

MINUTES OF A TOWN COUNCIL WORK SESSION
TOWN OF LURAY, VIRGINIA
Tuesday, February 23, 2009

The Luray Town Council met in a work session on Tuesday, February 23, 2010 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: Nancy Shifflett
Lonnie Arrington
William Menefee
Leroy Lancaster
Jerry Schiro
Earl "Rock" Racer

Also Present: Rick Black, Town Manager
Bryan Chrisman, Assistant Town Manager
Mary Broyles, Treasurer
Danielle Babb, Deputy Clerk-Treasurer
Ligon Webb, Town Planner
Jason Spitler, Town Attorney
Page Campbell, Chief of Police
Charlie Hoke, Director of Utilities
Lynn Mathews, Superintendant of Public Works

The meeting was called to order by Mayor 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. Town Manager, Rick Black, requested to discuss 911 Addressing before the end of the meeting.

Proposed FY 2011 Dept Head Recommendations

The proposed FY 2011 department head recommendations were presented for Council. Mr. Black said that included in the packets were the first draft of the expenditure portion of the budget. Mr. Black stated that staff has trimmed all areas of the budget and that this will be a very lean budget year. He noted that there may be even more trimming to line items, but some areas may require additional funds.

Mr. Black began with the Mayor and Council portion of the budget. Contributions and Little League funds were addressed. Councilwoman Shifflett questioned why there were still funds remaining in the

contribution line item. Treasurer Mary Broyles stated that not all entities have submitted the required financial statements that are needed before receiving the donation. Councilman Schiro said that some arts and cultural grants may be in trouble.

Mr. Black advised Council that no salary increases are proposed for any employee. Mr. Black reviewed the expense item for the Town Attorney and reminded that the contract will be up for renewal in September 2010. Mr. Black also provided an estimate from Robinson, Farmer, Cox Associates for the yearly audit. The cost was actually lower than the previous year. Mr. Black reviewed the Treasurer's proposed budget and noted areas that were lowered. Mr. Black emphasized that the proposed budget is essentially an operations and maintenance budget only. The proposed amounts do not include a "safety net". Councilman Schiro said that even though no salary increases are proposed; VRS and health insurance could still rise. Mr. Black said that estimates for these costs have not yet come in. Mr. Black stated that the safety budget could not be cut due to VML advantages. Mr. Black said that no funds would be needed for the Board of Elections for the proposed year.

Next, Mr. Black reviewed the recommendations from the Police Department. Mayor Presgraves questioned the special events overtime line item. Mr. Black said that this is for special events that require additional personnel to staff the event. Councilman Schiro said that in order to get an accurate account for the event, these items should be charged to each specific event. Chief Campbell commented on the amount of money spent on overtime from his year end presentation that was provided at the January 11th regular council meeting. Councilwoman Shifflett asked if it was necessary to purchase a new vehicle each year. Ms. Shifflett said that every department has made cuts but that the police have not reduced the line item for motor vehicles. Councilman Schiro said that many of the police vehicles have some high mileage. He feels it would be best to keep newer vehicles with lower mileage. Chief Campbell discussed grant expenditures for the current year and the associated reimbursement. Mr. Black advised Council that all communications equipment will become obsolete in 2012 if not upgraded to the "narrow band width". Mr. Black said that the existing radios can be made compliant. Only two of the radios in the department's inventory are not capable of being converted. Mr. Black and Chief Campbell advised Council that a grant may help cover some of these costs. Mr. Black said that Chief Campbell will need to get an estimate from Clear Communications for the required upgrades. Lastly, Chief Campbell stated that his department has revamped, cut, gave up motor vehicles and personnel. He feels that his department has done their part to try to cut and that what he has presented is a bare minimum. He said that this is an effort to do the best possible and keep the personnel they have.

Mr. Black reviewed the Streets portion of the expenditure summary. He reminded that the town will be losing about \$30,000 in funding from VDOT. Mr. Black said that a great deal of money has been spent on snow removal this year but that the town has applied for FEMA funding. Mr. Black said that the town has submitted all of the necessary information and could receive 100% reimbursement; however, these funds are not guaranteed and there is no timeline to receive them. Councilwoman Shifflett asked how much funding is received from VDOT. Mr. Black said that we are to receive \$885,740 in VDOT funding.

