



MIDDLEBURG TOWN COUNCIL
Special Work Session Meeting Minutes
Thursday, January 31, 2019



PENDING APPROVAL

PRESENT: Mayor Trowbridge M. Littleton
Vice Mayor Darlene Kirk (participated electronically)
Councilmember Chris W. Bernard
Councilmember J. Kevin Daly
Councilmember Kevin Hazard
Councilmember Peter Leonard-Morgan
Councilmember Philip Miller
Councilmember Cindy C. Pearson

STAFF: Danny Davis, Town Administrator
Rhonda S. North, MMC, Town Clerk
Ashley M. Bott, Town Treasurer
Jamie Gaucher, Business & Economic Development Director
William M. Moore, Deputy Town Administrator

The Town Council of the Town of Middleburg, Virginia held a special work session on Thursday, January 31, 2019 in the Town Hall Council Chambers, located at 10 W. Marshall Street, to discuss the proposed FY '20 Budget. Mayor Littleton called the meeting to order at 6:00 p.m.

Vice Mayor Kirk participated in the meeting electronically from her home as she was ill. Her participation occurred via the telephone so the audience could hear her questions and comments.

PRESENTATION – FY '20 Budget

Town Administrator Davis reviewed the highlights of FY '19, which included a new Mayor, two new members of Council and new leadership. He noted that some of the projects that were completed to date included the sale of the Health Center building, the Ridgeview Water Line Replacement Project and National Night Out. Mr. Davis reminded Council of the projects that were initiated, and were hoped to be complete by the end of the current fiscal year, including: the comprehensive plan update, a new Town website, a new Town brand, the West End Pump Station Project and the Marshall Street Sidewalk Improvement Project. He advised that projects that would continue into the new fiscal year included: a new Town Office; focus on business and economic development activities and, whatever was recommended by the newly established Cultural & Community Events Committee. Mr. Davis advised that the Town also focused on its financial strength and was continuing to operate at a surplus.

Town Administrator Davis advised that the proposed goals for FY '20 included focusing on the Council's strategic goals; planning for the Town's long-term financial health, with the assistance of the Strategic Finance Committee; completion of current projects; focusing on long-term infrastructure needs, such as a new Town Office and I&I abatement; planning and economic development efforts, such as updating the Historic District Guidelines and boosting businesses; and having fiscal resilience so the Town could continue to build its reserves as appropriate.

Town Administrator Davis reviewed the projected revenues for the FY '20 General Fund. He reported that the economic outlook was positive and noted that the State was projecting 3.7% growth. Mr. Davis advised that Loudoun County was also projecting business and residential growth. He noted the need to be cautious however, given the federal government shutdown as it could affect the regional economy.

Town Administrator Davis advised that real property values were up by \$12.7 million, with the majority occurring as the result of increased valuations. He reminded Council that the current real estate tax rate was \$.153 and advised that the equalized rate was \$.15. Mr. Davis proposed that the rate be left as it currently was for two reasons. He explained that the first was that it would help to balance and diversify the Town's revenues and noted that the majority were currently the result of consumption taxes (meals and lodging). Mr. Davis explained that leaving the tax rate alone would also allow for compounding year over year, with the funds being strategically reinvested into the town.

Town Administrator Davis reminded Council that the Town's revenues mainly consisted of property taxes, business license taxes, meals taxes and lodging taxes. He reported that he was conservatively estimating the revenues from the meals and lodging taxes to increase by 15%.

The Council held some discussion regarding the real property value assessments. Town Administrator Davis reported that the assessments increased by 3.8% across the board, with the majority of the increases occurring in commercial property values. He noted that residential property values increased an average of 1.6%; however, this was subject to change as property owners appealed their re-assessments.

The Council noted that the staff appeared to be under shooting the meal tax revenues by 13% and questioned why.

Town Administrator Davis explained that there were different approaches to revenue projections and planning. He advised that one was to be conservative and to use any extra/surplus the following year. Mr. Davis further advised that another option was to show the full amount but to put some of it into a project that could be delayed and/or the contingency/fund balance where it would remain unspent in the event the full amount was not realized.

After some discussion, the Council agreed they would like the budget to reflect the actual revenues the staff was projecting in order to be fiscally transparent. They acknowledged the concern about over aggressive targeting and suggested a policy be developed for handling any revenues received above a conservative amount.

Town Administrator Davis advised Council that a large portion of the surpluses was being generated not by under estimating revenues, but rather were the result of large cash-funded capital projects that did not occur in the fiscal year in which they were projected and which were then funded again the following year. He reported that the staff was working to encumber and/or roll forward the funds in such cases, which would help to avoid double or triple budgeting for capital projects in the future.

Town Administrator Davis reported that the General Fund expenditures for ongoing operations were proposed to remain generally level. He advised that the major changes were to: (1) remove the expenditures from the General Fund for charitable donations and to return those back to the Health Center Fund/501(C)(3); (2) add a planning/project associate position; (3) include \$500,000 (from fund reserves) for design/architectural services for the new Town Office Project; and, (4) rebalance the funding for the fleet replacement so it was a five-year one, with funds being included annually in the budget to purchase one replacement vehicle even if the purchase did not occur in that fiscal year.

Town Administrator Davis reported that he was proposing the Town make an investment in the employees in the form of a 3% cost-of-living allowance adjustment. He advised that he also included a 5% increase in the Town's share of the cost for health insurance; although, he noted that the Town would not know the exact amount of the premium increases until the end of February. Mr. Davis suggested that if it was more, the staff would propose alternatives for the Council's consideration. He advised that he was also proposing funding for the average of a 2% merit pay increase for high performers. Mr. Davis noted that he was proposing to introduce a new benefit in the form of a match of \$20/pay period for any employees who enrolled in a deferred compensation program. He reported that this would cost \$7,800 annually if everyone participated. Mr. Davis advised that he was also proposing emphasis on training and education.

Town Administrator Davis advised Council that the budget continued to include the 3% water and sewer rate increases in the Utility Fund. He explained that he was proposing that any revenue received as the result of the payment of connection fees simply be treated as extra revenue. Mr. Davis noted that the 3% increase was intended to keep up with the regular cost of doing business. He expressed hope that MFSG would be prepared to present their findings regarding the rate model during an upcoming Council meeting.

Town Administrator Davis explained that the Utility Fund expenditures would include the increased cost of the IES operations contract; the repayment of the loan from the General Fund to the Utility Fund, based on a fifteen year repayment at 2% interest; a well inventory as recommended in the Wellhead Protection Plan; and \$50,000 for I&I abatement. He reported that there were some challenges in this fund as the Town spent a great deal of money during the past fiscal year on capital projects. Mr. Davis explained that as a result, the following would be delayed: the utility master plan update; the contribution toward the membrane replacements at the sewer treatment plant; the construction of a clear well at Well #4; and, the replenishment of the Utility Fund's fund balance.

Town Administrator Davis reviewed the proposed budget schedule, which included a public hearing on the real estate tax rate for March 14th. He noted that it must be scheduled soon and reminded Council that under the consolidated billing program, the rate must be set no later than March 28th. Mr. Davis advised that he was proposing that the budget public hearing be held on March 28th and reminded them that the budget must be adopted no later than June 30th.

COUNCIL DISCUSSION – FY '20 Budget

Mayor Littleton acknowledged that this was the Council's first review of the proposed budget; however, he asked that the members identify any questions or concerns they may have so the staff would have time to address them prior to the deadlines.

Town Administrator Davis reiterated those items that would increase the expenditures in the General Fund, such as the transfer of \$500,000 from the General Fund reserves, with a corresponding expenditure in the Maintenance budget for the Town Office Project. He further reiterated that the expenditures for regular operations were proposed to remain flat. Mr. Davis noted that the budget included a \$215,000 contingency reserve.

General Fund Revenues

It was noted that the staff would have a better idea of the business license revenues after the license renewal deadline on March 1st. It was further noted that business personal property tax revenues would continue to decrease, due to the County's depreciation schedule, unless the businesses were to refresh their personal property.

After some discussion, the Council agreed to advertise a real property tax rate of \$.153 for public hearing. It was noted that they could always reduce the amount if desired.

Administration Expenditures

Town Administrator Davis reminded Council that a portion of his, the Town Treasurer and the Office Manager's salaries were located in the Utility Fund. He suggested that, in the future, a portion of the Deputy Town Administrator's would also be located there.

The Council noted the 47% increase in health insurance costs in the Administrative budget. Town Administrator Davis explained that the change was the result of changing from single to family coverage for the Town Administrator's position. He suggested that he may place all of the Town's health care expenditures in one line item so changes could not be identified for a particular individual. Mr. Davis noted that this would address HIPPA concerns.

The Council noted that professional training and development expenses were shown throughout the various budgets. It was suggested that all general and administrative expenses that fell across the entire Town budget be combined into one line item, which would allow the Council to see how much was being spent overall.

The Council noted the fire/rescue grant line item. Town Administrator Davis reported that currently, there was a balance from previous years' grants as they had not been distributed to the fire department. It was explained that the distribution could not occur until the fire department had an expenditure that was allowable under the grant. The Council expressed a desire to show this in a better way.

The Council expressed a desire to continue to provide funding to the Health Center Fund. It was suggested that this could be accomplished by allocating a portion of any excess revenues that may exist at the end of the fiscal year. It was further suggested that any funds given by the Town only be used for an endowment fund.

The Council continued their discussion of more accurately reflecting anticipated revenues while still being conservative by placing a portion of them in reserves. They asked that the staff recommend a policy for the distribution of excess revenues and suggested it be done in conjunction with the annual audit.

Building & Grounds/Maintenance Expenditures

The Council reviewed the proposed expenditures for buildings & grounds, as well as maintenance. It was suggested that, in the future, all of the capital projects be located in one area of the budget, as opposed to being spread out among the different departments.

The Council discussed the \$500,000 placeholder in the budget for the Town Hall Project. They noted that they had been discussing this project for many years. It was further noted that the cost would be greater than \$500,000. The Council suggested the staff increase the amount to more accurately reflect the cost.

The Council asked that the staff provide a cost estimate for improving Pinkney Street, in order to allow it to be accepted by VDOT, so they could consider whether to include funding in the proposed budget.

Police Expenditures

The Council reviewed the proposed expenditures for the Police Department. It was suggested that the funding for professional development and training may be too low, as the national average was \$1,500/individual. It was noted, however, that many of the officers' training opportunities were provided free of charge. The Council asked the Town Administrator to check with the Chief to determine whether the proposed amount should be increased.

It was noted that the Town encouraged fitness in the form of reimbursement for gym membership fees. The Council suggested that consideration be given to another benefit that would further encourage the fitness of the officers.

Planning & Zoning Expenditures

The Council reviewed the proposed expenditures for planning and zoning.

Town Administrator Davis noted that the increase in the salary line item was due to the new position he was proposing. He estimated the total cost of the position to be \$85,000.

The Council suggested the need to increase the line item for professional development and training.

The Council noted the dangerous structures ordinance that was enacted last year. They requested that funding be included in the proposed budget for its enforcement. It was requested that the staff provide the Council with a status report on the enforcement activities to date during their next meeting.

Economic Development Expenditures

It was noted that this budget included \$40,000 for program development, which was for incentives such as façade improvement grants; \$40,000 for non-profit organization support, which included funding requests as recommended by the Cultural & Community Events Committee; and \$45,000 for community development special events, which included those events where there was no debate as to whether the Town would provide funding, such as Christmas in Middleburg, fireworks for the Community Center's Fourth of July Celebration; the Middleburg Film Festival; and, the Open Late Concerts offered by the National Sporting Library & Museum.

The Council held some discussion regarding whether the Open Late Concerts should be included in this line item. They questioned whether the Concerts on the Steps should also be included. It was noted that the Town received a State grant that was currently used for the Open Late Concerts.

The Council questioned why the funding for marketing was reduced by 20%. They asked the staff to provide a plan for marketing. They further asked that the funding be split into categories, such as co-op marketing, advertising, etc. It was suggested that Councilmembers Miller and Bernard work with Town Administrator Davis, Town Treasurer Bott and Business & Economic Development Director Gaucher to make a recommendation.

The Council reviewed some of the other line items. They noted their goal to develop a new Town event and asked that funding be included in the proposed budget to cover the expenses associated with it.

It was noted that the Business & Economic Development Director was proposing to purchase CRM software in order to track his business contacts and that the funding was currently shown in the "dues" line item. The Council asked that this be shown as an individual line item in the Administration budget. They further asked that the staff identify why it was needed, the objectives for it and how it could be used across all of the Town's departments. It was suggested that CivicPlus may have a tracking module.

Mayor Littleton reiterated his concerns that the staff was proposing an amount for professional development and training that was 3% below the mean average. He asked that the amount be increased.

Mayor Littleton reviewed the strategic initiatives as approved by the Council. It was noted that funding may need to be added to the proposed budget for the economic development strategy and the parking strategy.

The Council discussed the Middleburg Community Charter School and whether the Town should provide funding for it. It was suggested that the Council consider this only if the school asked for it.

Pink Box Expenditures

The Council held some discussion of how the construction/opening of the new museum would affect the Pink Box. Mayor Littleton reported that the Museum Foundation hired a consultant to assist with fundraising, with the hopes that enough funds would be raised during the coming fiscal year to begin the construction. The Council suggested the Pink Box may need to be temporarily relocated during the construction due to noise issues. They agreed to discuss this in the future.

Utility Fund Expenditures

It was suggested that the Utility Fund budget be discussed once the staff had more information from MFSG regarding the utility rate model.

There being no further business, Mayor Littleton declared the meeting adjourned at 8:34 p.m.

APPROVED:

Trowbridge M. Littleton, MAYOR

ATTEST:

Rhonda S. North, MMC, Town Clerk

January 31, 2019 Middleburg Town Council Meeting

(Note: This is a transcript prepared by a Town contractor based on the video of the meeting. It may not be entirely accurate. For greater accuracy, we encourage you to review the video of the meeting that is on the Town's website – www.middleburgva.gov)

Bridge Littleton: Call the meeting to order. See here. First up, oh, roll call.

Chris Bernard: Chris Bernard.

Kevin Hazard: Kevin Hazard.

Philip Miller: Philip Miller.

Bridge Littleton: Bridge Littleton.

Peter Leonard-Morgan: Peter Leonard-Morgan.

Cindy Pearson: Cindy Pearson.

Kevin Daly : John Kevin Daly.

Rhonda North: Rhonda North, Town Clerk.

Danny Davis: Danny Davis.

Bridge Littleton: And real quickly everybody since Darlene is not going to be here I'm going to phone her in. [off mic] you. Oh yeah, if we can do that that'll be great. Yeah. I mean I don't know if it's official or not but at least she can listening. [off mic] Okay. [off mic] Okay.

Philip Miller: So you get to press the button live stream video.

Bridge Littleton: Oh God. Go ahead.

Darlene Kirk: Darlene Kirk.

