

**MINUTES OF THE REGULAR MEETING OF THE WYTHEVILLE TOWN COUNCIL
HELD IN THE COUNCIL CHAMBERS ON MONDAY, APRIL 14, 2003, AT 7:00 P.M.**

Members present: Trenton G. Crewe, Jr., Jacqueline K. King, John W. Jones, Jr., William B. Weisiger, Charles G. Crockett

Members absent: None

Others present: Town Manager C. Wayne Sutherland, Jr., Assistant Town Manager Stephen A. Moore, Town Clerk Sharon P. Hackler, Town Attorney Robert P. Kaase, Director of Public Information Rosa Lee Jude, Director of Parks and Recreation Rick Showalter, Danny Gordon with WYVE/WXBX, Stephanie Porter-Nichols with Wytheville Enterprise, Patrol Sergeant Joel Hash, Dave Elmore, Pastor Jeff Black, Joe K. Stanley, Bill Tomiak, Julia Tomiak, Agnes Eades, Ron Boone, Marsha Boone, Danny Sowers, Bill Smith

RE: CALL TO ORDER, QUORUM, INVOCATION, PLEDGE

Mayor Crewe called the meeting to order and established that a quorum of Council members was present. The invocation was given by Councilman Jones followed by the Pledge of Allegiance led by Vice-Mayor King.

RE: CONSENT AGENDA

Mayor Crewe presented the consent agenda consisting of the minutes of the regular meeting of March 24, 2003; the request of the Wythe County Technology Center for issuance of a raffle permit for 2003; the request of the Brock Hughes Free Clinic for issuance of a raffle permit for 2003; the request of the Wytheville Lions Club for waiver of business license fees and inspection fees for the annual charity carnival to be held July 14 through 19, 2003, and a raffle permit for 2003; and the request of various churches within town for waiver of fee for use of the Elizabeth Brown Memorial Park for the National Day of Prayer. A motion was made by Vice-Mayor King and seconded by Councilman Weisiger to approve the consent agenda consisting of the minutes of the regular meeting of March 24, 2003; the request of the Wythe County Technology Center for issuance of a raffle permit for 2003; the request of the Brock Hughes Free Clinic for issuance of a raffle permit for 2003; the request of the Wytheville Lions Club for waiver of business license fees and inspection fees for the annual charity carnival to be held July 14 through 19, 2003, and a raffle permit for 2003; and the request of various churches within town for waiver of fee for use of the Elizabeth Brown Memorial Park for the National Day of Prayer. Mayor Crewe inquired if there is any discussion on the motion. There being none, the motion was approved with the following voting in favor and there being no opposition: For: Trenton G. Crewe, Jr., Jacqueline K. King, John W. Jones, Jr., William B. Weisiger, Charles G. Crockett. Against: None. Abstentions: Vice-Mayor King advised that she serves on the board for the Wythe County Technology Center and, therefore, she is abstaining from voting on the request of the Wythe County Technology Center for issuance of a raffle permit for 2003. Councilman Jones advised that since he is a member of the Wytheville Lions Club, he is abstaining on voting on the request of the Wytheville Lions Club for waiver of business license fees and inspection fees for the annual charity carnival to be held July 14 through 19, 2003, and a raffle permit for 2003.

RE: PUBLIC HEARING – PROPOSED MEALS AND LODGING TAX INCREASE

Mayor Crewe stated the meeting constituted a public hearing (due notice having been given) to consider an amendment to the Code of the Town of Wytheville, Virginia, to consider an ordinance amending and reenacting Chapter 14, Taxation, Article V. Meals Tax, Section 14-79, Levy of Tax, and Article VI. Lodging Tax, Section 14-107, Amount of Levy. He noted he is sure this public hearing is the reason that several people are attending this meeting since they have indicated this on the sign-up sheets. He remarked that the proposed ordinance would increase the meals tax from four percent to six percent and the lodging tax from three percent to six percent. Mayor Crewe advised that both of these increases are proposed to take effect September 1, 2003. He remarked that the Council will be glad to hear from anyone who would like to address the Council regarding this matter.

Mr. Ron Boone was recognized and stated he took a short survey of the local restaurants in town. He noted he is not the only one who is opposed to the meals tax. Mr. Boone indicated that he is opposed to the meals tax because the Town is targeting a market that has already been

affected by the economy. He advised that he would request the Council to look somewhere else to find funding other than the meals tax. Mayor Crewe thanked Mr. Boone for attending the meeting and for his comments. He inquired if anyone on Council has any questions or comments. Councilman Crockett inquired as a matter of curiosity how many signatures Mr. Boone has on the petition. Mr. Boone stated that he placed the petition in five local restaurants, and he has only had the petitions out for about a week, and there are 500 to 600 signatures. Mayor Crewe inquired if Mr. Boone is going to leave the petitions with the Town Council. Mr. Boone stated that he will gladly leave the petitions with the Town Council. Mayor Crewe thanked Mr. Boone for the petitions.

Dr. Bill Tomiak was recognized and stated that he commends the Town for promoting, planning, and, hopefully, executing the project for the new recreation center. He noted he thinks the new center would be of great benefit for the population in town. Dr. Tomiak remarked that many disease processes can be affected by positive lifestyle changes, and, certainly, he thinks that as the Council has contemplated and has gone forward in this plan to build this center, the Council has, hopefully, had some of those in mind. He advised that this is an area that is affected by weather, and sometimes the inclement weather, for approximately four to five months out of the year, makes it very difficult for people to make lifestyle changes. Dr. Tomiak indicated that in the current situation, the town has relatively few facilities to exercise indoors, and noted he thinks that this center will serve that purpose for all folks who need it. He advised the way the Town has thought about raising the money with the meal taxes and the lodging taxes has been a very good plan. Dr. Tomiak remarked that the Town sees a lot of people traveling through, and he does not think that the two percent change in the food tax is really going to change anyone's mind when they are deciding whether or not they are going to go out and eat. He advised that an example would be a \$30 meal, and with the two percent increase, that would be a \$.60 change in the price of the meal, and noted he does not think this is going to affect many people. Dr. Tomiak stated one thing the Town Council may need to take into consideration with some of these polls is that most people are going to oppose taxes even though they do not know what it is about. He remarked that if a person asks anyone on the street whether or not they want more taxes, they are probably going to state that they do not. Dr. Tomiak indicated that the benefit of these taxes is that the Town would be taxing areas of folks who are not even in this town necessarily and it would not affect a majority of them. He indicated that he thinks these taxes are an excellent source of revenue. Mayor Crewe thanked Dr. Tomiak for his comments and for taking the time to attend the meeting. He inquired if anyone on Council has any questions or comments for Dr. Tomiak. There being none, he proceeded with the meeting.

