



**TOWN COUNCIL**  
**Public Hearing**  
**St. Charles Parish Hall**  
**April 24, 2014**  
**6:00 p.m.**

At 6:00 p.m. Mayor Dora Sullivan, having established a quorum, called to order the Public Hearing of the Town Council. In addition to Mayor Sullivan, present were Vice Mayor Bannon, Councilmen Bennett, Sullivan and Wendell, and Councilwoman Natali. Councilman Godwin was not in attendance. Also in attendance were Town Manager Heather Arcos and Town Clerk Libby Hume along with other members of the Town staff. There were approximately 40 members of the public in attendance.

Mayor Sullivan announced that the evening's Public Hearing was to hear public comment regarding the proposed modifications to the Cape Charles Town Code Chapter 66, Article IV-Transient Occupancy Tax, Sections 66-55 through 66-76.

**PUBLIC COMMENTS:**

*Donna Kohler, 711 Tazewell Avenue*  
Please see attached.

*Carol Evans, 645 Tazewell Avenue*  
Please see attached.

*Bruce Evans, 645 Tazewell Avenue*

Mr. Bruce Evans stated that, as owner of the Cape Charles House Bed and Breakfast, he was in support of the Transient Occupancy Tax increase. Mr. Evans stated that the lodging facilities were not the only ones who benefitted from the increased tourism and went on to state that if Town Council increased the tax to .7%, the Town would receive \$15K-\$17K. If Town Council were to increase meals tax to .7%, the Town would receive about \$44K and Mr. Evans thought that was money that the Town could certainly use to perpetuate tourism and tourism activities and he strongly supported this.

Mr. Evans cautioned Town Council in creating a Tourism Commission for Cape Charles and suggested a strategic plan for tourism such as what Northampton County created which involved agri-tourism, aqua-tourism and tourism in general for visitors to the Shore. Mr. Evans suggested finding someone to assist the Town in putting together a strategic plan before the Town created a Committee. Mr. Evans did not think it should be called tourism and recommended economic development because it was necessary to review all aspects as to what the Town needed to accomplish including economic and industrial development and tourism. Mr. Evans stated that a tourism specialist replaced Lynn Lochen and he knew she would assist the Town in compiling a strategic plan for what the Town would like to see and she would also help push for a leader because without a leader, the plan would not be effective.

*Dorie Southern, 104 Monroe Avenue*

Ms. Dorie Southern stated that she had a vacation rental property and paid the Transient Occupancy Tax. Ms. Southern pointed out to Town Council that the vacation rental properties had already been rented for the summer season and went on to state that if Town Council raised the Transient Occupancy Tax now, it would come out of the property owners' pockets to pay the

increased amount. Ms. Southern stated that many vacation rental properties did not pay the tax and advised Town Council to make them pay the tax instead of raising it for those who would have to pay out of pocket for the summer season.

Town Clerk Libby Hume read comments submitted in writing from Mr. Lemoin Cree, Principal Broker of Blue Heron Realty. (Please see attached.)

There were no other public comments to be heard nor any written comments submitted prior to the hearing.

**Motion made by Vice Mayor Bannon, seconded by Councilman Bennett, to adjourn the Town Council Public Hearing. The motion was approved by unanimous consent.**

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Mayor Dora Sullivan

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Town Clerk

## Public Comments Submitted in Writing

*Donna Olney Kohler, 711 Tazewell Avenue*

My name is Donna Olney Kohler and I live at 711 Tazewell Avenue which is also operated as Fig Street Inn.

I support a transient occupancy increase of .7% and to clarify for anyone who may be spinning the numbers, a .7% increase is equal to an additional \$1.09 per night for my guests.

But I do have concerns about how and who will manage and allocate these funds.

I have attended a few town meetings where this has been discussed, as well as had conversations with some council members on this topic. My first concern is eliminating the Town's financial commitment to ESVA Tourism. I have heard numbers ranging from zero to \$17,500 as our annual contribution.

I urge council to continue financial support of ESVA Tourism and to consider a minimum annual contribution of no less than \$15,000. Those funds pay for the welcome center at the bridge, which alone is worth that amount, in my opinion. They have an outstanding staff who our B&B guests continually comment are professional, helpful, and can't speak more highly of Cape Charles. We could never duplicate that in our town for \$15,000.

Some have suggested that the TOT money needs to stay local. You may not be aware that the VTC has awarded over \$30,000 in grants to Cape Charles organizations from November 2011 to December 2013. Those funds would not have come to Cape Charles without the required, written endorsement from ESVA Tourism. These grants have funded Tall Ships, Birding Festival, Harbor for the Arts Festival, and Cape Charles By the Bay and would not have been possible without ESVA Tourism.

I understand you may be asked to establish a tourism board or commission to recommend to Council how the TOT money will be spent. I have serious concerns about how this idea came to you in the first place. Individuals who have pitched this idea to Council through the Town have already suggested names as to who should serve. I know this is not how the process would work, but I urge you to learn more about how we have gotten to the point of considering formation of a Cape Charles tourism commission, before you make that decision.

