

June 14, 2011

A regular meeting of the Council of the City of Bedford, Virginia, was held in the Council Hall of the Municipal Building at 7:00 p.m., June 14, 2011.

Members present: Mayor W. D. Tharp; Councilwoman Mary L. Flood; Councilman Guy E. Murray, Jr.; Councilman Steve C. Rush; Councilman C. G. Stanley, Jr.; Councilman James A. Vest; and Vice Mayor Robert T. Wandrei

Members absent: None

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 stated that June 14th is Flag Day and also the 32nd Pause for the Pledge of Allegiance at 7:00 p.m., which is recognized all over the nation. The Mayor led all present in the Pledge of Allegiance to the Flag.

Mayor Tharp declared that the minutes of a regular Council meeting held on May 24, 2011, were approved as distributed.

City Manager Kolakowski reported on the following:

- Recently the City had over two inches of rain in a very short time period; however, there were no sewer overflows – that is a credit to the work being done by the City in addressing the inflow and infiltration, on capital improvements, and also some of the operations of the City Sewer Utility.
- There was severe damage to the electric substation on Main Street due to a lightning strike – power was out to parts of the City for approximately three hours – he gave credit to the Utility Department and Public Safety for the way the situation was handled.

Chief of Police Day introduced two new Police Officers who graduated from the Police Academy on May 27: Kenneth Burdette and Levi Poole. The Chief said that the Officers are starting their field training, which is a minimum of eight weeks.

Mayor Tharp recognized Everett “Junior” Wood who is retiring from the City. Mr. Wood began work with the City on April 22, 1974. The Mayor presented Mr. Wood with a Certificate of Retirement and a gift.

The Consent Agenda consisted of the following item:

- Bedford Main Street, Inc. is requesting street closures for Libertyfest 2011 on Monday, July 4th from 4:00 p.m. until 10:00 p.m. and is requesting that Council authorize the closing of Center Street from Main Street to Washington Street for the event.

On motion by Councilman Murray, seconded by Councilman Wandrei, voted upon and carried unanimously by a roll call vote, Council adopted the Consent Agenda. Roll call vote follows:

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Councilwoman Flood		aye
Councilman Murray		aye
Councilman Rush		aye
Councilman Stanley		aye
Councilman Vest	aye	
Vice Mayor Wandrei		aye
Mayor Tharp		aye

City Manager Kolakowski reported that the Fiscal Year 2011-2012 Budget is a document that has resulted from a very structured and formal development process. Council conducted work sessions to further refine it on March 29, April 27 and May 10, 2011. A public hearing on the budget was conducted May 24, 2011, and interested parties were given an opportunity to publicly voice their opinion of its contents. The City Manager said that having gone through this process, staff feels that the Fiscal Year 2011-2012 Budget in its current form is a policy document that is adequate to serve as the City's work plan for the coming year.

On motion by Councilman Vest, seconded by Vice Mayor Wandrei, voted upon and carried unanimously by a roll call vote, Council adopted the budget for Fiscal Year 2011-2012. Roll call vote follows:

Councilman Murray		aye
Councilman Rush		aye
Councilman Stanley		aye
Councilman Vest	aye	
Vice Mayor Wandrei		aye
Councilwoman Flood		aye
Mayor Tharp	aye	

The City Manager said that Section 58.1-3005 of the Code of Virginia of 1950, as amended, requires that Council annually levy a tax on all real estate located within the City. The proposed ordinance establishes a tax rate for Fiscal Year 2011-2012 of \$0.86 per one hundred dollars of assessed valuation. The ordinance has been posted in accordance with § 2-54 of the City Code.

Councilman Vest moved that Council adopt the ordinance establishing the real estate tax rate for Fiscal Year 2011-2012 at \$0.86 per one hundred dollars of assessed valuation. Councilman Stanley seconded the motion.

Mayor Tharp said it should be noted that this represents no increase in taxes and acknowledged the financial staff and the City Manager and staff for putting this together and making it happen.