Mayor Crewe advised that these two gentlemen were the only people who had indicated on the sign-up sheet that they wanted to address Council. He noted the Council will be glad to hear from anyone and inquired if there are others who wish to address Council during the public hearing.

Mr. Boone indicated that he would like to comment that people are opposed to this tax, and he hears everyday from people who are traveling who do not pay tax on their food elsewhere. He noted the Council should hear it from some of the people who are traveling. Mayor Crewe inquired of Mr. Boone if he is referring to people complaining about the sales tax and food tax combination. Mr. Boone stated that is correct, and noted that people do not pay tax on food in Ohio. Mayor Crewe stated this proposal has been in the State and adopted, but has never been funded, and it has not happened. He continued that there is a statute that removes the sales tax on food, but it has not been implemented. Mayor Crewe remarked that this is a legitimate argument of which the Council is aware. Mr. Boone indicated that it was noted that the tax is targeting people who do not live in this area, and advised that in his opinion, this is wrong, too, because they are not going to benefit from the tax. Councilman Jones inquired of Mr. Boone as to how he would suggest that the funds be raised. Mr. Boone noted that the Council members are in the positions to fund the community center, and he does not know how the community center should be funded. He advised that he thinks the Council needs to look for different sources. Councilman Jones noted when this was started, and noted he was on the Council from 1990-1992, and he went off in 1992, this was the year that the Council was going to build a new community center at the site of the current community center, and that is when the Council heard from the Wythe Arts Council. He stated when the Council conducted the public hearing, basically what the public stated at the meeting is that they were not necessarily opposed to a meals and lodging tax increase, but they were opposed to a real estate and property tax increase. Councilman Jones noted that he thinks Mr. Boone realizes that those people in Ohio pay a higher personal property and real estate tax than citizens in the Town of Wytheville. Mr. Boone noted that the town is going to end up where the travelers are not going to stop in Wytheville, but they are going to go on by. Councilman Jones advised he will state it this way; he realizes why Mr. Boone is stating this, but, at the same time, he does not think people will

stop visiting Wytheville. Mr. Boone remarked that he knew when he started this, he was probably fighting a losing battle because he thinks that everyone's mind is made up from the beginning that this is where the money is going to come from, but he needed to express his opinion. Councilman Jones noted he eats quite a few meals out, and he was eating at Old Stage Restaurant and the petition was there. He noted that a couple he knew in front of him had signed the petition, and advised that they live out in the county. He continued that the lady looked at him and he told her that he did not think he could sign the petition since he was one of the people who are proposing it. Councilman Jones advised that the interesting thing was that the owner did not understand the petition and wanted to know what it was all about. He remarked that he explained it to her. Councilman Jones reiterated that he thought it was interesting that they were offering a petition but did not understand what the petition was for. He stated he understands Mr. Boone's point, but he does not think he will find that it is going to hurt his business. Councilman Jones advised that it is going to benefit Wytheville Community College because the College has a program that is going to be involved with this plan. He noted he thinks it is interesting, too, that the Council has been working on this for a long time, and no one has stated that they did not want the meals tax or the motel tax. Councilman Jones reiterated that he understands Mr. Boone's viewpoint.

Mayor Crewe remarked that one thing that has not been stated that needs to be stated in the public hearing is the reason for the time lag. He noted what the Council was trying to do for the businesses who were planning ahead and booking banquets months in advance was give them notice so they would know to schedule the tax ahead of time so they could include it into the fee. He noted that the Council did not want to pass an ordinance that will cost the businesses money after they have signed a contract for some banquet to be done, and then the Town raise the tax two percent, and the business would have to pay the extra two percent tax out of their revenue. He stated this is the third or fourth meeting the Council has given the hint that they were considering this tax, and this is the second meeting the ordinance will be considered, and it will be voted on second, but not final, reading later in the meeting. He reiterated that this was the reason the Council was putting a time lag in the effective date of the ordinance so people would know ahead of time and it would not unnecessarily hurt someone's business. Councilman Crockett stated he would like to ask a question that he just alluded to, and this concerns the meals tax and the relationship to tax on food. He noted he was not familiar with what was or has been proposed several times and, obviously, not passed. Councilman Crockett inquired if the way the tax elimination has been proposed would affect the meals tax, too, as far as restaurant food or just grocery purchases. Mayor Crewe answered that the way it was proposed, it would actually affect both of these, but it has not been implemented. He explained that if he remembers correctly, there was one version that passed both Houses and he thinks was signed, and he is fairly sure it was signed by Governor Allen. Mayor Crewe remarked that this had certain revenue markers that were key, and it had to have certain revenues before it was effective, and the revenues were never sufficient to bring this to fruition. He noted if he recalls correctly, it was on both prepared and unprepared food, so it would affect any type of food that could be edible on site. Mayor Crewe explained that what this would do is subtract the 4.5 percent sales tax from a restaurant meal before the Town's meal tax got added on, if it were implemented. He noted this is his understanding of it. Mayor Crewe remarked that Town Attorney Kaase may have a better understanding of this, but since it has never implemented, he has never seen any regulations. Councilman Crockett stated as far as a revenue source, looking into the future, certainly, if the Town is proposing to increase the meals tax by two percent to go to six percent, and noted he does not have those figures in front of him of what the Council proposed to raise on the meals tax, but it would certainly be a major impact if that tax were to come off of the Town's revenue. Councilman Crockett indicated that, obviously, the Council would have to go back and find another source of revenue whether it would be real estate or whether it would be a motel tax increase. He stated he thinks there are some limits as to how high the Council can go on the lodging tax and inquired if that is correct. Town Manager Sutherland noted that this limit is only applicable to counties. Mayor Crewe remarked that on the lodging tax, Town Manager Sutherland is correct in that the Council can raise the lodging tax as high as they desire, but the County has limits, and they would have to hold referendums, etc., but for the Town, he does not think that the lodging tax is subject to a limit, legally speaking. Vice-Mayor King noted that there was also a survey done, and noted that she did not recall the area, on the meals and motel tax, and the Town of Wytheville was the lowest of all of the areas and inquired if that is correct. Mayor Crewe answered that on the meals tax itself, the Town was in the middle of the list, but when the sales tax was added, the Town was toward the bottom of the list. He advised that currently, if the Council is discussing raising the meals tax to six percent, and then there is the 4.5 percent State tax, it would total 10.5 percent tax per meal, which is what the Boones are hearing in the restaurant because people are looking at it and stating that 10.5 percent is high. Town Manager Sutherland advised that he is sure that Town staff has this information.

