



Date of Council Meeting: July 27, 2015

INFORMATION MEMO

TOWN OF LEESBURG TOWN COUNCIL MEETING

Subject: Leesburg Arts and Cultural District

Staff Contact: Marantha Edwards, Economic Development Director
Scott E. Parker, Assistant Town Manager
Clark Case, Finance and Administrative Services Director

Council Action Requested; None. Information only

Staff Recommendation: None.

Commission Recommendation: The Economic Development Commission and the Commission on Public Art have expressed interest in discussing the potential changes and updates to the Arts & Cultural District ordinance.

Fiscal Impact: If restaurants are added to the Arts and Cultural District, the following incentives would be available:

- Business, Professional, and Occupational License (BPOL) Tax Rebate: Up to 100% rebate declining by 10% each year for up to 10 years
- Real Estate Tax rebate for Building Redevelopment: Up to 100% rebate each year reducing by 10% each year for up to 10 years of additional assessment value as determined by Loudoun County Assessor's Office
- Zoning Fee Exemption: Exemption of Zoning Fee

Based on 2014 BPOL data, it is estimated that the inclusion of restaurants into the Arts and Cultural District would reduce Town BPOL revenues by approximately \$42,000 in the first year, and \$231,000 over a 10 year period assuming the number of restaurants in the district remains unchanged. No determination has yet been made as to how the Town would generate additional revenue or where it could cut expenditures to make up for this anticipated lost revenue.

The Arts and Cultural District incentive includes the rebate of certain property taxes based on redevelopment costs incurred by the applicant.

Work Plan Impact: In order to track the amount of real estate tax rebates to be paid to arts organizations, staff time will be necessary to determine and track redevelopment and

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improvement expenses, and whether or not those expenses were paid by the restaurant operator or the property owner. In many cases, the property owner is not the restaurant operator who would be applying for the Business, Professional, and Occupational License (BPOL) rebate. Staff must create a workflow to capture real estate tax information for the property owner, and receipts for redevelopment expenses from the property owner or the restaurant operator if they are separate entities

Executive Summary: The goal of establishing the Arts and Cultural District in 2011 was to provide incentives to increase the number of establishments that would contribute to the arts, entertainment and dining experience of Downtown Leesburg. Since its inception, discussions have taken place to discuss additional ways to boost the collaborative nature of the arts community, and to increase the arts profile and events in the Town. The Commission on Public Art (COPA) desires to boost the economic impact for the individual artists, galleries and restaurants by improving marketing, promotion, activities, and overall promotion of the Arts and Cultural District. As such, it has been discussed that allowing restaurants to apply for the incentives of the Arts and Cultural District (which they currently cannot do) could be a catalyst to achieve these goals. Additionally, COPA has identified other changes to the Arts and Cultural Ordinance which may increase the number of potential applicants. These suggested changes are:

1. Section 7.5 Eligibility - allow existing business to apply at any time during the lifecycle of their business, and not be limited to 6 months from the commencement of the ordinance or their operations.
2. Section 7.8b BPOL Tax Rebate requires a full calendar year to operate as a Qualified Arts Organization. In some cases, this means an existing business would need to wait more than a year and 6 months to qualify for a rebate.

Background: On March 8, 2011, the Town Council passed resolution 2011-0-005, creating Chapter 7 of the Leesburg Town Code to establish an Arts & Cultural District within the Town. The purpose of establishing the district was to provide a catalyst to improve the economic conditions of the geographic area located in the central portion of the Town. In turn, this would benefit the welfare of all the citizens of Leesburg by creating a “destination for arts, entertainment and dining” within this area.

On April 24, 2012, the Town Council amended sections 7-3 (definitions) and 7-5 (Eligibility) by Resolution 2012-O-014 to include graphic art design businesses, and to extend the date by which existing businesses could apply for inclusion in the district. An additional amendment was also included to eliminate the need for qualified arts organizations to submit a “five year business plan” if they have been in continuous operation within the District for five (5) or more years. These changes were made to the application form to address a barrier of entry for qualified businesses that had been in continuous operation within the Arts and Cultural District for many years, and did not possess a current written “five year business plan.”

