

**MINUTES OF A TOWN COUNCIL WORK SESSION
TOWN OF LURAY, VIRGINIA
Tuesday, April 23, 2013**

The Luray Town Council met in a work session on Tuesday, April 23, 2013 at 5:30 p.m. in the Luray Town Council Chambers located at 45 East Main Street, Luray, Virginia at which time there were present the following:

Presiding: Mayor Barry Presgraves

**Council Present: Ronald Vickers
Pam Flasch
Mary Menefee
Leroy Lancaster
Joey Sours
John Meaney**

**Also Present: Charlie Hoke, Temporary Town Manager
Bryan Chrisman, Assistant Town Manager
Mary Broyles, Town Clerk/Treasurer
Danielle Babb, Deputy Clerk Treasurer
Ligon Webb, Town Planner
Page Campbell, Luray Police Department- Chief
Jason Spitler, Town Attorney
Carl Brown, Carl Brown Consulting LLC
Eddie Smith, Baker Development
Pat Racey, Racey Engineering/Baker Development**

The meeting was called to order by Mayor Barry Presgraves and everyone recited the Pledge of Allegiance to the flag.

Changes or Additions to the Agenda

Mayor Presgraves asked if there were any changes or additions to the agenda. Mr. Webb requested to discuss information regarding the Page County EDA during tonight's meeting.

Council Presentation & Report- Analysis of Utility Rates, Fees, and Budgeting

Assistant Town Manager, Bryan Chrisman, stated that the Town of Luray had contracted with Mr. Carl Brown, Carl Brown Consulting LLC, several months ago to provide a full analysis of the town's water and sewer user rates, facility fees, reserves, capital improvement plan, and associated debt service. Mr. Brown has provided his full analysis to the town and will present this information.

Carl Brown, Carl Brown Consulting LLC

Mr. Carl Brown, Carl Brown Consulting LLC, provided a presentation of his rate analysis and discussed recommendations for Council. Mr. Brown told attendees about his experience as a consulting firm and as a writer for rural water magazines. Mr. Brown stated that his goal is to determine what rate structure is fair on a cost-to-serve basis. He stressed that fixed costs should be recovered in the town's minimum charge; as all customers cause the town to incur fixed costs. Whereas, variable costs are experienced because of production. Therefore, larger customers use more volume of service and should pay proportionately more. Mr. Brown stated that the variable costs must be recovered in the unit charge to the customer. The two main components of the fee are the minimum fee and unit fee. Mr. Brown explained that the town has what is called a "conservation fee structure", meaning that the rates encourage conservation amongst users. With this structure, rates essentially increase based upon the amount of usage. Mr. Brown said that in most situations he is in favor of a conservation fee structure, especially where water supply and/or infrastructure is a limiting factor.

Mr. Brown also discussed in-town versus out-of-town rates, and said that this is a normal procedure for many localities. He confirmed that these customers should be charged a higher rate due to the town's increased cost-to-serve. Mr. Brown said that the town has no obligation to serve out of town customers and incurs a greater infrastructure cost. Therefore, charging a higher rate to out of town customers makes perfect sense.

Mr. Brown highlighted his recommendations from the written report. He stated that almost always he recommends doing an initial rate increase that will allow the locality to arrive at a fair rate structure. He advised that a sustainable rate structure will generate enough revenue to pay for the operational costs, debt service, and capital improvements. Mr. Brown said that most localities feel that their current rates are adequate when actually they need to be adjusted between 20-45%. Council members discussed previous rate increases and the expense of state and federal mandates for the town's water and sewer systems. Council members asked how often a rate analysis should be conducted. Mr. Brown recommended that rates be formally analyzed about every five years. Mr. Brown advised that it is best to make an initial cost adjustment with increases of 3-5% annually.

Mr. Brown reviewed his synopsis of results, recommendations, and action items. He also reviewed several tables from the report and explained the combined changes for the customers' total bill. Mr. Brown discussed the economic factors and affordability rate index.

