

TOWN COUNCIL
Special Meeting
Town Hall
June 23, 2011
6:00 PM

1. Call to Order: Roll Call
2. Order of Business
 - *A. Contract Award for Public Works Maintenance Building
 - *B. Adopt Ordinance for Town Code Modifications to Golf Cart Ordinance
 - *C. Line of Duty Act Resolution
 - *D. Technology Zone
 - *E. Tourism Zone
3. Motion to Adjourn

 <p>TOWN OF CAPE CHARLES</p>	AGENDA TITLE: Contract Award for Public Works Maintenance Building		AGENDA DATE: June 23, 2011
	SUBJECT/PROPOSAL/REQUEST Award contract to lowest bidder of PW Maintenance Building		ITEM NUMBER: 2A
	ATTACHMENTS: Building Layout Sketch		FOR COUNCIL: Action (X) Information ()
	STAFF CONTACT (s): Heather Arcos	REVIEWED BY: Heather Arcos, Town Manager	

BACKGROUND:

The FY 2010/2011 Budget included \$30K for the cost of purchasing a steel building to be used by the Public Works Department. The FY 2011/2012 Budget, which was adopted by Council at the June 9, 2011 meeting, includes \$24,795 to erect the building, install the slab, and finish the interior including utilities.

The Historic District Review Board reviewed the proposed materials and design at their May 17th meeting and approved the steel building with the addition of 2' overhangs on all sides, a painted metal roof with a 4/12 pitch and colors compatible with the surrounding landscape.

DISCUSSION:

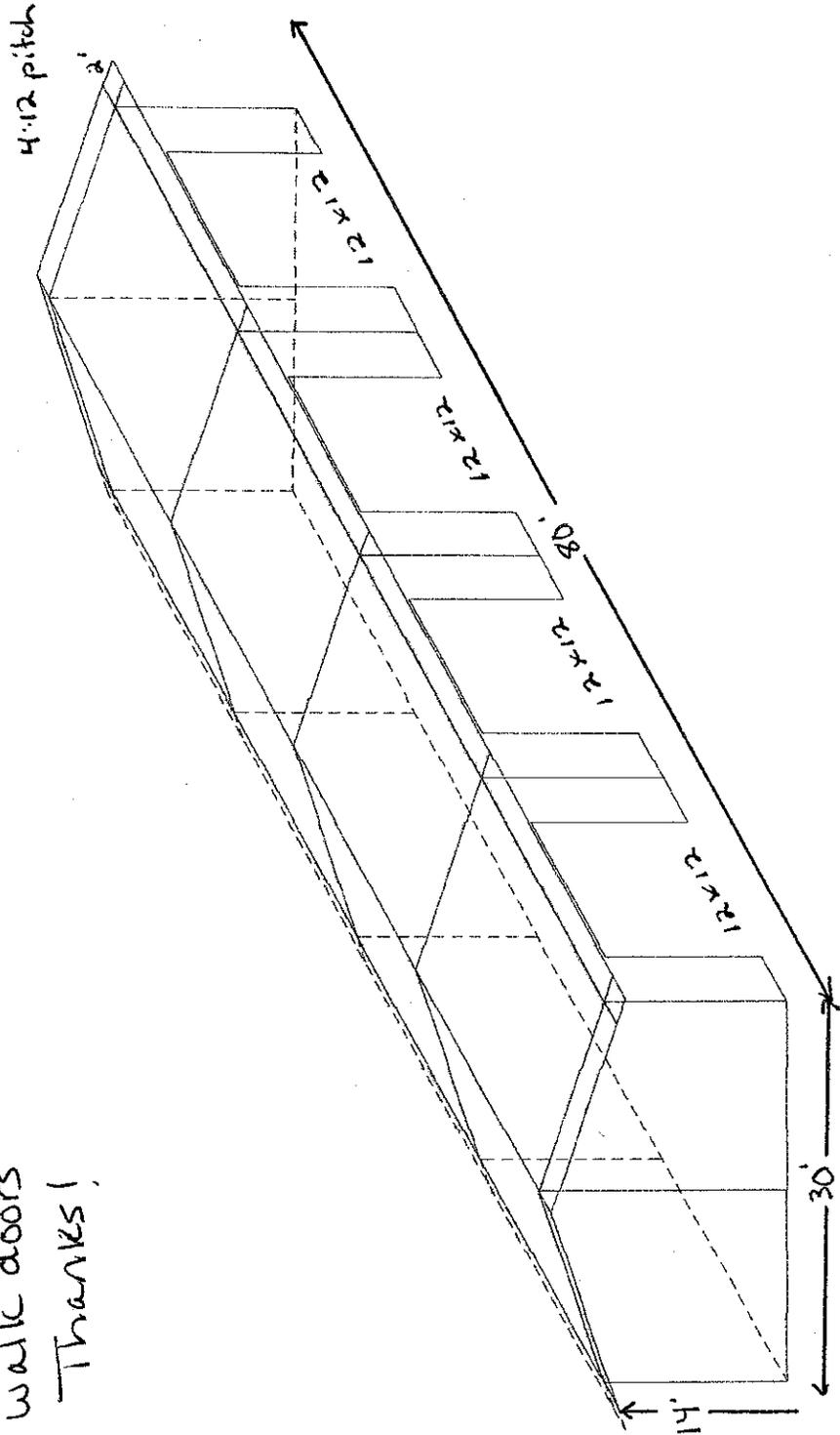
The Town advertised for bids in the June 1, 2011 edition of the Eastern Shore News as well as placing the invitation for bids on the Town's website. Three bids were received on June 13, 2011. Arco Building Systems, Inc. from Norcross, GA was the lowest bidder for both the building and installation. Their bid for the building was \$28,293 and installation was \$9,282. The cost of the slab will be negotiated.

