

Springline - District 60 Commentary

I would like to share a few observations based on publicly available information. My observations may help explain ever increasing taxes in spite of billions of Economic Development spending justified by reducing Chesterfield County reliance on real estate taxes. I would hope the Board of Supervisors is asking some tough questions about the justification for and the results of these projects.

Chesterfield County EDA initiates one project after another with breathless proclamations of grandiose plans full of promise of jobs and tax revenue. Yet never a mention of total costs all financed by taxpayers or debt backed by taxpayers. The decisions to buy land and issue contracts are most often made during closed sessions not open to the public. There is no way to know if anyone cares to question the total cost of construction and incentives before approving a project and the County Administration has admitted to not calculating any return on investment. Given the unchanged reliance on individual real estate taxes it would appear there has been no return on the millions spent by the CEDA.

As an example, the Springline - District 60 project was described by Chesterfield County in December of 2023 as including 1400 residential units, 300,000 square feet of office space, 150,000 square feet of retail, 100,000 square foot sports and entertainment facility and 125 hotel rooms and expected to be complete in early 2025. No mention of an estimate of the total cost to taxpayers or the amount of revenue the project would generate. How can a decision to proceed be made without the this most basic information?

So here we are at the close of 2025 and here is what we do know. The old mall was razed and the site prepared for sale. Buyers were found for the office building, mixed use residential and the hotel property. The office building and required parking deck are nearing completion. As of August 31 Chesterfield County expects to spend \$85.6M (\$200k over the 2024 budget which included a \$214K contingency). What exactly is driving the overage can't be determined because the CEDA reports different line items YoY so comparison and tracking is not

possible. Miscellaneous expenses of \$1.1M probably deserves some scrutiny. The CEDA has received \$1.4M in revenue from sale of land and miscellaneous revenue of \$853K (half of which is the sale of dirt and liquidation of equipment. Doesn't sound great but one can only hope the costs be recovered by tax revenue over time with an ultimate positive return on the investment. What is the payback period? No one seems to know and it also seems no one in authority has even bothered to ask the question. Looking closer at various components of the project the picture gets even murkier and the project maybe not be such a good deal for the taxpayers.

The office building - Conflict of interest? When the CEDA finally announced Timmons Engineering as the developer of the office building one could only give pause when examining the publicly available information regarding terms of the deal. Timmons Engineering is the CEDA advisor of choice (millions of dollar in service agreements per year, an on-call monthly advisory agreement and a seat at the table in closed session) agrees to develop a new building on the site for their HQ. The CEDA in turn agrees to pay nearly \$20M dollars for the necessary parking deck and enter a longterm lease for half the building. Unbelievably the County tenants include the CEDA! Also in the space will be employees of CCPS in a far corner of the county remote from their administrative offices and the schools they serve. The cost of the 20 year lease and whether or not it is competitive are both unknown. We do know the guaranteed cash flow will be of benefit to Timmons Engineering as they pay off whatever debt they incurred for the construction. In addition, Chesterfield county will pay \$678K to terminate leases and \$4M to furnish the new spaces. Also on this project the CEDA paid in excess of \$6M for engineering, PM and professional services. The vast majority paid to ...Timmons Engineering. With the current working from home trends could Chesterfield have consolidated operations in existing buildings? In a soft commercial real estate market could Chesterfield have obtained more competitive rent? As the PM for CEDA what information did Timmons Engineering have access to that other potential developers did not? After paying for the new parking

structure and rent for 20 years how will this portion of the project result in a positive benefit to the taxpayers?

The Hotel and Conference Center - A sweetheart deal? Across the street at the CEDA Stonebridge project Shamin Hotels had agreed to invest \$125M by July of 2026. As the deadline for the Stonebridge deal approached the CEDA agrees to cancel the Stonebridge agreement in exchange for a new agreement at District 60. What this means for the Stonebridge project finances is unknown. In the District 60 agreement Shamin Hotels agrees to develop a project that will include a 12 story hotel with at least 260 rooms and 20,000 square feet of office space with a deadline for completion of January 2028. To entice Shamin the CEDA agrees to provide \$2M for Shamin to relocate their HQ to Chesterfield, waive real estate taxes for 25 years and occupancy taxes for 40 years on all 5 hotels owned by Shamin in Chesterfield County and the deadline for completion is moved to January 2028. In an interesting financial arrangement the Powhatan County EDA agrees to issue revenue bonds to finance the project on behalf of Shamin. Chesterfield EDA will use the 40 years of lost tax revenue to pay off the debt to Powhatan County EDA on behalf of Shamin. Creative financing indeed! With no revenue other than sales tax how does this project benefit taxpayers? How many years will it take Chesterfield County to recoup the initial investments in site development and the lost tax revenue? What if anything was promised to Powhatan County in return for financing the project? Who is scrutinizing this deal to ensure a return on the taxpayers' investment?

The Roads-Who is going to pay? With Stonebridge complete without any significant improvements to the intersection of SR60 and Chippenham Parkway the new District 60 development on top of the traffic already generated by the Boulders can't be built without major road improvements. As the developer of the project CEDA has only two choices to fund necessary road improvements; issue bonds or spend tax revenues. Either way the taxpayers are on the hook. If CVTA is to issue a \$65M bond to improve the

intersection it merely adds to the billions of dollars of backlog of projects necessary address Chesterfield County traffic. Does the financial justification for the District 60 project include the cost of road improvements? If not, why not?

In summary. As of August 2025 CEDA has admitted to spending \$81M and forecasts spending \$86M on the Springline - District 60 project. This amount does not include the \$2M gift to Shamin nor the \$65M for road improvements. In addition the county has committed itself to a 20 year lease of an unknown amount and likely on-going cost to maintain and market the development for an undetermined number of years. The county has already spent the proceeds from land sales so the only revenue from the project will be property taxes on the office building and mixed use spaces and any sales taxes generated by the commercial spaces. Real estate and occupancy taxes were waived on the hotel and conference center plus the additional four Shamin hotels. Chesterfield County taxpayers are on the hook an initial investment of \$153M plus an undetermined on-going cost for at least 20 years. How likely is this project ever to have a payback? If at all, the payback is not likely to be anything reasonable, but who knows and more importantly does anyone care? Supervisors with a real interest in protecting the taxpayers they represent should be demanding answers before rubber stamping yet another CEDA expenditure.