



TOWN COUNCIL

Work Session

Town Hall

March 14, 2012

3:00 p.m.

At approximately 3:00 p.m., Mayor Dora Sullivan, having established a quorum, called to order the Work Session of Town Council. In addition to Mayor Sullivan, present were Vice Mayor Bannon and Councilmen Sullivan and Veber. Councilman Bennett arrived at 3:45 p.m. Councilman Evans and Councilwoman Natali were not in attendance. Also present were Town Manager Heather Arcos, Treasurer JoAnna Leatherwood and Town Clerk Libby Hume. Public Works/Public Utilities Director Dave Fauber came into the meeting when his department budgets were reviewed. Ms. Marion Naar, President of the Cape Charles Historical Society attended a portion of the meeting. There were no members of the public in attendance.

Mayor Sullivan announced the business for the evening would be to continue the review of the proposed operating and capital budgets for FY 2012-2013, modifications from the February 22, 2012 meeting and the Public Utilities capital and operating expense.

Town Manager Heather Arcos began by reviewing information regarding new health insurance policies for Town employees. Meghan Neville from the Virginia Farm Bureau was the Town's new representative for health insurance. Three new plans through Anthem, one PPO and two HMOs were reviewed. The coverage was similar to last year, but the new plans could save the Town over \$9K annually. There was no change to Delta Dental. Ms. Neville met with each department and reviewed the various plans. The cost savings in health and dental premiums would offset the increases in the Virginia Retirement System and life insurance coverage. Council agreed to proceed with the new plans as presented.

Heather Arcos informed Council that the cell phone reimbursement amounts were reviewed as requested at the February 22nd meeting. Currently, there were four employees receiving cell phone reimbursements at varying rates. The reimbursement amounts would be set to \$65 per month for staff using a data plan and \$30 per month for just phone usage.

A spreadsheet was included showing the changes from the February 22nd meeting. The Expense Detail Summary showed an increase of expenses in the amount of \$156,257, which was primarily the Cape Charles Volunteer Fire Company's request of \$118,600, making the total shortfall \$334,509 at this time.

The operating and capital budgets for the following departments were reviewed: i) Legislative; ii) Finance; iii) Town Manager; iv) Public Works; v) Meter & Utility; vi) Public Utilities; vii) Waterworks; and viii) Wastewater.

The Legislative budget included the following: i) The premium for Public Officials' Liability insurance was moved from the Town Manager budget; ii) The Mileage, Gas, Tolls line was increased slightly due to higher fuel costs; iii) Community Election Support cost was deleted since 2013 was not an election year; and iv) Dues & Associations was deleted since Mayor Sullivan was not renewing her membership in the Cape Charles Rotary.

The Finance budget included the following: i) The Accounting/Utility Clerk's expense was split between the Finance and Meter & Utility budgets; ii) The Computer Consultants/Software Support was increased from \$12K to \$15K for the Edmunds annual support contract. Heather Arcos asked about the progress regarding electronic utility billing. Jo Anna Leatherwood stated that she was expecting a software upgrade tomorrow and would be able to see if it was available

yet; iii) The cost for the Independent Auditor was increased due to the need for additional grant audits since the Town had received grants for more than \$500K; iv) The IT Consulting & Website Assistance was increased from \$200 to \$250 for service to department computers; v) The Advertising was decreased from \$400 to \$300 due to the past years' history. Jo Anna Leatherwood stated that the majority of notices were published in the Gazette and the Town's website at no expense; vi) The Employment/Volunteer Testing/Validation was unchanged but Vice Mayor Bannon asked whether the Town performed random testing on employees. Heather Arcos stated that testing was done only if there was suspicion of drug or alcohol use. Councilman Veber stated that random testing was a good policy; and vii) Mileage, Gas, Tolls; Lodging & Meals and convention & Education were reduced since no money had been expended in the last several years.

Councilman Veber asked Jo Anna Leatherwood to check into the VRS Life Insurance premiums which seem rather high. Term life insurance was one of the least expensive insurance policies to get and the premiums for the Finance Department increased from \$322 in this year's budget to \$1,398. Councilman Veber requested Jo Anna Leatherwood to also check with Ms. Meghan Neville from Virginia Farm Bureau to see if she could offer a less expensive policy with similar coverage.

