

**Narrows Town Council
Budget Work Session
April 28, 2025**

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

Public Hearing

Mayor Spangler opened the public hearing concerning the DHCD Urgent Need Grant.

Terry Nicholson said this was the same process they talked about at the meeting earlier this month. This was for urgent-need funding that came through DHCD and was a result of the flooding from Hurricane Helene. They proposed to use this funding for, in the absence of other public input, a generator at the wastewater treatment plant that would be fueled by natural gas and would be located outside of the floodplain so that it would not be affected by flooding in the future. He had the application ready to submit so he will pursue doing that this week. The town did have the legal requirement of two public hearings, and this meeting is the second of those public hearings. He did not need action from council tonight, since they had already approved him to pursue this. He just wanted to give council an update.

Mayor Spangler said the generator may be purchased if the funds were available but it would not be installed until after the town found out where they were going with the sewer plant and the layout.

Terry Nicholson said it would actually be installed now and the reason they could do that was because no matter which direction the town goes, whether they build a new plant in Pearisburg and turn this one into a pump station, they would still need that generator. They would locate it so that it would not be in the way of either operation and would stay where it was for the next twenty-plus years. It would either be serving the Town of Narrows' plant or it would be serving the pump station. In actuality, the sizing of it was increased slightly because it would take more to operate the pumping station than it would to operate the plant just because of the size of the pumps that would be needed.

Mayor Spangler closed the public hearing.

Communications, Concerns and Requests from the Public

Mayor Spangler said Terry Nicholson had some information to share with council.

Terry Nicholson said there were several things he wanted to give council updates on. One was the recreational trails program that he and John Hale had been working on. He gave council a resolution tonight to be approved for improvements to Mill Creek Nature Park. The resolution simply stated that council authorized John Hale and himself to submit the application. Since there was not a quorum present, no action was taken. This resolution was to do improvements to the trail head at Mill Creek, expanding the parking area, putting a trail in that indicated where to go there, and some signage along the trail itself. The grant was for \$120,000 and there was a match that was \$24,000 that would be required. The Giles County IDA had agreed to split that cost with the town so the town would only be putting in \$12,000 and would use their force labor for the grading and things that needed to be done there so the match will be in-kind, and would not be a cash match. The IDA would either provide in-kind or cash depending on the town's needs.

Mayor Spangler said what Terry Nicholson was asking was if council was in agreement with the project, with authorizing him to sign any necessary documents or complete any necessary documents associated with that, and to commit the contribution from the IDA to be used towards that.

Councilman John Hale and Councilman John Mills were both in agreement. Terry Nicholson will submit the application without the resolution, and Council will have to approve the grant agreement if and when we get the grant.

Terry Nicholson said he wanted to update council on the rotating biological contactors at the waste water treatment plant. He and Cody Kast sat down together and talked about replacing the RBC's. Several council members asked if the town had to do that if ultimately they were going to get rid of the waste water plant. So he and Cody Kast looked at the numbers both ways, and felt like it was worth taking the risk for the town to leave those in place. They were working fine now, and staff would continue to maintain them. Cody said if they were to have a problem with the RBC's they could replace sections of them rather than replacing the whole thing. That might cost the town \$25,000- \$30,000 versus \$300,000 to replace each one of those, and they were going to replace three of them over the next three years. By only maintaining them, the town could save a million dollars over the next three years. Cody was reasonably confident that they could do that and make those work. The example Cody used was Pearisburg. They had been nursing theirs for much longer than Narrows, and he felt like Narrows could do it because theirs were in better shape. Terry Nicholson will pull that out of the capital improvement plan with Davenport & Company, and it will save the town a million dollars over the next three years. Terry Nicholson felt like this was the way to go because the town was leaning towards building a new plant.

Terry Nicholson wanted to let council know the town received the EPA Thriving Communities Grant that was applied for in the amount of \$350,000. There was a caveat in the letter that he received, and it said that the town had been approved for the grant, but the EPA did not have the approved funding for that grant yet. They were waiting on the federal government to actually approve that funding, so the town will not actually have access to it until the federal government approves it. This was still great news because if and when that funding did come through the town will receive it. Terry Nicholson had talked about what they would be using that for; it could help with some of the design of the fire department up on the Gallimore property and with looking at some of the other improvements they wanted to make to the Gallimore property.

