TOWN COUNCIL
Work Session
Cape Charles Civic Center
October 8, 2020
6:30 PM

At approximately 6:30 p.m. Mayor William "Smitty" Dize, having established a quorum, called to order the Work Session of the Town Council. In addition to Mayor Dize, in attendance were Vice Mayor Bennett, Councilmen Bannon, Buchholz, Follmer and Grossman, and Councilwoman Holloway. Also, in attendance were Town Manager John Hozey, Treasurer Deborah Pocock, Capital Projects Manager Bob Panek, and Town Clerk Libby Hume. There were three members of the public in attendance.

A moment of silence was observed followed by the recitation of the Pledge of Allegiance.

WORK SESSION ORDER OF BUSINESS

A. Capital Improvements Plan

i. Capital Asset Management Program

Town Manager John Hozey stated that a portion of this topic was tied to the budget and some to policy adding that he would like to begin with the policy portion – the Capital Asset Management Program (CAMP). The original document was approved by Council in January 2020 and was very well thought out. It was the best one he had seen. He stated that he spent some time reviewing the document and made some changes. Council reviewed the recommended changes. John Hozey noted that in Valdez, equipment was carved out separately from the capital projects, with its own life cycle, maintenance schedule, etc. He didn't have the time to separate the equipment from the capital projects for this meeting.

There was discussion as follows: i) Councilman Buchholz liked John Hozey's suggestion about equipment being separated from other capital projects. Councilwoman Holloway and Councilman Follmer agreed. John Hozey stated that he would work on a major equipment schedule; and ii) Vice Mayor Bennett asked who would perform the life cycle analysis. John Hozey responded that most of the department heads were not qualified to do the analysis. It probably wouldn't be done for projects that were relatively low in value and the analysis for larger projects could be done by the architects. Bob Panek added that for big utility projects, state agencies required analyses which were performed by engineers.

John Hozey stated that it was important for everyone to agree with the rules and policy before we began talking about the projects. A public hearing on the capital budget would be held at the same time as the hearing for the budget amendment in November. He would like to see the CAMP approved first. If acceptable, he intended to bring it for Council action at the regular meeting in October.

Mayor Dize and the Council agreed with the recommendations.

ii. Projects

John Hozey began by explaining the various handouts provided for this evening and proceeded as follows: i) This evening's discussion was about capital projects and a work session was scheduled for early November to discuss general fiscal policies; ii) During the budget process, he walked Council through fund balance issues. The current budget had a General Fund deficit of $267K which was pulled from the fund balance in order to balance.

The Town's revenue was better than predicted by about $167K but we would still need to draw from the fund balance just to meet operating expenses this fiscal year (FY). The FY 2020 budget was adjusted for COVID-19 and was in good shape. FY 2021 was still operating at a deficit. Adjustments to the current year, FY 2021, would be made in November. Close to $300K was cut from the original proposed FY 2021 budget, but we still had about a $300K deficit. There was no extra money to add things back into the budget. Any additions would come from the fund balance; iii) There was currently about $1.13M in the fund balance. The Town did not have a fund balance reserve minimum, which would be covered during the discussion regarding fiscal policies. For a placeholder, he suggested 20% of the operating budget to maintain cash flows in case of catastrophic emergencies. The General Fund operating budget was about $4M. The fund balance should never drop below $800K. That leaves about $383K in the fund balance. Council also expressed an interest in creating a rainy-day fund, which was not the same as a minimum fund balance, in the amount of $250K. If implemented, the fund balance would have $133K remaining; and iv) If Council were to add any projects back into the FY 2021 budget, he strongly recommended that it be no more than $133K, which would take the fund balance down to zero. The days of using the fund balance for projects were gone.

Council reviewed the Project List. John Hozey stated that his expectation was to start removing or deferring projects. He had provided Council with the revised AQUA proposal so they could see the numbers. He pointed out that if the Utilities Fund were removed, the Town's liability would be reduced from $13.5M to $4.9M. John Hozey went on to explain that he took the liberty of assigning Council priorities on the Project List. The projects didn't necessarily meet the criteria, but Council had expressed significant interest regarding the Mason Avenue Pull-In Parking and the Multi-Use Trail Phase 3, so he identified them as high priority. He tried his best to evaluate the other projects based on the criteria.

There was discussion as follows:

1) Councilman Follmer commented that in looking at the General Fund Spending History, it seemed that the last few years was significantly underestimated, and we were overly optimistic regarding execution.

   Vice Mayor Bennett stated that it was under-implemented versus overly optimistic, but there had been marked improvement in that.

2) John Hozey stated that his biggest concern was the municipal building, which was inefficient, unsafe, and not legal. Municipal building projects were not something that the public typically supported. Costs were unknown at this time, and there were multiple options to consider. The current building could be renovated, the library building could be used, or the Town could construct a new building. A professional engineer/designer was needed to evaluate the options and provide preliminary cost estimates. He placed this as the highest priority.

   There was some discussion regarding space needs, etc. for the municipal building. Bob Panek stated that if the first-floor front bay, which was currently leased to the fire department, could be used, it would provide a significant amount of square footage, but the current building had serious issues.

   Councilman Grossman noted that the project could not be completed in one year so should be spread over two years for a study, design, then bids and construction.

   Councilman Buchholz asked why the Town couldn't obtain a long-term loan to renovate, relocate or construct a new municipal building. John Hozey responded that it was a good question, but tonight's objective was to agree on an overall policy, followed by an agreement on the priority of projects. Once the priorities had been set, staff would dig deeper into the specifics of the projects. The municipal building qualified for the USDA grant/loan program.

Vice Mayor Bennett stated that the municipal building was a priority for him, much higher than the replacement of the Public Works butler building.

Councilman Grossman added that relocation of the staff during renovation into temporary offices needed to be considered as well.

3) The Mason Avenue Pull-In Parking was split between FY 2021 and FY 2022. John Hozey asked about the priority level. Vice Mayor Bennett and Councilman Bannon felt that it was a low priority, but Councilmen Buchholz, Follmer and Grossman and Councilwoman Holloway rated it high priority.

Councilman Holloway added that there was a lot of data including complaints and accidents to warrant the high priority.

Bob Panek noted that the project was also included on the funded capital projects list for FY 2021.

4) Councilman Grossman stated that the street sweeper came back every year. He understood why the Public Works Department wanted it, but should the Town be spending $150K for something that VDOT should be doing?

There was much discussion regarding this issue. John Hozey pointed out that a street sweeper would qualify for a grant/loan, but Council noted that it would sit in a garage the majority of the time,

Mayor Dize stated that it was VDOT's responsibility. If VDOT could clean Onancock's streets once a month, they needed to come to Cape Charles once a month. Since they had not been coming regularly to Cape Charles, the trash in the streets were clogging up the storm drains and the taxpayers were having to pay for videos and cleaning of the storm drains. The Town needed to purchase a street sweeper.

It was suggested that the Town contact Delegate Bloxom and Senator Lewis for assistance in dealing with VDOT regarding this issue. Councilman Buchholz suggested working with the Town of Exmore to pressure VDOT into sweeping the streets regularly since they probably weren't being serviced either.

John Hozey asked when the Town discussed legislative priorities for submittal to the state. This typically had not been done other than the submittal to obtain authorization from the general assembly to regulate boat and trailer parking on the Town's streets.

5) Sidewalks were discussed. VDOT did some repairs to the Town's sidewalks several years ago but would not install new sidewalks. VDOT spent close to $1M on repairs but ran out of funding before the project could be completed.

Councilman Grossman stated that a sidewalk committee had been formed to focus on new sidewalks.

Bob Panek added that VDOT had a revenue sharing program with a 50/50 split of costs that could be used for new sidewalks. The Town approached VDOT in the past but was informed that VDOT didn't have their 50% to put toward the project. There was much more discussion regarding sidewalks.

6) Councilwoman Holloway brought up bathrooms stating that the current bathrooms were not adequate for the number of visitors coming into the Town. There was much discussion regarding purchasing a portable ADA facility and relocating the existing trailer unit to the north end of the beach, remodeling or replacing the existing facility at the south end of the beach for ADA accessibility. Councilwoman Holloway added that she would be working on an ADA grant which could help with the renovation of the south beach bathroom.

Councilman Buchholz commented that the Town could possibly obtain a grant through Main Street. Bob Panek added that if the scope of the project were changed to make the facility ADA compliant, it could possibly quality for a USDA grant.

