



**Town Council  
Regular Council Meeting Minutes  
June 9, 2020**

The Town Council of Bedford, Virginia, held a regularly scheduled meeting on Tuesday, June 9, 2020 at 7:00 p.m. in the Council Chambers of the Town Municipal Building at 215 East Main Street, Bedford, Virginia.

**Town Council members present:**

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

**Town Council members absent:**

None.

**Town Staff present:**

Town Manager Barrett Warner; Assistant Town Manager Sonia Jammes; Town Attorney William W. Berry, IV; Chief of Police Todd Foreman; Director of the Electric Department John Wagner; Economic Development Coordinator Mary Zirkle; Clerk of Council Debra B. Anderson; and Recording Secretary Julia Peters

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

### **APPROVAL OF MINUTES**

Mayor Rush declared that the minutes of the Regular Council Meeting held on May 26, 2020 were approved as presented.

### **REPORT OF TOWN MANAGER**

Town Manager Barrett Warner reported:

On its own initiative, the Bedford County Board of Supervisors recently voted to allocate \$550,000 of CARES Act funding to the Town for expenses related to its response to the COVID-

19 pandemic. Town staff are working with County staff to identify qualified expenditures. Mr. Warner thanked County colleagues for thinking of the Town in such a proactive and considerate manner.

He also thanked the organizers of several recent public events. The parade honouring Bedford County high school graduates, the Solidarity and Justice March, and the peaceful rally were all very uplifting examples of the extraordinary community and wonderful citizens that are a privilege to serve.

Mr. McCormack has applied for the necessary permits to commence the clean-up work on the Bedford Middle School site.

Sixteen applications have been received for the Phase 2 of the Business Assistance Program. The applications will be reviewed by the Town Economic Development Authority at its meeting on Friday, June 12, 2020.

The Police Department received a positive recommendation from the Review Committee with regard to pursuit of national accreditation administered by the Commission on Accreditation for Law Enforcement Agencies (CALEA). A final decision on the process is expected in November.

There are several employment opportunities with the Town Administration. Four police officers are currently being sought and also one person to join the electric utility's right-of-way crew. He encouraged people to look into these opportunities.

Mr. Warner advised the Council that he would be away from the office on Friday, June 12 and Monday, June 15, 2020.

#### **APPEARANCES BEFORE COUNCIL**

None.

#### **COUNCIL COMMENTS**

Councilman Johannessen said that the two events held this past weekend were well organized and he was proud of those that attended.

Councilman Hailey thanked Chief Foreman and Sheriff Miller and the people that put together the two weekend events which were great events. They did an excellent job keeping everything calm and collected.

Vice Mayor Black stated that the Town Police Department is seen as a partner and he appreciated the good work that Chief Foreman does and it is recognized throughout the community.

Mayor Rush agreed with Mr. Black and thanked Chief Foreman and the Town staff for what they do and noted that with 800,000 cops in the country, it only takes one or two bad apples to ruin it for all.

Councilman Stanley echoed what was previously said. He stated he was at the Sunday event and was happy to see the good response from Town Manager Warner and Chief Foreman. It is obvious that they are doing a great job by keeping the peace and if there are concerns, they address them immediately.

## **REPORT OF COUNCIL COMMITTEES**

Councilman Schley reported the Electric Committee met previously and one of the issues discussed regarded the Governor's order to not charge late fees or disconnect people's electric and how to go forward. While a program has not been finalized, they are waiting for the June 15 deadline for the State to issue recommendations. Although the Town is not governed by the State when it comes to Bedford Power, they do want to review the recommendations.

One of Bedford's two transmission delivery points, the Mosely Station, will be rebuilt by APCO. There will be a risk of an outage between October 14 and November 20, 2020. If there is an issue during the rebuild, there is a significant chance of being without power for a 24-hour period and he wanted everyone to be aware.

## **REVISIONS TO AGENDA**

Mayor Rush said that he would like the Closed Session to be moved up in tonight's meeting and be held after the Zoning Ordinance Review roll call and ahead of the Budget Adoption for FY 2020-2021. There were no objections.

## **PUBLIC HEARINGS**

Mr. Warner read the following public hearing notice:

### **PUBLIC HEARING NOTICE**

Notice is hereby given of public hearings to be held by the Planning Commission at 5:30 p.m. on Thursday, June 4, 2020, and by the Town Council at 7:00 p.m. on Tuesday, June 9, 2020, at the Town Municipal Building, Council Hall, 215 East Main Street for the purpose of:

- Consideration of amending the Bedford Middle School Campus rezoning and conditional use permit at 503 & 507 Longwood Avenue, Bedford, VA 24523 (Tax Parcels 194-A-170-T, and 174-5-1-T, 174-5-2-T, 174-5-3-T, 174-5-4-T), consisting of approximately 9.54 acres, located on the north side of Longwood Avenue and Peaks Street and parcels along Westview Avenue, to remove the auditorium and increase the number of apartment units to 60. The request is being made by Waukeshaw Development, Inc., for Old Yellow, LLC, 245 E. Bank Street, Petersburg, VA 23803.

