

A meeting of the Council of the City of Martinsville, Virginia was held on July 11, 2023 in Council Chambers, Municipal Building, at 7:00 PM with Mayor LC Jones presiding. Other Council Members present included Kathy Lawson, Aaron Rawls, Lawrence Mitchell and Tammy Pearson. Staff present included City Manager Leon Towarnicki, Interim City Manager Glen Adams, City Attorney Steven Durbin; Public Information Officer Kendall Davis, Building Official Kris Bridges and Police Chief Rob Fincher.

Mayor Jones called the meeting to order and advised Council would go into Closed Session beginning at 6:30 PM. In accordance with the Code of Virginia, Title 2.2 Chapter 37, Freedom of Information Act and upon a motion by Council Member Lawson and seconded by Council Member Pearson with the following 5-0 recorded vote: Vice Mayor Rawls, aye; Council Member Pearson, aye; Council Member Mitchell, aye; and Council Member Lawson, aye. Council convened in Closed Session to discuss the following matters: (A) Appointment to Boards and Commissions, as authorized by Subsection 1. At the conclusion of Closed Session, each returning member of Council certified that (1) only public business matters exempt from open meeting requirements were discussed in said Closed Session; and (2) only those business matters identified in the motion convening the Closed Session were heard, discussed, or considered during the meeting. A motion was made by Council Member Lawson and seconded by Council Member Pearson with the following recorded vote: Mayor Jones, aye; Vice Mayor Rawls, aye; Council Member Lawson, aye; Council Member Mitchell, aye; and Council Member Pearson, aye.

Council Member Pearson made a motion to reappoint Rives Coleman to the Blue Ridge Library Governing Board for a 4-year term ending June 30, 2027; Council Member Lawson seconded the motion with all Council Members voting in favor.

Council Member Lawson made a motion to reappoint Jewell Drewery to the Patrick & Henry Community College Board for a 4-year term ending June 30, 2027; Council Member Pearson seconded the motion with all Council Members voting in favor.

Council Member Lawson made a motion to reappoint Brenda Ephriam to the Piedmont Regional Community Services Board for a 3-year term ending June 30, 2026; Vice Mayor Rawls seconded the motion with all Council Members voting in favor.

No other action was taken out of closed session.

Pledge to the flag and invocation were led by Council Member Lawson. Mayor Jones welcomed everyone to the meeting and advised that agendas could be found in the back of the room and on the City website.

Approve minutes from June 26, 2023 Closed Session, June 27, 2023 Council Meeting, and the June 29, 2023 Work Session – Council Member Lawson made a motion to approve the minutes as presented; Vice Mayor Rawls seconded the motion with all Council Members voting in favor.

Conduct a joint public hearing with the Planning Commission regarding the abandonment of an unopened approximate 30- foot wide street space located at 1126 Rives Road – Building & Zoning Official Kris Bridges said the hearing is in relation to a partial parcel of land that was closed when the right-of-way for Forest Lake Drive was moved many years ago. Staff recommends that the City abandon the property since no other property owners would be affected. Joe Martin, Chairman of the Planning Commission, called the Planning Commission hearing open. Mayor Jones opened the joint Council/Planning Commission public hearing. Brenda Souther, owner of the property, provided a brief explanation of the request. No one else spoke from the floor. Members of the Planning Commission made a motion and a second; all Planning Commission members in attendance voted in favor of the abandonment of the property at 1126 Rives Road. Brenda Souther, owner of the neighboring property thanked Council and the Planning Commission for taking action. Council Member Lawson made a motion to abandon the property in question and to convey the parcel to the Souther family; Council Member Pearson seconded the motion with all Council Members voting in favor. Mayor Jones closed the public hearing.

