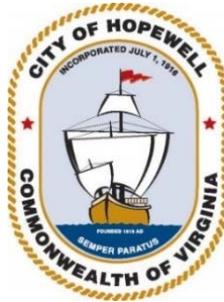


CITY OF HOPEWELL * 300 N. MAIN ST. * HOPEWELL, VA 23860

NOTICE OF SPECIAL MEETING



HOPEWELL CITY COUNCIL SPECIAL MEETING

In accordance with Rule 302 of the Rules of City Council, Hopewell City Council will hold a special meeting **Friday, December 28, 2018 at 5:00 PM** in Council Chambers, 300 N. Main Street, Hopewell, Virginia, to reconsider and renew a motion to acquire property located at 711 West Randolph Road, Hopewell, Virginia 23860.

**COUNCIL CHAMBERS
300 N MAIN STREET
HOPEWELL, VA 23860**

/s/ *Ronniece L. Arrington*
City Clerk

Inquiries: 541-2249



CITY OF HOPEWELL
Hopewell, Virginia 23860

SPECIAL MEETING

PHONE: 541-2249
FAX: 541-2248

e-mail: info@hopewellva.gov
www.hopewellva.gov
rarrington@hopewellva.gov

CITY COUNCIL

Jackie M. Shornak, Mayor, Ward #7
Jasmine E. Gore, Vice Mayor, Ward #4
Christina J. Luman-Bailey, Councilor, Ward #1
Arlene Holloway, Councilor, Ward #2
Anthony J. Zevgolis, Councilor, Ward #3
Janice Denton, Councilor, Ward #5
Brenda S. Pelham, Councilor, Ward #6

John M. Altman, Jr., City Manager
Stefan M. Calos, City Attorney
Ronnieye L. Arrington, City Clerk

Date: December 28, 2018

MUNICIPAL BUILDING

5:00 p.m.

OPEN MEETING

5:00 p.m. Call to order, roll call, and welcome to visitors

R-1 Riverside Inn and Suites (a/k/a Riverview Inn and Suites)

ISSUE: A request for the potential acquisition of the former Evergreen Motel (now Riverside Inn and Suites a/k/a Riverview Inn and Suites), located at 711 West Randolph Road, and further identified as parcel #066-0875.

MOTION: _____

Roll Call

ADJOURNMENT

Public Hearing

12-11-18

**Riverview Inn and Suites
(The Evergreen Motel)
711 West Randolph Road**

The Evergreen Motel



Why Are We Here

- Staff has worked for years with the owner to get the asking price to a reasonable level or to get the current owner to make major changes or improvements to the property themselves.
- Owner wishes to sell the motel and use the capital to seed another deal.
- Staff got the owner in the past 12 or so months to agree to \$1.2 Million as an asking price.
- Staff has worked with multiple vendors over the past year attempting to broker a deal. There has been interest, but these evaluations and decisions take months and sometimes years to develop.
- Owner came to staff in the past 3 months saying that they were ready to sell to another hotelier if the City or a developer could not take action to purchase the motel by the end of this year.

Structure of the Deal

- The current owner of the property desires to sell the motel by year end in order to infuse the proceeds into another development deal that they have beginning in the first quarter of the coming year. They did lower the sales price to \$1,100,000.
- If the City does not gain control of the property before year end, the owner says they will sell to the other hotelier interested in the property.
- Staff recommends that the City buy the Motel in order to control the site, and assure that the current owners do not sell to another hotelier who will likely keep it operating as it is currently for many years.
- The City would then rent the motel back to the current owner to operate the motel for one year with possible renewals in order to allow time for staff to continue to pursue development deals for the property

Structure of the Deal

- Any future deal, or any change in the proposed arrangement, would have to come back to City Council for approval.
- At worse, if at some point in the future a reasonable economic development deal proves to not be possible, then the City could then sell the property to a hotelier in order to recover our investment.
- However, we would have bought some time in the interim to attempt to redevelop the site.

Reasons For Proposed Deal

- Less Than Desirable Property for the Entranceway to the City
- There Have Been Multiple Route 10 Corridor Improvements and This property is a Drain on the positive impact of those Improvements
- We are Always Seeking the Highest and Best Use of any Property
- This Facility Negatively Impacts Crime and The Demands on Public Safety
- **Although We May Not Know What The Ultimate Use May Be for This Property, We Do Know That We Do Not Want it to Be a Continuation of The existing Use.**

First Impressions

- With all the positive economic development activity within the city, the last thing we desire is for such an unsightly property being the focus as a motorist or visitor arrives into Hopewell.
- A new development located on this site would make an immediate and hopefully a lasting positive impression. And it should also have a greater financial impact to the City's Tax Base.

Route 10 Improvements Hopewell Marina



Route 10 Improvements

The Boathouse City Point



Route 10 Improvements

John Randolph Medical Center



Route 10 Improvements

Hopewell Police Station



Route 10 Improvements

Francisco Landing

Exhibit J



Plaza Perspective
(Conceptual View. Plaza Topography not finalized)
06/22/2018

Francisco Landing
W. E. Bowman Construction



Route 10 Improvements

Beacon Theater



Route 10 Improvements Downtown Hopewell



Route 10 Improvements

Saucy's



Highest and Best Use

- **The definition of highest and best use is as follows:**
- The reasonable, probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.
- When a site contains improvements, the highest and best use may be determined to be different from the existing use.
- The benefits of investment properties that are not owner-occupied relate to net income potential and to eventual resale or refinancing.
- Highest and best use is always that use that would produce the highest value for a property, regardless of its actual current use.

