

ROCKY MOUNT TOWN COUNCIL  
SPECIAL COUNCIL MEETING  
JUNE 4, 2007

A special council meeting of the Rocky Mount Town Council was held at the Municipal Building on June 4, 2007 at 7:00 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, Posey W. Dillon, Jerry W. Greer, Sr., John H. Lester, and Sadie W. Tuning

The meeting was called to order by Mayor Angle.

Let the record show the following being present: All members of Town Council as noted, Interim Town Manager Jack Gross, Assistant Town Manager/Community Development Director C. James Ervin, Finance Director Linda Woody, Town Attorney John Boitnott, Public Works Director Cecil Mason, Acting Chief of Police Sergeant Erik Mollin, Planning & Zoning Administrator Paul Stockwell, and Town Clerk Patricia Keatts.

### **APPROVAL OF AGENDA**

Motion was made by Council Member Agee to approve the agenda as presented, seconded by Council Member Lester and carried unanimously.

Prior to the public hearings taking place, the Mayor turned the meeting over to the Interim Town Manager, who gave a brief synopsis of the proposed Fiscal Year 2007-2008 Budget and Capital Projects, along with the proposed meals tax increase, and the proposed water and sewer rate increase. The following is what the Town Manager presented to Council and the public:

- The 2007 – 2008 proposed budget is the Town's work plan for the year. It provides the financial resources necessary to fund high quality, community services, and includes funding for professional law enforcement, competent land use and economic development support, enjoyable parks and recreation services, high-quality street maintenance, the innovative and supportive use of technology, and also safe and efficient water and sewer and trash collection services.
- The Town's Finance Director Linda Woody, with input from the Town Council and assistance from the staff, has prepared the Town's annual financial plan which provides for the continuation of all Town services for our citizens, and also provides funding for the necessary capital equipment to perform these services.

The budget also includes funding for investment in our employees, for without them, the Town would not be able to provide the high level of service delivery to our citizens and customers, on a daily basis, that we have come to expect.

- The FY 08 budget recognizes that the Town must continue to be aggressive in attracting new industries and businesses to our community, and work with the Town's existing industries to help them expand. Further, the Town has an obligation to its citizens to evaluate all of the services that the Town is providing in order to insure that the Town is as efficient as possible. Town staff will continue to review the work effort to achieve every possible efficiency.
- The Town also faces many challenges in this, and future years, including sharply increased costs for contracted services and escalating gasoline and electric power expenses. In providing the funding necessary for the various operations of the Town, the proposed 2007-2008 Fiscal Year Budget does not include an increase in the Town's real estate tax rate.

(A PowerPoint slide example of what the meals tax cost currently is and what it would be for \$5, \$10, and \$25 was given.)

- However, in order to even out the cash flows for large capital items, such as the cultural arts venue, the needed replacement of a fire truck, and garbage truck, the Town needs to start a savings account. The Town cannot accommodate large, one-time expenditures without borrowing money. The proposed 1% in meals tax will establish a sinking fund that can provide dedicated funds when they are needed... because borrowing money never comes without additional cost! For example, the Town's cost to borrow \$1 million, at present day rates, will add an additional \$600,000 over the 20-year life of a bond.
- The proposed 1% meals tax increase will generate \$250,000 of the proposed cash needed to begin this fund.

(A PowerPoint slide example was given showing effect of this proposed increase the next time you order a meal at your favorite local restaurant.)

(A PowerPoint example of what the combined water and sewer rates for sample bills, showing the current and proposed water and sewer rates was given.)

