ROCKY MOUNT TOWN COUNCIL
SPECIAL MEETING MINUTES
MARCH 30, 2015

The March 30, 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:

- Town Clerk Stacey B. Sink
- Town Manager C. James Ervin
- Finance Director Linda P. Woody

The meeting was called to order by Mayor Angle.

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: Council Member Stockton
Second: Vice Mayor Walker
Motion Discussion: None
Ayes: Cundiff, Love, Moyer, Snead, Stockton, Walker
Nays: None
Action: Let the record show the agenda was approved by a unanimous vote

WORKSESSION

Worksession Discussion Topic: Council input regarding FY2016 Budget Preparation

Item 1: Discussion regarding new radios required for use with Franklin County's new radio system

Staff Presentation: The radios for the Police Department will cost $114,950, and the radios for the Fire Department will cost $114,448.89, though the chief reports this number may change. The town manager has negotiated with Franklin County to have the County cover an amount of radios for the Fire Department equal to what it would pay for all other County departments. The Town's Fire Department has 36 radios in service, and the allotment for a County department is 21 units. The Town's share, then, for the additional 16 radios is reduced to $65,447. The total needed for the capital investment in new equipment is, then, approximately $180,000.00.

The County has offered, tentatively, to allow the Town to purchase these radios under its already negotiated borrowing/bond that is for ten years at 1.73%. This would be an annual payment on the radios of $20,000.

Question: Should the Town participate in the County's existing debt issue or include the radios in a proposed debt issue of its own?

General Discussion:

- The purchase of the equipment can be depreciated.
- The County has offered to provide 21 fire radios even though the Town has 36 in service.
- The Town's department has grown because the Town funds it well. The town manager has negotiated with the County to get the same amount of radios that all other departments are getting (21). The County is only willing to pay for what they think is a standard number of equipment.
- Mayor Angle noted that the Town has the largest department and answers more calls than all other departments in the county.
- The town manager noted that 100% of the Town's calls are actually in the County.
- Council Member Cundiff noted that Town taxpayers are County taxpayers too, and this is double taxation.
- Mayor Angle suggested that staff take another swing at this in negotiations with the County.
- Vice Mayor Walker understands police radio expense but not the fire.
- Town manager noted that some of the radios can also be cut. Some of the apparatus could be obsoleted.
- The needed radios are for people, vehicles, and office personnel, with approximately 60% handheld units.
- What is the better thing to do if County doesn't change the number being supplied to the Town?
- Town manager thinks that the best answer is to first see what is available to the Town and then compare to the County rate to determine the best option.
- Council Member Cundiff noted will cost $20,000 in interest to pay back over 10 years.
- The challenge is that all of the fire department members will need radios at one time.

Because they are all volunteers, they are all on-call all the time. Some of the radios that are being replaced have been provided by the fire department in their own fund raising efforts.

- The fire radios cost approximately $3,200 each.
- 39 police units are needed, but they are simpler/less expensive than the fire radios.
- The radios will have contact with other departments in the County. The new system will have multiple channels, for local area, regional, and even police tie-in.
- The police department purchase is a requirement. Those numbers are locked in. However, Council can try to knock down the fire department number if necessary.
- Consensus from Council that the Town should look at providing its own radios before piggy-backing with the County.
- The Town has good volunteers because it provides nice equipment. Cannot ask people to volunteer without the proper equipment.
- The finance director verified that currently there are 26 line-of-duty volunteers paid for on the Town's insurance, but can actually have up to 35.

Item 2: Discussion regarding capital cost of the radio system

Staff Presentation: The County is spending $7.3 million on the new radio system and has asked the Town to consider contributing towards the cost of the system. The Town's police and fire radios (the reduced number for the Fire Department radios) represent 6.75% of the system, and the County has asked for a capital contribution of approximately $0.5 million. The town manager has advised that there are double taxation issues for Town citizens paying for the radio system, as they have already contributed their share to the initial $7.3 million purchase. Additionally, there is little precedent for a town within a county sharing the capital cost for a radio system. However, there is significant precedent for a town paying a subscriber fee for access to an existing system, and staff proposes that the Town and County enter into an agreement (similar to what Vinton and Roanoke County have), whereby the County provides annual radio access to the Town for a fixed fee. Vinton currently pays $400 per year per radio and the town manager has used that as a starting point for this conversation. The town manager has also offered to present to Council a higher initial figure that scales down to the lower figure in five years to assist with the out-of-pocket expense of the new system.

