

Minutes of the Navy Hill Development Advisory Commission December 14th Working Meeting

Sat., Dec. 14, 2019

9:00
AM

Richmond City Council Chambers
900 E. Broad Street, Richmond VA

Members Present

Pierce Homer (Chair), John Gerner (Vice Chair), Mark Gordon, Grindly Johnson, Suzanne Long, Dr. Hakim Lucas, Mimi Sadler, Michael Schewel, and Dr. Corey Walker.

Call to Order

Pierce Homer called the meeting to order and welcomed the attendees. These included City Council member Kim Gray.

Introductions

Individual commission members introduced themselves.

Approval of Minutes of the Previous Meeting

Minutes of the December 7th meeting were approved.

Disclosures

There were no disclosures at this meeting.

Freedom of Information Act (FOIA)

There were no FOIA requests since the December 7th meeting.

City Administration Presentation on Potential Impact of Navy Hill Project on School Funding

Topics included: budgeted funding for schools; budgeted general fund revenues; potential impact on state Standards of Quality funding from Navy Hill; recent economic development projects; and impact of the Navy Hill project on local funding for schools. John Wack's presentation slides are available at:

http://www.navyhillcommission.org/City_Administration-School_Funding_Presentation-Navy%20Hill%20Commission_12-14-19.pdf

School Board Member Kenya Gibson's School Funding Presentation

This included discussion of the School Board's approved resolution that "Richmond Public Schools seeks the authority to opt out of contributing its share of revenue to TIF district funds or other tax deals that fund city development projects." Documents about this resolution are at:

<https://go.boarddocs.com/vsba/richmond/Board.nsf/goto?open&id=BHPM2458A4E3>

Commission Member John Gerner's Update Presentation on Financial Model

Topics included: main source for financial numbers; projected real property tax increment revenues in Muncipal 27-A; Navy Hill Fund overlap with future General Fund; projected cash flow return to future General Fund from "turbo" accelerated payment approach including additional benefits; and an alternative scenario based on an increment financing area (aka TIF district) with only developer parcels. His presentation slides are available at:

http://www.navyhillcommission.org/John_Gerner_Dec_14_Presentation.pdf

Planned Davenport presentation - Credit Rating / Debt Capacity Implications of the Navy Hill project

Presentation slides are available at:

http://www.navyhillcommission.org/Davenport-Credit_Rating_Debt_Capacity_Implications_12-14-19.pdf

Public Comment Period

Speakers included Jack Berry, Marty Jewell, Whitney Whiting, John Moser, Emma Clark, Chad Burns, Grace Washington, Sandra Antoine, Jamaa Bickley, Lucy Meader, and Charles Willis. City Council member Kim Gray also commented. An audio recording of this segment of the meeting is at:

http://www.navyhillcommission.org/2019-12-14_Public_Comment_Segment_of_Meeting.mp3

John Moser spoke and also provided a follow-up email message, which is attached. Other written public comments are also attached. These are from Partnership for Smarter Growth, Sports Backers, Jonathan Miller, Sheryl Baldwin, Charles Pool, Jennifer Grogan, Jeff Thomas, Krissy Gathright, Caryl Burtner, Debbie Rowe, Waite Rawls, and Sharon Carter.

Richmond Education Association Announcement

Pierce Homer mentioned this announcement at the meeting. The full text is at:

http://www.navyhillcommission.org/Richmond_Education_Association_Opposes_Navy_Hill_Proposal.pdf

Commission Report and Meeting Planning

Pierce Homer lead a discussion about this topic.

Adjournment**Audio Recording of Entire Meeting**

Available at:

http://www.navyhillcommission.org/2019-12-14_Navy_Hill_Commission_Meeting.mp3

Recent Press Coverage of Commission Efforts and Members:

Richmond Magazine (December 15, 2019)

<https://richmondmagazine.com/news/news/commission-s-report-on-navy-hill-forthcoming/>

Richmond Free Press (December 13, 2019)

<http://m.richmondfreepress.com/news/2019/dec/13/vote-navy-hill-project-expected-feb-24/?page=2>