- This budget also includes a proposed a 25 cent increase in water rates - and a 25 cent increase sewer rates. Increasing the costs for providing these utility services was called for several years ago, but the Town had chosen to defer them until this year. Below is a breakdown of the effect of this proposal on an in-town customer:

The total budget of \$10, 096, 177 covers the costs of:

Administration & Community Development	1,432,456
Public Safety	1,643,963
Public Works	1,660,525
Insurance, Contingency, & Miscellaneous	313,205
Debt Service	1,274,696
Depreciation & Transfers	1,243,800
Water Treatment & Distribution	1,004,032
Wastewater Collection & Treatment	1,523,500

- Below is a look at how the revenue to fund the FY '08 budget is generated:

Taxes	3,548,682
Interest Earned & Charges for Services	408,039
State Aid	1,287,088
Water Use Charges	1,372,346
Wastewater Use Charges	942,192
Bond Proceeds	1,427,375
Use of Fund Balance & Transfers	1,110,455

- Most important of all, is the fact that, this budget reverses a trend in recent years - of spending more than the Town collects. In past years, this practice has reduced the Town's Cash reserves and continuing this tendency will ultimately reduce the Town's financial credibility and jeopardizes the Town's ability to weather any adverse economic downturn, such as losing a major industry, or the Town's ability to withstand an major emergency weather event, such as the devastating tornados and floods that we have all seen in television reports.
- In conclusion, this budget as proposed allows the Town to continue to provide its citizens, businesses and industries with a high level of municipal services; the budget provides funding to maintain our core programs and activities, and also allows the Town to invest in the capital and human resources necessary to perform staff's jobs efficiently and effectively

## **PUBLIC HEARINGS**

Let the record show that the Mayor recessed the meeting to hold three public hearings pertaining to the Fiscal Year 2007-2008 Budget. He explained the process of the public hearing, stating that Town Council would not be taking any action on any of the public hearing items, as it is required by the Virginia State Code that the budget has to lie for seven (7) days before any action can be taken.

The public hearings were heard in the following order:

A) Proposed Fiscal Year 2007-2008 Budget and Capital Projects

The Mayor opened the floor to anyone wishing to come before Council to speak regarding this matter.

- Joyce Moran, Executive Officer of the Children's Advocacy Program of the Blue Ridge (CAPS), located at 300 South Main Street:
  - Proud partner of the Town for the past ten years.
  - Went over the progress of CAPS within the ten year span.
  - Ten years ago, the Town donated \$500 to CAPS, and since that time, the Town continues to give \$500 annually to them.
  - Explained that in the last ten years, CAPS has seen a significant growth in their services, and now CAPS in the process of building a new two-story building at their current location.
  - They do not duplicate other services provided by other agencies in the Town and County.
  - Since they have seen significant growth in the past ten years and the Town has not increased their annual contribution to CAPS during that time, CAPS is requesting the Town to donate \$4,000 this fiscal year to go towards the building fund for their new facility.
  
- Darlene Swain, an officer of the Warren Street Society:
  - There is a great need in the Town and County for researching and preserving the history of the African-American culture. Many events have been left out regarding the true history of their families.
  - Due to the need to research and preserve such history, there is a need to build a museum. Have never asked Town Council to help support this effort.
  - Asking Town Council now to help support and stand with the Warren Street Society in building such museum. No certain amount was requested.
  
- Karon Jones, Executive Director of The Free Clinic located at 200 Dent Street:
  - Approaching 15 years of operation at the 200 Dent Street site.
  - Has seen 75% increase in clients, especially those on fixed incomes, out-of-work, middle-age people with progressive, acute and chronic diseases with no other source of health care other than The Free Clinic.
  - Respectfully requested a donation from the Town Council this fiscal year in the amount of \$4,250.
  
- Tom Brown, Chapter Manager of the American Red Cross for Franklin County:
  - Been working in the Town for many years and had good support from the Town until last year, when they did not receive any funding.
  - Would like to get the funding that they use to get in the past.
  - Went over stats of what the American Red Cross gives the Town for the funding received.
  - Requesting \$1,750 this time (cut back from original amount requested).

- Billy Kingery, President of Franklin County Historical Society:
  - The Town and County history is located in the Franklin County Historical Museum located at 508 Franklin Street, where it is preserved and showcased.
  - Requesting \$4,000 this fiscal year, but would like to increase to \$6,000 to help fund the operation of the new museum.
- Gary Furrow of 20 Spring Street, stating that he was a citizen and taxpayer:
  - Addressed main budget and water and sewer rate increase.
  - Questioned why the Town has not raised the water and sewer rates to already be supporting itself, with the Town needing to bring in enough money to support this.
  - Town needs to help some of the external agencies that came before them prior to him speaking.
  - Wants services for his taxes.