Question: What is the consensus of Council on the capital support the Town should provide for the new radio system? What is the consensus of Council on an agreement with the County for annual access to the radio system?

General Discussion:

- Town manager does not think it makes sense for the Town to make a capital contribution to the County for the new radio system; however, there is precedent for counties charging an access charge.
- Council Member Moyer noted that if the Town is cut off from the County's radio system, then the Town has to do a turnkey system. Need to think about this.

- The town manager has a copy of the Vinton agreement with Roanoke County for yearly access.
- $400 per radio per year equates to $30,000 per year in access fees.
- The County is asking for $0.5 million toward the capital costs; however, the town manager has already explained that the County probably needs to make a fairer request.
- The lifespan of the system is probably 10-15 years, depending on how technology changes. Should be a 20-year depreciated asset. The town manager has told the County that the Town has no interest in making a capital contribution because the Town does not want to own part of the system. What if lightning strikes it, or something else damages it?
- Vice Mayor Walker questioned if $400 per year per radio is a fair access fee, with the town manager confirming, based on his research, yes. The lowest cost would be to let the County build the system it wants, and then pay a fee. This system will allow the Town to talk to Franklin County and Roanoke. It is fair for the County to ask the Town to pay to use it, but it is not fair for the County to ask the Town to pay to build it.
- If the Town paid a capital contribution, what would that amount be? Would the County still want access money?
- Vice Mayor Walker noted that it would take 17 years at $30,000 to pay $0.5 million.
- The only leverage the Town has against future increases is to return the County's annual contribution and to refuse to run calls outside of the Town, or to bill the County if calls are run outside of Town.
- Council Member Cundiff noted that the Town covers most of the costs of its department with the town manager confirming that relative to the fire department, the County pays 20% of expenses for 80% of the benefits.
- If the County is not paying its share of the costs already, then the Town should not have to pay extra money for the radio system.
- Can $400 per radio per year be locked in for a certain period of time?
- The town manager confirmed that there would have to be an agreement, memorandum of understanding, with specific details. Right now, however, he just needs to know how to approach it from a budget planning standpoint.
- The town manager confirmed to Council Member Love that right now he does not know the likelihood that the County will accept any proposal until the deal is made.
- Vice Mayor Walker still has issues, as other departments will not be paying access fees. The town manager noted that the access fee will only be for police radios and non-County supplied radios.
- The town manager's discussions have been with County Administrator Rick Huff. They have had several meetings to discuss the issue. He thinks the right way to go with the budget is "no, can't help you buy it, but…"
- Vice Mayor Walker expressed no problem paying usage fee for police department, but a real problem paying for fire department radios.
- The town manager advised he will budget some money for subscriber fees that Council will have available to use at its discretion later should it choose to go forward with any agreement.
- It was the consensus of Council that there is not much of a desire for helping to buy

a radio system because the Town's citizens have already paid tax dollars for that, and also, there is not a clear understanding of why the Town's fire department is being asked to buy radios for fighting County fires.

Item 3: Discussion regarding employee salaries

Staff Presentation: The budget will feature normal salary changes as included in most every budget. This includes a standard one-step increase for existing staff (2.5%) and a 1% COLA. Additionally, there are some staffing changes contemplated.

Question: Are there any recommended adjustments to our normal salary changes?

General Discussion:

- Several council members questioned what the County is doing as far as employee pay raises. Council Member Love noted that the state has mandated a 1.75% increase for County employees.
- Town Manager Ervin noted that the Town does not have trouble competing for longevity of employees. This is primarily due to the fact that the Town believes in rewarding employees for merit through step-increases, which helps to keep longer tenured employees at wages above entry-level employees.
- Council expressed no desire to make changes to the proposed employee salary adjustments at this time.

Item 4: Discussion regarding new positions and position changes

Staff Presentation: The Police Department is eliminating the captain's position and adding in its place a community development officer (part-time). Staff is also requesting the addition of one support staff to the Municipal Building to staff the reception desk and provide better customer service. This coincides with the end of the volunteer program. During the Town's transition in the town clerk role from Mrs. Keatts to Mrs. Sink, the desk was staffed with a full-time employee, and the impact on customer service was significant.