Mayor Crewe inquired if Director of Public Information Rosa Jude desired to speak. Director of Public Information Jude stated that Town staff did the survey in August of last year, and then some of the key cities were updated in the last week. She explained that to give the Council some background on the matter, the Town is close to several other states, and this affects the Town's tourism market as well. Director of Public Information Jude explained that the Town of Wytheville is close to West Virginia, Tennessee, and North Carolina, so Town staff cannot just look at other localities in Virginia, but they need to look at some of the areas that are within one hour, one and one-half hours, or two hours of the town. She requested everyone to keep in mind that other states around the town all have a higher sales tax than the Town of Wytheville. Director of Public Information Jude explained that West Virginia has a six percent tax. She noted that North Carolina, in certain places, has between a six and seven percent sales tax, and they have a different ratio between cities and counties, but advised that she is unsure exactly how this works, however, the city is one rate and the county is another rate. Director of Public Information Jude pointed out that Kentucky has a six percent sales tax, while Ohio has a 6.15 percent sales tax. She indicated that Pennsylvania has a 6.25 percent sales tax, and Tennessee has over a 9 percent sales tax before they add any other locality tax. She reiterated that West Virginia has a 6 percent sales tax. Director of Public Information Jude advised that as far as some of the key markets that the Town considers their competitors, the Town is in, as the Mayor has alluded, the middle range, and she advised that some areas are higher while some areas are lower. She indicated that most areas are within the three to seven percent range for lodging taxes. Director of Public Information Jude indicated that although some localities do have a zero tax, mainly under the meals tax, most localities are in the three to six percent range. She stated that even with this increase, the Town of Wytheville is compatible or under the rate for the Town's major competitors regionally. Mayor Crewe thanked Director of Public Information Jude for her comments and inquired if this answers Councilman Crockett's question. Councilman Crockett noted this answers his question. He advised that he has often wondered about, particularly, the lodging taxes, and he often wondered if there was an impact as far as people selecting areas they might stay in, and if they would stay where the lodging tax is lower. Councilman Crockett noted from his personal travel, being somewhat limited as it is now, he knows that it never really comes into his mind as far as a motel tax as to whether an area has a six percent tax, five percent tax, or four percent tax. He remarked that he selects the motel he is interested in staying at, whether, for example, it is Travel Lodge, Holiday Inn, or whatever motel. Councilman Crockett advised that the amount of the tax is never much of a consideration for him, and indicated that he does not think that he has ever asked what an area's motel taxes are. He noted that occasionally a person pays a higher price, whether it is at the Marriott, etc., but indicated that he did not know how much the amount of the tax really impacts the selection of an area and whether someone stops for meals or lodging. He remarked that he has always thought the tax must be some consideration, but to what degree it really is, he does not know. Councilman Crockett stated he is sure that Director of Public Information Jude researched this very well, and he knows a lot of the taxes are very high in other places, as well. He reiterated that he is unsure of what impact the rate of the taxes has on the restaurants, and maybe the restaurant owners can derive some response on this, and noted that he certainly cannot. Mayor Crewe advised that when the Council looked at it before, and maybe Director of Public Information Jude could tell him if he is correct or not, his recollection is that all of the information that the Town had before indicated, as Councilman Crockett stated, that for the individual traveler, it is probably not a big factor. He noted for group tours and bus tours, the tax rates are something that they definitely take into account. Mayor Crewe inquired of Ms. Jude if he is correct. Director of Public Information Jude indicated that the group and bus tours do take the tax rate into account. She remarked that as she noted before, she wanted to give the industry as much notice as possible so that when it came to contracts, they would have a fair way of telling their tours and business patrons what the tax rate would be. Director of Public Information Jude advised that by giving them notice, when the businesses met the contracts, they could hold to the contract and not have to absorb some of the extra cost. She explained that in the five years she has been in her office, and noted she asked her assistant, Jeanette Wood, this question, they have never had anyone ask them what the meals or lodging tax is in the town. Mayor Crewe inquired if she is also stating that group tours have never asked her the amount of the tax. Director of Public Information Jude advised that group tours, individuals, or no one has ever asked her what the tax rate is when they called to make an inquiry. She remarked that in her four years in the hotel business, people would inquire regarding the amount of tax in the initial contact, but people just accepted the amount of the tax, and they wanted to know what it was so they could figure it in the total cost. Director of Public Information Jude pointed out that she is sure there are people who would complain about any tax. She stated she has never had anyone call her office and ask for the number. Mayor Crewe indicated that he would guess that the other part of this that has not been stated in this hearing that probably needs to be stated is the reason the Council is considering these increased taxes is to raise the money for the debt service to build a \$12 million to \$13 million facility, and if the Council can construct the

community center and get it operational, the Town is hoping they will have the kind of place that can attract conventions and meetings and put more people in the restaurants and motels. Mayor Crewe stated he did not know if Mr. Boone cares to answer this question or even knows yet, but being in the restaurant business as long as he has, he inquired if Mr. Boone has any sense of whether people are picking this area because of travel constraints, etc. He advised that he did not think that Mr. Boone is doing a lot of bus tours, if he is thinking correctly. Mayor Crewe indicated that Mr. Boone's business has local traffic and a lot of people who visit the area coming off the interstate or stopping in Wytheville by design. He advised he did not know if there is any way to gauge any of that impact.

Mayor Crewe inquired if there are any other comments from Council or if there is anyone else who wishes to speak.

