



TOWN COUNCIL
Special Meeting & Executive Session
Cape Charles Civic Center
February 6, 2020
6:30 PM

At approximately 6:30 p.m. Mayor William “Smitty” Dize, having established a quorum, called to order the Special Meeting & Executive Session of the Town Council. In addition to Mayor Dize, present were Vice Mayor Bennett, Councilmen Bannon, Buchholz and Grossman, and Councilwomen Burge and Holloway. Also, in attendance were Planner Zach Ponds, Treasurer Deborah Pocock, Human Resources Specialist Jodi Outland, Capital Projects Manager Bob Panek, and Town Clerk Libby Hume. There were 14 members of the public in attendance.

APPEAL OF HISTORIC DISTRICT REVIEW BOARD DECISION – 2 TAZEWELL AVENUE:

Town Planner Zach Ponds provided an overview of the appeal of the Historic District Review Board’s (HDRB) decision regarding the application for the Certificate of Appropriateness as follows: i) At their meeting on December 16, 2019, the HDRB denied the applicant’s request to replace the existing casement windows on a single-family dwelling with vinyl windows; ii) The applicant’s reasons for appealing the decision was based on the extensive amount of vinyl windows already in the historic district, the remodeling of two specific houses which were permitted to install vinyl windows in lieu of wood, and the consistency of the windows in the addition and the original house to be the same style to improve the overall appearance of the house; iii) In response to the applicant’s reasons, Zach Ponds stated that although there were vinyl windows in the historic district, the guidelines were clear that replacing original wood windows with vinyl windows was not allowed, and the 1980s/90s addition did not have the same standards of design as an original historic structure, which was clear in the Town’s guidelines as well as at the state and federal level; and iv) The staff recommendation was for Council to uphold the decision of the HDRB.

The appellant, Mr. Dave Hainsworth, was not in attendance but was represented by his nephew, Mr. Taylor Stover, who stated the following: i) There were currently nine vinyl windows on the house and the homeowner wanted to keep the windows contiguous; ii) He didn’t understand the difference in standards. Vinyl was allowed years ago; iii) The subject house was listed as a non-contributing structure until the 2019 update of the National Register of Historic Places for Cape Charles, when it was designated as a contributing structure based on the age of the structure. The property owner had not been notified of the change in designation, nor was he able to obtain copies of any documentation relating to the change; iv) The house didn’t look like a historic home; v) The owner had high utility bills and wanted to upgrade the existing windows with more efficient vinyl windows to reduce his bills; and vi) All the windows wrapping around the front of the house, in the enclosed sunroom along Bay Avenue, were vinyl, and the owner would like to replace the other windows in the house to match.

Councilwoman Burge asked whether the homeowner had participated in the pre-application meeting. Mr. Stover did not know, adding that he just recently became involved in the situation.

Chairman Kerry Shackelford represented the HDRB in the proceedings and read the HDRB’s justifications for their decisions. (Please see attached.) Mr. Shackelford went on to state the following: i) The HDRB had approved replacing some of the windows with vinyl because they were told that the windows being replaced were vinyl, but when he inspected the windows, he noted that they were actually wood. If the HDRB knew that these particular windows were wood, they would not have approved replacing them with vinyl ; ii) He had worked with many historical districts and he was unaware of any localities that notified citizens of an updated register since the National Register of Historic Places was compiled and maintained by National Park Service, not the individual localities.

There was much discussion regarding the update of the register and contributing and non-contributing structures.

Motion made by Vice Mayor Bennett, seconded by Councilman Grossman, to uphold the decision of the Historic District Review Board. The motion was approved by majority vote with Councilwoman Holloway opposed.

Mayor Dize announced that this would be Zach Ponds' last meeting, adding that Council appreciated all that he had done for the town.

PUBLIC COMMENTS (AGENDA ITEMS ONLY):

Council permitted comments from Ms. Beth Walker regarding an issue not on the evening's agenda.

