



TOWN COUNCIL
Work Session
Cape Charles Civic Center
May 4, 2023
6:30 PM

At 6:30 p.m. Mayor Adam Charney, having established a quorum, called to order the Work Session of the Town Council. In addition to Mayor Charney, in attendance were Vice Mayor Bennett, Councilmen Buchholz, Butta, Follmer and Grossman, and Councilwoman Holloway. Also, in attendance were Town Manager John Hozey, Treasurer Deborah Pocock, Project Manager Bob Panek, Planner/Zoning Administrator Katie Nunez and Town Clerk Libby Hume. There were no members of the public in attendance.

WORK SESSION ORDER OF BUSINESS:

FY 2024 Town Budget Review and Discussion:

Town Manager John Hozey provided an overview of the items being covered this evening, and added the following: i) Core General Fund revenue was up 24.6%, mostly due to new construction, Transient Occupancy Tax, and meals tax; ii) Core General Fund expenses were up 1.5%; iii) The proposed budget included a 2.5% cost of living allowance (COLA) for all regular employees; iv) The proposed budget included revenue and expenditures for public utilities based on the assumption that the utility sale would not be completed. If the sale went through in Fiscal Year (FY) 2024, an adjustment would be made, and the appropriate process would be followed to amend the budget. He was hopeful that the application to the State Corporation Commission could be filed next week; iv) The public hearing for the FY 2024 proposed budget was currently scheduled for June 1, 2023.

The proposed FY 2024 budget items were reviewed as follows:

A. Fund Balance Reserve Status and Funding Strategies:

John Hozey reviewed the audited fund balances, as of June 30, 2022, for the General Fund, Utility Fund and Capital Improvements Projects (CIP) Fund (Please see attached.):

- The General Fund Balance less the required combined reserve was \$1,418,206.
- The Utility Fund Balance Restricted Facility Reserve was \$1,176,588, and the Unrestricted Utility Fund Balance was \$294,524. Additional facility fees collected in FY 2023 was \$833,302, and transfers from prior year income was \$618,414, for a total Facility Fee Reserve of \$2,922,828.
- The CIP Unrestricted Fund Balance was \$286,540.

B. Detail Review of Proposed Budget:

General Fund Revenue: i) The projected real property tax revenue was based on the current tax rates and assessments, estimating \$6.5M valuation of new construction and a 97% collection rate; ii) Personal property was also based on the current tax rate, which was reduced in FY 2023. Councilman Grossman noted that Northampton County reduced their assessments and increased their rate to \$3.90 per \$100. Treasurer Deborah Pocock would contact the Northampton County Commissioner of Revenue regarding this item. John Hozey noted that this amount might be amended based on that discussion; iii) The other tax revenue was based on FY 2022 and 2023 actuals; iv) The County Cigarette Tax Sharing was based on information received from the county; v) \$103K was being reappropriated in the FY 2024 budget for carryover items in the current budget; vi) The Core Operating Revenue was estimated at \$4,483,869. The Core Operating Revenue was the figure used to determine debt limits; vii) The proposed Building, Planning & Zoning Fee Schedule was reviewed with no changes. (Please see attached.)

General Fund Expenditures: John Hozey stated that the 2.5% COLA had been factored into all FY 2024 salaries and proceeded to review the expenditures by department.

Legislative: The only significant change from FY 2023 was for Advertising Services for various upcoming projects such as complete updates to the Zoning Ordinance, Harbor Area Guidelines, and the Planned Unit Development Guidelines which all required public hearings.

Town Clerk: John Hozey stated that IT Services needed to be increased by \$7,800 as the clerk had requested funding for new software, but the increased amount was not reflected in this worksheet.

Town Manager: i) The Program and Event Performers line was increased adding costs for the Citizens for Central Park to hire a paid attendant, versus a volunteer, to manage the summer concerts; ii) The Lease, Buildings & Property line was increased for additional leases for the parking lot, visitor center/downtown restrooms, and train car; iii) The Contingency Fund was consolidated from other departments and included potential code enforcement actions, and sending candidates to the police academy.