Mr. Bill Smith was recognized and noted he is a landowner and a taxpayer. He indicated that first, he would like to state he is in favor of any facility that serves the public in the community that the public can afford. Mr. Smith noted his second comment would be that he does not know what involvement there is with the County. Mayor Crewe noted that at this time, there is no involvement with the County regarding this facility. Mr. Smith indicated that he does not see any involvement and does not know of any. He stated he thinks that a project of this magnitude will, obviously, serve the Town and the County, and perhaps there should be a broader participation. Mr. Smith remarked that this has been on the table for 14, 15, or 16 years. Mayor Crewe noted that this project has been discussed in one form or the other for the past 14 to 16 years, and he thinks that Mr. Smith is correct. Mr. Smith inquired if there has been any money over the years from the meals and lodging tax, or otherwise, earmarked for the community center should it be built. Mayor Crewe noted that there has not been any money earmarked for this project per se, but it is in the budget, and the Town has collected the funds, but the money has not been set aside in a special account or anything. Mr. Smith inquired if the Town has reserved a few million dollars or anything for this project. Mayor Crewe noted that the Town has not reserved funds for this project, per se. Mr. Smith inquired as to the backup plan should the Town's projections not meet what they would like, obviously, and what has been put forth to pay for this. Mr. Smith inquired as to the alternative. Mayor Crewe remarked that the options the Town has been considering are a combination of things. He noted the Town has considered any kind of user fees, membership costs, or those kinds of fees, and, ultimately, raising whatever taxes had to be raised from whatever source. Mayor Crewe noted that all of this has been considered, and all of that is on the table. He stated when Mr. Smith is inquiring regarding a backup plan, this amount of increase in the meals tax would not pay 100 percent of the operating, staffing, or equipping of this building. Mayor Crewe indicated that it would on the projections, if the loans are correct, cover the debt service. He noted this is only a small part of what has to be done to get this building constructed, operational, and to continue to be operational. Town Manager Sutherland noted if he understood correctly, what Mr. Smith is stating is if the taxes do not generate the revenue that the Council anticipates, what is the backup plan. Mr. Smith stated that is correct, and noted that is one part of the question. He advised that what Mayor Crewe has stated is there other sources that have to be utilized, and this tax is the single largest part, but not the only part. Mayor Crewe stated this is the best way he can state it. He noted that the Council has looked at the numbers, too, and advised that he does not know if he is misstating something. Mayor Crewe indicated that this tax increase is not the only thing the Council is going to have to do. Mr. Smith noted if there is not enough revenue from the meals and lodging taxes, the revenue will have to be made up somewhere else. Councilman Crockett stated that this is where his question came in about the meals tax, and noted if this impacted the meals tax, it would, certainly, have a major impact on the Town's revenue source, which is Mr. Smith's concern as well. Mayor Crewe thanked Mr. Smith for his comments.

Mayor Crewe stated that Pastor Jeff Black has noted he would like to speak regarding the recreation center. He remarked that technically, what the Council is discussing is the increase in the meals and lodging taxes that is proposed to go for the debt service on the recreation center. Mayor Crewe stated he assumed that this is the topic Pastor Black wanted to discuss. He advised Pastor Black that the Council will be glad to hear from him at this time. Pastor Black stated that he does have the question that this facility being proposed is \$12 million to \$13 million. He noted he would assume this is the actual cost of the building as it is being purchased, but it is not the cost when one adds all of the interest when it has finally been paid, nor does it include the cost of maintenance and operations per year. Mayor Crewe advised that the cost includes some of the equipment in the building, and the things that will go in the building when it is constructed. He noted the Council is not actually purchasing a building, but the Town owns the land that it has been given, and the Town is constructing the building. Mayor Crewe indicated that the \$12 million to \$13 million is basically the bricks and mortar and a few things that go in the building, but it does not include the staff and does not include any debt

service added to it, and inquired if this is responsive to Pastor Black's question as he understood it. Pastor Black advised that what he heard is there is no money set aside currently, so, the \$13 million is going to have to be financed. Mayor Crewe noted the Town of Wytheville has money in reserves, but the money has not been earmarked for this project. He advised that the Council is looking at several things, one of which is borrowing part of the money and paying part of the money upfront when the construction is done. Pastor Black inquired if Mayor Crewe knew ultimately what the price tag will be in terms of the Council's projections of how much will be borrowed. Mayor Crewe indicated that the Council does not know how much the Town will borrow because the Town could pay 100 percent, 50 percent, or five percent upfront. He explained that the financing that the Council has been looking at is four percent over 20 years, and this is where the debt service figures are coming from, if this information is helpful to Pastor Black. Mayor Crewe reiterated that the Council has not decided how much they are going to take out of reserves, how much they are going to borrow, and noted there are a couple of different funding sources for short term and long term loans. He advised that for some of the loans, the Town would pay interest only, some of the loans are interest free for a year, and noted that there are several combinations the Council is considering. Pastor Black inquired regarding the tax the Council wants to put on the local businesses and as to the term that this tax will last. Mayor Crewe noted if he is understanding Pastor Black's question, the Council is not putting any tax on local businesses, but they are proposing to increase the meals tax from four percent to six percent that is paid by people dining in the restaurants and collected by the restaurants and remitted to the Town. He explained that it is the same for the lodging taxes, and the proposal is to go from three percent to six percent. Mayor Crewe explained that these taxes are collected by the businesses, but it is not a tax item to the businesses, it is a tax to the people who use the motels and restaurants, including local citizens who would, obviously, be eating out and occasionally having company who would stay in the motels. He noted he thinks this answers Pastor Black's question, and noted the meals tax would be increased two percent, and the lodging tax would increase by three percent, with each of them proposed to be a total of six percent. Pastor Black inquired if there is information available to show precisely what the building would be and what services it would have. Councilman Jones stated that is correct. Mayor Crewe remarked that later in the meeting, the Council will be able to present the latest update of the architect's drawings they received today, and the Council will be glad to share this with everyone. Pastor Black inquired as to what happened with the petition that several facilities were collecting for signatures against this project. Mayor Crewe stated he does not know if Mr. Boone has collected all of the petitions, and there may still be some that have not been turned in. Mr. Boone pointed out that the petition is not against the project, but is against the increase in taxes. Pastor Black stated that is correct. Mayor Crewe advised that he is unaware of any petition against the project, per se. Pastor Black advised that Mr. Boone is correct in that the petition is only against the increase in taxes. He inquired if the petition has been discussed. Mayor Crewe remarked that Mr. Boone discussed this earlier with the Council, and the petitions are going to be given to the Council at this meeting. Councilman Jones remarked that the increase in the meals and lodging taxes will go to pay the debt finance, and not the entire amount. He commented that secondly, certainly, one of the things he wants to review is trying to ensure that what the Council is trying to generate with this tax plus the cost of the building will enable the Council to do this either by lowering some of the costs of operations which the Town is going to have from the present recreation center and that goes over to the new building and it will increase, but at the same time paying the debt service, and trying to get the debt service down to meet what the Council states it is going to be each year. Mayor Crewe interjected that the Council will be reviewing this very carefully. Councilman Jones advised that the Council will probably have to use some of the reserves. He noted one of the things that has been discussed is how the Council can meet this, and one of the things he will be pushing is to try to make sure the Council uses some of the reserves to lower what the Council ends up having to borrow so that the Council stays within what they have stated that this increase in taxes is going to bring in, plus meet the operating costs. Mayor Crewe noted he has been stating that the Council has been reviewing several alternatives and a blend of different things. He stated this tax increase is one part of this project, and it is a big part, but not the only part. Councilman Jones noted he thinks the term of the loan would be 40 years rather than 20 years. Mayor Crewe advised that is correct, and noted that FHA and Rural Development have a 40-year loan. He advised that the Council has looked at several loans. Councilman Crockett indicated that to answer Pastor Black's question, under a 40-year note at four percent, it exactly doubles the amount of the loan. Mayor Crewe thanked Pastor Black for his comments.

