MINUTES OF A SPECIAL MEETING OF VINTON TOWN COUNCIL HELD AT 6:00 P.M. ON TUESDAY, APRIL 30, 2013, IN THE COUNCIL CHAMBERS OF THE VINTON MUNICIPAL BUILDING LOCATED AT 311 SOUTH POLLARD STREET, VINTON, VIRGINIA.

MEMBERS PRESENT:	Bradley E. Grose, Mayor William W. Nance, Vice Mayor I. Douglas Adams, Jr. Matthew S. Hare
MEMBER ABSENT:	Robert R. Altice
STAFF PRESENT:	Christopher S. Lawrence, Town Manager Susan N. Johnson, Town Clerk Ryan Spitzer, Assistant to the Town Manager Barry Thompson, Finance Director/Treasurer

Roll Call

The Mayor called the regular meeting to order at 6:00 p.m. The Town Clerk called the roll with Council Member Adams, Council Member Hare, Vice Mayor Nance, and Mayor Grose present. Mr. Altice was absent. Mr. Hare asked that we remember Mr. Altice during our Moment of Silence. After a Moment of Silence, Mr. Adams led the Pledge of Allegiance to the U.S. Flag.

The first item on the agenda was further review of the cost of Service Study/Water and Wastewater Rates. The Town Manager commented we need to hear from Council how they want to proceed regarding the water/wastewater rates and the amount of general obligation bond debt.

Concerning the general obligation bond, we know the amount we are obligated to borrow for the Tinker Creek Wastewater Interceptor Project as well as our obligation to the Western Virginia Water Authority Wastewater Plant Project. The proposal in the rate study would be to borrow additional funds for some other capital projects to bring the total debt to $2 million. The projects were outlined in the prior presentation in April.

The Town Manager summarized the projects to be funded by an additional $500,000 bond amount. One project is the Jefferson/Cleveland/Jackson waterline project. The cost to do Phases I and II would be approximately $300,000. Most of the waterlines in that area are two inch in diameter, which is fine for everyday use, but they do not function for institutional uses such as the old Roland E. Cook building and for needed fire suppression. Regarding the Roland E. Cook building, any developer could put a water tank on the property, at their expense, to handle fire protection.

On a side note, the Town Manager commented that the new property owners of the Clearview Manor apartments

have applied for a permit to build a water tank, but they plan to put it inside a building.

There are other waterlines in the Town on the five to ten year plan for replacement, but they are not as old as the Jefferson/Cleveland/Jackson system. Phase III of this project at a cost of $400,000 is shown in the CIP plan for 2016, which is the next two-year bond cycle.

There is $85,000 of capital projects in the current budget that we feel we can afford with cash on hand. A backhoe/front end loader and three pickup trucks are on the schedule to be replaced and a five-year lease is proposed to be included in the total bond for these items. The Town Manager commented that we will have enough in this year's utility fund to pay for the mobile generator discussed at the last meeting.

In 2015 there is listed $550,000 in debt with the WVWA which is kept on their books and the Town's rate will increase at that time to cover that cost.

Vice Mayor Nance commented that the rate study is something we anticipated and it has been put off for several years. That side of the budget has to not only pay for itself year-to-year, but also needs to include funds for investment in infrastructure. He stated that his concern is how it all works into the budget as a whole.

Mr. Hare asked Mr. Thompson about changing the billing cycle from bi-monthly to monthly. Mr. Thompson responded that there will be an increase in cost of postage and the billing process itself. There will also be additional administration cost on the collection side. Now there are 18 days of collection from the time the bill is sent out to the time the bill is due. Also, there is a cut-off cycle of every 45 days which would change to just about every month, but he hoped would decrease with a monthly billing. An average of 600-700 second notices are currently sent out.

Mr. Thompson further commented that he is currently discussing automated readings of meters with two companies. He thinks that needs to be part of the equation if we go to monthly billing. The Western Virginia Water Authority bills monthly, but they estimate every other month and he would not want to follow that process. Automated reading would be more efficient. Also, we are losing revenue with our older meters and if they were replaced, there is a possible gain of 4-5%.

