

# City Council Meeting MINUTES

*Monday, May 14, 2018, 7:30 PM*

Council Chambers, City Hall, 114 North Broad Street, Salem, Virginia 24153

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## 1. Call to Order

A regular meeting of the Council of the City of Salem, Virginia, was called to order at 7:30 p.m., there being present the following members to wit: Byron Randolph Foley, Mayor, William D. Jones, Vice-Mayor, Council members: Jane W. Johnson, James A. Martin, and James L. Chisom; along with Kevin S. Boggess, City Manager; James E. Taliaferro, II, Assistant City Manager and Clerk of Council; Rosemarie B. Jordan, Director of Finance; Melinda J. Payne, Director of Economic Development (absent); Mike Stevens, Communications Director; Charles E. Van Allman, Jr., Director of Community Development; and Stephen M. Yost, City Attorney.

Mayor Foley welcomed Boy Scout Ben Cassell, a junior at Salem High School, who was present working on his Communication badge.

## 2. Pledge of Allegiance

## 3. Bid Openings, Awards, Recognitions

## 4. Consent Agenda

### A. **Minutes**

Consider acceptance of the minutes from the April 23, 2018, work session and regular meeting.

Accepted as presented

### B. **Financial Report**

Consider the acceptance of the Statement of Revenues and Expenditures for the nine months ending March 31, 2018.

Received

## 5. Old Business

### A. **Amendment to the City Code**

Consider ordinance on second reading amending Chapter 106, Zoning, Article II District Regulations, Section 106-210.3(E), and Article III Use and Design Standards, Section 106-306.7 of the CODE OF THE CITY OF SALEM,

VIRGINIA. These changes relate to Downtown administrative services and drive-through facilities. (Approved on first reading at the April 23, 2018, meeting.)

William Jones motioned to adopt the ordinance on second reading amending Chapter 106, Zoning, Article II District Regulations, Section 106-210.3(E), and Article III Use and Design Standards, Section 106-306.7 of the CODE OF THE CITY OF SALEM, VIRGINIA. James Chisom seconded the motion.

Ayes: Chisom, Foley, Johnson, Jones, Martin

## 6. New Business

### A. **Public Improvement Bonds**

Hold a public hearing and consider adoption of ordinance to authorize the issuance of general obligation public improvement bonds in the City of Salem, Virginia in an aggregate principal amount not to exceed \$6,200,000. (As advertised in the April 22 and 29, 2018 issues of *The Roanoke Times*.) **Audit-Finance Committee**

Vice Mayor Jones noted the Audit Finance Committee met this morning to discuss this request. The City proposes to finance the costs of various sewer collection system improvements. This bond issue is in an aggregate principal amount not to exceed \$6,200,000. The bonds will be general obligations of the City, and the full faith and credit of the City shall be pledged for the repayment of these bonds. The Committee reviewed the request and recommended approval of the ordinance authorizing the issuance of said bonds.

Mrs. Jordan noted the City has to adopt an ordinance when the bonds are issued. This is 20 year issue at zero percent interest through VRA to handle a variety of sewer system improvements that will improve our inflow and infiltration issues. Mr. Boggess noted that this is consistent with the consent order under which the City operates the sewer system. It was noted that the City is mandated to make these repairs by the Virginia Department of Environmental Quality (DEQ). There was further discussion regarding the issuance of general obligation public improvement bonds.

Mayor Foley opened the public hearing and asked if there was anyone present who would like to speak regarding this matter. Larado Robinson, Director of Water and Sewer Operations, appeared before the Council. He noted that the City is going with DEQ's consent order to make sure we take care of our sewer system and do the best that we can to reduce inflow and infiltration. The zero percent interest is fantastic, and they are just hoping to keep improving and taking care of the city in this way.

James Martin asked if all the projects have been identified, etc. Mr. Robinson noted that they have been in this particular section, and they will continue to identify

projects as we move forward with the next section which will be two to three years away. Mr. Martin asked when the work might start on this section, and Mr. Robinson noted they are hoping to start in June. Mr. Robinson noted that the first project includes the downtown area north up to Interstate 81. There was further discussion regarding the sewer system improvements.

Mayor Foley asked if anyone else would like to speak regarding this issue. There was no response, and the public hearing was closed.

William Jones motioned to adopt an ordinance authorizing the issuance of general obligation public improvement bonds in the City of Salem, Virginia in an aggregate principal amount not to exceed \$6,200,000. James Martin seconded the motion.

