



**MIDDLEBURG TOWN COUNCIL
REGULAR WORK SESSION
MINUTES**



March 27, 2014

PRESENT: Mayor Betsy A. Davis
Vice Mayor C. Darlene Kirk
Councilmember Catherine “Bundles” Murdock
Councilmember Kathy Jo Shea
Councilmember Mark T. Snyder (left early)
Councilmember David B. Stewart

STAFF: Martha Mason Semmes, Town Administrator
Rhonda S. North, MMC, Town Clerk

ABSENT: Councilmember Trowbridge Littleton
Councilmember Kevin Hazard

The Town Council of the Town of Middleburg, Virginia held their regular monthly work session on Thursday, March 27, 2014 in the Town Hall Council Chambers, located at 10 W. Marshall Street. Mayor Davis called the meeting to order at 6:00 p.m.

Council Approval – Proclamation - Local Government Education Week

Town Administrator Semmes explained that the Local Government Managers Association was trying to promote an understanding of service in local government and the services that local governments provide.

Councilmember Snyder moved, seconded by Vice Mayor Kirk, that Council adopt a proclamation declaring April 1-7, 2014 as Local Government Education Week in the Town of Middleburg.

Vote: Yes – Councilmembers Kirk, Murdock, Shea, Snyder and Stewart
No – N/A
Abstain: N/A
Absent: Councilmembers Littleton and Hazard
(Mayor Davis only votes in the case of a tie)

Council Appointment – Middleburg Arts Council

Councilmember Shea moved, seconded by Councilmember Snyder, that Council appoint Susi Molak to fill the vacant seat on the Middleburg Arts Council, said term to expire June 14, 2016.

Vote: Yes – Councilmembers Kirk, Murdock, Shea, Snyder and Stewart
No – N/A
Abstain: N/A
Absent: Councilmembers Littleton and Hazard
(Mayor Davis only votes in the case of a tie)

Council Discussion – How to get more people involved in Town Government

Councilmember Shea advised Council that she would like to propose some ideas for discussion; however, she first questioned the status of the upcoming Town Council election.

Town Clerk North reported that Erik Scheps has announced he would be a write-in candidate. She noted that Mr. Scheps has already contacted the Loudoun County Elections Board regarding his candidacy.

The Council discussed some members of the community who have expressed an interest in running or who have been approached about running. They also discussed the process for running a write-in campaign and the requirements for successful candidates. The Council suggested the write-in candidates should attend a Council meeting if they wanted their support.

Councilmember Shea opined that the Council needed to actively recruit people to be involved in Town government. She suggested the use of news articles, both in newspapers and Town publications such as the newsletter. Ms. Shea further suggested the use of open houses and having members of Council speak to organizations during their meetings on the importance of public service. She recommended the Council work with the Virginia Municipal League regarding their training programs and obtain information on what people needed to know about running for local office. Ms. Shea suggested the use of focus groups within six months of an election, with the focus groups talking about Town related topics. The Council held some discussion regarding the use of focus groups and questioned the benefit of it. They discussed how they could initiate a desire in residents to run for public office. The Council agreed with the need to get the message out to people about the importance of public service.

The Council talked about how serving on a Town board/committee provided a potential Council candidate with a good background of the Town. They agreed with the need to get members of the community more actively involved in committees. It was suggested that articles be placed in the Town's newsletter and in the Friday E-Mail Blast to let people know what each Town committee did. It was noted that the only committees in which the members were required to be Town residents was the Planning Commission and Board of Zoning Appeals; however, the BZA did not meet often.

Councilmember Shea suggested the New Resident Packet contain information on the Town Council and Town Committees. Town Clerk North noted that it was already in the packet in the Information for Residents publication. Council suggested it be a separate document.

The Council discussed the need to do a better job of vetting possible candidates for service on Town committees. They cited the example of a gentleman who served on a board for another jurisdiction who was arrested on drug charges. It was suggested that individuals should have to pass a felony background check. It was noted that the Town did collect resumes from candidates; therefore, there was some information available on them.

The Council held some discussion regarding the residency requirement and what qualifications a candidate must meet in order to serve on Council if they ran a successful write-in campaign. They asked the Town Clerk to contact the County Electoral Board to determine what qualifications must be met.

The Council held some discussion regarding how zoning played a role in the availability of residents to run for public office. They noted that properties that were being made commercial were not available for residential use. It was further noted that rental properties were sometimes occupied by short-term residents who did not have an interest in public service.