Question: Is there any input on the current staffing level or how staff is aligned to best meet the needs of the public?

General Discussion:

- Chief Criner wants more "community policing" which is an officer who is more visible in the community. The chief wants to eliminate a command position and put more boots on the ground.
- The proposed position for the Municipal Building is to staff the reception desk and abandon the volunteer program for good.
- Mayor Angle questioned why the abandonment, with the town manager advising many of the volunteers have had to stop due to personal or family illness.

- He would like to have a full-time customer facing person, who can assist the Town Manager's Office, and the Finance and Community Development Departments as needed.
- Council questioned what the proposed salary and benefit costs of the proposed new position might be, with the finance director advising she has looked at pay grade 10, step 2.
- Council made no recommendation on the proposed new positions at this time.

Item 5: Discussion regarding borrowing to fund several large capital items

Staff Presentation: The Town has several large capital items that will be presented in the budget. The choices are to do these items with debt, or to not do them, as the goal is to develop the Town's fund balance back after paying off some recent long-term debt and building the Harvester. The Town's recent audit showed an ending General Fund balance of approximately $5.6 million, with $1.7 million due from the Tobacco Commission and DHCD, for an estimated General Fund balance of $7.3 million. Staff estimates the Town's Utility Capital Fund will start FY2016 with a balance of $0.5 million. This is just shy of the target fund balance of $8 million, so the Town is in a period of working to rebuild the balance. This, combined with all-time low interest rates and the Town's record-low debt-per-capita rating, makes debt service attractive for these projects. They are:

Veterans' Memorial Park: $900,000
Scuffling Hill Sewer: $65,000
Town Match for Scuffling Hill Curb/Sidewalk/Drainage: $470,000
Municipal Building HVAC Replacement: $60,000
Radios: $180,000*
*If the Town procures independently

Staff has applied for a $500,000 grant to assist with the Veterans' Memorial Park project, but will not know if funds are awarded until after the budget is adopted. Regardless of the funds appropriated, the Town will wait for an award or a denial prior to going to the financial market for funding. The Town's match for the Scuffling Hill project is to qualify for a VDOT grant in the same amount, as the project is approximately $1 million in total. Council has previously stated that it is not interested in doing sewer in conjunction with the Scuffling Hill project, but the public works director seeks Council's review of this decision, as he still recommends it be installed while the road is demolished for the related project. As the town manager and finance director are still working with staff on the development of the capital list at this point, this list may change. Also, if Council is not interested in joining in the County-issued debt for the purchase of radios, they will be moved to this category. If Council wishes to pursue all of these projects in the upcoming fiscal year, the budget will include a proposed debt issuance of $1.5 million over 20 years with an estimated annual debt service of $96,000. A ten-year term would be $164,000, annually. Staff recommends the Town budget for a twenty-year term but opt for a ten-year term if the Veterans' Park grant is

received.

Question: Are there any projects expected by Council that are not included? Are there any projects that Council wishes not to see in a proposed budget? Is Council interested in a bond issue or a direct-borrow from one of our banking partners? Staff recommends direct negotiation with the Town's bank as a starting point (similar to the County's approach with its radio system financing).

General Discussion:

- Mayor Angle question if the County is participating with the Veterans' Park funding, with Town Manager Ervin confirming that the County has it "at the table," though no funds have yet been approved.
- The town manager noted that he is actually looking at a VML or VACO product or a local bank, not necessarily a bond, and wondered if Council is open to considering this.
- Council Member Moyer advised he was not interested in debt if the Town has $8 million in fund balance.
- Council Member Cundiff noted that he wants a sidewalk on Bernard to be looked at, as the pedestrian traffic there is very dangerous.
- The town manager advised that Town Council controls the purse strings and asked if money for sidewalks on Bernard would be better spent than on the Scuffling Hill project, noting that the trestle is an issue, but has been resolved somewhat and is much less severe than before. Thinks Council should apply for a VDOT revenue grant to do Bernard in the future.
- Council Member Moyer noted that his neighbors on Scuffling Hill say that they were promised sidewalks but never got them.
- Sidewalks have been promised everywhere.
- Town Manager Ervin noted that Council could do a significant sidewalk project every year. It would not be a bad thing. A community is better with sidewalks.
- Council Member Cundiff noted that a quadrant plan is good because every four years it looks very productive for the citizens.
- If Council wants to do these projects, this is the time. Best interest rates available for a very long time. Can add another project and "go to the well" once. Council can do anything it sets its sights on. Bernard Road and Scuffling Hill are equally needy. Both are equally important.
- The town manager suggested that staff do preliminary engineering work on Bernard, apply for "safe routes to school" money and VDOT money and see where it ends up, and include extra in this budget for preliminary engineering on Bernard.
- The town manager advised that the "perfect storm" is to budget for a debt instrument, which will allow future taxpayers to owe against 20-year improvements too, not just current tax payers.