Ayes: Chisom, Foley, Johnson, Jones, Martin

#### **B. General Obligation Public Improvement Bonds**

Consider adoption of Resolution 1337 authorizing the issuance and sale of General Obligation Public Improvement Bonds, Series 2018. **Audit-Finance Committee**

Vice Mayor Jones noted the Audit Finance Committee also discussed this item. The City needs to issue bonds to fund improvements to the sewer collection system and has been approved for a loan of \$5,892,277 for 20 years at an interest rate of 0% from the Department of Environmental Quality. The loan will include funding for construction costs, administration and legal costs, engineering and a 5% contingency in an amount not to exceed \$6,200,000. The Committee reviewed the request and recommended the adoption of Resolution 1337 authorizing the issuance and sale of general obligation public improvement bonds.

William Jones motioned to adopt Resolution 1337 authorizing the issuance and sale of General Obligation Public Improvement Bonds, Series 2018. James Martin seconded the motion.

Ayes: Chisom, Foley, Johnson, Jones, Martin

#### **C. Presentation of Annual Budget for 2018-2019**

Hold a public hearing on the proposed annual budget and consider an ordinance on first reading adopting the budget for fiscal year 2018-2019. A summary of the proposed budget was advertised in the Salem Times Register on April 5, 2018. **Audit-Finance Committee**

Vice Mayor Jones noted the Audit Finance Committee also discussed this item. The fiscal year 2018 – 2019 budget was presented to Council on March 26, 2018 and advertised in the Salem Times Register on April 5, 2018. Copies of the budget

were made placed in the City library and City Manager's Office and made available to the public on the City website. The Council held work sessions on the budget on April 19, and May 2, 2018. On May 14, 2018, a public hearing is scheduled to receive written and oral comment from the public concerning the budget, and an ordinance is being presented on first reading for the adoption of the budget. The Committee reviewed the request and recommends approving the ordinance on first reading adopting the fiscal year 2018-2019 budget.

Mayor Foley asked Mrs. Jordan if she could mention some of the highlights for those in the audience. She noted that staff was very pleased in putting this budget together to see a nice increase from prior years. This is probably the best budget the City Manager and she have worked on in ten years. She noted that when the budget was first proposed the General Fund had an increase of almost \$2.5 million or 3.3 percent due to improvements in real estate, personal property, and a variety of other taxes that have actually gone up. It will include a transfer of \$20.4 million to the schools which is an increase of \$742,000 or 3.8 percent. This is the direct result of the practice the City has of revenue sharing certain line items with the schools. Included in the budget is the third phase of the compensation adjustments for the Springsted study which was just completed. This will finish up the last phase of those adjustments for the employees on July 1. There is a transfer to the Economic Development Authority of approximately \$500,000 for a variety of incentive agreements that have been signed. Also included is a \$1 million in capital purchases that are coming out of operating funds, which is an improvement over what we have been able to do in the past as well. There is also a borrowing of \$5 million for capital needs. The biggest project that the \$5 million incorporates is the replacement of the radio system for the entire city. The electric rates will remain the same, but there is a 3% increase in water rates that will be effective January 1, 2019. After the original proposed budget, staff made some additional changes and were able to increase the General Fund budget by approximately \$320,000, which will include the addition of two Student Resource Officers (SRO) for the Police Department. This will allow us to now have one per City school. She further discussed additional details for the budget. She further noted she would be glad to elaborate on any highlights.

Mayor Foley opened the public hearing and asked if there was anyone present who would like to speak regarding the 2018-19 budget as proposed.

Cecil Kelley of 1925 Maylin Drive appeared before the Council. He asked how much is in the budget that the City expects to receive from the State. The last time he had asked, staff was uncertain how much we would be getting. He asked if this has changed. Mrs. Jordan noted that it had not changed. The numbers they have proposed from the State are fairly conservative and fixed. She does not anticipate too many changes as a result of the budget they will adopt. He asked her what amount is included in the budget. She noted that it is approximately \$11.8 million,

which is the General Fund only. He also asked what would be the interest rate on the \$5 million to be borrowed. She noted that we do not know the rate, but they are estimating up to 4.5 percent, which is about one percent above market rate at the current time.

