



# City of Harrisonburg

409 S. Main Street  
Harrisonburg, VA 22801

## Meeting Minutes - Draft City Council

*Mayor Christopher B. Jones*  
*Vice-Mayor Richard Baugh*  
*Council Member Ted Byrd*  
*Council Member Kai Degner*  
*Council Member Abe Shearer*

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Monday, May 11, 2015

6:00 PM

Council Chambers

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### Budget Work Session

#### 1. Roll Call

Mayor Jones called the work session to order at 6:00 p.m.

Present: Mayor Christopher B. Jones; Vice-Mayor Richard Baugh; Council Members Ted Byrd, Kai Degner and Abe Shearer; City Manager Kurt D. Hodgen; Assistant City Manager Anne C. Lewis; and Finance Director Larry Propst.

#### 2. Regular Items

##### 2.a. Discussion on budget

Council Member Byrd asked how we are trending on revenues and expenses as we finish up the year. City Manager Hodgen said we are \$1.8M over our 18% requirement after the one-time capital expenses are deducted that have already been approved and then set aside \$1M for the first payment to Middle River Regional Jail due on June 30. Expenses are trending at 99% this year compared to 98% last year.

There was discussion about capital costs, IT expense increases, and new positions in the General Fund. In addition, new positions for our shared services with Rockingham County were discussed at the city/county liaison committee.

Council Member Degner inquired about electricity costs at the public safety building and the line item not being decreased more. He would like to budget something closer to what was promised; he would like to drop to \$40k.

Mr. Propst reported the debt service is a solid number.

Council Member Byrd inquired if there was overage projected to come back from schools? Schools' Executive Director of Finance Tracy Shaver reported the average daily membership (ADM) is up over last year with March 31 ADM recorded at 5,258 totaling \$770,000 from the state. Unfortunately, the federal side doesn't look as good. Due to an audit finding, we are not to seek reimbursement from federal funds until we've spent the money. Last June, schools sought June, July, and August reimbursement based upon an estimated number. The audit finding in November was

realized last fiscal year (\$280,000) so it will not be coming in this fiscal year's revenue stream. In the past, schools estimated June salaries but cannot do this any longer. Schools cannot seek this reimbursement until July (next fiscal year of \$180,000) or \$460,000 (subtract from \$770,000 = \$310,000). The ADM for next year is 5400.

Council Member Byrd inquired what money is left from other capital projects that were not spent. The information was not available during the meeting.

The following was discussed regarding enterprise funds.

The Sanitation Fund has changed to accommodate the planned approach of taking trash and recycling to Van der Linde in that there is not a recycling budget - some of the budget was moved to solid waste collection and some to solid waste management. There was discussion about the proposed \$3.00 increase in the sanitation fund rate and the current fund balance in Sanitation Fund. City Manager Hodgen reminded council that approximately \$3.9M in the Sanitation Fund balance should be reserved for closure costs. City Manager Hodgen also noted that he was not comfortable moving money from the balance since we do not have a good handle on what our closure-related expenses will be. The sale of the steam plant is \$4.2M and that should go to debt retirement. The estimate for a new transfer station is approx \$1M. Council discussed the removal of the proposed increase of \$3.00 (or \$450,000).

Council Member Byrd asked if we want to continue to discount big water users saying that there is no impetus for conservation at the lower end. Do we want to consider flat water pricing like the eastern side of the state? We are raising fees for the low water users. City Manager Hodgen stated that Public Utilities Director Mike Collins would like to provide a holistic approach to all of the upcoming projects and costs associated with it.

Council Member Byrd inquired if staff looked at alternatives to tax increases rather than real estate, specifically meals. City Manager Hodgen said we did not consider alternative taxes because we are at the high end on the meals and not at the high end of real estate.

There was discussion about other areas to cut out of the current budget including capital - Pleasant Valley Road bridge (applying for revenue sharing funding), \$117,000 for grant match for streetscape, or \$250,000 for IT strategic plan items (permit process software). No cuts were suggested from these lines.

The Juvenile Detention Home has increased based on usage. The library number should increase to \$469,945. The Rescue Squad increase was due to the Line of Duty Act as required by law. City Manager Hodgen noted they give us 15% in total billing. Our current contract with the squad says if both parties agree, we can increase that percentage.

Council Member Byrd asked if we are getting more from Harrisonburg Electric

Commission (HEC). City Manager Hodgen reported it went from \$4.9M to \$5M.

Mayor Jones requested \$14k for paving and \$37k for fencing for Newtown Cemetery. Will this change the historical designation? Per Council Member Degner, he suggested we use the savings from energy efficiency projects to pay for this. Council Member Byrd asked if council should, we would have to look at it through the economic development side. He added that he would like a proposal from Newtown Cemetery. It was also suggested that it could be funded with use of one time funds leftover from this year's budget. Vice-Mayor Baugh is ok with one time requests for historic property. They agreed to receive an application.

Per Council Member Byrd, if you have any concerns with last year's audit or areas that you would like the auditor's to have a specific look at, please forward to Mayor Jones or himself to be considered during the Finance Committee's pre-audit meeting with the auditors.

As a recap, council requested that City Manager Hodgen make the following changes to the proposed budget:

1. Eliminate the \$3 solid waste fee increase;
2. Pull \$388k out of capital outlay (primarily vehicle replacements) and consider adding back in if we end the year above \$1.8M in excess fund balance; and
3. Drop the proposed real estate tax increase from \$0.06 to \$0.05.

**3. Adjournment**

Mayor Jones adjourned the meeting at 8:19 p.m.

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CITY CLERK

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MAYOR