

The Richlands Town Council held a "Budget Work Session" on April 27th, 2022, in the Richlands Council Chambers at 6:00 pm with the following present:

Mayor: Rod D. Cury

Town Manager: John O'Daniel

Town Clerk: Rebekah Hackworth

Council Members: Jeff Hurst, Doug Ratliff, Mike Street, Darrell Addison, and Seth White.

Town Attorney: None present

Mayor Cury opened the meeting.

Mayor Cury gave the invocation and led the Pledge of Allegiance.

Mayor Cury- John, would you like to update us on the budget?

John- Yes, I have highlighted some changes in the budget that council gave me direction on in our last meeting.

- If we need additional budget workshops, we need to schedule those tonight.
- We have the meeting on May 10th for the first reading of the budget and May 24th for the second reading.
- Next, is the memo budget. It is essentially the same from our last meeting, I just took out the real estate and personal property tax increase since council voted not to increase those at our last meeting.
- General Fund: Council felt that we could cut \$25,000 in attorney fees and \$7,020 in health insurance, due to no one in council using the health insurance offered to them.
- No new changes to the finance budget or to the non-departmental budget.
- In the IT department, we discussed using funds to pay off some debt, so we don't continue to have those recurring payments.
- Community Development: There were no changes, as well as no changes in Miscellaneous.
- Police Department: We had an increase of \$99,450 so we could pay off the new tasers and body-worn cameras, so we do not have that recurring payment.
- Fire Department and Rescue Department: There were no changes, and if there were, they were very minor.
- Sanitation and Recreation Departments: There were no changes.
- In the Community and Civic facilities, the original budget did not include the donations. Therefore, we were showing a -\$10,000 and that issue has been addressed. This new figure is what the accurate accounting should be.
- Capital Finance Office: We only have two changes. One was the IT computer equipment, which was already mentioned. Two was a vehicle for the Fire Department and a dump truck for the Street Department. We have already ordered the dump truck, but with the issues with vehicles, we don't anticipate getting that dump truck until next year's budget. However, we already added that into this year's budget since we already ordered it.
- Next page is a summary of all our revenues that we pull in for the general fund. It also shows all the departments and what is budgeted for each of those departments.
- We discussed at the last meeting a potential tax increase for the additional 2% COLA. I had a couple members of council reach out to me to see if there was something we could do to get that additional raise for our employees. We were able to put that in there. To do that, we had to take a little bit of a risk. We are seeing quite a bit of a turnover in our departments. It may take months to fill those positions. So, in time, as those positions remain unfilled, the money that would normally be allocated for the salary for those positions will be saved until those positions are filled. The money saved can then be used to give the other employees raises.
- So, that is where that \$38,000 comes in that's highlighted for employee turnover.
- Water and Wastewater: We will break even with the increases.

- Electric Revenue: Based on the presentation that GDS gave at our last meeting, we are projected to be about \$65,000 in the hole. That's in effort not to do any electric rate increases.
- Water, Sewage, Electric and Line Maintenance: There aren't any major changes to what was already proposed, except the electric. Based on councils' direction and GDS's projection, the decision was made to cut two positions essentially. This is one of the linemen that we had an opening for. When Kevin left, we had an employee kind of slide over and start doing some of his duties. Then, when we took over that job, we never had someone to come in and fill his job.
- So, the Electric Department is down two employees to cut their budget in a way that we felt was closest not to having any increases. That is reflected in this budget.
- We did have some changes in cost; eliminating the PILOT (\$200,000) like we discussed in our last council meeting.
- We cut \$200,000 (PILOT) from the electric and moved it to the general fund.
- Spoke to our auditor and they recommended that we use our ARPA money to allocate funds for salaries. The surplus that we have left over would be free money that we could use without any restrictions - for example, on our debt.
- If we use ARPA money for different things, there are certain requirements that have to be made.
- It was my intentions to leave personal property as neutral, but when I spoke with the county treasurer, they projected an increase in the assessment of vehicles. Therefore, our revenue would increase as well.
- Next item is an increase to \$.25 tax on cigarettes that was discussed in our last meeting.
- The last item is an increase in our garbage collection tax of 6.72%. I believe it equals about \$0.80 per month to our residential and our commercial would be based on that increase as well.
- As we discussed with the water and sewage, there are no increases, but they are proposed to increase to help us with the new water and wastewater upgrades. We went and obtained financing for that as well as grants. To be eligible for that grant funding, we had to increase our rates.
- Next are the electric funds as GDS projected. If we cut where they have suggested, then we will not have to increase our electric rates.

