

**MINUTES OF A TOWN COUNCIL WORK SESSION
TOWN OF LURAY, VIRGINIA
Tuesday, February 26, 2013**

The Luray Town Council met in a work session on Tuesday, February 26, 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
Mary Menefee
Leroy Lancaster
Joey Sours
John Meaney

Also Present: Jerry Schiro, Interim Town Manager
Bryan Chrisman, Assistant Town Manager
Mary Broyles, Town Clerk/Treasurer
Danielle Babb, Deputy Clerk Treasurer
Ligon Webb, Town Planner
Rodger Smith, Legal Counsel
Page News and Courier
Carol Angier, Habitat for Humanity
Liz Lewis, Luray Downtown Initiative
LDI Board Members
Pam Flasch, Bicentennial Coordinator

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

Special Recognition

Mayor Presgraves asked Ms. Pam Flasch, Bicentennial Coordinator, to come before Council. Mayor Presgraves spoke on behalf of the town's citizens and the Town Council to thank Ms. Flasch for her work on Luray's Bicentennial Celebration. Mayor Presgraves presented Pam Flasch with a book, plaque, and check in appreciation of her work in coordinating the year-long celebration.

EXECUTIVE SESSION

**Legal Matters, Section 2.2-3711.A.7 – Probable Litigation
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.7 and 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, Menefee, Lancaster, Sours, Meaney. **Approved 5-0**

Motion: Councilman Sours motioned to adjourn the closed session and to reconvene in open session; Councilman Vickers 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.7 and Section 2.2-3711.A.1 were heard, discussed, or considered during the closed session. **The roll was called with all members certifying “Yes”.**

Habitat for Humanity

Carol Angier- President of Page County Habitat for Humanity

Ms. Angier spoke on behalf of the Page County Habitat for Humanity to discuss the water and sewer connection fees. Ms. Angier explained the mission of Page County Habitat for Humanity is to build simple, decent, and affordable housing for qualified low income families in Page County. The organization is a non-profit entity and is established as a National Habitat for Humanity Affiliate. She stated that since 1994, ten homes have been built in Page County. She said that the homes are not given to the owner; they are purchased at the total cost of land, materials, and specialized labor. The homeowner does hold a mortgage on the property and is required to make monthly payments.

Ms. Angier would like to request discussion on the deferral of the water and sewer connection fees for new habitat homes. She stated that the organization’s funding is developed solely from donations and fundraising efforts. She explained that the organization is governed by an all volunteer board and that every attempt is made to keep overhead costs low. Ms. Angier said that historically the organization has only been required to pay connection fees for 4 out of 9 homes. She stated that in 2011, by vote of the Town Council, \$1,000 of connection fees were waived for both water and sewer for the duplexes located on Hilltop Lane. She stated that because of funding constraints, closings were delayed on both of these properties. She explained that this delay forced homeowners into a rent-to-own status. She recognized that these fees are a source of revenue for the town. She stressed that Page County Habitat for Humanity is the only non-profit organization in Page County that builds homes for qualified families. She explained that the duplex on Hilltop Lane is nearly complete, with one unit currently occupied. Ms. Angier said that the organization is seeking an occupant for the remaining unit; with plans to build the final duplex. She stated that the total fees for the duplex would amount to \$18,520 or \$9,260 per unit. Ms. Angier explained that the deferral of these fees could help to cover other costs such as excavation, foundation, etc. Ms. Angier concluded her comments and said that she would be happy to answer any questions on behalf of Council.

