

TOWN OF HURT 2026

MEETING MINUTES

BUDGET WORK SESSION MEETING

Date: May 19, 2026

Location: TOWN HALL 533 POCKET RD. HURT, VA

Time: 7pm

Meeting called to order by: MAYOR GARY HODNETT

COUNCIL MEMBERS IN ATTENDANCE ESTABLISHING A QUORUM

Vice Mayor Bob Majure

Alice Bond

Gary Poindexter

Jimmy Harding

Steve Worley

Council Members Absent:

Paul Johnson

TOWN STAFF IN ATTENDANCE:

Shannon Race, town clerk

John Eller, town attorney

CALL TO ORDER

Mayor Hodnett called meeting to order at 7:05pm and presided. Council went into immediate discussions about budgeting.

Home produce stand / Zoning-Corner Lot

Main speakers on this topic were Mayor, John Eller, Vice Mayor Majure and Councilmember Bond.

- A resident wants to sell small items ("trinkets," farm and produce, possibly flowers/peaches) from their residential corner lot with a second driveway for customers.
- There is a question whether this fits the home occupation ordinance (it should be "basically undetectable" from the street per John Eller).
- Considered more like a business than an occasional yard sale (they want it set up and left up, not just on Saturdays).
- Compared to a nonconforming use (Blackstock property that used to be a business but is now zoned residential).

- Bob mentioned “corners first zoning amendments” used in some U.S. localities to allow light commercial on corner lots along high-traffic streets, to: Enable small, walkable convenience-type uses and generate extra sales tax revenue while limiting impacts on residential areas.

Safety concern: using the second driveway on East/West Hurt Road near a steep ditch and high-speed traffic. VDOT will have to be involved with the 2nd driveway.

If zoning is changed in residential areas:

Likely need a zoning amendment and public hearing

Concern about a “slippery slope” if others want similar uses.

- ❖ His Company Products is expected to come to the June business meeting to explain their proposal in more detail.

Water Treatment Plant Tools & Support (Donation) Mayor talked about the tools donated to the town from Will Dillinger at Hurt Partners.

- Tools donated for the new water treatment plant are valued at:
 - “\$30,000–\$40,000 worth of tools”
- Tools include:
 - Specialized gasket material tools
 - Very large wrenches (around 20 lbs. each)
- Tools are stored in one of the Plaza buildings, not at the plant, to reduce theft risk.
- Will also gave the town a nice new air compressor (no dollar figure stated, but clearly significant).
- Will considers his team and the town's team as “partners” and offered:
 - To send an electrician to work on:
 - The Sycamore Creek pump station electrical box and fuses
 - Cleaning around underwater pumps and boxes
 - Looking at the river pumps
- Age of existing infrastructure:
 - Sycamore Creek pump station/equipment likely dates back to the **1960s**.
- This relationship is being leveraged to help prepare and renovate water facilities.

Budget Work Session – General Structure & Versioning

Reviewing and refining the FY budget for the town, covering both General Fund (G) and Enterprise Fund (E).

- Budget spreadsheet version: “Draft Version C for presentation on or about May 19” (users were told to be sure they’re using this version).
- Advertising and approval timeline discussed later (see Section 10).

Key structural changes:

- All budget lines are now numbered:
 - G## for General Fund
 - E## for Enterprise Fund
- New line references used extensively:
 - Example: G41 grant line, linked to G127–G129 on expense side.
 - Example: E83 for water purchase calculations.

- General Fund total proposed budget: about \$1.386 million, inflated largely by plaza grant assumptions.
- General Fund reserves ("in the bank"): about \$949,000.
- Enterprise Fund reserves: about \$1.4 million.
- Worst-case exposure (risk) estimates:
 - General Fund: possible \$85,000 negative if forecasts are off.
 - Enterprise Fund: around \$100,000 risk if water use assumptions are wrong.

General Fund – HR, VRS/VOA/VEC Adjustments Fine-tuning personnel-related costs.

- Adjustments for:
 - VRS (Virginia Retirement System)
 - VOA (retirement plan, not applicable to police)
 - VEC unemployment tax
- Specific line references:
 - G59 and G62 on page 2 were updated based on work with the treasurer and accounting support.
- These changes are described as "not huge" but necessary for accuracy.

Water Revenue & Volumetric Use (Enterprise Fund) Re-forecasting water revenue and purchase costs based on updated usage projections.

- Previous assumption: 23 million gallons per year.
- New projection: 30.5 million gallons per year (E-line reference near E83).
- Volumetric water billing rate:
 - Current: \$18.61 per 1,000 gallons
 - Required increase under consent order: \$19.40 per 1,000 gallons.
- Water purchase cost (E83):
 - Uses 30.5 million gallons / 1,000 = 30,500 units.
 - Priced with a 5/12 period at \$6.73 per 1,000 and 7/12 at \$7.40 per 1,000 because:
 - Altavista supplier increase kicks in on December 1 (after five months into the fiscal year).

Risk noted:

- If actual usage stays at 23 million gallons at the higher rate, the Enterprise Fund could be short by about \$100,000 versus the 30.5M assumption.
- December 1 – date of the wholesale water rate increase.

