

The Franklin City Council held a work session on Monday, February 11, 2008 at 5:30 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 and Mary Hilliard. ABSENT: Joseph Scislowicz and Mark Fetherolf.

Staff in attendance: Rowland Taylor, City Manager, H. Taylor Williams, IV, Erin Turner, Executive Assistant, Andy Rose, Director of Finance and Amanda Crocker, City Planner.

The Buxton Group Presentation

Chip Rodgers of the Buxton Group presented Council with various techniques and strategies designed to provide a marketing analysis for the City. Buxton has developed a program that is specifically designed to help smaller client governments, economic development organizations and chambers of commerce identify and recruit retailers to their community. The goal is to provide potential retailers factual data and critical market information that will create interest in our community and reasons our community can support the retail. Mr. Rodgers stated that a Trade Show is held the third week in May every year in Las Vegas that results in many transactions regarding the establishment of commercial entities in new locations. Buxton would provide the City of Franklin the tools necessary to be prepared and participate in the trade show.

Mrs. Hilliard requested information regarding other localities that Buxton has worked with that has Economic Development Directors or Marketing Directors in place. Mrs. Lawrence requested information on how long new retailers stayed in new localities. Mr. Rodgers stated that he would provide that information.

The fee for the contract is \$25,000 and the Buxton Group will complete their study 30 business days from the execution of the contract.

Closed Session

On motion made by Mr. Wrenn and seconded by Mrs. Hilliard it was unanimously RESOLVED that Council meet in closed session to discuss (1) appointments to boards and committees (2) to consult with the city attorney regarding the negotiations of an agreement related to a state economic development contract and (3) the disposition of one parcel of property and the potential purchase of certain other property as permitted by Virginia Code Section 2.2-3711(A), (1), (7) and (3). The vote on this motion was as follows: AYE: Mr. Wrenn, Mrs. Lawrence, Ms. Johnson, Mrs. Hilliard and Mr. Councill. NO: none. ABSENT: Mr. Scislowicz and Mr. Fetherolf.

Certification

On motion made by Mr. Wrenn and seconded by Mrs. Hilliard, 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 and Mr. Council. NO: none. ABSENT: Mr. Scislowicz and Mr. Fetherolf.

Regular Meeting

The Franklin City Council held a regular meeting on Monday, February 11, 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, Charles Wrenn, Rosa Lawrence and Mary Hilliard. ABSENT: Joseph Scislowicz and Mark Fetherolf.

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, Jonathan Lackey, IT Director, Beth Reavis, Director of Social Services, Amanda Crocker, City Planner, Vince Holt, Chief of Emergency Services, Dave Howe, Director of Power & Light, Carolyn Joyner, Personnel Analyst and Erin Turner, Executive Assistant.

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

Invocation

Rev. William Bellamy offered the invocation.

Citizens' Time

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

Don Blythe. Mr. Blythe spoke about not receiving a more specific answer with regard to Jennifer Bernacco's removal from the Architectural Review Board than it was a personnel matter. Mr. Blythe believes that the citizens should be able to know more about the decision. Mr. Blythe also discussed the Paul Hartung's resignation from his position as the Deputy Director of Power and Light. He wanted to know why Mr. Hartung never received a return call from the City Manager when the fiber optic cables were cut. Mr. Blythe further questioned the upcoming reassessment and wanted to know if the taxes would be increasing again.

Judge Baird Cabell. Judge Cabell wanted to urge the City not to renovate or remodel the old Hayden High School. He stated that he understands that many citizens want to pay tribute to Mrs. Hayden, but they can do so by erecting a monument or statue in her honor. Judge Cabell stated that the school was never built to be anything more than a school. When both Franklin Elementary School and Franklin High School were closed,

the buildings were torn down. He does not want the City to go further into debt for this project.

Approval of Minutes of the January 28, 2008 meeting

On motion made by Ms. Johnson and seconded by Mrs. Hilliard it was RESOLVED that the minutes for the January 28, 2008 meeting were approved with a change in the Old/New Business to amend the word “recommendation” with “consideration”. The vote on this motion was as follows: AYE: Mr. Wrenn, Mrs. Lawrence, Ms. Johnson, Mrs. Hilliard and Mr. Council. NO: none. ABSTAIN: none. ABSENT: Mr. Scislowicz and Mr. Fetherolf.

Consent Agenda

1. **Financial Matters** – Budget Amendment 2008-25; 2008-28 and 2008-29.
2. **Personnel Job Descriptions** – The new job descriptions do not have the phrase “or any combination of related experience” that was in the older descriptions. Staff would like to add that phrase back to the descriptions because without it many current employees aren’t able to receive possibly promotions.

The Personnel Job Descriptions were pulled from the Consent Agenda.

On motion made by Mr. Wrenn and seconded by Mrs. Hilliard, the Financial Matters of the Consent Agenda were unanimously approved as presented. The vote on this motion was as follows: AYE: Mr. Wrenn, Mrs. Lawrence, Ms. Johnson, Mrs. Hilliard and Mr. Council. NO: none. ABSENT: Mr. Scislowicz and Mr. Fetherolf.

Carolyn Joyner answered questions from Council with regard to the job descriptions and there was some confusion over adopting new descriptions. Council requested to see the changes to job descriptions and the matter was tabled.

Citizens Group on Electric Fund

Norwood Boyd presented a spreadsheet the Citizens Group had prepared highlighting the income and expenses of the Electric Fund since 2000. A discussion was held with Council and Mr. Boyd with regard to the steep increase in personnel costs and money being transferred to the General Fund. Mr. Boyd stressed the importance of having money in the Electric Fund in order to cover the costs of upcoming projects.