Council members inquired about the status of the town's water meters. Mr. Brown said that for the town to have 30-40 year old meters is extremely old in terms of the meter life. He recommended a spot testing method to check meters for accuracy and said that at a minimum meters should be tested.

Mr. Brown stressed that utilities are first and foremost a business function. He advised that the business function must support itself and the town's general fund should never subsidize its water and sewer operations. Mr. Brown concluded his presentation and a full report has been provided to town staff.

Department of Corrections Request

Temporary Town Manager, Charlie Hoke, stated that the town has received a request for proposals from the Virginia Department of Corrections. The information on the office space criteria has been included in Council's packets. Mr. Hoke requested that any potential spaces be referred to Mr. Webb or Ms. Lewis. Mr. Webb said that he has also contacted several real estate agents with the information. The deadline for submittals is April 26th.

2012 Water & Sewer Rate Report

Temporary Town Manager, Charlie Hoke, presented the 2012 Draper Aden Report. The report surveys localities annually and provides water and sewer data. Also, included for Council's information are tables that show data for towns geographically closest to Luray and for towns with the closest number of connections. Council members felt that in comparison, Luray's rates seemed to be some of the highest. Mr. Hoke reminded that these reports do not reflect the progression of other localities in terms of meeting state and federal mandates, and thus are still charging lower rates.

Town Rate & Fee Schedule Authorization

Mr. Hoke stated that he was not initially involved with the rate and fee proposals. However, this is an action item for tonight's meeting and staff is recommending that Council approve the changes. This includes an additional \$.04 cent per \$100 of assessed value for real property.

Council and staff discussed the need for an increase in the real property tax rate and considered the town's current year to date expenditures, assessment values, and other factors. Councilman Vickers asked about the highlights of this year's budget advertisement. Mr. Chrisman stated that citizens will note an increase in the real property tax rate, as well as water and sewer rate increases. Some factors facing the town's budget include the Main Street Bridge funding, pending legal costs, and state and federal mandates. Councilman Sours recognized that overall the town's spending for the next fiscal year will be less than the current year. He feels that the town is basically recovering overstated projections from the last budget cycle. Mr. Chrisman commended the department supervisors for holding the line on their expenditures.

Motion: Councilman Sours motioned to approve the Town Rate and Fee Schedule including an increase of \$.04 cent per \$100 of assessed value for real property taxes, motion seconded by Councilman Lancaster with the vote as follows: YEA: Council Members Vickers, Flasch, Menefee, Lancaster, Sours, Meaney. **Approved 6*-0 *Councilwoman Flasch is an appointed member, Record Vote – Approved 5-0**

Budget Synopsis & Rate Advertisement Review and Authorization

Mr. Hoke stated that the next step for Council members is to approve the Budget Synopsis and Rate Advertisement for publication.

Motion: Councilwoman Menefee motioned to approve the Budget Synopsis and Rate Advertisement, motion seconded by Councilman Sours with the vote as follows: YEA: Council Members Vickers, Flasch, Menefee, Lancaster, Sours, Meaney. **Approved 6*-0 *Councilwoman Flasch is an appointed member, Record Vote – Approved 5-0**

Budget Approval Schedule Authorization

Mr. Hoke stated that the budget approval schedule has been included in Council's packet for review. Members will need to take action on this item and staff recommends approval.

Motion: Councilman Lancaster motioned to authorize the Budget Approval Schedule, motion seconded by Councilman Vickers with the vote as follows: YEA: Council Members Vickers, Flasch, Menefee, Lancaster, Sours, Meaney. **Approved 6*-0 *Councilwoman Flasch is an appointed member, Record Vote – Approved 5-0**

Potential Boundary Line Adjustment – Airport Road/ Proposed Developers Agreement – PCD

Mr. Hoke stated that maps for the Boundary Line Adjustment for the airport have been provided for Council. There are currently four options for the boundary line adjustment; with the fourth option is preferred by the Luray-Page County Airport Commission. The commission would prefer that the entire airport property be located within Page County. Mr. Hoke also discussed the proposed developer's agreement and said that the developer would like to renegotiate this. Mr. Hoke asked for Council to review the revised proposal and provide him with any feedback.

