

**Town of Bluefield
Town Council
Work Session
March 27, 2018**

The Bluefield, Virginia Town Council held a Work Session on Tuesday, March 27, 2018 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
Anglis Trigg, Jr., Councilmember
Chuck Presley, Councilmember
Jimmy Jones, Councilmember
Ron Holt, Councilmember
Lee Riffe, Vice-Mayor

ALSO PRESENT

Mike Watson, Town Manager
Matt Freedman, Town Attorney
Shane Gunter, Chief of Police
Lesley Catron, Town Clerk
Kim Hernandez, Executive Assistant
Billie Roberts, Comm. Dev. Coordinator
4 Members of Public

CALL TO ORDER

Mayor Harris opened the Work Session at 6:06 p.m.

Budget/Tax Rates

Mr. Watson stated that the Health Insurance was going up and that they needed to look at ways to fund it. He stated that at the last meeting he was directed to bring back local taxes. He stated a copy was in council's budget and the financial, retail and service were the major ones. He stated that retail and food were the best revenues. He stated that the deductible would be going up from \$250 to \$500 which was a \$30k change. He stated that they had discussed the possibility of finding revenue to give all full time employees a \$500 annual salary increase to help with this insurance increase. He stated that last time they had discussed the cigarette tax and stated that we were \$0.25 less than West Virginia.

Mr. Holt stated that this was the only thing we could raise that did not affect property owners.

Mr. Presley stated that he was not against giving a raise but asked what would happen if it went up again.

Mr. Holt stated that this was a significant increase and it was unusual to see such a big increase.

Mr. Presley asked where they would go in the future because they had nothing else to raise.

Mr. Riffe stated a \$1k deductible.

Mr. Presley stated that he had talked to one employee who said they had to pay more with a wage increase.

Mr. Watson stated that we had switched accounting systems and some paid more to get more taxes back at the end. He stated that there were two employees that had to be fixed to where they took out additional to cover their taxes in the end.

Mr. Holt asked what the average street department or garage employee made with no overtime.

Mr. Watson stated \$575 for 2 weeks.

Mr. Holt stated that a \$1k deductible would be the equivalent to what they brought home per month and would hurt them. He stated that he was not tax crazy and did not want to hurt businesses but he was trying to help the employees.

Mr. Riffe asked what would happen if it were raised again next year.

Mr. Presley asked Mike what he would suggest and where would they get the money from, would they have to cut services.

Mr. Watson stated that he did not like to raise taxes to increase the wages but meals tax was a fair tax. He stated that a transient tax was the better way to do it.

Mr. Presley stated that he had one person who complained about the meals tax and he told them if they were trying to save money, then they should not be eating out.

Mayor Harris stated that he had a meeting with James and was told that the Transit funds would be cut in 2021.

Mr. Watson stated that in the last 10 years there were 3 years that the insurance did not increase. He stated that if it went up 2% then it was not too bad but going up 15% was a big change. He stated that we had to go to a \$500 deductible and now we needed to find a way to offset that cost.

Mr. Riffe stated that he did not want to cut services or personnel.

Mr. Watson stated that when someone quit, he did not replace them. He stated that they purchased good equipment which was more efficient.

Mr. Holt stated that it was a lose-lose because if they raised the rates or cut services people would complain. He stated that he would put our Town up against any other because it was well run and maintained with a tight budget. He stated that it took time for him to realize that and suggested they raise wages gradually vs. cutting services.

Mayor Harris asked if the garbage rates had been increased \$1 each year.

Mr. Watson stated not last year.

Mr. Presley asked if they would be this year.

Mr. Watson stated that he did not have it in the budget. He stated that is was a \$25k change per \$1 and the average garbage bill was \$19. He stated that the landfill was free but they would have to drive to get to it. He stated that he was also looking at a garbage surcharge outside of the Town which would be \$5-\$6 more.

Mr. Presley stated that was cheap.