Information is on file in the office of Planning & Community Development.

Anyone who is in favor of or opposed to the request will have an opportunity to express his/her views at these hearings.

By the Authority of the Planning Commission and  
the Town Council of the Town of Bedford

Mayor Rush opened the public hearing at 7:08 p.m.

**Mrs. Anne Hayes Soukhanov, 512 Peaks Street, Bedford, VA**

Mrs. Soukhanov thanked the Council for listening to her speak on this issue. She also thanked Mr. Warner for providing information she had requested at the Planning Commission meeting, which was a list of expenditures made involving Mr. McCormack's incentive grant, and a clarification from the Department of Environmental Quality (DEQ) regarding any toxic materials at the site. Mr. Warner gave her DEQ's response which said an asbestos survey was conducted on the building and some asbestos was identified in the flooring and caulking and this information is contained in the asbestos survey report provided to DEQ by Mr. McCormack. DEQ shared the report with the Department of Labor and Industry (DOLI) and Mr. McCormack stated there is no plan to remove the flooring at the present time. The remediation and removal of asbestos in the structure falls under the jurisdiction of DOLI and Investigator Wiggins has provided guidance and will follow-up on any related issues. This made Mrs. Soukhanov feel better because Mr. McCormack said at the Planning Commission meeting that there was no asbestos at all in the building.

Mrs. Soukhanov continued by saying she had two points to make. She would like the Council to tell the public the total amount of taxpayers' money that is being spent on this project, separate from the \$400,000 that is known about and accounted for. She is specifically interested in the legal fees incurred by Council (Mr. Lockaby's fees) and the total costs of the arson fire, including the fire department, fire marshall, state police, other law enforcement and investigators. Aside from the fire, she is also interested in knowing what is the man-hour cost for the Bedford Police Department since the summer of 2019, where they have served as a security service for the building since the power was shut off and therefore there was no electronic security or fire alarms in the building. Living next door, she saw many, many times, sometimes every day or evening, unmarked and marked vehicles coming to the school investigating various things including rocks through windows, unsecured doors and so forth, toilet paper strewn all over the stairways, culminating in this arson. It disturbed her that the police detective who was investigating this fire told her and her husband several days after the fire that he had spent six months trying to get Mr. McCormack to reinstate power and therefore the security and fire systems so it would be easier to protect the building. The police department, as she understood from media reports, had to install cameras and that is how the alleged arsonist was caught. She had been told by several members of the police department that investigating an arson like this is highly costly and highly time consuming. She thinks that since she and others are taxpayers, they are entitled to know exactly how much this whole project has cost, from the time Waukeshaw took control of the property up until now. So far, she has not seen that, and she thinks it would be helpful to the public to see it.

Mrs. Soukhanov also asked, referring to the lease, page 18, paragraph 6, subparagraph A., which she read aloud, whether the lease was breeched since a police detective said all the security and fire systems were turned off. She said it was a question only the Council, Town Attorney and Mr. Lockaby could answer but she felt it was a question that needs to be asked.

**Mr. Tony Claytor, 4276 Big Island Highway, Bedford, VA**

Mr. Claytor said everyone was there because it was a poorly negotiated deal to start with and everyone on the Council was a part of it. There should have been safeguards on this deal in the beginning and it was up to Council to make sure that if the building had security and fire systems and they allowed him (Mr. McCormack) to cut them off, it was their fault the school burnt to the ground.

Council should have made sure he had adequate insurance on the building so that if it did burn to the ground, it could be put back just like it was. He (Mr. McCormack) wants to do away with the auditorium and add 10 more apartments. The first 50 apartments are a bad idea to start with and the Town of Bedford would have a hard time handling the influx of 50 and now he wants to make 60. Mr. Claytor said he knows the Council wants to do something with the school but there were other options and the Council did not have to jump on the first thing that came along. He was underinsured which is why he says it is not feasible to put the auditorium back. The deal was the auditorium would stay there and he would keep it up and it would be used for the general public of the Town and County of Bedford. If you have a deal, you must stick to it and if he did not have enough insurance on it, Mr. Claytor does not care, he can take the rest of the money out of his own pocket and put the school back exactly as it was and walk. But the Council and everyone are afraid he will walk. If Council would make him put it back as it was, and he walks, nothing is lost, it was given to him anyway. The Town can then start from scratch and try something else and hopefully next time make a better deal. This one bit everyone in the butt, everyone who negotiated this thing and it is uncalled for if you all agree to renegotiate the original agreement contract. Council should have made sure he had adequate insurance on it and should have taken every precaution to protect that school.

