

**MINUTES OF THE COMMON COUNCIL
WORK SESSION
March 10, 2015
Council Chambers – Rouss City Hall**

PRESENT: Councilor Evan Clark, John Hill and Corey Sullivan; Vice-President Milt McInturff; City Councilor Kevin McKannan and William Wiley; Mayor Elizabeth Minor; Vice-Mayor Les Veach; President John Willingham (9)

ABSENT: None (0)

Call to Order – President Willingham called the Work Session to order at 7:12 p.m.

Public Comments: (Each person will be allowed 3 minutes to address Council with a maximum of 10 minutes allowed for everyone)

Michael Butler of 2653 Windwood Drive spoke in favor of the real estate tax exemption request from Habitat for Humanity. He stated the organization meets all eight qualifications required for tax exemption status for the rental properties and the vacant properties.

Patty Taylor of 1219 Rodes Circle spoke in favor of the real estate tax exemption request from CCAP for its property at 106 South Kent Street.

President Willingham asked if there was anyone else wishing to address Council on this issue. Seeing none, he closed the public hearing at 7:17 p.m.

3.0 Items for Discussion:

3.1 Discussion: FY16 Proposed Budget Summary and Options

Eden Freeman, City Manager, presented the proposed options for the FY16 budget. She stated staff is looking at a revenue increase of \$2,510,000 assuming the revenue neutral rate of \$0.91/\$100 of assessed value. However, there are a number of new expenses that are higher than before and there are a number of unexpected expenses the city has never had to pay for. Those include \$465,000 to the Adult Detention Center and \$262,000 for office space rent for the Commonwealth Attorney and the Juvenile/Domestic Court Services as well as janitorial, IT, and set up costs for those offices. Ms. Freeman stated she is happy to report the employee health insurance rates are showing a decrease of 4.1% for FY16. Because of that, she will be bringing forward a recommendation to pass along some of the savings to the employees. She stated the initial requests received were \$8,542,000 above the FY15 base budget. Items included in the initial requests were 31 new FTE positions, an operating increase of \$4,174,000, an IT Plan increase of \$420,000, and

equipment replacement requests of \$1,225,000. The city does have a balance in the Employee Benefits Fund. One of the requests built into the proposed budget is a 2% cost of living increase for the employees. In addition to that, she would like to recommend the city consider establishing an employee bonus program where an employee could receive up to a \$1500 bonus depending upon their performance during the year. The funding for the bonus would come out of the Employee Benefits Fund. Staff is also looking at reclassifying one of the existing positions in HR to be paid out of the Employee Benefit Fund and also move the Other Post Employment Benefits for Current and Future Retirees (OPEB) to that line for a savings of \$258,000.

Option 1 (revenue neutral; tax rate \$0.91) includes the 2% employee salary increase, \$1,000,000 for the school system, \$80,000 for fuel for the volunteer fire companies, full funding for the ALS Incentive Program for qualified firefighters, reclassification of existing positions and the addition of seven new FTE positions.

Option 2 (revenue neutral; tax rate \$0.91) continues everything in Option 1 but adds 1 firefighter, 1 police officer, a Parks maintenance tech, and includes funding for ammunition for the police department and equipment for the SWAT team. However, this option reduces the School funding to \$500,000.

Option 3 has a tax rate of \$0.92 per \$100 of assessed value. Each cent added to the tax rate increases the amount of real estate revenue by \$288,000. It includes options 1 and 2 plus additional equipment for the Fire Department, an increase in maintenance for the parks fields, repairs to the baby pool, and equipment for the Parking Authority.

Option 4 includes the items in option 3 but it sets the tax rate at \$0.93 per \$100 and sets funding for Schools at \$750,000. There is some additional information on the IT Plan that will be coming forward including ID badge software, a replacement for CAMRA, the real estate tax assessment system, a system for tracking boards and commissions and agenda management, and a mobile app for the city.

Ms. Freemans stated there were more requests received for outside funding but the recommended amount is the same as prior years. She recommended continuing with the program as it is if Council chooses to fund it this year and then move to more of a grant program in the future.

Mary Blowe, Director of Finance, reviewed the Capital Improvement Projects summary in each of the proposed options for FY16. She also reviewed the debt service policies and the capacity available.