It was noted that the portable units were listed on both the funded FY 2021 capital projects list and the future projects list.

7) Sand replenishment and maintenance of the beach was discussed. John Hozey informed Council that the Town could get sand from a potential dredging project at Kings Creek. The project was funded for planning and permitting but had not yet secured funding for the actual dredging. If the funding was secured, the project would be scheduled for next fall and the Town had priority in receiving the sand.

8) Bob Panek noted that the amount on the Project List for Phase 3 of the Multi-Use Trail project was the grant amount. The Town's portion was $200K. If the project could not be completed during FY 2022, the grant funding would be withdrawn.

9) There was some discussion regarding the zip line, gaga ball pit and adult game area in Central Park. Bob Panek stated that the Citizens for Central Park (CCP) would assist with some of the expenses. Councilman Follmer suggested some private fundraising to help with funding.

10) Councilman Grossman asked it any thought was given regarding improvements for a parking lot behind the library. John Hozey stated that it was not included on the Project List but would be added if the library building was to be renovated for the Town offices.

Bob Panek stated that an engineering study had been done and construction of a parking lot behind the library would add about 30 spaces. Bob Panek suggested changing the scope of the Parking Lot Improvements project from the leased lot to the library parking lot.

11) Mayor Dize suggested keeping Phase 4 of the Inner Harbor Rehabilitation project since it was a continuation of Phases 1-3. Phases 5 and 6 were not included in the Harbor Master Plan that was previously adopted by Council. The money estimated for those two phases could be used to review and update the Harbor Master Plan.

Treasurer Deborah Pocock interjected that the shade sails were included in the USDA grant. There was discussion regarding the sails holding up with the wind. Mayor Dize stated that they would be shredded in a month. Bob Panek suggested converting the shade sails to a pergola.

Councilwoman Holloway agreed about the sails, adding that Cape Charles Main Street (CCMS) had researched shade sails and determined that they would have to be removed each time heavy winds were expected and it would take a lot of effort to remove them and put them back up.

John Hozey suggested keeping Phase 5 since it would be an upgrade, not a rehabilitation. He agreed that the Harbor Master Plan needed to be re-evaluated before going forward with other Harbor projects.

Bob Panek added that Phases 5 and 6 were new projects, not included in the current Harbor Master Plan, but the harbormaster, Charlie Farlow, had stated that the project would pay for themselves. Phase 5 was floating slips for the inner harbor and Phase 6 was for a boat lift.

John Hozey stated that he would remove Phases 5 and 6 and replace them with a planning effort to update the Master Plan.

12) John Hozey went on to express his concern regarding significant maintenance being excluded from the Project List adding that Council needed to think about major maintenance at the Harbor. A decision needed to be made about the ramp agreement so the Town could possibly start charging for its use. Bob Panek had informed him that it would cost about $700K to renovate the ramps. If the Town opted not to renew the ramp agreement with the Department of Wildlife Resources (formerly Department of Game and Inland Fisheries), the Town might not be able to rejoin the program in the future. If the agreement was renewed, the Town had a better chance of receiving financial assistance for the renovation of the ramps. The Harbor is an expensive infrastructure and the Town needed to prepare for future major maintenance. In Valdez, they put money in a special fund every year to save for their match. Nothing on the documents reviewed this evening prepared the Town for these types of repairs. He would like the Town to handle the Harbor Fund like the Utility Fund by putting money away, but the Harbor needed to first begin making a profit.

13) Expenses for the Utilities Fund were rolled into future rates. The AQUA proposal included millions of dollars of capital improvements. The Town needed to think about what would be done if the Town opted not to go that route. It would be helpful to have a plan in place. John Hozey stated that he included placeholders for expansion of the water and wastewater plants for FY 2025 and 2026 and suggested obtaining an engineering analysis for water regarding increasing capacity.

Councilman Grossman brought up the issue of Bay Creek. Vice Mayor stated that according to the annexation agreement, Bay Creek would have to pay for a portion of the expansion. Bob Panek added that once the trigger was reached, the Town would need to sit down with representatives from Bay Creek to inform them of their responsibility. Councilman Grossman suggested notes be added to the list for clarification.

14) John Hozey went on to review the Project List stating that the only expense included in FY 2021 was for the water tower mixers. Scottie Neville was researching it as our levels had been approaching the limit.

Vice Mayor Bennett stated that the Town had a maintenance contract and that the exterior of the tank was supposed to be painted twice in 10 years and the interior was to be painted once. If the color of the tank changed the taste and quality of the water, in his opinion, it was more important than the reverse angle parking issue.

Bob Panek stated that GHD, the Town's engineering contractor, did a preliminary engineering study regarding this issue and although color did make a difference, the issue was not the taste but the TTHMs (trihalomethanes). GHD evaluated several alternatives but painting wasn't one of them. GHD did not think paint color mattered much. The chemicals were evaluated and GHD's conclusion to reducing the TTHMs were the mixers. Several years ago, the Town had budgeted about $30K for chloramine. There was some more discussion regarding the temperature of the water during the summer versus the winter.

John Hozey added that Scottie Neville was still researching the issue as well as looking at different maintenance agreements, so the entire amount was included for FY 2021.

15) Vice Mayor Bennett commented about the membrane replacement at the wastewater plant being planned at intervals.

Bob Panek stated that the membranes had a predicted 10-year lifespan but only some plants were reaching the 10-year mark. He felt that in the Town's case, the membranes could last longer than 10 years since they were being maintained and running at 50% to 60% of capacity.

John Hozey noted that he pushed it out to 11 and 12 years.

Bob Panek added that AQUA informed them that they could do it for less than the Town's estimate of $500K. John Hozey stated that the Town's cost was $500K versus AQUA's estimated cost of $125K.

Councilman Buchholz asked about the process regarding the AQUA proposal. John Hozey stated that the official timeline would begin tomorrow, October 9.

16) Vice Mayor Bennett asked about the water hookups that were requested by the developer of property on Old Cape Charles Road. Councilman Follmer stated that the entire property was for sale. John Hozey noted that if AQUA owned the system, the developer would pay for the hookup to their property.

17) Vice Mayor Bennett asked whether the estimated cost of $60K would replace all the water meters with remote-read meters. John Hozey responded that the $60K included 50 meters and the software. All the meters would be replaced over four years.

18) Vice Mayor Bennett stated that the water plant backwash outfall needed to be added to the list. The water backwashed onto lot 17, the basin and into the harbor. The backwash was full of rust which went into the harbor.

Bob Panek stated that the water plant staff needed to remove the sludge that was settling into the bottom of the tank which would alleviate this issue. A backwash holding tank could be constructed at the water plant to allow for settling. It used to be pumped to the old wastewater plant's polishing pond but the polishing pond, along with the settling tank and UV filters were removed since part of the Cape Charles Yacht Center was now on lot 17.

19) There were no comments about the Sanitation Fund.

John Hozey stated that he would update all the documents based on this evening's discussion for review during the budget review. After the changes were made, he would have Libby Hume upload all the documents onto the website, under tonight's meeting agenda, so the public would have access to them.

TOWN MANAGER COMMENTS
John Hozey had no additional comments.

MAYOR AND COUNCIL COMMENTS
There was some discussion regarding several residents who had recently passed away.

Councilman Grossman stated that a joint public hearing of the Planning Commission and Town Council was held earlier this week. The Planning Commission deferred making a decision regarding the conditional use permit for an accessory dwelling unit (ADU) since the applicant was unwilling to commit to rentals over 30 days. The purpose for ADUs were for infill residential, not short-term rentals.

Mayor Dize, Vice Mayor Bennett, Councilmen Bannon, Buchholz and Follmer and Councilwoman Holloway had no additional comments.

Motion made by Councilman Buchholz, seconded by Vice Mayor Bennett, to adjourn the work session. The motion was approved by unanimous vote.

The meeting was adjourned at 8:56 p.m.

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Mayor Dize

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Town Clerk

Documents Reviewed During
October 8, 2020 Town Council Work Session

TOWN OF Cape Charles
CAPITAL Asset Management PROGRAM (CAMP)

October 15,2020

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INTRODUCTION

A Capital Asset Management Program (hereinafter referred to as a CAMP) is a tool to assist the governing body of a municipality in planning and managing major equipment and facilities required to maintain or improve services or respond to anticipated growth. A CAMP is intended to provide a complete picture of the town's major development needs (i.e., capital projects) over at least the next six years by showing when, and at what cost, the town expects to expand or provide services and facilities in that period. The reason for undertaking this overall approach to capital improvement planning is to balance the varying equipment and facilities needs of the Town of Cape Charles and to assess these in comparison to other Town needs.