Before this deal happened, the property was worth seven plus million dollars and then it was reduced to \$1.8 million just because he was going to take it over. He says the building was worth less than nothing which is what he stated in the Planning Commission meeting last week. He plans on making money on it somewhere or he would not have bought it. There is no need for 50 extra apartments in the Town of Bedford and Council did not think of the investors that have been born and raised in this Town. Adding that many apartments when they are not needed will probably hurt the rest of the investors in the Town. Right from the beginning, he (Mr. McCormack) wanted a six-month extension and Council is working against the Board of Supervisors in the County and the County Treasurer's Office when the value of the building was reduced, which is \$43,000-\$44,000 per year that is lost between the County and the Town. If it was worth seven plus million dollars before he took it over, it is still worth that. No one will answer the question of who did this and why it was done. Council should be thinking about getting some industry into the Town to get people to move here and stay and spend money here all the time and quit worrying about tourism. No one has a backbone to turn this man down

because they are scared he will walk away from it, but put it back the way it was and then let him walk, then something else can be done.

**Jim Messier, 1621 Kingston Circle, Bedford, VA**

Mr. Messier said he empathizes with the neighbors since the fire and doesn't want to rehash how long it took to negotiate the initial work with Waukeshaw, and everyone wishes the fire didn't happen, but it did. He was looking forward to whatever was going to come from the auditorium but it is gone now and he thinks this is a good project and would encourage the Council to move forward and renegotiate. The only other thing he sees happening if it is decided not to do the apartments, is Bedford ends up with a hole that is bulldozed, because he does not see too many other opportunities where people will come in to work on this project. Mr. McCormack is someone who has done what he said he would do through other projects in the Town and Mr. Messier feels good about that. He thanked Town Council for their time.

Three written comments were received in response to this public hearing and are included here:

**Tracy and Chris Brosovic, 415 Bedford Ave., Bedford, VA**

The Brosovic's wrote to Council to express their support of continuing the conversion of the old middle school into apartments. They understood that the tragic fire destroyed the wonderful auditorium that was going to continue to be used for events, and that due to the extensive damage it cannot be restored or replaced. However, it is their understanding that the building itself can still become homes for new or existing residents of the Town. This is an exciting prospect, and will be a great boost to both the community and local economy. What better way to honor and celebrate the history of the building and its former students than to rebuild from the ashes a place that helps rejuvenate the Town.

They hope that Council will continue to support the growth and prosperity of this wonderful town, its businesses, and its residents through the renewal of the historic building. They look forward to seeing it filled with residents new and old, enjoying all that Bedford has to offer.

**Allison Johnson, 413 Bedford Ave., Bedford, VA**

Allison Johnson a resident of the Town of Bedford. She is writing to express her approval of the proposal for the old auditorium space at the old Middle School to be turned into apartment space. She has always enjoyed walking past the old buildings and is looking forward to seeing new life brought to them through the planned development. Like the rest of the Town, she was devastated to see the damage caused by the recent fire, and truly saddened to learn that the auditorium space was destroyed. The proposed addition of 10 more apartment units seems the best use of the space and it will only add to the positive impact of the planned redevelopment. She hopes that Council will vote in favor of the project in agreement with the Planning Commission's recommendations. She believes that this will only have a positive impact and will help the community heal from the devastation the fire caused. She thanked Council for their time and consideration of this matter.

## **Betty Lambeth Gereau, 1108 Ashley Drive, Bedford, VA**

In May 2017, an RFP was issued to solicit proposals for developing the former Bedford Middle School property. There were few responses. The current agreement, which was hammered out in great detail, was not perfect, but provided a viable plan to put the property back to work for the community. Preserving the auditorium, with its outstanding acoustics and excellent condition, was a great idea and a gift, but the potentially wonderful venue also came with challenges and uncertainties such as management, promotion, costs, parking, noise, compatibility with apartment residents, etc. Then the devastating fire, which destroyed the auditorium and almost the entire school, shook the community and changed everything.

However, there are still positives. The project, even as amended, will preserve the unique and highly visible buildings for all to enjoy in this historic, centrally-located and beautiful neighborhood. It will provide a much-needed hotel; an attractive site for residents and visitors; housing which could draw new people to live and spend money in Bedford; a business incubator space; and recreation facilities. These were all goals of the School-to-School Community Planning Project. Most importantly, the property will be improved and placed on the tax rolls. Consider that the assessed value of Beales was \$61,300 in 2013; \$1.354 million in 2020. The Bedford Lofts: \$171,100 in 2013; \$968,000 in 2017 and \$1.695 million now.

What other truly viable options are there to successfully develop this property to its full potential in a timely manner? A developer is already in place with a proven track record in historic preservation and reclaiming buildings in terrible condition, as well as the essential ability and experience to secure the necessary financing which is quite complicated for non-traditional projects such as this. Having an already-established and successful partnership with local economic development authorities is a bonus.

The plan and proposed changes are not perfect, but what are the alternatives? If not this modified project, then what?

