

COUNCIL WORK SESSION JANUARY 26, 2016

The 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 January 26, 2016 at 5:00 p.m.

Council members
present: Mayor Michael Mattox
Mrs. Micki Brumfield
Mrs. Beverley Dalton
Mr. Tracy Emerson
Mr. Timothy George
Mr. Jay Higginbotham

Council members
absent: Mr. Charles Edwards

Also present: Mr. J. Waverly Coggsdale, III, Town Manager
Mr. Daniel Witt, Assistant Town Manager
Mrs. Tobie Shelton, Finance Director
Mr. Dennis Jarvis, Economic Dev. Director
Mr. Steve Bond, Wastewater Treatment Plant
Mr. John Eller, Town Attorney
Mrs. Mary Hall, Administration

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

Mayor Mattox commended the Town of Altavista Public Works, Altavista Police Department, the Altavista Fire Company and the Altavista Emergency Medical Service for their fine work during the recent major snow storm.

A motion was made by Mrs. Dalton, seconded by Mr. George, that the Town Manager share the Mayor's and Council's appreciation for the well done job during the snow event.

Motion carried:
VOTE: Mr. Michael Mattox Yes
Mrs. Micki Brumfield Yes
Mrs. Beverly Dalton Yes
Mr. Tracy Emerson Yes
Mr. Timothy George Yes
Mr. Jay Higginbotham Yes

2. A motion was made by Mr. Emerson, seconded by Mrs. Dalton, to approve the agenda as presented.

Motion carried:
VOTE: Mr. Michael Mattox Yes
Mrs. Micki Brumfield Yes
Mrs. Beverly Dalton Yes
Mr. Tracy Emerson Yes
Mr. Timothy George Yes
Mr. Jay Higginbotham Yes

3. Public Comments—Agenda Items Only

Mayor Mattox asked if anyone would like to speak on anything listed on the agenda.

No one came forward.

4. Public Hearing

- a. Issuance of General Obligation Public Improvement Bonds

Mr. Coggsdale advised over the past year, the Town of Altavista has been working towards having the Main Street Waterline Improvements (Project 1B) work designed, bid and constructed. Town Council approved the awarding of the project to low bidder, E.C. Pace, Inc. He advised Council would be conducting a public hearing on the potential issuance of General Obligation Public Improvement Bonds which were received previously from requests from banks. The debt service would have a maximum

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principal amount of \$2,750,000 and would be utilized for the waterline improvement project, as well as the storm water component that was added to the project. Mr. Coggsdale advised Raymond James and Associates conducted the RFP process to request bank bids to fund the General Obligation debt issuance not to exceed \$2,750,000. The bank bids were discussed at the December 22, 2015 Work Session. Mr. Coggsdale noted in order to facilitate this financing, staff worked with Raymond James and bond counsel to prepare a resolution that will allow the Town Manager, in collaboration with the Financial Advisor and bond counsel, to execute an obligation with a Principal amount not to exceed \$2,750,000. Staff recommends the 20-year term from Carter Bank & Trust.

Mr. Coggsdale advised during the process of reviewing bank bids, the idea of possibly refinancing the existing debt (Series 2014 Bond) was discussed. Carter Bank and Trust opted not to re-finance the existing debt that they currently hold; staff discussed the refinancing with the other banks. First National Bank of Altavista is agreeable to refinance the existing debt at a new rate of 2.75% (current rate 3.3%). This will create an annual savings to the Town of Altavista, after expenses, of approximately \$10,000 while keeping the original loan term (18 ½ years remaining). The Town would have an annual principal payment beginning July 15, 2016 and semi-annual interest payments on January 15 and July 15, commencing July 15, 2016. Staff proposes that the Town refinance the existing Carter Bank and Trust debt with First National Bank of Altavista.

Mayor Mattox opened the public hearing at 5:09 p.m. and asked if anyone would like to come forward and speak. No one came forward.

Mayor Mattox closed the public hearing at 5:10 p.m.

A motion was made by Mrs. Dalton, seconded by Mr. Emerson to approve the ordinance in regard to issuance of General Obligation Bonds in the not to exceed amount of \$2,750,000 in order to finance utility improvements and associated bond issuance costs and authorize the Town Manager, Town Treasurer, Town Attorney and Town Clerk to sign all needed financial forms related to this transaction.

