



MIDDLEBURG TOWN COUNCIL Regular Monthly Meeting Minutes



Thursday, March 9, 2017

PRESENT: Mayor Betsy A. Davis
Vice Mayor Darlene Kirk (left early)
Councilmember J. Kevin Daly
Councilmember Kevin Hazard
Councilmember Peter Leonard-Morgan
Councilmember Trowbridge "Bridge" Littleton
Councilmember Philip Miller
Councilmember Mark T. Snyder

STAFF: Martha Mason Semmes, Town Administrator
Martin R. Crim, Town Attorney
Rhonda S. North, MMC, Town Clerk
Ashley M. Bott, Town Treasurer
Cindy C. Pearson, Economic Development Coordinator
A.J. Panebianco, Chief of Police
William M. Moore, Town Planner

The Town Council of the Town of Middleburg, Virginia held their regular monthly meeting, beginning at 6:00 p.m. on Thursday, March 9, 2017 in the Town Hall Council Chambers, located at 10 W. Marshall Street. Mayor Davis led Council and those attending in the Pledge of Allegiance.

Public Comment

Joanne Hazard, Co-Chair of Shakespeare in the Burg, thanked the Council for their support of the event and the arts. She noted that they were using a new troop out of New York City, whose director graduated from The Hill School. Ms. Hazard reported that The Hill School had been very generous in helping with the venue and noted that she was excited that it would be held in the Sheila Johnson Performing Arts Center. She announced that on April 1st, a performance would be offered for *Two Gentlemen of Verona* and noted that they would have celebrity bar tenders that evening, including Mark Metzger and Kevin Hazard, to serve wine. Ms. Hazard advised that there would be a brunch on Sunday. She noted that three, of the three hundred one-act plays that were submitted, would be performed that day.

Public Hearing

Amendment to FY '17 Utility Fund Budget

No one spoke and the public hearing was closed.

Action Items related to Public Hearings

Council Approval – Amendment to FY '17 Utility Fund Budget

Mayor Davis reminded Council that these funds would be used to pay the remainder of the water line project costs.

Councilmember Snyder moved, seconded by Vice Mayor Kirk, that the Council approve an amendment to the FY '17 Budget in the amount of \$348,198 as recommended by the Town Administrator for the East End Water Line Project.

Town Administrator Semmes noted that the Mayor asked that she assemble the overall Route 50 Project costs, as well as the amount of the Town's contribution. She reported that the Town covered 18.5% for the total cost, including the cost for the water line replacement. Ms. Semmes reminded Council that the Town received contributions from the Beautification Committee and Piedmont Foundation for the street lights.

Councilmember Snyder noted that the east end water line improvements were not originally part of the Route 50 Project; however, the Town combined the two once it realized the savings that could be achieved. He reminded Council that this took care of some severe water issues.

Vote: Yes – Councilmembers Kirk, Daly, Hazard, Leonard-Morgan, Littleton, Miller and Snyder
No – N/A
Abstain: N/A
Absent: N/A
(Mayor Davis only votes in the case of a tie.)

Special Recognition by Mayor and Council

Council Approval – Resolution of Appreciation – Peter Wood

Councilmember Hazard moved, seconded by Councilmember Snyder, that Council adopt a resolution extending its appreciation to Peter Wood for his service on the Middleburg Arts Council from June 14, 2012 through March 1, 2017.

Vote: Yes – Councilmembers Kirk, Daly, Hazard, Leonard-Morgan, Littleton, Miller and Snyder
No – N/A
Abstain: N/A
Absent: N/A
(Mayor Davis only votes in the case of a tie.)

Mayor Davis read the proclamation aloud and presented a signed copy to Mr. Wood. She thanked him for all he did for the Town and noted that he would be missed. Ms. Davis also thanked Tom Dionne for all he did to help the Town and noted that he assisted Mr. Wood and served as the Town's Farmer's Market Manager.

Approval of Minutes

Councilmember Snyder moved, seconded by Vice Mayor Kirk, that Council approve the February 9, 2017 Regular Meeting and February 23, 2017 Work Session Meeting Minutes as amended.

Vote: Yes – Councilmembers Kirk, Daly, Hazard, Leonard-Morgan, Littleton, Miller and Snyder
No – N/A
Abstain: N/A
Absent: N/A

(Mayor Davis only votes in the case of a tie.)

Staff Reports

Vice Mayor Kirk questioned whether any leaks were discovered. **Stuart Will, of IES**, reported that they investigated potential leaks all the time. He confirmed there were no leaks.

Town Administrator Semmes reported that the maintenance supervision was transferred to the Town Planner earlier this week.

Town Administrator Semmes reported that the Town had received one hundred fifty-five applications in its efforts to recruit a Business & Economic Development Director. She further reported that a list of the best candidates was provided to the review committee last week. Ms. Semmes advised that Councilmember Miller and EDAC Chair Bataoel reviewed those and noted that Councilmember Miller asked her to develop a Plan B in the event they wanted to hire a recruiter as no one applied who had much experience. She reported that she received a proposal from a recruiter, which she sent out earlier in the day. Ms. Semmes advised that she had also developed a list of additional recruiters. She reiterated that she spoke with Springsted, which was a well-known firm in Virginia for doing local government recruiting. She explained that they would provide full-service recruiting, from advertising through appointment. Ms. Semmes noted that in addition to advertising, they would look for people who were not currently looking to change jobs. She advised that they would help develop interview questions and would be involved in the interviews. Ms. Semmes noted that Springsted would guarantee their services and explained that if the successful candidate left or was terminated within twenty-four months of hiring, they would perform another round of recruitment at no cost to the Town, other than expenses. She advised that she would discuss this proposal with the review committee and noted that if they wanted to pursue it, she would bring this matter back to the Council during the March 23rd work session.

Councilmember Littleton questioned whether this was something that must go to the Council. Town Administrator Semmes confirmed it would if the cost was over \$15,000. She reported that the first proposal was over that amount. Councilmember Snyder noted that the Town was currently paying for the recruitment in staff time.

Councilmember Littleton reported that there were data bases available through sites such as Monster and Indeed, where the Town could search the resumes of those who have posted them. He noted that some people may post their resume but never search the ads. Mr. Littleton questioned whether the staff did that.

Town Administrator Semmes noted that Linked-In had a search process for people who met the job requirements; however, she had not done that. She noted that she had provided the review committee with another option, which was to advertise the position in other areas, such as the International Economic Development Council's (IEDC) website. Ms. Semmes further noted that the Town had not yet posted the position on the International City Manager's Association (ICMA) website and was looking into that. She suggested this could be pursued as opposed to using a recruiter. Ms. Semmes advised Council that the recruiter route would involve a three month process. She questioned whether the Town should take its time to recruit candidates or pursue the applications that have been received.

Councilmember Leonard-Morgan inquired as to the cost to hire a recruiter. Town Administrator Semmes advised that Springsted proposed a fixed fee of \$19,000. Councilmember Miller noted that there could also be \$4,500 in expenses. He opined that this was high to just to fill one position and suggested the staff find other options.

Councilmember Littleton noted that this equated to thirty-five percent of the salary. He advised that the fee for such services was usually around twenty percent.

Town Administrator Semmes noted that she had compiled a list of other recruiters that she took off the IEDC website, including four that were located in the Washington, DC area. She advised Council that she would contact them to secure a proposal.

Councilmember Littleton asked that the staff consider upgrading its recruiting software so it could reach out to people who have posted their resumes on the site. He opined that this may cost an extra one hundred dollars. Mr. Littleton advised that the staff could search under key word terms and the site would feed them resumes. He opined that some candidates may not have seen the Town's ad and suggested it may find someone that way.

Councilmember Snyder noted that the Town Administrator's report referenced the streetlights and expressed an assumption that this was related to the streetlights on Washington Street. He questioned whether anyone had started to look at the street lights in the residential areas, particularly in Ridgeview. Mr. Snyder opined that those streetlights were "horrible" and noted that they were not night sky friendly.

Town Administrator Semmes suggested this would be a good item to add as a capital project. Councilmember Snyder noted that he previously asked about the options. He questioned whether Dominion Virginia Power offered streetlight alternatives. Mr. Snyder further questioned what those options looked like and their cost. He noted that he was thinking about a night sky friendly light.

Mayor Davis opined that the street lights were owned by the power company. She questioned whether they must approve them if the Town wanted to change them. Town Administrator Semmes reported that when Purcellville went to LED streetlights on their main street, they had to purchase the fixtures.

Vice Mayor Kirk suggested that if the Town did this that it purchase lights that would not create an issue. Councilmember Snyder noted that he was looking for something that provided enough light that the residents would be comfortable, but that would not produce a glare. He reiterated that street lighting was an issue in Ridgeview and opined that there may be other areas that could benefit from new streetlights.

