




Town Council Special Meeting

February 05, 2026 at 6:00 PM

Cape Charles Civic Center - 500 Tazewell Avenue

Agenda

- 1. Call to Order**
 - A. Roll Call
 - B. Establish Quorum
- 2. Moment of Silence and Pledge of Allegiance**
- 3. Public Hearing: (3 minutes per speaker)**
 - A. None
- 4. Close Public Hearing**
 - A. N/A
- 5. Public Comments (3 minutes per speaker for topics not subject to this evening's public hearing)**
- 6. Order of Business:**
 - A. Presentation re: Soft Close of FY 25 Budget
 - B. FY 2026 Mid-Year Budget Amendment
 - C. Presentation - Mason Avenue Electrical Upgrade Plan
- 7. Town Manager Comments**
- 8. Mayor & Council Comments (5 minutes per speaker)**
- 9. Announcements**
 - A. February 16, 2026 - Town Offices Closed for Presidents' Day
 - B. February 19, 2026 - Town Council Regular Meeting
- 10. Adjournment**

 <p>TOWN OF CAPE CHARLES</p>	AGENDA TITLE: Projected Closing Numbers for Fiscal Year 2025		AGENDA DATE: February 5, 2026
	SUBJECT/PROPOSAL/REQUEST: To present information to town council regarding the Fiscal Year 2025 performance		ITEM NUMBER: 6A
	ATTACHMENTS: Fiscal Year 2025 Projected Closing Report		FOR COUNCIL: Action () Information (X)
	STAFF CONTACT (s): Assistant Treasurer Adrian Oei	REVIEWED BY: Rick Keuroglan, Town Manager Marion Sofield, Treasurer	

BACKGROUND:

Town council has requested that the Finance Department present preliminary closing numbers for the fiscal year ending June 6th, 2025, in advance of our annual audit. Our intent is to provide a top-level view of the town’s finances that Town Council can use to make major long-term financial planning decisions, including budgeting for the coming fiscal year.

The town has engaged Davenport & Co. financial advisors to provide town council with a comprehensive financial analysis. As of this writing, Davenport expects to deliver this analysis at the March regular Town Council meeting. Davenport’s analysis and presentation will be based on the numbers presented here; however, their analysis is expected to be more comprehensive and include forward-looking financial projections.

ITEM SPECIFICS:

The first page is a report on the fund balance and net position of the town’s funds over the past three years. Unlike normal audited government-wide financial statements, which include investment in capital assets, this report excludes capital assets in its bottom line. This is intended to show Town Council how much money is available to the town without selling key capital assets such as harbor infrastructure.

The second page is a report on revenue and expenditures over the past three years. Certain irregular items, detailed in the report, have been excluded to present Town Council with a clearer picture of the town’s operating revenue and expenses.

The third page highlights key sources of tax revenue at year end over a three-year period. These same revenue streams are included in the monthly financial report. However, the numbers presented here differ from the June 30, 2025, monthly report primarily in that end-of-year revenue accruals have now been completed.

MUNICIPAL CORPORATION OF CAPE CHARLES
Fiscal Year 2025 Projected Closing Report

<u>Fund Balance of Governmental Funds</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
General Fund	\$3,567,175	\$18,067,063	\$18,508,421
Capital Fund	\$632,956	\$1,154,439	\$1,590,127
Special Activities Fund	\$10,136	-\$210,680	-\$173,982
Debt Service Fund	-\$5,004	\$0	-\$16,032
Total	\$4,205,263	\$19,010,822	\$19,908,534

<u>Net Position of Proprietary Funds</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
Utility Fund	\$19,515,366	\$100,000	\$87,759
Less Net Investment in Capital Assets	\$3,910,661	\$100,000	\$87,759
Harbor Fund	\$4,560,119	\$5,091,118	\$4,779,333
Less Net Investment in Capital Assets	\$153,377	-\$254,558	-\$765,896
Sanitation Fund	\$47,279	\$54,117	\$47,623
Less Net Investment in Capital Assets	\$44,907	\$54,117	\$47,623
Total	\$24,122,764	\$5,245,235	\$4,914,715
Total Less Net Investment in Capital Assets	\$4,108,945	-\$100,441	-\$630,514

