

**ROCKY MOUNT TOWN COUNCIL
SPECIAL MEETING MINUTES
APRIL 20, 2015**

The April 20, 2015 special meeting of the Rocky Mount Town Council (hereafter referred to as "Council") was held in the Council Chambers of the Rocky Mount Municipal Building, located at 345 Donald Avenue, Rocky Mount, Virginia, at 5:00 p.m. with Mayor Steven C. Angle presiding.

The following members of Council were present:

- Mayor Steven C. Angle
- Vice Mayor Gregory B. Walker
- Bobby M. Cundiff
- P. Ann Love
- Robert L. Moyer
- Jon W. Snead
- Billie W. Stockton

The following staff members were present:

- Allan Arrington, Lieutenant, Rocky Mount Police Department
- Tim Burton, Waste Water Treatment Plant Superintendent
- Bob Deitrich, Water Plant Superintendent
- C. James Ervin, Town Manager
- Amy D. Gordon, Accounting Technician
- Matthew C. Hankins, Assistant Town Manager
- Mark Lovern, Lieutenant, Rocky Mount Police Department
- Charles Robertson, Fire Chief
- Stacey B. Sink, Town Clerk
- Linda P. Woody, Finance Director

APPROVAL OF AGENDA

Mayor Angle asked for any additions or corrections to the presented agenda and, being none, entertained a motion:

Motion: To approve the agenda as presented
Motion By: Vice Mayor Walker
Second: Council Member Moyer
Motion Discussion: None
Ayes: Cundiff; Love; Moyer; Snead; Stockton; Walker
Nays: None
Action: The agenda was approved by a unanimous vote

WORKSESSION

Worksession Discussion Topic: Budget Worksession No. 2 for Proposed Budget for Fiscal Year Ending June 30, 2016

General Discussion:

- Town Manager Ervin noted he would like to pick up where Worksession No. 1 left off and will go through the remaining three funds.
- Page 68 – Utility Fund Revenues – This account is flat this year.
- The increases in water rates are going into the Utility Capital Fund, not the Utility Operating Fund where revenues are flat. LINE 0901 is a transfer from the General Fund for utility operation to cover a shortfall from expected expenditures in revenues.
- LINE 9999 – Fund expected depreciation.
- Pg 69 - Expenditure Summary Report.
- Pg 71 – Water Distribution System – Water lines from plant to customers.
- LINE 7000 – Capital Outlays - Did not budget outlays. This is where the public works director puts the major repair work, such as a major water line break, etc.
- Page 73 - Meter Reading – Same as last year.
- Finance Director Woody confirmed that there are no funds budgeted to replace water meters. This has not been funded in a couple of years. The town manager noted that there is a good pooling of funds in the Utility Capital Fund if Council wants to put money towards replacing meters again.
- Council Member Moyer questioned what the problem is with the meters now, with the finance director noting the Town has been replacing manual reads with newer tech touch reads. The town manager confirmed that old meters are typically under-read and they should be replaced every 30-40 years.
- Typically staff has budgeted about \$20,000 each year for replacement.
- Vice Mayor Walker pointed out that the Harvester has a \$60,000 contingency fund and he thinks this is too much. He would like to leave \$10,000 for contingency, place \$20,000 in meter replacement, and put the remaining \$30,000 in the Utility Fund for contingency. Others asked to leave it alone until the Utility Capital Fund was reviewed, which according to the town manager is cash rich.
- Page 75 - Water Treatment Plant - Operations only, no capital items.
- LINE 7000 capital outlay is for repairs at the plant should they arise (an emergency fund).
- LINE 5650 dues and memberships is for membership in the Virginia Rural Water Association, which offers free or discounted classes to the Town's employees because they are members. They would not be able to attend trainings without being members.
- Council Member Cundiff questioned the increase in LINE 6014 chemical and materials. This cost is going to be higher because the water plant is switching to bleach instead of chlorine gas.
- Page 77 – Waste Water Collection System – This is the system that collects the wastewater and takes it to the plant.
- LINE 3000 contractual services for \$21,000, includes up to \$10,000 to get rid of roots in the line. The public works director wanted this last year but it was not in the budget.
- Page 79 - Same as last year.
- Page 81 – Nondepartmental Utility Billing
- LINE 3000 contractual services for \$24,000 is to lease a folding machine for utility bills. This cuts one day off of what the finance department does to get the bills in the mail. Leasing and buying come in at about the same price (less than \$2,000 difference). By leasing, can get the newest technology when the lease is up. The current lease is for three years with Pitney Bowes.
- Page 83 – LINE 1000 personal services and LINE 2001 FICA.
- LINE 9001 shows where the sewer line and Franklin Heights bonds were paid.
- PAGE B of supplement notes, explanation of FUND 05 – Utility Capital Projects Fund. This is where water rate increases/revenue have been placed since December 31, 2012. The

Town is currently on the third of four planned increases. This fund is accumulating so that there are funds available for future utility system needs without having to do a bond issue, should the need arise.

