

**AGENDA**

## FRANKLIN CITY COUNCIL

MONDAY, October 24, 2016 – CITY HALL COUNCIL CHAMBERS – 207 W. SECOND AVE.

**7:00 P.M.****Regular Meeting**

Call To Order · · · · · MAYOR FRANK M. RABIL

PLEASE TURN OFF CELL PHONES · · · MAYOR FRANK M. RABIL

## PLEDGE OF ALLEGIANCE

## CITIZENS' TIME

1. Dr. Sharon Sheffield – Western Tidewater Free Clinic
2. Ms. Angela Futrell, CEO – Southeastern Virginia Health System

## AMENDMENTS TO AGENDA

1. CONSENT AGENDA
  - A. Minutes: September 26, 2016 Regular Meeting
  - B. Departmental Reports: September, 2016 (Separate File)
  - C. Proclamation: Arbor Day
2. FINANCE
  - A. FY 2016 – 2017 City Budget Amendment # 2017 – 03
3. OLD/NEW BUSINESS
  - A. Memorandum of Agreement with Isle of Wight County – H. Taylor Williams, IV
  - B. School Division FY 2015 – 2016 Funding Request (If Necessary)
  - C. City Manager's Report
4. COUNCIL/STAFF REPORTS ON BOARDS & COMMISSIONS
5. CLOSED SESSION

I move that the Franklin City Council meet in Closed Session to discuss and consider the performance of appointees and evaluate the performance of departments, to consult with legal counsel regarding specific legal matters and to receive legal advice from the City Attorney and to consult with the City Attorney pertaining to actual litigation pursuant to Virginia Code Section 2.2 – 3711 (A) (1) and (7).

Motion Upon Returning to Open Session- I move that the only matters discussed during the session were those lawfully exempted from open meeting requirements and identified in the motion by which the closed session was convened.

6. ADJOURNMENT

**UPCOMING ITEMS TO BE SCHEDULED**

The items below are intended to be reflective, and not inclusive of all subjects staff is working on to bring forward to City Council in the next two months. Both the time lines and subject matter are subject to change and should not be considered final.

**SUBJECT****TENTATIVE TIME LINE****Commercial Rehabilitation Loan Program****TBA****Charter Communications Franchise Agreement****TBA**

**CONSENT AGENDA**

- A. Minutes: September 26, 2016 Regular Meeting**
- B. Departmental Reports: September, 2016 (Separate File)**
- C. Proclamation: Arbor Day**

The Franklin City Council held its regular meeting on Monday, September 26, 2016 at 7:00 p.m. in the Council Chambers at City Hall.

**Council Members in Attendance:** Frank M. Rabil, Mayor; Barry Cheatham, Vice-Mayor; Benny Burgess, Linwood Johnson III, Mary Hilliard, Greg McLemore and Bill Scarboro.

**Staff in Attendance:** Randy Martin, City Manager; Taylor Williams, City Attorney; Melissa Rollins, Director of Finance; Mark Bly, Director of Power and Light; Chief Vince Holt, Director of Emergency Services; Russ Pace, Director of Public Works; Brenda Rickman, Commissioner of the Revenue; and Dinah Babb, Treasurer.

**Others in Attendance:** Officer Kevin Muse, Franklin Police Department; Mrs. Joyce Johnson, Utilities Department and Teresa Rose-McQuay; Administrative Assistant and Acting Secretary, Recording Minutes.

### **PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was recited by everyone in attendance.

### **CITIZENS' TIME**

Mr. Dan Howe, Executive Director, Downtown Franklin Association, resides at 100 Gillette Court. Mr. Howe addressed Council about the upcoming 34<sup>th</sup> Annual Franklin Fall Festival as well as reported about the grand finale of the Cruise-In and We Be Jammin events. Mr. Howe invited everyone to come out this weekend for the Block Party on Friday, September 30, 2016 and the Franklin Fall Festival Street Fair on Saturday, October 1, 2016. Mr. Howe thanked all the sponsors, volunteers and the City staff for all their help with the Franklin Fall Festival.

### **AMENDMENTS TO AGENDA**

There were no amendments to the agenda.

### **Consent Agenda**

#### **Minutes of the September 12, 2016 Regular Meeting**

Mayor Rabil asked if there were any corrections or changes to the minutes. Hearing none, Vice-Mayor Cheatham made a motion to approve the minutes as presented and Councilman Johnson seconded the motion.

The motion was approved by a 7 – 0 vote.

#### **Departmental Reports**

Mayor Rabil asked if there were any questions concerning the departmental reports that were sent under a separate file.

