

**MINUTES
PURCELLVILLE TOWN COUNCIL MEETING
BUDGET WORK SESSION
WEDNESDAY, MARCH 30, 2022, 7:00 PM
TOWN HALL COUNCIL CHAMBERS**

Meeting recording can be found at the following link: <https://purcellvilleva.new.swagit.com/videos/157870>

COUNCIL MEMBERS PRESENT:

Kwasi Fraser, Mayor
Christopher Bertaut, Vice Mayor (arrived 7:20 PM)
Tip Stinnette, Council Member
Joel Grewe, Council Member
Mary Jane Williams, Council Member (Remote participation due to medical excuse)
Erin Rayner, Council Member

ABSENT:

Stan Milan, Council member

STAFF PRESENT:

David Mekarski, Town Manager
Sally Hankins, Town Attorney
Marty Kloeden, Assistant Town Attorney
Hooper McCann, Director of Administration
Chief Cynthia McAlister, Police Department (remote)
Deputy Chief Dave Dailey, Police Department
Dale Lehnig, Director of Engineering, Planning & Development
Jason Didawick, Director of Public Works
Barry Defibaugh, WWTP Superintendent
Lindey Siebert, Wastewater Dept.
Don Dooley, Director of Planning and Economic Development
Sharon Rauch, Director of Human Resources (remote)
Shannon Bohince, Director of IT
Elizabeth Krens, Director of Finance
Connie LeMarr, Assistant Director of Finance
Paula Hicks, Accounting Manager
Linda Jackson, Budget Analyst
Amie Ware, Division Manager-Parks and Recreation
Diana Hays, Town Clerk/Executive Assistant

CALL TO ORDER:

Mayor Fraser called the meeting to order at 7:00 PM. The Pledge of Allegiance followed.

DISCUSSION:

a. FY2023 Proposed Budget Q&A Process

Linda Jackson reviewed the Q&A presentation. *(attached and on file at the Clerk's office)*
Each Council member was offered the opportunity to ask questions of staff.

Mayor Fraser summarized by straw votes with Council majority agreeing to the following expenditure items:

- Pay for Performance reduction to 0%-4% one-time incentive with 4% allocated and 6% COLA
- (\$150,000) Salary Lapse for PD vacancy timing
- +\$81,000 Water and (\$81,000) Wastewater for the appropriate Indirect Allocation split
- +\$500 for Community Policing Advisory Committee (CPAC)
- +\$3,166 changed funded PD vehicle #
- (\$50,000) Wastewater Lab HVAC funded in FY22 (See BA 22-026 on March 22, 2022)

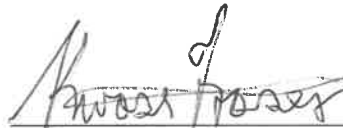
Staff is to place a copy of the Compensation and Classification Study online.

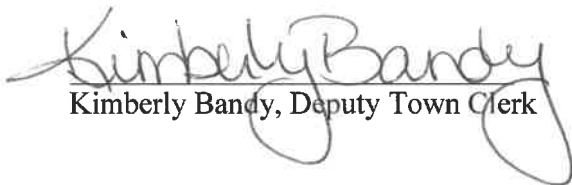
There are no other special meetings scheduled for budget discussions other than regular scheduled Town Council meetings in the month of April. An example for a future work session was discussed to make decisions on the ARPA funding allocated for 501C3 status nonprofits that generate events for the community and to include administrative duties for grants. There was also a discussion regarding the revenue generated from Nutrient Credits to possibly be applied to the Sewer or Water fund and the impact.

ADJOURNMENT

With no further business, Council member Grewe made a motion to adjourn the meeting at 9:39 PM.

(Carried: 6-0-1 absent)


Kwasi Fraser, Mayor


Kimberly Bandy, Deputy Town Clerk



FY 2023 Proposed Budget



Q&A
and
Summary of Changes



Summary of Changes as of 3/30/22

Summary of Changes will continue to be
amended until the Budget is adopted.

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Highlight of Changes

• By Expenditure Item

- (\$36,162) Pay for Performance reduction from 0%-5% one-time to 0%-4% salary adjustment
- (\$150,000) Salary Lapse for PD vacancy timing
- +\$81,000 Water and (\$81,000) Wastewater for the appropriate Indirect Allocation split
- +\$500 for Community Policing Advisory Committee (CPAC)
- +\$3,166 changed funded PD vehicle #
- (\$50,000) Wastewater Lab HVAC funded in FY22 (See BA 22-026 on March 22, 2022)

• By Fund

- (\$174,636) General, (\$798) Parks & Rec, \$77,220 Water, (\$134,282) Wastewater

