Special
Council Meeting
June 29, 2009
7:00 p.m.

A special meeting of the Elkton Town Council was held in the Council Chambers of the Elkton Area Community Center on June 29, 2009, with Mayor Larry Bompiani presiding. The following Council members were present:

PRESENT
M. Isom
H. Armbruster
D. Kite
P. Workman
R. Snow

ABSENT
M. Dearing

Town Manager Reid A. Wodicka, Town Attorney Lauri A. N. Sigler, Treasurer Clairen Sipe, and Clerk of Council Denise R. Monger were also present.

(A copy of the agenda is appended to these minutes and marked as "Appendix A".)

Mayor Bompiani called the meeting to order and the clerk was asked to call the roll.

Mayor Bompiani stated that Town Manager Reid Wodicka had received verification from the Department of Environmental Quality (DEQ) regarding the interest rate for the wastewater treatment plant.

Mr. Wodicka stated the letter was from Walter Gills, DEQ Program Manager, Construction Assistance program, which he read as follows:

Dear Mr. Wodicka:

I understand that questions have arisen regarding the need to increase the Town's sewer user charges in relation to the sewage collection and treatment upgrade project that is proposed to be funded through the Virginia Clean Water Revolving Loan Fund and the impact those charges have to the interest rate offered by the Fund for this project. The methodology used by the Fund for the setting interest rates involves an evaluation and comparison of the sewer user charges to the Median Household Income for the community. Our current rates range from a ceiling rate of 3.35% to a low of 0%.

In the case of the Town of Elkton, our guidelines indicate that your affordable sewer rate is approximately $40.00. Since our analysis indicated that the Town needed to increase their rates to this level in order to cover all the costs associated with the project (including operation, maintenance, replacement, and debt service) we were initially able to offer the Town our lowest interest rate of 0%. I now understand that there are some questions about this and the Town is discussing whether this size rate increase is actually needed. Should the Town decide not to move forward with the increase as previously understood, DEQ would have to reevaluate our offer and may need to revise our rate upward to the ceiling rate. Please keep me advised of this issue as the Town determines its course of action and give me a call if you have any questions on this matter. Sincerely, Walter Gills.

(A copy of the letter is appended to these minutes and marked as "Appendix B".)

Water and Sewer Rates – Second Reading

Council member Snow moved, seconded by Council member Workman, and carried for Council to adopt the three tier rate increase for water and sewer.

YEAS: H. Armbruster, D. Kite, P. Workman and R. Snow

NAYS: M. Isom

VOTE: (4 – 1 roll call) Motion carried

Fiscal 2009/2010 Budget – Second Reading

Council member Snow moved, seconded by Council member Kite, and carried for Council to adopt the budget as presented by the Town Manager.

Council member Snow stated that numerous discussions had taken place regarding the format of the budget and the information required to be in the budget. He noted that the matter would be further reviewed for additions or amendments.

Council member Kite stated that in February the budget process was a "big mess." He commended the Town Manager and Finance Committee for their hard work on the matter.

Mr. Wodicka stated that the amount calculated for debt service had been changed with a slight increase and some reallocation had taken place. He noted that the Town employee's rate increases were changed from 3% to ½%.

YEAS: M. Isom, H. Armbruster, D. Kite, P. Workman and R. Snow

NAYS: None

VOTE: (5 – 0 roll call) Motion carried

Appropriation Ordinance – Second Reading

ANNUAL APPROPRIATION ORDINANCE
OF THE TOWN OF ELKTON, VIRGINIA
FOR THE FISCAL YEAR
BEGINNING JULY 1, 2009 AND ENDING JUNE 30, 2010,
APPROPRIATING FUNDS FOR PUBLIC PURPOSES FOR SAID FISCAL YEAR;
ESTABLISHING WATER AND SEWER USER RATES;
AND CONTINUING IN EFFECT ALL ORDINANCES OF THE
TOWN OF ELKTON, VIRGINIA, RELATING TO TAXES, LICENSES,
FEES, SERVICE CHARGES, COSTS AND OTHER CHARGES AND
ALL ORDINANCES RELATING TO THE TIME OF
PAYMENT THEREOF AND COLLECTION THEREOF, EXCEPT AS HEREIN
SPECIFICALLY MODIFIED

BE IT ORDAINED by the Town Council of the Town of Elkton, Virginia as follows:

SECTION 1. That the following sums of money are hereby appropriated for the general government purposes herein specified for the fiscal year beginning July 1, 2009 and ending June 30, 2010:

(SEE ATTACHED BUDGET)

SECTION 2. Public revenues of the Town of Elkton, Virginia are hereby appropriated for public purposes for the fiscal year beginning July 1, 2009 and ending June 30, 2010 as set forth in the appropriate Section of said budget.