There were no questions concerning the Departmental Reports.

**PUBLIC HEARING**

Mayor Rabil recognized Manager Martin to introduce the Public Hearing on the proposed rental housing inspection program. Manager Martin noted that members of Council have discussed the implementation of a rental housing inspection program on several occasions. Following work sessions on the matter, the Council has given staff direction on the next steps including conducting the public hearing. Manager Martin also stated that the public hearing was published in the paper in accordance with Virginia Code Section 36-105.1:1-C 1. Manager Martin recognized Community Development Director Donald Goodwin to review highlights of the program.

Director Goodwin addressed Council and gave a brief overview of the Residential Rental Inspection Program; as well as, the proposed Conservation District within which the rental inspection would be implemented.

1. Provide all property owners within the conservation district notification to register all residential rental units.
2. Any owner of a residential rental dwelling unit must register with the city outlining property owner(s) information and tenant information.
3. Upon receipt from an owner to register their units the city will send a self-check list of qualifying violations.
4. Owner shall notify the city within 30 days to schedule initial inspection of registered rental units.
5. If owner has not registered unit and the city is unable to contact owner by phone the city may set a time and date for the inspection and notify the owner and tenant by first class mail.
6. Owner may call and reschedule inspection with the city to an agreeable date and time. Only obligated to do this ONCE!
7. Upon initial inspection the rental unit will be given a certificate of compliance (1 yr.) or a 48-month certificate of compliance.
8. A 1 yr. certificate will be issued where disqualifying violations are found triggering an annual inspection within 30 days of the expiration.
9. A 48-month certificate will be issued where no disqualifying violations are found.
10. Owner shall notify the city within 30 days prior to expiration to schedule inspection of registered rental units.
11. The cycle continues. However, if upon the annual inspection of a 1 yr. certificate unit there are no disqualifying violations that unit will receive a 48-month certificate.
12. As with the 1 yr. certificate if upon the renewal inspection of a 48-month certificate unit there are disqualifying violations that unit will receive a 1 yr. certificate.
13. All Virginia Maintenance Code violations are noted on the certificate along with a date that they must be remedied.
14. If the follow-up inspection reveals that the owner has failed to remedy the violations the city will send a notice of violation and revoke 48-month certificate.

Director Goodwin stated the exemptions are: new residential rental units with 48 months of CO. Hotels, motels, inns, bed and breakfast establishments other transients. Residential rental units owned by or leased by an agency of the Commonwealth or City or units that are regularly inspected pursuant to the authority of the agency.

The fees, appeals, and penalties are: Where major or disqualifying violations are noted a \$100 re-inspection fee will be charged per unit until corrected. Appeals allowed in accordance with the VUSBC. Penalties include \$50 civil penalty to be assessed every 30 days for not registering, injunctive relief under 15.2-1432 of the Virginia Code and obtaining inspection warrants per 36-105 C 3 of the Virginia Code.

After some discussion with Council, noting that Councilman McLemore felt that the program was not fair and he was not in favor of it. Mayor Rabil opened the public hearing for comment.

**The Public Hearing opened at 7:33 P.M.**

C. J. Sears of 501 Fairview Drive stated that he owns rental properties in the City of Franklin and the City of Suffolk. He stated that he was unaware of the Public Hearing until a couple of hours before the meeting. Mr. Sears commented that the city staff is saying there is no charge now but he fears there will be nominal fees in the future, which will lead to him having to increase his rents to cover the fees. Mr. Sears main question is: What brought this about? Was it about money or trying to maintain the property? Have you thought this out; he can see some big problems with this.

Bobby Tyler of 108 Queens Lane stated that he had also found out about the public hearing today as well. Mr. Tyler stated that he was surprised that the Council did not introduce this in a different manner than a public hearing. He did not understand why the program was not vetted before the public hearing. Mr. Tyler said the problem here is a systemic problem. He asked Council to table the Public Hearing and have a public forum to find out what the problem is and how to fix it.

Mary Alice Beale of 201 South High Street asked Council: How many cities or towns the size of Franklin have rental inspection programs?

Frank Jester of 120 Gillette Court wanted to know if in the months of discussion on this topic, how many landlords were asked about this. He also wanted to know how many rental properties there are in the proposed conservation district. Mr. Jester said that the city already has a program in place that if a tenant complains Community Development goes out and does an inspection. Mr. Jester noted that the system that is currently in place is working fine; if it's not broke then don't fix it. Mr. Jester noted that it seems like the city is creating a problem that does not exist. Mr. Jester wanted to know if the building inspector would be able to inspect all the properties within the conservation district within 30 days.