- Page 86 – Utility Capital Revenues.
- Page 87 – 88 are the different capital projects for 2013-2016.
- General comments about how the failure of the old Power Dam might affect the Waste Water Treatment Plant.
- Council Member Cundiff questioned LINE 7010 for \$20,000 in 2015 that has been zeroed out in 2016, noting that if it was needed in 2015, it seems like it would still be needed in 2016. Mr. Deitrich noted that he has two pumps in working order and one has been newly rebuilt, so he feels this item can wait. The finance director noted the possible tank refurbish in 2018 which may be a more worthwhile project.
- Page 88 - \$7,177 in new debt service for bond for capital projects. This includes Scuffling Hill sewer line extension. There is also a contingency fund of \$60,000.
- Page 92 – Harvester Operating Fund – reference Page B of supplement.
- Transfer from the General Fund of \$332,097.
- Page 93 – Performance Venue Expenses – includes salary and fringes for town employees, and contractual services of \$35,624 (explained on Page B of supplement).
- Council would like to see public works doing the landscaping at the Harvester.
- Page 93 – LINE 3005 - \$20,400 custodial services.
- LINE 1007 public security – This is payment for off-duty Town police officers, not include in Police Department budget.
- LINE 5200 communications – This is for internet and phone service. Needs fast internet. Phone is provided by Centurylink and cable is provided by Shentel.
- Council Member Cundiff questioned if DMS Cleaning should be a cost of operation and therefore, not be covered by the Town. The town manager noted that this is the first transitional budget and administration is saying this year the Town is getting these things, and the Harvester has to get the rest. This year the Town is covering brick and mortar and people expenses. It can be left to debate which expenses are “brick and mortar” and which are operations. He just wanted the Harvester Performance Center to start the year knowing which of its expenses it must carry so that it can set performance goals to accomplish these expenses with its revenues. The town manager thinks that, based on trend, the website, legal fees, and cleaning could be kicked back to operations.
- Mayor Angle questioned if the cleaning at the Harvester was bid out with the assistant town manager noting it was attached to an awarded bid which DMS Cleaning had given for other town facilities. DMS Cleaning is currently two years into a bid that has a maximum of three years.
- The finance director advised she will transfer the website, legal fees, and cleaning over the the Harvester Operations budget. The town manager noted that the Harvester has a contingency built in and staff will have to come before Council to request any additional needed funding from the contingency with an explanation. He also noted that some funds should be left on the Town side for legal fees, just to make sure everything is done correctly.
- Assistant Town Manager Hankins noted that he is outsourcing the Harvester website to Crowdtorch. They are a reputable firm and the current firm has reached its limit as to what it can do, due to the website traffic. The old firm is anxious for the site to be taken off its hands. An example of how this will be beneficial: The Dickie Betts Show was canceled and staff has had to do manual refunds for all the tickets sold. With the new website firm, refunds can be made with the touch of a button.
- There are no Harvester Performance Center capital projects coming up in FY 2016.