A CAMP must be updated each year. Adopting a CAMP does not end with the first year. Changing needs and priorities, emergencies, cost changes, mandates and changes in technology all require the CAMP to be updated annually. The Town's public facilities, streets, parks, infrastructure, equipment, etc., are constantly in need of repair, replacement or expansion. A growing population will require additional or new facilities. These reasons require that the CAMP be updated to maintain the financial solidity of the Town. The CAMP achieves the following objectives as a component of the Town's budget and financial planning process:

- Reduces the need for ad hoc programs to finance the construction of Town facilities
- Focuses attention on community goals, needs and capabilities
- Achieves optimum use of taxpayer dollars
- Responds to future community growth and development
- Ensures that projects are well thought out in advance of construction
- Provides for the orderly replacement of capital items
- Encourages more efficient administration
- Maintains a sound and stable financial program

CAPITAL ASSET MANAGEMENT PROGRAM – FISCAL POLICY

The Town of Cape Charles adopts the following fiscal policy regarding the CAMP:

- The Town will prioritize all capital improvements in accordance with an adopted Capital Asset Management Program (CAMP).
- The Town will develop a five-year plan for capital improvements and review and update annually.
- The Town will coordinate development of the capital asset management program with development of the operating budget.
- The Town will maintain all its assets at a level adequate to protect the Town's capital investment and to minimize future maintenance and replacement costs.
- The Town will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted for approval.
- The Town will attempt to determine the least costly alternative on a life cycle basis for all projects.
- The Town Council will review the status of capital improvement projects six months after adoption of the CAMP to determine what adjustments, if any, are required in project scheduling and funding. However, emergent urgent needs not previously identified can be reviewed at any time by Town Council and the CAMP can be adjusted accordingly.

- Operations of the town’s Enterprise Funds are intended to be financed or recovered primarily through user charges.
- Enterprise Fund revenues are to support construction costs or debt service for capital facilities for the respective operations whenever possible. General Fund transfers may be used to support the development of Enterprise Fund capital facilities

DEBT LIMITS/POLICIES

Any debt limits associated with capital improvements will be captured under a separate fiscal policy established by Town Council.

DEFINITION OF A CAPITAL IMPROVEMENT PROJECT (CIP)

The Town of Cape Charles’ definition of a capital improvement project uses one or more of these criteria:

- An estimated total cost of $10,000 or more (Capital items under $10,000 are generally included in the various operating budgets.)
- Studies pertaining to capital improvements that require the employment of outside professional consultants at a cost of $10,000 or more
- Construction of buildings or facilities, including design, engineering, and other pre-construction costs with an estimated cost of $10,000 or more
- Purchase of major equipment and vehicles with an estimated cost of $10,000 or more and with a life expectancy of five years or more [Note: if a vehicle purchase is recurring each year, this will be captured under the department’s operating budget]
- An extended useful life at least 5 years of the facility or equipment
- An infrequent recurrence of the expenditure
- Bonded debt maybe required for its financing
- It involves acquisition or development of real property
- It creates or expands utility systems, a public building, or other public infrastructure

There is an important fiscal principle underlying the distinction between capital and non-capital expenditures. The distinguishing feature of non-capital or operating expenses are recurring costs for on-going functions of government, such as personnel, supplies and the like, which are not typically depreciated over time.

COMPONENTS OF A CAMP

A CAMP <u>must</u> have the following components or characteristics:

1. Addresses capital improvements over a period of at least six years.
2. Classifies projects according to urgency and need for realization.
3. Includes a timetable for implementation of projects.
4. Takes into account needs that are indicated in the Comprehensive Plan or which are permitted under the local zoning ordinances and regulations
5. The estimated cost of each project

6. Probable operation and maintenance costs
7. Probable revenues from individual projects
8. Suggested funding sources

For large projects, the project will be broken into components such as land purchase, design/engineering services, and construction into appropriate years. The project will not front load the entire cost in the first year.

LIMITATIONS OF A CAMP

It is also important to understand the limitations of a capital asset management program (i.e., what it is not).

1. Neither the CAMP nor the process of developing it is a means to micro-manage the process of developing the budget. Preparation of annual budgets for the town is the responsibility of elected officials and professional administrators. The CAMP is a tool to aid these groups in evaluating and prioritizing items for inclusion in the budget for a given year.

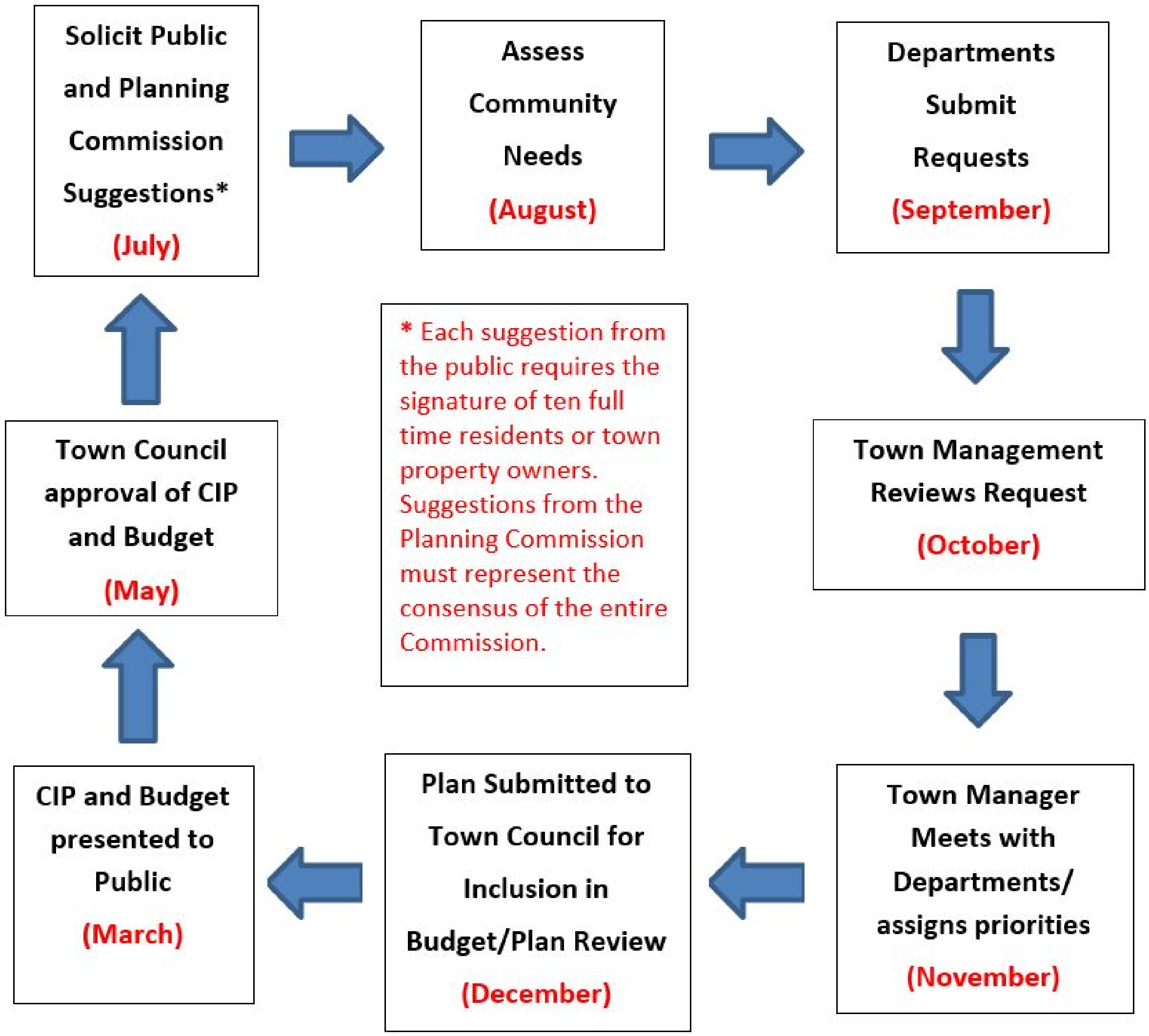
2. The CAMP is not a vehicle for the promotion of "wish list" projects that are either unnecessary or are unlikely to receive public funding or support within the time horizon of the plan.

