



**TOWN COUNCIL
Special Meeting
Cape Charles Civic Center
January 13, 2022
6:30 PM**

At approximately 6:30 p.m. Mayor William “Smitty” Dize, having established a quorum, called to order the Special Meeting of the Cape Charles Town Council. In addition to Mayor Dize, in attendance physically were Vice Mayor Bennett, Councilmen Buchholz and Grossman, and Councilwomen Holloway and O’Brien. Councilman Follmer was out of town and participated via teleconference from Minocqua, WI. Also, in attendance were Town Manager John Hozey, Assistant to the Town Manager Julie Pruitt, Officers Garrett and Lynch and Town Clerk Libby Hume. There were 11 members of the public physically in attendance, and 26 viewers on Facebook.

A moment of silence was observed followed by the recitation of the Pledge of Allegiance.

PUBLIC COMMENTS (ON AGENDA ITEMS ONLY):

Comments were received from Jim Granger, John Coker, Loraine Huchler, and Martin Mayer. (Please see attached.)

There were no other comments to be heard nor any received in writing prior to the meeting.

SPECIAL MEETING ORDER OF BUSINESS:

A. *Review and Selection of PPEA Proposer*

Town Manager John Hozey stated that approximately 18 months ago, the Town was approached by a private utility company proposing to purchase the Town’s utilities. This type of application was possible through the state procurement process under the Public-Private Education Facilities and Infrastructure Act (PPEA). The PPEA process enabled evaluation of the proposals. Upon adoption of local PPEA procedures, the Town was required to advertise the receipt of an unsolicited proposal and invite others to propose as well. This advertisement resulted in a second proposal. A consultant was hired to assist the Town with conducting a proper due diligence. There were no costs to the Town for consulting fees as they were passed along to the proposers as part of the PPEA process. Due to the confidential nature of the proposals, the Town Council held an executive session, along with the consultant, to interview representatives from the two companies. Both companies were determined to be legitimate providers worthy of further consideration. Council needed to select one of the companies to move forward to the next phase of the evaluation which would include public participation. John Hozey stressed that choosing a company to move forward to the public process did not commit the Town in any way. Once one company had been chosen to move forward, the information associated with that company’s proposal could be discussed openly and the public dialogue could begin. Public interaction was necessary to help the Town determine if selling the utilities was best for the community. Following the selection, the Town would start publishing additional details and schedule Town Hall meetings to obtain input from the public and answer any of their questions.

Motion made by Councilman Grossman, seconded by Vice Mayor Bennett, to move forward with Virginia American Water.

There was discussion as follows:

Councilman Grossman asked about the likelihood of re-engaging discussions with the Hampton Roads Sanitation District (HRSD) as suggested by Supervisor Coker. John Hozey responded as follows: i) He met with the outgoing executive director of HSRD to discuss the southern Eastern Shore and HRSD was only interested in the wastewater plant, not the water plant; ii) Partnering with HRSD would not solve the Town’s water issues; iii) HRSD was unable to pay the Town for

the wastewater plant so the partnership would not relieve our debt. Exmore was able to obtain a grant to pay off their debt but we were told that there was no guarantee that the same could be done for Cape Charles; iv) He reached out to HRSD and would meet with them next week. Part of the problem was the lack of density in the southern portion of the county so only a portion along Route 13 could be included in a regional system; v) He spoke to both proposers regarding inclusion of a regional mechanism if Council opted for the process to move forward. The best interest of Cape Charles needed to be considered since the residents currently paid for the system.

Councilman Holloway stated that a lot of comments were made tonight, and questions needed to be answered as clearly as possible as we moved forward. The only decision to be made tonight was to choose one company to move forward with. All information would be supplied to the public very soon to help answer their questions. Two Town Hall meetings were scheduled for the public to learn more about the process. It was important for every resident to get accurate information. The Council had done a lot of research on the issue and she encouraged everyone to get clarification if they did not understand. Councilwoman Holloway added that although a new Town Hall was needed, it was not why Council was looking at the potential sale of the utilities.