Total Fund Balance* - All Funds	\$8,314,208	\$18,910,381	\$19,278,020
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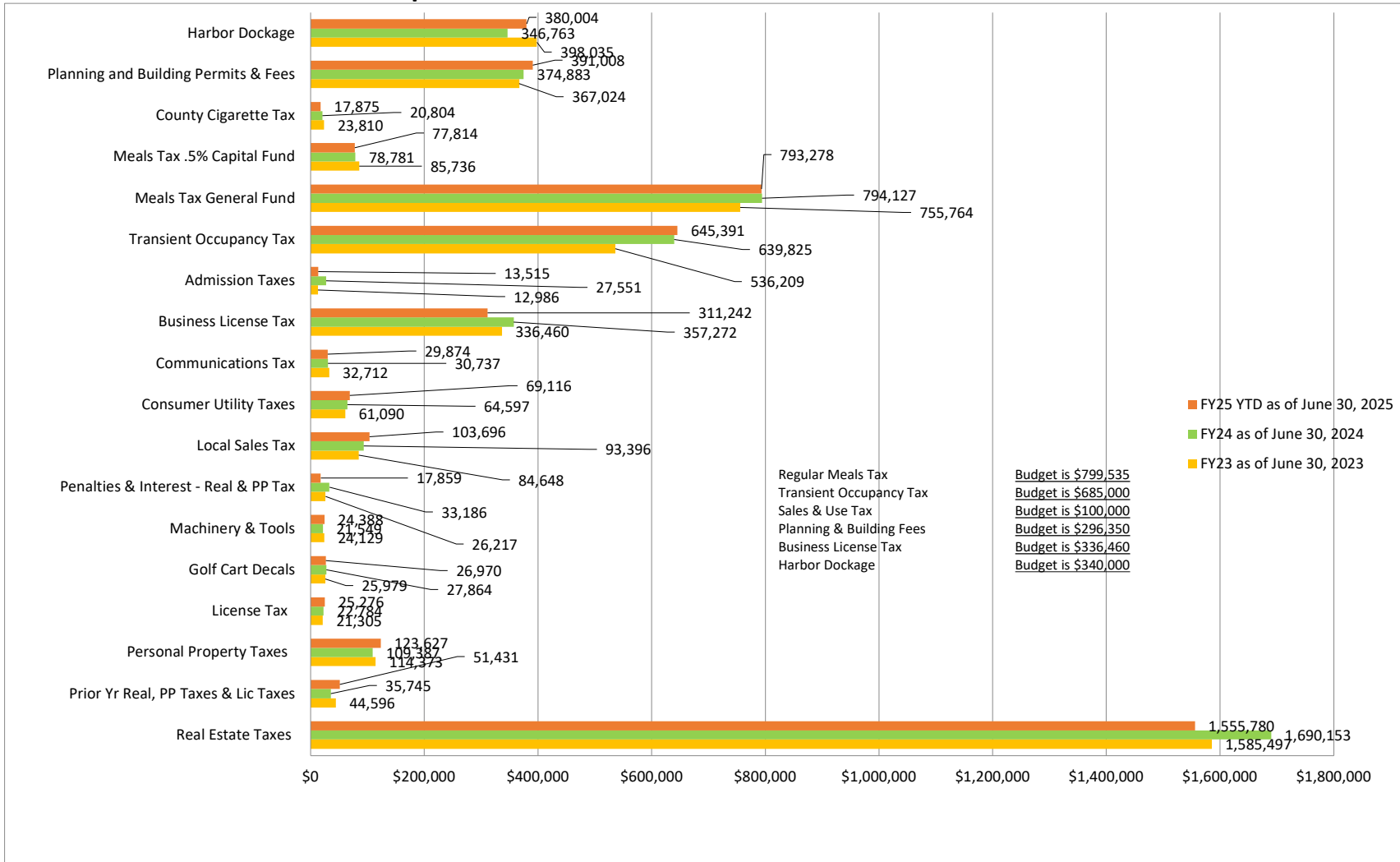
*Governmental funds use a different accounting measurement focus than proprietary funds (funds that engage in business type activities). Proprietary funds have a net position, which includes investments in capital assets, governmental funds have a fund balance, which excludes investments in capital assets. This report provides a townwide "fund balance", which excludes proprietary fund capital assets, such as harbor infrastructure in order to show the resources that the town has at its disposal without selling capital assets.


