

CITY OF COLONIAL HEIGHTS, VIRGINIA
Special Meeting of City Council
Tuesday, October 19, 2021

1. Call to Order.

The Special Meeting of City Council was called to order by Mayor Kochuba at 6:00 P.M.

2. Roll Call.

Present: Councilman John E. Piotrowski
Councilwoman Dr. Laura F. Poe
Councilman Robert W. Wade
Vice Mayor Elizabeth G. Luck
Mayor T. Gregory Kochuba

Absent: Councilman Michael A. Cherry
Councilman John T. Wood (arrived at 6:17 P.M.)

Also Present: Mr. Douglas E. Smith, City Manager
Mr. Hugh P. Fisher, III, City Attorney
Mrs. Pamela B. Wallace, City Clerk

3. Declarations of Personal Interest

There were none.

The Clerk announced the purpose of the meeting.

4. Closed meeting pursuant to the Code of Virginia in accordance with the following provision:

- **Paragraph A.5 of Section 2.2-3711, to discuss a prospective business providing housing at Southpark Mall, where no previous announcement has been made of the business' interest in locating its facilities in the community.**

A motion to convene in closed meeting was made by Mayor Kochuba, seconded by Mr. Wade, at 6:02 P.M.

Vote:	5-0
Yes:	Piotrowski
	Poe
	Wade
	Luck
	Kochuba
No:	None
Absent:	Cherry
	Wood (arrived at 6:17 P.M.)

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Abstained: None

Motion UNANIMOUS PASS

5. Voice Vote – Come back into Open Session.

A motion to reconvene in open session was made by Mayor Kochuba, seconded by Mr. Wade, and carried unanimously on roll call vote at 7:54 P.M.

Vote: 6-0
Yes: Piotrowski
Poe
Wade
Wood
Luck
Kochuba
No: None
Absent: Cherry
Abstained: None

Motion UNANIMOUS PASS

As stated by the Clerk, Council was in a closed meeting pursuant to the Code of Virginia in accordance with the following provision:

- Paragraph A.5 of Section 2.2-3711, to discuss a prospective business providing housing at Southpark Mall, where no previous announcement has been made of the business' interest in locating its facilities in the community.**

Consideration of the following certification:

Each member will now certify that to the best of the member's knowledge (i) only public business matters lawfully exempted from open meeting requirements of the act and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the meeting by the public body. Any member who believes there was a departure from the requirements of clauses (i) and (ii), shall so state prior to the vote, indicating the substance of the departure that, in his judgment, has taken place.

Council members approved this certification, without any stating departure from the requirements of clauses (i) and (ii), by the following roll call vote:

Vote: 6-0
Yes: Piotrowski
Poe
Wade

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	Wood
	Luck
	Kochuba
No:	None
Absent:	Cherry
Abstained:	None

Motion UNANIMOUS PASS

Motions: None

Before moving into the work session, Mayor Kochuba called for a five-minute recess at 7:56 P.M. and also requested Item 6D be moved to Item 6B.

6. A Work Session on the Following Items:

A. Discussion Regarding City Code for Tax Relief for the Elderly and Disabled

Mr. Smith advised the subject item was for discussion only but upon Council's support, it would be brought back before them in the form of an ordinance for their approval. At this time, Mr. Smith turned the floor over to Mr. Feasenmyer, Commissioner of Revenue.

Mr. Feasenmyer directed Council to the information previously provided in the Executive Summer noting his comments were not a recommendation; however, it was his practice to forward information provided to him by outside sources, such as the General Assembly and the Commissioners of Revenue Association, which affect the City's ability to collect revenue. Currently the income of a live-in person that is not related to the owner of the property cannot be considered in determining the annual income of those applying for the elderly or disabled real estate tax relief. Mr. Feasenmyer requested Council's consideration to tax relief equitable to all citizens and not just elderly living with family members.

At the end of Mr. Feasenmyer's presentation, Mayor Kochuba called for an informal vote by Council supporting the Code Change for tax relief for the elderly and disabled.

<u>Vote:</u>	6-0
Yes:	Piotrowski
	Poe
	Wade
	Wood
	Luck
	Kochuba
No:	None
Absent:	Cherry

UNANIMOUS PASS

C. Quarterly Financial Report

Mayor Kochuba advised that the Quarterly Financial Report would be moved to the November 9, 2021 regular meeting.

D. Discussion regarding Colonial Heights Public Schools Proposed High School Projects

Before Council began their discussion, Mr. Smith provided an overview of the requested projects including photographs and a break-down of the cost estimates for each project. Mr. Smith provided slides showing the funding request identified in a letter from Dr. Sroufe, which included approximately \$3.3+M in Elementary and Secondary School Emergency Relief (ESSR), and \$2.2+M from the Schools' Capital Projects Reserve. Mr. Smith continued by stating that the request showed approximately \$5.5+M in funding from the City with a shared cost of approximately \$1+M for a total project cost of approximately \$6.6+M.

