



**TOWN COUNCIL**  
**Regular Meeting**  
**St. Charles Parish Hall**  
**May 22, 2014**  
**6:00 PM**

At approximately 6:00 p.m. Mayor Dora Sullivan, having established a quorum, called to order the Regular Meeting of the Town Council. In addition to Mayor Sullivan, present were Vice Mayor Bannon, Councilmen Bennett, Sullivan, and Councilwoman Natali. Councilmen Godwin and Wendell were not in attendance. Also in attendance were Mayor-elect George Proto, Town Manager Heather Arcos, Treasurer Debbie Pocock, Town Planner Rob Testerman and Town Clerk Libby Hume. The majority of the Department Heads were in attendance as well as approximately 10 members of the public.

Vice Mayor Bannon gave the invocation which was followed by the recitation of the Pledge of Allegiance.

**RECOGNITION OF VISITORS / PRESENTATIONS**

*John Burdiss, Cape Charles Christian School/Crabby Blues Festival*

Mr. Burdiss thanked the Mayor and Council for inviting him and began by giving the background on the Crabby Blues Festival. Many people had assisted with the festival including: Debbie Mountain, Holly Hubbard, Tammy Holloway, Valerie Travis and several other volunteers. Mr. Burdiss explained that The Bridge Network donated the inflatables, Fig Street Bed and Breakfast promoted the event, the Northampton County Sheriff's Department assembled and disassembled the fence, Pfeiffer riding stables provided the animals and horse train and the Town of Cape Charles assisted with the event. Mr. Burdiss commended Pete Leontieff for his assistance and support for the entire event and also thanked Heather Arcos, Jen Lewis, Jeb Brady and Dave Fauber.

Mr. Burdiss stated the following: i) Both food and craft vendors did well and wanted to return next year; ii) About 900 people attended the event; iii) There were 31 sponsors for a total of \$10,500 in sponsorships. Only \$3,500 had been received in sponsorships last year; iv) The Cape Charles Christian School (CCCS) netted about \$2,500; v) The 2015 Crabby Blues Festival would be held on May 16<sup>th</sup>. There was already an additional food vendor signed up as well as a sponsor for all of the music. vi) The CCCS spent \$4,417 to upgrade the electric service for Central Park and Citizens for Central Park had given a \$1K sponsorship to assist with that; and vii) The CCCS had agreed to move forward with the \$300K capital campaign to finish the sanctuary and renovate the school. There would be a fundraiser to give people a chance to dedicate a window to someone which would help fund some of the cost of the restoration.

Mr. Burdiss presented banners to the Town of Cape Charles and Citizens for Central Park.

**PUBLIC COMMENTS:**

*Donna Olney Kohler, 711 Tazewell Avenue*

Ms. Kohler addressed the Council regarding the LOVE project. (Please see attached.)

*Veann Duvall, 110 Tazewell Avenue*

Ms. Duvall addressed the Council regarding expensive water bills. Ms. Duvall felt that the Council should have a discussion or several discussions regarding how to lower the water bill. Ms. Duvall asked why the Town did not have a hiring freeze and stated that the Town could save money in this area and asked why the Town was hiring a Maintenance Worker in the Public Works Department. Mayor Sullivan stated that there were four employees in the Public Works Department for the whole Town and explained that one employee had resigned.

Ms. Duvall continued by stating that she heard a rumor that the Town was going to hire a full-time Assistant Town Manager and asked why a small town needed two Town Managers. Ms. Duvall concluded by suggesting that Council discuss lowering the water bill and consider a hiring freeze.

There were no other public comments to be heard nor any additional written comments submitted prior to the meeting.

**CONSENT AGENDA – APPROVAL OF AGENDA FORMAT:**

**Motion made by Vice Mayor Bannon, seconded by Councilman Sullivan, to approve the agenda format as presented. The motion was approved by unanimous consent.**

**CONSENT AGENDA – APPROVAL OF MINUTES:**

The Town Council reviewed the minutes of the April 24, 2014 Public Hearing, the April 24, 2014 Regular Meeting, the May 1, 2014 Special Meeting, the May 1, 2014 Budget Work Session, the May 1, 2014 Executive Session, and the May 8, 2014 Work Session.

