

An aerial photograph of Virginia Beach at sunset. The sky is a mix of orange, yellow, and blue. The city is visible with various buildings, including a prominent tall building with a pointed top and a 'WESTIN' sign. A bright light source, likely the sun, is visible in the distance, creating a lens flare effect. A large blue rectangular box is overlaid on the left side of the image, containing white text.

VBDA Monthly Cash Flow

City of Virginia Beach Development Authority

February 20, 2024

Operating Account Summary: January 2024

Beginning Cash – January 1, 2024

\$ 4,983,985

Cash Receipts Detail

- ✓ \$ 25,000 Recognition of non-refundable option fee – SIMIS
- ✓ \$ 22,730 Interest Income

Cash Disbursements Detail

- ✓ \$ 14,632 Monthly recurring charge conduit management for Globalinx-February '23
- ✓ \$ 24,584 Legal Services for Dome Site – Davis Commercial Law Group
- ✓ \$ 2,500 Appraisal Services – 110 S. Independence Ave. – Soscia & Company

Ending Cash – January 31, 2024

\$ 4,987,296

Cont. Operating Account Summary: January 2024

Payments Reimbursed by City of VB - January

- ✓ \$ **3,029,742** Atlantic Park – Venture Waves Draw #11 – Entertainment Venue
- ✓ \$ **1,166,311** Atlantic Park – Venture Waves Draw #11 – Offsite Infrastructure (City Asset)
- ✓ \$ **290,066** Innovation Park – Architectural Graphics – Offsite Infrastructure
- ✓ \$ **21,752** Innovation Park – Kimley Horn – Pump Station Redesign
- ✓ \$ **12,000** Innovation Park – Virginia Aquatic Resource – Stream Impact Mitigation

Capital Maintenance: January 2024

Amphitheater **\$ 615,959**

✓ Held by VBDA **\$ 9,444**

✓ Held by City CIP **\$ 606,515**

Human Services Building **\$ 3,058,448**

✓ HBA Architects – Roof
Replacement A&E **\$ (7,246)**

✓ Monthly Lease **\$ 47,911**

VB National Golf Course **\$ 340,315**

✓ Revenue Agreement **\$ 26,488**
(November and December)

Incentive & Initiative Account Summary: January 2024

Beginning Cash – January 1, 2024	\$ 2,779,319
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Cash Receipts Detail

No Significant Receipts

Cash Disbursements Detail - \$11,329

- ✓ \$ 11,329 Olympia Bendix Two (Bio Accelerator Lease Payment to include Pro-rata Real Estate Taxes-January 2024)

Ending Cash – January 31, 2024	\$ 2,768,019
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EDIP Grant Summary Reporting: January 2024

Beginning VBDA EDIP Grant Balance	\$ 3,054,022
ACA International Expired Grant	\$ 500,000
Global Technical Systems Expired Grant	\$ 600,000
Earned Interest and Activity Analysis Fee	+\$ <u>68</u>
EDIP Grant Funds Available as of Jan 2024	\$ 4,154,090

Construction in Progress

Atlantic Park - Entertainment Venue	\$ 14,578,520
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\$ 3,029,742 Venture Waves Draw #11

Atlantic Park – Parking	\$ 13,480,789
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International Incubator	\$ 88,620
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No Transactions in January 2024



Demolition Bid Approval

110 S. Independence Blvd.

City of Virginia Beach Development Authority

February 20, 2024 | Open Session

Presenter: Pamela Witham

Disclosures (Contractor)

- President: Ronald Flowers
- Contractor: Demolition Services, Inc.

