

**Special Meeting
June 21, 2022**

MINUTES OF THE SPECIAL MEETING OF CITY COUNCIL HELD JUNE 21, 2022

A Special Meeting of the City Council of the City of Hopewell, Virginia, was held on Tuesday, March 1, 2022, at 6:30 p.m.

PRESENT: John B. Partin, Vice Mayor, Ward 3
 Deborah B. Randolph, Councilor, Ward 1
 Arlene Holloway, Councilor, Ward 2
 Jasmine E. Gore, Councilor, Ward 4
 Janice B. Denton, Councilor, Ward 5

ABSENT: Patience Bennett, Mayor, Ward 7
 Brenda Pelham, Councilor, Ward 6

Mollie P. Bess, City Clerk

Vice Mayor John Partin welcomed all in attendance and opened the meeting at 6:30 p.m. and requested a roll call.

ROLL CALL:

Vice Mayor Partin	-	present
Councilor Randolph	-	present
Councilor Holloway	-	present
Councilor Gore	-	present
Councilor Denton	-	present

Mollie Bess, City Clerk, informed Council that Mayor Bennett and Councilor Pelham are on their way; quorum established.

Mr. Jerry Byerly (Director, Water Renewal) began discussion. He met with Mr. Michael Terry, Finance Director. He asked Mr. Terry to come to the podium to share his budget resolution and notes with Council.

FY 2023 City Budget

Before presenting, Mr. Terry gave handouts to Council and to Mr. Byerly. Mr. Terry began with presenting the FY budget for 2022-23. His plan tonight is to address those outstanding questions from Council regarding what he referred to as "housekeeping" issues; discuss the budget resolution; address all discussions, dialogues and comments from Council; and finally the voting for the budget.

Mayor Bennett:

Mr. Terry began with the section for Mayor Bennett's statement which expressed that the vote is to be done based on the information provided on the other related cost to the salaries that Council approved for the mid-year raises. In a schedule that was handed out to Council, he highlighted the related cost column. The footnote included in this document stated that the budget for Public Works was not amended; the department requested Council permission to use salaries and savings to offset raises and no funding required to cover costs, or costs will be absorbed. Mr. Terry also submitted a CAF report that Mr. Altman

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prepared before going out on sick leave so that Council could approve those additional related costs. Bottom line: there is not fiscal impact. He further asks Council to consider if the Mayor thinks it's appropriate to still vote for this so that the books can look good with respect to the fiduciary process. Councilor Pelham arrived at this time; everyone waited until she was settled and ready to start.

Councilor Pelham:

Councilor Pelham asked a series of questions by email. Although they addressed several of them, there were some outstanding or additional questions that will be addressed this evening. 1) Under Outside Agencies, she asked why two-year institutions are receiving more than four-year institutions. John Tyler Community and Longwood College both submit their requests every year with supporting documentation; Virginia State University and Richard Bland College do not submit requests, but both are always included in the budget, just as they have been included in the FY 23 proposed budget. 2) Significant increase in essentials. Contact people to confirm receipt of ARPA money, do as much inquiry as possible for the intent of going through outside agencies and seeing where reductions could be made. Mr. Terry discussed the significant group that the City is required (or in some kind of mandatory essential role with them) to fund: Riverside Regional Jail Crater Detention, Appomattox Regional Library, Riverside Criminal Justice Agency and District 19 Community Services. The City is committed to provide outside funding for them. 3) Funding for the bus line. It was not left out; was included in the FY23 budget. 4) Credit cards. Who gets the credit cards; inventory requested. Only City employees are issued credit cards (inventory list included in presentation. 5) Service Contracts. Information presented listed by department, amount, service contract, description, and determination of whether contract is essential or not. 6) Economic Development. Question regarding manner in which reports were issued and review process. Actual amount is in the proposed budget for FY23 for Economic Development is \$20,000. 7) City Manager. Total of projection level: \$754,598.94, specifically related to the City Manager, not Economic Development. 8) Hopewell Water Renewal. Met on June 15, approved budget for FY23. Operating budget included. \$1.8 million for regular capital budget. Building of facilities for \$8.3 million was not voted on. 9) Police cars. Proposed budget for FY23 does not include any vehicles for the Police Department. City Manager suggested funding some of the police vehicles from CIP (capital improvement plan). In the CIP presentation, City Manager included marked vehicles and equipment, unmarked police cars and equipment, and a small amount for the Sheriff Department (one vehicle).

