

**January 27, 2015
Regular Meeting**

MINUTES OF THE CITY COUNCIL SPECIAL MEETING AND WORK SESSION
MEETING HELD JANUARY 27, 2015

A Special Meeting and Work Session of the City Council of the City of Hopewell, Virginia, was held Tuesday, January 27, 2015, at 6:30 p.m. in the City Council Chambers, Municipal Building, 300 North Main Street, Hopewell, Virginia.

PRESENT: Brenda S. Pelham, Mayor
 Christina J. Luman-Bailey, Vice Mayor
 Arlene Holloway, Councilor
 Anthony J. Zevgolis, Councilor
 Jasmine E. Gore, Councilor
 K. Wayne Walton, Councilor
 Jackie M. Shornak, Councilor

 Mark A. Haley, City Manager
 Thomas Lacheney, City Attorney
 Cynthia Y Ames, City Clerk

ROLL CALL

Mayor Pelham opened the meeting at 6:30 p.m. Roll call was taken as follows:

| | | |
|-------------------------|---|-----------------------|
| Mayor Pelham | - | present |
| Vice Mayor Luman-Bailey | - | present |
| Councilor Holloway | - | present |
| Councilor Zevgolis | - | present |
| Councilor Gore | - | ABSENT (arrived late) |
| Councilor Walton | - | present |
| Councilor Shornak | - | present |

PRAYER AND PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA

Prayer was led by Derrick Johnson, followed by the Pledge of Allegiance to the Flag of the United States of America.

CLOSED MEETING

Motion was made by Councilor Walton, and seconded by Councilor Gore, to resolve to convene into closed session for discussion, consideration, or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body (City Council appointees) and discussion or consideration of the acquisition of real property for a public purpose, or of the disposition of publicly held property, where the discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body (acquisition of real property), according to Virginia Code Section 2.2-3711(A)(1) and (3).

Upon the roll call, the vote resulted:

| | | |
|--------------------|---|-----|
| Councilor Zevgolis | - | yes |
|--------------------|---|-----|

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| | | |
|-------------------------|---|-----|
| Councilor Gore | - | yes |
| Councilor Walton | - | yes |
| Mayor Pelham | - | yes |
| Councilor Shornak | - | yes |
| Vice Mayor Luman-Bailey | - | yes |
| Councilor Holloway | - | yes |

REGULAR MEETING

Mayor Pelham opened the regular meeting at 7:30 p.m. Roll call was take as follows:

| | | |
|-------------------------|---|---------|
| Mayor Pelham | - | present |
| Vice Mayor Luman-Bailey | - | present |
| Councilor Holloway | - | present |
| Councilor Zevgolis | - | present |
| Councilor Gore | - | present |
| Councilor Walton | - | present |
| Councilor Shornak | - | present |

AMEND ORDER OF THE AGENDA – MOVE THE WORK SESSION PRIOR TO THE SPECIAL MEETING

Motion was made by Councilor Zevgolis, and seconded by Councilor Shornak, to amend the order of the agenda, to present a proclamation, and to move the work session prior to the special meeting. Upon the roll call, the vote resulted:

| | | |
|-------------------------|---|-----|
| Councilor Zevgolis | - | yes |
| Councilor Gore | - | yes |
| Councilor Walton | - | yes |
| Mayor Pelham | - | yes |
| Councilor Shornak | - | NO |
| Vice Mayor Luman-Bailey | - | yes |
| Councilor Holloway | - | yes |

PROCLAMATION

WHEREAS, The Ordnance Basic Officer leadership Class 14-018 provided community service to the City of Hopewell; and

WHEREAS, in less than four months provided over two hundred hours of community service to help improve the City of Hopewell; and

WHEREAS, one hundred twenty-four hours were given during the two leaf raking events sponsored by “Keep Hopewell Beautiful” for the elderly, disabled, and veterans; and

WHEREAS, seventeen and a half hours were given during a “Keep Hopewell Beautiful Trash Walk;” and

WHEREAS, four hours were given in participating in the “City Point 5K Run and Walk and fifty six hours helping set up, take down and participation in the “Downtown Market Mingle” and Kiwanis Club Wine Tasting.

