

The regularly scheduled meeting of the Norton City Council was held on Tuesday, August 15, 2000 at the Municipal Council Chambers at 7:30 p.m. with Mayor Robert Raines presiding.

Present: Jack Wallace, Robert Raines, William Mays, Joseph Fawbush

Absent: Joseph Hunnicutt

Also Present: E. W. Ward, City Manager and Bill Bradshaw, City Attorney

The invocation was given by Rev. Roy Laduke and was followed by the pledge of allegiance which was led by the Assistant City Manager, Fred Ramey.

Upon a motion by Joseph Fawbush, seconded by Jack Wallace, and passed by unanimous vote, Council moved to adopt the minutes of the August 1, 2000 meeting as presented.

19677

There was no response to the Mayor's call for visitors.

19678

Council had a request from the Holiday Inn for a Special Use Permit for Sunday liquor sales for Sunday, December 31, 2000 (New Year's Eve). They had requested and been granted a permit for this holiday in 1995.

Mayor Raines asked him if the time frame of 6:00 p.m. Sunday to 2:00 a.m. Monday would be sufficient. Mr. Vernon Kerns, Assistant Manager, advised that this would be sufficient.

19679

Upon a motion by William Mays, seconded by Joseph Fawbush, and passed by unanimous vote, Council moved to approve a Special Use Permit for the Holiday Inn for the hours of 6:00 p.m. Sunday, December 31, 2000 to 2:00 a.m. Monday, January 1, 2001.

Mayor Raines advised Mr. Kerns that the City Manager would send him the Special Use Permit.

Mr. Ward gave Council a brief history on the Hotel Norton Project and advised that Council, at its April 10, 2000 meeting, authorized the City Administration to apply for a Community Development Block Grant. This project calls for the next phase of improvements to the Hotel which include: the installation of an elevator, installation of utility services (water, sewer, electrical, telecommunications), installation of a heating, ventilation, and air conditioning system, installation of a fire suppression system, and core build out of the 5th floor and lobby. On August 3, 2000, the City was informed that it was being awarded funding in the amount of \$288,387 and that there was reasonable assurance that, by the end of the calendar year, the project would be fully funded in the total amount of \$538,500. The entire amount of funding will be considered a grant if the City meets certain conditions, including the establishment of 22 jobs within 2 years after the completion of the construction phase of the project. If not successful in the establishment of the 22 new jobs, then the money will have to be repaid. The City will have to sign a letter of credit to the DHCD stating that the money will be repaid as part of the contract negotiations with DHCD.

Mr. Ramey, Assistant City Manager, presented Council with a slide show on the Hotel Project and also gave them an itemized budget for this project totaling \$1,395,400.

Mr. Ward advised that there is a tight timeframe. The City has to be under contract by October 31st and several items need to be addressed between now and then.

The City Manager further advised Council that NIDA, at its regular meeting held on Monday, August 14, 2000, unanimously adopted a resolution supporting this project.

Mr. Ward informed Council that the City Administration is asking them to consider four items tonight regarding this project, these being: (1) To officially accept the grant award from VHCD up to the amount of \$538,500. (2) To adopt a motion authorizing the City Administration to proceed to meet with the grant conditions. (3) To adopt a resolution supporting NIDA's application of up to \$750,000 to the VCEDA Shell Building Program. (4) To adopt a motion to authorize the City to proceed with securing additional funding that may be needed for this project.

Following a brief discussion and upon a motion by Joseph Fawbush, seconded by William Mays, and passed by unanimous roll call vote, Council moved to accept the VHCD grant of up to \$538,500.

19680

Upon a motion by William Mays, seconded by Jack Wallace, and passed by unanimous roll call vote, Council authorized the City Administration to proceed to meet the grant conditions, including procurement and the letter of credit, as stated in the August 4th DHCD letter.

Upon a motion by Jack Wallace, seconded by Joseph Fawbush, and passed by the following unanimous roll call vote: YES - Wallace, Raines, Mays, Fawbush, NO - None, ABSENT - Hunnicutt, Council moved to adopt A Resolution Supporting NIDA's Application of up to \$750,000 to the VCEDA Shell Building Program. This resolution was read by the City Manager prior to its adoption. (Insert)

Upon a motion by Joseph Fawbush, seconded by William Mays, and passed by unanimous roll call vote, Council authorized the City Administration to secure additional funding for this project.