**Motion made by Councilwoman Natali, seconded by Vice Mayor Bannon, to approve the minutes from the April 24, 2014 Public Hearing, the April 24, 2014 Regular Meeting, the May 1, 2014 Special Meeting, the May 1, 2014 Budget Work Session, the May 1, 2014 Executive Session, and the May 8, 2014 Work Session as presented. The motion was approved by unanimous consent.**

**DEPARTMENT REPORTS:**

*C. Treasurer's Report:*

Treasurer Deborah Pocock reviewed the Treasurer's report dated April 30, 2014 which showed \$464,573 in the Shore Bank checking account, \$97,334 in the Local Government Investment Pool (LGIP) account for utilities which was no longer restricted under the USDA Rural Development Loan, \$509,288 in the unrestricted LGIP account. Deborah Pocock added that the funds in the LGIP account for the Library was also released to the General Fund and continued her review of the Cash Position report regarding restricted and reserved cash balances which showed \$96,585 in the Shore Bank checking account for reserved facility fees, \$1,231 in the Shore Bank Savings Account for Police Funds, and \$257,587 in the US Bank reserve account per the VRA interest free Loan requirements. The Total Cash on Hand was \$1,071,195, the Total Cash Held in Reserve was \$355,403 and the total of all accounts was \$1,426,598. The decrease in the Shore Bank checking account reflected a capital project payment of \$132K. Deborah Pocock went on to review the Tax Collection Comparison for Fiscal Years (FY) 2013 and 2014, the Revenues vs. Expenditures, the Capital Improvement Projects, the 2013 real estate tax collections, and the 2013 personal property tax, machinery and tools tax and 2014 license tax collections. The current total debt amounted to \$10.17M which was scheduled to be paid off in 2034. The FY 2013 financial audit was complete and would be reviewed at the next work session.

**Motion made by Vice Mayor Bannon, seconded by Councilwoman Natali, to accept the Treasurer's Report as submitted. The motion was approved by unanimous consent.**

*B. Planning Commission and Boards:*

Town Planner Rob Testerman reported the following: i) FEMA and Northampton County staff held an informational meeting on May 12<sup>th</sup> in Eastville. Property owners met with FEMA representatives on an individual basis. The effective date of the new flood plain maps would be March 2015; and ii) Due to recent changes to the Virginia Stormwater Management Act, a number of localities were eligible to opt out from developing their own plans and allow the Dept. of Environmental Quality (DEQ) to manage their stormwater plans. Northampton County decided to opt out. The Town had previously fallen under the County's plan. The Town did not have enough staff to manage our own stormwater plan and was awaiting information regarding how we could also opt out and fall under the DEQ.

Councilwoman Natali asked about the status of the backyard chicken survey. Rob Testerman stated that a message was included on the last utility bills and an article was also in the last Gazette. Hard copies were also available in the Town Hall for residents without computer access. The deadline was May 31<sup>st</sup>. Staff would compile the responses for review by the Planning Commission.

C. *Other Departmental Reports:*

Public Utilities/Public Works Director Dave Fauber reported the following: i) the pier would be open on May 23<sup>rd</sup>. Access would be from the beach. There were currently no lights on the pier so the pier would be open from dawn to dusk. Signs would be placed regarding the access limitations until the pier was completed and lighting reinstalled; and ii) Bayshore Concrete donated 6K cubic yards of sand to the Town. The sand had been tested and was good sand. The cost to the Town for hauling the sand to the beachfront was approximately \$5 - \$6 per cubic yard vs. \$12 - \$13 per cubic yard if the Town had to purchase the sand for the beach replenishment. The project should be completed next week. No work would be done during the Memorial Day weekend.

Code Official Jeb Brady reported the following: i) 18 permits were issued so far this month for a total of \$2,400; ii) He had performed 45 inspections in May; iii) Haase Inc., the general contractor for Charon Ventures, had pulled an interior demolition/structural stabilization permit for the former school building; iv) The Cape Charles Volunteer Fire Company responded to a grease fire in a house on Wednesday. There were no injuries. The Fire Chief rescued the family dog. The house was saved but sustained extensive smoke damage. ServPro estimated that restoration would take about two months. Due to the CCVFC's quick response time the insurance company estimated that \$100K was saved. The property owner was extremely impressed with the CCVFC.

