



TOWN COUNCIL

Retreat

Town Hall

February 8, 2014

9:00 AM

At 9:10 a.m., Vice Mayor Chris Bannon, having established a quorum, called to order the Town Council Retreat. In addition to Vice Mayor Bannon, present were Councilmen Bennett, Sullivan and Wendell and Councilwoman Natali. Councilman Godwin arrived at 9:55 a.m. Mayor Sullivan was not in attendance. Also present were Town Manager Heather Arcos, Assistant Town Manager Bob Panek, and Town Clerk Libby Hume. Building Code Official Jeb Brady was in attendance for a portion of the meeting. There were five members of the public in attendance.

Review of Strategic Goals and Policies in the Comprehensive Plan

Council reviewed goals, objectives and recommendations included in the current Comprehensive Plan, which was adopted in 2009, and discussed the Town's accomplishments, infrastructure, business incentives, partnerships and structural initiatives. It was noted that Northampton County was reinstated with its HUB Zone designation. Staff would check into this and, if so, would include information regarding the HUB Zone in the Town's Business Incentive Portfolio.

There was much discussion regarding parking in the business district along the narrower streets of the Town between Mason and Randolph Avenues and the safety issues. The Town owned a lot behind the Library which could be utilized for parking. Councilman Wendell suggested the Town contact the owner of the vacant building on the south side of Mason Avenue to possibly purchase the parking lot(s).

Councilman Wendell also suggested possible acquisition of three lots behind the former school building, adjacent to four lots owned by the Town, which could be used for parking for Central Park.

Councilman Bennett requested that Council re-evaluate the future phases of the Cape Charles Community Trail and redirect efforts to improving Mason Avenue.

Commercial Water & Wastewater Facility Fee Comparison:

Code Official Jeb Brady reviewed a comparison of commercial facility fees with towns ranging in population from 1,487 to 7,727. Other localities determined their facility fees by the size of the pipe coming into the building. The Town of Kilmarnock also included additional fees for high volume users. The facility fees charged by other localities ranged from \$9,000 to \$71,031 for single family residential. In comparison, Cape Charles' facility fee was \$12,350 for a single family residence. Fees for a variety of commercial uses were also reviewed.

Assistant Town Manager Bob Panek reviewed the Town's formula used to compute commercial facility fees which had been in place for years. The formula assumed that every business used at least the amount of water used by a residence which was not always the case. A number of alternative calculations were discussed.

More in depth study of this issue was needed and Council agreed that this study would be high priority. A work session would be scheduled for the beginning of March to further review this issue and staff recommendations.

Public Service Authority Update:

Town Manager Heather Arcos informed Council that Bob Panek resigned as Chair of the Public Service Authority (PSA) in January. There was much discussion regarding the manner in which this issue was handled by the Northampton County Board of Supervisors (BOS). Councilman Bennett stated that Bob Panek had done a great job with the PSA and his letter of resignation was well written. It was also noted that Bob Panek requested the Commonwealth Attorney's opinion regarding a conflict of interest and the opinion was that there was no conflict.

Heather Arcos stated that the purpose of including this topic on the agenda was for discussion regarding the status of the PSA and what the next step would be to continue to work towards a potential regional service agreement with the PSA. The goal today would be to determine whether Council wanted to continue to explore the options to partner with the PSA and whether a working committee should be formed with representation from the Town, PSA and BOS. A joint meeting of the BOS and PSA was scheduled for February 18.

There was some discussion regarding the purpose and necessity of the proposed working committee. Bob Panek was still a member of the PSA Board and provided regular updates to the Council. Heather Arcos stated that Northampton County Administrator Katie Nunez was planning to recommend the formation of the working committee at the February 18 joint meeting.

There was much discussion regarding the PSA and the proposed regional wastewater system. Heather Arcos stated that a legal opinion was obtained and the participation in a regional wastewater system would not impact the requirements included in the Annexation Agreement.

Bob Panek stated that there was a new member on the BOS and a new Chair and Vice Chair some of their opinions differed from the previous Board. Hopefully, a determination would be made at the February 18 meeting regarding the future direction of the PSA and regional wastewater system.

Councilman Wendell expressed his concern that a regional wastewater system would hasten commercial development along Route 13 to the detriment of the businesses in Cape Charles. Council's goal should be to make Cape Charles a more desirable place to live and open a business.

