



Budget and Finance Committee

MEETING AGENDA

Berryville-Clarke County Government Center

101 Chalmers Court, Second Floor

Main Meeting Room

Regular Session

September 22, 2020

10:30 AM

Item

Page

1. Call to Order

2. Approval of Agenda

3. Other

4. Unfinished Business

5. New Business

Discussion: Reserves

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Discussion: Audit Services

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Discussion: Report to Council Concerning First Quarter Revenues/Expenses

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Update: CARES Act

15

6. Closed Session

7. Adjourn

Town Reserves

Staff has prepared a draft basic framework for a reserve policy. Staff requests that the Committee discuss the matter and provide guidance on how it wants to proceed.

Draft and Approach

Staff recommends that effective January 1, 2021, Town reserves be restructured in accordance with a reserves policy.

It is proposed that the Committee develop a policy and a specific allocation of reserves in accordance with the new policy. If the Committee and staff could finalize this matter next month then the matter could be placed before the Town Council in November. To meet the goal of restructuring of the reserves on January 1 the Town Council would have to act on or before their regular meeting in December.

Attachments

- Draft framework of a Town Reserves Policy
- Spreadsheet with current reserve structure and amounts

Recommendation

Provide staff with direction concerning finalizing the policy.

Town Reserves

January 1, 2021

The Berryville Town Council maintains reserves in order to encumber funds for use on projects and purchases. These funds are encumbered to save money to fund (either fully or partially) planned projects and prepare for unexpected expenses.

The Town Council establishes reserves and authorizes the Town Manager to utilize funds as permitted within an approved budget.

These funds are self-encumbered; therefore, the Council may at any time it deems necessary utilize monies reserved as it sees fit, in a manner consistent with the laws of the Commonwealth of Virginia and the Town of Berryville.

Reserve funds are funded at the end of a given fiscal year unless otherwise directed by the Council or a specific expenditure budgeted in the current year requires funding of the reserve.

General Fund

General fund reserve

This reserve is established in order to provide funding for unforeseen expenses and supplement revenues when the Council deems necessary. General fund monies budgeted in a given year that are neither spent or otherwise encumbered will be placed in this reserve. The interest income from all general fund reserves are placed in this reserve.

Current reserve
Target annual contribution
Reserve goal

Public Works Site Reserve

The Berryville Public Works Department is headquartered at a facility west of Berryville. Significant improvements were made to the site in the early 2000's and then again in the late 2010's. As the Town grows, additional demands will be placed on the department that may require the construction of additional facilities.

This reserve is established to provide funds for the upgrade and upkeep and maintenance of the property and its improvements.

Current reserve
Target annual contribution
Reserve goal

Smithy Cottage reserve

The Smithy Cottage, which is located north of the Barns of Rose Hill, has been owned by the Town since the mid-1960's.

This reserve is established to provide funds for repair and upkeep of the structure beyond that which is typically budgeted annually for property maintenance.

- Current reserve
- Target annual contribution
- Reserve goal

Berryville-Clarke County Government Center reserve

The Town of Berryville and the County of Clarke are the owners of the Berryville-Clarke County Government Center which was constructed in 2008.

This reserve is established to provide funds for the repair and upkeep of the structure and grounds beyond that which is typically budgeted annually for property maintenance.

- Current reserve
- Target annual contribution
- Reserve goal

Rose Hill Park/John Rixey Moore Playground reserve

Rose Hill Park has been owned by the Town since the mid-1960's.

This park serves as the central feature of the Town and contains the John Rixey Moore Playground. The playground was renovated in 1998 and 2019.

This reserve is established for repair and upkeep of park facilities beyond that which is typically budgeted annually for property maintenance.

- Current reserve
- Target annual contribution
- Reserve goal

Flood Plain/Stormwater mitigation reserve

Berryville contains three major drainage areas. Each of these drainage areas contains a perennial stream; Town Run, Craig's Run, and Buckmarsh Run. Each of these drainage areas contain smaller contributing sub-drainage areas.

Flood plain and floodway has been identified and mapped within the Town Run drainage area.

Stormwater management concerns have been identified in several sub-drainage areas of the Town Run drainage area.

This reserve is established to provide funds for use on floodplain/stormwater mitigation projects.

Current reserve
Target annual contribution
Reserve goal

23 East Main Street repair reserve

The Town owns the property located at 23 East Main Street. The improvements on the property include: 1936 brick structure with slate roof, a nineteenth century wood and brick livery stable with a metal roof, and a parking lot.

