



Town Council Public Hearing & Regular Meeting

May 21, 2026 at 6:00 PM

Cape Charles Civic Center - 500 Tazewell Avenue

Agenda

1. Call to Order

- A. Roll Call
- B. Establish Quorum

2. Moment of Silence and Pledge of Allegiance

3. Public Hearing: (3 minutes per speaker)

- A. Zoning Text Amendment 2026-02 - Historic District Overlay Guidelines & Appendix G

4. Close Public Hearing

5. Recognition of Visitors / Presentations / Recognitions

- A. Coastal Seaplanes Presentation - Sam Riggs
- B. Virginia American Water Presentation
- C. Presentation of FY 2025 Annual Financial Report - Taylor Stover of Robinson, Farmers, Cox Associates, PLLC

6. Public Comments (3 minutes per speaker for topics not subject to this evening's public hearing)

7. Consent Agenda

- A. Approval of Agenda Format
- B. Approval of Minutes
- C. Approval of Financial Reports

8. Unfinished Business:

- A. Zoning Text Amendment 2026-02: Application from the Town of Cape Charles to amend Town Code Chapter 32, Section VIII (Historic District Overlay), Appendix A (Definitions), and the Historic District Guidelines with the addition of new Appendix G

9. New Business:

- A. New Classification for Current FY 2026 and Proposed FY 2027 Budgets
- B. Mobile Food and/or Beverage Vending Unit Ordinance

10. Town Manager Comments

11. Mayor & Council Comments (5 minutes per speaker)

12. Announcements

- A. June 4, 2026 - Town Council Public Hearing on FY 2027 Proposed Budget
- B. June 18, 2026 - Town Council Regular Meeting

C. June 19-21, 2026 - Sailfest 250

D. June 19, 2026 - Summer Concert Series in Central Park Begins

13. Adjournment

**Town of Cape Charles
Notice of Town Council Public Hearing**

The Cape Charles Town Council will hold a public hearing on Thursday, May 21, 2026, at 6:00 p.m., in the Cape Charles Civic Center, 500 Tazewell Avenue, to receive public comment on the following:

- A. Zoning Text Amendment (ZTA) 2026-02: application from the Town of Cape Charles to amend Town Code Chapter 32, Article VIII (Historic District Overlay) and add new Appendix G to the Historic District Overlay Design Guidelines.

The Town Council will hold their regular meeting immediately following the public hearing to review and vote on the application.

The application, along with the complete Zoning Text Amendment, is available for public review on our website at www.capecharles.org, under Agendas and Minutes / Upcoming Meetings. Please contact the Zoning Administrator, Katie Nunez, at (757)-331-2036 or by email at planner@capecharles.org if you have any questions or need additional information.

Anyone interested in attending and requiring special assistance should contact the Town at least 48 hours before the hearing.

***Ad Placed: Friday, April 24, 2026 in Eastern Shore Post
Ad to Run: Friday, May 1, and Friday May 8, 2026***



HARBOR CLEANUP + DOCK EXPANSION





COMMUNITY IMPACT

- TOURISM DRIVER
- MARINE LOGISTICS SOLUTION
- CONSERVATION SUPPORT
- HARBOR INVESTMENT



THE ISSUE

UNDERWATER HAZARDS

- Dumped concrete pilings
- Rusted, jagged rebar
- Aircraft docking hazard
- Eyesore at low tide
- Limited docking space



THE SOLUTION

- Remove debris
- Expand seaplane dock
- Restore blighted shoreline/ pier area



TIMELINE



THANK YOU FOR YOUR TIME





Capital Investment Program: Cape Charles District

May 21, 2026

Agenda

- Introduction
- Completed/On-going Capital Investment Projects
- CPS Recommended Projects
- Q&A

Introduction

American Water Operations



Regulated Operations

- **80** surface water treatment plants
- **520** groundwater treatment plants
- **170** wastewater treatment plants
- **55,000** miles of transmission, distribution and collection mains and pipes
- **1,200** groundwater wells
- **1,800** water and wastewater pumping stations
- **1,100** treated water storage facilities
- **75** dams

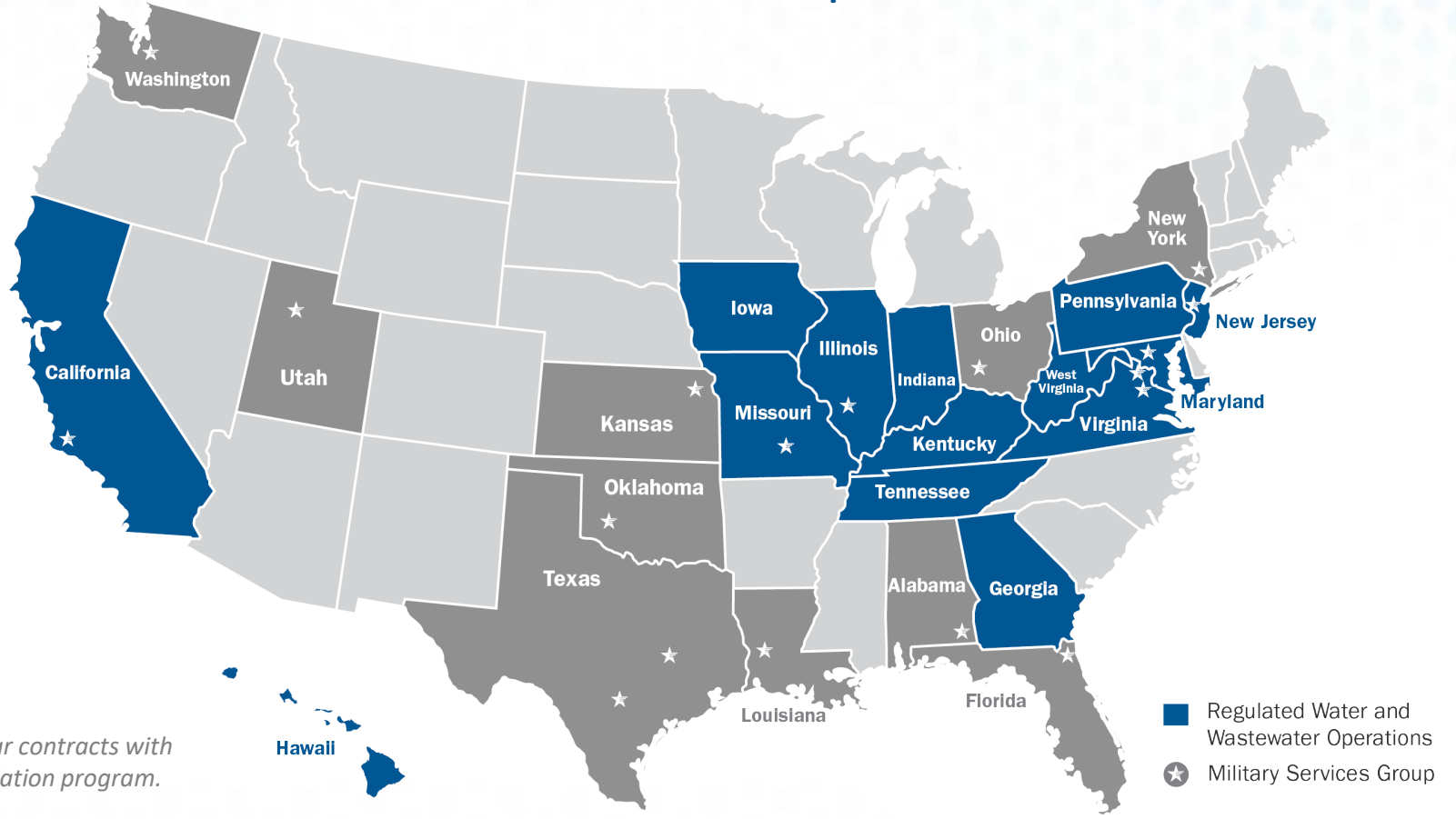


Military Services Group

Operates on 18 military installations under 50-year contracts with the U.S. government as part of its Utilities Privatization program.

- **12** Army
- **5** Air Force
- **1** Navy

Our National Footprint



■ Regulated Water and Wastewater Operations
 ★ Military Services Group

VIRGINIA AMERICAN WATER:

175 YEARS OF SERVING VIRGINIA

384,000

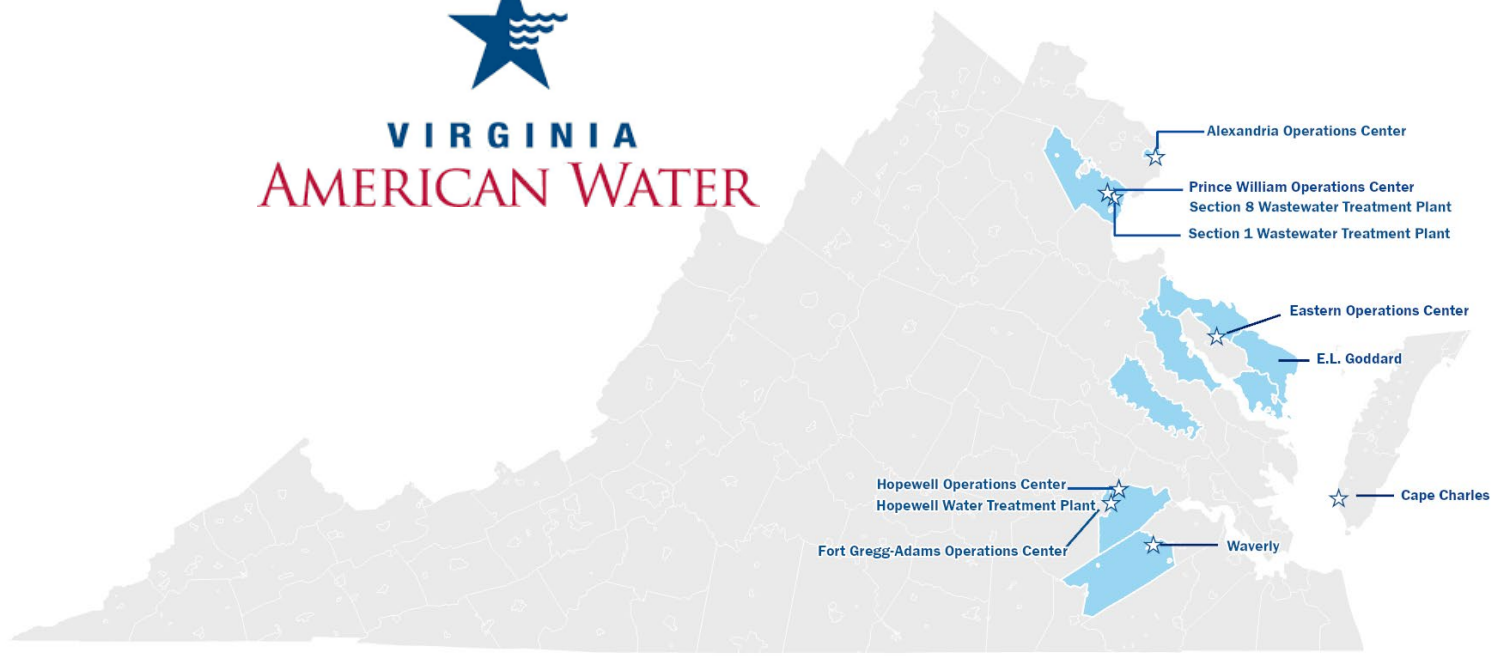
Population Served

50,000,000 GALS

Water Delivered Each Day

17 YEARS

Without a Drinking Water or Wastewater NOV



ALEXANDRIA
SINCE 1850

HOPEWELL
SINCE 1930

FORT LEE
SINCE 2001
(→MSG)

PRINCE WILLIAM
SINCE 1966

NORTHERN NECK
SINCE 2000

WAVERLY
SINCE 2022

CAPE CHARLES
SINCE 2024

Meet Our Leadership Team



Laura Runkle
President VA & MD
16 Years of Experience



Charlie Piekanski
VP of Operations VA & MD
31 Years of Experience



Christian Volk
Director of Operations & Water Quality
27 Years of Experience



Anna Kazasi, PE, ENV SP, CDT
Director of Engineering
16 Years of Experience

Local Operations Team



Matt Elliott

Superintendent, Operations



Patrick Christman

Supervisor, Treatment



Jason Toadvine

Technician, Field Operations



Daniel Dabinett

*Senior Technician,
Maintenance and Relief
Operator*



Scotty Neville

Supervisor, Treatment



George Hall

Supervisor, Field Operations



Matthew Justice

*Senior Operator, Water
Treatment*



Gerald Elliott

Technician, Field Operations



Alexander Pino

*Senior Technician,
Maintenance and Relief
Operator*



Freddie Meditz

*Senior Operator, Water
Treatment*

Key Milestones In Our Partnership

November 2020

Virginia American Water submits proposal to purchase the Town of Cape Charles water and wastewater utilities

January 2022

Cape Charles Town Council advances Virginia American Water to public review phase

February 2022

Town hosts two open town hall meetings to address residents' questions

October 2022

Town hosts two open town hall meetings to address residents' questions

November 2022

Town hosts formal public hearing to receive comments regarding proposed sale

January 2023

Virginia American Water and the Town of Cape Charles sign asset purchase agreement for the town's drinking water and wastewater assets

April 2024

Virginia State Corporation Commission approves acquisition



American Water Funding Overview

Operations & Maintenance Expenses (OPEX) Budget

- **Expenses to run the business:** Treatment chemicals, power, labor, equipment maintenance, supplies, groundskeeping...etc.

Capital Expenses (CAPEX) Budget

- **Recurring (small) projects (RPs) run by the local operations:** install new or replace pipes, valves, hydrants, manholes, service lines and laterals, meters, computer systems, security equipment, vehicles, tools and equipment, process plant equipment improvement/replacement, tank rehabilitation and engineering studies.
- **Engineering (large) projects:** Larger projects such as new treatment step implementation, treatment process facility replacement, building construction...etc.



Completed/Ongoing Capital Investment Projects

Capital Investments in Cape Charles

Complete comprehensive planning study

Strategic document identifying necessary capital projects to meet regulatory requirements, upgrade infrastructure and support growth.

Complete CAPEX projects: To address existing issues and start system upgrades

Water & Wastewater CAPEX Projects
Broken/obsolete equipment replacement, treatment plant upgrades, automation
Compliance with VDH regulations Compliance with DEQ regulations
Safety improvement
Equipment reliability and resiliency (back up) improvement to avoid outages
Operations, treatment and water quality improvements
Distribution system upgrades Sewer collection system leaks: Inflow and infiltration issues during precipitation events. Lift station upgrades
Source of supply improvement (resiliency, water quality and growth)

Total Expenses

Total CAPEX for 2024 (May-Dec. 2024):

Wastewater : **\$1.0 M**

Water: **\$1.1 M**

Total CAPEX for 2025:

Wastewater: **\$1.3 M**

Water: **\$1.7 M**

Total CAPEX Budget for 2026:

Wastewater: **\$1.1 M**

Water : **\$1.1 M**



Mason Ave. Lift Station

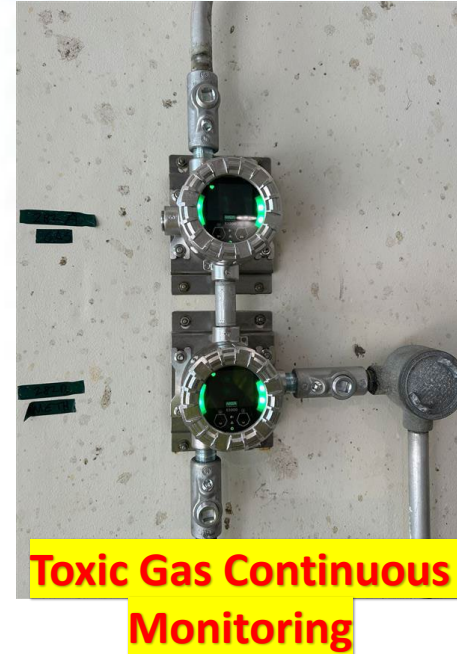
Wastewater: Completed/ Ongoing RP projects

Project	Purpose
<p>Plant Upgrades Projects</p> <ul style="list-style-type: none"> - Fine screen rehab (incl. programming) - Membrane reactor relining - Trojan Ultra Violet (UV) system upgrades - Belt filter press rehabilitation - Exterior/emergency lighting replacement, automated entry/exit gates, cameras, keyless entry - Headworks Gas Monitoring System Upgrade - Fall Davit Installation - Miscellaneous spare parts & equipment - Misc. automation, actuators, grit system programming - Control System (SCADA) Improvements - Blower Replacement, Non potable water system replacement 	<ul style="list-style-type: none"> - Reliability increase - membrane longevity increase - Proper disinfection and reliability increase - Treatment and reliability improvement - Security - Safety (continuous detection of toxic gases) - Safety (Fall protection) - Reliability and resiliency - Automation - Automation and reliability improvement - Increase membrane longevity
<p>HVAC/Ventilation Replacement/upgrades</p> <ul style="list-style-type: none"> - HVAC – Main MCC, headworks MCC, solids processing MCC, admin building - Ventilation – solids processing, headworks buildings 	<ul style="list-style-type: none"> - Equipment resiliency, building improvement - Safety improvement

Wastewater: Completed/ Ongoing RP projects

Project	Purpose
<p>Collection System Projects:</p> <ul style="list-style-type: none"> - Vacuum truck and sewer lateral camera - Lift station door replacements - Lift Station generator replacements (Washington/Pine St.) - General electrical/lighting replacement and upgrades at lift stations - Washington control panel replacement and Mission Communications alarm systems for Pine and Plum Lift Stations - Vacuum station valve, vacuum tank replacement - Mason Ave Lift Station upgrades & bypass pump rehab - Inflow and infiltration (&I) Study – Sewer metering, smoke testing, and camera Study - Sewer lateral replacements, point repair for I&I, sewer main replacement 	<ul style="list-style-type: none"> - Inspection and cleaning - Security - Reliability/Resiliency - Reliability - Automation, reliability improvement - Reliability - Reliability and resiliency - Reliability - Reliability and growth

Wastewater Projects



Wastewater Projects



Valve Replacement



Generator Replacement



Facility Improvements



Lift Station Rehab

Water: Completed/ Ongoing RP projects

Project	Purpose
<p>Plant Upgrades Projects:</p> <ul style="list-style-type: none"> - Roof replacement, new office, chemical room floor drain replacement - Tower Lighting Replacement - Gate and fencing - East and West Well Production meter and transducer installation, West Well rehab (incl. VFD) - Filter media replacement (incl. filter internal parts) - Chemical feed system replacement, corrosion control treatment implementation - Plant flow meters and additional isolation valves - SCADA Conditioning (incl. UPS upgrades and Mission Communications unit) replacement of SCADA system, instrumentation upgrades - pH and Post Chlorine analyzer installation - Keck Wells tie in - Alternate source of supply study/West Well Replacement - Backwash basin study 	<ul style="list-style-type: none"> - Building improvements - Safety - Security - Accuracy and reliability improvement - Treatment improvement - Treatment & water quality improvement - Accuracy and resiliency improvements - Automation and accuracy - Automation - Water quality improvement and growth - Resiliency and growth - Operations improvement

Water: Completed/ Ongoing RP projects

Project	Purpose
<p>Water Distribution System Projects:</p> <ul style="list-style-type: none"> - New tools and equipment (Wachs Valve Trailer/Dump Trailer) for distribution staff - Service Line Inventory -Lead/Copper Study - Leak Study - Meter Replacements throughout Distribution System (incl. AMI upgrade) - Service line installation and replacement - Strawberry St. main replacement - Various hydrant and valve replacements 	<ul style="list-style-type: none"> - Operations improvement - Compliance requirement - System reliability, growth - Operations improvement, accuracy - System reliability and growth - Reliability - Reliability

Water Projects



Facility Improvements



Computer Control System (SCADA)



Plant Upgrades



Power Monitoring Equipment



Plant Upgrades

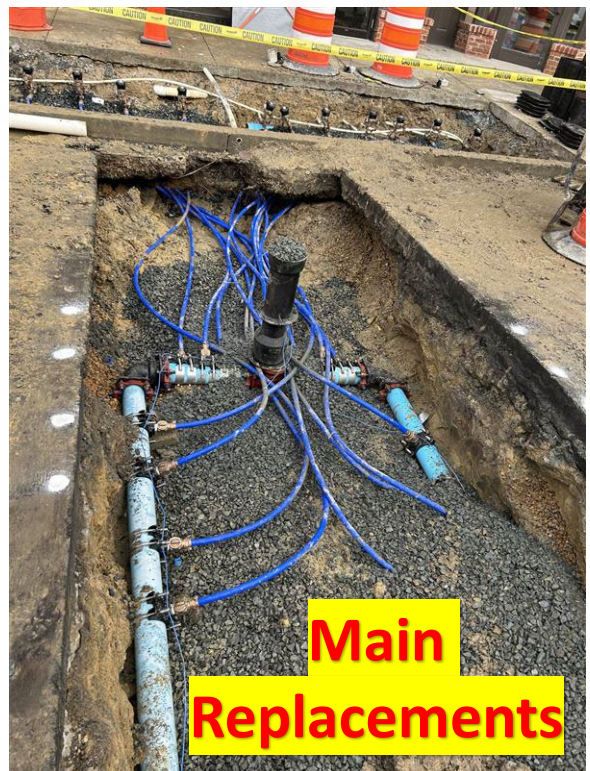


Filter Upgrades



Plant Upgrade

Water Projects





CPS Recommended Projects

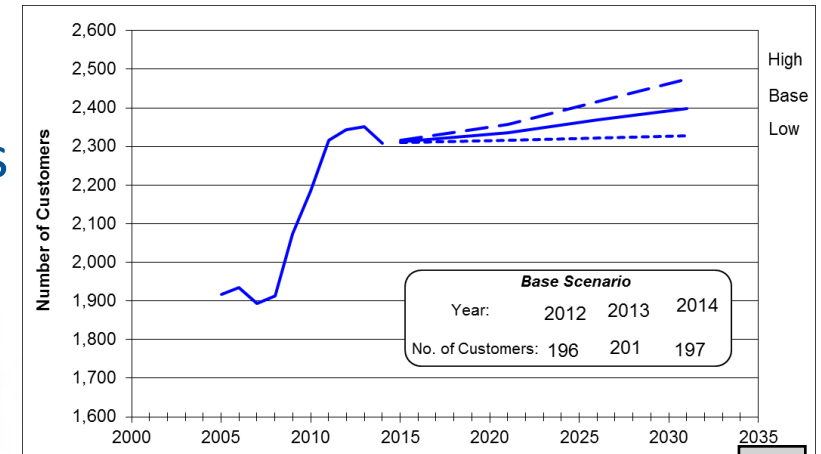
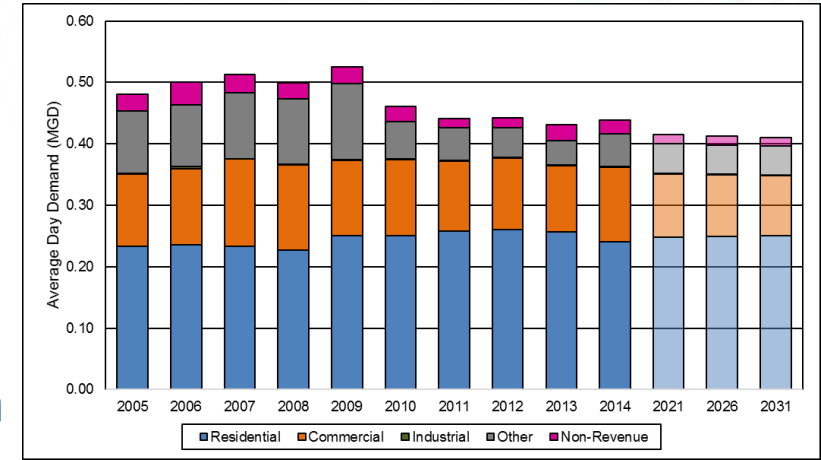
Virginia American Water intends to follow these priorities but may adjust investments or project sequencing if needed to address safety, compliance, reliability, or operational efficiency.

Comprehensive Planning Study (CPS)

- Thorough engineering assessment
- Conducted for the local service area individually
- Uses defined planning criteria
- Input from key internal stakeholders
- Includes assessment of:
 - Customer & Demand Projections
 - Source of Supply & Treatment adequacy
 - Pumping & Storage, Distribution/Collection System Analysis

Customer & Demand Analysis

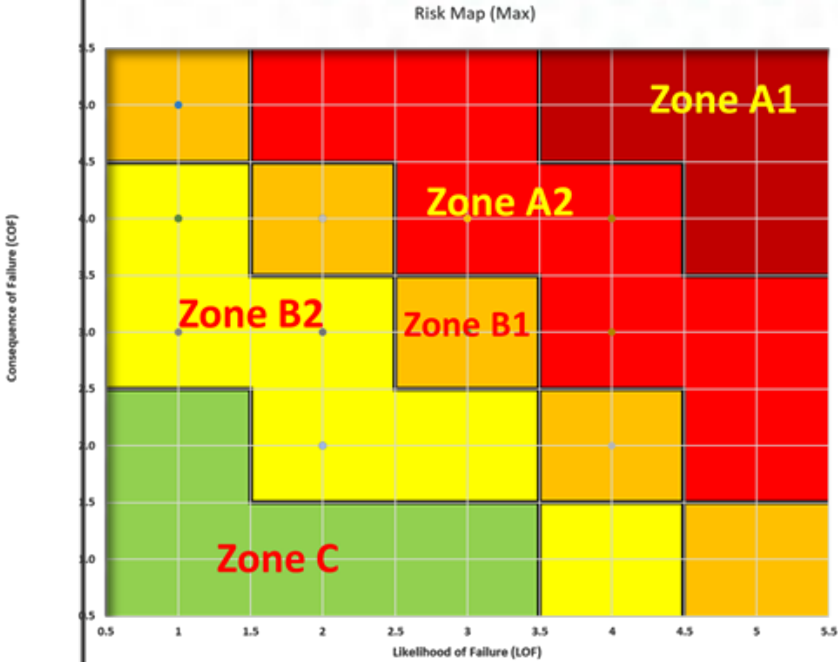
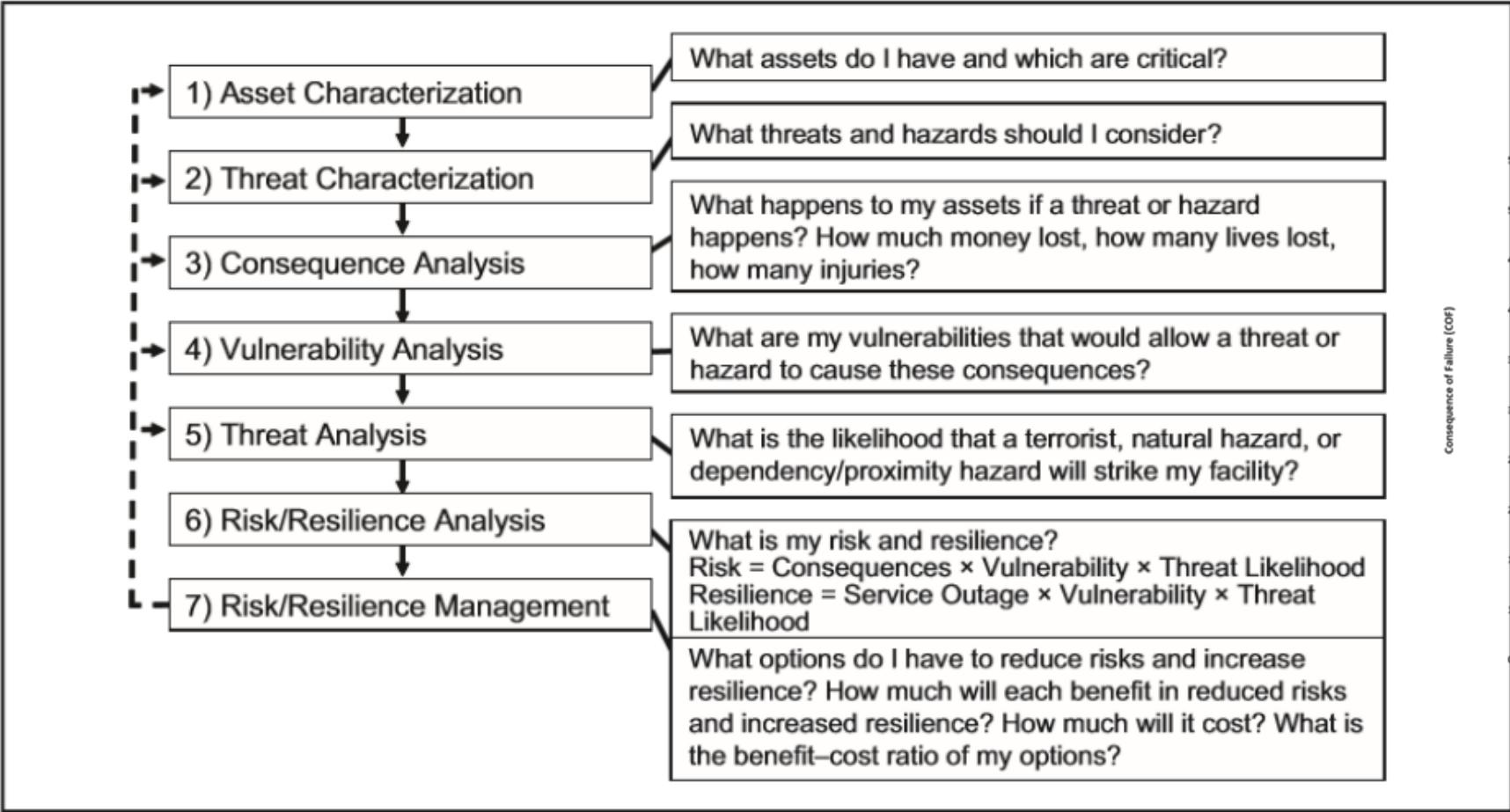
- Critical path of planning studies
- Direct impacts on supply needs & water efficiency assessment
- Key aspects of customer categories:
 - Residential
 - Population projection and historic customer growth
 - Usage per customer (gpcd) trends
 - Commercial, Industrial, and “Other”
 - Top water users and their expected future demands
 - Expected new large users
 - NRW (Wastewater I&I from Wet-Day Flow Monitoring)
 - Metering is critical



Source of Supply & Production Analysis

- Quantity and Quality Evaluation of Sources
- Capacity and Performance Evaluation by process
- Potentially requires most extensive study
 - with longest duration to resolve
 - affecting greatest number of stakeholders with competing interests
 - resulting in largest capital investment
- For Wastewater Treatment:
 - Performance (Regulatory Compliance, Energy Use, etc.)
 - Capacity, Condition, and Resiliency

Risk Register & Project Prioritization for Capital Planning



Reference: ANSI/ASME-ITI/AWWA J100-01 RAMCAP standard 2010

Cape Charles Water Projects

CPS Recommended Projects (\$21.1M-\$45.6M thru 2045)

Section 5, Item B.

Chloride Study & Withdrawal Increase Request	Security & Safety Improvements
Surficial Aquifer & Deep Well Feasibility Study	Process Mechanical Improvements
Emergency Response plan to GWP Exceedance	Pilot Study for Brackish Groundwater Treatment
Process Wastewater Handling Improvements	Resiliency Improvements - Bay Creek South
Arc Flash/Power Study & Electrical Upgrades	East Well Inspection & Rehabilitation
New Storage Tank	Resiliency Improvements - Systemwide
Fire Flow Improvements	Softener Inspection & Media Change
Lighthouse Tank Vault Improvements	HVAC Improvements
Construction of Monitoring Wells	TTHM Reduction
Water Conservation & Management Plan Implementation	Aeration for Iron Removal
Chemical Room Upgrade	Lighthouse Tank Temperature & Coating Study
Tower Well Replacement	Managed Aquifer Recharge Feasibility Study
WTP Expansion	

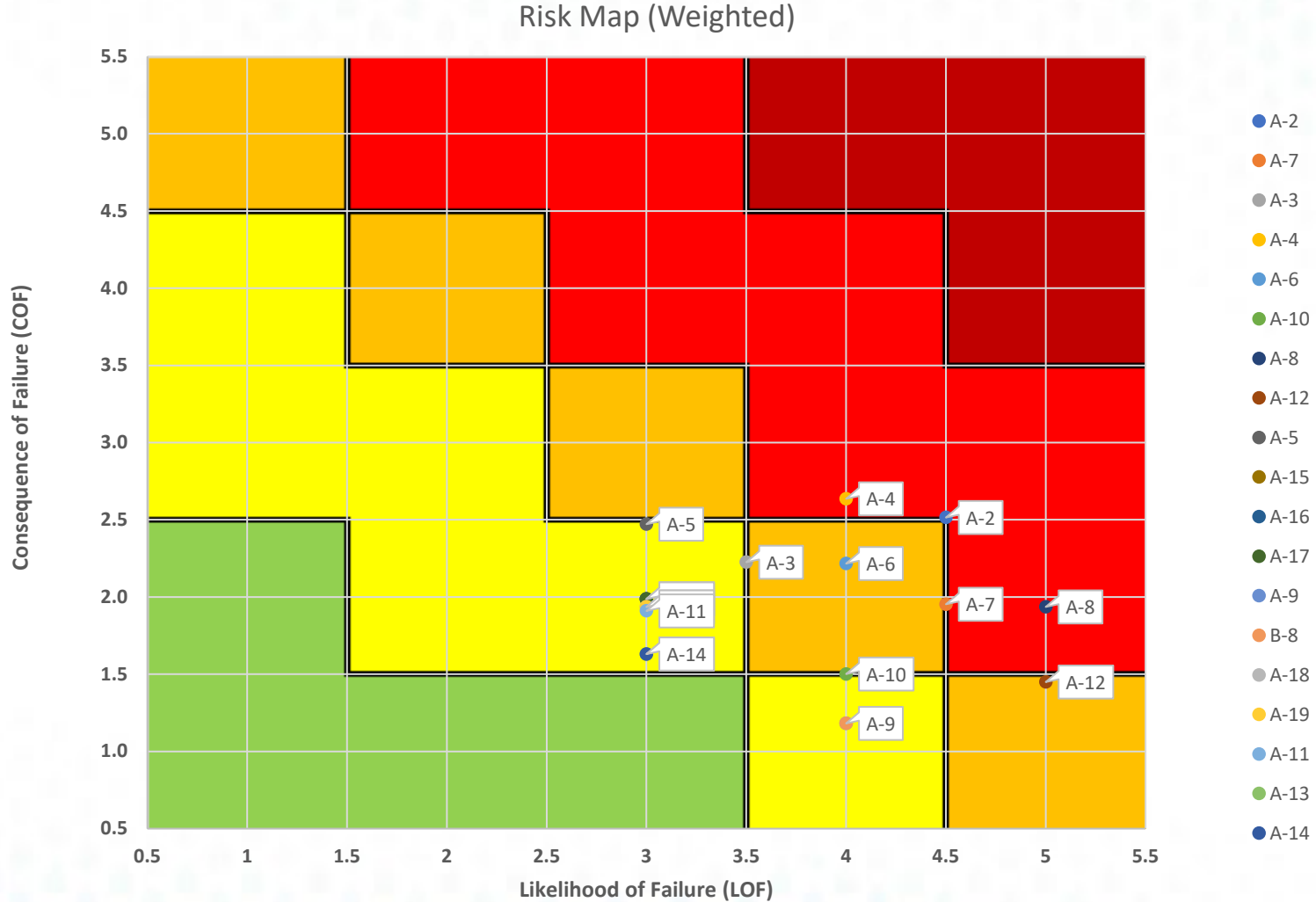
Cape Charles Wastewater Projects

CPS Recommended Projects (\$39.6M-\$74.9M thru 2045)

Section 5, Item B.

Sanitary Sewer Evaluation & Survey (SSES) & I/I Study	Pine St Pump Station Improvements
UV Disinfection Rehabilitation & Upgrades	Plum Street Pump Station Improvements
Fig St Tank Replacement	Sludge Dewatering Process Improvements
Mason Ave Pump Station Improvements	Gravity Collection System Hydraulic Modeling & Capacity Study
Gravity Main & Manhole Rehabilitation/Replacement	Vacuum Collection System Hydraulic Modeling & Capacity Study
Instrumentation & SCADA Improvements	WWTP Expansion – Phase 2
Power Study & Electrical Upgrades	Plant Water System Rehabilitation
WWTP Expansion – Phase 1	Process Mechanical Improvements
Headworks Process Improvements	Influent Flow Box Odor Control
Washington Ave Pump Station Improvements	Site Improvements & Storage Expansion
Supplemental Carbon Storage & Feed Upgrades	Wet Well Diffusers for Gravity Pump Stations
Force Main Condition Assessments	Treatment Process Modeling & Optimization Study
New Quarter Vacuum Pump Station Improvements	Non-Potable Reuse of WWTP Effluent
Heron Pointe Vacuum Pump Station Improvements	Septage Receiving Station Study
Fig St Vacuum Pump Station Improvements	Managed Aquifer Recharge Study
HVAC Improvements	WWTP & Pump Station Improvements
Membrane Tank Safety Improvements	

Wastewater Projects - Risk Map



Q & A

—
Thank you!
—

MUNICIPAL CORPORATION OF CAPE CHARLES, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

MUNICIPAL CORPORATION OF CAPE CHARLES, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

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**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025**

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MUNICIPAL CORPORATION OF CAPE CHARLES, VIRGINIA

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Independent Auditors' Report

**To the Honorable Members of the Municipal Corp. Council
Municipal Corporation of Cape Charles
Cape Charles, Virginia**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Municipal Corporation of Cape Charles, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Municipal Corporation of Cape Charles, Virginia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund of the Municipal Corporation of Cape Charles, Virginia, as of and for the year ended June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Municipal Corporation of Cape Charles, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Changes in Accounting Principles

As described in Note 16 to the financial statements, in 2025, the Town adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 17 to the financial statements, in 2025, the Town restated beginning balances to reflect the requirements of GASB Statement No. 101. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Municipal Corporation of Cape Charles, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Municipal Corporation of Cape Charles, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Municipal Corporation of Cape Charles, Virginia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipal Corporation of Cape Charles, Virginia 's basic financial statements. The accompanying individual fund financial statements and schedules and supporting schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the individual fund financial statements and schedules, and supporting schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2026, on our consideration of Municipal Corporation of Cape Charles, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Municipal Corporation of Cape Charles, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Municipal Corporation of Cape Charles, Virginia's internal control over financial reporting and compliance.

Robinson, Fennell, Cox Associates

Richmond, Virginia
March 23, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

**To the Honorable Members of the Municipal Corporation Council
To the Citizens of the Municipal Corporation of Cape Charles
Cape Charles, Virginia**

As management of Municipal Corporation of Cape Charles, Virginia (the "Municipal Corp.") we offer readers of the Municipal Corp.'s financial statements this narrative overview and analysis of the financial activities of the Municipal Corp. for the fiscal year ended June 30, 2025. Please read it in conjunction with the Municipal Corp.'s basic financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

- < The assets and deferred outflows of resources of the Municipal Corp. exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$32,483,218 (net position).

Fund Financial Statements

Governmental funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other uses by \$1,008,914 (Exhibit 5).

- < As of the close of the current fiscal year, the Municipal Corp.'s general fund reported an ending fund balance of \$18,645,172, an increase of \$578,109 in comparison with the prior year.
- < The combined long-term obligations increased \$97,851 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Municipal Corp.'s basic financial statements. The Municipal Corp.'s basic financial statements comprise three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the Municipal Corp.'s finances, in a manner like a private-sector business.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Overview of the Financial Statements (Continued)

Government-wide financial statements (Continued)

The statement of net position presents information on all the Municipal Corp.'s assets and deferred outflows and liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Municipal Corp. is improving or deteriorating.

The statement of activities presents information showing how the Municipal Corp.'s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the Municipal Corp. that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Municipal Corp. include general government, police protection, cultural events, recreation, and community development.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Municipal Corporation of Cape Charles, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Municipal Corp. can be divided into two categories: governmental funds and proprietary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided following the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Municipal Corp. has four major governmental funds - the General Fund, the Special Revenue Fund, the Debt Service Fund, and the Capital Projects fund.

Proprietary funds - Proprietary funds consist of enterprise funds. Enterprise funds are established to account for the delivery of goods and services to the general public and use the accrual basis of accounting, similar to private sector business.

The Harbor Fund provides docking facilities and fuel sales for harbor customers. The Sanitation Fund provides refuse collection services.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Overview of the Financial Statements (Continued)

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and the schedules related to pension and OPEB funding. Other supplementary information consists of detailed budgetary schedules and statistical information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Municipal Corp.'s financial position. In the case of the Municipal Corp., assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$32,423,918 at the close of the most recent fiscal year. The following table summarizes the Municipal Corp.'s Statement of Net Position:

Municipal Corporation of Cape Charles, Virginia's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$21,039,668	\$20,424,206	\$ 146,931	\$ 446,438	\$21,186,599	\$20,870,644
Capital assets	6,847,734	6,774,479	5,318,141	5,345,676	12,165,875	12,120,155
Total assets	\$27,887,402	\$27,198,685	\$ 5,465,072	\$ 5,792,114	\$33,352,474	\$32,990,799
Deferred outflows of resources:						
Pension related items	\$ 122,001	\$ 119,653	\$ -	\$ -	\$ 122,001	\$ 119,653
OPEB related items	23,795	24,238	-	-	23,795	24,238
Total deferred outflows of resources	\$ 145,796	\$ 143,891	\$ -	\$ -	\$ 145,796	\$ 143,891
Current liabilities	\$ 238,426	\$ 403,958	\$ 154,648	\$ 546,879	\$ 393,074	\$ 950,837
Long-term liabilities outstanding	474,492	317,341	-	-	474,492	317,341
Total liabilities	\$ 712,918	\$ 721,299	\$ 154,648	\$ 546,879	\$ 867,566	\$ 1,268,178
Deferred inflows of resources:						
Deferred revenue - prepaid taxes	\$ 40,760	\$ 10,251	\$ -	\$ -	\$ 40,760	\$ 10,251
Lease deferrals	2,061	4,123	-	-	2,061	4,123
Pension related items	146,734	86,175	-	-	146,734	86,175
OPEB related items	17,231	15,258	-	-	17,231	15,258
Total deferred inflows of resources	\$ 206,786	\$ 115,807	\$ -	\$ -	\$ 206,786	\$ 115,807
Net position:						
Net investment in capital assets	\$ 6,755,362	\$ 6,675,026	\$ 5,318,141	\$ 5,345,676	\$12,073,503	\$12,020,702
Restricted:						
Net pension asset	660,527	489,426	-	-	660,527	489,426
Unrestricted	19,697,605	18,934,912	(7,717)	(100,441)	19,689,888	18,834,471
Total net position	\$27,113,494	\$26,099,364	\$ 5,310,424	\$ 5,245,235	\$32,423,918	\$31,344,599

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis (Continued)

During the current fiscal year, the Municipal Corp.'s net position increased by \$1,138,619. The following table summarizes the Municipal Corp.'s Statement of Activities:

Municipal Corporation of Cape Charles, Virginia's Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 596,803	\$ 482,538	\$ 1,224,489	\$ 2,772,817	\$ 1,821,292	\$ 3,255,355
Operating grants and contributions	243,556	448,040	-	-	243,556	448,040
Capital grants and contributions	-	536,473	140,822	357,594	140,822	894,067
General revenues:						
General property taxes	1,743,605	1,934,275	-	-	1,743,605	1,934,275
Other local taxes	2,101,081	2,147,461	-	-	2,101,081	2,147,461
Grants and other contributions not restricted	65,323	66,378	-	228,687	65,323	295,065
Other general revenues	950,884	643,149	-	208,454	950,884	851,603
Total revenues	<u>\$ 5,701,252</u>	<u>\$ 6,258,314</u>	<u>\$ 1,365,311</u>	<u>\$ 3,567,552</u>	<u>\$ 7,066,563</u>	<u>\$ 9,825,866</u>
Expenses:						
General government administration						
	\$ 1,717,815	\$ 1,504,838	\$ -	\$ -	\$ 1,717,815	\$ 1,504,838
Public safety	1,344,111	874,738	-	-	1,344,111	874,738
Public works	865,388	697,154	-	-	865,388	697,154
Parks, recreation, and cultural	272,811	198,865	-	-	272,811	198,865
Community development	261,225	296,311	-	-	261,225	296,311
Interest and other fiscal charges	3,238	23,607	-	-	3,238	23,607
Enterprise funds	-	-	1,463,356	3,373,345	1,463,356	3,373,345
Total expenses	<u>\$ 4,464,588</u>	<u>\$ 3,595,513</u>	<u>\$ 1,463,356</u>	<u>\$ 3,373,345</u>	<u>\$ 5,927,944</u>	<u>\$ 6,968,858</u>
Special Item	\$ -	\$ -	\$ -	\$ (5,197,178)	-	\$ (5,197,178)
Transfers	\$ (163,234)	\$ 13,874,558	\$ 163,234	\$ (13,874,558)	\$ -	\$ -
Change in net position	\$ 1,073,430	\$ 16,537,359	\$ 65,189	\$ (18,877,529)	\$ 1,138,619	\$ (2,340,170)
Beginning of year, as previously reported	26,099,364	9,562,005	5,245,235	24,122,764	31,344,599	33,684,769
Restatement	(59,300)	-	-	-	(59,300)	-
Beginning of year, as restated	<u>26,040,064</u>	<u>9,562,005</u>	<u>5,245,235</u>	<u>24,122,764</u>	<u>31,285,299</u>	<u>33,684,769</u>
End of year	<u>\$ 27,113,494</u>	<u>\$ 26,099,364</u>	<u>\$ 5,310,424</u>	<u>\$ 5,245,235</u>	<u>\$ 32,423,918</u>	<u>\$ 31,344,599</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis of the Municipal Corp.'s Funds

As noted earlier, the Municipal Corp. used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the Municipal Corp.'s governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the Municipal Corp.'s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a Municipal Corp.'s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Municipal Corp.'s governmental funds reported a fund balance of \$20,019,736, an increase of \$1,008,914 in comparison with the prior year. \$18,432,287 of fund balance was unassigned. The majority of the increase in fund balance is attributable to lower expenditures than budgeted for.

