

**TOWN COUNCIL
Public Hearing & Special Meeting
Cape Charles Civic Center
February 1, 2024
6:00 PM**

At approximately 6:00 p.m. Mayor Adam Charney, having established a quorum, called to order the Public Hearing & Special Meeting of the Cape Charles Town Council. In addition to Mayor Charney, in attendance were Vice Mayor Bennett, Councilmen Buchholz, Butta and Grossman. Councilman Follmer was out of town and participated via teleconference from Minocqua, WI. Councilwoman Holloway was not in attendance. Also, in attendance were Town Manager John Hozey, Assistant Treasurer Adrian Oei, Assistant to the Town Manager Julie Pruitt, and Town Clerk Libby Hume. There were 12 members of the public physically in attendance, and 14 viewers on Facebook.

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

PUBLIC HEARING:

A. Proposed FY 2024 Budget Amendment:

There were no public comments to be heard nor any comments submitted in writing prior to the hearing.

Motion made by Councilman Grossman, seconded by Vice Mayor Bennett, to close the public hearing portion of the meeting. The motion was approved by unanimous vote.

The public hearing was closed at 6:02 p.m.

PUBLIC COMMENTS: (3 MINUTES PER SPEAKER)

Walter Bronson, resident

Mr. Bronson addressed the Council regarding short-term rentals. (Please see attached.)

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

ORDER OF BUSINESS:

A. Proposed FY 2024 Budget Amendment:

Town Manager John Hozey stated that the proposed budget amendment was exactly as discussed during the work session with a budget appropriation increase of \$309,972 in the General Fund, decrease of \$223,677 in the Capital Fund, increase of \$4,200 in the Utilities Fund, and a decrease of \$60,443 in the Harbor Fund. Two changes to the fee schedule were also proposed: i) For Town Harbor customers, the 3% credit card surcharge would be split with the customer being charged 1.5%; ii) A waiver of the Building, Planning & Zoning Fees for non-profit organizations up to \$750 per project, retroactive to November 1, 2023. Waivers in excess of \$750 may be granted by the Town Council.

Motion made by Councilman Grossman, seconded by Councilman Buchholz, to adopt the FY 2024 Budget Amendment and Fee Schedule as presented. The motion was approved by unanimous vote.

B. Appointment to the Planning Commission:

John Hozey stated that there were two vacancies on the Planning Commission. Mr. Michael Strub was coming off the Commission but had agreed to continue his service until a replacement could be named. Mr. Strub also served as the Planning Commission representative to the Historic District Review Board. The positions had been advertised in the Cape Charles Gazette and on

Facebook and several applications were received. The applications were reviewed during the January 18, 2024 Town Council Executive Session. One of the applicants, Elizabeth Wright, had been interviewed on August 31, 2023 and named as an alternate to the Historic District Review Board. Ms. Wright had been attending both the Historic District Review Board and Planning Commission meetings since that time as an observer. Since Ms. Wright had already been interviewed, a general consensus was reached to appoint Ms. Wright to the Planning Commission. An executive session would be scheduled for a future date to interview the remaining applicants to fill the second vacancy.

Motion made by Vice Mayor Bennett, seconded by Councilman Buchholz, to appoint Ms. Elizabeth Wright to the Planning Commission to complete Mr. Strub's term which would expire on October 31, 2027. The motion was approved by unanimous vote.

Councilman Grossman noted that applications were still being accepted. John Hozey added that if any resident was interested in applying for the position, they should contact the town clerk.

C. *Review of 2023 Community Strategic Planning Citizen Survey Results:*

John Hozey stated that it took some time to compile the results of the survey due to the number of comments received. The survey results presentation was posted on the Town's website with the link placed on Facebook so anyone watching could follow along. Each Town Council member received a binder this evening which contained the information being presented this evening. We had an incredible response this year, with 581 surveys being submitted and a significant increase from previous years. There were 381 electronic submissions and 200 paper submittals which were manually input.

John Hozey went on to review the responses, summary of comments received, and analyses. (Please see attached.)

John Hozey asked the Council to review the information in their binders for discussion at the Strategic Planning Joint Work Session scheduled for Saturday, February 24, 2024, from 10:00 a.m. until 3:00p.m. at the YMCA. This would be a joint work session for the Town Council and Planning Commission along with several department heads. He would be reaching out to several community groups for representation as well.

John Hozey noted that work on the short-term rental regulations would resume after the Strategic Planning Session.

Councilman Buchholz thanked John Hozey and Julie Pruitt for the great job pulling all this information together. Councilman Butta stated his appreciation for the information breaking out the responses of full-time residents, adding that this information was valuable.

TOWN MANAGER COMMENTS

John Hozey commented as follows:

- i) The State Corporation Commission's (SCC) process of reviewing the application for the sale of the public utilities was moving along well. The SCC staff completed their work and issued a favorable report recommending approval of the sale according to the terms of the purchase agreement that was approved by the Town Council. A hearing was scheduled for February 13 and he was scheduled as a witness. The Town, Virginia American Water (VAW) and SCC staff jointly submitted a stipulation agreement on all conditions that would eliminate the requirement for him to attend the hearing and we were awaiting the response. The hearing would still be held for the public. Our legal council would be in attendance and the public would be able to participate telephonically. He also learned that VAW had another application before the SCC for their rate case which was submitted last year. Initially, we were informed that it could be at least two years before Cape Charles' rates would be included in a consolidated rate case, but he was pleased to learn that Cape Charles was included in this rate case before the SCC.

Councilman Grossman stated that he ran some numbers and found a significant reduction in the rates paid by Cape Charles residents.

