

**AGENDA**

FRANKLIN CITY COUNCIL  
MONDAY, April 25, 2016 – CITY HALL COUNCIL CHAMBERS – 207 W. SECOND AVE.

**6:00 P.M.**

**Regular Meeting**

- A. CALL TO ORDER . . . . . VICE-MAYOR BARRY CHEATHAM
- B. Franklin City School System FY 2016 – 2017 Budget Presentation
- C. RECESS

**7:00 P.M.**

**Regular Meeting**

- CALL TO ORDER . . . . . VICE-MAYOR BARRY CHEATHAM
- PLEASE TURN OFF CELL PHONES . . . . . VICE-MAYOR BARRY CHEATHAM
- PLEDGE OF ALLEGIANCE
- CITIZENS' TIME
- AMENDMENTS TO AGENDA

- 1. CONSENT AGENDA
  - A. Minutes: March 2, 2016 Called Joint Utility Study Work Session; April 11, 2016 Work Session; April 11, 2016 Regular Meeting
  - B. Departmental Reports: March, 2016 (Separate File)
- 2. FINANCE
  - A. Monthly Financial Report: March, 2016
  - B. FY 2015 – 2016 City Budget Adjustments/Amendments, Ordinance # 2016 - 15
- 3. OLD/NEW BUSINESS
  - A. SPSA Post 2018 Use & Support Agreement Update – H. Taylor Williams, IV, City Attorney
  - B. City Health Insurance Plan Renewal – R. Randy Martin, City Manager
  - C. City Manager’s Report
    - 1. FY 2016 – 2017 Budget Requests Update
- 4. COUNCIL/STAFF REPORTS ON BOARDS & COMMISSIONS
- 5. CLOSED SESSION

I move that the Franklin City Council meet in Closed Session to discuss and consider appointments to boards and commissions and consult with the City Attorney pertaining to actual litigation, where such consultation or briefing in open meeting would adversely affect the litigating posture of the public body pursuant to Virginia Code Section 2.2 – 3711 (A) (1) and (7).

- 6. ADJOURNMENT

**UPCOMING ITEMS TO BE SCHEDULED**

The items below are intended to be reflective, and not inclusive of all subjects staff is working on to bring forward to City Council in the next two months. Both the time lines and subject matter are subject to change and should not be considered final.

**SUBJECT****TENTATIVE TIME LINE****Council Budget Work Session # 1****May 16, 2016 @ 6:00 p.m.****Council Budget Work Session # 2****May 17, 2016 @ 6:00 p.m.****Council Budget Work Session # 3****May 19, 2016 @ 6:00 p.m.****FY 2016 – 2017 Proposed Budget Public Hearing****June 6, 2016 @ 7:00 p.m.**

**CONSENT AGENDA**

- A. Minutes: March 2, 2016 Called Joint Utility Study Work Session; April 11, 2016 Work Session; April 11, 2016 Regular Meeting**
- B. Departmental Reports: March, 2016 (Separate File)**

**FRANKLIN CITY COUNCIL/SOUTHAMPTON COUNTY BOARD OF SUPERVISORS JOINT UTILITY  
STUDY MEETING PRESENTATION, MARCH 2, 2016**

The Franklin City Council and the Southampton County Board of Supervisors met for a joint meeting on March 2, 2016 at the Paul D. Camp Community College Workforce Development Center in the Technology Theater, Room 202. The purpose of the meeting was to receive a report from the City/County Utility Study Management Team on a grant funded study of Public Utility Service Options for the City and the County.

**Council Members in Attendance:** Raystine D. **Johnson**-Ashburn, Mayor; Barry Cheatham, Vice-Mayor; Benny Burgess; Frank Rabil, Mona Murphy and Greg McLemore (Councilwoman Hilliard absent).

**Board of Supervisors, County staff, Management Team members and others in attendance:** Dallas Jones, Chairman; Ronald West, Vice-Chairman; Dr. Alan Edwards; Carl Faison; Barry Porter; S. Bruce Phillips; Michael Johnson, County Administrator; Lynette Lowe, Deputy County Administrator; Beth Lewis, Community Development Deputy Director; Julien Johnson, Jr., Public Utilities Director; Amanda Smith, Administrative Assistant; and Richard Railey, Jr., County Attorney (Randolph Cook, Supervisor absent).

**City staff and other Management Team members in Attendance:** Randy Martin, City Manager; Taylor Williams, City Attorney; Joe Hines, Engineer; David Crear, Tom Jones, Nick Kitchen, Russ Pace, Steve Watson, Amanda Jarratt, Dennis Beale and Donald Goodwin.

**Call to Order & Welcome:** The meeting began at 6:00 p.m. City Manager Martin opened the meeting then recognized the Mayor and the Board Chair for comments. Mayor Johnson-Ashburn recognized City Council members and Board of Supervisors Chairman Dallas Jones recognized Supervisors in attendance. The joint meeting was then formally called to order by the Mayor and the Chairman.

Mayor Johnson-Ashburn then called on the City Manager and County Administrator to make the presentation on behalf of the Management Team.

Manager Martin recognized Joe Hines with The Timmons Group. Mr. Hines was present representing the consultant side of the presentation. Manager Martin and Administrator Johnson were selected by the Management Team to make the presentation of the summary of their efforts. Ms. Amanda Jarratt of FSEDI assisted with the technology operations.

Manager Martin advised everyone in attendance to make sure they signed the sign in sheet. There were copies of the Professional Engineers Report and other handouts distributed to the elected officials and Management Team members in attendance. Manager Martin stated that tonight's meeting is a landmark in the sense that the Management Team is taking the next step in reporting this information to the elected officials and formally making it public for the first time. Manager Martin and Administrator Johnson alternated in reviewing the powerpoint presentation on behalf of the Management Team. Manager Martin recognized the members of the Management Team present and thanked them for their service.

Manager Martin then recognized Administrator Johnson. Administrator Johnson referenced all the work and time that has gone into the preparation of the report and this presentation. Administrator Johnson detailed the processes that have taken place since the effort began and discussed the next steps in the process.

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The presentation is intended to be an abbreviated summary of the preliminary engineering report which was prepared by the consultants and then reviewed, modified and eventually endorsed by the Project Management Team.

Chronological Sequence of Events:

- ✓ November 26, 2012 – Board of Supervisors and City Council both adopt a Memorandum of Understanding establishing a shared commitment to explore, evaluate and implement shared service opportunities that will improve services, enhance efficiency and save money;
- ✓ January 28, 2013 – Board of Supervisors and City Council authorize submittal of a joint letter of interest to VDHCD for a planning grant to evaluate feasibility of interconnecting and sharing utility services;
- ✓ May 28, 2013 – Joint Letter of interest submitted to VDHCD
- ✓ July 19, 2013 – VDHCD responds; offers \$3,000 for initial activities
- ✓ March 14, 2014 – VDHCD provides \$40,000 for Planning Study
- ✓ March 14, 2014 – RFP issued for Consulting Services
- ✓ July 29, 2014 – Consulting contract executed with Timmons, Davenport and McGuire Woods Consulting
- ✓ July 31, 2014 – Project Kick-Off Meeting at PDCCWDC
- ✓ Management Team Meetings
  - October 15, 2014
  - November 12, 2014
  - June 23, 2015
  - October 13, 2015
  - January 7, 2016
- ✓ Management Team Subcommittee Meetings or Conference Calls
  - September 22, 2014 (Governance Workgroup)
  - October 2, 2014 (Governance Workgroup and Financial Workgroup)
  - October 9, 2014 (Engineering Workgroup)
  - December 18, 2014 (Governance Workgroup and Financial Workgroup)
- ✓ October 13, 2015 – Draft Report Presented to Management Team
  - Roll-Out subcommittee appointed (8 additional meetings – October 2015 through January 2016)
- ✓ February 10, 2016 – Final roll-out presentation to Management Team
- ✓ February 24, 2016 – Roll-out presentation to Governing Bodies (rescheduled to March 2, 2016 due to inclement weather)

The ultimate goal is to create a “win-win” scenario for both localities

Key considerations in determining whether the goal is achieved are:

- Costs
  - o County: Reduce the subsidy from the general fund in support of the utility system
  - o City: Minimize future cost increases to utility rate payers
- Economic Development
- Environmental Stewardship

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These were the scenarios evaluated:

- Status Quo – Each locality remains autonomous
- Contracted Services – One locality becomes the customer of the other
- Regional Authority
  - o Merges utility systems with management and oversight assigned to a Board composed of appointed representatives from each locality
  - o 70 PSA’s currently in Virginia (eg. Floyd-Floyd PSA, Frederick-Winchester SA)

Scenario One – Status Quo

- City continues to operate its WWTP until triggered to act. Potential trigger are as follows:
  - o Change in Water Quality Standards
  - o Flow meets or exceeds 95% of design capacity for 3 consecutive months
  - o Flood damage requires “major modifications”
  - o Capacity needed for economic development
- Once “triggered,” City would build a new 3 MGD plant out of the floodplain (3 to 5 year process)

Changes in Water Quality Standards

- Lower Blackwater and Nottoway designated as “impaired” by DEQ
- Scheduled for development of Total Maximum Daily Loads (TMDLs)
- DEQ will use future VPDES permit limits as a tool to control the TMDLs and provide reasonable assurance that the reductions in the wasteload allocations (WLAs) are met. Compliance is expected at the time the permit is reissued, although in extenuating circumstances, a compliance schedule may be used
- May require major upgrades of the Franklin WWTP which triggers relocation of the plant away from the floodplain

Design Capacity

- DEQ Regulations – When the monthly average flow influent reaches 95% of the design capacity for three consecutive months, plant must be expanded or flow must be reduced
- Current average flow of 1.49 MGD or 74.5% of the 2.0 MGD plant

Living on the Edge with Inflow and Infiltration (I & I)

Date	Franklin WWTP Monthly Average Flow (MGD)
August, 2012	3.2
September, 2012	2
October, 2012	1.4
November, 2012	2.3
Average	2.23

Inflow and Infiltration (I & I) is defined as ground water and/or surface water entering the wastewater collection system.

#### Economic Development

- City has limited opportunity to compete for new industry
  - County has sufficient capacity at this time to compete for new industry

#### City of Franklin – Construct new 3 MGD WWTP

- 2015 dollars - \$54.8 million
- 2020 dollars - \$62 million
- 2025 dollars - \$70.1 million
- Monthly water and sewer rates would double from \$63 to \$126, an increase of \$756 annually per household based on 2015 dollars

#### Southampton County

- Continue to subsidize public utilities by \$2.9 million annually (equivalent to 19¢ on the countywide real estate tax rate or, stated another way, \$285 annually for an average home valued at \$150,000) based on 2015 dollars

#### Pros

- Each community maintains control of its respective assets and rates
- No major capital outlay required until a “trigger” forces action by the City

#### Cons

- Is the most expensive option to move forward once triggered
- County continues to subsidize debt and operation with tax revenues
- Does not provide a win-win alternative for either locality

#### Scenario Two – Contracted Services

- Evaluated 6 different alternatives
- Capital costs for City of Franklin ranges from \$28.2 million to \$62.2 million
- Impact on Operations & Maintenance deemed negligible
  - Potential savings from efficiencies of WW treatment consolidation offset by increased pumping costs

#### Pros

- Each community maintains control of its respective assets
- Quicker than the status quo but not the best long term solution to address 1 or more “triggers” (reduce flow in Franklin)

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Cons

- Limited flexibility for long-term planning and execution
- City has no formal representation in decision making
- Relationship remains subject to political process
- Each community maintains responsibility for its assets and operations
- Limited “win” for both communities based on studied alternatives

Scenario Three – Regional Authority

- Evaluated 6 different alternatives
- Capital costs for Authority customers range from \$20 million to \$53.9 million
- Impact on Operations & Maintenance deemed negligible
  - Potential savings from efficiencies of WW treatment consolidation offset by increased pumping costs

A public service authority can do the following:

- Own, operate, and maintain public utility systems
- Acquire, purchase, or lease property
- Issue debt utilizing revenue bonds
  - They cannot issue general obligation debt
  - They cannot levy taxes
- Fix, charge, and collect fees

Pros

- Both localities have equal representation
- Decisions based solely on business factors and not politically motivated
- Provides the greatest flexibility in planning and executing technical solutions to meet “triggers”
- Provides a greater competitive advantage for regional economic development
- Greater opportunity to obtain grant funds for capital improvements based on regional collaboration
- Provides the best win-win alternative for both localities

Cons

- Loss of control by governing bodies
- More difficult to establish
- Once assets are conveyed, there’s no going back

Management Team recommendations

- Complete a Formal Asset Valuation by an independent third party entity that has not worked for either the City or the County
- Set up a Public Service Authority (PSA) in accordance with the Virginia Water and Waste Authorities Act, per Virginia Code § 58.1-5100, with a balanced board (ideally 6 members) with an even number of representatives from the City and County
- Develop a financial framework for an equitable consolidation of utility systems/assets



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Recommended Implementation Schedule Going Forward (Tentative):

1. Public roll-out & Citizen input Period (3 – 4 months) January 2016 to March 2016
2. Formal Asset Valuation (3 – 4 months) April 2016 to July 2016
3. Legal set up for Public Service Authority (4 – 6 months) July 2016 to December 2016
4. Meet with DEQ & other regulatory agencies March 2016 and ongoing
5. Hire Executive Director for Authority – January 2017 to July 2017
6. Develop Framework for Equitable Consolidation – Begin July 2017
7. Meet with potential funding agencies – Ongoing
8. Apply for grants and other funding – Ongoing
9. Transfer of assets to Authority – Potentially 2018

Budget Moving Forward

1. Formal Asset Valuation	\$30,000
2. Authority Set-up Legal Fees	\$25,000
3. Additional Engineering Studies	\$70,000
4. Meetings with DEQ, Regulatory Agencies, And Funding Agencies	<u>\$30,000</u>

Total Recommended Budget \$155,000

\*Based on Engineers' Estimate – 2015

Having concluded the presentation, Administrator Johnson and Manager Martin opened the floor for questions.

