

# Town of Lovettsville

## Town Council Minutes of Special Meeting August 31, 2010

Mayor Elaine Walker called the special meeting of the Lovettsville Town Council to order at 8:10 PM on Thursday, August 31, 2010.

### Present at Meeting

- Mayor Elaine Walker
- Vice Mayor Robert Zoldos II *{arrived at 8:41 PM}*
- Council Members Tiffany Carder, Charlotte Coleman, Scott Dockum, Michael Senate
- Town Manager Keith Markel
- Town Treasurer Lance Gladstone

### Absent

- Council Member Shaun Staley

### Audience

None

### Discussion Items

#### A. Town's possible participation in the Build American Bond Pool being organized by VML/VACo Finance

Manager Markel provided a recap of the Town Council Special Meeting on Wednesday, August 25<sup>th</sup> at which Bob Lauterburg from VML/VACo presented the bond program to the Mayor and Council. He explained that the purpose of the meeting tonight is to decide if the Mayor and Town Council wish to send VML/VACo Finance a letter of intent to participate in the pool. The engineering firm PHRA has provided updated construction cost estimates for the East Broad Way/Streetscape project and is now projecting that phase one of that project will cost approximately \$860,000. The estimate includes right of way and easement purchase issues but does not include consulting fees to assist with the acquisition of right of way or easements. This could add \$100,000 to \$150,000 to the project. The total project cost could go up or down based on what is encountered during the project.

PHRA estimated that design and engineering costs for the second phase from Park Place down to the area around North Church Street would be about the same as for phase one. That phase may proceed more smoothly because the Town and engineer have already met with VDOT and know what is to be expected for phase two. The Mayor asked Manager Markel to clarify what he said about additional cost if the Town were to hire a consultant to assist with easement and right of way acquisition. Manager Markel stated that PHRA has included cost estimates for the purchase of easements and right of way in the phase one cost estimates based on an average cost per square foot. Thus, PHRA has estimated that right of way would cost approximately \$45,000 if all right of way was purchased. This number could come down if private land owners donated the right of way. If an outside specialist was hired there would be additional cost for their services that is not included in the PHRA estimates. Councilman Dockum stated that he estimates the project to cost \$1.2 million to cover construction, completing the engineering, hiring the right of way and easement consult, and some money to purchase some easements or right of way. Participating in this bond pool would allow the Town to conserve its existing general fund reserves.

Councilman Senate said he would like to look at what the construction costs would be for the second phase of development. Councilman Dockum said he is concerned about borrowing the money now and not being able to spend it quickly. Councilman Senate said that he feels that if the Town borrows the money now and does the construction on the first phase, they can be engineering phase two during phase one construction; thus allowing phase two construction to begin immediately after completion of phase one. If the Town can do both phases it would be a good thing for the community. Based on these cost estimates it appears likely that both phases could be completed. It will always cost more later if the Town waits to construct. Manager Markel asked Treasurer Gladstone how much the Town had in General

Reserve funds and Treasurer Gladstone stated that he thought there was around \$250,000 in undesignated funds. Manager Markel felt that number was too low and went to pull the approved capital budget figures that were approved in June of 2010.

Mayor Walker asked about the availability of the Gas Tax money and Treasurer Gladstone explained that the Town was in possession of the Gas Tax money from the County; however the Town does not have the VDOT enhancement money which will be reimbursed to the Town as it is spent.

Manager Markel handed out the approved Capital Budget to the Council Members. Councilman Dockum asked Manager Markel to recap the estimated cost for engineering for phase two of the Broad Way project. Manager Markel stated that the costs were estimated at approximately \$140,000.

Manager Markel showed that the Town has a General Fund Reserve of \$1.4 million as of December 2009 in addition to other funds that have been designated to specific projects. Thus, the Town does have Reserve Funds that could be used for this project and would not need to borrow all of the funds.

Councilman Dockum stated that he believed phase two was longer than phase one. Manager Markel said that psychologically it seems longer, but it is actually shorter than phase one and that some sidewalk and storm sewer is in place already. Section two could also solve some of the ongoing storm water issues affecting the area around 22 East Broad Way. VDOT has spent money on the study but has not made any physical repairs yet. Mayor Walker stated that Loudoun County has also contributed \$30,000 towards the drainage study for that area.

Council Dockum said that when he added up all of the different components and added some extra for overruns he estimates that \$2.46 million will be needed to complete all of the improvements along East Broad Way.

Councilman Senate said that he was uncomfortable borrowing over two million for the project, but he would not have a problem using \$500,000 that is held in Capital Reserves. Manager Markel pointed out that the money currently held in reserves by the Town is earning next to nothing in interest and no one knows when rates will come back up. Even with the competitive interest rate offered through this bond sale, the Town will be paying significantly higher interest than what is currently earning on its reserves in CDs.

