

AGENDA--CITY COUNCIL -- CITY OF MARTINSVILLE, VIRGINIA  
Council Chambers – Municipal Building  
**7:00 pm Closed Session      7:30 pm Regular Session**  
**Tuesday, April 26, 2016**

**7:00 pm --Closed Session**

1. Items to be considered in Closed Session, in accordance with the Code of Virginia, Title 2.2, Chapter 37—Freedom of Information Act, Section 2.2-3711(A)—Closed Meetings, the following:
  - a. Appointments to Boards and Commissions as authorized by Subsection 1.
  - b. Consultation with legal counsel and briefings by staff members, attorneys or consultants pertaining to actual or probable litigation, or other specific legal matters requiring the provision of legal advice by such counsel, as authorized by Subsection 7

**7:30—Regular Session**

Invocation & Pledge to the American Flag- Council Member Stroud

1. Consider approval of minutes of the April 12, 2016 Council Meeting (2 mins)
2. Conduct a public hearing on FY17 Budget and consider approval of FY17 Budget Ordinance on first reading. (45 mins)
3. Hear overview of April 25, 2016 Southside area Neighborhood tour and meeting (10 mins)
4. Presentation of proclamation regarding National Correctional Officers and Employees week (5 mins)
5. Conduct a public hearing required under the exemption ordinance enacted in January 2007 for an organization requesting local tax exemption and consider granting the requested exemption (10 mins)
6. Consider approval of consent agenda (2 mins)
7. Comments by members of City Council. (5 mins)
8. Comments by City Manager. (5 mins)
9. Business from the Floor (*not televised*)

**This section of the Council meeting provides citizens the opportunity to discuss matters, which are not listed on the printed agenda. Thus, any person wishing to bring a matter to Council's attention under this Section of the agenda should:**

  - (1) come to the podium and state name and address;**
  - (2) state the matter that they wish to discuss and what action they would like for Council to take;**
  - (3) limit remarks to five minutes;**
  - (4) refrain from making any personal references or accusations of a factually false and/or malicious nature.**

**Persons who violate these guidelines will be ruled out of order by the presiding officer and will be asked to leave the podium.**

**Persons who refuse to comply with the direction of the presiding officer may be removed from the chambers.**



## City Council Agenda Summary

**Meeting Date:** April 26, 2016

**Item No:** 1.

**Department:** Clerk of Council

**Issue:** Consider approval of minutes from April 12, 2016 Council Meeting.

**Summary:** None

**Attachments:** April 12, 2016 Council Meeting minutes

**Recommendations:** Motion to approve minutes as presented.

April 12, 2016

The regular meeting of the Council of the City of Martinsville, Virginia, was held on April 12, 2016, in Council Chambers, Municipal Building, at 7:30 PM with Mayor Danny Turner presiding. Council Members present included: Danny Turner, Gene Teague, Mark Stroud and Sharon Brooks Hodge. Staff present included: City Manager Leon Towarnicki, Assistant City Manager Wayne Knox, Clerk of Council Karen Roberts, Community Planner Susan McCulloch, Finance Director Linda Conover, Budget Analyst Mary Prillaman, Commissioner of Revenue Ruth Easley, Public Works Director Jeff Joyce, Senior Services Coordinator Betsy Pace, IT Director Esther Artis, and Police Chief Sean Dunn. Vice Mayor Bowles arrived at 8:10pm

Mayor Turner called the meeting to order and advised Council would go into Closed Session. In accordance with Section 2.1-344 (A) of the Code of Virginia (1950, and as amended) and upon a motion by Council Member Teague, seconded by Council Member Hodge, with the following 4-0 recorded vote: Council Member Hodge, aye; Council Member Stroud, aye; Council Member Teague, aye; and Mayor Turner, aye. Council convened in Closed Session for the purpose of discussing the following matters: (A) Appointments to boards and commissions as authorized by Subsection 1., (B) Discussion or consideration of the investment of public funds where competition or bargaining is involved where, if made public initially, the financial interest of the governmental unit would be adversely affected, as authorized by Subsection 6., and (C) Consultation with legal counsel and briefings by staff members, attorneys or consultants pertaining to actual or probable litigation, or other specific legal matters requiring the provision of legal advice by such counsel, as authorized by Subsection 7. At the conclusion of Closed Session, each returning member of Council certified that (1) only public business matters exempt from open meeting requirements were discussed in said Closed Session; and (2) only those business matters identified in the motion convening the Closed Session were heard, discussed, or considered during the Session. On a motion by Council Member Hodge, seconded by Council Member Teague, with the following 4-0 recorded vote in favor to return to Open Session: Council Member Hodge, aye; Mayor Turner, aye; Council Member Teague, aye; and Council Member Stroud.

Council Member Stroud made a motion to appoint Dr. John McCraw to the Patrick Henry Community College Board for a four-year term expiring June 30, 2020. Council Member Teague seconded the motion, all Council Members voted in favor.

Council Member Hodge made a motion to appoint Alicia Brown to the Comprehensive Services Act Community Policy and Management Team for a two-year term expiring December 31, 2017. Council Member Teague seconded the motion, all Council Members voted in favor.

