



TOWN COUNCIL

Work Session

Town Hall

June 5, 2014

6:00 PM

1. Call to Order: Roll Call

2. Order of Business
 - A. Commercial Connection Charges

 - B. FY 2013 Audit Report

3. Motion to Adjourn

 <p>TOWN OF CAPE CHARLES</p>	AGENDA TITLE: Commercial Connection Charges		AGENDA DATE: June 5, 2014
	SUBJECT/PROPOSAL/REQUEST: Review and discuss the proposed modifications to Town Code Sections 70-35 and 71-42		ITEM NUMBER: 2A
	ATTACHMENTS: Class II Connection Charges Presentation; Town Code Sections 70-35 and 71-42		FOR COUNCIL: Action () Information (X)
	STAFF CONTACT (s): Bob Panek & Jeb Brady	REVIEWED BY: Heather Arcos Town Manager	

BACKGROUND:

The Town Council reviewed a commercial water and wastewater facility fee comparison at the February 8, 2014 Retreat. Commercial facility fees from towns ranging in population from 1,487 to 7,727 were reviewed along with their methods of determining the appropriate fees. The Town's formula to compute commercial facility fees, which had been in place for years, was also reviewed along with a number of alternative calculations.

The commercial connection charges were briefly reviewed again at the March 6, 2014 Budget Work Session, but the Town Council agreed that a more in depth study of the issue was needed and another work session would be scheduled to further review the issue and staff recommendations.

DISCUSSION:

As directed by Council, staff has completed additional research regarding this issue and provided recommendations for modifications to the Town Code §§ 70-35 and 71-42. The black-lined and clean versions of the proposed modifications to the Town Code §§ 70-35 and 71-42 are included for Council review.

RECOMMENDATION:

If Council feels that the staff recommendations are appropriate, this issue will be added to the June 19, 2014 regular meeting to schedule a public hearing for the necessary Town Code modifications to §§ 70-35 and 71-42.

Class II Connection Charges

Council Work Session

June 5, 2014

Class II Connection Charges

- Class II water and wastewater connection charges apply to construction of new commercial or industrial buildings.
- Most of it is the Facility Fee to generate funds for plant capacity.
- Developers view it as a barrier to bringing economic activity to town.
- Reviewed at Council Retreat (2-8-2014) and Work Session (3-6-2014).
- Consensus to use realistic usage factors and eliminate inequity between high and low volume users due to Class I floor.
- Council requested refinement of current water usage factors and draft revision to Town Code.

Class II Connection Charges

Proposed Factors Based on Current Usage

<u>Building Use</u>	<u>Gallons Per Day</u>
Food & Beverage, sit down	8 per seat
Food & Beverage, carry out	113
Lodging	44 per room
Retail Sales	16 up to 5,000 sq ft*
Office	23 up to 5,000 sq ft*
Medical Office	46 per provider
Manufacturing**, Distributing, Service	134 up to 30,000 sq ft*

*plus an increment per additional 1,000 sq ft

**excluding water incorporated into a product

Class II Connection Charges

Sample Facility Fee Calculations

• 50 seat restaurant	\$ 33,920
• Ice cream parlor	\$ 9,582
• 100 room hotel	\$373,120
• Retail store	\$ 1,357
• Accountant's office	\$ 1,950
• Doctor's office	\$ 3,901
• Automotive service	\$ 11,363

Class II Connection Charges

- Draft revision of Town Code, redline & smooth, attached for review.
- Next steps:
 - ✓ Prepare ordinance with revisions.
 - ✓ Set public hearing at June 19 Council Meeting.
 - ✓ Hold public hearing; consider adopting ordinance at July 17 Council Meeting

Sec. 70- 35. Connection Charges.