The City Manager presented to the members of Council copies of the Comparative Cost Report for the year ended June 30, 1999. He briefly gave Council a synopsis of our ranking with various other entities our size on various items and then our ranking statewide.

19681

Mayor Raines thanked Mr. Ward for this presentation.

Mr. Ward presented Council in their packets information from the Virginia Municipal League regarding the implications of deregulation of the electric industry. Mr. Ward advised that this covers the gas industry also; however, the City has no dealings with the gas industry. He further advised that this will most likely affect our business licenses and Consumers Utility Tax. Because of deregulation, local governments that are affected have to do some things to stay in compliance to ensure that our revenue stream from these taxes continues to flow without interruption. First, the City has to convert our electric utility tax from a tax that is based on the amount of the bill to one that is based on the amount of energy consumed by the customer. Currently, City ordinance states that the tax is implemented based on the amount of the bill and the tax for residential

customers is 20% of the first \$15.00 on the electric or phone bill. This relates to a \$3.00 per month cap.

Commercial customers pay 20% of the first \$37.50 of the monthly bill which equates to \$7.50 per month. This will become null and void effective January 1, 2001. The City will have to go to a mechanism by which we collect the tax based on the energy usage of the bill. The ordinance must be in place by October 31st so that the City can notify the electric utility and continue to implement this tax. They are requiring a 60 day notice, which is also a state statute.

Secondly, The City needs to make sure that our Gross Receipt Tax or Business License Tax on the electric utility is being imposed on the maximum amount. The maximum amount of the gross receipts tax is ½ of 1% of the total gross receipts. At this time, this is being administered by the Commissioner of Revenue and the Treasurer. Effective January 1st, this tax will be administered by the Commonwealth of Virginia. They will take the money and redistribute it back to the City. The City is currently taxing at the maximum rate allowed of ½ of 1% of the total gross receipts. Utility companies are required by law to provide localities with information by August 1st to allow the City to impose this new consumption tax based on energy use and not on a bill. The City Manager did not get this information; however, the City Treasurer did. This information will have to be taken into consideration and the City will have to come up with some sort of mechanism to amend our current ordinance to reflect the City of Norton still being able to receive \$3.00 from residential customers and \$7.50 from commercial/industrial customers.

19682

Following a brief discussion and upon a motion by William Mays, seconded by Joseph Fawbush, and passed by unanimous vote, Council authorized the City Manager and City Attorney to bring back to Council at the next meeting a proposed ordinance on the deregulation of gas and electricity.

A Proclamation Supporting Disabled American Veterans Forget-Me-Not Week was presented to Council for adoption. The proclamation was read by the Clerk. Upon a motion by Jack Wallace, seconded by William Mays, and passed by unanimous vote, Council moved to adopt A Proclamation Supporting Disabled American Veterans Forget-Me-Not Week. (Insert)

19683

Upon a motion by William Mays, seconded by Joseph Fawbush, and passed by unanimous roll call vote, Council moved to go into closed meeting to discuss personnel as per 2.1-344(A) (1) of the Code of Virginia, as amended.

19684

Mayor Raines declared Council in closed meeting.

Upon a motion by Jack Wallace, seconded by Joseph Fawbush, and passed by unanimous vote, Council moved to go into open meeting.

19685

Mayor Raines declared Council back in open meeting.

The Clerk then polled each member of Council as to the Certification of Closed Meeting with each answering aye. The Clerk then read the entire Resolution of the Certification of Closed Meeting. Upon a motion by Joseph Fawbush, seconded by Jack Wallace, and passed by the following unanimous vote: YES - Wallace, Mays, Fawbush,

19686

Raines, NO - None, ABSENT - Hunnicutt, Council moved to adopt A Resolution of the Certification of Closed Meeting. (Insert)

Mayor Raines advised that there was no action taken in closed meeting.

19687

In comments from the City Manager, Mr. Ward advised that the swimming pool had closed on Sunday, August 13th and that Council should have a report within the next couple of meetings. Schools will open on Thursday, August 17th.

19688

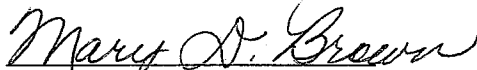
There were no comments from either the City Attorney or Council.

There being no further business to come before the Council, the meeting adjourned.

CITY OF NORTON, VIRGINIA


B. Robert Raines, Mayor

ATTEST:


Clerk