



MIDDLEBURG TOWN COUNCIL
Work Session Meeting Minutes
Thursday, February 25, 2010
Town Office, 10 W. Marshall Street
6:00 PM



PENDING APPROVAL

PRESENT: Mayor Betsy A. Davis
Vice Mayor Darlene Kirk (left early)
Councilmember Catherine “Bundles” Murdock
Councilmember Judith Pryor Plescow
Councilmember Kathy Jo Shea
Councilmember Mark T. Snyder

STAFF: Jerry M. Schiro, Town Administrator
Rhonda S. North, MMC, Town Clerk
David M. Beniamino, AICP, Town Planner
Cindy C. Pearson, Economic Development Coordinator
Debbie J. Wheeler, Town Treasurer
Steven Webber, Chief of Police

ABSENT: Councilmember Trowbridge Littleton
Councilmember Lisa Patterson

The Town Council of the Town of Middleburg, Virginia held their work session on Thursday, February 25, 2010, following their regular monthly meeting. Mayor Davis called the work session to order at 6:13 p.m.

Presentation to Council – Piedmont Community Foundation – Health Center

Brad Davis and Karen Cray, President and Director of the Piedmont Community Foundation, appeared before Council to offer background information regarding the Foundation, to show a video of examples of what the Foundation has done, to discuss the possibility of doing mutually beneficial things with the Town’s Health Center funds, and to discuss the Town’s desire to preserve properties in the area. Mr. Davis noted that the Foundation had six platforms, including environment and preservation; and, suggested they could help the Town to land bank in-transition properties. He advised Council that he has met with Kate McGinnis of the Journey Through Hallowed Ground; and, noted that maintaining land, towns and businesses were high on her priority list. Mr. Davis suggested it may be possible to work with that organization as well.

Mr. Davis advised Council that there were seven hundred community foundations across the country, with assets totaling \$40 billion; and, noted that they were not a new phenomenon. He expressed his opinion that most individuals did not understand what community foundations were or what they could do. Mr. Davis advised that their foundation was founded ten years ago by Tim Dimos, former Middleburg Mayor; Joe Bowling of the Middleburg Bank; and, Susan Jane Stack, Assistant Director of Loudoun Community Services. He expressed his opinion that they have been fortunate in that they have raised almost \$2 million in order to provide either endowments or flow-through funds to charities. Mr. Davis advised that the charities they supported were located in Aldie, Upperville, Warrenton and Leesburg. He reiterated that they have \$2 million in assets that have been used to make one hundred charitable contributions totaling \$800,000 to one

hundred different groups in the last six to seven years. Mr. Davis noted that they have been hit by the economic downturn; therefore, their portfolio was down. He advised, however, that it was coming back; and, had almost returned to the level it was two years ago. Mr. Davis noted that their assets were managed by the Middleburg Investment Group; and, suggested they did a great job. He advised that their funds were invested in long-term mutual investments and short-term money market investments.

Mr. Davis reiterated that the Foundation had six platforms that it focused upon; and, advised that they encouraged donor-advised funds to join them under their umbrella. He explained that their twelve member Board of Directors then assisted those organizations in distributing funds to charities in the areas of education, civic/social, environmental/preservation, health, and arts/sciences; and, noted that the funds were spread around geographically and by function. Mr. Davis advised that many of the recipients lived in the Middleburg area.

Mr. Davis explained that they were making presentations to municipalities in the area in order to share information about who they were. He reiterated that he met with a representative from the Journey Through Hallowed Ground to learn how she was able to grow her organization over the last couple of years and its impact; and, advised that they were going to try to mimic those efforts. Ms. Cray showed the video; and, explained that it was a way to put a face on who used the foundation and why.

Mr. Davis advised Council that the Foundation currently had twenty-two donor-advised funds, some of which were endowments and some of which were pass-throughs. He expressed his opinion that the key word associated with the Foundation was “forever”; and, explained that the whole idea of the community foundation was that it would be here forever, whereas private foundations came and went. Mr. Davis noted that it was a continuing economic endowment that could be used in the community. He advised that they were doing outreach to private foundations so they could do joint ventures together. Mr. Davis explained that small private foundations generally had under \$5 million in assets; and, expressed his opinion that there was a lot of activity involved in accepting and distributing grants for those organizations. He suggested that it made sense to fold them under the Piedmont Foundation’s umbrella as a donor-advised fund, since they had similar goals and objectives. Mr. Davis advised that they were currently also focusing on planned giving, including transitional estate planning for those who anticipated re-writing their wills or creating trusts/estates. He explained that those individuals could allocate some of their estate to a community foundation now for distribution in the future.