Ms. Freeman reviewed the additions to the base for equipment requests to include one vehicle for the Sheriff's department and nine vehicles for the police department. She stated staff will be pursuing grant funding for Self Containing Breathing Apparatuses for all of the firefighters that will require a match if the

grant funding is awarded. Other items to be included are defibrillators, a snow plow for Parks and Recreation, a pickup truck and a one-ton dump truck for Highway Maintenance, a new bus for transit that will require a 10% match to the federal funding, new equipment for parking meters, and a lift for the equipment fund. She stated one item that is not mentioned but has become a dire need is a new truck for Parks and Recreation. This will be worked into a supplemental appropriation.

3.2 O-2015-08: AN ORDINANCE TO AMEND SECTION 27-10 PERTAINING TO REAL PROPERTY TAX RATE

Mary Blowe, Director of Finance, presented the ordinance to set the real property tax rate. She stated a revenue neutral rate would decrease the current amount from \$0.95 to \$0.91. A tax increase would bring it to \$0.92 or \$0.93.

President Willingham stated after increasing a number of things last year, he would support a revenue neutral rate.

After a brief discussion, President Willingham directed the item be put on the next work session for more discussion.

3.3 O-2015-09: AN ORDINANCE TO APPROVE THE APPLICATION OF CONGREGATIONAL COMMUNITY ACTION PROJECT FOR TAX EMEMPT STATUS BY DESIGNATION PURSUANT TO CHAPTER 27 DIVISION 5 OF CODE OF THE CITY OF WINCHESTER

Ann Burkholder, Commissioner of the Revenue, presented the application from CCAP for real estate tax exemption by designation for the property at 106 South Kent Street. CCAP already has tax exemption on the adjoining properties at 112-118 South Kent Street. The tax impact would be \$2,058.65.

Vice-President McInturff moved to forward O-2015-09 to Council. The motion was seconded by Councilor Hill.

President Willingham stated he will be voting against this motion. CCAP provides a good service but he cannot support one organization over the next.

The motion to forward O-2015-09 to Council was approved 8/1 with President Willingham voting in the negative.

3.4 O-2015-10: AN ORDINANCE TO DENY THE APPLICATION OF HABITAT FOR HUMANITY OF WINCHESTER-FREDERICK COUNTY, INC. FOR TAX EXEMPT STATUS BY DESIGNATION PURSUANT TO CHAPTER 27 DIVISION 5 OF CODE OF THE CITY OF WINCHESTER

Ann Burkholder, Commissioner of the Revenue, presented the application for real estate tax exempt status from Habitat for Humanity. She stated the

applicant has requested two additional properties be added to the request, 402 and 511 Highland Avenue, bringing the total to 19 properties. Habitat for Humanity is a charitable organization but the recommendation to Council is to deny the application. She stated the reason is the city has not traditionally exempted rental properties and she fears it would set a precedent for other organizations. The updated impact would be \$10,540. She has suggested to the applicant other opportunities that would benefit them and be more favorable to the city's goals.

Councilor Clark asked what the previous exemption was under the City Lights program. Ms. Burkholder stated Council handled exemptions differently in the past. The State Code and Council were more lenient than they are today as well.

Councilor Clark asked if the properties are being used the same as before. Ms. Burkholder stated she could not answer to that.

Upon being asked, Michael Butler, Executive Director for Habitat for Humanity, stated the properties are still being used for the same purpose. The properties will be improved and are planned to be owner occupied within five years. At that point, the value will have improved and a tax increase will be seen.

Vice-President McInturff moved to forward O-2015-40 as presented. *The motion was seconded by Councilor Hill then approved 8/1 with Councilor Clark voting in the negative.*

3.5 R-2015-09: RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF A TAXABLE WATER AND SEWER SYSTEM REVENUE REFUNDING BOND, SERIES 2015, OF THE CITY OF WINCHESTER, VIRGINIA, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$[_____], PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF, AND PROVIDING FOR THE REFUNDING OF CERTAIN OUTSTANDING BONDS

Mary Blowe, Director of Finance, presented the request to refund the 2008 and 2009 Utilities Bonds in the amount not to exceed \$17,500,000. The refunding would provide either \$1,000,000 to go towards a capital project or a \$90,000 debt service savings through maturity.

