

MINUTES
PURCELLVILLE TOWN COUNCIL MEETING
TUESDAY, MAY 10, 2022, 7:00 PM
TOWN HALL COUNCIL CHAMBERS

Meeting recording can be found at the following link: <https://purcellvilleva.new.swagit.com/videos/171549>

COUNCIL MEMBERS PRESENT:

Kwasi Fraser, Mayor
Tip Stinnette, Council Member
Stan Milan, Council Member
Joel Grewe, Council Member
Mary Jane Williams, Council Member
Erin Rayner, Council Member
Christopher Bertaut, Vice Mayor

STAFF PRESENT:

David Mekarski, Town Manager
Sally Hankins, Town Attorney
Hooper McCann, Director of Administration
Sharon Rauch, Director of Human Resources (remote)
Chief Cynthia McAlister, Police Department
Deputy Chief Dailey, Police Department
Elizabeth Krens, Director of Finance
Connie LeMarr, Assistant Director of Finance
Paula Hicks, Accounting Manager (remote)
Linda Jackson, Budget Analyst
Jason Didawick, Director of Public Works
Shannon Bohince, Director of IT
Dale Lehnig, Director of Engineering, Planning & Development
Don Dooley, Director of Planning & Economic Development
Kimberly Bandy, Deputy Town Clerk

CALL TO ORDER:

Mayor Fraser called the meeting to order at 7:00 PM. The Pledge of Allegiance followed.

AGENDA AMENDMENTS:

David Mekarski, Town Manager, requested with no objections from Council in moving the Davenport discussion item *11b. Optimize Use of Nutrient Credit Revenue/Davenport* prior to Standing Committee, Commission, and Board Reports and action item *12a. Town Acceptance of the Saris Grant Donation* to be deferred to May 24th meeting.

CONSENT AGENDA:

a. Approval of Meeting Minutes

- April 26, 2022

Council member Grewe made a motion that the Town Council approve the Consent Agenda items 6a. as presented in the May 10, 2022 Town Council Meeting agenda packet.

(Carried: 7-0, Grewe: Aye, Bertaut: Aye, Stinnette: Aye, Williams: Aye, Milan: Aye, Rayner: Aye, Fraser: Aye)

PROCLAMATION:

a. Proclamation - Mental Health Awareness Month

Mayor Fraser read the proclamation into the record.

DISCUSSION ITEM:

a. Optimize Use of Nutrient Credit Revenue/Davenport

Kyle Laux, Davenport, gave the report. (*Presentation is attached*)

STANDING COMMITTEE, COMMISSION, AND BOARD REPORTS

- a. Planning Commission** (Chair Nan Forbes gave the report)
- b. Purcellville Arts Council** (Chair Oak Winters gave the report.)
- c. Board of Architectural Review** (No report)
- d. Parks and Recreation Advisory Board** (Chair Phil Rohrer gave the report.)
- e. Economic Development Advisory Committee** (Vice Mayor Bertaut gave the report.)
- f. Tree and Environment Sustainability Committee** (Council member Grewe gave the report.)
- g. Community Policing Advisory Committee** (Council member Williams gave the report)
- h. Train Station Advisory Board** (Mayor Fraser gave the report.)

CITIZEN/BUSINESS COMMENTS

Casey Chapman, Case Co 205 Hirst Road, commented on the Joint Town Council and Planning Commission meeting on May 9th with ZoneCo.

Garland LaRue, 406 Plymouth Ridge Court, commented in favor of Pickleball and displayed an exhibit of a possible location.

Philip Baldwin, 161 DeSales Drive, made comments in favor of Pickleball for Purcellville.

Magic Kuynun, 871 E. Main Street, made comments on a location for Pickleball.

MAYOR AND COUNCIL COMMENTS

Council members were given 3 minutes for comments.

DISCUSSION/INFORMATIONAL ITEMS

a. Update on Purcellville Pickle Ball

Council member Stinnette gave the report. The purpose of the discussion was to show support to the Purcellville and Western Loudoun County Pickleball interests. Philip Baldwin is in the process of establishing a 501(c)(3) organization and locations are being investigated. Indoor facility options are being explored and an outreach for Pickleball support from the County at large.

Council gained a consensus to move forward with action.

Council member Stinnette moved that the Town Council support and implement the recommended strategy for providing support to the pickleball interests in the local area. And that this support be provided in co-ordination with the Western Loudoun County Pickle Ball Incorporated, non-profit, which serves as the organizational aggregation of pickleball interests of Purcellville and Western Loudoun County.

