

The Smithfield Town Council held its regular meeting on Tuesday, August 2nd, 2016. The meeting was called to order at 7:30 p.m. Members present were Mr. T. Carter Williams, Mayor; Mr. Andrew Gregory, Vice Mayor; Mr. Michael Smith, Ms. Connie Chapman, Mr. Randy Pack, Mrs. Denise Tynes, and Dr. Milton Cook. Staff members present were Mr. Peter M. Stephenson, Town Manager; Mrs. Lesley King, Town Clerk; Ms. Ellen Minga, Town Treasurer; Mr. William H. Riddick, III, Town Attorney; Mr. Steve Bowman, Chief of Police; Mr. William Saunders, Planning and Zoning Administrator; Sgt. Bryan Miller, Smithfield Police Department; and Ms. Judy Winslow, Director of Tourism. There were approximately eleven (11) citizens present. The media was not represented.

Mayor Williams – Good evening ladies and gentlemen. Welcome to the Smithfield Town Council meeting of August 2nd, 2016. It is now 7:30 p.m. Thank you all for coming out tonight. I would like to welcome Mr. Andy Cripps with the Chamber of Commerce, Mr. Rick Bodson who is our mentor, Mr. Dick Grice with Isle of Wight County, Mr. Herb DeGroft who is a friend and a person in the know throughout Isle of Wight County and Sgt. Bryan Miller with the Smithfield Police Department. It is good to have you all with us. At this time, we will stand for the Pledge please.

All present stood and recited the Pledge of Allegiance to the Flag.

Mayor Williams – I would also like to recognize Ms. Judy Winslow who is our Tourism Director. We will start the meeting with our Town Manager's report.

Town Manager – Thank you, your Honor. The July Activity Report was posted with the agenda online. Very briefly, in terms of meetings for the month ahead, we have a Planning Commission meeting on August 9th at 6:30 p.m. at the Smithfield Center. We are also looking at having a public meeting on the 5th Tuesday of this month. It will be a public meeting to get things rolling on the Comprehensive Plan. We would like to get public input on future land use and so forth. The Planning and Zoning Administrator will have more on that as we get a little closer. I just wanted to give you all a heads up that we will be bringing that back to the Planning Commission. The Board of Historic and Architectural Review meets on the 16th at 6:30 p.m. Committees will be on August 22nd and the 23rd at 4:00 p.m. at the Smithfield Center. I would like to thank everyone for coming out and supporting National Night Out this evening. Thank you.

Mayor Williams – Are there any questions for the Town Manager? Hearing none, we will now move to Public Comments. The public is invited to speak to Council on any matter except public hearings. We have three tonight. We will hold comments until later if you have anything to say for those. There is a separate signup sheet for them. Public comments are limited to five (5) minutes per person.

Town Manager – The first signup is Mr. Herb DeGroft.

Mr. Herb DeGroft – Good evening Mr. Mayor, Council members and Mr. Riddick. I live at 15411 Mill Swamp Road in the Hardy district. As you probably know, from things you have heard and read, you know my position on the boondoggle I refer to as the bike and walking path. I have been very pleased to read what any number of the Council members have said about this and where they think they want to go and where they are not ready to go at this point. Having attended the Edwards' eminent domain hearing for two days at the Isle of Wight Courthouse, I was amazed at the complexity of the issue. Of course, the county is going to end up at somewhere close to two hundred thousand (\$200,000.00) dollars in payments for the results of these eminent domain hearings. There is any number still to go. The bottom line, to me, is the use of common sense in this project. There will be additional traffic being put on the Nike Park Road and Battery Park Drive when the Reynolds Drive connector is put in. The cost of doing it is greater if you just do the bike and walking path rather than waiting until you expand the Fulgham Bridge to four (4) lanes and expand Nike Park Road to four (4) lanes and subsequently Battery Park Road; because there will be a significant increase. I only suggest that this Council proceed slowly. In talking to a number of members of the Board of Supervisors at their work session that will be later this month, this is one of the things they will be discussing when or if they are going to do this. People say that it is grant money. The money comes from the feds and the state but the county is going to have to pay something and I am sure the town will have to pay something towards this too; as far as what falls within the town limits. I would remind everybody that you can talk about grants all you want to but the money had to come from somewhere and that was the taxpayers' pocket. The county referred to, in one of the hearings, about roughly seven thousand (7000) people within walking distance of this path between the end of Battery Park Road here at South Church Street all the way to Nike Park Road. Well, if the proverbial ten (10%) percent were to use that, it would come out to spending a little better than ten

thousand (\$10,000.00) per person that would use this. Think of it, are we really expecting this to attract tourists? It is what a county staffer said last year. Tourists go places to ride long distances. You might get ten (10) miles from Windsor Castle Park which did not cost the town anything with all of its trails all the way to Nike Park Road with its roughly one (1) mile trail that is within the park. People go to ride long distances and there is somebody sitting in this room that just told me about their very long bike trip. My neighbor does the two hundred (200) mile ones. So, how many people will really use this and what is the cost per person that is going to use it? I would just suggest that the Town Council proceed carefully and slowly and wait and see what the county is going to do. Whenever you can stay away from South Church Street, with twenty (20) some business driveways and a couple of streets on one side, every one of those business driveways is a danger to whoever might be walking or biking. If somebody decides to turn off of South Church Street into one of those businesses, they might not be able to get out of the way fast enough. They may not even notice them walking or on their bike. So my request is that you proceed slowly and diligently in the use of the taxpayers' money in the Town of Smithfield; let alone, the county taxes too. Thank you very much.

