

The Richlands Town Council held a regular monthly meeting in the Richlands Council Chambers on June 14, 2016 at 7:30 pm with the following present:

Mayor:	Jannis White
Town Manager:	Tim Taylor
Town Attorney	Brad Ratliff
Town Clerk:	Julie Cordle
Council Members:	Mary Ann Strong, Frances Meadows, Larry Johnson, Joe McCracken, Doug Ratliff, Rod Cury Town Attorney Brad Ratliff

Mayor White called the meeting to order.

Mayor White gave the invocation and led the Pledge of Allegiance. Mayor White asks if there was anyone that wanted to speak that was not on the agenda.

Mayor White- Any other changes, deletions, or additions to the agenda? If not, do I hear a motion to approve the agenda as amended.

Rod Cury made the motion. Joe McCracken seconded the motion. Motion carries 6/0

Mayor White- You have three sets of minutes and one of them you received after you arrived tonight. Take a minute to review the June 1st continuation meeting. Do we have any additions, deletions, or corrections to the minutes?

Rod Cury- On the May 10th set of minutes on Page 8; it has my comments but I wasn't here. I did make that comment but it was at the previous meeting. We need to strike that comment.

Mayor White- We need a motion to accept the minutes as amended. Doug Ratliff made the motion; Mary Ann Strong the seconded motion. Motion carried 6/0.

Mayor White-There are no scheduled public comments so we will move on to unscheduled public comments.

Unscheduled Public Comments

Wanda Lowe- I want to thank the town workers for cleaning up our storm that we had in Hidden Valley the week before last. We lost some trees and the town came and hauled off the debris. They were very prompt and did a great job.

The second thing I want to make a comment on is to clarify something. At the last meeting I asked about the REC park budget and since then I have heard people throwing around a \$300,000 deficit. I've asked a few people and I think I have the understanding now and I want to confirm that. The town actually supports the REC Park. Maybe \$30,000 a month? Are we paying that out of something that the REC Park is not working out of their budget?

Tim Taylor- They are included in the governmental fund, not the utility funds, and this is funded by taxes and fees. The budget that is allowing these allocations, which council approves for spending, is \$300,000 divided by 12 so that's where you get your \$30,000. They don't generate enough money with entry fees, concessions, etc. to break even.

Wanda Lowe- That's how it was explained to me and I am still concerned about hiring another full-time supervisor. I didn't get to talk to all of the council but I did get to talk to everybody a little bit. If I remember right, I think we have 14 guys and girls over there. I would like to see us utilize our part time people and elevate someone that could fill in for Fred when he is gone. It's not like that little scenario we had that if a tree fell on a kid and broke his arm he wouldn't know what to do because he is a 20 year-old. I called before I came today, since the economy is so bad, to see what the unemployment in

Tazewell County is and it's almost 7%. That is a great deal of people. We see it locally because of the coal mines. I think any way that we can cut that full time position out and utilize our part time people would be better. It's not just the salary of that person but it's also the benefits and you can work the part time employees. I have checked with local businesses to see how they operate. When their managers are gone they have a part timer that will step in and fill in for them. If the economy was good and things were booming, I think it would be wonderful to have a full time position. I worked 12 years in part time and from experience I know that you always want to be promoted or get something better. In this area it was slim because the turnover was so low.

The other thing I wanted to discuss is the railroad house. You said it was up for bids.

Tim Taylor- We have completed the bid process and the bids were over budget so we have reevaluated that particular project to try to get it in budget. The work is currently being reviewed by VDOT.

Wanda Lowe- I think that would be such an asset to our town. The town is concentrating a lot on tourism and I think it would pull people in and generate the businesses on Main Street. The other thing I wanted to ask Doug Ratliff is concerning the gas he spoke about last time. Several people that were viewing did not understand anything about the gas project. I would like to ask Doug to take us from the beginning through today concerning where we are on the gas project.