Hear an update from Patrick & Henry Community College - Greg Hodges, President of Patrick & Henry Community College, updated Council on operations at the college and offered to provide an annual update. Hodges reminded Council of the college's vision and the benefit to local residents and employers. Hodges says they've concluded a very successful academic year and reported that enrollment was up significantly. Dual enrollment was also up from previous years and a 55% dual enrollment conversion rate which is the highest in Virginia. New programs and initiatives have been introduced this year. Hodges described the MET building which expands the welding and robotics programs. P&HCC welcomes many students at no cost to their families, who can graduate from one of these programs and enter the job force earning \$75,000 per year and without student loans to pay back. The college houses a very robust arts and theater program along with the athletics program. Athletic students have an average 3.1GPA which is higher than the campus average and several Region 10 champion and national teams. 488 students earned 586 academic credentials this year. Hodges explained the Patrick & Henry Community College Board, their responsibilities and the benefit to the college. Hodges confirmed Council Member Lawson's question that there is a working relationship between Patrick & Henry and The New College. Council thanked Dr. Hodges for his robust and enthusiastic presentation.

Consider action as the Land Bank Authority and City Council in support of a development project to be located on the western half of the Armory property – City Manager Towarnicki summarized the property in question and the proposed projects that were considered for that location. The recommended proposal would use approximately 3-1/2 acres on the western side of the property to build a hotel. Action required tonight would include resolutions from Council

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as well as the Land Bank Authority. Kalpak Shah, founder and CEO of Kayak Hotels Group presented a PowerPoint presentation detailing the Holiday Inn Express proposal.

Holiday Inn Express – Martinsville

By: Kalpak Shah and Kayak Hotels Group



Introduction

- Kalpak Shah is the CEO of Kayak Group with a BS in Electrical Engineering and an MS in Computer Science, and industry experience of over 25 years in hotels and real estate development.
- Kayak Group has successfully developed rental apartments, hotels, corporate housing, and strip centers in Mid-Atlantic and Southeast region.
- Kayak Group has 25 years of real estate industry experience involving acquisitions, finance, design, development, contract negotiations, procurement, and management, with assets worth \$150 million.
- Kayak Group has developed strong partnerships with contractors, architects, designers, engineers, lenders, and vendors (locally and internationally).



Holiday Inn Express & Suites Martinsville, Located at Armory Lot	
Architect, Site Engineer & Other Professional Fees	\$ 500,000.00
Site Preparation Breakdown:	\$ 100,000.00
Bond to County	\$ 5,000.00
Civil Engineering	\$ 50,000.00
DEQ Permit	\$ 20,000.00
Legal Fees	\$ 80,000.00
Plan Review Cost	\$ 5,000.00
Utility Connection Fees	\$ 10,000.00
Franchise Application Fees	\$ 100,000.00
Fencing and Wall-mounted signs	\$ 75,000.00
Landscaping Equipment	\$ 60,000.00
FF&E	\$ 1,500,000.00
FF&E Installation Labor	\$ 25,000.00
FIB and PAB Systems	\$ 75,000.00
Internet Wi-Fi System	\$ 50,000.00
Construction Cost	\$ 6,200,000.00
Bank Loan Fees & Account Interest	\$ 500,000.00
Pre-opening Expense	\$ 25,000.00
Builder's Risk Insurance	\$ 30,000.00
Change Orders/Miscellaneous Expenses	\$ 630,000.00
Total	\$ 10,000,000.00
Cost per Guest room	\$ 125,000.00

