

Planning Commission

Work Session Agenda

Cape Charles Civic Center – 500 Tazewell Avenue

June 21, 2021 3:00 P.M.

1. Call to Order
 - a. Roll call and establish a quorum
2. Consent Agenda
 - a. Approval of agenda format
3. Order of Business
 - a. Update on Staff Changes
 - b. Comprehensive Plan update
 - i. Economy Chapter as drafted by Commissioner McCoy dated 12/7/2020
 - ii. Discussion of Future Work Load and Calendar for remaining chapters, including update on Town Budget & funding for consultant to assist with Comp Plan update
4. Adjourn

Draft 12/07/2020 D McCoy

Introduction

Cape Charles is home to a lively economy built around agriculture, forestry, fishing, hunting, accommodations, food service, health care, social services, education services, retail trade, public administration, manufacturing and transportation (2018 Cape Charles Market Study).

Over the last six years, the businesses of Cape Charles have seen progressively better numbers as a rule. In March of 2020, the world economy was shocked by the Covid-19 pandemic. The Cape Charles Town Manager John Hozey III's take on town finances is that the town of Cape Charles is running lean due mostly to a running deficit which has little to do with the Covid-19 pandemic. The summer and shoulder seasons town revenues, while not as robust as projected, were better than last year. The reason for this is the Town of Cape Charles was considered a safe haven during the Covid-19 pandemic. The Town Council will be working the budget in the upcoming months with an eye towards resolving the issue of the running shortfall and once the Town budget for FY 2022 is passed it is expected that funds will be once more available for at least some of the projects that are not critical.

At the same time the Cape Charles businesses took a hit due in no small measure to the governmental imposed restrictions intended to limit the spread of Covid-19. The outcome of the summer and shoulder seasons depended on the type of business. According to Cape Charles Main Street, some, like B&B's were incredibly busy because Cape Charles became a landing spot for a lot of people who own homes here that usually are renting them out all summer. Lots of people moved into them when things first shut down because they couldn't rent them, and they hunkered down. That made for a lot of people looking for places to stay. With the Northampton Hotel shutting its doors for the entire season, that made for an even more desperate search for rooms.

Restaurants on the other hand had a harder time of it. With their number of seats reduced to almost 0 for the beginning of the season, they had to pivot to take out and then to outdoor dining with social distancing in place which limited the seating for many of our small restaurants. Many of those businesses that rent their spaces have rent that increases over the summer season which made it even more difficult to make ends meet. Luckily, all homes, B&B's and hotels were full which kept the few seats full and the take-out busy which kept them afloat.

Retail seems to have done better. Cape Charles Main Street hasn't had any conversations with them in particular but they hear that the summer was decent. We need to balance that with the fact that businesses had just ordered their seasons stock then were closed which left them

stuck with large amounts of inventory and no ability to sell it. This put many in the hole and needed a strong summer to simply get back to even before entering the off season.

Personal service establishments had an exceedingly difficult time i.e. hair stylists, nail salons, masseuses, etc. We had one close, one who is giving up her shop to work from home which takes two businesses out of town who will not be paying taxes in town.

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The total impact of Covid-19 will not be fully known until the end of the next summer season. Cape Charles Main Street is hoping between the strong second half of the summer season and the new grant that is helping them, those businesses most impacted by the Covid-19 pandemic will be back on the right trajectory.

There are active data stores available on-line which will quantify the question, but they are updated on a fixed schedule and those schedules must play out before the actual numbers will be available.

The US Census data for Northampton County Virginia poverty estimate as of July 1, 2019 is 18.8% (<https://www.census.gov/quickfacts/northamptoncountyvirginia>). Poverty affects a portion of Cape Charles residents who struggle with housing affordability and food security.

Human Capital

Based on data from The Virginia Employment Commission, the average hourly wage in the 2nd quarter of 2018 in Northampton County was \$14.73 per hour. This translates to a weekly wage of \$589, and an annual salary of \$30,628. This is much lower than the average annual salary in Virginia, \$55,848. Between 2014 and 2024, employment in Northampton County is projected to grow by 11.45%. Manufacturing is projected to continue its decline beginning with Bayshore Concrete.

Coastal Precast Systems (27th in the Northampton County Largest employers) took over the Bayshore Concrete facilities on 09/1/2019 which should temper any manufacturing decline.

Highest growth sectors during this 10-year period include:

- Health Care and Social Assistance – 25.1% growth
- Accommodations and Food – 22.4%
- Professional, scientific, technical services – 20.5%

- Construction (12.9%)
- Educational (11.1%)

By number of jobs, Healthcare (4,448 jobs) and Accommodations & Food (3,629 jobs) will show the largest increases. Growth occupations include physical therapy, home health, and physical assistance.