Partnership for Smarter Growth's stance on Navy Hill Proposal

Lauren Fishbein <lauren@psgrichmond.org>

Mon 12/16/2019 2:52 PM

To: andreas.addison@richmondgov.com <andreas.addison@richmondgov.com>; kimberly.gray@richmondgov.com <kimberly.gray@richmondgov.com>; Chris.Hilbert@richmondgov.com <Chris.Hilbert@richmondgov.com>; kristen.larson@richmondgov.com <kristen.larson@richmondgov.com>; stephanie.lynch@richmondgov.com <stephanie.lynch@richmondgov.com>; Ellen.Robertson@richmondgov.com <Ellen.Robertson@richmondgov.com>; Cynthia.Newbille@richmondgov.com <Cynthia.Newbille@richmondgov.com>; Reva.Trammell@richmondgov.com <Reva.Trammell@richmondgov.com>; michael.jones@richmondgov.com <michael.jones@richmondgov.com>
Cc: RVAmayor@richmondgov.com <RVAmayor@richmondgov.com>; John Gerner <johngerner@navyhillcommission.org>; PDRLandUseAdmin@richmondgov.com <PDRLandUseAdmin@richmondgov.com>

■ 1 attachment

Available at:

http://www.navyhillcommission.org/PSG_Navy_Hill_Stance_2.pdf

Attached.

Thank you,

PSG Team

Sports Backers Support of Navy Hill

Jon Lugbill <jon@sportsbackers.org>

Fri 12/13/2019 2:23 PM

To: All Members <members@navyhillcommission.org>

■ 1 attachment

Available at:

http://www.navyhillcommission.org/Sports_Backers_Comments.pdf

Navy Hill Commission,

Please find attached Sports Backers presentation in support of the Navy Hill development project. Please note that we have included recommendations for your consideration. If you would like more information about any of these recommendations we would be willing to provide more detailed information.

Thank you for your service to the City of Richmond!

Jon Lugbill

Executive Director | **Sports Backers**
100 Avenue of Champions, Suite 300
Richmond, VA 23230
804.285.9495 x224



Bond Redemption Period: "Standard 10-year par call"

Jonathan Miller <jonathanmillerfina@gmail.com>

Thu 12/12/2019 3:39 PM

To: All Members <members@navyhillcommission.org>

Cc: stephanie.lynch@richmondgov.com <stephanie.lynch@richmondgov.com>; amy.robins@richmondgov.com <amy.robins@richmondgov.com>

Good Evening Members of the Navy Hill Commission,

During the December 7th meeting of the commission, a lawyer (with Orrick?) informed the commission that if the bonds have a much higher cost of funds than we anticipated ("If the bond markets go crazy"), then the city could simply refinance, or issue new bonds to pay off the old ones.

The Citigroup presentation scheduled for December 14th (on page 11, below) appears to state that there will be an optional redemption feature: "Standard 10-year par call". How does this 10-year call feature impact our ability to go back to the capital markets for cheaper funding?

http://navyhillcommission.org/Citi-Navy_Hill_Financing_Overview_12-07-19_v2.pdf

Thank you so much for your time and attention,

Sincerely,

Jonathan Miller
519 West 20th Street
Richmond, VA

my written comments from the meeting on December 14, 2019

John Moser <jmoser@moser-productions.com>

Sun 12/15/2019 2:42 PM

To: Pierce Homer <piercehomer@navyhillcommission.org>; John Gerner <johngerner@navyhillcommission.org>

Dear Mr. Homer and Mr. Gerner,

As I mentioned at the commission meeting on Saturday, thanks again to the commission members for your service to the city and all your work analyzing the Navy Hill project. I look forward to reading your report later this month. I'm writing to provide a copy of my comments from yesterday's meeting and request that you include them in the minutes. Thank you!

- John Moser
3rd district

Comments are as follows:

I would like to again push back against the developer's assertion that there are only two scenarios for development in the Navy Hill area – they say we can either execute their plan or do nothing. The notion that there is no other path should be obviously absurd to anyone looking at this rationally. There are alternatives.

Another assertion the Mayor and developers continually put forward is their idea that a new arena is fundamentally necessary to attract development to the area. I and many other citizens find this idea ridiculous. Further, I believe that a majority of citizens do not want the city to seek bond funding for a new coliseum. Unfortunately, we may never be able to fully evaluate public opinion on this, since we were denied a referendum.

