



TOWN COUNCIL Budget Work Session

Town Hall
May 23, 2013
6:00 p.m.

At 6:05 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 and Sullivan and Councilwoman Natali. Councilman Wendell arrived at 6:08 p.m. Mayor Sullivan and Councilman Godwin were not in attendance. Also present were Town Manager Heather Arcos, Treasurer Kim Coates, Harbor Master Smitty Dize and Town Clerk Libby Hume. There was one member of the public in attendance.

Vice Mayor Bannon announced that the order of business for this evening would be to review the Harbor Fund budget followed by a summary of all funds. Before beginning the discussion regarding the budget, Vice Mayor Bannon asked Harbor Master Smitty Dize to inform the Council of the Chesapeake Bay Magazine's Best of the Bay 2013.

Smitty Dize stated that the Town of Cape Charles was named in the top five for Best Town for Families on the Southern Chesapeake Bay. Other categories where the Town or business in Town was named included: i) Kings Creek Marina was named in the Best Resort Marina category; ii) Smitty Dize was named in the Best Dockmaster category; and iii) The Cape Charles Town Beach was named in the Best Bay Beach category.

Heather Arcos began by reviewing the summary of Harbor Operating Budget Revenues and Expenses and stated the following: i) A proposed dockage fee rate increase from \$1.50 per foot to \$1.75 per foot effective January 1, 2014; ii) The budget was increased to include added revenue from dockage fees for the new floating docks which were proposed. The Town would find out about the Virginia Port Authority Grant carryover request and the request for an additional \$75K toward the new floating docks at a meeting next week; iii) The \$6K base rent from The Shanty was being shown in the Harbor Fund; iv) The budget included \$500K of grant funding for the wave attenuators and \$75K grant funding for new floating docks and the 25% Town match; v) Personnel services were increased due to additional hours for the part-time and seasonal employees; vi) The BIG Advertising Grant of \$10K and the \$3,333 Town match was included; vii) Materials & Supplies was increased due to additional property needing maintenance – docks, walkways, bath house, office, parking lot, etc.; viii) Merchandise for Resale was increased due to an agreement with Custom Carts to allocate five golf carts at the Harbor for rent to transient boaters. The Town would act as the rental agent for the golf carts and would receive 13% of the rental fees; and ix) Capital projects include \$12K for a new gator, \$1M for the wave attenuator and \$100K for new floating slips.

The Harbor Fund budget was reviewed as follows: i) \$3K was included for overtime for the annual employees; ii) The amount allocated for Propane – Bathhouse was reduced from \$2K to \$500 based on past usage; iii) \$1,433 was added for Flood Insurance for the bath house; iv) The amount included for the Blessing of the Fleet was decreased from \$1,500 to \$1K based on previous years' actual expenses; v) \$5K was included for the July 4th fireworks. \$10K was included in the General Fund; vi) \$800 was included for the purchase of a new laptop; vii) The Repair & Maintenance Supplies line was

increased to \$20,500 based on this year's actual costs, which was approximately \$6,600 over budget with two months left in the fiscal year. The increased costs were due to damages sustained from Hurricane Sandy; viii) The Uniforms line was increased from \$500 to \$1K to purchase safety equipment such as life vests and floating jackets for the staff; and ix) \$12K was included under Vehicles to purchase a new gator. Smitty Dize stated that the Harbor was currently using old equipment formerly used by the Police Department which was about 10 years old.

There was discussion regarding the increasing revenues at the Harbor. Councilman Wendell asked if the Town foresaw a time where surplus revenue from the Harbor Fund would be transferred to the General Fund. Smitty Dize stated that in the past, the Town did take the profits from the Harbor for the General Fund which resulted in the Harbor becoming rundown and in need of repairs. Smitty Dize added that he preferred to keep any surplus funds in a reserve account to be used for future maintenance, repair and upgrades to the Harbor facilities.

Heather Arcos stated that in the future, the Town would need to revise the Harbor Master Plan to update it with the added facilities and amenities, etc.

Heather Arcos went on to review the General Fund Revenue & Expense Summary and stated that changes since the May 9th meeting were mainly in personnel costs. The salary and benefits for the Town Planner were reduced since the new planner would be starting at a lower rate. The Police Department would have a new officer also starting at a lower rate. Both positions would not be eligible for medical coverage or retirement benefits for 90 days so the budgeted amount had been adjusted. The budget shortfall was now \$73,146.

Heather Arcos proceeded to review the Public Utility Rate Review for Water which showed a rate reduction of \$5.05 to a new monthly rate of \$34.50.

Heather Arcos reviewed the Public Utility Rate Review for Wastewater which, after making the adjustments from the May 9th meeting, showed a rate increase of \$25.40 to a new monthly rate of \$60.85. With the Sanitation rate reduction of \$1.43, the net increase to Utility Fees was \$18.92 per month making the total minimum utility fee \$107.92.

There was some discussion regarding the refinancing of the existing debt for the water and wastewater plants. The Town was awaiting information from VML/VACo regarding loans to refinance. The refinancing would lower the interest rates but not lengthen the existing term.

There was much discussion regarding the efforts to collect delinquent real estate and personal property taxes. Heather Arcos stated that due to the amounts owed, it would not be cost effective to pay legal fees to collect back taxes on the majority of accounts. The Town had a good relationship with the County and was joining forces with the County in delinquent tax collection efforts. Over the past year, the County had become more aggressive in its collection of delinquent taxes.

Kim Coates stated that she was working with the County to verify the database for personal property and would be contacting the DMV to place stop orders on accounts with delinquent taxes. The County had started this process as well.

The subject of publishing the names of delinquent tax payers on the Town website was discussed and it was noted that the County published the names in the Eastern Shore News.

Motion made by Councilman Sullivan, seconded by Councilwoman Natali to adjourn the Town Council Work Session. The motion was approved by unanimous consent.

Vice Mayor Bannon

Town Clerk