- Large expenses for the town for clean-up, maintenance, or demolition
- Public safety issues
- A continuing eyesore
- A property not generating property taxes, meals taxes, hotel taxes. No tax revenue if owned by the town
- Loss of a much-desired hotel and the unique, historic buildings which are an attraction for visitors and an asset for the town
- Loss of the school buildings, the landmarks which have been such a source of pride and significant influence and identity to generations of Bedford citizens. Reaction from far and wide after the fire is a testament to the fact that these are far more than just structures.

Town Council has spent countless hours and resources to work out a plan for this distinctive and noteworthy property. Now there is opportunity to move forward from a tragic event and successfully develop the campus for the benefit of the entire community. Please don't throw away the opportunity which exists today for ten apartments.

Thank you for all the work done to this point and for thoughtful and serious consideration of the possibilities.

Mayor Rush closed the public hearing at 7:27 p.m.

#### **CONSENT AGENDA**

None.

#### **OLD BUSINESS**

None.

#### **NEW BUSINESS**

#### **Ordinance – Conditional Use Amendment – Bedford Middle School Redevelopment**

Waukeshaw Development LLC is seeking an amendment to the conditional use permit that was originally granted as part of their rezoning process which was approved on October 22, 2019. The essential change is to remove the auditorium use from the project proposal and to increase the number of market rate apartments within the brick building from 50 to 60.

The Planning Commission met on June 4, 2020, and conducted a public hearing regarding the matter. Mrs. Anne Soukhanov, Mr. Tony Claytor, and Mrs. Teresa Kanode spoke at the public hearing.

By a vote of four ayes, two nays, and one member absent, the Planning Commission recommended approval of the conditional use permit.

#### **ACTION REQUESTED:**

Town Council is requested to approve the attached ordinance amending the conditional use permit related to the redevelopment of the former Bedford Middle School property.

Mr. Black moved, seconded by Mr. Stanley, to approve the ordinance amending the conditional use permit granted for redevelopment of the former Bedford Middle School property. Discussion followed:

Mr. Schley noted that this project was not a deal put together overnight and was put out to bid and there were companies from other states that came to bid on this project so it was not done locally either. It was so long ago that Mr. Warner was not the Town Manager when the project was started. It was negotiated for over 18 months and it was not one-sided negotiations. Once it was completed, it was a far better deal than when it was first started with both parties working through it. As far as taxes are concerned, the Town does not assess tax properties. There was zero taxes being paid on that property for over one hundred years so a revenue loss cannot be calculated in something that was not collecting taxes to begin with. To say that it is a bad deal is not accurate. It is the best deal that the Council could come up with and Council did try to find other people to consider the project. However, there are tons of schools for sale because they are



zero market value. People are not clamoring to find schools and he contacted two other localities during this process to ask them how they proceed with school deals and both councilmembers from these localities said if you have a deal, take it because you will not be able to get rid of the school otherwise. Due diligence was done and it was done over an 18-month period and it was discussed with other townspeople and not just behind closed doors and this was the best decision that could be made at the time and this is a good investment and has been a proven investment with this developer in this area. There are two separate parts to this deal; an initial phase, or discovery/due diligence phase; and the performance agreement. Until the due diligence is completed, the performance agreement does not kick in. Mr. Lockaby said that is correct and there is a point under the lease where Waukeshaw has the ability to exercise an option to purchase the property and there are certain circumstances under which he has to do it. That is where the performance agreement actually starts. The Town is still in the due diligence phase trying to figure out whether the project is feasible or not.

Vice Mayor Black said that the zoning part discussed tonight is a big part of this project. He said he agreed with Mr. Schley and it was a very open process and everyone did their best on this agreement. The arsonist did not leave us with any good options but to have 60 new occupants will help the Town grow and help businesses grow and continue to make this Town a vibrant community. A new hotel will be obtained from this deal and it has been heard many times that Bedford does not have good lodging options. This is a chance for the Town and all Council can do is their best and he thinks that the best is being done in this regard. Mr. Black mentioned the concern with parking and said initially with the old plan parking was going to be around 225 required spaces. Now the number will drop to about 200 with the new site plan.

Mr. Shoen agreed with Mr. Schley and Mr. Black. He said this project was being worked on at least a year before he came to Council and he has been sitting now a year and a half. He had some of the same questions that others have expressed and this has not been an easy decision and Council is trying to do what is best for the Town but there is no way to make everyone happy. He feels there is public support and the Town is in a difficult spot after the arson but Mr. McCormack has been successful in other projects and the Town is fortunate to have this opportunity.

Mayor Rush said he considers the source in regards to Mr. Claytor. The positive is the apartments will be market rate, a plus for the community for people with disposable income they can spend in our restaurants and businesses.

Mr. Hailey stated they have been working on this for a very long time. There has been an effort across two or three states to offer the school to somebody. The fire was an unexpected event and set back the whole project. It is hard to move on but the best thing to do is move forward with what we have now which is the best option for the Town. He asked Mr. McCormack when clean-up would start if the ordinance and zoning review were approved tonight. Mr. McCormack responded that clean-up could start in two days with people on the job on Thursday and will take between 60 to 90 days.

