

**ROCKY MOUNT TOWN COUNCIL
MEETING MINUTES
SPECIAL MEETING
FEBRUARY 18, 2015**

The February 18, 2015 special meeting of the Rocky Mount Town Council (hereafter referred to as "Council") was held in the Council Chambers 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:

- Mayor Steven C. Angle
- Vice Mayor Gregory B. Walker
- Bobby M. Cundiff
- Robert L. Moyer
- P. Ann Love
- Jon W. Snead
- Billie W. Stockton

The following staff members were present:

- John T. Boitnott, Town Attorney
- C. James Ervin, Town Manager
- Matthew C. Hankins, Assistant Town Manager
- Stacey B. Sink, Town Clerk

The meeting was called to order by Mayor Angle.

APPROVAL OF AGENDA

Mayor Angle noted that the town manager has requested to amend the agenda to include the following new business item: *discussion regarding funding assistance for erosion repair at Franklin County Veterans' Memorial Park.*

There being no further additions or corrections, Mayor Angle entertained a motion.

Motion: To approve the agenda as amended

Motion By: Council Member Snead

Second: Council Member Stockton

Motion Discussion: None

Ayes: Cundiff, Love, Moyer, Snead, Stockton, Walker

Nays: None

Action: The amended agenda was approved by a unanimous vote

NEW BUSINESS

New Business Item No. 1: Discussion regarding funding assistance for erosion repair at Franklin County Veterans' Memorial Park

Staff report by Town Manager Ervin: The town manager noted he has previously mentioned in one of his Friday memos that he had asked Thompson and Litton to make application to the Virginia Department of Conservation and Recreation for funding to repair the erosion of Veterans' Memorial Park through the Land and Water Conservation Fund. To recap, the Town budgeted \$550,000 and bid the project this year only to find out that the engineer's estimate was low and actual bids were closer to \$900,000. It is his plan to address this short fall in the budget that is presented to Town Council in March, but in the interim he has been seeking grant funds as well.

Thompson and Litton will submit an application by the February 24th deadline that seeks \$500,000 towards the project. The prior bid was approximately \$900,000 and Thompson and Litton is presenting an application with an estimated project cost of \$1,000,000 to allow for construction inflation and for contingency. The Town has budgeted \$550,000 in the current year that will be its match for the application. The application requires a resolution from the Town which is presented today for Council's consideration.

General Discussion:

- Mayor Angle questioned if by applying, the Town is guaranteed to get the funding, with Town Manager Ervin advising that there is no guarantee the grant will be awarded, as it is a competitive process.
- Mayor Angle questioned if the grant requires a match with the town manager confirming the grant does require a match, but indicating that the matching dollars are currently appropriated in the budget.
- Mayor Angle questioned if the grant is awarded if the Town has to accept the funding, with the town manager confirming it does not.
- The town manager noted that he has asked the county for \$100,000 towards the project and Mr. Huff has indicated that it will be added to the County's budget discussion. The Town probably will not have an answer until April or May.
- The town manager noted that this is the best option he has found to leverage the funds already in the budget towards completing the project.

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

Motion: To submit the grant application as requested

Motion By: Council Member Love

Second: Council Member Stockton

Motion Discussion: None

Ayes: Cundiff, Love, Moyer, Snead, Stockton, Walker

Nays: None

Action: The motion to approve the grant application as requested was approved by a unanimous vote

WORK SESSION

Work Session Item No. 1: Discussion Regarding Harvester Performance Center

Work Session General Discussion:

The town manager introduced Andy Turner of BT's Tax & Business Service, Inc., accountant for the Harvester Performance Center to give a presentation on the current status of the Harvester's financials. Mr. Turner noted the following:

- Earlier in the week, Council received the Harvester's Financial Report for Calendar Year 2014. The first page of the report is a summary of the year presented on a cash basis, and the following pages are monthly summaries also presented on a cash basis.
- Harvester's accounting is actually maintained on an accrual basis; however, these reports are presented on a cash basis at Council's request. As an example, Mr. Turner presented Council with copies of the January 2015 financial data report, which showed ticket sales of \$40,847.50. This figure represents the ticket sales collected only for January shows. In actuality, tickets were sold for future months, but those dollar values are not represented here. This is the difference between cash and accrual accounting. It is the same with expenses. Only the expenses pertaining to the January operations are accounted for on this financial report.
- "Convenience fees" revenue represents the \$1.00 fee collected per ticket sold.
- "Merchandise sold" of \$214.67 represents Harvester branded merchandise whereas "Merchandise Band" reopresents the Town's portion of merchandise sold by the band.
- Under performance expenditures, "Artists Deposits" of \$13,900 represents the amount paid to artists at the time of contract signing, and "Artists Settlement" represents the amount paid to artists at the end of the show. Assistant Town Manager Hankins clarified that this could be a percentage of ticket sales, or a flat fee and that it depends on the artist's contract requirements.
- "Paypal Fee Expense" is the cost to the Harvester for accepting credit card payments online totaling \$993.80 for the month of January, whereas "Credit Card Fees" is the cost of accepting credit card fees in-house at the ticket window, which for the month of January was \$596.50. Assistant Town Manager Hankins noted that both of these fees together should be offset by the "Convenience Fees" revenue of \$1,757.40.
- Council Member Love questioned if the convenience fee had been adjusted yet from \$1.00 to \$2.00 with the assistant town manager advising it had not and he may need to look at doing a percentage of the total sale instead of a flat fee.
- In looking at the overall performance revenues and expenditures, the profit from shows for the month of January was \$16,101.81. However, this figure does not account for operational expenditures.

