



# City of Richmond

900 East Broad Street  
Richmond, VA 23219  
www.richmondgov.com/city clerk

## Meeting Minutes

### Finance and Economic Development Standing Committee

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Thursday, February 15, 2018

5:00 PM

Council Chamber, 2nd Floor – City Hall

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The Honorable Cynthia Newbille – Chair  
The Honorable Michael Jones – Vice Chair (*Early departure*)  
The Honorable Parker Agelasto – Member  
The Honorable Kim Gray – Member (*Late arrival*)  
The Honorable Kristen Larson – Member  
Lisa Braxton, Interim Deputy City Clerk  
Meghan Brown, Deputy Council Chief of Staff  
Bill Echelberger Jr., Council Budget Analyst  
Charles Jackson, Council Budget Analyst  
Pamela Nichols, Assistant City Clerk  
Alexander Rawles, Boards and Commissions Administrator  
Tabrica Rentz, Senior Assistant City Attorney

#### Call to Order

Chair Newbille called the meeting to order at 5:05 p.m.

#### Evacuation Announcement and Citizen Speaker Guidelines

Pamela Nichols, assistant city clerk, provided information on the appropriate manner in which the Council Chamber is to be evacuated in the event of an emergency along with citizen speaker guidelines.

#### Public Comment Period

There were no public comments.

#### Approval of Minutes

Vice Chair Jones moved to approve the minutes of the Thursday, January 18, 2018, meeting at 5:00 p.m., which was seconded approved: Ayes 4, Agelasto, Larson, Jones, Newbille. Gray had not yet arrived.

#### Board Vacancies

Alexander Rawles, boards and commissions administrator, reviewed the following board applications for consideration by the committee:

Board Name	Criteria for Appointment	Applicant Name
Board of Directors of the <b>Economic Development Authority</b> (7 directors)	Resident of the city  (No vacancies)	Matthew B. Davey Anthony M. DeRuosi Terry C. Frank Audra E. Grassia Nathan V. Hughes Stephen T. Robertson Kenneth Smither Jean Sweeney AnnMarie Wakely Donna L. Wheeler
	Resident of the city who is a member of the residential, commercial or mixed-use development community  (1 vacancy)	Richard Johnson (reappointment) <i>Note: Per Res. No. 2017-R071, Mr. Johnson is not eligible for reappointment.</i>

*Mr. Rawles explained that, based on the interpretation of the Office of the City Attorney, the applicants for the Board of Directors of the Economic Development Authority (EDA) did not meet the criteria for the resident of the city who is a member of the residential, commercial or mixed-used development community.*

*Member Kim Gray arrived and was seated.*

*Member Parker Agelasto stated that, his interpretation of the City Code differed than that of the Office of the City Attorney, and it was his opinion that applicant Nathan Hughes met the criteria and should be considered for appointment.*

*Tabrica Rentz, senior assistant city attorney, stated that the committee can make its recommendation regardless of the opinion of the legal representation for the EDA; however, the recommendation would not be consistent with the City Code.*

*Vice Chair Jones stated that since the appointment recommendation was not consistent with the City Code, he would abstain from voting.*

*A copy of the material provided has been filed.*

**Member Agelasto moved to forward the Nathan Hughes' board application for the Board of Directors of the Economic Development Authority's resident of the city who is a member of the residential, commercial or mixed-use development community to Council with recommendation to approve, which was seconded and approved: Ayes 4, Agelasto, Gray, Larson, Newbille. Noes None. Abstentions 1, Jones.**

### **Presentations**

*There were no presentations.*

### **Papers for Consideration**

**The following ordinance was considered:**

#### ORD. 2018-031

To amend ch. 12, art. II of the City Code by adding therein a new § 12-37, concerning the disposition of cigarette tax proceeds, and to amend Chapter 26 of the City Code by adding

therein a new art. XVIII, consisting of sections numbered 26-1277 through 26-1288, concerning the levy of a cigarette tax, for the purpose of imposing a new tax on the sale of cigarettes with the intent of making additional funds available for the renovation and replacement of public school facilities in the city.

**Patron:** Mr. Agelasto

*Member Agelasto explained that the tax will equate to an additional eighty cents per pack of cigarettes, which will generate an approximate five million dollars in annual revenue to support the city's public school facilities. He indicated that Virginia has the second lowest cigarette tax in the nation and the proposed tax would be comparable to other localities. Member Agelasto stated that it was difficult to determine the exact annual revenue or sustainability of the tax because cigarette use was slowly declining.*

*Selena Cuffee-Glenn, chief administrative officer, advised the committee that the mayor does not support ORD. 2018-031 because the tax revenue was not a sustainable revenue source.*

### **Support**

**Melissa Peeler, director – Government Relations at American Heart Association executive vice president**, spoke in support of the proposed legislation stating that a substantial cigarette tax will decrease cigarette use in adults, deter the use by youths and ultimately improve the health of many people.

