

MEMORANDUM

TO: ERIC CAMPBELL, CITY MANAGER; ADAM FLETCHER, DEPT OF PLANNING AND COMMUNITY DEV
FROM: TODD C. RHEA, CLARK & BRADSHAW, PC
DATE: DECEMBER 3, 2018
RE: SOUTH MAIN INTERCHANGE OVERLAY DISTRICT SIGN HEIGHT ORDINANCE AMENDMENT

Summary: Holtzman Oil Corp. (HOC) has requested the City of Harrisonburg to amend its existing sign ordinance relative to the South Main Interchange overlay district to allow a sign 100' in height so as to increase visibility to its Truck Center located at that interchange. HOC has presented compelling "real world" data to support its contention that the increased sign height is a critical determining factor in the economic success of its South Main Truck Center, and that these metrics provide compelling fiscal benefit to the City in the form of tax revenues. This memorandum will touch quickly on those four points which we believe mitigate in favor of the requested sign ordinance amendment, notwithstanding the fact that from a "purely" planning standpoint, such a request may be disfavored.

History: HOC purchased the South Main Truck Center in January 2015 from Cline Energy. The purchase took place concurrent with the acquisition of a number of Cline stations in and around the City of Harrisonburg. Since that date, HOC has invested millions of dollars in the former Cline stations to upgrade and modernize them within the City. This includes significant upgrades to the fueling stations and other physical assets of the South Main Truck Center. This significant reinvestment has brought the South Main Center up to the standards of other Truck Centers along the I-81 corridor. In addition, HOC is in the process of investing another \$1 million in the property over the near term on surface concrete upgrades and expanded restaurant hours.

Factors in Favor of Increased Sign Height:

A. Fiscal Impact. The HOC South Main Truck Center in Harrisonburg shares many characteristics with the existing HOC Shenandoah Truck Center in Mt. Jackson. Both are located proximate to an I-81 interchange, both have competing petroleum providers in close proximity and both have limited direct visibility to I-81. In addition, the South Main Truck Center has the added benefits of more fueling stations and parking as well as an on-site restaurant (versus an adjacent restaurant). The main distinguishing feature is that the Shenandoah Truck Center has a high rise sign clearly visible at the I-81 exit, whereas the Harrisonburg Truck Center has no direct visibility to I-81 due to the width of the interchange and higher elevations immediately along the interstate. Attached as Exhibit A are updated figures from HOC that show the large disparity in fuel volumes both for full year 2017 and partial year 2018 at the two Centers. HOC believes that the disparities are largely driven by the lack of Harrisonburg signage and the critical role that such signage plays in directing interstate trucking traffic to a fueling center. HOC has also provided example fiscal impact numbers showing the annual anticipated fiscal benefit to the City. These numbers are attached again to this memo as Exhibit B and are found near the end of the City Staff packet circulated earlier this week. If the HOC Harrisonburg South Main Truck Center can close the volume gap with its Shenandoah Center in Mt. Jackson via sign visibility, the City stands to gain up to six figures in additional annual revenues from increased traffic. While Staff was unable to locate "academic" research data, we have provided a highly analogous real world comparison of how signage drives interstate fueling traffic and volumes.

B. Level Playing Field. In 2014-2015, in connection with the newly opened Pilot Truck Center at the Exit 251 Interchange in Rockingham County, Pilot was granted a Special Use Permit and constructed a

100' high Truck Center fueling information sign at that interchange, just eight (8) miles north of the Exit 243 Harrisonburg South Main interchange. HOC has also provided data contained in the Staff report that the typical sign height along the I-81 corridor for Truck Center signs is 100'. With the current limitations on visibility and restricted sign height in Harrisonburg at the South Main interchange, the HOC Truck Center is fighting a severely disadvantaged battle in the intensely competitive interstate fueling market against a competing station and locality less than ten (10) miles distant, and against most, if not all competing Truck Centers located along the I-81 corridor. From north of Winchester to Toms Brook, Raphine and south, all competing I-81 Truck Centers have the benefit of 100' interstate signage visibility.

C. Limited Request. HOC fully appreciates and agrees that the requested increased sign height is not warranted or proper at all City locations or even I-81 interchanges. The South Main Interchange is unique in its development of a heavy commercial to light industrial interchange. HOC has not requested a height change to the Exit 245 and 247 interchanges due to the lack of existing viewshed degradation (discussed below) and the more residential character and impact at those other interchanges. The overlay district itself is highly limiting, and as Staff points out, only 32 properties would be impacted by the change. While the potential for additional signage at Exit 243 is certainly possible, there is already a wide range of tall, visually imposing signs, buildings, towers and other structures at that interchange, and the fiscal benefits of the added signage would more than adequately offset any argued incremental viewshed degradation at Exit 243. HOC has done its best to submit a request tailored on as limited a basis as possible given the structure of the City Sign Ordinance lying outside of the Zoning Code, and note that the Staff has not provided any alternative, more limited solutions or suggestions despite having had the matter under study for approximately one year, and having Council direction to study the matter to find solutions to allow for a critical and valuable economic impact to both a longstanding community business and the City coffers.

