



TOWN COUNCIL

Work Session

Town Hall

April 11, 2013

6:00 p.m.

At approximately 6:00 p.m., Vice Mayor Chris Bannon, having established a quorum, called to order the Work Session of Town Council. In addition to Vice Mayor Bannon, present were Councilmen Bennett, Sullivan and Wendell and Councilwoman Natali. Mayor Sullivan and Councilman Godwin were not in attendance. Also present were Town Manager Heather Arcos, Treasurer Kim Coates and Town Clerk Libby Hume. There were three members of the public in attendance.

Vice Mayor Bannon announced the business for the evening would be to review the proposed departmental operating budgets and capital for FY 2013-2014. The budgets to be reviewed were Town Clerk and Town Manager. Revisions made during previous meetings and the projected revenue would also be reviewed.

Town Manager Heather Arcos informed Council that April 25th was the deadline to finalize the tax rate in order to have ample time to advertise. A separate public hearing had to be held for tax rate changes. Heather Arcos added that the General Fund budget would be finalized on April 25th, the Public Utilities budget and rate review and the Harbor Fund reviews would be done at separate meetings.

Heather Arcos went on to review the departmental budgets as follows:

Town Clerk: i) 1 full-time and 1 part-time salaries and wages. A request was made to upgrade the part-time position to a full-time position. Town Clerk Libby Hume stated that a breakdown of the various duties performed by the Town Clerk's Office was included in a previous Council agenda packet and the office was extremely busy with a huge variety of responsibilities. Ms. Hume went on to state that Assistant Town Clerk Amanda Hurley had been with the Town for almost one year and was already an invaluable asset to the Town and added that Ms. Hurley acted as the administrative assistant for all departments and the Town Manager and was continually working on a number of special projects. Ms. Hurley had covered for the Town Clerk at a Planning Commission and a Town Council Work Session and regularly attended the Historic District Review Board meetings. Ms. Hurley would be attending next week's Town Council Regular Meeting to allow the Clerk to attend an out-of-town training session. Heather Arcos added that for the last two years, Council was agreeable to upgrade this position to full-time but the former Assistant Town Clerk Linda Carola had preferred to remain as part-time so the position was not upgraded; ii) The IT Consulting & Website Assistance line included \$5K for a new, updated website; iii) The Advertising line was increased due to additional advertising needs and more details being included in the ads; iv) The Equipment line included permanent speakers at the current library building which could be used for a new meeting facility, four new microphones and a new sound mixer board. Libby Hume stated that the current mixer board could not accommodate the needed number of microphones for all of Council, the Town Manager and public speaker. It was in need of replacement due to wear and tear from being transported from meetings and several of the controls were non-operational. Two of the current microphones were non-operational and another one needed to be replaced; v) Lodging & Meals was increased to include attendance at the VML Annual Conference in Arlington and lodging for the ODU Clerk's Institute. Libby Hume explained that in previous years, she had been able to stay with relatives during the ODU Institute in Virginia Beach, but this June, her family would be moving out of the area so she would have to stay at the hotel during the institute; vi) Mileage, Gas, Tolls was increased for travel to Arlington for the VML Conference; vii) Books & Subscriptions was

increased for an anticipated MuniCode Annual Fee increase; and viii) Education was increased by \$100 for an anticipated increase in ODU fees for the Clerk's Institute.

Heather Arcos stated that a closed session would be held after this meeting to review the individual personnel requests including merit increases for certain employees.

Councilman Wendell noted that in looking at the projected revenue from last week's meeting, \$184K needed to be trimmed from the projected budget to meet equalization. Heather Arcos stated that \$200K would be rolled over into debt service and Kim Coates added that the deficit figure had been decreased since the last meeting. Heather Arcos noted that the proposed 3% cost of living increase was reduced to 1% across the board and went on to state that the projected revenue vs. expenses would be reviewed later this evening after the Town Clerk and Town Manager budgets.