RECOMMENDATION:

Staff requests Council to award the contracts to purchase and erect the steel building as follows:

1. Award the contract to purchase the steel building for the Public Works Maintenance Building to Arco Building Systems, Inc. at a cost of \$28,293.
2. Award the contract to erect the building to Arco Building Systems, Inc. at a cost of \$9,282.

please locate
(2) 3070
walk doors
Thanks!



 <p>TOWN OF CAPE CHARLES</p>	AGENDA TITLE: Adopt Ordinance for Town Code Modifications to Golf Cart Ordinance		AGENDA DATE: June 23, 2011
	SUBJECT/PROPOSAL/REQUEST: Adopt Ordinance 20110623 for Town Code Modifications to Golf Cart Ordinance		ITEM NUMBER: 2B
	ATTACHMENTS: Ordinance 20110623		FOR COUNCIL: Action <input checked="" type="checkbox"/> (X) Information <input type="checkbox"/> ()
	STAFF CONTACT (s): Tom Bonadeo	REVIEWED BY: Heather Arcos Town Manager	

BACKGROUND:

The Town Council and staff review and updated the Golf Cart Ordinance with the objective to make the ordinance more citizen-friendly and easier to enforce.

A public hearing was held on June 9, 2011 and no comments were received. Council approved the proposed modifications to Town Code Sections 42-31 and 42-49 through 42-56 at their regular meeting which followed the public hearing.

DISCUSSION:

In order to officially adopt any changes to the Town Code, an Ordinance must also be adopted. This process was inadvertently omitted at the June 9, 2011 Regular Town Council Meeting.

RECOMMENDATION:

Staff requests adoption of Ordinance 20110623 – To Modify Cape Charles Town Code Sections 42-31 and 42-49 through 42-56 – Golf Cart Ordinance.

ORDINANCE NO.: 20110623

**TO MODIFY CAPE CHARLES TOWN CODE SECTIONS
42-31 AND 42-49 THROUGH 42-56 – GOLF CART ORDINANCE**

WHEREAS, Sections 42-31 and 42-49 through 42-56 of the Cape Charles Town Code regarding golf carts has not been reviewed in several years and contains many duplications; and

WHEREAS, in an effort to make the ordinance more citizen-friendly and easier to enforce;

THEREFORE, BE IT ORDAINED by the Town Council of the Town of Cape Charles this 23rd day of June, 2011 that:

Sections 42-31 and 42-49 through 42-56 of the Cape Charles Town Code be modified as follows:

Sec. 42-31. - Golf carts.

It shall be unlawful for any owner or operator of any golf cart that is used within the town to fail to obtain and display the town vehicle license decal required by this article.

- (a) License year. For the purpose of this article, the license year shall extend from April 1 of each year through April 15 of the next succeeding calendar year.
- (b) Tax levied. There is hereby assessed and levied an annual license tax upon each golf cart required to be licensed under this article.
- (c) When tax payable. The license tax imposed by this article shall be paid to the town treasurer not later than April 15 of the license year, but the same may be paid on or after March 1 preceding the license year.
- (d) Proration of golf cart license/decal. One-half of the license tax prescribed by this article shall be collected when the license is issued during the period beginning on October 1 and ending on January 15 in the same license year, and one-third of such tax shall be collected when the license is issued after January 15 in any license year.
- (e) Disposition of revenue derived from tax. The revenue derived from the tax levied by this article shall be paid into the general revenue fund of the town and applied to general town purposes.
- (f) Issuance and contents of decal. Upon receipt of the prescribed license tax, approved inspection and proof of insurance, the town treasurer shall issue a license decal for the golf cart on which the tax was paid. The decal shall show thereon the words "Cape Charles," an indication of the year for which it was issued and the number of the license, together with such other matter as the council may from time to time designate.
- (g) Display decal generally.
 - (1) A decal issued pursuant to this article shall be attached to the lower right-hand side of the windshield of the golf cart for which it was purchased and to the immediate right of the state inspection sticker or to such other location as the town treasurer shall direct on a golf cart not equipped with a windshield.
 - (2) It shall be unlawful for any person to operate a golf cart required to be licensed under this article on any street unless a current license decal is displayed on the golf cart in the manner prescribed in this section.