Doug Ratliff- When the town first got a charter in the 19th century, it was given exclusive rights to provide gas in the town. We have been working on this for about 5 years trying to provide gas to the town. We want that for two reasons, 1) we can give a better price and we can make a decision based upon the community; 2) with better pricing we can eventually add \$500,000 to the budget. It's much better for Richlands to get the good out of the gas than some other company. Approximately 5-10 years ago, the SCC gave certificates out to private companies and one was Virginia Gas which later turned into Appalachian Gas saying they could provide gas to Richlands and Tazewell County. Our contention was that the SCC had no right at all to do that. Richlands already had it in its charter that Richlands had exclusive rights to provide gas to the town. The legislator included that in the charter again so that gave us another reinforcement that we had the rights and that SCC had no rights at all to give the certificates out. About 2 years ago, we did some research to make sure that we had legal rights concerning the charter verses the SCC. I think the cost was \$1,500 and we got a law firm from Charlottesville, Virginia to provide this. I personally donated \$1,000 out of my own money and the town gave \$500 so we could have that study completed. When the study came in, they thought we had the legal right to the gas and not Appalachian Gas. Appalachian Gas came in and we should go on to court with them because that is Richlands' gas. One of the mistakes that we made was ever letting them come into the town which some of us voted against. That's going to make it a little bit harder but we still have a 60/40 chance to take the gas over.

Wanda Lowe- Is there any way to stop them from doing anything else?

Doug Ratliff- That's what I have suggested. I have suggested to the council that we go to court to get an injunction and stop them doing anymore until we can decide what to do.

Mary Ann Strong- I'm on the electric committee with Doug and this does fall under our committee. In November, I will be on the council for 3 years. When I became a council member, I was late in the game with this but that seemed to be about the time that they were coming into town. We had numerous meetings with the representative from Appalachian Gas as a full council. We have been led to believe that they would cooperate with us but then they were in the process of being purchased from a very large company. That was another opportune time for us to go to court. I hope when and if we go to court, that we have got a very powerful document with us.

Doug Ratliff- When Mr. Ebert came to the council meeting, he stood up there and denied everything about working with us. I have the document where he signed the memorandum and if anybody wants a copy of it I will be glad to give you one.

Mary Ann Strong- I unfortunately was not able to be at the council meeting when Mr. Ebert came, but I support 100% what Doug is saying. If you read the MOU you would see what Mr. Ebert said in the minutes of that meeting, he did not tell the truth. He's told us in meetings all the things we want to

hear. He says he would cooperate and work with us and then he does the exact opposite. I'm tired of this and I think it's time we let the court decide who has the rights to the natural gas because it would bring a lot of revenue to our community. Like you said, Wanda, our unemployment and economy is about as bad as it's been. We need something and this is a great opportunity.

Doug Ratliff- Last week the county hired attorneys because they couldn't work with them. Mr. Taylor is trying to get a meeting with the president of Appalachian Gas. Maybe he will have a different attitude but I can assure you that he won't. It's at a standstill. We can meet with them and they will tell us what we want to hear but they're not really going to work with us. The only way the town can move forward is to file suit.

Mayor White- Have you been able to get in touch with the president?

Tim Taylor- We are in the process of getting a meeting scheduled.

Mary Ann Strong- Since our town is already in the utility business and does a great job with that, we feel like we could do a great job with this as well.

Doug Ratliff- A Company bases their decision upon profit. The only reason they are taking gas into Lake Park is because they wanted to put on a good show because they knew we wouldn't file suit.

Mayor White- Mr. Taylor will send a certified letter to the president of Appalachian Gas to arrange a meeting and after the meeting we will know where we stand and what we can do.

Doug Ratliff- When Mr. Ebert was here, he denied everything. All he wanted was the merger and after that he could care less. Now that we have let them have the merger, they feel like they don't need us. They feel like they can do whatever they want.

Mayor White- Let's move forward and send our letter in good faith and we will do what we are supposed to do.

Margaret Smith- I don't know if there are any laws about children playing in the streets. I have to drive very slowly down my street because the cars are parked and the kids are darting in and out behind the parked cars. They're on their bicycles and their scooters. The other day the dad was with the kids. The child was on the bicycle with the back wheel out in the road. The mother and the other child were on the other side. This has become the normal for every day. Are there any ordinances or anything we can do about this situation? They do have up a sign to watch for the children.

Also on Farmer Street the house located next to Joe McCracken's mother's property, have several vehicles parked there that are not tagged. They've been there for quite a while. I do think there is an ordinance about vehicles being without tags.

Brad Ratliff- There is an ordinance that prohibits that. As far as the children, there is no ordinance about the children playing in the streets.