Sign Ordinance Updates

Town Planner, Ligon Webb, provided a copy of the letter that went out to merchants and businesses with Off-Premise Signs. Mr. Webb discussed the issue with Off-Premise Signs and the deadline for removal was Tuesday, April 23rd. Council and staff discussed the difference between Off-Premise Signs and Sandwich Board Signs. Chief Campbell added that technically the sidewalks are town property, which is where some of the sandwich board signs are located. Mayor Presgraves said that he does not see an issue with the sandwich board signs directly in front of one's business, so long as they do not impede the flow of traffic on the town's sidewalks. Councilman Lancaster said that the signs directly in front of a business are not a problem, unless they would inhibit those with a wheelchair or walker who are trying to use the sidewalks. He suggested that business owners move the sign closer to the entry in order to avoid this problem. Councilman Lancaster suggested having the Planning Commission review the issue. Mr. Webb stated that he feels the town's ordinance is adequate and there is no need for the Planning Commission's review. Councilman Vickers advised that he does not want there to be confusion in regards to enforcement. Chief Campbell asked that members advise him if there are any more signs that have not been removed per the deadline. Mayor Presgraves stated that the town should proceed with the ordinance as is, and if there are further issues Council members will discuss at a later time.

EDA- Enterprise Zone Designation

Town Planner, Ligon Webb, stated that the Page County EDA is applying for an Enterprise Zone Designation. Mr. Webb described the boundaries for the designation within the Town of Luray. He advised that the incentives that go along with the designation are beneficial to potential businesses. He advised that other benefits are potential rebates on the Business and Occupational License Tax and/or Meals Tax. Mr. Webb explained that the goal is to entice new businesses and provide benefits to existing businesses. Mr. Webb said that the Enterprise Zone Designation will likely be an action item for the May Council meeting.

License & Certification Compensation

Temporary Town Manager, Charlie Hoke, stated that there is a great need for Commercial Driver's Licensure by town employees. He stated that part of the Wastewater Treatment Plant requirement for employment states that the employee must obtain a Class B Commercial Driver's License within one year of the time of hire. He explained that this is a requirement for bio-solid land application performed by plant operators. As well, operators must pass their first wastewater exam which is a Virginia Class 4 Water or Wastewater license. Mr. Hoke explained that any step increase in licensure is very valuable not only for the employee but to the town. A draft policy for License and Certification Compensation has been included for Council's review. This draft policy serves as a guide for compensation (either step-increase or bonus).

Councilman Sours stated that he is not in favor of this because the council has already determined that there would be no pay increases. Councilman Lancaster inquired about the number of town vehicles that require a Commercial Driver's License. Mr. Chrisman described the vehicles and associated requirements for the town's drivers amongst all departments.

Mr. Chrisman also described other certifications and accreditations that can be obtained by other departments, including administration. Mr. Chrisman said this draft policy can serve as a starting point and members can begin to look at these issues. Mayor Presgraves said that he would like to reward any form of continuing education and the policy should be designed as such. Councilman Vickers said that he would like to hear about a policy that is inclusive for all employees. Councilman Sours advised that the policy should also be retroactive. Councilwoman Menefee reminded that this will also be a budgeting concern.