The motion was then voted upon and carried unanimously by the following roll call vote:

Councilman Rush		aye
Councilman Stanley		aye
Councilman Vest	aye	
Vice Mayor Wandrei		aye

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Councilwoman Flood	aye
Councilman Murray	aye
Mayor Tharp	aye

The Ordinance follows as adopted:

ORDINANCE No. 11-4

**AN ORDINANCE LEVYING TAX UPON REAL ESTATE AND
CERTAIN TANGIBLE PERSONAL PROPERTY OF
PUBLIC SERVICE CORPORATIONS AND ESTABLISHING THE
TAX RATE THEREON FOR THE FISCAL YEAR BEGINNING
JULY 1, 2011**

BE IT ORDAINED by the City Council of the City of Bedford, Virginia, that there be, and is hereby levied for the Fiscal Year 2011-2012, a tax rate of \$0.86 per one hundred dollars of assessed valuation on all taxable real estate located in the City, the respective levy hereby ordered being also applicable to the real estate and tangible personal property of public service corporations within the limitations specified by Section 58.1-2606 of the Code of Virginia of 1950, as amended, based upon the assessment thereof fixed by the State Corporation Commission and duly certified.

City Manager Kolakowski said that Section 58.1-3005 of the Code of Virginia of 1950, as amended, requires that Council shall annually levy a tax on tangible personal property located within the City. The proposed ordinance establishes a tax rate for calendar year 2011 of \$2.43 per one hundred dollars of one hundred per centum (100%) of assessed value on all taxable tangible personal property, with the exception of household goods and personal effects as classified in §58.1-3504 and horses, mules and other kindred animals, hogs, poultry, grains and other feeds used for the nurture of farm animals, grain and tobacco; cattle, sheep and goats, farm machinery and farm implements as such items are classified in Section 58.1-3505.

The City Manager said that all tangible personal property employed in a trade or business other than that described in subdivisions 1 through 16 of §58.1-3503 is taxed at a levy of \$1.50 per one hundred dollars of one hundred per centum (100%) of the assessed valuation. The ordinance also establishes a tax rate of \$1.30 per one hundred dollars of one hundred per centum (100%) of assessed valuation on machinery and tools as classified in §58.1-3507, and motor carriers as separately classified in §58.1.3506. The ordinance has been posted in accordance with §2-54 of the City Code.

On motion by Councilman Vest, seconded by Councilman Murray, voted upon and carried unanimously by a roll call vote, Council adopted the ordinance establishing the personal property tax rate for Calendar Year 2011. Roll call vote follows:

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Councilman Stanley	aye
Councilman Vest	aye
Vice Mayor Wandrei	aye
Councilwoman Flood	aye
Councilman Murray	aye
Councilman Rush	aye
Mayor Tharp	aye

The Ordinance follows as adopted:

ORDINANCE No. 11-5

**AN ORDINANCE LEVYING TAX UPON
TANGIBLE PERSONAL PROPERTY AND
ESTABLISHING THE TAX RATES THEREON
FOR THE CALENDAR YEAR BEGINNING JANUARY 1, 2011**

BE IT ORDAINED by the City Council of the City of Bedford, Virginia, that there be, and is hereby levied, for the calendar year 2011, a tax rate of \$2.43 per one hundred dollars of one hundred per centum (100%) of assessed value on all taxable tangible personal property, including property separately classified in Section 58.1-3503 of the Code of Virginia of 1950, as amended, unless exempted from taxation or subject to a different rate under this ordinance. All tangible personal property employed in a trade or business other than that described in subdivisions 1 through 18 of Section 58.1-3503 is taxed at a levy of \$1.50 per one hundred dollars of one hundred per centum (100%) of the assessed valuation. Household goods and personal effects as classified in Section 58.1-3504 and horses, mules and other kindred animals, hogs, poultry, grains and other feeds used for the nurture of farm animals, grain and tobacco; cattle, sheep and goats, farm machinery and farm implements as such items are classified in Section 58.1-3505 are exempted in whole from tangible personal property taxation. The following items are taxed at a rate of \$1.30 per one hundred dollars of one hundred per centum (100%) of the assessed valuation: (a) machinery and tools as separately classified in Section 58.1-3507; and (b) motor carriers as separately classified in Section 58.1.3506. The following items are taxed at a rate of \$0.00 per one hundred dollars of one hundred per centum (100%) of assessed value on taxable tangible personal property, separately classified in Section 58.1-3506 (a)(19), vehicles owned by Veterans, of the Code of Virginia of 1950, as amended.