Bridge Littleton: Wait did you just say what I thought you said? OK. [off mic] [laughter] Will got it. Hopefully that was caught on camera. You know by the way I'm just going to mention this. I hope that when we get to the end of the fiscal year right before the start of the New Year you guys go through the tape and you know create a 10-20 minute tweet to best of clip tape. You know like they used to do at the end of the Cannonball Run movies. Oh God he hasn't seen Cannonball Run. Well we just we just added that. OK. So first up. Anyone who saw Cannonball Runs was not a sheltered life. All right. Budget presentation. Danny over to you.

Danny Davis: Mr. Mayor and Council members I'm pleased to give you our draft Fiscal Year 2020 budget. And you've had a chance to see it in the packet so I'll try to breeze through the presentation efficiently but also to cover the highlights that we have before us. And then after that we'll have an opportunity to go through departments and if there are any questions as we go through it we're happy to answer those. The ones that we can and if we have questions that come up that we can't answer that come up later we'll be happy to address those at a future meeting. So briefly wanted to just give you an overview of our goals tonight which is to look at current fiscal year FY 19 and just go over some of the highlights and accomplishments. As you know we have a great staff and they've been doing

a lot of great things. I have the privilege of just having joined right in. And so I can't take credit for these great tasks but want to highlight what we've been doing. Looking forward to 2020 what that looks like in terms of our goals. FY 20 in terms of our revenues in both general fund and then looking at utility funds briefly and then we'll talk about the upcoming schedule. So for fiscal year 19 highlights of course we have a new mayor and two new council members. So continuing to change some goals and strategies and approach and looking at how to continue on the great things that the councils have been doing for many years and continuing that progress. We also have new leadership. The transition from Martha to me has gone very well and I think is continuing to benefit the organization and the town. And also that gives us an opportunity or gave us an opportunity to look at the organization as well and as you know that's resulted in some reorganization position changes and then looking at new strategic positions that can serve the council and your projects and your goals. There are a number of major projects completed over this current year still and over the past year. Of course the sale of the health center really big project really great accomplishment for the town. Of the Ridge View water line project a great project that helps ensure the continued stability of our water infrastructure for that portion of the town. National Night Out again was a really great success and continues to be a great program. And so those are some great projects that have been completed and then we have projects that are we anticipate being completed in this current fiscal year the comprehensive plan update which is moving forward and we think should have if not the very end of this fiscal year. Just briefly into next fiscal year but another great project of making sure that plan is up to date. The new website, the branding effort both of those we expect to be completed by the end of this year. The West End pump station another key infrastructure project that you've initiated and approved and looking forward to the majority of that being done in this year. And then the East Marshall sidewalk as that continues forward should be done in the spring. And then of course we have the new projects under way the New Town Hall. The continued focus of our business and economic development activities and also the new events committee coming in to help enhance the visitor experience and draw more visitors in and so a lot of activities going on just in this current fiscal year. So. Oh and finally just as we look at the financial strength of the town continuing to run surpluses which is fantastic continue to see growth in our economy and we'll look at the revenues in a few slides as well. So looking forward to fiscal year 20. Obviously we want to continue our activities focused on your goals the strategic initiatives that you've set up. And any other goals or initiatives that may come into play as things change and as we spend more time working together there may be other activities that we need to look at potentially integrating into the strategic efforts there. We do want to continue completion on these current projects we have before us and additional projects that we're working on include the Strategic Finance Committee. Some great opportunities there to work with those on that committee and looking how we can plan for our financial health long term in the future. And then that leads into additional policies the budgeting process and continued accounting of our financial health. And then long term infrastructure of course Town Hall is a big deal and so how that turns out there are many different opportunities there but that's a big goal and ahead of us is to get a good pathway forward on that. And then we have some focus on our utility infrastructure continuing to invest especially as we look at the sewer system and getting the lines and the manholes repaired as much as possible so that we can keep our sewer system operating at full capacity or at its peak capacity without treating things that are not necessary for us to be treating such as groundwater. And then as we have our planning and economic development efforts in front of us we look at potential of each DRC guideline updates, continued engagement reinvigoration of EDAC working with economic development on a strategy, initiative programs, marketing and retention. And I know that continuing to boost the businesses and strengthen businesses and bring more businesses in is a key focus for all of you and we want that to continue to be a focus of ours as well. And then as we've talked having fiscal resilience so that we can continue to build up our reserve as appropriate and then have that available to spend as appropriate on the projects that come before you. So with that let's step a little bit into an overview of the general fund on the revenue side. First of all it's very good to know that we continue to have a positive outlook. As we have been reviewing information from the state and from the VML their current outlook for fiscal year 19 is 3 percent growth and their outlook for fiscal year twenty is 3.7 percent growth. So a little bit continued growth that they project on the state level which is positive for us and continues to be a sign for overall health. In terms of Loudoun County the outlook remains strong. They continue to project growth in the county both in the business side and also residential growth in terms of housing development. So when we see health in the real estate market in the diversity of the economy that's again good for us. We don't know what the budget of what the government shutdown may or may not do as an impact on the regional economy. There may be a little trickle-down effect to us. I think the one unknown is what could happen if there is a secondary shutdown or if there are prolonged either furloughs or shut downs into the future. So just something that we have to be cautious about and aware of looking forward. In our local economy as you know is

very strong. Restaurants are bustling and doing great. TOT is doing great sales tax so as we see the activity in the town we see very positive growth on that side. So with that we see very strong revenue projections. We received from the county last week our real property assessments for current year effective as of January 1st. So real property value is assessed as of January 1st each year. Our portfolio was up \$12.7 million year over year about \$2.3 million of that was in new construction and over half of that was residential. I think there were. I mean it's basically two houses that were built represent about \$1.3 million in construction growth but then we saw valuations across the board up about 10 million dollars. The majority of that being in the business the commercial side. So the value of commercial properties continuing to grow. With these increased assessments an equalized tax rate, our current tax rate is 15.3 cents. An equalized tax rate would be 15 cents. At this point we're proposing to keep the tax rate at 15.3 cents for a couple of reasons one that can continue to balance and diversify our revenue streams so that we're not being so heavily focused on the TOT and the meals tax and business licenses. It also allows it to compound as we hopefully see real property growth and assessments year over year allows us to use some of those funds maybe for strategic reinvestment into the town, supporting our businesses maybe through parking initiatives or other type things. So at this point the property tax rate is proposed to remain at flat at 15.3. Looking at other non-property tax revenues we'll talk about meals tax and TOT on a slide and just a couple minutes. But as you know those are continuing to grow and then we have the growth of the investments that we talked about prior council meeting. Investing that money a little bit differently and seeing some positive returns there. And then finally looking at our fund balance and continuing to boost that and then how we can use that strategically as we look at big capital projects. So a couple of quick slides I want to run through with you. This one here shows the average residential assessment assessed value. You'll see how especially last year the real property values jumped a fair amount. Technically it's the assessment from the counties a little it changes as they re-evaluate year over year so even though there is a little bit of growth in the residential side assessed or average assessed value actually dropped slightly year over year. And then the green line you'll see is the real property tax rate where you equalized it last year and then we're proposing to keep it flat for this year. So if we have questions on the assessments we can tackle those down the road or we're happy to reach out to the county if there's any issues about or questions about assessments. The next chart I'll take just a brief minute to go through with you. So this is an opportunity just see our various revenue sources and what they look like. You'll see the bottom line is property taxes. That's both real property and personal property. You'll see a couple of changes one, oh it does show up. In FY 18 you'll see that we did not charge the personal property and so that's why there was a decrease from 17 to 18. And then you'll see in 19 if you recall there's that extra half collection because the counties collecting it. I took that out of this chart just so it wouldn't skew the numbers too much. So this is showing at full years' worth of the collection. This middle section is the budget amount for FY 19 and the chart next to it is our estimated revenues for 19. You'll see some pretty strong increases there. Most of that is attributable to the meals tax which is the yellow section and the TOT which is the top orange section. So we do see revenues increasing about 15 percent over what we have budgeted. That's a pretty significant amount. We're wanting to continue to be conservative in how we budget into the future but also recognize and know that those revenues continue to grow and we want to capture that for use in an appropriate way. So the far right chart is our FY 20 projected or what we've put into the draft budget for our revenues. So you'll see we've increased our well I'll start at the bottom our property tax slightly year over year. We've increased our business license tax slightly just looking at trends over the past few years and we've increased meals tax not to the full amount of what we think are total receipts will be for FY 19 because again we know if one restaurant shuts down or there's a bad you know visitor cycle that could drop. However we are increasing it over the prior year And then similar rate TOT. We think this number will continue to grow but we don't want to take advantage of that so we want to plan properly and anything extra will be added to either contingency or to some onetime capital projects. I can stop here if you want to go over this chart or ask questions about it.

Bridge Littleton: Yeah let's do that. This is a very important chart. So anybody have questions for Danny?

Peter Leonard-Morgan: Got one question Danny. The real property tax assessments. How much did they increase a lot? I didn't see where [off mic]

Danny Davis: Yeah I gave you a total value amount pinned on a percentage amount. Across the board I think it was about 3.8 percent. I can pull that up if you'd like to. [off mic] The majority of that was in the commercial side because of re-evaluation of commercial property. I think total change in value on the residential side was 1.6

percent. Okay. So a little bit higher change in the commercial side. I will also say that is subject to continued revision because some property owners in the past have gone to the board of assessments to appeal their assessed value and have received reductions in their assessed value of their property that was pretty significant and impacts that number by a fair amount. So we do budget ten thousand for just a place holder for the potential revaluation of properties either through appeals or through the board of assessments.

Bridge Littleton: Anyone else have questions for Danny? Ok. I got a couple. So I'm looking at what we're estimated to come in for 2019 and what we're projecting for 2020. And I'm like, so for meals tax right. We're basically under shooting by, well if you add the 3 percent or 3.7 percent anticipated growth in the county. If you took that add it to a million forty thousand you're at \$1.1 million and we're saying 950 so we're basically under shooting by almost 13 percent. So why are we doing that. Because we know we see here right now we know we know absent some kind of major recession it's not going to go down 13 percent.

Danny Davis: Yes. And we don't expect it to. There's a couple of different ways you approach revenue projections and planning in a budget. One is to be conservative in the growth expectations and allow the extra to be surplus for the year. Another is to take a little more aggressive approach to revenue projections and then either dedicate those funds to onetime projects maybe not ongoing operations but perhaps onetime projects that could if for some reason there's a unexpected downturn in the economy then that project may get delayed or the funds can be put towards, I mean, dedicated into a contingency fund or fund balance. There are philosophical ways to approach that and that's a good conversation for us to have.

Bridge Littleton: Ok. So here is what my thought process is right is it. So there is a budget and there's a forecast, right? So the budget should be and this is an open conversation right. This is one person's opinion the budget should be what we honestly think it's going to come in at. But if we think that it's not smart to spend it all then that's where that million or no hundred thousand dollars gets put is in a contingency on the expense side. Which if at the end of the year we don't use or we plug it into a capital project or we you know what. But to me when you're doing budgeting right you should you should your budget and your budget should reflect what you honestly think it's going to come in at and your expenses should be budgeted in what you honestly are going to come in at and if you think that you know I think my revenues would come at this. But you know that meals thing could get hit by one little issue. I don't see an issue but it could then plug that in as a contingency on the expense side and you bank it that way because where I'm going with this is if the state is saying 3 percent growth and the county is saying 3.7 percent growth. How do we subjectively come up with 13 percent reduction.

Peter Leonard-Morgan: Can I comment?

Bridge Littleton: Yeah.

Peter Leonard-Morgan: So I'm looking at fiscal year 18 and meals tax 880 and 3 percent on top of that. And 3 percent on top of that comes in 933 for 2020. So my view is that if you're taking 3 percent a year for two years even compounding it from 18 to 19 you get to nine hundred and thirty four thousand. So that to me has 950 is is you know real estate. Yeah.

Bridge Littleton: But we're gonna come in at a million 40 because of 1 new business.

Cindy Pearson: but we haven't done it yet.

Bridge Littleton: Yes we have. We are on track but think of the one new restaurant that opened in the last year that's driving that.

Peter Leonard-Morgan: Well in that case.

Bridge Littleton: They're not closing.

Peter Leonard-Morgan: That would make sense I would think to be closer to that one million and 40.

Chris Bernard: Being conservative you stay at the million 40 and then if you're being aggressive then you go 3 percent above that. I don't know that a reduction is necessary.

Bridge Littleton: To Danny's point. This is all philosophical. It's not wrong. My question is do we want the revenue budget and the expense budgets to reflect what we honestly think is going to happen. But hedge our risk in a contingency element on the expense side. Right. That's my question.

Kevin Hazard: I don't think it is. I think it's 6 1, [inaudible] to cliché it. It's just how you put the numbers in the budget. And I know where staff's coming from if we do this and we go out and say that our revenues are a million ninety let's say and they come at a million 20. You know we I don't know that that's a good thing to do especially as a municipality. I think as a municipality you always are a little more conservative and maybe like Danny said we take it and we're pretty sure it's going to go a million 60 or 70. We create something we have a contingency you know project that we do if we do get that amount of money. You know we prepare for. But I don't know that we want to put it in the budget. Either way, I think either way it's just two different ways of looking at it.

Bridge Littleton: Yeah. The question I'm driving towards two is there's a public perception of over taxation right? You undershoot your budget every year to keep your tax rates high and then your banking a million bucks. Well that's my money when you're going to give it back? Right. So that's the other piece to it. And it also again it's and this is and again like Danny said there's no right or wrong way to do this. It's about managing expectations for people and managing do we really have a robust budgeting process where we look at these things and you know it's like a finance person at a company. They're not responsible for the sales but they're responsible for helping that company estimate as close as possible to what's going to come in because that means that that finance person has a pulse on everything that's going on, watching it closely. And if we and again, this is not that anybody is doing anything wrong I don't want it to seem like that. I understand the philosophy of hey we think is going to do this but let's pull it off just to be really safe. But it's like every year we say a budget number and we come in a eight hundred thousand dollars over it and we go woo hoo, let's go put in the bank. You do that three or four years in a row if I'm a taxpayer I start asking to myself hey you know lower my rate a little bit if you're not gonna use the money you're not gonna spend it. When do I get some of the back. So where I'm saying is is that if you accurately reflect what you think you're going to get. And you tell people hey we know where going to be we think we're gonna spend this much but we're a really small town. And so this is what we're doing with it. We didn't end up with an eight hundred thousand dollar surplus because we underestimated revenues. We ended up with a eight hundred thousand dollar surplus because we purposely budgeted for an emergency contingency. If that's what we want it to be if we want it to be a reserve we want it to be a contingency. Let's show it is a contingency not as a missed target on budget. Even though we're intentionally doing it. That's where I'm going with it. So again I'm just curious of what everybody else thinks.

