

MARTINSVILLE CITY COUNCIL AGENDA
August 12, 2014—7:30 pm

ADDENDUM to regular session

1. Consider a proposal from Hull Storey Gibson & Recovery Solutions Group regarding business development incentives for Liberty Fair Mall. (15 mins)

Meeting Date: August 12, 2014

Item No: Addendum

Department: City Manager

Issue: Consider a proposal from Hull Storey Gibson & Recovery Solutions Group regarding business development incentives for Liberty Fair Mall.

Summary: The City has been approached by representatives of Recovery Solutions Group and Hull Storey Gibson (HSG is the owner of Liberty Fair Mall) requesting consideration of business development incentives to enhance their ability to continue to redevelop the Mall and retain existing or attract new tenants.

Citing similar development incentives used in other projects, the basis of the proposal centers around a financial return to the developer over a period of time, the amount of which is determined by the increase in local sales tax revenue comparing pre-redevelopment with post-redevelopment data. Additionally, the incentive package is contingent on a certain level of capital investment and job retention and/or creation.

Staff reviewed the proposal concept and identified a number of concerns; (1) how to reasonably, legally, and accurately certify annual sales tax data which would then be used as the basis for determining the monetary value of any earned incentives; (2) legal issues that might prevent the City from entering into such an arrangement; (3) is it reasonable to extend such benefit to one select property, or should such benefit be extended to a broader area under a particular zoning classification, and (4) have other communities entered into such agreements and what has been results/experience/effects.

The matter was referred to the Martinsville Planning Commission for their overall review, and specifically for review related to the merits of extending a business development incentive plan to a wider range of properties. After deliberation at their August 5th meeting, the Planning Commission voted to not recommend the development of such plan at this time.

Attachments: August 6, 2014 letter from the Planning Commission

Recommendations: Staff concurs with the recommendation of the Planning Commission. Should Council desire to move forward, however, it is recommended that consideration be given to development of a comprehensive incentive program with applicability to a broader range of properties.



August 6, 2014

Mayor Kim Adkins
Members of City Council
City of Martinsville
P. O. Box 1112
Martinsville, VA 24114

RE: Economic Development Incentives

Dear Mayor and City Council Members:

The Planning Commission, at its regular meeting on August 5, 2014, discussed additional economic development incentives proposed by Hull Storey Gibson, LLC as was referred to them for review by staff and City Council.

At the meeting, it was noted that there are several concerns with this request as follows: 1) This request is being presented for consideration outside of the normal budget process; 2) If approved, this request would set a precedent that may need to be replicated throughout the City for other businesses; 3) There are concerns about confidentiality among sales tax data being provided to a third party; and 4) The plan in its current form would require legislative action by the General Assembly.

The Planning Commission voted unanimously (5-0) to not endorse the development of such an incentive plan between Hull Storey Gibson, LLC and the City of Martinsville. Their motion is based on staff research and recommendation. Further, the Commission would like to encourage Hull Storey Gibson, LLC to apply for incentives already in place for their property which is located within the City's Enterprise Zone. The Planning Commission respectfully submits the recommendation for consideration.

Yours Truly,

John F. Hale, Secretary

Wayne D. P. Knox

Director of Community Development

/tr

cc: Timothy D. Martin, Chairperson
John F. Hale, Secretary