Terry Nicholson said Sara Bowles asked him to mention this to council tonight. The Parks and Rec Commission had been working with Jeff Spicer, who was the one that did the fireworks for the town each year. He had been in contact with the state fire marshal's office and the fire marshals were now going to have to approve sites where someone would be shooting fireworks from, and Jeff Spicer knows that they will not approve where the town had been shooting them from for the park. The P&R Commission had been looking at what their alternatives were, and John Hale had been gracious enough to work with the town by looking at some alternatives that might involve some property that he and his family own. They were looking for alternatives to still make it happen within view of the park for the 4th of July. If that did not work out, and again there were some logistical things to consider about any of the sites they shoot them from, their final option would be to do them at the Gallimore property which was where they did them during COVID when people were not allowed to gather at the park. If the town had to draw back to that solution, the Parks and Rec Commission did not want to pay for the fireworks, and their reasoning was it would not be a fundraiser for them if they were doing them where you could see them from anywhere in the town. There would be no reason for anyone to go to the park in order to see the fireworks. The cost would be a couple of thousand dollars probably, and he felt like if the town got into that situation they could find the money to do that. They needed for Jeff Spicer to go look at the options that John Hale had presented and figure out logistically whether they would work or not. They will let council know once they know for sure what the possibilities were going to be.

Councilman Mills said the town had to have fireworks but where was debatable.

Discussion of FY26 Budget

Terry Nicholson said he had given council a copy of the budget proposal as he had prepared it and he was really comfortable with where they were right now, and in actuality had they had a quorum tonight he would have asked council to give him the go-ahead and just say in May they would present the first reading of the budget and in June they would do the second reading of it.

Councilman Hale asked Terry Nicholson if he would still be able to do that offline so that they did not lose any ground with this with the other absentee members or no.

Terry Nicholson said he thought they could do that, and what he wanted to do was to summarize everything for council tonight and get input from them as to where they stood right now. They would present it in May as the draft budget for approval for council. He will send some kind of document to the three that were absent tonight and let them see what they talked about tonight, but he was going to walk through this really quickly because the council members present were familiar with this, and had done this before with him.

One of the things they talked about was they did not want to increase the personal property tax rate or real estate tax rate, and he did not do that in this proposal. Real estate and personal property tax rates would stay the same. The town would get a little bit of an increase in personal property taxes this year because the cost of vehicles had gone up enough and, unlike real estate, vehicles were being reappraised every year, as they use a blue book value. Those values had gone up in the last year, so the town's amount for personal property taxes would go up. The personal property tax relief act would also bump up this year for the town residents, but, even so, the town would still gain ground on personal property tax.

Council had talked about doing an increase in water and sewer rates again this year, and he used the 10% increase, which was what they did last year. Making that increase helped them out a great deal on the water and sewer funds, which are necessary for all the projects they were planning. He had the water line maintenance in the budget and bumped that up as well. They went to \$40,000 for line replacements there,.

The street maintenance number that was in the draft was based on this year's street maintenance, and the town would not know what the new rate was going to be until the state had adopted their budget and VDOT had time to process that. He knew it would not go down but would likely go up, and that would help the town. That was money that came in as a revenue, so the deficit would go down if the revenue goes up, so he was not concerned about that at all.

He did increase the figure for sale of property and there was a line item there for the BB&T bank building and the Wheeler building. He wanted to advertise those for sale and look for ways for the town to actually get those back into the tax rolls and into somebody's hands that could do something with them.

The things just discussed were on the revenue side. On the expenditure side, he did increase the funds for the zoning ordinance update which was underway with the New River Valley Regional Commission. They had planned that in the past, so they had just updated that for this year's budget and was a slight increase this year from what it was last year. That was because it did not start until a few months into the fiscal year last year so this would include a whole year's worth. Davenport Financial gave the town a number to put in for their 10-year plan that they were working on with them and for the planning for the financing that the town will do for all of the capital projects that they talked about in the strategic planning sessions they did with Kevin Byrd. They increased that from \$15,000 to \$30,000, and that was a deal in his mind with the way they had helped the town with the financial planning.

