

Minutes of the Navy Hill Development Advisory Commission December 16th Public Hearing

Monday, Dec. 16, 2019

6:00
PM

Martin Luther King, Jr. Middle School
1000 Mosby Street, Richmond VA

Members Present

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

Call to Order

Pierce Homer called the meeting to order and welcomed the attendees.

Introductions

Individual commission members introduced themselves.

Approval of Minutes of the Previous Meeting

Minutes of the December 14th meeting were approved.

Disclosures

There were no disclosures at this meeting.

Freedom of Information Act (FOIA)

There were two FOIA requests since the December 14th meeting. Both were from the Richmond Times-Dispatch involving past communications by commission members Dr. Hakim Lucas and Michael Schewel. The responses are at:

http://www.navyhillcommission.org/FOIA_Request_Documents-Lucas_and_Schewel_Communications.pdf

http://www.navyhillcommission.org/FOIA_Request_Documents-Lucas_Communications_with_Minor.pdf

Public Comment Period

Speakers included Charles Ware, Art Burton, Omari Al-Qaddafi, Carroll Abdul-Malik, Grace Washington, Pamela Irving, James 'J.J.' Minor, Allan Chipman, Quinton Robbins, Gray O'Dwyer, and Charles Willis. Ryan Dondero spoke and also provided a follow-up email message, which is attached. Other written public comments are also attached. These are from Jeff Kelley with NH District Corp., Susan Miller, Jennie Daley, and Charles Pool.

Stewart Schwartz with Partnership for Smarter Growth spoke about that organization's recently announced statement of position on the Coliseum-Navy Hill development proposal is available at:

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

Commission Report and Meeting Planning

Pierce Homer lead a discussion about this topic.

Adjournment

Audio Recording of Entire Public Hearing

Available at:

http://www.navyhillcommission.org/2019-12-16_Navy_Hill_Commission_Hearing.mp3

Navy Hill Development Advisory Commission

Public Hearing Speakers

Name	General Description of Where You Live
Charles Ware	Woodland Heights
Stewart Schwartz	Partnership for Smarter Growth -
Art Burton	Community in Action
Ryan Dondero	Mechanicsville
Omar Al-Qadafi	Church Hill - 7th District
Carroll Abdul-Malik	
Grace Washington	7th Business
Pamela Irving	Church Hill / 6th District
James Marie	THADP
Allan Chipman	6th District
Ewinton Robbins	8th District
Gray O'Dwyer	Fairmount
Charles Willis	Southside / Church Hill

NHDC follow up material to 12/16 hearing

Jeff Kelley <jeff@kelleyus.com>

Tue 12/17/2019 6:18 AM

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

Messrs Homer and Gerner,

I serve as a spokesperson for the NH District Corp., and wanted to follow up with a few items after last evening's public hearing. Those items are below.

Thank you for your work and time serving our city.

Jeff Kelley

KELLEY.

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RESPONSE TO STYLE'S '15 QUESTIONS':

- One of the first speakers mentioned the need for answers to a recent [Style Weekly cover story](#). Indeed, we published answers earlier this month, as well as a rebuttal to that piece in Style.
- Style article rebuttal:
- <https://www.styleweekly.com/richmond/rebuttal/Content?oid=15395665>
- 15 Answers:
- <https://navyhillrva.com/15answers>

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ENDORSEMENTS

- While REA has opposed the project, Navy Hill has many endorsers.
- Some organizations that have publicly endorsed:
- <https://navyhillrva.com/endorsers>
- The Metropolitan Business League's recent endorsement:
<https://navyhillrva.com/nhnews/2019/12/13/a-show-of-endorsement-by-the-richmond-metropolitan-business-league>
- Press release on endorsers: <https://navyhillrva.com/nhnews/2019/10/28/local-individuals-nonprofits-associations-and-partners-support-endorse-navy-hill-development>

SPECTRA RESPONSE TO CITY COUNCIL

- The Spectra litigation was recently discussed by Council, which requested a response from the company. Here is its response.

