

A regular meeting of the Council of the City of Bedford, Virginia, was held in the Council Hall of the Municipal Building at 7:30 p.m., March 11, 2008.

Members present: Mayor W. D. Tharp; Councilwoman Mary L. Flood; Councilman Jeffrey B. Hubbard; Councilman C. G. Stanley, Jr.; Councilman James A. Vest; and Vice Mayor Robert T. Wandrei.

Members absent: Councilman Thomas M. Padgett

Staff present: City Manager Charles P. Kolakowski; City Attorney W. W. Berry, IV; and Clerk of the Council Teresa W. Hatcher.

Mayor Tharp opened the meeting and led all present in saying the Pledge of Allegiance to the Flag.

Mayor Tharp declared that the minutes of a regular Council meeting held on February 26, 2008, were approved as distributed.

The following individuals gave presentations regarding FY 2008-09 budget requests for their organizations:

- Bedford Area Chamber of Commerce, Susan Martin, President, \$10,000
- Bedford Area Family YMCA, Mary Jo Boone, Executive Director/CEO - \$10,000
- Bedford Hospice House, Inc., E. Thomas Messier, \$10,000
- Bedford Life Saving and First Aid Crew, Inc., Janie Inge - \$60,000
- Bedford Museum, Doug Cooper, Manager - \$7,500
- Bedford Ride, Ira Doom, Administrator - \$15,000
- Historic Virginia Chapter of American Red Cross – Victoria Johnson, Executive Director - \$15,000. Ms. Johnson gave a power point presentation regarding the “Safe Haven” program.
- National D-Day Memorial Foundation – Col. William McIntosh - \$50,000

Agenda item “ Presentation – Bedford Habitat for Humanity was not considered, as a representative did not attend the meeting to make the presentation.

City Manager Kolakowski reported that Valerie Wilson, Commissioner of the Revenue, appeared before the Finance Committee on February 26, 2008, and recommended certain procedural changes in respect to the taxation of tangible personal property. The Committee directed the City Attorney to prepare an appropriate ordinance. The City Manager reviewed the following information with Council.

The existing City Code (Section 54-100) addresses filing of returns and the date of payment of tax. The actual imposition of a tax levy is made under a specific ordinance passed each year. A sub-paragraph A has been added to Section 54-101 which states that there shall be a personal property tax upon certain classifications of tangible personal property at the rate established each year by the City Council. A new paragraph B has

been included to exempt household goods, personal effects, and farm animals and farm machinery.

A new paragraph C has been included to adopt a procedure set forth in the State Code allowing an alternative method of filing returns for tangible personal property tax returns for motor vehicles, trailers and boats. Under procedures that had been in place for a number of years, the Commissioner of the Revenue has mailed a combination tangible personal property return and City decal application to taxpayers and the personal property return portion of the form was retained by the Commissioner to be used in assessing personal property taxes. Under the proposed procedure, the Commissioner will be allowed to assess personal property taxes based on the last filing of the taxpayer and the taxpayer is required to keep the Commissioner informed of any changes in property, ownership and addresses. A new return will be required only in those years when there has been a change. For this reason the new procedure is generally referred to as a "file by exception" system. Bedford County and Lynchburg are currently using this new system.

The file by exception system of assessing motor vehicles, trailers and boats will simplify matters for citizens of the City and will avoid extensive administrative costs that otherwise would be required to adjust the City's new computer programs and the costs of printing, mailing, and handling tax return forms each year when there have been no changes in ownership. Annual returns for business and machinery and tools will still be required.

The proposed ordinance has been posted in accordance with City Code requirements.

The City Manager stated that Council is requested to enact the ordinance amending and re-enacting Section 54-101 pertaining to tangible personal property taxation and filing of returns.

On motion by Councilman Vest, seconded by Vice Mayor Wandrei, voted upon and carried by a roll call vote, Council adopted the ordinance amending and re-enacting Section 54-101 pertaining to tangible personal property taxation and filing of returns. Roll call vote follows:

Councilwoman Flood	aye
Councilman Hubbard	aye
Councilman Padgett	absent
Councilman Stanley	aye
Councilman Vest	aye
Vice Mayor Wandrei	aye
Mayor Tharp	aye

The ordinance follows as adopted:

AN ORDINANCE AMENDING AND RE-ENACTING SECTION 54-101 PERTAINING TO TANGIBLE PERSONAL PROPERTY TAXATION AND FILING OF RETURNS

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF BEDFORD, VIRGINIA

Section 1. Section 54-101 of the City Code is amended and re-enacted as follows:

Section 54-101 Personal property, machinery and tool and merchants capital tax:

A. Tax Liability. Unless exempted from taxation, there shall be a personal property tax at the rate established each year by the City Council on all taxable tangible personal property including property separately classified in Code of Virginia Section 58.1-3503 (subdivisions 1 through 18), and machinery and tools employed in a trade or business, as separately classified in Section 58.1-3507.

B. Exemptions. Household goods and personal effects as classified in Section 58.1-3504 and farm animals, grains, agricultural products, farm machinery, farm implements and equipment as classified in Section 58.1-3505 are exempted in whole from tangible personal property taxation.

