

**MINUTES
REGULAR COUNCIL MEETING
THURSDAY, FEBRUARY 21, 2013
TOWN HALL – 6:00 P.M.**

Council Members:

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

Earl Carter – Public Utility Director
Debora Baca – Town Treasurer/Clerk
Glenda Lane – Deputy Clerk
Bo Phillips - Police Chief
Randy Beckner – Mattern & Craig
Bob Harrison – St. Paul IDA
Greg Kallen – Attorney
Jack Hinshelwood – Crooked Road
Lou Wallace – Main Street

The meeting was called to order by Mayor Fletcher.

Due to another commitment, Ms. Baca asked Council to allow her to give the Treasurer's Report after the Audit Report. The Deputy Clerk will fill in when Ms. Baca leaves. Councilman Salyer asked to add "Stonebriar Funding" as Item #7 under New Business, moving the closed session to Item #8. A motion was made by Councilman Holbrook to approve the agenda as amended. The motion was seconded by Councilman Kelly and unanimously approved.

Under public requests, T. J. York had requested to address the Council, but was not present.

Next, Kathy Stewart gave a preview of the schedule for the St. Joseph University students who will be helping in the community all next week. Local churches and groups are volunteering to feed the students, and projects in the area have been scheduled for the week.

Lou Wallace thanked council members for funding the trip to the Main Street workshop. She gave a brief synopsis of the training and relayed information from Jeff Sadler regarding a \$20,000 grant for a feasibility study and additional design work for the Lyric building.

A Resolution of Support included in the council packet was addressed by Jack Hinshelwood, Executive Director of the Crooked Road. Mr. Hinshelwood said the music in our area is a national treasure and discussed celebrating that heritage through the Crooked Road proposed designation as a National Heritage Area. He pointed out that this designation would be made by the U. S. Congress, allow federal funding, and promote the Crooked Road to a new level, aiding in investment and economic development by helping communities promote their regional music heritage. Mr. Hinshelwood asked the Council to endorse the Resolution of Support in becoming a National Heritage Area. Councilman Bailey inquired about the down side to becoming a National Heritage Area. Mr. Hinshelwood noted concerns that have been discussed about a National Heritage designation coming with land use control like you might see in national park designations. Councilman Bailey pointed out that the National Park Service oversees the Heritage areas. Mr. Hinshelwood said the National Park Service will administer the funding allocated to National Heritage Areas. Following continued discussion about the advantages and disadvantages of this designation, Mayor Fletcher thanked Mr. Hinshelwood and commented

**MINUTES
REGULAR COUNCIL MEETING
THURSDAY, FEBRUARY 21, 2013
PAGE II**

that this matter could be discussed further when Council considers the resolution under new business.

The audit report for fiscal year 2011-12 was presented by Tamara Greear of Thrower, Blanton & Associates. She first referred to the report letter stating that the Town has received an unqualified, or clean, opinion. The Town of St. Paul has received a clean opinion for several years, which is positive since it is the best opinion you can receive. There were no material weaknesses in evaluating internal controls over financial reporting. Ms. Greear discussed the financial statements of each fund. The total net assets for both the general fund and the special fund are \$5,445,945, noting that the General Fund does not have any long term debt. The total net assets for the Proprietary Fund at June 30th, 2012 are \$3,587,252. She reviewed the Balance Sheet, and Statement of Revenues, Expenses & Changes in Fund Balance for both the General Fund and Proprietary Fund explaining that the General Fund is on a cash basis, and in the Proprietary Fund, you keep track of assets and debt on a yearly basis. The Proprietary Fund had an operating gain of \$37,125, and the General Fund and Special Revenue Fund had a total Excess of Revenues over Expenditures of \$382,129. She commented on how good this number is compared to most localities. It was also pointed out that the number Council should monitor is the operating income or loss. The non-operating income comes from grant funding and contributions which can change very rapidly from year to year. Ms. Greear reviewed the Statement of Activities and recommended that Council use this report as a financial tool because it shows expenditures for public services by department less the revenue these departments generate. This tells you what the town must generate in tax revenue to provide these services. Ms. Greear reviewed the VRS funding progress, noting that the lower the funding ratio, the higher you can expect the VRS rate to be in the future. She also discussed the OPEB liability for providing retirement health insurance. The town does not currently fund the OPEB liability, and it is entirely up to the Council whether or not they want to fund this liability. The town's legal debt margin is currently \$54,354,103. Bonded debt is excluded from the legal debt margin. St. Paul is one of the only localities in the area that does not have general obligation debt. Ms. Greear said there were no material or significant deficiencies and only one recommendation; to create a formal internal control policy. Ms. Baca inquired about correct procedure for transferring money from the Proprietary Fund to the General Fund. Ms. Greear explained that even though both funds belong to the Town, they are like separate businesses under one umbrella. Up to an amount considered a normal contribution under normal operations, Governmental Standards allows money to be transferred between funds. The money Ms. Baca is referring to is a one-time payment received from Dominion as rental income for the next 49 years. This will reflect on the financials as deferred revenue. If Council has a project in the General Fund they would like to fund with this money, they can pass a resolution to transfer this money and set the terms by which the General Fund should pay back the Water & Sewer Fund. By doing this, the money generated from the assets of the Water & Sewer Fund will be put back for future expenditures that might be incurred by that fund. The same would be true if the General Fund loaned a substantial amount to the Water & Sewer Fund. Ms. Greear reminded the Council that the Water & Sewer Fund is a business type activity and the General Fund is a service type activity.

