

Town of Onancock  
Town Council-Budget Workshop  
April 10, 2017  
7:00 PM

Call to Order and Roll Call:

Mayor Jones called the meeting order and roll was called. Mayor Russell Jones and Councilmembers Robert Bloxom, Catherine Krause, T. Lee Byrd, Ray Burger, Joshua Bundick and Fletcher Fosque were present. All members were present and a quorum was established.

The Pledge of Allegiance was recited.

Public Business:

- a. Discussion of the Upcoming FY2018 Budget: Mayor Jones explained the flow of the budget workshop, stating that the purpose of this meeting was for staff and council to come together to discuss the proposed FY18 budget. Mayor Jones shared that this work session may not have a public comment section but that the following Monday Town Council will hold the public hearing on the proposed budget and the public would be able to comment at that time.

Mayor Jones highlighted some of the proposed increases for council. The proposed budget has the following increases proposed: \$0.05 real estate tax increase; water and sewer rate increases; water and sewer administrative cost fee increases (reconnection and account transfer fees); meals tax rate increase; transient occupancy tax rate increase; as well as a reduction of the town's annual donation to the Onancock Volunteer Fire Department. Mayor Jones shared that staff are trying to anticipate the revenue the town will receive from Riverside Shore Memorial Hospital finally being online but to date the town only has a one month look at the additional consumption/revenue. This proposed budget also includes the projected expenditure for the Hazardous Duty (LEOS) enhanced benefit for town's police department. This benefit allows our police officers to retire early with a supplemental income of an additional \$13,500 a year until the retired employee reaches Social Security age. Mayor Jones shared that Onancock is one of the last employers on the Eastern Shore of Virginia who does not currently offer the program.

Councilmember Bloxom asked what the delinquency rate is for town taxes. Mayor Jones explained that the rate was about 4% and that personal property is harder to collect.

Councilmember Bundick asked how much revenue is generated from a one cent increase in real estate taxes. Mayor Jones stated that the town can expect about \$11,000 per one cent increase.

Councilmember Fosque asked staff to identify the timeline for real estate tax increases.

Councilmember Bundick asked why the consumer utility tax looks substantially less than the current fiscal year. Mrs. Fiege explained that in previous years that line item's anticipated revenue represented the consumer utility tax and the communication tax projections. The proposed FY18 budget projections have been separated out since they are receipted in their respective line items. Councilmember Bundick asked why there was no money acknowledged in the Bank Stock Tax line item for this year. Mrs. Fiege explained that the tax will be received in May.

Councilmember Byrd shared that the transient boating revenue expectation for the coming fiscal year looks good, stating that the revenue from transient dockage is up about 20%.

Councilmember Fosque asked what percentage the Town of Onley requires restaurants to collect for their meals tax. Mayor Jones shared that the Town of Chincoteague and the Town of Cape Charles are currently at 5%.

Councilmember Bundick asked about the water and sewer revenue assumptions from the hospital. Can the town assume a one to one ratio on water and sewer consumption? Mayor Jones explained that the town only has one month worth of data so at this point the budget is based on an educated guess of what the revenues will actual look like.

Mayor Jones shared that the proposed budget would produce an additional \$68,000 in sewer charges and an additional \$27,000 in water charges. That means an additional \$220,000 of revenue if our numbers are accurate and we are at a collection rate of 100%.

Mayor Jones shared that while it sounds like a lot of money the town has over anticipated revenues over the past few years and the town has been continually starting each new fiscal year with a negative net position.

Councilmember Bloxom stated that the town not only needs to make these proposed increases but that town staff needs to also work on reducing its expenditures.

Councilmember Krause agreed with Councilmember Bloxom asking that the department heads review possible expenditure reductions for the coming budget. Councilmember Krause also asked that town staff generate a listing of water and sewer rate increases over the years as well as real estate tax increases.

Mayor Jones shared that he has watched the town's reserves go down about \$400,000 over his time in office. The general fund had a surplus in the previous fiscal year which only partially covered the water and sewer revenue deficiencies.

Councilmember Fosque asked for clarification on our lenders' requirements for reserve funds. Mayor Jones explained that the town is required to retain over \$600,000 in reserve accounts which equals about one year's worth of payments to those lenders. They also have an escalating requirement for repair and maintenance which goes up about \$23,000 a year.

Mayor Jones acknowledged that no one has yet to suggest that the town should not be raising taxes and rates.

Councilmember Bloxom asked about the potential to increase the business license fee. Councilmember Fosque shared that it may not be worth the potential negative press the town would get from an increase to that tax. The idea is to attract new businesses.

Town Manager Kerbin reviewed some of the departmental expenses in the proposed budget: the police department is going to see an increase in training expenses; buildings and grounds has a small increase expected in the coming year as well as parks; the wharf's expenditures are up in the proposed budget largely due to the floating dock capital improvement project; streets is down a bit; Christmas

decorations has been reduced to \$5,000 which was agreed upon at a previous council meeting so that items could be purchased during the February sale; a 3% cost-of-living adjustment has also been calculated and contingencies are up a bit.

