

Mount Jackson
Town Council Special Meeting
May 10, 2022

-1-

Special Meeting

A special meeting of the Mount Jackson Town Council was held May 10, 2022 at 6:00 PM in the council chambers at 5901 Main Street. Roll call was taken with Mayor Pifer, and Councilmembers Rod Shepherd, Judy Fultz, Bonnie Good, Dennis Andrick, and Roger Rudy in attendance. Councilmember Whitney Miller was absent. Also, in attendance, Neil Showalter, Town Manager; Mario Rosso, Finance Director; Erick Moore, Planning and Development Director; and Debbie Allen, Town Clerk. Jim Hines was a visitor.

Agenda Additions/Deletions/Changes: None

New Business:

1. Discussion of Proposed FY 2023 Budget Ordinance.

Mr. Shepherd stated the budget packet was provided to Councilmembers at the April council meeting, and now is the time for discussion and staff questions. One of the key factors to note is Shenandoah County did a real estate reassessment this year, and if the Town would have left the rate as it was most everyone would have a larger real estate tax bill. Mr. Shepherd stated staff worked on the numbers and came up with a rate that will roughly reflect an equivalent tax amount to last year.

Mr. Rosso stated the General Fund budget is \$2,747,400; the Enterprise Fund budget is \$2,597,500; and the Capital Projects Fund budget is \$909,200. He stated this particular budget was a challenge, with inflation increasing and the uncertainty of where or when it would end. So far, fuel prices are up over 30%, and the Town has received notices from Dominion Power and Shenandoah Valley Electric that their rates are increasing roughly 20-25% and they are adding a fuel surcharge to the bills. Staff has seen surcharges added for delivery fees, especially gravel, with the percentage of that surcharge being based on the price of diesel fuel. Mr. Rosso stated the Consumer Price Index through March is at almost 8%, and the assumption is it will continue to rise. There is also supply chain issues that are affecting the chemicals needed for the wastewater/sewer plant, as well as the pool. With those uncertainties and increases, staff is proposing an increase to the water and sewer rates of 4%. In the past, the Town has used the CPI rate to base this increase on, but it was felt 8% is too high to pass along. Mr. Rosso stated the Town's trash rate will be increasing due to Long's raising their prices by 5% per year. The reassessment from the county caused most people to see a 25% increase in their home values, so to offset that staff proposed to lower the rate on real estate tax to .12 cents. In comparison to other localities, not all of them lowered their real estate rates, so staff feels this is beneficial to the townspeople in Mount Jackson. Mr. Showalter stated Virginia law requires that when a locality has a reassessment and the new rate, or the tax amount raised by the assessment, is not adjusted to within 1% of the prior amount, the locality is required to advertise that as a rate increase. Mr. Showalter stated staff is proposing lowering the nominal rate from .14 cents per 100 to .12 cents per 100, but to be clear, the equalized rate would have been 11.2 cents, so the Town is in effect raising the real estate rate by 7.14%. Therefore, an increase is being proposed, but the rate is going down, and some are affected more than others depending on their assessment. Mr. Rosso stated all other tax rates will remain the same, and the only other noticeable change will be the water deposit on new accounts only is being proposed to increase from \$200 to \$250.

Mount Jackson
Town Council Special Meeting
May 10, 2022

-2-

Mr. Andrick asked why his water bill amount has been fluctuating more lately. Mr. Showalter stated the Town bills in 1000 gallon increments, so there can be a situation where a meter was about to trip over to the next 1000, but got read before that. So it can appear someone used as much as 50% more water, but in the long run it all equals out. Mr. Rosso stated there was an estimation done during the last snow/ice storm as well. Mr. Showalter stated the Town will be converting to radio read meters which can be read in all types of weather. Water usage will still be billed in 1000 gallon increments, but the new meters will track water usage daily. Mr. Rosso stated the replacement of the new meters will begin at the end of May, and should be done by early August.

Mr. Rudy asked what admissions refers to, under miscellaneous income, and Mr. Rosso stated the pool. Mr. Rudy stated under town staff salaries, the assistant treasurer, town manager, and other staff members are listed separately, and asked why the town clerk and office assistant are listed together. Mr. Showalter stated it dates back to when the Town had a part time office assistant who helped with clerk-type duties, and it became more of a cost center than an individual job. He stated staff should probably reflect that one way or the other, either separate those two positions, or have one office staff labor expense only. Mr. Rudy asked why professional services decreased from \$69,400 to \$50,000. Mr. Showalter stated staff is looking to greatly reduce its reliance on The Berkley Group, due to hiring Mr. Moore. Mr. Rudy stated retirement health savings has been zero for a number of years, and asked why it is now \$18,800. Mr. Rosso stated Preston Lutz is retiring this summer so that will be his plan amount. Mr. Rudy asked for a clearer explanation under contingency, which is increasing from \$124,898 to \$522,800. Mr. Showalter stated the Town has an unusual situation caused by the ARPA funds, which have to be reflected on the budget, but are not recognized as received on the financial statements until it is spent on an approved expenditure. Staff anticipates the Town will be able to classify that money as revenue lost to COVID and eventually be able to expend it on the general budget. The stipulations of the ARPA money do not fit the Town's conventional budget model very well, and the best place to hold it is in the contingency account for now. Mr. Rosso stated there will be another million dollars coming into the bank in June, the final draw for the ARPA money.

Mr. Showalter stated he feels the Town is in an excellent position financially, continues to be strong and conservative in its operation and mindful of every dollar, and he is very pleased of where the Town is. Mr. Rosso stated the Town managed to keep its rates the lowest in the county, and still pay all of the bills. Mr. Showalter stated the Town needs some good people to replace some of the staff being lost to retirements as well.

Motion made by Councilmember Shepherd, seconded by Councilmember Fultz, to adjourn the meeting at 6:24 PM.

Deborah "Debbie" L. Allen, Clerk

Donald "Donnie" I. Pifer, Mayor