



**Minutes of the
Colonial Beach Town Council
Special Meeting to hold a
Work Session held on
Thursday, May 18, 2016 at 10:00 a.m.**

Colonial Beach Town Hall
315 Douglas Avenue
Colonial Beach, VA 22443

Present

Mayor, Mike Ham
Vice Mayor, Eddie Blunt
Member, Wayne DiRosario
Member, Tommy Edwards
Member, Wanda Goforth
Member, Burkett Lyburn
Member, Mike Looney

Absent

All Council Members were present.

Also Present

Town Manager, Val Foulds
CFO, Joan Grant
Town Clerk, Kathleen Flanagan

Call to Order

Mayor Ham called the meeting to order at 10:02 p.m.

Roll Call of Members

Mayor Ham noted that all Council members were present.

Discussion of 2016-2017 Budget

Discussion on Proposed Revenue

Ms. Grant opened with a discussion on the proposed revenue numbers.

Ms. Grant discussed:

- Decals. The town's policies are based on the practices of localities that are successful in collecting delinquent personal property tax.

Mayor Ham noted that if you have a town decal on your car, you are allowed to park in paid parking areas for free and this is the biggest reason to keep the decals.

Ms. Grant noted that golf carts also need decals.

Mr. Blunt asked about a program for people who own weekend homes and do not register their cars in town.

Ms. Grant noted there is no program currently available.

Mr. Blunt suggested allowing people who own a home here but do not register their cars in town to purchase a decal for \$30.

Ms. Foulds suggested holding this discussion until senior staff from the Police Department are present.

Mr. Edwards asked if people who live in Westmoreland County and trailer in a golf cart to use in town, if those people can be pulled over for not having a town decal. Ms. Grant answered yes, there is nothing on the books that spells out a reciprocity agreement with the county.

Mayor Ham suggested scheduling this discussion for the next work session.

Mr. Blunt asked why real estate tax is billed twice a year.

Ms. Grant answered that is how the ordinance is written. From a financial perspective, it is helpful to have money coming in twice a year to pay bills for both the town and the school.

Mr. Blunt suggested billing once a year in June, as the county bills once a year in December.

Ms. Grant responded that the land book does not come out until October.

Mayor Ham noted that taxes are assessed on a yearly basis, Jan 1 through Dec 31. The June bill is a "down payment" on the current year. Any adjustments are made at the December billing.

Mayor Ham noted any change in the twice yearly billing cycle would create a cash flow problem for the first year.

Mr. DiRosario noted that years ago the town billed once a year and changed to the twice yearly billing cycle to help with cash flow.

Ms. Grant noted citizens can pay on any schedule they chose; there are citizens that pay monthly.

Mr. Blunt asked where the money from the vendors show.

Ms. Foulds reminded Mr. Blunt that only vendors who participate in the town's Boardwalk Vendor Program actually pay the town; at special events the sponsor of the event collects and keeps the fees from the vendors. The town only collects business license taxes and meals taxes.

Ms. Foulds noted any fees collected under the new Special Events policy passed at the end of 2015 are not projected in this budget and an adjustment will be made as necessary.

Mayor Ham noted meals and lodging tax is projected at \$375,000. As of the end of April 2016, the revenue is already over \$375,000. Last year in May and June the town collected approximately \$135,000.

Mayor Ham proposed increasing the projected revenue for meals tax from \$377,000 to \$479,000.

Mayor Ham further proposed reducing personal property tax from \$4.00 per \$100/value to \$3.20 per \$100/value. Mr. Blunt, Mr. Edwards, Mr. Lyburn, and Ms. Goforth all agreed with Mayor Ham's proposal.

There was council agreement to take steps to reduce personal property tax from \$4.00 to \$3.20.

Mayor Ham then discussed that there is a \$.02 cent real estate tax increase reflected in the proposed budget in order to equalize property taxes collected from last year.

Mayor Ham noted between the town and the county, current real estate tax rate is at \$1.07 per \$100 of assessed value. By adding \$.02 cents, the town would collect \$.70 cents and the county, with its 5-cent tax increase, would collect \$.44, which puts the combined tax for town residents at \$1.14.

