

**Town of Bluefield  
Town Council  
Work Session  
Minutes  
May 31, 2016**

The Bluefield, Virginia Town Council held a Work Session on Tuesday, May 31, 2016 at 6:00 P.M. in the Council Chambers of the Town Hall located at 112 Huffard Drive, Bluefield, Virginia.

**TOWN COUNCIL PRESENT**

Don Harris, Mayor  
Lee Riffe, Councilmember  
Donnie Linkous, Councilmember  
Jimmy Jones, Vice Mayor  
Anglis Trigg, Councilmember  
Steve Danko, Councilmember

**ALSO PRESENT**

Mike Watson, Town Manager  
Matt Freedman, Town Attorney

**ABSENT**

Lesley Catron, Town Clerk  
Kim Hernandez, Executive Assistant  
Billie Roberts, Comm. Dev. Coordinator  
Shane Gunter, Police Chief

**CALL TO ORDER**

Mayor Harris opened the Work Session at 6:00 p.m.

***Water Rate Increase:***

Mr. Watson stated that there were some concerns brought up regarding the water rates, meals tax and other taxes and that he wanted to take this time to clear it up so that the budget could be advertised. He stated in order to advertise the budget, you have to have 7 days prior to approving it and it could be changed during that time period. He stated that he would like to be able to work things out so that it could be advertised at the next council meeting and adopted at the council meeting afterwards. He stated that he looked at the water rates (1st 2,000 gallons) around us and they were:

- Wytheville - \$31
- Tazewell - \$23
- Christiansburg - \$21
- Bluefield, WV - \$19.80

- Cedar Bluff - \$20
- Richlands - \$13.50

He stated that he did not know how Richlands kept theirs so cheap.

Mr. Danko stated that we were 2<sup>nd</sup>.

Mr. Watson stated yes and he thought that Richlands water come from a well and they filtered it.

Mr. Trigg asked about our wells.

Mr. Watson stated that they were finalizing the report and that the wells would put us over 1.9 million where now we had 1.5 million per day. He stated that we would need to stay under 2 million per day to keep one operator and that right now we did between 800-900k gallon per day. He stated that there would be some upgrades to the plant and capacity but would be done in house over the next several years and he hoped to be at the 1.9 million level by then.

***Meals Tax Increase:***

Mr. Watson stated that another item that was mentioned was meals tax. He stated that he checked the area and we were lower than the others:

- Bluefield, WV – does not have a meals tax
- Tazewell – 7%
- Wytheville – 7%
- Christiansburg – 7 ½%
- Richlands – 6%
- Cedar Bluff – 6%

He stated that he had spoke to Todd at the VRWA Conference and he told him that they gave incentives to new businesses and gave them all taxes back for the first 4-5 years but they had to guarantee that they would stay for 10 years or would have to pay it back. He stated that it was a grant thru the IDA and they had to pay it first then they got it back. He stated that he did not think they should do something like this.

Mr. Linkous stated that Todd was not giving meals tax but all other taxes such as for tools & machinery. He stated that the he was not giving back all of the tax money that the restaurants had to pay because the restaurant did not pay it, just collect it was the way Todd told him.

Mr. Danko stated that everyone paid personal property taxes.

Mr. Linkous stated yes but they were crediting it back to them but it was a credit thru tools & machinery.

Mr. Watson stated that it was something thru the County and we did furniture & fixtures because we could not do the same thing.

Mr. Linkous stated that it sounded like they got all of their taxes back but they did not.

Mr. Watson stated that it was local taxes.

Mr. Linkous stated that anything that came out of the entrepreneur's pocket tax wise they were getting back on the local side.

Mr. Jones asked if there was a lack of new businesses since then.

Mr. Watson stated that they had just passed it right before VRWA Conference. He stated that he had text Todd and asked him if they were granting the meals tax back to businesses and he said yes on the increase and that new businesses got 100% refund. He stated that he did not know how they were doing that and he would not recommend it. He stated that Todd told him they had to stay 10 years to receive it or had to pay it all back.

