

**ROCKY MOUNT TOWN COUNCIL
SPECIAL COUNCIL MEETING
WORK SESSION
JANUARY 23, 2012**

The January 23, 2012 special meeting work session of the Rocky Mount Town Council was held at the Rocky Mount Municipal Building located at 345 Donald Avenue, Rocky Mount, Virginia at 4:00 p.m. with Mayor Steven C. Angle presiding for the purpose of consideration of establishing priorities for Town of Rocky Mount's Fiscal Year 2012-2013 Budget.

On behalf of the Rocky Mount Town Council, the meeting was called to order by Mayor Angle, with the following members of Council being present:

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

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, 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 include Council's review and consideration of approval for request of a draft resolution pertaining to Trinity Packaging.

- Motion was made by Council Member Strickler to add the requested amendment to the agenda, seconded by Council Member Greer and carried unanimously by those present.
- Motion was made by Council Member Love to amend the agenda as requested, seconded by Council Member Greer and carried unanimously by those present.

DRAFT RESOLUTION PERTAINING TO TRINITY PACKAGING CORPORATION

The Town Manager presented to Council for the review and consideration of approving draft "Resolution of the Town Council of Rocky Mount, Virginia Endorsing the IARTP Request of Trinity Packaging Corporation". He pointed out that on October 11, 2010, Council had approved the same resolution that allows corporate officials of Trinity Packaging Corporation to apply for Industrial Access Railroad Track Funds from the

Commonwealth of Virginia's Department of Rail and Public Transportation in the amount of \$300,000 to build rail siding, and at this time, that resolution had expired and needed to be replaced; therefore, the reason that the draft resolution is before Council once again in order for the resolution to be valid.

The Town Manager confirmed to Council that Trinity Packaging Corporation is still wishing to pursue the rail siding.

There being no further comments, the Mayor entertained a motion.

- Motion was made by Council Member Strickler to approve the draft resolution as presented, with motion on the floor being seconded by Council Member Greer. There being no discussion, let the record show that the motion on the floor passed unanimously by those present.

CONSIDERATION OF ESTABLISHING PRIORITIES FOR TOWN OF ROCKY MOUNT'S FISCAL YEAR 2012-2013 BUDGET

On the agenda to discuss were several items, being:

- Assumptions for Revenue Projections
- Capital Items
- Line Items/Operation Expenses
- Fees and Taxes
- Salaries – COLA/Merit

The Town Manager and Finance Director discussed with Council the following:

- Revenue projections, with them being fairly flat again this year.
 - Currently at 12 cents per \$100,000 for real estate taxes. Will have to do about 14 cents tax rate to keep up with Franklin County's new reassessment, which has lowered property values. Discussed what the Town will stand to lose in tax revenues if the Town's tax rate stays at 12 cents (assuming 100% collection), which should be approximately \$51,345. If the Town goes to 14 cents, the revenue should be approximately \$85,000. This is the fourth year that the Town's real estate rate has stayed at 12 cents. In order to break even, the Town needs at least 13.5 cents rate. At 14 cents, the property owner will see a small increase in their real estate taxes in the amount of approximately \$20 annually. With one 1 cent increase, the Town would receive approximately \$41,000 (with new assessments that Town has to operate from). Finance Director explained how the equation works for the 1 cent to 2 cents. Town Manager explained to Council that the reason staff is asking for information now is so that they can work with the department heads to see how their budget line items will have to be. Finance Director confirmed that Franklin County has indicated that they will more than likely raise the real estate tax to at least 10 cents more. The Finance Director went over the history of the real estate tax increase over the past several