MUNICIPAL CORPORATION OF CAPE CHARLES
Fiscal Year 2025 Projected Closing Report

Revenue/Expenditures*	FY 23	FY 24	FY 25
General Fund			
Revenue	\$4,505,825	\$5,320,465	\$5,233,506
Expenditures	\$3,176,524	\$3,650,588	\$4,785,361
Excess (deficiency) of revenues over expenditures	\$1,329,301	\$1,669,877	\$448,145
Capital Fund			
Revenue	\$446,819	\$845,941	\$755,683
Expenditures	\$602,192	\$922,835	\$322,645
Excess (deficiency) of revenues over expenditures	-\$155,373	-\$76,894	\$433,038
Debt Service Fund			
Revenue	\$0	\$0	\$19,234
Expenditures	\$143,378	\$674,820	\$35,266
Excess (deficiency) of revenues over expenditures	-\$143,378	-\$674,820	-\$16,032
Special Activities Fund			
Revenue	\$67,081	\$71,970	\$58,604
Expenditures	\$59,642	\$112,936	\$21,905
Excess (deficiency) of revenues over expenditures	\$7,439	-\$40,966	\$36,699
Utility Fund			
Revenue	\$1,863,504	\$1,602,474	\$114,370
Expenditures	\$2,489,785	\$1,950,395	\$12,312
Excess (deficiency) of revenues over expenditures	-\$626,281	-\$347,921	\$102,058
Harbor Fund			
Revenue	\$980,231	\$836,173	\$1,278,791
Expenditures	\$1,077,769	\$1,034,886	\$1,340,890
Excess (deficiency) of revenues over expenditures	-\$97,538	-\$198,713	-\$62,099
Sanitation Fund			
Revenue	\$281,738	\$334,290	\$335,718
Expenditures	\$301,072	\$327,452	\$339,841
Excess (deficiency) of revenues over expenditures	-\$19,334	\$6,838	-\$4,123
Total Revenue Over Expenditures	\$294,836	\$337,401	\$937,686

*Excludes reappropriations, transfer of utility sale proceeds and transfers to fund balance

Specific Sources of Revenue as of Fiscal Year 2025 Close



 <p>TOWN OF CAPE CHARLES</p>	AGENDA TITLE: Fiscal Year 2026 Mid-Year Budget Amendment		AGENDA DATE: February 5, 2026
	SUBJECT/PROPOSAL/REQUEST: Amendment of the FY26 budget		ITEM NUMBER: 6B
	ATTACHMENTS: Budget amendment, memorandum from Town Planner		FOR COUNCIL: Action (X) Information ()
	STAFF CONTACT (s): Assistant Treasurer Adrian Oei	REVIEWED BY: Rick Keuroglan, Town Manager Marion Sofield, Treasurer	

BACKGROUND:

Town Council has requested that the Finance Department prepare an amendment to the Fiscal Year 2026 budget. To prepare this amendment, the finance department solicited input from all department heads and the Town’s Project Manager. Based on this input, we have prepared the attached budget amendment, which is projected to meet operational needs throughout the end of the year.

ITEM SPECIFICS:

The amendment affects three funds, General, Capital and Harbor. The total increase in appropriations is \$153,866, under the 1% threshold of our total budget that would trigger the requirement for a public hearing under state law.

General Fund:

To meet the projected needs within the General Fund, the amendment proposes to appropriate an additional \$46,166 in interest and dividend income. This is possible because our original projections were very conservative and interest rates have fallen more slowly than anticipated at the beginning of the fiscal year.

Capital Fund:

No additional revenue needs to be appropriated to meet the needs of the Capital Fund. Rather, two expenses are being reduced to cover additional projected costs. The reasoning behind these changes is provided in more detail in the attachment.

Harbor Fund:

This is The Town’s first full fiscal year since assuming management of the harbor and business has been better than expected, which means higher revenue and higher operating costs. The total increase in Harbor Fund expenditure is \$107,700. Of this, \$77,000 is cost of goods sold. To cover these additional costs, we propose that Town Council appropriate additional revenue in the form of fuel and miscellaneous goods sales.