Mr. Higginbotham questioned the rates and stated he was more comfortable with the low interest rates at 15 years.

Mrs. Dalton stated the rationale for financing for 20 years at the rate of 2.60%.

Mayor Mattox noted there is the option to pay off early and the rate of 2.60% is historically low.

Motion carried:

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| VOTE: | Mr. Michael Mattox | Yes |
| | Mrs. Micki Brumfield | Yes |
| | Mrs. Beverly Dalton | Yes |
| | Mr. Tracy Emerson | Yes |
| | Mr. Timothy George | Yes |
| | Mr. Jay Higginbotham | No |

A motion was made by Mrs. Dalton, seconded by Mr. Emerson to approve the resolution in regard to issuance of the General Obligation Bonds in the not to exceed amount of \$2,750,000 in order to finance utility improvements and associated bonds issuance costs, as well as the refinancing the Town's existing debt (Series 2014 Bond) with First National Bank of Altavista and authorize the Town Manager, Town Treasurer, Town Attorney and Town Clerk to sign all needed financial forms related to these transactions.

Mr. Higginbotham questioned the amount to be refinanced.

Mrs. Shelton responded the existing debt is \$3,961,960 at a rate of 2.75%.

Motion carried:

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| VOTE: | Mr. Michael Mattox | Yes |
| | Mrs. Micki Brumfield | Yes |
| | Mrs. Beverly Dalton | Yes |
| | Mr. Tracy Emerson | Yes |

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| Mr. Timothy George | Yes |
| Mr. Jay Higginbotham | Yes |

5. Introductions and Special Presentations

a. SCADA Project Update

Mr. Garrett advised there would be an update on the Water Plant SCADA system project and introduced Mr. Leroy Kendricks. Mr. Garrett noted the SCADA system is working well with zero issues and came in under budget. He advised Woodward & Curran teamed up with Altavista Instruments and Controls (AIC) to install the system. He advised of an issue with the Clarion Water tank pressure switch; Mr. Jackson and his team from (AIC) assisted with getting this working. He explained the process for setting up the SCADA system and advised the operators are basically running the Water Plant from this system. The goal is to have the Water Plant fully automated.

Mr. Leroy Kendricks, Woodward & Curran, addressed Council. He introduced his colleague, Mr. Turner Perrow and Mr. William (Bill) Jackson and Mr. Micah Geyer Altavista Instruments and Controls (AIC) adding AIC was instrumental in getting the SCADA system up and running. Mr. Kendricks gave a live presentation of how the SCADA system works thus far. He presented Council with a system block diagram of where they would like to go with the SCADA system; considering it possibly as Phase 2. He advised there needs to be a master radio system and PLC for the water plant. He referred to a radio path study that was conducted at the Melinda Tank and indicated this needs to be a repeater site. He also noted it is critical that the Water Plant operators know how much water the Abbott Laboratories is taking in, what the levels are in the Clarion tank. He advised the Dearing Ford tank has a PLC in that location which needs to be connected in order to talk to Campbell County Utilities Service Authority. He stated the next step would be a SCADA check of the remote sites.

Mr. Higginbotham asked if the labor savings would be projected when the analysis is done.

Mr. Kendrick advised it is very difficult to project labor savings at this point. History has taught if there is a goal of making the plant automated to increase the plant efficiency, SCADA allows for getting ahead on things like maintenance. It helps to utilize the resources in a better manner.

Mayor Mattox asked if this is the same equipment used by Campbell County Utilities Service Authority (CCUSA).

Mr. Kendrick responded this is the direction they are moving in; Woodward & Curran has been working with CCUSA for six years.

Mr. William Jackson, owner of Altavista Instruments and Controls, addressed Council and advised they became involved with Woodward & Curran as part of the SCADA project; noting the team agreement with Woodward & Curran has worked out well. He mentioned the equipment installed by Woodward & Curran is of high quality. He felt the Town had a good start on the SCADA system and hoped that Council would continue to support this project.

Mr. Higginbotham asked Mr. Garrett about the Dearing Ford tank.

Mr. Garrett advised this tank will be painted in the spring and is working towards finalizing the hydraulic model. They are in agreement the Dearing Ford tank will be a benefit to the town.

Mr. Higginbotham asked if the town has settled up with Campbell County.

Mr. Coggsdale advised there is an agreement in place but he is waiting on the invoices to submit.

