

The Franklin City Council held a work session on Monday, January 28, 2008 at 4:00 p.m. in Council Chambers, 207 W. Second Avenue.

Council members in attendance: James P. Councill, III, Mayor, Raystine Johnson, Vice-Mayor, Charles Wrenn, Rosa Lawrence, Mary Hilliard and Mark Fetherolf. ABSENT: Joseph Scislowicz.

Staff in attendance: Rowland Taylor, City Manager, H. Taylor Williams, IV, Erin Turner, Executive Assistant.

### **Downtown Flooding Prevention Costs**

David Reaves of Prism Engineering presented Council with various techniques and strategies designed to eliminate future substantial flooding in the downtown area. The specific area cited was between the Norfolk Southern and CSX railroad tracks and between Main Street and High Street. The actual river study is still being negotiated with the Army Corp of Engineers. Some of the possibilities being studied are to provide slide gates for pipe crossings at CSX and Norfolk Southern railroad tracks, provide gate valves on the storm drain system serving the Fire Station parking lot, abandoning old 24" line under railroad near the Rawls property, pump and haul small gravity system on high street and to perform sewer system repairs around the subject area to reduce inflow and infiltration. The cost to implement the system is approximately \$381,500. There is a potential for road blocks when dealing with the railroad companies, but the cost to proceed with the study is between \$10,000 and \$12,000.

On a motion made by Mr. Wrenn and seconded by Mrs. Lawrence, Council authorized Prism Engineering to proceed with the study at an estimated cost of \$12,000. The vote on this motion was as follows: AYE: Mr. Wrenn, Mrs. Lawrence, Ms. Johnson, Mrs. Hilliard, Mr. Fetherolf and Mr. Councill. NO: none. ABSENT: Mr. Scislowicz.

### **Closed Session**

On motion made by Mr. Fetherolf and seconded by Mr. Wrenn it was unanimously RESOLVED that Council meet in closed session to discuss (1) the disposition of the Hayden School property and (2) appointments to boards and committees and (3) a personnel matter as permitted by Virginia Code Section 2.2-3711(A) (3), (1) and (4). The vote on this motion was as follows: AYE: Mr. Wrenn, Mrs. Lawrence, Ms. Johnson, Mrs. Hilliard, Mr. Fetherolf and Mr. Councill. NO: none. ABSENT: Mr. Scislowicz.

### **Certification**

On motion made by Mrs. Hilliard and seconded by Mr. Fetherolf, it was unanimously RESOLVED that City Council hereby certifies that to the best of the knowledge of each member only public business matters identified in the motion which the closed meeting was convened were discussed, heard or considered. The vote on this motion was as

follows: AYE: Mr. Wrenn, Mrs. Lawrence, Ms. Johnson, Mrs. Hilliard, Mr. Fetherolf and Mr. Council. NO: none. ABSENT: Mr. Scislowicz.

## **Return to Open Session**

### **Review of Draft Council Responses to Citizen Issues Presented Regarding the Electric Fund**

Council held discussion regarding the draft response to citizen concerns regarding the City's Electric Fund and the consideration of establishing an Electric Authority.

#### MEMORANDUM

REF : UPDATE ON COUNCIL POSITIONS RELATING TO YOUR INFORMATION PROVIDED

In recent months there has been considerable discussion revolving around the City's Electric Department. Council has received some good information and appreciates the interest that has been shown. Council feels that due to the time that has transpired since your presentation we should provide you with an update of where we are even though the process is not yet complete. Council has held discussions on the various topics presented and feels that it has a clear understanding of what has been provided. Council has been looking at the various components of the local government and how they intertwine with each other in order to provide the level of services that our citizens, visitors and neighbors enjoy by living in the City. By working together we are committed to continuing to provide a City where free exchange of ideas and analysis of how business is being operated and maintained is welcomed and can have a positive impact. There is a fine balance that must be maintained between revenue sources and expenditures which are required to run the City in a professional and accountable manner. In an effort to clarify some items I am providing the following information which has been authorized by the Franklin City Council.

Just so you will know, the Director of Power and Light has given Council some recommendations in the past (such as a presentation in September of 2006 and in his departmental budget presentation in 2007) which Council considered in its deliberations prior to adopting the 2007/2008 budget which it deemed to be in the best interest of the citizens of the City of Franklin.