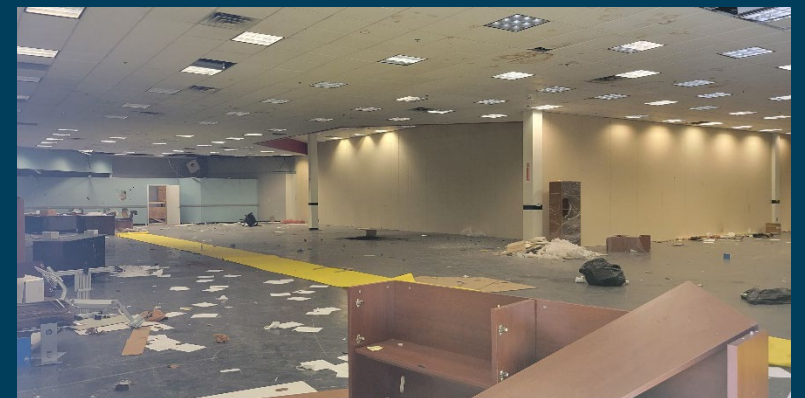
Background

- VBDA purchased the property in 2009 for \$5 million.
- This structure has been utilized by the Fire Department for trainings.
- The building is vacant and City staff spends multiple hours at the site for graffiti removal, debris and landscaping maintenance, trespassing and damage.
- Staff Request: Approval for demolition; permission previously granted to obtain bids in November 2023 meeting.



Demolition Bids Received

- A total of 8 bids were received.
- Demolition Services, Inc. , an approved SWaM business, submitted the lowest responsive bid in the amount of \$84,897 to demolish the structure.
- Requesting an additional 15% construction contingency, totaling \$97,633 from VBDA operating budget for this expenditure for unforeseen issues and conditions that may arise during demolition process.





Request for Approval to Proceed with Demolition Services, Inc. Bid



VBDA Buildings & Fixed Assets Overview

City of Virginia Beach Development Authority

February 20, 2024 | Open Session

Emily Archer, Project Development Administrator

Building & Fixed Assets

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- There are a total of 5 Building & Fixed Assets; 4 being structures and one being the 2.1 mile data conduit in Corporate Landing Business Park
- All buildings total approximately 201,385 sf
- All property totals approximately 13.4 acres

Building/Fixed Assets										
Asset Name	Zoning	Council District	Address	Square Feet	Tenants	Year Conveyed/ Acquired	Lease Expiration	Rent	Annual Obligations	Notes
Housing Resource Center	B4	4	104 N. Witchduck Road	65,235	City Dept.: Housing	2019	June 2039	\$1.00 p/year	N/A	Managed by Tenant
Human Services Building	B2	8	3432 Virginia Beach Blvd.	75,000	City Dept.: Human Services	1998	March 2027	\$574,928 p/year	Avg Capital Maintenance Costs = \$30,709	Managed by Tenant
Former Circuit City Building	B3	4	110 S. Independence Blvd.	37,150	N/A: Vacant	2009	N/A: Vacant	N/A: Vacant	Utilities = \$42,700 (2023 total)	VBDA funds upkeep
Town Center Block 7	CBC	4	4535 Commerce Street	24,000	Westin Hotel	2007	December 2057	Management pays 10% of Gross Banquet Revenues in excess of \$2.8 million.	\$150,000 to a reserve fund by July 1 annually for maintenance and FF&E replacement	Condo Unit of Conference Center
Corporate Landing Data Conduit	I-1	5		2.1 miles	Level 3 and Globalinx	2020 and 2019	Level 3 = 2/18/2040, Globalinx Management Agreement = 10/15/2029	\$3k/yr with 2% escalation per yr	\$175,579 annually in management fees	Managed by Globalinx through a Management Agreement

Housing Resource Center, 104 N. Witchduck Rd.

3

- Zoning: B4
- Council District: 4
- Area: 65,235 sf building, 3.9-acre parcel
- Tenants: City of Virginia Beach Housing and Neighborhood Development
- Lease Start/End: June 2019 -June 2039
- VBDA signed a Housing Assistance (HAP) Payment contract to receive HUD funds. The DHNP assumes full responsibility for complying with the HAP. The VBDA has no responsibilities or obligations with the premises.



Human Services Building, 3432 VB Blvd

4

- Zoning: B2
- Council District: 8
- Area: 75,000 sf office building, 5.9-acre parcel
- Tenant: City of Virginia Beach Human Services Department
- Lease Start/End: 03/1998-03/2027
- VBDA collects rent payments and applies a portion to the reserve account. The funds in that account go towards capital expenses, repair and maintenance of the premises, and for refurbishing the office building.



110 S. Independence Blvd.

5

- Zoning: B3
- Council District: 4
- Area: 37,150 sf building, 3.6-acre parcel
- Vacant
- Year Acquired: 2009
- Building currently utilized by Fire for intermittent trainings. Bids received for potential demolition.



