

**Answers to Questions about the Mount Airy Downtown Development  
(Spencer's Mill) Site RFP**

Q&A as of 08-25-20

**Question 1:** Even though not part of the RFP, can we make an expression of interest in one or more parts of the Cube buildings for future considerations?

**Answer:** As disclosed in the RFP, the Cube buildings are subject to a Memorandum of Understanding between the City of Mount Airy and the Piedmont Triad Regional Council (PTRC) and are not available to parties submitting proposals in response to the RFP. However, should a respondent express interest in one or more of the Cube buildings that expression of interest will be presented to the City Board of Commissioners.

**Question 2:** Will investment tax credits be used by the developer in this project? I was not sure on ownership of the buildings in the complex.

**Answer:** Yes, the tax credits will be used by the developer or other taxpayers.

**Question 3:** Has there been any conceptual analysis provided to the City of Mount Airy as to the value of the embedded historic tax credits?

**Answer:** The Sparger Building is eligible for the North Carolina Mill Rehabilitation Tax Credit of 40% (pursuant to North Carolina G.S. Chapter 105 Article 3H) in addition to the federal historic rehabilitation tax credit of 20%. The value of those potential historic tax credits depends on the amount of Qualified Rehabilitation Expenses (QREs) and the discount rates applied to the nominal credits. For illustrative purposes only, Mount Airy Downtown (MAD), Inc. has assumed QREs are 85% of total development costs and that the present value of the combined maximum state and federal tax credits is 75% of the nominal value. In this case, a development project with a total cost of \$10 million could be financed with \$3.825 million of tax credit proceeds (\$10 million times 85% times 60% times 75%) and \$6.175 million of other debt and equity. Respondents should consult their financial advisors / tax credit experts and not rely on this simplistic example.

**Question 4:** Has the City conducted any type of analysis as to the structural integrity/viability of the building?

**Answer:** In 2019, the City undertook demolition of certain buildings on the Spencer's site that were determined to be unsound per the assessment and recommendation of a structural engineering report (demolition was completed in March 2020). The Sparger Building was not identified as a building of concern and was excluded from the structural engineering analysis. Respondents are encouraged to arrange a tour of the site including a walk-through of the Sparger Building with the City's Site Coordinator, Development Coordinator and/or Engineer.

Question 5: Has a Phase I or if necessary Phase II been completed?

Answer: Yes, the City has completed a Phase I Environmental Site Assessment and a Phase II Environmental Site Assessment. These documents are available on the MAD, Inc. website along with the RFP and other background documents.

Question 6: I see that Mount Airy received the Historic Designation but has the actual Spencer's Mill building been designated Historical?

Answer: Yes. The Sparger Building is a certified historic structure (contributing building) listed in the Mount Airy National Register Historic District.

Question 7: Is the project located in an Enterprise Zone?

Answer: No, the Spencer's Mill property / downtown development site is not located within Mount Airy's qualified Opportunity Zone (OZ).

Question 8: It appears that there were significant environmental issues with Soil Contamination, Ground Water Contamination, and Interior Contamination. Have any or all of these been mitigated? There will be a significant cost to remediate and if the work has not been completed and timeframe to complete. Will the City participate in the cost of the cleanup?

Answer: The City completed a Phase I Environmental Site Assessment and a Phase II Environmental Site Assessment (these documents are available on the MAD, Inc. website along with the RFP and other background documents). After these assessments were completed, the City entered into a Brownfields Agreement and Brownfields Program Environmental Management Plan (these documents also are available on the MAD, Inc. website). Developers who follow the Environmental Management Plan should not experience significant costs of additional remediation. The City does not plan to participate in any additional remediation costs. Respondents are encouraged to arrange a tour of the site including a walk-through of the Sparger Building with the City's Site Coordinator, Development Coordinator and/or Engineer.

Question 9: I assume the Sparger Building is on the National Register as part of the Mount Airy historic district or individually?

Answer: Yes. The Sparger Building is a certified historic structure (contributing building) listed in the Mount Airy National Register Historic District.

Question 10: Is there a local historic preservation commission overseeing exterior review of renovations to this building?

Answer: No, the Sparger Building and surrounding site are outside the Local Historic District. However, the exterior review of building renovations must ensure the approval by appropriate state and federal officials in order to qualify for historic tax credits.

Question 11: Can the City provide the census tract where the Spencer Mill building is located?

Answer: The Sparger Building, along with the rest of the development site, is located within census tract 9303.02.

Question 12: Does the City own the building? If so, will they contribute it to the development as part of an Economic Development Agreement?

Answer: Yes, the City owns the Sparger Building along with the surrounding site. Proposals will be evaluated in their entirety, including any offering price for the site parcel(s) necessary to develop the project.

Question 13: Are there any City sponsored incentives or Grants?

Answer: No. City participation will take the form of public infrastructure typically provided by local governments. The City does not intend to provide direct financial incentives to the Designated Developer.

Question 14: Would there be a reduction in ad-valorem taxes if the project is designated as a Landmark property?

Answer: No. The City currently does not have in place such a program for historic / landmark properties.

Question 15: Are GRIG funds available?

Answer: The City has not explored whether the Grig Fund is a potential source.

Question 16: Will NC Department of Commerce provide incentive Grants for job creation?

Answer: While the City has received state grants in the past for certain projects, at this time no such grants have been obtained for this project.

Question 17: Are funds available to make infrastructure, paving, sidewalks, and landscape improvements?

Answer: City participation will take the form of public infrastructure typically provided by local governments. Respondents will need to identify any street improvements and related infrastructure, including the provision of water/sewer and storm water drainage, required for successful project implementation. The RFP requires project proposals to specify major elements, including drives, parking plans, walking and green spaces, and other features.

Question 18: Will the project need to pay permit fees or is the City waiving all fees?

Answer: The City has not planned to waive fees.

**Question 19: Who is providing parking to meet the needs of the project?**

**Answer:** The RFP requires project proposals to include parking plans. The proposed ownership and estimated cost of necessary parking for project implementation will be evaluated within the context of the overall proposal.