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NOW, THEREFORE, the Mayor of the City of Hopewell, Virginia, thanks the class of the Ordnance Basic Officer Leadership Class 14-018 for the tremendous amount of community service to the City of Hopewell, for serving our country, and for taking the time to make a difference in the lives of the citizens of Hopewell.

IN WITNESS WHEREOF, I have hereunto set my hand and cause the Seal of the City of Hopewell to be affixed on this 27th day of January, 2015.

Proclamation presented this 27th day of January 2015.

/s/ Brenda S. Pelham, Mayor

WS-1. WORK SESSION – BUDGET FISCAL YEAR 2015-2016 INTRODUCTION

City Manager Mark Haley introduced the beginning budget FY 2015/2016, with budget schedule and presentation by Finance Director Jerry Whitaker.

Mr. Whitaker will present a power point presentation. (Copy filed in the City Clerk's Office.) There will be a 10-year analysis on two slides, with a print out. There is a report from the new Munis System, which contains: Actuals for FY 2014; Budget 2015; Adjusted Budget for 2015, and Proposed Budget for 2016. Mr. Whitaker offered to meet individually with any Council member, at their convenience, to go over the budget in greater detail. He scheduled a Work Session on February 3. However, he is running about two weeks behind, and would request postponing to February 10 or February 17. That would allow him time to have everything to Council before the meeting. He hopes that Council can adopt the budget on April 14. And, if not, at least set the tax rate so that the bills can be mailed out in a timely manner. Fund balances are very important. The more you have the lower the interest rate potential. He emphasized that the City cannot use one-time money for recurring expenses. The summary projection for FY 2015/2016 projected revenues is \$46,641,000. He is predicting expenditures to be the same. Based on the numbers, some departments are much greater. In FY 2014/2015 revenues did not exceed expenditures by \$779,000. Therefore needed to use \$779,000 from the fund balance.

In slide #11 for FY 2012/2013, the fund balance was 24.5%. In FY 2011/2012 the fund balance was 21.9%. It was a good time to use one time money for one time expenditure. Council self-mandated a 10% fund balance. We are at a range now of 16-17%. It does not make sense to spend some of that money on infrastructure. Mr. Whitaker suggests keeping it at 15%.

WS-2. WORK SESSION – PUBLIC SAFETY BUILDING

Discussion included A) \$7.7 million to be used for a portion; B) General Fund – decrease to 11% bond rating; and C) Take money from General Fund, temporarily until the borrowing can be done, then resolution to repay. There was discussion of contract development, organization, programming of Police and Fire. \$100/sq. ft. to renovate; \$200/sq ft for new construct.

Mr. Ed Watson, Public Works Director, and Derrick Johnson from Timmons, who is also working with the RRMM Architects team, addressed Council. Mr. Watson is working through the process so far since he took it over in late 2013. Began a new process of a more traditional design project. So far they have accomplished development, getting teams together, discussion what we want in both of the facilities, how organizations will operate within these buildings. Tonight we will talk about programming of the building. They want feedback from Council. They will come back with more detail. They want to discuss Police Headquarters. Right now planned to come on City property. Looked at several scenarios.

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The Fire Department site selection has gone smoothly so far. It is not an issue for them yet. They have a site they like. Derrick Johnson, Timmons, is also on the team of RRMM Architects. (Copy of handout filed in the City Clerk's Office.) Site A is a two-story, six-bay building.

The new Police Headquarters will again house Victim Witness, and Crime Suppression.

COUNCIL DISCUSSION:

Regarding recurring costs, with \$7.7M to spend, Mr. Watson expects it to cost more. They could save \$500,000 by renovation another building. Savings combined both fire stations. Traditional renovation work would be half the cost of new construction. Mr. Watson will bring back to Council costs of renovating this building vs. new construction. There will be some additional costs to renovation in this building to move people out during renovation.