Jo Anna Leatherwood informed Council that she had received the current Workmen's Comp rates from the Virginia Municipal League today and the total expense for 2012 was \$24,191. Jo Anna Leatherwood added that the premiums were based on salary and positions which were coded and the Town had not had any significant claims so she did not see where the Town could possibly save any money.

At this point, Ms. Marion Naar, President of the Cape Charles Historical Society, arrived and addressed Council regarding the Historical Society and Cape Charles Museum giving an overview of their functions. Ms. Naar stated that she had been working with the Historical Society for 15 years in all capacities and added that a professional executive director for the Cape Charles Museum was necessary for future operations. Ms. Naar requested a commitment from the Town in the amount of \$30K per year for the next five years. Councilman Bennett stated that the Town could not commit to more than one year at a time. There was some discussion regarding starting out with a part-time position but it was agreed that it was unlikely that someone qualified in this field would relocate for a part-time position. Ms. Naar suggested that this individual could be shared with the Town. Heather Arcos inquired about a job description and Ms. Naar stated that she would develop one and provide it to the Town.

Mayor Sullivan thanked Ms. Naar for coming and stated that she did not know anyone who worked so hard and asked for so little. Councilman Veber also stated that Ms. Naar did an excellent job.

Heather Arcos stated that the Contributions to Other Entities were included in her budget and proceeded to review the Town Manager budget and the following was discussed: i) Councilman Veber requested that money be allocated to reupholster the conference room chairs with cloth; ii) Councilman Bennett reviewed the amounts budgeted for Bob Panek's salary in the various departments and added that it did not appear that Bob Panek would work the number of allotted hours and suggested adjusting the allocated amount to be more in line with what was actually spent. Councilman Veber stated that Bob Panek was a good investment and Mayor Sullivan added that he was very careful with his time. Heather Arcos stated that she would check with Bob Panek regarding the number of hours he was willing to work; iii) \$14K was allocated for IT Consulting and Website Assistance. The Town was working with Bay Creek Communications regarding the operation systems, password security, broadband options and the evaluation for a network upgrade. The UPS backup system and power supply was being replaced; iv) All legal expenses from the various departments had been moved to the Town Manager budget as separate line items. \$60K was allocated for general legal expenses for the review of various projects such

as the update of the Personnel and Purchasing Policies as well as Town Code updates. Four proposals were received in response to the Town's Request for Proposals. Heather Arcos was reviewing the proposals and would forward her recommendations for Town Council review at a future Council meeting; v) The Legal-Finance was reduced from \$750 to \$0 since no legal fees were expended in the last three years; vi) The Legal-Town Planner line was reduced from \$1K to \$500 for alley easements; vii) The Legal-Public Works was reduced from \$500 to \$0 since no legal fees were expended in the last two years; viii) The \$1K allocated for Town Signage on Highway was carried over from this year's budget. Heather Arcos was looking at two options for signage along Route 13 for the public beach; ix) The expense for Electric for the Town Hall was moved to the Public Works Budget; x) Previously, the Telecommunications expense was split between departments, but with this budget, would be allocated entirely in the Town Manager budget; xi) The Public Officials Liability Insurance was moved to the Legislative budget; xii) The General Liability Insurance was now allocated in the Town Manager budget for all departments; xiii) The \$1,228 allocated for the Line of Duty Act Coverage for the volunteer firefighters was removed since Northampton County would be covering this expense for the FY 2013 budget; xiv) The Buildings expense to cover the monthly Council Meeting room rental and taxes on leased lots was reduced to \$3,500 which was more in line with the actual spending; and xv) Heather Arcos informed Council that she had enrolled in two online classes through the University of Phoenix to finish up her associates in business and would then move on to a degree in public administration. \$1K was allocated under Education.

Heather Arcos stated that the Charitable Contributions would be reviewed next.

