

**ROCKY MOUNT TOWN COUNCIL
FISCAL YEAR 2012
BUDGET WORK SESSION NO. 3
MAY 9, 2011**

The May 9, 2011 Fiscal Year 2012 Budget Work Session No. 3 meeting of the Rocky Mount Town Council was held in the Council Chambers of the Rocky Mount Municipal Building located at 345 Donald Avenue, Rocky Mount, Virginia at 6:00 p.m. with Mayor Steven C. Angle presiding. The following members of Council were present:

Council Members Bobby M. Cundiff, Jerry W. Greer, Sr.,
P. Ann Love, Robert L. Moyer, and Robert W. Strickler and
Vic Mayor Gregory B. Walker

The meeting was called to order by Mayor Angle.

For the record, the following were present: All members of Town Council as noted, Town Manager C. James Ervin, Assistant Town Manager/Community Development Director Matthew C. Hankins, Finance Director Linda Woody, Chief of Police David Cundiff, Public Works Director Cecil Mason, Wastewater Treatment Plant Superintendent Timothy Burton, Water Plant Superintendent Bob Deitrich, Fire Chief Charlie Robertson, Accounting Technician Amy Gordon, and Town Clerk Patricia H. Keatts.

APPROVAL OF AGENDA

Prior to the meeting, Council had received the agenda for review and consideration of approval.

The Mayor requested that the agenda be amended to consider discussing the topic of the Town going paperless as much as possible.

- Motion was made by Vice Mayor Walker to approve the amended agenda, seconded by Council Member Cundiff and carried unanimously.

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Prior to the meeting, Council had received a copy of the draft Fiscal Year 2012 Budget and Capital Improvement Plan for review.

The Finance Director directed Council's attention to the following items that they had requested to bring back before them for review and consideration:

Page 2, Account 01.1200.0702 Cigarette Tax: Proposed rate of 20 cents per pack. Approximately \$250,000 in new revenue is projected.

The Town Manager and Finance Director explained to Council how the purchasing of the stamps/decals would work, with the wholesaler buying directly from the Town. Also confirmed the following: (1) that the individual retailers selling the cigarettes would not have to apply the stamps; (2) startup costs for the Town would be around \$4,000; fees could be collected from the wholesalers, not the retailers; and (3) Council would have to address existing inventory of retailers, with Council either grandfathering them in, or work with the retailers with their inventory, but by the time the proposed cigarette tax would go into effect July 1, most of the retailers' inventory would be down.

- Motion was made by Council Member Moyer to include in the proposed budget a 20 cent per pack cigarette tax, with motion on the floor being seconded by Council Member Cundiff. Vice Mayor Walker questioned if Council wanted to do the full 20 cents at this time, or ease into it. The Town Manager stated that Council could discuss this during the proposed budget public hearing. Let the record show that those voting in favor of the motion on the floor were Vice Mayor Walker and Council Members Moyer, Cundiff, Strickler and Love. Voting in opposition to the motion on the floor was Council Member Greer. Let the record show that the motion on the floor passed five to one.

Page 70, Account 02.2000.2030 Water Consumption Charges and Account 02.3000.3030 Sewer Use Charges: There is a new rate structure, found on page 128 which includes a per meter capital recovery charge while the usage charges remain unchanged. Approximately \$250,000 in new revenue is expected from this rate structure.

The Mayor stated that obviously the current utility rate structure does not cover costs and like any business, you can't keep doing something at a loss, with the new proposed rates bringing the Town closer to what is needed. The Town Manager stated that even with the proposed rates, the Town will still be operating at a loss, but the proposed rates holds the cost constant, and does adopt a cap recovery fee for meter size. He further explained what the proposed rates will be and how it affects residents, businesses and industries alike. The Finance Director confirmed that the plan does exempt those on the elderly and disabled list from the cap fee, with them seeing a reduction of \$1.70 in their bill, confirming also that on that list were 68 customers. Council Member Cundiff mentioned that the Town needed to get their water accountability stabilized before the Town asked for an increase in the utility fees, with Council Member Love voicing the same concern, further stating that it was the Public Utilities Committee recommendation to not raise the fees until the accountability is better. The Town Manager informed Council that the Town has one of the best accountabilities in the Commonwealth of Virginia, especially due to the age, and he does not know if the accountability can be above 83%. He further explained the variabilities and doesn't think the Town can push beyond that. The Mayor mentioned several times that the Town cannot continue to operate the utility system at a loss. He also stated several times that he does not see how the accountability has anything to do with the proposed rate increase to keep the utility system from operating at a loss. There was

