

City Council Meeting

MINUTES

Monday, April 24, 2017, 7:30 PM

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

1. Call to Order

A regular meeting of the Council of the City of Salem, Virginia, was called to order at 7:30 PM, there being present the following members to wit: Byron Randolph Foley, Mayor (absent), 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; Charles E. VanAllman, Jr., Director of Community Development; Mike Stevens, Communications Director; Benjamin W. Tripp, City Planner; and Stephen M. Yost, City Attorney.

2. Pledge of Allegiance

A. Closed Session

Hold a Closed Session in accordance with Section 2.2-3711A(3) of the 1950 Code of Virginia, as amended for the purposes of a discussion or consideration of the acquisition of real property for a public purpose the City may wish to sell or convey; Section 2.2-3711A(29) For discussion of the award of a public contract involving the expenditure of public funds and discussion of the terms or scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the public body.

Jane Johnson motioned to move to closed session at 7:32 pm in accordance with the provisions of 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 the City may wish to sell or convey; Section 2.2-3711A(29) for discussion of the award of a public contract involving the expenditure of public funds and discussion of the terms or scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the public body. James Chisom seconded the motion.

Ayes: Chisom, Martin, Johnson, Jones,

Absent: Foley

Jane Johnson motioned to reconvene at 7:45 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. James Chisom seconded the motion.

Ayes: Chisom, Johnson, Jones, Martin

Absent: Foley

3. Consent Agenda

A. **Minutes**

Consider acceptance of the minutes from the Special Meeting on March 22, 2017, and Work Session and regular meetings on April 10, 2017.

Approved as amended

B. **Financial Report**

Consider the Acceptance of the Statement of Revenues and Expenditures for nine months ending March 2017.

Received as presented

4. Old Business

5. New Business

A. **DQ Properties, LLC**

Consider approval of contract of Option to Purchase between DQ Properties, LLC and the City of Salem.

Mr. Taliaferro noted that the City has a proposed contract with DQ Properties, which is ServPro on Southside Drive. The City needs a future well site for future water capacity, and the contract before Council is for the Option to Purchase .29 acres from DQ Properties. This is floodway property but does have the potential for a well. The option is a \$500 option, and if the City does a test well and finds water, then we would purchase for \$3,200.

Mr. Martin asked if the exploratory action we are taking is to hopefully find water and then this would add to our backup capacity for water supply. Mr. Taliaferro noted that we are hopeful that we can find one to two million gallons per day.

James Chisom motioned to authorize the City Manager to execute the contract of Option to Purchase between DQ Properties, LLC and the City of Salem. James

Martin seconded the motion.

Ayes: Chisom, Johnson, Jones, Martin

Absent: Foley

B. Live Oak Partners, LLC

Authorize the City Manager the authority to execute a contract between Live Oak Partners, LLC and the City of Salem. (Public hearings for the sale of adjacent parcels known as 3 East Main Street, Salem, and 16 East Clay Street, Salem, (superjacent airspace only, including but not limited to appurtenant easements); Adjacent parcels known as 100 South Broad Street, and 10 West Burwell Street, Salem, (superjacent airspace only, including but not limited to appurtenant easements); and a parcel known as 200 East Clay Street, Salem, (superjacent airspace only, including but not limited to appurtenant easements), as advertised in the July 15, 2016 issue of The Roanoke Times. Public hearing concerning the sale of West Salem Body Shop, 8 West Main Street, Salem, was held on January 9, 2017, as advertised in the December 29, 2016 issue of the Salem Times Register; and The Request for Proposal #2017-014 to receive bids on the development of various City properties, as advertised in January 29, 2017 issue of The Roanoke Times).

