



MIDDLEBURG TOWN COUNCIL
Monthly Work Session
Thursday, October 22, 2009
Town Office, 10 W. Marshall Street



6:00 p.m.

PRESENT: Mayor Betsy A. Davis
Vice Mayor Darlene Kirk
Councilmember Trowbridge Littleton
Councilmember Catherine "Bundles" Murdock
Councilmember Lisa Patterson
Councilmember Judith Pryor Plescow
Councilmember Kathy Jo Shea
Councilmember Mark Snyder

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

The Town Council of the Town of Middleburg, Virginia held their regular work session on Thursday, October 22, 2009 in the Town Hall Council Chambers, located at 10 W. Marshall Street. Mayor Davis called the meeting to order at 6:00 p.m.

Presentation to Council – FY '09 Audit Report

Jeff Mitchell, of Mitchell & Co., introduced Sandy Tondreau who performed the 2009 audit. He distributed copies of the actual audit report, which was prepared as required by law, as well as a hand-out that summarized the audit findings. Mr. Mitchell noted that he and the staff have met to review the results.

Ms. Tondreau advised Council that the second page of the hand-out contained a balance sheet for the General Fund, Health Center Fund and Water/Sewer Fund; and, contained a year-to-year comparison. She noted that one noticeable jump was on the accounts payable side; and, explained that this was due to the timing of end-of-the-year payments for work done in June. Ms. Tondreau advised that there were no major asset additions, other than the Marshall Street Water Line Replacement Project; and, explained that this resulted in a slight decrease in the Town's total fixed assets due to depreciation. She advised that the Town's debt was the biggest line item, other than fixed assets; and, noted that this has not changed much as the Town has not started paying the principal on the new bonds. Ms. Tondreau advised that the total fund balance did decrease a little due to the decrease in the Water/Sewer Fund.

Ms. Tondreau advised that Page 3 of the handout contained the profit and loss summaries for the three funds. She noted that last year, the General Fund had a net surplus of about \$430,000 versus \$420,000 for this year. Ms. Tondreau advised that revenues were down due to the receipt of fewer fees, such as those related to Salamander. She further advised that the Town's expenses were up this past year, mostly in the area of Public Safety due to the new police officer. She noted that the Health Center Fund had a deficit last year due to work that was done on the

building, whereas this year there was a net surplus. Mr. Mitchell reminded Council that the \$12,000 surplus occurred after the Town made donations of \$30,000 from this fund. He noted that this represented a large change from the previous year; and, noted that there were a lot of repairs done to the building at that time. Ms. Tondreau reminded Council that the receipt of the availability fees from Salamander in FY '08 resulted in a large surplus at that time; whereas in FY '09, the fund experienced a deficit. She noted that the next page of the hand-out would discuss this operating deficit. Ms. Tondreau reiterated that the Town did not receive availability fees this past year.

Ms. Tondreau noted that Page 4 of the hand-out contained a comparison of the Water/Sewer Fund's operating surplus/deficit. She explained that this was a look at things that were not operations related, such as availability fees, tower rentals and depreciation. Ms. Tondreau noted that the principal payments on debt were included in order to give a true sense of the Town's net operating surplus and/or deficit. She advised that the Town's Water/Sewer Fund was operating at a deficit of \$163,000 compared to the FY '08 deficit of \$53,000. Ms. Tondreau noted that she did remove the extra engineering/consulting expenses that were related to the Salamander projects so they were not included as operating costs. Mr. Mitchell advised Council that the Water/Sewer Fund showed a loss of \$248,000; however, this included items that did not fall under the category of operating costs. He explained that in order to find the true operating deficit/surplus, the auditors removed items such as depreciation, availability fees, tower rental revenue, etc in order to get a sense of the true operating costs. Mr. Mitchell reiterated that it showed the Water/Sewer Fund operated at a deficit of \$163,000 in FY '09. He explained that this meant the cost of providing these services when compared to the fee the Town was charging for doing so, resulted in a deficit. He reminded Council that they approved a six percent rate increase on June 30, 2009.

Ms. Tondreau advised Council that Page 5 of the hand-out was a comparison of the number of gallons of water billed versus pumped. She noted that the Town's figures were then compared to those of other local towns of the same size. Ms. Tondreau reported that Middleburg was still low on the number of gallons billed to pumped; and, suggested this was an item to watch. Mr. Mitchell advised Council that the Town billed fifty percent (50%) of the gallons of water pumped, meaning that for every one hundred gallons pumped, it was only billing for fifty gallons. He noted that historically, for whatever reason, Middleburg has struggled to bill all of the gallons it was treating.

Ms. Tondreau advised Council that Page 6 of the hand-out included a chart comparing the General Fund budget to the actual revenues and expenditures. She noted that actual revenues were slightly below what was budgeted; and, advised that the difference was in the categories of interest income and zoning fees. Mr. Mitchell noted that the Town's receipts for sales tax and bank franchise fees were also lower. Ms. Tondreau advised that expenses were below budget, largely due to lower snow removal, maintenance and engineering costs in the General Fund.

Ms. Tondreau advised Council that Page 7 of the hand-out charted the progression of the surplus in the General Fund. She noted that it has increased steadily from its low point in 2006 - increasing again this year by \$84,000. Mr. Mitchell expressed his opinion that it took a lot of work to get to this point; and, reminded Council that the Town had difficulties in 2006. He advised that since that time, the Town has achieved a huge improvement in the overall view of its finances; and, noted that the Council made it a priority to watch the Town's dollars. Mr. Mitchell expressed his opinion that it was good to have surplus in the General Fund.