Kevin Hazard: I've done this with bigger budgets and every company I've done this with has more followed this format than being overaggressive on, let me rephrase that. Being aggressive on revenue targets. On revenue it's always been and maybe it was just conservative companies but always took the revenue and made it less than you really you know because I kind of agree with Danny. One thing happens and now we're overshooting revenues. And then and then.

Bridge Littleton: But would you would you under Mark by 15 percent.

Darlene Kirk: No.

Bridge Littleton: No. You'd do it by two or three or four percent. You know because the other thing is if you under if you're in a company right and you under by 15 percent or you come in then people say you don't even know what the hell you're doing. You don't know how to budget, you don't know how to project sales. If you're missing by [inaudible]. How can we you know manage expectations. It's also about managing expectations. I know I'm really going down a rabbit hole now. And I'll stop but I'm just. It's a change in philosophy, right?

Kevin Hazard: And I've also been on the side when you project an amount and you missed it by 20 percent on the downside. That's a catastrophe.

Bridge Littleton: Oh absolutely.

Kevin Hazard: You know I mean and so the catastrophe always outweighs the little under budgeting you do even if it is 10 or 15 percent and we've missed them by 20 percent. Something happens.

Peter Leonard-Morgan: So on that subject. I mean we are still five months away from the end of the year? Hopefully nothing is going to change that trajectory. But something could happen. We don't know.

Danny Davis: And that's actually. [off mic] Hey now. And if I can quickly I think that's actually the point I was one comment. Well two parts of it. This is just an estimate and I think I may have explained better to the Strategic Finance Committee than I have this evening. What I looked at was our six month revenues year to date. So July through December for meals tax and TOT. For current year I also looked at the first six months of fiscal year 18. And then I looked at what the full year of fiscal year 18 ended up being. And I created a factor. Basically it's not a full doubling because you have the slow months of the winter in there but it's maybe you know it was on meals tax or one of them was 98, 95, 96 percent the other was 88 percent. So then I correlated those factors to our first half revenues for fiscal year 19. Just to say if they track the same way 18 did what would that look like? So I will say our estimates for our FY 19 are just that they are estimates. They are contingent upon a lot of things. And then looking at fiscal year 20 we are projecting out essentially 15 months from now. So we do hope everything continues positively. I think there are good signs that things will but that is again part of that challenge of you know if there is a downturn in three months that affects current year and potentially future year or things may be continue really strong for another two, three years.

Kevin Daly : So just out of curiosity at the beginning in your preamble you had mentioned the federal government shut down and that you had not gotten the figures of what impact that have on the town. That was a five week period. So I'm curious when would you find that out when would you have enough information?

Danny Davis: Yeah I think we would find that out because it just lifted last week. Right. So we would probably see that in our meals tax receipts that would be due February 20th. That would be January meals tax. So I think if there were any direct correlation on the meals side that's when we'd see it. It'd be harder to directly link any of that to TOT because they're paid quarterly and I don't think we had quite as many maybe fluid if you will conferences or trips or things like that that were necessary directly tied to in fact you you could also argue that in some ways we benefit or we're not as directly impacted because in prior well in prior times when travel became a very negative connotation that usually meant airplane travel but a lot of groups a lot of agency still did local travel and we had the blessing of being within local distance of D.C., Reston and where a lot of companies are. So I still think we might see some fairly strong conference and business travel unless there's a really significant recession but that was a long winded answer to say probably end of February we might have an idea of whether there was a significant hit to meals tax.

Bridge Littleton: Chris.

Chris Bernard: So two things. One. Where does [inaudible] fall into this. [inaudible] meals tax, correct?

Danny Davis: There would be meals tax associated with that, but not directly planned into this right now.

Chris Bernard: And then the second thing was, I'm just curious, you said you did like a correlation between the first six months of 2018 and the last six months did you do that in prior years?

Danny Davis: I did do that for 16 and 17.

Chris Bernard: Was it relatively the same?

Danny Davis: Similar. They were not their second halves were not as strong as the second half of 18. [off mic]. Yeah. And we could do that and I could come back with that and say.

Chris Bernard: That might strike your your estimate.

Danny Davis: Yeah I do think yeah it definitely would shrink the estimate by a fair amount.

Chris Bernard: Just slightly more conservative.

Danny Davis: Sure.

Chris Bernard: And then you might be more comfortable planning off of that because it's a three year trend.

Danny Davis: Yeah I think going back as far as 16 is not problematic but there's even a strong difference in our current market now than there was in 16. But it would give us some numbers to work off of at least compare yeah blended together.

Chris Bernard: That's all I got.

Bridge Littleton: Oh I'm sorry.

Philip Miller: So I think it's two different things we're talking about here and it's a philosophical difference between the two as to which way you want to go and it's. I hear a lot of concern about aggressive targeting and I think that's a good thing because I do think that it's somewhat unrealistic to think that okay the state is going to hit 3 percent growth. Loudoun is going to hit 3.7. How does Middleburg fall into that. Because I don't necessarily think that those numbers are gonna be reflected in ours. I think our growth will be much smaller. And how we do that comes down to how we decide to do a budgeting process and how detailed we want to get and I think the other thing is that Bridge has a great point on which is fiscal transparency to the taxpayer as to what our expectations are and what we will do with overages in our revenues. Our surpluses, we should have a plan that says anything that you know comes up to X dollars will be contributed to this project. Anything above and beyond goes to this project and perhaps that's a way to both avoid aggressive targeting that we then look like we don't know what we're doing with our numbers say we believe we'll hit this. Anything that goes above and beyond that in our budget plan this is what it's gonna be earmarked for. This go [inaudible]. Exactly.

Danny Davis: Yeah. I think that's very very possible and could be definitely a way we can approach it. I do want to point out about surpluses at least in the past year if not prior years. Many of those surpluses were due to large capital projects that were planned because they're planned as cash funded that were not spent in that fiscal year. And so there could be four or five hundred thousand dollars that isn't spent in FY say 18 but rolls basically straight back into FY 19 as a capital project again for the next year. And the challenge of doing it that way or continuing to account for it that way is that we're in, for some projects we've budgeted for three years. Still haven't spent the money. So we've really triple budgeted that project and that money just rolls into surplus. One thing I'm working with Ashley on and want to work with other jurisdictions to see how we integrate this best into our may not be this budget but at least moving forward. So if we have a capital project and we don't fully spend it or we don't fully start it yet when we approve the next year's budget essentially that capital project just rolls back the money's already been allocated already being essentially designated for that project. So let's not re-budget it a second time. Let's just roll it forward to the next fiscal year. That way we're not double triple budgeting for some of these projects so I think some of these things will help provide a little more clarity and in where the surpluses come from because many of them have been expenditure surpluses tied to big capital projects. It doesn't take away from the fact we've had very significant revenue enhancements and so we want to take advantage of that. And then I think being able to tie that to ok, anything at this point you know these and even if it's an extra 200 thousand dollars or whatever it might be these funds are going towards our town hall project or these funds are going towards the sidewalk improvement or Federal Street or parking for businesses or again various projects that we can work on so there is a tangible connection there.

And if something falls short then we have a conversation and say would we like to pull from fund balance to make sure it gets completed or do we will put that project off for another year.

Philip Miller: And another thing we could do is with optional programs we can say only 50 percent of our surplus for that year could be used for those things if we wanted to if we had over a certain amount the rest could go into you know rainy day fund. Right.

Danny Davis: And thankfully right now that fund is solid. So you know but again if we're looking at a town hall project and we want to use a majority of that amount of that to defray any potential debt then yeah we can keep building back up our reserve.

Bridge Littleton: Yeah I think that Philip, the point that Philip raises is really good too right because there is a certain you guys are smart you will be able to look at these things and understand what people are projecting growth and saying you know absent some catastrophe right we reasonably think this is going to happen but you have a hedge on that right. You think there's 10 percent soft potential softness in it just for any number given things. So you set your revenue at what you really think the revenues will come in at. But then on your expense side like Philip says this is the transparent way to do it we're going to spend 90 percent of it. Boom. But there's 10 percent of the revenue total we're going to come in with. Right. I'm going to make up numbers. We got 3 million we think think we're going to be make in revenue. We're going to spend 2.8 of it and there's two hundred thousand dollars we're either going to store away because we think the revenue side of it is soft but we're counting it as an expense and you're telling people why it's going to be that way or to your point which I actually think is a great idea. You have these three or four optional projects we want to get done this year. Right or get started by the end of the year. And if we get halfway through the year and the money's coming in the way we thought it would be we'll start those projects they're already teed up they're already accounted for they're already ready to go. But we've thought about it. When we have the budget dialogue with the public they see exactly what our plan is. Not a let's way under budget the revenues. We get half way through the revenues, oh look a bunch extra revenue came in now let's go do some stuff. There was no public engagement on that we never told them that was our plan. You know it's and again it's not that we don't want to be cautious. I just think there's a better way to show that caution and also if [inaudible] it's transparent but if that caution comes through as not a windfall of extra goodness. We already have a plan of what we're going to do for it and the public was a part of that discussion when we put it together. So that's sort of what I was thinking. I don't know. Peter.

Peter Leonard-Morgan: Quick question. The finance involved [inaudible] in all of this at the moment [inaudible].

Danny Davis: Yes and no. So yes we're jumping right into this. Whether we're going to have an answer say before you know April or May. I don't know if we'll necessarily have a perfect answer to guide it but I think the goal is to get a lot of foundations set so that as we start preparing for even the next fiscal year.

Peter Leonard-Morgan: That's something that this conversation [inaudible].

Bridge Littleton: Yeah.

Danny Davis: Yeah.

Peter Leonard-Morgan: You know what they say the experts.

Bridge Littleton: Well it's interesting that we've met.

Danny Davis: Twice.

Bridge Littleton: Twice. And then Joe want to get together separately since he's the chairman to really dig into some details to guide the next conversations. The first thing they want to tackle is what are our revenues. How do those sources flow, what impacts them. Can we figure out predictors. So I think what and Danny I'll leave this to you

when we have that next meeting let's ask them this question. Right. Let's put this question squarely on them and see what they think.

Danny Davis: Yeah. Yeah.

Bridge Littleton: Okay. Great. Moving on.

Danny Davis: Yeah. Moving on. So we'll get into expenditures and making that transition to again reiterate I think it's key that as we get through this discussion of revenue and expenditures that we make sure that that kind of extra amount that we're looking at maybe spending or allocating towards certain projects is for onetime projects not for ongoing operations. We don't want to get in a boat where we've all a sudden added eight new staff members and then a recession hits and we're in riffs. Yeah. The whoops situation so. But I think you guys are all very well on top of that idea as well. So looking at expenditures as you know and we've briefly mentioned the last council meeting they are generally level across the board. So looking at general fund pretty much no major changes when you look at the expenditure amount year over year except for one big thing that I'll bring up right now and so we do have some changes in our expenditures. We have moved the charitable contributions out of administration and are currently not showing that in the budget because the health center fund we anticipate going away. That money being handed off to a 501C3 and then is no longer allocated and described and shown in our budget. Obviously should that you know stay in the town's funds that would still fall under the health fund and not be in the general fund anymore. The next major change that we've talked about briefly is the planning associate and project person that would assist in the areas of planning and zoning special projects perhaps some utility project maintenance and coordination. I think this person really can be a benefit to our operations and also to helping continue to push a lot of councils and your advisory committees goals forward as well. Well Head Protection utility committee some of those things that really have some great ideas even if we can get into grant projects. So we have a lot of capabilities and resources in our entire team having boosting that with just a little bit of extra support can really take it a long way and really pay for itself long term. And then the real big one, funding for the town hall. In the budget I've planned just as a place holder five hundred thousand dollars that would be for potentially design and architectural services especially if we're going to be looking at needing to build a town hall on a greenfield site. These funds you know may change throughout either this process or throughout the year depending on conversations that continue to occur. But I thought it was a fair place holder at least for this current fiscal year. And then as we need to adjust that we can at the appropriate time.

Bridge Littleton: What was the number?

Danny Davis: Five hundred thousand and then the last change. It's not significant but I thought it's worth pointing out at least. We have five vehicles in our fleet and because of the hailstorm and having to replace a couple at the same time. Some years there's no expenditure and some years there's two or three vehicle expenditures. It makes specifically the police department budget, so one of these kind of ups and downs. And I'd like to really balance that out so that we're not seeing major variations year over year. So planning just since we have five years, five vehicles and there's five years in our CIP just showing one vehicle per year. If it's not time to replace that vehicle we'll take those funds designate them and roll them to the next fiscal year. But that way it's just a flat essentially not budgeting zero one year and eighty thousand the next year. It allows us just to maintain it the flat level and we have a replacement schedule that we'll continue to follow up but also try to stretch the vehicles as appropriately as we can.

Cindy Pearson: Does that include the maintenance vehicle?

Danny Davis: It does. It does so. There are four active police vehicles in the maintenance vehicles so there are five. There is an extra police vehicle that's used I think as a kind of support. So they keep one of their surplus vehicles for either school purposes or maybe auxiliary part time. So we would do that with one of our vehicles as we transition it. Most of our vehicles we I think turn in around a hundred thousand miles or just before we actually get fair value for them which helps offset the cost.

Bridge Littleton: So that 40, oh never mind. We'll get into it when we get there.

Danny Davis: Also want to just briefly talk about, I know we've talked some about our employees. As you know I think we'd all agree are our main asset here in the organization really is our people. We have a great team. They're dedicated they're committed to their work and they really do give their best each day. We try to have fun and we try to enjoy what we do. But we really are committed to serving the people and the community so we enjoy that. So with that continuing to invest in them in terms of recognizing increase in costs across the board with the cost of living adjustment. We're at this point building into our budget a 5 percent increase in our health costs. We won't get those figures until, I forget, end of February. So that number may fluctuate. I will say if for some reason those numbers come back a lot higher than 5 percent we may come back to you with options on what to do with our health plans that may help balance that out across the board. So we have opportunities there if necessary. I'm also proposing in the budget 2 percent merit increase as we've talked about the merit increases for high performers and so we would plan that out in looking long term for how we can use those funds. And that's 2 percent of salaries which thing could be allocated through that process. I am proposing the introduction of a deferred compensation match to encourage our employees to put away money. [inaudible] OK. I didn't know if she was asking a question. I didn't know if she had a question.

Bridge Littleton: Darlene are you snoring?

Darlene Kirk: No no. I said that's good we're doing the deferred compensation match.