Holiday Inn Express Martinsville, Budget					
Rooms	80.00				Employees Required
Occupancy	65%	70%	73%	75%	General Manager
ADR	130.00	135.00	140.00	145.00	Sales Manager
RevPar	84.50	94.50	102.20	108.75	Front Desk Supervisor
					Front Desk Clerks
					Executive Housekeeper
4005 - Room Rentals	2,467,400.00	2,759,400.00	2,984,240.00	3,175,500.00	Housekeepers
4005 - Miscellaneous Revenue	25,000.00	30,000.00	32,000.00	35,000.00	Maintenance Engineer
4010 - Customer Refunds	2,500.00	3,000.00	3,500.00	3,800.00	Houseman
Total 4000 - Revenues	2,494,900.00	2,792,400.00	3,019,740.00	3,209,700.00	Breakfast Hosts
Expense					Laundry Person
6500 - Payroll Expenses	497,980.00	557,280.00	602,548.00	641,340.00	Total
6500 - Other Expenses	1,244,950.00	1,393,200.00	1,506,370.00	1,603,350.00	23
Total Expense	1,742,930.00	1,950,480.00	2,108,918.00	2,244,690.00	Other Benefits to Local Economy
Net Ordinary Income	746,970.00	835,920.00	903,822.00	962,010.00	Sub Contractors
7010 - Mortgage Interest	540,000.00	540,000.00	540,000.00	540,000.00	Local Labor for Construction
Net Income	206,970.00	295,920.00	363,822.00	422,010.00	Materials Purchased
Debt Service Coverage Ratio	1.38	1.55	1.67	1.78	Professional Engineers
EMPLOYMENT GENERATED	23	24	25	26	Generate tax revenue
ESTIMATED TAX REVENUE					Solve shortage of rooms
Business License	8,963.64	10,031.04	10,845.86	11,544.12	
Business Personal Property	5,000.00	5,000.00	5,000.00	5,000.00	
Lodging Tax 7%	174,293.00	195,048.00	210,891.80	224,469.00	
Real Estate Tax	35,000.00	35,000.00	35,000.00	35,000.00	
ESTIMATED TAX INCOME FOR CITY	223,256.64	245,079.04	261,737.66	276,013.12	

EXTERIOR KEY DESIGN FEATURES

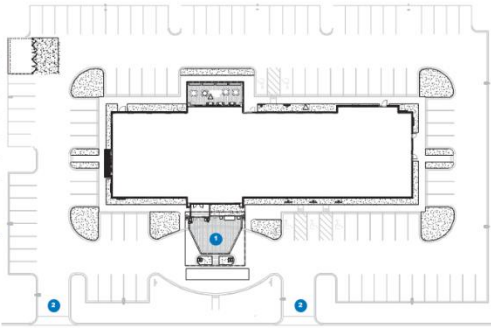
- 1 Illuminated brand signage is viewable from every angle
- 2 Holiday Inn Express® blue lighting is an iconic brand beacon that attracts guests as they approach the building
- 3 Porte-cochere provides a warm and welcoming entry to the hotel



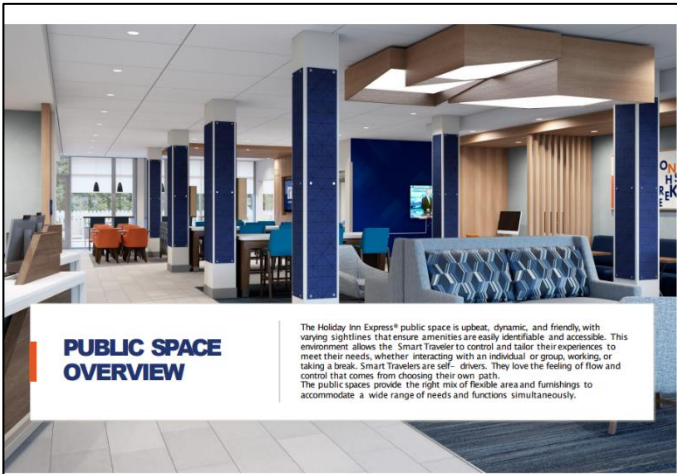
PROTOTYPICAL SITE PLAN

Prototype Site Plan Details

Size of Site	1.79 acres
Gross Building Area	52,383
Number of Floors	4
Total Room Count	93
Gross Building Area per Key	563
Parking Spaces	108
Pool	Indoor