Councilmember Murdock noted that Mr. Davis mentioned the preservation of buildings. Mr. Davis confirmed that they could assist the Town with such an initiative. Ms. Cray advised Council that the Foundation has been discussing with Ms. McGinnis how preservation also included the preservation of towns and their ability to keep local vendors. She noted that, at some point, a town could lose their buildings to “outsiders”; and, advised that they were talking about what they could do to prevent this from occurring. Ms. Cray reminded Council that the thing about community foundations was that they were a tool for the community. She explained that they only administered the funds, following rules and guidelines. Ms. Cray expressed her opinion that the tax benefit of utilizing a community foundation was incredible. She suggested that unless an individual had a child that wished to continue in the family business of philanthropy, working with a community foundation made sense.

Ms. Cray advised that they could work with municipalities; and, were working with The Plains on developing a community center. She noted that they had an endowment for a house that was donated and conveyed for use for non-profit purposes. Ms. Cray explained that the money followed the house for its upkeep and maintenance.

Mayor Davis noted that the Council has been talking about the development of a foundation to buy buildings in town. Councilmember Snyder explained that this could not be funded through the Health Center. Councilmember Murdock explained that she was thinking about one of the oldest black churches in town, if not in Loudoun County, that needed saving. She expressed her opinion that it would be gone forever if it was not saved.

Ms. Cray explained that, under the umbrella of the Piedmont Foundation, funds would come in at the highest tax-exempt benefit. She noted that the IRS demanded that the funds raised go to another public tax-exempt group; and, advised that this could be a town. Mayor Davis asked whether the funds could be used for a museum. Ms. Cray confirmed they could as long as the museum was tax-exempt. Councilmember Murdock noted that developing this property would allow the Town to have a museum and save the church.

Ms. Cray advised Council that often non-profit organizations did not work with the Foundation to raise their operating cash, but rather worked on legacy cash. She explained that this allowed the non-profit to not fight so hard for its daily money in the future. Ms. Cray advised that if the Town built a non-profit wing and secured loyal donors in the future, the funding raised could be placed in an endowment, with the cash generated going straight to the non-profit organization. Councilmember Murdock expressed a desire to meet with the Foundation to discuss this project. Ms. Cray noted that there were many ways the Foundation could assist the Town. She explained that they hoped to raise awareness that they were a growing “gem” in the community. Ms. Cray expressed her opinion that they could be a community tool for the Town.

Mr. Davis noted that he read an article regarding the Health Center Fund; and, expressed his opinion that the Town appeared to have an endowment of \$400,000, plus annual operating income less expenditures that it distributed. He further noted that the Town distributed \$30,000 last year, with \$400,000 remaining in the Fund. Mr. Davis suggested the Health Center Fund could be set up as a donor-advised fund under the Piedmont Community Foundation, with the funds being a pass-through. He advised that the funds could then be distributed to the Town’s charities, all of which they work with. Mr. Davis expressed his opinion that this would be beneficial; and, advised that part or all of the endowment funds could be put into a donor-advised fund for use as the Town described. He suggested that they could then aggregate the balance with the Foundation’s funds in order to potentially achieve a higher rate of return than could be secured through the money market. Mr. Davis noted that he was not familiar with the details of the endowment or the gifts; however, he wanted the Council to be aware that they could do something together. He advised that this was something for the Council to decide; and, reiterated that they could provide an umbrella for the Town.

Ms. Cray advised Council that the Foundation was useful in ensuring that funds went where they should go for the community’s benefit. She further advised that they did their due diligence to ensure the money was spent as it should be. Vice Mayor Kirk noted that the Town’s Health Center Advisory Board did this as well. Ms. Cray reiterated that the Town would make the decisions on who would get the funds. She advised that, as to the endowment funds, they did not have to be set up in one instrument; and, noted that some could be in reserves and some could be in other funds. Ms. Cray advised that utilizing their Foundation took the investment work off the Town.

