December 17, 2024

A Regular Work Session of the Danville City Council convened on December 17, 2024, at 5:30 p.m. in the Fourth Floor Conference Room located on the Fourth Floor of the Municipal Building. The following Council Members were present: James B. Buckner, L.G. "Larry" Campbell Jr., Bryant Hood, Mayor Alonzo L. Jones, Barry P. Mayo, Vice Mayor Gary P. Miller, Sherman M. Saunders, J. Lee Vogler, Jr., and Madison J.R. Whittle (9). *Mayor Jones entered the meeting at 6:38 pm and Mr. Vogler entered the meeting at 6:25 p.m.*

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

Vice Mayor Miller presided.

WORK SESSION ITEMS

COMMUNITY DEVELOPMENT AUTHORITY PRESENTATION

City Manager Ken Larking introduced Susan McCulloch, Division Director for Housing in the Community Development Department, who with Hunton Andrews Kurth will be presenting on a Community Development Authority; this was a mechanism available to cities to help fund development projects. If more than 50% of property owners agree to put their property in a Community Development Authority, there was a mechanism that enables it to use anticipated tax revenue to fund public infrastructure.

Ms. McCulloch introduced Chris Kulp and Brendan Staley from Hunton Andrews Kurth. Mr. Staley explained Community Development Authorities (CDAs) were a mechanism that was essentially a partnership between a locality and the landowner. It was a separate subdivision, but it was created at the request of the landowner and with the approval of the locality. The purpose was to provide a vehicle to fund infrastructure within a narrow geography within the City limits. If the developer owns twenty acres, they can create a CDA district and identify various public infrastructure items that they think would be helpful to enabling the development, and then they can come up with a plan to finance them through the Community Development Authority. It was to serve as a tool to provide public infrastructure to complement private development. It was created upon a landowner request, a petition was filed and as long as 51% or more of the landowners, either by assessed value or land area, file a petition, then it goes to the City. Council has the discretion to approve or deny the creation of the CDA. The types of infrastructure they were looking at were roads, sidewalks, water, sewer, stormwater, and parks and recreational facilities; this was not an exhaustive list but was the most common list of infrastructure items that were seen advanced through a CDA. The CDA Act, which was a subset of the Water and Waste Authorities Act gives CDAs a number of powers as it relates to revenue generation; most notably it can impose special assessments which were a lien on the property.

The other revenue sources it has available include the ability to request to levy a special tax, by the City, in lieu of or together with a special assessment. It can, with Council's approval and participation, receive incremental tax revenues. If Council were to identify a blighted property in the City and realized very little tax revenue from it in its current form, if the developer agreed to redevelop that property and increase its value as a tax source to the City, the Council could agree to make available some increment of the additional tax revenue generated from that redevelopment activity. Finally, the CDA has the power to impose a range of charges and fees for use of, or benefit provided by its facilities; some of the ways that has been used in other instances was a supplemental sales tax, an additional twenty five cents on transactions, or it could be an admissions tax. Another example was parking, CDAs can charge for the use of a parking facility that they provide.

The CDA was a separate political subdivision; it has a separate board, it can be comprised of members of Council if Council chose to appoint them as members, but it exercises power independently of the City within the confines of the ordinance adopted by the City Council creating it and its Articles of Incorporation. It has its own revenue streams whether it was special taxes, special assessments or other surcharges that were described as being an example. It can be limited to revenue generated within the project site and with the project itself.

Mr. Larking noted staff has spent time looking at this and various options that were available. There seems to be a lot of flexibility on things that generate revenue within what would be determined to be a Community Development Authority area. Each project will be unique on its own because it depends on what kind of development occurs within that district. The mix of revenue that was generated to help support the debt that paid for the infrastructure, there was a menu of options available and what they would likely do was work directly with the developer who was interested in using this mechanism to help make the project happen.

Mr. Kulp noted that he would add this was an amazing mechanism to create a public/private partnership, and was intended to be a collaborative effort. Before the petition was formally sent to Council, it was important for the city staff and developers to coordinate on defining what CDA district boundaries would make sense, what sort of revenues were necessary to enhance infrastructure to have a special tax. This was intended to be a collaborative effort so that by the time it gets to Council in a formal setting for adoption and after a public hearing, it was an option that would be acceptable to Council. There may be other work sessions to talk about a more specific CDA and a particular project before it gets to the formal adoption stage. Each developer will have a different kind of project, then the vehicle can be formed to the specifics of their project and what the City was willing to do for that project.

Mr. Campbell asked if they could explain the difference between a CDA and tax credits and Mr. Larking explained that a lot of the projects that were in the downtown benefit from the use of historic tax credits; that would be something that was handled separately. Either an individual can take advantage of tax credits if they have a large tax burden, or they will have them syndicated which means they were sold to someone else who has a high tax burden and that helps to fund the project. The way this would work was, the developers were the landowners and they know the revenue generated from the CDA could be used to pay for the public infrastructure necessary to make that project happen.