I am also deeply concerned and upset that the city and the developers continually mislead the public by saying that there is no obligation associated with the arena bond they are contemplating. In fact, if we go forward with this we are obligating decades of future tax revenue to bond repayment. Moving forward with the bond means we will be “indentured” for years to come, to use the legal language of the bond debt.

Another concern with this proposal effort is the amount of money the city has spent chasing this. In the past week, my concern turned to alarm when I recently listened to a current City Council member use the amount of money the city has spent as a rationale for proceeding with the project.

NO. Dramatic over expenditures to secretly plan and then promote development projects is not a reason to approve the project. In the future, we need to conduct development projects openly and transparently and find a legal means to limit the amount of tax money any mayor can spend on these plans.

Regarding alternatives to this proposal, here is my Christmas wish list for Richmond:

I wish Richmond would get out of the sports and entertainment business. I wish Richmond would stop chasing pipe-dream projects that require massive debt. I wish Richmond would follow through when we have a good idea.

These wishes might come true if we would just walk away from the Navy Hill proposal and get back to work on Resolution 2015-R065-70 that called for development of our 60-acre site on Arthur Ashe Boulevard. In 2013, the revenue projected from a developed Boulevard site was 13.6 million annually.

Pushers of the Navy Hill plan say that it's their deal or nothing. They say that Navy Hill can't develop organically due to a lack of infrastructure. Here's an alternative: Develop the "Boulevard" first. Allocate revenue from the Boulevard into building infrastructure in Navy Hill. Then market Navy Hill for "organic" development on the open market.

At today's commission meeting, there was a brief discussion about trying to determine the cost of developing infrastructure in the Navy Hill area so that the area can be marketed for organic growth. Further discussion and investigation of infrastructure costs should occur to determine the base cost of making Navy Hill developable by means other than those proposed in the current navy Hill proposal.

Here is a link to the above referenced resolution:

<https://richmondva.legistar.com/LegislationDetail.aspx?ID=2514161&GUID=CD659389-51E2-4147-A70C-4BC8669F4196&Options=&Search=>

TIFs starve schools attached article from The Week Nov 2019

Sheryl Baldwin

Fri 12/13/2019 10:26 AM

To: All Members <members@navyhillcommission.org>

■ 1 attachment

Available at:

http://www.navyhillcommission.org/Sheryl_Baldwin-Navy_Hill_Facts_and_Fantasies.pdf

Dear navy Hill Commissioners:

Many things are wrong with this proposed project, including LIES to the public that this will generate tax revenues for schools. The exact opposite is true based on most TIF experience as the attached article explains.

1. This project was poorly conceived, done secretly behind closed doors and
2. in violation of state and City Charter procurement rules.
3. ALL TIF real estate tax revenues go to pay BOND HOLDERS for 30 years, starving schools of badly needed funds.
4. A November, 2019 article in The Week explicitly addresses the major issues with TIFs. I converted the text of the article into a PDF for ease of reading and have attached that for your information.
5. Schools and children FIRST.
6. Do not pass this bloated boondoggle that saddles this city and its children with debt, risking our credit rating.
7. The interest rate on these TIF bonds is 1.75% ABOVE the rate for our general obligation bonds! That debt service cost will have to come from the city's general funds, starving budgets for schools and police funding. That is the history of TIFs in cities with comparable demographics to our own, as this article nicely explains.
8. Columbus, OH was given as an example of one that worked. I started school in Columbus. Its industrial base was automobiles and aviation manufacturing. That's different from ours in RVA. Our demographics better resemble Baltimore and Chicago. Please read the article.
9. Terry McAuliffe secretly convened a "summit" that stripped MCV of all its research resources and that void created by the destruction of the biomedical research enterprise and the Biotech Park over the past 6 years has created a dead zone in downtown RVA where we formerly had a thriving and active research based enterprise with long term good paying jobs. A building project thrown together in 3 weeks is not going to change this. These developers do this all the time. They grab their money, make donations to whatever corrupt politician who backs it, take the money and run, leaving citizens who live here with debt and the same problems. Doing the same thing over and over, as the saying goes, is one definition of insanity.
10. There have been at least 5 projects for downtown RVA that failed. The Biotech Park with its HUB Zone had re energized downtown, but McAuliffe's corrupt administration, which was akin to the Vandals' sack of Rome, has diverted all the biomedical research resources to NOVA and UVA, which have wealthier donors who will give to his second PAC. Terry McAuliffe's second PAC is needed since he set up the first one wrong under FEC regulations so it could not be used for federal elections, only Virginia races. This is one of the reasons Virginia legislature turned Blue.
11. Finally, as former Governor Doug Wilder pointed out, the Supreme Court has ruled that set asides for minority contractors like the \$300 million claimed for this project are unconstitutional. So NH District didn't even do its due diligence homework for compliance issues such as this. It shows the carelessness and lack of thought associated with this entire project.

