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March 2, 2015

Michael L. Shull
Chairman, Augusta County Board of Supervisors

Larry J. Wills
Member, Augusta County Board of Supervisors

18 Government Center Lane
Verona, Virginia 24482

Re: Augusta County Circuit Courthouse

Dear Chairman Shull and Supervisor Wills:

On behalf of the City of Staunton, I extend my sincere thanks to you and other members of the Augusta County Board of Supervisors, for your openness to a dialogue with the City concerning the continued location of the County's courts in the City of Staunton. I also thank Mr. Coffield for his time. In particular, my colleagues on Council and I appreciate your well-intentioned gestures made by your agreement to meet recently with City representatives in an effort to navigate a path forward together. We want both the County and the City to enjoy a shared pride in the historic courthouse that symbolizes so much for our region, similar to the sense in Rockingham County and Harrisonburg about the historic courthouse in the heart of Harrisonburg. I am optimistic that through continued conversation we can advance that aim.

In an effort to build on the constructive momentum of our recent meetings, we have refined the proposal made originally in my letter to you dated January 14, 2015. Preliminarily, there appears to be sufficient support among Council members for a transaction between the City and the County, with what we estimate is an aggregate value to the County in excess of \$2.6 million, on the following terms:

State Historic Tax Credits	City commitment to facilitate, with its staff and other continuing support from the City's experience, qualification of renovation project for state historic tax credits, estimated currently to approach \$2.5M gross tax credits and \$2.0M net tax credit funds to County.
Estimated value: \$2,000,000	

	- Based on meeting between Bill Frazier of Frazier Associates and representative of Virginia Department of Historic Resources ("DHR") on February 19, and communications between City Manager and Mr. Frazier, initial qualification for tax credits apparently can be obtained within approximately 60 days. - If DHR determines unexpectedly that renovation project does not qualify for anticipated tax credits, Staunton City Council, at that time, will consider whether to make additional accommodations.
Financial Contribution to Construction Costs Estimated value: \$500,000	Financial contribution (the "financial contribution"), paid by City to County in equal installments over 15-year period, to defray hard construction costs, in amount equal to \$500,000, reduced dollar-for-dollar to extent net tax credit funds exceed \$2.0M. Financial contribution to be used by County, in part, to defray additional cost attributable to brick exterior or other documented distinctive architectural and historical features on proposed additions to courthouse (estimated by Frazier Associates at \$104,500).
Fees Estimated value: \$12,000	Waiver of fees otherwise chargeable by City for renovation project (e.g., permit fees, inspection fees, fees for land use applications, etc.).
Work Areas Estimated value: \$12,000	Barristers Row and parking lot leased presently to County at intersection of Johnson and Augusta streets made available to County for construction-related activities, including use as staging area. Individuals who park in parking lot would be permitted to park in Wharf parking lot, at no cost to those individuals or County, until project completion. Estimated value, as shown, is based on current City parking rates and 18-month project duration.
Use of City Facilities Estimated value: \$82,000	Subject to availability and schedule coordination, City would share courtrooms in Cochran Judicial Center and permit County's use of City Council Chambers in City Hall for judicial proceedings during project. Estimated value, as shown, is based on assumed rental rate of \$12 per square foot, per year, and 18-month project duration.
County Use and Maintenance:	County commitment to continued use of courthouse for circuit court for period of 15 years after completion of renovation project and to ongoing maintenance of renovated facility.

County Cooperation:	County agreement to conduct renovation project, and to otherwise cooperate concerning historic tax credits, in manner sufficient to qualify project and maintain qualification of project and validity of tax credits. Such cooperation includes, but is not limited to, completion of renovation project in accordance with Mr. Frazier's recommendations and plans submitted to and approved by DHR, formation of limited liability company as recommended by tax credit consultant(s), and transfer of courthouse to entity for requisite period of time. No City liability to County for lost value of net tax credit funds if, because of County's decision to conduct renovation project contrary to Mr. Frazier's recommendations and approved plans, or some other lack of cooperation, project or portion of project loses qualification or tax credits deemed invalid.
Juvenile and Domestic Relations District Court:	If County determines to maintain County seat, and location of its circuit court, in Staunton, City will proceed with efforts to secure new space for joint juvenile and domestic relations district court, consistent with its prior understanding with County (which could be accomplished as a part of consolidation of courts as discussed below).
Courts Consolidation:	Agreement in principle to pursue consolidation of City and County courts, with further agreement to conduct jointly and share on some agreed basis the cost of such effort, including, conceptually, possible use of County's historic courthouse for consolidated circuit court and City's Cochran Judicial Center for consolidated general district court and juvenile and domestic relations district court. If feasible, according to Mr. Frazier, renovation and expansion plans for County's historic courthouse would incorporate such approach.

As my colleagues and I have stated publicly on numerous occasions, the City strongly desires to see the County maintain its courts in the City. We all recognize that there are benefits—tangible and intangible—that come from the presence of the courts in what has been the historic county seat since the 1700s. Certainly, those benefits include what we recognize are some modest tax revenues to the City, but they also include the very real benefit to the County of a strong, vibrant city located in the heart of the County that can be a source of shared benefit and pride.

We have undertaken with this proposal to strike a fair balance between our respective localities, and we are hopeful that you will choose to embark with us on a partnership that will serve both localities, and our citizens, well. It seems to me that we have an opportunity together, with our continued conversation and shared commitment, to achieve responsibly something that will serve our immediate region in a significant way and demonstrate to all our citizens a willingness to cooperate in a shared vision as we have done on so many other occasions.

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Again, my thanks to you.

Sincerely,

A handwritten signature in cursive script that reads "Carolyn W. Dull".

Carolyn W. Dull

Mayor

cc: Patrick J. Coffield, County Administrator
Staunton City Council
Stephen F. Owen, City Manager