**Editorials by Chris Gentilviso**

**August 15, 2019**

**Editorial: Investments in our infrastructure**

Aug. 5 was a new day for development in downtown Richmond.

Mayor Levar Stoney unveiled striking plans for a $1.5 billion revival of the city's urban core. Through a robust private sector contingent led by Dominion Energy CEO Thomas F. Farrell II, plans for an arena, a high-rise hotel, 2,500 apartments, and more than 1 million square feet of office space, retail and restaurants send a clear message: Live, work and play in the city.

How people get there ' a new center for GRTC bus riders, better pathways for pedestrians and cyclists and updates to our aging infrastructure systems ' must be a top priority. Strong roads, bridges, public transportation and sidewalks help customers reach and revel in the amenities of concerts, sporting events and businesses ' and there's much work to be done beyond city borders.

Every four years, the American Society of Civil Engineers (ASCE) publishes a national "Infrastructure Report Card" to give the public a sense of the condition and performance of key systems. Since 2009, the ASCE has conducted rolling report cards for Virginia to shine a light on state and local issues.

"It's important that infrastructure needs downtown aren't overlooked as [Richmond city] council starts looking at proposed solutions," said Don Rissmeyer, a civil engineer and past president of the Virginia Section of the ASCE, who served as chairman for the 2015 Virginia infrastructure report card.

That year, which marked the last survey completed, the state's roads earned a grade of D, based on three criteria ' their condition, highway safety and traffic congestion. As the Richmond region prepares for sizable population growth over the next two decades, these basics are as critical as the glitz and glam of downtown plans. They're expensive for households to fix and even more so for government.

Rissmeyer said the downtown area still battles older infrastructure, which hits our cars and our wallets. The ASCE's most recent national report card noted in 2014, the average driver spent 42 hours in traffic. A 2018 study by TRIP, a nonprofit transportation research group, estimated a typical motorist spends $599 annually on repairs from substandard roads.

Across all categories ' bridges, dams, drinking water, parks and recreation, rail and transit, roads, schools, solid waste, stormwater and wastewater ' the ASCE's projected price tag for Virginia repairs over the next 20 years was at least $40 billion. That's without new projects like a coliseum, which can increase volume downtown.

Infrastructure was a top campaign issue in 2016, and even in a divided Congress, 2019 brought hope for federal action. In April, President Donald Trump and Democratic leaders agreed to a $2 trillion package for roads, bridges, water systems, broadband internet and improved power grids. But the deal stalled.

"The simple answer is that nobody can agree on where the money should come from," wrote Julia Baumel, policy analyst for the New Center, a Washington, D.C., think tank, in its August report "Infrastructure Underinvestment: Closing the Funding Gap."

Trump administration proposals were reliant on tax credits to spur private investment, while Democrats' plans favored public funding. Moreover, the financial stream for improvements close to home is entangled in a complex system of public and private money, dispersed among federal, state and local entities. Layers and layers of approval often are necessary to get projects off the ground.

"The scale of our infrastructure needs is so big and the state of government finances isn't so great," said Ryan Clancy, a senior adviser at the New Center. "You're going to need both public and private sector money."

So for what solutions can state and local governments enact or lobby? Two instances of proactive approaches in Virginia include:

Legislation that generates revenue. In April, the state passed fuel taxes and truck user fees to support upgrades on Interstate 81, the Washington Metro transit system and other highways based on volume of truck travel.

Public-private partnerships (P3s) with sensible incentives. The Dulles Greenway, a 14-mile private toll road, has helped cut rush-hour times without any maintenance costs for Virginia until the state takes ownership in 2056. But the New Center and ASCE see P3s as an accompaniment, not a replacement, for public dollars.

Other possibilities outlined by the New Center include:

An initial short-term federal fuel tax hike, with a transition to a long-term mileage tax, where user fees are based on distance traveled.

A revival of Build America Bonds, which gave states subsidies toward interest on taxable debt issued, and Private Activity Bonds, which face taxes and caps that dissuade firms from pursuing infrastructure projects with some public good.