Tim Taylor- As far as the children that would fall more under neglect.

Margaret Smith- Another thing is, trash day is not until Tuesday morning. Some people are putting their trash out on the weekend lots of times.

Tim Taylor- We have written quite a bit of citations for that. We have been trying to do better with the cleanup and make sure folks understand what that does to their neighborhood. It attracts rodents, bears, etc.

Margaret Smith- Also, I wanted to thank the town. There was a recent death on Sycamore Street and he had cut down a lot of trees. We called the town to see if they could come and clean up the mess so that the families could park there. The town was so prompt and came and cleaned up the trees and limbs.

Phillip Foy - I am here on behalf of the Ratliff Law Firm, Cedar Valley Drive in Cedar Bluff. Tonight, I would like to provide the council with a little information about the Town of Richlands Ambulance collections; how much we have collected and where it's at right now. We started collecting in 2014.

From September 2014 until December 2014, we collected \$4,716.68. The next year from January 1st until June 30th, we collected \$5,385.75. From July until December 2015, we had a slight increase. It went up to \$6,589.42. This made the total amount for 2015 almost \$12,000. This year from January until today, we have collected \$10,459. The total amount that is netted for the Town of Richlands is \$27,151.29. It looks like we are at a pace that will double what we did last year. We will probably end up around \$21-22,000 in revenue for the Town of Richlands. We are looking at about \$2,200 a month in revenue for the town. We have granted 274 judgements with a total of \$154,519 which tallies out to \$757 a judgment. Some of the challenges that we face in the collections process was that a lot of the accounts were old and a lot of the accounts were difficult to generate revenue off of because people had moved to different locations. We had 655 accounts with bad addresses. We had 683 cases that were uncollectable due to the statutes of limitation. Now when we get a judgement we don't docket it with the circuit court. If we docket it with the circuit court, then those would stay on record for 20 years and they would also attach to the property so if someone sold the real estate down the road we could collect that judgement out of that money. It costs \$10 to docket those. We have had a total of 274 cases which would be \$2,740 to docket those cases had we done that. We probably wouldn't docket every single one of them because a lot of the judgements are under \$200 or \$300 but if you got up to \$500-\$700 the case then you would docket the high level ones. You could probably generate a great deal of revenue. Every judgement that we have continues to earn an interest rate of 6%. That 6% allows us to have a little flexibility. When they call us up and say how much will you settle for the interest part is what we really look at reducing. Another challenge that we've had is looking at settlements. How much are we going to settle for? Right now we are doing it as a case by case. We don't really have any guidelines around it. There are a lot of people that are in nursing homes and are in situations when they can't make a payment so we just need to develop some guidelines around the write off process. One thing that benefits the town people is that we are very flexible about it. We have a lot of people on fixed incomes that really do want to pay their bills. We will take as low as \$5 a month or \$10 a month. That makes them feel good about being able to pay off their bills. The biggest benefit is the \$27,101 that we have got for the town so far which cost the town nothing. We get 25% of the revenue for it which pays for the salary, mailing, and copies. We pay that all out of our 25%.

Mayor White- I think that's great that you will allow them to pay as little as \$5 since a lot of our citizens are on a fixed income.

Brad Ratliff- On these cases, we waive the 6% interest as long as they are making payments so they're getting a dollar for dollar benefit and they can pay very little on that bill.

Council Member Reports:

Rod Cury- The Planning Commission has not met because we are waiting on the comprehensive plan. Once we get word from Tim and chairman Richard Smith, we will meet.

I want to thank the town's staff and crew for handling things so well for all the community during this storm. Thank you for all that you did. I personally want to thank the management and staff because I had several people call me about trees down that were on their private property. They did not expect the town to remove the trees on their private property. I think that is admirable.

I would also like to add that we have two festivals going on right now. The James H. Drew festival is here and the Freedom Festival will be the following week which is a celebration of the community. Sometimes it's easy for me or anyone else to say they are spending their money on that and it doesn't generate income. Everything that we do is part of the package. I just want to say how thankful I am that everybody is working on so many different projects for this community to make it attractive for people to want to come here or to try to keep people from leaving here.

Joe McCracken- I would like to welcome a new business in town, B&L Furniture and Appliance Store located at 1501 Front Street. They said they may be open by festival time.

