

**BERRYVILLE TOWN COUNCIL**  
**Wednesday, March 19, 2014**  
**Berryville-Clarke County Government Center**  
**Budget Work Session**  
**4:00 p.m.**

**MINUTES**

**Roll:**

**Town Council:**

Present: Wilson Kirby, Mayor; Harry Lee Arnold, Jr., Recorder; Mary Daniel; Allen Kitselman; David Tollett. Absent: Douglas Shaffer

**Staff:** Keith Dalton, Town Manager; Desirée Moreland. Assistant Town Manager/Treasurer; Neal White, Chief of Police

**Press:** Val Van Meter, Winchester Star

1. **Call to Order** – Wilson Kirby, Mayor  
Mayor Kirby called the meeting to order at 4:06 p.m.

2. **Pledge of Allegiance**

3. **Discussion** – Budget  
Ms. Moreland reviewed the budget highlights as follows:

**Revenues – General Fund**

*Proposed increase in Personal Property tax from \$1.00 to \$1.05*

Ms. Moreland explained that this increase is recommended after consideration of several options to deal with an apparent \$2,000,000 shortfall in assessments for Personal Property.

Ms. Moreland said that according to the most recent information she has received from the Commissioner of Revenue, Personal Property assessments are down from last year. She said that she researched every vehicle from last year and it appears that there are just fewer vehicles being replaced. She said that she looked at several different scenarios in determining the recommended tax rate. She noted that there are many variables, including proration, the amount of the supplemental assessment in October and PPTRA that affect the total assessment and thus the revenue collected. She said that she recommends raising the tax to \$1.05 using the assumption that there will be no growth in the assessments but the supplemental assessment will be at the usual level.

There was a general discussion about whether the Personal Property tax rate should be increased and to what level. Mr. Dalton said that if the initial assessment from the Commissioner of Revenue is found to be higher or the supplement is higher than anticipated, the Town Council can always adopt a lower rate.

Mayor Kirby asked if it would possible to advertise no increase at this time and wait until the October supplement is received and reassess the situation. Ms. Moreland said that if the tax did need to be raised at that time another public hearing would be required and it might be cutting it close because billing is done in November. She said if the higher rate is advertised now, the tax rate could be set at a lower rate without a public hearing. The Town Council discussed the options for dealing with the smaller Personal Property assessment numbers.

Ms. Moreland said that the PPTRA remains at 70%

*Proposed increase in Real Estate tax rates from \$0.116 to \$0.136*

Ms. Moreland said that traditionally Real Estate is reassessed every four years but the Board of Supervisors has decided to reassess every six years because of the cost of reassessment. She said that the proposed Real Estate tax increase would net approximately \$196,000. She said that this would serve to recoup some of the rising garbage collection costs. She noted that the Real Estate tax has not been raised in 10 years and that garbage collection costs have increased by \$100,000.

*Proposed increase in Machinery & Tools tax from \$1.182 to \$1.30*

Ms. Moreland explained that initially staff thought this rate would need to be raised to \$1.40 but newer assessment numbers from the Commission of Revenue has reduced that number to \$1.30. She said that this increase is virtually revenue neutral, netting approximately a 1.3% increase in revenue.

*Decals and BPOL*

Ms. Moreland said that there are no proposed increases in Vehicle Decal Rates or Business and Professional License rates.

Ms. Moreland said that there is a 3% increase in Water Tank Site Lease per the agreement plus an additional site lease.

*Proposed increase in Meals Tax from 2% to 4%*

Ms. Moreland said that the Customer Meals tax is a trust tax collected by restaurants and that the increase puts the rate on the level with neighboring jurisdictions.

Revenues – Water Fund

Ms. Moreland said that staff is proposing an increase in Water Treatment Fees from \$7.05 to \$8.00 per thousand gallons and projecting five Availability Fees.

Revenues – Sewer Fund

Ms. Moreland said that there are no proposed increases in Sewer Treatment Fees and staff is projecting five Availability Fees.

Operating Expenses- All Funds

Ms. Moreland said that no payroll increase is proposed and there is no increase in health care costs. She said that the hazardous duty alternate option is added to VRS coverage

and that electric costs were increased by 7.5% as predicted by REC. She said that the total budget is decreased by 16.09%

Operating Expenses- General Fund

Ms. Moreland said there is a decrease in Maintenance & Operational Expenses of 1.27% and that Debt Service reflects a deposit to the RDA Debt Service Reserve Fund. She said the General Fund total is decreased by 2.40%

Operating Expenses- Water Fund

Ms. Moreland said there is a decrease in Maintenance & Operational Expenses of 0.02% And that there is currently no Debt Service in the Water Fund. She said the Water Fund total increase of 8.27% is due to Capital Outlay and Reserves.

