

Council Auditor's Office
2021-796: Times Union/Fuqua Redevelopment Agreement

Project Summary:

Developer:

- Minimum private capital investment of \$163,993,465
 - Phase I minimums –
 - 35,330 sq. ft. of retail, including a grocery store of not less than 22,000 sq. ft.
 - 265 multifamily residential units
 - 2,500 sq. ft. enclosed and 500 sq. ft. outdoor space of full-service restaurant
 - 400 space structured parking facility
 - Phase II minimums –
 - 13,500 sq. ft. of retail, including two restaurants
 - 113 multifamily residential units
 - 180 parking spaces

City:

- Purchase of parcel for City Park and realigned McCoys Creek at a cost of \$6,040,680
- Additional \$1,719,320 supplemental purchase if easement on City Park parcel is terminated
- Realignment and widening of McCoys Creek
- \$4,600,000 reimbursement to Developer for demolition of building on City Park, if elected

City Incentives/Outflows:

- Three 20-year, 75% REV Grants totaling \$28,419,169
- \$750,000 Restaurant Completion Forgivable Loan
- Conveyance to Developer of City-owned ROW and drainage easement valued at \$574,000
- Conveyance to Developer of 0.84 acre City-owned Creek Parcel
- Mobility fee credit of \$160,651

Performance Schedule (condensed):

- City to complete construction of McCoys Creek Improvements by 9/30/23
- Developer to complete all Phase I Improvements by 9/30/25
- Developer to complete the Phase II Improvements within thirty (30) months of the Phase II Commencement of Construction Date, which follows completion of McCoys Creek Improvements
- Extensions greater than one year require City Council approval

Funding Mechanisms:

- REV Grants (\$28,419,169) – future CRA tax dollars
- City Park initial purchase (\$6,040,680) – McCoys Creek CIP project
- City Park supplemental purchase (\$1,719,320) – future General Fund appropriation
- Restaurant Completion Forgivable Loan (\$750,000) – Downtown Economic Development Fund
- Demolition Project (\$4,600,000) – McCoys Creek CIP project

Clawbacks:

- DIA can withhold any undisbursed amounts of REV Grants and Restaurant Completion Forgivable Loan if reporting requirements are not met
- REV Grants will be reduced/terminated if capital investment does not meet the defined minimums
- Restaurant Completion Forgivable Loan vests 10% annually based upon meeting performance measures. Any portion not vested by the 10th anniversary of the disbursement date shall be due to the City on the tenth anniversary date.

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Waivers:

- Waives Public Investment Policy to authorize the REV Grants and Restaurant Completion Forgivable Loan that are not authorized under the policy
- Authorizes a deviation to allow an increase in the maximum distance between the River View and Access Corridors from 250' to 352' to allow for development in the proposed location
- Waives provisions of the Zoning Code that require a 2/3 Council vote to approve deviations and prohibit City incentives on a project with a River View and access Corridor Deviation
- Waives the Procurement Code (except for the JSEB provisions) for the Demolition Project if undertaken by the Developer

ROI:

- DIA has prepared two ROI calculations:
 - 1.21 – inclusive of City incentives and additional costs of McCoys Creek project:
 - 1.02 – inclusive of City incentives, additional costs of McCoys Creek and purchase price of City Park parcel
- Council Auditor's Office calculated the ROI at 1.18. The difference from DIA is inclusion of lost ad valorem taxes on the future City-owned Park Parcel.
- The ROI calculations do not include sales or payroll taxes as inflows since leases have not been executed at this time

Amendments:

In Bill:

1. Correct Phase I Retail square footage to 35,330
2. Correct Developer's Repurchase Right timeframe
3. Clarify minimum private capital investment
4. Include price of submerged lands for put option
5. Add language authorizing the conveyance of City-owned Creek Parcel
6. Place DDRB recommendation for Deviation 2021-014 on file
7. Correct scrivener's errors

In Redevelopment Agreement on file:

8. Revise maximum indebtedness to \$30,888,489
9. Clarify Developer's minimum capital investment is net of any payment received from the City
10. Correct acreage of Phase I Components
11. Clarify that extensions greater than 1 year require Council approval
12. Clarify base year values for REV Grants
13. Revise JSEB minimum to \$6,177,698
14. Exhibit G – Include maximum indebtedness of \$6,040,680
15. Exhibit P – Correct description of restaurant improvements
16. Correct scrivener's errors