Mayor Davis thanked Mr. Davis and Ms. Cray for bringing this information to the Council’s attention. She expressed her opinion that they did a lot of good for the community. Ms. Cray noted that they have been working with the Cherry Blossom Breast Cancer Foundation.

(Vice Mayor Kirk left the meeting at 6:40 p.m.)

Mayor Davis suggested the Health Center Advisory Board would discuss this proposal at their next meeting. Ms. Cray offered to answer any questions the Board may have.

Council Discussion - Location of Bluemont Concert Series

Mayor Davis reminded Council that they have been discussing whether to keep the Bluemont Concerts on Madison Street or move them to the Community Center. Councilmember Shea asked whether the Middleburg Elementary School was another possible location. Economic Development Coordinator Pearson confirmed it was. Mayor Davis asked whether there were any preferences by anyone associated with the concerts. Economic Development Coordinator Pearson confirmed there were not. She noted that each site had positives. Ms. Pearson reminded Council that the elementary school was located closer to the center of town. She further reminded them that concerts were what the Community Center was developed for.

Mayor Davis advised that she liked having the concerts at the Community Center where they used to be. She reminded Council that the main reason the location was changed was due to issues with weddings; however, this was before air conditioning was installed in the building and when sound was an issue. Ms. Davis expressed her opinion that the Center was a family-oriented location, with grass and shade that was more comfortable. She expressed an assumption that the concerts would be held at the ball field if the location was changed. Ms. Davis noted that the downside to this location was visibility; however, she suggested a banner would address that issue.

Councilmember Snyder noted that the Bluemont Concert officials asked that the concerts be placed front and center in the community; therefore, it was moved to Madison Street. He advised that he was not involved in that decision; and, was surprised by the change. Mr. Snyder reiterated that their issue was visibility. Mayor Davis suggested the Town could promote the concert location using a banner. Councilmember Snyder expressed his opinion that consistency was more important than visibility; and, suggested that Bluemont officials would work with the Town if it wanted to move the location. He noted that the biggest draw for the concert was when it was held at the Community Center; and, advised that this was when the admission was lower (\$3 vs. \$5).

Councilmember Shea asked whether the location needed to change. She suggested that if the Bluemont Concert representatives wanted to have the concerts on Madison Street, the Town could apply to VDOT for a permit and see if they approved or denied it. Ms. Shea expressed her opinion that the discussion could then be held at that time. Mayor Davis reminded Council that some of the merchants have said they would prefer that it not be on Madison Street. Town Administrator Schiro reminded Council that the issue came to the forefront when someone complained to VDOT. Councilmember Murdock noted that the Town did have a street issue; and, reminded Council that they decided not to have the Farmers Market on Madison Street. She suggested that it did not seem fair to have one event there if they didn't have the other. Councilmember Snyder suggested it was a matter of scale. He reminded Council that the Farmers Market was open every weekend for six months; whereas, there were only five Bluemont Concerts. Councilmember Shea suggested the need to factor in the additional costs to the Town for having the concerts on Madison Street; and, noted that there would be a substantial cost for the traffic calming devices and the Police Department's time. Councilmember Murdock reminded Council that concerts were the type of thing the Community Center was built for; and, suggested the Town should use it. Councilmember Snyder asked whether the elementary school has agreed to allow the events at their location. Economic Development Coordinator Pearson confirmed they did for this past year when the issue first arose with VDOT. She advised that she has not asked about this for the coming year. Councilmember Snyder asked whether the staff felt they would be receptive to the idea. Ms. Pearson confirmed she did. Councilmember Murdock noted that the Community Center has agreed to allow the concerts at their location.

Councilmember Snyder advised that he wanted to discuss this issue now so it could be settled in time to talk to the Bluemont Concert representatives.

Town Administrator Schiro reminded Council that this may be a mute issue; and, explained that the State was cutting the arts grant funding. He advised that Bluemont could be on the chopping block as they receive grant money from the State.

Mayor Davis conducted a straw poll of those members who were present on whether they would like to move the concerts to the Community Center. Those members who were present agreed they did. Mayor Davis asked the Economic Development Coordinator to verify with the Community Center that they were still agreeable to having the concerts at that location. She further asked that this item be placed on the next meeting agenda so the Council could finalize the location. Councilmember Snyder asked that signs be placed on Madison Street to alert patrons of the new location if approved. Mayor Davis noted that the Town could have a banner.