Finance: i) A seasonal part-time position was added to have a dedicated staff person to handle business licenses from January through April to assist with billing, collections and issuance of business licenses; ii) The Conference, Education and Travel lines were increased for additional training staff; iii) Three computers needed to be replaced this fiscal year.

Police Department: i) A market adjustment in salary was included for all officers.

Code Enforcement: i) A seasonal part-time assistant or intern was added.

Public Works: i) A second seasonal position was added; ii) The Repair & Maintenance Supplies line was broken out by areas (Central Park, Business District, and Tree Advisory Board) for easier tracking of expenses.

Library: There were no questions about the Library budget.

Planning: i) Part-time Salaries & Wages were increased to add compensation for the various boards. Currently, only the Planning Commissioners received any compensation; ii) Management Consulting was increased for consulting services for the Harbor/Railroad Master Plan & Design Guidelines, and for third party certified plan reviewers to conduct Stormwater/Erosion & Sediment Control/Chesapeake Bay Preservation Act reviews. The State was adopting new regulations and would no longer provide review services for development projects under one acre. The localities would now be responsible for performing the reviews. 12 qualifying permit applications were anticipated at a cost of \$3K per application; iii) IT Services was increased for GIS Contractual Services; iv) The Conference, Education and Travel lines were increased for staff, commission and board training; v) The Computer, Software & Electronics line was increased to include a new laptop for the planner/zoning administrator, and new software.

Capital Asset Management Project (CAMP) Project List/Schedule: John Hozey stated that the figures included in the document were based on current assumptions plus 20% for inflation.

The CAMP project list for the General Fund was reviewed to include: i) Design for new municipal building; ii) Library rehabilitation and Condominiumization; iii) The Town's share of the Multi-Use Trail Phase 3 Construction. The majority of this project expense was grant funded; iv) The Visitor's Center/Downtown Restrooms which would be funded with American Rescue Plan Act (ARPA) and grant funding; v) Public Works Storage Facility to construct a roof over the current storage area and Conex boxes.

There was some discussion related to the timing of future years' projects and the possibility of moving some into FY 2024. John Hozey stated that these projects could be revisited during the mid-year budget review or after the sale of the utilities.

The Harbor Fund CAMP project list included: i) Inner Harbor Fixed Dock Repair which was carried over from FY 2023; ii) Inner Harbor King Pile and Waler Replacement. The estimate included receiving 50% from the Virginia Port Authority (VPA) Aid to Local Ports grant. The maximum amount of the grant was

75% of the project cost. If the Town received a higher percentage, this amount would be updated; iii) Inshore Breakwater Repair/Upgrade included the estimate for the full cost of the project.

The Utilities Fund CAMP project list included: i) Connection of the Keck Wells to the water treatment plant; ii) Wastewater Treatment Plant Membrane Replacement; iii) Sewer Pod Replacement. The Utility Facility Fee Reserve would fund these projects.

General Capital Fund: i) General Capital Fund Revenue included VDOT and other grant funding, reappropriation from FY 2023 carrying over funding for incomplete projects, transfer an estimated amount from the General Fund for the sale of the library, transfer of 6% of core operating revenue, transfer of .5% of meals tax, and transfer of ARPA funding from the General Special Activities Fund; ii) Expenditures included Building Improvements (municipal building, library renovation, visitors center/downtown restroom, public works storage), and the Multi-Use Trail Phase 3.

Utility Fund Revenue & Expenditures: \$311,728 was being transferred from the General Fund to subsidize the Utility Fund. If this amount was not transferred to cover the cost of operations, the utility rates would have to be increased by at least 18%.

John Hozey noted that as part of the consolidated consent order, a correction plan was required to be submitted. Virginia American Water was assisting the Town with this plan. He would be reviewing the information next week and some adjustments to this fund might be necessary.

Harbor Fund Revenue & Expenditures: i) The VPA grant revenue shown represented 50% grant funding. We should receive notification of the actual amount of grant funding next week; ii) The harbor management services contract would be up at the end of 2023 and would be re-evaluated at the end of the season. A request for proposals would be issued at the end of this season.