Mayor Crewe inquired if there are others who wish to speak on the proposed increase of the meals and lodging tax. There being none, he advised if someone comes into the meeting late or they indicate they would like to speak, he will be glad to reopen the public hearing so they have the opportunity to speak. Mayor Crewe then declared the public hearing closed. He advised that the Council will consider this ordinance on second reading later in the meeting.

RE: CITIZENS' PERIOD

Mayor Crewe stated the next agenda item is Citizens' Period. He inquired if there are persons present who wish to address Council during Citizens' Period. There being none, he proceeded with the agenda.

RE: OLD BUSINESS

Under Old Business, Town Manager Sutherland reported the following:

1. Town Manager Sutherland advised that he is glad Director of Public Information Jude is attending the meeting. He requested Ms. Jude to inform the Council regarding a tourism award that is going to be presented to Assistant to Director of Public Information Jeanette Wood. Director of Public Information Jude noted that she received official notification today of an award that one of her staff has won, and she is pleased and excited about this. Ms. Jude explained that she nominated Jeanette Wood a couple of months ago for the Virginia Travel and Tourism, Tourism Promotion Organization Employee of the Year, and she was chosen from all of the nominations across the State to receive this award, and she will receive it at the Governor's Awards Banquet at the Virginia Governor's Tourism and Travel Conference later this month. Mayor Crewe stated that the Council congratulates Ms. Wood, and they appreciate all of her efforts. He noted that all of those long days at Bike Virginia paid off.
2. The Virginia Municipal League has had a steering committee for a number of years dealing with Appalachian Power Company in terms of negotiating rates for electric consumers in Virginia. As the Council knows, the Town has been very involved with this process, particularly because of deregulation. There will be a meeting held this Friday, and the nature of the meeting is to attempt to negotiate or convince AEP not to change the Town's electric rates effective December 31, 2003. AEP has petitioned the Federal Energy Regulatory Commission to be able to sell its Virginia transmission assets. If AEP is successful, and the General Assembly took no action to stop this, the State Corporation Commission will lose any control of rate structuring on AEP's regional distribution facilities. The Town hopes that through being aggressive, AEP will extend the current contracts. Originally, it was thought that these contracts would be extended until 2007, but, it remains to be seen what is going to happen. It is clear that electricity is going to cost more in Virginia with this deregulation process, but the meeting will be held this Friday.
3. Tomorrow afternoon, the American Legion Post No. 9 is sponsoring some activities to remember and to show respect and pride for the troops overseas. They will have representatives on Main Street between Tazewell and Fourth Streets, but not in the traffic, and they will have up signs to encourage motorists to honk their vehicle horns. One area of the signs will be to honk the vehicle horn in recognition of those persons who are missing in action, and there will be other signs to illustrate concern for the troops in Iraq. This will be taking place tomorrow afternoon between 4:00 p.m. and 5:00 p.m.
4. Tomorrow evening and Wednesday, the American Legion Post No. 9 is going to have a program from NASA. There will be NASA representatives in town doing a program, and this sounds very interesting. Mayor Crewe advised that this program is going to be held today and Wednesday. He remarked that he went and made a presentation on behalf of the Town. Mayor Crewe stated a lady from Langley, who among other things, had a mockup of the space shuttle, a space suit, meals of what they eat, the trays they eat on, and the sleeping bags they use. He noted that among other things she showed them how they fixed their meals in space, explained how they go to the bathroom in space, and explained how they sleep in the sleeping bags hanging from hooks. He noted the children were extremely interested. Mayor Crewe explained that the way the program works is that today's program is to pique the children's interest in how it works. He stated that, for example, the one thing to help them understand is that she showed them prepackaged mustard and ketchup and asked them if they knew what it was and where they had seen it. Mayor Crewe noted that the children indicated that they had seen it in every fast food place they had visited. He remarked that this was one of the inventions that came from NASA because of the space program, and the NASA representative had a whole list of things similar to that which were inventions because of the space program. Mayor Crewe indicated that the reason all of this is leading up is that on Wednesday, they will have a 2.5 hour program where, among other things, they learn to