1. Residential electric rates for Franklin are now as cheap as or cheaper than Dominion, Community Electric Coop. Although the City tries to keep City electric rates lower than other suppliers in the area, there is no way a policy made by Council can totally insure that rates will always be lower. The factors which must be considered are many and vary from year to year. However, our effort will be to always have competitive rates.

2. The disbursement of all funds were approved by City Council for expenditures within the City's budget and for projects authorized by the City Council. I have attached a sheet herewith that outlines the roughly \$2.7 million that has been used over the past several years towards other projects and needs.
3. There are no "ethical standards" for the operation of an electrical department mandated by state statutes. City Council always strives to do that which is reasonable and prudent and that which is in the best interests of the citizens of Franklin. Council has always tried to apply that philosophy to its management of the electric department and all the other City departments.
4. Last year, projected revenues for the electric department showed that the department would not generate enough revenues to cover the operating budget (including transfers to general fund). To make the electric department budget balance a planned withdrawal from the electric reserve fund was budgeted to cover the needed portion of the electric department expenditures. Budgeted funds from a reserve to balance a budget in a particular year do not mean the fund lost money. It means that a possible shortfall was anticipated and reserved funds were used to make up the shortfall so that budgeted expenditures could be met. This is not an action that you would like to carry forward for a long period however. (See attachments)
5. The electric funds are monies of the City and can be used by Council as it deems necessary, reasonable and prudent in the best interest of the City.
6. Policies and procedures for all fund reserves are being reviewed and established and will be adopted by Council in the near future. A draft has already been discussed by Council and we will continue that discussion until final ones are adopted and put into practice.
7. Each position when vacant is evaluated for its need and contribution to City effectiveness. Positions are evaluated as to needs for reductions or additions as vacancies occur.
8. Each year, revenue from the electric fund is transferred to the City's general fund. We are making strides to reduce the transfer. Policies are already in place for this.
9. City residential electric rates were decreased by 2% in 2001. No increase in the rate charged by the City has occurred since the decrease in 2001. However, Dominion Power has increased the wholesale cost of electricity that the City pays by 2% a year for the last 4 years. The City has absorbed these rate increases without a corresponding increase in rates to City customers. Also in 2001, the "fuel charge" which is charged by Dominion (our wholesale provider) was taken out of our rate and been put in as a separate pass thru item to the consumer. Whether this changes in the future is something that we are reviewing in our policies.
10. Currently, Council has made a conscious effort in its last two budgets to reduce the transfer from the electric fund to the general fund by approximately \$150,000 to meet

operational needs. This has resulted in an increase in real estate taxes in the City of approximately 5 cents. This demonstrates the dilemma faced in making the budget balance. If transfers from the electric fund are to be reduced then income from other sources must be raised to cover the budgeted expenses or expenses reduced. Since the majority of the budgets are personnel related, you can readily see our dilemma.

11. Electric funds were used after Hurricane Floyd to pay 4 years of debt service on the rebuilding of City facilities (approx. \$793,000). The original proposal that was approved by Council called for the use of electric funds for an eleven year period (approx. \$1.6 million). This was modified by Council based on an increase in general fund revenues that were used to take over the payment of the debt service thus saving the electric fund.

12. There is no federal, state or local mandate that limits the amount of funds a local government may transfer from one fund (such as the electric fund) to another fund for whatever purpose it deems to be necessary, reasonable and prudent and in the best interest of its citizens.

13. All customers of the City's electric system have equal representation. Any member of Council may be contacted at any time relating to issues, concerns or questions.

14. City Council does not have sufficient information to consider establishing a commission or authority to manage the electric system at this time. The current system has worked for many, many years; the system is in good physical condition; the caliber of employees is outstanding; the audit substantiates that the system is in good financial condition; and service is excellent.

I hope this information will clarify items which have been provided to Council for our consideration. Once our final policies for fund reserves and cash on-hand are completed we will share them with you.

Again, thank you and your group for your time, effort, information, suggestions and help.

### **Regular Meeting**

The Franklin City Council held a regular meeting on Monday, January 28, 2008 at 7:00 p.m. in Council Chambers, 207 W. Second Avenue.

Council members in attendance: James P. Council, III, Mayor, Raystine Johnson, Vice-Mayor, Joseph Scislowicz, Charles Wrenn, Rosa Lawrence, Mary Hilliard and Mark Fetherolf. ABSENT: none.

