

**ROCKY MOUNT TOWN COUNCIL  
SPECIAL COUNCIL MEETING  
SEPTEMBER 20, 2007**

The September 20, 2007 special Council meeting of the Rocky Mount Town Council was held in the Conference Room of the Rocky Mount Municipal Building located at 345 Donald Avenue, Rocky Mount, Virginia at 5:00 p.m. with Mayor Steven C. Angle presiding. The following members of Council were present:

Vice Mayor Roger M. Seale and Council Members Stephen F. Agee, Jerry W. Greer, Sr., John H. Lester, and Sadie W. Tuning.

Let the record show that Council Member Posey W. Dillon was not present at this time.

The meeting was called to order by Mayor Angle.

The Deputy Clerk read for the record the following being present: All members of Town Council as noted, Town Manager C. James Ervin, Finance Director Linda Woody, Planning and Zoning Administrator Paul Stockwell, and Deputy Clerk Stacey B. Sink.

**APPROVAL OF AGENDA**

Prior to the meeting, Council had received the agenda.

- Motion was made by Vice Mayor Seale to approve the agenda as presented, seconded by Council Member Greer and carried unanimously.

**SITE VISIT**

Let the record show the Mayor recessed the meeting at 5:03 p.m. for Council to go to the James Wray property, located on Franklin Street, to look at concerns that were voiced by Mr. Wray during the regular Council meeting of September 10, 2007.

Let the record also show that Council Member Posey W. Dillon and Town Attorney John Boitnott arrived at the Wray property at 5:10 p.m. in time for the site visit.

The following points of interest were discussed:

- Council feels it is their responsibility to make a decision that will be beneficial to all parties involved.

- There is a possibility that the alleyway running behind the Arrington property, to which the Arringtons have been granted an easement, and adjoining the Wray property, could be widened at the point where it meets Diamond Avenue, behind the Arrington building. This alleyway could be paved and fixed in such a way as to allow ingress and egress for the Arringtons, and egress only for Mr. Wray. This would require removal of the bollards and stop signs separating the Wray property from the Arrington property, and that signage indicating one-way traffic be installed in place of the bollards.
- Widening of the road could possibly increase the width of the alley to approximately eighteen feet, which should be enough to accommodate two lanes of traffic. However, widening would require the relocation of trees currently planted alongside the easement, as well as the addition of curbing.
- The Town Manager advised he can turn this over to Public Works Director Cecil R. Mason to see what the Town can do to widen the paved area without impacting the Virginia Department of Transportation funded park.

There being no further discussion, let the record show that the Mayor requested to reconvene the meeting back in the Conference Room of the Rocky Mount Municipal Building.

### **WORK SESSION**

For the record, the Mayor reconvened the meeting at 5:45 p.m. in order to continue with the work session items on the agenda.

#### **A) Presentation from David Denny of David Denny, LLC**

Mr. David Denny of David Denny, LLC came before Council regarding the feasibility of a transload facility at the Cox Property.

Let the record show that Brian Tew, Project Manager for Thompson & Litton, was also present for the presentation.

The following points of interest were presented by Mr. Denny:

- A brief history of the project including the details of a mailed market survey conducted by Mr. Denny under a sub-consultant agreement with Thompson & Litton in 2005. The survey had a good return rate and identified between 600 and 700 car loads from a variety of businesses within 40 miles of the proposed facilities. However, several issues required clarification and Council requested in 2006 to initiate a market development study to gather usage, operational, and cost data sufficient for Council to make a final

decision on inclusion of the transload facility into the overall development of the Cox Property.

- The Town engaged Mr. Denny to help address the issues raised. These issues included:
  - 1) The possible utilization of the facility by some of the larger manufacturers in the region;
  - 2) The need for a more narrow definition regarding the nature of the potential use of the facility, specifically regarding types of cars to be used, frequency of facility use, specific equipment and features required by users, and whether or not warehousing services would be needed;
  - 3) The need for some form of reasonable commitment of use of the transload facilities from potential users;
  - 4) The need to refine the original concepts for the site design and facilities layout to reflect the specific needs of users and to more clearly state costs associated with the development;
  - 5) A determination as to whether or not a third party should operate the facilities in lieu of the Town providing the services; and,
  - 6) The need for cost models along with demonstrated business potential, as well as discussion regarding operation of the facility with third party logistics companies.
- During the course of his study, Mr. Denny met with fifteen potential users and four third party logistics companies in an attempt to examine the potential use, potential operators, financial potential and economic development potential of locating a transload facility on the Cox Property.
- Regarding potential use, only four of the fifteen companies were willing to commit to use of the facility by signing a non-binding commitment agreement. In addition, the study was able to identify 216 annual car loads from the four companies, which differs greatly from the 600 car loads identified in the previous survey. Mr. Denny offered four reasons as to why the number of car loads decreased, including: timing, clarification of traffic, lack of a firmer commitment, and the companies' preference for truck transport over rail. Mr. Denny also recognized two trends which may impact the potential use of the transload facility, including: the tendency for a high volume of car load traffic in the beginning of operations, followed by a steady decline in the number of car loads over time (a negative trend), and the tendency toward consolidation of traditional rail traffic onto centralized transload facilities (a positive trend).