Mr. Hare commented that he thinks monthly billing makes the most sense because you can find any problems

quicker and we now have access to tools that we did not have five years ago. Also, as people sign for electronic payments, that will make the job easier. He further stated that he fully supports the increases because we need to be reinvesting back into the system. Monthly billing will help the citizens by dividing the charges into smaller payments.

Mr. Thompson commented that he could not go to monthly billing effective July 1st, but within the year we would want to consider going monthly. It will cost about $178-185 per meter to change them out if we went automated. There was some discussion about just doing commercial accounts first or certain sections, more concentrated neighborhoods.

Mr. Hare asked what would we get with Phase I and Phase II of the Jefferson/Cleveland/Jackson project and the Town Manager said he is not sure. It will be determined by the engineering and project costs and how much we can do in-house. The more we can do in-house, the more we can stretch the bond dollars significantly.

The Mayor commented that the effect of the increase on our customers' bills is an important consideration. However, he is concerned about waiting any longer. One consideration is the inflation factor and right now there are some very attractive bond rates and there are some projects that we need to start chipping away at.

Mr. Adams commented that we do have a lack of fire protection in this area of Town which is also near the proposed new library site. The problem will not go away nor will it get any cheaper. Mr. Adams also commented that the more we can encourage customers to go to the electronic payments it will help with the added cost of going to a monthly billing system. Mr. Thompson responded that they have had a tremendous response in this area. He is not opposed to going to monthly billing, but we have to realize there will be additional costs involved.

Mr. Hare asked if Mr. Rogers had seen localities that give a discount to customers who switch to electronic billing. Mr. Thompson said we do not charge the convenience fee for payment by credit card, we are absorbing that cost. We do charge a fee for the tax payments which is required by law.

The next item on the agenda was a briefing on the general obligation bond debt proposal. Courtney Rogers from Davenport & Company made comments regarding the pros and cons of financing the debt for 30 years. The

Virginia Resource Authority has created a summer pool for funding and the application is due on Friday, May 3rd. They will come to market in July and close in August which will fit with our time schedule.

Another option, called dual approach, lets us apply with the VRA, which has no cost, and also send out an RFP to banks to ask them for a 20, 25 and 30 year rate and can also ask VML/VACo. We can then gather all the data and bring back to Council in June with a recommendation of the best funding option. If you choose a bank, they will have locked in their rate and will be expected to close within two weeks of Council's action. It may be that the rates are so good that we would recommend a 20-year loan. Mr. Thompson commented that we have outstanding debts with the VRA and VML/VACo that gives an opportunity to refund with either one.

Mr. Thompson asked if the proposal would be for Revenue bonds or General Obligation (GO) bonds and the response was the strongest credit would be GO bonds. After further comments, Mr. Thompson indicated the Town does have some revenue bonds, but he would prefer GO since we have that capacity. A revenue covenant is much more stringent.

The Town Manager then commented that we need some direction from Council regarding how much to put on the application with the VRA. The Public Hearing on the budget will be on May 21st and the budget will be adopted at the June 4th meeting. Mr. Rogers then stated that whatever resource is chosen to provide the funding, a Public Hearing will be required. That Public Hearing can also be on May 21st to approve the debt for a certain amount and on June 4th action can be taken on the details of the lender.

The Town Manager asked again how much Council would want to apply for and if they are in agreement with the Friday application deadline with the VRA. Further comments and discussion was had regarding the five-year lease for the heavy equipment as part of the bond.

Mr. Hare asked if we really did well with the bond rate and were able to do a 20-year instead of a 30-year, would be borrow more while it is cheaper? Mr. Rogers commented that you need to have a project to spend it on and can you spend it in within a three-year period according to IRS requirements. Also, if we decided to borrow more, they would have to go back through the process again.