also discussion regarding how the salaries of the Finance Department is charged against the Utility Fund. The Town Manager also pointed out that this year, the Town can expect to lose money in selling treated water and sewer, with that amount coming off from cash the Town has in-hand. He further pointed out that the Utility Fund was used to pay off a bond, which reduced the amount of funds available, and that this year, the Town might finish June 30th of operating funds at a loss, with July 1st utility fund balance under \$170,000. He also stated that the Tax Fund has money in it, but it is staff's hope that during their watch, that funds do not run out of money. Council Member Moyer questioned why the Water Department was operating with more staff than in years past, since they are making less water. The Town Manager explained the history of the former Superintendent of the Water Plant coming to Council regarding the plant not running efficiently with four people, and now the Water Plant is operating within the permit allowance, with the permit being very specific about running the plant to the permit regulations, without the Town having to pay the Water Plant staff overtime. There was further discussion regarding possibly reconsidering a rate increase in December. It was mentioned that about 45 million gallons of water is not accountable, which equates to about \$188,000 annually. Vice Mayor Walker indicated that he will be available for the next six months and will work with Council Member Cundiff regarding getting the accountability better, further stating that although the Town cannot recoup all of the water, the Town still needs to get a better handle on accountability before passing on to citizens a rate increase. The Mayor still questioned what was being passed on to the citizens. The Town Manager indicated that if the rates are not increased, he will have to meet with the superintendents of the Water Plant and Wastewater Plant to reshuffle their needed capital items.

- Motion was made by Council Member Greer to leave the rates as they are, with motion on the floor being seconded by Council Member Moyer. Let the record show that the motion on the floor passed unanimously by those present.

Page 78, Account 02.5050 Water Treatment Plant CIP items and page 92 (the Capital Improvement Plan) for a list of all WTP projects from FY 2012 to FY 2016: A prioritization of the projects will be presented.

Will discuss during Budget Work Session No. 4 meeting scheduled for May 16, 2011 at 4:00 p.m.

Page 93, Capital Improvement Plan for the Wastewater Treatment Plant projects, specifically upgrading the UV system with \$100,000 coming from FY 2011 and \$100,000 coming from FY 2012. Can we fund the entire \$200,000 in FY 2012.

Will discuss during Budget Work Session No. 4 meeting scheduled for May 16, 2011 at 4:00 p.m.

Employee 2% cost of living adjustment: Cost for the general fund is \$53,023 and cost for the utility fund is \$15,371 for a total of \$68,394.

The Town Manager informed Council that he stands by the recommendation of a 2% cost of living adjustment (COLA). The Mayor stated that he believes that the proposed 2% COLA is a good idea since the Town employees have not had a raise for the past two years, also mentioning that as he has stated in the past, Council cannot balance the budget on the back of the employees. Council Member Moyer stated he is against a percentage raise, and recommended instead a \$600 stipend, with \$300 being given in July and \$300 in December, and doing away with giving the Town employees a Christmas bonus. Vice Mayor Walker stated that he agrees with Council Member Moyer, as very few places are getting raises. Council Members Love and Strickler disagreed and recommended a \$600 bonus be given in July, along with a Christmas bonus in December. The Town Manager confirmed to Council that the COLA helps with the employees' retirement, as the bonuses do not, and that the 2% proposed raise is probably the same amount of funds as the proposed bonus, but one pays longer term. Council Member Moyer asked that Council think about this for a minute, and the employees need to thank God for their jobs. Council Member Greer stated that he appreciates what is being proposed, but doesn't know if the Town taxpayers can give so much. The Town Manager confirmed that the funds would be coming out of the General Fund at a total cost of \$68,000. He also confirmed to Vice Mayor Walker that Franklin County will be giving their employees a \$400 bonus for full-time employees and a \$200 for part-time employees, with Vice Mayor Walker stating that at least the Town is proposing to give their employees more than Franklin County. As there was no resolution to this matter at this time due to time constraints for the regular Council meeting needing to start at 7:00 p.m., the Mayor stated that this item will be discussed further during the Budget Work Session No. 4.

Page 43 Account 01.4304.3000 (Municipal Bldg) contractual (and ES Bldg, Parks, Farmer's Market, and Depot contractual line items): Specifically the \$19,920 cleaning contract. Can the Franklin County trustees perform the services.

Will discuss during Budget Work Session No. 4 meeting scheduled for May 16, 2011 at 4:00 p.m.

SCHEDULING OF BUDGET WORK SESSION NO. 4

Council set the Budget Work Session No. 4 for May 16, 2011 at 4:00 p.m.

ADJOURNMENT

There being no further discussion, the Mayor entertained a motion to adjourn.

At 6:55 p.m., motion was made by Council Member Strickler to adjourn, seconded by Vice Mayor Walker Love and carried unanimously.

Steven C. Angle, Mayor

ATTEST:

Patricia H. Keatts/Town Clerk

/phk