Proprietary Funds - The Municipal Corp.'s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position at the end of the year amounted to (\$7,717). Total net position increased \$65,189.

General Fund Budgetary Highlights

During the year, actual revenues and other sources were more than budgetary estimates by \$308,595. Actual expenditures and other uses were less than budgetary estimates by \$547,514, resulting in a positive variance of \$856,109.

Capital Asset and Debt Administration

Capital assets - The Municipal Corp.'s investment in capital assets for its governmental activities and business type activities as of June 30, 2025, amounts to \$6,847,734 and \$5,318,141, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure, and leases.

Additional information on the Municipal Corp.'s capital assets can be found in Note 5 of this report.

Long-term debt - At the end of the current fiscal year, the Municipal Corp. had total long-term debt outstanding of \$92,372. Of this amount, none comprises debt backed by the full faith and credit of the Municipal Corp. The remainder of the Municipal Corp.'s debt represents amounts secured solely by specific property (notes payable and equipment leases).

During the current fiscal year, the Municipal Corp.'s total debt outstanding decreased by \$7,081.

Additional information on the Municipal Corp.'s long-term debt can be found in Note 6 of this report.

Next Year Budget

The fiscal year 2026 total budget decreased by approximately 26% due to the sale of the water and sewer plant in fiscal year 2024.

Requests for Information

This financial report is designed to provide a general overview of the Municipal Corporation of Cape Charles, Virginia's finances for all those with an interest in the Municipal Corp.'s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Municipal Corp. Manager, 2 Plum Street, Cape Charles, Virginia 23310.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Municipal Corporation of Cape Charles, Virginia
Statement of Net Position
June 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 18,788,848	\$ 27,766	\$ 18,816,614
Investments	1,110,746	-	1,110,746
Receivables (net of allowance for uncollectibles):			
Taxes receivable	90,122	-	90,122
Accounts receivable	288,581	109,901	398,482
Lease receivable	1,196	-	1,196
Due from other entities	71,100	-	71,100
Due from other governmental units	28,314	-	28,314
Inventories	-	9,264	9,264
Prepaid items	234	-	234
Net pension asset	660,527	-	660,527
Capital assets (net of accumulated depreciation):			
Land and land improvements	2,165,460	-	2,165,460
Buildings and improvements	636,915	-	636,915
Improvements other than buildings	-	5,208,678	5,208,678
Machinery and equipment	499,596	109,463	609,059
Lease equipment	7,369	-	7,369
Infrastructure	2,815,661	-	2,815,661
Construction in progress	722,733	-	722,733
Total assets	<u>\$ 27,887,402</u>	<u>\$ 5,465,072</u>	<u>\$ 33,352,474</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 122,001	\$ -	\$ 122,001
OPEB related items	23,795	-	23,795
Total deferred outflows of resources	<u>\$ 145,796</u>	<u>\$ -</u>	<u>\$ 145,796</u>
LIABILITIES			
Accounts payable	\$ 99,638	\$ 147,798	\$ 247,436
Accrued liabilities	138,788	6,850	145,638
Long-term liabilities:			
Due within one year	69,070	-	69,070
Due in more than one year	405,422	-	405,422
Total liabilities	<u>\$ 712,918</u>	<u>\$ 154,648</u>	<u>\$ 867,566</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 146,734	\$ -	\$ 146,734
OPEB related items	17,231	-	17,231
Lease deferrals	2,061	-	2,061
Deferred revenue - property taxes	40,760	-	40,760
Total deferred inflows of resources	<u>\$ 206,786</u>	<u>\$ -</u>	<u>\$ 206,786</u>
NET POSITION			
Net investment in capital assets	\$ 6,755,362	\$ 5,318,141	\$ 12,073,503
Restricted:			
Net pension asset	660,527	-	660,527
Unrestricted (deficit)	19,697,605	(7,717)	19,689,888
Total net position	<u>\$ 27,113,494</u>	<u>\$ 5,310,424</u>	<u>\$ 32,423,918</u>

The notes to the financial statements are an integral part of this statement.

Municipal Corporation of Cape Charles, Virginia
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Primary Government Business-type Activities		Total
			Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-type Activities	
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 1,717,815	\$ 33,677	\$ -	\$ -	\$ (1,684,138)	\$ -	\$ -	\$ (1,684,138)
Public safety	1,344,111	561,987	108,942	-	(673,182)	-	-	(673,182)
Public works	865,388	-	130,114	-	(735,274)	-	-	(735,274)
Parks, recreation, and cultural	272,811	1,139	4,500	-	(267,172)	-	-	(267,172)
Community development	261,225	-	-	-	(261,225)	-	-	(261,225)
Interest on long-term debt	3,238	-	-	-	(3,238)	-	-	(3,238)
Total governmental activities	\$ 4,464,588	\$ 596,803	\$ 243,556	\$ -	\$ (3,624,229)	\$ -	\$ -	\$ (3,624,229)
Business-type activities:								
Harbor	\$ 1,123,515	\$ 888,770	\$ -	\$ 140,822	\$ -	\$ (93,923)	\$ (93,923)	\$ (93,923)
Sanitation	339,841	335,719	-	-	-	(4,122)	(4,122)	(4,122)
Total business-type activities	\$ 1,463,356	\$ 1,224,489	\$ -	\$ 140,822	\$ -	\$ (98,045)	\$ (98,045)	\$ (98,045)
Total primary government	\$ 5,927,944	\$ 1,821,292	\$ 243,556	\$ 140,822	\$ (3,624,229)	\$ (98,045)	\$ (98,045)	\$ (3,722,274)

General revenues:	\$ 1,743,605	\$ -	\$ -	\$ 1,743,605
General property taxes	871,355	-	-	871,355
Restaurant food taxes	311,242	-	-	311,242
Business license taxes	645,391	-	-	645,391
Hotel and motel room taxes	273,093	-	-	273,093
Other local taxes	894,726	-	-	894,726
Unrestricted revenues from use of money	56,158	-	-	56,158
Miscellaneous	65,323	-	-	65,323
Grants and contributions not restricted to specific programs	(163,234)	163,234	-	-
Transfers	4,697,659	163,234	\$ 4,860,893	
Total general revenues and transfers	\$ 1,073,430	\$ 65,189	\$ 1,138,619	
Change in net position	26,099,364	5,245,235	31,344,599	
Net position - beginning - as previously stated	(59,300)	-	(59,300)	
Restatement	26,040,064	5,245,235	31,285,299	
Net position - beginning - as restated	\$ 27,113,494	\$ 5,310,424	\$ 32,423,918	
Net position - ending				

Section 5, Item C.

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

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Exhibit 3

Municipal Corporation of Cape Charles, Virginia
Balance Sheet
Governmental Funds
June 30, 2025

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 17,427,052	\$ -	\$ 1,574,447	\$ 19,001,499
Investments	1,110,746	-	-	1,110,746
Receivables:				
Taxes receivable	90,122	-	-	90,122
Accounts receivable	275,813	-	12,768	288,581
Lease receivable	1,196	-	-	1,196
Due from other entities	71,100	-	-	71,100
Due from other governmental units	28,314	-	-	28,314
Prepaid items	234	-	-	234
Total assets	<u>\$ 19,004,577</u>	<u>\$ -</u>	<u>\$ 1,587,215</u>	<u>\$ 20,591,792</u>
LIABILITIES				
Accounts payable	\$ 99,638	\$ -	\$ -	\$ 99,638
Accrued liabilities	138,788	-	-	138,788
Reconciled overdraft payable	-	212,651	-	212,651
Total liabilities	<u>\$ 238,426</u>	<u>\$ 212,651</u>	<u>\$ -</u>	<u>\$ 451,077</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 118,918	\$ -	\$ -	\$ 118,918
Lease deferrals	2,061	-	-	2,061
Total deferred inflows of resources	<u>\$ 120,979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,979</u>
FUND BALANCE				
Nonspendable:				
Prepaid items	\$ 234	\$ -	\$ -	\$ 234
Committed	-	-	1,587,215	1,587,215
Unassigned (deficit)	18,644,938	(212,651)	-	18,432,287
Total fund balance (deficit)	<u>\$ 18,645,172</u>	<u>\$ (212,651)</u>	<u>\$ 1,587,215</u>	<u>\$ 20,019,736</u>
Total liabilities, deferred inflows of resources and fund balance (deficit)	<u>\$ 19,004,577</u>	<u>\$ -</u>	<u>\$ 1,587,215</u>	<u>\$ 20,591,792</u>

The notes to the financial statements are an integral part of this statement.

Municipal Corporation of Cape Charles, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2025

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balance per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 20,019,736
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets	\$ 12,705,278	
Accumulated depreciation	<u>(5,857,544)</u>	6,847,734
The net pension asset is not an available resource and, therefore, is not reported in the funds.		
		660,527
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue.		
Unavailable property taxes		78,158
Deferred outflows of resources are not available to pay for current period expenditures, and therefore, are not reported in the funds.		
Pension related items	\$ 122,001	
OPEB related items	<u>23,795</u>	145,796
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:		
Bonds and notes payable	\$ (85,894)	
Lease liabilities	(6,478)	
Net OPEB liability	(77,110)	
Compensated absences	<u>(305,010)</u>	(474,492)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (146,734)	
OPEB related items	<u>(17,231)</u>	(163,965)
Net position of governmental activities		<u><u>\$ 27,113,494</u></u>

The notes to the financial statements are an integral part of this statement.

Municipal Corporation of Cape Charles, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2025

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
REVENUES					
General property taxes	\$ 1,764,967	\$ -	\$ -	\$ -	\$ 1,764,967
Other local taxes	2,101,081	-	-	-	2,101,081
Permits, privilege fees, and regulatory licenses	537,172	-	-	-	537,172
Fines and forfeitures	24,467	-	-	-	24,467
Revenue from the use of money and property	690,690	-	-	237,713	928,403
Charges for services	1,487	-	-	-	1,487
Miscellaneous	55,724	434	-	-	56,158
Recovered costs	42,790	-	-	-	42,790
Intergovernmental:					
Commonwealth	105,302	19,500	-	-	124,802
Federal	56,514	-	-	127,563	184,077
Total revenues	<u>\$ 5,380,194</u>	<u>\$ 19,934</u>	<u>\$ -</u>	<u>\$ 365,276</u>	<u>\$ 5,765,404</u>
EXPENDITURES					
Current:					
General government administration	\$ 1,688,479	\$ -	\$ -	\$ -	\$ 1,688,479
Public safety	1,015,213	15,000	-	-	1,030,213
Public works	1,053,311	-	-	-	1,053,311
Parks, recreation, and cultural	217,907	6,905	-	-	224,812
Community development	263,477	-	-	-	263,477
Capital projects	-	-	-	322,645	322,645
Debt service:					
Principal retirement	7,604	-	27,477	-	35,081
Interest and other fiscal charges	595	-	2,643	-	3,238
Total expenditures	<u>\$ 4,246,586</u>	<u>\$ 21,905</u>	<u>\$ 30,120</u>	<u>\$ 322,645</u>	<u>\$ 4,621,256</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,133,608</u>	<u>\$ (1,971)</u>	<u>\$ (30,120)</u>	<u>\$ 42,631</u>	<u>\$ 1,144,148</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 100,000	\$ -	\$ 30,120	\$ 390,145	\$ 520,265
Transfers out	(683,499)	-	-	-	(683,499)
Issuance of notes payable	28,000	-	-	-	28,000
Total other financing sources (uses)	<u>\$ (555,499)</u>	<u>\$ -</u>	<u>\$ 30,120</u>	<u>\$ 390,145</u>	<u>\$ (135,234)</u>
Net change in fund balance	\$ 578,109	\$ (1,971)	\$ -	\$ 432,776	\$ 1,008,914
Fund balance (deficit) - beginning	18,067,063	(210,680)	-	1,154,439	19,010,822
Fund balance (deficit) - ending	<u>\$ 18,645,172</u>	<u>\$ (212,651)</u>	<u>\$ -</u>	<u>\$ 1,587,215</u>	<u>\$ 20,019,736</u>

The notes to the financial statements are an integral part of this statement.

Municipal Corporation of Cape Charles, Virginia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2025

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental funds		\$ 1,008,914
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is a summary of items supporting this adjustment:</p>		
Capital asset additions	\$ 403,816	
Depreciation expense	<u>(330,561)</u>	73,255
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of changes in unavailable taxes.</p>		
Increase (decrease) in unavailable property taxes		(21,362)
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. A summary of items supporting this adjustment is as follows:</p>		
Principal retirement on notes payable	\$ 27,477	
Principal retirement on lease liabilities	7,604	
Issuance of notes payable	<u>(28,000)</u>	7,081
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:</p>		
Change in compensated absences	\$ (114,053)	
Change in OPEB related items	6,705	
Change in pension related items	<u>112,890</u>	5,542
Change in net position of governmental activities		<u><u>\$ 1,073,430</u></u>

The notes to the financial statements are an integral part of this statement.

Municipal Corporation of Cape Charles, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2025

	<u>Water and Sewer</u>	<u>Harbor</u>	<u>Sanitation</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 56,974	\$ -	\$ 56,974
Accounts receivable, net of allowance for uncollectibles	-	844	109,057	109,901
Inventories	-	9,264	-	9,264
Total current assets	<u>\$ -</u>	<u>\$ 67,082</u>	<u>\$ 109,057</u>	<u>\$ 176,139</u>
Noncurrent assets:				
Capital assets (net of accumulated depreciation):				
Improvements other than buildings	\$ -	\$ 5,208,678	\$ -	\$ 5,208,678
Machinery and equipment	-	109,463	-	109,463
Total capital assets	<u>\$ -</u>	<u>\$ 5,318,141</u>	<u>\$ -</u>	<u>\$ 5,318,141</u>
Total noncurrent assets	<u>\$ -</u>	<u>\$ 5,318,141</u>	<u>\$ -</u>	<u>\$ 5,318,141</u>
Total assets	<u>\$ -</u>	<u>\$ 5,385,223</u>	<u>\$ 109,057</u>	<u>\$ 5,494,280</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ -	\$ 117,944	\$ 29,854	\$ 147,798
Accrued liabilities	-	6,850	-	6,850
Reconciled overdraft payable	-	-	29,208	29,208
Total current liabilities	<u>\$ -</u>	<u>\$ 124,794</u>	<u>\$ 59,062</u>	<u>\$ 183,856</u>
Total liabilities	<u>\$ -</u>	<u>\$ 124,794</u>	<u>\$ 59,062</u>	<u>\$ 183,856</u>
NET POSITION				
Net investment in capital assets	\$ -	\$ 5,318,141	\$ -	\$ 5,318,141
Unrestricted (deficit)	-	(57,712)	49,995	(7,717)
Total net position	<u>\$ -</u>	<u>\$ 5,260,429</u>	<u>\$ 49,995</u>	<u>\$ 5,310,424</u>

The notes to the financial statements are an integral part of this statement.

Municipal Corporation of Cape Charles, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	<u>Water and Sewer</u>	<u>Harbor</u>	<u>Sanitation</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services:				
Harbor fees	\$ -	\$ 421,598	\$ -	\$ 421,598
Refuse collection	-	-	333,613	333,613
Fuel and oil sales	-	448,296	-	448,296
Penalties	-	-	2,106	2,106
Other revenues	-	18,876	-	18,876
Total operating revenues	<u>\$ -</u>	<u>\$ 888,770</u>	<u>\$ 335,719</u>	<u>\$ 1,224,489</u>
OPERATING EXPENSES				
Personnel services	\$ -	\$ 101,947	\$ -	\$ 101,947
Fringe benefits	-	24,705	-	24,705
Contractual services	-	188,321	321,910	510,231
Other supplies and expenses	-	548,670	17,931	566,601
Depreciation	-	259,872	-	259,872
Total operating expenses	<u>\$ -</u>	<u>\$ 1,123,515</u>	<u>\$ 339,841</u>	<u>\$ 1,463,356</u>
Operating income (loss)	<u>\$ -</u>	<u>\$ (234,745)</u>	<u>\$ (4,122)</u>	<u>\$ (238,867)</u>
Capital contributions and construction grants:				
Commonwealth	\$ -	\$ 140,822	\$ -	\$ 140,822
Transfers in	\$ -	\$ 263,234	\$ -	\$ 263,234
Transfers out	(100,000)	-	-	(100,000)
Change in net position	<u>\$ (100,000)</u>	<u>\$ 169,311</u>	<u>\$ (4,122)</u>	<u>\$ 65,189</u>
Net position - beginning	100,000	5,091,118	54,117	5,245,235
Net position - ending	<u>\$ -</u>	<u>\$ 5,260,429</u>	<u>\$ 49,995</u>	<u>\$ 5,310,424</u>

The notes to the financial statements are an integral part of this statement.

Municipal Corporation of Cape Charles, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Water and <u>Sewer</u>	<u>Harbor</u>	<u>Sanitation</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ -	\$ 1,117,591	\$ 257,685	\$ 1,375,276
Payments for operating expenses	-	(698,174)	(362,907)	(1,061,081)
Payments to employees	-	(126,652)	-	(126,652)
Other receipts (payments)	-	(407,510)	29,208	(378,302)
Net cash provided by (used for) operating activities	\$ -	\$ (114,745)	\$ (76,014)	\$ (190,759)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	\$ (100,000)	\$ -	\$ -	\$ (100,000)
Transfers from other funds	-	263,234	-	263,234
Net cash provided by (used for) noncapital financing activities	\$ (100,000)	\$ 263,234	\$ -	\$ 163,234
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	\$ -	\$ (232,337)	\$ -	\$ (232,337)
Capital grants	-	140,822	-	140,822
Net cash provided by (used for) capital and related financing activities	\$ -	\$ (91,515)	\$ -	\$ (91,515)
Net increase (decrease) in cash and cash equivalents	\$ (100,000)	\$ 56,974	\$ (76,014)	\$ (119,040)
Cash and cash equivalents - beginning	100,000	-	76,014	176,014
Cash and cash equivalents - ending	\$ -	\$ 56,974	\$ -	\$ 56,974
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ -	\$ (234,745)	\$ (4,122)	\$ (238,867)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	\$ -	\$ 259,872	\$ -	\$ 259,872
(Increase) decrease in accounts receivable	-	228,821	(78,034)	150,787
(Increase) decrease in inventories	-	472	-	472
Increase (decrease) in accounts payable	-	31,495	(23,066)	8,429
Increase (decrease) in accrued liabilities	-	6,850	-	6,850
Increase (decrease) in reconciled overdraft payable	-	(407,510)	29,208	(378,302)
Total adjustments	\$ -	\$ 120,000	\$ (71,892)	\$ 48,108
Net cash provided by (used for) operating activities	\$ -	\$ (114,745)	\$ (76,014)	\$ (190,759)

The notes to the financial statements are an integral part of this statement.

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MUNICIPAL CORPORATION OF CAPE CHARLES, VIRGINIA

Notes to Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies:

The Municipal Corporation of Cape Charles, Virginia (the "Municipal Corp.") is governed by an elected mayor and a six-member Council. The Municipal Corp. provides a full range of services for its citizens. These services include police protection, sanitation services, and utilities.

The financial statements of Municipal Corporation of Cape Charles, Virginia have been prepared in conformity with the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board (GASB). The more significant of the Municipal Corp.'s accounting policies are described below.

Financial Statements

Government-wide and Fund Financial Statements

Government-wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display financial position of the primary government (governmental and business-type activities). Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Notes to Financial Statements
June 30, 2025 (Continued)

Note 1 – Summary of Significant Accounting Policies: (Continued)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the major governmental funds.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the Municipal Corp. (the primary government). Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is both legally and substantively separate from the government.

B. Individual Component Unit Disclosures

Blended Component Units. The Municipal Corp. has no blended component units at June 30, 2025.

Discretely Presented Component Units. - The Municipal Corp. has no discretely presented component units at June 30, 2025.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Notes to Financial Statements
June 30, 2025 (Continued)

Note 1 – Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease and subscription liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utility and subsequently remitted to the Municipal Corp., are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the Municipal Corp.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

In the fund financial statements, financial transactions and accounts of the Municipal Corp. are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Notes to Financial Statements
June 30, 2025 (Continued)

Note 1 – Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed.

The General Fund is the primary operating fund of the Municipal Corp. This fund is used to account for and report all financial resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. The General Fund is considered a major fund for reporting purposes.

The Special Revenue Fund is used to account for and report special activities. Revenues are derived primarily from recovered costs and state and federal grants. The Special Revenue Fund is considered a major fund for reporting purposes.

The Debt Service Fund is used to account for and report debt issuances and debt repayments. Revenues are derived primarily from transfers from other Municipal Corp. funds and issuances of debt. The Debt Service Fund is considered a major fund for reporting purposes.

The Capital Projects Fund is used to account for and report construction activity. Revenues are derived primarily from transfers from other Municipal Corp. funds and state and federal grants. The Capital Projects Fund is considered a major fund for reporting purposes.

2. Proprietary Funds

Proprietary Funds account for operations that are financed in a manner similar to those found in private business enterprises. The measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds

Enterprise funds account for the financing of services to the general public where all or most of the operating expenses involved are recorded in the form of charges to users of such services. Enterprise Funds consist of the Water and Sewer, Harbor, and Sanitation Funds. The Water and Sewer Fund was closed in 2025 due to the sale of the plant in fiscal year 2024.

D. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the Municipal Corp's. proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Notes to Financial Statements
 June 30, 2025 (Continued)

Note 1 – Summary of Significant Accounting Policies: (Continued)

E. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

F. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

G. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “due to/from other funds” (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds” (i.e. the noncurrent portion of interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Municipal Corp. calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance for uncollectible sanitation billing amounted to \$11,293 at June 30, 2025. The allowance for uncollectible property taxes was \$41,486 at June 30, 2025.

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	December 5	December 5
Lien Date	January 1	January 1

The Municipal Corp. bills and collects its own property taxes. Property taxes are based upon the rate levied by Municipal Corp. Council multiplied by the taxable assessed value. The assessed value of real and personal property is determined for the Municipal Corp. by the Commissioner of Revenue of the County of Northampton.

Notes to Financial Statements
June 30, 2025 (Continued)

Note 1 – Summary of Significant Accounting Policies: (Continued)

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Municipal Corp. as land, buildings, and equipment with an initial individual cost of more than \$5,000 (with the exception of land values) and an estimated useful life in excess of two years.

As the Municipal Corp. constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease and subscription assets, the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease equipment, and infrastructure of the Municipal Corp. are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	20-40
Improvements other than buildings	5-40
Machinery and equipment	3-20
Lease equipment	3-10
Water/sewer system	15-50
Infrastructure	25

Notes to Financial Statements
June 30, 2025 (Continued)

Note 1 – Summary of Significant Accounting Policies: (Continued)

I. Compensated Absences

The Town recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences - vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The Town's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The Town's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the Town and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

J. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Notes to Financial Statements
June 30, 2025 (Continued)

Note 1 – Summary of Significant Accounting Policies: (Continued)

K. Net Position (Continued)

Sometimes the Municipal Corp. will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Municipal Corp.'s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

L. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Corp.'s Retirement Plan and the additions to/deductions from the Municipal Corp.'s Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS GLI OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI OPEB Plan and the additions to/deductions from the VRS OPEB Plan's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities or business-type activities statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issue costs, during the current period. The face amount of debt issued and premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of items for resale. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Notes to Financial Statements
June 30, 2025 (Continued)

Note 1 – Summary of Significant Accounting Policies: (Continued)

P. Fund Balance

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When fund balance resources are available for a specific purpose in more than one classification, it is the Municipal Corp.'s policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Municipal Corp. Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Municipal Corp. Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

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Notes to Financial Statements
June 30, 2025 (Continued)

Note 1 – Summary of Significant Accounting Policies: (Continued)

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Municipal Corp. has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on this item, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Municipal Corp. has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and amounts prepaid on next year's taxes and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on next year's taxes are reported as inflows of resources. In addition, certain items related to pension, OPEB and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

R. Leases

The Municipal Corp. has various lease assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessor

The Municipal Corp. recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives). Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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Notes to Financial Statements
June 30, 2025 (Continued)

Note 1 – Summary of Significant Accounting Policies: (Continued)

R. Leases (Continued)

Lessee

The Municipal Corp. recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000, individually or in the aggregate, in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Subsequently, the lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Key Estimates and Judgments

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Municipal Corp. uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Municipal Corp. uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease terms include the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease receivable (lessor) or lease liability (lessee).

The Municipal Corp. monitors changes in circumstances that would require a remeasurement or modification of its leases. The Municipal Corp. will remeasure the lease receivable and deferred inflows of resources (lessor) and the lease asset and liability (lessee) if certain changes occur that are expected to significantly affect the amount of the lease receivable or lease liability.

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Notes to Financial Statements
June 30, 2025 (Continued)

Note 2 – Stewardship, Compliance, and Accounting:

The following procedures are used by the Municipal Corp. in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1st, the Municipal Corp. Manager submits to the Municipal Corp. Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each department or category can be revised only by the Municipal Corp. Council or Municipal Corp. Manager.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all Municipal Corp. units.
7. Expenditures exceeded appropriations in the Debt Service function in the General Fund at year-end.

Expenditures and Appropriations

Expenditures exceeded appropriations in the Debt Service fund for the fiscal year ended June 30, 2025.

Note 3 – Deposits and Investments:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard & Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

Notes to Financial Statements
June 30, 2025 (Continued)

Note 3 – Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The Municipal Corp.'s rated debt investments as of June 30, 2025 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale. The Municipal Corp.'s investment policy has an emphasis on high credit quality and known marketability. The Municipal Corp.'s policy seeks to maximize the rate of return on investments while maintaining a low level of risk.

Rated Debt Investments	Fair Quality Rating	
	AAAm	AA+f/S1
Local Government Investment Pool	\$ 502,852	\$ -
VML/VACO Virginia Investment Pool Stable Nav	16,629,463	-
VML/VACO Virginia Investment 1-3 Year High Quality Bond Fund	-	1,110,746
Total	<u>\$ 17,132,315</u>	<u>\$ 1,110,746</u>

Interest Rate Risk

Investment Maturities (in years)

Investment Type	Fair Value	Less Than 1 Year	1-3 Years
	Local Government Investment Pool	\$ 502,852	\$ 502,852
VML/VACO Virginia Investment Pool Stable Nav	16,629,463	16,629,463	-
VML/VACO Virginia Investment Pool 1-3 Year High Quality Bond Fund	1,110,746	-	1,110,746
Total	<u>\$ 18,243,061</u>	<u>\$ 17,132,315</u>	<u>\$ 1,110,746</u>

External Investment Pools

LGIP

The value of the position in the external investment pool (Local Government Investment Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

Notes to Financial Statements
 June 30, 2025 (Continued)

Note 3 – Deposits and Investments: (Continued)

External Investment Pools (Continued)

VML/VACO Virginia Investment Pool

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Municipal Corp. has measured fair value of the above Virginia Investment Pool Investment at the net asset value (NAV). The VML/VACO Virginia Investment Pool allows the Municipal Corp. to have the option to have access to withdraw funds twice a month, with a five-day notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources with one-time outlays (disasters, immediate capital needs, state budget cuts, etc.).

Note 4 – Due from Other Governments:

At June 30, 2025, the Municipal Corp. has receivables from other governments as follows:

	<u>Governmental Activities</u>
Other Local Governments:	
County of Northampton	\$ 23,433
Commonwealth of Virginia:	
Communications tax	4,881
Total due from other governments	<u>\$ 28,314</u>

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Notes to Financial Statements
June 30, 2025 (Continued)**Note 5 – Capital Assets:**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2025:

Governmental Activities:	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets not subject to depreciation:				
Land and land improvements	\$ 2,165,460	\$ -	\$ -	\$ 2,165,460
Construction in progress	649,654	73,079	-	722,733
Total capital assets not subject to depreciation	\$ 2,815,114	\$ 73,079	\$ -	\$ 2,888,193
Capital assets subject to depreciation:				
Buildings and improvements	\$ 3,596,327	\$ 56,777	\$ -	\$ 3,653,104
Machinery and equipment	1,970,407	273,960	-	2,244,367
Infrastructure	3,885,516	-	-	3,885,516
Lease equipment	34,098	-	-	34,098
Total capital assets subject to depreciation	\$ 9,486,348	\$ 330,737	\$ -	\$ 9,817,085
Accumulated depreciation:				
Buildings and improvements	\$ 2,965,062	\$ 51,127	\$ -	\$ 3,016,189
Machinery and equipment	1,608,368	136,403	-	1,744,771
Infrastructure	933,644	136,211	-	1,069,855
Lease equipment	19,909	6,820	-	26,729
Total accumulated depreciation	\$ 5,526,983	\$ 330,561	\$ -	\$ 5,857,544
Total capital assets subject to depreciation, net	\$ 3,959,365	\$ 176	\$ -	\$ 3,959,541
Governmental activities capital assets, net	\$ 6,774,479	\$ 73,255	\$ -	\$ 6,847,734

Notes to Financial Statements
June 30, 2025 (Continued)

Note 5 – Capital Assets: (Continued)

Business-type Activities:	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets subject to depreciation:				
Buildings and improvements	\$ 755,670	\$ -	\$ -	\$ 755,670
Improvements other than buildings	8,966,574	232,337	-	9,198,911
Machinery and equipment	406,469	-	-	406,469
Total capital assets subject to depreciation	\$ 10,128,713	\$ 232,337	\$ -	\$ 10,361,050
Accumulated depreciation:				
Buildings and improvements	\$ 723,095	\$ 32,575	\$ -	\$ 755,670
Improvements other than buildings	3,775,671	214,562	-	3,990,233
Machinery and equipment	284,271	12,735	-	297,006
Total accumulated depreciation	\$ 4,783,037	\$ 259,872	\$ -	\$ 5,042,909
Total capital assets subject to depreciation, net	\$ 5,345,676	\$ (27,535)	\$ -	\$ 5,318,141
Business-type activities capital assets, net	\$ 5,345,676	\$ (27,535)	\$ -	\$ 5,318,141

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$ 64,880
Public safety	67,385
Public works	51,445
Parks, recreation and cultural	146,851
Total governmental activities	\$ 330,561

Business-type activities:

Harbor	\$ 259,872
Total business-type activities	\$ 259,872

Notes to Financial Statements
June 30, 2025 (Continued)

Note 6 – Long-term Obligations:

The following is a summary of long-term obligation transactions of the Municipal Corp. for the year ended June 30, 2025:

	Balance July 1, 2024	Restatement	Adjusted Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025	Amounts Due Within One Year
Governmental activities:							
Compensated absences	\$ 131,657	\$ 59,300	\$ 190,957	\$ 114,053	\$ -	\$ 305,010	\$ 30,501
Net OPEB liability	86,231	-	86,231	32,350	41,471	77,110	-
Lease liabilities	14,082	-	14,082	-	7,604	6,478	5,857
Direct borrowings and placements:							
Notes payable	85,371	-	85,371	28,000	27,477	85,894	32,712
Total obligations from governmental activities	\$ 317,341	\$ 59,300	\$ 376,641	\$ 174,403	\$ 76,552	\$ 474,492	\$ 69,070
Total long-term obligations	\$ 317,341	\$ 59,300	\$ 376,641	\$ 174,403	\$ 76,552	\$ 474,492	\$ 69,070

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Notes to Financial Statements
June 30, 2025 (Continued)

Note 6 – Long-term Obligations: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30	Lease Liabilities		Direct Borrowings Notes Payable	
	Principal	Interest	Principal	Interest
2026	\$ 5,857	\$ 184	\$ 32,712	\$ 3,012
2027	621	7	15,111	2,044
2028	-	-	15,689	1,465
2029	-	-	16,351	863
2030	-	-	6,031	236
Total	\$ <u>6,478</u>	\$ <u>191</u>	\$ <u>85,894</u>	\$ <u>7,620</u>

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Notes to Financial Statements
June 30, 2025 (Continued)

Note 6 – Long-term Obligations: (Continued)

Long-term obligations at June 30, 2025 are as follows:

	<u>Amount Outstanding</u>
<u>Details of Long-term Indebtedness:</u>	
<u>Governmental Activities:</u>	
<u>Lease liabilities:</u>	
Equipment lease - postage equipment - issued 7/1/21 through 10/1/25 @ 5.00%, quarterly payments of \$830	\$ 1,629
Equipment lease - copier - issued 7/1/21 through 4/27/26 @ 5.99%, monthly payments of \$250	2,430
Equipment lease - copier - issued 10/28/21 through 10/28/26 @ 5.35%, monthly payments of \$157	<u>2,419</u>
Total lease liabilities	<u>\$ 6,478</u>
 <u>Direct borrowings and placements:</u>	
Notes Payable:	
\$90,000 Rural Development note issued June 23, 2021, due in annual installments of \$19,234 through June, 2026, interest at 2.25%. This note is secured by equipment.	\$ 18,160
\$28,000 Rural Development note issued July 3, 2024, due in annual installments of \$6,268 through July, 2029, interest at 3.875%. This note is secured by equipment.	28,000
\$48,800 Rural Development note issued November 6, 2023, due in annual installments of \$10,886 through November 6, 2028, interest at 3.75%. This note is secured by a police vehicle.	<u>39,734</u>
Total notes payable	<u>\$ 85,894</u>

Notes to Financial Statements
June 30, 2025 (Continued)**Note 6 – Long-term Obligations: (Continued)**

	<u>Amount Outstanding</u>
<u>Details of Long-term Indebtedness: (Continued)</u>	
<u>Governmental Activities: (Continued)</u>	
<u>Other liabilities:</u>	
Compensated Absences	\$ <u>305,010</u>
Net OPEB Liability (payable from the General Fund)	\$ <u>77,110</u>
Total governmental activities obligations	\$ <u><u>474,492</u></u>

The Municipal Corp. has a working capital line of credit of \$500,000 with Atlantic Union Bank. Advances on the line-of-credit are collateralized by a general blanket assignment of all accounts, contracts or other receivables and proceeds. At June 30, 2025, the Municipal Corp. outstanding balance against this line of credit was \$0 and the interest rate was 3.75%. The line of credit was not utilized during the year ended June 30, 2025.

Note 7 – Deferred/Unavailable Revenue:

Deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. Unavailable revenue totaling \$118,918 consists of the following:

Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$78,158 at June 30, 2025.

Deferred Prepaid Property Taxes - Property taxes due subsequent to June 30, 2025 but paid in advance by the taxpayers totaled \$40,760 at June 30, 2025.

Note 8 – Litigation:

At June 30, 2025, there were no matters of litigation involving the Municipal Corp. or which would materially affect the Municipal Corp.'s financial position should any court decisions on pending matters not be favorable to the Municipal Corp.

Note 9 – Risk Management and Commitments and Contingencies:

The Municipal Corp. is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Municipal Corp. participates with other localities in a public entity risk pool for their coverage of workers' compensation, public officials' liability and all other risks of loss. The Municipal Corp. pays an annual premium to the pools for its general insurance through member premiums. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

At June 30, 2025, the Municipal Corp. had contracts outstanding in the amount of \$30,387 for Municipal Center replacement design and \$16,232 for phase I of Beachfront master planning and design.

Notes to Financial Statements
 June 30, 2025 (Continued)

Note 10 – Interfund Transfers:

Interfund transfers for the year ended June 30, 2025, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 100,000	\$ 683,499
Debt Service	30,120	-
Capital Projects	390,145	-
Water and Sewer	-	100,000
Harbor	263,234	-
Total	<u>\$ 783,499</u>	<u>\$ 783,499</u>

Note 11 – Deficit Fund Balance:

A deficit fund balance of \$212,651 in the Special Revenue Fund is the result of expenditures exceeding revenues for several years. The Municipal Corp. expects the Special Revenue Fund to recover the deficit with a transfer from other funds.

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Notes to Financial Statements
June 30, 2025 (Continued)

Note 12 – Pension Plan:

Plan Description

All full-time, salaried permanent employees of the Municipal Corp. are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Notes to Financial Statements
June 30, 2025 (Continued)

Note 12 – Pension Plan: (Continued)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	22
Inactive members:	
Vested inactive members	11
Non-vested inactive members	17
Active members active elsewhere in VRS	<u>7</u>
Total inactive members	35
Active members	<u>34</u>
Total covered employees	<u><u>91</u></u>

Notes to Financial Statements
 June 30, 2025 (Continued)

Note 12 – Pension Plan: (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Municipal Corp.’s contractually required employer contribution rate for the year ended June 30, 2025 was 6.87% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Municipal Corp. were \$122,001 and \$117,256 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$10,549 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$12,036 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$1,050,423 for the year ended June 30, 2025.

Net Pension Liability (Asset)

The net pension liability (asset) (NPL(A)) is calculated separately for each employer and represents that particular employer’s total pension liability determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. The Municipal Corp.’s net pension liability (asset) was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Municipal Corp.’s Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Notes to Financial Statements
June 30, 2025 (Continued)

Note 12 – Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates:

All Others (Non-10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related.

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Notes to Financial Statements
 June 30, 2025 (Continued)

Note 12 – Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety with Hazardous Duty Benefits employees in the Municipal Corp.’s Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

All Others (Non-10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service-related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the MP-2020 rates

Notes to Financial Statements
June 30, 2025 (Continued)

Note 12 – Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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Notes to Financial Statements
June 30, 2025 (Continued)

Note 12 – Pension Plan: (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate.

Notes to Financial Statements
June 30, 2025 (Continued)**Note 12 – Pension Plan: (Continued)****Discount Rate (Continued)**

For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 4,590,578	\$ 5,080,004	\$ (489,426)
Changes for the year:			
Service cost	\$ 214,429	\$ -	\$ 214,429
Interest	318,161	-	318,161
Differences between expected and actual experience	(3,224)	-	(3,224)
Contributions - employer	-	116,453	(116,453)
Contributions - employee	-	89,315	(89,315)
Net investment income	-	497,615	(497,615)
Benefit payments, including refunds	(183,023)	(183,023)	-
Administrative expenses	-	(3,031)	3,031
Other changes	-	115	(115)
Net changes	\$ 346,343	\$ 517,444	\$ (171,101)
Balances at June 30, 2024	\$ 4,936,921	\$ 5,597,448	\$ (660,527)

Notes to Financial Statements
June 30, 2025 (Continued)

Note 12 – Pension Plan: (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Municipal Corp. using the discount rate of 6.75%, as well as what the Municipal Corp.'s net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Municipal Corp.'s Net Pension Liability (Asset)	\$ 13,327	\$ (660,527)	\$ (1,202,305)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025, the Municipal Corp. recognized pension expense of \$8,308. At June 30, 2025, the Municipal Corp. reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,088
Net difference between projected and actual earnings on pension plan investments	-	140,646
Employer contributions subsequent to the measurement date	122,001	-
Total	\$ 122,001	\$ 146,734

Notes to Financial Statements
June 30, 2025 (Continued)

Note 12 – Pension Plan: (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$122,001 reported as deferred outflows of resources related to pensions resulting from the Municipal Corp.’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>		
2026	\$	(122,837)
2027		35,744
2028		(28,831)
2029		(30,810)
2030		-
Thereafter		-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 13 – Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members’ paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the GLI Plan OPEB.

Notes to Financial Statements
June 30, 2025 (Continued)

Note 13 – Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Plan Description (Continued)

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$8,346 and \$9,574 for the years ended June 30, 2025 and June 30, 2024, respectively.

Notes to Financial Statements
June 30, 2025 (Continued)

Note 13 – Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB

At June 30, 2025, the entity reported a liability of \$77,110 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.00691% as compared to 0.00719% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$1,643. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 12,162	\$ 1,884
Net difference between projected and actual earnings on GLI OPEB plan investments	-	6,500
Change in assumptions	440	3,821
Changes in proportionate share	2,847	5,026
Employer contributions subsequent to the measurement date	<u>8,346</u>	<u>-</u>
Total	<u>\$ 23,795</u>	<u>\$ 17,231</u>

Notes to Financial Statements
 June 30, 2025 (Continued)

Note 13 – Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)

\$8,346 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2026	\$ (3,907)
2027	617
2028	(15)
2029	834
2030	689
Thereafter	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Notes to Financial Statements
June 30, 2025 (Continued)

Note 13 – Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Notes to Financial Statements
June 30, 2025 (Continued)

Note 13 – Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Notes to Financial Statements
 June 30, 2025 (Continued)

Note 13 – Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
	<u> </u>
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	3,080,133
GLI Net OPEB Liability (Asset)	<u>\$ 1,115,922</u>
 Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	 73.41%

The total GLI OPEB liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

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Notes to Financial Statements
June 30, 2025 (Continued)

Note 13 – Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

** On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Notes to Financial Statements
June 30, 2025 (Continued)

Note 13 – Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer’s Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer’s proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer’s proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Municipal Corp’s proportionate share of the GLI Plan Net OPEB Liability	\$ 119,916	\$ 77,110	\$ 42,528

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 14 – Line of Duty Act (LODA) (OPEB Benefits):

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

The Municipal Corp. has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the Municipal Corp. to VRSA. VRSA assumes all liability for the Municipal Corp.’s LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

Notes to Financial Statements
June 30, 2025 (Continued)

Note 14 – Line of Duty Act (LODA) (OPEB Benefits): (Continued)

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Municipal Corp.’s LODA coverage is fully covered or “insured” through VRSA. This is built into the LODA coverage cost presented in the annual renewals. The Municipal Corp.’s LODA premium for the year ended June 30, 2025 was \$5,567.

Note 15 – Lease Receivable:

The Municipal Corp. leases land for a water tower site under a lease contract. In fiscal year 2025, the Municipal Corp. recognized lease and interest revenue in the amount of \$2,373 and \$27, respectively. A description of the lease is as follows:

Lease Description	Interest Rate	Installments	Start Date	End Date	Payment Frequency	Ending Balance
Water Tower	1.00%	\$ 600	1/26/2021	1/26/2026	quarterly	\$ 1,196

There are no variable payments for the leases receivable above.

Expected future payments at June 30, 2025 are as follows:

Year Ended June 30	Governmental Activities		
	Principal	Interest	Total
2026	\$ 1,196	\$ 4	\$ 1,200
Total	\$ 1,196	\$ 4	\$ 1,200

Note 16—Change in Accounting Principle:

During the year ended June 30, 2025, the Town implemented GASB Statement No. 101, *Compensated Absences*. This Statement establishes recognition and measurement guidance for compensated absences that are attributable to services already rendered and that are expected to be paid or settled. Implementation of this Statement required the recognition of a liability for certain leave benefits previously unrecorded or measured differently under prior standards.

Note 17—Restatement of Beginning Balances:

The Town had the following restatements to ending net position at July 1, 2024:

	Net Position
	Governmental Activities
Balance, July 1, 2024, as previously stated	\$ 26,099,364
GASB 101 compensated absences implementation	(59,300)
Balance, July 1, 2024, as restated	\$ 26,040,064

Notes to Financial Statements
June 30, 2025 (Continued)

Note 18 – Upcoming Pronouncements:

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update—2025*, effective for fiscal years beginning after June 15, 2025.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Note 19 – Subsequent Events:

On July 17, 2025, Council approved an amendment to the HBA contract in the amount of \$92,856.50.

