

MINUTES
CALLED MEETING
MAY 20, 2021, 5:30 p.m.

A called meeting of the Council for the City of Covington was held on Thursday, May 20, 2021, at 5:30 p.m. from the Council Chambers of City Hall located at 333 W. Locust Street, Covington, Virginia.

Mayor Thomas H. Sibold, Jr. called the City Council meeting to order with the following members present: Mayor Sibold, Vice Mayor David S. Crosier, Councilman William E. Carson, Jr., Councilman Raymond C. Hunter, and Councilman S. Allan Tucker.
City Manager: Krystal Onaitis

The purpose of the Called Meeting was to discuss the Fiscal Year 2022 budget. Prior to discussion, Vice Mayor Crosier read a proclamation honoring Covington restaurateur Victor Cucci, who passed away on May 13.

Ms. Onaitis highlighted the possibility of a tax increase per Council's instructions at the end of the May 17th Called Meeting due to increased funding needs for infrastructure and wages, including overtime due to short staffing. She said as the minimum wage goes to \$9.50 hourly beginning on July 1, the City will need a minimum of \$121,000 to cover now. This will also impact employees who currently make more than minimum wage but will not do so after the wage hike, as well as additional funding needed for shared services organizations such as the library and Community Services Board with employees working at minimum wage.

Capital Improvements: Finance Director David Bryant told members that projections for FY 2022 are based on today's prices, not on inflation rates currently rising at 4.2 percent. Five-year averages for paving account for more than \$500,000 yearly, with repaving attempted every 5-7 years or more frequently as additional wear brings higher costs. Vehicle replacement costs are projected to total \$2.1 million, with 1.17 million projected for major building repairs. Utility maintenance replacement funds are estimated to be \$6.1 million, primarily driven by the DEQ Basin Project. Ms. Onaitis said the DEQ Consent Order will require fees to be raised yearly once funding for the project is secured. They listed other projects requiring major funding, including the Rayon Bridge which will require \$110,000 local funds yearly. The ten-year plan for the Enterprise Fund is estimated to need more than \$51 million to complete projects in order to reach tier-one status, which does not include building a new plant but maximizing what is already in place. Funds will also be required to complete the Maple Avenue Phase III in an 80/20 matching federal grant, as well as funding for the Drone Zone, Main Street Project, and IDA projects like the pad-ready site.

Employee Compensation: Ms. Onaitis said City employees are not currently projected to receive raises in the balanced budget of slightly more than \$19 million despite the fact that the Covington School Board, state officers such as the Commissioner of Revenue, Treasurer, and Voter Registration employees are slated to receive at least 2.5 percent increases. This generated concern from Mayor Sibold, Vice Mayor Crosier, and Mr. Carson for employee morale, losing employees to other businesses, workers' difficulty in making the same salary coupled with high inflation rates, and some employees needing to work more than one job to provide for families. However, Ms. Onaitis said the combined needs for infrastructure repair and replacement makes and employee compensation make it impossible to balance the budget without a property tax increase. Mr. Bryant said reassessment of real estate will take place in 2022, with any additional funds being realized in 2023.

Ms. Onaitis and Mayor Sibold questioned representatives from the School Board concerning their employee raises as school employees received step raises last year and 2.5 percent raises proposed for the 2022 school year. Financial Director Rebecca Irvine explained that raises vary but must total five percent over two years according to the Department of Education mandates. School employees received an average of 1.5 percent step raise last year and are slated to receive 2.5 percent pay increase this year. The school board should receive \$434,000 more in state and federal funds. School board Vice Chairman Jonathan Arritt said they had checked with Alleghany County, and their employees will also receive similar raises.

Ms. Onaitis questioned if maintenance needs were being met. Superintendent Melinda Snead-Johnson reassured her that they were taking care of students, staff, health insurance, and

maintenance. However, Ms. Onaitis and Mayor Sibold stated their concerns focused on equalizing employee compensation for the consolidated school system in 2023 and that these are recurring costs which will only rise each year as state funding dwindles or evaporates. Mrs. Snead-Johnson said they anticipate receiving substantial funds from the American Recovery Act. Mrs. Irvine said she must certify the school board budget by June 4.

Vice Mayor Crosier again stated his dissatisfaction with soft billing for the Covington Fire Department. He reiterated that he was not opposed to soft billing for motor vehicle accidents and all types of fires. However, he cannot support the equipment and personnel fees proposed "on the backs of fire department members who are volunteers." Ms. Onaitis suggested they charge one flat fee for equipment regardless of the number of pieces needed and no personnel fees, and that the soft billing be reevaluated next year.

Mayor Sibold expressed dissatisfaction with the license fees for dogs and cats. The cost of the tags, plus postage, paperwork, and administrative costs, is considerably higher than the \$2.00 fee charged for neutered pets. Council agreed by consensus to increase fees for both dogs and cats to \$10.00 yearly. Mr. Carson asked about a kennel license like Alleghany County has which allows owners to pay a flat fee for several animals. The City currently does not have one. Members agreed by consensus to increase the animal licensing fee to \$10 per animal for all animals.

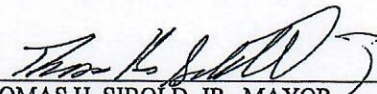
Mayor Sibold asked if a real estate tax of five cents this year, in addition to the fee increases and utility increases of \$1.00 per service, will cover needs or will require another increase next year. This generated additional discussion on other needs not previously discussed. Mr. Hunter expressed that he'd prefer to raise the property tax ten cents this year with no increase next year. Mayor Sibold proposed a real estate tax increase of five cents this year and asked the City Manager to bring members a list of prioritized needs before July 1. The Finance Committee will meet and attempt finding funds for a one-time employee supplement that will not be recurring.

Ms. Onaitis summarized the changes that members had supported, and all agreed to these items:

- The proposed budget includes level funding for the school board at \$2.99 million, and members agreed by consensus to that number in order to meet the June 4th deadline.
- Funding for 2022 for Children's Safety Act and inmate housing will be capped. Any funding required beyond the initial budget will be the sole responsibility of these agencies.
- Fire department soft billing will remain as proposed, except one flat fee for all equipment will be charged and the personnel fee will be removed.
- Animal licensing fees will increase to \$10.00 per animal for dogs and cats.
- Proposed fees for services provided by the Parks and Recreation Department will be increased.
- A five-cent real estate tax will be implemented in a separate line item to be created for infrastructure, and the City Manager will provide an itemized, prioritized list for Council before July 1, 2021.
- Employee supplements will be determined by the Finance Committee in the near future. She said the American Rescue Fund could free up some budget allocations that may be used for employees, but it cannot be directly used for salaries.

Mayor Sibold instructed the City Clerk to cancel the Called Meeting scheduled for Monday, May 24, as the budget will be finalized pending these changes and instructed Mr. Bryant to prepare advertising for the budget and set the first public hearing to be held at the Regular Meeting on June 8 and the second public hearing and vote to be held at a Called Meeting on Tuesday, June 15.

With no further business to come before Council, they adjourned on a motion by Vice Mayor Crosier, 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