Danny Davis: Oh good. And so this is proposed to be a 20 dollar match per pay period per employee. So max value or max cost to the town would be seventy eight hundred dollars. But really the value comes in encouraging employees to put aside money that separate from the VRS or separate from any other program they're in and helps encourage them in that way. And then finally continuing to emphasize our training education and certifications. And we have one of our police officers who's taking college classes. He wants to get his bachelor's degree. We have one of our employees wanting to get a certification and continuing to look at other training opportunities. So I want to use the resources available to us through the state and through other trainings to be able to help improve the personal and professional capabilities of our staff. So that's general fund expenditures at very high level. So real quick. Utility fund we'll go over these. As you know the rate model in the past has proposed a 3 percent rate increase to continue to keep up with regular cost of doing business. So these are contractual costs. Equipment costs, supply costs, a lot of the chemicals that go into our processes. So continuing to build that in which helps support our maintenance program long term maintenance as well as building up for some of the capital needs that we have. If there are any utility connections throughout the year those would be treated as extra revenue and we don't want to expect or anticipate necessarily that there will be additional connections. But we have seen one or two per year for the last couple of years and each one of those is twenty seven five? Twenty seven thousand five hundred. So that's an extra boost into the utility system. Where we are right now and on utilities really as we are working with MFSG. They have our draft CIP, our draft budget and they have our last two years of consumption data and revenue data and they are working on the rate model there. They also have of course the projects that are either underway or just completed Ridge View and West End Pump Station. Those two projects are pretty significant in terms of total costs and between the two it's centrally two point, almost 2.02 million dollars between those two projects. That's a lot of money that's been expended and it's good but it also means we need to be circumspect in what our current fund reserves are in that fund. So I think I'll have better information for you probably in late February or early March on utility side. My goal would be that we have MFSG come to a council meeting whether specific council meeting a special work session or just to your regular council meeting to talk over the rate model and where things look for continuing on. On the expenditure side. We haven't extend the contract with IES yet because our council meeting was canceled. We're proposing to continue that contract with them though we think they're a very good provider and their costs our very well in line with where we are already in our budget. So that's our proposal for operations. We do have the repayment of the loan from the general fund that we're showing is in our debt service line if you will which will be we've currently programmed it at a 15 year loan with 2 percent interest rate back to the general fund. But that's something that we can continue to talk about that is program that way and the rate model moving forward. We do have the wellhead protection plan, the well inventory that may be offset by a grant but we're programming those funds into the budget and then we have the capital expense of our I and I as we talked about. I'm proposing about fifty thousand or not about I am proposing fifty thousand per year as a capital expenditure that would go

towards that. Again to reduce how much groundwater is getting into our sewer pipes so that our treatment process actually can be treating sewage and not rainwater.

Peter Leonard-Morgan: Can you remind us what I and I stands for?

Danny Davis: Inflow and Infiltration. Inflow is if you have say gutters or drain pipes or sump pumps that are improperly connected to our sewer system. Your sump pump should go into your backyard it should not go into our sewers. Your down spout. [inaudible]. Yeah you're down. [laughter].

Cindy Pearson: Yes. [inaudible].

Danny Davis: Isn't that our ice skating rink? Isn't that a capital expenditure?

Bridge Littleton: That thing is like three inches thick now.

Danny Davis: I'm saying charge money. Rents skates.

Bridge Littleton: Bring your kids over.

Danny Davis: Infiltration is where you have holes in your sewer lines you might have intrusion through your manholes like our brick manholes many of them. The [inaudible], the grout essentially has rotted away or just eroded and so you'll see sometimes if there's a heavy rain just water just pouring into our our sewers excuse me. And so that means it's all going to the sewer plant and we're treating essentially rainwater yeah which is unnecessary. Our flows have sometimes tripled almost quadrupled over the past couple months due to the rains that we've had so that indicates we have a problem. The good news is we actually just installed of flow monitoring devices at four locations in our sewer system and so that will give us an idea of where we think our worst areas are and so they'll capture essentially a couple of quadrants of town the main that runs through the Salamander property which essentially runs through this swampy area where there could be some intrusion there. And then right at the wastewater plant to get a true read of how much is coming into the plant each day. So that would be some good information for us leading into the future capital expense. I will say the utility fund is not without its challenges in going back to that point that we did spend a good amount of money in these past two capital projects. I'm not comfortable in over promising how much we can spend in the utility fund for this current year. This may change again when we get better information from MFSG on the rates. We do have a utility system master plan that we'd like to move forward with. We haven't had one done since. I think they said two thousand three sounds right. So you know with all the changes we've had in the town from Salamander to the improvements we've made it really would be great to get a better master plan of our production capability on the water side our treatment capabilities all of our infrastructure and what our master plan looks like for both future projects and for continuing to keep our system functioning and the way it is. That projects basically one hundred thousand dollars that I currently have not been able find funding for in the utility fund. We have our membranes that need to be replaced at the wastewater treatment plant. Not urgent, however we would like to go ahead and get those essentially a deposit down on those so we can lock in the price and then be ready for when that time comes in the next two to three years perhaps. But I'm not confident yet able to put those funds towards that project. [off mic] Total projects around 300. The deposit I think would be about seventy five thousand. I think they'd be okay with a 25 percent deposit but we'll have to see where we stand before we can move forward with that.

Peter Leonard-Morgan: There's also some due diligence I think with the Hungarian company.

Danny Davis: Yeah. Thankfully I think we've. I think we've resolved those for the most part making sure that we're dealing directly with [Inaudible] and not with the Hungarian company itself. And then there's a clear well needed at well 4 which is to make sure that it can operate efficiently and continually. That's the project that really does have high importance. There is some design and engineering going into that needs to be done but we're not sure that can begin yet until we know the funds are there and that total projects about \$350. And you'll see that, that's in the CIP when we get that to you down the road. And then continuing to build out the reserve fund balance in the utility fund.

We want to make sure that we have a healthy reserve there because of our system itself being relatively small. So. Brief overview looking at our budget budget schedule of course that top line is today since we got postponed. We are proposing a public hearing on the rates and fees on March 14th. So what I would ask over the next couple of days and really into the early part of next week is that if there's any discussion regarding the real property tax rate that we're proposing to advertise that we have that conversation pretty soon because that will need to go in the paper and be advertised prior to the public hearing. Then we have to set the real property tax rate by the 28th because of our consolidated billing with the county and then we can hold the budget public hearing on that same evening. And then we have the next few months for any further deliberation as necessary. And then to conclude I think we're in a great spot. I think we have a lot of great opportunities ahead. We do have some capital needs that we need to find ways to fund appropriately both general fund and utility fund. We want to build our strength and continue to help us be sustainable into the future and that is going partnership with council and also with the Strategic Finance Committee. And then we just have ongoing opportunities to help impact and improve the town. So that is budget in a nutshell.

Bridge Littleton: Any questions for Danny?

Darlene Kirk: No.

Kevin Hazard: We're gonna go through the budget at all?

Bridge Littleton: Yup. [off mic]

Kevin Hazard: Ok.

Bridge Littleton: Please note Kevin's in agreement. Okay. No other questions for Danny? All right. On to the budget document.

Danny Davis: Onto the budget document I...

Bridge Littleton: So real quickly. This is the first draft or not first draft, but first look you know we're going through it or whatever. I think we want to take and be as diligent as possible with any questions or concerns because I want to make sure that we give Danny and the staff as much time as they have between now and the certain timelines we have to meet. And this is a special purpose meeting set aside so if there's a nitty gritty question you got just go, let's hit him with it now realizing we probably it's not going to be an answer and you guys don't struggle to make up an answer just hey got it well and because we're gonna go through a couple more times but let's give them as much opportunity as possible to get it on any question we got. That being said yeah that being said if it's a budget line item that's under 500 bucks. Leave it alone. So.

Peter Leonard-Morgan: Quick question. It's called the final draft. That's not really the final draft is it?

Bridge Littleton: It says draft.

Danny Davis: It's my final draft to you. [inaudible] draft.

Bridge Littleton: It's the first final draft

Danny Davis: The final proposal. Yes. So we've talked through revenues. Here let me I'll start back. No you don't need to read my message. Quick summary here. Just to walk through this with you. You'll see on the revenue side what we've been talking about there is a line item there at the bottom, transfer from reserves. This was specifically for the town hall project that I mentioned. And so I want to just point that out to you when you see the total revenues jumping that high that that builds off a couple of things. One is enhanced revenue but also because of that transfer from reserves. On the expenditure side that correlating dollar amount is found in the buildings and grounds line item. So you'll see that that number has jumped, On a broad picture look you'll see that generally again like I've mentioned

revenues are with the exception that \$500,000 expenditure generally across the board fairly flat. The increase in planning and zoning is with that planning associate personnel position. We do still and this is again a budgeting. You know there are two different ways to show this. We still show even at revenues the way they are right now putting two hundred fifteen thousand dollars into contingency. So the revenues were that much stronger year over year that there is two hundred fifteen thousand dollars going into contingency. We could have showed that as a zero and reduced the transfer from reserves. It's you know, depending on how you want to see it but the way we like this is it correlates directly.

Bridge Littleton: You should your monetary movement should reflect the decision it's supporting.

Danny Davis: Yeah.

Bridge Littleton: So if you're putting in five hundred thousand dollars because we're gonna do a specific thing that should be reflected.

Danny Davis: That was our decision how we got there. So yes, sir.

Kevin Hazard: And I don't remember why. Why did we go so high on the adopted for property taxes in 19.

Danny Davis: That was that extra half [multiple speakers] That's what fed into this essentially \$220,000 our contingency for FY 19. The contingency for 20 is really just a result of revenue increase.

Bridge Littleton: So I mean again, just to actually belabor the point a little bit right. So we're under doing revenues by maybe one hundred and fifty or two hundred thousand dollars and we're putting in contingency of \$215,000. So if I was a member of a public how would I actually see that?

Danny Davis: Sure. Until we get to the end of the year and there's an accounting. Yeah. So that is that is the general fund summary. Utility fund if it's okay. I'll just kind of skip ahead through and we'll focus on general fund right now. Do you want to go over real quickly?

Bridge Littleton: That's fine. Yeah. No problem. We'll come back. Yeah.

Danny Davis: The fund balances shown is just the fund balances as of June 30th 2018. We've talked about those with the report from the auditor when she came back in November. So I don't need to go over those too much and we'll continue to keep you apprised of our fund balances. Revenue breakdowns. This is the mayor's favorite chart but it puts into a different a little bit different perspective the various sources of revenues. Now again this is skewed a little bit because the top left quadrant the light purple if you have it in color is including the half million transfer from reserves. So in this chart it's actually shown as a revenue source. If you take that out between occupancy tax and meals tax it's over 50 percent of the budget come from those two categories or revenues come from those categories. We've talked a lot about revenues already I don't want to belabor that point unless you want to go back to that discussion. But this is similar information that we talked about on the during the presentation just in our three year look between 18 19 and then our draft of 20. You'll see the percent change from FY 19 again the top two numbers look drastic but that's because of just the accounting issue with the county collections. And then you'll see the increases in the rest of the revenues for the most part. [inaudible] That's the moving of our funds from the checking account to the investment account that we'll bring in between \$75 and perhaps even ninety five thousand dollars.

Peter Leonard-Morgan: I noticed that the business license for FY 19 yesterday is \$3,000.

Danny Davis: It is. [inaudible].

Ashley Bott: They're not due yet. March 1st. [off mic] Yeah.

Danny Davis: Yeah. So we'll have a better idea of that you know by first week of March or so how that stands. We've seen a continued pretty strong growth or continued trajectory for business licenses which is really good. And those are based on gross receipts. So I think that'll give us an idea of how things stand as well. Personal Property is a little interesting because of the county's depreciation schedule. We actually are seeing a decrease in personal property. We may see if there are businesses that refresh their personal property then again we'll see a little bump from them because you know then be valued at one hundred percent of value. I think it drops 10 percent a year until you're five or six when it becomes essentially de minimus.

Bridge Littleton: Is that on all personal property?

Danny Davis: Business.[in audible]

Cindy Pearson: [inaudible] personal property.

Bridge Littleton: So you buy a tractor. \$100,000 tractor which [multiple speakers].

Ashley Bott: That would be different, I don't know if that would be considered a vehicle. It might be a vehicle. I don't know if it's a different for a tractor, but like maybe the computers and furniture and fixtures computers and equipment is really what we tax for. Yeah.

Danny Davis: And that's where I just anecdotally on the county side the intriguing thing is servers for data centers are refreshed so frequently that you're barely seeing any depreciation because they're always pumping in new equipment into those data centers. I don't know if we'll see that next door otherwise but so we've seen a little drop in business personal property.

Bridge Littleton: Are you kidding, that's a reel to reel tape. [off mic].

Danny Davis: And of course that intergovernmental we don't have any current grants from the county and the fire program is something that comes from the state that then we contribute back to the Middleburg is now to the county, but for the Middleburg Fire Company. Now utility revenues. We'll talk about that. Real briefly. We talked about the tax rates. So if you'll see at the top our real property tax revenue at the current tax rate would be \$530,000. I will note the notes at the bottom that say we do actually reduce that amount by two different numbers one is for relief for the elderly and permanently disabled and one is for reevaluations by the assessor. So even though we show that would come out to five hundred thirty thousand we budgeted just under \$510,000. That \$510,000 number is what's on the prior revenue page. This shows you the assessment changes it is total across the board 3.8 percent increase year over year.

Bridge Littleton: Weighted.

Danny Davis: Weighted.

Bridge Littleton: That's the weighted average.

Danny Davis: Yes. Yes.

Bridge Littleton: Does anyone have any questions? Let's talk real quickly about the tax rate. Any discussion about equalizing it or keeping that the same?

Philip Miller: I don't think it's enough money to bother to keep it the same. I'd say just equalize it.

Peter Leonard-Morgan: So last year we went down from 16 and a half to this new equalized rate. Is there any precedent about at what point you change it or you talk about changing it because it is a question that may be raised quite understandably by home owners and residents.

Danny Davis: Yeah I think there is. I think there are two to considerations that you want to think about when it comes that one really truly is we don't want all of our eggs in one basket which a lot of it right now is in the basket of tourists and visitor spending between meals tax and TOT and so if you continue to equalize the real property tax that line item essentially will stay flat forever which again philosophically that's a real discussion for council. But there's value in allowing that to take advantage of continued growth and real property assessed value growth just to help provide a little more balance to the budget long term.

Peter Leonard-Morgan: So if I read this correctly and not to minimize it. So it's approximately eleven thousand dollars for all of the income of all.

Danny Davis: Across all property, right. However if you look at but if you look at it on a if we continue see what's a 2 percent growth per year right for the next five years that's a 10 percent or ten thousand dollar difference for this year twenty thousand dollar difference for the next year you know. So over a five year period it's one hundred sixty thousand dollars which is you know could be invested in again. Whether it's parking could be invested in a capital project on streetlights or something like that. So there's not saying that's the right answer but there is potential.

Bridge Littleton: Meals tax goes down by a hundred and sixty thousand one year because we start to go into recession. There it is. And the thing is your statutory prohibited from raising the tax rate by, what's the percentage? the real estate property tax you can't go up. I thought [inaudible].

Danny Davis: Well you have to have a budget, you have to have a public hearing if it rises, if it goes up by more than 1 percent.

