
 - Point to Point Services

CUSTOMER BASE January 2017



THROUGH JANUARY 2017 REVENUE VS EXPENSES

- Budget ◦ \$1,744,800
- Current ◦ \$ 965,915
- 55 % of Revenues Recovered
- Budget ◦ \$1,744,800
- Current ◦ \$ 858,302
- 49% of Budget Used

FY17 PROJECTS

FY2017 PHYSICAL PLANT EXPANSION						
Customer	Construction Charge	Monthly Revenue	Net Monthly Revenue	Yearly Net Revenue	ROI Months	Completion Month
Rowles Industrial Park	9,200.00	3,000.00	1,750.00	1,750.00	15,000.00	December 2016
Patrick County (2)	23,000.00	770.00	0.00	770.00	8,640.00	March 2017
Patrick County (2)	0.00	570.00	330.00	430.00	4,920.00	0.0
Phone Systems Upgrade	2,700.00	700.00	93.00	607.00	7,284.00	0.4
Martinsville Ind. Park	2,700.00	1,500.00	188.00	1,812.00	15,744.00	0.1
Martinsville Industrial Park (2)	6,500.00	2,750.00	1,000.00	1,550.00	18,600.00	0.2
North Road	9,000.00	3,950.00	232.00	3,150.00	37,800.00	0.9
20 Small Projects	15,000.00	2,100.00	300.00	1,800.00	21,600.00	0.8
Rowles Industrial/ Pac 20 Recommended	11,000.00	3,000.00	0.00	3,000.00	36,000.00	0.7
Chamber Park						Completion 2016 - 2017
Subtotal	77,800.00	17,640.00	3,861.00	13,779.00	361,348.00	

TELECOMMUNICATIONS/MINET KEY POINTS

- No debt, "Pay As You Go" approach
- Significant cost savings by having internal system vs contracted System
- As system expansion costs are recovered, anticipated positive fund balance growth
- Marketing tool for prospective businesses and industry

FUTURE



- **MARKETING**
 - Consider targeting technical publications
 - 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**
 - Business Inquiries outside of our current footprint
 - Investment payback may be longer than usual
 - Residential Inquiries are increasing
- **RESOURCES NEEDED** (future)
 - Support Services Executive
 - Construction Crew
- **BACKBONE - FIBER BUILD**
 - Time Consuming
 - Expensive



Hear a staff update on operations of the City's Electric and Water Resources

Departments covering the 6-month period from July 2016 through December 2016 – Andy Lash, Water Resources Director presented a PowerPoint with updates on water and wastewater revenue/expenditures and current projects. City Manager Towarnicki said the wastewater plant operates at about half capacity while the water plant operates at about 25% capacity. This year funding was added to add a construction crew, which has saved money since the department does not have to contract out projects. Durwin Joyce, Electric Department Director continued the PowerPoint with updates on the financial benefits of the City Hydro and Landfill generation, revenues and expenditures, and current projects. Mayor Teague asked about the age of the electric infrastructure. Joyce said they would start at the substation when updating infrastructure then expand out from there. Creating underground systems would be a tremendous cost. Joyce said they replace poles annually with an average of one-tenth of the inventory being inspected and replaced as needed on a yearly basis. Thermal imaging is done yearly as additional troubleshooting. Joyce says they have invested a large amount of money on maintaining and updating the infrastructure and says there is a work order system that tracks outages. Teague requested that the number of outages and time to fix those outages be included in future reports. Hodge asked for lost revenue

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experienced by businesses from power outages also be added to future updates. Bowles thanked Joyce for not cutting down trees unnecessarily and asked about power pole maintenance. Joyce says when the poles are tested, a tag will be attached with the date the pole was tested so the department has records of those inspections. CenturyLink and AEP also have poles in the City. Towarnicki says the City does have an older infrastructure but the Electric department does a good job at keeping the infrastructure in good working order. City Attorney Monday noted that Carlisle School had switched services to MiNET recently and have been pleased with the switch.

<h3 style="text-align: center;">City of Martinsville Utilities February 2017 Report</h3>	<h4 style="text-align: center;">Water/Wastewater Summary</h4> <ul style="list-style-type: none"> Plant Production/Operation: <ul style="list-style-type: none"> Average flow at the Wastewater Treatment Plant was 4.278 MGD for the first half of FY17 Water production was 2.067 MGD for the same period Both plants operated within compliance. 	<h4 style="text-align: center;">Revenue/Expenditures</h4> <p>Total Water Revenue = \$2,103,078 Total Water Expense = \$1,093,053 Net Revenue = \$1,010,025*</p> <p>Total WW Revenue = \$2,390,629 Total WW Expense = \$1,989,467 Net Revenue = \$401,162</p> <p><small>*Multiple capital projects will be started this spring. Net revenue through end of January, 2017. Does not include AMI or Interceptor revenue or expense.</small></p>
<h4 style="text-align: center;">Current Projects</h4> 	<h4 style="text-align: center;">Projects Cont.</h4> <ul style="list-style-type: none"> Prillaman & Pace installing new 42" ductile sewer line near Wastewater Plant as part of interceptor project Nearing completion of water meter installations Replaced water lines near Roselawn and on Adele Preparing to begin Spruce Street Ext. water line project Painting steel tank at Bethel Lane this spring. Painting both primary clarifiers at WW Plant in spring Installed new sewer line at 310 Hairston Street Rebuild 3 filters at Water Treatment Plant this spring 	<h4 style="text-align: center;">Electric Summary FY 17 Mid-Year</h4> <ul style="list-style-type: none"> Purchased power = 88,447 MWh Projected Needs = 91,272 MWh Difference between projected and actual = 2825 MWh Average cost of purchased power= \$78.30 Projected Costs = \$82.80 Difference between projected and actual = \$4.50
	<h4 style="text-align: center;">Financial Benefits of City Hydro & Landfill Generation</h4> <ul style="list-style-type: none"> 6 for 6 summer 2016 1 & 5 CP (coincident peak) Hydro - 1050 kw - \$67,000 (capacity savings) Landfill - 994 kw - \$53,000 Hydro - 1130 kw - \$52,000 (transmission savings) Landfill - 1003 kw \$46,000 Total Savings - \$ 218,000 Leads to lower all in cost 	<h4 style="text-align: center;">Revenue/Expenditures</h4> <p>Total Revenue = \$9,765,523 Total Expense = \$8,641,475 Net Revenue = \$1,124,048*</p> <p><small>*Through the end of December, 2016. Does not include AMI revenue or expense.</small></p>