Town Manager: i) 1 full-time and 1 part-time salaries and wages. The part-time position was budgeted at two days per week; ii) The Personnel Lapse Allowance was included again this year to offset vacancies in the various departments in the General Fund. The Town had experienced vacancies in the Public Works and Police Department this year; iii) Retirement-Direct was deleted since the last former covered employee, Mary Crockett, passed away this year; iv) The Management Consulting line included \$30K for the Comprehensive Plan Review/Update, \$10K for a professional wage compensation study and \$18K for the Mason Avenue Streetscape Master Plan. After much debate regarding these items, a consensus was reached to keep the Comprehensive Plan Update since it was required by the State. The majority of Council agreed that a wage compensation study was needed but could be deferred for another year if needed. There was further discussion regarding the Mason Avenue Streetscape Master Plan and even though it would be good to have a Master Plan, it was agreed that this project could be postponed; v) The IT Consulting line was reduced since the network upgrade should be completed this year. Heather Arcos stated that even though the Town's current phone system was outdated, the system was operational, so the proposed phone system upgrade was removed from next year's budget. Staff would continue to evaluate the cost savings. A new phone service, provided by Bay Creek Communications, was being tested in the new library building. Even with the addition of a phone line for a dedicated fax line, the monthly cost would be about the same as what was currently paid to Verizon; vi) The Legal line was increased due to the amounts spent over the last several years. There was much discussion regarding legal fees for the lawsuits brought against the Town this year. Councilman Bennett asked what determined whether legal representation would be provided by the Town attorney or VML. Heather Arcos stated that the Town's Public Officials' Liability Insurance policy was taken out effective July 1, 2012 and the second lawsuit from Old School Cape Charles was filed after the effective date so was covered under the policy. The lawsuit from Mr. Don Riley was also being covered by VML. After further discussion, the consensus was to drop the allocated amount for legal expenses to \$60K which was the same amount budgeted over the last several years; vii) \$200 was included under Repairs & Maintenance to cover possible repairs to the old Canon copier which was owned by the Town but did not warrant a yearly maintenance contract due to its age; viii) \$500 was included under Maintenance Service Contracts for the ADT security system in the current library building; ix) \$8,275 was included under Printing & Binding for the design and production of a map for visitors. The design quote was for \$7,500 and the cost of 2,500 copies was \$775. There was much discussion regarding the cost of the design. This item would be revisited at the next meeting; ix) \$1K was included under Advertising for employment ads, but only \$140 had been used so far this year. This item may be cut if needed since advertising lines were included in the other departmental budgets; x) \$6K was included under Town Signage on Highway for VDOT signage on Route 13 advertising the public beach. Heather Arcos stated that the VDOT standards had changed and the Town could not place signage on existing signs advertising other businesses in Town nor add to the existing Historic Cape Charles sign. The cost of a new sign would be \$6K. There was much discussion regarding this item and the consensus was to delete this item;

xi) \$845 was included under Employment/Volunteer Testing/Validation for random drug testing for employees. In the past, the Town required drug testing for new hires and if employees were involved in an accident, but last year Council decided to restart the random drug testing of employees. This was not being done on a monthly basis; xii) \$2K was budgeted for electricity for the current library building; xiii) \$2K was budgeted for heating the current library building; xiv) \$4,800 was budgeted under Broadband Service. The Town had an agreement with the Eastern Shore of Virginia Broadband Authority for six months of broadband service at no cost. That six month period had expired and the Town was waiting for an invoice for the remaining months. There was some discussion regarding the possibility of other providers for broadband service in the future but Councilman Sullivan stated that \$400 was a bargain for the current service received by the Town; xv) \$9,860 was budgeted for Telecommunications which included phone service for the municipal building, the current library building, and cell phone usage. There was some discussion regarding VoIP service and its minimal cost for the service. With the change, there would be upfront costs for equipment upgrades but overall would save the Town money in the long run. Heather Arcos reiterated that she had originally included funding for the phone upgrade but with everything else going on, opted to defer the upgrade until next year; xvi) The General Liability line was increased adding coverage for the new library building; xvii) \$3,500 was again included for rental of the monthly Council meeting space and the 7 lots at Fig Street and Randolph Avenue leased from Bay Creek. The lease amount for the lots was the amount of the Northampton County real estate taxes. It was noted that this amount could decrease with the recent reassessment; xviii) The Mileage, Gas, Tolls, Lodging & Meals and Convention & Education lines were all increased to include funding for the Town Manager to attend the Professional Development Classes through the Virginia Local Government Managers' Association; xix) The Dues & Associations remained unchanged at \$2K; xx) \$6K was included for the Town's basic office supplies. There was some discussion regarding this item and Councilwoman Natali suggested that the Town purchase a full version of Adobe Software to enable the packets to be assembled in a searchable PDF format for emailing and the Council and Board members could print their own packets; xxi) \$775 was budgeted to purchase a new desktop computer for the Edmunds server. Edmunds was the Town's accounting software; xxii) The \$150 budgeted under Books & Subscriptions was cut since it had not been spent in the last three years; xxiii) \$150 under Other Supplies was cut since it had not been spent in the last two years; xxiv) \$2K budgeted for real estate tax refunds was deleted since it was a refund of monies collected during the year; xxv) \$718 was budgeted for the annual fishing pier license; xxvi) \$500 budgeted for personal property tax refunds was deleted since it was also a refund of monies collected during the year; and xxvii) The Refund Decal line was also cut since it was a refund of monies paid.

