

FRANKLIN CITY COUNCIL
MONDAY, May 9, 2016 – CITY HALL COUNCIL CHAMBERS – 207 W. SECOND AVE.

7:00 P.M.
Regular Meeting

CALL TO ORDER MAYOR RAYSTINE D. JOHNSON-ASHBURN

PLEASE TURN OFF CELL PHONES MAYOR RAYSTINE D. JOHNSON-ASHBURN

PLEDGE OF ALLEGIANCE

CITIZENS' TIME

AMENDMENTS TO AGENDA

1. CONSENT AGENDA
 - A. Minutes: April 25, 2016 Budget Presentation Work Session; April 25, 2016 Regular Meeting
2. Public Hearing: Wards 2 & 5
 - A. School Board Nominations
3. OLD/NEW BUSINESS
 - A. SPSA Post 2018 Use & Support Agreement (Revised) Resolution # 2016 - 04 – H. Taylor Williams, IV, City Attorney
 - B. City Manager's Report
 1. FY 2016 – 2017 Budget 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; to discuss the disposition of publicly held real property, where discussion in an open meeting would affect the bargaining position or negotiating strategy of the public body; to consult with the City Attorney pertaining to actual litigation styled Randall L. Bailey, et als V. The City of Franklin, Virginia, where such consultation or briefing in open meeting would adversely affect the litigating posture of the public body; and, consult with the City Attorney regarding possible revisions to Council's Procedures for Citizen's Time, such possible revisions requiring legal advice pursuant to Virginia Code Section 2.2 – 3711 (A) (1), (5) and (7).

Motion Upon Returning To Open Session – I move that the only matters discussed during open session were those lawfully exempted from open meeting requirements and identified in the motion by which the closed session was convened.

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: April 25, 2016 School Board Budget Presentation Work Session; April 25, 2016 Regular Meeting**

The Franklin City Council held a work session meeting with members of the School Board and other representatives of the Franklin City School System to hear the agency's Budget request for FY 2016 - 2017 on Monday, April 25, 2016 at 6:00 p.m. in the Council Chambers at City Hall.

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

Board Members in Attendance: Edna King, Chairwoman; Nancy Godwin, Will Councill, Verta Jackson, Jeanette Austin, and Robert Holt (Dr. Andrea Hall-Leonard absent).

Other School Officials and Staff members in Attendance: Superintendent Dr. Willie J. Bell, Jr. and Pamela Kindred, Executive Secretary Recording Minutes;

Vice-Mayor Cheatham called the meeting to order at 6:00 p.m.

Vice-Mayor Cheatham welcomed everyone to the work session. Vice-Mayor Cheatham recognized Franklin City School Board Chairwoman Edna King to make opening remarks. Chairwoman King stated that the FY 2016 – 2017 budget request can be funded with no new monies. She stated that the staff has worked diligently to prepare a budget that is comparable with the economy of the citizens of Franklin. Chairwoman King stated that because of the help from City Council to obtain QZAB funds in last year's budget; this year's budget focus is on competitive salaries for teachers. Chairwoman King recognized Dr. Bell, Superintendent of Franklin City Schools to make the formal budget presentation.

Dr. Bell made his opening remarks and greeted the members of Council and staff. Dr. Bell distributed a copy of his presentation to all of Council and staff. Dr. Bell stated that the FCPS 2016 – 2017 School Board Proposed Budget is based on Systemic Improvement by reallocating resources to keep student achievement and services first and foremost.

Dr. Bell stated that the FY 2016 – 2017 budget request is based on an ADM projection of 1003 students and a composite index of .029. An initial look at the state government funding indicated FCPS was going to receive \$1 more than last year. However, after the General Assembly met to finalize the budget, the system's allocation was cut by \$188,425. This required the School Board to make adjustments.

