

**MINUTES
EMPORIA CITY COUNCIL
CITY OF EMPORIA MUNICIPAL BUILDING
March 1, 2011**

Note to Reader: Although the printed agenda document for this City Council meeting is not part of these minutes, the agenda document provides background information on the items discussed by City Council during the meeting. A copy of the agenda document for this meeting may be obtained by contacting the Office of the City Clerk.

Emporia City Council held a regular meeting on Tuesday, March 1, 2011, at 7:30 p.m. in the Council Chambers of the Municipal Building, located at 201 South Main Street, Emporia, Virginia. Mayor Samuel W. Adams, III presided over the meeting with James C. Saunders, Council Member offering the invocation.

ROLL CALL

The following City Council members were present:

Councilman F. Woodrow Harris
Councilman James C. Saunders
Councilwoman Deborah D. Dixon
Councilwoman L. Dale Temple
Councilwoman Doris T. White

Others present: Samuel W. Adams, III, Mayor
C. Butler Barrett, City Attorney
Brian S. Thrower, City Manger
Steve B. Hall, Assistant City Manager
Tessie S. Wilkins, City Clerk
Don Wyatt, Chief of Police
W. S. Harris, Jr., Treasurer
Joyce E. Prince, Commissioner of the Revenue

Absent: Councilman John R. White
Councilwoman Carolyn S. Carey

Mayor Adams read and presented a resolution of appreciation to Sam Major. He stated that Mr. Major had done an excellent job for the City of Emporia.

MINUTES APPROVAL

Councilwoman Temple moved to approve the minutes from the Tuesday, March 1, 2011, City Council meeting minutes as presented, seconded by Councilman James C. Saunders, which passed as follows:

Councilman F. Woodrow Harris	aye
Councilman James C. Saunders	aye
Councilwoman Deborah D. Dixon	aye

Councilwoman L. Dale Temple	aye
Councilwoman Doris T. White	aye

AGENDA APPROVAL

Councilwoman Dale Temple moved to approve the amended agenda as presented, seconded by Councilwoman Doris T. White, which passed as follows:

Councilman F. Woodrow Harris	aye
Councilman James C. Saunders	aye
Councilwoman Deborah D. Dixon	aye
Councilwoman L. Dale Temple	aye
Councilwoman Doris T. White	aye

NEW BUSINESS

11-22. Audit Presentation – Creedle, Jones & Alga, PC

Mayor Adams stated that Scott Thompson with Creedle, Jones & Alga, PC was in attendance to review the FY10 audit report.

Mr. Scott Thompson of Creedle, Jones & Alga provided City Council members with a presentation and hard copies of the FY10 audited financial statement. His report included, but was not limited to the following information:

Auditor's Reports

- ❖ Independent Auditor's Report – The City complied with all generally accepted accounting principles.
- ❖ Report on Compliance and Internal Control over Financial Reporting – There were no instances of noncompliance or material weaknesses in the financial reporting.

Summary of Audit Cash Position

- ❖ The overall cash position of the City is \$5,434,539 consisting of \$4,425,318 in Governmental Activities (General Fund) and \$1,009,221 in Business-Type Activities (Water & Sewer Fund).
- ❖ This represents a \$1,121,922 increase versus last year due to better performance in both funds in addition to increases in accounts payable and deferred revenue in governmental activities.
- ❖ Governmental Activities cash increased by \$580,787. The increase in the fund was caused by an increase in revenue of \$495,408 while expenditures decreased by \$93,525.
- ❖ Business – Type Activities cash increased by \$541,135. Cash provided by operations of \$1,385,612 and interest income of \$8,108 was offset by cash used in capital and related financing of \$852,585.

Summary of Audit Overall Position

- ❖ The overall position has Total Assets of \$33,365,396 exceeding Total Liabilities of \$16,058,877 leaving Total Net Assets of the City of \$17,306,519. Of this amount \$11,462,267 is invested in capital assets net of related debt.
- ❖ This represents an increase in Net Assets over last year of \$636,547 while eliminating \$760,624 in debt.

GASB 34 Statements

Exhibit 1 – Statement of Net Assets

- ❖ The Governmental Activities showed total Net Assets of \$16,158,168. Of this amount, \$11,192,365 is considered as Invested in Capital Assets, Net of Related Debt.
- ❖ The Business – Type Activities (Water and Sewer Fund) showed Total Net Assets of \$1,148,351. Of this amount, \$269,902 is considered as Invested in Capital Assets, Net of Related Debt.