	TOTAL	General	P&R	Water	Wastewater
ROLL-UP BY ITEM					
Pay for Performance -1%	(\$36,162)	(\$28,502)	(\$798)	(\$1,780)	(\$5,282)
Vacancy Lapse	(\$150,000)	(\$150,000)	\$0	\$0	\$0
Revised Indirect Allocation split	\$0	\$0	\$0	\$81,000	(\$81,000)
CPAC new in FY23 per 3/9/22 email	\$500	\$500	\$0	\$0	\$0
Changed vehicle #	\$3,166	\$3,166	\$0	\$0	\$0
WW Lab HVAC BA 22-026 (Mar)	(\$50,000)	\$0	\$0	\$0	(\$50,000)
Total Change	(\$332,696)	(\$174,636)	(\$798)	\$77,220	(\$134,282)

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Prelim Summary of Changes Revenue Detail

SUMMARY OF CHANGES TO THE FY 2023 BUDGET - REVENUE As of 3/30/2022

Fund	Account #	Account Title	FY23 Manager Proposed 3/16/2022	Revised Recommendation 3/30/2022	Change \$	Notes
General	1030-000311101	Real Estate Tax	\$5,805,814	\$5,652,814	(\$14,000)	one-cent reduction
General	1030-000398100	Reserves	\$0	\$0	\$0	to balance budget
Parks & Rec	2631-000398200	Reserves	\$4,465,332	\$4,381,692	(\$83,640)	to balance budget
P&R Operating Revenue Budget		Total	\$4,465,332	\$4,381,692	(\$83,640)	
P&R Operating Revenue Budget		Total	\$4,465,332	\$4,381,692	(\$83,640)	
Water	51350-000398501	Reserves	\$55,834	\$113,054	\$77,220	to balance budget
W&E Operating Revenue Budget		Total	\$55,834	\$113,054	\$77,220	
TOTAL			\$4,521,140	\$4,494,746	(\$26,394)	

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SUMMARY OF CHANGES TO THE FY 2023 BUDGET - EXPENDITURES
As of 3/30/2022

[illegible]

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Prelim Summary of Changes

SUMMARY OF CHANGES TO THE FY 2023 BUDGET
March 30, 2022

Operating, CIP, & Total Budget			
	FY23 Manager Proposed 3/16/2022	Revised Recommendation 3/10/2022	Change \$ 3/9/2022
By Fund			
GF OPERATING BUDGET	\$12,789,042	\$12,614,406	(\$174,636)
PR OPERATING BUDGET	\$727,845	\$727,047	(\$798)
GRN OPERATING FUNDS	\$13,516,887	\$13,341,453	(\$175,434)
WFO OPERATING BUDGET	\$3,839,259	\$3,916,479	\$77,220
WWF OPERATING BUDGET	\$4,085,081	\$4,085,081	\$0
UTILITY OPERATING FUNDS	\$7,924,340	\$8,001,560	\$77,220
ALL OPERATING FUNDS	\$21,441,227	\$21,343,013	(\$98,214)
CIP			
GF CIP BUDGET	\$0,616,728	\$93,6728	\$0
PR CIP BUDGET	\$385,918	\$385,918	\$0
GRN CIP BUDGET	\$7,924,340	\$7,924,340	\$0
WFO CIP BUDGET	\$265,270	\$265,270	\$0
WWF CIP BUDGET	\$2,545,654	\$2,545,654	\$0
ALL CIP FUNDS	\$3,411,569	\$3,411,569	\$0
GF TOTAL BUDGET	\$13,785,770	\$13,531,134	(\$254,636)
PR TOTAL BUDGET	\$1,113,763	\$1,113,965	(\$202)
WF TOTAL BUDGET	\$4,616,797	\$4,649,401	\$32,604
WWF TOTAL BUDGET	\$4,350,351	\$4,350,351	\$0
ALL TOTAL FUNDS	\$22,866,681	\$22,884,451	(\$17,790)

Note: Op Budget Transfer to CIP is Cash Funded CIP & is counted in both Op Exp & CIP.



Questions & Answers (Q&A)

Q&A will continue to be amended as questions arise and answers become available.

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Q&A

Q1 CM Stinnette, 11/10/21: What is the % equivalent of key budget expenditure assumptions?

- A1
- o 1% Increase in Employee Compensation is \$74K which is a recurring cost.
(i.e., \$58K General, \$2K P&R, \$8K Water, and \$7K Wastewater)
 - 2% is \$149K
 - 3% is \$223K
 - 4% is \$298K
 - 5% is \$372K
 - 6% is \$447K *Note: Social Security COLA for 2022 is 5.9%*
 - 7% is \$521K
 - 8% is \$596K *Note: Feb 2022 inflation rate is 7.9%*
 - 9% is \$670K
 - o 1% increase in non-wage cost is \$95K
(i.e., \$38K General, \$4K P&R, \$21K Water, and \$31K Wastewater)

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A1: Key Budget Assumption Impacts

