

MINUTES
REGULAR MEETING
APRIL 13, 2021

The regular meeting of the Council for the City of Covington was held on Tuesday, April 13, 2021, at 6:30 p.m. from the Council Chambers of City Hall located at 333 W. Locust Street, Covington, Virginia.

The meeting was called to order by Mayor Thomas H. Sibold, Jr. The invocation was given by Rev. Pete Moore, followed by the Pledge of Allegiance.

Roll Call of Council showed these members present as follows: Mayor Sibold, Vice Mayor David S. Crosier, Councilman William E. (Lance) Carson, Jr., and Councilman S. Allan Tucker. Councilman Raymond C. Hunter was absent.
City Manager: Krystal Onaitis
City Attorney: Mark Popovich

APPROVAL OF AGENDA

Vice Mayor Crosier made a motion to add to the agenda Resolution R-21-18 to express appreciation to the Commonwealth of Virginia for school consolidation assistance and a Proclamation to honor National Crime Victims' Right Week. Mr. Tucker made the second, and members unanimously agreed by consent to add both to the agenda and to approve the agenda presented.

CITIZEN COMMENTS

There were no citizen comments.

CORRECTION AND APPROVAL OF MINUTES

Upon a motion by Vice Mayor Crosier, seconded by Mr. Carson, Council voted to approve the following minutes as presented: Called Meeting on March 2, 2021; Work Session on March 2, 2021; and Regular Meeting on March 9, 2021.

APPOINTMENTS

Because no citizens have requested appointment to fill the position of R. Patrick Scruggs on the Planning Commission, the matter was tabled until next month.

On a motion by Vice Mayor Crosier, seconded by Mr. Tucker, Kathy Lamb Carson was selected by consensus to fill the unexpired term of Joyce Persinger on the Alleghany County-Covington Social Services Board, which will end on December 31, 2021.

SPECIAL PRESENTATIONS

James Sanderson, Senior Vice President of Davenport & Company, presented an Executive Summary of the City's General and Utility Enterprise funds. He reviewed the City's current credit rating, showing ratings of A1 in Moody's Investors Service; A+ in Standard & Poore; and A+ in Fitch Ratings. Covington's real estate tax rates are low, coming in 28 cents below the state average of \$1.08. Lodging tax is also low at six percent, but the meals tax is higher, eight percent. Mr. Sanderson said this gives the City the capacity for revenue generation by raising taxes even though the cash flow is solid now. The General Fund's revenue stream is diverse, and the Unassigned Fund Balance of approximately thirty percent is healthy, which should help City administrators to maximize capital funding potential.

Debt services to expenditures showed that 11.5 percent of total expenditures went to debt services in FY 2020, which is elevated but strong because most localities of similar size and ratings don't fund schools as Covington does. The total General Fund debt is \$23,449,223, with \$20,335,000 going for school debt and \$3,114,223 for other departments' debt, with a reduction of debt by \$8.5 million from 2010 to 2020. The City can fund additional debt service starting in 2023 as a natural decline of \$200,000 will occur in 2023 and peak in 2037, which can generate additional revenue to pay for necessary capital projects. Mr. Sanderson focused on the City's line

of credit, which covered emergency road repairs in the summer of 2020, stating that this \$3 million debt needs to be permanently financed.

Mr. Sanderson stated the combined Water and Sewer funds are self-supporting and healthy, and cash and investments and debt service covering are strong. The City's rates and charges for residential water and sewer users are very low, with monthly increases of less than one percent yearly for the past ten years. One concern, the \$3.9 million DEQ Basin Project, focuses on the aging infrastructure as well as future needs. He estimated that a three percent rate increase yearly should fund approximately \$30-40 million borrowing potential for capital projects while maintaining strong cash reserves.

David Bryant, Director of Finance, shared the Third Quarter Finance Budget Summary, with the General Fund showing total revenues of \$17,773,279. Projected expenditures for FY2021 are \$17,900,000, so it's vital to keep spending under control in all departments.