Item 6: Discussion regarding Council compensation

Staff Presentation: Included with the meeting packet is a list of comparative

compensation rates for council members for similarly sized localities. The mayor has asked that Council consider an update to the elected officials' compensation prior to the May election. The Town Charter requires that any change lay over an election cycle prior to becoming effective, and if Council wishes to make a change that could be effective at the closure of the current fiscal year, this would be the only opportunity to do so as the next election will be prior to the adoption of a budget for fiscal year 2017. This would trigger another two-year window where compensation could not be changed.

Question: Should Council Member compensation be adjusted so that it could become effective on 7/1/2016? This would not impact the current budget.

General Discussion:

- Mayor Angle questioned the last time Council's pay was increased, with Finance Director Woody confirming at least 10 years ago, and Council Member Cundiff noting he thinks it was in 1994-1995.
- It has been suggested that Council receive a flat rate no matter how many meetings are attended.
- Town Manager Ervin noted that Council puts in a lot of effort, more than it is paid for, and he recommends giving a bump. The current pay schedule is getting stale, and the community has grown dramatically in a decade.
- Council Member Love shared her belief that citizens who are willing to run for Council, should be willing to do it for nothing. She is not going to be for any type of compensation increase. Council Members Cundiff and Moyer agreed with Council Member Love.
- Vice Mayor Walker noted that Mayor Angle is not proposing a raise, but just moving to a flat rate.
- Town Manager Ervin advised he would like to propose a 20% across the board increase.
- It was the consensus of Council for staff to gather additional information and to discuss again in June prior to the end of the current fiscal year.

Mayor Angle asked if Council had any additional comments or concerns:

Cundiff:

- Addressed concerns regarding recent Franklin News-Post article concerning Chief David Cundiff's memorial service.
- Feels there needs to be a discussion about the Harvester Performance Center. He does not want the center to fail. Concerned about revenues and expenses and Harvester not operating within its budget.
- Town Manager Ervin noted that the Harvester has its own operating budget, and the expenses paid for were not unforeseen. The revenue was less than expected, but revenue is not included in the budgeting process. The reality is that the Harvester is not overspending on what was foreseen and approved. The deposits are less than expected. Also noted that it is illegal to spend money that Council has not appropriated. If Council has a department head that goes out and spends unappropriated taxpayer dollars then there is serious trouble. All of the money spent

by the Harvester was properly appropriated.

- Council would like the next accounting report regarding the Harvester as soon as possible.

Moyer:

- Entertainers come here and we pay them, why do we pay for their rooms?
- Town Manager Ervin noted that this, sometimes is part of the entertainer's compensation, and is negotiated in the contract.

Snead:

- Would like to sit down as a Council with the leadership from the Harvester and also the Harvester's accountant.

Walker:

- What role does the Economic Development Authority (EDA) play?
- Town Manager Ervin questioned if the EDA needed to be in the worksession Council is contemplating, with the consensus of Council being that the EDA should meet beforehand and review and make recommendations and then fold those ideas into Council's meeting, not a joint meeting.

There being no additional discussion items, Mayor Angle entertained a motion to adjourn:

Motion to Adjourn By: Vice Mayor Walker
Second By: Council Member Love
Discussion: None
Ayes: Cundiff; Love; Moyer; Snead; Stockton; Walker
Nays: None
Action: Meeting Adjourned
Time of Adjournment: 6:48 p.m.

Steven C. Angle, Mayor

ATTEST:

Stacey B. Sink, Town Clerk

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