

1 A RESOLUTION TO RE-ADOPT A CITY COUNCIL
2 POLICY REGARDING EVALUATION OF
3 INVESTMENT PARTNERSHIPS FOR ECONOMIC
4 DEVELOPMENT
5

6 WHEREAS, the City Council Policy, "Guidelines for Evaluation of Investment
7 Partnerships for Economic Development," was adopted by City Council in 2001 and re-
8 adopted January 14, 2014 (the "Policy"); and
9

10 WHEREAS, the City staff recommends an update to the Policy to clarify two
11 issues: (i) The Policy is not intended to be an entitlement to the business/development
12 community; and (ii) The Policy should provide guidance as to the treatment of
13 Negotiation Documents and Confidential Proprietary Records, as those terms are
14 defined by the Policy.
15

16 NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
17 VIRGINIA BEACH, VIRGINIA:
18

19 That City Council hereby adopts an update to the policy "Guidelines for Evaluation of
20 Investment Partnerships for Economic Development," a copy of which is attached
21 hereto as Exhibit A.

Adopted by the Council of the City of Virginia Beach, Virginia, on the 8th day
of December, 2015.

APPROVED AS TO CONTENT:

APPROVED AS TO CONTENT


Strategic Growth Area Office


Department of Finance

APPROVED AS TO LEGAL SUFFICIENCY:


City Attorney's Office



Exhibit A

City Council Policy

Title: Guidelines for Evaluation of Investment Partnerships for Economic Development		Index Number:
Re-adoption Date: Jan. 14, 2014	Date of Revision:	Page 1 of 6

1.0 Purpose and Need

On March 13, 2001, City Council originally adopted this policy, and it was subsequently re-adopted January 14, 2014. The City of Virginia Beach has spent the last several years developing unique development plans that will shape the future of each of the City's eight Strategic Growth Areas (SGA's) and four Special Economic Growth Areas (SEGA's). This revision seeks to update the 2001 policy by focusing upon those partnerships that are consistent with the SGA's and SEGA's.

2.0 Policy Statement

City Council may consider investment partnerships that meet the desirability and feasibility criteria set forth in this policy. This policy is not an entitlement to City funds for any project even if the project meets the desirability and feasibility criteria set forth herein. City ~~Accordingly,~~ staff is directed to follow the process described in Section 6.0 to review and evaluate potential partnerships. The ultimate decision to approve or not approve a partnership is made by the City Council.

3.0 Criteria: Desirable and Feasible Project

A desirable project will have many, but not necessarily all, of the following characteristics:

- 3.1 Compliance with City Council goals. City Council has identified a diverse local economy and living choices as key for the City's future. Investment partnerships should be based upon the project's ability to meet Council's goals. Other City Council goals and objectives may be identified in the SGA Plans, the Comprehensive Plan and the Envision 2040 Plan.

- 3.2 The project is located within a SGA or SEGA.
- 3.3 The private sector investment is a minimum of \$30 million and acts as a building block for future beneficial development.
- 3.4 The project aligns with SGA/SEGA design principles.
- 3.5 Proximity to light rail stations. Most SGAs are within ½ mile of proposed light rail stations, and proximity to such stations should encourage successful development.
- 3.6 Historical financial and construction development integrity. A partner should have the financial capacity and experience that suggests the ability to complete the project.
- 3.7 Generates jobs and supports target industry development. The Economic Development Department has identified professional, scientific, technical, information, high performance manufacturing, and headquarter and regional businesses as targeted industries.
- 3.8 Projects support pedestrian and bicycle connectivity. Walkable streets and bicycle amenities support the SGA goal of walkable, safe, and connected communities.
- 3.9 Offers housing stock variety. If housing is included in the project, the City has a goal of providing high-quality and affordable housing to a diverse range of households.

The project must also be financially feasible for the City and the private partner:

- 3.10 Fiscal, economic, and/or social benefits will be greater because of a public investment partnership based on a due diligence evaluation.
- 3.11 A fair and reasonable return (fiscal, economic, and/or social) is provided to both the private and public sector partners.
- 3.12 The project will not proceed, or will not proceed at a desired quality level, “but/for” a public sector investment partnership.
- 3.13 Partner is willing to enter into a Development Agreement that allocates responsibilities and risk.

4.0 Investment Partnership Incentives

Investment partnerships may take a variety of forms and require the mixing and matching of incentives. The following is a list of typical incentives that may be considered in these partnerships.

- 4.1 Annual revenue and/or fee incentive grants
- 4.2 Density bonuses
- 4.3 Establishment of a special service district (SSD)
- 4.4 Economic Development Incentive Program (EDIP) grants
- 4.5 Land swaps, grants, and transfers
- 4.6 Lease of City-owned or Development Authority-owned property
- 4.7 Assisted Plan Review
- 4.8 Public infrastructure, parking, and amenities
- 4.9 Sustainability and/or rehabilitation tax relief
- 4.10 Other incentives that may be available or considered for the partnerships

5.0 Definitions

- 5.1 **Investment partnerships** are agreements between the City or the Development Authority, and a private entity, usually a developer. To leverage large scale development, generate public benefit, or increase tax revenues, the City makes a partnership with a developer enabling SGA and SEGA plan compliance, maximizing development potential, and accomplishing a project otherwise not achievable.
- 5.2 **Strategic Growth Areas**, as defined in the 2009 Virginia Beach Comprehensive Plan, are designed to concentrate growth in a strategic and sustainable way, developing centers of employment, living, commerce, shopping, and arts and culture. The SGAs, almost all of which are located along the City's primary transportation corridor, emphasize a 'smarter' type of growth.

