

Narrows Town Council Meeting
Recessed from April 13, 2020
Budget Work Session #1
April 20, 2020

Mayor John Davis called the recessed meeting to order. Council Members present were: Clyde Turner, Jonathan Creger, Tom Garrett, and Sarah Thwaites. (The meeting was held with the Zoom platform. Councilman Turner, Councilman Creger, and Councilmember Thwaites were in attendance from other locations. Councilman Garrett was present in council chambers).

Staff members present were Susan Kidd and Debbie Thomas.

Councilman Creger gave the invocation.

Discussion of FY21 Fiscal Budget

Revenue

Mayor Davis said they can start with revenues and go through the budget line by line.

Councilman Garrett said he would like one clarification. It looks like the real estate has increased about \$30,000. Is that all from the reassessment?

Susan Kidd said she used the numbers from the Commissioner of the Revenue and has the increase at 4.187%, which comes out to around .02¢ increase per thousand. The anticipated amount from 2019 is only about 97% of the total from the Commissioner of the Revenue because we do not normally budget for the full amount.

Councilman Garrett said the increase can be up to 1% without having a public hearing. In the past they have adjusted the tax rate after a reassessment so that the revenue does not change or changes less than 1%. If they take advantage of the full reassessment increase as income, then there are different public hearing requirements.

Susan Kidd said some people will appeal their reassessments but Lisa Corell said very few people had appealed.

Mayor Davis said the cigarette tax revenue is now at \$16,520. Will that amount increase in the next month or two?

Susan Kidd said the amount collected is now at \$18,020 and may go up another \$5,000-\$6,000.

Councilman Garrett asked how much a roll of cigarette tax stamps is?

Debbie Thomas said \$1,500.

Mayor Davis asked if \$30,000 was a good number for next year for cigarette tax revenue?

Susan Kidd said it should be lowered.

Mayor Davis asked if \$25,000 was agreeable with everyone?

Council said yes.

Councilman Creger asked if cigarette tax revenue has helped us since its implementation?

Susan Kidd said on a good year it would probably be what we expected but we have had a different scenario in the past few months.

Mayor Davis said he believes sales tax will also be affected by the past few months. It seems to be down a good bit from previous years.

Susan Kidd said the amount collected to date for sales tax is now \$92,002.09.

Councilman Garrett said he would leave sales tax at \$115,000. The utility tax line item has collected more than anticipated. Do we expect to receive more this fiscal year?

Debbie Thomas said that is collected once a year at tax time. She calculates the amount owed from figures sent from the SCC (State Corporation Commission).

Mayor Davis asked what about communications tax?

Susan Kidd said we receive around \$3,000/month.

Councilman Garrett said he would leave it where it is.

Mayor Davis said meals tax is surprisingly coming in right around budget also but is down quite a bit from previous years. Is the number listed a fair assumption?

Susan Kidd said right now they have collected \$42,168.80.

Mayor Davis asked if that could be raised to about \$50,000?

Council agreed to raise it to \$50,000.

Mayor Davis said there is only one place we receive transient lodging tax from.

Susan Kidd said that is correct and she added some in because we now have the Airbnb. They do a good business but that depends on Virginia Tech football.

Mayor Davis asked where the consumption tax stood right now?

Debbie Thomas said \$4,603.73.

Mayor Davis asked if that should be left at \$6,000?

Council said yes.

Mayor Davis asked where business & occupation licenses stood?

Debbie Thomas said \$77,343.30.

Susan Kidd said those statements are sent out in January and are due in March so some of the late payments have probably been paid.

Mayor Davis asked what percentage that was at?

Debbie Thomas said 103%.

Mayor Davis said \$77,000 is probably a good number there. They will now look at municipal fines & costs.

Debbie Thomas said that is now \$87,758.75.

Mayor Davis asked if \$90,000 was a good number for that?

Susan Kidd said yes.

Mayor Davis said it will probably go up next year because they have not had court for about a month and most of them have been postponed until June. It will probably be in the next fiscal year before any of those fines come in. Can that amount be increased? We can mark that line item and take a look at it later. What about the state rental vehicle tax?

Debbie Thomas said that amount is now \$12,226.18.

Susan Kidd said they believe a lot of that depends on the pipeline.