Ms. Tondreau advised Council that Mitchell and Company was required to communicate with them if they came across anything such as fraud. She confirmed that they did not encounter anything of that nature; and, advised that the audit went very smoothly. Ms. Tondreau noted that the staff was very helpful and organized. She reiterated that they met to review the Town's finances in great detail; and, found only normal, routine adjustments that needed to be made. Ms. Tondreau asked that if any members of Council wished to participate in the management meetings in the future that they let her know.

Mr. Mitchell asked Council to return to Page 2 of the hand-out. He noted that the General Fund had cash investments of \$983,000, which was excellent. Mr. Mitchell further noted that the Water Fund had \$630,000 in cash on hand. He advised that the Town had a total of \$1.9 million in cash on hand; and, noted that this was not the case three or four years ago. Mr. Mitchell expressed his opinion that it took a lot of work to get to this point. He advised Council that the Town had total assets of \$9.3 million and total liabilities of only \$3.8 million. Mr. Mitchell reported that the Town was in a strong financial position – having cash in the bank and debt that was greatly less than its assets.

Mr. Mitchell noted that the last sheet of the hand-out discussed the VRS pension funding. He reminded Council that the Town's employees were enrolled in the Virginia Retirement System. Mr. Mitchell reported that VRS' portfolio has shrunk; and, suggested that the State may set a higher contribution rate for localities than in the past. He further suggested that Council be mindful of this possibility in future budgets. Mr. Mitchell reminded Council that VRS was a defined benefit system; and, advised that the only way to increase their assets was to ask for larger contribution amounts from all governmental jurisdictions. He expressed his opinion that this could result in a fairly significant increase in the Town's budget. Mr. Mitchell expressed his appreciation for having the opportunity to work with the Town.

Councilmember Snyder advised Council that he was happy with the progress that has been made to date. He noted that he would like to make additional progress in the Water/Sewer Fund in the future. Vice Mayor Kirk thanked the Town Administrator and Treasurer for their hard work in getting the Town to this point. Mayor Davis thanked the auditors; and, noted that she was happy that things were going better. She expressed her appreciation for the staff's hard work in keeping the budget on track. Town Administrator Schiro noted that this was due to the efforts of the entire staff, which has been mindful of spending. He advised that they were doing with less; and, making the most of what they had to work with. Mr. Schiro suggested there was a commitment across the board, which showed in the funds the staff could control. He noted that while the staff had some control over the utility expenditures, the Town must treat the water and sewer, which brought with it finite costs. Mr. Schiro expressed his opinion that the staff has come up with some innovative ways to off-set those costs.

Town Administrator Schiro asked whether the engineering expenses that were picked up for the Salamander project were backed out of the operational expenses. Ms. Tondreau confirmed they were not included in the operating number. Mr. Mitchell confirmed that they excluded \$72,835 for the wastewater treatment plant's engineering. He further confirmed that these costs were excluded from the \$163,000 operating deficit. Town Administrator Schiro asked whether the budget amendment in the amount of \$140,000 to hire Whitman Requardt was included in the figures. Mr. Mitchell confirmed those costs were incurred after June 30th; therefore, they were not included.

Council Discussion – Health Center Advisory Board Recommendations

Vice Mayor Kirk reported that the Health Center Advisory Board met last week. She noted that the Town Administrator had done a good job of providing the necessary information for the meeting. Ms. Kirk reported that it was not anticipated that there would be a lot of maintenance expenses this year for the Center; and, advised that as a result, the Board wanted to donate \$30,000 again this year. She noted that the Council has received a list of the recommended donations. Ms. Kirk advised Council that some of the members of the Advisory Board volunteered at the various organizations throughout Town; and, were familiar with their needs. She noted that Mr. Swain was checking with the American Legion to see if they needed a donation. Ms. Kirk reported that the Advisory Board was recommending the elimination of the Windy Hill Wish List donation since this was a one-time donation. She further reported that the Board has recommended that the donation for Middleburg FISH be increased, as they help pay the electric bills of those in need. Ms. Kirk advised that if the American Legion was not in need of a donation, the Advisory Board has recommended that the \$500 they would normally receive go to FISH as well. She noted that the Advisory Board was not aware of anything the Legion was doing that would require a donation; and, advised that they usually notify the Town when they don't need the money.

Town Administrator Schiro reported that the Advisory Board has also recommended that a portion of the Health Center fund balance be placed into a higher yielding investment; and, has suggested staggered two and four year Certificates of Deposit (CDs). He noted that the Health Center Fund has a balance of approximately \$400,000 that was currently located in the Town's Sweep Account. Mr. Schiro advised that he did not see an immediate need for the money so he believed it could be placed in staggered CDs. He suggested that, unless the Council objected, the Town Treasurer check on CD rates at the Middleburg Bank. Vice Mayor Kirk expressed her opinion that the Fund could get a little more interest on this money.

Councilmember Murdock noted that she was in the Health Center building the other day; and, reported that the paint was coming off and there was mold on the walls of the Police Department office. She suggested this was not a healthy environment. Town Administrator Schiro agreed the basement offices were damp and wet. Councilmember Shea noted that there were areas that have previously been repaired that were peeling again. Town Administrator Schiro confirmed that additional repairs could be done; however, he reminded Council of the building's location. Councilmember Littleton recommended the placement of de-humidifiers throughout the building. He further recommended that the paint be stripped and the walls repainted only after the de-humidifiers were in place for a period of time. Councilmember Shea expressed her opinion that this was not a dehumidifier problem. She explained that the walls were porous; and, advised that the water sat outside of the windows. Ms. Shea noted that the water was seeping through the walls both above and below ground. Councilmember Littleton noted that there were products that could be placed on the walls to keep the moisture out; however, he advised that at least one side of the wall must be dry. Councilmember Murdock asked whether there was a way to channel the water away from the building. Councilmember Littleton recommended that the sides be built up to get the water away. He noted that the Town may also need to install a pipe. Councilmember Shea noted that the problem in her office was that the air conditioning condensation from the units above her dripped down the walls. Councilmember Littleton noted that this could be resolved by using a tube to channel the water. Councilmember Murdock noted that the Health Center was an old building. She suggested the need to shore it up. Councilmember Snyder agreed that re-directing the flow of water was an important part of doing so. He noted that if the Town let water get into the foundation, it would ruin it. Councilmember Littleton agreed to look at the building. Vice Mayor Kirk noted that the Health Center Fund had money to make the repairs. She advised that she did not want to put all of the fund balance into CDs. Town Administrator Schiro asked how much money should be placed into the CDs.

