

CITY OF EDEN, N.C.

A special meeting of the City Council, City of Eden was held on Tuesday, March, 22, 2005, at 4:00 p.m., in the Council Chambers, 308 East Stadium Drive. Those present for the meeting were as follows:

Mayor:	(absent)	Philip K. Price
Mayor Pro Tem:		Christine H. Myott
Council Members:		Donna Turner
		Billy Vestal
		Bruce Nooe
		Jerry Epps
		C. H. Gover, Sr.
		Wayne Tuggle, Sr.
City Manager:		Brad Corcoran
City Clerk:		Kim J. Scott
City Attorney:		Tom Medlin
News Media:		Brook Corwin, <u>Eden Daily News</u> ,
		Carla Bagley, <u>Greensboro News &</u>
		<u>Record</u> , Lisa Doss, <u>Eden's Own</u>
		<u>Newspaper</u>

City Department Heads & Staff:

MEETING CONVENED:

Consideration of a Resolution asking State Representative Nelson Cole to introduce local legislation increasing the Motel/Hotel Occupancy Tax:

Mayor Pro Tem Christine Myott called the special meeting of the City Council to order and welcomed those in attendance. She explained that the item on the agenda was for the consideration of a resolution asking State Representative Nelson Cole to introduce local legislation increasing the motel/hotel occupancy tax. She then opened the floor for discussion.

Mr. Corcoran explained that they had a Power Point presentation prepared and asked the Business Development Director, Mr. Mike Dougherty, to proceed.

Mr. Dougherty explained that about three weeks ago they met with Ms. Lisa Perry [Partnership for Economic and Tourism Development President] and Ms. Robin Yount [VP Tourism Development Authority] to discuss some of his concerns about the TDA and some of them have been known for quite a while. He was also planning to present some of this information to the Economic Development and Planning Sub-Committee, [but] they met last week. He explained that from an organizational standpoint, as he understood it, and some of this may not be completely correct, but Ms. Perry was the President of the Partnership for Economic Tourism and Development, there was an Executive Board of Directors and a full Board and the TDA falls under that. Ms. Yount was the Vice President. The TDA was comprised of individuals involved with tourism throughout the County, the Chamber of Commerce Representatives and At Large members.

Their funding was generated by a 3% transient occupancy tax on motels, hotels and bed and breakfasts within the County so they could see the range of their annual revenue. Reports for the last year generated about \$146,000. This covered the salaries for Ms. Yount and also part of the Administrative Assistant costs, there were marketing initiatives, brochures and then grants for those people initiating events involved with tourism.

He noted that some of the recent TDA expenditures coming out of that \$146,000 was a new visitors guide. They purchased a \$2,900 ad on a US Air flight magazine, Triad Highland Games \$1,250, and then a County map project \$3,870. The last time he had been at a meeting, the TDA fund balance was anywhere from \$280,000 to \$300,000. He did a study in 2003 concerning where the fund balance of the Rockingham County fund balance was in comparison to other counties. They could see it was about 200% of annual collections. No one else quite came close to that, the closest was Nash County with 30%. He noted that he had been told the fund balances were held for large projects like the Mayo State Park, Chinqua-Penn and the Equestrian Center. It had been a source of contention with several agencies within the County and in the cities as to why such a large amount was held.

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They get along pretty well on certain things and there were some collaborative efforts such as the Cycle North Carolina last October. That was a very good effort between the City of Eden, the Chamber of Commerce and the TDA. Ms. Yount was recognized in the City Council Chambers for the efforts of TDA to promote it.

They also worked together on golf packages; they had a prospective movie producer here and they did some working on that. They did fund a shopping brochure and he had been one of the most vocal proponents of the Partnership, especially Ms. Perry and Ms. Leavitt's efforts for marketing. He thought that was very important at that time. So, they have had some points of conflict but certainly not all of them.

When the former Partnership President, Don Moss, was here, his major concern was return on investment. The funding that they gave them in grants, they wanted to make sure that they got something back. He asked them to take a look at what had happened to TDA since 1999. It was ranked 46 then and now it was ranked 49, so it had dropped a little bit but it was coming back slightly. Local tax receipts remained unchanged, but expenditures have gone up less than 4% in five years. When he presented this to Ms. Perry and Ms. Yount, the point was, everyone had taken a hit on tourism and he was sure that was true.