The School Board approved proposed budget for FY 2016 - 2017 including requested local funding summary is as follows:

BY FUND	FY 2016 – 2017 PROPOSED
STATE OPERATING FUNDS	\$8,167,666
CITY APPROPRIATIONS	\$4,987,395
MISC LOCAL FUNDS	\$ 132,500
FEDERAL FUNDS	\$2,305,366
CAFETERIA FUND	\$792,339
2% RAISE W/ STEP INCREASE	\$ 92,769.85
TOTAL BUDGET	\$16,478,035.85

Expenditures by Major Classifications are as follows:

1. Instruction - \$9,431,571.63
2. Operations and Maintenance - \$1,497,895.74
3. Administration - \$1,121,986.65
4. Technology - \$870,099.52
5. Transportation - \$458,777.31

Dr. Bell discussed the rationale for the proposed 2% Raise and Step Increases. Dr. Bell noted that the dollar difference between FCPS and the top paying district in the area, Isle of Wight County, is why FCPS generally loses teachers. An employee stands to earn \$150,000 - \$200,000, with 20 years of experience, more in the top paying district than they would with FCPS.

Dr. Bell shared that FCPS' division goal is the retention of highly qualified teachers with 5+ years of experience. Dr. Bell stated that a 23% - 25% salary increase over 5 years would result in the following:

- ✓ Total earnings over a career would rank 1st compared to neighboring divisions
- ✓ Total VRS estimates over a career would rank 1st compared to neighboring divisions

After a lengthy question and answer session with City Council, Vice-Mayor Cheatham thanked Superintendent Bell for his presentation and recessed the work session.

Vice-Mayor Cheatham recessed the work session at 6:37 p.m. The Vice-Mayor announced Council would reconvene for the regular meeting at 7:00 p.m.

These Minutes for the April 25, 2016 City Council Work Session Meeting were adopted on the 9th day of May, 2016.

Mayor

Clerk to City Council

The Franklin City Council held its regular meeting on Monday, April 25, 2016 at 7:00 p.m. in the Council Chambers at City Hall.

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

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; Melissa Rollins, Finance Director; Russ Pace, Director of Public Works; Dinah Babb, Treasurer; Alan Hogge, Director of Social Services; Jennifer Maynard, Voter Registrar; and Chief Phil Hardison, Police Department.

Others in Attendance: Officer Russell Warren, Franklin Police Department; Dan Howe, Executive Director, Downtown Franklin Association; and Teresa Rose-McQuay, Administrative Assistant and Acting Secretary, Recording Minutes.

PLEDGE OF ALLEGIANCE

Everyone in attendance recited the Pledge of Allegiance.

CITIZENS' TIME

Mr. Linwood Johnson of 313 Hall Street addressed Council about giving the citizens of Franklin a rebate on their electric bills like electric cooperatives do when the electric company makes a profit. He also stated that we should not enter into any agreement with SPSA unless they are lowering the tipping fee to lower the garbage bill.

AMENDMENTS TO AGENDA

There were no amendments to the agenda.

Consent Agenda

Minutes: March 2, 2016 Franklin City Council/Southampton County Board of Supervisors Joint Utility Study Called Meeting

Vice-Mayor Cheatham asked if there were any corrections or changes to the minutes of the March 2, 2016 Franklin City Council/Southampton County Board of Supervisors Joint Utility Study Called meeting. Hearing none Vice-Mayor Cheatham asked for a motion. Councilman Rabil made the motion to adopt the minutes as presented and Councilwoman Murphy seconded it.

The motion was approved with a vote as follows:

Councilman McLemore, AYE; Councilman Burgess, AYE; Councilwoman Hilliard, ABSTAIN; Vice-Mayor Cheatham, AYE; Councilman Rabil, AYE; and Councilwoman Murphy, AYE (Mayor Johnson-Ashburn absent).

Minutes: March 11, 2016 Work Session

Vice-Mayor Cheatham asked if there were any corrections or changes to the minutes of the March 11, 2016 Work Session meeting. Hearing none Vice-Mayor Cheatham asked for a motion. Councilman Rabil made the motion to adopt the minutes as presented and Councilwoman Hilliard seconded it.