On August 7, 2025, Council entered into a lease for office space at a local Church in the amount of \$62,019.

On August 21, 2025, Council approved an engineering contract for office design in the amount not to exceed \$85,000 and approved the purchase of a portable restroom in the amount of \$68,725.

On September 4, 2025, Council approved a contract for Harbor Boardwalk reconstruction phase 2 in the amount of \$120,000.

On September 18, 2025, Council budgeted \$3,250,000 for a new Town Hall and \$100,000 of moving costs.

On December 4, 2025, Council reapproved a contract for Harbor Boardwalk reconstruction phase 2 in the amount of \$123,380 from a different contractor after original vendor defaulted.

On January 8, 2026, Council authorized to finalize and execute a lease agreement for 7 Strawberry Street with a ten-year amortization for construction costs capped at \$300,000 and to allocate approximately \$5,100 from the ADA parking project for FY2026 expenses.

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REQUIRED SUPPLEMENTARY INFORMATION

Municipal Corporation of Cape Charles, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 1,670,270	\$ 1,770,270	\$ 1,764,967	\$ (5,303)
Other local taxes	2,166,431	2,166,431	2,101,081	(65,350)
Permits, privilege fees, and regulatory licenses	406,350	425,350	537,172	111,822
Fines and forfeitures	59,300	59,300	24,467	(34,833)
Revenue from the use of money and property	323,102	507,961	690,690	182,729
Charges for services	1,800	1,800	1,487	(313)
Miscellaneous	14,949	64,950	55,724	(9,226)
Recovered costs	39,000	39,000	42,790	3,790
Intergovernmental:				
Commonwealth	108,899	108,537	105,302	(3,235)
Federal	21,550	21,550	56,514	34,964
Total revenues	\$ 4,811,651	\$ 5,165,149	\$ 5,380,194	\$ 215,045
EXPENDITURES				
Current:				
General government administration	\$ 1,775,093	\$ 1,994,774	\$ 1,688,479	\$ 306,295
Public safety	1,087,427	1,118,827	1,015,213	103,614
Public works	1,053,182	1,074,078	1,053,311	20,767
Parks, recreation, and cultural	237,125	240,921	217,907	23,014
Community development	378,337	391,351	263,477	127,874
Debt service:				
Principal retirement	-	-	7,604	(7,604)
Interest and other fiscal charges	-	-	595	(595)
Total expenditures	\$ 4,531,164	\$ 4,819,951	\$ 4,246,586	\$ 573,365
Excess (deficiency) of revenues over (under) expenditures	\$ 280,487	\$ 345,198	\$ 1,133,608	\$ 788,410
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 100,000	\$ 100,000
Transfers out	(592,937)	(657,648)	(683,499)	(25,851)
Issuance of notes payable	34,450	34,450	28,000	(6,450)
Total other financing sources (uses)	\$ (558,487)	\$ (623,198)	\$ (555,499)	\$ 67,699
Net change in fund balance	\$ (278,000)	\$ (278,000)	\$ 578,109	\$ 856,109
Fund balance - beginning	278,000	278,000	18,067,063	17,789,063
Fund balance - ending	\$ -	\$ -	\$ 18,645,172	\$ 18,645,172

Municipal Corporation of Cape Charles, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue Fund
For the Year Ended June 30, 2025

	Special Revenue Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ 6,000	\$ 6,000	\$ 434	\$ (5,566)
Intergovernmental:				
Commonwealth	19,500	19,500	19,500	-
Total revenues	<u>\$ 25,500</u>	<u>\$ 25,500</u>	<u>\$ 19,934</u>	<u>\$ (5,566)</u>
EXPENDITURES				
Current:				
Public safety	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Parks, recreation, and cultural	10,500	10,500	6,905	3,595
Total expenditures	<u>\$ 25,500</u>	<u>\$ 25,500</u>	<u>\$ 21,905</u>	<u>\$ 3,595</u>
Net change in fund balances	\$ -	\$ -	\$ (1,971)	\$ (1,971)
Fund balances - beginning	-	-	(210,680)	(210,680)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (212,651)</u>	<u>\$ (212,651)</u>

Municipal Corporation of Cape Charles, Virginia
 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Pension Plan
 For the Measurement Dates of June 30, 2015 through June 30, 2024

	2024	2023	2022	2021
Total pension liability				
Service cost	\$ 214,429	\$ 192,439	\$ 169,128	\$ 164,575
Interest	318,161	296,308	276,114	233,295
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(3,224)	(13,349)	(25,653)	43,690
Changes of assumptions	-	-	-	138,542
Benefit payments	(183,023)	(164,259)	(123,208)	(106,543)
Net change in total pension liability	<u>\$ 346,343</u>	<u>\$ 311,139</u>	<u>\$ 296,381</u>	<u>\$ 473,559</u>
Total pension liability - beginning	4,590,578	4,279,439	3,983,058	3,509,499
Total pension liability - ending (a)	<u><u>\$ 4,936,921</u></u>	<u><u>\$ 4,590,578</u></u>	<u><u>\$ 4,279,439</u></u>	<u><u>\$ 3,983,058</u></u>
Plan fiduciary net position				
Contributions - employer	\$ 116,453	\$ 109,779	\$ 74,981	\$ 72,656
Contributions - employee	89,315	80,660	71,133	96,800
Net investment income	497,615	311,221	(7,359)	1,020,240
Benefit payments	(183,023)	(164,259)	(123,208)	(106,543)
Administrator charges	(3,031)	(3,017)	(2,906)	(2,414)
Other	115	126	112	97
Net change in plan fiduciary net position	<u>\$ 517,444</u>	<u>\$ 334,510</u>	<u>\$ 12,753</u>	<u>\$ 1,080,836</u>
Plan fiduciary net position - beginning	5,080,004	4,745,494	4,732,741	3,651,905
Plan fiduciary net position - ending (b)	<u><u>\$ 5,597,448</u></u>	<u><u>\$ 5,080,004</u></u>	<u><u>\$ 4,745,494</u></u>	<u><u>\$ 4,732,741</u></u>
Municipal Corporation's net pension liability (asset) - ending (a) - (b)	\$ (660,527)	\$ (489,426)	\$ (466,055)	\$ (749,683)
Plan fiduciary net position as a percentage of the total pension liability	113.38%	110.66%	110.89%	118.82%
Covered payroll	\$ 1,773,002	\$ 1,693,579	\$ 1,504,384	\$ 1,448,614
Municipal Corporation's net pension liability (asset) as a percentage of covered payroll	-37.25%	-28.90%	-30.98%	-51.75%

Exhibit 12

	2020	2019	2018	2017	2016	2015
\$	165,879	\$ 151,056	\$ 146,357	\$ 123,278	\$ 131,962	\$ 117,294
	209,212	201,705	181,520	175,415	171,863	157,456
	-	-	113,556	-	-	-
	79,391	(142,946)	(53,377)	(45,840)	(145,730)	11,707
	-	97,484	-	(51,731)	-	-
	(88,851)	(89,865)	(109,532)	(118,285)	(96,412)	(64,863)
\$	<u>365,631</u>	<u>\$ 217,434</u>	<u>\$ 278,524</u>	<u>\$ 82,837</u>	<u>\$ 61,683</u>	<u>\$ 221,594</u>
	3,143,868	2,926,434	2,647,910	2,565,073	2,503,390	2,281,796
\$	<u><u>3,509,499</u></u>	<u><u>\$ 3,143,868</u></u>	<u><u>\$ 2,926,434</u></u>	<u><u>\$ 2,647,910</u></u>	<u><u>\$ 2,565,073</u></u>	<u><u>\$ 2,503,390</u></u>
\$	77,019	\$ 74,902	\$ 87,168	\$ 49,527	\$ 57,508	\$ 55,321
	68,463	77,128	66,054	58,943	56,761	54,670
	67,944	222,304	223,601	327,947	47,286	113,899
	(88,851)	(89,865)	(109,532)	(118,285)	(96,412)	(64,863)
	(2,230)	(2,071)	(1,856)	(1,872)	(1,606)	(1,494)
	(82)	(141)	(202)	(291)	(20)	(24)
\$	<u>122,263</u>	<u>\$ 282,257</u>	<u>\$ 265,233</u>	<u>\$ 315,969</u>	<u>\$ 63,517</u>	<u>\$ 157,509</u>
	3,529,642	3,247,385	2,982,152	2,666,183	2,602,666	2,445,157
\$	<u><u>3,651,905</u></u>	<u><u>\$ 3,529,642</u></u>	<u><u>\$ 3,247,385</u></u>	<u><u>\$ 2,982,152</u></u>	<u><u>\$ 2,666,183</u></u>	<u><u>\$ 2,602,666</u></u>
\$	(142,406)	\$ (385,774)	\$ (320,951)	\$ (334,242)	\$ (101,110)	\$ (99,276)
	104.06%	112.27%	110.97%	112.62%	103.94%	103.97%
\$	1,483,394	\$ 1,398,895	\$ 1,364,599	\$ 1,258,379	\$ 1,188,982	\$ 1,118,571
	-9.60%	-27.58%	-23.52%	-26.56%	-8.50%	-8.88%

Exhibit 13

Municipal Corporation of Cape Charles, Virginia

Schedule of Employer Contributions - Pension Plan
For the Years Ended June 30, 2016 through June 30, 2025

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Employee Payroll (5)
2025	\$ 122,001	\$ 122,001	\$ -	\$ 1,775,851	6.87%
2024	117,256	117,256	-	1,773,002	6.61%
2023	109,916	109,916	-	1,693,579	6.49%
2022	74,980	74,980	-	1,504,384	4.98%
2021	73,284	73,284	-	1,448,614	5.06%
2020	77,005	77,005	-	1,483,394	5.19%
2019	75,744	75,744	-	1,398,895	5.41%
2018	83,299	83,299	-	1,364,599	6.10%
2017	56,500	56,500	-	1,258,379	4.49%
2016	61,470	61,470	-	1,188,982	5.17%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

Municipal Corporation of Cape Charles, Virginia

Notes to Required Supplementary Information
 Pension Plan
 For the Year Ended June 30, 2025

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non-10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Exhibit 15

Municipal Corporation of Cape Charles, Virginia
Schedule of Municipality's Share of Net OPEB Liability
GLI Plan
For the Measurement Dates of June 30, 2017 through June 30, 2024

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2024	0.00691%	\$ 77,110	\$ 1,775,851	4.34%	73.41%
2023	0.00719%	86,231	1,693,579	5.09%	69.30%
2022	0.00690%	83,323	1,504,384	5.54%	67.21%
2021	0.00700%	81,732	1,448,614	5.64%	67.45%
2020	0.00730%	121,825	1,501,676	8.11%	52.64%
2019	0.00713%	116,023	1,398,895	8.29%	52.00%
2018	0.00718%	109,000	1,364,599	7.99%	51.22%
2017	0.00682%	103,000	1,258,379	8.19%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Municipal Corporation of Cape Charles, Virginia
 Schedule of Employer Contributions
 GLI Plan
 For the Years Ended June 30, 2016 through June 30, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	\$ 8,346	\$ 8,346	\$ -	\$ 1,775,851	0.47%
2024	9,574	9,574	-	1,773,002	0.54%
2023	9,145	9,145	-	1,693,579	0.54%
2022	8,124	8,124	-	1,504,384	0.54%
2021	7,823	7,823	-	1,448,614	0.54%
2020	7,809	7,809	-	1,501,676	0.52%
2019	7,274	7,274	-	1,398,895	0.52%
2018	7,096	7,096	-	1,364,599	0.52%
2017	6,544	6,544	-	1,258,379	0.52%
2016	5,707	5,707	-	1,188,982	0.48%

Municipal Corporation of Cape Charles, Virginia
Notes to Required Supplementary Information
GLI Plan
For the Year Ended June 30, 2025

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

OTHER SUPPLEMENTARY INFORMATION

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INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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Exhibit 18

Municipal Corporation of Cape Charles, Virginia
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Debt service:				
Principal retirement	\$ 22,680	\$ 22,680	\$ 27,477	\$ (4,797)
Interest and other fiscal charges	2,441	2,441	2,643	(202)
Total expenditures	\$ 25,121	\$ 25,121	\$ 30,120	\$ (4,999)
Excess (deficiency) of revenues over (under) expenditures	\$ (25,121)	\$ (25,121)	\$ (30,120)	\$ (4,999)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 25,121	\$ 25,121	30,120	\$ 4,999
Total other financing sources and uses	\$ 25,121	\$ 25,121	\$ 30,120	\$ 4,999
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Municipal Corporation of Cape Charles, Virginia
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ 336,324	\$ 237,713	\$ (98,611)
Intergovernmental:				
Federal	-	-	127,563	127,563
Total revenues	\$ -	\$ 336,324	\$ 365,276	\$ 28,952
EXPENDITURES				
Capital projects	\$ 4,430,000	\$ 5,115,000	\$ 322,645	\$ 4,792,355
Excess (deficiency) of revenues over (under) expenditures	\$ (4,430,000)	\$ (4,778,676)	\$ 42,631	\$ 4,821,307
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 9,845,806	\$ 9,845,806	\$ 390,145	\$ (9,455,661)
Total other financing sources and uses	\$ 9,845,806	\$ 9,845,806	\$ 390,145	\$ (9,455,661)
Net change in fund balances	\$ 5,415,806	\$ 5,067,130	\$ 432,776	\$ (4,634,354)
Fund balances - beginning	945,000	1,195,000	1,154,439	(40,561)
Fund balances - ending	\$ 6,360,806	\$ 6,262,130	\$ 1,587,215	\$ (4,674,915)

SUPPORTING SCHEDULES

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Municipal Corporation of Cape Charles, Virginia
Schedule of Revenues - Budget and Actual
General Fund
For the Year Ended June 30, 2025

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 1,509,536	\$ 1,609,536	\$ 1,571,897	\$ (37,639)
Personal property taxes	118,600	118,600	148,493	29,893
Machinery and tools taxes	22,134	22,134	26,718	4,584
Penalties and interest	20,000	20,000	17,859	(2,141)
Total general property taxes	\$ 1,670,270	\$ 1,770,270	\$ 1,764,967	\$ (5,303)
Other local taxes:				
Local sales and use taxes	\$ 100,000	\$ 100,000	\$ 103,696	\$ 3,696
Consumers' utility taxes	60,000	60,000	69,116	9,116
Business license taxes	336,460	336,460	311,242	(25,218)
Motor vehicle licenses	22,270	22,270	33,393	11,123
Golf cart decals	23,000	23,000	26,970	3,970
Admissions taxes	22,000	22,000	13,515	(8,485)
Short term rental tax	15,000	15,000	8,493	(6,507)
Hotel and motel room taxes	685,000	685,000	645,391	(39,609)
Restaurant food taxes	879,489	879,489	871,355	(8,134)
Tobacco tax	23,212	23,212	17,875	(5,337)
Penalties and interest	-	-	35	35
Total other local taxes	\$ 2,166,431	\$ 2,166,431	\$ 2,101,081	\$ (65,350)
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	\$ 406,350	\$ 425,350	\$ 537,172	\$ 111,822
Total permits, privilege fees, and regulatory licenses	\$ 406,350	\$ 425,350	\$ 537,172	\$ 111,822
Fines and forfeitures:				
Court fines and forfeitures	\$ 59,300	\$ 59,300	\$ 24,467	\$ (34,833)
Total fines and forfeitures	\$ 59,300	\$ 59,300	\$ 24,467	\$ (34,833)
Revenue from use of money and property:				
Revenue from use of money	\$ 291,102	\$ 475,961	\$ 659,074	\$ 183,113
Revenue from use of property	32,000	32,000	31,616	(384)
Total revenue from use of money and property	\$ 323,102	\$ 507,961	\$ 690,690	\$ 182,729
Charges for services:				
Charges for parks and recreation	\$ 800	\$ 800	\$ 100	\$ (700)
Charges for DMV stops and FOIA fees	500	500	248	(252)
Charges for library	500	500	1,139	639
Total charges for services	\$ 1,800	\$ 1,800	\$ 1,487	\$ (313)
Miscellaneous:				
Miscellaneous	\$ 14,949	\$ 64,950	\$ 55,724	\$ (9,226)
Total miscellaneous	\$ 14,949	\$ 64,950	\$ 55,724	\$ (9,226)

Municipal Corporation of Cape Charles, Virginia
 Schedule of Revenues - Budget and Actual
 General Fund
 For the Year Ended June 30, 2025

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenues from local sources: (Continued)				
Recovered costs:				
County contribution for Library	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Other recovered costs	9,000	9,000	12,790	3,790
Total recovered costs	\$ 39,000	\$ 39,000	\$ 42,790	\$ 3,790
Total revenue from local sources	\$ 4,681,202	\$ 5,035,062	\$ 5,218,378	\$ 183,316
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 32,000	\$ 32,000	\$ 29,874	\$ (2,126)
Rolling stock tax	175	175	25	(150)
Personal property tax relief funds	35,424	35,424	35,424	-
Total noncategorical aid	\$ 67,599	\$ 67,599	\$ 65,323	\$ (2,276)
Categorical aid:				
Other categorical aid:				
Law enforcement grant HB 599	\$ 34,000	\$ 34,000	\$ 37,428	\$ 3,428
Library	5,100	5,100	-	(5,100)
Litter control	2,200	1,838	2,551	713
Total other categorical aid	\$ 41,300	\$ 40,938	\$ 39,979	\$ (959)
Total categorical aid	\$ 41,300	\$ 40,938	\$ 39,979	\$ (959)
Total revenue from the Commonwealth	\$ 108,899	\$ 108,537	\$ 105,302	\$ (3,235)
Revenue from the federal government:				
Categorical aid:				
Other categorical aid:				
JAG grant	\$ 3,000	\$ 3,000	\$ 2,845	\$ (155)
American rescue plan act	-	-	38,669	38,669
USDA	18,550	18,550	15,000	(3,550)
Total other categorical aid	\$ 21,550	\$ 21,550	\$ 56,514	\$ 34,964
Total categorical aid	\$ 21,550	\$ 21,550	\$ 56,514	\$ 34,964
Total revenue from the federal government	\$ 21,550	\$ 21,550	\$ 56,514	\$ 34,964
Total General Fund	\$ 4,811,651	\$ 5,165,149	\$ 5,380,194	\$ 215,045

Municipal Corporation of Cape Charles, Virginia
 Schedule of Revenues - Budget and Actual
 General Fund
 For the Year Ended June 30, 2025

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund:				
Special Activities Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Miscellaneous	\$ 6,000	\$ 6,000	\$ 434	\$ (5,566)
Total revenue from local sources	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 434</u>	<u>\$ (5,566)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Arts grant	\$ 4,500	\$ 4,500	\$ 4,500	\$ -
Fire programs fund	15,000	15,000	15,000	-
Total categorical aid	<u>\$ 19,500</u>	<u>\$ 19,500</u>	<u>\$ 19,500</u>	<u>\$ -</u>
Total revenue from the Commonwealth	<u>\$ 19,500</u>	<u>\$ 19,500</u>	<u>\$ 19,500</u>	<u>\$ -</u>
Total Special Activities Fund	<u><u>\$ 25,500</u></u>	<u><u>\$ 25,500</u></u>	<u><u>\$ 19,934</u></u>	<u><u>\$ (5,566)</u></u>
Capital Projects Fund:				
General Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 336,324	\$ 237,713	\$ (98,611)
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
COVID-19 American Rescue Plan Act	\$ -	\$ -	\$ 127,563	\$ 127,563
Total General Capital Projects Fund	<u>\$ -</u>	<u>\$ 336,324</u>	<u>\$ 365,276</u>	<u>\$ 28,952</u>
Total Primary Government	<u><u>\$ 4,837,151</u></u>	<u><u>\$ 5,526,973</u></u>	<u><u>\$ 5,765,404</u></u>	<u><u>\$ 238,431</u></u>

Municipal Corporation of Cape Charles, Virginia
 Schedule of Expenditures - Budget and Actual
 General Fund
 For the Year Ended June 30, 2025

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Town Council	\$ 58,019	\$ 53,069	\$ 39,492	\$ 13,577
Total legislative	<u>\$ 58,019</u>	<u>\$ 53,069</u>	<u>\$ 39,492</u>	<u>\$ 13,577</u>
General and financial administration:				
Town Clerk	\$ 108,513	\$ 115,789	\$ 94,012	\$ 21,777
Town Manager	960,185	994,890	884,557	110,333
Information Technology	96,662	251,000	159,965	91,035
Finance	551,714	580,026	510,453	69,573
Total general and financial administration	<u>\$ 1,717,074</u>	<u>\$ 1,941,705</u>	<u>\$ 1,648,987</u>	<u>\$ 292,718</u>
Total general government administration	<u>\$ 1,775,093</u>	<u>\$ 1,994,774</u>	<u>\$ 1,688,479</u>	<u>\$ 306,295</u>
Public safety:				
Law enforcement and traffic control:				
Police	\$ 910,207	\$ 921,793	\$ 847,544	\$ 74,249
Inspections:				
Code enforcement	\$ 177,220	\$ 197,034	\$ 167,669	\$ 29,365
Total public safety	<u>\$ 1,087,427</u>	<u>\$ 1,118,827</u>	<u>\$ 1,015,213</u>	<u>\$ 103,614</u>
Public works:				
Maintenance of general buildings and grounds:				
General properties	\$ 1,053,182	\$ 1,074,078	\$ 950,138	\$ 123,940
Water and sewer	-	-	103,173	(103,173)
Total public works	<u>\$ 1,053,182</u>	<u>\$ 1,074,078</u>	<u>\$ 1,053,311</u>	<u>\$ 20,767</u>
Parks, recreation, and cultural:				
Library:				
Library administration	\$ 237,125	\$ 240,921	\$ 217,907	\$ 23,014
Total parks, recreation, and cultural	<u>\$ 237,125</u>	<u>\$ 240,921</u>	<u>\$ 217,907</u>	<u>\$ 23,014</u>

Municipal Corporation of Cape Charles, Virginia
 Schedule of Expenditures - Budget and Actual
 General Fund
 For the Year Ended June 30, 2025

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning	\$ 378,337	\$ 391,351	\$ 263,477	\$ 127,874
<hr/>				
Total community development	\$ 378,337	\$ 391,351	\$ 263,477	\$ 127,874
<hr/>				
Debt service:				
Principal retirement	\$ -	\$ -	\$ 7,604	\$ (7,604)
Interest and other fiscal charges	-	-	595	(595)
Total debt service	\$ -	\$ -	\$ 8,199	\$ (8,199)
<hr/>				
Total General Fund	\$ 4,531,164	\$ 4,819,951	\$ 4,246,586	\$ 573,365
<hr/>				
Special Revenue Fund:				
Special Activities Fund:				
Public Safety:				
Fire and rescue services:				
Fire department	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
<hr/>				
Parks, Recreation and Cultrual:				
Parks and recreation:				
Arts Enter program	\$ 4,500	\$ 4,500	\$ 4,500	\$ -
<hr/>				
Library:				
Friends fo the Library	\$ 6,000	\$ 6,000	\$ 2,405	\$ 3,595
<hr/>				
Total parks, recreation and cultural	\$ 10,500	\$ 10,500	\$ 6,905	\$ 3,595
<hr/>				
Total Special Activities Fund	\$ 25,500	\$ 25,500	\$ 21,905	\$ 3,595
<hr/>				

Municipal Corporation of Cape Charles, Virginia
 Schedule of Expenditures - Budget and Actual
 General Fund
 For the Year Ended June 30, 2025

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Debt Service Fund:				
General Debt Service Fund:				
Debt service:				
Principal retirement	\$ 22,680	\$ 22,680	\$ 27,477	\$ (4,797)
Interest and other fiscal charges	2,441	2,441	2,643	(202)
Total General Debt Service Fund	<u>\$ 25,121</u>	<u>\$ 25,121</u>	<u>\$ 30,120</u>	<u>\$ (4,999)</u>
Capital Projects Fund:				
General Capital Projects Fund:				
Capital projects expenditures:				
Buildings and improvement	\$ 4,390,000	\$ 4,300,000	\$ 72,583	\$ 4,227,417
Infrastructure - open space & parking	40,000	-	62	(62)
Fire truck	-	250,000	250,000	-
Contingencies	-	565,000	-	565,000
Total Capital Projects Fund	<u>\$ 4,430,000</u>	<u>\$ 5,115,000</u>	<u>\$ 322,645</u>	<u>\$ 4,792,355</u>
Total Primary Government	<u>\$ 9,011,785</u>	<u>\$ 9,985,572</u>	<u>\$ 4,621,256</u>	<u>\$ 5,364,316</u>

OTHER STATISTICAL INFORMATION

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Table 1

**Municipal Corporation of Cape Charles, Virginia
Government-wide Expenses by Function
Last Ten Fiscal Years**

Fiscal Year	General Government Administration	Public Safety	Public Works	Parks, Recreation, and Cultural	Community Development	Interest on Long-term Debt	Enterprise Funds	Total
2016	\$ 779,857	\$ 459,190	\$ 439,968	\$ 324,326	\$ 70,414	\$ 55,195	\$ 2,844,926	\$ 4,973,876
2017	780,254	529,272	462,247	500,987	103,487	38,410	2,714,842	5,129,499
2018	738,396	553,014	395,642	369,738	124,041	33,079	2,847,692	5,061,602
2019	976,567	580,426	520,472	288,379	63,934	31,954	2,941,117	5,402,849
2020	1,060,616	552,590	568,051	389,251	61,464	29,333	2,863,923	5,525,228
2021	1,561,687	658,500	552,730	373,047	121,252	25,278	3,067,935	6,360,429
2022	952,855	640,839	617,350	381,941	806,835	16,979	3,211,494	6,628,293
2023	1,279,860	818,082	744,797	306,925	283,613	22,468	3,944,635	7,400,380
2024	1,504,838	874,738	697,154	198,865	296,311	23,607	3,373,345	6,968,858
2025	1,717,815	1,344,111	865,388	272,811	261,225	3,238	1,463,356	5,927,944

Table 2

Municipal Corporation of Cape Charles, Virginia
 Government-wide Revenues
 Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Revenues from use of Money	Gain/(loss) on disposal of Operations (1)	Miscellaneous(2)	Grants and Contributions Not Restricted to Specific Programs		
2016	\$ 2,516,334	\$ 84,851	\$ 859,789	\$ 1,352,474	\$ 657,466	\$ 30,779	\$ -	\$ 867,091	\$ 81,037	\$ 6,449,821	
2017	2,403,055	85,752	880,798	1,262,771	704,156	39,320	-	179,590	100,420	5,655,862	
2018	2,450,788	73,080	216,815	1,397,163	791,977	63,242	-	410,475	83,027	5,486,567	
2019	2,639,895	44,576	590,270	1,452,790	925,834	74,332	-	920,322	86,414	6,734,433	
2020	2,680,536	47,489	253,439	1,379,090	877,759	52,700	-	391,250	74,508	5,756,771	
2021	3,256,174	59,127	236,781	1,510,056	1,218,900	34,585	-	676,339	792,372	7,784,334	
2022	3,498,764	609,668	78,754	1,749,595	1,569,161	38,584	-	758,460	69,114	8,372,100	
2023	3,595,957	75,659	1,110,281	1,821,640	1,961,575	245,014	-	22,935	68,327	8,901,388	
2024	3,255,355	448,040	894,067	1,934,275	2,147,461	507,236	(5,197,178)	344,367	295,065	4,628,688	
2025	1,821,292	243,556	140,822	1,743,605	2,101,081	894,726	-	56,158	65,323	7,066,563	

Notes:

- (1) The water and sewer plant and related liabilities were sold to a private company in the amount of \$15,000,000. This is the book value loss.
- (2) Includes gain on disposal of capital assets.

Table 3

**Municipal Corporation of Cape Charles, Virginia
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years**

Fiscal Year	General Government Administration	Public Safety	Public Works	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
2016	\$ 826,293	\$ 488,694	\$ 430,037	\$ 180,502	\$ 71,111	\$ 136,248	\$ 2,132,885
2017	804,763	532,415	493,580	211,061	103,770	1,060,008	3,205,597
2018	784,488	558,109	470,739	220,145	128,091	167,188	2,328,760
2019	929,438	586,918	475,210	246,550	67,050	150,561	2,455,727
2020	1,031,022	546,341	497,770	265,506	64,566	153,856	2,559,061
2021	1,569,936	653,183	585,624	241,603	117,151	150,668	3,318,165
2022	924,699	723,355	569,992	278,045	813,743	171,617	3,481,451
2023	1,245,601	759,864	756,860	185,499	280,142	151,578	3,379,544
2024	1,454,551	1,066,471	740,294	186,276	307,733	683,019	4,438,344
2025	1,688,479	1,030,213	1,053,311	224,812	263,477	38,319	4,298,611

(1) Does not include capital project expenditures.

Table 4

**Municipal Corporation of Cape Charles, Virginia
General Governmental Revenues by Source
Last Ten Fiscal Years**

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental	Total
2016	\$ 1,302,263	\$ 657,466	\$ 100,313	\$ 7,134	\$ 30,331	\$ 5,090	\$ 34,741	\$ 33,204	\$ 299,616	\$ 2,470,158
2017	1,306,460	704,156	62,835	5,034	38,138	7,070	5,695	22,426	1,033,188	3,185,002
2018	1,425,966	791,977	101,618	19,277	59,236	5,125	18,321	33,297	351,324	2,806,141
2019	1,408,353	925,834	124,531	10,271	66,585	3,827	19,731	28,103	492,725	3,079,960
2020	1,470,997	877,759	162,040	9,036	47,089	3,172	18,907	20,457	123,225	2,732,682
2021	1,519,701	1,218,900	250,254	52,373	33,986	6,455	3,440	85,994	1,077,694	4,248,797
2022	1,795,175	1,569,161	325,749	56,740	36,200	425	15,989	150,800	675,349	4,625,588
2023	1,787,303	1,961,575	367,260	96,547	128,118	4,680	22,606	60,831	590,805	5,019,725
2024	1,883,080	2,147,461	381,178	66,028	333,421	813	344,247	31,257	1,050,891	6,238,376
2025	1,764,967	2,101,081	537,172	24,467	928,403	1,487	56,158	42,790	308,879	5,765,404

Table 5

Municipal Corporation of Cape Charles, Virginia
 Property Tax Levies and Collections
 Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Outstanding Delinquent Taxes to Tax Levy
2016	\$ 1,304,355	\$ 1,212,623	92.97%	\$ 56,558	\$ 1,269,181	97.30%	\$ 210,947	16.17%
2017	1,307,990	1,210,464	92.54%	56,477	1,266,941	96.86%	170,484	13.03%
2018	1,354,254	1,319,862	97.46%	82,403	1,402,265	103.55%	133,957	9.89%
2019	1,385,027	1,365,349	98.58%	53,176	1,418,525	102.42%	120,174	8.68%
2020	1,441,927	1,405,053	97.44%	67,313	1,472,366	102.11%	118,703	8.23%
2021	1,516,579	1,426,493	94.06%	50,925	1,477,418	97.42%	120,825	7.97%
2022	1,869,309	1,781,924	95.33%	28,858	1,810,782	96.87%	118,815	6.36%
2023	1,768,091	1,759,423	99.51%	37,087	1,796,510	101.61%	118,990	6.73%
2024	1,867,966	1,856,513	99.39%	28,805	1,885,318	100.93%	141,804	7.59%
2025	1,792,711	1,739,219	97.02%	43,313	1,782,532	99.43%	131,607	7.34%

(1) Exclusive of penalties and interest

Table 6

**Municipal Corporation of Cape Charles, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year	Real Estate (1)		Personal Property	Mobile Homes	Public Utility Real Estate (2)		Total			
	\$				\$	\$				
2016	\$	410,160,956	\$	12,104,739	\$	3,500	\$	3,705,047	\$	425,974,242
2017		354,182,650		10,873,870		3,300		3,606,095		368,665,915
2018		355,837,200		12,203,520		-		3,651,067		371,691,787
2019		405,269,300		11,945,520		-		3,844,675		421,059,495
2020		421,169,400		12,526,920		-		3,672,005		437,368,325
2021		471,702,900		13,879,300		-		3,796,381		489,378,581
2022		486,479,500		21,662,020		-		3,702,099		511,843,619
2023		753,722,910		19,698,145		-		4,074,010		777,495,065
2024		804,736,700		21,356,075		1,700		3,384,443		829,478,918
2025		1,092,363,671		13,064,958		1,700		4,438,275		1,109,868,604

- (1) Real estate is assessed at 100% of fair market value.
- (2) Assessed values are established by the State Corporation Commission.

Table 7

**Municipal Corporation of Cape Charles, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years**

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Public Utility Real Estate
2016	\$ 0.2759	\$ 2.00	\$ 0.2759	\$ 0.2759
2017	0.3260	2.00	0.3260	0.3260
2018	0.3260	2.00	-	0.3260
2019	0.2945	2.00	-	0.2945
2020	0.2945	2.00	-	0.2945
2021	0.2731	2.00	-	0.2731
2022	0.3143	2.00	-	0.3143
2023	0.2159	1.00	-	0.2159
2024	0.2159	1.00	1.00	0.2159
2025	0.1481	1.00	1.00	0.1481

(1) Per \$100 of assessed value.

Table 8

Municipal Corporation of Cape Charles, Virginia
Computation of Legal Debt Margin
At June 30, 2025

Assessed value of real property, January 1, 2025 (1)	<u>\$ 1,096,801,946</u>
Debt limit: 10% of assessed value	<u>\$ 109,680,195</u>
Amount of debt applicable to debt limit:	
Gross debt (2)	\$ 85,894
Less: Notes secured by property	<u>(85,894)</u>
Net general obligation bonds and notes	<u>\$ -</u>
Legal debt limit	<u>\$ 109,680,195</u>

(1) Assessed value of real property, including public service corporations as of January 1, 2025

(2) Includes bonded debt and long-term notes payable.

Table 9

Municipal Corporation of Cape Charles, Virginia
 Ratio of Net General Bonded Debt to
 Assessed Value and Net Bonded Debt Per Capita
 Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3) (4)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Payable from Enterprise Revenues (5)			
2016	1,009	\$ 425,974,242	\$ 9,116,776	\$ -	\$ 7,960,552	\$ 1,156,224	0.27%	\$ 1,146
2017	1,009	368,665,915	8,642,601	-	7,630,508	1,012,093	0.27%	1,003
2018	1,009	371,691,787	8,085,427	-	6,981,046	1,104,381	0.30%	1,095
2019	1,009	421,059,495	7,525,255	-	6,512,342	1,012,913	0.24%	1,004
2020	1,178	437,368,325	6,958,082	-	6,037,234	920,848	0.21%	782
2021	1,178	489,378,581	6,382,908	-	5,556,444	826,464	0.17%	702
2022	1,178	511,843,619	5,798,735	-	5,069,617	729,118	0.14%	619
2023	1,178	777,495,065	5,205,073	-	4,575,855	629,218	0.08%	534
2024	1,178	829,478,918	-	-	-	-	0.00%	-
2025	1,178	1,109,868,604	-	-	-	-	0.00%	-

(1) United States Census Bureau, Census

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt. Excludes notes payable, lease liabilities, OPEB liability, and compensated absences.

(4) The Town sold the water and sewer system, including the assets and liabilities, in FY2024.

(5) Includes general obligation debt payable from enterprise revenues.

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COMPLIANCE SECTION

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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**To the Honorable Members of the Municipal Corp. Council
Municipal Corporation of Cape Charles, Virginia
Cape Charles, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Municipal Corporation of Cape Charles, Virginia as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Municipal Corporation of Cape Charles, Virginia's basic financial statements, and have issued our report thereon dated March 23, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Municipal Corporation of Cape Charles, Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Municipal Corporation of Cape Charles, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of Municipal Corporation of Cape Charles, Virginia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Municipal Corporation of Cape Charles, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Fennell, Cox Associates

Richmond, Virginia
March 23, 2026



DRAFT
TOWN COUNCIL
Budget Work Session
Cape Charles Civic Center – 500 Tazewell Avenue
April 2, 2026 – 6:00 PM

CALL TO ORDER

Mayor Charney called the Town Council Budget Work Session to order at 6:00 p.m.

ROLL CALL

Council members in attendance: Mayor Charney, Vice Mayor Buchholz, Councilman Grossman, and Councilwomen Ashworth and Holloway. A quorum was established.

Councilman Newman arrived at 6:05 p.m. Councilman Butta was not in attendance.

Staff in attendance: Town Manager Rick Keuroglian, Treasurer Marion Sofield, Assistant Treasurer Adrian Oei, Project Manager Bob Panek, Zoning Administrator Katie Nunez, Police Chief Jim Pruitt, Harbor Master Paula Davis, Library Manager Sharon Silvey, HR Director Jodi Outland, Assistant to the Town Manager Pam Endlein, Business License Specialist Katie Lewis, Finance Assistant Jessica Upshur, Town Clerk Libby Hume

Davenport & Company: David Rose, Ethan Johnson

There were six (6) members of the public in attendance.

ITEMS FOR DISCUSSION

A. *Davenport & Company Presentation*

Town Manager Rick Keuroglian introduced representatives from Davenport & Company to provide a comprehensive financial review. David Rose presented an overview of the Town’s financial position, noting strong recent revenue growth, consistent general fund surpluses, and the absence of outstanding debt. He emphasized the importance of long-term planning and cautioned against relying on continued growth trends.

Mr. Rose recommended increasing the Town’s reserve policy to approximately 125% of general fund operating expenditures and establishing an additional stabilization reserve. Discussion included the Town’s vulnerability as a tourism-based community and the need for financial resilience.

Additional discussion focused on potential debt policies, including establishing guidelines for debt-to-assessed value and debt service ratios. Mr. Rose recommended utilizing debt as a strategic tool alongside available cash resources, particularly for long-term capital projects.

The Town’s Capital Improvement Program was reviewed, including the proposed Town Hall project. Mr. Rose recommended consideration of interim financing to maintain flexibility while preserving available funds and monitoring economic conditions.

B. *Proposed FY 2026–2027 Budget*

Rick Keuroglian introduced the proposed Fiscal Year (FY) 2026–2027 budget, noting this was the first draft and part of an ongoing review process. He stated that he and staff worked hard over the last several weeks. He highlighted improvements in transparency and organization, as well as alignment with Council priorities.

Treasurer Marion Sofield provided an overview of revenue sources, including real estate taxes, personal property taxes, other taxes and fees. Assistant Treasurer Adrian Oei noted that the new rate for trash collection services would start July 1, 2026 rather than in November as shown on

the spreadsheet. Marion Sofield noted that the FY 2027 Building, Planning & Zoning Fee Schedule was also included for review.

Council engaged in detailed discussion regarding revenue projections, particularly real property and personal property tax assumptions and FY 2026 actuals. Councilmembers expressed concern that projections might be understated and requested updates based on actual billing and collection trends.

Katie Nunez provided explanation regarding proposed Historic District Review Board fee adjustments, noting increased workload and comparisons with similar communities.

Council continued their review of the proposed budget by department with a number of adjustments made. There was some discussion regarding staffing in the Public Works Department, and Council suggested funding another full-time position in addition to the part-time and seasonal positions. Council also added funding to outsource the painting of the beach pavilion and Civic Center.

Councilman Grossman expressed his concerns with budgeted amounts and actual amounts spent for travel, education and office supplies. These amounts continued to increase each year but much of the budgeted amounts were left unspent. He proposed holding these line items at current levels to send a message to staff that if funding was requested, it needed to be used. If a department went over their budgeted amount, funding could be transferred from another department.

There was much discussion related to the allocations for several non-profit organizations. A representative from Cape Charles Main Street would be invited to the next work session to provide information regarding their budget request.

Sam Jones, representing the Cape Charles Historic District Civic League, provided an update of their work on sidewalk infill, stating their intent to ensure that every street in town had a complete sidewalk at least on one side of the street.

The changes made during this evening’s work session would be made for further review at the next work session.

Rick Keuroglan provided an update on the temporary restroom trailer. The new trailer had replaced the “Silver Bullet,” the older restroom trailer. The Silver Bullet had been taken to the Public Works yard. He had previously mentioned that the Silver Bullet would be refurbished and moved around to various locations as needed. Placement at the north end of the beach was discussed to help during the summer months until a permanent facility could be constructed, but he was bombarded by residents upset about relocating the Silver Bullet to the beach. He responded to everyone with a letter explaining that it was a temporary solution until the Beachfront Master Plan, which included a permanent restroom, could be adopted and implemented. Based on the public outcry, the Silver Bullet would not be placed at the beach.

Motion made by Councilman Grossman, seconded by Councilwoman Holloway, to adjourn the Town Council Work Session. The motion was approved by unanimous vote.

The work session was adjourned at 9:33 p.m.

Adam Charney, Mayor

Libby Hume, Town Clerk



DRAFT
TOWN COUNCIL
Executive Session
Cape Charles Civic Center, 500 Tazewell Avenue
April 9, 2026
5:00 PM

CALL TO ORDER

Mayor Adam Charney called the Town Council Executive Session to order at approximately 5:00 p.m.

ROLL CALL

Council members in attendance: Mayor Charney, Vice Mayor Buchholz, Councilmen Butta, Grossman and Newman, and Councilwomen Ashworth and Holloway. A quorum was established.

Others in attendance: Town Manager Rick Keuroglian, Jim Outland and John Coker from Canonie Railroad, and Ron Wolff from Eastern Shore Rail Trail.

Motion made by Councilwoman Holloway, seconded by Councilman Grossman, and unanimously approved to go into Executive Session in accordance with Section 2.2-3711.A of the Code of Virginia, Paragraph 3 for the purpose of: Discussion or consideration of the acquisition of real property for a public purpose, or of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body. The motion was approved by unanimous vote.

Specifically: Discussion of Potential Acquisition of Canonie Property

Members of the public were asked to leave the room.

Council went into executive session at 5:01 p.m.

Motion made by Vice Mayor Buchholz, seconded by Councilman Grossman, to return to open session. The motion was approved by unanimous vote.

The open portion of the meeting resumed at 6:05 p.m. There were no members of the public waiting to return to the meeting.

Certification, to the best of each member’s knowledge, that (i) only public business matters lawfully exempted from open meeting requirements under this chapter and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed, or considered in the meeting by the public body. Roll call vote: Ashworth, yes; Buchholz, yes; Butta, yes; Grossman, yes; Holloway, yes; Newman, yes.

Motion made by Councilman Grossman, seconded by Vice Mayor Buchholz, to adjourn the Town Council Executive Session. The motion was approved by unanimous vote.

The Executive Session adjourned at 6:06 p.m.

Adam Charney, Mayor

Libby Hume, Town Clerk



DRAFT
TOWN COUNCIL
Work Session
Cape Charles Civic Center, 500 Tazewell Avenue
April 9, 2026 – 6:30 PM

CALL TO ORDER

Mayor Charney called the meeting to order at 6:30 p.m.

ROLL CALL

Council members in attendance: Mayor Charney, Vice Mayor Buchholz, Councilmen Butta, Grossman and Newman, and Councilwomen Ashworth and Holloway. A quorum was established.

Staff in attendance: Town Manager Rick Keuroglan, Planning Director Katie Nunez, Planning & Zoning Assistant Tracy Outten, Planning & Zoning Admin Assistant Jack Steinmayer, Code Official Jeb Brady, Inspector & Compliance Officer Casey Quilter, Harbor Master Paula Davis, Assistant to the Town Manager Pam Endlein, and Town Clerk Libby Hume.

There were 2 members of the public in attendance.

ITEMS FOR DISCUSSION

A. *Zoning Ordinance Article VIII - Historic District Guidelines*

Planning Director Katie Nunez provided a comprehensive overview of proposed amendments to Article 8 of the Zoning Ordinance, including the development of Appendix G. She explained that the updates stemmed from a prior zoning appeal and were intended to clarify requirements for property owners, contractors, and staff regarding exterior work within the Historic District. The proposed changes introduced clearly defined categories of work - routine maintenance, minor work, and major work - and provided guidance regarding when a Certificate of Appropriateness was required.

Staff emphasized that the revisions did not eliminate zoning or building permit requirements but rather provided clarity and consistency in how those requirements were applied. Tracy Outten reviewed specific ordinance updates, including Historic District Overlay language, additional definitions, and improved organization of appeal procedures.

Council discussion focused on usability and clarity of the new Appendix G table. Councilmembers expressed strong support for the effort, noting that the structured format would significantly improve public understanding. Councilman Grossman suggested minor technical corrections and emphasized alignment with existing zoning provisions. Building Official Jeb Brady noted that some determinations would remain case-by-case depending on project scope.

Council reached consensus to move the proposed amendments forward for a Resolution of Intent and future public hearing.