The Council reiterated the need to get people to serve on Town committees so they would have knowledge of the Town before running for public office. They discussed what could be done to capture them into Town service. The Council agreed to concentrate on the upcoming Town elections for the moment. They further agreed to send Middleburg Life a copy of the proclamation on Local Government Education Week in an attempt to generate an article on the importance of public service.

Councilmember Murdock inquired as to the number of Council seats up for election. It was noted that four were up this year, with another three being up for election in two years.

Councilmember Shea announced that she would not run for re-election in two years. Councilmember Murdock opined that there could be three empty seats in two years. The Council discussed the importance of members announcing in a timely manner when they were not seeking re-election as frequently people would not run against an incumbent.

The Council noted the importance of getting information out to the public. They suggested the Comprehensive Plan update address the issue of having an adequate supply of housing. It was noted, however, that zoning ordinances were a tool for planning and were not a tool for rapid change. The Council noted the need to find people who were willing to run for Council at this time. They asked that information on the election be placed on the Town's website and in the Friday E-Mail Blast so potential candidates would know how to run. The Council agreed with the need to focus on the upcoming elections. They noted the upcoming Middleburg Business & Professional Association meeting on April 8th. Mayor Davis agreed to attend in order to talk about the upcoming elections. She asked the Economic Development Coordinator to request that she be placed on their meeting agenda.

Town Administrator Semmes suggested the Mayor provide a State of the Town report during a Middleburg Business & Professional Association meeting, which would enable the business owners to interact with their town government.

The Council noted the importance of having candidates attend their meetings and asked that Mr. Scheps be invited to a Council meeting. Town Clerk North confirmed she would do so.

The Council agreed to discuss this issue again in six months and asked the Town Clerk to set up a tickler file on it.

Council Discussion – FY '15 Budget

General Fund Budget - Town Administrator Semmes reminded Council that during their last meeting, they requested a better breakdown of the COLA options, which was included in the agenda packet. She reported that Purcellville has proposed a 3.5% COLA and merit increase in their budget.

Vice Mayor Kirk questioned the salary for the Maintenance Supervisor. After some discussion, the Council agreed to discuss salaries in general in open session and to discuss the salaries of specific individuals in closed session. It was requested that the Maintenance Supervisor's job description be reviewed to make sure it reflected the work he was doing.

Councilmember Murdock noted that the employees were not listed in any particular order on the salary information sheets; and, advised that it was not easy to read. Town Administrator Semmes advised Council that she would ask the Town Treasurer to re-order the sheets.

Councilmember Snyder asked that the information be provided so the 2% COLA was on one page and the 3% COLA was on a second page.

Town Administrator Semmes noted that the Council was provided a summary page that contained the figures for each COLA increase as well as for no increase. She further noted that they included the Town's costs for FICA and VRS; however, they did not include the 5% the employees must pay for VRS.

Vice Mayor Kirk noted that the sheet for the 3% COLA referenced the Maintenance Supervisor whereas the sheet for the 2% COLA referenced the Street Supervisor. She suggested the need to check the information that was being provided more closely. Town Administrator Semmes noted that she changed the title on one page but not the other. She confirmed she would correct it.

Councilmember Snyder questioned whether the proposed increase was in fact a COLA and noted that it was not clear in the information provided. Town Administrator Semmes confirmed it was as the Town did not have a merit based system.

Councilmember Snyder noted that the federal government, in theory, provided its employees with a COLA, as well as a merit increase.

Mayor Davis questioned whether the Town still had the band of pay scales. She advised that she would like to return to that system. Ms. Davis reminded Council that at one time, they utilized a pay scale that provided for a minimum and maximum salary for each position within a pay band. She advised that when the current staff was hired, they did not get placed within a band. Ms. Davis noted that one employee was hired way above the Town's pay scale; and, it was not brought to the Council's attention. She suggested the Town go back to using salary ranges and noted that this did not mean it would not be able to pay someone more.

Councilmember Murdock noted that the Council could periodically review and adjust the pay bands as needed. Mayor Davis noted that they would also increase with the COLA adjustments.

The Council held some discussion as to how the employees were listed on the salary information sheets. It was suggested they be grouped together by department.

Town Administrator Semmes questioned whether the Council was comfortable including a COLA increase in the proposed budget; and, if so, the amount that should be included. She reminded Council that a 2% increase would cost an additional \$10,000, whereas a 3% increase would cost an additional \$20,000. Ms. Semmes noted that Leesburg planned to include a 1% COLA plus up to a 3% merit increase in their proposed budget; Purcellville planned to include a 1% COLA plus up to a 2.5% merit; the State was proposing a 2% COLA; and, Loudoun County was proposing a 2% COLA. She reminded Council that last year, they approved a 2% COLA plus the 4% VRS increase that was required to offset the changes in the pension fund payment formula.

