

**Narrows Town Council Meeting  
July 8, 2024**

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

Staff members present were Cindy Laws, Jimmy McCroskey, Terry Nicholson, and Debbie Thomas.

Attorney Mike Bedsaul was present.

Mayor Tom Spangler gave the invocation.

Council and audience recited the Pledge of Allegiance.

**Approval of June 10<sup>th</sup> and June 18<sup>th</sup> Meeting Minutes**

**Councilman Mills made a motion to approve the June 10<sup>th</sup> meeting minutes.**

**Councilmember Bowles seconded the motion.**

**Ayes: Hale, Bowles, Conley, Mills, and Goorskey**

**Nays: None**

**Motion Carried 5-0**

**Councilman Mills made a motion to approve the June 18<sup>th</sup> meeting minutes. Councilman Hale seconded the motion.**

**Ayes: Hale, Bowles, Conley, and Mills**

**Abstain: Goorskey**

**Nays: None**

**Motion Carried 4-0**

**Consent Agenda**

*Library Report*

Councilman Conley said he noticed today was the kickoff for the Children's Summer Program. He asked Cindy Laws how it went.

Cindy Laws said it went really well.

Councilmember Bowles said it looked like there was quite a number of patrons visiting the library and that was great.

*Parks & Recreation Report*

Councilman Hale said he was not sure if this fell under parks and recreation but he had some questions about Camp Success. He said the entrance to Camp Success looks really good. He noticed there were campers that had been there for a long time and there were also some across from the trailer park. He believes there is a charge of \$5/night and campers must obtain a permit. Is there someone that monitors the campground, especially during the holidays, to make sure they are overseeing the campground and collecting what is due?

Terry Nicholson said yes. Campers do have to obtain a permit and police officers do drive through there and randomly check camper's permits. There have been times in the past where campers have been allowed to stay there for an extended period of time due to extenuating circumstances. There were some unauthorized campers that stay longer and those are usually homeless individuals. There was an individual that was camping at Camp Success, Police Chief Ratcliffe asked her to leave, and she moved to Mill Creek and then to the wooded area across from the trailer park. Unfortunately, she overdosed recently so she will no longer be staying at Camp Success.

Councilman Hale said he hated to hear that and thanked Terry Nicholson for the update.

Councilmember Bowles said the July 4<sup>th</sup> celebration at the park was a success and thanked the public works department, Terry Nicholson, John Davis, Jenny Wheeler, and Jennifer Clark for their help. The umbrellas and chairs purchased for the splash pad look great.

Terry Nicholson said there were over 1,300 paid admissions to the park on July 4<sup>th</sup>.

Councilmember Bowles also thanked the Narrows Police Department and volunteers for helping that day.

Councilman Conley said he and Terry Nicholson stayed busy selling wristbands the whole time he was at the park.

#### *Farmers Market Report*

Councilman Mills asked if the Farmers Market was well received.

Terry Nicholson said it was very well received and locals night and Saturday mornings are very well attended.

#### *Police Report*

Councilman Mills said the Narrows Police Department is first class and Melissa Cohen is a great addition to the team.

Mayor Spangler said he talked to Melissa Cohen on July 4<sup>th</sup> and was very impressed with the way she presented herself and what she hopes to accomplish. He knows she will be an asset to the town.

Terry Nicholson said he noticed on July 4<sup>th</sup> the people that were talking to Melissa Cohen that already knew her from where she worked in Pearisburg.

Councilmember Bowles said she is excited about the initiatives Melissa Cohen is bringing to the Town of Narrows.

Councilman Conley said he believed the community was very receptive to its first female police officer.

Councilman Mills said the state police are trying to reach out to be more ‘community friendly’ and have offered to come to churches, council meetings, and Ruritan clubs to get their message out. If council would like for one of them to attend a council meeting he can make it happen.

#### *Financial Report/Treasurer’s Report*

Terry Nicholson said he wanted to point out, since this was the last revenue and expenditure report for FY2024, in the general fund revenues exceeded expenditures by about \$460,000. In the utilities fund, expenditures exceeded revenues by about \$256,000. This made the total net about \$200,000 for the year.

Debbie Thomas said delinquent real estate taxes that were collected were up for the fiscal year and she wanted to thank Kimberly Cregger at Sands Anderson for that.

Councilman Conley said, as he has said before, this job is not finished. They are on the right track and just have to get there.

#### *Town Manager’s Report*

Councilman Hale asked Terry Nicholson if he could give an update on the Gallimore property.