- (h) Display of expired decal. It shall be unlawful for the owner of a golf cart to display thereon a town license decal after its expiration date.
- (i) Transfer or reissuance of decal. A license decal acquired pursuant to the provisions of this article shall be transferable by the licensee from any golf cart sold, traded in or otherwise disposed of by the licensee to any golf cart thereafter acquired by the licensee during the license year. The transfer shall be accomplished by the payment of \$1.00 to the town treasurer, together with the delivery to the treasurer of either the remains of the decal, including the number portion thereof, or an affidavit of the licensee certifying that the original decal was destroyed or is no longer in the town and is unavailable to the licensee for delivery to the treasurer. The treasurer shall then transfer or reissue the decal.

Sec. 42-49. - Authority to regulate.

Pursuant to § 46.2-676(F) of the Code of Virginia (1950) as amended, the Town of Cape Charles is authorized, by ordinance, to impose limitations and restrictions on the operation of golf carts upon public highways within the town.

Sec. 42-50. - Definitions.

The following terms, wherever used herein, shall have the respective meanings assigned to them unless a different meaning clearly appears from the context:

Golf cart means a self-propelled vehicle having a least four wheels, which is designed to transport persons playing golf and their equipment on a golf course.

Sec. 42-51. - Town Inspection and Safety Equipment.

Golf carts shall pass a safety inspection at least once yearly. Such safety inspection shall be conducted by an inspection station approved by the Town of Cape Charles. Such safety inspection shall only cover the following items:

- (1) Headlights, tail lights and turn signals, if the golf cart is driving between sunset and sunrise.
- (2) Windshield wipers if equipped with permanent windshield
- (3) Horn, adequate steering gear, brakes, emergency or parking brake, one mirror, adequately fixed driver's seat.
- (4) All other factory installed safety or mechanical systems, including checking for gasoline or propane leaks.
- (5) Speed governor if gasoline powered.
- (6) Safety lap belts.
- (7) Slow moving vehicle emblem in conformity with 46.2-1081 of the Code of Virginia (1950) as amended.
- (8) Proof of insurance is required.

Sec. 42-52. - Operation on public highways.

It is unlawful to operate a golf cart on a public highway within the Town of Cape Charles unless the following requirements are met.

- (1) Golf carts may be operated on the highways of the Town of Cape Charles that allow a maximum speed of 25 MPH.

- (2) No person may operate a golf cart unless that person is licensed to drive upon highways of the Commonwealth of Virginia and then, only in accordance with such driver's license.
- (3) Golf carts must be operated in accordance with all applicable state and local laws and ordinances, including all laws, regulations and ordinances pertaining to the possession and use of alcoholic beverages.
- (4) Only the number of people the golf cart is designed to seat may ride on a golf cart. Additionally, passengers shall not be carried on the part of a golf cart designed to carry golf bags.
- (5) Golf carts must be operated in accordance with the motor vehicle laws of the Commonwealth.
- (6) Golf carts shall not be operated when visibility is impaired by weather, smoke, fog or other conditions.
- (7) The chief of police, or his designee, may prohibit the operation of golf carts on any highway if the chief determines that the prohibition is necessary in the interest of safety.

Sec. 42-53. - Local vehicle license.

No golf cart shall be used on the public highways unless it has obtained a Cape Charles Vehicle License under Article II. No vehicle license shall be issued until the owner of the golf cart presents evidence that the golf cart is insured in accordance with the requirements of § 42-51 and the golf cart has passed a safety inspection required by § 42-51.

(Ord. No. 031103, 3-11-03)

Sec. 42-54. - Liability disclaimer.

This chapter is adopted to address the interest of public safety. Golf carts are not designed or manufactured to be used on the public streets, and the Town of Cape Charles in no way advocates or endorses their operation on public streets or roads. The Town of Cape Charles "assumes" no liability for permitting golf carts to be operated on public streets and roads under special legislation granted by the Virginia General Assembly. The Town of Cape Charles, by regulating such operation is merely trying to address obvious safety issues. All persons who operate or ride upon golf carts upon public streets or roads do so at their own risk and peril, and must be observant of bicyclists, pedestrians and other vehicular traffic. Any person who operates a golf cart is responsible for procuring liability insurance sufficient to cover the risk involved in using a golf cart on the public streets and roads.