Councilmember Murdock noted that in the past a member of Council mentioned the increased revenues that would be received as the result of the Salamander Resort. She cautioned Council against spending money the Town has not yet received.

Vice Mayor Kirk agreed; however, she noted the need to let the employees know how much the Council appreciated and wanted to keep them. She further noted that they were also doing more work because of the Salamander Resort.

Councilmember Snyder reminded Council of the time when the Town could not hold onto employees. He noted that the employee turnover was now low and advised that he would like to encourage this to continue. Mr. Snyder advised that he would like to offer a 3% COLA; however, this was twice as expensive as the 2% COLA. He questioned where the money could come from.

Mayor Davis noted that the cost of an employee did not just include their salary, but also the VRS costs. The Council held some discussion regarding the retirement benefits provided to the employees and how the private sector was handling retirement/pension funding.

Town Administrator Semmes advised Council that when they added an employee to the payroll they needed to remember what the “real” cost would be. She noted that in local government, salaries were the most expensive item in the budget, as the employees provided the services. Ms. Semmes opined that it was important to keep the costs under control; however, it was also important to pay the employees what the Town said it would pay them when it hired them. Ms. Semmes reminded Council that when the Town had a pay band system, the employees could expect to move up a step until they reached the top of their pay band. Ms. Semmes noted that a lot of people have abandoned the pay band system; however, they needed to keep up with the COLAs, which Middleburg did not do for a while. She explained that if the employees did not receive COLAs, they were in essence being paid less, taking inflation into account, than when they were hired.

Councilmember Snyder opined that the Town was doing better than a lot of local governments. He questioned whether this was correct. Town Administrator Semmes noted that in recent years, the Town has kept up or done better than some localities. She advised Council that the employees appreciated that the Council has been trying to recognize them over the last few years.

Councilmember Shea noted that the reason employees worked for local government and took a lower salary was because of the benefits and COLAs. She opined that if those were lost, the potential of replacing the employees would go down.

After some discussion, the Council agreed they wanted to offer at least a 2% COLA. They further agreed to include funding in the budget for the COLA as opposed to purchasing a Gator.

It was noted that the salary costs provided during this meeting did not match. They further noted that they were also different from the figures provided during the last meeting. They asked that the Town Treasurer review the information provided to make sure it was correct. The Council agreed to determine the amount of the increase during their next meeting.

Councilmember Murdock noted that the Middleburg Arts Council requested \$6,000. She inquired as to what they received last year. Ms. Murdock questioned how the money would be used. Councilmember Shea noted that they received \$3,000 last year. She reminded Council that they coordinated a lot of art activities; and, opined that the return was great.

Economic Development Coordinator Pearson reported that in 2013, the Committee spent the following: postage -\$500; posters - \$300; post cards -\$1,800; receptions - \$300; signs - \$1,000; award prize - \$200; music - \$0; and balloons - \$400. She reported that the expenditures totaled \$4,500.

Councilmember Murdock opined that the biggest change between this year’s budget and last year’s was for music (\$2,000). Economic Development Coordinator Pearson explained that the Arts Council was trying to include all arts, not just visual ones.

Mayor Davis asked whether the Arts Council raised money as well. She further asked whether they planned to do so in the future. Economic Development Coordinator Pearson confirmed they did not at this time; however, they needed to develop a way to do so.

(Councilmember Snyder left the meeting at 7:22 p.m.)

Town Administrator Semmes suggested they set out a donation can during their events. Councilmember Murdock suggested they look for sponsors.

Vice Mayor Kirk urged Council to exercise caution as it did not want the committees to over tap the Town's resources.

Councilmember Shea suggested that a committee that was getting money from the Town without providing a return should focus on finding support in other ways. She opined that they did not want to be left without financial resources during "thin" years.

Economic Development Coordinator Pearson opined that the Arts Council would make great strides in the *Arts in the Burg* event to held in April. She noted that it would offer three different music venues this year, which was where part of the cost came in. Ms. Pearson advised that the music would be offered throughout the Town in order to move people up and down the streets. She noted that there would also be lots of artists.

The Council held some discussion regarding the funding of Town committees. They noted that while they wanted to support them, they should not depend on the Town as their sole source of funding.

Councilmember Shea suggested that if a committee held an event, they should have a budget, including both revenues and expenditures, so the Council could make a decision on whether they needed additional money.

