

COMMITTEE: FINANCE
DATE: MONDAY, JANUARY 4, 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, Mayor Taylor (arrived at 7:40 p.m.), Town Manager Fauber, Director of Finance Mullins, Town Planner Rex, Town Clerk Keller, John Nixon (Volunteer Rescue Squad), Michael Terndrup, Lana Le Vine, and Amber Marra of the Northern Virginia Daily

The minutes were approved as presented.

- Adjust dates of future meetings
Due to holidays falling on certain Mondays, meetings need to be rescheduled for several months. Meetings will be held on the first Tuesday of the month in June, July, and September, 2010.
- Date for the Audit Review
The meeting will be held on Wednesday, January 13, 2010 at 6 p.m., if this suits the auditor and room use at the Town Hall.
Copies of the audit were given to Council Members.
- Status of 2009 – 10 Budget
Decrease in VDOT funds - impact?
Town Manager Fauber said State money will be lost in maintenance (\$14,000) and the 599 funds will be down ~\$9,000 and it is expected this will drop more in the next budget cycle. It was said the State budget cuts will impact the Town's budget in the future. It was asked if there should be spending freezes implements due to this loss of funding. Director of Finance Mullins said we are currently at 48% on revenue. She said some projects might have to be cut, but the impact is not known as the information was just forthcoming and so no discussions have been held with Chief Sutherly or Director of Public Works Rhodes.
Are there any more expected State cuts? Town Manager Fauber and Director of Finance Mullins said they do not know of any.
Council Member Terndrup said the Town will need to anticipate more cuts and added some services might need to be cut and used snow removal as an example.
Council Member Le Vine suggested looking at overtime policies first in the February meeting and also what contingencies there might be to "gracefully" reduce services. Staff will look for the services that will cause the least impact.
Staff will come back with ways to compensate for the losses now and also for the next budget year.
- Actions from November 30 meeting
 - Reconsider user fee structure (including pipe sizes)
 1. Update on staff utility rate study – Planner Rex gave a PowerPoint presentation on the analysis (slides attached here-to)
It was asked if any of the options should be dropped. Council Member Terndrup did not like Option 1 because residents would be subsidizing commercial too much. If more commercial enterprises come in, will the costs ever "flatten"?
Council Member Redmon agrees with Council Member Terndrup, but the lines need to be repaired that are costing the Town money. Much water is being lost from the old lines.

Council Member Baker thinks as there are more users, costs will come down somewhat.

Council Member Ritenour said water is going to become more and more of a precious commodity.

Staff will take the three options and find out some of the unexpected consequences that have come out of these in other localities. They are also to explore the idea of lowering the minimum usage amount. Also, Council would like to see how much each option would cost “Joe Citizen.”

Council Member Le Vine is concerned with the “time issue” as a budget is going to have to be passed and so how can everything be considered before the passing of this.

In further discussion, Council Member Ritenour said he feels more needs to be accomplished at the meetings. He would like for Town Manager Fauber and Director of Finance Mullins to create the budget and bring it to the committee and let the committee study it. He does not feel progress is actually being made.

Council Member Le Vine said a budget process is being set-up because there has not been a process in the past. Many of the issues can be framed by Staff, but the Council needs to make the decisions.

A discussion followed on how to find a fair and equitable way to solve problems. It was said the budget is an educational process and so much time is spent in educating Members on the process.

Council Member Le Vine said the committee can meet twice a month to solve the problems. Another way would be to limit the amount of time issues are discussed at the meeting, but this would lead to lengthier Council meetings.

Mayor Taylor said the budget needs to come from both sides --- Staff and Council. Council is more educated than ever before on the budget, but many Members of Council look to the Staff for opinions and so they would like to have a budget and then have the discussions on the various points. During the past few years, one “slide” comes up and everybody steps back because of the costs that are associated with increases.

Council Member Le Vine feels Council does accept the budget the Staff offers and is now focusing on issues that have never been discussed before. Council’s job is to prioritize issues and Staff will come back with recommendations for the issues. Council will then need to make a decision that can be agreed upon by all of Council.

Mayor Taylor said the decision is that Council wants to burden citizens as little as possible. Council Member Le Vine said the committee is asking Staff to come back with recommendations to meet these goals with as little impact as possible on the rate structure. He will work with Staff to prioritize the committee agenda.

Council Member Ritenour said a good start would be to work on the Finance Committee agenda, but things have to be prioritized. He doesn’t want to see things “being lost”, but will entrust the Staff to do their homework.

Council Member Vena asked why the water and sewer plants have to be self-supporting. Council Member Le Vine said the loan is requiring this of the Town. Town Manager Fauber said many localities subsidize these funds from the general fund, but it is not a good practice. If you continually do this, it will catch up with you at some point.

Council Member Terndrup asked if churches will have to pay for water as they are preparing their budgets now.

Council Member Le Vine summarized the meeting by saying:

Guidance has been given to Staff on the utility rate structure.

The Audit Review meeting will be on January 13 at 6 p.m.

Conflicting meeting dates were discussed and dates set.

He will get with Town Manager Fauber and Director of Finance Mullins to prioritize the agenda and decide what can be researched and reported on by Staff and what needs to be discussed in full by Council.

It will be decided in February how many times the committee will need to meet to make the budget.

Reports on the action items from the November 30 meeting will be given at the February meeting. Some items can be added to the Work Session agenda.

- Town Contribution to Rescue Squad – it had been asked if the contribution could be given in halves instead of thirds. **The consensus was that if the County gives its “blessing” then the donation will be given in halves.**
Council Member Terndrup said he would like to have a request and justification form be completed.

The Rescue Squad will complete a form and if the County decides the Squad had done a good job, then the Town will release \$12,500 and in six months, the second half will be released.

The meeting adjourned at 9:09 p.m.

Mayor

Town Clerk