Mandy Crumpler of 219 N. Main Street commented on the fees. Currently there are no fees for the inspections but how are all the properties going to be inspected. Are you going to hire more personnel to get the job done and if you hire more people then where is the money going to come from? Ultimately the funds are going to become an issue. When you start charging the landlords then they are going to have to recoup their losses by raising their rents. Mrs. Crumpler stated that the average person that tries to move to the City of Franklin has to pay approximately \$2,000 to move into a rental property between the rent, deposit for property and the cost of having the utilities turned on. For this reason, there are a lot of empty rental properties in the City of Franklin. Mrs. Crumpler asked if there will be a fee for each unit for those landlords who own duplexes or multi-unit rentals. Mrs. Crumpler stated that it feels like the landlords are being penalized with this program.

Mr. Thomas Council of 425 Bracey Street commented on the number of vacancies that already exists in the City of Franklin. He stated that the Council should be looking for ways to decrease the number of

vacancies within the City not increasing them. Mr. Council wants Council to do an impact study and to figure out where the money is going to come from.

Mr. Jim Hart of 1580 Armory Drive commented on the fact that he had just recently found out about the public hearing. He asked that Council create a committee and have some of the landlord's serve on the committee.

There being no other speaker desiring to comment, Mayor Rabil closed the Public Hearing at 8:09 p.m.

Mayor Rabil offered each Council member the opportunity to speak on the rental housing inspection program.

Councilman Johnson made a motion for the Council to have a workshop in 60 days with the Planning Commission and landlords to discuss the issues and the prospective rental housing inspection program and Councilman McLemore seconded the motion.

Councilwoman Hilliard asked Councilman Johnson if he was proposing a meeting of all members of Council and the Planning Commission. Councilman Johnson answered that he was.

Councilman McLemore made the comment that he has never been in favor of the rental inspection program. Councilman McLemore stated although he seconded the motion he did not feel that it is necessary to break something that is not broke.

Councilman Burgess stated that he would not support the motion because such a large number of members on a committee would make it unproductive.

Mayor Rabil stated that he agreed with Councilman Burgess that a committee of this size would be difficult to vet this program properly.

Councilman Burgess asked if the motion could be withdrawn to discuss the particulars of a committee.

Mayor Rabil stated that it could be withdrawn and Councilman Johnson withdrew his motion.

Councilman Scarboro asked Manager Martin to share his thoughts about the subject.

Manager Martin stated that this is a matter that came up at a goal setting session during a Council priorities workshop. The concern about rental housing conditions was something that came out of that meeting and Council felt that consideration of a rental inspection program was merited. Manager Martin stated that he felt it was still a concern among some affected citizens. Manager Martin stated that there are tenants who are concerned that if they seek assistance it could result in retaliation by some landlords toward complaining tenants.

Mayor Rabil thanked all the landlords that came out and all the valuable feedback that they shared with Council.

He stated that the landlords present were not at fault but with their help we could come up with solutions to address concerns. He recommended the Council have some time to absorb the comments before considering any further action.

Manager Martin commented that this has been a work in progress for some time and if it is the desire of Council to have another workshop or to create a committee then the staff can do so.

Councilman McLemore commented that the City already has measures in place for citizens to lodge a complaint if they feel compelled to do so. For that reason he stated his dissent for the rental housing inspection program and made a motion to cease and desist from any further communication or action of this program unless our constituents come forward and ask for it. Councilman Johnson seconded the motion.

Councilwoman Hilliard commented that this subject has been brought up on occasion over the years and citizens are complaining to their Council Representatives. She concurred with the Manager's comment that some citizens are afraid to lodge any complaints due to the fear of some form of retaliation and that is why it has been brought up again.

Vice-Mayor Cheatham commented that he did not expect any of the landlords that are guilty of the infractions to come to the public hearing and speak. He did thank the landlords who came out and spoke.

Councilman Scarboro agreed with Mayor Rabil and that Council needed time to think about everything that has been said at the meeting. After remarks made by Manager Martin and Councilwoman Hilliard, if there is another side to the story Councilman Scarboro commented that he would like to hear it before any action is taken.

Councilman McLemore complained Council would be tying up staff unnecessarily with any further study of this topic.

Mayor Rabil called for a vote on the motion.

The motion failed by a vote of 0 – 7.

Councilman Burgess commented that the city needs to do a better job in letting citizens know about what is going on using other avenues besides the newspaper to get out public notices. He suggested the web page be utilized to address questions received as well as other information.