Town Administrator Semmes questioned whether there was a consensus on the Arts Council's request for an additional contribution. Vice Mayor Kirk advised that she would like to provide it. Councilmember Shea reported that she would support it as long as it did not require a reduction in the employee raises.

Economic Development Coordinator Pearson reported that there were other areas of her budget that could be cut if necessary.

Town Administrator Semmes reminded Council that they discussed the Economic Development budget first and put a lot of money into it.

Councilmember Shea explained that this was why she wanted the committees to be identified in the budget separately so the Council could identify what was going to the committees and what was being used for economic development. She opined that anytime the Council needed to make budget cuts, the Council needed the staff's recommendations.

Councilmember Murdock questioned how the funding for special events was broken down. Economic Development Coordinator Pearson reminded Council that they gave *Shakespeare in the Burg* \$5,000 this year. She advised that the Town did not give the Middleburg Film Festival any money this year; however, she expected they would ask for some in the coming year.

Councilmember Shea noted that it was difficult to determine how much was being spent on special events when they were not in one location. Mayor Davis agreed they should be.

Councilmember Murdock suggested the Middleburg Arts Council should fall under the Economic Development budget as their events brought people into the town.

Councilmember Shea suggested that Go Green should also be there. She noted that its funding currently came from the “Town Committees” line item and noted that they did not have a specific budget.

Mayor Davis questioned whether the Arts Council was a Town committee. Town Administrator Semmes confirmed it was. She noted that it was a separate line item in the budget as they coordinated the special events that were designed to bring people into town.

Council discussed the amount of money spent this year for snow removal and noted that the proposed budget included \$50,000 for it. Town Administrator Semmes estimated it at \$30,000. She advised Council that they could reduce this amount to \$40,000 if desired.

Councilmember Shea opined that the Town was better to have \$50,000 in the budget and only spend \$25,000 than the opposite. She noted that this was the only line item where this made sense.

Councilmember Murdock questioned why \$50,000 was budgeted if the Town only spent \$30,000 this year. Town Administrator Semmes reminded Council that the Town has spent \$89,000 on snow removal in the past.

Councilmember Murdock noted that the elimination of the Gator would address the 2% COLA. Vice Mayor Kirk advised that she would like to offer 3%.

Town Administrator Semmes advised Council that there was “fluff” in the Economic Development budget.

Councilmember Shea noted that the Council could control economic developments costs; however, it could not control snow.

Vice Mayor Kirk opined that the timing of the Middleburg Film Festival was bad for the Town. She expressed concern that more instances like this may occur and questioned how it could be controlled. The Council discussed private events in the Town limits and the possibility of putting a permitting process in place for them that would require the applicant to reimburse the Town for any costs it incurred due to the event. They agreed to discuss this matter further in the future.

Town Administrator Semmes noted that the Town had not yet received its property and liability insurance rates from VML. She advised that they did send out an e-mail that sounded like they were preparing localities for an increase.

Town Administrator Semmes reported that the Town received two proposals to the RFP for refuse and recycling collection services – one from CSI and one from American. She advised that CSI was the low bidder at \$12.12/unit, which was slightly higher than their current contract. Ms. Semmes opined that the overall contract amount may not increase as CSI may have been charging the Town for too many units in the past.

Town Administrator Semmes reminded Council of the unknown related to the Washington Street Project as the Town did not know whether it would receive the VDOT grant, which would require a 20% match. She noted that the project would be spread over two construction seasons; therefore, the Town would not have to provide the entire match in one year. Ms. Semmes

advised, however, that half of the match could be as much as \$50,000. She reminded Council that one cent on the real estate tax rate provided \$28,000 in revenue; therefore, it would take two cents on the tax rate just for the grant match. Ms. Semmes noted that this sounded bad; however, she reminded Council that the Town would be getting 80% of the project costs from VDOT. She advised that if the Town received the grant, it would either impact other things in the budget or the Council would need to increase the tax rate as opposed to equalizing it. Ms. Semmes noted that a decision did not need to be made now; however, it must be made soon. She expressed hope to have the VML insurance rates and refuse contract numbers by the next meeting.

Mayor Davis asked whether the Council wanted to hold a closed session during the next meeting to discuss employee salaries. Town Administrator Semmes confirmed it did. She noted that there was already a closed session scheduled for that meeting; and, suggested this be added to it. Ms. Semmes advised that she would also find the old pay band chart.