Staff in attendance: Rowland Taylor, City Manager, H. Taylor Williams, IV, City Attorney, Phil Hardison, Chief of Police, Russ Pace, Director of Public Works, Andy Rose, Director of Finance, Sheryl Frazier, Director of Redevelopment and Housing Authority, Jonathan Lackey, IT Director, Debra Adams, Social Worker Supervisor,

Donald Goodwin, Director of Community Development, Amanda Crocker, City Planner, Frank Davis, Director of Parks and Recreation, Sandy Holloman, Registrar, Dave Howe, Director of Social Services, Carolyn Joyner, Personnel Analyst and Erin Turner, Executive Assistant.

Others in attendance: Dinah Babb, Treasurer, Brenda Rickman, Commissioner of the Revenue and Dan Howe, Downtown Franklin Association Director.

### **Invocation**

Mayor Council offered the invocation.

### **Citizens' Time**

Conrad Dotson. Mr. Dotson spoke about his thoughts regarding Hayden School.

### **Approval of Minutes of the January 14, 2008 meeting**

On motion made by Mr. Scislowicz and seconded by Mr. Wrenn it was RESOLVED that the minutes for the January 14, 2008 meeting were approved as presented. The vote on this motion was as follows: AYE: Mr. Scislowicz, Mr. Wrenn, Mrs. Lawrence, Ms. Johnson, Mrs. Hilliard, Mr. Fetherolf and Mr. Council. NO: none. ABSTAIN: none. ABSENT: none.

### **Consent Agenda**

#### **1. DUI Reimbursement Ordinance –**

##### **Section 17-60. Reimbursement of expenses incurred in responding to DUI and other traffic incidents.**

In the event that a person shall be convicted of violating any of the following provisions and an accident or incident is involved:

(a) The provisions of Sections 18.2-51.4, 18.2-266, 18.2-266.1, 29.1-738, 29.1-738.02, or similar ordinance, when such operation of a motor vehicle, engine, train or watercraft while so impaired is the proximate cause of an accident or incident;

(b) The provisions of Article 7 (Section 46.2-852 et seq.) of Chapter 8 of Title 46.2 relating to reckless driving, when such reckless driving is the proximate cause of an accident or incident;

(c) The provisions of Article 1 (Section 46.2-300 et seq.) of Chapter 3 of Title 46.2 relating to driving without a license or driving with a suspended or revoked license when such driving is the proximate cause of an accident or incident; and

(d) The provisions or Section 46.2-894 relating to improperly leaving the scene of an accident.

And the circumstances of the violation require the dispatch of additional law enforcement, firefighting, rescue or emergency services or any combination of the foregoing in response to any accident or incident caused by such violation, then, upon sentencing, the Court may order restitution to be paid by the person for reasonable expenses incurred by the City of Franklin for additional responding law enforcement or firefighting, rescue or emergency services in an amount not to exceed \$1,000.00 in the aggregate for an accident or incident occurring in the City of Franklin. The calculation of expenses subject to reimbursement shall cover the time period from dispatch to the time the scene is cleared by the additional police personnel and each emergency responder. Charges will be based on hourly rates paid to law enforcement personnel and FEMA rates allowed for disaster reimbursement as published from time to time for emergency services and as charged by the City of Franklin for the level of treatment received.

On motion made by Ms. Johnson and seconded by Mr. Wrenn, the DUI Reimbursement Ordinance was unanimously approved as presented. The vote on this motion was as follows: AYE: Mr. Scislowicz, Mr. Wrenn, Mrs. Lawrence, Ms. Johnson, Mrs. Hilliard, Mr. Fetherolf and Mr. Council. NO: none.

## 2. 2008-2009 Budget Calendar -

January 31, 2008	Thursday	Budget Worksheets to Departments & Agencies
February 29, 2008	Friday	Department & Agencies Budget Request turned into the Director of Finance
March 5-14, 2008		City Manager and/or Finance Meet with Departments & others concerning budget request
April 9, 2008	Wednesday	5:30 p.m. Work Session City Manager Presentation to Council
April 9, 2008	Wednesday	6:30 p.m. Presentation by Departments & Agencies Including School Board
April 14, 2008	Monday	Regular Council Meeting
April 16, 2008	Wednesday	6:30 p.m. Workshop with City Manager
April 21, 2008	Monday	6:30 p.m. Workshop with City Manager
April 23, 2008	Wednesday	6:30 p.m. Workshop with City Manager
April 28, 2008	Monday	6:30 p.m. Work session if needed and
May 1, 2008	Tuesday	Budget Taken to Newspaper for Advertisement
May 12, 2008	Monday	7:00 p.m. – Public Hearing on the 2008-09 Budget
May 26, 2008	Monday	Memorial Day – no Council meeting
June 9, 2008	Monday	Next Scheduled Council Meeting – Budget Adoption