- 5.3 **Special Economic Growth Areas**, as defined in the 2009 Virginia Beach Comprehensive Plan, are four predominantly nonresidential areas, located adjacent to NAS Oceana and in the Interfacility Traffic Area targeting land uses compatible with the military.
- 5.4 **Project Team** is the group of City Staff described in Section 6.1 plus the City Council liaisons described in Section 6.3.
- 5.5 **Negotiation Documents** are generated by City Staff or contracted professionals and used for the deliberative process and negotiation by the City's project team. These documents may include an economic impact analysis, a negotiation analysis, and a sketch of potential deal terms.
- 5.6 **Confidential Proprietary Records** are nonpublic records, which are the property of a private party, relating to any one of the following: (i) the return on investment of private equity; (ii) structure of private financing; or (iii) analysis of whether a private enterprise can be profitable, such as a proforma or private lease term details.

6.0 **Process**

- 6.1 The private partner makes a formal request of the City to engage in an investment partnership. In response to this request or application, the City Manager, Deputy City Manager(s), the City Attorney, the Director of Finance, and the Directors of Economic Development, Planning, Finance and Management Services, SGA Office as needed, have a preliminary meeting (or a series of meetings) with the prospective partner. The purpose of this meeting and review is to determine if the project is a desirable project.
- 6.2 If the project meets the desirability characteristics, then the prospective partner may be directed to submit, additional information to enable the City to evaluate, among other things, the qualifications of the developer and the significance of the economic and fiscal impacts.
- 6.3 The City Manager will brief City Council and request the appointment of Council liaisons for the project.
- 6.4 The City Manager (or the City Manager designee) will assign a Project Manager. If not previously completed, the City will complete a study of the

economic, fiscal and social impacts of the project, including, without limitation, the number of jobs, type of jobs, salaries paid, as well as economic, community, and other impacts.

- 6.5 A Term Sheet may be developed, in concert with the City Attorney, and presented to City Council for concurrence.
- 6.6 The Project Manager will undertake stakeholder input that is appropriate based upon the size and scope of the project.
- 6.7 A Development Agreement is prepared with the developer/partner. Any such agreement is prepared under the direction and supervision of the City Attorney.
- 6.8 The Development Agreement is brought before the City Council and/or Development Authority for formal approval.

7.0 Document Controls

- 7.1 Outlines of possible expenditures of City funds prepared by City Staff are to be provided to individual members of City Council when requested. During the pendency of any negotiations, such documents should be held by the individual members in confidence because the disclosure of such documents could harm the City's bargaining position.
- 7.2 Because the disclosure of Negotiation Documents prior to a decision to award or not award a contract may adversely affect the City's bargaining position or negotiation strategy, the Project Team shall take all necessary steps to protect such documents prior to the City Council's decision whether to approve such contract. The Negotiation Documents may be shared with members of the City Council, individually, upon request, or in executive session of the Council, when required to describe a project or gauge the Council's willingness to initiate or proceed with negotiations, but the Negotiation Documents are to be collected after any such meeting and retained by the Project Team. Upon the decision to award or not award a contract (usually a Development Agreement), these documents are releasable to the public pursuant to the Virginia Freedom of Information Act.
- 7.3 The completion of the study required by Section 6.4 may require the City to obtain certain Confidential Proprietary Records from the investment

City Council Policy

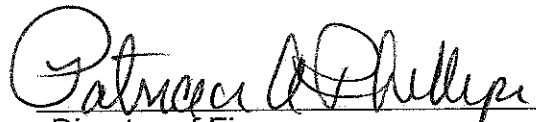
Guidelines for Evaluation of Investment Partnerships for Economic Development

Page 6

partner. The City Council authorizes staff to make a promise of confidentiality in order to obtain voluntary disclosure of the private party's Confidential Proprietary Records. While in the possession of the City, the documents may only be shared by those City Staff or contracted professionals with the specific expertise to evaluate such documents. Confidential Proprietary Records may be shared with individual members of the City Council, upon request, but the records are to be collected after any such meeting and retained by the member(s) of City Staff in possession of such documents. These documents are to be returned to the private party after the required study is completed.

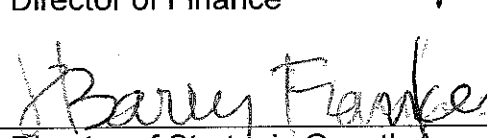
7.4 City Staff is directed to make these limitations upon the confidentiality of documents set forth in this Policy known to any potential Investment Partner prior to the submission of any document for which the Partner seeks protection.

Approved as
to Content:


Director of Finance

12/2/15
Date

Approved as
to Content:


Director of Strategic Growth Area

12/2/15
Date

Approved as to
Legal Sufficiency:


City Attorney

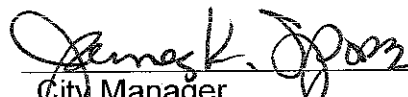
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Date

Reviewed by:


Deputy City Manager

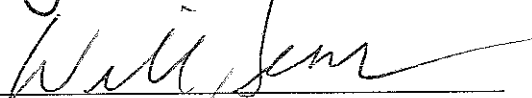
12/2/15
Date

Reviewed by:


City Manager

12/2/15
Date

APPROVED BY
CITY COUNCIL:


Mayor

12-8-2015
Date