

MINUTES OF THE MARCH 21, 2013
CHINCOTEAGUE TOWN COUNCIL WORKSHOP

Council Members Present:

John H. Tarr, Mayor
J. Arthur Leonard, Vice Mayor
Ellen W. Richardson, Councilwoman
John N. Jester, Jr., Councilman
Gene W. Taylor, Councilman
Tripp Muth, Councilman
Terry Howard, Councilman

CALL TO ORDER

Mayor Tarr called the meeting to order at 5:00 p.m.

INVOCATION

Councilman Taylor offered the invocation.

PLEDGE OF ALLEGIANCE

Mayor Tarr led in the Pledge of Allegiance.

AGENDA ADDITIONS/DELETIONS AND ADOPTION

Vice Mayor Leonard motioned, seconded by Councilwoman Richardson to adopt the agenda as presented. Unanimously approved.

1. Presentation/discussion – Alcalde & Fay

Mr. John Stirrup advised that the General Assembly will reconvene April 3rd.

Mr. Rob Catron reviewed a PowerPoint presentation for Council updating them on things going on in the General Assembly. He advised of Governor McDonnell's Transportation Plan. He explained a proposed slight tax increase and what it would do for the economy over all. He stated that there will be an end of the "Localities Aid to the Commonwealth". He also reported on the Medicaid Reform and Possible Expansion along with moving storm water control to the DEQ from the DCR.

Mr. Catron reviewed the requirements for the relevant new legislative mandates. He then explained the ongoing issues such as transportation spending on the Eastern Shore. He advised that there will be new revenue coming into the maintenance and construction funds. The Medicaid Expansion Reform which has enormous implications for citizens and government as Medicaid is the fastest growing cost driver in the state budget and health insurance becomes more expensive. The Federal Sequester will impact state revenue and in turn localities funding from the state. It will also impact every community in America especially those directly exposed to federal spending. The unfunded state mandates on localities and these mandates continue to be passed despite gubernatorial and legislative efforts to stop.

Mr. Catron asked if there were questions. There were none.

Mayor Tarr thanked Mr. Stirrup and Mr. Catron for their presentation.

2. Discussion on Grants

A. Discuss Applying for the Transportation Alternative Grant, Due April 1st, for the Completion of the downtown Rehabilitation Project.

B. Discuss the DCR Grant and the Possibilities of Reallocating it Toward the Match of the Fishing Pier Grant.

Mrs. Kat Edwards with the ANPDC reported that the next streetscape project at the Downtown Revitalization Project needs approval to apply for the Transportation Alternative Grant. She advised that for the current year only those having an existing project can apply. She stated that they want to see that the applications will either finish a project in total or finish a standalone phase. She stated that because this is a 2-year grant, next year will be new applications for new projects. She suggested that they call this the final phase. She feels this would stand a better chance to receive the funds.

Mrs. Edwards stated that next year when they apply for funding for the bridge artifacts it would be a brand new project. She stated that the engineer has given them a cost estimate of \$447,500. She reviewed the proposal and stated that in addition to the cost estimate she was given another cost estimate of \$71,700 because this hasn't been designed as of yet. She added that there is a 20% match and the application is due April 5th. She asked if Council wanted to move forward. There is no need for another public hearing on this portion.

Councilman Howard reiterated that this phase is going from Cropper Street to Bridge Street. He asked what happened to the revitalization of the east side of the street.

Mrs. Edwards advised they already have the money for that phase. She added that they are bidding it out and completion should be in the fall.

Discussion continued.

Vice Mayor Leonard motioned, seconded by Councilwoman Richardson to apply for the Transportation Alternative Grant. Unanimously approved.

Town Manager Ritter advised that on Wednesday, there is a meeting with the VMRC at the foot of the drawbridge. A conference call is also scheduled with the DCR after the VMRC meeting. He explained the match in funding along with the need to add dredging.