Councilmember Snyder suggested that Council postpone that decision until after Councilmember Littleton had done a walk-thru of the building. He explained that he would be more comfortable making a recommendation after the Town had an idea of the cost for the repairs. Town Administrator Schiro asked whether foundation work has been performed in the past on the building. Councilmember Shea confirmed that work was done three years ago along the Police Station wall, but not the other one. Police Chief Webber confirmed that this work did not fix the problem. Councilmember Littleton recommended that tubing be installed to run the air conditioner water all the way down the wall.

Councilmember Shea asked that any inspections of the office spaces be coordinated through her so that she could move her clients around. Councilmember Littleton advised that he would make the inspections before she opened her office. Councilmember Murdock recommended that the entire ground floor be reviewed. Vice Mayor Kirk noted that she was thinking that \$300-350,000 should be placed in CDs in case problems arose. Town Administrator Schiro reiterated that they should be placed in two and four year staggered CDs. Councilmember Patterson advised Council that the Middleburg Bank was letting its customers make withdrawals from CDs without penalties these days. Mayor Davis recommended that the staff research the CD rates. She further recommended that they also purchase de-humidifiers for the building.

Mayor Davis asked whether the Council wished to approve the recommended donation amounts. Councilmember Snyder advised that he was prepared to approve the donations, subject to the total not exceeding \$30,000. Mayor Davis noted that the memorandum already indicated that \$500 would go to Middleburg FISH if it was not needed by the American Legion.

Vice Mayor Kirk moved, seconded by Councilmember Snyder, that the Council approve the Health Center Advisory Board's recommended donation list.

Vote: Yes – Councilmembers Kirk, Littleton, Murdock, Patterson, Plescow, and Snyder
No – N/A
Abstain: Councilmember Shea
Absent: N/A
(Mayor Davis did not vote as there was no tie to require her vote)

Vice Mayor Kirk thanked the Town Administrator for his work on this item; and, noted that he did an outstanding job in pulling the information together.

Council Approval – Resolution supporting Energy Efficiency Community Block Grant application

Mayor Davis expressed her opinion that the Town Clerk did a great job in developing the grant application for the Town Hall energy improvements. She asked that she explain the possibility of securing a grant for street lighting improvements. Town Clerk North explained that, at one point, she had hoped the Town could partner with the Town of Purcellville on a regional application for street lighting replacements. She advised that when Purcellville decided to concentrate on one application for another project, she believed that the street lighting project was not achievable. Ms. North advised that she received an e-mail from the Northern Virginia Regional Planning Commission this morning regarding a meeting they planned to hold the following week on an “innovative street lighting opportunity”. She noted that she did not know the details of the “innovative” project; however, she did not want to lose out on the opportunity to apply for a grant simply because the Town could not meet the grant deadline. Ms. North explained that she has amended the resolution to include a reference to the street light replacements; and, advised that the final language authorizes the staff to apply for grant funding without identifying specifically

what project(s) would be involved in order to offer some flexibility. She expressed hope that she would know more about the possibility of applying for a street lighting grant after she attended the meeting at the Planning District Commission office.

Town Clerk North advised Council that the Town of Purcellville was excited about the results to date for their pilot street lighting project. She noted that the Assistant Town Manager indicated that they have saved \$250 thus far on their monthly utility bill just for the ten street lights they replaced. Ms. North advised that the LED street lights met dark sky standards; and, offered very directed light. She further advised that they were light weight, low maintenance; and, could be disposed of in the normal waste stream when they expired. Councilmember Patterson asked whether only the lights would be replaced. Town Clerk North confirmed that only the light heads would be replaced. She noted that the Economic Development Coordinator has researched the areas of Town that currently contained street lighting; and, was recommending that the pilot program be implemented in the Marshall Street area. Ms. North suggested that the Town would not want to put the bat-wing type of lighting fixtures on Washington Street, as they did not have a very historic appearance. Councilmember Snyder advised Council that he would like to look at the opportunity to replace the lighting in the commercial and residential districts. He noted that the lights in both locations were horrible. Councilmember Shea noted that the Go Green Committee has researched this issue; and, has even met with a vendor who had examples of historic fixtures. She advised that the vendor even offered to install a single fixture as a part of a pilot program. Town Administrator Schiro noted that he has spoken with the vendor. He reminded Council that any work that was done had to be done through Dominion Power. Mr. Schiro noted that Dominion Power was doing a pilot LED program; and, advised that Middleburg was listed as one of the participating communities. He explained, however, that the problem was that there was a cost to the Town to purchase the lighting, with Dominion installing and monitoring them. Mr. Schiro advised that the cost was approximately \$12,000 for ten LED lights. He noted that if the Town could secure a grant to fund the cost, it would participate in Dominion's program. Mr. Schiro reiterated that he has spoken with the vendor that met with the Go Green Committee; and, explained that he believed he could do a pilot light and then come in to install more lights. He advised Council that he has explained to the vendor that there would be a procurement process that would have to be followed; and, there would be no guarantee that he would be the successful vendor. Mr. Schiro noted that he also connected the vendor with a representative from Dominion Power. He expressed his opinion that Dominion was reluctant to let him install lights on their poles, outside of their sanctioned program.