On motion made by Mr. Scislowicz and seconded by Mr. Fetherolf, the 2008-09 Budget Calendar was approved by Council as presented. The vote on this motion was as follows: AYE: Mr. Scislowicz, Mr. Wrenn, Mrs. Lawrence, Ms. Johnson, Mrs. Hilliard, Mr. Fetherolf and Mr. Council. NO: none. ABSENT: none.

## **Staff Presentation Relating to City Property Located Behind Morton Street and Currently Zoned Residential**

Amanda Crocker and Donald Goodwin addressed Council about the need to establish an Office and Institutional Zoning District in the City. The intent is to provide an environment appropriate for office or institutional uses with a character that is compatible to the surrounding residential uses. The Planning Commission feels as though this district could be utilized throughout the City and not only at the City owned property adjacent to Pretlow Park.

### **Article XIA. Office and Institutional District**

#### **Sec. 11A.1 Purpose.**

The office and institutional district is intended to provide an environment appropriate for office or institutional uses with a character that is compatible with residential uses which may adjoin and where public facilities are available to meet resident needs. This district is intended to provide controlled and harmonious settings for office development that will ~~enhance job opportunities~~, encourage the efficient use of land, serve as a transition between residential and industrial/commercial development. ~~and to help implement the economic development policies of the City of Franklin.~~ Smaller community oriented offices and institutional sites are expected in all areas of the City to support the needs of residential communities for professional, personal, medical, and related services.

#### **Sec. 11A.2 Permitted Principal Uses:**

- a) Apparel Alterations
- b) Business Offices of advertising, real estate, insurance or professional services including legal, engineering, architectural, accounting, and other similar service offices
- c) **Business Incubators**
- d) Child Care Education Centers in connection with public or private elementary schools
- e) ~~Churches~~
- f) Commercial Art and Graphic Design
- g) Computer Programming, Data Processing and other computer related services
- h) Dance Studios (Not to include dancehalls)
- i) Data Processing Center
- j) Finance Agency Offices, Banks, Mortgage Offices
- k) General Contractors Offices (no outside storage)
- l) Government Centers and Offices appropriate to the character of the district (libraries, City Hall, Fire, Police) excluding long term prisons and correctional facilities
- m) Investigative Services
- n) Laboratories Medical, Dental, Optical
- o) ~~Massage Therapy~~
- p) Medical Equipment Rental and Leasing
- q) ~~Meeting and Banquet Halls~~

- r) Museums, Art Galleries, Auditoriums, Civic or Culture Centers, Historic Exhibits, Parks, Recreation and the like
- s) Miscellaneous business services such as consumer credit reporting agencies, mailing list and stenographic services, business and management consulting services
- t) Offices of non profit organizations
- u) Photocopying and duplicating services
- v) Radio or Television Station
- w) Warehousing as part of an office operation

Sec. 11A.3 Permitted Conditional Uses

- a) **Adult Day Care Center**
- b) **Adult Day Treatment Facility**
- c) **Assisted Living Facility**
- d) **Day Care Center**
- e) Hospitals
- f) Laboratories testing and research
- ~~g) Nursing and Personal Care Facilities~~
- ~~h) Public and private schools, Colleges and Universities~~
- i) **Public utility buildings and structures necessary to the furnishing of proper service in the area not including storage or maintenance yards.**
- j) Urgent Care Facility
- k) **Wholesale Office Supply Companies**

Sec. 11A.4 Permitted Accessory Uses

- Accessory uses customarily incidental to a permitted principal use
- Signs as permitted by article XXII of this ordinance.
- Fences and walls as permitted in Section 2.9 of this ordinance. Additional provisions dealing with the location and size of accessory structures are found in Section 19.2(11) of this ordinance.
- Satellite television antennas or ground-mounted conventional television or radio antennas, when installed and maintained in accordance with article XXIII.

Additional provisions dealing with the location and size of accessory structures are found in Section 19.2(11).

Sec. 11A.5 Minimum Lot Area

No minimum lot area is established.