The second attachment is a memorandum from the Town Planner containing detailed explanations of her departmental budget requests.

RECOMMENDATION:

Staff recommends that Town Council approve the proposed budget amendment.

Account	Current FY26 Budget	FY26 Actual as of 1/20/26	FY26 Proposed Budget	Change	% change	Notes
General Fund Revenue						
100-3300-1750 Dividends & Interest on Investments	\$ 500,000.00	\$ 328,710.00	\$ 570,666.00	\$ 46,166.00	14.13%	Original budget was very conservative
Total				\$ 46,166.00		
GF Total Revenue				\$ 46,166.00		
General Fund Expenses						
Legislative						
100-4110-2000 FICA Expense	\$ -	\$ 212.00	\$ 780.00	\$ 780.00		
100-4110-2100 SUI Expense	\$ -	\$ 16.00	\$ 56.00	\$ 56.00		
Total	\$ -			\$ 836.00		
Town Manager						
100-4121-1400 Seasonal Wages (Beach Attendants)	\$ 9,100.00	\$ 9,806.00	\$ 15,000.00	\$ 5,900.00	64.84%	
100-4121-6900 Contingency Fund ExpGen Fund	\$ 31,770.00	\$ 350.00	\$ 46,000.00	\$ 14,230.00	44.79%	Replenish TM contingency to cover expected need through end-of-year. \$25,230 used to cover increased TM health insurance costs & \$3,000 transferred to capital to cover cost of restroom trailer.
Total				\$ 20,130.00		
Finance						
100-4124-3740 Merchant Service Costs	\$ 21,000.00	\$ 6,717.00	\$ 21,150.00	\$ 150.00	0.71%	\$25/month account fees for Rentalscape payment processing for 6 months
Total				\$ 150.00		
Information Technology						
100-4127-5050 Internet & Cable Services	\$ 15,000.00	\$ 6,521.00	\$ 18,000.00	\$ 3,000.00	20.00%	Needed to cover broadband price increase
100-4127-6160 Computer Hardware & Electronics	\$ 31,300.00	\$ 12,125.00	\$ 33,300.00	\$ 2,000.00	6.39%	Replace one aging computer workstation
Total				\$ 5,000.00		
Police						
100-4310-2200 Retirement-ER VRS & ICMA-RC Contribution	\$ 37,048.00	\$ 17,307.00	\$ 46,048.00	\$ 9,000.00	24.29%	Purchase of prior service for two former police officers
Total				\$ 9,000.00		
Public Works						
100-4430-3200 Cleaning and Janitorial Services	\$ 20,000.00	\$ 10,639.00	\$ 24,550.00	\$ 4,550.00	22.75%	Increased cleaning cost due to larger size of new offices
100-4430-7000 PW Water & Sewer Expense	\$ 4,225.00	\$ 3,147.00	\$ 6,225.00	\$ 2,000.00	47.34%	New Roots Garden has been using public works water, which was not originally budgeted
Total				\$ 6,550.00		
Planning						
100-4811-5200 Travel-Mileage, Parking & Tolls	\$ 1,192.00	\$ 792.00	\$ 2,192.00	\$ 1,000.00	83.89%	See attached memo
100-4811-5210 Travel-Lodging & Meals	\$ 1,980.00	\$ 1,521.00	\$ 2,480.00	\$ 500.00	25.25%	See attached memo
100-4811-5230 Education	\$ 1,640.00	\$ 920.00	\$ 3,640.00	\$ 2,000.00	121.95%	See attached memo
100-4811-5250 Dues & Memberships	\$ 1,775.00	\$ 799.00	\$ 2,275.00	\$ 500.00	28.17%	See attached memo
100-4811-5260 Employee Testing & Certification	\$ -	\$ -	\$ 500.00	\$ 500.00		See attached memo
Total				\$ 4,500.00		
GF Total Expenses				\$ 46,166.00		
GF Revenue Less Expenditures				\$ -		

