

PRESS RELEASE

For Immediate Release



In 1998 a dream became a reality when both the Town of Front Royal and Warren County elected officials worked in cooperation in developing a plan to bring industrial and commercial businesses along the Rt. 522 Corridor.

With the support of the late Delegate Andy Guest, our current Delegate Clay Athey, current Supervisor Tony Carter and former Mayor George Banks, the community was able to activate an Agreement that was supported by both the Virginia State Legislature and a three Judge Circuit Court Panel.

This Agreement required that the tax-paying citizens of Front Royal invest in building the infrastructure to provide water and sewer to the Rt. 522 Corridor area. In turn for this investment, the elected officials from both the Town and County agreed that the Town would have the right to collect all associated taxes from any company locating to this area which would be included as a fee in lieu of taxes. So in simple terms any business locating in this area would be treated as if they were located within the Town limits.

For the last ten years this Agreement has been in effect. Now there seems to be confusion regarding this long standing Agreement. Let us go on record by stating the facts that we hope will help clarify some of the confusion. There are three areas we would like to talk about.

The first is the nature of the contract that each company must sign in order to receive water and sewer services. This contract, with the blessing of those noted above, was developed ten years ago and has been changed very little over the years. It clearly outlines the terms and conditions of the fee structure. The companies in the Rt. 522 Corridor pay the same water rate that companies located within the Town limits pay. In addition, they pay a monthly fee to the Town that is equivalent to the taxes they would pay if they were within the Town limits. There is no small print or confusing language. Each company was given the contract in advance of their decision to locate in the Corridor Area. Each contract was reviewed by legal counsel and in many cases questions were answered over a period of time before it was eventually signed by a corporate office of the company. At no time were any of those companies pressured to sign the contract or voiced complaints about the fee structure.

A citizen came by the other day and asked us to explain what was going on in the Corridor area because it was confusing to him. We explained that it was similar to an owner of a building deciding that he will sell his property to a potential buyer at an agreed upon price. The buyer sends in his inspectors to confirm that the building is sound and checks the agreement legally before closing the deal. Once the contract is signed, money exchanges and the deal are complete. Very seldom does the new owner come back to the seller and ask for money back because he thought he paid too much. This is a similar situation that seems to be happening with a few of the companies in the Corridor.

Secondly in regards to questions about secret meetings, secret plans and changes to the Agreement, we can assure every citizen that there have been no changes made to the original Agreement initiated ten years ago. Also, there have been no secret meetings or plans. The only plans are clearly outlined in our Comprehensive Plan free for the public to see at any time.

Our desire is to work to provide a safe, clean community and help to create an environment for our citizens to live, work and successfully raise a family. Our plan is to keep taxes down and provide the best service to our citizens while managing our costs.

The last area we would like to talk about is the cost of the services we provide to this area. As we stated in the beginning of our statement, the goal of the Agreement was to treat each company locating in the Rt. 522 Corridor as if they were in the Town limits. This allowed the Town to recoup its up-front and future infrastructure costs to bring water and sewer to this area. This water and sewer availability will attract new businesses to a once undeveloped area. Former Councilman Tony Carter stated in the January 26, 1998 Council Meeting Minutes “that for over twenty years the Town citizens have complained of double taxation; and, this Agreement now address this issue. He advised that there is no other topic that he has taken more seriously than this particular item”. That was clearly supported by both the Town and County as a way to protect the Town revenue bases against businesses moving out of the Town limits.

Also, due to the uniqueness of the area being at easy access off Interstate 66, attracting customers from the surrounding area, it has become a very desirable location for new businesses. The direct result of this desirability is directly reflected in the square foot rental rates ranging from two to four times the going rate as compared to in-town rates. This rapid increase of (27) commercial businesses to the area over the last two years is a great indication of the attractiveness of the location.

With the success of the location, we feel that without the Town’s commitment to investing the citizen’s tax dollars into the area of water and sewer, this opportunity would never have developed. At the time the Agreement was approved, the concept of payment in lieu of taxes was clearly approved by both local governing bodies and the circuit court system, and was embraced by the public through numerous public hearings and articles in the media.

It is only now after over ten years that we are facing issues on various concerns of the Agreement which could be a result of several economic changes. The first of these changes is the County’s incorporation of the Food and Beverage Tax on December 16, 2003. The second is the current downturn in the economy which has impacted a wide range of businesses and life in general. Lastly the rapid increase in fuel costs. With all of the factors in place it is causing all businesses to look hard in cost reduction in order to survive this downturn.

We acknowledge this situation as the Town is facing similar challenges. We must protect our tax-paying citizens’ investments moving forward and hold companies accountable for honoring any existing contracts with our Town.

We also realize that there will be some companies that will succeed and some that will fail in the Corridor. Some will change their minds, but there are still many more that will see the potential of the location that will come and succeed after the downturn in the economy is over.

We welcome any future discussion from any citizen on these issues. Please feel free to contact any of us if you would require any additional information.

We all are striving to make our Town and County into a safe and thriving community.

— *Mayor and Town Council*