



**Public Information Meeting  
Re: Old Cape Charles School Building  
Cape Charles Fire Hall  
March 10, 2012  
10:00 a.m.**

At 10:00 a.m. Vice Mayor Chris Bannon welcomed everyone to the Public Information Meeting regarding the old Cape Charles School Building. In addition to Vice Mayor Bannon, present were Councilwoman Natali and Councilman Veber. In attendance from the Town staff was Town Manager Heather Arcos, Assistant Town Manager Bob Panek, Town Planner Tom Bonadeo, Director of Public Works/Utilities Dave Fauber and Town Clerk Libby Hume. Several other staff members and 100+ members of the public were also in attendance.

Vice Mayor Bannon announced that this meeting was being held to allow citizens to express their opinions, pros and cons, and asked that comments be kept civil. The comments to be made were individual opinions and not to be taken personally. Vice Mayor Bannon introduced the members of Town Council in attendance and the staff. Vice Mayor Bannon explained that the program was split into two parts. Presentations would be made by Town Planner Tom Bonadeo and Assistant Town Manager Bob Panek with a question and answer period following each presentation.

Town Manager Heather Arcos informed the attendees that she grew up at 505 Monroe Avenue and attended the old Cape Charles School from kindergarten to her freshman year, at which time the school closed. Heather Arcos stated that she also had a sentimental attachment to the school. All the citizens might not agree with the future use of the school, but could certainly agree that a historic restoration of the school was in the best interest of the community. The Town Council was considering all options and, most importantly, whether the project was economically feasible for the Town. A process had been dictated by the Virginia State Code which allowed the Town Council to accept an unsolicited proposal and to negotiate with the proposer. Heather Arcos stated that the Town Council was still negotiating the feasibility of this project and a contract had not been signed with Echelon Resources, nor had the Council voted to approve the contract. Examples of Echelon Resources' projects were displayed to the side and the Town had received glowing recommendations from other cities and towns in Virginia regarding Echelon's integrity, community involvement and outstanding work in historical renovations of buildings. Heather Arcos concluded by stating that Tom Bonadeo would present a timeline of the history of the school and Bob Panek would present information about the Echelon Resources proposed project.

Tom Bonadeo outlined the history of the old Cape Charles School over the past 25-30 years. (Please see attached.) A number of property owners and residents spoke and asked questions regarding the timeline and history of the old Cape Charles School building.

Bob Panek presented information regarding the project proposed by Echelon Resources. (Please see attached.) Some of the questions regarding the proposal could not be answered since Council was still in negotiations with the developer. Numerous comments, both pro and con, were heard regarding the proposal.

Many of the attendees expressed their appreciation with the scheduling of the public information meeting on a Saturday morning which enabled them to attend. Vice Mayor Bannon thanked the attendees for coming and added that the Council and staff appreciated the opportunity to get the facts out to the public and receive feedback on the proposed project.

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Vice Mayor Bannon

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Town Clerk

## Cape Charles School Timeline

The following outline is to provide a short history of the last 25- 30 years of the building use. The building dates to 1912 and was built on the site of residential lots known as North Park Row. The site was planned to be like the houses on the west side of the block where the road is called North Park Row where these houses overlook the central park as laid out by William Scott and shown on Bauman's Map of 1884. The Sanborn Map of 1931 also shows North Park Row in front of the school and Peach Street where the Tennis Courts are today.

In the summer of 1993 the repairs to the school were also debated and the following quote is from a letter written to the Mayor, "The deterioration of the Cape Charles High School began many years ago as funds for upkeep were eliminated from the proposed school budgets. I do agree on one point, this should have been dealt with long ago."

The School Board and Town Council were at odds over many issues and in 1987 things came to a head and the future of the school changed. The following bullet points will help us understand the situation we find ourselves in today.

- April of 1987 the Circuit Court ruled to join Cape Charles School District and Northampton County School District. In that year there was no capital budget for school improvements and the maintenance budget was minimal.
- July 1987 - the Court ruled to combine the County and Town school districts and the Cape Charles School building and the Park were to go to the County.
- August 1987 - the building and the park were transferred and the districts combined. The County estimate for required maintenance and repairs at that time was \$188,000.
- The County decided to build Kiptopeke School and close Cape Charles and Cheriton elementary schools.
- 1991 - Annexation talks are in progress and the Town is working with proffers from Brown and Root.
- August 1993 - the Town of Cape Charles sued the County to get the school and park back. Part of the deal was that the County had to keep the school open or return it. The County returned the buildings and property plus \$1000 per year for 10 years in dump fees. The County had done little or no maintenance to the building during its ownership.
- Summer 1993 - the Town was involved in a Community Development Block Grant (CDGB) and applied to expand the grant to include renovation of the school but was denied.
- May 1995 - the Town is working with Brown & Root on annexation and a proffer is made and accepted to replace the roof on the school for \$69,500.
- November 1995 - the roof is replaced, B&R paid \$69,000 and the Town paid \$9,517 due to cost over runs.
- October 1997 - the Town Manager put out a bid for a new boiler and the price comes in at \$62,500. The Town doesn't have the money.
- November 1997 - the Town Manger bids for a study of the school, Wiley and Wilson propose \$4,000 but no details are found.
- March 1999 - the Town commissions Davis-Bowen and Freidel to study the building for renovation. This contract is between \$3,000 and \$8,000. The result is a renovation cost of \$1,590,000 for about 20,000 square feet. There were two temporary buildings also on the property.

