

**MINUTES OF SPECIAL MEETING HELD  
FRIDAY, APRIL 3, 2009 – 3:00 P.M.  
COLONIAL BEACH TOWN CENTER**

Mayor Rummage called the Special Meeting of Friday, April 3, 2009 to order at 3:00 p.m. at the Colonial Beach Town Center and stated the purpose of the meeting was to discuss Riverside Meadows Phase II Matching Funds with Westmoreland County.

Town Council Members present included, Mr. Coombes, Ms. Payne, Mr. Kennedy and Mayor Rummage. Others present: Town Manager, Val Foulds; Chief Financial Officer, Joan Grant; Chief of Police, Chris Hawkins; Deputy Town Clerk, Mary Mendenhall.

Absent: Town Council Members: Mr. Lyburn, Ms. King and Mr. Ridgely.

Mayor Rummage stated the Special Meeting was called for a specific purpose. Phase I will be taken care of this year and Phase II is a natural sequence. I received a call very recently indicating that there would be some monies available from the County if we have some matching funds. As we did in Phase I, we would initiate the action with the County and apply for matching funds again from the State. If we are fortunate enough to get as much as we have in operation this year, we can really make a dent in Riverside Meadows. Mayor Rummage distributed a copy of a map.

Mr. Coombes asked what is Phase I on the map and what is the purpose of Phase II?

Mayor Rummage responded Phase I was labeled and marked as Darl East Avenue which is Santa Maria. That was the initial starting point. You may recall the State wanted to start with Meadow Avenue and we argued that point even though Meadow Avenue is not up to State standards, it is at least a paved road, and Santa Maria is not. Phase II according to our original plan would be Linda Lane down to Meadow, Wakefield down to Meadow, Stratford down to Meadow and hopefully if we can swing it, Azalea which runs parallel to Meadow and Santa Maria. Phase III would be starting with Meadow and running down to the others. It is going to take \$200K plus to pave Santa Maria and we won't be able to come up with a lot more money than that to do anymore.

Mr. Kennedy had a concern about Santa Maria being completed. On Phase I, it will only take us down according to Mr. Murphy's estimates just past Stratford, which means we have to pick up the rest of Santa Maria somehow in Phase I or it will roll over to Phase II. This \$200K that is earmarked for 2009 is not going to complete that whole street which I think will cause other issues. Based on our conversation of Phase II, several dollar amounts were discussed. I am agreeable to go forward with this, but I cannot commit to a dollar amount, not knowing what our audit is going to look like. We have not had the first budget hearing. We don't know what we are going to be facing and where the money is going to be coming from. I cannot commit to any dollar amount.

Mr. Coombes asked what dollar amount are we talking about to do this?

Mayor Rummage stated the call that he received said that the money would come from the State and if we can come up with an amount similar to what we had last year and the County will match it. I was hoping that I could talk them into doing a little better than that and I was hoping I could talk you into doing better than that if at all possible. I agree with what Mr. Kennedy just said and I also agree with what Ms. Payne said in an email essentially the same thing. If we have some money offered to us to come up with Phase II, if we don't exercise this opportunity then I don't know when or how we can continue.

Mr. Coombes stated so the money for this will come from the State and the County. How much money?

Mayor Rummage responded that he did not get an exact amount but I was asked if we could come up with an amount similar to what was configured by the Town last year.

Mr. Coombes asked how much was that?

Mayor Rummage responded \$50K.

Mr. Coombes stated when you and I spoke last week about this, there was something about next Monday being the new drop dead date.

Mayor Rummage stated the only reason why that is such a short window is because the money came from the State just recently. I got the call after that. Mr. Risavi has to make his presentation of his budget on Monday to the Board of Supervisors.

Mr. Coombes stated so he wants a commitment from us so he can put it in his presentation.

Mayor Rummage stated he needs to let the Board of Supervisors know that he has a block of money that he would like to spend in this Town for this purpose, Riverside Meadows, rather than spending it somewhere else. If we have a commitment, then we are 2/3rds on our way.

Mr. Coombes asked if Mayor Rummage knew if there was a dollar amount that Norm Risavi has set aside for the Town of Colonial Beach?

Mayor Rummage responded that he did know it is at least \$50K.

Mr. Coombes asked Mayor Rummage to find out for sure. I would like to know how much money the County is going to give to the Town. Apparently the money came from the State and it is not in the County's budget. What you are saying is Mr. Risavi wants a commitment from us by Monday to the tune of \$50K.

Mayor Rummage responded that he is saying that the \$50K could certainly be matched by the County if he can convince the Board of Supervisors to do so. The interest to me was that it could even go higher than that.

Mr. Coombes asked if Mr. Risavi could match \$100,000?

