

April 25, 2017

The regular meeting of the Council of the City of Martinsville, Virginia was held on April 25, 2017 in Council Chambers, Municipal Building, at 7:30 PM with Mayor Gene Teague presiding. Council Members present included Gene Teague, Sharon Hodge, Chad Martin, Jennifer Bowles, and Kathy Lawson. Staff present included City Manager Leon Towarnicki, Assistant City Manager Wayne Knox, City Attorney Eric Monday, Clerk of Council Karen Roberts, Finance Director Linda Conover, Police Chief Sean Dunn, Lieutenant Rob Fincher, Sheriff Steve Draper, Fire Chief Ted Anderson, and Commissioner of Revenue Ruth Easley.

Mayor Teague called the meeting to order and advised Council would go into Closed Session beginning at 7:00 PM. In accordance with Section 2.1-344 (A) of the Code of Virginia (1950, and as amended) and upon a motion by Council Member Bowles, seconded by Council Member Lawson, with the following 5-0 recorded vote: Council Member Lawson, aye; Mayor Teague, aye; Vice Mayor Martin, aye; Council Member Bowles, aye; and Council Member Hodge, aye. Council convened in Closed Session to discuss the following matters: (A) Appointments to boards and commissions as authorized by Subsection 1, and (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. 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. A motion was made by Council Member Lawson, seconded by Council Member Hodge, with the following 5-0 recorded vote in favor to return to Open Session: Council Member Hodge, aye; Mayor Teague, aye; Council Member Lawson, aye; Council Member Bowles, aye; and Vice Mayor Martin, aye.

Council Member Lawson made a motion to reappoint John Luther to the Dan River Alcohol Safety Action Program Policy Board for a 3-year term ending April 13, 2020. Council Member Hodge seconded the motion with all Council Members voting in favor.

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

Consider presentation of a proclamation regarding National Correctional Officers and Employees Week – Mayor Teague read the proclamation which was presented to Sheriff Steve Draper and other officers present. Sheriff Draper described the history of National Correctional Officers and Employees Week as well as some history of correctional facilities. Mayor Teague thanked the department for what they do.



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, Gene Teague, Mayor of the City of Martinsville, Virginia, do hereby proclaim May 1-May 7, 2017

"NATIONAL CORRECTIONAL OFFICERS AND EMPLOYEES WEEK"

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

Gene Teague
Mayor

Consider approval of minutes of the April 11, 2017 Council Meeting and the April 12, 13 and 17, 2017 Budget Work Sessions - Council Member Lawson made a motion to approve the minutes as presented; Council Member Hodge seconded the motion with all Council Members voting in favor.

Hear an overview of the Southside Neighborhood Tour and Meeting – City Manager Towarnicki summarized the Southside tour and meeting, recognizing several concerns and action that will be taken to correct them. Towarnicki thanked the members of Wesley Memorial Methodist Church for hosting the meeting. Mayor Teague thanked those residents for attending the meeting and was pleased that there were fewer complaints on property maintenance concerns. Teague said the Police Department would help enforce the speeding concerns.

Conduct a public hearing on the FY17-18 Budget and consider approval of FY18 Budget Ordinance on first reading – City Manager Towarnicki provided a brief summary of the proposed budget key points, work session overviews, conclusion of the School Board budget discussions, possibility of transferring from utilities, capital funding and other topics brought out during budget discussions for additional review. Council Member Bowles thanked the City Manger and Staff for reviewing the impact of allocating funds. Council Member Bowles made a motion to use funds from Refuse cash reserve to level fund the schools, the police department and the fire department; Council Member Lawson seconded the motion. City Attorney Monday pointed out that Council Member Bowles had signed a disclosure under the code of Virginia. Council Member Hodge is in support of the motion and appreciates Bowles recommendation. Bowles recognizes that this is not a long-term fix and this action cannot be

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taken each year. Lawson explained that it's important that residents understand that Council spent many hours trying to make the best decisions related to the budget in the best interest of the residents and the departments. Vice Mayor Martin asked the City Manager to discuss with department heads how to save money in the future. All Council Members voted in favor. Mayor Teague opened the public hearing.

Kathy Rogers, Piedmont Arts recognized several board members and staff present and thanked the City for their support in past years. Rogers expressed her concern of the 56% budget cut in the coming year and how it would affect the families and children that they serve. Over the past several years, Piedmont Arts has made numerous cuts and will have to look at cutting community programs next.

Tanya Verlik and Bonnie Covington, representatives for the Social Services Department explained the fiscal impact on staffing and quality service to the City residents and the loss of state and federal funding. She updated Council on changes in staff since the last meeting and the amount of money Social Services paid into the City this past year. Social Services is one of the few organizations that provides a revenue back to the City by assisting the residents of Martinsville and asked that Council reconsider their decisions.