Sec. 11A.6 Minimum Lot Width

No minimum lot width is established.

Sec. 11A.7 Minimum Lot Frontage

No minimum lot frontage is established.

Sec. 11A. 8Setback Requirements

This section sets forth the minimum yard dimensions in the district. Additional provisions dealing with size and special circumstances can be found in article XIX.

- (a) Side Yard. No side yard required unless the parcel abuts a residential (R) district or use, each side yard shall then be 25 feet.
- (b) Rear Yard. No minimum depth for the rear yard is established, unless the parcel abuts a residential (R) **district or use**. If the parcel abuts a residential (R) **district or use**, the minimum depth of the rear yard shall be no less than that of the (R) district or use adjacent there to.

#### Sec. 11A.9 Maximum Building Heights

(1) The maximum height of all structures shall not exceed 80 feet and shall not exceed six stories.

**(2) For buildings abutting an R district or use the maximum height of all structures shall be 35 feet if constructed at the required setback of the adjacent residential district or use. An additional 10 feet in building height is permitted for every 20 feet of additional side or rear yard setback as required for the adjoining residential use.**

#### Sec. 11A.10 Sign Regulations.

All provisions for the regulation of signs in this district are found in Article XXII.

#### Sec. 11A.11 Parking Regulations.

All provisions for the regulation of parking in this district are found in Article XVIII.

#### Sec. 11A.12 Flood Plain Regulations

Flood plan regulations that apply to certain properties within the district are set forth in Article XXI.

#### Sec. 11A.13 Aircraft Approach Regulations

Certain properties within the district may also be located within the aircraft approach zone. Applicable regulations are found in Article XX.

No motion was needed at this time.

### **Financial Policies and Guidelines**

Council reviewed the policies and guidelines and made a few changes. Andy Rose will make the changes to be presented at the next Council meeting.

### **FINANCIAL POLICIES AND GUIDELINES**

The City of Franklin has a responsibility to its citizens to account for public funds, to manage its finances wisely, and to allocate its resources efficiently and effectively in order to provide the services desired by the public. The primary objective of establishing

Financial Management Policies is to provide a framework within which sound financial decisions may be made for the long term betterment and stability of the City.

#### OVERALL GOALS

1. To ensure the City's sound financial condition at all times in:
  - a. Cash Solvency – the ability to pay bills
  - b. Budgetary Solvency – the ability to annually balance the budget
  - c. Long Term Solvency – The ability to pay future costs
  - d. Service Level Solvency – The ability to provide needed and desired services.
2. Adherence to City Charter and Code and the Code of the Commonwealth of Virginia.
3. Adherence to the Best Accounting and Management Practices in conformity with generally accepted accounting procedures as applied to governmental units.

#### **DEFINITIONS**

*Cash Balance:* The sum of cash and investments of an accounting fund.

*Unreserved Fund Balance:* The portion of net assets of an accounting fund, calculated in accordance with generally accepted accounting principles that is not legally restricted for future use. Net assets represent the differences between total assets and total liabilities of an account fund.

*General Fund:* The City's primary operating fund that accounts for City services not otherwise accounted for in a separate fund.

*Special Revenue Funds:* Accounts for proceeds of designated revenue sources used to finance specific activities.

*Debt Service Fund:* Accounts for repayment of debt.

*Capital Project Fund:* Accounts for capital improvements financed from bond issues, special assessments and certain grants.

*Enterprise Funds:* Account for activities for which a fee is charged to external users for goods and services. Water & Sewer Fund, Airport Fund, and the Electric Fund are enterprise funds.

#### **MINIMUM CASH BALANCE**

In order to provide liquidity adequate to address unexpected revenue reductions or unanticipated expenditures, the following minimum cash balances should be maintained at the end of each quarter.

**General Fund – 5% of projected total annual revenue**

**Water & Sewer Fund – 10% of projected total annual revenue**  
**Electric Fund – 10 % of total projected annual revenue**

**MINIMUM UNRESERVED FUND BALANCE (NET ASSETS)**

In order to avoid service disruptions that otherwise could arise from revenue shortfalls or unanticipated expenditures, the following range for unreserved fund balances (or unrestricted net assets) should be maintained at the end of each quarter.

