

**MINUTES
PURCELLVILLE TOWN COUNCIL SPECIAL MEETING
WEDNESDAY, NOVEMBER 20, 2019, 7:00 PM
TOWN HALL COUNCIL CHAMBERS**

The special meeting of the Purcellville Town Council convened at 7:00 PM in Council Chambers with the following in attendance:

PRESENT: Kwasi Fraser, Mayor
Tip Stinnette, Vice Mayor
Ted Greenly, Council member

ABSENT: Joel Grewe, Council member
Nedim Ogelman, Council member
Chris Bledsoe, Council member
Ryan Cool, Council member

STAFF: David Mekarski, Town Manager
Sally Hankins, Town Attorney
Hooper McCann, Director of Administration
Liz Krens, Director of Finance
Connie LeMarr, Assistant Director of Finance
Paula Hicks, Accounting Manager
Dave Dailey, Deputy Chief of Purcellville Police
Patrick Sullivan, Director of Community Development
Jason Didawick, Assistant Director of Public Works
Scott House, WWTP Superintendent
Dale Lehnig, Capital Projects and Engineering Manager
Diana Hays, Town Clerk
Kimberly Bandy, Deputy Clerk

CALL TO ORDER OF MEETING:

Mayor Fraser called the regular meeting to order at 7:00 PM. The Pledge of Allegiance followed. Mayor Fraser stated that Council member Grewe and Council member Ogelman were attending the meeting by phone, but since there was not a quorum present in Chambers that they would not be able to participate and gave directive for them to watch the meeting through livestream. He also stated that this will be an informational meeting only.

CITIZEN/BUSINESS COMMENT(S):

Erin Raynor, 108 Upper Heyford, representing the Purcellville Business Association extended an invitation to attend their Annual GALA December 3rd at 6:30PM at the Loudoun Golf and Country Club.

DISCUSSION/INFORMATIONAL ITEMS:

a. Utility Costs of Service and Rate Discussion

David Mekarski, Town Manager, stated that since the fall of last year and more recently the last few work sessions the team has faced a daunting task. This evening he wanted to give perspective to the challenges being faced to reach structural balance. The Town annually requires a total of \$3.5 million to achieve structural balance for both Water and Sewer Enterprise accounts. In the year 2023 the Annual Sewer Debt payment will commence at \$2.3 million. The Water Capital Improvement Project requirements annualized for the next ten years is equal to \$1.2 million. Mr. Mekarski mentioned that Mr. David Hyder, Stantec, has commented that even if the Town had zero financial requirements in the Water Capital Improvement Projects and Sewer Debt, the town would still need an annual water/sewer rate increase of 4% in each fund to account for growth in operating and maintenance cost increases due to inflation. Mr. Mekarski mentioned that there were alternate General Fund Revenue scenarios in lieu of Water and Sewer rates to Finance the \$3.5 million annually being a 24 cents property tax increase, or 19 cents property tax with a 2% meals tax increase, or a 15 cents property tax plus 2% meals tax, with residents paying for trash and recycling services. David Mekarski stated that he would also be looking to bring to council in December, the commitment authorized by Council, to complete a Compensation and Class Study for all employees and that findings to be the town is way below market with our competitors both in the county and other municipalities and some cases we have employees working below the minimum. We are also faced with finding a permanent police headquarters reaching \$6-8 million.

Mr. Mekarski stated as the Town Manager he would strongly recommend not touching existing revenue in the General Fund and take on the challenge in utilizing water and sewer rates. Before he turned it over to Stantec, Mr. Mekarski mentioned that the management team as well as himself recommended the strong consideration of one single large increase in a single year for FY21 that would reach structural balance and equity for residents to contribute a \$1 a day for the first year. Another option would be a large increase broken down over two years FY21 and FY22 followed by a 4% fixed rate for the remainder of a decade, or a fixed and smooth rate each year for a ten year period. He committed over the next fiscal year that he would have staff reach out to HOAs and other groups in town along with help from Stantec and Davenport to further educate the citizens of Purcellville to explain how important it is to reach structural balance and equity to continue with the quality of life in our community.

David Hyder from Stantec would be presenting a power point presentation on rate design. *(Presentation on file with the Clerk's office)* Mr. Hyder stated he would be picking up where he had left off from the last meeting and further explained the overall approach used throughout this

study has been a financial plan which looks at what can be done to increase revenues to be sure the water and sewer systems are funded efficiently. Other meetings have been held with discussions of Cost of Service as to what it costs to provide service to various customers and placing customers in classes and also a discussion of the structure of current rates and looking at a different Rate Design in this presentation. Mr. Hyder further explained in detail three different alternatives that have been derived and continued through his 45 minute presentation.