Revenue Impact	Total	General	P&R	Water	Wastewater	Notes
One-cent Real Estate Tax rate	124,000	174,000				No rate increase in Budget.
435 Meals Tax	520,000	520,000				No Meals tax increase in Budget.
Refuse Offset	964,000	964,000				Not in Budget. This would create a new revenue and reduce the United Revenues by \$500,000.
41% Usage Rate	57,000		23,000		34,000	43% for Water & 45% for Wastewater was included in the Budget.
Expenditure Impact	Total	General	P&R	Water	Wastewater	Notes
5% One-Line Performance Incentive	384,329	262,529	7,734	34,562	80,505	30,325 Salary & PICA for 5% Increase
One-line Salary & PICA for 3%	66,800	52,304	1,475	6,585	6,586	Salary (excludes CO, Incumbent, Enhancement) + 1.0% for Payroll Funding (Social Security 3.2%, Medicare 1.45%)
8% COA	465,392	340,026	5,564	46,728	43,558	Recurring Employee Compensation for 4% Salary
Employee Compensation for 4%	74,497	58,304	1,644	7,753	6,796	Recurring Salary + 1.2 for Payroll Funding (Hybrid Disability 0.7%, Workers Comp 1.07%, Group Life Insurance 1.34%, VRS Retirement 8.79%, Social Security 6.2%, Medicare 1.45%)
Travel & Training @ 15% of Salary	93,490	74,146	2,250	9,472	8,597	PY23-SSRS Target objectives to 7% of Salary, Council Guidance on 10/19/21 was 1.5% of Salary
PY23 Budget - Non-wage % Increase	94,505	78,054	4,232	21,421	30,797	Guidance on 10/19/21 was 1.5% of Salary

Expense Equivalents:
1% increase in recurring Employee Compensation is \$74K (i.e., \$58K General, \$2K P&R, \$8K Water, & \$7K Wastewater).
1% increase in non-wage cost is \$95K (i.e., \$38K General, \$4K P&R, \$21K Water, and \$31K Wastewater).

Notes:
Included in the PY23 Proposed Budget

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Q&A

Q2 Council, 3/8/22: What is the impact of passing-through the cost of Refuse?

A2 The FY23 Budget offset is \$594,000. This would create new revenue and reduce the Use of Reserves by \$594,000.

There is a cost savings for our residents to be covered under the Town's contract for trash and recycling services.

- o Currently, our contract is \$18.25 a month per unit for 2,634 units.
- o The standard monthly rate for individual customers in our area is \$36.95 for once a week trash and recycle service or \$147.80 a month. Customers would also have to pay for any bulk, special pickup items, and appliances. Those prices can range from \$20 to around \$125.

- o There is a cost savings difference of ~\$130 per month (i.e., \$147.80 - \$18.25).

- Real Estate taxes are deductible for Itemized Income Tax purposes. However, direct trash expenditures are not.

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Q&A

Q3 Council, 3/8/22: What are potential budget offsets to support 1 cent Real Estate tax cut?

- A3
- o A penny on the Real Estate tax rate is \$174K.
 - Reduce Police Department Employee Compensation by (\$150,000) for potential Vacancies.
 - Modify the Enhancement for the One-time Performance Incentive from 5% to 4% Performance Incentive. For the General Fund, this is a reduction of (\$28K).
 - o Before Council takes action to reduce the real estate tax rate:
 - The list of unfunded enhancements should be considered (See pages 33-44 totaling \$764K in the General Fund). Although identified as needs by departments, the Town Manager was unable to fund these programs in the budget at the recommended \$0.22 tax rate. While the decision was made to defer these requests, this cannot be done indefinitely. Other fiscal impacts should also be assessed such as costs associated with deferred maintenance or asset replacement (e.g., facilities, vehicles) and risk factors (e.g., cyber and facility security, staff resources and retention).
 - Note that our financial advisors have warned in the past, the small amount of short-term goodwill achieved by a reduction in tax or other user rates will be more than offset if those lowered rates or current service levels cannot be maintained in the future.

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Q&A

Q4 CM Grewe, 3/15/22: Requested a Top Line one-page schedule showing Revenue vs true total cost and CIP.

- A4
- o See summary schedule on a subsequent page.

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A4: 3/16/22 Manager's Proposed Budget Use of Reserve Highlights (excludes ARPA)

	FY23 Proposed Budget	FY23 REV	FY23 EXP	FY23 DIF	Use of Reserves Surplus / Deficit
General Fund	12,789,042	12,789,042	12,789,042	(619,518)	(619,518)
Parks & Rec Special Fund	727,945	684,971	727,845	(42,874)	(42,874)
Water Fund	3,839,259	3,803,425	3,839,259	(35,834)	(35,834)
Sewer Fund	4,085,081	4,065,081	3,787,832	287,249	287,249
Total	21,441,227	20,742,501	21,143,978	(401,077)	(401,077)
Availabilities - Water	(437,818)	(437,818)		(473,652)	
Availabilities - Wastewater	(367,200)	(367,200)		(69,951)	
Operating Surplus / (Deficit)	20,636,209	19,937,883		(944,680)	
General Fund CIP	916,728	916,728	916,728	0	0
Parks & Rec CIP	585,918	585,918	585,918	0	(77,184)
Water Fund CIP	777,538	777,538	777,538	0	(650,000)
Sewer Fund CIP	265,270	265,270	265,270	0	(285,270)
Total CIP (excludes ARPA)	2,545,454	2,545,454	2,545,454	0	(992,454)
Total All Funds (Op & CIP)	23,986,681	23,288,355	23,689,432	(401,077)	(1,383,531)

