



TOWN COUNCIL
Public Hearing
Town Hall
June 7, 2012
6:00 p.m.

At 6:05 p.m. Mayor Dora Sullivan, having established a quorum, called to order the Public Hearing of the Town Council. In addition to Mayor Sullivan, present were Vice Mayor Bannon, Councilmen Bennett, Evans, and Sullivan. Councilwoman Natali and Councilman Veber were not in attendance. Also in attendance were Councilmen-Elect Donald Clarke and Frank Wendell along with Town Manager Heather Arcos, Town Treasurer Kim Coates and Town Clerk Libby Hume. There were two (2) members of the public in attendance.

Mayor Sullivan announced that the evening's Public Hearing was to hear public comment on the proposed Fiscal Year (FY) 2012/2013 Budget.

Town Manager Heather Arcos introduced the new Town Treasurer, Kim Coates, and welcomed her to the Town. Ms. Coates would give her first Treasurer's Report at next week's Town Council Regular Meeting.

Heather Arcos continued to state that the notice for the public hearing was published in the Eastern Shore News on May 23 and 30, 2012. Per the Code of Virginia, § 15.2-2503, the Town Council held several Work Sessions to prepare the budget for FY 2012/2013, including all contemplated expenditures and estimated revenues. A copy of the budget was available for review this evening. The proposed budget included the amount appropriated for the preceding fiscal year, the amount appropriated for the current fiscal year, and the contemplated expenditures and estimated revenues for the upcoming fiscal year. Also included was the audit report for the preceding fiscal year, July 1, 2010 through June 30, 2011. The audit report included the amount actually expended for that fiscal year and the balance sheet.

Per the Code of Virginia, § 15.2-2506, a synopsis of budgeted revenues and expenditures was published in the Eastern Shore News. The synopsis included proposed tax rates and other fees. Copies of the synopsis were also available on the table.

Heather Arcos continued to review highlights of the proposed total budget of \$7,747,184 as follows:

1. All Funds as proposed: i) All employees would receive a 1% Cost of Living increase as of July 1st; ii) The Virginia Retirement System Contribution Rate was 8.79%; and iii) The General Assembly mandated all employees pay a 5% Member Contribution to the Virginia Retirement System and required localities to provide a 5% salary increase to affected employees to offset this cost.
2. General Fund: i) The General Fund was balanced at \$1,975,356 with a zero real estate tax increase; ii) The Utility Clerk and Accounting Clerk positions were consolidated for FY 2012/2013; iii) The part-time Library Assistant position hours were increased during the months of June through August; iv) A new part-time position in the Building Department was included in the FY 2012/2013 budget; and v) A contribution to the Cape Charles Volunteer Fire Company for \$18,600 was included in the Town Manager's budget as part of the \$63,025 total contributions to other entities.

3. Capital Projects: i) A new street sweeper for Public Works for \$20K; ii) Community Trail Phase 2 – North Peach Street for \$96K. 80% of the cost was funded by the VDOT Enhancement Grant and the net cost to the Town would be \$19,200; and iii) Central Park Restrooms. The Town's portion of this project was \$15K. The Citizens for Central Park received a \$20K grant for this project and would pay for any expenses above \$35K.
4. Harbor Fund: i) The Harbor Fund was balanced at \$2,047,874 and included an increase in the number of seasonal employees; and ii) The Harbor received a Virginia Port Authority Grant award of \$500K which was allocated to complete one (1) of three (3) planned breakwaters for the entrance to the Harbor.
5. The Sanitation Fund was \$188,300.
6. Water and Wastewater Fund: i) The Water and Wastewater Fund was balanced at \$3,535,654; ii) The water rate was decreased by \$3.45; ii) Staffing of the Water Plant was decreased from three (3) full-time employees to two (2) full-time employees with maintenance responsibilities to be shared between the water and wastewater plants; iii) The wastewater rate was increased by \$3.45. A rate study will be done after the closure of the old wastewater plant and acceptance of the new plant and the rate may have an additional increase at that time due to the overall increase in expenses to operate the new wastewater treatment plant; iv) Capital Projects include the connection of two (2) wells, softener media for the water plant, a utility trailer to be shared by the water and wastewater departments, stainless steel walkways and racks for the water plant, a replacement vehicle for the wastewater department, completion of the new wastewater treatment plant, and an Asset Management System for the water and wastewater plants.

The Town Council would consider approving the budget and making appropriations for the expenditures at their meeting on June 14, 2012.

Councilman Bennett stated that he would like the record to show that the proposed increase in the wastewater service fee would go toward funding operations and maintenance of the wastewater treatment plant and not condominiums.

The meeting was opened up for public comments.

PUBLIC COMMENTS:

Frank Wendell, 515 Monroe Avenue

Mr. Wendell stated that he had a few comments and began by stating that virtually every department had an increase on the expenditure side and added that the amount of increase seemed to be about \$18K that was probably for the part-time position for the building department to man the office while Jeb Brady was in the field. Mr. Wendell wondered whether the Town covered cell phones and added that at the last budget meeting he attended Councilman Bennett voiced his opposition to this new position. Mr. Wendell added that his personal feelings were that with cell phones and the number of other personnel in the office during business hours, someone could have an appointment book and take notes for the Building Department. The idea that someone was sitting in the office in case someone showed up unannounced for a visit. Appointments should be coordinated. The thought that you have someone sitting there waiting for an unannounced visit at \$18K when that \$18K could be used for other expenses in another area of the budget. Mr. Wendell added that he did not think this was sound business practice. The Town's Administration budget was roughly twice that of the Town of Onancock. Mr. Wendell stated that he knew Cape Charles was not Onancock but we could learn from other

entities doing similar things. Mr. Wendell continued to state that he would hope the Town would hold the line on Administration but that had not happened and every department, on the expenditure side, had gone up and things were getting more expensive. He stated that there should have been no net increase in expenses. Mr. Wendell went on to comment on the \$18K to the fire department with a total of \$63K in contributions to other entities and expressed his curiosity regarding the other contributions. Heather Arcos provided Mr. Wendell with a copy of the breakdown of contributions. Mr. Wendell stated that he felt the Town had a taxing problem and a spending problem. With the idea of increased taxes with a proposed community center, the Town should be sharpening their pencils and whittling down on expenses and the adding of unnecessary employees. In the private sector, they look at who has excess time on their hands and whether duties could be shifted over before hiring people. He did not feel this was discussed enough and commended Councilman Bennett for opposing the increase in the Building Code Department but Councilman Bennett needed to do more to campaign amongst the other Council members. Mr. Wendell stated that he was glad to see the water rate increase was not to fund the condos but if Council wanted to cut the rates and create a \$150K - \$160K vacuum for a 50-90% reduction for a developer then that puts added pressure on the other customers who were paying the bills when the Town needed to upgrade the system.

There were no other comments from the public nor any written comments submitted prior to the meeting.

Motion made by Vice Mayor Bannon, seconded by Councilman Bennett, to adjourn the Town Council Public Hearing. The motion was approved by unanimous consent.

Mayor Sullivan thanked everyone for coming.

Mayor Sullivan

Town Clerk