**MINUTES**

**COUNCIL BUDGET & FINANCE WORKSHOP**

**FEBRUARY 26, 2020
6:00 P.M.**

Present:

Kyle Fletcher-Mayor Debora Baca-Treasurer

Kenneth Holbrook Earl Carter – Public Works Director.

Harry Kelly Jonathan Johnson – Police Chief

Greg Bailey Kathy Stewart – Main Street Mgr.

Monty Salyer Bob Harrison – IDA Chairman

Tim Boardwine Travis Stanley – Fire Department

Mayor Fletcher opened the workshop for discussion on the 2020-21 budget. He opened the floor for budget requests from department heads and the public.

Main Street Manager Kathy Stewart spoke to the council about the Lyric Project Phase II. DHCD is requiring that the building be functional at the end of Phase II and required a new budget for Phase II which increased to approximately $1.4 million. There is currently $750,000 of funding in place which includes $150,000 additional from IRF that was turned back from another locality. The project was awarded $349,600 from the Tobacco Commission for the buildout of common spaces in Phase II, but due to the budget increase, that work has been moved to Phase III. Ms. Stewart has requested that the Tobacco Commission allow the funding to stay in place for Phase II work, but has not received a reply at this time. There is some money left from Phase I that will pay for A&E in Phase II which is not part of the $1.4 million. She has been working on reducing the budget by removing $90,000 for seating because we have seats stored that could be used. Also, the town workers have been removing old items and debris which will be a savings. Ms. Stewart told the council that the Lyric Project has been ongoing for six years and it needs to move forward. She also noted that she will be applying to VCEDA for $150,000 and to RD for $50,000 for lighting and equipment. Councilman Salyer reviewed the numbers discussed and asked what the town could do to encourage the Tobacco Commission to allow their $350,000 to be used in Phase II which would leave about $200,000 needed from the town if they did allow it. Councilman Sawyers pointed out that if the Tobacco Commission funding is moved to Phase III, we would have that available to begin the next phase. After discussion about how much is needed without Tobacco Commission funding in Phase II, Councilman Sawyers asked if $400,000 from the town would complete Phase II. Ms. Stewart said it would take approximately that amount.

Bob Harrison discussed the Riverside Drive Project. He advised that the DHCD Planning Grant application was approved for $35,000. He discussed the cost of the Jones building purchased by the IDA and future costs toward the revitalization of Riverside Drive which would probably include a façade program similar to the downtown façade project. Mr. Harrison also discussed the proposed Welcome Center that would house the Heart of Appalachia on the piece of property VDOT gave to Russell County. There could be future expenses for a walking bridge crossing the river to connect that site to downtown St. Paul. It seems that DCR and VDOT are interested in that project. Councilman Sawyers asked if there was a specific dollar amount he was seeking for these projects and Mr. Harrison said they are in the planning stages now but there may be

**MINUTES**

**COUNCIL BUDGET & FINANCE WORKSHOP**

**FEBRUARY 26, 2020**

**PAGE II**

future costs. Mr. Harrison also made a request for financial support from the town for Clinch River Days. Ms. Baca noted that in the past, the town has provided tents, tables, and the workforce to assist with the festival. Last year, there was a line item allocation, but she did not believe the Festival had to use it. She would check on that and could include that same amount. Ms. Baca also commented that it appears the Riverside Project may be something the council needs to consider in a capital outlay plan rather than this year’s budget.

Travis Stanley and Earl Carter discussed at length the need for hand held radio equipment for the Fire Department. The cost would be $28,000. Travis said they are eligible to apply for a $25,000 grant from Rural Development for equipment. It is a 70/30 grant but requires a capital improvement plan from the locality. There was discussion about allocating money for a PAR on a new fire department building. Everyone seemed to think that it would be best to wait until after an engineering firm is selected to get their input on a PAR. Following discussion about the total cost of getting all digital radios, Travis said they could do everything for $80,000. Ms. Baca asked Earl if the $10,000 from the Fire Program Fund could go toward that equipment and he verified that it could. Ms. Baca confirmed the amount needed in the budget would be $45,000 considering the $25,000 RD grant and $10,000 Fire Program funds plus the estimated cost of a PAR. There was a brief discussion about Russell County budget cuts to the Fire Department.

Ms. Baca provide a list of requests from Earl Carter and Chief Johnson. Earl informed council members that when bids on the $56,000 pump like the one used during the drought was discussed at the council meeting, he put in his notes that it was approved, but after ordering the pump, he was advised that the council referred it to the budget meeting. Earl said he actually put that it was ordered in his last report. Ms. Baca advised that the council did vote to accept the lowest quote but referred the allocation to the budget committee. Since it has already been ordered and shipped, it will have to come out of this year’s budget and not the 20-21 budget. Earl said when they voted to accept the low bid, he misunderstood as approval to order it.

Earl discussed the items he requested to be considered for the budget. The estimated cost of replacing the current pumps with like pumps at the pump station would cost about $23,000, to replace them with upgraded pumps and controls would cost around $50,000. There was discussion about the need to start saving for replacement of the wastewater plant membranes and a garbage truck. Ms. Baca reminded everyone that the garbage department will be moved to the general fund. There was also brief discussion about a new raw water intake and a sedimentation basin for the grit chamber. Both items are included on the list for developing a capital plan.

Chief Johnson provided his requests for a five year plan. This budget year the Chevy Impala needs to be replaced. He estimated the cost to replace it with a Ford Interceptor to be $42,349 including all of the equipment. The police department has six vehicles, but only five on the road at the present time. Over the following two years, he proposed the need to replace two more vehicles at a similar cost. He used the state bid to estimate the base cost. There was discussion about the age and condition of the current police vehicles. As part of a five year plan, Chief Johnson mentioned the need for a new police department building, but had no proposed location or estimated cost at this time.

