

May 5, 2023

TO: SMITHFIELD TOWN COUNCIL

FROM: LESLEY G. KING
TOWN CLERK

SUBJECT: INFORMATIONAL REPORT FOR THE FINANCE COMMITTEE MEETING
HELD ON MONDAY, APRIL 24TH, 2023.

The Finance Committee met on Monday, April 24th, 2023, at 4:21 p.m. at the Smithfield Center located at 220 North Church Street, Smithfield Virginia. Committee members in attendance was Mr. Michael Smith. Other Council members present were Mr. Wayne Hall, Mr. Jeff Brooks, Mrs. Renee Rountree and Mr. Steve Bowman, Mayor. Staff members present were Mr. Michael Stallings, Town Manager; Mr. William H. Riddick, III, Town Attorney; Ms. Lesley King, Town Clerk; Mr. Jay Hunemuller, Interim Treasurer; Ms. Ashley Rogers, Director of Human Resources; Mr. Jack Reed, Director of Engineering and Public Works; Mr. Wayne Griffin, Town Engineer; Mrs. Tammie Clary, Director of Community Development and Planning; Ms. Amy Novak, Director of Parks and Recreation; Mr. Jessie Snead; Superintendent of Public Works; and Mr. Steve Clark, Parks and Rec Department. Also in Attendance were Mr. Jeffrey Smithfield of the Smithfield Volunteer Fire Department; Mr. Randolph Barlow, Mr. and Mrs. Buddy Jones, Mr. Roger Ealy, Mr. Rick Rowland of IOW Christian Outreach; Mr. David Hundley and Tim Kline of the 1750 Courthouse; Ms. Shelia Gwaltney of Isle of Wight Arts League; Mr. Jim Phillips of the Friends of the Smithfield Library, Ms. Hall of The Genieve Shelter; Mr. and Mrs. Bill Harris, Mr. Tim Dean of TRC (formerly Draper Aden Associates). There was no media represented.

Finance Committee Member, Mr. Michael Smith, called the meeting to order.

A. MATTERS DISCUSSED BY COMMITTEE WHICH WILL BE ON THE COUNCIL AGENDA

1. Recommendation to Award Professional Engineering and Consulting Services – Mr. Reed explained that six firms responded to the Town of Smithfield's Request for Proposal for professional engineering and consulting services, which closed on January

27th, 2023, and interviews scheduled thereafter. The selection committee reviewed all proposals received as well as interviewing all six firms and determined that three of the firms best matched the Town's needs. Therefore, Town Staff proposes awarding contracts to Kimley-Horn, TRC (formerly Draper Aden Associates), and Timmons Group, due to all three groups being able to address our primary need for civil engineering services in-house without the need to utilize subcontractors. These engineering services include potable water, sanitary sewer, stormwater, streets, and public facilities engineering. The Town has worked with these three firms in the past and all have a positive work history. Mayor Bowman asked who the other firms were that submitted proposals. Mr. Reed stated the other firms that submitted proposals were DJG, Inc., Vansant & Gusler, and Summit Design and Engineering Services. Councilman Smith stated that in the past Council has had some concerns over the current engineer's fees in the past. Mr. Reed stated that was one of the reasons that staff chose to add a third firm rather than just two. It would help to make it a little bit more competitive. This item will be sent to the Town Council's consent agenda for consideration at their May 8th, 2023 meeting.

2. Real Estate Billing Update and Recommendation – The Town Manager stated that this item comes from the MUNIS conversion that we are still in the middle of. Currently the Town is on a January to December billing cycle for Real Estate taxes and the County is on a July to June billing cycle. In order for the real time interface to work with MUNIS to get information from the County the Town will need to switch our Real Estate billing cycle to mirror the County's Real Estate billing cycle. What this means is that the Town will have to do a six-month Real Estate billing in the June to July timeframe to get on the same cycle. Moving forward each year Real Estate bills will come out in the June to July timeframe. Personal Property Tax bills will remain due in December. The change would be that residents would receive a six-month Real Estate bill for January through June of this year and then they would not receive another Real Estate bill until next summer 2024. Mr. Hunemuller stated that he felt confident that they could make this happen this year. The biggest thing that would need to happen is getting the information out to residents, so they understand why they are being billed now rather than in December. Mayor Bowman asked if this conversion to MUNIS assures that we will not have delays in our tax bills moving forward. Mr. Hunemuller stated knowing a little bit about the history he does believe this will help with getting the bills out in a more timely manner. This item will move forward to Town Council's consent agenda for consideration at their May 8th, 2023 meeting.

3. Budget Discussion for FY 2023/2024 – The Town Manager explained that included in the agenda packet was a draft summary of the FY 2023/2024 budget proposal. The biggest things that are still being added and updated are the Capital Projects.