3. Although a CAMP is intended to provide a framework to guide activity, it should not be rigid and inflexible. The CAMP process cannot anticipate unusual changes in growth, economic conditions, or political consideration. Similarly, the CAMP process must allow changes for emergencies, opportunities, or other unpredictable events.

4. Town Council's approval of the CAMP does not authorize money for any of the projects in the program, but will provide the Town Manager direction to proceed with inclusion of first year CAMP items in the Town Manager's recommended town budget.

CAPITAL ASSET MANAGEMENT PROGRAM PROCESS

Capital project planning is an ongoing process. Each year the CAMP document is updated. The need or idea for capital improvements can originate from the Mayor, Council members, Boards, citizens, or Town staff. Ultimately, Departments are responsible for identifying, documenting, and justifying CAMP requests. Departments are also responsible for obtaining project cost estimates and identifying appropriate revenue sources for the project (the Finance Dept. shall assist in identifying costs and appropriate revenue sources). These items are compiled into this document and presented to the Town Council on an annual basis. The Town Manager, in conjunction with the Finance staff, shall be responsible for coordinating the CAMP process and submission of the CAMP to the Mayor and Town Council. Through the annual planning retreat, Town Council meetings and/or work session(s), the Council focuses on prioritizing the projects. Once the CAMP is approved, it outlines the Town's official intent to fund these expenditures in the appropriate budget year. During the annual budget process in the spring, the first-year projects are refined, and a financing plan is recommended within the budget to fund those expenditures.



MAINTENANCE OF TOWN ASSETS

Capital assets include government facilities, infrastructure, major equipment and networks that enable the delivery of public sector services. The performance and continued use of these capital assets are essential to the health, safety, economic development and quality of life of those receiving services. Budgetary pressures often impede capital program investments or expenditures for maintenance and repair, making it increasingly difficult to sustain the asset in a condition necessary to provide expected service levels. Ultimately, deferring essential maintenance or asset replacement could reduce the organizations ability to provide services and could threaten public health, safety and overall quality of life. In addition, as the physical condition of the asset declines, deferring maintenance and/or replacement could increase long-term costs and liabilities. It is with this in mind that the Town staff includes planned maintenance projects that bear significant financial implications in the operating budget. This will allow management to better plan for the Town's future needs. While the CAMP is utilized to plan future capital projects, the need to properly maintain our existing aging assets remains.

VEHICLE REPLACEMENT

In addition to the other capital improvement projects included in the CAMP, there are other major types of vehicles and equipment which are a substantial financial investment and need to be handled in the most economic manner. Therefore, the Town chooses to incorporate these items into the CAMP. Vehicles and/or equipment are evaluated primarily based on age, mileage, operation & maintenance cost. There are, however, several additional factors which must be considered in determining these replacements: fuel costs, condition, safety, life of equipment, etc.

PRIORITIZATION SYSTEM MATRIX

The priority system includes a matrix shown below. This system was developed to assist in the setting of priorities for capital expenditures because not all requests can be funded in any given year due to budgetary constraints.

CRITERIA/PRIORITY	HIGH	MEDIUM	LOW
I	LEVEL A		
I		LEVEL B	
II			LEVEL C
I			

The matrix contains a measure of priority on the horizontal axis and a determination of criteria category on the vertical axis.

PRIORITIES of the capital projects are measured as high, medium, or low as follows:

HIGH: Project mandated by local, state, or federal regulations, or Project is a high priority of the Town Council*, or
Project substantially reduces losses or increases revenues

MEDIUM: Project maintains existing service levels, or
Project results in better efficiency or service delivery of existing services, or
Project reduces operational costs, or Project improves work force morale

LOW: Project is not mandated, or
Project improves service levels, or
Project improves quality of life

* Projects designated as a High Council Priority must directly contribute to priorities already established in previously adopted formal actions

CRITERIA CATEGORIES

I. **Health/Safety/Welfare** - projects that protect the health, safety and welfare of the community and the employees serving it

II. **Maintenance/Replacement** - projects that provide for the maintenance of existing systems and equipment.

III. **Expansion of Existing Programs** - projects which enhance the existing systems and programs allowing for expansion of existing services

IV. **Expansion of New Programs** - projects that allow for expansion into new programs and services

LEVEL OF FUNDING: The grid is further divided into levels: Level A - highest consideration for funding, Level B - moderate consideration, Level C - least consideration for funding resources.

Note: Up to ten percent (10%) of the total annual capital budget (not to exceed $25,000) may be designated for general quality of life enhancements; projects competing for this funding are not subject to the evaluation criteria of this program. Such projects will be funded at the complete discretion of the Town Council as they deem appropriate.

IMPACT ON OPERATING BUDGET

Capital funding requires planning as careful and as deliberate as the planning that goes into the CAMP itself. It is important to note that as the plan is implemented, the Town should be aware of additional budgetary costs, if any, that may arise from the project such as future payments of debt service on general obligation bonds (i.e. interest payments), lease payments on certain capital improvements, and increased operating costs (for example, if a new facility requires more staffing). On the other hand, there could be savings that may result from decreased operating costs (for example, a new facility that requires less maintenance and less staffing).

PROJECT DETAIL SHEET

The Project Detail Sheet (Attachment A) is used to summarize the project that is requested for consideration. If the Town Manager ultimately recommends a project to the Town Council for consideration, this form is used for presenting information on the project to Council and the public.

<u>Project Title</u>: Brief title of the proposed project.

<u>Project Status</u>: Each project should have a status – Pending, In-Progress, Substantially Complete, or Finished.

<u>Description and Justification</u>: This information should include a brief description of the project including such things as the size of the facility (e.g., square feet) or infrastructure improvement (e.g., linear feet), the kind of vehicle to be purchased, the number of facilities to be improved, the names of the facilities to be improved, and the constituency to be served by the project. A brief justification of the project should also be included, including alternatives which were considered as applicable, explain the tie of the project to established Council Strategic Goals. The priority of the project will be identified using guidelines above.

Planned Financing of Project: The Source of Funds should be identified. The sum of Prior Allocation (expenditures), and Future Years must add to the Total Project Estimate.

TOWN MANAGER SUBMITTAL OF THE CAMP

By December 1st of each year, prior to the proposed budget submittal by March 1st, the Town Manager will submit an updated proposed CAMP to the Town Council for review and comments. The submittal will contain the following, as a minimum:

- Cover transmittal memorandum that includes a tabulation of next year's budgeted project titles grouped by Town Council Strategic Goals.
- Financial summary table of all capital projects that includes;
    - Project Title
    - Project Priority
    - Strategic Goal being addressed
    - Status of Project (New, Continuing, In Progress or Previously Requested)
    - Source of Funding by Town and amount
    - Source of Funding by other (e.g., grant) and amount
    - Prior Year Expenditures (cumulative through end of current budget year, actual expenditures plus estimated expenditures for remaining months in current budget year)
    - Next Budget Year Projected Expenditure (Year 1)
    - Each of the Years (2-6) and consolidated future years > 6 years Projected Expenditures
    - Total Capital Expenditure for the Project
    - Yearly Operating Expense as a result of the Capital Project once implemented
- Individual Project Detail Sheets (Attachment A)

TOWN COUNCIL APPROVAL OF THE CAMP

Once the Town Manager has delivered the proposed CAMP and the Town Council and public have reviewed the material submitted, the Town Council will ultimately adopt a final CAMP for that year. A resolution will be used for adoption, as depicted in Attachment B (sample resolution).