Mr. Linkous stated that he did not think that was right.

***Water Rate Increase:***

Mr. Danko asked about the water.

Mr. Watson stated that it would be a \$0.60 and a 3% on the 1<sup>st</sup> 2,000k gallons. He stated that our rates would be as follows:

- On the first 2,000k gallons - \$19.20 to \$19.80
- 4k gallons - \$33.26 to \$34.29
- 6k gallon - \$47.32 to \$48.78

Mayor Harris stated that he did not think we would have any complaints.

Mr. Watson stated that Cedar Bluff billed theirs in 100's not 1,000's like the surrounding areas.

***Meals Tax Increase:***

Mr. Watson stated that they had discussed if they raised the meals tax then they would need to designate a way to spend it. He stated that if they raised the meals tax from 5% to 5.7% and the state tax was 5.3%, it would be an even 11%.

Mr. Danko stated if your bill was \$15 then it would raise it an additional \$0.11 and he did not think that was a lot.

Mr. Trigg asked where the 7/10% came from.

Mr. Watson stated that it was something that had been talked about to make it even with state taxes.

Mr. Danko asked if they needed to designate where it would go.

Mr. Jones stated yes.

Mr. Riffe asked where the 5% currently went.

Mr. Watson stated that it went into the general fund and was not designated for one project since he had been Town Manager.

Mr. Danko asked why they would change it now.

Mr. Watson stated that it would be council's decision and that it was once put in for the new Fire Station then they decided not to do it like that because once it was paid for, it would go away so they discussed putting it in for capital projects.

Mr. Danko asked how long the Fire Station had been paid for.

Mr. Watson stated about 4-5 years and that it was a 10 year loan.

Mr. Danko asked how much revenue we would get from raising the meals tax 7/10%.

Mr. Watson stated that it would be around \$166k per year.

Mr. Danko stated that we had people who came from other places and not just Bluefield, VA and thought the raise was needed to keep up with inflation and problems that may come up.

Mr. Trigg stated that other places around us charged for everything.

Mr. Danko agreed.

Mr. Linkous stated that the discussion was what projects they were going to do with the money. He stated that they were \$125k short on finishing the downtown project and about \$100k short on lights at the Rec Park and about \$50-\$60k short on the dugout project.

Mr. Watson stated that they were about \$300k short on the downtown project if they had done the whole project.

Mr. Linkous stated that the only way to do projects was if they had the money to do them. He stated that the lights downtown had to come out of the budget. He stated that he had not had anyone to say anything to him against it and he was always at the restaurants. He stated that he asked one of them why they were against it when they were only collecting the money for us and not paying it.

Mr. Danko stated that they had talked about a multi-use facility and that some of the money could be put towards it or used in a lot of other places.

Mr. Riffe stated that the community center already had some funds in it and that they could continue to fund it. He stated that they needed to explain what they were trying to do. He stated that yes we had money but we also spent a lot of money as well. He stated that they needed an increase for the future and suggested fixing the air conditioning in the new gyms and using them more. He stated that the multi-use facility would be later down the road. He stated that he would like to see the Recreation Department Leader do more in the gyms later on and that Bluefield, WV was going to pass us up because they were redoing their building and making it look nicer and was doing more things for their community. He stated that we had projects to do but needed the money to do them if they were going to get done. He stated that they were the decision makers and he knew they had people that were against things they wanted to do but that they needed to show up and tell them. He stated that they needed to get involved if they wanted to do something.

Mr. Danko stated that they needed to move forward with the 7/10% on meals tax.

Mayor Harris stated that would make it an even 11%.

Mr. Riffe stated that it would be 5.7% for the Town and 5.3% for the state.

Mr. Danko stated that they needed to make a decision on what they would use the money for.

Mr. Watson stated yes and that he needed to look in the code books for the correct process as to how to amend it.

