The Special Meeting of the Petersburg City Council was held on March 24, 2026, at Petersburg Public Library. Mayor Parham called the meeting to order at 5:03 p.m. The meeting video link is https://petersburgva.new.swagit.com/videos/379066

Roll Call:

Present:

Samuel Parham, Mayor – Ward 3
Darrin Hill, Vice Mayor – Ward 2
Charles Cuthbert, Jr., Councilor – Ward 4
W. Howard Myers, Councilor – Ward 5
Annette Smith-Lee, Councilor – Ward 6
Arnold Westbrook, Jr., Councilor – Ward 7

Absent:

Marlow Jones, Councilor – Ward 1

Present from City Administration:

City Manager John "March" Altman, Jr.
City Attorney Anthony C. Williams
City Clerk Tangi R. Hill

1. **PRAYER**

Vice Mayor Hill led the Council meeting in prayer.

2. **PLEDGE OF ALLEGIANCE**

Mayor Parham led the Council and the citizens in the pledge of allegiance.

3. **DETERMINATION OF THE PRESENCE OF A QUORUM**

A quorum was present.

4. **OFFICIAL PUBLIC HEARING**

a. A Public Hearing on the Consideration of an Ordinance Adopting the FY27 Real Property Tax Rate

Garry Cozier, Budget Manager, gave a presentation. He explained that each penny on the tax rate is equivalent to $351,704 in revenue in the operating budget. The current tax rate is $1.27 per $100 of assessed value, resulting in a levy amount of approximately $44 million. If the current tax rate was maintained, it would result in a $6 million revenue surplus. If they were to equalize the tax rate, it would be $1.09 to maintain their current revenue level. He stated that staff's recommended tax rate reduction is $0.05, bringing the tax rate to $1.22, which would result in a levy amount of $42 million.

Mr. Cozier explained that the additional $4 million in revenue would be used to offset required expenses, including an $850,000 increase in health insurance costs for the City, debt service payment increases of $865,000, and a 3% cost-of-living adjustment (COLA) for employees, which would require an additional $900,000 in funding. Furthermore, the Schools' local funding share would be increasing by $150,000, primarily due to mandatory funding. Thus far, they have been anticipating $9.5 million in additional expenses that must be paid this year. He stated that the General Assembly would reconvene at the end of April to finalize their budget, and after that they would be able to finalize the School District's budget.

March Altman, City Manager, added that the School District would also be potentially requesting an additional $2.5 million, which they would discuss further in their joint work session next week. He explained that this was due to implementing the recommendations for the compensation and classification study they completed last year. He explained that staff's recommended $0.05 real property tax reduction took these additional expenditures into consideration, ensuring the City would have enough ongoing revenue to pay them.

City Manager Altman added that when using their conservative estimates for casino revenues for Fiscal Year 2027, they anticipated additional operational revenues that he would recommend be allocated to capital projects, paving projects, various improvements to downtown, Wagner Road, and Sycamore Street, and tourism. He summarized that the advertised real property tax rate for FY27 was $1.27, and staff recommended a real property tax rate of $1.22. The City Council could adjust the rate down anywhere from $1.27 but could not increase it higher than that advertised rate.

Mayor Parham opened the public hearing.

Raymond Crockett, Jr., 248 Southwood Drive, asked about increases in property assessments and when those would take effect. He said that he also wanted to know how the revenue from the casino would be helping. He stated that there were a lot of people on fixed incomes in the City, many senior citizens could not afford to pay the taxes on their increased property values. He asked Council to consider the citizens who had less than they did, and to bring the real estate tax lower to offset the increase in assessments.

Kathy Walker, 406 North Market Street, stated that she would like to echo what the gentleman before her said. She said that there are many individuals on fixed incomes, and there are many on unfixed incomes who did not receive raise in the past few years. She requested that, considering the increased property assessments, City Council reduce the tax rate to alleviate the strain on taxpayers.