Terry Nicholson said he was planning to do that. The town received a grant and Stantec, through the Virginia Department of Environmental Quality, did a highest and best use study of all properties including the ones the town purchased and properties that surround it that were checked for lead and asbestos. Stantec will do an interview day on July 24<sup>th</sup> where they will meet

with realtors and developers from the area (and maybe some from outside the area) and talk about what the highest and best use would be for that property. They will do some interviews with local staff and maybe some council members to get a feel for what they may want to see in developing the property. That will be the next step the town is waiting for. The town will get possession of the building in January 2025 and can then use the building for public works. Mac Gallimore will need to have his things out of the building by then and he is working on that now with his nephew.

Councilman Mills said he requests that the town tell Mac Gallimore their intentions so they can have adequate time to get everything out of the building.

Terry Nicholson said the vacant land the town purchased is being used as a staging area for the sewer line replacement on Northview Street.

Councilman Mills said that is fine.

Terry Nicholson said the next step is to receive the report from Stantec and then the town will use their report, which they will present to council to determine how to proceed. The ultimate goal is to market that whole area for redevelopment.

Councilman Goorskey asked Terry Nicholson where Peed & Bortz was at with the transfer switch at the waste water plant.

Terry Nicholson said it is still not resolved. This is the third month. They keep promising they will get it resolved and are working toward doing that. The waste water plant operates fine unless they lose power. The easy solution is to say they need a bigger generator but the plant has been operating on the current generator for years and nothing has changed except for the automatic transfer switch and that is not working. As of now the town does not need a bigger generator.

Councilman Mills said there was no problem until Peed & Bortz got involved.

Terry Nicholson said Peed & Bortz knows the ball is in their court and has been in their court for a long time.

Councilman Goorskey said his follow-up question is how long do they have to get it straight. How long do they have in their contract to get this fixed? At some point it is a failure.

Terry Nicholson said they blew the timing out of the water for that contract early on because of the fact there were so many parts that were hard to come by when Peed & Bortz first received the contract. Everything else in the contract is done except for this.

Councilman Goorskey said there are some other things Peed & Bortz missed that extended the timeline on this. Peed & Bortz has to guarantee workmanship for one year so when does that time begin. Does that time begin from the time it is commissioned?

Councilman Mills said that should begin when it is functioning properly.

Councilman Goorskey said sometimes Peed & Bortz are so far out of bounds with their obligation to the town and if they cannot fix the issue they need to hire someone that can or there should be a bonding agency the town could contact to say these guys cannot complete this task and the town needs it done. When would that be?

Councilman Mills said council members are exceptionally reasonable people but there comes a point that enough is enough and the town needs to get their attorney involved. He does not know how to convey their sense of urgency without turning up the heat.

Councilman Goorskey said that is what he is asking: when is that time.

Terry Nicholson said he and Mike Bedsaul can have a conversation at some time about this.

Mike Bedsaul said Terry Nicholson may need to tell Peed & Bortz how impatient council has been.

Councilman Conley said concerning the BAD Buildings survey, they had 132 commercial and residential properties inventoried. When will they contact the owners?

Terry Nicholson said he needs to go through them with some local folks because some of the properties were cataloged that did not have any problems. Some of the teams that were sent out recorded everything they saw and some were only choosing blighted buildings.

Councilman Conley said that number seemed awfully high.

Councilman Hale asked if some members of council could go through those as well.

Terry Nicholson said he was planning on asking a couple of council members to help with this. He would like to sit down with J.J. Perdue and look at them first because there are a lot they can eliminate.

Councilman Mills said water loss is back up but the number is still phenomenal.

Terry Nicholson said they were not surprised by the slightly higher number this month because they had an incident where when they pumped to the tank the tank overflowed overnight. He still feels really good about where they are at.

Councilman Hale said he has been surprised by the number of citizens that have made comments about this so the citizens are watching what goes on in town. It has been gratifying.

#### *Public Works Director's Report*

Councilman Hale asked Terry Nicholson to thank John Davis, and anyone else involved, on the work done on the annual drinking water report. He hopes people that have received this have read it because it contains good information. He has a suggestion: on page two it speaks about things people can do to ensure they have safe water and includes three things: not pouring used motor oil on the ground, proper care of old car batteries, and care that should be taken when storing old electrical transformers, paint cans, etc. He would suggest to John Davis that in the future in addition to saying what not to do it could be enhanced by saying the Giles County PSA will accept used motor oil. New River Resource Authority has an annual Hazardous Waste Day where they accept paint, bleach, stain, etc. A reminder could be provided as to when this occurs. This year it is on August 10<sup>th</sup>. There is a citizen water monitoring program that is sponsored by Virginia DEQ. He does not know to what extent the town website could be used to provide some of the links he is speaking of.

Terry Nicholson said he believes these are good ideas. That is a state-prescribed form but he is sure the town could add things like that to it.

Councilman Mills asked how Main Street Builders are doing with the sewer replacement project.