Ural Harris, 217 Stewart Street explained that he is puzzled with the budget and concerned that the City does not believe they have the funds to investigate a large fire. He expressed concern about the sewer lost revenue and commented that there was no mention of repayment from the medical school. The City will have no money for incentives for new businesses to relocate to the City. Education is important but Harris does not feel that the City should level fund with no results and less students.

James Roundtree, 1221 Mulberry Road expressed concern about the school budget. Education is a state function and each locality must share the funding to provide the best education. Less money means fewer teachers and larger classroom population resulting in lower testing and accreditation will suffer.

Aaron Rawles, 214 Oakdale Street is new to the City, having moved here in 2013. The City is drawing new residents to a small community and not drawing in large business anytime soon. He asked that if cuts are required that those cuts be across the board and not focused on individual agencies.

Mayor Teague closed the public hearing. Council Member Lawson made a motion to restore the \$19,738 cut from the Social Services budget; Vice Mayor Martin seconded the motion. Council Member Bowles questioned why staff was being cut over programs. Tanya Verlik said that when the budget impacts staffing then it overall affects services provided. Council Member Hodge said that it disturbs her that more money is given to Social Services and not education and this is not where she wants to see her tax money used. Council Member Lawson, Mayor Teague and Vice Mayor Martin voted in favor to restore the \$19,738 to

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Social Services, Council Member Hodge and Council Member Bowles voted against the motion. Council Member Bowles thanked Piedmont Arts for understanding the situation and she has fond memories of visiting Piedmont Arts. Bowles made a motion to level fund and add back \$10,740 to the Piedmont Arts budget; Vice Mayor Martin seconded the motion. Council Member Hodge said it is her feeling that three things: infrastructure, public safety and education should be the primary focus of government. Council Member Bowles, Council Member Lawson, Mayor Teague and Vice Mayor Martin voted in favor to support level funding for Piedmont Arts; Council Member Hodge voted against the motion. Council Member Bowles made a motion to pull funds from cash reserve to provide increased funding of \$340,000 to the schools. No one seconded the motion; motion died for lack of second. Bowles withdrew the motion. Council Member Hodge made a motion to eliminate the real estate tax increase; Council Member Lawson seconded the motion with all Council Members voting in favor. Council Member Lawson made a motion to approve the budget Ordinance No. 2017-U-B as amended on first reading, Council Member Hodge seconded the motion on first reading with all Council Members voting in favor: Council Member Lawson, aye; Mayor Teague, aye; Vice Mayor Martin, aye; Council Member Hodge, aye; and Council Member Bowles, aye. Council Member Hodge made a motion to approve the meals tax Ordinance No. 2017-1; Council Member Lawson seconded the motion with all Council Members voting in favor: Council Member Hodge, aye; Mayor Teague, aye; Council Member Lawson, aye; Council Member Bowles, aye; and Vice Mayor Martin, aye. Council Member Hodge made a motion to approve the cigarette tax Ordinance No. 2017-2; Council Member Bowles seconded the motion with all Council Members voting in favor: Council Member Bowles, aye; Vice Mayor Martin, aye; Mayor Teague, aye; Council Member Lawson, aye; and Council Member Hodge, aye.

CITY OF MARTINSVILLE, VIRGINIA
 ORDINANCE No. 2017-U-B
 The Budget for Fiscal 2017-2018

BE IT ORDAINED by the Council of the City of Martinsville, Virginia, in regular session assembled May 9, 2017, that the following sums of money be and hereby are appropriated – by specified Fund – for the City’s fiscal year ending June 30, 2018, from the following Fund sources of estimate revenue:

SUMMARY STATEMENT OF BUDGET ESTIMATES, 2017-2018

Fund	Projected Revenues	Budgeted Expenditures	Changes in Fund Balance
General	\$ 29,745,846	\$ 29,745,846	-
Meals Tax	\$ 2,187,978	\$ 1,973,373	\$ 214,605
Capital Reserve	\$ 1,100,638	\$ 1,100,638	-
Refuse	\$ 2,468,625	\$ 2,572,958	\$(104,333)
Telecommunications	\$ 1,772,761	\$ 1,724,736	\$ 48,025
Water	\$ 3,854,065	\$ 4,129,701	\$(275,636)
Sewer	\$ 4,428,512	\$ 5,450,167	\$(1,021,655)
Electric	\$ 20,491,707	\$ 21,366,005	\$(874,298)
Cafeteria	\$ 1,532,483	\$ 1,532,483	-
Schools	\$ 22,262,669	\$ 22,643,403	\$(380,734)
CDBG	\$ 12,380	\$ 800	\$ 11,580
Totals	\$ 89,857,664	\$ 92,240,110	\$(2,382,446)

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

BE IT FURTHER ORDAINED by the Council that this Ordinance shall be effective on and after July 1, 2017.