Revenues are still down in Utilities Water and Sewer Revenues, and the Governor's moratorium on utility shut-offs remains in place. At the end of March, approximately 250 utility accounts were delinquent. Solid Waste revenues are still down due to reduced volume being hauled to the landfill, but there has been an uptick in hauling with warmer weather. Project monies are budgeted but may not be spent except in cases of emergency as weather and COVID impacts will affect the budget.

The City received \$21,000 in the Cares Act Relief funds in April, and the American Rescue Plan of 2021 may offset infrastructure needs, although no accurate amounts have been released and he has no idea how much the City will actually receive. Mr. Bryant said the solid waste program review and collections option with the new recycling plan look promising, and a repayment program will begin in April to encourage additional payments and revenue.

City Treasurer Theresa Harrison presented her Treasurer's Accountability Report, showing \$5,561,478.83 at the end of March in the City's regular account, the BB&T Celebrity Account, with an increase of funds from \$4,702,454.72 in December to \$7,279,657.87 in January because of extending the tax deadlines to January 5, 2021.

City Attorney Mark Popovich made a presentation on the legalization of marijuana, which is set to begin on July 1, 2021. The new Virginia law will eliminate criminal charges for possession of one ounce or less of marijuana, with limits on previous criminal history records concerning it. The new law establishes state organizations to regulate and license the cultivation, manufacture, wholesale, and retail sale of marijuana and products. One issue of social equity provisions for communities and people believed to be "historically and disproportionately affected by drug enforcement" has not been fully implemented. The number of dispensaries, wholesalers, manufacturers, and cultivation facilities are limited, but exactly where they will be located and how they will be regulated has yet to be determined.

If Council wishes to prohibit dispensaries from selling in Covington, they must petition the circuit court to hold a referendum by November of 2023, when voters would decide this question: "Shall the operation of retail marijuana stores be prohibited in the City of Covington, Virginia?" The outcome would need to have ordinances in place by January, 2024. Without a referendum, sales can proceed if a sales license is obtained, which will require zoning changes to limit where the marijuana stores can be located. As well, the percentage of local business tax on all items needs to be determined, and staff members must develop ordinances and policies to adapt to state laws and address local issues. The referendum, if passed, will only limit sales of marijuana and products, but citizens may legally buy one ounce or less in another locality, thus giving that locality the tax base. Marijuana sales will generate a source of local taxes; however, becoming a "dry" City should not impact how the state tax on marijuana is dispensed from Richmond. Another issue to be addressed is in dealing with employees such as CDL-licensed drivers who can legally use marijuana products outside of work but will fail random drug tests. Mr. Popovich conceded this is a strange dichotomy in which are many unknown issues that must be addressed before July 1 but can't be addressed until state mandates are finalized.

REPORT OF THE CITY MANAGER

Ms. Onaitis reported the Department of Environmental Quality inspection division gave a temporary waiver at the end of March to increase daily tonnage at the landfill from 51 tons to 75

tons. However, DEQ officials believe that tonnage is still too low and recommend raising it to 100 daily tons, which will give more flexibility for large scale events and allow accommodations for Clean-up Week and the special needs of WestRock, Ingevity, and Bath County. She asked Council for a consensus to increase daily tonnage to 100 tons daily, and members agreed.

UNFINISHED/OLD BUSINESS

Ordinances and Resolutions:

Concerning Resolution R-21-14 Authorizing the Roanoke Valley-Alleghany Regional Commission to Amend Its Charter to Reduce Membership Requirements, Vice Mayor Crosier made a motion to accept it, and Mr. Tucker seconded. A roll call showed the following vote: Mayor Sibold: For; Vice Mayor Crosier: For; Mr. Carson: For; and Mr. Tucker: For; Mr. Hunter: Absent.

For Appropriations Resolution R-21-15 to accept funds from Virginia Department of Transportation for Route 220 Paving, for \$429,000.00, Vice Mayor Crosier made a motion to approve. Mr. Tucker seconded, and the unanimous vote showed Mayor Sibold: For; Vice Mayor Crosier: For; Mr. Carson: For; and Mr. Tucker: For; Mr. Hunter: Absent.