Terry Nicholson said the town has really enjoyed working with them. They finished George Street on time with no problems at all. They began work on Northview Street and there were known problems they had to deal with such as AEP lines so they had to be contacted to shore up a pole. Main Street Builders had to back under those lines in order to get the bucket high enough to dump into their trucks. They ran into a problem with the engineering drawings where they installed the new manhole that would have been above the grade of the road and they worked with the engineers and got that problem resolved. They are back on schedule now and should be finished by the end of July.

**Councilman Hale made a motion to approve the consent agenda. Councilman Mills seconded the motion.**

**Ayes: Hale, Bowles, Conley, Mills, and Goorskey**

**Nays: None**

**Motion Carried 5-0**

#### **Unfinished Business**

Terry Nicholson introduced Austin Sacks that works for Davenport & Company. He will be giving a financial status update for the town. (Presentation is at the end of these council minutes)

Austin Sacks said the presentation he will be giving is purely educational and he will be discussing some historical financial results on the general fund and water/sewer utility fund. He will also be discussing some potential financial policy targets for both of those funds and a preliminary glimpse into some capital planning, debt capability, and debt affordability. They are taking a phased approach. They look over a multi-year period for financial sustainability and being responsible stewards of taxpayer money. Some goals and objectives presented tonight include:

- Review historical financial trends within the Town's General Fund and Utility Fund.
- Assess the Town's historical cash/reserve levels for the General Fund and Utility Fund.
- Review the Town's existing debt profile.
- Analyze the Town's Estimated Capital Needs for both the General Fund and Utility Enterprise Fund through debt capacity and affordability analysis.
- Provide Financial Policy recommendations for the business-type operation of the Utility Fund that are in line with industry standards with the goal of enhancing the Utility Fund's financial strength and long-term sustainability.
- Compare critical financial ratios for the Utility Fund to other peer Virginia local governments to provide context as to how the Utility Fund finances compare regionally.

Historical financial results for the general fund show the town has produced a surplus in three of the five past fiscal years. Covid years were very challenging and credit is due to town staff and the elected body for bringing revenues back up the last couple of years. There has been some ARPA money to flow through the general fund but most have been spent on capital projects. The five-year CAGR (Compound Annual Growth Rates) has a total of 9.8% for FY19 to FY23 and that is a very strong number in terms of revenue growth. ARPA funds inflated that percentage a little bit. General property taxes has had steady growth at 3.8% annually over the last five years and that is the largest single source of revenue. Sales and use tax, meals tax, and business license tax have fluctuated the past five years but each have grown percentage wise. There has been a steady level of growth the past two years but the town does not want to depend on that level of growth. Revenues may not decrease but the pace of growth may not mirror the 10% previous growth. General fund expenditures have increased on the operating side as well as the capital side with material costs and things of that nature. The annual growth rate for expenditures in the general fund mirrors the revenue side at 9.8%. The reserves, or unassigned fund balance, is the single most important metric for local governments. It can also be called a rainy-day fund or a savings account. These funds can be used for an unforeseen emergency. FY21 was a negative number but that number stabilized in FY22 and up to approximately \$141,253 in FY23.

Councilman Hale said the unassigned fund balance was at 5% in FY23. What is the unassigned fund balance for other localities the same size as Narrows?

Austin Sacks said 5% is on the lower end but there are a ton of other local governments that have been challenged over the last couple of years. Narrows is not unique and there have been some local governments that have a negative fund balance. The target policy of 16% would seem like a strong level but thinking of that another way is it equals about two months of operating expenditures.

Terry Nicholson said Austin Sacks and Kyle Laux recommended the town bring up the unassigned fund balance with some of the ARPA funds, which they did in FY24.

Austin Sacks said the following are reasons why an unassigned fund balance is important:

- Provides adequate month-to-month cash flow and eliminates the need for costly cash-flow borrowing.
- Provides funds for emergency situations (i.e. natural disasters).
- Provides funds for unforeseen expenditures or revenue shortfalls that occur during a fiscal year.
- Allows for bond funded capital projects to begin prior to having borrowed funds on hand.
- Helps mitigate/offset other financial weaknesses.

- Provides comfort to potential lenders and the rating agencies as it relates to the Town's financial strength/flexibility and thus allows the Town to obtain competitive financing.

The FY24 preliminary estimates include:

- Preliminary unaudited estimates regarding the Town's General Fund for FY 2024 are positive.
- Revenues are anticipated to come in approximately at the budgeted levels.
- Expenditures are anticipated to come in below budgeted levels.
- The Town is anticipating a surplus and the ability to add to fund balance.
- This will mark the third consecutive year of positive financial results for the Town's General Fund.