I would also like to congratulate Mr. Cury for receiving the teacher of the year reward. It's an honor. I just wanted to mention that I appreciate Mr. Cury and what he does for the town as council.

I would also like to thank the town manager for taking care of the trash and trash cans. We just need a few more cans out.

I would like to congratulate the girls' soccer team for going as far as they did. They did well and we should be proud of them.

I would like to ask about a fire hydrant on Buskill Avenue and what has been accomplished on East 2nd Street.

Tim Taylor- We haven't got to do a lot to the street because we have been busy doing other things. We have been working on a solution for drainage on the street. We will work on patching the road and the last thing we will do will be the wall. We've got to do some other stuff before we get over there.

Joe McCracken- A Street light on East Second Street there are a few elderly ladies on fixed income in that area that really need a street light. I just suggested using the street light we have and just rotating it so those people can have some light going down their steps.

Tim Taylor- It's not possible. We can't justify rotating the town's light toward their steps when other people have to pay to have a light. If we rotate the light it becomes a personal light. We have offered to rent them a light.

Frances Meadows- I have noticed while looking at the mobile home parks that the one on Hill Creek has really done a lot of work. There is a big pile of insulation and stuff like that. How long does he have to get that up?

Tim Taylor- We will give him enough time to try to resolve it.

Frances Meadows- I really am concerned about the parking on Front Street. Are we going to get the lines for the parking spaces back?

Tim Taylor- We can do a straight line like we used to do or do you want them individually marked?

Frances Meadows- Yes, we need them individually marked. This would save a whole lot of arguing and stuff like that. Sometimes people don't pay attention to how they park and they take up two spaces. There was a concern about a tractor and trailer up on North Street. I don't know exactly the address of the house, but it is impeding traffic a little bit and they can't see to get out. I was just going to ask if you could check that out.

Tim Taylor- We will definitely look into it.

Doug Ratliff- Richlands is just treading water. It has very few opportunities. Two major opportunities that we have are the gas and the enlargement of the corporate limits. I wish the council could focus on those two things. If we would focus on those two items, we could add a great deal to our budget. 6,000 people take care of 21,000. What do I mean by that? Richlands provides fire and rescue for all the surrounding areas. We pay for that. If Richlands pulled back their borders and didn't take care of that, the county couldn't cope with it. The only reason Wal-Mart is in Claypool Hill is because of Richlands. Let's look at Lowe's. If we took in Claypool Hill, that is tax money that nobody can touch but Richlands. If we took in that tax money that is now going to Arkansas and North Carolina, we could provide services to Claypool Hill and Richlands. As a council and as government the first thing the council thinks about or any government agency is to raise prices, raise revenue, and raise the price of services. Instead of thinking in that mode, why don't we think about these two things that would add revenue where we wouldn't have to raise electric rates, taxes, or water rates? If we don't do something, in another 5-10 years we won't be able to tread water. If anybody can think of any other opportunities that Richlands has besides them two, I want to hear them. We can cut bushes, trees, and etc. but if we don't look at the big picture such as the gas and enlarging the town then that's not going to matter too much in a few years. It's going to be hard to keep the budget up. I would like to challenge the council to focus on the gas and enlarging our border. If we don't do those two things, take a ride through McDowell County. That's what we are going to be in the future.

Larry Johnson- We talked about the trash last month at Critterville. It has got significantly worse. Trash cans are not the answer because they are leaving their trash two feet from where the cans are. I also saw another culprit that's taking it out of the cans and throwing it down and that's the birds. Today I decided to kayak from Cedar Bluff to Doran Bridge. I saw so much wildlife right in our town including foxes, deer, and beavers. It blew my mind. The biggest thing that got me was that between Hardee's and Ramey's I seen about 300 tires in the river. I don't know how long they've been there, but there were a bunch.

Tim Taylor- There is a project that is going to happen around the Richlands Tabernacle area. It wasn't generated by us. It was generated by the church. We have obtained grants for several thousand dollars to do some things to the river. I couldn't be there today, but George went down and met with them and he can tell you more about it.

George West- The Fish and Wildlife Services met with Phillip Horton at the Tabernacle. Melanie Carter from the Abingdon office done most of the speaking. She said the river in that area is ½ to 2/3 of the size it should be. They are going to widen the river, dress up the bank, and going to remove the trash. They talked about pulling it back 28 feet and sloping it.