Councilman Vickers stated that he is on the board of directors of Habitat for Humanity and stressed that the goal is to eliminate substandard housing. He feels that building duplexes is the best utilization of the property and is overall more efficient. However, because the property is a duplex it requires that two tap fees be paid. Mr. Vickers feels that the cost burden is slowing down the overall goal of providing housing for qualifying citizens. Councilman Sours inquired if the cost of these fees is passed on to the homeowner. Ms. Angier explained that the cost of the connection fees is incurred within the mortgage of the

homeowner as a part of the home's total cost. Councilwoman Menefee clarified that in the past the town has waived the connection fee. Mr. Vickers stated that for five homes the fees were waived entirely (connection and availability fees). Staff and Council discussed that the town is no longer permitted to waive availability fees due to lending regulations. Mr. Chrisman explained that the town has previously waived the \$1,000 connection fee for water and sewer, but has only deferred the \$9,260 until closing.

Interim Town Manager, Jerry Schiro, stated that there is an issue with the duplex that is currently being occupied. Mr. Schiro said that the availability fees on this unit must be paid immediately or the town could be in breach of its loan agreement. He explained that there is not a problem with setting up the availability fees on a payment plan and that an arrangement should be made. He explained that the availability fee is a cost that is intended to cover the cost of buying into the town's water and sewer system. Mr. Schiro stated that he and Mr. Chrisman will be working with the organization to work out the details of an agreement.

LDI Budget Presentation

Liz Lewis, Director, presented LDI's 2013 Budget and work plan for Council's feedback. Ms. Lewis reviewed LDI's accomplishments for 2012 and looked at the goals for 2013. Ms. Lewis reviewed the grant projects, studies, and Virginia MainStreet work for 2012. She noted that these efforts over the last year and half have amounted to approximately \$119,000 in service to the town. Ms. Lewis said that local resources are utilized when grant funds are received. Ms. Lewis emphasized that the town and LDI have a partnership built on respect and confidence. She feels that while it is the purpose of the Town Council to manage the town, LDI's purpose is to manage the people and businesses as an extension of the town. Ms. Lewis discussed other grant opportunities and plans for an investment strategy for downtown rehabilitation. Ms. Lewis announced that LDI Board of Directors members are present this evening and will be glad to answer any questions.

Councilman Vickers inquired about the plans for a fall festival and how this will serve as a replacement for the annual fundraiser. Ms. Lewis said that there have been discussions for a fall event, possibly the third weekend of October. She noted that this will capitalize on the volume of visitors in the area during this season. Ms. Lewis said that she is skeptical about the amount of work that goes into planning another festival but feels that this is a solid fundraiser concept and plans to move forward with this event.

Councilwoman Menefee inquired about the amount of LDI's efforts that go toward filling empty business locations downtown. Ms. Lewis said that when someone wants to locate a business to Luray, they contact the LDI office. She noted recent conversations in regards to parties that are interested in relocating to Luray. Councilman Meaney expressed the importance of a recruitment kit for businesses interested in locating in Luray. Mr. Meaney said that he would like to see this in place and said he is a strong believer in focusing on marketing. Ms. Linda Drum stated that she does not feel LDI is all about fundraising efforts, but is more about a focus on economic development. Ms. Drum recognized that the empty storefronts are not an indication of a thriving downtown and therefore LDI's focus is one of overall economic development. Councilman Sours inquired about the tangible benefits of LDI that have evolved from the original conceptual phase. Ms. Lewis said that a great deal of time is spent on grant opportunities. Also, Ms. Lewis referenced the downtown improvements, the gateway projects, and the Virginia MainStreet designation that are all tangible products of LDI.

Mayor Presgraves asked Ms. Lewis to review the 2013 Budget for Luray Downtown Initiative. Ms. Lewis reviewed the operations expenditures, grant expense, and marketing line items. Ms. Lewis also reviewed the anticipated income sources which include donations, fundraising, grant income, and events.

Mr. Monte Layman, LDI Board Member, stated that a great deal of LDI's efforts are focused on bringing visitors into the town. He stressed that the signage creates more traffic downtown, thus increases sales tax revenues. Mr. Layman expressed that he would like to ensure that LDI and the town continue good communication, as LDI's goal is to serve the town.

Request to Restrict Parking Corner of Blue Bell Ave. & E. Main St.