John Hozey went on to state that the SCC staff recommended the full purchase price of \$15M, with an additional \$10M investment by VAW. If the Town had to make the \$10M investment, our rates would have to be increased significantly. The sale was definitely worth it for our residents.

- ii) In last year's survey, the community's highest priority was the beach. A kickoff meeting was scheduled with the Beach Master Planning consultant next week. That meeting would determine the plan and outreach.
- iii) The Strategic Planning Work Session was scheduled for February 24, 2024.
- iv) Peach Street Update: The contractor was a couple of weeks behind schedule. VDOT might extend the contract by 30 days, until mid to late-March. When completed, it would be a huge improvement.

MAYOR AND COUNCIL COMMENTS

Councilman Buchholz commented as follows: i) He clarified that a consultant had been hired for the Beach Master Plan; ii) The concrete windows were just knocked out of the Rosenwald School, and they were making some good progress. Vice Mayor Bennett added that the group was doing a great job and would be reinstalling all the original windows.

Councilman Grossman commented on the ongoing legislative session in Richmond. He was actively following several bills related to short-term rentals, accessory dwelling units, and transient occupancy tax collections. He had been providing the Town Council with updates on the bills. The Town needed to submit our input at the committee level in lieu of resolutions. Resolutions were warranted for big topics, but if we submitted comments to the committees, the bill could be killed in committee. It could make a significant impact.

Motion made by Councilman Grossman, seconded by Councilman Buchholz, to allow the Mayor to speak on our behalf on the bills that would impact Cape Charles in a negative way. The motion was approved by unanimous vote.

John Hozey noted that by approving this motion, Council approved the town manager and Mayor to use their discretion and did not have to go back to the Town Council for approval each time. Mayor Charney and Councilman Grossman agreed that these bills took rights away from the Town and needed immediate action.

There were no additional comments.

Motion made by Councilman Grossman, seconded by Vice Mayor Bennett, to adjourn the Town Council Public Hearing & Special Meeting. The motion was approved by unanimous vote.

The Public Hearing & Special Meeting adjourned at 6:41 p.m.

Mayor Charney

Town Clerk

February 1, 2024 Town Council Special Meeting Comments and Information Provided in Writing

Walter Bronson, resident

As in many communities across the Country, Short Term Rentals (STRs) has become a divisive and topic. Detractors point out, as noted in a Planning Magazine article on Nov. 4, 2022 by Nick Del Pego, "STRs can pop up in residential neighborhoods, impact rural areas not zoned for commercial business, and contribute to housing scarcity. And with an average of five to 10 people staying at an STR (multiplied several times over), the stress on local infrastructure can be significant: more trash, reduced parking, and greater wear and tear of streets, increased noise, and a loss of a sense of community" Proponents point out that STRs are needed to support local businesses and that STRs are a primary reason that Cape Charles has been redeveloped from its dilapidated condition of the 1970s to early 2000s.

We can all agree that Cape Charles is a wonderful place that we all love whether we are full time residents or part timers coming when we can to homes that we own or rent. Some of us also make our livings here as business owners and employees, including short term rental owners. The love we have for our community and the financial dependence that is tied to it makes us all very passionate, particularly when it comes to the short term rental situation.

There is no doubt that Cape Charles would not be what it is today without a vibrant short term rental market. Northampton County does not have enough employers to support one hundred percent full time residents in Cape Charles as it did in the late 1800s to the mid 1900s. The Town now depends on tourism to support the restaurant and retail businesses as well as the community activities that we all enjoy. On the other hand, a town of overwhelmed by short term rentals and vacation homes is no community at all. It would be a town without a community, without a heart. The Town needs people to run not only its commercial businesses and government offices, but also many of the wonderful things about Cape Charles including the Central Park Committee, Cape Charles Main Street supported Festive Fridays, 4th of July Parade, and Love Run, the Historical Society, the Volunteer Fire Department, and many others.

There has to be a balance that is struck between the number of STR and full-time residents.

Currently STRs are very popular and in high demand. Because of that demand STRs are very profitable and STR owners can afford to pay high prices for properties because of the high rents they can charge. There is no doubt that the STR market has driven the Cape Charles real estate market to incredible heights. The tax assessment that came out last year is enough to show that. And while that is good for those that wish to sell and leave Cape Charles, it means that the only ones that can afford these prices are those buying to convert to VRBOs. It also means higher taxes for those wishing to stay. With most properties being bought to convert to VRBOs there are no or very few new full-time residents that are moving into town. Which means that Cape Charles is losing its heart and its community.

Vacation home rentals have become very popular, especially since the pandemic. Because they are popular, especially in Cape Charles, rents are quite high. The high rents mean that the clientele tends to be affluent well-established families. All pendulums swing back and forth though. Short term rentals with have seen unprecedented growth over the past four years. More recently the news has stories of the vacationing public becoming disenchanted with AirBNB and VRBO and growth is slowing. Slowing growth is also likely a result of people returning to more traditional travel such as cruises and international travel with the end of the pandemic.

The number of short term rentals continues to grow in Cape Charles, however. What will happen when demand reduces and supply increases, which will undoubtedly happen at some point, be it this year, next year, or five years from now. Prices will drop as owners compete to try and stay booked and the clientele will change. At the extreme, short term rental owners may not be able to pay their mortgages and then there will be sell off, devaluation of properties, and possibly a return to abandoned and empty buildings. Restricting the number of short term rentals in the Town will help to limit or even prevent the damage that the pendulum swing will cause and it will be good for everyone from that perspective.