Samuel Dobie, 1653 Darby Drive, expressed concern about the increase in taxes. He said that he had one property that had increased in assessed value by over 200% in the past few years. He said that this hurt homeowners and renters as landlords had no choice but to raise rents to cover the cost of higher taxes. He stated that as a retired person, he could attest that his retirement income had not increased. He emphasized that many people could not afford any increase, and he asked City Council to reduce the tax rate in recognition of this issue.

Mayor Parham closed the public hearing.

Vice Mayor Hill asked if the City could reduce the tax rate by $0.07 to $0.08 and still be able to pay for their required expenditures.

Mr. Cozier replied that currently, they are already operating at a deficit, as the existing funds were insufficient to cover all their obligations. He said that if they planned to reduce the rate further, that was Council's decision; however, it would make it extremely challenging for them to achieve their goals.

City Manager Altman said that the decision on the rate was ultimately the Council's, and staff would operate within that number. He stated that reducing the rate by an additional two cents would reduce their revenues by $600,000. Considering their identified capital projects and class and comp study recommendations, the reduction in ongoing revenue would reduce their ability to pay for those initiatives.

City Manager Altman noted that the City Council had recently approved increases to the Tax Relief for the Elderly and Disabled Program, which could provide some relief to the increased real estate assessments mentioned by citizens this evening. He acknowledged the financial pressures everyone was facing and pointed out the benefits of increased home values for homeowners and the City. He emphasized that the City had a decade-long backlog of crucial items that they must address, and now was the opportunity to do so. He said that while revenue from the casino would certainly help the City's finances, they should not depend on it as their sole source of income. He reiterated that recurring revenues were important for implementing the comp and class study recommendations and providing employees with COLA adjustments and step increases in the future.

Council Member Westbrook asked if they could consider a $0.09 reduction. He said that the City was anticipating an increase in revenues overall, and while they had not seen them come in yet, he thought that because gas, electricity, and other costs were rising exponentially, they should help out their citizens right now as much as they were able. He asked if a $0.09 tax rate reduction would be a financial pinch or a breaking point for the City.

City Manager Altman said that a $0.09 reduction would be $1.2 million in reduced revenues. He understood Council Member Westbrook's point, but he wanted to note that if they decided to use casino revenues to pay for recurring expenses, they would need to dedicate that revenue in future years, and they could not use that funding to address any emerging issues. He stated that his recommendation was to use casino revenues for their capital expenses, which were one-time costs, and they could move the funds to their operating budget as they paid off the capital side. He reiterated that the school's budget may also require more operating funds, which they would discuss with the School Board next week.

Council Member Westbrook asked for clarification on the revenue-neutral tax rate.

Anthony Williams, City Attorney, clarified that state law mandated that localities adopt a revenue-neutral rate, unless there was a determination that an increase in revenues was necessary. He said that consequently, they had to provide that number.

Council Member Westbrook said that he understood. He said that he was wondering when Council could begin to provide meaningful tax relief to their citizens.

Mayor Parham stated that the City needed to address the capital projects they currently had on their list, including the new courthouse, Fire and Rescue stations and equipment, police substation design, communication systems, Petersburg Area Transit (PAT) buses, sports complex renovations, playgrounds, the new animal shelter, Southside Depot west wing renovation, parking decks, bridge replacements, HVAC replacements, and other building repairs. He said that he also wanted to reduce the tax rate further, but to reduce it more than $0.05 would require taking some of these projects off the list.

Council Member Westbrook stated that he was trying to find a solution that would alleviate some of the burden on the residents. He said that he was aware that many people were on fixed incomes, and their current federal administration was not making it easy for people.

Vice Mayor Hill noted that they could still reduce it by $0.05 right now, so that would provide some relief for the time being.

Council Member Myers added that the $0.05 reduction this year did not preclude another reduction next year, after revenues had come in. He did not see any immediacy in reducing the tax rate more than that, acknowledging the needs of the citizens. He noted that City Council members and staff paid these taxes, and while he would also appreciate a lower tax rate, the City needed to be frugal and keep the City solvent.