Attest:

 Karen Roberts, Clerk of Council

 Date Adopted

 Date Effective

City of Martinsville, Virginia

Ordinance No. 2017-1

BE IT ORDAINED by the Council of the City of Martinsville, Virginia, in Regular Session held on May 9, 2017, that Section 21-75 of the Code of the City of Martinsville, be, and hereby is, amended to read as follows:

Sec. 21-75. Levy.

There is hereby imposed and levied by the city on each person a tax at the rate of ~~six and one-half (6 1/2)~~ *seven (7)* percent on the amount paid for meals purchased ~~after midnight of August 31, 2017~~ from any food establishment, whether prepared in such food establishment or not, and whether consumed on the premises or not.

Attest:

 Karen Roberts, Clerk of Council

 Date Adopted

 Date Effective

City of Martinsville, Virginia

Ordinance No. 2017-2

BE IT ORDAINED by the Council of the City of Martinsville, Virginia, in Regular Session held on May 9, 2017, that Section 21-103 of the Code of the City of Martinsville, be, and hereby is, amended to read as follows:

Sec. 21-103. Tax levied.

There is hereby levied and imposed by the city upon each and every sale of cigarettes after midnight of August 31, 2003 2017, a tax equivalent to ~~twenty cents (\$0.20)~~ *thirty cents (\$0.30)* for each pack of cigarettes sold within the city. The amount of such tax shall be paid by the seller, if not previously paid, in the manner and at the time provided for in this article.

Attest:

 Karen Roberts, Clerk of Council

 Date Adopted

 Date Effective



DATE: April 25, 2017

SUBJECT: File Notes on FY18 Budget Discussion – Summary Comments for FY18 Budget Public Hearing

City Manager's proposed budget was presented to City Council at their April 11, 2017 meeting. Key points included:

- GF Budget of \$29,745,846, a proposed reduction in the General Fund budget of \$496,291 from the adopted FY17 budget of \$30,242,137.
- At the February pre-budget work session, Council indicated their desire to see two budget options – one with any reductions applied across the board, and second option with level funding for schools and public safety with reductions made up elsewhere.
- Budget as presented and recommended was the first option with reductions across the board including a reduction in school funding of \$260,116, and reductions of \$236,175 applied elsewhere including public safety.
- No recommended electric, water, sewer, or refuse rate increases.
- Recommended real estate tax increase from \$1.0621 to \$1.0774 to equalize revenue following an overall property value decrease from the most recent reassessment. No change in personal property or machinery and tools. An increase in the meals tax rate from 6.5% to 7%, and an increase in cigarette tax from \$0.20 to \$0.30 per pack was also recommended.

- Level funding for most outside agencies; 911 decrease of 5.5% from \$460,383 to \$434,952; and a 5.9% increase in SS funding from \$331,812 to \$351,850.
- It was noted the budget option to provide level funding for schools & public safety requires \$395,480 in additional funding and/or reductions. Reductions proposed to achieve this amount were elimination of both Senior Services program and Parks & Rec, 3 additional personnel reductions, and minor internal adjustments.

Budget Work Sessions – Three were held:

- Wednesday, April 12 with City Departments including utilities and public safety
- Thursday, April 13 with several of the larger outside agencies, constitutional offices; also reviewed capital
- Monday, April 17 with School Admin/School Board

Following conclusion of the School Board discussion, Council voted to:

- Eliminate the proposed real estate tax rate increase (decrease in revenue of approx.. \$90,000)
- Level fund Social Services at \$331,812 (savings/reduction of \$19,738)
- Reduce funding to Longwood SBDC to match HC (from \$8,550 to \$4,513, savings of \$4,037)
- Reduce funding to Piedmont Arts to match HC (from \$19,240 to \$8,500, savings of \$10,740)
- Requested staff review level funding for Schools and Public Safety, with funds coming from utility cash reserves.