The motion was approved by unanimous vote.

B. *Presentation of Community Survey Responses*

John Hozey stated that he wanted to present the survey response information to Council and thanked Julie Pruitt for her work in compiling the information. The presentation and survey information had been posted online for public review as well. (Please see attached for the presentation slides and the Summary of Comment Trends.)

TOWN MANAGER COMMENTS

John Hozey commented as follows: i) The Historic District Guidelines rewrite draft was received from the consultants and a public meeting had been scheduled for January 27. The draft document would be emailed to Council and the Historic District Review Board for review. He asked Council to send him any comments. The project committee would review all comments and submit them to the consultants.

MAYOR AND COUNCIL COMMENTS

Councilman Grossman commented as follows: i) Council interviewed a number of candidates for the Town's boards and he congratulated Rob Harris and Benjamin Lewis for their appointments to the Harbor Area Review Board, Cathy Fox for her appointment to the Library Board, and Laura Weigand for her appointment to the Board of Zoning Appeals. He thanked everyone who had submitted their applications. Council had one more interview for the Historic District Review Board before making a decision regarding that vacancy; ii) All data had been collected from the Accomack Northampton Regional Housing Survey. Over 500 responses were received. We should start seeing the information in mid-February regarding the needs within the community; iii) He attended the Board of Supervisors meeting last Tuesday. A subcommittee was named with Supervisors Coker and Leatherbury to work with the Northampton County Planning Commission to review the housing zoning issues; iv) The Economic Development Authority for Northampton County was creating a subcommittee to promote work force housing. The subcommittee would be meeting next week; and v) The Eastern Shore Coalition on Housing would be going to Richmond to discuss all subjects relative to housing and where we could seek assistance.

Councilwoman O'Brien encouraged everyone to participate in the PPEA process as we moved forward. It was the key to transparency and harmonious communications. Everyone needed to be on the same page.

Councilman Buchholz stated his agreement with Councilwoman O'Brien and had no other comments.

Vice Mayor Bennett stated that most of the comments heard this evening had a negative tone which he felt was pretty typical. Most people were quicker to complain than compliment. He wanted to hear all comments. This Council was the most diverse group that he had worked with during his tenure on Council. Decisions were not taken lightly. He wanted everyone to be assured that Council had everyone's best interests at heart. It was a long, difficult and arduous process. There was a lot of research to be done and a lot of information to go through. No one on the Council was taking this lightly.

Councilwoman Holloway commented as follows: i) She was the Town's representative on the Eastern Shore of Virginia Tourism Commission. There was an exciting opportunity for a regional grant application to include the Eastern Shore, Western Shore, Virginia Beach, Norfolk, etc. The city of Norfolk was leading the efforts. Our request would be for a permanent bathroom; and ii) The train car had been moved to its permanent location. She thanked Jim Outland of Canonie and Supervisor Coker for their help in making this happen. Two Northampton County Infrastructure Grants were used for the tracks and physical move. Canonie agreed to pay for the asbestos removal. Cape Charles Main Street would be doing some fundraising to restore the car.

Councilman Follmer reiterated Vice Mayor Bennett's comments and the importance of people getting engaged in the process and listening to the facts. No decision had been made yet, but there was a lot of speculation, rumors and opinions out there.

Mayor Dize agreed that members of the Council had more privileged information but encouraged everyone to get involved in the process, paying attention to the information being released. The more participation by the public, the easier it would be for Council to make a decision. For three years, he has had the pleasure to work with the talented people sitting at the dais. This was not a decision that Council would take lightly. This was a long process and in moving forward, he encouraged everyone to ask questions. Send questions to the town manager. He and Council were not hiding anything and wanted to be as transparent as possible.

Motion made by Councilwoman Holloway, seconded by Councilman Grossman, to adjourn the Town Council Special Meeting. The motion was approved by unanimous vote.