John- Does anyone have any questions?

Mayor Cury- Before we go any further, I need to take care of some housekeeping duties and that is to welcome our newest member of council, Seth White. Welcome, Seth. I am glad you are here, and I hope you find this very helpful to our citizens. Thank you. The floor is open for discussion. Does anyone have any questions?

Doug- Looking at the budget, I think we are paying our attorneys way too much. I think we need to put out some bids and see if we can get another attorney for \$46,000-\$50,000 instead of \$65,000.

Seth- Do our attorneys help the town council out with in-house legal matters or traffic tickets?

Mayor Cury- I think they did at one time, but they do not do that now.

John- The District Attorney takes care of that for us now.

Seth- Since we are paying them so much, I think that would be something we could look at and see if they could help the council and the town manager in-house.

Mayor Cury- I think that's something that could be considered, but I'm not sure how to do that at this time. Other members of council?

Doug- Why can't we put out bids for an attorney now before we get started on next year's budget.

Mike- I don't think we could do that. We would have to fire the ones we have now to do that.

Mayor Cury- Doug, I don't disagree with you, and I certainly think we need to watch our expenses. I think we need to research and see what we can do legally, and they definitely deserve some consideration.

Doug- Well, if we go by that, then it would never be a good time, and we would never get rid of them. You guys always want to cut the budget, but you always give an excuse on why you can't because you are afraid you will hurt someone's feelings.

Mayor Cury- I don't like being characterized that way. Let's move on. Thank you, Everyone, for your comments.

Mike- John, on the Davenport audit, will that come out of the special studies?

John- It will depend on if we pay them in this this year's budget or next years. If it's this year's, then yes, it will come out of the special studies. I don't like pre-paying of a service, so, it will depend on when they get started.

Mayor Cury- Any questions on finances?

Doug- What about card processing fees?

Heather- We don't take them unless it's something that can't be paid on the online services, for example, a well. We have brought them back and taken them away several times. The fees have significantly gone up. That's why we took them away, unless it's something that the online services can't process.

John- We will look at those, and I think those fees can be cut. These numbers were run when we were still taking credit cards. We had so many people using credit cards that our auditors advised us to cut those fees out.

Doug- If you look at the Finance Office, we are spending \$865,756.89. Do you realize that you are spending almost as much as you are spending on the roads? Our town is almost falling apart in infrastructure, and you are spending the same in the Finance Office as you are on the roads.

Mayor Cury- Okay, thank you, Doug. Moving on. John, we have some changes here in the IT Department.

John- Yes, one is a new server that we had to replace before we were not able to get that serviced anymore. The other is to pay off some of our debt, so we don't have that payment for the next two years.

Mayor Cury- Community Development, any questions?

Darrell- I talked to the county IDA, and they have two people in the county that are willing to do this work for the town. They would be coming to Richlands to do this work anyways. I think we could use them and save that money.

John- Okay, I have interviews to fill this job this week. I just really need to know what direction I need to go.

Seth- The county has a good staff. Maybe we could get them to come down at our next meeting and let us ask them what level of services they would provide to us.

John- So, is the consensus to leave it for now and postpone the interviews and see what the IDA says?

Council- Yes.

Mayor Cury- I think the best thing you could do is tell them the truth. Tell them that council is unsure if the job will be funded and that we are looking at other ways to have these services provided.

Mayor Cury- Next, we are on the police equipment.

Doug- If we transition into the 911, it's going to save on this budget \$300,000- \$400,000.

John- Based on my calculations, it would be \$250,000.

Mayor Cury- At our last meeting of the council, didn't we decide to form a committee and have them meet? Where are we in that process?

Doug- Jeff and I met with the sheriff today. It was very promising, and he thinks it would take about 3 months or so.

Mayor Cury- John, were you aware of this meeting?

John- I was just made aware of this meeting today. I called Jeff today, and he was in that meeting. I think that it is going to be a very difficult and political decision. It needs to be handled with caution. How much coverage are y'all wanting? If you get rid of dispatch, you are probably not going to have someone always there to answer the door.

Doug- As far as having someone at the door, they have already considered that and can have someone at the door in under a minute.

John- Are you going to guarantee that?

Doug- Yes, I can guarantee that someone can be there in 3-4 minutes.

John- You just said under 1 minute. Now you are saying 3-4 minutes.

Doug- Why has every town gone away from dispatch? That makes no sense at all. Everyone else has decided they can't afford it.

John- Dispatch is only one component of it. If you lose dispatch, then you lose that person always being there. It's just a lot to consider.