Mayor Johnson-Ashburn asked once there is a trigger, how long does the state give a community to reduce flow or expand.

Mr. Hines of the Timmons Group responded that when referencing a “trigger” you need to start planning to do the next phase of work immediately. Once it gets to 80% of your design flow you need to start planning the next stage of construction. A schedule for the improvements would be developed and agreed upon by the state.

Mayor Johnson-Ashburn responded for clarity they don't have a defined timeline that we are to start reducing the flow or expanding the facility.

Mr. Hines stated no they want you to start immediately. That means they want you to get the engineering study underway, start planning for construction, and start planning for financing. There is no option to delay at that point in time. You need to proceed and they need to know that you are proceeding to address the need.

Councilman Burgess, who served on the Management Team, stated that all the members of the Management Team worked very hard and put in considerable time and effort in this project. Councilman Burgess stated that this is a step by step process in which the Management Team is looking for a win-win for both the City and the County.

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Mr. Bruce Phillips, who also served on the Management Team also recognized the contributions of the team members as well.

Mr. John Burchett, citizen asked if any other options have been reviewed.

Mr. Hines stated that his firm looked at four different options as far as combination of utility systems. The Public Service Authority was at the tip because that was in accordance with the Virginia Water and Waste Authorities Act per the state.

Councilman McLemore asked if the state would consider this a feasibility study to pursue this project.

Mr. Hines replied that it was considered a feasibility study/preliminary report where we incorporated the financial and organizational components into a study evaluation of the suggested recommendation.

Councilman McLemore asked if the grant was \$43,000 combined.

Mr. Martin stated it was \$40,000 total.

Councilman McLemore asked about the \$3,000 initial cost allocated by the state.

Mr. Martin stated that the \$3,000 was an advance that was part of the \$40,000 total grant amount.

Vice-Mayor Cheatham asked why the Management Team felt that the formal asset evaluation was important before we do anything further.

Mr. Martin replied that was a specific point that the management team developed. They felt that it was a critical item to be done before we formally decide anything. It would help establish the cost sharing formula between the communities.

Administrator Johnson recognized Management Team Member Mr. Tom Jones who wanted to make a comment.

Mr. Jones stated that the framework for setting up the Public Service Authority would have to be approved by both governing bodies before it would be accepted.

Manager Martin and Administrator Johnson again thanked the members of the Management Team for their efforts. They also advised that the full report and summary information on the Management Team meetings would be put on the City and County websites and placed in other public facilities for the public to access and review.

Mayor Johnson-Ashburn surmised that it is very important for the public to read the materials. Mayor Johnson-Ashburn commented that on behalf of the Franklin City Council we appreciate your attendance and she adjourned the Council meeting.

Chairman Jones thanked the committee for all of the work that has been done. Chairman Jones stated that the Board of Supervisors would let the citizens know everything they do and with that he adjourned the Supervisor meeting.

The joint meeting was declared adjourned at 7:40 p.m.

**FRANKLIN CITY COUNCIL/SOUTHAMPTON COUNTY BOARD OF SUPERVISORS JOINT UTILITY  
STUDY MEETING PRESENTATION, MARCH 2, 2016**

**These Minutes for the March 2, 2016 City/County Joint Utility Study Meeting were adopted on the 25<sup>th</sup> day of April 2016.**

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**Vice-Mayor**

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**Clerk to City Council**

The Franklin City Council held a work session meeting with outside Agencies & Organizations to hear their perspective Budget requests for FY 2016 -2017 on Monday, April 11, 2016 at 6:00 p.m. in the Council Chambers at City Hall.

**Council Members in Attendance:** Raystine D. Johnson-Ashburn, Mayor; Barry Cheatham, Vice-Mayor; Mary Hilliard, Benny Burgess, Mona Murphy and Frank Rabil (Councilman McLemore absent)

**Other Staff members in Attendance:** City Manager Randy Martin; City Attorney Taylor Williams; Finance Director Melissa Rollins, Accounting Supervisor Joe Ann Faulk and Teresa Rose-McQuay, Administrative Assistant Recording Minutes

Mayor Johnson-Ashburn called the meeting to order at 6:00 p.m. Each Council member had received a notebook containing all agency and organization budget requests for reference.

The Mayor welcomed everyone to the work session. The Mayor asked presenters' to state their name and the name of the agency or organization represented. Each presenter signed the sign in sheet and the Mayor called them in order following the sign in sheet.

Amanda Jarratt, President of the Franklin Southampton Economic Development, Inc. (FSEDI) located at 601 N. Mechanic Street, Suite 300, Franklin, VA requested that the City of Franklin consider a funding proposal that continues to support our economic development program.

The overreaching mission of FSEDI is to diversify the economic base, create high quality jobs, and seek new capital investment to improve and sustain the tax base. Ms. Jarratt highlighted several of the recent accomplishments over the prior fiscal year. She shared that the staff of FSEDI continue to work aggressively with existing businesses in the City of Franklin and Southampton County to ensure that they have adequate resources to be and remain successful. Ms. Jarratt asked for \$125,000 for the upcoming year.

Mayor Johnson-Ashburn asked Ms. Jarratt how much was last years' funding?

Ms. Jarratt replied that it has been \$125,000 for the last three years.

Mr. Sylvester Askins, Employment Coordinator, represented the Endependence Center, Inc. located at 6300 East Virginia Beach Boulevard, Norfolk, VA.

Mr. Askins shared The Endependence Center is a consumer controlled, community-based, cross-disability, non-residential, private, non-profit agency operated by and for individuals with disabilities in the South Hampton Roads. They provide an array of independent living services to individuals with disabilities. The two-fold purposes are to prepare individuals and the community for full integration of persons with disabilities into society.

Councilwoman Murphy asked Mr. Askins did he know the amount of funding they received back in 2010.

Mr. Askins stated that he was not sure of the amount.

Councilwoman Murphy asked how many clients they serve in the Franklin area.

Mr. Askins replied 10 in the Franklin/Isle of Wight area.

Ms. Jenny Bailey, Library Director of the Blackwater Regional Library (BRL) located at 22511 Main Street, Courtland, VA shared a Powerpoint presentation of the progress at the library.

Ms. Bailey shared with Council some of the new programs at the library. She also shared the April/May schedule for the Bookmobile and some new outreach services. In their request this year, they included a 4.1% COLA salary increase for staff. Ms. Bailey shared that staff has not received a raise in many years and they continue to fall behind when compared to similar library systems around the state.

Mayor Johnson-Ashburn asked Ms. Bailey specifically when staff had received a raise at the library.

Ms. Bailey commented that they received a raise in 2011 – 2012 and that was to bring staff to the state minimum.

Mr. Andrew Jurewicz, Finance Director of Western Tidewater Community Services Board (WTCSB) located at 5268 Godwin Boulevard, Suffolk, VA addressed Council.

Mr. Jurewicz stated the mission of the WTCSB is to provide a coordinated system of quality recovery oriented care to the citizens served. They continually strive to value staff, support diversity, and promote excellence in the provision of consumer care.

Mr. Jurewicz shared that over the past several years regulatory changes have required multiple program revisions to reduce subsidies and increase staff productivity. As the demand for ongoing mental health, substance abuse, and intellectual disability related services continues to grow, the agency is pressured to provide uncompensated care at an unsustainable level. WTCSB has experienced an increase of service for Franklin residents of 9% in FYE 2014 and 7% in FYE 2015. Based on community need in Franklin, WTCSB is requesting an increase in funding of 15% in the amount of \$40,477 for FY 2017.

Mr. Jurewicz stated that Executive Director Peratsakis would be available at any time to discuss any questions concerning the budget request. Mr. Jurewicz asked if there were any questions. There were no questions from Council for Mr. Jurewicz.

Ms. Hattie Francis, Executive Director of Smart Beginnings Western Tidewater (SBWT) located at 601 N. Mechanic Street, Suite 301, Franklin, VA presented her agency's request.

Ms. Francis stated that SBWT is a multi-jurisdictional collaboration comprised of three rural localities which are: The City of Franklin, Isle of Wight County and Southampton County. Their goal is "All Children Enter School Healthy and Ready to Learn."

Ms. Francis stated that the City of Franklin's benefit of their work is the increased knowledge, skills, and effectiveness of those who deal directly with its youngest citizens' from ages 0 to 5 years old. In 2015, the City of Franklin provided \$15,000 for SBWT efforts in educating parents and providers. Ms. Francis stated that SBWT is requesting funds of \$20,000 to offset the costs of the Virginia Quality QRS program, Parent/Provider workshops and summer professional development for teachers and providers. SBWT's goal for the coming year is to increase the number of Virginia Quality participants in Franklin.

Mayor Johnson-Ashburn asked if there were improvements in identifying unlicensed providers.

Ms. Francis stated that there has been little success in having them come forward. She stated that she is trying to set up a one on one licensing event to see if it will generate some involvement.

Mayor Johnson-Ashburn asked how day care providers get qualified for scholarships.

Ms. Francis replied that they fill out applications expressing interest with the Virginia Quality Initiative.

Mr. William Curtis, Board Member with STOP, Inc. located at 2551 Almeda Avenue, Norfolk, VA presented the budget request. Mr. Curtis introduced our Franklin Board/Committee representatives; Mr. Frank Davis and Mr. Waverly Lawrence.

Mr. Curtis shared the mission which is to leverage human and financial resources to reduce the effects of poverty by assisting low wage and economically disadvantaged residents in South Hampton Roads, Virginia to achieve self-sufficiency and improve their quality of life.

Mr. Curtis reported historically, City of Franklin residents have benefited from several services provided by STOP. Through its weatherization program, STOP improved the energy efficiency of homes and provided healthier and safer homes for several families. Through the Crisis Intervention and Housing Counseling programs, residents have been able to remain in housing due to the mortgage and rental assistance as well as the financial counseling they received. Additionally, some residents of Franklin have had the opportunity to receive training as a Certified Nursing Assistant or Phlebotomist through STOP's partnership with Training Solutions.

STOP would like to serve 33 families within the City of Franklin through Housing Counseling and Crisis Intervention Services. These services have the potential to impact approximately 100 individuals in the City. The services will focus on individuals whose income level is at 125% or less, of the federal poverty Guidelines.

STOP is requesting \$11,299.12 to provide Housing Counseling and Crisis Intervention services.

Councilwoman Murphy asked when was the last time this organization received funds from the City of Franklin.

Mr. Curtis stated that it has been a number of years but he was unsure how long.

Mr. Reggie Carter, Service Director for Boys & Girls Clubs of Southeastern Virginia (BGCSEVA) introduced Mr. Anthony Carter, Resource Development Coordinator, Mr. Eric Taylor, Franklin Unit Director, and Mr. Cedric Cross, Youth of the Year.

Mr. Carter shared that the mission of Boys & Girls Clubs is to enable all young people, especially those who need help the most, to reach their potential as productive, caring and responsible citizens. The Boys & Girls Clubs of Southeastern Virginia provides youth ages 6 to 18 with field-tested after-school/summer programs and exposure to unique experiences, while striving to extend their development and learning beyond the classroom and into the community. Mr. Carter recognized Mr. Cross to speak to Council. Mr.

Cross is a life-long resident of Franklin and a senior at Southampton High School. Mr. Cross expressed how the Boys & Girls Clubs have helped him.

Mayor Johnson-Ashburn asked about the process for identifying youth for participation in the tutoring program.

Mr. Taylor stated that staff work with the schools to let them know if a child is in need of the help and they recommend the service to the parent.

Ms. Lynnora Sumblin, Director of the Everdelighting Advocacy Center, Inc. of 338 A Bruce Street, Franklin, VA presented a budget request for 2016 – 2017.

Ms. Sumblin shared that the Everdelighting Advocacy Center is a community based agency operating with a global initiative through a local presence. Their vision is to decrease the amount of violence and silence experienced by those who have been affected by sexual abuse/assault or mental illness through advocacy, education, and empowerment. They also offer a tutoring and mentoring program for at-risk students residing in the City of Franklin.

Councilman Rabil asked Ms. Sumblin if they operate solely in the City of Franklin.

Ms. Sumblin responded no they also work with parts of Southampton County.

Mr. Dan Howe with the Downtown Franklin Association (DFA) at 120 S. Main Street presented the 2016 – 2017 budget request.

Mr. Howe stated that the Downtown Franklin Association is a 501 c 3 corporation. He noted several accomplishments; one of which is the energized focus on business recruitment into the downtown Historic district while continuing the successful marketing of downtown Franklin.

