

October 19, 2021

A Regular Work Session of the Danville City Council convened on October 19, 2021 at 8:45 p.m. in Council Chambers located on the Fourth Floor of the Municipal Building. Council Members present were: James B. Buckner, L.G. "Larry" Campbell Jr., Bryant Hood, Mayor Alonzo Jones, Barry P. Mayo, Vice Mayor Gary P. Miller, Sherman M. Saunders, J. Lee Vogler, Jr., and Madison J.R. Whittle (9).

Staff Members present were: City Manager Ken Larking, Deputy City Manager Earl B. Reynolds, Jr., City Attorney W. Clarke Whitfield Jr., and City Clerk Susan M. DeMasi.

Mayor Jones presided.

WORK SESSION ITEMS

MINUTES

Upon **Motion** by Council Member Buckner and **second** by Council Member Saunders, Minutes of the Regular Work Session held on September 19, 2021 were approved as presented. Draft copies were distributed to Council Members prior to the Meeting.

CONSIDERATION OF APPOINTMENTS TO BOARDS AND COMMISSIONS

This item was **Tabled** until a future Council Work Session.

CONSIDERATION OF AMENDING ENTERPRISE ZONE #1, AND AMEND THE INCENTIVES OFFERED IN ENTERPRISE ZONE #1 AND #57B

Ms. Bobe explained the Enterprise Zone was a state and local designated zone with benefits at both the State and local levels in order to help encourage capital investment and job creation. Staff was making a few changes, adding in 128.39 acres to the Zone, and deleting 102.73. The Zone as presented will adjust from just under 1800 acres to 1,821 acres. The items being added in included additional commercial areas around the Schoolfield District, as well as parcels along Trade Street. Items that were being eliminated included Riverview Industrial Park. About fifty acres were being taken out and the intention was for that property to be transferred to Parks & Recreation as there were a number of mountain biking trails scattered throughout. In the Schoolfield area, they were taking out the parcels where the former Schoolfield Elementary School was located; these had been converted into senior living apartments and that project was now completed. There were also two areas in the larger Dan River Schoolfield site, which was now owned by Caesars; those two areas were surface parking areas and Caesars did not anticipate additional investment in those. Ms. Bobe noted she had also distributed a document with the proposed changes to incentives. Staff tried to clean up a few of the incentives, understanding that they do need to focus on the ROI or breakeven for the City of Danville. Staff discovered some of the companies could possibly access twice the amount of the incentive which would throw off the incentive proposal that gets presented to Council, as well as to the company. Staff was making a significant change under Reimbursement of Tap fees, which was at a maximum of \$5,000. Initially the company would have to be located in an Enterprise Zone and create twenty new, permanent full time positions. However, with substantial growth in the River District with commercial and mixed use residential development, staff wanted to make sure they still had access to that tap fee benefit. In the proposed wording, they will not be held to the job creation thresholds if they were located in qualifying parcels within the River District, the Historic Schoolfield District, North Main Hill and the Five Forks area. However, they were implementing a minimum investment of \$500,000. The reason for this was, it was anticipated that in one

October 19, 2021

calendar or fiscal year, with a \$500,000 project, the City would receive \$4,200 in real estate tax revenues. It would take over a year to recoup that tap fee reimbursement; they want to make sure they had that threshold in place.

Under Exemption from City Permit Fees, staff suggested under Machinery and Tools Tax Rebate, if they were located in the zone and have an increase in Machinery and Tools Tax, they can qualify for a 50% rebate on the increase. The City does calculate Machinery and Tools Tax revenue as part of their incentive model, so they wanted to add in that the benefit was not available if they were receiving other incentives from the City of Danville, the Industrial Development Authority or the DP RIFA. Staff can ensure they were getting the appropriate return on investment for each of the incentive packages. Ms. Bobe noted it was the same with the Business and Professional License Rebate; when negotiating a local incentive package, the revenue based off of BPOL was considerable, so staff wanted to make sure that if they were receiving a full package then they will not have access to this additional rebate because it would be included in the ROI model. Ms. Bobe wanted to emphasize these were by right, so if a major employer invested in Machinery and Tools without negotiating an incentive package, they do have right to the rebate.

The largest change was the Local Jobs Creation Grant; they had a five-year payment, each new position would be allowed a grant, one time per year, each year for five years; the annual grant per job ranged from \$100 to \$500. Staff wanted to raise the bar on the wages associated with receiving incentive funds and also simplify the job creation process. It was a bit cumbersome to calculate each of the new positions each year over five years, so they proposed a one-time grant. The positions paying \$14.42 per hour, or \$30,000 per year, would receive a one-time grant of \$500; in the prior agreement it would be \$150 each year for five years. Positions making at least \$26.44, or \$55,000 a year would receive a one-time payment of \$800 versus \$350 per year for five years. Positions receiving \$36.06, or \$75,000 will receive \$1,000 as a one time job creation grant versus \$350 each year for five years.

Staff was adding a SWAM benefit to the job creation grant. For SWAM certified businesses, under the regulations of the Virginia Department of Small Business Supplier Diversity, a cash grant of \$500 for jobs paying at least \$12.50 per hour would be available, \$800 for positions paying \$21.63 per hour and \$1,000 for jobs paying \$31.25 per hour. Regardless of whether they were SWAM certified business or not, all positions must offer health benefits in order to qualify. Staff followed the State's guidelines as these benefits run per calendar year and they will have to submit the appropriate documentation by April 1st of each year in order to receive the grant. Some types of positions were prohibited, which follow the State's guidelines.

MEETING ADJOURNED AT 9:03 P.M.

APPROVED:

s/Alonzo L. Jones
MAYOR

ATTEST:

s/Susan M. DeMasi, CMC
CITY CLERK