Council Member Cuthbert noted that as a citizen stated earlier, assessments had been increasing for the last three cycles, and the compounded amount resulted in a significant tax burden for property owners. He stated that their Annual Comprehensive Financial Report (ACFR) results had continually shown the City's fund balance increased each fiscal year. He asked staff how much the fund balance had increased between each reporting period.

Mr. Cozier answered that it was about $8 million.

Council Member Cuthbert said that considering that increase, he did not understand how the City still did not have enough money. He agreed with Mayor Parham that they had a long list of capital needs, but those were paid by their capital budget and their debt program, not their operating budget. He said that the operating budget was the beneficiary of the real estate tax money, and that was the consideration this evening. He stated that the City administration would still receive an additional $2 million in revenue if they adopted a tax rate of $1.18.

Mr. Cozier clarified that the capital and debt taken out did have a direct impact on the operating budget. As the debt increased, so did the debt service payments. He said that currently, their projected debt service payments were over $8 million, compared to $7 million the previous year and $4 million the year before. He said that this indicated that the more debt they took out, the more it would increase, and therefore, it did have a direct impact on the operating budget.

Council Member Cuthbert said that he understood and agreed with Mr. Cozier. He said that on another note, he was concerned about the high costs and complexities associated with their current PAT system.

City Manager Altman stated that Council had authorized PAT to place an order for new buses in the previous year. He stated that the $1.2 million included in the budget was the City's match amount, with contributions from state and federal funding as well.

Council Member Cuthbert stated that another concern that weighed heavily on him was the dollar amount of the City's accounts receivable. He said that he had not seen the numbers yet.

City Manager Altman stated that Council would be receiving that information in a presentation at their April 7 work session, but he did not have those numbers available right now.

Vice Mayor Hill asked if the City Assessor could provide more information on the assessments.

Mary Williams, City Assessor, stated they were experiencing a significant surge in demand for real estate, far exceeding what she had seen in the past. She said that a notable trend was the influx of out-of-state buyers purchasing property, a phenomenon that had also been observed during the COVID-19 pandemic when remote work became more prevalent. She said that as a result, the demand for housing was outpacing their supply, and property was being purchased higher than the assessed value.

Council Member Myers reiterated that Council was elected to make the right decisions, and in order to remain financially responsible, they must adopt a rate greater than the equalized rate of $1.09.

Council Member Myers made a motion to adopt the Ordinance as amended, with a real property tax rate of $1.22 per $100 of assessed value. Council Member Smith-Lee seconded the motion.

Council Member Cuthbert made a substitute motion, seconded by Council Member Westbrook, to reduce the tax rate from $1.27 to $1.18 per $100 of assessed value.

Council Member Cuthbert said that he thought $1.18 was a fair compromise because it was halfway between the revenue-neutral amount of $1.09 and the current $1.27.

Council Member Myers stated that he would not support the substitute motion. He stated that while such a tax cut may help the property owners of Petersburg, it would not help all the citizens. He said that for example, the City needed to fund their public transit system in order to maintain accessibility throughout the City.

Mayor Parham called the vote on the substitute motion to adopt a real property tax rate of $1.09 per $100 of assessed value.

The motion failed on a roll call vote.

On roll call vote, voting yes: Cuthbert, Westbrook; no: Myers, Smith-Lee, Hill, Parham; absent: Jones.

Mayor Parham stated that the motion failed, so the original motion returned to the floor. He called the vote on the motion to adopt a real property tax rate of $1.22 per $100 of assessed value.

The motion was approved on a roll call vote.

On a roll call vote, voting yes: Cuthbert, Myers, Westbrook, Smith-Lee, Hill, and Parham; no: N/A; abstain: N/A; absent: Jones.

5. <u>ADJOURNMENT</u>

Mayor Parham made a motion to adjourn. All members of the Council present voted in the affirmative. Meeting adjourned.

The City Council adjourned at 6:10 p.m.

Adopted: May 5, 2026

APPROVED:

Mayor

ATTEST:

City Clerk