Mayor Sullivan stated that she had a tremendous number of people coming into her store concerned about tax increases due to the issues with the old school. Mayor Sullivan added that she wanted to spend a day outside the Cape Charles Memorial Library to see who visited the Library and ask whether they lived within the Town limits or in the County. People did not realize what the budget was for the Library and that the Town funded the majority of the expense. The Recreation Program was the same with many of the participants coming from outside Cape Charles. Every year, the Town received funding requests from outside entities and this year, there were two additional – Tall Ships at Cape Charles and the Birding and Wildlife Festival. The Town had funded these requests in the past without any tax increases. Mayor Sullivan expressed her concern that this year's requests totaled over \$200K. At some point, taxes would have to be increased to accommodate the increasing number of charitable contributions requests. The Town needed to get tough and not providing funding for every organization wanting money. Mayor Sullivan went on to state that with the firing of Ms. Donna Bozza from the Eastern Shore of Virginia Tourism Commission, it was unknown what would happen to that organization.

Heather Arcos stated that staff called other localities on the Eastern Shore and no other Town made charitable contributions of this amount and shared the information from other localities as follows: Onancock gave about \$9K annually, with no specific breakdown except that \$1,500 was given to the arts; Onley gave \$6K annually only to the Fire & Rescue; Exmore had never budgeted anything for charitable donations, but was allocating \$1,500 this year for Little League, Basketball, the Eastern Shore Orchestra and Relay for Life; and Chincoteague gave \$6,600 for Little League, Basketball, Soccer, After Prom and \$5K match for the arts. Jo Anna Leatherwood stated that Accomack County just instituted a Fire Tax that would be distributed to all fire departments in the County.

Heather Arcos stated that the Town could increase the Transient Occupancy Tax (TOT) rate up to 5% and use the revenue for tourism. Currently, the Town charges 3% with 1% going to the Eastern Shore of Virginia Tourism Commission (ESVTC). The revenue created from the 2% increase could be used for printing brochures and rack cards and various events, such as Tall Ships at Cape Charles, which would bring in visitors to the Town. The Town would get a total of 4% which equated to approximately \$54K using current numbers. Vice Mayor Bannon stated that he currently paid 10% total for TOT – 5% to the State, 2% to the County and 3% to the

Town, 1% of which went to the ESVTC. Mayor Sullivan asked for a breakdown of the total given to the ESVTC in past years including the 1% from the TOT. Heather Arcos stated that in 2010, the 1% TOT amounted to \$6,600 and the Town gave an additional \$5K for the Welcome Center totaling, \$11,660; in 2011, the TOT was \$6,400 plus the \$5K for the Welcome Center totaled \$11,400; and so far in 2012, the TOT was \$8,900 plus the \$5K for the Welcome Center totaled \$13,900 to date. Since 2008, the Town had paid the ESVTC a total of \$49,839.

The Town Council reviewed the Contribution to Other Entities spreadsheet which showed an overview of the charitable donations made in 2011, 2012 and the requested amounts for the 2013 budget totaling \$211,225. The cost of the fireworks display was increased to \$15K with the celebration being held on July 4th. \$10K was budgeted in the Town Manager budget, \$4K was included in the Harbor budget and the Cape Charles Business Association had previously pledged \$1K toward the expense. Heather Arcos stated that all the businesses and organizations in Town benefited from the fireworks and added that the Town had requested assistance from the County and she would be meeting with Ms. Katie Nunez from the County next week and would discuss this issue. Councilman Veber stated that he and Mayor Sullivan had talked to Supervisor Sam Long, before he resigned from the Board, and Supervisor Long had informed them that he would push for \$5K from the County to help fund this year's fireworks. There was some discussion whether the Town should provide a 4th of July fireworks display in the future. Mayor Sullivan stated that the cost of the fireworks was not the total cost to the Town and that the cost of the police officers and Public Works crew, etc. needed to be factored in as well. Heather Arcos went on to state that the Cape Charles Historical Society was asking for \$30K. Councilman Bennett stated that he did not think this was the right year to hire an executive director for the Historical Society. Mayor Sullivan stated that the Historical Society was a very worthy cause but agreed with Councilman Bennett. Mayor Sullivan noted that the Cape Charles Business Association's (CCBA) request was tripled to \$7,500. Heather Arcos stated that the request included \$2,500 for beautification of Cape Charles which she had included in the Public Works budget. Mayor Sullivan stated that she was disappointed that the CCBA had not taken over the Harbor Parties so the money raised could come back to the CCBA vs. the Northampton County Chamber of Commerce. There was much discussion that it was unfortunate that the Town did not have the money to give every organization what they asked for. Heather Arcos stated that this could be the one year when Council denied all requests. Discussion continued regarding the Arts Enter and the NEA and Local Challenge Grants and the Town's commitment to both, pending budget approval. Councilman Bennett stated that he felt that the allotted amounts should remain in the budget until it was determined what the Town's budget would be. After that determination, Council could revisit these two grants for Arts Enter to make the final decision. The discussion turned to the \$118K+ request from the Cape Charles Volunteer Fire Company. Last year, the CCVFC was going to start an auxiliary and do fundraisers, etc. but not much was done. The Town paid their insurance premiums and equipment loan payment and this year the CCVFC wanted over \$118K and the Town could not continue to pay this kind of money. Last year, Council was willing to help the CCVFC out of a tough spot so agreed to pay their insurance and loan payments, but Council was not willing to assume the liability every year. After further discussion, Mayor Sullivan asked to go around the table to get Council's recommendations regarding the funding requests.

