



CITY OF RICHMOND

Department of Planning & Development Review *Staff Report*

Ord. No. 2014-228: To amend Ord. No. 2014-61-98, adopted May 27, 2014, to amend the Capital Budget for Fiscal Year 2014-2015 by increasing revenues from planned borrowings and the amount appropriated to a new Stone Brewing project in the Economic and Community Development category by \$23,000,000 for the purpose of making an appropriation to the Economic Development Authority for the Authority to develop and manage a building to house the operations of KoochenVagner's Brewing Co., d/b/a Stone Brewing Co., in the city.

To: City Planning Commission
From: Land Use Administration
Date: November 3, 2014

PETITIONER

City of Richmond, Economic Development Authority and Stone Brewing Co.

LOCATION

3409 Williamsburg Road

PURPOSE

To amend the Capital Budget to appropriate \$23,000,000 to the Economic Development Authority to develop and manage the operations of Stone Brewing Co.

SUMMARY & RECOMMENDATION

After an eight month site selection process that generated almost 350 responses from communities along the eastern seaboard, the Company has chosen the City of Richmond in which to expand their operations. It plans to locate an east coast brewery, distribution and a Bistro in the Fulton area of the City.

The City has worked diligently with the Company to identify a suitable location in the City to meet the needs of the Brewery and Bistro, while stimulating revitalization, jobs and tourism in an area of the City that needs private investment. Through that process, the City identified opportunities to partner with the Economic Development Authority (EDA) to develop the Facility and accomplish key economic development objectives.

The EDA will serve as the developer and owner of the Facility, which will be built in two phases. Phase I will be a 200,000 +/- square foot brewery and distribution facility expected to cost up to \$23 million. The Brewery is scheduled to be open and operational by April 2016 and employee full time employees with an average salary of \$57,024. Within the later of three years of the completion of Phase I or twelve months after the closure of Water Street by the City, the Company and the EDA will commence the construction of Phase II, which is estimated to cost \$8 million and will consist of a restaurant and beer garden and will employ 200 employees.

The City will finance \$23.0 million of Phase I with taxable General Obligation bonds. The Economic Development Authority will then lease the Facility back to the Company for a period

up to 25 years. The debt service on the loan will be repaid through lease revenues, over the lease term. In addition to the real estate investment, the Company will be required to make a minimum \$41 million investment in machinery and tools and a minimum of \$1.7 million in furniture and fixtures. The restaurant and retail sales are projected to total \$10 million per year.

The Performance Agreement will be between the Company, the City of Richmond and the EDA and sets forth the terms and conditions under which the Company will locate its east coast operations in Richmond, Virginia.

Staff recommends approval of the proposed amendment to the Capital Budget to fund the proposed development.

FINDINGS OF FACT

Site Description

The subject properties are located at the corner of Williamsburg Avenue and Nicholson Street. Combined the properties contain approximately 12.3 acres of land area and are currently unimproved. Gillies Creek bisects the northern parcel and elevated rail lines are located directly to west between the properties and the James River. Three of the parcels are currently owned by RRHA and one of the properties is currently owned by Titan Virginia Ready-Mix LLC. The proposed brewery development would occur on all four parcels.

Two unimproved public right-of-ways, Lewis Street and 37th Street also transverse the subject property. These rights-of-way have been closed and will need to be transferred to the EDA in order for the proposed development to occur.

Proposal

The proposed brewery building would enclose all brewing, packaging, and distribution operations in one minimum 130,000 square feet facility with room to expand to a maximum of 220,000 square feet. Parking to serve the facility would also be located on site.

Master Plan

The adjacent properties are designated for industrial development in the City's Master Plan south of Gillies Creek, which includes a wide variety of manufacturing, processing, warehousing and distribution uses. The portion of the property north of Gillies Creek is located within the Downtown Plan and is designated as part of the Urban Center Area by the Plan. The Urban Center Area is characterized by a dense mix of office space, apartments, and retail located in four- to six- story brick buildings that front the street.

Zoning

The subject right-of-way is located within the City's M-1 Light Industrial zoning district. The M-1 district permits breweries, but limits their production to no more than 100,000 barrels of beer per year.

A special use permit ordinance was approved by City Council that allows unlimited production at the brewery. The ordinance requires a Plan of Development to be approved by the Director of Planning & Development Review prior to the issuance of any building permits for the proposed brewery.

The M-1 district requires parking spaces to accommodate all vehicles used in connection with the distribution facility plus one parking space per every two employees for manufacturing, processing, fabricating, testing, research, bottling, warehousing and distribution establishments. The proposed brewery may initially employ up to 103 full time employees for Phase I of the project. Parking for the establishment would be provided on-site in accordance with the M-1 requirements.

Surrounding Area

Elevated rail lines are located directly to west between the properties and the James River. Stony Run Drive and Gillies Creek Park are located across Williamsburg Road to the east of the properties. To the north, the properties are occupied by the abandoned Fulton Gas Works site and the foot of Chimborazo Park. Other active industrial uses are located to the south across Nicholson Street.

Neighborhood Participation

Staff has received no letters of opposition or support from the public.

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