Councilmember Miller noted that there were some areas on this side of town that could benefit from streetlights. He further noted that there were locations where there were no lights or where they were placed longer distances apart.

Councilmember Snyder suggested those be addressed as well. He questioned whether Virginia Power offered an alternative for replacing older lights. Town Administrator Semmes confirmed they did. She reported that they had a modern cobra head that was flat. Ms. Semmes further reported that it was also possible to get pedestrian scale lighting. She noted that there was a fixture in her neighborhood that looked like a lantern, with the light in the cap. Ms. Semmes opined that there were a lot of options; however, Dominion may not have as many as the Town would have if it was buying them itself. She reported that she would bring some residential lighting options to a work session for Council's review.

Councilmember Snyder opined that it would be nice to know what the utility company could provide. He suggested the fixtures be ones that would save the Town money in the long term.

Councilmember Hazard questioned whether the Town paid for the power to support the lights. He further questioned whether Virginia Dominion Power offered a program that would reduce the Town's costs. Town Administrator Semmes confirmed the Town did pay the electric costs and reminded

Council of the line item in the budget for streetlights. She confirmed it was possible to get more energy efficient lights.

Vice Mayor Kirk questioned how the Town Administrator was going with the staff evaluations. Town Administrator Semmes reported that she was preparing them and had talked with one staff member.

Councilmember Littleton questioned the proposed close out date for the evaluations. Town Administrator Semmes reported that the goal was the end of April.

Councilmember Littleton noted the Council Action Tracker. He suggested the need to make sure it was being kept up to date on a regular basis and noted that items twenty through twenty-two did not have dates in them. Town Clerk North reminded Council that those were items that were the next step in some of the items that were currently underway. She further reminded Councilmember Littleton that he had asked that those items be placed on the bottom of the list, with the information to be populated when they became active. Ms. North noted that some new action items have since been added to the bottom of the list.

Councilmember Littleton asked that a notation be made for those items. He cited the action item related to the consultant selection for the Comprehensive Plan update. Mr. Littleton acknowledged that it was on this meeting agenda for action; however, the tracker stated that the expected closure was March 1. He advised that the tracker said this item was on schedule; however, it was behind.

Town Planner Moore advised that this was a random date on which he was never consulted. He advised that this project was forced to be broken into multiple parts in the tracker as the Council did not want action items to exceed one hundred eighty days. Mr. Moore reminded Council that the Comprehensive Plan update was a process that was driven by the Planning Commission, not the staff. He advised that he was upset that a planning process that the Planning Commission needed to drive was forced into something that should be tracking staff work.

Councilmember Littleton opined that there was no reason this project could not be on the action tracker. He suggested the Town Planner tell the Council what the right dates were after consulting with the Planning Commission. Mr. Littleton further suggested that if the Commission had a problem and got behind, there may be something the Council could do to help.

Councilmember Leonard-Morgan inquired as to the problem allowing a longer term date on the tracker. Councilmember Littleton opined that if something was put on the list that would take more than one hundred eighty days to accomplish, people may stop looking at it because it was too far away. He suggested that projects were breakable into phases and cited the example of the construction of a building. Mr. Littleton advised that for a building construction project, one would not prepare an integrated schedule that was three years long without having steps. He explained that this was what he was trying to get. Councilmember Leonard-Morgan agreed with the need to break such projects down into component pieces.

Councilmember Littleton advised that if the dates must be updated, this was fine. He explained that he wanted to be able to keep track of items. Mr. Littleton reiterated that the dates could be updated. He asked that this simply be noted. Mr. Littleton suggested that when the staff went over the action tracker each week that they go over it together so there were no surprises.

Councilmember Hazard agreed with the Town Planner. He inquired as to what the Council was trying to do with the action tracker and questioned whether it was strictly for the Council or whether it was for the staff. Mr. Hazard noted that the only committee listed on the action tracker was the Planning Commission. He suggested that if the Council was going to have this, it should contain every committee. (Vice Mayor Kirk left the meeting at 6:26 p.m.)

Councilmember Littleton reminded Council that the action tracker was about action.

Councilmember Hazard reiterated his question as to what it was that the Council was trying to do. He questioned what the Council was trying to accomplish in tracking the Comprehensive Plan update.

Councilmember Littleton reminded Council that this was not about the Comprehensive Plan update but rather was about what the Council was trying to do with an item that was on the tracker.

Councilmember Snyder opined that this was not realistic. He noted that once the Planning Commission finished with the Comprehensive Plan update, they must send it to the Council, who then had xxx months to discuss, amend and approve or deny the changes. Mr. Snyder advised that this was a very involved and lengthy process and opined that it was not appropriate for this list.

Councilmember Littleton advised that if the Council wanted to take it off, this was fine; however, he was frustrated in that during his first meeting in serving on the Planning Commission, they were talking about updating the Comprehensive Plan. He expressed hope that the action tracker was a way to hold everyone accountable to deadlines. Mr. Littleton suggested that if deadlines were not set that were reasonable and achievable, projects such as this one became two to eight year projects.

Councilmember Hazard reminded Council that the Comprehensive Plan must be looked at; however, it did not have to be changed. He advised that he did not have a problem with the action tracker; however, he suggested that it needed to cover all items or just be used for the staff, with something else being used for committees.

Councilmember Littleton explained that the intent of the tracker was not about committees, but rather was about things that were important, regardless of whether it was something being done by a committee, the staff or the Council. He further explained that it was a way to make sure the Council was keeping track of those items. Mr. Littleton reminded them that last fall they talked about hiring a leasing agent for the Health Center; however, it slipped through the cracks.

Councilmember Hazard opined that this was a staff issue. He suggested that the action tracker not be so unwieldy that it was a controlling document. Mr. Hazard opined that it looked like this was how it was headed.

Councilmember Snyder noted that he also had concerns about the action tracker. He advised that he was not sure of the difference between the responsible party and who was accountable. Mr. Snyder suggested the need to identify the risks if the target completion date was missed.

Councilmember Littleton reminded Council that when he put together and sent out the action tracker, he defined the terms. He explained that one column identified who was responsible to get the items done; however, that individual may not be accountable for its completion.

Councilmember Hazard suggested this be removed because the Town Administrator was listed as being accountable for all of the items.

Councilmember Littleton suggested that maybe she should not be and noted that the Council may be accountable for some. He advised that he did not want to make it unwieldy or fit a square peg into a round hole.

Councilmember Leonard-Morgan suggested the need for two sections, one for short items and another for medium ones. Councilmember Littleton opined that this would make the list longer as people would add more items to it.

Mayor Davis suggested the Council have a work board for Council related items, such as the Comprehensive Plan. She opined that it was a lot to keep up with the Comprehensive Plan, which was a process that must wait for various people. Ms. Davis suggested the need for some sort of board to identify what was being worked on that did not include dates.

Councilmember Littleton advised that this was the Council's document and suggested that if they wanted to abandon it, this was fine. He reiterated his frustration about never knowing the status of getting things done and the expectation for their closing. Mr. Littleton cited the Asbury Church as an example and opined that it was not fair to the citizens to not have a plan a couple of years later. He advised that the Comprehensive Plan update was something that has been talked about for two years. Mr. Littleton suggested there was a point where the Council owed it to the citizens to get things done.

Councilmember Snyder noted that the Comprehensive Plan was not necessarily a product, but rather was something the Planning Commission was responsible for reviewing. He advised that it may or may not be proposed for change in a given year. Mr. Snyder reminded Council that the Comprehensive Plan updates were a continuous process.

Mayor Davis noted that it may take five years to complete. She opined that it did not mean that nothing was being done, it may just be that it was lengthy.

Councilmember Littleton noted that the Planning Commission had made a decision to spend \$100,000 to have a new plan done. He further noted that they were the ones who were empowered to look at the plan deeply and to make a recommendation to the Council. Mr. Littleton advised that their recommendation was to take a fresh look at it, which he thought was a great idea. He explained that his point was that if this was the path they wanted to go down, there would be an activity with deliverables that must have a close out date. Mr. Littleton opined that it was reasonable that the Council would hold them and itself accountable to a schedule. He suggested the Planning Commission should tell the Council what the date should be and advised that it was fine if they hit a delay.

Councilmember Snyder agreed that it was appropriate to have a schedule and to hold the Commission accountable if a consultant was hired. He opined, however, that this was not what the "tag" said. Mr. Snyder noted that the contractor was not listed as the responsible party. Councilmember Littleton noted that, ultimately, the Town was responsible.

Councilmember Miller opined that the Comprehensive Plan update should be on the action tracker. He noted that the Council was about to discuss hiring a consultant. Mr. Miller suggested the action tracker be changed to make the Planning Commission the responsible party and the Council as being the accountable party. He opined that there was nothing wrong with keeping track of items moving forward.