PERIODIC REVIEW OF CAPITAL PROJECT STATUS

Capital projects that have been authorized for the budget year will be reviewed by Town Council on a semi-annual basis. The Town Manager will prepare a document summarizing project status that will include, as a minimum:

- Expenditures
- Schedule adherence
- Issues that the Town Council needs to be aware of

Attachment A

Town of Cape Charles
Project Detail Sheet

DEPARTMENT		Criteria	Priority	LEVEL

PROJECT TITLE

PROJECT DESCRIPTION:

JUSTIFICATION:

TOWN **COUNCIL STRATEGIC INITIATIVE:**

PROJECT ALTERNATIVES CONSIDERED

OPERATING IMPACT/OTHERCOMMENTS

PROJECT STATUS

CAPITAL COST BREAKDOWN	Prior to July _____	Next fiscal year (Yr 1)	Year 2	Year 3	Year 4	Year 5	Year 6	Future Years (7+)
Planning & Engineering	$ -							
Equipment								
Construction								
Other								
Yearly Project Cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

FUNDING SOURCE(S)	Prior to July _____	Next fiscal year (Yr 1)	Year 2	Year 3	Year 4	Year 5	Year 6	Future Years (7+)
General Fund	$ -							
Yearly Funding Source	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Total Project Cost Estimate (Actuals + Forecast) $

The Town of Cape Charles

Resolution of the Town Council to Amend and Adopt the
Capital Asset Management Program as presented.

WHEREAS, a Capital Asset Management Program (CAMP) involves the scheduling of the cost of public equipment and infrastructure over several years,

WHEREAS, a well thought out and comprehensive CAMP serves as a valuable municipal tool designed to anticipate and meet the needs of the community, while at the same time scheduling the costs in a deliberate approach,

WHEREAS, on xx, xx, 2020, the first official Capital Asset Management Plan was adopted by the Town Council,

WHEREAS, on xx, xx, xxxx, the Cape Charles Town Council conducted a public hearing to consider the Six- Year Capital Asset Management Program for the years xxxx through xxxx;

WHEREAS, the Town Council has considered the input of the public and the recommendations of its staff and has determined it to be in the public interest to adopt the Six-Year CAMP for years xxxx through xxxx;

WHEREAS, the proposed updated CAMP represents municipal projects to be addressed over the next six year implementation period.

THEREFORE, BE IT RESOLVED that the Town Council of the Town of Cape Charles hereby amends and adopts the Town of Cape Charles' CAMP as presented.

Submitted by: XXX –Town Manager

Submitted: xx, xx, 20xx

[This is only a sample resolution]

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Town Manager Memorandum

October 8, 2020

RE: Capital Asset Management Program

In January of this year the Town Council adopted a Capital Improvement Program that provided the context, guidance, and criteria necessary to take a very long list of capital needs/desires (wish lists), and prioritize/manage them in a realistic way. This program, renamed the Capital Asset Management Program (CAMP), was very well thought out, but conceptual in nature, and only put into practical application for the first time now. As a result of this first application, additional refinements to the CAMP can be identified.

The CAMP attempts to take personal preferences, emotion, and politics out of the decision-making process. Those are replaced with objective criteria that organize the projects logically and in efficient ways. The program also brings everything together in one place, so that decisions on any one project can be done in the context of all other potential needs/options. The CAMP does this quite well, but sometimes theory and the "real world" can collide.

For example, in theory it is essential to prioritize maintenance of the infrastructure we already have over the development of something new. But in practice, we will always have more maintenance needs than capital dollars available. So, if we hold fast to that axiom, we would never be able to address even the smallest improvements (new things) that could contribute to enhancement of local quality of life. Therefore, while the majority of available resources should always go toward meeting our responsibility to maintain existing infrastructure; there should also be provisions for a small carve out that would allow continuing improvement.

One method to do this would be to establish a set formula along the lines of 10% of the total capital budget, not to exceed $25,000; may be excused from the general CAMP criteria for the purpose of quality of life enhancements. These to be awarded on a subjective basis at the discretion of the Town Council. This would act as a pressure relief valve that would otherwise undermine the main CAMP, because political pressure for quality of life improvements will always be brought to bear.

Another potential downfall to the theoretical criteria of the CAMP is the concept of, "high priority of the Town Council," which can move any project to the top of the list. Without further definition of what constitutes a high Council priority, the entire CAMP approach is threatened, as this would allow politics to flood back into the mix. The solution here is more complex and must introduce objective parameters.

For example, this designation should only be invoked if the Council has previously indicated its intent via another documented process; like in the Comprehensive Plan, or formally adopted strategic planning documents. The Council should never be able to set new priorities arbitrarily just as a part of the CAMP process.

These and other suggested refinements to the CAMP have been incorporated into a new draft version and included in this packet. All changes from the original document appear in red.

Also included in the packet are spread sheets listing all current projects in priority order (as determined by the CAMP). There is a sheet for each of the Town's four Funds. The General Fund presentation rolls in the other three showing a grand total for all projects. Also provided is a project description document that explains each project, and a one-page excerpt from the CAMP that contains the project prioritization criteria for easy reference.

It is clear upon review of this presentation that there are far more needs than resources available. The realization of this major disconnect is sobering and quite depressing. Many things will need to be removed or deferred beyond this planning horizon. These will be difficult discussions and will require much soul searching. I look forward to an open dialog about these difficulties at the upcoming work session and welcome any innovative thoughts or ideas.

General Fund

Project List

Project name	Priority	Category	Level	Town Cost	2021	2022	2023	2024	2025	2026
Municipal Building Renovation or Replacement	High	I	A	$ 985,000	$ 85,000	$ 450,000	$ 450,000			
Storm Drain CCTV & Mapping, Phase 2	High	II	A	$ 30,000		$ 30,000				
Replace PW Butler Building	Medium	I	A	$ 120,000			$ 120,000			
Multi-Use Trail Phase 2 Closeout*	High	II	A	$ 20,000	$ 20,000					
Mason Ave Pull-in Parking	High	III	B	$ 20,000	$ 5,000	$ 15,000				
Multi-Use Trail Phase 3 Construction*	High	III	B	$ 200,000		$ 200,000				
Replace Zip Line & Gaga Ball Pit in Park*	Medium	II	B	$ 14,000		$ 14,000				
South Beach Restroom Renovation*	Medium	II	B	$ 40,000			$ 40,000			
Beach Sand Mover/Blower	Medium	II	B	$ 10,300			$ 10,300			
Beach ADA Access Mats	High	III	B	$ 10,000			$ 10,000			
Park Gazebo Upgrades	Medium	II	B	$ 25,000		$ 25,000				
Tazewell Beach Access	Medium	II	B	$ 25,000			$ 25,000			
Town Trash Can Replacements	Medium	II	B	$ 25,000		$ 25,000				
Street Sweeper*	Medium	III	B	$ 150,000			$ 150,000			
Sidewalk Infill	Low	IV	C	$ 582,000			$ 22,000	$ 20,000	$ 365,000	$ 175,000
Adult Game Area in the Park*	Low	IV	C	$ 10,200			$ 10,200			
Pine St Parking Lot	Low	IV	C	$ 230,000				$ 10,000	$ 70,000	$ 150,000
Multi-Use Trail Phase 4*	Low	IV	C	$ 256,324			$ 36,200	$ 220,124		
Multi-Use Trail Phase 5*	Low	IV	C	$ 119,200					$ 19,000	$ 100,200
GF Total - 2020 dollars				$ 2,872,024	$ 110,000	$ 759,000	$ 873,700	$ 250,124	$ 454,000	$ 425,200
Inflation adjusted dollars (3%)				$ 3,087,987	$ 110,000	$ 781,770	$ 926,122	$ 272,635	$ 508,480	$ 488,980
Harbor Fund				$ 52,000		$ 42,000	$ 10,000			
Utilities Fund				$ 8,707,000	$ 55,000	$ 136,000	$ 792,000	$ 340,000	$ 2,050,000	$ 5,400,000
Sanitation Fund				$ 12,000					$ 12,000	
Grand Total - 2020 dollars				$ 11,643,024	$ 165,000	$ 937,000	$ 1,675,700	$ 590,124	$ 2,516,000	$ 5,825,200
Inflation adjusted dollars (3%)				$ 13,018,687	$ 165,000	$ 965,110	$ 1,776,242	$ 595,435	$ 2,817,920	$ 6,698,980

*Partially Grant Funded

Project List

Harbor Fund

Project name	Priority	Category	Level	Town Cost	2021	2022	2023	2024	2025	2026
Inner Harbor Rehabilitation, Phase 4*	Medium	II	B	$ 22,000		$ 22,000				
Harbor Capital Plan Evaluation	Medium	II	B	$ 20,000		$ 20,000				
Harbor Pergola	Low	III	C	$ 10,000			$ 10,000			
2020 dollars				$ 52,000	$ -	$ 42,000	$ 10,000	$ -	$ -	$ -
Inflation adjusted dollars (3%)					$ -	$ 43,260	$ 10,600	$ -	$ -	$ -

