

**MINUTES OF A TOWN COUNCIL WORK SESSION
TOWN OF LURAY, VIRGINIA
Tuesday, February 28, 2012**

The Luray Town Council met in a work session on Tuesday, February 28, 2012 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
Lonnie Arrington
Mary Menefee
Leroy Lancaster
Jerry Schiro**

Council Absent: Earl 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
John Meaney, Luray Planning Commission
Joey Sours, Luray Planning Commission
Nancy Shifflett, LDI Board of Directors
Monte Layman, President - LDI Board of Directors
Liz Lewis, Director- Luray Downtown Initiative
Joe Farruggia, Page News and Courier**

The meeting was called to order by Mayor Barry Presgraves and everyone recited the Pledge of Allegiance to the flag. The roll was called with one member absent.

Changes or Additions to the Agenda

Tax Relief for the Elderly and Handicapped

Town Manager, Rick Black, stated that he would like to brief Council members on the annual application process for Tax Relief for the Elderly and Handicapped. Mr. Black notified members that the application information has been published in the water bills, on Channel 15, and an advertisement will be placed in the newspaper.

LDI 2012 Budget Review

Liz Lewis, Executive Director, requested support in the amount of \$40,000 dollars for the coming year. This request will continue revitalization efforts, improve economic conditions, and promote the town's assets all while generating more revenue. Ms. Lewis said that since becoming Director, LDI has secured 3 grants totaling more than \$75,000 dollars. LDI has also hosted two consultants, coordinated the town's largest event- Festival of Spring, created "buy local" awareness, and increased "buy local" events. Ms. Lewis said that the organization has also strengthened community partnerships through events such as the Volunteer Trade Show, which was held the prior evening. Ms. Lewis said that LDI's purpose, direction, and outreach continue to benefit the community.

Ms. Lewis explained that LDI is currently operating on a shoestring budget and hopes to eliminate rent costs by moving its office to the Luray Depot. Ms. Lewis stated that fundraising events currently do not yield the revenue that they once did. She said that the organization will need funding from the town in order to continue operating at the current level. Ms. Lewis said that a part time staff person should be hired to assist with paperwork and grant applications. She summarized her request by stating that the organization continues to do good things for Luray and the Council's continued support will be greatly appreciated.

Councilman Schiro raised a question regarding the proposed LDI budget. He stated that the requested funding amount is \$40,000 dollars, while the preliminary budget shows a figure of \$50,000 dollars. Ms. Lewis said that she had hoped for the larger funding amount, but realized that the town may have some shortcomings and therefore would need to reduce expenditures by \$10,000 dollars. She said that likely the reduction would come from payroll, as she had planned to hire a part time staff member. Ms. Lewis hopes that rent expense will be totally eliminated in the next budget cycle. Councilwoman Menefee asked how the revenue figure was estimated for the Festival of Spring. Ms. Lewis said that she had hoped to utilize community vendors first by lowering the vendor fee. Councilwoman Menefee asked if the organization is projected to become self sustaining in the future. Ms. Lewis said that she does not believe the program could be self supporting. Monte Layman, Board President - LDI, stated that the problem lies with fundraising. He said that initially the annual Cash Party was a huge source of income. However, the economy has completely diminished that source. Mr. Layman said that despite changing the format of the 'Cash Party' and searching for ways to raise money, there are still difficulties. He recalled that the event used to bring in numerous large sponsorships, but has been left with only a few sizeable contributions. Mr. Layman recognized that many of these sponsors have been forced to cut back and attendees have less discretionary spending. Mr. Layman noted that since Ms. Lewis has taken over, the position has been labeled as part time. Despite this; he added that her work is likely more than that of a full time position. Mr. Layman said that the organization is very worthwhile and desperately needs the town's support.

Mayor Presgraves noted that a representative from Virginia MainStreet had spoken to Council members last year and indicated that localities should contribute approximately 30% of the organizations funding. Council members and staff discussed if grant funding should be considered when calculating the 30% figure. Mr. Black stressed that the grant funding should be included when determining the total budget amount. He said that to discount the grant funding and not include it as part of the LDI budget is incorrect. Mayor Presgraves asked if the grant funding would over estimate the total budget. Councilman Schiro said that backing out the grant funding would create an operations-to-operations

comparison between revenues and expenditures. Ms. Lewis said that currently LDI is controlling its expenses to the point of operating on hardly any income. Mayor Presgraves complemented the accountability of the organization. Board Member Nancy Shifflett acknowledged that LDI has incurred tremendous savings by creating its own publications in house. She stated that the posters and flyers are all designed and printed by Ms. Lewis in order to reduce this expense. Councilman Schiro said that Ms. Lewis has done a terrific job taking over the position, even while facing many challenges. Mayor Presgraves concluded the discussion by thanking Ms. Lewis for reviewing the proposed budget for LDI. Council members raised no objections to proceeding with the budgeted contribution of \$40,000 dollars for fiscal year 2012-2013. Mayor Presgraves advised that the final budget for the town will not be approved until the public hearing is held at the May meeting.