## **FINANCE**

### **Financial Report: July, 2016**

Mayor Rabil recognized Finance Director Rollins to present the July 2016 financial report. Manager Martin stated that this report is just an overview of the financial report. There will be a more detailed report presented at the October meeting to reflect a review of the 1<sup>st</sup> Quarter of Fiscal Year 16 – 17 ending September 30, 2016. Manager Martin advised council that Ms. Rollins was not feeling well so he was offering summary comments since she was having difficulty speaking due to a sore throat.

Director Rollins asked if there were any questions concerning the Financial Report.

There were no questions. Mayor Rabil and council thanked Ms. Rollins for her patience and expressed get well wishes.



**OLD/NEW BUSINESS****Writ of Election Report**

Mayor Rabil acknowledged Attorney Williams to update Council on the petition to obtain a Writ of Special Election.

Attorney Williams advised Council that the Judge had already approved the Writ which sets the special election date on May 2, 2017 to elect a person as the Ward 6 Council Representative. The term for the elected office will expire on June 30, 2018.

Attorney Williams also advised that persons interested in running for election as the Ward 6 Representative must wait until January 2, 2017 to begin circulating their petitions.

**School Capital Funding Request/Financial Services Agreement Update**

Manager Martin updated Council that the Financial Services Agreement between the City and the schools has been successfully executed by both parties. All the caveats have been met with the exception of whether any additional funding was needed to close out the FY 2015 – 2016 budget.

Manager Martin stated that in conversations with Superintendent Bell, school officials are in the process of completing their end of year financial review and the required annual financial report to the state. Superintendent Bell communicated that he would relay the results to Director Rollins and Manager Martin as soon as possible to provide the assurance needed before finalizing Council action on the capital outlay request. Assuming the school's assurance is provided before the next Council meeting, that no additional funding is needed for FY 2015 – 2016; Manager Martin recommends Council appropriate the \$480,000 School capital outlay request for FY 2016 – 2017 as detailed in the City's Capital Improvements Plan reviewed at the last Council meeting.

Councilman Johnson made a motion to authorize the City Manager to release the funds provided that all the Council approved conditions have been met and Councilman McLemore seconded it.

Mayor Rabil asked if there were any other questions or comments.

Councilman Burgess asked Manager Martin to state what the conditions were from the last meeting.

Manager Martin reviewed the recommendations from the previous meeting which were: authorize the City Manager to negotiate and contract with Minor and Associates to perform the desired services up to the scope and the amount quoted contingent on the schools willingness to participate with the City; and the City would be responsible for the entire cost. Given the timetable for the accounting services, the City Manager further recommended that the Council appropriate the Capital Outlay funding request while the accounting services are being completed; assuming the school officials participate in the accounting services agreement and as long as they need no additional monies for the close of the FY 2015 – 2016 end of year expenditures and for both parties to agree that the findings of the accounting services be final for both parties.

Councilman Johnson then restated his motion that the City Council authorize Manager Martin to release the Capital Improvement Plan funds once the caveats have been met and Councilman McLemore seconded the motion.

Vice-Mayor Cheatham asked that the conditions be written down and signed by the City Manager, Superintendent, Mayor and School Board Chair; showing that everyone is in agreement and that everything is clearly understood.

Councilman Burgess offered a motion amending the motion by Councilman Johnson to add that a document be signed by the parties representatives and agreeing that once all the contingencies have been met the City Manager would then be authorized to release the Capital Improvement Plan funds. Vice-Mayor Cheatham seconded the amended motion.

Mayor Rabil asked for a vote on the amendment to the motion.

The vote on the amendment was approved with the vote as follows:

Councilman Johnson, NAY; Councilman Scarboro, AYE; Councilwoman Hilliard, NAY; Vice-Mayor Cheatham, AYE, Councilman McLemore, AYE; Councilman Burgess, AYE; and Mayor Rabil, AYE.

Mayor Rabil then called for a vote on the original motion as amended requiring the signed document.

The motion was approved with the vote as follows:

Councilman Johnson, AYE; Councilman Scarboro, AYE; Councilwoman Hilliard, NAY; Vice-Mayor Cheatham, AYE, Councilman McLemore, NAY; Councilman Burgess, AYE; and Mayor Rabil, AYE.

### **CITY MANAGER'S REPORT**

#### **Post Closure Update on the previously Closed Sanitary Landfill located in Isle of Wight**

Manager Martin informed Council of the notice of the termination of post closure care of the closed sanitary landfill located in Isle of Wight. The city received notification from the State Division of Environmental Quality (DEQ) stating that post closure monitoring and care may be discontinued at the facility based on the certification and evaluation provided to DEQ. Manager Martin thanked Director Pace and Public Works for all their work on this project and helping the completion of the post closure process come to fruition.