Town Manager Heather Arcos reported the following: i) A public input meeting regarding the Art Walk was scheduled for June 3<sup>rd</sup> at 6:00 PM at the Palace Theatre. The consulting firm would also be giving a presentation regarding the overall concept of the Art Walk; ii) The acquisition of the 7 lots from Mr. Foster would be completed on May 23<sup>rd</sup>. Council's conditions had been met and the Town would collect \$104,750.98 in delinquent taxes. The purchase price for the 7 lots was \$100K; iii) Representatives from Edmunds Software were in Town last week to provide training for the Finance Dept. staff. The Finance Dept. was doing a good job and benefitted from the training; and iv) The Compensation Study surveys were completed by all employees and returned to Springsted. Springsted representatives would be coming back to meet with the employees to talk to them and evaluate the work processes. Staff hoped to have a final report within the next several months.

**OLD BUSINESS**

A. *Cape Charles Community Trail – Phase 2 Update*

Heather Arcos stated that the estimated project cost was \$1.57M. The Town's portion was a 20% match in the amount of \$310K which was included in the PNC long term financing. Once final approval was received from VDOT, the project would be put out to bid. Land Studio was working on the construction timeline.

B. *FY 2014-2015 Proposed Budget – Schedule Public Hearing*

Heather Arcos stated that the proposed FY 2014-2015 Budget totaled \$7,215,523 and included \$2,472,138 for Capital Projects. The proposed General Fund budget was \$3,707,715. The Transient Occupancy Tax (TOT) rate would increase by .7% effective January 1, 2015 and revenue from the TOT was designated for tourism initiatives which included the Cape Charles By the Bay website, the Cape Charles Museum, Arts Enter, Tall Ships, the Birding and Wildlife Festival, and fireworks. The proposed budget also included a 2% cost of living increase for all employees and \$25K for the CCVFC, an increase from \$18,600 from this year's budget. One

position at the Harbor was being upgraded from part time to full time. The trash collection fee would increase from \$12.57 per month to \$13.50 to reflect the increase per the Davis Disposal contract. The water rate would decrease from \$34.50 to \$31.15 per month and the wastewater rate would increase from \$60.85 to \$63.27 per month. The total cost to the consumer would remain unchanged at \$107.92 per month. A contingency line was included in the Town Manager budget for unexpected expenses. The amount was increased from \$110K at the last work session to \$120K as a result of recent changes in the Virginia Retirement System. The changes would be discussed later in the meeting. A public hearing was required prior to adoption of the budget.

**Motion made by Councilman Bennett, seconded by Councilman Sullivan, to set a public hearing for June 12, 2014 at 6:00 PM to hear comments regarding the proposed FY 2014-2015 budget. The motion was approved by unanimous consent.**

C. *Northampton County Zoning Ordinance Resolutions*

Rob Testerman stated that at the May 8<sup>th</sup> Work Session, Council discussed a possible resolution to submit to Northampton County regarding decisions being made on their revised zoning ordinance. Council recommended a second resolution regarding the Special Use Permit process. Also discussed at the May 8<sup>th</sup> meeting, was the inclusion of a reference to the Annexation Agreement in the second resolution to the County. Rob Testerman stated that he did not include this language at this time since the Annexation Agreement was a separate issue from zoning. Heather Arcos stated that a work session would be held regarding the Annexation Agreement and related agreements.

Council reviewed i) Resolution 20140522 Supporting the Inclusion of the Historic Town Entrance Overlay Corridor in the Proposed 2014 Zoning Amendments Under Consideration by the Northampton County Board of Supervisors (BOS) and ii) Resolution 20140522A Supporting the Continuation of Planning Commission Involvement in the Special Use Permit Process in the Proposed 2014 Zoning Amendments Under Consideration by the Northampton County Board of Supervisors.

i. *Resolution 20140522:*

Councilwoman Natali noted that the last line of the Resolution requested it to be read into record at the May 2014 meeting of the BOS and added that their May meeting was held last week and suggested it be changed to "the next scheduled meeting." Councilwoman Natali also suggested that language in the preceding paragraph be changed to request the BOS to "include" the draft of the Historic Town Entrance Overlay Corridor vs. "consider inclusion."

