

**Narrows Town Council Meeting
Budget Meeting #2
April 19, 2023**

Mayor Tom Spangler called the meeting to order. Council Members present were Bobby Lucas, Sara Bowles (arrived late), George Conley, John Mills, and Joe Goorskey.

Staff members present were Terry Nicholson and Debbie Thomas.

Mayor Spangler gave the invocation.

Council and audience recited the Pledge of Allegiance.

Mayor Spangler said the agenda needed to be amended to include the discussion of procurement and grant money that may be available to the town. An executive session also needs to be added for the discussion of personnel matters.

Councilman Lucas made a motion to add the discussion of procurement and grant money. An executive session also needs to be added for the discussion of personnel matters (Sec. 2.2-3711.A.1). Councilman Mills seconded the motion.

Ayes: Lucas, Conley, Mills, and Goorskey

Nays: None

Motion Carried 4-0

Discussion of Utility Billing

Terry Nicholson said he sent council an email in response to Joe Goorskey's questions concerning costs for utility billing. Our cost for billing card stock is \$876 for roughly a year's supply (included shipping). Total postage for mailing water bills the last 12 months was \$3,893 and that includes the PO box and bulk mailing permit fee. Our time to process the bills (printing, applying postage, and delivering to the post office) is about 4 staff hours per month, so that can be rounded up to \$100/month to include salary/fringe expenses, so that's \$1,200/year. We don't use a third-party bill printer; we do this in-house. Our software is set up to print the bills directly once our meter readings are done so there is no data transfer that takes place. That would make our annual cost for those steps \$5,969. That compares directly to the \$6,000 the County would charge us so there would be no potential savings. Once the bills are sent out the customer either mails their payment or brings it to the office. The payment is then entered into our software and immediately credits the customer's account. If the County accepts the payments, we would have to create a file to transfer the data to their (different) software and then we would receive a bi-monthly file from them that we would have to transfer back into our system to credit the customer's account. One of our employees would then have to, more than likely, sit at their computer and enter the payments by hand. One of his biggest concerns is the delinquent fees. His figure of \$35,000 does include disconnect/reconnect fees but even if those fees aren't included the late fees alone are \$12,000. The town just can't give that away. The email from Angie Higginbotham said they couldn't separate delinquent fees from a payment so the county would keep the delinquent fees.

Councilman Goorskey said it's not that he doesn't trust Terry Nicholson's word but he asks a lot of questions and he really appreciates the feedback on this. He wondered how much the town doesn't collect in water/sewer fees but it seems like the collection process is working very well.

Terry Nicholson said the reason their collections are so good is that their policy is set up so a customer can't get more than two months behind on a utility payment.

Debbie Thomas said they do DMV stops on delinquent personal property taxes and the collection rate is very good.

Terry Nicholson said real estate taxes that are two or more years delinquent are turned over to our attorney for collection.

Councilman Mills said anything the town can do for themselves is great. He doesn't know anyone else that is as efficient as town employees.

Terry Nicholson said the town participated in a regional sewer study with the county through the PSA to look at the possibility of pumping the town's sewer to another facility. The ultimate goal was to feed them to the newest plant which is in Glen Lyn. That study is complete and he has a copy of it. The town will probably not participate in this because the end cost is \$94 million dollars and even the smaller goals are in the \$50 million dollar range. Because of that, there is funding available through SERCAP (Southeast Rural Community Assistance Project, Inc.), which is a non-profit organization. They look at small rural communities, especially ones that are income challenged, and will provide grant money to help bolster the infrastructure for both water and wastewater. He has been telling council the town needs to have a five-year plan and what the obligations will be for the wastewater treatment plant. He would like to send a letter to SERCAP to request grant funding. Thompson and Litton has offered to help with this and we have a general engineering agreement with them. He will ask SERCAP for \$40,000 to do a study on the town's wastewater treatment plant by itself to start with to see what repairs will need to be done and maintenance including the RBC's. Cody Kast said he feels like if the town needed to they could spend some money on the plant and make it last another 25-30 years but Terry Nicholson would like an engineer to tell them that. The engineer could also tell the town how much this would cost over a period of time. However, Thompson and Litton has also suggested that the town may want to look at a less regional option but still participating with some other communities. Even though the idea of pumping all of the county's sewage to one particular site will probably not be feasible there is still some possibility that the town may be able to send their sewage to Glen Lyn or Pearisburg. A lot of that data already exists with the regional study so he would like to suggest the town ask SERCAP to pay for looking at the wastewater plant and what it would cost to continue to maintain the plant and operate it for the next 25 years or, as an option, what would be the cost if the town were to say the plant will not last for 25 years so there needs to be another alternative. What about pumping sewage from the Town of Narrows to Glen Lyn or Pearisburg. Pearisburg is in a similar situation as Narrows concerning the infrastructure at their wastewater treatment plant and their situation is what caused this study to be done. Pearisburg may have to build a new plant so one of the possibilities could be that Narrows and Pearisburg go in together. He is asking for council to give him permission to send a letter to SERCAP asking them to fund the study.