Account	Current FY26 Budget	FY26 Actual as of 1/20/26	FY26 Proposed Budget	Change	% change	Notes
Capital - Expenditures						
110-4430-7017 Interim Town Hall	\$ 100,000.00	\$ 127,104.00	\$ 127,500.00	\$ 27,500.00	27.50%	Adjusts originally estimated moving costs to account for actual cost. Includes costs for police move
110-4430-7018 7 Strawberry Public Restroom	\$ -	\$ -	\$ 5,100.00	\$ 5,100.00		\$1,500 base rent , \$1,500 security deposit, \$2,083 additional rent (10 year amortization of estimated \$250k build-out cost)
110-4430-7040 Infrastructure - Parking Lots	\$ 60,000.00	\$ 8,344.00	\$ 47,400.00	\$ (12,600.00)	-21.00%	Based on Project Manager's projection
110-4430-7050 Infrastructure-Streets & Walkways	\$ 20,000.00	\$ -	\$ -	\$ (20,000.00)	-100.00%	Eliminates duplicate expense that was budgeted in error
Total				\$ -		

Account	Current FY26 Budget	FY26 Actual as of 1/20/26	FY26 Proposed Budget	Change	% change	Notes
Harbor Revenue						
510-3150-1000 Harbor Fuel Sales	\$ 350,000.00	\$ 374,466.00	\$ 449,500.00	\$ 99,500.00	28.43%	Higher sales than originally projected
510-3150-1100 Miscellaneous Sales-Snacks, Drinks, Ice, Clothing	\$ 12,000.00	\$ 15,123.00	\$ 20,200.00	\$ 8,200.00	68.33%	Higher sales than originally projected
Total				\$ 107,700.00		
Harbor - Expenditures						
510-4713-1100 Regular Salaries & Wages OT	\$ 1,300.00	\$ 2,327.00	\$ 4,000.00	\$ 2,700.00	207.69%	
510-4713-1400 Seasonal Wages Harbor	\$ 27,000.00	\$ 23,495.00	\$ 35,000.00	\$ 8,000.00	29.63%	
510-4713-3740 Merchant Service Charges	\$ 13,500.00	\$ 19,251.00	\$ 30,000.00	\$ 16,500.00	122.22%	
510-4713-5050 Internet & Cable Services	\$ 1,607.00	\$ 750.00	\$ 4,107.00	\$ 2,500.00	155.57%	Katie is working with Eastern Shore Broadband to the harbor it's own designated internet. It runs approximately 800.00/month, but it won't be up and running until at least April
510-4713-6025 Janitorial & Kitchen Supplies	\$ 2,500.00	\$ 2,439.00	\$ 3,500.00	\$ 1,000.00	40.00%	The busier we are, the quicker we go through most of these items and I'm expecting this May and June to be busier than 2025
510-4713-6400 COGS - Fuel for Resale	\$ 270,000.00	\$ 233,921.00	\$ 341,500.00	\$ 71,500.00	26.48%	Higher sales than originally projected
510-4713-6770 COGS Miscellaneous for Resale	\$ 8,000.00	\$ 6,159.00	\$ 13,500.00	\$ 5,500.00	68.75%	Higher sales than originally projected
Total				\$ 107,700.00		
Harbor Fund Revenue Less Expenditures				\$ -		



MEMORANDUM

TO: Marion Sofield, Treasurer and Adrian Oei, Assistant Treasurer

FROM: Katie H. Nunez, Planning Director & Zoning Administrator

DATE: January 8, 2026

RE: FY2026 Mid-Year Budget Request

I am submitting the following requests for increased funding to the Planning Department Budget to supplement the current Fiscal Year 2026 funding for the following items:

- 1) Account #100-4811-5200 (Mileage, Parking, Tolls): \$1,000
- 2) Account #100-4811-5210 (Lodging & Meals): \$500
- 3) Account #100-4811-5230 (Education): \$2,000
- 4) Account #100-4811-5260 (Employee Testing & Certification): \$500
- 5) Account #100-4811-5250 (Dues & Memberships): \$500

TOTAL: \$4,500

The first 4 accounts were arbitrarily reduced during the adoption of the Fiscal Year 2026 budget, as part of a Town wide reduction in these accounts under the position that these line items were generally budgeted too high and not always needed during the Fiscal Year. Town Council indicated that if training, education, and conferences along with the associated expenses of mileage and lodging/meals was needed, then it would be addressed through a mid-year budget request.