Council Discussion – Draft parking ordinance amendments

Police Chief Webber explained he, the Town Clerk and Town Attorney have been working on revisions to the ordinance; and, advised that he was very comfortable with what was being proposed. Councilmember Snyder noted that he has found some grammar errors; and, advised that he would give them to the Town Clerk. He further noted that Section 89-3(a) prohibited parking on a public street of a vehicle that was offered for sale or rent. Mr. Snyder asked whether this would preclude zip cars in Middleburg. Chief Webber noted that zip cars were catching on in urban areas; however, he has not seen any in Middleburg. He advised that the staff did not take those cars into consideration as they have not been a threat. Councilmember Snyder noted that an individual taking a day trip could use a zip car; and, advised that he wanted to make sure this was considered. He expressed his opinion that they would not park the cars for others to use; however, he noted that this was a common practice in Washington, DC.

Councilmember Shea asked how the Police Chief would differentiate between a car that was advertising and one that was a service vehicle. She further asked whether the Council needed to make allowances for service vehicles. Chief Webber advised Council that as he viewed the ordinance, it covered the situation the Town recently experienced in that a person was selling coffee from a truck. He expressed his opinion that it also addressed cars that were parking on a public street that had “for sale” signs posted in the windows. Chief Webber explained that this section kept owners from selling their vehicles on a public street. He advised that he viewed this section as applying to hanging signs or banners on cars; and, not to a professionally painted sign on a service or work vehicle. Chief Webber advised that he would not classify that as advertising. Councilmember Snyder asked whether it would apply to vehicles with special paint jobs that advertise a company. Town Administrator Schiro expressed his opinion that this section restricted advertising a vehicle for sale, not advertising on a vehicle. Councilmember Shea read the ordinance language. Councilmember Snyder noted that he was good with the language as written.

Mayor Davis asked about the parking meter fees that were identified in Section 89-18.2. She noted that the listed fees applied to the two-hour meters; however, she reminded Council that there were also eight-hour meters with different fees. Chief Webber advised that this was overlooked. He confirmed that the fees for the two hour meters were different than the eight hour ones.

Councilmember Murdock asked whether a handicapped parking sign would be considered a traffic control device. Town Clerk North confirmed it would. Councilmember Murdock explained that the way she read the ordinance, a motorist could not park in a handicapped parking space. She noted that the Town Clerk placed a note in her packet indicating that a traffic control device was a sign. Ms. Murdock expressed her opinion that, otherwise, a motorist could never park in a handicapped space. Chief Webber confirmed they needed to have a State issued placard or license plate. Councilmember Snyder suggested the ordinance be amended to say “except a vehicle with a State issued permit”. Councilmember Murdock agreed. Chief Webber confirmed that this language could be added if it made the Council feel more comfortable; however, he advised that he was comfortable that the ordinance could be enforced as written. Councilmember Plescow suggested that the more language that was added, the more complicated enforcement would become. Councilmember Murdock noted that the term “traffic control device” addressed this issue; and, suggested that the Police Department would not have a problem with it as they would know who had a permit.

Mayor Davis noted that some people put slugs in the meters or they put in quarters that were on strings so they could remove the quarter. Town Clerk North noted that the slugs were addressed in Section 89-19. Councilmember Shea noted that the quarters on strings would be considered tampering with a meter, which was addressed in Section 89-20.

Councilmember Snyder expressed his opinion that the ordinance looked good.

Town Planner Beniamino asked what was meant by the term “parkway” in Section 89-3. He further asked whether this referred to a parking space on a street. Councilmember Shea noted that a parkway was another word for a road. Town Planner Beniamino asked what would happen if someone needed to put a trailer or temporary structure on a street. Chief Webber confirmed that he has allowed the placement of dumpsters on the street for certain periods during construction; and, noted that he charged a fee for the space. Town Planner Beniamino recommended that the term “unless otherwise directed by the Chief of Police” be added to this section.

Mayor Davis asked that the ordinance amendments be placed on the next meeting agenda for consideration. Councilmember Snyder expressed his opinion that it would “sail through” during the next meeting once the changes were made.

