

**Narrows Town Council Meeting
Budget Meeting #1
April 29, 2024**

Mayor Tom Spangler called the meeting to order. Council Members present were John Hale, George Conley, John Mills, and Joe Goorskey. Councilmember Sara Bowles was absent.

Staff members present were Terry Nicholson and Debbie Thomas.

No attorney was present.

Mayor Tom Spangler gave the invocation.

Council and audience recited the Pledge of Allegiance.

Communications from Mayor, Council, and Staff

Terry Nicholson said opening day for the town park will be May 24th. There will be a pickleball tournament planned for that weekend and will kick off at 5pm on May 24th. The people from Mountain Lake Conservancy have been invited for a photo opportunity at that time. He invited the mayor and council to attend the event.

Councilman Hale asked Terry Nicholson to ask the Parks and Rec Commission to hold another pickleball tournament during the July 4th event this year.

Councilman Goorskey said there would probably be a better turnout at the July 4th event.

Councilman Mills said Councilman Joe Goorskey and Shaun McKlarney contributed to the pickleball courts and he would like to recognize them for their contributions.

Terry Nicholson said in council packets he included a change order for sewer system electrical upgrades at the sewer plant from Peed & Bortz. One change is an automatic transfer switch they installed which they thought would work but after installation it kept tripping the breakers so they need to add a module for this. The cost for this will be \$3,199.63. The other two changes were at the salt house and the main plant and dealt with undersized grounding wires. The size of these wires needs to be upgraded and the cost for this will be \$2,628.16. There has been ARPA money set aside for this project so the funds are available.

Councilman Goorskey said the only problem he has with this change order is that they paid an engineer up front to tell them about these changes and they did not. He would like to have this noted when they have future meetings with Peed & Bortz.

Councilman Conley made a motion to approve the change order for sewer system electrical upgrades. Councilman Mills seconded the motion.

Ayes: Hale, Conley, Mills, and Goorskey

Nays: None

Motion Carried 4-0

Terry Nicholson said he placed an email in council packets from Karen Weber with DEQ. He has been speaking with her concerning the Brownfield Grant that was received for the Gallimore property. Stantec is the preferred engineering firm that DEQ likes to use for lead and asbestos surveys. Karen Weber mentioned this property to Stantec when they were here for the BAD-buildings survey and they were taken to the Gallimore property to take a look at it. DEQ is willing to give the town a grant for close to \$60,000 to perform a deeper feasibility study than what was able to be done with Thompson and Litton to look at the possibilities that surround the use of the two properties the town purchased and other properties surrounding them, which include properties owned by Kevin Simmons, Ronnie Brookman, Allen Neely, and the VFW building. The couple that purchased the VFW building participated in the lead and asbestos survey of that building as well. Stantec is interested in looking into how best to use the whole 10-acre parcel with the town's goal to place the fire department and police department there and what would be the best fit for everything else on the property.

Councilman Hale asked Terry Nicholson if he knew what kind of questions would come from outsiders if they had an investment interest in the property. He would like to caution against relying on local input only. How will this property be differentiated from county-owned industrial parks.

Terry Nicholson said this property has rail access (a spur line that goes down to the Norfolk Southern train tracks), natural gas, water, sewer, and electricity. The IDA's properties do not have rail access. One of the reasons they want to study this is because the property the town is purchasing and the VFW property have a fantastic view of the river and a potential developer may be interested in that view. He believes this is a good idea and might lead to a cost advantage.

Councilman Hale said comments need to come from outsiders as well that may make an investment. If there were local people that had the means to make an investment, it would have already happened.

Terry Nicholson said on page two under Task A the 'Market Analysis' is concerning that kind of input. It asks outsiders to study what the market is for this kind of development potential.

Councilman Mills said this is just one more piece and he agrees with Councilman Hale that they need to poll outside sources. He believes they have no reason not to move forward with this.

Councilman Goorskey said he was extremely pleased with this. They are already moving in the right direction with this study and all of the work Terry Nicholson has put into this.

Councilman Conley asked if the Thompson and Litton plans will be included in this.

Terry Nicholson said yes. There may be some funding in the future for development of the property.

Councilman Mills made a motion to approve the grant for the study of the Narrows Fire Station and Commercial Area Master Plan project. Councilman Hale seconded the motion.

Ayes: Hale, Conley, Mills, and Goorskey

Nays: None

Motion Carried 4-0

Mayor Spangler said he has spoken with Karen Weber and she and others have been very impressed in working with Terry Nicholson and the knowledge he has shared with them. That has built very good rapport with several people and that works to the town's advantage.

