

September 19, 2017

A Regular Work Session of the Danville City Council convened on September 19, 2017 at 7:46 p.m. in the Fourth Floor Conference Room of the Municipal Building. Council Members present were: James B. Buckner, L. G. "Larry" Campbell Jr., Mayor John B. Gilstrap, Vice Mayor Alonzo L. Jones, Dr. Gary P. Miller, J. Lee Vogler, Fred O. Shanks, III and Madison J.R. Whittle (8). Sherman M. Saunders was absent (1).

Staff Members present were: City Manager Ken Larking, Deputy City Manager Earl Reynolds, City Attorney W. Clarke Whitfield Jr., and City Clerk Susan M. DeMasi.

Mayor Gilstrap presided.

MINUTES

Upon **Motion** by Council Member Campbell and **second** by Council Member Whittle, Minutes of the Special Called Work Session held on August 14, 2017 and Regular Work Session held on August 15, 2017, were approved as presented. Draft copies were distributed to Council Members prior to the Meeting.

WORK SESSION ITEMS

CONSIDERATION – APPOINTMENTS TO BOARDS AND COMMISSIONS

Vice Mayor Jones noted the Committee on Appointments met earlier and recommend the following appointments:

| | | |
|---|------------|--------------|
| Danville Redevelopment and Housing Authority: | Reappoint: | Alonzo Jones |
| | Appoint: | Amanda Oakes |
| River District Design Commission: | Reappoint: | George Davis |

There were no objections from Council.

GENERAL FUND FINANCIAL UPDATE

Director of Finance Michael Adkins noted the August 31st results of the General Fund are included in the Agenda packet, is two months into the new fiscal year or about 17%. In Revenues, the City is just over \$11M which is almost exactly where it was last year at this time; roughly 11% of the budgeted revenues have been received. Delinquent Real Estate collections are at \$147,000 at the end of August which is 15% of budget and very good considering the City isn't a collection mode at this time; that starts November 5th through December 5th. Local tax revenues, the three main barometers, sales tax, meals tax and lodging are all showing slight increases over last year after two months. Sales tax is at \$1.5M and 17% of budget, \$34,000 more than last year at this time. Meals tax is \$1.26M, roughly 17% as well and is \$15,000 over last year; lodging tax is at \$157,000, just at 16%, and \$7,000 over last year. All three are still showing an upward trend compared to the prior year; the other Revenue categories are in line with historic levels.

On the Expenditure side, Departmental Spending was at 15% of budget, slightly below where the City would normally be after two months. Looking at any increases compared to last year, the only two that stuck out were Public Safety at \$300,000 over last year, and that is a timing

September 19, 2017

difference when they purchase their vehicles; this current fiscal year they were purchased in July, last year they were purchased in December. Also, the General Governmental Expenses are about \$100,000 above last year and that is mainly a timing difference with the IT maintenance service contracts; they were paid a little earlier this year than last year. The Transfers to Schools bounces back and forth through the year, currently showing at about \$3.9M over last year, most of that is just timing of when the City receives state funds. Everything looks appropriate for this point in the fiscal year.

Mayor Gilstrap asked Mr. Adkins if he had an amount that was budgeted in the 2016-17 fiscal year that was not spent and Mr. Adkins noted the City had a little over \$1M that was appropriated but not spent.

Mr. Adkins explained the FY18 bond issue is being scheduled and staff is working through those documents now. At the next Council meeting on October 5, 2017, there will be a Resolution for reimbursement; the Resolution for Reimbursement gives the City the ability to reimburse bond fund projects with bond proceeds. For instance, if the Fire Department is getting ready to purchase their equipment this year that is funded by bonds, they can go ahead and purchase that now; once the bonds are issued, the City can reimburse with bond funds. The Ordinance to issue bonds will have a first reading on November 9, 2017 with a public hearing, and the adoption of the Ordinance is scheduled for November 21st.

Mr. Shanks asked for clarification of the *Composition of Fund Balance* part of the Financial Report and Mr. Adkins explained, Beginning Total Fund Balance is the total fund balance, unrestricted and restricted. The next line, General Fund Revenues, at this point through the end of August, that is two months of revenues. The General Fund Expenditures, \$20M, is two months of expenditures. Right now, the City's total fund balance, Unreserved plus Reserved is \$33.8M. Mr. Shanks questioned if there is concern with General Fund expenditures that are so far ahead, is that just timing and Mr. Adkins noted it was timing of Transfers to Schools; the City has a large collection of revenue between November 5th and December 5th which would make up a lot of the difference.

CONSIDERATION – REVISING RENTAL RATES FOR HANGARS AT THE DANVILLE REGIONAL AIRPORT

Director of Transportation Marc Adelman asked Council to consider an increase to the hangar rental fees for thirty-five hangars, of \$25.00 per month. The Airport staff surveyed multiple airports in the area; attachments in the Council letter show a \$25 per month increase would still put Danville's total fees charged to tenants at the lowest level compared to all other nearby airports. The increase would generate an additional \$10,000 in income to offset maintenance expenses that are being incurred as a result of the buildings getting older. This past year the City spent over \$100,000 rehabbing twenty of the oldest T-hangar units; because of the age of the other hangars, additional expenses will be incurred in a significant amount over the next ten years.

Dr. Miller questioned how many airplanes at any given time are renting hangars and Mr. Adelman noted they are fully occupied, all thirty-five. They have forty aircraft based, if you factor in Averett University's aircraft. This fee increase would not impact commercial leases such as General Aviation or Averett University.

September 19, 2017

Mr. Vogler noted the increase in revenue these fees bring in, that stays completely within the department, and Mr. Adelman stated it is a General Fund revenue. Mr. Larking stated the General Fund supports the operation of the Airport because it is not a self-sufficient operation. If the fees are increased, it helps the Airport to be a little more self-sufficient.

Mr. Shanks questioned the fee charts for the monthly rental fee combined with the personal property tax rate and Mr. Adelman explained the more expensive or greater the value of the aircraft, the more savings is realized by the tenant. Mr. Shanks noted on a \$1,000,000 aircraft, the personal property tax collected in Danville is \$3,000, in Martinsville it is \$12,000, in Shiloh it would be \$7,060 and in South Boston the personal property tax is \$28,800, and asked Mr. Adelman how he would summarize those numbers. Mr. Adelman stated it says the personal property tax on aircraft in Danville is extremely competitive, extremely low.

Mayor Gilstrap noted those that are presently paying \$125 are going to have a 20% increase, and those that are paying \$1,015 are going to have a 2% increase and Mr. Adelman noted that was correct. Mayor Gilstrap noted it was hard for him to justify 20% on the lower end and 2% on the upper end. Mayor Gilstrap questioned why the Airport Commission recommended these changes to Council and Mr. Adelman noted they recognized that the City's fees were very, very low compared to other airports. Staff brought this to their attention in February or March and made them aware, as they do every few years, what their rates are compared to other airports. It has been nine years since hangar rental fees were raised. City Council was evaluating fees for the Airport, so it was tied to that discussion. In response to Mayor Gilstrap, Mr. Adelman noted the increased revenue will go towards building maintenance.

After further discussion, Council agreed to put this on an upcoming Business Meeting.

COMMUNICATIONS

Mr. Vogler noted he has requested information about the zip codes of people using the Bike Share program but there was a problem with the program. What data they did have showed that a lot of the people are non-City residents who are using the program.

MEETING ADJOURNED AT 8:14 P.M.

APPROVED:

MAYOR

ATTEST:

CITY CLERK