



TOWN COUNCIL
Work Session
Town Hall
January 9, 2014
6:00 p.m.

1. Call to Order: Roll Call

2. Order of Business
 - A. Police Vehicle Financing Options
 - B. Request from South Port Investors
 - C. Review of Upcoming Work Session Topics

3. Motion to Adjourn

 TOWN OF CAPE CHARLES	AGENDA TITLE: Police Car Replacement Financing Options		AGENDA DATE: January 9, 2014
	SUBJECT/PROPOSAL/REQUEST: Purchase replacement for 2008 police vehicle.		ITEM NUMBER: 2A
	ATTACHMENTS: USDA Loan Amortization Option		FOR COUNCIL: Action () Information (X)
	STAFF CONTACT (s): Heather Arcos	REVIEWED BY: Heather Arcos, Town Manager	

BACKGROUND:

On September 19, 2013, the Town Council authorized the Town Manager to submit an application for loan and grant funding to the USDA RD in the amount of \$23,236 for the purchase of a new police car as a replacement for the 2008 Ford Crown Victoria.

We have received a verbal notification of a successful application for the loan portion. At this time, grant monies are not available. The fixed rate would be 4.625% for four (4) years with an annual payment of \$5,520.92. As of September, the preliminary interest rate was 3.125%.

The Police Department is on a 5 year rotation schedule for replacement of vehicles. The last 2008 Ford Crown Victoria is scheduled for replacement in the FY 2013-2014.

DISCUSSION:

The 2008 Crown Victoria was taken out of commission earlier than expected after an accident with a deer which totaled the vehicle. The Town received \$5,387 from our insurance company, for the value of the Crown Victoria, which will be applied to the cost of the new vehicle.

We would like to purchase a 2014 Ford Interceptor AWD for a state contract price of \$25,513; based on availability. The second choice would be a 2014 Dodge Charger for a state contract price of \$23,236.

We have two financing options for consideration at this time with a recommendation to move forward with option 2.

1. USDA loan for 4 years at a fixed rate of 4.625% with an annual payment of \$5,520.92. The annual payment is based on a balance of \$20,126 after applying the insurance proceeds.
2. Purchase the 2014 Interceptor at cost of \$25,513. Application of the insurance proceeds would reduce the balance to \$20,126 to be allocated to the police department. This would be funded using the estimated savings of \$10K on personnel and benefits in the transition of Chief and vacancies for officers, and fuel for vehicles.

The savings on the Comprehensive Plan update and potential General Fund savings on capital projects will allow the General Fund to support the purchase of a police vehicle and save \$1,957.67 in interest.

RECOMMENDATION:

Staff requests a Town Council consensus regarding the preferred option to purchase the 2014 Ford Interceptor AWD for the state contract price of \$25,513 for the replacement police vehicle.

USDA Loan Amortization

Enter values	
Loan amount	\$ 20,126.00
Annual interest rate	4.625%
Loan period in years	4
Number of payments per year	12
Start date of loan	1/31/2014
Optional extra payments	\$ -

Loan summary	
Scheduled payment	\$ 460.08
Scheduled number of payments	48
Actual number of payments	48
Total early payments	\$ -
Total interest	\$ 1,957.67

Lender name:

Car Value \$ 25,513.00
 Less Insurance \$ (5,387.00)
 Total Loan \$ 20,126.00

Annual Pmt \$ 5,520.92
 Total Pmts \$ 22,083.67

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	3/3/2014	\$ 20,126.00	\$ 460.08	\$ -	\$ 460.08	\$ 382.51	\$ 77.57	\$ 19,743.49	\$ 77.57
2	3/31/2014	19,743.49	460.08	-	460.08	383.98	76.09	19,359.51	153.66
3	5/1/2014	19,359.51	460.08	-	460.08	385.46	74.61	18,974.05	228.28
4	5/31/2014	18,974.05	460.08	-	460.08	386.95	73.13	18,587.10	301.41
5	7/1/2014	18,587.10	460.08	-	460.08	388.44	71.64	18,198.66	373.05
6	7/31/2014	18,198.66	460.08	-	460.08	389.94	70.14	17,808.73	443.19
7	8/31/2014	17,808.73	460.08	-	460.08	391.44	68.64	17,417.29	511.82
8	10/1/2014	17,417.29	460.08	-	460.08	392.95	67.13	17,024.34	578.95
9	10/31/2014	17,024.34	460.08	-	460.08	394.46	65.61	16,629.88	644.57
10	12/1/2014	16,629.88	460.08	-	460.08	395.98	64.09	16,233.90	708.66
11	12/31/2014	16,233.90	460.08	-	460.08	397.51	62.57	15,836.39	771.23
12	1/31/2015	15,836.39	460.08	-	460.08	399.04	61.04	15,437.35	832.27
13	3/3/2015	15,437.35	460.08	-	460.08	400.58	59.50	15,036.77	891.76
14	3/31/2015	15,036.77	460.08	-	460.08	402.12	57.95	14,634.65	949.72
15	5/1/2015	14,634.65	460.08	-	460.08	403.67	56.40	14,230.98	1,006.12
16	5/31/2015	14,230.98	460.08	-	460.08	405.23	54.85	13,825.75	1,060.97
17	7/1/2015	13,825.75	460.08	-	460.08	406.79	53.29	13,418.96	1,114.26
18	7/31/2015	13,418.96	460.08	-	460.08	408.36	51.72	13,010.60	1,165.98
19	8/31/2015	13,010.60	460.08	-	460.08	409.93	50.15	12,600.67	1,216.12
20	10/1/2015	12,600.67	460.08	-	460.08	411.51	48.57	12,189.16	1,264.69
21	10/31/2015	12,189.16	460.08	-	460.08	413.10	46.98	11,776.06	1,311.67
22	12/1/2015	11,776.06	460.08	-	460.08	414.69	45.39	11,361.37	1,357.05
23	12/31/2015	11,361.37	460.08	-	460.08	416.29	43.79	10,945.08	1,400.84
24	1/31/2016	10,945.08	460.08	-	460.08	417.89	42.18	10,527.19	1,443.03
25	3/2/2016	10,527.19	460.08	-	460.08	419.50	40.57	10,107.69	1,483.60
26	3/31/2016	10,107.69	460.08	-	460.08	421.12	38.96	9,686.57	1,522.56
27	5/1/2016	9,686.57	460.08	-	460.08	422.74	37.33	9,263.82	1,559.89
28	5/31/2016	9,263.82	460.08	-	460.08	424.37	35.70	8,839.45	1,595.59
29	7/1/2016	8,839.45	460.08	-	460.08	426.01	34.07	8,413.44	1,629.66
30	7/31/2016	8,413.44	460.08	-	460.08	427.65	32.43	7,985.79	1,662.09
31	8/31/2016	7,985.79	460.08	-	460.08	429.30	30.78	7,556.50	1,692.87
32	10/1/2016	7,556.50	460.08	-	460.08	430.95	29.12	7,125.54	1,721.99
33	10/31/2016	7,125.54	460.08	-	460.08	432.61	27.46	6,692.93	1,749.46
34	12/1/2016	6,692.93	460.08	-	460.08	434.28	25.80	6,258.65	1,775.25
35	12/31/2016	6,258.65	460.08	-	460.08	435.95	24.12	5,822.69	1,799.37
36	1/31/2017	5,822.69	460.08	-	460.08	437.63	22.44	5,385.06	1,821.81
37	3/3/2017	5,385.06	460.08	-	460.08	439.32	20.75	4,945.74	1,842.57
38	3/31/2017	4,945.74	460.08	-	460.08	441.01	19.06	4,504.72	1,861.63
39	5/1/2017	4,504.72	460.08	-	460.08	442.71	17.36	4,062.01	1,878.99
40	5/31/2017	4,062.01	460.08	-	460.08	444.42	15.66	3,617.59	1,894.65
41	7/1/2017	3,617.59	460.08	-	460.08	446.13	13.94	3,171.45	1,908.59
42	7/31/2017	3,171.45	460.08	-	460.08	447.85	12.22	2,723.60	1,920.81
43	8/31/2017	2,723.60	460.08	-	460.08	449.58	10.50	2,274.02	1,931.31
44	10/1/2017	2,274.02	460.08	-	460.08	451.31	8.76	1,822.71	1,940.08
45	10/31/2017	1,822.71	460.08	-	460.08	453.05	7.03	1,369.66	1,947.10
46	12/1/2017	1,369.66	460.08	-	460.08	454.80	5.28	914.86	1,952.38
47	12/31/2017	914.86	460.08	-	460.08	456.55	3.53	458.31	1,955.91
48	1/31/2018	458.31	460.08	-	458.31	456.54	1.77	0.00	1,957.67