Mr. Boggess stated that the request is listed as Live Oak Partners, LLC, and this entity was one of the three respondents to the RFP which was put out in January for the development of the "Body Shop" property and the air rights over the three City parcels. He noted the three parcels are the Farmers Market lot, the Courthouse parking lot, and the parking lot behind Macado's. These are the properties that we held a public hearing on back in July to discuss looking at the option of developing using air rights above those city-owned properties. He further noted that the contract this evening is actually between Salem Body Shop LLC, which is the name of the LLC that will be the ultimate owner of the body shop property. He also noted that we listed all of the properties on the council agenda because this is what the RFP constituted was a request for all of those properties, the only action that staff is asking City Council to address this evening is the proposed contract just for the body shop property. Even though we have a proposal and an interest in the air rights above the Farmers Market, none of that is intended to be addressed in any action by City Council tonight. Staff is simply asking Council to authorize him to execute a contract with Salem Body Shop LLC for the purchase of what is known as the "Body Shop", 8 West Main Street. He noted that Council has a copy of the contract. He stated he would cover a few of the highlights for the audience. The contract is for the purchase of real estate. We held a public hearing back in January and issued an RFP which was out in the public for six weeks. City Council reviewed the three respondents to the RFP, interviewed two of those respondents and ultimately directed staff to negotiate a proposed contract with Live Oak

Partners LLC, now referred to as "Salem Body Shop LLC" being the same individuals, company, partners but just a different LLC. He further noted the contract lays out the basics of the transaction, but it is contingent upon a performance agreement which will spell out more specifically any incentives and other things that are negotiated as we move forward with this project. The sale contract itself identifies the purchase price which is \$160,000. This figure is less than what we would consider market value, but we asking the developer to develop it in a way that we have some control. Further, we have asked them to abide by the Downtown Plan so the reduced sale price is in fact part of the incentives in this deal. Additionally the contract spells out the timeline in which the purchaser would need to construct the renovations. He further discussed the timeline. This is important because the City retains the right to repurchase the property. So should these timelines not be met or the developer not fulfill the terms of this or any performance agreement then the City has the right to repurchase the property at the same price for which we sold it. He noted in Section 10A, the exterior of the building cannot be materially altered without prior written consent of the seller and any changes that are made need to meet the requirements of the Virginia Department of Historic Resources. If they meet those requirements, then it is deemed compliant with this request. In addition, the purchaser shall construct and renovate the structure to provide no fewer than 10 residential units. We expect there to be more but because they are bound by Virginia Department of Historic Resources requirements some may be eliminated due to those requirements. In the space located on the first floor of the building adjacent to Main Street shall only be used for commercial purposes. So the City has discussed with the contract purchaser and expressed the City's desire to see restaurant space put in the building. Obviously, meals tax is a local tax and a portion of our meals tax helps to pay for school debt and capital and there are lots of reasons why we would love to see a restaurant in this location. We cannot insist on this, but we will simply incentivize that and hopefully work with the developer to see this happen. But, regardless, the whole first floor front will be commercial to keep the downtown feel. He again noted that the contract is contingent on the execution of a mutually-agreeable performance agreement between the seller, purchaser, and the City's Economic Development Authority. He noted that unfortunately Mr. Walker, one of the partners in Live Oak, is out of the country and he knows that he wanted to be here this evening. Further, Mr. Cochran, the other partner, is here this evening and available if Council members have questions before they take action on this request.

Mr. Brent Cochran of Live Oak Partners LLC appeared before City Council in support of the request.

Mr. Chisom thanked Mr. Cochran for his and Mr. Walker's interest in our City. He knows with the recent purchase of the Valleydale property and the Peacock Salem building and now their interest in the body shop property, he is excited for what this means to Salem. He has seen the quality of the projects they have done around the