He asked them to take a look at a similar county such as Burke County. Morganton was in Burke County. They were similar with Morganton in a lot of demographics. They have stayed about the same or dropped a little bit in their State rankings. Their tax receipts have gone up slightly, but they have enjoyed an 8.4% increase in five years. So there have been some counties that have been able to move forward a little bit more than they have.

Last spring he and Mr. Corcoran met with Ms. Perry and discussed funding for local initiatives and those initiatives they thought were successful, the Pottery Festival (increased-doubled its attendance in one year's time) and the Ribfest was a way to showcase the City Park (did extremely well the first year). The River Fest fits with the strategic plan of the County, to promote rivers. There were river signs all over the County, they have encouraged river outfitters, so they thought this was a natural, and to Ms. Perry's credit, she had pledged to support these events and even considered a lump sum to municipalities for tourism efforts.

When they got to the meeting that particular day this was what happened. The city essentially requested \$10,000 in grants. The Board wanted to give \$4,000. It was a very aggressive campaign on his part and some say maybe "he crossed the line to obnoxious", but he believed he had to fight for his city and they came up with \$7,000.

Mr. Dougherty noted that several things concerned him about that meeting because there were some conflicts and inconsistencies. One of the Board Members said they wanted events to be self-sufficient. He pointed out that if they talked to Ralph Barrow Automobile's Marketing Director, he would tell them that they get hit for money every day for sponsorships. So, of course, they contact them, but it would be nice to have the TDA backing. He had asked at that meeting to please clarify the mission as they thought it would promote tourism but were told it was to be self-sufficient. So there was sort of an inconsistency there.

He stated that they thought the grants would be evaluated on the merits of the event itself and they were told that some of the money was given to other areas just to even out funding amongst the municipalities. There were inconsistencies and every grant that was presented had to show an overnight stay. There was a mandate there, yet when the 2003 posting for tourism development through the Department of Commerce was made, 2003 came out last year and Ms. Yount was quoted, this was in a press release generated by their public relations assistant, that she was very happy that the State did not just look at overnight stays but looked at day trips that also brought a lot of revenue into the County, and they could not agree with her more.

Granville Travel & Marketing, a group of people that he had contacted, did one study in Virginia that showed that people on day trips out spend out of town visitors by a wide margin. There were other things that he believed were important. They do things that were incidental to what TDA does and this generated occupancy tax. For example when people come to stay on business travel for Miller, Karastan, or Loparex, that happened because they have those industries. Also

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the city has initiated things to bring people to the city for sports recreation which automatically generates over night stays. For example, this was just an estimate of what Freedom Park, the efforts in grants and loans and the park sale, over a million and two, they have put in, to try to generate overnight stays, did not seem to be acknowledged. He was not able to get that information and was told that this information was not available.

Mr. Dougherty stated that they assume that the city generates about 50% of the occupancy tax so the estimate was around \$73,000 annually. Ms. Bagley, News & Record, told him that she attended the first Merle Fest which now generated 77,000 people coming every year. He noted that it was very small when they first started out. He stated that he thought some of their events have that long term effect or potential. They considered lump sum funding to be used for Eden tourism efforts to be more judicious in material spending and this was maybe a point of disagreement, but \$2.16 per brochure on their new brochure was a little bit excessive. Then also to aggressively pursue golf packages and other opportunities for over night stay. Currently there was a draft before the TDA Board that would give \$5,000 to special events that did not yet produce over night stays. So this would not just be for Eden this would be the entire County. So, this would be spread pretty thinly across the entire community.

He explained also that every April, 60 golfers from Canada come here to play golf. This was an effort started by Ricky Dykes of Meadow Greens Country Club. He and John Grogan worked to cultivate this. Wrestling tournament organizers were also brought in to the TDA. Prior to that, they did not really know about the TDA and actually he really believed that it was fair to say that the TDA really did not back the wrestlers to the level they should until a competitive county offered \$5,000 last year. Now they were on board and were supporting it. He stated that it was wonderful, but it was an initiation from the Eden agencies and businesses. He persisted in pushing the TDA for the golf packages to expand that and they were trying to do that to get more Canadian golfers here to expand.

They have also invested in the Freedom Park which would bring more "heads and beds" via ball tournaments.