Councilman Conley asked Terry Nicholson if there was anything in the study he had as to what would have to happen to Glen Lyn if Narrows combined with them.

Terry Nicholson said it would be county wide so if the county combined with Glen Lyn the plant would have to be expanded even though it is fairly new.

Councilman Conley said they would also have to study the plant at Glen Lyn.

Terry Nicholson said yes and a lot of the data is in the study Thompson and Litton did so a lot of this will be considering the options. The real benefit will be the Town of Narrows studying their own plant and whether or not they can continue to operate it.

Councilman Mills made a motion to allow Terry Nicholson to send a letter to SERCAP asking them to fund the study for the wastewater treatment plant.

Councilman Goorskey seconded the motion.

Ayes: Lucas, Conley, Mills, and Goorskey

Nays: None

Motion Carried 4-0

Discussion of FY23 Fiscal Budget

Terry Nicholson said there has not been a lot of change in the draft budget from the prior budget meeting. He did leave in his recommendation of a .02¢ real estate tax increase. They spoke at the last budget meeting of going to 100% value for personal property taxes but the assessments have gone up so much that the town is going to get a 36% increase even if they leave the value at 85%. If they go to 100% there would be a 60% increase so the average customer's bill would go up significantly. The .02¢ real estate tax increase only generates \$19,638. If council decides to take that out the town would be ok but it would increase the deficit from roughly \$50,000 as it stands now to roughly \$70,000.

They still don't have the rates from VRSA for insurance this year and that will go up. He has looked at their historical numbers and it's hard to predict what they will be. The reason he left his recommendation in for the .02¢ tax increase is the fact that the town is going to want to borrow money in FY24. The more revenue the town generates that matches the planned expenditures the better state the town will be in for approaching someone to ask them to borrow money. There will also need to be another increase next year and it will more than likely be a bigger increase.

Councilman Conley said in the last budget draft they had there was a \$38,000 shortfall and this time it's \$46,000.

Terry Nicholson said \$15,000 of that was adding the Davenport line item and that money would be rolled over if we do borrow money through Davenport but if we use them and decide not to borrow money the town would owe them money. The town is 75% into FY23 and to date has collected \$3,679,205 which is 8% less than what they were expected to collect. The town has always tried to over budget expenses and under budget revenues so the town is in good shape. The town has had expenses in the amount \$3,552,855 for the same time period, which is 53% of the FY23 budget so we are well below where we expected to be in our expenditures. Staff has been frugal in their purchases and that's something he has encouraged.

Councilman Mills said taxes probably need to be raised a little every year because the cost of things are increasing. He would say leave the .02¢ real estate tax increase in the FY24 budget.

Councilman Conley asked Terry Nicholson what he saw for a tax increase next year if they don't increase taxes this year.

Terry Nicholson said with the money the town is proposing to borrow he would say a .10¢-.12¢ or more so 5X what he is proposing in the draft budget.

Councilman Conley said the .02¢ in the draft budget really wouldn't make a difference.

