

May 12, 2009

An adjourned meeting from the April 28, 2009, regular meeting of the Council of the City of Bedford, Virginia, was held in the Council Hall of the Municipal Building at 5:45 p.m., on May 12, 2009.

Members present: Mayor W. D. Tharp; Councilwoman Mary L. Flood; Councilman Jeffrey B. Hubbard; Councilman Steve C. Rush; Councilman C. G. Stanley, Jr.; Councilman James A. Vest

Members absent: Vice Mayor Robert T. Wandrei

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

Mayor Tharp stated the purpose of the meeting was for a work session on the proposed FY 2009-10 budget.

City Manager Kolakowski stated the Department Heads and Constitution Officers will give quick reviews their budgets. The City Manager stated that projections in the proposed budget are the best the staff can put forth and are changing as new numbers are received. Mr. Kolakowski said it has been reported in the news that the State's projections from six weeks ago are off by \$260,000,000 for the current year. The City Manager stated it is a very uncertain time and the proposed budget is based upon the staff's best estimates and efforts to put together the revenue numbers that the staff can foresee and also putting together a spending plan that continues the operations of the City.

The following department heads reviewed items in each of their budgets:

- Valerie Wilson, Commissioner of the Revenue: disabled vets property tax exemptions – Council would have to consider exemptions for all of the classes allowed in the State Code, not just disabled vets – Councilman Vest asked Ms. Wilson to gather data regarding all who would qualify for exemptions; revenues and expenditures; reassessment of real estate is included in the proposed budget
- Rosie Jordan, Finance Director: reviewed updates and changes to the proposed budget that are occurring as information is received; the General Fund projected shortfall is \$424,210;
- Brad Creasey, Fire Chief: reviewed CIP items – pagers, heating and cooling system (over 30 years old), and stair treads in the hallway; ISO rating is being re-evaluated (would be a decrease in insurance rates for City residents if rating goes from 4 to 3); eroding hillside behind the Fire Department was repaired by Public Works; have completed some major structural repairs on the building; the Fire Department was awarded a grant from the Department of Health in the amount of \$8,000 to install smoke detectors in homes (over 450 smoke detectors have been installed in over 100 homes)
- Bart Warner, Assistant City Manager: Planning & Community Development – continue to talk with developers on a regular basis who do have construction

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plans heading into the next year: Joseph's Dream Project, will break ground shortly and will probably open within the next 12 – 18 months; continue to see activity on Independence Boulevard; a hotel developer is still expressing interest in the Burk's Hill area; and the owner of the next phase of the Governor's Hill project has indicated that they will be proceeding with construction of additional homes there; reduction in staff resulting in the loss of employee Brandon Davis, who is now serving as planning director in Shenandoah County. The Recreation Department is undergoing significant restructuring and the Director's position has not been filled – Mr. Warner has assumed responsibility of that operation – the Recreation Department now has three full-time positions; no longer offering the BASE and LEAP programs as of the end of the current school year which was a decision driven largely by budget realities; recreation expenditures have been reduced by fifty percent; maintenance of facilities has been shifted primarily to Public Works, including cemeteries; Information Technology - maintenance budget; Human Resources - health insurance coverage – were able to renew coverage with no increase, except for a slight increase in dental coverage, and have identified options that will be available in the future if needed

Councilman Vest asked about the status of Bedford County and the City combining as one big group for insurance purposes.

Mr. Warner stated that no response was received from Bedford County despite at least three different inquiries about their interest.

Corey Crompton explained the computer replacements category in the CIP Budget. Mr. Crompton stated the schedule for replacement of computers and printers has been revised and different maintenance schedules have been established.

- James Day, Chief of Police: manpower shortage; reducing fleet; jail cost increase; reassigning school resource officers
- Jeff Weddle, Director of Public Services: Public Works – same staffing as last year, essentially same budget, reviewed the CIP budget; Schools – reviewed the CIP budget; Parks – reviewed CIP budget, park upgrades and maintenance; Solid Waste – reviewed the CIP budget

Upon a question by Councilman Vest regarding the cost effectiveness of selling compost, the City Manager indicated that will be reviewed.

- Mr. Weddle continued: Water & Wastewater – revenues expected to decline during the next budget year mainly from industrial customers; Stoney Creek Project is underway (engineering is sixty percent complete, design plans and specifications should be finished by October); Electric Department – revenues are expected to decline about 7.4% (most from the industrial sector, some from commercial); reviewed CIP budget; recommendation to withdraw from the Blue Ridge Power Agency

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- Randi Herrick, City Registrar: briefly reviewed items in the Electoral Board's proposed budget
- Debbie Roberts, City Treasurer: due to the economy, collections are more difficult; set-off debt collections from January until May 11 - \$70,550.06; as the economy has declined, cut off notices mailed per month have been between 1,300 – 1,400; fuel assistance program

City Manager Kolakowski stated that in order to maintain the same level of revenue from Personal Property taxes, an increase in the rate to \$2.43 would be necessary.

The City Manager stated that increasing the Cigarette Tax should be discussed.

Councilman Vest expressed concern over the 2009-10 budget as presented: the City does not have a firm foundation for projecting revenues for the General Fund; Federal Stimulus Funds of \$387,288 will not be included in the 2010-11 budget and to replace this money under the current tax structure would require an increase of 10 cents on the current real estate tax; the CIP budget continues to be reduced, which cannot go on indefinitely; cannot forecast costs.

Councilman Vest recommended that staff reduce the proposed budget by \$100,000 and increase the real estate tax rate by at least five cents this year.

The City Manager stated the public hearing on the proposed budget is scheduled for the May 26 Council meeting and any proposed increase in any of the tax rates would have to be advertised prior to the public hearing. The City Manager stated that any proposed increase could be reduced or eliminated in the future without any further advertising.

On motion by Councilman Vest, seconded by Councilman Hubbard, voted upon and carried by a roll call vote, Council directed the City staff to reduce the proposed 2009-10 budget by \$100,000, increase the tax rate (real estate tax rate) by five cents, and increase the tax rate for motor vehicles from \$2.17 to \$2.43. Roll call vote follows:

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

City Manager Kolakowski stated that Vice Mayor Wandrei had suggested a ten cents increase in the cigarette tax.

On motion by Councilman Vest, seconded by Councilwoman Flood, voted upon and carried by a roll call vote, Council directed the staff to include a ten cents increase in the cigarette tax in the proposed budget. Roll call vote follows:

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

The City Manager stated that the City received funding for a proposed pilot program for water reuse for one of the City's industries – water from the sewer treatment plant would be reused for cooling purposes. The grant did not include funding for engineering costs, which are estimated at \$10,000-\$15,000. As there were no objections, the City Manager will include this item in the proposed budget.

Mayor Tharp adjourned the meeting at 7:30 p.m.