

**ROCKY MOUNT TOWN COUNCIL
FISCAL YEAR 2020
BUDGET WORK SESSION NO. 2
APRIL 11, 2019**

The April 11, 2019 Fiscal Year (FY) 2020 Budget Work Session No. 2 meeting of the Rocky Mount Town Council (here after 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 Billie W. Stockton
- Bobby M. Cundiff
- Mark H. Newbill
- Robert L. Moyer
- Jon W. Snead
- Gregory B. Walker

The following staff members were also present:

- Tim Burton, Wastewater Treatment Plant Superintendent
- Ken Criner, Police Chief
- Rebecca Dillon, Town Clerk/Executive Administrative Assistant
- C. James Ervin, Town Manager
- Mr. Edward "Jeff" Gauldin, Water Superintendent
- Amy Gordon, Assistant Finance Director
- Matthew Hankins, Assistant Town Manager
- Mark Lovern, Lt. of Patrol
- Brian Schofield, Public Works Superintendent
- Linda Woody, Finance Director
- Allan Arrington, Lt. of Investigations

The meeting was called to order by Mayor Steven C. Angle.

APPROVAL OF AGENDA

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

Motion: To approve the agenda

Motion By: Council Member Snead

Second: Vice Mayor Stockton

Motion Discussion: None

Ayes: Cundiff, Newbill, Moyer, Snead, Stockton, Walker

Nays: None

Action: Approved the agenda by a unanimous vote

UTILITY FUND

Utility Operating Fund Revenues:

Rent of Property on Page 68 under Miscellaneous Revenue on line 0201 was \$99,852 that was proposed for FY2020. The revenue that was proposed was from cell tower rent. In 2019 the Town had 2 towers but in the year 2020, the Town will have 4 towers.

Water System Operations:

There was an increase of \$5,000 for maintenance performed in Contractual Services which was for getting the lower Grassy Hill tank back online. Also, in line 5100, Utilities \$30,000 was the trend.

Meter Reading:

There was a decrease in line 1001 for Wages for Full Time which was reduced from FY2019.

Line 3000, Contractual Services there was an increase due to the new meter reading software and software maintenance. The Town is about 2/3 finished toward the goal of meter replacements in the Town. Staff have completed approximately 2,100 meters out of a total of about 3,000. Ms. Woody stated the Town was on track to finish up this summer.

Council Member Cundiff asked how the Town would save the labor costs that the "Town would not be spending from less time spent meter reading. Ms. Woody stated that the meter readers would spend less time on meters and more time on streets so the cost would be transferred to the streets account.

WATER TREATMENT

Water Treatment Plant:

The Water Treatment Plant had an increase in cost for chemicals. Proposed for FY2020 was \$87,000. There were no other cost changes noted.

SEWAGE TREATMENT

Sewer System Operations:

The trend numbers of \$56,000 was to continue to keep up with the trend since the Town had received so much rainfall in the past year.

Also, the increase in chemicals and materials was due to all of the rainfall over the past year.

Wastewater Treatment Plant:

There were no changes in this category.

NON-DEPARTMENTAL UBUtility Billing & Administration:

Line 3000 on page 81 there was a decrease in Contractual Services of \$10,122 which was due to the finishing up of the Town Staff consultations.

Council Member Newbill asked if the Town was recovering the cost of the Town allowing customers to use a credit card. Ms. Woody then began to explain that the Town has a signed contract with VISA and MasterCard that does not allow them to charge the customer a consumer fee. Ms. Woody further explained that the Town could only charge the customer if the card was not present for utility bills over the phone. The Town can also charge the customer for tax payments but if the customer comes in person, the Town cannot charge the convenience fee for utility payments. The contracts that the Town signed with VISA and MasterCard do not allow for the Town charging a convenience fee to recoup the actual costs the Town pays to process a credit card charge if the customer is in person. At the most, the Town is charged \$6,000 per year for being able to offer customers to use a credit card. The percentage of customers that paid by credit card was approximately 11%. The convenience fee that the Town charges is 2 ½%.

Utility Fund Non-Departmental:

Depreciation – Water for (\$30,242) line #9960
 Depreciation – Sewer \$35,304 line #9961

UTILITY CAPITAL FUNDUtility Capital Fund:

Utility Capital Fee – Regarding Water; there was a 5.0% increase and in Categorical Aid, the FEMA Grant for the Water Treatment Plant generator was figured in at 100.0% or \$150,000.

Utility Fund Capital Projects Fund Expenditures:

The project that was discussed in regard of Water Distribution was that the old Grassy Hill tank and telemetry system was refurbished at \$70,000. The Grassy Hill tank holds 200,000 gallons of water. The Grassy Hill tank will be a backup water source for the Town that could be used when needed.

The two projects that were discussed in regard of the Water Treatment Plant was the pick-up truck and snow blade for \$36,000 and the generator (grant funded) for \$150,000. The truck and

snow blade would allow the Water Treatment Plant to be able to push their own snow in the winter while the Town would be busy removing snow from the Town streets.

In regard of the generator, Mayor Angle asked how often would the Town Water Plant be without power. The power outages in terms of areas are larger now than what the outages used to be previously and therefore, when the Town is out of power, it stays out for longer.