Terry Nicholson said it will be in the town's cash position. They are talking about moving ARPA funds into the unassigned fund balance as well and that will cloud the issue this year because it's going to look like the town is flush with cash. He is proposing council move the remainder of the ARPA funds to the unassigned fund balance before June 30, 2023, so next year the reporting they do on ARPA funds will be finished. That money will negate the trend where expenditures have been eating away at the unassigned fund balance for the last 5 or 6 years.

Councilman Conley said if real estate taxes are increased .12¢ or .10¢ next year the cry will be the same.

Terry Nicholson said the difference next year will be a proposal for the municipal complex to be built.

Councilman Goorskey said if they don't increase real estate taxes this year and the number is .12¢ next year, if they don't do anything this year it could be .14¢ next year, the longer they wait to increase the tax the farther they are digging down.

Councilman Lucas asked Terry Nicholson if they increase real estate taxes .02¢ this year how much would they have to increase them next year.

Terry Nicholson said it would be .10¢ - .12¢/\$100 next year. They could get those funds from other sources such as increasing personal property taxes but if the town wants to borrow \$2 million in FY25 revenues will have to go up. The town doesn't have the kind of cash cushion if they need to borrow that kind of money.

Councilman Conley said he is looking at \$20,000 and that is a lot of money. It looks like there is going to be a surplus in the budget so he doesn't see raising real estate taxes .02¢ in FY24. He doesn't believe this would be a good time to raise real estate taxes.

Terry Nicholson said he made a recommendation so this is council's decision to make.

Councilman Goorskey said when they move ARPA funds to the unassigned fund balance it will be a carryover every year after that. They always want to have unassigned funds.

Councilman Conley asked when the ARPA funds are moved will the town have the required \$300,000.

Terry Nicholson said they will be very close to that.

Councilman Mills said he understands Councilman Conley's logic and it's solid. They need to push the real estate tax up a little bit because it's the right thing to do.

Terry Nicholson said the town has usually cash-funded their capital budget and that will happen again this year with ARPA funds and that money will not be replaced. He wants council to continue to fund the police vehicle, the computers for the police vehicles, and the radar units which will total around \$112,000. The camel jet, shop improvements to accommodate the camel jet, and the roof on the wastewater treatment plant and auxiliary buildings also need to be funded and that total is around \$115,000. The total of those things will be around \$230,000 and after those purchases there will be around \$200,000 left in ARPA funds to go into the unassigned fund balance.

Councilman Mills said he believes at the last budget meeting council agreed to do that with the ARPA funds.

Terry Nicholson said if they take the tax increase out of the budget then next year they will have to figure out how to fund a \$75,000 police vehicle.

Councilman Goorskey said when they spoke with Davenport and discussed some of the town's debt services the town had the loans listed and amounts owed.

Terry Nicholson said Davenport's plan dealt with all of that. One loan the town has will be paid off in FY24 and that debt service number is \$16,711. The other loan still has a little over \$1 million and that will be rolled over into the loan they are working with Davenport on.

Councilman Goorskey said they have already looked at paying off anything they owe with ARPA funds first.

Terry Nicholson said yes.

Councilman Goorskey said the town has already paid for ½ of a camel jet and now they want to give that ½ to Pearisburg and purchase a whole one. That is a lot of money to put into a camel jet. He believes John Davis is saying the town needs to purchase one because it's hard to get the one back they share with Pearisburg when they need it.

Terry Nicholson said that's right. With our aging infrastructure on the sewer side, sewers really need to be cleaned out regularly.

Councilman Goorskey asked if it wouldn't be a similar situation with Pearisburg in that if they're using it so much that Narrows can't get it would they be interested in going in with Narrows and purchasing another one.

Terry Nicholson said he could ask and he would look at it as Pearisburg purchasing the other ½ of the one they already share. He will speak with Chris McKlarney and Todd Meredith.

Councilman Mills said when council presents this budget to the public they want to be able to say they've done all they can do.

Councilman Goorskey said the town needs to continue to pay into the fund with Pearisburg on shared equipment because he hasn't heard anyone say they've had a hard time getting any other piece of equipment to use.