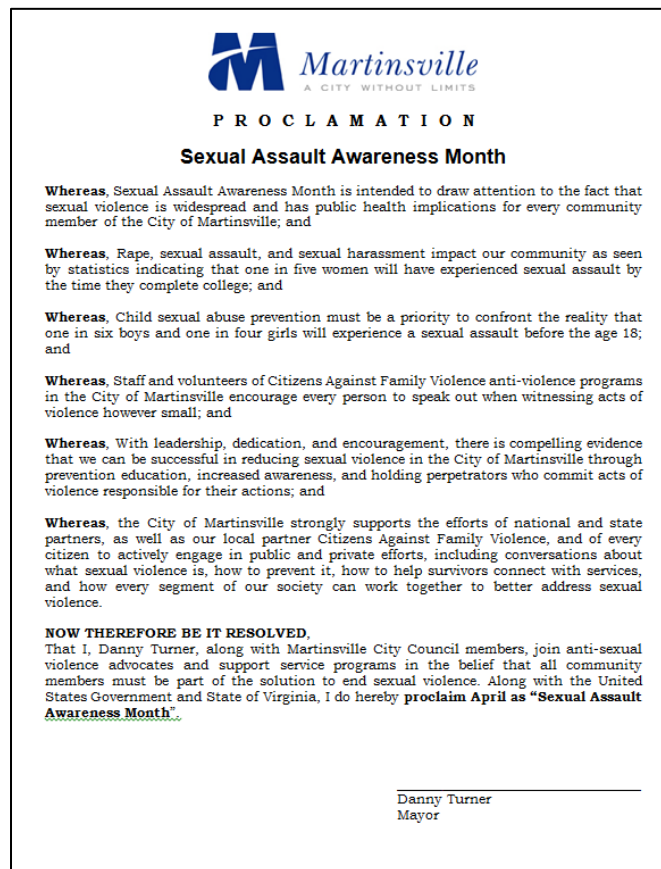
Following the invocation by Council Member Teague and Pledge to the American Flag, Mayor Turner welcomed everyone to the meeting.

April 12, 2016

Consider approval of minutes of the March 21, 2016 Neighborhood Meeting and March 22 Council Meeting - on a motion by Council Member Hodge, seconded by Council Member Stroud, with a 4-0 Council vote in favor to approve, the minutes were approved as presented.

Recognize local resident Patricia Via and daughter Telesa Via for their work in regard to the MLC Cancer Foundation – a video was played for those in attendance. Council Member Hodge read the plaque presented to Patricia Via and Telesa Via. Patricia Via thanked Council for the recognition and explained the award and the testing process to those in attendance.

Presentation of proclamation recognizing April as Sexual Assault Awareness Month – Mayor Turner read the proclamation and Mary Jones, Citizens Against Family Violence Advocate was in attendance to receive the proclamation. Ms. Jones thanked Council Members for the recognition and said sexual assault reports are prevalent in the community. She asked residents to speak up if they see something going on. CAFV provides counseling and assistance to those who fall victim to sexual assault.



Conduct a public hearing regarding a request from Gordon Metz for the abandonment of a section of Lester Lane and a remnant of a parcel acquired for the Liberty Street project – Susan McCulloch explained the abandonment request made by Mr. Metz, the 6-0 vote by the Planning Commission to approve the abandonment per staff recommendation and the stipulations required of the property owner. Mr. Metz said he is trying to get the property “pad ready” for a future business and explained the process of preparing the lot. Mayor Turner opened the meeting to public hearing. No one approached the podium to speak. Mayor

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Turner closed the public hearing. Teague made a motion to abandon the property on Lester Lane subject to conditions outlined in the document, Stroud seconded the motion. All Council Members in attendance voted in favor. Teague made a motion to abandon the 1,149sf remnant of a parcel acquired for the Liberty Street Project at end of Lester Lane; Stroud seconded the motion, all Council Members in attendance voted in favor.

Set a public hearing as required under the exemption ordinance enacted in January 2007 for consideration of the organization's local tax exemption request – City Manager Towarnicki explained the exemption ordinance and requested Council Members set a public hearing for April 26, 2016. Council Member Hodge made a motion to set the public hearing for April 26, 2016, Council Member Teague seconded the motion with all Council Members voting in favor.



**GUIDELINES FOR CONSIDERING REQUESTS FOR EXEMPTIONS FROM LOCAL TAXATION**

Article X, §6(a)(6) of the Constitution of Virginia and Code of Virginia 58.1-3651 authorize local governing bodies to provide exemptions from local taxation for the real and/or personal property owned by non-profit organizations that use the property exclusively for religious, charitable, patriotic, historical, benevolent, or cultural purposes or as dedicated public parks or playgrounds. The local governing body must adopt an exemption ordinance establishing the restrictions and conditions of the tax exemption.

Exemptions as provided by Code of Virginia §58.1-3600 – 58.1-3650, 1001, or any other general or special act of the Virginia General Assembly prior to January 1, 2003 will continue to be effective provided the property is owned and used in conformance with the provisions of law that provided the exemption. Exempt properties will be subject to a triennial review to ensure continued compliance with the exemption provisions.