Mr. Gauldin stated that during the past events with power outages, the Town struggled with possibly having to send for a generator but all of the agencies that were contacted were without generators at that time. The only generator that Mr. Gauldin could locate was in North Carolina; 4 hours away and the Town could not wait the amount of time it would have taken to have it brought to the Town.

Council Member Cundiff asked if the Water Treatment Plants power box was large enough to handle the generator that was being proposed which was a 300 kva generator. The Water Treatment Plant Superintendent explained that the plant power box was already equipped with a transfer station for such a generator.

Council Member Newbill suggested building a shed to cover the generator when it arrives as the shed will prolong the life of the generator.

Under Wastewater Treatment & Collection, there were 3 projects which were replacing the #1 main pump station pump for \$50,000; replacing the Ann Sink Street water and sewer line for \$80,000; and replacing the slip line South Main sewer line on East Court Street to Lawndale Street for \$190,000.

Under Wastewater Treatment Plant, there was a replacement 1992 John Deer Tractor proposed for \$35,000. Mr. Burton stated that he needed a 4-wheel drive tractor to push snow and equipment that had lifting capacity for some of the chemical supplies that the Wastewater Treatment Plant receives. Mr. Burton stated that he needed at least a 3,000 pound lifting capacity.

In Public Works Equipment, proposed were machinery and equipment which was a ½ ton John Deer loader and equipment for \$91,500. One half of the cost was in Public Works and the other half was in the General Fund.

On page 89, line 9000 was the New Debt Service of \$1,000,000 for 10 years at 4% for \$121,494 and the Contingency of \$60,000 that was included in the budget each year.

HARVESTER PERFORMANCE CENTER OPERATING FUND

Overview: Harvester Operating Fund:

Performance related expenses were covered by performance related revenues separately and were not shown in the Proposed Budget as they are not classified as Town revenues or Town expenses.

Performance Venue Revenues; rent was \$85,200 and there was a transfer from the General Fund (fund balance) for \$355,484. The transfer was cut 10% in the FY2020 Proposed Budget.

Council Member Cundiff stated that he was told the \$85,200 would be paying the \$7,100 a month rent payment for the Harvester Performance Center. However, there was \$53,568 listed in Contingency, which was funded by rent. The \$53,568 was only a part of the rent for the Harvester Performance Center. Ms. Woody stated that the \$85,200 was all rent and the rent was coming from the Economic Development Authority. Council Member Cundiff asked the question, where was the reduction? Mr. Ervin explained that the target reduction in funding took the Town down to \$355,000 and the Harvester's contribution to their own operations of \$85,000 resulted in a surplus of \$53,568. The Harvester only had expenses of \$390,000 that resulted in a contingency that was allowed by Council as a body to roll over into a fund balance, which was what gave Council money in the bank regarding the Harvester. The contingency cannot be spent without Council's blessing and appropriation. The contingency cannot be used by Staff voluntarily. The contingency can only be used for what Council deems.

Vice Mayor Stockton asked if the trend continued into FY2020 with the decrease of 10%, would the decrease continue next year in FY2021. Mr. Ervin stated, yes the Town would decrease another 10%.

Performance Venue Revenues:

There would be rent on the building for \$85,200 and a Transfer from Other Funds (fund balance) of \$355,484.

Performance Venue Expenses:

Council Member Walker inquired about Contractual Services, an increase of \$17,985 and Custodial Services of \$6,500. There would be a Contingency Fund of \$53,568 funded in part by rent.

CAPITAL IMPROVEMENT PLAN

Town of Rocky Mount Proposed 5-year Improvement Plan Fiscal Years 2020-2024

The CIP was comprised of three funding sources – those items funded through the General Fund, those items funded through the Utilities Fund, and those items funded through outside sources such as grants, bonds, loans, or possibly fund balance. Ultimately Council must decide how to prioritize the Town's operating and capital needs with the available assets.

Key projects during fiscal years 2020 through 2024 include the Police K-9 dog being replaced; police vehicles and equipment for those vehicles as well as needed equipment and vehicles for the Public Works Department. Regarding the 5 year Capital Improvement Plan, there was a manhole leveling system for \$10,000 for the Public Works Department.

Lastly, on page 131, under Water Plant and Wastewater Plant there were 2 lines that were not new positions but rather positions to move Town employees into with a new title and a change in pay. This was to prepare each of the respective departments for when their department heads would retire.

It was determined that a 3rd Work Session would not be necessary.

Mayor Angle asked for a motion to authorize Staff to advertise for a Public Hearing for the FY2020 Budget on May 6, 2019 at 7:00 p.m.

Motion: To advertise the FY2020 Budget as presented and hold a Public Hearing on May 6, 2019 at 7:00 p.m.

Discussion: None

Motion By: Vice Mayor Stockton

Second: Council Member Walker

Motion Discussion: None

Ayes: Cundiff, Moyer, Newbill, Snead, Stockton, Walker

Nays: None

Action: Approved by a unanimous vote.

ADJOURNMENT

Motion: To adjourn meeting

Time: 6:17 p.m.

Motion By: Council Member Moyer

Second: Council Member Walker

Motion Discussion: None

Ayes: Cundiff, Moyer, Newbill, Snead, Stockton, Walker

Nays: None

Action: Adjourned by a unanimous vote.

Steven C. Angle, Mayor

ATTEST:

Rebecca H. Dillon, Town Clerk