

MINUTES OF A TOWN COUNCIL-SPECIAL MEETING
TOWN OF LURAY, VIRGINIA
Tuesday, March 19, 2013

The Luray Town Council met in a special meeting on Tuesday, March 19, 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: Ron Vickers
Mary Menefee
Leroy Lancaster
Joey Sours
John Meaney

Also Present: Jerry Schiro, Interim Town Manager
Bryan Chrisman, Assistant Town Manager

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

Changes to the Agenda/Announcements

Mayor Presgraves requested to change the order of items on the agenda and asked that Mr. Schiro discuss the town's budget as the first item of business. Mr. Schiro informed Council members that he was contacted by VRS representatives and was advised that he is only permitted to serve as interim manager for a period of six months. Mr. Schiro said that he will need to end his term as interim manager no later than April 1st, 2013. Mr. Schiro advised members that his last day with the town will be March 28th. He stated that he had hoped to stay on until a new manager was in place, but must follow VRS regulations.

Budget Discussion

Interim Town Manger, Jerry Schiro, stated that Council has the second draft of the budget and this draft highlights areas of the budget that are going to require significant capital outlay. The budget takes into account an increase in health insurance costs, pending legal action, and matching funds for the Main Street Bridge repairs. Mr. Schiro explained that the town will be responsible for the matching funds and is not permitted to use any other VDOT funding sources to assist with the matching fund requirements. Mr. Schiro stated that he has included all possible funding needs in this draft and in order to produce a balanced budget a .04 cent increase will be needed in the real estate tax rate. Mr. Schiro stated that he also has some updated figures on water and sewer revenues. He feels that the first draft predictions may have been a bit high in these areas. Mr. Schiro reviewed the current year to date figures and noted a significant shortfall that is predicted for year end. He anticipates a budget adjustment at year end in the amount of \$200,000- \$300,000, primarily due to over-projected revenues. In addition, other unfunded expenses have been incurred in the current year; including monument repairs, debt service on the little league stadium, severance pay, wastewater facility repairs, and other items. Mr. Schiro suggested that the town cannot continue to pull funds from reserves as it has over the past two years. Council and staff discussed other revenue sources, such as meals and lodging tax. Mr. Schiro said that the ordinance amendments for both meals and lodging tax will generate only a small amount of extra revenue.

Council and staff discussed possible increases in water and sewer rates. Mr. Schiro said that staff has recently received the water and sewer rate analysis and it calls for over a 13% increase in water rates to cover debt service. Mr. Schiro has asked for some projections on a 3.5% and 7.0% increase for water and sewer respectively. Mr. Brown, Carl Brown Consulting, will be present at the April work session to discuss his comprehensive report. Currently, Mr. Schiro has provided for a 5% increase for water and sewer each. Council discussed a future water loss study and the need for more efficiency. Currently, Mr. Brown's study is reporting about a 46% water loss ratio.

Mr. Schiro said that previously the Council had budgeted for \$46,800 in donations. This amount has been reduced to \$26,931 for dues and contributions. Council members discussed the Virginia Arts Grant and associated matching funds for Performing Arts Luray and the summer concerts at Ruffner Plaza.

Mayor Presgraves stated that he would like all members to recognize that the budget process does not need to continue to be extended. He advised that with Mr. Schiro's departure at the end of March, responsibilities are going to be divided up among staff. Mayor Presgraves stated that he plans to oversee the Parks and Recreation and Police departments; while, Mr. Chrisman will oversee Public Works, Water, and Sewer departments. Mayor Presgraves said that Mr. Schiro has spent a great deal of time on this budget and he would like Council to move forward. Mr. Schiro said that the next critical step is for Council to hold the necessary public hearings. He advised that a real estate tax rate advertisement has not taken place yet.

Council members discussed advertising for a real estate tax rate increase. Councilwoman Menefee asked fellow Council members about their intentions for a .04 cent tax rate increase. Mr. Schiro said this is a valid point because if council members are not willing to consider this rate increase, then staff and council members will need to go through the budget line-by-line and look at cuts. Councilman Vickers said that he would like to see staff advertise a rate of .28/100 of assessed value. Councilman Sours said that he wants to make sure that every effort has been made to make cuts where possible. Mr. Schiro said that in terms of operational costs, he does not see any other areas where cuts can be made. Councilman Vickers said that he does not see cutting personnel as an option. Councilwoman Menefee questioned the cost of healthcare. Council also discussed delinquent tax revenues and the methods available for collection.

Councilman Lancaster discussed credit card fees and the associated regulations. Council and staff discussed that current regulations allow for the town to charge a fee to the customer when paying taxes, but not for utility payments. Councilman Lancaster said that he feels if the town is going to lose money by providing this service, then it should discontinue the service.