Mr. Jones asked if it affected the Dylan Rule and had to go to state for approval.

Mr. Watson stated no.

Mayor Harris stated that they had to have a Public Hearing.

Mr. Linkous stated that was true on any increase and that it was done when the budget was advertised.

Mr. Watson stated yes that the increases were included in the budget when it was voted on. He stated that since these were in the code book we had probably been doing them wrong because what we had been doing was increasing the budget with them included then advertising it and voting on it. He stated that in the past the water increases was included in the budget which had a Public Hearing for the entire budget then 7 days after they voted to approve the budget. He asked Mr. Freedman if they would have to vote to do it in the form of an ordinance to include those increases in the budget.

Mr. Freedman stated that he thought that was correct but the only issue was that there was a particular town section in our Town Code that sets the tax rate and it was under Section 50-332 which showed it at 5% currently. He stated that if it were changed then it would have to be by an ordinance either repelling or amending that part of the code section.

Mr. Watson stated that what it meant was they would have to vote on it twice.

Mr. Freedman stated that he would look into it and did not mind doing it all at the same time. He stated that the ordinance would require a first and second reading to be passed.

Mr. Linkous stated that when they had raised the cigarette tax or meals tax before, it was always done with the Public Hearing for the budget which allowed the public to come in and voice their opinions. He stated that Mr. Watson went over the increases during the Public Hearing then at the next meeting they would vote to approve the budget with those increases in it.

Mr. Freedman stated that it would not be an issue to do the Public Hearing that way but that he needed to look at the code section to be consistent with the budget.

Mr. Watson stated that they would look into it and let council know for sure.

Mr. Linkous stated that since the books had been revised that it should have all of the current rates.

Mr. Watson stated yes.

Mr. Linkous stated that any time there was an increase; they had to do a revision to the code books.

Mr. Freeman stated that it was as simple as doing an ordinance to that section.

Mr. Linkous asked why they did not go up on garbage.

Mr. Watson stated that we went up \$1 last year.

Mr. Linkous stated that they had talked about it before and raising it \$0.25 every year but they did not do it so he guessed the \$1 increase was to make up for that. He suggested that they continue to increase it \$0.25 per year because tires, gas, wages, etc. had all went up and would continue to do so. He stated that he did not think that anyone would complain about their garbage bill because it was only \$12.50 per month and that Lusk probably charged \$12.50 per week for their services. He stated that if they were to relocate the landfill farther away, we would have to pay more for gas. He stated that we were not planning for any of this and that there was nothing wrong with being ahead of the game. He stated that snow removal, salt, fuel & gas went up every year and that we could only get so tight with our budget which we had been tight on the past several years. He asked where the money was coming from for the Welcome Center.

Mr. Watson stated that it was coming out of Prior Years Reserves (Saving Account).

Mr. Linkous stated that if we would have had that extra money from meals tax then it could have been paid for thru that and not our "rainy day funds" account. He asked what would happen if we were to get into a position where we did not have that extra money. He stated that they had a lot of people who had been laid off and asked what they were going to do when they could not pay their Personal Property/Real Estate Taxes. He stated that the penalties and interest would continue to get higher after a certain time and suggested that they figure out a way not to penalize these people. He stated that some of them had been with the company for 30 years and then lost their job. He stated that it did not need to be talked about then but they needed to think about such hardship cases. He stated that there was an article in the paper concerning the meals tax that was not true and asked where James Hampton got his information.

Mayor Harris stated that he was the one that gave the incorrect information and told them it was 1% instead of \$0.01 and he called them back and they did a correction within 3-4 days.

Mr. Linkous stated that what he was talking about was a quote from Mr. Hampton.

Mayor Harris stated that the newspaper calculated it for themselves.

Mr. Linkous stated that 9 out of 10 newspapers did not get their information right and that it was misleading which they were good at doing.

Mayor Harris stated that in the correction it was fixed.

