



TOWN COUNCIL

Work Session

Town Hall

March 29, 2012

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, Evans, Sullivan and Veber and Councilwoman Natali. Mayor Sullivan was not in attendance. Also present were Town Manager Heather Arcos, Assistant Town Manager Bob Panek, Treasurer JoAnna Leatherwood, Public Works/Public Utilities Director Dave Fauber and Town Clerk Libby Hume. There were no members of the public in attendance.

Vice Mayor Bannon announced the business for the evening would be to review modifications from the March 14, 2012 meeting to the General and Public Utilities Funds Expenses, Public Utilities rate review and General Fund Revenue.

Town Manager Heather Arcos began with the rate review for wastewater and water. The initial projection showed a need to increase the wastewater rate by \$5 per month to cover the estimated debt service. The actual amount to finance could not be determined until the close out of the contract. Assistant Town Manager Bob Panek stated that the Town should know the amount to be financed by this summer. After much discussion, Council agreed to wait until the final numbers had been determined and revisit the rate issue at that time. The review of the water expenses and revenue showed that the rate for water service could remain unchanged.

Treasurer Jo Anna Leatherwood informed Council that, as requested, she submitted an inquiry to the Virginia Retirement System (VRS) regarding the Town's life insurance policy and received a response stating that the Town's insurance was a packaged contract and that it was mandatory that the Town retain the life insurance through the VRS.

Heather Arcos noted that Senate Bill 497 mandated local governments to required their employees pay the 5% member contribution, which the Town currently paid. It also mandated that the localities give each employee a 5% salary increase to "offset" this expense. Unfortunately, this requirement would result in an increase of costs to both the Town and employee. The Town would have to pay higher amounts for retirement, Social Security and Medicare taxes, life and disability insurance, workmen's comp, etc. due to the increase in salary amount. The employee would see a reduction in take home pay due to increased withholdings for federal and state taxes, Social Security and Medicare taxes, etc. The Virginia Municipal League requested localities to send letters to the Governor regarding this issue. A letter had been drafted for the Mayor's signature.

Heather Arcos reviewed the various changes made to the General Fund after the March 14th Work Session. The expenses were reduced by \$236,664 and the projected revenue was increased by \$57,600 leaving an approximate shortfall of \$48K. Some additional changes were suggested. There was some discussion regarding the Town's reliance on Northampton County to provide updated real estate assessments for properties under construction or undergoing renovations. Currently, there was a delay of almost two years before these properties are updated on the tax rolls. Councilwoman Natali suggested a possible meeting with the County to see if the process could be streamlined so the properties appeared correctly on the tax rolls. This would benefit both the County and the Town.

Heather Arcos informed Council that she was currently reviewing the Harbor Fund budget and noted that the restaurant lease payments were included in the Harbor budget. There was some discussion and Council agreed that the lease income should be included in the General Fund vs. the Harbor Fund.

Heather Arcos stated that the General Fund would be wrapped up at the next work session scheduled for April 19th. The Harbor Fund would also be reviewed.

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

Vice Mayor Bannon

Town Clerk