

**COMMITTEE: FINANCE**  
**DATE: MONDAY, FEBRUARY 1, 2010**  
**TIME: 7:15 P.M.**

**In attendance:** Council Members Le Vine (Chair), and Committee Members Terndrup, and Vena; Council Member Baker and Mauck, Mayor Taylor, Town Manager Fauber, Director of Finance Mullins, Town Planner Rex, Town Clerk Keller, Amber Marra of the Northern Virginia Daily, and several citizens.

Council Member Le Vine said the goal of the meeting was to generate information and opinions so Town Manager Fauber and Director of Finance Mullins will be able to present several general budget scenarios at the next Work Session.

- ❖ The minutes of the January 4, 2010 meeting were approved as presented.
- ❖ Director of Finance Mullins reported there were no changes in the 2009-10 budget at this time.
- ❖ Rate Study

Staff has been working on this study for several months. Planner Rex explained the study and four options (attached here-to) for calculating water and sewer rates; he reviewed the pros and potential unanticipated effects of each option. These studies were presented at the last meeting, but he explained Option 2 had been changed slightly from that which was presented last.

Questions asked regarding the options:

- Could the usage category be divided differently without having an impact on our software? Planner Rex said it could be divided differently and Director of Finance Mullins added any change would have an impact on the software and a cost estimate could not be given as it would depend on the option chosen.
- Do any of the options address the original question of how to bill condos/apartments that are residents being charged at a commercial rate? Planner Rex said the first three options all address this as there is no differentiation between commercial and residential.
- Can “direction” be given to Staff using the information given with these options? This lead to further discussion.

**Director of Finance Mullins** said she had talked to the Town of Purcellville regarding the “estimation” option and was advised to proceed carefully as they have had to hire an outside firm to bill in this manner. In regards to this, **Town Manager Fauber** said rates have to be set so as to pay for the water plant and waste water plant and then **Council Member Baker** gave examples of how the rate could be set and then incentives be given at the end of the year.

**Staff’s** recommendation for now is to keep the current rate structure and adjust some of the multi-user residences to a residential use. This might cause the rates to go up for all residential users, but not as much as the first three options.

**Consensus --- keep the same rate structure as now with further study after the budget is passed. This will be done early enough so that a change can be made in the 2011-12 budget year. It was noted, fees could be changed during the year if need be.**

- ❖ 2010-11 Budget discussion items:
  - ❖ Setting of tax rates and fees (excluding water and sewer)

**Director of Finance Mullins** presented the current tax rates and water and sewer availability fees (attached here-to).

It was asked if there was any interest from Council in raising taxes and fees, especially in light of the economy.

**Mayor Taylor** asked about the reassessments and **Director of Finance Mullins** said these numbers are not going up that much. She does not have final numbers, but preliminary numbers show it will be revenue neutral.

On a poll of Mayor Taylor and Council Members Vena, Terndrup, and Baker, all would like these rates to remain the same with the exception of Council Member Baker who said he would not have a problem with raising the cigarette tax.

Guidance to Staff is to keep the fees and taxes the same and it was noted the expenses will need to “fit” this scenario.

❖ Availability Fees

A meeting of developers with Planner Rex and Council Member Le Vine regarding this issue was held recently and an idea from this was to lower the availability rates to \$8,000 and have a pre-pay option; the legalities of this would need to be studied further with Town Attorney Neal.

**It is the recommendation of the Committee to find out if it is legal to pre-pay.** If this is legal, developers need to be contacted to see just how much revenue would be generated by allowing this. Planner Rex said he estimates 17 or 18 new homes will be built during the next budget year, but he believes some would pre-pay, if the option were available.

When discussing water and sewer rates – user fees, Director of Finance Mullins said there is an expected 12-13% increase in the water fund due to a proposed new position at the water plant. Town Manager Fauber said as the water plant debt goes in, the rates will have to go up. The previous rate study done showed the need for a 12% increase in both water and sewer for the next budget year.

Guidance to Staff --- raise the user fees the least amount possible, with 12% being discussed as a good guide to follow. Find out about the legalities of pre-pay and then do an informal survey of developers to determine who would use this.

❖ Donations to organizations

It was stated that donations come from the general fund and it is already known state funding will be down. A copy of the amounts given were given (attached here-to). When asked if donations should stay the same, be lowered, or be raised and should new donations be given, Council Members Mauck, Terndrup, and Vena would like the total amount given to stay the same (capped at \$159,500 overall). Council Member Baker said with economic times the way they are, the Town should look at reducing the amount given in donations and suggested capping at \$100,000. Mayor Taylor thought \$125,000 might be a good “cap.”

Council Member Mauck would like fire and rescue be taken out of the donation area and put in a “service” area.

Council Member Baker added that some of the organizations perform very valuable services to the Town and he would want to keep donations to them at the same amount, others could be given less.

Also discussed was changing the amount given to Shenandoah County for tourism and using the difference to supplement the Town’s Tourism Committee. Council Members were impressed with the presentation given at the Work Session by the Tourism Committee. Currently, the Town gives 1% of the 5% lodging tax collected to Shenandoah County to be used for tourism.

Guidance to Staff --- keep the total amount given capped at \$159,500.

❖ Pay Increases

Director of Finance Mullins gave an estimate of the cost of pay increases at different percentages (attached here-to). She explained her reasoning for a 3% increase beginning in January (would actually only cost the Town 1.5% due to the timing of the increase). She said Department Heads will be doing employee evaluations and she feels the increase would be an incentive. Council Member Le Vine does not agree with this in these economic times. In discussion, some Members suggested the 1% increase, with others looking at the 3% (or 1.5% in January). Mayor Taylor pointed out the scenario given by Director of Finance Mullins does not give any cost-of-living raise as it would all be merit based.

Guidance to Staff --- Work out scenarios for both the 1% raise and the 1.5%

Using the information gained from the discussions, draft budgets will be presented at the Work Session.

- ❖ Abating 2004 Personal Property Taxes - Director of Finance Mullins said ~\$330,000 was billed in 2004 for Personal Property taxes and ~98% was collected. The statute of limitations has expired and so ~\$6,500 must be written off. She explained all the ways the Town collects these taxes.
- ❖ Request by Town Planner --- Planner Rex submitted a memo explaining his request for funding the historic district design guidelines (memo attached here-to). The memo outlines where the funds would come from in the current budget. It is Staff's recommendation to support this request. Council Member Terndrup added that more grant money is available to the Town when there are historic guidelines. Council Members present and Mayor Taylor were all in favor of this recommendation, except for Council Member Baker who took no position.  
Guidance to Staff --- write an RFP and post
- ❖ Other Business: Council Member Mauck asked about the Fire Programs funding and said it had been report Strasburg was given \$10,939; this amount comes to the Town, but is given directly to the Fire Department.
- ❖ Being no other business, the meeting adjourned at 8:50 p.m.