Global Spectrum, L.P. is a Delaware limited partnership that does business under the trade name Spectra. Spectra is majority owned and controlled by Atairos, an independent private investment firm based in New York. Comcast holds a minority interest in Spectra through its ownership of Comcast Spectacor, a Philadelphia-based sports and entertainment company.

Spectra's policy is not to comment on past or present lawsuits. However, we vehemently deny that there is any merit to the claims brought in the litigation matters cited in the document attached to the follow-up questions. We are proud of our record regarding minority contracting and hiring practices, and are firmly committed to diversity and inclusion across our employment practices, vendor and customer relationships, and through investments in the communities in which we operate.

Spectra has a clear and deliberate strategy of partnering with minority-owned businesses and creating a diverse team. One such example of that is at the Greater Richmond Convention Center (GRCC), which has been managed by Spectra since 2001. More than 65 percent of the workforce at GRCC is comprised of people of color. In fact, more than a third of Spectra's entire workforce is people of color, including nearly half of all hires in 2019, and leaders across various divisions and departments at Spectra's corporate headquarters. What's more, with participation nearing 65 percent, GRCC continues to achieve impressive levels of subcontracting with qualified vendors through Virginia's Small, Women-owned, and Minority-owned Business (SWaM) program. Spectra also manages Virginia State University's Multi-Purpose Center, led by General Manager Victor Landry and Assistant General Manager Nate Harris. In an effort to increase the diversity of its VSU-based workforce, Spectra's venue team guest lectures at classes in sport management, marketing, and mass communications; participates in VSU's Marketing and Sales Internship Program; and regularly represents Spectra at student job fairs.

Other examples of Spectra's focus on diversity in markets similar to Richmond include Duke Energy Center in Cincinnati, which achieved an MBE percentage of 48 percent with upwards of \$1 million spend in 2018. In Dallas, 58 percent of full-time employees are people of color at Spectra-operated Fair Park. The team there spearheads a community coalition of South Dallas neighborhood leaders, regularly shares job and business opportunities at Fair Park, and annually invests \$100,000 in a paid internship program for students from predominantly African American and Hispanic high schools located in South Dallas.

Spectra is recognized in the industry as a company with a culture of integrity, ethical decision-making, and a positive, inclusive workplace. We remain committed to fostering an environment of diversity and inclusion throughout our organization, including all of our operations in Richmond.

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Comments from this evening's public meeting

Ryan Dondero <ryanddondero@gmail.com>

Mon 12/16/2019 6 42 PM

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

Good evening Mr. Homer and Mr. Gerner,

Thank you for allowing me to speak tonight at the NH Commission public meeting. As was suggested at the meeting, I'm forwarding you my comments.

Thank you,

Ryan

Good evening, my name is Ryan Dondero and I wanted to speak to you all this evening about my concerns regarding the financial risk we are taking with this proposal. You have been tasked with assessing whether this project delivers on its claims in terms of addressing our City's challenges. On the issue of improving the economic position of our city, the project does not take Richmond forward; it takes us backwards.

A number of red flags have presented themselves in terms of the numbers on this project, beginning with a TIF that expanded from 8 blocks to 80 in a very short period of time. As I understand it, for a project to 'pay for itself' as the Mayor has claimed, it would need to generate enough revenue to pay back the money borrowed to build it. The fact that we need another 70 blocks of downtown development to pay off the bonds is concerning. To say that an investment in these ten blocks will create incremental revenue is reasonable; but to say, 'all development that will occur across 80 blocks of downtown for the next 30 years is attributable entirely to this project' is laughable. This is important because Richmond is a growing city! I think it is highly likely that without this project, we would still see plenty of development in these 80 blocks; and without this project, all of that would all go to the city instead of bondholders. I understand that the developers have argued that we would not see growth, but if they are so certain of that fact I wonder why they insisted on a TIF by contract which exempted them from having to actually run those numbers.