Exemptions may be granted by the Martinsville City Council to organizations that meet a general public need for services provided to the community at-large which exceed the City's loss in revenue from taxes assessed on the organization's real and personal property. Exemptions will not be granted to organizations that have rules, regulations, policies or practices that unlawfully discriminate on the basis of religious conviction, race, color, sex or national origin.

**Application Procedures:**

1. A non-profit organization seeking exemption from its real or personal property, or both, must file an application with the Commissioner of the Revenue.
2. The Commissioner of the Revenue will conduct an initial review of each application to determine if the applicant qualifies for a state code exemption. If an applicant does not meet the criteria for a state code exemption, but may be eligible for a local exemption granted by the Martinsville City Council, then the application will be forwarded to the

City Manager for review and to report his findings to the City Council. Local exemption designations will only be considered by the City Council during its annual budget process. Applications for a local exemption determination must be filed with the Commissioner of the Revenue by November 1<sup>st</sup>.

3. As part of the application process, the organization shall provide the following information: names and addresses of officers, directors, managing members, trustees or partners as applicable; a statement of the salaries or other compensation, if any, received by the 3 highest paid employees of the organization; a complete description of the property for which the exemption is sought (for real estate, the organization shall list the gross square footage of any improvements and indicate the square footage that will be used by the applicant organization for their exempt purpose); a description of the property use and how it relates to the qualifying exemption; and a completed Exemption Criteria Review Questionnaire (see Review Criteria below).
4. The applicant organization must also provide copies of the organization's Internal Revenue Service determination letter; its Articles of Incorporation or Organization along with any amendments to the Articles; Organization By-Laws; and Certificate of Good Standing from the State Corporation Commission.
5. If requested by the Commissioner of the Revenue, the organization shall provide copies of its federal and state returns and its financial statements for the prior two years.
6. A public hearing will be conducted by the City Council on the application for local exemption. Notice of the hearing will be published at least once in a newspaper of general circulation at least 5 days prior to the public hearing.
7. Local exemptions shall be granted only by ordinance by the Martinsville City Council after conducting a public hearing. The ordinance shall specify the use that is the basis for the local exemption, stipulate that the continuance of the local exemption is contingent on the applicant organization's continued use of the property in accordance with the purpose for which the organization is designated or classified, and shall contain any other conditions or restrictions as determined by the Martinsville City Council.
8. If the Martinsville City Council grants an exemption, it will become effective for the tax year effective date for which the exemption is granted (January 1<sup>st</sup> for personal property, July 1<sup>st</sup> for real estate.)

9. Once granted, a local exemption will be effective until the organization no longer qualifies, until the specific use on which the local exemption is based ceases, or until revoked by the Martinsville City Council as provided by law, whichever occurs first.
10. State code exemptions granted, as determined by the Commissioner of the Revenue, will be effective until the organization no longer qualifies or the specific use on which the exemption is based ceases.
11. Any organization that is granted a state code or local exemption shall file a renewal application with the Commissioner of the Revenue every three years as a requirement for retention of the exemption.

**Review Criteria:**

Before adopting an ordinance granting a property exemption the City Council is required by Code of Va. 58.1-3651 to consider the following:

- 1) Whether the organization is exempt from taxation pursuant to §501 (c) of the Internal Revenue Code of 1954;
- 2) Whether a current annual alcoholic beverage license for serving alcoholic beverages has been issued by the Virginia Alcoholic Beverage Control Board to such organization, for use on such property;
- 3) Whether any director, officer or employee of the organization is paid compensation in excess of a reasonable allowance for salaries or other compensation for personal services actually rendered by such director, officer or employee;
- 4) Whether any part of the net earnings of such organization inures to the benefit of any individual;
- 5) Whether any significant portion of the service provided by such organization is generated by funds received from donations, contributions or local, state or federal grants. As used in this subsection, donations shall include the providing of personal services or the contribution of in-kind or other material services;
- 6) Whether the organization provides services for the common good of the public;
- 7) Whether a substantial part of the activities of the organization involves carrying on propaganda, or otherwise attempting to influence legislation and whether the organization participates in, or intervenes in, any political campaign on behalf of any candidate for public office; and
- 8) The revenue impact to the City and its taxpayers of exempting the property.

- 9) The City Council should consider the following criteria, facts and circumstances as may be pertinent:
  - (a) Whether the organization is current on all its obligations to the City;
  - (b) Whether the organization is in compliance with all City ordinances and regulations, including (but not limited to) building, subdivision and zoning ordinances;
  - (c) Whether the property for which the exemption is sought relates to the purposes for which the organization was created and tends to directly promote those purposes;
  - (d) Whether the service(s) provided by the organization are services the City would provide if the requesting organization did not do so;
  - (e) Whether the organization meets a general public need for which the benefits derived by the community at-large are equivalent to or exceed the City's loss in revenue from taxes on the entity's real and personal property;
  - (f) Whether the service(s) provided by the organization meet an established priority of the City Council; and
  - (g) Any other criteria, facts and circumstances that the Council may deem appropriate and pertinent.