navigate by stars. He stated that they have some engineers to design this, and what they are basically trying to do is to formulate a spaceport, and they will be imagining Wytheville in 2085. Mayor Crewe remarked that one example they gave is that the father leaves the house in the morning and says goodbye to the kids who are going to school, and the father works in Atlanta, and he goes and catches the space shuttle out of Wytheville and goes to work in Atlanta and comes back home that night. He noted that the kids are designing this, determining how it would be navigated, how the propulsion systems work, etc. Mayor Crewe indicated that this should be very interesting for the fourth and fifth graders at Spiller School who are participating in it. He noted that the Council congratulates the American Legion Post No. 9 for sponsoring this program, and noted it is a very innovative thing. Mayor Crewe indicated that the reason the program is for two days is that since the school system missed so many days in the wintertime, they are off schedule. He noted they are working very hard next year to schedule Langley's trailer truck demonstration, and it is a hands-on 60-foot trailer that comes in. Mayor Crewe stated it is a trailer on wheels, but there are a lot of hands-on exhibits, and they think they will add that for next year's program. He reiterated that this trailer was supposed to be part of the program this year, but since the school missed a lot of days due to inclement weather, they missed the schedule and the truck has come and gone, and there was no school when the trailer was supposed to be here. Vice-Mayor King advised that this is very interesting. Mayor Crewe noted that this is fascinating, and it was interesting to watch.

RE: BUDGET AND FINANCE COMMITTEE REPORT

Councilman Jones, reporting for the Budget and Finance Committee, stated the Town has received a letter from the Wythe Arts Council, Ltd. seeking action by the Town on a number of matters relating to the Chautauqua Festival. He advised that several of these requests involve the waiving of fees for use of recreational facilities, and, as such, the Committee has asked the Recreation Commission to review this matter. Councilman Jones stated that the Recreation Commission has recommended that the requests be approved. He indicated that a copy of the letter from the Wythe Arts Council is attached for the Council's review. Councilman Jones explained that the Committee has reviewed the requests by the Wythe Arts Council and has found them to be essentially the same requests that have been made for many years. He noted the Committee does not anticipate a problem with any of these items. Councilman Jones advised that the Committee would note that the Town has, again this year, secured grant funds on the Arts Council's behalf. He noted that as such, for all of the areas where fees are being requested to be waived, the Arts Council will need to pay these fees (up to \$5,000) and then be reimbursed by the Town. He remarked that the Committee applauds the Wythe Arts Council's continued efforts in bringing quality entertainment to the town citizens. Councilman Jones noted it is the recommendation of the Budget and Finance Committee that the Council approve the request of the Wythe Arts Council with the stipulations noted earlier. A motion was made by Councilman Jones and seconded by Vice-Mayor King to approve the requests of the Wythe Arts Council in conjunction with the Chautauqua Festival. Mayor Crewe inquired if there is any discussion on the motion. There being none, the motion was approved with the following voting in favor and there being no opposition: For: Trenton G. Crewe, Jr., Jacqueline K. King, John W. Jones, Jr., William B. Weisiger, Charles G. Crockett. Against: None. Mayor Crewe stated the Council wishes the Wythe Arts Council success with the Chautauqua Festival. A copy of the Budget and Finance Committee report is attached and made part of these minutes.

RE: PUBLIC WORKS COMMITTEE REPORT

Councilman Weisiger, reporting for the Public Works Committee, stated that at the last meeting, Mr. Elvan Peed, with the engineering firm of Peed & Bortz, made a presentation on the engineering work that had been performed to date on the concept to create a regional water system. He stated that as the Council knows, there has been discussion among Wythe County, Carroll County, and the Town of Wytheville about the development of a water treatment plant and distribution lines that would serve all three localities. Councilman Weisiger noted that the Committee thinks it is important to note here that the Town's interest in this project is not because of any deficiencies that currently exist. He advised that quite to the contrary, the Town's water facilities are in excellent condition and will serve the Town for many years into the future. Councilman Weisiger advised that everyone must remember that this study projects consumption of all localities through the year 2025. He advised that while the Town currently has ample availability of water and the ability to produce it, the Council must take actions now to assure that the Town will always have a viable supply of water. Councilman Weisiger noted that in his report, Mr. Peed had prepared a map, which indicated all of the locations and the sizes of the pipes that would be required to serve all three entities. He advised that the proposed plan

also would assume that a water treatment plant, now thought to be a four million gallon per day facility, would be located in Austinville. Councilman Weisiger commented that the plan also presumes that the Town's treatment facility would continue to function at or above its current levels. He stated that depending on how various components of the projects are phased, the projected cost to the Town for its portion of the work would be approximately \$10 million. Councilman Weisiger explained that these estimates do not reflect any grants or other monies that may be available for this type of project. He stated the Committee mentions this only because they believe it is important for the long-term good of the Town to continue to pursue this concept of connecting the various water systems. Councilman Weisiger noted that, obviously, there are many unanswered questions ranging from how the project would be financed to how the water system would be governed. He stated that, obviously, this will be a very long process, and the Committee will be discussing this many times in the future. Mayor Crewe inquired if the next meeting of the Regional Water Committee is tomorrow. Councilman Crockett stated that is correct. Mayor Crewe advised that the Council will look forward to hearing more about this. A copy of the Public Works Committee report is attached and made part of these minutes. Mayor Crewe announced that the Public Works Committee meeting scheduled for in the morning at 7:00 a.m. has been canceled.