Cape Charles needs to maintain the tourism that fuels the businesses we have without losing the residents that form the heart and soul of the community. A cap on the number of STRs would provide better opportunities for those who wish to live here to be able to afford to do so. No one should lose their current business, however. It is something they spent time and money on and should be permitted to maintain it. Any current short term rental owner should be allowed to maintain there business for as long as they own the property.

**NOTICE OF PUBLIC HEARING
MUNICIPAL CORPORATION OF CAPE CHARLES
FISCAL YEAR 2024 PROPOSED BUDGET AMENDMENT**

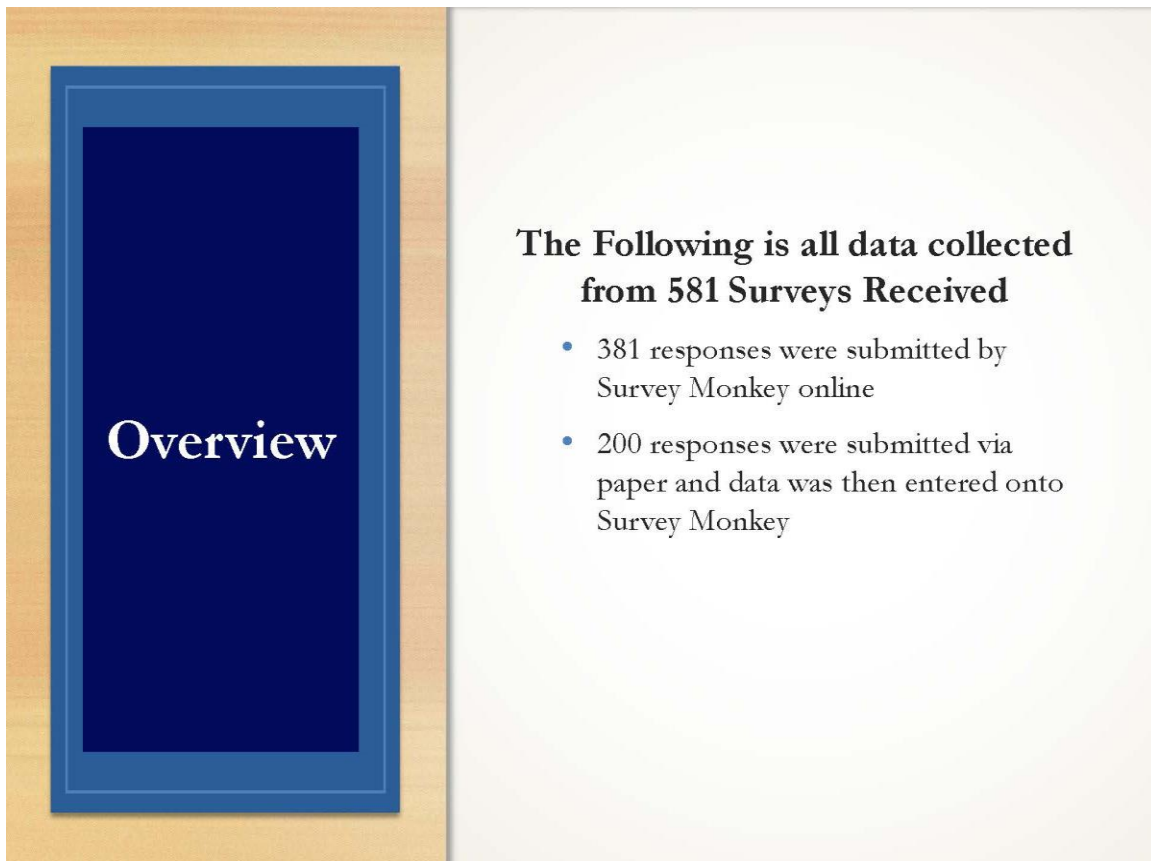
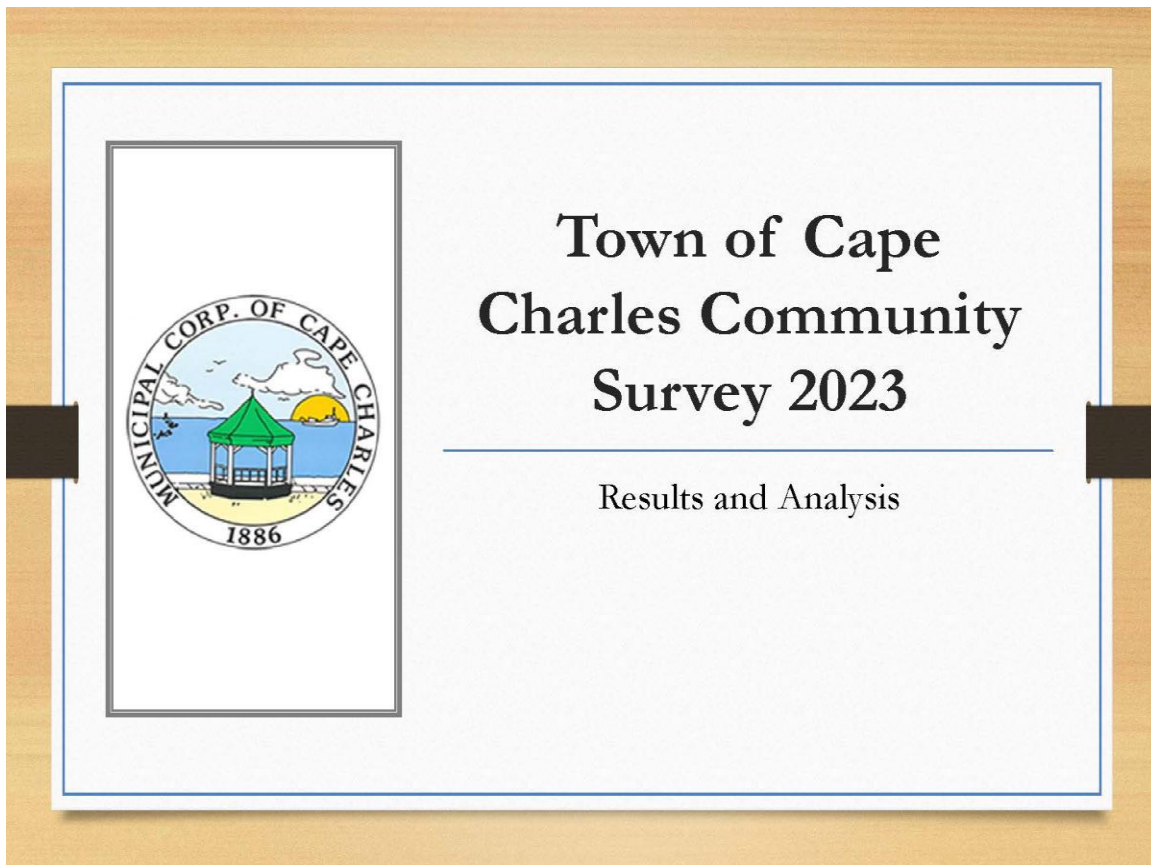
Pursuant to the Code of Virginia Section 15.2-2507, the Municipal Corporation of Cape Charles Town Council will hear public comments on the following proposed amendments to its Fiscal Year 2024 Town Budget on February 1, 2024, at 6:00 pm, at the Cape Charles Civic Center, 500 Tazewell Avenue, to receive verbal and written comments on all proposed disbursements. Written comments can be submitted prior to the hearing via email to clerk@capecharles.org, or placed in the external drop box at Town Hall. The proposed budget amendment will be discussed and brought to a vote during the regular meeting immediately following the public hearing. Budget amendment details may be viewed on the Town's website, www.capecharles.org, under Agendas and Minutes/Town Council.