### **Opposition**

**Jeff Smith III, Virginia Wholesaler and Distributors Association executive vice president**, spoke in opposition of the proposed legislation stating that a cigarette tax will not increase revenue, in fact, the city will lose revenue because of a decrease in sales. He indicated that counties are prohibited from imposing a cigarette tax and the city was also violating the State Code.

**Vinkal Talati, business owner**, spoke in opposition of the proposed legislation stating that a cigarette tax will negatively impact his business and other small businesses, and reduce the city's revenue.

*Chair Newbille asked Mr. Jeff Smith to give his contact information to Deputy Council Chief of Staff Meghan Brown for follow-up discussions.*

**Tanya Cook, Philip Morris USA director of cigarette manufacturing**, spoke in opposition of the proposed legislation stating that the proposed tax will not resolve funding needs for the schools and the tax will not be a reliable source of revenue. She further stated that Philip Morris continues its commitment to support the city's schools and had contributed millions of dollars over the last ten years, for learning support, college preparation and scholarships.

**Scott Trammell, former employee of Philip Morris USA**, spoke in opposition of the proposed legislation stating that the company participates in annual outreaches, and a cigarette tax could cause job loss and impact city's revenue.

**Dwarkesh Shah, business owner**, spoke in opposition of the proposed legislation stating that approximately thirty percent of his revenue was from cigarette sales and the proposed tax will have a negative effect on his business.

**Mike Thompson, president of the Thomas Jefferson Institute for Public Policy,** spoke in opposition of the proposed legislation stating that the institute recently published an analysis of localities with increased cigarette taxes and found that the tax revenue and the sale of nontobacco decreased over a period of time. Mr. Thompson further stated that the proposed tax will have a greater impact on the city's low-income communities.

*Chair Newbille asked Mr. Thompson to provide the committee with copies of the analysis.*

**Rich Davis** spoke in opposition of the proposed legislation stating that, taxation of cigarettes on all governmental levels, negatively impact jobs and the economy.

**My Lan Tran** spoke in opposition of the proposed legislation stating that the city and business owners will lose revenue because customers will shop outside of the city.

**Samina Asif** spoke in opposition of the proposed legislation stating that a cigarette tax will impact her business and decrease the city's revenue. She asked the committee not to support the proposed tax increase.

**Toby Hawley, former Philip Morris USA employee,** spoke in opposition of the proposed legislation stating that Philip Morris has been a corporate sponsor of the city and schools, and the proposed tax is an insult to the company and its employees.

**Musa Patel** spoke in opposition of the proposed legislation stating that a proposed cigarette tax will hurt the city's small businesses and reduce the amount of revenue the city receives from those businesses.

*It was the consensus of the committee to allow another speaker to speak in support of the proposed legislation to speak.*

## **Support**

**Camille Harris** spoke in support of the proposed legislation stating that the city should not be afraid to take a stance to reduce the use of cigarettes and that she would like to see an expansion of increased taxes of all tobacco products.

*Councilwoman Reva Trammell asked the committee to consider the impact a cigarette tax would have on small businesses, and stated that Philip Morris has contributed a lot to the city and it would devastate the city to lose that business because of a cigarette tax.*

*Vice Chair Michael Jones stated that the city and businesses will lose revenue because smokers will travel outside of the city to find the best prices on cigarettes. He also stated that the city has to find ways to fund the needs of the schools and develop a comprehensive plan. He further stated that, on behalf of the constituents of the 8<sup>th</sup> and 9<sup>th</sup> Council Districts, he will not support the proposed legislation.*

*Member Kristen Larson stated that the proposed ordinance did not specify whether the proposed tax revenue would be used for finance bonds or a pay-as-you-go funding source for maintenance purposes. She suggested that the proposed revenue be captured as a separate line item in the city's monthly financial reports.*

*Vice Chair Michael Jones exited the meeting.*

*Senior Assistant City Attorney Tabrica Rentz stated that she was not aware of State Code restrictions which prohibit cities from imposing a cigarette tax but she will follow-up with committee members prior to the next formal meeting of council.*

*Member Kim Gray stated that she needed more information regarding the new schools' facilities plan and that she cannot support a plan that does not propose consolidation of schools. Member Gray further stated that new revenue for schools should be a part of a comprehensive discussion.*

*Member Agelasto emphasized that the proposed tax was not an attempt to single-out a particular industry but a method of funding to address the needs of schools and urged the committee to support the proposed request.*

*Chair Newbille remarked that, ensuring that state-of-the-art facilities and providing educational opportunities for all students were her focus. She stated that she was interested in an all-inclusive comprehensive facilities plan. Chair Newbille further stated that the adoption of an increased meals tax was a beginning source of funding; however, she was not prepared to support a tax that was not sustainable, and she would not support the proposed request without further information.*

*Bill Echelberger, council budget analyst, advised the committee that Council should seek the advice of an economic projection firm regarding the best financial choice for the proposed cigarette tax revenue.*

**Member Agelasto moved to forward ORD. 2018-031 to Council with no recommendation, which was seconded and failed:** Ayes 2, Agelasto, Larson. Noes 2, Gray, Newbille.