- (a) Connection charges shall consist of a connection fee and a facility fee. The connection fee contributes to the costs associated with maintaining the waterworks. The facility fee covers the capital cost of creating waterworks capacity.
- (b) Class I - The connection fee shall be \$875 and the facility fee shall be \$4,000, for a total charge of \$4,875. For residences having fewer than two bedrooms, the charge shall be one-half of that amount. ~~Such charge, plus \$100 for inspection and review fees, shall be paid to the Building Department at the time of building permit issuance, or to the Town Treasurer pursuant to any payment programs authorized by Town Council, prior to the initiation of connection related construction activities.~~
- (c) Class II – The connection fee shall be \$875. The facility fee shall be calculated on a consumption based formula as follows: ~~Class I facility fee + (Class I facility fee x residential equivalent x 10%)~~. Residential equivalent shall be the estimated daily water consumption rate for the building, as ~~shown below defined by the Virginia Department of Health Waterworks Regulations~~, divided by the residential daily water consumption rate of 125 gallons per day. For buildings with a proposed use not shown below, the Town Manager will develop an estimated daily water consumption rate for approval by the Town Council.

<u>Building Use</u>	<u>Gallons Per Day</u>
<u>Food and Beverage, principally sit down</u>	<u>8 per seat</u>
<u>Food and Beverage, principally carry out</u>	<u>113</u>
<u>Lodging</u>	<u>44 per lodging room</u>
<u>Retail Sales</u>	<u>16 up to 5,000 sq. ft., 4 per 1,000 sq. ft. above 5,000</u>
<u>Office</u>	<u>23 up to 5,000 sq. ft., 5 per 1,000 sq. ft. above 5,000</u>
<u>Medical Office</u>	<u>46 per provider</u>
<u>Manufacturing*, Distributing, Servicing</u>	<u>134 up to 30,000 sq. ft., 5 per 1,000 sq. ft. above 30,000</u>
<u>*excluding water incorporated into a product</u>	

~~For buildings qualifying under chapter 66, article VIII of this Code, the facility fee used in the consumption based formula shall be \$1,375, rather than the Class I facility fee, if construction activity is commenced after the submission of the application or within the ten-year period of tax exemption. The inspection and review fees above also apply to Class II permits.~~

- ~~(d) Such charges, plus \$100 for inspection and review fees, shall be paid to the Building Department at the time of building permit issuance, or to the Town Treasurer pursuant to any payment programs authorized by Town Council, prior to the initiation of connection related construction activities.~~

Sec. 71- 42. Connection Charges.

- (a) Connection charges shall consist of a connection fee and a facility fee. The connection fee contributes to the Town’s costs associated with maintaining the treatment works. The facility fee covers the capital cost of creating treatment works capacity.

- (b) Class I - The connection fee shall be \$875 and the facility fee shall be \$6,600, for a total charge of \$7,475. For residences having fewer than two bedrooms, the charge shall be one-half of that amount. ~~Such charge, plus \$100 for inspection fees and review fees, shall be paid to the Building Department at the time of building permit issuance, or to the Town Treasurer pursuant to any payment programs authorized by Town Council, prior to the initiation of connection related construction activities.~~
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 TOWN OF CAPE CHARLES	AGENDA TITLE: Fiscal Year 2013 Audit Report		AGENDA DATE: June 5, 2014
	SUBJECT/PROPOSAL/REQUEST: Presentation of Annual Audit		ITEM NUMBER: 2B
	ATTACHMENTS: None		FOR COUNCIL: Action () Information (X)
	STAFF CONTACT (s): Deborah Pocock, Treasurer	REVIEWED BY: Heather Arcos Town Manager	

BACKGROUND:

The Town requires and accomplishes an external audit of its financial statements at the end of each fiscal year. The Fiscal Year (FY) 2013 audit was originally scheduled for January 2014, but was postponed by the audit firm on two occasions due to inclement weather. In April 2014, the audit firm of Robinson, Farmer, Cox Associates accomplished the Town audit for the period ended June 30, 2013.

DISCUSSION:

As part of our audit report and presentation, the auditors provide recommendations identifying any opportunities for strengthening areas of deficiencies in internal controls and operating efficiency. Management is implementing the recommendations to improve the internal controls reported in the findings for the fiscal year ending June 30, 2013.

Staff is working with the auditors to set a date for the FY 2014 financial audit and we are hopeful to start the review earlier in order to have it finalized prior to the budget process for next year.

RECOMMENDATION:

Provided for informational purposes only.