valley and other places, and he knows they do great work and are very civic minded. He applauds them for this and looks forward to this as we move ahead. He noted that he had a couple of questions just for clarification. What is the timeline for the project? Also, could he tell us a little about the apartments, i.e., monthly rent, quality of finish, and general information. Mr. Cochran noted that the timeline would be very dependent upon obtaining building permits, which is essentially throwing the ball back in the City's court. They are ready to move on the project and hope to open it next spring. As far as the number of units, they are required to build 10 as Mr. Boggess noted. They do not really get to choose the numbers. Once they begin the historic process to obtain the historic tax credits, they have to adhere to very strict guidelines, and they have to maintain what is known as the historic fabric of the building. They would like to put more than 10 units because this is what makes the project financially viable, but they will not know until they get to the official design process, which should happen pretty quickly. As far as the commercial options, they would like to put a restaurant in because they have seen it on the Downtown Plan and heard it from other members of Salem that they would like some sort of food and beverage. This is going to be their goal, but it can be difficult to find quality tenants who can operate that type of business. But they do have a good track record of doing this. With regards to the other commercial space, they are open to ideas, and they have already had people reach out to them about the space. With regards to the type of finishes, they do the highest quality that they can in rental units, such as granite countertops, stainless steel appliances, etc. They have to keep the floors that are in the building so those will have beautiful refinished hardwood floors on the upstairs and the ground floor it will be refinished concrete. This is what they have to do as far as the DHR guidelines. With regards to the rent, it will depend on the size of the apartment, but they are hoping to be in the \$10 per square foot rental rate. So it depends on the unit, and they will not know until they test the market as to what the rental rate might be.

Mr. Chisom asked what was the anticipated amount of investment they are planning on making. Mr. Cochran noted that it would be between \$1.5 to 2 million. A lot of this will depend on what type of commercial space they build out, for example, restaurants are much more expensive to build out than an office space.

Mr. Martin asked Mr. Cochran if he expects major changes to the exterior of the building or would they be limited to the historic qualities. Mr. Cochran noted that they are going to clean it up and revamp any of the old facade that they can. There is a great old sign out front, and they would like to redo that. Once again they are completely limited by the DHR guidelines and also limited by what the City requires. But typically they try to clean up the building and refurbish the exterior.

Mr. Martin asked if they would envision sidewalk use, streetscaping, etc. If there is a restaurant, would there be an opportunity for outside dining on the sidewalk? Mr. Cochran noted that they would respectfully request that if they did put in a

restaurant that the City would open up the sidewalk for them and maybe expand it a little bit. In the Downtown Plan, it calls for some parklets or little bumpouts. These could serve multiple purposes, but one purpose is that they could provide patio dining. They would love to see a restaurant here with some patio dining, but again it comes down to finding someone willing to do this as they go through the development process.

Mrs. Johnson asked if he could tell us what their vision is for the air space over the Farmers' Market. Do they know what they want to do with this property or are they still reviewing the ideas and options? Mr. Cochran noted that this is kind far down the path. They were simply responding to the City's request regarding this property. He noted the City's request was for someone to come in and address the needs of the Downtown Plan. They have seen multiple things and one of those things being a hotel component, one of them being more office and retail space, commercial space and more residential living. He noted there could be a building over part or all of that space that would service all of those needs. They are open to all ideas and in general they are interested in the space. He noted that there is a lot of buzz about it as it should be. The Farmers' Market is a beloved space and a beloved entity as it should be. He is glad that all of these people are here this evening because they are probably upset about the potential idea of something happening to the Farmers Market. What they would like to do is enhance the market, if they do anything, and they only want to make it better. But, first, they need to figure if they can feasibly build over it, the financial feasibility of a project, etc. So, as he stated before this is a long way down the path, but they are definitely going to engage the public and work with Council and staff as they continue to explore this. But, they think there is a lot of potential here and believe we could put a beautiful building in this location which could help the City realize the goals of the Downtown Plan. And, they think it could work really well for the entire community.