1 Porte Cochere
2 Multiple site entrances



PUBLIC SPACE OVERVIEW

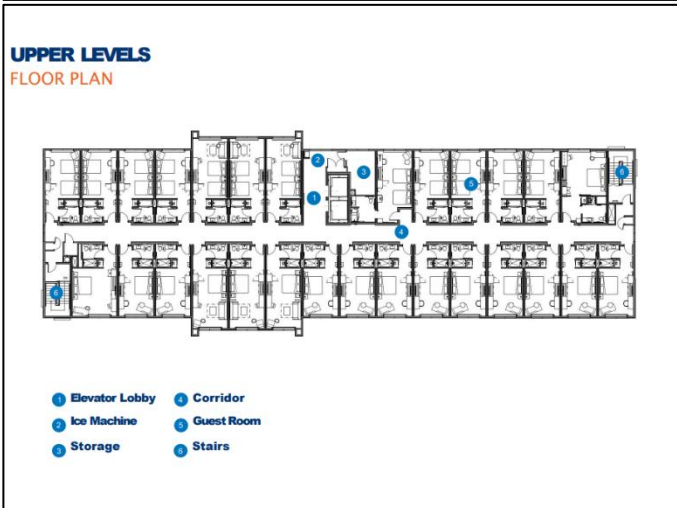
The Holiday Inn Express® public space is upbeat, dynamic, and friendly, with varying sightlines that ensure amenities are easily identifiable and accessible. This environment allows the Smart Traveler to control and tailor their experiences to meet their needs, whether interacting with an individual or group, working, or taking a break. Smart Travelers are self-driven. They love the feeling of flow and control that comes from choosing their own path. The public spaces provide the right mix of flexible area and furnishings to accommodate a wide range of needs and functions simultaneously.

FIRST FLOOR FLOOR PLAN



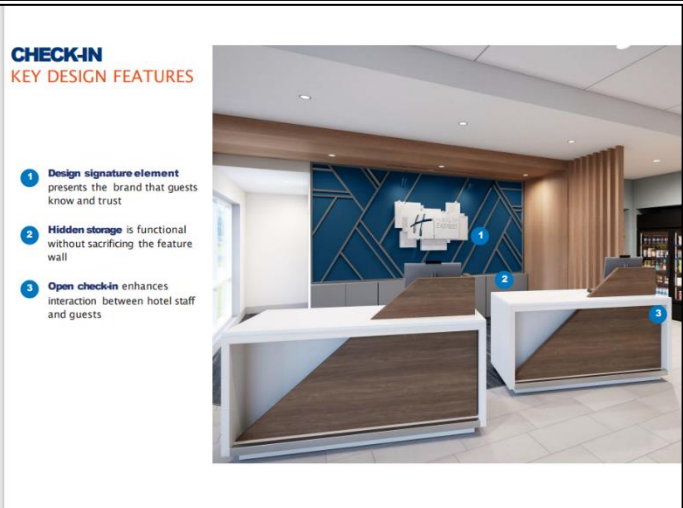
- 1 Entry Vestibule
- 2 Check-in
- 3 Market
- 4 Porching Area
- 5 Business Center
- 6 Breakfast Bar
- 7 Great Room
- 8 Flex Meeting Space
- 9 Patio
- 10 Elevator Lobby
- 11 Fitness Center
- 12 Indoor Pool

UPPER LEVELS FLOOR PLAN



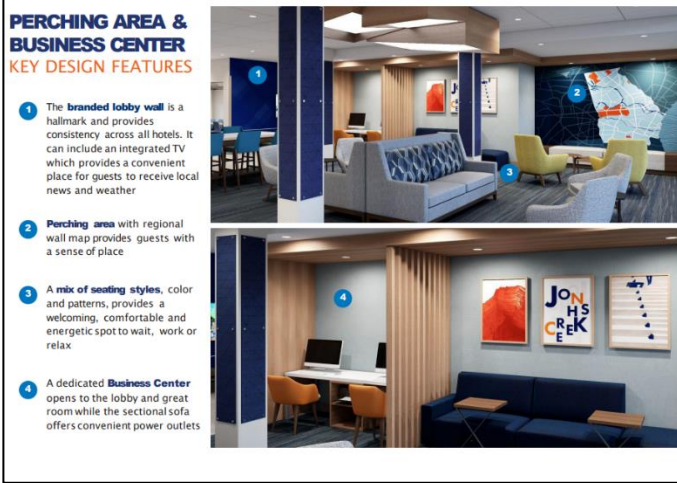
- 1 Elevator Lobby
- 2 Ice Machine
- 3 Storage
- 4 Corridor
- 5 Guest Room
- 6 Stairs

