

**MINUTES OF THE JANUARY 18, 2013
TOWN OF CHINCOTEAGUE COUNCIL MEETING**

Council Members Present

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

1. Call to Order.

Mayor Tarr called the meeting to order at 9 a.m.

2. Invocation.

Councilman Taylor offered the Invocation.

3. Pledge of Allegiance.

Mayor Tarr led in the Pledge of Allegiance.

4. Adoption of Agenda.

Councilman Howard motioned, seconded by Councilman Jester to adopt the agenda as presented. The motion was unanimously approved.

5. Draft Fiscal Forecast of Budget Years 2013 thru 2017.

Town Manager Ritter explained that the purpose of this meeting was to review where we are in the current budget and to review the budget for 5 future years.

Town Manager Ritter showed the current budget with the future years.

The first item under revenues is real estate tax levy which shows a 1% increase for FY' 15, 16 and 18. Councilman Jester asked if 1% increase in real estate equated to \$100,000 in revenue. Town Manager Ritter responded that was correct.

Councilman Howard asked if it was true that the Town was collecting over \$600,000 in transient occupancy tax. The answer is yes.

Councilman Jester expressed concern that the Transient Occupancy and Meals tax budgeted numbers were inflated and feels the Town should be cautious of inflating these line items based on the economy. Town Manager Ritter stated the figures were very conservative.

Councilman Taylor expressed concern about increases in the real estate tax rate because of major increases in flood insurance. Taxpayers with mortgages must have flood insurance and the premium will be very expensive even on small homes.

Council discussed upcoming grants.

Mayor Tarr stated that the Tower rent should be increasing in the out years.

Mayor Tarr commented that the Projected FY' 14 Budget calls for over \$200,000 to come from LGIP. The Town can not continue to take large sums from LGIP because there will be no funds left for operations in an emergency situation.

Town Manager Ritter stated that the amount from LGIP was the Town's match for the fishing pier. Mrs. Edwards is looking into if the grant received from VRMC could be used as a match for the fishing pier.

Council had no questions concerning the Harbor revenues.

Town Manager Ritter pointed out in the Trolley revenues that the Town's match is \$23,000 in FY' 14. However, the Trolley fund pays the General Fund building rent at \$12,000 a year. So the overall cost to the Town for the Trolley operation is \$11,000 for FY' 14.

Councilman Taylor stated that Councilwoman Richardson had stated in a previous Council meeting that the Town's water rates were so low, the Water Department was not eligible to receive grant fund. Councilman Taylor asked what the water rates would have to be in order for the Town to be eligible for grant funds. Mayor Tarr stated that a water bill would need to be around \$29.00 per month and our rate is around \$29.00 per quarter.

Councilman Taylor asked the potential amount of grant monies the Town could receive if the water rate was raised. Public Works Director Spurlock stated that if the water rates were raised to that level, the Water Department could potentially have a \$1,000,000.00 surplus each year and would not really need the grant funds.

Councilman Jester asked about the Water bond that would be paid off soon and the savings from that monthly payment. The first bond matures in FY' 16 and is the smallest of the Water Department's Bonds (\$500,000). This is the same bond as the School Board property. There are currently two bonds in the Water bonds and interest line items and reflect a reduction in FY' 16, '17 and '18.

Mayor Tarr stated that the Civic Center budget was reduced in FY' 13 to 14% of Transient Occupancy tax because of the increase that takes effect for only 5 months of the fiscal year. This left a shortfall in the Center's budget which should not have occurred. Town Manager Ritter stated that the amount for the entire year to the Center was \$104,431 which is 14% of the Transient Occupancy Tax revenue. Mayor Tarr stated that the Center is down \$14,000 in revenue from the Town. Mayor Tarr stated that the

entire 1% increase in Transient Occupancy tax was earmarked by Council in total to the Beach/Recreation/Tourism Reserve. Therefore there is no increase in the transient occupancy tax that is disseminated to the Center.

Mayor Tarr stated that the Beach reserve is showing less and less each year. It can be used in the budget, but it must be used for beach, recreation or tourism and it needs to show in the budget where it is being spent. If there is a shortfall at the end of the fiscal

Council discussed General Government, Public Works, Police Department, Curtis Merritt Harbor, Trolley, and Water Department expenditures.

6. Review FY'13 Budget Amendment.

BUDGET AMENDMENT FY'13

NAME	TYPE ACCT	ORIGINAL BUDGET	AMENDED BUDGET		
<u>GENERAL FUND 10</u>					
TRANSFER FROM GENERAL FUND SAVINGS	REVENUE	\$0	\$107,020	\$107,020	104701.1000
FEMA - REIMBURSEMENT	REVENUE	\$0	\$150,359	<u>\$150,359</u>	104601.0100
				\$257,379	
ATTORNEY/LEGAL CONSULTANT	EXPENSE	\$50,600	\$99,057	\$48,457	105030.5101
PUBLIC RESTROOMS	EXPENSE	\$10,500	\$28,400	\$17,900	106330.6260
STORM DEBRIS CONTRACT	EXPENSE	\$0	\$154,222	\$154,222	106030.8700
TRANSFER TO MAIN STREET FUND 20	EXPENSE	\$0	\$36,800	<u>\$36,800</u>	105030.8800
				-\$257,379	
<u>MAIN STREET FUND 20</u>					
TRANSFER FROM GENERAL FUND	REVENUE	\$0	\$36,800	\$36,800	204501.8900
DCR OUTDOORS FUND GRANT	REVENUE	\$0	\$25,000	<u>\$25,000</u>	202090.9714
				\$61,800	
MAIN STREET PROJECT	EXPENSE	\$565,646	\$602,446	\$11,800	202090.9711
ROBERT REED PARK EXTENSION (DREDGING)	EXPENSE	\$0	\$50,000	<u>\$50,000</u>	202090.9714
				-\$61,800	

BROADBAND FUND 25

CDBG GRANT	REVENUE	\$0	\$190,000	<u>\$190,000</u>	254501.0110
				\$190,000	
CONSTRUCTION	EXPENSE	\$0	\$190,000	<u>\$190,000</u>	255259.9000
				-\$190,000	

A Public Hearing is needed and Council agreed to hold the Public Hearing on February 4th. An amendment can be voted on the same night as the public hearing.

7. Discuss the Elimination of Decals in the Upcoming Year.

Town Manager Ritter stated that staff had put together pros and cons of decal charge on tax bill and the elimination of the actual decal. Mayor Tarr told Town Manager Ritter that if Council decided to go forward with the elimination, that staff should continue with the issuance of 2013 decals.

Council thought that the decals were be eliminated for 2013 and now know that staff is not prepared for this to happen. The public thought it was being eliminated and it appears that staff does not like it now. Council thought that a substantial amount of effort have been put in to carry out the elimination.

The decal is for the year in which it is issued. If placed on the tax bill, the Town can not charge in advance because it has to be based on currently owned vehicles. The decal is a tax and you don't tax for future years. Currently, the owner must bring in their registration card which tells the Town what they currently own. This item was tabled until the next workshop meeting.

8. Ship Mast Request at Mariners Point.

Council received a request to put a waterman's memorial at Mariner Point.

Councilman Taylor motioned, seconded by Vice Mayor Leonard to donate \$250.00 toward this memorial. The motion was withdrawn by Councilman Taylor.

Councilman Taylor motioned, seconded by Councilman Howard to purchase material for the memorial up to \$1122.00 from parks and rec. Unanimously approved.

9. Adjournment.

Vice Mayor Leonard motioned, seconded by Councilman Howard to adjourn the meeting. The motion was unanimously approved.

Mayor

Town Manager