Mr. Dougherty stated that they also "shoot the wounded here" as they had Cruzin & Shaggin which was an event held on Washington Street. That was digressing as it was not moving forward so they got rid of it. He stated that he did not want the TDA to be spending good money after bad. He just did not think that was right, so if an event was not producing what it should, they would get rid of it and, unfortunately, just in his estimation, he did not think that there was support for as many Eden events with long term potential as there should be.

He added that the City of Reidsville had a lot of concern that mirrored what Eden's concerns were and they added a 3% tax to local motels to fund business development. He did not know if it was a position or efforts, and then tourism efforts to Lake Reidsville, Chinqua-Penn and the Equestrian center. There was a County proposal to add a 2% tax to fill a \$150,000 start up cost gap to provide a rainy day fund and this was the projected revenue. Also from speaking to people outside, they say that the Equestrian enter was event driven so he suspected that there would be an awful lot of money required to make sure that they get the events to make that viable.

It was great that they have upscale people coming to those events and that was a wonderful thing, but would that resort overshadow existing motels. Apparently for the people that go to equestrian centers, Hampton Inns and Holiday Inn Express were considered the very low end for them. So, they certainly would not want their current hotels to be subsidizing another resort but whether or not that was true, that was just a concern he would have if he were on this project.

As far as this occupancy tax initiative, there had been no official comment by the city. The City of Reidsville was seeking Eden's position on this and a bill must be introduced. The equestrian center would benefit Eden but certainly not as much as Reidsville. The Mayo State Park would benefit Eden, but certainly not as much as Western Rockingham County. Eden had some specific needs themselves. They needed a special events center for sports, seasonal music and artistic events and he noted the Super 32 tournament, which brought 600 wrestlers here last year. The feeling was that they may stay another year but if it continued to grow they had no place to

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accommodate them. Somebody wanted to do a hunting and fishing show and they did not have a place to accommodate that. The business expo was a bastion of music. There were a lot of things that they could do, but they just did not have a place to hold them. There was a historic mill in the area and there were initiatives on that. How did they market that and would they be getting any money to do that.

Also, he noted their existing and future special events and then the marketing of the city in general and the concern over the 2% county tax, would Eden get its fair share of funding support for these initiatives. There seemed to be reluctance right now for the TDA to provide them with existing events support. He asked if Eden would get lost in the efforts to promote the equestrian center, the Mayo State Park and the Chinqua-Penn resort. What funds would be available to support the mill project if that happened. What was the TDA's plan to promote Eden, tourism efforts seem to be concentrated in Reidsville and Western Rockingham County. He then showed a map so they could see that the State Park was in the western [part of the County]. There was also talk about a special events center but that was supposed to be put in Wentworth. Reidsville would have the Chinqua-Penn Resort and Equestrian Center. He did not think it was right when they have the largest city in their County that did not have any initiatives there.

These were their options to enact a local 3% occupancy tax to support the County tax that that they were proposing. He stated that an alternative would be to support the County tax and then seek a 1% tax rebate at Eden. Support Eden's tourism efforts and they estimate that was about \$24,000 annually.

Mr. Dougherty stated that the staff's recommendation was to go with the 3% tax and they would tell hotel owners that they would immediately put that money to work to promote sports recreation and tourism development so that they did not lose anything out of this. He stated that immediately they would see an impact. He stated that they would recommend that they hold this in a separate fund, tourism account, not to go in the General Fund. Then, when the equestrian center, if this becomes a viable opportunity, the City Council could consider a contribution to it. He then asked if there were any questions.

Council Member Tuggle commented that he did not know if this was the proper time to ask, Ms. Lisa Perry was present, and added that he did not know if she would be interested in having anything to say. He certainly did not want to say anything without listening to the other side and what he had found through this whole thing was that communication had not been as good as it should have been and that bothered him somewhat.

Mr. Tom Medlin, City Attorney, commented that he thought their initial point would be correct before they begin their discussions or debate, they needed to have a motion and open up for that discussion. Then the floor could be given back to Council Member Tuggle.

A motion was made by Council Member Gover seconded by Council Member Vestal to open up the floor for debate and discussion. All Council Members voted in favor.

Mayor Pro Tem Myott then opened the floor for debate and discussion.