Mr. Riffe suggested doing \$0.50 instead of \$1.

Mr. Presley stated that they needed to do it now.

Mr. Watson stated that currently we did not pay a tipping fee at the landfill.

Mr. Presley stated if they started on it now then they would have the money.

Mr. Watson stated that council would get used to money being put into the budget. He stated that they put money in the bank to plan for things as they went along.

Mr. Presley suggested putting it into a separate fund that they did not have to spend.

Mr. Watson stated that we were there to provide services to the citizens.

Mr. Riffe asked if the 4% last year covered the family plan this year and the \$500 deductible.

Mr. Watson stated on average it was \$800 annually and \$67 per month.

Mr. Holt asked if they kept it in their pocket or was it used on rising health care.

Mayor Harris stated that he did not see a slowdown in health care.

Mr. Holt stated that they could talk about it all day but he would like to see where everyone was at.

Mr. Watson clarified that what they were wanting was to make up the difference to the employees and do a \$500 increase across the board.

Mr. Holt asked if the \$0.05 increase would offset the Town's cost.

Mr. Watson stated yes that it was around \$25k for the Town and \$6 for the employees.

Mr. Holt stated that he would like to offset that cost and give \$500 to help the employees.

Mayor Harris asked what happened next year.

Mr. Holt asked how often it went up 15%.

Mr. Watson stated that last year went up more than normal and two years before that it did not increase. He stated that the normal increase is 3%-4%.

Mr. Presley asked what if it went up next year.

Mr. Holt stated that if that would happen then they would revisit the issue and see where they were at with the budget.

Mr. Trigg suggested having someone come in and explain the differences in the deductible or teaming with another group for insurance.

Mr. Presley asked if there were any other options.

Mr. Watson stated that Anthem was a good insurance to have.

Mr. Presley asked if you could cross state line with it.

Mr. Watson stated yes. He stated that 2 years ago the State of VA looked at pooling together and did a study and formed a committee and the Town of Bluefield was the cheapest in their poll. He stated that if you change insurances then it would be lesser quality and a higher deductible.

Mr. Trigg asked about VML.

Mr. Watson stated that their General Liability and Auto was not cheaper and that VACO would not pay all of the claims that went through. He stated that the insurance we had was really good and he did not receive any complaints about it. He stated that staff could price shop but if you pay less, then you would get less.

Mayor Harris stated that we had \$1 million in claims turned in this past year.

Mr. Watson stated that it was the tragic ones and that the employees worked for the Town for its insurance.

Mr. Trigg stated that these employees could not afford it.

Mr. Holt stated that a \$500 deductible for an employee who made \$9/hr. would hurt them.

Mr. Jones stated that the County liked the self-insured but were looking for a different company to go with.

Mr. Riffe asked Mike without direction from Council who would he cover? Just the Town's or the employees and the deductible increase.

Mr. Watson stated if he could have found a way to offset the cost of keeping the same deductible he would have done it but he could not find \$100k. He stated that they would have to change something or stick to the \$500 deductible.

Mr. Holt stated that it would jeopardize future projects.

Mayor Harris stated or they would have to increase cigarettes by \$0.05.

Mr. Trigg suggested they take another meeting to see and that he did not want to increase taxes right now. He asked if they had time.

Mr. Watson stated that he had not absorbed the \$25k into the budget yet and this was the only item holding it up. He reminded council that the water rates would be increasing.

Mr. Presley stated that he worked for these two people.

Mr. Holt asked who they were and stated that there were other places selling cigarettes besides them.

Mr. Presley stated that he was not against it but would abstain.

Mr. Jones agreed to move forward with the cigarette tax increase.

Mr. Riffe stated no.

Mr. Freedman reminded council that it would take 2/3 majority to raise the tax.

Mr. Trigg suggested they wait and see if Mike could come up with something.

Mayor Harris stated that Mr. Trigg was a conservative voter and agreed to wait until next time.