Something that bothers me is that there are certain numbers here that you think would end the conversation. For example, Navy Hill is claiming that this arena will generate \$5.8 million a year, but the nine comparable arenas that Navy Hill itself identified make an average of \$953,000 a year. The highest grossing venue garnered \$2.9 million. How does that not end discussion?

Numbers presented by the developers would assume that the average coliseum attendee spends \$458.48 on refreshments. Why are we continuing to use their projections in discussion after learning that? And if the actual math of these numbers wasn't enough to question their validity, we could even just look at historical precedent where projects like this have consistently costed more, taken longer to build, and generated less than predicted. Coliseums in particular have a disturbing track record of losing money, and trapping localities into endless infusions of funding for updates because they are too big to fail. Economists also overwhelmingly predict we will be embarking on this dubious project right as we hit a recession.

I want to believe that the worst case scenario here is lower profits than anticipated for the city, leaving us still at a net positive; but that simply isn't the case. I am ready to stop hearing about non-recourse bonds because this deal is structured to ensure that we pay the interest first, the bondholders second, the insurance for bondholders third, and then our crumbling schools and public services last. Sure, if the project generates zero dollars we don't have to pay the bonds back. But the more likely scenario is that the project will at least eek out the money for the bondholders and leave us bereft of money for the things that we actually need to invest in.

We simply cannot take on this risk, and I urge you to communicate this in your recommendations to council.

Thank you for your time.

Public Comment

Susan Miller <susan.miller1417@gmail.com>

Tue 12/17/2019 10:35 AM

To: AllMembers<members@navyhillcommission.org>

Dear Commission Members, Thank you for all your work on the Navy hill project. and for taking public comments. I live in the Fan and worked at VCUHS until I retired 2 years ago. My husband works at the BioTech building across from the empty lots we are all discussing. I have waited years for the dilapidated Public safety building to be torn down. I have followed the details of the project with difficulty due to lack of transparency for so long. I have taken the walk sponsored by PSG so I have an idea of what the plan will look like.

1. I strongly support the development of an under roof transfer station for folks riding the bus. This needs not just a shell but money to build the bathrooms, food stalls and other small sales areas like one sees in transfer stations in other cities. I love the green roof plan that visually connects with Monroe house.
2. I support the building designated for VCUHS research expansion. It is obvious to all that VCUHS is landlocked. I understand that the city wants to build things that are not tax exempt, and having VCUHS rent the research building seems a reasonable compromise. I am surprised however that more space is not being sold to VCUHS/BioTech/UNOS and the surrounding research park. These areas provide long term high tech jobs and people who would like to eat lunch in the transfer center.
3. The idea of returning the grid and connecting Court End and the Monroe house is terrific.
4. The plan for affordable housing in the area seems reasonable since there are 13,000 employees at VCUHS and thousands of health professional students who change year after year. I also believe the city has an obligation to provide truly affordable housing as part of that development that will house folks with Section 8.

What I do NOT support is a new Coliseum in this area and an 80 block TIF.

What are our real priorities as a city? Do we want a coliseum or do we want better schools? I remember signing a petition over a year ago, passed by of all groups, the Sierra Club, that said "Schools First". I still believe that. I lived in the suburbs for 20 years when we moved here in 1983 because I was not willing to put my kids in substandard schools or in a private religious school. Now living in the city 35 years later it is sad to say that not very much has changed. I have hope for Kamras, but I see how much push back there is for pairing schools. I don't feel I can speak up about that since my kids are long out of college. But I do feel an obligation to pay the taxes and to stand up for all kids having a school as good as what my kids got. If someone really wants a coliseum, let them and the money in the suburbs put up private financing and preferably put it out next to the stadium and the freeways where there is room and good access. The city should be primarily focused on a massive school improvement project from age 3-grade 12 as well as supporting after school programs, day care, and free community college and vocational training. I would also include early pregnancy prevention, and identifying at risk moms and kids starting at pregnancy-3yo.