Mr. Howe shared a few of the initiatives that have shown promise in other localities that focus on the pursuit of grant funding. He discussed the volunteer efforts that support the DFA by members of the local businesses. We Be Jammin, Fall Festival and other events are staffed almost entirely by volunteers. This year marks the 31<sup>st</sup> year of National and Virginia Main Street certification. The City of Franklin is one of three localities from the original establishment in 1985 in the Virginia Main Street organizations.

Mr. Howe touched on initiatives for the Farmer's Market and a mural program for the Historic buildings in the downtown area. Mr. Howe touched on his responsibilities and highlights of his tenure. Mr. Howe shared his appreciation with Council for the support that they have shown to the DFA over the years.

Mayor Johnson-Ashburn asked if the \$5,000 for the fireworks were included in the \$65,000 request.

Mr. Howe stated it has always been a separate item. He stated that if he had to list by priority, the Leap Forward Franklin campaign and the Farmers' Market would be the highest priority. Mayor Johnson-Ashburn went through the DFA budget request for clarity purposes line by line.

Ms. Tashuanna Hilton with The Genieve Shelter located at 157 North Main Street, Suffolk, VA presented the request to Council.

Ms. Hilton shared that the mission of the Genieve Shelter is to provide a safe refuge for the victims of domestic violence and their children. The shelter provides information, education and training services which focus on ending domestic violence. They serve the areas of Suffolk, Franklin, the Town of Smithfield and Surry, Southampton and Isle of Wight Counties.

The Genieve Shelter recently expanded to 28 beds which allow them the opportunity to serve more survivors fleeing from domestic violence and human trafficking. Ms. Hilton thanked the Council for their support.

**Mayor Johnson-Ashburn recessed the work session at 6:59 p.m.**

**These Minutes for April 11, 2016 City Council Work Session Meeting were adopted on the 25<sup>th</sup> day of April, 2016.**

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**Vice-Mayor**

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**Clerk to City Council**



The Franklin City Council held its regular meeting on Monday, April 11, 2016 at 7:00 p.m. in the Council Chambers at City Hall.

**Council Members in Attendance:** Mayor Raystine D. Johnson-Ashburn, Barry Cheatham, Vice-Mayor; Benny Burgess, Mary Hilliard, Frank Rabil, Mona Murphy and Greg McLemore (arrived late).

**Staff in Attendance:** Randy Martin, City Manager; Taylor Williams, City Attorney; Mark Bly, Director of Power and Light; Chief Vince Holt, Director of Emergency Services; Chad Edwards, Deputy Director of Public Works; Brenda Rickman, Commissioner of the Revenue; Dinah Babb, Treasurer; Alan Hogge, Director of Social Services; and Deputy Chief Bob Porti, Police Department.

**Others in Attendance:** Teresa Rose-McQuay; Administrative Assistant and Acting Secretary, Recording Minutes.

### **PLEDGE OF ALLEGIANCE**

Attendees recited the Pledge of Allegiance.

### **CITIZENS' TIME**

No one signed up to speak for Citizens' Time.

### **AMENDMENTS TO AGENDA**

There were no amendments to agenda.

### **Consent Agenda**

#### **Minutes: March 28, 2016 Regular Meeting**

Mayor Johnson-Ashburn asked if there were any corrections or changes to the minutes of the March 28, 2016 Regular meeting. Hearing none the Mayor asked for a motion. Vice-Mayor Cheatham made the motion to adopt the minutes as presented and Councilman Rabil seconded it.

The motion was approved with a 6 – 0 Vote (Councilman McLemore absent).

### **Proclamation: National Public Safety Telecommunicators Week April 10 – 16, 2016**

Mayor Johnson-Ashburn recognized Vice-Mayor Cheatham to read the proclamation aloud. Mayor Johnson-Ashburn presented the proclamation to Deputy Chief Porti of the Franklin Police Department. Mayor Johnson-Ashburn thanked all the communications staff for their service. Deputy Chief Porti thanked Mayor-Johnson-Ashburn and said he would pass along the appreciation to the staff. All in attendance applauded.

**OLD/NEW BUSINESS****Southampton County Circuit Courthouse Project Presentation**

Mayor Johnson-Ashburn recognized Manager Martin to comment and introduce Mr. Michael Johnson, Southampton County Administrator to give a detailed presentation including background information and options for upgrading the County Courthouse facilities. Manager Martin made introductory comments then recognized Mr. Johnson.

Administrator Johnson started his presentation by showing how the courthouse has evolved since its' beginning in 1834 to its current state. By statute in Virginia, it is required that counties provide courthouses that are in repair, secure and safe, and have suitable space and facilities. The Virginia Courthouse Facility Guidelines prepared by Don Hardenbergh and published annually are designed to assist judges and court officials by providing them with the necessary information they need to assess facilities and address remedies with their local governing bodies.

Administrator Johnson explained in detail the aspects of the three areas that are affected.

**Secure and Safe:**

- Grossly undersized security screening area
  - Space should allow for a queue of up to 20 people inside the facility
  - Space should allow for an x-ray machine and metal detector
  - Space should provide for a separation of ingress and egress.
- No CCTV with cameras to monitor pedestrian movements inside and outside the building/
- No intrusion detection system to monitor exterior doors or 1<sup>st</sup> floor windows
- No interior or exterior access control system
- No public address system
- No emergency generator to provide for orderly shut-down in the event of power loss
- No onsite central security control office to monitor CCTV system, duress alarms, fire alarms, elevator controls, intrusion sensors, secure prisoner areas, environmental controls and public address system
- No secure interior circulation system for Judges or staff
- No secure parking for Judges or staff

Administrator Johnson shared these guidelines from the Virginia Courthouse Facility Guidelines manual:

1. A key element in courthouse security is the separation of the public, judiciary and staff, and in-custody defendants.
2. For security reasons, private circulation must include judicial access from secure judicial parking facilities to private elevators and offices.
3. Judges' should never be provided unsecured parking in the public parking area and judges' parking spaces should never be identified.

**In Repair:**

- Existing facility does not meet modern life safety code requirements
  - No fire protection system (smoke/heat detection) or fire sprinkler system except for the Records Room and General District Clerk's File Room
  - Egress stairs and corridors in the 1960's addition do not meet codes for emergency evacuation

(Councilman McLemore arrived at 7:22 p.m.)

- Existing facility's critical infrastructure is aging
  - HVAC equipment is 20+ years old, near the end of its useful life and susceptible to breakdowns
  - HVAC controls are obsolete, expensive to maintain and struggle to constantly maintain a comfortable interior climate
  - HVAC piping (2-pipe system) requires a manual conversion from heating to cooling which takes a full 24 hours to transition
  - Electrical system and boiler located in the basement and are prone to periodic flooding

**Suitable Space & Facilities:**

- Existing facility does not meet future space needs of the Court
  - Current facility is 23,000 square feet, not including the basement
  - Future space needs are 31,000 square feet
- I.T. infrastructure is piecemeal with limited capability for expansion
  - No positively-pressured, secure, temperature and humidity controlled equipment/AV room
  - No built-in video monitors for jurors, Judges, witnesses, court staff, and attorneys
  - Telecommunication system is not always reliable
  - No permanently installed assistive listening system
- Accessibility Issues Remain
  - Judges benches do not comply with ADA

Administrator Johnson shared the three paths available to the County to address the situation:

1. Ignore the Issue
2. Renovate and Expand the current courthouse
3. Build a new facility

**Ignore the Issue**

In the current state, the Courthouse does not meet publishes security and safety guidelines; nor is it in good repair or meet the future space needs. Ignoring the issue will be expensive.

The Code of Virginia sets out a process that can be used to compel improvements to a court facility by local Circuit Courts in §15.2 – 1643. This process has been used by Circuit Court judges to force

jurisdictions to update and upgrade their court facilities and has been exercised over the past 15 years in the region (Williamsburg/James City County, Rockbridge County, Dickenson County, and the City of Portsmouth).

The Code of Virginia states: [15.2-1643](#). Circuit courts to order court facilities to be repaired.

**A. When it appears to the circuit court for any county or city, from the report of persons appointed to examine the court facilities, or otherwise, that the court facilities of such county or city are insecure, out of repair, or otherwise pose a danger to the health, welfare and safety of court employees or the public, the court shall enter an order, in the name and on behalf of the Commonwealth against the supervisors of the county, or the members of the council of the city, as the case may be, to show cause why a mandamus should not issue, commanding them to cause the court facilities of such county or city to be made secure, or put in good repair, or rendered otherwise safe as the case may be, and to proceed as in other cases of mandamus, to cause the necessary work to be done. The court shall cause a copy of such order to be served upon each supervisor or member of the council, as the case may be.**

### **Renovate and Expand**

Based upon physical condition, code issues, construction type and/or configuration there are several issues:

1. Mechanical/Electrical systems must be upgraded
2. Clerk's office and Records room must be demolished to allow room for secure parking
3. 1960's Administrative wing should be demolished due to height issues and configuration
4. Existing public elevator will need to be relocated for better plan layout
5. Existing Courtrooms need to be renovated and remodeled to achieve proper circulation
6. Parking lot will need to be reduced in size to allow building expansion and stormwater management
7. The colonnade would need to be removed

In order to renovate and expand the existing structure, the challenges to address are:

1. Requires temporary office accommodations for Commonwealth's Attorney and Clerk's Offices
2. Cost and logistics burdens in transporting witnesses, jurors and in-custody defendant's
3. Requires development of substantial satellite parking
4. Greater unknowns with renovations require greater contingencies

### **New Facility**

In order to construct a new facility, these are the challenges:

1. Will require acquisition of 15 – 20 acres
2. Naturally more efficient because of the layout:
  - a. Not constrained by the existing site and building configuration
  - b. Adequate parking can be planned and accommodated on-site
  - c. Prisoner holding area can be incorporated between the Courtrooms
3. Transportation cost for in-custody defendants will increase

If a county plans to construct a courthouse at a new location which is not adjacent to the existing courthouse, Virginia Code §§ 15.2 – 1644 and 15.2 – 1646 requires citizen approval through a referendum. In cases where a courthouse is shared with a city, votes of city voters are treated equally with the County.

The Virginia Code § 15.2 – 1652 states: Form of ballots for county election on removal and appropriation; certificate of electoral board. The ballots used in the election required by § 15.2 – 1644 shall be as follows:

“Shall the courthouse be removed to \_\_\_\_\_, and shall the Board of Supervisors be permitted to spend \$\_\_\_\_\_...Therefor?  Yes  No

Cost Comparison

Component	Projected Budget
Option 1 – Renovation/Expansion	16.5 million dollars
Option 2 New Courthouse at New Site	14.0 million dollars
Cost to Repurpose Existing Courthouse if vacated	2.0 to 3.5 million dollars

This is an outline of the Project Financing:

- The Project will be financed with long-term debt (25 years)
- With strategic planning and structuring the debt, drastic impacts on the County real estate tax rate may be avoided
  - Will require use of approximately \$400K of unspent bond proceeds from Turner Tract project
  - Will require use of one-time payment of \$925,000 from Enviva; which is the last principal payment on the property
  - Will require the use of roughly \$500,000 of annual savings from SPSA beginning in 2018

The anticipated phases are:

1. Planning – 12/ 2015 – 11/2016
2. Design – 11/2016 – 9/2017
3. Bidding – 9/2017 – 11/2017
4. Construction – 1/2018 – 8/2019
5. Occupancy 10/2019

Administrator Johnson ended his presentation by asking the Council to appoint someone from Council and the City Manager to serve on the new advisory committee appointed by the County Board of Supervisors. Administrator Johnson also asked the Council to consider combining all of the Courts and share the resources.

After some discussion from Council; Councilman Rabil indicated his desire to serve as the Council representative on the new advisory committee. Councilman McLemore also indicated his desire to be considered as the Council’s representative on the Committee. Mayor Johnson-Ashburn asked for a motion. Vice-Mayor Cheatham made the motion to appoint Councilman Rabil to the committee and

Councilwoman Hilliard seconded the motion. Councilman McLemore noted that he felt like Council was unfair in the appointment of the new committee member by not selecting him.

The motion was approved with the vote as follows:

Councilman McLemore, NAY; Councilman Burgess, AYE; Councilwoman Hilliard, AYE; Vice-Mayor Cheatham, AYE; Councilwoman Murphy, AYE; Councilman Rabil, AYE and Mayor Johnson-Ashburn, AYE.

Councilman Burgess made the motion to appoint Manager Martin to the courthouse advisory committee and Councilwoman Murphy seconded the motion.

The motion was approved with the vote as follows:

Councilman McLemore, NAY; Councilman Burgess, AYE; Councilwoman Hilliard, AYE; Vice-Mayor Cheatham, AYE; Councilwoman Murphy, AYE; Councilman Rabil, AYE and Mayor Johnson-Ashburn, AYE.

### **AVES Recycling Contract Assignment to Bay Disposal**

Mayor Johnson-Ashburn recognized Attorney Williams to present the AVES Recycling Contract Assignment to Bay Disposal to members of Council. Attorney Williams reported the following:

The City and Southampton County signed a contract with All Virginia Environmental Solutions, Inc. (AVES) in 2010 for the collection of recyclable trash. Paragraph 16 of the contract provides the contract renews for an additional 12 month period each year unless some party provides 60 days written notice to the other party of the intent to terminate the contract effective June 30 of any year.