The next Virginia ASCE infrastructure report card also is in the works. "It's not meant to oversimplify it," Rissmeyer said of the grades. "It's meant to create a dialogue."

City and business leaders were creative with the coliseum proposal. Investments in our infrastructure warrant the same mindset and discussion, in Richmond and Washington.

—Chris Gentilviso

**October 7, 2019**

**Editorial: The land of what-ifs**

An artist rendering shows some of the plans for the Navy Hill District Corp. redevelopment project in downtown Richmond.

At Monday morning's Navy Hill development proposal work session at City Hall, Darrin Glymph, a partner with the law firm Orrick, Herrington & Sutcliffe in Washington, D.C., guided Richmond City Council members through a high-level legal overview of the Coliseum area plan.

Glymph said he and his firm know downtown revitalization. They were involved in several increment financing transactions in the D.C. area. Anyone who has spent time in Washington knows the transformation taking place, and the first slide of his presentation laid out what's at stake for Richmond:

"The Navy Hill Development is the largest economic development project in the history of the City of Richmond and is expected to result in $1.5 billion of investment."

For a project with such high expectations, the rest of the session left us, as well as members of council, in search of more details. Two months after Mayor Levar Stoney's administration unveiled the plan to redevelop the coliseum and surrounding segments of downtown, the proposal still poses many questions.

The meeting, with five council members present, left us wondering:

Why did the city decide against an appraisal of the land it intends to sell to N.H. District Corp. (NHDC)? Was that a wise choice?

In a document addressing follow-up questions from a Sept. 23 work session, the city contended that "based on the complexity of the many parcel configurations, the $1.3 billion in private investment by NHDC, the absence of any request for city funding or incentives, and the host of benefits derived from the NHDC development proposal, the City believes it has negotiated a best value and benefits package."

That value is $15.8 million, which the city would receive in the first five years from the developer. In a separate document provided at the meeting by Davenport & Co., costs of the city not pursuing the project include $1 million annually for the Coliseum that sits idle and debt service for four years (through FY 2024). The city's public works department estimates demolishing the structure would cost $12 million, financed over five years (FY 2025 to FY 2029).

In either scenario, why not know what your land is worth? Is "believes" a word that will stand up years from now?

Is Richmond's Economic Development Authority (EDA) adequately equipped to handle a project of this magnitude?

If the city sells the private parcels to NHDC, the remaining transactions will be managed by the EDA, a group that drives growth on behalf of the city. This includes the responsibility of a 30-year arena lease and a 65-year armory lease to NHDC. According to Glymph's presentation, NHDC "will indemnify the EDA for certain losses."

But what are "certain losses"? Members of council also expressed concern over EDA staffing levels, limited access to EDA meetings and confusion over a supposed liaison. Better coordination is needed before any vote from council takes place entrusting the EDA into this critical role and assuming the city will face no liability.

Why are the financial projections still lacking synergy and clarity?

In an 11"-by-17" spreadsheet, Davenport released debt service coverage/cash flow projections for incremental revenues from the project. Columns B and C caught Councilman Parker Agelasto's eye.

One read "Expanded TIF (Dominion)" while the other read "Expanded TIF." Roland Kooch, a representative from Davenport, said the separate figures represented scenarios where Dominion Energy might or might not build a second tower.

That revelation left council asking for stronger integration of projections from the firms involved ' Davenport, Hunden Strategic Partners and Municap. Council President Cynthia Newbille ended up adjourning the afternoon council discussion and Q&A session so more information could be bundled for members.

At this point, Navy Hill is still a land of what-ifs. Councilmembers and Richmonders deserve better than that. We don't know why only five of the nine council members attended Monday's session, but we commend Agelasto, Newbille, Michael Jones, Kristen Larson and Andreas Addison for their tough questions. We look forward to hearing the answers.

—Chris Gentilviso

**October 19, 2019**

**Editorial: A burning coliseum question**

A sponsored ad from @NavyHillRVA, the Twitter arm of NH District Corp., caught our attention.