Vice Mayor Jones noted that Mr. Cochran is involved with the Elite Program. He asked him if he could explain this and how he believes that he can play that into the Salem Farmers Market. Mr. Cochran noted that he founded this non-profit about 8-9 years, and he is still the President of the board. The program is focused on local agricultural in valley so they mostly try to connect the dots between local farmers and market opportunities. They have started and continue to operate a couple of farmers markets in Roanoke City, and they actually have a mobile farmers market on a bus that goes around to the neighborhoods. So he understands farmers markets pretty well as he has put a lot of blood, sweat and tears into this nonprofit. The last thing he would want to do is to ruin another farmers market in the valley, and at the same time if they get into developing something then he understands the functionality of a farmers market. So, if they develop a building, then he can look at it from both perspectives.

Mr. Boggess noted just to clarify things the reason we are talking about the air

space above market is because the property is in the floodway, and we cannot build a building on the surface. So there would never be a building at street level at this location. We are talking about air space because there is a creek that runs under the property and if it floods, then we cannot have a building there. Further, he just wanted to make it clear that there will always be space under the building, and it has to remain open because of the floodway.

Mr. Martin noted that the action before Council in this motion is the real estate transaction for the body shop building only. Mr. Boggess noted that this is correct, only the body shop building. It has nothing to do with the Farmers Market air rights, etc. City Council is being asked to authorize him to execute a contract to sell to the developers the body shop property only.

Mrs. Johnson noted that there is a lot of information that has been going around, and it made her a little sad about some of the comments. She noted that she wanted to share a few thoughts with everyone. Tonight we are reaching a pivotal point in a journey that began a few years ago while our Economic Development Committee members were discussing plans for our East Main Street corridor. The Committee talked about our shared desire for it to look and feel like an extension of downtown and not a mirror image of a more commercial West Main Street. Those discussions resulted in the formation of a larger focus group of business leaders, property owners, and other stakeholders whose mission it was to create our Downtown Plan. With the help from our City Managers, Melinda Payne, Judy Hough, Ben Tripp, Mary Ellen Wines, Mike Stevens, members of our Planning Commission, like Dee King, and others too numerous to mention, the City held a series of public meetings where we received numerous suggestions to place on the wish list. These included more downtown events, more parking, a boutique hotel and more upscale apartment living in downtown just to name a few of the highlights that we learned from all the interviews with the citizens. She thanked everyone who played a part in this process as it did receive the level of attention it so desperately deserved. Visions of beautiful welcoming spaces in our downtown are desirable to many of us. Most importantly part of the visioning process must also include careful financial planning to determine how the property being developed or redeveloped will produce the income needed to justify the expenditure. Its use must also satisfy the need for a return on the investment. She says these things from her own experience and from consulting with people who know more about this than she does about such matters. Pretty but underutilized properties are not what we need in Salem with more than its fair share of tax exempt and empty commercial properties. She is delighted that her fellow Council members also saw the benefit of putting facade grants in place for our downtown Salem businesses. Thank you to the many businesses and property owners who have participated in the program. It is making a huge difference aesthetically and she hopes that it is adding to their respective bottom lines as well. Over the past few years she has heard many suggestions but one recurring theme kept emerging. It kind of went like this - where is Ed Walker when you need him?

Or we need an Ed Walker. Or her personal favorite, who will be our Ed Walker?

Everyone is familiar with the quality and success of Ed's projects so many prayers have gone up for capturing his attention. Then along came this company, Live Oak Partners, and a man named Ed Walker who purchased the long vacant Peacock Salem building and the even longer vacant Valleydale property. About the same time another well respected developer by the name of Faisal Kahn purchased the Ridenhour building. It was really difficult keeping this exciting news to ourselves. Thank you, Mr. Kahn and Live Oak Partners, for seeing the potential these buildings hold and for looking beyond the increasing empty store fronts in our downtown and seeing the potential for something greater there, too. Something that will bring more people to live in and stay in our downtown to support our local businesses. She appreciates the fact that they place a high value on making the most of a building's historic features and that they are willing to engage the public in the process of developing the properties they invest in. She just wanted to say thank you to all those who have been involved in this process.