12. For the sake of our children, RPS schools, and our future financial solvency, do NOT approve this project. It is bad for our children, RPS schools, and our future financial solvency. The article from The Week is attached.

Respectfully submitted,

Sheryl Baldwin, PhD
jaderesearch@verizon.net

comment on the proposed NH District

Charles Pool <Charles_Pool@msn.com>

Fri 12/13/2019 8:05 PM

To: Pierce Homer <piercehomer@navyhillcommission.org>; John Gerner <johngerner@navyhillcommission.org>; All Members <members@navyhillcommission.org>

■ 1 attachment

Available at:

http://www.navyhillcommission.org/NH_District_comment_from_Charles_Pool.pdf

Dear Chair Homer, Vice-Chair Gerner, and Members of the Navy Hill Development Advisory Commission,

Please find my attached comment on the proposed Navy Hill Development.

Thank you for your work.

Sincerely,

Charles Pool
421-1/2 S. Laurel Street
Richmond, VA 23220

Letters to Mayor Stoney and Richmond City Council re proposed Navy Hill Project

Jennifer Grogan <jenniferrsgrogan@gmail.com>

Sat 12/14/2019 9:44 AM

To: Pierce Homer <piercehomer@navyhillcommission.org>; John Gerner <johngerner@navyhillcommission.org>

Cc: Jennifer Grogan <jenniferrsgrogan@gmail.com>

■ 2 attachments

Available at:

http://www.navyhillcommission.org/Final_letter_to_City_Council-Navy_Hill.pdf

http://www.navyhillcommission.org/Final_letter_to_Mayor_Stoney-Navy_Hill.pdf

Dear Messrs Homer and Gerner,

Attached please find letters sent to Mayor Stoney and the Richmond City Council, respectively, setting forth questions and concerns regarding the proposed Navy Hill Project voiced by multiple members of RVActive.

Please note that in the letter to the Council, we expressly request that the Council provide your Advisory Commission with the authority to make recommendations as well as judgments in your final report.

Many regards,

Jennifer Grogan

Public Comment: Political History of Richmond Coliseum Project, 2017-2019

Jeff Thomas <jeffthomasrva@gmail.com>

Sun 12/15/2019 11:00 AM

To: All Members <members@navyhillcommission.org>

To the Navy Hill Commission:

Please find my written public comments summarizing the political history of the Coliseum project from 2017-2019.

This appeared as Chapter 3 of *The Virginia Way: Democracy and Power After 2016* (The History Press, 2019).

Thank you,

Jeff Thomas
Washington, DC
December 15, 2019

Available at:

http://www.navyhillcommission.org/Political_History_of_Richmond_Coliseum_Project.pdf

Navy Hill Letter

Krissy Gathright <kgathright@applereit.com>

Mon 12/16/2019 11 31 AM

To: All Members <members@navyhillcommission.org>

Cc: John Gerner <johngerner@navyhillcommission.org>

To members of the Navy Hill Commission:

Over the years, demand for travel to the Richmond market has been solid, with the city serving a variety of government, education, medical, business and leisure demand generators. Through the addition of new entertainment venues, hotel rooms, restaurants, retail establishments and residential spaces, the Navy Hill Development Project seeks to elevate and expand Richmond's offerings for visitors and residents, increase growth prospects for local businesses, provide additional employment opportunities for citizens, improve public transportation and enhance the walkability of the downtown area. While additional lodging options would provide more competition for existing hotels like ours, more guest rooms within walking distance of the Greater Richmond Convention Center and a new arena would position Richmond to welcome even more visitors and compete for larger convention and association business, benefitting the entire market. As an increasing number of cities invest in upgrading their offerings, we think the Navy Hill Development Project would enhance Richmond's attractiveness to organizations and meeting and event planners who consider many options for locations to hold their functions. As such, Apple Hospitality REIT, Inc. and the hotels we own in downtown Richmond, including the Marriott, the Courtyard by Marriott, the Residence Inn by Marriott and The Berkeley Hotel, are supportive of the Navy Hill Development Project. Thank you.