Beth Walker, 1 Mason Avenue

Ms. Walker stated that the Northampton Hotel was experiencing severe water issues constituting an emergency. For several months, the Town's water softener had been leading resin beads into the drinking water. The issue had caused extensive damage to the hot water heater and reverse osmosis system and they were also having water pressure issues. She had called a plumber and paid \$1,600 to flush the water heaters which were clogged solid. She found out about the problem with the softener earlier today and the softener was apparently being repaired today. It was unacceptable for the residents and business owners not to be notified of the issue with the drinking water and she asked Council to follow-up with Public Utilities Director Dave Fauber.

Mayor Dize stated that he would contact Dave Fauber regarding the issue.

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

SPECIAL MEETING ORDER OF BUSINESS:

A. Proposed Zoning Ordinance Text Amendments – Article IV, §§ 4.5 and 4.6 – Off-Street Parking and Loading Requirements:

Zach Ponds stated that the review of these sections began at the March 5, 2019 Planning Commission meeting and was completed at the November 5 Planning Commission meeting. He presented a PowerPoint presentation to Council at the November 21 regular meeting giving an overview of the proposed changes.

Motion made by Vice Mayor Bennett, seconded by Councilman Buchholz, to approve the text amendments to Article IV, §§ 4.5 and 4.6 as presented to become effective immediately. The current parking standards were original to the zoning ordinance and it was many years overdue to address off-street parking issues and loading standards. The amendments met the intent of the zoning ordinance to have orderly and safe parking for a variety of uses. The motion was approved by unanimous vote.

Councilman Grossman noted that amendments were also proposed for Article II – Definitions which needed to be approved as well.

Motion made by Councilman Grossman, seconded by Councilwoman Burge, to approve the proposed definitions in Article II as presented. The motion was approved by unanimous vote.

B. Health Insurance Review:

Human Resource Specialist Jodi Outland presented the 2020 health insurance rates for Council review adding that a decision needed to be made since the policy period renewed on April 1 and all staff needed to be enrolled by mid-March. (Please see attached.)

Motion made by Councilman Grossman, seconded by Councilman Buchholz, to approve the health insurance premium coverage by the Town as recommended by staff. The motion was approved by unanimous vote.

C. *FY 2020 Mid-Year Budget Review:*

Treasurer Deborah Pocock gave a summary of the mid-year budget report. There was much discussion regarding the following.

General Fund Capital Projects – 1: \$300K was budgeted for survey/engineering, lead and asbestos abatement, and installation of an elevator for the second and third floors of the library building for potential town offices. \$50K was budgeted for exterior work to the library, which was deferred from FY 2019. \$81,655 had been expended for the library exterior project, which was an over-expenditure of \$31,655. \$128K had been transferred from this budget line to the harbor infrastructure project, which left a total of \$140,345. Estimates were provided by Public Works Director Dave Fauber for work in the town hall. \$10K was estimated to repair the walls in the clerk's office, utility clerk's office and the finance department closet and to install door keypads for security. \$50K was estimated for sealing off the firehouse ceiling under the administrative offices to keep the fumes from the firetrucks from penetrating the offices above. Last year on several occasions, staff was sent home when the carbon monoxide detectors went off from the fumes. \$80,345 potentially remained for diversion or further investment in the library third floor or Civic Center for ADA accessibility.

There was much discussion as follows: i) Vice Mayor Bennett stated that it would be very difficult to seal off the fire department. Better estimates from a professional were needed. There was additional discussion regarding installation of exhaust fans. It was agreed that a fire department should not be attached to the town hall; ii) Councilwoman Burge added that the town had repeatedly put money into the town hall building to try to keep it together and remodel it in every possible way, but it was still inadequate. She felt that Council needed to make a commitment for a new building. Davenport presented information to Council regarding the town's financial status. Council needed to get serious about the situation. She didn't want to spend another \$50K on the building. A better office was needed; iii) Councilwoman Holloway agreed that Council should not approve the \$50K without having a better estimate of potential costs. Council could approve the \$10K and the \$50K as a contingency. There was some discussion regarding previous estimates for projects that ended up costing much more; and iv) Mayor Dize stated that the leaks in the building needed to be stopped.

