



Cape Charles Gazette Special Edition

Publication Date: July 23, 2013

We hope that you will enjoy reading the Cape Charles Gazette which is the electronic newsletter published from time to time by the Town Manager on behalf of the municipal government of the Town of Cape Charles. The Gazette provides a variety of information that we believe will be useful to the citizens and businesses of Cape Charles as well as those who plan to travel to Cape Charles or have any interest in our Town or the Town's government. The Gazette provides information on actions being undertaken or being considered by the Town government, upcoming activities in the Town, important public safety and security issues and emergency announcements.

We welcome your responses which may be sent to gazette@capecharles.org, by regular mail to 2 Plum Street, Cape Charles, VA 23310 or by calling (757) 331-3259.

We also encourage you to visit the Town's website at www.capecharles.org where you will find up-to-date information about the operation of the Town government.



MESSAGE FROM THE MAYOR

Several recent issues of the Gazette have addressed several topics related to the Town budget and water and wastewater costs. I wanted to follow up with some more information.

Most of you probably don't know that I was the Town's utility clerk back in 1997. This was a difficult time and I remember some audit reports that were critical of how the Town was managing the Water and Sewer Fund. So, I asked the staff to take a look. This is what they found:

- For fiscal years 1995, 1996 and 1997 the Fund lost a total of over half a million dollars.
- As of 6-30-1997, the Fund had accumulated a deficit of over \$1.4 million.
- The rates were covering about 69% of full costs for those years, including depreciation.
- The audits noted that the rates were not sufficient to cover the cost of depreciation and that writing off high bills caused by leaks on a customer's property was also contributing to the large losses.

This is why we did not have a capital reserve available for major rehabilitation or replacement of our water and wastewater plants

We had to build a new wastewater plant because of the new state regulations limiting the amount of nitrogen and phosphorous that can be discharged into the Chesapeake Bay. It was not practical to upgrade our existing plant because of its design and its poor physical condition. We were fortunate to be able to obtain state and federal grants to cover 73% of the cost, as well as a no-interest loan from the state for the balance.

We started an engineering evaluation of our water and wastewater plants in 2006. Both plants were in poor physical condition due to a lack of maintenance and modernization over many years of operation. We have been correcting this situation since then. In contrast to the financial results noted above, the Water and Sewer Fund broke even over the last three fiscal years. Yes, we have had to raise our water and wastewater rates to get to this point, and the wastewater rate has just seen a large jump due to the loan payments on the new plant.

We are struggling with the large capital investments that needed to be made in both our water and wastewater systems over the last several years coupled with a small number of customers. This is not unique to our Town. Over the past ten years, average water rates in Virginia have increased 58% and wastewater rates have increased 88%. Small systems with fewer than 5,000 customers have rates averaging about 14% more than those with 5,000 to 50,000 customers. We have about 1,100 customers. Adding additional customers will help lower the rates.

Nobody enjoys higher water and sewer bills. But, they reflect the costs of correcting past neglect and meeting tougher environmental requirements, and particularly for cleaning up the Bay. The past several Town Councils have been faced with difficult problems and have chosen a responsible course. It would be irresponsible to return to the good old days of being a sleepy little town with crumbling infrastructure. We have chosen to position ourselves for continued growth and economic development.

Thank you,

EMAIL CONTACTS:

[Mayor](#)
[Town Council](#)
[Town Manager](#)
[Treasurer](#)
[Town Clerk](#)
[Code Enforcement](#)
[Town Planner](#)
[Public Works/Utilities](#)
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Municipal Corporation of Cape Charles, 2 Plum Street, Cape Charles, VA 23310

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