Town Manager – Our next speaker is Mr. Rick Bodson.

Mr. Rick Bodson – I am representing Smithfield 2020. The subject is consent agenda #2 which was the closure of Main Street for the Antiques Fair. At last week's committee meeting, Ms. Tynes asked me to do a quick poll of merchants to update you all about how the merchants feel about closures. Basically, the feedback I got in the last week was consistent with what it has been for the last several years. Specifically about the Vintage Market, several merchants point out that they have had great days on days of the Vintage market; specifically, one quote without attribution "last year the fall market day was a record breaking day for me." Several merchants shared that. They are okay with the street closures so long as the vendors are spread out evenly so that the foot traffic goes the entire length of the street closure; especially, when it is in the three hundred (300) block. Several of those merchants, obviously, are very interested in knowing about street closures extending into the three hundred (300) block. Someone explained it that if there is a road closed sign to make sure that vehicular traffic does not go down the two hundred (200) block. It is a physiological barrier for people walking up

the sidewalk to the three hundred (300) block. There are four merchants on the three hundred (300) block and they appreciate it. Likewise, we have spoken to Tourism about putting a sign at the road closed sign at the bottom of Main Street to remind people that there are shops on North Church Street and South Church Street. Professional firms feel that as long as their business can operate and they are able to come and go to the business then they are fine with it. No one really brought up a major issue about folks that needed to get to their offices on Saturdays. Feedback on balance was positive. There are a couple of merchants who have some logistics issues that they will be discussing with the Farmers Market Manager and/or Tourism. I got enough feedback and some specific requests for a session with the Farmers Market and Tourism to discuss some of the planning and logistics issues; but on balance, feedback was positive. Smithfield 2020 will take the lead on organizing that meeting if, in fact, a meeting is needed. We might be able to address it in other ways. I will close out with a summary that, I think, expressed it best. They said "if you bring people to the front of my store, then I will figure out a way to get them into the store." Hopefully, that answers your concerns, Ms. Tynes.

Councilwoman Tynes – Yes it does. Thank you.

Mayor Williams – Public comments are still open even if you did not sign up to speak. Is there anyone else who would like to comment on anything? Hearing none, we will move to a Briefing by Richard Grice, Isle of Wight County Board of Supervisors, Smithfield District.

Supervisor Grice – Good evening ladies and gentlemen of the Council and all of those in attendance this evening. I am glad to be back after missing the last meeting. This past month has been a busy one for the county. The Board denied the open air firing ranges in Walters. We extended the Blackwater property leases to two (2) of the county's hunt clubs for another year. We authorized rezoning in certain rural and residential areas to permit the use of in-home businesses of gunsmiths. None of the above had anything to do with 2nd Amendment rights. In addition to that, we are in the process of anointing a new County Administrator who will join us on September 1st. I think his bio and everything is online. I will not go into that this evening. We are very excited to have him join us. The business survey is out right now. We are trying to improve, not only the perception but the reality of doing business in Isle of Wight

County. We are starting by publishing a survey that is going out to three hundred (300) businesses plus it is available online. The Chamber of Commerce is helping us push it out. We really want to get a sample base so that we can start making corrections that we need to make to make everyone feel welcome to this community. As detailed in the Daily Press today, the county has engaged an outside consultant to assist with the recruiting of water using industry for the Shirley Holland Industrial Park. The park has over a thousand (1000) acres available to use. In the past, our 'if we build it, they will come' strategy has not worked. For fifteen thousand (\$15,000.00), the consultant is going to identify the first fifteen (15) perspective companies. For five thousand (\$5,000.00) dollars more, they will provide a potential list of other potential companies that really need to come to our community. They need to join us; they just do not know it yet. Yes, there will be tax abatement and other incentives offered by the county, state, and federal government. It is an enterprise zone. However, these incentives are one time and short term events. Bringing industry provides a more diversified tax base, jobs, and water consumption. These are three (3) essential elements for county prosperity. The Board also approved a ten (10) year loan for the emergency radio system. This replacement is not about being nice to have but rather an essential need for police, fire, and rescue services throughout the county. The loan was carefully shopped and has an interest rate below two (2%) percent; however, this new loan brings the county debt to approximately one hundred and fifty million (\$150,000,000.00) dollars. I consider that a lot of money. You may not but I do. We need to get on with handling all of these monies. The Board has requested a comprehensive report on all monies currently available to the county; every single bucket of money that is out there. I call this Capital Project Monies. We want to know what is in each account. The Board has asked for a complete listing of these monies by source such as bonds, loans, grants, state, federal, and private contribution. We want to know where it all is and in what accounts. In addition to that, we want to know what each account is to be used for such as restricted or not restricted uses, matching fund issues, and the used by date. We are talking about a lot of money here. It is going to be a very interesting Board meeting on August 18th where we will be presented with all of this information. We will all have to digest that information and it will be readdressed in a follow-up work session shortly thereafter. The Board insisted on a balanced budget this year without using any rainy day funds or any

residential tax increases. This new Board is being aggressive about understanding all money issues. Please attend or watch the live stream on August 18th if you want to have answers. The following work session will also address specific issues like projects that are currently underway within the county. Mr. DeGroft mentioned one this evening. We continue on the path to build a constructive intergovernmental partnership with both towns. Shortly, the county will begin the process of developing a new Comprehensive Plan for our community. This process needs to go forward on a joint and balanced footing so that both the county and townships are acting in unison. It is only through coordinated efforts that all Isle of Wight citizens will be properly served. By the way, the county has not officially started its Comprehensive Plan program. You are ahead of us. The rumor that the county has hired an outside consultant for one hundred, twenty-five thousand (\$125,000.00) dollars is absolute and complete nonsense. A consultant will only be hired when it is deemed necessary. This is not going to be a repeat of ISLE 2040. That ends my report. Are there any questions?

