ITEM #9A

CITY OF FREDERICKSBURG, VIRGINIA
CITY COUNCIL

MINUTES

Council Chambers, 715 Princess Anne Street
Fredericksburg, Virginia 22401

HON. MARY KATHERINE GREENLAW, MAYOR
HON. WILLIAM C. WITHERS, JR., VICE -MAYOR, WARD TWO
HON. KERRY P. DEVINE, AT-LARGE
HON. MATTHEW J. KELLY, AT-LARGE
HON. BRADFORD C. ELLIS, WARD ONE
HON. DR. TIMOTHY P. DUFFY, WARD THREE
HON. CHARLIE L. FRYE, JR., WARD FOUR

April 12, 2016

The Council of the City of Fredericksburg, Virginia, held a public hearing on Tuesday, April 12, 2016, beginning at 8:02 p.m. in the Council Chambers of City Hall.

City Council Present. Mayor Mary Katherine Greenlaw, Vice-Mayor William C. Withers, Jr. and Council members Kerry P. Devine, Dr. Timothy P. Duffy, Bradford C. Ellis, Charlie L. Frye, Jr. and Matthew J. Kelly.

Also Present. City Manager Beverly R. Cameron, Assistant City Manager Mark W. Whitley, City Attorney Kathleen Dooley, Assistant Economic Development Director Bill Freehling, Planning Services Director Charles Johnston, Zoning Administrator Michael Craig, Budget Manager Deidre Jett, and Clerk of Council Tonya B. Lacey.

Notice of Public Hearings (D16-__ thru D16-__). The Clerk read the notice of the public hearings as they appeared in the local newspaper, the purpose being to solicit citizen input.

Designating the Block Located Between William, Douglas, Amelia, and Winchester Streets (GPIN#7789-04-0822) As the "Liberty Place Development Project Area" and Adopting Tax Increment Financing in this Area (D16-__). – 7 speakers. Councilor Kelly made a motion to

defer the public hearing because he thought it was premature to hold a public hearing before the change of design that would be heard at the Planning Commission level. The motion failed due to the lack of a second and Mayor Greenlaw explained that because the public hearing had be advertised it would be inappropriate not to hold the public hearing.

Staff gave a brief PowerPoint presentation and the presentation covered the project background, the proposal, the tax revenue, the proposal in numbers, why the incentives were needed and a summary. (See D16-__ for more information).

Charlie Payne, attorney representing the applicant, Hirschler Fleischer, 725 Jackson Street, stated that this project had been in the planning stages with the City about 3 years and it was consistent with the City's long term planning as well as the Comprehensive Plan regarding mixed use developments downtown. The project will be located in an area that was currently being revitalized. There are many developers who want to develop in the downtown and there are many businesses that would like to move to the downtown as well as restaurants and retail. Mr. Payne said the project included parking and it would help with the parking crunch. Liberty Place would be a $46M investment in the City by the Wack's, who are long term investors in the City and they have experience in this type of construction projects and their success rate was very high. He said this model was ideal for this area and would revitalized surrounding properties.

Councilor Ellis asked what the applicant would be willing to do to improve upon their aesthetics because the look was completely different from the Generalized Development Plan (GDP) that was originally submitted. Mr. Payne explained that with a project of this size things change until you begin the detailed engineering and architectural work. He said it was important to note that what was driving the redesign

was the new public parking requirements. He noted that they had reduced the residential and restaurant space and increased the commercial retail/office space.

Councilor Frye asked that everyone keep in mind that this was historic Fredericksburg and he would like to see some of the historic character in the building. Attorney Payne noted that this project was not in the historic district and the area had a lot of new development but they would keep that in mind.

Mayor Greenlaw reminded Council and the public that the public hearing was on the TIF and not on the GDP.

Councilor Devine said she would like to hold the public hearing open until after the Planning Commission has met because she was having trouble incentivizing the project because the look was vastly different from what was initially presented. She said she did not disagree with the benefits of the project such as the commercial space, the parking and the residents' downtown. She said all the components were great but the look was a concern.

