



TOWN COUNCIL

Budget Retreat

Town Hall

February 28 2013

12:30 PM

At 12:35 p.m., Vice Mayor Chris Bannon, having established a quorum, called to order the Town Council Budget Retreat. In addition to Vice Mayor Bannon, present were Councilmen Bennett, Sullivan and Wendell and Councilwoman Natali. Councilman Godwin arrived at 2:00 p.m. Mayor Sullivan was not in attendance. Also present were Town Manager Heather Arcos, Assistant Town Manager Bob Panek, Treasurer Kim Coates and Town Clerk Libby Hume. Town Planner Tom Bonadeo and Public Works/Public Utilities Director Dave Fauber arrived at 3:00 p.m. Chief of Police Charles Brown arrived at 4:30 p.m. There was one member of the public in attendance.

FY 2014 Medical Insurance Review

Treasurer Kim Coates presented the changes to the Town's health benefits including Anthem health insurance, Delta Dental, short term disability through Anthem Life Insurance, Anthem Employee Assistance Program, life insurance and retirement through the Virginia Retirement System, and PrimeFlex a flexible spending account. Kim Coates added that the national average increase for healthcare benefits was 12%, but the Town's group costs increased by approximately 19% due to some large claims filed during the coverage year. Staff recommendation regarding the Town's portion of the health benefits was to keep the amount level with FY 2012/2013. Heather Arcos asked for a consensus from Council, who all agreed with the staff recommendation.

Vice Mayor Bannon asked if Council could participate in the Town's health insurance as part of the group for a possible savings in their health care premiums. Vice Mayor Bannon clarified that he did not want the Town to pay for their insurance, but the opportunity for Council members to participate in the group plan, if possible. Kim Coates stated that she would check with the Town's insurance advisor.

FY 2013 7-Month Budget Review:

General Fund

Heather Arcos stated that much of the information regarding the current budget was provided on the monthly Treasurer's Report during the regular Council meetings.

The revenue report showed that 91% of the budgeted revenue had been collected to date compared to 82% collected at this time in FY 2012. The auditors were currently reviewing the FY 2012 financials and some minor adjustments may be made. The revenue report included funds from general property taxes, other local taxes, building permits and fees, fines and forfeitures, use of money and property, charges for services, recovered operating costs, grant revenue, loan proceeds and miscellaneous revenue.

The expenditure report showed that 68% of the budgeted expenses were used to date compared to 65% expended at this time in FY 2012. Departments included in the General Fund were Mayor and Council, Town Clerk, Town Manager, Finance, Police, Code Enforcement, Public Works, Parks and Recreation, Library, and Town Planner. It was noted that most departments were on target. The Town Manager budget showed expenditures at 130% and included unbudgeted legal expenses and the acquisition of the Bank of Building. The cost of the acquisition of the bank building will be moved to Debt Service since it was funded by a bond for capital projects. The Police Department budget included police academy training for a new officer and increased fuel costs.

The FY 2013 legal expenses were reviewed showing a total of \$125,579.75 paid through January 31, 2013. Heather Arcos explained that the legal expenses would be much higher if the Town did not have the Public Officials Insurance through the Virginia Municipal League.

The revenue and expenditure reports for the Public Utilities, Harbor and Sanitation Funds were also reviewed.

Davenport & Company

Mr. David Rose from Davenport & Company gave a presentation to the Council regarding the Town's debt profile and capital needs. Mr. Rose informed Council of the potential opportunity to refinance the two Water and Sewer Fund Rural Development loans for debt service savings without increasing the current term. Refinancing the current Rural Development loans could potentially save the Town over \$230K in debt service over the term of the loan. Mr. Rose provided information on new loans possibly for the next phase of breakwater at the Town Harbor and/or the Master Trail Plan. Mr. Rose stated that Cape Charles was in good shape in regards to its debt service vs. expenditures with approximately 5¢ of every dollar designated to debt.

Mr. Rose explained that Davenport & Company served as financial advisor on approximately 30 both Northampton and Accomack Counties.

Review of Council Priorities from January 28, 2011

Heather Arcos updated Council on the status of the list of priorities from the January 28, 2011 Town Council Retreat. Several projects were still in progress and were not moving along as quickly as desired due to the lack of staff and time to devote to the projects. These projects included an updated compensation study, review and update of the Comprehensive Plan, and update of the procurement policies which were currently more restrictive than the State Code. Several of the Council suggested outsourcing some of these projects to outside companies because the staff involved in these projects were overloaded and would not have time to dedicate to completing the projects in a timely manner.