- years, commenting that the Town did lower it to 12 cents four years ago.
 - Finance Director confirmed that the meals tax is holding its own. May see a small increase of approximately 2%, which will equate around \$30,000 to \$40,000 in revenue. Further confirmed that the amount the meals tax can be raised has not been maxed out.
 - Discussed state revenue, with the Finance Director confirming that those funds are used for the Police Department and streets, and as right now, those funds are remaining static.
 - Discussed the cigarette tax. Finance Director informed Council since this was a new tax this year, have left it budgeted at \$250,000. May get around \$110,000 for 11 months. The tax is at 10 cents per pack. Receiving about \$10,000 revenue per month. Explained how this is tracked. Also confirmed that the stamps are pre-sold; thus, this is money in-hand for the Town, with the Town not having to chase the money down. Confirmed that the Town has about 14 to 16 store locations selling cigarettes.
 - Finance Director confirmed that the water and sewer rates, as they are now, will be used for the budget, which was requested by Council during their December 2011 Town Council meeting. Does not see a whole lot of increase in water usage unless a large business or industry locates in the Town that uses a lot of water. Will see small revenue in the fire suppression fee. Have about 50 to 60 accounts for that, and the revenue should be approximately \$600 for one business per year, with a total of approximately \$30,000 in revenue. Still having the Public Works Director, Superintendent of the Water Treatment Plant, and Planner verify the number of businesses that will be charged the fire suppression fee.
 - Discussed that the sales tax will probably decrease. The Finance Director explained that the state now has a new formula that is used, with this being based on the state school age children in each locality. The Town was receiving about 4%, but now it will be getting only approximately 3.5% from local sales tax. Had budgeted to get \$157,000 this year, but will probably see only about \$135,000.
 - Discussed that the estimated new monies coming in is approximately \$120,000 to \$125,000. Finance Director will still need to confirm this.
 - Town Manager explained that when the revenue checks out in terms of budget, it will be very close to what the Town has for the current budget total; and with the projected increases in other smaller revenue increases, it will probably be flat for this upcoming budget, which will almost be identical to what the Town has right now.
- Discussed capital needs, such as:
- Laptop computers for the Police Department; sewer work on State Route 40 West and Scuffling Hill Road; sewer line on Bernard Road; Waste Water Treatment Plant climbing screen at Powder Mill Pump Station; replacing the Public Works Department dump truck; and items for the Fire Department and Police Department that were pushed forward.

- Discussed the costs to replace the in-car laptop computers for the Police Department, which is approximately \$20,000. No vehicles for the Police Department are needed as the Town has leased those vehicles for four years. Total laptops needed are probably eight for next fiscal year. These are the toughbook types that are fixed in the vehicles. They will also need approximately \$6,000 for audio and video equipment for the vehicles, which is a very useful tool from the Town's standpoint when the police officers make traffic stops. The Finance Director confirmed to Council Member Greer how many will be needed.
- Town Manager stated that he believes the Public Works Director is not requesting any capital items that he does not need. The dump truck that needs to be replaced now is 25 years old. Finance Director confirmed that the Town does receive some state funding from Virginia Department of Transportation for such things as snow removal, and only includes street-wise work and not cleaning off parking lots, with the Town having to account to the state what they give to the Town.
- Discussed the vehicles at the Rocky Mount Municipal Building, with the Town Manager stating that they are still short one vehicle. Discussed that he has turned his vehicle over to use as a pool vehicle, but emphasized that he would rather see the Public Works Director get something first. There was discussion about the safety of the Cavalier, with several Council members wishing to see it prior to considering having it replaced.
- Town Manager stated that the Community Development Department has requested funds for playground equipment in the amount of approximately \$18,000, and also requested funds to help make Celeste Park work.
- Town Manager pointed out that the Public Works Director is requesting funds in the amount of approximately \$14,000 to have the meter reading truck replaced due to high mileage.
- Town Manager pointed out that there is a request to refurbish Grassy Hill water tank in the amount of approximately \$60,000.
- Town Manager pointed out that there is a long list from the Water Plant that has been pushed forward from last budget.
- Town Manager pointed out that the Town will be fortunate to do about 20% of everything department heads are asking for. Town Manager confirmed to Mayor that the department heads are prioritizing items they need, and this is one reason he and the Finance Director want the department heads to know what the revenue will be to purchase. He further mentioned that staff is looking for what Council wants.
- Discussed setting aside monies for the music venue, with funding possibility being offset revenue from tax credits. Town Manager explained how this would work, with this possibly having to be submitted as a bond to give something to Council that will have a zero balance.
- Council Member Cundiff opened up discussion regarding the \$97,000 that was set aside in contingency last year for the Water Plant and that it is time to take a hard look at what was set aside. In generality, there was discussion that the replacement motors are suppose to be energy efficient, and that the

Town needs to look at keeping the plant updated. Discussed instead of carrying the \$97,000 forward and that the Town could safely replace the motors, but make sure the figures are up-to-date concrete prices and that it not include the cost for the generator. Also discussed that the replacement of the motors do not need to be new monies. Discussed what the old motors could be used or sold for, which would probably be scrap metal.