The Town completed an engineering evaluation of the livery stable in 2018. The evaluation identified work to stabilize the structure and recommended that the work be completed within three years.

This reserve is established to provide funds upgrade as well as upkeep and repair of the improvements on the property.

Current reserve
Target annual contribution
Reserve goal

Wayfinding sign program reserve

In recognition of the economic benefits of marking through specialty direction signage, the Virginia Department of Transportation developed the Community Wayfinding Signs program.

The Town established this reserve to plan for the design, siting, purchase, and installation of integrated directional signage.

Phases 1 and 2 of the project, which address design and siting are estimated to cost 19,000 and 13,000 respectively. The exact cost of the last phase, purchase and installation of signs, is unknown (will be determined in large part during phases 1 and 3) but is estimated at between _____ and _____.

Current reserve
Target annual contribution
Reserve goal

Economic Development reserve

This reserve was established to provide for savings that can be used address economic development opportunities or needs that the Town Council determines should be funded.

- Current reserve
- Target annual contribution
- Reserve goal

Blight abatement reserve

The Berryville Code provides the Town Council and the Town Manager with authority to demolish/secure unsafe structures and abate blight. If the Town must address such issues, then the work is paid for with public funds and the cost billed to the property owner. If the property owner fails to pay for the work, then a tax lien is placed on the property. Generally, it takes several years for the Town to recoup any of the costs incurred addressing the unsafe conditions.

These funds would be available to pay for work required in this regard.

- Current reserve
- Target annual contribution
- Reserve goal

John H. Enders Vol. Fire Department reserve

This reserve was established to provide savings that can be used to assist John H. Enders Volunteer Fire Department and Rescue Squad, which the Town Council has declared to be an integral part of the official safety program of the Town, with capital projects.

- Current reserve
- Target annual contribution
- Reserve goal

Police Radio Replacement Reserve

The Town of Berryville Police Department employees 9 sworn officers and has a fleet of 5 vehicles. Each sworn officer carries a portable radio when on duty. A spare portable radio is maintained in the departmental office. Each of the department's 5 vehicles is equipped with a mobile radio.

This reserve was established in FY20 to fund replacement of 5 mobile and 10 portable radios. Funds may be used for a large purchase of equipment, but may also be used to replace radios that fail prior to the anticipated FY22 purchase.

Current reserve	\$20,000
Target annual contribution	\$20,000 (FY21)
	\$15,000 (FY22)
Reserve goal	\$55,000

Hogan's Alley Reserve

The Town of Berryville acquired the property in question in the 1970's as a part of a storm water management project. The structure on the site was demolished and stormwater was routed through the site from Main Street to the Town Run. After the death of Town Manager John H. Hogan, the Town Council determined that the property would be named for Mr. Hogan and eventually improved in his honor.

This reserve is established to provided funds for improvements to the property.

Current reserve	\$3,000
Target annual contribution	\$1,000 (FY21)
	\$6,000 (FY22)
Reserve goal	\$10,000

Water Fund

Water fund reserve

This reserve is established in order to provide funding for unforeseen expenses and supplement revenues when the Council deems necessary. Water fund monies budgeted in a given year that are neither spent or otherwise encumbered will be placed in this reserve. The interest income from all water fund reserves are placed in this reserve.

Current reserve	
Target annual contribution	
Reserve goal	

Water storage tank reserve

The Town maintains three water storage tanks. The Town has a maintenance contract to address maintenance of these facilities, including cleaning and painting.

This reserve is established to provide funding for unforeseen expenses that are not covered under the maintenance contract.

Current reserve	
Target annual contribution	

Reserve goal

Water Treatment Plant reserve

The Town's water treatment plant will have to be upgraded within the next 10 years. This upgrade will be required because of the age of the plant/technology and changing water quality standards.

This reserve is established to provide funds for the upgrade the water treatment plant.

Current reserve
Target annual contribution
Reserve goal

Distribution system improvement and repair reserve

The Town maintains a system of pipes (and associated appurtenances) that distribute water throughout the Town. The Utility Rate Study completed in 2019 contains a list of projects that are to be completed within the distribution system over the next two decades.

This reserve is established to provide funds to pay for water distribution system projects.