Mr. Freedman stated that staff needed direction to look into the procedures of increasing the meals tax.

Mr. Watson stated that they would look into it and that it could be done but he needed to know what council wanted to do so he could make it happen.

Mr. Linkous stated that when they raised the water rates it was because they had too and was the same as any other rates they have had to raise and that they should continue to increase the garbage rates as well.

Mr. Jones stated that it was supposed to be \$0.25 every year.

Mr. Linkous stated yes but that they did not have one this year and if we were to continue increasing it \$0.25 per year, he did not think anything would be said about it but when they increased it \$1 in one year, then they would notice it. He stated that there were very few ways to raise money in the Town besides increasing your cigarette and meals taxes.

Mayor Harris stated that cigarette sales were down 15% over the last 3 years due to the new e-cigarettes. He stated that he would be going to Richmond on Tuesday and would like to bring up the discussion again on e-cigarettes. He stated that it was the fluid in the e-cigarettes that was taxed.

Mr. Linkous stated that there were pros and cons to raising taxes and those merchants did not pay any of the meals tax and was allowed to use that money for 30 days or so before having to pay it.

Mayor Harris asked council what they wanted to do.

Mr. Danko stated to raise the meals tax 7/10% to 5.7% local. He stated that we would still be lower than the area.

Mayor Harris asked how much that would generate.

Mr. Watson stated around \$166k.

Mayor Harris asked if that was what all of council wanted to do.

Mr. Watson asked if there was a consensus on it.

Mr. Jones stated that it could not be voted on then.

Mr. Watson said no, but that he needed a consensus as to whether or not to include it the budget.

Mr. Jones stated that he hated to do it in a hardship time but he was different from others.

Mayor Harris asked council what their consensus was. There were 4-yes and 2-no (Mr. Jones and Mayor Harris).

Mr. Watson asked what they wanted to do with it.

Mayor Harris stated that it needed to spent on a specific use because the more money that was taken in, that much more money would be spent.

Mr. Watson asked if they wanted it to go into capital projects which would mean council would have to put in and vote on every year.

Mr. Jones suggested letting Mr. Watson determine where to put it to make it easier.

Mayor Harris stated that they needed to list all of the projects.

Mr. Watson asked if they would like to include it under capital projects and vote on the budget then come back and determine which projects or between now and before they voted on the budget they would decide.

Mr. Jones stated to put in before.

Mr. Linkous stated that they did not have the prices on all of the projects and if it were put into capital projects and put into a contingency fund they would have to put revenue in on one side.

Mr. Watson stated that was what he was asking.

Mr. Linkous suggested the revenue be capital projects and the expenditure be a contingency fund that listed the projects so that the budget could be balanced. He stated that a line item could be added in contingency for these projects.

Mr. Watson stated that it would come in under the meals tax line item and he could put that estimated \$166k into capital projects and they could vote for the capital projects. He stated that if it were put into capital projects then it could be moved around with a budget amendment.

Mr. Linkous stated that they always voted on capital projects and suggested to put the revenue under the meals tax and the expenditure under capital projects. He asked if the sidewalks were increased this year.

Mr. Watson stated that he hoped to get \$40k in additional Revenue Sharing money which would give us around \$90k.

Mr. Jones suggested letting Mr. Watson decide where to put the money to be able to fix the budget.

Mr. Riffe stated that he would rather see it go in the budget and then it come back to council to vote on the projects because later on down the road, there may be something come up that they did not expect.

Mr. Watson stated that under the capital projects line item, it showed purchases and he thought it would be better to put it under non-departmental.

Mayor Harris stated that if it were done that way then it could be used like Mr. Riffe had mentioned for emergencies if need be.

Mr. Watson stated that he could add it under capital projects and list it as capital project funding or special project funding. He stated that he needed to clean up the capital projects and take some off. He stated that they had to stay on the books for 5 years before they could be removed. He stated that these were purchases that were paid for thru debt services. He stated that he could go thru non-departmental and create a line item if everyone was ok with that.

