

June 19, 2012

A called meeting of the Council of the City of Bedford, Virginia, was held in the Council Hall of the Municipal Building at 6:00 p.m., June 19, 2012.

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 and Clerk of the Council Teresa W. Hatcher.

Staff absent: City Attorney W. W. Berry, IV

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

Councilman Vest, Chairman of the Finance Committee, reported the Committee met last week and approved agenda items: Appropriation of Funds for Fiscal Year 2012 – Electric Fund and Appropriation of Funds for Fiscal Year 2012 –Solid Waste Fund; discussed Plan A which has been incorporated into the budget and recommended approval. Councilman Vest said that under agenda item “Ordinance Establishing Personal Property Tax” there is a mention of not having tax on “veterans” – that should be “disabled veterans.”

The Mayor stated that the following item was added to the agenda: “Resolution – Canceling Second Council Meeting in June.

City Manager Kolakowski said that City staff has reviewed the budget appropriation for the Electric fund for fiscal year 2012 and has calculated that an additional appropriation needs to be made in order to not exceed the total budget appropriation for the year. This additional appropriation will be made out of prior year reserves. The City Manager said that Council was requested to appropriate the additional expense funds per the following schedule for the Electric fund for fiscal year 2012:

Electric Fund – Additional Appropriation for Fiscal Year 2012

Expenses	Additional Appropriation
19981925 551141 Purchased Power – AMP	\$ 195,000.00

Mr. Kolakowski indicated this additional appropriation will be made out of prior year reserves.

On motion by Councilman Vest, seconded by Vice Mayor Wandrei, voted upon and carried by a roll call vote, Council appropriated the additional expense funds for the Electric Fund for fiscal year 2012, as requested. 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

The City Manager said that City staff has reviewed the budget appropriation for the Solid Waste fund for fiscal year 2012 and has calculated that an additional appropriation needs to be made in order to not exceed the total budget appropriation for the year. This review of the fund has also revealed that an additional appropriation can be made to the revenue accounts that will offset the expense appropriation. These total changes will not require any transfer from the general fund. Mr. Kolakowski said that Council was requested to appropriate the additional revenue and expense funds per the following schedule for the Solid Waste fund for fiscal year 2012:

Solid Waste Fund – Additional Appropriation for Fiscal Year 2012

Revenues		Additional Appropriation
170047 416705	Refuse Disposal Charges	\$ 10,000
Expenses		Additional Appropriation
17964240 5333203		\$ 10,000

On motion by Councilman Murray, seconded by Councilman Vest, voted upon and carried by a roll call vote, Council appropriated the additional expense funds for the Solid Waste Fund for fiscal year 2012, as requested. 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 the Fiscal Year 2012-2013 Budget is a document that has resulted from a very structured and formal development process. Council conducted work sessions to further refine it on May 8, May 16 and May 22, 2012. A public hearing on the budget was conducted June 12, 2012, and interested parties were given an opportunity to publicly voice their opinion of its contents. Having gone through this process, staff feels that the Fiscal Year 2012-2013 Budget in its current form is a policy document that is adequate to serve as the City's work plan for the coming year. The City Manager said

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this budget incorporates the changes as were detailed in Plan A that was distributed to Council. Mr. Kolakowski said that Council was requested to adopt the budget for Fiscal Year 2012-2013.

On motion by Councilman Vest, seconded by Councilman Murray, voted upon and carried by a roll call vote, Council adopted the budget for Fiscal Year 2012-2013. Roll call vote follows:

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

City Manager Kolakowski 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 2012-2013 of \$0.86 per one hundred dollars of assessed valuation. The ordinance has been posted in accordance with § 2-54 of the City Code. The City Manager said that Council was requested to adopt the ordinance establishing the real estate tax rate for Fiscal Year 2012-2013 at \$0.86 per one hundred dollars of assessed valuation.