The motion was approved with the vote as follows:

Councilman McLemore, ABSTAIN; Councilman Burgess, AYE; Councilwoman Hilliard, AYE; Vice-Mayor Cheatham, AYE; Councilman Rabil, AYE; and Councilwoman Murphy, AYE (Mayor Johnson-Ashburn absent).

Minutes: March 11, 2016 Regular Meeting

Vice-Mayor Cheatham asked if there were any corrections or changes to the minutes of the March 11, 2016 Regular meeting. Hearing none Vice-Mayor Cheatham asked for a motion. Councilwoman Hilliard made the motion to adopt the minutes as presented and Councilman Rabil seconded it.

The motion was approved with the vote as follows:

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

Departmental Reports: March, 2016 (Separate File)

Vice-Mayor Cheatham asked if there were any questions or comments concerning the March 2016 Departmental Reports sent in a separate file. There was no discussion concerning the departmental reports.

Finance**FY 2015 – 2016 City Budget Ordinance Amendments/Transfers #2016 – 15**

Ms. Rollins presented requests for several City Departments to make the following amendments to the FY 2015 – 2016 General Fund Budget:

Section One

- 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 FY15-16 Fire & Rescue Department budget to cover personnel costs associated with grant funded 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 appropriation 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 but 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 year.

- The City received \$53,489 in Hazard Mitigation grant funds for a generator hookup project. In-kind and City costs were incurred to cover total expenditures associated with the grant. Additional funds of \$10,100 are required for the Community Development Department matching portion of the grant work. The request is to use prior year fund balance.

Section Two

- **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) departments.

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 costs through April 25th. (Additional supplemental appropriation may be required if additional costs are incurred prior to June 30th).

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 request is to transfer \$24,000 from full time salaries in communications to cover the cost of overtime required due to vacancies during the fiscal year.

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 budget appropriation to cover the costs.

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 previously approved for allocation in the FY 14 – 15 budget as requested by the School Board.

The required action from City Council is to authorize Budget Ordinance Amendments/Transfers #2016 – 15 to:

1. Authorize the amendment of state revenue of \$63,420 to the FY 15 – 16 Public Works Streets Division budget, federal revenue 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 and 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.

Vice-Mayor Cheatham asked if there were any questions or comments on this agenda item.

Councilman Burgess inquired if the Contingency Fund had enough in it to cover these costs for section one of the amendments.

Ms. Rollins stated there is very little money remaining in the contingency line item and the only item not funded within the current budgeted structure is the Hazard Mitigation item.

Councilman McLemore asked why we have not started accepting credit cards.

Mr. Martin stated that the primary cause is the negotiations for the structure of the fees have not been finalized. He hoped to have this completed in the current fiscal year.

Councilman Burgess made the motion to authorize Budget Ordinance Amendments/Transfers #2016 – 15 and Councilman Rabil seconded it.

The motion passed with the vote as follows:

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

Financial Report: March 2016

Finance Director Rollins reviewed highlights of the March, 2016 financial report.

General Fund Revenue Highlights

- Collection of general property tax revenues has improved over prior year period.
- Other local tax revenue including economic indicators have remained relatively constant overall with an increase in meals taxes and a decrease in lodging taxes.
- Year to date revenue is in sync with budgeted projections and comparable to prior year period.
- Yearend projected revenue is expected to meet budgeted projections.

Additional Revenue Highlights

Overall, General Property Taxes collected are \$4.7 million or 63.6% of the budget which is an 8% increase over FY 15 collections of \$4.0 million or 61% of the budget.

- Current Real Estate taxes of \$2.7 million (50% of the budget) are higher than FY 15 collections of \$2.54 million (48% of the budget).

- Delinquent Real Estate taxes - Delinquent Real Estate taxes are higher than the prior year; revenue has already 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 which was also 98% of budget).
- Delinquent Personal Property taxes - Delinquent personal property tax collections of \$26,000 is less than the prior year period by 49%; collection tools will bring the amount more in line with prior period collections in April of 2016.
- Other general property taxes: Penalty and Interest and public service corporation tax revenue have exceeded budgeted projections.