Mrs. Edwards stated that there are difficulties. She explained that both applications were competitive and funded by someone else because they met certain elements for certain criteria. Both agencies indicated that they would need to review a change the scope. VMRC would have to go back to their board to put their money into dredging and someone else's money into the pier. She added that because they didn't fund the dredging they'll have to take it back to the board. She also added that one of the board members are going to meet with the Town on Wednesday. She stated that the Town is considering a change to the scope of the DCR project that would take all the DCR money and use it in the dredging and fishing pier.

Town Manager Ritter stated that the dredging will take \$25,000 of the DCR Grant with the Town's \$25,000 match totaling \$50,000 with the \$75,000 grant from the DCR for dredging will help toward the match of the fishing pier.

Mrs. Edwards stated that with that kind of change in scope it wouldn't be a DCR decision it would have to be sent to the National Park Service. She stated that the DCR has stated they don't want to match the VMRC funding if the Town does not match anything.

Councilman Howard asked her feeling on taking from one grant to match another grant. He asked what the chances are for this to happen.

Mrs. Edwards advised they have used other agency's money to match. However, it was noted at the time in the application. She stated that when you compete against other localities they may not like this.

Councilman Muth asked if the dredging was in the scope.

Mrs. Edwards advised that the dredging was included in the scope.

There was discussion about the matching funds.

Town Manager Ritter explained that because of time restrictions they are trying to utilize the funding they currently have as opposed to applying for another grant that they don't have time to complete the paperwork for.

Mrs. Edwards advised they don't have the contract as of yet. She stated that the issue with the DCR is the documentation from VDOT that states they are titling the property to the Town on a specified date.

Town Manager Ritter reviewed the issues with the easements. VDOT is having a problem with just turning the Bridge Street property over to the Town without agreements in place.

Mayor Tarr stated that by doing this it could cost the Town from receiving grants throughout the years.

Town Manager Ritter added that if Council feels that if it will jeopardize any grants in the future they will have to come up with another way to match the funds.

Councilman Howard stated he agrees to move forward if they're upfront with the change in scope.

Mrs. Edwards advised they were upfront. However, they didn't know they were going to have the possibility of the pier grant with the dredging grant. She stated that this is a 75% -25% match grant and understands that the Town wants to move forward. She added that in terms of flip-flopping sources this isn't part of the original plan.

Councilman Howard wants this to be done in good faith and to be honest. He feels this would enhance the relationship with these people. He feels it won't hurt anything as long as they know what our intentions are without jeopardizing future grant funding.

Councilman Muth asked if the Town has looked at both scopes of work to make sure they don't conflict or contradict each other.

There was further discussion regarding the scope and match.

3. Discuss the Pros and Cons of Eliminating Decals in the Upcoming Year

Finance Director Hipple explained to Council the pros and cons of eliminating the decals for the next fiscal year. She advised Council that they want to look at the best interest of the Town and the best interest of the citizens. She advised of the things that need to be done before the decals can be eliminated and the charge placed on the personal property tax bills. This is an Ordinance for a vehicle tax and would have to be changed or go to half year billing as the County does. She read the Ordinance that the decal is to be on all automobiles, trailers and semi-trailers. She explained what the charges are for trailers and semi-trailers.

Mayor Tarr asked if the County charges a boat ramp fee.

Finance Director Hipple advised they do not. She continued to add that the County prorates the decal fee by the quarter year. Staff proposes to change the decal due date to coincide with the tax due date. She explained the personal property tax collection issues with the current due dates. She added that if Council voted tonight to implement this it would be on the 2014 tax bill for the 2014 decal. She stated that the Town can't assess the decal fee for the future.

Councilman Howard asked if she meant that the Town would lose approximately a year of revenue.

Finance Director Hipple advised it would. She explained that the Town can't assume what vehicle someone is going to own next year. She stated that the due date for the County changed when they went to half year billing. They lost half a year of revenue. She mentioned the Personal Property Tax Relief. She stated that there are 0 amount tax bills. She added that if the decal is put on the tax bill those people will receive the tax bill along with the decal fee.