Secs. 42-55 through 42-58. - Reserved.

Adopted by the Town Council of Cape Charles on this 23rd day of June, 2011.

Mayor Dora Sullivan

Town Clerk

 <p>TOWN OF CAPE CHARLES</p>	AGENDA TITLE: Line of Duty Act Resolution		AGENDA DATE: June 23, 2011
	SUBJECT/PROPOSAL/REQUEST Adopt Resolution 20110623 to Opt Out of the Line of Duty Act Fund		ITEM NUMBER: 2C
	ATTACHMENTS: Resolution 20110623 & VML Line of Duty Act FAQs		FOR COUNCIL: Action (X) Information ()
	STAFF CONTACT (s): Heather Arcos	REVIEWED BY: Heather Arcos, Town Manager	

BACKGROUND:

The Virginia State General Assembly mandated that effective July 1, 2011 all localities would be responsible for paying the Line of Duty Act (LODA) obligations for paid and volunteer emergency services personnel (law enforcement, fire and rescue, etc.).

In the FY 2011/2012 Budget, Council included funding for the five police officers and the active volunteers in the Cape Charles Volunteer Fire Company. Recently, County Administrator Katie Nunez notified the Town that the County would pay the cost for all volunteer fire fighters in Northampton County.

DISCUSSION:

Staff has been researching the option of staying with the current LODA Fund which is administered by the Virginia Retirement System (VRS) for the State of Virginia.

Many localities are opting to participate in an alternate program through the Virginia Municipal League (VML). In order to participate in the alternate program, the municipality cannot have any outstanding unresolved claims. Since there are no unresolved claims, the premium costs are less than the premiums for the LODA Fund.

At this time, staff feels that the VML program is the best option for the Town.

RECOMMENDATION:

Staff recommends Council adopt Resolution 20110623 – Irrevocable Election Not to Participate in Line of Duty Act Fund.

RESOLUTION 20110623

Irrevocable Election Not to Participate in Line of Duty Act Fund

WHEREAS, pursuant to Item 258 of the Appropriations Act, paragraph B, the Virginia General Assembly has established the Line of Duty Act Fund (the "Fund") for the payment of benefits prescribed by and administered under the Line of Duty Act (Va. Code § 9.1-400 et seq.); and

WHEREAS, for purposes of administration of the Fund, a political subdivision with covered employees (including volunteers pursuant to paragraph B2 of Item 258 of the Appropriations Act) may make an irrevocable election on or before July 1, 2012, to be deemed a non-participating employer fully responsible for self-funding all benefits relating to its past and present covered employees under the Line of Duty Act from its own funds; and

WHEREAS, it is the intent of the Town of Cape Charles to make this irrevocable election to be a non-participating employer with respect to the Fund;

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Town of Cape Charles hereby elects to be deemed a non-participating employer fully responsible for self-funding all benefits relating to its past and present covered employees under the Line of Duty Act from its own funds; and it is further

RESOLVED that the following entity, the Cape Charles Police Department, to the best of the knowledge of the Town of Cape Charles, constitute the population of its past and present covered employees under the Line of Duty Act; and it is further

RESOLVED that, as a non-participating employer, the Town of Cape Charles agrees that it will be responsible for, and reimburse the State Comptroller for, all Line of Duty Act benefit payments (relating to existing, pending or prospective claims) approved and made by the State Comptroller on behalf of the Town of Cape Charles on or after July 1, 2010; and it is further

RESOLVED that, as a non-participating employer, the Town of Cape Charles agrees that it will reimburse the State Comptroller an amount representing reasonable costs incurred and associated, directly and indirectly, with the administration, management and investment of the Fund; and it is further

RESOLVED that the Town of Cape Charles shall reimburse the State Comptroller on no more than a monthly basis from documentation provided to it from the State Comptroller.

Adopted in Cape Charles, Virginia this 23rd day of June, 2011.

By: _____
Mayor

ATTEST:

Town Clerk



Line of Duty Act FAQs

Q. What is the Line of Duty Act (LODA)?

A. The LODA provides eligible public safety personnel with certain benefits if they are killed or disabled in the line of duty:

Death Benefit:

- \$100,000 lump sum payment (\$25,000 if a presumption claim or if death is within five years of retirement)

Health Insurance Benefit:

- Employee/volunteer (in case of disability) – for life
- Spouse (in case of death or disability) – for life
- Children (in case of death or disability) – generally to age 21 (to 25 if a full time college student or if disabled for three months after duration of disability)

Q. When do we become financially responsible for LODA?

A. Local governments begin paying for LODA obligations effective July 1, 2011 through the payment of premiums to the state fund or a group self insurance pool or through individual self insurance.