AVES recently sold its business to Bay Disposal and Recycling. AVES assigned this contract to collect recyclables to Bay Disposal contingent upon the approval of the City and the County. If the City gives its consent to this assignment of the contract then Bay Disposal will continue to collect the City's recyclables under the terms of the contract with AVES.

Paragraph 18 of the contract says the contract is binding on the "successors and assigns" and the "contract may not be assigned by AVES without prior written approval of the City and County". The assignment of the contract by AVES to Bay Disposal binds Bay Disposal to the terms of the contract.

Mayor Johnson-Ashburn asked if there were any questions or comments.

Councilman McLemore asked if the City had any shared contracts with Isle of Wight County.

Manager Martin and Attorney Williams responded that the city has agreements on water and sewer, some parks and recreation (former Skating rink building) and the municipal airport, which is located in Isle of Wight County.

Vice-Mayor Cheatham made the motion to consent to the assignment of the contract to collect the City's recyclables to Bay Disposal and authorize the City Manager to sign a document consenting to the assignment of the contract to Bay Disposal with the understanding the terms of the current contract will continue to bind the parties. Councilman Rabil seconded the motion.

The motion was approved by a 7 – 0 vote.

### **VRS Member Contribution Resolutions**

#### **Resolution # 2016 - 02**

Mayor Johnson-Ashburn asked Manager Martin to present the VRS Resolution for Member Contribution by Salary Reduction.

Manager Martin stated that Senate Bill 497 of the 2012 Appropriations Act required that political and school division employees began paying the five percent member contribution to the Virginia Retirement System effective July 1, 2012. Legislation also required offsetting salary increases and an option to phase in the contribution over a five-year period. The City elected to phase-in the contribution.

July 2016 is the final year of the phase-in of members paying the 5.0% member contribution. All employees hired after July 1, 2012 immediately began contributing the full 5.0% member contribution upon employment.

Mayor Johnson-Ashburn asked if there were any questions or comments. Hearing none, Councilman Burgess made the motion to approve Resolution 2016 – 02. Councilwoman Hilliard seconded the motion.

The motion was approved by a 7 – 0 vote.

#### **Resolution # 2016 – 03**

Manager Martin stated that the language in the 2013 Appropriations Act permitted localities to make an election regarding their employer contribution rate every biennium beginning 2012 – 2013. The recommendation is for the City to elect the alternate rate of 10.98% effective July 1, 2016.

Mayor Johnson-Ashburn asked if there were any questions or comments. Hearing none, Councilwoman Hilliard made the motion to approve Resolution # 2016 – 03 and Councilman Rabil seconded it.

The motion was approved by a 7 – 0 vote.

### **City Manager's Report**

Manager Martin advised Council of the upcoming budget work sessions listed in the upcoming items list in the Agenda. Manager Martin reminded Council members that the Franklin City School System FY 2016 – 2017 Budget Presentations to City Council work session had been rescheduled at the Superintendent's request from 3/28/16 to April 25, 2016 at 6:00 p.m. prior to the next regular meeting.

### **COUNCIL/STAFF REPORTS ON BOARDS & COMMISSIONS**

There were no Council or Staff reports on Boards and Commissions.

### **Closed Session**

There was no closed session meeting held on March 28, 2016.

**Adjournment**

Councilwoman Murphy made a motion to adjourn the meeting; Vice-Mayor Cheatham seconded the motion. Councilman McLemore attempted to comment on a topic other than the motion on the floor. Mayor Johnson-Ashburn declared the comment out of order and called for a vote on the motion.

The motion was approved by a 7 – 0 vote.

**Mayor Johnson-Ashburn declared the meeting adjourned at 8:17 p.m.**

**These Minutes for the March 28, 2016 City Council Meeting were adopted on the 25<sup>th</sup> day of April 2016.**

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**Vice-Mayor**

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**Clerk to City Council**



**Finance**

**A. Monthly Financial Report: March, 2016**

**B. FY 2015 – 2016 City Budget Adjustments/Amendments, Ordinance # 2016 - 15**



For the period ending March 31, 2016

Based on Unaudited Financial Data

# Basis of Reporting

2

- The information enclosed in the City's Financial Report for the 3<sup>rd</sup> Quarter Ending March 31, 2016.
- The report contains provisions for **most** revenue and expenditure accruals.
  - ▣ Reflects 9 months of revenue & expenditures in most cases (where noted, the 9<sup>th</sup> month has been estimated)
- Financial Report presentation is consistent with department's objectives to:
  - ▣ Report timely, relevant and accurate financial data
  - ▣ Promote accountability through monitoring, assessment and reporting

# Financial Report Summary - Revenue

3

- Collection of general property tax revenues have improved over prior year period
- Other local tax revenue including economic indicators have remained relative constant overall-
  - ▣ Increase in meals taxes
  - ▣ Decrease in lodging taxes
- Year to date revenue is in sync with budgeted projections and comparable to prior year period
- Year end projected revenue is expected to meet budgeted projections

# Revenue Highlights

4

- ❑ Overall General Property Taxes collected - \$4.7 million, 63.6% of budget – 8.0 % increase over FY15 collections of \$4.36 million at 61.0% of budget
  - ❑ **Current Real Estate taxes** - \$2.7 million, nearly 50.% of budget and 7.1% higher than FY15 collections of \$2.54 million, 48% of budget.
  - ❑ **Delinquent Real Estate taxes** - higher than the prior year due to a good number of delinquent real estate tax collections; revenue has exceeded 100% of the budget
  - ❑ **Personal Property taxes** of \$1.422 million have reached 98% of budget, an increase of 5.5% from the same period last year (\$1.34 million collected was also 98% of budget)
  - ❑ **Delinquent Personal Property taxes** at \$26,000 is less than prior year period by 49%; results from collection tools used will bring the amount more in line with prior period collections in April 2016.
  - ❑ **Other general property taxes**: Penalty and Interest and public service corporation tax revenue have exceed budgeted projections.

# General Property Taxes- Overall BUDGET COMPARISON

5

REVENUE SOURCE	2015--2016 BUDGET	ACTUAL 3/31/2016	BUDGET %	2014-2015 BUDGET	ACTUAL 3/31/2015	BUDGET %
Real Estate Taxes-Current	\$ 5,456,874	\$ 2,722,316	49.9%	\$ 5,283,742	\$ 2,540,687	48.1%
Real Estate Taxes-Delinquent	190,000	323,165	170.1%	190,000	227,082	119.5%
Personal Property Taxes-Current	1,450,000	1,422,023	98.1%	1,367,446	1,348,205	98.6%
Personal Property Taxes-Delinquent	65,000	26,017	40.0%	65,000	51,002	78.5%
Machinery & Tools	23,577	19,402	82.3%	65,000	18,867	29.0%
Penalties & Interest Taxes	145,000	125,998	86.9%	135,000	117,137	86.8%
Public Service Corporation Taxes	66,863	67,087	100.3%	61,818	64,977	105.1%
<b>GENERAL PROPERTY TAX</b>	<b>\$ 7,397,314</b>	<b>\$ 4,706,008</b>	<b>63.6%</b>	<b>\$ 7,168,006</b>	<b>\$ 4,367,957</b>	<b>60.9%</b>

Current	\$ 4,706,008
Prior Year	\$ 4,367,957
Net Change \$	\$ 338,051
Net Change %	7.7%

# Local Tax Revenue (Prior Year Comparison)

6

	<b>FY 15-16 Budget</b>	<b>3/31/2016</b>	<b>% of Budget Realized</b>
Local Sales & Use*	\$ 1,800,000	\$ 1,303,126	72.4%
Cigarette Taxes	\$ 325,000	\$ 255,819	78.7%
Business Licenses	\$ 950,500	\$ 933,799	98.2%
Meals Taxes*	\$ 1,350,000	\$ 1,109,070	82.2%
Lodging Taxes*	\$ 150,000	\$ 92,451	61.6%
<b>Total Local Tax Revenue</b>	<b>\$ 4,575,500</b>	<b>\$ 3,694,265</b>	<b>80.7%</b>

\*estimated actual to reflect 9 months of revenue

# Local Tax Revenue (Prior Year Comparison)

7

	Meals Taxes	Lodging Taxes	Cigarette Taxes	Sales Taxes	Total
Mar-15	1,049,842	105,324	286,135	1,318,610	2,759,911
Mar-16	1,109,070	92,451	255,819	1,303,126	2,760,466
Change \$	59,228	(12,873)	(30,316)	(15,484)	555
Change %	5.34%	-13.92%	-11.85%	-1.19%	0.02%
<b>% of Budget</b>	<b>82.20%</b>	<b>62%</b>	<b>78.70%</b>	<b>72.40%</b>	

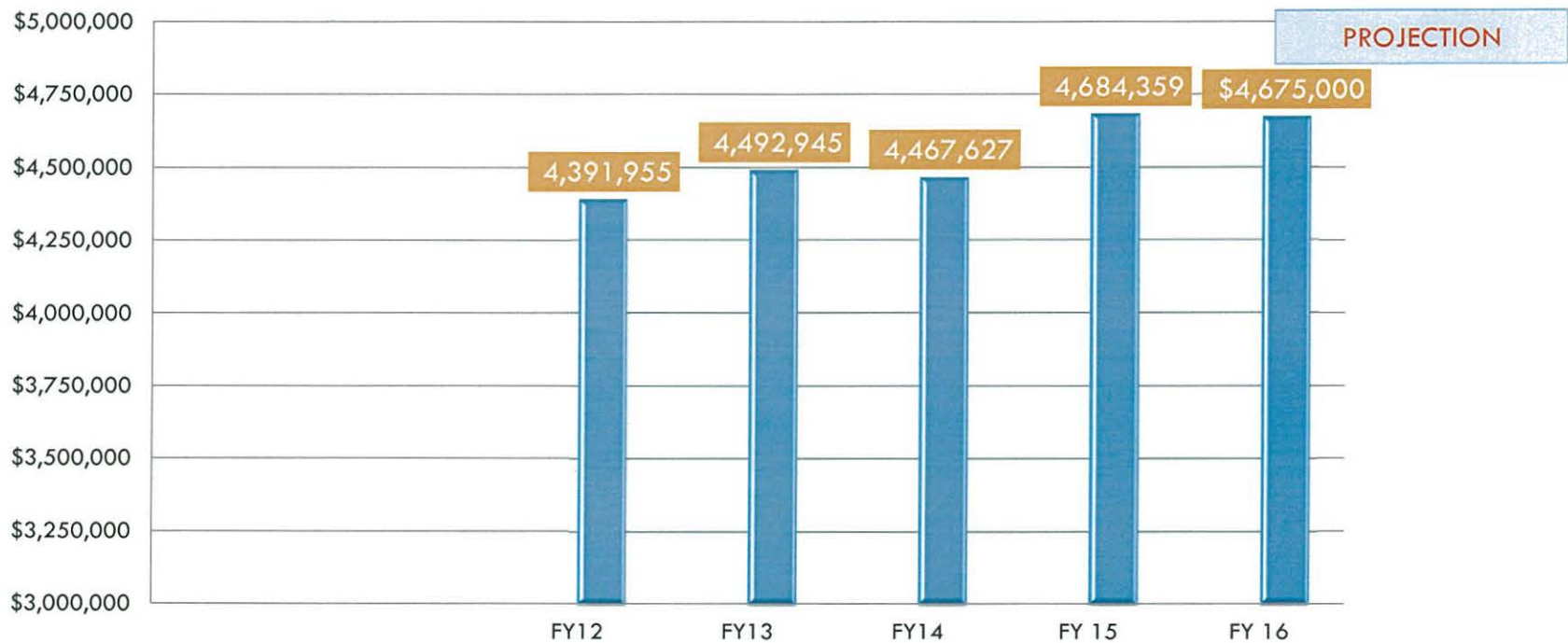
3<sup>rd</sup> QUARTER TARGET % FOR BUDGET TO ACTUAL = 75%



# Other Local Taxes – Prior Year Comparison

8

## Five Year History - Economic Indicators



Net Change since 2012	\$ 283,045
Net Change %	6.4%

# Other Significant Revenue Events for FY 15-16

9

- ❑ Fees from Inspections and Planning Services decreased as anticipated
- ❑ Increased miscellaneous revenue real estate sales transactions
- ❑ Boost in Isle of Wight Annexation Payment (\$80,000 more than the prior year period)
- ❑ Categorical aid in prior year was higher due to state wireless and rescue squad assistance grants received in the prior year; highway maintenance funds and State Aid for Local Police are up in the current fiscal year

# Other Significant Revenue Events – Grant Awards FY 15-16

10

□ PSAP Grant -	\$ 55,254
□ Rescue Squad Assistance Grant -	\$ 13,508
□ Fire Programs Fund Assistance Grant -	\$ 23,197
□ Hazardous Mitigation Grant -	\$ 53,489
□ Litter Control Grant -	\$ 6,427
□ SAFER Grant -	<u>\$ 42,942</u>
□ Total State Grant Awards -	\$194,817



## **GENERAL FUND EXPENDITURES**

For the period ending March 31, 2016



# General Fund Expenditure Highlights

- General Fund expenditures excluding transfers overall are \$440,000 higher when compared to the prior year period. Expenditures of \$11.3 mil are 69.8% of the current budget compared to \$10.8 mil or 67.8 of the budget spent at 3/31/15.
  - There are categorical increases and decreases however. The biggest difference is current year expenditures in Streets for projects completed, timing of payment to the County for shared services and to the health department.