Motion made by Councilman Grossman, seconded by Councilwoman Holloway, to approve allocating \$10K for leak and security repairs in the town hall as outlined in the report. The motion was approved by unanimous vote.

General Fund Capital Projects – 2: \$155K was budgeted as the town's match for Phase III of the Trail project. As of January 27, 2020, \$7,148.59 had been used, but there could be other Land Studio invoices pending. \$147,851 remained and could be used for other projects if the trail project was pushed to FY 2021. A number of other potential projects were listed totaling \$143,420: Strawberry Street Parking lot resurface and stone \$15K; Central Park fence, built in the fall 2019 \$9,360; Preservation Plan Phase III (unbudgeted amount) \$25K; Golf cart path to the Cape Charles Brewing Company rerouting behind the Cape Charles Museum \$15K; Land Studio Reverse Angle Parking Engineering \$15K; Rebid costs for Trail Project Phase III (for FY 2021 build) \$15K; Installation of security cameras and electric at the park restroom, playground, gazebo and beach restroom \$30K; maintenance agreement on camera system \$1,060; and new playground equipment (zipline and gagaball pit) \$18K.

There was much discussion as follows: i) Councilwoman Burge stated that the \$145K would have to be allocated next year for the Trail Project if it was used for other items. Deborah Pocock explained that some of the recommended items were urgent such as the Central Park fence which was already built; ii) The Preservation Plan Phase III was unbudgeted but there was a verbal agreement that it would be \$30K. Councilman Grossman explained that Phase 3 was to obtain the analyzed data; iii) There was too much going on in the area to continue with the golf cart path. An easement would be necessary. It would be a private entity getting the benefit of the path. It

was a consensus not to move forward with the golf cart path rerouting at this time; iv) The Land Studio reverse angle parking engineering was a necessity. Bob Panek stated that he was still waiting on the proposal and added that a survey may have to be completed. The original company provided a diagram and a base line survey did not seem to have been performed. An update would be provided to Council once the estimate was received; v) Bob Panek stated that he was waiting for a fee proposal to rebid Phase 3 of the Trail Project; vi) Deborah Pocock stated that only one bid had been obtained for the security cameras. The cost might be reduced if other bids were received. Councilman Grossman asked that security cameras be added for the library since staff worked in the building alone; vii) Councilman Buchholz stated that hard numbers needed to be obtained. In years past, the actual costs always exceeded the estimates. The Town would estimate \$10K for a project which would come in at \$30K. \$147K could turn into \$300K; viii) Councilwoman Burge asked about the priority of these projects that Council would take money that was set aside for the Cape Charles Trail Project Phase 3 and spend it on something else when we would be looking for that money for the trail. She preferred to identify two or three items that were priorities and maintain the commitment for the trail project, even if the exact numbers were unknown. The money was already spent for the Central Park fence. The Preservation Plan was unbudgeted, but the project was halfway to completion. Reverse angle parking was very important. Councilwoman Holloway added that the other items could be discussed for the FY 2021 budget; and ix) Mayor Dize disagreed with Councilwomen Burge and Holloway adding that the Town had spent a lot of money repairing vandalism in Central Park and security cameras were necessary. Cameras were also needed at the beach. The Town had a rape in Central Park several years ago and it could have been prevented if there were cameras installed. Councilwoman Holloway stated that she was hesitant to move forward without actual estimates.

General Fund Operating Budget: Deborah Pocock provided an overview of the budget analysis for the General Fund operating budget. \$22K was available in the Community Events budget which could be used for a cleaning contractor for the existing bathrooms and public buildings, or the Town could build a restroom or purchase portable restrooms this spring. The Code Enforcement/Building & Planning fees received were \$40K higher than anticipated. Miscellaneous taxes and fees collections were \$13K higher than anticipated. A request was received for \$1,200 funding for Ukefest which would be held in the Town in June 2020.