Sanitation Fund Revenue & Expenditures: Due to cost increases with the Town's trash collection contractor, the new trash collection fee would be \$20.80 per month per receptacle.

Chief Pruitt gave a presentation to Council providing statistics and justification for additional police officers. There was some discussion following the presentation and the general consensus was to approve the hiring of two certified officers.

C. *Strategic Revenue Planning:*

John Hozey reviewed the Strategic Planning Program which attempted to project future revenue needs beyond the current spending cycle based on strategic goals and projects predetermined by Council and other planning processes. All revenue sources were considered, however real estate property tax remained the largest source of potential funds. Other items taken into consideration were the long-term projected inflation rate, historical growth in core revenues, additional services to be added in the future or a potential reduction in services, anticipated near or long-term special projects, retirement of current debt, any new debt to be acquired, whether the fund balances and/or reserves were achieving the set goals, amount of capital funding needed, any one-time grants or other revenue sources. John Hozey stated that the Town's finances were sound and recommended maintaining the current real estate tax rate of 22 cents per \$100.

Councilman Grossman asked that the personal property tax rate be reviewed again as a result of earlier discussion this evening.

D. *Community Funding Applications:*

The Community Funding Request Summary was reviewed and after some discussion, the following amounts were approved: i) Cape Charles Christian School for \$5K for the Crabby Blues Festival; ii) Cape Charles Main Street for \$90K for town marketing and events; iii) Arts Enter Cape Charles for \$4,500 which represented the Town's match for the Virginia Commission for the Arts grant for arts and education; iv) Northampton County YMCA for \$5K to help with funding for the new gymnasium; v) Citizens for Central Park for \$17K for the summer concerts and a concert attendant; vi) Cape Charles Volunteer Fire Company for \$25K for operational support and equipment maintenance; vii) Eastern Shore Tourism Commission for

\$5K for tourism promotion; viii) The Cape Charles Tree Advisory Board (TAB) was not a 501c3 corporation so could not receive funding directly from the Town. The TAB did provide a service to the Town and submitted a plan for the planting of new trees in the Town. The requested amount of \$10,400 was included in the Public Works budget to use as needed.

John Hozey stated that he would check into the items identified during this meeting and would report back to Council. The public hearing would be held on June 1st with adoption of the FY 2024 budget at the regular meeting on June 15th.

Motion made by Councilman Buchholz, seconded by Councilman Butta, to adjourn the Town Council Budget Work Session. The motion was approved by unanimous vote.

The meeting was adjourned at 9:10 p.m.

Mayor Charney

Town Clerk

Fund Balance Reserve Status FY24 Budget

General Fund

Audited Fund Balance (June 30, 2022):	\$ 2,821,312
Draft FY24 Budget - Core Operating Expenses:	\$ 3,668,396
Operating Reserve (20%):	\$ 733,679
Contingency Reserve (10%):	\$ 366,840
Total Required Reserve:	<u>\$ 1,100,519</u>
GF Fund Balance less required reserve:	\$ 1,720,793
If Harbor Covered by GF - Core Operating Expenses:	\$ 1,008,625
Operating Reserve (20%):	\$ 201,725
Contingency Reserve (10%):	\$ 100,863
Harbor Reserve:	<u>\$ 302,588</u>
GF Fund Balance less required combined reserve:	\$ 1,418,206

Utility Fund

Audited Fund Balance - Unrestricted (June 30, 2022):	\$ 1,176,558
Draft FY24 Budget - Core Operating Expenses:	\$ 2,940,115
Operating Reserve (20%):	\$ 588,023
Contingency Reserve (10%):	\$ 294,012
Total Required Reserve:	<u>\$ 882,035</u>
Unrestricted Utility Fund Balance less required reserve:	\$ 294,524
Restricted Facility Fee Reserve (June 30, 2022)	\$ 1,176,588
	<u>\$ 1,471,112</u>
Additional facility fees collected in FY23:	\$ 833,302
Transfers from prior year income:	\$ 618,414
Total Facility Fee Reserve available:	\$ 2,922,828

CIP Fund

Audited Fund Balance - Unrestricted (June 30, 2022):	\$ 286,540
--	-------------------

TOWN OF CAPE CHARLES - Building, Planning & Zoning Fee Schedule
EFFECTIVE JULY 1, 2022

Any changes in Fee Schedule are shown in red - if nothing shown, then seeking to retain the existing fee strcture.