*Partially Grant Funded

Project List

Utilities Fund

Project name	Priority	Category	Level	Town Cost	2021	2022	2023	2024	2025	2026
Water Tower Mixers	Medium	I	A	$ 55,000	$ 55,000					
WWTP Membrane Replacement	Medium	I	A	$ 500,000			$ 250,000	$ 250,000		
Washington Ave Pump Station Upgrade	Medium	II	B	$ 90,000		$ 36,000	$ 120,000			
Remote Read Water Meters*	Medium	II	B	$ 60,000		$ 20,000	$ 20,000	$ 20,000		
WTP Emergency Bypass	Medium	II	B	$ 37,000			$ 37,000			
WTP Refurbishment	Medium	II	B	$ 80,000			$ 40,000	$ 40,000		
WTP Backwash Holding Tank	Medium	II	B	$ 30,000				$ 30,000		
WTP Upgrade Analysis	Medium	III	B	$ 30,000		$ 30,000				
Connect Keck Wells to WTP	Low	III	C	$ 375,000		$ 50,000	$ 325,000			
Water/Sewer Extension - Old Cape Charles Road	Low	IV	C	$ 450,000					$ 50,000	$ 400,000
WTP Expansion	Low	IV	C	$ 2,000,000					$ 2,000,000	
WWTP Expansion	Low	IV	C	$ 5,000,000						$ 5,000,000
2020 dollars				$ 8,707,000	$ 55,000	$ 136,000	$ 792,000	$ 340,000	$ 2,050,000	$ 5,400,000
Inflation adjusted dollars (3%)					$ 55,000	$ 140,080	$ 839,520	$ 370,600	$ 2,296,000	$ 6,210,000

*Partially Grant Funded

Project List

Sanitation Fund

Project name	Priority	Category	Level	Town Cost	2021	2022	2023	2024	2025	2026
Trash Can Replacements	Medium	II	B	$ 12,000					$ 12,000	

2020 dollars	$ 12,000	$ -	$ -	$ -	$ -	$ 12,000	$ -
Inflation adjusted dollars (3%)		$ -	$ -	$ -	$ -	$ 13,440	$ -

*Partially Grant Funded

Project Descriptions

Municipal Building Renovation or Replacement
The Municipal Building was built in 1931. It has been modified and improved over the years but still has many deficiencies: not ADA accessible, inefficient to heat and cool, structurally unsound (settling), water leaks, exhaust leaks from attached fire company building, inadequate space for staff, etc. In short, it is the poster child for deficient public buildings. A serious effort needs to be made to renovate the existing building, convert the unused third floor of the library building, or construct a new building.
Storm Drain CCTV & Mapping, Phase 2
Inflow and infiltration (I&I) of fresh water into the sanitary sewer system increases the volume of water being processed by the wastewater treatment plant, thereby reducing its effective capacity. From smoke testing already conducted, there are indications of cross connections between the storm water and sanitary sewer systems. This will complete video examination of the storm water system to identify problem areas.
Replace PW Butler Building
The old metal Butler Building is one of 3 indoor storage spaces for Public Works equipment, materials and personnel. It is an inadequate work space with insufficient storage and limited heating/cooling/internet capacity. It should be replaced with a larger, more modern structure, similar to the newer metal building, to provide more efficient storage and work space.
Multi-Use Trail Phase 2 Closeout
Phase 2 construction was substantially completed in 2017, but material documentation and other issues delayed final completion for more than a year resulting in substantial liquidated damages. Consequently, over $400K was withheld from final payment to the contractor. The contractor has filed a claim and a lawsuit. Negotiations to settle the claim and close out the contract have been occurring for quite some time. Settlement did not occur before the end of FY 2020. Therefore, funds must be budgeted in FY 2021.
Mason Ave Pull-in Parking
Restripes existing functional parking spaces on north side of Mason Avenue in central business district from back-in angle to head-in angle. Conforming with the necessary VDOT regulations has proved difficult. Will require additional engineering analysis and VDOT coordination.
Multi-Use Trail Phase 3 Construction
Improvements to Peach Street between Mason and Randolph Avenues, including: wide sidewalks and parallel parking spaces on each side, diagonal parking median, pedestrian lighting, ADA accessibility ramps, landscaping, etc. Construction bids in FY 2020 came in substantially higher than Estimate of Probable Cost. Plans are being reexamined and revised to remove certain elements to reduce cost. Construction can be re-bid with revised scope in first quarter of FY 2021. However, project currently deferred to FY 2022 due to COVID 19. Could be advanced to FY 2021 if revenue projections improve.

Project Descriptions

Replace Zip Line & Gaga Ball Pit in Park Playground
Installation of a new zip line to replace the broken and unsafe one removed by the Town about a year ago - $14,000 with installation. Installation of a gaga ball pit to replace the broken and unsafe tractor tire swing removed about a year ago - $3,000. CCP has offered to fund and install the gaga pit.

Beach Sand Mover/Blower
Equipment to remove beach sand deposited by strong winds on Bay Avenue boardwalk, walkway to fishing pier, and the only ADA accessibility ramp. Would significantly improve PW efficiency.

Beach ADA Access Mats
Access to the beach from the boardwalk for mobility impaired persons is very difficult. Various types of matting are available to provide smooth surface paths to allow better access.

Gazebo Upgrades
The Gazebo in Central Park generates substantial maintenance and repair costs due to some original design flaws. The balustrade should be replaced with a sturdier design that will better survive abuse in a public venue, particularly by soccer balls and skateboards. The electrical system is direct bury wire which is susceptible to shorting out. This should be replaced with wire in conduit to improve reliability.

Tazewell Beach Access
There are two beach access walkways and observation decks, one at Randolph and one at Tazewell. The one at Randolph has been substantially destroyed by sand build-up and removal, and should be abandoned per the recommendations of the Wetlands & Coastal Dune Board report. The one at Tazewell is in better condition and is subject to less sand build-up. This could be retained and rebuilt to provide a safe and pleasant observation area for residents and guests.

Town Trash Can Replacement
The 32 existing blue metal trash cans are in poor shape and need to be replaced. It is proposed to replace them with the newer style trash cans that are in Central Park and Strawberry Street Plaza. This will provide a consistent look throughout the Town. There is an annual litter grant that is available, but that will cover the cost of only 2.

Street Sweeper
While VDOT is responsible for streets in CC, they are only authorized to bring their street sweeper to town twice per year. Debris in the gutters around town look bad and generate many complaints. Manual cleaning takes the full crew and more time than we can usually spare. Getting our own sweeper would enable us to maintain the streets to a much higher standard throughout the entire season.

Project Descriptions

South Beach Restroom Renovation
The existing south beach restroom is 20 years old and not ADA compliant. This project would upgrade and expand the facility, to include ADA accessibility.
Pine Street Parking Lot
Some members of the business community have advocated for additional parking near Mason Avenue. This project would create a new parking lot on the Town owned lot behind the Library. Paving would need to be engineered to provide storm water management features required by DEQ.
Adult Game Area in Park
Installation of a bocce court, cornhole boards and additional shade trees in the southeast corner of the park. CCP has offered to fund 50%.
Sidewalk Infill
The Ad Hoc Sidewalk Committee, established by the Mayor, provided a report to Council at the March 5, 2020 Special Meeting concerning missing sidewalks in the Historic District. The report recommended a phased approach and provided cost estimates for installing sidewalks where none now exist.
Multi-Use Trail Phase 4
Improvements along the Bay Avenue boardwalk, including: two additional ADA accessibility ramps, improved access steps, pedestrian lighting & removal of highway style lights, crosswalks, plaza & shade structure at south end, etc. Will connect to Phase 2 along Washington Avenue and eventually to the Ferry Dock developer's planned trail across the property. Design and engineering by VDOT planned to commence in FY 2021. However, project currently deferred to FY 2022 due to COVID 19. Could be advanced to FY 2021 if revenue projections improve.
Multi-Use Trail Phase 5
Several additional phases beyond Phase 4 remain in the approved Master Plan. Council has not yet decided which should be designated as Phase 5. Except for Fig Street, the remaining potential phases will likely be impacted by future private development which will complicate planning and funding. It is therefore logical to designate Fig Street as Phase 5. Completion of the Fig Street segment would provide a perimeter route around most of the historic district.
Water Tower Mixers
Our iconic water tower is something to be proud of, but due to its dark color it creates a water quality issue. THM's (a byproduct of our disinfection) increase with temperature. The black tower heats the water most of the year. We have had problems getting close to the maximum allowable THM's. Installing mixers (water agitators) in the tank would help reduce the THM levels.