Q. Who is eligible for LODA benefits?

A. §9.1-400 of the Code of Virginia provides a list of local and state personnel eligible for LODA benefits:

Paid Personnel

- Law enforcement officers (includes unpaid auxiliary)
- Jail officers
- Regional jail or jail farm superintendents
- Conservation police officers who receive compensation from a county, city or town appointed pursuant to the provisions of § 29.1-200
- Regional hazardous materials emergency response team members
- Fire/Rescue

Paid Personnel (special circumstances)

“Any employee of any county, city, or town performing official emergency management or emergency services duties in cooperation with the Department of Emergency Management, when those duties are related to a major disaster or emergency, as defined in § 44-146.16, that has been or is later declared to exist under the authority of the Governor in accordance with or a local emergency, as defined in § 44-146.16, declared by a local governing body...”

Any person employed by a county city or town who is authorized to respond in the event of an emergency would be eligible during the course of the declared emergency.

Volunteer Fire/Rescue Personnel

Members of any fire company or department or rescue squad that has been recognized by an ordinance or a resolution of the governing body of any county, city or town of the Commonwealth as an integral part of the official safety program of such county, city or town.

Q. Are our volunteers covered if they are disabled or killed on a call outside of our entity boundaries?

A. If your entity has passed either a resolution or ordinance recognizing your volunteer department as an integral part of the entity's safety program they are covered irrespective of where the injury takes place.

Q. Are volunteer junior auxiliary and inactive members covered?

A. LODA provides no statutory guidance. The term "member" is undefined in the Act and no distinction is made between active, inactive, junior or any other classification that may be used on a local level. We conclude therefore that all volunteer fire and rescue personnel are covered no matter their local classification.

Q. What happens if two or more entities have passed a resolution/ordinance recognizing a volunteer fire/rescue company?

A. A 2010 budget amendment regarding the LODA provides "if a company, department, or rescue squad serves more than one city, county or town, the affected cities, counties or towns shall determine the basis and apportionment of the required covered payroll and contributions for each department, company or rescue squad."

There is no statutory guidance regarding the apportionment of the cost of a claim. VML Insurance Programs recommends that only one entity be legally responsible for the premium and claims cost associated with LODA coverage for any volunteer fire/rescue company. If multiple entities desire to share in the premium and claims costs for LODA, a separate agreement should be executed by all parties.

Q. How long do claimants have to submit a claim for LODA benefits?

A. VA Code Section 8.01- 522 sets forth a 5 year statute of limitations; however, the State Comptroller has the authority to waive it if the claimant was unaware of the benefit.

Q. How disabled does someone have to be to get LODA benefits?

A. The LODA says a "disabled person" means any individual who, as the direct or proximate result of the performance of his duty in any position listed in the definition of deceased person in this section, has become mentally or physically incapacitated so as to prevent the further performance of duty where such incapacity is likely to be permanent.

We interpret this to mean that if the person cannot return to full duty in an LODA eligible position they are disabled. For example, if a volunteer firefighter has a knee injury that renders him unable to continue as a volunteer firefighter he is owed benefits even if he has a regular job with health insurance that he is able to continue uninterrupted.

Q. What if the deceased or disabled employee/volunteer is not on our health insurance plan when the death or disability occurs?

A. If the deceased/disabled employee was not enrolled in your health plan at the time of death/disability, the claimant(s) are entitled to receive what they were eligible for had they been on it. Per the Department of Accounts – with respect to volunteers who are not eligible for your health plan, you are required to pay for comparable benefits to what they had in force or were eligible for through other employment at the time of death/disability.

Q. How long are we responsible for health insurance benefits?

A. For the LODA eligible employee/volunteer and their spouse you are responsible for the cost of their health insurance for life. Eligible children come off the plan when the first of the following occur: Death, marriage, coverage by alternate health insurance or 21st birthday (can be extended if a full time college student to age 25). If a child is mentally or physically disabled coverage can

be continued beyond the 21st birthday until 3 months beyond the cessation of the disability (could be for life).

Q. What if we move to a lower cost health insurance plan?

A. LODA requires that you maintain the same plan of benefits which the deceased or disabled person was entitled to on the last day of his active duty or comparable benefits established as a result of a replacement plan.

Q. What is the State Fund?

A. A 2010 budget amendment created the "Line of Duty Act Fund" for the payment of LODA benefits. The fund is administered by the Department of Accounts (DOA) and the funds contributed by local governments are invested by the Virginia Retirement System (VRS). The state fund was capitalized with a loan from the VRS administered group Life program to pay benefits for FY 2010-2011. The loan will be paid back over five years by those localities participating in the state fund.