The Special Meeting adjourned at 7:35 p.m.

Mayor Dize

Town Clerk

**January 13, 2022 Town Council Special Meeting
Comments and Information Provided in Writing**

Jim Granger, resident of Cape Charles

Mayor Dize, Members of Town Council, Mr. Hozey, Town Staff,

I have been supporting the Navy as an officer, government civilian, and now a contractor for almost 37 years. Over that time I have seen many public-private partnerships, and only a tiny percentage have worked well. Whether the water plant is privatized or not, I can guarantee that the costs to citizens will go up, and probably significantly. Companies don't offer to purchase public utilities out of the goodness of their wonderful charitable hearts - they're in it to make a profit, which is automatically an increase over current town costs. I would like to know the following:

1 - Why would the Town do this? What's the benefit to the citizens of the Town?

- Did the discovery process reveal issues in the water plant? (I've heard rumors that the technology changed shortly after the plant was built and it's essentially obsolete, with parts becoming hard and expensive to find)

- Are we having trouble finding/keeping qualified staff, especially with the shortage of lower cost housing in Northampton County?

- We have had to close the beach several times after major rainstorms; is the potential privatization related to those problems?

- Do you have a rough idea how much costs would go up, and can the Town protect itself? We don't want to find ourselves in a situation like Portsmouth, where Elizabeth River Crossings can legally extort drivers at the tunnels

2 - If the plant is privatized, will it be used to serve Northampton County beyond the town?

3 - Having lived the Hampton Roads Sanitation District nightmare, I'm not encouraging it, but I know that that HRSD is taking over wastewater for Exmore, Onancock, and others. Have we investigated if working with HRSD might be a better option?

4 - Our beach and harbor are our greatest assets - if the plant is privatized, how can we protect ourselves against mismanagement?

Thank you,
Jim Granger

John Coker, resident of Northampton County, and Northampton County District 1 Supervisor

Good evening, Mr. Mayor and members of the Town Council. Thank you for hearing me. My name is John Coker and I live at 1530 Elliotts Creek Ln, Cape Charles, VA. I am here tonight as a citizen on Northampton County and as the District 1 Northampton County Supervisor.

First, I want to say that I think you are doing exactly the right thing by looking at having a professional firm take over the running of your sewer plant. The complexity of operating and the ever-changing regulations in this industry are far beyond the capabilities affordable to a small town like Cape Charles.

Having said that, I strongly believe it is the wrong direction to sell the plant to a "for profit" organization. A few years ago all the towns in Northampton County and the County itself agreed to become part of the Hampton Roads Sanitation District (HRSD), as did all of Accomack County. As we properly said at the time this obligated us to nothing but offered us the opportunity to solicit their help it and when we felt we were in need.

That time is now. HRSD is not a profit-based organization and has been historically well supported by the Commonwealth of Virginia. In fact, HRSD is a political subdivision of the Commonwealth of Virginia.

Hopefully you know about and have investigated the benefits that HRSD is currently in the process of bringing to Exmore and Nassawadox. Granted these towns have much older and less sophisticated sewer systems than Cape Charles but they will soon have first class capabilities and will no longer have to maintain the complexity of their own operations. These towns and the County see this as a long-term partnership that will endure for decades and will allow for expansion and growth without having to worry about significant capital expenses and large escalations of the fees charged to their citizens. Yes, the HRSD fees will increase but HRSD services approximately 1.7 million people, all in the Commonwealth of Virginia, which clearly assures them strong representation in Richmond to prevent unreasonable fee escalation. This will not be the case with a “for profit” solution.

Also, you have to know that there are billions of grant dollars available at the state and federal level for this type of infrastructure and Exmore and Onancock working with HRSD have already been able to get many millions of it.

Finally, I do wear a County hat here today and I strongly believe HRSD can be a County solution not just a solution for Cape Charles. HRSD is in the process of doing amazing extensions in Accomack County and may actually reach to Chincoteague from Onancock. A similar expansion in Northampton County could help the Cape Charles Route 13 area, possibly Cheriton, and it could go as far north as Eastville.