Dr. Miller stated the landowners were the ones that approve the tax, who pays the extra 25 cents per hundred, not everyone in the City, and Mr. Larking explained, no, just the property owners in that district. They would be doing it ahead of time to themselves for the benefit of getting the infrastructure. Mr. Kulp noted it didn't necessarily mean that the special tax has to be a part of every financing, that was just one of the options. But the imposition of the special assessment, which was like a tax in that it would be collected in installments over time, would be done at the request of the landowners. It was a means of them being able to get the infrastructure in place earlier than they would otherwise be able to pay for it and then finance it over a longer period of time. Mr. Staley explained the land records will reflect the lien and the special assessment and also will have the ordinance that creates the CDA attached to each of the parcels that comprise the Community Development Authority district. When someone acquires property, when they get their title report, they will see both the lien and assessment as well as the creation of the CDA and the powers that CDA has including, if it was made available, the special tax. One way it has been addressed in the past was a condition to the creation of the CDA and the collection of special assessment; the City imposes a requirement that each transfer of property have a notice included in it of the existence of the special assessment. They were putting the landowner on notice when they buy the property of its existence, just in case they don't check the land records.

Mr. Whittle asked if the landowner's project fails, who does the burden fall on and Mr. Staley explained if a special assessment was in place, typically they would foreclose on the property in the amount of the delinquent collection needed to pay the debt service. In the foreclosure process they would take the property and sell it to another developer who would then continue the project. Mr. Bucker questioned if the city or municipality was the first lienholder on the property and Mr. Staley noted the special tax and special assessment has the same first priority lien on the property so that any foreclosure action, that gets paid first before any mortgage lender would be paid.

Mr. Larking explained in most cases, when a developer wants to do a project, cities and counties require that developer to put in the infrastructure. The City has some incentives in place that make it a little easier for developers to do things; in most cases, the developer was responsible for the public infrastructure necessary to serve their development. In this case, it was a financing mechanism that allowed them to have funding for that public infrastructure that was paid on the expected increase of tax value on the property. Mr. Larking noted one example of a CDA was the Diamond District in Richmond. Mr. Kulp noted CDAs were often residential, mixed with retail and commercial, planned developments to go over a vacant piece of land, or remediation or redevelopment of land and buildings; sports facilities were done as well. Mr. Staley noted Virginia Beach used one to finance parking as part of the redevelopment of what was known as the "Dome Site", which will be a mixed-use development. Another example was the Diamond District, and the primary purpose of the creation of the CDA was to fund public infrastructure including that necessary to support the baseball stadium that was being redeveloped. It also enabled replotting of roads and infrastructure for a broader mixed-use development which was housing, retail and event space, and some commercial and office space.

Council thanked Mr. Staley and Mr. Kulp for the presentation.

COMMUNICATIONS

Mr. Larking noted after the City Council meeting, staff has scheduled a trolley to take Council Members from City Hall to Caesars. The recommendation was, because there will probably be traffic associated with the fireworks and drone show, to pick a time for anyone who takes the trolley to come back to City Hall.

CLOSED MEETING

At 6:07 p.m., Mr. Buckner **moved** that this meeting of the City Council of the City of Danville, Virginia be recessed and that Council immediately reconvene in a Closed Meeting for the following purposes: discussion or consideration of the acquisition of real property for a public purpose where discussion in an open meeting would adversely impact the bargaining position of the City as permitted by Subsection (A)(3) of Section 2.2-3711 of the Code of Virginia, 1950, as amended and more specifically to consider discussion regarding the sale and/or potential purchase of a specific parcel of property for use by prospective industrial, commercial, and mixed use projects looking to locate to the City, and an Economic Development discussion and update concerning a prospective business or industry where no previous announcement has been made and/or the expansion of an existing business or industry where no previous announcement has been made as permitted by Subsection (A)(5) of Section 2.2-3711 of the Code of Virginia, 1950, as amended and more specifically to consider an update on multiple prospective commercial, mixed use, hospitality, and industrial projects considering locating within the City and/or within the region in cooperation with the City's regional partners.

The Motion was **seconded** by Council Member Saunders and carried by the following vote:

VOTE:	7-0-2
AYE:	Buckner, Campbell, Hood, Mayo, Miller, Saunders, and Whittle (7)
NAY:	None (0)
ABSENT:	Jones, Vogler (2)

Upon unanimous vote at 6:54 p.m., Council reconvened in open session and Council Member Buckner **moved** for adoption of the following Resolution:

CERTIFICATE OF CLOSED MEETING

WHEREAS, the Council convened in Closed Meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Freedom of Information Act; and

WHEREAS, Section 2.1-344.1 of the Code of Virginia, 1950, as amended, requires a Certification by the Council that such Closed Meeting was conducted in conformity with Virginia Law;

NOW, THEREFORE, BE IT RESOLVED that the Council hereby certifies that, to the best of each Member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements of Virginia Law under Section 2.2-3711 were heard, discussed or considered, and (ii) only such public business matters as were identified in the Motion by which the Closed Meeting was convened were heard, discussed or considered by the Committee.

The Motion was **seconded** by Council Member Mayo and carried by the following vote:

VOTE:	9-0
AYE:	Buckner, Campbell, Hood, Jones, Mayo, Miller, Saunders, Vogler, and Whittle (9)
NAY:	None (0)

MEETING ADJOURNED AT 6:56 P.M.

APPROVED:

s/Alonzo L. Jones
MAYOR

ATTEST:

s/Susan M. DeMasi, CMC
CITY CLERK