	Type of Permit or Review	Charge or Fee	PROPOSED Charge or Fee	Notes
BUILDING	1. Residential: (repair, alteration, demolition, construction)			
	a. Single inspections w/ no permit required	\$35		
	b. Less than \$2,500	\$50		
	c. \$2,500 - \$10,000	\$50 + 0. 5% project cost over \$2500		
	d. \$10,000 +	\$125 + 0.5% project cost over \$10,000		
	e. Demolition	\$50		
	2. Commercial: (repair, alteration, demolition, construction)			
	a. Single inspections w/ no permit required	\$35		
	b. Less than \$2,500	\$75		
	c. \$2,500 - \$10,000	\$75 + 1% of project cost over \$2,500		
	d. \$10,000 +	\$175 + 1% of project cost over \$10,000		
	e. Demolition	\$100		
	Notes:			
	1. Add 2% to all permit fees for state surcharge.			
	2. Permits include inspections and a follow up inspection for a failure. Subsequent inspections for the same item are at \$40 each.			
	3. Add 10% to Base Fee for Fire Department (before tax and not to be taxed).			
	3. New Construction: Per BOCA/ICC permit fee tables based on building square footage and at 100%			
	Certificates of Occupancy			
	1. Permanent Certicant of Occupancy	Included in cost of permit		
	2. Certificate of Occupancy when no permit is issued	\$100		
	3. Temporary Certificate of Occupancy	\$400 (per issuance) Max. of 2 issuances	\$800	Contractors are abusing this with the current nominal fee. Hope an increase will be more of a deterrent.

	Type of Permit or Review	Charge or Fee	PROPOSED Charge or Fee	Notes
	4. Rental Certificate of Occupancy	\$100 (includes inspection)	\$150	Additional staff time required. Extra \$\$ would help offset the cost of the requested additional Part-time Person.
	Notes:			
	1. Inspection fee for 3rd inspection of the same item	\$40		
	2. Inspections scheduled outside normal business hours	\$75		
	3. Fee for starting work without a permit	\$300		
	4. Underground Fuel Tank Removal	\$100 per tank		

	Type of Permit or Review	Charge or Fee	PROPOSED Charge or Fee	Notes
ZONING	5. Zoning Clearance			
	a. As part of a building permit or a Certificate of Appropriateness application	\$0		
	b. All other approved by administrative review	\$150		
	c. Trees/Landscaping			
	1.) Tree Removal Permit	\$10/tree	\$20/tree	increased fee to cover staff review time
	— 2.) Landscaping Plan for full lot	\$100-	\$0	Landscaping Plan fee removed
	2.) PENALTY - Tree removal without a permit	\$300	\$300/tree	added per tree for clarification
	d. Variance Application to Board of Zoning Appeals	\$500**		
	e. Signage			
	1) All affixed and free-standing signage greater than ten (10) sq. ft	\$50	\$100	increased fee
	No permit required for smaller signage or residential signage			
HISTORIC DISTRICT REVIEW BOARD	6. Historic District Review Board Application Fee			
	a. New Construction - Residential	\$500		
	b. New Construction: Commercial or Commerical/Residential Mixed Use	\$750	\$1,000	increased fee more staff review required
	c. Renovation			
	1) Minor Work authorized by CCZO Section 8.17, residential and/or commercial - Administrative Review and Approval only	\$150	\$50	We are looking to create two fee categories for the Minor Work review done by the Zoning Administrator - fences & sheds and then everything else that is spelled out in the ordinance, reflective of staff time for these items.
	2) Minor Work: Fences & Accessory Structures (not visible from any street & under 256 sq. ft) - Administrative Review and Approval Only		\$200	
	3) Substantial alterations - Residential	\$500		
	4) Substantial alterations - Commercial	\$750	\$1,000	increased fee to cover staff review time
	5) Demolition of structure	\$400		
	d. Extension of approved Certificate of Appropriateness	\$50		
	e. Modification to an approved and active Certificate of Appropriateness (CoA)	\$250	\$200	decreased fee
	f. Working without an approved and active Certificate of Appropriateness (CoA) or After the Fact Permit Fee		\$1,000	NEW - to discourage all from doing work without getting approvals.