Bridge Littleton: 1 percent. Right. This is the perspective I've gotten on the rate when I look at Loudoun County and you start to look at this and you go, whoa. So basically every year Loudoun County has equalized the real property tax rate for the last 10 years. So ten years ago the average home's real estate tax bill was five thousand dollars. This year it's five thousand dollars but the economy's grown by 15 percent so that five thousand dollars today is actually worth like thirty two hundred dollars ten years ago. Now they've offset that. You know they just get this and it's about the percentage right. It's the same percentage. Right, based on your home value or whatever. What the county is basically done is put all its eggs in the data center basket so that's how they've offset not bringing in those real estate. You know you go back 10 years ago real estate property tax made up something like sixty eight percent of the county's total budget maybe is was seventy something.

Danny Davis: It was it was about two thirds, 67 Yeah.

Bridge Littleton: Now it's like 54 percent. So they're you know the moment that kid invents a server which cost half as much to make and they start putting that equipment in it just, you know.

Danny Davis: They also the county also had the challenge of essentially two thirds of, I'm sorry at one point eighty percent of revenues were coming from residential taxes. Right. And because of data centers and growth in commercial sector they've been able to balance that out. So part of the emphasis on the equalize tax rate was because homeowner property tax bills in the county were paying such a. I mean they were high and they were paying such a large portion of the county's bill that they really wanted to try to balance that out better. We're in kind of the opposite situation here where real property is five hundred thousand dollars of \$3.2 million essentially. So it's not quite the same.

Bridge Littleton: But the flip side for us is these things that drive the vast majority of our revenues are very susceptible to economic changes. Whereas real estate values and real estate taxes are the things that don't swing massively overnight. So anyway yeah Kevin I'm sorry.

Kevin Hazard: I just I didn't follow that completely So they had they they equalized their tax rate but weren't revenues increasing. So did they drop their tax rate by 10, 15, 20 percent.

Bridge Littleton: Yeah. Yeah. They've essentially.

Kevin Daly : When they equalized, they didn't go from 16 to 15. They dropped it dramatically.

Bridge Littleton: It's a dollar, the proposed this year is \$1.08. 10 years ago it was.

Danny Davis: \$1.18.

Bridge Littleton: \$1.18.

Danny Davis: A \$1.23 something more than that.

Kevin Hazard: It'd have to be more then that.

Bridge Littleton: Well think about it. Not all. So it was \$1.23 ten years ago. It's \$1.08 now. But the economy grew.

Kevin Hazard: Well that's what I'm saying.

Bridge Littleton: It's like yeah.

Kevin Hazard: They didn't equalize. They...

Bridge Littleton: Oh they lowered it every year.

Danny Davis: And also if I recall at least for a period of time there they were equalizing only on the residential values not on the commercial values too. So the idea was keep homeowners out the average tax bill flat.

Bridge Littleton: Keep the voters flat. No. And so the thing here's the other thing. Look at what the county has gone and not been able to fund. No parks and recs, no trails and bike paths. You know there's a lot of. They've had to pick up a lot of bills right. Doing the roads and all that stuff. But anyway you know this is important right this is the tax rate. And I will say the other thing is we're lower than every other town in Loudon County by like 40 or 50. The next closest town is 50 percent higher than ours. It's like 21 cents and we're 15.3 and the highest is like 24. It's either Leesburg or Purcellville.

Danny Davis: Purcellville has the special tax district. So if you add them together in that special tax district it covers everybody.

Bridge Littleton: So that's the way to do it.

Danny Davis: If you add them together it's either twenty one and a half I mean twenty four and a half for twenty five.

Bridge Littleton: Yeah. So is there any I mean is there a consensus do we want to just keep the rate the same. Do we want to lower it or do we want to raise it? I don't think [inaudible] raising it. What I can propose if you would like. Once you advertise a tax rate, you can't go higher than that without re advertising. So if you think there's a potential you'd like to maybe keep it flat I would say go ahead and advertise it at 15.3 current rate. You can always lower it by March 28th. Unless you have strong objection to that.

Bridge Littleton: Okay. Is everybody good with that?

Darlene Kirk: Yep.

Danny Davis: Okay. Very good. Thank you. That was a that was a key takeaway I needed in the next week. So that helps greatly. Thank you. I lost my mouse. We don't need to go over the charts about equalize. All right, next, expenditures. You ready dive in?

Bridge Littleton: Get rid of that top line.

Danny Davis: All right see ya. [laughter] It's not my fault. Just kidding. All right. So administrative staff salaries it actually just for what it's worth a portion of my salary a portion of Ashley's salary and a portion of Tina's salary goes towards utility budget and is budgeted as a separate line item in the utility fund because the work we do there. We will at some point probably also include some of Will's salary into that but we didn't want to overburden or overload the utility fund considering where they're at or where it's at at the moment. So we're going to kind of keep that level at least for a year and find a way to balance that.

Bridge Littleton: So let me ask a quick question just for everybody is just to drive the train a bit quicker here. As well as you guys look through the line items on here and there's broken up into three categories. Salary benefits. Anything jump out any questions for Danny. Go ahead.

Peter Leonard-Morgan: Just one question really about the 47 percent increase in the health.

Danny Davis: Yes.

Peter Leonard-Morgan: I mean I think I know what the answer is but just.

Danny Davis: I'll raise my hand there. No it's we're such a small budget that anytime you have either a new person come on that has a different health election than a prior person or someone gets married right and they go from a single to a dual coverage.

Bridge Littleton: Wife and kids. Martha, no wife and kids.

Danny Davis: One thing.

Bridge Littleton: It's not a bad thing. It is what it is. [off mic] No wife and kids.

Danny Davis: No married employees.

Bridge Littleton: That's not discriminatory.

Danny Davis: One thing that we actually would like to talk about and I apologize for dropping this on you. Rhonda and I were talking earlier today but maybe we lump all of health care just into one line item instead of having it broken out by department that way it would be shown as.

Bridge Littleton: We can see what we totally pay across the whole enterprise.

Philip Miller: I completely agree with that. It allows us to look at it holistically.

Bridge Littleton: You know what and the funny thing is, I just wrote down the exact same thing for professional development.

Philip Miller: Yes.

Bridge Littleton: You know what are we spending overall.

Danny Davis: And on professional development we may talk about that I whether we showed on one line item and I just know that we've broken it out. This much goes to economic development this much goes to planning or if you just want it rolled up we can provide that information to you.

Bridge Littleton: We can figure that out. But Philip raises a great point. Or and Danny, does everybody feel comfortable reflecting health care as its own however you want to do it budget line item, department code whatever.

Danny Davis: We'll find a way do it whether it all shows up in administration just since we've managed you know health care or whether we create a separate little mini department or something for town health health that way you can see a better across the board trends.

Philip Miller: And I agree with the professional development too because I see that as administrative.

Bridge Littleton: You know she could have you could have one department just called overhead.

Philip Miller: I don't like that term but sure.

Bridge Littleton: Or whatever, GNA. Right.

Danny Davis: Sure.

Bridge Littleton: But it's general and administrative expenses that go across the whole of town government. But you guys got to figure how to look at the balance and everything. So you guys can figure it out.

Danny Davis: It's almost like an H.R. [off mic]

Bridge Littleton: Right. Exactly. It goes everywhere. [off mic] Yep. That's not a bad idea. OK. Ok. So you had a question on that. Any other questions on the first the third.

Kevin Daly : Mayor compensation.

Bridge Littleton: Yeah.

Kevin Daly : You get paid for what you do?

Bridge Littleton: They're missing a zero. No. Okay. No seriously second piece here. Any questions, concerns, thoughts?

Danny Davis: I will say, one thing that I'd like to try to. This is similar to the issue with the capital expenditures. The line item for Middleburg Fire and Rescue. It really is that we're spending \$10,000 per year for them. However they haven't requested reimbursement for the last two three years. So we will owe them potentially forty thousand dollars when they come and ask us for it. That money is just set aside designated fund balance is sitting in our pocket. But the expenditure on the one hand I could just show ten thousand dollars because that's the annual expenditure. But then if I spend forty thousand you're going to say wait you budgeted 10 you spent 40. So we need to find a better way of showing that.

Bridge Littleton: Do we owe it to them?

Danny Davis: We do.

Bridge Littleton: We have to pay them.

Danny Davis: Yes.

Bridge Littleton: Call them, pay it.

Danny Davis: We can't until they actually spend it on something specific to this program and then they come and ask us for it. It's a state grant required for certain things, only in Middleburg. We've been in touch with Fire and Rescue. They know. [multiple speakers] Where it kind of rolls.

Kevin Hazard: Over. Isn't there a way to show that in the budget?

Danny Davis: It's a little hard to show in the budget. We can show it in the annual financial report.

Kevin Hazard: Financial report.

Danny Davis: As designated funds you know for fund balance.

Kevin Hazard: Because for the budget it really is only 10,000 dollars.

Danny Davis: Right. And yet so I mean if we do spend 40 in a year we can just asterisk that and just say this was the year they asked it every four years.

Kevin Hazard: And 30 thousand of that came out of fund balance.

Danny Davis: Right.

Kevin Hazard: You know previously allocated.

Danny Davis: Right. Right. So we'll try to find a better way to budget.

Philip Miller: County collections. That's our new. That's what we. That's what it costs us?

Ashley Bott: That's the amount that they withhold from our payments.

Danny Davis: At one and a half percent?

Ashley Bott: Yes. 1.15.

Danny Davis: 1.15. [off mic]

Bridge Littleton: Increase. Ok. Any other questions on administrative? Next.

Danny Davis: Continuing I did spend some time working with Tina and Ashley and Rhonda just through our, more of our O and M expenditures to make sure that we're on track. I will note that postage has you know rates went up and so we've tried to account for that in our mailings and postage. We kind of balanced out a little bit of our office supplies and printing line items. So at the end of the day it increased only slightly even though one line item looks like it jumped significantly. Between the equipment software purchase and the equipment and software maintenance and the office equipment rental are things such as Swagit our video system, i-Legislate, the website, the telephone system, the Xerox, all those regular things. So essentially those line items are contracts that we're in for regular operations or the technology that you've invested in.

Bridge Littleton: Any other questions on this for Danny.

Peter Leonard-Morgan: [inaudible] I'm really by surprise that the printing didn't go down a little after we stopped all the agendas.

Danny Davis: Well there is actually one reason that I have a little bit higher this year and that's anticipating branding being completed that we may redo our letterhead, redoing business cards some certain things like that. There has been a drop in printing that's for sure.

Peter Leonard-Morgan: Oh yes.

Philip Miller: New business welcome packets, new resident welcome packets. All that kind of stuff that would need to be done.

Bridge Littleton: That's outside printer stuff not us printer stuff.

Philip Miller: Question on the charitable contributions.

Danny Davis: Yes.

Philip Miller: So that forty thousand is essentially what we gave from the health center fund.

Bridge Littleton: To it.

Danny Davis: Well that's essentially.

Philip Miller: On behalf of the health center because we didn't have any profits but it came out of.

Bridge Littleton: Our town gave it to the Health Center fund and they spent it.

Philip Miller: Right.

Danny Davis: Sure. I mean it came out of the general fund it was just the health center advisory board made the recommendations.

Bridge Littleton: I gotcha.

Danny Davis: This year it's coming from the 501. It's coming from the proceeds of the sale of the building.

Kevin Hazard: Could you just back up a little. Just an idea. We don't budget a thing for connection fees but every year we get connection fees. Maybe this is a place where we can say if we get connection fees, we'll put it to this.

Danny Davis: And that's actually been that was one of my thoughts moving forward is if we happen to get one or two connection fees that you know goes towards beginning of the clear well project. Right. Or that goes towards the purchase of the membranes. Something like that. Yeah absolutely. I think that's a similar idea. Just like we were looking at the other revenues that if it comes in we know there are priorities waiting in the wings that we could put that towards.

Philip Miller: Do we want to tie optional projects to specific line items or to overall surplus? And then prioritize as needed.

Danny Davis: Probably the latter. Just because we've even seen user fees increase. Again a similar type thing. First six months a year, you know, if it were just to double the next six months a year our sewer fees would be almost a total utility fees would be almost 80, 90 thousand dollars more than budgeted. Again 15 percent increase. They probably won't double again consumption over the winter is not the same. That being said yes I think your points well taken. Connection fees and any other increases in user rates user fees combined together towards project X or Y.

Bridge Littleton: Question for the council. So we're not budgeting contributing to the health center which will then go and you know it will now. The health center advisory or the health center I want to say fund as a general thing now, will have its own multiple hundreds of the million dollars to go do good deeds with. Do we still as a body want to not contribute to it or do we still want to contribute to it.

Kevin Daly : I think we contributed if the money for the sale is going in to.

Bridge Littleton: No, no.

Darlene Kirk: No, no.

Bridge Littleton: I'm talking about additional. That's a one-time deal. It's over. Right. Do we as a body want to continue to give 10, 20, 30 thousand dollars a year to that now group to invest. Whatever. Do we want to make a charitable, continue to make some form of charitable contribution Once it's on its own.

Darlene Kirk: I think so.

Chris Bernard: So maybe that's one of the things we allocate from a potential surplus.

Bridge Littleton: Right. It could be from surplus right. With surplus we will do up to whatever.

Chris Bernard: [inaudible] next amount over then we give the first 10 thousand dollars or whatever that is.

Bridge Littleton: Kevin.

Kevin Hazard: If we're going to do that do we want to put that in one of the committees that is looking about charitable contributions like the new economic that's looking at at town events?

Danny Davis: There there are funds already budgeted in economic development for those events. I think 40 times right.

Bridge Littleton: Yeah this is just the health center thing. Do we want to continue that legacy?

Darlene Kirk: Yes.

Kevin Hazard: I'm not disagreeing but where are we going to put it?

Bridge Littleton: No it will just go that fund and they will.

Kevin Hazard: Over or above?

Bridge Littleton: Oh on the budget line. On the budget, on the budget. [inaudible].

Danny Davis: Yeah we can we can put it back into administration where charitable contributions show up.

Bridge Littleton: Actually good question. Are there any other charitable contributions. You know I don't mean events and things like that but is there anything we want to contribute to like Windy Hill or the American Legion or the community center right. Not for a specific event but contributing to them as an organization. I'm asking.

Danny Davis: If you wait till you get we get to the economic development budget I believe we have \$40,000 for a nonprofit organizational support.

Jamie Gaucher: If I may. There is 40 set aside, \$40,000 for specific events that Kevin was alluding to and then an additional \$45,000 set aside for those in line item events that really do not require any deliberation. And those are things like the film festival or the fireworks.

Bridge Littleton: Christmas in Middleburg. All right. Okay. So I don't know. I don't think I have a number but is there consensus then that we would want to with extra contingency left over at the end of the year put contributing to the health center new organization, we want to put them on the list.

Darlene Kirk: Yes.

Bridge Littleton: We'll consider them for whatever we have left over at the end of the year. If we do well.