Councilwoman Tynes – I want to thank you all for the direction you are going in as far as finding the funding that is out there and bringing your organization together.

Supervisor Grice – I appreciate that comment. I will only tell you that a lot of people are finding this very trying.

Councilwoman Tynes – Is this a special meeting on August 18th? What time does it start?

Supervisor Grice – No. It is our regular meeting. It will start at 5:00 p.m. If you come about 5:30 p.m. or 5:45 p.m., we will be out of closed session. The meeting will start at 6:00 p.m. The money will be the principle discussion at the meeting; I am sure. It will take up most of the agenda. As far as the work session, I think you will find it very, very informative. We are asking a lot of questions and the citizens need to know. Are there any other comments, questions, or concerns?

Mayor Williams – Thank you, Mr. Grice. We really appreciate you coming out. Our next item on the agenda is Council Comments. Would any Council member like to comment on anything?

Councilwoman Tynes – Yes, I would. Thank you, Mayor Williams. As you all noticed, we are uniform tonight. I would like to thank our Town Clerk, Ms. Lesley King, for coordinating our attire for the evening. We would also like to thank West Sportswear

on South Church Street for taking care of the attire and making sure we were all dressed. I am a little oddball if you noticed. If you notice Councilwoman Chapman, I was supposed to have my top the same as hers. If you have ever had to go and order some of those things out of those books, the largest they had in there for that particular style was a 2XX. This body could not get it on when we got them. Thanks to Mr. West and his staff, they had a top that would fit me. They got it together before 3:00 p.m. today so I could look uniform also. Thank you very much. Councilman Pack has a top also but he chose not to wear it this evening. He said it was because he was busy and could not attend the National Night Out. He decided to dress in regular attire. Thank you very much. We appreciate it very much.

Mayor Williams – Thank you Councilwoman Tynes. Are there any other Council comments? I have two (2) comments. Ms. Winslow, help me here please. The Farmers Market won an overall silver award. What is that?

Director of Tourism – It is an overall silver award for the ‘best of’ given out by Coastal Virginia Magazine. By overall, it means the Southside, the Peninsula, and our area as well.

Mayor Williams – Thank you. I am going to read a statement from our U.S. Senate, U.S. Senator Mark Warner. It states:

Dear Mayor Williams,

I am pleased to extend my warmest congratulations to the Town of Smithfield upon being named one of Virginia’s twenty safest communities by Safe Wise.

This honor recognizes the community’s efforts that have resulted in the safety of your residents and visitors. In order to achieve this milestone, the police department, sheriff’s office, local government, and greater community worked together towards the shared goal of a safer town. These efforts make new connections that bring us closer as families and as neighbors. Your commitment to the broader good is especially commendable.

On this important occasion, I join with our families, friends, and community in saluting Smithfield’s accomplishments and wishing you the very best for continued success in the years to come. It is signed: Mark R. Warner, United States Senator. I think that is pretty cool. We had big help from our Smithfield Police Department of whom we are very, very proud. We now move to the Summary of the Consent Agenda Items.

We have ten (10) tonight. Are there any Council members who would like to pull any item for further discussion? Hearing none, we will start with Councilwoman Tynes.

Councilwoman Tynes – Police Committee Summary. Thank you, Mayor Williams. The first item is a resolution for a street closure request for one way traffic on Jericho Road for the Bacon Fest, October 1st, 2016 from 8:00 a.m. until 2:00 p.m. This is an annual event. The next item is a resolution for a street closure request for the Autumn Vintage Market on Saturday, October 8th, 2016 from 6:00 a.m. until 3:00 p.m. Also, we have a resolution for a street closure/traffic assistance request for the annual Hog Jog on Saturday, October 8th, 2016. This is also an annual event. If you noticed, we have two street items for October 8th. This is the Saturday that the town also has Souper Saturday which is a big affair. These are the three items for the Police Committee.

Mayor Williams – For the record, Souper Saturday has been moved from Trinity Methodist Church to Main Street Baptist Church which will open up the downtown area of Smithfield for a whole lot of traffic. I hope it all works out well.

Director of Tourism – The Little's Supermarket parking lot will be open for Souper Saturday.

Mayor Williams – Our next item is with the Water and Sewer Committee Chairman, Vice Mayor Gregory.

Vice Mayor Gregory – Water and Sewer Committee Summary. Item C4 and C5 are both water and sewer items. The first is a motion to authorize the purchase of budgeted water meters for various residences and businesses in town. The next item is a motion to authorize the purchase of a budgeted replacement pump for the Morris Creek pump station. That is all for water and sewer.