I could go on and on about how we need to transition the whole economy and transportation off fossil fuels in the next ten years. Which may be why I do not trust Dominion and Farrell to act in the public interest. A colesium is the last thing on my list. The city needs to fix "Schools First" and provideaffordablehousing!

Susan A Miller MD FAAFP

susan.miller1417@gmail.com

1417 Grove Ave Richmond, VA 23220

As of Nov 2016, please use this instead of my professional VCUHealth email

Public comment on Navy Hill

Jennie Daley <jenniedaley@gmail.com>

Tue 12/17/2019 12:25 PM

To: All Members <members@navyhillcommission.org>

Hi! My name is Jennie Daley and I'm a city resident living in Monument Avenue Park. Thank you for your hard work on this commission. I'm writing because, as a parent of students in the city schools, I can't understand how the city would pursue the financing being offered for Navy Hill. To take some of the most valuable—and likely to appreciate—property off the city's already slim tax rolls in pursuit of a tourist attraction is not a trade I'm willing to make. I hope you will vote against the project in its current iteration, address the many concern residents, neighbors, city leaders and organizations have brought up, then pursue a project we can all get behind.

Thank you, Jennie

Comment in opposition to the Navy Hill/coliseum development proposal

From: Charles Pool <Charles_Pool@msn.com>

Date: December 16, 2019 at 8:21:50 PM EST

To: Navy Hill Development Advisory Commission

Re: Comment in opposition to the Navy Hill/coliseum development proposal

I strongly recommend that the city NOT pursue the proposed NH District Corp. Navy Hill/coliseum development with the proposed 80 block downtown TIF District for the following reasons:

The bidding was an unseemly process:

The city's original Request for Proposals (RFP) with a TIF district for the Navy Hill development was tailored to the specifications of one bidder, which was headed by Dominion CEO Tom Farrell. This TIF district design did not originate from any public process or from directives of city council or any public body but rather the bid specifications originated from Tom Farrell's development group.

This original city RFP detailed a TIF district of 10 blocks in the affected area of development surrounding the coliseum. Since the original RFP was tailored to the specifications of one bidder (the group headed by Dominion CEO Tom Farrell) it came as no surprise that the city received only one response to the RFP: the one bid was from Farrell's group.

After the one proposal was received from the group headed by Dominion CEO Tom Farrell, this group then insisted that the TIF district be expanded by eight times from the original 10 blocks. Without a properly revised RFP or a new solicitation of bids, the expanded TIF district morphed to 80 blocks to now include most of Richmond's downtown area.

Because the expanded TIF district now includes the new Dominion tower headquarters, and because the original RFP was tailored to the one bid by the group headed by Dominion CEO Tom Farrell, there is certainly reason to believe that the expanded TIF district of 80 blocks was planned all along, even before the original RFP with a 10 block TIF district was advertised. Such insider dealing is not allowed by the city's procurement rules, and it is abhorrent that the city is proceeding with this flawed bid.

The tax revenue from the \$117,341,000 in assessed improvements of Dominion's new tower at the 600 E. Canal Street amounts to \$42 million over 30 years, and this is not taking into account inflation or increases in assessment. If Dominion follows through on their plan to replace the second tower at 700 E. Canal Street, this could double to \$84 million over 30 years (again not taking into account inflation or increases in assessment). The lost tax revenue to the city's general fund from just these two building improvements would probably inflate to well over \$150 million over a 30 year period. It is clear why the location of both Dominion towers were added to the 80 block TIF district by the group headed by Dominion CEO Farrell. It is unfair if Dominion CEO Farrell gets to choose how the city real estate taxes from the Dominion towers are spent.

Once the TIF district was expanded by a factor of eight, from 10 to 80 blocks to include Dominion's new tower, this created an enormous increase in the amount of revenue that would be generated from the TIF district. Logically, other developers may have bid on the RFP had the TIF district included 80 blocks instead of just 10 blocks. But in a violation of the city's procurement rules, the city failed to advertise a new RFP with the greatly enlarged TIF district. Instead, it appears that the city is quite happy with having no competing bids to the group led by the CEO of Dominion – which is a major political contributor.