Council Member Tuggle reiterated that he thought more than anything else his main concern had been just a lack of communication. He was not really sure why but after he read two or three different articles in the paper, Eden was never included in any type of discussion and there was nothing ever said about Eden. He would certainly like to know where they were and where they stood, what their philosophy was and how they wanted to include Eden. He was for the equestrian center and he was for Chinqua-Penn. He had been there a bunch of times when he was the principal of Draper Elementary School and he thought that was a wonderful opportunity. The thing that bothered him more than anything else, he supported those things, but without any kind of information and without any kind of determination, to vote yea or nay on things, it was just bothersome to have to have a special meeting to even be included in the process. Even during this process they found out that there were two Executive Board Members and evidently the Mayor of Reidsville did not even know about some things that were going on.

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He stated that it just bothered him that they did not have any more information than that. So, it was hard to make an informed decision about where they were and what they want to vote for with what was best for the County plus have enough time for people to come in and discuss issues and tell them about it instead of it being at the last minute have to make a vote on something. That was the thing that bothered him more than anything else. It was not that he was against any of it; it was just that he would like to know what was going on.

He stated that there were a lot of questions and he would just like for Ms. Perry to be able to say something, whether it was now or at a later time, to at least talk to the Board and at least tell them things that they did not know and answer questions.

Mr. Medlin commented that before he yielded the floor, as part of his debate or presentation he could include Ms. Perry, so he could ask her to come speak on his behalf.

Council Member Tuggle stated that he would like to ask her to do that if she felt that it was the appropriate time. He did not want to put her in a difficult situation at this point but...like he had said, he was not against any of this stuff, and it was just that he had no information on it. He had to read it through the paper to find out what was going on and he was a City Council Member and should to know more than that.

Ms. Perry agreed. She thought that all of this, the way that it had happened, resulted in most people not really understanding the full picture and she thought they were kind of in the same situation. She noted that when she said "they", she was part of the TDA part of the Partnership and worked with the counties, and she had been sitting in on this equestrian center project from the very beginning. She stated that she had some information and would be happy to answer any questions. One thing that she wanted to talk was why no one knew what was going on in terms of the equestrian center and the counties thought process, relative to the occupancy tax.

She explained that the feasibility study for the equestrian center was completed last fall by Glenn Petty, President of the North Carolina Horse Council, was also a major show promoter across the country. He was very well known in the equestrian community.

Council Member Tuggle questioned how they would have gotten this.

Ms. Perry replied that the TDA, back when the County, the feasibility study was funded by the Golden Leaf money in the amount of about \$30,000 (in 2003), was completed, and copies of the equestrian center study had been liberally given out upon request. The County Manager, Tom Robinson, and Mr. Petty had actually done a number of presentations on the center to the TDA to various groups around the community. The County had actually contracted with him to continue to work with the Equestrian Advisory Committee, an ad hoc committee, formed a year ago involving people from all over the region primarily equestrian people that were prominent in the equestrian community in the region. She pointed out again, not just Rockingham County but from all over.

She explained that their thought process was to, once they had the feasibility study and the results looked good, it was a public document that was absolutely available to anyone. Their thinking was, they needed to take this information and get a business plan together, so that they would have something more specific to talk about when they go out and begin talking to the City Councils, to the other jurisdictions, and the other people that would have a share in this. Their business plan was very, very recently, within the past ten days, and it was at that point that she and Ms. Yount were actually asked to come into the County Manager's office and that was when he first broached the subject of an occupancy tax being part of the funding mechanism for the equestrian center. Knowing what a sensitive issue that was with their hotels and the TDA, part of their whole focus had been dedicated to being particularly sensitive to the needs of the hotels in their community as the occupancy tax was derived from them. If they were not successful, then that revenue stream goes away and they would all suffer.

She stated that she became concerned right away as Mr. Robinson started to talk about it. She thought that they were very open about it, if they were even going to broach the subject, the first

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thing they needed to do was complete the business plan and go to the hotel owners and fully present the equestrian center project to them.

Their plan was, as Ms. Yount holds quarterly innkeeper meetings, just sort of an informational opportunity for the innkeepers to get together to talk about occupancy, what the trends were, and what was impacting business. A lot of information was shared on TDA activities that might be bringing in special groups. They share survey forms and any number of pieces of information was shared during those quarterly meetings. So they decided to get the County Manager on the agenda for that next meeting. He could do the full presentation on the equestrian center to date and at that point they would also have the business plan available for folks that would like to review it. She suggested that they could perhaps begin to meet with them and discuss this issue recognizing that this would directly impact their business. That was their game plan and they were surprised that following Monday when they heard that Reidsville had moved ahead with a 3% occupancy tax increase.