Vice-President McInturff moved to forward R-2015-09 to Council. *The motion was seconded by Mayor Minor then unanimously approved by voice-vote.*

3.6 Discussion and Review of the draft Request for Proposal for Professional Services of Developer to Assist the City of Winchester in Comprehensive Development of 200 & 214 N. Cameron Street

President Willingham and Councilor Wiley abstained from the discussion due to conflicts of interests.

City Manager Eden Freeman presented the changes to the draft Request for Proposal for the development of 200 & 214 North Cameron Street. She stated the changes include a mixed use instead of the events center. The draft RFP will be released tomorrow to see who would be interested in doing a project on this site. The final RFP will be issued in May with a contract signed in September. Ms. Freeman also presented draft renderings of what an events center in this location could look like. The design included meeting space for 900 in classroom style seating, 76 hotel rooms, meeting rooms for smaller breakout sessions, an outdoor café, and a roof top bar/deck.

- 3.7 Request** from applicant to remove from the table: **O-2015-03:** AN ORDINANCE TO CONDITIONALLY REZONE 10.59 ACRES AT 200 MERRIMANS LANE (Map Number 149-01- -7-A), FROM CONDITIONAL RESIDENTIAL BUSINESS (RB-1) DISTRICT WITH CORRIDOR ENHANCEMENT (CE) DISTRICT OVERLAY (0.80 ACRES) AND CONDITIONAL MEDIUM DENSITY RESIDENTIAL (MR) DISTRICT (9.79 ACRES) TO MEDIUM DENSITY RESIDENTIAL (MR) DISTRICT WITH PLANNED UNIT DEVELOPMENT (PUD) DISTRICT OVERLAY RZ-14-663

Vice-Mayor Veach moved to remove O-2015-03 from the table. *The motion was seconded by Councilor Wiley then unanimously approved by voice-vote.*

President Willingham asked Planning Director Tim Youmans if he had any additional information to present. Mr. Youmans stated he did not have a presentation but that he was available to answer any questions Council may have.

Vice-Mayor Veach stated he did not see much change in the proffers since the last meeting. Council had numerous concerns and questions that have not been answered yet. He thinks it should be going forward at least to Council and he is looking forward to some changes from the applicant or some response to the questions.

Vice-Mayor Veach moved to forward O-2015-03 with the recommendation to deny. The motion was seconded by Councilor Clark.

President Willingham stated he will vote against denying the rezoning. He agrees there still need to be some additional things reviewed and updated within the proffers and the project. But, from his perspective, he thinks they have addressed a lot of the concerns and questions that he had in regards to the amount of school children and the other comparable types of properties. He thinks there are also some questions to answer on the transportation areas but he is in favor of it if a couple of those other issues are able to be resolved. He stated he wants to give feedback to the developer that he supports the project if a couple of additional things that he thinks need to be properly mitigated can be fixed voluntarily. So, he will vote against the denial of the request.

Councilor McKannan stated he would vote against the denial and would like to see further information on what was requested in the past.

Councilor Clark stated he will vote against the denial. He would like to see this ordinance either go thumbs up or thumbs down. The developer's time is money and Councils is as well. He would like to have this issue discussed, vetted, and resolved.

The motion to forward with the recommendation of denial was defeated 2/7 with President Willingham, Mayor Minor, Vice-Mayor McInturff and Councilors Clark, Hill, McKannan, and Wiley voting in the negative.

Councilor Wiley moved to forward O-2015-03 with the recommendation of approval. The motion was seconded by Councilor Hill.

Councilor Sullivan stated he thinks Council needs to look at the housing stock in the city as a whole not just in this particular 10 acres or 11 acres. Currently, 54-55% of the city's housing stock is rentals. Although it is a superb project, high quality and probably all the city could ask for in terms of this type of housing, he does not know that this is the type of housing that in the long term is going to serve the city the best.

President Willingham stated he has to rely on facts and evidence and the evidence for comparable projects laid it out that there will be 13 students at least on an average. He thinks an argument could be made for those that are across the street from a school will be higher but that hasn't been proven in the other locations. Even if it is a little bit higher, when he looks at the amount of vacancies that a lot of the city's higher end projects have, clearly there is a demand. If the city is going to recruit empty nesters and young professionals, this type of luxury living is what they are going to be looking for. He does not think the city has this in its market and he thinks the diversity in the housing stock is needed. He will vote for it to get it to Council with the recommendation that Council reviews and looks at all of the alternatives and potential other opportunities.