Rod Cury- I'm really glad to hear that because Phillip Horton has called me numerous times wanting to be a part of this. That's very encouraging that an individual group, in this case a church, has taken the initiative and are very interested in it. They want to use it as part of the recreational, PE, and education for the children that go to school there. That was the goal that came from the walking trail proposal and as part of the community development grant that we applied for and got from Virginia Tech with the help Laura Browning.

Tim Taylor- There is going to be over a hundred thousand dollars' worth of improvements. Hopefully this will start in September.

Larry Johnson- On the bottom of Hardee's bridge there is a pipe that is leaking. I wanted to mention the Freedom Festival 5K on June 25th. We have 5 sponsors so far. Anyone that wants to come out, I encourage you to. It starts at 8 AM. We will be having a public safety meeting on Thursday the 23rd at 5:30.

Mary Ann Strong- I want to add on last thing to Doug's comment about extending the town's boundaries. We also provide recreational facilities to thousands of other people; our recreation park and all of our ball fields.

Doug Ratliff- What I meant when I mentioned money flowing to Arkansas and North Carolina from Wal-Mart and Lowe's is that it's money that nobody can touch but a town. Since Wal-Mart and Lowe's has been in business, all of that money has flowed out of our town to those two states. If we incorporate and merge with Claypool Hill, we can take that money and provide services for Claypool Hill. That is money that Claypool Hill and Cedar Bluff can't touch. If we could get that money it would probably double our budget. By extending our borders, all this would do is help everyone.

Mary Ann- Speaking of recreation, I just want to mention and express sincere appreciation to David Ascue with the recreation department. This is our 34th year with the Richland's open tennis tournament that's actually going on this week. David is spending a lot of time at the court making sure the tournament runs smoothly. As everyone knows, sadly, Mr. Bob Nassif has moved away and this was always his baby. Due to David and the folks at the college, we have been able to keep that going. I want to give a big congratulation as already mentioned by Joe McCracken to the RHS girls' soccer team. They only had two defeats in their entire season so they set history being in the top four. I would like to make a motion that Mr. Ratliff prepare a resolution to be signed by the mayor to honor the girl's team and their coaching staff. We would have to ask the coach, Ms. Lindsay, what would be the best time to invite them. I would like to put that in the form of a motion. We honor a lot of sport's teams but these girls truly made history.

Rod Cury seconded the motion. Motion carries 6/0

Mary Ann- I want to thank Mr. Taylor for getting information to Mr. Ratliff for Mrs. Helen Collins' request. I apologized to her because she asked me a couple of months ago about an alley inquiry behind her property. In closing, I want to encourage everyone to get out and support the festivals. People like to complain that there is nothing to do here so for the next two weeks, there is a lot of activities planned.

Department Head Report

Mayor White- Does anyone have any questions or comments? If no questions, we will move on. I would like to thank the town workers for their diligence during the recent storm. The power was off in the Brooklyn area and it was on very quickly. I certainly appreciate that as well as the other folks in that area too. All the trees that were down in the street were taken care of by the town very quickly. We appreciate the crew very much. I had someone inquiring about how far up Big Creek that Rusty's Crew mows.

Tim Taylor- The last piece they mow is in the curve next to the railroad track.

Mayor White- I would like to express what a great job our town is doing with the mowing and weed eating even with all the rain. They have done an excellent job. The next thing on our list is the Certificate of Resolution for 2016. Tim Taylor, would you address this?

Tim Taylor- Basically, this resolution is necessary under Section 125 Premium Only Plan. It's a pretty simple thing we do every year on pre-taxing.

Mayor White- We need a motion to adopt this resolution. Rod Cury made the motion. Joe McCracken seconded the motion. Motion carries 6/0.

Brad Ratliff- We have two ordinances. The first ordinance is O-2016-06-01 is an adoption of state law. 18.2 is the criminal code section.

Mayor White- We need a motion to suspend the second reading. Larry Johnson made the motion. Mary Ann seconded the motion. Motion carries 6/0. We need a motion and a second to adopt the ordinance. Frances Meadows made the motion. Joe McCracken seconded the motion. Motion carries 6/0.

