



August 1, 2019

Honorable Mayor Bobby Dyer
Members of City Council
Municipal Center – City Hall, Building #1
2401 Courthouse Drive
Virginia Beach, VA 23456

Re: Dome Site Project, aka Atlantic Park

Dear Mayor Dyer and Members of City Council:

While we support most aspects of the Dome Site project, we echo concerns in the Siteworks Study about OVERSUPPLY (Pg40), specifically in the restaurant sector. Please reference the city Dome Site page: <https://www.vbgov.com/government/departments/communications-office/hot-topics/entertainment-district/Pages/Dome-Site.aspx>. Also reference our prior letter of September 17, 2018 in which we expressed serious concerns about displacement of customers, overstoreing the resort, and the assumptions used in the Lambert Study to arrive at their estimated projections. These are also concerns previously expressed to Council by the Virginia Beach Restaurant Association. The Atlantic Avenue Association wants the Dome Site project to happen, but with less risk and a more balanced approach.

According to the Commissioner of Revenue, 2017 food and beverage sales at the entire resort were almost \$174M. Venture projects Dome Site food and beverage sales of approximately \$40M, or **23% of that total**. Additionally, Atlantic Avenue F&B gross receipts were \$98M, which **makes F&B projections at the Dome Site over 40% of Atlantic Avenue F&B sales. By these numbers, the Atlantic Avenue Association sees significant imbalance and a high risk of oversupply in the restaurant sector at the resort.** So, where can we start to find a low-risk balance?

***First, we hope the City will consider replacing the sales driven TDFP financing model with a TIF model and an overlay district.** Rather than looking hard and fast at generating sales on the Dome Site (aka subsidized restaurant competition), look at the whole of the resort area by equitably incentivizing local small businesses. This starts to level the playing field and “lift all boats.” More F&B sales will come in the end, but **publicly subsidized restaurant sales should not be the driver of the Dome Site project, as this forces the developer to risk oversupply.**

***Second, increase high quality residential and office on the site.** New housing is very strong in Hampton Roads, especially at the resort. Office product would compliment this. More than anything, adding more residential and office to the Dome Site will help create a more active and safer resort. Residences also add potential staff to the very tight resort employment pool. Please note, however, that the present 450 proposed apartments will not make an appreciable difference in individual restaurant sales at the resort (According to the 2017 Bureau of Labor Statistics, average yearly household dining out spending is \$3008, which, if multiplied by 450 apartments, would equal an additional \$1,353,600 in restaurant spending per year – less than 1% of total 2017 gross resort restaurant revenues of \$174M).

***Third, add parking.** AAA is also not convinced by the Desmond Parking Study and its flex parking projections. On the busiest 12-15 weekends of the year with all aspects of the proposed Dome Site in operation and hundreds of employees working there, we see a loss of present public parking. The Atlantic Avenue Association believes securing property for convenient public parking should be paramount for the future success and growth of the entire resort. The cul-de-sac that is the Virginia Beach resort has finite real estate. To offset potential displacement of present public parking by a busy Dome development, as well as to foster future growth, developing more public parking at the resort should be a top priority.

***Fourth, according to the CVB office, six independent studies all support a Convention Hotel adjacent to the Convention Center, including a study last year.** Virginia Beach taxpayers have lost tens of millions of dollars in business that goes to other markets that have one or more Convention Hotels. Specifically, AAA supports a publicly funded breezeway connector and public parking for a Convention Hotel, but **NOT** publicly funded meeting space or other funding that would directly subsidize the hotel itself. We see this as unfair to hoteliers and hope there are reciprocal sentiments from hoteliers when it comes to proposed public subsidies for massive restaurant development. At long last, and to be competitive with other destination markets, Virginia Beach needs to go full-speed with an RFP for a Convention Hotel.

***Fifth, if 1/10 of the approximately \$200 million in public money allocated for the Dome Project were allocated to the public space along the front doorstep to our city (Atlantic Avenue), everyone – Virginia Beach residents, small businesses and visitors - would benefit greatly.** In short, we ask the city to invest in what's been financially successful for many decades – Atlantic Avenue. Long overdue capital investment in the public space along Atlantic Avenue would unlock the untapped potential of this unique 3 mile destination, and Virginia Beach residents would have a safer, more attractive, more welcoming resort to enjoy.

Lastly, after over 30 years without any street parking on Atlantic Avenue, we are very thankful to the city for recently adding convenient, free curbside off-season parking along Atlantic Avenue for residents and visitors. This has made a positive difference in off-season activity and already spurred new private investment. Conversely, please take a moment and imagine what would happen if there were no curbside parking for businesses and patrons at Town Center for just one week, much less 30 years. The outcry would make front page news. **May we suggest a fresh, new perspective about Atlantic Avenue small business operators who somehow have**

survived this competitive disadvantage for so long, all the while sustaining increases in tax revenues and employment for Virginia Beach?

We see the Atlantic Avenue promenade as a budding culinary, artistic and cultural destination for everyone. From Bayside to Kempsville to Centerville to Princess Anne to Rose Hall to Lynnhaven to the Beach District, Virginia Beach citizens deserve a safe, welcoming, attractive resort amenity. The Atlantic Avenue Association supports Venture building a balanced Dome Site attraction that **compliments (does not compete with)** present and future Virginia Beach small businesses.

Thank you for your consideration of the Atlantic Avenue community. We are #VBStrong, too.

Sincerely,

A handwritten signature in black ink that reads "George Kotarides". The signature is fluid and cursive, with the first name "George" being larger and more prominent than the last name "Kotarides".

George Kotarides

President, Atlantic Avenue Association

757-469-0031

CC: Dave Hansen, Virginia Beach City Manager
Ron Williams, Deputy City Manager for Economic Vitality
BJ Baumann, Chair Resort Advisory Commission