Request for budget appropriation increase for FY 2024 in the following amounts:		
Fund	Revenue	Expenditures
General	\$ 309,972.26	\$ 309,972.26
Capital	\$ (223,677.00)	\$(223,677.00)
Utilities	\$ 4,200.00	\$ 4,200.00
Harbor	\$ (60,443.01)	\$ (60,443.01)
	\$ 30,052.25	\$ 30,052.25

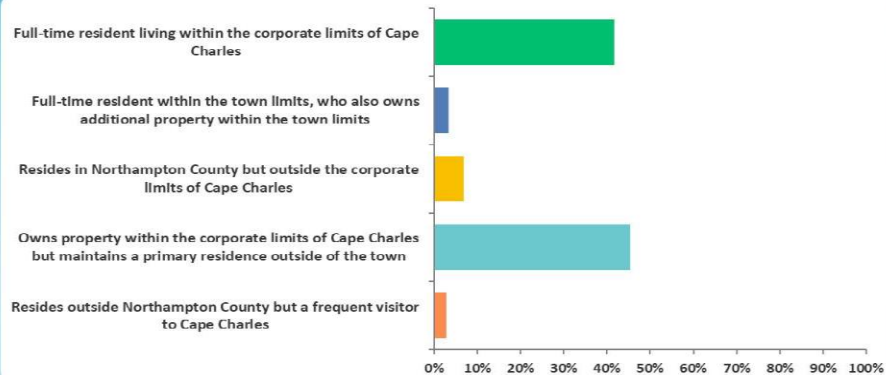
MID-YEAR BUDGET AMENDMENTS TO FEE SCHEDULE

The following amendments to the town fee schedule, originally adopted as part of the FY24 budget, are proposed:

- 1) The Town of Cape Charles Harbor uses a third-party processor to process credit card payments. A surcharge credit card fee or service fee not to exceed one and a half percent of the total amount being paid will apply to all **American Express, Discover, Visa and MasterCard credit card transactions** processed by Cape Charles Marine Services at the town harbor. This is a portion of the third-party service fee and does not represent revenue to the Town of Cape Charles.
- 2) Waiver of fees for nonprofit organizations, limited to \$750 per project application — Effective beginning November 1, 2023, any nonprofit organization exempt from taxation under Internal Revenue Code Section 501 will be exempt from fees listed in "Town of Cape Charles— Building, Planning & Zoning Fee Schedule," up to the amount of \$750 per project application. Waivers in excess of this amount may be granted, upon petition, at the discretion of Town Council.

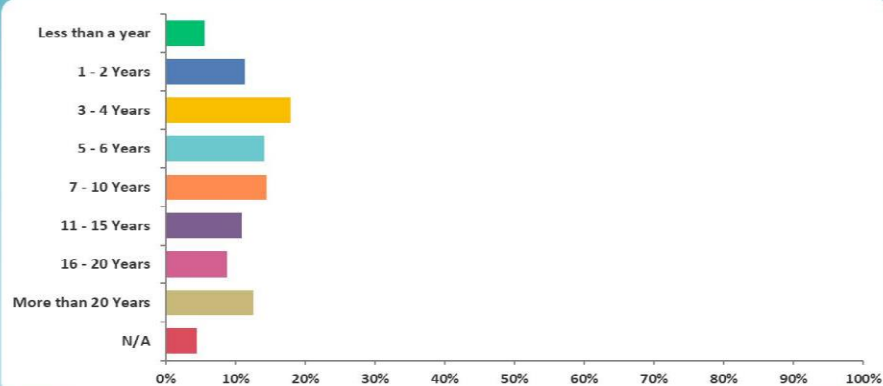


Q1: Please choose the closest one that applies to you:



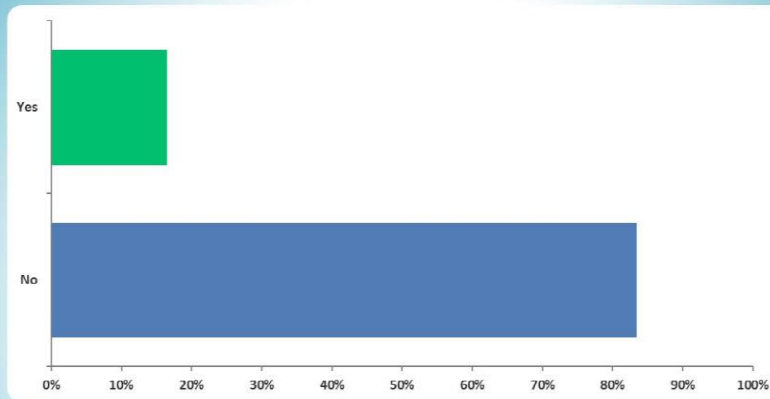
ANSWER CHOICES	RESPONSES	
Full-time resident living within the corporate limits of Cape Charles	41.65%	242
Full-time resident within the town limits, who also owns additional property within the town limits	3.27%	19
Resides in Northampton County but outside the corporate limits of Cape Charles	6.88%	40
Owns property within the corporate limits of Cape Charles but maintains a primary residence outside of the town	45.44%	264
Resides outside Northampton County but a frequent visitor to Cape Charles	2.75%	16
TOTAL		581

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



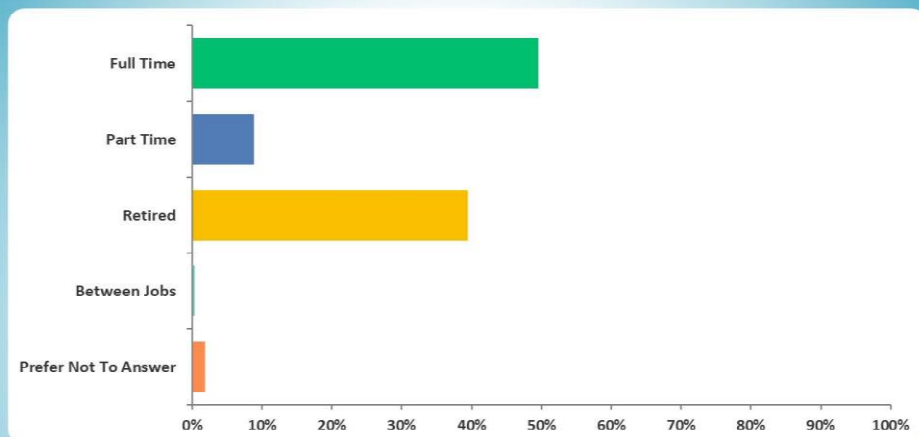
ANSWER CHOICES	RESPONSES	
Less than a year	5.51%	32
1 - 2 Years	11.36%	66
3 - 4 Years	17.90%	104
5 - 6 Years	14.11%	82
7 - 10 Years	14.46%	84
11 - 15 Years	10.84%	63
16 - 20 Years	8.78%	51
More than 20 Years	12.56%	73
N/A	4.48%	26
TOTAL		581

3: Do you own a business in Cape Charles?



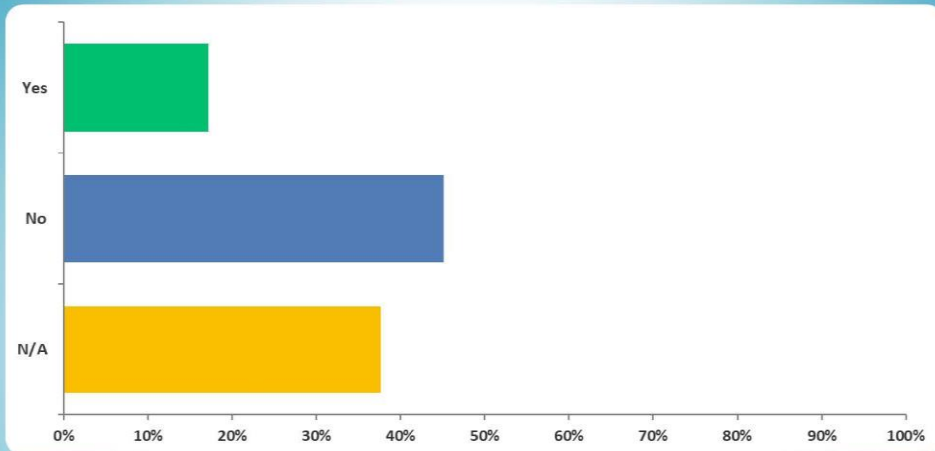
ANSWER CHOICES	RESPONSES	
Yes	16.52%	96
No	83.48%	485
TOTAL		581

Q4: Are you employed? Select the closest that applies:



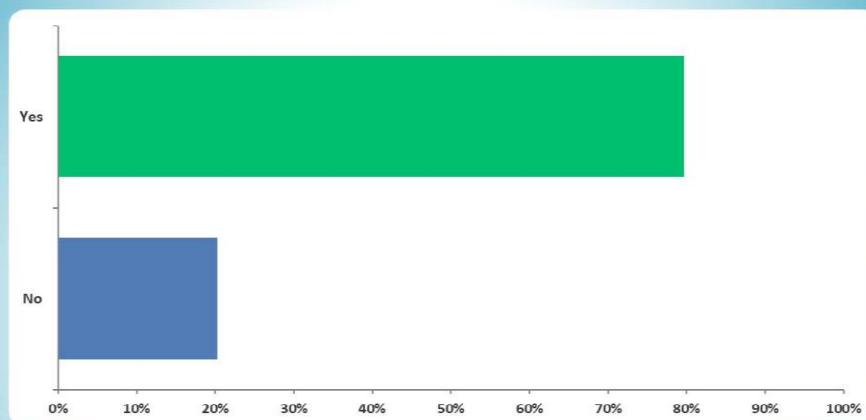
ANSWER CHOICES	RESPONSES	
Full Time	49.57%	288
Part Time	8.78%	51
Retired	39.41%	229
Between Jobs	0.34%	2
Prefer Not To Answer	1.89%	11
TOTAL		581

Q5: Is your employment based primarily from your home?



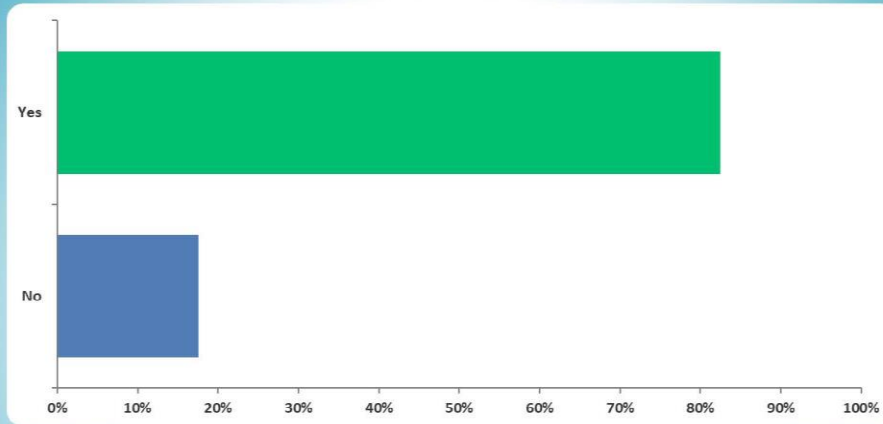
ANSWER CHOICES	RESPONSES	
Yes	17.21%	100
No	45.09%	262
N/A	37.69%	219
TOTAL		581

Q6: Do you think town public services are appropriate for a community of our size?



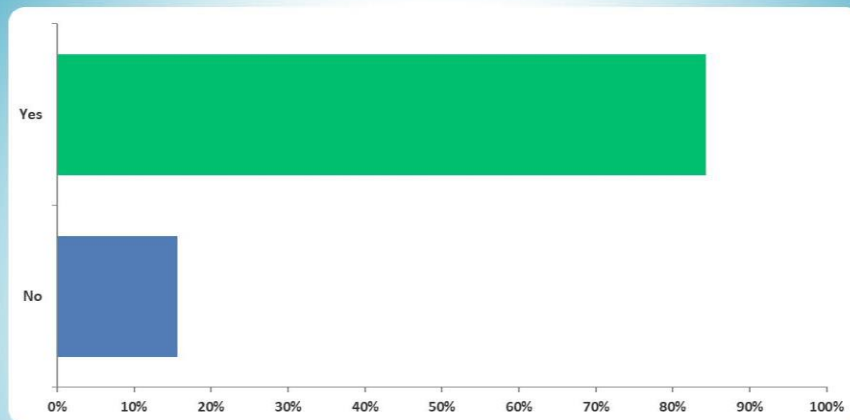
ANSWER CHOICES	RESPONSES	
Yes	79.69%	463
No	20.31%	118
TOTAL		581

Q7: Are you satisfied with the quality of town public services?



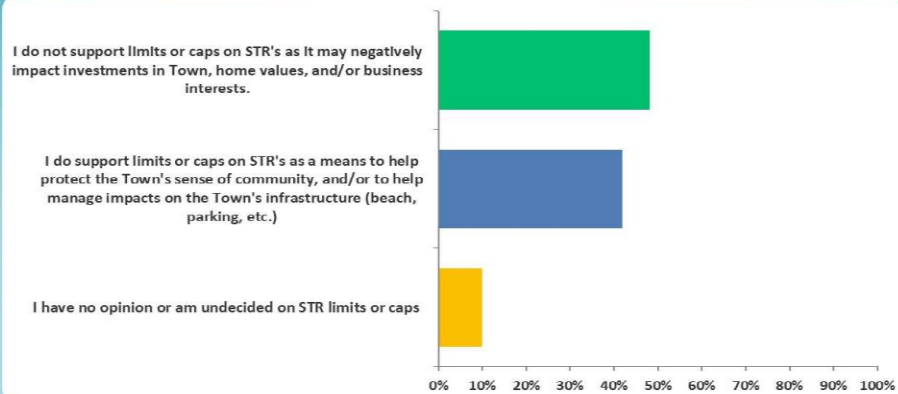
ANSWER CHOICES	RESPONSES	
Yes	82.44%	479
No	17.56%	102
TOTAL		581

Q8: Do you feel the town has maintained or improved its small-town character in recent years?