Mayor Davis asked about street maintenance?

Councilman Garrett said we do not have enough information about that so we should leave it where it is.

Councilman Creger asked about the VDOT Revenue Sharing line item: are they not sharing with us anymore?

Susan Kidd said we are not sharing with them because we do not have the money. That was the grant we received for the culvert project.

Mayor Davis asked about law enforcement funds?

Susan Kidd said the amount for FY21 is based on what we received for FY20. She does not have any new information from the state on this.

Mayor Davis said we have the two grants right now and that is a given.

Susan Kidd said that is correct. The revenues and expenditures for those will offset each other.

Mayor Davis asked about library funds?

Susan Kidd said that amount increased from the state so that is the actual amount we should receive.

Councilman Creger asked if line items containing the Rally Grant and ARC Grant is where the CDBG Grant will show up?

Susan Kidd said those are different grants and the Rally Grant has already been spent. The Federal CDBG Grant is line item 10-3200-6096.

Councilman Creger asked if we have started spending the money from the CDBG Grant?

Susan Kidd said yes. We are paying architects, engineers, and environmental people.

Mayor Davis said we have not spent any money from the ARC Grant.

Susan Kidd said that is correct. Once the paperwork is signed we can spend that money to purchase the Diggs' property.

Councilman Garrett said 10-3200-7330, 10-3200-7340, and 10-3200-7360 are all rec department line items. Can they get Dakota Shrader and Lindsey Caudill to sit down and put together a year's plan for what they are offering, what they think it will cost, and what they think it will bring in?

Mayor Davis said he agreed. Are we going to be able to have Kid's Fishing Day this year?

Susan Kidd said not in May. Virginia Department of Game and Inland Fisheries will not be stocking any kid's fishing days this year but that does not mean we cannot purchase fish. This will probably take place later in the summer or fall.

Councilman Garrett said late September or early October would be a good time for this.

Mayor Davis asked someone to explain the Splash Pad revenue of \$96,156?

Susan Kidd said that is the actual amount in the bank account.

Mayor Davis asked what the \$8,103 was spent for out of that account this year?

Susan Kidd said that was probably for some of their fundraiser fees.

Mayor Davis said miscellaneous is at \$10,593.58. Is that correct?

Debbie Thomas said it is now at \$12,796.36.

Mayor Davis asked if \$9,000 was a good number for next year?

Debbie Thomas said that is a place to post a transaction at the front counter that has to be moved to another line item. It is just a flow through. She said that \$15 of a DMV stop goes there also.

Mayor Davis said if there are no more questions on Fund 10 they will move to Fund 20. What are the water reconnect charges right now?

Debbie Thomas said \$15,806.49.

Mayor Davis asked if \$22,000 was a good number there?

Susan Kidd said yes but they are not doing cutoffs right now so no one is paying water reconnect charges.

Councilmember Thwaites asked if that should be lowered some based on prior years?

Susan Kidd said they may want to increase it because if they are not going to collect it for the next 2-3 months they will probably cut off a lot of water when things go back to normal.

Mayor Davis said Fund 20 looked good to him.

Councilman Garrett said they may have to come back and look at a small water-rate increase.

Expense

Mayor & Council

Councilman Garrett asked if the advertising line item could be lowered?

Susan Kidd said the budget still needs to be advertised in the newspaper.

Councilman Creger said there seems to be a lot if IT expenses. What is that for?

Susan Kidd said each email address is \$50.

Mayor Davis said we could lower the advertising line item to \$2,000.

Councilmember Thwaites said they have been so close to \$2,250 for the past few years they should probably leave that.

Susan Kidd said they increased the Economic Development Fund to \$5,000 because there will be a potential match to the IDA award for Reece's Building Supply.

Director/Treasurer/Clerk

Susan Kidd said the Comprehensive Plan is something that has to be done every 5 or 6 years and that time will be up next year. They could possibly put half of the money in next year and the other half in the following year. She will speak with the regional commission to see what they think.

Councilman Creger said in looking at the cover page where it says the draft budget was prepared with a 5% increase for most employees, which resulted in a deficit of \$81,000,

and they took the total of the 5% salary increase and subtracted what they have it is a difference of \$53,000. It seems the majority of their expenses are in pay increases.

