

Norfolk OKs \$126 million hotel-conference center

NORFOLK

After many years, countless debates and \$16 million spent to clear the site, Norfolk is poised to finally get a new conference center.

The City Council voted 7-1 Tuesday to approve a \$126 million project that will bring a luxury hotel and 50,000-square-foot conference center downtown.

The decision happened despite pleas from two council members and several Norfolk hoteliers who wanted to delay the vote so more analysis could be done on the project's impact.

The council was told last week that a public hearing and vote would happen Tuesday night. Members received a copy of the city's development agreement last Friday.

Councilman Tommy Smigiel was the lone dissenting vote. He and Councilwoman Theresa Whibley tried to push the vote back two weeks.

The project is expected to generate about \$2 million annually in new revenue, and Whibley said she would continue to lobby her colleagues to devote those funds to public education – an idea that hasn't gained traction with her colleagues. Mayor Paul Fraim wants to raise real estate taxes by 2 cents to speed up the city's current school construction schedule.

"We need to get serious about what is our No. 1 economic development (priority), and that is our schools," Whibley said.

Some council members with long tenures dismissed claims that they were rushing into a vote. Versions of the conference center project have been approved in the past, and revenue has been allocated for a hotel-conference center and other tourism-related projects for nearly a decade, they argued.

"Tonight may be the fourth or fifth vote I've cast on this project," Fraim said. "This should not be a surprise. The city has been after this facility for a while."

One resident, Bill Maxwell, said he wasn't opposed to the project. He objected to the council's conducting nearly all of its deliberations on the project in closed sessions. Many residents said they would rather see the city invest in schools, neighborhoods or other smaller projects.

Tuesday's public hearing attracted more than two dozen people. The developer, Gold Key/PHR Hotels & Resorts CEO Bruce Thompson, was out of town Tuesday, but he sent a letter stressing the project's merits.

"I certainly understand why there would be skeptics, but we were told the Hilton we developed on 31st Street and Atlantic Avenue would not be the success that we envisioned," Thompson wrote.

"The doubters were wrong," he added. "We raised the bar, and the market followed."

The project will sit on the corner of Granby and Main streets. It will use about \$89 million in public funds, including \$16 million that already has been spent.

The deal is similar to earlier versions of the project that failed to materialize. Virginia Beach-based Gold Key would pay the majority of the construction expenses for a 23-story, 300-room hotel, which will cost \$64 million to build. The project could be finished by spring 2017.

The project is expected to create 500 construction jobs and 250 full-time jobs.

The city will chip in an extra \$2.5 million so the developer can build a grander hotel. That's on top of the original \$7.5 million that will offset the developer's construction costs. The city's share also includes \$42.5 million for the conference center and a \$750,000 performance grant to recruit a high-end restaurant. The money would come from the city's public amenities fund.

As part of the deal, the city also would construct a \$19.5 million parking garage, which would be paid for with user fees.

Meanwhile, the city continues to negotiate with The Cordish Cos., which is a Baltimore-based company that plans to spend about \$28 million to overhaul Waterside Festival Marketplace.

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