B. *Proposed Mobile Food and Beverage Vending Unit Ordinance*

Town Manager Rick Keuroglan introduced the proposed ordinance, noting ongoing concerns regarding inconsistent food vendor operations, including noise, placement, and lack of clear standards along Bay Avenue.

Katie Nunez presented a draft ordinance developed through research of comparable communities and coordination with the Virginia Health Department, Code Official Jeb Brady, and Assistant to the Town Manager/Events Coordinator Pam Endlein.

Discussion centered on whether the ordinance should be placed within the Zoning Ordinance or Town Code. Katie Nunez recommended zoning placement to provide stronger enforcement authority. After discussion, Council generally agreed with this approach.

Jack Steinmayer reviewed key provisions including definitions, permitting requirements, and operational standards. Council discussed flexibility for concession trailers and whether they needed to remain attached to their trailering vehicles, emergency access considerations, and the need for vendors to remain with their equipment.

Extensive discussion occurred regarding location, parking, and the potential future designation of vendor areas. Council also discussed coordination with special events, noting that vendors participating in approved events would operate under a Special Events Permit rather than individual licensing.

Performance standards were reviewed in detail. Council discussed operating hours and agreed that the proposed 6:00 p.m. cutoff was too restrictive, expressing support for extending hours into the evening. Additional discussion addressed signage limitations, trash disposal requirements, and clarification of food preparation language. Council emphasized that vendors should provide their own trash receptacles and remove all waste, rather than using Town trash cans. Noise related to generators was also discussed.

Katie Nunez stated that all changes would be incorporated and the updated ordinance would be brought back for further review. A Resolution of Intent would also be brought to Council to refer the ordinance to the Planning Commission for the public hearing process.

C. *Short-Term Rental Ordinance Discussion*

Katie Nunez stated that this item would be discussed in two parts: i) Houseboats as Short-Term Rentals (STRs); and ii) Zoning Ordinance Section 32-104 – Clarification of “Plus Two” for occupancy, Definition of Bedroom, and Refuse requirement.

Houseboats as STRs

Katie Nunez stated that on September 25, 2025, an STR application was received from Derek Roncaioli who owned a houseboat that was moored in the northeast corner of the Town Harbor. Zoning approval could not be provided for this STR application, and a letter of denial was issued. Mr. Roncaioli appealed the decision to the Board of Zoning Appeals, who held a public hearing on December 9, 2025, and upheld the decision. Katie Nunez convened a meeting with Code Official Jeb Brady, Treasurer Marion Sofield and Harbor Master Paula Davis in January 2026 to discuss this ordinance. Staff remained concerned that STRs on houseboats raised several concerns: i) If located in the harbor, the water system was shut off as a preventative measure from cold weather breakage, so there would be no access to public water in the off-season; ii) Lack of a septic system or direct discharge into a municipal sewer system. The waste management system described by Mr. Roncaioli met the needs and requirement of his personal use of the houseboat as a residence but did not easily translate to passing on the in-depth oversight of this system to a “weekly” renter who might not have familiarity of this type of system; iii) A boat did not fall within the description of dwelling contained in the Town’s Zoning Ordinance and did not fall under the jurisdiction of the Code Official and Building Code; iv) The ordinance required each STR to have a minimum of one Town-supplied trash receptacle which was not feasible for a houseboat. This houseboat currently utilized the Town’s dumpsters at the harbor for their trash issues.

Mr. Roncaioli addressed the Council informing them that he currently lived in Norfolk and was stationed on the USS John F Kennedy aircraft carrier. He and his family came to Cape Charles on vacation during the Memorial Day weekend in 2024. They took a tour of the houseboat and made an offer to purchase it. He was stationed at Little Creek at that time and had intended to move to Cape Charles and commute. When he was stationed on the aircraft carrier, he realized that it was too far for a daily commute. They wanted to spend their weekends in Cape Charles, but over time, they realized that they were not spending as much time here as they initially thought. They wanted to share the houseboat experience with others so that was why they applied for a STR license. The houseboat was classified as a floating home with the Coast Guard since there was no motor. The windows and doors were full-sized for use in traditional homes. He explained the sewage system adding that they disposed of the liners in the trash. There was one marine-grade toilet, that was Coast Guard approved. Their slip fee included use of the dumpsters, but he would pay for a trash receptacle if needed. His overall goal was to provide an opportunity for people to experience something unique. He talked about Flohom.com which was based out of Baltimore, MD and offered vacation rentals on houseboats. They typically obtained a 95% occupancy rate. He suggested Council go to the website to take a look, adding that this concept was not new, just new to Cape Charles.

Council discussion focused on the houseboat previously being used as a long-term rental, sleeping capacity, square footage, possible installation of a black water tank system, the Code Official's lack of authority for a boat, differentiation between a houseboat and a sailboat, the need for a local property manager or management company to handle maintenance issues, etc.

Councilman Newman stated that he was not opposed to the concept of exploring this issue, adding that he had vacationed on a boat in the past. He noted that it would take some careful thought and research to craft language to permit houseboats as STRs.

Council reached consensus for staff to research this issue further, provide pros and cons, and possible language for the potential of expanding the STR ordinance to include houseboats.

Zoning Ordinance § 32-104.c.5 – Occupancy

Katie Nunez stated that there was confusion regarding the “plus two” language for STR occupancy. Many STR owners thought it permitted them to have the “plus two” for each bedroom. She recommended adding language to this section to clarify that the “plus two” was for one bedroom only if it met the Bedroom Definition.

Zoning Ordinance Appendix A – Definitions

Katie Nunez stated that some people stated that they had a pull-out sofa in the living room and urged that this met all the requirements to be counted as a bedroom. They can use the sleeper sofa for their family members, but it did not count as a bedroom for commercial purposes. She presented a proposed text amendment to the definition as follows: “Bedroom is a room or space within a structure intended *primarily* for sleeping.”

There was much discussion regarding this issue and the definition of a bedroom. Katie Nunez stated that she wanted to make Council aware of the issues faced by staff when doing their inspections, and the need to improve the language to clarify the definition of a bedroom.

Casey Quilter added that people repeatedly asked for an explanation of the ordinance language which contained a lot of nuances, was confusing and left a lot to interpret. It became a source of arguments and could be better if written more explicitly.

Council reached a general consensus for staff to continue researching this issue, keep track of the number of times this issue arose, and to revisit the issue in the fall.

Zoning Ordinance 32-104.c.8 – Refuse Requirements

Katie Nunez stated that the ordinance required one trash receptacle for one and two-bedroom STRs, two receptacles for three or more-bedroom STRs, and three receptacles for STRs with five or more bedrooms. Staff received numerous complaints about this provision with many indicating that they contracted for additional trash pick-up services. To date, no evidence of any contracted services had been provided. She presented her proposed language to allow exemptions from the refuse requirements if written evidence of a contract or agreement was provided.

There was some discussion followed by Council’s consensus to review this issue again in the fall.

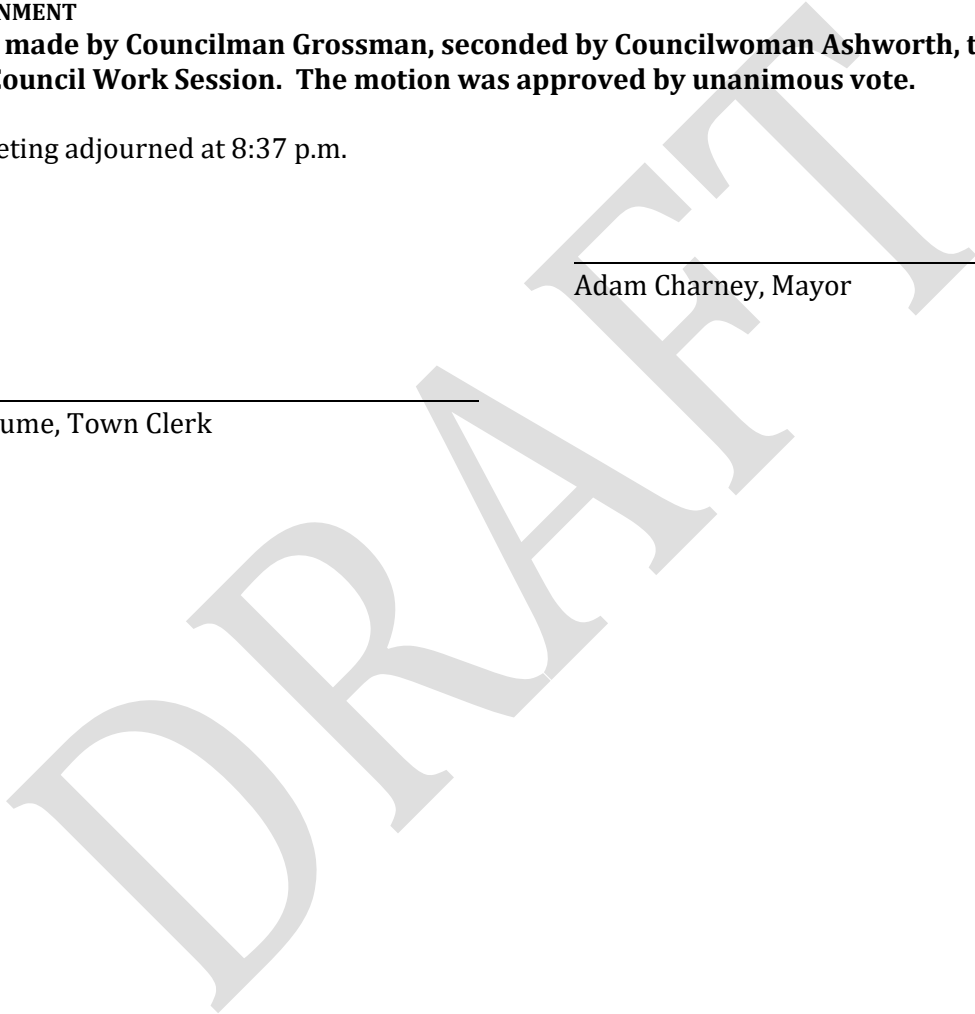
ADJOURNMENT

Motion made by Councilman Grossman, seconded by Councilwoman Ashworth, to adjourn to Town Council Work Session. The motion was approved by unanimous vote.

The meeting adjourned at 8:37 p.m.

Adam Charney, Mayor

Libby Hume, Town Clerk





**DRAFT
TOWN COUNCIL
Public Hearing & Regular Meeting**
Cape Charles Civic Center – 500 Tazewell Avenue
April 16, 2026 – 6:00 PM

CALL TO ORDER

Vice Mayor Buchholz called the meeting to order at 6:00 p.m.

ROLL CALL

Councilmembers in attendance: Vice Mayor Buchholz, Councilmen Butta, Grossman and Newman, and Councilwomen Ashworth and Holloway. Mayor Charney was not in attendance. A quorum was established.

Staff members in attendance: Town Manager Rick Keuroglan, Treasurer Marion Sofield, Assistant Treasurer Adrian Oei, Planning Director Katie Nunez, Sergeant Juana Diaz, Assistant to the Town Manager Pam Endlein, and Town Clerk Libby Hume.

There were eight (8) members of the public in attendance.

MOMENT OF SILENCE AND PLEDGE OF ALLEGIANCE

Council observed a moment of silence followed by the Pledge of Allegiance.

PUBLIC HEARING

A. Zoning Text Amendment 2026-01 – Chesapeake Bay Preservation Act

Katie Nunez provided a detailed presentation on the proposed Zoning Text Amendment. She explained that the update reflected nearly two years of work to align the Town’s ordinance with changes to the Chesapeake Bay Preservations Act adopted by the General Assembly. She outlined the process, including coordination with DEQ staff, review of the state’s model ordinance, and multiple revisions to incorporate regulatory updates. She also noted proposed amendments to Appendix A (Definitions) and Appendix C (Site Plan Ordinance). She further explained that the Town had contracted with Northampton County for GIS mapping to define Resource Protection Areas (RPA) and Resource Management Areas (RMA), which would provide more precise guidance for future development and review.

There were no comments to be heard nor any submitted in writing prior to the meeting.

Motion made by Councilman Grossman, seconded by Councilman Newman, close the public hearing. The motion was approved by unanimous vote.

PUBLIC COMMENTS

Angelo Galloway, resident

Mr. Galloway addressed Council with two requests. i) He proposed renaming a portion of Fig Street near Monroe Avenue to honor Thomas Godwin, citing his longstanding service, business contributions, and civic involvement. Council asked clarifying questions regarding the specific location and it was determined that the request was to rename a portion of Fulcher Street; ii) He also proposed installation of time-restricted “No Parking” signage on Nectarine Street adjacent to the First Baptist Church during Sunday service hours, explaining that parked vehicles limited access to a handicap ramp, creating safety concerns for elderly members of their congregation. Council discussed whether a permanent handicap designation or a limited-time restriction would be more appropriate. (Please see attached.)

Claudette Lajoie, resident

Ms. Lajoie spoke regarding the Town’s budget and operations. She emphasized the importance of evaluating efficiency, ensuring that staffing levels matched actual needs, and considering the cumulative impact of taxes and fees on full-time residents. She urged Council to maintain the Town’s small-town character while ensuring responsible fiscal management. (Please see attached.)

Mark Usry, resident

Mr. Usry spoke regarding the Civic League’s tree planting initiative and expressed disappointment with VDOT’s denial. He detailed the extensive volunteer effort and requested that Council formally appeal the decision within the allowable timeframe. Rick Keuroglian confirmed that staff had already initiated discussions with VDOT and would continue pursuing a resolution. (Please see attached.)

Town Clerk Libby Hume read several emails from Susan Burger, Richard Burger, and Andrew Follmer into the record. (Please see attached.)

RECOGNITION OF VISITORS / PRESENTATIONS / RECOGNITIONS

A. *Eastern Shore Rail Trail Update – Ron Wolff, Executive Director*

Mr. Wolff provided a comprehensive update on the Eastern Shore Rail Trail project. He reported that the initial segment from Cape Charles to Cheriton was substantially complete, with paving finished ahead of schedule and a potential opening by Memorial Day. He addressed safety concerns due to early public use of the trail and outlined measures taken, including installation of fencing, signage, and coordination with the contractor. He emphasized that liability remained with the contractor until the project was officially completed. Mr. Wolff provided a detailed overview of future phases, noting that state and federal funding had been secured for expansion. He emphasized that no local funds had been used for construction of the trail.

Council engaged in extensive discussion regarding enforcement of trail rules, including prohibiting golf carts, the use of bollards, and coordination with law enforcement. Additional discussion focused on amenities such as kiosks, benches, bike repair stations, landscaping, and trash receptacles. Permitting requirements and long-term maintenance responsibilities were also discussed.

B. *National Building Safety Month Proclamation*

Libby Hume read Proclamation 20260416A – Building Safety Month – May 2026.

Motion made by Councilman Grossman, seconded by Councilwoman Ashworth, to adopt Proclamation 20260416A for Building Safety Month – May 2026. The motion was approved by unanimous vote.

C. *National Police Week Proclamation*

Libby Hume read Proclamation 20260416B to Recognize National Peace Officers’ Memorial Day and National Police Week 2026.

Motion made by Councilman Grossman, seconded by Councilwoman Ashworth, to adopt Proclamation 20260416B Recognizing National Peace Officers’ Memorial Day and National Police Week 2026. The motion was approved by unanimous vote.

D. *National Public Works Week Proclamation*

Libby Hume read Proclamation 20260416C – National Public Works Week – May 17-23, 2026 with the theme “Rooted in Service, Powered by Community.”

Motion made by Councilman Newman, seconded by Councilman Butta, to adopt Proclamation 20260416D for National Public Works Week – May 17-23, 2026. The motion was approved by unanimous vote.

- E. *Recognition of Employees with Significant Anniversaries*
 Vice Mayor Buchholz recognized employees celebrating significant anniversaries with the Town.
- Katie Nunez – 5 years
 - Tracy Outten – 10 years
 - Connie Drummond – 10 years
 - Jeb Brady – 20 years

Council thanked each employee for their dedication and contributions to the Town.

CONSENT AGENDA

- A. *Approval of Agenda Format*
 B. *Approval of Minutes*
- March 12, 2026 Town Council Strategic Planning Workshop
 - March 19, 2026 Town Council Regular Meeting
 - March 19, 2026 Town Council Executive Session
- C. *Approval of February 2026 Financial Report*

Town Manager Keuroglian requested removal of Item 8A - Beachfront Master Plan from the agenda due to timing considerations and rescheduling it for May 7th.

Motion made by Councilwoman Ashworth, seconded by Councilwoman Holloway, to remove Item 8A – Beachfront Master Plan from this evening’s agenda. The motion was approved by unanimous vote.

Motion made by Councilman Grossman, seconded by Councilwoman Holloway, to approve the minutes and the February Financial Report as submitted. The motion was approved by unanimous vote.

UNFINISHED BUSINESS

- B. *2026 Community Strategic Plan*

Town Manager Keuroglian presented the updated Strategic Plan, summarizing priorities identified during the Council retreat, adding that the first five items represented the Town’s primary focus areas.

There was discussion regarding classification of ongoing projects, such as sidewalk infill, Mason Avenue and Strawberry Street electrical upgrades, reviewing efficiency of current planning and zoning processes and fees, and amendment of the Accawmacke Plantation Planned Unit Development, versus new initiatives. Council provided direction for refining the document and emphasized maintaining flexibility as priorities evolved. The priority items to be started as soon as resources became available were i) Develop a shared revenue agreement with the County; ii) Develop a plan with the County to address fire capital equipment needs and a funding plan; iii) Develop a Continuity of Operations plan; iv) Create a Workforce Stability & Organizational Capacity Plan; v) Develop a Townwide Parking Plan to include parking capacity and parking expansions and improvements.

Motion made by Councilman Grossman, seconded by Councilman Butta, to adopt the Community Strategic Plan as presented with an update to Appendix B as discussed. The motion was approved by unanimous vote.

- C. *Zoning Text Amendment 2026-01 - Chesapeake Bay Preservation Act*

Katie Nunez provided an overview of the proposed amendment, highlighting its purpose to align Town ordinances with updated state regulations for the Chesapeake Bay Preservation Act. She

explained the extensive review process, including coordination with the Department of Environmental Quality and use of model ordinance language. There was discussion regarding implementation, GIS mapping updates and administrative impacts with Council expressing support for the work completed by staff and the Planning Commission.

Katie Nunez noted that an ordinance had not been drafted but would be presented to Council at a future meeting for formal adoption of zoning text amendment 2026-01.

Motion made by Councilman Grossman, seconded by Councilwoman Holloway, to approve the zoning text amendments as discussed with an ordinance to be brought back later for formal adoption. The motion was approved by unanimous vote.

D. Zoning Text Amendment 2026-02 - Article VIII (Historic District Overlay), Appendix A (Definitions) & Design Guidelines

Katie Nunez reviewed the proposed revisions to Article VIII, Appendix A and Design Guidelines. She explained that the revisions were intended to streamline the review process, clarify definitions, and improve consistency with design guidelines.

Councilman Grossman provided feedback for minor refinements to Section 32.236: Material to be Submitted for Review.

Council emphasized the importance of maintaining historic character and ensuring that regulations were clear to provide guidance for property owners.

Motion made by Councilman Grossman, seconded by Councilwoman Ashworth, to adopt Resolution of Intent 20260416 – Proposed Zoning Text Amendment 2026-02 Application from the Town of Cape Charles to Amend Article VIII, Appendix A & Design Guidelines Regarding the Historic District Overlay as discussed and amended. The motion was approved by unanimous vote. Roll call vote: Ashworth, yes; Buchholz, yes; Butta, yes; Grossman, yes; Holloway, yes; Newman, yes.

NEW BUSINESS

A. Grounds Maintenance Service Contract Award

Rick Keuroglan presented the recommended contract award, stating that an invitation for bids for grounds maintenance services for Central Park was issued on March 5, 2026 with Browder-Hite, our current provider, being the sole bidder.

Motion made by Councilman Grossman, seconded by Councilwoman Holloway, to award the Grounds Maintenance Service Contract for Central Park to Browder-Hite in the amount of \$40,045. The motion was approved by unanimous vote.

TOWN MANAGER COMMENTS

Rick Keuroglan commented as follows: i) Personnel: Wayne Gant was hired as the second seasonal Public Works employee and would be starting on April 21st; The Town was currently receiving application and inquiries for seasonal positions of dock hands and beach attendants; ii) Training & Education: Library staff attended the Eastern Shore Tourism Summit; Jodi Outland attended two webinar training courses – Workplace Rights & Responsibilities under Federal Law presented by the Equal Employment Opportunity Commission, and Americans with Disabilities Act and Family and Medical Leave Act 101 presented by the Department of Labor’s Wage & Hour Division; the Cape Charles Police Department training included: De-escalation, Culture Diversity, Below 100, Human Trafficking, Autism, Threat Management, Gangs, Criminal Interdiction, Use of Force, Media Relations, Kingpin to Educator, and participated in the mock training for the Northampton County Schools and Broadwater Academy; ii) Signs for the Rail Trail would be installed which outlined specifics regarding what was allowed and what was prohibited from using the trail. Ron Wolff had previously told him

that electric skateboards would be allowed, but he stated earlier this evening that they were prohibited. He would get clarification about this; iii) He would be receiving his evaluation next week on April 24th. He and Councilman Grossman were scheduled to meet prior to the Town Council Executive Session; iv) He reached out to VDOT to ensure they had our map for tree plantings and asked for reconsideration of their decision before beginning the appeal process. He hoped to get them to work with us regarding the tree plantings.

Katie Nunez notified Rick Keuroglan and Town Council that Pete Bauman had submitted his resignation from the Board of Zoning Appeals, adding that Mr. Bauman had served over 23 years on the BZA. Councilwoman Holloway suggested sending Mr. Bauman a card and possibly a gift card from the Town to show our appreciation for his many years of service.

MAYOR & COUNCIL COMMENTS

Councilman Grossman stated that he would be compiling a synopsis of the county’s budget and went on to highlight some items. The county’s tax rate would be increasing and may go up more depending on the resolution of the school board budget. The state was reducing their funding for the Northampton Schools by about \$1M, so the county was having to make up the difference. Their health benefit premiums increased about 20%. These were big ticket items that they were struggling with.

There were no other comments.

ANNOUNCEMENTS

- April 24, 2026 – Blessing of the Fleet
- April 24 & 25, 2026 – Railroad/Harbor Area Master Planning Community Input Sessions at Strawberry Street Plaza
- April 25, 2026 – LoveRun
- April 25, 2026 – Cape Charles Fire Company Fundraiser – Amish Outlaws
- April 26, 2026 – Blessing of the Worms at the New Roots Youth Garden
- May 7, 2026 – Town Council Work Session & Executive Session
- May 21, 2026 – Town Council Regular Meeting

ADJOURNMENT

Motion made by Councilman Grossman, seconded by Councilman Butta, to adjourn the Town Council Public Hearing & Regular Meeting. The motion was approved by unanimous vote.

The meeting adjourned at 8:08 p.m.

Andy Buchholz, Vice Mayor

Libby Hume, Town Clerk

April 16, 2026 Town Council Public Hearing & Regular Meeting - Attachments

Angelo Galloway, resident

Street Name Change Proposal Speech

Good evening Mayor and members of the Council,

My name is Angelo Galloway, and I appreciate the opportunity to speak with you today.

I come before you with a proposal that is both simple and meaningful to our community. I am requesting consideration to rename a portion of Fig Street—specifically, the dead-end section where Mr. Thomas Godwin resides—to “Godwin Way” (or “Godwin Street,” depending on council preference).

This is not a request to rename the entire street, but only that limited section, so as to minimize disruption while still honoring an individual who has made a lasting impact.

Mr. Thomas Godwin is a respected member of this community. His presence, contributions, and character have not gone unnoticed by those who know him. In small towns like ours, the people who quietly shape the community often deserve recognition, and this is one way we can acknowledge that.

This proposal is also practical. Because the section in question is a dead-end, the impact on residents, emergency services, and postal delivery would be minimal and manageable. The change would be limited in scope but meaningful in purpose.

Beyond honoring Mr. Godwin, this effort reflects something larger—it shows that Cape Charles values its people. It tells residents that their contributions matter and that this town takes pride in recognizing those who help make it what it is.

I understand that any change like this requires careful consideration, including input from affected residents and adherence to town procedures. I am fully prepared to assist in that process, whether that includes gathering community support, coordinating with neighbors, or complying with any requirements the council may have.

In closing, I respectfully ask the Council to consider this proposal, not just as a name change, but as an opportunity to celebrate a member of this community in a lasting and visible way.

2. No Parking Proposal (Nectarine Street)

Good evening Mayor and members of the Council,

My name is Angelo Galloway, and I appreciate the opportunity to speak with you again.

I would like to bring to your attention a safety and accessibility concern on Nectarine Street, alongside the church property.

On Sundays, a resident on that street regularly parks a pickup truck and boat trailer along the same side of the church. While this may not be an issue during the week, it creates a significant problem during church services. Many of the church’s elderly members rely on close parking access, including access to the handicap ramp.

When that space is occupied, it limits safe and reasonable access for those individuals. This is not just an inconvenience—it directly impacts mobility, safety, and the ability for members of the community to attend services without hardship.

To address this, I am proposing the installation of two “No Parking” signs along that portion of Nectarine Street, restricting parking on Sundays between the hours of 9:00 a.m. and 2:00 p.m.

This is a limited, time-specific solution that balances the needs of the resident with the needs of the church community. It does not impose a full-time restriction—only during the hours when the impact is most significant.

A similar approach is already in place on Strawberry Street near the Christian Academy, where signage helps manage parking during school hours. That example shows that the town has already successfully implemented targeted parking solutions like the one I am proposing.

This request is about ensuring safe access, particularly for elderly residents, and maintaining fairness for all members of the community.

I respectfully ask the Council to consider placing these signs as a reasonable and effective solution.

Thank you for your time and consideration.

Claudette Lajoie, resident

As a community we continue to show up with our sweat equity, I don't think I need to expand on that as you are well aware of how the civic community volunteers for this Town throughout the year. We show up with our financial equity in this community by maintaining our properties to a high standard as well donating to support our many nonprofit organizations. We, as the community, are the small-town character and charm that you need and rely on to maintain our viable tourism industry. Through our personal investment—both financial, physical, and emotional—we are the town's appeal which fuels the town economy.

I ask, actually I expect, that as you continue to review the budget and evaluate costs, that you clearly demonstrate how the Town has done their part to complete a service level audit to see if the Town is actually becoming more efficient as it grows, or just more expensive and self-serving. As the morale of the Town residents is continually being challenged and burdened with additional costs, taxes, unnecessary processes, and wasted efforts, the small-town character based in volunteerism and community efforts, which fuel our town economy will also falter.

Mark Usry, resident

Members of Town Council, Town staff, those here or at home in the audience, my name is Mark Usry, I live at 117 Strawberry Street.

Tonight I rise to speak to do four things – express gratitude, apologize, share information and make a request.

To our town council I express my gratitude for entrusting the Civic League with the responsibility of managing the Plant-a Tree Project.

To the members of the Civic League Beautification Committee, I am grateful to each of you for the hours you spent on the Project. Our committee members are Monica Hullinger, Claudette Lajoie, Clayton Neuman, Evan Ripley, Kim Szogas, and Ed Wells.

To those who chose to participate in the Project thank you and my sincere apologies for the abrupt termination.

We each have our reasons for appreciating trees. A quick internet search turns up an interesting array of benefits from trees with one list had six reasons, another had ten and yet another had 22.

Some of the reasons include.

- Reduce utility bills by providing shade and a natural wind block.
- Help to clean our air and water.
- Provide homes for many species.
- Quality of life – a walk in the (shaded) park or down a tree-lined street reduces stress and anxiety.

For the list of 22 benefits from trees a person may choose to go to www.treepeople.org.

When I was made aware that VDOT rejected our application to implement the Plant-a-Tree Project I was shocked and very, very disappointed. Still can't believe it.

It appears from the text of the letter of denial that we are to never plant trees in the strip of land between our sidewalks and the street. The importance of our relationship with VDOT cannot be taken lightly, however, my request to Council tonight is that you consider an appeal of this decision. In 24VAC30-151-100 the appeal process is explained. We have 30 calendar days from April 13 to notify the division administrator of our reasons for the appeal.

Thank you.

Susan Burger, resident
Town Council Members, Mayor, and Town Manager,

I am writing to express my deep disappointment in VDOT's denial of the tree planting project proposed by the Beautification Committee of the Civic League. The blatant denial to endorse a project that improves our community because it adds maintenance is disheartening. Should they not build roads because it will require maintenance in the future?

The Town Council and Manager should devote some effort to better understand and work with VDOT to achieve improvements here.

I ask that the Town appeal VDOT's decision.

Richard Burger, resident
Mayor, Town Council members and Town Manager,

I am asking tonight that our town leadership file a formal appeal with VDOT over their rejection of our proposal for town beautification through the tree planting project. A number of our residents, but particularly those associated with the Historic District Civic League, have put in countless hours talking with VDOT and town officials, selecting appropriate trees, scouting planting locations, contacting Miss Utility to approve the sites, communicating with residents, lining up equipment and volunteers to help with the planting, all to be told NO after 9 months of work on this project. The efforts of your constituents should be recognized and supported by town management, the Mayor and Town Council. That support should come in the form of a formal appeal of their decision, from the Town of Cape Charles to VDOT. Thank you.

Andrew Follmer, resident & business owner
Dear Members of Council and Mr. Keuroglan

I am writing to ensure you are aware of a Dangerous Dog evidentiary hearing next week (April 23) resulting from a March 19 (9:30 am) dog attack on the 300 block of Mason Ave with critical implications for the safety of our residents and visitors, and I request that our Town Management and Council send a letter to the Commonwealth's Attorney in support of his efforts to have this dangerous animal removed from its current residence. Before opening the attached photos, please be aware they are much more graphic than what you would expect from a dog "bite".

This same 100 lb dog previously attacked an 11 year-old child near Central Park in 2025, sending him to the hospital (thus it was reported to the county Health Department) and leaving him with a significant, permanent scar. Under Virginia's "One-Bite Rule", the next steps following this recent attack should be clear. However, a lack of coordination between the Sheriff's office and Animal Control nearly allowed this case to slip through the cracks, and the appropriate application of state code is only happening due to intense follow up by the victim's family. The victim and her daughter are both long-time members of my business team/family, so I am not only a witness but am also in daily communication with them. Two additional instances of the dog biting a child relative of the owner were not reported. So this second reported attack is actually the fourth known "biting" incident, and the attached pictures clearly demonstrate the dog is escalating.

Of particular concern with regard to the March 19 attack is that the dog was on a leash accompanied by its owner. I was present, literally a step away, and will be testifying at the hearing that the dog was unprovoked and gave no warning. There was no growling or barking or any noticeable trigger (e.g. a sudden noise or disturbance). The owner and I were standing still talking, and suddenly the victim began to scream as the dog bit her multiple times on her right hand and arm, biting off a piece of her arm. I have provided the name and address of the owner to the clerk, as well as the details about the hearing. I am also available in the coming days to answer any questions about the painful disfigurement, trauma, and surgical/medical ordeals the victim is facing. It is important to note that his dangerous animal lives steps from the town playground, and the soon-to-start Concerts in the Park take place in what is basically the dog's front yard. The county has filed misdemeanor charges against the owner given the previous reported attack, and any next attack would result in felony charges. Nevertheless, the owner refuses to exercise an increased level of caution, as evidenced by the attached picture of the owner walking the dog without a muzzle on the 600 block of Randolph St at 6:15 pm on April 6, 2 ½ weeks after the attack. Clearly, the owner has demonstrated an inability to control the dog sufficiently on leash and lack of commitment to use reasonable care to prevent a foreseen injury.

In summary, it is incumbent on this Council and Town Manager to recognize that this very large dog's dangerous record of escalating attacks, the opportunity inherent to its location, and the owner's inability and unwillingness to use reasonable care makes another such attack highly foreseeable, and; therefore, to strongly request that the Court disallow the dog to remain in any such heavily populated area within our town.
Andrew Follmer

From: Jim Pruitt <jpruitt@capecharles.org>
Sent: Tuesday, April 14, 2026 3:51 PM
To: Rick Keuroglian <rick.keuroglian@capecharles.org>; D Doughty <ddoughty@co.northampton.va.us>

This is a Northampton County case, the previous cases were not reported. Northampton animal control has done their job correctly. The Animal control officer has issued a summons, and the outcome will be decided by the judge hearing the case. I am sure Sheriff Doughty will let you know when the case will be heard.

From: D Doughty <ddoughty@co.northampton.va.us>
Sent: Tuesday, April 14, 2026 5:34 PM
To: Rick Keuroglian <rick.keuroglian@capecharles.org>

Rick, thank you for reaching out. A hearing is scheduled in the General District Court for the Dangerous Dog Charge on April 23, 2026, at 10am. The court will then make a ruling and if its determined to be a dangerous dog the owners will have to comply with several requirements (Dangerous Dog Certificate which has to be renewed annually, Confined to a proper locked enclosure in a fenced in yard, Dangerous Dog Signs posted on property, tattoo on inner thigh or electronically chipped, Leashed and muzzled when off property, vaccinations kept current, and liability insurance of at least \$100,000). If the court determines from the evidence that it's a vicious dog, it will order that it be euthanized. If there are others that have been bitten, that evidence can be presented and the court could consider that in its ruling.

Please let me know if you have any questions. I have attached the ordinance.
Sheriff Doughty

MUNICIPAL CORPORATION OF CAPE CHARLES
 TREASURER'S REPORT
 February 28, 2026

Cash on Hand	1/31/2026	2/28/2026	Increase/ (Decrease)
Atlantic Union Bank Checking Account	\$198,769	\$195,022	-\$3,747
Atlantic Union Bank Money Market Account	\$15,201	\$15,259	\$58
LGIP Account 1 - 0565 - Unrestricted	\$123,334	\$123,693	\$360
LGIP Account 2 - 0195 - Unrestricted	\$392,015	\$393,158	\$1,143
Virginia Investment Pool Liquidity Unassigned - 5003	\$17,044,991	\$17,095,019	\$50,029
Virginia Investment Pool 1-3 Year Unassigned 0001	\$1,137,335	\$1,143,145	\$5,810
Taylor Bank Operating Cash Account	\$295,666	\$195,981	-\$99,685
Taylor Bank Sweep Account	\$2,017,523	\$1,569,946	-\$447,578
Total Cash On Hand	\$21,224,834	\$20,731,223	-\$493,612

Restricted and Reserved Cash Balances	1/31/2026	2/28/2026	Increase/ (Decrease)
Atlantic Union Bank Checking Account - Police Funds	\$431	\$431	\$0
LGIP Account 2 - Restricted for USDA loan covenant	\$30,120	\$30,120	\$0
Virginia Investment Pool Liquidity Acct#1 Facility Fees Rsrvd (Utilities)	\$0	\$0	\$0
Total Cash Held in Reserve	\$30,551	\$30,551	\$0
Total Cash - All Accounts	\$21,255,385	\$20,761,774	-\$493,612

MUNICIPAL CORPORATION OF CAPE CHARLES
 TREASURER'S REPORT
 February 28, 2026

REVENUE VS. EXPENDITURES

FUND	CURRENT MONTH	CURRENT YEAR-TO-DATE	ANNUAL BUDGET	% REALIZED/ EXPENDED FY25
GENERAL Fund				
REVENUE	\$217,703	\$4,506,936	\$5,916,265	76.18%
EXPENDITURES	\$276,296	\$3,270,956	\$5,916,265	55.29%
NET	(\$58,593)	\$1,235,980	\$0	
GENERAL Capital Fund				
REVENUE	\$2,054	\$1,562,779	\$6,837,456	22.86%
EXPENDITURES	\$63,965	\$2,976,367	\$6,837,456	43.53%
NET	(\$61,911)	(\$1,413,589)	\$0	
GENERAL Debt Service Fund				
REVENUE	\$0	\$1,595,121	\$1,655,121	96.37%
EXPENDITURES	\$0	\$1,510,886	\$1,655,121	91.29%
NET	\$0	\$84,235	\$0	
GENERAL Special Activities Fund				
REVENUE	\$0	\$0	\$0	0.00%
EXPENDITURES	\$0	\$0	\$0	0.00%
NET	\$0	\$0	\$0	
PUBLIC UTILITIES Fund				
REVENUE	\$144	\$83,336	\$80,000	104.17%
EXPENDITURES	\$0	\$80,042	\$80,000	100.05%
NET	\$144	\$3,294	\$0	
HARBOR Fund				
REVENUE	\$21,358	\$993,402	\$1,108,331	89.63%
EXPENDITURES	\$30,673	\$670,202	\$1,108,331	60.47%
NET	(\$9,315)	\$323,200	\$0	
SANITATION Fund				
REVENUE	\$2,237	\$194,058	\$361,177	53.73%
EXPENDITURES	\$32,226	\$267,297	\$361,177	74.01%
NET	(\$29,989)	(\$73,239)	\$0	

FY 26 Capital Improvement Project Tracking Report

As of:
2/28/2026

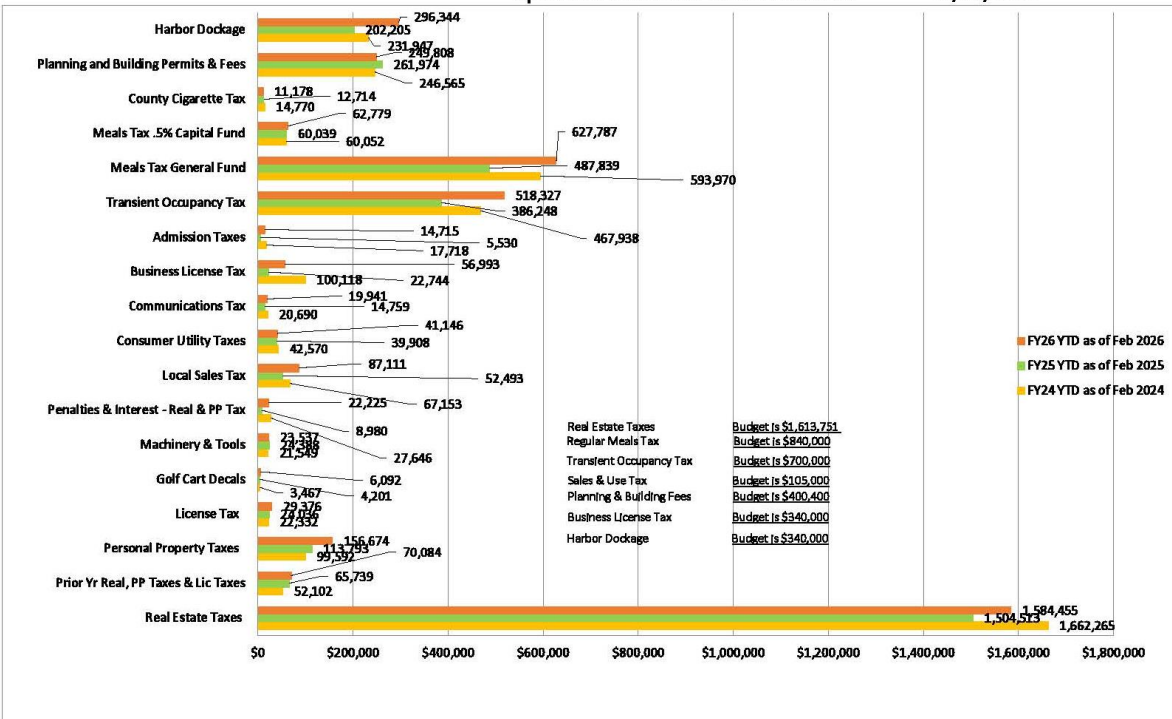
	% of Current Year Budget	FY26 Budgeted	QTR 1 Expended	QTR 2 Expended	QTR 3 Expended	QTR 4 Expended	FY26 YTD Expended	(Over)/Under Budget
General Capital Fund								
Municipal Space Replacement	2%	\$ 3,087,981.00	\$ 2,004	\$ 23,753	\$ 34,409	\$ -	\$ 60,166	\$ 3,027,815
ADA Parking	62%	\$ 47,400.00	\$ 5,667	\$ 2,710	\$ 21,000	\$ -	\$ 29,377	\$ 18,023
Library Repair & Renovation	95%	\$ 310,000.00	\$ 610	\$ 5,369	\$ 289,324	\$ -	\$ 295,303	\$ 14,697
Beachfront Revitalization	0%	\$ 45,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,000
Beach Restroom/Bathhouse	0%	\$ 45,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,000
Sidewalk Infill	50%	\$ 100,000.00	\$ -	\$ -	\$ 49,819	\$ -	\$ 49,819	\$ 50,181
Mason Ave. Electrical	0%	\$ 129,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129,000
Keck Wells Water Line Return	19%	\$ 565,000.00	\$ -	\$ 105,000	\$ -	\$ -	\$ 105,000	\$ 460,000
7 Strawberry Public Restroom	0%	\$ 5,100.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,100
Mason Ave ADA Ramps	0%	\$ 35,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,000
Subtotal		\$ 4,329,381.00	\$ 8,281	\$ 136,832	\$ 394,552	\$ -	\$ 539,665	\$ 3,329,716
Harbor Fund								
Fuel Tank Improvements	0%	\$ 34,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,000
Replace Boardwalk With Synthetic Decking	100%	\$ 162,000.00	\$ 11,785	\$ 13,988	\$ 136,132	\$ -	\$ 161,905	\$ 95
Subtotal		\$ 196,000.00	\$ 11,785	\$ 13,988	\$ 136,132	\$ -	\$ 161,905	\$ 34,095
TOTAL		\$ 4,525,381	\$ 20,066	\$ 150,820	\$ 530,684	\$ -	\$ 701,570	\$ 3,363,811

Notice of change to Harbor projects:

Extensive additional damage was found when the last section of the harbor boardwalk near the Shanty was demolished. In order to cover the cost of the repair, \$25,000 allocated to fixed dock repair has been reallocated to the boardwalk reconstruction project. These two projects were budgeted under the same line item, so no budgetary transfer was required. Fixed dock repair will be delayed until FY27 and has been included in the budget currently in development.



Specific Sources of Revenue as of 2/28/2026



FY 26 Real Time Project Tracking Report

As of:
4/8/2026

	% of Budget	FY26 Budgeted	FY26 YTD Expended	(Over)/Under Budget
Restroom Trailer	99%	\$ 70,000	\$ 69,232.00	\$ 768.00
Interim Town Hall Costs				
Moving Costs				
Repairs & Improvments			\$ 35,312.97	
Information Technology & Computer Hardware			\$ 52,317.59	
Furnishings			\$ 41,059.51	
Contingency			\$ 7,689.93	
Subtotal	107%	\$ 127,500	\$ 136,380.00	\$ (8,880.00)
Lease	76%	\$ 62,019	\$ 47,311.00	
Total	97%	\$ 189,519	\$ 183,691.00	\$ 5,828.00

DRAFT



DRAFT
TOWN COUNCIL
Budget Work Session Minutes

Civic Center, 500 Tazewell Avenue

April 16, 2026

Immediately Following the Regular Meeting

CALL TO ORDER

Vice Mayor Mike Buchholz called the Town Council Budget Work Session to order.

ROLL CALL

Councilmembers in attendance: Vice Mayor Buchholz, Councilmen Butta, Grossman and Newman, and Councilwomen Ashworth and Holloway. Mayor Charney was not in attendance. A quorum was established.

Staff members in attendance: Town Manager Rick Keuroglan, Treasurer Marion Sofield, Assistant Treasurer Adrian Oei, Assistant to the Town Manager Pam Endlein, and Town Clerk Libby Hume.

There were two (2) members of the public in attendance.

ITEMS FOR DISCUSSION

A. FY 2027 Budget – Continuation from April 2, 2026

Town Manager Rick Keuroglan introduced the continued review of the FY 2027 Budget, noting that updates since the prior work session were highlighted within the working document. He explained that revisions reflected changes discussed previously and new information received. The updated reassessment data was received from the County after publication of these documents. This information would be updated in the documentation for the next work session.

Councilman Grossman suggested that since everyone had the opportunity to review the documentation, we should focus discussion on key changes and specific line items rather than reviewing every adjustment in detail.

General Fund Revenue

There was some discussion regarding the real property tax revenue. Councilman Grossman expressed his preference to equalizing the tax rate based on the reassessments. Councilman Newman noted rising costs and questioned sustainability of flat taxes. The majority of Council preferred equalizing the tax rate.

There was much discussion regarding the personal property tax revenue projections. Staff explained that the 2026 personal property tax projection was increased to \$200K based on Council discussion at the April 2nd meeting, adding that the historic collection rate was approximately 70%.

