

BWC Consulting

SOCIAL IMPACT

ENTERPRISE GROWTH

ECONOMIC VALUE TO COMMUNITIES

PROPOSED MIXED-USE DEVELOPMENT HISTORIC DOUGLAS BLOCK ROCKY MOUNT, NC

JULY 11, 2019



bwc

building wealth & communities

PRESENTED TO: CENTRAL CITY REVITALIZATION PANEL

July 2019

Disclaimer

- BWC Consulting has served as external consultant to City of Rocky Mount City Manager's Office since 2012. The firm has worked with the City to move the proposed downtown mixed-used development forward.
- Comment shared today are representative of BWC Consulting and does not necessarily reflect those of City of Rocky Mount leadership or representatives of the City.

About BWC Consulting

- BWC is a minority-owned and led boutique economic development finance consulting firm.
- Started in 2005 by Bridget Chisholm, Founder and Managing Partner, BWC has established a strong track record structuring public-private financing for capital projects targeted to strengthen communities and the people they serve.
- BWC leadership leverages nearly 50 years of combined knowledge and experience including in economic development finance, business strategy, and public-private partnerships, and entrepreneurship to offer value-add solutions to its clients.
- BWC has delivered more than \$1 billion in economic development financings using various and often tools such as USDA Community Facilities, private foundations, and federal New Market Tax Credit (NMTC) financing for economic development projects.

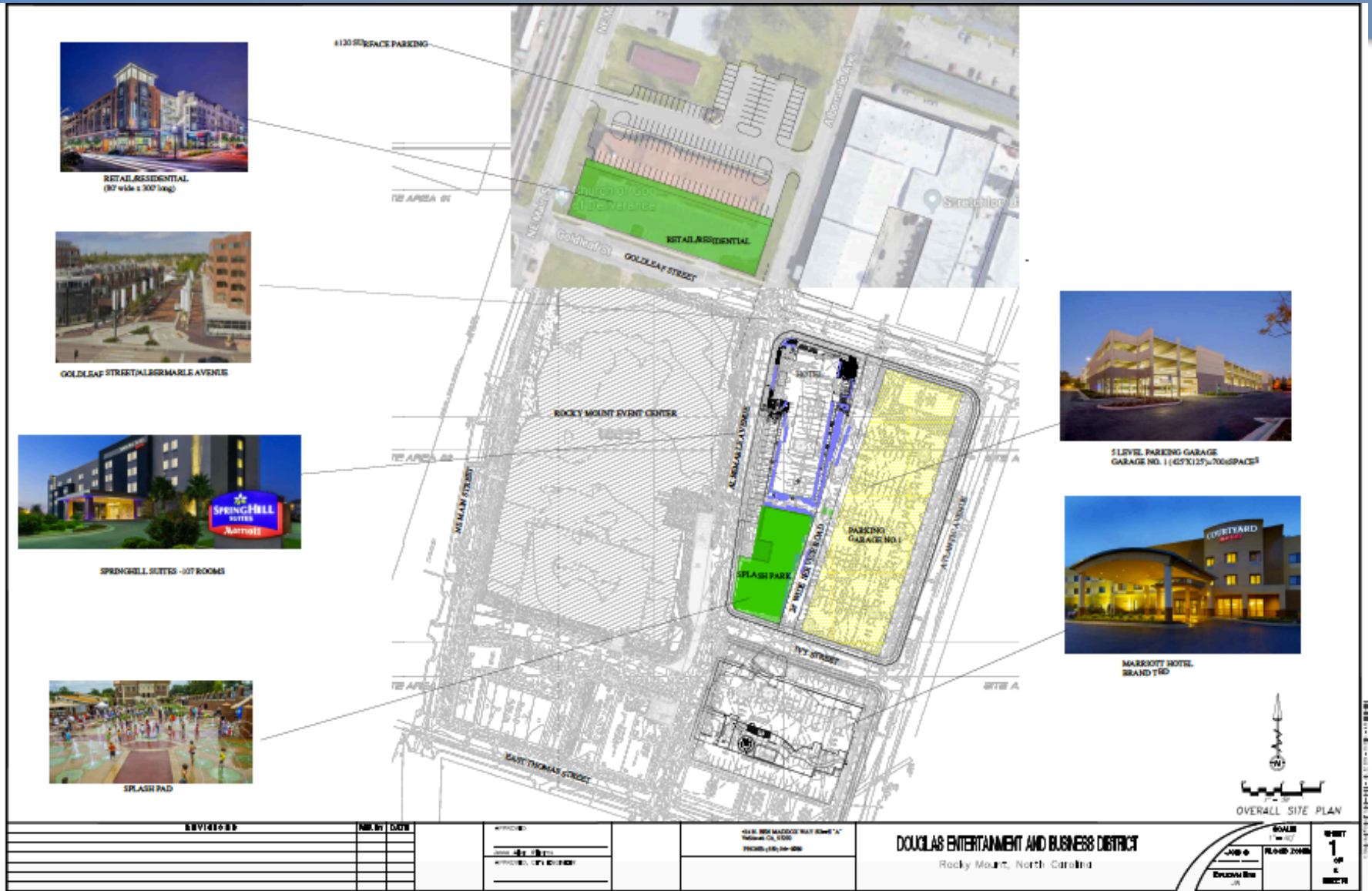
Socio-economic Profile of Project Location