Vice Mayor Bannon stated that Councilman Wendell should not participate in discussions concerning the PSA since he owned property in the proposed Special Tax District. It was noted that Council had previously requested that Councilman Wendell obtain an opinion from the Commonwealth's Attorney regarding conflict of interest. Councilman Wendell responded that he had not requested an opinion and continued to participate in the discussion.

It was noted that regardless of whether the Town continued as a partner for the regional wastewater system, the County had other options and potential development along the highway could not be prevented. The Town did not have any control of the properties along the highway and a hotel was already approved for the area.

There was much discussion regarding one of the County's alternative options which was to expand the current facility at Bayview. Several of the Council members expressed their concern that the facility at Bayview was a septic tank system with a mass drainage field which could affect the aquifer.

Council agreed that the Town should not pull out of the PSA, but would wait to receive clear direction from the BOS.

Tourism / Transient Occupancy Tax:

Council reviewed the Town's focus on tourism, the investments in the fun pier, beach breakwaters and replenishment, Central Park, Community Trail, Harbor breakwaters, floating slips and bath house, arts and recreation programs, special events, and marketing efforts through the Eastern

Shore of Virginia Tourism Commission's (ESVTC) Welcome Center, websites, print and social media.

The tourism revenue and expense for fiscal years (FY) 2011 through 2014 were reviewed. The Harbor revenue had increased 174%, transient occupancy taxes (TOT) increased 83%, and meals tax increased 31%. The contribution to the ESVTC, which amounted to 1% of the TOT, had increased 83%. However, support of Town tourism related organizations were severely constrained in FY 2014 with only \$2,500 allocated for the Arts Enter Local Government Challenge Grant.

There was much discussion regarding the 1% of the TOT allocation to the ESVTC, which was currently defined in the Town Code, section 66-57. This was done years ago when the ESVTC was the only organization promoting tourism in the area, but now, there were other organizations in the Town needing assistance, including the new tourism website.

Council reviewed the possibility of increasing the Town's TOT rate by 1%, for a total of 4%, to generate revenue to support the Town's tourism related organizations and programs. A report from Weldon Cooper Center for Public Service showing the percentages of transient occupancy tax and meals tax assessed by localities across the Commonwealth was reviewed. The Towns shown in the report assessed between 2% - 9% in TOT. Other localities' rates were reviewed as follows: Virginia Beach – 14% plus \$1 per night; Norfolk – 14% plus \$2 per night; Williamsburg – 11% plus \$2 per night; Corolla, NC – 13.75%; Salisbury, MD – 12%; Pocomoke City, MD – 10.5%; and Ocean City, MD – 10.5%. Other localities on the Eastern Shore assessed a combination of sales and transient occupancy tax as follows: Chincoteague – 11.3% (5.3% sales tax, 4% TOT for the town, 2% TOT for the county); Exmore – 10.3% (5.3% sales tax, 5% TOT for the town); Northampton County – 10.3% (5.3% sales tax, 5% TOT); and Accomack County – 10.3% (5.3% sales tax, 5% TOT).

There was much discussion regarding the amount of money allocated by various localities on the Eastern Shore to the ESVTC. Councilwoman Natali stated that she received information from the ESVTC which showed the total amount of funding assistance of \$215,600 with a breakdown as follows: Accomack County – \$86,500; Northampton County – \$114,700; Onancock – \$2,750; and Cape Charles – \$11,300. Heather Arcos noted that in 2011, Chincoteague collected over \$600K from their TOT and the money went into their general fund. The Town had consistently paid ESVTC 1% of the TOT collected, which increased every year and equated to almost \$17,500 in FY 2014. An additional \$5K was paid to the ESVTC Welcome Center each year until FY 2014 and the Town was also charged for the placement of rack cards at the Welcome Center. Councilwoman Natali added that she would like to see more of the Town's TOT being kept in the Town and suggested that the Town request a formal, written annual report from the ESVTC showing how the Town's funding was spent to market Cape Charles.

There was some discussion regarding the possibility of increasing the TOT rate with the revenue being allocated for in-Town tourism related organizations and events. Heather Arcos stated that the B&B Association and Hotel Blue was supportive of the increase since it was a pass-through tax and stressed the importance of the Town's continued support of the ESVTC. The Welcome Center generated a lot of visitors to the Town. The ESVTC was working on the Eastern Shore Space Initiative which would also benefit Cape Charles. Mr. George Proto, president of the Cape Charles Business Association, would be serving on this committee. A Tourism Symposium was planned for April.