There was much discussion regarding i) the restrooms and location and whether to build a brick and mortar facility or purchase a nice portable unit. A portable unit could be purchased for \$23K to \$50K, but a facility could be built for approximately \$60K. If a portable unit was purchased, the Town would be responsible for pumping it out; ii) Councilwoman Burge asked about the uncommitted loan proceeds amounting to \$53,800. Deborah Pocock responded that it was included as part of the trail project funding; iii) Deborah Pocock added that the transient occupancy tax (TOT) revenue looked to be about \$30K higher than budgeted. A budget amendment could be done to appropriate the additional TOT revenue to use for a bathroom facility. Councilwoman Burge asked that the issue of purchasing or building a bathroom facility be on a future agenda for further discussion and decision; iv) Councilwoman Burge had drafted a policy for community support and money had already been allocated for the FY 2020 budget. Council had agreed that a consistent application process was necessary for community support funding. Councilwoman Holloway expressed her support for the Ukefest event but added that they could possibly apply for a Northampton County grant. Mayor Dize would ask Jen Lewis to send a letter to Ukefest regarding application submittal for the FY 2021 budget.

Utility Fund Operating Budget – Sewer: i) The Phase 1, electrical work for the Washington Avenue pump station upgrade was underestimated by \$11K; ii) There was a \$27,500 shortage in the sewer operating budget primarily due to greatly elevated sludge disposal costs which could possibly be due to brewery waste; iii) The cost of the mixers were higher than anticipated by \$2K; iv) Only \$10K of \$20K budgeted had been spent to date in engineering costs; v) There was about \$9,500 in anticipated savings in tourism zone credits as eligible applicants were on a payment plan with already reduced rates; vi) Electricity costs were \$18K higher than budgeted; vii) There

was \$2K in fuel savings; viii) The net loss in the Utility Fund was estimated to be about \$138. The amounts would be monitored, and expenses would be adjusted accordingly; and ix) Mayor Dize stated that with the sewer issues at the Bay Creek condos, the 20 sewer pods might have to be replaced.

Harbor Fund: The possible loss in the Harbor Fund was \$7,524 mostly due to the state's changes to the striper season. The fund would be monitored, and expenses would be adjusted accordingly.

General Fund – Request for Additional Police Officer: Deborah Pocock stated that Chief Pruitt requested that a new officer start by March 1. The estimated salary plus benefits for an experienced officer would be \$50,577 annually, whereas the cost for an uncertified officer would be \$48,196 annually. An uncertified officer would have to attend the police academy and would not be available for duty until after the summer season.

D. Cape Charles Community Trail, Phase 3:

With the bid from Conrad Brothers being higher than budgeted by about \$80K, Capital Projects Manager Bob Panek recommended rebidding the project.

Motion made by Vice Mayor Bennett, seconded by Councilman Grossman, to defer and rebid the project as recommended.

There was discussion as follows: i) Bob Panek would notify VDOT. The Town was awaiting a fee proposal from Land Studio and the scope of work would be reduced. The Town would then submit the revised plans for VDOT review. The project would go out for bids in July; ii) Councilwoman Holloway asked about the timeline and notification to residents regarding the reduced scope of work; and iii) Bob Panek stated that the reduction would be mostly landscaping and some improvements on the south side. Everything would be presented to Council for approval.

The motion was approved by unanimous vote.

E. Harbor Parking Lot Turnaround Contract:

Bob Panek stated that only one bid was received which was about three times the estimated amount based on concrete work recently done for the Town. A new bid was advertised with bids due on February 14. The bid package was also sent to local contractors. This item would be on the February 20 regular meeting for contract award.

Motion made by Councilman Buchholz, seconded by Vice Mayor Bennett, calling for a short recess before going into executive session. The motion was approved by unanimous vote.

The meeting recessed at 8:28 p.m. Staff and the majority of the members of the public left the meeting.