So please consider the long-term financial implications to the citizens of your town since “for profit” companies work for the benefit of their shareholders wallets not the wallets of your citizens.

Thank you all for your time and I would like this transcript placed in the permanent record of this meeting.

Loraine Huchler, a business and commercial property owner

I am an engineer by training and run a water and wastewater consulting business for the last 33 years. I have two questions: 1) The Town of Cape Charles currently has a 0% interest loan to pay a small portion of the cost of building this state-of-the art water and wastewater plant. The town has acquired an asset at a huge discount. Is not the right time to sell it? Why isn't the town considering retaining ownership of the water and wastewater plants and outsourcing the operation, maintenance and billing services to a third party – as a comparison to selling the assets and outsourcing the management? 2) There's been some information that the Town wants to build a new Town Hall with the funds from the sale of the water and wastewater plant. The value to the citizens of the Town for a new municipal building is not very much. Most of the value accrues to the town employees who work in the Town Hall. Does it improve the value of services to the residents? Not likely. Does it reduce any taxes? Not likely. What is the value of building a new Town Hall to the residents of Cape Charles?

Martin Mayer, resident of Cape Charles

There are generally two reasons why a municipality enters into an agreement to sell their water utilities, a lack of public capital and a lack of public sector capacity. Private corporations provide a “solution” to municipal budget problems and aging water systems. A solution that more often than not leaves communities with higher rates, worse service, and fewer local jobs.

Accountability is a critical issue. Water corporations are primarily accountable to their shareholders, not the public. There is a limited transparency and often unequitable expansion.

And then, you have the rate increases. Privately owned water utilities have been found to charge roughly 60% more than local government providers for water and wastewater. The simplest explanation is higher operating costs. A lack of competition during the sale, increased ancillary costs like income taxes and dividends and the most interesting in our example is the cost of financing projects and improvements. Local government municipal bonds are often half the rate that private financing may cost. All of this is passed along. I know this is early in the process, but it hasn't been without substantial cost in terms of consulting fees.



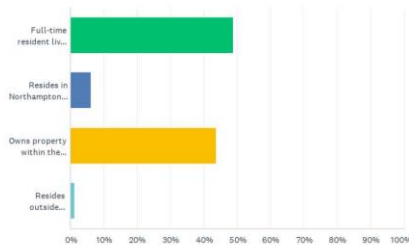
Town of Cape Charles Community Survey 2021

RESULTS AND ANALYSIS

Overview

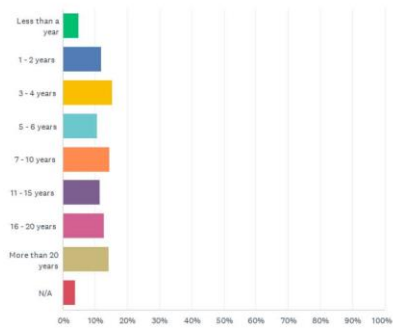
► The Following represents data collected from 442 Surveys

- 236 responses were submitted through Survey Monkey online
- 206 responses were submitted via paper and data was then entered onto Survey Monkey

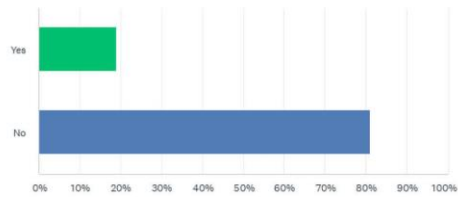


ANSWER CHOICES	RESPONSES
Full-time resident living within the corporate limits of Cape Charles	48.87% 216
Resides in Northampton County but outside the corporate limits of Cape Charles	6.11% 27
Owns property within the corporate limits of Cape Charles but maintains a primary residence outside of the town	43.67% 193
Resides outside Northampton County but a frequent visitor to Cape Charles	1.36% 6
TOTAL	442