**MINUTES**

**COUNCIL BUDGET & FINANCE WORKSHOP**

**FEBRUARY 26, 2020**

**PAGE III**

Ms. Baca asked for guidance on any wage increase she should incorporate into the 20-21 budget. Councilman Salyer asked if the increase last year was 3%. Ms. Baca advised there has not been a percentage increase in several years. Last year, the increase was 50 cents per hour. Chief Johnson requested increasing the three officers at the low end of the police officer scale; Travis Stanley, Matt Smith, and Brigham Jessee by $1.00 per hour. There was a short discussion about taking that into consideration. Councilman Salyer suggested a 3% increase in wages and Councilman Boardwine talked about a percentage increase not helping the lower end of the pay scale as much and suggested 50 cents per hour. Councilman Sawyers talked about evaluations and the need to have some policy in place. Following a lengthy discussion and differing opinions about evaluations, Councilman Holbrook asked Ms. Baca to provide a spreadsheet showing the difference in the cost of a 50 cent per hour increase and a 3% increase. Ms. Baca said she can run the cost of both suggestions and send it out for council review. She will also send the current wage scale for review.

Ms. Baca provided a list of capital improvement items that have been previously discussed. She asked everyone to review the list and add anything that is not on it. She also requested that council members each prioritize their own list before discussing and voting on a plan. Ms. Baca reviewed the debt from the last audit. She emphasized the need to be cautious about taking on any more debt, particularly in the water and sewer fund. The long-term debt at June 30, 2019 was $7,222,947. That number would have decreased since that time due to payments, however, we have also taken on new debt for the downtown comprehensive project. She explained that we are currently transferring between $50,000 and $100,000 from the general fund to operate the water and sewer fund. Moving the garbage department to the general fund is an expected savings, however, additional debt will cause an even greater struggle to balance the water and sewer fund. Mayor Fletcher encouraged the council to be cautious with debt because Dominion tax dollars will continue to decline. Ms. Baca advised that, for the first time in years, the town has overspent in the general fund due mainly to pool renovations, the downtown project costs, and the payment to the IDA for hotel debt. The total debt at June 30, 2019 was $773,000, so it is now less than $700,000. Councilman Holbrook reminded the council that the handicap lift for the pool needs to be added into this year’s budget. It was agreed to finance the $30,000 expense, allocating $10,000 each year for three years.

Ms. Baca said she will create a spreadsheet listing the requests made by the public, the council, and department heads. She continued reviewing items currently on the capital improvement request list for the water and sewer fund; VDH water line replacement project, wastewater plant membrane replacement, and water tank cleaning. Ms. Baca noted that adding the hazardous duty retirement benefit (formerly known as LEOS) increases the retirement percentage in both funds and will cost approximately $18,000 in the general fund and $6,000 in the water and sewer fund. In the general fund, there are several issues that have been controversial and the council will have to determine items they want to remain a part of the capital improvement plan and the priority given to them. The items and estimated costs on the general fund list were reviewed; underground utilities-$300,000; police vehicles (one for 20-21 at $42,349); town hall paving-$20,000 (20-21); town hall awnings and shutters - $10,000 (20-21); park equipment-$20,000(20-21); Lyric Project-$350,000 (20-21); fire department building and police department building;

**MINUTES**

**COUNCIL BUDGET & FINANCE WORKSHOP**

**FEBRUARY 26, 2020**

**PAGE IV**

Riverside Project; decorative light poles-$71,400 (20-21); garbage truck-$120,000; and Hotel Project VCC debt service to IDA-$168,000.

There was discussion about several of these items. Councilman Kelly said he would like to see all of the additional light posts included this year. Councilman Bailey agreed, noting that if we wait, we may not be able to match the ones we are installing now. Councilman Salyer added the $80,000 request for radios from the Fire Department. Ms. Baca said she had noted that addition and will make a specific list that has been requested for the 20-21 budget. Ms. Baca said it will help us with all funding agencies if we can present a capital improvement plan to show where some of our cash assets will be invested. She reviewed the estimated cost for a town manager. Councilman Kelly asked to keep the $3,000 allocation for the Clinch River Festival in the 20-21 budget and the $5,000 for Farmers Market. Ms. Baca said she will include all requests that have been made specifically for the 20-21 budget and council can decide. Councilman Bailey talked about marketing and the possibility of making that a full time position. He also discussed the VDOT HSIP grant to improve the sidewalks, noting that while meeting with VDOT in Richmond, it didn’t sound promising that those grants would be funded, so he suggested that we include sidewalk repair and replacement in the five year plan. Councilman Kelly said the first HSIP grant was awarded for about $700,000, but it doesn’t look like the second round award will be funded. Councilman Sawyers requested that we reach out to the school to see what their needs are for the upcoming year so that we have an idea what to consider for the budget. Councilman Bailey stated concern about the lack of cooperation from the school on use of the football field. There was further discussion about monetary support, mowing and maintaining the school grounds and possibly terminating the lease on the football field. Councilman Bailey asked that this matter be placed on the next regular meeting agenda.

Upon questions by Councilman Sawyers, Ms. Baca explained that any revenue over expenditures in the general fund can be seen in the “Contingency” line item

There being no further comments on budget items, Ms. Baca said she will start to work on a draft of the 1920-21 budget before the next budget meeting is scheduled.

Mayor Fletcher adjourned the workshop.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Mayor

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Town Clerk