C. Tax Returns. Returns of Personal Property, Machinery, and Tools Employed in a Trade or Business shall be filed on or about May 1 of each year on forms prescribed by the Commissioner of Revenue. The owner of every motor vehicle, trailer, or boat taxable in the City shall file a tax return for the vehicle with the Commissioner of the Revenue sixty (60) days of the from the date the vehicle acquires situs or becomes taxable in the City. This tax return shall be the basis for the assessment of the motor vehicle, trailer, or boat in all subsequent years in which the Commissioner of the Revenue has not been informed of a changed in the address or name of the owner of the motor vehicle, trailer, or boat or of a change in the situs or ownership of the motor vehicle, trailer, or boat. Such owners are required to file a new personal property tax return with the Commissioner of the revenue within sixty (60) days of any (i) change in the name or address of the person or persons owning the vehicle; (ii) a change in the situs of the vehicle; (iii) any other change affecting the assessment of the personal property tax on the vehicle for which a tax return was previously filed; or (iv) any change in which a person acquires one (1) or more vehicles for which no personal property tax return has

been filed with the City. Returns of all semi-trailers with a situs within the City on January 1 shall be filed on or before May 1 of each tax year.

D. Payments Dates. City taxes on tangible personal property, machinery and tools shall be due in November of the year in which they are assessed and must be paid on or before December 5 to avoid penalty.

Section 2. This ordinance shall be effective January 1, 2008.

City Manager Kolakowski reported that Valerie Wilson, Commissioner of the Revenue, appeared before the Finance Committee at its meeting on February 26, 2008, and recommended that the tax upon cattle, sheep, goats and farm machinery and farm implements to be assessed for the year beginning January 1, 2008, and ending December 31, 2008, be repealed. The Committee directed the City Attorney to prepare an appropriate ordinance.

The City Manager said the Commissioner of the Revenue reported that over the years the tax revenue from this class of personal property had decreased drastically with the loss of open farm land, which had been converted into real estate development within the City. Average current revenue for this class of property is just over \$300 annually. She recommended repeal of the tax upon this class of property due to administrative difficulties and the small amount of revenue that was produced. The proposed ordinance repealing the tax has been posted in accordance with City Code requirements. Mr. Kolakowski stated that City Council is requested to enact the ordinance repealing the personal property tax upon farm animals and farm machinery.

On motion by Councilman Stanley, seconded by Councilman Hubbard, voted upon and carried by a roll call vote, Council adopted the ordinance repealing the personal property tax upon farm animals and farm machinery. Roll call vote follows:

Councilman Hubbard	aye
Councilman Padgett	absent
Councilman Stanley	aye
Councilman Vest	aye
Vice Mayor Wandrei	aye
Councilwoman Flood	aye
Mayor Tharp	aye

The ordinance follows as adopted:

Ordinance No. 08-2

**AN ORDINANCE REPEALING THE TANGIBLE PERSONAL
PROPERTY TAX UPON FARM ANIMALS AND FARM
MACHINERY**

WHEREAS, the City Council annually sets the tax rate on certain items and classes of tangible personal property for the fiscal year beginning January 1 and ending December 31; and

WHEREAS, by an ordinance enacted on June 12, 2007 the City Council levied a tax at the rate of \$1.30 per \$100 of 100 per centum of the assessed valuation of cattle, sheep, goats and farm machinery and farm implements as separately classified in Section 58.1-3505; and

WHEREAS, the Commissioner of the Revenue has reported that the tax being collected from this particular classification of tangible personal property does not produce sufficient revenues to justify administrative costs and has recommended repeal of the personal property tax upon such tangible personal property;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BEDFORD, VIRGINIA:

Section 1. The tangible personal property upon cattle, sheep, goats and farm machinery and farm implements as separately classified in Section 58.1-3505 as set in the Ordinance enacted on June 12, 2007 is hereby repealed

Section 2. This ordinance is effective as of January 1, 2008.

City Manager Kolakowski reported that the Commissioner of the Revenue has pointed out that the City Code contains provisions providing for testing and certification of building contractors not licensed by the State and requiring electricians to furnish a licensing bond with surety. The testing procedures and licensing of contractors by local jurisdictions was limited to contractors not licensed by the State. The State of Virginia now licenses all contractors with the exception of certain home improvement and residential contractors who perform under \$1,000 in total contracting services during the year. Since electricians are licensed by the State, there is no need for the local surety bond requirement. The City Manager stated that the Commissioner of the Revenue discussed these matters with the City Council Finance Committee on February 26, 2008. The Committee authorized the City Attorney to draft an appropriate ordinance, which has been posted in accordance with the City Code requirements

The City Manager stated that Council is requested to enact the ordinance repealing the local requirements for testing and certification of building contractors and requiring electricians to furnish a surety bond.

