

CITY OF EDEN, N.C.

A special meeting of the City Council, City of Eden was held on Tuesday, August 30, 2005, at 4:00 p.m., in the Council Chambers, 308 East Stadium Drive. Those present for the meeting were as follows:

Mayor:		Philip K. Price
Mayor Pro Tem:		Christine H. Myott
Council Members:	(absent)	Donna Turner
		Billy Vestal
	(absent)	Bruce Nooe
		Jerry Epps
		C. H. Gover, Sr.
		Wayne Tuggle, Sr.
City Manager:		Brad Corcoran
City Clerk:		Kim J. Scott
City Attorney:		Tom Medlin
Business Development Director:		Mike Dougherty
News Media:		Brian Ewing, <u>Eden Daily News</u>

**MEETING CONVENED:**

A Public Hearing for the purpose of receiving public comment and input concerning an occupancy tax and consideration of occupancy tax resolution:

Mayor Price called the special meeting of the City Council to order and welcomed those in attendance. He then noted that a sign up sheet had been placed out front for citizens to sign up to speak, however as no one signed up to speak, Mayor Price called the public hearing and asked the Business Development Director, Mr. Mike Dougherty, to come forward with his presentation.

Mr. Dougherty explained that it appeared to be ever more apparent in the last year or so that the County priorities were for the equestrian center and the Mayo State Park and that indicated some reduced funding for the City of Eden. There was some concern over the equestrian center creating lodging development close to the facility, reducing the probability that Eden hotels would benefit. This was confirmed by consultant Glenn Petty at the Partnership luncheon a few months ago.

The City of Eden, Eden Chamber of Commerce and the schools have developed and nurtured several events that benefit motels and the local economy. The hotel owners unanimously approved the Eden Tourism Marketing plan when the tax was proposed. This Council unanimously approved a Resolution for a 3% tax. There was a compromise and the State legislature led to a 2% tax supported by Senator Berger and Representative Cole.

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He explained that he and the City Manager met with the County's TDA officials along with the City Attorney. The plan was as follows: On October 1<sup>st</sup> of 2005 and April 1<sup>st</sup> of 2006, a Tourism Development Plan will be presented to the County TDA Board. This would eliminate the need for 3 separate TDA Boards which was Senator Berger's major concern. The city would sign a simple agreement stating it would comply with the State Statutes on the proper use of funding contained in the bill. The tax would be collected by the city monthly and sent to the County and they in turn would return the funding to the city.

He explained that he, the Recreation Director Johnny Farmer, and Robin Yount (TDA) met with the motel owners in Eden to dispense tax collection forms and to discuss the procedure to make monthly payments. Those who were not in attendance were mailed the information packets. The motel owners were very impressed with Mr. Farmer's plans to develop special events at Freedom Park. The priority that was stated to them all along that their number one concern was to increase the occupancy and income for the motel owners, and this would ensure that the local merchants would benefit as well.

He planned to meet with Ms. Yount on a regular basis to coordinate tourism development efforts and to avoid any duplication. The County TDA promises to continue to support Eden's sporting events.

*The following comments and questions were transcribed verbatim per request:*

Mayor Price - Does anyone have any questions for Mike. He had a couple of questions, everybody, all the motel owners, was it unanimous among all of them and the bed and breakfast owners, that this would be a...everybody was part of the meeting, all the owners?

Mr. Dougherty - The meeting last week, only the people from Daily Seven(?) were in attendance but prior to that back with Mr. Vestal and Mr. Corcoran, they were in a meeting, made a presentation, Cindy Adams attended that, even those that were the most skeptical when they came in at the end of that meeting they actually applauded the effort and they felt very secure in the fact that we had a good marketing plan that would benefit their hotels.

Mayor Price - How much money do you anticipate Mike, on a regular annual basis, this generating?

Mr. Dougherty - Well you're assuming that if what they're collecting on an annual basis is about \$140,000 to \$150,000, you're assuming that Eden hotels are doing at least half that probably a little bit more because I think our hotels are in better shape in some regards so you're estimating at about \$50,000 with the 2%.

Mayor Price - So the 2% is going to generate \$50,000 a year in your opinion?

Mr. Dougherty - Yes, that's what I would estimate it at.

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Mayor Price – We’re going to have a special committee here or is all the decisions going to be made in Wentworth, how is this money going to be doled out?