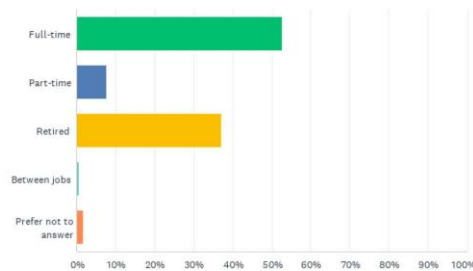
Q1: Please choose the closest one that applies to you



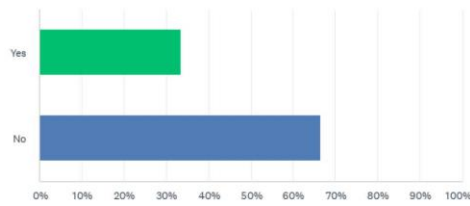
Q2: How long have you lived or owned property in Cape Charles?



3: Do you own a business in Cape Charles?



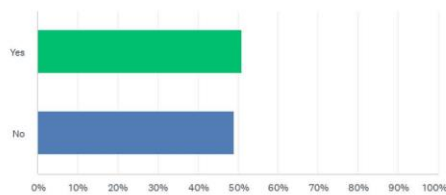
Q4: Are you employed? Select the closest that applies



ANSWER CHOICES	RESPONSES
Yes	33.45%
No	66.55%
TOTAL	284

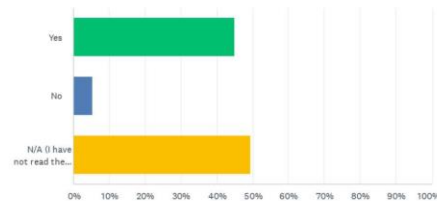
Note: This data excludes responses who identified as retired in question 5

Q5: Is your employment based primarily from your home?



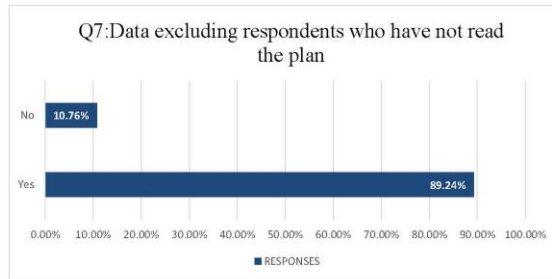
ANSWER CHOICES	RESPONSES
Yes	50.90%
No	49.10%
TOTAL	442

Q6: The Town Council approved the current Community Strategic Plan on 03/18/21. Have you read this plan?



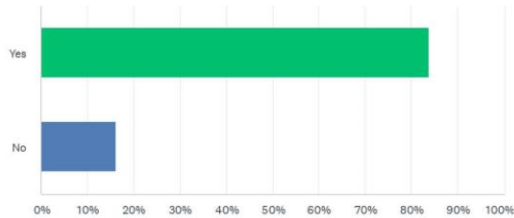
ANSWER CHOICES	RESPONSES
Yes	45.02%
No	5.43%
N/A (I have not read the plan)	49.55%
TOTAL	442

Q7: If you have read the Community Strategic Plan, do you agree with the plan's goals?



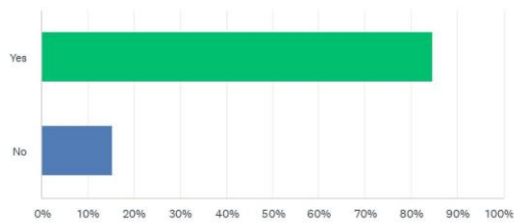
ANSWER CHOICES	RESPONSES
Yes	89.24% 199
No	10.76% 24
TOTAL	223

Q7A: Data from those who did read the current Strategic Plan



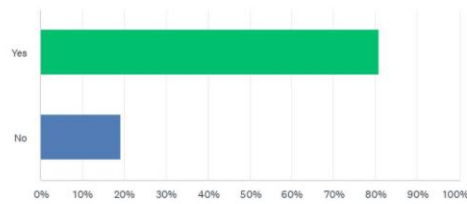
ANSWER CHOICES	RESPONSES
Yes	83.90% 370
No	16.10% 71
TOTAL	441

Q8: Has the Town maintained or improved its small-town character in recent years?