**Motion made by Councilwoman Natali, seconded by Councilman Sullivan, to approve Resolution 20140522 Supporting the Inclusion of the Historic Town Entrance Overlay Corridor in the Proposed 2014 Zoning Amendments Under Consideration by the Northampton County Board of Supervisors as discussed. The motion was approved by unanimous vote. Roll call vote: Bannon, yes; Bennett, yes; Natali, yes; Sullivan, yes.**

ii. *Resolution 20140522A:*

Councilwoman Natali suggested the same change regarding the May 2014 meeting of the BOS.

**Motion made by Councilman Bennett, seconded by Councilwoman Natali, to approve Resolution 2014052A Supporting the Continuation of Planning Commission Involvement in the Special Use Permit Process in the Proposed 2014 Zoning Amendments Under Consideration by the Northampton County Board of Supervisors as discussed. The motion was approved by unanimous vote. Roll call vote: Bannon, yes; Bennett, yes; Natali, yes; Sullivan, yes.**

**NEW BUSINESS:**

A. *National Public Works Week Proclamation*

Mayor Sullivan stated that the American Public Works Association annually sponsored the National Public Works Week to recognize and thank the employees in Public Works for all that they did on a daily basis. This year, the week of May 18 – 24 was designated as National Public Works Week.

**Motion made by Vice Mayor Bannon, seconded by Councilman Bennett, to adopt Proclamation 20140522 In Honor of National Public Works Week. The motion was approved by unanimous vote. Roll call vote: Bannon, yes; Bennett, yes; Natali, yes; Sullivan, yes.**

B. *Building Safety Month Proclamation*

Jeb Brady stated that the International Code Council (ICC) was the most widely adopted building safety, energy and fire prevention codes in the nation and were used by most U.S. cities, counties and states. Building Safety Month was sponsored by the ICC annually to remind the public about the critical role of our local code officials who ensure safe, efficient and livable buildings. Jeb Brady continued to state that in 2010, there were over 362K residential fires resulting in \$6.5B in property damage with 2,500 deaths and 13K injuries. Cooking fires were the third leading cause of death. Jeb Brady requested Council adoption of Proclamation 20140522A designating the month of May as Building Safety Month.

**Motion made by Councilman Bennett, seconded by Councilwoman Natali, to adopt Proclamation 20140522A Designating May 2014 as Building Safety Month. The motion was approved by unanimous vote. Roll call vote: Bannon, yes; Bennett, yes; Natali, yes; Sullivan, yes.**

C. *USDA RD Grant/Loan Award for New Police Car*

Heather Arcos stated that at the September 19, 2013 meeting, Council authorized submission of an application for grant funding and loan to the USDA Rural Development (USDA RD) to purchase a new police vehicle. At the time of application, it was intended to replace the 2008 Ford Crown Victoria. The Crown Victoria was totaled in an accident last fall and Council opted to purchase a replacement vehicle outright. Staff received notification that the Town was awarded a grant in the amount of \$8,100 and loan approval for \$15,100 to purchase a new police vehicle. The Police Dept. would like to purchase a 2014 Dodge Charger to replace the 2010 Dodge Charger which was due to come off the Police Dept. 5-year rotation. The 2010 Dodge Charger had needed some minor repairs but could be utilized as an administrative vehicle to be shared by staff for out-of-town meetings and training. The USDA RD's current interest rate was 4.125% for a 5-year loan with an annual payment of \$3,404. There were no prepayment penalties under the guidelines of the loan. If financed for the full 5 years, the total amount of interest paid by the Town would be \$1,920. The first annual payment would be due in FY 2015-2016. A letter of intent had been signed but a resolution was required in order to finalize the grant funding and loan. Receipt of the necessary documentation was expected within the month and would be presented to Council for review and adoption at the June meeting.

