



TOWN COUNCIL
Strategic Planning Session
Bay Creek Welcome Center
January 26, 2019
9:00 a.m.

At 9:05 a.m., Mayor William “Smitty” Dize called to order the Town Council Strategic Planning Session. In addition to Mayor Dize, present were Vice Mayor Bennett, Councilmen Bannon, Buchholz and Grossman, and Councilwomen Burge and Holloway. Also, present were Town Manager Larry DiRe and Town Clerk Libby Hume. There were two members of the public in attendance.

Mayor Dize welcomed everyone to the meeting and reminded the public that this was a strategic session for the Council and there would be no public comments.

2.i. *Review Town Manager Recommendations on Administrative Items:*

Town Manager Larry DiRe reviewed his report regarding administrative, financial and personnel priorities as identified by Council at the November 3, 2018 Strategic Planning Session. A total of 34 priorities were listed (16 administrative, 10 financial, and 8 personnel). Larry DiRe reported the following:

- i) 9 of the 10 financial priorities were budget related, with the exception being incentives for workforce housing. 3 of the 8 personnel priorities related to staff pay and another one was seasonal staffing costs associated with summer season workforce to provide enhanced levels of service during the town’s busiest season;
- ii) A budget preparation calendar had been developed for all departments and department heads were instructed in mid-November to review their respective last three fiscal year actuals and current fiscal year to date expenditures and develop a budget based on those averages, not to exceed a 2% increase;
- iii) Capital project budgeting was underway as well as the on-going grant-based breakwater and community trail projects. To date the reviews with the department heads have generated proposed capital projects for fishing pier deck and railing repairs/replacement, beach nourishment of the scoured-out areas at the north end of the beach, sidewalk repair and infill installation, water meter changeout, and purchase of a street sweeper. Councilman Grossman added that a sidewalk plan was needed along with a study of public areas missing sidewalks so Council could decide how to approach the issue and prioritize areas needing sidewalks. There was some further discussion regarding lack of sidewalks and handicap issues;
- iv) Council listed several staffing pay, retention and job skill development priorities which would have direct impact on the budget. Across all positions the adopted position pay grade bands had not been uniformly implemented. As employees were evaluated on an annual basis, those found to be satisfactory should move up in an increment of the pay band. This need to adjust employee pay annually should be considered an obligation equal to debt service and budgeted for ahead of other discretionary spending. A cursory review showed at least 3 positions held by long-term employees who were well below their respective pay grade band. To bring 7 employees with 9 plus years of service to their mid-range pay grade would take \$52,400. The Finance Department and Harbor had relatively new employees with 5 or less years of service and they were moving along in their pay bands faster than the longer-term employees. As an example, a 5-year employee was at 88.8% of their way to mid-grade vs a 16-year employee at 89% to mid-grade. There was an inconsistency in the organization. Council agreed that it was time to make

adjustments to make this right. Several Council members disagreed with the recommendation that an employee found to be just satisfactory needed to be moved up the pay band. Councilman Grossman suggested a closed session to talk through Larry DiRe's recommendation on an individual basis. Mayor Dize added that he relied on Larry DiRe's expertise and trusted his instincts. There was much discussion regarding the pay bands and paying the employee what they were worth based on annual evaluations. Larry DiRe added that an employee with over 35 years on the job was still not at the top of their pay band. Councilman Grossman stated that Council needed to treat staff as a priority and needed to agree to budget for pay increases early in the budget process then using the balance of the funding for other projects vs. funding the projects first and using any remaining funds for increases. Vice Mayor Bennett asked Larry DiRe to work through the numbers to determine what the town could or could not afford and provide options of other projects which could be done along with funding recommendations to include a tax increase if needed. Each penny in taxes equaled approximately \$41K in revenue. Councilman Buchholz added that Council needed to put employees first before other items to prioritize personnel so the town could get good quality people and take care of those currently employed by the town. Mayor Dize asked that the current pay scale be provided to Council to review and added that he still felt that the chartered officers should all be at one level, higher than the department heads. Council reviewed Larry DiRe's supplemental report regarding Compensation and Staffing. Councilman Grossman suggested Council review the compensation study and job descriptions. Town Clerk Libby Hume would place copies of the compensation study from 2014, along with copies of the job descriptions in Dropbox for Council review;