She stated that she was very surprised and she thought, as all the members of the TDA, really were not sure where it was coming from. They had not been asked to discuss the issue in any way. Frankly, they were concerned because they were working on this whole effort to approach the hotels in a very careful way. [Then] everything exploded. The hotels were obviously very upset. They were calling as they did not know what was going on. The TDA Board Members were obviously very concerned. So, they began to try to do some damage control. She stated that they just approached this very carefully. They had their quarterly innkeepers meeting, so they should move forward with that and move forward with the presentation to the hotels to calm them down and keep the focus on the equestrian center, and how they would talk to them about this whole idea in the midst of all of the chaos with Reidsville. She noted that it was not going to be an easy thing to do.

What they tried to do was just to calm every body down and not over react. She noted that Representative Cole was a long time supporter of the Partnership of Rockingham County and she trusted that he was going to do what was best for the community. She added that there was a reassurance for her in that. So having said that, they went on with their meeting on Thursday with the innkeepers and started with the equestrian center presentation. Mr. Robinson went through it, showed the numbers, and spoke in detail. He answered questions about it and they opened the floor for discussion. The hotel owners were very upset, particularly the ones in Reidsville because they had not been in any part of the discussion with respect to Reidsville's request to Representative Cole. There were four hotels specifically that were particularly upset, and in fact, discussion went on in which they revealed that they were actually in crisis mode. They were actually having difficulties making ends meet. She pointed out that this occupancy tax was a big deal.

She explained that they listened to their concerns. The hotels in Eden also spoke to them and seemed more open because she thought financially they were in a better situation and they have done pretty well. But she thought they were a little more open to the idea of the equestrian center. At the end of the day all of the hotels agreed, they liked the equestrian center project, and they thought the potential for the numbers from the business plan show that the maximum benefit from the equestrian center project, 37% of that would go directly to the hotels in terms of room nights. She added that those were very conservative numbers.

Ms. Perry pointed out that 32% of the revenues would go to local restaurants. She noted that some conversation took place about a meal tax and she thought that the County Manager addressed that and said it was a good suggestion. She added that he told them that from his experience as a County Manager, that was a very hot button and people from across the State seemed to look at it as a precedent setting issue. People get very hot so it was even tougher to do that. So they really hesitated to even take that on and there was some ongoing discussion about that.

She stated that she thought what they came away with was that the hotels overall liked the idea of an equestrian center. They appreciated what it could mean for all of the hotels, from what she was hearing and their business plan showed this and the feasibility study showed it as well. She added that absolutely every hotel in Rockingham County would benefit, no doubt. She certainly

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did not think Reidsville had, Chinqua-Penn was not located in Reidsville and Reidsville did not have more of an advantage than Eden, in fact maybe it was a surprise to them, but the consultants that came in, some of the investor groups that have come in to talk to them about Chinqua-Penn have actually stayed at the Hampton Inn in Eden. They did not think of it as a problem. They chose the hotel and she thought Eden would benefit as much as anyone.

At the end of the day the hotels were supportive of the County and the 2% occupancy tax that they were discussing at this point. Most of the hotels agreed that they thought that the occupancy tax increase, if it should happen, should occur when the equestrian center opened, when the actual bookings took place.

She stated that it sounded like something that worked for the hotels and there was even discussion such as could this be something that they could consider doing for a period of time until the equestrian center gets to a point where it could stand on its own and be self-sustaining. That was what they would ultimately like to happen for as many of these tourism projects and as many business development projects. They tried to be sustainable and self-sustaining at all possible. That way, they could avoid the taxpayer having to absorb the cost. She explained that that was sort of their thinking, there were an awful lot of extenuating circumstances and she appreciated what Mr. Dougherty was saying. Those festivals have tremendous benefit for the community and it was something they could all do as a family.