The parks and rec budget included, as John Hale had requested, having a part-time person at the park from Memorial Day to Labor Day so somebody would be there daily.

Councilman Hale thanked Terry Nicholson for remembering that and really appreciated it.

Terry Nicholson said he and Roger Shepherd felt like they had a good plan where they could hire one or two teachers that would help with that. They wanted the workers to be an adult, perhaps

either a college student or a teacher, somebody who was out of work for the summer, to help with that.

Mayor Spangler asked if the individual could be furnished some type of radio that would interact with the police department if needed.

Terry Nicholson said they could do that by cell phone.

Mayor Spangler said that could take a little bit longer. You just never knew when you were going to need somebody.

Terry Nicholson said there was a line item in the budget for I&I study and that was a continuation of what the town started last year with Thompson and Litton for the sewer system and was a carryover from what the town had not spent so far this year. They still had two more months in this fiscal year, so that amount would actually go down and that would only help the town with the deficit they had.

He missed putting \$9,000 in for computers in the Fund 20 capital budget so the numbers at the bottom of the document they were looking at would be slightly different than what council had on their paper, but he would give them the updated figures in just a moment.

Health insurance rates were rising by 12% this year and his concern in that happening was that the town had some lower paid individuals that worked for the town who were making roughly minimum wage, even though they were full-time so that 12% increase would actually make it so their take-home pay would conceivably go down even if they were given a raise, and he did not want their employees to lose this amount. To resolve that issue, he took the amount the town paid for the employees' health care benefits (80% for single coverage, 67% for dual coverage, and 65% for family coverage) and did calculations to say what was that dollar amount going to go up for single, dual, or family. He tweaked the percentages that the town paid and made it so instead of 80% the town would cover 85%, etc., and each category went up by 5%. In doing that, it made it so their take-home pay stayed the same if they did not have raise and that way the raise they would be given would be above and beyond where they stood right now. The employee would not be losing ground because healthcare was going up so he made that adjustment, and that was included in what council had in their draft proposal.

Councilman Mills said he was in agreement with that 100%, but he did request that this be articulated to town employees to let them know what council was doing.

Terry Nicholson said they would definitely do that because employees were sent a letter every year about their health insurance costs going up so they will put that in the letter. The other thing he asked council to allow him to do with that was, since the town paid for health benefits a month in advance, he would implement that on June 1st rather than on July 1st so that what they were paying in June for July's coverage made up that difference, since it would not cost the town that much more. The draft he gave council did not have a salary increase included yet. He would like to recommend that council do a 3% cost of living adjustment to their salaries. The increase that the town will do in their healthcare coverage and the 3% would get them to be pretty consistent with what the state was doing this year for cost of living adjustment. He was not doing any merit increases this year and the reason for that was he was comfortable with where their employees were falling relative to each other and relative to Pearisburg who was their competitor who they usually tried to compare themselves to. He felt like they were in good position now and next year when things loosened up a bit for the town because of the increase from the appraisals for real estate taxes they could deal with any changes between now and then. There were times in the year where somebody will go through and get a certification, for instance Cody Kast just got his confined space certifications to deal with anybody that had to enter a manhole and things like that. A lot of times when somebody does something like that it was in the town's personnel policy that he could give them a step increase in their pay so that during the year if things like that come up he could do that and could do that without council's approval.

Councilman Mills said Terry Nicholson should be able to do that if people were trying to better themselves for the town's work.

