DATE: May 12, 2014  EDITION: 1

TO: The Honorable Members of City Council

THROUGH: Dwight C. Jones, Mayor

FROM: Byron C. Marshall, Chief Administrative Officer

RE: To approve the Revitalize RVA, Economic Development Strategy for Shockoe Bottom and the +/- 60 Acres on the Boulevard Tract (excluding Sports Backers) and the Softball Fields Across Robinhood Road

ORD. OR RES. No. ____________________________

PURPOSE: To approve through an Ordinance the Shockoe Development Cooperation Agreement between the City of Richmond and the Economic Development Authority of the City of Richmond.

Approval of this Ordinance creates the opportunity to: expand the City’s tax base; create hundreds of new jobs; bring a major grocery store to an area designated a food desert; chronicle Richmond’s history in the slave trade and commemorate the freedom and accomplishments of those formerly enslaved; eliminate blight; build a new baseball stadium in Shockoe and create the opportunity for significant economic development and transformation on the Boulevard.

REASON: At its February 10, 2014 meeting City Council passed a resolution in support of further negotiations in connection with Revitalize RVA.

The Resolution contained amendments that sought to address certain issues Council says are important. The issues of concern expressed by Council either through amendments or orally included:

1. Satisfactory provisions to ensure the protection of archeological items that may be found on the South of Broad Parcel.

   A plan and process for addressing this issue has been provided to Council.

2. Development of a new study of the anticipated effects of the Shockoe Development on traffic that uses current data for review by Council.

   Data collection and projections based upon “worst case” high volumes are complete.
Analysis of the data will be complete by May 9, 2014 and the findings and recommendations will be completed by the third week in May. VDOT will review findings and send final comment by the first week in June.

It should be noted that even under the “worst case” no issues were identified that could not be addressed without employing extraordinary methods.

3. Add guarantees that protect the City’s interest should the Developer(s) fail to perform.

The Shockoe Development Cooperation Agreement and the Memorandum of Understanding for the development of the North of Broad Parcels and the South of Broad Parcels attempt to address those issues.

Among the remedies, personal guarantees, plus the Developer’s commitment to recording a Deed of Trust, superior to all other obligations that require a minimum annual tax payment. In the case of a foreclosure the lender or subsequent owner would still be liable for the taxes.

4. Evidence of contractual protections and financial support to ensure project will not proceed without the Heritage site being built.

The various agreements contain “all or nothing” provisions that tie the execution of one agreement to the execution of all agreements.

FISCAL IMPACT / COST: Upon full buildout of both the Boulevard and Shockoe sites (2018) the City will realize approximately $10million- $12million of new revenue net of debt service annually.

FISCAL IMPLICATIONS: The combination of new tax revenue from private development and lease payments from the stadium will support stadium related debt service. Per the City’s Financial Advisor, stadium related debt will not impact the City’s debt capacity.

Approximately $1.5million of additional annual debt service will be added to service approximately $23million for site preparation, utility infrastructure and development of the Lumpkins Jail/Haritage site. This added debt will impact the City’s debt capacity.

BUDGET AMENDMENT NECESSARY:

REVENUE TO CITY: Upon completion of the private sector development at both the Shockoe and Boulevard sites by 2018, the City will realize an estimated $10million - $12million annually of general tax revenue, after debt service.

DESIRED EFFECTIVE DATE: Upon Adoption
REQUESTED INTRODUCTION DATE: May 12, 2014

CITY COUNCIL PUBLIC HEARING DATE: May 27, 2014

REQUESTED AGENDA: Regular

RECOMMENDED COUNCIL COMMITTEE: LUHT; Finance and Economic Development

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: None

AFFECTED AGENCIES: Chief Administrative Office, Mayor’s Office, City Attorney’s Office, Finance

RELATIONSHIP TO EXISTING ORD. OR RES.:

REQUIRED CHANGES TO WORK PROGRAM(S):

ATTACHMENTS:

STAFF: Byron C. Marshall