(Carried: 7-0, Grewe: Aye, Bertaut: Aye, Stinnette: Aye, Williams: Aye, Milan: Aye, Rayner: Aye, Fraser: Aye)

b. Optimize Use of Nutrient Credit Revenue/Davenport (Amendment made to be placed prior to Stand Committee, Commission, and Board Reports)

ACTION ITEMS:

- a. Town Acceptance of the Saris Grant Donation (*Deferred to next meeting*)**
- b. Adoption of FY 2023 Budget, Master Tax and Fee Schedule and Budget Appropriation**

David Mekarski, Town Manager, gave the report. There were previous Council requests made to address the following; 1) Nutrient Credits and utilization, 2) Legal Shield continuation, 3) Utility rates and short and long range strategy-Davenport, 4) MUNIS implementation and 5) Questions directed at IT Director relative to cybersecurity and other issues within the department. Mr. Mekarski shared that the 90 page Q&A document created and updated by Finance during this budget process has been shared to the town website. Council and staff continued with discussions on each of the mentioned items.

Also, a Council request was made of Sharon Rauch, Director of Human Resources, to make the information gathered from the upcoming exit interview for the recent resignation of an IT staff member with permission from that individual to share this information with Council.

Council member Stinnette moved that Town Council adopt Resolution Number 22-04-01, adopting the FY 2023 Budget as amended by the selected *Summary of Changes to the FY 2023 Budget* and authorize the Town Manager to take all steps necessary and prudent to effectuate the implementation of the FY 2023 Budget.

Council member Stinnette summarized that Legal Shield would be paid for one year and revisited, MUNIS implementation was covered during the meeting, IT position is in the present budget, and the presentation by Davenport was discussed. Council member Milan raised a discussion regarding the presented 6% COLA. Council moved forward with a vote.

(Carried: 6-1, Grewe: Aye, Bertaut: Aye, Stinnette: Aye, Williams: Aye, Milan: Nay, Rayner: Aye, Fraser: Aye)

Council member Stinnette moved that Town Council adopt Resolution Number 22-04-02, appropriating for expenditure in FY 2023 all funds contained in the FY 2023 Budget and re-appropriating for expenditure in FY 2023 the Capital Improvement Project Funds that were appropriated by Town Council in FY 2022 but were not spent within FY 2022, and re-appropriating the Operating and ARPA project expenditures in the General and Utility Operating Funds that were appropriated by Town Council in FY 2022 but not spent within FY 2022.

(Carried: 7-0, Grewe: Aye, Bertaut: Aye, Stinnette: Aye, Williams: Aye, Milan: Aye, Rayner: Aye, Fraser: Aye)

Council member Stinnette moved that Town Council adopt Ordinance Number 22-04-01, adopting and re-ordinating the tax rates, fees and fines for the Town of Purcellville.

(Carried: 7-0, Grewe: Aye, Bertaut: Aye, Stinnette: Aye, Williams: Aye, Milan: Aye, Rayner: Aye, Fraser: Aye)

- c. Resolution to Rename Harry Byrd Highway (Route 7) in Town Limits to Leesburg Pike as Recommended by Loudoun County and Use "Billy Pierce Memorial Pike" as a Memorial/Commemorative Name with the Agreed to Modification from the County Fire Chief and the Head of the County Mapping Office on Secondary and Primary Name in the Computer-Aided Dispatch Systems for Police and Fire.**

David Mekarski, Town Manager, gave the report. It was clarified that the town would not be responsible for paying for this signage. Council member Stinnette commented that a printed biography of Billy Pierce be created by combined efforts from Council member Williams along with Oak Winters, Chair of Purcellville Arts Council, with a deadline delivery to Finance of May 20, 2022 to be placed into the next water bill. Mayor Fraser directed to be sure the resolution reflected commemorative name the same highway as "Billy Pierce Memorial Pike" including a biography.

Vice Mayor Bertaut moved that the Purcellville Town Council adopt Resolution 22-04-03 to request renaming Route 7 in the Town of Purcellville from Billy Pierce Memorial Pike to "Leesburg Pike" and to commemoratively name the same highway "Billy Pierce Memorial Pike".

(**Carried: 7-0**, Grewe: Aye, Bertaut: Aye, Stinnette: Aye, Williams: Aye, Milan: Aye, Rayner: Aye, Fraser: Aye)

CLOSED MEETING

As authorized under Section 2.2-3711.A.1. of the Code of Virginia, Council member Grewe moved that the Town Council convene in a closed meeting to discuss and consider the performance and possible discipline of an employee of the public body of the Town of Purcellville.