CHECK-IN KEY DESIGN FEATURES



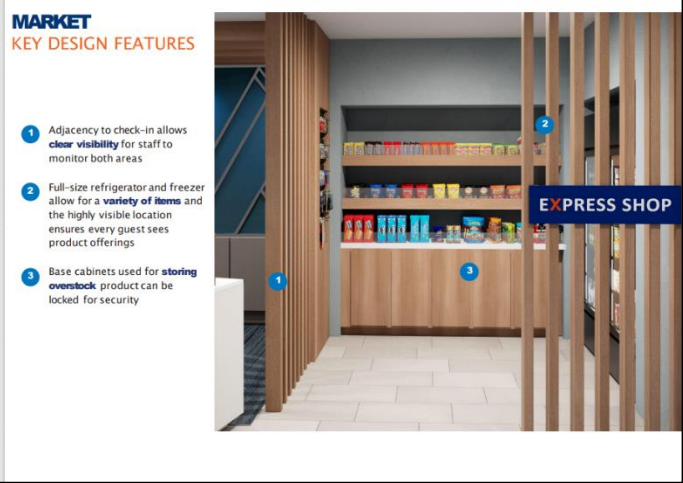
- 1 Design signature element presents the brand that guests know and trust
- 2 Hidden storage is functional without sacrificing the feature wall
- 3 Open check-in enhances interaction between hotel staff and guests

PERCHING AREA & BUSINESS CENTER KEY DESIGN FEATURES

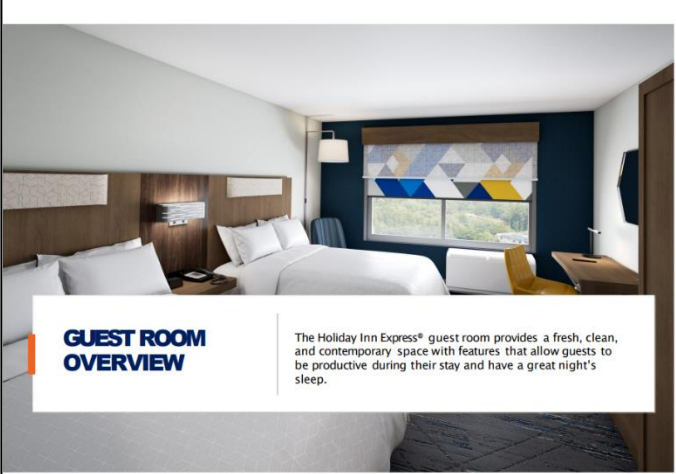
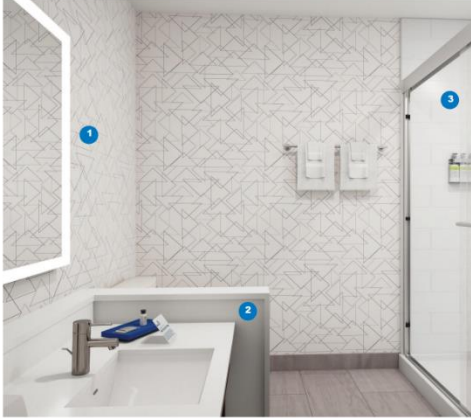
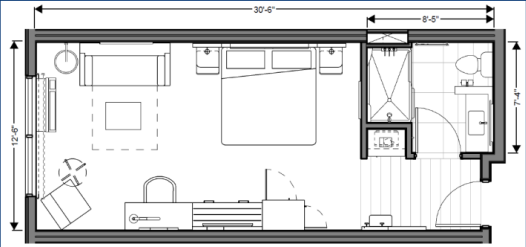
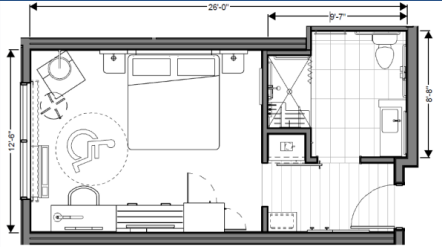


- 1 The branded lobby wall is a hallmark and provides consistency across all hotels. It can include an integrated TV which provides a convenient place for guests to receive local news and weather
- 2 Perching area with regional wall map provides guests with a sense of place
- 3 A mix of seating styles, color and patterns, provides a welcoming, comfortable and energetic spot to wait, work or relax
- 4 A dedicated Business Center opens to the lobby and great room while the sectional sofa offers convenient power outlets