Councilwoman Holloway said Davenport & Company had suggested increasing the meals and transient occupancy tax rates, but she did not support that approach. She emphasized considering the impact on full-time residents when evaluating any meals tax increase. Council also discussed a seasonal meals tax increase or adding a resort tax. Rick Keuroglan would review the Dillon Rule to determine the Town’s options under state law.

General Fund Expenditures

There was an overall 7% increase in salaries and benefits. Some positions were reclassified and salaries adjusted accordingly. Councilman Grossman recommended that Mayor Charney meeting with Rick Keuroglan to review all employees and their salaries.

Consulting Services General Fund (100-4121-3420): Councilman Grossman noted that Northampton County had not included any funding for a consultant to review funding and capital needs for the fire companies within the county. County Administrator Matt Spuck was meeting with the individual fire companies. In light of that, he recommended removing the \$25K included for this purpose and placing it in contingency. If county decided to move forward with a consulting firm, we could make the necessary adjustments during the mid-year review.

At the April 2nd work session, Council capped the education, conference, and office supplies line items at the same level as FY 2026 due to budget actuals over the last several years. There was much discussion regarding Chief Pruitt's comment that one of his officers paid for travel and training out of their own pocket since there was not enough funding available in the budget. Council reiterated that Rick Keuroglan had discretion to transfer funding between departments and line items to cover needed training.

Under Public Works, the budgeted overtime was reduced to \$21K since a new full-time position was added to the department. With the additional full-time staff person, the need for overtime should be reduced. This item would be revisited during the mid-year review.

There was some discussion regarding the Transfers Out section. Council reiterated the need for budgets from the non-profit organizations being funded – Cape Charles Main Street, Citizens for Central Park, and the Cape Charles Volunteer Fire Company.

Capital Expenditures

Councilman Grossman requested a five-year plan for capital improvements. He added that Council needed to review the various projects to determine those that could be completed by June 30th and those that would be completed after July 1st.

There was much discussion about the sidewalk infill and golf cart pathway from Bay Creek. Councilman Butta noted that the sidewalk infill project could possibly be completed in two years if \$100K was allocated toward sidewalk infill each year. It was noted that sidewalks were the responsibility of VDOT and the town manager should contact VDOT for assistance rather than funding the complete infill project and repairs. Council reduced the funding to \$100K. The town was also putting in the ADA curb cuts along Mason Avenue, which Council felt was also VDOT's responsibility. Several of the Council members felt that the town should assist with the pathway from Bay Creek. Rick Keuroglan stated that he had spoken with a representative from the Bay Creek Homeowners Association (HOA) and they were currently waiting on the easement for the pathway. He would also be meeting with the HOA board.

Rick Keuroglan added that VDOT would be resurfacing all of the streets in Cape Charles beginning in November.

Rick Keuroglan stated that if Council opted to obtain a loan for the new municipal building, the numbers shown in the budget would change.

Councilwoman Holloway said the budget for the Mason Avenue Electrical Project could be reduced if the Town received any grant funding, potentially through the Community Development Block Grant (CDBG) program administered by the Department of Housing and Community Development (DHCD). She requested that the Capital Asset Management Program (CAMP) be brought to Council for review to evaluate the current project list and add new projects. She also raised concerns about insufficient lighting in the municipal parking lot on Mason Avenue, noting that the property was leased. She said the area was unsafe and that the addition of lighting should not be delayed any longer.

Next Steps

The next budget work session was scheduled for May 7th. There was some discussion regarding the scheduling of an executive session on that same evening. It was decided that the executive session would begin at 5:00 p.m. in the town manager’s office. The work session would begin at 7:00 p.m. in the Civic Center.

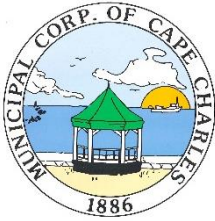
Motion made by Councilman Grossman, seconded by Councilwoman Ashworth, to adjourn the Town Council Work Session. The motion was approved by unanimous vote.

The meeting adjourned at 9:53 p.m.

Andy Buchholz, Vice Mayor

Libby Hume, Town Clerk

DRAFT



DRAFT
TOWN COUNCIL
Executive Session
Cape Charles Civic Center, 500 Tazewell Avenue
April 23, 2026
6:00 PM

CALL TO ORDER

Vice Mayor Andy Buchholz called the Town Council Executive Session to order at approximately 6:00 p.m.

ROLL CALL

Council members in attendance: Vice Mayor Buchholz, Councilman Grossman, and Councilwomen Ashworth and Holloway. A quorum was established.

Mayor Charney, and Councilmen Butta and Newman were not in attendance.

Staff in attendance: Town Manager Rick Keuroglian

Motion made by Councilwoman Holloway, seconded by Councilman Grossman, and unanimously approved to go into Executive Session in accordance with Section 2.2-3711.A of the Code of Virginia, Paragraph 1 for the purpose of: Discussion, consideration, or interviews of prospective candidates for employment, assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body where such evaluation will necessarily involve discussion of the performance of specific individuals.

Specifically: Town Manager’s Performance Evaluation

Members of the public were asked to leave the room.

Council went into executive session at 6:02 p.m.

Motion made by Councilman Grossman, seconded by Councilwoman Holloway, to return to open session. The motion was approved by unanimous vote.

The open portion of the meeting resumed at 8:09 p.m. There were no members of the public waiting to return to the meeting.

Certification, to the best of each member’s knowledge, that (i) only public business matters lawfully exempted from open meeting requirements under this chapter and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed, or considered in the meeting by the public body. Roll call vote: Ashworth, yes; Buchholz, yes; Grossman, yes; Holloway, yes.

Motion made by Councilwoman Ashworth, seconded by Councilman Grossman, to adjourn the Town Council Executive Session. The motion was approved by unanimous vote.

The Executive Session adjourned at 8:10 p.m.

Andy Buchholz, Vice Mayor

Libby Hume, Town Clerk



DRAFT
TOWN COUNCIL
Special Meeting

Cape Charles Civic Center, 500 Tazewell Avenue
April 30, 2026 – 6:00 PM

CALL TO ORDER

Vice Mayor Buchholz called the Special Meeting to order at 6:00 PM.

ROLL CALL

Councilmembers in attendance: Vice Mayor Buchholz, Councilmen Butta, Grossman and Newman, and Councilwomen Ashworth and Holloway. Mayor Charney was not in attendance. A quorum was established.

Staff members in attendance: Town Manager Rick Keuroglan, Project Manager Bob Panek, Planning Director Katie Nunez, Assistant to the Town Manager Pam Endlein, Business License Specialist Katie Lewis, and Town Clerk Libby Hume.

Also in attendance was Chris Carbaugh representing Coastal Vista Properties.

There were two (2) members of the public in attendance.

MOMENT OF SILENCE AND PLEDGE OF ALLEGIANCE

A moment of silence was observed, followed by the Pledge of Allegiance.

Public Comments (on agenda items only)

There were no comments from the public to be heard.

ORDER OF BUSINESS

A. Presentation from Coastal Vista Properties & Discussion

Bob Panek outlined the Request for Proposal (RFP) process for workforce housing on Town-owned property, noting four proposals were received and evaluated by a committee comprised of himself, Rick Keuroglan, Katie Nunez, Councilman Grossman, Planning Commission Chair Bill Stramm, Jay Abella representing Cape Charles Main Street, and John Burdiss representing the Northampton County Economic Development Authority. Council heard briefs from the two finalists and selected Coastal Vista Properties as the finalist.

Chris Carbaugh presented a proposed workforce housing development of approximately 170 units utilizing a one-over-one stacked townhouse design with a combination of rental and ownership opportunities with two reserved parking spaces per unit. The project would include a minimum of 50% workforce housing units serving households earning 60–120% of Area Median Income (AMI), with the remaining units designated as market-rate housing to support overall project feasibility. There would be a commitment to maintain the workforce housing designation for a term of 20 years. The development would be constructed in three phases. Phase 1 would have approximately 60 units, Phase 2 would have 50 units and Phase 3 would have 60 units. Amenities such as a clubhouse, pool, playground, and open space of over 40% were planned. Mr. Carbaugh further stated that short-term rentals would be prohibited, and the developer would fund the sewer force main extension required for the project. Pursuant to the Town’s planned unit development (PUD) requirements, a commercial proponent was needed, so a separate area would incorporate boat and RV storage. He emphasized the limited housing availability in Northampton County, citing current market data showing minimal inventory in lower price ranges and reinforcing the need for workforce housing, adding that these units could

be offered in the approximate range of the \$200,000s to low \$300,000s, depending on conditions.

Council discussion focused on the affordability structure (AMI calculations – HUD versus Census data), resale of workforce units restricted to qualified buyers during the 20-year affordability period, project phasing and timing, infrastructure requirements from VDOT and potential traffic impact studies, emergency access, and the balance of rental versus ownership units which would be determined based on market demand and would be outlined in the development agreement.

Rick Keuroglan outlined three primary requirements: i) Rezoning of the property from R-3 to PUD; ii) Holding a public hearing and adoption of an ordinance for the disposition of Town-owned property pursuant to Virginia Code § 15.2-1800; iii) Execution of a development agreement detailing all project terms, including phasing, affordability, rental/ownership mix, and infrastructure.

Council further discussed the importance of: i) Hosting a Town Hall meeting on May 14th at 5:00 p.m. to gather public input prior to the Special Meeting; ii) Conducting processes concurrently (public input, development agreement negotiation, and ordinance preparation) to avoid delays; iii) Structuring land conveyance as a phased transfer tied to development milestones; iv) Ensuring accountability measures in the development agreement; v) Exploring potential state and grant funding opportunities, particularly related to infrastructure.

Motion made by Councilman Grossman, seconded by Councilwoman Ashworth, to 1) proceed with scheduling a Town Hall meeting, 2) initiating development agreement negotiations, 3) preparing a land conveyance ordinance, and 4) beginning rezoning preparation, with steps 3 and 4 contingent upon successful negotiations. The motion was approved by unanimous vote.

B. *Consideration re Relocation of Structure to Town-Owned Property in the Harbor Boat Ramp Area*
This item was pulled due to lack of information.

C. *Ordinance to Adopt Zoning Text Amendment 2026-01 – Chesapeake Bay Preservation Act*
Katie Nunez presented the item, noting that it was a carryover from the April 16th Town Council Public Hearing & Regular Meeting, to formally adopt the ordinance.

Motion made by Councilman Grossman, seconded by Councilman Butta, to adopt Ordinance 20260430, amending Cape Charles Town Code Chapter 32 (Zoning Ordinance), Article VII (Chesapeake Bay Preservation Area Overlay District), and related updates to Appendix A (Definitions) and Appendix C (Site Plan Ordinance) to ensure compliance with state law regarding the Chesapeake Bay Preservation Act. The motion was approved by unanimous vote. Roll call vote: Ashworth, yes; Buchholz, yes; Butta, yes; Grossman, yes; Holloway, yes; Newman, yes.

TOWN MANAGER COMMENTS

Rick Keuroglan commented as follows: i) He thanked Council, staff, and participants for their work on the workforce housing initiative; ii) Regarding the matter that was pulled from the agenda, things were done differently in the past, and he wanted to ensure the everything was done according to the Code of Virginia. He asked if there was any interest among Council to hear Eyre Baldwin’s proposal, adding that the property where he was wanting to relocate the structure to was in the Harbor beside the boat ramps. A past master plan for the harbor showed the harbor master’s office to go in that location. There was discussion as follows: a) Councilman Grossman and Vice Mayor Buchholz stated that we had a full priority list and staff was currently working on the Railroad/Harbor Area Master Plan, and until that was completed, they were not interested in pursuing this proposal at this time. New ideas were welcomed but Council needed to look at the current priority list first; b) Councilman Newman stated that it was premature to make any commitments, but he was unsure of shutting the

door to this proposal because “we were too busy,” adding that we should be open to enter ideas and concepts at a later time. Councilman Newman added that he did not know anything about this proposal so could not make a decision at this time; c) Rick Keuroglan stated that Eyre Baldwin did not want to discuss his idea in the public. Typically, a proposal would be submitted, and a Town Council Executive Session would be scheduled to review the proposal. Since this was waterfront property, a super majority vote was required to lease or sell the property; d) Councilman Butta stated that Mr. Baldwin needed to submit a real proposal for Council consideration in executive session; e) Councilman Grossman added that after consideration of the proposal, the Town would have to issue an RFP for other proposals prior to approving Mr. Baldwin’s request. Rick Keuroglan would contact Mr. Baldwin; ii) Upcoming meetings: May 7 executive session at 5:00 p.m. followed by a budget work session at 7:30 p.m. May 14 Town Hall Meeting at 5:00 p.m. regarding workforce housing followed by a special meeting regarding the Beachfront Master Plan at 6:00 p.m.

MAYOR & COUNCIL COMMENTS

Councilman Newman asked for an update regarding whether the beach pavilion would be spruced up before the summer season. Rick Keuroglan stated that he had received a quote, but the funding was proposed in the FY 2027 budget, and we also needed to obtain other bids before moving forward.

Councilwoman Holloway commented as follows: i) She announced that HGTV was here filming in Bay Creek for another show which would air in about six to eight months. It was exciting news; ii) She gave kudos to Katie Nunez and her team on last weekend’s Railroad & Harbor Area Master Planning community engagement event and she hoped that a lot of good comments were received; iii) She congratulated Cape Charles Main Street and the Town for pulling off another great LoveRun. There were 550 runners, which was 150 more than last year.

Councilman Butta stated that although we had pouring rain on Friday afternoon, there were a lot of people in Strawberry Plaza for the Railroad & Harbor Area Master Planning community engagement event, and a lot of great feedback was obtained. He suggested everyone go to the Town’s website and look at the information about the master planning efforts. This would be one of the most important things that we did to shape the future of Cape Charles and we wanted everyone’s opinions.

ANNOUNCEMENTS

- May 7, 2026 – Town Council Executive Session, 5PM
- May 7, 2026 – Town Council Work Session, 7:30 PM
- May 14, 2026 – Town Council Town Hall Meeting, 5PM
- May 14, 2026 – Town Council Special Meeting, immediately following the Town Hall Meeting
- May 21, 2026 – Town Council Regular Meeting, 6PM

ADJOURNMENT

Motion made by Councilwoman Ashworth, seconded by Councilman Grossman, to adjourn the Town Council Special Meeting. The motion was approved by unanimous vote.

The meeting adjourned at 7:25 p.m.

Andy Buchholz, Vice Mayor

Libby Hume, Town Clerk

Coastal Vista Properties Presentation



Bayside Village

Cape Charles Workforce Housing



Project Team: Chris Carbaugh & Jay Bergey

Team Background:

Chris Carbaugh: In 2000 founded the Atlantic Group & Associates, Inc. which provides land planning, landscape architecture, surveying and civil engineering services to clients throughout the Mid Atlantic region. This skill set also created an opportunity to partner with others to develop various residential, commercial and mixed-use projects in Maryland, Delaware, and more recently the Eastern Shore of Virginia.

Jay Bergey: In 2000 founded Bergey & Company, P.A. providing professional accounting, consulting and trustee services. During this time has also been responsible for the development of numerous residential multi-family projects on the Eastern Shore of Maryland. Mr. Bergey has served as the Treasurer and Chairman of the Finance Committee for Atlantic General Hospital and is currently on the Board of Directors of Calvin B. Taylor Bank.



Project Understanding:

- Town of Cape Charles has identified a need for workforce housing.
- Cape Charles identified a town owned parcel suitable to accommodate workforce housing. The property is Tax Parcel 90-19-B fronting Cassatt Parkway and Old Cape Charles Road consisting of 16.6 Acres and is zoned R-3. Multi-family.
- This project is intended to provide a housing alternative where families, those in careers that support our community, can live and work while enjoying a high quality of life found in the Cape Charles area. When people have access to affordable housing, they can live near their workplaces. They can, and do, support other local businesses. They develop a vested interest in their town. They become integrated into the social networks that bind communities and make them great places to visit live and work.
- Development to provide rental and homeownership opportunities. Percent of rental and homeownership to be determined based upon market demand.
- Workforce Units shall be restricted for a term of 20 years.
- Short term rentals will be prohibited.
- Sewer must be extended to site. Developer will be responsible for the forcemain extension.

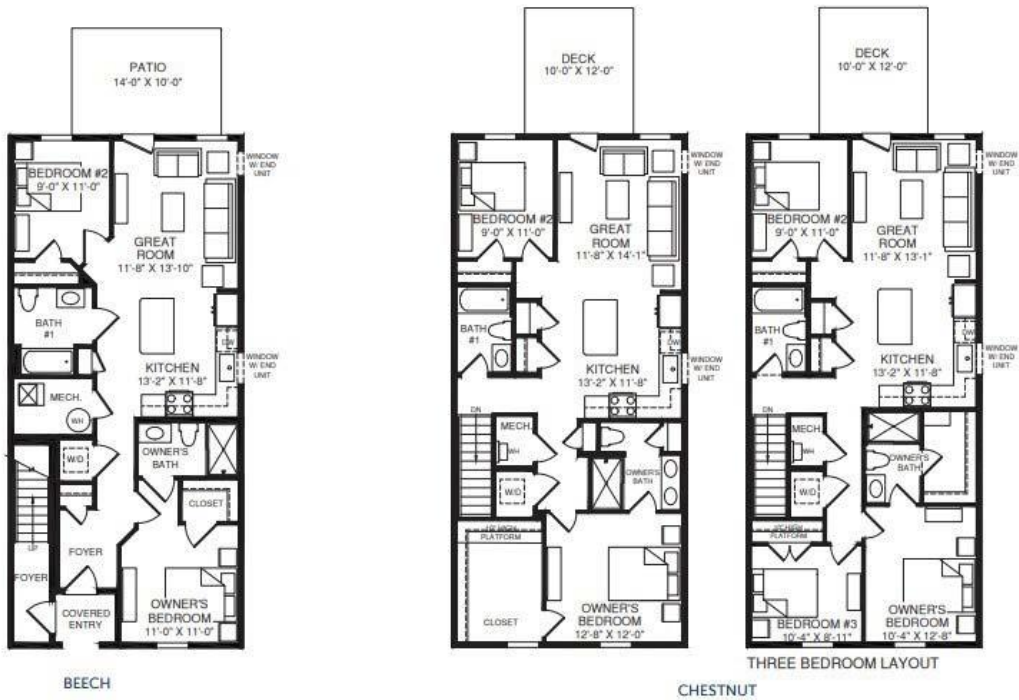


Project Overview:

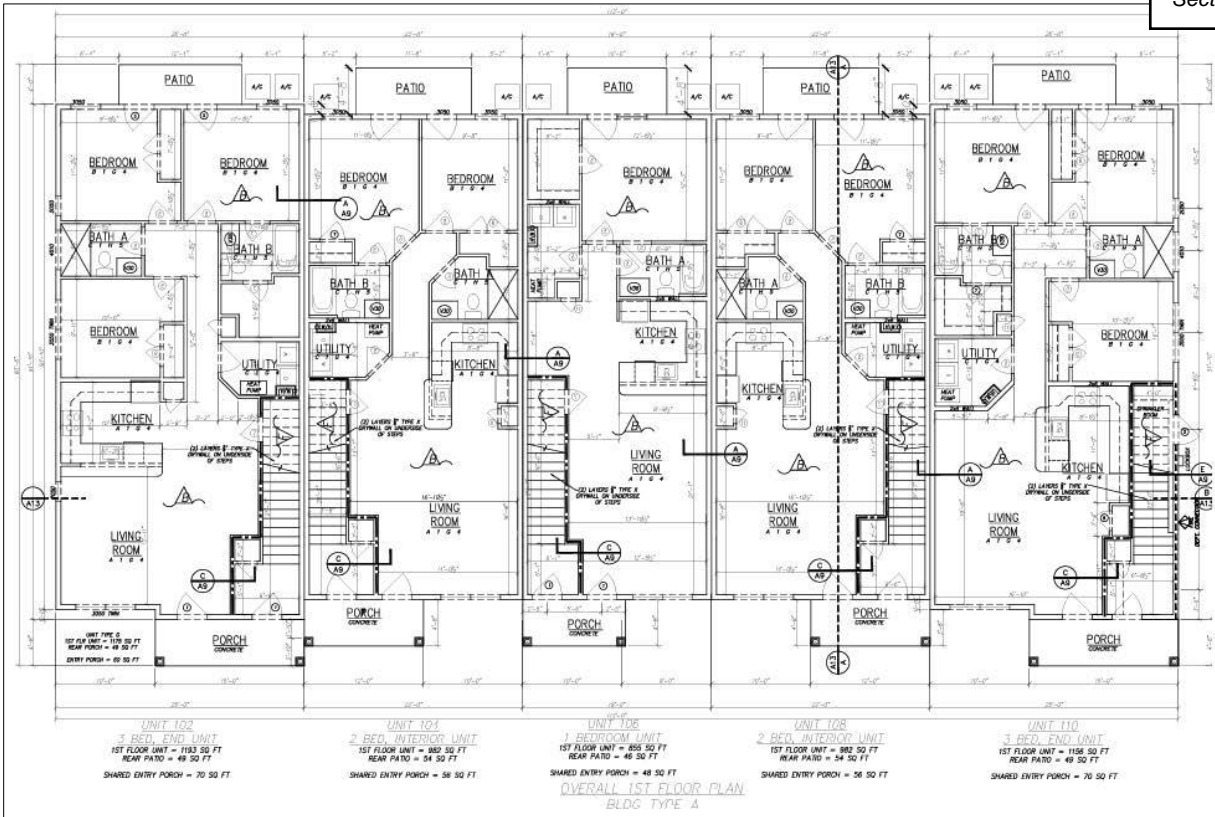
- Based upon this understanding, we have evaluated numerous concepts and ultimately found the most suitable approach to be what is known as an "One Over One" product.
- This is basically a townhouse where there is a first and second floor unit.
- This approach allows us to significantly lower the unit cost, making at least 50 percent of the proposed units fall within the workforce housing parameters...whether a rental or for purchase unit.
- Proposal is to construct 170 One Over One Units. A minimum of 50 percent shall qualify as workforce housing. The remainder of units shall be market rate units.
- Property to utilize a professional property management company to qualify residents, as well as manage and maintain the property.



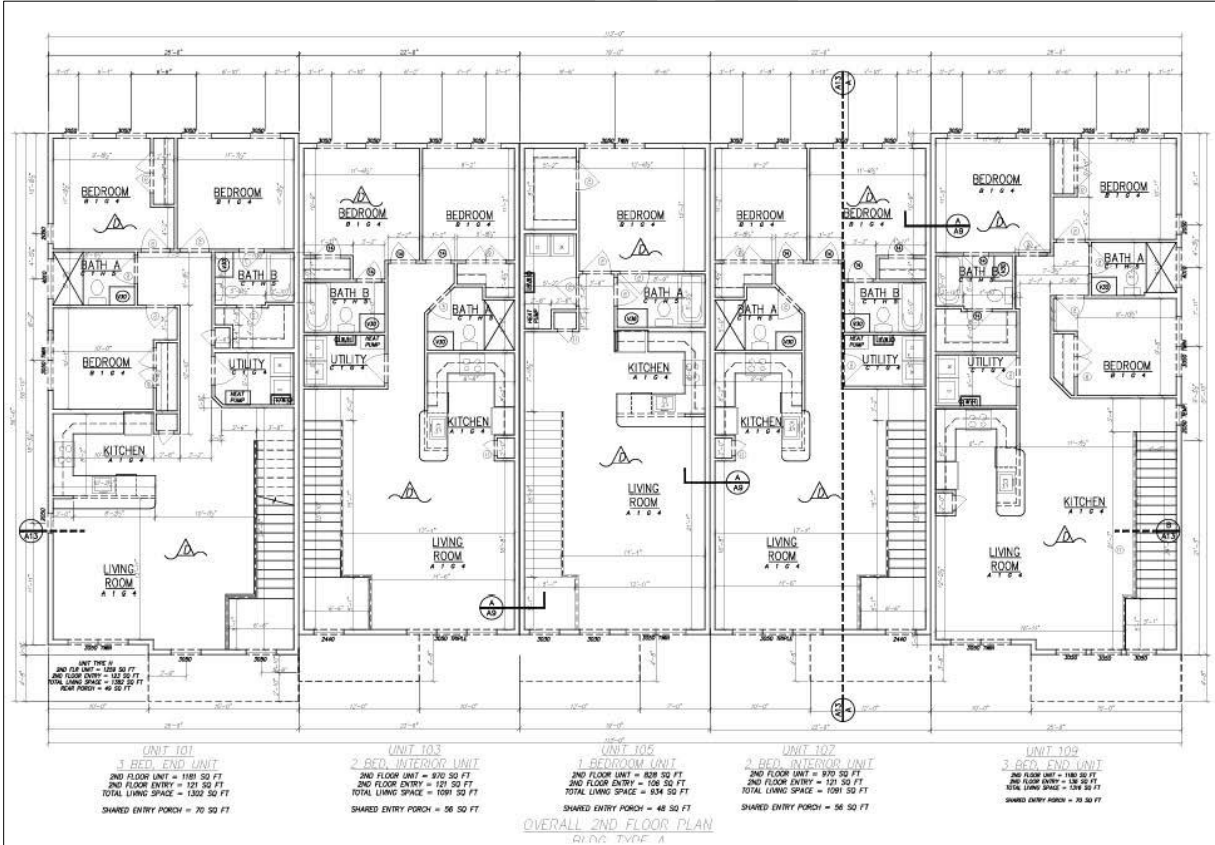
- Concept Elevation



Unit Conceptual Floor Plans:



Unit Conceptual Floor Plans:



Unit Conceptual Floor Plans:



- Interior Living Room



- Interior Kitchen Area



DRAFT
TOWN COUNCIL
Executive Session
Cape Charles Town Manager’s Office
412 Tazewell Avenue
May 7, 2026
5:00 PM

CALL TO ORDER

Mayor Adam Charney called the Town Council Executive Session to order at approximately 5:00 p.m.

ROLL CALL

Council members in attendance: Mayor Charney, Vice Mayor Buchholz, Councilmen Butta, Grossman and Newman, and Councilwomen Ashworth and Holloway. A quorum was established.

Others in attendance: Town Manager Rick Keuroglan, Project Manager Bob Panek, Treasurer Marion Sofield, Assistant Treasurer Adrian Oei, and David Rose and Harit Patel from Davenport & Company.

Motion made by Councilwoman Holloway, seconded by Councilman Grossman, and unanimously approved to go into Executive Session in accordance with Section 2.2-3711.A of the Code of Virginia, Paragraph 3 for the purpose of: Discussion or consideration of the acquisition of real property for a public purpose, or of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body. The motion was approved by unanimous vote.

Specifically: Discussion of Potential Acquisition of Canonie Property

Members of the public were asked to leave the room.

Council went into executive session at 5:01 p.m.

Motion made by Vice Mayor Buchholz, seconded by Councilman Grossman, to return to open session. The motion was approved by unanimous vote.

The open portion of the meeting resumed at 7:03 p.m. There were no members of the public waiting to return to the meeting.

Certification, to the best of each member’s knowledge, that (i) only public business matters lawfully exempted from open meeting requirements under this chapter and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed, or considered in the meeting by the public body. Roll call vote: Ashworth, yes; Buchholz, yes; Butta, yes; Grossman, yes; Holloway, yes; Newman, yes.

Motion made by Councilman Grossman, seconded by Councilman Butta, to adjourn the Town Council Executive Session. The motion was approved by unanimous vote.

The Executive Session adjourned at 7:04 p.m.

Adam Charney, Mayor

Libby Hume, Town Clerk



DRAFT
TOWN COUNCIL
Emergency Special Meeting
Cape Charles Civic Center, 500 Tazewell Avenue
May 7, 2026
7:15 p.m.

CALL TO ORDER

Mayor Adam Charney called the Emergency Special Meeting to order at 7:15 p.m.

ROLL CALL / ESTABLISH QUORUM

Council members in attendance: Mayor Charney, Vice Mayor Buchholz, Councilmen Butta, Grossman and Newman, and Councilwomen Ashworth and Holloway. A quorum was established.

Staff in attendance: Town Manager Rick Keuroglan, Treasurer Marion Sofield, Assistant Treasurer Adrian Oei, Project Manager Bob Panek, Business License Specialist Katie Lewis, Town Clerk Libby Hume.

There were five (5) members of the public in attendance.

MOMENT OF SILENCE AND PLEDGE OF ALLEGIANCE

Council and observed a moment of silence followed by the Pledge of Allegiance.

ORDER OF BUSINESS

A. Extension of Short-Term Rental Certificate Process

Mayor Charney announced that the purpose of the Emergency Special Meeting was to discuss an extension of the Short-Term Rental ("STR") certificate process.

Treasurer Marion Sofield presented the request to Council, explaining that Town Council had previously established an April 15, 2026 deadline for timely STR application submissions. She reported that approximately 305 STR owners had submitted applications through the RentalScape portal, with the vast majority submitting prior to the April 15 deadline. She advised that, despite staff's efforts, only 75 STR certificates had been issued due to ongoing extenuating circumstances associated with the Town's new online portal system. She commended the work of the Town's inspectors, compliance officers, and finance staff in managing the transition to the new system and stated that staff did not want applicants who submitted on time to be considered out of compliance with the Town's STR regulations while their applications were still being processed. She requested that Council extend the deadline for applicants who had submitted applications through RentalScape on or before April 15, 2026 and recommended extending the certification deadline through June 30, 2026.

Councilwoman Holloway asked whether June 30 would provide sufficient time for staff to complete the remaining applications, and Ms. Sofield responded that she believed it would.

Motion made by Councilwoman Holloway, seconded by Councilwoman Ashworth, to extend the STR certification deadline to June 30, 2026.

During discussion, Councilman Butta emphasized that property owners who failed to apply by the original April 15 deadline should still be subject to late penalties and should not receive special consideration. Marion Sofield confirmed that late applicants would remain subject to

penalties and that timely applicants were being processed in the order received through the timestamped RentalScape system.

Councilman Butta also asked how the Town was monitoring properties potentially operating without STR certificates. Marion Sofield explained that the software identified potential noncompliant properties and that the Town’s compliance officer followed up on those situations.

Councilman Newman asked whether STR operators were still expected to pay Transient Occupancy Taxes (TOT) during the extension period. Marion Sofield confirmed that all operators were still required to remit TOT quarterly by the 20th day of the following month and stated that compliance with tax remittance had generally been proceeding well.

Councilman Newman also asked how the Town intended to notify applicants about the extension. Marion Sofield stated that staff planned to publicize the extension through Facebook and the Cape Charles Gazette. Councilwoman Holloway recommended that staff also notify applicants directly by email using contact information maintained within the software system, to which Marion Sofield agreed.

The motion was approved by unanimous vote.

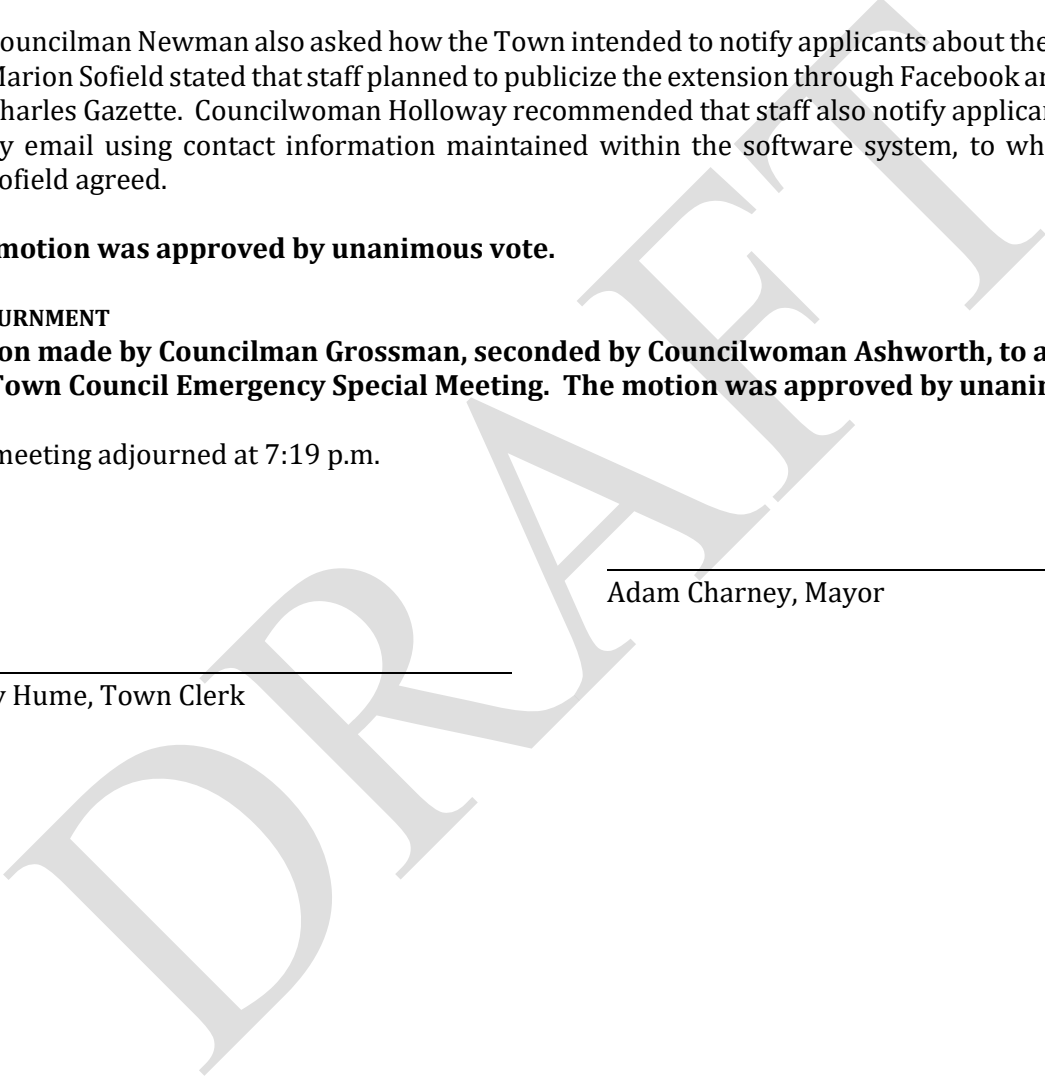
ADJOURNMENT

Motion made by Councilman Grossman, seconded by Councilwoman Ashworth, to adjourn the Town Council Emergency Special Meeting. The motion was approved by unanimous vote.

The meeting adjourned at 7:19 p.m.

Adam Charney, Mayor

Libby Hume, Town Clerk





DRAFT
TOWN COUNCIL
Budget Work Session
Cape Charles Civic Center – 500 Tazewell Avenue
May 7, 2026
7:15 p.m.

CALL TO ORDER

Mayor Adam Charney called the Budget Work Session to order at 7:15 p.m.

ROLL CALL

Council members in attendance: Mayor Charney, Vice Mayor Buchholz, Councilmen Butta, Grossman and Newman, and Councilwomen Ashworth and Holloway. A quorum was established.

Staff in attendance: Town Manager Rick Keuroglian, Treasurer Marion Sofield, Assistant Treasurer Adrian Oei, Project Manager Bob Panek, Business License Specialist Katie Lewis, Town Clerk Libby Hume.

There were five (5) members of the public in attendance.

ITEMS FOR DISCUSSION

A. FY 2027 Budget – Continuation from April 16, 2026

Town Manager Rick Keuroglian opened the discussion by noting that staff had continued refining the proposed FY 2027 budget following the April 16th budget work session and that updated figures and highlighted revisions had been provided to Council for review. He added that staff members were present to answer questions and assist Council as they worked through the revised draft budget.

Assistant Treasurer Adrian Oei reviewed the updated budget draft and explained that the green highlighted items reflected changes made since the last meeting. He advised that the real property tax information had been updated based upon the recently received Northampton County assessments. He clarified that the equalized tax rate calculation had been corrected to reflect a rate of \$0.1405 per \$100 of assessed value and explained that the equalized rate represented the highest tax rate permitted under state law without requiring an additional public hearing.

Councilman Grossman revisited the previously discussed personal property tax projections, expressing concern that the earlier calculations appeared overstated. Adrian Oei reported that staff had since completed a more detailed review and determined that the projected revenue estimate should be reduced by approximately \$25,000, lowering the estimate from approximately \$45,600 to approximately \$20,600. Councilman Grossman confirmed that the adjustment would require a corresponding increase in the appropriation from fund balance.

Adrian Oei continued reviewing the proposed budget revisions page by page. He advised that the county cigarette tax estimate had been updated based upon Northampton County's published budget figures and should now be considered a firm number rather than an estimate. He also noted a correction to the FY 2026 actual figure for Fire Program Funds (Passthrough) line item due to a clerical error. This change did not affect the current budget. He reported that the County's proposed contribution to the Library had increased from \$30,000 to \$37,000. The appropriation from the Fund Balance would change as needed.

During discussion of the Town Manager's budget, Adrian Oei explained that several salary and benefits lines had been adjusted to reflect the recently completed annual staff review changes. He

also noted that consulting services within the General Fund (100-4121-3420) had been reduced by \$25,000 following Council's previous discussion regarding funding for the Fire Consultant.

Town Manager Keuroglan elaborated on the consulting services allocation (100-4121-3410), explaining that the account historically supported engineering, surveying, planning, and other professional consulting needs. He advised that the account would likely be utilized for planning-related consulting services, including work potentially performed by the Berkley Group, and stated that the current allocation appeared sufficient for anticipated needs.

Councilman Grossman confirmed that previously discussed computer hardware purchases had already been moved into the current fiscal year budget and purchased accordingly.

Adrian Oei next reviewed Public Works budget adjustments, explaining that overtime expenditures had been reduced because the budget already reflected funding for a new hire, which staff anticipated would reduce overtime demands. He further discussed a new maintenance allocation associated with the proposed golf cart path along Cassatt Parkway, which would be a cost share with the Bay Creek Property Owners Association. Rick Keuroglan explained that the proposal included a \$20,000 capital contribution toward installation costs and an additional \$5,000 annual maintenance allocation to support future upkeep.

Councilman Grossman also noted a correction within the Library budget (100-4730-4150) where a grant expense line item needed to be updated from \$4,031 to \$4,503.

Councilman Butta raised questions regarding personnel-related budget lines associated with recently changed staffing circumstances in the Planning & Zoning department. Rick Keuroglan explained that the Town would likely utilize short-term contracted professional services to maintain operations while simultaneously beginning recruitment efforts for a long-term employee. He advised that funds had intentionally been left in the salary lines to preserve flexibility for future hiring needs.

Treasurer Marion Sofield advised Council that budgets for the three nonprofit agencies receiving funding had been provided for Council review.

Adrian Oei then reviewed changes to the Capital Fund, including the addition of the Town's \$20,000 contribution toward the golf cart path installation on Cassatt Parkway. Rick Keuroglan stated that since we were unable to plant trees this year, he proposed adding a line item (100-4121-7051) with \$10,000 for tree planting projects within Town rights-of-way in partnership with the Cape Charles Civic League.

Following review of the Harbor and Sanitation Funds, which contained no proposed revisions, Council discussed the proposed sidewalk infill funding within the Capital Improvement Plan. Councilwoman Ashworth recommended increasing the sidewalk infill allocation from \$100,000 to approximately \$120,000 in order to complete two priority sidewalk projects rather than leaving insufficient residual funding for additional improvements. There was much discussion regarding this proposal and a general consensus was reached to increase the line item (110-4430-7015) for sidewalk infill to \$120,000 so the top two priorities, North Jefferson and East Nectarine, could be done.

Council next discussed nonprofit agency funding requests, and Cape Charles Main Street Executive Director Karen Zamorski addressed Council regarding Main Street's proposed budget and funding request. Ms. Zamorski thanked Council for the opportunity to discuss the organization's budget and explained that the submitted budget remained in draft form pending review by the Main Street Board. Ms. Zamorski emphasized that Main Street's greatest need was funding for a part-time event coordinator position. She explained that Town events had grown substantially since 2019 and that the increasing workload had become difficult for volunteer board members to sustain. She also

highlighted the organization’s grant-writing efforts and tourism-related economic impacts generated through community events. (Please see attached.)

Council also discussed the success of the recent LOVE Run event, including visitor attendance, business impacts, tourism promotion, and continued maintenance and repair needs associated with the Town’s LOVE sign.

B. Capital Improvement Plan Project List

Capital Projects Manager Bob Panek presented an overview of the proposed Capital Improvement Plan projects, including the new Municipal Building, drainage swale plantings in Central Park, the Keck Wells return water line project, Mason Avenue electrical upgrades, Public Works facility improvements, Library repairs, Beachfront Master Plan initiatives, and harbor infrastructure improvements.

C. Financial Policies

The discussion then shifted to the Town’s financial policies. Marion Sofield advised Council that the policies currently included within the budget document had remained substantially unchanged since their adoption in November 2020. She noted one update related to the Town’s contingency reserve and line of credit policy, explaining that the Town had recently allowed its unused \$500,000 line of credit to expire due to unfavorable interest rates and recommendations received from Davenport & Company.

Town Manager Keuroglan then provided staff and training updates to Council. He advised that Planning Director Katie Nunez was no longer employed with the Town and stated that staff would move forward with obtaining contracted planning services to maintain continuity of operations. Rick Keuroglan informed Council that he was the zoning administrator in his last two localities and recommended that Council appoint him as the zoning administrator and subdivision agent. He also highlighted recent staff training initiatives coordinated by Human Resources Director Jodi Outland, including conflict resolution training and Myers-Briggs assessments designed to improve internal communication and workplace collaboration.

Marion Sofield advised Council that, based upon the consensus reached during the work session, staff anticipated publishing the legal advertisement for the FY 2027 Budget public hearing in time for the June 4, 2026 Town Council Public Hearing, with formal budget adoption tentatively scheduled for the June 18, 2026 Town Council Regular Meeting.

Marion Sofield noted that last year, we asked our auditors to provide an overview of our annual financial report. The annual financial report had been received and she would ask them to join us at a future meeting via Zoom to provide the overview.

ADJOURNMENT

Motion made by Councilman Grossman, seconded by Councilwoman Holloway, to adjourn the Town Council Budget Work Session. The motion was approved by unanimous vote.

The meeting adjourned at 8:27 p.m.

Adam Charney, Mayor

Libby Hume, Town Clerk

May 7, 2026 Town Council Budget Work Session

Karen Zamorski, Cape Charles Main Street Executive Director

Key Points for Thursday discussion Concerning CCMS budget request:

Last increase was July of 2022 (FY2023) – Went from \$80,000 to \$90,000 Four years ago

The cumulative rate of inflation between June of 2022 and April, 2026 is 8.37% This has effected the costs of our events, merchandise and fixed costs like storage.

Cape Charles Main Street sends our financials to the Town every quarter as agreed to when we formed this important partnership with the town. We weren't aware that Town Council was not seeing these on a regular basis. Going forward we hope this will help to answer any ongoing questions.

CCMS Budget Process: First, our organization is set up in a different format than many others. We split our event costs per event which also carries its own marketing budget. Additionally, we carry grants over multiple fiscal years which can be challenging. We have tried to give you something condensed that is easier to decipher but we were caught off-guard with the line item budget request. We have done our best to provide you something that makes sense. We are on track to complete our FY27 budget following our regular process:

1. We hold an annual strategic planning session in February/March. This is when each of the pillars discusses things they would like to do in the upcoming year and discussion follows.
2. After this meeting, Workplans are completed by the Executive Director and each of the 4 pillars.
3. Those workplans are then sent to the Treasurer to include in the draft budget.
4. Once this is complete, the executive team reviews the budget and presents it to the board at the May board meeting (third week of May). There is more discussion where there are discrepancies in the budget that need to be addressed.
5. A final vote on the budget is completed at the June Board meeting.

Items we cannot negotiate that are affecting our budget:

- Increased software and product costs that are rising due to growth of our program:
 - o Bloomerang CRM/Fundraising software: +32% (\$3200 to \$4217/year),
 - o Placerai +13.4% increase. This is also connected to our sponsorship program which is helping us drive increased sponsorship with our businesses. I have added an appendix with descriptions of what each of these software's provide. I think it is important to note, we incorporated our use of the Placerai software as a benefit into our sponsorship packages this past year and we CANNOT eliminate it as we are building on these benefits and having success getting more participation of our businesses in sponsoring CCMS annually.
- Storage: +28.7% Growth of our events and items such as the decorations for these events like Festive Fridays has steadily increased.
- Ornaments: +35.5% Our costs for the annual ornament have increased steadily each year. We have kept the selling price fixed but will be raising the cost this year as this was started to help raise funds for CCMS projects to be completed in the community.
- LOVE sign maintenance – There has been severe wear & tear on our iconic Love Sign. With the amount of activity this gets from both visitors and residents taking family pictures, wedding photo's and vacation photo's, we simply must complete repairs before we have injuries from people climbing on the structure. We just completed a repair of the L which costs \$7400. We know we have to also do the E this year along with the bases on the other letters that are beginning to rot. The estimate on this cost is \$10,000.