Mayor Williams – We now move to our Finance Committee Chairman, Mr. Randy Pack.

Councilman Pack – Finance Committee Summary. Thank you, Mr. Mayor. We have two invoices this evening with are in excess of ten thousand (\$10,000.00) dollars. The first is to Kimley Horn Associates for various work and design of the Joseph W. Luter Sports Complex that we are vigorously working on at West Main Street. It is for \$21,623.74 for design work. The second invoice is for Sungard – OSSI for \$21,550.094. It is a budgeted expense for our police department for various licensing and software required to run the department. We also have item C7 which is a motion to award the

vehicle maintenance annual service contract to Smithfield Auto and Truck Center, LLC.

This is a new vendor for our vehicle maintenance. We have formerly been with Dave's Service Center for five years. We are not leaving Dave's because we are unhappy with their work. We sent out an RFP and Smithfield Auto and Truck Center came in with their paperwork correct, their prices inline, and ready to rock and roll. They seem pretty excited about it. I would like to welcome them onboard. We have a great track record so far and we hope to see you join us and be profitable with it. Welcome aboard. That is all for the Finance Committee.

Mayor Williams – Our next item is C8 with our Parks and Recreation Committee Chair, Ms. Connie Chapman.

Councilwoman Chapman – Parks and Recreation Committee Summary. Thank you, Mayor. We have a resolution to authorize the partial closure of the Windsor Castle Park Trail for the Bacon Fest on October 1st, 2016 and full closure of the fishing pier from Wednesday, September 28th through October 1st, 2016.

Mayor Williams – We will now move to item C9 with Public Works Committee Chairman, Mr. Michael Smith.

Councilman Smith – Public Works Committee Summary. Thank you, Mr. Mayor. We have a motion to accept the renewal of debris contract with Goodrich and Sons and Smithfield Services. Staff has been pleased. They work fast for emergency type services that are needed during storms.

Mayor Williams – Now we move to Public Buildings and Welfare Committee Chairman, Dr. Milton Cook.

Councilman Dr. Cook – Public Buildings and Welfare Committee Summary. Thank you, Mr. Mayor. We have a motion to accept the deed for 36 Jamestown Avenue as part of the Pinewood Heights Relocation project.

Town Attorney – Mr. Mayor and members of Council, at committee, we talked about the possibility of closing on 23 and 33 Jamestown Avenue. I would ask the indulgence of the Council to amend that motion to include the acceptance of deeds for both 23 Jamestown Avenue and 33 Jamestown Avenue so we can proceed.

Councilman Dr. Cook – Mr. Mayor, I would I like to amend my previous motion to add 23, 33, and 36 Jamestown Avenue.

Mayor Williams – You have heard all of the consent agenda items, C1 - C10.

What is the will of Council?

Councilman Pack – Mr. Mayor, I make the recommendation that we approve these consent items as submitted.

C1. Resolution – Street Closure Request for One Way Traffic on Jericho Road for Bacon Fest, October 1st, 2016 from 8:00 a.m. until 2:00 p.m.

C2. Resolution – Street Closure Request for the Autumn Vintage Market on Saturday, October 8th, 2016 from 6:00 a.m. until 3:00 p.m.

C3. Resolution – Street Closure/Traffic Assistance Request for Annual Hog Jog on Saturday, October 8th, 2016.

C4. Motion to Authorize the Purchase of Budgeted Water Meters.

C5. Motion to Authorize the Purchase of Budgeted Replacement Pump for Morris Creek Pump Station.

C6. Invoices Over \$10,000.00 Requiring Council Authorization:

- | | |
|---------------------------|-------------|
| a. Kimley Horn Associates | \$21,623.74 |
| b. Sungard – OSSI | \$21,550.94 |

C7. Motion to Award Vehicle Maintenance Annual Service Contract to Smithfield Auto and Truck Center, LLC.

C8. Resolution to Authorize Partial Closure of the Windsor Castle Park Trails on October 1st and Fishing Pier Closure Beginning on Wednesday, September 28th through Saturday, October 1st, 2016.

C9. Motion to Accept Renewal of Debris Contract with Goodrich and Sons and Smithfield Services.

C10. Motion to Accept Deeds for 23, 33, and 36 Jamestown Avenue as Part of the Pinewood Heights Relocation Project.

Councilwoman Tynes – Second.

Mayor Williams – A motion has been made and properly seconded. Is there any further discussion? Roll call vote.

On call for the vote, seven members were present. Councilman Smith voted aye, Councilman Dr. Cook voted aye, Councilman Pack voted aye, Councilwoman Chapman voted aye, Vice Mayor Gregory voted aye, Councilwoman Tynes voted aye, and Mayor Williams voted aye. There were no votes against the motion. The motion passed.

Mayor Williams – We will now move to the Action Section. We have a PUBLIC HEARING: Ordinance to Adopt Meals Tax Increase. We will have a staff presentation by our Town Treasurer, Ms. Ellen Minga.