- Utilities include Availability Revenue of \$437,818 Water and \$367,200 in Wastewater for 15 connections. Timing of Availability Revenue receipt is not controlled by the town but rather the external Development Plan (See page 102 of the Proposed Budget Book).

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A4: Fiscal Policy Highlights

Fund	Basis	FY21 Actuals	FY23 Estimate (1/15/22)
General	Unassigned FB in Excess of Policy	\$4.4M	\$3.6M
Parks & Rec	Restricted FB	\$399K	\$247K
Water	Cash in Excess of Policy	\$3.0M	\$3.2M
Wastewater	Cash in Excess of Policy	\$1.3M	\$1.1M

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Q&A

Q5 Council, 3/16/22: What Inflation cost was built into the Budget? Are Supply Chain Issues addressed?

- A5
- See Fund section expense pages for year over year changes by category.
 - General Fund pages 118-119 and Parks and Rec page 188.
 - General Fund non-wage recurring expenditures, as normalized for enhancements, increased 3% year over year.
 - Water Fund page 206 and Wastewater Fund page 215.
 - Departments provided Chemical increase details (See subsequent page).
 - Inflation was not specifically isolated within the non-wage Budget.
 - The Departmental Non-wage requests were reasonable and possibly understated. Contingency may now need to be used to cover some inflation. Contingency is generally used for unknown expenditures, emergencies, and Council directed items.



Q&A

Q6 CM Grewe, Mayor Fraser, 3/16/22: What is the best use of vacant Retail space to benefit the Town (e.g., attracting the right industry)?

- A6
- Tax and Revenue impact
 - Attract commerce that increases revenue (e.g., restaurants to increase Meals Tax Revenue without cannibalization, high value real estate, high value personal property tax, transient occupancy for hotels).
 - While Vacant properties owe property tax, the Town misses Revenue opportunities for: (1) Use of Water and Wastewater, (2) Meals Tax, (3) Sales Tax.
 - Economic Development
 - Pending response from Economic Development



Q&A

Q7 CM Grewe, CM Raynor, Mayor Fraser, 3/16/22: What is the cost increase for Chemicals?

- A7
- o Lindsey Siebert, Wastewater, advised that, "The Wastewater Department has seen cost increases between FY21- FY22 ranging from 0-42%. Currently all chemicals are rebid at the beginning of each fiscal year with the exception of Ferric which rides off of Leesburg's contract. The current Ferric contract is set to expire at the end of March 2022 and staff has been notified by Leesburg that they are expecting a 33% increase in the contract pricing. Methanol usage has been discontinued in favor of Micro-C as a carbon source for denitrification, there was an initial cost saving of ~4% with this switch."
 - o Stacie Alter, Water, advised that:
 - 1) Total chemical budget (PLANT and WELLS) for the Water Dept. for FY22: \$48,200. The Water Dept. projects that actual FY22 chemical costs will be \$53,200.
 - 2) Total requested chemical budget (PLANT and WELLS) for the Water Dept for FY23 is a 20% increase over the projected FY22 chemical costs: \$63,840.
 - 3) When comparing chemical costs from June 2021 and March 2022:
 - a. Of the seven chemicals purchased, cost increases ranged from 0.5% (CP-33) to 64% (Fluoride)
 - b. Chlorine, Soda Ash, and Aluminum Sulfate are used in the highest quantities. Cost increases from those chemicals ranged from 4% to 38%.
 - c. Town is looking for an alternate supplier of fluoride, and will be requesting grant funds to purchase sodium fluoride in FY23.
 - d. 20% increase was built into next year's budget based on information from the Town's chemical supplier.

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A7: Chemical Cost - Water

Summary of Water Dept. Chemical Cost Increases

Chemical Name	Supplier	Purchase Qty FY2020-21	Cost FY2020-21	Cost July 2021	Cost December 2021	Cost March 2022	% Increase
Sodium Hypochlorite (pool/salt)	Cyma	25,400	\$	0.171	\$	0.197	15%
Sodium Hypochlorite (drum)		20,400	\$	0.1895	\$	0.197	4%
CP-43		4,960	\$	1.093	\$	1.10	0.5%
Soda Ash		18,900	\$	0.333	\$	0.358	10%
Sodium Bisulfite	Utcher	2,400	\$	0.3475	\$	0.377	8%
Earthox Algacide		165 (gallons)	\$	23.60	\$	23.90	2%
Aluminum Sulfate		16,000	\$	0.38	\$	0.46	20%
Sodium Fluoride		2,400	\$	1.21	\$	2.08	64%