**MINUTES
REGULAR COUNCIL MEETING
THURSDAY, FEBRUARY 21, 2013
PAGE III**

Ms. Baca presented the Treasurer's Report. She reviewed the Fund Balance, which has increased significantly due to the 2.3 million dollar diffuser payment. At the last meeting, Council approved the \$600,000 allocation from a portion of the diffuser rental payment. There are several items Ms. Baca recommended that Council consider when allocating the remainder of the rental payment. According to previous discussions, at least \$1,000,000 will be restricted for future diffuser repair or replacement. However, there are several grant cash match expenses that should be considered, as well as any capital improvements to the parks and swimming pool. She suggested that Council prioritize the projects and decide how much they wish to see allocated to each project. If it can be determined how much is needed for any projects falling under the General Fund, then a resolution can be presented for approval of the transfer of funds and the repayment terms. Of the \$600,000 already approved, all but the \$498,050 for the wastewater project are general fund expenses. Ms. Baca recommended that updates to the skate park, the playground, and the swimming pool should all be allocated a budget for one big Recreational Project. A motion was made by Councilman Holbrook, seconded by Councilman Bailey, to approve the Treasurer's Report. Ms. Baca was excused from the meeting.

Under Announcements, Mayor Fletcher reported the following:

- 1) The Lion's Den appraisal has been scheduled at a cost of \$250.00.
- 2) St. Joseph students will be arriving on March 2nd
- 3) The request for street crossing signs have been placed at Wise & Buchanan Street
- 4) On the backside of Gray Hill, VDOT has knocked the corner of the rock off, allowing for better vision.
- 5) The Recreation Committee visited with a contractor to discuss needed upgrades for the swimming pool. The plan is to bid the pool work but the plan is for town employees to work on the kitchen and dressing room. The council might need to consider removing the high dive, which would allow us to reduce the depth from 12 feet to 10 feet. Expected cost for the pool and deck work is close to \$100,000 and the town should advertise soon in order for the work to be done in time to open the pool for the summer. Nash Construction is helping with a cost estimate, but will be required to bid the project.
- 6) The police department repeater system will provide St. Paul with its own channel, but Earl and Chief Phillips are still working on the problems with Wise County.
- 7) The room by the storage area has been cleaned out and will be the computer server room which will free up space in the small meeting room.

A motion was made by Councilman Salyer to approve the minutes of the January meetings, clarifying that the minutes reflect the actual motion taken regarding the skate park. The motion by Councilman Bailey was to enter into a contractual agreement with ARC pending the settlement of Item #6 which would allow for appropriate funding. Councilman Salyer asked the press to please print the clarification of the motion from last month's meeting. Councilman Bailey said he had actually recommended the \$84,000 design, but not doing it all at one time could reduce it to \$57,000; ultimately it would be left up to the committee to make a recommendation. The motion to approve the minutes as presented was seconded by Councilman Holbrook and passed unanimously. The motion carried by unanimous roll call vote.