**General Fund – 15% to 25% of budgeted annual expenses**  
**Water & Sewer Fund – 15% to 25% of budgeted annual expenses**  
**Electric Fund – 15% to 25% of budgeted annual expenses**

**RESTORATION OF MINIMUM CASH OR UNRESERVED FUND BALANCES**

Should the cash balance or the unreserved fund balance fall below the target levels, the City Manager will prepare and present a plan for restoration to the targeted levels. If a target level is not met or anticipated not to be met, a line item will be included in the fund's expense section to budget a minimum of 2% of the upcoming projected budget revenues until the targeted levels are met.

**EXCESS UNRESERVED FUND BALANCES (NET ASSETS)**

In the event the unreserved fund balance exceeds the maximum balance requirements in the General Fund or Enterprise Funds at the end of a fiscal year, the excess may be used in one or a combination of following ways (a) Retirement of existing debt (b) One-time expenditures that do not increase recurring operation costs that can not be funded through current revenues. An example would be replacement of capital equipment or payment to a capital improvements project that would reduce the future debt of the City. (c) Establishment of reserves for risk management, equipment replacement, capital projects, emergencies or disaster recovery.

**REVENUE POLICIES**

**1-GENERAL FUND**

- a. Reassessment of real property will be made every two years.
- b. The City will monitor all taxes to insure they are equitably administered and are collected in a timely manner.
- c. User Fees and Charges will be reviewed and updated on an ongoing basis to ensure that they keep pace with changes in the cost-of-living as well as changes in the method and levels of services delivery.
  - a. Refuse collection fees will be set to recover costs of services.
  - b. Rental of City Properties will be reviewed annually and compared to market rates.
  - c. Building permit and inspection fees will be reviewed annually.
  - d. Recreation program charges will be reviewed annually.
- d. Where possible the City will institute user fees and charges for specialized programs and services based on the cost of a particular service. Rates will be established to recover operational as well as capital or debt service costs.
- e. Revenue Shortfalls: Should a reduction to the general fund be directed by

Council from any of the enterprise funds, the reduction shall be made to all funds proportionally based on each budget's relative percentage of the total City budget less debt service and other fixed costs.

## **2-WATER & SEWER FUND**

The Water & Sewer Fund will be self-supporting, charges for service will be reviewed annually and set at levels which fully cover the total direct and indirect costs- including operations, capital outlay, and debt service.

## **3-ELECTRIC FUND**

The Electric fund will be self-supporting, charges for service will be reviewed annually and set at levels which fully cover total direct and indirect costs – including operations, capital outlay, and debt service. Beyond these costs, the Electric Fund also contributes to the general fund (See Transfers To/From Policies). The objectives of the Electric Fund are to provide a service that is equal or better than neighboring electric providers at a cost that is competitive with these providers. In considering rates the following factors are to be considered (a) wholesale costs verses sales (b) operating costs including cost-of-living increases (c) capital cost, debt service and funds for future capital projects (d) transfer to the General Fund (e) rates of neighboring electric providers.

## **EXPENDENTURE POLICES**

1. The city will finance all current expenditures with current revenues.
2. The budgets for all funds will be controlled at the department level. Expenditures may not exceed total appropriations for any department without City Council approval.
3. All operating fund appropriations will lapse at the fiscal year end. Any encumbered appropriations at year-end may be re-appropriated by City Council in the subsequent year.

## **TRANSFER TO /FROM POLICIES**

- 1 The Water and Sewer Fund and the Electric Fund will annually budget transfers to the General Fund for services provided by the general funds for billing, collection, payroll and general administration in accordance with an estimated of such services.
- 2 The Water and Sewer Fund and the Electric Fund will annually budget transfers to the General Fund for payments in lieu of taxes. This charge will be set at the rate charged to public service corporations.
- 3 The Electric Fund may transfer a contribution to the City's General Fund annually. This contribution will be set by City Council with a targeted range of 8% to 12% of the Gross Revenues of the Electric Fund. Since the past and current transfer amounts are above this range and a reduction to reach this range would cause a tremendous burden on the General Fund, City Council will decrease this transfer amount by, at least, \$150,000 annually until the target range has been met.
- 4 ANY TRANSFERS OR TEMPORARY BORROWING FROM ONE FUND TO ANOTHER SHALL BE DONE ONLY WITH APPROVAL OF CITY

## COUNCIL.

### **DEBT MANAGEMENT POLICIES**

The Commonwealth of Virginia imposes a legal limit of 10 percent of the assessed valuation of taxed real property as a ceiling in the amount of general obligation borrowings. While this is the legal limitation, the City is well aware it cannot take on expenditures beyond its fiscal means of affordability.