Town Treasurer – Good evening. I will be pretty brief. The town currently has an adopted Meals Tax rate of six (6%) percent of which two (2%) percent, or approximately five hundred, twenty-seven thousand (\$527,000.00) dollars, is restricted for the Pinewood Heights project. For your consideration tonight, we have the possibility of increasing that rate to six and one quarter (6¼%) percent. The total Meals Tax revenue for FY 2016 that just ended June 30th was one million, five hundred and eighty-one thousand, seven hundred and thirteen (\$1,581,713.00) dollars which is right on budget. The annual value of an additional one quarter (¼%) percent based on those revenues is approximately sixty-five thousand, nine hundred and five (\$65,905.00) dollars. It has been a trend for the last few years that it has continued to rise so it could be a little higher. Because the Treasurer's office would need time to notify the business owners of the change if adopted, this new rate would not go into effect until September 1st, 2016 which would mean the town would collect approximately fifty-four thousand, nine hundred twenty-one (\$54,921.00) dollars of additional Meals Tax revenues in FY 2017. The delay would cost us approximately 2.67% of the total Meals Tax Revenue for the first quarter of the first year or approximately ten thousand, nine hundred eighty four (\$10,984.00) dollars that we would not collect this year because of delaying it for two months. That is all I have unless anyone has any specific questions about it.

Mayor Williams – Thank you, Ms. Minga. This is a public hearing on the ordinance to adopt the Meals Tax increase. I now declare the public hearing open.

Town Manager – The first person to signup is Mr. Lee Duncan.

Mr. Lee Duncan – Good evening. My address is 12170 Modest Neck Road in Ivor, Virginia. I am the proprietor of Wharf Hill Brewing Company. I wanted to discuss the Meals Tax increase in terms of increasing revenue for the town. We have some charts provided by Smithfield 20/20 that show the increases that the businesses have already provided. If we were to look at the third quarter revenues from 2013 until 2015, it has increased by thirty-nine thousand (\$39,000.00) dollars in those two (2) years which is for one quarter. It is roughly a fifty-six (56%) percent increase. It seems to me that the revenues have been increasing handily without an increase in the percentage. To leave

it as-is right now with you guys making more money for the town, I say let it ride. Things are going great. It is going well for our employees and for the donations that we are able to make to the community. To allow us to maintain the payment to the, it is going to allow us to make more payments to our employees and to the charitable events. So that only goes through the third quarter which is the summer of 2015. As far as our business is concerned, we are on a track to break our record from last year so, hopefully, that will be even more revenue as well. If it is not too broken, we should just let it ride. That is all I have. Thank you very much.

Town Manager – Our next speaker is Mr. Andrew Cripps.

Mr. Cripps – Good evening. I live at 15088 Larkspur Court in Carrollton. I am here representing the Isle of Wight/Smithfield/Windsor Chamber of Commerce. Like Mr. Duncan, I am here to encourage you to look at whether this increase is necessary. I understand it is a small increase. It is a dime on a forty (\$40.00) dollar check at a restaurant. This does not necessarily stop people from ordering what they want. If they are hungry, they see the menu and they order it. Where these increases in Meals Tax have an effect is on tipping. The workers who serve the food and clean up are the ones that are hit by this. People round their check or they have a number in their head from what they ordered and it comes out different. Sometimes it is the servers who get penalized in this. It also has an effect on the restaurants being able to attract and keep good help. Dining is such an integral part of the experience of coming to Smithfield. Food is a big part of the identity of Smithfield in the last century. We do draw people from Williamsburg, in particular, where they only have a five (5%) percent Meals Tax. I would agree with Mr. Duncan considering the increase that has already happened in terms of revenue and the impact that a restaurant like Wharf Hill has had on the local economy. People are walking downtown more in the evening than they have in the past; making those businesses that have gone through several really rough years a bit more profitable. I would encourage you to look at whether this is really necessary or whether you want to tinker with it. I understand it is a small increase. It does not make us the most expensive Meals Tax in the area; but we are also by far not the lowest. I would encourage you to consider this very carefully. Thank you.

Councilman Dr. Cook – I have a question. You have said that it trickles down and effects the wait staff directly. What evidence do you have of that? It is an argument that I have never heard.

Mr. Cripps – There are reports where these Meals Taxes have been considered in other areas and the restaurants have come forward to say that it is how it effects them.

Councilman Dr. Cook – My second question is, and I am pretty sure I got this right, that the Meals Tax is a pass-through tax for the proprietor. It does not come off of their bottom line. You just stated that if people want the food they are going to buy the food. It does not really effect their patronage to the restaurant. How is that going to negatively effect the restaurant as you just said? I do not understand that.

Mr. Cripps – As I said, it would effect their ability to attract and keep good workers. If tips are low at a place like Wharf Hill or another restaurant here in Smithfield, they may prefer to go somewhere in Carrollton or across the bridge. If you cannot attract good workers, the experience suffers. Does that answer your question?

Councilman Dr. Cook – It does.

Mayor Williams – Thank you, Mr. Cripps. We appreciate you. Is there anyone else who would like to come forward and speak for or against? Hearing none, we now close the public hearing. We will have consideration by our Finance Committee Chairman, Mr. Randy Pack.