It was noted by staff during the period from original budget presentation to the April 17 work session, additional budget reductions totaling \$106,458 had been identified. Level funding option from last bullet point above:

- Additional needed to level fund schools/PS (\$395,480)

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- Reduce revenue elimination of tax increase (\$ 90,000)
- Additional budget reductions/savings \$106,458
- Social Services reduction \$ 19,738
- Piedmont Arts reduction \$ 10,740
- Longwood SBDC reduction \$ 4,037

- Net additional revenue needed (\$344,507)

(To level funds schools and public safety at FY17 approved budget amount, leaves Seniors/Parks, others positions in place for FY18)

Possibility of transferring from utilities:

Slide 26 of the April 11 budget presentation shows, after planned EOY17/FY18 transfers, the policy reserve recommendation for all funds, (General, Electric, Water, Sewer, Refuse) is \$11,933,838 vs the projected availability of \$13,100,093, approximately \$1.1 million. Looking ahead to the projected fund balances at the end of FY18 (June 30, 2018), \$10,842,468 is projected compared to a reserve policy recommendation based on the FY18 Budget, of \$9,843,155, approximately \$1 million. Comparing these numbers indicates (1) FY18 does not project growth in the reserve balance, e.g. all the "profit" being generated by utilities in FY18 is being spent in FY18 either in utilities or through transfers; (2) there is capacity within the utility reserves, specifically refuse, to transfer \$344,507, and (3) transfer of the amount noted will impact the available transfer needed for the FY19 Budget.

Capital Funding

After Council's deliberations on April 17th, specifically leaving the proposed meals tax increase intact (the increase goes toward Capital (16 Fund)), the City's Capital Fund Committee met to finalize recommended allocation of FY18 capital resources. With available funding of \$1,100,638 and debt service of \$354,439, net available capital funds of \$746,199 was determined. Based on estimates submitted by department heads during the budget process, capital funding is being allocated as follows:

Replacement of computers	\$ 75,000*
Jail Security project continuation	\$100,000*

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Police RMS/JMS ongoing 3/5	\$35,648*
PD Coban Server	\$15,000
Street Maintenance Truck	\$80,000
PD – 2 marked/1 unmarked	\$96,000
Sheriff – 2 vehicles	\$64,000
Fire/Service Truck	\$35,000
PD In-car cameras/LPR	\$24,500
Public Works Mower/Mess Board	\$22,000
Engineering Scanner	\$12,000
Garage –replace fuel dispensers	\$18,000
Warehouse – electric and security	\$12,500
Fire – Bldg Painting	\$10,000
WPBDC – HVAC (year 1)	\$40,000
City Hall Interior	\$20,000
Traffic Signals – cabinets, pre-empt	\$86,551

Total \$746,199

(* denotes continuation of multi-year project or program)

Other points brought out during budget discussions for additional review and/or research:

- Possible savings related to closing Southside Fire Station
- Comparisons of per capita spending on public safety
- Review overall vehicle policy, numbers, take-home policy
- Joint purchasing with schools for possible savings
- Cell phone policy, telecom costs
- Joint work session with Planning Commission to wrap up Zoning Ord. update (May 9, 11 am to 1 pm)
- Update on startup businesses, specifically ROI
- Review of parking lot leases, payments, obligations.

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Consider presentation of a proclamation recognizing Friday, April 28, 2017 as National Arbor Day – Council Member Lawson read the proclamation which was presented to Wayne Knox representing the Tree Board. Knox said there would be a ceremonial planting of a tree at the Depot Street Trailhead, which is an annual event and invited any citizen with the love of trees to please apply as a volunteer for the Tree Board.



P R O C L A M A T I O N

WHEREAS, in 1872, J. Sterling Morton proposed to the Nebraska Board of Agriculture that a special day be set aside for the planting of trees; and

WHEREAS, this holiday, called Arbor Day, was first observed with the planting of more than a million trees in Nebraska; and

WHEREAS, Arbor Day is now observed throughout the nation and the world; and

WHEREAS, trees can reduce the erosion of our precious topsoil by wind and water, lower our heating and cooling costs, moderate the temperature, clean the air, produce oxygen and provide habitat for wildlife; and

WHEREAS, trees are a renewable resource giving us paper, wood for our homes, fuel for our fires and countless other wood products; and

WHEREAS, trees in our city increase property values, enhance the economic vitality of business areas, and beautify our community; and

WHEREAS, trees, wherever they are planted, are a source of joy and spiritual renewal;

NOW, THEREFORE, I, Gene Teague, Mayor of the City of Martinsville, do hereby proclaim April 28, 2017 as

ARBOR DAY

in the City of Martinsville, and I urge all citizens to celebrate Arbor Day and to support efforts to protect our trees and woodlands, and

FURTHER, I urge all citizens to plant trees to gladden the heart and promote the well-being of this and future generations.

Gene Teague
Mayor

Mayor Teague welcomed Logan Peters, 515 Dickerson Drive Axton who was present working on his Citizen and Community Boy Scout badge. City Attorney also recognized Colin Walsh who left the meeting previously.