Councilman Johnson asked if this would free up funds in future budgets. City Manager replied that it would require little or no funds in budgets after FY 2015 – 2016 except for routine maintenance and care that the City would do on any property it owns.

#### **Parks & Recreation Advisory Committee Discussion**

Manager Martin reported to Council that after the last Council meeting, two members of Council requested that a Council discussion on the future of a Parks & Recreation Advisory Committee be included on this meeting's agenda. Upon consultation with the Mayor, the topic has been included on the agenda for discussion only.

Following the discussion, if the majority of Council is inclined to further consider the matter at this time, the Manager respectfully requests staff be given the opportunity to craft a recommendation including changes to the previous Committees by-laws and particularly the makeup of the committee.

Councilman Johnson asked Manager Martin what timeframe could be expected for this recommendation if the Council desires to pursue the matter.

Manager Martin stated that it would take approximately 60 days based on when the Council would like to discuss it further.

Councilman McLemore expressed his thoughts and concerns stating that he would like to see the Parks & Advisory Committee do what they are commissioned to do by the Council.

Vice-Mayor Cheatham stated that one of the problems is that committee was made of too many people to make a decision.

Councilman Burgess expressed that there have been some issues with this committee in regards to their understanding of what was expected of them.

Mayor Rabil stated that overall we need to decide what this committee actually does and who they report to. The citizen that spoke at the previous meeting disclosed what he felt like the committee does and from his comments it is clear that if they are doing everything he expressed then we would have no need of a director for the Parks and Recreation department. Clearly there are some issues that need to be addressed to make sure that all the citizens are receiving the best possible services that the city has to offer.

Vice-Mayor Cheatham made the motion to allow Manager Martin and staff the opportunity to craft a recommendation including changes to the by-laws and particularly the makeup of the committee. Councilwoman Hilliard seconded the motion.

Mayor Rabil asked for any other discussion on the item.

Councilman McLemore took his time to read the description of the duties of the Parks & Advisory Committee.

Councilman Scarboro asked for a vote on the motion.

Mayor Rabil concurred and asked the Council to vote on the motion.

The motion was approved with the vote as follows:

Councilman Johnson, AYE; Councilman Scarboro, AYE; Councilwoman Hilliard, AYE; Vice-Mayor Cheatham, AYE, Councilman McLemore, NAY; Councilman Burgess, AYE; and Mayor Rabil, AYE.

#### **COUNCIL/STAFF REPORTS ON BOARDS & COMMISSIONS**

Vice-Mayor Cheatham reported on the HRPDC and the HRTPO meetings. He stated that both meetings were very lengthy. The HRTPO voted on the Memorandum of Agreement with the City of Franklin and approved it. Now it goes to the state for approval.

Councilman Johnson reported on the WTRJ meeting. He stated the meeting items discussed was as follows: the FY 2015 – 2016 budget and what to do to lower the turnover rate for employees receiving an education then leaving for better paying employment. Councilman Johnson stated that he has suggested the members consider an agreement with employees to work a specified minimum number of years for obtaining education provided by the jail or having to pay back funds expended for education they received.

Attorney Williams reported on the progress that SPSA is making on the Post 2018 changes. He stated that the City of Portsmouth is expected to agree to be a part of SPSA Post 2018. The vendor is on schedule with the plans of building the new facility and SPSA is working on obtaining the conditional use permit for cell 7.

### **Closed Session**

Councilman McLemore made the motion that the Franklin City Council meet in Closed Session to discuss and consider appointments to boards and commissions; and for consultation with the City Attorney pertaining to actual litigation pursuant to Virginia Code Section 2.2 – 3711 (A) (7). Councilman Burgess seconded the motion.

The motion was approved by a vote of 7 – 0.

### **The Council entered into closed session at 9:22 p.m.**

Mayor Rabil reconvened the open session at 9:40 p.m. and asked for a motion certifying the closed session.

Vice-Mayor Cheatham made a motion certifying that the only matters discussed during the closed session were those lawfully exempted from open meeting requirements and identified in the motion by which the closed session was convened. The motion was seconded by Councilman Burgess.

The motion was approved by a 7 – 0 vote.

