

Galax City Council - Called Meeting  
Minutes  
June 27, 2022

Galax City Council convened in a special called meeting in City Council Chambers on June 27, 2022 at 6:00 p.m.

At 6:02 p.m. Mayor Greene called the meeting to order with the following Council persons present and they are as listed: Mayor Greene, Councilman Haynes, Councilman Henck, Councilman Larrowe, Councilwoman Ritchie, and Councilman Warr. Vice Mayor White joined by phone.

Councilman Warr gave prayer and led Pledge of Allegiance.

Mayor Greene, according to ordinance, asked Vice Mayor White why she was not attending in person. Vice Mayor White explained she is quarantined due to COVID exposure, and is calling from her home in Galax. Councilman Haynes made the motion to accept Vice Mayor White's participation by phone. Councilman Henck seconded, and it was unanimously approved by the following votes of "yea": Mayor Greene, Councilman Haynes, Councilman Henck, Councilman Larrowe, Councilwoman Ritchie, and Councilman Warr.

Mayor Greene opened the Public Hearing concerning adoption of increased real estate tax rates for the 2022 tax year. Judy Taylor-Gallimore provided the following detail: Real Estate Tax rates would increase from \$0.92 per 100 which is an 8.7% increase. Personal Property would remain at \$2.25 or 0% increase. Machinery & Tools would remain at \$1.60 per \$100 or a 0% increase.

Mayor Greene asked for the Public Hearing sign-up sheet, reminding all there is a 3- minute time limit for individuals and a 5-minute time limit for groups to speak. The following seven people signed up to speak: Curtis Cox, Melissa Peddy, Sarah Marion, Jane Ward, Sylvia Richardson, Jana Pobrislo, and Helen Kyle. Mayor Greene called upon each to speak. The recurring concern was many in Galax live on fixed income and will be detrimentally impacted by a tax increase. Citizens are already struggling with the rising cost of food and gas evidenced by the long line of people waiting in line at the God's Storehouse food box distributions over the last several months. A couple of citizens pointed out that taxes had been raised just 2 or 3 years ago, and questioned why they needed to be raised again so soon. A speaker suggested phasing the increase over a few years. One citizen was especially concerned because she had only learned of the tax increase at noon today, Monday, June 27. She urged the City of Galax to utilize additional means of social media such as Facebook to publicize Public Meetings. A small business owner echoed the other speakers' concerns and expressed concerns for small businesses. She also emphasized there is a housing shortage, and this could deter new investments in housing. A gentleman asked that the City consider practices from surrounding jurisdictions such as not charging personal property taxes on older cars.

With no additional speakers, the Council then addressed the citizens.

Councilman Haynes shared he had spoken to several citizens. The general consensus was they did not like the increase. Councilman Haynes spent time explaining some of the reasons for the increase. For instance, Galax Grayson EMS was losing staff to surrounding agencies and having trouble staffing the shifts. Funding is needed to help address staffing issues. GGEMS is also faced with increased fuel costs for the ambulances. He explained as a Councilmember his goal is to

establish a balance between maintaining tax rates and providing the service.

Councilman Larrowe pointed out that inflation did not get phased in, and came as a shock globally. The same inflation issues are impacting the City as are impacting the citizens. Implementing the Minimum Wage federal mandates have created significant challenges. The City of Galax budget is approximately 120 pages long. The Council's Audit and Finance Committee identified \$75,000 in expense reduction which were removed from the budget. Other items were deferred. His primary concern was if costs were going up by 8%, and revenue stays flat, it won't work long term. Councilman Larrowe expressed his appreciation for the kind words and demeanor of those who spoke.

Councilman Warr spoke as a small business owner. He explained that some food costs have tripled over the last year. He is unable to pass all the costs on to customers. He recognizes inflation is tough for small businesses to absorb. However, the same is true for City employees, and salary is a large item in the budget. He echoed Councilman Larrowe's statement about the many hours Councilmembers spent going through the budget. He ended with his concern that the City could balance the budget with fund balance for a while, but it would have long-term detrimental impacts.

Councilwoman Ritchie echoed the message of many hours spent looking at what could be taken out of budgets. Raising taxes was not an easy decision for anyone, but if the City of Galax doesn't try to keep taxes in line with expenses, it will have a negative impact. At one point the City did not have a good fund balance and it made operations difficult.

Councilwoman White shared her decision was based on the health of the fund balance. The Council has had to visit fund balance for unexpected issues. She used an example of the extraordinary number of placements Social Services required a few years back. The Council must plan for the unknown. It is important to have the fund balance when emergencies arise. She finished by stating that the things that cannot be planned weighs heavily on Councilmembers' minds.

Mayor Greene shared the he had voted to raise taxes before. Mainly, because there was a time City of Galax did not charge enough. He stated that he was not for the tax increase, but each member will have to vote their conscience.