Sincerely,

Krissy Gathright

Krissy Gathright | COO, EVP of Asset Management | Apple Hospitality REIT
Phone 804.727.6323 | kgathright@applereit.com
www.applehospitalityreit.com

Baltimore's Failed ReDevelopment/TIF Debacle

Caryl Burtner <carylburtnr@gmail.com>

Mon 12/16/2019 1 52 PM

To: John Gerner <johngerner@navyhillcommission.org>; All Members <members@navyhillcommission.org>; Pierce Homer <piercehomer@navyhillcommission.org>

■ 1 attachment

Available at:

http://www.navyhillcommission.org/Article_about_Baltimore_TIF_District_Project.pdf

Dear Members of the Advisory Commission,

Thank you for your hard work vetting the Navy Hill Project, which I firmly oppose for numerous reasons.

Please read and carefully consider the attached article from the 12/9/19 *Washington Post* (reprinted from the *Baltimore Sun*) outlining the failed redevelopment/TIF currently burdening the citizens of Baltimore. Don't let this happen to us!

I hope you agree that schools and families are more important than shiny new buildings. We don't need more restaurants to cypher clientele from those that are struggling to stay in business, or a coliseum that doesn't even have a home team.

Thank you for your consideration,

Sincerely,

Caryl Burtner

Comments about NH project

drowe1624@comcast.net

Mon 12/16/2019 3:20 PM

To: John Gerner <johngerner@navyhillcommission.org>

As a life-long Richmond City resident I'm skeptical of this project and disturbed by the deceptive tactics used by the developers to mislead the public. As you have proven this Project will take increased tax revenues on existing property to pay off the bonds. Monies that would otherwise been dedicated to the general fund will now go to the repay bonds first- schools and infrastructure have to wait. Low-income residents will likely be displaced for failure of the project to provide real affordable housing. There is no sunset clause in the Ordinances ending the TIF, creating what some call a Slush fund for developers after the arena has been paid off. Unacceptable!

Stoney ran on a platform of Accountability & Transparency. I believed he would work for ALL Richmond residents not just a privileged few. Unfortunately, he has chosen to curry favor with corporate elites at the expense of working class, tax-paying residents. Therefore, I'm asking City council to reject this project.

Thank you for all the work you have done to evaluate this project. It is much appreciated.

Debbie Rowe

3rd district resident

Navy Hill opinion

Waite Rawls <wrawls@acwm.org>

Mon 12/16/2019 3:35 PM

To: All Members <members@navyhillcommission.org>

Ladies and Gentlemen,

I have written Cynthia Newbille and Ellen Robertson the following email on November 21st, with copies to the rest of City Council, to express my strong support of the proposed Navy Hill project and urge you to consider my thoughts.

Waite Rawls

2215 E. Broad St.

Richmond, VA 23223

waiterawls@gmail.com

(804) 501-8436

Dear Cynthia and Ellen,

I am writing to express my strong support for the Navy Hill project.

I have read everything I could, visited their website often, attended a number of presentations, and attended the very good (and very cold) walking tour sponsored by the Partnership for Smarter Growth last Saturday. Until the last few months, I was concerned about what I thought was the lack of transparency. But, since the confidentiality agreement with the city was lifted, I think that I am now well informed.

I have noted that many express a high level of suspicion about the project, usually for one of two reasons:

- The City of Richmond has a miserable track record promoting “shiny projects.” Redskins park and the 17th Street Market are given as examples, and the foolish but failed attempt at putting a ballpark in the Bottom is also frequently mentioned. I think these suspicions are justified because the facts support the suspicions. But this is a project that is privately proposed, and the examples of the success of the Carpenter and Altria theaters are more appropriate.
- People are suspicious of big projects led by “fat cats.” This suspicion has been most prominent in the news and public meetings—and in many of the statements made by candidates for the 5th District campaign and made by some of the members of City Council. This may be effective populist rhetoric, but it makes for bad decision-making. The leadership of the Navy Hill project are among the most important community-minded citizens that we have. Their personal leadership and track record with the city is unparalleled. I recently visited Cincinnati and toured its “Over the Rhine” district, where similar people had the inspiration to transform an area much larger than the Navy Hill area. It is now the pride of the city.