The Westin Conference Center Condo

- Location: 4535 Commerce St.
- Zoning: CBC
- Council District: 4
- Area: approximately 24,000 sf
- Lease Start/End: 2007-12/2057
- VBDA collects 10% of Gross Banquet Revenues more than \$2.8 Million and contributes \$150,000 into reserve for maintenance and replacements to FF&E



Corporate Landing Data Conduit

7

- Zoning: I1
- Council District: 5
- Length of conduit: 2.1 miles
- Year Installed: 2018
- Agreement expiration: 10/2029 with Globalinx; Level 3 expires 2/2040
- VBDA collects \$3,000 per year with 2% escalation in rent
- Management fee to Globalinx = \$175,579 annually
- Constructed as an incentive to attract subsea fiber optic cables & data centers



An aerial photograph of Virginia Beach at sunset. The sky is a mix of orange, yellow, and blue. In the center, a tall, modern building with a pointed top (the Westin) is visible. To its right, another building with a bright light on its roof is prominent. The city extends to the horizon with various buildings and parking lots. A large red rectangular box is overlaid on the left side of the image, containing white text.

Questions?

**Next Month's Asset Overview:
VBDA Ground/Building Lease Agreements**



The City of Virginia Beach Development Authority

EDIP Policy Updates

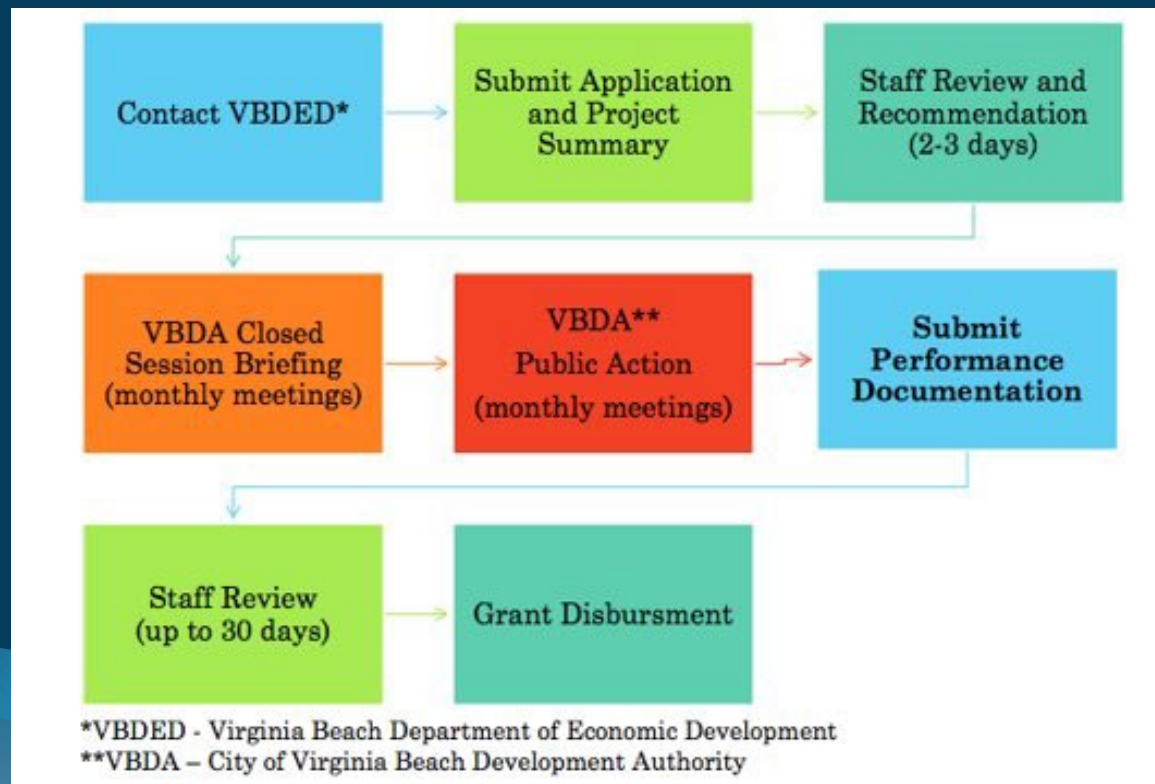
February 20, 2024 | Open Session

Chuck Rigney, Director



VBDA EDIP Policy Background

- The Economic Development Investment Program (EDIP) is one of the resources that the VBDA administers. It provides discretionary grants to qualifying businesses that are relocating to or expanding in Virginia Beach in support of economic development projects that create new jobs and capital investments. Last revised in 2019



VBDA EDIP Policy Background Continued

Policies and procedures over this program are set forth in the EDIP policy

Part A – covers qualifying new businesses to relocate to Virginia Beach and existing businesses to remain or expand operations within Virginia Beach.

