

Galax City Council
Minutes
December 11, 2017

Galax City Council convened in regular session in City Council Chambers on December 11, 2017 at 7:30 pm.

At 7:30 p.m. Mayor Mitchell called the meeting to order with the following Council persons present and they are as listed: Mayor Mitchell, Vice Mayor Greene, Councilman Garner, Councilwoman Crouse, and Councilman Davis. Councilwoman Plichta was absent.

Councilman Helmick prayed the opening prayer and led the Pledge of Allegiance.

Vice Mayor Greene made the motion to approve the minutes of the regular meeting on November 27, 2017. Councilman Davis seconded the motion, and it was unanimously approved by the following votes: Mayor Mitchell, Vice Mayor Greene, Councilman Garner, Councilwoman Crouse, Councilman Davis, and Councilman Helmick.

Mayor Mitchell announced this was the date advertised for a Public Hearing to consider amendments to the FY2018 Budget. Mayor Mitchell explained that grants that were received, as well as loans for the football field, needed to be included in the FY2018 Budget. As the overall change represented more than 1% of the total budget, a public hearing was necessary. Judy Taylor-Gallimore, Finance Director was present to answer any questions Council may have had. Ms. Taylor-Gallimore explained the budget amendment was to allow for the recognition of a balanced \$1.9M in revenues and expenditures. Mayor Mitchell noted that the need for the public hearing was essentially a bookkeeping exercise. The total amount reflected funding for the Galax Fire Department, Galax Police Department, Galax Carroll Grayson Animal Shelter and various grants. The money reflected on the budget amendment for the Galax school system raised comments by Councilman Helmick. He said his concern was with the proposed \$500,000 budget amendment for the football field since he did not vote on the loan due to it being a conflict of interest for him. Councilman Helmick further stated that Galax Schools Superintendent Bill Sturgill told Council that the school had the money to pay for the field and now we are approving a loan for \$500,000. Councilman Helmick stated that our superintendent was keen on making concessions and he would like to make a concession of the exchange of that \$500,000 loan for the land purchase (referring to the land the school purchased off of Fries Road to build a new elementary school) that had benefited a selected few individuals. He said in his opinion, this was a terrible investment on the school's part that the City could no longer collect taxes on. Mayor Mitchell stated he was unclear on what Councilman Helmick was saying because Council was not approving any additional funds since this was an accounting exercise. Ms. Taylor-Gallimore further explained we closed on the loan before June 30th – ending the previous fiscal year. Councilman Garner added that he didn't want to re-litigate the argument. He re-stated that the City handled the loan because, while the school system had enough money to cover the football field's full cost of \$879,000 in a capital account, doing so would have left the account depleted in case of any emergencies. Therefore, the City elected to cover \$500,000 of the new football field instead by taking out a loan for it, which the school system was legally unable to do. Councilman Garner closed by saying that Council thought it would be better for the City, and for everyone. The school system would be required to pay the loan back to the City over a five year period.

Councilman Davis made the motion to approve the FY2018 budget amendment. Councilman Garner seconded the motion and it was approved by the following votes: Mayor Mitchell, Vice Mayor Greene, Councilman Garner, Councilwoman Crouse, and Councilman Davis. Councilman Helmick was opposed.

Mayor Mitchell announced an open Advisory Board appointment with the Galax Dept. of Social Services. Dr. Eugenia Larrowe served on the Galax DSS Advisory Board, but resigned due to relocating outside of the area. At Councils' request, the open appointment was advertised and received letters of interest was received from two individuals; Ms. Edit A. Mar Castillo and Ms. Michelle Zipprich. Both letters were given to Council for review. The term for this appointment would be from now through November 2020. Mayor Mitchell requested to add a closed session under (Employment – 2.2-3711.A.1 of the Code of Virginia) at the end of the meeting to discuss the DSS Advisory Board appointment letters of interest further.