Mr. Yost noted if Council is inclined to approve the sale of the West Salem Body Shop property, he thinks the motion should simply be that Council approves the sale of the property to Salem Body Shop LLC in accordance with the draft sales contract that Mr. Boggess discussed which is dated April 19, 2017, and that the City Manager and City Attorney are authorized to make non-material amendments to the final draft of the agreement and that the City Manager be authorized to sign this final contract on behalf of the City.

James Chisom motioned to approve the sale of the property known as West Salem Body Shop located at 8 West Main Street to Salem Body Shop LLC in accordance with the draft sales contract dated April 19, 2017, and the City Manager and City Attorney are authorized to make non-material amendments to the final draft of the agreement and the City Manager is hereby authorized to sign the final contract on behalf of the City. Jane Johnson seconded the motion.

Ayes: Chisom, Johnson, Jones, Martin

Absent: Foley

C. East Main Street UDA

Hold a public hearing and consider adoption of resolution 1312 for recommendation regarding The East Main Street Urban Development Area (UDA) plan and for amending the Comprehensive Plan for the City of Salem reflecting the addition. (As advertised in the March 9, and 16, 2017, issues of the Salem Times Register - Item continued from the March 27, 2017 meeting.) Recommend approval with no conditions - see page 1, Planning Commission minutes.) **STAFF REPORT**

Benjamin Tripp, City Planner, appeared before City Council explaining the request.

He noted the item before Council is a resolution to adopt the East Main Street Urban Development Area (UDA) concept and for amending "The Comprehensive Plan for the City of Salem" to reflect the addition. As Council may recall, the City has three UDAs; i.e. downtown, Apperson Drive and East Main Street. UDAs are areas where we expect growth, have infrastructure needs, and wish to direct our state transportation dollars to address those needs. Much of this is grant driven and smart scale driven, and he is sure that Council is familiar with both of those. In the case of East Main Street, the concept includes mixed use development, a greenway and multi-modal elements to compliment the VDOT road design. He noted that he would be happy to answer any questions.

Vice Mayor Jones opened the public hearing and asked if anyone would like to speak regarding this matter. He noted that we would be using the timer which allows about four minutes to speak.

Carrie Cox of 227 Academy Street appeared before the Council. She noted that she wanted to express her approval for this plan. She and her family went to the meeting held regarding the plan and the effort that went into this was really impressive. She is really excited to see it move forward. She thanked Ben Tripp and everyone who was involved in the plan and noted that she hopes that Council will pass this.

Mr. Martin noted that he wanted to share his appreciation for the methodology he believes that our Planning and Economic Development staff all sort of worked through on this project. This East Main Street area designation is following a similar process that we have gone through with our Downtown Plan and then also working with developers for these City properties, etc. For all those in the audience tonight, this is a common thread of how the City is trying to do business, trying to be very open and transparent about what is going on. He noted that everyone will hopefully see good things to come on East Main Street as the years go on along the same lines as what we are seeing elsewhere in Salem. He thanked Ben and the rest of staff for their work on this project.

Mrs. Johnson noted that she also wanted to congratulate Ben. Forming this UDA really put us a step ahead in the bigger picture. There is so much competition for the local dollars to go to projects and this helped the City to get in line to do the things that we want to do. She also commended staff on their relationship with the Virginia Department of Transportation and getting things done. It is much appreciated by City Council.

Vice Mayor Jones also thanked Mr. Tripp. He noted that the East Main Street project has been going on for quite a long time, and hopefully we will see some realization in the years to come. Mr. Tripp noted that everyone is excited, and it has really been a team effort. He noted that he would especially like to thank the

VDOT staff. They have done so much to help with this project and the grant funding.

Mr. Martin noted that as part of the plan we will have two way traffic with a turn lane in the middle and sidewalk development all the way down this part of Main Street. Is this kind of the vision? Mr. Tripp noted essentially that is similar to the concept. Mr. Martin noted that we think it will be about a year with the engineering design work and then about a year for the construction. Mr. Tripp noted that most of the engineering is done and is partially funded from Thompson Memorial to Brand Avenue, and he believes that the date to start is late in 2018.