Let the record show that the Mayor closed this portion of the public hearing as no one else came before Council to speak regarding the proposed Fiscal Year 2007-2008 Budget and Capital Projects.

B) Proposed Meals Tax Increase

The Mayor opened the floor to anyone wishing to come before Council to speak regarding this matter.

- Gary Furrow of 20 Spring Street:
  - The proposed 1% hits the poor guy worse.
  - This tax is a bad deal to use for a sinking fund.
  - This is not a good tax.
- David Arrington with Arrington Enterprises:
  - The meals tax already generates the largest revenue for the Town.
  - Opposed to any increase.
  - Went over what Arrington Enterprises' restaurants collect in the town and how much the proposed increase would be on average.
  - This type of increase will slow growth in-town.
- Deborah Russell with Arrington Enterprises, specifically mentioning Dairy Queen and Bojangles in Rocky Mount:
  - Opposed to increase as it is an unfair tax on restaurants with no other such tax being proposed for other businesses in-town.
  - This type of tax penalizes their customers.
  - Presented a petition of signatures of people from the Town and various locations that were against the Town raising the meals tax 1%.

- Mary Wray with Basket Creations & More, and also the Antiques of The Crooked Road:
  - Most of their customers are old and on fixed incomes and have voiced that they worry about all tax increases.
  - Town may see a decrease in dining out because of the proposed tax increase.
  - Doesn't make good sense to increase 1% if you are going to lose 3%.
- Butch Wilcox with the Hub Restaurant:
  - Has been at his location for 34 years.
  - A lot of his customers are senior citizens.
  - People on fixed incomes cannot afford a meals tax increase.
- John Schopp, President of Center Stage Catering and Edible Vibes:
  - Been in business for six years, with three of those years being in-town.
  - Believes in redevelopment and rebirth in the area his business is located.
  - Edible Vibes is not the money making part of his business, but the catering service is, but this type of tax hurts his modest income.
  - Believes in being at the front of The Crooked Road and would like for the tourist to eat in-town and not take a boxed lunch from somewhere else.
  - Respects the fact that the budget is expanding and everyone needs something.
  - When the trend goes back to everyone buying groceries (which is a cheaper tax on purchasing food at the grocery store), and not eating out, the meals tax generated will decrease.
  - Presented a petition of signatures of people from the Town and various locations that were against the Town raising the meals tax 1%.
- Ed Schopp of Center Stage Catering and Edible Vibes:
  - Did a summary of what he thought the meals tax meant.
  - Restaurant and food industry is the only industry that pays a higher tax.
  - Would like to see Council kill the meals tax all together as it doesn't belong in Rocky Mount.
- L. D. Arrington of Arrington Enterprises:
  - Opposes the meals tax and has nothing more to add other than what the others have said.
- Larry Peak with Kentucky Fried Chicken:
  - Has been through this with the Town before.
  - Council has already heard from others that resent this type of tax.
  - Not here representing himself, but comes representing his customers who do not want this type of meals tax increase.
- Shellie Leete of The Claiborne House:
  - They pay a meals tax on the complimentary breakfast they serve.