Mayor Rummage responded he didn't think he could match \$100,000. It would be closer to assume that he could certainly get \$75,000.

Mr. Coombes asked if we are on line to get anything; any stimulus money for roads?

Ms. Foulds responded there is a website and I have two employees who go in each morning to obtain information. If VDOT for example comes up and says here is what we have available for grants.

Mr. Coombes asked did we submit for roads as part of a stimulus package?

Ms. Foulds responded yes, we did.

Mr. Coombes asked for a recommendation? We have to come up with that first before we decide anything else.

Mayor Rummage responded he hoped that the Council doesn't think that I am trying to be cute. I am not. I would like for us to be able to come up with \$50,000 because I know that could make a real dent. I know that it would be matched by the County. I have a strong feeling that it will be matched then by the State which would give us another \$200,000. I have reason to believe that we might be able to get more than that from the County provided he can convince the Board of Supervisors not to put the money in some other jurisdiction. That is the problem you always run into in something like this. You have five supervisors all representing a different district.

Mr. Coombes responded the problem that I see is it not coming out of this year's County budget and yet how do you propose we pay for this?

Mayor Rummage stated he would have to go to the Town Manager and Mr. Ridgely.

Mr. Coombes stated he is not here, but he left a letter for each of us last night and asked me to distribute it. I think everyone should read this before we go any further and he asked that it be part of the record.

'To: Town Council Members  
From: Councilman Ronald Ridgely  
Subj: Commitment of Funds for Riverside Meadows Road

First let me apologize for my absence. I am attending a Board of Governors Meeting for the Virginia State Rescue Association which was scheduled over six months ago. I am

very concerned about committing funds in next year's budget with the current state of the economy. We have no idea of the budget and projected revenue for the July 1, 2009 budget. To commit such funds now, in my opinion, would not be prudent to our fiduciary responsibility. Further, in individual discussions with Council Members it appears that we all received a slightly different story on this subject when we were solicited by the Chairman concerning this matter. I was also advised that an option would be to take the money out of the Town's reserved fund/fund balance. We would need to study in depth several facts before such an action should be considered. Some of these facts are as follows: 1) Miller Foley audited the Town up to 6/30/08. This audit does not reflect what we spent between 7/1/08 and today. We cannot commit funds based on the audit figures. 2) Miller Foley advised that we set aside 10% to maintain our Bond Rating. That number would have to be determined and ties in with whatever we determine in our debt policy ratio which I believe is 12%. 3) We need to consider catastrophic situations such as severe weather and keep money on paper that we know we could access quickly without wondering how much money is available when we are in the middle of a crisis. I also believe that it is a good idea to keep on paper a lump sum of money that would cover any administrative payouts (such as vacation or severance pay) for contract staff so we are not caught short. Remember that the School Board got caught short last year. And finally, if I remember correctly, Vice Mayor King had an item before Council asking that we maintain a certain percentage of a minimum balance in the reserves. This was tabled until we received the audit. Her proposal needs to be addressed. In closing I urge the Council to think long and hard before considering committing any funds at this time.' Signed Ronald Ridgely

Mayor Rummage stated it is evident based on the statement from Mr. Ridgely, we would be turning down the offer by the County which I think is disgraceful. Secondly, we are turning our backs on the people who have bought homes in the Riverside Meadows area for the second phase of the construction. Third, I don't think we have a problem with the reserve and I think we can cover that very easily.

Mr. Coombes asked if the reserve was restricted in any way. As I recall from prior years on the Council that reserve could only be spent for certain kinds of things. Am I right or wrong?

Ms. Foulds responded that she was not sure, but offered to research that.

Mr. Coombes responded we have nothing left in the contingency. The reserve fund is something like \$550,000 if I remember correctly.

Ms. Grant responded on the general fund reserve, you have to take out expenditures that come out of the reserve.

Mr. Coombes asked what is in the reserve as of today?

Ms. Grant responded if I had to make a valued judgment based on the figures I have, my opinion would be \$1.5 million.

Mr. Kennedy asked how long before we have to make a commitment? How long have we known about this? What is a drop dead date that we have to give the County an answer?

Mayor Rummage responded that he made it very clear. As soon as you got the telephone call is when I got the telephone call and was told there is money and Norm Risavi will commit it to this Town for this project. The question is, are you all willing to see this project pursued or not? Are you willing to let this money be spent on Monday which is the day he has to present his budget? It wasn't his fault that he was called late as Tuesday or whatever day I called you all. He didn't know it until then and of course he couldn't tell me until then and I have no idea. I was hoping that we would get a similar contribution from the County again, second time, hoping for it the third and fourth time until those roads are finished up there. Nobody took anybody by surprise. Nobody has hidden anything, but I can tell you there is not a problem with the reserve.