She stated that she was not going to try to speak for the TDA, but she thought their focus had been on what they could do with this tourism dollar that could make the biggest impact on their community. She really disagreed with the comment that day trips would generate more revenue than an overnight stay. She could not imagine that was true, but she could be wrong and added that she would really like to know where that came from. She stated that she thought that had really been the focus and personally, and she had shared this with Mr. Dougherty, as he said in his presentation, she thought there was a compromise for everybody. She thought the cities have a right to perhaps have some money that they have some control over for which they could support those festivals and other things they want to do. The important thing they needed to remember though was that they had a scarce number of resources, the more fragmented their approach to tourism development and economic development, she thought, the less of an impact they were going to get or realize. That was certainly arguable, but she really believed in that and she thought that anytime they were looking to spend tax dollars, whether they come from people that were coming off Highway 29 or Highway 220 and they were paying the hotel taxes, it was a resource they have and it was not a big one. In the event that the cities move forward with a new tax, they were going to have to form their own tourism authorities to handle that money. That was going to be cumbersome and it was going to be a duplication of effort. She just thought there was a lot more to the picture that was unexplored that they needed to know. This was not a TDA issue; she saw it as a County jurisdictional issue that they all needed to make the decision about, what was done with the money.

She stated that the County seemed very pleased with the direction of the TDA. If they make a decision that it should be run differently then that could be explored too. Again, she did think that personally the cities did deserve a portion of the money to use as they would like but she was not making those decisions. She was not a voting board member. She stated that she hoped that she had enlightened the Council and would be glad to answer any questions. .

Council Member Tuggle stated that he wanted to say personally that he thought they had done a great job overall. He saw this as being more of a miss-communication and did not care what kind of groups they get especially when they get a political group, there was always going to be miss-communication, intended or unintended he was not really sure. He stated he would hope they work on a way to do better to get the word out that it really was bothersome to have to come up here and have a special meeting to vote on something they have had very little information from anybody about. He stated that personally, he would love to see an equestrian center or Chinqua-Penn, he thought that probably a lot of people supported it, but they would like to have enough information to know to vote.

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Ms. Perry agreed and they thought this whole voting thing was very premature anyway. They were progressing slowly and their intent was to get the support of the hotels and then approach them with their plan.

Council Member Tuggle commented that was not the way politics works to which Ms. Perry agreed. They were trying to do their homework...[that] was what they were trying to do...

Council Member Turner asked if part of this was driven by the deadline for legislature, as that was what she was thinking to which Council Member Tuggle replied it was. Council Member Turner noted that the deadline was tomorrow if she was not mistaken.

Ms. Perry agreed, as long as there was a blank bill, a request in place, they have until June to work this out, so they thought they had time. They were not concerned because they knew Representative Cole had some blank bills out there that gave them some wiggle room if they wanted to move forward. They did not know yet if the County was even going to consider further the 2%. That was going to be contingent upon the reaction by the hotels. The County had not committed to a decision yet, so when all of this happened with Reidsville it just blew up in their faces so they were not asking the City Council to vote today. They did not want Reidsville to jump ahead of them. This was not the ideal situation they were looking for. They were hoping to have time to work it out and they still do. There were many suggestions that have been made that she thought had been beneficial, maybe they asked for 3% tax at such time as work with the hotel's current financial situation, the current market. Maybe they wait and forego an increase at all until the equestrian center was on line, until some other things happened. Maybe 2% goes to the equestrian center and maybe the other 1% could stay within Eden and could go to Reidsville, they split it somehow. She thought a lot of compromise could be made.

Council Member Tuggle questioned who made that decision as to what those options were, whether it was 3% or 6% or 5%, "x" amount of percent comes back to the city. He asked who decided that.

Ms. Perry replied that she did not think there was any one entity deciding it. She thought they needed to come to consensus on that, but she thought it must be blessed by the innkeepers themselves. They know what their market would bear. They were not talking as much about the "snowbirds" that come down the road looking for a good rate. They did not stop to say "what is your occupancy tax", but the big van tours and the other bigger groups they were trying to attract; they do know about the occupancy rates.

Council Member Tuggle questioned who laid out this overall vision for them that they were not really sharing in. He thought that was part of the problem. Somebody had a vision, it was probably a good vision, and it was probably good for all of Rockingham County. He was all for Rockingham County, he was also all for Eden too, just as Reidsville was and the western part of the county, but unless they share the vision and they have an idea where they were going with it, do not expect [Eden] to buy into it because they were not going to do it.

Ms. Perry replied that she did not think they had asked them. The County had not asked anybody to buy into it yet...to which Council Member Tuggle asked why.

Ms. Perry replied that was because they were not there yet. They had to make sure that their plan was viable. They had not finished their homework. They just had their meeting with the innkeepers last Thursday, it was scheduled and they were working toward that, and all of this happened with Eden at a terrible time.