As an analogy: suppose the city put out a RFP for a new school building and only one bid came

in at \$10 million. And suppose the city accepted this one bid but the bidder then decided to revise its bid with an eight-fold increase to \$80 million. Presumably, if honest procurement rules were followed, the city would not just accept this eight-fold increase cost to city taxpayers without rebidding the project. Similarly, it is unseemly for the city allow the TIF district for the \$1.5 Billion coliseum project to be expanded eight fold over the original RFP without soliciting new proposals.

VCU demand for office and housing is strong at this location without the Navy Hill project:

A fundamental narrative in this proposal is that there is little demand for developing depressed city-owned land near the coliseum without the intervention and incentives generated by the NH District Corp. and the 80 block TIF District: this is a demonstratively false narrative.

This false narrative requires the public to ignore the fact that this city-owned land is in extreme demand in close proximity to the land-locked VCU/MCV medical campus. The development proposal requires us to ignore the fact that there already is a tremendous pent-up demand for VCU housing and office space and that available land is at a premium near the VCU medical campus. Although it is apparent that the city-owned land adjacent to VCU is worth many times the value stated in the proposal, it is extraordinary that there has been no effort to accept offers or market the city-owned land to determine its real value. A major flaw in the proposal is that the large demand/small supply for land near VCU's medical campus is being ignored.

VCU included plans to partner in the development in the newly approved VCU Master Plan: "The proposed Navy Hill redevelopment calls for a new mixed-use development that will revitalize downtown Richmond with retail, housing and other program elements. VCU and VCU Health System support the project and are exploring potential partnerships ... " VCU President Rao even signed an op-ed in the Times-Dispatch written by the NH District. It is important to note that Tom Farrell, who leads the NH District Corp., is a former VCU Board of Visitors member, and his son was recently appointed to the VCU Board. Yet, there has been little discussion regarding how VCU is the main beneficiary of the proposal and what role VCU should play in funding the development.

Many of the 480 "affordable" housing units in the Navy Hill deal undoubtedly will be occupied by VCU students. VCU documents a large shortage of housing for its medical campus. Preliminary information regarding these 480 "affordable" units indicates that many are configured like studio "dorm" apartments. The city's stated commitment to affordable housing is not achieved by building dorm rooms for VCU.

In addition to dorm rooms, a shortage of office and medical space is found in VCU's eastern MCV campus. VCU undoubtedly also would occupy much of the office space proposed in the development, which is near the university's research labs.

Likewise, the coliseum would be a venue for VCU sports, graduations and other events. The much heralded John Paul Jones arena in Charlottesville was funded not by the city but by the University of Virginia. VCU has made no substantial contribution to the effort but would reap the primary benefits of a new coliseum in Richmond. The University, which as a state agency pays no city real estate tax, is happy for the city to mortgage for generations the future revenue from the real estate tax on 80 prime downtown blocks to fund a project for which VCU would be a chief beneficiary.

The unintended consequence of this plan would be to starve city schools of funding while providing an city-funded feast for the state university. Richmond should not recklessly mortgage its financial future for the next 30 years in order to subsidize a development boom for VCU, particularly when VCU would participate in developing any available city-owned land near the VCU medical campus without the Navy Hill project.

The TIF will starve the city's general fund:

Little consideration has been made of the projected increase in the city's population over the next 30 years. It is projected that the city's population will increase by well over 50,000 in the next three decades. This increase in city population will require a proportional increase in funding for schools, public safety, transportation, and other city services.

At this time, the 80 blocks of downtown provide a substantial contribution to the general fund to pay for the schools and other city services. But the proposed TIF district would lock the financial contributions of the 80 block downtown area at 2019 real estate tax rates for the next three decades even while the city's population and demand for city services soars.

Our city residents are far more concerned about funding the city schools than funding a new coliseum. It would make far more sense to establish a TIF District to earmark the increase in real estate tax revenue towards school funding rather than coliseum funding. Families make a decision on whether to live in Richmond based primarily on the quality of the schools and not on whether the city has a large coliseum.