Other Significant Revenue Events for FY 15 – 16

- Fees from Inspections and Planning Services decreased as anticipated
- Increased miscellaneous revenue from real estate sales transactions and late penalty fees
- 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. Highway maintenance funds and State Aid for Local Police are up in the current fiscal year.

General Fund expenditures excluding transfers overall are \$440,000 higher when compared to the prior year period. Expenditures of \$11.3 million are 69.8 of the current budget compared to \$10.8 million or 67.8% of the budget spent at 3/31/15.

General Fund Expenditure Highlights

- There are categorical increases and decreases. The biggest difference is current year grant funded expenditures in Streets for projects completed, and the timing of the payments to the County for shared services and to the health department.

Enterprise Funds

Airport Fund

Revenue Analysis

- Fuel sales of \$41,000 at the end of the quarter are less than the prior year period of \$46,000. (The expenditures for fuel sales will likewise be under budget.)
- Other local revenue consists primarily of airport rental fees and is 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 the capital project. Of the \$55,000 spent, reimbursements total nearly \$51,000 or 91% of the total project cost.

Cash Balance

A negative cash balance of \$75,211.00; as the budgeted General Fund Transfer to support airport operations has not been transferred.

Water & Sewer Fund**Revenue Analysis**

- Revenue from water and sewer service charges of \$1.91 million at the end of the quarter (61% of the total budget) is less than the prior period revenue of \$1.99 million (64% of the total budget).

Expenditure Analysis

- Expenditures in the Fund are \$366,000 less than the prior year.

Cash Balance

- The cash balance in the Fund at the end of the month is \$1.89 million, an increase from the \$1.65 million reported February 2015 and an increase from the \$1.79 million reported in January of 2016. Debt Service payments made in January of 2016 impacted the cash balance.

Solid Waste Fund**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 of \$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 the 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 a planned equipment purchase.

Electric Fund Revenue Analysis

- Revenue from energy sales is \$10.2 million or 72% of budget; FY 14 – 15 Revenue was \$10.2 million or 73% of budget.
- Fuel Adjustment revenue is down as a result of the reduced 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) are \$7.58 million or 77% of budget. (Revenue and expenditures are in line with budgeted projections.)

Cash Balance

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

1. Decrease in February VMEA Payment - \$114,000
 2. Increase in Payments from Customers - \$190,000
 3. Decrease in Other Receivables - (\$202,000)
- Total Impact to March Cash - \$101,000

Vice-Mayor Cheatham asked if there were any questions concerning the March 2016 Financial report.

After considerable discussion by Council members, the City Manager and Ms. Rollins concerning the electric fund cash balance and March 2016 Financial Report, the Vice-Mayor moved the meeting forward to the next agenda item.

SPSA Post 2018 Use & Support Agreement Update

Vice-Mayor Cheatham recognized City Attorney Williams to update Council on the SPSA Post 2018 Use & Support agreement status since the last discussion.

At the March 28th Council meeting, Attorney Williams presented 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 has advised Franklin the Committee has recommended for approval 3 of the 4 proposed changes. The four proposed changes are set forth below for information. The SPSA Board will consider the proposed changes at its next meeting on Wednesday, April 27, 2016, so it is not known 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.

Vice-Mayor Cheatham asked if Re-Power was going to be able to obtain solid waste outside of the eight municipalities like Wheelabrator had as an option if they did not get enough solid waste from the communities.

Attorney Williams said that was not an issue because the contract states that we would supply 350,000 tons and the eight municipalities actually produce 375,000 tons which meets their needs.

Manager Martin commented that Re-Power could also fill the gap with commercial waste from the region if needed to meet their requirements and commercial waste tonnage from the region equals or exceeds the amount of municipal solid waste.

Councilman McLemore asked if the letter of intent to Re-Power is void if the other member jurisdictions don’t sign the use and support agreement.

Attorney Williams stated no sir that has nothing to do with the letter of intent.

City Manager’s Report

Vice-Mayor Cheatham recognized City Manager Martin to present his report to Council.

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 the City Manager concurs that the Council authorize plan renewal with The Local Choice pool. The city is required to respond by April 30th if the city intends to renew the plan effective July 1, 2016. Consistent, with the last report, the City Manager also recommends that the 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) consistent with The Local Choice plan requirements.

