

**MINUTES OF A TOWN COUNCIL
SPECIAL MEETING**

**TOWN OF LURAY, VIRGINIA
Tuesday, April 21, 2015**

The Luray Town Council met in a special meeting on Tuesday, April 21, 2015 at 5:30 p.m. in the Luray Town Council Chambers located at 45 East Main Street, Luray, Virginia at which time there were present the following:

Presiding: Barry Presgraves

Council Present: Ronald Vickers
Jerry Dofflemyer
Jerry Schiro
Leroy Lancaster
Joey Sours
John Meaney

Also Present:

Charlie Hoke, Town Manager
Mary Broyles, Clerk-Treasurer
Danielle Babb, Deputy Clerk Treasurer

A quorum being present, Mayor Presgraves led members in the United States Pledge of Allegiance. The roll was called with no members absent.

Budget Discussions

Town Manager, Charlie Hoke, said that the objective of tonight's meeting is to review the budget and the tax rate. The first budget draft was balanced with the transportation reserve funds. Council then gave direction to staff to balance the budget with a tax increase. After further investigation, Mr. Hoke believes we can balance the budget with a .22 cent increase on personal property and a .01 cent increase on real estate, and also with a lease-to-own proposal. Councilman Vickers inquired about the lease-to-own proposal and what it entails. Mr. Hoke explained that there are some capital improvements scheduled for next year and the town could utilize a "lease to own" loan from Blue Ridge Bank. He explained that this would assist with funding during the bridge project. The loan would cover the capital improvement funds with \$158,000 over a three year period. Mr. Hoke provided a schedule of the capital improvements for each fund and noted that the general fund is the only area un-balanced. Councilman Schiro explained that this will aid the town's overall capital outlay over the three year period. Councilman Sours considered the impact for the following fiscal year's budget. Mayor Presgraves felt the proposal had the minimum amount of impact on the taxpayers. Mayor Presgraves stated that there would still be a 1% increase on the water and sewer rates.

Mr. Hoke said that the budget is balanced with anticipated revenues and matched with expenditures. He said that no funds in excess can be dedicated to the reserve fund unless they are for capital improvement projects.

Mr. Hoke said that Council should attempt to avoid a budget amendment at year end if possible. He noted that there will be one at the end of the current fiscal year because of the purchase of the Brown's Restaurant and the expense associated with sewer repairs. Mr. Hoke said that the current issue for tonight's meeting is to consider the tax rate. Mayor Presgraves said that the tax rate must be finalized at the April 28th meeting due to billing deadlines. Mr. Hoke recommended the increase of .01 cent on the real estate tax rate and .22 cents on the personal property tax rate. Mr. Hoke noted that without the borrowing of funds from Blue Ridge Bank the real estate rate would need to be increased .02 cents. Councilman Vickers noted the draft budget has reflected decreasing revenues. Mr. Hoke said that these are estimates but have been based on previous year actuals. Mr. Hoke summarized that he feels the town is run very efficiently and that the employees are very conscientious. He said that despite this, there are not enough funds to give a cost of living increase. Mr. Hoke stated that in light of the proposed tax increase he has only received one email in opposition and the public hearing saw only one speaker.