- The finance director discussed Page A of the Supplement regarding the estimated cash balance from FY 2015.
- Council Member Snead asked if the proposed 10-year loan will have a locked in rate, with the town manager advising he would settle for nothing else – no balloon payments or adjustable rates. He also noted that Council, as a body, would have to approve the offer. Staff would go to market and bring back to Council for approval.
- The town manager pointed out that Council has a handful of funds that are unbudgeted, being \$100,000 in the General Fund, considerably more in the Utility Capital Fund. Christmas bonus money has been set aside should Council choose to give bonuses, only because the finance director has to budget ahead for that with FICA should Council so choose.
- Mayor Angle asked if the money to upgrade water meters can come from the pool, with the town manager advising yes, by bumping up the transfer from the General Fund to the Utility Fund. He also noted that Council could say that it is not in favor of a five-cent increase in the cigarette tax, which would take about \$50,000 from the budget. In this case, the meters could still be funded through the Utility Capital Fund.
- Council Member Cundiff advised he is not in favor of raising the cigarette tax, and Council Member Snead agreed. It was the consensus of Council that it is best to pull the cigarette tax increase from the budget.
- Council Member Moyer noted that he is opposed to securing a loan.
- Town Manager Ervin addressed his concerns advising that he believes it will be a mistake to use money from fund balance to pay for the needed capital improvements. By holding onto its own money, the Town will make more on interest than it is paying by borrowing. By his estimation it will be a \$180,000 mistake to pay for the costs without Town funds instead of borrowing the money. Also, doing so would take the fund balance down to an uncomfortable level. Borrowing will allow for future taxpayers to help pay for the assets instead of only current taxpayers. He also noted that there are not a lot of projects which staff is proposing debt for which are negotiable.
- General discussion about the proposed sidewalk from Floyd to Dent, the pedestrian traffic there, and how the request has come up for years.
- Vice Mayor Walker questioned the plans for the Floyd Avenue-Franklin Street intersection. The planning department is looking at this and studying traffic and will probably come back with some numbers that will justify either putting up a traffic signal or realigning the intersection into a straight “T” with a stop sign.
- Vice Mayor Walker questioned the proposed bridge by Lane to straighten the Pell Avenue-North Main-Franklin Street intersection. Assistant Manager Hankins advised that House Bill 2 dictated that projects which had not received much funding had to be pulled off the VDOT six-year plan, therefore, this project was removed. There will be a new process set up to get projects put back on the plan, but right now it is kind of stuck in limbo. The Town’s contracted engineer estimates the project at \$3-5 million, but VDOT estimated \$9 million. He is watching it closely and will get the project back on the six-year plan as soon as he is able.
- The town manager noted that he has released the contract for the engineer to look at the water pressure issue on Maple. He will be using utility capital funds to tackle the project. He is expecting to need a pump, shed and pressure tank to correct the problem probably at around \$50,000.
- It was the consensus of Council not to meet on Wednesday, though Council Member Cundiff advised he would like an opportunity to go back over the budget, and he wants to see the Harvester Performance Center’s quarter before he votes on the budget.
- Council Member Cundiff asked what the County is doing on wage increases. The schools are doing a 1.7% increase. County employees are are 2%. 2.5% step + 1% COLA is

proposed for the Town. The town manager noted that step increases are for folks who remain in the Town's employ, and he is delighted that the best folks come to work for the Town. Shovels do not do the work.

- Council Member Moyer asked about the proposed change in Council pay and whether it is in this budget. The town manager noted that it is not in the budget, and he only brought it up to let Council know it has a six-month window to decide if it wants to change Council's pay. Any change has to sit through an election. Council asked for a decision making package with options, one of which is to shift the pay to an annual salary, with no change in pay. This will make the accounting for the Finance Department a lot easier. At the July meeting will make recommendations that will be, if approved, effective July 1, 2016. If Council does not act, then it is locked out again for a couple of years.
- Vice Mayor Walker advised that he has not gotten a good feeling about whether council wants to do a loan /debt service or not. This is in the budget and needs to be decided upon.
- Mayor Angle noted that he does not want the fund balance to dip to a level where the Town would not be in a good position if something catastrophic happened. There is money to go forward. If it can save the Town to borrow at 2% or less, then he thinks the Town should go forward with debt service.
- The town manager noted that including it in the enclosed budget means that staff will bring a proposal and Council can still decide to fund the projects or not. Council will not lose anything if the rates do not go up, but will save money if the rates do go up. He truly believes that the Federal Reserve is going to raise the rates.
- The mayor confirmed that including the debt service in the budget does not mean that it will automatically be done. The town manager advised he, as the town manager, cannot encumber the town. He must bring the document back to the Council for approval. Council can choose to do a smaller borrow, and can choose to wait to see what the rates do.
- The next meeting is the public hearing on May 4th at 7:00 p.m. Staff will be advertising no change in tax rate structure.

ADJOURNMENT

There being no further business to discuss, Mayor Angle entertained a motion.

<p><u>Motion to Adjourn By:</u> Council Member Love <u>Second:</u> Vice Mayor Walker <u>Motion Discussion:</u> None <u>Ayes:</u> Cundiff; Love; Moyer; Snead; Stockton; Walker <u>Nays:</u> None <u>Action:</u> Meeting adjourned by a unanimous vote <u>Time of Adjournment:</u> 6:57 p.m.</p>
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Steven C. Angle, Mayor

ATTEST:

Stacey B. Sink, Town Clerk

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