

MINUTES
REGULAR COUNCIL MEETING
MONDAY, MARCH 16, 2015
TOWN HALL – 6:00 P.M.

Council Members:

Kyle Fletcher-Mayor
Kenneth Holbrook-Absent
Greg Bailey
Tim Boardwine
Harry Kelly
Jason Kilgore
Monty Salyer

Debora Baca – Clerk/Treasurer
Julie Henlsey – Town Attorney
Earl Carter – Public Works Director
Tamara Greear – Thrower, Blanton
Cody McElroy – Mattern & Craig
Bob Harrison – IDA
Bo Phillips – Chief of Police
Terri Ann Funk – CR Adventures
Ray Wright – CHS Wrestling

The meeting was called to order by Mayor Fletcher at 6:00 p.m.

Mayor Fletcher asked for approval of the agenda. Councilman Salyer asked to add Estonoa damages to new business. Ms. Baca said the flood damage could be discussed under Item #6 along with the flood damage to the wastewater plant. Councilman Salyer agreed. Ms. Baca said Board Member Appointments was left off the agenda in error and asked to add it under new business. A motion was made by Councilman Kelly to accept the agenda as amended. The motion was seconded by Councilman Boardwine and unanimously approved by a roll call vote.

Under Public Requests, Ray Wright, CHS Wrestling coach, thanked the council members for their donation last year to help the wrestlers attend the state competition. He said they were not asking for money this year, but would like the Town to provide pizzas for the team and allow them the use of the swimming pool for a pool party. He also mentioned that if there are any lockers from the high school, they could use 20 or 25 for the wrestling team. Councilman Salyer advised that anything in the high school belongs to Wise County Public Schools at this time.

Terri Anne Funk, owner of Clinch River Adventures, told council members that she has decided to keep Clinch River Adventures going and has already booked several large groups. Terri Anne requested that the Town place additional picnic tables and grills near the canoe launch at the park. She said many of her customers would spend more time in St. Paul if they had a place to picnic after floating the river. When traveling to different places to talk about promotions and tourism, she said people have had wonderful things to say about the Town of St. Paul. Terri Anne also addressed the float tax proposal that is on the agenda. She said it is completely understandable why the Town Council might consider a float tax from a business standpoint. However, she asked the council to consider giving our tourism businesses time to grow a little before imposing taxes, and further pointed out that the taxes should be equitable for the ATV trails and all the tourism businesses. She asked Council to consider holding off for a while before implementing a float tax. Councilman Bailey pointed out that the business owner doesn't have to pay the tax, but passes it on to the customer, the same as a lodger's tax. There was a

MINUTES
REGULAR COUNCIL MEETING
MONDAY, MARCH 16, 2015
PAGE II

brief discussion about having to raise the cost of floating to cover the tax. Councilman Bailey also said everyone riding the trails is paying a tax when they purchase a permit. Terri Anne asked if the Town of St. Paul gets any of that tax and Councilman Bailey said it is a government agency operating the trails and the permit fee goes to them. Clinch River Adventures plans to open the weekend of Clinch River Days.

Tamara Greear, auditor from Thrower Blanton & Associates, presented the audit report for the fiscal year ending June 30, 2014. She reported that the Town of St. Paul received a “clean opinion”, meaning there were no material or significant weaknesses found during the audit. During the audit, the Town’s internal control system has been evaluated and no material or significant weaknesses were identified. There have been some housekeeping issues in the past, and all but one of those have been corrected. For the first time since Thrower, Blanton & Associates has been doing the audit for the Town of St. Paul, a single audit was required. This audit is required because the town received and expended \$500,000 or more in federal funding. In a single audit, the federal funding projects and their oversight are evaluated, and an audit report on the federal funding is sent to the federal clearing house. The town also received a clean opinion on the single audit. She reviewed the net financial position for the general fund, noting that the Town of St. Paul has no general obligation debt, which is very rare. The liabilities in the general fund consist of bills owed at June 30th, retiree health insurance accrual, vacation, and sick days due to employees at June 30th. She reviewed the report showing the net cost to operate each department and to provide public services. Ms. Greear reported the positive change in net position is \$1,577,216. She said this is very good, but cautioned the Council to keep in mind that the majority of the town’s tax revenue comes from one source, which will change over time. This should be considered from a planning and budget perspective. She reviewed the Proprietary Fund which had a positive change of \$238,190 in net position. Ms. Greear pointed out that \$309,001 was received in grant money and \$110,000 came from interfund transfers. These are not something that will occur each year and should be considered when looking at the net change. She also discussed the VRS rate, OPEB obligations, and legal debt margin. She talked about the revenue bonds and reminded the Council that in the Water and Sewer Fund, the revenue has been obligated to pay bonds and it is important to make sure the revenue is able to meet those obligations. The only recommendation is that the Town continue to work on getting a written internal control policy. A motion was made by Councilman Kelly, seconded by Councilman Kilgore, to accept the audit report. The motion carried unanimously.