Consider approval on second reading of an ordinance reciting the expediency of the issuance of up to \$11,740,000 principal amount of water and sewer revenue bonds for the City's sewer interceptor project – City Manager summarized the financing steps for the sewer interceptor project. Council Member Lawson made a motion to approve the ordinance; Council Member Hodge seconded the motion with all Council Members voting in favor: Council Member Lawson, aye; Mayor Teague, aye; Council Member Hodge, aye; Council Member Bowles, aye; and Vice Mayor Martin, aye.

<p style="text-align: center;">CITY OF MARTINSVILLE, VIRGINIA</p> <p style="text-align: center;">AN ORDINANCE RECITING THE EXPEDIENCY OF THE ISSUANCE OF UP TO \$11,740,000 PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS OF THE CITY OF MARTINSVILLE, VIRGINIA, AND SETTING FORTH THE PURPOSE, IN GENERAL TERMS, FOR WHICH THE BONDS ARE TO BE ISSUED, THE MAXIMUM AMOUNT OF THE BONDS TO BE ISSUED AND THE MAXIMUM LENGTH OF TIME SUCH BONDS WILL BE OUTSTANDING</p> <p style="text-align: center;">Adopted on April 25, 2017 (second reading)</p> <p style="text-align: center;">(Y:\161024.1 004080-001400)</p>	<p>Be it <u>Ordained</u> by the Council of the City of Martinsville, Virginia:</p> <p>Section 1 - Findings and Determinations</p> <p>The City Council ("City Council") of the City of Martinsville, Virginia (the "City") proposes to issue bonds for the purpose of assisting in the acquisition, construction, renovation and equipping of sewer system repairs, replacements, and capital improvements, all for municipal purposes (together, the "Project") and hereby finds and determines that: (i) the City is in need of funds to be used by the City for the Project (including paying for costs of issuance of the Bonds (defined below)); (ii) the obtaining of such funds will be for municipal purposes of the City, for the welfare of citizens of the City for purposes which will serve the City and its citizens pursuant to the authority of the City to provide funds for the City's facilities for municipal purposes; (iii) the most effective, efficient and expedient manner in which to provide such funds to the City is through the issuance of water and sewer revenue bonds in an original principal amount not to exceed \$11,740,000 to be issued by the City as further described herein (the "Bonds") to be used for the acquisition, construction, renovation and equipping of the Project and for certain costs of issuance of the Bonds; (iv) the issuance of the Bonds is within the power of the City to contract debts, borrow money and make and issue evidence of indebtedness; and, (v) the issuance of the Bonds is in the best interests of the City and its citizens.</p> <p>Section 2 - Description of the Bonds</p> <p>The City Council finds that it is expedient for the City to borrow money and issue the Bonds for the Project in a maximum amount not to exceed ELEVEN MILLION SEVEN HUNDRED FORTY THOUSAND DOLLARS (\$11,740,000). The maximum length of time that the Bonds will be outstanding is thirty years. The form and details of the Bonds which are proposed to be issued will be more specifically set forth in a City Ordinance to be entitled "AN ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO \$11,740,000 PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS OF THE CITY OF MARTINSVILLE, VIRGINIA AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF, which will be introduced before the Council and considered for final passage following a public hearing on the issuance of the Bonds, as required by law.</p> <p>Section 3 - Further Actions Authorized</p> <p>The City Manager, Clerk of the Council, City Treasurer, City Attorney, Sands Anderson PC as bond counsel, Daverport & Company LLC as the City's financial advisor and all other officers, employees and agents of the City are hereby authorized and directed to take any and all such further action as shall be deemed necessary or desirable to facilitate consideration of the issuance of the Bonds. All actions of the City Manager, Clerk of the Council, City Director of Finance, City Attorney, the City's bond counsel and financial advisor and all other officers,</p> <p style="text-align: center;">(Y:\161024.1 004080-001400)</p>
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<p>employees and agents of the City in furtherance of the issuance of the Bonds and the financing of the Project are hereby approved and ratified.</p> <p>Section 4 - Invalidity of Sections</p> <p>If any section, paragraph, clause or provision of this Ordinance shall be held invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining portions of this Ordinance.</p> <p>Section 5 - Headings of Sections</p> <p>The headings of the sections of this Ordinance shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of such sections of this Ordinance.</p> <p>Section 6 - Effective Date and Filing of Ordinance</p> <p>Council hereby declares in the public interest that this Ordinance shall become effective immediately upon its passage. A copy of this Ordinance, certified by the Clerk of the Council, shall be filed with the Clerk of the Circuit Court of the City of Martinsville, Virginia.</p> <p style="text-align: center;">(Y:\161024.1 004080-001400)</p> <p style="text-align: center;">2</p>	<p>The Members of the Council voted as follows on the foregoing Ordinance:</p> <table style="width: 100%; border: none;"> <tr> <td style="text-align: center; width: 50%;">Ayes</td> <td style="text-align: center; width: 50%;">Nays</td> </tr> <tr> <td style="text-align: center; width: 50%;">Absent</td> <td style="text-align: center; width: 50%;">Abstentions</td> </tr> </table> <p>Adopted this 25th day of April, 2017 (second reading).</p> <p style="text-align: center;">_____</p> <p>The undersigned Clerk of the City Council of the City of Martinsville, Virginia hereby certifies that the foregoing constitutes a true and correct extract from the minutes of a meeting of the City Council held on April 25, 2017, and of the whole thereof so far as applicable to the matters referred to in such extract. I hereby further certify that such meeting was a regularly called meeting and that, during the consideration of the foregoing Ordinance, a quorum was present.</p> <p style="text-align: center;">Dated this _____ day of _____, 2017.</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">Clerk, City Council of City of Martinsville, Virginia</p> <p style="text-align: center;">(Y:\161024.1 004080-001400)</p> <p style="text-align: center;">3</p>	Ayes	Nays	Absent	Abstentions
Ayes	Nays				
Absent	Abstentions				

