



TOWN COUNCIL

Budget Work Session

Town Hall

April 10, 2014

4:00 p.m.

At approximately 4:00 p.m., Mayor Dora Sullivan, having established a quorum, called to order the Town Council Work Session. In addition to Mayor Sullivan, present were Vice Mayor Bannon, Councilmen Godwin and Sullivan, and Councilwoman Natali. Councilman Bennett arrived at 4:10 p.m. and Councilman Wendell arrived at 4:18 p.m. Also present were Town Manager Heather Arcos, Treasurer Deborah Pocock, Public Works/Public Utilities Director Dave Fauber, and Town Clerk Libby Hume. There were three members of the public in attendance.

Mayor Sullivan announced the business for the evening would be to review the proposed Fiscal Year (FY) 2015 General Fund Departmental budgets for the Town Manager and Public Works Departments.

Town Manager Heather Arcos reviewed the following departmental budget summaries as follows:

Town Manager: i) Included 1 full-time and 1 part-time staff at 2 days per week. The Personnel Lapse Allowance, which provided for the offset of vacancies in various departments in the General Fund was decreased from \$30K to \$20K since there were no anticipated retirements or vacancies in FY15. To date in FY14, the Personnel Lapse Allowance offset the Finance Dept. by \$10K, the Police Dept. by \$11.7K and Public Works by \$1K; ii) Professional Services included IT support and legal fees, which were increased by \$15K to \$75K based on the amounts expended per year over the last 5 years; iii) Maintenance Services included advertising; iv) Utilities – In FY14, the Town Manager budget included the electricity and heat for the former library building, but in FY15, this expense was allocated in the Public Works Dept. budget; v) Communications included postage and telephone services for the Municipal Building and cell phone reimbursement; vi) Insurance included general liability coverage for all the General Fund; vii) Lease and Rentals included the postage and leased tax parcels; viii) Travel included mileage, gas, tolls, lodging, meals and education based on attending 2 Virginia Local Government Managers Association classes, 2 Virginia Municipal League classes, and other out-of-town meetings; ix) Miscellaneous included dues for the Cape Charles Rotary Club, Northampton County Chamber of Commerce, Virginia Municipal League and Local Government Managers Association; x) Materials and Supplies included office supplies for all departments for the most commonly used supplies including paper, pens, staples, and other basic supplies; xi) Phone System Upgrade was included as a Capital item to replace the existing phone system which was over 20 years old. The system was obsolete and was limited in its functionality. There was also no longer any support for the system in case of problems. The proposal amount from Bay Creek Communications was included in the proposed budget, but was awaiting a response from AT&T and would also check the State Contracts for other proposals; and xii) Debt Service included the new library building and the Trail project. Also, a principal payment of \$21,293 on the 2010 General Obligation Bond was due in FY15. The Town did not have a principal payment on this General Obligation Bond in FY14. The breakdown of debt service for FY15 was briefly reviewed.

Also included in the Town Manager budget were the Contributions to Other Entities as follows: i) \$5K Arts Enter Pass Through for the Local Government Challenge Grant. In FY14, the Town allocated \$2,500 for this grant pass through but in previous years, the Town had allocated \$5K; ii) \$25K for the Cape Charles Volunteer Fire Company, which reflected an increase of \$6,400 from

FY14; iii) Beach Lease for \$375; iv) \$100 for Star Transit; and v) a \$9,800 State Pass Through for the Cape Charles Volunteer Fire Company.