City Manager Kolakowski stated that the Virginia General Assembly in 1998 passed the Personal Property Tax Relief Act with the philosophy that relief would be gradually implemented to eliminate personal property tax on personal use motor vehicles. By 2004, the Virginia General Assembly had revised its philosophy and capped the

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contribution from the Commonwealth to localities for reimbursement for personal property taxes. The City Manager said as a result, the City Council, on November 22, 2005, in accordance with state statutes, adopted an ordinance which provided that the funds to be reimbursed to the City of Bedford by the Commonwealth would be allocated in such a manner as to eliminate personal property taxation on each qualifying vehicle with an assessed value of \$1,000 or less and that the Council would set, annually by resolution, a percentage of relief in respect to assessed values of more than \$1,000 as applied to the first \$20,000 in value of each such qualifying vehicle so as to exhaust fully the PPTRA funds provided to the City by the Commonwealth.

Mr. Kolakowski said that the Commissioner of Revenue and the Finance Director have been advised that the State has allocated \$280,647.01 toward personal property tax relief in the City of Bedford for fiscal year 2011-2012. Based upon projected personal property tax valuations, staff recommends that the reimbursement relief rate be set at 50%. The net effect of the resolution is to provide that the state relief funds will be allocated in such a way that for fiscal year 2011-2012, (a) personal property taxation upon qualifying vehicles with an assessed value of \$1,000 or less will be eliminated; (b) in respect to that portion of assessed value over \$1,000 and no more than \$20,000, 50% of the applicable tax will be relieved, and (c) the applicable tax rate shall apply to all assessed values over \$20,000 and to all non-qualifying vehicles. The City Manager said that City Council was requested to adopt the resolution as recommended by City staff.

On motion by Councilman Rush, seconded by Councilman Stanley, voted upon and carried unanimously by a roll call vote, Council adopted the proposed resolution establishing a percentage tax relief rate. Roll call vote follows:

Councilman Vest	aye
Vice Mayor Wandrei	aye
Councilwoman Flood	aye
Councilman Murray	aye
Councilman Rush	aye
Councilman Stanley	aye
Mayor Tharp	aye

The Resolution follows as adopted:

**A RESOLUTION ESTABLISHING A
PERCENTAGE TAX RELIEF RATE
PURSUANT TO THE VIRGINIA PERSONAL PROPERTY
TAX RELIEF ACT**

WHEREAS, the Virginia General Assembly in 1998 passed the Personal Property Relief Act based upon a philosophy that in passing the Act the personal property tax on personal motor vehicles would be eliminated; and

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WEHREAS, in 2001, the Virginia General Assembly set the reimbursement rate to localities for personal property taxes for personal vehicles at seventy percent (70%) of the personal property tax amount; and

WHEREAS, in 2004, the Virginia General Assembly enacted statutes which drastically changed the philosophy of the Act and capped the contribution of the Commonwealth to localities for reimbursement for personal property taxes; and

WHEREAS, on November 22, 2005 the City Council of the City of Bedford passed an ordinance (Ordinance No. 05-24) which provided, among other things, that the allocation of personal property tax relief be allocated in such a manner as to eliminate personal property taxation on each qualifying vehicle with an assessed value of \$1,000 or less and that with respect to qualifying vehicles with assessed values of more than \$1,000 the City Council, by resolution, would set annually a percentage to be applied to the first \$20,000 in value of each such qualifying vehicle that based upon estimates of assessments would use up all remaining available state personal property tax relief; and

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF BEDFORD AS FOLLOWS:

Section 1. In accordance with the requirements set forth in Section 58.1-3524(C) (2) and Section 58.1-3912(E) of the Code of Virginia, as amended by Chapter 1 of the Acts of Assembly (2004 Special Session 1) and as set forth in item 503.E (Personal Property Tax Relief Program) of Chapter 951 of the 2005 Acts of Assembly any qualifying vehicle having a situs within the City commencing January 1, 2011, shall receive personal property tax relief in the following manner:

- Personal use vehicles valued at \$1,000 or less will be eligible for 100% tax relief;
- Personal use vehicles valued at \$1,001 to \$20,000 will be eligible for 50% tax relief;
- Personal use vehicles valued at \$20,001 or more shall only receive 50% tax relief on the first \$20,000 of value; and
- All other vehicles which do not meet the definition of “qualifying” (business use vehicles, farm use vehicles, motor home, etc.) will not be eligible for any form of tax relief under this program.