NOTES:

Summary of 7 chemicals purchased last year and this year. KMnO4 not included as it was not purchased this year. Increases ranged from 0.5% (CP-33) to 64% (Fluoride)
Town is looking for an alternate supplier of fluoride and is requesting grant funds for fluoride chemical purchase in FY23
Chemical suppliers indicate most municipalities budgeting 10% increase for next fiscal year

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A7: Chemical Cost - Wastewater

[illegible]

A7: Chemical Cost - Wastewater

[illegible]



Q&A

Q8 Mayor Fraser, CM Grewe, CM Stinnette, 3/16/22: Commented on the Residential/Commercial Grand Strategy of 70/30 vs Actuals 83/17.

A8 o Reducing the Retail Vacancies will increase the Economic Base.
o Pending response from Economic Development.

Q9 CM Raynor, 3/16/22: Request Economic Development position be funded pays for itself as it will increase commercial base with town in-fill.

A9 o Pending.

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Q&A

Q10 CM Stinnette, CM Bertaut 3/16/22: What is the prioritization of the Unfunded Enhancements and the impact of FY22 Budget Amendments?

A10 o See next page for Unfunded Enhancement ranking.
o Unfunded Enhancements decrease by \$0.2M from 22 items valued at \$1.1M to \$0.9.
o Decreased primarily driven by Budget Adjustments/Amendments processed in FY22.
o Decrease of (\$206,526) comprised of: General Fund (\$84,000), P&R (\$30,000), Water +\$75,148, Wastewater (\$167,674).

UNFUNDED ENHANCEMENT CHANGES		\$ Nova
Bush Tabernacle Security	(15,000)	BA 22-028
Train Station Security	(15,000)	BA 22-028
Transportation Study - Pedestrian Linkages Phase 1	(42,000)	BA 22-020
Update to the 2009 Townwide Transportation Plan	(42,000)	BA 22-020 valued
Water Apprentice	75,148	Cost provided
Wastewater Operator 1	(97,330)	Changed to
Wastewater Operator 2	(75,148)	Cost provided
Wastewater Operator 3	(75,148)	Cost provided
Parking Structures	(20,000)	BA 22-028
CARP - Skid Steer	(48,462)	BA 22-028
CARP - Bulk Phase Rehab	(69,000)	BA 22-028
Total Changes	(206,526)	

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A10: Unfunded Enhancement Ranking

Rank	Enhancement	Fund
High		
1	Waste Water Apprentice	Wastewater
2	Economic Development Specialist	General
3	Water Apprentice	Water
4	PT Office Associate	General
5	Maintenance Technician	General
6	2022 Update of 2019 Comp and Class	General
Medium		
7	ADA Self-Assessment	General
8	CARP Waste Water Pump	Wastewater
9	Bush Tabernacle HVAC and Maintenance	Parts & Rec
10	Village Case	Parts & Rec
Low		
11	Maintenance Utility Vehicle	General
12	Maintenance Snow Plow	General
13	PD Replacement Vehicle	General
14	PD Replacement Vehicle	General
15	Maintenance Facility Concrete	General
16	Transportation Plan Update	General

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Q&A

- Q11 Council, 3/16/22: Requested a copy of the Class & Comp Plan.
- A11 o The Town Manager provided a copy on March 17, 2022 at 3:28 PM.
- Q12 CM Stinnette, CM Williams 3/16/22: Are you prioritizing the IT Systems Analyst over the other unfunded FTE? What are the new positions?
- A12 o Yes, prioritized IT Systems Analyst over 5 other Unfunded FTE.
- o The one funded position for the IT Systems Analyst supports all Departments.
 - o Please refer to the Enhancements on Budget Book pages 27-42.
 - o The five unfunded positions were:
 - Waste Water Apprentice (Rank 1)
 - Water Apprentice (Rank 2)
 - Economic Development Specialist (Rank 3)
 - Part-time Office Assistance (Rank 4)
 - Maintenance Technician (Rank 5)
- Q13 CM Stinnette, 3/16/22: What Lapse Rate will be used?
- A13 o Currently, 4 vacancies in PD. We can apply a vacancy lapse of (\$150K).

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Q&A

Q14 CM Stinnette, 3/16/22: Why do we show Surplus / (Deficit) with and without Availabilities?

A14 ○ The timing of Availability Revenue receipt is not controlled by the Town but rather the external Development Plan. As a reminder, these new Connections Fees are non-recurring. Availability Overview is on page 102 of the Book.

Q15 CM Stinnette, 3/16/22: What are the P&R expenditures that are controllable versus non-departmental debt component?

A15 ○ See Budget page 188-189 for Expense by Cost Center.
○ \$93,700 of the expenditures relate to programs.
○ Personnel Costs are 34%, Contractual Services are 17%, Other is 23%, Debt Service represents 15%, CIP is 11% of the Budget.