Project Descriptions

Replacement of Filtration Membranes
The wastewater treatment plant put into service in 2012 is a Membrane Bio Reactor. The ultrafiltration membranes reliably produce the water quality needed for beneficial reuse once the waste load allocation limit of 250K gpd is exceeded. The predicted life span for the membranes was 10 years, but they may last longer since the plant operates at about 60% of capacity. While not strictly a capital improvement, they are a significant and costly component of the WWTP. In recognition of this, a periodic recapitalization factor was included in the cost estimates upon which the connection charges are based. Therefore, the connection charge reserve is available as a funding source.
Washington Ave. Pump Station Upgrade
The Washington Avenue wastewater pump station is almost 40 years old. Components are failing more often and replacements are becoming more difficult to find. The Mason Avenue, Pine Street and Plum Street pump stations have all been upgraded in recent years. The last of the gravity system pump stations needs to be done to ensure reliability, particularly as additional homes are built in the collection area. This can be phased over two years, with installation of 3 phase electric service in the first year, and new pumps, controls, alarm, etc. in the second year.
Remote Read Water Meters
Install remote read water meters to replace the labor intensive monthly manual reading process. Frees labor for other tasks. The FY 2021 project (already funded) includes the non-recurring cost of software and system set up, as well as 50 new meters and 100 retrofit kits for meters still in good shape. This will leave a balance of 1,050, about 350 new and 700 retrofits, spread over FY 2022-2024.
WTP Emergency Bypass
Currently, if there was ever a major malfunction or catastrophic failure of the water treatment plant or tower, the town would be without water for a long time until repairs could be completed. There are vendors who can come in with mobile treatment and storage equipment who could temporarily restore water to the town until our systems were once again operational. To accommodate such vendors, new hydrants and values must be installed to isolate the systems. This project would install the needed equipment to allow emergency restoration of service, or to allow service to continue during major renovations or maintenance of the plant.
WTP Refurbishment
The WTP is aging and requires periodic upgrades/replacement of values, actuators, media, etc.
WTP Backwash Holding Tank
During normal backwash maintenance of the water system, sediments can accumulate. This would provide an environmentally appropriate area to collect these sediments.

Project Descriptions

WTP Upgrade Analysis
Water capacity issues are becoming a concern as usage continues to increase. There could be multiple options to increase capacity. Connecting the Keck wells have been discussed as one option. But plant upgrades should also be considered. Staff is not qualified to determine the best course of action, therefore a professional analysis of the options, to include preliminary costs estimates would be prudent before moving in any particular direction. This project would provide the needed analysis.

Connect Keck Wells to Water Treatment Plant (WTP)
The WTP has a capacity to treat about 500K gallons per day (gpd), but is limited to 360K gpd by existing raw water sources. Treatment capacity is adequate much of the time. However, production volume peaks at about 300K gpd during the July 4 holiday period. Peak volumes will continue to increase as the town grows. Connecting the two Keck Wells could maximize treatment capacity. An alternative is to connect Tower Well 2, but more advanced treatment, such as reverse osmosis, may be needed due to lower water quality. This has not been studied. A Preliminary Engineering Report has been done for connecting the Keck Wells.

Extension of Water Service, Old Cape Charles Road
Install water supply service to R-3 zoned property on Old Cape Charles Road. Planned route is from the water main at Creekside Lane. FY 2022 reflects fee proposal from Hurt & Proffit for engineering and preparation of a construction bidding package. Construction estimate in FY 2023 is a guess at this time. Increases customer base with a beneficial affect on customer fees. Improves circulation through existing distribution system in Bay Creek, thereby improving water quality to customers. Deferred from FY 2021 due to COVID 19. Could be accelerated if funding is available.

Extension of Wastewater Service, Old Cape Charles Road
Installation of wastewater force main along Old Cape Charles Road to R-3 zoned property and possibly to the Town eastern boundary. This is a segment of the ESVPSA's Southern Node project. Hurt & Proffitt has updated the plans, prepared a construction bid package, and an estimate of probable cost. Would allow more efficient development of the R-3 parcel and the contiguous Town parcel without the need for septic systems. Increases customer base for the treatment with a beneficial affect on customer fees. Deferred from FY 2021 due to COVID 19. Construction could be accelerated to FY 2021.

Expansion of Wastewater Treatment Plant (WWTP)
The WWTP has a capacity of 250K gpd, but was built to be readily expandable. Treatment flow in 2019 averaged 160K gpd. Depending on the pace of growth (railroad property, Bay Creek, Ferry Dock, etc.), expansion may be needed within the planning period. The waste load allocation allows for discharge of only 250K gpd into the bay. Expansion requires reuse of the effluent (e.g., golf course irrigation), or disposal by other approved methods (rapid infiltration basins or deep well injection). Increasing plant capacity to 375K gpd is relatively easy, but reuse or subsurface disposal will be needed. The estimate is a guess. Design and engineering will be needed. Note: Expansions will be funded by future users.

Project Descriptions

Expansion of Water Treatment Plant (WTP)
Placeholder in the event a professional analysis determines plant expansion is the most effective means to address pending water capacity issues. Note: Expansions will be funded by future users.
Inner Harbor Rehabilitation, Phase 4
Phases 1 - 3 of the Inner Harbor Rehabilitation accomplished in FY 2020 on north and east sides of the basin. Includes: replacing the deteriorated wood walkway with concrete sidewalks, new dockside electric and water service, lamp posts for area lighting, and benches. Phase 4 will address the last section on the south side of the basin. These areas are utilized predominantly for commercial seafood operations. Project planned for FY 2021 but deferred due to COVID 19. Aid to Local Ports (ALP) grant awarded. Will need to request grant carryover if project is not advanced to FY 2021. Savings from Phases 1-3 are available for reappropriation for grant match.
Harbor Capital Plan Evaluation
This is a planning effort to evaluate the capital needs of the Harbor over the next 20 year period and provide a life cycle analysis of the major infrastructure components. This will include schedules and preliminary cost estimes that can be used for long-term major maintenance planning.
Harbor Pergola
Install pressure treated pine pergola over the picnic table area in front of the bath house. Provides shelter from the summer sun. Results in a more appealing venue for boat clubs to utilize for meals, parties, etc. Improves marketability of marina for transient boaters.
Resident/Business Trash Can Replacements
Routine periodic replacement of trash cans by residents and businesses as part of their fee for service.

Capital Spending History - General Fund

	2020 Budgeted	2020 Actual	2019 Budgeted	2019 Actual	2018 Budgeted	2018 Actual	2017 Budgeted	2017 Actual	2016 Budgeted	2016 Actual
Total Capital Budget:	$ 1,438,000	$ 180,513	$ 1,667,500	$ 538,339	$ 905,800	$ 556,234	$ 1,423,600	$ 1,300,448	$ 1,423,600	$ 223,946
Funded by Annual Revenues:	$ 284,133	$ 60,756	$ 132,733	$ 44,812	$ 67,800	$ 71,795	$ 15,000	$ 4,670	$ 15,000	$ 10,972
Funded by Fund Balance:	$ 340,000	$ 92,715	$ 100,000	$ -	$ 105,000	$ 99,221	$ 70,000	$ 50,768	$ 70,000	$ 5,000
Funded by Grant:	$ 760,000	$ 27,042	$ 1,168,300	$ 373,634	$ 589,400	$ 216,815	$ 1,029,250	$ 869,373	$ 1,029,250	$ 35,890
Funded by Debt:	$ 53,867	$ -	$ 266,467	$ 119,893	$ 143,600	$ 168,403	$ 309,350	$ 375,637	$ 309,350	$ 172,084
	-	-	-	-	-	-	-	-	-	-

By Percentage

	2020 Budgeted	2020 Actual	2019 Budgeted	2019 Actual	2018 Budgeted	2018 Actual	2017 Budgeted	2017 Actual	2016 Budgeted	2016 Actual
Funded by Annual Revenues:	20%	34%	8%	8%	7%	13%	1%	0%	1%	5%
Funded by Fund Balance:	24%	51%	6%	0%	12%	18%	5%	4%	5%	2%
Funded by Grant:	53%	15%	70%	69%	65%	39%	72%	67%	72%	16%
Funded by Debt:	4%	0%	16%	22%	16%	30%	22%	29%	22%	77%