Biggest needs for FY2027

- Part-time Event Coordinator:
 - o Events have grown significantly since 2019
 - o Promotions Chairs' focus is on events vs. the other aspects of this position. Due to the growth and expansion of our signature events, the amount of time required from our Promotions team has reached the point of a full-time job. While the entire board is a working board, the hours and commitment required is making it increasingly difficult to find board members who are willing to take on this position. This year we had 2 new board members as the Director and Chair of promotions who started in August with the planning of Love Fest and Festive Fridays and both resigned the day after Festive Fridays ended.
 - o A permanent part-time person would alleviate a great deal from the plate of these board positions and bring consistency to the event management. We have tried adding an event coordinator to each budget for these events but we found ourselves having to train and retrain different people each time. We believe consistency will help not only bring better events, it will help us control costs more efficiently with an individual who can plan ahead from year to year for each event.

We believe our request for additional funding is warranted so we can continue driving forward in our mission of revitalization, beautification and economic development for the Town of Cape Charles. FY26 is slated to be another great year of completing projects that deliver real benefits to the town. I think it is important to note that CCMS will deliver grant funding to the Town of Cape Charles in FY2026 of **\$353,503 producing an ROI of 292.78% on the Town investment of \$90,000.**



APPENDIX:

What is Bloomerang Software used for:

Bloomerang is both a Customer Relationship Management and Donor management software that helps us track our donors, manages our volunteer base, and provides communication tools for marketing and engagement (email marketing, letters and mailings, surveys, etc.)

Why is it valuable?

Here are the main reasons organizations find it valuable:

Donor Retention Focus

The software tracks donor activity, giving history, communication patterns, and engagement signals so fundraisers can identify:

- loyal supporters,
- lapsed donors,
- upgrade opportunities,
- and major gift prospects.

This matters because retaining donors is usually far less expensive than constantly acquiring new ones.

Bloomerang has Integrated Tools and includes more than donor records. Organizations can manage:

- online donation forms,
- email campaigns,
- event registration,
- peer-to-peer fundraising,
- text fundraising,
- volunteer management,
- and reporting dashboards in one ecosystem.

Having fewer disconnected systems reduces duplicate work and data entry.

Ease of Use for Small and Mid-Sized Nonprofits

A major reason nonprofits choose Bloomerang over enterprise CRMs is usability. Community discussions frequently describe it as intuitive and easier to adopt than heavily customized systems like Salesforce.

That can be especially important for:

- volunteer-led organizations,
- municipalities,
- chambers,
- arts organizations,
- and nonprofits without dedicated IT staff.

Placerai Software – What is it and how is it used?

Placer.ai is a location intelligence and analytics platform that uses anonymized mobile data to help organizations answer questions like:

- How many people are visiting a location?
- Where are those visitors coming from?
- How long do they stay?
- How does one location compare to competitors?

Organizations use it to guide:

- Economic development
- Tourism strategy
- Retail site selection
- Event planning
- Marketing campaigns

Who typically uses it?

- Local governments & tourism offices
- Commercial real estate developers
- Retail chains & restaurants
- Event organizers
- Marketing and advertising teams

Why it's valuable

Given our focus on tourism, events, and economic development, tools like this help us:

- Quantify event impact (attendance, reach, repeat visits)
- Strengthen grant applications with real data
- Show ROI for projects like gateway signage or festivals
- Identify target markets more precisely
- Allows us to offer benefits to our business community in exchange for funding for investment in infrastructure and event projects



**MUNICIPAL CORPORATION OF CAPE CHARLES
TREASURER'S REPORT
March 31, 2026**

Cash on Hand	2/28/2026	3/31/2026	Increase/ (Decrease)
Atlantic Union Bank Checking Account	\$195,022	\$152,986	-\$42,036
Atlantic Union Bank Money Market Account	\$15,259	\$15,289	\$30
LGIP Account 1 - 0565 - Unrestricted	\$123,693	\$124,089	\$396
LGIP Account 2 - 0195 - Unrestricted	\$393,158	\$394,418	\$1,260
Virginia Investment Pool Liquidity Unassigned - 5003	\$17,095,019	\$17,150,125	\$55,106
Virginia Investment Pool 1-3 Year Unassigned 0001	\$1,143,145	\$1,138,348	-\$4,797
Taylor Bank Operating Cash Account	\$195,981	\$116,622	-\$79,359
Taylor Bank Sweep Account	\$1,569,946	\$1,572,412	\$2,467
Total Cash On Hand	\$20,731,223	\$20,664,290	-\$66,932

Restricted and Reserved Cash Balances	2/28/2026	3/31/2026	Increase/ (Decrease)
Atlantic Union Bank Checking Account - Police Funds	\$431	\$431	\$0
LGIP Account 2 - Restricted for USDA loan covenant	\$30,120	\$30,120	\$0
Virginia Investment Pool Liquidity Acct#1 Facility Fees Rsrvd (Utilities)	\$0	\$0	\$0
Total Cash Held in Reserve	\$30,551	\$30,551	\$0
Total Cash - All Accounts	\$20,761,774	\$20,694,841	-\$66,932

MUNICIPAL CORPORATION OF CAPE CHARLES
 TREASURER'S REPORT
 March 31, 2026

REVENUE VS. EXPENDITURES

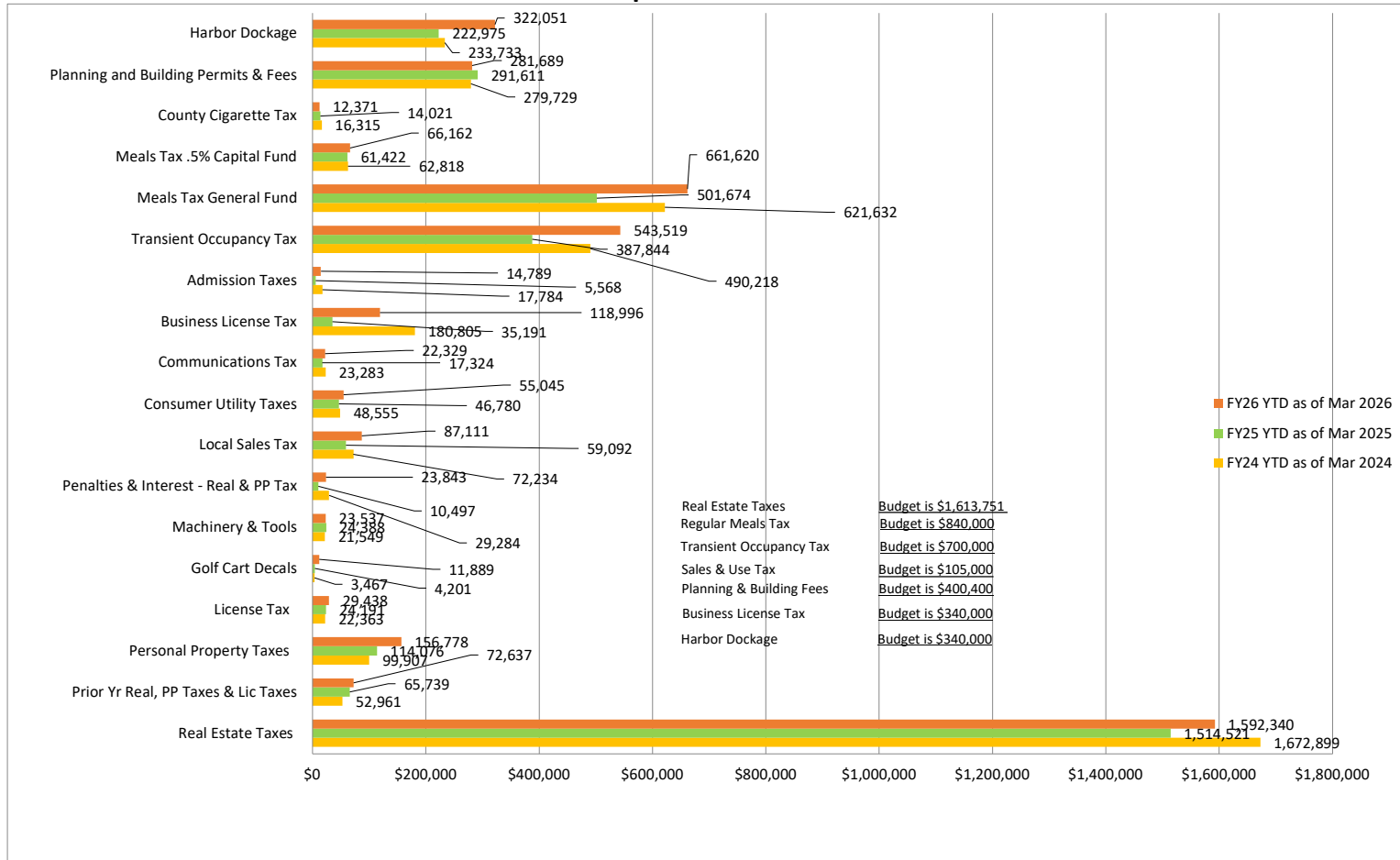
FUND	CURRENT MONTH	CURRENT YEAR-TO-DATE	ANNUAL BUDGET	% REALIZED/ EXPENDED FY25
GENERAL Fund				
REVENUE	\$338,577	\$4,850,737	\$5,916,265	81.99%
EXPENDITURES	\$281,825	\$3,557,449	\$5,916,265	60.13%
NET	\$56,752	\$1,293,288	\$0	
GENERAL Capital Fund				
REVENUE	\$3,383	\$1,566,162	\$6,837,456	22.91%
EXPENDITURES	\$76,404	\$3,052,772	\$6,837,456	44.65%
NET	(\$73,021)	(\$1,486,610)	\$0	
GENERAL Debt Service Fund				
REVENUE	\$0	\$1,595,121	\$1,655,121	96.37%
EXPENDITURES	\$0	\$1,510,886	\$1,655,121	91.29%
NET	\$0	\$84,235	\$0	
GENERAL Special Activities Fund				
REVENUE	\$0	\$0	\$0	0.00%
EXPENDITURES	\$0	\$0	\$0	0.00%
NET	\$0	\$0	\$0	
PUBLIC UTILITIES Fund				
REVENUE	\$144	\$83,480	\$80,000	104.35%
EXPENDITURES	\$0	\$80,042	\$80,000	100.05%
NET	\$144	\$3,438	\$0	
HARBOR Fund				
REVENUE	\$34,988	\$1,028,389	\$1,108,331	92.79%
EXPENDITURES	\$40,136	\$705,669	\$1,108,331	63.67%
NET	(\$5,148)	\$322,721	\$0	
SANITATION Fund				
REVENUE	\$1,944	\$196,002	\$361,177	54.27%
EXPENDITURES	\$30,535	\$297,833	\$361,177	82.46%
NET	(\$28,592)	(\$101,831)	\$0	

FY 26 Capital Improvement Project Tracking Report

As of:
3/31/2026

	<u>% of Current Year Budget</u>	<u>FY26 Budgeted</u>	<u>QTR 1 Expended</u>	<u>QTR 2 Expended</u>	<u>QTR 3 Expended</u>	<u>QTR 4 Expended</u>	<u>FY26 YTD Expended</u>	<u>(Over)/Under Budget</u>
General Capital Fund								
Municipal Space Replacement	3%	\$3,087,981.00	\$ 2,004	\$ 23,753	\$ 53,490	\$ -	\$ 79,247	\$ 3,008,734
ADA Parking	62%	\$47,400.00	\$ 5,667	\$ 2,710	\$ 21,000	\$ -	\$ 29,377	\$ 18,023
Library Repair & Renovation	95%	\$ 310,000	\$ 610	\$ 5,369	\$ 289,324	\$ -	\$ 295,303	\$ 14,697
Beachfront Revitalization	0%	\$ 45,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,000
Beach Restroom/Bathhouse	0%	\$ 45,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,000
Sidewalk Infill	99%	\$ 103,000	\$ -	\$ -	\$ 102,077	\$ -	\$ 102,077	\$ 923
Mason Ave. Electrical	0%	\$ 126,000	\$ -	\$ -	\$ -	\$ -	\$ 336	\$ 125,664
Keck Wells Water Line Return	19%	\$ 565,000	\$ -	\$ 105,000	\$ -	\$ -	\$ 105,000	\$ 460,000
7 Strawberry Public Restroom	0%	\$ 5,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,100
Mason Ave ADA Ramps	0%	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,000
Subtotal		\$ 4,329,381.00	\$ 8,281	\$ 136,832	\$ 465,891	\$ -	\$ 611,341	\$ 3,258,040
Harbor Fund								
Fuel Tank Improvements	0%	\$ 34,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,000
Replace Boardwalk With Synthetic Decking	100%	\$ 162,000	\$ 11,785	\$ 13,988	\$ 136,132	\$ -	\$ 161,905	\$ 95
Subtotal		\$ 196,000	\$ 11,785	\$ 13,988	\$ 136,132	\$ -	\$ 161,905	\$ 34,095
TOTAL		\$ 4,525,381	\$ 20,066	\$ 150,820	\$ 602,023	\$ -	\$ 773,246	\$ 3,292,135


Specific Sources of Revenue as of 3/31/2026



FY 26 Real Time Project Tracking Report

As of:
5/12/2026

	% of Budget	FY26 Budgeted	FY26 YTD Expended	(Over)/Under Budget
Restroom Trailer	99%	\$ 70,000	\$ 69,232.00	\$ 768.00
Interim Town Hall Costs				
Moving Costs				
Repairs & Improvments			\$ 35,312.97	
Information Technology & Computer Hardware			\$ 52,317.59	
Furnishings			\$ 41,059.51	
Contingency			\$ 7,689.93	
Subtotal	107%	\$ 127,500	\$ 136,380.00	\$ (8,880.00)
Lease	76%	\$ 62,019	\$ 47,311.00	
Total	97%	\$ 189,519	\$ 183,691.00	\$ 5,828.00

	Agenda Title:	Agenda Date:
	Zoning Text Amendment (ZTA) 2026-02 – Article VIII (Historic District Overlay), Appendix A (Definitions) & Design Guidelines	May 21, 2026
	Subject/Proposal/Request:	
Zoning Text Amendment (ZTA) 2026-02 application to amend the Historic District Overlay Ordinance (Town Code Chapter 32, Article VIII (Historic District Overlay) and Appendix A (Definitions), and the Historic District Guidelines with the addition of new Appendix G		
Town of Cape Charles	Attachments:	For Council:
	1) Ordinance 20260521 2) Planning Commission Staff Report dated April 23, 2026 3) Town Code Chapter 32, Article VIII, Historic District Overlay 4) New Historic District Overlay Design Guidelines Appendix G 5) Definitions for Town Code & Historic District Overlay Design Guidelines.	Action: X Information:
	Staff Contact(s): Prepared By:	Reviewed by:
	Tracy Outten, Planning & Zoning	Rick Keuroglan, Town Manager

Background: Since fall 2024, staff, the Historic District Review Board, and the Planning Commission, with assistance from the Historic District Civic League, have been working on revising Article VIII (Historic District Overlay Ordinance) of the Town Zoning Ordinance and creating a new appendix to the Historic District Guidelines to clarify the approvals required for Routine Maintenance Work vs. Minor Work vs. Major Work.

Item Specifics: The final draft documents were reviewed and approved by the Planning Commission at their Public Hearing and Regular Meeting on Tuesday, May 5, 2026, and the motion was as follows:

“Chairman Stramm then moved to recommend approval of ZTA 2026-02 to the Town Council. Motion made by Commissioner McDonald to recommend to the Town Council to approve Zoning Text Amendment 2026:02: Application from the Town of Cape Charles to amend Town Code Chapter 32, Article VIII (Historic District Overlay), Appendix A (Definitions), and add new Appendix G to the Historic District Overlay Design Guidelines. Motion seconded by Commissioner Holloway, and the motion was approved unanimously.”

Recommendation: I am recommending that Town Council vote to approve the ZTA 2026-02 to the Historic District Overlay Ordinance (Town Code Chapter 32, Article VIII (Historic District Overlay) and Appendix A (Definitions), and the Historic District Guidelines, with the addition of new Appendix G.

ORDINANCE 20260521

AMENDING HISTORIC DISTRICT OVERLAY ORDINANCE: TOWN CODE CHAPTER 32-ZONING ORDINANCE, ARTICLE VIII-HISTORIC DISTRICT OVERLAY, APPENDIX A-DEFINITIONS, AND ADDITION OF NEW APPENDIX G TO THE HISTORIC DISTRICT GUIDELINES

WHEREAS, the Cape Charles Zoning Ordinance is a compilation of ordinances establishing zoning regulations for the Town of Cape Charles and providing for the administration and enforcement of the regulations; and

WHEREAS, the Planning Commission, with the assistance of the Historic District Civic League, has been working on revisions to Article VIII - Historic District Overlay is outlined in Article VIII; and

WHEREAS, a new Appendix G is also being added to the Historic District Design Guidelines to clarify the approval required for Routine Maintenance Work versus Minor Work versus Major Work; and

WHEREAS, pursuant to Code of Virginia §§ 15.2-2285 and 15.2-2204, after proper notice, a public hearing was held by the Planning Commission on May 5, 2026 and the Planning Commission reviewed and deliberated the proposed zoning ordinance amendments, and approved by unanimous vote, making recommendation for Town Council approval of the revisions; and

WHEREAS, pursuant to Code of Virginia §§ 15.2-2285 and 15.2-2204, after proper notice, a public hearing was held by the Town Council on May 21, 2026 and based upon the Staff Report to Town Council and the Planning Commission’s favorable recommendation to approve as requested by the applicant, the Town of Cape Charles.

NOW, THEREFORE, BE IT ORDAINED that, for purposes of public necessity, convenience, general welfare or good zoning practice, the Cape Charles Zoning Ordinance be revised in compliance with Zoning Text Amendment 2026-02 application to amend Article VIII (Historic District Overlay Ordinance) and associated changes to Appendix A (Definitions) and the addition of Appendix G to the Historic District Design Guidelines, to become effective immediately.

Adopted by the Town Council of the Town of Cape Charles on May 21, 2026.

Adam Charney, Mayor

Attest:

Libby Hume, Town Clerk



Planning Commission Staff Report

Agenda Title: Zoning Text Amendment 2026-02: Application from the Town of Cape Charles to amend Town Code Chapter 32, Section VIII (Historic District Overlay), Appendix A (Definitions), and the Historic District Guidelines with the addition of new Appendix G

Agenda Date: May 5th, 2026

Prepared by: Jack Steinmayer, Zoning Compliance Officer

Reviewed By: Katie Nunez, Director of Planning/Zoning Administrator

Date: April 23rd, 2026

Type of Application: Zoning Text Amendment 2026-02

Applicant: Town of Cape Charles

Site Address NA

Tax Map: NA

Zoning:

Proposal: Amend the Historic District Overlay Ordinance (Town Code Chapter 32, Section VII (Historic District Overlay) and Appendix A (Definitions), and the Historic District Guidelines with the addition of new Appendix G

Legal Deadline Requirements July 19th, 2026

Date Application Received: April 10th, 2026

Date Application Deemed Complete: April 10th, 2026

For Planning Commission: July 19th, 2026

For Town Council (Directory, not Mandatory) Can act upon receipt of recommendation from Planning Commission; if PC fails to provide recommendation within the prescribed deadlines, it is deemed a favorable recommendation by the PC. Town Council max time frame is 12 months from when referred to the Planning Commission:

Background:

Since fall 2024, staff, the Historic District Review Board (HDRB), and the Planning Commission, with assistance from the Historic District Civic League, have been revising Article VIII (Historic District Overlay Ordinance) of the Town Zoning Ordinance and creating a new appendix to the Historic District Guidelines to clarify the approvals required for Routine Maintenance Work, Minor Work, and Major Work.

On February 17th and March 3rd, 2026, the Planning Commission held two Joint Work Sessions with the Historic District Review Board to review proposed changes to Article VIII (Historic District Overlay Ordinance) and the new Appendix G to the Historic District Guidelines. After the March 3rd, 2026, Joint Work Session, the Historic District Review Board and the Planning Commission agreed to send the proposed amendments to Article VIII, Appendix A, and the new Appendix G to the Historic District Guidelines to the Town Council for review.

At the April 9th, 2026, Town Council Work Session, the Town Council indicated that the proposed amendments to Article VIII and Appendix A, along with the creation of new Appendix G, appear to address the concerns and clearly identify the type of work and the review process that will be required for all exterior work in the Historic District.

Finally, at the April 16th, 2026 Town Council Regular Meeting, the Town Council adopted Resolution of Intent 20260416 to consider amending the Cape Charles Zoning Ordinance by modifying Article VIII (Historic District Overlay Ordinance) and related changes to Appendix A (Definitions), and creating new Appendix G to the Historic District Guidelines, and to send it to the Planning Commission for a Public Hearing.

Comprehensive Plan Review:

Staff have closely reviewed the proposed Zoning Text Amendment to Article VIII (Historic District Overlay Ordinance) and determined that it aligns with several core principles outlined in the Comprehensive Plan. The Comprehensive Plan explicitly calls for preserving and enhancing the integrity of the Historic District as a foundational land-use and design policy, as stated on *page 114 of the Land Use and Design Policies*.

The Comprehensive Plan also identifies the Historic District Review Board as the body responsible for creating and enforcing the Historic District Guidelines, and notes that all construction within the district is reviewed to ensure that new buildings and alterations do not adversely affect its historic character, as stated on *page 38 of the Housing Section of the Comprehensive Plan*.

Furthermore, the Comprehensive Plan's Housing Chapter acknowledges the significant ongoing renovation activity within the Historic District and the importance of clear regulatory frameworks to guide that work appropriately, as stated on *page 43 of the Housing Conditions section*.

Finally, the Comprehensive Plan specifically states that new development in undeveloped areas should match the prevailing style and character of traditional buildings in Cape Charles, and that the scale, massing, and materials of new buildings should be traditional and compatible with the Town's historic architectural fabric, as stated on *page 114 of the Land Use and Design Policies section of the Comprehensive Plan*.

In many respects, the amendments and creation of a new Appendix G serve both the preservation objectives of the Comprehensive Plan and its broader commitment to orderly, well-communicated development standards that will ultimately protect the Town’s unique architectural heritage.

Zoning Ordinance Requirements:

The proposed Zoning Text Amendment has been reviewed thoroughly and evaluated in accordance with the applicable provisions of the Zoning Ordinance. It is consistent with its intent, purpose, and requirements.

Staff Review:

The proposed amendments to Article VIII and Appendix A, along with the creation of new Appendix G to the Historic District Guidelines, were thoroughly reviewed by the Planning Commission at a Joint Work Session on February 17th, 2026, and again at the continuation of that session on March 3rd, 2026. These meetings confirmed that the proposed amendments and new Appendix G are internally consistent and do not conflict with, diminish, or alter the established performance criteria of the Historic District Overlay Ordinance. The meetings also determined that new Appendix G addresses a longstanding community need by providing clear delineations of the approvals required for Routine Maintenance, Minor Work, and Major Work within the Historic District.

Planning Commission Motion for Consideration:

Staff is recommending that the Planning Commission make the following motion for consideration: ***The Planning Commission recommends to the Town Council to approve Zoning Text Amendment (ZTA) 2026-02: Application from the Town of Cape Charles to amend Town Code Chapter 32, Article VIII (Historic District Overlay), Appendix A (Definitions), and add new Appendix G to the Historic District Overlay Design Guidelines.***

Attachments:

- Attachment A – Zoning Text Amendment Application
- Attachment B – Chapter 32, Article VIII Amendments
- Attachment C – Proposed Definitions to Town Code and Historic District Overlay Design Guidelines
- Attachment D – Historic District Overlay Design Guidelines Appendix G
- Attachment E – Town of Cape Charles Comprehensive Plan

Article VIII - Historic District Overlay

Proposed Text Amendment – Red Font

Section 32.210 – Intent.

“The Cape Charles Historic District encompasses nearly all of the town of Cape Charles as it was originally laid out in 1883-1884 as well as the Sea Cottage addition, an area west of the original limits of the town, that was developed after 1909...The town was originally laid out in an unusual twenty-seven block grid pattern dominated by a central park with four landscaped streets that radiate from the park and serve as a main cross axis for the town’s circulation pattern. No other such plan is known to exist in Virginia.”
- 1989 National Register of Historic Places Registration Form Section 7, page 1.

“An interesting stock of architectural styles in both the residential area and the downtown commercial area contribute an historic style and authenticity. The street patterns, lot configurations and boundaries, which were laid out in a historic grid pattern, have remained largely unaltered, adding to the Town’s historical integrity. Cape Charles’ late nineteenth and early twentieth century character is a key element in the Town’s interest and attractiveness to tourists. The traditional downtown commercial area on Mason Avenue still serves as the commercial center for the Town. It is important that the Town’s historic character be protected, not only for its intrinsic value, but also to contribute to attract and expand tourism in Cape Charles.” – Town of Cape Charles 1999 Comprehensive Plan, page 40.

The Town of Cape Charles participates in the Certified Local Government program and in doing so demonstrates a commitment to keep what is significant from the past for the benefit of future generations. The architectural integrity of existing structures shall be recognized, and future development shall be compatible.

Section 32.211: Purpose of the District

The purpose of this district is to guard against destruction or encroachment upon historic areas, buildings, monuments, or other features, or buildings and structures of registered architectural significance which contribute or will contribute to the cultural, social, economic, political, artistic, or architectural heritage of the Town of Cape Charles and the Commonwealth of Virginia. It is also the purpose of the district to preserve the character of the designated historic areas and historic landmarks and other historic or architectural features and to ensure that buildings, structures, streets, walkways, or signs shall be erected, reconstructed, altered, or restored so as to be kept architecturally compatible with the character of the historic district.

Section 32.212: Criteria for Establishing Historic Districts - General Character

The boundaries of the Historic District shall in general be drawn to include areas containing buildings or places in which historic events occurred or having special public value because of notable architectural or other features relating to the cultural or artistic heritage of the community, of such significance as to warrant conservation and preservation. The district may include either individual buildings or places of such character, and a reasonable distance beyond, or it may include areas or groupings of structures which have significance relative to their patterns of development or social

and economic or architectural interrelationships, even though some structures in the area might not possess significant merit when considered alone.

Section 32.213: Inventory of Landmarks and Contributing Properties Established

The Town of Cape Charles has established, as part of this ordinance, a map covering the area included in the Historic District, based on the criteria set forth in this ordinance. This map shall be as much a part of this ordinance as if fully described herein. Pending further amendment of this ordinance, the period of significance for the Town will be from 1883 to 1964 as delineated in the Cape Charles Historic District National Register of Historic Places (amended 2019). As identified in the National Register, structures or sites designated as properties which contribute to the historic character of the Town shall be known as contributing properties for the purpose of this Ordinance. Structures or sites not designated as landmark or contributing properties shall be known as noncontributing properties. Should a building or structure within the boundaries of the historic district not be listed in the national register, the building or structure will be classified as noncontributing. The map may be amended from time to time in the same manner as the zoning district map.

Historic District Overlay is bounded by the following and encompasses all of the areas within said bounds and will be shown as an Overlay Map to the Town's Zoning Map:

- Starting from the beach front at the corner of Mason Avenue and Bay Avenue and running north along Bay Avenue to the corner of Washington Avenue;
- Then running east down the center line of Washington Avenue to the corner of Fig Street;
- Then running south down the center line of Fig Street to the corner of Monroe Avenue;
- Then running east down the center line of Monroe Avenue to the corner of Fulcher Street;
- Then running south down the center line of Fulcher Street to the intersection with Randolph Avenue;
- Then running east along Randolph Avenue for approximately 300 feet to the far east property line of the Cape Charles Historical Society (Tax Map #83A4-1-B-23) located on the south side of Randolph Avenue;
- Then running west approximately 952 feet along the rear property lines of the Cape Charles Historic Society (Tax Map #82A4-1B-83 & 84), the Town of Cape Charles (Tax Map #83A4-4-76), and Rayfield Pharmacy (Tax Map #83A4-4-74 & 75 and 83A4- A-21) properties to the corner of Fig Street and Mason Avenue;
- Then continuing to run west along Mason Avenue to the intersection of Nectarine Street;
- Then turning south and running 140 feet then turning west for approximately 2,045 feet up to, but not including, Tax Map #83A3-A-5 (currently owned by Cape Charles RF, LLC and historically referenced as the former Tavi property) then turning north and running 140 feet to Mason Avenue;
- Then turning west along Mason Avenue to the beach front at the intersection with Bay Avenue

Section 32.214: Application of the District; Relation to Other Zoning Districts

To enable the district to operate in harmony with the plan for land use and population

density embodied in these regulations, the Historic District is created as a special district to be superimposed on other districts contained in these regulations and is to be designated by a special symbol for its boundaries on the Zoning District Map. The uses, housing types, minimum lot requirements, minimum yard requirements, maximum height, and accessory uses and accessory signs shall be determined by the regulations applicable to the other districts over which the Historic District is superimposed except as these other district regulations may be modified by application of the regulations in the Historic District.

Section 32.215: Permitted Uses

A building or land shall be used only for any use or accessory use permitted in the zoning district in which the premises are situated and upon which the Historic District is superimposed.

Section 32.216: Historic District Review Board; Creation

For the general purposes of this Article as herein stated and specifically to preserve and protect historic places and areas in the Town through the control of demolition of such places and through the regulation of architectural design and uses of structures in such areas, there is created a board known as the Historic District Review Board.

Section 32.217: Historic District Review Board; Membership

The members of the Historic District Review Board shall be appointed by the Town Council. The Membership shall consist of five (5) citizens, at least three (3) of whom shall be residents of the local historic district.

Section 32.218: Historic District Review Board; Terms

Upon approval by the Town Council, members shall be appointed for a term of five years (5 yrs). Appointments to fill vacancies shall be only for the unexpired term. Members may be reappointed to succeed themselves. A member whose term expires shall continue to serve until a successor is appointed and qualifies.

Section 32.219: Historic District Review Board; Qualifications

Members of the Historic District Review Board shall have demonstrated interest and knowledge in the historical and architectural development of the Town and when possible, include a Planning Commission member, as well as professionals in the disciplines of architecture, history, historic preservation, archaeology, or related professions; and professionals in the disciplines of planning, building construction, or real estate.

Section 32.220: Historic District Review Board; Organization

The Historic District Review Board shall elect from its own membership a chairman and vice chairman who shall serve annual terms and may succeed themselves. The chairman shall preside over all meetings in addition to having the duties and responsibilities of other members of the Board. The vice chairman shall preside over meetings of the Board in the absence of the chairman.

Section 32.221: Historic District Review Board; Rules

The Board shall meet in regular session on the third (3rd) Tuesday of every month

when an application has been filed requiring consideration. Special meetings of the Board may be called by the chairman or a majority of the members after public notice as required.

Section 32.222: Historic District Review Board; Meetings; Hearings

Written notice of a special meeting is not required if the time of special meeting has been fixed at a regular meeting or if all members are present at a special meeting or file a written waiver of notice. For the conduct of any hearing and the taking of any action, a quorum shall be not less than a majority of all voting members of the Board. The Board may make, alter, or rescind rules and forms for its procedures, consistent with the ordinances of the Town and the general laws of the Commonwealth of Virginia.

Section 32.223: Historic District Review Board; Procedures

The Board shall, with the concurrence of the town manager, establish procedures for all matters coming before it for review, and all meetings shall be open to the public. The Board will have the right to appeal decisions of the town manager to the Town Council.

Section 32.224: Historic District Review Board; Powers and Duties

The Zoning Administrator will review all applications to determine the proper level of review and compliance with the Cape Charles Zoning Ordinance. The Historic District Review Board shall have the power and authority to issue or deny Certificates of Appropriateness for construction, reconstruction, substantial exterior alteration, razing, or relocation within the historic district. **Further details of classification can be found in the Cape Charles Historic District Overlay Design Guidelines, Appendix G.** In addition, the Board shall have the following duties:

- (1) To assist and advise the Town Council, the Planning Commission, and other Town departments, agencies, and property owners in matters involving historically significant sites and buildings or other properties in the historic districts such as, but not limited to, appropriate land usage, parking facilities, and signs.
- (2) To continuously evaluate conditions and advise owners of historic landmarks or contributing structures or other properties in historic districts on problems of preservation.
- (3) To oversee studies deemed necessary by the Town Council or Planning Commission concerning location of historic districts and means of preservation, utilization, improvement, and maintenance of historic assets in the Town.
- (4) To propose additional historic districts or additions or deletions to districts.
- (5) To recommend standards and guidelines for adoption by the Town Council to supplement the standards set forth in this Ordinance; the currently adopted guidelines are called "Cape Charles Historic District Guidelines revised October 2017."

- (6) To formulate recommendations to the Town Council concerning the establishment of an appropriate system of markers for selected historic sites and buildings, including proposals for the installation and care of such historic markers.
- (7) To cooperate with and enlist assistance from the Virginia Department of Historic Resources, the National Trust for Historic Preservation, and other interested parties both public and private in its efforts to preserve the character of historic landmarks, buildings, sites, or areas within the Town.

Section 32.225: Summary of Administration Review Procedures

In general, It is the purpose of this ordinance to establish review procedures for actions affecting properties in the Historic District. Therefore, the Zoning Administrator will review all applications to determine the proper level of review and compliance with the Cape Charles Zoning Ordinance.

- (1) Actions related to “Standards” will be exclusively the purview of the Zoning Administrator.
- (2) Actions addressed by “Guidelines” will be the purview of the Historic District Review Board, except that guidelines that are relatively straightforward may be delegated to the Zoning Administrator at the discretion of the Historic District Review Board.
- (3) In all cases the decisions of the Zoning Administrator shall be appealed to the Board of Zoning Appeals as stated in §2-2.6.2.C, the decisions of the Historic District Review Board may be appealed to the Town Council, and the final decisions of the Town Council may be appealed to the Circuit Court of Northampton County.

Section 32.226: Approval of Historic District Review Board Required

- A. ~~Except as herein otherwise provided in this article, no building or structure, including signs, shall be erected, reconstructed, restored, or substantially altered in exterior appearance and no contributing buildings or structures shall be razed or demolished within a historic district and no permit authorizing same shall be granted unless and until the same is approved by the Historic District Review Board and a Certificate of Appropriateness has been issued by that body, with right of direct appeal to the Town Council as hereinafter provided, as being architecturally compatible with the historical, cultural, and/or architectural aspects of the structure and its surroundings.~~
- B. ~~Contributing accessory structures will be treated as contributing structures only under the following conditions:~~
 1. ~~It is on a permanent foundation; and~~
 2. ~~It is of sufficient square footage that a new structure of that type would require a building permit; and it is not being used as, or being considered for, Accessory Dwelling Units.~~

- C. ~~"Substantial alterations" shall be defined as any and all work done on buildings, structures, or sites in a historic district other than those specifically exempted herein:~~
1. ~~General examples of "non-substantial" alterations:~~
 - a. ~~Work done to prevent deterioration or to replace parts of a structure with similar materials in order to correct any deterioration, decay of, or damage to any structure or on any part thereof, or~~
 - b. ~~To restore same as nearly as practical to its condition prior to such deterioration, decay, or damage.~~
 2. ~~Examples of work not constituting "substantial alteration" include those minor actions exempted from review by §8.16 of this article.~~
 3. ~~General examples of work constituting "substantial alterations" include:~~
 - a. ~~Construction of a new building at any location or a new permanent accessory building requiring a building permit on a landmark or contributing property or on a site within the Historic District.~~
 - b. ~~Any addition to or alteration of a building which increases the square footage of the building or otherwise alters substantially its size, height, contour, or outline.~~
 - c. ~~Any alteration of the exterior architectural style of a structure or its significant elements; some examples being removal or rebuilding of porches, openings, dormers, window sashes, chimneys, columns, stairways, terraces, decks, fences, or any other structural elements.~~
 - d. ~~Addition to or removal of one (1) or more stories or alteration of a roofline.~~
 - e. ~~Any other major actions not specifically covered by the terms of this section, but which would have an effect on the character of the historic district.~~
- D. ~~In any case in which there might be some question as to whether a project may be exempted from review, may constitute a minor action, or may constitute "substantial alteration," the Zoning Administrator shall be contacted for an interpretation prior to commencement of work.~~

Section 32.226: Description of Proposed Work

Changes proposed to a property within the Historic District fall into one of the three categories, which can be found in the Cape Charles Historic District Overlay Design Guidelines (CCHDODG) Appendix G: (1) Routine Maintenance, (2) Minor Work, and (3) Major Work, which are described as follows, including the level of Town review and approval required for each:

- A. ***Routine Maintenance** items are types of exterior work that keep the property in good condition. Such projects include any repair where no change is made to the appearance of the structure or site.

Routine Maintenance will not require the issuance of a Certificate of

Appropriateness (CoA) or Zoning Clearance by staff or the HDRB. It is the property owners' responsibility to ensure the proposed work qualifies as Routine Maintenance. If there is uncertainty by the property owner, we encourage them to contact Town staff to review and confirm the category of work.

- B. ***Minor Work** projects do not substantially alter the visual character of the structure or site.

Minor Work projects require an application, including a Zoning Clearance and issuance of a CoA. They may be approved by the department if the proposed work is consistent with the HDODG. If the department does not approve the application or if the work is questionable as to whether it is consistent with the HDODG, an application for minor work may be forwarded to the HDRB.

- C. ***Major Work** projects that involve a change in the appearance of a building or site and are more substantial than routine maintenance or minor projects. They include changes from the original design or material, or replacement, alteration, or removal of an original feature.

Major Work projects require an application, including a Zoning Clearance and issuance of a CoA by the HDRB.

*The property owner must schedule an inspection if required in the Cape Charles Historic Overlay District Design Guidelines Appendix G Classification of Work Chart.

~~Section 32.227: Certain Minor Actions Exempted from Review by the Historic District Review Board~~

~~Within the Historic District certain minor actions which are deemed not to have permanent effects upon the character of the historic district are exempted from review for architectural compatibility by the Historic District Review Board. Such actions shall include the following and any similar actions which, in the opinion of the Zoning Administrator, will have no more effect on the character of the district than those listed:~~

- ~~A. Repainting the structure. (Original painting of masonry surfaces is not exempted from review.)~~
- ~~B. Replacement of missing or broken windowpanes, roofing slates, tiles, porch floor, posts, rails, shingles, window frames, or shutters where no substantial change in design or material is proposed.~~
- ~~C. Addition or deletion of storm doors or storm windows, window gardens, or similar appurtenances and portable air conditioners located in existing windows, doors, or other existing wall openings (if no building permit is required for such addition or deletion).~~
- ~~D. Landscaping involving minor grading, walks, low retaining walls, temporary~~

~~fencing, fencing immediately surrounding trash receptacles or outdoor ventilation units, small fountains, outdoor showers, and ponds which will not substantially affect the character of the property and its surroundings.~~

- ~~E. Construction of off-street loading areas and off-street parking areas.~~
- ~~F. Creation of outside storage in a commercial or industrial district which does not require structural changes or major grading and is not visible from a public street or waterway.~~
- ~~G. Additions or deletions to an existing building which are not visible from a public street or sidewalk. Alleys in this context are not to be considered public places.~~
- ~~H. Covered by other zoning ordinance requirements as administrated by the Zoning Administrator unless altered by the overlay ordinance.~~
- ~~I. Receiving historic preservation tax credits through state or federal offices.~~
- ~~J. Demolition of non-contributing buildings or structures.~~
- ~~K. Alterations or repairs made to a building or structure for the purpose of temporary emergency stabilization.~~

Section 32.227: Declaration of Unsafe or Dangerous Conditions

Nothing in this Ordinance shall be construed to prevent any measures necessary to correct an unsafe or dangerous condition of a property in the Historic District. Temporary measures may be taken as directed by the Zoning Administrator and Code Official without obtaining a Certificate of Appropriateness.

Section 32.228: Delegation of Authority

- A. The Zoning Administrator or Code Official shall have authority to order that work be stopped and that an appropriate application be filed for review by the Historic District Review Board in any case where the action has an adverse effect on the Historic District.
- B. The Historic District Review Board shall periodically review the design guidelines contained in this section.

Section 32.229: Certificate of Appropriateness

Evidence of the approval required under the terms of the Historic District shall be a certificate of appropriateness issued on behalf of the Historic District Review Board, stating that the demolition, moving, or changes in the exterior architectural appearance of the proposed construction, reconstruction, alteration, or restoration for which application has been made are approved by the Historic District Review Board or the Zoning Administrator. The Historic District Review Board may permit modifications of original proposals if such modifications are formally acknowledged, clearly described, and recorded in the records of the case. A certificate of

appropriateness shall be obtained in addition to any other required permits. Any action by applicants following issuance of a permit-requiring certificate of appropriateness shall be in accord with the application and material approved and any conditions appended thereto.

Section 32.230: Design Guidelines; Recommendations for Review

The intent of the guidelines is to ensure that changes within the district are compatible with the district's historic and architectural character.

- (a) The Historic District Review Board shall be guided in its decisions by the design guidelines but must also use independent judgement and discretion to consider the unique characteristics of each request. The board is expected to work with each applicant to assist them in achieving their goal while preserving the character of the district. The board shall utilize the pre-application review process as defined in §32.235 (A).
- (b) It shall be the duty of the Historic District Review Board to prepare recommended amendments to the design guidelines.
- (c) The Town Council shall adopt and amend the design guidelines after conducting at least one public hearing pursuant to [§15.2-2204](#) of the Code of Virginia.
- (d) Separate guidelines shall be developed for all new infill buildings in Cape Charles' historic district. New infill construction will not diminish, detract, or distract from the character of surrounding historic buildings or the overall historic district.
- (e) Alterations and additions to non-contributing structures that affect the exterior appearance of the structure or additions should be compatible with the district following the guidelines for new (infill) construction. Criteria for non-contributing structures may be less restrictive than that applied to contributing structures.

Section 32.231 Demolition: Alternate Procedure: Offer to Sell

- (a) Prior to approval of any application for demolition, razing, moving, or removal of a contributing structure within the Cape Charles Historic District; the zoning administrator, the Historic District Review Board, or the Town Council, as applicable, shall review the application for its compatibility with each of the following guidelines.
 - (1) Whether or not the contributing structure is of such architectural or historic interest that its removal would be to the detriment of the character and integrity of the Historic District.
 - (2) Whether or not the contributing structure is of such interest or significance that it would qualify as a National, State, or local historic landmark.
 - (3) Whether or not retention of the contributing structure would help to preserve and protect a historic place or area of historic interest in the Town.
 - (4) Whether or not plans for future use of the site after demolition are

appropriate, compatible, sympathetic, and complementary to the character and integrity of the Historic District.

No subsequent application under §32.231 (A) regarding the contributing structure may be made until more than one year (1 yr) after a final denial by the Town Council.