**MINUTES
REGULAR COUNCIL MEETING
THURSDAY, FEBRUARY 21, 2013
PAGE IV**

Chief Phillips presented the Police Report. In the month of January, the department had 15 incidents, 3 arrests, and 33 citations. Arrests for some that have been taken to the grand jury are not reflected in this report. Chief Phillips said there is an antenna backordered for the new repeater system. Chief Phillips discussed the status of police department vehicles. They have the new car, a 2012 Interceptor, the 2010 Explorer, the 2006 car given to the town by Russell County and the 2007 and 2008 Fords. He expressed concern that the transmission may be going out on Office Horner's vehicle. Mayor Fletcher noted that we do have five cars, but the town has been in situations where they only had two vehicles running and that is not enough. He also pointed out that we now have six officers for practically the same expense of four because of the overtime expense when you only have four officers. Chief Phillips asked the Town Attorney what needs to be done to get an ordinance preventing the sale of synthetic drugs. Councilman Salyer moved to authorize legal counsel to prepare such an ordinance for Council's consideration. Mr. Kallen said the legislature recently passed a law regarding this, so he can track the language and prepare a town ordinance. The motion was seconded by Councilman Holbrook and passed unanimously. A motion was made by Councilman Holbrook, seconded by Councilman Kilgore, to approve the Police Report. The motion carried unanimously.

Earl Carter had to leave for a med-flight emergency. Glenda Lane reviewed the written Water & Sewer Report. A filter screen in the grit system has torn, but we are waiting on a 40 mesh screen that has been ordered to see how it works before replacing the torn screen. Final inspection has not been done on the grit removal facility. Once we know the amount of money we have left, we hope to order a 40 horse power spare motor for the raw water pump station and a backup SCADA computer system. The VPDES permit was submitted on time to DEQ. We have been supplying CWSA with approximately 150,000 gallons of water per day. The fire hydrant at the corner of Wise Street and 4th Avenue has been replaced. The Pool Committee has met and inspected the pool and we expect an evaluation from Mark Nash in the near future. The work order program is working and a monthly report was included in the Council packets. Ms. Lane said the work order report doesn't include everything, but will be more complete as everyone gets used to it. A motion was made by Councilman Holbrook, seconded by Councilman Boardwine, to approve the Water & Sewer Report. The motion passed unanimously.

The Project Report was given by Randy Beckner of Mattern & Craig. He elaborated on a couple of the issues mentioned in the Water & Sewer Report; the screen will be evaluated and the company may replace the screen under the warranty. One of the motors had a bad vibration and a replacement motor has been ordered under warranty. The town is getting the other motor repaired to be used as a spare. Mr. Beckner reported that the final change order on the grit building was not calculated on the financial spread sheet and the project will come in over budget by \$3,486.77. The change order on the equipment has not been finalized yet. The contingency was going to be used for the equipment change order that Council approved, but it will be short. This shortage can be addressed next month when the Treasurer is present for the discussion. The Regional Wastewater Treatment Plant Project is on track with the Sludge Removal and 58A Bridge Crossing going out to bid in the next week or two. Mr. Beckner has worked with Earl Carter and VDH to pull the telemetry and award it as a separate item as well as possibly removing the work on the Virginia City water tank since it is relatively new and needs

**MINUTES
REGULAR COUNCIL MEETING
THURSDAY, FEBRUARY 21, 2013
PAGE V**

the least amount of work. This should put the project within budget and he hopes to be able to award the project by next month's meeting. Mr. Beckner will be submitting the renewal application for the West Hills & Downtown Sewer Project. RD has requested an updated PER by March 15th and Mr. Hilt has indicated that this project has a strong chance of being funded with a 30% grant and 70% loan at 1.5% interest. Mr. Beckner advised that Mattern & Craig has agreed to update the PER at no cost to the town. Upon inquiry by Councilman Bailey, Mr. Beckner said the best case scenario would be starting the I&I project late spring or early summer. He also said that RD has not indicated that any of the past resolutions authorizing application for this project need to be updated. A motion to approve the Project Report was made by Councilman Holbrook, seconded by Councilman Kelly, and unanimously approved.