Councilmember Shea noted that the Council did not need to re-create the wheel because Go Green had already done the work. Economic Development Coordinator Pearson advised Council that the reason the staff did not go to Go Green first was that they wanted to be sure the grant was viable. Town Clerk North explained that she had hoped the Town could piggyback on the pilot program that Purcellville has done since they have already gone through the procurement process. She expressed hope that this would be the case with the opportunity that would be presented during the PDC meeting; however, she reiterated that the e-mail did not describe the details of the partnership opportunity. Councilmember Snyder explained that he was looking for lighting for both the commercial and residential districts that focused the light so it was not wasted, as well as not being wasteful of energy. He advised that he would like for the Town to start working on that problem. Councilmember Shea reminded Council that they asked Go Green to focus on this; and, they have done so. Town Administrator Schiro noted that they have done a lot of work; however, he advised that the problem has been the funding. Councilmember Shea explained that she did not want to undermine any work the Committee has done; and, suggested that Go Green needed to be told about what was happening right away. Councilmember Littleton agreed. Councilmember Murdock noted that Go Green would not want to put up anything that was hideous; and, advised that she would trust them. Councilmember Shea noted that they have also worked with the Main Street Committee about the replacement of the poles. Councilmember

Murdock asked what this grant could do for the Town. Town Clerk North expressed her opinion that there would probably not be enough grant funding to cover the cost of replacing the light poles in Middleburg. She explained that the total amount of funding divided among the eligible localities resulted in an average of \$20,000 in grant monies for the three hundred communities. Ms. North suggested that it may be possible to get grant funding for a pilot program on one of the back streets.

Councilmember Shea expressed her opinion that there was some funding set aside for replacement of the light poles. Councilmember Patterson noted that the Beautification Committee has raised money privately. Mayor Davis expressed her opinion that the Town needed to focus on replacing the light poles on Washington Street. Councilmember Shea suggested that the grant should include a reference to the fact that the community was raising money toward that as a show of intent.

Town Clerk North noted that there were two questions before Council – the first of which was whether they wanted the staff to pursue a grant for the Town Hall improvements. Council agreed they did. Ms. North advised that the second question was, depending on the outcome of the PDC meeting, whether they wanted the staff to pursue grant funding for a pilot street light replacement project. She noted that she would get back with Council on the details of that project after she attended the PDC meeting; and, advised that it was difficult to talk intelligently about a possible project when she has not heard the details of what the PCD was presenting. Ms. North confirmed that reference could be included in the grant application to the efforts being made to raise funds for replacement of the street light poles. Councilmember Shea recommended that the co-chairs of Go Green be given the opportunity to attend the PDC meeting as well. Councilmember Littleton agreed; and, noted that this would get everyone involved. Councilmember Shea advised Council that she has told the committees that they need to give the Council reports; and, suggested that the Town could not exclude them on their end. Councilmember Snyder expressed his opinion that there was a consensus; and, asked whether a motion was needed. Town Clerk North explained that the grant applications were due November 6th; therefore, the resolution needed to be adopted. Councilmember Patterson recommended that the first paragraph of the resolution be amended to add the date of 2009 to the reference to the American Recovery and Reinvestment Act.

Councilmember Snyder moved, seconded by Vice Mayor Kirk, that Council adopt a resolution of support for an application for the Virginia Energy Efficiency Block Grant as amended.

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

No – N/A

Abstain: N/A

Absent: N/A

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

Council Discussion – Town Council Goals

Councilmember Shea expressed her opinion that the Council should not attempt to achieve all of the listed goals in one year. She encouraged them to select one or two items upon which they could focus; and, suggested that measurements be attached. Ms. Shea explained that if economic development were selected as a goal, that a measurement(s) be attached to it, such as 90% occupancy of the main street stores. She recommended that the Council review the goals in a year. Councilmember Littleton expressed his opinion that this was a great idea; and, noted that the Council could not achieve all of the goals at once. He agreed they should concentrate on one at a time; and, suggested that the economic development goal could not come at a better time. Vice Mayor Kirk noted that the first goal under the “Livability” section (develop a plan for

energy efficient, dark sky lighting) could be achieved, particularly if the Town were successful in getting a grant.