Mayor Bennett arrived at this time during the meeting. There are now 7 Councilors in attendance.

Councilor Gore:

Concerned that the HR tables were calculated inaccurately. Researched by Mr. Terry, IT Director (Dr. Manker), and staff. Confirmed that information was loaded correctly and done properly. A second review of the HR table was done, no errors found.

Councilor Randolph

She asked what the amount for the first step would be, had it been included. Mr. Terry reminded Council that the current proposed budget by the City Manager does not include the first step. The first step will happen on July 1 of 2023, which they can plan for that. The slide presented displayed the cost which would have calculated out to two more pennies, and that would have created a potential tax increase.

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Budget Resolution

Mr. Terry presented the budget resolution for FY 23. It is balanced, operating in capital, and the balance of the gap needed for \$2 million is based on the priority that was received as a proposal by the City Manager that the ARPA (American Rescue Plan Act) funds were utilized. He reminded Council that there were four options presented by the City Manager: the ARPA funds; anticipated revenue; schools (already address by Finance and Council); Rainy Day funds (clause that covers a dip in economic conditions or emergencies that are really related to financial matters, and other emergency matters), \$5.2 million.

The gap to fill the \$2 million dollars in this budget resolution is being proposed from the American Rescue Plan Act. The other item contained within this resolution is the Hopewell Water Renewal, the operating budget and the capital component (referred to as their regular capital). Projected revenue is \$18,481,179. Capital is \$1.8 million for the current fiscal year of FY23. The resolution does not reflect any of the 10% reductions, strictly proposed to Council in the first presentation by the City Manager. Adjustments: no tax increase, no support from Schools to adjust the budget. Also, in reference to essential travel, at this moment, he and the Acting City Manager determined that what is there for travel is essential, either for certification or training. This is now a balanced budget. What's in here is essential. The one Treasurer's position for Reconciliation is also included. Other than what had been mentioned concerning Hopewell Water Renewal, they haven't changed anything else in this resolution.

Mr. Terry addressed Mayor Bennett, regarding information at the beginning of this presentation – the approval of the fringe benefits, other related salary costs, that there is not financial impact, but there is a fiduciary responsibility, that if she still feels the same, if Council could consider approving those related costs to the mid-year salary, that would be good and appropriate for documentation. Mayor Bennett stated that this was policy for Council if they are pulling funds to increase raises without the appropriate dollar value in the first resolution. It is really important that Council corrects it and do an amended one to incorporate all funds and how they came to her.

Referring to the colleges, Councilor Pelham commented that those institutions that did not request any monies should be deleted from the budget. She further stated that in the future, for four-year institutions, it should be consistent, they all should get funding. She asked about the bus line; confirmed that it was still in the budget. For credit cards, she commented that every department should use only one credit card. When Councilor Pelham stated that Council no longer receives monthly reports for the credit cards, Mr. Terry replied that he will ensure that these monthly reports will be submitted in the future. She asked about the CIP budget; was this funded yet. Mr. Terry stated that in the CIP budget for FY23, in the itemization of appropriation, there is the VDOT project, the fire truck lease with one more payment to take care of. The City Manager would like to come back and discuss utilizing some of the ARPA for other items in the CIP report. Councilor Pelham raised concern that using the ARPA funds to make up the difference will put the City in the same predicament, and Mr. Terry stated that this will not happen. Councilor Pelham asked him how was this going to be paid with projected assessments. Mr. Terry explained that the use of the ARPA funds in this budget was a one-time stretch to get themselves there. He reminded Council of the four options: One was the ARPA funds (utilizing Federal funds first, State funds second, and then local funds third). The second and third options was the reassessment and Schools (which was taken off the table; it has been solved). Mr. Terry further explained that the reassessment, or revenue anticipation, is no different now than it has ever been. For anticipated revenue of FY23, there is