 TOWN OF CAPE CHARLES	AGENDA TITLE: South Port Investors (SPI) Waiver Request		AGENDA DATE: December 19, 2013
	SUBJECT/PROPOSAL/REQUEST: Consideration to waive portion of Utility charges and fees on Town Leased Parcels		ITEM NUMBER: 7C
	ATTACHMENTS: Request for Waiver – December 7, 2013, Cape Charles Yacht Center Phase 1 Plan		FOR COUNCIL: Action (X) Information ()
	STAFF CONTACT (s): Heather Arcos	REVIEWED BY: Heather Arcos, Town Manager	

BACKGROUND:

The Town currently leases five parcels of Town property (Parcels 12, 14, 17, 19 and 20) to South Port Investors, LLC (SPI). The leases are for a term of 40 years with acquisition rights.

SPI is committed to constructing a mega yacht haul-out facility at the Cape Charles Harbor which will be beneficial to the economic development for the Town and County.

Phase 1 construction is underway in regards to a dry rack storage facility and installation of a travel boat lift on Parcel 12. The boat repair and storage facility will be located on Parcel 17.

A number of meetings have been held with SPI regarding their plans for the leased parcels.

DISCUSSION:

A request has been received from SPI asking for Council consideration regarding a waiver of utility connection fees and charges, one connection per parcel. Parcels 12 and 17 have existing connections so this request encompasses parcels 14, 19 and 20. A copy of the request for waiver from SPI is attached.

In 2011, the Town previously waived the payment of connection charges for the Shanty restaurant which is under a 10-year lease on town-owned property.

RECOMMENDATION:

Staff recommends Council discussion regarding the request for waiver from South Port Investors, LLC and a decision regarding their request.

At the December 19th meeting, Council voted to move this topic to a work session.

REQUEST FOR WAIVER
South Port Investors LLC
December 7, 2013

South Port Investors (“SPI”) respectfully requests a waiver from the payment of a portion of utility charges and fees from the Town of Cape Charles. Specifically, SPI requests a waiver from payment of utility connection fees (one water/sewer connection per lot) associated with the development of the Town’s – leased parcels (12, 14, 17, 19, and 20) and partial waiver from the usage fees associated with lot 12.

This request is based on several factors which we believe the Town administration and Town Council will find compelling and persuasive:

Council has previously waived connection charges on other Town-leased land.

1. The Council has previously acted to waive the payment of connection charges for The Shanty, also located on Town-leased property, in October of 2011. Additionally, Town Council has also acted to waive a portion of Echelon’s connection fees as part of the redevelopment of the former Cape Charles School in May 2012. SPI is underway in its redevelopment effort of the Town –leased, commercial area of the Cape Charles harbor. Council does not have to entice or provide incentives to SPI to begin re-development – it’s already begun! Town Council is being requested to simply treat all re-development efforts similarly.

SPI’s capital expense in building infrastructure to be given to the Town was unexpected at the time SPI assumed the original Town-STIP leases; paying capital expenses twice would be unfair.

2. Much like the development of Bay Creek, SPI must undertake the capital expenses of building on to the Town’s existing infrastructure system, then turn the pumping facility over to the Town; it is different, however, in that the area to be served will be primarily Town owned (leased) property (more like the situation at The Shanty where the Council granted a waiver from payment of connection charges in October of 2011). SPI shouldn’t be required to pay the capital expenses twice. This cost is required because the new WWTP was constructed in a location different than the old one which precipitated the Town’s re-routing of the sewer line on Marina Road; SPI has to design, install, and pay for a pumping facility to serve the Town-leased parcels. This re-routing was completely unexpected at the time SPI assumed the original STIP leases.

SPI is an active financial partner in the development of the harbor transportation hub.

3. Substantial investment has been and will continue to be made by SPI for the development of the harbor at the Cape Charles Yacht Center and substantial intangible investment has been already been made by SPI to propose, promote, and secure funding for the harbor access road. SPI is also actively assisting the Town in pursuing additional funding for the construction of breakwaters.

In conclusion, SPI will greatly appreciate the Town administration and Town Council’s thoughtful consideration of this request to waive utility connection charges and fees associated with the Town leased parcels to SPI. SPI is committed to creating a world-class yacht center at the Cape Charles harbor and to working cooperatively with all the harbor stakeholders to make the harbor a multi-hub transportation center in the Mid-Atlantic. SPI is a partner in Cape Charles – Northampton County’s economic development activity that no local government had to attract to make investment in Cape Charles; we simply ask that SPI be given the same benefits as the other entities in the economic development picture. Thank you for your consideration.