Councilman Bennett stated that he would put \$5K toward the July 4th fireworks, \$100 for Star Transit, \$2,500 for the Cape Charles Historical Society, \$375 for the beach lease, \$5K for the ESVTC, \$2,500 for the CCBA, \$500 for the Shore Soccer League, \$1K for the Birding & Wildlife Festival, \$1K for Tall Ships, \$12,500 for the NEA Grant, \$5K for the Local Challenge Grant, \$18,600 for the CCVFC and \$150 for the Rosenwald School Restoration Initiative, subject to further cuts depending on the final budget. Vice Mayor Bannon agreed with Councilman Bennett's recommendations. Councilman Veber stated that he agreed with most of Councilman Bennett's recommendations but would put \$10K toward the July 4th fireworks and deleted the NEA Grant contribution. Councilman Sullivan stated that he agreed with \$10K for the fireworks for this year because anything less would not be worthwhile, but at these costs, this could be the

last year for fireworks in Cape Charles. Councilman Sullivan added that he would like more information from the CCVFC as to what the \$18,600 would be used for.

The Public Works budget included the following: i) The Grounds Maintenance was increased to \$50K due to the addition of Central Park and the hump; ii) There was some discussion regarding the Landfill Disposal allocation of \$3K. Dave Fauber stated that the County was supposed to charge the Town for brush disposal but had not been charging for that expense to date. This line was reduced to \$2K; iii) The Postal line was reduced to \$50 to be more in line with actual spending over the past several years; iv) The Lodging & Meals line was increased to \$400 to allow Pete Leontieff to attend Risk Management training through OSHA which should reduce the Town's insurance premiums; v) The Janitorial Supplies was reduced to \$1,800 to be more in line with actual spending over the last several years; vi) The Repair & Maintenance Supplies/Labor line was increased to \$40K for the added cost of repairs. Heather Arcos stated that she would review the line item detail to see the actual expenses; vii) \$10K was included for Repairs – Fishing Pier. Dave Fauber explained that the Fishing Pier needed to be rebuilt and he planned to budget \$10K each year for the next three years to rebuild the pier. A portion of the pier would be replaced each year. Councilman Bennett stated that this was a good policy; viii) \$10K was included for Repair & Maintenance – Streetlights. Dave Fauber stated that the lights up to Strawberry Street had been rewired but there was a problem with the conduit from Strawberry Street to Bay Avenue. The electrician suggested installation of another meter from Bay Avenue to Strawberry Street for those street lights; ix) \$10K was included for Downtown Streetscape Improvements. There was much discussion regarding this item. Mayor Sullivan noted that the CCBA requested funding to replace the benches along Mason Avenue. Heather Arcos stated that she would like to plan to spruce up the downtown area of Town with nice landscaping, benches similar to those in Central Park, etc., but this was something that the Town needed to control. If the CCBA wanted to contribute funds to the Town to do the project, that could be arranged. There was discussion regarding the costs of the current benches and Vice Mayor Bannon added that the Town could not afford new benches at this time; x) \$20K was allocated for Repair/Maintenance Beach. Dave Fauber stated that FEMA required the Town to allocate funds for sand replenishment on an annual basis. The Town was recently awarded \$35K from FEMA for sand replenishment because we also had money allocated in the budget. Dave Fauber went on to state that he would like to rent a front-end loader so the Public Works crew could move sand around the beach. An advertisement would be published soon requesting bids for sand for the beach; xi) \$15K was included for Library Painting & Repairs. Dave Fauber stated that the roof was leaking and the wood siding, trim and railing was in need of repair; xii) \$10K was included in the Central Park Improvements/Repairs to install a 6' security fence for the electrical box approximately 25' x 25' in size. Councilman Bennett stated that \$10K was a little high and felt that the fence could be installed for approximately \$6K. Heather Arcos stated that she would look into this item and possibly reduce the amount; xiii) \$5K was included for the Skateboard Park to build a concrete platform and steps. There was some discussion on whether this could be deferred to another year. Councilman Veber suggested a small amount be budgeted for maintenance; xiv) \$20K was included for a Street Sweeper. Dave Fauber stated that it was a tremendous effort to keep the streets clean and a street sweeper would be a huge benefit requiring much less manpower and was economical to operate. There was much debate on the cost and whether a street sweeper was needed; xv) \$28K was included for Public Works Yard/Building to run electricity to the building for interior lights and fencing around the building. Councilman Bennett suggested \$10K to run electricity for lights and deferring everything else. Dave Fauber stated that a fence was needed more than electricity. The Town could run electricity from the other building, and do the work in-house, if Council would approve purchase of a street sweeper; xvi) \$15K was included for Central Park Restrooms – Town Portion which represented the Town match for the Citizens for Central Park Restroom project. The Town was still awaiting news of whether the Citizens for Central Park would be awarded the grant for this project; xvii) \$50K was included for Administration Building Renovations to renovate the first floor of Municipal Building, the area currently used by the CCVFC, into meeting rooms and storage area for record