Updates were given on the status of some of the vacant buildings in Town and Capital Investment Plan projects that were noted in 2011.

Preliminary FY 2014 Capital Improvement Project – Five Year Projection

Heather Arcos stated that the Town was expecting the County Land Book with the reassessments mid to late March and that the Town would have to equalize the tax rate.

The preliminary capital improvement projects were reviewed by fund. Under the General Fund, the projects reviewed included: the basketball court (full size), Comprehensive Plan Update, Doggie Park which was rated as a low priority by the majority of Council, 5 Dune Crossovers, a Gator for Public Works, handicap access to the north end of the beach which could possibly be done as part of the multi-use trail, jetty improvement, new library building, current library building renovations, alley access for the 200 block of Mason Avenue, replacement police vehicle, replacement of the fishing pier, public parking on Town owned lots, a new sidewalk from Heritage Acres into Town, sidewalk improvements, storm water management, and storm drains – closed circuit TV recordings. Under the Water Fund, the projects included: emergency generator for the water plant, fence around the water tower, backwash vault design and construction, and replacement floor. Under the Sewer Fund, the projects included: replacement backhoe, replacement of 3 pump stations to meet current regulations, comminutor/grinder for Mason Avenue, and I&I compliance manhole repairs. Under the Harbor Fund, the projects included: floating docks, site work and walkways for the West Dock which would be funded by the Virginia Port Authority Grant, and wave attenuators.

Heather Arcos asked Council whether they had any other possible capital projects to discuss. Councilwoman Natali asked about Wi Fi for the Town. Heather Arcos responded that a Request for Proposals (RFP) was being prepared regarding vendors to provide wireless internet access to the Town's residents. The RFP would be advertised soon.

Future Budget Work Sessions

Heather Arcos stated that the next Budget Work Session was scheduled for March 7, 2013 beginning at 6:00 PM at the Town Hall. The General Fund Departmental Budgets would be reviewed for Code Enforcement, Planning, Recreation, Finance, Town Clerk and Legislative. The personnel and benefits lines would not be reviewed at that time but would be discussed in detail at an upcoming executive session. Staff was working on a utility rate study evaluating the rates based on operations and the close-out of the wastewater treatment plant construction contract.

Heather Arcos distributed the updated Town Organization Chart explaining that Andrew Spencer left his full-time position in the Public Works Department and moved back to the Harbor as a part-time Harbor Assistant. The Draft Department Work Plans, which were included in the packet for this Retreat, were working documents and would be updated as needed. Still under consideration was the reorganization of the Public Works and Public Utilities Departments. Since 2005, Dave Fauber had been working as the Director for both departments but it was very difficult for him to continue in this capacity with the work load for these two departments.

Other

Councilman Godwin stated that several questions were posed by the public to Council at the last Council meeting: i) Lenora Mitchell had questions regarding the contract amendment and letter from the Department of Historic Resources. Heather Arcos stated that she planned to call Ms. Mitchell to see if her questions were answered to her satisfaction during the meeting; ii) Larry Veber asked about the legal fees incurred by the Town. Kim Coates stated that he would be provided a copy of the report reviewed by the Council earlier during this meeting; iii) The statement that the Town had not held a public hearing regarding the density issue being reviewed by the Planning Commission. Bob Panek stated that the Mayor had asked Town Planner Tom Bonadeo to address this issue during the meeting and it was explained that nothing had been done yet regarding the issue so it was premature to go to public hearing. Once the Planning Commission reached a consensus for a recommendation to Council, public hearings would be held. Councilman Godwin also noted that many of the individuals addressing the Council during the public comment period, left before Council could address their issue during the regular meetings.

Councilwoman Natali informed Council that she would be out of Town for the March 7th and 14th Budget Work Sessions.

Heather Arcos stated that Tom Bonadeo had submitted a letter addressing his intent to retire effective November 1, 2013, but was planning to use his accrued vacation time prior to that making October 1, 2013 his last work day. Chief of Police Charles Brown had also submitted his letter addressing his intent to retire effective December 31, 2013. Both the Planning and Police budgets would include a two month transitional overlap period for these positions.

Motion made by Councilman Bennett, seconded by Councilman Sullivan, to adjourn the Town Council Budget Retreat. The motion was approved by unanimous consent.

Vice Mayor Bannon

Town Clerk