Mrs. Fiege explained that the reason for the street maintenance budget has such a significant reduction is due to the fact they are being moved into a Public Works Department and part of their salaries and benefits will be paid through the water and sewer funds.

Mrs. Fiege also explained that the reason that the contingencies are up is due to the town's police vehicle loan payments being correctly added to the budget. Councilmember Fosque asked why the town needs five police vehicles since the town's officers work in shifts which means there is no more than two officers on at any given time. Mr. Kerbin stated that he would discuss that concern with the police chief. Councilmember Krause asked who the five police officers are and asked that they come to a council meeting so that could be introduced.

Councilmember Bloxom expressed his deep concern about the town reducing its donation to the Onancock Volunteer Fire Department. Councilmember Bloxom stressed that the town manager go back to the department heads and task them with reducing their budgets. Councilmember Bloxom stated that he believes that this will show our residents that we are being good financial stewards.

Councilmember Fosque expressed his concern that a reduction to the fire department may be a violation of an existing agreement the town had with the fire department. The building was donated to them by the town and part of that oral agreement included the town donating between \$20,000 - \$25,000 a year to the department to assist with the upkeep and maintenance of the building. Mayor Jones shared that through conversations with previous Town Manager G. Cabell Lawton, IV and Interim-Town Manager Bill Whitley no one has the authority to encumber public funds for future uses for example the town must reauthorize debt payments annually.

Mayor Jones expressed his concern for reinstating the fire department's donation back to the full \$22,500, stating that the \$12,500 reduction would go a long way to help fund the Hazardous Duty program for the police department. Councilmember Bloxom stressed that the first step is have the department heads look for other reductions in their future expenditures.

Councilmember Fosque stated that the town may not need five police officers which would help reduce expenditures in the coming year. Mr. Kerbin explained that five are needed to cover the various shifts. Councilmember Fosque suggested that the town may not need that many and it may be beneficial to not replace the next officer that vacates his/her position with the town.

Councilmember Bloxom stated that this issue should not be viewed as the police department versus the fire department. Councilmember Bloxom suggested that the town consider a step-down program for reducing the town's donation to the fire department, that way they could gradually prepare for the loss of income over time.

Mayor Jones stressed that the police department are the town's employees and as such should have some priority when it comes to additional benefits. Councilmember Bloxom agreed but also acknowledged that the fire department is needed as well.

Councilmember Bloxom suggested that council forgo their salaries which would free up some dollars so that the fire department could receive their full funding expectation of \$22,500. Councilmembers Byrd and Krause agreed with Councilmember Bloxom's suggestion.

Councilmember Bloxom also suggested that the town review the necessity of having a five member police department as well as owning and maintaining five police vehicles.

Councilmember Bloxom advised that the town be prepared for all questions and comments that will be brought up at the public hearing next week, all avenues must be explored so that council can speak with full clarity on the necessity of the proposed increases.

Mayor Jones acknowledged that council seems to have accepted the proposed revenue increases. All verbally agreed.

Councilmember Bundick suggested that maybe the town cut out the brush and limb pick-ups. People love the service but it could potentially save the town a significant amount of money. Councilmember Fosque warned that the Onancock residents will not be happy with that change. Councilmember Krause stated that while the residents may be upset about losing that service she believes that people will be more upset that the town is reducing its donation to the fire department. Councilmember Krause continued to say that maybe Christmas decorations should not be a priority especially if the town cannot afford to continue to donate to the fire department accordingly.

Councilmember Byrd suggested that council consider giving at least a portion of the proposed reduction back to the fire department to show the town's continued level of support even when expenditure cuts are necessary.

Mayor Jones urged council to consider showing support to the police department as well.

Councilmember Bloxom suggested that council forgo their salaries so that the fire department can still maintain its current level of funding from the town.

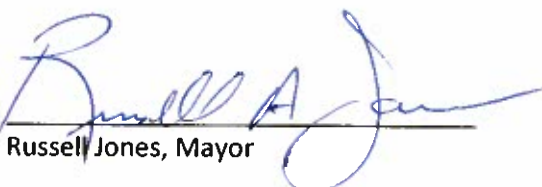
Councilmember Byrd expressed his support for the council salary reduction but also asked that the town's department heads make cuts within their own budgets for the 3% cost of living adjustment that had been suggested.

Mayor Jones asked council if they were willing to fund the Hazardous Duty program in the coming budget. All confirmed verbally that they were.

Adjourn:

*Councilmember Byrd made a motion to adjourn. Councilmember Krause seconded the motion. The motion passed by unanimous voice vote.*

The meeting was adjourned at 9:05 PM.

  
Russell Jones, Mayor

  
Lisa Fiege, Deputy Clerk