Mr. Smith reviewed highlights from the Memorandum of Understanding (MOU) between the schools and the City particularly noting the following:

- ...the City shall match dollar for dollar any amount identified by the School Board from its sources of recurring revenue toward debt service to pay for major school capital improvement projects.
- ... "major school capital improvement project": shall generally mean construction projects where the total of square footage of a school building or facility increases.
- Any requests for the dollar-for-dollar matching funds from the City must be formally requested by the School Board through the City Manager on or before February 1st in all future budget years so it can be included in the upcoming annual budget.

Mr. Smith provided a slide of the proposed project schedule with construction proposed for June of 2022 with completion in August of 2023. Mr. Smith provided two funding questions for Council to consider: 1) Potential City-funding for all three projects vs. two-projects that increase building square footage (Fine Arts and Commons/Kitchen); and 2) Construction of projects simultaneously vs. spacing out projects; potentially incurring higher costs.

Mr. Smith presented the following staff-developed ideas, for Council's review, for possible funding sources for the full \$6.6M (estimated annual debt service - \$325,000):

- A \$0.02 increase of the Real Estate tax rate
- A \$0.25 increase of the Personal Property tax rate

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- **A combination of sources considered:**
 - **\$0.05 increase of the Cigarette Tax**
 - **Other taxes that may be allowable by state law and under current maximums**

Mr. Smith also noted the existing school and City annual debt service would decrease by \$700,000 in FY27 with the payoff of the 2007 bonds; however, this misses the ESSER deadline of 2023.

Mayor Kochuba stated he felt the \$6.6M request was unrealistic and to suggest a tax increase coming out of a pandemic was crazy. Continuing, Mayor Kochuba, referring to the MOU, stated he was disappointed in the School Board for not bringing their request to Council prior to February 1. Mayor Kochuba stated consideration of the projects should be in January or February for formulating and consideration into the 2022-23 budget.

Referring to the funding chart, Mayor Kochuba noted of the proposed \$5.5M, the schools were receiving \$3.3M in Federal funds and currently have \$2.2M in CIP funds; and recommended that Council consider a 50/50 split during the next fiscal year of the Administrative/Guidance project due to the security issue. However, in the meantime, the schools could utilize the \$5.5M to fund the Fine Arts project.

Concurring with Mayor Kochuba's comments, Dr. Poe added that she could not support increasing taxes due to the current inflation which would be detrimental to the citizens. Dr. Poe also supported moving forward with the Administrative/Guidance project; suggesting tabling the other projects until further review and possible approval by Council.

Mr. Piotrowski stated he was opposed to increasing taxes at the present time and felt it was not even an option he would consider and suggested waiting until February.

Mayor Kochuba noted Council's support of the schools over the past five to six years; however, the highest amount every requested was \$7.5M which was a 50/50 split.

Mr. Wade supported the Administrative/Guidance project because of improvements to the security of the offices and entrance; however, noting he could not support raising taxes at this time.

Mr. Fisher stated that the MOU talks about a 50/50 split, and it was his opinion that the School Board is expecting a 50/50 split based upon the MOU.

Mayor Kochuba stated it was unrealistic to receive funding for \$6.6 M up front. Continuing, Mr. Fisher stated that pursuant to the MOU for the other two projects, other than the front entrance, the costs for those projects would be split 50/50. Additionally, Mr. Fisher stated it was clear that the Fine Arts and Cafeteria Projects were clearly a 50/50 split; however, the Administrative/Guidance project was not a

major capital expenditure as defined in the MOU, because it did not include square footage nor was it a major maintenance project. Mr. Fisher clarified he was not telling Council what to do; he was only stating what the MOU said. Mayor Kochuba clarified, with Mr. Fisher concurring, that the MOU did not state the request had to be met in the current fiscal year.

Addressing Mrs. Luck's comments, Mr. Fisher advised that the projects do not have to be approved by Council; and if the School Board determines the need for additional local funding to maintain a current level of operation or to provide for additional incentives, it must make a formal written request for Council to raise taxes. Continuing, Mrs. Luck explained the reason why she felt the request included all three projects, stating it was most likely due to the fact they were anticipating increased costs if the three were done separately. Mrs. Luck stated she felt, historically, Council had matched the Board's requests and recalled past instances where they were given the opportunity to retain their additional fund balance at the end of the fiscal year to fund certain projects. Mrs. Luck also stated she felt the schools wanted to capture the opportunity to utilize the ESSER funds and felt Council needed to come up with some type of compromise.

Again, Mayor Kochuba stated he never disputed the 50/50 split; however, he felt it unreasonable to come to Council in the middle of a budget year requesting the split with such a large cost to the City. Mrs. Luck agreed with Mayor Kochuba stating she believed the Administrative/Guidance project should be addressed first.

Mr. Fisher added he did not think it was in the spirit of the MOU for Council to delay the request for several years; however, he did feel it could be put off until the next budget year.

Addressing the security of the front entrance of the High School, Mr. Piotrowski asked about the security of the entrance areas of the City's other four schools. Mrs. Luck stated there could be more incidents at the high school to warrant such changes than at the other schools.