Terry Nicholson said that was built into the town's policies already for him to be able to do that. He felt like if something occurred during the year where they needed to adjust like that he could deal with that through the personnel policies. On the last page of the expenditure spreadsheet, it showed that the grand totals were \$3,923,219.10 which was relative to their income which was \$3,887,106.01 from the revenue spreadsheet. Right now, they were short by that amount so the difference without a raise was \$37,358. The town normally runs a \$50,000 deficit. To give a raise to the employees would cost the town \$45,630. He also included debt service for two vehicles that they will need to borrow money to purchase. One was a public works truck that they needed and one was a mini excavator which would be used for the water line replacements they were doing up in Tom Spangler's neighborhood. They had been talking about using a mini excavator to go into somebody's yard rather than the big backhoe with rubber tires which would tear a yard up. The mini excavator was something they could use and the guys had priced it. They felt like for that \$120,000 they would need to borrow to do that they could get both the mini excavator and the truck to get them through this year. He included their debt service in order to be able to do that and was based on a 5% loan for five years which would be well within the lifetime of the equipment. He proposed to council that they bump up that deficit that they ran their budget from to \$119,168. They would be roughly doubling the deficit but they had never had to use that deficit before and their expenses were always less than their revenues. The town budgeted conservatively on both sides so he felt like this was a good workable solution. They would be able to give their employees a raise, keep them happy, and would be able to accomplish all the things they had planned to do this year with that budget. He felt like this was the proposal he would like to make for council to consider.

Councilman Mills said if they were going to have to do this every year they would have to take a closer look at it but they were not going to have to do it every year.

Terry Nicholson said council talked early on in their planning that this year they had the reappraisals of real estate and that was going to help them.

Councilman Mills said he was happy that they did not have to raise tax rates this year.

Councilman Hale asked Terry Nicholson if they, in his opinion, could conservatively say that this expected increase in revenue next year would cover the anticipated deficit that they were proposing tonight.

Terry Nicholson said yes. He felt like next year their decision was going to be how to adjust the tax rate down to get the town to the point they want to be at revenue-wise bringing in the increased taxes and satisfying their constituents that the town would be lowering the tax rate knowing that their appraisals were going up and their taxes were going to go up and that was exactly what was happening, for instance, with the personal property taxes. Their taxes were going to go up but the town was not changing the tax rate. It was because the value of the vehicle that they were driving was up and that was outside of the town's control.

Mayor Spangler said concerning the mini excavator there were a lot of different brands out there but he would rather spend the money and get a name brand one that was worthy of using. The Chinese ones will last about half as long as they need it to.

Terry Nicholson said they had looked at a John Deere, a Kubota, and a Bobcat and those three have local dealerships.

Councilman Hale said what was really important was dealer support.

Terry Nicholson said for the purchase of both the truck and the mini excavator they were looking at used options as well because there were some possibilities for being able to get those through the dealers. That was really all he wanted to present to council tonight.

Councilman Hale said he really appreciated Terry Nicholson's work on this and was very pleased that he had not forgotten about his interest in having some additional attention down at the park. He was also pleased to hear what Terry said in response to John Mills' inquiry about

making sure the employees knew what council was trying to do for them. One of his interests continues to be the whole blighted property issue and he realized that dealing with that took money so he was wondering two things: had they accounted for that at all in terms of potential increase in resources to support that effort and, if not, was there flexibility in this budget that would allow them to find funding for that if they needed it but had not accounted for it yet.

Terry Nicholson said there was flexibility to be able to do that if they needed to and had actually received several different options for how they might do that, which included either bringing somebody in part-time to do it or handling it with existing staff but changing their job responsibilities which was what they were initially trying to do.

Councilman Hale said what about increased legal fees.

Terry Nicholson said he did not increase legal fees this year with Mike Bedsaul even though he sent the town a letter saying that their hourly rates were going to go up. His reasoning for that was the town had not spent nearly what they budgeted for this year. The first year he was hired they had higher numbers for that because he had to rely on lot on Mike Bedsaul a lot more than he needed to now and the second aspect of that was they had a council member who was getting Mike to do things that were no longer being done so that caused their amounts to go up as well in the first year he was hired. Since then, they had been comfortably operating within what they budgeted so he did not feel like they needed to increase the legal fees for that. If they did end up going over budget it was just a matter of them going over that budget and over encumbering a line item and he was not terribly concerned about that unless they were doing that consistently for multiple line items within the budget itself.

Councilman Hale said he had a discussion with Mike Bedsaul related to the Holston Street issue with the school board and the handicap parking. In the back of his mind, as he was talking to him about that, he thought somebody was paying for this conversation.

Terry Nicholson said the town was.

Councilman Hale asked if there was any guidance Terry Nicholson could provide to council in terms of those conversations and how they could best manage those sorts of things.