Darlene Kirk: Yes.

Kevin Hazard: One thing we might want to consider there is one of the things that we want to do with that fund is make sure it continues in perpetuity. Maybe put it to not targeted to go out every year but this is a way that we can.

Bridge Littleton: This goes into their endowment.

Kevin Hazard: It goes into the endowment.

Bridge Littleton: Got it. That's a great idea. That's a great idea. OK.

Philip Miller: Somebody keeping a list of all these rules and contingency plans for surpluses? [multiple speakers]

Rhonda North: I'm making notes as well.

Philip Miller: So so can I make a suggestion that we consider putting percentages of the surplus for each one of these things we want to do. 25 percent towards moving you know strategic projects forward 25 percent to long term surplus.

Bridge Littleton: Let's let them come up with those. They're closest to it.

Danny Davis: Yeah. And what I might recommend. We'll go back and talk behind the scenes come back with you. Probably the best way to approach this is when we come to you with the annual report the auditor report in November that we come to you with here's what we've budgeted. Here's where we ended up. Let's say it's five hundred thousand dollars in surplus. Here are the projects we would recommend spending money on based on the excess revenues that came in and then let you all decide okay, great.

Bridge Littleton: Perfect.

Danny Davis: You know thirty thousand here there and we'll make recommendations towards that. And then if for some reason you'll want to switch them up. That's great. If we need to jump on something sooner than we realize then we'll come to you earlier and say here's where we're tracking we're pretty sure we're going to be on par but I would rather that be. Let's get to audited financials at the end of the fiscal year. Have a true understanding of what our actual surplus was and then take those funds and allocate them to one time contributions or onetime projects. It's a very very one time focused effort.

Bridge Littleton: I think it's a good idea. Yeah, Peter.

Peter Leonard-Morgan: I'd like to ask what the what the general feeling is about the obligation to the residents, the citizens who pay the taxes some of which goes to charity. What should be their involvement? How do we make sure

that they're happy that some of their money is going to particular charities, something that's always been in my mind really.

Danny Davis: Probably my response would be it's the same as to what is the public's feeling on spending X dollars on you know my salary or professional development or project A B or C a part of that is just awareness of the public of the budget process, transparency of the budget, public hearings and then general conversation about here's where your dollars are going. I do think you know being able to say we're giving back to the community and then letting another group decide specific allocations it leaves a lot of pressure off of you as council because you're not getting involved in picking between 18 different charities you're just saying we're giving towards a group that is benefiting the community as a whole.

Bridge Littleton: Anything else on this slide?

Danny Davis: I will say town committee support went up slightly just to cover kind of ongoing costs some of that is go green. Some of that is. Hold on now some some of that is strategic finance committee.

Bridge Littleton: No way. [Laughter]. Our meetings are efficient.

Danny Davis: You eat lunch at each meeting.

Bridge Littleton: We don't ask for lunch.

Danny Davis: I think I heard working lunch.

Bridge Littleton: I just simply said noon.

Danny Davis: Moving right along. Buildings and grounds. Overall everything is pretty much the same.

Bridge Littleton: Anybody have any issues on this slide? And the five hundred thousand is for the [off mic]. Got it.

Danny Davis: I will say I'd like to. I have a lot of "like to"s but it will take me take us time to get there. I'd like to put all capital projects into just one section so that you have a capital projects section so they're not split between various departments. Again may not get that done before you finish this budget but that would make it easier for you. We'll get to that.

Cindy Pearson: Just on the repairs and maintenance. It was down on the... is that because you don't have the health center? Why is that lower? The health center was somewhere else.

Danny Davis: It was in a different fund, correct. I think in general I don't want to speak too much for Will or Tim but I just don't think we're having significant expenditures.

Will Moore: Yeah it's really tracking for expenditures over the last several years to been down. The health center expenditures [off mic].

Bridge Littleton: Let me ask, actually. Town hall projects. Is that enough? I mean remember this takes us through June 30th, 2020.

Danny Davis: And I think we can't really answer that question until we figure out what direction we're headed.

Bridge Littleton: Sure I got you I got you I got you. I mean do you think well it's all on us to actually move but let's say we move at a reasonable pace between either acquisition or land acquisition or what I mean land acquisition alone will cost more than that can.

Philip Miller: Can you please define reasonable pace considering we've been talking about this for two and half years.

Bridge Littleton: But no seriously. My question is do we actually think that we're going to potentially we will more than likely buy a piece of land. Let's say we go that path, right? There's two paths. Buying something existing or buying a piece of land. Do we reasonably think that that will actually happen before June 30th next year which is...

Darlene Kirk: No.

Cindy Pearson: I thought this was just for the engineers, architects whatever you said. This isn't for the purchase of the land.

Bridge Littleton: Well it's for the whole project. I mean that's what I'm saying. We're not budgeting enough.

Kevin Hazard: But are we going to if we're going to either purchase land or purchase.

Bridge Littleton: Something.

Kevin Hazard: Something. Are we going to take it all out of that budget or are we going to advertise it over 20 years?

Bridge Littleton: Well that's how you fund it. This is how you spend it. This is this is the expense.

Kevin Hazard: But if we then if we're going to do that then don't we have to.

Bridge Littleton: We got to figure out the budget. The funding side, I totally agree. This is what we're spending. So if you write a check for a piece of property the money came maybe from a loan or a bond or whatever but the check you wrote was for 800 thousand is 800 thousand.

Kevin Hazard: But this 500 is just out of out of.

Cindy Pearson: Thank you. That's what a budget amendment is for.

Bridge Littleton: No I got it. But this is not revenue. This is expense.

Kevin Hazard: No I understand. But there is no revenue source for that.

Bridge Littleton: Sure there is. [Multiple speakers]. I'm not saying we don't have to go back and account for it on the revenue side. I totally get that. But my question is is that you know do we think we're gonna spend it. Yes. Cindy.

Cindy Pearson: Would you do a budget amendment at that point? I mean we don't know when it's going to happen it could happen next week but it could not happen until the following year.

Bridge Littleton: Well that's where I'm going to this. You know are we asking the hard questions and holding ourselves to actually getting it done. To Phil's point, we've been talking about it for two and a half years. This is 16, 17 months away. Do we look do we reasonably think if we really want to get this thing going that we're actually going to either we might buy a place and retrofit it or the first step we got to do, we got to do a lot of planning and stuff. But the first major thing is buying a piece of land which will be more than 500 thousand.

Cindy Pearson: That's when you would do a budget amendment.

Philip Miller: What's the process for a budget amendment? Do we have to advertise and have a hearing and all that?

Bridge Littleton: Yes. All right. You know what. We're not. We can't answer it tonight. But this is something you guys need to go back and think about.

Danny Davis: Well I think, yes it is a place holder. Yeah. We can go think about and talk about it.

Ashley Bott: And the discussion that Danny and I had was to put it in here to have the you know to remind you all this we're moving forward we want to move forward with this project you know so the 500,000 was just a number that he thought was a good amount.

Danny Davis: And I think we may have better clarity on this in the coming months. You know even before this fiscal year may take effect. So that may give us the opportunity to integrate it into the budget before the budget's adopted.

Kevin Hazard: We are after all still dealing with a draft.

Bridge Littleton: Oh I know, I know. I'm just saying this is the point at which we need to start challenging challenging the staff to think about the hard problems. Like my question. Should that be two and a half million dollars? [Off mic]. That's that's exactly it.

Peter Leonard-Morgan: My understanding and correct me if I'm wrong here is 100 thousand is really money to use to start the project. And if you did buy the land and start the building it would be through some form of borrowing and that would be the initial stages of the repayment to the borrowing in very simplistic terms. No?

Ashley Bott: Not sure I understand.

Peter Leonard-Morgan: So we don't go out just say OK we need two and half million dollars or whatever the number might be. And put it in one year's budget to spend the whole year. Because I think you were saying we amortize over 25 years or whatever it might be.

Danny Davis: But the expenditure itself has to be shown because you know it fits a million dollar project. You need to show that as this is your expenditure even though the way you pay it long term is done on an amortized schedule.

Bridge Littleton: Which would be a separate line item as an annual payment.

Peter Leonard-Morgan: So if that's the case then yes I mean if we're being honest with ourselves that we want to get this project moving 18 months from now we might you know have broken ground being halfway through building it. So it is something I agree we need to look at.

Danny Davis: And we can have that conversation on the staff level. Also bringing in Davenport into that conversation because if we're going to plan out three million dollars.

Bridge Littleton: Whatever it is. I just think we have to start making it real. Right? And this thing is realistically going to be millions of dollars and until we actually grapple with that and start thinking about to Cindy's point how we're gonna pay for it long term. 500 thousand we're all going to we're all doing this: well, you know. Not that it's nothing.

Danny Davis: I would say you know I think five hundred thousand I think the key factor there is depending on land acquisition and what that looks like but that gives us significantly down the road of architectural design, site planning you know a lot of those pieces maybe not the full amount but it would get us a long way into that project and that is not a short process. Site planning could take 12 more months.

Bridge Littleton: You're not going to do the first piece of site planning until you've acquired the land.

Danny Davis: That's true. And we just don't know what that cost is.

Bridge Littleton: But we know it ain't 500.

Danny Davis: I wouldn't say it's not. No, I'm saying I don't know the answer to that.

Bridge Littleton: My point, where I'm going is your site plan architectural engineering is the 500.

Danny Davis: Right.

Bridge Littleton: There's nothing in there for land acquisition and you won't spend any of that 500 until you've acquired the land.

Danny Davis: Maybe there's no cost to land.

Kevin Hazard: Also, is this something you want to take back to the [inaudible] the Finance Committee.

Bridge Littleton: That's not what they're looking at.

Kevin Hazard: Well, they should be.

Bridge Littleton: So here's what we broke out. The Finance Committee broke out looking at [inaudible]

Kevin Hazard: I'm not saying the amount that we want to put in but how do you know the vehicle of how we do this.

Bridge Littleton: No, they'll I think they would definitely help us on how that what's the smart way to finance it. But how much we should spend and where we should do it. I don't think we're going to ask them to get into that just like hey if we think it's going to cost four million, how would you finance it.

Kevin Hazard: No no no that's not what I'm saying I'm saying. But this is something I think they should be working on. You know we've got a couple of roads we can go down. We should be game planning that with them because they are the experts on how we finance it.

Philip Miller: Show of hands. How many people think in the next 15 months we will acquire the property. Then we need to at least double it to a million dollars at a minimum.

Bridge Littleton: Or you guys figure out. To your point about being conservative. I'd rather budget it and not use it than not budget it.

Philip Miller: And use it at some point. Yeah. And we'll we'll come back with something on that.

Bridge Littleton: And honestly on the on the revenue side if you guys think we should do it through borrowing as opposed to using reserves. No problem.

Philip Miller: Right. No, exactly.

Bridge Littleton: But give us your best ideas. Next? Maintenance.

Danny Davis: Maintenance just to point out. Tim wasn't here for a full year in fiscal year '19 which is why you're seeing an increase into '20. It just is covering full four years' worth of him being here on staff.

Peter Leonard-Morgan: But we had someone before didn't we? Or was it just a complete different deal.

Danny Davis: There was some I think there was a break in time is that right?

Will Moore: His predecessor left in May [inaudible] he didn't come on till...

Cindy Pearson: August. July or August. July.

Danny Davis: At this point we see our refuse disposal rates staying essentially flat. I think as it is we're actually budgeted a little bit higher than what our current expenditures are. But with some growth in either number of units being picked up or just the built-in escalator into the contract we were able to keep that flat year over year which is good. We did. I will say I chose to reduce the snow removal line. Fifty thousand I think it wasn't a wrong number it is just a very high number. If you recall if we get significant snows VDOT will plow 50 but they don't always fully clear out the parking spaces. And so this line item is generally covered for not backhoe but a essentially... [inaudible]. Thank you. Anyway. To scoop and dump and haul off-site so the parking spaces open up and so I do think fifty thousand is a little high so I've reduced down to 30 and then again that's one of those where if we get like a you know one of those years where there's a 8 massive snows we'll just deal with that. Snowy day.

Kevin Daly : Question. Repairs, maintenance.

Danny Davis: Yes.

Kevin Daly : Building and vehicles. Or is vehicles and buildings separate. I see repairs and maintenance.

Ashley Bott: Vehicle is separate. Vehicle is lower.

Kevin Daly : Oh no. Never mind. Now I see it.

Bridge Littleton: Anybody have any other questions on this sheet? Okay.

Philip Miller: On the next page the message board signs thirty thousand.

Danny Davis: Thank you for bringing that up message boards are like the ones we saw before Christmas in Middleburg that are allow you to say you know boil water notice, right?

Bridge Littleton: Oh the flashing signs in the road? [Multiple speakers]. Yeah I got you.

Danny Davis: Changing displays. Yeah, yeah. Bulbs. We actually have a couple of that are police department ones but they are so ancient they don't really work. I think there's a lot of value to having two of these one that we can put on either side of town coming in 50.

Bridge Littleton: That's good. Anybody object? Okay.

Danny Davis: Thanks.

Bridge Littleton: Good.

Danny Davis: I will say this is one of those where we're reprogramming some funding from way finding and street sign replacement that is still waiting on branding. But I would be my goal to get those done this year.

Bridge Littleton: Perfect.

Peter Leonard-Morgan: So are you aware of Chinn Court.

Danny Davis: I am.

Peter Leonard-Morgan: Is that going on there?

Danny Davis: It is not.

Will Moore: Are we discussing the repaving? That that could potentially happen and still this fiscal year you previously authorized thirty thousand dollars from contingency fund. [Off mic].

Bridge Littleton: Philip or Kevin you have a road in mind that you think like Chinn Court [multiple speakers].

Philip Miller: Pinckney. It's on the east side of town, the first one on the right when you come into town.

Danny Davis: I drive it a lot. Yeah. The one that's kind of collapsing to the sides.

Will Moore: [Off mic] That's a much larger issue. Having engineers come in evaluate. Figure out what it would take to get that up to standards. It was much easier to process with Chinn Court to determine what it required for them to accept. So that's a discussion [off mic].

Kevin Hazard: So that's a two part process. First we got to find out what we have to do then we can budget it. And just we'd have engineering calls first. Just you'd have to do some destruction and just to see what's there.

Danny Davis: With the ultimate goal of getting it accepted by VDOT right into the system.

Bridge Littleton: So, let's do this. If you guys can make it happen figure out what that cost would be for the next fiscal year. Let's try. Let's try to figure it out. I mean we're going to have to do it right. Even if VDOT doesn't take it it's got to be repaired. The thing is falling apart. So let's try to figure out in the next two months so we can still get it into the budget for '20.

Danny Davis: Yeah, Will and I will talk about looking at what it takes to get some engineering done out there.

Bridge Littleton: And even if it just a closed plug.

Danny Davis: Sure.