Mr. Schiro reviewed the draft budget for general fund expenditures and noted the reduction in contributions. Other notable areas of administrative expenditures included litigation fees and the removal of a vehicle allowance for the Town Manager. Council and staff discussed leasing vehicles versus purchasing. Also, Mr. Schiro discussed the matching funds for Main Street Bridge that would be expended in FY 2014. He noted that the cost associated with FY 2014 bridge expenditures is far less than the cost anticipated for FY 2015. Councilman Lancaster discussed tipping fees paid to the landfill. Staff noted that tipping fees are only paid for special collections offered by the town. Councilman Vickers discussed the cost of the recycling program and noted that it is a very minimal portion of the town's budget. Mr. Schiro reviewed the general fund capital improvement projects, which includes the completion of the town's sign storage shed. Council and staff reviewed the Parks and Recreation department expenditures and noted costs associated with park maintenance and special events. Mr. Schiro reviewed the economic development expenses for the town and noted a decrease in LDI funding. Council also discussed the contribution to the Farmer's Market and that the contribution is offset by the town's expenditures. Mr. Schiro stated that the airport expenses are estimated at

\$50,000 for operational costs. The town currently contributes \$17,000 to Lord Fairfax Community College annually. Mr. Schiro stated that he does not feel that \$50,000 is adequate to cover potential expenses for the airport. Council members noted that the contribution to LFCC has nearly doubled over the last two years and chose to reduce the contribution for FY 2014. The reduction will be used to cover the anticipated airport expense overage. Council and staff continued to discuss funding for LDI and the additional revenue generated by downtown businesses. Council members discussed the overall economic benefits of the organization. Mayor Presgraves stressed that tourism must be a factor in council's funding consideration. Councilman Lancaster said that he would like to see a profit and loss statement and better overall reporting from LDI. Council discussed LDI becoming a self supportive organization and the board becoming more responsive to council's concerns.

Councilwoman Menefee questioned the overall personnel cost and asked if this cost was typical of similar localities. Mr. Schiro stressed that local government is service based and that the town has always been a fair employer. He stated that the town has always held its personnel with high regard and this can be illustrated by the staff's longevity with the town. Mr. Schiro added that the town sees little turnover in staff, police, or water and wastewater operators. He added that all the town's department heads have a great deal of experience and some with as much as 20-30 years of service. Mr. Schiro said that the town is fortunate to have many loyal employees and he has seen other jurisdictions that do not have this level of dedication from employees. Overall, the personnel cost of the town is estimated at approximately 30-40% of the town's budget.

Mayor Presgraves reminded that the town cannot continue to provide the level of services to citizens at the same cost each year. He said that while many costs are rising, the town cannot be expected to continue at the same operational costs. Councilman Meaney said that he sees few options to avoid a tax rate increase. Councilman Vickers summarized by saying that he feels Mr. Schiro has done a great job overall with the draft budget. Further, Mr. Vickers said that he is unsure what more can be accomplished by going through the budget line by line. Mr. Schiro asked for council's direction on what tax rate should be advertised for the public hearing. Councilman Vickers said that he sees no other option than to advertise for a rate of .28/100 of assessed value. Councilman Meaney stated that he also sees little alternative. Council members agreed that there are many variables in the upcoming budget that will likely necessitate the .04 cent tax rate increase and that the town cannot continue to take funds from reserves. Councilman Sours stated that he still has reservations about the town's portion of insurance that is paid for the employee. Mayor Presgraves said reducing the amount of insurance paid is nearly the same as giving employees a pay cut. Council members agreed to advertise for a rate of .28/100 of assessed value and if an increase of .04 cent over the current rate is not needed, then the rate will be set accordingly. Mr. Schiro stated that he would advertise accordingly.

Mr. Schiro asked if Council wishes to hold its regularly scheduled work session on March 26th. Council members directed Mr. Schiro to make the recommended changes to the budget and distribute to members for their own review. All members agreed to cancel the regularly scheduled work session.

EXECUTIVE SESSION

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

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

Motion: Councilman Lancaster 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, Menefee, Lancaster, Sours, Meaney. **Approved 5-0**

Motion: Councilman Sours motioned to adjourn the closed session and to reconvene in open session; Councilman Lancaster seconded the motion with the following members voting YEA: Council Members Vickers, Menefee, Lancaster, Sours, Meaney. **Approved 5-0**

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 special meeting of the Town Council at approximately 8:25 pm.

Barry Presgraves, Mayor

Danielle P. Babb, Deputy Clerk-Treasurer