



**Town Council
Called Council Meeting
Budget Work Session
March 10, 2020 6:00 p.m.**

Town Council members present:

Mayor Steve Rush, Vice Mayor Tim Black, Councilman Stacey Hailey, Councilman Bruce Johannessen, Councilman Bryan Schley, Councilman Darren Shoen, Councilman C. G. Stanley

Town Council members absent: None

Town Staff present:

Town Manager Bart Warner; Assistant Town Manager Sonia Jammes; Town Attorney William W. Berry, IV; Director of Public Works D. W. Lawhorn; Police Chief Todd Foreman; Fire Chief Brad Creasy; Economic Development Coordinator Mary Zirkle; IT Administrator Christie Crouch; Director of the Electric Department John Wagner; Clerk of Council Debra B. Anderson and Recording Secretary Julia Peters

Mayor Rush opened the meeting and stated that if this budget work session needed more time for discussion, we would continue with it after the regular 7:00 p.m. Council meeting was completed. He also said we would not go through the proposed budget line by line but by department and we would stop when someone has a question. He asked Vice Mayor Black to begin since he was the Chairman of the Finance Committee.

Ms. Jammes reminded Mr. Black of the comparison chart she had developed that shows the differences and change percentages between the 2020 Adopted Budget and the 2021 Proposed Budget for each accounting category. She also said that we did not have any capital this year which was different from prior years and did not transfer as much money as far as prior year reserves. These were big tickets that we did not do. We also reduced some of the engineering lines and materials and supplies. Mr. Black questioned how we got a half a million dollars more in revenues. Mr. Warner noted that the biggest chunk of it was in the elimination of prior year reserves. Ms. Jammes said we got more revenues with the assessment than was anticipated and she uses the historical average. The document is not one that looks at exact expenditures, but gives a standard with which to follow so the revenues are showing what is anticipated based on historical expenditures and averages.

Mayor Rush asked where the \$750,000 is reflected. Ms. Jammes said it is counted in the government general revenue fund and included in the taxes that support the operation of the

budget. It can be seen on page 45 of the proposed budget under Voluntary Settlement Agreement.

In response to a question from Mr. Black about the proceeds from financing, Ms. Jammes said she had to offset the expense of the debt service that Council voted for so she will transfer out of the restricted bank account into the general operating account to cover the debt service payment in August when it comes due. That way, we are still earning the interest on the additional funding that we got to finance the vehicles and the money is not used for anything else.

In response to a question from Mr. Black about the debt service payment, Ms. Jammes said that the Solid Waste fund does not have its own bank accounts, it uses the General Fund accounts. Instead of transferring out of the Solid Waste fund which creates extra steps and causes Solid Waste to be out of balance, she has budgeted it all in the General Fund debt service.

In response to a question by Mayor Rush, the proceeds from the fire truck are held in the American National Restricted General Fund account. She gives Council a detailed breakdown of the restricted bank account every month.

In response to a question by Mayor Rush regarding the 2% COLA and \$500 Christmas bonus discussed at the February 29 Council Retreat, Mr. Warner said his recollection was that a majority of Council members were in favor of the COLA and the bonus as well, but there was a condition attached. Budget performance will be evaluated year-to-date at the end of October before approving the bonuses. We will be working towards merit-based raises and last week we pulled some information from the consultants in Pittsburgh, but it may take a while.

In response to a question from Mayor Rush regarding cost projections for the new police position levels, Ms. Jammes and Chief Foreman noted they cannot predict in this budget because the officers will need to qualify for the new classifications by fulfilling all the requirements and we don't know how many will qualify. After next year we will have baseline numbers and salary lapse will be able to cover the costs this year. Chief Foreman further explained that the program is for current employees in an effort to retain them and any new hire will have to work at least one year after probation before being able to apply for a higher level position.

Ms. Jammes noted that \$10,000 has been built into the budget to do some kind of large event for the employees and based on what funds may be left over, we will target some additional small events. She also said there are some lines in the General Fund that can be cut to compensate for the increase in the medical insurance. The VRS and life insurance increases are included in the proposed budget because those numbers were already known. VRS went up 1.34% and life insurance went up .03% and these costs are good for two years.

In response to a question from Mr. Schley about the professional services contract, Ms. Jammes said it has been moved to the network maintenance contract and is budgeted there. Ms. Crouch explained that the \$30,000 increase is because the contractor does advanced network systems and performs the network technician role for the IT Department. Two new servers are coming into play for our utility billing project with an upgrade to Norstar so that adds about \$250 per server per month. Another virtual machine is coming for the Police Department, plus in-car cameras

and body cameras which also adds a small increase. The Professional Services budget line is for our website which includes the annual fee and extra fees for secure certificates and work order licenses as well. Our rental equipment/lease for our copiers is also in that line. Everything under Advanced Network budget line is network services.

In response to Mayor Rush's question about whether the IT Equipment Replacement line for \$34,070 is a capital investment, Ms. Jammes said it is not a fixed asset. The machines themselves don't come in over \$5,000 so this includes machines, monitors, printers, replacement ink, all the computer-things and none of these items physically come in at over a fixed asset category.