Council Discussion – Draft 2011 Budget

Town Administrator Schiro noted that this was the Council’s first discussion of the upcoming budget; and, advised that he would like to concentrate on the General Fund. He noted that the first chart contained a comparison of projected FY ‘11 revenues to the current budget; and, advised that the General Fund was projected to be \$146,000 short when comparing revenues at the current rates against the current appropriated expenditures. Mr. Schiro noted that the pie chart showed the breakdown of expenditures by department. He advised that the second chart provided a break-down of projected revenues; and, noted that they were based primarily on actual audited FY ‘09 and year-to-date revenues.

Town Administrator Schiro noted that the Council could see the anticipated shortfalls in the various categories. He advised that the real estate tax revenue received for the current fiscal year was \$344,000 versus budgeted revenue of \$365,000. Mr. Schiro reminded Council that if he had budgeted revenues based upon the entire amount of the real estate assessments, the Town would have budgeted \$370,000. He noted that even though the budget projections were conservative, the Town was still \$21,000 short in actual revenues. Mr. Schiro explained that he projected next year’s real estate tax revenue at \$345,000 based upon the Town’s collection experience this year.

He reminded them that when the Town changed its tax relief for the elderly program, it affected the Town's revenue stream as it allowed more people to qualify for the program. Mr. Schiro estimated the cost for the program at \$10,000. He advised that the real estate assessments were down by 7% overall, in addition to last year's reduction. Mr. Schiro noted that the Town did not neutralize its revenue with a tax increase last year.

Town Administrator Schiro advised Council that the biggest hit to local taxes was the bank franchise tax. He noted that the Town budgeted \$200,000 in franchise tax revenue last year; however, it only collected \$147,000. Mr. Schiro advised that the Town did not know what this year's revenues would be as this tax was not collected until May. He suggested that he was being very liberal to leave the revenue projections at \$147,000 since the Town lost a bank this year.

Town Administrator Schiro advised that he looked at the year-to-date collections and FY '09 actual revenues in projecting the sales tax revenue. He noted that he would have better numbers as the Town got closer to the end of the fiscal year. Mr. Schiro suggested that the Council begin working on the budget now; and, start thinking about how to handle it. He expressed hope that the meals and lodging tax revenues would recover. Mr. Schiro noted that the planning/zoning fees were driven by land use applications; and, advised that year-to-date the Town had only collected \$4,500 of the budgeted \$15,000. He reminded the Council that in FY '09, the Town only collected \$13,000; and suggested that some of the past spikes in this line item were due to the Salamander and Chinn's Crossing Projects. Mr. Schiro noted that the reimbursable revenue for professional reviews were charges for the Town Attorney and Town Engineer's time. He advised Council that the fine and fee revenues were down by \$7,400 overall.

Town Administrator Schiro reminded Council that the revenue collected in the church parking lot was only \$5,500 in FY '09, compared to \$13,000 in FY '08. He advised that he was not sure why the revenue spiked that year. Mr. Schiro reminded Council that the Town budgeted \$10,000 this year; however, the revenues were not meeting the budget projections. He advised that he has projected \$5,500 in FY '11, which paralleled the actual revenues in FY '09. Town Administrator Schiro advised Council that the parking meter receipts for the street meters and the Liberty Street Parking Lot were doing a bit better. He further advised that the Town had collected some revenue in the form of bonding fees; however, he expressed his opinion that it would not see anything large in the next fiscal year.

Town Administrator Schiro expressed his opinion that the intergovernmental revenues were the same; and, advised that it was down by \$2,000. He suggested the Town would no longer receive ABC profits; however, he included a place holder for them. Mr. Schiro reminded Council that the Town did not get any ABC profits in FY '09; and, reiterated his opinion that localities would no longer get a portion of those revenues. He advised that the 599 money for the Police Department was being reduced by the State. Mr. Schiro reminded Council that the Fire Program was simply a pass through.

Town Administrator Schiro reiterated that, in total, he projected a \$145,500 revenue loss when compared to the current year. He noted that the budget packet contained a bar graph comparing actual revenues from FY '06 to the current fiscal year; and, noted that FY '08 was the best year for the Town in terms of revenue.

Town Administrator Schiro noted that page four of the budget report included a break out of the General Fund revenue sources. He reminded Council that local business taxes carried the biggest share of the General Fund budget. Mr. Schiro further reminded them that the strong local business tax revenues have allowed the Town to keep its real estate tax rate lower than most jurisdictions.

