

Galax City Council
Minutes
January 8, 2018

Galax City Council convened in regular session in City Council Chambers on January 8, 2018 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, Councilwoman Plichta, Councilman Davis, and Councilman Helmick.

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

Councilwoman Crouse made the motion to approve the minutes of the regular meeting on December 11, 2017. Councilman Garner seconded the motion, and it was unanimously approved by the following votes: Mayor Mitchell, Vice Mayor Greene, Councilman Garner, Councilwoman Crouse, Councilwoman Plichta, Councilman Davis, and Councilman Helmick.

Mayor Mitchell announced this was the date advertised for a public hearing to consider amendments to the Water/Sewer Rate Ordinance to accommodate the proposed work at the Galax Waste Water Treatment Plant. Mayor Mitchell opened the floor for public comments. Keith Barker explained that we had applied for funding approximately 2 years ago and secured an \$8.6M loan from DEQ/VRA based on the preliminary engineering review estimate. He said 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. Mr. Barker said rates were adopted at the June 2017 meeting based on the proposed loan and project costs. He said after recently bidding the project, the overall bids were \$1.6M higher (\$8.6M estimate vs. \$10.2M total bids) than the estimate. Contractors said they were loaded with work at this time and competition on our project was very limited. It was felt the overall bidding environment had changed in that multiple projects were available for contractors to choose from, so prices had increased. Mr. Barker said 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 explained we had a conference call with DEQ to discuss options for the project. 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 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 said it was discussed at the December 22, 2017 meeting, that the City 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. He closed by saying 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, but it would not have to be collected until the project was completed. This would mean Council could consider and 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, which would allow residents and businesses to better plan for the increase in July 2020. With no further comments, Mayor Mitchell declared the public hearing closed. Councilman Garner made the motion to approve the rate revisions. Councilman Davis seconded the motion and it was unanimously approved by the following votes: Mayor Mitchell, Vice Mayor Greene, Councilman Garner, Councilwoman Crouse, Councilwoman Plichta, Councilman Davis, and Councilman Helmick.

Keith Barker addressed Council regarding a General Obligation Bond for Wastewater/Water Projects. Mr. Barker explained that in order to complete the loan package, we must reconsider the original General Obligation Bond amount since it would increase from \$8.6M to \$10.25M. He said our attorney had written the bond/ordinance for \$10.5M, however the loan was only expected to be at the bid amount of \$10.25M. Mr. Barker closed by saying that Council was not required to take action at this meeting but would consider approval of the bond/ordinance during the January 22, 2018 meeting after DEQ/VRA had approved the new loan amount.

Susan Clark, DSS Director, was present to discuss the CSA budget and what we envision as a cost overrun in this budget category which would create the need for a budget amendment. Ms. Clark spoke of general information regarding the program and costs over the last few years. Due to an increase of foster care cases and costs, Ms. Clark said it did not appear our current budget amount of \$87,578 was sufficient for FY2018. She said while this budget amount had been sufficient for well over 10 years, an increase in cases over the last year had driven costs to an estimated \$50,000 more than budgeted. She added that it was possible that the costs would decrease with children aging out of services or moving back in with families. Mr. Barker explained that Staff had reviewed the current budget and would recommend we move funds from the following line items to the CSA line item.

Account Number	Category	FY2018 Budget	FY2018 Prop. Amended	Change
3302-3840	PAYMENTS TO JUVENILE DETENTION CENTER	\$ 125,000.00	\$ 100,000.00	\$ (25,000.00)
9102-5680	ECONOMIC DEVELOPMENT INCENTIVES	\$ 50,000.00	\$ 25,000.00	\$ (25,000.00)
4530-5660	COMPREHENSIVE SERVICES - DSS	\$ 87,858.00	\$ 137,858.00	\$ 50,000.00

Mr. Barker said we currently had no agreements in place with companies regarding economic development incentives, however if an agreement was developed we had typically run those on a performance based program where they were paid after 1 year in business. Payments to the juvenile detention center were lower than expected this year, however this could increase with an increase in detentions.

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

Keith Barker informed Council that US Cellular had made a request to co-locate cell phone equipment on a light pole that served the football field at Galax High School. He said as the property was listed with the City being the owner, the request was coming to us. The school was aware we are negotiating this lease. The request was not for typical cell tower equipment, but was a small series of antenna arrays that would transfer calls between towers, plus a small amount of ground space. A proposed lease rate of \$300 per month had been offered. Mr. Barker said he had asked for comparable leases to compare costs, however to date he had not received anything from US Cellular. He had also asked for a concession from US Cellular to allow co-location of equipment from the City or another of our affiliated entities (Wired Road) on other towers in the City (or on City owned property) for the lease period at no cost. He said as of that date, the attorneys from US Cellular had not agreed to this request. Mr. Barker said while our current leases for City owned property had a statement allowing the City to co-locate on these towers at no cost, US Cellular did not consider an affiliate such as Wired Road to be a City entity. US Cellular also did not want to cross leases provisions between documents and separate towers. He explained to also be aware that the Planning Commission was reviewing the current cell tower ordinance with the intent of adding language that would allow the City or our affiliated entities to co-locate on cell towers constructed within the City, or on City owned property, at no costs.

