

November 8, 2018s

A Special Work Session of the Danville City Council convened on November 8, 2018 at 5:30 p.m. in the Conference Room located on the Fourth Floor of the Municipal Building. Council Members present were: James B. Buckner, L. G. "Larry" Campbell Jr., Mayor Alonzo L. Jones, Dr. Gary P. Miller, Sherman M. Saunders, Fred O. Shanks, III, Adam J. Tomer, Vice Mayor J. Lee Vogler, Jr., and Madison J.R. Whittle (9). *Rev. Campbell entered the meeting at 5:32 p.m. and Mr. Shanks entered the meeting at 5:38 p.m.*

Staff Members present were: City Manager Ken Larking, Deputy City Manager Earl Reynolds, City Attorney W. Clarke Whitfield Jr., and City Clerk Susan DeMasi.

PRESENTATION ON THE WHITE MILL REDEVELOPMENT MASTER PLAN

Director of Economic Development Telly Tucker introduced Gary Harvey, Principal Senior Architect with Architectural Partners and Brian Goldman, an Architect with Architectural Partners. Mr. Harvey began his power point presentation, *Danville's White Mill Building*, (a copy of which has been retained in Laserfiche, in the City Clerk's folder, Presentations to Council.) Mr. Harvey noted they have partnered with Danville in both the public and private side, and have had successful projects including Cotton, Averett University, Mucho, the restroom facilities at the trailhead, and projects on Craghead Street. Some people may look at the White Mill building and wonder what can be done with it.

Mr. Harvey noted they met with members of Danville's Economic Development Department, Parks & Rec and the Riverfront Association, and discussed some of the possibilities and needs of the community. They had a site visit where they documented the building, and had a structural engineer do a structural analysis. The report came back that the building is in great shape. There are some small areas that need patching and repair, but overall the building is very structurally sound and could facilitate almost any use proposed for it.

In response to Mr. Buckner, Mr. Harvey stated the structural engineer did an analysis of the building and the only pieces he found were some places where some spalling had occurred on the exterior of the building. There was a location on the bottom basement slab where there was some undermining of the existing slab; that is something that could be cut out and patched. The building is very sound, and they saw no evidence of any structural cracking. Mr. Harvey noted the weakest pieces are going to be some of the window units as storms have blown through some of them. The steel frames, over the years, have become rusted and there is some fatigue there, but nothing restoration could not fix. Mr. Whittle asked if they had done hydrostatic testing on the footers and Mr. Harvey stated they have not done that level of testing yet; that would be something the City would do. Their structural engineer said based on how heavy the building is and the fact that there was no differential settling, that there was a pretty good foundation. Mr. Whittle noted the building is actually three buildings, all of them are going to settle to some point. Not seeing those footings especially on the end going toward the bridge that has the columns under it, it looks like they had to go in there, shore everything up and rebuild that corner. Mr. Harvey noted the engineer did not notice anything that was of concern there. Some of the places where it has been shored up was because pieces of equipment that were there in the past and some structural components had been compromised where they created an opening in a floor, took out a column and built a beam over a piece of machinery. Where supplemental shoring has been done on that, those pieces would have to be adjusted or addressed when the actual construction would take place.

Mr. Harvey noted for the soil condition, what they are assuming is not only will there be a lot of rock but also a lot of sand, it is a river basin area. Those soils have a tendency to be more

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of a wet soil. With the age of the building, none of that was a concern. There would have to be more invasive testing to find out how deep the footings go. Mr. Harvey noted some of the footings, based on traditional construction, are four to five feet in the ground; some areas might go as deep as six to eight feet. There was a lot of load that was being transferred down, not only with the building itself but also with the mill equipment; structurally they had very little concern about this building. A lot of the things the structural report addressed were things on the exterior where there has been spalling of parts of the exterior wall or some reinforcement that has been exposed. A reason why that was a concern is because you don't want that steel to continue to be exposed for a long term; that steel will actually rust. As it rusts, it expands and will cause additional spalling of the concrete surface.

Mr. Harvey then showed a video presentation of ideas for the White Mill Building, and explained when they met with the group initially, some of the things that were working well in Danville and some of the draws in Danville are the exterior trails, parks, and citizens and visitors being drawn downtown. As they talked with Parks and Rec, the idea of a destination on the Dan as an adventure destination started to come into play. They looked at some other elements that might be brought with the idea of an adventure designation, such as the whitewater canal that the City has looked into. They discussed climbing facilities, high rope courses, zip lines, and taking advantage of the natural river itself for adventure enjoyment. They also started thinking about what types of housing might be beneficial to continue to draw people down and populate the city core. A lot of developers are meeting that need for loft apartments but there is still a need for luxury loft apartments that is not being addressed. They have seen in other localities, a lot of retired people want to live in apartments where they don't have to maintain a house; they want to move into the city core back into apartments. Mr. Harvey noted it could also support retail that might be adventure based, and hospitality. Danville has some motels, most are considered economy or base scale motels; a boutique or specialty type hotel might be a benefit. Danville can offer a lot of adventure based experiences that might draw people to higher end hospitality. Also, VIR is now a year round race venue that draws people to Danville. Their choices for lodging are in Danville or South Boston and there aren't a lot of options or choices. Another aspect is business or corporation; with Danville's focus being on the technology sector, if they were able to secure a Google type corporate office, that could also bring a lot of jobs to the area.