The Sharing Economy

In today's rapidly changing economy, more individuals are earning income through the "sharing economy." In the sharing economy, individuals hire out services and goods, such as cars, homes, and personal time, to other individuals in a peer-to-peer fashion. This innovative way of doing business makes use of emerging technology, opens the market to entrepreneurs and micro-businesses, and provides flexibility to earned income.

Allyson – here's your chance to get your 2 cents worth in this document to talk about the Air B&B issue.

Tourism

While tourism is touted to be the driving force of the Cape Charles economy it is only one of many channels of business as noted in the introduction of this document. The one issue that tourism has been a lightning rod for is the double-edge sword of tourism. While it most definitely fuels the local businesses, only giving tourism credit for the Cape Charles economy can blind one to the needs of the folks who live in this delightful town of Cape Charles. The Town of Cape Charles needs to focus on providing the proper balance between local businesses and the needs of its citizens.

Partnership and Initiatives

Town of Cape Charles

The Town is in the Northampton County Enterprise Zone

Cape Charles has enacted a Tourism Zone authorized by the State of Virginia which provides incentives for the growth and development of business tied to the tourism industry.

It is also in a designated Technology Zone which promotes stimulus grants for making an investment in the community.

Cape Charles has enacted real estate exemptions for commercial rehabilitation of historic structures. There are also historic preservation tax credits for properties in the Cape Charles National Register Historic District,

(Source: 2018 Cape Charles Market Study)

Cape Charles Main Street

Cape Charles Main Street is dedicated to assisting the local community in promoting economic development, revitalization, and historic preservation of our downtown commercial area. Many of the activities promoted by Cape Charles Main Street have been cancelled due to the Covid-19 pandemic. One activity which is actively being worked on are the grants which Cape Charles Main Street are processing to assist the business of Cape Charles most impacted by Covid-19.

Citizens for Central Park

The Children's Playground zip line in Central Park needs to be replaced. There was a \$5000 donation for Improvements to the Playground, and Citizens for Central Park donated another \$3000 towards the \$14000 cost to replace the zip line. The Town of Cape Charles has agreed to have the replacement zip line installed by next Spring. Citizens for Central Park is asking the Cape Charles community to make up the shortfall. (Source: Cape Charles Happenings 11/24/2020)

Appendix

Goals and Strategies

#1 - Attract Tourists, Vacation and Second Homeowners

#1 - a). Work with Eastern Shore of Virginia Tourism and others to promote Cape Charles - Cape Charles Comprehensive Plan 2016 -Cape Charles Town Council

#1 - b). Work with Cape Charles Main Street as a force multiplier on this topic

#2 - Attract families with children

#2 - a). Education - The quality of public schools in the region create a challenge to recruit new residents whether they are young families or singles - Cape Charles Main Street Market Study 2018

#2 - b). Consider working with the Northampton School System to explore various low-cost ways to improve the education of those at risk. – Cape Charles Town Council

#3 - Continue to foster Prosperity and Strengthen Households

#3 - a). Appoint a housing task force to evaluate the causes of cost-burdened households in town and provide recommendations to strengthen households - Paul Grossman's Economic Revitalization SWOT – Cape Charles Town Council

#3 - b). Consider working with Northampton County to designate a Residential District for manufactured housing near Cape Charles to provide workforce housing.

#4 Employment

#4 - a). Work with Cape Charles Main Street to put in place a fresh food/product type business - Cape Charles Main Street Market Study 2018 – Cape Charles Town Council

#5 Beach Parking as a source of Town Revenue

#5 – a). Consider installing parking meters along the beach side of Bay Avenue. The meters could be used to fund beach cleanup and repair - Cape Charles Comp Plan Survey. – Cape Charles Town Council

Northampton County Largest Employers:

1. Northampton County Schools
2. County of Northampton
3. Chesapeake Bay Bridge Tunnel
4. Heritage Hall
5. Ballard Fish and Oyster Company Inc.
6. Food Lion
7. New Ravenna Acquisition LLC
8. David's Nursery
9. Tankard Nurseries
10. Bay Creek Resort Llc
11. Eastern Shore Rural Health System
12. Broadwater Academy
13. Mcdonalds
14. Hardee's
15. H M Terry Company Inc
16. Royal Farms 79
17. Town of Cape Charles
18. Cherrystone Creek, LLC
19. Pay Admin LLC
20. J C Walker Brothers Inc
21. Burger King
22. Aging Community Action
23. Exxon Gas Station
24. Postal Service
25. Rayfield's Pharmacy
26. Cape Charles Brewing Company
27. Coastal Precast Systems
28. Ballard Brothers Fish Company
29. Exmore Diner, Inc.
30. Gingernut LLC
31. Riverside Regional Medical Center
32. McDonald's
33. Great Machipongo Clam Shack
34. Town of Exmore
35. Lfc Agricultural Services Inc
36. The Hungry Crab LLC
37. Virginia Department of Conservation