- "Payroll" expenses for January include \$15,177.68 for two full-time and several part-time staff members.
- "Security" expenses total \$996.50. Assistant Town Manager Hankins noted that he is trying to reduce this amount based on show attendance. For example shows with less than 120 attendees probably do not need security to cross the street.
- "Advertising" is a rather large expenditure at \$15,177.68 for the month of January. The assistant town manager noted that it has been lower for the past three months than what it is for January. The amount tends to fluctuate because of the number of shows in a month and also the particular artists that are coming. His expected advertising goal is \$10,000 per month. There is no standard media partner with which to advertise. Again, it is based on the particular show and where the advertising dollars are best spent. This month's advertising amount could have been affected by the rescheduling of the Dickie Betts show. Also, for most of these shows, the advertising dollars were spent before the pricing corrections were established.
- "Contractual" expenses at \$6,602.87 include contracts for companies like Downtown Music to set up and take down equipment and BT's tax to provide accounting services.
- "Web-Site" expenditures at \$1,025 for January seems a little high. The assistant town manager advised that the website is constantly evolving, but his expectation is that it should be \$700 to \$800 per month. The contract for the website was awarded based on overall site design and hourly fees.
- "Landscape Maintenance" of \$777.08 is for a contract with Seven Oaks Landscaping. Mayor Angle questioned if this is work that could be done by the Public Works Department, with Assistant Town Manager Hankins advising that the public works director deferred this work to a professional contractor.
- "Certification Fees" is an expenditure that should be going away by the end of March. It is related to the Historic Property Tax Credits.
- Town Manager Ervin pointed out that this financial report shows twelve months of expenses with only eight months of income, as the Harvester did not open for business until April 2014, but expenses were incurred prior to opening.
- Regarding the Historical Property Tax Credits, the Town can expect \$1.1 million dollars to come in over the next five years.
- Mayor Angle requested Mr. Turner about how he felt concerning the Harvester's financials from an accounting standpoint. Mr. Turner commented that from a visual standpoint and given the young nature of the Harvester he thinks the Harvester is doing exceptionally well. Council should not just look at fixed costs but should look at overall benefit to the Town. Bootlegger's and the Early Inn are a direct result of the Harvester. Transient occupancy tax, meals tax, fuel sales, and sales tax have all increased as a direct result of the Harvester.

Assistant Town Manager Hankins presented Council with a brief presentation analyzing the economic impact the Harvester has had on the local area, making the following points:

- Regarding Meals Tax: (1) Over the past 12 months, restaurants, delis and markets reported tax on \$25,742,540 in prepared meals; (2) Since May, Town meals tax collections are up \$63,410 over the previous year; (3) These figures represent

\$1,268,200 in additional meals sold; (4) Anecdotal evidence suggests Harvester guests are responsible for 80% of the increase; (5) Harvester impact on restaurant sales equates to approximately \$1,014,560.

- Regarding Lodging Tax: (1) In the current fiscal year, lodging tax collections are up \$1,686 over this time last year; (2) At 5% rate, this equates to \$33,720 in additional room sales; (3) At an average of \$80 per room, this equates to an extra 421 room nights; (4) Anecdotal evidence suggests that Harvester guests are responsible for 80% of the increase; (5) Harvester impact on hotel sales is approximately \$26,976, and on hotel room nights is approximately 337 nights.
- Regarding Local Sales Tax: (1) Of 100% of the sales tax collected in Franklin County, Franklin County keeps 95%, Rocky Mount keeps 4%, and Boones Mill keeps 1%; (2) For the nine months the Harvester has been open, the change in reportable sales tax reportable spending is an increase of \$2,488,005; (3) Rocky Mount accounts for approximately 60% of the county's spending economy; (4) Anecdotal evidence suggests Harvester guests are responsible for 80% of the increase; (5) Impact of the Harvester on general sales economy is approximated at \$1,194,242 with a calculated non-food spending portion of \$179,682.
- Regarding the Harvester's total impact from May-January on the local (Town only) economy: (1) Restaurant sales due to Harvester - \$1,014,560; (2) Lodging sales due to Harvester - \$26,976; (3) Tax eligible sales due to Harvester - \$1,194,242; (4) Total Sales impact to date - \$2,235,778; (5) Average spending per patron on non-ticket items - \$93.16.
- Regarding Harvester taxation impact: (1) Harvester impact on Meals Tax collections - \$43,659; (2) Harvester impact on Lodging Tax collections - \$1,349; (3) Harvester impact on Local Sales Tax collections - \$66,460; (4) To date increase in tax collections (total) - \$111,468.