**Triennial Review: Revocation of Exemption:**

1. With the exception of the United States and the Commonwealth, or any political subdivision thereof, any organization which has been granted exemption from taxation shall file an application with the Commissioner of the Revenue every three (3) years as a requirement for retention of the exemption granted.
  - a. Review applications under this paragraph shall be filed with the Commissioner of the Revenue not later than December 31st of the year preceding the tax year for which such exemption is sought to be continued.
  - b. Review applications shall include the following information –
    - (1) The ownership of the property;
    - (2) The use of the property;
    - (3) Whether the organization has any rule, regulation, policy or practice that discriminates on the basis of religious conviction, race, color, sex or national origin;

- (4) Whether the organization is current on all its obligations to the City;
  - (5) Whether the organization is in compliance with all City ordinances and regulations, including (but not limited to) building, subdivision and zoning ordinances;
  - (6) Whether the organization has attempted to influence legislation, has participated in, or intervened in, any political campaign on behalf of any candidate for public office;
  - (7) The names and addresses of officers, directors, managing members, trustees or partners, as applicable;
  - (8) A current statement of the salaries or other compensation, if any, paid to officers and directors of the organization;
  - (9) A current statement of the salaries or other compensation, if any, received by the 3 highest-paid employees of the organization
  - (10) A current Certificate of Good Standing from the State Corporation Commission; and
  - (11) If requested by the Commissioner of the Revenue, copies of its federal and state tax returns and its financial statements for the preceding year.
- c. The Commissioner of the Revenue shall conduct an initial evaluation of each review application and any supporting materials using the criteria listed in Section B, above, and shall submit a written report summarizing her evaluation to the City Manager. The Commissioner's report shall specifically address the criteria in Section B. The City Manager will subsequently report those findings to the City Council.

**Exemption Definitions**

**As Defined by Va. Courts**

**Benevolent** – Philanthropic; humane; having a desire or purpose to do good to men; intended for conferring benefits, rather than for gain or profit. (Manassas Lodge No. 1380, Loyal Order of Moose, Inc. v. County of Prince William, 218 Va. 220, 237 S.E. 2d 102 (1977))

**Charitable** – Liberal in benefactions to the poor; beneficent. (City of Richmond v. United Givers Fund of Richmond, Henrico & Chesterfield, Inc., 205 Va. 432, 137 S.E. 2d 876 (1964))

NOTE: A charitable organization should be organized and conducted to perform some service of public good or welfare based on the above mentioned court cases.

**As Defined by Va. Constitution Article X §6**

**Educational Exemption** – Limited to institution of learning operated not for profit, provided the property is used for literary, scientific, or educational purposes or purposes incidental thereto.

**As Defined by Webster's New Collegiate Dictionary**

**Cultural** – Of or relating to enlightenment and excellence of taste acquired by intellectual and aesthetic training; acquaintance with and taste in fine arts, humanities, and broad aspects of science as distinguished from vocational and technical skills.

**Educational** – The field of study that deals mainly with methods of teaching and learning in schools.

**Historical** – Of or relating to a branch of knowledge that records and explains past events.

**Museum** – An institution devoted to the procurement, care, study, and display of objects of lasting interest or value; a place where objects are exhibited.

**Patriotic** – Befitting or characteristic of a patriot (one who loves his country and zealously supports its authority and interests.)



<p style="text-align: center;"><b>EXEMPTION CRITERIA TO CONSIDER</b></p>	<p style="text-align: center;"><b>Other Exemption Criteria Not Specifically Identified in Code of Virginia §58.1-3651</b></p>
<p>Pursuant to Code of Virginia §58.1-3651, the local governing body shall consider the following questions before granting an exemption from local taxation to any nonprofit organizations:</p> <ol style="list-style-type: none"><li>1. Whether the organization is exempt from taxation pursuant to § 501 (c) of the Internal Revenue Code of 1954;</li><li>2. Whether a current annual alcoholic beverage license for serving alcoholic beverages has been issued by the Virginia Alcoholic Beverage Control Board to such organization, for use on such property;</li><li>3. Whether any director, officer, or employee of the organization is paid compensation in excess of a reasonable allowance for salaries or other compensation for personal services which such director, officer, or employee actually renders;</li><li>4. Whether any part of the net earnings of such organization inures to the benefit of any individual, and whether any significant portion of the service provided by such organization is generated by funds received from donations, contributions, or local, state or federal grants. As used in this subsection, donations shall include the providing of personal services or the contribution of in-kind or other material services;</li><li>5. Whether the organization provides services for the common good of the public;</li><li>6. Whether a substantial part of the activities of the organization involves carrying on propaganda, or otherwise attempting to influence legislation and whether the organization participates in, or intervenes in, any political campaign on behalf of any candidate for public office;</li><li>7. The revenue impact to the locality and its taxpayers of exempting the property; and</li><li>8. Any other criteria, facts and circumstances that the governing body deems pertinent to the adoption of such ordinance.</li></ol>	<p>The City Council should consider the following criteria, facts and circumstances as may be pertinent:</p> <ol style="list-style-type: none"><li>(a) Whether the organization is current on all its obligations to the City;</li><li>(b) Whether the organization is in compliance with all City ordinances and regulations, including (but not limited to) building, subdivision and zoning ordinances;</li><li>(c) Whether the property for which the exemption is sought relates to the purposes for which the organization was created and tends to directly promote those purposes;</li><li>(d) Whether the service(s) provided by the organization are services the City would provide if the requesting organization did not do so;</li><li>(e) Whether the organization meets a general public need for which the benefits derived by the community at-large are equivalent to or exceed the City's loss in revenue from taxes on the entity's real and personal property;</li><li>(f) Whether the service(s) provided by the organization meet an established priority of the City Council; and</li><li>(g) Any other criteria, facts and circumstances that the Council may deem appropriate and pertinent.</li></ol>