Q16 CM Stinnette, 3/16/22: Why is the chargeback split equally Water vs Wastewater in the amount of \$452,500?

A16 ○ The split is available in the detailed calculation. The Budget will be changed to reflect \$533,500 for Water and \$371,500 for Wastewater. Accordingly, Water expense will increase +\$81,000 and WW will decrease (\$81,000).
○ As the Council values this analysis, a staff team is meeting to refine the process, business rules, and improve compliance.

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A16: FY23 Indirect Cost Allocation (IAC) Estimate

Cost	Limited Allocation	Full Allocation (Time Study)	Difference	Methodology:
Administration	\$70,942	\$79,533	\$8,612	FY22 - "Times Allocation" was included in the FY22 Adopted Budget
Finance	\$139,462	\$245,798	\$106,336	Assumes minimum support for a stand-alone business.
IT	\$52,893	\$87,433	\$34,539	Comprised of the following functions: Support for HR, IT, Accounting, Customer Billing & Service; Engineering, Capital Project Management, and Maintenance activities.
PW Adm & Maintenance	\$693,998	\$437,880	(\$256,118)	FY23 - "Full Allocation (Time Study)" utilizes employee tracking input into ESS for a specific time period (FY22 through Dec 2021) and was included in the FY23 Proposed Budget. Includes Salary and Benefits and excludes Overtime.
Eng. Planning & Development	\$182,502	\$54,697	(\$127,805)	
Council, Commission & Board	\$0	\$0	\$0	
Total	\$1,133,697	\$905,362	(\$234,445)	
Administration	0.6	0.4	(0.2)	
Finance	2.2	3.1	0.9	
IT	0.6	0.6	(0.0)	
PW Adm & Maintenance	6.6	5.2	(1.4)	
Eng. Planning & Development	1.6	0.4	(1.2)	
Total	11.6	9.6	(2.0)	

Notes:

- An allocation amount of \$1M is consistent with Stantec's independent analysis prepared in 2019.
- Auditors recommend consistency over time and an allocation that fairly represent costs to support the stand-alone business enterprise. *Note: A stand-alone business would incur costs for Lease.*

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Q&A

Q17 CM Milan, 3/16/22: I&I: How much would we save on chemicals if we feed beer wort?

A17 o Public Works

Brewery owners can supply us with beer wort which is a liquid with very little to no solids content. The idea is to feed beer wort in place of the methanol as a carbon source for Nitrogen removal.

- DEQ does not have an issue about doing a pilot study. However, depending on the depth of our study, they recommended contacting VA Tech to see if they would be interested in participating.
- A feasibility study is recommended considering pilot studies can be expensive and time consuming and we do not have the infrastructure to feed the beer wort. We would need to research chemical feed infrastructure cost estimates. One article on a plant had success through their pilot study but the cost to haul the product outweighed the benefit.
- Methanol cost is roughly \$35K per year.

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Q&A

Q18 CM Milan, 3/16/22: I&I: How much investment is required for Inflow & Infiltration (I&I) to mitigate operating cost?

A18 o I&I Budget and Spending

- \$60,000 in the FY21 Budget was carried over to FY22
- \$60,000 in the FY22 Budget
 - \$15,780 spent as of February 2022 YTD.
- \$60,000 in the FY23 Proposed Budget

o Public Works/Engineering

- a) Inflow and Infiltration mitigation is an ongoing program for any sewer system. Large projects such as the CIP 12th Street Rehab program serve to remediate large portions of the overarching issue. However, funds will continuously be needed to replenish the CARP aspect of the program for in-house methods to resolve smaller issues within the sewer shed- such as lining, replacement of manhole covers etc.
- b) A comprehensive review and work to reduce I&I for each of the Town's 11 meter sheds in the sanitary sewer system is likely to be between \$100,000 - \$200,000 for each meter shed. An recent example of the level of funding needed is the G Street Sanitary Sewer Evaluation (\$58,600 in 2019 for the evaluation), and the sanitary sewer and manhole lining (\$71,000 in 2021). Remaining work to line laterals is estimated to be >\$50,000.

3/29/22

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Q&A

Q19 CM Milan, 3/16/22: Asked about remote workers and skills gap.

- A19
- o All positions were reviewed for Work from Home options to facilitate health and safety. Technology was leveraged to allow employees to perform functions from home (i.e., Surface via VPN). Staff found it to be an efficient process for those that worked remotely.
 - o Positions performed at full capability remotely.
 - o Not aware of any skills gap.

3/21/22

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Q&A

Q20 Mayor Fraser, 3/16/22, Requested that a note be added regarding the future burden of salary increases.

- A20 Any change to salary impacts the future as it is a recurring impact.
- o As requested, a note was added regarding "recurring expenditures." See the response to Question #1 on page 7.