Old Business:

Mr. Beckner said he thought one issue Ms. Baca intended to address under Allocation of Diffuser Revenue is an \$1,800 balance left in the old diffuser account now used as the grit system account and she would like to propose allocating that money to the grit shortage. Councilman Holbrook said Ms. Baca indicated that Item #1 was to address how to allocate the diffuser rental payment from Dominion. Council has already restricted \$1,000,000 to be used only for future diffuser expense. There was a lengthy discussion regarding how to allocate the money and the needs of renovating the park. Councilman Kilgore said he likes parts of the Virginia Tech designs, but not any particular design. Councilman Salyer discussed phasing in the work on the park and commented on the expenses that will be needed to complete the pool project for a nice facility. Following further discussion about how to address park renovation, Councilman Salyer shared a comment from a citizen who asked him to please address the problems we have with our sewer system and infrastructure before spending money on some of these recreation items. Councilman Holbrook pointed out that this is just a matter of what we want to do first. Regardless of where the money is initially spent, it must be paid back to the Water & Sewer Fund for our utility services. Councilman Kelly reminded Council that a commitment has been made to Main Street. Councilman Holbrook reviewed the spreadsheet Ms. Baca provided showing her recommendations for allocating these funds. Councilman Kilgore said he is looking at items that will improve the park now but will still be able to be used even if we decide to redesign the park; items like new playground equipment, basketball goals, bathrooms, etc. Upon inquiry by Councilman Holbrook, Mr. Kallen confirmed the need for a public hearing if the transfer of funds alters the general fund budget by more than 1%. In further discussion about the work needed for the pool, Councilman Kilgore said he has had a hard time getting anyone qualified to even give a cost estimate or bid on the project. Councilman Salyer pointed out that the specifications must be written before it can be put out to bid. Mayor Fletcher said if we want the pool renovated, we need to act on it in order to have the work completed before summer. Councilman Kilgore suggested moving all of the available funds to the General Fund and repay any unused amount immediately back to the Water & Sewer Fund. Following a review of the monies needed by the General Fund, a motion was made by Councilman Bailey, seconded by Councilman Boardwine, to move \$801,950 from the Utility Fund to the General Fund and ask the attorney to draft the appropriate documents to pay back the loan to the Utility Fund at 0% interest for seven years. Councilman Salyer commented that, as the Main Street

**MINUTES
REGULAR COUNCIL MEETING
THURSDAY, FEBRUARY 21, 2013
PAGE VI**

liason, he will report next month on the commitments the town has made to Main Street when considering how to allocate this money within the General Fund. Mayor Fletcher took a roll call vote: Kelly-Aye; Kilgore-Aye; Boardwine-Aye; Holbrook-Aye; Bailey-Aye; Salyer-Aye. The motion carried 6-0.

Councilman Kilgore said he still needs to meet with Kevin Sutherland regarding the park improvements. A motion was made by Councilman Kilgore, seconded by Councilman Boardwine, to table the park improvements and shelter. The motion passed unanimously.

Councilman Kelly addressed the easement agreement with Mountain Heritage regarding the Sugar Hill Loop trails. In 2011, the Council voted to share with the IDA an annual payment of \$5,000 to Mountain Heritage for trail maintenance. The IDA has committed and paid their \$2,500 but the town did not budget for this item. Councilman Kelly said he is bringing this back to the table to suggest paying Mountain Heritage for the past two years for a total of \$5,000 and recommended putting this item back into the budget. Councilman Holbrook stated that it was made very clear that the payment in this easement agreement would be addressed on an annual basis. When the Budget Committee looked at the 2012-13 budget, many items had to be cut from the budget and this was one of them. The payment was made to Mountain Heritage during the first year of the agreement. Following discussion about where we would get the money in the budget, Councilman Salyer entertained a motion to ask the Treasurer to look into the current budget to see if we can find \$2500 to pay for the trail maintenance and bring this back to the Council next month. Mayor Fletcher said it was not paid in last year's budget because we didn't have the money, but he would be in agreement to see if we could pay this year's obligation from the extra funds we now have. Councilman Bailey pointed out that the extra funds were to be allocated to capital projects and this would not be considered a capital project. The motion by Councilman Salyer was seconded by Councilman Kelly and unanimously approved. Councilman Bailey commented that in this year's budget, the Budget Committee had to allocate one of the \$50,000 certificates of deposit in order to balance the budget.

New Business:

Mayor Fletcher said Bob Salyer has inquired about air conditioning units in the Willis Building. Councilman Kilgore said the units he is interested in are large AC units located at the back of the building. A motion was made by Councilman Kilgore, seconded by Councilman Boardwine, to donate these units to the Clinch River Little League. The motion carried with Councilman Holbrook abstaining due to a conflict of interest because he serves on the Little League board.

Councilman Holbrook moved to authorize the recording of the deed and the easement with Freddie Arrington for the property adjacent to the Blue Belle Island trail. The motion was seconded by Councilman Kilgore and passed unanimously.