Vice Mayor Jones asked if anyone else would like to speak. There was no response and the public hearing was closed.

Jane Johnson motioned to adopt Resolution 1312 regarding The East Main Street Urban Development Area (UDA) plan and for amending the Comprehensive Plan for the City of Salem reflecting the addition. James Martin seconded the motion.

Ayes: Chisom, Johnson, Jones, Martin

Absent: Foley

D. Presentation of Annual Budget for 2017-2018

Hold a public hearing on the proposed annual budget for fiscal year 2017 - 2017. A summary for the proposed budget was advertised in the Salem Times Register on April 13, 2017.

Vice Mayor Jones noted that this is a public hearing.

Mr. Boggess noted that the budget was presented to City Council and Council held a work session on the proposed budget. The budget is \$179 million. He asked Mrs. Jordan if she would like to hit the highlights.

Mrs. Jordan noted that the budget was presented to City Council on March 2. We held a work session on April 10, and this evening we are holding a public hearing on the proposed budget as well as the first reading of the ordinance. We will have the second reading and the adoption and appropriation is scheduled for May 8, our next Council meeting. Any changes that have come about since the budget was presented to Council staff is currently accumulating those and other changes that need to go into the budget need to come to city staff prior to that time and then Finance will give Council an updated figure prior to adoption on May 8. She further noted she would be glad to elaborate on any highlights.

Vice Mayor asked if anyone would like to speak on behalf of the budget. There

being no response the public hearing was closed. He asked if Council had any questions for Mrs. Jordan, and there were no questions.

E. Budget Ordinance

Consider on first reading the ordinance to appropriate funds for the fiscal year 2017 - 2018 budget. **Audit - Finance Committee**

Jane Johnson motioned to approve the ordinance on first reading to appropriate funds for the fiscal year 2017 - 2018 budget. James Chisom seconded the motion.

Ayes: Chisom, Johnson, Jones, Martin

Absent: Foley

F. Virginia Municipal League Insurance Programs Grant

Consider request to accept and appropriate VML Insurance Programs (VMLIP) grant. **Audit - Finance Committee**

Mr. Martin noted that VML Insurance Programs provide risk management grants to localities each year to help support risk management activities. The City of Salem Water Department was awarded a grant of \$4,000 to be used to purchase safety equipment used in confined spaces. The grant does not require a match. The Audit Finance Committee reviewed and recommends to accept and appropriate the VML Insurance Programs (VMLIP) grant.

James Martin motioned to accept and appropriate VML Insurance Programs (VMLIP) grant in the amount of \$4,000. Jane Johnson seconded the motion.

Ayes: Chisom, Johnson, Jones, Martin

Absent: Foley

G. School Capital Project Fund Budget - March

Consider request to amend School Capital Projects Fund budget as approved by the School Board on March 28, 2017. **Audit - Finance Committee**

Mr. Martin noted the School Board, at their meeting on March 28, 2017, amended the School Capital Projects Fund. The Board approved a budget amendment of \$30,345 as an additional appropriation. These funds come from capital reserve balance for the schools. The Committee reviewed the request and recommends approval to amend the School Capital Projects Fund budget with the additional appropriation of \$30,345. He further noted that this item is specifically related to the East Salem Elementary School parking lot redesign project.

Mrs. Jordan noted that the purpose of the project is to separate the parents dropping off students from the school bus traffic. She believes that it takes the bus traffic behind the school for a loop. This will enhance the safety for buses, children and parents who are dropping off their children.

James Martin motioned to amend School Capital Projects Fund budget in the amount of \$30,645 as approved by the School Board on March 28, 2017. James Chisom seconded the motion.