The requested action is for Council to authorize the City Manager to renew The Local Choice Healthcare plan for FY 2016 – 2017 as recommended effective July 1, 2016.

Councilwoman Hilliard made the motion to authorize the City Manager to renew with The Local Choice Healthcare plan for FY 2016 – 2017 as recommended effective July 1, 2016 and Councilman Rabil seconded it.

The motion was approved by a 6 – 0 vote (Mayor Johnson-Ashburn absent).

School Board Public Hearing

Manager Martin advised Council of the upcoming schedule for appointments to the school board for the terms of 7/1/16 through 6/30/19 for Wards 2 and 5. Manager Martin recommended Council utilize the schedule from prior years. Manager Martin asked for a consensus of the Council to advertise a Public Hearing for May 9, 2016 at the regularly scheduled meeting to receive nominations for the two seats for which terms are ending 6/30/16. Manager Martin commented that this should give sufficient time to solicit candidates and conduct interviews with appointments to follow.

Vice-Mayor Cheatham asked what the consensus of Council was and upon receiving feedback from members of Council advised Manager Martin to move forward with scheduling the Public Hearing at the next meeting.

COUNCIL/STAFF REPORTS ON BOARDS & COMMISSIONS

Councilman Rabil mentioned that Cruise-In downtown is starting on May 4, 2016. He invited the public to come out and participate.

Attorney Williams commented further on the upcoming SPSA meeting on April 27, 2016. Attorney Williams stated that Suffolk has voted to approve the Good Neighbor/Host agreement with SPSA and it will be considered by SPSA for approval at the upcoming meeting.

Vice-Mayor Cheatham reported that the recent meeting of the Western Tidewater Regional Jail Authority was a routine meeting. There was an update on the energy savings project. The WTRJ has not finished all the upgrades currently but they are experiencing savings with the upgrades that are complete. Vice-Mayor Cheatham commented that inmate medical is one of the biggest expenses for the jail.

Vice-Mayor Cheatham reported that the HRPDC had its annual retreat and it was very informative.

Vice-Mayor Cheatham recognized Manager Martin to complete his Manager's report on the budget update.

FY 2016 – 2017 Budget Requests Update

Manager Martin referenced the disclaimer that accompanies these reports. Manager Martin then updated Council on the total FY 2016 – 2017 budget requests received to date from departments and agencies.

Basis of FY 2016 – 2017 Revenue Projections

- There is no significant Change resulting from the 2016 Real Estate reassessment; relatively flat from previous year assessed values.
- Continued utilization of consistent and conservative projections for other revenue sources
- Excludes **any use of Prior Year Carryover or Fund Balance** pending availability and evaluation of applicable financial policies
 - Fund Balance ending June 30, 2016 is estimated at \$5.0 million or 20.3% of the 2014 – 2015 General Fund operating budget.

The FY 16 – 17 Preliminary General Fund budget requests have a variance of expenditure requests over projected revenue of \$3,635,646.

Basis of FY 16 – 17 Revenue Requests

1. Personnel

- Salary Adjustment of 1.1% to cover the required 1.0% VRS employee retirement contribution for Plan 1 Employees (Final installment of 5 year phase-in)
- Includes higher City Costs for a 6.1% increase in Health Insurance
- Includes requests received for salary changes beyond 1.0% mandated VRS increase
- Includes full funding of all vacant positions in Police, Fire & Rescue, Community Development, Finance, and Public Works
- The estimated budgetary impact of all personnel requests is an increase of \$900,000.

2. Operating & Capital Outlay Requests

- The estimated total budgetary requests for the operating and capital outlay budget items total \$2.17 million. Of this amount \$1.96 million is capital outlay requests.

