



CITY OF POQUOSON

Office of the City Manager
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TO: City Council

FROM: Director of Economic Development & Community Recreation (on behalf of the City of Poquoson Economic Development Authority)

THROUGH: City Manager

SUBJ: Economic Development Authority Request:
Poquoson EDA and the Poquoson Chiropractic Clinic DBA Poquoson Family Medicine & Chiropractic Clinic Incentive Agreement

The Economic Development Authority (EDA) and the Poquoson Chiropractic Clinic DBA Poquoson Family Medicine & Chiropractic Clinic (PFM) entered into an agreement on May 14, 2013 offering an incentive for placing a full-time doctor in Poquoson, investing a minimum of funds into facilities and generating a minimum standard of revenue within the first two years of operation. The incentive payments were to be provided in three (3) payments of \$25,000 each.

The first incentive installment was paid within 30 days of completion of facility renovations on December 3, 2013 and the agreement states that in one year from that date, the second installment shall be available if stated criteria had been met.

In late 2015, Dr. McEwen sent a written request to the EDA. In it, he requested two items: 1) He would like to receive the 2nd incentive payment and 2) he would like an extension of the original agreement expiration date so that he might be eligible to receive the additional 3rd incentive payment. As justification for the requests, Dr. McEwen explained that despite his efforts to procure a full-time physician in Poquoson, it took longer than originally anticipated. Additionally, Dr. McEwen informed the EDA that he has had a full-time Doctor working five (5) days a week at Poquoson Family Medicine since July 7, 2014, and that he also added a pediatrician to the practice in June of 2015. Further, Dr. McEwen stipulated to the Poquoson EDA that the Poquoson Chiropractic Clinic DBA Poquoson Family Medicine & Chiropractic Clinic has met both the agreement's intent and the financial requirements for the 2nd incentive payment.

Dr. McEwen's request was considered by the EDA at their February 2, 2016 Meeting.

Subsequent to a lengthy discussion, the EDA Directors agreed by unanimous vote to amend the May 14, 2013 Poquoson Family Medicine Incentive Agreement by delaying the payment of the second incentive until verification by the City's Finance Director of PCC's gross receipts by its 2015 federal tax return; by delaying the third incentive payment based upon the PCC's 2016 federal income tax; by extending the termination of the Agreement to April 15, 2017; and by requiring that all requests for funding be approved by the City Council. The EDA further

stipulated that since public funding was being utilized for payment of the incentives, the Poquoson Chiropractic Clinic tax return (as required in the original agreement), would be necessary for proof of increased gross receipts. The Directors agreed that they did not need to personally review the tax documents but a representative of the City, such as the Finance Director, could verify the increased receipts.

Therefore, on behalf of the Economic Development Authority, staff is requesting an appropriation from City Council to the Poquoson Economic Development Authority of \$25,000. Should City Council appropriate the funds to the EDA, a payment from the EDA will be made to Poquoson Family Medicine for the 2nd incentive payment per the agreement. If Poquoson Family Medicine satisfies the performance requirement for the 3rd installment, the Economic Development Authority will make a future request for an appropriation from City Council of \$25,000 to meet the final incentive payment cited in the agreement.

ORDINANCE NO. _____

AN ORDINANCE MAKING ADDITIONAL APPROPRIATIONS
AND TRANSFERS FOR FISCAL YEAR 2015-2016

WHEREAS, the Poquoson Economic Development Authority (EDA) entered into an agreement with Poquoson Chiropractic Clinic, P.C. DBA Poquoson Family Medicine & Chiropractic Clinic (PCC) dated May 14, 2013 and;

WHEREAS, the agreement offered incentives to PCC for investing a minimum of funds into facilities, placing a doctor in Poquoson, and generating a minimum standard of revenue with the first two years of operation; and

WHEREAS, the incentive payments were to be made in three payments of \$25,000 each;
and

WHEREAS, PCC met the first requirement and has been paid the first installment; and

WHEREAS, PCC requested an extension of the agreement; and

WHEREAS, the EDA has agreed to that extension; and

WHEREAS, EDA has agreed that PCC has met the second condition of the agreement,
and

WHEREAS, the second payment to PCC is \$25,000, and

WHEREAS, the EDA is requesting a transfer from the City to make the payment to PCC.

NOW, THEREFORE, BE IT ORDAINED, by the Council of the City of Poquoson, Virginia:

Section 1: That an additional \$25,000 in revenues in the General Fund be and the same hereby are appropriated within the Fiscal Year 2015-2016 Budget as follows:

GENERAL FUND

Revenues:

Fund Balance \$25,000

TOTAL **\$25,000**

Expenditures:

Transfers to the EDA \$25,000

TOTAL **\$25,000**

Section 2: That the transfer of funds be used specifically for the incentive payment to PCC upon verification of income.

Section 3: That the second reading of this ordinance is hereby dispensed with and the provisions contained herein shall become effective immediately upon adoption.

ADOPTED: _____

TESTE: _____

City Clerk