Mr. Looney asked if a \$.02 cent increase in real estate taxes would be necessary next budget year in order to fund the school bond. Mayor Ham noted "not necessarily" and explained the school has a construction fund that could pay the bond payments.

Mr. Looney clarified that Council is not looking to either (1) increase real estate taxes, or, (2) take money out of reserves to pay for the school bond.

Mr. Looney asked why revenue from building permits is projected to be about 50% lower than last year.

Ms. Foulds responded that last year there were two large projects in town, the construction of the condos and the upgrades at Riverwood Apartments, which trended revenue numbers at a higher level.

Ms. Foulds noted that permit revenues overall have not fallen off.

Mr. Blunt suggested looking at economic incentives for hotels or motels that have closed or are up for sale.

Ms. Foulds responded establishing an Economic Development Authority would help with those type of decisions.

Mr. Blunt stressed that we are a tourist destination and need to find ways to increase the number of rooms we have available during our season.

Discussion on Proposed Expenses

Ms. Foulds opened a discussion on proposed expenses.

Ms. Foulds noted all departments attempted to keep increases to a minimum, including working with companies such as Troy and Banks to lower the Verizon bill, for example.

Ms. Foulds then noted there are no automatic cost of living adjustments but asked for council support on a performance-based reward/merit system for employees.

Mr. Blunt supports bringing in a consultant to review existing pay bands and make recommendations.

Mr. DiRosario noted the school system provides yearly increases to its employees, but the town does not, which is demoralizing to town employees. Mr. DiRosario is in favor of across the board cost of living increases rather than individual performance bonuses.

Mr. DiRosario asked how many under achievers work in this town, according to performance appraisals. Ms. Foulds answered she knew of three people.

Mayor Ham noted there are currently five pay bands. The town has a total of 58 employees.

Mayor Ham supports rewarding employees who are over achieving.

Mr. Blunt agrees with Mayor Ham, but believes, for certain positions, the starting salary is too low, which leads to poor retention of employees.

Ms. Foulds discussed that as employees receive their appraisals and especially if they receive excellent ratings, there are no budgeted funds to reward that excellent performance.

Ms. Foulds discussed Risk Management. The cost went up significantly due to an increase in the assessment of the Waste Water Treatment Plant which is assessed every three years.

Ms. Foulds further noted that in 2009, the town was taken off VML's insurance 'watch list' and has continued to increase its ratings.

Mr. Blunt noted the Police Department budget has gone down from the last two years.

Ms. Goforth asked why there is no funding for travel, lodging, convention or education for town council members.

Ms. Foulds responded this is all part of trying to keep costs down as it is a pretty tight budget.

Mayor Ham responded that this is something that could be paid out of council contingency.

Mr. Looney responded that this can also be paid out of council monthly stipends.

Mayor Ham noted that in 2009 the town collected \$10,000 in parking revenue and this year have collected over \$80,000, with two more months to go.

Recess

At 12:02 p.m. Mayor Ham called for a 30 minute recess.

Reconvene

At 12:31 p.m. Mayor Ham reconvened the meeting.

Mayor Ham continued a discussion on general fund expenses.

Ms. Foulds provided a status of ongoing capital improvement projects, such as the repairs to the boat ramp, the restrooms, and town center improvements.

Mayor Ham noted that council is in agreement to advertise a \$.02 cent real estate tax increase with a footnote that this is just to keep the town even because of the lowered assessments; and, we will advertise an \$.80 per \$100 assessed value decrease in personal property tax.

Mayor Ham noted this is his sixth, and maybe last, budget review and it is, by far, the best he has dealt with yet. Mayor Ham thanked Ms. Foulds, Mr. Murphy, Ms. Grant, Mr. McHugh, and Chief Plott for all their hard work.

Mr. Blunt asked if the ad could contain language explaining taxes to the citizens.

Mayor Ham responded the county included language in their ad saying X-cent was due to the reassessment and the other X-cent was needed for operations.