Mr. Johannesson asked if the neighbors will be protected and safe while the clean-up proceeds. He wants the building to be put back in the condition that it looked like before as much as possible. Mr. McCormack said they will keep dumpsters in the middle between the buildings and

he will look at the dumpster that Mrs. Soukhanov said is now located next to her bedroom and kitchen.

Mr. Stanley felt the Council did a great job with this project even though he was not involved personally. He is familiar with Mr. McCormack's work and he thinks he is someone who gets things done and he has the utmost faith and trust in him.

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

Vice Mayor Black	aye
Councilman Hailey	aye
Councilman Johannessen	aye
Councilman Schley	aye
Councilman Shoen	aye
Councilman Stanley	aye
Mayor Rush	aye

The motion carries with seven members voting aye.

The ordinance is as follows:

#### **Ordinance No. 20-7**

**AN ORDINANCE AMENDING THE CONDITIONAL USE PERMIT GRANTED FOR REDEVELOPMENT OF THE FORMER BEDFORD MIDDLE SCHOOL PROPERTY LOCATED AT 503 AND 507 LONGWOOD AVENUE (TAX PARCELS 194-A-170-T, and 174-5-1-T, 174-5-2-T, 174-5-3-T, and 174-5-4-T)**

**WHEREAS**, the Planning Commission of the Town of Bedford held a public hearing on October 3, 2019 and recommended approval of a Conditional Use Permit including continued use of the auditorium facility present on the property known as the former Bedford Middle School; and

**WHEREAS**, the Town Council held a public hearing on October 22, 2019 and approved a Conditional Use Permit including the continued use of the auditorium facility present on the property known as the former Bedford Middle School; and

**WHEREAS**, the property known as the former Bedford Middle School was substantially damaged on January 23, 2020 by a fire whose source was determined to be arson; and

**WHEREAS**, Waukeshaw Development LLC asserts that the damage to the property precludes the possibility of restoring the auditorium use in a meaningful and cost effective manner; and

**WHEREAS**, Waukeshaw Development LLC has submitted an alternate proposal that would remove the auditorium from the list of uses approved in the previous Conditional Use

Permit and increase the number of market rate apartments approved on site to a total of sixty (60); and

**WHEREAS**, the Planning Commission of the Town of Bedford held a public hearing on June 4, 2020 and recommended approval of an amended Conditional Use Permit; and

**WHEREAS**, the Town Council of the Town of Bedford held a public hearing after notice was given in the *Bedford Bulletin* once a week for two successive weeks as required by Virginia Code 15.2-2204; and

**WHEREAS**, it is found that the public necessity, convenience, general welfare, and good zoning practice are best served by amending the existing Conditional Use Permit which was approved on October 22, 2019;

**NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF BEDFORD, VIRGINIA:**

Section 1. The Conditional Use Permit granted to Old Yellow, LLC for uses contained in the site plan entitled “Bedford Middle School” on the site is hereby amended subject to the proffered conditions contained in Exhibit B of the Performance Agreement between the Town of Bedford, the Town Economic Development Authority, and Waukeshaw Development, Inc.

Section 2. This ordinance is effective upon enactment.

### **Zoning Ordinance Review**

The Planning Commission published a Request for Qualifications related to review and possible revision of the Town Zoning Ordinance. Four responses were received. A committee comprised of Mayor Rush, Lonnie Bailey (Chair of the Planning Commission), and Mary Zirkle reviewed the proposals and recommended that the Town pursue negotiations with EPR PC of Charlottesville, Virginia.

At its meeting on June 4, 2020, the Planning Commission recommended pursuit of formal negotiations with EPR PC by a unanimous vote of all members present.

### **ACTION REQUESTED:**

Town Council is requested to authorize staff to enter into active negotiations with EPR PC for review and possible revision of the Town Zoning Ordinance. If a contract proposal is forthcoming, that will be presented for formal approval by Council at a later meeting.

Mr. Shoen moved, seconded by Mr. Hailey to authorize staff to enter into active negotiations with EPR PC for review and possible revision of the Town Zoning Ordinance. Discussion followed.

Mr. Warner noted the zoning ordinance encompasses signs, subdivision and design standards and this would be a review of all the matters. Mayor Rush said there were two people that the Town might be able to propose a package deal and we were going to reach out to both. Mr. Warner stated that was done but the people did not want to work with each other. If the Town is not successful with EPR, Mr. Warner said they will move on to the others. Mayor Rush and Vice Mayor Black noted the review would take a couple years. Mr. Warner said the last time this was done was in the late 1980's but it was an excellent job because it has served the community for over thirty years.

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

Councilman Hailey	aye
Councilman Johannessen	aye
Councilman Schley	aye
Councilman Shoen	aye
Councilman Stanley	aye
Vice Mayor Black	aye
Mayor Rush	aye

The motion carries with seven members voting aye.