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nothing new in that projection that hasn't been done. Councilor Pelham asked what that projected revenue was, and would that cover all the ARPA funds used to balance this budget. When he was not clear of what she was asking, Councilor Pelham asked him what monies he will use to make the budget whole. After a lengthy discussion, Mr. Terry explained that when the anticipated revenue (like the rate for real estate) stays consistent, along with other things, and assessments go up, then self-management is key. If enough revenue is generated for FY 23-24, then the City Manager directs Finance to capture that money and present it to Council. In the next FY 24-25, the City return to handling the budget as it has always done before ARPA. Manage expenses and keep pace, don't go over the budget. Compared to other localities, Hopewell is consistent in containing costs. This approach must be continued to FY 24-25 and beyond. As long as the assessment or anticipated revenue stream forecast is there, that is what must be continued. Councilor Pelham asked for the total amount of ARPA money being used to fill the budget, and Mr. Terry stated that it was \$2 million. Councilor Pelham expressed concern that taxes will increase next year if the City doesn't get new revenue or assessments. Mr. Terry firmly stated that tax increase will not happen as long as the City adheres to the governmental mindset of using federal funding first, state funding second and then local funding. So if the ARPA money goes south, and the City still does not have assessments, then turn to the local component which is the rainy-day fund. Councilor Pelham asked if the \$2 million is used in the rainy-day fund, then what next. Mr. Terry stated that the Councilor was assuming a \$2 million dollar shortfall every year. He explained that where there will be that step increase of \$300,000, it won't be \$2 million. The increase will be covered if revenue stream is maintained and managed, and revenue will be building on top of that.

Vice Mayor Partin asked why Mr. Terry presented the budget resolution using the ARPA money when it was discussed at the last meeting that this was not what Council wanted, to use one time funds for ongoing expenses. Mr. Terry replied that this the budget as presented by the City Manager, with adjustments made. Any deviations from that or a need to change the resolution, as the statement that Council made, when he returned the basic fundamental proposed budget with adjustments up to the last point in which the City Manager communicated with him.

Vice Mayor Partin stated that at the last meeting, at least 4 or 5 Councilors expressed to Mr. Terry and the City Manager that they did not want to use the one time ARPA fund money for the budget. More than likely, the revenue will go up, but the budget is being built based on speculation. Mr. Terry stated that this has always been done. After a lengthy discussion, Councilor Denton was given the opportunity to speak.

Councilor Denton's mindset was different from Vice Mayor Partin's. She discussed the CARES funds received by the City in 2020, followed by the receipt of the ARPA funds in 2022, both of which was used to help the City. All of the CARES funds were not used, so the City received \$9.6 million in ARPA money. This was verified by Mr. Terry. Council was advised by the Federal government via Finance that this ARPA money was provided to help with losses in the City and money was needed to replace salary losses. They were advised to use the ARPA money for lost income. She expressed that it is wise to use the Federal money to offset lost income. She then asked Mr. Terry if there were no guarantees when doing a budget that income is going to come in as anticipated. He stated that this has always been the case. Councilor Denton then described the scenario of creating projections, and consulting the Commissioner of Revenue and the City Treasurer, while the City Manager had discussions with each department -- all for a status of the revenue. Mr. Terry stated that this has been the practice of this and all localities. She stated that the projections are based on the best information that is available, and if need be, make adjustments. She stated that Council needs to vote on the balanced budget that the Finance

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Director has presented, and to follow the man that Council trusts. She thanked Mr. Terry for what he presented to Council.

After a lengthy discussion, Vice Mayor Partin made a motion that Council approve the city budget with the following requirements and to have the City Manager and City Finance Director bring a resolution back to a future City Council meeting: 1) have a 10% reduction that does not impact service contracts, public safety or infrastructure; 2) eliminate the outside use of city vehicles for non-professional uses; 3) reduce credit cards to one per department, and for departments that currently have credit cards, that they be placed aside; 4) prohibit filling full time positions with the exceptions of public safety and essential personnel for positions that are currently vacant and that weren't filled previously to fiscal year 2021; 5) to reduce the economic development line item budget to only include previously approved incentives, rent and approved obligations; 6) eliminate the City Manager's contingency fund; 7) to not fund the Assistant City Manager's position; 8) prohibit the transfer of money between funds from the general fund to the City's adopted operating budget without a resolution brought to City Council; 9) to include the HWR capital budget for \$10.3 million dollars; 10) eliminate travel except for training and certifications; 11) not to use the ARPA funds to balance the budget and to include a line item of \$21,000 for City Council communications. This motion was seconded by Councilor Gore.

Councilor Gore first offered a friendly amendment to have the budget brought back to Council on the 28th; Vice Mayor Partin agreed. She offered another friendly amendment to include not transferring funds from operational and capital budget; Vice Mayor Partin also agreed. She then offered another friendly amendment regarding the addition of HWR, to have a work session for the Hopewell Water Renewal building; Vice Mayor also agreed. She then asked the City Clerk to restate the motion.