- The Town Police Department and Public Works are using the building with propane space heaters and window air conditioners. The Town paid \$60,000 to renovate the NW portion for the Police Dept.
- 2000-2004 the Boys and Girls Club was using the building.
- September 2000 - The Town donated the two temporary structures just to get them removed.
- October 2005 - the Town plans to borrow \$2M for renovation of the school building. Code Enforcement gets the job to plan it.
- January 2006 - Shriver and Holland is contracted (\$30K) to study and plan the renovation into a Town Center. Their estimate for renovation was \$3.5 to \$4 million and they explored grants and tax credits. Very few grants and tax credits available to the Town for renovation.
- February 2007 - there was \$100,000 to start renovation but \$70,000 was needed to buy a fire truck.
- June 2007 - the Council appointed a Temporary Space Committee and in July expanded the committee to review all Town owned real estate along with renovation plans.
- April 2008 - Town staff received a planning grant study the Historic Renovation of the building for workforce housing units. Citizens characterized this as “low income” and the plan did not cash flow positive as a \$40,000 management fee was far too high.
- November 2008 - Citizen Group charged with fundraising to renovate the school.
- The Comprehensive Plan Capital Investment Plan has \$1.75 million for renovation but no funding.
- October 2009 - Cape Charles Christian School Unsolicited Proposal to renovate the school and return it to school uses. The plan was to start in May of 2010 and open September of 2012. No funding could be found to begin the project.
- Summer 2011 - Town staff shows the building to interested parties.
- Late summer 2011 Echelon submits an unsolicited proposal to provide a Historic Restoration of the School with the adaptive reuse for apartments.

February 29, 2012

**FAQ**  
**Sale of Former Cape Charles School**

1. What has been proposed to the Town?

Echelon Resources, [www.echelonresourcesinc.com](http://www.echelonresourcesinc.com), has submitted an unsolicited proposal for an historic restoration of the building and adaptive reuse as rental apartments. There would be 16 units if the Town rents public space in the building, or 17 units if not.

If the Town rents public space in the building, after five years, the Town would have the option to either assume ownership of the space or continue to rent.

2. What is the cost of the project?

The cost to redevelop the property is approximately \$2.2 million. This compares well with previous estimates the Town has for redevelopment - \$1.6 million (residential) and \$4 million (municipal center).

3. Will these be condominiums?

No, they have not proposed converting the building to the condominium form of ownership.

4. Will this be low income housing?

No, they are not HUD Section 8 or Virginia Department of Housing and Community Development subsidized housing. They will be upscale, "urban loft" type units, with a targeted rental rate of \$600-\$800 month.

5. Why should residences be allowed in Central Park?

The school is not part of Central Park. It sits on several platted lots to the north of the park, in line with the residential properties on North Park Row just to the west.

6. Would the basketball court and tennis courts be sold as part of the project?

The tennis courts are not included. The land where the basketball court is located would be included as it is needed for parking. The basketball court would be rebuilt on a Town-owned parcel across Madison Avenue near the skateboard park.

7. Wouldn't this project increase the residential density?

The property is located in the R-1 District. The number of bedrooms in the proposed project would be fewer than if typical single family residences were constructed on the footprint of the project (approximately 7 lots).

8. What about zoning?

As stated above, the property is located in the R-1 District. The Zoning Map erroneously indicates it as Open Space and this will be corrected. A change to the Zoning Ordinance is necessary to allow the adaptive reuse of non-residential historic structures in the R-1 District. The adaptive reuse would be subject to the Conditional Use Permit process. This would apply to the former school and other similar structures.

9. Why would the Town give the property to the developer at essentially no cost?

The revenue generated from rental is only adequate to cover a certain level of debt service and operating costs. It will not cover the \$2.2 million cost of the project. The project is financially viable through the application of Federal and State historic tax credits and if the property is conveyed essentially free.