The Mayor asked if we need a motion or a consensus of Council and all of Council gave their consensus to proceed with the application with VRA for $2 million. Also, they agreed to allow an RFP to be sent out to solicit other funding sources and to have the Public Hearing on May 21st to approve the debt amount.

Consensus of Council to proceed with application to VRA for $2 million, to allow an RFP to solicit other funding sources and to have the Public Hearing on May 21st to approve the debt amount

The next item was a review of Council's budget. The Mayor asked for a reminder of what the Tri-County Lake Administration does and the Town Manager responded that they are in charge of keeping Smith Mountain Lake clean in partnership with AEP. The Town has funded them in the past. We cut them out of the budget in 2009, but it is recommended to fund them $500 in FY2014. The Town Manager commented that the RVTV amount will be $15,317 instead of the $18,190 shown.

Mr. Adams commented and requested an additional $1,000 for the Needy Family fund which helps the children and families at Clearview Manor at Christmas. The Town Manager stated that the only new community contributions that he included was the Mountain View Human Spay/Neuter and the Tri-County Lake Administration. A question was asked about funding Manna Ministries and the response was that we provide in-kind services through police patrol which they would rather have than a cash contribution. Vice Mayor Nance suggested decreasing the amount to the Tri-County Lake to $250, give $250 to the After-Prom Committee for the William Byrd High School and an extra $500 to the Needy Family Fund.

The Town Manager commented that the joint local governmental services amounts are contractual. The contributions to the Volunteer Fire and EMS departments are level funding for next year. The Council operating budget was next reviewed and discussion was had regarding the upcoming VML Conference to be held in Arlington County.

The next item was a further review of the CIP. The Town Manager clarified that there are two items on the CIP list that must be done this fiscal year—one is Walnut Avenue Corridor Improvement, which is our obligation to VDOT for our part of the new bridge and the second is technology and the replacement of our file server. The pedestrian bridge match is included which is contingent upon receiving the revenue sharing funds from VDOT, which we anticipate will happen.

The Mayor commented that the additional revenue from a cigarette tax increase would fund this CIP along with

some compensation adjustments for the employees. The Town Manager said the budget does not specifically include compensation adjustments, but there is a contingency amount of $67,000 available without raising any rates. The increase in the cigarette tax if approved would generate around $160,000 in revenue.

The Town Manager commented that to stay on our schedule we need to advertise the Public Hearings next week for the May 21st meeting. The Mayor then asked Council for their comments regarding the advertisement. Mr. Hare indicated he has no problem advertising the way it currently is because it will offer an opportunity for public comments.

Vice Mayor Nance commented on his concerns about the budget as a whole. It seems we are pulling a lot of levers at one time and each of them has an impact at the end of the day on our citizens' wallets. He mentioned the need to fund the CIP before the stormwater projects come up. The Town Manager commented that since the CIP is a five-year planning document, various stormwater projects in key areas of Town were included to provide a basis for what some of those costs will be in the future. Vice Mayor Nance next commented on the contingency fund idea and stated that he would rather have funds earmarked in the budget so that the citizens can see what the funds are being spent on. The contingency fund is almost the same amount that will be raised by the cigarette tax increase. He does not want to support a tax increase that will be for unallocated funds just to have flexibility throughout the year. Mr. Adams commented that this fiscal year we had emergency purchases that were not budgeted items and if we do not have something set aside, where will we get the funds next year?

The Mayor commented that the surplus this year was due to long-term vacancies in the Police Department and because staff has worked hard to maintain and/or trim their budgets. He indicated he appreciated the Vice Mayor's comments because it is incumbent for Council to watch every percent and the citizens deserve and expect that from us.

The Mayor then commented that as a town in Virginia we only have a few resources for revenue, but yet we have this huge responsibility to make sure our quality of life is maintained and that we are prepared for the future. It is incumbent upon us to use those resources.