Councilman Conley asked when the unassigned fund balance increases does that help the town receive loans.

Austin Sacks said it can when lenders offer a potentially lower interest rate because they have more comfort in the town repaying that debt service. Interest rates have increased materially on the shorter-term side so having those reserves can reduce the need for taxes in that it generates investment income annually. The funds are not just sitting there doing nothing because they are making money and creating a revenue source for the town.

Councilman Hale asked Mike Bedsaul if there were limitations by statute on how big the unassigned fund balance can grow on a percentage basis or relative to the budget.

Mike Bedsaul said he did not know. He had heard of debt-limitation rules that apply constitutionally but he is not aware of a limitation on the amount allowed in an unassigned fund balance.

Austin Sacks said he is not aware of any.

Mike Bedsaul said there are probably no limitations because those funds would be used for some public purpose in the future.

Austin Sacks said the historical taxable assessed values for the town show there has been stable growth each year. The total grew to around \$125,591,650 in 2023. There was some nice growth in personal property because of car prices and things of that nature in the last couple of years. The historical background on real estate taxes has remained relatively stable over the last decade. The taxable-debt profile (debt solely paid from the general fund) excludes water and sewer utility fund debt. In FY29, the 2023 interest financing may become due depending on the ultimate use of the project. The note can either be paid off or they can 'term it out' which would mean finance it for a longer period of time. All of the town's debt is at a fixed rate and there is no variable-rate debt. All of the town's debt should be paid off over the next decade. Looking at some debt ratios there are two categories: debt vs. assessed value measures the town's outstanding principal as a percentage of the town's tax base and provides insight into the town's total leverage; debt service vs. expenditures looks at budgetary flexibility and an example would be out of every dollar in the budget how many pennies are going to make a debt-service payment. There are some recommendations into a potential policy level for that which will be discussed later. The town has limited tax-supported debt outstanding. The state code restricts the town's outstanding general obligation debt to a maximum of 10% of the assessed value of real property. This translates into a net legal debt limit of approximately \$7.5 million. That would be the top of the town's debt capacity. Davenport would recommend a more responsible level to be 4% because there is not only the issuing of the debt but there would also be the affordability aspect identifying those revenues to make the debt-service payments.

Councilman Mills asked if council could make that a policy. It could be changed if they got in a bind.

Austin Sacks said that was a good question and they could adopt that policy but he would recommend they work through the capital planning and multi-year planning first.

Councilman Conley said if they adopt a 4% policy they would have \$4.8 million of borrowing capacity.

Austin Sacks said that was correct assuming there was growth in the tax base. They still need to wait and look at the five- and ten-year projects.

Councilman Mills asked when the five- and ten-year projects would be presented.

Terry Nicholson said the town is working with Davenport & Company to create the five- and ten-year plans and that will be the next step. It should happen in FY25. When the plans are developed he would like to have a meeting with Davenport & Company and council to prioritize what they are going to do. He envisions that being something like a workshop, which has been done in the past, and they would set goals and priorities for the next few years. They have spent a lot of time and resources defining what these things are they know they need to do so they will take that information and put the puzzle together.

Austin Sacks said when they look at the plan it will not be set in stone. It will be reviewed annually, at a minimum, understanding there will be new things coming up and there will continually be changes as they work through the plan. Davenport & Company recommends the town's debt service vs. expenditures ratio to not exceed a ratio level in the range of 10% (\$2.9 million borrowing capacity) -15% (\$4.7 million borrowing capacity). There is a balance to understanding not only debt capacity and what the ratios look like but also understanding where revenues come from to make the debt-service payments. There is a list of preliminary projects for the town that were provided by town staff and those total about \$3.1 million, the largest being the fire/police department building. They wanted to show what the debt service may look like so the annual payment just for the fire/police department building would be around \$200,000/year. When all of the puzzle pieces are added together that totals around \$50,000/year. If this amount is added to current town debt, for 20 years at 5% planning interest rate the annual payment would go from around \$50,000/year up to around \$300,000/year. These figures are just for preliminary planning. There is an organization called Rural Development that will let you finance over 40 years, so if the fire/police department building is removed from the equation and funds for that are with Rural Development it would drop the highest annual payment from around \$300,000 to around \$250,000. Some background into the utility enterprise fund includes:

- The Town maintains a Water & Sewer Utility Enterprise Fund.
- The Utility Fund is accounted for separately from the General Fund.
- The Utility Fund has been historically self-supporting (i.e. not reliant on annual transfers from the General Fund).
- Maintaining a self-supporting utility system is critical for several reasons, including the fact that it insulates the General Fund from the additional burden of needing to cover utility-related costs.
- Additional Key Considerations for the Utility Fund include:
  - Users of the system pay for the system;
  - Actively monitoring the need for potential rate increases reduces the chance of future rate shock;
  - Maintaining sufficient reserves (most often measured in Days Cash on Hand) mitigates against volatility in both demand for services and expenses; and
  - Continuing capital investment with appropriate proportions of cash, debt, and other sources of funding (i.e. grants) is critical to maintaining the structural integrity of the system and future financial sustainability.