Real Estate Tax Rate:

At this point the biggest thing Town Council needs to make a decision on is the Town's Real Estate tax rate. This year is a reassessment year for Real Estate. The preliminary information that the Town has received from the Commissioner of Revenue is about a 25% increase in Real Estate values. The Town Council has three options in considering our Real Estate tax rate. 1) Leave the Real Estate rate at its current 19c per \$100 of value which would result in an increase in revenue of approximately \$800,000. A home currently valued at \$350,000 would see an increase of \$166.25 per year in their RE bill. 2) Lower the Real Estate rate to a revenue neutral rate of 14c per \$100 of value, or 3) Adjust the Real Estate rate to a middle ground, A rate of 17c per \$100 in value would net an increase in revenue of approximately \$500,000. A home currently valued at \$350,000 would see an increase of \$78.75 per year in their RE bill. The Town Manager stated that the 17c per \$100 in value is the option that he used during budget development. Once Town Council decides which option, they would like to use the budget can be completed based on that Real Estate value. Councilwoman Rountree stated that she does not want to increase taxes; however, she does believe leaving the Real Estate rate at the current rate is not a terrible idea. Discussion was held on whether the change in the Real Estate billing cycle would impact the budget. Mayor Bowman stated it was his understanding that during assessments there was a requirement that things had to be revenue neutral unless you could document or target specific needs. The Town Attorney stated that you can set the rate anywhere you want it, but you do have to go through an exercise including a public hearing. You must advertise what the rate would be to be revenue neutral. You must tell the public in a public setting that you are raising their taxes. Even if you reduce the rate, you could still be raising their taxes. Councilwoman Rountree asked if it was typical to look at the Real Estate each year. The Town Manager replied that it is not typical to look at the tax rate every year; however, you are forced to look at it on a reassessment year. Councilwoman Rountree asked when was the last time the rate was adjusted. It has been a number of years since the tax rate has been adjusted. The Town Manager stated that we will have a Public Hearing later this month and when we advertise for that public hearing, we will have to have a tax rate. At this time our draft of the budget is assuming that the Town Council will choose the 17c per \$100 rate. Mayor Bowman stated that the public needs to know if the Town opts to generate revenue from the tax rate what will the funds be used for. Councilman Smith asked that if we choose to stay with the 17c per \$100 tax rate do we have a plan for where these funds will be utilized. The Town Manager replied that Capital projects as well as the initiatives that the Town Council has identified in their strategic plan will very quickly use up these funds as Town Staff works toward implementing Town Council's vision. The Town Manager stated that he would be emailing to Town Council on May 1st prior to the May 8th Town Council meeting a complete first draft of the FY 2023/2024 budget.

Salary Adjustments:

The Town Manager explained that as he looked at salary adjustments for the upcoming fiscal year, he surveyed the surrounding localities and the current environment to help guide his recommendation. This budget includes a recommended 5% increase with a minimum of \$1,000. Surrounding localities varied with a range of 5% to 7%

COLA. This budget also includes completing the implementation of the salary study for those who were capped during the initial phase of implementation. Councilwoman Rountree asked about the cap that was used last year. Mrs. Rogers explained that a cap was used when the compensation plan was implemented to help phase it in and help control some of the cost for the first implementation. Councilwoman Rountree stated that she is writing contracts currently with a 5.6% COLA rate. She mentioned this because COLA is higher than what staff is proposing in this budget and she does not want to get out of market again. The Town Manager stated that he has no problems with going above the 5% if that were what Town Council would like, the 5% was his starting point. Committee thanked the Town Manager for the update.

4. Invoices Over \$20,000 Requiring Council Authorization -

a. Draper Aden Associates (TRC) \$ 24,900.00

This invoice from Draper Aden Associates is for the Smithfield Lake Dam Alternative Analysis. Committee recommends sending invoice to Town Council for consideration at their meeting on Monday, May 8th, 2023.

b. Knight Exteriors \$ 66,566.38

This invoice from Knight Exteriors is for the deck replacement at the Smithfield Center. Committee recommends sending invoice to Town Council for consideration at their meeting on Monday, May 8th, 2023.