The motion to forward O-2015-03 with the recommendation of approval was approved 7/2 with Vice-President McInturff and Councilor Sullivan voting in the negative.

- 3.6** Motion to forward the appointment of _____ as a member of the Shenandoah Area Agency on Aging for a four year term

Councilor McKannan moved to forward the appointment to Council. *The motion was seconded by Vice-Mayor Veach then unanimously approved by voice-vote.*

- 3.7** Motion to forward the appointment of _____ as a member of the Board of Architectural Review for a four year term

Vice-President McInturff moved to forward the appointment to Council. *The motion was seconded by Vice-Mayor Veach then unanimously approved by voice-vote.*

- 3.8** Motion to forward the appointment of _____ and _____ as members of the Towing and Recovery Advisory Board each for an indefinite term

Vice-President McInturff moved to forward the appointments to Council. *The motion was seconded by Vice-Mayor Veach then unanimously approved by voice-vote.*

- 3.9** Motion to forward the appointment of _____ as a member of the Winchester Parking Authority for a five year term

Vice-Mayor Veach moved to forward the appointment to Council. *The motion was seconded by Vice-President McInturff then unanimously approved by voice-vote.*

4.0 Executive Session

- 4.1** MOTION TO CONVENE IN EXECUTIVE SESSION PURSUANT TO §2.2-3711(A)(7) OF THE CODE OF VIRGINIA FOR THE PURPOSE OF RECEIVING LEGAL ADVICE FROM THE CITY ATTORNEY AND LEGAL CONSULTATION REGARDING THE SUBJECT OF SPECIFIC LEGAL MATTERS REQUIRING THE PROVISION OF LEGAL ADVICE BY THE CITY ATTORNEY AND MATTERS OF ACTUAL OR PROBABLE LITIGATION AND PURSUANT TO §2.2-3711(A)(1) OF THE CODE OF VIRGINIA FOR THE PURPOSE OF DISCUSSION AND CONSIDERATION OF INFORMATION REGARDING THE SUBJECT OF THE EMPLOYMENT, ASSIGNMENT, PERFORMANCE AND APPOINTMENT OF SPECIFIC PUBLIC OFFICERS APPOINTEES, AND EMPLOYEES OF THE CITY OF WINCHESTER.

Vice-Mayor Veach moved to convene into executive session at 8:28 p.m. *The motion was seconded by Councilor Wiley then unanimously approved by voice-vote.*

Vice-President McInturff moved to reconvene in open session at 8:56 p.m. *The motion was seconded by Councilor Wiley then unanimously approved by voice-vote.*

Upon returning, each member certified that only public business matters lawfully exempted from open meeting requirements of the Virginia Freedom of Information Act were discussed during the closed meeting, and that only those public business matters identified in the motion which convened the closed meeting were heard, discussed, or considered during the closed meeting.

A roll call vote was taken, the ayes and nays being recorded as shown below:

<u>MEMBER</u>	<u>VOTE</u>
Councilor Clark	Aye
Councilor Hill	Aye
Vice-President McInturff	Aye
Councilor McKannan	Aye
Mayor Minor	Aye
Councilor Sullivan	Aye
Vice-Mayor Veach	Aye
Councilor Wiley	Aye
President Willingham	Aye

President Willingham stated he would entertain a motion to add to the agenda the reappointments of two members to the Social Services Advisory Board, one member to the Old Dominion Community Criminal Justice Board, and one member to the Old Dominion Alcohol Safety Action Program Board. *The motion was made by Vice-President McInturff, seconded by Councilor Wiley, and then unanimously approved by voice-vote.*

Vice-President McInturff moved to forward the two reappointments to the Social Services Advisory Board. *The motion was seconded by Councilor Clark then unanimously approved by voice-vote.*

Vice-President McInturff moved to forward the reappointment to the Old Dominion Community Criminal Justice Board. *The motion was seconded by Councilor Wiley then unanimously approved by voice-vote.*

Vice-President McInturff moved to forward the reappointment to the Old Dominion Alcohol Safety Action Program Board. *The motion was seconded by Councilor Wiley then unanimously approved by voice-vote.*

5.0 Monthly Reports

5.1 Finance Department

5.2 Police Department

6.0 Adjournment

Vice-President McInturff moved to adjourn the meeting at 8:58 p.m. *The motion was seconded by Vice-Mayor Veach then unanimously approved by voice-vote.*