



TOWN COUNCIL

Work Session

Town Hall

March 13, 2014

6:00 p.m.

At approximately 6:00 p.m., Mayor Dora Sullivan, having established a quorum, called to order the Work Session of Town Council. In addition to Mayor Sullivan, present were Vice Mayor Bannon, Councilmen Godwin, Sullivan and Wendell, and Councilwoman Natali. Councilman Bennett was not in attendance. Also present were Town Manager Heather Arcos and Town Clerk Libby Hume. There were 11 members of the public in attendance.

Mayor Sullivan announced the business for the evening would be to continue discussions regarding transient occupancy taxes (TOT) with i) a determination of the amount of increase; ii) a review of the draft ordinance; iii) discussion regarding the creation of a Cape Charles Tourism Board; and iv) discussion of funding priorities.

Councilman Wendell suggested that, with the number of people in attendance, a public comment period could be considered. Mayor Sullivan stated that this meeting was a work session and public comment generally was not accepted during a work session. A public hearing would be held prior to a decision being made regarding this issue. Heather Arcos added that this item would be on the March 20, 2014 Council agenda to set a public hearing for April 17, 2014 immediately preceding the regular meeting.

Town Manager Heather Arcos stated that Council discussed its focus on tourism and reviewed the amount of tourism revenue and expense at their February 8, 2014 meeting and tasked staff to develop a draft tourism budget showing the TOT revenue and expenses for tourism-related activities over the last several years.

Council reviewed the Town of Cape Charles Tourism Budget – Pro Forma and the consensus was to increase the TOT by .7% for a total of 3.7%. Northampton County collected 2% TOT from Cape Charles and 5% from surrounding areas in the County. A total tax of 11% would be collected from the combined TOT and the Virginia state sales tax of 5.3%.

Heather Arcos read the language in the current Town Code § 66-57. Council went on to review Draft Ordinance 20140417, specifically the proposed language for § 66-57. After much discussion, Council agreed upon the following language:

“There is hereby levied and imposed on each transient a tax equivalent to 3.7 percent of the total amount paid for lodging, by or for any such transient, to any hotel, motel, bed and breakfast, campground, and other facilities offering guest rooms rented out for continuous occupancy for fewer than 30 consecutive days. The revenue collected from the Transient Occupancy Tax shall be allocated for tourism-related initiatives.”

Council agreed that the intent of the revisions was to enable the Town to further support tourism-related initiatives within the Town. There was much discussion regarding the amount of funding provided to the Eastern Shore of Virginia Tourism Commission (ESVTC) from the Town and Northampton County vs. Accomack County and the Towns of Onancock and Chincoteague. Cape Charles was the only Town in Northampton County providing funding assistance to the ESVTC in addition to the County. Councilman Sullivan stated that Northampton County had 25% of the residents on the Eastern Shore, but contributed 60% of the funding, including the Town’s contribution, to the ESVTC.

Heather Arcos stated that the Welcome Center at the Chesapeake Bay Bridge Tunnel referred a lot of visitors to the Town and added that she would like to see continued support to the Welcome Center. There was further discussion regarding the benefits received for the Town's 1% of TOT which equated to \$17,491 this year. In previous years, the Town also contributed an additional \$5K over the 1% TOT. After further discussion, the majority of Council was in favor of limiting the Town's contributions to the ESVTC to \$5K annually to support the Welcome Center.

There was much discussion regarding the creation of a Cape Charles Tourism Board but the general consensus was that, although a Board could possibly be a good resource and provide marketing support for tourism, it was premature for the Town at this time. Councilman Wendell stated that the Cape Charles Business Association (CCBA) meetings came close to what a Tourism Board would discuss and added that a separate Tourism Board might be duplicating the efforts of the CCBA. Council was in agreement that a work session would be scheduled for early April with the non-profit groups requesting financial assistance from the Town.

Council briefly discussed uses for the TOT revenue and requested that it be a separate line item, if not a separate account, for tracking purposes. The Town currently paid other law enforcement officers for additional support during events and the TOT fund could be used to pay for this additional support as well as the cost of overtime for staff.

There was some discussion regarding the tourism website, www.capecharlesbythebay.com, and Council agreed that the website helped tourism and the Town needed to continue its support. It was noted that the Cape Charles By the Bay website included listings for short-term rental properties outside the Town's limits.

Heather Arcos reiterated that this item would be on the March 20 Council agenda to schedule a public hearing for April 17. A work session would be scheduled for early April for Council to meet with the non-profit organizations requesting funding assistance from the Town.

Motion made by Councilwoman Natali, seconded by Vice Mayor Bannon, to adjourn the Town Council Work Session. The motion was approved by unanimous consent.

Mayor Sullivan

Town Clerk