There are many reasons that this project makes sense:

- This is a big area in the center of the city, with much of it producing no real estate taxes. It is now wasted. If we don’t think big, we will leave it to organic, disjointed growth. This will take much longer, if it happens at all. And the likely targets—the city or VCU—will not get the area to produce tax revenues. The city will have no choice but to raise taxes on people like me and/or continue to let other city priorities—particularly schools—continue to suffer for lack of funds.
- The convention center should and could have a much bigger positive impact on the city than it currently does. The inclusion of a new, 500+ hotel, with a top brand name, will make a tremendous difference, allowing the convention center to book more, bigger, and better conventions. This will not only alleviate its financial situation, but it will also have tremendous economic multiplier effects on shopping, dining, and visitation to our many prominent

- ♦ The area is now a residential desert. Once a vibrant residential neighborhood, there is simply nothing there now. With the inclusion of 2,000+ residential units--many of which being affordable housing—it will bring new residents into the city. Like Shockoe Bottom, Manchester, and Scott’s Addition, this new blood gives vitality to our city.
- ♦ New residents also require new and/or improved services. Some need to be large, and a grocery store is included. Many others, however, will be small—restaurants, shops, cleaners, etc. These will give a positive lift to that area of Broad Street. And, as you know, that area of Broad Street needs all of the lift it can get.

There are also a few attributes which I consider brilliant, out-of-the-box thinking:

- ♦ Reopening the street grid, particularly Clay Street on both the 9th to 10th block and the underpass, is brilliant. It would not happen with organic growth. It would not happen unless we think big.
- ♦ Currently the Blues Amory is an embarrassment, not an asset. Connecting it to the hotel is inspired. The magnificent third floor space would come alive as a venue with a truly competitive advantage, and the first two floors would be great additions for other use.
- ♦ By including VCU in their creative thinking, the proponents have come up with a great idea. VCU needs student dormitories and spaces. If left to their own devices, VCU would build them; and we would simply continue the pattern of valuable real estate taken up with no tax revenues included. By having a for-profit develop and own the real estate, with VCU as the tenant, we get the best of both worlds. But the students will not want to live there unless they have easy access to the other amenities mentioned earlier—grocer, shops, restaurants, etc.

Sports arenas supported by local governments tend to be financial disasters. I strongly opposed the ballpark idea for this reason. This is NOT merely a sports arena and does not depend at all on sports.

- ♦ The great majority of the events planned are not sports. It could be used for sports, but there is no financial reason to depend on it. Sports are simply an add-on.
- ♦ The operator of the arena is highly qualified and experienced. Their capital is at risk, and their financial success depends on their ability to attract many events with large crowds. This will not be a sports arena which will “go dark” on all other days.
- ♦ The current arena is not crumbling. It is simply not capable of handling the types of events that would come to the new center. This is particularly true of concerts—the biggest revenue producers and profit makers in other cities. It is almost 50 years old, and it cannot handle the electronics and technology required. And the ceiling will not support the hanging technology that these events demand. Richmond is developing a great reputation for being a cultural center, and that reputation is drawing many new residents who want to live in the city, not in the suburbs. The type of events that would be held in the new arena would add measurably to that reputation and that draw.
- ♦ A large part of the profit potential in a modern arena comes from exclusive boxes and the overall naming opportunity for the arena. FedEx Field, Capital One Arena, etc.—the name produces revenues. And the boxes would give many area businesses and institutions a great new way to entertain customers and visitors.
- ♦ Large crowds create traffic jams. Redskins Park or events at the Siegel Center require a major financial commitment from the city police to handle that traffic. The proposed arena operator will handle traffic control, relieving the city of that financial burden.

Finally, as you both know, I spent 30 years in the world of finance, including leading three large public finance units in New York and Chicago. I have reviewed as closely as possible the financial proposal, and several things stick out for me.

- ♦ This is not a municipal undertaking. It is a private undertaking, and the private parties are putting a massive amount of private capital behind it. That capital is at risk, not that of the city’s taxpayers.
- ♦ The bonds to be issued are nonrecourse bonds. Bond capacity of the city is not required because of the private investment in the capital structure. The issuers will therefore need to pay a higher interest rate, because the bondholders simply cannot look to the city for help.

