

INTRODUCED: November 24, 2014

AN ORDINANCE No. 2014-245-225

To declare surplus and to direct the sale of certain interests of the City in real estate located at 120 Shockoe Slip and 1331 A East Canal Street and in air rights over a portion of East Canal Street near its intersection with South 13th Street for \$916,000 to Highwoods Realty Limited Partnership for the purpose of facilitating the expansion of the existing headquarters building of the Martin Agency.

Patron – Mayor Jones

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: DEC 8 2014 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That (i) real estate owned by the City of Richmond consisting of approximately 0.155 acres located at 120 Shockoe Slip and identified as Tax Parcel No. E000-0067/001 in the 2014 records of the City Assessor, (ii) the City’s entire interest in real estate consisting of approximately 0.029 acres located at 1331 A East Canal Street and identified as Tax Parcel No. E000-0067/020 in the 2014 records of the City Assessor, and (iii) the City’s interests in air rights over a portion of East Canal Street consisting of approximately 8,072 square feet as shown on a plat entitled “Exhibit Showing Proposed Air Rights along East Canal Street,” prepared by

AYES: 9 NOES: 0 ABSTAIN: _____

ADOPTED: DEC 8 2014 REJECTED: _____ STRICKEN: _____

Timmons Group, and dated July 3, 2014, hereby are declared surplus real estate and are directed to be sold for the purchase price of \$916,000 to Highwoods Realty Limited Partnership for the purpose of facilitating the expansion of the existing headquarters building of the Martin Agency in accordance with the applicable provisions of Chapter 26 of the Code of the City of Richmond (2004), as amended, the Charter of the City of Richmond (2010), as amended, the Code of Virginia (1950), as amended, and the Constitution of Virginia.

§ 2. That the sale of air rights described in section 1 of this ordinance shall be (i) subject to a franchise, right and privilege therein previously granted by Ordinance No. 84-153-135, adopted June 25, 1984, and (ii) conditioned on compliance by the City and the purchaser with all requirements of section 15.2-2030 of the Code of Virginia (1950), as amended, with regard to the sale of air rights over public rights-of-way.

§ 3. That, pursuant to section 26-86(b) of the Code of the City of Richmond (2004), as amended, the Chief Administrative Officer is hereby directed to execute, on behalf of the City, the deed or deeds and such other documents, all of which must first be approved as to form by the City Attorney, as may be necessary to consummate the sale of the interests in real property described in section 1 of this ordinance subject to the conditions set forth in section 2 of this ordinance.

§ 4. This ordinance shall be in force and effect upon adoption.

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Mayor's Office City of Richmond



OFFICE OF CITY ATTORNEY
CITY OF RICHMOND
INTRACITY CORRESPONDENCE

O&R REQUEST

DATE: October 14, 2014 EDITION: 3

TO: THE HONORABLE MEMBERS OF CITY COUNCIL

THROUGH: THE HONORABLE DWIGHT C. JONES, MAYOR *DW*

THROUGH: CHRISTOPHER BESCHLER, CHIEF ADMINISTRATIVE OFFICER *CB*

THROUGH: NORMAN BUTTS, DEPUTY CHIEF ADMINISTRATIVE OFFICER,
FINANCE AND ADMINISTRATION *NButts*

FROM: LEE DOWNEY, DEPUTY CHIEF ADMINISTRATIVE OFFICER *LD*

FROM: JANE FERRARA, DEPUTY DIRECTOR, ECONOMIC & COMMUNITY
DEVELOPMENT *JF*

RE: TO DECLARE AS SURPLUS AND AUTHORIZE THE CHIEF
ADMINISTRATIVE OFFICER TO CONVEY PROPERTY AND AIR
RIGHTS

ORD. OR RES. No. _____

PURPOSE: To declare surplus and direct the sale of (i) City-owned real estate located at 120 Shockoe Slip, with Tax Parcel No. E0000067001 (.155 acres), (ii) the City's entire interest in real estate located at 1331 A East Canal Street, with Tax Parcel No. E0000067020 (.029 acres), and (iii) air rights over the portion of East Canal Street consisting of approximately 8,072 square feet and shown on the attached exhibit for \$916,000 to Highwoods Realty Limited Partnership ("Highwoods") to facilitate the expansion of the existing headquarters building of the Martin Agency.