General Debt Service Expense should not to exceed 10% of the General Fund Expenses.

Net general debt as a percent of taxable real estate should not exceed 5%.

Debt Service for Enterprise Funds should not exceed 20% of the Funds annual expenses.

In determining general obligation debt limitations, certain classes of indebtedness may be excluded, including revenue anticipation notes maturing in one year or less, general obligation bonds payable from a specified revenue producing undertaking, so long as the undertaking is self-supporting, capital leases and revenue bonds. The City's enterprise operations for Electric Fund and Water and Sewer Fund bonded debt are a combination of self-supporting, general obligation and revenue bonds.

When the City finances capital improvements or other projects through bonds or capital leases, it will repay the debt within a period not to exceed the expected useful life of the projects.

### **BUDGETS AND BUDGETARY ACCOUNTING**

Section 5.13 of the Charter of the City of Franklin, Virginia requires the City Manager to submit to the City Council, no less than one month before the end of the fiscal year, a proposed budget for the ensuing fiscal year. The following procedures are used establishing the City's budget:

1. City Manager usually presents a proposed operating budget to City Council in April that includes proposed expenditures based on detail estimates furnished by departments and other divisions of the City government and the means of financing them. The School Board is treated as a single expenditure line item.
2. The proposed budget also contains a recommended appropriation ordinance and an ordinance levying the tax rates for the ensuing year.
3. City Council then holds public hearings on the proposed budget. Notice of such hearing must appear in a local newspaper not less than seven days prior to the hearing.
4. The budget must be approved by a majority vote of City Council and legally adopted before July 1.
5. Additional appropriations may be made by City Council only if there is an undesignated fund balance or additional funding becomes available or

- extraordinary expenses warrant emergency action.
6. The City Manager is authorized to transfer budgeted amounts within departments up to \$10,000. Expenditures over the original budget of any department or transfers over \$10,000 must be approved by City Council. The School Board is authorized to transfer budgeted amounts within the school system's categories.
  7. Appropriations lapse on June 30, for all City units, except for the Capital Projects Funds which carries unexpended balances into the following year on a project by project basis.
  8. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America as applicable to governmental entities.
  9. Department heads are responsible for managing departmental budgets within the total appropriated budget. Department heads shall prepare budget amendments for expenditures over a budgeted line item by more than \$10,000. No department or other agency of the city government may spend in excess of approved and appropriated amounts.

### **Naming the Depot and Visitor Center**

On motion made by Mr. Scislowicz and seconded by Mr. Wrenn, Council unanimously authorized the name of the new visitor center to be called the Franklin Depot and Visitor Center. The vote on this motion was as follows: AYE: Mr. Scislowicz, Mr. Wrenn, Mrs. Lawrence, Ms. Johnson, Mrs. Hilliard, Mr. Fetherolf and Mr. Council. NO: none.

### **Old/New Business**

Mr. Taylor addressed Council regarding the **Regent University's 10<sup>th</sup> Annual Salute to Teachers**. The University is requesting the City of Franklin to donate money as a sponsor. Council agreed to forward the information to the School Superintendent for his consideration.

### **Appointment to the SEVAMP Board**

On a motion made by Mrs. Hilliard and seconded by Mr. Wrenn, it was unanimously approved that Susan Story was appointed to serve on the SEVAMP Board. The vote on this motion was as follows: AYE: Mr. Scislowicz, Mr. Wrenn, Mrs. Lawrence, Ms. Johnson, Mrs. Hilliard, Mr. Fetherolf Mr. Council. NO: none. ABSENT: none.

### **Setting of School Board Public Hearing**

School Board Member Will Council resigned from the School Board due to a conflict of interest.

On a motion made by Mr. Scislowicz and seconded by Mr. Wrenn, it was unanimously approved to hold the public hearing for the Ward 1 School Board Representative at the February 25<sup>th</sup> City Council meeting.

## **Adjournment**

There being no further business, on motion duly made, seconded and unanimously adopted the meeting was adjourned at 8:10 P.M. The vote on this motion was as follows: AYE: Mr. Scislowicz, Mrs. Lawrence, Ms. Johnson, Mr. Wrenn, Mr. Council and Mrs. Hilliard and Mr. Fetherolf. NO: none. ABSENT: none.

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Mayor

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Clerk to City Council