City Attorney Dooley explained that the public hearing was on the tax increment financing (TIF) for the development and the project was a part of the question. She explained that the there was a public hearing requirement and the notice for the TIF had to be run three weeks in a row and the revision occurred after the public hearing process had started and that was the reason for the give in the schedule and why the public hearing was being heard before the Planning Commission heard the changes. She suggested Council hold the public hearing and decide whether to close it or keep it open until after the Planning Commission meeting.

Councilor Ellis said he was a fan of the TIF. He said using TIF's was a good way

to finance a project because there was no risk of capital on the City's part. He also explained that this project was equivalent to a 1½ cent tax rate increase and raising taxes was not something the City wanted to do. He said the developing of property was a perfect way to generate revenue in order to prevent raising the taxes.

Councilor Kelly strongly urged that the public hearing be held open until after the Planning Commission has its meeting on the remainder of the project.

Attorney Payne reminded everyone that this was not a new project it had been around for a few years. He said they needed to work around the new design. He noted that timing was important and the longer the project takes the more it hinders the project.

Councilor Duffy asked if the 30,000 square feet of office space was all Class A and Mr. Tom Wack explained that the bottom floor was all open and could be programed as either retail or office.

Terri McNally, 514 Charlotte Street, spoke in support of the TIF for the Liberty Place Development.

Mo Deadman, 214 Princess Anne Street, expressed concern with the TIF program but understood that the project would generate a lot of money but said it would also generate additional things that the taxes would have to pay for.

Ryguy Mau Muhammed, 1112 Caroline Street, he said there were other ways to increase revenue other than raising taxes. He said there were several areas that were named after the royals and he noted that nothing was named for Princess Diana and he said he would like to see some portion of this building dedicated to her and he believed that would attract investments to the project.

Matt Muggeridge, 609 Pitt Street, asked what the projected amount of the

incentives would be for the project and whether other projects had been incentivized this way.

Richard Dynes, 818 Weedon Street, spoke on process and stated that this should have gone to the Planning Commission first then to City Council. He said Council needed to be involved with the development details from the start and they should not try to resolve them in the end. He was in support of the project, but suggested engaging the developers before they start their process with the engineer and the architect. He said the project was needed in the City because the City would receive about $700,000 in revenue from the project. Mr. Dynes added that the Council should have addressed the concerns with the look of the building earlier in the process. He said the project had changed enough that it should be reviewed by the Planning Commission before Council decided to make any decisions on the TIF.

Tom Onley, 601 Amelia Street, stated that he was in favor of the project even though it was right across the street from where he resides but he was not in favor of the TIF until he knew exactly what the project consisted of. He suggested Council slow down and make sure they knew what the project would be.

Council agreed and Mayor Greenlaw announced that he public hearing would be held open until the April 26 meeting.

Councilor Kelly noted that using the TIF in this manner was new and the City had been offered to use a TIF district to finance a performing arts facility and for building a riverfront park but the City decided against them. He said TIF's are usually used support for infrastructures that are primarily used for the public. He said this was the fourth mixed used project that the Council had looked at and the others did not request anything.

He said there were much better places for large projects like this, and downtown was not it. He feels the big developments were degrading the downtown. He express is concern that the office space was now an open floor plan and not Class A office. He said convincing people to come down to the City was going to be difficult when there was an overabundance of Class A office space up north that was sitting vacant. Councilor Kelly said incentives were good if they were bringing something unique to the City.

Councilor Ellis stated that this was an ideal location for a mixed use project, he said $2 million in incentives would be going to the developer but $6.6 million would be coming to the City. He said there was an overabundance of Class A office space in Northern Virginia sitting vacant because there was too much of it but in the City's case there was not enough of this kind of space. Finally, he said this project would bring parking and Council said any future projects needed to have parking.

Mayor Greenlaw noted that the City had already made all the approvals on this project and the approval were made because it was a true mixed use project. It was a good example of a developer and the City working together to help solve parking problems. She said Fredericksburg was the definition a mixed use project and this was a great project to incentive using a TIF.

Councilor Duffy noted that while the project was quite old the issue of the TIF and the look of the project was not.

Adjournment. There being no speakers to come before the Council at this time. Mayor Greenlaw Declared the hearing officially adjourned at 9:04 p.m.

ITEM #9A

Mary Katherine Greenlaw, Mayor

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Tonya B. Lacey, Clerk of Council, CMC

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