Mayor Mitchell announced Mount Rogers Planning District Commission had made notification that it was the City's turn to appoint a Minority Appointee to the MRPDC. He said this appointment rotates among the member jurisdictions. He said Council may elect to advertise this appointment or recruit someone from the community. The appointee must be a Galax resident to be considered. After a brief discussion, the consensus was to hold over until the January 22 meeting. This would allow Council members to talk with prospective appointees.

Keith Barker informed Council of a vacant appointment to the Board of Zoning Appeals. He explained that Mr. David Stone, a member of the BZA, recently passed away. With Council's permission, he said we would advertise for citizens interested in the appointment. He said that Council would not directly make that appointment, but would make a recommendation to the Court for consideration. He said the appointment would run through June 30, 2020. The appointee must be a Galax resident to be considered. The consensus was to advertise the vacancy.

Keith Barker informed Council that Delegate James W. (Will) Morefield had asked localities in SWVa to consider adopting a resolution of support for HB222. He explained generally the bill was intended to spur economic growth in SWVa by offering tax incentives for a company relocation to Virginia to areas called out in the bill or an expansion of an existing company meeting the thresholds called out in the bill. The bill was to direct company relocations or expansion in SWVa and includes 15 localities in SWVa plus Petersburg, VA. He said with an investment of \$5M and hiring of 10 employees, or hiring of 50 employees with less than \$5M in investment, a company would qualify for state tax incentives. Incentives would include no corporate income tax for a period of 10 years and no state withholding tax for a period of 10 years for the new employees of that company if they reside in one of the approved localities. The bill did include Galax but did not include Carroll County. He said at our request, the bill was modified to also include adjoining

localities that as of January 1, 2018, have jointly owned property with a designated locality and a revenue sharing agreement in place. This would make the Wildwood Commerce Park eligible for these incentives. This bill would be before committee prior to the January 22 Council meeting so Del. Morefield had asked the member localities to consider a resolution at this time. Councilwoman Crouse made the motion to approve HB222. Councilman Davis seconded the motion and it was unanimously approved by the following votes: Mayor Mitchell, Vice Mayor Greene, Councilman Garner, Councilwoman Crouse, Councilwoman Plichta, Councilman Davis, and Councilman Helmick.

Keith Barker informed Council as part of the Bottom Area Eastview Phase we must adopt the following documents.

- Local Business (Section 3) Employment Plan
- Non-Discrimination Plan
- Anti-Displacement Plan
- Fair Housing Certification
- Section 504 Grievance Policy

Mr. Barker said these documents were standard plans and policies that were required by HUD as part of the project. He said they had been adopted in the past for other DHCD CDBG projects such as the Bottom Area Phase I. Councilwoman Plichta made the motion to adopt all of the plans and policies. Vice Mayor Greene seconded the motion and it was unanimously approved by the following votes: Mayor Mitchell, Vice Mayor Greene, Councilman Garner, Councilwoman Crouse, Councilwoman Plichta, Councilman Davis, and Councilman Helmick.

Keith Barker informed Council that they were asked to set February 12, 2018 as the date for a public hearing to consider the bond for the interim financing of the GES project. He said at that meeting, Davenport would be in attendance to present the loan offers that had been solicited and received. Councilwoman Crouse made the motion to set February 12, 2018 for the public hearing. Councilwoman Plichta seconded the motion and it was unanimously approved by the following votes: Mayor Mitchell, Vice Mayor Greene, Councilman Garner, Councilwoman Crouse, Councilwoman Plichta, Councilman Davis, and Councilman Helmick.

Keith Barker asked Council to approve the following calendars for 2018:

- **2018 Festivals and Street Closures**
- **2018 City Council Meeting Calendar** – Keith Barker commented that depending on the VML Conference meeting, we may elect to move the October 8 meeting date as needed. He said he did not include the Monday immediately after Thanksgiving or Monday December 24 (Christmas Eve) as we typically do not meet then. He noted we could still call a meeting during those months if necessary.
- **2018 Holidays & Sanitation Calendar** – Keith Barker noted that we would mail this to customers in an upcoming water bill and would include it on our website calendar. He said we had amended the brush cleanup to be a 2 week period beginning no earlier than November 12, but a final date would be dependent on existing conditions. The City would do Nixel alerts and an advertisement as necessary.

Vice Mayor Greene made the motion to approve the 2018 calendars. Councilwoman Plichta seconded the motion and it was unanimously approved by the following votes: Mayor Mitchell, Vice Mayor Greene, Councilman Garner, Councilwoman Crouse, Councilwoman Plichta, Councilman Davis, and Councilman Helmick.

With no further public comments, Mayor Mitchell accepted a motion made by Councilwoman Crouse at 8:40 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.

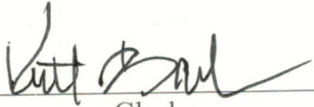
Councilman Davis seconded the motion and it was unanimously approved by the following votes: Mayor Mitchell, Vice Mayor Greene, Councilman Garner, Councilwoman Crouse, Councilwoman Plichta, Councilman Davis, and Councilman Helmick.

At 8:51 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, Councilwoman Plichta, Councilman Davis, and Councilman Helmick.

ADJOURNMENT at 8:51 p.m.



Mayor



Clerk