archives. Dave Fauber added that he would like to replace the side doors with new doors looking more like the original doors that were in the building. Vice Mayor Bannon and Councilmen Bennett and Sullivan stated their preference to defer this item to a future year. Councilman Veber stated that he would like the Town to take back the space but not spend any money on it this year.

The Meter & Utility budget included the following: i) 40% of the Accounting Clerk's wages and benefits package; ii) The Postal amount was increased due to the increase in the U.S. postage rate; iii) The Office Supplies line was decreased to \$1,500 to be more in line with actual expense over the last couple of years; and iv) The Education line was increased from \$200 to \$300. After some discussion, the number was reduced back to \$200 since a portion of the Education expense was also included in the Finance budget.

The Public Utilities budget included 66.67% of the salary and benefits package for the Public Utility Director. Under the Information System Services, the \$200 allocated was deleted since money for this item was also allocated in the Public Works budget.

The Waterworks budget included the following: i) Councilman Bennett noted that, as previously discussed, the Part-Time Salaries & Wages item for Bob Panek needed to be adjusted for the number of hours Mr. Panek would be working; ii) The Water Sampling line was increased from \$6K to \$7K due to additional testing per DEQ request; iii) The Advertising line was increased from \$500 to \$600 due to the increased number of advertisements for water flushing; iv) The Postal line was increased from \$600 to \$1,300 due to the amount spent already this year for water condition notices; v) the Lease Right of Way Underground Pipeline line was increased from \$500 to \$600 for additional easements to include the backwash line under the railroad tracks and the connection of the new wells. Heather Arcos will look at this figure to ensure that it would be sufficient for the new easements; vi) The Vehicle & Powered Equipment Fuel line was increased due to the increased price of fuel; vii) The Chemicals line was increased based on current spending; viii) The Licensing line was increased based on current expenditures; ix) \$5K was included for Machinery & Equipment to cover 50% of the cost of a new utility trailer. The remaining 50% was included in the Wastewater budget. There was some discussion regarding the cost of the new trailer and Dave Fauber agreed that he could probably purchase a new utility trailer for about \$5K reducing this line item to \$2,500; x) \$325K was included for Infrastructure 2 Wells to install the pipeline to the new wells to connect them into the Town's water supply system. Dave Fauber stated that the Preliminary Engineering Report was just received from the engineers who stated that the project should go to bid in the fall; xi) The Updated Master Control Panel included a carryover of \$120K to update the master control panel at the water plant. Dave Fauber stated that he was obtaining pricing now but included this figure in case he was not able to get it done in this fiscal year. Council stressed that this project must be completed this year and deleted the \$120K allocation from the FY 2013 budget; xii) The Air Compressor line included \$7,500 to cover 50% of the cost to purchase a new air compressor to replace the current compressor which was about 25 years old. The remaining 50% was included in the Wastewater budget. Councilman Bennett asked how often the air compressor was used. Dave Fauber stated that the air compressor was used to drive the jack hammer for emergency repairs to the streets and was used about three times per year. Councilman Bennett stated that \$15K was too much for something that was only used three times per year. Councilman Veber added that equipment could be rented as needed at a fraction of the cost; xiii) \$50K was included for Softener Media to replace the water softener media. Dave Fauber stated that this needed to be done as the original softener media was still being used at the plant; xiv) The Stainless Steel Walkway line included \$10K for a stainless steel walkway in the Chemical Room to make chemical feed injection points more accessible. Dave Fauber stated that staff currently used a step ladder over the chemical pumps. Heather Arcos added that this was extremely hazardous; and xv) The Stainless Steel Racks line included \$10K to install racks for salt/chemical storage.