Councilman Mills said Narrows is getting along with Pearisburg better than they ever have and there are advantages to keeping that relationship.

Mayor Spangler said he knows the 85% assessment is roughly a 37% increase in personal property tax but unless someone is driving a high-dollar vehicle it wouldn't be as big a hit as a real estate tax increase. He would like to see the .02¢ increase on real estate taxes.

Councilman Mills said he is in support of the budget Terry Nicholson has proposed. He wants an assurance that there will be some doggedly determined supervisors that are cognizant of their surroundings and with an attempt to be cognizant of the fact that this is a small town and everyone sees everybody. He is not trying to knock anyone out of their required breaks or dinnertime but some of this behavior that has been witnessed by some of the council members has to ease up some.

Terry Nicholson said he would like to present the FY24 budget at the May council meeting. He is supposed to get the VRSA rates the first week of May.

Councilman Conley said he will support a budget with a .02¢ real estate tax increase as long as the personal property stays at 85% valuation. He knows they will take a hit next year if they have to raise real estate taxes .10¢ or .12¢. He is going to be like Councilman Mills and charge Terry Nicholson with looking at every line in the budget and seeing if that's the best they can do. Councilman Goorskey found the camel jet and he never dreamed about that.

Mayor Spangler asked if there was any interest in asking Pearisburg to help purchase the new camel jet and then there would be 2 to use.

Councilman Goorskey said Narrows could fund a larger portion of the new camel jet and Pearisburg a smaller portion. Then there would be 2 to use.

Terry Nicholson said the chief administrative official of each entity are the heads of that and he will propose it to Giles County and Pearisburg.

Councilman Conley made a motion to amend the agenda and add the following items to executive session: the discussion or consideration of the investment of public funds (Sec. 2.2-3711.A.6) and the protection of privacy of individuals in personal matters not related to public business (Sec. 2.2-3711.A.4). Councilman Goorskey seconded the motion.

Ayes: Lucas, Conley, Mills, and Goorskey

Nays: None

Motion Carried 4-0

Councilman Conley made a motion to go into executive session for the discussion of personnel matters (Sec. 2.2-3711.A.1), for the discussion or consideration of the investment of public funds (Sec. 2.2-3711.A.6), and the protection of privacy of individuals in personal matters not related to public business (Sec. 2.2-3711.A.4).

Councilman Lucas seconded the motion.

Ayes: Lucas, Conley, Mills, and Goorskey

Nays: None

Motion Carried 4-0

(Councilmember Bowles arrived)

Councilman Conley made a motion to return to open session. Councilman Lucas seconded the motion.

Ayes: Lucas, Bowles, Conley, Mills, and Goorskey

Nays: None

Motion Carried 5-0

Certification

WHEREAS, the Town of Narrows, has convened an executive meeting on this date pursuant to an affirmative-recorded vote and in accordance with the provision of the Virginia Freedom of Information Act: and

04/19/2023

WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification of the Town Council that such executive meeting was conducted in conformity with Virginia Law:

NOW, THEREFORE, BE IT RESOLVED THAT THE Town of Narrows hereby certifies that, to the best of each member’s knowledge, (1) only public business matters lawfully exempted from open meeting requirements by Virginia Law were discussed in the executive meeting to which this certification resolution applies: and (2) only such public business matters as were identified in the motion convening the executive meeting were heard, discussed or considered by the Town Council.

ATTEST: _____

Councilman Conley made a motion to accept the certification. Councilman Lucas seconded the motion.
Ayes: Lucas, Bowles, Conley, Mills, and Goorskey
Nays: None
Motion Carried 5-0

Councilman Goorskey said he wanted to thank Terry Nicholson and Mayor Spangler for interviewing Roger Shepherd and hiring him as the town’s interim rec director.

Councilman Mills made a motion to adjourn. Councilman Conley seconded the motion.
Ayes: Lucas, Bowles, Conley, Mills, and Goorskey
Nays: None
Motion Carried 5-0

Clerk, Debbie Thomas

Mayor, Tom Spangler