



TOWN OF
VIENNA

Town Business Liaison Committee (TBLC)
MEMORANDUM

To: Honorable Mayor Linda Colbert and Vienna Town Council

From: Jennifer Morrow, TBLC Chairperson and owner, Bards Alley Bookshop

CC: Nicole Toulouse, Economic Development Director

Ashley Curtis, Marketing and Business Engagement Specialist

TBLC Members: Tracy McCarty (Resident, Vice Chair), Brenda Burns (Vienna Assembly of God), Bill Comerford (Resident), Najee Davis (Chick-fil-A), Mark Lander (Evolution Health & Fitness), Bob Marsh (Resident), Preeti Penati (Studio 76)

Date: January 27, 2025

Re: Proposed Temporary Meals Tax Increase

As an advisory body to the Vienna Town Council, the Town Business Liaison Committee (TBLC) serves as a bridge between the business community and the Town of Vienna's government. In this capacity, the TBLC is sharing insights gained from the restaurant and catering community regarding the Council's proposed temporary meals tax increase as a mechanism to fund the Aquatics & Fitness Center. This proposed funding mechanism was first discussed at a work session in September 2024. Specifically, the Town Council expressed interest in pursuing the facility and funding it through a temporary, 1% meals tax increase dedicated specifically for the center's construction.

Given this timing, we first had the opportunity to discuss the meals tax increase and the potential impacts it could have on the business community during our regular scheduled monthly meeting in October 2024. At that time, TBLC member Najee Davis, owner of Chick-fil-A Vienna, shared that there may likely be pushback from the restaurant community considering increasing wage and supply costs across the industry. Members of the TBLC came to the consensus that the group should proactively reach out to those businesses that would be affected to gain further insight into specific concerns they may have. Additionally, TBLC representatives attended the Town sponsored Q&A session with restaurant owners that was held via Zoom and attended Town Council work sessions and meetings which included the proposed meals tax increase on the agenda.

As a conduit and sounding board for businesses, each TBLC member queried owners of establishments which were currently paying a meals tax. Our goal was to provide an opportunity to talk about impacts to their business should the temporary meals tax increase be approved. We spoke to over twenty individual restaurant and catering owners and heard a general concern with implementing the increase at a time of rising wages and operating costs. We also encouraged those owners who were unable to meet with us personally to share their views during the Q&A session held on October 22, 2024, and the public hearing held on November 18, 2024.

One recurring comment that we heard was that labor costs have soared because minimum wage in Virginia has been rising since legislation from the 2020 General Assembly session was enacted requiring the state to increase the minimum wage from its then current federally mandated level of \$7.25 per hour to \$9.50 per hour effective May 1, 2021. Since that time state mandated incremental annual wage increases have occurred and will rise from \$12/hour in 2024 to \$15/hour by 2026. Additionally, recruiting and retention of qualified staff in the restaurant industry remains difficult after COVID-19. Finally, rising prices for food, supplies, fuel surcharges, delivery fees and rent, in light of inflation, have all contributed to higher costs.

It is important to note that owners recognize that the tax is not a cost to them, however, the perception of the consumer is that it is going to be more expensive to patronize their establishments, simply because the total cost of their bill will be higher. The overall theme that we heard through our outreach and hearing feedback during public meetings was that any additional levies would be harmful to the restaurant community at this very delicate time in the economy. Even a perception of Vienna costing more to dine than other areas of Northern Virginia could deter patrons.

Other comments, which do not necessarily directly relate to meals tax, included the following:

- Business owners were concerned at how quickly these funds (the additional money raised from the temporary meals tax increase) were allocated for a business proposal with negative operating costs.
- Business owners say they would like to see more engagement and support from the town, in areas such as parking, tourism and marketing of the restaurants, and outdoor dining.
- Business owners are worried about the tax and don't see any value for them.

We all agree that restaurants are a vital part of our community and that their feedback is a valuable resource. We also recognize the time and effort that has been invested on this project so far. We ask you to consider the concerns they have raised, especially because you may not have known them when the proposal was first discussed at Council meetings. We also believe allowing residents to have a voice, about whether the plan for an Aquatics & Fitness Center at the Annex Property is the best use of Town resources, particularly considering both the potential

cost of construction and maintenance of the facility and that a meals tax increase would be utilized for a portion of the funding.

Thank you for taking time to engage with us on this issue and please reach out if you would like to discuss further.

Respectfully,

Jen Morrow, TBLC Chairperson