D. *Eastern Shore of Virginia Public Service Authority*

i. *Appointment of Two Cape Charles Representatives to Subcommittee*

Mayor Sullivan stated that a letter was received from the Northampton County BOS regarding the formation of an Eastern Shore of Virginia Public Service Authority (PSA) Subcommittee to work with the Town relative to the provision of wastewater service to the PSA. The subcommittee would be comprised of 2 members of the BOS, 2 members of the PSA and 2 members from the Cape Charles Town Council. The BOS was requesting appointment of the 2 Council or Council-elect members to serve on the PSA subcommittee.

Mayor Sullivan continued by stating that she had spoken to the Council members and Council-elect members and Councilwoman Natali and Councilman Wendell had agreed to serve on the subcommittee. Vice Mayor Bannon suggested that Mayor-elect Proto serve on the committee but Mr. Proto declined stating that he was currently involved in a lot of things and would not have the time to dedicate. Councilman Bennett stated that he was interested in serving but also did not have the time to do so.

There was some discussion regarding Councilman Wendell serving on the subcommittee since he owned property in the proposed service area. Councilman Bennett suggested that Councilman Wendell obtain an opinion regarding the possible conflict of interest from the Commonwealth Attorney. If the response came back that there was no conflict, Councilman Wendell could be appointed as the second representative on the subcommittee. Vice Mayor Bannon agreed.

Council was in agreement that one representative to the subcommittee would be appointed this evening and the second representative would be appointed at the June meeting.

**Motion made by Vice Mayor Bannon, seconded by Councilman Sullivan, to appoint Councilwoman Natali to the PSA Subcommittee. The motion was unanimously approved.**

*ii. Re-appointment of Cape Charles Representative to PSA*

Heather Arcos stated that the PSA was an advisory board for the Northampton County Board of Supervisors (BOS) consisting of five members appointed by the BOS and one member from each of the incorporated towns of Cape Charles, Cheriton and Exmore. Each member served a four-year term. In 2010, Bob Panek was appointed by the Town Council to serve as the Cape Charles representative and his current term was due to expire on June 30, 2014. Mr. Panek had been part of the PSA since the inception of the regional wastewater services concept and was very knowledgeable regarding the issues involved. Mr. Panek was interested in continuing his service on the PSA Board.

**Motion made by Vice Mayor Bannon, seconded by Councilwoman Natali, to reappoint Bob Panek to the Eastern Shore of Virginia Public Service Authority for another four-year term.**

Councilman Bennett stated that the town had a lot of qualified citizens and asked if other citizens had been considered to serve on the PSA Board. Councilman Sullivan added that he was agreeable with tabling this appointment to the next meeting and advertising to see if any other citizens were interested.

**The vote on the motion was tied with Vice Mayor Bannon and Councilwoman Natali voting in favor and Councilmen Bennett and Sullivan opposed. Mayor Sullivan cast the tie-breaking vote in favor of reappointing Bob Panek to the PSA for another four-year term.**

*E. Virginia Retirement System Resolution*

Heather Arcos stated that the Town of Cape Charles was a member of the Virginia Retirement System (VRS). The VRS evaluated the Employer Retirement Contribution Rates every two years and the information regarding the VRS Board-certified rate and alternate rate was recently received. The Town's Board-certified rate for the 2015-2016 biennium was 5.17% and the alternate rate was 7.15%. A resolution must be adopted regarding the approved rate and submitted to the VRS by July 1, 2014. Heather Arcos went on to state that the Town's rate for the last two years was 8.79% which was more than the necessary amount to fully fund the account. By choosing the 5.17%, the Town would still be fully funding the retirement program. The alternate rate of 7.15% would again be increasing the funded amount. The staff recommendation was to reduce the Town's contribution rate to 5.17% as provided by the VRS and the proposed FY2015 budget would be adjusted accordingly.