Ayes: Chisom, Johnson, Jones, Martin

Absent: Foley

H. School Capital Project Fund Budget - April

Consider request to amend School Capital Projects Fund budget as approved by the School Board on April 11, 2017. **Audit - Finance Committee**

Mr. Martin noted the School Board, at their meeting on April 11, 2017, amended the School Capital Projects Fund. The Board approved a budget amendment of \$80,000 as an additional appropriation. These funds come from capital reserve balance for the schools. The Committee reviewed the request to approve the School Board's appropriation of \$80,000 to the capital project account. He noted that this project is also related to East Salem Elementary with a compressor which is related to the water chiller.

Mr. VanAllman noted that there are currently two chillers at the school. One is currently not operational, and this purchase is for a replacement to have installed in case the other compressor fails. This is basically a fall back to have in place to have two working chillers.

James Martin motioned to amend School Capital Projects Fund budget in the amount of \$80,000 as approved by the School Board on April 11, 2017. James Chisom seconded the motion.

Ayes: Chisom, Johnson, Jones, Martin

Absent: Foley

I. VDOT Revenue Sharing Grant

Consider request to accept and appropriate the VDOT Revenue Sharing Grant for College Avenue. **Audit - Finance Committee**

Mr. Martin stated the City of Salem has been awarded \$500,500 for a Revenue Sharing Project on East Main Street and College Avenue that extends from Clay Street to Thompson Memorial Boulevard. This grant will replace and widen

sidewalks, as well as improve crosswalks. The Virginia Department of Transportation (VDOT) will administer this grant. This grant requires a local match of \$500,500. The local match of \$500,000 was included in the borrowing that closed on June 21, 2016. The additional \$500 needed will be funded by the operating budget in Community Development. The Committee reviewed the request and recommends accepting and appropriating the VDOT Revenue Sharing Grant for College Avenue. He asked Mr. VanAllman if this has to do with downtown improvements.

Mr. VanAllman noted that this was correct. He stated this will be our first downtown project. The project will be a little over \$1 million in engineering design and actual work. There will be pedestrian path improvements, signs, lamp posts, and visible improvements to enhance the walkability and look of downtown. It is basically centered on the intersection of College Avenue and Main Street and extends back to Clay Street and approximately Thompson Memorial Drive. This will be the first of many projects going forward. We expect to start construction in the spring of 2018.

Mr. Martin noted these kinds of projects are nice to have based on our relationship with VDOT. He knows this does not happen overnight, and he appreciates all the work that staff has done to put the City in a position for this kind of grant funding. This is huge for the City of Salem.

James Martin motioned to accept and appropriate the VDOT Revenue Sharing Grant for College Avenue. Jane Johnson seconded the motion.

Ayes: Chisom, Johnson, Jones, Martin

Absent: Foley

J. Allocation of Funds

Consider adoption of resolution 1316 granting the City Manager the authority to allocate funds for VDOT/locality projects.

Mr. Boggess noted that this resolution will give the City Manager the authority to change or move money from one allocation to another specifically for VDOT projects. For instance, the VDOT project on Apperson Drive is one of those projects that has been out there for a while and has received partial funding over the years, but because it is no where near funding and in some cases we will take funds from one project and move it to another project so that we can start the other project earlier. He noted if Council approves the resolution this evening then essentially this will allow him to move the money and then the request will come from Audit Finance to report any time he takes an action like this. He further explained the request and noted that it will help to speed up the process by not having to wait for

City Council to review it at a Council meeting, etc.

Mr. Martin noted that he is personally in favor of this as he knows that two weeks can be a long period of time for a construction project and then managing state contracts as well so he thinks this will provide a little more flexibility to the City Manager.

James Martin motioned to adopt resolution 1316 granting the City Manager the authority to allocate funds for VDOT/locality projects. James Chisom seconded the motion.

Ayes: Chisom, Johnson, Jones, Martin

Absent: Foley

K. Deed of Easement

Consider granting Deed of Easement between the Roanoke Valley Broadband Authority and the City of Salem at 1971 Apperson Drive for the construction of and operation of certain telecommunications facilities.