Rex Mook of 1262 Pickwick Lane appeared before the Council. He thanked City Council for letting him speak and for their service to the community. He also thanked the Salem Police Department for requesting the additional SROs. He thinks it makes a lot of sense to have at least a one to one relationship between schools and school resource officers, and he knows this budget will do this. He noted that he would like to see something added to the budget, and he does not know if it is possible to do it this year or next year. What happens when one of the SROs is in court, on vacation or out sick. That school is left uncovered, and he thinks it makes a lot of sense to add a seventh SRO. He believes safe schools are critical to good communities and as we know in today's world, we cannot be too safe. He believes that it is critical that we have a spare or a floater. He further discussed his request and asked City Council to give this some consideration. Vice Mayor Jones asked Mr. Boggess if he could have a conversation with Chief Crawley regarding this request. Mr. Boggess noted that the City has officers who were former SROs so they are qualified and know what to do and can fill in if needed.

Mayor Foley asked is there was anyone else to speak. There being no response, and the public hearing was closed.

William Jones motioned to adopt an ordinance on first reading adopting the budget for fiscal year 2018-2019. Jane Johnson seconded the motion.

Ayes: Chisom, Foley, Johnson, Jones, Martin

#### **D. Budget Appropriation Ordinance**

Consider ordinance on first reading appropriating funds for the fiscal year 2018-2019 budget. **Audit-Finance Committee**

Vice Mayor Jones noted the fiscal year 2018-2019 budget was presented to the Council on March 26, 2018. A public hearing was held on May 14, 2018 to receive written and oral comment from the public concerning the budget, and the budget has been presented for adoption. In addition to adopting the annual budget, the local government must appropriate the funds. This is the first reading of the ordinance to appropriate funds for the FY2018-19 budget. The Audit Finance Committee reviewed the request and recommends approval of the ordinance on first reading appropriating funds for the fiscal year 2018-2019 budget.

Mayor Foley noted for the public's information that the proposed ordinance

highlights many of the items Mrs. Jordan touched on in the previous item.

William Jones motioned to adopt an ordinance on first reading appropriating funds for the fiscal year 2018-2019 budget. James Chisom seconded the motion.

Ayes: Chisom, Foley, Johnson, Jones, Martin

**E. Effective Real Estate Tax Rate**

Hold a public hearing on the effective Real Estate Tax Rate for calendar year 2018.

Mrs. Jordan noted we are required by the Code of Virginia to hold a public hearing if during the reassessment process for real property the values go up by more than 1%. The increases exclude new construction and improvements to property. Since our assessments exceeded the 1% cap, this is the public hearing we are required to hold. Staff is proposing to leave the rate at the current \$1.18 per \$100 of assessed value.

Vice Mayor Jones asked Mrs. Jordan if the increase was 1.78%, and she noted that this was correct. There was further discussion regarding the effective real estate tax rate.

Mayor Foley opened the public hearing and asked if anyone would like to speak regarding this matter. There was no response and the public hearing was closed.

Jane Johnson motioned to adopt the Real Estate Tax Rate of \$1.18 per \$100 of assessed value for calendar year 2018. James Martin seconded the motion.

Ayes: Chisom, Foley, Johnson, Jones, Martin

**F. Appropriation of Funds**

Consider request to amend the Civic Center Fund operating budget. **Audit-Finance Committee**

Vice Mayor Jones noted the Audit Finance committee also discussed this item. The Salem Civic Center budget is adopted before all events are scheduled for the fiscal year. In fiscal year 2018, actual show revenues and expenses are higher than budget due to show activity during the year. Revenue and expense budgets need to be increased by \$450,000 based on this activity. The Committee reviewed the request and recommends approval to adjust the Civic Center operating budgets by \$450,000.

Mrs. Jordan noted the Civic Center has had more shows this year than they have the

past few years. As we have gone through the year, show revenues are up, but show expenses are up as well. So in order to help staff avoid some of the manual overrides they are having to do within the budget process, they would like to appropriate an additional \$450,000 to show revenue and show expenses. There is no change to the bottom line. This will just help staff in housekeeping to get a number that is more appropriate for these two line items. There was further discussion regarding the request to adjust the Civic Center Operating Budget.

William Jones motioned to amend the Civic Center Fund operating budget. James Martin seconded the motion.

Ayes: Chisom, Foley, Johnson, Jones, Martin

#### **G. Appropriation of Funds**

Consider request to accept and appropriate Parks and Recreation donations. **Audit-Finance Committee**

Vice Mayor Jones noted the Audit Finance Committee also discussed this item. The Salem Parks and Recreation department will receive donations totaling \$45,000 to replace the scoreboard at Kiwanis Field. Salem Rotary Club provided \$25,000 and Salem Kiwanis Club has pledged \$20,000 to be paid in four installments over four years. The actual cost of the scoreboard is \$45,158. Local funding will cover \$158 of the cost. Donations allowed the City to purchase needed items that are not included in the current budget for Kiwanis Field. The Committee reviewed the request and recommends accepting and appropriating donations from the Salem Rotary Club and the Salem Kiwanis Club.