Historical financials for the utility enterprise fund have shown a good rate of growth the past three years. The utility actually transfers some money to the general fund side of the budget. It has drawn on reserves through the last five years but the majority of the time it has been self-supporting and has been able to pay for its own costs. Operating revenues in FY23 were around \$940,000 and a surplus of around \$100,000 in FY23. Water and sewer revenues over the last five years show limited growth with 55% water and 45% sewer. There was a slight increase in expenditures in FY21 but if that year is taken out it has been pretty consistent. There has been limited growth on the expenditure side. Salaries and fringes increased significantly in FY21 but went back down in FY22. The town closed on a loan in the amount of \$265,280 with VRA earlier this calendar year which brought the principal of the utility debt profile to around \$920,000. The town does a good job with paying its debt. One key utility financial ratio is Days

Cash on Hand, which can be thought of as how many days cash the town would have in operating expenditures if revenue stopped and reserves had to be used to continue operations. The 2024 VRA loan did have financial covenance at minimum levels so the ratio would need to be 120 days at a minimum. Davenport & Company would like to work toward adopting a policy of 200 days over the next several years. The other key utility financial ratio is Debt Service Coverage Ratio. This is a cash-flow metric that looks at after revenues are collected and debt operating costs are paid how many dollars are left for debt-service payment. For example, if there is \$100,000 in revenue, \$90,000 of operating expenditures, and \$10,000 in debt-service payment that would be a 1:1 ratio. The VRA loan requires the ratio to be 1.15X at a minimum. Davenport & Company would like to work toward adopting a policy target level of 1.50X. Historical debt service coverage ratio shows that from FY19 to FY21 reserves had to be used to make debt service payments but there has been a positive trend in FY22 and FY23. The debt service coverage ratio was 1.30X in FY23 and they would like to see that trend continue. Days cash on hand for the utility fund was around \$750,000 in FY19 to around \$550,000 in FY23. There were around 225 days cash on hand in FY23. Some preliminary projects on the utility fund side are lead and copper rule revisions and RBC replacements. Those come to a cost estimate of \$420,000. A potential new project they will be looking at over the next few months is a new sewer plant. They will need to develop a multi-year plan as to how that will be phased in. Loan payments in 2026 will increase from around \$80,000 to around \$140,000 when including the lead and copper rule revisions and RBC replacements. There would need to be around a 70% increase in water and sewer fund revenues to make these debt-service payments. Water and sewer revenues would need to increase to roughly 7%.

Terry Nicholson asked if this scenario took into account the rates being raised 10% in FY25.

Austin Sacks said it did not. The revenues the 10% increase accumulated would potentially cover the debt-service payments on a couple of the projects. Debt-service payments do continue past 2033 but there is a drop off at that time. Interest rates for tax-exempt borrowings are at historically favorable levels. Interest rates for tax-exempt borrowers were around 12%-14% in the early 1980's and are now around 4%. Short-term reinvestment rates have increased to levels last seen over a decade ago. In the last 24 months, there has been a significant increase in the LGIP interest rate to where now the town could be earning 5% to 5.5%. Davenport & Company has developed a map showing towns comparable to Narrows, which have water and sewer utility systems of relatively similar size. These include Amherst, Pulaski, Tazewell, Big Stone Gap, Marion, Hillsville, Rocky Mount, Altavista, and Appomattox. Narrows had around \$1 million in water and sewer revenue according to their FY23 audit. Narrows' peers had slightly higher revenues. Narrows' debt service coverage was at 1.30X coverage. Narrows' peers had around 2.15X coverage. Narrows needs to look at adopting a policy to have 1.50X coverage so they will be near their peers. Narrows had 225 days cash on hand according to the FY23 audit and that is good. A Narrows water bill (based on 3,000 gallons/month) is \$32.76 for water and \$35.77 for sewer for a total of \$68.53. They are slightly higher than other towns but they are all within a median range.

Councilman Mills said Narrows has taken a very aggressive approach to a problem that is not going to go away. They cannot fix 1940's water lines with no money.

Austin Sacks said Narrows is not alone in raising rates. Davenport & Company see that all across the Commonwealth. There are some next steps for the town to take so if council can take a look at them and have any questions they can direct them to Town Manager Terry Nicholson. The town needs to work on the multi-year financial plan for the general fund in the next couple of months and the water and sewer utility fund. This needs to be implemented into the FY26 budget.