In response to Mr. Black's question about the increase in the network contract, Ms. Crouch noted it includes the managed security services, giving us the resources and tools to enhance our network security which we did not have last year and is a new feature she would like to bring on board.

In response to a question from Mr. Stanley, Ms. Crouch said the utility billing project will be up and running on September 21, 2020. The customer connect portal will come shortly after that, about two weeks later.

Chief Foreman answered several clarifying questions from the Council members. He said the money budgeted for career enhancement will be used at the end of the year when officers have met certain standards they could then receive an incentive. He also said that they now have a partner sponsoring Cop Camp so some of the expense of running the camp will be paid by the sponsor. Overtime is still needed when officers respond to a TDO or ECO and overtime also occurs from attrition and staff shortages to cover shifts. There was a bid put out by the State of Virginia to provide some alternate transportation for the TDO's and ECO's from a company named G4S which just started this past month and the impact is not known yet. There is no expectation of any increase in funding from the State this year.

Fire Chief Creasy answered several clarifying questions from the Council members. The Compensation budget line was increased because when a consultant came in, he noted that hydrant maintenance and flow testing should be a two-person job. Chief Creasy also said he increased the hourly rate to \$14 or \$15 per hour because it is difficult to attract workers to complete the maintenance and the increase will make the job more appealing. He is not sure exactly how much additional funding he will need to accomplish this. Ms. Jammes added that she has some budget lines identified that she can reduce to offset the expense of the health care increase and this Compensation line is one of them. She will work with Chief Creasy to identify how much can be moved to the General Fund for this purpose. Computer tablets are being used in the fire trucks but no direct communication is received with the Computer Aided Dispatch (CAD). Ms. Crouch will be acquiring new mobile data terminals in her capital improvement budget for next year and we are getting a new CAD system in Dispatch, which should be up and running by the end of the year. The acquired cradle point devices will be able to do many more functions and create a much stronger internet connection. If an incident occurs where a Command Center is needed, these devices can create a secure WiFi level where other localities can join in and be on a set computer network with a stronger signal to increase communication. The cradle point devices are a phase one of a two-year project.

Mr. Lawhorne answered several clarifying questions from the Council members. He said they are trying to get more aggressive on constructing and repairing sidewalks next year. Ms. Jammes noted there are some dollar rollovers from the prior year but they are trying to limit the rollovers. Mr. Warner said that in this budget proposal, they have made an effort to be more accurate and more in-line with the financial statements. Ms. Jammes stated that some purchase orders will automatically rollover if we do not liquidate them and those feed into the budgeted amounts as well. She knows some of the sidewalk projects have continued to rollover, especially the ones with VDOT funding because we are allowed to have carryover money in the VDOT money. If those projects are not completed in the current fiscal year, then it becomes carryover VDOT money and in the past we have not wanted to wipe it off the books because it is actually grant money but we are trying to finish up some of these projects in the current year. Mr. Lawhorne verified that road black topping includes VDOT money. We will have a ride-around with VDOT on the 26th to identify what they want done and we may be able to add some things to it. VDOT gives us a five-year list that includes their roads and before the ride-around, we identify other areas and ask if we can include them in their list. We take our list and their list and see if we can get it all to work with the money. Sometimes there are problems with a project once it gets started which will add additional costs. Storm drainage projects were listed in an update that was included in the Council members' agenda packets from the Retreat held on February 29, 2020. He said we try to cover for jobs that come up unexpectedly as well as continuing to work on projects on the list.

Mayor Rush noted that we fixed the heating in the administration building but are having some problems with the air conditioning and questioned where is the money to fix the A/C. Mr. Warner said it will come out of prior reserves if necessary.

Mayor Rush said the Council will stop for a two minute break and enter into the regular Council Meeting scheduled for 7:00 p.m. The budget work session will continue immediately after tonight's regularly scheduled business matters are addressed.

Town Council, staff, and other attendees returned to the budget work session at 7:35 p.m.

In response to a question about the Professional Services budget line, Ms. Jammes said it contains expenses we run through for a brownsfield grant and so it is offset by revenue we receive. Therefore, the 2018 and 2019 Actuals are higher. We are not sure what our expenses will be in 2021 but whatever is the expense will be offset by revenues received from the brownsfield grant if we overexpend that line. Mr. Warner said the grant runs out September 2020. Ms. Zirkle said it is actually an extension to be used as incentive to redevelop sites. We are rewarded for using it and they do not want the money back and we do not need to reapply.

Mayor Rush said he would like to decide what monies will be given to civic organizations. The new policy will take care of next year. Mr. Warner said we still need to present the changes in a final version of the policy for Council to vote on. Ms. Jammes stated we can present the final version along with the revised cash reserve policy to Council for adoption at the same time. This civic organization policy will be included in the back of the adopted budget as part of the policies that govern the finances of the Town. Mayor Rush noted that the policy will not affect

this budget this year.

Councilman Shoen moved, seconded by Councilman Schley, to not fund any of the civic organizations. Discussion followed.