Brad Ratliff- The second ordinance is O-2016-06-02 is an adoption of state law. It's the adoption and incorporation of the Virginia code section 46.2. Its entire section is the vehicular component of Virginia Statues. The entire ordinance is enabling our officers to enforce that. I recommend that this ordinance be passed and implemented according.

Mayor White- We need a motion to suspend the second reading. Larry Johnson made the motion. Frances Meadows seconded the motion. Motion carries 6/0. We need a motion to adopt. Joe McCracken made motion. Rod Cury seconded the motion. Motion carries 6/0.

Brad Ratliff- The third ordinance is O-2016-06-03 is an adoption of the real estate tax rate for the town of Richlands. Real estate tax rate remains the same as it has over the course of several years. \$100 of assessed valuation for calendar year 2017 be, and the same hereby is, fixed and determined to be \$.16.

Mayor White- We need a motion to waive the second reading. Rod Cury made motion. Frances Meadows seconded the motion. Motion carries 6/0. We need a motion to adopt the ordinance. Larry Johnson made motion. Joe McCracken seconded the motion. Motion carries 6/0. Now we will move on to Mr. Taylor before we do the adoption of the budget.

Tim Taylor- The budget reflects a big change in the electrical department. The cost of service study identified a change of 5% increase in the rate to generate enough money to stay in budget.

Doug Ratliff- On the power cost adjustment; we raised the base about 5% last year. We are going to get another 5% in July. If we keep the power cost adjustment in tact as we have it that's going to be 13 ½. We have 2.1 million reserved in the budget. All we have to maintain as a reserved is 1.6. I would like to suggest that we put it to zero for the next 6 months and keep an eye on it because if we go up 13% that's going to be a hardship on those people that are on set incomes. That's a huge increase. If we put it at zero for 6 months, and I suggest that we meet with Tim and Adrienne every month to make sure

that we don't come close to the reserves and that we maintain that. If we see that there is a problem with the reserves, we can always put the power cost adjustment back. 13 ½ for those people on set income is going to be a huge increase. We are in the shoulder months and always through the summer we are going to have about \$13,000 a month through the months we can back it up in the winter. I know the study says that we are going to lose money. Last year they said that we would lose \$400,000 some dollars and we weren't even close. Those studies are not always correct. Instead of doing away with it, why can't we just put it to zero for 6 months? Give the committee a set Monday each month to make sure the reserved stays the way it should. One of the factors that's going to factor into it is how hot the summer is. If it's real hot which it is predicted to be, there will be a lot more money coming into the electric bills because people use their air conditioning. When you do a study, they can't add in factors like that. We could keep an eye on it to make sure it stays ok and we could just raise it 5% instead of 13%.

Adrienne Cordle- A \$425,000 figure is a great figure. They're expecting us to lose this year not last year. That is our current year. The reason that we are not going to lose that much money is because some of the PCA since March. We're hoping that we will actually break even. We may still lose, just not horrible.

Doug Ratliff- We have to remember that next year there is another 5% base built into that so we already a 10% increase in the base counting this July and next July. That'll raise it about 17% or 18% by July if we don't regularly look at it this month. If you only make \$300 a month you can handle \$20-50 a month, but if it goes up that much you're in trouble. That's why we would like to get the council to go along with our committee each month and keep an eye on the reserve. That's what a reserve is for. Why have a reserve if you aren't going to use it? That will keep us from getting in trouble.

Tim Taylor- I am a little more concerned with this. I do have faith in the Cost of Service study but it is a study based on business. Personally, I think it's risky. I have to tell you that because it's what you pay me to do. The biggest thing I would caution on this is if you see things turning to where it's risky enough to compromise our cash flow I hope that you would commit to act quickly.

Doug Ratliff- This is why we will be meeting once a month to keep a check on our cash.

Rod Cury- When we had our budget work session meeting, I thought we were in agreement on the PCA.

Doug Ratliff- We were in agreement but when we passed it Mr. Taylor told us that we could take a look at it anytime we wanted. It wasn't a set thing.

Tim Taylor- What we don't want you to do is mess with the base rate. We would have to go back to our consultants and that would cause a lot of trouble. The PCA is what's flexible.