Mayor Rush read Closed Session pursuant to Section 2.2-3711 (a)(29) of the Code of Virginia of 1950, as amended, for discussion of the award of a public contract and the terms or scope of the contract where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the public body.

On a motion by Councilman Hailey, seconded by Councilman Schley, to enter into Closed Session, the motion was voted upon and carried by the following roll call vote:

Councilman Johannessen	aye
Councilman Schley	aye
Councilman Shoen	aye
Councilman Stanley	aye
Vice Mayor Black	aye
Councilman Hailey	aye
Mayor Rush	aye

Motion passes with seven members voting aye.

Council adjourned into Closed Session at 7:50 p.m.

Non Council members present: Town Manager Bart Warner; Assistant Town Manager Sonia Jammes; Town Attorney William W. Berry, IV; Attorney Mike Lockaby; Developer David McCormack

Council reconvened into Open Session at 8:15 p.m.

**BE IT RESOLVED** that the Council of the Town 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.

Mayor Rush added that the subject matter of the Closed Session was the old Bedford Middle School.

On a motion by Mr. Hailey, seconded by Councilman Schley, voted upon and carried by a roll call vote, Council adopted the resolution. Roll call vote follows:

Councilman Schley	aye
Councilman Shoen	aye
Councilman Stanley	aye
Vice Mayor Black	aye
Councilman Hailey	aye
Councilman Johannessen	aye
Mayor Rush	aye

Motion carries with seven members voting aye.

A five minute recess was taken.

Mayor Rush called the meeting back into session at 8:20 p.m.

## **NEW BUSINESS (Continued)**

### **Adoption of Budget for Fiscal Year 2020-2021**

The Fiscal Year 2020-2021 Budget is a document that has resulted from a very structured and formal development process. Town Council conducted work sessions to further refine it on February 29<sup>th</sup> and March 10<sup>th</sup>. A public hearing on the budget was conducted April 14, 2020, 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 2020-2021 Budget in its current form is a policy document that is adequate to serve as the Town's work plan for the coming year.

### **ACTION REQUESTED:**

Town Council is requested to adopt a budget for Fiscal Year 2020-2021.

Mr. Warner informed the Council that passing a budget requires four positive votes. If there are any changes such as removing expenditures, revenue must be reduced as well. Changes must be balanced and staff is available to answer questions.

Mayor Rush noted that there have been previous discussions regarding the budget and Council members have had opportunities to express their opinions. He asked for a motion to approve the

FY 2020-2021 Budget in its current form as a policy document that is adequate to serve as the Town's work plan for the coming year.

Mr. Schley moved, seconded by Mr. Hailey, to adopt the proposed budget for Fiscal Year 2020-2021 as presented by staff. Discussion followed.

Mr. Schley said that as Council was entering into the process of creating the budget, it told staff that the budget needed to be very lean so that the Town would be able to do projects. It was a very good way for Council to look ahead to do projects, in an efficient pay-as-you-go process. It was important to do this year and COVID-19 just happened at the same time. Staff did exactly what Council asked them to do and compiled an extremely lean budget. He pointed to page 112 under CIP General Fund where there is zero dollars listed for Capital Improvements. He noted that staff are very frugal with taxpayers' money and always find ways to save. He wants to keep the COLA in the budget as is because staff have earned it. If there is an issue with revenue in the upcoming year, he can guarantee that staff will come up with ways to save money. They would not put a COLA into the budget if they did not think it was feasible and it is important not to cut the budget off the workers. He understands that Council members have the right to vote against a cost of living adjustment but he thinks it is not the right time to do so and Council members should find somewhere else to cut.

Mr. Shoen stated that he understood in previous discussions that the cost of living is at .03% and will probably drop even lower in the next year. Therefore, the proposed COLA is a full blown raise. He agrees that they have great employees and it is not a comment on the quality of the employees but it is a time of great depression and unemployment and he doesn't think it looks good to the taxpayers that they give a raise. He agrees with Mr. Black and thinks that Council should wait until January when more data has come in and look at the numbers. This has been a massive economic downturn and staff's pay is not being cut, it is just not giving a COLA at this time.

Vice Mayor said that this budget is about as lean as it can get. No capital is being spent, no infrastructure has been cut drastically which tells him revenues must be perfect. In just a month and a half, the Town has seen a decrease in meals tax. A budget is our plan and he wants to give the employees a raise but doesn't think the Town is out of the woods yet economically, and wants to revisit the COLA's in six months to see where we stand. It is the less risky option.

Mayor Rush noted that in February when it was discussed everything was doing well and then COVID-19 hit. The meals tax revenue is the second biggest revenue and can affect the Town finances the most. The property taxes will be consistent for various reasons but in the last month and a half the Town has lost \$47,289 from prior year comparison in collections. He hopes things come back and things are great but he is for revisiting the cost of living in January or February and if the revenues are there it can be addressed. He is not for the bonuses and would want to address the outside agency funding at the same time. A budget is compiled of revenues and expenses and if the revenues are not there, how can the expenses be paid. He is for putting these issues off until the second week of January and if the revenues are there, then address the issues.