Comments by members of City Council – Council Member Stroud said the Martinsville race has come and gone and said aside from cold temperatures it was a good weekend for Martinsville. He said this spring in the City is prettier than years past and he thanked the City crews for the trash pickup and keeping the streets clean. Council Member Hodge congratulated Helen Howell for receiving an award from the National Society of Black Engineers. Mayor Turner added that Ms. Howell would be recognized Wednesday April 19, 2016 by the General Assembly. He summarized his trip to the Japanese embassy in Richmond along with Vice Mayor Bowles. He said it was a great honor to be included in this event. Vice Mayor Bowles added that she and the Mayor met and networked with several important people at the Japanese embassy. She and Mayor Turner also attended the second annual Don't Count Me Out event in the community.

Comments by City Manager – Leon Towarnicki said Monday April 25, 2016 will be the next Neighborhood Council meeting for Southside community at Fuller Memorial Church. He spoke of the beautiful flowerbed in front of the municipal building and recognized Carrie Zimmer for her work and said she was assisted by some of the City inmates. He mentioned that the School Board work session scheduled for Thursday April 14, 2016 may need to be rescheduled due to a couple of Council Members and School Board Members scheduling conflict.

City Manager FY17 Proposed Budget presentation – City Manager Towarnicki presented a PowerPoint to detail the FY17 proposed budget. Council Member Hodge asked if there could

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be studies to find out what impact the proposed meals tax increase would have on local restaurants. Hodge requested details on how reducing the Finance Department staff would affect that department. Stroud asked how many citizens use the Senior Services on a daily basis. Hodge asked for confirmation that the Water and Sewer rate increase was \$3.00 each and not a combined total. Bowles clarified for the citizens that most residents do not reach the 4,000 gallon water usage minimum. Towarnicki stated that twice as much work went into this budget than any other that he's been involved in and thanked the City departments for their cooperation. He extended a special thanks to Linda Conover in Finance, Assistant City Manager Wayne Knox and the Human Resources Department. He will let Council know when a decision is made regarding the April 14, 2016 work session. There are also work sessions scheduled for April 19 and 21, 2016. He asked Council to set the public hearing for April 26, 2016 with second reading on May 10, 2016. Vice Mayor Bowles made a motion to set the public hearing for April 26, 2016. Council Member Hodge seconded the motion with all Council Members in favor. Hodge thanked Towarnicki for the hard work put into the budget preparation. She asked if there was a dollar amount associated with the removal of the Senior Services program. Towarnicki said he would get her a more accurate amount.

Business from the Floor (not televised) – Joe Martin, East Church Street – he's been working with a group questioning the I73 corridor, those members request that they be added to a future agenda in relation to the I73 corridor concerns.

There being no further business, a motion was made by Teague to adjourn the meeting, seconded by Stroud with all Council Members voting in favor. The meeting adjourned at 9:25pm.

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Karen Roberts  
Clerk of Council

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Danny Turner  
Mayor





## City Council Agenda Summary

**Meeting Date:** April 26, 2016

**Item No:** 2.

**Department:** City Attorney

**Issue:** Conduct a Public Hearing on the FY16-17 Budget and consider approval of FY17 Budget Ordinance on first reading.

**Summary:** Attached is the summary of the 2016-17 Budget in ordinance form

**Attachments:** 2017 Budget Ordinance

**Recommendations:** Conduct a public hearing and consider adoption on first reading with a roll call vote.

**CITY OF MARTINSVILLE, VIRGINIA**  
**ORDINANCE No. 2016-U-**  
**The Budget for Fiscal 2016-2017**

**BE IT ORDAINED** by the Council of the City of Martinsville, Virginia, in regular session assembled April 26, 2016, that the following sums of money be and hereby are appropriated – by specified Fund – for the City’s fiscal year ending June 30, 2017, from the following Fund sources of estimated revenue:

SUMMARY STATEMENT OF BUDGET ESTIMATES  
2016-2017

Fund	Projected Revenues	Budgeted Expenditures	Changes in Fund Balance
General	\$ 27,987,161	\$ 30,127,382	\$(2,140,221)
Meals Tax	\$ 2,168,373	\$ 2,568,373	\$ (400,000)
Capital Reserve	\$ 995,018	\$ 1,031,517	\$ (36,499)
Refuse	\$ 2,205,000	\$ 2,430,000	\$ (225,000)
Telecommunications	\$ 1,666,425	\$ 1,386,014	\$ 280,411
Water	\$ 3,591,000	\$ 2,764,857	\$ 826,143
Sewer	\$ 4,230,512	\$ 3,984,277	\$ 246,235
Electric	\$ 19,924,740	\$ 20,373,740	\$ (449,000)
Cafeteria*	\$ 1,464,085	\$ 1,464,085	-
Schools**	\$ 22,993,538	\$ 22,993,538	-
CDBG	\$ 17,080	\$ 2,550	\$ 14,530
<b>Totals</b>	<b>\$ 87,242,932</b>	<b>\$ 89,126,333</b>	<b>\$ (1,883,401)</b>

\*Cafeteria – As estimated by school personnel.  
\*\*Schools – As recommended by City Manager.