*Member Larson suggested that ORD. 2018-031 be amended to specify the usage of the tax revenue.*

*Member Gray stated that there were many unanswered questions and that ORD. 2018-031 should be continued to allow time for the committee to gather additional information. Member Gray further stated that she was concerned about the unintended consequences associated with the proposed tax.*

*Chair Newbille stated that additional information was needed and agreed that ORD. 2018-031 should be continued to allow time for question to be answered.*

There were no further comments or discussions and **Member Gray moved to continue ORD. 2018-031 to the March 15, 2018 Finance and Economic Development Standing Committee meeting, which was seconded and unanimously approved.**

**The following resolution was considered:**

**RES. 2017-R096**

To authorize the issuance of general obligation public improvement refunding bonds of the City of Richmond, Virginia in the maximum principal amount of up to \$8,600,000 to refund all or portions of certain general obligation bonds previously issued by the City; to authorize the Director of Finance, with the approval of the Chief Administrative Officer, for and on behalf of the City, to sell such refunding bonds for such purposes; to provide for the form, details and payment

of such bonds; and to authorize the issuance of taxable bonds in the same maximum principal amount and payable over the same period as such general obligation public improvement refunding bonds.

**Patron:** Mayor Stoney

*James Duval, investment and debt portfolio manager – Finance Department, provided an overview of RES. 2017-R096 and reported that the proposed request will not affect the city's debt capacity. Mr. Duval stated that any related funds, received from the EDA in the current and subsequent years, will be used to reduce the general fund's annual debt obligation. Mr. Duval explained that the city was obligated to repay the cost of the project and converting the debt to a bond issuance will lock in the overall debt service cost to be repaid in a shorter period of time.*

*Member Agelasto expressed dissatisfaction with the terms of the contract and announced that he had put forth legislation to oppose any extensions of the terms of the agreement. He stated that the current contract was not in the best interest of the city and should not be extended unless there were significant amendments.*

*Member Larson reported that a request had been submitted to the city auditor's office for a performance and compliance audit of the Washington Redskins Training Center.*

*Lee Downey, deputy chief administrative officer – Economic and Community Development, was present to respond to questions.*

*Selena Cuffee-Glenn, chief administrative officer, also responded to additional questions regarding the city's obligation to repay the debt, the impact the repayment will have on the city's debt capacity, ownership of the property, and potential plans for the city to sale the property to recover a large portion of the debt.*

*Chair Newbille stated that the terms of the Washington Redskin Training Center agreement should be further discussed; however, RES. 2017-R096 should be forwarded to Council for its consideration.*

*Member Agelasto expressed concerns about the terms of the current agreement and stated that he cannot support forwarding RES. 2017-R096 to Council.*

There were no further comments or discussions and **Member Gray moved to forward RES. 2017-R096 to Council with no recommendation, which was seconded and approved:** Ayes 3, Gray, Larson, Newbille. Noes 1, Agelasto.

**The following ordinances were considered:**

**ORD. 2018-018**

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to execute a Project Agreement for Use of Commonwealth Transportation Funds Fiscal Year 2017 between the City of Richmond and the Virginia Department of Rail and Public Transportation to provide funding for the continuation of the City of Richmond Employee Trip Reduction program.

**Patron:** Mayor Stoney

**ORD. 2018-019**

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to execute an Agreement for the Use of Federal Highway Administration Congestion Mitigation Air Quality Program Funds Fiscal Year 2017 between the City of Richmond and the Virginia Department of Rail and Public Transportation to provide funding for the continuation of the City of Richmond Employee Trip Reduction program.

**Patron:** Mayor Stoney

*Amy Inman, senior administrator of multimodal transportation and strategic planning – Economic and Community Development, introduced ORD. 2018-018 and ORD. 2018-019.*

There were no further comments or discussions and **Member Larson moved to forward ORD. 2018-018 and ORD. 2018-019 to Council with the recommendation to approve, which was seconded and approved:** Ayes 3, Agelasto, Larson, Newbille. Noes None. Gray excused.

