

COMMITTEE: FINANCE
DATE: MONDAY, APRIL 5, 2010
TIME: 7:15 P.M.

In attendance: Council Members Le Vine (Chair), and Committee Members Ritenour, Terndrup, and Vena; Council Member Baker and Redmon and Mayor Taylor. Staff: Town Manager Fauber, Director of Finance Mullins, Director of Public Works Rhodes, and Town Clerk Keller.

The minutes of the March 1, 2010 meeting were approved as presented.

Status of 2009-10 Budget: Director of Finance Mullins said the water and sewer revenues are still low, four hook-up fees have been received from Homewood. Staff is using set-off debt as a way to collect taxes, etc. and this has been entered and much money has been raised; DMV stops are also helping with collecting unpaid bills. Director of Finance Mullins is hoping the general fund will equal out, but it is close --- business licenses came in low, but bank franchises came in high. She is still waiting on figures from the County on personal property and real estate taxes. Machinery and tools tax was budgeted lower this year due to the depreciation. The State has passed their budget and the amount projected to be lost in law enforcement isn't as bad as thought.

Fire Department Building roof replacement: Town Manager Fauber said five bids were submitted and the low bid came in at \$30,877.00 from Don Largent Roofing. All firms were bidding on the same specs and it is for the two roofs on the building. The contract includes disposing of the old roof and all permits. Sixty days was built into the specs for completion, but he feels this is "generous" and he doesn't anticipate the work taking this long. The funds to pay for this would have to come out of the contingency funds. **Consensus was to recommend moving forward on this to Council.**

Overtime Policy: The general question is if it would be cost efficient to have people on duty seven days a week in the Public Works Department. What would the cost be as far as money and services? Town Manager Fauber and Director of Finance Mullins presented a hand-out of the amount spent and the current policy. The policy was changed when the new personnel manual, written by Springsted, was adopted. Currently, there are three people on call every weekend and holiday and Director of Public Works Rhodes said this is done on a rotating shift and he explained how the system works and also, how compensation is paid. The crew leader determines how many need to be called in for each call received.

It was asked if the crew leader could make the same assessment without the others being on call, but Mr. Rhodes said if you are not on call, then you cannot be required to stay home or not use alcohol. The people on call on the weekend are actually on call for the week after, too, and then they are only paid for the time they actually work.

Town Manager Fauber said from research, it was found that most of the calls come in the evening and not weekend calls and much of the overtime can be traced to weather events. Other jurisdictions were contacted and most had plans similar to ours. It was explained VDOT allocates a certain amount of money and then Mr. Rhodes allocates it as he sees fit. It is felt the way the administrative costs are allocated is equitable. Discussion was held on these allocations and if some expenses should be shifted more to the general fund. Consensus was to keep the allocations the way they are now.

The consensus of the committee was to keep the overtime policy the same as it is currently.

Reserve Policy/Fund Balance: The question being asked is what a "prudent" fund balance should be. A hand-out was provided and explained by Director of Finance Mullins. A good standard is to have 30% in the reserve funds. Grant money was discussed and how it is figured

into the “mix.” Is Council comfortable with the balances? Staff feels more money should be set aside in water and sewer funds as the loans come in. Council Member Terndrup said he feels there should be a debt limit set.

Consensus of committee: Would like to maintain 30% with this amount being revisited in the next budget year.

In further discussion on setting a debt limit or “cap,” Council Member Le Vine said there is a state law that limits the amount that can be borrowed, using general fund monies as repayment. Currently, the Town could borrow \$50,000,000 on the general fund. There is no limit as to how much can be borrowed on water and sewer funds.

Council Member Terndrup said a sewer plant has been discussed, as well as the Route 11 Sewer Line, infrastructure improvements, the Public Safety improvements, and a new water tower. The cost of all of these is estimated at ~\$60 million. Setting a limit would make the Town not overspend.

It was said the Town actually has no choice in the water and sewer plants and it was thought the State exempts water and sewer projects from the caps because of State requirements.

If we get all we want, the Town’s debt would be 7x the current budget.

Council Member Redmon said he agrees with Council Member Terndrup on being responsible when borrowing the money for the Town. Council Member Baker said the availability fees have not been figured into the amount of debt as there are so many dwelling units already approved which can bring in \$20 million at the rate now. More discussion followed on the pros and cons and it was decided to add this to next month’s agenda so Council can think about the implications of imposing a limit to the amount of debt that can be incurred.

Being no further business, the meeting adjourned at 8:44 p.m.