Regarding the advertisement for the budget, the Town Manager clarified that the advertisement is for the proposed budget that has been presented to Council. Any changes

suggested tonight or after the Public Hearing will be made before the final budget is approved.

Vice Mayor Nance next commented on employee compensation indicating he is not in favor of a combination bonus and raise. He cannot support a bonus if we are attempting to raise revenue to get money for CIP when any leftover surplus can be used for that. He feels like he could support a very small cost of living increase of 1-1/2%.

Approved advertising for a Public Hearing on May 21, 2013 for the proposed budget as presented to Council

Mr. Hare next commented that he does not disagree with the Vice Mayor's assessment of the budget. He also struggles with the cigarette tax increase because statistically the people that will be impacted the most are the people that can afford it the least. We are asking those people to fund CIP items for the entire Town. He stated that we have the option of increasing property taxes and then everyone could share the burden for their town. However, because of our budget cycle, it is too late to use that approach.

Mr. Hare further commented that there are items in the CIP that have been pushed off and he does not feel that we will have the surplus in the upcoming budget. He is in favor of doing some to fund the CIP and also recognizes that the employees are a very valuable resource and very expensive to replace. Mr. Adams commented that we have employees we have to look out for and at the same time there are items that we have to do in the CIP. Where does the money come from otherwise? The Mayor also indicated that he supports funding the CIP and doing something for our employees.

The Mayor commented that he does not like the idea of the cigarette tax increase, but considering the few resources we have; it is a way to see that this Town is going to remain a great place to live. The current rate is $0.20 and the proposal would raise it to $0.35 which is still about $0.20 lower than one of our neighboring jurisdictions. He supports the CIP and doing something for our employees. They have stepped up to bat these past few years and he could live with either a raise or a bonus.

Mr. Hare made a motion to advertise the Public Hearing for May 21, 2013 on the proposed budget as presented to Council; the motion was seconded by Vice Mayor Nance and carried by the following vote, with all members voting: Vote 4-0; Yeas (4) – Adams, Hare, Nance, Grose; Nays (0) – None; Absent (1) - Altice.

The Mayor expressed thanks to all the volunteers and staff that helped to make the Dogwood Festival a success. He asked Council about attending one of the Town Section

meetings and the Town Clerk indicated she would poll Council to see if there is a convenient date for any of them to attend.

After comments by Mr. Adams, the Town Manager gave an update on the transportation projects that the Town submitted to the MPO Committee for consideration. A follow-up meeting of the Technical Committee will be this Friday to further review the projects.

Mr. Hare asked for an update on cleaning up the debris/trash on the hill on Etna Avenue at the entrance to town on Virginia Avenue. The Town Manager responded that staff is working on the issue. Mr. Hare asked about the greenery or landscaping to be placed around the William Byrd School sign and the Town Manager commented that the school has been waiting on Mr. Obenchain. Mr. Obenchain has now decided on a slow-growing juniper bush and he has passed that information along to them. Mr. Hare asked about "No U-Turn" signs at the intersection of Hardy and By-Pass Road. There are poles where apparently there once were signs and the Town Manager said he will check on.

Mr. Adams commented that signs are popping up again on the sides of the road and the Town Manager responded that he will discuss with staff at the next staff meeting.

The Town Manager commented that we are still working on the fireworks issue. The option of using Herman L. Horn as a new location will not work for this year. The two options are bigger shells or another location. It was suggested that possibly signage or roping off the area at the War Memorial would help direct citizens to the areas to sit for the best view.

Mr. Hare moved that the meeting be adjourned, the motion was seconded by Mr. Adams and carried by the following vote, with all members voting: Vote 4-0; Yeas (4) – Adams, Hare, Nance, Grose; Nays (0) – None; Absent (1) - Altice. The regular meeting was adjourned at 8:50 p.m.

APPROVED:

Bradley E. Grose

Bradley E. Grose, Mayor

ATTEST:

Susan N. Johnson

Susan N. Johnson, Town Clerk