



TOWN COUNCIL
Public Hearing
St. Charles Parish Hall
April 9, 2009
7:00 p.m.

At approximately 7:00 p.m. at the Town Hall, Mayor Sullivan called to order the Town Council Public Hearing. In addition to Mayor Sullivan, present were Councilmen Burdiss, Elliott, Evans and Veber. Councilmen Bannon and Bennett were not in attendance. Also present were Interim Town Manager Heather Arcos, Town Consultant Bob Panek and Town Clerk Libby Hume. There were several other staff members and approximately 25 members of the public in attendance.

Mayor Sullivan stated that the purpose of the meeting was to hear public comment regarding the proposed financing of the construction of a wastewater treatment plant through a general obligation bond in an estimated maximum principal amount not to exceed \$16,500,000.

PUBLIC COMMENT

Ms. Linda Buskey, 100 Arnie's Loop, stated that she had been following the water and waste water issues and was concerned regarding the cost for the approximate 1,000 residents of Cape Charles. Ms. Buskey referred to the growth projections stating that the projection of 190 hookups per year was wildly optimistic, even in good times, and stated that in her opinion, was physically impossible to meet and asked who will bear the cost of this overly optimistic projection. Ms. Buskey related a story about a woman in Town, who she assists in filing the yearly paperwork for a reduced tax rate on her home. This woman's taxable income is less than \$550 per month and Ms. Buskey asked what would happen to this woman if the projections were not accurate. Ms. Buskey went on to state that the Town Council had recommended that tap fees be increased to cover the cost and asked how the increase fee was developed, whether it was enough or too much and whether it was competitive in this market. She asked that the Council keep in mind that the increase was not just the \$10K, \$20K or \$30K to the end user. The builders will pay the increased tap fee and would pass the cost to the potential buyers, including the interest carried and their cost of doing business. When these increases are passed on to the buyers, especially in these economic times, they will make a decision to build here or not to build here. The Council needs to remember that people come here because they choose to live here. They are not transferred here because of their jobs. If the Town's fees make their decision cost prohibitive, they will move someplace else. Also, how can the Town attract new businesses and provide jobs for the residents if the water and wastewater fees are cost prohibitive? When we compare our rates to those of other communities, we need to remember that these communities may be larger and offer more in the way of economic opportunities, giving them an edge over us. As a Realtor®, Ms. Buskey stated that she performs cost comparisons for people that may be considering moving to Cape Charles and the utility fees for Cape Charles residents are much more than those charged by Virginia Beach which also has so much more to offer its residents. A person making \$75K annually in Virginia Beach would need to make \$75,956 to live in Cape Charles. Ms. Buskey then compared Cape Charles to Charleston, SC where there are a lot of retirees and waterfront, but Charleston has many more amenities to offer its residents. A person making \$50K annually in Charleston would need to make \$51,579 to live in Cape Charles. Ms.

Buskey continued stating that she voted for the members of the Town Council to make decisions that are in the best interests of the Town and its people and suggested that the Council put the pettiness and personal agendas aside to make the decision based on fact and become micro-managers of this issue.

Mr. John Blackburn, 124 Saratoga Place, addressed the Council stating the he does not know everything that had been discussed concerning this issue, nor does he know the intricate details regarding the wastewater treatment options, but he has tried to keep informed about these major issues. Common sense dictates that if the Council is going to make a decision of this magnitude and costing this much money, it would try to get the most accurate and up-to-date information as possible and to exhaust all possibilities before making such decision. Mr. Blackburn stated that all the people that he's talked to regarding this issue agree that the consideration of a shared, community-wide system proposed by Webtide had been prematurely dismissed for no apparent reason and that a full discussion of the issues was cut off, again for unknown reasons. When the Town is talking about spending this much money and committing this kind of effort for such a long period of time, it seems that a shared facility is the smartest way to go. Mr. Blackburn stated that it is very unlikely that the State and Federal EPA would permit the kind of discharge into the Bay that the Council wants to adopt and that it would be very costly to retrofit the new plant into the type of facility that Webtide is proposing. Mr. Blackburn continued stating that the Council is putting a great deal of confidence into a multi-million dollar grant with no guarantee of receiving it and which could be taken away at some point in the future. A community-wide system, as Webtide is proposing, would move the treatment plant from a very valuable piece of property which could be sold by the Town at a very good profit and the Town would always have control over the facility and the charges to the user. Mr. Blackburn stated that it was a common-sense "Win-Win" situation to him and asked the Council to rethink their position regarding this issue and to ask themselves what the real reasons are for this decision. He asked the Council why they did not gather all the information needed and whether they felt they based their decision on the strongest economic, environmental and common sense reasoning. Mr. Blackburn related that when he was a farmer and had a fence that had to be built on a property line, he would approach the owner of the neighboring property to ask if a common fence could be built and the cost of building and maintaining the fence would be shared. Mr. Blackburn concluded by urging the Council to take a hard look at their decision and recommended they get more information about the shared, community-wide system proposed by Webtide.

