

10 Robertson St.

*The "New River" City*

April 17, 2017

Radford, Virginia

**Special Meeting Number 1 of Radford City Council, F.Y. 2016-2017**

The regular meeting of the Radford City Council was convened at 6:00 p.m. in Council Chambers, 10 Robertson Street, Radford, VA. The Mayor of the City, Dr. Bruce Brown, was present and presiding. Other members of City Council present were Mr. Robert Gropman, Dr. Richard Harshberger, Mr. Daniel Keith Marshall, and Mr. David Michael Turk.

Others present were as follows:

Mr. David Ridpath, City Manager

Ms. Melissa Skelton, Community Development Director

Mr. Donald Goodman, Chief of Police

The Pledge of Allegiance, was led by Mr. Gary Harris

Mr. Marshall was out of town on personal business.

**ACTION:** City Council unanimously voted to allow Mr. Marshall to remotely participate in the meeting.

**VOTE**

AYES: Mr. Gropman, Dr. Harshberger, Mr. Turk, Mayor Brown

NAYES: None-0

Mr. Marshall was then called and joined the meeting through phone.

**PUBLIC HEARING**

**SUBJECT: F.Y. 2017-18 Budget**

**SUMMARY:** The Budget for F.Y. 2018 has been delivered to City Council from the City Manager, as required by the City Charter. Revenues are balanced with expenditures in the amount of \$59,943,010. The proposed budget provides sufficient revenues and transfers to pay for expenditures, maintains positive fund balances, provides resources for maintenance and improvements to infrastructure, supports core customer services and equipment replacement, as well as identifies funds for payments to service the City debt. The funds are summarized as follows:

General Funds	\$26,523,825
Street Maintenance Fund	2,233,404
Water/Wastewater Fund	5,005,700
Electric Fund	21,604,815
Solid Waste Fund	1,380,075
Transit Fund	3,195,191
Internal Services Fund	756,848

In addition to the City Budget, the City Council is also considering the F.Y. 2018 Radford City School Board Budget. The \$18,468,008 budget was approved by the school board on March 21, 2017. The funds are summarized as follows:

Operating Fund	\$15,628,163
Food Service Fund	640,560
Grants Fund	1,598,566
Textbook Fund	380,719
Capital Projects Fund	220,000

The City contributes \$5,714,528 towards the overall School Board Budget.

**DISCUSSION:** Mr. Ridpath presented a brief overview of the F.Y. 2018 Budget.

Mayor Brown opened the public input hearing at 6:14 p.m.

Mr. Lynn Burris is curious as to how heavy the City is hitting the electric reserve fund this year. Just checking numbers on the electric reserve fund.

Mayor Brown closed the public input hearing at 6:15 p.m.

*Clerks note: Notice of the public hearing has been duly advertised.*

**SUBJECT: F.Y. 2017 Tax Rate**

**SUMMARY:** This ordinance will approve the 2017 Tax Rate with Real Estate Tax Rate of \$ 0.76, Personal Property at \$2.44, Machinery and Tools at \$1.76, and other personal property at \$1.76.

Mayor Brown opened the public input hearing at 6:17

No Comments

Mayor Brown closed the public input hearing at 6:17 p.m.

*Clerks note: Notice of the public hearing has been duly advertised.*

**CITIZEN COMMENTS:** None

**NEW BUSINESS:**

**SUBJECT: Consider Ordinance # 1691: FY 2017 – 2018 Budget**

**SUMMARY:** This ordinance will approve the F.Y.17-18 Annual Budget for the City of Radford and Radford City School Board. As proposed, the total budget will be \$59,493,010.

**ACTION:** Mr. Turk made a motion to place Ordinance # 1691 on its first reading, seconded by Mr. Marshall.

**DISCUSSION:** Dr. Harshberger stated that he does not see this as a sustainable budget, he is in favor of a tax increase. He feels that we are below what we should be in our reserves and this budget does not do anything to restore those and this is worrisome. This is not a sustainable budget. City Manager has done a sterling job of cutting any fat out of the budget and putting in

every efficiency imaginable, including going to a lean staff, while maintaining a well-run city. However, Dr. Harshberger believes we need to do something to bring back our sustainability.

Mayor Brown added the following: I am unable to support the proposed budget as it continues a trajectory that is not sustainable. Simply put we remain on a path that draws too heavily from our reserves.

Former councils made what at the time was a very sound revenue decision when in 2004 it elected to supplement funding our general fund with income from the electric enterprise reserves & yearly income. The logic being that this was a much less regressive “tax” than traditional sources of revenue available to municipal governance available from real and personal property sources. That remained a prudent course of action until recent events.

Deregulation of power in 2008-2009 resulted in an increase in our power costs to the city from Appalachian power. That coupled with a downturn in the economy strained our revenue stream but we were still able to draw the \$2.5 million targeted for electric revenue and grow—not at the same pace as before the deregulation contribution to our reserves. Once the foundry closed in 2014 the drain on reserves to support general fund operations began to take a toll.

We were presented a 2017-18 budget that theoretically is balanced with no tax increase. While we continue to hold out hope that our efforts to grow revenue through meals, lodging, and sales taxes along with a rebound in industry related employment i worry this will be too little too late. While we work toward that end the reality is we are finishing the 2016-17 budget cycle with an estimated \$1.5 million dollar deficit. That—coupled with an additional reliance of \$3.5 million in the proposed 2017-18 budget to balance—projections are at the end of this budget cycle our reserves in all funds will diminish to roughly \$5.5 million dollars. That is a slippery slope we have been on over the past two years and is not sustainable. This reality is why i am not able to support the proposed 2017-18 budget.

Let me end by saying there are no bad people up here—we just all have different perspectives on how to fund operations. Radford finds itself in a new reality. Estimates are 60% of our real property is now not taxable which is our primary source of funding. The cost this year to support the regional jail increased to the tune of just shy of \$1.0 million dollars. I could go on but I think I make my point.

**VOTE:**

Mr. Gropman: YES

Dr. Harshberger: NO

Mr. Marshall: YES

Mr. Turk: YES

Mayor Brown: NO

**SUBJECT: Consider Ordinance #1692: Establishes the 2017 Tax Rate**

**SUMMARY:** This ordinance will approve the 2017 Tax Rate with Real Estate Tax Rate of \$ 0.76, Personal Property at \$2.44, Machinery and Tools at \$1.76, and other personal property at \$1.76.

**ACTION:** Mr. Turk made a motion to place Ordinance #1692 on its first reading, seconded by Mr. Marshall.

**VOTE:**

Mr. Gropman: YES  
Dr. Harshberger: NO  
Mr. Marshall: YES  
Mr. Turk: YES  
Mayor Brown: NO

Mayor Brown added there was one note of public input and those items were considered.

**CITY MANAGERS COMMENTS:**

Second Reading will be on April 24, 2017, along with the rate resolution.

**CITY COUNCIL COMMENTS:**

**NONE**

Mr. Marshall made a motion to adjourn the meeting at 6:25 p.m., seconded by Mayor Brown.

**VOTE**

AYES: Mr. Gropman, Dr. Harshberger, Mr. Marshall, Mr. Turk, Mayor Brown  
NAYES: None-0

**ATTEST:**

\_\_\_\_\_  
Melissa A. Skelton, Deputy Clerk of Council