Keith Barker informed Council of consideration of a resolution outlining possible/recommended parking changes in the downtown area. A map was included for Council along with a basic list of the streets and an example of a parking sign. The intent would be to maintain the 4-hour parking limit we currently have, but recognize issues that some store owners have faced with individuals that simply move a car up or back a space to remain in compliance with the 4-hour parking limit. The changes would require a vehicle to actually be moved from that block or parking lot every 4 hours, M-F 8AM to 5PM. The recommended fine for this violation would be \$25, a change from the current \$5 fine. Mr. Barker said the recommendation that we no longer charge for all day parking permits for the parking lots in the downtown area, and limit the total permits provided to 36 to 40 total on a first come first serve basis with no more than 2 per business or building owner. This figure was based on sales of permits in the past. If the permits are not requested, we could offer them individually to businesses that request more than 2. The permits would only be good for the parking lots delineated as Parking Lots 1, 2 and 3 on a map that would be provided with the permits. The map would show where the permit allows them to park all day. After a brief discussion between Councilman Garner and Mr. Barker of whether to continue charging for the permits or not, Councilman Helmick made the motion to offer the permits at no cost under the guide lines recommended by Mr. Barker. Vice Mayor Greene seconded the motion and it was unanimously approved by the following votes: Mayor Mitchell, Vice Mayor Greene, Councilman Garner, Councilwoman Crouse, Councilman Davis, and Councilman Helmick. Councilman Garner made the motion to approve the Parking Resolution. Councilwoman Crouse seconded the motion and it was unanimously approved by the following votes: Mayor Mitchell, Vice Mayor Greene, Councilman Garner, Councilwoman Crouse, Councilman Davis, and Councilman Helmick.

Doug Hudgins with CHA was present to go over our WWTP project bids. The City applied for funding approximately 2 years ago and secured an \$8.6M loan from DEQ/VRA based on the preliminary engineering review estimate. When we started the review, the PER costs were based on high and medium priority items only. All low priority, and a number of medium priority items, were removed prior to applying for the loan and putting the project out to bid.

Rates were adopted at the June 2017 meeting based on the proposed loan and project costs. The City recently bid the project and the overall bids were \$1.6M higher (\$8.6M estimate vs. \$10.2M total bids) than the estimate. Contractors were loaded with work at this time and competition on our project was very limited. It is felt the overall bidding environment has changed in that multiple projects are available for contractors to choose from, so prices increased. Mr. Hudgins explained the concern in rebidding the project was that we would actually see an increase in prices for the same or reduced scope of work.