Councilmember Littleton opined that the Council should not have to wait every two weeks to know where something was at any given time. He further opined that the members should be able to look at the tracker at any given time and know a project's status. Mr. Littleton reminded Council that this was the original goal of the tracker.

Councilmember Miller suggested that if any dates needed to be changed that they be changed to something that was more realistic. Mayor Davis noted that no dates could be set until there was a contract. Councilmember Littleton opined that the staff could, given their experience, figure out the dates. He noted that the contractor would identify the dates for the next steps.

Councilmember Hazard opined that the tracker was a great document and suggested it was a tickler file. He questioned whether it needed to have things on it that were a year out.

Councilmember Leonard-Morgan opined that anything that was divided into sections should be listed somewhere on the action tracker. He further opined that every item should be completed within six months so the Council could keep an eye on it to make sure it had not been forgotten.

Councilmember Hazard noted that the Comprehensive Plan update was included in the Town Planner's monthly report.

Mayor Davis reminded Council that this was how they were handling this until things were available electronically. She questioned whether the staff was able to go to the tracker and update it and make changes.

After considerable discussion, the Council agreed the staff members should update their items as they changed. It was further agreed that the staff members should not wait until Wednesday to make a change as the desire was that the action tracker always be as up to date as possible. The Town Clerk will then send the latest version of the tracker to the Council on Thursdays.

Councilmember Hazard noted the last two columns. Councilmember Littleton explained that those would read "-4,200" until there was a completion date. He further explained that this was how the formula worked.

Vincent Bataeol, Chairman of EDAC, announced that an oyster bar would be locating in the space that formerly housed the Home Farm. He noted that Councilmember Leonard-Morgan brought this business to the table.

Councilmember Littleton inquired as to their opening date. Councilmember Leonard-Morgan advised that they have said July, although it may be sooner. He noted that there was a lot to do before they could open. Mr. Leonard-Morgan reported that the owners already had a restaurant in Leesburg called the King Street Oyster Bar.

Town Planner Moore reported that the Planning Commission would hold a public hearing on a subdivision request for the Salamander property. He noted that this was a case where a public hearing was required for a ministerial act. Mr. Moore reminded Council that if the application met all of the requirements, the Commission was obligated to approve it. He advised that, based on a cursory review, this appeared to be the case. Mr. Moore reminded Council that the applicant was required to send notices to the adjacent property owners and reported that they have seen sent; therefore, the staff was receiving inquiries. He explained that Salamander was dividing their huge parcel and a small lot into three parcels. Mr. Moore noted that the MUV zoned property would be its own parcel, the residential development would be on one parcel and the remainder, which would consist of the resort and conservation area, would be its own parcel. He stressed that there was no development related to this application.

Councilmember Snyder questioned whether a parcel map was available. Town Planner Moore confirmed there was and advised Mr. Snyder that he would forward it to him electronically.

Chief of Police Panebianco reported that the proposed budget included a request for money for the purchase of a new (software) system that the Department must have for reporting. He further reported that he hosted a meeting of representatives from several jurisdictions earlier this month in the hope of getting a better deal by securing a group rate. Chief Panebianco reiterated that they were putting it out as a contract for several entities. He advised Council that he would update them when the project was complete.

Chief Panebianco reminded Council that for the last year, he had talked about purchasing a speed sign that could be moved. He advised that he recently met with a vendor and was able to get a good price on a unit, which he then shared with other vendors and got an even better price. Chief Panebianco reported that he ordered the unit earlier in the day and hoped to have it within the next two weeks. He advised Council that this sign would provide data to show whether there was a speed problem in an area or not. Chief Panebianco expressed hope that it would help to educate the public and create good habits. He reiterated that it would also answer the question of whether areas have a problem with speeders.

Chief Panebianco reported that he and the Facilities & Maintenance Supervisor were looking at the new curbs, including the granite ones, to determine where painting should occur or signage should be installed to identify areas as no parking zones. He reported that the Facilities & Maintenance Supervisor would then share this information with VDOT to figure out how they wanted to address them.

Councilmember Littleton questioned whether the plan was to paint the granite. Chief Panebianco confirmed it was not and explained that the Facilities & Maintenance Supervisor must figure out what must happen. He opined that signage would probably be installed with the message “no parking here to corner”. Chief Panebianco advised that the staff must identify what were no parking areas to ensure they continued to be.

Town Administrator Semmes reminded Council that VDOT was not involved in identifying parking restrictions. She confirmed the Town would not paint the granite. Ms. Semmes reminded Council that the bump-outs covered most of the areas that were previously painted yellow.

Councilmember Leonard-Morgan noted that the Chief was working with Go Green on the HEAL 5K on April 1st. Chief Panebianco reported that he worked out a route that would be functional. He expressed hope that if it worked well this year, it could become the route every year. Chief Panebianco reminded Council that the first event was always smaller; therefore, it was less cumbersome if it did not work well. He advised that if this was the case, he could tweak the route next year. Chief Panebianco reported that in addition to the 5K, there would be a child fun run.

Chief Panebianco reported that an organization had chosen to come through Middleburg for a bike tour on August 4th, which was the same day as the Town’s sidewalk sale. He opined that they would be out of town before 10:00 a.m. Chief Panebianco noted that he cautioned them about what Virginia law required. He advised that they wanted to do a stop in Middleburg and noted that he told them they must work the details out. Chief Panebianco advised that he could not get them through lights and stop signs and reiterated that the cyclists must follow the rules of the road. He reported that there would be one hundred riders in total, all of which would arrive and leave at roughly the same time.

Councilmember Miller reminded Council that there was not a single bicycle rack in town.

Mayor Davis welcomed Martin Crim, the new Town Attorney.

Town Attorney Crim noted that he had been keeping track of the General Assembly actions and advised that he had a positive report with regard to five of the bills he was tracking. He reminded Council that the check book bill (SB 795) would have required all localities to post their financial transactions online, which would be at a cost to the taxpayers. Mr. Crim opined that the cost could be \$30,000 for a locality of Middleburg’s size. He reported that this bill was left in committee and suggested it may return next year.

Town Attorney Crim reported that the cell phone infrastructure bill (SB 1282) passed both the House and Senate. He reminded Council that this bill took away local control over the location of small cell phone facility units. Mr. Crim explained that these were small transmitter units, which were usually strung on a wire and which could be a blight on the visual landscape of a locality. He advised that localities would retain some ability to control their use in the public right-of-way, as well as some on private property in particular in an historic district. Mr. Crim explained, however, that tight timelines would be imposed and a locality's ability to restrict them would be restricted if the Governor signed the legislation. He advised Council that if he did, he would do an analysis to say what the Town could do to maximize its interests.

Town Attorney Crim reported that the short-term rental bill (Bill 1578) passed both houses and reminded Council that it was a positive bill for localities. He advised that it would allow localities to regulate Airbnb type practices more than the other competing bills would have allowed. Mr. Crim noted that he was putting together a compilation of where the jurisdictions he represented were in this regard. He advised that some have already adopted legislation, which they hoped to keep. Mr. Crim advised that he was working on an analysis so he would know if there was any concern for Middleburg. He reported that once completed, he would share it with the Town. Mr. Crim explained that, under the legislation, localities could regulate short-term rentals in terms of location and require the payment of transient occupancy taxes. He opined that having the ability to regulate their location was important so the Town would have the ability to make sure they were not abused and that they really were short-term rentals and not rental houses that someone bought and was not living in. Mr. Crim advised Council that short-term rentals could create a number of issues and noted that people could try to turn them into event venues or party locations. He explained that those were different than having a place to sleep. Mr. Crim noted the need for rules that governed parking, noise, trash and the operation of the units. He further noted the need to make sure they were properly insured and advised that many such units did not have insurance. Mr. Crim advised that an ABC permit could be required if the host served alcohol and noted that it was a big deal to get an ABC license to serve alcohol with meals. He opined that this would reduce abuses as once an ABC permit was issued, they could pull it if they did not like what the license holder was doing. Mr. Crim opined that this was a good tool to keep the property in check.

Town Attorney Crim reminded Council that the party identification bill (SB 1585) would have required candidates in local elections to be identified by political party. He opined that this would be devastating for local governments due to the number of federal employees that would not be allowed to run in partisan elections. Mr. Crim reported that this bill was defeated in the House.

Town Attorney Crim reported that House Bill 1569 would have changed the wording for how utility rates were supposed to be set; however, it was defeated in the House. He reminded Council that currently, the language in the State law said "the rates must be fair and reasonable". Mr. Crim advised that someone wanted to change the phrase; however, it was not clear why and was inconsistent with other code provisions that would have remained. He reiterated that it was defeated in the House; however, it may return in a different form in the future. Mr. Crim suggested that without an indication of why this change was needed, he was not sure of its effect.