Mayor Fletcher made the following announcements:

- 1) Allen Gregory asked Mayor Fletcher to publicly thank the town workforce and the Fire Department for all of their hard work and for the help provided to everyone during the recent snow and ice.
- 2) Mayor Fletcher read a thank you note from St. Paul Elementary School, thanking the town for their continued support.

**MINUTES
REGULAR COUNCIL MEETING
MONDAY, MARCH 16, 2015
PAGE III**

A motion was made by Councilman Salyer to approve the February minutes as presented. The motion was seconded by Councilman Boardwine and unanimously approved.

A motion was offered by Councilman Boardwine to approve the Consent Agenda. The motion was seconded by Councilman Kilgore and passed unanimously.

Old Business:

Chief Phillips said nothing has changed on the fingerprinting machine since last month's discussion. The expected cost reported at the last meeting is correct and Chief Phillips still recommends a \$5,000 contribution to Russell County toward the purchase of a new machine. The entities who share the use of the fingerprint machine (St. Paul, Lebanon, Honaker, and State Police) are being asked to contribute toward the purchase, but Russell County will pay the annual maintenance. Chief Phillips said he believes Lebanon has agreed to donate \$10,000. Following brief comments, a motion was made by Councilman Boardwine to pay \$5,000 to Russell County toward the fingerprint machine. The motion was seconded by Councilman Kilgore and discussion ensued regarding when the machine would be purchased, from what line item the money would be allocated, and setting precedent in contributing to the purchase of county equipment. Councilman Salyer offered a substitute motion to defer this matter to the Budget Committee. The substitute motion was seconded by Councilman Bailey. Following a brief discussion, a roll call vote was taken: Kelly-Aye; Kilgore-Aye; Boardwine-Aye; Holbrook-Absent; Bailey-Aye; Salyer-Aye.

Councilman Bailey said he would like the Town Attorney to research how the Town would implement a float tax. Ms. Hensley said the tax would be established by ordinance, like any other tax. A public hearing would be required in order for the citizens to have an opportunity to comment. She has been looking for other communities that may have implemented such a tax and would like to do a little more research and look at language from other ordinances. Councilman Bailey commented on the amount of future revenue a float tax could generate if the river floating business grows as predicted. Councilman Kilgore said he thought it was too late in the year to implement it now. Councilman Salyer pointed out that it will take time to hold a public hearing. Ms. Baca said two public hearings would be required for an ordinance. Ms. Hensley advised that the effective date of the tax implementation could be determined by the Council in the writing of the ordinance. She said if they are in favor of the tax, but not for this year, they could set the effective date for next year. It is basically up to the Council on how and when the tax would be implemented. Councilman Bailey noted that 50% of the lodger tax goes back into tourism, and the same type of thing could be done with a float tax. Mayor Fletcher said he is supportive of taxes and other ways to make sure the town plans for future needs. Councilman Kilgore stated his support to honor Terri Anne's request because the river float was her idea and she is the only one doing it right now. Councilman Bailey moved to authorize the Town Attorney to research the float tax and present a proposal on how to implement the tax. Councilman Salyer clarified that the motion was to ask Ms. Hensley to research and report on how it would be done. With that clarification, Councilman Salyer seconded the motion.

