

INTRODUCED: November 9, 2015

AN ORDINANCE No. 2015-244-240

To declare surplus and direct the conveyance of City-owned real estate located at 1722 Arlington Road to McKinnon and Harris, Inc., for \$1,750,000 for the purpose of stimulating private investment, job creation and economic development in the area.

\_\_\_\_\_  
Patron – Mayor Jones

\_\_\_\_\_  
Approved as to form and legality  
by the City Attorney  
\_\_\_\_\_

PUBLIC HEARING: DEC 14 2015 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That approximately 4.629 acres of property owned by the City of Richmond located at 1722 Arlington Road and identified as Tax Parcel No. N000-1317/004 in the 2015 records of the City Assessor is hereby declared surplus real estate and directed to be conveyed to McKinnon and Harris, Inc. for \$1,750,000 to stimulate private investment, job creation and economic development 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.

AYES:            9            NOES:            0            ABSTAIN: \_\_\_\_\_

ADOPTED: DEC 14 2015 REJECTED: \_\_\_\_\_ STRICKEN: \_\_\_\_\_

§ 2. 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 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 conveyance of such property.

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

RECEIVED

NOV 06 2015

O & R REQUEST

NOV 5 2015

4-4362

Chief Administration Office  
City of Richmond



OFFICE OF CITY ATTORNEY

CITY OF RICHMOND

INTRACITY CORRESPONDENCE

O&R REQUEST

DATE: October 29, 2015

EDITION: 1

TO: MEMBERS OF CITY COUNCIL

THROUGH: DWIGHT C. JONES, MAYOR



THROUGH: SELENA CUFFEE-GLENN, CHIEF ADMINISTRATIVE OFFICER



THROUGH: LENORA REID, DEPUTY CHIEF ADMINISTRATIVE OFFICER FOR FINANCE & ADMINISTRATION



FROM: PETER L. DOWNEY, INTERIM DEPUTY CHIEF ADMINISTRATIVE OFFICER FOR ECONOMIC DEVELOPMENT AND PLANNING



RE: TO DECLARE AS SURPLUS AND AUTHORIZE THE CHIEF ADMINISTRATIVE OFFICE TO CONVEY THE CITY-OWNED PROPERTY LOCATED AT 1722 ARLINGTON ROAD (TAX PARCEL # N0001317004)

ORD. OR RES.  
No. \_\_\_\_\_

**PURPOSE:** To declare as surplus and authorize the conveyance of the City-owned property located at 1722 Arlington Road (Tax Parcel # N00001317004) to McKinnon and Harris, Inc.

**REASON:** The City of Richmond School Board formerly controlled this property and has declared it as surplus property. The School Board transferred control to the City of Richmond by recorded quitclaim deed on July 9, 2015. The property is currently vacant and in need of substantial renovation. An unsolicited viable offer has been made for this property as more fully described below. By selling this property, the City will stimulate private investment, job creation and economic development in the area.

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**RECOMMENDATION:** The City Administration, Economic Development and Community Development recommend approval.

## O & R Request

**BACKGROUND:** McKinnon and Harris, Inc. headquarters is currently located at 1806 Summit Avenue within Scott's Addition. It also has showroom locations in Mid-town Manhattan, London's Design Center at Chelsea Harbour, and the newest location in the La Cienega Design Quarter in Beverly Hills, California. The company began 22 years ago, has strong roots in the City, has expanded its headquarters as much as possible in its current location and must expand in order to accommodate the company's increased sales and employee growth. It has searched for locations in the City, but has been unsuccessful in locating a facility that meets all of its needs. The company is now exploring options outside to the City of Richmond. The Company now wishes to acquire the subject property in order to accommodate its continued growth, obtain a higher profile location for its world class show room and remain in the City. The proposed post-redevelopment value of 1722 Arlington Road is estimated at \$6.1 million in land, building and site improvements, and equipment to support their sales growth needs. The company currently employs 38 Full Time Employees (FTE) with 17 additional FTE's projected over the next 5 years. The company projects 45% growth in employment resulting from a 74% projected growth in sales revenue.

The 1722 Arlington Road site is adjacent to Interstates 95 and 64 within close proximity to the Boulevard corridor. This unique property is noted for its significant location visibility to and from the Interstates. Total square footage of all improvements is approximately 65,840+/- square foot on 4.629+/- acres of land. Approximately 52,539 +/- square foot of the building is warehouse space. An additional 4,384+/- square foot of the building is used as office space and an 8,917+/- square foot area located at the northeast corner of the building is unoccupied and considered unsafe due to a failure in the roof. The property is currently assessed at \$1,598,000 for the Land and Improvements. The most current appraisal of the property was done by The Appraisal Group dated December 13, 2013, that concluded the market value of the property to be **\$1,700,000**. McKinnon and Harris, Inc. has offered to pay \$50,000 more than the appraised value for the property.

Two additional unsolicited offers were made to purchase the property; however, after review of those offers, it was determined that the McKinnon Harris offer is the best interest of the City because it was the highest of the three and the project is the only one that involves retaining an existing and growing business in the City.

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**FISCAL IMPACT/COST TO CITY:** The sale of this property will result in \$1,750,000 in sales proceeds. Once improved, the property will generate approximately \$70,000 per year in estimated real estate taxes and support the expansion of a local business with an international presence.

**REVENUE TO CITY:** The City will receive sale proceeds in the amount of \$1,750,000. In addition, the property will become taxable real estate on the City's real estate tax rolls.

**DESIRED EFFECTIVE DATE:** Upon adoption.

**REQUESTED INTRODUCTION DATE:** November 9, 2015

**CITY COUNCIL PUBLIC HEARING DATE:** December 14, 2015

**REQUESTED AGENDA:** Consent

**RECOMMENDED COUNCIL COMMITTEE:** Planning Commission, November 16, 2015

**CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES:** Planning Commission

**AFFECTED AGENCIES:** Mayor, Chief Administrative Officer, Public Utilities, Community Development, Finance, Budget, Public Works, Economic Development and Community Development

**RELATIONSHIP TO EXISTING ORD. OR RES.:** n/a

**REQUIRED CHANGES TO WORK PROGRAM(S):** None

**ATTACHMENTS:** None

**STAFF:** Paul McClellan, Economic & Community Development 646-3061  
Jane Ferrara, Economic & Community Development 646-6737  
Douglas Dunlap, Economic & Community Development 646-6822