Presentation of the June 30, 2007 Audit

Matt McClarren of Robinson, Farmer, Cox Associates reviewed the recent audit conducted by their firm of the City’s finances. The bottom line was that there were no disparities to report and all records were kept well.

Standards for Technology Infrastructure

Mr. Taylor advised Council that the City needed a policy in place similar to that of the School Board requiring that any equipment donated to the city have standards necessary to properly work with the City’s system. The policy will need to be updated approximately every three years.

Standards for Technology Infrastructure

Minimum workstation Standards

Administrative

Processor	Ram	Other
Pentium III 1.5Ghz or higher	512MB or higher	40GB Hard Drive, 1024x768x32 Capable Video Card, 10/100 Ethernet NIC, Sound Blaster Compatibility Sound Card, Floppy disk Drive and 48x CD-ROM Drive. At least 2 USB 1.x or higher USB ports. Monitors no less than 17inch and 1024x768x32 capable. Standard PS/2 and/or USB keyboard & mouse.

Replacement Cycle: 3-5 Years as needed.

Instructional

Processor	Ram	Other
Pentium III 1.5Ghz or higher	512MB or higher	40GB Hard Drive, 1024x768x32 Capable Video Card, 10/100 Ethernet NIC, Sound Blaster Compatibility Sound Card, Floppy disk drive and 48x CD-ROM drive. At least 2 USB 1.x or higher USB ports. Monitors no less than 17 inch and 1024x768x32

		Capable. Standard PS/2 and/or USB keyboard & mouse.
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Replacement Cycle: 3-5 Years as needed.

On a motion made by Mr. Wrenn and seconded by Mrs. Lawrence, the Standards for Technology Infrastructure were unanimously approved as presented. The vote on this motion was as follows: AYE: Mr. Wrenn, Mrs. Lawrence, Ms. Johnson, Mrs. Hilliard and Mr. Council. NO: none. ABSENT: Mr. Scislowicz and Mr. Fetherolf.

Replacement of Rescue 1

In order to sell Rescue 1, Chief Vince Holt requested Council to declare Rescue 1 as surplus. Broadnax Volunteer Fire Department wants to purchase the vehicle for \$26,000, which will be put towards the purchase of Rescue 1’s replacement. The remaining cost of the new unit will come from grants.

On a motion made by Mr. Wrenn and seconded by Mrs. Hilliard, it was unanimously resolved that Rescue 1 be declared surplus and Council hereby authorizes the sale of Rescue 1 to the Broadnax Volunteer Fire Department for the sum of \$26,000.00. The vote on this motion was as follows: AYE: Mr. Wrenn, Mrs. Lawrence, Ms. Johnson, Mrs. Hilliard and Mr. Council. NO: none. ABSENT: Mr. Scislowicz and Mr. Fetherolf.

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.

Temporary Borrowing: Loan from one fund to another fund due to temporary cash shortage with the expectation of repayment. Not considered legal debt.

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 levels 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. Another example of a one-time expenditure would be refunds of a portion of specific revenue collected. (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.
- f. Revenues from fees and charges will be reviewed annually with those surrounding localities to determine they are fair and equitable and in-line with services provided.

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.

Council requested that the definition of "temporary borrowing" include that there is a twelve (12) month limit and that under Minimum Cash Balance, the Electric Fund percentage be removed.

Old/New Business

Mayor Councill advised Council that he had been communicating with Mark Mansfield of the Corp of Engineers regarding a meeting of stakeholders of the seven localities in the Chowan River Basin. The City of Franklin may not benefit directly, but it would be a good gesture since the City has asked our surrounding localities to come to our aid.

Mayor Councill told Council that Judge Brewbaker is interested in a Court Appointed Special Advocates (CASA) Program. Isle of Wight County currently has a program in place and it is doing well. The judges seem to really like the program because the advocate also serves as a mentor in a more "laid back" atmosphere as opposed to a Gaurdian Ad Litem.

Judge Brewbaker is also willing to meet with Council and other City officials to discuss issues relating to truancy, social problems, education, etc.

Council advised that they would like to begin the process on researching and possibly implementing a Youth Commission.

Appointment to the Airport Advisory Board

On a motion made by Ms. Johnson and seconded by Mrs. Hilliard, it was unanimously approved that Lisa Perry and Phil Hardison were appointed to serve on the Airport Advisory Board. The vote on this motion was as follows: AYE: Mr. Wrenn, Mrs. Lawrence, Ms. Johnson, Mrs. Hilliard and Mr. Councill. NO: none. ABSENT: Mr. Scislowicz and Mr. Fetherolf.

Closed Session

On motion made by Mr. Wrenn and seconded by Mrs. Lawrence it was unanimously RESOLVED that Council meet in closed session to discuss (1) evaluation of the performance of a City department and (2) the disposition of one parcel of property and the potential purchase of certain other property as permitted by Virginia Code Section 2.2-3711(A) and (3). The vote on this motion was as follows: AYE: Mr. Wrenn, Mrs. Lawrence, Ms. Johnson, Mrs. Hilliard and Mr. Council. NO: none. ABSENT: Mr. Scislowicz and Mr. Fetherolf.

Certification

On motion made by Mr. Wrenn and seconded by Mrs. Lawrence, 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 and Mr. Council. NO: none. ABSENT: Mr. Scislowicz and Mr. Fetherolf.

Adjournment

There being no further business, on motion duly made, seconded and unanimously adopted the meeting was adjourned at 9:45 P.M. The vote on this motion was as follows: AYE: Mr. Wrenn, Mrs. Lawrence, Ms. Johnson, Mrs. Hilliard and Mr. Council. NO: none. ABSENT: Mr. Scislowicz and Mr. Fetherolf.

Mayor

Clerk to City Council