On motion by Councilman Vest, seconded by Councilman Stanley, voted upon and carried unanimously by a roll call vote, Council adopted the ordinance establishing the real estate tax rate for Fiscal Year 2012-2013 at \$0.86 per one hundred dollars of assessed valuation. Roll call vote follows:

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. 12-5

**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, 2012**

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BE IT ORDAINED by the City Council of the City of Bedford, Virginia, that there be, and is hereby levied for the Fiscal Year 2012-2013, 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 2012 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 stated 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. One vehicle owned by veterans are taxed at a rate of \$0.000001 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). 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. Mr. Kolakowski said Council was requested to adopt the ordinance establishing the personal property tax rate for Calendar Year 2012.

Councilman Vest moved that the ordinance establishing the personal property tax rate for Calendar Year 2012 be adopted as presented. The motion was seconded by Vice Mayor Wandrei.

Vice Mayor Wandrei asked if the word “disabled” should be inserted in the ordinance in the last sentence before the word “veterans.”

The City Manager said that the word “disabled” could be inserted in the ordinance. Mr. Kolakowski said the State Code reference in the ordinance specifically references “disabled veterans.”

On motion by Vice Mayor Wandrei, seconded by Councilman Murray, voted upon and carried by a roll call vote, the ordinance was amended by inserting the word “disabled” in the last sentence before the word “veterans.” Roll call vote follows:

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

On motion by Councilman Murray, seconded by Vice Mayor Wandrei, voted upon and carried by a roll call vote, Council adopted the amended ordinance levying tax upon tangible personal property and establishing the tax rates thereon for the calendar year beginning January 1, 2012. 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. 12-6

**AN ORDINANCE LEVYING TAX UPON
TANGIBLE PERSONAL PROPERTY AND
ESTABLISHING THE TAX RATES THEREON
FOR THE CALENDAR YEAR BEGINNING JANUARY 1, 2012**

BE IT ORDAINED by the City Council of the City of Bedford, Virginia, that there be, and is hereby levied, for the calendar year 2012, 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%)

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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 \$0.000001 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), one vehicle owned by disabled 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 contribution from the Commonwealth to localities for reimbursement for personal property taxes. 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.

The City Manager said 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 2012-2013. 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 2012-2013, (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 Council was requested to adopt the resolution as recommended by City staff.

On motion by Councilman Vest, seconded by Vice Mayor Wandrei, voted upon and carried unanimously by a roll call vote, Council adopted the resolution setting percentage tax relief to exhaust PPTRA Relief Funds. Roll call vote follows:

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

The resolution follows as adopted:

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**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

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, 2012, 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

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- 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, 2012.

City Manager Kolakowski said 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 2012-2013 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 2012-2013 and authorize the City Manager to expend the funds in accordance with said budget.

On motion by Councilman Vest, seconded by Councilman Stanley, voted upon and carried unanimously by a roll call vote, Council adopted the ordinance appropriating funding for Fiscal Year 2012-2013. 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 ordinance follows as adopted:

ORDINANCE NO 12-7

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 2012-2013 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

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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 Mayor said that the next item on the agenda was consideration of a resolution canceling the June 26, 2012, Council meeting due to lack of business.

On motion by Vice Mayor Wandrei, seconded by Councilman Murray, voted upon and carried unanimously by a roll call vote, Council adopted the resolution canceling the meeting. Roll call vote follows:

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

The resolution follows as adopted:

RESOLUTION

WHEREAS, Section 11 of the Charter of the City of Bedford requires that Council shall “fix” the time and place of its meeting,” and

WHEREAS, the City Code requires in Section 2-27 that meetings shall be on “the second and fourth Tuesday of each month,” and

WHEREAS, the second regular Council meeting in June is scheduled for June 26, 2012, at which time there is lack of business for City Council’s consideration;

NOW, THEREFORE, BE IT RESOLVED that the City Council meeting scheduled for June 26, 2012, be and the same hereby is canceled; and

BE IT FURTHER RESOLVED that the next regular Council meeting will be July 10, 2012.

Mayor Tharp, on behalf of City Council, thanked the staff, the City Manager, the Director of Finance and everyone involved in the preparation of the budget.

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City Manager Kolakowski expressed his appreciation to the staff and to Council for its careful consideration on the budget.

Mayor Tharp explained that City Attorney Berry was not in attendance as his mother-in-law passed away and visitation and the funeral were scheduled for this evening.

Mayor Tharp adjourned the meeting at 6:12 p.m.