Mr. Johnson indicated that the next step is direction from Council. They have identified the best possible location for the Fire Station. Identified four options for the Police Station. Two of those they don't think should be studied further. The other two they would like to study, new building here, two-story, or addition with renovation of existing building. If we build the Fire Station at Site A, Station #2 would most likely be demolished. The City Manager reported that Station #1 is a 1928 building and Council may wish to repurpose it. However, it would demolish Station #2 and it could be a green space or used for economic development.

SPECIAL MEETING

R-1. REGULAR BUSINESS – TO RESCIND ORDINANCE NO. 2015-1 ADOPTED AND PASSED ON JANUARY 13, 2015, PROPOSED AMENDMENTS AND APPROPRIATIONS TO THE FY 2015 ADOPTED BUDGET FOR THE PURCHASE OF A PUBLIC SAFETY COMMUNICATION SYSTEM FOR THE CITY OF HOPEWELL IN THE ESTIMATED AMOUNT OF \$2,500,000; OPTION C: NEW BORROWING

Motion was made by Vice Mayor Luman-Bailey, and seconded by Councilor Holloway, to rescind Ordinance No. 2015-1 adopted and passed on January 13, 2015, proposed amendments and appropriations to the FY 2015 adopted budget for the purchase of a Public Safety Communication System for the City of Hopewell in the estimated amount of \$2,500,000; Option C: New Borrowing.

COUNCIL DISCUSSION:

There was lengthy discussion about whether or not to take \$2.5M from the original \$7.7M for the Communication System.

Councilor Walton was opposed to using the \$2.5M from the \$7.7M for the Police communication system. Councilor Walton stated that this goes back to the promise made in 2013 for the Fire Station and Police Station. To anticipate another \$1M is the wrong approach. \$2.5M on good loan rate could go up another percent in another month.

Vice Mayor Luman-Bailey favors using the \$2.5M from the \$7.7M, and therefore supports rescinding the ordinance.

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Councilor Shornak opposed taking \$2.5 from the \$7.7M. She thought this was an emergency situation. She referred to the past when many Councilors approved \$4.1M for the Beacon Theatre without a blink of an eye.

Mayor Pelham raised a Point of Order to Councilor Shornak. We are not taking about the Beacon. Keep her comments to the issue. Councilor Shornak understood that. Mr. Fratarcangelo indicated that she had the floor and may speak. Councilor Shornak continued her remarks. She encouraged Councilors to tour the Fire Stations and Police Station to see how bad the state of disrepair is.

Councilor Holloway is not against supporting the Fire Department, Police Department, Firefighters, Police officers, because they lay down their lives for us, but she would like to see \$2.5M come out of the \$7.7M because it has been lying dormant there since 2013.

Councilor Gore reported that this was declared a public service emergency back in December. She was prepared to act on this issue at that time. Now that we know it will be over \$7.7M, if we keep the \$2.5M for the communication system, we will have to borrow \$1M overage at some point so is it worth having to wait here and debate keeping this money when we are going to have to borrow more money at the end.

Mr. Whitaker explained that the costs of money at this point are still low. \$7.7M was borrowed at 2.5%. And we have received proposals of about 2% for the \$2.5M. A long term note is 25 years, and a short-term note is 10 years. The 2013 borrowing goes to 2038. If you borrow \$2.5M, the interest is 2.2%. In the future it could be 3.5%+. Interest rates probably will go up.

Councilor Zevgolis what would be the difference if we borrow \$2.5M or if we took \$2.5M from reserve. If we took \$2.5M from reserve would that not be the same as a \$2.5M obligation from a borrowing? Either way we have to borrow more money. Mr. Whitaker explained that taking out of the Fiscal Balance – 10% set aside, about \$4M. And then there is another \$2.9M waiting in unassigned Fiscal Balance. Option to use \$2.9M is whatever proposes you so desire. Only thing he cautions Council against is that it will drop you Fiscal Balance down to 11%. If we are borrowing you will still have to use some if you borrow \$2.5M. New money with debt service of \$300,000 per year.