- Opposes the proposed increase.
- This area is not a tourist area.
- Tony Leete of The Claiborne House:
  - Opposes the meals tax.
  - Echoes what everyone else has said.
  - Thinks there are other ways the Town can be creative to create revenue.
- Ashley Turner of Quiznos:
  - What everyone has said previously sounds alright to him.
  - If people stop coming to eat, it hurts the restaurants and the Town.
- Bill Fuller of 495 Pell Avenue:
  - In disagreement with most of the speakers that came before Council.
  - Completely in favor of a music venue that will be helped funded by the proposed 1% meals tax increase.
  - Doesn't think the proposed increase will be detrimental to the economy or businesses.
  - Read to Council what Roanoke City did for their market that helped increase the economy, which included music venues, restaurants, and specialty shops at the Roanoke Market.
  - Read also an article from The Roanoke Times regarding what The Crooked Road and setting up a music venue in the Town could do for Rocky Mount.
  - His belief is that if people have a reason to come to Rocky Mount, they have a reason to come and spend money, not the opposite.
  - Cited several events taking place in Rocky Mount (such as the Citizens' Square at the Farmers' Market) that brings in several thousands of people (such as Strawberry Festival and the Warren Street Festival), and what these type of festivals can do for the economy of the Town, and especially if a music venue was in place to draw people to the Town.
  - One venue that can be funded by a 1% meals tax is well worth it in order to bring people to the area.

Deborah Russell came back before Council and stated that she certainly agrees with Bill Fuller, but figures gathered by the Restaurant Association show that 85% of the meals tax is from local customers, with only 15% being outside of the County.

Let the record show that the Mayor closed this portion of the public hearing as no one else came before Council to speak regarding the proposed meals tax increase.

C) Proposed Water and Sewer Rate Increase

The Mayor opened the floor to anyone wishing to come before Council to speak regarding this matter.

- Gary Furrow of 20 Spring Street:
  - Against this increase as it should already be paying for the cost.
  - Council needs to think about privatizing sending out the utility billing.
  - Council needs to look at the whole picture regarding water and sewer rates and do an increase that will take care of it now, because sometime down the road, Council will have to propose another increase to fund it.
  
- Arnold Dillon of 185 Sycamore Street:
  - Stated that he was the one to originally propose a meals tax increase when he was on Council and went over history of why this had happened.
  - Went over history of the Town's surplus money and the upgrading/building of the Wastewater Treatment Plant.
  - Not at this meeting to tell the Council what to do as only Council knows that.
  - Questioned why the Town added another position at the Water Plant when it is still pumping the same amount.
  - Feels that this proposed increase needs to be looked at more closer before any decision is made to increase.
  
- Greg Walker of 70 Orchard Avenue:
  - Opposes both the proposed meals tax and water and sewer rates.
  - When he made his bid for Council in 2006, he was against any new taxes, and when he makes his bid again for Council in 2008, he will still be against any new taxes.
  
- Ken Dudley of 229 Beverly Hills Circle (lives outside the Town limits):
  - Main concern is that he owns three properties (one in-town; the other 2 outside of the Town).
  - He is paying double the in-town rates for the two pieces of property located outside the Town limits.
  - He believes he can maintain a well better than what he will have to pay if the water and sewer rates go up for out-of-town properties that are on the Town's sewer and water lines.
  
- Danny Perdue of Franklin:
  - Opposes the meals tax and the water and sewer rate increase.
  - Raising taxes and rates does not help the local businesses grow.
  - Thinks they are already paying their fair share.
  - Water and sewer rates are a pretty big thing for him because of his car wash bays.
  - Wondered if the loss was showing in the water and sewer depreciation.
  
- Donnie Meeks of 150 Woodland Drive:
  - Did not come before Council to speak on his behalf, but prior to the public hearing starting, he was handed a letter to read on behalf of Carl Moyer of 474 Glenwood Drive that stated that Mr. Moyer was against the proposed

meals tax increase; proposed water and sewer rate increase; and also opposed the development off of Scuffling Hill Road.

Let the record show that the Mayor closed this portion of the public hearing as no one else came before Council to speak regarding the proposed water and sewer rate increase.

As there were no further comments to make for the public hearing items, the Mayor reconvened the meeting back into regular session and reiterated to those present that these matters will be considered during the June 11, 2007 regular Rocky Mount Town Council meeting.

The Mayor thanked everyone for their attendance and voicing their concerns, and further stated that Council tries to act in the best interest of all citizens.

### **ADJOURNMENT**

At 8:28 p.m., motion was made by Council Member Greer to adjourn, seconded by Council Member Lester and carried unanimously.

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Steven C. Angle, Mayor

ATTEST:

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Patricia H. Keatts, Town Clerk

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