3/21/22

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Q&A

Q21 CM Williams, 3/17/22: During Stantec's presentations on what should be the rate for the residents and businesses of Purcellville, what did they propose?

- A21**
- o The Utilities Highlights pages in the Budget Book show the proposed utility rates in accordance with the Davenport Utility Restructuring presentation dated 2.9.21
 - o 3% rate increase in water user fees (Budget Book page 22)
 - o 5% rate increase in wastewater user fees (Budget Book page 23)
 - o Note: The Public Hearing for the Master Tax and Fees is scheduled for April 12, 2022.
 - o A History of Utility Rates is attached.
 - o All Utility Rate Consultant and Financial Advisor presentations since 2016 can be found under the "Documents" tab on the Town's website: <http://www.purcellvilleva.gov/873/Section-Financial-Presentations>

3/26/22

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A21: Utility Rates

A21 The various financial presentations include numerous utility models developed in accordance with latest staff estimates and Council scenario requests.

- o The utility rate models used by our previous rate consultant, MFSG, and current rate consultant, Stantec, were developed to be a flexible fiscal planning tool used to assist Council with the utility rate setting process. Results (rate recommendations) varied based on specific assumptions to include: Operating Budget, Debt Service schedules, Cash Reserves, Fiscal Policies, # and timing of Availabilities (PI/Eng), multi-year CIP cost projections (Eng/PW), various levels of indirect cost allocations, transfer of revenue such as Meals Tax from another fund, new revenue assumptions such as Nutrient Credits, Debt Refinance (interest rate savings) or Debt Restructure (deferral of principal payments). It should be noted that staff estimates such as availabilities and CIP often change from year-to-year based on best available information at the time of budget.
- o The following information provides a summary of recent utility modelling presentations and rate setting decision points.

3/26/22

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○ MFSG 3.30.17 FY18 Additional Utility Rate Scenarios P

- o **MFSD 3.30.17 FY18 Additional Utility Rate Scenarios Presentation**– Summary of various scenarios to include (1) baseline showing need for multi-year 7%-7.7% rate increases, (2) another scenario showing elimination of “chargeback” and transfer of 1% Meals tax from GP would mitigate annual rate increases to 3%-5% levels, (3) Scenario 9A showing elimination of “chargeback”, transfer of 1% Meals tax from GP and Debt Restructure would mitigate annual rate increases to 2%-2% levels. Note: Scenario 9A lead to GC decision to work with Davenport on the 2017 Debt Restructure.
- o **Davenport 10.10.17 Results of 2017 Debt Restructure**
- o **MFSD 4.18 FY19 Budget for Utility Scenarios**– Post 2017 Debt Restructure but underlying factors changed leading to: (1) baseline model of 9%-9.6% rate requirements in future years, (2) scenario showed new revenue of \$500k per year would lower rates by 2% in each fund or 7%-7.7%.
- o **Stantec Utility Rate Study 10.28.19 various scenarios**: (1) baseline model of 7.5%/9.25% requirements in future years, (2) 50% reduction of “chargeback” of 6%/6%.
- o **Stantec Utility Rate Study 11.20.19– Final Report**– Final Rate Structure and various additional scenarios resulting in annual rate increases from 7.5%/9.25% to “big bang” front loading benefit projections. Also showed benefits of financing projects to better align annual costs with useful life of the asset.
- o **Davenport 3.24.20 Debt Refunding in 2020**– Refinance for interest rate savings.
- o **Stantec 9.28.20**– TC request various options: (1) only operational costs- no rate change required, (2) O&M + Debt Service- 4.25%/1.0% then out-year leveling, (3) O&M + Debt Service + CIP- 0.5%/1.2% then out-year leveling. Led to de-coupled CIP model approach used in 2021.
- o **Davenport 2.9.21 Debt Restructure** In 2021– recommended debt restructuring to provide more than \$20k- realize additional revenue initiatives such as Nutrient Credits (1M), Segra (\$30k/year), Cell tower (\$20k- \$80k per year). Worked with Stantec to project 3% annual water rate increase and 5- 7% annual wastewater rate increase *based on de-coupled CIP model*. Rates proposed in FY22 & FY23 budgets.
- o **Notes**: Economic uncertainties associated with COVID Pandemic delayed implementation of the new utility rate structure recommended in 2019 Study and proposed rate increases until June 2021. (FY22 Budget).



Source: Authors' calculations based on data from the 2000 Census of the United States.