Mr. Black discussed refuse collection and information received from Waste Management. The vendor has done an audit and the town has concluded that approximately 100 cans are unbilled for. Mr. Black said that the town will have to figure out where these cans are and correct the billing for them. Mr. Black said that the town is currently on an annual contract basis with Waste Management and that he anticipates some increase in cost for the coming year. He said that overall we receive very good service from the vendor. Mr. Black said that janitorial services have increased due to re-bidding the contract for services. Also, Mr. Black reviewed the cost for inmate meals. He stated that the town is responsible for providing lunches for inmates working for the town during the day. He said that this is a very good cost for the labor the town receives.

Councilwoman Shifflett questioned the PAL matching grant and the contribution toward PAL. Mr. Black stated that the grant is a matching one; therefore the town contributes an equal amount.

Mr. Black stated the plans for Phase IV of the Depot. He noted that VDOT is trying to close out these types of projects. Hopefully this project will be fully funded due to the amount of progress shown.

Mr. Black reviewed the Parks and Recreation department budget including grant applications and the Little League project. Councilman Racer questioned what fundraising efforts were taking place. Mayor Presgraves stated that the Little League is setting a goal of \$750,000 for fundraising. He said that they plan to fundraise outside the local area for some large corporate sponsorship.

Mr. Black reviewed the budget for Planning and Zoning. He also reviewed the Economic Development portion including funding for Luray Downtown Initiative. Councilman Menefee asked what was the amount contributed to LDI several years ago when it began. Mr. Black said that it was in the lower \$30,000 range. Councilwoman Shifflett asked if we get a budget from LDI and stated that they need the funds.

Mr. Black said that he is still seeking out answers on the proceeds from the airport hangar project. He explained that Page County is collecting the rent for the hangars and distributing the payments for the airport expenses. Mr. Black said that he would like a copy of these accounting statements for the town's records. Council and staff discussed the rent received from the Bennett House. Mr. Black said that the rent received belongs to the airport to cover repair costs and is completely separate from hangar revenues.

Councilman Menefee asked when the monuments in town were going to be repaired. He would like to see funds put in the budget to get these fixed. Councilman Racer responded that he appreciates the concern but feels that Council should look at the revenues portion of the budget first. Mr. Racer stated that he has no intentions of raising taxes. Mr. Black said that he is not aware of any grant funding that is available to fix the monuments.

Mr. Black said that no funds are budgeted for CDBG as it will be concluded in this fiscal year.

Mr. Black emphasized that there are currently not enough General Fund revenues budgeted to cover the expenditures that are shown.

Next, Mr. Black reviewed the water department budget for data processing and operations. Charlie Hoke, Director of Utilities, said that he is looking at ways to reduce costs for electricity at the booster pumps. He is seeking ways to reduce utility costs and to make operations more efficient. Mr. Black reviewed the budget for the Water Treatment Plant. Mr. Hoke stated that permitting fees have gone through the roof. He said that the state used to include these costs but due to budget cuts is now charging for them. Councilman Schiro said that he has reviewed the operational costs and sees very little change. Mr. Black responded that the new water plant has only been on line for a very short period of time and the biggest change will be seen in the increase of electricity. Mr. Hoke said that the electric rate for the facility is really very reasonable. Mr. Hoke explained the efficiency of the PAL system at the Water Treatment Plant. He said that the membranes in the system will last for approximately 30 years and cost very little in maintenance. He said that the biggest advantage is that the system does not require a full time operator. He noted that a licensed operator is required but only for maintenance or changes. Mr. Black reviewed the water debt service and Rural Development Loan.

Mr. Black reviewed the sewer budget and stated that the format is identical to that of the water department.