Doug Ratliff- If we start losing more in the next few months then what we anticipate, it can easily be rectified by the council by reinstating the PCA. I must caution you as Adrienne will tell you we are going to lose \$30-50,000 a month. That is natural because we are in the shoulder months. We automatically lose in the summer but we make it up in the winter. In March we made \$180,000 in profit. In April we made \$135,000. We are going to have 2 or 3 shoulder months in which we expect to lose because it always happens. People don't use as much electricity in the summer months unless it's real hot. That's one of the factors that can't be taken into consideration with the study. I agree with everything Mr. Taylor said as long as we're flexible. That's what a reserve is for. You must never go below the reserve. Even if we pass this, I want the council and public to remember that it's just natural that you're going to lose \$30-50,000 in the shoulder months. As long as we don't come close to the reserve of 1.6 we will be ok.

Tim Taylor- You have to keep your credit rate up or you're not going to be able to buy power. We don't want to have to buy power from the market. As the town manager I have to tell you how I feel and this is risky. Vote however your risk level is.

Doug Ratliff- I want to make a motion to put the PCA at zero but leave the base rate at 5%. We have to have a small increase but we don't have to go overboard and kill people with it. Let's hold off as long as we can because our community is not in good shape right now.

Frances Meadows- When we had the budget work session, Doug, you were the one that said 7.5% increase instead of 10%. Why did you change your mind?

Doug Ratliff- Mr. Taylor said we had to have an increase. He also made the statement that just because you're passing this doesn't mean we have to stick with it. We can always change it. It's not set in stone. That's what we are doing. We are taking a look at it and changing it to help people out for a while.

Rod Cury- Doug, I understand your concern but I personally think it would be better to leave the PCA in place and then see how our finances go. At this present time since we are treading water, I don't think that it's a wise thing to that at this time. From what I understand, it's now or later and I would rather take it now. The PCA would be less in the shoulder months than it would be in the winter months. I do have sympathy that are on a fixed income and draw very little each month but I'm also looking at our town as a whole.

Mary Ann Strong- I wanted to mention, Frances, since we have had the other workshop we had one committee meeting before last month's meeting. Doug wasn't able to be at it but Adrienne gave us our rating. Since last council meeting we had two other committee meetings and that's what changed our recommendations. As always, Adrienne has been excellent. She can provide all the information that you need on the spot. That's what's changed the mind of the committee. We have looked very closely into ways to try and help the citizens.

Joe McCracken- I'm going to have to agree with the town manager. He is the one we hired and the electrical engineer. If anyone knows about the ups and downs and the what-ifs and maybes, I think it would be our town manager.

Larry Johnson- Doug, you recommended that we put the PCA at zero for 6 months. What if we do it for 3 months and then review it?

Doug Ratliff- We are going to put the PCA to zero for 6 months but we will review it every month. We can always change it if we get close to the reserve within those 6 months.

Frances Meadows- Doug, I understand why you want to do this but you are saying let's do the gas and increase our borders. We have got to have money to do that. If we let this money go that's in the fund, what are going to use?

Doug Ratliff- I think we can do both if we manage. We can help the citizens by not raising their bill \$25-\$50 a month. We can still keep a reserve and go to court if we manage correctly.

Mayor White- We have a motion on the floor. Does anyone need clarification of the motion?

Frances Meadows- Adrienne, I trust you with your figures. What is your opinion? Tell me what your opinion is.

Doug Ratliff- Can they do that during a motion?

Frances Meadows- Yes!

Mayor White- I should be the one recognizing speakers and then we decide who speaks. I am the one running the meeting.

Frances Meadows- OK, Doug has spoken the whole night. Can you recognize me?

Mayor White- OK, do you have a question?

Frances Meadows- Yes, I have a question for Adrienne.

Adrienne Cordle- I can see what Doug wants to do and I understand that. We do want to try to do the best we can with our rates and keep them as reasonable as we can for the citizens and ourselves. I agree with what Tim said as far as the risk. I think it's risky to go to zero. That's my personal financial opinion. I can't take the risk you guys can. I'm like Tim. I just provide the financial information and what I think. It's up to you guys to take that information and make your decisions.

Frances Meadows- You have seen us at worse times and you have seen us during some bad times. You have also seen how we have tried to come back and make it better.

Mayor White- We have a motion on the floor. Does anyone need clarification?