Special Financial Presentations

- [illegible]



Appendix

3/25/22

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Meetings - FY23 Budget (Subject to change)

Date 7PM	Meeting/Work Session	Topics for Discussion/Action	PM Notice
✓ Tue 10/12	Regular TC Meeting WS	ARPA Spending Plan and Appropriation (Admin)	-
✓ Tue 10/26	Regular TC Meeting WS	Workforce Overview (Town Manager & HR)	-
✓ Wed 11/10	Special Mtg/ Budget WS #1	FY23 Pre-Budget	-
✓ Wed 11/17	Special Mtg/ Budget WS #2	ARPA, CIP Prioritization, and funding discussion	-
✓ Tue 3/8	Regular TC Meeting WS	Town Council to Adopt Ordinance for "2022 Personal Property Tax Rate and PPTRM" to allow County to prepare tax bills.	2/8 PM not required
✓ Tue 3/8	Regular TC Meeting	Public Hearing for "2022 Real Estate Property Tax Rates - Equalized"	2/4 PM Ad (90 day notice if changes)
✓ Wed 3/16	Special Mtg/ Budget WS #3	Town Manager presents proposed FY23 Budget	-
✓ Tue 3/22	Regular TC Meeting WS	Town Council to Adopt Ordinance for "2022 Real Estate Property Tax Rates - Equalized" and allow County to prepare tax bills.	See 3/8 PM
Wed 3/30	Special Mtg/ Budget WS #4	FY23 Proposed Budget Q&A	-
Tue 4/12	Regular TC Meeting	Public Hearing for FY23 Budget	3/25 & 4/1 PM Ad (7 day notice)
Tue 4/12	Regular TC Meeting	Public Hearing for Master Tax & Fee, if changes	3/25 & 4/1 PM Ad (5 day notice if changes)
Tue 4/26	Regular TC Meeting WS	Town Council to Adopt & appropriate FY 2023 Budget - Town Manager presents FY 2023 Budget - Optional date is May 10 or 24	See 4/12 PM See 4/12 PM

NOTES:
Regular TC Meeting: Town Council meeting on 3rd Tuesday of the month
Special Meeting: Budget Work Session
Spring Break weeks 4/23-5/5
Regular TC Meeting: Town Council meeting on the 4th Tuesday of the month
Special Meeting: Budget Work Session
Advisory Mtg: Council Mtg

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Minimum Qualifications for Apprenticeship:

- Age - 18yrs or older
- Education - high school diploma or equivalency
- Physical - physically capable of performing essential functions with or without reasonable accommodations and without threat to health and safety of self or others

Upon acceptance to program and prior to employment

- Drug screening - take and pass drug screening
- Background check - pass a qualifying background investigation
- Driver's license - must possess a valid state issued vehicle operator license and be insurable at normal commercial rates



Betty Green
Workforce Coordinator
bgreen@vrwa.org
434-390-3757



VRWA's Mission - To provide professional development, assistance, and training for our members that enhances the proficiency of their operations through education and support services.

Virginia Rural Water Association
3348 Sycamore Ave, Brown Village, VA, 24166
540.678.7298 | vrwa.org



It takes more than 380,000 highly skilled water and wastewater personnel to ensure the public supply of safe drinking water and to protect our lakes, streams and groundwater.

vrwa.org

Water and Wastewater Systems Operation Specialists are in HIGH DEMAND

Highly skilled water professionals are responsible for the supply of safe drinking water, meeting stringent regulatory standards, replacing aging infrastructure and responding to and recovering from disasters.

Highly skilled wastewater professionals are responsible for removing pollutants and other harmful materials from wastewater, making it safe to return to the environment and protecting the health of the community. Well trained specialists are needed to keep up with stringent regulatory standards and to maintain and replace standards and to maintain and replace aging infrastructure.

This new two-year program covers 4,000 on-the-job learning (OJL) hours and 288 related classroom instruction hours.

The program is open to anyone currently employed or seeking employment in the water or wastewater service industry. Apprentices must be employed by a Virginia water utility to satisfy OJL hours.

Applications for the Water or Wastewater Systems Operation Specialist Apprenticeship will be accepted on a rolling, year-round basis

Earn and Learn:

Registered Apprenticeship is a highly successful, structured form of training that combines on-the-job supervised learning with related technical instruction.

Apprentices can:

- Learn job skills while earning an income
- Receive wage increases throughout the program
- Earn a nationally recognized post-secondary certificate upon completion

Apprentices will learn OJL about:

- Tools, equipment and workplace safety
- Vehicles and specialized equipment
- Systems operations and maintenance
- Quality control
- Logistics, reports and supervision

For more information, contact
Betty Green
bgreen@vrwa.org or 434-390-3757

Water Assets Operations Assistant Related Classroom Instruction includes:

- Operations and professional requirements
- Mathematics
- Safety
- Sewer and emergency response
- Laws and regulations
- Distribution systems
- Distribution O&M
- Sources of water
- Wastewater treatment
- Utility management certification
- ASSE backlog

Wastewater Systems Operations Assistant Related Classroom Instruction includes:

- Introduction to wastewater training
- Operations mathematics
- Safety
- Preliminary, primary and secondary wastewater treatment
- Effluent
- Legion systems
- Laboratory procedures and chemistry
- Plant maintenance and safety
- Utility and permit coordination
- In-water testing
- SCADA computer systems
- Analysis and performance of data
- Sewer management
- Odor control
- Wastewater reclamation and reuse