Mr. Whitaker indicated that it is the cost of borrowing when you are borrowing. You have a reimbursement resolution in place. If you choose to use \$7.7M, you will need another public hearing. That would be two weeks out from the date of the advertisement. It would have to be in February. Even after the second public hearing to take money from the \$7.7M. It does not mean the project couldn't start. If Council chooses another public hearing, the project still can go on. The \$2.5M for the communication system is a project that can begin right now.

Councilor Shornak reported that two weeks ago Option 3 was the best recommendation by staff. Our Financial Advisor, Jimmie Sanderson, also gave us the recommendation for Option 3. The City Manager also agrees with Option 3. She is going on the basis of what the experts tell Council.

The City Manager stated the time value of money – going short term aligns with the communication system. He advised against using 25 year money for a 10 year asset.

Mayor Pelham favors keeping the \$7.7M loan. We are paying \$96,000 in January, \$96,000 in July, plus \$20,000 principle in July. We do pay experts. But they do not live in our City. The bottom line is if we over indebt ourselves, at some point it is you, the citizens, who will pay the cost. The only way to bring new monies in here is to bring new businesses or raise taxes. We must take the experts' advice. Instead of waiting for the two week term, next week we will do the first hearing or calling, and call a meeting.

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Councilor Shornak raised a point of order – we have not voted yet.

Mayor Pelham indicated that she would like to do that. Does not have to be at the end of the month. It will not be the end of the month. Come back to vote on those weekly.

Point of Order – the action that the majority of action proceeded January 13. If the money was going to be reimbursed out of the General Fund, staff should have been working on it anyway. The Communication System should be in the procurement stage. The City Manager assured her that it is. We do not have a fund to take it from, however. Mayor Pelham, you have the General Fund according to your Finance Director. According to Mr. Whitaker, they may enter the procurement process and should have gone on January 14. You had the 14th and 15th and then the 20th to do something with the procurement process. But evidently nothing was done.

Councilor Walton raised a Point of Order, but Mayor Pelham used the gavel to silence his Point of Order.

Mr. Fratarcangelo stated that if the motion that has been seconded passes today, then you will have to go through the whole process of having a public hearing all over again. It must be advertised twice in a local newspaper. The first time that you could actually meet, would be after the 10th of February.

Mayor Pelham asked Mr. Fratarcangelo why Council could not meet next week. He responded because you have to have notice published for two successive weeks and have a public hearing. Council would not be able to meeting until mid-February, perhaps the 17th. The City may use a newspaper of general publication within the area, such as The Hopewell News or the Progress-Index.

Councilor Shornak addressed the City Attorney about Councilor Walton raising a Point of Order. The Mayor is not supposed to be talking unless she hands the gavel to the Vice Mayor, which Mr. Fratarcangelo said she did immediately before speaking. However, Councilor Shornak stated that the Mayor used the gavel to silence Councilor Walton's Point of Order.

Upon the roll call, the vote resulted:

| | | |
|-------------------------|---|-----|
| Councilor Zevgolis | - | NO |
| Councilor Gore | - | NO |
| Councilor Walton | - | NO |
| Mayor Pelham | - | yes |
| Councilor Shornak | - | NO |
| Vice Mayor Luman-Bailey | - | yes |
| Councilor Holloway | - | yes |

Motion failed 4 no/3 yes.

PRESENTATION – DAVID FRATARCANGELO

Mayor Pelham presented to Mr. Fratarcangelo a framed Ed Hatch print, “Business and Industry in Hopewell.” She thanked him for his service as City Attorney for the City of Hopewell. She offered him best wishes in his career. Mr. Fratarcangelo thanked everyone in the City for the opportunity to serve Hopewell.