Town Planner's Report

Mr. Webb began by discussing changes to the Animal Ordinance. He said that while this is not a pressing issue, the current ordinance does not seem very restrictive. Mr. Webb said that often this issue gets pushed aside in lieu of other business. However, over the past few years the town has received several inquiries/complaints about the keeping of animals within Town limits. He said that last year one complaint was received in reference to horses. Mr. Webb said that generally within Towns and Cities the keeping of most non-domesticated animals is prohibited, with a few minor exceptions. Mr. Webb asked for Council's input and to see if this is an issue they would like to proceed with. Mr. Schiro asked that Mr. Webb research the town's annexation of 1985, which allowed animals as terms of the agreement.

Mr. Webb said that the Town Council will have one public hearing at the March regular meeting. The hearing will be to adopt the revised zoning map. Mr. Webb said that the Planning Commission will have a public hearing in March for a special use permit for a proposed commercial recreation facility. The proposed location is at the Luray Caverns property and would only be approximately one acre.

Councilman Vickers inquired about the special use permit that was approved some time ago for United Propane Gas. Mr. Webb advised that he has heard nothing further from the company's representative. Mr. Webb also advised that according to the town's code the permit approval would convey with any change of ownership. However, if any changes at all were to occur to the plans; a new special use permit would need to be submitted.

Town Attorney's Report

Mr. Spitler stated that the only item of business for the evening was to ask for a resolution approving the PMH right-of-way/deed of dedication for the intersection of Memorial Drive and Court Lane. Mr. Spitler said that the resolution is necessary and that staff is satisfied with the document. Mr. Spitler said that the issue is time sensitive to the hospital's construction progress and Council's approval at this evenings meeting would be helpful.

Motion: Councilman Lancaster motioned to approve the Resolution/Deed of Dedication regarding Page Memorial Hospital, motion seconded by Councilman Schiro with the vote as follows: YEA: Council Members Vickers, Arrington, Menefee, Lancaster, Schiro. **Approved 5-0**

2012 Arbor Day Proclamation

Town Manager, Rick Black, provided Council members with the 2012 Arbor Day Proclamation. He stated that the celebration is scheduled to begin at 1:00pm at the Luray Train Depot on Saturday, April 28th. Mr. Black said that he will ask for Council's approval of the proclamation at the March meeting.

Proposed FY 2012-2013 Budget

Town Manager, Rick Black, told Council members that he has included two comparisons for water and sewer rates. He said that these options were sent out previously to Council members, with option A utilized for the first draft of the budget. Mr. Black asked for Council's determination on continuing to use option A in the proposed budget or if members would like additional rate scenarios. Mayor Presgraves said that he did not feel that option B was feasible. Councilman Lancaster agreed and said that he would like to see the proposed rate study take place next year. Councilwoman Menefee asked about the average use per customer and the number of customers who fall under the minimum usage rates. Mr. Black said that very few customers consume less than the minimum usage. Council members agreed to continue with the first rate option for future budget discussions.

Councilman Lancaster stated that water and sewer operational expenses should be reduced as much as possible. Mr. Black discussed the large electric expense for the wastewater plant. Mr. Black explained that the utilization of a variable frequency drive has lessened the expense at the water plant. He said that both plants are running as efficiently as possible in terms of personnel and that many automated features are being utilized.

Mr. Black said that when looking at the bottom line for the general fund, there remains approximately \$62,000 dollars. He reminded that of this amount, \$32,000 has been rolled over for the monument repairs. Mr. Black acknowledged that a great deal of discussion has occurred about the monument and various options are present. Mr. Black stated that funds could be taken from reserves in order to conduct repairs this year, funds could be rolled over from the FY 2012-2013 budget year to the next fiscal year, or funds could be accumulated annually to reach the entire cost of repairs. Councilman Lancaster said that he had hoped staff would be able to find out how much it would cost to preserve the monument for one year. Mr. Black said that according to the sculptor this won't likely be a factor. Town Planner, Ligon Webb said that he has spoken with the sculptor and another option is for the monument to be removed and transported to the artist's studio for repairs. Councilwoman Menefee asked about the timeline for repairs. Mr. Webb said that there are many options with a likely timeframe of 8-12 months. Councilman Schiro said that this issue has been around for many years and he would like for Council to consider a budget amendment to take funds from reserves and complete the restoration. Councilman Schiro said that certainly this project merits being a priority and is not going to go away. He said that deferring the repairs will only result in increased costs. Councilman Arrington agreed with Councilman Schiro's suggestion and said that Council members should seriously consider this option. Mr. Arrington said that he would prefer to see the repairs taken care of now and added that he prefers the monument be repaired on site. Upon more discussion, Council members agreed that they would like to proceed with repairs and instructed Mr. Webb to schedule the work with the sculptor.