- Town Manager mentioned that the Public Works Department, Water Department and Waste Water Treatment Department have their expenses way down because they have cut their expenses at the projected budget right now. Discussed what the Water Department has currently spent. The Town Manager indicated that both the Water Department and Waste Water Department have come in below their budgets.
 - Discussed needing an update from the Planner on the information he is working on (specifically, water accountability). The Assistant Town Manager confirmed to Council that the analysis of the information is ongoing but should be completed by the end of this month. The Town Manager stated that this information will be going before the Public Utilities Committee.
 - Town Manager explained that the Town has been getting requests from businesses on State Route 40 West for sewer. He explained the proposed sewer line on Scuffling Hill Road and how it would tie-in to the one being proposed for State Route 40 West. He further explained that the Public Works Director believes the sewer line is needed and that the Scuffling Hill Road one needs to be done first. Regarding proposed sewer lines, also discussed the proposed sewer line by the Public Works Director for the proposed development in Franklin Heights Subdivision that is located at the corner of Bernard Road and Cornell Drive. The Town Manager explained that legally, the Town has to provide sewer to the property line if that development is ever built.
 - Discussed how much debt service was saved when the Town paid off the Franklin Heights Subdivision water/sewer project, with the Finance Director stating that she believes it will be approximately \$120,000. Discussed that at some point, the Town should build its fund balance back up.
- Discussed line items, such as:
- Approximately \$22,500 for outside agencies set aside in this year's budget, which is greatly reduced from previous years. Don't see these contributions changing dramatically, but discussed Council maybe wanting to reduce it down to \$20,000 total funding for outside agencies.
 - Special events: just shy of \$16,000, with these funds coming out of the Community Development's budget. Went over list of what the special events were (i.e., the Crooked Road and Footlights of the Blue Ridge).
 - Still transferring meals tax into the utility funds, which is typically used to balance the budget at the end of the fiscal year.
 - Already discussed meals tax; plan to adjust real estate tax to 14 cents per \$100; proposing to stay at 51 cents per \$100 on personal property tax.

- Discussed that Public Works Director believes that the garbage pickup fees should be increased from \$4 per month to \$6 due to the amount of work that goes into it, and that to break even, the amount should be \$13 monthly. The Finance Director went over what the \$6 monthly fee covers, and confirmed to Council Member Greer that she would get back with him on how many businesses use the Town garbage pickup. Discussed that Council may want to consider increasing the business garbage pickup from \$8 per month to either \$14 or \$15, with this increase not hurting residential users.
- Discussed that the dump truck rental brings in approximately \$300 annually.
- Discussed some localities doing away with the vehicle decals and rolling it into a tax. The Finance Director explained to Council that if Franklin County ever does this, the Town would probably consider following suit, but at this time, having people purchase the auto decals is the best way the Town can make sure people pay their real estate and personal property tax, as they cannot get the decal without doing so. Further stated that this is the easiest collection tool the Town has because if someone does not pay their taxes, they cannot get a vehicle tag with Division of Motor Vehicles. Confirmed to Council that the vehicle decals bring in approximately \$90,000 annually. It was also discussed that somehow the Town needs to relay to the public the importance of being able to collect the taxes, with that being covered by having people to actually buy their vehicle decals, which is a good collection tool to help keep taxes from being increased.
- There was no suggestion from Council on changing any fees at this time.
- Regarding COLA, the Town Manager informed Council that they have a good group of people working for them and that there had been no employee raises since 2008. He further stated that his preference would be to put something in for COLA, suggesting a 2.5% cost of living raise. The Finance Director confirmed to Council that the bonus given to employees this budget year totaled approximately \$39,000. The Mayor mentioned that the bonuses were nice, but still is not a cost of living raise, further mentioning that things are not getting cheaper and it is now going on four years since the Town employees have had a raise, and it is time for the Town to bite the bullet on this; thus, the Mayor asked the Town Manager and Finance Director to look at COLA at a flat rate, 1.5% and 2.5%. Council Member Moyer stated that he believes everyone knows how he feels about this, and he feels like the Town has good employees, but everyone has had to tighten their belts and the Town needs to tighten theirs also, and when the bucket is empty, it is empty. There was brief discussion regarding the economy overall.
- The Town Manager and Finance Director confirmed to Council that the Town has yet to get real numbers on the health insurance, and that the Town partners with the County to get lower rates; that the County has looked at other companies to get better rates, with the County Administrator being pretty good at trying to get the lowest rates. May be looking at possibly a 10% increase in health insurance costs, which would be about \$40 per employee; \$120 for family; and it will be up to Council on how to pay this. Past several years, Council has picked up the extra expense because

employees have not had a raise, and if Council had not picked up the extra expense in the health insurance coverage, employees would have had a decrease in their paychecks.

The Town Manager and Finance Director informed Council that they will begin working on the budget with the department heads, and that they will forward a budget calendar to Council for approval. The Finance Director did confirm that the plans are to have the proposed budget to Council by March 30, 2012.

ADJOURNMENT

At 5:23 p.m., motion was made by Council Member Greer to adjourn, seconded by Council Member Strickler and carried unanimously.

Steven C. Angle, Mayor

ATTEST:

Patricia H. Keatts, Town Clerk

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