Councilman Hale said at the end of the last council meeting Terry Nicholson presented some drawings of Mill Creek Nature Park and that work was done by CDAC at Virginia Tech (Community Design Assistance Center). There is a grant the town can apply for in the amount of \$100,000 but it requires a 20% match, which would be \$20,000. This grant would make improvements to the parking lot, improvements to the pathway to the trailhead that will provide handicap accessibility, allow for plantings of native vegetation, and signage. He believes the IDA will handle half of the match but they have to be presented with this first. This would leave the town's match at \$10,000 which could be cash but could also be force labor, the value of volunteer labor, the value of equipment time, etc. He is asking council for their agreement for a resolution to stand behind the required match amount.

Terry Nicholson said he has spoken with John Davis concerning this and they have already contacted a contractor about receiving some cost estimates. The preparation work the town could do on the grading. Some of the rocks could be moved to expand the parking areas and install curb stops for parking. They will easily come up with \$10,000 with force labor.

Councilman Mills made a motion to approve the DCR Grant concerning the Mill Creek Trailhead. Councilman Goorskey seconded the motion.

Ayes: Hale, Conley, Mills, and Goorskey

Nays: None

Motion Carried 4-0

Discussion of FY25 Budget

Terry Nicholson said council should have a copy of the FY25 budget as it stands now. He is very comfortable with this budget relative to last year's budget. He also gave council a cover sheet and would like to discuss some of the topics on it. This year, expenditures increased by 12.4% to \$4.08 million. If you compare last year's final numbers on the worksheet you can see that the final budget was over \$5 million and the reason for that was the ARC and CDBG grants. At the last council meeting they discussed salaries and he mentioned roughly a 10% increase. He was able to bring that down to a 7.8% increase overall and that gives most employees a 4% raise, which is consistent with the cost-of-living increase. There were some employees given higher increases to align them with the town's classification system. Narrows uses the same classification system as Pearisburg. In the last week, the Department of Labor increased the minimum salary for an exempt employee and the town does have one employee that will be affected. They are also asking to add a full-time police officer to replace Tommy Gautier.

Councilman Mills asked if Narrows had 24-7 coverage from the police department.

Terry Nicholson said yes. There are currently 6 officers and one more would make 7. They will be looking for a younger person that is interested in law enforcement. The town would put them through the academy and would contract with them to work for the town for a certain amount of time.

Councilman Conley said he would suggest the contract have a length of 3 or 5 years.

Terry Nicholson said one other aspect that significantly increased was IT services. New River Computing costs have doubled this year from \$52.50/user to \$108/user. Part of the increase includes some services which will be valuable to the town (password manager, increased training, additional software, and equipment being serviced). The recent cyber-attack highlighted the fact that the town needs this increased coverage. The software license for the police department has increased to \$5,000/year. Software companies are trying to force smaller departments out because they do not want to deal with them. The first letter the town received from the software company said it was going to be \$15,000/year. Chief Ratcliffe told them the department had been working with them for years and has rarely contacted them for any kind of help with the software.

Councilman Mills asked if there was any possibility pooling resources with other towns in the county. Terry Nicholson said that could be a possibility in the future.

The cost for video storage in the cloud for the police department will increase by \$2,000/year. Our VRSA insurance costs will increase by 14.5% and health insurance costs will increase by 10%.

In the past year, some things have been added for debt service and that is built into the budget. The Gallimore property purchase is \$17,768/year (interest only) and after 4 years this will need to be refinanced into a construction loan. There will be \$75,000 added to the principal this year for the first lease payment for the second parcel and there will be one more \$75,000 lease payment after that. That will increase the interest-only payment by a little the following year. The lead and copper rule revision the town is doing through the PSA has a cost of roughly \$160,000 so the town will pay the PSA \$16,300/year for ten years. It has not been worked out how the town will be billed for this but they may add it to the monthly fee the town pays for water. The new loan for the sewer line replacements will have a payment of \$6,300 this year and then \$19,000/year for 20 years. That makes a total of \$53,000 in new debt service. Under 'revenues' the general fund had no increase in real estate or personal property tax rates. The town will collect 100% assessed value for personal property again this year. Trends show an expected increase in utility, cigarette, meals, lodging, and sales taxes. The annual business licenses have been steadily increasing and the town has been more aggressively enforcing delinquent accounts. VDOT funding will have a significant increase this year. Rec programs have done well, and there is a significant increase in expected revenue.

The utilities fund is the big side and they have been talking about this throughout the year and it was his understanding that council knew water and sewer rates would have to be increased in FY25. He put a 10% increase into the budget for both water and sewer rates. He did a

comparison of rates and placed it in council's packets. Narrows' minimum water rate is the lowest in the county and about ½ of utility customers pay the minimum rate each month. The water rate would go from \$19.09 per month for 0-2,000 gallons to \$21.00 per month for 0-2,000 gallons and sewer would go from \$27.40 per month for 0-2,000 gallons to \$30.14 per month for 0-2,000 gallons. That increase brings the budget shortfall to about where it was last year. He is very pleased with the budget as presented and has been very happy with staff's performance. Expenses will come in under budget for FY24.