Susan Kidd said when she first started working on the budget was before the government was shut down. A 5% raise is probably not feasible anymore. She also did a rough calculation on a 3% raise that would not begin until January but it is entirely up to council what they would want.

Councilman Creger said with a 3% raise the difference is \$36,000 and if they take that away from the \$60,000 that is still a pretty good bit. He is not saying people do not need raises he is just wondering if they have money to do that?

Susan Kidd said that is something they will have to look at. Debbie Thomas can create another sheet with a different pay-raise amount.

Councilman Garrett asked what the increase was going to be for health insurance?

Susan Kidd said 4.8%.

Councilman Garrett said he did a rough draft of someone making \$20,000 and if they give a 3% raise ½ of it would be going to health insurance. He would like to do a 3% raise for the fiscal year.

Councilman Creger said the most appealing seems to be the 3% raise for ½ of the fiscal year. He does not know if they can do that for everyone but they certainly have people on the lower end of the pay scale that do need raises.

Mayor Davis said if they give a 3% raise for ½ of the fiscal year employees will not get a raise, it will all go toward their insurance. That is what he is hearing from Councilmember Garrett.

Councilman Creger said it is good to have insurance but there are a lot of people that do not even have jobs now. People's taxes are going to go up as well even though we did not really raise them. Is the PSA not raising water rates?

Councilman Garrett said he does not believe they are far enough into the PSA budget to know if they will be raised or not.

Susan Kidd said she cannot plan on a water-rate increase until she knows what the increase will be.

Councilman Creger said he understands that. It is very likely that the water rates will increase and the people are going to be paying more taxes anyway because of the reassessment. They are looking at giving a significant amount of their budget to pay increases and he does not know that they are in a position to do that.

Councilman Garrett said he thought they were going through the budget line by line to see what can be cut. They can then run the budget again with different options on pay increases and see where they are.

Councilmember Thwaites said she is concerned about revenue for next year because they are not far from this fiscal year ending. She agrees to going through the budget line by line and adjust things where they can. She believes a 5% raise is not feasible this time. A 3% raise may be possible.

Councilman Turner said if insurance rates increase you need to look at increasing wages.

Councilmember Thwaites said she does not disagree with that but she is also looking at what the town pays versus what the employee pays for insurance and the town is paying a good chunk of the premiums. She is not saying they should not increase wages to offset the increase in premiums but aiming at a 5% pay increase is not doable this fiscal year.

Councilman Creger said he agrees that a 3% pay increase is more in line but there are some employees that are in a position that they need a raise and there are some that can absorb it a little bit. The town is not setting flush and the times are turbulent. Many people have lost their jobs and a lot of funding has been cut.

Susan Kidd said when you look at the lower-end wages those are employees that have been hired off of the street and several have no experience. She is not saying they are not good employees but they are brand new employees. They also increased wages for some employees to what the new minimum wage will be. Buddy Kast usually starts a new employee at \$8/hour but now it will have to be \$9.50/hour. This will also hurt the rec dept. The next year minimum wage will be \$11/hour.

Councilman Creger said if they are going to have to pay new employees the higher minimum wage they may not even be in a position to give raises.

Susan Kidd said she is not going to advocate either way but employees can go five miles up the road and make quite a bit more money.

Councilman Garrett said he would like to suggest they keep going through the line items in the budget. They can ask Susan Kidd to bring back the line item adjustments and option b for salary increases at the next meeting.

Councilman Creger asked if fringe expenses could be lowered any?

Mayor Davis said no.

Susan Kidd said it changes with salary changes but will not change a lot.

Town Attorney

Councilman Garrett asked if it would be possible to have our attorney at every other meeting? Are there any options there?

Mayor Davis asked if they would have to use him more throughout the month? Would that create a problem for Susan Kidd?

Susan Kidd said they could look back through the bills. To have him come to a meeting is a pretty big expense.

Councilman Garrett said he knows there are some towns that do not have an attorney at every meeting and they have missed some things that we have not because our attorney has been present.

Councilmember Thwaites said she would err on the side of caution and leave things as they are.

Susan Kidd said they have had a lot of calls with the attorney this year dealing with personnel that she hopes they will not have next year.

Mayor Davis asked Susan Kidd to contact the attorney and see how much it will cost if he is conferenced in rather than attending in person?