Parks & Recreation Department - Staffing

Temporary Town Manager, Charlie Hoke, discussed staffing for the Parks and Recreation Department and feels that Mr. O'Brien needs an assistant. He would like to see an assistant learn his management skills and gain important contacts. Mr. Hoke said that he is not encouraging Mr. O'Brien's retirement and feels that he represents the town very well. Mr. Hoke would like to see an assistant begin the learning process for the management aspect of the department. However, Mr. Hoke is not certain that Mr. O'Brien feels this is prudent. Mayor Presgraves said that the town needs to prepare for Mr. O'Brien's retirement whether it is five or ten years down the road. Mr. Hoke said that while the department has lost a well liked employee, the town should use this as an opportunity to find an assistant for Mr. O'Brien. Mayor Presgraves said this is an issue that the town has considered for years and must look toward the future of the town's recreational facilities, events, and parks. Mayor Presgraves would like to see Mr. O'Brien be a stakeholder in this process and feels that there is a great deal of "on-the-job" training that is required. Councilwoman Menefee clarified that staff is requesting to start the search for an employee who has the ability to become an assistant director. Also, Councilwoman Menefee asked if this can be accomplished in the next 3-6 months. Councilman Vickers expressed concern over departmental morale, since a replacement has not been hired for Mr. Buracker's position and due to the discussion of outsourcing some services. Mr. Hoke said that outsourcing is an option and may be viable for mowing and other seasonal demands. He stated that he has done his best to assure Mr. O'Brien that there is no intent to downsize the department. Mayor Presgraves reminded that some tasks are already outsourced, such as the maintenance of Lake Morningstar. Mr. Vickers expressed concern over outsourcing, and does not want to lose control of the maintenance of areas such as the Greenway. Mayor Presgraves said that it seems Council's consensus is to move forward with hiring an assistant and that Mr. O'Brien should be on board with this.

Police Department - Staffing

Mr. Hoke explained that currently a temporary position is filling the job for police investigations. He advised that this is realistically a full time position and that Chief Campbell is in attendance to speak on this issue. Mr. Hoke advised that staff recommends that investigations be a full time position.

Chief Campbell stated that he is not asking for any additional funds for current or upcoming budget cycles. Chief Campbell stated that the staff member who is now performing investigations duties is a part-time employee. He stated that the problem is that the individual was allotted 32 hours per week, but due to the Affordable Care Act the hours have been reduced to 29 hours weekly. Chief Campbell is requesting to change this staff member from a part-time status to a full-time position. Chief Campbell discussed the additional cost and feels that he can cover this within his current departmental budget. Councilwoman Menefee said that if the department is within budget then there is no reason for a great deal of discussion on this. Mayor Presgraves stated that council's consensus was to move forward as discussed.

Town Attorney

Town Attorney, Jason Spitler, stated that he did not have any action items for this evening's meeting. Mr. Spitler stated that first he would like to update members about the ongoing litigation between the Town of Luray and the former Town Manager. He stated that the hearing is set for July 2nd at 10:00 in Circuit Court. Mr. Spitler said that there has been little change since he last met with Council on the issue.

In regards to a special election for the Luray Town Council, Mr. Spitler advised that the judge will enter an order on April 30th, 2013. This order will require that the town hold an election on November 5th to fill the Council vacancy of Mr. Lonnie Arrington, with the position currently occupied by Councilwoman Flasch. Mr. Spitler stated that the deadline for candidates to file a petition is June 11th. Mr. Spitler recommends that the town put together a press release that would summarize why there is a need for a special election.

Town Attorney, Jason Spitler, discussed the proposed ordinances amending the town's meals and lodging taxes. Mr. Spitler advised that the ordinances were essentially approved by a consensus of Council but were not formally adopted in order to coincide with the new fiscal year. Mr. Spitler stated that these would be action items for the May 13th Council meeting.

Mr. Spitler stated that the previously approved tax rate and budget schedule do indeed comply with the state code.

Town Attorney, Jason Spitler, requested to discuss the status of several loan defaults on the CDBG program. Mr. Spitler discussed a delinquency in the amount of \$13,000 on one loan, and advised that the payee is no longer able to make payments. Mr. Spitler explained that there had been discussion of taking legal action but no formal direction had been given. He advised that Council must decide at some point if they wish to take action on the defaults.