Ms. Laura Calnan, 328 Randolph Avenue, addressed the Council with her concerns regarding the wastewater treatment decision costing \$16.5M and stated that she spent a day contacting State officials, the DEQ and the Division of Natural Resources and asked questions regarding the wastewater treatment plant proposal approved by the Town Council and the basic information she obtained was that an extension of up to 18 months could be granted. Many municipalities in Virginia are joining forces by creating a municipal / regional wastewater treatment system with very little output into the Bay and the goal of Virginia is not to put anything back into the Bay. Ms. Calnan asked the Council to consider asking for this extension and also to open up conversation again regarding the possibility of a regional wastewater system that is needed on the Eastern Shore. All the municipalities on the Eastern Shore, not just Cape Charles, is being affected by this issue. There are also several agencies giving grants for wastewater treatment systems that comply with purple piping and not discharging into the Chesapeake Bay. Ms. Calnan concluded with two questions: 1) What is a general obligation bond and how will it affect the residents of Cape Charles? 2) What is Cape Charles' bond rating?

Ms. Mary Ann McDevitt, 644 Monroe Avenue, stated that she was fortunate to be able to ask questions of the Town Council and Bob Panek, the Town Consultant regarding the wastewater issue, via email but some of her questions remain unanswered, which she is going to ask again. The projection shows 150 hookups per year but over the last three years, there have been only 26 new connections. The Council has approved approximately \$600K per month in debt service that represents be at least another \$50 per month added to the monthly wastewater fees bringing the citizens' monthly fee to over \$84. Ms. McDevitt asked what happens to the citizens who cannot afford this increase. What happens to the Town if we default on the general obligation bond? Was there an independent or publicly bid engineering study done within the last two years to see if the existing wastewater facility could be repaired? How did the Town determine that the existing facility could not be repaired? If there was a study performed, are the results public? The public needs to know all the alternatives and the consequences of not complying with the 2011 mandate. Bob Panek keeps saying that the Town is mandated to have a new plant under construction by 2011 to meet the nutrient allocations and he is correct about that, but there is new legislation, House Bill 2074, which was just signed by the Governor on March 27, 2009, that seems to give municipalities a little "wiggle" room. Ms. McDevitt stated that she called the local State Water Control Board representation, who lives on the Eastern Shore, and he thinks that if the Town petitions the State Water Control Board on the basis that the Town may be engaging in a regional system that does not discharge into the Bay, they would listen, but when she asked Bob Panek whether he had filed for this extension, he replied that he had not asked. Ms. McDevitt concluded by stating that if the Town does decide to go with a regional wastewater system, it might be able to ask for and recover some of the money already spent in design costs, etc., from the other municipalities also considering a regional system.

Mr. Bill Payne, 103 Arnie's Loop, stated that his issues had already been addressed by other speakers and opted not to address the Council at this time.

Mr. Oral Lambert, 5 Water's Edge Drive, addressed the Council stating that he was fully cognizant of the complexity of the issues that face the Town council being under a State mandate with time running short and now with the reality of the cost involved. Mr. Lambert stated that, personally, he is convinced that the officials of the State of Virginia would not turn a blind eye or closed ear to a Town like Cape Charles if we went to them in earnest asking for their assistance to work through this dilemma. The present numbers do not work. Relying on connection fees is not going to generate the revenue and the cost of the bonds, up to \$16.5M, will be borne by the utility users and tax payers. Mr. Lambert asked what the realistic options are and stated that he felt more time was needed to appeal to the State for assistance. It has been suggested that it might be possible to spend some money to extend the life of the existing plant for a period of time, but the amount of money needed is unknown because, to his knowledge, an evaluation of what it would take to repair the plant to prolong its life and to get it to meet the standards of the State has not been done. Mr. Lambert stated that it was his personal and professional feeling that a regional facility of some description is in the best interest of this community and this region. The notion of all the Towns building individual plants is not sound for the long term and the possibility of putting this responsibility onto the private sector, with a guarantee that the Town would be able to have the wastewater treated at a range of rates, is for the better than taking on this huge debt for a very small town. Mr. Lambert concluded by stating that he encouraged the Town to take the time to try to get assistance from the State and to honestly evaluate whether a regional facility is viable. Mr. Lambert thanked the Council and Mayor for giving him the opportunity to speak.

Mr. David Burden stated that he was here this evening to address the Council as the Virginia Eastern Shorekeeper and ask the Council considers the wastewater issue, he would like to speak about one word which means the most to him, “reuse.” Mr. Burden went on to state that the plan that the Council considered and decided upon requires reuse upon growth beyond 250K GPD of effluent into the Bay and that the Federal Government has done something unprecedented in putting money out to the local communities to solve their wastewater problems and wouldn’t it be the perfect time to ask the Federal Government for money to help with reuse. The Town will need to go to reuse and either the citizens of the Town can pay for it or the Federal Government can pay for it, but the Town has to at least ask for the assistance. The Town will have to do reuse at some point, why not do it now and set the stage early? Whether the Council decides on a regional system or an independent system for the Town of Cape Charles, this is a part of the future of the Town and there is no excuse for not trying to stop the flow of effluent into the Chesapeake Bay when the Town has the opportunity to have it paid for by the Federal Government. Mr. Burden concluded that in his opinion as the Virginia Eastern Shorekeeper, the Town has the opportunity to protect the Eastern Shore that we all love and the water quality we all count on and not have all the citizens of the Town having to pay the bill.

Hearing no objections, Mayor Sullivan adjourned the Town Council Public Hearing by unanimous consent.

Mayor Sullivan

Town Clerk