Town Manager, Rick Black, said that he has reorganized the list of Council contributions. Mr. Black said that the Luray Midget League will not receive a contribution this year, as funds were contributed back to the town at the end of last season. He said that both parties were in agreement with this. Councilman Lancaster stated that currently the rescue squad is charging insurance companies for calls made. He said that funds are then distributed to either the volunteer portion of the organization or to Page County for its paid staffing. The distribution of the funds is determined by which party responds to the call being billed for. Councilman Lancaster maintained that the fire department is not receiving any funds from patients billed. He asked Council members if they would like to continue contributing annually to the squad or to transfer the donation to another organization. Mr. Black said that he would find out how much revenue is being generated from these charges.

Mr. Black said that another remaining issue regarding the proposed budget is the provision for a cost of living adjustment for employees. Mr. Black said that the proposed budget includes a 3.5% cost of living adjustment for town employees. Councilman Arrington said that he personally does not think this needs any additional discussion as he is in favor of the adjustment. Councilman Lancaster inquired about the increase in VRS proposed by the state. Mr. Black said that the budget proposal attempts avoid a net decrease in pay for the employee. Councilman Schiro stated that he feels many changes may be to come for VRS and that other states have eventuated their program into a defined contribution plan. Councilman Schiro said that he is in favor of the 3.5% increase for employees. He foresees that Council members will be facing a tax rate increase next year, thus an employee increase will not be possible. Councilman Schiro said that not providing employees with an increase this year would likely result in a two year term with no cost of living adjustment. Councilwoman Menefee said that this is an issue she has struggled with and that this has no reflection on the value of employee performance. She said that certainly employees should receive focus; however, there are many projects facing the town. Councilman Schiro acknowledged that this is a struggle due to the economic environment. Yet, he said that it isn't appropriate to deny the town's employees a cost of living adjustment simply because other employers are unable to do so. Councilman Vickers added that he too is concerned about funding for large projects on the capital improvement plan. Mayor Presgraves recognized that the Main Street bridge project is in the future; however, grant funds are being applied for and VDOT funds will also be a contributing factor.

Motion: Councilman Schiro motioned to instruct staff to include a 3.5% cost of living increase for all employees in the draft budget as discussed, motion seconded by Councilman Arrington with the vote as follows: YEA: Council Members Vickers, Arrington, Menefee, Lancaster, Schiro. **Approved 5-0**

Mayor Presgraves requested that members continue their discussion on the cigarette tax from the previous meeting. Mayor Presgraves stated that he believes this is a good tax; but fears that if the tax is increased, one of the largest vendors within the town may choose to relocate. Town Planner, Ligon Webb, confirmed that this vendor is the largest contributor of this source of revenue. Mayor Presgraves said that the risk of losing this vendor is certainly not worth the reward. Councilman Arrington stated that since Council has agreed to fund the monument repairs from reserves; there is no need to raise the cigarette tax. Councilman Lancaster asked what the cigarette revenues are earmarked for. Mr. Lancaster said that citizens are under the impression that the revenues generated by the cigarette tax are earmarked to pay off the debt from the ball field improvements. Town Manager, Rick Black, said that the first year of funds were specifically earmarked for Project Softball, while continued revenues have been used to pay down the principal of the loan. He said that certainly the revenue generated from the tax is

needed to pay down this debt. Mr. Black said that hopefully in the future when the ball fields are paid for; this revenue could be dedicated to assist with CIP projects. Councilman Lancaster maintained that the cigarette tax revenue be used to pay off the debt from Project Softball. Mr. Black explained that the revenues from the tax go into the general fund, which is then used to pay down the principal balance. Mr. Black advised Council members that the note for the park will be due in 2013 and that he is working with Blue Ridge Bank to extend the term at the same interest rate.

Councilman Vickers inquired about the town's legal fees and what is included in this amount. Town Attorney, Jason Spitler, advised that this amount includes his retainer fee; which includes his attendance at all town meetings, two days per month in court, and various standard items. He said that any items outside the retainer are subject to an hourly billable rate. Councilman Lancaster asked what the town receives for Mr. Spitler prosecuting the town's cases. Mr. Spitler said that this allows for the town to keep all fines generated from town police cases. He added that there is additional value from having a close relationship with the town's police department. Mr. Spitler said that he also acts as communication between the police department and Town Council on town code issues or policy changes.

With no further questions, Councilman Arrington commended staff's work in preparing the draft budget.

Adjourn

There being no further business, Mayor Presgraves adjourned the work session of the Town Council at approximately 7:12 pm.

Barry Presgraves
Mayor

Danielle P. Babb
Deputy Clerk-Treasurer