Bridge Littleton: Let's just, let's plug it. Kevin is that what were you thinking? All right. Do we need to redirect a sump pump drain. [Laughter]. Lake Orange Drive. Any other questions on maintenance continued? Next. Police. Oh, God. [Inaudible]. So I do want it in in complete fairness and transparency for A.J. who decided not to show up for the review on his own budget. [Inaudible]. Lack of dedication. When A.J. told me he was getting close to being done with his budget he said I want you to know I always budget way more than I need to spend so that way I can come in under. I said that's not how you do budgeting your budget exactly what you think you need to spend to get the job done. And you hit that. You try to hit that.

Danny Davis: He apologizes for not being here he had a family health issue that he was dealing with today so he couldn't be here but.

Bridge Littleton: So thank you for making me feel bad.

Danny Davis: No, no, not at all. I'll be happy to answer the questions I can and we can take any others back to him. I will note in other wages that's covering part time officers as well as what we pay for outside officers to support Christmas in Middleburg. And we due to uncertainty about whether we always get the number of sheriff's deputies

that we need. He's budgeted for two additional outside folks to help. I don't think that hurts. I think we can always use a few extra so that line item just went up six hundred dollars or nine hundred dollars.

Bridge Littleton: I had two questions. Number one why are attorneys fees going up 70 percent.

Danny Davis: Partly because we're dealing with more items as it relates to law enforcement. Some of these relate to administrative items they relate to issues that Martin's been pulled into because of.

Bridge Littleton: Okay. Second question. Oh sorry, did you? [Off mic]. Other question here was on professional development. So we've got six officers, right? We've got five thousand dollars budgeted in total for professional development. National average you should be spending on professional development is fifteen hundred and seventeen hundred dollars. We're budgeting nine hundred so mean I think that's 50 percent low at least.

Danny Davis: What I think I'd like to talk to A.J. about what opportunities are out there. I will say there are a lot of good opportunities through the VML and other organizations that may be free or very low cost which can have a strong effect on their professional development. However I do know as I mentioned we have one officer going to college and that's a great investment into his career and his future. And so I'm I have no problem with that whatsoever I think I'd like to talk to A.J. and make sure that there are programs out there that he would be comfortable sending his officers through.

Philip Miller: And one of our is in a leadership program right now. And he got a grant for half of the cost.

Danny Davis: Yeah absolutely.

Peter Leonard-Morgan: I didn't see it like a training line. I would have thought that we had a training line for the police because they do recurrent training, don't they?

Danny Davis: Any training in that manner would be covered by generally by the state just through their programs or classes and then any certifications on firearms typically it's just the cost of the ammunition.

Bridge Littleton: The only thing I'll say, again this is totally A.J.'s thing to do and everything but you know the police officers, right? Physical fitness is a very important part of the job. So if there's costs associated with helping you know encourage that and promote that and drive that that would be a good thing to have him focus on.

Danny Davis: Agreed. Absolutely. I think it's a continued focus for the Northern Virginia Chiefs as well as the Virginia Association on which you know A.J. sits as a board member. And I think the fitness match that we provide is helpful in encouraging them to be part of a gym and stay active in that way. But if there are other things that we can do to help support that we'll mention that to him as well.

Peter Leonard-Morgan: Talking about the fitness of staff and police department members. We are a HEAL Cities and Towns member and there is a grant that I'm looking at. We're having a meeting next Wednesday, Go Green meeting. [Multiple speakers] And we'll be talking with Sidney Daigle from HEAL Cities and Towns on Wednesday to try and perhaps get this grant which also includes us hopefully rising to the level of platinum status in Middleburg. Part of that is staff wellness and health. So there may be a synergy that we can talk about. [Off mic].

Danny Davis: Can you can you fund our eating of salads in town? [Laughter]. [Off mic].

Bridge Littleton: Oh my God. [Laughter].

Danny Davis: I like it.

Bridge Littleton: Okay. Any other questions on the police line item or budget. Okay. Next we've got planning and zoning and then we're going to take a break.

Kevin Hazard: I'm assuming that the salaries are up because of the new position.

Danny Davis: That is correct. Total impact of that new position is approximately, I mean it's a guess not knowing exact salary and health elections but somewhere around 85 between salary, benefits, VRS, FICA and all the other benefits.

Bridge Littleton: Again on this one I had. Well actually this was the one. So here's the deal. This is what I didn't understand. Or actually I'm not sure how you're doing this. So you get professional development and training are two separate line items.

Will Moore: In this case training has typically been used for boards and committees.

Bridge Littleton: Oh God, that's right. When you had. Yep got you. Okay. That's outward training not staff training.

Will Moore: Correct.

Bridge Littleton: Got it. Okay. So again I mean my only comment would be the your professional budgets, professional development is a little low. If there's gonna be two planning people that's three thousand plus typically.

Will Moore: Right there are a couple of things that Danny and I can talk. This is based on my preliminary worksheet which did not contemplate the positions that we [off mic].

Bridge Littleton: Got it. Okay. Okay.

Philip Miller: What about didn't we say we wanted to make sure that we've funded any expenses that come from our new updated amended zoning ordinance pertaining to buildings that might be falling apart.

Bridge Littleton: Dangerous structures.

Philip Miller: Dangerous structures, that's what it is. [Laughter]. I was fishing for it.

Will Moore: So that's a good question. [Off mic].

Bridge Littleton: I thought you guys put a plug in.

Will Moore: We put a plug in for current fiscal year from contingency funds. I don't know the establishment line item for that. So that's something we'll have to talk about [inaudible]. And this has to do with the dangerous structures. [Off mic].

Bridge Littleton: So and Kevin you know Kevin up a very very good point. So you know obviously it's not on the agenda for tonight but we'll go ahead and add it to the agenda for Monday. What our status is on those various different buildings in town which we've said let's go notify these people and let's just have a review of all that. Anything else on planning and zoning? Oh boy.

Danny Davis: You said a break.

Bridge Littleton: Yes. Doing a break. [Off mic]. We haven't done utilities.

Danny Davis: Well and I don't mind I don't mind putting utilities away even until we get the rate model and until we get a little more clarity on what a few of those pieces look like.

Bridge Littleton: So you're recommending another budget meeting.

Danny Davis: I will in March at least.

Bridge Littleton: So what does everyone want to do? Do we want to just plow through these last sheets and then back off on utilities or we want to tackle utilities tonight as well. [Off mic].

Danny Davis: Because I will say in my opinion most of the most of utilities is pretty much the same it's the capital projects that really will take some time to talk through.

Bridge Littleton: Do you need input from us tonight to get done what you need to get done going forward for February and March? Are there things on there that you need us to decide about utilities?

Danny Davis: I don't think I have anything specific tonight. It may come up at another council meeting between now and if we do a special meeting on rates and on utility fund. I don't think I need any guidance specifically tonight.

Bridge Littleton: Okay. All right. So does everyone wanted to just keep on plugging through? Okay. Economic development. Philip. Oh, never mind. Or Jamie. Whoever's driving.

Jamie Gaucher: Sure. So you'll see about halfway down the sheet under the large marketing heading program development forty thousand dollars. In my mind's eye, that's an incentive program that we institute here in Middleburg. And I've mentioned it before. I think it goes toward leveraging private investment in build-out or facade improvements in downtown and then a little bit further down the page.

Bridge Littleton: Hang on a sec. So in 19, we have 48,000. We didn't have that kind of program so what was it used for in 19 and an 18? So we had program development. What was it used, so this is a new program you're talking about a new program. So what were we doing with that line item before?

Ashley Bott: Is that one of the ones that we redesigned? I'm trying to remember.

Bridge Littleton: No, I got it. But we had budgeted 75, spent 18.

Jamie Gaucher: It is one that we redesigned.

Ashley Bott: Yeah I can go back and look at because we there was a couple of these that were redesigned to new purposes. Okay. So I can go back and seek specifically what was in those.

Bridge Littleton: Okay. I'm just curious what we were doing because now we're changing the purpose. Which to me would say there's something we're not going to do anymore. Okay. Sorry, go ahead.

Jamie Gaucher: Okay. And then so non-profit organization support which is under the Community Development heading. That's a reference to those programs or opportunities that Kevin was referencing earlier where decisions will be made by the culture and community events committee and those recommendations will be made to council. The 45000 under that community development special event support that is money that is set aside specifically for Christmas in Middleburg, the fireworks, the film festival and Open Late concert series.

Darlene Kirk: Not much.

Kevin Hazard: Which concert series?

Jamie Gaucher: The Open Late concert series that they do at the National Sporting Library in Louisiana.

Cindy Pearson: Why would theirs be in there?

Jamie Gaucher: Because it's something that we've funded, supported and it's ongoing.

Bridge Littleton: Is there, we don't support the Concert on the Steps?

Jamie Gaucher: We do not.

Bridge Littleton: Ok. [Multiple speakers].

Jamie Gaucher: In my mind's eye I'd like to have a list for those things that are not debatable and that we know like the fireworks that we know that we're going to support year in and year out in and establish those. And we all agree. Here's the list. And we bake that into the budget and it goes in this area goes right here in this line item.

Kevin Hazard: I think the first three you said are I think that pretty much across the board agreement but the Concert on the Steps or the Open Late I don't know that that's something that's been around long enough. I'm not saying we don't support it but it's I don't think it's I think it's something maybe they want to come back to us year by year.

Jamie Gaucher: In the past, the town has been a conduit for state funding. The town has put together an application to pull down state funding specifically to for that event. And I think that was in the neighborhood of 10 grand.

Cindy Pearson: It was for them and Bluemont. [Multiple speakers].

Bridge Littleton: But are we still doing those grant applications?

Jamie Gaucher: Yes.

Bridge Littleton: Well if that's the case. I mean if we're getting the grant because of that event, I get it. Do since Bluemont isn't in there, should we add in Concert on the Steps?

Philip Miller: I think the only reason Concert on the Steps is not included and hasn't been mentioned is because they haven't actually come to us and asked for money.

Cindy Pearson: Because that is handled through a different organization.

Philip Miller: Right. But they didn't apply. [Off mic]

Kevin Hazard: Well. If this is, how is that grant supported? I mean what are the criteria to get that grant?

Jamie Gaucher: From the state?

Kevin Hazard: Yeah.

Jamie Gaucher: It has to be it has to be an event that supports the arts and that is relatively broad. I think it comes from the Virginia Commission for the Arts, VCA. So I think it has to be a nonprofit organization and the event has to be has to be able to demonstrate that it's open and available to a wide audience so they don't charge any there's no admission for those.

Cindy Pearson: You can go to their website. There's quite a few different things that they have to meet to apply for that.

Kevin Hazard: So is this something that we're...

Jamie Gaucher: The town has to apply for it as a municipality. [Multiple speakers].

Kevin Hazard: So is that on our website? [Multiple speakers]. No, the grant. I mean what I'm saying is there are probably other organizations that might not know about that.

Bridge Littleton: No, no, no. We apply for the grant to the state and then they give us the money. It's not a grant that people come to us for.

Jamie Gaucher: Should we do it on behalf of some other organization? [Multiple speakers] That's our we.

Bridge Littleton: But we have to apply for it.

Philip Miller: It's not available to them it's only available to us. If they come and ask us for money then we can use that in our application for the grant. [Multiple speakers]

Kevin Hazard: We're doing for two specific organizations. [Multiple speakers].

Philip Miller: But I believe we've been receiving the maximum. [Multiple speakers].

Cindy Pearson: If you remember, there was one year where we had quite a conversation on how to split it between Bluemont and yeah.

Bridge Littleton: Kevin's point is this. You know yes we've always gotten ten grand. Doesn't mean we're always guaranteed to get ten grand. The stronger we bolster our application with more people on it the better it will be. It will then be on us to divvy it up. But let's make our application as strong as possible so yeah let's let these local nonprofit concerts arts things know that if they want to be considered for any of these monies they better be. And this is the criteria that they have to be. [Multiple speakers].

Philip Miller: That'll be a job for the new committee.

Jamie Gaucher: Well and the criteria is what it is, I mean it's the state's criteria. And then the state, the Virginia Council for the Arts makes a decision around allegations and awards.

Kevin Hazard: But you just said that's for the new committee. But the new committee is doing the 40,000 and this 45 which the ten thousand was in is not going through that committee.

Jamie Gaucher: The 45 in my mind's eye just for clarity was broken out the following way. 15 for the film festival, 15 for the fireworks.

Kevin Hazard: I'm sorry, I'm sorry I missed that.

Jamie Gaucher: 15 for the film festival, 15 for the fireworks. 10 for Christmas in Middleburg and 5 for the concert series. Those numbers are all flexible. As well as to Bridge's point the list of should we have other events, should we have music or a concert on the steps, should we have something else?

Bridge Littleton: Okay. Yeah. Chris.

Chris Bernard: Why the 20 percent drop in marketing?

Jamie Gaucher: It can be greater. It can be more. I could spend [inaudible].

Bridge Littleton: But I think to Chris's point, there's a conscious effort, there's a conscious decision to reduce by 20. What was that what drove the decision to reduce it by 20 percent?

Jamie Gaucher: I think originally there were some monies connected to the development of the brand that were in that line item.

Philip Miller: So in a year where we project to have a new brand, we're going to reduce our marketing expenses by 20 percent. I would think that our costs would actually go up especially if we want to institute a marketing co-op plan.

Danny Davis: Let's get back to you on that. I think the 75,000 included the branding contract.

Jamie Gaucher: Including the contract?

Danny Davis: Yeah, because if you look at the prior year I think it was 25 thousand.

Bridge Littleton: That's a great point we've only ever actually spent in the past 28 thousand so 60 thousand if we actually spent that they'll be double what we normally spend. Even though it's lower than we budgeted because this year we've only spent, we budgeted 75, we only spent 21 half the year I mean two thirds of the year is gone.

Danny Davis: Yeah. So what was that 21 spent on? The contract and then some other potential. [Multiple speakers].

Philip Miller: Our social media, the people that we contract out to. Where does that come out from?

Danny Davis: That would be in that as well. So it's a combo of a few things.

Bridge Littleton: And that's that's a totally off because she's like what? 30 grand a year. [Multiple speakers]

Danny Davis: It's 15 maybe, right? [Multiple speakers]. I don't know. Let's take a look at that.

Bridge Littleton: Because she's on retainer for what 750 a month? [Multiple speakers].

Danny Davis: And let's have a plan as to why that number makes sense and what it includes. [Off mic]. You could have communications, you could have PR, you could have advertising, [multiple speakers]. And you could have a marketing program. [Multiple speakers]. If we're gonna have a marketing co-op potentially in this in that fiscal year then that should be its own program line item just like the program development. [Multiple speakers].

Bridge Littleton: That could be what the issue was maybe the prior years we're budgeting some of these items in that budget line item and that could be where the, back to Bridge's question about that line item.

Philip Miller: So let's try to be more specific with the naming of them so we don't have these...

Ashley Bott: I agree.

Jamie Gaucher: And break them out accordingly.