William Jones motioned to accept and appropriate Parks and Recreation donations. Jane Johnson seconded the motion.

Ayes: Chisom, Foley, Johnson, Jones, Martin

#### **H. Appropriation of Funds**

Consider request to appropriate funding for Salem Memorial Park Turf Improvements. **Audit-Finance Committee**

Vice Mayor Jones stated the Audit Finance Committee discussed this item at their meeting. Field renovations, including tilling, grading, irrigation, field drainage and sod installation, were needed at Salem Memorial Park at a total cost of \$202,504. The City agreed to pay for 50% of the renovation costs. The Salem Red Sox will fund the other 50% of the renovation costs. The Committee reviewed the request and recommends adjusting the budget to pay for the required field renovations that were not included in the budget.



William Jones motioned to appropriate funding for Salem Memorial Park Turf Improvements. James Martin seconded the motion.

Ayes: Chisom, Foley, Johnson, Jones, Martin

## **I. Appropriation of Funds**

Consider request to appropriate supplemental Children's Services Act (CSA) revenue and expenditures. **Audit-Finance Committee**

Vice Mayor Jones noted the Audit Finance Committee also discussed this item. The State provides funding to the City under the Children's Services Act (CSA) intended to cover various services that are child-centered, family-focused, and community-based to address the needs of troubled and at-risk youths and their families. If the City fully expends the original allocation from the State for these services, a supplemental appropriation can be requested. Due to the expenditures in this fiscal year, the City needs to request a supplemental appropriation for state and local CSA funds. The Committee reviewed the request and recommends appropriating the supplemental CSA revenue and expenditures. He asked Mrs. Jordan to explain further.

Mrs. Jordan noted the Children's Services Act (CSA) handles the at-risk children whether they are still in the home or if they are in the care of social services. This is the system whereby services are provided, i.e., education, group home placement, therapy, etc. There are a variety of services that can be provided to these children, and each type of service has a different local match rate that the City must pay depending on the nature of the service. It is very hard to predict the number of children, the type of service, and the cost that we are going to incur for one year. Due to the expenditures in this fiscal year, the City needs to request a supplemental appropriation for state and local CSA. So staff is asking to appropriate an approximate \$800,000 for expenditures and an approximate \$640,000 in state revenues with the balance coming out of contingency to balance out the entry.

Mr. Martin noted from the meeting earlier today Mrs. Jordan indicated the increases in services could be due to the earlier diagnoses of autism and so these fees would cover those types of services as well. Mrs. Jordan stated that this is one category that most localities have seen a pretty significant growth in. She further discussed the services and funding related to this category for the Children's Services Act.

William Jones motioned to appropriate supplemental Children's Services Act (CSA) revenue and expenditures. James Chisom seconded the motion.

Ayes: Chisom, Foley, Johnson, Jones, Martin



**J. Abstract of Votes**

Receive Abstract of Votes for the Municipal General Election held on May 1, 2018.

The Abstract of Votes for the Municipal General Election held on May 1, 2018, was accepted as presented.

**7. Closed Session**

**A. Closed Session**

Hold a closed session in accordance with the provisions of Section 2.2-3711A(3) of the 1950 Code of Virginia, as amended, to discuss property the City may wish to sell or convey. **Supplemental Item**

Vice Mayor Jones motioned to move to closed session in accordance with Section 2.2-3711A(3) of the 1950 Code of Virginia, as amended for the purpose of a discussion or consideration of the acquisition of real property for a public purpose, or of the disposition of publicly held real property the City may wish to sell, convey, and acquire. Jane Johnson seconded the motion.

Ayes: Chisom, Martin, Johnson, Jones, Foley

William Jones motioned to reconvene at 8:39 p.m. and that in accordance with Section 2.2-3712D. of the Code of Virginia, 1950 as amended to date, Council hereby certifies that in Closed Session only items lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act and only such items identified in the motion by which the Closed Session was convened were heard, discussed, or considered by the Council. Jane Johnson seconded the motion.

Ayes: Chisom, Foley, Johnson, Jones, Martin

**8. Adjournment**

The meeting was adjourned at 8:39 p.m.