Mr. Barker said a conference call with DEQ was made to discuss options for the project. We requested additional principle forgiveness on the project, however DEQ would not offer anything more than the current \$600,000 we have been allotted. They had offered to provide additional loan funds to equal the bids we received, however they would not extend the loan term beyond the 20 years currently being offered. Their reasoning was that our median household income was not low enough, and our rates were not high enough, to warrant additional time on the loan. Per DEQ, with an average 4,000 gallons per month usage, our adopted rate of \$19 per month was approximately the second or third lowest in the state (*Current rate \$29 for 6,000 gallons per cycle, or \$14.50 per month with \$4.50 for an additional 1000 gallons = \$19 per month*). Other localities had rates from the mid \$30's to low \$50's for the same usage. DEQ also calculated that our minimum rate would need to increase approximately \$3 on both water and sewer to meet the new debt service, still keeping our rates as some of the lowest in the state. An average bi-monthly utility bill would be \$64 vs. the current \$58 to meet the new debt service without any changes to the project. Based on the 4,000 gallons per month model DEQ uses, our effective rate would be \$20.50 (*\$32 for 6,000 gallons per cycle, or \$16 per month with \$4.50 for an additional 1000 gallons = \$20.50 per month*). Mr. Barker noted that Staff were working with the engineering firm to see what items might be removed from the current project with the idea of not requiring another rate increase, however we do not feel that may be reasonable or possible. He explained while we may be able to remove some items from the project, those items would still need to be repaired in the upcoming years and the costs may be more due to inflation or increased costs as a stand-alone project. Mr. Barker explained if Council elected to proceed with an increase in the minimum rate, the new rate would need to be adopted prior to a DEQ/VRA loan closing, however it would not have to be collected until the project was completed. This would mean Council would adopt a revised rate in January 2018 but delay charging the new rate until closer to completion of construction, approximately 24 to 30 months out in July 2020. This would allow residents and businesses to better plan for the increase in July 2020. Council was asked by Mr. Barker to give guidance on how they wished staff to proceed. He explained while we could work to identify possible reductions in the scope of work, it was unlikely we could recover all \$1.6M in the bid increase without significantly impacting the objective of the project and potentially jeopardizing DEQ's approval for the VRA loan. Councilman Helmick asked to put into layman's terms why the project is needed. Mr. Barker said equipment that needed to be updated or replaced included motors, valves, and lines. If we had to go through and replace one thing at a time, it would end up costing us 130-140 percent more. Councilwoman Crouse asked how long it had been since an update was last done. Mr. Barker said 1988 was the last major update. Mr. Hudgins remarked that it was a testament to the City staff that they've been able to keep the Galax Waste Water Treatment Plant up and running as long as they have. Councilman Helmick made the motion to proceed to a public hearing on January 11th, to consider the adoption of an ordinance modifying drinking water and sewer fees to help pay for the Galax Waste Water Plant upgrades. Councilman Davis seconded the motion and it was unanimously approved by the following votes: Mayor Mitchell, Vice Mayor Greene, Councilman Garner, Councilwoman Crouse, Councilman Davis, and Councilman Helmick.

Keith Barker gave a funding update on the Galax Elementary School Project. He explained that the USDA had indicated that loan funds were available through their national office and we had been approved for the loan for the GES Project. He said we must still work through additional paperwork and hope to complete that by the middle to end of February 2018.

A copy of the proposed funding calendar was given to Council. Mr. Barker said while we were working on the additional paperwork for USDA, we would begin the process to seek a bridge loan that would serve as the working funds during the construction of the project. Once the project was complete, the USDA funds would then pay the bridge loan and serve as the mortgage for the loan. Mr. Barker closed by saying that Davenport would begin the process of soliciting banks for the bridge loan and our bond attorney would prepare documents for public hearings in February 2018.

Mayor Mitchell informed Council that Mr. Corbin Stone, Managing Director of the Blacksburg Office of Robinson of Robinson Farmer Cox will be at the January 8 or January 22, 2018 meeting to present the FY2017 Audit Report and to discuss the specifics of the report. A copy was given to Council prior to the meeting.

With no further public comments, Mayor Mitchell thanked all visitors who attended the meeting and accepted a motion made by Councilwoman Crouse at 8:55 p.m. to enter into closed session under the following Code of Virginia:

Employment - § 2.2-3711.A.1 of the *Code of Virginia* - Discussion, consideration, or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body.

Councilman Davis seconded the motion and it was unanimously approved by the following votes: Mayor Mitchell, Vice Mayor Greene, Councilman Garner, Councilwoman Crouse, Councilman Davis, and Councilman Helmick.

At 9:18 p.m. Council reconvened in open session. Mayor Mitchell certified that no items other than those allowed under the cited Virginia code section were discussed and no action was taken, with the following affirmation: Mayor Mitchell, Vice Mayor Greene, Councilman Garner, Councilwoman Crouse, Councilman Davis, and Councilman Helmick.

Councilman Helmick made a motion to appoint Ms. Edit A. Mar Castillo to the DSS Advisory Board. Vice Mayor Greene seconded the motion and unanimously approved by the following votes: Mayor Mitchell, Vice Mayor Greene, Councilman Garner, Councilwoman Crouse, Councilman Davis, and Councilman Helmick.

ADJOURNMENT at 9:20 p.m.



Mayor



Clerk