Council Member Epps stated that the TDA had been asked to fund certain projects and they keep cutting back to keep a big fund balance. That forced cities like Reidsville and others to do what they were talking about today because they have to finance those deals that they were talking about putting together. He understood from one of the Council Members, two of them were actually here the other day and they met, that it was three years off before the equestrian center would ever be finalized.

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Ms. Perry replied that it would take a two year construction cycle and if they have read the paper and read about Mr. Jim Isley, who was one of the members of the advisory council, she thought the bookings could be made well ahead of the construction schedule being completed. So, they were talking about three years which meant, open, up and running, fully established, full schedule, ready to rock. That was well into the process.

Council Member Epps stated that he was thinking that maybe, he did not know what prompted them. He knew that they were caught between a rock and a hard place today because they needed, they had an apple festival coming, they had all these things coming and money keeps backing away and they were getting so many people they did not have a place to park them, but yet they say they were just going to get \$5,000 for the whole County. They were going to end up with some shortage...

Ms. Perry agreed and she thought that was why a compromise was in order and that maybe the 1%, they should look at that 3% overall at some point maybe the 1% could kick in now. She added that they needed to discuss it as a group. The County was not in a position to be informed enough to say okay. They have met with the hotels and here was their business plan; this was what they were considering based on feedback from the hotels, now they were ready to talk. So, now was the time and they should seize this opportunity. They have until June, Representative Cole had those blank bills in place. The cities could move forward and he could hold those bills until they come to consensus which was what she really thought he would like for them to do.

She added that she knew that Senator Berger felt the same way. Here they had time to do it and come to some consensus on the matter and explore it. As much as they all would like to do that, come up with a plan, because she thought there was enough here for all of them, and she thought they were all trying to do the same thing.

Council Member Tuggle stated that he hated to put 6% on the motels and it would be a lot better to do exactly what she said, to be able to sit down and come up with a plan that all of them would be somewhat pleased with. They know that they would get something back to do some of the projects that they want to do plus he thought they all feel like it would make a lot more sense to do 4 or 5% rather than put a 3% already onto a 3%, sit down and come up with some options, and they would know they would get money that would come back to them to do their projects. Reidsville would do theirs, but somebody had to initiate this and get it together. Right now the purpose of this meeting was because they had no information.

Ms. Perry stated that the County was not ready to do anything yet...all of this...to which Council Member Turner asked if she was correct in asking if Reidsville had done a resolution and it had passed.

Mr. Corcoran replied that Reidsville had already voted and what Representative Cole had told them was that he needed to know whether they want to be a part of the Reidsville bill by 5:00 p.m. tonight because they were submitting it at 5:00 p.m., in 20 minutes.

Ms. Perry replied that Eden could go ahead and make a resolution to do that and then they could agree informally that they were going to sit down and work this through. She noted that nothing ventured was nothing gained. If the City Council wanted to do that, she thought Representative Cole would appreciate the fact that they have. She noted there seemed to be a willingness to move forward together and then at some point he would be pushed to go ahead and move forward with a recommendation to the Occupancy Tax Sub-Committee. They would look at everything, the two cities, the County, and they were all three being submitted, it was going to be more difficult for them. They were going to have to weed out what was best and push on some recommendations that made sense to the Finance Committee for final approval. So, she thought they had some time to work this out and hopefully to help prevent Representative Cole from getting in a situation where he was stuck in the middle.

Council Member Turner asked if they were in any way jeopardizing the equestrian center's plans with what was going on now to which Mr. Corcoran replied not in their staff's opinion.

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Ms. Perry commented that she would say that the County Manager was on vacation this week or she was sure he would be here speaking for himself. He had made the statement, without this 2% from the occupancy tax to fund, and it was not a rainy day fund as it had been called a couple of time, it was actually for ongoing capital equipment and depreciation costs.

Council Member Turner stated that they were talking about the \$300,000 to which Ms. Perry replied yes, the 2% that they were looking for per year for a period of time. It had been factored into the business plan which she would make available to all of them. She had an electronic version, they have the feasibility studies, she had one here for them, it was public information. Anyway, his feeling was that he would be hard pressed to recommend to the County Commissioners that they move forward with this project until they find another source of income if they did not have that coming in. He was not willing to recommend that the tax payers of Rockingham County absorb any of this cost through any other new increase tax. Personally, there were other avenues that they were exploring, corporate sponsorships, that had not been tapped yet, but she thought they were going to need those to do a lot of other things.

