Special
Council Meeting
June 27, 2006

Mayor Wayne E. Printz presided at a Special Council Meeting held in Council Chambers on June 27, 2006. The following Council members were present:

PRESENT
J. Dean
T. Pence
R. Snow
P. Workman

ABSENT
C. McDaniel
S. Sigafoose

Town Attorney J. Burns Earle, Chief of Police James Morris, and Clerk of Council Richard Carey were also present.

Mayor Printz stated the purpose of the meeting was:

1. Set tax rates for FY 06-07
2. Transfer $15,000.00 from the REPO account to an escrow account for an internal control review.
3. Impose a cigarette tax of 10 cent per pack and $1.00 per carton – Second Reading
4. Impose a business tax on operators of apartments, molded after the other towns in the area – Second Reading
5. Increase water costs by 10 cents per one thousand gallons – Second Reading

The Town Attorney notified the Mayor and Council that the cigarette tax, the increase in water costs, and the tax on operators of apartments could not be done without a seven day published newspaper notice and a public hearing. A decrease in a tax would not require a public hearing.

Vice Mayor Snow referred to the water increase as a "usage fee" and disagreed that a public hearing was required. He believed a former Council adopted a resolution that public hearings were not required to increase rates. Attorney Earle supported it was a tax levied against consumers. The Code of Virginia requires a public hearing.

Mayor Printz stated that this 11th hour action did not benefit the Town. Council member Dean responded that water was operating at a loss, as well as sewer.

Regarding the apartment tax, Attorney Earle stated the law is that a locality had to have the ability to tax before 1974 and have it in effect. The Town of Elkton has the ability to levy a cigarette tax but it must be published and a public hearing held.

Tax Rates

Vice Mayor Snow moved, second by Council member Dean, and carried to set tax rates at 8½¢ per hundred for real estate and 46¢ per hundred for personal property, effective July 1, 2006.

YEAS: J. Dean, T. Pence, R. Snow, and P. Workman

Motion carried (4 – 0 roll call)

Internal Control Review

Council member Dean moved, second by Vice Mayor Snow, to transfer $15,000.00 from the REPO account to an escrow account for an internal control review.

During discussion, Council member Dean and Vice Mayor Snow stated Mayor Printz had made allegations of misconduct against Mr. Donachy. Mayor Printz said he made no allegations and that he submitted only questions. Council asked if Mayor Printz was willing to issue a letter that stated "he withdraws his allegations and statements he made." Mayor Printz repeated there were no allegations, just questions.

Vice Mayor Snow suggested the motion be modified to contract with the audit firm and pre-pay the fee. Mayor Printz argued the money could not be taken from REPO. Vice Mayor Snow stated take it from savings.

Council member Dean withdrew his motion and Vice Mayor Snow withdrew his second.

Vice Mayor Snow moved, second by Council member Workman, and carried to contract with the accounting firm, take the money from wherever we need to, and pay them upfront and get the review done.

YEAS: J. Dean, T. Pence, R. Snow, and P. Workman

Motion carried (4 – 0 roll call)

Council member Dean moved, second by Council member Workman, and carried to adjourn at 7:20 P.M.

Mayor: _____
Wayne E. Printz, Mayor

Recorder: Richard D. Carey, CMC
Richard D. Carey, Clerk