Susan Kidd said she will check.

Administration

Councilman Garrett said the only question he had was Maintenance/Contracts going up to \$37,500 for cloud storage and Edmunds cloud storage. Is that going to be an ongoing cost?

Susan Kidd said it is but the town does not have a physical server, everything is in the cloud. The cloud storage with Edmunds will go up every year.

Debbie Thomas said the IT Maintenance could be lowered to \$5,000 because they had to pay to decommission the server and they will not have that expense next year.

Audit Services

No changes.

Police

Councilman Garrett said he had a question about the Gas, Oil, Grease line item and it will probably be a question on every gas line item in the budget. He expects gas prices will go back up but he does not know when. Heating oil prices may have also dropped so we should probably fill those tanks before this fiscal year is up. He would like to take 15-20% off of all the gas line items.

Mayor Davis said we could take the vehicles to the county to fill them up and save money.

Councilman Garrett said we could get a satellite fuel station in Narrows with the county.

Mayor Davis said that would work if we could get Glen Lyn and Rich Creek to go in with us.

Susan Kidd said she will check on this.

Councilman Garrett asked if they could decrease the OT/Comp? Would Benji Ratcliffe be willing to do that?

Susan Kidd said she does not know about the OT/Comp but Benji Ratcliffe asked her to not let council cut the Part-Time/Policeman line item. Benji Ratcliffe has quite a bit of vacation to take because he has been working hours for other policemen in his department that were off.

Councilman Creger said on the cover sheet it talks about a new police vehicle. Are they looking at purchasing a new police vehicle this year?

Susan Kidd said they normally purchase a new vehicle every year.

Mayor Davis said that is to keep them from getting behind.

Councilman Creger said that is a good idea but what if they put ½ of the money aside for that and only purchased a new vehicle every other year?

Susan Kidd said the police vehicle has already been ordered because they have to order it in January to get the state rate.

Councilman Garrett said they have 5 police cars and if you only purchased one every year you would be keeping a car for 10 years if you went to every other year.

Councilman Creger asked if they are replacing all of the body cameras?

Susan Kidd said yes. The ones they have now have some age on them.

Public Works

Mayor Davis asked if the \$11,000 for Seasonal included the raise in minimum wage?

Susan Kidd said yes.

Councilman Garrett said the Equipment Maintenance line item says there is an extra \$7,000 to replace a welder. If that can be purchased in the current year that would help us with next year's budget.

Mayor Davis asked where we are right now on sidewalks?

Debbie Thomas said \$1,904.44.

Mayor Davis asked if they were going to use any more of that this spring?

Susan Kidd said yes.

Councilman Garrett said there is a certain amount of VDOT money they have to spend on sidewalks and paving.

Street Lighting

Councilman Garrett asked if any of the streetlights they are replacing are LED lights?

Susan Kidd said she is pretty sure they change them to LED.

Municipal Building

Councilman Garrett said we should get spare LED bulbs to replace the bulbs in the municipal building.

Buildings/Grounds

Councilman Garrett said the line item for Tools/Supplies always has a carryover so he would suggest dropping that amount to \$500.

Recreation

Councilman Garrett said he would like to see what Dakota Shrader and Lindsey Caudill have planned as far as games for the next year.

Susan Kidd said the Heating Fuel line item is going to be over because they had trouble with the gas boiler.

Councilman Garrett asked if they needed to put a 3, 4, or 5-year improvement plan in place for the boiler?

Susan Kidd said possibly.

Personal Property Tax Relief

No changes.

Municipal Library

Mayor Davis asked if the heating fuel cost may come down as well.

Susan Kidd said possibly.

Councilmember Thwaites said she would like to see an update as to whether the library is going to stay where it is or possibly move to the rec dept.

Councilman Garrett said he would like to see the rec dept more fully utilized. It would be a good plan to move the library to the rec dept. There may be other uses for the rooms in the rec dept. He would like to see a proposal brought back by the rec director and library director.

Mayor Davis asked if Dakota Shrader and Cindy Laws would be at the next budget meeting?

Susan Kidd said they have offered to come anytime.

Fire Department

Mayor Davis said he knows the fire department is going to have to start a pumper fund to purchase a pumper truck. He will check with Jon Butler on that.