Town Attorney Crim reported that it had been a very busy month and advised that he was working with the staff on a number of subjects. He advised that he had a draft ready of the Greenwood lease for cell phone antennas on the Town's water tower. Mr. Crim explained that because the existing lease ended on March 31, 2017 and the Council would not meet to approve the new lease until April, Cingular would become a hold over tenant; therefore, they would pay under the old lease until the new one was in place.

Town Attorney Crim reported that he and his colleague have reviewed the discipline and grievance provisions in the draft Employee Handbook; however, they were not yet finished with their edits. He advised that his colleague was continuing to work on the remaining sections; however, he was not sure about the April 9th completion date that was shown on the action tracker. Mr. Crim advised that they would try to meet that schedule.

Town Attorney Crim reported that he reached out to colleagues regarding the Asbury Church stabilization. He advised that he also looked at the invitation to bid that was prepared. Mr. Crim opined that there may be better ways to address this and advised that he discussed using pre-qualified firms with the Town Administrator. He suggested there may be firms that had a good track record that the Town could contract with under their contract with another locality. Mr. Crim reminded Council that a stabilization project was not like a restoration one and noted that the building must be secured to prevent leaks and keep the elements out. He recommended that in order to do so in a way that was consistent with the Secretary of the Interior's guidelines for historic structures, the work should be done by a firm that had done this type of work before. Mr. Crim advised that he was excited to work on the project and noted that he knew a lot of people who have expressed an interest in helping.

Town Attorney Crim reported that he recently had lunch with other town attorneys in the Loudoun County area. He advised Council that they tried to meet quarterly and opined that it was a good forum to talk about issues. Mr. Crim noted that they discussed a number of topics that affected local government. He advised that he had a discussion with the Deputy Town Attorney for Leesburg about engaging in a cooperative collection of taxes with Loudoun County. Mr. Crim opined that this would be an efficient use of the Town's money as the taxes could be collected in a way that did not have the Town duplicating the efforts of the County. He advised that he would bring this to the Council if something came to fruition.

Councilmember Hazard questioned whether the Town was working on a short-term rental ordinance. Town Planner Moore reminded Council that they had already adopted one.

Councilmember Hazard questioned whether it had been vetted with the new legislation. Town Planner Moore advised that he was waiting until the Governor signed it to do so as the legislation could be amended. He noted that once signed, he and the Town Attorney would get together to make sure the Town's ordinance was okay. Mr. Moore advised that if revisions were needed, they would start that process.

Councilmember Hazard questioned whether the Town's ordinance was grandfathered. Town Attorney Crim confirmed it was not. He opined that there was enough broad authority for localities in the legislation; however, he noted the need to see what the Governor did with it.

Town Planner Moore noted that some bad amendments were offered; however, they did not make it out of the House. Town Administrator Semmes noted that it helped that the ABC and taxation departments and hotels supported the legislation.

Reports of Town Committees/Council Liaisons

Councilmember Leonard-Morgan reminded Council that Go Green's HEAL Expo/5K & Fun Run would be held on April 1st. He noted that there were not many members of Council or the staff on the list for the 5k. Mr. Leonard-Morgan reported that Go Green held a meeting last week that was only attended by him and Chair Rebecca Poston. He advised that they tried to make decisions on where to spend the budget. Mr. Leonard-Morgan reported that Go Green asked to borrow \$1,600 from the Town and noted that there would be income from the event; therefore, the Town could get all or part of its money back. He opined that there was a line item in the budget from which they could borrow the money.

Town Administrator Semmes reminded Council that the budget contained funds for Town committee support.

Councilmember Hazard questioned the cost for the t-shirt. Councilmember Leonard-Morgan advised that it was available upon payment of the thirty dollar 5k entry fee.

Councilmember Snyder questioned whether a 501(C)3 had been set up for the event. Councilmember Leonard-Morgan advised Council that the 5k was being operated by the Middleburg Charter School as a fundraiser.

Councilmember Snyder opined that if they were getting money from the Town, they needed to be a 501(C)(3) organization. Town Administrator Semmes reminded Council that Go Green, which was a Town committee, was sponsoring the event. She further noted that the Charter School was sponsoring the 5k.

Councilmember Hazard questioned whether the Charter School had insurance for the race. Councilmember Leonard-Morgan confirmed they did.

Councilmember Hazard questioned whether the Town could have some liability as a co-sponsor. Economic Development Coordinator Pearson confirmed it would for the events that would be held at the Community Center. She noted that the Town had insurance coverage for that.

Councilmember Leonard-Morgan reported that the 5k would start at 8:00 a.m. and the HEAL Expo would begin at 9:30 a.m.

Councilmember Snyder reported that the Utility Committee met to discuss the west end pump station project. He further reported that he and the Town Administrator were working with the Town's utility rate model vendor. Mr. Snyder advised that they expected to have a presentation on the utility budget at the next Council meeting.

Action Items (non-public hearing related)

Council Approval – Proclamation - Local Government Education Week

Councilmember Daly moved, seconded by Councilmember Leonard-Morgan, that Council adopt a proclamation declaring April 1-7, 2017 as Local Government Education Week in the Town of Middleburg.

Councilmember Miller questioned what the proclamation would entail. He further questioned what the Council would do to promote education week. Town Administrator Semmes advised Council that the State suggested some activities, such as the purchase of books for the library or schools that talked about local government. She noted that the proclamation was mostly recognition of local government and its importance. Councilmember Snyder advised Council that proclamations rarely had obligations for the Council.

Vote: Yes – Councilmembers Daly, Hazard, Leonard-Morgan, Littleton, Miller and Snyder

No – N/A

Abstain: N/A

Absent: Vice Mayor Kirk

(Mayor Davis only votes in the case of a tie.)

Council Approval – Proclamation – Arbor Day

Councilmember Leonard-Morgan moved, seconded by Councilmember Snyder, that Council adopt a proclamation declaring April 29, 2017 as Arbor Day in the Town of Middleburg; and, urging all citizens to celebrate Arbor Day and to support efforts to protect our trees and woodlands.

Vote: Yes – Councilmembers Daly, Hazard, Leonard-Morgan, Littleton, Miller and Snyder

No – N/A

Abstain: N/A

Absent: Vice Mayor Kirk

(Mayor Davis only votes in the case of a tie.)

Mayor Davis noted that the Arbor Day celebration would be held on April 29th at 9:00 a.m. at The Hill School.

Council Approval – Contract for Consulting Services – Comprehensive Plan Update

Town Planner Moore reminded Council that they authorized the issuance of a RFP, which was issued in October, with the responses being received in November. He advised that they were reviewed by the staff and a sub-committee of the Planning Commission, with two firms being selected for interviews with the full Commission. Mr. Moore noted that following the interviews, the Commission ranked the two groups, with the one before Council being ranked as the top one. He reported that the staff entered into negotiations with The Berkley Group and advised that the cost estimate was the same as the total price. Mr. Moore noted that the Commission talked about potential cost savings. He opined that there were extra public meetings included that may be beyond what the Commission thought may be needed. Mr. Moore advised that while the total price was in line with the initial cost estimate, it included some optional items. He suggested that between \$11,000-14,000 could be trimmed off the cost; therefore, the total cost could be between \$85,000-90,000. Mr. Moore reiterated that based on the input received from the initial public input session and the online survey, if the Commission determined it needed to have an additional input session or two, the cost would already be programmed into the contract.

Councilmember Snyder reminded Council that he served on the Planning Commission for ten years. He noted that, during that time, the Commission produced a comprehensive plan without the use of a consultant and questioned why one was needed. He further questioned why the Town should spend \$100,000 on consultants to produce a comprehensive plan. Mr. Snyder explained that what concerned him was that if the Town hired a consultant, it must produce a product and could be shoe horned into an action.

Town Planner Moore advised Council that the staff lacked the resources to devote to drafting the plan elements.

Councilmember Snyder questioned whether the staff or Planning Commission members would draft it. He noted that when he was on the Commission, each member took a section and produced a draft for discussion by the entire membership.

Town Planner Moore advised that the second issue was the ability of the individual members to devote their volunteer time and their level of expertise to do so. He opined that this had to do with the status of the current plan, which was woefully out of date. Mr. Moore explained that generally, planning commissions and staff were more reliable for doing leg work on minor updates.

Councilmember Snyder noted that the update that he participated in was a major one. He opined that it was at least a decade old and advised that the Commission did a lot of work to update it. Mr. Snyder questioned whether hiring the consultant was partly because the Commission had not taken advantage of the State training.

Town Planner Moore confirmed it was not that the Commission had not taken advantage of the State training but rather that they had not been to training yet. He reported that three members just completed the first part of the training. Mr. Moore noted that a comprehensive plan update was a major undertaking for a planning commission to do on its own. He advised that he was not saying “it could not be done”.