Bridge Littleton: Let's do this. I want to ask Jamie and Danny and Ashley and Phillip and maybe Chris if you guys can get together for an afternoon and just put all this stuff into one you know understand what all the ins are and what all the wants that we want to do. Like there's Aaron, there's Vicky, there's print ads that we do, there's social media to Philip's point right. You've got all these multiple things in here and I can't we can't tell we don't know what's being spent on what, we can't tell which way it's going, we don't know what we're going to, what we want to actually get out of it. I honestly trust you all to totally come up with what the numbers should be. There's just not clarity here what it's supposed to be. I can't even tell from prior years where's Vicki Bendure, right? Where's Aaron? You know, what's actually what are we actually spending on social media and how do we how do we understand that.

Peter Leonard-Morgan: This is a high level.

Bridge Littleton: No, I get it, I get it.

Peter Leonard-Morgan: I mean I agree with you. If we were to delve deeper, for example the salaries aren't here is just like one big. [Inaudible]. I know but the other question I've got is the website. Maybe we answered that earlier but it's not showing up as any budget.

Ashley Bott: It's in the general. It's in the administrative.

Danny Davis: Yeah, we moved it over.

Bridge Littleton: That's the maintenance. That's the ongoing maintenance fee right.

Ashley Bott: Right. But then there's development fees, right?

Danny Davis: Yeah.

Jamie Gaucher: In other words money in the economic development budget for website development. That's why it zeroed out here. It's not in there.

Bridge Littleton: OK. Got it. Got it. All right. [Off mic]. Yeah I know to save basically to save like a whole year, right?

Danny Davis: It gets us a redesign at year four.

Bridge Littleton: Got it.

Danny Davis: Free. Ish.

Bridge Littleton: So Arts Council that's for the 10 grand is for the statue?

Jamie Gaucher: Correct.

Bridge Littleton: Ok. [Multiple speakers].

Jamie Gaucher: It was potentially for supporting Artists in the 'Burg and the sculpture. The sculpture until they raised the other funds.

Philip Miller: So other than supporting the sculpture commitment that we've made we have no other intention to support arts council through this.

Jamie Gaucher: I don't.

Bridge Littleton: For the next fiscal year.

Philip Miller: So no support for Artists in the 'Burg. [Inaudible].

Bridge Littleton: No, I think where Philip is going with it is for fiscal year 2020, we're gonna give them ten thousand dollars assuming there is the money to do the bronze fox and then we're giving them no other money whatsoever for the entire year for any event.

Jamie Gaucher: We cover some of their administrative costs around advertising and printing. But they don't have, to answer that question. That's correct. [Multiple speakers].

Bridge Littleton: No, it's fine if it is. I just want to make sure that we know that they did it that they don't have an expectation that they're coming to us for money.

Philip Miller: But they could potentially come to us and say we need support in advertising Artists in the 'Burg or whatever event it is.

Jamie Gaucher: Correct.

Philip Miller: Okay. And that would go under a different line item. Okay.

Cindy Pearson: Would the bronze fox come out of the current fiscal? Potentially?

Jamie Gaucher: Potentially. [Off mic]. [Laughter].

Cindy Pearson: That was in our e-mail that had that number but I don't remember what it was.

Philip Miller: Weren't they at 8 when they came in?

Bridge Littleton: I think they had like 8 or 9 thousand.

Philip Miller: They had just reached out to all the hunt clubs asking for support. But right before they had come to us.

Jamie Gaucher: And they're expecting another influx of funds connected to foxes on the fence.

Bridge Littleton: Oh cool. That's a great program. Real quick. What is the non-profit organization support for 40,000.

Jamie Gaucher: That's the culture and community events committee entertaining applications.

Bridge Littleton: So that's the pot from the current or from the old EDAC. So where's the funding then for this new event that we're trying to create?

Bridge Littleton: Right. The new town marquee event. That's part our strategic priorities for this year.

Jamie Gaucher: That's not on this page.

Bridge Littleton: So you guys need to budget for that. That's one of our top 10 strategic priorities that Cindy and Darlene are in charge of.

Philip Miller: Cindy. I'd love to invite you to our little budget meeting some afternoon coming up soon. Darlene you're welcome to join too.

Bridge Littleton: Once you're better.

Philip Miller: You can call in if you're not.

Bridge Littleton: And where on here is the money for Visit Loudon.

Jamie Gaucher: It's in the 50 thousand dollar line that is under economic development organizational support.

Danny Davis: Visit Loudon and MBPA.

Bridge Littleton: Got it. Okay. That makes sense. Okay. Any other questions on economic development? Other than figuring out that line item for your putting together a new event.

Danny Davis: And I will say I think we briefly mentioned this at last council meeting. We didn't have a good place to put it but under dues and association memberships didn't have a better spot, we put a place holder for a CRM. I know we had talked about how I really think that's gonna be valuable in helping us better understand our contacts, who we've contacted, when we've contact them, how we contact them, how we better continue in that.

Philip Miller: Why'd you choose to put it there?

Danny Davis: Because I was trying to find the right line item that made sense and there was none. But we can look at creating a new line item or we can find a better place to put it.

Jamie Gaucher: Or to your point, renaming the categories.

Philip Miller: I would say find a new line item because that could fluctuate year over year. [Off mic].

Danny Davis: We can probably add a software software or something line item that would match other software line items.

Philip Miller: So that would be solely for economic development or should that be in the administrative budget because it will be used across different departments.

Jamie Gaucher: Initially we're thinking just economic development but it might be expandable into.

Peter Leonard-Morgan: No, I think that should be across the entire government.

Danny Davis: I think you're going to find synergies across departments.

Peter Leonard-Morgan: That's the whole point of the CRM.

Bridge Littleton: Exactly. Everything in one place. [Multiple speakers]. Because when Ashley wins the lottery and leaves the next day how does all that get out of her mind into a system that can be used by everybody.

Peter Leonard-Morgan: She told me she's staying when she wins.

Bridge Littleton: What's that?

Peter Leonard-Morgan: She told me she's staying when she wins. Well let me tell you what. [Laughter]. She'll give it to the next day at lunch. Till after who wants to be a millionaire.

Philip Miller: So to that point, let's put together a plan a CRM system and why we need it, what our objective is for it, how it can be used across all different departments and let's move that into the administrative, I think.

Bridge Littleton: Anybody have any issues or concerns with that? Let's not make it bigger than it. [Off mic]. Oh well, yeah. [Off mic].

Peter Leonard-Morgan: I think really CRM is not difficult to achieve these days with the sales force or whatever it is or web based. [Off mic].

Danny Davis: We can look into it.

Bridge Littleton: I'd say this. Look at the options and think about what you guys really need.

Philip Miller: And when we look at that also consider professional fees that might be associated with taking the raw data that we have right now and segmenting it out properly so we can target once we get into a new system and use it properly.

Bridge Littleton: That word's called data cleansing. It's always the most expensive and difficult thing. All right. Any other questions or input on economic development? Okay. Any questions? Yeah exactly. Questions, concerns, input? [Off mic].

Cindy Pearson: So with the museum when is there any building plan yet?

Bridge Littleton: So the building's planned. I mean we've got everything. I mean it's got everything done to do it. It's raising the funds. And that's not anything that they're going to ask the town. So we hired a fundraising group called The Focus Group who is very very good at raising money so their feeling is seven to nine months to be able to raise the threshold or get the commitments to the threshold we need to where we want to start to break ground. I mean, it's a what? What is it, a twelve hundred square foot addition? I think it's something like that. Yeah. So I don't know how long that takes to build but I think it's going to be like three or four months to build it.

Cindy Pearson: In saying that, will The Pink Box need to relocate somewhere else while that's being done?

Bridge Littleton: No, no, no. No, the goal always was The Pink Box or excuse me that the original little brick building stays the Town Information Center.

Cindy Pearson: Can they be there while that construction is going on?

Bridge Littleton: Yeah, it won't it won't disrupt that building. It's an addition going on to the left. [Off mic]. What's that? [Inaudible].

Cindy Pearson: So is it something we want to think about to put them somewhere else just temporarily?

Bridge Littleton: That's a town question.

Philip Miller: I'd say let's cross that bridge when we get to it is a good idea but I think we certainly have some empty storefronts from time to time where maybe we can strike a good deal.

Cindy Pearson: That sounds good.

Kevin Hazard: Quick question. We're on a surplus now about 15,000 and we just spent 11 or is that revenue? That's from reserves. What do we do when we run out of money? Are we going to fund this, which it looks like it's going to happen in the next two years.

Bridge Littleton: The last time we talked about this was was likely over a year ago. The museum always had the desire to maintain the relationship with the town. The town wants The Pink Box. Let's, you know fast forward two years from now. The building's built, the museum piece is added to The Pink Box and it's wonderful. The idea was always that The Pink Box still remains the town tourism and information center which I think is what the building's perfect for, it just now has a museum also added to it. So that's the question, right? Is that the town, does the town want to maintain that. And we don't have to decide it now.

Kevin Hazard: No, we don't. And I mean and it's ten thousand dollars a year, it's not...

Bridge Littleton: Yeah.

Kevin Hazard: But I mean it's something that going forward we're going to have to think about, maybe even on our next budget.

Bridge Littleton: Yeah. And I think that the way the museum would look at it is you know what happens in that original building is what the town wants to have happen there. So if it's I mean you go in there right now it's all the brochures and pamphlets and all that kind stuff. The one thing we will be doing with is it's, we won't not have docents but there will be a full time museum director there always. So this you know how it's staffed now like 11:00 to 3:00, it won't be that. It'll be 10:00 to 6:00 or you know it'll be fully extended hours. Now the docent may be there with that person for a couple of hours, but it'll be more. And then the other thing is and this is probably a year away and Kevin to your point, this will be a budget question. What we really want to do to is figure out a Middleburg integrated app. That's the history, it's like a walking tour app of Middleburg that you start The Pink Box and you load up just like you do at Colonial Williamsburg, you load up the Williamsburg app as you walk in front of buildings it tells you the history whatever you can sell advertisement and you know oh here's this restaurant, here are their open hours, all that kind of stuff. We want to develop that when people come to town you come to The Pink Box, you go to the museum, you get information for the information center, you download the app and then you take the walking tour. So if there's co-development there, that'd probably great. But anyway, that's for next year. [Off mic]. Huh? Free Wi-Fi? Yeah. Any questions or changes on The Pink Box. Next? That's it? All right. [Off mic]. Anything else? Any other thoughts from anybody on any overall themes or questions? Danny and Ashley are and Will and Jamie, are there any other inputs you guys need from us at this point to give you direction on anything that you're missing. Ok. The only thing I wrote down was so I added up all the professional development numbers. So take 1,500 dollars, multiply the number of staff, we should be spending about 22,000 dollars a year give or take on professional development. We've budgeted 15,500. So we're about 30 percent below what the sort of mean you know average is. Now I'm not saying we throw money to throw money but that's a big delta. I would be very comfortable with you know raising that to where you know now A.J. might not want any professional development so maybe his is zero but you know let's let's definitely look at. [Off mic]. Yeah, exactly. Exactly. He should be a profit center. He should be a revenue center.

Philip Miller: Switch A.J. from expense to revenue please.

Bridge Littleton: So anyway if you guys could look at that, that'd be great. I mean, that was the only other thing I picked up.

Danny Davis: We'll talk about that as a team together. I think that's a very generous offer and investment into the team and into the staff and so if that's. [Off mic]. Right. Absolutely.

Bridge Littleton: Advanced degree. If somebody wants to go after an advanced degree. What's our contribution to that?

Kevin Daly : [Inaudible] Two free years.

Bridge Littleton: Right. Like Switzerland.

Danny Davis: Two free years.

Philip Miller: Can I just say this is the first time we've had a budget meeting like this dedicated to the budget and I have found it extremely helpful. And very productive and I think it has this is going to change the way we do things. I think it's a very positive change. I think we've all come to the table thinking about our strategic priorities for the town and that is exactly how we should be looking at doing our budgets not just okay well we think we're going to hit here and that looks good. We're actually sitting here thinking about the big things so that we can make a difference. We know we have budget behind it and we can force ourselves, hold ourselves accountable to get this stuff done. It's great.

Kevin Daly : I'm just grateful Bridge didn't [off mic].

Bridge Littleton: That's the way you do it. All right. Real quickly, I'm sorry before we go, I asked Rhonda to send me the strategic priorities we had set out. I just want to run through a little, read each one off the top 10 list and make sure that we've, there's money towards it. So the number one thing is or the one on the list is a land partnership Loudon County that doesn't require any budget. Number two, the brand. I think we got that covered. Number three, Business Economic Development Strategy. OK. So we didn't talk about that.

Danny Davis: And that's something we have on the agenda.

Bridge Littleton: I got it, yeah.

Danny Davis: Monday. And we have I think continue refinement coming soon but that is exactly one that we would want to put it back into the budget if there's a desire to bring in a consultant for.

Bridge Littleton: The help.

Danny Davis: Yeah. And looking at do we partner that with a revenue economic revenue review as well correlated together that we're talk about the strategic finance.

Bridge Littleton: Okay. Town office, we talked about that. Implement parking strategy for commercial district.

Danny Davis: Yeah that's that's one where I think that's another conversation coming up Monday.

Bridge Littleton: Closed session item.

Danny Davis: Some of these additional revenues or the contingency, as it were, could be long term sources for that. I think short term parking strategies we have a parking fund and that will can cover some expenses for a period of time.

Bridge Littleton: Okay. Next we have reviewed budget options with eye on enhanced transparency communication, forecasting our revenues and service costs. I think we're good on that. [Off mic]. Yeah. Exactly. Completion of website. I think we're good there. Updated CIP with capital maintenance component. You guys got all that in there.

Danny Davis: Yes.

Bridge Littleton: Governance strategic plan which is Kevin Daly and Cindy Pearson.

Rhonda North: [Off mic]. Some of that is in there, like your annual volunteer reception. Those costs are in the budget.

Bridge Littleton: Okay. Yeah. It says here develop plan to include annual reception for appointee boards, annual training, policy protocol for appointments, local government academy. So I don't remember talking about government academy.

Danny Davis: We didn't talk about it at the budget, I think that's one where the expenses are relatively minimal there. We'd find ways, but that is on our project list.

Bridge Littleton: Sure. Okay. Develop new town event. You guys are gonna work on that. Middleburg Community Charter School. Seriously next time, is there a budget thing that we want to do about that. They're having some tough times and so. [Off mic]. OK that's a good point. Yep, they need to come. All right. And the last one was way finding, we had that.

Peter Leonard-Morgan: [Off mic] Was there bigger picture, longer term thing we need to talk about at some point. We haven't really spoken about that.

Bridge Littleton: So I actually I went to their board meeting last night. Yes, yes. Yeah. [Off mic]. Exactly. It's, yeah. OK. But not for now. All right. Anything else? Thank you, everybody. Thank you.