Q. Do we have to participate in the state fund?

A. Localities that take no action are automatically covered by the state fund. Localities may irrevocably opt out of the state fund and self insure their LODA obligations as long as they do so by June 30, 2012. Effective July 1, 2012, localities that are participating in the state fund are required to continue their participation indefinitely. The Virginia Bureau of Insurance has opined that local political subdivisions have authority to self insure on a group basis under §15.2-2703. Localities that opt out of the state with existing claims are responsible for all payments associated with those claims on July 1, 2011.

Localities have three options with respect to state fund participation:

- (1) Opt out effective July 1, 2011
- (2) Remain in the state fund for 2011-12 and opt out at June 30, 2012
- (3) Remain in the state fund forever.

Q. How does the state fund plan to charge localities?

A. VRS reports that localities will be billed after July 1, 2011 for the state fund premium owed for 2011-12. The state fund rates are on a pay-as-you-go basis as opposed to prefunded.

Q. What is the difference between pay-as-you-go and prefunded?

A. Pay-as-you-go means premium is collected only for anticipated payments to be made during the 12 month fiscal year. This does not take into account the full liability of any particular claim. Prefunding or full funding is collecting enough premium for all payments over many years for claims occurring during a particular fiscal year.

Q. Which is cheaper – pay-as-you-go or prefunding?

A. This answer depends on the time frame. All other factors being equal, pay-as-you-go funding is cheaper in the near term. Over the long term; however, prefunding is less expensive because funds can generate investment income that can be used to fund some of the liability. According to VRS, pay-as-you-go funding through the state fund creates a GASB liability meaning a locality will have to record the difference between pay-as-you-go and prefunding as a liability on its financial statements. We recommend that you discuss with your auditors.

Q. How are claims handled?

A. No matter what funding method a locality chooses, the Department of Accounts will make claims determinations and payments. Localities will be billed by the state for whatever they owe. For state fund participants, this is the annual pay-as-you-go premium. For those that opt-out, it will be for actual benefits owed plus reasonable administrative expenses incurred by the state for

handling the claim. If a locality transfers their risk to a group self insurance pool, the pool will pay the state on your locality's behalf.

Q. What plan is VML Insurance Program offering?

A. VMLIP has obtained approval from the Bureau of Insurance to provide LODA coverage. Quotes have been issued to all eligible members who have completed and returned their LODA exposure questionnaire. Eligibility is limited to those VML Insurance Programs members purchasing property and liability coverages through the pool. If your entity would like an LODA or all coverage lines quote, please contact our underwriting department at (800) 963-6800.

Q. If we have additional LODA questions who can we call?

A. Feel free to contact Steve Craig, VML Insurance Programs managing director at (800) 963-6800.

Disclaimer: The answers provided herein represent VML Insurance Programs understanding based on discussions with representatives of the Virginia Department of Accounts and the Virginia Retirement System. In our opinion, the Line of Duty Act and the 2010 Budget Amendment that created the state administered Line of Duty Act Fund, are lacking in clarity in a number of areas. As a result, some answers herein may turn out to be inconsistent with how the Line of Duty Act is actually administered.



TOWN OF
CAPE CHARLES

AGENDA TITLE: Technology and Tourism Zones

AGENDA DATE:
June 23, 2011

SUBJECT/PROPOSAL/REQUEST: Review and discuss the
Technology and Tourism Zone Ordinances

ITEM NUMBER:
2D and 2E

ATTACHMENTS: Ordinances and Scenario for discussion

FOR COUNCIL:
Action (X)
Information ()

STAFF CONTACT (s):
Tom Bonadeo - Heather

REVIEWED BY:
Heather Arcos, Town Manager

BACKGROUND:

Over the past several months, the Town Council and staff have been discussing the possibility of designating Technology and Tourism Zones in the Town. The Planning Commission studied Technology Zone Ordinances from localities around the State and selected appropriate features for the Town of Cape Charles. A first draft of a possible Technology Zone Ordinance was included in the May 12, 2011 agenda packet for Council review.

The attached ordinances are for discussion, modification and possibly ready for a public hearing.

DISCUSSION:

The Technology Zone Ordinance, which has been discussed at previous meetings, should be reviewed and sent to public hearing if found appropriate.

The Tourism Zone has not been discussed thoroughly and should be reviewed and modified as needed. The Tourism Zone Ordinance could also be sent to public hearing if found appropriate.

These are new Town Ordinances and will require public hearings and the adoption of an ordinance.

The scenario page is for discussion and visualization of actual costs and incomes related to these zones.

RECOMMENDATION:

Review the ordinances and attached scenarios. Schedule a public hearing for one or both of the new ordinances.

Chapter 23. -Technology Zone

Sec.-1. Purpose

The Town Council finds that the creation of a local technology zone, with incentives for growth, will foster the development, maintenance and expansion of commercial, tourist and industrial businesses engaged in the development and implementation of technology to the Town.