"FACT: A new arena will transform Richmond into a major East Coast destination for major shows and sporting events." The promise mirrored an Oct. 9 tweet, linking to a sheet titled "The Top Ten Myths About Navy Hill."

The word "major" carries great expectations. But so far, specifics on shows or sporting events seem thin. A burning question we have is: Would the new coliseum feature a regular tenant?

Investors are on board. Last Monday's Navy Hill work session with City Council reviewed the bucket of revenues that would repay more than $300 million in non-recourse bonds for the new arena and associated infrastructure. It includes real estate taxes, sales taxes, meals taxes, arena sponsorships and more, aided by a downtown tax-increment financing (TIF) district. No risk for the city.

"The transaction is well-positioned for success with our bond investors," said Bill Corrado of Citigroup, one of the two main bond underwriters, along with J.P. Morgan.

The presentation outlined what investors want to know ' project sponsors, location, risks involved with the construction, financial strength of the revenues and reserves set aside for rainy day funds. They expect ongoing disclosure on how the development is proceeding.

So do members of the public and the question remains: is the transaction well-positioned for them? Even ardent supporters of the Coliseum plan might be curious to know the household names behind the "major" events promise.

Think about some regional successes ' a recent University of Virginia men's basketball title and an upcoming Ariana Grande concert in Charlottesville. Richmond should join the fray.

But a July copy of the deed of ground lease for the Navy Hill arena ' a key document cited in the Oct. 7 work session with Council ' outlines less "major" requirements for possible events and tenants. Two segments that stood out were:

"'˜Comparable Facilities' means 15,000 to 18,000 seat capacity multipurpose event centers constructed in the ten years prior to Agreement Date within urban downtown areas '¦ such facilities shall not include those for which a primary user of the facility is either a National Hockey League team or a National Basketball League team."

"The new Richmond Arena will be designed to standards typical of today's first class multi-purpose event centers currently hosting NCAA and other regional tournaments (1st and 2nd round NCAA basketball), touring concerts and family shows, convention assemblies, and professional minor league or development league sports tenants in basketball or hockey."

Are the two case studies of successful TIF districts presented to council adequate comparisons? Allentown, Pa., was a city "in desperate need of downtown revitalization," Corrado said. Similar non-recourse bonds funded the PPL Center (8,500 seats for hockey). The $282 million project ($224 million in bonds for the arena) came with tax revenues from a 128-acre neighborhood improvement zone (NIZ). The main tenant is the Lehigh Valley Phantoms ' a minor league affiliate of the NHL's Philadelphia Flyers.

While attendance has been good in Allentown, Richmond's proposed 17,500-seat venue is twice as large. A 2015 Morning Call newspaper headline read "How Allentown built the most expensive minor league complex in the country." A March report found tax revenues in Allentown's NIZ dropped 11% in 2018. Why were these absent from Monday's presentation?

The unified government of Wyandotte County/ Kansas City, Kan., worked with the state to create a Sales Tax Revenue (STAR) Bonds program. Over the past 20 years, new attractions included a NASCAR speedway, a minor league baseball stadium and a Major League Soccer park. But a June 2018 Topeka Capital-Journal newspaper report noted other STAR developments in Kansas have suffered financial losses, such as the Museum at Prairiefire in Overland Park and the Heartland Park motorsports complex in Topeka.

"You showed us a couple of case studies of successful TIF districts," asked Councilmember Mike Jones on Monday. "Got any unsuccessful ones? Got any ones that did not perform up to margin or up to expectations?"

"It's a fair question," Corrado said. He stressed again that risks are on bondholders. Even if results fall short of their expectations, municipal clients see "projects get built." Richmond gets the arena.

That's a more realistic take. As Navy Hill work sessions, development advisory commission meetings and individual district sessions continue into December, we'd love to see public and City Council confidence match that of investors. A complete discussion of benefits and risks associated with the project helps. "FACT: Navy Hill is the most expensive minor league complex in the country" is not the best banner for Richmond to fly, even if the private sector paid for it.

—Chris Gentilviso