Councilman Conley said he read the email Terry Nicholson sent concerning the ten-year plan. He said he would like to know how many hours, how many people, and what is going to be done to replace water lines this year. How much money will it cost the town for this. That needs to be added to the budget. The ten-year plan is great if it is going to be done ten years from now but they need to be ready and get started with this.

Terry Nicholson said there is a 50% increase included in the FY25 budget for materials for water system improvements and sewer system improvements. This is for replacing lines instead of repairing them. There are no capital improvements contained in the FY25 budget because the town is to the point where there will be no need to purchase a vehicle. The only thing they will need to purchase is equipment and radar for the police vehicle purchased in FY24. His intent on doing that is because the ten-year plan is basically the town's capital improvement plan for the next ten years. It will give the town a borrowing capacity for the next ten years and what they already know the things they want to borrow money to do.

Councilman Conley asked Terry Nicholson if he knew when the ten-year plan would begin. Is there a map/breakdown of which lines they will be replacing by year.

Terry Nicholson said that is in the asset management plan. There is a chart, by year, Thompson and Litton believes to be the highest priority. Leak detection takes top priority so if they find a leak they look to see if that line is slated to be replaced in the next couple of years and, if so, the line will be replaced.

Councilman Conley asked if the town was dedicating manpower and money to that program.

Councilman Goorskey said it seems the budgeted amount for materials has been increased so when they come across lines that are on the list they can be replaced.

Terry Nicholson said the first year is performing leak detection and checking to see if a line is slated to be replaced. Ultimately, all lines will be replaced according to the asset management plan. All of the galvanized lines need to be replaced.

Councilman Conley said water loss is showing taxpayers they are being saved money so now they need to be shown how much money is being put back into projects. They need to have an account of what they have done and what they are going to do.

Councilman Mills said they have that already.

Terry Nicholson said employees at the Office of Drinking Water are saying there will be money for the replacement of the galvanized lines in the ten-year window. That is not a guarantee but the town has been told it will be there.

Councilman Mills said there needs to be a plan for this and if they receive money to replace the lines that would be great.

Terry Nicholson told Councilman Conley to tell citizens that are asking him about this that during the last year the town has dedicated one employee to leak detection and then dedicated a full crew when the leak was detected to get it repaired. The town is increasing the funds to replace these lines rather than repair them. He can also tell them the money for the water increase goes to the water system and the money from the sewer increase goes to the sewer system.

Councilman Hale asked how they manage the upgrades to the water and sewer systems over time so they know they are on track.

Councilman Goorskey said his understanding in speaking with John Davis about this if there is a leak it has to be taken care of so if that line is on the asset management plan it can either be fixed or replaced. That does not necessarily take the lines down in a rational order but it fits the manpower use because they will be there and either fix or replace it. He does not believe they can fix the amount of water leaks they are fixing and also replace 20 lines this year.

Councilman Hale said he agrees with that but his question is how this will be tracked over time.

Terry Nicholson said the asset management plan that is in place that Thompson and Litton did for the town, and the Office of Drinking Water paid for, lists by year and by street the lines that need to be replaced in each fiscal year and is a five-year plan. The tracking is there it just needs to be paid for.

Mayor Spangler asked how they guard from getting in a position to where residents start saying they do not want to live in Narrows because it costs too much. He is not saying it does but he can see down the road somewhere it could possibly happen.

Terry Nicholson said he is careful to compare Narrows to other municipalities. Pearisburg is our nearest “competitor” because someone that lives in Narrows could choose to work for Pearisburg. That is why the pay rates need to be equivalent.

Mayor Spangler said they just need to do what is best for the taxpayers.

Councilman Mills said council has been square with staff. The only condition he has ever tried to apply is to make sure evaluations are being done objectively and fairly. If someone is an outstanding employee and is saving the town money they need to be rewarded. If they have marginal staff that are just squeaking by he does not care as much about lifting them up. Everyone shows up for a payday and if they have some sort of conditions that are required to receive increases he is all right with that.

Councilman Hale said he agrees with what Councilman Mills said, and he wants to be fair to the town’s staff and taxpayers, but he does not believe a cost-of-living increase should be automatic for everyone all of the time. He asked Terry Nicholson to make sure the town had a robust management system in place, and by that he means that people have meaningful goals, know what they are, and know what their expectations are. There needs to be regular follow-up, honest feedback, and action taken as necessary. He hopes the town has a clear understanding of all the capital assets they own so they know what the replacement aspect is and the procurement process. They need to dispose of fleet that is not needed and replace fleet as needed. He is not saying this is not already being done but, if it is not, it needs to be.