At 8:46p.m. Mayor Dize called the meeting back to order.

Motion made by Councilman Buchholz, seconded by Councilman Grossman, and unanimously approved to go into Closed Session in accordance with Section 2.2-3711-A of the Code of Virginia of 1950, as amended for the purpose of:

Paragraph 1: Discussion, consideration, or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body.

Specifically: Town Manager

Paragraph 3: Discussion or consideration of the acquisition of real property for a public purpose, or of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body.

Specifically: Potential Purchase or Sale of Real Property

Motion made by Councilman Grossman, seconded by Councilman Buchholz, to return to open session. The motion was approved by unanimous vote.

Paragraph 5: Discussion concerning a prospective business or industry or the expansion of an existing business of industry where no previous announcement has been made of the business' or industry's interest in locating or expanding its facilities in the community.

or consideration of the acquisition of real property for a public purpose, or of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body.

Specifically: Potential New Business

Certification, to the best of each member's knowledge, that (i) only public business matters lawfully exempted from open meeting requirements under this chapter and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the meeting by the public body. Roll call vote: Bannon, yes; Bennett, yes; Buchholz, yes; Burge, yes; Grossman, yes; Holloway, yes.

Motion made by Councilman Buchholz, seconded by Councilman Grossman, to adjourn the Town Council Public Hearing, Regular Meeting and Executive Session. The motion was approved by unanimous vote.

The meeting adjourned at 11:22 p.m.

Mayor Dize

Town Clerk

**Comments and Information Provided in Writing
February 6, 2020 Town Council Special Meeting**

Kerry Shackelford, Chairman of the Historic District Review Board

Town of Cape Charles
Town Council, Appeal of HDRB
2 Plum Street

2/1/2020

The Historic District Review Board denied the replacement of original wood windows at 2 Tazewell Avenue based on the following items in the guidelines:

1. Pg. 39, #1. Retain original windows and doors, including glass hardware to the extent possible.
2. Pg. 41, #2. Repair original windows and doors by patching, splicing, consolidating, or otherwise reinforcing the original material.
3. Pg. 41, #4. Consider replacing windows and doors only when they are missing or beyond repair.

Windows are a defining element in the overall character of the buildings in Cape Charles and as defined in the guidelines the objective of the HDRB is to help retain all the defining elements on all structures where possible.

I have reviewed the windows at 2 Tazewell Avenue, and they are in good condition and only need minor repair, glazing, and paint. The existing storms are in poor condition and they can be replaced in kind and the energy efficiency of the openings will be greater than that of a replacement window. I would also suggest the owner review the insulation, heating equipment, as these would be more likely to contribute to the extreme energy costs.

I would be happy to help the owner by reviewing the insulation and equipment to offer some ideas that will have a real impact on the heating costs.

Kerry Shackelford
Chair, HDRB

Jodi Outland, Cape Charles Health Insurance Renewal Review



SUMMARY

Last year the Town decided to switch away from Anthem and go with a self-funded plan with Cigna. In doing so the Town projected to save over \$8,000 over the previous plan year.

Primarily because the vast majority of employees chose the *Flexible Savings Account* option, (at \$41.67 per month, less than the “benefit dollar” amount allotted \$80.47), the Town recouped another \$11,600 in the current budget year.

2

For our renewal, because the Town had extremely high claims for a 3 month period, as well as an aging demographic, our rates had a significant increase of 30%.

We had a few employees drop their children, due to cost, which made our average age higher than it was in 2019. All of these factors caused our rates to increase.

AGE+CLAIMS affects rate of premiums.

3

The increase in CIGNA premiums and subsidies is 10% over what was budgeted last year.