### **Action Items**

1. A motion was made by Councilman Burgess to reappoint Ms. Carolyn Williams (September 1, 2016 – August 31, 2020) to represent Ward 5 on the Planning Commission. Vice-Mayor Cheatham seconded the motion.  
The motion was approved by a 7 – 0 vote.
2. A motion was made by Councilman Burgess to reappoint Teresa Beale (December 31, 2015 – December 31, 2019) and Amanda Jarratt (December 31, 2015 – December 31, 2019) to serve on the Airport Advisory Board. Vice-Mayor Cheatham seconded the motion.  
The motion was approved by a 7 – 0 vote.

**Adjournment**

Councilman Burgess made a motion to adjourn the meeting which was seconded by Councilwoman Hilliard.

The motion was approved by a 7 – 0 vote.

**Mayor Rabil declared the meeting adjourned at 9:42 p.m.**

**These Minutes for September 26<sup>th</sup>, 2016 City Council Meeting were adopted on the 24<sup>th</sup> day of October, 2016.**

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Clerk to City Council

# Arbor Day Proclamation

- Whereas,** In 1872 J. Sterling Morton proposed to the Nebraska Board of Agriculture that a special day be set aside for the planting of trees, and
- Whereas,** this holiday, called Arbor Day, was first observed with the planting of more than a million trees in Nebraska, and
- Whereas,** Arbor Day is now observed throughout the nation and the world, and
- Whereas,** trees can reduce the erosion of our precious topsoil by wind and water, cut heating and cooling costs, moderate the temperature, clean the air, produce oxygen and provide habitat for wildlife, and
- Whereas,** trees are a renewable resource giving us paper, wood for our homes, fuel for our fires and countless other wood products, and
- Whereas,** trees in our city increase property values, enhance the economic vitality of business areas, and beautify our community, and
- Whereas,** trees, wherever they are planted, are a source of joy and spiritual renewal, and
- Whereas,** The City of Franklin celebrates its 32<sup>nd</sup> consecutive year as a certified "TREE CITY USA" honored by the National Arbor Day Foundation,

**NOW, THEREFORE,** the FRANKLIN CITY COUNCIL, of the CITY OF FRANKLIN does hereby proclaim November 3, 2016, as

## "Arbor Day"

in the CITY OF FRANKLIN, and we urge all citizens to celebrate Arbor Day and to support efforts to protect our trees and woodlands, and

**Further,** We urge all citizens to plant trees to gladden the heart and promote the well-being of this and future generations.

**Dated** this 24th day of October 2016.

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Frank M. Rabil, Mayor



**FINANCE**

**A. FY 2016 – 2017 City Budget Amendment # 2017 – 03**



October 18, 2016

To: Randy Martin  
City Manager

From: Melissa D. Rollins *Melissa D. Rollins*  
Director of Finance

Re: FY 2016-17 Budget Amendment

### **Budget Amendment #2017-03**

The City received \$6,192 in grant funds from the Department of Environmental Quality for the Liter Control Prevention & Recycling Program.

In FY 15-16, \$8,336 remained unspent in the Gateway Enhancement budget; these funds should be carried forward in the new fiscal year to continue projects associated with enhancement of City Gateways in the current year.

### **REQUIRED ACTION FROM CITY COUNCIL**

Authorize the amendment of FY 15-16 carryover funds to the FY 16-17 budget for Planning & Community Development (Gateway Enhancement) in the amount of \$8,336, the acceptance of the liter control grant funds in the amount of \$6,192 and appropriation of the funds for spending as outlined in the FY 16-17.





# COMMONWEALTH of VIRGINIA

DEPARTMENT OF ENVIRONMENTAL QUALITY

Street address: 629

David K. Paylor  
Director

Molly Joseph Ward

East Main Street, Richmond, Virginia 23219

Secretary of Natural Resources

Mailing address:

P.O. Box 1105, Richmond, Virginia 23218

[www.deq.virginia.gov](http://www.deq.virginia.gov)

October 11, 2016

Mr. R. Randy Martin  
Manager, City of Franklin  
207 West Second Ave  
Franklin, VA 23851

Dear Mr. Martin,

I am pleased to inform you that a grant award of **\$6,192.00** has been approved for the **City of Franklin** Litter Prevention and Recycling Program activities for the period July 1, 2016 to June 30, 2017. Processing of the grant awards is underway, and a payment for this amount should be received within the next two weeks if funds can be transferred electronically (EDI) or in thirty days if processing by check is required.

If you have any questions or need additional information, please contact Prina Chudasama at [prina.chudasama@deq.virginia.gov](mailto:prina.chudasama@deq.virginia.gov) or at (804)698-4159.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sanjay Thirunagari'.