Town Administrator Schiro advised Council that page five of the budget report showed what a one cent increase in the real estate tax would generate; and, noted that it would provide \$23,000 in additional revenue. He noted that the report also included a history of what was collected in FY '08 and '09 and the changes. Mr. Schiro advised Council that the assessors' office would provide a breakdown of the categories at a later date; however, he noted that the Town would lose \$18 million in assessed value this coming year, in addition to the \$15.8 million it lost last year. He explained that when considering the reduced revenues from other areas, the Town was now in a position of having a budget shortfall.

Town Administrator Schiro advised Council that he also included a narrative with the budget report in order to start a dialogue with them. He explained that the narrative presented options for recouping the lost revenue, the first of which was an increase to the real estate tax rate. Mr. Schiro advised Council that Lovettsville's tax rate was \$.18, Round Hill's was \$.20; and, Hamilton's was currently \$.28 but was increasing to \$.30. He reminded them that Middleburg's real estate tax rate was \$.15. Mr. Schiro noted that the jurisdictions he previously mentioned did not have police departments or provide other services that Middleburg provided. He reiterated that the Town has had a strong revenue source from businesses in the past that allowed it to keep its real estate tax rate down. Mr. Schiro suggested the Council could also consider increasing the BPOL, meals, lodging and cigarette taxes. He noted that the cigarette tax revenue was declining; and, encouraged caution when considering this source as there was a certain price that people would pay for convenience, but beyond which they would go elsewhere to purchase their cigarettes.

Town Administrator Schiro noted that another option was for the Town to find new revenue sources. He reminded them that some localities charged a refuse collection fee. Mr. Schiro noted that the Town currently spent \$70,000/year for refuse collection services; and, suggested it could impose a \$12/month fee on the utility bill. He advised them of the need to distinguish how much would be charged if a customer had more than one can. Mr. Schiro noted the need to have a mechanism for enforcement so an individual would not just stop putting the trash out or take it elsewhere. Councilmember Snyder recommended a refuse collection fee be levied on commercial properties only. He expressed a belief that businesses would not let the trash build up, whereas residents may. Mayor Davis asked why they would allow the trash to build up. Town Administrator Schiro noted that residents could say they would not pay the fee; and, would instead take their garbage to the County. Councilmember Snyder reminded Council that the County charged a tipping fee based upon the weight of the garbage. Mayor Davis suggested the Town require the payment of the fee. Town Administrator Schiro confirmed that they could do so; and, explained that the property owner would have to demonstrate that they have a way to take care of the garbage in order to get out of it. He suggested they be charged if they could not demonstrate this. Councilmember Murdock expressed her opinion that a refuse collection fee could cost more to administer than would be collected. Councilmember Snyder expressed a reluctance to impose such a fee. Town Administrator Schiro reminded Council that refuse collection was a service that was pulling money out of the General Fund.

Councilmember Snyder noted that this could be mandatory; however, he asked what would happen if the customer did not pay the bill. He further asked whether the Town would stop picking up the trash. Town Administrator Schiro suggested the charges be assessed against the property. Town Planner Beniamino noted that the Town's zoning rules prohibit property owners from allowing trash to accumulate; and, explained that doing so would involve civil penalties. Councilmember Snyder expressed concern about administering a refuse collection fee, whether people would fight it; and, whether they would allow their trash to accumulate. Councilmember Shea asked how many people would fight the fee; and, suggested most would not. Town Clerk

North noted that the Town of Front Royal charged a refuse collection fee. She explained that customers could opt out of the fee if they presented a contract from another trash collector; however, she advised that very few customers did so. Councilmember Snyder asked how much the fee was in Front Royal. Town Clerk North advised that it was currently \$13/month; and, was included in the monthly utility bill. Town Administrator Schiro noted that most companies would not collect the trash for that low a fee; therefore, customers would not opt out. Councilmember Plescow expressed her opinion that it would be like the cigarette tax – people would not like it; however, the Town may need to do it. She expressed her opinion that residents would not fight it.

Councilmember Snyder noted that this was a temporary budget problem; and, suggested the Council look at temporary solutions. He further noted that the Town could always back out of those solutions. Councilmember Plescow agreed the Council could always back out of the increases. Councilmember Snyder advised that he has never seen the Town back out of a temporary solution like imposing a new fee.