RE: ORDINANCE NO. 1156 – MEALS AND LODGING TAXES

Mayor Crewe presented Ordinance No. 1156, an ordinance amending and reenacting Chapter 14, Taxation, Article V. Meals Tax, Section 14-79, Levy of Tax and Article VI. Lodging Tax, Section 14-107, Amount of Levy, of the Code of the Town of Wytheville, Virginia, on second reading. He noted this was the ordinance that was the subject of the public hearing. Mayor Crewe remarked that the ordinance is before the Council on second, but not final, reading that would increase the meals tax from four percent to six percent and the lodging tax from three percent to six percent. A motion was made by Councilman Jones and seconded by Vice-Mayor King to adopt Ordinance No. 1156, an ordinance amending and reenacting Chapter 14, Taxation, Article V. Meals Tax, Section 14-79, Levy of Tax and Article VI. Lodging Tax, Section 14-107, Amount of Levy, of the Code of the Town of Wytheville, Virginia, on second, but not final reading. Mayor Crewe inquired if there is any discussion on the ordinance. Councilman Crockett stated he has several items he would like to discuss. He remarked that he has had a great deal of concern about the community center, in reference to cost more than anything else. He noted that certainly, this facility would be a major asset to the community, but having said all of that, there is a large price tag involved. Councilman Crockett noted he was going through the auditor's report for this past year, and he noticed in the auditor's report that it mentions that the Council currently has, based on ten percent of assessed value of real estate, the amount it can borrow, and noted this is according to State law as he understands it and sets the maximum that the Town can borrow, and this figure comes to about \$36 million as of June 30, 2002. He noted that this was the last auditor's report. Councilman Crockett advised that the Town's current debt at that particular point was \$11,679,116. He noted that this leaves the amount of debt available to the Town at \$24,624,866. Councilman Crockett stated that he has a great deal of concern in reference to this because all of this debt has happened since 1990, and a big part of it has occurred in the last five or six years that he has been on Council. He remarked that part of this has dealt, as everyone knows, with the annexation costs, and noted that he has joked about the fact that one more annexation, and the Town could declare bankruptcy. Councilman Crockett stated he does not think that is far from being true, and it was an extremely expensive proposition. He advised that the Council just heard the Public Works Committee's report dealing with the water study, and noted that he is serving on this committee. Councilman Crockett indicated that the projected cost of the water facility is about \$10,459,000. He noted that there is also included in the Community Center project an access road, which is not part of the current loan. Councilman Crockett stated that this access road would serve the Community Center, and noted as he understands it from Town Manager Sutherland's report, it would require \$1.3 million for the portion that the Town would pay. He remarked that also, going through the annual report that the Town has, its budget for the past year, and noted this is the year the Town is currently in, the Council has a five-year plan in the budget, and there are a number of things in the five-year plan. Councilman Crockett remarked that it is difficult to decipher since the Town has already finished some projects, and some may or may not get done, and for some, the Town is going to have to increase the amount of available water whether it is done through a regional authority or whether the Town increases its own water capacity. He noted that he deducted some of the figures, but there is probably still a \$4 million figure that the Town proposes to spend in the next four or five years, which would be financed, and it is not a part of the Town's normal budgetary items. Councilman Crockett indicated that when it is calculated, of course, the \$11 million dollar figure has been reduced somewhat this year, and will be reduced a little bit more before the end of the year, but if these four figures are added together, it comes to over \$27 million. He advised that if the existing debt the Town has is subtracted, which is \$11 million,

it still leaves an increase of about \$15.759 million. Councilman Crockett remarked that if he calculates the Community Center, depending on how the Council does all of this, if the Council were to finance \$11.5 million, all of the abovementioned figures come to over \$27 million. He advised that of the two figures he just mentioned, when they are subtracted from the maximum debt that the Town is allowed by State law, the Town would exceed that debt. Councilman Crockett noted that, obviously, the appraised value of property is going to go up, but advised that it does terrify him that the Council is on the verge of maximizing the Town debt in the next three to five years. He pointed out that he thinks it is extremely important that the water authority comes into existence. Councilman Crockett stated he thinks that the Town is going to reach its capacity in the Reed Creek area in the not too terribly distant future, and with one or two more expansions, the Town will not be able to draw any more water from Reed Creek. He advised that for future growth, he thinks the Town is going to have to join the authority, and he thinks it is a desirable thing to do for the future. He indicated that he thinks deriving water from New River would be the best thing to do. Councilman Crockett reiterated that it does concern him that the Town is accumulating a tremendous amount of debt. He noted that according to the proposed tax increase, certainly, this is supposed to, hopefully, take care of the debt service, but as was alluded to earlier, it does not take care of maintenance, nor does it take care of the additional manpower to make the facility operational. Councilman Crockett remarked that also not included in the figures are a number of projects in town that the Council needs to be doing that they are not doing, one in particular is Cove Road, which the Council has talked about for the six years that he has been on Council, and it still has not been widened. He pointed out that he knows the Town has experienced some problems on acquiring right of way, but, even so, particularly if the Community Center comes into existence, this road is going to have more traffic on it, and it certainly needs to be improved. Councilman Crockett advised that he does not know what that total traffic figure is, but it is certainly high. He noted that there are other projects that are going to emerge that are going to be desirable for the Town to do. Councilman Crockett continued that when the Council looks at the debt service, as the gentleman referred to earlier, all of the Town's debt, even if they are 4 percent or 4.5 percent for 40 years, they double, and noted he calculated something off of the Internet this evening, and the amount exactly doubles at 4 percent for 40 years. He advised that if the Council is considering an \$11.5 million facility, or if that is the amount that the Council ends up financing for the total facility, and noted that he thinks the Hospital is going to furnish \$2.5 million, he thinks that \$11 million is what the Town would end up financing, if this is the way they go. Councilman Crockett remarked that when the total figure of \$28 million for a facility is considered for debt service, it is a pretty terrifying figure for the Town. He stated that he shares the concern that Mr. Boone and others have with the meals and lodging tax. Councilman Crockett noted that he also looks at the fact that at some point, once the Community Center is built, in all probability there will be a proposal to sell or dispose of the current facility. He advised that if this was to happen, he thinks it would probably destroy the Chautauqua Festival that the Town has every year since the Town utilizes the current Community Center for displays and various vendors, and also the parking lot. He reiterated that he thinks it would have a tremendous effect on the Chautauqua Festival if the current Community Center is disposed of. Councilman Crockett stated that his main consideration when he looks at all of this is the debt service and where the Town is heading. He noted that possibly he grew up in the wrong period of time frame because he was raised in the depression years when money was hard to come by, but it is a terrifying thought that in the next five to ten years, the Town may well be at the very limit of their debt service and the maximum debt that the Town can acquire. Councilman Crockett stated as the Council looks at 40 years in the future, he doubts if anyone currently serving on Council will be living at that particular time when the debt service is finally paid off. He noted that, of course, all through that timeframe, there is going to be maintenance. He noted he does not know exactly what the answer is, but it does terrify him that the Town is accumulating these types of debts. Councilman Crockett advised that when the Council considers the fact that they are going to have to spend a considerable amount for water in the next few years, it is desirable that the Council considers this, because without the water, the Town has no future. Councilman Crockett noted that the Community Center may end up being gold plated, but it really does not make any difference if the Town does not have an adequate water supply, and a regional water supply is the way to get an adequate water supply. He reiterated that he thinks the regional water supply project is extremely important because the Town is going to need that for a lot of growth. Councilman Crockett stated that having said all of that, certainly, the Community Center has a lot of assets and benefits involved, and if it comes to be built, he sincerely hopes it stays busy 24 hours a day, because that will probably be what it will take for it to function. He noted he also feels there is no question in his mind that certain fees will increase for the users of that facility, and he thinks the fees will have to be increased. Councilman Crockett advised that this is a concern, but the debt service that the Town is getting ready to acquire is a tremendous consideration to him. Town Manager Sutherland remarked that the auditor's report is correct in that the maximum is at 10 percent of the total valuation of real property before the Town can go to