Sanjay Thirunagari  
Manager, Recycling and Litter Programs  
Division of Land Protection & Revitalization

Cc: Grant file

## BUDGET AMENDMENT 2017-03

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FRANKLIN, VIRGINIA that the 2016-2017 City Budget is hereby amended as follows:

		2016-2017	AMENDED	INCREASE
		BUDGET	BUDGET	(DECREASE)
<b>100</b>	<u><b>GENERAL FUND</b></u>			
	REVENUE			
<b>41050-0004</b>	Prior Year Budget Carryover	\$203,799	\$212,135	8,336
<b>24040- 0007</b>	Liter Control Grant Revenue		6,192	<u>6,192</u>
				<b>14,528</b>
	<b>EXPENDITURES</b>			
81100-5856	Gateway Enhancement	3,500	11,836	8,336
8100-5855	Liter Control Grant		6,192	6,192
	<b>TOTAL</b>			<b>\$14,528</b>

*\*To carry forward unspent appropriations for specific projects, and recognize grant revenue received in the current fiscal year.*

*Certified copy of resolution adopted by Franklin City Council.*

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*Clerk to the City Council*

**OLD/NEW BUSINESS**

- A. Memorandum of Agreement with Isle of Wight County – H. Taylor Williams, IV**
- B. School Division FY 2015 – 2016 Funding Request (If Necessary)**
- C. City Manager’s Report**



*Office Of The City Attorney  
H. Taylor Williams, IV*

October 17, 2016

From: H. Taylor Williams, IV, City Attorney

To: Members of City Council

Re: Memorandum of Agreement with Isle of Wight County

By way of introduction, the City initiated an annexation suit against Isle of Wight County sometime in the late 1970's or early 1980's seeking to annex a portion of the County into the City. The City and County resolved the suit in an agreement adopted January 15, 1987, that resulted in the creation of a shared revenue zone in the County and the City would receive a portion of the annual tax revenues received by the County from within the zone.

Recently, ST Tissue, a manufacturing company located on the International Paper campus within the shared revenue zone announced a \$35,000,000 expansion of its facilities. The general breakdown of the expansion included \$20,000,000 for improvements to real estate and \$15,000,000 for additional machinery and tools taxes. The State of Virginia and Isle of Wight County offered ST Tissue an economic development package providing some economic incentives to ST Tissue to locate the expansion on the IP campus. The expansion is within an economic enterprise zone similar to the various enterprise zones we have in the City of Franklin.

One of the economic incentives offered by Isle of Wight County to ST Tissue is a 25% reduction in the amount of new machinery and tools tax paid each year for 5 years. Another economic incentive was a different economic incentive grant that is also based upon another 25% reduction in the amount of new machinery and tools tax paid each year for 5 years. So in fact, Isle of Wight has offered to reduce the amount of machinery and tools tax paid by ST Tissue by 50% over the next 5 years.

A Memorandum of Agreement is attached wherein the City agrees with the County to shoulder some of the burden of the incentives offered related to the machine and tool tax income for the next 5 years. On an annual basis it is estimated the gross amount of the machinery and tool tax would equate to \$105,000. The reduction based on the two incentive grants is estimated to be \$52,500 per year for the next 5 years. The City's share of the machinery and tool tax that will be received annually for the next 5 years is estimated to be \$9,345 per year. At the end of the 5 year incentive period the estimated tax revenue will then be based on the full amount of the machinery and tool tax paid at that time.

The City will be receiving additional tax revenue such as real estate taxes for improvements to the facility generated from this expansion by ST Tissue. There are no other incentive grants being offered by Isle of Wight that would involve the participation of the City.

H. Taylor Williams, IV  
City Attorney

## **MEMORANDUM OF AGREEMENT**

**THIS MEMORANDUM OF AGREEMENT** (hereinafter the “MOA”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2016 by and between **ISLE OF WIGHT COUNTY**, a political subdivision of the Commonwealth of Virginia (hereinafter the “County”) and the **CITY OF FRANKLIN**, a political subdivision of the Commonwealth of Virginia (hereinafter the “City”). The County and City may hereinafter be referred to jointly as the “Parties” or individually as a “Party”.

