

July 24, 2012

The regular meeting of the Council of the City of Martinsville, Virginia, was held on July 24, 2012, in Council Chambers, Municipal Building, at 7:30 PM, with Mayor Kim Adkins presiding. Council Members present included: Mayor Kim Adkins, Vice Mayor Kimble Reynolds, Mark Stroud and Danny Turner. Gene Teague was absent due to an unavoidable, last minute out of town business meeting. Staff present included: Leon Towarnicki, Interim City Manager, Brenda Prillaman, Eric Monday, Linda Conover, Mike Rogers, Kathy Dodson, Lisa Holiday, Mary Kay Washington and Kris Bridges.

Following the invocation by Council Member Mark Stroud and Pledge to the American Flag, the Mayor welcomed everyone to the meeting.

Minutes: On a motion by Danny Turner, seconded by Kimble Reynolds, with a 4-0 vote, Council approved the minutes of the May 8, 2012 meeting.

Recognitions: Mayor Adkins welcomed Dr. Angeline Godwin, new President of Patrick Henry Community College, to the meeting and Dr. Godwin gave brief remarks to Council.

City Finance Staff members, Linda Conover, Kathy Dodson, Lisa Holiday, and Mary Kay Washington were formally recognized by City Council for receiving the Certificate of Achievement for Excellence in Financial Reporting for the City of Martinsville by the Government Finance Officers Association of the United States and Canada (GFOA) for the FY2011 Comprehensive Annual Financial Report.

Update on Martinsville High School renovation project: Superintendent Pam Heath updated Council on the renovation project at Martinsville High School noting that most of the heavy demolition will be completed before classes begin on August 13.

Reversion discussion: City Attorney Eric Monday addressed Council on the need for studies of certain aspects of reversion. These studies serve two purposes (1) to enable Martinsville to decide whether reversion is a desirable option to pursue, and (2) in the event the City does pursue reversion, to properly prove its case. There are three studies which are necessary: (A) a “where are we going” study which will analyse the financial viability of the city over the short and long term, (B) a “what is the impact” of reversion study which would analyze the effect of reversion on both the City/Town and County and its citizens, and (3) a “school consolidation” study analyzing the impact of a merged City/County school system. Some of these issues have been studied before and, hopefully, the firms hired can incorporate and build on this earlier work. The estimated cost is \$120,000.00.

The City Attorney also reviewed the criteria for reversion found in Code of Virginia section 15.2-4106, and described the actual process of submitting petitions and evidence first to the Commission on Local Government and then to the special reversion court, and also discussed the other reversions which have occurred in South Boston, Clifton Forge, and Bedford. He also discussed the advantages of a negotiated reversion as opposed to a litigated one; costs for negotiation, using outside special counsel, being estimated at \$250,000 to \$300,000 and for a litigated reversion \$500,000 to \$600,000. Either process would take an estimated two to three years. Mayor Adkins opened the public comment period noting more public comment will be taken at next two meetings as well. Tyler Millner, 631 Holland Circle, Axton, commented reversion discussion was depressing and asked that more facts be presented to citizens; Ural Harris, 217 Stuart St., commented city does not have a choice and needs to proceed; Regina Harris,

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Fieldale, commented she was against reversion and encouraged city to give more money to the SPCA.

Mayor Adkins closed the public comment period.

Henry Hotel options: City Attorney, Eric Monday, provided the following information:

M E M O R A N D U M

TO: Honorable Mayor Adkins and Members of Council

FROM: City Attorney, City Manager

RE: Henry Hotel

DATE: July 18, 2012

The City purchased the Henry Hotel, a 1920s structure which had been subsidized housing since the 1980s, in 2009. The City purchased the building, with the majority of funding being loaned by the Harvest Foundation, because a community development corporation did not exist. Negotiations with the Harvest Foundation at that time agreed that a CDC would be the appropriate entity to own the building, but since one did not exist at that time, the City would hold title, to be transferred once the CDC came into existence. Phoenix CDC was formed in 2010 and has yet to accept title to the Henry Hotel.