Mr. Harvey reviewed an aerial site plan of the White Mill Project, showing the main drive entry with the first level being parking, and a secondary drive to the hotel entrance. Mr. Harvey noted there would be an interior street that would take people to the river side of the building where they could go across the bridge and get access to the other side of the Dan River. Mr. Harvey reviewed the outdoor public spaces, boardwalks, an upper outdoor restaurant on the fourth floor, a lazy river type pool for the hotel, outdoor patios for the apartments, climbing tower, rope course, an amphitheater, the whitewater canal, and piers into the Dan. The bottom floor would be used for parking, with about 185 parking spaces. Some would be used for the hotel, some for the private residences and others for parking for the retail space. The next floor would be primarily the public corridor, the retail floor, and the lobby for the hotel. The next floor would be the commercial floor where they recommend the City have a business or technology base type corporation. The fourth floor would be the hotel floor where most of the luxury rooms would be. The next level up would be residential and restaurant level. The apartments would be luxury apartments, each would have a stair as there is room for two floors in each apartment. The final level is the rooftop level, taking advantage of an exterior restaurant overlooking the Dan River, a lazy river pool, and private residential patios.

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Mr. Harvey noted the overall site has 18 acres, three of that is what the building is sitting on; they use fifteen acres in their site costs. The building is five stories plus the roof, the footprint of the building is approximately 840 feet by 142 feet, which gives a floor plan of about 123,082 feet per floor, at five stories, there is a cumulative square footage of 615,412, with another 81,205 square feet on the roof, for a total square footage of 696,645 square feet. Mr. Harvey reviewed costs including \$3,203,465 for acquisition costs, stabilization and some of the additional fees the City has already paid. Construction Costs, including the site, building and environmental give a total \$150,367,645. Some of the soft costs which include the A&E fees, inspections and testing total \$15,036,764.50 (about 10% of construction costs). The FF&E is \$1,000,000 and an 8% allowance for Owner Costs, which is financing, legal fees, management of \$12,029,411.60. The total project costs are \$181,647,286.10, owners costs of \$18,163,728.61 give a grand total \$199,801,014.71. The construction costs are \$222.91 per square foot, the owner's project costs would be \$67.10 with a total project cost of \$290.01 per square foot. Mr. Harvey reviewed some of the opportunities and incentives; including Federal, State and Local Grants. One of the common ones is the Historic Tax Credits, the Federal Tax Credit is about 20% which is \$33,721,574.90, the State Credit is about 25% would be \$42,151,968.63, tax credits alone total about 40% of the overall cost that could be recouped in just Federal and State Historic Tax Credits. Doing preservation revitalization projects could be economically feasible.

Mr. Shanks noted one of the main features was the whitewater component, the slope of the water surface is important, why are they going to the upper level, above the small dam; that is going to affect the whitewater. Mr. Goldman explained the idea would be to build in gate canals so that people could get back out and paddle back up or continue down through if they wanted. There would be a lesser rapid area and then a more rapid-y area as they progressed down. Mr. Shanks stated where the two canals diverge, are they the same elevation, water-wise and Mr. Harvey noted he believed there was a slight difference in elevation because there is a low water dam that is separating the two. Mr. Harvey explained there is a consultant that designs the whitewater canals and would specialize in the development of that. The velocity of the whitewater can be controlled to go from a Class One rapid all the way up to a Class Five depending on the capability of the kayaker.

Mr. Larking explained when they discuss the costs, the Historic Tax Credit costs vary depending on how the developer uses them. If they try to use it themselves, they can capture more of that; if they sell them, they get less. The Federal government has a formula that affects the amount that someone would get for the project as well. Mr. Harvey noted to also understand that the City is already grandfathered in under the previous version of the tax credit program, which is an advantage to the City that means they could secure that entire 20% number. Mr. Tucker noted in the numbers presented, Mr. Harvey also presented costs associated with the landscape and the whitewater included. If Council were interested in seeing the break-out of each phase, staff does have the spreadsheets that breaks out the cost of the building versus the landscaping and the projected cost of the white water.

Dr. Miller noted the video did not show the upper entrance to the whitewater, is that below the Union Dam and how close is it to the dam. Mr. Harvey explained when the whitewater feature is designed, there would be a place where boats would come into that which will be a certain distance away from the dam. At the dam itself is where a lot of water will be captured.

Mr. Tomer asked if the architectural study was paid for through a grant and Mr. Tucker noted it was paid for through a Main Street Grant, Virginia Department of Housing and Community

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Development, a \$25,000 feasibility/conceptual study grant. Ms. Bobe explained the River District Association applied for it on behalf of the City and they were the recipient of it.

Mr. Larking noted the purpose of this is to create a vision for what could happen at the White Mill should a developer be contacted that is willing to do this; it gives them an idea of what it would cost to build this and what the cost per square foot would be. They can take that information and factor that into what they can get for market rate apartments, retail and hotel space. That developer would be able to make a decision whether or not they can make money doing this. Mr. Vogler noted it is important to point out that this is just presenting a vision to show a developer.

Mr. Tomer questioned the capital investment that the City has had in the River District already, and Mr. Tucker noted it was about \$155M. Mr. Tomer stated the City has had about \$155M of investment in the River District; that didn't happen overnight, the City has been working on that for six or seven years. To think that this project would happen overnight, citizens and Council need to understand that probably won't happen; this lays out a vision for possible use of the building. Mr. Shanks noted he likes the report that was put together, it will be a great marketing tool, it has numbers attached to it, and it shows great opportunity to developers.

Mayor Jones thanked Mr. Tucker and his staff; this gives the community a view of what possibly could be. Council Members thanked the staff and consultants for the report.

MEETING ADJOURNED AT 6:43 P.M.

APPROVED:

MAYOR

ATTEST:

CITY CLERK