Current reserve
Target annual contribution
Reserve goal

WTP instrumentation / SCADA reserve

The water treatment plant and water distribution system contain certain technology that permit continuous monitoring for certain constituents and conditions. This technology is costly and must be replaced periodically.

This reserve is established to provide funds to pay for WTP instrumentation and SCADA improvements and repairs.

Current reserve
Target annual contribution
Reserve goal

Equipment repair reserve

The water treatment plant contains numerous expensive pieces of equipment. Malfunction or failure of these pieces of equipment is inevitable and quite often unpredictable.

This reserve is established to provide funds to pay for WTP equipment repair or replacement.

Current reserve
Target annual contribution
Reserve goal

Sewer Fund

Sewer fund reserve

This reserve is established in order to provide funding for unforeseen expenses and supplement revenues when the Council deems necessary. Sewer fund monies budgeted in a given year that are neither spent or otherwise encumbered will be placed in this reserve. The interest income from all sewer fund reserves are placed in this reserve.

Current reserve
Target annual contribution
Reserve goal

Collection system improvement and repair reserve

The Town maintains a system of pipes (and associated appurtenances) that collect wastewater from throughout the Town. The Utility Rate Study completed in 2019 contains a list of projects within the collection system that are to be completed over the next two decades.

This reserve is established to provide funds to pay for wastewater collection system projects.

Current reserve
Target annual contribution
Reserve goal

WWTP building repair reserve

The wastewater treatment plant was, for the most part, constructed in 2011. Certain maintenance projects (ex. Replacement of joints in pre-cast buildings) must be scheduled to ensure that the improvements serve the community as long as possible.

This reserve is established to provide funds for regular building maintenance and emergency repairs at the WWTP.

Current reserve
Target annual contribution
Reserve goal

WWTP instrumentation / SCADA

The wastewater treatment plant and water collection system contain certain technology that permit continuous monitoring for certain constituents and conditions. This technology is costly and must be replaced periodically.

This reserve is established to provide funds to pay for WWTP instrumentation and SCADA improvements and repairs.

Current reserve
Target annual contribution
Reserve goal

Membrane replacement reserve

The wastewater treatment plant utilizes membranes to filter wastewater before it is released in the Shenandoah River. The lifespan of these membranes is generally between 8 and 12 years.

This reserve is established to provide the funds necessary to purchase WWTP membranes as needed. If the Town enters into a pre-payment agreement with the membrane supplier, then this reserve may not need to be funded.

Current reserve
Target annual contribution
Reserve goal

Equipment repair reserve

The wastewater treatment plant contains numerous expensive pieces of equipment. Malfunction or failure of these pieces of equipment is inevitable and quite often unpredictable.

This reserve is established to provide funds to pay for WWTP equipment repair or replacement.

Current reserve
Target annual contribution
Reserve goal

6/30/2020 General Fund	6/30/2020 Balance	% Int by fund	Interest July	Interest August	8/31/2020 Balance
PW Site Plan	\$ 182,750.00				\$ 182,750.00
Flood Plain Mitigation	\$ 150,000.00				\$ 150,000.00
Repairs 23 E Main	\$ 41,000.00				\$ 41,000.00
Wayfinding Signs	\$ 15,000.00				\$ 15,000.00
Enders Cap Proj Res	\$ 10,000.00				\$ 10,000.00
Town/Co Econ Development	\$ 5,000.00				\$ 5,000.00
Economic Development	\$ 2,500.00				\$ 2,500.00
Capital Resrve	\$ 43,508.00				\$ 43,508.00
Total	\$ 449,758.00				\$ 449,758.00
CIP Funds	\$ 530,705.68	9.11	\$ 450.74	\$ 451.12	\$ 531,607.54
Unencumbered Funds	\$ 80,947.68				\$ 81,849.54
Water Fund					
Paint Ground Reservoir	\$ 548,580.11				\$ 548,580.11
Clearwell Expansion	\$ 108,000.00				\$ 108,000.00
Water Line Improvements	\$ 452,873.71				\$ 452,873.71
WPT Inst/SCADA	\$ 113,000.00				\$ 113,000.00
Equip Repair Reserve	\$ 102,110.00				\$ 102,110.00
WTP Bldg Maintenance	\$ 10,000.00				\$ 10,000.00
Utility Rate Study	\$ 10,000.00				\$ 10,000.00
Capital Reserve	\$ 145,595.00				\$ 145,595.00
Total	\$ 1,490,158.82				\$ 1,490,158.82
CIP Funds	\$ 2,041,251.14	35.04	\$ 1,733.67	\$ 1,735.14	\$ 2,044,719.95
Unencumbered Funds	\$ 551,092.32				\$ 554,561.13
Sewer Fund					
Sewer Collection Sys Rehab	\$ 704,553.76				\$ 704,553.76
SCADA	\$ 2,218.00				\$ 2,218.00
Membrane Rep Reserve	\$ 540,000.00				\$ 540,000.00
Equip Repair Reserve	\$ 90,000.00				\$ 90,000.00
Utility Rate Study	\$ 10,000.00				\$ 10,000.00
Capital Reserve	\$ 667,150.00				\$ 667,150.00
Total	\$ 2,013,921.76				\$ 2,013,921.76
CIP Funds	\$ 3,254,318.11	55.86	\$ 2,763.95	\$ 2,766.29	\$ 3,259,848.35
Unencumbered Funds	\$ 1,240,396.35				\$ 1,245,926.59
Total Interest			\$ 4,948.35	\$ 4,952.55	
	<u>\$ 5,826,274.93</u>				<u>\$ 5,836,175.83</u>
Total Encumbered	\$ 3,953,838.58				\$ 3,953,838.58
Total Unencumbered	\$ 1,872,436.35				\$ 1,882,337.25
	<u>\$ 5,826,274.93</u>				<u>\$ 5,836,175.83</u>