Mayor Angle questioned what the Harvester general manager and assistant general manager think about the Harvester's operations, with the assistant town manager confirming that both are pleased with the Harvester's audience and its branding penetration. They are both aware that they must strive to increase the margin on shows and to decrease the advertising dollars.

Assistant Town Manager Hankins noted that the majority of Harvester guests are coming from Roanoke County, Montgomery County and also North Carolina.

There was recently a unique experience with one of the bands when the drummer from Southern Culture on the Skids, after playing the Harvester in December, came back as a guest to attend two different shows because he liked the acoustics so much. Also, a lot of the artists that played the Harvester last year are impressed with the venue so much that they want to come back again this year.

Council Member Cundiff questioned if any of the Tobacco Commission grant funds have been received yet, with Assistant Town Manager Hankins advising that Tobacco Commission funds can only be used to pay for expenses which are not eligible for historical property tax credits. He is working with the tax credit accountants to determine

those expenses to submit to the Tobacco Commission and he expects to have it done by the end of February.

Vice Mayor Walker and Council Member Love expressed concern over the need to control operating expenses, especially advertising, and to increase profit margins on shows. The rest of Council was in consensus and asked for a follow-up report in three months.

COUNCIL CONCERNS

Vice Mayor Walker: Questioned where the staff stands on the credit card fee issue.

Town Manager Ervin: Noted that the Town is close on costs but still has not compensated for \$2,200 spent on equipment. The Finance and Human Services Committee is going to meet again in March before the regular Council meeting to discuss fees.

Council Member Love: Advised she would like to go into closed session to discuss a personnel matter.

CLOSED MEETING

Entering Closed Meeting:

Motion: To go into closed session to discuss a personnel matter under Section 2.2-3711(A).1

Time: 6:15 p.m.

Motion By: Council Member Love

Virginia Code Section: 2.2-3711(A).1 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.

Second: Council Member Stockton

Motion Discussion: None

Ayes: Cundiff, Love, Moyer, Snead, Stockton, Walker

Nays: None

Action: Motion to go into closed meeting approved by a unanimous vote

Exiting Closed Meeting:

Motion: To come out of closed meeting and to reconvene into open session

Time: 6:30 p.m.

Motion By: Council Member Stockton

Second: Council Member Cundiff

Motion Discussion: None

Ayes: Cundiff, Love, Moyer, Snead, Stockton, Walker

Nays: None

Action: Motion to come out of closed session and reconvene in open session approved by a unanimous vote

Declaration of Closed Meeting Discussion:

Motion: To certify that nothing was discussed in the closed meeting other than what was stated in the motion to enter the closed meeting

Motion By: Council Member Love

Second: Council Member Moyer

Motion Discussion: None

Ayes: Cundiff, Love, Moyer, Snead, Stockton, Walker

Nays: None

Action: The Mayor swore to adopt the motion on the floor by Council Member Love and reported that no action was taken during the closed meeting

Certificate of Closed Meeting:

Whereas, the Rocky Mount Town Council has convened a closed meeting on Wednesday, February 18, 2015 pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

Whereas, Section 2.2-3712 of the Code of Virginia (1950), as amended, requires certification by this Council that such closed meeting was conducted in conformity with Virginia law;

Now, Therefore, Be It Resolved that the Rocky Mount Town Council hereby certifies that, to the best of each members' knowledge: (1) only public business matters lawfully exempted from open meeting requirements under this chapter; and (2) 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.

Steven C. Angle, Mayor

ADJOURNMENT

There being no further business to discuss, Mayor Angle entertained a motion to adjourn.

Motion By: Vice Mayor Walker

Second: Council Member Love

Motion Discussion: None

Action: Meeting adjourned at 6:35 p.m. by a unanimous vote



Steven C. Angle, Mayor

ATTEST:



Stacey B. Sink, Town Clerk

SBS/