Finance Director Hipple stated that the police are unable to stop a vehicle because they haven't displayed the Town decal. She explained a DMV stop as a new way of collection of personal property tax bills. She stated that this is placing a hold on DMV records. The person with the stop will be unable to renew their tags or driver's license. However, each delinquent personal property tax account must be notified 30 days prior to a vehicle stop being placed on the DMV records. She stated that the questions are; when do the tags renew? She advised that we don't know. How is the stop put on the DMV system? She advised that no one knows and there are no classes. There are ways of collecting Personal Property taxes. She advised that one way is debt setoff. She explained that the Debt Setoff Program is done through the Commonwealth of Virginia each year. The Town can garnish any revenue that the Commonwealth is going to release to this person. However, every year this has to be physically typed in. She advised that

the decal is for the honest person. She stated that if Council wants this then staff will learn how to do a vehicle stop through the DMV. The Town will still require a User Fee for boat ramps and they will have to come in the office purchase one.

Councilman Howard stated that by having a decal gives the Town an avenue to collect taxes.

Finance Director Hipple advised that the Town can only collect the taxes on the vehicle they are purchasing a decal for. However, when someone walks in the office, staff reminds the customer that they owe and need to pay their delinquent tax. She stated that it gives the Town the opportunity to collect and in most cases do.

Town Manager Ritter advised that other towns implemented the decal fee on the tax bill doing away with the decal and changed it back because of collections.

Finance Director Hipple mentioned motor vehicle licenses and read from the Motor Vehicle State Code. She explained the issues with the software company determining which items to charge the decal fee. This was very in depth. She advised that the programmers have to write this part of the program for billing purposes. She then listed the exemptions such as the Fire Company and Rescue Squad, prisoners of war or disabled veterans. The tax bills would be printed and staff would have to pull all those out and mark off the decal fee for each. She feels that the decal revenue will increase.

Finance Director Hipple also advised that the County does not put a vehicle stop on if a decal fee is not paid. She stated that the City of Chesapeake charges an administrative fee for every time a DMV stop is taken off. She stated that there is a DMV fee to remove a stop. She stated that the software company requires 30 days from the time they receive the information from the county to convert it for the billing. Once the software company gets the information back to the Town, staff has to check addresses pulling the abatements and tax relief before mailing the bills.

Finance Director Hipple advised Council that if they want to do this then staff will do it. She wanted Council to know both sides. She gave a scenario of the issues that would arise with the decal fees on the tax bills.

Councilman Howard understands that it is more simplistic to leave it the way it is.

Councilman Muth stated this is approximately \$90,000 per year and because it is considered a tax it has to be collected as a tax. He asked if it was termed something other than a tax could it be collected differently. He asked if there was something else that a vehicle user fee could be attached to.

Finance Director Hipple advised that his is based on each vehicle that is registered and garaged on Chincoteague. She added that the only place to get this from is the personal property tax bills.

Town Manager Ritter stated that the simple way would be increase taxes and do away with the vehicle decal fee. However, if Town doesn't collect the fee the County will.

Finance Director Hipple stated that the County has already contacted the Town about this year's fee. She added that the tax file is 16,000 lines. She stated that in the County's records it indicates the districts that do and do not get the decal fee.

Councilman Howard stated that he asked if the County has ever gone into any incorporated town and collected the decal fee if they were not. He was advised that they have not.

Finance Director Hipple advised that because they have included the fee on the tax bill it has been made very easy for them to collect this from those towns that are not collecting decal fees. She suggested that the Town has the potential to collect more decal fees by charging on the tax bills.

Mayor Tarr asked if the revenue from decal is down since the County did away with them.

Finance Director Hipple advised that the decal sales are down.