REASON: The subject property is a remnant of the downtown Expressway. A viable offer has been made to purchase the property and air rights over and above Canal Street as more fully described below. By selling this property and air rights, the City will retain the Martin Agency headquarters in the City by enabling the expansion of their existing building. By retaining The Martin Agency, the company will stimulate new

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private investment, support job creation and retention and advance economic development in the Shockoe Slip area of downtown.

RECOMMENDATION: The City Administration, Economic Development and Real Estate recommend approval.

BACKGROUND: The Martin Agency is a nationally-acclaimed full-service advertising agency, headquartered in the City of Richmond. The Agency was founded in 1965 and since has grown to become one of the nation's leading advertising agencies. The Martin Agency was independently owned until 1986, when it was acquired by Scali, McCabe & Sloves Advertising of New York. Eight years later, Scali was acquired by The Interpublic Group of Companies, based in New York City.

Out of 10,000 Advertising Agencies in America, The Martin Agency has consistently been ranked among the top five by national publications and industry leaders alike. In 2010, Adweek Magazine named The Martin Agency "US Agency of the Year". Most recently, Advertising Age Magazine name The Martin Agency Creativity Innovators of the Year in the January 2014 issue of the magazine.

The Martin Agency, in its current location, has played a pivotal role in the vitality of Shockoe Slip for almost 20 years. Its lease comes up for renewal on March 31, 2017 and they have been actively evaluating a long-term plan for their headquarters location, including the possibility of relocating out of the City to Henrico County. The company has indicated its desire to remain in the City, pending a number of requests of the City to accommodate its future growth. The Martin Agency has negotiated with its Landlord, the renewal of its lease for an additional 15 years, contingent upon its ability to expand. Shockoe Plaza, which houses the Martin Agency, is currently 118,000 square feet and was developed by and is owned by Highwoods Realty Limited Partnership. As a part of its renewal decision, Martin must have the ability to expand by 47,000 square feet, increasing its total occupancy to nearly 170,000 square feet. In order to accommodate this growth, the Landlord is proposing to construct an addition to the existing building, which requires the acquisition of the aforementioned property and air rights over Canal Street. These properties are identified as: Parcel # E0000067001 (.155 acres with an assessed value of \$376,000) and Parcel # E0000067020 (.029 acres with an assessed value of \$81,000) and the air rights over East Canal Street. Highwoods proposes to pay \$916,000 for all property and air rights. The City granted a franchise that expires in 2044 for air rights over part of the area of East Canal Street identified on the attached exhibit pursuant to Ordinance No. 84-153-135, adopted June 25, 1984, to C & M Properties, Inc., and this franchise is now held by Shockoe Plaza Investors, L.C., an affiliate of Highwoods. Further, some question exists as to the current ownership of Parcel # E0000067020, but the City's interest in that property by virtue of a reversion clause in a February 28, 1986, deed will need to be conveyed by quitclaim deed if an office building is to be expanded onto that property.

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The current assessed value of the existing building is \$21 million and the estimated value of the expansion is roughly \$15 million, making the total estimated value of the expanded building \$36 million.

The property is desired to the company's future expansion in the area. It is recommended that the City sell the subject surplus property to Highwoods in order to retain a corporate headquarters, stimulate private investment, support new job creation and advance economic development in the downtown area. As a part of the expansion, the Martin Agency intends to hire new employees. While the majority of the staff is full-time with limited part-time, the Martin Agency does have freelancers on premises. Taking the existing employment numbers into account and assuming steady growth, Martin estimates job growth for onsite employees to grow from its current employee count of 500 to 675 by 2017.

According to an INPLAN Study conducted by the Greater Richmond Partnership, The Martin Agency annually contributes an estimated \$139 million to the local economy. Each dollar spent by the company and its employees generates another \$.46 in sales elsewhere in the region. Given its proximity in Shockoe Slip, many small, local Richmond businesses benefit from the daily activities of the Agency and its employees.

FISCAL IMPACT/COST TO CITY: The sale of this property will result in sales proceeds which will be allocated to the general fund and the property will be placed on the tax rolls. In addition, the City will retain a major tenant which pays real estate taxes (as a part of its Lease), BPOL taxes and personal property taxes in the City. If the company leaves the City those revenue would be lost.

REVENUE TO CITY: The City will receive sale proceeds, which will be deposited in to the General Fund Reserve for Permanent Public Improvements. In addition, the property will become taxable real estate on the City's real estate tax rolls. The expanded building will generate additional real estate taxes to the City. In addition, the Martin Agency pays personal property tax and BPOL to the City.

DESIRED EFFECTIVE DATE: Upon adoption.