- (b) In addition to the right of appeal herein elsewhere set forth, the owner of a contributing structure in the Cape Charles Historic District shall as a matter of right be entitled to raze or demolish a contributing structure provided that:
- (1) The owner has applied to the Town Council for such right.
 - (2) The owner has for the applicable period of time set forth in the time schedule in §32.231 (b)(4), and at a price reasonably related to the fair market value of the contributing structure and the land, other improvements and appurtenances pertaining thereto (assuming the buyer will be required to preserve and restore the contributing structure in place on the property) as determined by the average of two (2) real estate appraisals from two (2) different appraisers, made a bona fide, public offer (pursuant to the requirements of this §32.231 (b)) to sell such contributing structure, and the land, other improvements and appurtenances pertaining thereto (collectively, the “Property”), to the Town and any other person, firm, corporation, government or political subdivision or agency thereof, which gives reasonable assurance that it is willing to preserve and restore the contributing structure in place. If the two (2) required real estate appraisals submitted by the Owner differ by more than ten percent (10%), the owner must have the Property appraised a third time at his own expense by a third real estate appraiser selected by the Town. The bona fide offer to sell must be at a price not more than the average of the two (2) such appraisals that are closest to one another.
 - (3) No bona fide contract, binding upon all parties thereto, shall have been executed for the sale of any such Property thereto, prior to the expiration of the applicable time period set forth in the time schedule in §32.231 (b)(4). Any appeal which may be taken to the court from the decision of the Town Council, whether instituted by the owner or by any other proper party, notwithstanding the provisions heretofore stated relating to a stay of the decision appealed from, shall not affect the right of the owner to make the bona fide offer to sell referred to above.
 - (4) The time schedule for offers to sell shall be as follows:
 - a. Three (3) consecutive months when the offering price is less than twenty-five thousand dollars.
 - b. Four (4) consecutive months when the offering price is twenty-five thousand (\$25,000) or more but less than forty thousand dollars (\$40,000).
 - c. Five (5) consecutive months when the offering price is forty thousand (\$40,000) or more but less than fifty-five thousand dollars (\$50,000).
 - d. Six (6) consecutive months when the offering price is fifty-

- five thousand dollars (\$50,000) or more but less than seventy-five thousand dollars (\$75,000).
- e. Seven (7) consecutive months when the offering price is seventy-five thousand dollars (\$75,000) or more but less than ninety thousand dollars (\$90,000).
 - f. Twelve (12) consecutive months when the offering price is ninety thousand dollars (\$90,000) or more.
- (5) Before making a bona fide offer to sell, the owner shall first file a statement with the Zoning Administrator along with the appraisals required by §32.231 (b)(2). The statement shall identify the Property, state the offering price, the date the offer of sale is to begin, the names and addresses of adjacent property owners, and the names and addresses of listing real estate agents, if any. The owner shall be required to maintain the Property in at least its current condition during the term of the public offer. No time period set forth in the time schedule contained in §32.231 (b)(4). shall begin to run until the statement has been filed. Within five (5) business days after receipt of a statement, copies of the statement shall be delivered by the Zoning Administrator to the Town Manager, the Town Council, and the Historic District Review Board. Within thirty (30) days after the receipt of a statement, the Zoning Administrator: (a) shall place notice of the statement once a week for two (2) successive weeks in a newspaper having general circulation in the Town, (b) post a notice of the statement prominently on the Property, and (c) send notice of the offer, accompanied by the statement, to the adjacent property owners by certified or registered mail.
- (6) During the time period for the offer to sell, the Town may take steps as it deems necessary to preserve the contributing structure in accordance with the purposes of this article. Such steps may include, but are not limited to, consultation with civic groups, public agencies, and interested citizens, recommendations for acquisition of the Property by public or private bodies or agencies, and exploration of the possibility of moving structures or other features on the Property.
- (7) The fact that an offer to sell a property is made at a price reasonably related to fair market value as described previously may be questioned by any party who files with the Zoning Administrator, on or before sixty (60) days after the offer for sale has begun, a petition in writing signed by at least twenty-five (25) persons owning real estate within Cape Charles, questioning such valuation. Upon receipt of such a petition, one (1) disinterested real estate appraiser shall be appointed by the petitioners, and the cost of the appraisal shall be borne by the petitioners. Said appraiser shall forthwith make an appraisal of the Property on the same basis as described in §32.231 (b)(2) above, and the Town shall use the average of the lower two (2) appraisals to establish fair market value under §32.231 (b). In the event such valuation indicates that the price at which the applicant offered to sell the Property was at a price that is higher than the Property's fair market value, the offer to sell shall be void and of no force and effect for

- purposes of satisfying the requirements set forth in this §32.231 (b).
- (8) If the Town Council authorizes any such demolition or razing of said structure after the above procedures were complied with, then said demolition will proceed after applying for and obtaining approval from the Building Official.

Section 32.232: Maintenance and Repair Required

- (a) The purpose of this section is solely to stop demolition by neglect, whereby owners of property in the Historic District allow the structure, or historic attributes of the structure, to become a hazardous building or structure. Any building or structure which is determined to be in such an unsafe condition that it would endanger life or property is governed by Town Code Chapter 18, Article III, Unsafe Buildings or Structures and under the sole jurisdiction of the Town's Code Official. The Zoning Administrator may also pursue violations of the ordinance jointly with the Town's Code Official.
- (b) All buildings and structures in the Historic District shall be preserved against decay and deterioration and maintained free from structural defects to the extent that such decay, deterioration, or defects may, in the opinion of the Historic District Review Board and Town Council, result in the irreparable deterioration of any exterior appurtenance or architectural feature or produce a detrimental effect upon the character of the district as a whole or upon the life and character of the structure itself, including but not limited to:
- (1) The deterioration of exterior walls or other vertical supports, including broken doors and windowpanes;
 - (2) The deterioration of roofs or horizontal members;
 - (3) The deterioration of exterior chimneys;
 - (4) The deterioration or crumbling of exterior plaster, wood, or mortar;
 - (5) The deterioration of any feature so as to create or permit the creation of any hazardous or unsafe condition or conditions.
- (c) After notice by the Zoning Administrator or Code Official by certified mail of specific instances of failure to maintain or repair and of an opportunity to appear before the Historic District Review Board, the owner or person in charge of said structure shall have ninety (90) days to remedy such violation. Thereafter, each day during which there exists any violation of this section shall constitute a separate offense and shall be punishable as provided in this ordinance. In the alternative, if the owner fails to act, the Historic District Review Board may recommend to the Town Council that the Zoning Administrator, after due notice to the owner, enter the property and make or cause to be made such repairs as are necessary to preserve the integrity and safety of the structure and the reasonable costs thereof shall be placed as a lien against the property.

Section 32.233: File of Actions to be Maintained

In order to provide guidance for the consistent application of standards and guidelines, and for assistance to future applicants and the promotion of consistent policies in guiding applicants toward better standards of design, the Zoning

Administrator shall maintain a file containing a record of all applications, including drawings and photographs pertaining thereto and the decision of the Zoning Administrator or the Historic District Review Board in each case. The file documents shall be compiled by the Zoning Administrator, maintained by the Town Clerk, and remain the property of the Town but shall be held available for public review.

Section 32.234: Administration; Zoning Administrator

Except as authorized herein, the Zoning Administrator or Code Official shall not authorize a permit for any erection, reconstruction, integral exterior facade change, demolition, or razing of a building or structure in the Historic District until the same has been approved by the Historic District Review Board as set forth in the following procedures.

Section 32.235: Receipt of Application

Upon receipt of an application by the Zoning Administrator for each permit in the historic district, the Zoning Administrator shall oversee the following:

- (1) Pre-application review: Persons considering action that requires a certificate of appropriateness, as set forth in this ordinance, are to request an informal informational meeting with the Zoning Administrator and at least one member of the Historic District Review Board prior to submitting a formal application for a certificate of appropriateness. Requests for such informational meetings can be made to the zoning administrator, who will contact a member of the board. The informational meeting will occur within thirty (30) days of receipt of such a request. The purpose of an informational meeting is to review the design guidelines and standards and the procedures for obtaining a certificate of appropriateness. Neither the applicant nor the zoning administrator/board member(s) shall be bound by any informational meeting or conceptual review. Zoning Administrator can use discretion on the need for a pre-application meeting or the inclusion of a board representative depending on the nature of project proposed;
- (2) Once accepted by the zoning administrator as a fully completed application, the zoning administrator will forward to the Historic District Review Board a copy of the application, together with a copy of the site plan and the building plans and specifications filed by the applicant if such application requires the Historic District Review Board to meet and render a decision;
- (3) Compile a record of all such applications and of the final disposition of the same, to be maintained by the Town Clerk;
- (4) Require applicants to submit one (1) hard copy and one (1) electronic version of material required to permit compliance with the foregoing.

Section 32.236: Material to be Submitted for Review

By general rule, or by specific request in a particular case, the Historic District Review Board may require submission of any or all of the following in connection with the application: architectural plans, landscaping plans, construction methods, proposed exterior lighting arrangements, elevations of all portions of structures with important relationships to public view and such other exhibits and reports as are necessary for its determinations. **The Zoning Administrator may require a site plan in accordance**

with Appendix C. Requests for approval of activities proposed in historic districts shall be accepted only from the record owner of the land involved in such proposal, or their agent.

Section 32.237: Other Approvals Required

The Zoning Administrator will review submitted applications for Certificates of Appropriateness against appropriate zoning requirements before forwarding the application to the Historic District Review Board for pre-application review and approval. In any case in which an applicant's proposal also requires the approval of the Board of Zoning Appeals, final action by the Board of Zoning Appeals shall precede final action by the Historic District Review Board. The Board of Zoning Appeals may, however, table a proposal in order to request the comments of the Historic District Review Board. In this case, final action by the Historic District Review Board shall be taken prior to consideration of proposals requiring site plan approval.

Section 32.238: Action by the Historic District Review Board; Issuance of Certificates of Appropriateness

The Historic District Review Board shall render a decision upon any request or application for a Certificate of Appropriateness within ninety (90) days after the filing of an application accepted as complete. Failure of the Historic District Review Board to render such a decision within said ninety (90) day period, unless such period be extended with the concurrence of the applicant, shall entitle the applicant to proceed as if the Historic District Review Board had granted the Certificate of Appropriateness applied for prior to denying the Certificate of Appropriateness. The Historic District Review Board, on the basis of the review of information received, shall, upon request, indicate to the applicant the changes in plans and specifications, if any, which, in the opinion of the Historic District Review Board, would protect and/or preserve the historical aspects of the landmark, building, structure, or district. If the applicant determines that they will make the suggested changes, the Historic District Review Board may issue the Certificate of Appropriateness. Agreed to changes will be stipulated on the Certificate of Appropriateness.

All conditions required for the approval of a certificate of appropriateness will also be included on the building plan and will be reviewed by the Code Official during routine inspections.

The Zoning Administrator will be responsible for issuance of the Certificate of Appropriateness to the applicant and the Town's Code Official office within five (5) business days. Denials of applications are to be stated in writing to the applicant along with the reasons for such denials by the zoning administrator and issued within five (5) business days. Once a Certificate of Appropriateness is granted, the applicant may obtain permits to start work with the understanding that work may be stopped should an appeal be filed to the board's decision within a 30-day period following approval of the Certificate of Appropriateness, and that the applicant takes full responsibility to bear whatever consequences result from the appeal's final decision.

Section 32.239: Expiration of Certificates of Appropriateness

Any certificate issued pursuant to this article shall expire of its own limitation six (6)

months from the date of issuance if the work authorized thereby is not commenced by the end of such six (6) month period; and further, any such certificate shall also expire and become null and void if such authorized work is suspended or abandoned for a period of six (6) months after being commenced. Any period or periods of time during which the right to use any such certificate is stayed pursuant to this article shall be excluded from the computation of the six (6) months.

Section 32.240: Inspection by Administrator After Approval

When a Certificate of Appropriateness has been issued, the Zoning Administrator or Town Building Official shall from time to time inspect the alteration or construction approved by such certificate and shall give prompt notice to the applicant of any work not in accordance with such certificate or violating any ordinances of the Town. The Zoning Administrator or Town Building Official may revoke the certificate or the building permit if violations are not corrected by the applicant in a timely manner.

Section 32.241: Delay of Approval

In the case of a proposal other than for demolition or moving but involving a designated landmark where the Historic District Review Board or, on appeal, the Town Council cannot reach a satisfactory agreement with the owner and whereas the Historic District Review Board or, on appeal, the Town Council decides such action to be in the public interest and not in conflict with any provision of law, it may delay the effective date of an approval for a period of three (3) months from the date of application or appeal to enable negotiations to be undertaken and completed for acquisition of the property for preservation or public use. Failure of negotiations within this period shall be the equivalent of a denial of the application by the Historic District Review Board or, on appeal, by the Town Council.

Section 32.242: Conditions Imposed by the Historic District Review Board

In approval of any proposal under this section, the Historic District Review Board or, on appeal, the Town Council may limit such approval by such reasonable conditions as the case may require, including but not limited to, the specifications enumerated for conditional uses and for the Town Council.

Section 32.243: Appeals; Decisions of the Historic District Review Board

An appeal from a decision of the Historic District Review Board may be taken to the Town Council by the owner of the property in question or by any party aggrieved and must show that he has an immediate, pecuniary and substantial interest in the litigation, and not a remote or indirect interest, which shall be taken within thirty (30) days after the decision appealed from by filing with the Zoning Administrator the following:

- a notice of appeal specifying the grounds thereof; a signed statement listing any personal or business relationship with any general or subcontractors associated with the project under appeal;
- a signed statement that all real and personal property taxes are current as of the date of the filed appeal notice;
- a signed statement listing any personal or business relationship or partnership with the property owner(s) associated with the project under appeal;
- a fee equal in value to the fee paid by the property owner(s) associated with

the project under appeal.

The person submitting the appeal shall not be allowed to present any evidence that was not presented to the Historic District Review Board. Council members having any relevant interaction with the applicant shall disclose such interaction prior to considering the appeal. The Zoning Administrator will prepare a document of all the papers constituting the record upon which the action appealed from was taken. The Town Council shall fix a reasonable time for the hearing, give public notice thereof and decide the same within sixty (60) days from the date the person submitted a request for appeal. At the hearing, the appealing party may appear in person or by an agent. In exercising its powers, the Town Council will rely solely on the written record of decision from the Historic District Review Board and will refer to the Adopted Historic District Guidelines to determine if they were appropriately applied. The Town Council, through their appeal hearing, is determining only if a procedural or application error has occurred.

Section 32.244: Appeals; Decisions of the Zoning Administrator

An appeal from a decision of the Zoning Administrator may be taken to the Board of Zoning Appeals by the owner of the property in question or by any party aggrieved and must show that he has an immediate, pecuniary and substantial interest in the litigation, and not a remote or indirect interest, which shall be taken within thirty (30) days after the decision appealed from by filing with the Zoning Administrator the following: a notice of appeal specifying the grounds thereof; a signed statement listing any personal or business relationship with any general or subcontractors associated with the project under appeal; a signed statement that all real and personal property taxes are current as of the date of the filed appeal notice; a signed statement listing any personal or business relationship or partnership with property owner(s) associated with the project under appeal. The Zoning Administrator shall transmit to the Board of Zoning Appeals within five (5) days all the papers constituting the record upon which the action appealed from was taken. The Board of Zoning Appeals shall fix a reasonable time for the meeting, give public notice thereof as required pursuant to [§ 15.2-2204](#) of the Code of Virginia; and decide the same within sixty (60) days. At the meeting the party may appear in person or by agent. In exercising its powers, the Board of Zoning Appeals may reverse or affirm, wholly or partly, or may modify, any order, requirement, decision, or determination appealed from and make such order, requirement, decision or determination as ought to be made.

Section 32.245: Appeal to the Circuit Court from a Decision of the Town Council

An appeal from a final decision of the Town Council may be filed with the Circuit Court within thirty (30) days after said decision in the manner prescribed by law by the owner of the property in question, by any party aggrieved and must show that he has an immediate, pecuniary and substantial interest in the litigation, and not a remote or indirect interest, or by the Historic District Review Board. The filing of an appeal shall stay the decision of the Town Council pending the outcome of the appeal to the court, except that the filing of such petition shall not stay the decision of the Town Council if such decision denies the right to raze or demolish a designated landmark, building, or structure. The court may reverse or modify the decision of the Town Council, in whole or part, if it finds upon review that the decision of the governing body is contrary to law or that its decision is arbitrary and constitutes an abuse of discretion, or it may

affirm the decision of the Town Council.

Section 32.246: Violations and Penalties

Any violation of this Article and the penalties for all such violations shall be as set forth in §32-32 of the Town Code.

Section 32.247: Definitions

For the purpose of this article, terms and words pertaining to the Historic District are defined in Chapter 32, Appendix A of this Town Code.

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PROPOSED AMENDMENTS AND NEW DEFINITIONS

Town Code Chapter 32, Appendix A – Definitions

ALTERATION means any change or rearrangement in the supporting members of an existing building, such as bearing walls, columns, beams, girders, or interior partitions, as well as any exterior change such as doors, windows, roof, siding, porches, means of ingress or egress, or any enlargement to or diminution of a building or structure, whether horizontally or vertically, or the moving of a building or structure from one location to another.

IN-KIND The replacement of historic fabric with new material that matches the historic detail, configuration, appearance, and fabric as closely as possible.

PUBLIC RIGHT-OF-WAY means the land, property, or interest therein, usually in a strip, acquired for or devoted to a public street designated to become part of the secondary system of state highways.

REPAIRS are any or all work involving the replacement of existing work with equivalent **in-kind** material for the purpose of maintenance, but not including any addition, change, or modification in construction.

REPAIR, MAJOR any improvement that requires a building permit or that requires the replacement of a roof, wall, or other major building element.

REPAIR, MINOR improvements to correct deficiencies resulting from normal wear and tear, or improvements generally not requiring a building permit.

SCREEN a structure, berm, or planting consisting of fencing and/or evergreen trees or shrubs providing continuous view obstruction within a site or property or a portion thereof.

SCREENING a method of visually shielding or buffering one abutting or nearby structure or use from another by fencing, walls, berms, or densely planted vegetation. This is a designated condition placed on an issued Certificate of Appropriateness to limit the visibility of new appurtenances from the public right-of-way.

Cape Charles Historic District Overlay Design Guidelines

Appendix A – Glossary

ALTERATION means any change or rearrangement in the supporting members of an existing building, such as bearing walls, columns, beams, girders, or interior partitions, as well as any exterior change such as doors, windows, roof, siding, porches, means of ingress or egress, or any enlargement to or diminution of a building or structure, whether horizontally or vertically, or the moving of a building or structure from one location to another.

APPENDIX G – CLASSIFICATION OF WORK – GENERAL GUIDELINES

The following chart is provided as a reference for Routine Maintenance, Minor Work, and Major Work, as defined in the Town Code §32.226, which is available below. This chart does not exempt the homeowner from obtaining the required Zoning and Building permits. It is the homeowner's responsibility to confirm and obtain all necessary Zoning and Building permits.

Town Code §32.226: Description of Proposed Work

Changes proposed to a property within the Historic District fall into one of the three categories, which can be found in the Cape Charles Historic District Overlay Design Guidelines (CCHDODG) Appendix G: (1) Routine Maintenance, (2) Minor Work, and (3) Major Work, which are described as follows, including the level of Town review and approval required for each:

- A. ***Routine Maintenance** items are types of exterior work that keep the property in good condition. Such projects include any repair where no change is made to the appearance of the structure or site.

Routine Maintenance will not require the issuance of a Certificate of Appropriateness (CoA) or Zoning Clearance by staff or HDRB. It is the property owners' responsibility to ensure the proposed work qualifies as Routine Maintenance. If there is uncertainty by the property owner, we encourage them to contact Town Staff to review and confirm the category of work.

- B. ***Minor Work** projects do not substantially alter the visual character of the structure or site.

Minor Work projects require an application, including a Zoning Clearance and issuance of a CoA. They may be approved by the department if the proposed work is consistent with the CCHDODG. If the department does not approve the application or if the work is questionable as to whether it is consistent with the HDODG, an application for minor work may be forwarded to the HDRB.

- C. ***Major Work** projects that involve a change in the appearance of a building or site and are more substantial than routine maintenance or minor projects. They include changes from the original design or material, or replacement, alteration, or removal of an original feature.

Major Work projects require an application, including a Zoning Clearance and issuance of a CoA by the HDRB.

*The property owner must schedule an inspection if required in the CCHDODG Appendix G Classification of Work Chart.

Please call the Planning & Zoning Department with any questions.

	Type of Work	Routine Maintenance	Minor Work	Major Work	Inspection Required	Code Official Review
1)	Painting or repainting of a non-masonry structure does not require approval.					
2)	Accessory Structures* or Buildings					
	a) Repair when there is no change in design, dimensions, materials, or general appearance.	✓				✓
	b) Replacement when there is no change in design, dimensions, or general appearance, but a change in materials, using in-kind		✓		✓	✓
	c) Additions or Alterations to existing, or New Construction that <u>cannot be seen</u> from the public right-of-way		✓		✓	✓
	d) Additions or Alterations to existing, or New Construction that <u>can be seen</u> from the public right-of-way			✓	✓	✓
3)	Architectural Style is a set of characteristics and features that make a building or other structure notable or historically identifiable.					
	a) Repair when there is no change in design, dimension, materials, or general appearance	✓				✓
	b) Replacement when there is no change in design, dimensions, or general appearance, but a change in materials, using in-kind		✓		✓	✓
	c) Addition / Alteration / Removal of existing or New			✓	✓	✓
4)	Awnings and Canopies					
	a) Repair when there is no change in design, dimensions, materials, or general appearance	✓				✓
	b) Addition / Removal of existing or Installation of New			✓	✓	✓
5)	Buildings, Relocation			✓	✓	✓
6)	Carpports					
	a) Repair when there is no change in design, dimensions, materials, or general appearance	✓				✓
	b) Addition / Alteration / Removal / Replacement when there is no change in design, dimensions, or general appearance, but a change in materials, using in-kind		✓		✓	✓
	c) New Construction that <u>cannot be seen</u> from the public right-of-way		✓		✓	✓
	d) New Construction that <u>can be seen</u> from the public right-of-way			✓	✓	✓
7)	Certificate of Appropriateness (CoA)					
	a) Modification to previously approved CoA (could require HDRB approval)		✓		Case-by-Case basis	
	b) Renewal of Expiring		✓			

	Type of Work	Routine Maintenance	Minor Work	Major Work	Inspection Required	Code Official Review
8)	Chimneys					
	a) Reflash or Repair to the cap, caulk, or stucco when there is no change in design, dimensions, materials, or general appearance	✓				
	b) Replacement of the cap, caulk, flashing, or stucco where there is no change in design, dimensions, or general appearance, but a change in materials, using in-kind		✓		✓	
	c) Alteration / New Construction / Removal			✓	✓	✓
9)	Decks					
	a) Repair when there is no change in dimensions, design, materials, or general appearance	✓				✓
	b) Replacement when there is no change in design or general appearance, but a change in materials, using in-kind		✓		✓	✓
	c) Addition / Alteration / New Construction / Removal			✓	✓	✓
10)	Doors (Exterior)					
	a) Replacement when there is no change in design, dimensions, materials, or general appearance	✓				✓
	b) Replacement when there is no change in design, dimensions, or general appearance, but a change in materials, using in-kind		✓		✓	✓
	c) Addition/Alterations/Removal when there is a change in style or opening size			✓	✓	✓
	d) New Installation or New opening (example: changing a window to a door)			✓	✓	✓
11)	Doors (Storm), Installation (Front of House only)					
	a) Repair when there is no change in design, dimensions, materials, or general appearance	✓				
	b) Replacement when there is no change in design, dimensions, or general appearance, but a change in materials, using in-kind		✓		✓	
	c) New Installation		✓		✓	
12)	Driveways					
	a) Repair when there is no change in design, dimensions, materials, or general appearance	✓				
	b) Addition / Alteration / Removal of existing or New Construction			✓	✓	
13)	Features not specifically listed – some examples are arches, corbels, historic signage, vestibules, etc.					
	a) Repair when there is no change in design, dimensions, materials, or general appearance	✓			✓	✓
	b) Replacement when there is no change in design, dimensions, or general appearance, but a change in materials, using in-kind		✓		✓	✓
	c) Addition / Alteration / Removal of existing or New Construction				✓	✓

	Type of Work	Routine Maintenance	Minor Work	Major Work	Inspection Required	Code Official Review
14)	Fences					
	a) Repair with approved materials from guidelines and Zoning Approval in compliance with the Town Code	✓				
	b) Alteration of Placement / Replacement / New Construction		✓		✓	
15)	Foundations					
	a) Repair when there is no change in design, dimensions, materials, or general appearance	✓				✓
	b) Addition / Alteration of existing			✓	✓	✓
16)	Foundation Vents and Ventilators					
	a) Repair when there is no change in design, dimensions, materials, or general appearance	✓				✓
	b) Replacement when there is no change in design, dimensions, or general appearance, but a change in materials, using in-kind		✓		✓	✓
	c) Alteration / Installation / Removal		✓		✓	
17)	Fuel Tanks Addition / Removal – Screening is required to limit visibility if placed in view of the public right-of-way	Not historic, but requires zoning administrator and building code approval				
18)	Gutters and Downspouts					
	a) Repair when there is no change in design, materials, or general appearance	✓				
	b) Addition / Change in Material / Installation / Removal		✓			
19)	Handrails/Porch Rails/Stair Rails					
	a) Repair when there is no change in design, dimensions, materials, or general appearance	✓				
	b) Replacement when there is no change in design, dimensions, or general appearance, but a change in materials, using in-kind		✓		✓	
	c) Alteration / Removal of existing or New Construction			✓	✓	✓
20)	HVAC Equipment like air conditioners, heat pumps, mini splits	Not historic, but requires zoning administrator and building code approval				
21)	Lighting Fixtures (Exterior)					
	a) Repair when there is no change in design, dimensions, materials, or general appearance	✓				
	b) Alteration / Installation / Removal		✓			
22)	Main Building					
	a) Additions of Commercial or Residential that <u>cannot be seen</u> from the public right-of-way		✓		✓	✓
	b) Additions of Commercial or Residential that <u>can be seen</u> from the public right-of-way			✓	✓	✓
	c) New Construction of Commercial or Residential			✓	✓	

	Type of Work	Routine Maintenance	Minor Work	Major Work	Inspection Required	Code Official Review
23)	Masonry					
	a) Repainting only when there is no change to the existing color or composition. Painting of unpainted masonry is not allowed.	✓				
	b) Repair when the color and composition of the mortar match the original, and the new brick or stone matches the original	✓				✓
	c) Repointing	✓				✓
	d) Installation of utility penetrations, hose bibs, or vents	✓				
	e) Alteration / Removal of existing or New Construction			✓	✓	✓
24)	Outdoor Features like kitchens, firepits, built-in BBQs – Screening is required to limit visibility if placed in view of the public right-of-way *saunas, hot tubs, plunge or spa pools will be treated as swimming pools		✓			✓
25)	Painting or repainting of a <u>non-masonry structure</u> does not require approval.	✓				
26)	Patios – under 16” above grade					
	a) Repair when there is no change in design, dimensions, materials, or general appearance	✓				
	b) Replacement when there is no change in design, dimensions, or general appearance, but a change in materials, using in-kind		✓		✓	
	c) Addition / Alteration / Removal of existing		✓		✓	
	d) New Construction		✓		✓	
27)	Porches					
	a) Repair when there is no change in design, dimensions, materials, or general appearance	✓				✓
	b) Replacement when there is no change in design, dimensions, or general appearance, but a change in materials, using in-kind		✓		✓	✓
	c) Addition / Alteration / Removal of existing or New Construction			✓	✓	✓
28)	Roof Forms & Covering					
	a) Repair when there is no change in design, dimensions, materials, or general appearance (excluding color). A building permit is required for repairs of more than 100 sq. ft. of the roof.	✓				✓
	b) Replacement when there is no change in design, dimensions, materials, or general appearance (excluding color)		✓		✓	✓
	c) Replacement when there is a change in design, dimensions, materials, or general appearance. A			✓	✓	✓

	Type of Work	Routine Maintenance	Minor Work	Major Work	Inspection Required	Code Official Review
	building permit is required if altering or replacing more than 100 sq. ft. of the roof.					
	d) Replacement when there is no change in design, dimensions, or general appearance (excluding color), but a change in materials, using in-kind			✓	✓	✓
29)	Satellite Dishes and/or Television Antennas					
	a) Removal when there is no change in design, dimensions, materials, or general appearance	✓				
	b) Replacement when there is no change in design or materials, but a change in general appearance		✓		✓	
	c) New Installation		✓		✓	
30)	Showers (Outdoor)					
	a) Repair when there is no change in design, dimensions, materials, or general appearance	✓				
	b) Replacement when there is no change in design, dimensions, or general appearance, but a change in materials, using in-kind		✓		✓	
	c) Alterations / Removal / New Construction		✓		✓	✓
31)	Shutters					
	a) Repair when there is no change in design, dimensions, materials, or general appearance	✓				
	b) Replacement when there is no change in design, dimensions, or general appearance, but a change in materials, using in-kind, and conform to the Guidelines §5.5.1 Windows – Shutters		✓		✓	
	c) Alterations / Removal / New Construction			✓	✓	
32)	Siding					
	a) Repair when there is no change in design, dimensions, materials, or general appearance. A building permit is required if altering or replacing more than 100 sq. ft. of the siding.	✓				✓
	b) Replacement when there is no change in design, dimensions, or general appearance, but a change in materials, using in-kind. A building permit is required if altering or replacing more than 100 sq. ft. of the siding.		✓			✓
	c) Removal			✓	✓	✓
33)	Signs					
	a) Repair when there is no change in design, dimensions, materials, or general appearance	✓				
	b) Alteration / Installation / Removal (must comply with Town Code Chapter 32 (Zoning), Article V		✓		✓	

	Type of Work	Routine Maintenance	Minor Work	Major Work	Inspection Required	Code Official Review
	(Signs) (Excludes historic markers and signs excluded by the Town Code)					
34)	Solar Panels					
	a) Repair when there is no change in design, dimensions, materials, or general appearance	✓				✓
	b) Replacement when there is a change in design, dimensions, materials, general appearance, or placement on the lot or structure		✓		✓	✓
	c) Installation of new that <u>cannot be seen</u> from the public right-of-way		✓		✓	✓
	d) Installation of new that <u>can be seen</u> from the public right-of-way			✓	✓	✓
35)	Stairs and Steps (Exterior – Street View)					
	a) Repair when there is no change in design, dimensions, materials, or general appearance	✓			✓	✓
	b) Replacement when there is a change in design, dimensions, materials, or general appearance			✓	✓	✓
	c) Addition / Alteration / Removal of existing or New Construction			✓	✓	✓
36)	Stairs and Steps (Exterior – Non-Street View)					
	a) Repair when there is no change in design, dimensions, materials, or general appearance	✓				
	b) Replacement when there is a change in design, dimensions, materials, or general appearance		✓		✓	
	c) Addition / Alteration / Removal of existing or New Construction			✓	✓	
37)	Structure, Demolition of Contributing in whole or part per Town Code §32-99 – Demolition Policy Guidelines			✓	✓	✓
38)	Structure, Demolition of Non-Contributing in whole or part per Town Code §32-99 – Demolition Policy Guidelines		✓		✓	✓
39)	Structure, Emergency Stabilization , to protect a historic property that does not alter the resource.	Exempted from Historic Review, but requires zoning administrator and building code approval				
40)	Swimming Pools, Spa Pools, Saunas, Plunge Pools, Hot Tubs, etc. per Town Code §32-97	Not historic, but requires zoning administrator and building code approval				
	a) Repairs to existing					
	b) Addition / Alteration / New Construction. A fence is required to be placed around the perimeter of the pool in compliance with the Virginia Building Code and per Town Code Chapter 32, Article IV, Sec. 32-97 (e).					
	c) Removal					
41)	Temporary Family Health Care Structures for use by caregivers assisting mentally or physically impaired residents, per VA Code §15.2-2292.1 and Town Code §32-91 (e) (11).	Exempted from Historic Review, but requires zoning administrator and building code approval				
42)	Temporary Features, Accommodations relative to the	Exempted from Historic Review, but requires zoning administrator and building code approval				

	Type of Work	Routine Maintenance	Minor Work	Major Work	Inspection Required	Code Official Review
	Americans with Disabilities Act (ADA) and the Fair Housing Act per Town Code §32-91 (i).	administrator and building code approval				
43)	Walkways					
	a) Repair when there is no change in design, dimensions, materials, or general appearance	✓				
	b) Replacement when there is no change in design, but a change in materials or general appearance		✓		✓	
	c) Addition / Alteration / Removal of existing or New Construction		✓		✓	
44)	Walls (for example: garden or retaining walls)					
	a) Repair when there is no change in design, dimensions, or general appearance with approved materials from guidelines.	✓				
	b) Alteration of Placement / Replacement / New Construction		✓		✓	
45)	Windows (includes casings and sills)					
	a) Caulking and weatherstripping when there is no change in design, dimensions, materials, or general appearance	✓				
	b) Repair when there is no change in design, dimensions, materials, or general appearance	✓				
	c) Replacement when there is no change in design, but a change in materials or general appearance		✓		✓	
	d) Alteration of Style or Opening Size / Removal of Existing / Installation of New			✓	✓	✓
46)	Windows (Storm)					
	a) Repair when there is no change in design, dimensions, materials, or general appearance	✓				
	b) Replacement when there is no change in design, but a change in materials or general appearance		✓		✓	
	c) Alteration or Removal of existing / New Installation		✓		✓	



The purpose of the Cape Charles Railroad & Harbor Ideas Competition is to encourage Americans to develop innovative and creative ideas that add vision to the master plan framework that is being developed for the harbor in historic Cape Charles, Virginia. Cape Charles is a typical American town on the Eastern Shore that grew out of the railroad and shipping industry along the Chesapeake Bay. Over time, the railroad was replaced by a highway and a 17.6 mile bridge-tunnel at the southern tip of the Eastern Shore. As a result, Cape Charles went through a decline. In 2020, Covid changed the way the world works, and this idyllic beach town on the Chesapeake Bay now draws professionals who can now work remotely on a full or part-time basis. The train tracks and buildings along the harbor have been removed, and the town is working with the Berkley Group to develop a master plan for a new development. This competition is intended to create ideas and test-fits for the master plan. The competition will spur public interest in this typical American town. It will join legacy and the future, historical context and contemporary thinking, and engage in a lively debate about how to shape railroad towns that no longer have a railroad.



1925 Cape Charles Harbor from the south

eligibility

The competition invites participation of individuals 12 and older. Submissions are welcome from students, artists, critics, historians, educators, architects, landscape architects, planners and anyone who has a good idea for this civic space.

awards

All entrants will be eligible for inclusion in the catalogue that will be published online.

It will be up to the discretion of **Stage 1** jurors to distribute \$10,000 of prize money to semifinalists who will continue to Stage 2.

The five finalists from **Stage 2** will be awarded a stipend and will be eligible to proceed to Stage 3.

In **Stage 3**, Cape Charles citizens will review the test fits and cast their vote for the People's Choice for 2 Honor Awards and 3 Honorable Mentions.

schedule

May 1, 2026 – Registration opens and online materials are available on the town's website at <https://www.capecharles.org/planning-zoning/page/railroad-harbor-area-master-planning> to educate the public about the history of Cape Charles and this development opportunity.

September 18, 2026 – **Stage 1** submissions will be due to the Town of Cape Charles by 5 pm EST.

September 25, 2026 – A distinguished jury composed of professors from the region's universities will meet in Cape Charles and select up to 20 semifinalists to enter Stage 2 of the competition.

October 10, 2026 - All submissions will be displayed in Cape Charles, and semifinalists will be recognized as part of the town's Fall Festival.

Spring 2027 – In **Stage 2**, the semifinalists will translate their ideas into preliminary demonstration proposals. A jury will select 5 finalists.

Summer 2027 – In **Stage 3**, the five finalists will be asked to further refine their idea and make a presentation to the Town Council. They will develop their ideas into comparable test fits for the master plan, suitable for public vote.

September 2027: Cape Charles citizens will have the chance to vote for the People's Choice.



2025 Cape Charles aerial from the north, harbor in center

submissions

The Competition entrants must be registered in order to be eligible for review and award. Registrations opens on May 1, 2026 at <https://www.capecharles.org/planning-zoning/page/railroad-harbor-area-master-planning>

Entries must be submitted electronically, using Adobe Portable Document format (PDF) and uploaded at ccideas@capecharles.org

Stage 1 submissions must be no more than three pages sized at 8 ½ x 11 inches, landscape format. The submission must begin with an abstract of no more than 50 words. Minimum font size is 10 point. Only electronic submissions will be eligible.

Registration fee:

- \$100 / entry for individuals
- \$25 / entry for students
- \$50 / entry for Cape Charles Residents



Above: 2025 View of the site from the “hump”- Mason Avenue - Cape Charles’ main street is to the right and the Chesapeake Bay is in the distance.

registration introduction

Registration and fees for the Cape Charles Railroad & Harbor Ideas Competition covers Stage 1 as well as Stages 2 and 3, if selected. Registration will be open starting on May 1, 2026.

Competition entries are to be submitted to the town clerk at ccideas@capecharles.org at any time after registering and paying the fee for the competition. Registration will close on September 14, 2026.

Entries must be submitted electronically, using Adobe Portable Document format (PDF).

Anyone 12 years of age or older can participate, including those affiliated with the jurors or the town. See the competition brief for additional instructions.

Please submit questions about the competition to Jim Clark, Competition Chairman, by e-mail at kralcmij@mtfa.net

registration

Name of Team Leader:

e-mail Address:

Phone Number:

Mailing Address:

Organization or University (if any):

Team Member Names and e-mail addresses (if more than one per submission):

I agree to hold harmless and indemnify the Town of Cape Charles, its organizers and jurors from any and all claims, actions, or damages brought by myself, my team or any third party as a result of participating in the competition, including legal fees. Further, I, along with my team members, grant the Town of Cape Charles the right to use our submissions, name, and likeness for development, master planning, promotional, educational, and marketing purposes without compensation.

Signature:

Date:



Above: Cape Charles historic overlay - Contributing buildings to the historic district are indicated in black. Mason Avenue and the northern edge of the railroad site are indicated at the bottom of this image.

how to submit

Registration may be submitted in one of two ways:

- 1) Fill out this registration sheet and submit to the town clerk through the following e-mail address: ccideas@capecharles.org Then call the town treasurer at (757) 331 3259, extension 23 to provide credit card information for the submission fees.
- 2) Fill out this registration sheet and send it by mail with a check covering the registration fees to the following address:
 Town of Cape Charles
 Attn: Town Treasurer, Ideas Competition
 412 Tazwell Avenue, PO Box 191
 Cape Charles, VA 23310

Registration fees:

- \$100 / entry for individuals or team
- \$25 entry for a student or team
- \$50 / entry for Cape Charles Resident



stage 1 jury

**College of William & Mary
College of Arts and Sciences**
Edwin Pease
Emeritus Senior Lecturer of Art

**George Washington University
Sustainable Urban Design & Planning**
Sandra Whitehead, Ph.D.
Director

Howard University
John Odhiambo Onyango, PhD
Chair of Architecture

**James Madison University
School of Art, Design and Art History**
Jori Erdman, AIA, NOMA
Assoc. Director & Professor of Architectural Design

**The Catholic University of America
School of Architecture & Allied Arts**
Jason Montgomery NCARB CNU
Associate Professor and Associate Dean for Graduate Studies

**University of Maryland
School of Architecture, Planning & Preservation**
Brittany Williams, AIA LEED AP
Associate Clinical Professor

**Virginia Tech
Washington Alexandria Architecture Center**
Susan Piedmont-Palladino, Architect
Director, Professor of Architecture

Additional Programs Supporting the Competition
Corcoran School of the Arts and Design
Columbian College of Arts & Sciences, GW

sponsors & contributors

Town of Cape Charles
Cape Charles Mayor and Town Council
Planning & Zoning Administrator: Katie Nunez
Town Treasurer: Marion Sofield
Town Clerk: Libby Hume
Planning & Zoning: Jack Steinmayer

Competition Chairman
James P. Clark, FAIA

DONATIONS TO SUPPORT COMPETITION:

Visionary Sponsor - \$2,500

Catalyst Sponsor - \$1,000

Creator Sponsor - \$500

Enthusiast Sponsor - \$250

Call the Cape Charles treasurer at (757) 331 3259, extension 23 to provide donation and submit credit card information

Section 9, Item A.



1930 Cape Charles harbor and terminal building

supporting materials index

Section 1:
Site Plans

Section 2:
Site Photography

Section 3:
Historic Photos

Section 4:
Selected Sections from the Master Plan Framework by the Berkley Group

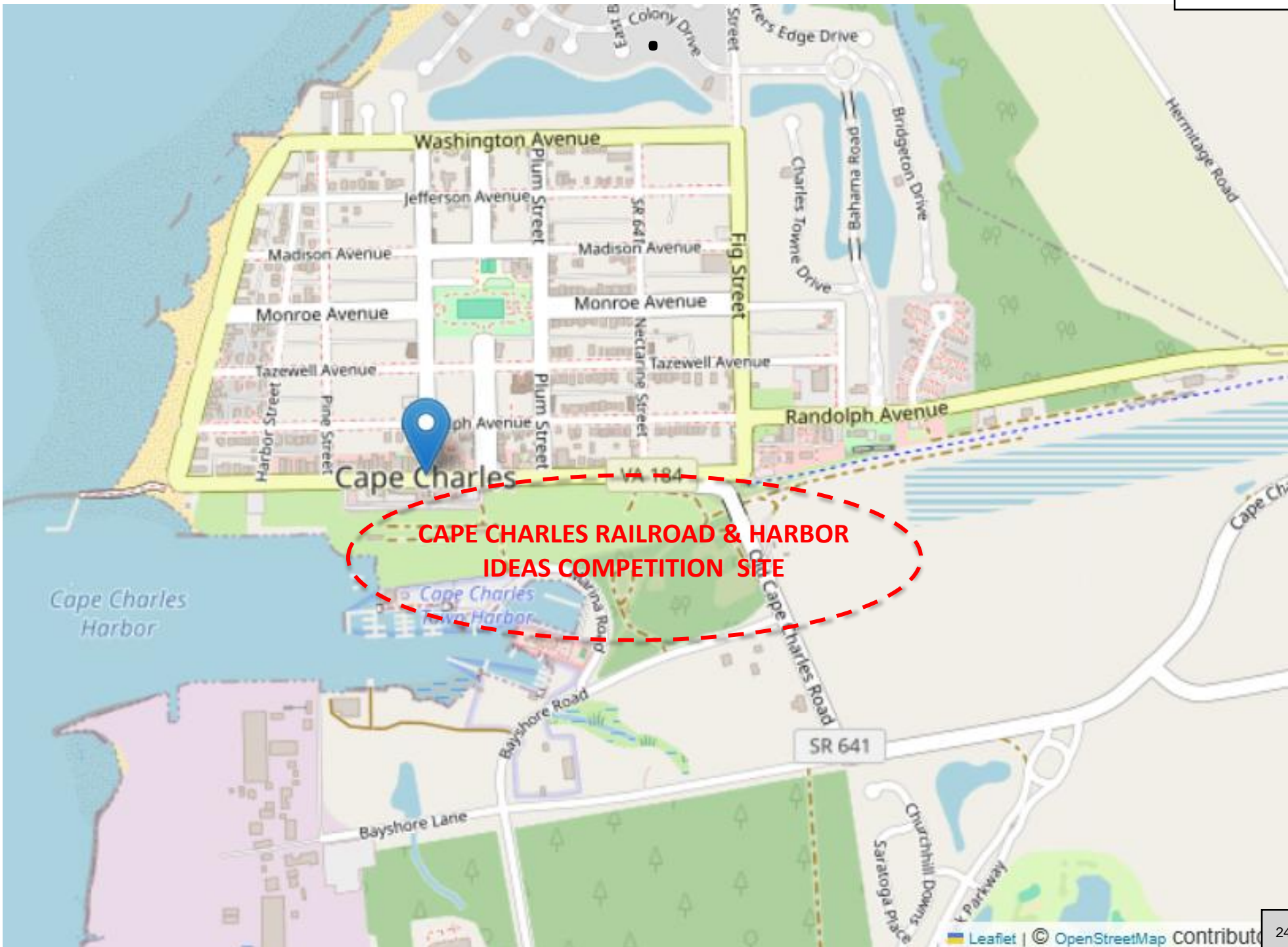
Section 5:
Frequently Asked Questions

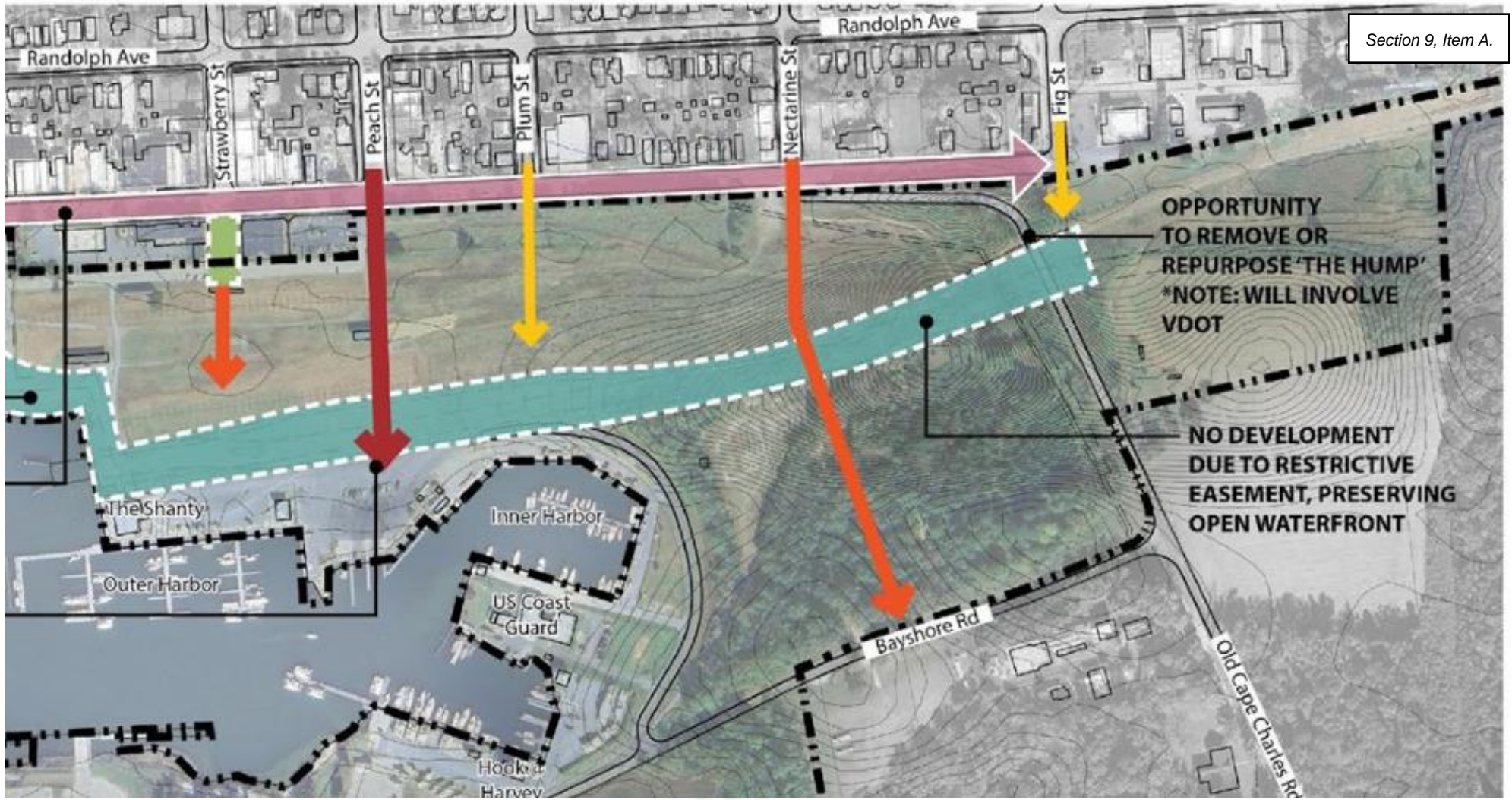
See the town of Cape Charles' website for more information on the ongoing development of the Railyard and Harbor Master Plan. Competitors can use the master plan framework to develop their idea, but it is not a requirement for this competition.