Councilman Pack – Thank you, Mr. Mayor. The discussion this evening is whether or not to increase the Meals Tax from six (6%) percent to six and one quarter (6¼%) percent. The way this came about to give everyone a little background is we began our budget cycle this year a bit short on revenue. We needed to find some additional revenue to make our budget balance. One of the first things that we did was to go back by department and ask for internal cuts. We asked them what they could live without this year and what we could do better. We did get pretty close. We still wound up in the neighborhood of eighty seven thousand (\$87,000.00) dollars short of a balanced budget. There are several ways to do this and many ideas were brought about. It was the majority of Council's opinion that the best way to do this was to increase two (2) taxes to the community. They are both up for public hearing tonight. The first is the one we are discussing now which is the Meals Tax which adds a quarter (¼%) percent. The other is the Occupancy Tax from five (5%) percent to six (6%) percent. We are looking

at a one (1%) increase on that. It will be in a separate public hearing after this one. Personally, it may appear that I have an interest since my business is in occupancy and meals. I am opposed to all tax increases. I was trying really hard to work out the budget for this year. My idea was to do it a bit differently but I was voted down but I respect my Council for that. It is one great thing that we do by working together. Mr. Duncan certainly does bring a good point that we are on an upswing in our meals. He is a huge part of the reason behind what we are seeing in additional income from our meals this year. In front of us tonight is an ordinance to adopt the Meals Tax increase from six (6%) to (6¼%) percent. It is a quarter (¼%) percent increase for this year which is roughly fifty-five thousand (\$55,000.00) dollars towards that eighty-seven thousand (\$87,000.00) dollar shortfall that we have. The other thing to mention, ladies and gentlemen, is that we have a lot going on in Smithfield. We have a manor house at Windsor Castle Park that will be renovated one day. We had hoped it would have been done by now but we did make a two million (\$2,000,000.00) dollar commitment towards that to keep those buildings from falling down. It is near and dear to us. We have bought property on West Main Street to build not just a ballfield but a sports complex for our community. We have some work that needs to be done in town that is more expensive than what our normal budget would allow for. One in particular is on Main Street which is some 'find and fix' stuff. We borrowed five million (\$5,000,000.00) dollars. We also turned around and gave our town employees an increase in pay which they had not seen in a while. I am not trying to resurface that argument but we have taken on additional debt. Additional debt has to be paid for. It would be wonderful if money was growing on trees but it is not. We do have to make some difficult decisions about how to make this stuff work. We are certainly on the upswing here and doing the right things but the only way to increase revenue is to tax. We have to do that. The decision from this Council to look at Meals Tax and Occupancy Tax was that they felt that much of these taxes would be paid by folks that visit our community. They plan to stay in our hotels and eat in our restaurants. The purpose that we get on these additional amenities that we have added to the town will help the offset by not just the taxpayer here in town which is the concept behind it. At this time, does any Council member have any comments?

Councilwoman Tynes – I would like to add to Councilman Pack. He mentioned some of the projects that we have going forward. Some of those projects have come up in the last years. One is a major project that we have taken on and it is not just the Council sitting here but it was the previous Council members from years ago. None of us were here; maybe Carter was part of that during that time. It has been over twenty years ago, I think, when the town decided to relocate the citizens in Pinewood Heights. If you have not been in this community too long, I will give you a little history on that community. It started with Smithfield Foods. It was housing for the employees because years ago a lot of them did not have transportation as they have today. The owners of the plants built the Pinewood Heights community so that their laborers would have some place to stay. Over the years, as the company grew, they put in their own private moat or cesspool. The state of Virginia and the federal government said that they condemned the community. A lot of you may not know this but the project that we are doing in Pinewood Heights is probably the first, or one of the only communities that have ever taken on a project like this where they are moving the entire community. The individuals in the community, a lot of them, work hard and they pay for those homes. To us, maybe they did not cost that much but to them it was a lot. It was hard earned money that they had earned working at the meat packing plants. The citizens before us decided that it was a project that we wanted to take on. We are finishing up Phase 2 and have entered Phase 3. We have one more phase to go. Originally, it was to be a three (3) phase project but over the years we had to break up the last phase and make a fourth (4th) phase out of it. It was becoming too large and the town has budgeted for that. The federal government, as well as the state government, gives us money and grants for it; but as you know, they could change anytime. We have to put in a request for each phase. We just cannot leave a few citizens there when we have actually transitioned a majority of citizens out. We only have a few homes left to transition out. We would like to finish that project. In doing so, the town is buying the property from the residents. We are also selling back. We are trying to gain some of that money back. This is just some of the things that are going on in the town. I do not want the citizens thinking that we are wasting their money and we are just sitting here and spending. It is not true. It is all for the citizens. Thank you.

Mayor Williams – Two (2%) percent of this Meals Tax goes directly to Pinewood Heights. It would not be this much if it was not for Pinewood Heights which we hope will be finished in two and half (2½) to three (3) more years. We will be completely finished and then we are going to be fat and sassy. Are there any other Council comments?

Councilman Pack – I would only say one last thing, Mr. Mayor. We have put ourselves in a position, and not irresponsibly so, where we have to do something to raise money, taxes, or fees. We just have to determine which way is the best way to do that; whether we do it through a Meals Tax and Occupancy Tax increase or whether we do it through other means that have been presented.

Councilman Dr. Cook – I have a question for Councilman Pack. Being a restaurateur, you have seen a few Meals Tax increases along the line. Have you seen an effect on your servers as Mr. Cripps was describing?