Statement of Activities

Exhibit 2

- ❖ The Governmental Activities (General Fund) showed an increase in Net Assets of \$3,861. The primary cause of this increase is the increase in most revenues while expenses actually decreased.
- ❖ The Business – Type Activities (Water and Sewer Fund) showed an increase of \$603,004. The primary reasons were an increase in charges of \$581,726 (primarily waste water processing) and decreases in expenses of \$40,060.
- ❖ The net effect results in a \$606,865 increase in Total Net Assets before changes in encumbrances.

Financial Ratios

- ❖ Current Ratio: Current Assets/Current Liabilities
 - This ratio measures the ability of an entity to meet its current obligations.

	2010	2009
➤ Governmental Activities:	2.63	2.56
➤ Water and Sewer:	1.83	.96
➤ All Funds	2.36	2.03
- ❖ Quick Ratio: (Cash + A/R)/Current Liabilities)
 - This ratio also measure the ability of an entity to cover its current obligations with only highly liquid assets.

	2010	2009
➤ Governmental Activities:	2.58	2.52
➤ Water and Sewer:	1.54	.78
➤ Total	2.27	1.94
- ❖ Financial Ratios
 - This ratio measures an entity’s ability to service debt payments from operating cash flow.

	2010	2009
➤ Governmental Activities:	8.48	3.70
➤ Water and Sewer:	3.28	2.21
➤ Total	4.61	2.65
- ❖ Debt-to-Equity Ratio: Total Liabilities/Total Equity

- This ratio indicates the composition of an entity’s capitalization; generally creditors prefer lower ratios to decrease risk while investors prefer higher ratios to realize higher return benefits.

	2010	2009
➤ Governmental Activities:	0.33	0.33
➤ Water and Sewer:	9.33	20.42
➤ Total	.93	.98

❖ Debt Leverage: Total Liabilities/EBITDA

- This ratio measures an entity’s ability to repay debt obligations from annualized operating cash flow.

	2010	2009
➤ Governmental Activities:	4.24 yrs	8.43 yrs
➤ Water and Sewer:	7.60 yrs	12.16 yrs
➤ Total	6.01 yrs	10.63 yrs

Mr. Thompson advised City Council Members that the City need to continues with its philosophy of retiring debt while continuing to meet its obligations to taxpayers, investors, and creditors. He also advised that most of the items were expected as evidenced by the budget.

11-23. Residency Requirement – Requested Amendments to Employee Personnel Manual

Mr. Thrower stated that the City’s current residency requirement, as outlined below and included in the Employee Personnel Manual, is in need of updating and clarification. He also stated that during his tenure with the City of Emporia, this residency requirement has never been enforced to his knowledge. He also stated that the language of the requirement is very vague and does not specifically outline which employee “shall” or “may” be required to live within 20 miles of the City or live within the City limits. He further stated that the current policy reads as follows:

Section 1-5 Residency – Persons appointed employees of the City shall be required to live within 20 miles of the City and on certain occasions may be required to live within the City limits. This provision may be waived by the City Manager under certain circumstances.

Mr. Thrower stated that due to the ambiguous language outlined above, he is proposing that Council amend the policy in order to make it clearer and more definitive going forward. He also stated that the five options to consider are:

Option 1

- ❖ The City Manager shall be required to reside within the corporate limits of Emporia within 12 months of appointment, as required by the City Charter. All other employees including department heads and the Assistant City Manager are encouraged to reside within the corporate limits of Emporia, Greensville County, or a twenty mile radius of the City but are not required to do so.

Any new or existing employee who chooses to reside outside the corporate limits of Emporia, Greensville County, or a twenty mile radius of the City and who drives a City vehicle shall keep that vehicle at his or her work site and shall not be permitted to drive that vehicle home.

Option 2

- ❖ The City Manager shall be required to reside within the corporate limits of Emporia within twelve months of appointment, as required by the City Charter. Individuals appointed to the positions of Police Chief, Emergency Services Coordinator/Director, Public Works Director, and Public Utilities Director shall also reside within the corporate limits of Emporia, Greensville County, or a twenty mile radius of the City within twelve months of appointment in order to provide timely response in emergency situations. This requirement shall only apply to individuals appointed to the aforementioned positions after March 1, 2011. All other employees including other department heads and the Assistant City Manager are encouraged to reside within the corporate limits of Emporia, Greensville County, or a twenty mile radius of the City but are not required to do so.