Interim Town Manager, Jerry Schiro, presented a request from Vanity Fair Jeanswear to restrict parking on East Main Street at Blue Bell Avenue and South Mayre Lane. Mr. Schiro said that he has looked at the area and is concerned with the amount of parking currently available. He said that a good bit of parking has been removed from the intersection of East Main Street and North Mayre Lane. Further restricting parking in this area may result in a hardship for the business owner. Mr. Schiro said that Vanity Fair Jeanswear has offered to provide a demonstration of the problem presented to drivers at these intersections. Mr. Schiro is requesting that Council authorize staff to obtain more information and return to Council with a more specific recommendation.

Proposed Address Changes

Interim Town Manager, Jerry Schiro, said that this is for informational purposes only as the town's addressing system is delegated to Page County. The proposed address changes are in reference to Meade Street, Collins Avenue, Cottage Drive and Lillard Drive. The town is notified by Page County when address changes are proposed, likely due to an emergency 911 addressing problem. Mr. Rolfe, Acting County Administrator, has approved these changes as indicated in Council's packet.

Budget Updates

Mr. Schiro said that he would like to go through the preliminary budget and allow an opportunity for Council to discuss a proposed public hearing regarding the real estate tax rate. Mr. Schiro stated that the overall revenue projections for 2013 assume a two cent increase on the real estate tax rate. Mr. Schiro said that expenditures have been reduced across all departments. Despite this; many expenditures are incurred due to normal operations. As well, the town has increased its capital outlay over the last few years without a property tax increase. Mr. Schiro explained that a "revenue-neutral" increase was made when the new property assessments were instituted. Because of the decline in real estate assessments, the town did not realize any new revenues from this tax rate increase. Mr. Schiro provided a tax rate impact analysis to show various rates and the associated revenues. The analysis also shows the taxpayers actual impact based on several different property value scenarios.

Councilman Sours inquired about further cuts if no tax increase were assumed. Mr. Schiro maintained that most capital improvement plans have been eliminated and all departments have seen decreases. As well, part time labor has also been decreased due to new insurance requirements. Existing health insurance premiums have increased ten percent this year. Mr. Schiro noted that the budget provides for no cost of living increase. He said that all expenses have been reduced or maintained where possible, and that the revenue projections are very conservative. Mr. Schiro said that he would like to have provided to Council an initial budget with no real estate tax rate increase. However, if that is what Council directs then some services are going to have to be cut. Mr. Schiro said that we cannot expect to continue providing the same level of services without an increase. He stressed that the town has provided many amenities and facilities over the years and that these things do cost money. He feels that there is a time to stop building and start maintaining. Mr. Schiro expressed concerns that the town's reserves are lower

than they have been in the past and the town's debt service has been increased. He reminded that some expenditures have been made that were not budgeted for.

Mr. Schiro discussed the utility fund revenues and noted the assumption for a 5% rate increase on user fees. He noted that revenue projections for the current year will not likely be met. Operational expenses have been decreased as much as possible; however, Mr. Schiro explained that utilities are an area filled with unfunded mandates. Both water and sewer expenses include the debt service payments for the water treatment plant and the wastewater plant upgrades. All of these improvements were mandated in order to stay in compliance with all state and federal regulations.

Assistant Town Manager, Bryan Chrisman, along with Mr. Schiro, discussed the current study on water and sewer rates. The rate structure study should be finalized next month and will provide a formal rate analysis. Mr. Chrisman explained that recommendations are that every five years a locality have a formal rate study conducted. Mr. Chrisman emphasized that when borrowing federal dollars for projects such as the wastewater and water plants, come many restrictions. He said that there are many regulations and strings attached that are essentially unfunded. Councilman Lancaster inquired about plans for meter replacements. Mr. Chrisman said that this is still a part of the capital improvement plan. Funds were allocated for replacements in the current fiscal year; however, given the decrease in revenues they won't likely be replaced. Mr. Schiro and Mr. Chrisman discussed a water loss study which would likely address a larger problem. Mr. Schiro said that a water loss study is one of the most critical capital improvements for the upcoming budget. Identifying the sources of water loss is key to the town's water billing. Mr. Schiro explained that there are many areas for error; including the billing software, leaks, old meters, and various other key components of the town's water process.