The Wastewater budget included the following: i) The Salary & Wages – Overtime line included \$3K for overtime. After some discussion, Dave Fauber stated that State regulations mandate two

shifts for a plant with our capacity, but the Town of Onancock's plant had three times our capacity/flow and Onancock only had one shift. If the plant had to go to two shifts, the Town would have to add an additional position or increase overtime. Initially, staff from the Water Plant could be brought over to assist. This line was reduced to \$1,500; ii) The Maintenance Service Contracts line included \$2,400 for a cleaning service for the new plant offices and bathrooms twice each month; iii) The Water Sampling line included an increase from \$15K to \$20K for increased testing. Dave Fauber stated that currently the samples were sent to the Hampton Roads Sanitation District to perform the testing but the Town was certified to do our own testing for compliance and would be performing more of the tests in house; iv) The Advertising line was reduced to \$200 due to current needs; v) The Electric line included \$110K. Dave Fauber stated that it was difficult to predict but the engineers thought the electricity would run approximately \$129K. Heather Arcos stated that staff would look through the bills over the last several months to try to determine the amount to be budgeted; vi) The General Liability Insurance was increased to \$26,054 which included the new plant and pump stations property and liability coverage; vii) The Equipment line was reduced to \$1,104 to include only the time clock lease; viii) The Mileage, Gas, Tolls line was increased to \$1,500 based on current year expenditures; ix) The Office Supplies line was increased to \$1,100 based on actual expenditures over the past several years; x) The Vehicle & Powered Equipment Fuel line was increased to \$6K due to the rising fuel costs and increased number of trips to the testing laboratory; xi) The Laboratory Supplies line was increased to \$6,500 due to the increased prices for materials and supplies; xii) The Licensing & Fines line included \$2,500 for the permit for nitrogen and phosphorus; xiii) The Vehicles line included \$25K for an SUV for the department's and Town's use. The Wastewater staff currently drove one of the old police cars. Dave Fauber stated that this vehicle could be shared with the Town administration. Councilman Veber stated that he would prefer to reimburse an employee for mileage vs. purchasing a vehicle; xiv) The Utility Trailer line was reduced to \$2,500 as discussed previously during the Waterworks budget; xv) The Air Compressor line was deleted as discussed previously during the Waterworks budget; and xvi) The Project Consultant/Management line, which was for Bob Panek, would be reduced as discussed previously.

Heather Arcos stated that the next budget work session needed to focus on the General Fund and she would prepare a list of recommended items to cut.

The next budget work session was originally scheduled for March 22nd, but this meeting would be used to discuss the request from Old School Cape Charles. An Executive Session would begin at 6:00 PM followed by the Work Session.

The next Budget Work Session was tentatively scheduled for March 29, 2012 beginning at 6:00 PM. Libby Hume would email Council to confirm their availability.

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

Mayor Sullivan

Town Clerk