Mayor Tarr stated that it would be up to the Police Department to set up road blocks to check for other things checking for the Town decals too. He stated that this is the only way to enforce it or no one has to buy a decal.

Councilman Muth asked if this goes into effect, would the Town be collecting more revenue.

Finance Director Hipple advised the Town would collect more decal revenue and less tax revenue, therefore, the Town would not be collecting more revenue. The delinquent tax amount would increase. She also understands the frustration with the Police Department knowing a vehicle with Delaware tags is sitting in a driveway on Chincoteague every night.

There was further discussion.

Vice Mayor Leonard asked where this started.

Finance Director Hipple advised it started when Accomack County did away with their decals. The County asked the incorporated towns to hold off while they converted to a new billing software system. Once this was in place they came back to the incorporated towns and asked if they wanted the County to add this to the tax bills but if they did all the incorporated towns would have to participate.

Councilman Howard asked if any other towns have done away with the decal fee.

Finance Director Hipple advised that Painter had done this.

Councilman Muth stated that it was to make it more convenient for individuals so they wouldn't have to come into the Town to buy a decal. He believes that somewhere along the line the Council agreed this would be true. He feels that now he's hearing that it would be too difficult for staff.

Finance Director Hipple stated that she didn't want to come into the meeting with staff's recommendations. She wanted to just show the pros and cons of the decal fee. She added that it is just not as simple as putting it on the tax bills and doing away with the decal itself.

Councilman Muth is concerned where it is coming from. He feels it's more of a service to the people who live here. He feels the public should be asked how to make up the loss.

Councilman Howard is concerned with the County's ability to come in and collect it.

Councilwoman Richardson stated that the reason it came up was because those who went to the County office to get a decal used to have to wait in a long line to get one and added that this is not the case here.

Town Manager Ritter advised that there isn't much of a wait as other staff will assist when necessary.

Finance Director Hipple stated that you would wait in the teller line longer at the bank than you would in our office for a decal.

Mayor Tarr stated that they were told it was a good thing and they weren't advised of all the things that had to take place to collect taxes. He stated that at the last budget year when this was discussed Council was told that 2 people already had DMV training and tokens and things were ready to go. He was under the impression this was going to be implemented last year.

Finance Director Hipple explained the DMV tokens and stated that there is absolutely no training to put stops on the DMV system. The tokens to do the DMV work are not the same as the tokens to put stops on DMV.

Mayor Tarr stated that Council was misinformed or misunderstood what was discussed at the last budget year's meeting regarding the DMV stops and tokens.

There was further discussion and scenarios.

Councilman Muth asked for input from the Police Department.

Assistant Chief Mills stated that if an expired sticker is on the vehicle it does give another reason to stop a vehicle. However, if they don't display a sticker they don't have enough reason to stop a vehicle. He added that with the new technology and the computers in the vehicles they can key a tag into the system and see where the vehicle is garaged and stop them for not having a sticker. He added that the sticker has to be properly displayed and personal knowledge can warrant a vehicle stop.

Discussion continued about vehicles being stopped.

Council thanked Finance Director Hipple for her input.

Council Member Comments

Councilman Howard expressed his appreciation regarding the discussion on the Noise Ordinance from the last meeting in his absence. He appreciated that everyone voted for what they felt was best.

Vice Mayor Leonard stated that he has had a couple of people mention the boat trailer sticker and user fee.

There was lengthy discussion regarding user fees.

Mayor Tarr reminded that the user fee is put in a separate fund for boat ramp improvements and maintenance.

Town Manager Ritter informed Council of the closing of the Senior Citizen Facility.

Vice Mayor Leonard explained how this happened. He advised that the YMCA is looking at purchasing the building and the Agency was informed that the rent would be increasing and pulled the plug.

There was further discussion.

Adjourn.

Councilman Taylor motioned, seconded Vice Mayor Leonard to adjourn. Unanimously approved.

Mayor

Town Manager