Mr. Spitler advised that he and Mr. Hoke met last week with Gary and Linda Drum of Appalachian Outdoor Adventures to execute the necessary paperwork. The applicants have received their loan funds in

the amount of \$10,000 and will begin making installments on July 1, 2013. The terms of the loan require repayment in equal monthly installments over the next five years at a zero percent interest rate.

The worker's compensation claim currently involving Dry Run Tree Service was originally scheduled for a hearing in April. The hearing is likely to be rescheduled for late July. Mr. Spitler said that he has been in contact with VML Counsel on the issue.

Council and staff then discussed the meals and lodging tax ordinance amendments. There was some confusion over previous recommendations and approval. Mr. Spitler recalled council's consensus on the issue but that the amendments would not be effective until the new budget cycle. This issue will be on the agenda for the May Council Meeting.

Council members returned to discussion on the CDBG Loan defaults, and discussed provisions to secure future loans. Council and staff discussed the two loans that have been defaulted on, and how a bankruptcy will affect the collection of one of the loans. Town Attorney, Jason Spitler, said that he will proceed with filing judgments as directed by Council.

Mayor Presgraves expressed concerns regarding the lack of receipt of original documents from the Harrison's regarding the North Broad Street Improvements. Mr. Spitler stated that he has diligently been pursuing receipt of the paperwork from Mr. Harrison. He felt that this situation was not an ideal scenario and that deadlines needed to be met. Mr. Spitler understands the Mayor's concern but said that the paperwork is not necessary in order to complete the work. He advised that the documentation is only needed for Mr. Harrison to grant the town a formal easement. Mayor Presgraves cautioned against proceeding with work without all paperwork in place in the future.

Other Items/Announcements

Mr. Hoke stated that he has a request for a Peace Pole to be placed on the Greenway. He said that Mr. O'Brien had received the original request and has advised that a peace pole already exists at the R.H. Dean Recreation Park, adjacent to Field #1. Despite this, the individual would like to see one placed on the Greenway. Staff does not recommend approving this request. Councilman Lancaster remembers discussing this in past years, and noted that the Council was not in favor at that time either. Council's consensus was to deny this request.

Temporary Town Manager, Charlie Hoke, read aloud a letter of recognition from Susan Redburn, Director of the Virginia Military Institute. The letter stated that on behalf of the Virginia Military Institute, she would like to thank Mr. Bryan Chrisman for his service on the Program Advisory Committee for the 24th Annual Environmental Virginia Symposium. The letter recognized Mr. Chrisman's guidance and feedback on this committee and thanked him for his contributions to the symposium.

EXECUTIVE SESSION

Personnel, Section 2.2-3711.A.1 – Town Manager

Mayor Presgraves requested a motion to adjourn into Executive Session for the purpose of discussing Section 2.2-3711.A.1.

Motion: Councilwoman Menefee motioned to recess the regular session and to convene in executive session; Councilman Sours seconded the motion with the following members voting YEA: Council Members Vickers, Flasch, Menefee, Lancaster, Sours, Meaney. **Approved 6-0**

Motion: Councilman Lancaster motioned to adjourn the closed session and to reconvene in open session; Councilwoman Menefee seconded the motion with the following members voting YEA: Council Members Vickers, Flasch, Menefee, Lancaster, Sours, Meaney. **Approved 6-0**

Mayor Presgraves asked members of Council to certify that to the best of their knowledge only matters covered under Section 2.2-3711.A.1 were heard, discussed, or considered during the closed session. **The roll was called with all members certifying “Yes”.**

Adjourn

There being no further business, Mayor Presgraves adjourned the work session of the Town Council at approximately 8:40 pm.

Barry Presgraves
Mayor

Danielle P. Babb
Deputy Clerk-Treasurer