Crime Statistics

- **877 Calls For Service To Our Police Dispatchers in the Past Five Years**
- **That is 175/year on Average**
- **Equals an Average of 15 Calls Per Month**

Crime Financial Impact

- 877 calls for service for Public Safety Officers or Officials
- An Estimated Average of 2.5 personnel hours each call
- Average Police Department cost with a vehicle/per person is \$30.00 per hour salary and fringe benefits and \$20 for their vehicle = \$50/hour rate
- $877 \text{ calls} \times 2.5 \text{ personnel hours} \times \$50/\text{hr} = \$109,625$
- $\$109,625/5 \text{ yrs} = \mathbf{\$21,925/\text{year in public safety costs alone}}$

Deal Finances

- Purchase Price \$1,100,000
 - 20 Year Term Mortgage @5.95% \$8,563/mth - \$102,756/yr
 - Lease Back Revenue \$3750/mth - \$45,000/yr
 - Net Cost of Mortgage \$4813/mth - \$57,756/yr
-
- Collateral for deal – The Riverview Inn and Suites (No other properties)

Lease Back Agreement Terms

- Seller will pay \$3750/Month - \$45,000/Year to the City to lease back and Operate the Motel While the City Seeks a Permanent Solution For Development of The Property.
- Seller will perform all routine maintenance while the City will be responsible for major systems such as roof or HVAC Systems.
- Agreement will be for 12 months, with up to six each 6 month renewals if mutually agreed upon.

City Council's Strategic Plan

- **City Assets**
- **Goal: Promote and market city assets such as downtown, the river, and our historic district in order to increase tourism, revenue, health, and wellness**
- **1** Implement a program for gateway improvement
- **2** Develop and implement an effective branding program that will improve the overall perception of the City
- **3** Implement an effective tourism strategy to promote the City's assets
- **4** Implement a signage and way-finding system and ensure coordination with previous efforts of the City
 - and current efforts of the Downtown Partnership
- **5** Develop and implement a strategy that promotes the river as a unique and irreplaceable asset
- **6** Develop and implement a strategy to effectively communicate about the City using diverse methods

Hopewell Strategic Economic Development Plan

DRAFT

- **Gateway Improvements** – Improve/redevelop the major gateway highway corridors leading to and through the City.

The major gateways leading into the City, Rt. 10 and Rt. 36, have older commercial and industrial uses along the right-of-ways with minimal landscaping and streetscaping. The visual appearance of these entrances is not very attractive. Those major thoroughfares have some older and vacant properties lining the right-of-way that also detracts from the appearance of the City. If you are a visitor to one of the historical sites, or a businessman looking to locate/invest in the community, or a theater goer heading to the Beacon, or a family looking to buy a home in the City, your first impressions are import to your decision. The more positive those impressions the more likely you will be to invest or return. Evonik in recently relocating to Chesterfield County mentioned the poor appearance of the City as one of the reasons for their decision. The gateways are the front doors to the City. The entrances should be as attractive as possible to ensure that potential investors, home owners or visitors get a positive impression of the City. The way the entrances appear is a reflection of the pride a community has in itself. Every effort should be made to demonstrate that the community values itself and is proud enough to put its best foot forward. The entrance to the City is also the entrance to businesses. An unkempt appearance of its front door could deter customers and may encourage a business to relocate. Pride and quality are contagious.

The following objectives and strategies are recommended to improve the highway gateways coming into the City.

Objectives

- Provide significant landscaping and streetscaping, sidewalks, street lighting, signage, benches, banners, etc., along the major corridors, Rt. 10 and Rt. 36, leading to and through the City.
- Based upon the "Branding" recommendations create a wayfaring system of signage throughout the City including new entrance signs at the major entrances to the City.

Strategies

- Develop and adopt an overall gateway development plan as a part of the capital improvements plan for the City to stage the sequence of improvements along the corridors.
- Partner with civic and community groups to install and maintain the landscaping and streetscaping along the corridor.



The Urban Land Institute Study Revitalizing the City of Hopewell Waterfront

- The very first thing listed under the Weaknesses that they saw in our current status was “Motel In Front of Boathouse”
- The ULI Team Recommended that the City “Turn the Motel into an asset”.

Comprehensive Plan

- In The Land Use, Development & The Environment Section of the Comprehensive Plan, Item 12 Read As Follows:
 - 12. Facilitate the consolidation, conversion, and reuse of existing lots and buildings along the City's corridors for a mix of new commercial and multi-family uses.

Precedent has been set by previous City Councils

- The City Has Invested Millions in the Beacon Theater, The Marina, The Library, In Downtown Revitalization, In Street and Right of Way improvements, In the Purchase of the Two Houses Behind the Evergreen Motel Several Years ago, In the Investment in the Boathouse Restaurant, and the Investment in the Gateway Art Project.
- Staff Is Recommending a Temporary Investment That Will Hopefully be Recovered in the Short-term for The Evergreen Motel, Simply to Buy More Time To Find Private Investment and to Achieve the Highest and Best Use for this Property.
- If Unsuccessful, City Council Can Always Direct Staff at a Later Date to Find a Buyer for the Motel Who Desires to Operate it as is.

Staff's Recommendation

- Staff recommends City Council authorize the City Manager to execute the necessary documents to purchase the property know as Riverview Inn and Suites at 711 West Randolph Road for \$1,100,000; To sign the necessary documents to borrow the funds from a commercial lender after shopping for the best rates available; To sign a lease back agreement with the current owners for a term of 12 months with six additional 6 month extensions if needed and mutually agreed upon, as per the general terms listed in this presentation; and To direct City Staff to continue to market the site to developers in an attempt to find the highest and best use for the site while attempting to recover the City's investment.