38. Barrett Business Services Inc
39. Dominion Concrete Contrac Inc.
40. Rommels Ace Home Center
41. Bagwell Enterprises Inc.
42. Bernies Conchs LLC
43. Bio Medical Applications
44. Wescoat Nurseries Inc
45. Hermitage Farms Nursery
46. Cobb Heritage Llc
47. Lfc Management Services Inc
48. Shore Stop Store
49. Wendell Distributing Company
50. C & E Farms

Source: Virginia Employment Commission, Economic Information & Analytics, Quarterly Census of Employment and Wages (QCEW), 1st Quarter (January, February, March) 2020.

www.VirginiaLMI.com

Average Annual Wages, 2018

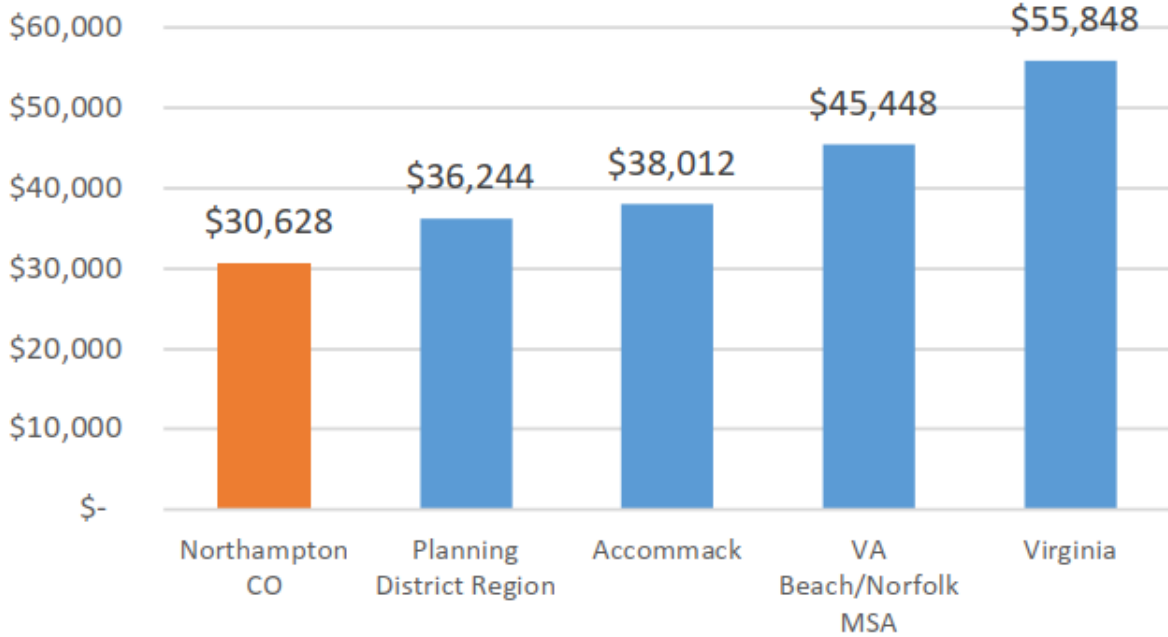


Figure 51: Regional average wages. Source: Virginia Employment Commission

Source: Cape Charles Market Study December 2018 Prepared by **ARNETT MULROW**

Local Tax Revenues

The Town provided tax revenue data from 2014 to 2019 that gives trends on various sectors including meals, lodging, business licensing, sales tax, etc. All the data save short term rentals tax, points to a continued growth of business in Cape Charles.

Tax receipts on dining showed a 95% increase over the past six years. Between 2017 and 2019, it increased by 32.4% alone. The total tax receipts for meals was \$500,009 in 2019 and by far represents the highest consumer tax revenue in Cape Charles.

	2014	2015	2016	2017	2018	2019	2014-2019% Change
Meals Tax	\$255,833.04	\$306,346.64	\$331,808.47	\$377,615.26	\$473,212.48	\$500,009.02	95.4%
Business License Tax	\$94,216.58	\$103,997.80	\$103,351.30	\$110,340.23	\$121,211.36	\$142,398.05	51.1%
Transient Occupancy Tax	\$60,994.22	\$91,366.77	\$92,942.00	\$102,377.96	\$152,218.22	\$165,459.45	171.3%
Local Sales Tax	\$48,577.12	\$41,129.89	\$44,262.04	\$45,343.76	\$47,845.54	\$52,441.01	8.0%
Short Term Rentals Tax	\$5,743.22	\$5,203.32	\$3,574.94	\$5,438.89	\$2,110.98	\$0.00	-