**Tax Rates (unchanged):**

Real Estate: \$1.0621 per \$100 assessed value  
Personal Property: \$2.30 per \$100 assessed value  
Machinery & Tools: \$1.85 per \$100 assessed value

**Proposed for Electric:**

Average Increase 4.97%

**Proposed for Water:**

\$3 per month

**Proposed for Sewer:**

\$3 per month

**BE IT FURTHER ORDAINED** by the Council that this Ordinance shall be effective on and after July 1, 2016.

\* \* \* \* \*

Attest:

\_\_\_\_\_  
Karen Roberts, Clerk of Council

\_\_\_\_\_  
Date Adopted

\_\_\_\_\_  
Date Effective



## **City Council Agenda Summary**

**Meeting Date:** April 26, 2016

**Item No:** 3.

**Department:** City Council

**Issue:** Hear an overview of the April 25, 2016 Southside area Neighborhood Tour and Meeting.

**Summary:** Mayor Turner will give this update.

**Attachments:** None

**Recommendations:** No action required

**Meeting Date:** April 26, 2016

**Item No:** 4.

**Department:** City Council

**Issue:** Presentation of proclamation regarding National Correctional Officers and Employees Week.

**Summary:** Sheriff Steve Draper will be present to accept the proclamation.

**Attachments:** none

**Recommendations:** For information.



## PROCLAMATION

### National Correctional Officers and Employees Week

**WHEREAS, one of the primary goals for the City of Martinsville is to provide its citizens with an effective judicial system that concentrates on quality for all of our citizens; and**

**WHEREAS, the City of Martinsville's dedicated correctional officers are essential to the success of our judicial process, and our correctional officers' work includes daily exposure to a hostile environment with many of the most dangerous individuals in our society; and**

**WHEREAS, Correctional Officers contribute daily to the protection of our citizens by housing dangerous felons in a humane environment, often at great risk to the officers' own protection; and**

**WHEREAS, the City of Martinsville is pleased to join with officials and distinguished correctional officers across America to recognize the achievements of these dedicated individuals. We are indebted to the International Association of Correctional Officers for continuing to emphasize the accomplishments of correctional officers worldwide; now, therefore**

**FOR THESE SIGNIFICANT REASONS, I, Danny Turner, Mayor of the City of Martinsville, Virginia, do hereby proclaim May 1-May 7, 2016,**

**“NATIONAL CORRECTIONAL OFFICERS AND EMPLOYEES WEEK”**

in the City of Martinsville and commend this observance to all of our citizens.

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Danny Turner  
Mayor

**Meeting Date:** April 26, 2016

**Item No:** 5.

**Department:** City Manager, Commissioner of the Revenue

**Issue:** Conduct a public hearing required under the exemption ordinance enacted in January 2007 for an organization requesting local tax exemption and consider granting the requested exemption

**Summary:** Under the provisions of the Exemption Ordinance enacted by council in January 2007, any entity that does not clearly fall into any exemption category granted by the Code of Virginia must request an exemption approval from the city council in the form of an exemption ordinance. In order for the exemption request to be considered by council as part of the annual budget deliberations, the requesting entity must have submitted an exemption application to the Commissioner of the Revenue by November 1, 2015. After notification by the Commissioner of the Revenue that an organization submitted an application for determination for local tax exemption, the City Manager appointed a review committee consisting of himself, Vice-Mayor Bowles, the City Commissioner of the Revenue, the City Treasurer, and an accountant from the Finance Department to review the application received. Community Development Corporation of Martinsville-Henry County Inc. is the only organization that submitted an application for a local exemption designation.

**Attachments:** Review Committee Recommendation  
Exemption Definitions  
Review Criteria  
Draft Sample Ordinance

## Exemption Definitions

### As Defined by Va. Courts

**Benevolent** – Philanthropic; humane; having a desire or purpose to do good to men; intended for conferring benefits, rather than for gain or profit. (Manassas Lodge No. 1380, Loyal Order of Moose, Inc. v. County of Prince William, 218 Va. 220, 237 S.E. 2d 102 (1977))

**Charitable** – Liberal in benefactions to the poor; beneficent. (City of Richmond v. United Givers Fund of Richmond, Henrico & Chesterfield, Inc., 205 Va. 432, 137 S.E. 2d 876 (1964))

NOTE: A charitable organization should be organized and conducted to perform some service of public good or welfare based on the above mentioned court cases.

### As Defined by Va. Constitution Article X §6

**Educational Exemption** – Limited to institution of learning operated not for profit, provided the property is used for literary, scientific, or educational purposes or purposes incidental thereto.

### As Defined by Webster's New Collegiate Dictionary

**Cultural** – Of or relating to enlightenment and excellence of taste acquired by intellectual and aesthetic training; acquaintance with and taste in fine arts, humanities, and broad aspects of science as distinguished from vocational and technical skills.