Discussion – Audit Services

The current audit of the Fiscal year end June 30, 2020 is the last Audit under our current contract. I have confirmed we have audit services with Robinson, Farmer, Cox Associates through the completion of this audit and related services.

Staff has prepared a draft Request for Proposal (RFP) for Audit Services beginning with services related to the fiscal year ending June 30, 2021. The agreement provides for up to four one-year renewal options subject to the annual review, recommendation of the Town Manager and approval of Town Council. The satisfactory negotiation of terms (including a fee acceptable to both the Town and the selected firm), and availability of an appropriation.

Staff is recommending that the Budget and Finance Committee review this draft RFP and after any necessary edits, recommend its approval at the November 10, 2020 Town Council Meeting.

The RFP would then be published on November 12, 2020 with responses due by December 2, 2020.

Staff would review submissions and make its recommendation to the Budget and Finance Committee who would then make their recommendation to Town Council at the January 12, 2021 Town Council meeting.

Attachments

- No attachments to report.

Recommendation

- Recommend approval of RFP at November 10, 2020 Town Council meeting.

September 22, 2020

Discussion – Report on first quarter revenues/expenses **B&F Committee Discussion**

A member of the Town Council has requested a review and discussion regarding where the Town stands with Revenues and Expenses in the first quarter of fiscal year end June 30, 2021.

Staff has been monitoring revenues and expenses looking for any anomalies as we proceed through the COVID-19 pandemic.

Staff suggests the preparation of a report that compares revenue and expenses for the first quarter of the new fiscal year (July 1 through September 30, 2020) with the revenue and expenses of the prior fiscal year during the same time period (July 1 through September 30, 2019).

Staff would like to present that report at the November 10, 2020 Town Council meeting.

Attachments

- No attachments to this report.

Recommendation

- Present report to Town Council at the November 10, 2020 Town Council meeting.

September 22, 2020

B&F Committee Discussion

Update – CARES Act

The Town has incurred COVID-19 related expenses from March 2020 through the end of August 2020 totaling \$12,408.64. Of these expenses, \$8,905.52 are for expenses incurred in the last fiscal year ending June 30, 2020. An additional \$3,503.12 in expenses have been incurred in the first two months of the new fiscal year (FYE June 30, 2021).

As part of the closing of the financial statements and audit for the prior fiscal year, staff will accrue a CARES Act reimbursement receivable of \$8,905.52 for the fiscal year ended June 30, 2020. This accrual will be offset by a reduction in the appropriate expense accounts.

Staff submitted these expenses to the County of Clarke on August 28, 2020. The Town received its first reimbursement under the CARES Act in the amount of \$6,129.47 on September 2, 2020. This reimbursement represents payment for expenses incurred from March 5, 2020 through May 15, 2020.

Staff will continue to track COVID-19 related expenses and work with Clarke County staff on additional submissions for reimbursement under the CARES Act.

Attachments

- No attachments to this report.

Recommendation

- None.