Water Fund

Mr. Watson stated that last year the Water fund was pretty much break even and they were going to get into a position where they would have to sell at cost which would put them behind. He stated that VDH helped by offering a grant of \$256k but we had to have our rates at a certain amount/median of \$35.60 per average bill. He stated that \$42,717 was the median VDH had on average household. He stated that the average gallon usage was 3,425 gallons per month. He stated that when he started we had 2 water crews and 2 water meter readers and now only had 1 crew and 1 meter reader. He stated that he separated the water production and services in the budget because of Bluefield Beverage closing and losing \$250k/year in revenue. He stated that last year we lost \$30k at the end of the year. He stated last year's increase was \$2 on the minimum and 6% across the board. He stated that it would be a \$1.7 million loan at 2.5% for 30 years. He stated that he was looking for ways to maximize this project and meters was one way to lose revenue because it would help the customers. He stated that right now we still had some 30 year old meters. He stated that VDH required 1% of median income and we would need to get the bill to \$35.60 to meet the average bill.

Mr. Presley asked for a printout of these numbers.

Mr. Watson stated he would send something out. He stated that someone using over 30 gallons per month would be the next step up. He stated that we gave Bluefield Beverage a special rate on their usage. He stated that we would need to increase it an additional \$3.35 on the minimum and 6% on the next 30k gallons. He stated those using over 1,000,000 gallons per month would be left alone.

Mayor Harris stated that the sewer rate was also going up.

Mr. Holt stated that the gallons used were sent to the Sanitary Board.

Mr. Presley asked since a lot of it was being done in house it would save us \$500k.

Mr. Watson stated yes. He stated that we were given the grant to allow for an emergency connection with Falls Mills. He stated that we could buy water from WVAWC if we needed to and eventually this would allow us to sell water.

Mr. Presley asked about the water loss during the winter months.

Mr. Watson stated that it was better.

Mr. Presley asked if the project would allow us to buy new meters.

Mr. Watson stated that he hoped so. He stated that the Tazewell County PSA had agreed to send a person to run an excavator and us work with them to put the line in which would be done in house. He stated that we had to be patient.

Mr. Presley asked when it would be finished.

Mr. Watson stated around September 2020 when the other loan was paid off.

Mr. Jones asked when the \$35.60 had to be in effect.

Mr. Watson stated before the project was done which would be around 2019/early 2020. He stated that once we went through bonding then the money would be approved and we could start spending. He stated that Kim was working hard on this project.

Mr. Riffe asked how much this year would increase.

Mr. Watson stated that it would be \$24.55.

Mayor Harris asked if it needed to be added to the agenda.

Mr. Freedman stated that it would be part of the Public Hearing for the budget.

Mr. Presley asked what the timetable was.

Mr. Watson stated that it was years and would fluctuate.

Term Limits

Mayor Harris asked to move the term limits discussion to the next meeting.

General Discussion

Mayor Harris stated that they were having more and more Work Sessions since it was getting closer to the budget and in the past they had a meal before the meeting. He suggested they meet at 5:30 and eat before the 6 p.m. Work Session. He stated that he was thinking of staff as well who usually did not get home on these days before 9/9:30 p.m.

Council agreed.

Mr. Holt asked council to try and figure out a solution, talk to Mike and look at the budget before the next meeting and bring back some ideas.

Mr. Watson stated that he had sent out an email regarding a citizen who turned 90. He suggested sending out a letter of appreciation and stated that we normally did not award a specific day to anyone or do a resolution.

Mr. Presley asked about a key to the Town.

Mr. Watson stated no that we would have to give out too many if we did that.

Mr. Riffe suggested putting them in the Christmas Parade.

Mr. Watson stated that the family member did not want it to be publicized. He stated that we could send a letter on nice paper and have the mayor to sign it.

ADJOURN

Mayor Harris adjourned the Work Session at 7:20 p.m.

Don Harris, Mayor

Lesley Catron, Town Clerk