



TOWN COUNCIL

Work Session

Town Hall

February 25, 2009

5:30 p.m.

At approximately 5:30 p.m. at the Town Hall, Vice Mayor Chris Bannon called to order the Work Session of Town Council. In addition to Vice Mayor Bannon, present were Councilmen Bennett, Evans and Veber. Councilman Elliott arrived at approximately 5:35 p.m. Mayor Sullivan and Councilman Burdiss were not in attendance. Also present were Acting Town Manager Heather Arcos, Treasurer Paul Skolnick, Consultant Bob Panek, Town Clerk Libby Hume, Deputy Treasurer Jo Anna Leatherwood, Public Works/Public Utilities Director Dave Fauber and Harbormaster Smitty Dize. There was also one member of the public.

Vice Mayor Bannon announced the business for the evening would be to review the current budget and wastewater rates.

Treasurer Paul Skolnick reviewed the current budget by fund explaining the adjustments made. Paul Skolnick informed the Council that he met with all the department heads and several capital items are being moved from this current fiscal year budget to FY 2010. The four (4) funds were reviewed as follows: 1) In the Government Fund, which covers the basic operations of the Town, spending was reduced by \$275,138, from \$2,206,348 to \$1,931,210; 2) The Sanitation Fund, which covers the garbage pick up services, remained unchanged; 3) In the Harbor Fund, spending was reduced by \$2,014,742, from \$2,426,120 to \$411,378; and 4) In the Water/Wastewater Fund, spending was reduced by \$5,023,528, from \$7,282,164 to \$2,258,635.

Acting Town Manager Heather Arcos informed the Council that she had distributed the FY 2010 budget worksheets to the department heads with a return date of March 13, 2009 and stated that the Council will be able to review the preliminary figures for the operating budget and capital projects for FY 2010 at the Work Session on March 26, 2009.

Consultant Bob Panek informed the Council that in planning for the new Wastewater Treatment Plant, staff had estimated the annual operation and maintenance costs, including the debt service, and the figures were given to Paul Skolnick to complete the profit/loss projection for fiscal year ending June 30, 2009 which shows a loss of approximately \$121,800 which equates to a 27.5% loss of revenue. Bob Panek stated that the last rate adjustment was in June 2007 which only equalized the rates between the newer areas of Cape Charles and the Historic District, which were billed at a lower rate. Bob Panek recommended a 30% increase at this time and additional review be done during the budget process for fiscal year 2010. Councilman Veber expressed his concern regarding having two (2) rate increases within a few months. After much discussion, the Council agreed to increase the base usage rate from \$25.40 to \$34.30, which is approximately a 35% increase, effective with the April 1, 2009 utility billing. There was further discussion regarding the impact to the citizens and the Council agreed to extend the due date for utility payments to 20 days after billing vs. the current 15 days allowed.

This issue will be added to the public hearing which is currently scheduled for March 12, 2009 to hear public comments regarding the water and wastewater connection charges.

Motion made by Councilman Bennett, seconded by Councilman Elliott and unanimously approved to adjourn the Council Work Session.

Vice Mayor Bannon

Town Clerk