B. MATTERS DISCUSSED BY COMMITTEE WHICH WILL NOT BE ON THE COUNCIL'S AGENDA.

1. Funding Request for FY 2023/2024 –

a. The Genieve Shelter – Ms. Hall, Direct Service Manager at The Genieve Shelter, was present to fill in for Ms. Montgomery, Executive Director of The Genieve Shelter. They are requesting funding this year to help with expanding their shelter program. They are the only domestic violence shelter in the western tidewater area. Their organization covers Windsor, Suffolk, Isle of Wight County, Smithfield, Surry, Franklin, as well as other underserved counties. Their current shelter has 36 beds. The expansion of the shelter program would take them from 36 beds to 50 beds. She stated that for the fiscal year 2022 they saw an increase in calls from Smithfield's Police Department through the LAP program requesting assistance to provide emergency shelter to victims of domestic violence. Ms. Hall reported that in 2022 they assisted 248 survivors and provided 2,617 of nights of shelter stay for Smithfield residents. Mayor Bowman asked what percentage of people served from the Town of Smithfield compared to the percentage in other

surrounding localities. Mayor Bowman also asked if other localities are paying their fair share to support the programs that the shelter provides. Mayor Bowman asked Ms. Hall if she could provide the Town Manager or Town Clerk the amount of funds that other western tidewater areas are contributing to the shelter based on their percentage of participants using the program by their next Town Council meeting on May 8th, 2023. Councilwoman Rountree also asked for the total cost to provide shelter to a resident for one night.

b. 1750 Isle of Wight County Courthouse – Mr. David Hundley, Director of the Board and Mr. Tim Kline, Treasurer for the 1750 Isle of Wight County Courthouse was present to give an update. Mr. Hundley thanked the Town for their support and contributions that have been made to the 1750 Isle of Wight County Courthouse over the past several years. It gives them great pride that the 1750 Isle of Wight County Courthouse here in Smithfield is the symbol represented on the Town Seal. It symbolizes the beginning of our county government and the importance of the Courthouse as one of the first buildings built in Town. Their vision is that all who visit the 1750 Courthouse are engaged by the story of this important building as seen in the context of the American history. As well as be inspired by its relevance in today's world and to the future. Their board appreciates the support that the Town of Smithfield has provided for them in the past in order for them to continue their mission and vision for the 1750 Courthouse. 2022 was a great year for the 1750 Courthouse, they welcomed close to 9,000 visitors last year. These visitors were not only residents and tourist from surrounding localities but visitors from all over the United States and several countries around the world. They presently have 10 docents. Eight of the docents are volunteers and two are paid docents. Last year, they recorded close to 3,000 volunteer hours, which is probably an underestimated amount. They also worked closely with Tourism and the Visitor's Center to promote the 1750 Courthouse. They plan to continue to work closely with the visitors center and will repeat a lot of activities in the upcoming fiscal year. They are also working on developing strategies to increase memberships. Most of all the funds received from the town will be used to continue to develop programs and exhibits to highlight the history of the building. Their commitment to preserving the 1750 Courthouse for our community and visitors to Smithfield is made possible by their three major fundraisers, support from the Town of Smithfield and Isle of Wight County, and visitors to the 1750 Courthouse. Councilman Smith asked how much they are requesting this year. Mr. Hundley replied that they are requesting \$5,000. Mr. Kline stated that they average \$200 a month from walk by donations. Their big donation time for membership is in November which normally brings in \$3,000 to \$5,000. Isle of Wight County typically makes a contribution in the amount of \$5,000. Over recent years operating costs have significantly increased; however, they are just asking the Town to continue to support the 1750 Courthouse at the typical contribution of \$5,000. They have other fundraisers that will be used to

meet the additional expenses. The Committee thanked Mr. Hundley and Mr. Kline for the update.

c. Friends of the Smithfield Library – Mr. Jim Phillips was present to give an update from the Friends of the Smithfield Library. He explained that their request is for special programs that normally they would not be able to provide due to funding. Included in the agenda packet was the programs that the Town's contribution would help them provide. The branch manager and the youth programmer could not be here today because of staffing so he would be glad to answer any questions that Council may have regarding the special programs that will be offered due to the funding provided by the Town of Smithfield. No other library in the area presents these programs in Isle of Wight County. Mr. Phillips stated that he is proud of all these special programs. Councilman Smith stated that he appreciates the detailed report of what the funds will provide for the Friends of the Smithfield Library. The total amount requested this year is \$2,965.00. Councilwoman Rountree asked if the library was working with Smithfield Foods and the Dolly Pardon Book Club Foundation. Mr. Phillips replied that they were. Councilwoman Rountree also stated that she had received a letter from the Blackwater Regional Library regarding curtailing evening hours at the library. Mr. Phillips stated that he could not speak much about this; however, the branch manager was doing what she could to resist the curtailing of evening hours. The committee thanked Mr. Phillips for the update.