Enterprise Funds

Solid Waste Fund

- Maintains solid cash balance going into FY 16 – 17
 - Cash at 3/31/16 is \$447,000 or 32% of the budget
 - Projected Cash Balance @ 6/30/16 is expected to be \$550,000
- Maintains current fee for solid waste collection services of \$38.00 for residential customers
- Includes purchase of a new replacement garbage truck
 - Per CIP Replacement schedule for 2007 collection truck

Water & Sewer Fund

- Maintains stable cash balance going into FY 16 – 17
 - Cash balance at 3/31/16 is \$2.1 million
 - Projected cash balance at 6/30/16 estimated to be \$2.3 million
- Proposed 10% increase in water and sewer rates as recommended by the 2013 Rate Study
 - Adds \$130,000 in water revenue and \$175,000 in sewer revenue

Additional revenue will expand efforts to rehab the City's aging wastewater and water systems and help the City qualify for grant assistance.

Note: The last change in City Water & Sewer rates was July of 2008.

- Includes additional funding for professional Services of \$50,000 for City Share of the Franklin/Southampton County shared Utility Study next steps.
- Continues adequate funds for planned water line and sewer system improvements.

Airport Fund

- Reduces fuel sale revenue and fuel expenditures accordingly to reflect more accurate projections of actual revenue and expenses
- Includes a new project for Design Cost for Parallel Taxiway at a cost of \$120,000
 - State Share: 8% - \$9,600
 - Federal Share: 90% - \$108,000
 - Local Share: 2% - \$2,400
- Tree clearing project for runway approach clearance in the amount of \$31,240
- Requests submitted would increase the local general fund transfer to support operations by \$65,000.

Electric Fund

- Projected Dominion Rate increase of 6.9% to non-fuel charges effective July 1st
- Recommended Budget calls for an 8.0% increase in the retail rate to pass through wholesale increase
 - No change to basic customer charge
 - New residential rate includes elimination of the Winter/Summer seasonal rate.
- The fuel adjustment rate has changed from \$.00927 to \$.00225 in effect April 1, 2016
 - This equates to a 75% decrease in the fuel adjustment cost
 - Residential customers will see a \$7.02 decrease monthly in costs based on 1,000 KWH usage and a \$9.13 decrease for 1,300 KWH usage.
- The combined impact to residential rates based on the fuel adjustment rate change and the proposed increase in the retail rate:
 - Customers using 1000 KWH will see a total net increase of \$1.07 per month.
 - Customers using 1300 KWH will see a total net increase of \$1.40 per month.
- Per the City's cash balance policy, \$300,000 is included in the budget for cash balance replenishment equalling approximately 2.0 % of the total budget, excluding fuel adjustment factor.

Manager Martin then reviewed the upcoming budget schedule for the FY 2016 – 2017 Budget.

There were no questions from Council concerning the presentation.

Closed Session

Councilwoman Murphy made the motion for the Franklin City Council to 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). Councilman Burgess seconded the motion.

The motion passed by a vote of 6 – 0 (Mayor Johnson-Ashburn absent).

The Council entered into closed session at 8:43 p.m.

Vice-Mayor Cheatham reconvened the regular meeting and asked for a motion certifying the closed session. Councilman Rabil made a motion that the only matters discussed in the closed session were those lawfully exempted from open meeting requirements and identified in the motion by which the closed session was convened. The motion was seconded by Councilman Burgess.

The motion was approved by a 6 – 0 vote (Mayor Johnson-Ashburn absent).

Adjournment

Councilman Burgess made a motion to adjourn the meeting; which was seconded by Councilwoman Murphy.

The motion was approved by a 6 – 0 vote (Mayor Johnson-Ashburn absent).

Vice-Mayor Cheatham declared the meeting adjourned at 8:57 p.m.

These Minutes for April 25, 2016 City Council Meeting were adopted on the 9th day of May 2016.

Mayor

Clerk to City Council

Public Hearing

A. School Board Nominations: Wards 2 & 5



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

May 3, 2016

From: H. Taylor Williams, IV, City Attorney

To: Members of City Council

Re: Public Hearing for School Board Nominations

This is a Public Hearing pursuant to Virginia Code Section 22.1-29.1 to receive the views of Citizens within the School Division and to receive nominations for persons to be considered to serve on the Franklin City School Board and represent either Ward 2 or Ward 5.