Mary Ann Strong- As a committee we are going to meet monthly. Doug, there is a question on this end about you referring to 6 months. Are you saying we couldn't adjust the PCA until the 6 months is up? Or can we adjust it at any time if we find we are in trouble?

Doug Ratliff- No, we can change it at any time. We are very flexible. The reason I put the 6 months in there is because I don't want to have to go through every month at the council meeting. I have been on council 10-12 years. When I first came on council, Richlands was the highest in the state on electricity. Now we are one of the lowest. Even last year, the attorney general singled Richlands out and commented how well we were doing as far as managing our electric system and that we were the lowest in Virginia. I think it's great that in 10-12 years we have went down from the highest to one of the lowest.

Mayor White- We have a motion on the floor but we still do not have a second. Mary Ann Strong seconded the motion. Is there any further discussion?

Adrienne Cordle- Basically the bottom line is our purchase power cost is going to experience a 13.5% increase. This is what the town pays for power so you have to decide what you are going to do. Your decision is how do I want to manage this as a council member?

Larry Johnson- If we look at the PCA and in 3 months we see that we are in the hole, will it help us to put the PCA back in place?

Tim Taylor- The only risk is you may have to set it higher than what you would have today. You have to be willing to do it.

Mayor White- We have a motion and a second on the floor so now I am going to call for a roll call vote.

Doug Ratliff- Yes

Frances Meadows- No

Joe McCracken- No

Rod Cury- No

Larry Johnson- Yes

Mary Ann Strong- Yes

Mayor White- We have a 3 and 3 vote and I am going to vote to go with the committees' decision based on facts that we can review the budget monthly and we are all committed to not allow the town to get into trouble. I am going to vote yes.

Tim Taylor- One thing we do have a concern with is that water and sewer is not paying its way. When you look at the budget it looks like we are doing a good job but we are not. We don't spend it until we get it. There are two steel tanks that we put in over 20 years ago. One of them is a million-gallon tank. Those tanks need to be painted and it will cost us \$250,000. Whether or not that gets done depends on a lot of facts. It is in the budget to paint both tanks.

Joe McCracken- My question is if you don't paint both of those tanks this year does that change the 1.7 million?

Tim Taylor- Yes but the money just sits there. Two things we need; one is to adopt the budget and the other is a resolution to adopt the rates.

Mayor White- I have a question on the security deposits. At the bottom of the page it says it's effective at 8-1-06. Another question is on the zone permits, these are 8-01-06, are any of these new?

Tim Taylor- No, these are old. It's been there for a while. Last time we raised garbage rates was 2013. These rates reflect what's in the cost of service study. I guess what I am looking for is an adoption of the budget based on what you have heard

Brad Ratliff read the adoption of the budget. He recommends adopting the budget.

Mayor White- We need a motion to dispense with the second reading. Larry Johnson made the motion. Mary Ann seconded motion. Motion carries 6/0. We need a motion to adopt the budget. Rod Cury made the motion. Larry Johnson seconded the motion. Motion carries 5/1-Joe McCracken nay.

Joe McCracken- I would just like to elaborate. A year ago we were \$600,000 in the red. It showed red on our paper and this year it's red and shows \$1.7 million.

Tim Taylor- Read the resolution to adopt the Rate Schedules and Riders for the Electric, Water, Wastewater and Sanitation/Containers Collections.

Mayor White- We need a motion a to adopt the resolution. Rod Cury made motion. Mary Ann seconded the motion. Motion carries 6/0.

Authorizing Bills

Tim Taylor- Discussed the check register.

Check #53539 American Carpet Care. Had to do some extra work for us.

Check #53535 Affordable Propane. Rick Haywood and he changed the name of his company.

Check #53553 Blue Ridge Power Agency. Large portion is for lawyers and engineers.

Check #53590 Langdale Forrest Products for utility poles

Check #53572 F&R Electric is for a compression pump waste water plant

Check #53626 CI Thornburg Inc. is for the purchase of sodium permanganate

Joe McCracken made a motion to pay the bills. Larry Johnson seconded the motion. Motion carries 6/0.

Mayor White- Do we have a motion to adjourn? Joe McCracken made motion. Larry Johnson seconded the motion. Motion carries 6/0.

Jannis White, Mayor

Julie Cordle, Town Clerk