<u>Category of Expenditure</u>	<u>3/31/2016</u>	<u>3/31/2015</u>	<u>Variance</u>	<u>Primary Reason for Increase</u>
Elections, Courts & Sheriff	1,288,193	984,437	303,756	Detention care and timing of payment to County for Shared Judicial Services
Streets	1,507,676	1,267,295	240,381	Street Paving & Drainage expenditures (Partially due to VDOT funded project)
Inspections	382,943	336,530	46,413	Demolition and Nuisance Costs in Current year
Legislative, Gen. & Finance	1,635,382	1,550,395	84,987	Information Technology One Time expenditures
Fire & Rescue	1,661,571	1,837,157	(175,586)	Fire Truck Acquisition in prior year
Law Enforcement	2,591,406	2,767,514	(176,108)	Grant funded projects & vehicle purchases in prior year
Health	117,698	55,000	62,698	Timing of Quarterly payment
<b>Total</b>	<b>9,067,171</b>	<b>8,743,328</b>	<b>386,541</b>	

# General Fund Expenditures (current year actual to prior year actual comparison)

13

EXPENDITURES:	ACTUAL 3/31/2016	ACTUAL 3/31/2015	VARIANCE
Operating Expense:			
Legislative, General & Financial	\$ 1,635,382	\$ 1,550,395	84,987.00
Elections, Courts, Sheriff	1,288,193	984,437	303,756.00
Law Enforcement	2,591,406	2,767,514	(176,108.00)
Fire and Rescue	1,661,571	1,837,157	(175,586.00)
Inspections	382,943	336,530	46,413.00
Streets	1,507,676	1,267,295	240,381.00
Garage	161,496	162,094	(598.00)
Buildings and Grounds	716,532	686,947	29,585.00
Health	117,698	55,000	62,698.00
Parks and Recreation	315,846	304,032	11,814.00
Library	212,766	212,066	700.00
Planning & Beautification	123,824	123,215	609.00
Downtown Development	73,999	70,985	3,014.00
<b>Subtotal- Operating Expenses</b>	<b>10,789,332</b>	<b>10,357,667</b>	<b>431,665.00</b>
			-
Payments to Southampton Co.	\$ 500,000	\$ 500,000	-
Non-Departmental Miscellaneous	38,494	29,725	8,769.00
Pass through Contributions	-	-	-
<b>Total Operating Expense</b>	<b>\$ 11,327,826</b>	<b>\$ 10,887,392</b>	<b>440,434.00</b>

# General Fund Expenditure History

14

<b>ACTUAL</b>	Mar-11	\$	10,511,777
	Mar-12	\$	10,338,101
	Mar-13	\$	10,337,617
	Mar-14	\$	10,744,780
	Mar-15	\$	10,887,392
	Mar-16	\$	11,327,826
	Net Change from 2011	\$	\$
Net Change %			7.76%

<b>EXCLUDES ONE TIME 100% GRANT EXPENSES</b>	Mar-11	\$	10,511,777
	Mar-12	\$	10,338,101
	Mar-13	\$	10,337,617
	Mar-14	\$	10,744,780
	Mar-15	\$	10,519,392
	Mar-16	\$	10,761,826
	Net Change from 2011	\$	\$
Net Change %			2.38%

Excludes one time grant related expenditure

March 2016 Includes One Time Grant Funded expense of \$489,000. Absent of this expenditure, the FY 16 Cost would be \$10,761,826 more comparable to prior year expenditures.



## PRELIMINARY FINANCIAL REPORT **ENTERPRISE FUNDS**

For the period ending March 31, 2016



Based on Unaudited Financial Data



# Airport Fund

16

## □ Revenue Analysis

- Fuel sales of \$41,000 at the end of the quarter are slightly less than the prior year period of \$46,000.
  - Conversely, the expenditures for fuel sales will be under budget.
- Other local revenue consists primarily of airport rental fees and is also slightly less than the revenue realized during the prior year period.

## □ Expenditure Analysis

- Operating Expenditures are tracking the same as the prior year period with only 45% of the total budget expended.
- Capital outlay – amount spent represents total for the year due to close out of project. Of the \$55,000 spent, reimbursements total nearly \$51,000 or 91% of project cost.

## □ Cash Balance

- A negative cash balance is shown at \$75,211 as the budgeted General Fund Transfer to support airport operations has not been transferred.

# Water & Sewer Fund

17

## □ Revenue Analysis

- Revenue from the sale of water - \$870,000 (67% of the \$1.3 mil budgeted), less than prior period collections of \$934,000.
- Revenue from sewer charges reached \$1.17 mil (67% of budget); also less than prior year revenue of \$1.24 mil.

## □ Expenditure Analysis

- Operating expenditures of \$1.57 mil are nearly \$300,000 below prior year expenditures of \$1.86 mil;
  - Increased expenditures in FY16 on water rehab projects; decreased expenditures in FY 16 on sewer rehab projects.

- **Cash balance** of \$1.92 mil at 3/31/16 versus balance of \$1.75 mil at 3/31/15.

# Solid Waste Fund

18

## □ Revenue Analysis

- Revenue for the Solid Waste Fund is on target with budgeted projections reaching nearly 74% of budget and is comparable to the prior year period.

## □ Expenditure Analysis

- Operating expenditures as shown at \$579,000 are comparable to prior period expenses of \$559,000 and represent nearly 66% of the total budget.
  - Waste Disposal fees are down from prior year
- Capital expenditures total \$231,000 and are slightly higher than the prior year period due to additional capital costs (i.e. garbage containers, landfill closure).

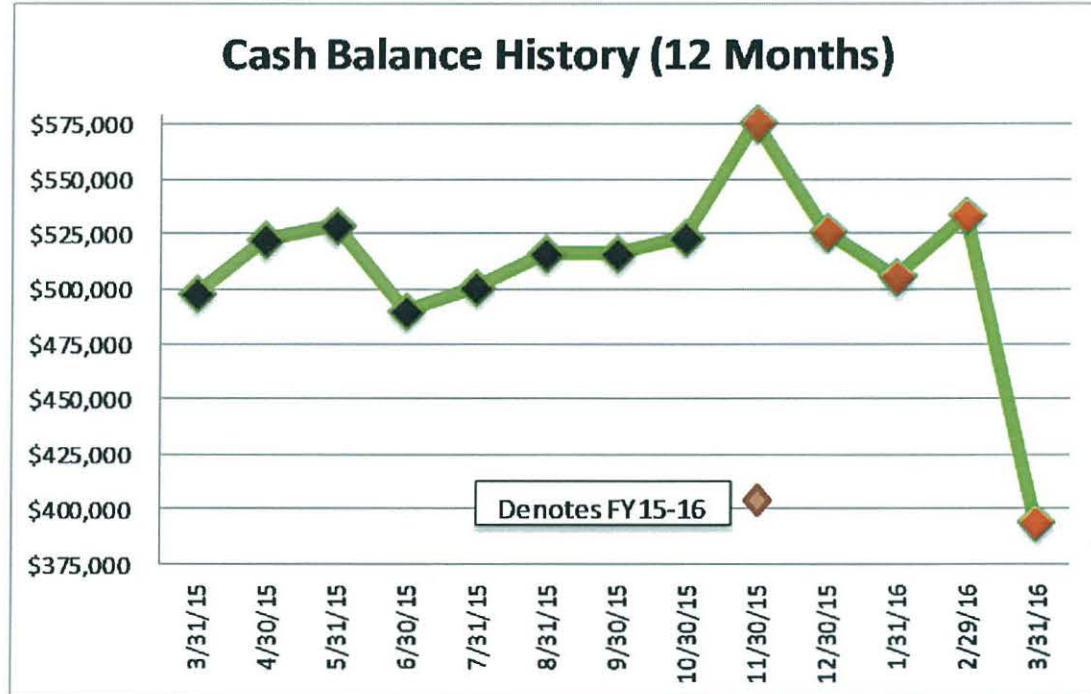
## □ Cash Balance

- The cash balance in the Fund at the end of the month is \$394,249, decreasing by \$104,000 from the cash balance reported in the prior year period as a result of planned equipment purchase.

# Solid Waste Fund – Cash Balance

□ Cash balance at March 31, 2016 = \$394,249

FYE 6/30/16		
Month	Cash Balance	Variance
30-Jun	\$489,888	
31-Jul	\$500,732	\$10,844
31-Aug	\$516,372	\$15,640
30-Sep	\$516,226	(\$146)
31-Oct	\$523,758	\$7,532
30-Nov	\$576,079	\$52,321
31-Dec	\$526,270	(\$49,809)
31-Jan	\$505,773	(\$20,497)
28-Feb	\$533,646	\$27,873
31-Mar	\$394,249	(\$139,397)
30-Apr		
31-Aug		
30-Jun		
Net Change Since July 31, 2015		(\$95,639)



March decline results from planned use of cash (PAY-GO) to purchase equipment (\$160,000)

# Electric Fund – Revenue Analysis

20

- **Revenue** from energy sales -\$10.2 mil or nearly 72% of budget; FY14-15 revenue was also \$10.2 mil – nearly 73% of budget.
  - Fuel Adjustment revenue is down as a result of the applicable rate and is nearly 69% of the total budget. (On the expenditure side as expected, the cost associated with the sale of energy/fuel adjustment is also down and represents 74% of the total budget).
  
- **Expenditures** associated with the sale of energy (excluding fuel adjustment) at \$7.37 mil represents nearly 75% of the total budget and is slightly less than the prior year period costs of \$7.58 mil, 77% of budget.
  - Revenue and expenditures are in line with budgeted projections

# ELECTRIC FUND CASH ANALYSIS

21

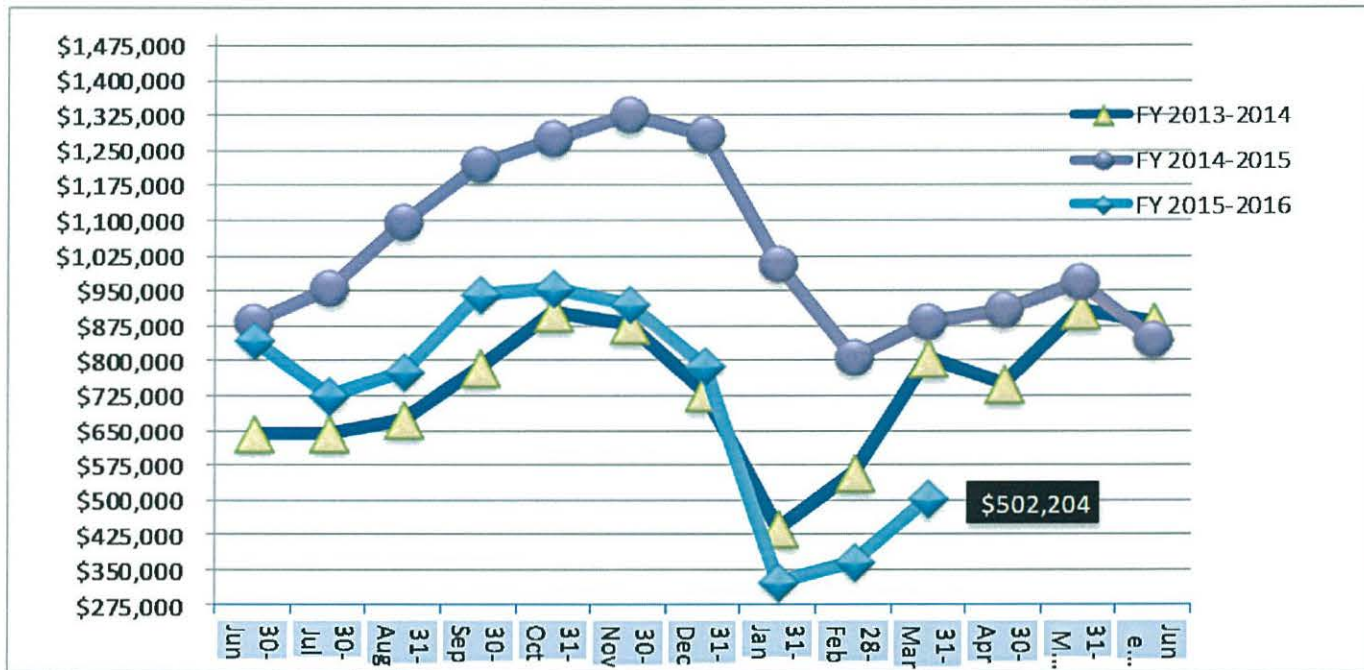
Cash in the Electric Fund at \$502,204 increased by \$136,000 from the prior month period. Factors associated with the increase include:

<input type="checkbox"/> Decrease in February VMEA Payment -	\$114,000)
<input type="checkbox"/> Increase in Payments from Customers -	<u>\$ 190,000</u>
<input type="checkbox"/> Decrease in Other Receivables-	(\$203,000)
<b>Total Impact to March Cash -</b>	<b>\$101,000</b>