Quid Pro Quo agreements not disclosed:

The supposedly “non-profit” NH District Corp. refused my recent request to disclose the Quid Pro Quo contributions that it has received from Dominion and other million-dollar donors. The public has a right to know what these contributors have received in return for donating millions of dollars to the NH District Corp.

Against IRS rules, the “non-profit” NH District Corp. has engaged in extensive lobbying for the Navy Hill development legislation. The NH District has actually paid people to attend city council meetings with signs that promote the project.

How can the city approve a project without a disclosure of what the donors are receiving in return for million-dollar donations that will impact the city for generations to come?

Dominion CEO Tom Farrell has time and again manipulated the rules governing the state's energy monopoly in its favor, and we can expect a similar pattern with the Navy Hill project. Dominion recently obtained approval for receiving all costs and even a profit from rates charged to Dominion customers for removing polluting coal ash deposits from the grounds of its coal plants. Likewise, there will be no end of requests from Farrell's group for further city subsidies and bail-outs for this Navy Hill/coliseum debacle, which will be seen by the city as “too large to fail.”

City should not cede design control to Farrell's group:

Based upon the uninspired plans and elevations revealed recently, the ubiquitous designs for the coliseum and surrounding blocks would not be an asset to Richmond's architecture. There is nothing noteworthy in these boring glass-box designs that are typical of every suburban office park. Ceding design control of the coliseum and surrounding blocks to Tom Farrell and his associates would result in an unexceptional product, and there would be no incentive for buildings to last more than 30 years.

It's a bad idea to bet the house on one deal:

There is no reason for the city to bet its entire financial future on this \$1.5 Billion deal. This would be like an individual mortgaging his house and school fund and going to the racetrack and putting all his money on one horse, just because he got a rosy tip.

The NH District has offered a rosy tip: the NH District says that if the city just mortgages the future revenue from its downtown for the next 30 years – it might pay off. A gambler knows to never bet more than he can afford to lose, and the city cannot afford to lose the increase in revenue from real estate taxes on 80 prime blocks of downtown for the next 30 years. A developer's rosy projections are practically never accurate; projected returns are routinely

inflated and costs are underestimated.

The city's current coliseum is little more than 30 years old and is described as a useless relic. Yet, according to rosy projections for the new coliseum, it is expected to generate over \$10 Billion in new income through the next 30 years without any repairs or upgrades. This is an absurdly rosy picture.

If the city decides to develop city property, there is no reason that it has to be developed in one large gamble. The prudent approach would be for the city to entertain offers for surplus land in order to gauge the value of the land. It is absurd to accept the low-ball offer from Farrell's group for city-owned land near the VCU medical campus without entertaining other offers.

There is no consensus that the citizens of Richmond place a high priority on building a new coliseum. Renovation of the existing coliseum should be considered as a viable option. If the citizens do decide that a new coliseum is worth the large expense, the city should weight whether the city can afford funding the project in the conventional manner and also enlist the support of the surrounding counties and VCU.

In summary:

The proposal for the 80 block TIF district to fund the Navy Hill development submitted by the group headed by Dominion CEO Tom Farrell is flawed and should be rejected. The city can ill-afford to “bet the house” on this \$1.5 Billion deal that primarily will benefit the developers and VCU. The original RFP for the project was an “inside deal” that has only gotten worse as it bloated to include a TIF district of 80 blocks of prime downtown real estate, including two Dominion towers. The proposal would starve city schools and other city services for generations to come for absurdly unrealistic financial projections. There are reasonable alternatives to this all-or-nothing deal which has been dictated by a small group of investors and their fake non-profit. The city taxpayers would be “chumps” to accept the rosy projections for coliseum revenue based on inflated figures while accepting the developer's low-ball value of the city-owned land near VCU's medical campus. There is no consensus by Richmond citizens that a new coliseum is needed, and the proposed 80 block TIF district has very little support.