



TOWN COUNCIL
Budget Retreat
Cape Charles Civic Center
February 5, 2015
12:30 PM

At approximately 12:30 p.m., Mayor George Proto, having established a quorum, called to order the Town Council Budget Retreat. In addition to Mayor Proto, present were Vice Mayor Bannon, Councilmen Bennett and Godwin and Councilwoman Natali. Councilmen Brown and Wendell were not in attendance. Also in attendance were Interim Town Manager Bob Panek, Treasurer Deborah Pocock, Harbor Master Smitty Dize, Public Works/Public Utilities Director Dave Fauber and Town Clerk Libby Hume. There were no members of the public in attendance.

1. *FY 2015 Mid-Year Review:*

Deborah Pocock reviewed the Budget Performance Review FY 2015 presentation. (Please see attached.)

There was some discussion regarding the following: i) establishing an official rainy day fund; ii) the desire of some of the Council to see a more detailed report which showed the amounts saved or anticipated savings on specific projects; iii) the possibility of streaming down the Pine Street parking lot project for trash management only as Phase 1 since the Town leased property from the Bay Coast Railroad to provide parking off the south side of Mason Avenue; iv) the 2015 Harbor for the Arts Program and the development of a Tourism Map for the Town; and v) funding of the next section of the offshore breakwater.

2. *Capital Improvement Plan:*

Bob Panek reviewed the Cape Charles Capital Improvement Plan (CIP) and there was discussion regarding the following: i) Pine Street Parking Lot – Advertise for bids in FY 2015 for the design for trash management keeping the plan compatible for a future phase for parking. Construction could be done in FY 2016. The plan for parking lot and landscaping would be deferred; ii) Mason Avenue Leased Parking Lot – Needed to be done in phases with the first phase being completed this year before the start of the summer season. Council requested a conceptual layout from Land Studio; iii) Multi Use Trail – It was likely that only a small amount of the budgeted funds would be spent this year due to the delay in obtaining VDOT approval; iv) Art Walk - Installation of the Way Finding Signs were preferred in the FY 2016 budget. Locations needed to be determined outside of the VDOT right-of-way (ROW); v) Removal and Replacement of Trees in VDOT ROW – About 20 trees in the VDOT ROW were in need of being removed and replaced with more appropriate trees on VDOT’s approved list. Council agreed to keep this item on the CIP beginning in FY 2016 with further discussion at the upcoming budget work session; vi) Sidewalk Infill to construct sidewalks where lacking in the Historic District – VDOT had a revenue share program available to split the costs of new sidewalks 50/50. The current zoning ordinance required property owners construct sidewalks along their property when constructing a new home/building. Some properties were grandfathered and there was discussion regarding the possibility of requiring the construction of sidewalks for houses/buildings being renovated; vii) Beach Pavilion – Adding a shelter to the fishing pier for picnics and events. There was also some discussion regarding something for the north end of the beach. Bob Panek explained that there were plans at the north end of the beach as part of the Trail project and a sheltered area could be considered; viii) Bay Avenue Electrical and Street Light

Upgrade – Burying the electric service and replacing the lights with lights similar to those in Central Park.; ix) Beach Safety – This project could not begin until after the Harbor dredging project was completed since sand from the dredging would be placed on the beach. Mayor Proto stated that a work session was needed to discuss this project in detail; x) Basketball Court and Fencing – Several possible locations were discussed. The courts would be fenced and would possibly have to be staffed. This issue was moved to FY 2017 and would be discussed in more detail at a later time; xi) Improve and Landscape Drainage Areas in Central Park – This project was moved from FY 2017 to FY 2016; xii) Video Security Systems for Central Park, the Civic Center, the Beach and Library – This project was moved from FY 2017 to FY 2016. Council stressed the importance of a system that would be compatible at all locations; xiii) Enterprise Resources Planning System Replacement – The current financial software was very cumbersome requiring a lot of manual entries. The software was not user friendly and the vendor did not provide user manuals for the updated programming. The Harbor was on a different system. Deborah Pocock stated that she was looking at various financial software packages to find one that would better accommodate the Town. Council felt this was a priority and moved the project from FY 2017 to FY 2016; xiv) Offshore Breakwater – The current total project estimate was \$860K with the Town's match of \$215K; xv) Waterworks Chloramine System which would inject ammonia during warm weather to reduce the TTHMs. This project was moved from FY 2016 to FY 2015; xvi) Keck Wells Pipeline – This project was not necessary for capacity but would improve water quality. This construction portion of the project could possibly be moved to FY 2017 from FY 2016; xvii) Automatic Flush Systems – Would reduce TTHMs and eliminate the need for the quarterly water system flushes. Permission was received from Bay Creek with the first location being planned for Heron Point. If the system worked well, four more locations were planned; xviii) Improve Finished Water Aesthetics – This would be a plant improvement to add an aeration system before the filters which would remove iron better than chlorination. This project was currently planned for FY 2017; xix) Manhole Refurbishment – An invitation for bids was advertised with a submittal deadline of February 17th. The current cost estimate for this project was \$40K in FY 2015; xx) Gravity Pump Stations Refurbishment for the Plum and Pine Street locations – The engineering started 2 weeks ago; xxi) Emergency Generator for Mason Avenue Pump Station – This was an aging unit. Although it operated well and had not needed to be repaired recently, parts were very difficult to find on a unit of this age. This project was currently earmarked for FY 2016 but could possibly wait until FY 2017; xxii) Septage Receiving Facility – The test worked but was difficult to control. Dave Fauber stated that this service was needed in the County. Currently, Septage was transported to Pocomoke, MD. There were some issues with phosphorus at the time but more analysis was needed to determine the feasibility of the Town offering this service; and xxiii) Membrane Replacement – This could possibly be moved to beyond FY 2019. General Electric recently pulled the current membranes and there were no issues with tears or other damage.

