

March 22, 2016

A work session of the Council of the Town of Bedford, Virginia, was held in the Council Hall of the Municipal Building at 5:30 p.m., March 22, 2016.

Members present: Mayor Robert T. Wandrei; Councilman Tim Black; Councilman Stacey L. Hailey; Vice Mayor Steve C. Rush; Councilman Beckham A. Stanley; and Councilman James A. Vest

Members absent: Councilman Robert D. Carson;

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

Mayor Wandrei opened the meeting.

Sonia Jammes, Finance Director, reviewed the electric utility financials through February.

Ms. Jammes explained the schedule for sending out the tax bills.

There was discussion about the possibility of the County Treasurer sending out the Town's tax bills with the County's tax bills and the Town Manager said the staff will check into this matter.

Ms. Jammes reviewed a memorandum she sent to Council regarding the proposed FY 2017 budget revisions discussed at the last meeting. Ms. Jammes said the first section of the memorandum actually includes the changes that were made in the most current proposed budget as follows:

- Increase Meals Tax from 5% to 5.5%
- Increase Lodging Tax from 5% to 7.0%
- Level fund Bedford Town/County Museum at \$7,500
- Level fund Bedford Chamber of Commerce at \$3,000
- Increase Bedford Lifesaving Crew from \$10,000 to \$11,000
- Increase Main Street Project from \$30,000 to \$34,000 with the caveat that the additional \$4,000 is to come out of the Economic Development Fund and must be used on marketing
- Level fund Bedford Ride at \$8,500
- Level fund D-Day Memorial at \$9,000
- Increase Wharton Gardens to \$6,500
- Increase Wharton Bower Center for the Arts to \$15,000
- Remove Recycling references in the Solid Waste Description
- Remove Legal Services budget line of \$1,000 from Solid Waste Refuse Disposal
- Increase General Properties CIP Line for Playground Equipment from \$45,000 to \$55,000

Councilman Stanley left the meeting at 5:47 p.m.

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- A discussion was had to consider removing the Electric CIP - Frank Chervan Station Retirement (\$125,000). A clear directive was not given so this CIP item remained in the proposed budget.
- Increase the Electric rates based on Scenario Two as presented by John Wagner, Electric General Manager.

Discussion ensued about whether Bedford County will raise its lodging tax to 7%. Mr. Kolakowski will check into this.

A discussion ensued about deferring the Frank Chervan Station Retirement CIP (\$125,000) for one year.

Town Manager Kolakowski said that deferring the project would free up some funds within the budget, perhaps either for the contingency fund or to properly fund some of the other line items.

It was the consensus of Council to defer the Frank Chervan Station Retirement CIP (\$125,000) for one year.

The Town Manager said the next item to discuss was whether or not to defer a transfer from the Electric Fund to the General Fund to provide additional funding for Middle School activities, either paying off the debt, doing necessary work, or putting the money aside for contingencies for anything that might need to be done there in the next fiscal year.

Mayor Wandrei said it does not have to be done now; it can be done in two or three months; and suggested that the transfer be deferred until June.

Town Manager Kolakowski said the transfer would occur in May or June of 2017, not 2016, if budgeted.

Mayor Wandrei spoke about a letter he received from Mr. Gary P. Hostutler, Bedford County School Board, asking that Council forgo the increased rent for the Bedford Middle School. The Mayor said he found the letter somewhat insulting when Mr. Hostutler started implying that what Council is doing by this action of increasing the rent, is that Council is jeopardizing education and seeing teachers not getting raises. The Mayor said his reaction to Mr. Hostutler is that Council supports the public schools as much as any resident of the County and that is indicative of the fact that when the City reverted back to a Town, Council asked for special legislation to change the composite index which resulted in a six million a year coming into the County schools. The Mayor said that shows that Council is in favor of schools. Mayor Wandrei said another thing that needs to be pointed out to Mr. Hostutler is that Town citizens pay all of the taxes that County citizens pay and for that reason he did not see why the Town should be expected to kick in an extra \$100,000 for the schools. The Mayor said Mr. Hostutler should realize that the figure, as far as the rental is concerned, was part of the reversion agreement and was one of the documents that was negotiated by the Town and the County, that the

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agreement and the lease were approved, not only by both governing bodies, but they were also approved by JLARC and a three judge panel after a public hearing. The Mayor said Council should say to Mr. Hostutler there is no harm in asking, but the answer is no.