Mayor and Council thanked Austin Banks for his presentation.

### **Communications, Concerns and Requests from the Public**

None.

### **Communications from Mayor, Council, and Staff**

Councilman Mills said the next PSA meeting will be July 11<sup>th</sup>.



Terry Nicholson said he wanted to update council on a new state law that went into effect July 1, 2024, that will affect disconnect policies for water and sewer. No water or waste water utility can be disconnected from service if the forecasted local temperature is at or above 92 degrees Fahrenheit within the 24 hours following the scheduled disconnection. The biggest thing with this change is that no water or waste water utility can be disconnected until the customer's account is 60 days in arrears. The town currently disconnects if the account is 30 days in arrears. This has been done successfully and has kept delinquency rates relatively low. The town is now required to wait an additional 60 days and before their service can be disconnected the customer has to be notified in writing that their service is going to be disconnected. The town's disconnect policy is being revised to accommodate all of this. There will be no disconnects made in July because there will be no customers more than 30 days in arrears. He will need to speak with Mike Bedsaul about the letter as to whether it is sent registered or not.

Mike Bedsaul said the new language states that *'after each missed payment, the utility shall provide notice pursuant to subsection B and make contact with the customer and offer bill payment assistance, arrange a payment plan, or provide information to the customer for other bill payment assistance or energy savings programs'*. Has there been any discussion on how to handle this?

Terry Nicholson said the town can do that by giving the customer information for social services opportunities on the back of the water bill notice.

Mike Bedsaul said it is unclear to him as to whether the customer also needs to be called notifying them they may be disconnected.

Terry Nicholson said the bill states the customer has to be sent a letter and make contact with them by text, email, or phone.

Mayor Spangler said it seems to him that this caters to people who are late paying their bill or do not pay it at all but not to the customers that pay their bills on time.

Terry Nicholson said the town has repeat offenders every month that do not pay their bills on time.

Mayor Spangler said this makes it harder for localities to collect money that is owed.

Terry Nicholson said his concern was that it makes it harder for the customer to recover from that if they wait 60 days to pay. He wanted to make council aware of this because they are still working toward accommodating this.

Mike Bedsaul said there is a notice on the back of the utility bill concerning the disconnection procedure. If a customer is to pay monthly, but they do not pay, that is 30 days. He thought the policy stated they were not disconnected for another 30 days and that would make 60 days.

Debbie Thomas said currently a bill is generated at the beginning of a month and that has to be paid by the 10<sup>th</sup> of the following month so the customer is being given 40 days to pay the bill.

Mike Bedsaul said he can talk to Terry Nicholson about this. He is concerned that the bill states the town is to make contact with the person that is due for disconnection but may not be able to make contact because of missing or incorrect information.

Terry Nicholson said bills are postmarked and the notice will have to be sent in an envelope because the postcard does not have enough room for that information.

Mike Bedsaul said he is afraid this will come down to a he-said she-said situation because the customer may say the town cannot disconnect their service because they never made contact with them even though a town employee may have been on the phone trying to contact them three or four times a day.

Councilman Hale asked how soon a customer was cut back on once the payment was given.

Terry Nicholson said if payment was made on the same day then the service would be cut back on before 5:00pm. His concern is what 'notice' and 'contact' will be defined as.

Mike Bedsaul said they need to have the language defined. He can see what they are trying to accomplish with this but the language seems ambiguous. There are different code sections referenced in this bill concerning utilities regulated by the State Corporation Commission and they do not have the authority to regulate utilities that are owned and maintained by localities. In part, he believes this is something that gained attention during Covid and there was emergency legislation that came out preventing disconnection of water. He believes they are trying to adopt provisions that apply to utilities that are operated by localities and adopt corresponding statutes to utilities that are regulated by the State Corporation Commission and make sure they operate under the same provisions. This section of the statute is where localities are given the authority to operate water and sewer utilities. There were already provisions in there related to when a locality could disconnect a customer.

Terry Nicholson said last month when he talked to council about the I&I study and requested Thompson and Litton help the town to apply for a grant. He found out later the town would not be applying for a grant but would be a loan. Thompson and Litton is proposing as part of the waste water plant renewal the town would, in the first year, apply for a loan to pay for the I&I study for improvements the I&I study may identify within the sewer system and the loan could be up to \$1.5 million. Thompson and Litton will speak to council more when they come in August about the whole waste water treatment plant proposal. The town will go ahead and submit the proposal to DEQ for this potential loan and they can come back and make an offer. The town is hoping the offer will include some principal forgiveness, basically a grant, but not all of it would be forgiven. The town is under no obligation to accept the loan. The reason the I&I study is important is because if the town can limit their I&I then the peaks the town is seeing during rain events at the waste water treatment plant would be lessened so capacity would not have to be increased at the waste water treatment plant.