	Type of Permit or Review	Charge or Fee	PROPOSED Charge or Fee	Notes
APPEALS	7. APPEALS			
	a. Appeals Application to Board of Zoning Appeals	\$500*	\$500**	correction - asterisk needed to be added
	b. Certificate of Appropriateness Appeals to Town Council	\$500**		
	c. Appeals Application to Building Code Board of Appeals	\$250**		
HARBOR AREA REVIEW BOARD	8. Harbor Area Review Board Certificate of Appropriateness			
	a. Development Certificate	\$750/ application base fee + \$100 per acre**		
	b. Extension of approval	\$100		
	c. Modification to an approved and active Certificate of Appropriateness (CoA)	\$250		
ENVIRONMENTAL PERMITS	9. Environmental Permits			
	a. Wetlands Permit	\$500	\$500**	correction - asterisks needed to be added
	b. Structures in & across dunes	\$200		
	c. CBPA Encroachment or Exemption	\$200		
	d. CBPA Administrative Waiver for Maintenance Work of Vegetation in the RPA	\$50		
	e. Erosion & Sediment Control Permit	\$500 + \$10/acre not to exceed \$1000		
	f. Erosion & Sediment Agreement in lieu of plan	\$150		
	g. Erosion & Sediment Inspection fees	\$40/hr with 1 hour minimum		
	h. Erosion & Sediment Control Plan Review Fee	\$350		
SITE PLAN	i. Working without an approved and active Permit or After the Fact Permit Fee		\$1,000	NEW - to discourage all from doing work without getting approvals
	10. Final Plan Review Fees			
	a. Residential	\$150/site		
	b. Commercial	\$250/site #^		
	c. Misc	\$150/site #^		

	Type of Permit or Review	Charge or Fee	PROPOSED Charge or Fee	Notes
PLANNING	11. Planning Applications			
	a. Regular Rezoning	\$1,000	\$0	fee removed
	1) Non-PUD	\$500 + \$50/acre**		
	2) PUD	\$1,000 + \$50/acre**		
	a) Amendment to Comprehensive Plan; Concept Approvals	\$550/application		
	b. Conditional Rezoning	\$1,000 + \$50/acre**		
	c. Zoning Text Amendment Petition Application - for consideration only by Town Council and/or Planning Commission	\$200/application		added wording
	d. Conditional Use Permit	\$600		
SUBDIVISION	12. Subdivision through recordation			
	1) Concept or sketch plan review	\$100 + \$10/parcel		
	2) Preliminary plat review			
	a) 3 lots or less	\$250 + \$50/lot #^	\$500	increased base fee deleted per lot fee due to staff time required
	b) 4 lots or more	\$500 + \$100/lot #^	\$500 + \$250/lot #^	increased per lot fee
	3) Final plat review			
	a) 3 lots or less	\$125	\$200	increased fee due to staff time required
	b) 4 lots or more	\$250	\$400	increased fee due to staff time required
	4) Subdivision modification	\$75		
	5) Administrative Plat/Lot line adjustment	\$200		
	6) Easement Plat	\$200		
	7) Vacation of Plat	\$250		
	All recordation of plats are the responsibility of the applicant			
OTHER	13. Deferral at the request of Applicant, if public hearing has been set (BZA, Planning Commission, HDRB, HARB, Town Council)	\$200		
LEGEND with GENERAL NOTES				
*	Advertising Costs, Actual			
**	Advertising Costs, Actual + Adjacent Property Owner Notification Mailing Costs, Actual			
#	3rd Party Review Costs - Water and Sewer Connections and Layout, including any re-reviews			
^	3rd Party Review Costs - Erosion & Sediment Control, including any re-reviews			