FEBRUARY 2016 VMEA PAYMENT = \$1.208 million

MARCH 2016 VMEA PAYMENT = \$1.094 million

# ELECTRIC FUND CASH ANALYSIS



**Policy Evaluation:**  
 Cash is below minimum policy guideline of \$1.44 million by \$937,000.

**OUTSTANDING RECEIVABLE – INACTIVE Electric Fund Accounts Balance as of Mar 31 – Approximately \$655,000**

**FY 2015-16 Cash Balance as a Percentage of Annual Revenues (excluding fuel adjustment) at FYE 03/31/16=\$502,204 or 3.4%.**

## REVENUE BILLED VERSUS PAYMENTS COLLECTED ANALYSIS

(current & prior two fiscal periods)

23

FY 15-16	Jan	Feb	March	Total	
BILLING	\$ 1,406,958	\$ 1,763,716	\$ 1,146,220	\$ 11,063,734	
TOTAL PAYMENTS	\$ 1,048,736	\$ 1,325,041	\$ 1,508,416	\$ 10,716,984	
VARIANCE	\$ (358,222)	\$ (438,675)	\$ 362,196	\$ (346,750)	97%

FY 14-15	January	February	March	TOTAL**	
BILLING	\$ 1,285,171	\$ 1,832,867	\$ 1,304,825	\$ 11,728,326	
TOTAL PAYMENTS*	\$ 1,336,734	\$ 1,492,269	\$ 1,729,720	\$ 11,551,121	
VARIANCE	\$ 51,563	\$ (340,598)	\$ 424,895	\$ (177,205)	98%

FY 13-14	January	February	March	TOTAL**	
BILLING	\$ 1,605,050	\$ 1,491,255	\$ 1,299,191	\$ 11,333,830	
TOTAL PAYMENTS*	\$ 1,221,909	\$ 1,551,736	\$ 1,463,619	\$ 10,907,002	
VARIANCE	\$ (383,141)	\$ 60,481	\$ 164,428	\$ (426,828)	96%

Total Payments are for any billing period  
Feb. 2016 billed was adjusted from prior month report



1st Quarter Financial Report  
Period Ending March 2016

CITY OF FRANKLIN		Unaudited				
FISCAL YEAR 2015-2016						
LOCAL TAX REVENUES						
	2015--2016	ACTUAL	BUDGET	2014-2015	ACTUAL	BUDGET
REVENUE SOURCE	BUDGET	3/31/2016	%	BUDGET	3/31/2015	%
Real Estate Taxes-Current	\$ 5,456,874	\$ 2,722,316	49.9%	\$ 5,283,742	\$ 2,540,687	48.1%
Real Estate Taxes-Delinquent	190,000	323,165	170.1%	190,000	227,082	119.5%
Personal Property Taxes-Current	1,450,000	1,422,023	98.1%	1,367,446	1,348,205	98.6%
Personal Property Taxes-Delinquent	65,000	26,017	40.0%	65,000	51,002	78.5%
Machinery & Tools	23,577	19,402	82.3%	65,000	18,867	29.0%
Penalties & Interest Taxes	145,000	125,998	86.9%	135,000	117,137	86.8%
Public Service Corporation Taxes	66,863	67,087	100.3%	61,818	64,977	105.1%
<b>GENERAL PROPERTY TAX</b>	<b>\$ 7,397,314</b>	<b>\$ 4,706,008</b>	<b>63.6%</b>	<b>\$ 7,168,006</b>	<b>\$ 4,367,957</b>	<b>60.9%</b>
Local Sales & Use Tax	\$ 1,800,000	\$ 1,303,126	72.4%	\$ 1,750,000	\$ 1,318,610	75.3%
Consumer Utility Tax- Elec. & Water	480,000	\$ 420,397	87.6%	540,000	\$ 421,083	78.0%
Business License Tax	950,500	\$ 933,799	98.2%	930,500	\$ 878,377	94.4%
Motor Vehicle Licenses	180,000	\$ 138,368	76.9%	170,000	\$ 163,273	96.0%
Cigarette Tax	325,000	\$ 255,819	78.7%	300,000	\$ 286,135	95.4%
Restaurant Meals Tax	1,350,000	\$ 1,109,070	82.2%	1,260,000	\$ 1,049,842	83.3%
Lodging Taxes	150,000	\$ 92,451	61.6%	150,000	\$ 105,324	70.2%
Bank Stock	65,000	\$ -	0.0%	58,000	\$ -	0.0%
Tax on Recordation & Wills	45,000	\$ 25,811	57.4%	35,000	\$ 41,746	119.3%
Right of Way Use Fees	25,000	\$ 14,847	59.4%	25,000	\$ 18,574	74.3%
Additional Taxes	2,500	\$ 2,480	99.2%	-	\$ 2,638	0.0%
<b>OTHER LOCAL TAXES</b>	<b>\$ 5,373,000</b>	<b>\$ 4,296,168</b>	<b>80.0%</b>	<b>\$ 5,218,500</b>	<b>\$ 4,285,602</b>	<b>82.1%</b>
<b>TOTAL TAXES &amp; LICENSES</b>	<b>\$ 12,770,314</b>	<b>\$ 9,002,176</b>	<b>70.5%</b>	<b>\$ 12,386,506</b>	<b>\$ 8,653,559</b>	<b>69.9%</b>
			1			

FINANCIAL REPORT AS OF FEBRUARY, 2016- 9 Months = 75%						
	CURRENT	ACTUAL	BUDGET	2014-2015	ACTUAL	BUDGET
REVENUE:	BUDGET	3/31/2016	%	BUDGET	3/31/2015	%
Taxes; Licenses	\$ 12,770,314	\$ 9,002,176	70.49%	\$ 12,386,506	\$ 8,653,559	69.86%
Permits, Fees, Fines	203,100	143,338	70.58%	231,836	197,971	85.39%
Use of Money & Property	270,848	216,274	79.85%	242,522	210,926	86.97%
<b>Charges for Services:</b>						
Court Services	9,300	10,623	114.23%	9,300	3,619	38.91%
Fire & Rescue	425,000	223,782	52.65%	463,519	287,440	62.01%
Animal & Building Services	17,100	4,694	27.45%	16,600	8,967	54.02%
Waste Removal Services	5,650	6,126	108.42%	13,900	-	0.00%
Administrative Services	932,192	704,869	75.61%	940,390	705,292	75.00%
Recreational Services	12,500	3,179	25.43%	15,100	5,665	37.52%
<b>Total Charges for Services</b>	<b>1,401,742</b>	<b>953,273</b>	<b>68.01%</b>	<b>1,458,809</b>	<b>1,010,983</b>	<b>69.30%</b>
Miscellaneous	444,742	390,161	87.73%	153,492	430,017	280.16%
Recovered Cost	281,000	90,854	32.33%	335,000		0.00%
Isle of Wight Rev. Sharing	680,000	680,000	100.00%	600,000	600,000	100.00%
<b>Total Mis. &amp; Recovered Costs</b>	<b>1,405,742</b>	<b>1,161,015</b>		<b>1,088,492</b>	<b>1,030,017</b>	
<b>State Aid:</b>						
Non Categorical Aid	1,666,597	1,346,468	80.79%	1,675,397	1,358,630	81.09%
Shared Expenses	183,096	85,090	46.47%	179,500	91,693	51.08%
Categorical Aid	2,118,071	1,648,059	77.81%	2,158,059	1,849,201	85.69%
VDOT Primary Road Extension	485,370	483,870		-	-	
<b>Total State Aid</b>	<b>4,453,134</b>	<b>3,563,487</b>	<b>80.02%</b>	<b>4,012,956</b>	<b>3,299,524</b>	<b>82.22%</b>
Federal Aid	66,595	82,603	124.04%	429,603	100,386	23.37%
<b>Total Current Revenue</b>	<b>\$ 20,571,475</b>	<b>\$ 15,122,166</b>	<b>73.51%</b>	<b>\$ 19,850,724</b>	<b>\$ 14,503,366</b>	<b>73.06%</b>
			2			

EXPENDITURES:	CURRENT BUDGET	ACTUAL 3/31/2016	BUDGET %	2014-2015 BUDGET	ACTUAL 3/31/2015	BUDGET %
Operating Expense:						
Legislative, General & Financial	\$ 2,447,044	\$ 1,635,382	66.83%	\$ 2,421,452	\$ 1,550,395	64.03%
Elections, Courts, Sheriff	1,402,541	1,288,193	91.85%	1,398,009	984,437	70.42%
Law Enforcement	3,618,918	2,591,406	71.61%	3,667,677	2,767,514	75.46%
Fire and Rescue	2,347,727	1,661,571	70.77%	2,409,483	1,837,157	76.25%
Inspections	510,282	382,943	75.05%	505,279	336,530	66.60%
Streets	2,675,311	1,507,676	56.36%	2,178,763	1,267,295	58.17%
Garage	230,282	161,496	70.13%	242,107	162,094	66.95%
Buildings and Grounds	1,010,888	716,532	70.88%	1,029,796	686,947	66.71%
Health	156,198	117,698	75.35%	156,198	55,000	35.21%
Parks and Recreation	450,190	315,846	70.16%	546,166	304,032	55.67%
Library	296,412	212,766	71.78%	292,373	212,066	72.53%
Planning & Beautification	200,686	123,824	61.70%	317,612	123,215	38.79%
Downtown Development	107,093	73,999	69.10%	107,093	70,985	66.28%
<b>Subtotal- Operating Expenses</b>	<b>15,453,572</b>	<b>10,789,332</b>	<b>69.82%</b>	<b>15,272,008</b>	<b>10,357,667</b>	<b>67.82%</b>
Payments to Southampton Co.	\$ 700,000	\$ 500,000	71.43%	\$ 750,000	\$ 500,000	66.67%
Non-Departmental Miscellaneous	21,000	38,494	183.30%	21,000	29,725	141.55%
Pass through Contributions	-	-	0.00%	-	-	0.00%
<b>Total Operating Expense</b>	<b>\$ 16,174,572</b>	<b>\$ 11,327,826</b>	<b>70.03%</b>	<b>\$ 16,043,008</b>	<b>\$ 10,887,392</b>	<b>67.86%</b>
Net Operating Income	\$ 4,396,903	\$ 3,794,340	86.30%	\$ 3,807,716	\$ 3,615,974	94.96%
			3			

<b>TRANSFERS - IN:</b>						
Transfer from Electric Fund	1,409,891	1,057,418	75.00%	1,409,891	1,057,418	75.00%
Use of Prior Year Fund Balance(A)	330,886			555,815		
Use of Prior Year Fund Balance(B)	343,595					
Transfer from Proprietary Funds	137,710	103,283	75.00%	-	-	0.00%
Use of Fund Bal Reserve for Debt	475,028		0.00%	927,409	-	0.00%
Use of Restricted Fund Balance	169,930			373,288		
<b>Total Transfers In</b>	<b>\$ 2,867,040</b>	<b>\$ 1,160,701</b>	<b>40.48%</b>	<b>\$ 3,266,403</b>	<b>\$ 1,057,418</b>	<b>32.37%</b>
<b>TOTAL REVENUE</b>						
	<b>\$ 23,438,515</b>	<b>\$ 16,282,867</b>	<b>69.47%</b>	<b>\$ 23,117,127</b>	<b>\$ 15,560,784</b>	<b>67.31%</b>
To General Debt	\$ 479,150	\$ 318,937	66.56%	\$ 413,130	\$ 411,925	99.71%
To School Debt	634,392		0.00%	591,182	-	0.00%
To Airport Fund	79,305		0.00%	112,247	-	0.00%
To Education Fund	4,987,395	3,740,546	75.00%	4,837,395	3,628,046	75.00%
To Education Fund-Carryover	343,545		0.00%	345,594	119,100	34.46%
To Social Services Fund	471,293		0.00%	456,738	-	0.00%
To Comprehensive Services Act	119,644		0.00%	135,000	-	0.00%
To Economic Dev Incubator	24,220		0.00%	57,834	-	0.00%
To Economic Dev Joint Fund	125,000	125,000	100.00%	125,000	125,000	100.00%
<b>Total Transfers Out</b>	<b>\$ 7,263,944</b>	<b>\$ 4,184,483</b>	<b>57.61%</b>	<b>\$ 7,074,120</b>	<b>\$ 4,284,071</b>	<b>60.56%</b>
<b>TOTAL EXPENDITURES</b>						
	<b>\$ 23,438,515</b>	<b>\$ 15,512,308</b>	<b>66.18%</b>	<b>\$ 23,117,128</b>	<b>\$ 15,171,463</b>	<b>65.63%</b>
Variance (Revenue vs. Expense)	\$ -	\$ 770,558	4	\$ -	\$ 389,321	
<i>(A)-This amount reflects appropriation of prior year carryover for various expenditures from the FY 14-15 Budget</i>						
<i>(B) - This amount reflects the appropriated carryover for Education as adopted on June 9, 2015. Budget adjustment not done to de-allocate the appropriation based on Council action. Finance dept appropriation (accounting wise) will not include this amount.</i>						