Mayor Fraser started a conversation on reducing operational costs within the town. Mr. Hyder commented that there has not been a deep dive on that area, but he could comment that staffing is very lean and there are consultants at Stantec that could look specifically at operational costs. Mayor Fraser stated that he doesn't mean to reduce staff, but to introduce more automation for efficiency. David Mekarski asked Scott House to comment. Scott House, WWTP Superintendent, discussed cost savings are always looked at when running the Waste Water Treatment Plant. Mayor Fraser cited an example of the Dominion Energy use and possibly more efficiency with solarizing the plant. Dale Lehnig, Capital Projects and Engineering Manager, made comment on the plans in reference around the Waste Water Treatment Plant.

Council member Greenly requested that Jason Didawick make a comment on prevention procedures with staff regarding water pipes and also commented to David Hyder that slide 48 of the presentation is a good reference to the show citizens. Jason Didawick, Assistant Director of Public Works, made comments on the continued cost savings of being proactive in checking to maintain pipes and prevent paying high costs for replacement.

Vice Mayor Stinnette made comments to Mr. Mekarski that there has not been a consensus reached on the Novak Report as being gospel nor consensus of Core Comp Study, but he appreciates the fact that Mr. Mekarski continues to relate those studies to the General Fund. He thanked David Hyder on the presentation and it helped him in asking questions to staff. He stated for Rate Design on slide 14 and understands small guys are paying for the big guys and in regards to Option C, by in large, is basically about the most revenue neutral way to accomplish rates referenced on slide 19. Vice Mayor Stinnette suggested in regards to having a Rate Design discussion with staff and come to a culminating decision and then put that in a model. He further asked questions on the Stantec presentation and then turned his questions to David Rose, Davenport representative, on possible refinancing and restructuring.

David Mekarski commented that once the water and sewer rates are established, budget conversations would have a direction. Vice Mayor Stinnette commented that it would also be worth researching more on what Hamilton was able to do and have some conversation with them on their Inboden contract.

Vice Mayor Stinnette would like a predictable, sustainable model that everyone understands. He stated that he would like to be able to understand the options refinancing/restructuring and understand the Hamilton model and then once those two items are determined then look at how to get to moving towards structural balance. He summarized again to make a decision sooner than later on Rate Design and then the design on structural balance after understanding refinance/restructuring and Hamilton model.

Mayor Fraser added that there was also a request from Council member Cool in selling the utility which should also be looked at along with those things. David Rose, Davenport representative,

commented a word of caution to the Mayor on selling a system or entering into a lease agreement where a lot of dollars would be at stake, there is a need of a 10 year plan, and also to do a Request for Proposals.

Connie LeMarr agreed with Vice Mayor Stinnette that the rate structure decided upon first and then work rates into that. She also commented any change to property tax would have to be advertised by the end of January early February for advertising purposes confirmed by Sally Hankins. Mr. Mekarski commented changes on utility rates could be changed any time through the year. Ms. Hankins confirmed this statement.

b. Review of Zoning Administrator's Decision for Location of a Restaurant and Drive-Thru (Panera) in Catoctin Corner by Use of By-Right

Mayor Fraser suggested that this item be deferred because of the lack of a quorum.

Vice Mayor Stinnette stated that he wanted to be sure questions submitted were answered first and began conversation with Patrick Sullivan on current traffic study and estimated traffic in the area of Catoctin Corner and there not being a way to compare the Catoctin Corner Site Plan traffic study when it was submitted. Sally Hankins, Town Attorney, becomes involved in the conversation for further understanding of the original site plan and what was being requested to change on the location of the already pre-approved drive-thru.

Ms. Hankins further explained the "Determination Letter" dated October 23 as being an interpretation which is not appealable and the Zoning Administrator is entitled to making minor modifications and is this considered to fall under that?, therefore the letter stands, but if it is considered not a minor modification, then the letter does not stand and a new SUP would need to be issued.

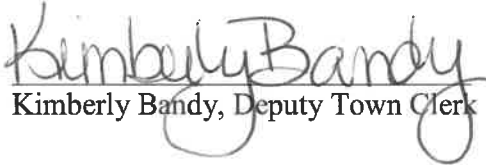
Vice Mayor Stinnette questioned if there was a timeline associated with all of this. Ms. Hankins commented there would be with two different scenarios depending on either a 30 day appeal period which is not this case or a 60 day scenario. She continued any decision that is made by the Zoning Administrator, once 60 days have passed and someone has materially relied on that decision/determination/order, it can no longer be reversed. Ms. Hankins recommended the Zoning Administrator immediately is to amend that letter to the property owner and say this letter is not a decision/order/determination and does not start 60 day timeclock under statute and should not be relied upon materially and that a decision making process needed to happen at the Town before we go final on a determination.

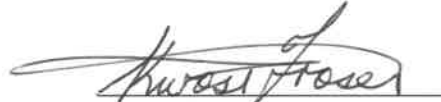
Council member Greenly requested that the submitted questions be included in the agenda packet on the website for reference.

David Mekarski stated that staff would have subsequent follow up on past and future traffic studies for Council.

ADJOURNMENT

With no further business, Council member Greenly made a motion to adjourn the meeting at 8:50 PM. The motion was seconded by Vice Mayor and carried 3-0.


Kimberly Bandy, Deputy Town Clerk


Kwasi Fraser, Mayor