REQUESTED INTRODUCTION DATE: November 24, 2014

CITY COUNCIL PUBLIC HEARING DATE: December 8, 2014

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Planning Commission

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: None

AFFECTED AGENCIES: Mayor, Chief Administrative Officer, Parks and Recreation, Planning, Finance, Budget, Public Works, and Economic Development

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RELATIONSHIP TO EXISTING ORD. OR RES.: Ordinance # 2000-66-64; Ordinance 91-223-207; 96-331-299; Ordinance 85-220-210

REQUIRED CHANGES TO WORK PROGRAM(S): None

ATTACHMENTS: "Exhibit Showing Proposed Air Rights along East Canal Street," prepared by Timmons Group and dated July 3, 2014

STAFF: Jane Ferrara-Economic & Community Development (646-5633)
Lee Downey-Economic & Community Development (646-5633)
Mark Olinger-Planning and Development Review (646-6305)
Paul McClellan-Economic & Community Development (646-5633)

SHOCKOE PLAZA INVESTORS, L.C.
DRAWING NO. O-21072
INSTRUMENT 95-19704
(RIGHT TO ENCROACH)

SHOCKOE PLAZA INVESTORS, L.C.
INSTRUMENT 95-19704
PARCEL ID. E0000066024 (CONDO BUILDING)
PARCEL ID. E0000066033 (CONDO COMMON AREA)

CITY OF RICHMOND
INSTRUMENT 13-28291
PARCEL ID. E0000066032
(PARKING DECK UNIT AS DESCRIBED IN
INSTRUMENT 00-10352)

SHOCKOE PLAZA INVESTORS, L.C.
INSTRUMENT 95-19704
D.B. 70 PG. 1871
PARCEL ID. E0000066029
(SHOCKOE SLIP BRIDGE)

**PROPOSED
AIR RIGHTS
0.185 ACRE
8,072 SQ. FT.
(SHADED AREA)**

S. 13TH STREET
VARIABLE WIDTH PUBLIC RW

S81°15'56"E 144.73'

SHOCKOE PLAZA INVESTORS, L.C.
DRAWING NO. N-21098
INSTRUMENT 95-19704
PARCEL ID. E0000066030
(EXISTING AIR RIGHTS)

E. CANAL STREET
VARIABLE WIDTH PUBLIC RW

N81°07'46"W 163.05'

10' RETAINING
WALL EASEMENT
D.B. 733 PG. 331
D.B. 3568 PG. 315

SHOCKOE PLAZA INVESTORS, L.C.
INSTRUMENT 95-19705
PARCEL ID. E0000067020

CITY OF RICHMOND
D.B. 79 PG. 899
PARCEL ID. E0000067001

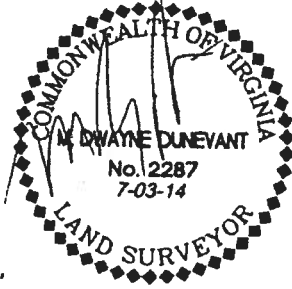
2.5' PERMANENT
FENCE MAINTENANCE
EASEMENT
D.B. 733 PG. 331

RICHMOND METROPOLITAN AUTHORITY
PARCEL ID. E0000051002
DOWNTOWN EXPRESSWAY
VARIABLE WIDTH PUBLIC RW

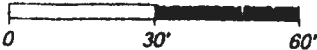
PORTION OF SHOCKOE SLIP
CLOSED PER DRAWING O-21072

PLAT BY LAPPAD BROTHERS ENTITLED
"SHOCKOE PLAZA" DATED 6-12-1990

- NOTES:
1. THIS PLAT IS NOT BASED ON A CURRENT TIMMONS GROUP FIELD SURVEY.
2. THIS PLAT WAS PREPARED WITHOUT THE BENEFIT OF A TITLE BINDER
THEREFOR ALL EXISTING EASEMENTS MAY NOT BE SHOWN.



SCALE 1"=30'



**EXHIBIT
SHOWING PROPOSED AIR
RIGHTS ALONG EAST
CANAL STREET**

THIS DRAWING PREPARED AT THE CORPORATE OFFICE 1001 Boulder Parkway, Suite 300 Richmond, VA 23225 TEL 804.200.6500 FAX 804.560.1016 www.timmons.com	City of Richmond, VA	
	Date: July 3, 2014	Scale: 1"=30'
	Sheet 1 of 1	J.N.: 35395
	Drawn by: M. Snider	Checked by: M. Snider