Mr. Black reviewed the proposed operations budget for the Wastewater Treatment Plant. He emphasized that the increase in electric service costs are a direct reflection of the upgrades to the plant. The budgeted amount reflects the recommendations from the project engineers. Mr. Hoke spoke on the issue stating that the plant must operate as designed but in time costs may be able to be reduced. Mr. Hoke said that he feels certain the cost of chemicals will be reduced. Mr. Hoke said that sample analysis is done in house where permissible, outside testing is done through Inboden Environmental. Mr. Hoke said that it is not cost effective to do some tests in house due to the cost of equipment. He stated that all of the department's employees are trained lab technicians and are cross-trained in duties. Mr. Hoke said that all of his employees have wastewater licenses and will all become certified in water licensures. He also noted that all of the department employees have or are finalizing their CDL permit. Mr. Hoke said that the majority of his department's overtime is due to repairs at the pump stations. Lastly, Mr. Hoke complemented the members of his staff.

Mr. Black reviewed the sewer fund debt service and discussed the closeout of the construction contract on the Wastewater Treatment Plant upgrades.

After reviewing the final total for expenditures, Council took a brief look at the projected revenues. One area that is likely to see decreases is the revenue from real estate taxes. Mr. Black discussed the projected revenues for the business license, transient occupancy, and meals taxes. Mr. Black said that currently the town is earning more interest on investments by disbursing funds from SunTrust Bank to Page Valley Bank, which is paying a higher rate.

Council and Staff discussed the revenue from waste collection. Mr. Black said that the revenue collected is basically just to cover the costs paid to Waste Management. He said that staff is going to try to take measures to account for unbilled roll-outs. Councilman Schiro said that the town should tell the public that roll-outs are going to be audited, otherwise rates may be increased.

Mr. Black reminded Council that funds received for VDOT maintenance are going to decrease.

Town Manager, Rick Black, stated that increases were going to be needed in customer water sales. He said that there will be an increase needed to run the new water treatment plant and that the only source for this increase is in water revenues. Mr. Black said that Danielle Alger is going to be going to BAI to learn query training to help the town gain more information on the town's water statistics. Mr. Black said that increases are also going to be needed in the sewer fund to cover anticipated increases.

Councilman Lancaster questioned if tip fees were paid for refuse disposal at the landfill. Mr. Black said that the only time tipping fees are charged to the town is when junk collection items are disposed of.

Mr. Black stated that this concluded the budget session for this meeting. He will be meeting with department heads to do more refining before the next council meeting. A balanced budget must be presented to Council by April 1, 2010.

Intersection of West Main Street and Leaksville Road

Mr. Black addressed the traffic pattern on West Main Street and Leaksville Road. Mr. Black said that currently there is no left hand turn permitted at all times. The suggestion is to change this to a restricted traffic pattern for certain days/hours.

Chief Campbell said that at the time the decision was made it was a good measure. However, he thinks that now the traffic pattern can be changed to a restricted one. Chief Campbell recommended limiting the times to morning and afternoon, Monday through Friday. He said that we need to look at the heaviest times of traffic before making a final decision. He is seeking Council's approval to go ahead with this and set the proper signage.

Councilman Racer said that we should leave the traffic pattern as it is. Councilman Lancaster suggested using a sign that says "No Left Turn When Flashing". Councilman Menefee said that Council should turn this matter over to Chief Campbell. Council's general consensus was to allow Chief Campbell to use his discretion on traffic flow and pattern.

Public Hearing: Proposed amendment to the FY 2010 Budget

Town Manager, Rick Black, stated that there will be a public hearing to allow for an amendment to the current budget. The public hearing is needed in order to amend the budget for more than 1% of the total budget. This provision would allow for a loan to pay for improvements at the Ralph H. Dean Recreation Park. The loan amount cannot exceed \$750,000 but can be less than this amount.

Councilman Racer suggested seeing how much money will be raised independently before setting an amount. Council and staff agreed that a loan will be needed in order to pay the construction bills before all fundraising is complete. Councilwoman Shifflett suggested making draws on the loan and only taking out what is needed. Mr. Black said that he has received several types of loan proposals. Councilman Racer feels that this is not going to look good to borrow money and then have to look at raising water, sewer, or tax rates. Councilman Schiro reminded that this project is independent of those funds.