Mayor Cury- Next time, I think every person needs to be involved. I am embarrassed to say that I didn't even know what was going on.

Jeff- Absolutely. Next, they advised us to talk to Bluefield, who has just transitioned, and see what their opinions are.

Mayor Cury- I would like to be a part of these meetings, but I understand that all of us can't be at all the meetings all the time. However, I do think the town manager needs to be involved.

Seth- If this dispatch is going to be worked in our budget, we really need to get a timeline scheduled tonight. I know y'all plan on saving \$250,000, but essentially, it may not be all of that in one year. You may have to buy some equipment. You may need coverage of one employee, maybe not.

Jeff- Next step is getting both sides together so they can work out all those details. We are scheduled to have another meeting this week. Once we get through all this maybe we need to have a presentation to present to council to see what it's going to look like.

Mayor Cury- This is not a document written in stone. We are still trying to work through it. I think we need to wait to hear from Jeff and Doug, so we have an idea on what to do with the budget.

Doug- I am like Seth. I think we need a timeline. When you talk, you need to have both parties present and also talk to the citizens. What kind of timeline are y'all thinking?

John- This is a very big decision, and I think it would be best not to put a time limit on it.

Darrell- I don't think you are going to see much change to the budget this year. Like Seth said, the money you are going to be saving, you will be spending out in new equipment.

Seth- I don't think you will use it all. If you are trying to balance your budget, I think this is a good place to start. However, you will have some expenses as well.

Mayor Cury- So, we are saying we do not need a timeline restricting us, but we need to have a goal to move forward. Until we have all the facts, we can't really make a decision to change it in the budget.

Doug- We have less citizens and our budget for the police has gone up almost \$300,000. I spoke with the sheriff today. He said that if they moved dispatch to 911, and if we had to lay some of

our employees off and the call volume picked up and they needed to hire another person, our employees would be considered first.

John- One thing I would like to highlight next is the fire truck payment. Our interest rate is very low, and there are other things that we need to pay off that would add so much more value than paying this off due to the interest rate being so low.

Seth- I agree. I would not advise you to pay this off at this time.

John- Moving on to rescue. There is a typo on heating oil and fuel. \$807,565.00 is the total. One of the columns got messed up there.

Mayor Cury- Any questions on the Street Department?

Doug- That is one of the comments I made. If you look at the Street Department and the Finance Office, it's almost as much as we spend on the roads. Do we need all those people in the Finance Office? When it takes as much to operate a finance office as it does a street crew, I think we are top heavy. We have doubled our finances and lost population.

Darrell- I think Davenport will help us out with that.

Doug- That's what I am hoping for. Why do some departments stay the same and run efficiently while other departments, that have all the power, double? We should spend more on the roads and take care of our citizens. Yet, some of the people on salary, they make very well. We have forgotten about our street people who probably make minimum wage.

John- Looks like something happened between 2019/2020-2021/2022. It's almost a \$200,000 difference. I think that's when we changed to shared resources. We started paying each employee out of the department they were working for. Each department transfers whatever percentage of money that make up the salaries in that department. It is transferred to the general fund, and the salaries are paid out of that.

Doug- But, if you go back three or four years, they were taking from each department. They more than doubled before Tim Taylor left. He went through a phase that he gave everyone a raise before he left.

Mike- That's not true.

Doug- I have the floor. If you want, go back and check what the salaries were three or four years ago just before Tim left. Our salaries have doubled. Look at the budget for the Sanitation Department in 2018 and where they are now. Some departments have been forgotten about, and some have gotten along quite well. If we could run everything like the Sanitation Department, we would be doing well. Actually, I think we need to give them a raise.

Mayor Cury- Next is the Capital. Any questions here?

John- The only two things in Capital this year are a \$51,582 command vehicle for the Fire Department and \$148,000 for a dump truck for the Street Department. We hope to have that dump truck delivered by next year's budget. We are looking at a \$6,000 surcharge for that.

Mayor Cury- Any further comments or questions? We are on revenue.

John- Essentially, this is just an overview from the previous pages.

Doug- In the electric revenue, how are you counting the \$375,000 that you are taking out?

John- It is a shared expense to pay for salaries.

Mike- So, this \$65,000, is it coming out of the reserves?

John- When GDS did their calculation, even if we cut it as close as we can, we are still going to be about \$65,000 in the hole in our Electric Department if we do not increase the rates.

Mike- So, you would need to pull that money from somewhere to cover that.

John- Yes. Next are the expenditures for utilities. We have seen some drastic increases in our chemicals, so we had to figure those increases in.