Grant Funding – Plaza and Water/Wastewater Infrastructure

Plaza Grant (General Fund)

Separating grant funding from reserve transfers for plaza renovation.

- G46 – Community development grant funding for the plaza (page 2):
 - Placeholder of \$700,000 (revised from an earlier \$500,000).
- G172 – Community development grant expenditure – plaza (page 5):
 - Also \$700,000, intended as a wash with G46.

- Mention of a possible:
 - “600 and some thousand” matching grant from the Tobacco Commission (not finalized).
- Whatever comes in as plaza grant money (G46) goes back out (G172) and does not mix with general tax revenues.
- No award date yet; this is still in planning/placeholder stage.

Water/Wastewater Infrastructure Grant (Enterprise Fund)

Grant line to support new water plant and system upgrades.

- Top of page 6 – E15 (approx.) “grant funding for water/wastewater infrastructure”:
 - Placeholder of \$854,000 (spoken as “854” and clarified as \$854,000).
- Capital outlays on page 7:
 - E72 & E73 – Capital water plant renovation: about \$709,000 combined.
- Discussion of using parts of the grant to cover:
 - Bob's salary (class 1 waterworks operator) when his work is specific to plant renovation, not normal operations.
- Earlier grant history:
 - A prior \$7 million grant from the state of Virginia was applied for about 3 years ago and is expected to hit the state's budget this year.
 - A new grant application for about \$8 million for the new water plant has been submitted; no award letter yet.
- Grants will be reimbursable:
 - Town must spend first, submit documentation, then be reimbursed.
- Likely to require a multi-year budget (2–3 years) for the plant project.
- Prior \$7M grant applied approximately 3 years ago; expected to appear in the state budget “this year.”
- No date yet for the \$8M grant award.

Consent Order & Water Rate Increases

Whether to remain under a consent order tied to the water system and plant improvements.

- Required water rate:
 - Must go from \$18.61 to \$19.40 per 1,000 gallons under the current consent order.
- Grants mentioned:
 - About \$8 million requested.
 - Additional \$7 million previously allocated at state level.
- Pumps at the pump station were mentioned as costing about:
 - \$500,000 each (historical/planned cost for new pumps).
- If the town wants to stay in the consent order, it must comply with all requirements, including the rate increase.

- If the town leaves the consent order:
 - It likely loses the associated favorable funding package.
 - Would need to self-fund improvements (much more expensive).
- Current system:
 - Joe and Paul are “babysitting” failing pumps; there is a real risk pumps may fail before replacements are in place.

Revenue Lines – Meals, Plaza Lease, Cigarette Tax

Meals tax trends and projections.

- Recent years: around \$50,000 in meals tax revenue.
- Proposed budget line: \$62,000 (about \$10,000 over recent actual performance).
- Current meals-tax sources:
 - Apple Market
 - B&B
 - Yamazato
- Potential new contributor:
 - Riverside sells food but has been filing zero on reports.

Trends & assumptions:

- Prior years showed decline, but FY 2024 shows about \$10,000 higher than earlier years.
- Optimistic assumption: construction (new large industry, other projects) will increase local dining and meals tax.
- Reference to “10 out of 12 months” into the current fiscal year showing an upward trend.

Stanton Plaza Lease Revenue

Lease income reliability and adjustments.

- Fiscal performance:
 - Actual around \$40,000 in a good year.
 - Current year trending around \$34,000–\$35,000 lease revenue.
- Proposed budget line:
 - Originally about \$55,000, council discussed lowering:
 - Bob suggested \$40,000–\$45,000 as more realistic.
 - Group coalesced around \$45,000 as the working number.
- One tenant left last year (a “better client”), reducing lease income.
- Potential new tenants:
 - AVIA training center possibly taking former Winn-Dixie or Planet Fitness space; could involve couple million dollars in build-out by the tenant (for ceiling, rewiring, interior work).
 - In such “build-to-suit” scenarios, tenants usually seek longer, favorable leases (e.g., multi-year / “sweetheart” terms).
- Plaza first appeared in the budget as an asset in FY 2024 (newly acquired).

- Future leases are under discussion; no effective dates finalized yet.
- Council discussed with optimism the plaza leases bringing in higher funds after the renovations are completed.

Cigarette tax trends and projections.

- Fiscal year 2025 showed a drop of about \$10,000.
- Recent year (current FY) roughly \$7,000 in revenue.
- Proposed line had been \$8,500, but:
 - Several distributors have returned unused stamps, suggesting further decline.
- Discussion suggests holding the line at around:
 - \$7,000–\$7,500 (Bob and Gary suggested \$7,000–\$7,500, with “7,500 at most”).

Other revenue ideas:

- Possible vaping tax:
 - Could tax certain fluids or products, but law is complex and not all vape products are taxable.

Police Department – Operating & Miscellaneous

- PD operating expenses:
 - FY 2024: about \$27,000 under budget.
 - FY 2025: about \$5,000 over budget.
 - Current FY: about \$17,000 over budget.
- PD miscellaneous (last three years):
 - Approx \$1,100
 - \$841
 - \$7,000 (current year – a big jump)
- Proposed PD miscellaneous:
 - Originally \$250, but discussion suggested increasing to about \$1,000, based on history.