Councilman Stanley felt that as a Council, we have an obligation to fund some of the organizations to a point but some don't really need the money. He would be in favor of having one bucket of money holding a limited allotment to be awarded but not granting the full amount some organizations are asking. Vice Mayor Black said that many of these organizations provide a needed and good service for the community and enhance the quality of life for the townspeople.

Voted upon and carried by a roll call vote. Roll call as follows:

| | |
|-----------------|-----|
| Mr. Shoen | aye |
| Mr. Stanley | nay |
| Mr. Black | nay |
| Mr. Hailey | nay |
| Mr. Johannessen | nay |
| Mr. Schley | aye |
| Mayor Rush | aye |

The motion fails with four members voting nay and three members voting aye.

Vice Mayor Black moved, seconded by Mr. Stanley to set a limit of \$50,000 for outside agency funding. Discussion followed.

Mayor Rush said that some of these agencies get substantial sums of money from the County and we are Bedford County taxpayers. The organizations need to be broken of their dependence on our funds being a part of their operating budgets. Mr. Stanley said we should award some of what they are requesting but not all so they see that Council will decide how much to allot them. Mr. Schley noted that when he first served on Council, we awarded \$97,000 and then we went to \$68,000 and now we are back up to \$69,000.

Voted upon and carried by a roll call vote. Roll call as follows:

| | |
|-----------------|-----|
| Mr. Stanley | aye |
| Mr. Black | aye |
| Mr. Hailey | nay |
| Mr. Johannessen | aye |
| Mr. Schley | nay |
| Mr. Shoen | aye |
| Mayor Rush | nay |

The motion passes with 4 members voting aye and three members voting nay.

Ms. Jammes stated that the Council has passed the amount of \$50,000 now and they must determine how to split that amount up between the community agencies. It can be split up by all the requesting agencies getting the same amount of money up to \$50,000 or Council can direct staff on how to divide it up.

Discussion followed with Council's agreement to award funds to the below listed community agencies:

| | |
|---------------------------------------|-------------|
| Bedford Ridge Program | \$ 8,500 |
| Bower Center for the Arts | \$ 9,000 |
| Bedford Area Chamber of Commerce | \$ 0 |
| Bedford Area Educational Foundation | \$ 2,500 |
| Bedford Museum & Genealogical Library | \$ 6,000 |
| National D-Day Memorial Foundation | \$ 8,000 |
| Central VA Business Coalition (RMA) | \$ 5,000 |
| Wharton Memorial Foundation | \$ 6,000 |
| Bedford Boys Tribute Center | <u>\$ 0</u> |
| Total | \$45,000 |

Town Council will seek a sponsorship of the Chamber of Commerce in lieu of awarding specific funds. Council members also understood the total funding for the community agencies equaled \$45,000 rather than the \$50,000 amount that passed on motion.

Mr. Wagner responded to a question asked by Mayor Rush regarding the Recoveries and Rebates budget line. He said if there is an insurance settlement the money would go into that account. His department would report the particular damage, compose a bill of materials, send it to the insurance company and they make a payment to us, and then they go after the perpetrator. If they recover all the costs, they will give us the deductible which will also go into the account. If we are doing an improvement such as a line extension, the customer pays us and that money goes into the account as well. Mayor Rush also asked about the Expert Services budget line. Mr. Wagner said the funds would be used if they had to get an outside engineer's help for design or a substation issue, or something that cannot be done in-house.

In response to a question from Mr. Black regarding the sale of electricity, Mr. Wagner stated he works with AMP to come up with a forecast and our growth rate has been flat or slightly downward. Market prices have declined significantly so he is anticipating lower costs beginning in January of 2021, which has been built into the proposed budget.

Mr. Stanley asked if the Town has Radio Frequency (RF) meters. Mr. Wagner said that all customers are on a drive-by system which he believes was installed about ten years ago. A pilot program for remote meter reading using the RF equipment has been included in the budget for a few years and he expects to do it this year.

Mr. Wagner answered a few more clarifying questions from the Council members. He noted they will be finishing a project that will connect a complete loop around town so they can feed into either direction. Some additional funds have been included in the Operating Costs and Materials and Supplies accounts for replacing underground lines as they see them failing. The Wycliff area has electricity failures and will finish that project this summer. In 2023, large scale replacing of underground lines will begin but they are happy to move the timeline up if the Council sees fit to do so.

Mayor Rush was concerned that if we do not add any capital to the budget we will get behind on replacement needs. Mr. Warner responded we are trying to get a more accurate handle on the expenditures. VDOT funds can be used for some items which are operational funds. The Town does not have to treat those items as separate capital projects. On paper it may look like we are doing less but operationally, we are not, we are using VDOT money.

Mr. Black noted that there is some deferred maintenance in the parks and he would like to see more done in that area. If we are creating small surpluses in some places we could put that small amount of money toward enhancing the parks. Mr. Warner said it is not so much a budget issue as it is an operational issue where we need the personnel and the materials to do that. Perhaps we can establish a list of projects where community groups can help.

ADJOURNMENT:

8:20 p.m.

Steve Rush, Mayor

Debra Anderson, Clerk of the Council