D. Existing Viewshed Degradation. Perhaps the most compelling argument mitigating in favor of allowing higher signage at Exit 243 is the level of existing viewshed degradation already in place at that interchange. This aspect has gotten short treatment in the Staff report and little or no mention at the October discussion before Council. The most salient visual feature at Exit 243 are the large electric transmission line towers that straddle the north side of the interchange at approximately 120' in height. The line itself crosses the southbound deceleration lane at the exit. Representative photographs of the existing towers and line are attached as Exhibits C & D. In addition to the power line, there is a large water tower at the Walker facility next to the interchange and 4-5 cell towers visual to the interchange approaches from the interstate. As discussed above, this interchange is commercial to industrial in nature, and the northbound approaches are lined with warehouses and interstate/transportation geared business with numerous signs and other visual advertising along I-81. Exit 243 is the proper place to weigh the tradeoff from additional interstate high rise signage versus the economic value that these signs generate. Given the existing facts and character of Exit 243, an expansion of the signage in the overlay district is a compelling tradeoff that benefits the City budget and draws interstate visitors into the City for transient taxation with little meaningful visual impact at this interchange which is already littered with existing and permanent viewshed impacts.

Summary. Your applicant understands and is sensitive to Staff's reticence to approve the requested sign changes to the Exit 243 overlay district from a purely land use and planning aspect. However, there are real world business and economic needs and benefits that would be derived from the requested change, both to local business serving that interchange and to City revenues. HOC has presented a limited request and supported that request with actual data and exhibits showing the character and existing visual impacts at Exit 243. This request provides a level playing field to the Harrisonburg Truck Center against direct competitors in other jurisdictions serving the I-81 corridor, and is as closely tailored as the applicant can make it without requesting wholesale changes to the structure of the City Code.

EXHIBIT A

2017-2018 Fuel Volumes Comparison

For 2017 – In Gallons

Shenandoah Truck Center (Mt. Jackson, VA)	12,690,173
Harrisonburg Truck Center (Harrisonburg, VA)	7,409,806

For YTD through October, 2018 – In Gallons

Shenandoah Truck Center (Mt. Jackson, VA)	11,457,935
Harrisonburg Truck Center (Harrisonburg, VA)	6,570,192

Harrisonburg Truck Center
 Estimated Additional Income Resulting from High Rise Sign

With Existing Signage	2017			Total
	Holzman Oil Corp.	Joe's Grill & Griddle	Convenience Store	
Estimated Business Licenses	29,291	2,000	1,700	31,291
Meals Tax	0	59,300	3,889	63,189
Estimated Sales Tax Paid to State Returned to City Revenue to City	0	9,200	6,924	16,124
	<u>29,291</u>	<u>70,500</u>	<u>12,513</u>	<u>110,604</u>

With High Rise Sign	Holzman	Joe's	Convenience Store	Total
	Oil Corp.	Grill & Griddle		
Estimated Business Licenses	58,582	4,000	3,400	62,582
Meals Tax	0	118,600	7,800	126,400
Estimated Sales Tax Paid to State Returned to City Revenue to City	0	18,400	13,800	32,200
	<u>58,582</u>	<u>141,000</u>	<u>25,000</u>	<u>221,182</u>

Annual Estimated Increase in Revenue With High Rise Sign	<u>29,291</u>	<u>70,500</u>	<u>12,487</u>	<u>110,578</u>
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**Harrisonburg Truck Center
Total Revenue to City of Harrisonburg**

Estimated Revenue to City of Harrisonburg from Harrisonburg Truck Center

	2016			Total
	Holzman Oil Corp.	Joe's Grill & Griddle	Convenience Store	
Real Estate Tax	37,003	0	0	37,003
Personal Property Tax	13,616	0	0	13,616
Business Licenses (2018 Based on 2017 Sales)	20,965	2,100	1,700	23,065
Meals Tax	0	64,000	3,717	67,717
Paid Directly to City	71,584	66,100	5,417	141,401
Estimated Sales Tax Paid to State Returned to City	0	9,900	7,500	17,400
Total Revenue to City	71,584	76,000	12,917	158,801

	2017			Total
	Holzman Oil Corp.	Joe's Grill & Griddle	Convenience Store	
Real Estate Tax	38,065	0	0	38,065
Personal Property Tax	12,935	0	0	12,935
Business Licenses (2018 Based on 2017 Sales)	29,291	2,000	1,700	31,291
Meals Tax	0	59,300	3,889	63,189
Paid Directly to City	80,291	61,300	5,589	145,480
Estimated Sales Tax Paid to State Returned to City	0	9,200	6,924	16,124
Total Revenue to City	80,291	70,500	12,513	161,604

Estimated Revenue to City of Harrisonburg with High Rise Sign

	Holzman	Joe's	Convenience Store	Total
	Oil Corp.	Grill & Griddle		
Real Estate Tax	38,065	0	0	38,065
Personal Property Tax	12,935			12,935
Business Licenses	58,582	4,000	3,400	62,582
Meals Tax	0	118,600	7,800	126,400
Paid Directly to City	109,582	122,600	11,200	239,982
Estimated Sales Tax Paid to State Returned to City	0	18,400	13,800	32,200
Total Revenue to City	109,582	141,000	25,000	272,182

Annual Estimated	29,291	70,500	12,487	110,578
Increase in Revenue With High Rise Sign				





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