WATER AND SEWER FUND						
	2015-2016	ACTUAL	BUDGET	2014-2015	ACTUAL	BUDGET
REVENUES:	BUDGET	3/31/2016	%	BUDGET	3/31/2015	%
Sale of Water	\$ 1,300,000	\$ 870,348	66.95%	\$ 1,300,000	\$ 934,582	71.89%
Sewer Service Charges	1,750,000	1,178,526	67.34%	1,750,000	1,240,732	70.90%
Treatment Fees - Counties	82,500	71,536	86.71%	75,000	57,432	76.58%
Water/Sewer Connection Fees	-	8,000	100.00%	-	23,000	100.00%
Administrative Connection Fee	5,000	5,110	102.20%	5,000	4,220	84.40%
Other Revenues	250	222	88.80%	250	1,376	550.20%
<b>Total Current Revenue</b>	<b>\$ 3,137,750</b>	<b>\$ 2,133,742</b>	<b>68.00%</b>	<b>\$ 3,130,250</b>	<b>\$ 2,261,342</b>	<b>72.24%</b>
<b>EXPENDITURES:</b>						
Operating Expense:						
Water System	\$ 1,540,539	\$ 853,761	55.42%	\$ 1,419,018	\$ 566,852	39.95%
Sewer System	733,054	152,329	20.78%	1,153,588	822,267	71.28%
Treatment Plant	758,083	567,388	74.85%	763,453	480,312	62.91%
<b>Total Operating Expenditures</b>	<b>3,031,676</b>	<b>1,573,478</b>	<b>51.90%</b>	<b>3,336,059</b>	<b>1,869,431</b>	<b>56.04%</b>
<b>TRANSFERS:</b>						
GF Transfer - Administrative Services	263,042	197,281	75.00%	285,920	214,440	75.00%
Operating Transfer to GF	82,626	61,970	75.00%	-	-	0.00%
GF Transfer - Payment in Lieu of Taxes	26,460	19,845	75.00%	26,460	19,845	75.00%
<b>Total Transfers Out</b>	<b>\$ 372,128</b>	<b>\$ 279,096</b>	<b>75.00%</b>	<b>\$ 312,380</b>	<b>\$ 234,285</b>	<b>75.00%</b>
<b>Net Operating Income</b>	<b>\$ 2,765,622</b>	<b>\$ 281,168</b>	<b>10.17%</b>	<b>\$ 2,817,870</b>	<b>\$ 2,027,057</b>	<b>71.94%</b>
<b>OTHER FINANCING SOURCES</b>						
Use of Prior Year Fund Balance	\$ 631,632	\$ -	0.00%	\$ 972,773	\$ -	0.00%
<b>Total Other Financing Sources</b>	<b>631,632</b>	<b>-</b>	<b>-</b>	<b>972,773</b>	<b>-</b>	<b>-</b>
<b>Total Revenue &amp; Other Sources</b>	<b>3,769,382</b>	<b>2,133,742</b>	<b>56.61%</b>	<b>4,103,023</b>	<b>2,261,342</b>	<b>55.11%</b>
<b>Debt Service</b>						
Debt Service	\$ 365,608	\$ 365,608	100.00%	\$ 366,934	\$ 366,934	100.00%
<b>Total Expenditures</b>	<b>\$ 3,769,412</b>	<b>\$ 2,218,182</b>	<b>58.85%</b>	<b>\$ 4,015,373</b>	<b>\$ 2,470,650</b>	<b>61.53%</b>
<b>Variance - Revenue vs. Expenses</b>	<b>\$ -</b>	<b>\$ (84,440)</b>		<b>\$ -</b>	<b>\$ (209,309)</b>	
			5			

ELECTRIC FUND						
	2015-2016	ACTUAL	BUDGET	2014-2015	ACTUAL	BUDGET
REVENUES:	BUDGET	3/31/2016	%	BUDGET	3/31/2015	%
Sale of Energy	\$ 14,232,589	\$ 10,221,230	71.82%	\$ 14,094,334	\$ 10,256,633	72.77%
Sale of Energy Fuel Adj	1,349,299	932,400	69.10%	2,335,039	1,791,274	76.71%
Administrative Connection Fee	20,000	10,970	54.85%	30,000	9,610	32.03%
Other Revenue	210,750	133,549	63.37%	211,500	141,983	67.13%
Proceeds Loan/Bonds	-	-	0.00%	-	370	0.00%
<b>Total Current Revenue</b>	<b>\$ 15,812,638</b>	<b>\$ 11,298,149</b>	<b>71.45%</b>	<b>\$ 16,670,873</b>	<b>\$ 12,199,870</b>	<b>73.18%</b>
<b>EXPENDITURES:</b>						
Energy for Resale (a)	\$ 9,873,999	\$ 7,376,024	74.70%	\$ 9,816,189	\$ 7,588,275	77.30%
Energy for Resale Fuel Adj (a)	1,363,097	1,004,065	73.66%	2,335,039	1,774,645	76.00%
Other Expenses	1,575,820	1,148,150	72.86%	1,487,039	932,247	62.69%
Capital Outlay	273,884	148,828	54.34%	265,000	155,025	58.50%
Reserve for Capital Expenditures	241,750	-	0.00%	250,000	-	0.00%
Reserve for Cash Replenishment	300,000	-	0.00%	331,197	-	0.00%
<b>Total Operating Expenses</b>	<b>\$ 13,628,550</b>	<b>\$ 9,677,067</b>	<b>71.01%</b>	<b>\$ 14,484,464</b>	<b>\$ 10,450,192</b>	<b>72.15%</b>
<i>Net Operating Income</i>	<i>\$ 2,184,088</i>	<i>\$ 1,621,082</i>	<i>74.22%</i>	<i>\$ 2,186,409</i>	<i>\$ 1,749,678</i>	<i>80.03%</i>
<b>OTHER FINANCING SOURCES:</b>						
<b>TRANSFERS:</b>						
GF Transfer-Council Approved	\$ 1,409,891	\$ 1,057,418	75.00%	\$ 1,409,891	\$ 1,057,418	75.00%
GF Transfer - Administrative Services	440,218	330,163	75.00%	440,218	330,163	75.00%
GF Transfer - Payment in Lieu of Taxes	59,282	44,461	75.00%	59,282	44,461	75.00%
GF Transfer - Debt Restructuring	-	-	-	-	-	-
<b>Total Transfers (Out)</b>	<b>\$ 1,909,391</b>	<b>\$ 1,432,042</b>	<b>75.00%</b>	<b>\$ 1,909,391</b>	<b>\$ 1,432,042</b>	<b>75.00%</b>
Debt Service	\$ 274,697	\$ 274,133	99.79%	\$ 277,018	\$ 271,342	97.95%
<b>Total Expenses</b>	<b>\$ 15,812,638</b>	<b>\$ 11,383,242</b>		<b>\$ 16,670,873</b>	<b>\$ 12,153,576</b>	
<b>Variance - Revenue versus Expenses</b>	<b>\$ -</b>	<b>\$ (85,093)</b>		<b>\$ -</b>	<b>\$ 46,294</b>	
			6			
<i>(a) Operating expenses for energy for resale and fuel adjustment costs reflect the March payment for the February 2016 Invoice billed in February but paid in March. Financial statements reflect 9 months of billed revenue and 9 months of expenditures to more accurately reflect the Fund's cash position even though 8 months of expenses to VMEA have occurred.</i>						

AIRPORT FUND						
	2015-2016	ACTUAL	BUDGET	2014-2015	ACTUAL	BUDGET
REVENUE:	BUDGET	3/31/2016	%	BUDGET	3/28/2015	%
Fuel Sales	\$ 177,232	\$ 40,151	22.65%	\$ 177,232	\$ 55,738	31.45%
Other Revenue	63,000	41,492	65.86%	63,700	46,299	72.68%
State Grants	17,164	950	5.53%	204,956	102,494	50.01%
Federal Grants	448,513	49,731	11.09%	1,380,406	144,370	10.46%
Total Current Revenue	\$ 705,909	\$ 132,324	18.75%	\$ 1,826,294	\$ 348,901	19.10%
<b>EXPENDITURES:</b>						
Operating Expenses	\$ 301,788	\$ 136,715	45.30%	\$ 309,167	\$ 148,633	48.08%
Capital Outlay	\$ 472,119	\$ 55,258	11.70%	\$ 1,617,239	\$ 264,912	16.38%
Total Operating Expenses	\$ 773,907	\$ 191,973	24.81%	\$ 1,926,406	\$ 413,545	21.47%
Net Operating Income	\$ (67,998)	\$ (59,649)	87.72%	\$ (100,112)	\$ (64,644)	64.57%
<b>TRANSFERS:</b>						
Use of Prior Year Fund Balance	\$ 9,442	\$ -		\$ 6,728	\$ -	
Transfer from Other Funds	\$ 79,305	\$ -	0.00%	\$ 112,247	\$ -	0.00%
Total Revenue	\$ 794,656	\$ 132,324		\$ 1,945,269	\$ 348,901	
Transfer to Other Funds	\$ 20,749	\$ 15,562	75.00%	\$ 18,863	\$ 14,147	75.00%
Net Transfers To/From						
Debt Service	\$ -	\$ -	0.00%	\$ -	\$ -	0.00%
Total Expenses	\$ 794,656	\$ 207,535		\$ 1,945,269	\$ 427,692	
<b>NET INCOME(LOSS)</b>		\$ (75,211)			\$ (78,791)	
			7			

SOLID WASTE FUND						
	2015-2016	ACTUAL	BUDGET	2014-2015	ACTUAL	BUDGET
REVENUE:	BUDGET	3/31/2016	%	BUDGET	3/31/2015	%
Waste Collection & Disposal Fees	\$ 1,318,079	\$ 972,821	73.81%	\$ 1,375,081	\$ 1,020,582	74.22%
Miscellaneous Revenue	4,000	4,020	100.50%	4,000	3,896	97.40%
<b>Total Current Revenue</b>	<b>\$ 1,322,079</b>	<b>\$ 976,841</b>	<b>73.89%</b>	<b>\$ 1,379,081</b>	<b>\$ 1,024,478</b>	<b>74.29%</b>
<b>EXPENDITURES:</b>						
Operating Expenses	\$ 883,482	\$ 579,252	65.56%	\$ 885,349	\$ 559,674	63.22%
Capital Outlay	\$ 219,916	\$ 230,743	104.92%	\$ 370,000	\$ 188,935	51.06%
<b>Total Operating Expenses</b>	<b>\$ 1,103,398</b>	<b>\$ 809,995</b>	<b>73.41%</b>	<b>\$ 1,255,349</b>	<b>\$ 748,609</b>	<b>59.63%</b>
Net Operating Income	\$ 218,681	\$ 166,846	76.30%	\$ 123,732	\$ 275,869	222.96%
<b>TRANSFERS:</b>						
Use of Prior Year Fund Balance	\$ 80,271	\$ -	0.00%	\$ 99,174	\$ -	0.00%
<b>Total Revenue</b>	<b>\$ 1,402,350</b>	<b>\$ 976,841</b>		<b>\$ 1,478,255</b>	<b>\$ 1,024,478</b>	
Transfer to General Fund	\$ 215,815	\$ 161,861	75.00%	\$ 195,389	\$ 146,542	75.00%
General Fund Operating Support	\$ 55,084	\$ 41,313	75.00%	\$ -	\$ -	0.00%
<b>Total Transfers Out</b>	<b>270,899</b>	<b>203,174</b>	<b>41.67%</b>	<b>195,389</b>	<b>146,542</b>	<b>41.67%</b>
Debt Service	\$ 28,056	\$ 6,494	0.00%	\$ 28,057	\$ -	0.00%
<b>Total Expenses</b>	<b>\$ 1,402,353</b>	<b>\$ 1,019,663</b>	<b>72.71%</b>	<b>\$ 1,478,795</b>	<b>\$ 895,151</b>	<b>60.53%</b>
<b>NET INCOME(LOSS)</b>		<b>\$ (42,822)</b>			<b>\$ 129,327</b>	
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CITY OF FRANKLIN  
 FISCAL YEAR 2015-2016  
 CASH BALANCES - MARCH 2016

FUND	CURRENT YEAR	PRIOR YEAR
General Fund	\$ 6,232,502	\$ 5,676,291
Fund SNAP Proceeds	\$ 101,596	\$ 183,660
Total General Fund	\$ 6,334,098	\$ 5,859,951
Water & Sewer Fund	\$ 1,923,180	\$ 1,757,533
Fund SNAP Proceeds	\$ 195,891	\$ 195,350
Total Water & Sewer Fund	\$ 2,119,071	\$ 1,952,883
Electric Fund	\$ 502,204	\$ 881,641
Fund SNAP Proceeds	\$ 24,008	\$ 357,043
Total Electric Fund	\$ 502,204	\$ 1,238,684
Solid Waste Fund	\$ 394,249	\$ 498,207
Airport Fund	\$ (118,044)	\$ (130,545)
TOTAL CASH FOR OPERATIONS	\$ 8,934,091	\$ 8,683,127
TOTAL CASH FOR CAPITAL PROJECTS	\$ 321,495	\$ -
TOTAL CASH	\$ 9,255,586	\$ 9,419,180



April 20, 2016

To: Randy Martin, City Manager  
From: Melissa D. Rollins, Director of Finance *Melissa D. Rollins*  
Re: **Budget Amendment/Transfer Request #2016-15**

City Departments are requesting the following amendments to the FY 2015-16 General Fund Budget: (Amendment Section 1).