Mayor Walker asked the Council members if there were other CIP projects that they would want to include in this financing. Councilman Senate said that the Town has started on the Town Green and Town Square improvements and should continue that work. Mayor Walker said she would like to see more benches in the Green and Square. Councilman Senate said he sees the sidewalk issue as a project that will tie the Town together. People will be able to walk from place to place much more easily. He does not believe the Council should let this opportunity pass by. He noted that this project has been talked about for a very long time. *{Vice Mayor Zoldos arrived at this point in the discussion}*

Councilwoman Carder stated that she agrees with Councilman Senate and feels that this is a very important project and is an investment in the Town. Councilman Senate said that Council will need as much support as possible for this project. Councilwoman Coleman stated that the residents will be unhappy if taxes are raised to fund this project. Manager Markel reminded the Council that they already have allocated all of the funds from the Meals and Cigarette Taxes to this project. Those two taxes are estimated to generate \$65,000 this year. There is still a shortfall of approximately \$30,000 that would need to be funded from other revenue sources. Vice Mayor Zoldos said that moving forward on this project is the right thing to do and that the Town has been saving money for this project for years. The issue now is deciding how the Town funds this construction. Using the meals and cigarette taxes is a good thing but is not enough to cover the annual debt service. If the Town has a very bad year financially, would the Town still be able to afford the payments using reserves for several years? Manager Markel stated that the Town would be able to use its reserves to cover this expense. Vice Mayor Zoldos said that he is still surprised by how much this project will cost.

Manager Markel said that this project will include not only sidewalks, but also the relocation of utilities, curb, and gutter, and the installation of underground storm drainage. This will be a very unattractive and disruptive project during its construction.

Vice Mayor Zoldos said that comment brings up a good point. Moving forward on borrowing this money commits the Town to moving forward on the project and not being stopped by one or two opponents.

Councilman Senate said that at first he was against this project, but the engineers did what the Council asked. The improvements were designed as small as VDOT would allow, thereby preserving the old town feel of this section of Lovettsville. No big chunks of private property will be acquired for this project and the Town is not building a major highway through Town. Vice Mayor Zoldos said that PHRA was realistic about Lovettsville. Mayor Walker noted that PHRA did the work to know what right of way was available unlike a previous firm that said there was 50 feet of right of way along South Loudoun Street.

Manager Markel said he would jump to Timmon's defense one more time on that issue. The Town paid a lot more money to PHRA to get to that level of specificity. It's not that Timmon's could not have done the work, they just were not contracted to do that level of detail.

Mayor Walker said that back when VDOT did engineering work on South Loudoun Street in the 1980s VDOT spent a lot of money engineering the road only to have the residents oppose the project because it was too invasive. She explained that this was why the Town shifted its focus over to the Berlin Bike Path. She then told Vice Mayor Zoldos that she previously asked the Council members if they had any other projects they wanted funded with this bond sale. She said lighting is needed along Berlin Pike. Vice Mayor Zoldos asked if the Town had any cost estimates for new lighting. Manager Markel said that lighting would be a fraction of the cost of the total project, especially for the bike path. He said it would not make sense to borrow money for lighting if the Town cannot afford to put in the bike path at this time. Mayor Walker said she has always wanted to see lamp post lighting along Broad Way.

Manager Markel said that he would not recommend that the Town Council borrow money for construction of both the Bike and Sidewalk projects at the same time. The Town would be looking at an approximate annual debt service of \$112,000 if the Town borrows \$1.5 million and \$150,000 if the Town borrows \$2 million. That is a significant amount of money out of our annual operating fund. Any more than that would be unsustainable until the Town sees an increase in retail and commercial development.

Councilwoman Carder asked Manager Markel if he had a preference between borrowing \$1.5 versus \$2 million. Manager Markel said he is comfortable with borrowing the full \$2 million; however the Town will need to be careful to manage its money well to be able to have funds to pay the debt service. Borrowing \$1.5 million is obviously more affordable.

Councilman Senate said borrowing \$2 million allows the Town to pull funds from reserves towards the end of the project if more funds are needed.

Manager Markel said the letter of intent does not need to be dollar specific. VML/VACo just needs to know that the Town wants to participate. Mayor Walker asked what the timeline was after the September 1<sup>st</sup> deadline tomorrow. Manager Markel said that he did not know specifically. Generally, bond Counsel needs to start pulling paperwork together and the Town will be holding public hearings in October with all of the Town's paper work being completed by early November. Councilman Dockum asked Manager Markel if they needed to take a vote tonight.