Mr. Dougherty - That will, what we’re going to do is develop a marketing plan. I plan on meeting with people like Johnny Farmer because he’s, just for example, he had 10 ball tournaments this year, his projection is 20 or more next year to see what kind of needs he has. I’ll meet with, let me just say first of all that first off the county TDA has committed that they will still fund a lot of these sporting events that they have historically, the wrestling events, we will meet, I will meet with people like Cindy Adams, meet with Mr. Corcoran and just work out where the best way to dispense this money. And we will follow the statute as the TDA must as well. It’s not going to be that this money but we have some leverage more than before and that was part of Senator Berger’s bill but we certainly will use it effectively and present a plan to the TDA. My indication and Brad may want to comment was that they were going to take sort of a hands off approach. I did not assume any conflict there or trying to really steer us in any direction. It may be something where they have a plan that we’re not aware of that’s why you want to have the lines of communication open so we don’t duplicate. But we will develop a plan and go from there and we will have the flexibility which we really do not have now to change mid stream if there’s an opportunity and that’s one of my concerns as always for the TDA for a time they had seed money granted then it went away, there may be opportunities like when I first came here the wrestling tournament we had a chance to lobby for a great tournament there and we had to really push to get some extra money but it brought in hundreds of wrestlers so you have to have that kind of flexibility in this type of area. So we’ll have that with the city.

Mayor Price - We’ll be making the decisions locally, in a committee or through your office, how will it be dispersed?

Mr. Corcoran - What will be done is this money will be budgeted just like any other money so from now on there will be budget amendments once we know how much money but basically next spring when we’re working on the 06-07 budget we’ll have a good estimate of the revenue and then there would be a offset on the expenditures so the Council will vote on appropriating that money pursuant to the marketing plan.

Mayor Price - The Council will make the decision, so Council, we’ll be voting.

Mr. Corcoran - Correct, it has to be included in the budget

Mayor Price – OK.

Council Member Myott - But who collects it?

Mr. Corcoran - We do.

Council Member Myott - It comes to the city?

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Mr. Corcoran – Right, it will come to the city on a monthly basis we'll put it in a separate account that has to be earmarked just for this and on a quarterly basis we'll remit it to the TDA the TDA then will turn right around and remit it right back to us and we have to appear before the TDA every October and April to just go over where we're at with the marketing plan.

Council Member Myott - And now the Y will get part of this too right?

Mr. Corcoran – No, the Y won't get any of this 2%. The Y's money and we discussed that at the meeting the money that the YMCA gets right now the wrestlers that's money that they were already getting from the existing 3%. One of our concerns and one of the points we made at the meeting was that this 2% is in addition to what is already being received it wasn't meant to replace it and so one of the points we made is was the city of Reidsville during that meeting is that the city of Eden received \$19,550 from the TDA for the upcoming year and we certainly would expect to see an allocation of \$19,550. Next year unless there is a significant drop in revenues and there was an across the board reduction so the YMCA will still get their money from the 3% that's being collected by the TDA. That's not what this 2% was intended for, this 2% is for new additional items.

Mayor Price - The City Council will be making a decision then on each expenditure?

Mr. Dougherty – You mean as far as how we're going to disperse the money?

Mayor Price - To whom?

Mr. Corcoran - Right there will be a budget just like there is in every other department.

Mayor Price - When somebody makes a presentation to, I assume to Mike and he will in turn bring it to the Council, the Council will vote on his recommendation for the amount of money to be allocated to that group?

Mr. Corcoran - Yes that's correct, but it's our intent to do this on an annual basis. There's not going to be people coming in every single month asking Mike for money. We're going to set up a system and we already pretty much know what events are out there they can make their requests we'll put together a budget within the next budget and the Council will have a good snap shot of what it is and if it changes or if a group comes up and wants some money yes that would come before the City Council.

Mayor Price - Any other questions, anybody have any other comments?

Mayor Price - I'll declare the public hearing closed and a time for some comment and I would like to say on my behalf that I would like to salute the efforts of the City Manager and Mr. Dougherty and the other staff members who worked so hard and come up with this. Personally I think that in my judgment and I'd like to record that I can not speak in favor of it. I think it's a good idea I think it's too soon I think that perhaps in my judgment as we get our communities developed we have some good positive things

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coming in on a roll I'd prefer to see that I believe this city could stand to bring that amount of money in and then after we're up and running have this money to then levy the tax so I think it's a good idea but too soon. I realize I'm in the minority on that but I wanted everybody to know my thinking on that. Any other comment?