Mr. Stanley said he wants to keep the budget as is. The employees keep the wheels of the Town

going and they deserve a pay raise every year. The economy is picking up and the stock market is going up. He thinks we have to take chances sometimes and this is a calculated risk and Bedford will be ok. But if not, the staff will figure out a way to get through it. He wants to pass the budget as it is and move on.

Mr. Johannessen said he is not in favor of spending money that the Town doesn't know they have. He appreciates the staff but thinks they should wait until January and then make a decision at that time. The economy may gain but also may not and it is not known where it is going. He appreciates that staff are fiscally responsible and will be in favor of the COLA and bonuses in January if we are ok but at this point he wants to pull back and be careful and thinks staff will understand that Council is trying to be careful. He would not like to see Council have to lay off anybody.

Mr. Hailey stated he has listened to both sides and believes staff are a key factor in the Town's organization. He agrees that the budget is lean this year and COVID-19 did put a damper on some things in Town, like the meals tax, but Mr. Warner said earlier tonight that the Town should get some relief money and there will be monies coming in for the electric bills that haven't been paid yet. The Town has given grant money to businesses to keep things running smoothly and if we don't look after our employees, things won't go smoothly administratively. Councilman Schley made a motion to leave everything in the budget but we could take the bonuses out and leave the COLA and take another look at the bonuses after January 1. Some outside agencies during this pandemic have received nothing and may permanently close because they don't have the finances to keep going. He thinks Council should show the employees that they are supported because they have worked throughout this ordeal continuing to do their jobs.

Mr. Schley reiterated that no one brought up the current state that the Town is in. He is not in favor of waiting six more months because staff is painting a much different picture than Council members are. He is looking at results on paper that tell him the Town will not only make the money for this year's budget and pay the bills even during the COVID-19 shutdown, but finds it funny that no one has asked staff to provide the actual numbers. He thinks if staff comes to Council six months from now and says all is good, he will still hear a different song from Council members. The actual numbers still show things are not that bad.

Mayor Rush noted that staff is competent but Council also has competent members that know how to manage money as well.

Ms. Jammes said that last year was a big year with D-Day so the numbers were elevated somewhat. So far now, the Town has collected \$102,126.51. We have left to collect \$108,000 versus the budget. If in June the Town collects \$108,000 we will hit our budget target. We are off real estate taxes by \$28,000. As soon as that is collected, we will hit the target budget. The majority of the General Fund Revenue lines have exceeded what was budgeted so far this year, even with the pandemic. The \$102,126.51 was April's meals tax and May's numbers should be better because we are now in Phase 2 of the government shutdown with partial indoor seating at restaurants and outdoor seating where April's numbers reflect only outdoor seating and drive throughs. The COLA will be an additional \$93,621 in the budget. Benefits are calculated into the \$93,621. In the monthly comparison of last year versus this year, the meals tax is down by

\$47,000.

Mr. Schley said that every year the budget is based on projections. COVID-19 happened this year and there are enough revenues to cover the budget. He doesn't want to base what is happening now into next year's budget.

Ms. Jammes said she pulls the collection numbers every day to see that the Town is ok and pulled them today. The revenues are \$28,000 off from meeting the budget so we have some stragglers in paying their real estate taxes so she suspects the \$28,000 will be collected by the end of the week.

Mr. Warner interjected that it is staff's position that Council can adopt the budget as presented and the Town can function. Whether it should is the Council's decision to make, but staff believes the budget as presented is reliable based on what has happened in the last 10 months, and what is happening now, and on projections to the best of their ability. It is always an educated guess.

Discussion continued regarding the bonuses, funding to outside agencies, COLA's, and revenues. Mayor Rush reminded Council members that the budget must be passed first and then Council must appropriate the funds.

The motion to adopt the budget as presented was voted upon and carried by a roll call vote. Roll call as follows:

Councilman Shoen	nay
Councilman Stanley	aye
Vice Mayor Black	nay
Councilman Hailey	aye
Councilman Johannessen	aye
Councilman Schley	aye
Mayor Rush	nay

Motion carries with four members voting aye and three members voting nay.

### **Ordinance – Appropriating Funds – Fiscal Year 2020-2021**

Mr. Warner reminded Council that this ordinance will direct staff to spend the money in the budget however Council sees fit but it will require five aye votes.

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 Town. The attached ordinance directs that the funds as set out in the budget for Fiscal Year 2020-2021 be appropriated and set aside to the appropriate funds, and authorizes the Town 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 Town Code.



**ACTION REQUESTED:**

Town Council is requested to adopt the ordinance appropriating funds as set out in the budget for Fiscal Year 2020-2021 and authorize the Town Manager to expend the funds in accordance with said budget.