- The City was able to secure additional SAFER grant funds during the closeout of the granting period to cover the cost of salaries and benefits for fire department personnel in the amount of **\$42,942**. These funds were not included in the FY 15-16 budget due to the uncertainty of the funds resulting from changes in the SAFER personnel roster. These funds should be amended to the current **Fire & Rescue** budget to cover personnel costs associated with the grant positions.
- In FY 15-16, The City will receive state funds for Highway Maintenance totaling \$1,634,552; this is **\$63,420** more than the budgeted amount of \$1,571,132. These funds require amendment to **Public Works-Street Division** and appropriated for expenditure for street paving projects.
- In FY 14-15 funds totaling **\$39,781** were encumbered to purchase a maintenance vehicle in the Streets Division. At the end of the fiscal year, the funds remained encumbered and the expenditure did not take place until FY 15-16. The request is to amend the budget to reflect the use of prior year carryover (revenue) to the FY 15-16 **Public Works - Streets Division** budget to cover the cost of the vehicle in the current fiscal year.
- The City received \$53,489 in Hazard Mitigation grant funds under a generator hookup grant. In-kind and City costs were incurred to cover the total expenditures associated with the grant. Additional funds in the amount of **\$10,100** are required for the Community Development Department to cover a portion of the grant work. The request is to use prior year fund balance.

The City is requesting the following General Fund budgetary transfers: (Amendment Section 2)

- **Finance** – the request is to transfer funds from Full Time wages (\$47,000) to part-time wages (\$32,000) and professional services (\$15,000). These funds were included in the budget under full time salaries pending hiring of full time personnel.
- **Health Insurance- Retirees** – The cost for the City’s share of health insurance for retirees will exceed the budgeted projections by approximately \$25,000. The City experienced a higher number of retirees in the current fiscal year than known or anticipated. The request is to

amend the budget by using available vacancy funds in Human Resources (\$10,000) and City Manager (\$15,000).

- **City Attorney** – The city has incurred unexpected legal costs due to pending litigation. The current budget is not sufficient to cover these costs. The request is to transfer funds from Juvenile Detention Services in the amount of \$20,000 to cover cost through April 25<sup>th</sup>. (Additional supplemental appropriation may be required if additional costs are incurred prior to June 30<sup>th</sup>).
- **Police** – the request is to transfer \$140,000 from Full Time Salaries (\$115,000) and Health Insurance (\$25,000) to overtime. This is due to full year vacancy of several positions and also absences due to short term leave. In addition, \$22,000 funding is needed for a critical repair to the sally port gate. Funding is available to cover the cost of the repair from capital outlay-vehicle.
- **E911 Communications** - The requests is to transfer \$24,000 from full time salaries in communications to cover the cost of overtime required due to vacancies.
- **Credit Card Fees** – the City will incur approximately \$49,000 in credit card fees. Only \$21,000 was budgeted in anticipation of Council action to establish a fee structure for accepting credit cards. Additional appropriation is required to cover the fees for the fiscal year. The recommendation is to transfer \$28,000 from the Juvenile Detention to cover the costs.

The City is requesting the following General Fund budgetary adjustment: (Amendment Section 3)

**De-Allocation of Prior Year Carryover to School Fund** – This request is to adjust the accounting records to reflect City Council’s prior action to de-allocate carryover funds budgeted in FY 15-16 in the amount of \$343,545 to the School Division which were approved for allocation in the FY 14-15 budget.

**REQUIRED ACTION FROM CITY COUNCIL: Authorize Budget Amendment/Transfer #2016-15 which will:**

1. Authorize the amendment of state revenue in the amount of \$63,420 to the FY 5-16 Public Works Streets Division budget, federal revenue in the amount of \$42,942 to the Fire and Rescue Budget and 49,881 in prior year fund balance and appropriate the funds for expenditure.
2. Authorize the line item transfers exceeding \$10,000 as requested in the FY 15-16 Finance, Health Insurance, City Attorney, Police & E911 Communications Departments and Non Departmental budgets as outlined.
3. Authorize the reduction of \$343,545 in prior year carryover to the “transfer to the School Fund-Re-appropriation line” to reflect prior action by Council to allocate these funds to the FY 14-15 Budget.

## BUDGET AMENDMENT 2016-15

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FRANKLIN, VIRGINIA that the 2015-16 City Budget is hereby amended as follows:

- 1) *To authorize supplemental appropriations of state, and federal revenue and fund balance, and to appropriate the additional revenue for expenditure in FY 15-16.*
- 2) *To authorize the transfer of various line items of the FY 15-16 budget to cover expenditures exceeding \$10,000.*
- 3) *To reflect official action taken by Council to allocate carryover funds in the amount of \$343,545 to the FY 14-15 School Fund budget and reduce the FY 15-16 budget by the same.*

		Revenue	BUDGET FY 15-16	Amended Budget	Increase/ Decrease
<b>General Fund Budget Amendment #1</b>					
33010	19	SAFER GRANT	-	42,942	<u>42,942</u>
24040	6	Streets & Highway Maintenance Funds	1,571,132	1,634,552	<b>63,420</b>
41050	4	Prior Year Carryover-Generator HookUp Grant	674,481	684,581	<b>10,100</b>
41050	4	Prior Year Carryover	684,581	724,362	<b>39,781</b>
		Total Revenue Amendment			<b>156,243</b>

		Revenue	Budget	Amended Budget	Increase/ Decrease
<b>Fund 100 - General Fund #2 - Appropriations Exceeding \$10,000</b>					-
12430	1101	Finance - Salaries & Wages Regular	181,966	134,966	(47,000)
12430	1300	Finance - Salaries & Wages Regular	0	32,000	32,000
12430	3160	Finance-Professional Services	31,000	46,000	15,000
12550	2410	Insurance-Health Insurance Retirees	110,000	135,000	25,000
12220	1101	HR - Salaries & Wages Regular	92,058	82,058	(10,000)
12110	1101	City Manager- Salaries & Wages Regular	156,632	141,632	(15,000)
12210	3600	City Attorney Professional Services	4,000	24,000	20,000
21910	3163	Juvenile Detention Services	67,805	47,805	(20,000)
31100	1101	Police - Salaries & Wages Regular	1,552,812	1,437,812	(115,000)
31100	2300	Police - Hospitalization	184,961	159,961	(25,000)
31100	1200	Police - Overtime	180,000	320,000	140,000
31100	8105	Police-Capital Outlay Vehicle	50,000	28,000	(22,000)
31100	8111	Police-Building Repairs	-	22,000	22,000
31130	1101	E911 Communications-Salaries & Wages	263,053	239,053	(24,000)
31130	1200	E911 Communications - Overtime	15,000	39,000	24,000
32100	1200	EMS - Overtime	121,000	145,942	24,942
32100	1200	EMS - Holiday Pay	48,000	66,000	18,000
		Total Amendment			42,942
41200	8105	Streets - Vehicle	-	39,781	39,781
41200	8333	Streets -Paving	644,292	707,712	63,420
41200	8333	Streets - Paving	707,712	687,712	(20,000)
41200	8334	Streets - Signal Improvements	36,000	56,000	20,000
81100	8010	Generator Hook Up Grant	11,957	22,057	10,100
91500	5855	Merchant Card Fees	21,000	49,000	28,000
21910	3163	Juvenile Detention Services	47,805	19,805	(28,000)
		Transfers Outs			(278,000)
		Transfers In			434,243
		Difference - Revenue Amendment			156,243

<b>General Fund #3</b>					
93100	9259	Transfer to School - Reappropriation	343,545	-	(343,545)
41050	4	Use of Prior Year Budget Carryover	674,481	330,886	343,545

*Certified copy of resolution adopted by  
Franklin City Council.*

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*Clerk to the City*

Agenda  
Franklin City Council  
April 25, 2016

**OLD/NEW BUSINESS**

- A. SPSA Post 2018 Use & Support Agreement Update – H. Taylor Williams, IV,  
City Attorney**
- B. City Health Insurance Plan Renewal – R. Randy Martin, City Manager**
- C. City Manager’s Report**
  - 1. FY 2016 – 2017 Budget Requests Update**



*Office Of The City Attorney  
H. Taylor Williams, IV*

April 20, 2016

From: H. Taylor Williams, IV, City Attorney

To: Franklin City Council Members

Re: SPSA Use and Support Agreement Post 2018

At the March 28<sup>th</sup> Council meeting I presented to you the form Use and Support Agreement approved by the SPSA Board at a called meeting on March 4, 2016. After the presentation Council approved a Resolution authorizing the Mayor to sign the Use and Support Agreement as submitted.

Subsequently, the SPSA Committee that drafted the form Use and Support Agreement was reconvened for the purpose of considering four proposed changes to the form Use and Support Agreement adopted by SPSA on March 4, 2016. The Committee has considered the proposed changes and will report to the SPSA Board on April 27, 2016. The SPSA Board has not yet considered or adopted any of the requested four changes to the form Use and Support Agreement. Mike Johnson, a SPSA Board member and the chairman of the Use and Support Agreement Committee that has drafted the currently adopted form and has considered the proposed four changes in the form, has advised Franklin the Committee has approved 3 of the 4 proposed changes. The four proposed changes are set forth below for your information. The SPSA Board will consider adoption of the proposed changes at its next meeting on Wednesday, April 27, 2016, so we do not know at this time if any or all of the proposed changes will be adopted and added to the language of the form Use and Support Agreement approved by the SPSA Board on March 4, 2016.

1. **Page 5 – Endorsed by the Use and Support Agreement Committee** – at the request of the City of Chesapeake, this revision specifically prohibits disposal of municipal solid waste by SPSA in any landfill constructed, operated or otherwise existing in the Northwest River Watershed (Which basically is the entire southern half of the City. The Northwest River flows from the Northwest to the Southeast and across the Virginia/ North Carolina line into the Currituck Sound in North Carolina). This prohibition was previously included within the Strategic Operating Plan, and is now recommended for replication in the Use and Support Agreement to provide additional assurances to Chesapeake with respect to SPSA's inability to use any landfill located

within the Northwest River Watershed for the disposal of Solid Waste.

2. **Pages 9 and 10 – Endorsed by the Use and Support Agreement Committee** – at the request of the City of Suffolk, this revision determines that the “Initial Term End Date” shall be fifteen (15) years provided that the Authority is a party to a waste disposal agreement with a third-party vendor that is serving (or will serve) as the primary/principal Designated Disposal Mechanism for the Authority for the Initial Term, as of January 25, 2018; otherwise the “Initial Term End Date” shall be June 30, 2027 (expected life of Cell VI), providing the Member Localities with flexibility in the event that, for any reason, SPSA is not subject to a Waste Disposal Agreement and instead is utilizing the Regional Landfill for most or all of the region’s waste disposal.
3. **Pages 9 and 10 – Endorsed by the Use and Support Agreement Committee** – at the request of the City of Chesapeake, this revision imposes a flat prohibition on ACCEPTING any waste from outside the SPSA Service Area, in addition to the existing prohibition on “facilitating the importation of Out of Area Waste” for disposal within the SPSA Disposal System. This serves as further assurance that SPSA will not “source” waste from outside of its Member communities.
4. **Page 17 – Not Endorsed by the Use and Support Agreement Committee** – at the request of the City of Chesapeake, this revision would require super-majority approval (75%) by the SPSA Board on any Ancillary Waste Disposal Services (e.g. household hazardous waste disposal, tire-shredding/disposal services, sludge disposal services, etc.,) provided to member localities. The sense of the Committee was that simple-majority approval (over 50%) by the SPSA Board was sufficient in protecting against future “special deal” loopholes.

If any of the proposed changes to the form Use and Support Agreement outlined above are adopted by the SPSA Board, or if any other changes are proposed and adopted by the SPSA Board, it will be necessary to consider the changes and adopt another Resolution incorporating any approved change to the Use and Support Agreement.

H. Taylor Williams, IV  
City Attorney





April 20, 2016

To: Mayor & Council Members  
From: R. Randy Martin, City Manager  
Subject: Health Insurance Plan Coverage Renewal

As reported at the March 28, 2016 Council meeting, the city's recent efforts to go to the municipal health insurance market for comparison pricing yielded results that were significantly higher than the city's renewal quote from The Local Choice VML pooled option. The quotes from the two competitors in the region were 11.8% and 16.9% higher than The Local Choice rates with no significant enhancements in the level of coverage provided.

After further analyzing these marketing results and reviewing the current plan offerings available to city employees, the city's advisor recommends and I concur that the Council authorize plan renewal with The Local Choice pool. I am required to respond by April 30<sup>th</sup> if the city intends to renew the plan effective July 1, 2016. Consistent, with the last report, I also recommend that City absorb the entire 6.1% increase over FY 2015 – 2016 rates thus increasing the City share of the premium accordingly and maintaining the employee share of premiums at the current levels (FY 2015 – 2016).

**Recommended Action:** Council authorize the City Manager to renew The Local Choice Healthcare plan for FY 2016 – 2017 as recommended effective July 1, 2016.

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**COUNCIL/STAFF REPORTS ON BOARDS & COMMISSIONS**