**MINUTES
REGULAR COUNCIL MEETING
MONDAY, MARCH 16, 2015
PAGE IV**

Councilman Kilgore and Councilman Kelly asked again for clarification that the motion is only for the Town Attorney to research the matter. Councilman Salyer said the motion has nothing to do with implementation, just research it and report back. He further stated that he is in no way seconding a motion to implement a float tax. Ms. Hensley said she would provide the questions that need to be answered before an ordinance could even be designed. Following this clarification, a roll call vote was taken; Salyer-Aye; Bailey-Aye; Holbrook-Absent; Boardwine-Aye; Kilgore-Aye; Kelly-Nay. The motion passed 4-1.

New Business:

Glenda Lane reviewed the changes in the upcoming renewal of the health care plan offered by Anthem Blue Cross/Blue Shield. The premium increase is about 7½ percent. A fourth tier has been added to the drug plan. Employees now have a choice of two dental plans; preventive or comprehensive. The town currently has 7 employees with a single plan, 5 with a dual plan, and 8 with a family plan. She provided a spreadsheet showing the dollar increase for each type of plan. The employee 10% portion would increase accordingly. Anthem will now offer a service where employees can call in for immediate medical advice and could prevent doctor visits in some situations. Following several questions and comments, a motion was made by Councilman Salyer to accept the renewal of the Anthem Blue Cross/Blue Shield health insurance plan for employees. The motion was seconded by Councilman Boardwine and unanimously approved.

Town Attorney Julie Hensley talked about the PPE and Design Build Guidelines provided by Rob Jones to be considered for procurement of the Willis Building Project. She recommended Council members review the guidelines and consider passing a resolution to adopt these guidelines, or something very similar, in order to take advantage of the procurement component for projects like the Willis Building. Mayor Fletcher said we are looking at the developer becoming the owner of the building and the town would have a lien on the building. Councilman Salyer asked if public hearings would be required before adopting the guidelines and how soon this must be done. Ms. Hensley said she left the last meeting a little confused about the determination that additional procurement isn't needed. Ms. Hensley stated that adoption of such guidelines would be a good housekeeping act, whether or not it is applicable to this particular project. Bob Harrison, IDA Chairman, explained that what has changed is the options offered by DHCD at the last meeting. At that meeting, Joy Rumley clarified that one option DHCD will allow is for the town to give the grant funding to Creative Boutique Hotels if they become the owner of the Willis Building. The town would then hold a lien against the building to protect their investment. If the town chooses this option, then the procurement is not an issue. Mayor Fletcher announced that there will be a meeting with the Hal Craddock team this week to see the Creative Boutique proposal. He commented that everyone will have a better understanding once the proposal is presented. Following further discussion, Councilman Salyer moved to table this matter until next month, asking Mayor Fletcher to call a special meeting after the Creative Boutique presentation, if needed, to consider a resolution to adopt the PPE/Design-Build guidelines. The motion was seconded by Councilman Boardwine and carried unanimously.

MINUTES
REGULAR COUNCIL MEETING
MONDAY, MARCH 16, 2015
PAGE V

Cody McElroy reviewed a change order request for the Regional Wastewater Treatment Plant, adding a belt press at a cost of \$171,412.43. This amount was considered in the planning factors that included the additional \$550,000 in loan and town funding. A motion was made by Councilman Kilgore to approve Change Order #6 for the Wastewater Treatment Plant Project. A second was offered by Councilman Salyer and the motion passed unanimously.

Mr. McElroy discussed a grant application with the Virginia Department of Health for water plant upgrades. Mattern & Craig will submit this application at no charge. The application will not exceed \$150,000 in grant funds to provide fencing and improve security at the water plant. He is hoping that the project could be 100% grant funded. A motion to adopt a resolution authorizing an application to VDH was made by Councilman Kilgore and seconded by Councilman Boardwine. The motion carried by unanimous vote.

Ms. Baca and Mr. McElroy reviewed the proposal submitted by Rosalie Gilchrist to acquire the sewer user agreements and easements for the West Hills Sewer Project. Ms. Baca advised that the contract amount is well under the state requirement for procurement, but she will make sure that this is approved by Rural Development. After reviewing the proposal offered by Rosalie Gilchrist, there was brief discussion about mandatory hookups and the Sewer Use Ordinance. A motion was made by Councilman Boardwine to accept the proposal and offer a contract to Ms. Gilchrist, pending Rural Development approval. The motion was seconded by Councilman Kilgore and unanimously approved.