David Hankley, Commissioner of Revenue, asked to make some comments on the record. Commissioner Hankley had sent an email last week speaking to increases in vehicle values. Because of this, many people will be paying more for the same vehicle. For 2022, there is an increase in City personal property tax values of \$408,754. There were also increases in 2020 and 2021. Commissioner Hankley explained this is assessed value and not tax collections. He stated Judy Taylor-Gallimore has better data to estimate the change in collections. He provided a list of how other localities were addressing the windfall from the unprecedented increase in vehicle values. Both Carroll and Grayson have addressed the windfall. Grayson is looking to give a refund. Roanoke City is refunding 17.5% after tax tickets went out. David did note he understands that the tax rate may be able to be reduced before tax tickets go out.

Additionally, Commissioner Hankley confirmed the City of Galax has tax relief for elderly and disabled. If the home has less than \$26,000 of total income, they qualify. However, our tax relief utilization is the lowest in the area with 85 to 100 eligible for the tax relief. The irony is there are people who qualify who can't get the relief because code says their balance must be \$0.00. He suggested possible revisions in City Code such as applying relief at time of billing, and changing

the ordinance to eliminate the \$0.00 balance requirement.

His final recommendation was the more information provided the less likely people will be strong in opinion. He suggested looking for the Marketing Director to also serve as Information Officer to improve outreach.

Mayor Greene declared the Public Hearing closed and asked if the Council wanted to make a motion.

Councilman Haynes made a motion to increase the Real Estate Tax Rate as publicized. Councilman Larrowe seconded the motion. Mayor Greene asked for any discussion.

Councilwoman Ritchie asked for confirmation that the Council would have an opportunity to revisit closer to tax tickets being mailed. Judy Taylor-Gallimore confirmed the tax rate could be lowered but not increased.

Councilman Henck emphasized he doesn't support deficit spending. His approach is to look at cutting costs. He proposed some additional places to cut so that Council can reduce the 8.7% proposed increase. Recommendations included raising Meals Tax Revenue by \$50k which would equate to a 1 cent reduction. The Finance Director is comfortable with the increased estimate. The school is willing to return \$100,000 they were able to find from other sources. The IDA fund has \$43,000. He suggested the City of Galax not allocate the full \$55,000 budgeted for the current year. He suggested the downtown bathroom project should be funded from fund balance. If the Council accepts these, the tax rate increase could be reduced to 2.5 cents. For a \$200,000 home, 2.5 cents would result in a \$50/year increase. Councilman Henck reminded the others that he felt strongly about wanting to do more for City Employee raises, however, he had to compromise because of budget challenges. Additionally, he had no hesitation to approve increasing water/sewer rates because of the necessity.

Councilman Henck made a motion to amend Councilman Haynes motion to recommend a 3 cent tax increase and acceptance of the proposed budget amendments. The motion died due to lack of a second motion.

Sharon Ritchie asked if the estimated increase in Personal Property tax collections was included in the budget. Judy Taylor-Gallimore confirmed the FY2023 budget did include an increase, but was not certain if it reflected the full values presented by the Commissioner of Revenue.

Mike Larrowe shared research he had conducted on how City of Galax tax rates compare to other localities. Galax is in the middle, fourth (4<sup>th</sup>) of the seven (7) cities in the southwest region. With an adjustment to \$1.00, Galax will still be in the middle. In summary, we compare favorably to the cities in our state and to the cities in our region.

With no additional discussion, Mayor Greene asked for a vote on the motion to increase the real estate tax rate. The motion was passed with five (5) "Yea" votes: Councilman Haynes, Councilman Larrowe, Councilwoman Ritchie, Councilman Warr and Vice Mayor White; to two (2) "Nay" votes: Mayor Green and Councilman Henck.

Moving to the next agenda item, Mayor Greene asked for a motion for the approval and adoption of FY2023 Revised Budget. He asked Judy Taylor-Gallimore to review the revisions. Ms. Taylor-Gallimore stated that Council is required to adopt the FY23 operating budget prior to June 30. A

public hearing on the budget was held at the May regular council meeting. The advertised budget for the public hearing was as follows and did not include any tax increases:

General Fund - \$24,945,257  
Utility Fund - \$4,505,200  
Storm Water Fund - \$607,500

Council considered the FY23 budget at the regular meeting of June 13, 2022 and recommended further charges. The budget was revised to include the following changes from the original advertised budget:

The General Fund expenditure changes:

Advertised: \$24,945,257  
Various reductions identified by Audit & Finance Committee: (\$76,195)  
Reduction of ACO vehicle: (\$35,000)  
Total revised expenditures: \$24,834,062

The General Fund revenue changes:

Advertised: \$24,945,257  
Add real estate property tax revenue: \$328,993  
Add Rex rent: \$12,000  
Reduce Rex revenue: (\$2,500)  
Reduce use of fund balance: (\$449,688)  
Total revised revenue: \$24,834,062

Council was asked to approve and adopt the revised budget as follows:

General Fund - \$24,834,062  
Utility Fund - \$4,505,200  
Storm Water Fund - \$607,500

Councilman Larrowe made a motion to approve and adopt the FY2023 Budget as revised. Councilman Warr seconded and the motion and it was approved by the following “yea” votes: Councilman Haynes, Councilman Henck, Councilman Larrowe, Councilwoman Ritchie, Councilman Warr and Vice Mayor White. Mayor Greene voted “nay”.

Mayor Greene moved to the first item under New Business – Appointment of Social Services Board Chairman. The City Manager has previously served as chairman of the Department of Social Services (DSS) Board. Since the departure of the former City Manager, a new chairman has not been appointed. Tammy Smith, DSS Director, has requested appointment of a chairman for purposes of signing the meeting minutes and check registers. Since Councilman Evan Henck is currently serving on the DSS board, it is recommended that Councilman Henck be appointed chairman of the DSS board. Councilwoman Sharon Ritchie will remain a check signer on the DSS account until a new City Manager is hired. Mike Larrowe made the motion to appoint Councilman Henck as the interim Chair of the Social Services Board. Travis Haynes seconded and the motion passed by unanimous “yea” votes: Mayor Greene; Vice Mayor White, Councilman Haynes,

Councilman Henck, Councilman Larrowe, Councilwoman Ritchie, and Councilman Warr.

The next item on the agenda was discussion of temporary Human Resources assistance. Judy Taylor-Gallimore stated that legal counsel has been asked to review a proposed contract for assistance. Ms. Taylor-Gallimore stated that additional information had been received and asked for a closed session for discussion under state codes sections 2.2-3711 A:

1. Discussion, consideration, or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body; and 29. Discussion of the award of a public contract involving the expenditure of public funds, including interviews of bidders or offerors, and discussion of the terms or scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the public body.

At 8:05 p.m. Councilman Larrowe made a motion to move to closed session. Councilwoman Ritchie seconded. The motion passed by unanimous "yea" votes: Mayor Greene; Vice Mayor White, Councilman Haynes, Councilman Henck, Councilman Larrowe, Councilwoman Ritchie, and Councilman Warr.

City Council returned from closed session at 8:35 p.m. Each council member certified that no other business was discussed during closed session other than the business allowed under the code section 2.2-3711 A (1) and (29).

Councilman Haynes made a motion to approve emergency procurement for Human Resources assistance due to the proximate resignation of the City Manager and retirement of the HR Director. Councilman Larrowe seconded. The motion passed by unanimous "yea" votes: Mayor Greene; Vice Mayor White, Councilman Haynes, Councilman Henck, Councilman Larrowe, Councilwoman Ritchie, and Councilman Warr.

Councilman Larrowe made a motion to approve the contract for Alan Dickerson for Human Resources assistance as presented with the indemnity clause to be excluded and with the contract subject to final legal review. Councilman Henck seconded. The motion passed by unanimous "yea" votes: Mayor Greene; Vice Mayor White, Councilman Haynes, Councilman Henck, Councilman Larrowe, Councilwoman Ritchie, and Councilman Warr.

Councilman Martin Warr made a motion to add an agenda item to approve Street Closures. Councilman Henck seconded, and the motion passed by unanimous "yea" votes: Mayor Greene; Vice Mayor White, Councilman Haynes, Councilman Henck, Councilman Larrowe, Councilwoman Ritchie, and Councilman Warr.

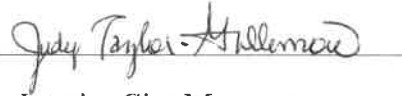
Councilman Warr made a motion to close Main and Grayson Streets from 3 pm until 9 pm on July 29, August 26 and September 30 for downtown events. Councilman Haynes seconded, and the motion passed by unanimous "yea" votes: Mayor Greene; Vice Mayor White, Councilman Haynes, Councilman Henck, Councilman Larrowe, Councilwoman Ritchie, and Councilman Warr.

With no further discussion, Councilman Warr made a motion to adjourn. Councilman Henck seconded, and the motion passed by unanimous "yea" votes: Mayor Greene; Vice Mayor White, Councilman Haynes, Councilman Henck, Councilman Larrowe, Councilwoman Ritchie, and Councilman Warr.

ADJOURNMENT 8:50 p.m.

Handwritten signature of Willes T. Green, Jr. in cursive script, written over a horizontal line.

Mayor

Handwritten signature of Judy Taylor-Hillman in cursive script, written over a horizontal line.

Interim City Manager