

**Minutes  
Windsor Town Council Work Session  
Town Hall  
March 28, 2022**

The Windsor Town Council met in a work session on March 28, 2022 at 6:00 p.m. Mayor Willis was present, and he called the meeting to order. Terry Whitehead, Town Clerk, recorded the minutes. William Saunders, IV, Town Manager and Cheryl McClanahan, Treasurer, were present.

Council members present:           Greg Willis  
  Walter Bernacki  
  J. Randy Carr  
  George Stubbs

Council members absent:           Kelly Blankenship  
  Jake Redd

Councilman Bernacki led the pledge of allegiance.

**Enhanced Benefits for Law Enforcement Officers Review**

Mr. Saunders said as Council is aware, enhanced benefits for the Town’s law enforcement officers have been considered and discussed for some time now. He stated that an actuarial study was requested from VRS, and it has been received. Mr. Saunders continued to review the current valuation results compared to valuation results with a 1.70% multiplier and with a 1.85% multiplier. He explained that the 1.85% multiplier is voluntary for localities and provides greater enhanced benefits to law enforcement. He said the 1.85% multiplier also increases the rate of pay as well as the rate of actuarial accrued liability.

Mr. Saunders reported that currently the Town has an overpaid accrued liability of \$80,377. He said if we go to the 1.70% multiplier, we would have a shortfall of \$175,313 in that liability fund, which would be paid off over 20 years. He noted that the \$175,313 can also be paid off in a lump sum. He said the total estimated defined benefit rate is currently 5.53%, and with the 1.70% multiplier, it will be 15.13%.

Mr. Saunders noted that the total employer estimated cost rate will increase to 6.22% in FY23. He said if Council chooses to do the 1.70% enhanced benefits, the total employer estimated cost rate will be 15.25% minus the 6.22%; resulting in an additional 9.29% for all employees. Mr. Saunders added that based on the total payroll, the 6.22% rate increase will result in an increase of \$1,616 without the enhanced benefits, and with the enhanced benefits, the increase will be \$64,490 every year moving forward.

Mr. Saunders explained that ARPA money can be used to pay the premium increase for the enhanced benefits, in the amount of \$64,490, for the next two years, as questioned by Councilman Bernacki.

Mayor Willis noted that we can use the ARPA money for the additional benefit cost for the first two years, but there will essentially be a gap in the budget for those benefits after that time period.

Councilman Bernacki suggested that with the small difference in costs between the 1.70% multiplier and the 1.85% multiplier, Council may want to consider the larger multiplier with the greater enhanced benefits for law enforcement.

Mr. Saunders said he would research the difference in enhanced benefits for law enforcement by using the 1.70% multiplier versus the 1.85% multiplier and report the findings back to Council.

### **FY23 Draft Budget and Draft Capital Improvement Plan Review**

Mr. Saunders reported that with the end of April approximately a month away, we are working on the drafts of the FY23 Budget and Capital Improvement Plan (CIP). He said while still early in the budget cycle, most of the relevant expense information for FY23 has been received; however, we are still waiting on some. Also, we will have two more months of revenue data by the beginning of May to aid in our forecasts in that realm. Mr. Saunders said at this work session, information about the current status of the budget and CIP drafts will be shared and discussed.

Mr. Saunders stated that the budget this year is a tight one, and the drafts enclosed are not yet balanced in the General Fund or Water Fund. He said options to close the gap will be discussed for Council's consideration.

Mr. Saunders reviewed the General Fund, Water Fund, CIP, and Town Center Fund as follows:

#### General Fund Budget

Revenue – While personal property and meals taxes are expected to increase, most other revenue sources will remain flat or decrease at the current tax rates.

Operations – In the current draft, overall operations expenses are expected to increase due to inflation; however, no fund balance nor ARPA funds are supporting operations costs.

Personnel – The current draft includes a 2% COLA for Town staff and a new position for a water works operator/trainee in Public Works.

Retirement – Virginia Retirement System (VRS) rates will increase from 5.22% to 6.22% for FY23, the current draft reflects this increase. The actuarial study for Enhanced Benefits for Law Enforcement was presented for Council's consideration. The first year cost is \$64,490 and could be funded by ARPA for two years as discussed previously.

Health Insurance – Local Choice (Cardinal) health costs will increase 11% for FY23, the current draft reflects this increase and shows the employer/employee ratio the same as FY22.