Consider approval of ordinance on second reading for an organization requesting a local tax exemption – City Manager Towarnicki summarized the request by the organization to become tax exempt. Council Member Hodge made the motion to approve tax exemption status for Life Stages Enrichment Services, Inc.; Council Member Lawson seconded the motion with all Council Members voting in favor: Vice Mayor Martin, aye; Council Member Hodge, aye; Mayor Teague, aye; Council Member Bowles, aye; and Council Member Lawson, aye.



**Exemption Review Committee Report
March 1, 2017**

The Martinsville City Manager appointed an Exemption Review Committee to consider the applications and make a recommendation for two non-profit entities that submitted a request for a local tax exemption to the Martinsville Commissioner of the Revenue. The review committee members were: Leon Towarnicki, City Manager; Jennifer Bowles, City Council Member; Ruth Eastley, Commissioner of the Revenue; Cindy Dickerson, City Treasurer; and Mary Kay Washington, Staff Accountant Martinsville Finance Department. The Exemption Review Committee met on March 1, 2017 to review the requests and submit the following report and recommendations:

Applicant: Act 4 Ministries, Inc.

Organization Mission Statement: To meet both the physical and spiritual needs of hurting individuals. With God's direction, we will be the hands and feet of Christ as we reach out and help His creation in a variety of different situations.

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.
5. The organization's stated purpose of the residential properties for which they are requesting exemption is for transitional housing for single mothers.
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: \$1,979.75 is the current annual tax assessment for the 2 properties owned by the organization.
8. The organization does provide a community service that, in the opinion of the members of the Exemption Review Committee, exceeds the revenue loss.

Additional Review Criteria:

- a. The organization has unpaid real estate tax late payment penalty and interest from the first half installment of the FY 2017 real estate tax bill.
- b. The organization has not obtained building permits for any of the renovation work that is necessary for the 311 Stirling Ave. property, but depending on the nature of the work, they may not need one. The organization has stated that the property 311 Stirling Ave. property is not currently being used for transitional housing because of the need for renovation. However, the property at 231 Stirling Ave. is being used for transitional housing. Both properties are zoned P-2. The previous use of the property at 311 Stirling Ave. was a child day care center.
- c. The properties for which the exemption is sought potentially relate to the purposes for which the organization was created.
- d. The City does not provide transitional housing services but does provide assistance to other exempt organizations that provide some housing assistance.
- e. The organization is providing specific services to single mothers that are not currently being provided by other known organizations.
- f. The city's Comprehensive Plan encourages the development of transitional housing for single men and families with a male householder present, but is silent on transitional housing for single mothers.
- g. Other criteria to consider: No other criteria was considered by the committee.

Fiscal Impact:

The organization currently owns 2 properties: 231 Stirling Avenue and 311 Stirling Avenue. Current annual tax on 231 Stirling Avenue is \$1,104.58. Current annual tax on 311 Stirling Avenue is \$875.17. Total annual real estate tax for both properties is \$1,979.75. The assessed value of 311 Stirling Avenue will drop effective July 1, 2017 due to the biennial reassessment lowering the potential total revenue impact for both properties in FY 2018, if the tax rate remains at the current rate of \$1.0621, to \$1740.78.

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

Review Committee Recommendation:

The Review Committee recommends granting an exemption for real property used for the organization's stated mission purpose.

Applicant: Life Stages Enrichment Service, Inc.

Organization Mission Statement: To provide profound services and resources to persons in the community. Our efforts will be displayed through our agency's willingness to help, protect and enhance the quality of life of those at risk in our community.