Sec.-2. Administration

This chapter shall be administered by the Town Manger or his/her designee (Administrator). The Administrator shall determine and publish the procedures for obtaining the benefits created by this chapter and determining whether a business is a qualified technology business. The final incentive package shall be approved by the Town Council.

Sec.-3. Definitions

Business Type (Technology):

1. **Qualified Technology Manufacturing Business:** A business engaged in the activity that constitutes the technology-driven research or production of advanced materials, automation and computer software including but not limited to robotics, computer hardware and software, the manufacture of high tech products or any other similar activity which is deemed appropriate for a technology zone as defined in another jurisdiction of the Commonwealth, and as found as such by the Town Council or by the administrator or his/her designee.
2. **Qualified non-manufacturing Applied Technology Business:** A business engaged in the application, upgrading, repair or installation of computer and technology equipment and software in any business sector including but not limited to transportation, food equipment and marine installations.

Existing business means a business that is actively engaged in the conduct of trade or business in the Town prior to the implementation of the technology zone.

New Business means a business not previously located and actually doing business in the Town.

Qualified Business:

1. A business must create and maintain a minimum of 25 new full-time employees for at least a one-year period.
2. Each new employee must be compensated at twice the wage rate of the currently-defined federal minimum wage.
3. The business must make a new verified minimum capital investment on the property either in building improvements or of machinery and tools of \$1,000,000 to qualify. Land purchase does not count towards the capital investment.

Sec.-4 Area:

1. The Technology Zone – the entire area of the Town of Cape Charles is designated a Technology Zone pursuant to 58.1 – 3850 of the Code of Virginia.

Sec.-5 Incentives:

1. Economic Stimulus Grants for qualified businesses.
 - a. Up to 100% of the amount of new or increased machinery and tools tax paid to the Town.
 - b. Up to 100% of the amount of the net increase in Real Estate Tax paid to the Town.
 - c. Up to 100% of the amount of BPOL Tax paid to the Town.
 - d. Up to 100% of the Facility and Connection fees paid to the Town for a manufacturing facility employing 25 or more persons.
 - e. Up to 100% of the Building Permit fee paid to the Town.
2. The stimulus grant incentives are offered for up to five years starting with the tax year of the required initial investment.
3. A contract will be established between the Town and the applicant to specify the amount of the Qualified Investment, the amount of the Stimulus Grant, and the terms of authentication of the investment and the terms of the grant

Sec.-6 Waiver

Unless expressly stated herein, this chapter shall not be construed to waive the requirement of any ordinances, regulations, and policies that require permits and approvals for land use and construction. Additionally, unless stated otherwise herein, nothing in this chapter shall be construed as waiving the right of the Town of Cape Charles to enforce its ordinances, regulations, or policies or to collect taxes, fees, fines, penalties, or

interest imposed by law on a qualified technology or tourism business or upon real or personal property owned or leased by a qualified business.

Notes:

1. The incentives are described as grants. This means the applicant pays the actual cost at the time the fee is due and once the criteria have been satisfied, a credit is given to the account.
2. When a business plans to locate in Cape Charles, an application would be made for the Technology Zone grant and the business applicant would specify how the business plans to meet the criteria and an agreement is made with the Zoning Administrator or Town Manager. If the incentive is real estate tax abatement, depending on the timing the tax may be paid and the grant given in the year following the review in item #1.
3. Both Cape Charles and Northampton County have existing programs for tax relief on rehabilitated buildings. The incentives for Technology could be handled in a similar fashion.

Technology Zone Costs

Scenario

A new business or a new location of a business is interested in establishing itself here in Cape Charles. This business will buy real estate, build a building or facility and will buy equipment with which to perform its service. This business will repair, update and possibly manufacture products with the latest technology in a particular industry.

Example:

1. A computer service company updating old computers for reuse or resale.
2. A marine industry installing and/or maintaining marine technology equipment.
3. A product manufacturer of electronic equipment assembling a product from imported parts.

This company invests \$3,000,000 in real estate and business. They buy \$1,000,000 in repair and maintenance equipment to do the work and they hire 20 people, 15 earn two times minimum wage and 5 earn less. In the first year the company does \$1,000,000 in services.

Assumptions:

1. The net real estate value increase is \$2,000,000.
 - a. Tax \$3656 annually (\$18,280 - 5 years)
2. The value of the new heavy equipment is \$800,000
 - a. Tax \$800 annually (\$4000 - 5 years)
3. The value of tools is \$200,000
 - a. Tax \$200 annually (\$1000 - 5 years)
4. The business gets credit for hiring 60% of the requirement (25).
5. The business would pay \$20,000 (\$12,350) in facility and connection fees.
6. The business would pay \$-----in building permit fees.
7. The business would pay \$3600 in BPOL tax (\$18,000 - 5 years).
8. Five years value >\$46,850.