Mr. Coombes asked are we talking about taking it out of reserve?

Mayor Rummage responded yes.

Mr. Coombes asked why is there no problem?

Mayor Rummage responded you should know the answer to that.

Mr. Coombes stated he was just asking the question.

Mayor Rummage stated the money is there. It is not a question of whether we have it or not. The question is whether or not six members on this Council are willing to vote to utilize "x" number of dollars for Phase II for this project.

Mr. Coombes stated he understood. If that much money is there why did we not just give \$10,000 to the Chamber for the fireworks? It is the whole idea of putting in a road for a few people. I understand that the need is up there, drastically. The question is whether or not this has a priority before we even establish next year's budget.

Mayor Rummage responded it is unfortunate that we have to be here. I am not happy having a special meeting. I don't like special meetings, but I had no alternative. I tried to save time merely by making telephone calls but that has even been misunderstood.

Mr. Coombes stated you called each of us and I advised you that it was my opinion to do it by phone call and make a commitment letter to the County was illegal. Did I not do that?

Mayor Rummage responded I don't recall if you said it was illegal.

Mr. Coombes stated I did say it was illegal and that is why we are sitting here so we all can have a discussion about it. I understand your need to expedite things but that would have gotten us into more trouble than being here having this discussion.

Mayor Rummage stated I took your advice. I took the Town Manager's advice, Sparky's. I did a little bit of reviewing of past records. As we go back to 1977, there was a commitment made that the owner's of that property which was Historyland Playground duly executed contract that those roads would be paved. It went into detail. I do know from the former Mayor giving me some background on this and I am sure you know a lot about this also, Mr. Coombes because you have been involved here for a lot longer than I have, that the company who made this commitment to the then Town government went bankrupt. In that bankruptcy, I understand the Town received something like thirty properties. Those properties were sold for something like \$300,000. That money was to be used according to the contract but it was not used according to this contract. That is one of the reasons why I am pushing so hard. I am not trying to differentiate or make a distinction on how we stand on money or anything else. I am just saying if a thorough research was done I think this Town has a commitment. Because of this and subsequent actions I think we are well within our rights and legal obligations.

Mr. Coombes responded he believed that the Town has a commitment. The question is how do we respect the commitment?

Mr. Kennedy stated he did some research one Sunday going through every file we have on Riverside Meadows. What I got out of it was the money we got from the sale was earmarked for drainage issues in two phases, not road paving. There was also a document that I handed out sometime ago that said that the Town's responsibilities were for the maintenance of the roads up to and including grading and adding gravel where necessary, but at no time did the Town commit to paving those roads. Historyland Playground might have done that at that time but from that time forward there was never a commitment by this Town to pave those roads. The \$300,000 was committed to drainage issues to be worked in two or three phases. That is my understanding. I am not ready to commit funds not knowing what our checkbook looks like, not having a true picture of it. Not having a true balance, it would not be the proper thing to do. What I propose is if we wanted to give a committal letter to the County saying with a contingency tied to it upon the ability to provide the funds at a prudent time, then we could go forward with this and see if Mr. Risavi would accept that with no dollar amount tied to it at this time. It is something we all should agree on.

Ms. Payne felt there were two different issues. At some point in time, we would all vote to get those roads paved. I live on one of those dirt roads myself. The problem I have with as Mr. Coombes and Mr. Kennedy said, is to commit anything prior to even beginning the budget process, I just can't go along with that. If there is a way to word a letter very carefully as Steve just said without making an actual commitment, just a letter of intent, depending upon the results of our budget talks, it would be alright. To commit funds at this point prior to our budget, I can't go along.

Mayor Rummage stated I was hoping that we could come out of this meeting with a little more of a positive result. As a matter of fact, I have been thinking of what kind of letter we could write if this Council is in agreement. I would hate to think in terms of not following up this year. We know we are going to have Santa Maria and hopefully it will be the entire street. I would hope that we follow up the second year, 2010 with the second phase of it. Also, if this Council decides not to do it, I am going to ask our legal counsel to review the documents I have. Obviously I haven't done my research but based on general law that there is a commitment and when that property was taken over as a part of the monies owed as a result of bankruptcy, it truly has a legal obligation. I think our legal counsel should research this for us. If there is no objection I am going to ask that it be done.