Councilmember Garrett said he would like to add a line item for that to start adding money for it. He would also like to know if there has been any change in their thinking on a new fire station.

Mayor Davis said he will check on that also.

Non-Departmental

Councilman Garrett asked if this is the right year to do a disc golf course on Mill Creek or should they wait another year? He could argue both sides of it.

Councilmember Thwaites said she would have to straddle the fence on that too.

Mayor Davis said he does know they have raised enough money to purchase 9 baskets so that cost will probably go down.

Susan Kidd said the cost for 18 baskets at Camp Success was \$6,500, which is what she put in the budget for the baskets at Mill Creek.

Mayor Davis said they could cut that amount in half and make it \$3,250.

Building Code Official

No changes.

Capital Projects

Councilman Garrett asked if the full \$41,000 would be spent for the new police car?

Susan Kidd said yes. That includes the car and outfitting the car.

Councilman Garrett said if our General Fund balance stays right around where it is now he would suggest making the payments for the culvert project and the three trucks in this fiscal year. This can get the deficit down to where it would be acceptable.

Councilmember Thwaites said this is a good plan.

Councilman Garrett said they could also look at repairing the boiler at the rec dept this year.

Farmer's Market

Mayor Davis asked if this was part of Lindsey Caudill's wage?

Susan Kidd said yes. It would be part of the wages of anyone doing the Farmer's Market job.

Water/Sewer Admin.

Councilman Garrett asked if they were moving the right amount for the administration fee from Fund 20 to Fund 10?

Susan Kidd said the auditors moved around \$222,000 last year. We are probably fine.

Councilman Garrett said he saw in the audit where one fund is doing extremely well and the other has fallen short.

Susan Kidd said she added a line for legal expenses in Fund 20. In the past all legal fees came from Fund 10.

Water & Sewer Dept.

Councilman Garrett said they needed to look at the price allocated for gas and maybe lower that.

Wastewater Plant

Councilman Creger asked if the training listed was for certification?

Susan Kidd said yes. There are two wastewater operators that will sit for training for certification classes after they have worked there six months.

Councilman Garrett asked if the wages listed takes into consideration the raise they will receive if they pass those certifications?

Susan Kidd said yes.

Councilman Garrett said he is guessing Buddy Kast is comfortable with the amount listed for pumps at the wastewater plant.

Susan Kidd said they need new pumps installed but they do not have the time or the people to install them. They do not want to order them until they need them because the warranty begins when they are purchased.

Councilman Garrett said if the \$20,000 that has been allocated for pumps this year is not spent he would like to roll it over into next year. The wastewater plant needs to be kept maintained.

Capital Projects

Councilman Garrett said there is \$16,500 listed for the sewer project and another \$51,000 in escrow for sewer repairs. There is a revenue line and also an expense line, which is normally carried over as escrow but that will be spent. They will then spend a lot of money on the actual project.

Water/Sewer Service

Councilman Garrett said he would like for the payment for the three trucks to be paid out of this fiscal year if possible.

Councilman Creger said they need to find out if the PSA is going to raise water rates.

Councilman Garrett said at the next budget session he would like to see the revenue with the reassessment being zero or within the 1% number and the full value as they have now. On the expense side he would like to see the changes they have talked about and a list of raises at 1.5% and 3%. Even if they go with a 1.5% raise it should be for the full year.

Mayor Davis said they have gone through the revenue and expenditures. He asked if Susan Kidd had any questions for mayor and council?

Susan Kidd asked if the town should put a freeze on spending except for absolute essentials?

Mayor Davis said that is an excellent idea.

Susan Kidd said if things change before June they can loosen up on that.

Councilman Garrett said they could put a limit on discretionary spending and at the next meeting they can see where they are. They do need to check to see if they need to spend the state paving money.

(Councilmember Thwaites lost her phone connection)

Mayor Davis said for Susan Kidd and Debbie Thomas to keep an eye on spending and if something changes to let mayor and council know.

**Councilman Garrett made a motion to recess this meeting until May 4th at 7:00 p.m.
Councilman Creger seconded the motion.
Ayes: Garrett, Creger, and Turner
Nays: None
Motion Carried 3-0**

Clerk, Debbie Thomas

Mayor, John G. Davis