



## TOWN COUNCIL

### Special Meeting

Town Hall

February 28, 2014

5:30 PM

At 5:30 p.m., Vice Mayor Chris Bannon, having established a quorum, called to order the Special Meeting of Town Council. In addition to Vice Mayor Bannon, present were Councilmen Sullivan and Wendell, and Councilwoman Natali. Councilman Bennett arrived at 5:32 and Councilman Godwin arrived at 5:38 p.m. Mayor Sullivan was not in attendance. Also present were Town Manager Heather Arcos, Assistant Town Manager Bob Panek, Town Clerk Libby Hume, and Eyre Baldwin and Dan Brown representing South Port Investors, LLC, and Northampton County Board of Supervisors Chairman Larry LeMond. There were two members of the public in attendance.

Vice Mayor Bannon announced the business for the evening would be to discuss the request from South Port Investors, LLC (SPI) regarding submission of an Aid to Local Ports (ALP) Grant application to the Virginia Port Authority (VPA).

#### **PUBLIC COMMENTS**

*Larry LeMond, Northampton County Board of Supervisors Chairman*

Mr. LeMond stated that he wanted to set the record straight regarding comments on the Cape Charles Wave which stated that the County would not support SPI in their project and for the VPA ALP Grant. The County could not submit a grant application for it because it did not own the land, but the County fully supported SPI's project and would do all it could to help the project succeed.

*Karen Jolly Davis, 5 Randolph Avenue*

Town Clerk Libby Hume stated that she received a call earlier in the day from Ms. Karen Jolly Davis, who was out of town, expressing her "100% support of the Town submitting an application for the VPA ALP Grant Program for SPI."

There were no other public comments heard or any other comments submitted in writing prior to the meeting.

Vice Mayor Bannon stated that he fully supported submission of the application to the VPA but added that he would have preferred that the Town had been notified when SPI initially went to the County with this request vs. finding out about it and having to schedule a last minute meeting regarding the matter. The Town Manager was notified the night of February 26<sup>th</sup> and the Council was notified the morning of February 27<sup>th</sup> when this meeting was scheduled.

Chairman LeMond stated that he learned about the request at 2:45 p.m. on February 26<sup>th</sup> when he met with County Administrator Katie Nunez.

Mr. Eyre Baldwin informed Council that he was informed by representatives from the VPA that he needed to start with the County and that the County would refer the issue to the Accomack-Northampton Planning District Commission, which was clearly a mistake on VPA's part.

Councilwoman Natali agreed with Vice Mayor Bannon and added that she would appreciate it if, in the future, the Town would be kept apprised, as a courtesy, of anything that could possibly affect the Town.

Town Manager Heather Arcos and Mr. Baldwin pointed out the areas included in this portion of SPI's project, noting the locations of the attenuator, the dredging, site work, etc. Mr. Baldwin

added that the floating dock and attenuator would also help protect the Town's floating docks and the future docks that were planned. The dredge vessel from MurTech was scheduled to arrive tonight.

Heather Arcos stated that Council previously approved a request to the VPA to carryover the \$575K funding for the two projects planned for the Harbor. If approved, this application would also be submitted to the VPA electronically tonight after the meeting with hard copies being mailed. SPI had agreed in writing to paying the required 25% match of the project amount. This year, VPA had a total of \$1M available for all requested projects. The Town would receive notification of the award in May, with a project period of July 1, 2014 to June 30, 2015. The SPI project was for continued development on Town-owned land. Once notification of the award was received from the VPA, an agreement would be made with SPI regarding payment of the 25% match based on the award and management of the grant which would be done by Town staff. The Town would be the applicant on the grant since it owned the property.

Councilwoman Natali asked whether the Town would be liable to pay any shortfall in the project if the full amount of the request was not awarded. Mr. Baldwin stated that the Town would have no liability. Heather Arcos added that the Town would work with SPI regarding the project.

This grant would have no effect on the two existing grants through the VPA ALP program.