Mayor Harris stated that whatever they expected to get from this increase should cover what they were going to do with it. He asked Mr. Watson if there was anything else.

***Garbage Rate Increase:***

Mr. Watson stated that they had mentioned the garbage rates.

Mr. Jones stated that they needed to continue to increase it \$0.25 per year.

Mr. Linkous stated that he thought that was what they had already decided to do.

Mr. Watson stated that it generated around \$6k additional per year.

Mayor Harris stated that it did not seem like much.

Mr. Watson stated that it was \$12 per month currently.

Mr. Linkous asked if we could make it to where those businesses in Bluefield, VA could only use our dumpsters.

Mr. Watson stated that the issue would be that we could not service them. He stated that McDonalds asked to have service 6-7 days per week and the businesses that did not have our dumpsters were because of their corporate choice.

Mr. Jones asked if they were going to continue with the \$0.25 per year increase this year or wait until next year.

Mr. Watson stated that it was whatever council wanted to do.

Mr. Jones stated that they needed to be consistent.

Mayor Harris asked if there was a balanced budget.

Mr. Watson said yes.

Mr. Linkous asked how many cuts had to be made to balance the budget.

Mr. Watson stated a lot and that there was no “fluff” in the budget.

Mr. Linkous stated that was his point and that if for instance a garbage truck, etc. were to “blow up” then they would have to buy something. He stated that they needed to have a plan for these things and that he was a firm believer in paying for things you had to use.

Mayor Harris stated that our economy was going down and council needed to keep that in mind with these increases. He stated that being a fiscal conservative that he understood that they needed to prepare for the future but there were a lot of local businesses that were laying off their employees. He stated that he had heard a rumor that another local business may be merging with another company or selling out and if that happened he was not sure if more people would lose their jobs or not. He asked Mr. Watson if he had his direction on what the consensus was.

Mr. Watson stated that he believed so and that we would wait on garbage until next year and increase the meals tax and water rate.

***Baseball Donation:***

Mr. Riffe asked if they had ever voted to give the baseball league \$10k or was it going to come back out of the budget and only give them the normal amount.

Mr. Watson stated that they needed to talk about it.

Mr. Linkous stated that they had asked for \$15k.

Mr. Watson stated it was an additional \$12k along with the \$2,500 we already gave them.

Mr. Linkous stated the reasoning was so that they could renovate the facility. He stated that if we gave anything above what we normally gave them then we would be putting that money into a Bluefield, WV facility. He stated that they did not give us

money to help with our facilities. He stated that he did not have a problem making a donation to the Bluefield Baseball League this year but did not like the fact of giving them an additional \$10k for upgrades to a WV Facility.

Mr. Jones asked how much he would like to give them.

Mr. Linkous stated the same amount as always because if they decided to leave then that \$10k we would give them would not keep them here. He stated that he did not think they should give money to renovate a WV facility when they could use that money to renovate our own.

Mayor Harris stated that it was a good point about it being a WV Facility but there were a lot of Bluefield, VA residents/families who attended those games.

Mr. Linkous stated that was correct and was good but that they also used our pool which they paid to get in and we paid to get into their events. He stated that they needed to spend the money on their facilities to keep them up or give it to the Town and we would spend the money to keep it up. He stated that he understood that we had a lot of residents that attended those games but that it was up in the air as to whether or not they would be here next year. He stated that \$10k would not do a lot of renovations.

Mr. Danko asked how long they had been there.

Mayor Harris stated that the field has been there for about 70 years.

Mr. Danko stated that he did not think that the man in charge of making the decisions would care and if he said they were moving then they would move. He stated that he would like to see us increase the donation amount.

Mr. Watson stated that it was up to council and that he felt the consensus from previous discussions was to give an even \$10k which would be \$7,500 more than what we already gave them.