Councilwoman Natali stated that she would like Council to create a committee to assess the Town's needs and review requests from tourism-related organizations and allocate funding to the organizations. The Town needed to put a cap on the amount of funding going to the ESVTC and provide more for the organizations and events in the Town. The Town Code should be modified to show a per capita or fixed amount to the ESVTC vs. 1% of the TOT. A fixed amount would be

more beneficial to the ESVTC for their budgeting needs. A poll of Council was taken regarding an increase in TOT from .7% - 1%. Heather Arcos stated that an amended ordinance would be drafted for Council review.

Vice Mayor Bannon stated that there was currently an issue in the legislature regarding collection of TOT from State Parks and Campgrounds.

Wage Compensation Study:

Heather Arcos stated that Council had discussed a wage compensation study for the past several years. A proposal was obtained from Springsted Inc. last year in the amount of \$10,300 but was deferred. A compensation and position classification study would show the efficiencies and deficiencies in the departments and needs as the Town grew. Springsted would evaluate all the information and provide a staffing recommendation. Heather Arcos stated that she had requested an updated proposal, but had not yet received it. A portion of the savings from the Comprehensive Plan update could be allocated for the study.

Councilman Bennett stated that he would like to have the study performed as soon as possible, to which Councilwoman Natali agreed. Councilman Wendell expressed his opposition and stated that Town management should be able to conduct the study without the \$10K cost. Staff should evaluate a sample of 10 localities with similar populations. The results would show that the Town had more staff than the other localities. Heather Arcos stated that management had been doing this for a number of years, but most localities got a professional review every so often. As the Town continued to grow, several areas needed additional support and a professional study would evaluate all of the Town's services and determine which areas needed more staffing and which areas could do with less.

Bob Panek stated that in 2005, there were three employees in Code Enforcement and currently, there was one employee. The Town had a Director of Public Works and a Director of Public Utilities, but those positions had been combined. One position was also eliminated from Public Utilities, as well as the DMV franchise position that was losing \$20K per year.

Councilman Bennett reiterated his opinion that a professional study was essential. Councilman Sullivan added that it was similar to the annual financial audit, but the study would evaluate the Town's human assets.

Heather Arcos polled the Council. Vice Mayor Bannon, Councilmen Bennett, Godwin and Sullivan, and Councilwoman Natali were in favor of proceeding with a professional compensation and classification study. Councilman Wendell was opposed.

Capital Projects Review / Priority List:

Council reviewed and discussed the Capital Projects Priority list as determined at a meeting held on December 3, 2013. The list included the following: i) Sewage Collection System Manholes; ii) Grinder for the wastewater system; iii) Improvements to the Plum and Pine Street Pump Stations; iv) Cape Charles Multi-Use Trail Phase 2; v) Connection of the Keck Wells; vi) Offshore Breakwater; and vii) Existing A Dock Attenuator.

Councilman Bennett requested that staff develop one spreadsheet or list containing all current and future capital improvement projects going out five or ten years, including estimated costs so Council would be able to identify future projects needing to be funded. Councilwoman Natali agreed. Heather Arcos stated that staff did have such a list, but needed to consolidate the information into one report. Councilwoman Natali stated that the Capital Improvement Plan (CIP) would be beneficial for the Planning Commission during the Comprehensive Plan update process. A copy of the CIP would be provided to the Planning Commission for their review to ensure that nothing was missed.

Heather Arcos updated Council on several current projects as follows: i) Public Works/Public Utilities Director Dave Fauber had reviewed the bids received for the former library building. The work should be completed by the end of April; ii) Dave Fauber obtained a permit from VDOT and pricing for the sidewalk project to Heritage Acres; and iii) Dave Fauber was still working with FEMA on the repairs to the fishing pier.

Recap:

Councilman Bennett stated that this was a good meeting with good dialogue. It was beneficial for the Council and Town and needed to be done more often.

Councilwoman Natali agreed but added that the time needed to be better managed. Too much time was spent on the background and history of what the Town had accomplished but Council needed to concentrate on the “meat” of the meeting.

Councilman Wendell agreed that the meeting was beneficial and staff did a good job, but added that he felt that the Town needed to be actively assessing the acquisition of parking lots and other key properties in the Town.

There were no other comments.

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

Vice Mayor Bannon

Town Clerk