The Town is looking at collections of approximately \$75,000 from TOT for FY2015. I suggest that those funds can be managed and allocated by Council for another year, just as you have always done, while you take the time to evaluate whether or not it is necessary to form another commission. There is already a process for any group to request funds and I do not personally see any reason why we cannot continue to do so for at least one more year.

I do not believe there is a sense of urgency or necessity in forming a commission at this time. As the TOT fund grows from increased tourism, and not just from a percentage increase, the Town should consider a different process.

Regardless of what you choose to do, I ask that you develop very specific guidelines for what is a "tourism-related initiative." I have been in meetings where councilors have suggested what should be funded through this tax and they are not tourism-related by any definition. If we want this fund to grow, we need to re-invest it each year into what truly are tourism related initiatives.

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*Carol Evans, 645 Tazewell Avenue*

Good evening Madame Mayor, Town Council and our Town Manager. As one of the Northampton County appointed Tourism Commissioners and past Chairman of the Tourism Commission, I come before you to Thank You for your planning several years ago to designate 1% of the Town's 3% collected Transient Occupancy Tax to the Eastern Shore Tourism Commission. This is a pass through tax that only those who stay in our B&Bs and hotels pay. This is NOT a tax that any of our town citizens are paying!

Thank you for the faith and support over the years for the Eastern Shore Tourism Commission that contributed to the design, building, funding and maintaining the Eastern Shore Welcome Center. In just

these few four short years, we will welcome our millionth visitor next month, which also coincides with Virginia Tourism Week in our state, May 5-9.

As a reminder, the Eastern Shore of Virginia Tourism Commission, all at no cost to the business owners:

- Manages the esvatourism.org website with comprehensive tourism-related listings and events for visitors to the area.
- Produces an annual visitor's guide.
- Markets the region through earned and paid media.
- Provides for additional paid exposure at the Welcome Center with light boxes and rack card display and online presence.
- Experiential travel with the addition to developing the Eastern Shore Artisan Trail.
- Planned and implemented the first annual free Tourism Summit earlier this month, by coordinating a Tourism Task Force that our own George Proto, President of Cape Charles Business Associate represented the lower shore.
- The Summit was attended by 200 people from tip to top! (a whopping 25 business owners from Cape Charles, including 4 of our Council Members – Councilmen Bannon, Godwin, Wendell and Councilwoman Natali and Granville Hogg, our Northampton County Supervisor. What an outstanding representation!
- Attendees took away a new tourism energy and partnership enthusiasm with some “no cost how-tos” that could be applied immediately to better market their tourism business. We were reminded to celebrate the identities in each of our towns. The media loves to visit and write about how each is unique, but belong to this remarkable and dynamic region. A fall follow-up to this meeting is already being planned to help these Tourism Partners take the next step and bring in more Tourism industry professionals.

However, we are disappointed that we will no longer receive a dedicated amount, in the form of a percentage, because as you all know, it is difficult to budget monies, especially with fixed costs as they relate to the Welcome Center. Cape Charles has been the greatest beneficiary of this gateway to the Eastern Shore as millions travel to their destinations up and down Route 13. Just ask our in-town businesses how their business has increased last summer. Some say over 40%. Now, that's you helping grow businesses in Cape Charles through your Tourism Commission support.

It was our hope that as the Town's Transient Occupancy Tax grows at the 1% level, the Commission would also continue to grow so that we would further grow tourism in Cape Charles and on the Eastern Shore.

The Eastern Shore Tourism Commission thanks you. It is also our hope that Cape Charles Town Council continues “budgeted support” for the Eastern Shore Tourism Commission.

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*Lemoine B. Cree, Principal Broker, Blue Heron Realty*

First, I really think that the proposed tax increase in all likelihood will be counterproductive resulting in the loss of some rentals. It is our experience that renters who vacation here do so because they can rent here for a little less than in other areas. Accordingly, landlords find that they are restrained in the amount they can charge even though they have high operating costs and lots of wear and tear on their homes. While Vacation Rentals have come into their own in Cape Charles, it is our opinion that this business is still somewhat fragile. We think the proposed tax increase will be a negative factor in the stabilization of these rentals which everyone seems to agree is important to Cape Charles and Cape Charles businesses.

Second, if Council is determined to impose this tax increase, I recommend that it not commence until January 1, 2015. We and others have booked many Cape Charles Vacation Rentals at the 3% rate and have many leases out at this rate. A tax increase before this date will impose the new portion of the tax on the Landlords because it is too late to charge tenants who have already booked. Most rental reservations are made in the first 3-4 months of the year. In addition, a tax increase will be expensive and time consuming for us because we will have to redo our multiple website quotes, leases, computer programs and bookkeeping. Providing time to prepare for this increase next year seems reasonable to us.

Thank you for your consideration.