Terry Nicholson said if it was town related just make sure he was included in that so he will know about it. If it was something that he felt like they could handle without getting Mike involved he could do that but if it was something that Mike did need to be involved in he just needed to know so when he received their bill he knew why the town was being billed.

Councilman Hales said he believed, in this case, their conversation stemmed from a conversation they had during a council meeting and then Mike Bedsaul sent him an email and said look at this and asked him to call him and talk about it. He thought that Terry Nicholson was in the loop.

Terry Nicholson said he was in the loop on that so that was fine. If there was ever something new that was coming up he would just prefer that he be included or start it with him and ask him about it and then he would get Mike Bedsaul involved.

Councilman Mills said he wanted Terry Nicholson to think and be satisfied with the deal he was getting from the town. He wanted him to feel satisfied because the town had a good thing going and he wanted to keep it going.

Terry Nicholson said he was very satisfied so he included himself in the 3% raise. He loved what he was doing and was enjoying it.

Councilman Mills said if Terry Nicholson ever needed anything he felt comfortable at this point in their relationship he could bring anything to the table.

Terry Nicholson said he did feel comfortable enough to do that.

Mayor Spangler asked what they were planning on doing with the middle shelter concession stand at the park. The metal doors that were on the bathroom that they locked at night were hideous looking. What was the possibility of getting the school to make some full length metal doors but not a solid door. Maybe something like what was there now except nicer looking.

Terry Nicholson asked Mayor Spangler if he was talking about the grates that were on the doors.

Mayor Spangler said yes.

Terry Nicholson said they could do something like that.

Mayor Spangler said something full length would look a whole lot better and he thought it would be a pretty nominal fee to do something like that.

Councilman Mills said there was talent at the tech center to do that.

Terry Nicholson said they did talk in the strategic planning meetings about doing some improvements to those bathroom and kitchen facilities.

Mayor Spangler said he believed it would be an advantage and a much needed thing to improve that concession stand and make the kitchen area usable again. It would have to be air conditioned but if they could serve hot dogs and hamburgers and that type of stuff he thought it would really enhance the number of people that would come to the park.

Councilman Mills said one thing he was really looking for in this coming year was the blighted properties. He was going sink his teeth into it because they had to get after it and not keep it dangling.

Terry Nicholson said he knew that and he had said to both John Hale and John Mills that he realized that the dangling was because of him but they will get to that.

Councilman Mills said he did not say that Terry Nicholson was dangling.

Terry Nicholson said he had not had as much time to work on that because of the budget and the FEMA stuff.

Councilman Hale said council should have clear direction identified for Terry and the town in terms of where the priorities lay. He did not know whether they had quite done that. He did not think it would take a lot to get to that point but needed to be really clear as to what they expected.

Councilman Mills said he agreed and in addition to that they needed to give Terry what it took to get there.

Mayor Spangler said Hurricane Helene had thrown a monkey wrench into everything and took priority and understandably so.

Terry Nicholson said one of the other things related to that was that he had been working with Jim Drader with the Habitat for Humanity and their Rotary Club was looking at helping them create a program that was called 'home repair for low to moderate income properties'. They were looking at having a pool of funds where they could come in and the town could say this property needed signing on it and they could come in and they could actually provide the funding and the labor to do that or to do the improvements to properties that needed stuff like that. When they sent this friendly letter they had talked about that went out first he really wanted the town to have a list of resources that said if they needed some kind of improvements to their house, call the town because here were the things that could help them with that and could connect them with Habitat for Humanity.

Mayor Spangler said he believed Terry Nicholson was saying the conversation needed to start with the town and then they would give the homeowner the resources. He asked Terry Nicholson if there was any news from Mike Bedsaul on the house on Wolf Street.

Terry Nicholson said yes and they were getting close. The town's goal for that was to take it and turn it over to Habitat for Humanity.

Mayor Spangler asked if Habitat for Humanity would be the ones to demolish it.

Terry Nicholson said that was still kind of in the works.

Mayor Spangler said the town just needed to bite the bullet and make sure it got done.

Terry Nicholson said there were several options on the table for how to do that. They were also working on the house on Hill Street.

Mayor Spangler adjourned the meeting.

Clerk, Debbie Thomas

Mayor, Tom Spangler