Councilman Sours said that according to his research, Luray has the seventh highest tax rate in the state. He expressed concern over this ranking and feels Council needs to be cautious in making increases. Councilman Schiro said that he too has looked at this ranking and feels that the comparison is not necessarily equal. He noted that some of these localities may not be operating a police department, may have a separate water authority, or don't have parks and recreation departments. Councilman Schiro cautioned that the comparison is not a straightforward one. Councilman Sours expressed concern over the real estate tax increase since many of our residents are not seeing an increase in pay. Overall, he stated that he wants to see us bring in more jobs and deliver a greater value for our residents. Councilman Schiro asked Councilman Sours what suggestions he would have to do so that would avoid a tax increase. Councilman Sours suggested methods such as a hiring freeze, etc. Town Manager, Charlie Hoke, said that there are three employees within the police department that are eligible for retirement. He noted that we have a very good replacement strategy in place that includes some very qualified and well respected individuals. Mr. Hoke noted that several years ago the department reduced staffing based on a salary study and has held that quota of sworn officers. He said that if the staffing were to be reduced further, then the coverage would not provide adequate service to the taxpayers. Mr. Hoke said that concerning other departments there have been no indications of upcoming retirements. He noted that other departments have many responsibilities that require a great deal of training to operate the town's systems. Mr. Hoke maintained that the town is not overly staffed but is more importantly adequately staffed with qualified individuals. Councilman Vickers said that his concern is just the opposite; he feels concern over employees not receiving COLA increases which results in a lack of morale and attrition. Councilman Vickers said that he would like to see some kind of employee bonus or appreciation incentive put in place. Mr. Vickers said that his concern is with keeping the town's high level of retention. Councilman Schiro said that in terms of overall operations there have not been any steep increases in operating costs. Mr. Hoke agreed that the costs have held fairly steady over the years. Councilman Schiro said that no new positions have been created and concurred that the police department was drastically reduced with the salary study in 2004. Council members also discussed the replacement of a Parks and Recreation employee with an assistant director, several years ago, and discussed the hiring and training of new police officers.

Councilman Vickers said that he does not see any funds that can currently be cut. Councilman Lancaster countered that funding can be cut from Luray Downtown Initiative. He said that over the years the town has spent in excess of \$400,000 dollars in direct contributions and even more in employee services. Councilman Lancaster noted that the board is requesting \$30,000 in funding this year and will likely be utilized for the director's salary. Councilman Lancaster recognized that Nancy Shifflett, board President, has done a great deal of work. He noted that the Opportunity Luray merchant's organization is being run by volunteers. Councilman Lancaster suggested that many of the largest non-profit organizations in the area are run without any paid staff. Mr. Lancaster recalled that at its inception, the LDI was to become self-supporting but the Main Street organization has developed a different funding structure. Councilman Lancaster said that he feels there are

many organizations all working to improve downtown. He also noted that the town needs to clean up the Brown's building in order to set a precedent of cleaning up the downtown area by maintaining its own property.

Mayor Presgraves noted that in 1993 the town's tax rate was .25 cents and now nineteen years later is only .04 cents higher. He also recalled that in 2006, the town rolled back the tax rate due to assessments. Mayor Presgraves said these are facts that should be noted. Councilman Schiro said that he feels one of the key components is tourism in the area. He anticipates the town becoming a tourist destination and also hopes to see more businesses become telecommuting based. Council members discussed the benefits of LDI and how it fits into this overall plan. Mayor Presgraves said that he feels the quality of the organization is the best it has been since its inception. He would like to see the town continue to give them support and reevaluate later if needed. Mr. Hoke said that he attends nearly all meetings and has seen a great improvement in their board and their intentions to support the businesses. Mayor Presgraves asked if the same payment plan is in place for LDI for the upcoming year. Mr. Hoke said that Council could make that determination at the work session.

Mayor Presgraves continued that Council needs to make some tentative decisions this evening regarding the budget. Councilman Vickers stated that he does not see any items that can be cut from the proposed budget. Councilman Sours said that it is important to be vigilant with our vendors and be sure that we are watching our spending. Councilman Vickers said that he feels Council has reviewed this as much as possible and is in agreement with the .01 cent increase on the real estate and .22 cents on personal property. Mayor Presgraves said there would also be the 1% increase in water and sewer rates. Councilman Lancaster concurred but still felt that LDI could be administered by volunteers. Councilman Dofflemyer confirmed that in order for the town to keep its Virginia Main Street designation, the LDI must exist. Mayor Presgraves asked if Council members were in consensus with the rate increases as discussed. Councilman Sours said that despite his dislike of it, he is in agreement. Councilman Lancaster asked if members were in agreement with contributing to LDI. Members discussed a quarterly payment plan and that this could be discussed at the work session if needed.

Adjourn

There being no further business, Mayor Presgraves adjourned the work session of the Town Council at approximately 6:45 pm.

Danielle P. Babb
Deputy Clerk-Treasurer

Barry Presgraves
Mayor