Vice Mayor Crosier made a motion to accept Appropriations Resolution R-21-16 for funds from the Virginia Department of Emergency Management for the 2012 Derecho Storm (Stormwater Fund), in the amount of \$21,890.06. Mr. Tucker seconded, and the vote was unanimous: Mayor Sibold: For; Vice Mayor Crosier: For; Mr. Carson: For; and Mr. Tucker: For; Mr. Hunter: Absent.

The final appropriations resolution R-21-17 for the Landfill Site Project, \$7,939.25, was unanimously approved after a motion from Vice Mayor Crosier, seconded by Mr. Tucker: Mayor Sibold: For; Vice Mayor Crosier: For; Mr. Carson: For; and Mr. Tucker: For; Mr. Hunter: Absent.

Resolution R-21-18 added to the agenda at the beginning of the meeting expressing appreciation to the Commonwealth of Virginia for assistance in school consolidation, was agreed on by consensus after a motion from Vice Mayor Crosier and a second from Mr. Tucker.

The added proclamation in support of National Crime Victims' Rights Week to be held the week of April 18-24 was approved by aye vote after a motion from Vice Mayor Crosier, seconded by Mr. Carson.

Other items included a discussion about extending the tax deadline in which real property and personal property taxes are paid. Mayor Sibold explained that due to moving the tax deadline because of the pandemic from December 5, 2020, to January 5, 2021, the Commissioner of the Revenue had difficulty in completing the tax books, which will cause a delay for the Treasurer and her staff in collecting taxes by June 5, 2021. Treasurer Harrison suggested it be extended to June 30, keeping collections in the same fiscal year. Vice Mayor Crosier made a motion to extend the deadline for collecting real property and personal property taxes from June 5 until June 30, 2021, and Mr. Carson seconded. A roll call showed the following vote: Mayor Sibold: For; Vice Mayor Crosier: For; Mr. Carson: For; and Mr. Tucker: For; Mr. Hunter: Absent.

The final item on the agenda concerned the donation of a cargo utility trailer to the Clifton Forge Shrine Club. Vice Mayor Crosier made a motion to table the matter until some issues with the trailer can be resolved. Mr. Carson seconded, and Council agreed by consensus.

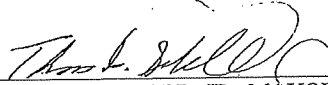
NEW BUSINESS

Vice Mayor Crosier said a citizen who lives on Walnut Street who complained that while Cherry, Oak, and other side streets had sidewalk improvement, Walnut Street was left out and needs to be included in that project. Ms. Onaitis said she is working on prioritizing sidewalk improvements, and the focus must be on Thacker Avenue by Walmart as VDOT will not address that issue. Mr. Crosier said he wasn't looking for an immediate solution but wanted Walnut Street to be considered.

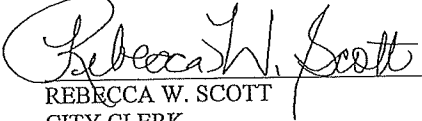
Councilman Carson is getting complaints again about paving on Hillcrest Drive as the road is washing away and is hazardous. The City Manager said it is on the list for paving, but the supplemental environmental Dry Run Stream Project currently in progress requires the stream be restored before the road can be paved. The design and a request for an extended time line have been submitted to the DEQ after winter weather delays. More than \$110,000 has been allocated for rebuilding a rock wall, the stream project, and paving, and she is seeking funding for the entire project.

Mayor Sibold reminded members that the terms of two school board members, Erika Hunter and Tonya Jones, will end on June 30 and they need to think of potential candidates. A public hearing will be held during the Work Session on May 4. Interviews will be held at the Work Session on June 1, and the appointments will begin on July 1.

With no further business to come before Council, the meeting was adjourned on a motion from Vice Mayor Crosier and seconded by Mr. Tucker.


THOMAS H. SIBOLD, JR., MAYOR
PRESIDENT OF THE CITY COUNCIL AND,
AS SUCH, EX-OFFICIO OFFICER OF THE
CITY OF COVINGTON, VIRGINIA

ATTEST:


REBECCA W. SCOTT
CITY CLERK