Awards based on (i) jobs created or retained and/or (ii) capital investment

Part B – covers qualifying developers and property owners for development or redevelopment of properties in Strategic Growth Areas, Special Economic Growth Areas, Economic Redevelopment Areas, or Opportunity Zones.

Awards based on capital investment

Part C – covers qualifying developers and property owners for the development or redevelopment of properties in APZ-1 or Clear Zones

Awards based on capital investment

Part D – covers general provisions applicable to Parts A, B, and C.

Proposed Update:

1. Capital Investment Definition

- Cost of the acquisition of land and existing buildings will not count toward the required capital investment, except for good cause shown, or unless being purchased from a governmental entity and are being returned to the tax rolls

Proposed Update:

2. Add Qualifying Jobs

- Retained Job - Employment of indefinite duration, retained in the City of Virginia Beach as direct result of the private investment
- Remote Job - Employees that work from home or from a different location from that included in the performance agreement
 - *Residents of other states may have hybrid schedules but must physically report to the company's Virginia Beach facility on a regular basis, which is defined as two or more days per week. Residence not to exceed 115 miles.*
 - *Fully remote workers with a residence outside of Virginia will not be considered*
- Contractors - Contractors or employees of contractors who are located in Virginia Beach and provide dedicated full-time service to the Applicant

Proposed Update:

3. Wage Levels for New or Retained Jobs Incentive

- Tier 1:
 - \$1,000 for an employee paid at least 1.2x the Average Annual Wage in Virginia Beach as calculated by the Commonwealth, excluding benefits
- Tier 2:
 - \$3,000 for an employee paid at least 1.7x the Average Annual Wage in Virginia Beach as calculated by the Commonwealth, excluding benefits
- City's Average Annual Salary determined by Virginia Employment Commission's Quarterly Census of Employment and Wages report, as used by VEDP.
Currently \$58,032 – equating to Tier 1 at \$69,638.40 and Tier 2 at \$98,654.40.

Comparison:

- \$1,000 EDIP award for each New Job with an average salary up to \$35,000*
 - Up to \$2,000 EDIP award for each New Job with an average salary of \$35,001 to \$50,000, excluding benefits
 - Up to \$3,000 EDIP award for each New Job with an average salary of \$50,001 to \$75,000, excluding benefits
 - Up to \$4,000 EDIP award for each New Job with an average salary of over \$75,001
- City's Average Annual Salary determined by the VEC is currently \$58,032*
 - Tier 1: Up to \$1,000 EDIP award for each New Job w/ salary of at least \$69,638.40, excluding benefits (1.2x City's average annual salary)
 - Tier 2: Up to \$3,000 EDIP award for each New Job w/ salary of at least \$98,654.40, excluding benefits (1.7x City's average annual salary)

**The business must demonstrate associated workforce development training costs*

**To be adjusted based on VEC's quarterly census report*

Proposed Update:

4. Coordination with the State

- When the Project is being incentivized by the State, the Authority may approve an EDIP varying from the Policy to ensure it matches the requirements provided by the Virginia Economic Development Partnership, the Commonwealth Opportunity Fund, or some other grant program administered by the Commonwealth. To include:
 - Performance Period
 - Qualifying Capital Investment
 - Qualifying Jobs

Proposed Update:

5. Payment of EDIP Funds

- Funds based on Capital Investment must include invoices and evidence of payment
- Funds based on New or Retained Jobs must include the Applicant's Virginia Employment Commission Quarterly Tax Report FC-20
- Funds based on New or Retained Jobs in which the job is a remote worker, must include:
 - Individual titles
 - Individual salaries
 - Hire Date
 - Zip code of residence or remote work site

Recommendation:

Bring final EDIP Policy to vote in February, and take to City Council for subsequent approval



QUESTIONS