Any new or existing employee who chooses to reside outside the corporate limits of Emporia, Greensville County, or a twenty mile radius of the City and who drives a City vehicle shall keep that vehicle at his or her work site and shall not be permitted to drive that vehicle home.

Option 3

- ❖ The City Manager shall be required to reside within the corporate limits of Emporia within twelve months of appointment, as required by the City Charter. Individuals appointed to department head positions or to the position of Assistant City Manager shall be required to reside within the corporate limits of Emporia, Greensville County, or a twenty mile radius of the City within twelve months of appointment. This requirement shall only apply to individuals appointed to the aforementioned positions after March 1, 2011. All other employees are encouraged to reside within the corporate limits of Emporia, Greensville County, or a twenty mile radius of the City but are not required to do so.

Any new or existing employee who chooses to reside outside the corporate limits of Emporia, Greensville County, or a twenty mile radius of the City and who drives a City vehicle shall keep that vehicle at his or her work site and shall not be permitted to drive that vehicle home.

Option 4

- ❖ The City Manager shall be required to reside within the corporate limits of Emporia within twelve months of appointment, as required by the City Charter. Individuals appointed to department head positions or to the position of Assistant City Manager shall also be required to reside within the corporate limits of Emporia within twelve months of appointment. This requirement shall only apply to individuals appointed to department head positions or to the position of Assistant City Manager after March 1, 2011. All other employees are encouraged to reside within the corporate limits of Emporia, Greensville County, or a twenty mile radius of the City but are not required to do so.

Any new or existing employee who chooses to reside outside the corporate limits of Emporia, Greensville County, or a twenty mile radius of the City and who drives a City

vehicle shall keep that vehicle at his or her work site and shall not be permitted to drive that vehicle home.

Option 5

- ❖ Any combination of options 1 through 4.

Mr. Thrower stated that in order to assess how other localities handle this issue, he sent an inquiry through the Virginia Institute of Government (VIG). He also stated that it appears that more of the larger communities require department heads and higher to live within the specific locality. He further stated that it also appears that more of the smaller communities do not have such a requirement, except in regards to the position of City/Town/County Manager/Administrator and, in some cases, Police Chief. He stated that the State Code Section 15.2-1505 allows localities to impose residency requirements on its department head and higher positions, as well as those individuals directly appointed by the governing body such as the City Manager, City Attorney, and City Clerk.

He recommended that the department heads and higher should reside within the locality in which they serve or at least within the immediate surrounding area, he believe enforcing policy may serve to counteract employee attraction and retention efforts. He also recommended that Option 2, as outlined above appears to be a moderate approach that serves to balance personal freedom, emergency response, and the ability to attract and retain well qualified key employees. He further stated that he is requesting Council direction regarding which option to choose, as well as, formal amendment of the current residency requirement for clarification purposes.

Councilman Harris made a motion to approve Option 2 that the City Manager shall be required to reside within the corporate limits of Emporia within twelve months of appointment, as required by the City Charter. Individuals appointed to the positions of Police Chief, Emergency Services Coordinator/Director, Public Works Director, and Public Utilities Director shall also reside within the corporate limits of Emporia, Greenville County, or a twenty mile radius of the City within twelve months of appointment in order to provide timely response in emergency situations. This requirement shall only apply to individuals appointed to the aforementioned positions after March 1, 2011. All other employees including other department heads and the Assistant City manager are encouraged to reside within the corporate limits of Emporia, Greenville County, or a twenty mile radius of the City but are not required to do so. Any new or existing employee who chooses to reside outside the corporate limits of Emporia, Greenville County, or a twenty mile radius of the City and who drives a City vehicle shall keep that vehicle at his or her work site and shall not be permitted to drive that vehicle home, seconded by Councilwoman Temple, which passed as follows:

Councilman F. Woodrow Harris	aye
Councilman James C. Saunders	aye
Councilwoman Deborah D. Dixon	aye
Councilwoman L. Dale Temple	aye
Councilwoman Doris T. White	aye

11-24. Boards and Commission – Various Term Expirations

Mr. Thrower stated that the City of Emporia has several members on its Boards and Commissions whose terms will expire soon, which are as followed:

Emporia Redevelopment & Housing Authority – On March 1, 2011 Sandy Skinner’s (4) four year term on the Emporia Redevelopment & Housing Authority will expire. Mrs. Skinner has indicated that she does **not** wish to be considered for reappointment.