If the Town retains the property, there would be a significant cost to just stabilize the building and an even more significant cost to rehabilitate it for a useful purpose (see 2 above). This would result in an increase in the real estate tax rate. For example, a \$2.2 million project financed at 4% for a 30 year term would result in debt service of about \$126,000 per year. This would require an approximate 12% increase in the tax rate, or over 2 cents per \$100.

Conveying the property to private ownership will generate additional real estate tax revenues. Additionally, about 20 additional residents will generate additional business for town merchants.

10. Why doesn't the Town make the building a municipal center – offices, library, gymnasium, etc?

As stated above, the cost of this type of conversion is very significant, and there is very little grant money available for this purpose. Additionally, the Town does not qualify for historic tax credits. Even if the investment were made, it would result in additional operation and maintenance costs for Town facilities.

The Town does not need significant additional space for core governmental functions. The existing Municipal Building was remodeled over the last few years to move the Police Department from leased space and to create additional office space.

There is a need for expanded library space, but there is no consensus that it should be located in the old school building. Other options are currently being investigated.

March 9, 2012

**Excerpts from Draft Sales Contract for the Former Cape Charles School**

WITNESSETH, that Seller hereby agrees to bargain, sell, and convey to Buyer, and the Buyer hereby agrees to purchase from the Seller the following property (the "Property"), to wit:

Property Address: Corner of Plum Street and Madison Avenue  
Property Parcel ID: Tax Parcel 083A3-(01)-00-281  
Property Description: Former Cape Charles High School and surrounding grounds, to be subdivided from above Tax Parcel.

The purchase price of the Property shall be for the sum of ten dollars and 99/100 cents (\$10.00). This Contract is void if settlement does not occur on or before 12:00 p.m. on the one hundred and eightieth (180<sup>th</sup>) day after execution of the Contract. Settlement is to be made in Northampton County, Virginia.

The Buyer shall place into escrow with the Seller's agent a deposit of ten dollars and 00/100 cents (\$10.00) (the "escrow deposit") upon execution of this Contract. The Buyer shall have one hundred-eighty (180) days from the Contract execution date to perform necessary due diligence (the "Due Diligence Period") and to determine that the Property is suitable for Buyer's intended use. The results of said Due Diligence Period are to be satisfactory to Buyer at the Buyer's sole discretion; otherwise, the escrow deposit shall be refunded in full.

The Buyer shall perform necessary due diligence to determine that Property is suitable for Buyer's intended use. The Buyer shall provide the Seller a written progress report every thirty (30) days during the Due Diligence Period.

The Buyer is pursuing state government and federal government approvals relating to the issuance of both federal and state historic rehabilitation tax credits. The Buyer's obligation to purchase the property is contingent upon these state government and federal government approvals relating to the issuance of both federal and state historic rehabilitation tax credits.

Buyer will begin construction on the Property within ninety (90) days from the conveyance of the Property.

Buyer will complete construction on the Property within twelve (12) months from the commencement of construction of the Property.

Buyer may terminate this Contract by giving Seller written notice of termination at any time prior to the expiration of the Due Diligence Period, if the results of such inspections are not satisfactory to Buyer, as foreshad. Buyer will commence such inspections expeditiously upon execution of this Contract. If Buyer fails to give Seller such written notice of termination before the expiration of the Due Diligence Period, then, and in such event, the Buyer shall be deemed to have accepted the results of such inspections and shall proceed to closing in accordance with the terms of the Contract. The Buyer may reserve the right to proceed to settlement sooner than the expiration of the Due Diligence Period provided the inspections are complete.

In the event that this Contract is terminated before the settlement, neither Buyer nor Seller shall have any obligation to the other, and each party shall then be responsible for its own expenses, including, but not limited to, legal fees and expenses incurred in connection herewith.

Buyer agrees that the Property will not be utilized as low income housing under the U.S. Department of Housing and Urban Development (HUD) Public Housing Program.

This Contract is a Virginia contract and represents the final understanding between Buyer and Seller with respect to the transaction described herein, there being no representations or agreements made by Seller of Buyer, except those contained in this Contract and its addendums. In addition, this Contract constitutes the entire understanding among the parties, and shall be deemed to supersede all prior written or verbal communications among the parties. This Contract may not be modified or terminated, unless in writing signed by the Buyer and Seller.

The representations, warranties, and indemnities of Buyer and Seller under this Contract shall survive settlement and delivery of the Deed or the termination of this Contract for any reason.

This Contract and the provisions hereof shall be binding upon and shall inure to the benefit of the Seller and Buyer and its respective heirs, executors, administrators, personal representatives, successors, and assigns. This Contract shall be freely assignable by the Buyer to a project-specific development entity on or after the date hereof. The terms, provisions, and conditions of this Contract shall, where appropriate or the context requires, survive settlement hereunder.