BUDGETED MEDICAL BENEFITS-2019 PLAN YEAR	\$216,000.00
RENEWAL MEDICAL BENEFITS -2020 PLAN YEAR	\$238,322.40
INCREASE	\$22,322.40
Increase in CIGNA + subsidies from last plan year	10.3%

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2018-2020 HEALTH INSURANCE COSTS-MEDICAL

Plan Years April-March Anthem/Cigna	Employee –Only Premium	Annual Budgeted Cost	Annual Realized Cost
2018-19	\$623.43	\$224,434	\$224,434
2019-20	\$600.00 (amt allotted)	\$216,000	\$196,662
2020-21	\$677.15	\$238,322*	??
*Includes proposed subsidiaries			

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HOW CAN WE CONTROL COSTS?

Every year the Town offers a standard Health Plan that is affordable to the Town and still value added to each employee. Having a co-pay plan for example, is perhaps the #1 most important feature (vs. a High Deductible Health Plan with an HSA.)

The Town also offers a less costly plan that has a higher deductible but has lower premiums. This is the plan that almost all of the employees who have dependents choose. It is still a value added plan and does have lower co-insurance than the first plan.

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CONTROLLING COST

Due to the increase of cost to the Town a way to control costs is to eliminate the benefit of paid AFLAC and FSA for individual employees. While these benefits will still be offered, employees will have to pay for them out of pocket on a pre-tax basis.

HOWEVER, if the Town offers a \$500.00 FSA to employees who choose the higher deductible plan, this will save the Town roughly \$578 per year, per employee. Even if only six employees choose to enroll in the Plan 2, the savings will be \$3,468 per year.

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WHY WOULD THIS WORK

Employees who have been on the FSA have learned what an excellent benefit this is to them and to family members as well. A good number of our employees are healthy and are not expecting to hit a deductible and very well may choose to take the \$500 FSA Benefit. This is a way to still offer an additional benefit option to employees.

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DEPENDENT COVERAGE

32% of our Town employees have dependents enrolled in the Town health plan. The cost continues to outpace COLA increases. Last year family coverage on the higher deductible plan was \$377 per pay period. In 2020, without a subsidy, it will be \$531 per pay period. That is \$13,806 per year just for the medical premiums paid by the employee.

Employee and Children currently pay \$113 per pay period on the higher deductible plan. Next plan year this deduction will rise to \$191 (\$5,000 for the year).

Accomack County currently pays a portion of dependent premiums on a sliding scale, depending on which tier they choose. (See Exhibit A) Many jurisdictions are having to be creative in offsetting employee costs in order to recruit and retain employees.

See Exhibit B, hand out, for actual payroll data on health insurance deductions.

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WHAT CAN THE TOWN DO ABOUT THIS?

Continue to cover the individual employee at the higher plan amount (Plan 1). If employees take Plan 2, the difference helps offset their payroll deduction (we have done this every year in the past).

Continue to offer a subsidy for dependent coverage using the 2019 Health Rebate from Anthem and some of the savings from the 2019-2020 plan year. Roughly \$100 per month spread across employees paying dependent premiums. (Budget funding will come out of fund balance, not current year revenue.)

THIS MAY ENCOURAGE MORE EMPLOYEES TO ENROLL THEIR CHILDREN AND THUS REDUCE OUR COSTS. LOWERING AVERAGE AGE OF OUR CENSUS POPULATION WILL REDUCE PREMIUMS.

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LOOKING TOWARDS 2021

We will have another employee become Medicare eligible 1/2021 which should reduce costs in the Plan Year 2021-2022. Since the group is self funded, the Town may also have a favorable claims year which will save us additional money in 2021-2022. *Our situation last year was unusual.*

We will continue to compare plans moving forward to find the most favorable outcome.

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DENTAL * VISION* FSA* AFLAC

Delta Dental had a 2.9 decrease in premiums which will save the Town roughly \$300 a year.

Vision rates did not increase. This is an employee paid benefit except employees who waive medical coverage may chose to enroll in VSP at no cost.

The FSA continues to be a very popular benefit with more than half of all employees enrolled.

AFLAC has also proven to be value added. The employee who experienced the high claims had AFLAC coverage which reimbursed him for almost all of his out of pocket costs.

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