<h3>Projects</h3> 	<h3>Projects Continued</h3> <ul style="list-style-type: none"> • Pole Maintenance- Pole maintenance performed annually • Underground Replacement- Older underground lines replaced as they age in an effort to reduce unexpected outages • Replacement of Substation Regulators continues • AMI infrastructure – 3600 residential meters installed, 24 large power meters replaced by city crews for testing • Crews training on meter programming and AMI interface 	
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Hear an update on 2017 General Assembly legislative session - City Attorney Monday detailed updates made by the General Assembly including the potential 3% pay raise for elected officials, a budget amendment for smaller school budgets that have experienced an enrollment decline, Senate bill 806 regarding I73 funding. President Trumps list of infrastructure priorities, possibility of virtual school or online school alternative to a built facility, etc. Transportation Authority bill has passed the senate and is in the transportation committee of the house. Monday stated if citizens have a specific bill they would like to express opinions on, communicate your opinion to a legislator by email instead of trying to reach representatives by phone.

Consider approval of consent agenda – Council Member Lawson made a motion to approve the consent agenda as presented; Council Member Hodge seconded the motion with all Members voting in favor.

BUDGET ADDITIONS FOR 2/14/2017				
ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT
FY17				
General Fund:				
01102926	405555	Federal Categorical - Brownfields Grant - EPA		10,829
01812247	503136	Brownfields - Professional Services - Consultant Project reimbursement	10,829	
Total General Fund:			10,829	10,829
Sewer Fund:				
13103936	407700	Indebtedness - VRA Loan Proceeds		710,502
13551326	508224	Wastewater Maintenance - SRI Project - Phys. Plant Exp VRA Reimbursement #8	710,502	
Total Sewer Fund:			710,502	710,502

Business from the Floor – Ural Harris, 217 Stewart Street – said the citizens need information on the payment due on the sewer from Henry County and feels that payment

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could make budgeting easier. If the County reopens the plant then pricing for citizens will skyrocket.

Comments by members of City Council – Council Member Hodge reminds residents that Tuesday February 21 at 5:30 CPEG will hold a public meeting on how to use the 3,000sf space at the business incubator. Council Member Lawson requested a periodic update on the Medical school. Council Member Bowles wished everyone a Happy Valentine's Day and Happy Black History Month. Bowles reminded citizens of the 5:00pm work session Wednesday February 15. Vice Mayor Martin thanked Roy Prillaman again for his service and said on February 23, the MLK planning Council will offer a movie and panel discussion at the historic courthouse. Martin thanked Wayne Knox and Leon Towarnicki for the work on the Citizen's Academy. Mayor Teague also reminded citizens of the budget planning work session Wednesday and said Council would tour the schools on February 23. Teague had a good trip to the VML Day with Vice Mayor Martin.

Comments by City Manager – City Manager Towarnicki followed up with a request made by Council Member Bowles at the previous meeting, stating that Facebook LIVE could be done but since it is live, there is no delay if something happens during the meeting. There will be comments made during the live episode so it will need to be decided how those comments will be handled. Towarnicki said Council could try the LIVE option for a few meetings to see how it would work out and will look into what other locations may offer. Martin asked if MGTV could be used for promoting outside of the government. Monday referenced the franchise agreement for a public governmental use channel. Towarnicki reminded residents of the burning ban February 15 through April 30. He described a new outlook calendar option for Council Members to view upcoming events including the work session Wednesday 5:00-6:00, Thursday February 16 Citizens Academy 6:00-8:00 at the Senior Center and the Fire Department awards 7:00-8:00, Saturday will be the NAACP breakfast 9:00-11:00 at the Dutch Inn. Towarnicki reminded Council that Monday February 20 is Presidents Day so the Municipal Building will be closed, February 23 is the school tour so Council should meet at the high school at 8:30am, March 7-8 is the Fast Track Trade Show, and March 10-11 will be strategic planning. Towarnicki reminded Council of the work session Wednesday February 15 and said he would have information for Council tomorrow. They will need to discuss a revenue number for FY18, it will be less than last year so budget cuts will occur. They also need to decide what the school allocation will be and if tax increases are out of the question. He needs Council input on allocating reductions or eliminating some services all together. Information will be provided on current revenue and audit details, projections on reductions and how that may look.

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There being no further business, Council Member Hodge 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 9:38pm.

Karen Roberts

Clerk of Council

Gene Teague

Mayor