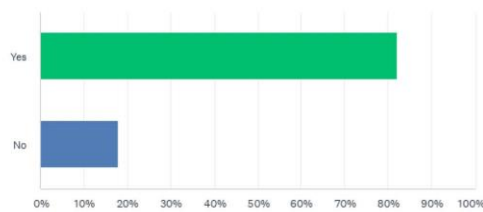
ANSWER CHOICES	RESPONSES
Yes	84.58% 373
No	15.42% 68
TOTAL	441

Q9: Do you agree with the Council's view regarding economic diversity?



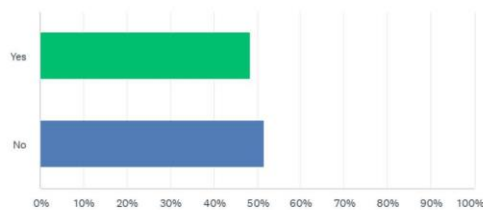
ANSWER CHOICES	RESPONSES
Yes	80.77% 357
No	19.23% 85
TOTAL	442

Q10: Are town public services appropriate for a community of our size?



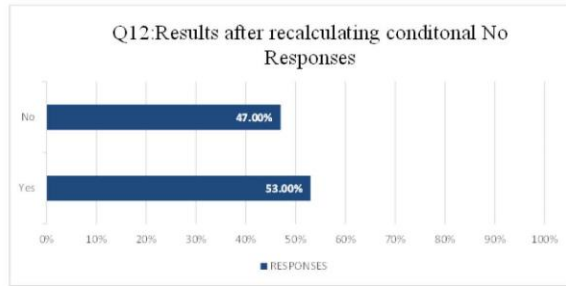
ANSWER CHOICES	RESPONSES
Yes	82.13% 363
No	17.87% 79
TOTAL	442

Q11: Is the quality of town public services satisfactory?



ANSWER CHOICES	RESPONSES
Yes	48.38% 194
No	51.62% 207
TOTAL	401

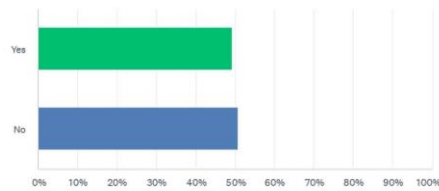
Q12: Would you be willing to pay approximately \$9.00 per month more for trash service (\$26/mo total) to implement a curb side recycling program in town? (this would not include glass)



ANSWER CHOICES	RESPONSES
Yes	53.00% 217
No	47.00% 184
TOTAL	401

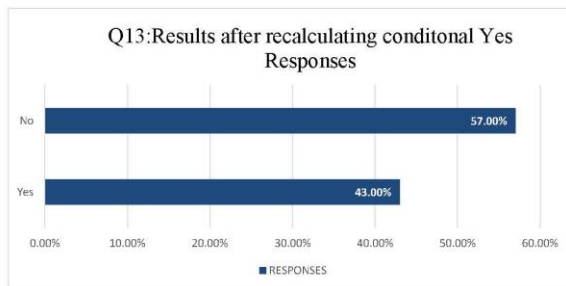
Q12A:

There were 23 conditional No responses indicating that if glass was included, they would have likely said Yes. Recalculation of these conditional No's is shown for a vendor who would accept glass



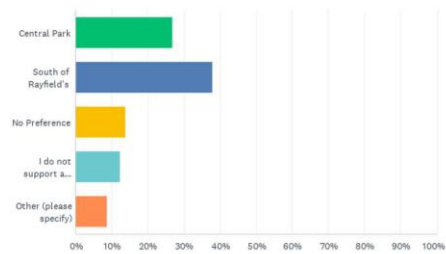
ANSWER CHOICES	RESPONSES
Yes	49.21% 217
No	50.79% 224
TOTAL	441

Q13: Would you support paid parking in town as outlined?



