

IV. B) Economic Development & Tourism Zone

Economic Development

Included for your review is a draft of several Economic Development Incentives Ordinance components that the Council can consider. These were compiled after discussing the issue with various Council members, staff and community leaders.

This is a conceptual plan only at this point, and is designed to get a feel for what items the Council prefers in an attempt to grow existing businesses, and attract new businesses.

Also included is an email from Jason Botkins, our Town Attorney, outlining the various state Code sections and any limitations. His comments are also inserted into the draft.

Finally, I have included a copy of the Town of Wytheville's Economic Development Incentives Program booklet as an example of what other localities are doing.

I do recommend that the Council consider adopting an Economic Development Ordinance, but that it be very generic in its scope and simply reference the Program by reference as currently amended. In this way, changes and modifications can more easily be made to the Program Incentives without having to hold Public Hearings each time and formally change the Code of the Town.

I also recommend an Ordinance for Economic Development at the local level as opposed to relying on state programs, zone designations, and other regional programs. These programs can come and go based on funding and political determinations at the state level. Also, by having a specific Ordinance and plan "on the books", it sends a specific message to developers and businesses owners that we are trying to do the right thing.

It should be noted that giving reductions or deferral to expansions or new businesses does not reduce our current revenues since those funds were not being received any way. However, incentives that reduce taxes or fees to existing businesses will impact the Town's income and therefore our ability to fund existing departments and programs.

A final comment on Economic Development is needed for clarification, especially in relation to the Code of the Town. The proposed incentives will not, and should not, relieve any applicant from following application processes, site plan reviews, construction plan requirements, or any of the other necessary verifications of good development. There has been a misconception by some that "following the rules" is contrary to new development. The requirements of the Town are in place to provide for effective, well-planned development that benefits and protects the entire community. There is a significant difference in policies that attract businesses versus those that review and regulate them. Both are necessary, and it is not recommended that we sacrifice one to enhance the other. Creating a balance of attractive incentives coupled with thorough review and permitting processes historically promote effective communities and strong economies.

Comments and preferences from Council are necessary in order to provide direction to staff.

Tourism Zone

Included for your review are several items related to tourism zones. A copy of the State Code section allowing for their creation, a sample Resolution, and a sample application are provided for your review.

Tourism Zones are usually a function of the County or Regional EDA and larger governments, but there is no reason that the Town can't consider its own.

In setting up the areas for economic incentives, I recommend that we work closely with our Town Attorney to ensure that the areas and incentives are compatible with State Code requirements.

As noted in 58.1-3851 D., a tourism zone and an Enterprise Zone can overlap. In the case of Luray, they certainly should.

Since these special economic zones have to be designated a physical areas, I believe it is important to closely align them with our zoning map. While this won't capture all areas in town, it will get the majority of areas. I had hope to assign the Economic Development Incentive areas and Tourism Zone based on the zoning of a parcel, but it appears that we may have to create discrete areas with contiguous borders. I will defer to our legal counsel on that issue.

In all, the establishment of a Tourism Zone is a simple exercise. The challenging part is to determine what benefits are assigned to those within the zone, and whether they apply to new, expanding, and/or existing businesses that support tourism.

The combination of economic incentive items and a tourism zone may be the best solution. Ideally, the County of Page and the EDA would also implement these programs within the county to further expand options for business owners and developers.

Council should consider the items included, and provide comments related to the issue.