Councilmember Snyder requested Councilmember Hazard’s input as the Council’s representative on the Commission. Councilmember Hazard opined that the Commission could go the other way and do the update without a consultant. He explained that part of what drove the need for one was that this was what consultants did. Mr. Hazard noted that there were items that had to be done of which the Commission may not be aware and suggested the consultant could be of help with those. He reminded Council that the existing plan was woefully out of date.

Councilmember Littleton opined that it was updated in 2005. Councilmember Snyder reported that it was done in 2002; however, the Council worked on it for a couple of years before adopting it in 2005.

Councilmember Hazard opined that the Commission would not be upset if the consultants were not used for the entire scope of work; however, he advised that they did need help.

Councilmember Snyder advised Council that he would vote for the contract; however, he urged the Commission to use this expertise judiciously and to not feel compelled to produce a product simply because they had expertise at hand. Councilmember Hazard agreed. He noted that the Commission had talked about doing legwork where it could rather than having the consultant do it.

Councilmember Snyder noted that he was proud of the land use section in the Comprehensive Plan as he wrote the entire section.

Councilmember Hazard opined that the Comprehensive Plan was beautifully written. He noted, however, that some jurisdictions strictly adhered to their plans. Mr. Hazard suggested the need to conduct research to make sure that everything was included in the plan that needed to be there. He opined that there were people who could help with the writing.

Councilmember Snyder noted that the Comprehensive Plan provided protection to the community. He suggested that if it was sloppy, it would leave loop holes.

Councilmember Hazard noted that the Planning Commission was a very smart group of people; however, he reminded Council that they were just notified of legislative changes. He suggested the Commission may not be fully up to date on those and suggested that be taken into account.

Councilmember Miller opined that their hourly rate of \$90/hour seemed high. He questioned whether this was the market rate. Councilmember Littleton noted that he had hired a lot of consultants. He reported that English technical writers charged \$120/hour. Mr. Littleton opined that \$90/hour did not seem high. He noted that engineer or programmer rates were higher. Mr. Littleton reminded Council that this was the total rate. He noted that the Comprehensive Plan was a legal requirement; therefore, the Town must do it. Mr. Littleton reminded Council that the Comprehensive Plan was very important and suggested it should be thoughtfully done. He further suggested the Town needed professional help to do so. Mr. Littleton advised that he would become frustrated if it became a document that no one read or did anything with and noted that it was supposed to be the Town’s governing document for

the next twenty to thirty years. He further noted that it was supposed to identify the things that the Town wanted to preserve or protect. Mr. Littleton opined that there would always be growth and noted the need to plan for it. He advised that when he was on the Planning Commission, he read the document and opined that some things in it were great, while others were out of sync with what was going on in the world today. Mr. Littleton advised that he did not know the answer and suggested the need for help with it. He further suggested the need for research. Mr. Littleton advised that he was in favor of doing this with the understanding that once complete, the Town would not check a box that it did the review and then put it on the shelf. He suggested the need to live by, review and check the plan every six months and to be thoughtful about how to go forward. Mr. Littleton opined that an outside firm could look at what others were doing and noted that research was the hard part. He suggested the Town put something together that it was willing to live by, which was why he was in favor of spending \$100,000 to do it right. Mr. Littleton advised that he was only willing to do so, however, if the Town was committed that it would be something that it would do for the next ten years.

Councilmember Snyder reiterated that the Town had a legal obligation to review the plan every five years and opined that it was incumbent to do so as often as prudent as developers were reviewing the plan.

Councilmember Daly noted that this was all the more reason to have an outside expert make it tighter.

Councilmember Hazard reminded Council that the Commission did a survey a couple years ago. He reported that they wanted to update that and get information out to different stakeholders in the community. Mr. Hazard noted that the plan was not just for the Planning Commission and Council and suggested it needed to take different groups, such as the MBPA and EDAC, into account. He further noted the need to get their input and make sure all viewpoints were considered. Mr. Hazard reminded Council that this was not only a legal document, but was a planning one for the entire community.

Councilmember Miller moved, seconded by Councilmember Daly, that Council authorize the Town Administrator to execute a contract agreement with The Berkley Group, LLC, in the amount of \$99,862, for consulting services for updating the Town's Comprehensive Plan.

Vote: Yes – Councilmembers Daly, Hazard, Leonard-Morgan, Littleton, Miller and Snyder

No – N/A

Abstain: N/A

Absent: Vice Mayor Kirk

(Mayor Davis only votes in the case of a tie.)

Discussion Items

Report – Town Financial Presentation - Davenport

Town Administrator Semmes reminded Council that Davenport has been the Town's financial advisors for the last ten years. She noted that they periodically gave the Council a financial overview and suggested that it was a good time to have another review.

Joe Mason, of Davenport, explained that his presentation was designed to give some perspective of the Town's finances. He advised that the Town had come a long way since 2006 and noted that he would give the Council perspective of where it was financially compared to its history, as well as to its peers.

Mr. Mason reported that there had not been a lot of capital investment in Middleburg in a number of years. He advised that the Town was debt adverse, which was a good thing in light of the difficulties it had faced in the past. Mr. Mason noted, however, that the Town had infrastructure that was worn out and in need of replacement, in addition to the desire for infrastructure to support the needs and wants of the citizens. He advised that he would give the Council a perspective on the Town's capacity to do things if it chose to do them. Mr. Mason noted that he had spoken with the staff about a couple of potential projects. He distributed a copy of his presentation on the Town's financial review and roadmap.

Page 2 – Background: Mr. Mason reminded Council that in 2007, the Town was insolvent on both the General and Utility Fund sides. He advised that it had a negative cash position and noted that he met with Mr. Schiro to determine how the Town could meet payroll for the end of the year. Mr. Mason reiterated that the Town had come a long way since that time.

Page 5 – Historical General Fund Financials: Mr. Mason advised Council that in 2006, the Town had a deficit of nearly \$750,000, which represented 35-40% of the budget. He further advised that it had a negative General Fund position. Mr. Mason reported that the numbers have grown steadily since that time and really “popped” when the Salamander Resort opened. He noted that this came with both benefits and risks. Mr. Mason advised that the Town had developed nice surpluses over the last three years just in the General Fund and reported that at the end of FY '16, it had \$3.6 million in the General Fund fund balance, which was more than needed. He noted that “Other Local Taxes” generated \$2.4 million in 2016, mostly from the meals and lodging taxes. Mr. Mason expressed concern that this put the Town at risk and suggested it was an argument for a more conservative fund balance. He reiterated that in 2006, the Town did not have any money, whereas it now did. Mr. Mason advised that it was up to the Council to determine what to do with the funds it had.

Page 6 – Historical Performance vs. Budget: Mr. Mason reported that the Town had done a good job of budgeting. He noted that the Salamander Resort opened during the 2012-2013 budget year. Mr. Mason advised that the Town missed its initial revenue projections from the resort by a bit in 2013; however, it had since experienced the fruits of their success. He opined that the Town had also done an excellent job of controlling its expenditures, with the exception of 2006 when it blew through its budget.

Councilmember Leonard-Morgan questioned why the Town experienced that problem. Councilmember Snyder explained that it was due to the staff at the time. Town Administrator Semmes reminded Council that Jerry Schiro, with the assistance of Mr. Mason, righted the ship and advised that she had tried to keep it pointed in the right direction. Mr. Mason noted that the Council had to take some hard votes. Town Administrator Semmes noted that she has been conservative in estimating revenues and that the Town had controlled its expenditures accordingly. Mr. Mason confirmed the staff underspent the budget, which resulted in nice surpluses.

Page 7 – General Fund-Revenues by Source: Mr. Mason reiterated that fifty percent of the “Other Local Taxes” category was meals and occupancy revenues. He noted that it was great to have; however, he reminded Council that economies tended to ebb and flow. Mr. Mason opined that the users of the Salamander facilities could make different decisions when things were tight. He advised that while he was not saying “these revenues would dry up overnight”, he could envision a situation where twenty-five percent or more of the revenues could be cut in a given year. Mr. Mason explained that this was an argument for a higher fund balance than called for by the policy.

Page 8 – General Fund Fund Balance/Reserves: Mr. Mason reported that the Town had a negative balance in 2006. He further reported that it was now at 162.2%. Mr. Mason reminded Council that their policy called for the fund balance to be above 20%, which was common. He noted that the Town of Leesburg had a larger budget; therefore, their fund balance was not as high as Middleburg's.

Mr. Mason advised that the Town of Hamilton was sitting on a lot of money, although he was not sure why. He noted that the information provided included Round Hill, Purcellville and Warrenton so the Council could see where Middleburg was relative to immediate surrounding towns. Mr. Mason explained that the percentage for rated governments with a national AAA rating was 25-30%. He noted that it was a lesser amount for those with an AA rating. Mr. Mason advised that relative to its peers, Middleburg was sitting on a significant sum; however, this did not mean the Town should spend it all.