Councilman Pack – There are two (2) schools of thought on calculating gratuity for a server. I guess mine is a little more old school. If I were to give a twenty (20%) gratuity, I am going to usually base that twenty (20%) gratuity on the purchase of the food. If your meal was one hundred (\$100.00) dollars, I would tip twenty (\$20.00). If it was one hundred (\$100.00) dollars plus tax, as in this case, it would turn out to be one hundred, twelve (\$112.25) dollars with the quarter (¼%) percent increase. I would still tip twenty (\$20.00) dollars provided I had good service. The second school of thought on that actually would be to the advantage of the server. Many folks look at the bottom of the bill and tip on the total of the bill which is kind of contradictory to what Mr. Cripps said. Also, when I see the reporting on my employees tips it would assume that all tips are reported. That is not something I am willing to assume.

Councilman Dr. Cook – So to answer my question, you do not really see this as negatively impacting your servers.

Councilman Pack – I have never heard that argument like you said. I would like to see the research. I have never heard of it. I am not saying it is not true; I have just never heard of it or seen that side of it.

Councilman Dr. Cook – I have one other question. It is for our Town Treasurer. On the chart that Smithfield 20/20 gave us showing a thirty-eight (38%) percent increase, how does that reflect in compared to your budget? Did we see more money coming in than you expected?

Town Treasurer – It has grown consistently over the last few years. We did modify this past budget based on the way the growth was indicating that it was going. It is why we ended the fiscal year exactly right on budget. The information that I gave Rick Bodson with Smithfield 20/20 was for the historic district only. You are only looking at those considered in the historic area. It is not all of the establishments in the town limits.

Councilman Dr. Cook – So you have forecasted this growth in your budget. You took that into account.

Town Treasurer – Yes. Like I said, there are some years where it can go down. We have a few businesses outside of the historic district that have closed. It does not seem to have impacted the overall amount of Meals Tax at all. Even when you open additional establishments, it does not seem to impact the other establishments. I have not seen any particular drops in Meals Tax for those existing establishments because of a new business opening. When Wharf Hill opened, I did not really see a drop at the Smithfield Bakery, Taste of Smithfield, or any of those. It has continued to grow; that is correct. If it is going to reach some type of plateau, I have not seen it yet which has been a good thing for us. I am not sure how much more it can continue without some type of increase. I do not know.

Councilman Pack – Dr. Cook, the numbers that you see are for historic district businesses. I will remind you as I have before; our number one Meals Tax collector in the Town of Smithfield is McDonalds, by a lot. I would argue that it is a tax on our residents. I would argue that people do not travel to the Smithfield McDonalds from Williamsburg. We do have a new restaurant coming that is next door to the 7-11. It is Q-Daddy's BBQ which I imagine will do very well. He holds a very solid reputation in the BBQ world. Anybody that I know that is excited about a new restaurant coming to Smithfield has mentioned Q-Daddy's. I think that will continue to add to our revenue. We could possibly make the point, as Mr. Duncan was saying, that we should just let this six (6%) percent ride and see where we are at the end of the year. I would certainly be in favor of that. I am against tax increases. I think it is our job as a community to grow our community and live within our means. Our restaurant folks, and Mr. Duncan especially as a good example, have done wonders to our tax revenues. For them to gain a quarter (1/4%) percent increase is not likely to hurt any of the businesses in the town, to be honest. I do not see it as detrimental.

Mayor Williams – Are there any other Council comments on this?

Councilman Pack – Mr. Mayor, I would like to make the motion that we adopt an ordinance that increases the Meals Tax from six (6%) to (6¼%) percent.

Councilwoman Tynes – Second.

Mayor Williams – A motion has been made and properly seconded. Is there any further discussion? Roll call vote.

On call for the vote, seven members were present. Councilman Pack voted nay, Councilman Smith voted aye, Vice Mayor Gregory voted aye, Councilwoman Chapman voted aye, Councilwoman Tynes voted aye, Councilman Dr. Cook voted nay, and Mayor Williams voted aye. There were two (2) votes against the motion. The motion passed.

Mayor Williams – The motion passes five (5) to two (2). Thank you very much for your hard work, Mr. Pack. I know you have gone through this a whole lot. We appreciate the public input also. We have had a lot of that since we started this about two (2) months ago. We battled this long and hard. We want to thank everybody for their input. We will now move to a PUBLIC HEARING: Ordinance to Adopt Transient Occupancy Tax Increase. We will have a staff presentation by our Town Treasurer, Ms. Ellen Minga.

Town Treasurer – As Mr. Pack explained, this was the second portion of the potential ways to balance the budget. The town's current Transient Occupancy Tax rate is five (5%) percent. We have very few businesses in the town that this impacts. There are only four. Total Transient Occupancy Tax revenue for FY 2016 was one hundred seventy-nine thousand, eight hundred, eighty-eight (\$179,888.00) which was also on budget. The recommendation tonight is to increase that rate to six (6%) percent. This equates to approximately thirty-six thousand (\$36,000.00) dollars in additional annual revenues. Like the Meals Tax rate change, we would need to notify the business owners so the rate change would not go into effect until September 1st, 2016. In this case, the delay would cost us approximately six thousand (\$6,000.00) dollars or eleven (11%) percent of the first quarter revenues. We would collect approximately thirty thousand (\$30,000.00) dollars in additional revenues in FY 2017. I will say that especially with only four businesses this tax tends to be a bit more volatile than the Meals Tax. It can very up and down depending on what it going on such as if they are

having outages at Dominion Virginia Power. It has become, I think, a little bit more stable and has increased since we have had a lot more festivals in the town such as the Wine and Brew Fest, the BOB Fest, and all of those things. I think they have played a part in helping to increase that revenue. Does anyone have any questions?