For the Planning Department, these funds cover required training not only for staff but also for the 4 Boards/Commissions that we staff (Planning Commission, Board of Zoning Appeals, Wetlands Board and Historic District Review Board) that also require training.

For FY26, it was planned to send three Planning Commissioners (Libby Wright – Summer Program 2025; Ian McDonald – Spring Program 2026; and Clayton Newman – Spring Program 2026) to get certified in the Certified Planning Commissioner Program run by VCU as well as one staff member (Jack Steinmayer – Spring Program 2026). Additionally, one staff member has attended the Certified Zoning Administrative (CZA) course (Tracy Outten) and will be sitting for that exam later this spring.

Lastly, the annual dues for my membership with the American Planning Association was increased.

Mason Avenue Electrical Upgrade

February 5, 2026

History

- Streetlight problem on west end of north side. Undersize wiring causes voltage drop that negatively affects lighting.
- Holiday tree lighting is awkward and unsafe. Surface wiring along sidewalk from light poles to trees.
- Invitation for bids issued early 2025. One bid for over \$400K.
- Recent on-site review of the project with the contractor.
- Many impediments should be corrected to prepare site for electrical work.

Current Situation – North Side

- Ten light poles between Peach & Harbor.
- Twenty-two planting beds (half have trees).
- Five large or poorly positioned trees.
- Sixteen planting beds are too wide:
 - Three provide adequate space for a standard 5' wide sidewalk in RoW.
 - Nine provide less than 4'.
 - The most constricted is about 1.5'.
- Two handicap accessible parking spaces need ramps.

Current Situation – South Side

- South side is in better condition.
- No undersize wiring.
- Seven light poles between Peach and Harbor.
- Seventeen trees and several long and more narrow planting beds.
- No constricted sidewalk until war memorial.
- One oversize tree.
- One crosswalk needs handicap accessible ramp.

Corrective Actions

- Remove 6 trees on north side & 1 on south side. Estimate - \$35K.
- Narrow up 16 planting beds on north side, about 380 square feet, to provide 5' wide concrete sidewalk. Estimate - \$10K.
- Construct handicap parking accessible ramps at Strawberry and Pine on north side. Estimate - \$20K.
- Construct handicap accessible ramp at west Strawberry Street crosswalk on south side. Estimate - \$10K.
- Plant appropriate replacement trees and other landscaping in vacant beds. Estimate - \$10K.

Corrective Actions

- Coordinating with CCMS and CCHDCL on desired streetscape:
 - Number, locations and types of trees.
 - Other landscaping in beds.
 - Structural enhancement of beds.
 - Additional streetlights; north side Mason (Harbor - Bay), Strawberry.
- CCMS has engaged Commonwealth Preservation Group (CPG) to provide recommendations.

Electrical Upgrade

- Design basis for restructured Invitation For Bids:
 - Increase power supply on north side to 200 amps.
 - New 2” diameter conduit & correctly sized wiring on north side.
 - Intercept existing conduit and wiring on south side.
 - In-ground junction boxes for streetlights and trees.
 - Power pedestals with GFCI outlets in planting beds.
 - Separate circuits for each block.

Phasing

- Phase 1 - \$164K available in FY 2026 budget.
 - Includes \$50K Northampton Tourism grant available **only** for electrical.
- Estimated \$85K for site preparatory work.
- Estimated \$50K for conduit, wiring, junction boxes, etc., north side of Mason (Harbor - Bay). Provides for future streetlights and power pedestals for tree lighting.
- Prepare estimates for future phases after getting actual cost of Phase 1 work and reviewing CPG recommendations.

Phasing

- Examples:
 - North side of Mason - conduit, wiring, junction boxes and power pedestals from Peach to Harbor. Connect to Harbor-Bay segment.
 - South side of Mason - junction boxes and power pedestals.
 - Strawberry (Mason-Randolph) - conduit, wiring, junction boxes and power pedestals.
 - Install streetlights Harbor-Bay (6) and Strawberry (6).
 - Enhancement of planting beds.
- Include in CAMP and FY 2027 budget.