Virginia: **At the continued meeting of the Council of the Town of Chilhowie held at the Municipal Building, April 30, 2026, at 6:00 p.m.**

Present: **Honorable Gary L. Heninger, Mayor presiding; Councilors Bill Clear, Shannon Donnelly, Brent Foster, Bob Jeter, Julie Sturgill, and P.J. Wolfe.**

Absent: **None.**

Also Present: **Mr. Brian Martin, Town Manager; Mrs. Felicia Eller, CMC, Clerk-Treasurer; Heather Carter, Deputy Clerk-Treasurer; Andrew Moss, Police Chief; Aaron Smith, Deputy Chief; David Haynes, Fire/EMS Chief; Jenna Prater, Building Official; Chris Johnson, Foreman Building, Grounds, and Streets; Tyler Keen; Public Works Director, Don Cole, Water Operator; and Luke Lowe, Wastewater Operations.**

Overview of Proposed Fiscal Year 2026-2027 Budget:

The proposed Fiscal Year 2026-2027 Budget is balanced with expected revenues in the amount of $7,268,086 and expected expenditures in the amount of $7,268,086. General Fund revenues are expected to be $2,556,928 and expenditures are expected to be $2,760,319 leaving a deficit of $203,391. Water fund revenues are expected to be $2,191,905 and expenditures are expected to be $1,825,935 leaving a surplus of $365,971. Sewer fund revenues are expected to be $1,307,923 and expenditure are expected to be $1,183,779 leaving a deficit of $124,144. The Fire and EMS fund revenues are expected to be $1,211,330 and expenditures are expected to be $1,498,054 leaving a deficit of $286,724.

The proposed Budget includes increases for water and sewer rates both inside and outside corporate limits. The water and sewer increases are required to support the department's operations. Proposed garbage cans will remain at $18.59 inside the corporate limits and $20.72 outside, with an extra can at $12.66.

The Real Estate Tax rate is slated to increase to $.19 per $100 of valuation. Meals tax is proposed to remain at 7%. Meals tax is projected to be the Town's third highest revenue source behind sewer and water revenue. Cigarette tax is slated to remain at $165,000. Lodging tax is slated to decrease to $20,000 from $22,000.

Fine revenues are slated to decrease to $88,000 based on the current fiscal year's data. Police Officers are allowed to work up to 40 hours per month, on Interstate 81 outside their regular shift. The Police DMV Grant is slated to increase to $34,720 due to more overtime hours being requested and grant funds being available. The 599 Funds are slated to increase to $47,000. Sales taxes are slated to increase to $95,000. GovDeals sold items are expected to decrease from $2,000 to $1,500 due to surplus equipment being sold over the current and previous fiscal year.

The Virginia Department of Transportation snow removal is expected to be $15,000 in revenue. The Virginia Department of Transportation reimburses the Town $150 per hour per vehicle for snow removal. The Town maintains two snow removal vehicles.

Fire Hydrant fees are $1.00 per water customer per month and is estimated at $26,500 in revenue. Capital Set Aside fees are $2.00 per water customer per month and is estimated at $53,000 in revenue. Washington County Service Authority reimburses the Town for 55% for the $1,852,000 Rural Development Loan on the Mill Creek Regional Water Treatment Plant. The reimbursement is estimated to be $40,828. Sewer revenue is estimated to be $1,031,348 in rents. Smyth County Operations and Maintenance Reimbursement is slated to increase to $275,000 from $250,000.

Fire and Emergency Medical Services are projecting $1,211,330 in revenue and it is projected to receive $600,000 from Smyth County Board of Supervisors. Smyth County is slated to contribute $100,000 for the fire side of operations and $500,000 for Emergency Medical Services operations. Smyth County will submit $9,000 for operational and maintenance expenses for the training building. The Ambulance Billing Service with Mars/AMB is slated to generate $555,000 in revenues.

The proposed budget includes a 2.5% Cost of Living Increase for employees. The opportunity for each employee's 2.5% merit increases evaluation remains. Mayor and Council Compensation remains the same at $23,400; this includes $450 per month for Mayor and $250 per month for Council members. The Planning Commission stipend remains at $40 per month. Health Insurance premium rate will increase 8.7%. The expense for the Audit and other accounting services is estimated at $50,000.