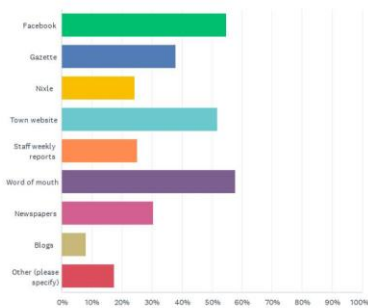
ANSWER CHOICES	RESPONSES
Yes	43.00% 187
No	57.00% 254
TOTAL	441

Q13A: There were 30 Yes responses that conditioned that support on terms beyond the program design. Recalculation of results is shown after these conditional Yes responses are omitted



ANSWER CHOICES	RESPONSES
Central Park	26.92%
South of Rayfield's	38.01%
No Preference	13.80%
I do not support a...	12.44%
Other (please specify)	8.82%
TOTAL	442

Q14: Where would you prefer to see a basketball court?



ANSWER CHOICES	RESPONSES
Facebook	54.75%
Gazette	38.01%
Nixie	24.21%
Town website	51.81%
Staff weekly reports	25.11%
Word of mouth	57.69%
Newspapers	30.54%
Blogs	8.14%
Other (please specify)	17.42%
Total Respondents:	442

Q15: What tools do you use to stay in touch with town happenings? Select all that apply

Summary of Comment Trends:



Community Strategic Plan Citizen Survey - 2021

Summary of Comment Trends (442 surveys)

The following is offered as an overview only, tracking general trends, not every comment could be captured here.
Note: Questions 1 through 6 were straightforward and did not generate significant comment.

Question 7: Do you agree with the Strategic Plan goals – of those who read it, 89% agreed

Do not agree comments

- Feel the plan although good, is not being carried out as it says (3 responses)
- Feel Town is bending rules for contractors, no checks on accessory dwellings or other codes for proper compliance. Feel there are too many rentals, and that tourists are forcing out residents. Businesses cater mostly to tourists; hours consistent in summer only (10 responses)
- No workforce housing (4 responses)
- Concrete Plant/Clamming operation issues (5 responses)

Agree comments

- Agreed with the plan but felt there needs to be more emphasis on improving the community for full time residents. The primary improvement needed is housing for year around residents and the workforce (6 responses)
- Some commented, “for the most part” (8 responses)
- Said yes but felt the goals or implementation was vague (8 responses)
- Agreed but felt it caters to tourists and begs the question, “does the Town serve the residents or the visitors” (6 responses)

Additional comments

- More emphasis needed on maintenance and improvement of the beach (6 responses)
- Details were too vague regarding vacation rentals, golf carts, etc. (3 responses)
- Need more specifics around preserving our town’s historic character (3 responses)
- More emphasis needed on walkability and sidewalks
- Asked the question, “Can police or town employees afford to live in town”

Question 8: Has the Town maintained its small-town character – 84% responded Yes

Yes response comments

- Said yes but felt there is an over-emphasis on tourism and that tourism is starting to take over. Merchandise and new amenities in town are priced too high for locals, and that these amenities are only available to accommodate tourists (14 responses)
- Community events and functions, like concerts in park, 4th of July, grand illumination, festive Fridays, etc. really help the small-town feel and sense of community
- Said yes but felt concrete plant/clamming operations are taking a toll (4 responses)
- Responded yes and no, or “to some degree” (5 responses)
- Felt beach improvement is vital (5 responses)
- Said yes but felt on the verge of losing our charm (4 responses)

No response comments

- The single largest concern over losing our small-town feel is due to too many vacation rentals/tourists (27 responses)
- Feel Council tends to make decisions mostly to benefit tourism (10 responses)
- Clam operations and concrete plant concerns (6 responses)
- Parking issues (6 responses)