Councilman Bailey moved to table the Crooked Road Resolution of Support to allow time for council members to gather additional information about this issue, commenting on his concerns about private property rights. Councilman Bailey pointed out that Aubrey Ward of St. Paul

**MINUTES
REGULAR COUNCIL MEETING
THURSDAY, FEBRUARY 21, 2013
PAGE VII**

serves on the Crooked Road board. Following a brief discussion about other Crooked Road board appointees and the impact of federal funding on restricting property, the motion was seconded by Councilman Holbrook and passed unanimously.

Mayor Fletcher took a five minute recess and Ms. Baca returned to the meeting.

In response to a request letter from Dante Rescue Squad, a motion was made by Councilman Holbrook to donate \$450 to the Dante Rescue Squad. Mayor Fletcher commented on the excellent service provided to our area by the Dante Rescue Squad. Councilman Boardwine commented on how good the Dante Rescue Squad has been in responding to calls. Councilman Holbrook accepted a friendly amendment by Councilman Kelly to increase the donation to \$500. The amended motion was seconded by Councilman Kilgore and passed unanimously. Councilman Salyer asked Mayor Fletcher to send a letter with the check thanking them for their service to our area.

The next item is a letter from the Wise County Chamber regarding the cost of attending their Spring Gala. Ms. Baca said a letter was received today from the Russell County Chamber for their spring event. After reviewing the costs of both events, a motion was made by Councilman Salyer, seconded by Councilman Holbrook, to table both items. The motion carried unanimously.

Councilman Bailey pointed out that even though the letter from the Health Wagon requesting a donation indicates they come to St. Paul every week, but they do not come to St. Paul on a regular basis. Ms. Baca suggested sending this matter to the Budget Committee for their consideration in next year's budget. Councilman Holbrook moved to refer the request from the Health Wagon to the Budget Committee. The motion was seconded by Councilman Kelly and unanimously approved.

Councilman Salyer asked Council to consider a matter involving the Stonebriar property. The Stonebriar was funded fifteen years ago by the tax credit program, but this funding did not allow any future funds for capital improvements. Now, application is being made through a new tax credit process and competing with other people in the state for about 1.5 million dollars. One of the things needed is the blessing of the town government and documents signed by the Mayor. Councilman Salyer read a letter in regards to releasing a deed of trust in the amount of \$743,438 from 1997 wherein the original loan came through the Town of St. Paul on behalf of Stonebriar Limited Partnership. Councilman Salyer read a proposed letter to be signed by Mayor Fletcher agreeing to contribute the outstanding amount of this loan to the buyer, Stonebriar Apartments, LLC. This is a loan that went through the town, but it did not cost the town any money. Councilman Salyer asked the Council for a motion authorizing the Mayor to sign the letter. Councilman Bailey made the motion and it was seconded by Councilman Boardwine. A roll call vote was taken: Kelly-Aye; Kilgore-Aye; Boardwine-Aye; Holbrook-Aye; Bailey-Aye; Salyer-Abstain. The motion was approved by a vote of 5-0.

**MINUTES
REGULAR COUNCIL MEETING
THURSDAY, FEBRUARY 21, 2013
PAGE VIII**

Councilman Salyer moved to enter into Closed Session to discuss Personnel under VA Code Section 2.2-3711(A)(1) and Legal under VA Code Section 2.2-3711(A)(7). The motion was seconded by Councilman Kelly and a roll call vote was taken: Kelly-Aye; Kilgore-Aye; Boardwine-Aye; Holbrook-Aye; Bailey-Aye; Salyer-Aye. The motion passed 6-0.

A motion was made by Councilman Holbrook to enter back into Open Session, certifying that the only matters discussed in Closed Session were Personnel under VA Code Section 2.2-3711(A)(1) and Legal under VA Code Section 2.2-3711(A)(7). The motion was seconded by Councilman Bailey and a roll call vote was taken: Kelly-Aye; Kilgore-Aye; Boardwine-Aye; Holbrook-Aye; Bailey-Aye; Salyer-Aye. The motion passed 6-0.

Councilman Salyer moved to approve a \$1.00 pay increase for Doug Jessee who passed his certification for a higher water operation class. The motion was seconded by Councilman Kelly and unanimously approved.

There being no other business to discuss, the meeting was adjourned by Mayor Fletcher.

Mayor

Town Clerk