The census tract that the Douglas Block is considered highly distressed:

- Median income is only 77.35% of statewide area
- Poverty rate of 24.1%
- Unemployment rate of 11.1%
- Unemployment rate that is 34% higher than national unemployment rate

Source: U.S. Department of Treasury, CDFI, 2011-2015 NMTC census-level data

Proposed Site Plan – The Douglas Block



Proposed Downtown Mixed-use Development Project

- Public-private partnership between the City of Rocky Mount and Hunt Services, LLC.
 - Hunt Services is a minority-owned GC firm with experience developing mixed-use projects such as the proposed downtown mixed-use project
 - David Hunt, President of Hunt Services, is a Hilton and Marriott hotel franchisee as well as a retail franchisee (e.g. Buffalo Wild Wings and Perkins Restaurant & Bakery)
- Project mixed-used development will consists of:
 - 700-space parking deck
 - Tier one hotel, SpringHill Suites Marriott, that will have up to 109 rooms.
 - 20,000 SF of retail space that will be oriented to support small businesses and entrepreneurship.
 - 60 unites of mixed-income oriented residential housing
- Total development project cost of more than \$50 million.
 - Private investment components (hotel, retail, residential) is approximately \$33 million

Project Differentiator - Shared Prosperity

- What makes this Developer and P3 unique is shared prosperity in action – meaning the small businesses in the retail center have the ability to **own** their space vs. **rent** via a condominium structure.
- Small, minority and local businesses, build wealth, asset accumulation and participate in the growth, gentrification of Rocky Mt (in Edgecombe County).
- The residential will be quality mixed – income housing for all not just one group to be able to live and work Downtown.

Project Supports Local Priorities

- The success of the new Events Center requires supporting amenities to comes to the downtown areas.
- Proposed project is expected to attract additional private capital to downtown area.
- Quality jobs are important in helping addressing the persistent lagging socio-economic challenges that Rocky Mount face.
- Making downtown Rocky Mount a “work, play, live” destination.

Drives REAL Economic Impacts: \$120 Million

Findings from third-party economic impact assessment completed by Novogradac & Company, at City's request, include:

- During construction phases, the development project is anticipated to provide an estimated **\$1.2 million in taxes** to the local government.
- Total of **430 direct jobs** created during construction phases of project. An additional 287 induced and indirect jobs estimated to be created during construction phases.
- **Total of 195 permanent jobs** estimated to be created from overall project subsequent to construction phases. An additional estimated 127 indirect and induced jobs created.
- Mixed-use development is expected to generate in excess of an estimated **\$2 million in indirect and induced economic impact at the local level**. This is addition to the direct incremental local tax impact created by the development.

Other Value-add Impact Considerations

- Economic development and opportunity has typically gone to the Nash County side of the community.
- Proposed tier one hotel will be the first for City of Rocky Mount.
- Edgecombe County has agreed to share Occupancy Tax generated by the new hotel. This would be a new local revenue source for City of Rocky Mount.
- Proposed development will create incremental property and local sales taxes.
- City would also generate a lease payment based on a share of net income generated by hotel.

Public Component of Project

This **public component** of the development will be a **700-space parking garage** that will be build by Developer and subsequently leased by City of Rocky.

- Total cost to build parking garage is estimated at around \$18 million
- Developer will build the parking garage at the cost of capital the City would pay if it built the parking itself.
- City would pay an annual lease payment to Developer, who would be responsible for managing and upkeep of garage for initial 20 years. This payment begins once construction of garage is complete.
- After 20 years, ownership of the garage would fully transfer to the City.

Project Impact on City's Fiscal Health

Findings from an public finance assessment by Davenport & Company, the City's financial advisor include:

- Proposed project does not require any local tax increase
- Adequate fiscal capacity exists for City to pursue mixed-use project while also being positioned to address other planned and anticipated capital improvement projects.
- City would remain within established debt management policy metrics if it undertakes this proposed mixed-used use project.

Moving the Project Forward

What is required and needed to move this project forward?

- Local support from leadership and residents, which entails effectively communicating the merits of the project
- Approval by the state-level Local Government Commission to move forward with project.

Thank You!

Any questions, thoughts, or feedback?

Contact Information

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