d. Isle of Wight Arts League – Ms. Shelia Gwaltney, President of the Isle of Wight County Arts League, was present to give an update on their organization. They are requesting a grant from the Town in the amount of \$4,500 which would be matched by the Virginia Commission for the Arts. This money is used for the operation of the arts center on Main Street. They entered a memorandum of understanding with the Smithfield/Isle of Wight Tourism in 2008 and have operated a partnership there at 319 Main Street since that time. They provide a showcase for community artists and offer their creations through their gift shop. They also offer fine arts instruction in their classroom as well as rent space to eight resident artists. They operate in partnership with Tourism 362 days of the year. They are staffed with two part-time people and eight regular volunteers on a weekly basis. Their eight resident artists also pitch in when necessary. The Town Clerk is the one that submits the application to the state for the matching funds. Councilwoman Rountree asked what the Arts League overall budget for the year was. Ms. Gwaltney replied that it is approximately \$125,000. A third of their income comes from grants, a third comes from memberships/donations, and a third from studio rentals, sales and art classes. The Committee thanked Ms. Gwaltney for the update.

e. Isle of Wight County Christian Outreach – Mr. Rick Rowland, Executive Director of Isle of Wight Christian Outreach Program was present to give an update. He explained that last year their organization requested \$12,650.00. This past year has been much more challenging. Their number of clients increased by 22%. In April they had a red-letter day where they served 110 families in one day. In addition to the number of clients going up, their operating costs are skyrocketing. Also, in addition to what they buy the Food Bank is now charging them for the food they get from them. In the past ACP funds from the Federal and State government have covered these expenses and they were able to get free food from the Food Bank. He gave an example that food expenses in 2020 were \$1,550.00, in 2022 food expenses were \$10,216.00 and so far in 2023 \$18,325.00. They have significant increases to their budget for this year for not only food but also for their dental program, emergency services such as lights and utilities, and home repairs. Mayor Bowman asked if the clients of Christian Outreach still have to be certified and vetted to be eligible to receive services. Mr. Rowlands stated that as far as utilities are concerned you must be able to provide the bill and that you do not have the income to pay the bill. For food, the only thing they are allowed to ask is do you live in Isle of Wight County and how many people do you have in your household. The Food Bank basically prevents them from asking what their level of income is. Mr. Rowlands clarified that if the Food Bank receives a fee donation of food or other nonperishable things they are given to places like Christian Outreach at no charge; however, if the Food Bank purchases food, then organizations pay to receive those goods. Councilwoman Rountree asked Mr. Rowlands what Christian Outreach's total budget for the year. Mr. Rowland replied that it was approximately \$250,000. The past two years they have not been concerned about their budget because he was able to submit for a couple of grants that were funded. Their request for this year is \$15,000. Councilwoman Rountree also asked if they have a way of quantifying how many of your clients are from Smithfield. Mr. Rowlands stated that approximately one-third of their clients are from Smithfield. Committee thanked Mr. Rowlands for the update.

2. February Financial Statements – Mr. Hunemuller, Interim Treasurer, reported that for large variances the target at month 8 is 66.7%; however, Other Local Taxes is at 50.9%. So, it is running a little low at this time. Councilwoman Rountree asked if they could receive the financial statements earlier than one hour before the meeting to give them time to review before the meeting. Mr. Hunemuller explained that when he came on board he has been in the weeds, and he is just now starting to get his head above the water. The goal is to do better moving forward. Councilwoman Rountree asked for an update from the Town Manager on where we stand with ARPA Funds. What was allocated to ARPA? What has been paid with ARPA Funds? What does the Town have

left in ARPA Funds? At the last Town Council meeting this was something that a citizen requested so she would like to see this information as soon as possible.

3. March Cash Balances / VML Investment Pool Update - Mr. Hunemuller, Interim Treasurer, summarized that the Town has \$20.7 million in the General Fund; \$6.6 million in the Enterprise Fund; \$1.5 in the Water Fund; and \$5.1 in the Sewer Fund. The Virginia Investment Pool had an increase from last month. - WATER = (\$148,931.62); Water Debt Service = \$935,381.24; Water Capital Escrow Availability Fees = \$418,986.56; Water Treatment Plant Escrow = \$11,653.92; Water Deposit Account = \$110,076.25; Water Development Escrow = \$217,642.62; **Subtotal Water = \$1,544,808.97.** Sewer = \$731,974.67; Sewer Development Escrow = \$459,368.94; Sewer Capital Escrow Availability Fees = \$954,344.13; Sewer Compliance = 2,962,220.22; **Subtotal Sewer = \$5,107,907.96; Highway = (\$282,325.41);** General Fund = \$13,354,713.41; Payroll = \$79,421.33; Money Market General Fund Towne Bank = \$38,901.42; General Fund Capital Escrow = \$218,221.14; Certificate of Deposit Police Dept (24 months) = \$37,397.35; Special Project Account = \$580,733.67; Pinewood Heights Escrow = \$42,613.55; Windsor Castle Acct = \$7,017.17; **Subtotal General Fund = \$14,359,019.04; TOTAL ALL FUNDS = \$20,729,410.56.**
VIP Investment Pool = \$538,338.53

Meeting Adjourned @ 5:35 p.m.