Terry Nicholson said the town does have a system for tracking all assets. Vehicles and buildings are reviewed each year. Other than that review, there had not really been a long-term plan for replacements such as the fire department fleet and how it would be replaced. They are looking at that now with the ten-year financial plan.

Terry Nicholson said water and sewer rates have not been increased since November 2019. He looked at the consumer price index, which is a measure of inflation, and it has increased 19.2% in the last five years.

Mayor Spangler asked how many employees have an email account.

Debbie Thomas said 28.

Mayor Spangler asked if each of these employees needed an email account.

Terry Nicholson said because of FOIA (Freedom of Information Act) he would suggest they each keep their town email address because if they use a personal email address they would have to provide personal emails if they received a FOIA.

Mayor Spangler said there is a line item for the Christmas Dinner Fund (10-6401-0901) that has a recommended amount of \$750. Did they budget for that?

Terry Nicholson said no. It was considered a carryover item and the same amount is listed in revenues and expenditures.

Mayor Spangler said if there was a way to add that as a designated line item it would be appreciated. He has gone to the same businesses for the last three years and asked for money to cover this expense and it is starting to get old going to the same people every year.

Terry Nicholson said he will see that this expense comes from the general fund.

Mayor Spangler thanked Terry Nicholson for doing this.

Councilman Conley thanked Terry Nicholson for doing the budget as comprehensive as he has and answering all of their questions. He has made it a lot easier than the first budget he sat in on. He thanked Terry Nicholson and Debbie Thomas for the work they have done.

Councilman Mills said he does not believe they need to have another budget meeting.

Terry Nicholson said they need to schedule a public hearing so it will probably be at the June council meeting.

Councilman Goorskey said he had some questions about the budget. He asked if the funds under 'Street Resurfacing' were VDOT funds? If they are they need to be spent.

Terry Nicholson said yes. The funds have not been spent yet because street resurfacing is not usually done until June of each year.

Councilman Goorskey said the budgeted funds under 'Sidewalks' has always been \$10,000 and for FY25 they have budgeted \$15,000. In past years, they have never spent \$10,000 so why are they budgeting \$15,000.

Terry Nicholson said they usually save sidewalk replacement until the end of the year and they will receive quotes for street resurfacing. If there is money left over they will do sidewalk replacements.

Mayor Spangler said he and council appreciate the work Terry Nicholson, Debbie Thomas, and anyone else perform in the budget preparation.

Councilman Goorskey said he focuses mainly on the recreation department and that is where his heart and soul is at. The budget for the recreation department is what he was expecting to see but he was wondering if the other set of dugouts for the other ballfield would be completed in FY25.

Terry Nicholson said the town has not finished negotiating with the county yet.

Councilman Goorskey asked if funds for placing scoreboards in the gym was in the FY25 budget.

Terry Nicholson said they are not in there yet because they are trying to figure out how they could pay for it with outside funds.

Councilman Goorskey said he does not doubt the employee review process is being done and employees are being told things they may need improvement on. It is a little vague to say that everyone is receiving a 4% raise, more or less, but he does not know that he is able to see it in the budget other than some of the departments that only have one full-time employee you can see where their wages increased. He does not have a problem with the amount of raises received in keeping employees in line with their classification. He was wondering if there was more specific information on raises but he also does not want to ask about a particular employee in open session.

Terry Nicholson said that is why they do not typically share that with council and that is part of his job. He will speak with Mike Bedsaul about the legality of sharing that with council.

Councilman Goorskey said council received that information in the past but he did not remember how.

Terry Nicholson said as far as the review process he has the employee fill out a self-evaluation first that contains questions on their performance and if they have any skills they believe are not being used. The employee's supervisor goes over the review and then sits down with the employee to review the self-evaluation. Terry Nicholson then sits down with the supervisor to review the department's self-evaluations and determine what percentage of a raise the employee is to be given.

Councilman Conley said anything other than that would have to be a matter for executive session.

Mayor Spangler said each department head needs to let employees know what is expected of them.

Councilman Goorskey asked if the asset management plan could be made available on the town's website.

Councilman Conley said he does not see anything wrong with making it available on the website.

Mayor Spangler said they need to communicate with the public why they are doing what they are doing.

Terry Nicholson said he will speak with Mike Bedsaul concerning the public hearing for the budget. Once the public hearing is held they must wait one week until it can be approved so there would need to be a called meeting at that time.

Councilman Mills made a motion to adjourn. Councilman Goorskey seconded the motion.

Ayes: Hale, Conley, Mills, and Goorskey

Nays: None

Motion Carried 4-0

Clerk, Debbie Thomas

Mayor, Tom Spangler