Mayor Davis expressed an interest in making the Middleburg Foundation a goal; and, suggested that now was the time to secure properties when they were more reasonably priced than they have been in the past. She noted that this would involve the need to raise money. Ms. Davis reminded Council that the issues that most businesses were experiencing were related to rents; and, suggested that if the buildings were owned by a foundation, it could offer the businesses more reasonable rents. Councilmember Littleton advised Council that it was difficult for him to consider having the Town get into the business mode and regulate rates. He reminded them that to do so would be to compete against those who did this for a living; and, advised that he would not be in favor of it. Mayor Davis expressed her opinion that this would not be a Town operated business, but rather the Town would help advance the idea by getting a group of interested individuals together to start doing something. She reiterated that it would not be a Town function. Councilmember Littleton asked how that group would determine who received inexpensive rates. Councilmember Shea noted that those were details to be worked out by the foundation if the Council decided it was something they wished to advance. She expressed her opinion that there were some really constructive things that could be done so as to provide for an open market. Ms. Shea agreed with the Mayor that this was an important goal; however, she asked whether the Council could focus upon it this year. She suggested that a member of Council may wish to focus on it as an individual; and, suggested that it may not be a Town goal this year. Vice Mayor Kirk agreed that it should be not be a Town goal this year; however, she also agreed it was a priority in that the Town did need businesses. Mayor Davis expressed an understanding that there were other items on the list that could be done more easily; however, she noted that the Town has been talking about this for five years and nothing has been done. Councilmember Snyder suggested that a more reasonable goal for this year may be to identify and organize individuals to pursue this goal themselves. He agreed that it was a difficult goal; however, he suggested that the Town may make progress if something was started. Councilmember Littleton suggested that given the amount of empty storefronts, with the possibility that more may be coming, stimulating economic development activity was a good goal. Councilmember Snyder suggested the two goals went hand-in-hand. Councilmember Littleton agreed. Councilmember Snyder suggested that the Town should put something into motion, even if it were not run by the Town, by putting the right people behind the goal of developing a foundation. Councilmember Shea recommended that instead of saying the Town would develop a plan this year, that the goal be to find a person(s) interested in beginning the development of a plan. She noted that if this were not done by the end of the year, the Council could review the goal and ask what should be done. Vice Mayor Kirk asked whether this would involve only one person. Councilmember Snyder recommended that it be persons or groups. Councilmember Littleton expressed his opinion that there may be people in the community that may want to get together; and, noted that there could be some future tax benefits that would make this advantageous for them. Mayor Davis reminded Council that people could deduct donations to a 501(C)(3) organization. Councilmember Snyder noted that it may be possible to develop some cooperative relationships among business groups who see a need for this type of foundation. Councilmember Patterson noted that this would not be a minor foundation; and, reminded Council that one building in Middleburg could cost \$1 million. She reiterated that this was not a small situation. Ms. Patterson reminded Council that foundations normally started because someone died and left a building that the foundation then used as equity to buy other properties. She suggested the need to reach out to the community and the current property owners to find a seed. Ms. Patterson reiterated the need for a seed; otherwise it would be a huge undertaking to raise \$500,000 or more. Mayor Davis noted that part of this endeavor would be to talk to people who could afford it; and, to ask them how much they loved the town and whether they want it to be owned by investors who didn't live here. Councilmember Shea asked whether everyone was on board with making the goal to find a person(s) to develop a plan. Council agreed it was.

Councilmember Shea expressed her opinion that the second goal under economic development (promote businesses and tourism) was already underway. Vice Mayor Kirk agreed that the Economic Development Coordinator had done an outstanding job in advancing it. Councilmember Shea asked whether the Council wanted to keep this item as a goal or whether they were satisfied with what was happening. Councilmember Murdock expressed her opinion that the Town was doing well with this goal. Councilmember Patterson recommended that it stay as a goal. She suggested that for the Economic Development Coordinator's sake, there needed to be measurement tools. Councilmember Murdock suggested the need to identify measurement tools as a goal. Councilmember Snyder agreed. He noted that the Town was making progress on the base goal thanks to the efforts of the Economic Development Coordinator. Councilmember Patterson suggested the goal be to create a new event or look at meals tax revenue. Vice Mayor Kirk noted that she missed the Dog Days event, which she felt it was very positive. She suggested that a similar event be held next spring, as the previous one brought a lot of people into town. Councilmember Shea recommended that the goal be to identify some measurement tools by which the objective would be obtained. She noted that she would work on the exact wording later.

Councilmember Murdock asked whether these goals would be achieved through the calendar or fiscal year. Councilmember Shea recommended that the target date be one year from the date of the development of the goals. She suggested that this would put the deadline at a time when the Town did not have a lot of other business. Vice Mayor Kirk asked whether there would be goals for each section; and, noted that some of the goals were small. Councilmember Littleton suggested that the Council pick a couple of items and do those "right". Councilmember Shea expressed her opinion that the Council said it wanted to work on economic development goals. She noted that the changes that have been made to the items under that heading have decreased the size of those goals. She further noted that someone mentioned the goal under "Livability". Councilmember Snyder noted that the Town was already making progress on that item. Vice Mayor Kirk reminded Council that the Town Clerk was attending a meeting related to the energy efficient lighting next week. Councilmember Murdock noted that this would also tie into the goals under "Green Environment"; and, should be closely related. Councilmember Snyder recommended that the Council make the first goal under "Livability" the identification of grant funding opportunities; and, noted that this was something that could be measured. He further noted that if the Town missed this goal this year, it could always go after another grant next year. Vice Mayor Kirk suggested that the goal be to identify and seek grants. Councilmember Shea noted that it could be grants and private funding. She reminded the Council that they were already working on the second goal under "Livability" by asking the Planning Commission to develop a fee-in-lieu-of-sidewalk ordinance and to look at the Town's sidewalk plan. Ms. Shea suggested that Council's goal was to assist and support the Planning Commission in doing that. Councilmember Snyder noted that the Council assigned the task to the Planning Commission; and, did not support the Commission, but rather vice versa. Councilmember Shea expressed her opinion that in order develop the plan, the Council must give them feedback and support.

Vice Mayor Kirk asked about the last line under "Community Stewardship". Councilmember Shea noted that the line was supposed to end with the word "events".