Heather Arcos went on to review the proposed Transient Occupancy Tax (TOT) Revenue and Expense for FY15. At the increased rate of 3.7%, the proposed revenue was \$74,700. Funding requests were received from i) Eastern Shore Eventacular (formerly Eastern Shore Festivals) for \$10K for Tall Ships and the Birding Festival; ii) Cape Charles Business Association for \$2,500; iii) Eastern Shore of Virginia Tourism Commission (ESVTC) for 1% of the Town's TOT. This amount had increased greatly over the last 4 years – from \$9,583 in FY11 to an estimated \$18,101 in FY14; iv) A permanent LOVE installation for the Town at \$500; and v) CapeCharlesBytheBay.com for \$10,980 for Print Marketing, \$3,600 for Social Media Marketing, and \$5,400 for Website Maintenance. \$850 was also included for the Light Box/Rack Card Display at the ESVTC Welcome Center and \$10K for fireworks. There was some discussion regarding these items and Council requested the financial information from all organizations requesting funding assistance in FY15. Heather Arcos stated that she had received the financials from several of the organizations which she would provide to Council and added that she would also request financials from the other organizations. The funding assistance amounts for each organization would be reviewed again at the next work session.

Council also requested the proposed modifications to the TOT ordinance including the additional changes made at the March 20 Regular Meeting. Town Clerk Libby Hume would email the proposed language to Council.

Public Works: i) Included 4 full time staff and one-third of the wages of the Director of Public Work wages. In previous years, a portion of the Public Works wages were allocated to the Sanitation Fund, but for FY15, all Public Works wages were included in the Public Works Dept. budget; ii) Professional Services included the design and site plan for parking in the 2 lots behind the Library. Councilman Wendell felt that \$10K for engineering and design of parking lots was excessive, but Councilman Bennett explained that it entailed testing, surveys, etc. and he did not think it was out of line. Dave Fauber stated that the project would be put out for bids after obtaining the engineering report. There was some discussion regarding the narrowness of Pine Street and permitting parking only on 1 side of that street in the block between Randolph and Mason Avenues. Heather Arcos suggested that alternate parking should be available before limitation of parking to only 1 side of the street. There was also some discussion regarding the dumpster for Kelly's Tavern; iii) Maintenance Services included mosquito spraying and lawn care services; iv) Utilities included electricity for all locations in the General Fund; v) Communications included postage and cell phones; vi) Travel included related expenses for staff to take OSHA classes; vii) Materials and Supplies included general maintenance for the alleys, Municipal Building, Central Park, Skateboard Park, Playground, Public Restrooms, Fishing Pier, downtown fixtures, signs, the beach and Central Park Gazebos and all other public spaces and buildings. Also included were funding for beach sand replenishment and HVAC for the second floor of the Library; and viii) Capital Projects included the Multi-Use Trail Project at \$1,480K. \$1,184K would be funded by the transportation grant and the Town's match was \$296K. A new chassis for the dump truck was also included.

There was some discussion regarding the proposed 2% COLA increase and whether Council should wait until completion of the Compensation and Classification Study.

In summary, there was currently one part-time position in the Harbor Fund being upgraded to a full-time position. The employee was currently working 36 hours per week so the change would be for 4 additional hours per week plus medical and retirement benefits. The Harbor Fund was self-sustaining and would not affect the General Fund. Heather Arcos stated that she would also like Council to consider a part-time position in Public Works, possibly seasonal, for a custodial position to clean all the Town's facilities. The Town had such a position a number of years ago but it was cut. Staff had also considered outsourcing the cleaning but the cost estimates were more than a part-time person.

There was much discussion regarding a Rainy Day or Contingency Fund. It was agreed that the Rainy Day Fund needed to be addressed every year and it was a great goal to work toward. Heather Arcos stated that she had a draft resolution to designate a Rainy Day Fund which could be reviewed at the next work session.

Heather Arcos reviewed the projected FY15 General Fund Revenue in detail. The projected revenue included revenue from taxes, permits, licenses, fines, charges for services, and State and Federal Revenue was estimated at \$3,308,984.

Council reviewed the FY15 Proposed Revenue & Expense Summary for the General Fund which showed the proposed revenue of \$3,308,984, proposed General Fund expenditures of \$3,195,110, with the financing of the Town match for the Trail project as previously discussed, for a budget surplus of \$113,894.

The 2014 Capital Improvement Project Five-Year Projection was also provided to Council for their review.

Due to the time, Council agreed to cancel the Executive Session regarding personnel which was scheduled to follow the work session.

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

Vice Mayor Bannon

Town Clerk