MARKET KEY DESIGN FEATURES



- 1 Adjacency to check-in allows clear visibility for staff to monitor both areas
- 2 Full-size refrigerator and freezer allow for a variety of items and the highly visible location ensures every guest sees product offerings
- 3 Base cabinets used for storing overstock product can be locked for security

 GUEST ROOM OVERVIEW The Holiday Inn Express® guest room provides a fresh, clean, and contemporary space with features that allow guests to be productive during their stay and have a great night's sleep.	GUESTROOM KEY DESIGN FEATURES Refreshment Zone — a built-in niche houses the under-counter refrigerator, microwave, coffee maker, and extra supplies in one central location Room lighting strategically placed to provide fresh illumination that is both welcoming and functional - Large window maximizes natural light. If the sunlight is unwanted, the blackout shade with channels provides a completely dark and private room 
GUESTROOM KEY DESIGN FEATURES - Decorative panel reduces TV noise vibration to adjacent rooms and can accommodate up to a 55" television (43" TV shown in render) Smart components give guests the freedom to live out of their suitcase or unpack into a variety of options including wardrobe, drawers, and open hanging - Conveniently located, the Smart Shelf provides a landing zone at guest arrival and additional counter space near the bathroom and full-length mirror Headboards with integrated power. The headboard functions as a key noise reduction piece in the room. The night stands with integrated power allow the Smart Traveler to stay plugged in 	GUEST BATHROOM KEY DESIGN FEATURES - Lit mirror provides fresh illumination that is both welcoming and functional - Materials are all light in color so guests can see that it is clean - Grout-less shower/tub surrounds are easy to clean and maintain 
GUESTROOM FLOOR PLANS KING SUITE  *Mobile table shown in King Guestroom is optional	GUESTROOM FLOOR PLANS KING ACCESSIBLE  *Mobile table shown in King Guestroom is optional

Council Member Lawson made a motion to recess as City Council and convene as the Martinsville Land Bank Authority; Vice Mayor Rawls seconded the motion with all Council Members voting in favor. Lawson made a motion to approve the resolution for the Land Bank Authority in support of the Hotel Project; Rawls seconded the motion with all Land Bank Authority members voting in favor. Lawson made a motion to reconvene as Martinsville City Council; Rawls seconded the motion with all Land Bank Authority members voting in favor.

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Lawson made a motion to approve the resolution for the City Council in support of the Hotel Project; Council Member Pearson seconded the motion with all Council Members voting in favor.

Hear an update from Brenell Thomas of the M-HC Chamber of Commerce regarding activities of the Chamber and the City/C-PEG Small Business Development contract – Thomas shared a PowerPoint and provided an update on the Chamber and C-PEG including the success of the Start-Up program and the grand opening of several local businesses. Social Media workshops are offered to local businesses. Thomas shared details about several Uptown events including Uptown Restaurant Week and the Farmers Market. Thomas provided information on the Business Incubator and the potential to expand the Farmers Market was discussed. The repairs to the Incubator were discussed along with the rental agreement. Vice Mayor Rawls said he hopes they can be strategic in the businesses that move into the City retail space, he would like to avoid an overabundance of fast food establishments.

Consider setting a public hearing for the sale property located at 605 4th Street, formerly known as the Martinsville Housing Office, to Piedmont Community Services – City Manager Towarnicki summarized the lease agreement with Piedmont Community Services and the opportunity for them to purchase the property. Council Member Lawson set the public hearing for July 25, 2023; Vice Mayor Rawls seconded the motion with all Council Members voting in favor. Rawls pointed out that this would be the 19-20th property owned by PCS in the City, the City should consider drawing a line on non-profits in the community and how properties are being used. Mayor Jones requested the PCS be in attendance to discuss the use of the building before the public hearing.