- Regarding potential operators, only two of the four logistics companies consulted expressed interest in the facility. Of the two expressing interest, one was not willing to provide any funding of the project, and the other wanted to secure a prime location on the site for a warehousing facility, which would not provide satisfactory return on investment. In addition, Mr. Denny noted that because operating the facility is outside the experience of the Town, he believes the operational issues are a significant negative factor in the establishment of the transload facility.
- Regarding financial potential, with only 216 identified car loads, the facility would not be a revenue generator and is, therefore, not attractive to third party logistics companies. In addition, Mr. Denny noted that a transload facility in Winchester, Virginia, which he visited as a learning tool for this study, does not provide a direct source of revenue for the company operating it. Because many of the positive factors surrounding the Winchester facility would not be present at the proposed facility, the financial viability of a transload facility on the Cox property is questionable.
- Regarding economic development potential, Mr. Denny noted that many transload facilities are positive factors in attracting industries. However, on the negative side, warehousing and transportation related projects tend to create few, low-wage jobs with little tax revenue.

Based on the above points, Mr. Denny believes that although the transload concept has many viable, potential benefits, there are not a sufficient number of demonstrable beneficial factors which support construction of such a facility on the Cox Property at this time.

Mr. Denny made the following recommendations:

- 1) Do not include further expenditure of efforts and money in developing the rail transload component of the overall Cox Property development at this time;
- 2) Reserve sufficient space on the eastern end of the site to accommodate the transload facilities as conceived. Include the facility in the overall site plan and label it as "Proposed (or Possible) Rail Transload Facility" and save this space as a development area of last use unless an industrial prospect requires it;
- 3) Continue discussing the concept as opportunities arise, without significant expenditure of time, effort, or cost;
- 4) Finally, and most importantly, concentrate funds and efforts into increasing the "curb appeal," i.e. attractiveness, of the Cox Property as a rail served industrial development by developing a demonstration pad (graded five acre

area for example), developing sufficient utilities to serve the pad, developing an industrial access road to the pad, developing a master layout plan of the entire property, posting the site with sufficient details on the regional and state site databases, and developing a simple brochure on the Cox property for distribution to potential developers.

In closing, Mr. Denny suggested that his recommendations be implemented by redirecting existing funds in the Tobacco Commission grant toward development of infrastructure (utilities, roads, etc.), by pursuing a bonded project grant from Virginia Department of Transportation (VDOT) under the Economic Development Access Program (EDAP) which would allow the Town up to seven years to secure a qualified business on the Cox Property, by using \$150,000 of the Tobacco Commission grant funds as leverage for a "match" from the VDOT- EDAP program, and by using the remaining balances sent aside for consultant agreements to pursue additional funding.

B) General Discussion of Development Options of the Cox Property

Following Mr. Denny's presentation, open discussion ensued between the Council, Town Manager, Mr. Denny, and Mr. Tew regarding the following points of interest:

- Local Ports of Entry (e.g. New River Valley, Richmond, Norfolk), Foreign Trade Zones (e.g. Goodwill Industries of the Valley), and Customs Bonded Warehouses, and specifically whether or not the Town should pursue such a designation.
- There is an overall consensus that the lack of a road, as well as a utilities infrastructure, is holding back the development of the project. Water, sewer service, electrical service, and rail siding, along with a road, is needed to make the site more attractive to potential developers. Fiber optics can be added later.
- Mr. Tew noted that preliminary estimates for developing a road and utilities infrastructure on the Cox Property are approximately \$1.2 million, although he believes that the estimated cost could be trimmed. A master plan would narrow the costs down.
- Mr. Denny noted that the Town would currently have about \$639,000 available to pursue the development.
- The Mayor recommended that the Town request Franklin County Administrator Richard Huff's involvement in the project from the beginning, as the County will benefit from development of the Cox Property along with the Town. The Town Manager agreed to contact Mr. Huff.

- The Town Manager stated that at this point, he feels the Town needs to begin the master planning process along with the VDOT application process, and then work to get a tenant within seven years to avoid payback.

There being no further discussion, the Mayor entertained a motion.

- Motion was made by Council Member Lester to allow the Town Manager to begin both the master planning process of the Cox Property along with the VDOT application process for any available funding and that Franklin County officials be included at an early point in the process, with motion on the floor being seconded by Council Member Tuning. There being no further discussion, let the record show that the motion on the floor passed unanimously.

### **ADJOURNMENT**

At 6:35 p.m., motion was made by Council Member Greer to adjourn, seconded by Council Member Dillon, and carried unanimously.

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Steven C. Angle, Mayor

ATTEST:

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Stacey B. Sink/Deputy Clerk  
(In lieu of Patricia H. Keatts, Town Clerk)

/sbs