Administrative Miscellaneous & Memberships

Admin Misc (G79):

- Last two years roughly \$10,000 vs proposed \$560.
- Many items appear to have been mis-coded into “misc.”
- Goal: keep misc small and push items to proper functional lines (IT, memberships, etc.).

Memberships & Subscriptions (G81):

- Identified recurring items:
 - Newspaper subscription: about \$625/year.
 - One magazine subscription: about \$150/year.
 - VML (Virginia Municipal League) membership: around \$900+.
 - Adobe licenses: about \$248/year for two users.

- Email/e-billing service (SMT): \$150/year.
- Together this suggests at least:
 - \$1,500+ needed (discussion suggested \$1,500–\$2,000, with \$1,500 as a working figure).

Buildings & Grounds, Snow Removal, and New Line Items Splitting basic upkeep vs. plaza-specific work vs. enterprise assets.

- Historical buildings & grounds (all combined):
 - FY 2024: about \$30,625.
 - FY 2025: about \$3,600.
 - Current FY: about \$17,126.
- Current proposed:
 - G143 – Buildings and grounds – general: \$3,000 (for Town Hall, park, small structures).
 - G145 – Stanton Plaza general maintenance/buildings & grounds: \$10,000 (for non-capital maintenance).
 - G152 – Contractual services (renamed to snow removal): initial discussion \$2,000–\$3,000, with consensus forming around \$2,000 as a starting number.
- Combined, they aim for roughly \$15,000 across all general buildings & grounds, recognizing this is conservative compared with past high-spend years
- Recent winter had at least 1–2 weeks of extended below-freezing temps (driving snow and ice removal costs).

Garbage Collection and Fuel Surcharge – The Big Fiscal Problem Rapidly rising cost of contracted garbage collection due to diesel-based fuel surcharges, tied to global events (e.g., Strait of Hormuz).

- Contract base (g1-line, “garbage collection contract”):
 - Around \$49,000 per year (approximate, based on references).
- Fuel surcharge:
 - Current year already at about \$41,000 over budget in garbage costs.
 - Year-to-date payments: about \$93,875 already paid this year.
 - Prior year (FY 2025) fuel surcharge was about \$18,000.

Proposal:

- Bob suggested budgeting \$150,000 for garbage collection (contract + fuel surcharge) to avoid another large shortfall if high fuel prices persist.
- Tax/revenue implications:
 - Each 1¢ of real estate tax generates about \$11,135 in revenue if fully paid.
 - To raise roughly \$100,000, it would take:
 - About 9–10 cents on the real estate tax rate.

- Current rate mentioned:
 - 13.5¢; jumping to mid-20¢ range would nearly double it, which was called “insane” for one year.

Possible solutions:

1. Increase real estate tax by ~10¢ just to cover garbage.
2. Introduce a garbage fee (possibly pegged to fuel surcharge).
3. Eliminate town garbage collection.
4. Some combination of the above and other line adjustments.

Garbage fee math:

- Approximately 647 households (water accounts).
- To raise \$100,000:
 - About \$12.87/month per account, or
 - About \$39/quarter (~\$160/year).
- Several members said they personally would pay \$160/year for curbside trash pickup, but many residents likely cannot or will not.
- Fuel surcharges spiked around February–March (after Strait of Hormuz disruptions), causing the big overage.
- Council needs to resolve this before budget advertisement (see next section).

Budget Calendar / Next Meetings and Deadlines Timeline to finalize, advertise, and adopt the budget.

- Newspaper ad schedule:
 - Budget ad must run June 3 and June 10.
- Ad copy deadline:
 - Must submit ad text to the paper by Monday, June 1.
- Decision horizon:
 - Budget must be approved before May 30.
 - John indicated council needs a near-final budget by end of next week (relative to this meeting) to make the June 1 deadline.
- Continuation:
 - Meeting formally continued to Friday the 22nd at 2:00 PM for further budget work.
- Preliminary budget approval must be carried out by Monday, June 1, 2026, and turned into the newspaper company on that day. This will allow enough time for the FY27 budget to be in the legal ads on June 3 & June 10; meeting the two-week publication requirement.

High-Level Priorities Discussed Top spending priorities for the next year (as framed by Bob and others):

1. Water treatment plant renovation/construction.
2. Phase 2 water system improvements (distribution system).

3. Stanton Plaza renovation and repositioning (for economic development and meals tax growth).
4. Managing the garbage collection cost crisis in a sustainable way.

These priorities intertwine with the grants, consent order, and rate/tax/fee decisions described above.

Council Action Mayor Hodnett asked for a motion to continue the budget discussion to Friday, May 22, 2026, at 2pm. Councilman Poindexter made the motion to continue as presented with a second from Councilmember Bond. The town council voted 5-0 in favor to continue the meeting on Friday, May 22, 2026, at 2pm.

MEETING CONTINUED With further budget business to discuss, Mayor Hodnett continued this meeting until Friday, May 22, 2026, 2pm at 9:10 pm.