Mr. Linkous asked if we could confront them with our donation amount and ask if they would let the Town of Bluefield, VA residents in for free.

Mr. Watson stated that he could ask.

Mr. Jones stated that he did not think it would work and would cause problems.

Mr. Watson stated that they would end up losing money.

Mr. Linkous stated that he would like to see it put into our fields to bring ours up because it would bring in more tournaments which would in turn increase our meals tax, etc. by bringing people in. He stated that Todd Baker had 48 teams coming in for a tournament and that he hated to see us give money to a WV Facility.

Mr. Danko asked if he would stop them from coming to eat in VA.

Mr. Linkous stated no but that we did not ask them to give us money for our Rec Park or pools and if we would not have paid to fix our pool then there would not be one in the area. He stated that Bluefield, WV needed to “bite the bullet” and bring their facilities up to date.

Mr. Riffe stated that he liked to go to the ball games but did not know about giving them \$10k and if they did he would like to see it go towards the purchase of something in the kitchen or a section of bleachers, etc. that we would get noted for.

Mr. Danko stated that he was sure that could happen.

Mayor Harris stated that if you went to any fast food restaurant in Bluefield, VA that you would see a lot of WV residents there paying our meals tax which was helping us to offset expenses.

Mr. Danko agreed with him.

Mayor Harris asked Mr. Watson what he wanted.

Mr. Watson stated that he needed direction and/or a consensus from council as to what they wanted to do.

Mr. Danko suggested giving them \$7,500 total.

Mr. Watson stated that it was up to council.

Mr. Riffe asked how much he had to scrape to get the additional money.

Mr. Watson stated that it was like always and he “nickled and dimed” the budget to get it.

Mr. Linkous stated that his personal feeling was that he did not want to do it and would rather put it in our own facilities.

Mr. Jones suggested giving them something for good faith such as an additional \$2k.

Mr. Trigg suggested bumping it up to \$5k.

Mr. Riffe asked that it be for something tangible.

Mr. Danko stated that he could go and see what they could get for \$5k.

Mr. Riffe stated that it would be good for something in the kitchen area.

Mr. Linkous suggested letting Mr. Watson find out where it was needed since he was on the board.

Mr. Watson stated that even with the \$2,500 that we currently gave them they ended up in the hole and with the additional \$2,500 they would spend it on whatever was needed at the time. He stated the majority was \$5k.

Mr. Trigg stated that everyone was hurting and this would be done in good faith.

Mr. Linkous asked if the budget was done.

Mr. Watson stated yes unless there were any other changes he could advertise it.

Mayor Harris asked when they would have a Public Hearing on the meals tax.

Mr. Watson stated that in the past he had one Public Hearing for both but he could list the increases on the bottom of the ad and have them both on the same night.

Mr. Trigg asked how much the meals tax would be raised too.

Mr. Watson stated that it would 5.7% which would be a total of 11% after sales tax.

Mr. Linkous stated that we would still have the lowest around.

Mayor Harris stated that he had already received complaints on the meals tax and had read something that was on Facebook against it.

Mr. Riffe asked who posted it.

Mr. Trigg stated that when they had the Public Hearing those people against it would speak.

Mayor Harris stated that if they were not aware of the increase then they would say we were hiding something from them and that whomever it would affect should be able to say something about it. He stated that he knew of at least 2-3 that were against it and that he would prefer to have those in objection to express their opinion.

Mr. Trigg stated that a lot of people did not even pay attention to the tax and he understood those who had businesses may have a customer complain about it to them.

Mr. Linkous stated that most of the bigger businesses did not care and understood it but the local businesses seem to think it is coming out of their pockets when it is not. He stated that they needed to let them know at the Public Hearing that it would not cost them anything.

Mr. Watson stated that he would schedule one Public Hearing that listed the increases on the ad.

**ADJOURN**

Mayor Harris adjourned the Work Session at 7:35 p.m.

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Don Harris, Mayor

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Lesley Catron, Town Clerk