On motion by Councilman Hubbard, seconded by Vice Mayor Wandrei, voted upon and carried by a roll call vote, Council adopted the ordinance repealing the local requirements for testing and certification of building contractors and requiring electricians to furnish a surety bond. Roll call vote follows:

Councilman Padgett	absent
Councilman Stanley	aye
Councilman Vest	aye
Vice Mayor Wandrei	aye
Councilwoman Flood	aye
Councilman Hubbard	aye
Mayor Tharp	aye

The ordinance follows as adopted:

Ordinance No. 08-3

AN ORDINANCE REPEALING THE LOCAL REQUIREMENTS FOR TESTING AND CERTIFICATION OF BUILDING CONTRACTORS AND REQUIRING ELECTRICIANS TO FURNISH A SURETY BOND

WHEREAS, Article II of Chapter 10 of the Bedford City Code provides that contractors performing plumbing and building related mechanical or electrical work are required to be examined by the City Code enforcement officer and are required to obtain a certificate of qualification upon a finding that they are qualified; and

WHEREAS, any person wishing to obtain an electrician’s license is required under these provisions to furnish a bond with surety;

WHEREAS, all contractors except certain individuals providing home improvement services with contracts under \$1,000 per year are currently licensed by the State of Virginia and the provisions of Article II of Chapter 10 are no longer applicable;

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BEDFORD, VIRGINIA:

Section 1. Article II of Chapter 10 of the Bedford City Code (Sections 10-37 through 10-40) are hereby repealed.

Section 2. This ordinance is effective upon enactment.

City Manager Kolakowski reported that the City intends to borrow funds to acquire certain rolling stock, water line installation and electric infrastructure improvements. The total price of the project is estimated to be \$5,500,000. These projects and borrowings were approved by City Council as part of the budgets for fiscal years 2007 and 2008. In connection with that borrowing, Council needs to adopt a “reimbursement resolution” providing for the reimbursement to the City from the bond proceeds of certain expenses

that will have been incurred in the period 60-days prior to the date of the resolution. (This is required under certain technical Internal Revenue Code provisions.) The City Manager stated that Christopher Kulp with the law firm of Hunton & Williams has acted as bond counsel for the City and has drafted the necessary reimbursement resolution.

On motion by Vice Mayor Wandrei, seconded by Councilman Stanley, voted upon and carried by a roll call vote, Council adopted the Resolution of Official Intent to Reimburse Expenditures With Proceeds of a Borrowing.

The resolution follows as adopted:

**RESOLUTION OF OFFICIAL INTENT TO REIMBURSE
EXPENDITURES WITH PROCEEDS OF A BORROWING**

WHEREAS, the City of Bedford, Virginia (the “Borrower”), intends to acquire certain rolling stock for general government use, install water lines and build electric infrastructure (the “Project”); and

WHEREAS, plans for the Project have advanced and the Borrower expects to advance its own funds to pay expenditures related to the Project (the “Expenditures”) prior to incurring indebtedness and to receive reimbursement for such Expenditures from proceeds of tax-exempt bonds or taxable debt, or both;

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF BEDFORD, VIRGINIA:

1. The Borrower intends to utilize the proceeds of tax-exempt bonds (the “Bonds”) or to incur other debt, in an amount not currently expected to exceed \$5,500,000 to pay the costs of the Project.

2. The Borrower intends that the proceeds of the Bonds be used to reimburse the Borrower for Expenditures with respect to the Project made on or after January 11, 2008, which date is no more than 60 days prior to the date of this Resolution. The Borrower reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Bonds or other debt.

3. Each Expenditure was or will be, unless otherwise approved by bond counsel, either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Bonds, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of the Borrower so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the Borrower.

4. The Borrower intends to make a reimbursement allocation, which is a written allocation by the Borrower that evidences the Borrower's use of proceeds of the Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. The Borrower recognizes that exceptions are available for certain "preliminary expenditures," costs of issuance, certain de minimis amounts, expenditures by "small issuers" (based on the year of issuance and not the year of expenditure) and expenditures for construction of at least five years.

5. The Borrower intends that the adoption of this resolution confirms the "official intent" within the meaning of Treasury Regulations Section 1.150-2 promulgated under the Internal Revenue Code of 1986, as amended.

6. This resolution shall take effect immediately upon its passage.

The City Manager reported that NTELOS Network, Inc is seeking to provide high-speed broadband Internet capabilities to the Bedford Hospital utilizing the Mid Atlantic Broadband system. This will provide an expanded level of services to the hospital and enable them to offer expanded services. To accomplish this they have negotiated an agreement to utilize the City utility poles to run the lines. The agreement formalizes the negotiated terms, which mirrors similar agreements the City has signed. Mr. Kolakowski stated that Council is requested to approve the pole attachment agreement with NTELOS Network, Inc.

On motion by Vice Mayor Wandrei, seconded by Councilwoman Flood, voted upon and carried by a roll call vote, Council approved the pole attachment agreement with NTELOS Network, Inc. Roll call vote follows:

Councilman Stanley	aye
Councilman Vest	aye
Vice Mayor Wandrei	aye
Councilwoman Flood	aye
Councilman Hubbard	aye
Councilman Padgett	absent
Mayor Tharp	aye

Mayor Tharp adjourned the meeting at 8:20 p.m.