**Educational** – The field of study that deals mainly with methods of teaching and learning in schools.

**Historical** – Of or relating to a branch of knowledge that records and explains past events.

**Museum** – An institution devoted to the procurement, care, study, and display of objects of lasting interest or value; a place where objects are exhibited.

**Patriotic** – Befitting or characteristic of a patriot (one who loves his country and zealously supports its authority and interests.)



## **EXEMPTION CRITERIA TO CONSIDER**

Pursuant to Code of Virginia §58.1-3651, the local governing body shall consider the following questions before granting an exemption from local taxation to any nonprofit organizations:

1. Whether the organization is exempt from taxation pursuant to § 501 (c) of the Internal Revenue Code of 1954;
2. Whether a current annual alcoholic beverage license for serving alcoholic beverages has been issued by the Virginia Alcoholic Beverage Control Board to such organization, for use on such property;
3. Whether any director, officer, or employee of the organization is paid compensation in excess of a reasonable allowance for salaries or other compensation for personal services which such director, officer, or employee actually renders;
4. Whether any part of the net earnings of such organization inures to the benefit of any individual, and whether any significant portion of the service provided by such organization is generated by funds received from donations, contributions, or local, state or federal grants. As used in this subsection, donations shall include the providing of personal services or the contribution of in-kind or other material services;
5. Whether the organization provides services for the common good of the public;
6. Whether a substantial part of the activities of the organization involves carrying on propaganda, or otherwise attempting to influence legislation and whether the organization participates in, or intervenes in, any political campaign on behalf of any candidate for public office;
7. The revenue impact to the locality and its taxpayers of exempting the property; and
8. Any other criteria, facts and circumstances that the governing body deems pertinent to the adoption of such ordinance.

## **Other Exemption Criteria Not Specifically Identified in Code of Virginia §58.1-3651**

The City Council should consider the following criteria, facts and circumstances as may be pertinent:

- (a) Whether the organization is current on all its obligations to the City;
- (b) Whether the organization is in compliance with all City ordinances and regulations, including (but not limited to) building, subdivision and zoning ordinances;
- (c) Whether the property for which the exemption is sought relates to the purposes for which the organization was created and tends to directly promote those purposes;
- (d) Whether the service(s) provided by the organization are services the City would provide if the requesting organization did not do so;
- (e) Whether the organization meets a general public need for which the benefits derived by the community at-large are equivalent to or exceed the City's loss in revenue from taxes on the entity's real and personal property;
- (f) Whether the service(s) provided by the organization meet an established priority of the City Council; and
- (g) Any other criteria, facts and circumstances that the Council may deem appropriate and pertinent.

## ORDINANCE 2016-\_\_\_\_\_

BE IT ORDAINED by the Council of the City of Martinsville, Virginia, in regular session held on April 26, 2016 and pursuant to Section 58.1-3651 of the Code of Virginia, that Section 21-12 of the City Code be amended to add a subsection **O** as follows:

**(o). Taxation exemption for *Community Development Corporation of Martinsville-Henry County, Inc.***

After convening a duly advertised public hearing and considering the factors set forth in Code of Virginia § 58.1-3651(B), the City Council of Martinsville Virginia hereby ordains the following:

1. The ***Community Development Corporation of Martinsville-Henry County, Inc.***, a nonprofit organization, is hereby classified and designated as a ***charitable*** organization within the context of Section 6(a)(6) of Article X of the Constitution of Virginia.
2. ***Real property*** owned by ***Community Development Corporation of Martinsville-Henry County, Inc.***, and used exclusively for educational, benevolent and charitable purposes on a nonprofit basis, as set forth in subsection A. of this section, is hereby determined to be exempt from local ***real*** property taxation.
3. Continuance of the exemption shall be contingent on the continued use of the property in accordance with the purpose for which the organization is classified or designated.

**Attest:**

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**Karen Roberts,  
Clerk of Council**

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**Date Adopted**

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**Date Effective**



**Exemption Review Committee Report  
April 4, 2016**

**Applicant:** Community Development Corporation of Martinsville-Henry County, Inc.

**Organization Mission Statement:** To serve as a community development organization with a focus for revitalizing and rebuilding Martinsville's West End community, thereby fostering the creation and attraction of new business, retaining and expanding jobs and assisting in the retention and expansion of existing businesses in Martinsville and Henry County.

**Answers to Review Criteria:**

1. The organization has been granted IRS 501 (c ) (3) designation
2. The organization does not have an annual special events ABC license
3. The organization's application indicates that there are no employees and the officers do not receive salaries.
4. Net earnings of the organization do not inure to the benefit of any individual, however, exact funding sources could not be discerned due to the newness of the entity.
5. The organization's stated purpose is to focus on "revitalizing and rebuilding Martinsville's West End Community thereby fostering the creation and attraction of new business, retaining and expanding jobs and assisting in the retention and expansion of existing businesses in Martinsville and Henry County."
6. No substantial part of the organization's activities is to influence legislation or campaign on behalf of a political candidate.
7. Real Estate Tax Revenue Impact: \$721.16 is the current annual tax assessment for the 2 properties owned by the organization.
8. The organization does not meet a general public need that exceeds the City's loss in revenue from taxes. Simialr rehabilitation projects are currently performed by other private individuals that are not tax exempt. And also by Habitat for Humanity a non-profit entity.