Section 2. Any amount of Personal Property Tax Relief Act relief not used within and the City’s fiscal year shall be carried forward and used to increase the funds available for personal property tax relief in the following fiscal year.

Section 3. This Resolution shall take effect on July 1, 2011.

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City Manager Kolakowski stated that Section 58.1-3005 of the Code of Virginia of 1950, as amended, requires that Council shall, on a regular basis, make an appropriation of funds for expenditure by the City. The proposed ordinance directs that the funds as set out in the budget for Fiscal Year 2011-2012 be appropriated and set aside to the appropriate funds, and authorizes the City Manager to expend the funds in accordance with said budget and in accordance with prior appropriations. The ordinance denoting the original appropriations has been posted in accordance with §2-54 of the City Code. The City Manager said that Council was requested to adopt the ordinance appropriating funds as set out in the budget for Fiscal Year 2011-2012 and authorize the City Manager to expend the funds in accordance with said budget.

On motion by Councilman Stanley, seconded by Councilman Murray, voted upon and carried unanimously by a roll call vote, Council adopted the ordinance appropriating funds. Roll call vote follows:

Vice Mayor Wandrei	aye
Councilwoman Flood	aye
Councilman Murray	aye
Councilman Rush	aye
Councilman Stanley	aye
Councilman Vest	aye
Mayor Tharp	aye

The ordinance follows as adopted:

ORDINANCE No. 11-6

BE IT ORDAINED that the City Council of the City of Bedford, Virginia, hereby directs that the funds as set out in the budget for Fiscal Year 2011-2012 for the City of Bedford are appropriated and set aside to the General Fund, to the Solid Waste Fund, to the Water and Sewer Fund, to the Electric Fund, to the General Capital Projects Fund, to the Solid Waste Capital Projects Fund, to the Water and Sewer Capital Projects Fund and to the Electric Capital Projects Fund, as shown in said budget, and that the City Manager is authorized to expend the funds in the General Fund, Solid Waste Fund, Water and Sewer Fund, Electric Fund, General Capital Projects Fund, Solid Waste Capital Projects Fund, Water and Sewer Capital Projects Fund and Electric Capital Projects Fund in accordance with said budget and in accordance with prior appropriations.

The City Manager reminded Council that there will be a public hearing on the agenda of the next regular Council meeting regarding the City's involvement in the AMP Freemont Energy Center. Council will receive additional information on this matter.

Councilman Murray moved that Council adjourn into closed session pursuant to Section 2.2-3711 (a) (3) of the Code of Virginia of 1950, as amended, for the acquisition or disposition of publicly held real property, where discussion in an open meeting would

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adversely affect the bargaining position. Vice Mayor Wandrei seconded the motion. The motion was voted upon and carried by the following roll call vote:

Councilwoman Flood		aye
Councilman Murray		aye
Councilman Rush		aye
Councilman Stanley		aye
Councilman Vest	aye	
Vice Mayor Wandrei		aye
Mayor Tharp		aye

Council adjourned into closed session at 7:20 p.m. The following non-council members attended: City Manager Kolakowski, City Attorney Berry, and Assistant City Manager Warner.

Council reconvened into open session at 7:35 p.m.

The Clerk of Council read aloud the following resolution:

BE IT RESOLVED that the Council of the City of Bedford hereby certifies that (1) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (2) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Council.

On motion by Councilman Murray, seconded by Councilwoman Flood, voted upon and carried by a roll call vote, Council adopted the resolution. Roll call vote follows:

Councilman Murray		aye
Councilman Rush		aye
Councilman Stanley		aye
Councilman Vest	aye	
Vice Mayor Wandrei		aye
Councilwoman Flood		aye
Mayor Tharp	aye	

Mayor Tharp adjourned the meeting at 7:36 p.m.