Councilmember Snyder questioned whether the figures were relative to each town's budget and not to actual dollars. Mr. Mason confirmed they were relative to the budget.

Mr. Mason explained that the reason the Council needed to care about the fund balance was that when a locality had a volatile revenue stream, it wanted to have working capital in case it experienced a temporary recessionary blip in revenues so it would not have to go to a bank to borrow money. He reiterated that when times were tight, the Town did not want to rely on a third party's goodwill to keep its operations going. Mr. Mason noted the need to also have money set aside in the event of a natural disaster that may require the rehabilitation of the community. He explained that this was why the Town needed to have extra money and advised that the question was how much extra it should have on hand. Mr. Mason advised that having extra also allowed the Town to use the funds for the design and engineering of a capital project that it wanted to start on, with the intent to reimburse itself with bond proceeds for any cash it laid out up front. He advised that having a solid fund balance and trend was good when the Town wanted to borrow money, as the VRA and banks would see the Town as a better credit risk.

Town Administrator Semmes reported that the Town received a request every year from the Middleburg Bank, who held a good amount of the Town's debt, for a copy of its audit report.

Page 10 – Existing General Obligation Debt Service: Mr. Mason reported that all of the Town's debt was general obligation debt, most of which was dedicated to the water and sewer system, with only a small amount being related to the General Fund. He further reported that the Town was \$4.4 million in debt, with 39% to be repaid in ten years. Mr. Mason advised that the Town's debt repayment was a little below average and opined that it was a reflection of borrowing money for utility projects without adjusting the water and sewer rates. He reminded Council that the Town restructured its debt and allowed its utility rates to move up slowly.

Page 12 – Key Debt Ratios: Mr. Mason reminded Council that the Town had a couple of debt policies in place. He noted that one was that the Town's outstanding general obligation debt would not exceed five percent of the total assessed value of real property. Mr. Mason noted that the thought was that this was tax supported debt, whereas enterprise fund debt should be supported by the utility rates. He reported that the Town's debt was low relative to the five percent ceiling and noted that the General Fund debt was just a sliver of that. Mr. Mason suggested that if the Council wanted to do something on the general government side from a debt standpoint, it had the ability to do so. He noted that the same was true of the Town's debt service compared to the budget, which under the policy was allowed to be fifteen percent. Mr. Mason advised that the Town was nowhere close to that amount. He reiterated that most of the Town's debt was enterprise debt. Mr. Mason reported that even in looking at all of the debt, it was still only at 1.37%, which was quite low. He noted that the General Fund debt was only at .05%.

Page 14 – Key Debt Ratio: Debt Service vs. Expenditures: Mr. Mason reiterated that the tax supported debt was .05% of the budget, which was very low. He noted that not all communities had tax supported debt. Mr. Mason opined that Middleburg was in an enviable position compared to its national peers.

Page 15 – Capital Project Needs – General Fund: Mr. Mason advised Council that he provided the financing information should the Council wish to do something, such as expand the Town Office building or construct a new one, based on a cost of \$3 million. He reiterated that the Town was running a \$1 million surplus in the last two years. Mr. Mason suggested that unless there was a major surprise in the budget, the Council could dedicate \$250,000 a year toward a down payment on a new office building. He noted that over three or four years, that amount would grow to \$1 million, without interest. Mr. Mason reminded Council that the Town was not currently earning much interest.

Page 16 – Estimated Project Debt Service: Mr. Mason advised Council that if the Town borrowed to its limit, or another 4.5%, the debt service on \$3 million would be \$230,000/year. He noted that if capital reserves were infused into the project, with less money being borrowed, this could bring the annual cost down to \$153,000/year, for a savings of \$77,000/year. Mr. Mason advised that over twenty years, it would amount to \$1.5 million.

Councilmember Littleton noted that the total cost savings would only be \$500,000, as the Town would have put \$1 million into the project.

Page 17 – Capital Project Needs-Additional Considerations: Mr. Mason reiterated that the Town's General Fund fund balance was 162% - more than was needed. He advised that he was not suggesting changing the 20% target and suggested the Council may even want to keep an amount above that percentage for the reasons he previously mentioned. Mr. Mason suggested the Town had the ability to take \$1 million out of its fund balance, which would still leave the fund balance at 150% of the budget. He opined that this was a relatively painless way to do a project, while still being financially prudent.

Page 19 – Historical Utility Fund Financials: Mr. Mason reiterated that the Town was in a negative cash position in 2006. He advised that with regular rate increases, the Town built up its cash position. Mr. Mason noted that this amount was inflated in 2015 by the issuance of bonds for utility work.

Page 23 – Summary Observations: Mr. Mason advised Council that the Town had come a long way and noted that it had enjoyed the fruits of the resort. He reminded them that they made some tough decisions, which now allowed them to have opportunities. Mr. Mason advised that he was happy to help the Council take different looks at its financials and rates of spending. He noted that the Town could leave the money where it was and let the surplus continue to increase. Mr. Mason reiterated that it could also make investments in the community. He reminded Council that Middleburg did not have a credit rating and explained that it did not need one because it did not go to the bond market every year. Mr. Mason advised that rating agencies would “ding” a locality's rating if its debt was extraordinarily high; however, it would also ding it for not reinvesting in the community.

Councilmember Leonard-Morgan questioned why Purcellville had a credit rating. Mr. Mason confirmed it was a choice they made; however, he noted that they grew at faster pace than Middleburg. He further noted that their population was above twenty thousand. Mr. Mason explained that because they had grown, they had to put in some major infrastructure and noted that the cheapest way to do so was the sale of bonds in the public market. He advised that general obligation bonds were better than going to a local bank or the VRA because of the extra costs. Mr. Mason advised that Purcellville had been going to the bond market fairly regularly; although, they were rethinking that now.

Councilmember Snyder advised Council that when he first started looking at the Town's utilities around 2000, its infrastructure was deteriorating. He further advised that people were complaining about the water. Mr. Snyder noted that the Town had a wastewater treatment plant that was aging faster than predicted and was difficult to maintain. He advised that the Council did all it could around the 1990s to avoid paying into the enterprise fund; therefore, things went downhill rapidly. Mr. Snyder reported that since he started working on it, the Council had looked hard at the rates and

revenues and did some engineering studies to identify the Town's weaknesses. He advised that while Salamander paid for new water and wastewater treatment plants, the resort did not open for several years, which hurt the Town, especially the Utility Fund. Mr. Snyder noted that the Town did a major utility improvement on Washington Street; however, it still had \$500-750,000 more worth of projects to be done before the system was stable. He opined that the Town may or may not need to borrow money to do the last of the infrastructure projects and noted that future replacements were now built into the utility rates. Mr. Snyder suggested the Town could replace a major asset in fifty years and should have eighty percent of the funding on hand. He questioned whether it would make sense to use some of the General Fund surplus to seed the Utility Fund improvements.

Mr. Mason advised Council that they would not be the first local government to do that and noted that there was no legal prohibition. He reminded Council that if the utilities served out-of-town customers, the in-town customers who paid taxes may be unhappy about subsidizing their rates.

Councilmember Snyder confirmed this was not the case in Middleburg as it only had six out-of-town water customers and no out-of-town sewer customers. He explained that he was thinking about using \$250,000 from the General Fund surplus to expedite the utility improvements.

Mr. Mason advised Council that this was something he and the Town Administrator have discussed and noted that the Town Administrator purposefully wanted to break this presentation into two parts – one for the General Fund and one for the Utility Fund. He noted that the Council could use cash from the General Fund for Utility Fund projects, which could be repaid if desired, and do a combination of cash infusion and borrowing. Mr. Mason suggested they consider getting the work done while the interest rates and contractor rates were low, as the project would only get more expensive as the economy improved. He reminded Council that the Town deferred a bunch of investments because things were tight at the time; however, the Town now had the ability to do them.

Councilmember Snyder noted that in the 1990s, the Council was afraid to put money into the Utility Fund and advised that they fixed things only on an emergency basis. He noted that the Utility Fund had matured over time and opined that it contained \$250,000 for the west end pump station project.

Town Administrator Semmes reminded Council that the Town borrowed \$1.5 million for three projects. She advised that this was based on an estimate that each could cost \$500,000. Ms. Semmes reminded Council that the first two took more than \$1 million. She advised that the Town currently had close to \$500,000 in cash for the west end pump station project.

Councilmember Snyder noted that he was not counting the \$500,000 project when he talked about the utility system needs. He advised that his goal was to use cash reserves from the Utility Fund for the Ridgeview improvements and suggested they get a jump start on them by using some of the General Fund surplus.