Any person wishing to do so may express his or her views regarding persons nominated to serve on the School Board.

Anyone nominated to serve on the School Board must be a resident of the City, living in the ward for which the person is nominated to serve. Any person nominated must be a registered voter in the City of Franklin. No one who has not been nominated at this public hearing will be considered for appointment as a member of the School Board. The appointment to serve on the School Board is for a term of three years, beginning July 1, 2016 and ending June 30, 2019.

NOTICE OF PUBLIC HEARING FOR NOMINATION OF PERSONS TO THE FRANKLIN CITY SCHOOL BOARD

The Franklin City Council will conduct a Public Hearing at its regular meeting to be held on Monday, May 9, 2016 at 7:00 p.m. at the Franklin City Hall at 207 West Second Avenue, Franklin, Virginia 23851 for the purpose of considering individuals for nomination to the Franklin City School Board. Nominations of persons for the Ward 2 seat and the Ward 5 seat can be made to fill terms beginning July 1, 2016 and expiring June 30, 2019. Any person desiring to nominate individuals to serve on the Franklin City School Board should attend the Public Hearing date and make such nomination on May 9 as he or she desires. A resume may be presented to Council at that time. No nominee or applicant whose name has not been considered at this Public Hearing shall be appointed as a school board member. The public hearing is to be held at a public facility to be accessible to persons with disabilities. Any persons with questions concerning the accessibility of the facility or those who have need for reasonable accommodations should contact Teresa Rose-McQuay at (757) 562-8508. Persons needing interpreter services for the deaf must notify Mrs. McQuay at least seven (7) days in advance of the hearing.

Franklin City Council
R. Randy Martin, Clerk

OLD/NEW BUSINESS

- A. SPSA Post 2018 Use & Support Agreement (Revised) # 2016 - 04 – H. Taylor Williams, IV, City Attorney**
- B. City Manager’s Report**
 - 1. FY 2016 – 2017 Budget Update**



Office Of The City Attorney
H. Taylor Williams, IV

May 3, 2016

From: H. Taylor Williams, IV, City Attorney

To: Franklin City Council Members

Re: SPSA Use and Support Agreement Post 2018

At the April 25th Council meeting I informed you the SPSA Board would be considering four possible changes in the form Use and Support Agreement previously adopted by Council as Resolution 16 - 01 on March 28, 2016.

The SPSA Board considered the four proposed changes at its meeting on April 27, 2016. Three of the four proposed changes were adopted and the language of the Use and Support Agreement has been changed to include these three changes. I have set out the three changes below:

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 – 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 14 – 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.

The fourth proposed change, set forth below was not adopted by the SPSA Board:

4. **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.

The amended Use and Support Agreement with the three adopted changes is included for your review. I have tried to highlight in yellow the changes. I have drafted a new resolution for your consideration with regard to these amendments to the Use and Support Agreement.

H. Taylor Williams, IV
City Attorney

Motion to Rescind Resolution 16-01 Adopted by
the Franklin City Council on March 28, 2016

Whereas, on March 28, 2016, the Franklin City Council adopted Resolution 16-01, authorizing the Mayor to sign a form Use and Support Agreement approved by the SPSA Board of Directors on March 4, 2016; and

Whereas, on April 27, 2016, the SPSA Board adopted three amendments to the form Use and Support Agreement previously approved on March 4, 2016; and,

Whereas, the Council was made aware of the possibility of the approval of the amendments in its meeting on April 11, 2016; and

Whereas, the Mayor has not yet signed the Use and Support Agreement approved on March 4, 2016; and,

Whereas, the Council has considered the three proposed amendments to the Use and Support Agreement previously approved on March 4, 2016, and furthermore, the Council supports and endorses the three amendments approved by the SPSA Board on April 27, 2016; now, therefore

I move that City Council Rescind Resolution 16-01 adopted on March 28, 2016, authorizing the Mayor to sign the Use and Support Agreement approved by the SPSA Board on March 4, 2016.