Additional comments

- Vacation rental signs should not be allowed, detracts from small town feel
- Long term renters being forced out for short term
- No affordable housing for the workforce
- Not enough amenities like restaurants or public restrooms
- Becoming too much like Ocean City, VA beach, or New Jersey

Question 9: Do you agree with the Council's view regarding Economic Diversity – 85% responded Yes

Yes response comments

- Yes, but felt the clamming operation does not fit within this view (13 responses)
- Yes, but strongly conditioned support on, "as long as these activities are thoughtfully located and regulated to minimize conflicts" and the need for noise/time of day limits (14 responses)
- Yes, but there also needs to be some flexibility (3 responses)
- Yes, but felt that workforce housing needs to be a higher priority (6 responses)

No response comments

- Felt the industrial sector has caused issues for the town, environment, and quality of life (19 responses)
- Feel Council has not made this happen
- Feel waterman and locals have been pushed out

Additional comments

- Should be more situations like Hook at Harvey and Yacht Center mixed w/industrial
- Light Industry does not mean huge concrete plant

Question 10: Are Public Services appropriate for a community our size – 81% responded Yes

No response comments

- Public works needs more staff with workload continuing to grow (6 responses)
- Because there are so many tourists, the services needed exceeds the number of employees the town has (10 responses)
- Employees are hardworking, but simply not enough of them (4 responses)
- More Police needed, especially in the summer (5 responses)
- Building and planning understaffed (4 responses)
- Beach maintenance needs to be prioritized (9 responses)
- Need more public restrooms (7 responses)

Question 11: Is the quality of Town Public Services Satisfactory – 82% responded Yes

No response comments

- Water quality unacceptable and hard on plumbing /appliances (13 responses)
- Tourist growth exceeds staff and causes staff to cater mostly to tourists (7 responses)
- Public works: Trash/leaves needs to be ramped up on the weekends, beach entrances, dunes, and Bay Ave. also need more attention (5 Responses)

Additional comments

- There was general concern regarding boats, old cars, trailers, motor homes, etc. parked throughout town (8 Responses)

Question 12: Would you be willing to pay more for curb side recycling – 52% responded No

Yes response comments

- Yes, but raised the question why glass isn't included. (13 responses)

No response comments

- Said would consider if glass was included (23 responses)
- Said no because they felt rental guests would not utilize properly (2 responses)
- Said no because it is easier to drop it off in Cheriton (19 responses)

Analysis: 194 people said they would like recycling under the stated conditions, and 207 said no. But 23 of the no respondents said they would have said yes if glass was included. Therefore, if a vendor could be found that would

also accept glass, it is likely the 23 no responses would become yes, thus shifting the overall outcome to a positive response of 217 yes (53%), and 184 no.

Question 13: Support for paid parking along Bay and Mason Aves – 51% responded No

Yes response comments

- Responded yes but only if residents in Northampton County would receive passes, rental property guests would receive passes, and there were exemptions for golf carts and anyone who works in town (13 responses)
- Responded yes but only if residents and property owners were not charged (17 responses)
- Said yes but also felt a paid lot elsewhere would be more suitable
- Said yes but only if the town limited how many cars rental guests could have per property

No response comments

- A very large concern that this would diminish our small-town atmosphere (24 responses)
- Creating a parking garage or lot would be better (10 responses)
- Felt the town didn't have the resources to do it, and it would create other problems (4 responses)
- Cost of this would outweigh the profit (5 responses)
- Would create worse parking problems on residential streets (9 responses)

Additional comments

- Felt the town should concentrate on getting boats, trailers, and old cars off the streets first (6 Responses)

Analysis: 217 people said they were in favor of paid parking, while 224 said no. However, up to 30 of the yes respondents conditioned their support on free passes or exemptions that would not likely be included in such a program. Therefore, there are potentially 30 additional no responses to any likely program, shifting the overall outcome more negative, with only 187 responding yes and 254 responding no (57%).