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.
5. The organization's exemption application indicates that they provide the following services: payee services, transportation to medical appointments and similar appointments, and housing assistance.
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: \$0. The organization owns no real property. The property from which they operate their payee services is located at 316 Brown Street which was previously owned by the organization founder and president, Torey Morris. The property is now owned by A F Housing LLC and has the same mailing address as Life Stages Enrichment Service, Inc. and the for-profit Life Stages, Inc.

Personal Property Revenue Impact: The personal property reported on the exemption application are a 2012 Ford Cutaway Van and a 2012 Ford E350 Van, however, the E350 is actually registered to the for-profit entity Life Stages, Inc. 2017 combined assessed value of the vehicles actually registered to Life Stages Enrichment Services Inc. is \$11,900. The assessed value of vehicles registered to the for-profit Life Stages, Inc. is \$38,340. Assuming the personal property tax rate remains at \$2.30 per \$100 of assessed value, the FY 2018 personal property revenue impact will be \$273.95 for just the two vehicles that are actually registered to Life Stages Enrichment Services Inc. The organization did not provide an itemization of business equipment. It is assumed that the organization is using the business equipment reported by the for-profit entity Life Stages Inc. which is also operated from the 316 Brown St. location.
8. The organization provides services that are currently provided by both non-exempt non-profit and for-profit entities.

Additional Review Criteria:

- a. The non-profit organization was not established until March 22, 2016 and was not subject to taxation for the 2016 tax year.

- b. The organization does not currently own real property. The property listed as the business address for the organization is zoned P-2. Current business activities provided at the 316 Brown Street location are compliant with the P-2 zoning.
- c. The personal property for which the exemption is sought potentially relate to the purposes for which the organization was created. Again, no real property is currently owned by the organization.
- d. The City does not provide payee services, but some transportation services are provided by the Senior Center. In addition, another non-exempt non-profit organization and other for-profit entities provide transportation services. The city has transferred its housing services to the City of Danville Housing Services.
- e. The services provided by the organization are currently being met by other non-exempt non-profit entities or by for-profit entities.
- f. Other criteria to consider: No other criteria was considered by the committee.

Fiscal Impact:

Real Estate Tax Revenue Impact: \$0. The organization owns no real property. The property from which they operate their payee services is located at 316 Brown Street which was previously owned by the organization founder and president, Torey Morris. The property is now owned by A F Housing LLC and has the same mailing address as Life Stages Enrichment Service, Inc. and the for-profit Life Stages, Inc.

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Review Committee Recommendation:

Though the organization is considered a non-profit organization for federal income tax purposes, based on the information submitted with the exemption application it appears that the organization provides fee-based services that are similar to services provided by other for-profit entities and other non-profit entities that do not benefit from a local tax exemption. The organization also, does not own real property and has requested a real estate tax exemption in addition to the personal property tax exemption. Because of the close association of the for-profit Life Stages Inc. with the activities of the non-profit Life Stages Enrichment Services Inc. there is concern that if an exemption is granted for real and personal property all of the property currently titled to the for-profit entity will be transferred to the non-profit entity. Once a local tax exemption is granted to a non-profit entity the exemption is

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extended to all future property acquired by the entity, provided it is used for the exempt purposes for which the exemption was granted and the property does not become a source of substantial income. For these reasons the Review Committee does not recommend granting a tax exemption at this time.

ORDINANCE 2017-TE-1

BE IT ORDAINED by the Council of the City of Martinsville, Virginia, in regular session held on April 25, 2017 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 (c) as follows:

c. Taxation exemption for Life Stages Enrichment Services, 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. Life Stages Enrichment Services, 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. Personal property owned by Life Stages Enrichment Services, Inc. and used exclusively for charitable purposes on a nonprofit basis, as set forth in paragraph 1 of this subsection, is hereby determined to be exempt from local personal 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:

Karen Roberts,
Clerk of Council

Date Adopted _____

Date Effective _____

Consider approval of consent agenda – Council Member Lawson made a motion to approve the consent agenda as presented; Vice Mayor Martin seconded the motion with all Members voting in favor.