Operating Expenses- Sewer Fund

Ms. Moreland said there is a decrease in Maintenance & Operational Expenses of 10.22% She said that the Sewer Fund total decrease of 39.88% is partially due to completion of the waste water treatment plant.

Mr. Dalton discussed the current year CIP. He said that Capital Improvements are pretty lean for FY 14/15. He outlined the following projects/line items:

- A computer replacement line item of \$4,000.
- Reduction of the Public Works truck purchase to one truck, of which VDOT funds will pay for half.
- The purchase of a snow plow that will be paid for with VDOT funds.
- The purchase of a jet rodder, half to be paid for with VDOT funds and half from Sewer funds.
- Sewer line upgrades.
- Expenditures from the water fund including a leak detector and water line upgrades.

Mr. Dalton then discussed the Sewer Reserve fund for equipment repair and membrane replacement. He explained that the membranes in the sewer plant have an approximate life span of 7 years, although they will hopefully last for 10 years. Replacement cost for the membranes is \$634,000. He said that reserve funding has been budgeted at \$50,000 per year for the first 7 years on the assumption that 2 years of advance payments (\$470,000) for the wastewater treatment plant loan will be returned by Rural Development and these funds will be used for membrane replacement. Town Council discussed the Sewer Reserve fund.

Mr. Dalton then outlined the remaining years in the 5 Year CIP highlighting the following:

- Replacement of Police cruisers and radios.
- A one-ton dump truck for Public Works in FY 15/16.
- A mower for Public Works in FY 16/17.

He noted two items (installation of a communications antenna at the Government Center and placing repeaters in all Police vehicles) totaling approximately \$100,000 that were in the Departmental budget of the Police Department but are not in the CIP. He said that this is because the way to proceed on the matter has not been determined. He said that the Police Department is still studying this issue and the Town Council should know that the expense is coming up in the future.

Public Hearing on Tax Rates, Water Rate

Mayor Kirby said that he is in favor of advertising the Personal Property tax at \$1.05 and re-visiting the matter when the Supplemental assessment is received.

The Town Council, by consensus, agreed to advertise a Public Hearing as follows:

**1) Proposed Tax Rates for 2014**

- A. \$.136 per \$100 assessed valuation on real estate, including real estate of public service corporations;**
- B. \$1.05 per \$100 assessed valuation on tangible personal property except machinery and tools;**
- C. \$1.30 per \$100 assessed valuation on tangible machinery and tools.**

**2) Proposed Meals Tax Rate Increase**

**The proposed Meals Tax Rate is 4%. This proposed Meals Tax Rate would increase the rate from 2% to 4%.**

**3) Proposed Water Rate Increase**

**A proposed increase in the water user rate from \$7.05 per 1,000 gallons of water used to \$8.00 per 1,000 gallons of water used.**

Council member Kitselman asked about a cigarette tax. Mr. Dalton said that because staff is not versed on the nuts and bolts of the process of implementing this tax it probably could not be pulled off this year. He said that if the Town Council is interested staff can investigate the steps to be taken to implement a cigarette tax. Ms. Moreland said that staff is also looking at a lodging tax.

Council member Daniel asked how confident staff is about the State revenue numbers in the budget given the State budget hasn't been adopted. Mr. Dalton said that there has been no indication that any of the numbers that affect the Town have changed significantly.

Council member Kitselman said that he hates to raise taxes when people are struggling but we need to provide services. He noted that there are no pay raises for staff.

Council member Daniel said that the increase in the Real Estate tax causes her great concern although the rate is on par with other localities and has not been raised in 10 years.

Mayor Kirby said that although the Town of Berryville has always been financially conservative, funds are needed to run the town and that there is no way to balance the budget without raising taxes even when cuts are made to the budget. He said that given the reality of the situation he can advertise these tax and utility rates in good conscience.

Council member Kitselman added that he is very interested in investigating a cigarette tax because cigarettes are something that should be taxed.

**3. Adjourn**

There being no further business, on motion by Council member Daniel, seconded by Council member Tollett and passed, the council meeting was adjourned at 4:50 p.m.

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Wilson Kirby, Mayor

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Harry Lee Arnold, Jr., Recorder