



TOWN COUNCIL
Special Meeting & Executive Session
June 24, 2021
Cape Charles Civic Center
6:30 PM

1. Call to Order
 - A. Roll Call
 - B. Establish quorum
2. Public Comments re: Agenda Items Only (3 minutes)
3. Special Meeting Order of Business:
 - *A. FY 2022 Budget Update Prior to Adoption
 - *B. FY 2022 Budget Adoption
4. Town Manager Comments
5. Mayor & Council Comments (5 minutes)
6. Motion to go into Closed Session

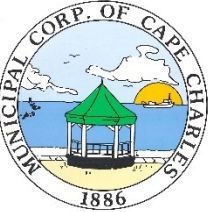
Code of Virginia § 2.2-3711-A, Paragraph 7: Consultation with legal counsel pertaining to actual litigation, where such consultation or briefing in open meeting would adversely affect the litigating posture of the public body.

Specifically: David Fauber v. Town of Cape Charles

7. Members of the Public Requested to Leave the Room
8. Return to Open Session and Invite Members of the Public Back into the Room

Certification to the best of each member's knowledge (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.

9. Adjournment

 TOWN OF CAPE CHARLES	AGENDA TITLE: Fiscal Year 2022 Proposed Budget & Appropriation		AGENDA DATE: June 24, 2021
	SUBJECT/PROPOSAL/REQUEST: Approve the Proposed FY 2022 Budget & Appropriate Funds		ITEM NUMBER: 3B
	ATTACHMENTS: Ordinance 20210624 – Approving the Budget for Fiscal Year 2022 and Making Appropriations for the Fiscal Year, Summary of Capital Projects by Fund Report		FOR COUNCIL: Action (X) Information ()
	STAFF CONTACT (s): John Hozey	REVIEWED BY: John Hozey, Town Manager	

BACKGROUND:

Historically, the Town's budget consisted of four separate funds – the General Fund, the Harbor Fund, Sanitation Fund, and the Utility Fund. This year we have added a Capital Projects Fund, a Special Activity Fund, and a Debt Service Fund. The Harbor, Sanitation and Utility Funds are Enterprise Funds and should be self-sustaining through fees for services and other charges. All other Funds are supported by real estate taxes, other taxes, or other revenues.

DISCUSSION:

Pursuant to Section 15.2-2503 of the Code of Virginia, the town manager and staff held meetings to prepare the budget for Fiscal Year (FY) 2022. At the May 25, 2021 Town Council budget work session, there was consensus to balance the proposed budget with the following tax rate increases:

- Real Estate tax increase of \$.0412 per \$100 for a total of \$.3143 per \$100
- Meals tax increase of .5% for a total of 5.5%
- Transient Occupancy tax increase (effective January 1, 2022) of .3% for a total of 4.0% plus a flat fee of \$1 per night per room for hotels/B&Bs or \$4 per night for residential units

The proposed utility fees also included increases as follows:

- The minimum water rate will increase \$.52 for a total of \$33.46 per month.
- The minimum wastewater rate will increase \$1.12 for a total of \$63.12 per month.
- The trash collection fee will increase \$1.81 for a total of \$16.68 per month.

The attached resolution includes the summary of estimated revenues and expenditures by fund for the proposed budget. The Public Hearing on the proposed FY 2022 budget was held on June 17, 2021, pursuant to Section 15.2-2506 of the Code of Virginia.

Following advertisement of the proposed FY22 budget, two minor changes have been brought to light. The first involved notification that the budgeted American Rescue Plan Act (ARPA) funding would be received in FY21 verses FY22. This requires a change in the FY22 budget presentation to recognize this funding as a re-appropriation from FY21 verses a new revenue in FY22.

The second change involves contractual work for the Historic District design guidelines that will no longer be possible in FY21; staff therefore requests that \$40,000 that would have been used for this contract in FY21 also be re-appropriated in FY22 for the same purpose.

Both the ARPA funding and the design guidelines funding will require a motion to amend the proposed budget once the advertised FY22 budget is put on the floor. This would also be the appropriate time for the Council to make any other desired amendments prior to final adoption.

While it does not change the proposed budget in any way, we do want to point out a simple keying error that

occurred in the budget ad. In the grant pass through line item of the Special Activity Fund, the amount listed was \$17,500 and should have been \$19,500. Again, this error occurred only in the budget add, not in the budget itself. Therefore, no amendment is needed.

Public input will be requested, and a work session will be scheduled later this summer, to further review the FY 2022 budget for potential budget amendments that may be necessary due to receipt of the American Rescue Plan Act funding. Tax rates may also be revisited at this time.

RECOMMENDATION:

Staff recommends amendments be offered to the proposed budget as outlined above, and then adoption of Ordinance 20210624 – Approving the Budget for Fiscal Year 2022 and Making Appropriation for the Fiscal Year by roll call vote.

