

	Agenda Title:	Agenda Date:
	Downtown Public Restrooms	January 8, 2026
	Subject/Proposal/Request:	
	Authorize lease for public restrooms in downtown business district.	
Town of Cape Charles	Attachments:	For Council:
	1. Lease options. 2. Lease terms.	Action: X Information:
	Staff Contact(s):	Reviewed by:
	Bob Panek, Project Manager	Rick Keuroglan, Town Manager

Background: Council has been considering providing public restrooms in the downtown business district for several years. The original plan was to build a restroom facility on property leased from the railroad just south of Strawberry Station on Mason Avenue. During the design process, this facility was expanded to include a visitors' center to be operated by Cape Charles Main Street (CCMS). The one construction bid received was very high, in part because of the extensive site development and utilities work needed at that location. The contract was not awarded, and later efforts with several contractors to bring down the cost did not yield sufficient savings to make the project practical. Subsequently, CCMS decided that it was not in their interest to operate a visitors' center. Staff has since been exploring options for public restrooms only.

Item Specifics: Council has been briefed on options to either build or lease a restroom facility:

1. Build a facility on property leased from the railroad at the southeast corner of Mason Avenue and Peach Street. This could be the restroom part (about 650 square feet) of the originally designed stick-built building or one of the many modular or packaged types that are available. The rough cost estimate is \$750,000 to \$850,000, including site work and utilities connections. There may also be additional rent as the property now leased from the railroad would need to be enlarged. This option would encumber a small piece of the railroad property before the current master planning effort is completed.

Lease options are shown at attachment 1. The two basic lease options would entail: 10-year lease of space in an existing building, build-out of 4 restrooms at an estimated cost of \$250,000, ADA accessibility, annual rent increase of 3%, renewal option for an additional 10-year term. Variations could include plumbing maintenance, a higher build-out cost, or lump sum reimbursement of the build-out cost rather than amortization over the 10-year term.

2. 11 Peach Street – Existing building requires renovation. Only 297 square feet available for restrooms in north part of the building due to historic renovation tax credit restrictions. Two ADA and two non-ADA restrooms. Monthly rent of \$10.43/sf. Ten-year rent of \$426.5K.
3. 7 Strawberry Street – Existing renovated building. Front part of the building totaling 945 square feet. Four ADA restrooms, custodian's closet, and lounge area. Monthly rent of \$3.80/sf. Ten-year rent of \$492.9K.

Staff considers 7 Strawberry to be the better lease option. The size of the space allows all 4 restrooms to be ADA compliant, and provides a custodian's closet and lounge area. Also, the cost per square foot is far more attractive.

Leasing 7 Strawberry offers faster delivery at a better-defined price than new construction. It uses an existing renovated building and does not prematurely encumber development of the railroad property. However, the 10-year lease cost is significant - about half the cost of a building the Town would own. But the rent for a second 10-year term would be much less (assuming the same annual escalation rate) because the build-out cost is fully amortized during the first 10-year term. The second 10-year term is projected to be \$276,869, making the lease cost over a 20-year period about the same as constructing a Town-owned building.

Recommendation: Staff recommends that Council consider the options and if it is deemed appropriate to provide downtown public restrooms at this time, authorize the Town Manager to finalize and execute a lease agreement for 7 Strawberry Street substantially in accordance with the attached terms.