- ♦ There is no bond financing for anything other than the arena. All other development financing will be provided by private developers, whether the hotel or the VCU dorms or the residential units.

I hope that the two of you, given your roles in leadership (Cynthia) and your role as the representative from the district (Ellen), will give your strong support to this important proposal and lead your fellow members of City Council to approve this proposal when the time comes.

With great respect for your leadership,

Waite Rawls

flawed and MUCH more work needs to be done before action is taken

Sharon Carter <sharoncarterdesign@yahoo.com>

Mon 12/16/2019 3:21 PM

To: AllMembers<members@navyhillcommission.org>

The current process is fatally flawed.

In light of the great need to renew Navy Hill, it is deeply regrettable that the process the city launched in 2017 has failed to embrace public input and failed to be transparent. This has resulted in a lack of buy-in among residents, and the absence of confidence that our community would be making the best use of valuable public land and tax dollars. The numerous and serious problems plaguing the process include:

- **No public plan.** The city failed to conduct a public planning process at the outset. The lack of an area plan is a critical, missed opportunity to welcome input, identify community needs and goals, and create concepts for transportation, land use, urban design, public space, affordable housing, public art, and all of the features that make for a great neighborhood.
- **No alternatives.** In a basic failure of due diligence, the city did not publish alternative economic scenarios for redevelopment and for the maximization of property value, tax base, and community benefit. Had there been a public process to develop a small area plan, the city could have issued individual requests for proposals (RFPs) for each city-owned parcel and sold the property to the highest bidder that also committed to particular improvements. The absence of any such processes means it cannot be known whether alternative approaches would have provided greater benefits, including affordable housing, revenue for city services, and infrastructure and street safety improvements.
- **No evidence of a lack of potential private investor interest.** The 2018 HR&A market analysis indicated that the city and its downtown are on the rise, and that market demand for housing, office, hotel and retail is strong and growing. In this context, there is no reason for the city to presume that the economic redevelopment of the Navy Hill area requires the fiscally opaque, complex, taxpayer-subsidized measures of the 2017 RFP.
- **No rationale for taxpayer purchase of a new coliseum.** The city failed to publish an evaluation of whether a publicly funded coliseum is needed to achieve the redevelopment goals for the area, and whether Richmond taxpayers should alone pay for a new coliseum, without help from surrounding jurisdictions. The primary purpose of the proposed tax increment district is paying the principal and interest on over \$300 million in bonds for a new coliseum, but the city did not allow for public consideration of whether a coliseum is the best use of our future tax revenues from this valuable real estate.
- **Just one response to the RFP.** The city's receipt of a lone response to its 2017 RFP is at odds with the high level of private investor interest in downtown Richmond, and is cause for great concern. Under Federal and other procurement best practices, receiving a single bid would halt the redevelopment process until there were at least three qualified responses. A single response means there is nothing to be compared, and no basis for considering whether the city would be making best use of public land and tax dollars. A lone response to the RFP suggests that the terms of the requested redevelopment are not economically viable and that there could be significant risks, or that the respondent knew something that other potential respondents did not.
- **Changing the terms after the RFP closed.** It appears that the terms of redevelopment changed after the close of the RFP response period. The special tax zone was expanded to include

additional properties south of Broad Street, altering the economic calculus. Had these properties been included in the originally advertised special tax zone, it is possible there would have been additional respondents to the RFP. The expansion of the tax zone resulted in the addition of properties owned by Dominion, whose CEO is affiliated with the sole development consortium that responded to the RFP. This creates an appearance of impropriety, including the appearance that Dominion is dictating that some of its future property taxes will pay for a new coliseum that is affiliated with its CEO rather than to schools or other public needs.

