

TOWN COUNCIL WORK SESSION
FEBRUARY 2, 2009
6:30 P.M.

TOWN COUNCIL MEMBERS PRESENT:

Travis Bradley
Kathyanne Runniger
George Miles

Fletcher Fosque
Maphis Oswald
Kris LaMontagne

OTHERS PRESENT:

Bruce Paone, Mayor
Sandy Manter, Interim Town Mgr.
Bill Bagwell
Jeff Barrett
Sandra Bilinski
Linda Cicoira, E.S. Post
Dick Cole
Caleb & Lynne Fowler

Karen Simpson, Admin. Asst.
Bryan Horton, Plant Mgr.
Carol Hales
Charles Landis
Haydon Rochester
Alan & Heather Silverman
Patrice Wallace
Shirley Zamora

- I. Mayor Paone called the work session to order at 6:30 p.m.
- II. The Town Manager presented and explained an expenditure calculation spreadsheet showing the difference between the original FY2009/10 and the revised FY2009/10.

Alan Silverman thanked the people on the Task Force who worked hard. He presented a chart dated January 23, 2009 showing modified revenues in line with costs. He spoke of several issues:

1. Whether information on spreadsheets comes from any source other than the Town.
2. Whether proper base for planning is latest actual revenues realized and budgeted.
3. Whether increases are needed – 4x17% - 5x17% - 6x17%.
4. Whether the absence of a cost contingency is reasonable for planning purposes. (operating budget)

5. Whether 1% maintenance and repair materials cost is sufficient.
6. Whether reserves are from sewer only.
7. What next if outcome agreed upon?

Mr. Silverman presented numerous fact figures of his finding ending in a \$200,000 deficit, which disagreed with the Town Manager's figures.

Sewer billings versus actual revenue were discussed. Differences between this year's and last year's billings and revenue and the impact on revenue projections were addressed.

Mr. Silverman addressed the issue of maintenance costs, which he thinks should be between 2% and 4%, rather than the current costs, which show less than 1% . He is concerned with no contingency on the cost side. He asked if there should be a sinking fund for big repairs/replacements. Also, if reserves cover early deficits, how does Town rebuild them? The Town Manager advised that \$28,000 is set aside each year for five years for rebuilding reserves.

The Town Manager met with Steve Miner, Steve Mallette and two members of the UCC last Thursday. She confirmed that EDA's rates are \$23/1000 gallons, which is 59% higher than our rate at \$14.56/1000 gallons. We could handle EDA's billing cheaper. The PSA needs to look at all alternatives if we provide service for less. They are more concerned with Northern Accomack County rather than our area. Hopefully the County and the PSA will keep communication open with the Town. The Town needs to reduce operating costs and debt service and increase revenue. Our engineers are coming this week with cost estimates from other pump and haul entities. The STAG grant should become available in about a month for \$300,000. The Town Manager suggested applying it toward the septic receiving station, which would generate revenue, rather than using it to reduce the debt service. Dick Cole added that the Task Force was not the Town's adversary - they are trying to lower the cost of sewer in order to make it viable for the County. He suggested hiring a group of negotiators/arbitrators.

Overall, the Town Manager thinks her figures are fairly realistic with the deficit at \$50-70,000 per year with no new connections. The numbers are not as bad as suggested by the UCC. We need to reduce the deficit and increase revenue. Reducing rates would benefit the Town's citizens.

Caleb Fowler asked if it was possible to change the capital expenses (design) of the plant. The Town Manager answered that we cannot change the design, but we can reduce the cost of the plant with change orders to several of the costs, such as downsizing the lab building, the type of conduit used, etc. The Town will try and use as little of the project's contingency funds as possible.

Jeff Barrett asked if the Task Force could meet with the Town Manager before she travels to Richmond. She advised that the STAG deadline is the end of February. Some of the economic stimulus dollars will go through that. Most of the money will be funneled through State agencies. We need to ask Delegate Lewis and State Senator Northam for assistance. Negative interest or debt relief from existing loans will be requested from the State agencies we are currently dealing with.

The work session adjourned at 8:30 p.m.

Sandy Manter
Interim Town Manager

Bruce Paone
Mayor