**Motion made by Vice Mayor Bannon, seconded by Councilman Sullivan, and unanimously approved to adopt Resolution 20140522B designating the Town's Employer Contribution Rate of 5.17%. Roll call vote: Bannon, yes; Bennett, yes; Natali, yes; Sullivan, yes.**

F. *U.S. Army Corps of Engineers Harbor Dredging/Beach Replenishment*

Rob Testerman stated that the U.S. Army Corps of Engineers (USACE) last dredged the Cape Charles Harbor in 1989 and all permits relating to the harbor dredging had since expired. The permit approval for the next scheduled harbor dredging was anticipated in November 2014 with construction beginning in January 2015 and completion in April 2015. There was concern that any additional project delays could possibly push the construction time into Cape Charles' peak tourist season. The USACE requested a letter from the Town, for inclusion in their permitting process, confirming an amenable plan in case of a delay. The Town would request that the Town beach site be completed first and that if there were any additional delays that pushed the construction into the tourist months, half of the beach would remain open at any given time. If purchased, the estimated cost of the sand at \$12-\$15 per cubic yard plus site work was \$936,000-\$1,170,000 based on 78,000 cubic yards.

**Motion made by Vice Mayor Bannon, seconded by Councilwoman Natali, to submit a letter to the Army Corps of Engineers requesting that the Town beach site be completed first, and that in the event of delays, half of the beach would remain open at any given time. The motion was approved by unanimous consent.**

**MAYOR AND COUNCIL COMMENTS**

Mayor Sullivan congratulated those who ran for office and received the most number of votes.

Vice Mayor Bannon thanked everyone who voted for him.

Councilwoman Natali thanked those who voted for her and added that she was truly appreciative and would do her best to continue to represent them in the best way possible.

Councilmen Bennett and Sullivan stated that they did not have any further comments.

**ANNOUNCEMENTS**

- May 26, 2014 – Town Offices Closed in observance of Memorial Day
- May 26, 2014 – Veterans' Memorial Day Ceremony by American Legion Post 56, 11:00 AM
- May 26, 2014 – Cape Charles Memorial Library Rededication Ceremony, 11:30 AM
- May 31, 2014 – Bike MS
- May 31, 2014 – Benefit By the Bay
- June 5, 2014 – Town Council Work Session, 6:00 PM, Town Hall
- June 5, 2014 – Town Council Executive Session, Immediately following Work Session
- June 12, 2014 – Town Council Budget Public Hearing, 6:00 PM, Town Hall
- June 14 – 15, 2014 – Tall Ships
- June 19, 2014 – Town Council Regular Meeting, 6:00 PM, St. Charles Parish Hall

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

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Mayor Sullivan

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Town Clerk

**Public Comments Provided in Writing**  
**May 22, 2014**

*Donna Olney Kohler, 711 Tazewell Avenue*

My name is Donna Olney Kohler and I live at 711 Tazewell Avenue. I am here this evening as a representative of the Cape Charles Business Association to give an update on the LOVE project.

WE held our LOVE Train! Fundraiser on Saturday, May 3<sup>rd</sup> with about 65 participants dancing their way down Mason Avenue. Six restaurants also offered drink and food specials that day with a LOVE theme, and we raised just under \$1,400 from those activities. We currently have LOVE donation buckets at business throughout town as well as a window display in the 200 block of Mason Avenue to continue to promote the program and solicit more donations.

Our next fundraiser is called LOVE Letters which will be a temporary art installation at The Point from June 13 through July 4. LOVE Letters will be made up of 12 inch red hearts that we are selling for \$35 with custom, hand-written messages of LOVE. Order forms and posters have gone up around town and we will be taking orders over the next 2 weeks. There are some order forms and information on the sign-in table if anyone would like to take one before leaving this evening.

We have applied for a grant from the Virginia Tourism Corporation and received word yesterday that they are very excited about our installation and will let us know in the coming weeks about how much we are being given.

Total construction costs will be about \$5,000. We have been able to begin construction thanks to a generous offer from a local business to front the money and then we will pay them back from our fundraising.

LOVE will be debuted in the Fourth of July Parade and we are planning a ribbon cutting ceremony for Wednesday, July 9<sup>th</sup> that we hope the Council, Town Employees, and area residents will attend to welcome LOVE to Cape Charles.