Concerning the E-911, $2,500 is included in the proposed Budget for Smyth County for the operation of the dispatch center. Overall Community Development requests increased to $81,000. This year fifteen organizations submitted requests; nine organizations requested the same as last year, three organizations are requesting additional money, one organization decreased their request, and two new organization submitted a request.

The Hurricane Helene Line of Credit interest is slated to decrease to $24,000 from $94,800 and is based on the equivalency of monthly interest paid to date. Also, $500 is included in Capital Outlay expenses in the Utility and Finance Department. Wellness and Park is slated to increase to $50,261 from $50,000 which includes the full-time Recreation and Special Events Coordinator, along with stipends for Directors of football, cheerleading, boys' and girls' basketball at $1,250 each. Also, there is $6,800 slated for Capital Outlay for helmets and football pads.

Building, Grounds and Streets expenditures includes $15,683 for one part time employee to assist with mowing this summer. Also, $15,000 is included in the proposed budget for snow removal expenses. American Electric Power for streetlights and Christmas lights decreased to $50,700. Electricity for the Food Pantry is estimated at $9,300. Garbage expenditures are expected at $193,177 which includes a 4.5% increase from carrier Green for Life. Also, $2,000 has been included for the Haz Mat Collection Day.

Police Officers are slated to receive the same 2.5% yearly merit, plus 2.5% Cost of Living increase. Overtime for Police Officers is slated at $164,236, which includes the I-81 Highway Safety Initiative. Training expenses have increased to $12,000 from $8,800. Also, $18,056 is slated for the Motorola In-Car and Body Camera system, year five of five.

In water expenditures $130,000 is budgeted for the operational and maintenance debt for the Mill Creek Regional Water Treatment Plant with Washington County Service Authority. The Virginia Department of Health System Fee is a levy charged to the Town for compliance based on the number of connections is slated for $8,600. Also, $94,378 is budgeted under Capital Outlay for a pump replacement at the Mill Creek Water Treatment Plant. Debt service for the water system, including the 40-year Mill Creek Regional Water Treatment Plant Rural Development loan is expected to be in the amount of $409,598.

Sewer Expenditures include $87,935 for Green Hill Sewer. The Town pays Smyth County after collecting from County sewer customers through the Town's utility billing. Sludge Handling includes $11,500 for transportation of the Town's biosolids to a certified landfill. Also, $374,145 is included in the Budget for debt service. The Capital Outlay budget is $40,000, for the installation of a new grit chain at the Wastewater Treatment Plant.

Fire and Emergency Medical Services expenditure includes wages for full-time employees in the amount of $574,693 and part-time employees in the amount of $97,216. For Smyth County Fire and EMS Academy $10,890 is budgeted for expenses to run the Academy. Concerning the Debt Service line item, $139,927 is budgeted for the fourth year on the 20-year loan on the two new fire trucks.

The Town does not provide uniforms for Public Works, but the Town gives the employees a budget of $200 for coveralls and boots at the end of each calendar year. This stipend remains unchanged. Finally, the Town employee Christmas bonus will remain at $400. The Tax Revenue Anticipation Note was paid in full in December 2025.

Motion by Brent Foster, second by P.J. Wolfe Council authorizes the Town Manager to move forward with the advertisement for a Public Hearing regarding the proposed Fiscal Year 2026-2027 Budget to be held at the regular scheduled June 11, 2026, Council meeting. The motion was approved with the following recorded vote:

Bill Clear	Aye	Shannon Donnelly	Aye
Brent Foster	Aye	Bob Jeter	Aye
Julie Sturgill	Aye	P.J. Wolfe	Aye

Motion by Brent Foster, second by Julie Sturgill Council adjourns this meeting at 7:45 p.m. The motion was approved with the following recorded vote:

Bill Clear	Aye	Shannon Donnelly	Aye
Brent Foster	Aye	Bob Jeter	Aye
Julie Sturgill	Aye	P.J. Wolfe	Aye

_____Mayor
Gary L. Heninger

_____Clerk
Felicia Eller, CMC