**Additional Review Criteria:**

- a. The organization has unpaid real estate tax liability

- b. The organization has not obtained building permits for any of the rehabilitation work, but depending on the nature of the work, they may not need one. The organization has not stated that the property use would change from the current residential zoning so they are compliant with current subdivision and zoning ordinances.
- c. The properties for which the exemption is sought potentially relate to the purposes for which the organization was created. If any property is leased and becomes income producing any exemption granted could be lost pursuant to Code of Virginia §58.1-3603.
- d. The City is providing some property rehabilitation through grant programs administered through the Martinsville Redevelopment and Housing Authority.
- e. The organization is providing services that are currently being provided by private investors or through the Martinsville Redevelopment and Housing Authority
- f. The organization does provide a service that meets an established priority of City Council, but the same kind of service is also provided by private investors, Habitat for Humanity, and the Martinsville Redevelopment and Housing Authority.
- g. Other criteria to consider: No other criteria was considered by the committee.

**Fiscal Impact:**

The organization currently owns 2 properties: 508 Fayette Street and 610 Fayette Street. Current annual tax on 508 Fayette Street is \$403.60. Current annual tax on 610 Fayette Street is \$317.57. Total annual real estate tax for both properties is \$721.17.

The organization has not reported owning any business personal property in the City of Martinsville.

**Review Committee Recommendation:**

The Review Committee does not recommend exemption at this time for the following reasons:

- (1) The organization indicated that the property at 508 Fayette St. will be rented when the property is rehabilitated as a source to fund their ongoing projects. If exempt property becomes a source of income it loses its exempt status pursuant to Code of Virginia §58.1-3603.
- (2) There is a concern of fairness and equity to other private investors who are essentially doing the same kind of rehabilitation and do not benefit from tax exemption.
- (3) The organization has not paid the current tax liability on the two properties that they have acquired since August 2015.

**City Council  
Agenda Summary**



**Meeting Date:** April 26, 2016  
**Item No:** 6.  
**Department:** Finance  
**Issue:** Appropriation Approvals

**Summary:**

The attachment amends the FY16 Budget with appropriations in the following funds:

General: \$ 31,881 – Recovered Costs; Asset Forfeiture Funds; Donations  
Sewer: \$ 747,924 – VRA Reimbursement

**Attachments:**  
Consent Agenda 4-26-16

**Recommendations:** Approve

**BUDGET ADDITIONS FOR 04/26/16**

<b>ORG</b>	<b>OBJECT</b>	<b>DESCRIPTION</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b><u>FY16</u></b>				
<b><u>General Fund:</u></b>				
01100909	490104	Advance/Recovered Costs		2,108
01331108	501300	Sheriff/Corrections - Part-time & Temporary Wages	1,590	
01331108	502100	Sheriff/Corrections - Social Security	99	
01331108	502110	Sheriff/Corrections - Medicare	23	
01331108	506008	Sheriff/Corrections - Vehicle Equipment & Maint.	318	
01331110	506200	Sheriff/Annex - Prisoner Allowance	78	
		Reimbursement from Henry County for litter pickup-March		
01101917	442402	Categorical Other State - Confiscated Assets - C Atty		229
01221082	506105	Comm Atty - Conf Assets State	229	
01101917	442401	Categorical Other State - Confiscated Assets - Police		229
01311085	506078	Police Dept - Conf Assets State	229	
		State Asset Forfeiture Proceeds		
01100908	480406	Miscellaneous Revenues - Donations/Recreation		300
01711210	506007	Recreation - Equipment & Supplies	300	
		Team Sponsor donations		
01100909	490801	Recovered Costs - Senior Services		1,901
01100908	480420	Donations/Senior Citizens		1,800
01714212	501300	Senior Citizens - Part-time Wages	1,204	
01714212	502100	Senior Citizens - Social Security	75	
01714212	502110	Senior Citizens - Medicare	17	
01714212	506049	Senior Citizens - Vehicle Fuels	605	
01714212	506016	Senior Citizens - Program Supplies	1,800	
		Transportation Grant - Jan.-March; Donations		
01100909	490139	Recovered Costs - CIT Program		25,314
01311085	501215	Police Dept - O/T - CIT Program	1,161	
01311085	502100	Police Dept - Social Security	72	
01311085	502110	Police Dept - Medicare	17	
01331108	501215	Sheriff - Corrections - O/T - CIT Program	22,354	
01331108	502100	Sheriff - Corrections - Social Security	1,386	
01331108	502110	Sheriff - Corrections - Medicare	324	
		Reimbursements for Crisis Intervention Program		
<b>Total General Fund:</b>			<b>31,881</b>	<b>31,881</b>
<b><u>Sewer Fund:</u></b>				
13103936	407700	Indebtedness - VRA Loan Proceeds		747,924
13551326	508224	Wastewater Maintenance - SRI Project - Phys. Plant Exp.	747,924	
		VRA Reimbursement #1		
<b>Total Sewer Fund:</b>			<b>747,924</b>	<b>747,924</b>