Doug- What we are doing is causing the water rates to go up by taxing it. You are taking out \$150,000 out of the water system and moving it to the general fund.

Jeff- Even if you didn't take it out of the water system, you would have to find another place to take it out of to pay those salaries.

Doug- As long as you are taking money out of your utilities, you are going to be raising those rates on your citizens. You should be paying those salaries out of your revenue, not your utilities.

Mike- That's not true.

Jeff- Then where would you get that money from to pay those salaries?

Doug- You cut your budget where you are not overspending and using your utilities to pay your bills.

John- We got rid of the PILOT to try and help with that. I have my notes here, and we have \$640,000 for shared resources to pay for the salaries. It is broken down by what each department pays for each employee's salary in that department.

Doug- Utilities are something everyone must have. Instead of taking money out of that and giving that money away, why don't you cut your budget, so you don't have to sponge off your utilities and your citizens? You need to be paying the salaries out of your revenue that you are making off of all these things you are taxing. How can you cut off 80 people's electricity and raise their rates and not cut your budget, give \$80,000 to IDA, and \$80,000 to anyone that comes in? It's not your money to spend. But that is what Richlands has done all these years.

Mayor Cury- Thank you, Doug.

Mike- It is very simple. We have employees that work for each of these departments. It's not a transfer out. We are not taking money out of a fund if it pays their salaries. We are very fortunate to have these low rates, and the reason we have this low of rates, is because these people work for these utilities.

Heather- It really just depends on what the employee does. John's salary would not just be under all water or all electric. It just depends on what the person does and how their salary is divided up. It is my understanding that it came from our auditors to divide it up this way.

Doug- 80% of the Finance Office is being paid by the utilities.

Mike- That's not true.

Doug- I think that's the only thing that comes out of your mouth.

Mike- When you are talking, that's exactly right.

Doug- I will not sit over here and be called a liar.

Mayor Cury- Gentlemen, please. Let's watch our words because words turn into actions. I do not want to have to reign down on this gavel. We just need peace in the family.

Mike- He can say whatever he wants to about backing this up, but all I can do is provide facts.

Doug- The citizens know the truth. They know their bills, and you will see what I am talking about.

Jeff- If we don't take it out of the utilities, then you would have to take it out of the general fund. The money has to come from somewhere.

Heather- You have to justify everything that you are taking out, and we are taking out money for the peoples' salaries that work for that department.

Doug- But you wouldn't have to do that if you cut your budget. This whole budget is padded all the way down the line. If you cut each department 10%, you wouldn't have to take anything out of the utilities.

Heather- The correct accounting is to take money out of the department that they work for to pay their salaries. They don't work at the wastewater plant. So why would we take money out of that to pay for the salaries of the people that work over here in the office?

Mayor Cury- Thank you, Doug. Let's move on. Doug, would you like to comment on wastewater?

Doug- Look down at that shared expense again.

Seth- I think it would be helpful to have more of a breakdown to see what exactly the money is getting paid out to.

Mayor Cury- Thank you for the comments, Everyone. Next, we are on water and sewer line maintenance.

Doug- Another transfer out of \$16,000.

Mayor Cury- I think Seth's suggestion will help us understand when we get that information. Next page is the Electrical Department.

John- Essentially, we have two positions open in electrical engineering, and we have a lineman position opening. We need to try and hold off on hiring for those positions to keep the electrical rates under control. But eventually, we will need to hire for those positions. We have also cut the PILOT to try and help with not increasing those electric rates as well, just like GDS suggested.

Doug- I am glad you did away with the \$200,000, but it could have been \$800,000 if you didn't take anything out.

Mayor Cury- 10-minute recess.

Mayor Cury- We are back in session. We are on the Electrical Department.

Doug- If you would just make a logical budget. Live within your means and stop using the utility as your piggy bank.

John- Even if we had reserves and was profitable, this is the fair way to show those costs. It's how every other town handles it for their utilities.

Doug- 5 years ago, we had 2 million in the reserves. We have blown over \$2.5 million on these stupid budgets that someone keeps coming up with. It's going to come to an end because you are a half million dollars in the hole and you keep adding tax after tax to it. One of these days you are going to have to look at the budget and say, "Can I afford this?" And we never do, but your time is coming. It is just a matter of time.

Mayor Cury- Well, moving on. Any more questions?

Mike- I really appreciate this handout and would like to share it to Facebook on where our shared expense money is going to.

John-Yes, just please remove the names off the sheet.

Doug- For 5 years, we never took anything out of the electric. How in the world did Richlands exist for those 5 years without taking any money out? We had logical and non-wasteful budgets.