Interim Town Manager, Jerry Schiro, reviewed general fund expenditures. Councilwoman Menefee suggested that she would like Council to look at its contributions and have some discussion on this. Mr. Schiro reviewed the overall administrative, police, general property, parks and recreation, planning and zoning, and economic development expense categories. Mr. Schiro discussed increases in health insurance costs and new requirements limiting part time employees to 29 hours per week. Mr. Schiro said that the Parks and Recreation Department will see a decrease in part-time labor due to the new maximum for part time labor hours. Councilman Lancaster said that he would like to see us look at contracting out some of the labor for mowing, especially since it is mainly an issue only in the summer months. Mr. Schiro also noted plans to fund Phase IV of the Luray Depot. He stated that the grant funding has been allocated for the museum phase of the project. Council and staff discussed several capital projects that are scheduled to be completed next year. Mr. Schiro discussed the economic development area of the budget. He stated that funds have been added to include the airport operating expenses. Council and staff discussed the contributions to LDI, the Farmer's Market, and Lord Fairfax Community College. Mr. Schiro discussed the town's debt service for the Little League Complex and said that the annual principal payment of \$100,000 will be paid in the current fiscal year. Mr. Schiro plans to reduce the principal payment to \$25,000 annually to increase the town's cash flow. He is working with the bank on this and the town's bond counsel to ensure compliance.

Mr. Schiro reviewed the water and sewer fund expenditures noting many areas that have been decreased. Staff and Council discussed the importance of a water loss study, reviewed the town's debt service, and discussed meter replacement. Staff noted that South Court Street sewer improvements have been included in the capital improvement plans.

Overall, Mr. Schiro said that the budget presented before Council is a balanced budget and there will be many more meetings in this regard. He added that staff is preparing a new format for the finished budget.

A Capital Improvement Plan has also been included for Council's review. The capital plan was created last year to consider the town's significant projects and spread the cost over future years. Mr. Schiro concluded the budget presentation by asking for Council's authorization to advertise for a real estate tax rate increase. He reminded that advertising for a rate increase does not mean that Council has to adopt the proposed rate. However, Council must meet the public hearing requirements if they would choose to raise the real estate tax rate. Mr. Schiro suggested advertising the rate increase of \$.04 cents. He noted that the rate can always be lowered, but cannot go higher than the published rate. Mr. Schiro said that while it is not likely that Council will levy a \$.04 cent tax rate increase, it is prudent to advertise at the higher rate. Council and Staff decided to hold off on advertising a utility rate increase until the figures are in from the rate study.

Changes/Additions to the Agenda

Councilman Lancaster inquired about the availability fees being charged to Habitat for Humanity. Mr. Schiro stated that he and Mr. Chrisman will work on collecting the availability fee or to put a payment schedule into place for the unit that is currently occupied. Council members discussed that the "lease-to-own" agreement is not typical of the organization and the town will not be able to wait until closing to proceed with assessing these fees. Mr. Schiro stated that all future agreements with Habitat for Humanity regarding availability and connection fees will be determined on a case-by-case basis.

Interim Town Manger, Jerry Schiro, stated that the Council has received approximately 60 resumes for the Town Manager position. The pool of applicants has been narrowed down to about 11 individuals. Mr. Schiro would like to schedule interview dates, and would suggest holding them on Saturday's on three different occasions. Council members agreed to schedule interviews for March 9th, 16th, and the 23rd from 1:00pm-4:00pm tentatively.

Adjourn

There being no further business, Mayor Presgraves adjourned the work session of the Town Council at approximately 8:04 pm.

Barry Presgraves
Mayor

Danielle P. Babb
Deputy Clerk-Treasurer