Mayor Williams – Hearing none, I now declare the public hearing open on the ordinance to adopt the Transient Occupancy Tax increase. Do we have anyone who would like to speak? There are no signups. Hearing none, I declare the public hearing closed. We will have consideration by the Finance Committee Chairman, Mr. Randy Pack.

Councilman Pack – Mr. Mayor, I will keep this brief. The discussion that we had on the Meals Tax falls right in line with the Occupancy Tax. We are looking at a one (1%) percent increase from five (5%) percent to six (6%) percent which puts us middle of the road with the other communities. All of the arguments still hold for the same reasoning behind it. If there is no other discussion amongst Council, I would like to make a motion that we adopt the ordinance that increases the Transient Occupancy Tax from five (5%) percent to six (6%) percent.

Vice Mayor Gregory – Second.

Mayor Williams – A motion has been made and properly seconded. Is there any further discussion? Roll call vote.

On call for the vote, seven members were present. Councilman Dr. Cook voted aye, Councilwoman Chapman voted aye, Vice Mayor Gregory voted aye, Councilwoman Tynes voted aye, Councilman Pack voted nay, Councilman Smith voted aye, and Mayor Williams voted aye. There was one (1) vote against the motion. The motion passed.

Mayor Williams – The motion passes six (6) to one (1). Thank you again, Mr. Pack, for your hard work on this. I know you have put a lot into it. We appreciate it. Our next item is a PUBLIC HEARING: Chesapeake Bay Preservation Ordinance. We will have a staff presentation by our Planning and Zoning Administrator, Mr. William Saunders.

Planning and Zoning Administrator – Good evening Mr. Mayor and members of Council. This is a zoning ordinance review and public hearing for amendments to the Chesapeake Bay Preservation Overlay District. Most of these changes relate to either

changes in state environmental laws, changes in Isle of Wight County ordinances, or changes that we wanted to make locally in our Chesapeake Bay Preservation ordinance ourselves. The main amendments relate to laws regarding stormwater management and the transfer of some of those responsibilities to the county's program. Other amendments relate to the ability for septic tank owners to have the option of inspecting their systems every five (5) years in lieu of pump outs in line with similar amendments made by the county. Also, there were some minor amendments particularly related to the removal of nuisance species from the RPA buffer areas. This draft was reviewed by Mr. Sean Smith who is the principal Environmental Planner for the Department of Environmental Quality. He found it to be acceptable. The Planning Commission, at their July 19th, 2016 meeting, recommended approval of the amended ordinance to Town Council. Would you like for me to read through them?

Mayor Williams – We all read it.

Planning and Zoning Administrator – I will be glad to answer any questions that you may have.

Mayor Williams – Thank you, Mr. Saunders. This is our public hearing on the Chesapeake Bay Preservation Ordinance. I now declare the public hearing open. Is there anyone who would like to speak for or against? Hearing none, I declare the public hearing closed. We will have consideration by Public Buildings and Welfare Committee Chairman, Dr. Milton Cook.

Councilman Dr. Cook – Thank you, Mr. Mayor. We have seen the changes. Mr. Saunders was good enough to brief us on them. I think there are a couple of good changes. I like the inspection instead of the pump out option for the septic tank owners. It is a good option for many people. Getting rid of a nuisance tree in our RPA is a good option also. Does anyone have any questions about the changes? Hearing none, I would like to make the motion to approve the changes to the Chesapeake Bay Preservation Ordinance.

Vice Mayor Gregory – Second.

Mayor Williams – A motion has been made and properly seconded. Is there any further discussion? Roll call vote.

On call for the vote, seven members were present. Councilman Dr. Cook voted aye, Councilwoman Chapman voted aye, Vice Mayor Gregory voted aye,

Councilwoman Tynes voted aye, Councilman Pack voted aye, Councilman Smith voted aye, and Mayor Williams voted aye. There were no votes against the motion. The motion passed.

Mayor Williams – We now move to Approval of the Town Council Meeting Minutes of July 4th, 2016.

Town Attorney – Mr. Mayor and members of Council, I recommend the minutes be approved as presented.

Vice Mayor Gregory – So moved.

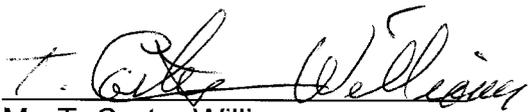
Councilman Dr. Cook – Second.

Mayor Williams – A motion has been made and properly seconded. All in favor say aye, opposed say nay.

On call for the vote, seven members were present. Councilman Dr. Cook voted aye, Councilwoman Chapman voted aye, Vice Mayor Gregory voted aye, Councilwoman Tynes voted aye, Councilman Pack voted aye, Councilman Smith voted aye, and Mayor Williams voted aye. There were no votes against the motion. The motion passed.

Mayor Williams – We will now move to New Business. Is there any new business? Hearing none, we move to Old Business. Is there any old business? Hearing none, we do not have a closed session. Ladies and gentlemen, thank you very much for coming out tonight. We are adjourned.

The meeting adjourned at 8:32 p.m.



Mr. T. Carter Williams
Mayor



Peter Stephenson, AICP, ICMA-CM
Town Manager