Next, Earl Carter talked about the flood damages to the sewer plant. The dike that protects the old wastewater plant was not in place because of the construction of the new plant. On March 5th, Oxbow Lake waters covered the clarifier and the UV lighting disinfection system. Town employees evacuated all of the mobile equipment as waters continued to rise to approximately 20" inside the sewer plant. Electricity was shut off and DEQ was notified. As water levels receded, damage assessment began. The UV disinfection system was damaged beyond repair. This is an obsolete system and repair parts are unavailable. The contractor constructing the new plant had available UV lights that could be used in this emergency situation to prevent further DEQ violations. These lights will be compatible with the equipment specified for the new plant, so they can be used well into the future. The estimated cost of the disinfection system is \$17,000. There was discussion about whether to purchase a new UV disinfection system to replace the one we used from T&B, or to pay T&B for theirs and let them purchase replacements. Mr. Carter explained the concern about warranty if we used these in the new plant, but Mr. McElroy said he would like to check the specifications on how many lights are in the new plant and how many are to be spares. He will try to negotiate the number actually needed for the new plant and to make sure the warranty is still honored. Councilman Salyer stressed the importance that the warranty in the contract remain intact. Ms. Baca advised that when contacting the VML Insurance regarding all of the damages, she was told that the sewer plant would not be covered because it lies in Floodplain A/B, which would require National Flood Insurance. Ms. Baca said she assumed VML carried National Flood Insurance where required. However, that is not the case. This could be a valuable lesson because we now know

**MINUTES
REGULAR COUNCIL MEETING
MONDAY, MARCH 16, 2015
PAGE VI**

that we have to specifically ask our underwriter to acquire National Flood Insurance for our new wastewater plant. Also, the Virginia Department of Emergency Management (VDEM) guidelines state that they will not cover anything in the floodplain that is not covered by National Flood Insurance. However, Ms. Baca explained the need to replace these lights immediately to avoid a public health hazard and to comply with DEQ requirements. It appears that VDEM is considering reimbursement for the damages to the sewer plant and Oxbow Lake. In light of the emergency situation caused by this natural disaster, Councilman Salyer moved to authorize Mattern & Craig to negotiate with T&B regarding the UV light disinfection system and to take steps necessary to make sure the equipment has the full original warranty. The motion was seconded by Councilman Boardwine and passed unanimously. Mr. Carter also informed the Council that other damaged equipment includes a gearbox in the clarifier. He will check into the cost of repair, but this is not something that can be used in the new plant, so they are working on a temporary solution right now.

Councilman Salyer asked about damages to Estonoa. Ms. Baca said the VML insurance adjuster visited Estonoa last week, but was unable to enter the building basement because it was still under water. Debris removal and damages at Estonoa will be turned into VDEM as well. Mr. Carter said Mike Hale met with Ms. Vencil to go over what needs to be done at the site.

Earl Carter asked Council to authorize advertisement for two seasonal workers for the Street Department with the same particulars as last year. Ms. Baca said last year, they worked from April through October. Councilman Boardwine moved to authorize advertisement of the two seasonal positions. It was clarified that the employees would be hired at the same rate as last year. The motion was seconded by Councilman Kelly and unanimously approved.

A motion was made by Councilman Boardwine to authorize Ms. Baca to secure National Flood Insurance for the new wastewater treatment plant when the project is completed. The motion was seconded by Councilman Kilgore and passed unanimously.

Mayor Fletcher said he and Vice Mayor Holbrook had concern about the wiring in the pool building. He asked Mr. Carter for his recommendation. Mr. Carter said he has tested every outlet and they are grounded. Upon inquiry by Councilman Salyer, Mr. Carter said the plug-in hot water heaters were installed because there was no hot water upstairs, and short of running all new wiring, the small plug-in heaters was the other option. The upstairs has two or three 20 amp circuits. A motion was made by Councilman Boardwine, seconded by Councilman Salyer, directing Mr. Carter to make sure that there is 20 amp service on all receptacles and breakers. The motion carried unanimously and Mr. Carter said he will make sure this is done by April 4th.