Councilman Goorskey asked how the I&I study was different than the study that was done four or five years ago. At that time, they identified some similar things so how is this different.

Terry Nicholson said it is covering the entire system and would be updating the study that was done before. Problems may be found not only on the public side but on the private side as well. There would be a review of what has been done in the past and a plan put together for fixing those things. This would not be repeating anything that had been done but just updating it.

Mayor Spangler asked if any ARPA funds were allocated to upgrade manhole covers.

Terry Nicholson said they did and some of those funds are still there.

Mayor Spangler asked when ARPA funds expire.

Terry Nicholson said December 31, 2026. There is around \$100,000 in ARPA funds that have not been spent toward the sewer project. Those unexpended funds could be used to get the Thompson and Litton I&I study started.

Mayor Spangler said funds that were allocated for repairs may be used for a study.

Terry Nicholson said it would be used for part of the study and the implementation.

Councilman Mills said this project needs to begin.

Terry Nicholson said the funding the town would be applying for is part of the bipartisan infrastructure law. The deadline is in July so Thompson and Litton has already been working on this for the town and they have put together a timeline for next year for the town to apply for more funding to help with the waste water treatment plant as well.

### **New Business**

Terry Nicholson said he and Debbie Thomas have had several citizens complain about when their tax bills become due on December 5<sup>th</sup> of each year. This date is right before Christmas and

is at the same time they have to pay Giles County taxes. The Town of Pearisburg has a March 15<sup>th</sup> tax due date. He has spoken with Davenport & Company concerning this and they agree that the town could change the tax due date to March 15<sup>th</sup>. This will cause a lag as to when the town receives the influx of funds but the town has been building its unassigned fund balance so this should not be a problem. The months where the town is spending more than they are bringing in are few and far between. The bills will still be mailed the same time they usually are in November but will have a March 15<sup>th</sup> due date. Many people will go ahead and pay the bills but will have the option to wait and pay by March 15<sup>th</sup>. Funds will be received in the same fiscal year so this is doable for the town.

Councilman Hale said he was concerned about a couple of things. Terry Nicholson stated something along the lines that this was in response to comments by a few people, or something similar. He would like to be responsive to that, however, he would ask about the people that are not complaining or not commenting and are used to this. The second concern he has is that he does not want the town to be in a position they had not anticipated because they wanted to do the right thing for a few people.

Debbie Thomas told council that Narrows is the only town in the county that still has a December 5<sup>th</sup> due date. Pearisburg, Pembroke, and Rich Creek all have March 15<sup>th</sup> due dates. She does not know about Glen Lyn. These localities at one time had a December 5<sup>th</sup> due date so they had to make the same adjustments they are speaking of now.

Councilman Conley said he is in favor of this but wondered if they needed to have a public hearing.

Mike Bedsaul said a public hearing did not need to be held. They may want to allow public comment because there may be some citizens that are concerned about the three months involved.

Councilman Conley said the town could do their due diligence by advertising this for next month's meeting and allowing public comment.

Mike Bedsaul said the town only has to absorb this one time and then the due date would be March 15<sup>th</sup> from that time forward. This could also be advertised on the town website.

Terry Nicholson said people could also comment by email.

Councilman Goorskey said he is in favor of this and believes this would be a good year for this to happen. This has been talked about for a number of years. He has never heard any negative comments but believes it is a good idea for public comment.

Councilmember Bowles said she has been speaking with Terry Nicholson concerning student recognitions for exemplary performances throughout the year in extracurricular activities. They want to recognize those students on July 29<sup>th</sup> with a cookout at the park and present each student with a certificate of recognition.

Councilman Mills said that sounded like a great idea.

Terry Nicholson said they will have a list of those students that can be read at a council meeting so it can go into the record.

### **Matters for Consideration by Council**

Mayor Spangler said council is being asked to approve an engagement letter from Robinson, Farmer, Cox Associates, PLLC.

**Councilman Mills made a motion to approve the engagement letter from Robinson, Farmer, Cox and Associates, PLLC. Councilman Goorskey seconded the motion.**

**Ayes: Hale, Bowles, Conley, Mills, and Goorskey**

**Nays: None**

**Motion Carried 5-0**

Mayor Spangler said council is being asked to approve the cooperation agreement for the Home Investment Partnership Program.

Councilman Mills said the town is a member of the Home Consortium and this is a fabulous opportunity. The building council is sitting in, along with buildings in Pembroke, Rich Creek, and Pearisburg have all benefitted from these funds. The consortium secures federal dollars and this agreement has to be renewed every three years.