Meals Tax 2014-2019



Reference

From 2009 Comp Plan

III-B.2 Economic Base

Cape Charles is a diversified residential community comprised of a mixture of long-term residents and new arrivals. To create a baseline for economic vitality, the Comprehensive Plan identifies the following as the broad direction of economic focus:

- Cape Charles is a tourist and second home location attracting:
 - Eastern Shore visitors
 - Weekly, monthly and seasonal renters
 - Golfers, fishermen, boaters, eco-tourists and birders
 - Cape Charles is a retirement destination
 - Cape Charles's working citizens are primarily in the service sector
 - Cape Charles has an industrial infrastructure and history
 - Cape Charles has a history of commercial fishing

III-B.3 Economic Plan Objectives

These objectives have been identified below and fall under the following categories:

- Attract tourists, vacation and second home owners
- Attract full time residents, including retirees
- Attract small and "work from home" businesses
- Attract and expand the industrial/commercial base

III-B.4 Current and Planned Infrastructure and Amenities

To achieve the economic vitality objectives, core assets have been identified and planned assets need to be prioritized in order to use the available funds in the most expedient manner. The Comprehensive Plan has identified Current Settings and Future Land Use in Sections II and III (1-6). These sections define the key infrastructure decisions and directions of the Town. Section III

A defines the current and future direction of Town Neighborhoods and Sections III (C, D and E) define transportation, utilities, amenities and partnerships. Although defined in more detail in the sections listed above, the core assets can be summarized as follows:

- Excellent regional access – one of the few deep water harbors on the Eastern Shore of Virginia and just 10 miles from the Atlantic Ocean. It is in close proximity to the Hampton Roads area.
- A diverse mix of quality housing choices.
- Great amenities
 - marinas
 - A commercial harbor
 - ESVA's finest public beach on the Chesapeake Bay
 - A park with playground and sports facilities
 - A town-wide walking trail
 - Golf cart friendly community
 - A historic downtown
 - Golf and marina resort communities

- An existing industrial infrastructure
 - Industrial businesses
 - Commercial and sport crabbing and fishing operations
 - Railroads
 - Professional academies
- Tax incentive opportunities:
 - Enterprise Zone
 - Free (Foreign) Trade Zone
 - Town Commercial Rehabilitation
 - Northampton County Commercial and Residential Rehabilitation
 - Assessment / Tax Freeze
- Appropriate industrial/commercial/residential zoning
- Broadband Network Loop
- Water and wastewater expansion plans

III-B.5 Key Goals, Strategies and Policies

In order to achieve economic vibrancy six key goals and strategies have been identified. As with any economic plan certain variants will arise creating either a positive or negative impact on the desired goals. These goals and strategies should be used as guidelines for making decisions and modified as economic conditions change.

Major Goals:

- Designate land for future growth
- Preserve and Enhance Retail Sales Base
- Facilitate Business start-up, expansions and relocations
- Attract tourists, vacation and second homeowners
- Attract retirees
- Create a web portal to attract tourists, vacationers and retirees and to disseminate information

2016 Comp Plan

Section III-B – Economic Vitality

This section presents recommendations and policies for the Comprehensive Plan related to the Plan goal of bringing economic vitality to Cape Charles. The objective of economic vitality is to provide a diversified tax base in conjunction with providing superior amenities and quality of life.

III-B.1 What is Economic Development?

Economic development involves attracting and retaining business and industry in a community. Such development is critical for the health and viability of a community and is also important for its citizens. Economic development affects job opportunities, the community's tax base, population growth and even the number of store where citizens can shop. The goal of economic development is to increase the tax base and provide better jobs, thus enhancing the well-being and prosperity of the citizens of Cape Charles. Adding to the tax base helps lower the tax burden on each taxpayer, improves property values and encourages both homeowners and business owners to maintain and improve their properties. A larger tax base can provide the funds to support essential government services. Economic development is an investment in economic prosperity.

III-B.2 Economic Base

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- Great amenities:
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 - a park with playground
 - sports facilities
 - watersports
 - recreational fishing and crabbing
 - waterfront and fine dining
 - a town-wide walking trail
 - golf cart friendly community
 - a historic downtown
 - golf and marina resort communities
- An existing industrial/commercial infrastructure:
 - industrial businesses
 - commercial crabbing and fishing operations
 - railroad
 - professional academies
 - yacht center
- Tax incentive opportunities:
 - Enterprise Zone

- Free (Foreign) Trade Zone
- Small Business Administration's Historically Underutilized Business Zone (HUB Zone)
- Cape Charles Technology Zone
- Cape Charles Tourism Zone
- Town Commercial Rehabilitation
- Northampton County Commercial and Residential Rehabilitation
- Assessment/Tax Freeze
- Historical Tax Credits
- Appropriate industrial/commercial/residential zoning
- Broadband Network Loop
- State of the art wastewater treatment facilities

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