Mayor Ham suggested including the following language: "Due to a reduction in assessed value of property within Colonial Beach of \$10.6 million, we need to increase taxes by \$.02 cents just to break even."

Mayor Ham opened a discussion on the Water Sewer Fund, which is a separate enterprise fund that operates on its own merit – that revenues should fund expenses, including capital improvements.

Mayor Ham noted currently there is a balanced water and sewer fund. Town Council has authorized the town manager to sign a contract for consultants to review and make recommendations to our rate structure prior to installation of town-wide water meters.

Mayor Ham further noted this is the first year in six years that council has not had to search at the last minute to find revenue to fund the school above the minimum amount, saying “we are level-funding the school this year at the same level they were at last year...without a tax increase”

Capital Improvement Plan

Mayor Ham asked Ms. Foulds to go over the status of the Capital Improvement Plan.

Ms. Foulds thanked the Planning Commission for their hard work and recommendations. Ms. Foulds noted she, after consultation with the staff members and the school, made some changes to the recommendations.

Ms. Foulds noted that a study of space requirements had been completed in 2008 which looked at all town-wide needs, including a municipal center.

Ms. Foulds then went over items listed for the Fire Department and removed items that were mostly complete, or that were not capital improvement items. Ms. Foulds further noted there is no mention of county support.

Ms. Foulds then addressed an item titled “Colonial Avenue Pier Construction” and noted that this is the location for the pedestrian plaza and, therefore, a pier is not practical.

Ms. Foulds then noted she would look to the sale of town property to fund a storm water management plan.

In response to a question by Mr. Looney about beach erosion, Ms. Foulds noted there is a beach erosion fund. Beach erosion is currently not considered a capital improvement.

Mr. Murphy noted the town has taken actions in house to reduce beach erosion.

Ms. Foulds also noted that typically any mandates from EPA or DEQ include funding.

Ms. Foulds then noted she believes improvements to the town-owned property formerly known as the Lion’s Club should not be listed as a priority until funding streams can be identified.

Mr. Blunt responded that the new school will have more of a civic influence for activities for children.

Mr. Blunt indicated he would like to see the exploration of having the YMCA open a facility in town.

Mayor Ham suggested that if Lennar ever starts building on the property near Wilkerson's, as an alternative to building a golf course, they could build a business park. However, they have indicated recently they are still not in a position to build anything.

Mayor Ham asked if, instead of removing items as they are complete, noting them as "complete," which will help track individual items.

Mayor Ham then discussed town-owned properties, saying Town Council needs to make a decision on what to do with these properties.

Mr. Edwards asked about shoreline stabilization at Robin Grove Park. Mr. Murphy responded it is in the preliminary design phase through the Virginia Institute of Marine Science.

Mr. Looney summarized items listed under the School in terms of priority: (1) emergency generator; (2) repaving the parking lot; (3) replacing football bleachers; (4) lights for the softball field; (5) high school bleacher and safety straps; (6) 1st Street crosswalk and signage; (7) other outdoor equipment including a basketball court; and, finally, (8) lights for the baseball field.

Ms. Foulds then discussed the "walking, bike lane and golf cart lane improvements," recommended keeping this is and work with a consultant to develop a plan.

Mr. Blunt believes this is too broad of a category and noted the golf cart paths that currently exists need improvement.

Mr. Looney suggested he would find it helpful to have the items prioritized for the town as a whole and if there could be notations on those items that are funded or in the process.

Mayor Ham suggested looking at a revised Capital Improvement Plan at the May work session and advertising the budget and the tax increase for a public hearing at the June 9th meeting.

Adjournment/Recess

Mr. Edwards made a motion to adjourn. Mr. Lyburn seconded the motion.

Mayor Ham called for a voice vote on the motion to adjourn. All in favor, signify by saying "aye." Mr. Blunt, Mr. DiRosario, Mr. Edwards, Mr. Lyburn, Mr. Looney, Ms. Goforth and Mayor Ham voted "aye." The motion to adjourn passed unanimously.

At 1:54 p.m. the meeting was adjourned.

Kathleen Flanagan, Town Clerk

Mike Ham, Mayor