- v) Transient Occupancy Tax (TOT) and meals tax revenue should be the principal funding for tourism-related expenditures and associated summer season staffing and facility maintenance expenditures such as beach nourishment and harbor decking repairs, as a fund transfer. As of this day, the manager's budget was not showing full-cost coverage of the summer concerts nor an increase in the annual contribution to the regional tourism commission. Cape Charles Main Street (CCMS) would continue to be a donation beneficiary of TOT/meals tax revenues, but CCMS needed to become increasingly financially self-sustaining so donations of public tax revenue could be reduced over time and spent on other discernable public goods. Vice Mayor Bennett stated that he would be glad to see TOT revenue fund summer season staffing and repair items adding that he had wanted to do it for years, but it had never been done. Councilwoman Holloway stated that it had been 1.5 years since CCMS was created and suggested that a work session was needed to think through the Town's commitment to the Main Street program. CCMS was much larger than Council could imagine with wayfinding signage, parking, economic vitality, which would be roles for Town staff. CCMS was performing important tasks for the Town and everything needed to be looked at before the budget sessions. Councilwoman Burge added that the same thought process should be taken for the Citizens for Central Park (CCP) and what they do to improve the town's property. The discussion needed to be broader than just CCMS. Councilwoman Holloway countered by stating that CCMS improved more than just one physical location, they marketed the entire town. Mayor Dize stated that Council needed to decide on a dollar amount for contributions to non-profits as a whole before individual requests could be reviewed. A form needed to be developed for the non-profits to complete so the contribution could be handled as a grant. There was discussion regarding CCMS, CCP and the Town's contributions to non-profits. Councilman Grossman suggested a work session for Council to review the policy that Councilwoman Burge drafted;
- vi) He had spoken to the finance and building departments about enhanced observation and enforcement of short-term rental units. Social media and online booking sites would be reviewed regularly to determine properties being used as short-term rentals that may

not have complied with all licensing, inspection and tax collection regulations. The Code Official was directed to placard properties in violation of the short-term rental regulations, much as “stop work” placards were posted at non-compliant construction sites;

- vii) Unrelated to financial obligations, short-term seasonal rental units presented numerous current and future challenges which were more cultural and behavioral. A new population was present every week or less so maintaining compliance and continuity on issues like trash, golf cart operation, beach behavior and public alcohol consumption needed to be a town staff priority. Several department heads would work in a coordinated effort to get information to rental agents, realtors, golf cart rental companies, all TOT payers with business licenses and the general public;
- viii) Short-term rental units generally added to congestion to neighborhood streets compared to owner-occupied single-family dwellings. They also reduced the number of units available for 12-month rentals and drove up rent of year-round units. Short-term rentals didn't add to the year-round population needed to attract year-round businesses and amenities, nor did a seasonal population create a sense of neighborliness and community. He would address the structural inequalities of short-term rental units and bring a report to Council in early 2019. Councilwoman Burge suggested a subcommittee to study the numerous issues to get a better picture for Council. Councilwoman Holloway noted that she reviewed information through the B&B Association and there was a noticeable impact on business shifting from weekly rentals to weekend rentals especially during the shoulder season. Some have far lower price points than B&Bs. There were a lot more short-term rentals out there than the Town realized. Many of the rental owners did not know all the legalities and liability involved and an information session should be provided for them to let them know the risks involved regarding insurance, extra trash receptacles, etc. The Town needed to provide the tools for the rental owners to do things correctly. Council needed to work with Town Planner Zach Ponds to determine the various issues and zoning ordinance language then provide direction to get the Planning Commission involved;
- ix) The issue of reviewing and revising town ordinance and public planning documents appeared as 4 administrative priorities, one quarter of all those identified. In the immediate future the comprehensive plan review process would integrate existing plans and documents and was expected to take 2 years beginning early spring 2019. The Wetlands and Coastal Dune Board had developed a draft beach and dune management plan. Cape Charles' participation in the RAFT program from June 2017 to August 2018 resulted in a better understanding of resilience issues and application to town matters. A related outcome was the town's participation with the Green Infrastructure Center Urban Forestry program at the University of Virginia in developing a green infrastructure plan for Cape Charles. These developments would inform the future comprehensive plan, providing grounding resources for the future creation of a formal town resilience board and guide future operating and capital expenditures;
- x) He contacted the faculty of Christopher Newport University's Public History Center about developing a new town preservation plan based in current town conditions, reasonable expectations of change over time and informed by current preservation search literature and professional practices. Council should choose a normative date and determine a regular update schedule for all town plans and development documents accompanied by responsible budget allocations. The Code of Virginia required comprehensive plan review every 5 years but was silent on relevant local documents that informed that comprehensive planning process and every plan would become outdated by lived experience. The town had not been well-served by consultants so the expertise provided by the public universities' faculty could serve the roles of competent advisor to staff and

public boards/commissions. Councilwoman Burge suggested tasking the planner to have a revision schedule available for Council review by January 1, 2020 to allow proper budgeting beginning in FY 2021. It was noted that it would be a big project initially since everything was out of date but afterwards, the documents would just need to be maintained and updated. Councilman Grossman stated that a work session was needed to discuss the preservation plan update;