Terry Nicholson said this is for the regional commission.

Councilman Mills said he is asking council to approve this agreement.

Councilman Conley said he did not know Giles County was a part of this: this must have taken place before he came on council.

Councilman Mills said Giles County has been on it for many years.

Councilman Conley said under ‘Allocation of Funds’ it states that *funds available annually to the CONSORTIUM, including CHDO funds in the total, under the HOME Investment Partnership Program will be available based on HUD’s allocation formula to each county or city and committed to projects approved by the BOARD, minus administrative funds provided to the ENTITIES.* Are allocation formulas fair for all involved? It also states that *all member localities will have the opportunity to submit to the BOARD for consideration on an annual basis. The intent of the CONSORTIUM is to serve all MEMBERS with HOME funds over time.* He does not know what that time is. It states that Blacksburg and the New River Valley Regional Commission will be the administrators.

Councilman Mills said Blacksburg carries the load and are exceptionally dedicated. He has served on the home consortium board for a long time and has never had one complaint about the way they do business. If someone wants to take his place on the board they are more than welcome to. The board has attempted to allocate money to all counties and localities that are members of the home consortium. There is a representative from each county involved. He will answer questions asked of him about the home consortium but when it comes to the formulas they use they would have to ask someone else. Council could have a representative from the home consortium to attend a council meeting to explain the formulas but the agreement they are being asked to approve tonight is time sensitive.

Terry Nicholson said incorporated towns, counties, and cities are all members of the home consortium.

Mike Bedsaul said he believed Councilman Conley’s question was referencing Section C ‘Home Consortium Board’. Under bullet number four it states *the BOARD will consist of two (2) representatives appointed by the governing bodies of the following localities: Giles County, Montgomery County, Pulaski County, Floyd County, and the city of Radford. Each representative will have one vote.* The reason it is probably structured that way is there are several towns that are part of counties and if every member in Giles County was given a vote that would include Glen Lyn, Rich Creek, Narrows, Pearisburg, and Pembroke. Voting would be uneven in that Montgomery County would only include Blacksburg and Christiansburg.

Councilman Conley asked if they knew the amount of money that came back to the Town of Narrows from this.

Councilman Mills said one year it was around \$500,000. He believes there was money from the home consortium spent on the Narrows Town Hall. They also built the assisted living building in Rich Creek. He would like to work with Habitat for Humanity to fix some blighted buildings in town.

Mayor Spangler said the document they are speaking of has to be approved and returned in order to receive funds from the home consortium.

**Councilman Goorskey made a motion to approve the cooperation agreement for the Home Investment Partnership Program. Councilman Hale seconded the motion.**

**Ayes: Hale, Bowles, Conley, Mills, and Goorskey**

**Nays: None**

**Motion Carried 5-0**

Mayor Spangler said council is being asked to approve a donation to Narrows Little League Football.

Terry Nicholson said this was brought to council at June's council meeting but a donation of \$500 had already been given in FY24. Council decided to wait until FY25 to consider the donation again.

Councilman Goorskey said this donation is going to Narrows Little League Football. The two people listed on the donation letter were not aware the letter was given to council last month. There are several people asking for donations so that may be why it came in the wrong fiscal year. He just wanted to make sure it was going to Narrows Little League Football. There was discussion of starting a mite league football team.

**Councilman Goorskey made a motion to approve a donation of \$500 to Narrows Little League Football. Councilman Mills seconded the motion.**

**Ayes: Hale, Bowles, Conley, Mills, and Goorskey**

**Nays: None**

**Motion Carried 5-0**

Councilman Conley asked if all fire department vehicles are now operable.

Terry Nicholson said yes.

Audre Roberts thanked council for allowing town employees to help her with a maintenance problem in her building.

**Councilman Goorskey made a motion to go into executive session for consultation with legal counsel (Sec. 2.2-3711.A.8) regarding a potential boundary-line adjustment and personnel matters (Sec. 2.2-3711.A.1) regarding employee performance. Councilman Mills seconded the motion.**

**Ayes: Hale, Bowles, Conley, Mills, and Goorskey**

**Nays: None**

**Motion Carried 5-0**

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

**Ayes: Hale, 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

**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:** \_\_\_\_\_

07/08/2024

**Councilman Goorskey made a motion to accept the certification. Councilman Mills seconded the motion.**

**Ayes: Hale, Bowles, Conley, Mills, and Goorskey**

**Nays: None**

**Motion Carried 5-0**

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

**Ayes: Hale, Bowles, Conley, Mills, and Goorskey**

**Nays: None**

**Motion Carried 5-0**

\_\_\_\_\_  
Clerk, Debbie Thomas

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Mayor, Tom Spangler