Board of Equalization – On March 31, 2011 Mr. Dennis Allen’s (3) three year term on the Board of Equalization will expire. Mr. Allen has indicated that he wishes to be considered for reappointment.

Councilman Harris moved to approve that Mr. Dennis Allen is reappointed to serve another three-year term on the Board of Equalization, seconded by Councilwoman Temple, which passed as follows:

Councilman F. Woodrow Harris	aye
Councilman James C. Saunders	aye
Councilwoman Deborah D. Dixon	aye
Councilwoman L. Dale Temple	aye
Councilwoman Doris T. White	aye

Councilman Saunders moved to nominate John P. Jones, Jr., for appointment to the Emporia Redevelopment & Housing Authority.

Councilman Saunders move to appoint John P. Jones, Jr., to serve a four-year term on the Emporia Redevelopment & Housing Authority, seconded by Councilwoman Temple, which passed as follows:

Councilman F. Woodrow Harris	aye
Councilman James C. Saunders	aye
Councilwoman Deborah D. Dixon	aye
Councilwoman L. Dale Temple	aye
Councilwoman Doris T. White	aye

11-25. Drug Seizure Fund – Appropriation Ordinance

Mr. Thrower stated that the City of Emporia Police Department seized money, by court order it was determined to have been used in drug transactions. He also stated that before spending those funds, it must first be appropriated into the General Fund Operating Budget for the current year.

Mr. Thrower stated that the Police Department wishes to use \$5,000.00 in seized funds, in addition to funds already appropriated, for the purchase of two mobile data terminals. He also stated that an ordinance is required to appropriate and expend these funds.

He recommended that City Council adopt Ordinance No. 11-04 to Appropriate the Sum of \$5,000.00 in Drug Seizure Funds.

Councilwoman Temple made a motion to adopt **Ordinance No. 11-04** to Appropriate the Sum of \$5,000.00 in Drug Seizure Funds, seconded by Councilwoman White, which passed as follows:

Councilman F. Woodrow Harris	aye
Councilman James C. Saunders	aye
Councilwoman Deborah D. Dixon	aye
Councilwoman L. Dale Temple	aye
Councilwoman Doris T. White	aye

PUBLIC COMMENT

Ruth Koch, 310 Southampton Street, addressed Council with concerns about the City beautification. She stated that now is the time to start beautification of the City now because last year the City beautification was in disarray.

With there being no more matters to come before City Council members, Mayor Adams entertained a motion to enter into Closed Session.

*****CLOSED SESSION*****

Councilman Saunders moved that Closed Session be entered for the purpose of discussing Virginia Code Sections **2.2-3711 (A) (3) Discussion concerning the disposition of publicly held real property, and (A) (5) Discussion concerning a prospective business** seconded by Councilwoman Temple, which passed as follows:

Councilman F. Woodrow Harris	aye
Councilwoman Deborah D. Dixon	aye
Councilwoman L. Dale Temple	aye
Councilwoman Carolyn S. Carey	aye
Councilman James C. Saunders	aye

*****Regular Session*****

Councilman Saunders moved that the meeting be returned to Regular Session. Councilwoman Temple seconded the motion, which passed as follows:

Councilman F. Woodrow Harris	aye
Councilman James C. Saunders	aye
Councilwoman Carolyn S. Carey	aye
Councilman Deborah D. Dixon	aye
Councilwoman L. Dale Temple	aye

CERTIFICATION

Councilman Saunders moved to certify the following:

1. only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act were discussed in the Closed Session to which this certification applies, and
2. only such public business matter as were identified in the motion by which the Closed Session was convened were heard, discussed, or considered by City Council.

Councilwoman Temple seconded the motion, which passed as follows:

Councilman F. Woodrow Harris	aye
Councilman James C. Saunders	aye
Councilwoman Carolyn S. Carey	aye
Councilwoman Deborah D. Dixon	aye
Councilwoman L. Dale Temple	aye

ADJOURNMENT

With no further business to come before City Council, Mayor Adams adjourned the meeting.

Samuel W. Adams, III, Mayor

Tessie S. Wilkins, City Clerk