### **WITNESSETH:**

**WHEREAS**, the Parties entered into a local tax revenue sharing agreement, dated January 15, 1987, which sets forth the terms and conditions by which local tax revenues paid within a designated area located in the County would be distributed among the Parties over time (hereinafter the “Revenue Sharing Agreement”); and

**WHEREAS**, ST Tissue, is an ongoing business operation located within the designated area (hereinafter the “Company”) and subsidiary of TAK Investments Holdings, LLC, has expressed an interest in expanding its current operation by investing approximately \$35,000,000 into its facility, located at 34050 Union Camp Drive, Franklin, Virginia 23851 (hereinafter the “Facility”), of which approximately \$15,000,000 will be invested in machinery and tools and approximately \$20,000,000 will be invested in the expansion and improvement of the buildings; and

**WHEREAS**, the Company is willing to make such an investment only if certain economic incentives are provided to it by Isle of Wight County involving the investment in new machinery and tools; and

**WHEREAS**, the County Board of Supervisors has extended certain economic incentives involving the investment in new machinery and tools to the Company which have been deemed acceptable by the Company; and

**WHEREAS**, the Parties agree that it is in the best interests of the County and the City to offer economic incentives to Company to have Company expand its current operations in County and that the incentive of reduced machinery and tools tax revenue should be shared on the same pro rata basis revenue is shared in the Revenue Sharing Agreement between the Parties as a means of inducing continued economic development and growth within that designated revenue sharing area; and

**WHEREAS**, in order to share in the responsibility of providing such incentives for the betterment of their respective jurisdictions, the City has agreed to assist the County in providing the economic incentives of reduced machinery and tools taxes to the Company under the terms of this MOA;

**NOW, THEREFORE,** in consideration of the foregoing, the mutual benefits, promises and sufficiency are hereby acknowledged, the Parties covenant and agree as follows:

1. Notwithstanding the terms and conditions of the Revenue Sharing Agreement which require the County to provide a certain gross percentage of all the local tax revenue generated within the designated area, the City hereby acknowledges and agrees, solely for the purposes of the Company's new capital expenditures on machinery and tools within the Facility, to only require the County to pay the City local tax revenue for new machinery and tools based on the incentive agreement between County and Company for its investment in new machinery and tools with the net percentage of new machinery and tools taxes generated for such new machinery and tools.

2. The term of this MOA shall be for so long as the County's Economic Development Incentive Grant (EDIG) Agreement for this expansion by Company remains in full force and effect with the Company. In the event there is a future expansion involving another incentive grant for machinery and tools, this MOA can be amended by the Parties with a written agreement to include any additional incentive grant for machinery and tools expansion by Company.

**IN WITNESS WHEREOF,** the Parties hereto have executed this MOA as of the date first written above.

**ISLE OF WIGHT COUNTY, VIRGINIA**

**CITY OF FRANKLIN, VIRGINIA**

\_\_\_\_\_  
Chairman, Board of Supervisors

\_\_\_\_\_  
Mayor, City Council

Attest:

Attest:

\_\_\_\_\_  
Clerk

\_\_\_\_\_  
Clerk

Approved as to Form:

Approved as to Form:

\_\_\_\_\_  
County Attorney

\_\_\_\_\_  
City Attorney



*Office of the City Manager*  
*R. Randy Martin*

To: Mayor & Council Members  
From: R. Randy Martin, City Manager  
Subject: School Division FY 2015 – 2016 Funding Request (If Necessary)

As detailed in my email update to City Council on Friday, October 14, 2016, much has changed since the Council last discussed the School Division financial status and request on September 26, 2016. This correspondence supplements the last update with additional information as follows:

- As authorized, the Minor & Associates third-party financial services agreement was executed by all parties by September 26<sup>th</sup> and they have already begun gathering information with their engagement officially getting underway October 24, 2016 with completion by November 29, 2016.
- The Council required acknowledgement of conditions was delivered to the School Division on September 30, after the last Council meeting. It has not as yet been executed by all parties, but I hope to have it by Monday's meeting.
- Finance Director Rollins and I met on October 12<sup>th</sup> with the auditors who have begun their on-site work on the FY 2015 – 2016 audit. We briefed the auditors on the School Division financial status and budget deficit.
- The Superintendent met with me on October 18<sup>th</sup>. He clarified that when he advised me to "hold off on the request", he did not rescind the request. He stated the School Division wants the \$494,643 in carryover funds, but he wanted to update the School Board before he further updated me. The School Board is scheduled to meet this evening to discuss the matter. The Superintendent and I are scheduled to discuss again on October 21<sup>st</sup> at which time I expect to be updated on details of their request.
- At this time, the agenda lists this topic with the caveat "if necessary" because I have not as yet received confirmation on the specifics of the School Division request other than the October 7<sup>th</sup> correspondence which was put on hold at the Superintendent's request on October 11<sup>th</sup>.

Once I receive any further update, I will advise Council.



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**COUNCIL/STAFF REPORTS ON BOARDS & COMMISSIONS**