Vice Mayor Kirk suggested it would be good to do something related to the first goal (telephone alert system) under "Communications". Mayor Davis noted that she has been asking for this for a couple of years. Councilmember Shea suggested that a measure could be that someone be assigned to evaluate the cost of the system. Town Administrator Schiro noted that the staff did look at the telephone contact systems. Councilmember Murdock noted that the issue was that there was no money this year to do so. Town Administrator Schiro confirmed there were no funds in the budget. Mayor Davis asked whether it would be possible to do this through the

County. Town Administrator Schiro confirmed that Loudoun County had an alert system; however, he advised that this system was not able to get as finite as those telephone numbers within the Town of Middleburg. Mayor Davis suggested that the County be asked to narrow the system down to Middleburg. Town Administrator Schiro confirmed that this was not possible; and, advised that the best they could do was to narrow it to the area around Middleburg. Councilmember Snyder suggested that the best they could do was to say something to the effect that “if you are a Middleburg water customer...”. Town Administrator Schiro noted that this question was one of using the 911 system for a non-emergency notification of Town issues; and, suggested this would be hard to achieve. He explained that it was not that the County did not want to help Middleburg; however, if they did, they must do so for all the towns. Councilmember Shea asked what the Council wanted to do as a goal. Town Administrator Schiro recommended that the staff continue to explore an independent alert system. He noted that the solution was a system for the Town; and, suggested the staff determine the cost. Councilmember Shea noted that she would re-write the goal to say that the Town Administrator would explore funding and report back to the Council on a regular basis. Vice Mayor Kirk asked whether it was possible to use the fire siren for this purpose. Councilmember Murdock noted that she has talked to the Fire Chief about using the siren only for emergencies.

Councilmember Shea noted that the Council could not include all of the goals on its list for this year. Councilmember Murdock asked whether the Council should identify a time line for each item or just pick out a few goals on which to concentrate. Councilmember Snyder suggested that Council just pick those items that it felt it could accomplish this year. Vice Mayor Kirk agreed that the Council could not do everything on the list. Councilmember Murdock noted that the Police Department space was not on the plate for this year, nor was the expansion of the force for twenty-four hour coverage. Councilmember Snyder suggested the need to prioritize and pick a set of goals. He noted that all of them would be on Council’s plate eventually. Vice Mayor Kirk noted that it could be that in six months something could arise that showed a need for an item to be added as a goal.

Councilmember Patterson noted that I&I (inflow and infiltration) was not on the list even though it was one of her items for infrastructure planning. She reminded Council that the Town was only getting paid for half of what it pumped. Ms. Patterson noted that this was a long-term goal; however, it needed to be addressed. Councilmember Snyder noted that the Town’s percentage was abnormally low this year; and, noted that other jurisdictions were low as well. He suggested that it may be due to the pattern of rain fall. Councilmember Littleton noted that the Town has also flushed the water lines more this year than in the past. Councilmember Patterson noted that the other jurisdictions’ systems were also getting older. She suggested the water usage would not change the percentage of what was pumped versus billed. Councilmember Snyder noted that I&I was usually associated with the wastewater system as opposed to the water delivery system. Councilmember Patterson expressed an understanding of this; however, she reminded Council that the Town was treating this water. She noted that there were two issues – volume pumped and volume treated. Ms. Patterson advised that the auditors simply showed the volume pumped rather than treated. Councilmember Snyder noted that the auditors only showed the volume that was pumped and the volume for which customers paid. Councilmember Patterson noted that another issue that was I&I related was that the Town was treating water as wastewater.

Councilmember Shea asked whether there was anything else upon which the Council wished to focus. Vice Mayor Kirk recommended that Councilmember Patterson develop language related to the I&I item for Councilmember Shea. Councilmember Shea suggested the telephone alert system did not have to be a goal since the Town Administrator would report back to Council on it. She further suggested that I&I was a priority; and that economic development contained two goals upon which the Council had already decided to focus. Vice Mayor Kirk noted that the Green Environment issues were already being done to some extent. Councilmember Shea noted

that the Council already added the need to identify grant funding to that item. She suggested the Council was not committing a lot of their time even if it did these five goals. Councilmember Murdock suggested the need to keep the list to something the Council could do. Councilmember Shea recommended the Council review the goals in one year.

Vice Mayor Kirk noted the goal to review and update the Town Code over the next two years. She suggested that if it were not a goal this year, it would have to be done the following year. Councilmember Patterson noted that these were just suggestions. She further noted that the Council has selected five goals off the list of suggestions. Councilmember Snyder noted that the Town Code was listed as a two year item because it would take longer than one year to review. He suggested that it would take two years to review once it was started. Councilmember Shea asked whether the Council wanted that item as a goal or whether it wanted to begin the review process. Councilmember Murdock noted that reviewing the Town Code was part of the Council's job; and, did not need to be a goal. Vice Mayor Kirk suggested that the two year language be removed; and, noted that it would tie the Council's hands. Councilmember Shea noted that the goals list would be a different sheet consisting of six items. Councilmember Snyder noted that the list would be revised, with items then pulled from it to determine a one year set of goals. Vice Mayor Kirk advised that she did not want to suddenly have to review the Town Code because of a piece of paper set it as a two year goal. Councilmember Shea confirmed that the goals list should be a reference for Council as to what the members were concerned about; however, she suggested that they would only have six items to advance in the next year. Councilmember Murdock recommended that it be discussed again next November. Vice Mayor Kirk noted that it could be discussed sooner if desired. Councilmember Murdock advised that she would prefer to only discuss it if there were progress.

Mayor Davis asked whether Councilmember Shea would bring this item back to the next meeting. Councilmember Shea confirmed that she would try to get a document out within the next two weeks for Council's review.

Council Discussion – Holiday Parking Meter Plan

Economic Development Coordinator Pearson reminded Council that in the past, they have approved free parking in the two municipal parking lots – not in the streets. Councilmember Patterson asked whether the beginning date would be December 7th or 8th; and, noted that the dates at the top of the memo and the bottom were different. Economic Development Coordinator Pearson explained that the item on the bottom of the memo was a copy of last year's press release. Council agreed to offer free holiday parking in the two municipal parking lots again this year.