Councilman Wendell stated that he hoped it would all work out but asked what would happen if the grant application was denied. Mr. Baldwin stated that SPI would figure it out. Heather Arcos added that the grant application was just another way for the Town to try to help with SPI's project.

Heather Arcos stated that most of the information in the presentation had been discussed and briefly reviewed the presentation with Council. (Please see attached.)

Councilwoman Natali asked whether the Town had all the necessary information to submit the grant application. Heather Arcos stated that the grant guidelines did not define the specific information for the application. The application would include cost estimates and the master plan which showed SPI's projects.

Councilman Wendell asked if the Town had any paperwork to back up the cost estimates. Heather Arcos stated that it was not required for the application. Mr. Baldwin added that SPI had the information and could provide it if needed.

Heather Arcos went on to state that the Town's procurement procedures would be followed and reiterated that the Town would control the funding awarded and manage the grant.

**Motion made by Councilman Wendell, seconded by Councilman Sullivan, to authorize the Town Manager to submit the Virginia Port Authority Aid to Local Ports Grant Application as requested by South Port Investors, LLC. The motion was approved by unanimous vote.**

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

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Vice Mayor Bannon

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Town Clerk

# Commonwealth Port Fund Aid to Local Ports

South Port Investors, LLC Proposal  
February 28, 2014

## Purpose

- Fund was established to “support port capital needs and the preservation of existing capital needs of all ocean, river, or tributary ports within the Commonwealth, to foster and stimulate the flow of commerce through the ports of Virginia.”
- Virginia Port Authority (VPA) awards grants to localities from the fund.
- Cape Charles has successfully competed for several grants to redevelop the Town Harbor.

## Policy

- Key provisions of VPA policy:

1. Funds will be used to support port capital needs of publicly-owned ocean, river, and tributary ports and their marine terminals within the Commonwealth whose primary purpose is the flow-through of goods for consumption.
2. For a project to be eligible for funds, VPA, in its sole discretion, must determine that the proposed project is economically feasible based on preplanning study or current level of business, will not directly competitively disadvantage existing publicly-owned port facilities, and will further the interests of the Commonwealth of Virginia. Development and presentation of information needed to determine project feasibility will be the responsibility of the applicant.

## Policy

3. Local interests must pay:
  - ✓ 25% of total project costs for projects up to \$500,000.
  - ✓ 50% of total project costs for projects whose total cost exceeds \$500,000.
4. Grant money can't be used for studies to determine project feasibility, but the local share can be reduced by that amount for approved projects.
5. Local share must be met with an applicant's locally generated funds excluding state and federal grants. This requirement is imposed to insure that an applicant has carefully considered whether or not a proposed project will justify the investment.
6. Applications due by March 1.

## South Port Proposal

- Construct a marine terminal on a portion of Town-owned Parcel 19, now leased to South Port.
- Would include:
  1. Floating dock/wave attenuator (235 feet) as a berthing slip.
  2. Offloading site, including sheet piling, apron, and access area.
  3. Dolphins at the docking area.
  4. Dredging.
- Cost estimate = \$427,000
- South Port would fund 25%; grant request of \$320,250.

## Elements of Application

- For a project to be eligible for funds, VPA must determine that the proposed project is economically feasible based on preplanning study or current level of business.
- Project cost estimates need to be reviewed.
- Facility maintenance & repair costs need to be in the business case, operating agreement, and rates.

## Contract Considerations

- Property leased to South Port for commercial boat repair business.
  - Amend lease to include this purpose?
  - Carve out a portion of the property from the lease?
- How are the property acquisition rights in the lease affected by grant investment?
- Managing the project as the Applicant.

## Conclusion

- March 1, 2014; Grant application is due.
- May 2014; Notice will be made to the localities by resolution of the approved projects and funding appropriated by the VPA for FY15. A total of \$1 Million is allocated for this program.
- If grant is approved, comprehensive agreement/contract between Town and South Port needs to be in place before project commences.