The Hotel was acquired out of foreclosure proceedings. The reason for the acquisition was that the Henry, one of the largest and most prominently located structures in Uptown Martinsville, was an essential building to have rehabilitated as part of any revitalization of uptown Martinsville. It was also believed that the primary use of the building at that time—subsidized housing—was not compatible with the revitalization plan for Uptown. Acquisition by the City (or CDC) would ensure that the Henry would be redeveloped in a manner compatible with the vision for Uptown. Since that time, that City has maintained the building at an approximate annual cost of \$55,000.00, and the Phoenix CDC, while studying the issue of rehabilitation, has been unsuccessful in formulating any viable plans.

The options for the Henry hotel are:

1. Renegotiation of existing leases. Both current leases for two businesses (insurance office and restaurant) on the main floor are currently month-to-month. These leases could be renegotiated to better reflect and offset the current costs to operate the building. At present the refrigerators in the restaurant require upgrades, and the building's roof is in need of repair. Any significant increase in rent could negatively impact these two existing businesses.
2. Mothballing the building. If the two tenants vacate, utility services could be essentially shut down or minimized. The building's roof will still require attention.
3. Demolition of the building.
4. Listing for sale on the open real estate market. The sale could be subject to restrictive covenants to ensure future redevelopment of the building is consistent with Uptown revitalization efforts.
5. City actively seeking a private developer, with or without City partnering, to redevelop the building using all available incentives, including historic tax credits.
6. Further discussion of transferring title to the Phoenix CDC. The Harvest Foundation is a necessary party to these discussions. City staff believes that actually holding title to the building would provide a greater incentive to Phoenix to redevelop the property.

Staff recommends: (1), proceeding either in whole or in part to (2), if either or both tenants vacate. (3) is not recommended. Staff also recommends that (4) (5) and (6) be undertaken immediately, with (4) and (5) to be discontinued if (6) comes to fruition. (6) is the preferred result.

Ray Gibbs comments included: Phoenix CDC is not financially able to take over the building and everything is being done to find tax credits for redevelopment and encouraging other developers to become involved. After discussion, Council agreed to direct staff to continue working with CDC, issue a RFP that would include the Uptown vision, and look at lease agreements of current tenants. Staff is to report back to Council at the December 2012 Council meeting with an update on Henry Hotel.

FY13 Council Neighborhood meetings: Council agreed by consensus to direct staff to confirm locations and dates for FY13 Neighborhood meetings.

Consent agenda: On a motion by Kimble Reynolds, seconded by Mark Stroud, with a 4-0 vote, Council approved the following consent agenda:

BUDGET ADDITIONS FOR 7/24/12				
ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT
<u>FY12</u>				
<u>General Fund:</u>				
01102926	436401	Federal Confiscated Assets - Police Dept.		124
01311085	506079	Police Dept. - Federal Asset Forfeitures appropriate seizure funds	124	
01101917	442701	Categorical Other State - Fire Programs Fund		5,221
01321102	506110	Fire Dept. - State Grant - Fire Programs Grant funds	5,221	
<u>Total General Fund:</u>			<u>5,345</u>	<u>5,345</u>

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Water Fund:				
12101918	443306	Grants - State - WSAG Lanier Rd Project		19,642
12541311	508220	Water - Physical Plant Expansion	19,642	
		Grant Reimbursement		
Total Water Fund:			19,642	19,642

Business from floor: Ural Harris, 217 Stuart St., comments on budget and EDC funding.

Council comments: Turner-congratulations to Jack Adkins; Stroud-spoke with Senator Warner's staff regarding early warning system funding; Adkins-thanked Chamber for representing city at Women in Ministry event and advised she participated in the memorial service for Dr. Hoffman.

Interim City Manager comments: reported city staff already discussing next year's budget and noted it is a day-to-day, week-to-week process.

There being no further business, the meeting adjourned at 9:07pm.

Brenda Prillaman
Clerk of Council

Kim Adkins
Mayor