Councilman Bennett asked whether the Town needed to plan for any maintenance to the jetty and suggested adding it to the CIP.

3. *Personnel Compensation Study Implementation:*

Bob Panek stated that several work sessions were held to review the Springsted recommendations for a new pay scale, position rankings and implementation options. The proposed pay scale was reduced by 5% and the ranking for several positions was revised. Employees were placed within the pay scale based on supervisor's assessments. The cost of implementation, including payroll taxes, would be approximately \$39K for all departments, which was less than the study implementation options mainly due to the 5% reduction in the pay scale. Implementation should

achieve market competitiveness and lessen turnover. In reviewing the proposed pay scale from Springsted, it was discovered that the range per pay grade was actually 67% vs. the 50% as stated by Springsted. This error had been corrected. Staff's recommendation was as follows: i) Adopt the new pay scale and positions rankings as discussed; ii) Employee evaluation process must drive future advancement and be done consistently; iii) Cost of Living Allowances (COLA) must be a separate annual consideration based on the change in Consumer Price Index and affordability. The pay scale must be adjusted for any approved COLA. If Council desired, the new pay scale could be implemented effective March 1, 2015 at a cost of approximately \$10K-13K since there was only 4 months left in this fiscal year.

Mayor Proto expressed his agreement in implementation during this fiscal year and thanked Bob Panek for the amount of work he put into this project. Mayor Proto asked Council their thoughts regarding implementation.

The Council members in attendance agreed that implementation should be done effective March 1, 2015. This issue would be on the February Regular Meeting agenda to i) adopt the new pay scale; and ii) implement effective March 1, 2015.

4 *Harbor Rate Review:*

Smitty Dize stated that the Harbor rates were reviewed annually and compared to other nearby harbors and marinas. Unlike other Enterprise Funds, the Harbor rates needed to be determined now in preparation for the upcoming spring season. Smitty Dize went on to review some of the rate comparisons and introduced the recommendations for the 2015 season. Smitty also discussed the cost of credit card fees which amounted to approximately \$30K per year. Other marinas, harbors and localities charged a 3% fee for all credit card purchases and he recommended assessing a 3% credit card fee for this season to help offset the charges to the Town. Feedback would be monitored for the coming year and the issue would be reviewed again next year. This item would be on the February regular meeting agenda for a Council decision.

Motion made by Councilman Bennett, seconded by Vice Mayor Bannon, to adjourn the Town Council Budget Retreat. The motion was approved by unanimous vote.

Mayor Proto

Town Clerk

Budget Performance Review FY 2015

Council Work Session – Budget Retreat
February 5, 2015

MID - YEAR BUDGET REVIEW

FUND	CURRENT	ANNUAL	% REALIZED/
	YEAR-TO-DATE	BUDGET	EXPENDED FY15
GENERAL Operating			
REVENUES	1,894,994	3,707,715	51.11%
EXPENDED Operating	1,015,417	2,026,177	50.11%
EXPENDED Capital	90,358	1,681,538	5.37%

- 50% of the Operating Budget was expended in the first half of the Fiscal Year.
- Of this amount, \$93,777, or 4.7% of operating budget, was expended for one time, or unanticipated costs, such as increased liability insurance, Bank of America Franchise Fee Refund, Springsted contracts, and other miscellaneous items.

FY 2015 Anticipated Cost Savings

\$128,000 Operating Budget Savings - Legal fees, Personnel Costs
Beach Sand Replacement, General Contingency Fund *

\$ 78,000 Manhole Project, Library HVAC, New Phone System

\$206,000 Total for FY 2015 Discretionary Spending

* \$22,000 contingency withheld for remainder of year

FY 2015 New Project Proposals

\$50,000 Purchase Strawberry Street Plaza

\$10,000-\$20,000 Leased Parking Area Improvements

\$ 7,100 60% Design Pine Street Parking Lot
or \$20,200 100% Design & Bid Pine Street Parking Lot

\$13,000 Additional funding for Water/Sewer Truck
(currently budgeted at \$15,200)

WATER AND SEWER FUND – Performing at Budget Expectation

SANITATION– Performing at Budget Expectation

BUDGET REVIEW – HARBOR FUND

Harbor	Operating revenues	Op expenses less depreciation	Net Income/(loss)	
2012	\$836,089	\$845,124	-\$9,035	
2013	\$897,365	\$896,252	\$1,113	
unaudited 2014	\$908,180	\$1,097,437	-\$189,257	\$185,442 *debt service
projected 2015	\$987,821	\$1,039,767	-\$51,946	\$115,372 *debt service

*Harbor Fund is overburdened by debt service payments.