The following individuals are requested to attend the closed meeting:

All Town Council members
David Mekarski
Sally Hankins

(**Carried: 7-0**, Grewe: Aye, Bertaut: Aye, Stinnette: Aye, Williams: Aye, Milan: Aye, Rayner: Aye, Fraser: Aye)

In accordance with Section §2.2-3712 of the Code of Virginia, Council member Stinnette moved that Town Council certify to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements under Virginia Freedom of Information Act; and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the meeting by the public body.

(**Carried: 7-0**, Grewe: Aye, Bertaut: Aye, Stinnette: Aye, Williams: Aye, Milan: Aye, Rayner: Aye, Fraser: Aye)

ADJOURNMENT

With no further business, Council member Grewe made a motion to adjourn the meeting at 10:50PM and unanimously carried 7-0.

Kwasi Fraser, Mayor

Kimberly Bandy, Deputy Town Clerk

Utility Enterprise Financial Considerations

Town of Purcellville, Virginia



Town of Purcellville, Virginia



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Background

- The Town of Purcellville, Virginia (the "Town") maintains Water and Sewer Enterprise Funds.
- The Town has routinely engaged in Multi-Year Financial Planning for the Water and Sewer Enterprise and is assisted in this effort by Davenport & Company LLC ("Davenport") – in our capacity as Financial Advisor to the Town – and Stantec – in their role as Utility Rate Consultant.
- The Town – along with Davenport and Stantec – last presented the Multi-Year Financial Plan for the Water and Sewer Funds to the Town Council in early calendar year 2021.
- The Town is nearing adoption of its FY2023 Operating and Capital Budget. The rate increases contemplated in the FY2023 Budget are in-line with the plan that was presented roughly a year ago.
- A primary goal of the Multi-Year Financial Planning is to ensure that the Water and Sewer Funds remain "self supporting" meaning that they are not reliant on recurring financial support from the General Fund.
- Another primary goal of the Multi-Year Financial Planning is to identify a strategy that minimizes the need for substantial year to year user rate increases – to the extent possible.

DAVENPORT & COMPANY

Town of Purcellville, Virginia

May 30, 2022

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Selected Developments – Water & Sewer Funds

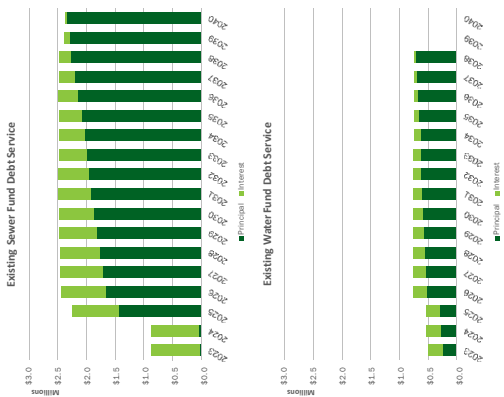


- In early calendar year 2021 – the Town successfully refunded \$8.5 million of outstanding Water and Sewer Enterprise Debt allowing the Town to reduce the interest rate and free-cash for both the Water and Sewer Funds.
- In addition – the 2021 Refunding also allows the Town to prepay the loan at anytime without penalty – providing considerable flexibility in managing the Water and Sewer debt profile.
- In total, the Town currently has roughly \$40.5 million of Water and Sewer Enterprise debt outstanding. A summary of the outstanding amount and future payments are found on the following page.
- The Town has been able to realize approximately \$923,000 in one-time funding from the sale of Nutrient Credits in the Water Fund.
- Davenport was asked to evaluate options for utilizing these monies. Initial options to this effect are contained herein.
- The Town has been heavily reliant on new connection related Availability Fees for years. Davenport understands that future revenue from new connections is projected to be substantially less than recent history if not potentially zero in future years.
- Inflation is running at a 40 year high. This will pressure both the Operating and Capital budgets of the Town and specifically the Water and Sewer Enterprise Funds.
- Startec and Davenport were asked to return to Town Council on May 24th with an update on the Multi-Year Financial Plan.