With regard to the ESSER funding, Mr. Smith stated there may be issues prohibiting the application to just one project due to eligibility of expenses.

Directing his question to Mr. Fisher, Mr. Wood asked if the 50/50 match would be determined upon each party's five recurring sources of revenue to debt service. Mr. Fisher stated he did not totally understand Mr. Wood's question about the School Board's five sources of revenue; however, he read that "its" was referring to the City and not to both. Questioning Mr. Fisher's response, Mr. Wood stated he understood this to mean that both parties would be participating equally in projects that would be funded from their respective portion of recurring City revenues. Mr. Wood continued with comments relative to the Schools' use of the ESSR funds and the City and school's equal reoccurring revenue sources; specifically noting that ESSR funds were a one-time unexpected income in revenue due to the pandemic and could not be anticipated as

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reoccurring. Therefore, the City was not in the position of being able, as much as the City may wish, to make a contribution so disproportionate.

If the City was to follow the MOU, Mayor Kochuba asked why the request wasn't submitted on or before February 1 as the City was in the middle of the budget season. Mayor Kochuba suggested the City could entertain one or two projects in January and February; however, he did not know what could be done at this point.

Mrs. Minor offered a suggestion that the current adopted CIP did not include any school projects; however, it does have a planned school project for FY2023. Mrs. Minor advised staff built this into the planned debt issuances for the future and there is some potential capacity without a tax increase if Council was amenable to some split on the projects. Recalling the previously funding slide, Mrs. Minor stated between the ESSR funding and the CIP reserve, the schools had \$5.5M available to get a project started. Additionally, should Council be amenable to a request in February from the schools of the \$3.4M CIP, this would give them \$9M+ for the project. Mrs. Minor noted this was not a 50/50 split, but a compromise to allow some of the projects to be completed.

There was additional discussion relative to the \$3.4M previously discussed by Mrs. Minor with Mrs. Minor explaining the process and the request protocol to move forward to consider using this funding source.

Noting the previous funding slide, Mayor Kochuba noted that the \$3.4M CIP funding would cover the Administration/Guidance project. Mrs. Minor added that the schools could decide, with the remaining \$5.5M they had, which of the remaining two projects was a priority.

Mr. Smith suggested he would convey to the school administration, Council was not able to take on all the projects at one time; however, suggest the school proceed with one of the projects and Council would review participation with a second project in the upcoming budget year.

Mr. Wade stated he would suggest that school administration consider including security projects for the other schools when considering the Administrative/Guidance project.

Mr. Fisher clarified that it was within the School Board's purview to decide their projects. Adding to Mr. Fisher's comments, Dr. Poe stated she respectfully somewhat disagreed with Mr. Fisher because it was her opinion that when someone asks for money, she reserves the right to have some level of input as to how the money is spent.

Mayor Kochuba called for a non-binding vote to request that the school administration proceed with one of the projects and come back to Council to request a second project in the upcoming budget year.

Yes: Luck, Piotrowski, Wood, Wade, Poe, Kochuba, Absent: Cherry

E. Chesapeake Bay TMDL Action Plan

Mr. Flippen provided background information on the Total Maximum Daily Load (TMDL) and the changes imposed by the EPA on the City. To help address these changes, Mr. Flippen advised that the City contracted with JMT Consultants in August of 2020 to perform a TMDL Best Management Practices (BMP) feasibility study. This study was to determine where the City could install such practices to meet a 100% reduction goal addressing excess nutrients and sediment which was harmful to waterways in and around the City. Mr. Flippen advised that 24 sites were selected by JMT; however, only 12 were determined to be suitable for installation of a BMP.

Due to the cost associated with the 12 identified areas, Mr. Flippen advised staff had been working with Resources Environmental Solutions (RES) over the past eight months to find cost effective alternatives to meet the required TMDL reductions set by the Department of Environmental Quality (DEQ) and the EPA. Mr. Flippen advised that RES would find available land within the respective watershed/Colonial Heights to provide a full-delivery project that would provide the necessary credits needed to satisfy the DEQ and EPA. Mr. Flippen provided an action plan provided by RES to achieve a 40% goal by June 30, 2023 with the cost of the project being a fraction of that provided by JMT.

Mr. Flippen advised it was the recommendation of staff to purchase the nutrient credits through RES.

Mr. Flippen addressed questions from Council after which time; Mayor Kochuba called for a non-binding vote to move forward with the proposed TMDL Action Plan utilizing RES, LLC.

Yes: Luck, Piotrowski, Wood, Wade, Poe, Kochuba, Absent: Cherry

F. Sanitary Sewer Condition Improvements

At the request of Mayor Kochuba, it was the decision of Council and staff to delay to defer to the November 9, 2021 Regular Meeting.

7. Adjournment.

A motion to adjourn the Special Meeting was made by Mayor Kochuba, seconded by Dr. Poe, and carried unanimously on voice vote at 10:05 P.M.

APPROVED:

T. Gregory Kochuba, Mayor

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ATTEST:

Pamela B. Wallace, City Clerk