 **IDEAS** CAPE CHARLES RAILROAD & HARBOR IDEAS COMPETITION

**Supporting Information
Section 1**

Site Plans





 **IDEAS** CAPE CHARLES RAILROAD & HARBOR IDEAS COMPETITION

**Supporting Information
Section 2**

Site Photos



1. Mason Avenue, south elevation, between Bay Avenue and Harbor Avenue



2. Mason Avenue, south elevation, between Harbor Avenue and Pine Street



3. Mason Avenue, south elevation, between Pine Street and Strawberry Street



4. Mason Avenue, south elevation, between Strawberry Street and Peach Street



5. Mason Avenue, south elevation, between Peach, Plum and Nectarine Streets



1. Mason Avenue, north elevation, between Nectarine, Plum, and Peach Streets



2. Mason Avenue, north elevation, between Peach and Strawberry Streets



3. Mason Avenue, north elevation, between Strawberry and Pine Streets



4. Mason Avenue, north elevation, between Pine Street and Harbor Avenue



5. Mason Avenue, north elevation, between Harbor Avenue and Bay Avenue



Old Cape Charles Road peels off Mason Ave. near Nectarine St. and bridges over the site



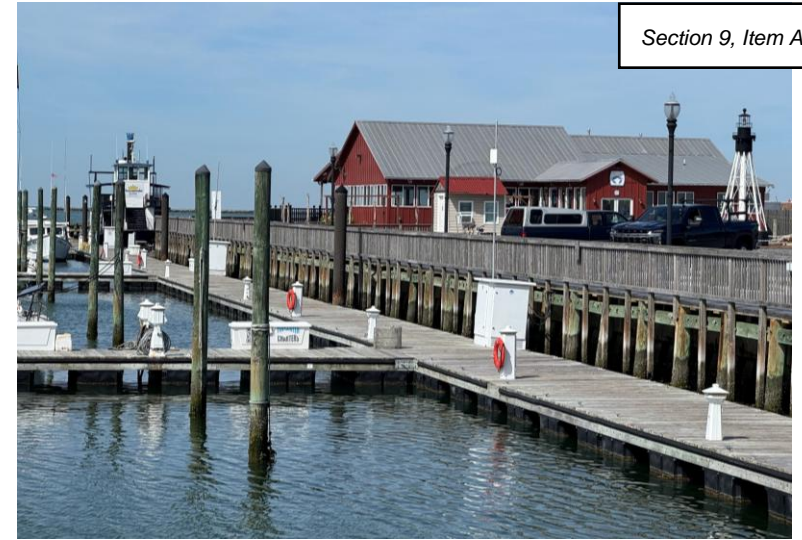
View of site toward Cape Charles Harbor

View of site from the bridge



View of site toward Old Cape Charles Rd.

View of site toward Mason Avenue



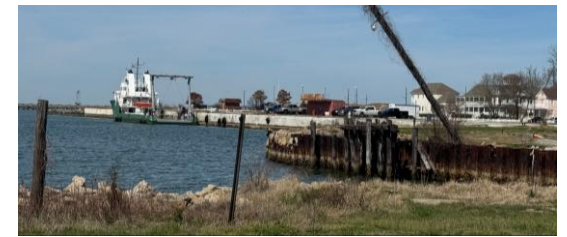
Views of the north side of Cape Charles Town Harbor facing the Chesapeake Bay



View of the south side of Cape Charles Town Harbor



View facing south side



View from Cape Charles Harbor toward the western end of Mason Avenue



Historic residential neighborhoods - Craftsmanship - Colorful porches greet the streets



Municipal buildings - library, Town Hall, and post office - are decentralized and scattered



The gazebo in Central Park - Double lane streets from park - Colorful landscaped gardens

 **IDEAS** CAPE CHARLES RAILROAD & HARBOR IDEAS COMPETITION

**Supporting Information
Section 3**

Historic Photos

Cape Charles Historic Sources

for reference in the ongoing

Railroad & Harbor Area Master Plan Development

Cape Charles has a rich history as a port and railway town, with abundant historical documentation. As progress is made toward the development of a Master Plan for the harbor and railway areas, referencing the available historical documentation can help pave the way for development that is cohesive with the town and highlights its unique and vibrant history.

The Master Plan will be integral to designing the future of this vital area in Cape Charles. The ways in which future development integrates with the adjacent townscapes, particularly along Mason Avenue, are crucial to maintaining and complementing the historic character of the Town.

The attached photos present interesting opportunities for understanding the history of the town and letting that understanding inform plans for the future:

1) The Master Plan area is directly adjacent to the Cape Charles Historic District, and a small area along Mason Avenue is within the boundaries of the Historic District. Will the portion of the Master Plan area that is within the Historic District be addressed differently from the rest? How will the master plan put strategies into place to ensure that the south side of Mason Avenue, which directly faces the main historical streetscape, will be developed in a way that is sensitive to the historically designated area?

2) Aerial photos of the harbor, town, and Mason Avenue from the late 1800s and early 1900s show a carefully composed flow from the town and Mason Avenue to the railyard and harbor, with public areas and parks near the termination of Pine Avenue. Could this inform a future strategy for the area?

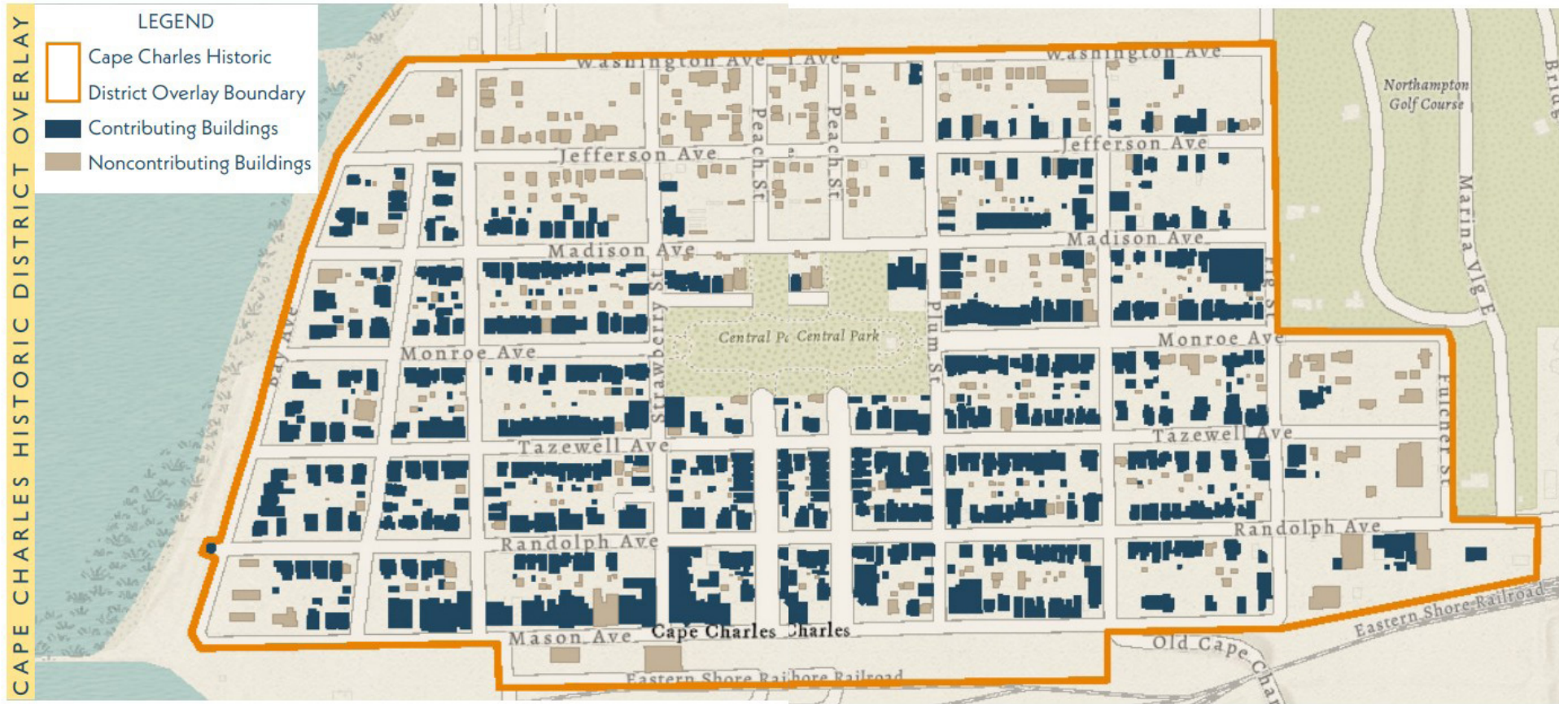
3) The character and scale of historic harbor buildings were integral to the development of the town. Could these be referenced or considered in the planning for this area?

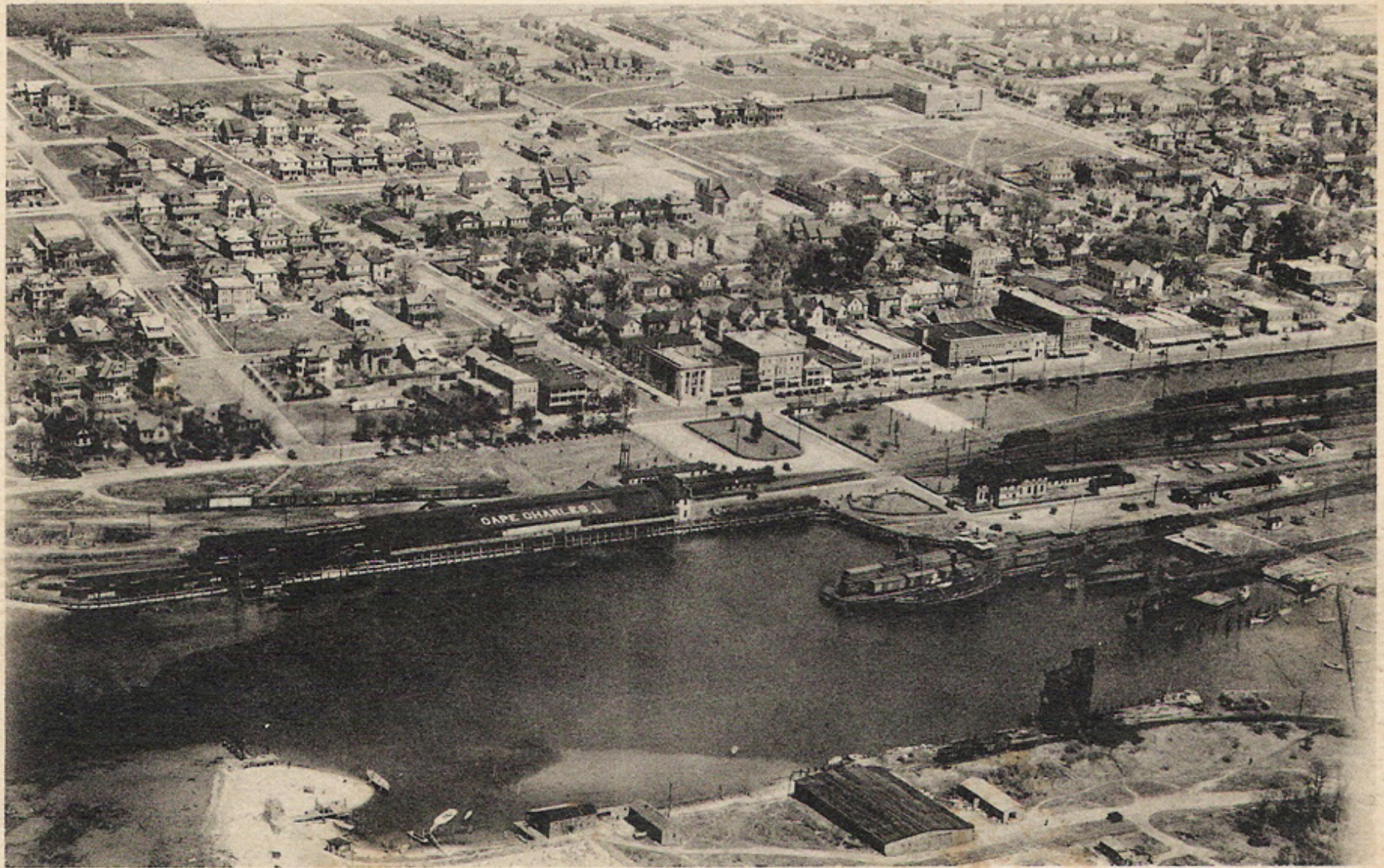
4) Cape Charles is a railway town without a railway. In what ways could the Master Plan give life to that history in a way that will both preserve the heritage and accomplish the needs and desires of the community?



Cape Charles Harbor Terminal Building, 1911.

Proximity to and overlap with the Cape Charles Historic District:





AERIAL PHOTOGRAPH OF CAPE CHARLES, VIRGINIA

Image 1: Cape Charles Aerial, 1925. This image and several other historic photos give a striking view of what portions of the master plan area adjacent to Mason Avenue looked like historically, and how the town/rail/harbor connection was addressed. Elements from this early/historic layout might help inform visioning for the Master Plan area, and help create a plan that will cohesively integrate new development with existing and historic buildings and spaces.

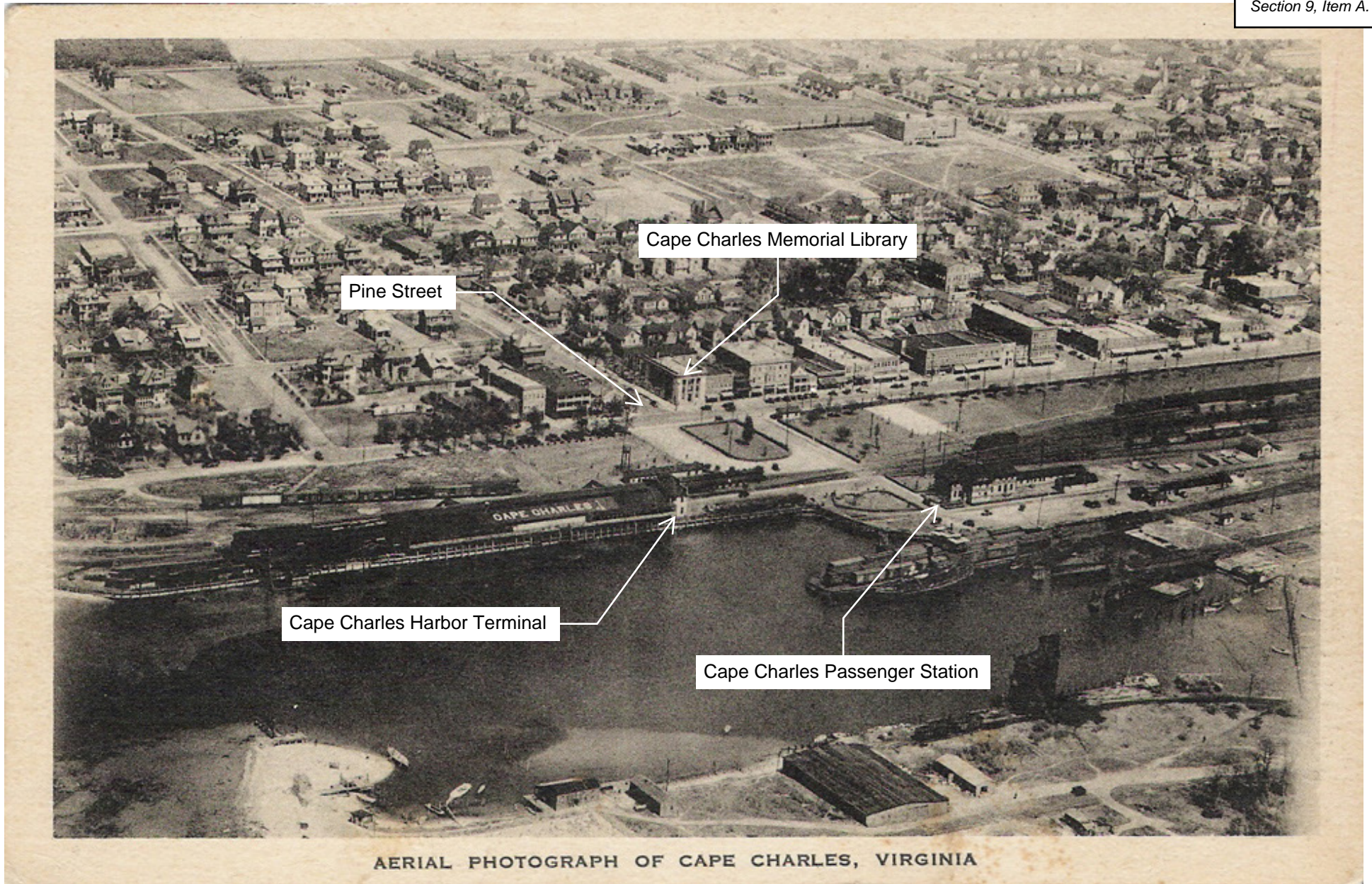


Image 1: Cape Charles Aerial, 1925, annotated.



Image 2: Cape Charles Harbor and Mason Avenue 1927. This view provides insight into the historic flow from the town across Mason Ave and into the railyard/harbor area. Public space extending from Pine Avenue functioned as a central axis. The axis and associated public parks and open spaces provided viewsheds and pedestrian access, with industrial-related structures built up along the harbor to the west, and along the railway to the east (see images 1, 5, and 11).



4001-29

Image 3: Cape Charles Mason Ave, 1925. The area across Mason Avenue opposite Pine Street was the central connection between the Town and the industrial railway and harbor areas.



Image 4: Cape Charles Mason Avenue and Harbor, 1925. The overlap of public space, recreation, and industry is fascinatingly evident in this snapshot of a time of transition between the horse and carriage, and motorized vehicles.

7— Penna. R. R. Terminal and Ferry Dock, Cape Charles, Va.



OB-H2208

Image 5: Cape Charles Mason Ave, 1950. This relatively late image shows public/open green space that retains and highlights views from the town to the harbor, creating a transition between town and industry.



Image 6: Cape Charles, Monroe Ave, 1930. Understanding the character and feeling of historic Cape Charles, as seen in this image of Monroe Avenue, may help inform a plan for integration and flow between the town and the Master Plan area.



Image 7: Cape Charles Harbor and Terminal Building, date unknown. The Cape Charles terminal building was formidable with a careful design that highlighted the status of the town and functioned as the hub for the center of the town's economy, connecting rail and ferry transportation. This architecture, and other historic architecture associated with the harbor and railway, while no longer extant, may help give a vision of the character of the town historically and how future development and planning can honor or reference that history. The terminal building is also visible in images 1, 4, and 5.



Image 8: Cape Charles harbor and terminal building, 1930.



Image 9: Cape Charles harbor activity, 1885. This early photo of the harbor area shows the integration of town, commercial architecture, and harbor area in the foreground.



Image 10: Cape Charles Passenger Station, 1885. As with the Harbor Terminal building, the Passenger Station was central to the primary economy of the Town. This building was located east of the harbor terminal building, slightly inland along the tracks from the harbor.



Image 11: Cape Charles steam locomotive, 1885. The railway was integral to the founding and development of Cape Charles, and the town has a rich heritage connected with both commercial and passenger transportation. How can this help inform the Master Plan and future development directions?



Image 12: Cape Charles Harbor and Railway, 1927. This view, looking east from the harbor, shows more of the Master Plan area, with Mason Avenue, green space, railways, and the harbor are all visible

 **IDEAS** CAPE CHARLES RAILROAD & HARBOR IDEAS COMPETITION

**Supporting Information
Section 4**

Master Plan Framework

Guiding Principles for Master Plan Development



Extend the Historic Town Pattern with Compatible Design



Support Balanced, Small-Scale Mixed Use that Reflects Cape Charles



Create a Connected Network of Open Spaces, Trails, and Plazas



Prioritize Public Water Access and Protect the Working Waterfront



Serve as the Town's Connector and Economic Catalyst



**IDEAS** CAPE CHARLES RAILROAD &
HARBOR IDEAS COMPETITION

**Supporting Information
Section 5**

**Frequently Asked
Questions**



Sunset on the shore of Cape Charles

frequently asked questions

What is the goal of the competition?

The competition seeks innovative and forward-thinking design ideas that balance historical context, community identity, and future development opportunities.

Is an idea for a portion of the site acceptable?

Yes, ideas can focus on the overall development of the entire site or a smaller area or feature of the site.

Does the idea need to comply with the master plan framework?

No. Portions of the master plan framework is provided for information and background of what has been studied.

Will the ideas from the competition impact the master plan?

The town is pausing the master planning process during Stage 1 of the competition so that good ideas can be integrated into the final master plan. The master plan is expected to be completed by the end of 2026, and so Stage 2 and Stage 3 submissions should consider the master plan.

Is collaboration allowed or are individual submissions preferred?

Teams or individuals can submit an idea. There is no preference.

Will the bridge that traverses the site be removed?

The bridge is called The Hump, and it signifies what was the point of separation between the historic town of Cape Charles and what was the Black Community to the south of the town. The Competition Steering Committee encourages some ideas to consider how to retain or interpret the injustice that is symbolized by The Hump.

Can an idea be programmatic or does it need to be architectural?

Any idea that impacts the development of the land will be considered. It can be architectural, artistic, programmatic, stylistic, environmental, social, etc.

Will there be cash prizes provided in Stages 2 and 3?

Prizes for Stages 2 and 3 will be announced at the beginning of each stage.

Are semi-finalists from Stage 1 required to participate in Stages 2 and 3?

No, but semi-finalists are encouraged to do so.

Can Stage 1 semi-finalists expand their team in Stages 2 and 3 in order to get additional support?

Yes, as long as the team leader remains the same.

Can I participate as part of a team?

Yes. Individual and team submissions are both welcome. Teams may include members from different disciplines.

Are international participants allowed?

Yes. The competition is open to participants worldwide.

How detailed should my proposal be?

Submissions should clearly communicate the core idea and vision. Technical drawings are not required, but the submission should include sufficient information to convey feasibility and intent.

Should proposals be realistic or visionary?

Both are welcome. Proposals should be imaginative but grounded enough to demonstrate that they could be implemented over time. Don't be afraid to be bold!

Is there a preferred architectural style?

No. The competition encourages creativity and does not prescribe a specific style. However, designs should be sensitive to the character and history of Cape Charles.

How important is sustainability?

Sustainability is encouraged. Consider environmental resilience, especially given the waterfront location.

Can I submit more than one proposal?

Yes. Multiple submissions are allowed, but each must be registered separately.

How will submissions be evaluated?

Entries will be reviewed based on creativity, clarity of vision, responsiveness to the site, feasibility, and overall impact.

Will feedback be provided?

Due to the volume of submissions, individual feedback may not be guaranteed. However, general feedback or highlights may be shared publicly.

What happens after the competition?

Selected entries may be displayed publicly and could help inform future planning discussions for Cape Charles.

IDEAS CAPE CHARLES RAILROAD & HARBOR IDEAS COMPETITION



Who owns the railway?

The railway in Cape Charles is owned by the Canonie Atlantic Company, a private company owned by the Accomack-Northampton Transportation District Commission. The railway operation ended in 2018, and the tracks have been replaced to create a recreational trail with a lease to the Eastern Shore Rail Trail Foundation.

Who owns the intellectual property?

By submitting, entrants grant the town and the competition organizer the right to display, publish, and use their proposals for promotional, educational, and development purposes.

What is the minimum submission?

A statement of not more than 50 words.

What graphic techniques are permitted?

Any type of graphic technique is permitted, including sketches, drawings, collages, photographs, renderings, paintings, perspectives, plans, elevations, sections, aerials, and even just a diagram.

Are AI-generated submissions acceptable?

No. AI-generated submissions are not allowed. Submissions must be the work of the submitting individual / team.

Will the winning design be built?

The competition is focused on ideas. While there is no guarantee of implementation, proposals may influence future master planning and development decisions.

Will there be a site visit?

Participants are encouraged to visit the site independently if possible. Virtual resources are provided in this competition package.

Will the public be involved?

Yes. Community engagement, including public voting in Stage 3, is part of the competition process.

How did Cape Charles originally grow?

The train, harbor, and ferry were part of the original economic engine for growth. Simultaneously, an innovative and yet simple town plan allowed the growth to be controlled architecturally. Today, there is a need for a master plan for the railroad and harbor site that will allow the town to grow in a controlled and beautiful way around that economic engine. The town needs big, bold ideas for the economic engine as well as for the associated railyard and harbor master plan.

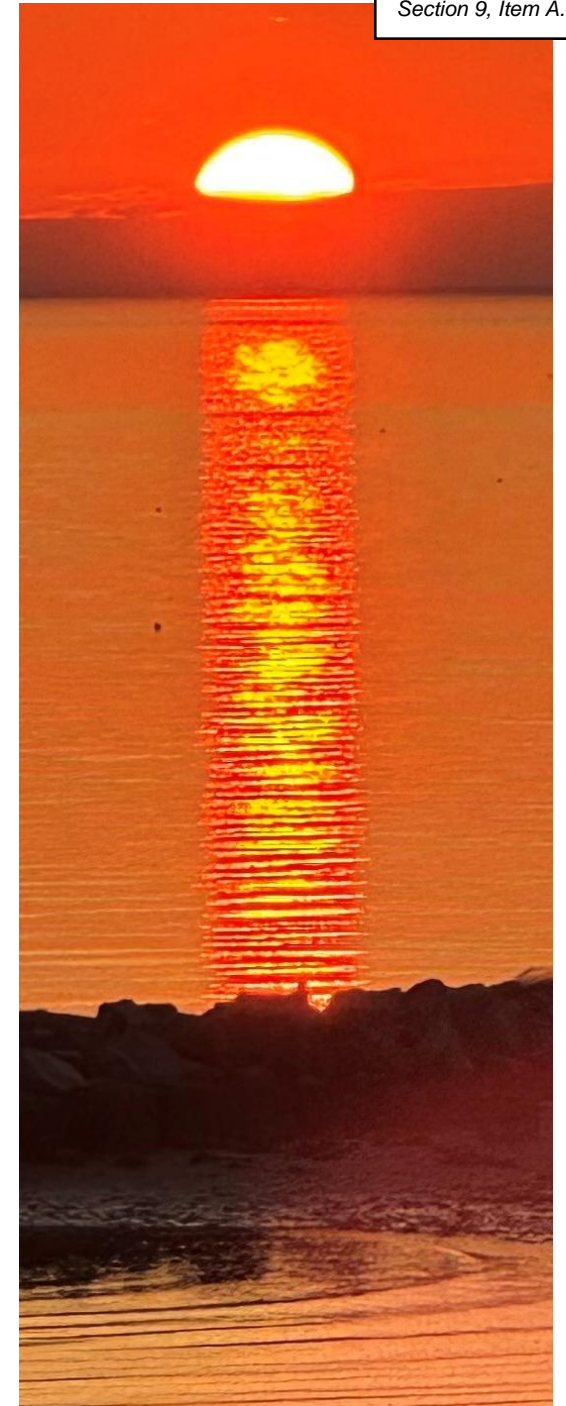
What are some economic issues with the site?


How can the development of the site be attractive when facing the post-covid building costs? What ideas will attract developers to invest capital in the projects? How can the short tourist season of Cape Charles be expanded to afford any developer or investor to invest in the site?

What can be gained by the competition?

The competition is not a superficial beauty contest. The goal is to dig deeper into issues and provide solutions for this amazing site in Cape Charles.

Section 9, Item A.



	Agenda Title:	Agenda Date:
	New Classification for Current FY 2026 and Proposed FY 2027 Budgets	May 21, 2026
	Subject/Proposal/Request:	
	IDEAS Design Competition New Classification for Current FY '26 and Proposed FY '27 Budget	
Town of Cape Charles	Attachments:	For Council:
	Overview of IDEAS Competition	Action: X Information:
	Staff Contact(s):	Reviewed by:
	Marion Sofield, Treasurer Katie Nunez, Planning & Zoning Director	Rick Keuroglan, Town Manager

Background

The purpose of the Cape Charles Railroad & Harbor Ideas Competition is to encourage Americans to develop innovative and creative ideas that provide vision to the master plan framework that is being developed for the harbor in historic Cape Charles, Virginia. It will join legacy and the future, historical context and contemporary thinking, and engage in a lively debate about how to shape railroad towns that no longer have a railroad.

Item Specifics

See attached PDF for the competition details, registration, and supporting information.

Entry Fees

Entry fees will be collected with each IDEAS submission and will be \$25 for a student or student-team submission or \$100 for individuals or a team, and \$50 for applicants who are Cape Charles residents (but other than students). In addition, donations are anticipated and will be encouraged at the following levels.


Donation Categories

- Visionary Sponsor - \$2,500
- Catalyst Sponsor - \$1,000
- Creator Sponsor - \$500
- Enthusiast Sponsor - \$250
- Free will donations of any amount

Recommendations

Revenue generated through submissions or donations shall be recorded under “Miscellaneous Revenue – General Fund,” specifically allocated to line item 100-3200-1655 (“IDEAS Competition”) in the Town’s current FY ’26 budget, as well as in the developing FY ’27 budget. This classification will be created for the purpose of

collecting and recording revenue for the IDEAS competition. Of special note, there will be a minimum of \$10,000 of Town expenses for awards of monetary prizes to Stage 1 finalists, Stage 2 finalists will share an undetermined prize amount, in addition to the five finalists who will be awarded money and the honor of moving to Stage 3. Depending upon the number of registrants, it is likely that as much as \$20,000 USD may be awarded to competitors at various stages, until completion, which is expected during the Summer of 2027. It is for this reason that we recommend allocating \$20,000 USD into the FY '27 budget for this project.

	Agenda Title:	Agenda Date:
	Mobile Food and/or Beverage Vending Unit Ordinance	May 21, 2026
	Subject/Proposal/Request:	
	Proposed Zoning Text Amendment (ZTA) re: Mobile Food and/or Beverage Vending Unit Zoning Ordinance	
Town of Cape Charles	Attachments:	For Council:
	1) Mobile Food and/or Beverage Vending Unit Ordinance – Draft 2026-05-13 2) Resolution of Intent 20260521	Action: X Information:
	Staff Contact(s):	Reviewed by:
	Rick Keuroglian, Town Manager	Rick Keuroglian, Town Manager

Background:

Over the past four years, the Town of Cape Charles has seen a noticeable increase in the number of mobile food vendors operating in the community. These vendors are most commonly located along Bay Avenue at the beach during the summer season, as well as at various events and festivals held throughout the year.

In response to this growth, staff identified a need to establish a standardized regulatory framework that clearly defines acceptable types of mobile food units, operating procedures with the Town, and the required approvals for operation.

Since the beginning of 2026, staff from the Finance Office, the Town Manager’s Office, and the Planning and Zoning Department have collaborated to assess existing conditions, identify regulatory gaps, and clarify the intended role of mobile food vendors in the Town’s business and tourism economy.

At the April 9, 2026, Town Council Public Hearing and Regular Meeting, the Town Council identified specific language changes to the proposed zoning text amendment that they would like to see incorporated into the next draft of the ordinance; these language changes have been implemented.

Item Specifics:

Review the attached draft of the Mobile Food and/or Beverage Vending Unit Ordinance.

Recommendation: Staff recommends that the Town Council review the proposed Mobile Food and/or Beverage Vending Unit Ordinance and provide direction on any additional revisions before scheduling it for formal adoption consideration. If the proposed ordinance is satisfactory to Council, staff requests adoption of Resolution of Intent 20260521 to refer the ordinance to the Planning Commission for public hearing and review.

Mobile Food and/or Beverage Vending Unit Ordinance (5/13/2026)

Title

This ordinance shall be known and may be cited as the “Town of Cape Charles Mobile Food and/or Beverage Vending Unit Ordinance.”

Jurisdiction

On and after [Date of Adoption], this ordinance shall govern the use of all Mobile Food and/or Beverage Vending Units on all lands lying within the Town of Cape Charles.

Code Administrator

This ordinance shall be administered and enforced by the Zoning Administrator or their appointed designee.

Section 1: Purpose of Intent

The purpose of this section is to promote the health, safety, and general welfare of the citizens of the Town of Cape Charles by requiring that new and existing mobile food or beverage vendors provide residents and customers with a level of cleanliness, quality, and safety. It is also the intent of this section to establish reasonable standards, regulations, and licensing requirements. This ordinance is not intended to cover special events or town-sponsored events. All special events and town-sponsored events must complete the applicable applications and obtain the necessary approvals.

Section 2: Definitions

Concession Cart. A mobile food and/or beverage vending unit that must be moved by non-motorized means, from which a mobile food vendor sells edible goods to the public. A concession cart must maintain its mobility at all times. This does not mean a table or booth.

Concession Trailer. A mobile food and/or beverage vending unit that is pulled by a motorized unit and has no power to move on its own. A concession trailer may remain attached to the towing vehicle during hours of operation, and the power supply must be attached to the concession trailer.

Commissary Location. A established location where food or beverage service providers can prepare and store their food or beverages, as well as a location to store a mobile unit while not in use.

Mobile Food Vendors. A motor vehicle, designed and equipped to sell food and/or beverages directly to consumers. It does not include wholesale food distributors. The vendor physically reports to and operates from an off-site kitchen for servicing, restocking, and maintenance each operating day.

Pushcart. A non-self-propelled vehicle limited to serving commissary prepared or prepackaged food and non-potentially hazardous food, unless the equipment is commercially designed and approved to handle food preparation and service.

Traveling Vendor. A mobile food and/or beverage vendor that operates without a fixed location within the Town, that routinely moves about to sell their food. Example: Ice Cream Truck.

Vendor. A individual engaged in the business of mobile food or beverage vending; if more than one individual is operating a concession trailer, concession cart, pushcart, or mobile food or beverage vending unit, then the vendor shall mean all individuals operating such concession trailer, concession cart, pushcart, or mobile food or beverage vending unit that is designed to be portable and not permanently attached to the ground.

Section 3: Permit Required

- A. It shall be unlawful for any mobile food and/or beverage vendor to sell, display, or offer for sale any food, beverages, goods, or merchandise within the Town of Cape Charles without first obtaining a mobile food and/or beverage vendor license from the Town of Cape Charles.
- B. Applications for all mobile food and/or beverage vendor licenses shall be made in writing to the Zoning Administrator and shall contain the following information:
 1. A copy of a valid Town of Cape Charles business license. Such business license shall be posted and visible at all times when the business is in operation in the Town of Cape Charles.
 2. A copy of a valid Northampton County Department of Health permit. Such permit shall be posted and visible at all times when in operation in the Town of Cape Charles.
 3. The name, mailing address, email address, phone number, and current business address of the applicant; and the name, mailing address, and phone number of the owners of the mobile food and/or beverage vending unit to be used, if other than the applicant.
 4. Information on the mobile food and/or beverage vending unit, such as the year, make, and model of the vehicle, and the vehicle or trailers license plate number, if applicable.

5. The intended location of the mobile food and/or beverage vending unit, subject to locational limitations set forth by the Town of Cape Charles. If located on private/town property that is appropriately zoned for commercial activity, the applicant must submit a written approval from the property owner; this excludes town-sponsored events. ****All special events and town-sponsored event applicants must fill out the special events application, which includes a section identifying the number of mobile food and beverage vendors, and get approval from the Town Manager.***
 6. Copies of required State Licenses and Approvals
 7. Proof of insurance. Applicant shall provide current registration for the mobile food or beverage vending unit, proof of mobile vehicle inspection, and proof of valid motor vehicle insurance for the mobile food and/or beverage vending unit.
 8. Applicant shall provide a valid driver's license for each person who will drive the mobile food or beverage vending unit, if applicable.
- C. A mobile food and/or beverage vending unit permit shall be valid for 1 calendar year (January 1 – December 31) and must be renewed annually.

Section 4: Performance Standards

A. Location

1. No mobile food and/or beverage vendor selling food shall be located within one-hundred fifty (150') linear feet of an existing brick and mortar or food service establishment.
2. Mobile food and/or beverage vendors may only be located in valid parking spaces. They will not be situated or located in a way that obstructs the free passage of pedestrians or vehicles, an entrance or exit, or access to a fire hydrant.
3. Mobile food and/or beverage vendors may only be located on the non-residential side of Bay Avenue.

B. Hours of Operation

1. A mobile food and/or beverage vendor with a generator may only operate between the times of 10:00 am and 8:30 pm, Sunday – Saturday.
2. A mobile food and/or beverage vendor without a generator may only operate between the times of 7:00 am and 8:30 pm, Sunday – Saturday.
3. A mobile food and/or beverage vending unit must be attended by an authorized representative who can operate it at all times. Units may not be set up or left unattended at any location outside approved hours of operation.

C. Signs

1. No more than two (2) A-Frame signs may be used to display or advertise menu items and other information associated with the mobile food and/or beverage vending operation. Such signs shall not exceed six (6) square feet in area (e.g., each face of the A-Frame) and four (4) feet in height. A-frame signs shall be positioned within five (5) feet of the vehicle and in such a way that does not block visibility or impede pedestrian or vehicular traffic.
2. Signage associated with the mobile food and/or beverage vending unit, including any permanently affixed signage on the unit, as well as any temporary signs, shall comply with Town Code Chapter 32, Article V (Signs).
3. Signs may only be up during hours of operation and must be removed after closing.
4. No signs are permitted on Town property without permission.

D. Trash and Refuse

1. Operators of mobile food and/or beverage vending units shall provide their own waste receptacles sufficient to collect all trash and refuse generated by their operations. Operators are prohibited from depositing any waste into receptacles owned or maintained by the Town. All waste generated by the operation shall be removed from the site daily by the operator.
2. The mobile food and/or beverage unit vendor shall leave the site clean each day, including picking up all trash and litter within a twenty-five-foot (25') radius of the mobile food and/or beverage vending unit.

3. Any greywater, fats, oils, grease, or hazardous liquids generated in the mobile food or beverage vending operation shall be contained within the mobile food unit and transported off the premises for proper disposal.

E. Service

1. All food and beverage preparation, display, and sale shall occur exclusively within the mobile food and/or beverage vending unit.
2. The mobile food and/or beverage vendor may not set up tables or chairs for patrons for on-site dining.
3. No outdoor cooking facilities, including but not limited to grills and other heating elements, or outdoor refrigeration or storage units which are not contained in the mobile food and/or beverage vending unit.
4. All materials and supplies, including but not limited to plates, cups, napkins, eating or serving utensils, and condiments, must be stored in the mobile food and/or beverage vending unit.
5. Food and beverage service shall be provided only on the non-driving lane side of the mobile food and/or beverage vending unit.
6. No expanded polystyrene/Styrofoam® containers are to be distributed in accordance with Section [§ 10.1-1424.3](#) of the State of Virginia.

F. Sound

1. Vendors shall not use loud music, horns, amplification devices, “calling out”, or any other audible means of gaining attention that causes a nuisance or safety hazard.
2. Generators used by mobile food or beverage vending unit operators shall not exceed 65 decibels (dB), which is consistent with the level of a normal conversation. Generators shall not be placed on the ground and must be mounted on the unit.
3. Generator noise must be directed towards the beach.

G. Lighting

1. Any exterior lighting used by the mobile food and/or beverage vending unit shall be designed and placed in such a manner that it does not result in glare or light spillage onto other properties or interfere with vehicular traffic. Lighting shall be directed downward to minimize light pollution.

H. Utilities

1. No utilities shall be drawn from the public right-of-way
2. Mobile food and/or beverage vending units must be self-contained, able to provide necessary power and running water. Vendors shall not utilize any electricity or other utilities without the prior written authorization of the utility customer(s), and no power cable or similar device shall be extended at or across any street, sidewalk, or path to cause a safety hazard, as determined by the Town of Cape Charles Code Official.

I. Appearance/Maintenance

1. A mobile food and/or beverage vending unit shall be kept in good repair, clean, and sanitary.
2. A mobile food and/or beverage vending unit must be free of leaking fluids. Any leaking equipment must be removed from the location immediately. The burden and cost of remediating any leak is the sole responsibility of the mobile food vendor owner/operator.

The Zoning Administrator may revoke the permit at any time if the permit holder fails to comply with any requirements set forth in this section and to correct such noncompliance within the timeframe specified in a notice of violation. Notice of revocation shall be provided in writing to the permit holder. Any person aggrieved by such notice may appeal the revocation to the Board of Zoning Appeals.

RESOLUTION OF INTENT 20260521

**PROPOSED ZONING TEXT AMENDMENT 2026-03
APPLICATION FROM TOWN OF CAPE CHARLES TO ADD
A SECTION TO ARTICLE III, SECTION 32-71 ADDRESSING
MOBILE FOOD AND/OR BEVERAGE VENDING UNITS**

WHEREAS, § 15.2-2286 (A) (7) of the Code of Virginia requires that amendments to a zoning ordinance shall be initiated by a resolution of the local governing body; a motion of the planning commission; or in the case of zoning district map amendments, by application of the landowner or the landowner’s authorized agent; and

WHEREAS, Section 15.2-2285 (B) of the Code of Virginia provides that no zoning ordinance shall be amended or re-enacted unless the governing body has referred the amendment or reenactment to the local planning commission for its recommendation; and

WHEREAS, the Cape Charles Town Council finds that the public necessity, convenience, general welfare, and good zoning practice requires that a zoning text amendment be considered; and

WHEREAS, said proposed addition to Article III (District Regulations) regarding mobile food and/or beverage vending units.

NOW, THEREFORE, BE IT RESOLVED that for purposes of public necessity, convenience, general welfare or good zoning practice, the Cape Charles Town Council hereby adopts a resolution of intent to consider amending the Cape Charles Zoning Ordinance to add Section 32-71(g) to Article III (District Regulations).

Said Zoning Text Amendment 2026-03 is referred to the Cape Charles Planning Commission to convene the requisite public hearings and public notifications, which may be done jointly between the Cape Charles Planning Commission and Cape Charles Town Council, and for the Cape Charles Planning Commission to prepare its recommendation on said Zoning Text Amendment 2026-03 for Cape Charles Town Council’s consideration.

Adopted by the Town Council of the Town of Cape Charles on May 21, 2026

By: _____
Adam Charney, Mayor

Attest:

Libby Hume, Town Clerk