BUDGET ADDITIONS FOR 4/25/17				
ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT
FY17				
General Fund:				
01100909	490104	Advance/Recovered Costs		3,835
01431162	503190	City Hall Operations - Prof Service Bldg/Grounds Maint	1,937	
01431162	506007	City Hall Operations - Repair & Maintenance Supplies	1,898	
		Installation of PA System		
01100909	490104	Advance/Recovered Costs		2,217
01331108	501300	Sheriff/Corrections - Part-time & Temporary Wages	1,640	
01331108	502100	Sheriff/Corrections - Social Security	102	
01331108	502110	Sheriff/Corrections - Medicare	24	
01331108	506008	Sheriff/Corrections - Vehicle Equipment & Maint.	328	
01331110	506200	Sheriff/Annex - Prisoner Allowance	123	
		Reimbursement from Henry County for litter pickup - March		
01100909	490104	Advance/Recovered Costs		1,902
01331108	501300	Sheriff/Corrections - Part-time & Temporary Wages	1,410	
01331108	502100	Sheriff/Corrections - Social Security	87	
01331108	502110	Sheriff/Corrections - Medicare	21	
01331108	506008	Sheriff/Corrections - Vehicle Equipment & Maint.	282	
01331110	506200	Sheriff/Annex - Prisoner Allowance	102	
		Reimbursement from Henry County for litter pickup - February		
01100909	490104	Advance/Recovered Costs		3,000
01321102	506130	Fire Dept. - Repair & Maint.-Burn Building	3,000	
		Reimbursements for training supplies		
01102926	443200	Categorical Federal - Nat'l Endowment for the Arts		10,000
01812242	505660	Misc. Exp. - Piedmont Arts - NEA Grant	10,000	
		Pass-through of funding		
Total General Fund:			20,954	20,954

Business from the Floor – Wayne Knox explained that next Tuesday, May 2 from 5:30-9:00 there will be a community meeting at NCI pertaining to Healthy Living and a technical assistance grant.

Brittany White, 671 Chatmoss Court quoted Joe Biden “show me your budget and I’ll show you your values”. White explained that education should be a top priority for the City. The students are the future and the school system affects the community.

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Fire Chief Ted Anderson updated Council on the weekend fire and thanked the citizens and media for their support. It was a significant fire but luckily, there were no injuries. He asks the public to stay out of the area since there are still dangers. The investigation is ongoing however neither the building owner nor business owner had insurance. He is reaching out to the public and requesting any information no matter how insignificant it may seem. Lt. Rob Fincher explained that Law Enforcement Explorer Post 438 and Fire/EMS Explorer Post 439 would return this year. There will be an Open House at the Police Department and Fire Department along with details on how to participate in the explorer programs. Fincher touched on the growing concern of opioid abuse and said there would be a joint drug takeback for prescription drugs the coming weekend. The public is invited to bring prescription drugs to the fire department for disposal; a drive through will be set up from Moss Street to Church Street Saturday 10:00am-2:00pm.

Julian Mei, Cornerstone Apartments was present to support the Piedmont Arts Board and thanked Council for their support. For visitors who are looking to purchase a home in the City, one of the first questions is what activities are there in the community. Art and culture should not be one of the first things on the chopping block. He encourages residents to move back and support the growth of the community. Vice Mayor Martin suggested that May volunteer for a Board vacancy.

Aaron Rawles, 214 Oakdale Street, suggested that Council should look at what makes the city valuable to the potential citizens and how to promote those topics.

Comments by Members of City Council – Council Member Bowles is a member of the Southside Tennis Association and if City children are interested in participating in clinics or tournaments outside of school, please contact her or visit the Facebook page for more information. She is also a member of the Museum Foundation Board and congratulated them on another successful Earth Day event and said there will be a Teacher Appreciation event on May 4th. Congratulations to Don't Count Me Out on their third annual basketball event. Bowles attended the Martinsville Employee Appreciation Banquet and congratulations to the Teacher of the Year in each school and the retirees. She also wanted to recognize her father on his retirement. Vice Mayor Martin thanked the fire, police and other departments for handling the fire on Aaron Street. Martin reminded the public of the May 2 and 3 community meeting regarding the Paradise and how important it is to hear what people want done with the property. Council Member Hodge expressed the importance of that meeting also and thanked Mr. Knox for looking at a variety of options for the Paradise. Hodge said it is encouraging where the plan is going but the key is community involvement. Council Member Lawson reminded the public that Saturday is Hazardous Waste Day at the Henry County PSA shop in Bassett, which is open to County and City residents. Bowles said that she would not be able to attend the paradise event.

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Comments by City Manager – City Manager Towarnicki explained that strategic planning notes have been incorporated in a draft that will be sent to Council members soon. He asked that they please look over that information to ensure all changes discussed were reflected in those notes. Towarnicki said there is a new City website and encourages residents to look it over and make suggestions, confirming that the website is mobile friendly.

There being no further business, Council Member Bowles made a motion to adjourn the meeting; the motion was seconded by Council Member Hodge with all Council Members voting in favor. The meeting adjourned at 9:35pm.

Karen Roberts
Clerk of Council

Gene Teague
Mayor