



Albemarle County

Legislation Details (With Text)

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Title: Authorization to Execute an Economic Development Agreement for a Public-Private Partnership (PPP) with Crozet New Town Associates, LLC.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Att.A - Performance Agreement, 2. Att.B - Resolution

Date	Ver.	Action By	Action	Result
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AGENDA DATE: 6/19/2019

TITLE:

Authorization to Execute an Economic Development Agreement for a Public-Private Partnership (PPP) with Crozet New Town Associates, LLC

SUBJECT/PROPOSAL/REQUEST: Staff is seeking the Board's authorization to move forward with a performance agreement for Project Patriot

ITEM TYPE: Regular Action Item

STAFF CONTACT(S): Richardson, Walker, Kamptner, DeLoria, Johnson, Newberry, Stewart, Allshouse, S.

PRESENTER (S): Doug Walker, Roger Johnson, Frank Stoner

LEGAL REVIEW: Yes

REVIEWED BY: Jeffrey B. Richardson

BACKGROUND: Under the proposed Development Agreement, Albemarle County would be partnering with Crozet New Town Associates, LLC (Developer) in a specific Public-Private Partnership (PPP) arrangement at the former Barnes Lumber site in Downtown Crozet. The County would be providing financial and in-kind support for the construction of a public plaza, a Main Street road network, and expansion of the Central Business District in Downtown Crozet. This project site has been planned for redevelopment since 2006 and has not organically happened. As a result, County staff is acting to catalyze the redevelopment of this site. The County is providing investment in infrastructure and support to promote the general redevelopment of this valuable and unique site. The justification for the County's participation in this arrangement includes an assertion that this project:

- Is consistent with the Comp Plan in areas of land use, economic development and transportation
- Supports redevelopment, placemaking, and economic development

- Grows the commercial tax base
- Supports site readiness for growth of a target industry
- Adaptively reuses a central business site
- Creates positive tax revenue growth

STRATEGIC PLAN: Economic Prosperity: Foster an environment that stimulates capital investments, builds the planned vision and increases tax revenue to support community goals.

DISCUSSION: The Barnes Lumber redevelopment project will expand downtown Crozet in a manner consistent with the County Comprehensive Plan and the Crozet Master Plan. This project will contain mixed use development, build a central public plaza for gathering, create a Main Street, and utilize private investment for placemaking, redevelopment and growing the commercial base.

There are 5 prominent elements included in the proposed Development Agreement, to include predevelopment, road network, public plaza, financing and development.

Predevelopment

This project is contingent upon Crozet New Town Associates, LLC obtaining Board approval of a mutually exclusive rezoning of the project site. Crozet New Town Associates, LLC must also meet all other regulations, create a public plaza site plan for County approval, and provide a \$49,615 matching contribution for a Brownfield Environmental Planning Grant. The County agrees to promptly review road plans and work with VDOT for approval of such plans, launch and create a retail market study, include parking solutions in the upcoming Crozet Master Plan process, and participate in public engagement for the road and plaza.

Public Plaza

The County will provide a \$1,600,000 cash investment in public infrastructure, plus another \$1,600,000 in tax recompense to offset Crozet New Town Associates, LLC's cost to design, manage and construct an on-site downtown public plaza. The County will be responsible for contract approval of the construction, construction inspections, and plaza maintenance, and will eventually own the plaza.

Road Network

Crozet New Town Associates, LLC will be responsible for contributing \$2,000,000 to a VDOT Road Revenue Sharing Match and other Right of Way concessions. VDOT agreed to provide \$2,300,000 in a Revenue Sharing Match. The County will provide staffing from the Department of Facilities and Environmental Services to manage construction of the public road network, as well as maintenance of the road in the plaza area.

Financing

See budget impact section below.

Proposed Development

This Development Agreement exclusively contemplates Phase I and includes no additional or planned commitment for future phases. New Town Crozet Associates, LLC is proposing 58,000 square foot (SF) of retail, a 40,000 SF hotel, 28,900 SF of office space, and 52 residential units in Phase I.

BUDGET IMPACT:

Pursuant to the proposed Development Agreement, the County's Economic Development Authority (EDA) will provide Crozet New Town Associates, LLC with an upfront \$1,600,000 contribution toward construction of a public plaza. This funding is currently available in the County's Economic Development Fund and, if approved, would ultimately be appropriated by the Board to the EDA for this specific purpose.

In addition, it is contemplated that the County, through the EDA, will utilize Synthetic Tax Increment Financing (TIF) for the remainder of the public plaza construction. In this scenario, the operational definition of TIF is that when new buildings are constructed in the project area, property taxes will expectantly increase. The

developer will pay all County taxes and then the County will contribute to the developer the incremental increase in property taxes paid. The developer then uses this contribution pay for the debt service of the developer's \$1,600,000 construction loan. The developer is responsible for all loan payments should there be a shortfall in County contributions. If the County contribution exceeds the developer's loan payment, the contribution overage will be applied to principal. The County stops making contributions when the loan is paid in full.

A corroborated Municap report projects the County will recoup the total \$3,200,000 investment through future tax revenue. Accordingly, the construction loan expenses should be recouped in 6-8 years, and the total remaining County contribution in an additional 2 years. Noteworthy, the total project is expected to generate \$25,300,000 in new tax revenue over 15 years.

RECOMMENDATION:

Staff recommends that the Board adopt the attached Resolution (Attachment B) to approve the Agreement and to authorize the County Executive to execute the Agreement on behalf of the County once approved as to form and content by the County Attorney. Upon the Board's approval of the Resolution, staff will prepare an appropriation request in the amount of \$1,600,000 to the Economic Development Authority from the Economic Development Fund.

ATTACHMENTS:

Attachment A: Performance Agreement

Attachment B: Resolution