Mr. Mason advised that if the improvements served everyone in the community, the money would come from the same pocket. He noted the need for an enterprise fund to be self-supporting. Mr. Mason acknowledged that the General Fund had more than it needed at the moment and advised that there was no reason the Council could not to make an investment in the Utility Fund. He noted that the Council had an ability that it had not had over the last ten years. Mr. Mason reiterated that it had the finances to do a variety of things; however, he acknowledged that it must be done within the existing staff resources. He suggested the Council should borrow as much as it could stomach at the moment while interest rates were still low. Mr. Mason advised Council that the Town had the opportunity and financial strength to do so. He further advised that it could do so in a way that ensured the good things that were done over the last decade would not be jeopardized.

Councilmember Snyder advised Council that he was debt adverse. He further advised that when he looked at the Town, he looked at it as a fiduciary duty. Mr. Snyder expressed a desire to guard the Town's financial position and its assets to the best of his ability. He opined that the Town's enterprise fund debt was high and noted that some of it went back to the 1980s. Mr. Snyder suggested the Town was still paying for items that were obsolete and no longer used. He opined that debt often outlived the useful life of what was acquired. Councilmember Littleton noted that this was the nature of financing.

Town Administrator Semmes suggested that Mr. Mason return for the Utility Fund discussions. She noted that an investment into water lines that had a long life would result in spreading the cost of the improvements over future users, which would smooth out the rates. Ms. Semmes advised Council that the Town could look at different alternatives using the utility rate model.

Councilmember Littleton noted that there were a lot of good things that the Town wanted to do, including fixing the utilities, constructing a new combined town office building and constructing new parking facilities. He opined that it had a list of twenty great items that it could tackle. Mr. Littleton suggested that this discussion be a part of the Council's visioning session. He further suggested they take the opportunity to identify and prioritize their top ten items and to discuss the three options for paying for them. Mr. Littleton explained that those options were to pay as you go, pay for them with cash or take on debt. He noted the need to develop a cost estimate for the ten items. Mr. Littleton reminded Council that utilities improvements would generate income; whereas, something like a new town office would not. He suggested the options for funding could change the order of the priorities. Mr. Littleton reiterated the need to identify the Council's top ten priorities. Councilmember Snyder agreed.

Councilmember Miller noted the need to decide what was important – items that were early maintenance related versus capital improvements projects. He cited the example of the need for sidewalks on Federal Street.

Councilmember Snyder reminded Council that if the Town installed new infrastructure, it would still have significant expenses to maintain and update the existing infrastructure.

Councilmember Hazard questioned whether Mr. Mason was saying the Town could use some its money even though he was forecasting a thirty percent loss of revenue in the event of an economic down turn.

Mr. Mason suggested he provide a model for the Council's consideration that would allow it to see what a protracted down turn would do to the fund balance if the budget was static, assuming no other actions occurred.

Councilmember Hazard noted that the Council was talking about spending the money. He questioned whether it made sense to retire part of the Town's debt. Mr. Mason noted that all of the Town's utility debt was held by the Virginia Resource Authority (VRA). Town Administrator Semmes noted that the Town was paying a low interest rate for its debt through the Middleburg Bank. Mr. Mason noted that the Town was earning fifty to sixty-five basis points in the Virginia Local Government Investment Pool. He advised that if it paid down its debt at 2.7%, it would quadruple its investment return and create the capacity to do other things.

Councilmember Hazard suggested the need to look at both capital improvements and retiring the debt.

Council Discussion – Proposed FY '18 General Fund Budget

Town Administrator Semmes advised Council that this first budget presentation was simply an overview and noted that they had more time to discuss it. She further noted that they did not have to adopt the budget until the end of June. Ms. Semmes explained that she must present a budget to the Council by April 1st and reported that they had the first two pieces – the General Fund and the Health Center Fund. She advised that for the first time, the Town Treasurer was involved in the budget development process, which was a relief for her. Ms. Semmes thanked Ms. Bott for her assistance.

Councilmember Snyder noted that he anticipated holding a public hearing for the utility budget (rate increase). He questioned whether one was anticipated for the General Fund budget as well (real estate tax increase).

Town Administrator Semmes reminded Council that it was up to them to decide whether a rate increase was needed. She advised that she was recommending leaving the tax rate where it was, which would be an effective tax increase as the equalized tax rate would be lower. Ms. Semmes recommended the Council leave the real estate tax rate at 16.5 cents. She opined that it did not need to be increased further.

Councilmember Snyder questioned whether this would make the tax revenues within one-quarter of the current budget, with neutral rates. Town Treasurer Bott confirmed it would.

Town Administrator Semmes reminded Council that Loudoun County was looking at equalizing its tax rate, which meant it would stay at \$1.14 or go down a little. She further reminded them that Town residents also paid county taxes.

Town Administrator Semmes reported that she had recommended a real estate tax rate of 16.5 cents in the proposed budget. She reminded them that real estate tax revenues were a big part of the budget for some localities; however, in Middleburg, other local taxes were the bigger percentage. Ms. Semmes opined that the tax rate was not as big a deal in Middleburg as the Town only realized \$30,000 for each cent on the tax rate at the new assessment levels. She reminded Council that the State Code required the Town to advertise a public hearing if it was going to raise its rate. Ms. Semmes recommended the Council advertise the highest rate it would want to consider and noted that while it could reduce it, it could not increase it beyond what was advertised.

Town Administrator Semmes reported that the Contingency Reserve was currently proposed at almost \$250,000. She reminded Council that this amount always went down before the budget was completed. Ms. Semmes reported that the staff was still waiting to receive the Town's insurance rates; however, she expected an increase in the premium due to a workers comp claim and property damage claims that occurred. She opined that the Town would pay more for its insurance next year; however, she did not know by how much.

Town Administrator Semmes reported that the proposed budget included a recommended three percent (3%) salary adjustment and noted that she could provide the Council with other options. She advised that Leesburg and Loudoun County were proposing a three percent increase; however, the smaller jurisdictions had not yet set their rates. Ms. Semmes reminded Council that the Town typically tried to stay competitive with its neighbors. She advised that the Town also looked at the CPI (Consumer Price Index), which was 1.7% as of January.

Councilmember Littleton advised Council that he was used to setting a pool of money up for the year based on an overall three percent increase. He further advised that, typically, eighty percent of the employees would get a three percent increase; however, some would get more and some would get less. Mr. Littleton questioned whether the Town used this method.

Town Administrator Semmes confirmed it did not. She noted that this had been discussed in the past; however, because the Town was small, it was felt that this would be damaging to the staff.

Councilmember Snyder agreed it was difficult to do a pool given the small number of employees. He opined that if the raises were not similar, there would be a lot of discontent. Mr. Snyder suggested a pool made sense when talking about hundreds of employees, where the raises were not as transparent. He noted that they were very visible in a small staff environment.

Councilmember Littleton questioned how the Town incentivized good performance. Councilmember Snyder reported that he favored bonuses. Mayor Davis confirmed that the Council had given bonuses in the past, particularly when someone stepped up.

Town Administrator Semmes suggested the Council could add a line item to the budget to build in more for bonuses. She noted that money was built into the draft budget for longevity bonuses for those employees who have been with the Town for a certain amount of time. Ms. Semmes advised that no money was included for bonuses.

Councilmember Littleton expressed an understanding of Councilmember Snyder's points. He suggested that if inflation was 1.5%, with the raise pool being 3%, and an employee was not performing, they should be given only a 1.5% raise. Mr. Littleton further suggested that if they were performing, they should get the other 1.5% on top of that. He opined that if an employee who was not performing received the same increase, it devalued those who were performing.

Councilmember Snyder opined that an under-performer hurt the entire staff so much that the Town needed to improve his/her performance or find a replacement.

Councilmember Littleton opined that the situation may not be that "black and white". He suggested an employee may be doing okay but need to do better. Mr. Littleton opined that pay raises should reflect performance and should not be three percent for everyone all the time. He advised that he understood if it was too difficult administratively to figure out; however, he suggested the need for a program, whether it was bonuses or merit increases, to capture that element. Mr. Littleton further suggested the need to reward hard performers and incentivize those who were falling behind.

Councilmember Hazard reminded Council that the Town had given bonuses over the last couple of years.

Councilmember Miller questioned whether there was a process for doing so or whether this was done as things came up. He suggested, based on his past experience, that the Town should give a COLA and that anything above that should be based on merit that was based on a performance review. Mr. Miller opined that this was fair to those who worked hard.

Councilmember Snyder advised that Council managed this on an annual basis when it talked about the budget and salaries. He opined that the Town did not have the staff to do the kind of work that Councilmember Littleton was talking about. Mr. Snyder further opined that there was not staff to do much more than a rudimentary performance appraisal.