Council Member Vestal - I'm not in favor of tax increases either but this was inevitable it was going to the county or it could come to Eden. I think Eden can best utilize what we think is in our best interest more so than the county can do that as Mr. Dougherty had stated a lot of the interest through the county is not over on this side of the river and has been continually going the other way.

Mayor Price - Any other comments?

Council Member Gover - This is a totally different tax it's not a tax per se general tax it's a tax but it's not directly tied to our people within the city as much as it is outside people coming visiting, I mean it's just another form of tax of course.

Council Member Myott - There are a lot of citizens though who do put up their relatives in the motels and I'm one of them when all of my children come we have to put part of them up in a motel so it is something that we have to pay.

Mayor Price - Any other comments? He then entertained a motion to approve this request.

*End of verbatim transcription.*

A motion was made by Council Member Tuggle seconded by Council Member Gover to approve this request. All Council Members present voted in favor of this request. Motion carried.

A RESOLUTION TO  
ESTABLISH AND LEVY A ROOM OCCUPANCY TAX

WHEREAS, the City of Eden, North Carolina, is a municipal corporation, organized and existing under the laws of the State of North Carolina, and as such is authorized to levy and collect taxes; and

WHEREAS, it is desired by the City of Eden to levy and collect a Room Occupancy Tax; and

WHEREAS, the City of Eden has been authorized by Session Law 2005, Senate Bill 369, and more particularly in "Part III. Eden OCCUPANCY TAX." And "Part VI. UNIFORM PROVISIONS. SECTION 6.2", of the aforementioned laws, to levy and collect room occupancy taxes; and,

WHEREAS, a public hearing was advertised for Tuesday, August 30, 2005, and was conducted as required;

NOW, THEREFORE BE IT ORDAINED, by the City Council of the City of Eden, North Carolina, assembled in regular session on this the 30<sup>th</sup> day of August, 2005, as follows:

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1. Room Occupancy Tax. That there is hereby established a Room Occupancy Tax, which shall be in an amount of two percent (2%) of the gross receipts, which are derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place, within the Corporate Limits of the City of Eden, North Carolina, that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. This tax is not applicable to accommodations furnished by non-profit, charitable, educational, or religious organizations, when furnished in furtherance of their non-profit purpose.
2. Administration. The tax levied under this Section will be levied, administered, collected, and repealed as provided in N.C. General Statutes 160A-215. The penalties provided in N.C. General Statutes 160A-215 apply to the tax.
3. Distribution and Use of Tax Revenue. On a quarterly basis, the net proceeds will be remitted to the Rockingham County Tourism Development Authority and shall be deposited into a separate Eden Account. Based on recommendations from and in consultation with the Eden City Council, the Authority shall use at least two-thirds (2/3) of the funds in the Eden Account for tourism promotion and the remainder for tourism-related expenditures. In accordance with the North Carolina Constitution and the United States Constitution, the tax proceeds may be used only for the direct benefit of the City of Eden. None of the proceeds may be used to promote travel and tourism or for tourism-related expenditures in areas within Rockingham County that are outside of the City of Eden.

The following definitions apply in this subsection:

- A. Net Proceeds: Gross proceeds less the cost to the City of administering and collecting the tax, as determined by the City Finance Officer, not to exceed three percent (3%) of the first five hundred thousand dollars (\$500,000) of gross proceeds collected each year, and one percent (1%) of the remaining gross receipts collected each year.
  - B. Promote Travel and Tourism: To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area. The term includes administrative expenses incurred in engaging in the listed activities.
  - C. Tourism-Related Expenditures: Expenditures that are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the City or to attract tourist or business travelers to the City. The term includes tourism-related capital expenditures.
4. Effective Date. The beginning date of the levy and the date upon which the taxes must be paid and collected is the first day of October, 2005.

APPROVED, ADOPTED AND EFFECTIVE this the 30<sup>th</sup> day of August, 2005.

CITY OF EDEN

BY: s/Philip K. Price  
Philip K. Price, Mayor

ATTEST:

s/Kim J. Scott  
Kim J. Scott, CMC  
City Clerk

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Adjournment:

A motion was made by Council Member Tuggle seconded by Council Member Gover to adjourn. All Council Members present voted in favor of this motion. This motion carried.

Respectfully submitted,

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Kim J. Scott  
City Clerk

ATTEST:

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Philip K. Price  
Mayor