Councilmember Plescow expressed concern about how the Town would pay for the services it offered. She asked where the money would come from; and, noted that the Council must come up with a way to meet its budget deficit. Ms. Plescow expressed her opinion that it would not be easy. Mayor Davis noted that a refuse collection fee would address half the deficit. Councilmember Plescow expressed her opinion that the Council may need to consider raising taxes, cutting back services or charging for them. Councilmember Shea expressed her opinion that the Council could not ask the staff to do more. She noted that the Town Administrator took a pay cut last year; and, reiterated that they could not be asked to cut or do more.

Mayor Davis noted that these budget problems were not just related to Middleburg. She reminded Council that last year, they did not raise taxes. Ms. Davis noted that real estate assessments were down; and, advised that the Council must raise taxes to level off revenues like the County did. She suggested that when the economy was better, the Council could reduce the rate. Councilmember Plescow noted that when looking at what occurred this past year as well, the Town's real estate tax revenues were now down by 21%. Councilmember Murdock expressed her opinion that the Town would not get out of the economic slump within the next year. Councilmember Plescow suggested the Council could look at re-adjusting the rates in five years. She suggested the Council must make some hard decisions.

Councilmember Snyder reminded Council that they were just looking at the General Fund; and, have not considered the utility side. He expressed his opinion that this would be just as big a problem. Mr. Snyder suggested the Council must be creative; and, look at everything, including increasing revenues and fees. He reiterated the need to be creative. Mr. Snyder suggested the staff be left alone. He suggested that the Council try to make its service dollars go further. Councilmember Plescow agreed; however, she noted that the Council may need to look at items that they have previously said they could not or did not want to do.

Councilmember Snyder suggested the Council must consider a mix of solutions. He noted that the Town Administrator has facilitated this by providing alternatives. Councilmember Murdock expressed her opinion that most of the items on the Town Administrator's list must be done. Councilmember Snyder agreed the Council had no choice.

Town Administrator Schiro noted that another option was to impose a personal property tax on automobiles; and, reminded Council that they currently did not impose such a charge. Councilmember Murdock noted that the Town used to have a residential personal property tax. Councilmember Snyder noted that the amount collected was small; and, they did not believe the revenue covered the administrative costs. Town Administrator Schiro noted that the PPRA took a lot of this revenue away; however, he reiterated that it was a revenue source the Town could

utilize. He suggested the staff could figure out how much revenue this tax would generate. Town Treasurer Wheeler confirmed that she could do so as she received the vehicle values from the County. Councilmember Murdock suggested it would be helpful to have this information.

Town Administrator Schiro advised Council that another option for balancing the budget was to use fund balance monies. He noted that this was an easy fix; however, he urged caution. Mr. Schiro reminded Council that fund balance reserves were for emergencies, such as a major snow event. He advised them that the Town spent \$78,000 this year for snow removal. Mr. Schiro reminded Council that this was an exceptional winter; and, advised that this was a service provided to businesses. He noted that the Town must have money to pay for it when required. Mr. Schiro advised Council that the staff has applied for FEMA money to reimburse the Town for the snow removal costs.

Town Administrator Schiro advised Council that the other option was to reduce operational expenses. He noted that the staff has averaged a cost-of-living pay increase of only 1.75% over the past four years. Mr. Schiro expressed his opinion that nothing else should be taken away from the employees. Councilmember Snyder agreed.

Town Administrator Schiro advised that he needed guidance on what areas should be explored further. He noted that he was hearing that the Council wanted to explore refuse collection fees further. Councilmember Snyder suggested the Council explore them all. Councilmember Shea advised Council that her last option was to use reserves; and, suggested this was not the answer. Councilmembers Snyder and Plescow agreed. Councilmember Snyder noted that there should be no staff cuts. Councilmember Murdock asked for information on the personal property tax. She expressed her opinion that the Council would have to impose an increase in the real estate tax in some amount. Mayor Davis reminded Council that they did not raise the tax rate last year. She further reminded them that they debated doing so; and, suggested they probably should have. Councilmember Murdock noted that she hated to do anything that would affect the businesses as they were already in trouble as it was. Mayor Davis noted that most of the residential assessments went down this year; however, businesses' did not. She further noted that to increase the tax rate would mean that business taxes would increase. Ms. Davis advised that she would like to go to Senator Vogel to see if the State would allow localities to impose a separate tax rate for businesses. Councilmember Snyder expressed his opinion that the residential assessment values have been "cut almost to the bone"; and, suggested that commercial values could be down next year. Mayor Davis noted that this was an option she simply wanted to throw out; and, advised that it was an option the Town did not currently have available.