Town Manager, Rick Black, feels that there needs to be a business plan established by the Little League to direct where the funds are going and to help cover interest fees. He feels that certain responsibilities must be assumed by the league. Councilwoman Shifflett agreed that the town must have a written commitment from the league. Councilman Racer agreed and reminded that he has been suggesting this from the beginning.

Mr. Black said that even though funds from the cigarette tax have been earmarked for the project, a budget amendment is required. Councilman Schiro said that the Council has appropriated funds for this and must amend the budget appropriately. Mr. Black reminded that the public hearing will be at the March 8, 2010 meeting.

Trailside Comfort Stations

Mr. Black informed Council that a mandatory pre-bid meeting was held on February 17, 2010 with twenty contractors present. The questions/answers and bidders list were faxed out earlier today. On March 1, 2010 the bids will be opened and read aloud.

Habitat for Humanity

Mr. Black stated Habitat for Humanity was considering a CDBG grant to cover the costs of the infrastructure needed for the six lot subdivision on Hilltop Lane. Mr. Black met with the local

representative for Habitat for Humanity and they have decided that the CDBG timeline will not be workable for their deadlines.

Changes or Additions to the Agenda

Mr. Black reminded that at the last meeting, Council discussed other areas of 911 address changes. Mr. Black has received information from Josh Hahn, Page County GIS Coordinator that reflects other areas of proposed changes. Mr. Black said that Frye Lane and Virginia Avenue changes may be workable, but that he does not agree with changes to Fairview Road.

Town Attorney Report

Town Attorney, Jason Spitler, noted that the items for his report would require an Executive Session.

EXECUTIVE SESSION

Real Property, Section 2.2-3711.A.3
Investment of Public Funds, Section 2.2-3711.A.6
Legal Matters, Section 2.2-3711.A.7

Mayor Presgraves requested a motion to adjourn into Executive Session for the purpose of discussing Sections 2.2-3711.A.3 (Phillips Property), 2.2-3711.A.6 (LFCC & RDRP Loan) and 2.2-3711.A.7 (Water Treatment Plant).

Motion: Councilman Racer motioned to recess the regular session and to convene in executive session; Councilman Lancaster seconded the motion with the following members voting YEA: Council Members Shifflett, Arrington, Menefee, Lancaster, Schiro, and Racer. **Approved 6-0**

Motion: Councilman Menefee motioned to adjourn the closed session and to reconvene in open session; Councilman Racer seconded the motion with the following members voting YEA: Council members Shifflett, Arrington, Menefee, Lancaster, Schiro, and Racer. **Approved 6-0**

Mayor Presgraves asked members of Council to certify that to the best of their knowledge the only matters covered under Section 2.2-3711.A.3, Section 2.2-3711.A.6, and 2.2-3711.A.7 were heard, discussed, or considered during the closed session. **The roll was called with all members certifying "Yes".**

Mayor Presgraves asked if Council would like to take action on any items from Executive Session. Councilwoman Shifflett questioned the water rights for the Phillips property. Town Attorney, Jason Spitler, stated that the references on record were very vague and that he would be happy to review the information again and report back with additional information. Mr. Spitler said that there was no language that reflected that the house couldn't be converted into a commercial structure. He said that the water rights convey to the property owner. Mr. Spitler said that Council had made prudent choices in years past to make water acquisitions. Council and staff discussed water bottling options. Mayor Presgraves stated that Council must determine if this property is valuable and determine what that value is. Councilman Racer said that previously SVRC was looking at pumping water from this area to the Front Royal area. Councilman Arrington feels that purchasing the property is buying a maintenance problem. Councilwoman Shifflett feels that the issue should be tabled until more information is obtained from the Town Attorney. Mr. Spitler said that he will report back with more information at the March 8, 2010 meeting.

Adjourn

There being no further business, Mayor Presgraves adjourned the work session of the Town Council at approximately 8:47 pm.

Barry Presgraves
Mayor

Danielle P. Babb
Deputy Clerk-Treasurer