Council Discussion (continued) – Utility Capital Improvement Program

Town Administrator Schiro noted that this item was deferred from the last work session. He reminded Council that they have basically discussed capital programs and their possible priorities. Mr. Schiro expressed his opinion that the Town has tried to make strides to get it to the position of building up the Utility Fund's reserves for capital projects; however, as the Council heard during the audit presentation, this would not be easy to accomplish. He noted that he has identified possible items in terms of new funding; and, advised that page three of his report identified those funding alternatives, including loans. Mr. Schiro expressed his opinion that the Town would not realize any significant availability fee revenue for many years as the Town was built out. He suggested there may be some infill development, but nothing substantial. Mr. Schiro advised that another option may be to look at whether the Council wanted to increase the Town's utility service area. Councilmember Snyder advised Council that he did not want to do so. Town Administrator Schiro noted that the Town was in a situation where its rates would

increase if it didn't expand its customer base. He expressed his opinion that once Salamander came on line, things would improve from a cash flow standpoint; and, the Town could then set aside money for capital. Mr. Schiro advised that until that occurred it would be difficult to keep a decent cash flow going and not operate in a deficit. Councilmember Snyder agreed this was an accurate assessment; however, he reiterated that he did not want to increase the service area. He suggested this was not what the Town was about. Councilmember Shea asked Councilmember Snyder to explain his position. Councilmember Snyder noted that Middleburg had large farms around it, with open space. He suggested that if the Town were to extend its utilities, the area would become a developer magnet for housing developments that want to take advantage of the service area. Mr. Snyder advised that he did not want to do that. He suggested that the Council start focusing on the need to include funds in next year's budget to update the Town's utility study; and, expressed his opinion that the Town could not do big things now. Mr. Snyder agreed there were some critical problems that the Town needed to plan for such as the relining of the mains and the installation of grease traps. He suggested that there were a couple of things it could focus on now. Mr. Snyder reminded Council that this would not be a one year fix; and, suggested the Town bite off little pieces. He agreed that the real Salamander involvement was a couple of years away; and, until they were open, the Town could not take on any large utility projects. Mr. Snyder recommended that they start with the small important items; and, see if the funding could be found to update the engineering study. Councilmember Shea noted that she understood the point about not wanting to be a utility magnet; however, she asked whether there was any existing development that could be included in the Town's system to increase the service base. Councilmember Snyder suggested that Landmark School Road was all that remained. He advised that he did not see there being any big opportunities in the already developed areas as those property owners have already invested in their well and septic systems. Councilmember Shea asked whether everything has been explored. Councilmember Patterson reminded Council of the Hunters Hamlet Subdivision, which would love to get public sewer. She noted that they were planning to construct a package wastewater plant in order to build those houses. Councilmember Snyder reiterated that he was not interested in doing so; and, suggested it would just increase their development. He suggested that it would be an expensive extension. Councilmember Plescow suggested this would be a slippery slope. Councilmember Patterson noted that the Town could not expand utilities out of its borders. Town Administrator Schiro confirmed that an agreement would be needed with the County. He suggested that the Town and County could develop an urban growth area around the Town; and, identify areas where utilities could be extended. Mr. Schiro expressed an understanding of Councilmember Snyder's position; however, he expressed concern that until Salamander came on line, the Town would incur operating costs for the utility systems. He noted that there were only so many options to cap the operational costs; and, advised that Salamander was backing out of anything that was not an operational expense. Mr. Schiro reminded Council of the agreement with Salamander to provide the Town with bridge money; and, advised that while helpful, he had no feel for the cost to operate the second water plant and the larger wastewater treatment plant. Councilmember Snyder asked whether the Town needed to operate the new wastewater treatment plant. He further asked how much it needed to be operated; and, noted that it was not needed except for the Salamander property. Town Administrator Schiro confirmed that the Town did not need it; however, he reminded Council that the new water treatment plant would allow the Town to establish a routine flushing schedule. He expressed his opinion that the Town could not just shut the plant down. Councilmember Snyder reminded Council that the Town ran the existing plant on a daily schedule; and, asked whether the new plant could be run on a weekly schedule. Mayor Davis asked whether Councilmember Snyder was asking Salamander to operate the plant until the resort opened, at which time it would be turned over to the Town. Councilmember Snyder confirmed he was not. Councilmember Littleton asked why Salamander would give the Town money to operate the new plant if it were not operational. Councilmember Snyder reminded Council that the Town would have twice the water capacity that was needed. He asked how much the operations could be scaled back in order to save money. Town Administrator Schiro confirmed

the Town could scale back the operations; however, he noted that they were expenses associated with the treatment system and pumps. He advised that there must be an operator to check the system daily. Vice Mayor Kirk expressed her opinion that the staff, through Loudoun Water, would do what they could to keep operational expenses low. Town Administrator Schiro confirmed that Loudoun Water would scale both plants back as much as possible; however, he reiterated that the two facilities would cost money. He reminded Council that the Town would also have a larger wastewater treatment plant; and, expressed concern regarding the cost of operating the systems. Mr. Schiro noted that Salamander's assistance would be tremendously helpful; however, he noted that until the plants came on line, there was a possibility that it may have to pass some of the costs onto the customers. Councilmember Shea asked whether this increase was above the recommended six percent. Town Administrator Schiro explained that until the plants were operational for a couple of months, he wouldn't know. He confirmed that the increase would certainly be six percent. Councilmember Shea expressed her opinion that the Council could not make any changes in capital projects tonight. She noted that at almost every meeting, the Council should review the status of the system. Councilmember Snyder agreed; and, noted that this was why he asked that the Council work on it at every meeting.