- xi) Several changes were recommended to the town's personnel management practices. All employees needed to be evaluated annually in writing by their immediate supervisor and the evaluations needed to be filed in the employee's personnel folder. All chartered officers needed to be evaluated annually by the mayor and Council for their respective service to Council and by the town manager in their respective capacity as department heads. The bonus system should be abandoned, and employee pay based strictly on a performance to pay grade band incremental improvement basis. Certain positions required acquisition of specific credentials or training to provide maximum service to the organization. When such credentialing or training was documented by the employee's supervisor, then a one-time salary bump should be considered. Several Council members expressed their discomfort in evaluating the chartered officers because they were unsure of what they did. Councilman Grossman stated that Council members needed to provide their input to Larry DiRe based on Council's interface with the individuals. Councilwoman Burge explained that the Town's charter stated that the Town Council appointed the chartered officers, but they reported to the town manager. The town manager manages them and provided their evaluations but could not fire a chartered officer.

Councilwoman Burge related an instance when she had an issue with a chartered officer and went to the mayor who agreed with her, but Council refused to fire the officer which led to her resignation as the town manager. It was more important to rely on Larry DiRe who dealt with the officers on a daily basis and trust his input on a solid process for evaluations rather than put Town Council in a bad position;

- xii) One specific priority addressed staff "retention, training, productivity and efficiency." Training was addressed by each department through budgeting for such things. A number of public and private corporations offered relevant webinars at low or no cost. When an appropriate webinar topic was flagged by a staff member, word typically spread to other staffers who might benefit from it. This was a common practice amongst the 3 principal staffers working on various aspects of human resources for the town. While in theory employee retention should be the highest personnel-related goal, this would always be a challenge for the town due to few opportunities for advancement within the organization. If a new hire committed to 4 to 5 years employment, the town should consider that a responsible term of service. Efficiency was hampered across the organization by information technology problems ranging from down email to hardware problems at the workstation and server levels. Such interruptions were common and generally outside the control of staff to address or to resolve themselves. In the next 2 to 3 years, the town should look at adding the staff position of information technology technician to bring in the expertise necessary for an optimum use of such technology;
- xiii) Per the Town of Cape Charles Personnel Policies, the town manager was the designated personnel officer and is responsible for personnel administration within the town government. Council needed to hold the manager accountable for meeting those requirements. While the personnel policies allowed for designation of certain duties determined by the town manager to another staffer under the manager's supervision, dereliction of these duties in the name of delegation was not acceptable. A broader assessment of the town's organizational structure was advised. This administration might function better with the town manager as the chief administrative officer assisted

by an office manager (the town clerk in a dual role) and an operations manager (either the town planner or public works direction in a dual role), each of whom reported to the town manager. Such a restructuring would allow the manager to be a strategic officer for the organization and still provide oversight of two functions rather than each individual department. If such a transition was desirable, a 3 to 4-year transition and implementation period was recommended.

There was further discussion regarding the following: i) cross training public works staff for more competency, possibly send staff to Eastern Shore Community College for trade classes; ii) additional training in areas where the Town would typically hire an outside company such as a Master Gardener class to teach staff about tree pruning, etc., an auto mechanic's class so maintenance could be performed in house. In the past, Jay Bell and Ralph Bowen would maintain the town vehicles. There was also discussion regarding contracting out the auto maintenance; iii) Several departments requested part-time or full-time staff. One idea was a part-time administrative floater to assist several departments. This was currently done by staff in the Clerk's office. The Harbor requested a full-time administrative assistant to work in the office. Council was not in agreement with this position at the Harbor. The Police Department requested another full-time officer for FY 2021. Council suggested an individual living in Bay Creek who retired but needed 21 hours each month to maintain their certification. This individual could possibly work with the Town on a part-time basis. Larry DiRe would include the request from the Library to reclassify a part-time assistant to full-time in the FY 2020 budget. A full-time position would be included in the Public Works Department but reporting to Recreation Coordinator Jen Lewis to work events, clean the Town's restrooms, etc. Council felt this was a great idea; and iv) There was some discussion regarding health insurance. Larry DiRe would include more information in his weekly report.