Ms. Bess restated:

The motion was made by Vice Mayor Parton and seconded by Councilor Gore to move to approve an operating budget with the following requirements: ask the City Manager and the Finance Director to bring it back to Council by June 28; 10% reduction that does not impact service contracts, public safety and infrastructure; eliminate out-of-city vehicle use for personal use; reduce credit cards to one credit card per department for department that have credit cards and eliminate the ability to add new credit cards to the City's roster; prohibit filling of full-time positions with the exception of public service for positions that are currently vacant that were not previously filled in FY21; reduce the Economic Development line item budget to only include previously approved incentives, required payments, rent and approved obligations; eliminate the City Manager contingency fund or equivalent; not fund the Assistant City Manager position; prohibit the transfer of funds from the general fund to the City's adopted operating budget; include in the resolution and capital improvement budget; fund the City Council communication line item at FY19 and FY20 levels, \$3,000 per ward, total of \$21,000; does not use ARPA funds to balance the budget; eliminate travel except for training and certifications; work session for the \$8 million dollar Water Renewal building, HWR capital budget at \$10.3 million.

Mr. Terry informed Council that he was unavailable on the 28th. Mayor Bennett asked if there was a friendly amendment to change the date from the 28th to the 29. Councilor Gore agreed.

Councilor Denton stated that three Councilors knew what this motion was going to be tonight. She discussed the department being cut, the 70% who did not get a pay increase, the 30% who received pay increases are now being cut. \$2 million is being cut out of City's operating budget, but including \$8.5 million for an administrative building at the HWR. She further discussed the subcommittee of that

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commission had already met with ways to make that work. She declared that she will vote against this motion.

Mayor Bennett stated that she was in favor of not transferring funds from the operating budget to capital budget, and asked Mr. Terry about the operating expenses at Hopewell Water Renewal. Mr. Terry indicated that what he heard was confusing to him; if he answered her question as she posed it to him then his answer is based on the current resolution which stated that monies are not to be transferred from operating to capital projects.

Mayor Bennett quoted the section of the budget resolution, emphasizing words and phrases as “shall” and “sources other than property.” She asked that “other than” be defined. She asked if the “last mentioned sum” referenced a specific dollar amount (\$37 million). She also emphasized “estimates on revenue used for appropriated expenditures,” and “the city manager shall initiate action to adjust appropriated expenditures.” She further states that the budget is very unclear and leaves room for interpretation, and that she is not in favor of approving this budget resolution this evening. She discussed the service contracts submitted to Council; she needed to review the contracts with the budget that was presented to Council before with the service contract dollar value and put them together; she wants to be clear with what they have now, what is essential and what is not; she wants visibility and transparency. No one’s doing anything wrong; she just wants to see for herself.

Councilor Gore continued where Mayor Bennett left off. Councilor Gore stated that the salaries that was mentioned. Council approved something that was different than what was implemented which resulted in a gap. She stated that this was not the fault of Council for approving something that did not provide accurate financial information. Errors are not in how this was implemented, but in the calculations that was presented to Council for approval. She issued a reminder that the budget is a legal document that should be in ordinance form. She requested Mr. Byerly to go to the City Attorney to have it created as a budget ordinance and then return it to Council. She also discussed Section 24 of the resolution that needs to be clearly defined that limits transfers between funds.

Councilor Pelham stated that the departments have never been challenged to reduce their spending, all Council has done was raise taxes or use federal or state money. Let the people who work in their departments every day get paid well and challenge them to cut their spending. She thinks the citizens would appreciate that.

Mayor announced a call for the vote on the floor (not voting on the motion):

ROLL CALL:	Councilor Randolph	-	yes
	Councilor Holloway	-	yes
	Vice Mayor Partin	-	yes
	Councilor Gore	-	yes
	Councilor Denton	-	yes
	Councilor Pelham	-	yes
	Mayor Bennett	-	yes

Motion passed 7-0.