SECTION 3. That the following water and sewer user rates for the fiscal year beginning July 1, 2009 and ending June 30, 2010 are hereby adopted with additional future fiscal years listed for planning purposes:

(SEE ATTACHED WATER & SEWER RATES)

SECTION 4. There shall be no change to the tax rate for all real estate, including real estate owned by public service corporations, subject to tax for the calendar year beginning July 1, 2009 with said rate to be fixed at $0.085 per $100.00 of assessed value of such property per year. These rates shall continue until modified by action of the Town Council of the Town of Elkton, Virginia.

SECTION 5. There shall be no change to the tax rate for all personal property subject to tax for the calendar year beginning July 1, 2009, shall be fixed at $0.46 per $100.00 of assessed value per year. These rates shall continue until modified by action of the Town Council of the Town of Elkton, Virginia.

SECTION 6. The Fund Budgets in Section 1 as included in the general budget are hereby adopted and made the official budget document of the Town of Elkton. It is expressly provided that the restrictions with respect to the expenditure of the moneys appropriated shall apply only to the lump sum amounts for the classes of expenditures, of Funds, which have been included in this ordinance.

SECTION 7. Any ordinance in conflict with this ordinance is hereby repealed to the extent that such conflict exists. However, all ordinances not in conflict with this ordinance shall continue in effect, specifically; all ordinances of the Town of Elkton, Virginia relating to taxes, licenses, fees, service charges, costs and other collection thereof shall continue in effect except as herein specifically modified.

SECTION 8. If any part of this ordinance is found to be invalid by competent authority, the remaining portions of the ordinance shall continue in effect.

Council member Snow moved, seconded by Council member Workman, and carried for Council to adopt the Appropriation Ordinance as presented at the last Council meeting.

Council member Workman confirmed with Town Attorney Sigler that the proposed ordinance was an annual appropriation.

YEAS: M. Isom, H. Armbruster, D. Kite, P. Workman and R. Snow

NAYS: None

VOTE: (5 – 0 roll call) Motion carried

As there was no additional business, **Council member Kite moved, seconded by Council member Armbruster, and carried to adjourn the meeting.**

YEAS: M. Isom, H. Armbruster, D. Kite, P. Workman and R. Snow

NAYS: None

VOTE: (5 – 0 voice vote) Motion carried

Mayor: Larry A. Bompiani
Larry A. Bompiani

Recorder: Denise R. Monger
Denise R. Monger, Clerk

APPENDIX A

SPECIAL COUNCIL MEETING
Town of Elkton
June 29, 2009
7:00 p.m.

Mayor Larry A. Bompiani has called a Special Meeting of the Elkton Town Council on Monday, June 29, 2009, at 7:00 p.m., at the Elkton Area Community Center located at 20593 Blue and Gold Drive in Elkton, Virginia. The purpose of the meeting is as follows:

AGENDA

1. Water & Sewer Rates – Second Reading & Adoption
2. Fiscal 2009/2010 Budget – Second Reading & Adoption
3. Appropriation Ordinance – Second Reading & Adoption

APPENDIX B

COMMONWEALTH of VIRGINIA

DEPARTMENT OF ENVIRONMENTAL QUALITY
Street address: 629 East Main Street, Richmond, Virginia 23219
Mailing address: P.O. Box 1105, Richmond, Virginia 23218
TDD (804) 698-4021
www.deq.virginia.gov

L. Preston Bryant, Jr.
Secretary of Natural Resources

David K. Paylor
Director

(804) 698-4000
1-800-592-5482

June 29, 2009

Mr. Reid A. Wodicka
Town Manager
173 West Spotswood Avenue
Elkton, Virginia 22827

RE: Virginia Clean Water Revolving Loan Fund
Project # C515422-02

Dear Mr. Wodicka,

I understand that questions have arisen regarding the need to increase the Town's sewer user charges in relation to the sewage collection and treatment upgrade project that is proposed to be funded through the Virginia Clean Water Revolving Loan Fund and the impact those charges have to the interest rate offered by the Fund for this project. The methodology used by the Fund for setting interest rates involves an evaluation and comparison of the sewer user charges to the Median Household Income for the community. Our current rates range from a ceiling rate of 3.35% to a low of 0%.

In the case of the Town of Elkton, our guidelines indicate that your affordable sewer rate is approximately $40.00. Since our analysis indicated that the Town needed to increase their rates to this level in order to cover all the costs associated with the project (including operation, maintenance, replacement, and debt service) we were initially able to offer the Town our lowest interest rate of 0%. I now understand that there are some questions about this and the Town is discussing whether this size rate increase is actually needed. Should the Town decide not to move forward with the increases as previously understood, DEQ would have to reevaluate our offer and may need to revise our rate upward to the ceiling rate. Please keep me advised of this issue as the Town determines its course of action and give me a call if you have any questions on this matter.

Sincerely

Walter A. Gill
Program Manager
Construction Assistance Program

Cc: Rick Fawley, DEQ/VRO
Kelly Ward, DEQ/CO