Manager Markel said Council needs to decide if they want to send a letter to VML/VACo Finance notifying them that the Town wants to participate in the Pool. Mayor Walker asked Treasurer Gladstone what he thought of the Town borrowing \$1.5 million versus \$2 million. Treasurer Gladstone said it depends on the Town's goals and the Council's willingness to raise taxes to cover the debt service if necessary. No one knows how quickly the Town will grow and there are risks. Mayor Walker said that everyone talks about real estate tax; however the Town could impose a personal property tax like many of the other towns in the County have. There are people in Town who do not pay real estate tax and a personal property tax would reach everyone. The Mayor asked Treasurer Gladstone if he felt comfortable with borrowing either \$1.5 or \$2 million dollars and he said that he did so as long as the Town was willing to raise fees if necessary. He noted that the financing would mean being able to find \$80,000 in additional funds each year for the next 20 years to pay the debt service.

Vice Mayor Zoldos asked staff what the Town's current capital reserves were. Manager Markel said that the Town has approximately \$1.4 million in reserves.

The Mayor asked if she should poll the Council or have a formal motion and Manager Markel said he would prefer a motion. Mayor Walker asked what else was involved besides the application to VML/VACo Finance. Manager Markel said that they would also need a letter of intent from the Town, but he had heard the same thing that the Mayor and Council had heard during the VML/VACo presentation last week.

**Motion:** I move that the Town Council direct the Town Manager to draft a letter to VML/VACo Finance letting them know of the Town's interest in participating in the American Recovery Act Bond Sale at a level of 2 million dollars to be used for the Town's streetscape project.

**By:** Vice Mayor Zoldos

**Second:** Council Member Carder

Mayor Walker called for discussion. Vice Mayor Zoldos said that the Town needs to remember that much of the current Town reserves were set aside for this type of project, so if the Town needs to use these funds over the next several years to fund a portion of the debt service that would be acceptable in his opinion. Councilwoman Carder and Councilman Senate agreed with Vice Mayor Zoldos' statement.

**Aye:** Council Members Carder, Coleman, Dockum, Senate, Zoldos

**Nay:** None

**Abstain:** None

**Absent:** Council Member Staley

Manager Markel said he would let VML/VACo Finance know of the Council's action in the morning. Councilman Senate said this will be an invasive and ugly project during construction, but it will look good when it is all finished. Mayor Walker said this will not be as bad as when public water and sewer were installed in the Town in the 1970s when the entire Town was under construction.

Mayor Walker asked if the Council had anything further to discuss. Councilman Dockum said that he had a private personnel matter to discuss in closed session. *{Treasurer Gladstone left the meeting}*.

#### **Closed Session**

**Motion:** I move that the Lovettsville Town Council convene in closed session pursuant to Va. Code section 2.2-3711 A

1. Discussion, consideration, or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body; and evaluation of performance of departments or schools of public institutions of higher education where such evaluation will necessarily involve discussion of the performance of specific individuals

**By:** Vice Mayor Zoldos

**Second:** Council Member Coleman

**Aye:** Council Members Carder, Coleman, Dockum, Senate, Zoldos

**Nay:** None

**Abstain:** None

**Absent:** Council Member Staley

The group went into closed session at 9:10 PM and came out of closed session at 9:22 PM.

All Council members certified that only public business matters lawfully exempt for the open meeting requirements under the Virginia Freedom of Information Act were discussed (Attachment I)

Let the record reflect that no vote was taken following the Closed Session.

#### **Comments from the Mayor and Town Council**

Councilwoman Coleman asked if a date had been set for the water rate meeting. It was decided that October 26<sup>th</sup> was the best night for that meeting. Manager Markel said that he would contact Bob Gay with Virginia Rural Water Association to confirm.

Manager Markel stated that the tentative date for the historic district kickoff meeting was Tuesday October 12<sup>th</sup> at 7:00 PM at the Lovettsville Community Center.

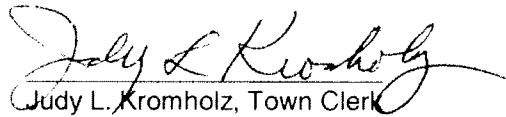
Mayor Walker reminded the Council that next Wednesday night, September 8<sup>th</sup>, Leesburg is hosting a meeting on FOIA, Conflict of Interest and Roberts Rules of Order.

Councilwoman Coleman noted that the BB&T Bank has installed no skateboarding signs. Mayor Walker said she has been talking with branch management about the issues the bank has faced with afterhours trespassing, primarily by skateboarders. The Council discussed their concerns and experiences with the group of youth in Town that have been causing trouble. Vice Mayor Zoldos said this issue seems like the perfect project for the Community Policing officer and it appears that Lovettsville is not getting the proper attention. Mayor Walker said she would talk with the Sheriff's office regarding this issue.

Manager Markel announced that he received a letter last week that the Western Flyer was going to cease operation next week. Mayor Walker said she met with Supervisor Kurtz and Virginia Regional Transit (VRT) officials. The combination of low ridership and Purcellville pulling their funding support led VRT to discontinue the service.

The special Town Council meeting adjourned at 9:50 PM.

Respectfully submitted,



Judy L. Kromholz, Town Clerk

Date Approved: March 10, 2011

No Attachments