Mr. Taliaferro noted that the regional broadband authority is working to expand the network, and they need to install equipment in various places throughout the network. This area is on Cook Drive adjacent to Apperson Drive and is just beside the sign for the industrial park. They would like to acquire an easement to have equipment at this location, and the request before Council is to approve the easement to the Roanoke Valley Broadband Authority.

Mr. Boggess stated on this particular item that he serves as the Chairman of the Roanoke Valley Broadband Authority. In terms of the City questions, Mr. Taliaferro will handle those, but if there are questions for the Broadband Authority, he will be happy to answer those. He mentioned on the actual easement that he is the signee for the Broadband Authority and Mayor Foley is the signee for the City of Salem.

Mr. Taliaferro noted that staff has reviewed the request and the only potential issue noted was the future greenway shown on the drawing; however, Mr. VanAllman has reviewed this and does not see an issue with the easement.

Mr. Martin noted that this is great to see the City continuing our leadership in the Broadband Authority, and he thinks anything we can do to continue this organization with all the efforts they are putting forward to enhance connectivity to those that do not have it and give people alternatives to broadband access is critical to businesses and people. He is thrilled to continue the leadership in the broadband area.

James Martin motioned to grant a Deed of Easement between the Roanoke Valley

Broadband Authority and the City of Salem at 1971 Apperson Drive for the construction of and operation of certain telecommunications facilities. Jane Johnson seconded the motion.

Ayes: Chisom, Johnson, Jones, Martin

Absent: Foley

L. Presentation of Salem School Division Budget

Receive presentation from the Chairman of the Salem School Board regarding the 2017-2018 budget pursuant to Section 8.5 of the 1950 Code of Virginia, as amended.

Supplemental Item

David Preston of 1511 Ashley Drive, Salem School Board Chair, appeared before the Council. He noted he is pleased to report that thanks in large part to the support of this community, City Council, and the Salem City School Board, the Salem City School Division remains one of the best school divisions in the Commonwealth.

And due to good stewardship of resources, we continue to deliver excellence for less per pupil than the average expenditure. On behalf of the school board, he takes this opportunity to personally thank City Council and the City Administration for the polite, collaborative, and productive manner in which we have faced the significant challenge of the great recession and the slow rate of recovery in our region. Not only have we worked together for the sake of the children and families that we serve, we have identified opportunities in the midst of the challenges and continue to improve the organization. As leaders it is important for us to remember and celebrate that both the challenges we have met and the opportunities we have seized are owed to the remarkable employees who serve the City and its children. For this reason, he is pleased to report the Board's adopted balanced budget that he is presenting includes a modest raise for the employees. He is here this evening to present the 2017-18 budget for the Salem City School Division, and he discussed the highlights of the proposed budget.

Mr. Martin noted through the past difficult economic times we have deferred maintenance on things and he believes that we are now getting to the point where we are trying to replace some school buses, etc. Is this part of the plan going forward to purchase new equipment and school buses?

Dr. Alan Seibert of 2435 Tyler Way, Salem City School Superintendent, appeared before City Council. He noted during the recession they pulled furniture, buses, and other things out of operation and began asking City Council to appropriate this from their fund balance. Their goal has been to get those things back into the operations budget. They are pleased to have two school buses in the proposed budget. They have also continued to do the significant capital projects such as the chiller issue at

East Salem Elementary. He further discussed this project and the parking lot redesign project for the same school.

There was additional discussion regarding maintenance issues for the school system.

Presentation received as presented.

James Martin motioned to officially receive the proposed 2017-18 budget for the Salem City School Division. Jane Johnson seconded the motion.

Ayes: Chisom, Johnson, Jones, Martin

Absent: Foley

6. Adjournment

The meeting was adjourned at 8:51 p.m.

**Audit Finance Committee, Monday, April 24, 2017, 8:00 a.m., City Manager's
Conference Room**

Work Session, Monday, April 24, 2017, 6:30 p.m., City Manager's Conference Room