Mr. Garrett advised the tank has been sandblasted/washed and is ready to be painted. All the tanks are under a maintenance plan over the next ten years. He mentioned the Clarion tank is in need of repair as there are pinholes in the top of the tank which have been temporarily plugged.

Mr. Higginbotham asked if the Dearing Ford tank is in good shape.

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Mr. Garrett responded affirmatively.

6. Items for Discussion

a. Revenue Sources Discussion (FY2017 Budget)

Mr. Coggsdale advised as staff prepares the FY2017 Draft Budget an opportunity exists to have input from Town Council in regard to the local revenue streams and if changes should be made or new sources researched. He noted over the past five years, the Town has increased the utility rates by 5% annually, which has assisted the Town with providing adequate funding for the operations in the Enterprise Fund (Water & Sewer). In the past, the Town had utilized General Fund revenue to supplement the Enterprise Fund. Mr. Coggsdale presented information regarding the "Top Ten" revenue sources for the Town of Altavista and the sources that Town Council controls through the ability to adjust the rate. These sources include the General Fund: Property Tax (Real Estate), Personal Property Tax, Machinery & Tools Tax, Meals Tax, and the BPOL Tax, and in the Enterprise Fund: Water Rates (Industrial and Business & Residential) and Sewer Rates (Industrial and Business & Residential). Mr. Coggsdale suggested another revenue source Council may wish for staff to evaluate: a cigarette tax. He gave an example of the Town of Appomattox who implemented this tax effective October 1, 2014 and generated \$187,525 for the remainder of FY2015 and has generated \$41,250 for the first quarter of FY2016. The cigarette tax is collected by selling stamps to merchants who place them on the cigarette packages.

Mr. George questioned if the cigarette tax would cover all tobacco products.

Mr. Coggsdale advised he would need to research this further. He noted the State Code refers to tobacco and cigarette.

Mr. Eller stated the State Code refers to cigarettes and in a few areas refers to tobacco which may cover cigars and smokeless tobacco; the rate is 1.5 cents per cigarette.

Mr. George suggested if the cigarette tax is imposed that Council look at eliminating the Business, Professional, Occupational License (BPOL) tax noting there is no way of estimating how much revenue the cigarette tax would bring in but comparing to the Town of Appomattox would cover the revenue brought in by the BOL tax. He felt the BPOL tax was a business unfriendly tax which is based on gross income.

Mrs. Dalton asked if industries would be included in the BPOL category.

Mrs. Shelton advised industries pay the machinery and tools tax.

Mayor Mattox mentioned all businesses pay a machinery and tool tax based on the equipment in their stores; he noted the BPOL is complicated because he cannot apply BPOL on federal and state tax. He stated he would prefer it to be a set fee because of the time involved in keeping up with the number of cigarettes sold and taxes on gas sold.

Mr. Coggsdale noted annually at the state level a bill or two is introduced to do away with the BPOL tax. He stated looking at the list provided if the machinery and tool taxes were done away with there would be a big hole in the town's revenue.

Mr. George referred to a previous meeting when the auditors advised the revenue source was dependant on the machinery and tools tax. He noted there are businesses in town that have businesses in Bedford, Virginia, and do not have to pay the BPOL tax in Bedford, Virginia which they appreciate not having to pay the extra tax.

Mrs. Dalton stated she would like to consider a cigarette tax.

Mr. George stated it falls under a "fair" tax because like the meals tax, you don't have to buy cigarettes in the town nor do you have to eat in the town.

Mrs. Dalton stated it is not at all punitive to industries or businesses and it might allow for a break; noting Council is always looking for new sources of revenue but her biggest motivation is to find a way to offer industries and businesses a break.

Mr. George asked if retailers have to keep a record of the number of cigarettes sold.

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Mr. Emerson advised the state requires a record; each region has a tax assigned to it.

Mr. Higginbotham mentioned if cigarettes are more expensive within the town limits folks will stop and purchase their gas and cigarettes outside of the town limits.

Mr. Coggsdale noted the Town of Appomattox went up 8% on their meals tax and implemented the cigarette tax.

Mr. Emerson stated people choose to smoke cigarettes just as the alcohol tax; what can be done for the businesses should be on top.

Mayor Mattox referred to the meals tax stating the town is not growing much in real estate but is growing in meals tax which seems to be trending upward. He feels increasing the meals tax and decreasing the real estate tax would be a win for everybody.