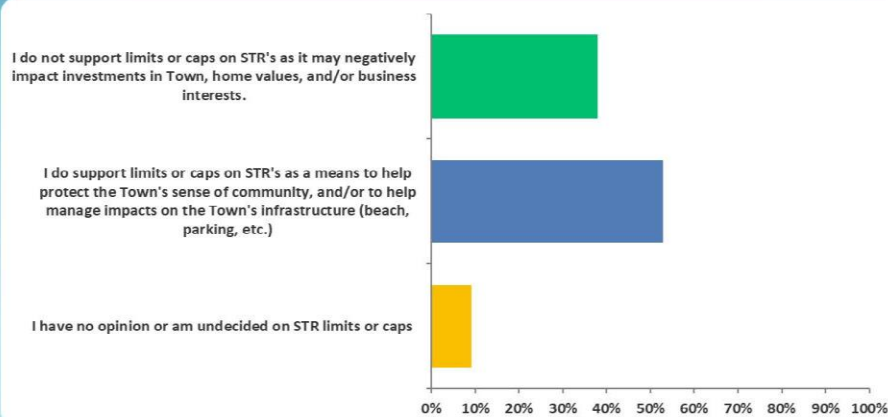
ANSWER CHOICES	RESPONSES	
Yes	84.34%	490
No	15.66%	91
TOTAL		581

Q9: Last year's survey indicated an interest by residents for the Town to develop short-term rental (STR) regulations. Some initial concepts are now being discussed. One idea is to limit (or cap) the total number of STR's everywhere in Town. Please indicate which of the following statements you agree with the most (choose only one):



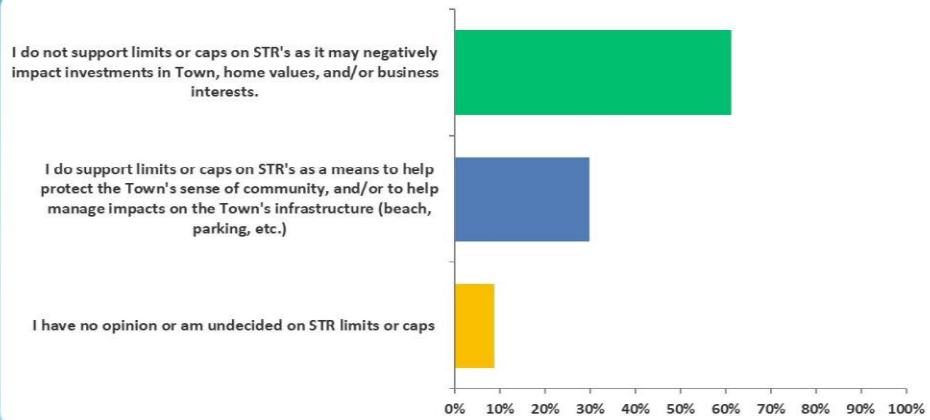
ANSWER CHOICES	RESPONSES
I do not support limits or caps on STR's as it may negatively impact investments in Town, home values, and/or business interests.	48.19% 280
I do support limits or caps on STR's as a means to help protect the Town's sense of community, and/or to help manage impacts on the Town's infrastructure (beach, parking, etc.)	41.82% 243
I have no opinion or am undecided on STR limits or caps	9.98% 58
TOTAL	581

Q9: Results from only those whose primary residences are within the town's limits (44.9% of respondents):



ANSWER CHOICES	RESPONSES
I do not support limits or caps on STR's as it may negatively impact investments in Town, home values, and/or business interests.	37.93% 99
I do support limits or caps on STR's as a means to help protect the Town's sense of community, and/or to help manage impacts on the Town's infrastructure (beach, parking, etc.)	52.87% 138
I have no opinion or am undecided on STR limits or caps	9.20% 24
TOTAL	261

Q9: Results from only those who own property within the town but who's primary residences are outside the town's limits (45.4% of respondents)



ANSWER CHOICES	RESPONSES	
I do not support limits or caps on STR's as it may negatively impact investments in Town, home values, and/or business interests.	61.36%	162
I do support limits or caps on STR's as a means to help protect the Town's sense of community, and/or to help manage impacts on the Town's infrastructure (beach, parking, etc.)	29.92%	79
I have no opinion or am undecided on STR limits or caps	8.71%	23
TOTAL		264

Q10: Parking seems to be a topic of concern. We realize the back-in-parking on Mason Ave is not popular, however that can not be changed. Other than that, what parking issue most needs to be addressed in town?

- Parking is not an issue, or no comments offered (198 responses)
- Expand existing municipal parking lot or develop additional lot (90 Responses)
- Regulate STR parking (54 Responses)
- Address parking at the beach along Bay Ave (45 Responses)
- Allow permanent residents to park in front of their homes (18 responses)
- Develop better signage (18 Responses)
- Develop areas for golf cart parking (17 Responses)
- Address event parking (5 Responses)

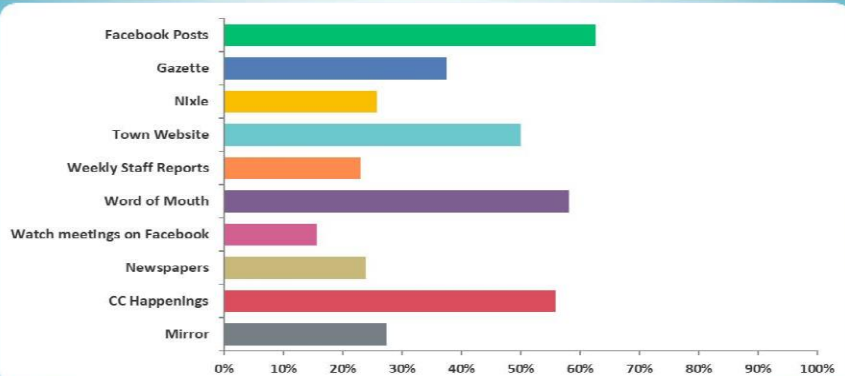
Note: The Town is already working bullets 2, 3 & 4

Q11: Other than the topics listed above, what will be the most pressing issue or need for the Town in 2024?