Council Member Nooe questioned the City Attorney that if they go ahead and vote on this and decide later that they did not want to enact the 3%, was this going to bind them in any way to that. He noted he did not want to rush through, but he understood it did not sound like they were getting a fair shake from the TDA, and he would like to see the money that was already coming out of the taxes re-divided, but in a different way, and discuss that. If they went ahead and did this and got back together and determined a logical process to go through, they were not locked in to the 3%.

Mr. Medlin replied that they were not passing a tax; they were simply requesting a bill and they could always request Representative Cole to withdraw the bill or to kill it, so that it did not pass, or to amend it to some other alternative that they may come up with. It very well may be usually their two Representatives would float a blank bill anticipating that something would come up after the deadline, and there may be blank bills out there that they could allocate to them at a later date, but he did not know. So if the deadline was today, and they wanted them to get a local bill, even if it was blank, then they could fill in the wording, they would need to do something by today. But like he said, until the bill actually passed, they could try to have input and withdraw it.

Council Member Vestal commented that she had thrown three things there in her statement, the TDA information shared during the quarterly meeting, they had not seen anything. He was on the Executive Committee, and he had not seen anything. He had been on the full board and Council Member Epps had been on the full board.

Ms. Perry asked if he was talking about the Partnership to which Council Member Vestal replied that she had said the TDA info shared at the quarterly meetings.

Ms. Perry replied no, Ms. Yount holds the innkeeper's meetings quarterly, the hotels come to share information to which Council Member Vestal asked if it was not shared with anyone else.

Ms. Perry replied that it was a public meeting, there were no members of the TDA Board there, it was strictly "come let's share information", that sort of thing.

Council Member Vestal stated that she said this was not a TDA issue to which Ms. Perry replied, no.

Council Member Vestal stated that the lack of information was why they were there today, from the TDA and whoever; if they had been involved somewhere along the line, he did not think they would be sitting there right now.

Ms. Perry stated that the TDA had not been involved; the County had been spearheading the occupancy tax issue not the TDA. They were given the news right after Reidsville announced.

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Council Member Vestal asked if the same time the newspapers... to which Ms. Perry replied, yes, it was not discussed with them prior to that. The equestrian center was a County project, not a TDA project.

Council Member Vestal then called for a motion and Mr. Medlin explained that the motion that was before them was to call the question which simply meant to cut off debate and bring the prior motion to approve the resolution up for immediate vote. So they had to decide, were they going to cut off debate or were they going to continue to debate. What they were voting on now was to cut off the debate.

Action on the motion [made by Council Member Gover and seconded by Council Member Vestal] was as follows: All Council Members voted in favor of this motion. This motion carried.

Mr. Medlin then explained that their vote now was on the main motion, which was to approve the resolution to ask the Representative to introduce that into special legislation.

A motion was made by Council Member Vestal seconded by Council Member Nooe to approve the resolution. All Council Members voted in favor of this motion. This motion carried.

RESOLUTION REQUESTING SPECIAL
LEGISLATION TO INCREASE THE
OCCUPANCY TAX IN THE CITY OF EDEN

WHEREAS, the City of Eden recognizes the need for a proactive business and tourism development effort focused on promoting Eden with its unique downtown districts, recreational parks and rivers, abundant utilities, and historical buildings and districts; and

WHEREAS, because of the loss of jobs in the textile industry recently, the City of Eden is in need of a stronger effort to promote and recruit alternative economic efforts, such as day visitors, overnight travelers, alternative retail businesses and support services; and

WHEREAS, the City of Eden currently does not possess the financial resources to support such a proactive and focused effort.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Eden that Senator Philip E. Berger and Representative Nelson Cole be asked to introduce special legislation to the North Carolina General Assembly to increase the occupancy tax for all hotels and motels within the City of Eden by three percent (3%) and have that money directed to the City of Eden for tourism development.

BE IT FURTHER RESOLVED, that the City Council requests that this legislation be effective upon enactment by the Legislature.

This the 21st day of March, 2005.

CITY OF EDEN

BY: s/Christine H. Myott
Christine H. Myott
Mayor Pro-Tem

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 Vestal to adjourn. All Council Members voted in favor of this motion. This motion carried.

Respectfully submitted,

Kim J. Scott
City Clerk

ATTEST:

Philip K. Price
Mayor