Motion: _____

Second: _____

Date: May 9, 2016

RESOLUTION # 2016 - 04
RESOLUTION TO AUTHORIZE EXECUTION OF THE AGREEMENT FOR USE AND SUPPORT OF A SOLID WASTE DISPOSAL SYSTEM BY AND BETWEEN THE CITY OF FRANKLIN AND THE SOUTHEASTERN PUBLIC SERVICE AUTHORITY

WHEREAS, The City of Franklin (the “City”) is a member of the Southeastern Public Service Authority (“SPSA”) which was created by concurrent resolution of the Cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk and Virginia Beach and the Counties of Isle of Wight and Southampton (the “Localities”) in 1976; and

WHEREAS, between 1983 and 1984, the City and the other Localities entered into individual Use and Support Agreements with SPSA, providing, among other things, that each member jurisdiction would deliver substantially all of the disposable municipal solid waste generated or collected by or within or under the control of the Localities to SPSA; and

WHEREAS, all of the Use and Support Agreements will expire on January 24, 2018; and

WHEREAS, in anticipation of the expiration of the current Use and Support Agreements, the Chief Administrative Officers of the member Localities of SPSA created a technical committee in order to review and address numerous policy and operational issues of the SPSA organization; and

WHEREAS, the Chairman of the SPSA Board appointed a Use and Support Committee to develop a proposed Use and Support Agreement which, among other things, ensures that all member localities are treated in a uniform manner; and

WHEREAS, on March 4, 2016, the SPSA Board of Directors formally approved the form of the Use and Support Agreement that would be entered into by all member jurisdictions to support the ongoing operations of SPSA beginning January 25, 2018; and

WHEREAS, City Council adopted Resolution 16 – 01 on March 28, 2016, which authorized the Mayor to sign the form March 4, 2016 Use and Support Agreement previously approved by the SPSA Board of Directors; and

WHEREAS, at the SPSA Board meeting held on April 27, 2016, the SPSA Board approved three Amendments to the previously approved Use and Support Agreement; and

WHEREAS, City Council has Rescinded Resolution 16-01 by previous vote this date; and

WHEREAS, City Council desires now to approve the amended Use and Support Agreement approved by the SPSA Board on April 27, 2016; and

WHEREAS, the SPSA Board of Directors has also issued a Notice of Intent to Award a Waste Supply Agreement with RePower South which requires SPSA to deliver 350,000 tons of municipal solid waste to RePower’s facility which is to be constructed in the City of Chesapeake; and

WHEREAS, as a condition precedent of SPSA and RePower entering into such an agreement, RePower has requested the SPSA member localities execute their respective Use and Support Agreements in order to ensure a “critical mass” of municipal solid waste will be available to support the commitment of SPSA to deliver that amount of municipal solid waste as is required in the Waste Supply Agreement; and

WHEREAS, SPSA has shown its ability to become financially sound by eliminating all of its outstanding debts by January 2018 and its commitment to reducing the overall tipping fee costs of the member localities by negotiating a favorable agreement with RePower South, along with negotiating a favorable agreement with the City of Suffolk on a Good Neighbor/Host Fee Agreement.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL FOR THE CITY OF FRANKLIN authorized the Mayor of the City of Franklin to execute the Agreement for Use and Support of a Solid Waste Disposal System by and between The City of Franklin, Virginia and the Southeastern Public Service Authority approved by the SPSA Board on April 27, 2016, for an initial term (the “Initial Term”) ending at midnight on the later to occur of (x) June 30, 2027 or (y) the last day of the initial term of any waste disposal or similar agreement, if any, to which SPSA is party as of the Agreement Effective Date pursuant to which a third-party vendor is serving (or will serve) as the primary/principal Designated Disposal Mechanism for the Authority

ADOPTED by the City Council for the City of Franklin, Virginia on this 9th day of May, 2016.

Raystine D. Johnson-Ashburn
Mayor

Attest:

R. Randy Martin, Clerk

Approved as to Form:

H. Taylor Williams, IV, City Attorney

COUNCIL/STAFF REPORTS ON BOARDS & COMMISSIONS