

Council Budget Work Session—April 14, 2015

The budget work session of the Council of the Town of Altavista was held in the Council Chambers of the J.R. Burgess Municipal Building, 510 Seventh Street on April 14, 2015 at 6:00 p.m.

1. Mayor Mattox called the meeting to order and presided.

Council members

Present: Mayor Michael Mattox
Mrs. Micki Brumfield
Mrs. Beverley Dalton
Mr. Charles Edwards
Mr. Tracy Emerson
Mr. Timothy George
Mr. Jay Higginbotham

Also present:

Mr. J. Waverly Coggsdale, III, Town Manager
Mr. Daniel Witt, Assistant Town Manager
Mrs. Tobie Shelton, Finance Director
Mr. David Garrett, Public Works/Utilities Director
Mr. Steve Bond, Wastewater Treatment Plant
Mrs. Mary Hall, Administration

2. Budget Work Session

Mr. Coggsdale advised the purpose of the work session is to look at the budget again before scheduling the public hearing at the April 14, 2015 regular town council meeting. He presented Council with a memorandum from Mr. Garrett regarding the water tank maintenance. Mr. Garrett received three bids in regards to the maintenance of the tank. Copies of the bid tabulation sheet were presented to Council. Mr. Coggsdale stated over the past two years, \$50,000 has been included in the budgets for this purpose; these funds have gone unused and have been earmarked in Reserves for this purpose. He added \$53,000 was included in the proposed FY2016 for this purpose. The lowest bid requires more substantial funding in the first four years and considerably less in the remaining 6 years of the ten year contract. Staff provided updated Budget and CIP sheets that reflect the inclusion of the low bid on this expense. With \$153,000 accounted for, the additional \$45,600 would be taken from the proposed surplus in the Enterprise Fund. The revised proposed surplus in the Enterprise Fund would be \$147,260. Mr. Coggsdale noted this is an item that is imperative to the well being of our water storage/distribution system.

A motion was made by Mrs. Dalton, seconded by Mrs. Brumfield, to authorize Mr. Coggsdale to move forward with executing the contract with the lowest bidder in regards to maintenance of the water tanks.

Motion carried:

VOTE:	Mr. Michael Mattox	Yes
	Mrs. Micki Brumfield	Yes
	Mrs. Beverley Dalton	Yes
	Mr. Charles Edwards	Yes
	Mr. Tracy Emerson	Yes
	Mr. Timothy George	Yes
	Mr. Jay Higginbotham	Yes

Mr. Coggsdale presented Council with information per their request that lays out different financing scenarios for the Main Street Waterline Project (1B) and the Melinda Tank Pressure Zone project; the estimated total cost for these two projects is \$2.5 million. He added prior to advertising the budget, it would be beneficial to decide how the Town will fund these projects. He noted a previous memo regarding funds in the Town's reserves that was presented to Council. If the decision is the debt service route, there is a projected surplus in the Enterprise Fund for FY2016 in the amount of \$147,260.

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Mrs. Dalton mentioned after these projects are completed, Council will re-elevate the other projects. She mentioned Council has been talking about a utility proforma that refers to rate increases, not raiding the General Fund. CIP has to be funded and you have to fund your own capital improvements. She sees the rate increases as a giant step towards upgrades of deferred maintenance.

Mayor Mattox asked was the goal to use the CIP reserve fund.

Mr. Coggsdale stated it depends on the project; the projects will last 50 years and the thought is to spend the cost of the improvement over the life of the improvement.

Mr. Higginbotham felt borrowing 15 to 20 years out is too far.

Mrs. Dalton asked if the debt service could be managed for 10 years and felt the 10 year term looked more attractive.

Mayor Mattox asked Mrs. Shelton for the true cost of funding when getting the bond/dealing with borrowing.

Mr. George asked if the tank would be used for emergency situations to supply water to Abbott.

Mr. Garrett replied they are trying to tie all the tanks together but that Abbott would primarily use the Clarion and Dearing Ford tanks.

Mrs. Dalton suggested leaving the budget as is.

Mr. Coggsdale stated at some point Council will need to make a decision for either debt service or cash.

It was the consensus of Council to leave the budget as is.

Mrs. Dalton thanked staff for all the background work.

Mr. Coggsdale advised in the FY2016 Proposed Budget there is an estimated 15% increase in health insurance costs; the costs greatly exceed the allocated amounts. The figures given are renewals based on current plans. Mr. Coggsdale advised we can proceed with the budget as presented, which includes the 15% increase and take appropriate action to amend it when the final decision is made on the health insurance costs if there is not enough information to make a decision.

Mrs. Shelton advised the renewal rates for health care cost have been received and far exceed the allocated amounts. The drastic increase is a result of high dollar claims. According to the Aetna rep, our group has not run well for the past two years and there are some significant future claims. It is the future expected costs based on conditions Aetna are aware of that are driving the high increase. Mrs. Shelton stated it is the consultant's opinion if we bid out, we would not receive anything back that would be less costly due to the high claims costs in the current group. She noted she recently received Aetna product information which includes HSA and HRA products. She asked for time to review these options, move the health care discussion to the April 28th work session and asked that the health care consultant attend. Mrs. Shelton also asked that the budget be advertised as presented which includes a 15% increase in the health insurance and take the appropriate action to amend when the final decision is made on the costs.

Mr. Higginbotham questioned the shared percentage.

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Mrs. Shelton advised the town pays 80% towards the employee and the employee pays 20%. The town pays 40% towards dependants. She noted currently the town offers its employees three plans; this formula is only for the \$1,000 deductible.

Mr. Higginbotham requested quotes for higher deductibles to be available at the April 28th work session.

Mr. Coggsdale referred to the Town Attorney's request for a 2% increase.

Mayor Mattox suggested entering this figure into the budget as a placeholder and Council will conduct an evaluation in April.

It was the consensus of Council to enter this figure as a placeholder.

Mr. Coggsdale thanked staff for the great job preparing the budget.

3. Adjournment

Mayor Mattox asked if there was anything else to bring before Council.

The meeting was adjourned at 6:38 p.m.

Michael E. Mattox, Mayor

J. Waverly Coggsdale, III, Clerk