- **Selling city land at a discount.** The public properties to be sold to the selected development consortium have not received an updated appraisal and are being offered at less than their assessed value. This further changed the economic calculus of the redevelopment after the closing of the RFP response period. City staff argues this concessional sale of public property is justified by the potential social benefits of the area's redevelopment. If this is the case, the concessional sale could have been part of the terms of the RFP so that all potential respondents could have included it in their economic evaluation.
- **Loss of accountability to the EDA.** If approved by the City Council, most authority over the financial oversight of the redevelopment will be transferred to the unaccountable economic development authority, which will negotiate the terms of the bond indenture and oversee the construction.
- **Elimination of staff neutrality.** An overarching procedural flaw is the failure to have the city staff (with public input) objectively evaluate alternatives. The failure to consider a broader range of alternatives is noted above, and the strong public endorsement of the Coliseum-Navy Hill proposal by the Mayor means that city staff must advocate for this proposal, and cannot identify risks or problems with the proposal to the City Council and the public.
- **Inadequate public notice and review for Planning Commission action.** The disposal of up to a dozen downtown city blocks to private owners is a momentous action that warrants extensive advertisement so as to welcome and consider public input. Yet the Planning Commission's October 16 special meeting appears not to have had any commensurate public notice. It appears that only the website of the Coliseum-Navy Hill development consortium advertised this procedurally pivotal meeting. The agenda for the meeting made no reference to Navy Hill or suggested the major import of the planned actions. This lack of transparency is a major and disappointing procedural lapse.
- **Paid interests dominating public meetings.** At the December 7 meeting of the Navy Hill Development Commission, at least 30 city staff and consultants for the development consortium and the Mayor appeared before the volunteer commissioners, with no independent, professional expertise available to the commission or the public to vet or respond. An unlevel playing field limits the capacity for effective external review when both city staff and the private developers are arrayed before our nine-person, part-time City Council, the small council staff, and a volunteer commission. The late addition of a separate consulting firm to advise City Council does not fully address this imbalance, given the short 90-day review for an agreement negotiated for more than a year, and the potential conflict of interest identified by the media.

Substantive problems also plague the proposal.

There are a number of positive substantive components of the current Coliseum-Navy Hill proposal. The absence of a sound process, however, means the critical, substantive issues of Navy Hill redevelopment cannot be appropriately considered. Even absent an appropriate vetting process and notwithstanding some positive elements, however, a number of substantive problems and unacceptable risks appear to be part of the current proposal. Absent a new process, it is not possible to take a stand on these issues. Yet PSG considers it important for the public and decision-makers to note these issues and ensure they are fully addressed in a subsequent process. These issues include:

- Parcels improperly included in the tax district.
- Potential negative impact on city credit rating and borrowing capacity.
- Uncertain revenue projections.
- Unknown timing of housing funding and location for offsite housing, and lack of certainty of housing affordability for on-site.
- Unknown timing and lack of certainty for school funding.
- Uncertainty as to whether the tax increment district would continue indefinitely.
- Uncertainty of the condition and value of a new coliseum once debt is paid off.
- Lack of alternatives analysis for a transit center.
- Lack of provisions to make Leigh Street safely walkable.

PSG urges City Council members to reject this proposal and fix the process.

Our community deserves better. Let's do this right.

Process matters. Objectively analyzing alternatives is important. An inclusive, transparent process builds trust in government. A process that people think is predetermined or not reflective of community views sows distrust in government. Richmond's history of racism and, at times, poor governance, including a series of economic development projects that have not met projections, has left a legacy of mistrust among residents. Navy Hill redevelopment is an important, once-in-a-generation opportunity to help reverse that. For the largest economic development proposal ever considered in Richmond, the city must ensure the best use of valuable public land and tax dollars, and prove that community input and objective analysis matters.

Because Richmond is now such an attractive area for investment, the city can re-do the process quickly, smartly, and with confidence. We can determine if we need a coliseum in this location, and if it's even necessary for the city and for Navy Hill redevelopment. We can ensure that community members truly have a voice in the planning of the new neighborhood, through a focused small-area plan. This blueprint would inform a new RFP for redeveloping the neighborhood on terms that have community buy-in. Richmond neighborhoods have the capacity to develop organically, led by community members,

The new RFP would reflect best practices for transparency and clarity. Potential redevelopment of Navy Hill would move forward only if the RFP attracted responses from at least three experienced, capable, and community-conscious respondents. The selection of a potential developer through the new RFP would not

represent the final endorsement of the city. Instead, it would mark the beginning of an effort on the part of the selected respondent to further develop its plans, negotiate community benefits, and take further input from community members. City staff would be in a renewed position to exercise their expertise as neutral evaluators, not cheerleaders.

A successful process would be celebrated with renewed trust in city government -- and would create a fantastic new Navy Hill community where all people are welcome to live, work, and play.

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