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COMMUNICATIONS FROM CITY COUNCIL MEMBERS

Councilor Shornak thanked everyone for coming out to the meeting.

Councilor Gore wants to make sure that Council gets this project done.

Councilor Holloway looks forward to the project going forward. She appreciates their help in the City.

Councilor Zevgolis thanked everyone for coming out tonight. Every City Councilor loves their City and wants to do what is best for their City. In the 12 years he was on Council, they had 4/3 votes. But when we came out of Closed Session you would have thought we were best friends.

Vice Mayor Luman-Bailey agreed with Councilor Zevgolis. All of Council is concerned about public safety and want to do what is best for the City. Some Council members had experiences where bond money sat there for years and the City paid interest on it. So we do not want to see that kind of think happen again. It has nothing to do with wanting to do what is best for our first response, public safety heroes. She thanked everyone for being at the meeting.

Mayor Pelham reminded citizens that this weekend is a Clean Up Weekend. Fees have been waived, except for Freon. It will be open Saturday 8am-4pm, and Sunday 8am-4pm. This is the end of the first semester for the middle school and the high school. That means that they have completed one year of academic study, since they are on block scheduling now. They will begin a new schedule tomorrow. Be careful on the roads with the bad weather while children are waiting for the school buses. She thanked everyone for their participation.

RECONVENE INTO CLOSED MEETING AT THE END OF THE WORK SESSION AND SPECIAL MEETING

Council reconvened into the Closed Meeting at the end of the Work Session and Special Meeting.

OPEN SESSION

Council convened into Open Session. Councilors responded to the question: "Were the only matters discussed in the Closed Meeting public business matters lawfully exempted from open meeting requirements; and public business matters identified in the motion to convene into Closed Session?" Upon the roll call, the vote resulted:

| | | |
|-------------------------|---|-----|
| Councilor Zevgolis | - | yes |
| Councilor Gore | - | yes |
| Councilor Walton | - | yes |
| Councilor Shornak | - | yes |
| Vice Mayor Luman-Bailey | - | yes |
| Councilor Holloway | - | yes |

AMEND – MAYOR PELHAM TO EXECUTE CONTRACT WITH MR. DIEHL AND MR. LACHENEY

Motion was made by Vice Mayor Luman-Bailey, and seconded by Councilor Gore, to resolve to amend the agenda, to allow Mayor Pelham to execute a contract with Mr. Diehl and Mr. Lachene. Upon the roll call, the vote resulted:

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| | | |
|-------------------------|---|-----|
| Councilor Zevgolis | - | yes |
| Councilor Gore | - | yes |
| Councilor Walton | - | yes |
| Mayor Pelham | - | yes |
| Councilor Shornak | - | yes |
| Vice Mayor Luman-Bailey | - | yes |
| Councilor Holloway | - | yes |

Motion was made by Councilor Walton, and seconded by Councilor Holloway, to resolve to retain Mr. Lachenev as part-time City Attorney. Upon the roll call, the vote resulted:

| | | |
|-------------------------|---|-----|
| Councilor Zevgolis | - | yes |
| Councilor Gore | - | yes |
| Councilor Walton | - | yes |
| Mayor Pelham | - | yes |
| Councilor Shornak | - | yes |
| Vice Mayor Luman-Bailey | - | yes |
| Councilor Holloway | - | yes |

**Councilor Pelham left the meeting at 9:10 p.m.*

ADJOURN

At 10:07 p.m., motion was made by Councilor Zevgolis, and seconded by Councilor Walton. Upon the roll call, the vote resulted:

| | | |
|-------------------------|---|-----|
| Councilor Zevgolis | - | yes |
| Councilor Gore | - | yes |
| Councilor Walton | - | yes |
| Councilor Shornak | - | yes |
| Vice Mayor Luman-Bailey | - | yes |
| Councilor Holloway | - | yes |

/s/ Brenda S. Pelham
Brenda S. Pelham, Mayor

Cynthia Y. Ames, City Clerk