Existing Utility Enterprise Debt



FY	Principal	Interest	Total
2023	\$ 277,000	\$ 1,097,200	\$ 1,374,200
2024	334,000	1,065,235	1,399,235
2025	1,735,352	1,048,971	2,784,323
2026	2,197,508	1,003,233	3,200,742
2027	2,267,556	949,972	3,217,528
2028	2,332,518	894,916	3,227,434
2029	2,394,417	836,771	3,231,188
2030	2,466,277	776,685	3,242,962
2031	2,520,000	723,589	3,243,589
2032	2,574,000	668,009	3,242,009
2033	2,630,000	610,340	3,240,340
2034	2,675,000	551,877	3,226,877
2035	2,739,000	484,366	3,223,366
2036	2,826,000	397,188	3,223,188
2037	2,911,000	307,224	3,218,224
2038	3,002,000	213,934	3,215,934
2039	2,288,000	93,962	2,381,962
2040	2,349,000	31,594	2,380,594
Total	\$ 40,518,629	\$ 11,755,067	\$ 52,273,696



Nutrient Credit Funding Observations



- The roughly \$923,000 from the Nutrient Credits are a one-time funding source. As such –if they are to be spent – they should be used in a way that recognizes the one-time nature of themonies.
- The Nutrient Credits were derived from the Water Fund and thus will be utilized in the Water Fund in order to adhere to proper accounting and financial management principals.
- The Town has a variety of options to consider with respect to deploying the Nutrient Credit Funding including – but not limited to – the following:
 1. Pay-down existing debt;
 2. Set aside in a Capital Reserve fund to help offset the planned increases in existing debt service (note: the Town successfully utilized this strategy as part of the Plan of Finance for the Town Hall in the FY2014 to FY2020 time period);
 3. Use to help to maintain reserve levels in an environment where Availability Fee revenue is projected to decline rapidly;
 4. Fund required Capital Projects in lieu of additional borrowing;

■ Davenport recommends that before making any final determinations as to the use of these proceeds – the Town should evaluate the status of the updated Multi-Year Financial Plan that will be presented on May 24.

Sample #1: Nutrient Credit used for Debt Paydown



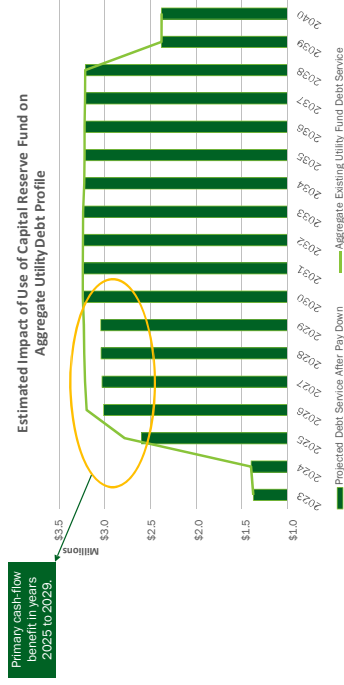
- For illustrative purposes, the graph below depicts the impact of using \$923,000 to pay down principal* on the Water Fund portion of the 2021 Refunding Bonds (2.69% interest rate).
- While this provides some near term savings (roughly \$25k per year for the next 10 years), the majority of the cash-flow benefit would be realized in the next decade due to the likelihood that the monies would be applied to the back of the loan.



Sample #2: Nutrient Credit in a Capital Reserve Fund



- For illustrative purposes, the graph below depicts the use of the \$923,000 in a Capital Reserve Fund that is used over multiple years (5 years in this sample) to help offset the increase in Utility Enterprise debt service beginning in FY2025.
- While this strategy may result in less total savings, the Town's current rate payers would experience more of a benefit and the Town would have the ability to incrementally spend-down the cash versus expending all of it at once in a debt payoff scenario.



Next Steps



- Finalize with Stantec and Town Staff updated Multi-Year Financial Projections with a focus on:
 - Estimated impact to the aggregate Utility Enterprise bill for a typical customer (i.e. Water + Sewer);
 - Long-term financial sustainability of the Water & Sewer fund;
 - Projected trends with respect to Availability Fees;
 - Projected trends with respect to Cash & Reserve levels; and
 - Projected Capital Funding needs and associated funding sources.
- As part of the May 24 presentation – provide Town Council with additional detail / recommendations on dedication of the Nutrient Credit monies as part of a holistic review of the Multi-Year Financial Plan.

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This study has been prospective for information purposes only and is not a solicitation of any offer to buy any security instrument or to participate in any trading strategy. Any such offer would be made only after the prospective participant had completed its own independent investigation of the securities, instruments or transactions and received all information it required for its own investment decision, including, where applicable, a review of this offering circular describing such security or instrument. That information would contain material information not contained herein and with that prospective participants are referred. This offering circular is based on public information as of the specified date, but we can make no representation or warranty as to the accuracy or completeness of the information. Investors are required to comply with any legal or contractual restrictions on their purchase, holding, sale, exercise of rights or performance of the securities (instruments) underwritten herein. Investors are required to comply with any legal or contractual restrictions on their purchase, holding, sale, exercise of rights or performance of the securities (instruments) underwritten herein.

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