The current discussion of the Arts and Cultural District is centered on whether the Council desires to extend the opportunity for restaurants to be eligible to apply for the incentives afforded “qualified arts organizations.” Potential incentives restaurants in the Arts and Cultural District could apply for are :

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- Business, Professional and Occupational (BPOL) fee waivers for ten years on a sliding scale. The comprehensive list of restaurants includes independent and chain restaurants, and any business that pays meals tax.
- Rebate of certain property taxes for redevelopment expenses in buildings that house restaurants.

It should be noted that during the original deliberations related to the Leesburg Arts and Cultural District, the task force and staff discussed including restaurant and culinary businesses within the district. In 2010, the Town Attorney determined restaurants should **not** be included for the following reasons:

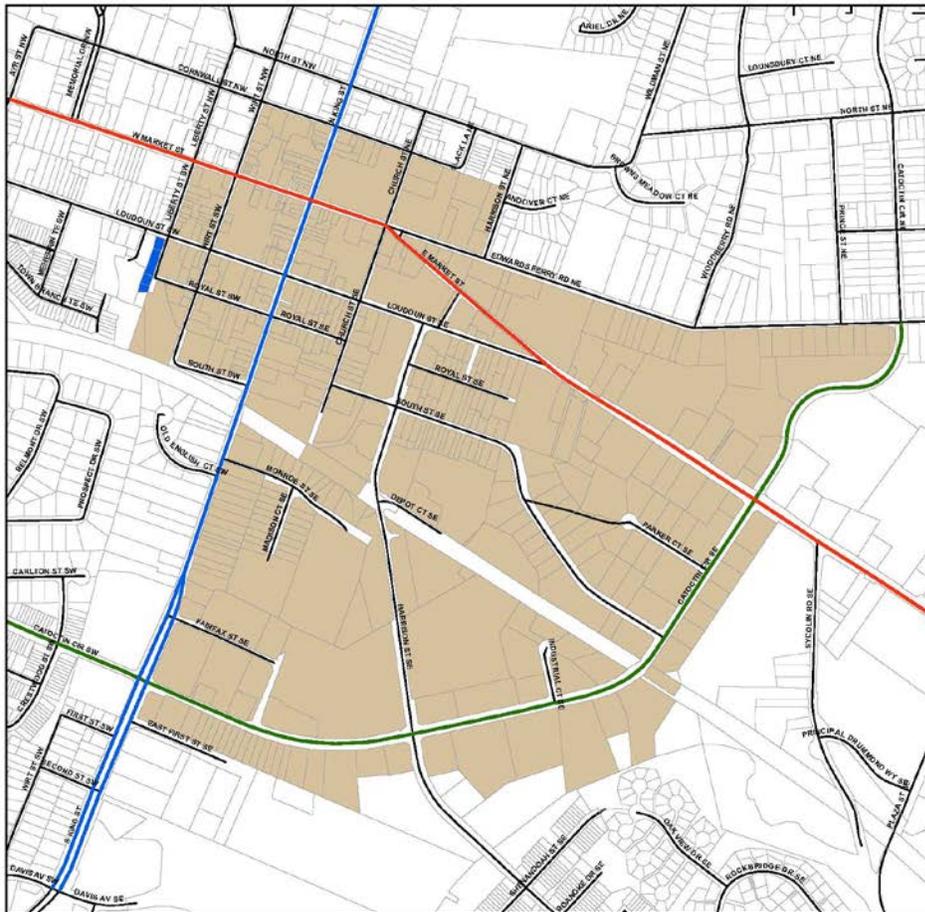
- The number of restaurants that would potentially be included;
- The concern that a potential “no-chain” rule for restaurants would be found unconstitutional.

As a result, no further action was taken on including restaurants within the district.

Attachments:

1. Arts and Cultural District Map

ARTS AND CULTURAL DISTRICT AMENDMENT



Arts and Cultural District

Adopted March 8, 2011
Expansion Adopted June 23, 2015



Legend

-  Parcels
-  Market Street (Route 7)
-  King Street (Route 15)
-  Catocin Circle
-  Roads
-  A&C District Expansion
-  Arts & Cultural District

0 1.25 2.5 5 Miles