Mayor Cury- Doug, your questions are valued, but this is not an inquisition.

Seth- I have a suggestion. We are going to pay \$6.2 million to purchase power and sell it. With all the costs that come with it, it will cost us \$7.3 million. Could we reach out to AEP to see if they would be open to purchasing our power? AEP has the ability to service our town, if they would. Could we form a committee to talk to them about purchasing our power? We are not generating our own power, so we are going to continue to do this same thing every year. We want to have a significant change. Everyone would be billed on an equal playing field, and the rates are cheaper than what we are paying in town.

Mayor Cury- I think that's a feasible discussion and something that we can address. Members of council, thoughts? I think this is something that we can address in a regular meeting not in a budget workshop.

Seth- I definitely don't want to see our town go downhill. If we want to do something that would be significant, I think this is a conversation that we need to have.

Doug- If the town can't manage any better than this, we will have no other option. However, we make \$1.3 million a year on average. If it was managed right, and we didn't take money out of it, then it is God send.

Mayor Cury- I surely don't want to mismanage things in our town. I have a lot of confidence in this town. I think we have opportunities. Any other comments?

Seth- Is there a reason we are collecting less food tax this year?

John- We will look into this and give everyone an update.

Seth- John, is there a typo on the sewer collections?

John- I will look into that and see what is going on there. I know there were some increases, but I will look at that and make sure that is correct.

Mike- I did some research when you said Tim Taylor had taken money out for many years. They did a Virginia audit all the way back to 2013, and it shows no money being taken out of our utilities, and that is a VA audit by code.

Doug- All you have to do is look at our budgets. It is in black and white what money has been transferred out. I can bring them and let you look at them.

Mike- Okay, I'll share mine as well.

Mayor Cury- Here is what I would suggest. Mike, whatever information that you have, please share with the manager and the other members of council. Doug, whatever information that you have, please share with the manager and other members of council as well.

Mayor Cury- Does council have any other questions?

John- We are going to continue to look at the dispatch, the meal tax, the credit card processing fees, and the sewer rates to see if those need to be adjusted. Is there a consensus that this is a direction to move forward?

Mayor Cury- Council, is there a consensus that this is the direction that we are giving to the manager to move forward. John, do you know what to do?

John- Yes.

Mayor Cury- Is there any other budget business that we need to go over? Okay, then I have some declaratory business. When I arrived at council this evening, I had received this letter.

Mike Compton- "I would like to thank each of you for giving me an opportunity to fill a vacant seat on the Town Council. Unfortunately, after much prayer and thoughtful discussions with my family and dear friends, I must decline the opportunity at this time.

As a lifelong resident and former store manager, it was my hope that I could use my own personal hardships to be a voice for the citizens of Richlands. I feel that unless you have walked a mile in someone's shoes there is no possible way to understand fully what our citizens are experiencing at this time. I ask each of you to really reflect on what our citizens are enduring and what each of you can do to fulfil your promises as an elected official. The citizens of Richlands deserve a council that really puts the citizens' needs at the forefront of any decision-making process. ALL citizens of Richlands deserve a council that wants to ensure the growth of the community in all areas, not just the areas where there is a personal interest.

Once again, I am thankful for this opportunity, and I wish each of you the best in fulfilling your duties as an elected official. There are tough decisions to be made for Richlands to grow and prosper."

Sincerely,

Mike Compton

Mayor Cury- I will accept this to be his official notice of resignation from his appointed seat. I will ask that this be recorded in the minutes. This will conclude our budget workshop.

Based on that, I will call for a special called meeting. John, how many days do we need to give notice for a special called meeting?

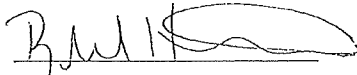
John- I think since we have everyone here, you could discuss this and make that call tonight.

Mayor Cury- I was told by Brad that I could do that, but I would prefer to have a special called meeting.

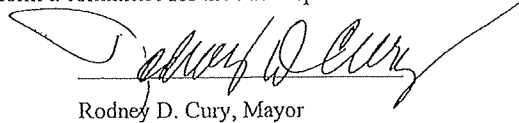
John- I believe you have to give a 72-hour notice.

Mayor Cury- Everyone get out their calendars. Is May 3rd okay with everyone?

Special called meeting is set for May 3rd in the council's chambers at 6:00pm. Agenda will be to appoint the vacant seat in the Town Council and to form a committee for the 911 dispatch. This meeting is adjourned!



Rebekah Hackworth, Clerk



Rodney D. Cury, Mayor