Town Administrator Schiro advised Council that he would prepare the numbers; and, would get back to Council. Councilmember Snyder asked that the Utility Fund be included in the next discussion. He noted the need to see that fund sooner rather than later. Mayor Davis asked that the Council plan for the budget to be the only item discussed during the March 25th work session.

Council Report – Loudoun County Community Action Board

Councilmember Shea advised there was not a lot to report. She confirmed that the Community Action Agency was going to Fauquier County. Ms. Shea noted that they did receive permission to handle the grants this year in Loudoun County so the monies that were going to the County would do so. She advised that the CAA team was now conducting a review of the applications; and, noted that they have received over \$400,000 worth of requests for \$100,000 worth of grant proceeds. Ms. Shea advised that, following the grant awards, the program would transfer to Fauquier County. She noted that she was not sure whether Middleburg would have a seat on the board at that time.

Council Discussion – Support for County Services provided to Town residents

Councilmember Murdock advised Council that she was in favor of the resolution. Councilmember Shea noted that it simply stated that the Town wanted money for the community. Mayor Davis advised that she was under the impression that the resolution was the result of the County’s proposal for an across-the-board closure of all libraries on Sundays and for going to an eight-hour day. Councilmember Snyder noted that the resolution emphasized the services provided at the Middleburg Elementary School, Middleburg Library and Parks/Recreation Department. Mayor Davis asked whether the resolution was supporting those elements. Councilmember Shea confirmed it was. She noted that these were services provided by the County to the Town; and, were vital to the community. Mayor Davis advised Council that she had heard that some people had an issue with the proposal to close the libraries on Sundays and to go to an eight-hour day. She reminded Council that this was what they asked for last year rather than closing the smaller libraries completely. Ms. Davis reiterated that the County was doing what the Council asked them to do last year. She asked whether the Council wanted to put something in the resolution to the effect that they appreciated that the County was supporting what the Council requested last year. Councilmember Snyder expressed his opinion that it should not. Councilmember Shea noted that she did not read the resolution the same as Mayor Davis. She suggested that it said that these were the services the County provided; and, asked that the Supervisors remember that they were important to the Town. Councilmember Murdock suggested the language simply said that these services continued to be vital to the Town. Councilmember Snyder suggested that it said that the Town could not afford to lose any of the three. Councilmember Shea reminded Council that it was not the Community Center at risk, but rather was the parks/recreation programs provided in the Center. Councilmember Snyder noted that these services were needed by the community.

Mayor Davis asked whether the resolution should be adopted during this meeting or held until the regular Council meeting. Town Clerk North expressed her opinion that Councilmember Patterson had hoped it would be adopted during this meeting as the Board of Supervisors were taking public comments on their budget at this time, with the last public comment session occurring on March 1. She advised Council that a member of the community was circulating a petition opposing the Sunday library closures and the reduced hours; and, that Councilmember Patterson wanted the Council to show their support for the library, as well as the other services the County provided in the Town. Ms. North noted, however, that Councilmember Patterson was also cognizant that the County was doing what was asked of them last year when the Council requested that they “spread the pain” across the board. She advised that the resolution was written to simply explain that these were the services provided by the County in Middleburg; and, that they were important to the community.

Councilmember Snyder moved, seconded by Councilmember Murdock, that the Council approve a resolution of support for services provided by Loudoun County to Middleburg residents.

Economic Development Coordinator Pearson recommended that the term “through” be changed to “at” when referencing the parks/recreation services provided at the Community Center. Councilmember Snyder agreed to the change.

Vote: Yes – Councilmembers Kirk, Murdock, Plescow, Shea and Snyder

Shea and Snyder

No – N/A

Abstain: N/A

Absent: Councilmembers Littleton and Patterson

(Mayor Davis did not vote as there was no tie to require her vote)

There being no further business, a motion was made to adjourn the meeting at 7:39 p.m.

APPROVED:

Betsy A. Davis, MAYOR

ATTEST:

Rhonda S. North, MMC, Town Clerk