Average Annual Amount

Total Capital Budget (Actual):	$ 559,896		General Fund & Harbor:	$ 1,055,992	
Funded by Annual Revenues:	$ 38,601	7%		$ 41,261	4%
Funded by Fund Balance:	$ 49,541	9%		$ 317,585	30%
Funded by Grant:	$ 304,551	54%		$ 527,543	50%
Funded by Debt:	$ 167,203	30%		$ 169,603	16%

Capital Spending History - Public Utilities Fund

	2020 Budgeted	2020 Actual	2019 Budgeted	2019 Actual	2018 Budgeted	2018 Actual	2017 Budgeted	2017 Actual	2016 Budgeted	2016 Actual
Total Capital Budget:	$ 73,000	$ 41,034	$ 86,000	$ 68,932	$ 518,000	$ 88,156	$ 745,000	$ 239,843	$ 745,000	$ 63,741
Funded by Annual Revenues:	$ 73,000	$ 41,034	$ 86,000	$ 68,932	$ 18,000	$ 32,000	$ 104,304	$ 99,147	$ 104,304	$ 54,050
Funded by Fund Balance:	$ -	$ -	$ -	$ -	$ -	$ 56,156	$ -	$ -	$ -	$ -
Funded by Grant:	$ -	$ -	$ -	$ -	$ -	$ -	$ 125,000	$ -	$ 125,000	$ -
Funded by Debt:	$ -	$ -	$ -	$ -	$ 500,000	$ -	$ 515,696	$ 140,696	$ 515,696	$ 9,691
	-	-	-	-	-	-	-	-	-	-

By Percentage

	2020 Budgeted	2020 Actual	2019 Budgeted	2019 Actual	2018 Budgeted	2018 Actual	2017 Budgeted	2017 Actual	2016 Budgeted	2016 Actual
Funded by Annual Revenues:	100%	100%	100%	100%	3%	36%	14%	41%	14%	85%
Funded by Fund Balance:	0%	0%	0%	0%	0%	64%	0%	0%	0%	0%
Funded by Grant:	0%	0%	0%	0%	0%	0%	17%	0%	17%	0%
Funded by Debt:	0%	0%	0%	0%	97%	0%	69%	59%	69%	15%

Average Annual Amount

Total Capital Budget (Actual):	$ 100,341	
Funded by Annual Revenues:	$ 59,033	59%
Funded by Fund Balance:	$ 11,231	11%
Funded by Grant:	$ -	0%
Funded by Debt:	$ 30,077	30%

Capital Spending History - Harbor Fund

	2020 Budgeted	2020 Actual	2019 Budgeted	2019 Actual	2018 Budgeted	2018 Actual	2017 Budgeted	2017 Actual	2016 Budgeted	2016 Actual
Total Capital Budget:	$ 781,245	$ 541,317	$ 1,013,000	$ 1,046,834	$ 883,000	$ -	$ 937,000	$ 34,250	$ 937,000	$ 858,081
Funded by Annual Revenues:	$ 7,500	$ 7,500	$ 8,000	$ 5,800	$ 8,000	$ -	$ -	$ -	$ -	$ -
Funded by Fund Balance:	$ 398,745	$ 282,420	$ 744,500	$ 813,533	$ 642,000	$ -	$ 243,250	$ 22,250	$ 231,250	$ 222,020
Funded by Grant:	$ 375,000	$ 251,397	$ 260,500	$ 227,501	$ 233,000	$ -	$ 693,750	$ -	$ 693,750	$ 636,061
Funded by Debt:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,000	$ 12,000	$ -
	-	-	-	-	-	-	-	-	-	-

By Percentage

	2020 Budgeted	2020 Actual	2019 Budgeted	2019 Actual	2018 Budgeted	2018 Actual	2017 Budgeted	2017 Actual	2016 Budgeted	2016 Actual
Funded by Annual Revenues:	1%	1%	1%	1%	1%	n/a	0%	0%	0%	0%
Funded by Fund Balance:	51%	52%	73%	78%	73%	n/a	26%	65%	25%	26%
Funded by Grant:	48%	46%	26%	22%	26%	n/a	74%	0%	74%	74%
Funded by Debt:	0%	0%	0%	0%	0%	n/a	0%	35%	1%	0%

Average Annual Amount

Total Capital Budget (Actual):	$ 496,096	
Funded by Annual Revenues:	$ 2,660	1%
Funded by Fund Balance:	$ 268,045	54%
Funded by Grant:	$ 222,992	45%
Funded by Debt:	$ 2,400	0%

Capital Spending History - Sanitation Fund

	2020 Budgeted	2020 Actual	2019 Budgeted	2019 Actual	2018 Budgeted	2018 Actual	2017 Budgeted	2017 Actual	2016 Budgeted	2016 Actual
Total Capital Budget:	$ 10,000	$ 11,858	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Funded by Annual Revenues:	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Funded by Fund Balance:	$ 10,000	$ 11,858	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Funded by Grant:	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Funded by Debt:	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	-	-	-	-	-	-	-	-	-	-

By Percentage	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual
Funded by Annual Revenues:	0%	n/a	n/a	n/a	n/a
Funded by Fund Balance:	100%	n/a	n/a	n/a	n/a
Funded by Grant:	0%	n/a	n/a	n/a	n/a
Funded by Debt:	0%	n/a	n/a	n/a	n/a

Average Annual Amount		
Total Capital Budget (Actual):	$ 2,372	
Funded by Annual Revenues:	$ -	0%
Funded by Fund Balance:	$ 2,372	100%
Funded by Grant:	$ -	0%
Funded by Debt:	$ -	0%

Debt Service History (Capital)

Actual Debt Service Payments	2020	2019	2018	2017	2016
General Fund:	$ 121,128	$ 122,583	$ 136,835	$ 120,609	$ 123,824
Harbor Fund:	$ 102,339	$ 102,591	$ 111,367	$ 147,354	$ 183,034
Utilities Fund:	$ 468,923	$ 467,419	$ 452,056	$ 315,890	$ 374,083
Total Debt Service:	$ 692,390	$ 692,593	$ 700,258	$ 583,853	$ 680,941

Operating Budgets:	2020	2019	2018	2017	2016
General Fund:	$ 2,835,445	$ 2,608,577	$ 2,219,589	$ 2,216,926	$ 1,984,719
Harbor Fund:	$ 693,009	$ 672,046	$ 665,590	$ 687,997	$ 1,020,744
Utilities Fund:	$ 1,147,211	$ 1,066,715	$ 1,069,962	$ 1,125,396	$ 1,156,928

Ratio of Debt Service to Op. Budget	2020	2019	2018	2017	2016	Average
General Fund:	4.3%	4.7%	6.2%	5.4%	6.2%	5.4%
Harbor Fund:	14.8%	15.3%	16.7%	21.4%	17.9%	17.2%
GF & Harbor:	6%	7%	9%	9%	10%	8.2%
Utilities Fund:	40.9%	43.8%	42.2%	28.1%	32.3%	37.5%

PRIORITIES

HIGH: Project mandated by local, state, or federal regulations, or
Project is a high priority of the Town Council*, or
Project substantially reduces losses or increases revenues

MEDIUM: Project maintains existing service levels, or
Project results in better efficiency or service delivery of existing services, or
Project reduces operational costs, or Project improves work force morale

LOW: Project is not mandated, or Project improves service levels, or Project improves quality of life

* Projects designated as a High Council Priority must directly contribute to priorities already established in previously adopted formal actions

CRITERIA CATEGORIES

I. **Health/Safety/Welfare** - projects that protect the health, safety and welfare of the community and the employees serving it.

II. **Maintenance/Replacement** - projects that provide for the maintenance of existing systems and equipment.

III. **Expansion of Existing Programs** - projects which enhance the existing systems and programs allowing for expansion of existing services.

IV. **Expansion of New Programs** - projects that allow for expansion into new programs and services.

LEVEL

CRITERIA/PRIORITY	HIGH	MEDIUM	LOW
I	**LEVEL A**		
II			
III		**LEVEL B**	
IV			**LEVEL C**