referendum. Mayor Crewe noted it is referring to bonds. Town Manager Sutherland advised that at above 10 percent, it requires for the Town to go to referendum. Mayor Crewe remarked that it is referring to bonded indebtedness, not just a straight loan. He noted this is the other part to that. Mayor Crewe advised that he made three notes if he was understanding what Councilman Crockett was stating. He noted that he does not think that anyone on Council is thinking about financing the entire \$12 million or \$13 million. Mayor Crewe explained that the amount that the Council will finance depends on where the money comes from. He noted, for example, the Hospital's \$2.5 million that Councilman Crockett alluded to could be used for part of that. Mayor Crewe remarked that he also made a note regarding Cove Road which Councilman Crockett alluded to. He stated when the Council reviewed the matter, they made the determination that they did not want to bring a condemnation suit thinking that it was not needed and not necessary for trying to prove the public necessity part of the condemnation suit. Mayor Crewe pointed out that the Town is making some progress on the right of way, but there are a couple of pieces of property owned by relatives of people who passed away several years ago. He reiterated that the right of way is the issue on Cove Road. He advised that the debt ceiling that Councilman Crockett is alluding to, which is important, and noted that he does not think that anyone wants to go deep in debt either, by law, is limited only on bonded indebtedness, and not all of the indebtedness of the Town. Mayor Crewe noted it is referring to any indebtedness that the Town is issuing bonds on. He explained that if the Town had a straight Rural Development loan, it would not count against the debt ceiling limit on the statute limit. Mayor Crewe remarked that he does not think the Council wants to exceed that limit, and he is not suggesting that it is a good idea, but it is a different item because the Town does not have that many outstanding bonds, but the Town does have some. He noted that a lot of what the Town has in debt service is just a straight note, and advised that for a lot of the water projects, for example, the revenue source to pay for that is the water users and, if Council recalls, the mandatory hookups provisions were a part of those loans. Mayor Crewe explained that these are not bonds but just straight loans. He advised that Councilman Crockett is correct in that it is all debt, but there are different types of debt, and the two are being blended. Mayor Crewe indicated that Councilman Crockett's comments are well taken. He inquired if there are any other comments or discussion on the motion. There being none, the motion was approved with the following voting results:

FOR: Trenton G. Crewe, Jr., Jacqueline K. King, John W. Jones, Jr.,
William B. Weisiger

AGAINST: Charles G. Crockett

ABSTENTIONS: None

Ordinance No. 1156 was approved on second, but not final, reading. Mayor Crewe remarked that this ordinance will be considered on third reading at the next meeting on April 28, 2003. He indicated that he and the other Council members will take the time to review the petitions that have been submitted and consider that as well.

RE: APPOINTMENT – PLANNING COMMISSION

Mayor Crewe stated the next agenda item is the consideration of an appointment of a member to the Wytheville Planning Commission to fill the expiring term of Mr. H. Judson Lambert whose term expires April 26, 2003. He noted that Mr. Lambert's term expires before the next Council meeting. Mayor Crewe advised that Mr. Lambert is eligible for reappointment and has indicated a willingness to serve. A motion was made by Vice-Mayor King and seconded by Councilman Jones to reappoint Mr. H. Judson Lambert to the Wytheville Planning Commission. Mayor Crewe inquired if there is any discussion on the motion. There being none, the motion was approved with the following voting in favor and there being no opposition: For: Trenton G. Crewe, Jr., Jacqueline K. King, John W. Jones, Jr., William B. Weisiger, Charles G. Crockett. Against: None.

RE: RESCHEDULING COUNCIL MEETING

Mayor Crewe stated the next agenda item is the rescheduling of the May 26, 2003, meeting to Tuesday, May 27, 2003, due to the Memorial Day holiday. He noted that the custom in the past has been to reschedule the meeting to Tuesday, May 27, 2003. A motion was made by Vice-Mayor King and seconded by Councilman Crockett to reschedule the Council meeting of May 26, 2003, to Tuesday, May 27, 2003, due to the Memorial Day holiday. Mayor Crewe inquired if there is any discussion on the motion. There being none, the motion was approved with the following voting in favor and there being no opposition: For: Trenton G. Crewe, Jr., Jacqueline K. King, John W. Jones, Jr., William B. Weisiger, Charles G. Crockett. Against: None.

RE: A-95 REVIEW

Mayor Crewe stated the next agenda item is the consideration of an A-95 Review of the Smyth-Wythe Airport Commission for the design of the eastside apron. He noted that as the Council will recall, this A-95 Review has previously been before the Council in a different form, and the Council asked for a conference. Mayor Crewe noted that what the Airport Commission is now proposing is only the design work and not the actual construction. He explained that the local funds to be split among the various jurisdictions would total \$1,880. A motion was made by Vice-Mayor King and seconded by Councilman Weisiger to give a favorable review to an A-95 Review of the Smyth-Wythe Airport Commission for the design of the eastside apron. Mayor Crewe inquired if there is any discussion on the motion. There being none, the motion was approved with the following voting in favor and there being no opposition: For: Trenton G. Crewe, Jr., Jacqueline K. King, John W. Jones, Jr., William B. Weisiger, Charles G. Crockett. Against: None.

RE: ADJOURNMENT

There being no further business to be discussed, a motion was duly made, seconded, and carried to adjourn the meeting (8:00 p.m.).

Trenton G. Crewe, Jr., Mayor

Sharon P. Hackler, CMC, Clerk of Council

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