Emergency Communications Center (ECC) – The cost of the ECC is expected to increase, but we have not yet received the draft budget; however, our percentage will be similar to FY22. An increase of \$40,000 is reflected in this draft (Payments to Other Governments line item).

Water Fund

Rates – Prior to FY21 Council had instituted a plan to increase water rates by \$0.25 per 1,000 gallons every other year (Odd fiscal years), the FY21 budget did not include this increase, so one was instituted in FY22. Another has been reflected in the current draft to catch us up and get us back on the prior schedule.

Depreciation – The current draft shows depreciation as fully funded at \$87,790. At the end of the year, the auditor gives the Treasurer several postings to be posted to the books to fully fund depreciation. These funds either come from fund balance or from surplus.

Capital Improvement Plan CIP

The CIP dated 03/23/2022 was recommended for approval by the Planning Commission, it is enclosed here. Also find enclosed, versions dated 03/24/2022 that have minor revisions. Most of the changes are decreasing expected outlays, with the exception of the addition of DigiTicket should that not be funded in FY22, or changes to the funding sources.

General Fund – At this time, most of the projects are to be funded by FY23 revenue, with another \$82,000 from ARPA funds, and \$100,000 from proffers.

Water Fund – As shown, no water capital projects are to be funded by FY23 water revenue, but \$15,000 from fund balance and \$800,000 from ARPA funds.

ARPA – The current draft only shows the infusion of the first tranche of ARPA funds (\$1,033,658) and corresponding expenses: however, the second tranche should be received by, and can be programmed for, FY23.

Town Center

It is expected that the usage of the Town Center will increase in FY23; however, much of that increase may not be from rental clients.

Revenues – Expected rental fees are increased, General Fund infusion is decreased, fund balance is flat. Consideration could be given to ARPA revenue replacement funds here.

Expenses – More usage will increase operations costs. We should know in the next month or two if utilities should be increased from the amount shown, but costs to clean and maintain the facility (Professional Services line item) should increase.

Mr. Saunders reviewed proposed increases for real estate, personal property, and cigarette taxes, an increase in the vehicle license fees, and an increase in water rates to help close the gap to the following budget shortfalls:

**General Fund**

Flat salaries and no Enhanced benefits	\$103,551
2% salaries and no Enhanced benefits	\$116,823
Flat salaries and Enhanced benefits	\$168,051
2% salaries and Enhanced benefits	\$181,323

**Water Fund**

Flat salaries	\$ 36,099
2% salaries	\$ 39,583

Mr. Saunders noted that the budget currently includes \$106,158 of unprogrammed ARPA funds from Tranche 1.

Councilman Bernacki stated that the Town's real estate and personal property tax rates have been unchanged for years though costs have continued to rise. He said with this gap continuing to grow and with next year being an assessment year, he asked if now might be the time to look at adding a few pennies to the real estate and personal property tax rates to help bridge the budget gap.

Councilman Bernacki also suggested that the Town reach out to the County for additional assistance in costs related to the Windsor Town Center.

Mr. Saunders explained that the County has agreed to essentially split 50/50 the cost of capital improvements to the facility.

Councilman Carr added that before Council considers raising taxes, we need to consider that the Town residents are also paying taxes to the County. He said increased taxes could be quite a burden on some taxpayers.

Council continued to discuss the sale of the old Public Works building, library renovations, potential revenue sources to close the gap in the budget, such as increasing vehicle license fees and the cigarette tax rate. They also discussed the importance of communicating to the citizens what services are provided by the Town for their tax dollars.

Mayor Willis added that we need to consider how we develop a strategy from a long-term standpoint so that revenues are keeping up with what our growing obligations are.

After further discussion, Council agreed by consensus to proceed with the enhanced benefits for the Police Department, the 2% COLA for staff, and consider increasing cigarette taxes and real estate taxes to close the gap in the FY23 budget.

Councilman Stubbs made a motion to adjourn. Vice Mayor Greg Willis seconded, and Council unanimously passed the motion as recorded on the attached chart as motion #1.

The meeting adjourned at 7:38 p.m.

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Glyn Willis, Mayor

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Terry Whitehead, Town Clerk

TOWN OF WINDSOR  
 RECORD OF  
 COUNCIL VOTES

Council Meeting Date March 28, 2022 Work Session

Motion #	Bernackl	Blankenship	Carr	Stubbs	Redd	Greg Willis	Glyn Willis
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Jerry Whitehead, Clerk