Councilman Kilgore talked about the current backhoe being in need of repair and the costs associated with those repairs. The backhoe has been out of service for about two weeks. It is currently worth \$22,500 and the cost to repair it is \$12,689. Mr. Carter said we have already spent money on it just having it hauled in to be assessed. Considering the age of the backhoe, Councilman Kilgore said he believes we should look at purchasing a new one or a used one with

**MINUTES
REGULAR COUNCIL MEETING
MONDAY, MARCH 16, 2015
PAGE VII**

low hours that still has a CAT warranty or something similar. Mayor Fletcher said we are also considering the need for a new dump truck, and he reminded council members of what the auditor just said about being cautious with how funds are spent. Ms. Baca commented that the backhoe and dump truck would be purchased for the Street Department from the general fund, but she has checked into some lease/financing options similar to how we purchased the garbage truck. Following discussion about expected costs for both new and used backhoes and the procurement requirements, Councilman Salyer said he thinks this should be referred to the Budget Committee to see how the town can pay for it. Councilman Kelly talked about how necessary the backhoe is to daily operations. A motion was made by Councilman Kilgore to authorize Earl to write specifications and procure bids for a backhoe and dump truck. The bids should also include financing packages and trade-in values for our backhoe. The motion was seconded by Councilman Boardwine and carried unanimously.

A motion was made by Councilman Kilgore to allocate \$100 for pizza and a free pool rental for the Castlewood High School Wrestling Team. The motion was seconded by Councilman Salyer and passed unanimously.

Councilman Bailey moved to refer the Heart of Appalachia \$500 request for FY2016 to the Budget Committee for consideration. The motion was seconded by Councilman Kilgore and passed unanimously.

Mayor Fletcher has received a request for the Town of St. Paul to consider an advertisement in the Mountains of Music Homecoming brochure. After a few comments about the map layout and the cost of the annual Crooked Road advertisement, Mayor Fletcher asked if Council would like to participate. There was no response and the issue died from lack of a motion.

Councilman Kelly moved to hold a public hearing on the 2014-15 Budget Adjustment at 5:45 on April 20th. The motion was seconded by Councilman Boardwine and unanimously approved.

Councilman Salyer moved to reappoint the current board members whose term is expiring. Councilman Bailey pointed out that nominations should be opened for each position.

Mayor Fletcher opened nominations for one position on the Board of Zoning Appeals. Councilman Salyer nominated Marty Stanley. Mayor Fletcher closed nominations and Marty Stanley was appointed unanimously.

Mayor Fletcher opened the floor for nominations of the vacancy on the IDA Board. Councilman Bailey nominated Frank Molinary. There being no other nominations, Mayor Fletcher closed nominations and Mr. Molinary was appointed by acclamation.

Mayor Fletcher opened the floor for nominations for the two vacancies on the Planning Commission. Councilman Kelly nominated Bob Harrison. Councilman Kilgore nominated James Thacker. There being no other nominations, Mayor Fletcher closed nominations. Both

**MINUTES
REGULAR COUNCIL MEETING
MONDAY, MARCH 16, 2015
PAGE VIII**

Mr. Harrison and Mr. Thacker were reappointed to the Planning Commission by unanimous vote.

Below is the list of appointed board members for a term of four years:

Board of Zoning Appeals – Marty Stanley

IDA Board – Frank Molinary

Planning Commission – Bob Harrison and James Thacker

A motion was made by Councilman Salyer to enter into Closed Session to discuss Personnel under VA Code Section 2.2-3711(A)(1), Acquisition & Disposition of Property under VA Code Section 2.2-3711(A)(3), and Legal under VA Code Section 2.2-3711(A)(7). The motion was seconded by Councilman Kilgore and a roll call vote was taken: Kelly-Aye; Kilgore-Aye; Boardwine-Aye; Holbrook-Absent; Bailey-Aye; Salyer-Aye. The motion passed 5-0.

Councilman Salyer moved to return to Open Session, certifying that the only matter discussed in Closed Session was Legal under VA Code Section 2.2-3711(A)(7). The motion was seconded by Councilman Kilgore and a roll call vote was taken: Kelly-Aye; Kilgore-Aye; Boardwine-Aye; Holbrook-Absent; Bailey-Aye; Salyer-Aye. The motion passed 5-0.

Councilman Salyer offered a motion instructing the Town Attorney to look into legal questions concerning court jurisdiction. The motion was seconded by Councilman Boardwine and passed unanimously.

There being no further business, Mayor Fletcher adjourned the meeting.

Mayor

Clerk