Consider approval on second reading Ordinance 2023-1 amending Section 21-103 of the Martinsville City Code to reflect an increase in the cigarette tax from \$0.30 per pack, to \$0.40 per pack effective September 1, 2023 – City Manager Towarnicki explained that these two ordinances are follow up the to the FY24 budget process. Council Member Lawson made a motion to approve Ordinance 2023-1 on second reading, Vice Mayor Rawls seconded the motion with the following roll call vote: Jones, aye; Rawls, aye; Lawson, aye; Pearson, aye; and Mitchell, aye. Ordinance is approved on second reading with a 5-0 vote.

Consider approval on second reading Ordinance 2023-2 amending Section 21-117 of the Martinsville City Code to reflect an increase in the transient lodging tax from two (2) percent to seven (7) percent effective September 1, 2023 – Council Member Lawson made a motion to approve Ordinance 2023-2; Vice Mayor Rawls seconded the motion. Council Member Pearson said she knows that the increase seems like a large jump but other surrounding areas are still higher than Martinsville. Lawson explained that some areas tack on a per day fee also. Jones mentioned that the local hotels don't traditionally allow locals to stay in their facility. Roll call vote: Jones, aye; Rawls, aye; Lawson, aye; Pearson, aye; and Mitchell, aye. Ordinance is approved on second reading with a 5-0 vote.

Business from the Floor – Patrick Wright of 1201 Spruce Street would like to see a therapeutic pool at the YMCA. Council Member Lawson explained that question was asked at the previous Council meeting and there is no plan for a therapy pool at the new YMCA. Council Members encouraged Wright to reach out to the YMCA Director with his request. Police Chief Rob Fincher explained that there is a national crime trend on social media that has gone viral on how to steal specific cars. This trend has made it to Martinsville and focuses primarily on 2017 or later Kia models with a key ignition. There has been a rash of car thefts in the area so he encourages residents to lock their doors and to park cars in a way that thieves won't have access to them. Several arrests have been made and more are forthcoming.

Comments by members of City Council – Mayor Jones requested City Manager Towarnicki summarize an event from earlier in the day. Towarnicki explained that they attended a joint meeting to rework the existing revenue sharing agreement between the City and Henry County for Commonwealth Crossing and the Bryant Property. Tract 2 at Commonwealth Crossing has access to the railroad track so they expect a large industry to be there eventually with substantial revenue for both the City and the County. Today's meeting separated the two properties, providing two separate agreements for Commonwealth Crossing and the Bryant Property. The Harvest Foundation agreed to pitch in \$6million for grading costs and the Governor's office also provided significant grant funding. Towarnicki noted there is already interest in the site. Council Member Pearson thanked the Board of Supervisors, Harvest and others, sharing that it was a tremendous step forward in relations between the City and County. Council Member Lawson also expressed appreciation to Henry County for amending the contract, this will be a boost to the City. Lawson welcomed the interim City Manager and the new School Board Members. Lawson mentioned that Saturday July 15 is Community Day at High Street Baptist Church from 11:00am-3:00pm. The Mustangs play Thursday and again Monday; last week was standing room only with close to 3,000 attendees. Vice Mayor Rawls thanked Mr. Shah and Ms. Thomas for their wonderful presentations and updates. Rawls expressed concern about providing the workforce for incoming businesses. Rawls expressed appreciation to the EDC who is working hard to bring businesses to the area. Rawls recommended the new interim City Manager work with Kendall Davis, Public Information Officer to introduce him to the community. Mayor Jones said the strides made by Martinsville and Henry County are impressive. Jones thanked the City Manager for his time and due diligence.

Comments by City Manager – City Manager Towarnicki introduced the new Interim City Manager Glen Adams who started work with the City on July 10 and will be in office for the next 3-6 months. Towarnicki said Henry County and Martinsville have a good working relationship including boards and with staff even though reversion was a sore subject. He knows the County would be there to assist the City if needed. Towarnicki said there is a Code Red option for anyone in the community with a smart phone, residents can sign up for notifications through

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the City website. Interim City Manager Glen Adams said he's lived in almost 40 locations and Martinsville seems to be the friendliest place he's been.

There being no further business, Council Member Lawson made a motion to adjourn. The meeting adjourned at 8:40pm.

Karen Roberts, Clerk of Council

LC Jones, Mayor