**The following ordinance was considered:**

ORD. 2018-029

To authorize the Chief Administrative Officer to accept funds in the amount of \$2,710,314.00 from the U. S. Department of Housing and Urban Development, Office of Lead Hazard Control, to create a new special fund for the Department of Economic and Community Development in the Fiscal Year 2017-2018 Special Fund Budget entitled “Lead-Based Paint Hazard Control Program,” and to appropriate the increase to the Fiscal Year 2017-2018 Special Fund Budget by increasing estimated revenues and the amount appropriated to the Department of Economic and Community Development’s new Lead-Based Paint Hazard Control Program special fund by \$2,710,314.00 for the purpose of supporting the City’s lead-based paint hazard control efforts and making grants of \$352,202.08 to the Richmond City Health District and of \$2,155,723.45 to ElderHomes Corporation, doing business as Project: Homes, in furtherance of these efforts.

**Patron:** Mayor Stoney

*Daniel Mouer, project development manager – Economic and Community Development, introduced ORD. 2018-029.*

There were no further comments or discussions and **Member Agelasto moved to forward ORD. 2018-029 to Council with the recommendation to approve, which was seconded and unanimously approved.**

**The following ordinance was considered:**

ORD. 2018-030

To amend ch. 12, art. I of the City Code by adding therein new §§ 12-18 and 12-19, concerning the preparation of strategic action plans by each City department, agency, and office, for the purpose of aligning the service delivery goals of each City department, agency, and office with the City’s overall strategic plan.

**Patron:** Ms. Robertson

*The patron requested the committee to continue ORD. 2018-030 to the next committee meeting.*

There were no comments or discussions and **Member Larson moved to continue ORD. 2018-030 to the March 15, 2018 Finance and Economic Development Standing Committee meeting, which was seconded and unanimously approved.**

**The following resolution was considered:**

RES. 2017-R089

To request that the Mayor petition the Virginia Department of Transportation to provide businesses in certain areas affected by the construction of the Broad Street Bus Rapid Transit project with financial assistance to compensate for declining customer traffic and sales due to

extended construction activities and impediments resulting from the construction of the Broad Street Bus Rapid Transit project.

**Patron:** Ms. Gray

*Member Gray reported that discussions regarding the proposed request were ongoing; therefore, she would like to continue RES. 2017-R089 to the next committee meeting.*

There were no further comments or discussions and **Member Gray moved to continue RES. 2017-R089 to the March 15, 2018 Finance and Economic Development Standing Committee meeting, which was seconded and unanimously approved.**

**The following resolution was considered:**

RES. 2018-R016

To authorize the Chief Administrative Officer to submit an application to the Virginia Department of Housing and Community Development Industrial Revitalization Fund on behalf of CARITAS Center, LLC, for a grant of \$600,000 for the purpose of the rehabilitation and adaptive reuse of approximately 120,000 square feet of industrial space, including dwelling units, classrooms, warehouse space, administrative offices, and a community laundromat, as part of an approximately \$27,900,000 mixed-use development of the property located at 2301 Everett Street.

**Patron:** Ms. Trammell

*Lee Downey, deputy chief administrative officer – Economic and Community Development, remarked that city administration supported the proposed request.*

There were no further comments or discussions and **Member Larson moved to forward RES. 2018-R016 to Council with the recommendation to approve, which was seconded and unanimously approved.**

**The following resolution was considered:**

RES. 2018-R017

To set the rate of personal property tax relief for qualifying vehicles for the 2018 tax year pursuant to City Code §§ 26-495-26-497.

**Patron:** Mayor Stoney

*James Duval, investment and debt portfolio manager – Finance Department, introduced RES. 2018-R017 and reported that only one hybrid vehicle was registered in the city.*

*Meghan Brown, deputy council chief of staff, advised the committee that the Department of Motor Vehicles maintains registration of vehicles; however, it was the responsibility of hybrid owners to register the vehicles with the localities. Ms. Brown further advised the committee that, at its February committee meeting, Finance Director John Wack presented information on the tax thresholds for other localities and based on that information, city administration has decided to pursue the current rate of relief.*

*Member Agelasto stated that he was advised that ownership of hybrid vehicles could be obtained without the self-reported registration, and provided the name of an individual who could assist the city in obtaining the information. Member Agelasto expressed disappointment that efforts to reduce the carbon footprint were not pursued.*



*Member Larson stated that she was willing to support the proposed request; however, she would like to continue discussions to include tax relief efforts for hybrid vehicles.*

There were no further comments or discussions and **Member Gray moved to forward RES. 2018-R017 to Council with the recommendation to approve, which was seconded and approved:** Ayes 3, Gray, Larson, Newbille. Noes 1, Agelasto.

### **Staff Report**

Bill Echelberger and Charles Jackson, council budget analysts, provided the February staff report.

*A copy of the material provided has been filed.*

### **Adjournment**

There being no further business, the meeting adjourned at 8:05 p.m.