2.ii *Discussion of Council Priorities*

Councilwoman Burge asked Council to consider, as part of priority setting, to re-establish Council committees to review items in order to make work sessions more productive. Personnel, Utility and Infrastructure could be a few of the committees. Council needed to designate the top 3 priorities to make all our efforts productive. We currently had no sense of direction of where we were going. All the "priorities" identified at the November session were important, but we couldn't do it all. It was suggested that everyone name their top 3 or 4 priorities. Council could then look at the tasks associated with the priority to determine whether staff would do it or if it was a budgetary item. No matter how many priorities were set, there would always be something that came up that would have to be dealt with. It was important not to shift too much that we forgot where we were.

There was much discussion regarding developing a capital improvement plan (CIP) with short and long-term projects, prioritizing the projects on the CIP and a process to add new projects. In the past, if the project wasn't grant funded, it wasn't done or considered a priority.

The top priorities were identified as follows:

Mayor Dize:

1. CIP
2. Preventative maintenance/replacement plan for facilities/infrastructure to include docks, pier, parking, etc.
3. Updating ordinances and codes
4. Personnel – (Have Larry DiRe make recommendations)

Councilman Grossman: He agreed with Mayor Dize's priorities.

Councilman Bannon:

1. Railroad property
2. Beach management

3. Harbor breakwater

Councilman Buchholz: He agreed with Mayor Dize and Councilman Grossman. Council needed to provide a roadmap for the town manager regarding what Council wanted to do, such as possibly replacing a police car every 2 years vs every year. This could be done if the cars were maintained properly.

Vice Mayor Bennett:

1. Emergency preparedness/Disaster plan
2. CIP planning
3. Personnel
4. Infrastructure

Councilwoman Burge:

1. Personnel – staff retention, training, productivity, efficiency
2. Things related to the beach – dunes, infrastructure, parking
3. Delivery of Public Services – water/sewer, Public Works – public space/garbage collection
4. Economic development (CCMS) – activities, economic development of town (not capital, etc.), promotions, things we need to do ourselves

Councilwoman Holloway:

1. Tourism infrastructure (economic driven) – park, beach, harbor
2. Economic development
3. Public services
4. Ordinances and Code
5. CIP
6. Infrastructure maintenance and replacement
7. Website and marketing of Town to keep tourism development going

There was some discussion regarding the most common items – i) public services delivery and emergency preparedness; ii) CIP; iii) economic development; iv) replacement/preventative maintenance of infrastructure; v) personnel; and vi) update of the ordinances and code. It was discussed whether the railroad property needed to be a separate category since it was not directly a Town responsibility or under the Town's purview. The County and Canonic Railroad board were not informing the Town of their intentions regarding the disposition of the property. The Town could reach out to them and put an offer in writing as to what the Town would like to see, not necessary to purchase any property, but as to our preference regarding streets viewsheds, etc.

There was also much discussion regarding the Town Hall which would fall under the CIP. Larry DiRe stated that Town Hall was an issue and Council needed to decide on either a new building or possibly moving Town Hall to the third floor of the library building. When elected officials saw the estimated cost to clean up the space, update the electrician and adding an elevator, they kept moving the project back. Mayor Dize stated that the Town paid \$200K for the library building with the idea of moving the Town Hall upstairs and Council needed to look at the idea. Several of the Council members expressed their desire to view the space. It was noted that the Town Hall wasn't on anyone's priority list.

Council went back to the priority list and individually ranked them from 1 to 6. The rankings resulted in the prioritization as follows and Council committees were assigned:

1. Infrastructure – preventative maintenance/replacement (Staff to handle with assistance from Vice Mayor Bennett and Councilman Grossman as needed)
2. Personnel (Councilman Bannon and Councilwoman Burge)
3. CIP (Vice Mayor Bennett and Councilman Grossman)

4. Delivery of public services / emergency preparedness (Between town manager and department head. If something came up, Council would provide input.)
5. Economic development (Councilman Buchholz and Councilwoman Holloway)
6. Update ordinances and code (Councilwoman Burge and Councilman Grossman)

The railroad was added as a special category.

There was some discussion regarding communicating this information to the community. Information could be provided in the Gazette, by proactively working with the Cape Charles Mirror, the weekly report to Council which was also posted on the Town's website, and Nixle. The Town also had a communications team working on a municipal Facebook page.

A plan was also needed regarding how to handle and evaluate requests from citizens such as requests for a basketball court, sidewalks, reverse-angle parking, etc. A framework needed to be developed for staff's response to the citizens. Mayor Dize stated that the Town had a CIP in place which needed to be evaluated and updated annually, as long as it didn't get undermined.

Council determined the 6 priorities and staff now needed to list specific items beneath the main priorities/categories.

Motion made by Councilman Grossman, seconded by Vice Mayor Bennett, to adjourn the Town Council Strategic Planning Session. The motion was approved by unanimous vote.

The meeting adjourned at 1:20 p.m.

Mayor Dize

Town Clerk