Town Administrator Schiro reminded Council that the plan was for the existing wastewater treatment plant to be raised. He suggested there may be an opportunity for the building to be utilized by the Street Superintendent; and, noted that the Town currently outsourced almost all of its street operations. Mr. Schiro expressed his opinion that the Town may wish to consider selling the Town shop building in order to generate capital. Vice Mayor Kirk noted that she would hate to think about doing so; although, she believed the Middleburg Millwork would buy the building. Councilmember Patterson noted that the Hill School may also be interested in buying it. Town Administrator Schiro noted that it would also put the property back on the tax rolls. Councilmember Littleton suggested the staff look into whether this was a possibility once the new plant was in operation. Vice Mayor Kirk reminded Council that they have always talked about putting the Street Superintendent into the new plant. Councilmember Shea asked whether it was possible to rent the property even if the Town did not sell it. Town Administrator Schiro confirmed this would be possible.

Councilmember Murdock expressed her opinion that the Council was faced with two issues – one of which was operations and the other improvements. She noted that the Town Administrator mentioned the possibility of a loan. Ms. Murdock asked how many of the items on the capital list would “explode” if they were not repaired within the next few years. Councilmember Snyder expressed his opinion that this was all the Town could focus on. He noted that if it were to take out a loan, it would increase operating costs. Councilmember Shea suggested that the question was whether anything would explode tomorrow and, as a result, cost more money to fix. She asked whether there was anything the Town needed to focus its attention upon. Town Administrator Schiro advised Council that the biggest potential for a major expense was the west end pump station, which has over flown a couple of times. He explained that the holding tank was limited; and, the station had no alarm system. Mr. Schiro noted that this was an area of capital that was included in the Town Engineer's recommendations. Councilmember Murdock suggested the need to look at and prioritize these improvements. Town Administrator Schiro reminded Council that the pump station was a smaller project. Councilmember Snyder expressed his opinion that Councilmember Murdock's point was to focus on near-term items to see what could be put in place. He recommended that this be discussed at the next meeting. Mr. Snyder expressed his opinion that the Council was sharpening its focus.

Vice Mayor Kirk reminded Council of the staff's recommendation to update the Master Utility Plan; and, suggested this was what the Town needed to do. Councilmember Patterson reminded Council that, according to the audit report, the Town was pumping more water than it was paid for. She suggested that if this could be decreased, the Town's operating costs would go down.

Ms. Patterson noted that the Town was processing one hundred gallons, but only getting paid for fifty. She expressed an understanding that a loan would increase the utility's operating budget; however, she suggested that if it resulted in gaining some of that water back, the Town may need to focus on doing so. Councilmember Snyder suggested this may be a near-term issue to examine. He reminded Council of the grease problem; and, the need to re-line the sewer mains in order to keep the dirt out of them. Mr. Snyder noted that these were all items that could not easily be left off the plate of emergency items that needed to be focused upon. He suggested that lost water may be something that needed to be on the short list.

Mayor Davis noted that the Council has discussed a portable meter to measure the Fire Department's water usage. She asked whether the water that was used to flush the system was measured; and, whether it could be metered. Town Administrator Schiro confirmed that Loudoun Water was tracking the amount of water used for flushing by watching the water tank levels. He noted that this information was provided to the auditors; however, he was not sure they included it in their report. Mr. Schiro suggested that the backwash figures could also be affecting the numbers of pumped versus billed. Councilmember Shea asked that the staff clarify this information. Town Administrator Schiro confirmed that he would ask about both numbers. He noted that the auditors were looking at what was sent in as production versus billing. Mr. Schiro expressed his opinion that the difference was not as drastic as it appeared. He noted that there was an inherent loss in the system when the tanks went down; and, advised that the re-filling produced some loss that was not billed. Mr. Schiro reminded Council that the Town also had some leaks in its water lines; and, suggested that this accounted for a substantial amount of the loss. He confirmed that the Town was losing water; however, he suggested that not all of it was occurring through the distribution system. Councilmember Shea reiterated her request that the staff check on this information; and, noted that it was important information to have as the Council discussed the installation of new water lines to cut the cost of production.

Town Administrator Schiro reiterated his recommendation that the Town update its Master Utility Plan; and, suggested that it be prioritized. He reminded Council that the Town's utility priorities have changed drastically since the last report was done. Councilmember Snyder agreed this was an item he would like to focus upon. He suggested that, in addition to the engineering report costs, the Council should see what it could include in next year's utility budget. Town Administrator Schiro reminded Council that the Utility Fund reserves were small. He suggested it may be worth the expenditure, particularly for the engineering study update. Mr. Schiro noted that the status of the lift station concerned him. Vice Mayor Kirk noted that an emergency could occur in any part of the system; and, reminded Council that the utility lines were old. She suggested that the Town Administrator could not predict where the emergencies would occur.

Councilmember Shea recommended that information be included in the next newsletter regarding how to dispose of grease. She noted that not all of the grease in the system was coming from restaurants.

Council Discussion – Town Council Work Session Meeting Schedule for November & December

After some discussion, the Council agreed to cancel the evening work sessions in November and December unless something was to arise that required a meeting. They suggested that if a meeting was needed, the Town Clerk poll the members of Council on a possible meeting date.

The Council asked the Town Administrator to check with the staff to determine whether Friday, December 11th was a good date for the annual Christmas Luncheon.

Council Report – Loudoun County Community Action Board

Councilmember Shea noted that she has been out of Town; and, had nothing to report.

There being no further business, a motion was made to adjourn the meeting at 7:34 p.m.

APPROVED:

Betsy A. Davis, MAYOR

ATTEST:

Rhonda S. North, MMC, Town Clerk