Mr. Kennedy stated when the citizens of Riverside Meadows came in here, from a real estate standpoint, on unimproved roads, when you get certain loans, you cannot get that loan approved unless there is a road maintenance agreement. I asked that question at that time how many people had gotten a VA or FHA loan which requires that road maintenance agreement to be in affect before they can even get that loan. The answer was there were several of them who had gotten the VA loan who signed the road maintenance agreement. It is my understanding that the former Mayor did that with the intent that we would provide maintenance for the roads. This is what I got when I researched the records at Town Hall. If the attorney sees something else that adds support to your cause, then I rely on her. I don't want to go into this thing blinded, without knowing the true figures of what our accounts look like. After looking at the school board's budget, I can't put a dollar figure on it.

Mayor Rummage asked if there were any objections to following the proposal made by Ms. Payne to send a letter to Mr. Risavi. I feel obligated to at least do that.

Mr. Coombes asked what would be in the letter to Mr. Risavi?

Mayor Rummage stated it would say we would like to utilize the funds that have been forthcoming from the State and we will match it to a point when we can after we get through part or all of our analysis of the budget hearings.

Mr. Kennedy stated it should say it would be contingent on our abilities based on our budget.

Mr. Coombes stated we need some more information. It is just too loose right now. This is a major recession we are in. We have to be careful with this year's budget and next year's budget. We need to have the facts before we go bouncing around. Under the circumstances I think it would not be fiscally responsible for us to do this based on the information that we have now. No true figures, no true anything from the County. We have a recommendation on Council from the person who is responsible for the budget who says back off for now. I don't think we have any choice. If you sent a letter down I think it should have in it what Mr. Kennedy said, the commitment depends on our future ability to get this into the budget. I am also opposed to taking it out of the reserves.

Reserves are there for something else. If we start taking money out of reserves for routine operations like buildings, streets, sewers and whatnot, we are shooting ourselves in the feet potentially down the road. I just don't agree with taking it out of reserves. I don't care if it is a dollar or whether it is \$100,000.

Mr. Kennedy stated I want the people of Riverside Meadows to understand, I want to see those roads paved, but I don't think they would want us to go into this haphazardly to commit funds when we don't even know what we are working with and later in the year something jumps up and bites us. I think they would want us to do the prudent thing also. I certainly want to see them have a quality of life that a paved road would bring but at what cost to the rest of the Town? We have to make sure we are treating the whole Town properly. I just don't think we can commit at this time. If the County will take a commitment letter with a contingency attached and hold the money in abeyance, we might be able to match it once we get through the budget. If that is the case, then fine let's go forward with it, but not at this time.

Ms. Payne agreed and stated the letter will have to be very carefully worded.

Everyone agreed that Ms. Foulds, the Town Manager should prepare a letter.

Ms. Foulds also asked if there are any resolutions in place that restrict the use of the reserve funds.

Mr. Coombes stated in times past, there were restrictions on that. We used the term years ago as the Yacht Club Fund

Ms. Grant responded this is not the reserve fund monies you are talking about. It is your investment account.

Mr. Coombes asked what is the Yacht Club Fund called now?

Ms. Grant responded it is our investment. The appropriate term for historical purposes it is our only investment at the moment.

Mr. Coombes asked if that money included the investment money from the Yacht Club Fund?

Ms. Grant agreed. You are not talking about those monies.

Ms. Foulds stated Ms. Grant and I have talked about this and drafting a fiscal policy that you did review and agreed to approve or disapprove. It would include those items you just discussed about how to use the reserve money and how we pay it back.

Mr. Kennedy asked when the property was sold in Riverside Meadows, were the funds earmarked for something in Riverside Meadows?

Ms. Foulds agreed.

Mr. Kennedy asked if all of the property that the Town owns, if we were to sell it, would it have to be used specifically for a certain project?

Ms. Foulds responded she did not believe so.

Mr. Kennedy stated then the money would go into the General Fund to be used as the Council sees fit.

Ms. Foulds felt that statement was correct. The bond issues as we recently learned with some of the properties . . .

Mr. Kennedy stated the bond issues had more to do with the waterfront.

Ms. Payne asked if we needed to take action on this Resolution - #26-09 - Earmark Funds in FY 2010 for Riverside Meadows Paving?

Mr. Coombes responded it was really not ever brought up.

Mayor Rummage stated we will get our heads together. There is no point in passing a resolution because we are not acting on it.

With no further discussion, Mayor Rummage asked for a motion to adjourn the Special Meeting of Friday, April 3, 2009.

Motion was made by Mr. Kennedy to adjourn, second by Ms. Payne. With no objection the Special Meeting was adjourned at 3:40 p.m. on Friday, April 3, 2009 at the Colonial Beach Town Center. **Motion Carried.**

Respectfully submitted:

Mary Mendenhall,  
Deputy Town Clerk

Transcribed by:  
Barbara A. Goff  
Town Clerk

Frederick C. Rummage,  
Mayor