Recommended motions:

“Move to adopt Ordinance 20210624 – Approving the Budget for Fiscal Year 2022 and Making Appropriation for the Fiscal Year 2022”

“Move to amend the FY22 Special Activity Fund Revenue to reflect American Rescue Plan Act funding as a re-appropriation”

“Move to amend the FY22 General Fund Revenue Reappropriation line item to increase it by \$40,000, to increase the Management Consulting line item of the Town Manager’s budget by \$40,000; and to adjust revenue and expenditure totals for the General Fund and the total budget accordingly”

ORDINANCE 20210624

APPROVING THE BUDGET FOR FISCAL YEAR (FY) 2021/2022 WITH REAL PROPERTY, TRANSIENT OCCUPANCY, AND MEALS TAX AND UTILITY RATE INCREASES, AND MAKING APPROPRIATIONS FOR THE FISCAL YEAR

WHEREAS, the Council of the Town of Cape Charles has prepared a budget for FY 2021/2022 pursuant to Section 15.2-2503 of the Code of Virginia; and

WHEREAS, the budget has been advertised and a public hearing has been held pursuant to Section 15.2-2506 of the Code of Virginia; and

WHEREAS, pursuant to Section 58.1-3007 of the Code of Virginia, the increases in real property and other local tax and utility rates have been advertised and a public hearing has been held; now

THEREFORE, BE IT RESOLVED, by the Town Council of Cape Charles, this 24th day of June 2021 that the budget for FY 2021/2022 be approved as follows:

REVENUES	2021-2022	EXPENDITURES	2021-2022
General Operating Fund		General Operating Fund	
Real Estate Taxes	1,501,943	Legislative	43,612
Personal Property Tax	153,000	Town Clerk	96,156
Prior Year Tax Collections	87,050	Town Manager	452,836
Motor Vehicle License Tax	21,000	Finance	379,949
Machinery & Tools Tax	6,000	Police	580,852
BPOL Tax	200,000	Code Enforcement	144,843
Admissions, Short-term Rental, Transient Occupancy Taxes	308,876	Public Works	541,166
Meals Tax	550,000	Parks & Recreation	109,875
Other Taxes	99,511	Library	169,224
Building Permits, Code Enforcement & Planning Fees	145,300	Town Planner	270,325
Recovered Costs & Miscellaneous Income	89,650	Contingency Fund-General	50,000
Library Revenues	1,000	Cape Charles Main Street	80,000
Financing Proceeds	52,650	Fire Department	25,000
Grants and Local/State/Federal Aid	201,417	Funds transferred to Capital Fund	334,055
Appropriate from Fund Balance	0	Funds transferred to Debt Service Fund	258,614
Reappropriated for Carry-over Projects	119,110		
Total General Fund	3,536,507	Total General Fund	3,536,507
General Capital Fund		General Capital Fund	
Transfer from General Fund Revenue	334,055	Buildings and Improvements	130,000
Transfer from Sanitation Fund Balance	160,224	Infrastructure - Open Space & Parking	107,840
Grant Revenue	703,483	Streets and Walkways	929,922
Financing Proceeds	0	Stormwater System	30,000
General Capital Fund	1,197,762	General Capital Fund	1,197,762
General Debt Service Fund		General Debt Service Fund	
Transfer from General Fund Revenue	258,614	General Fund Debt Service	155,958
		Transfer to Harbor Fund for Debt Service	102,657
General Debt Service Fund	258,614	General Debt Service Fund	258,614
General Special Activities Fund		General Special Activities Fund	
DHCD Small Business Recovery Grant	300,000	DHCD Small Business Recovery Grant Payments	300,000
ARPA Grant First Tranche Estimate	528,615	ARPA Grant First Tranche Estimate	528,615
Pass Through Grants	17,500	Pass Through Grant Payments	17,500
Other Grants or Activity Funding	100,000	Other Activities	100,000
General Special Activities Fund	946,115	General Special Activities Fund	946,115

Water/Wastewater Fund		Water/Wastewater Fund	
Operating Revenue	1,724,521	Water Operations	486,178
Penalties and Late Fees	3,500	Wastewater Operations	682,077
Grant Revenue	36,000	Meter & Utility Billing, Administration	84,156
Connection Fees	42,000	Debt Service	463,959
Financing Proceeds	68,751	Capital Projects	213,402
Facility Fees	254,400	Facility Fees moved to Reserve	254,400
Reappropriated from FY2021 Budget	55,000		
Total Water/Wastewater Fund	2,184,172	Total Water/Wastewater Fund	2,184,172
Harbor Fund		Harbor Fund	
Operating Revenue	832,500	Operating	518,894
Financing Proceeds	0	Management Fees	253,606
Grant Revenue	1,000	Capital Projects	61,000
Transfer from General Debt Service Fund	102,657	Debt Service	102,657
Total Harbor Fund	936,157	Total Harbor Fund	936,157
Sanitation Fund		Sanitation Fund	
Revenue from Operations	230,371	Operational Expenditures	230,371
Appropriate from Fund Balance	160,224	Transfer Sanitation Fund Balance to Capital Fund	160,224
Sanitation Fund	390,595	Sanitation Fund	390,595
TOTAL REVENUES ALL FUNDS	9,449,922	TOTAL EXPENDITURES ALL FUNDS	9,449,922

The following tax rates and user fees are established:

- Vehicle Tax \$31.00 per vehicle subject to Virginia State Registration (Trailers \$18.00) and Golf Cart Decal is \$31.00.
- Real Estate \$.3143 per \$100; Personal Property Tax \$2.00 per \$100; Boat Tax \$0.01 per \$100
- Transient Occupancy Tax: 3.7% monthly July 1, 2021 – December 31, 2021
After January 1, 2022: 4.0% plus flat fee of: \$1 per night (Hotels/B&Bs) or \$4 per night (Residential Units)
- Meals Tax: 5.5% Monthly
- Admissions Tax: 3% Quarterly
- Short Term Rental Tax: 1% Quarterly
- Water Rate –Residential 0-2,000 gal.: \$33.46 minimum; 2,001 to 5,000 gal.: \$2.63 per 1,000; 5,001 to 10,000 gal: \$3.75 per 1,000; 10,001 to 15,000 gal: \$5.00 per 1,000; over 15,000 gal: \$7.50 per 1,000; Commercial 0-2,000 gal: \$33.46 minimum; 2,001-10,000 gal: \$2.50 per 1,000; 10,001-15,000 gal: \$3.75 per 1,000; over 15,000 gal: \$5.00 per 1,000
- Wastewater Rate –Residential 0-2,000 gal.: \$63.12 minimum; 2,001 to 5,000 gal.: \$4.11 per 1,000; 5,001 to 10,000 gal: \$5.85 per 1,000; 10,001 to 15,000 gal: \$7.80 per 1,000; over 15,000 gal: \$11.70 per 1,000; Commercial 0-2000 gal: \$63.12 minimum; 2,001-10,000 gal: \$3.90 per 1,000; 10,001-15,000 gal: \$5.85 per 1,000; over 15,000 gal: \$7.80 per 1,000
- Trash Collection Fee: \$16.68 per month; and

BE IT FURTHER RESOLVED, that pursuant to Section 15.2-2506 of the Code of Virginia, funds are appropriated from all sources of revenue for expenditures during the period July 1, 2021 through June 30, 2022 as follows:

General Fund:\$3,536,507
General Capital Fund:\$1,197,762
General Debt Service Fund:.....\$258,614
General Special Activities Fund:\$946,115
Water/Wastewater Fund:\$2,184,172
Sanitation Fund:\$390,595
Harbor Fund:.....\$936,157

and that the Town Manager is authorized to transfer amounts among Funds with advance notification to the Town Council.

Adopted by the Town Council of Cape Charles on June 24, 2021.

By: _____
Mayor William Dize

ATTEST:

Town Clerk

MUNICIPAL CORPORATION OF CAPE CHARLES
FY 2022 Summary of Capital Projects

as of

6/22/2021

CAPITAL PROJECTS NOTE: Threshold for capital project is now \$10,000 Some projects may qualify for ARPA funding	BUDGET Requested	GRANT PROCEEDS or DONATION	USDA RD FINANCE 35%Grant/65% loan	REAPPRO- PRIATION FROM FUND BALANCE	TOWN COST
<u>GENERAL CAPITAL FUND</u>					
<u>PUBLIC WORKS</u>					
Multi-Use Trails, Phase 3 Construction	929,922	703,483	0	0	226,439
Mason Avenue Parking, Planning & Construction	34,240	0	0	4,250	29,990
Storm Sewer Video-Mapping, Phase 2	30,000	0	0	0	30,000
Municipal Center Replacement	130,000	0	0	45,000	85,000
Central Park Gazebo Upgrades	10,000	0	0	10,000	0
Central Park Fountain	36,000	0	0	36,000	0
Public Trash Cans	25,000	0	0	0	25,000
Final Installation of Zipline	2,600	0	0	2,600	0
TOTAL GENERAL FUND	1,197,762	703,483	0	97,850	396,429
<u>UTILITY FUND</u>					
<u>WATERWORKS</u>					
Water Tank Mixer/Power Vent (FY2021 carryover)	55,000	0	0	0	55,000
Remote Read Water Meters - starter setup carryover	51,985	17,795	34,190	0	0
(AMI/AMR Auto Read Water Meters - Phase 2)	20,000	7,000	13,000	0	0
<u>WASTEWATER</u>					
Washington Avenue Pump Station Rehab Phase 1 of 2 (Electric Svc)	39,151	0	0	0	39,151
Sewer Pod Controller Upgrades Phase 1 of 5	14,500	0	0	0	14,500
TOTAL UTILITY FUND	180,636	24,795	47,190	0	108,651
<u>HARBOR FUND</u>					
Harbor Capital Evaluation Plan	20,000	0	0	0	20,000
Structural Piling Repair	36,000	0	0	0	36,000
East Inner Harbor Rehabilitation	5,000	0	0	0	5,000
TOTAL HARBOR FUND	61,000	0	0	0	61,000
TOTAL BUDGETED CAPITAL EXPENDITURES	1,439,398	728,278	47,190	97,850	566,080

NOTE: Annual purchase of police vehicle has been moved to operational expenses in the police dept.
Carryover purchase of water plant pickup has been moved to operational expense.