The Town Council reviewed the Contributions to Other Entities regarding the budgeted amounts for 2011, 2012 and 2013 along with the requested amounts for 2014. After a preliminary review, the following amounts were left in the proposed budget: i) \$5K Local Government Challenge match for Arts Enter; ii) \$18,600 for the Cape Charles Volunteer Fire Company; iii) \$2,500 for the Cape Charles Business Association; iv) \$10K for the July 4th Fireworks; v) \$1,500 for the Cape Charles Historical Society; vi) \$375 for the Beach Lease; vii) \$5K for the Eastern Shore of Virginia Tourism Commission (ESVTC). There was much discussion regarding the amounts paid by other localities, Northampton and Accomack Counties and 1% of the Town's Transient Occupancy Tax which was allocated to the ESVTC by ordinance and a possible change to the ordinance in the future; viii) \$150 for Cape Charles Rosenwald School Restoration; ix) \$1,500 for the Eastern Shore of Virginia Birding & Wildlife Festival; x) \$500 for Shore Soccer League; xi) \$100 for Star Transit; xii) \$2,500 for Tall Ships at Cape Charles; xiii) \$12,500 for NEA Our Town Grant; xiv) \$12,500 for the Cape Charles Tourism Website. There was much discussion regarding this item and it was agreed to wait until after the website demonstration, which was scheduled for the regular meeting, before making a decision regarding this request; and xv) \$500 for the Cape Charles Community Band.

Under Debt Service, the amount budgeted for Principal was \$57,942 which was for the 2006 breakwaters; and \$51,483 was budgeted for Interest for the 2006 breakwaters, and Central Park.

Council briefly reviewed the following reports provided by Treasurer Kim Coates; i) General Fund Expense Summary by Department which showed additional cuts that were made prior to this meeting. This report showed a deficit of \$276,977. Kim Coates stated that the figure would be reduced with the potential cuts made this evening; ii) FY2014 General Fund Projections Based on 2013 Reassessment which showed a tax equalization rate of .2674% in order to maintain General Fund revenue at the current year's amount, and an estimated tax rate of .3385 to make up the \$276,977 deficit. Kim Coates added that this estimated tax rate would be reduced based on the additional cuts made this evening; iii) FY2014 Revenue vs. Budget Projections; iv) 2013 vs. 2012 Assessment Comparison which showed a number of lots in the Historic District and Bay Creek and compared the effect of the new assessments, the amounts owed under the Town's current tax rate, equalized rate and additional rate to make up the proposed budget deficit. The report also showed the same breakdowns for a number of houses in the Historic District and Bay Creek; v) Another report was reviewed which showed a sampling of properties around Town with the same tax rates as the previous report but adding the Northampton County proposed tax rate increase; vi) FY2014 Debt Service; and vii) Options to Balance General Fund.

The general consensus was to recess the meeting to Monday, April 15th, so Council could study the various reports in more detail. The information would be revisited at the reconvened meeting.

Councilwoman Natali stated that she would be out of town and not able to attend the April 25th meeting.

Heather Arcos stated that the budgets would be adjusted per discussion this evening and would be reviewed again on April 15th. The contributions to other entities would also be revisited as well as the proposed revenue.

Motion made by Vice Mayor Bannon, seconded by Councilwoman Natali to recess the Town Council Work Session until April 15, 2013 at 6:00 p.m.. The motion was approved by unanimous consent.

Vice Mayor Bannon

Town Clerk