Mr. Schley moved, seconded by Mr. Hailey to appropriate funds now. Discussion followed.

Mr. Stanley noted that the budget was passed as it was presented and Mr. Black said now Council must decide when to appropriate funds for COLA's, bonuses, and outside agencies. Mr. Stanley continued by saying he is all for funding the employee COLA's now.

Mayor Rush and Mr. Black said they are for waiting until January.

Mr. Shoen stated he is not in favor of funding any of the three items but to make it work, he would accept funding in January after Council members are able to look at the data.

Vice Mayor Black reminded Council members that last year they gave a 2% COLA, the year before that the Council made adjustments, a salary study was done and they continued to pay increases in retirement and health insurance. Compensation is not just salary.

Mr. Stanley responded that when the Town has good employees and spends time training them, sometimes years, you want to keep quality employees and the way to do it is to pay them what they deserve and have earned.

Mr. Schley said it is important for Council members to understand that investing in an employee is important.

Mayor Rush said some Council members want to fund now and some want to wait until January and he is for waiting until January. Council has to be fiscally responsible for the budget and he commends the financial staff and he was for these items in February but things have changed since then.

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

Councilman Stanley	aye
Vice Mayor Black	nay
Councilman Hailey	aye
Councilman Johannessen	nay
Councilman Schley	aye
Councilman Shoen	nay
Mayor Rush	nay

Motion fails with four members voting nay and three members voting aye.

Vice Mayor Black moved, seconded by Mr. Shoen that Council appropriate the funds in the budget, except for the bonuses and COLA's for employees and outside agency funding, which are not appropriated at this time, but shall be subject to subsequent appropriation at such time and in such amounts as Council may determine.

Discussion continued regarding the three points of contention, whether the Town is on budget this year and next year as well, and that Council answers to the taxpayers

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

Vice Mayor Black	aye
Councilman Hailey	nay
Councilman Johannessen	aye
Councilman Schley	nay
Councilman Shoen	aye
Councilman Stanley	nay
Mayor Rush	aye

Motion fails with four members voting aye and three members voting nay.

Mr. Stanley thought if the COLA was put back in the motion to appropriate funds, there might be a motion that would pass.

Mr. Johannessen moved, seconded by Mr. Hailey to appropriate funds including COLA's, but bonuses and outside agency funding would not be appropriated at this time, and shall be the subject of subsequent appropriation in January and in such amounts as Council may determine.

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

Councilman Hailey	aye
Councilman Johannessen	aye
Councilman Schley	aye
Councilman Shoen	nay
Councilman Stanley	aye
Vice Mayor Black	nay
Mayor Rush	nay

Motion fails with four members voting aye and three members voting nay.

Mr. Black moved, seconded by Mr. Shoen, to include bonuses in the appropriation of funds but remove the COLA's, and defer the bonuses and outside agency funding until November based on revenues. Discussion continued.

Mr. Johannessen moved to amend the motion, seconded by Mr. Shoen, to defer the appropriation of funds for employee COLA's and bonuses, and outside agency funding until the first meeting in October and based on revenues.

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

Councilman Johannessen	aye
Councilman Schley	nay
Councilman Shoen	aye
Councilman Stanley	nay
Vice Mayor Black	aye
Councilman Hailey	nay
Mayor Rush	aye

Motion fails with four members voting aye and three members voting nay.

Mr. Warner observed that Council will not be granting the COLA tonight but he suggested finding some deferral that would work for all Council members so that staff could have some direction on how to proceed and he would like to have it done tonight and not next week.

Discussion continued.

Mr. Black moved, seconded by Mr. Johannessen, to defer the appropriation of funds for employee COLA's and bonuses, and outside agency funding until the second meeting in September and based on revenues.

Mr. Stanley said his faith is in the staff. They did a great job on the budget and Council members are taking it upon themselves to know more than staff. Employees are the most important cog and if they were all to walk out, what would Council do and what would the Mayor be able to do.

Mr. Schley reiterated that even after the numbers were given to Council by staff, Council members are still unable to come to an agreement. It is inherently important to invest into a staff that went to work to put together a lean budget. If we cannot invest in that, why would any Council member think that six months down the road we would be able to come to a conclusion. We have not been able to agree on what number reflects a good economy. If we can meet the budget with revenues during a crisis with numbers that staff gave to us, what criteria will ever be acceptable to Council members. Employees have already earned the raise and he can prove to the taxpayers that they are getting their money's worth.

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

Councilman Schley	nay
Councilman Shoen	aye
Councilman Stanley	nay
Vice Mayor Black	aye
Councilman Hailey	nay

Councilman Johannessen            aye  
Mayor Rush                                aye

Motion fails with four members voting aye and three members voting nay.

Mayor Rush said Council is adjourned until next Tuesday, June 16, 2020 at 7:00 p.m. for a special called meeting.

**ADJOURNMENT**

9:40 p.m.

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Steve Rush, Mayor

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Debra Anderson, Clerk of the Council