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Mayor Bennett called for the vote on the motion:

The motion was made by Vice Mayor Parton and seconded by Councilor Gore to move to approve an operating budget with the following requirements: 10% reduction that does not impact service contracts, public safety and infrastructure; eliminate out-of-city vehicle use for personal use; reduce credit cards to one credit card per department for department that have credit cards and eliminate the ability to add new credit cards to the City's roster; prohibit filling of full-time positions with the exception of public service salary and personnel for positions that are currently vacant that were not previously filled in FY 2021; reduce the Economic Development line item budget to only include previously approved incentives, rent and approved obligations; eliminate the City Manager contingency fund; do not fund the Assistant City Manager position; prohibit the transfer of money between funds from the general fund to the City's adopted operating budget; include in the resolution and capital improvement budget; fund the City Council communication line item at FY19 and FY20 funding levels, \$3,000 per ward, total of \$21,000; does not use ARPA funds to balance the budget; eliminate travel except for training and certifications; work session for the \$8 million dollar Water Renewal building, HWR capital budget at \$10.3 million; ask for the City Manager and Finance Director to report back on the 29th.

Mayor Bennett's point of information regarded what exactly is to happen on the 20th. Vice Mayor Partin stated that he expected the budget to come back balanced and contains the necessary cuts. Mayor Bennett's second point of information regarded HWR's \$10.3 million capital budget, and the \$8 million Water Renewal building. Vice Mayor Partin explained that the building is on hold until the work session with the Commission. The building is approved but the \$8 million sits there. Mayor Bennett's point of information regarded the keeping of the HWR capital budget funded at \$1.8 million; she does not see \$10.3 capital budget. Vice Mayor Partin explained that what the City Manager proposed and what the capital subcommittee approved on a 5-2 vote was for \$10.3 million. The Commission decided not to go with that and voted for \$1.8 million. He is asking for staff's recommendation and the capital subcommittee's recommendation to be what the resolution is based on.

Councilor Pelham's point of information regarded the 10% reduction in the first resolution; she asked if that meant no personnel will be cut, and if that statement can be cleaner. Vice Mayor Partin stated that this was fine; this was the assumption that he had. A friendly amendment was added to exclude current personnel to the 10% reduction.

Councilor Denton's point of information referenced the \$8.5 million and if it was approved with this budget. Vice Mayor Partin explained that he was asking for is yes for approval, and it is on hold until the work session is completed and discussed.

Councilor Randolph's point of information referenced Mayor Bennett's request for clarity on the resolution, but she expressed that Council was not receiving the same clarity in this motion.

Mayor Bennett's point of information asked Vice Mayor Partin when they will receive those recommendations, and Vice Mayor Partin replied that it was up to Staff. She then asked Mr. Terry when he will return to Council with that information. Mr. Terry replied that due to the large amount of information that Council is requesting, along with his absence on the 28th, he won't be able to have this information available to Council until the 29th. He stated that he knows that there are some who are not going to be able to respond to this in the next 6 days, including himself. He added that he will do his best

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to meet that request; however, due to the level of what Council is seeking, it's not just about him but the Acting City Manager having to call upon every director to go back and review with the constraints that Council has placed on them, there is the assumption that is made today that Finance is not providing what Council is requesting. They will compile this information, but cannot submit it in the time as stated by Council.

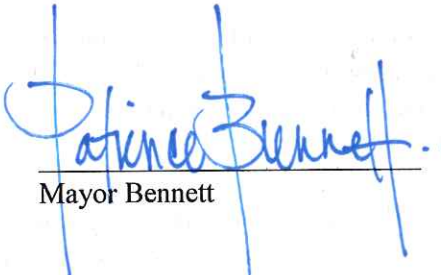
Councilor Gore reminded all that there is a motion on the floor, and then she asked Mr. Byerly if there were meetings with directors today to give Council the 10% cuts. Mr. Byerly responded that he did meet with the directors today. Councilor Gore concluded that if there is a meeting tonight about meetings that were held today about the cuts, then Mr. Terry can provide the information that Council is requesting. She made a friendly amendment to move the date to the 30th. Vice Mayor Partin was okay with the 29th and the 30th. Roll call was requested, and the vote resulted:

ROLL CALL:	Councilor Randolph	-	no
	Councilor Holloway	-	yes
	Vice Mayor Partin	-	yes
	Councilor Gore	-	yes
	Councilor Denton	-	no
	Councilor Pelham	-	yes
	Mayor Bennett	-	yes

Motion passed 5-2.

AJDOURNMENT

Councilor Gore made a motion to adjourn the meeting, which was seconded by Vice Mayor Partin. All was in favor of adjourning the meeting.



Mayor Bennett

/s/ Mollie Bess
Mollie Bess, City Clerk