Utility Fund Budget - Town Administrator Semmes reported that she has been working with the consultant on the utility rate model. She explained that he was helping her insert the numbers for this year into the model to make sure she was doing it correctly. Ms. Semmes advised that the budget information she provided was close; however, she could not swear the numbers would hold up. She reported that the proposed budget was based on adopting the rate increase as recommended by the model last year, which was 0% for water and 5% for sewer.

Councilmember Murdock noted that the expenditures for this fiscal year were down. Town Administrator Semmes reminded Council that they have not yet reached the end of the fiscal year. She further noted that the main reason the expenditures were down was because the Town did not incur the costs to run the water treatment plant for an entire year. Ms. Semmes reminded Council that some of the expenditures were one-time ones for equipment upgrades. She opined that the Town needed to continue with the 5% rate increase. Ms. Semmes advised Council that IES had not had a lot of input into the budget as of this time as they have been working just to get the facilities up and running. She noted that she wanted Mr. Inboden to take a close look at the proposed Utilities Fund budget.

Vice Mayor Kirk inquired as to how well IES was doing. Town Administrator Semmes confirmed they were doing well and the staff was getting good feedback. Town Clerk North noted that they responded when called.

Councilmember Murdock noted that the Town Administrator's salary was removed from the proposed Utilities Fund budget. Town Administrator Semmes confirmed she put all of it back into the Administration budget. She noted that it could be moved back into the Utilities Fund budget if possible. Ms. Semmes reminded Council that the Town's costs for the utilities operation contract went down; and, were \$192,000 based on the fixed cost of the contract.

Vice Mayor Kirk questioned whether IES would assume the meter reading operations. Town Administrator Semmes confirmed they would. She noted that the Town would continue to pay Mr. Garrett for the first couple of readings until IES was familiar with the meter locations. She noted that it was a required service in their contract.

Town Administrator Semmes reminded Council of the utilities projects that the Town must fund. She noted that the proposed budget included funding for the first half of the water line replacement on Route 50; and, reminded Council that VDOT would pay most of those costs. Ms. Semmes reported that the other half of the costs would be included in the following fiscal year. She advised that funding was also included in the proposed budget to reline the sewer line on Washington Street as it was falling apart. Ms. Semmes reminded Council that Whitman Reardon has recommended spending money every year to reline a portion of the sewer mains.

Town Administrator Semmes advised Council that the proposed budget included \$10,000 to continue the meter replacement program. She reminded them that when new meters were installed, they were more accurate; therefore, the Town received more revenue.

Town Administrator Semmes suggested that if the Town did not have the cash to pay for the capital improvements, it could consider using a bond. She noted that she provided the Council with information on spreading the cost of a \$500,000 or a \$1 million bond out over a number of years, based upon an assumed interest rate and a closing on October 1. Ms. Semmes advised that if the Town borrowed \$500,000, instead of spending \$68,000 in Utility Fund revenues, it would only spend \$33,750 in 2016 for the bond debt payment and would receive multiple improvements. She opined that the Town could easily bundle the critical improvements needed to improve the system's reliability. Ms. Semmes reminded Council that the Town's auditor encouraged them to borrow money while the rates were low. She noted that in addition to the initial budget savings, it would allow the Town to spread the cost of improvements that would benefit both current and future customers over time. Ms. Semmes advised that in addition to the information on a private loan, she provided information on a bond through the Virginia Resource Authority; however, this was the more expensive option. She recommended pursuing a direct loan through the Middleburg Bank if they were willing to provide one; and, noted that she has already had a conversation with them about the possibility that the Town may request a loan in the future. Ms. Semmes advised that she was not sure whether a \$500,000 loan would be too low for them to consider.

Town Council Reports

Councilmember Shea reported that Go Green would hold a Spring Clean-Up on April 5th.

Councilmember Shea displayed a poster designed by Go Green for the "How To Green Your Home/Barn" fundraiser/educational seminar that would be held on April 6th. She noted that John Blackburn, the author of *Healthy Barns* would be one of the guest speakers. Ms. Shea noted that his book would be sold at Second Chapter Books, with a portion of the proceeds being donated to Go Green. She reported that Ann Alba, the owner of Solar Odyssey, would also speak on the application of solar power to homes. Ms. Shea noted that refreshments and wine would be served. She advised that Mr. Blackburn sent out six hundred invitations to this event to his network of people.

There being no further business, a motion was made and voted upon to adjourn the meeting at 7:58 p.m.

APPROVED:

Betsy A. Davis, Mayor

ATTEST:

Rhonda S. North, MMC, Town Clerk