It was the consensus of Council to increase the rent of the Middle School.

Councilman Black said the Town will be receiving \$450,000 for rent of the Middle School. Mr. Black stated he would like to see Council take \$300,000 and pay off the debt this year, keep the \$40,000 that is budgeted for maintenance and professional services, and take the additional \$100,000 and put it in a contingency for the Middle School in case there are any major maintenance issues that occur over the next year.

Councilman Vest said Council received an email saying that the Town has to pay insurance on that building. The Assistant Town Manager said the itemized insurance is approximately \$27,000. Councilman Hailey said the cost of insurance is \$26,429.

Mayor Wandrei said Council is going to take \$300,000 of the rental and pay off the debt and the other money will be used to take care of incidentals, which includes insurance, and the rest of the money will be put in contingency to be used for rehabilitation of the Middle School once the Town acquires possession.

The Finance Director said the money could be tracked in the American National Bank restricted account which is where other funds are housed. Council would need to approve the funds being spent and it would be reduced out of that particular bank account, not out of the General Fund bank account.

Ms. Jammes will notify Council if another public hearing on the budget is required due to changes in the budget.

Mayor Wandrei said it was the consensus of Council that the rent payment for the Middle School be applied to the debt service, above and beyond that will be for incidentals, and the balance will go into contingency.

Discussion ensued regarding increasing the electric rates, peaking generators, and the speed increaser issue at the Snowden Hydro Plant.

A meeting of the Finance Committee and the Electric Committee will be scheduled for next week regarding capital projects.

The Mayor asked for an update on peaking generators.

Ms. Jammes said there is currently \$100,000 included in the proposed budget for the Economic Development Fund CIP.

Town Manager Kolakowski said a motion will be required after the public hearing at the regular Council meeting to amend the adopted changes to the proposed budget.

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The Town Manager said the Planning Commission will be considering possible changes to the sign ordinance, which is about sixteen years old. Council will need to consider whether any changes need to be made to the sign ordinance.

Councilman Stanley returned to the meeting at 6:30 p.m.

The Finance Director said that the final paperwork on the Electric Refinancing has been received and Council has been given the Electric Ban Amortization Schedule, which includes the monthly payments, principal and interest that will come through the AMP bill monthly. Ms. Jammes asked for Council's approval that the amortization table is fine so that she can notify AMP. Ms. Jammes stated that is what AMP needs to start billing the Town as soon as the legal documents are executed. She said the documents will be signed tonight and executed on March 29, 2016.

Mayor Wandrei said this is a standard amortization table and he did not see that any further discussion is necessary. Ms. Jammes said she will notify AMP.

Councilman Vest said that a line should be added to the Work Session agendas for Council Comments or discussions.

Councilman Vest asked about the status of the generator at the Public Works Department.

Mr. Wagner suggested having Carter Machine evaluate the generator; if they give a favorable report, have Carter Machine perform maintenance and take it to the Snowden Hydro Plant. Mr. Wagner said if Carter Machine evaluates the generator and gets it operating for a reasonable amount of money, it will be fixed up and taken to Snowden for backup power.

Chief of Police Foreman reported there was sediment found in the fuel at Public Works. He said that when the fuel tank was tested earlier in the day, about one inch of sediment was found at the bottom of the tank. The Dodge police car's fuel injectors were clogging and had to be replaced. The Chief said that the sediment will be pumped out of the tank on March 23.

Mayor Wandrei adjourned the work session at 6:42 p.m.