

**COMMITTEE: FINANCE**

**DATE: MONDAY, NOVEMBER 30, 2009**

**TIME: 7:15 P.M.**

**In attendance:** Council Members Le Vine (Chair), and Committee Members Ritenour, Terndrup, and Vena; Mayor Taylor, Council Member Baker, Town Manager Fauber, Director of Finance Mullins, Town Planner Rex, Director of Public Utilities Tewalt, Lana Le Vine, and Amber Marra of the Northern Virginia Daily

The minutes were approved as presented.

- Status of 2009-10 Budget – Director of Finance Mullins said she will have a better feel of revenue in January after taxes have been collected, but feels all is on track now.
- Comprehensive Budget Review

Chairperson Le Vine said Director of Finance Mullins did an estimate of expenses and revenues for the next budget year. Included in this is an updated cost of the waste water plant and water plant and updated cost of running these. There is also an updated cost of the Route 11 Sewer Line and changes have been made to capital improvements. All of this has been put into the “program” to come up with the amount of increase in water and sewer fees and he has also tried to balance the general fund by changing tax rates. He gave a handout entitled “Impact of Capital Projects” (attached here-to). The total amount Chairperson Le Vine estimates the Town will need to borrow for capital projects is \$55,069,000. He also reviewed “Associated Costs” to the figures given. Lastly, he reviewed the impact to water and sewer fees and availability fees using these figures and said the budget is being driven by capital costs. He asked if others thought the numbers given were reasonable.

It was asked if Staff had a chance to see this hand-out before this meeting and Chairperson Le Vine said they had not seen the “Impact” page. Chairperson Le Vine told where the figures came from and Town Manager Fauber feels the numbers given are a fair assumption, but he is hoping the Route 11 Sewer Line is the worst case scenario. He is hoping for grant money for some of the projects and he has made some contact with project managers of some grants.

Council Member Terndrup does not feel the citizenry can take anymore increases. He feels there is already a problem with availability fees so he wondered if these fees are kept the same, what would be the average cost of a water bill.

It was asked what the impact of charging those who now get free water as this would be a source of additional revenue. It was asked of Staff how other Towns keep their availability fees as low as they do. Also discussed were scenarios of how to charge for water and sewer. Questions were asked about the rate structure Staff had been working on to see if there could be a rating system that would come up with the money needed so fees for residents could remain the same. Currently there are residential and commercial fees and so how could these fees be restructured. Could operating costs be reduced? Are there ways Strasburg can collaborate with other localities to cut costs? It was asked if maybe the Town needs to “back-up” and not upgrade the waste water plant or do the Route 11 sewer line at this time. We are committed to a water plant which will be an increase in rates to users and so it must be considered how much more the people can take. Mayor Taylor asked that a figure be given of what a citizen/homeowner will be paying for water and sewer and also taxes if the percentage increases shown in the handout are used; this will give him a better understanding of what we are actually asking our citizens to pay. Ideas need to be generated to reduce costs to the citizens and it needs to be decided what projects can be deferred. The deferred projects do take time to “get on line” and so it might be a consequence of deferring the projects as the Town might not be “ready” when development starts again. Council Member Baker feels the numbers given are too conservative and asked if there is a legal way to try to get more “cash flow”

from developers. It was also said we need to look at the projects to see if they can be refined in any way.

Ideas to think about:

- Reconsider the user fee structure
- Refine the capital costs
- Collaborate with area jurisdictions
- Defer some projects
- Give the actual cost to the average citizen
- Find ways to generate cash flow

How should these be accomplished?

- One thought was that Council needs to make a decision on availability fees and the way to structure the fee schedule
- Need to find out how other localities keep their availability fees low --- it was noted that other localities are mainly doing only one major project at a time. The only place to get revenue is from user fees or availability fees.
- Asked how motivated other localities are to collaborate to reduce fees. Town Manager Fauber said he really does not have a feel for this, but he has talked to Larry Bradford, Town Manager for Woodstock, about working together on sludge
- Consult with developers for ideas

Summary and to-do list:

- Reconsider user fee structure (including pipe sizes) – Planner Rex  
Council Member Terndrup
  - Update on staff utility rate study - Planner Rex
  - Update on staff availability rate study - Planner Rex
- Scrutinize operation and capital costs – Director of Public Works Rhodes  
Director of Utilities Tewalt
- Potential for collaboration with other jurisdictions – Town Manager Fauber  
Mayor Taylor
- Creative cash flow (involve developers) – Planner Rex  
Council Member Le Vine
- How other Towns pay for capital improvements – Town Manager Fauber
- Average monthly bill for residential and commercial user – Director of Finance Mullins  
Council Member Le Vine
  - User and availability fees rise same percentage
  - Availability fees unchanged
- Impact of eliminating ‘free’ water – Director of Finance Mullins
- Impact of the Industrial Park/annexation – Director of Finance Mullins
- Grant opportunities – Town Manager Fauber
- Feasibility and consequences of deferring certain projects – Council Member Baker  
Council Member Le Vine

Chairperson Le Vine concluded by saying the bottom line is the increases are going to be big and so it must be decided how this can be managed.

The meeting adjourned at 8:53 p.m.