Councilmember Littleton questioned whether this had been tried. Councilmember Snyder noted that it was the Town Administrator's job to do the performance appraisals, with the Chief doing them for the police officers.

Town Administrator Semmes reminded Council that the Town was reviewing the employee handbook and suggested it should include a bonus or merit policy. She suggested the staff return with ideas.

Councilmember Snyder agreed the best way to formalize this would be to put it in the employee handbook. Councilmember Littleton agreed and noted that the staff would then know what it would take to get a bonus/merit increase.

Town Administrator Semmes opined that this would take some of the subjectivity out of the decision. Councilmember Miller opined that nothing should be subjective about salaries.

Town Administrator Semmes advised Council that, in the past, there have been discussions of whether the Council wanted to use pay scales. She suggested she discuss this with the Town Attorney.

Councilmember Snyder advised that he did not want this to be too complex. He spoke of his personal experience with such programs.

Councilmember Littleton noted that this came down to leadership. He advised that in the organizations he has worked in, the leaders took this seriously and cared about the employees and staff. Mr. Littleton acknowledged that it was difficult to do evaluations in an objective manner on an annual basis. He advised that he has had bosses who just gave everyone a three percent raise and noted that it was demoralizing for those who worked hard. Mr. Littleton noted that everyone liked getting “atta boys”; however, he opined that it was nice to also get a salary increase. He noted that good people left when someone who was not pulling their weight got the same salary increase.

Town Clerk North noted the importance of having the evaluator do the evaluations correctly. She described an experience in another locality in which a department head evaluated an employee highly so that employee would get a raise, only to recommend the employee be fired for poor performance three weeks later. Ms. North advised that when questioned about the positive performance evaluation, the department head indicated that he did so so the employee could get a pay raise. Councilmember Littleton noted that this was an example of bad leadership.

Councilmember Miller reiterated the need for a policy so the employees would know what they needed to do to get a bonus so that everyone was on the same playing field.

Councilmember Snyder reiterated that he would like this to be included in the employee handbook.

Town Attorney Crim advised Council that they would never eliminate all of the subjectivity. He further advised that the Town did not want employees to just check boxes for completing their goals and ask for a five percent raise. Mr. Crim noted that evaluations were difficult.

Councilmember Littleton noted that this was a Council responsibility. He suggested the performance appraisals should not just be a checking of the boxes and opined that if it was, the Town should just give everyone the three percent increase. Mr. Littleton suggested the need for a deliberative process. He further suggested the need for the staff member and manager to work together in partnership with the right goals and to monitor performance throughout the year.

Town Administrator Semmes suggested it would be good to form that process with the Council’s goals.

Town Administrator Semmes reported that the health insurance premiums would increase by 4.8%. She reminded Council that some of that increase would be borne by those members of the staff that had dependent care, as the Town did not pay one hundred percent of those premiums.

Town Administrator Semmes reported that there were a few new items that she would like to include in the budget, the first of which was a new Administrative Accounting Assistant position. She opined that this position would give the Town the chance to align the staff to focus on an area and to do it well. Ms. Semmes reminded Council that the Economic Development Coordinator had so much to do that she was not available to think about economic development on a full time basis. She further reminded them that the Treasurer needed help and noted that she was doing a huge amount of data entry at a professional level salary. Ms. Semmes suggested the need to free her up to do higher order financial tasks. She reported that she proposed a salary of \$45,000 for the Administrative Accounting Assistant, based upon similar positions that she found on the internet and in other jurisdictions. Ms. Semmes noted that this would not be the total cost for the position and advised that the total fiscal impact was \$77,000, based on family insurance coverage.

Councilmember Littleton questioned whether the staff had looked at hiring a part-time account temp. He further questioned whether a full-time employee was needed. Town Treasurer Bott noted the need to have someone to cover the front desk on a full-time basis. Town Administrator Semmes advised that this position would be handling administrative duties, not just taking payments.

Councilmember Snyder reminded Council that the Treasurer's office handled sensitive, personal information about people in town.

Town Administrator Semmes noted the need for a receptionist who could take payments, answer the phones and process the mail. She opined that there was a full-time position's worth of work.

Mayor Davis opined that this employee could do odd things, such as look up information.

Town Administrator Semmes reported that the second item was that Chief Panebianco proposed to convert his Administrative Assistant to full-time.

Chief Panebianco advised Council that the Police Department had to acquire new software for reporting as the service for the existing system would end in 2018. He reported that he was in the process of finding a new vendor. Chief Panebianco advised that the Administrative Assistant would be able to do the data entry that he currently did, as well as handle the new parking software and other things. He opined that it would be helpful to have someone in the office on a full-time basis to answer questions and deal with the public. Chief Panebianco advised that this change would allow the police station to be manned during normal business hours. He noted that he was trying to present an image of a professional, full-time police department and suggested there was nothing more frustrating than when someone came to the office but no one was there. Chief Panebianco advised that this change would help in a lot of ways, with the biggest assistance being related to parking and the transfer of data entry duties from him to the Administrative Assistant.

Town Administrator Semmes explained that what was shown was the difference between the current salary and the cost for the full-time salary and benefits. She noted that the Administrative Assistant was already being paid \$17,136, which would increase to \$30,701. Ms. Semmes advised that with benefits, the difference was \$35,181.

Town Administrator Semmes reported that the Chief also requested an additional part-time police officer for the substitute/special event pool, which would not result in a huge fiscal impact.

Chief Panebianco reminded Council that the Town had a pool of part-time officers. He explained that because of the limited staff, whenever an officer was absent, two people had to work sixteen hour days in a two day period to cover that and their own shifts. Chief Panebianco advised that the Town had a pool of part-time officers up to one day per month; however, it was not used often. He advised that it may not be used for three months and then it may be used for three days. Chief Panebianco reported

that it would not impact the budget, as there was no request for new funding. He reminded Council that he used full-time officers as they must be certified. Chief Panebianco reported that when the Town experienced a last minute absence that he could not fill, he or Lieutenant Prince must fill the slot as they only had two people to call upon. He expressed hope to add a third person to the pool and noted that he was not talking about increasing the number of hours. Councilmember Snyder opined that the staff was only talking about five hundred dollars.

Town Administrator Semmes reported that the last new item was proposed by Vice Mayor Kirk. She reminded Council of their discussions of the Health Center Fund and how the Town made donations. Ms. Semmes further reminded them that they wanted to put no money into that budget for donations this coming year so the Town would know exactly what it had to give out the following year. She reported that Vice Mayor Kirk suggested putting \$30,000 in the General Fund so the Town could still make charitable donations. Ms. Semmes reminded Council that this was a policy decision.

Councilmember Snyder advised that he would rather not do so. He opined that conceptually, it was a good idea and worth discussion. Mr. Snyder reported that he would also like to pull some funding for the arts out of the Economic Development budget and noted that it did not fit there. He advised that this would allow EDAC to make recommendations on true economic development activity. Mr. Snyder explained that he would like to have room in the budget to fund arts and things that people would appreciate. He noted that he did not know where that would fit in the budget.

Councilmember Miller opined that this was similar to what the Council discussed during its last meeting.

Town Administrator Semmes reported that overall, the proposed General Fund budget increased 6.8% over the current one. She requested Council's initial thoughts on the budget options so she would know whether to leave them in the budget. Ms. Semmes noted that the Council would be introduced to the Utility Fund budget during their next meeting and could go through the General Fund budget in greater detail. She requested Council direction of the staff positions and whether the charitable contribution pool should be left in the budget.

Councilmember Leonard-Morgan advised that he did not fully understand the latter item. He noted that he would discuss this with the Town Administrator at a later time.

Town Administrator Semmes advised Council that the Health Center Fund budget was conservative. She further advised that if the new property management company could fill the vacancies, this would help the revenues.

Councilmember Daly opined that the personnel strength increases were necessary. Councilmember Miller noted the need to relieve the staff so they could work on capital improvement projects.

Town Administrator Semmes opined that the Council wanted to do this in the past; however, it was not in a position to have it. She noted that at one time, there was a part-time assistant for the Treasurer.

Councilmember Snyder noted that the Town had a few people wearing a lot of hats, who were trying to get all of the work done. He opined that the Town was moving in this direction by necessity and noted that it had the revenue to make it happen.

Councilmember Littleton noted the line item for professional development and training. He further noted that it only had \$500 in it. Town Administrator Semmes reported that \$5,000 was included in the proposed administrative budget. She advised that the \$500 was just for the Economic Development Director.

Information Items

Mayor Davis reminded Council of Bingo Night that would be held at the Community Center on March 11th.

There being no further business, Mayor Davis declared the meeting adjourned at 8:49 p.m.

APPROVED:

Betsy A. Davis, MAYOR

ATTEST:

Rhonda S. North, MMC, Town Clerk