Mr. George felt if the cigarette tax was successful the real estate tax could be eliminated.

Mr. Emerson asked Mr. Jarvis of his experiences.

Mr. Jarvis stated his experiences in Virginia on a local level anything that can help an entrepreneur start and flourish, anything that can help retail, there is the potential caveat of diminished revenue. He noted there was a problem in the location he came from where sales tax on food and clothing was lowered and the real estate rate was dropped relying on severance taxes (coal, gas, timber) there is now a huge deficit in the operating budget.

Mrs. Dalton noted any of the taxes that were decreased or eliminated can always be brought back.

Mr. Coggsdale advised in regards to the cigarette tax staff will research and work up some numbers but also asked Council of some other potential revenue sources they would like considered.

Mayor Mattox asked staff to look at adjusting real estate rates by increasing meal's tax with the agreement of Council. The meal's tax revenue continues to grow each year and real estate is decreasing.

Mr. Coggsdale noted the decrease from 2014 to 2015 was because the real estate tax rate was decreased.

Mr. Higginbotham questioned the agreement with Campbell County in regards to meal tax at the Wal-Mart Shopping Center.

Mr. George stated after collecting \$2.5 million in meals tax the town splits the remainder 50/50 with Campbell County.

Mr. Higginbotham stated there is no legal obligation to do this and noted a citizen had stated it was illegal for Campbell County to collect this tax.

Mrs. Dalton stated it may be illegal for them to collect the tax directly but wasn't sure if it was illegal for the town to collect the tax and partner with them for a purpose. This agreement was for the boundary line adjustment.

Mr. Higginbotham stated it was not binding on this Council as Mr. Emerson, Mr. George and Mrs. Brumfield were not on Council at the time. He stated if Council wants to consider revenue this should be looked at.

Mr. George stated he has already consider this and felt Council would be picking a fight.

Mr. Emerson stated he felt this was a card Council should hold on to.

Mrs. Dalton noted she felt Council had a good relationship with Campbell County and she was one on Council who approved the agreement with the county in regards to the meals tax. There is a high threshold before sharing with the county.

Mayor Mattox clarified staff is to thoroughly investigate all tobacco product taxes and the possibility of lower the real estate taxes while increasing the meal's tax.

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Mrs. Dalton suggested any revenue be done in a phased approach so Council doesn't shoot themselves in the foot.

Mr. Coggsdale asked Council for their objectives noting they need to look at the needs first and then what is left over.

Council was in agreement for staff to look at reducing the real estate tax and possibility doing away with the BPOL.

Mrs. Dalton added Council needs to do another proforma looking forward in the utility world and asked Council to keep in mind Abbott Laboratories' request when the water rates were increased.

b. Zoning Ordinance Amendment (Keeping of Chickens)

Mayor Mattox advised staff was advised to review and offer recommendations on changes to the ordinance. After the January Town Council meeting, staff was requested to incorporate the proposed changes and bring back a draft ordinance. He asked Council if there were any changes they would like to make.

Staff was directed to place the advertising of a public hearing scheduled for the March 8th Town Council meeting for the Zoning Ordinance Amendment (Keeping of Chickens) on the consent agenda.

c. Procurement of new Solid Waste Truck

Mr. Coggsdale provided an update on the purchase of the new solid waste truck noting the funding for the vehicle is included in the FY2016 adopted budget.

d. American Legion Post 36-Purple Heart Monument

Mr. Coggsdale advised Mr. Paul Brooks with American Legion Post 36 contacted staff about the possibility of establishing a Purple Heart monument at the War Memorial located in the Trade Lot parking lot area. Mr. Brooks indicated that they are working on what such a monument would look like at this site but wanted to see if Town Council was willing to allow the monument before proceeding.

Mrs. Dalton suggested Mr. Ralph English be involved in this process.

7. Items Scheduled for the Regular Meeting Agenda

Mayor Mattox noted Mrs. Brumfield has agreed to work with Mr. Emerson in regards to the personal property taxes. Mr. Higginbotham advised he has other obligations and would be unable to serve on the committee to review the Engineering proposals. He offered to contact a couple of town citizens to see if they can help with the reviewing process.

8. Project Updates

9. Public Comments

10. Adjournment

Mayor Mattox adjourned the meeting at 6:31 p.m.

Michael E. Mattox, Mayor

J. Waverly Coggsdale, III, Clerk