The incentives are in the form of a grant equal to an amount already paid by the business when the criteria are authenticated.

Chapter 24. - Tourism Zone

Sec.-1. Purpose

The Town Council finds that the creation of a local tourism zone, with incentives for growth, will foster the development, maintenance and expansion of commercial, tourist and businesses engaged in the development and implementation of tourism in the Town.

Sec.-2. Administration

This chapter shall be administered by the Town Manger or his/her designee (Administrator). The Administrator shall determine and publish the procedures for obtaining the benefits created by this chapter and determining whether a business is a qualified tourism business. The final incentive package shall be approved by the Town Council.

Sec.-3. Definitions

Business Type (Tourism):

1. **Qualified Tourism Business:** A business engaged in the activity that constitutes the attraction support of part time or temporary visitors to the Town. Business in the service sector associated with tourism such as transportation services, hospitality services, and entertainment venues or any other similar activity which is deemed appropriate for a tourism zone as defined in another jurisdiction of the Commonwealth, and as found as such by the Town Council or by the administrator or his/her designee.

Existing business means a business that is actively engaged in the conduct of trade or business in the Town prior to the implementation of the Tourism Zone.

New Business means a business not previously located and actually doing business in the Town.

Qualified Business:

1. A business must create and maintain a minimum of 10 new full-time employees for at least a one-year period.
2. Each new employee must be compensated at one and on-half the wage rate of the currently-defined federal minimum wage.

3. The business must make a new verified minimum capital investment on the property either in building improvements or of machinery and tools of \$1,000,000 to qualify. Land purchase does not count towards the capital investment.

Sec.-4 Area:

1. The Tourism Zone - the entire area of the Town of Cape Charles is designated a Tourism Zone pursuant to 58.1 - 3851 of the Code of Virginia.

Sec.-5 Incentives:

1. Economic Stimulus Grants for qualified businesses.
 - a. Up to 100% of the amount of new or increased machinery and tools tax paid to the Town.
 - b. Up to 100% of the amount of the net increase in Real Estate Tax paid to the Town.
 - c. Up to 100% of the amount of BPOL Tax paid to the Town.
 - d. Up to 100% of the Facility and Connection fees paid to the Town for a manufacturing facility employing 25 or more persons.
 - e. Up to 100% of the Building Permit fee paid to the Town.
2. The stimulus grant incentives are offered for up to five years starting with the tax year of the required initial investment.
3. A contract will be established between the Town and the applicant to specify the amount of the Qualified Investment, the amount of the Stimulus Grant, and the terms of authentication of the investment and the terms of the grant

Sec.-6 Waiver

Unless expressly stated herein, this chapter shall not be construed to waive the requirement of any ordinances, regulations, and policies that require permits and approvals for land use and construction. Additionally, unless stated otherwise herein, nothing in this chapter shall be construed as waiving the right of the Town of Cape Charles to enforce its ordinances, regulations, or policies or to collect taxes, fees, fines, penalties, or interest imposed by law on a qualified technology or tourism business or upon real or personal property owned or leased by a qualified business.

Notes:

1. The incentives are described as grants. This means the applicant pays the actual cost at the time the fee is due and once the criteria have been satisfied, a credit is given to the account.
2. When a business plans to locate in Cape Charles, an application would be made for the Tourism Zone grant and the business applicant would specify how the business plans to meet the criteria and an agreement is made with the Zoning Administrator or Town Manager. If the incentive is real estate tax abatement, depending on the timing the tax may be paid and the grant given in the year following the review in item #1.
3. Both Cape Charles and Northampton County have existing programs for tax relief on rehabilitated buildings. The incentives for Tourism Zones could be handled in a similar fashion.

Tourism Zone Costs

Service businesses pay a higher BPOL tax rate than retail businesses. The service rate is .36/\$100 rather than .20/\$100 of gross receipts.

The categories are:

1. Retail - .20/\$100 of gross receipts
2. Real Estate/Financial - .50/\$100 of commissions
3. Repair/rental - .36/\$100 gross income
4. Wholesale - .05/\$100 purchases

Scenario 1 - Watercraft Rental

4 watercraft purchased at \$20,000

4 watercraft @ \$100 per hour x 8 hours/day x 7 days/week x 12 weeks = \$268,000 gross sales.

BPOL Tax = \$967.68 for the season at the rental rate

BPOL Tax = \$536.00 for the same gross sales of retail merchandise

Machinery and Tool tax -\$200

The business would rent space so no real estate tax, building permits, facility fees, connection fees, etc. would be involved

Scenario 2 - Water taxi

1 water taxi purchased at \$30,000

Service income = \$2/person x 12/trip x 20 trips/day x 90 days = \$43,200 gross sales

BPOL Tax = \$155 for the season

Machinery and Tool Tax = \$300 for the season