- Develop/maintain the beach area (58 responses)
- Develop STR regulations (34 responses)
- Develop more public restrooms (29 responses)
- Do not develop STR regulations (27 responses)
- Address affordable/workforce housing (22 responses)
- Improve water quality (21 responses)
- Address golf cart safety/enforcement (18 responses)
- Support small businesses (16 responses)
- Plan for the development of the old railroad property (10 responses)
- Address drainage/flooding where needed (9 responses)
- Conduct more street sweeping (9 responses)
- Better speeding enforcement within the historic district (7 responses)

Note: The Town is already working on the top three suggestions

Q12: What tools do you use to stay in touch with town happenings?



ANSWER CHOICES	RESPONSES
Facebook Posts	62.65% 364
Gazette	37.52% 218
Nixle	25.82% 150
Town Website	50.09% 291
Weekly Staff Reports	23.06% 134
Word of Mouth	58.18% 338
Watch meetings on Facebook	15.66% 91
Newspapers	23.92% 139
CC Happenings	55.94% 325
Mirror	27.87% 159
TOTAL	2209



Community Strategic Plan Citizen Survey - 2023

Summary of Comment Trends (581 surveys)

The following is offered as an overview of general comment trends only, as such it is not meant to capture every comment. Note: Questions 1 - 5, 12, and 13 were straightforward so there was no need to represent them here.

Question 6: Are Public Services appropriate for a community our size – 80% responded Yes

Comments were broad and generally supportive of the Town. Several comments indicated that service levels are adequate now, but they will need to increase as the Town grows. It was also noted that general satisfaction is greater off-season when there is not as much competition for services. However, the four most common comments toward improvement were:

- Dissatisfaction with the town water/sewer (15 responses)
- More town staff and services are needed during peak tourist season (14 responses)
- Desire to establish a recycling program (11 responses)
- Need for more public restrooms (7 responses)

Question 7: Is the quality of Town Public Services Satisfactory – 82% responded Yes

Comments here were also supportive of the Town, with similar sentiments to those in question 6, especially regarding overall satisfaction with the current quality, but with a concern about the ability to maintain it as the Town grows. The most common comments regarding dissatisfaction were:

- Water quality (30 responses)
- The desire to see more friendly policing (10 responses)
- The need for more public restrooms (9 responses)

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

There were a lot of comments complementing the Town's small-town character. Most felt that we have maintained or improved this character, while some felt that we may be about to lose it. Focusing too much on tourism was a general concern.

- The only significant specific comment mentioned regarding the threat to our small-town character was the number of short-term rentals in town (32 responses)
- Both Cape Charles Main Street and CC Citizens for Central Park were both called out as positive influences on our town's character (9 and 5 responses respectively)

Question 9: Last year's survey indicated an interest by residents for the Town to develop short-term rental (STR) regulations. Some initial concepts are now being discussed. One idea is to limit (or cap) the total number of STR's everywhere in Town. Please indicate which of the following statements you agree with the most.

Results from all responses are as follows:

- Do not support a limit or cap on STRs – 48%
- Do support a limit or cap on STRs – 42%
- No opinion or undecided – 10%

Results from only those who's primary residences are within the town's limits (44.9% of respondents):

- Do not support a limit or cap on STRs – 38%
- Do support a limit or cap on STRs – 53%
- No opinion or undecided – 9%

Results from only those who own property within the town but who's primary residences are outside the town's limits (45.4% of respondents):

- Do not support a limit or cap on STRs – 61%
- Do support a limit or cap on STRs – 30%
- No opinion or undecided – 9%

Question 10: Parking seems to be a topic of concern. We realize the back-in parking on Mason Ave is not popular, however that cannot be changed. Other than that, what parking issue most needs to be addressed in Town?

Interestingly, the most common response (by a considerable amount) was that parking was not a concern in town, or they didn't have any parking-related issues to offer (198 responses). Of those who did offer areas to work on, the most common suggestions follow:

- Expand existing municipal parking lot or develop an additional lot (90 responses)
- Regulate STR parking (54 responses)
- Address parking at the beach along Bay Ave (45 responses)
- Allow permanent residents to park in front of their homes (18 responses)
- Develop better signage (18 responses)
- Develop areas for golf cart parking (17 responses)
- Address event parking (5 responses)

Note: The Town is already working on the top three suggestions.

Question 11: Other than the topics above, what will be the most pressing issue or need for the Town in 2024?

Lots of good suggestions here; the most common follow:

- Develop/maintain the beach area (58 responses)
- Develop STR regulations (34 responses)
- Develop more public restrooms (29 responses)
- Do not develop STR regulations (27 responses)
- Address affordable/workforce housing (22 responses)
- Improve water quality (21 responses)
- Address golf cart safety/enforcement (18 responses)
- Support small businesses (16 responses)
- Plan for the development of the old railroad property (10 responses)
- Address drainage/flooding where needed (9 responses)
- Conduct more street sweeping (9 responses)
- Better speeding enforcement within the historic district (7 responses)

Note: The Town is already working on the top three suggestions.

All comments have been provided verbatim to the Mayor, Town Council, and Town Manager

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