

INTRODUCED: September 9, 2024

AN ORDINANCE No. 2024-238

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to execute The Second Enterprise Zone Cooperation Agreement between the City of Richmond and the Economic Development Authority of the City of Richmond for the purpose of administering the Enterprise Zone Program to stabilize and revitalize enterprise zone areas by stimulating private investment through financial incentives.

Patron – Mayor Stoney

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: SEP 23 2024 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That the Chief Administrative Officer, for and on behalf of the City of Richmond, be and is hereby authorized to execute The Second Enterprise Zone Cooperation Agreement between the City of Richmond and the Economic Development Authority of the City of Richmond for the purpose of administering the Enterprise Zone Program to stabilize and revitalize enterprise zone areas by stimulating private investment through financial incentives. Such agreement shall be approved as to form by the City Attorney and shall be substantially in the form of the document attached to this ordinance.

AYES: _____ NOES: _____ ABSTAIN: _____

ADOPTED: _____ REJECTED: _____ STRICKEN: _____

§ 2. This ordinance shall be in force and effect upon adoption.

APPROVED AS TO FORM:

CITY ATTORNEY'S OFFICE



City of Richmond

900 East Broad Street
2nd Floor of City Hall
Richmond, VA 23219
www.rva.gov

Master

File Number: Admin-2024-0723

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Patron(s):

Enactment Date:

Attachments: WD- Enterprise Zone Cooperation Agreement Ordinance - AATF, Second Cooperative Agreement for Enterprise Zone AATF

Enactment Number:

Contact:

Introduction Date:

Drafter: Katie.McConnell@rva.gov

Effective Date:

Related Files:

Approval History

Version	Seq #	Action Date	Approver	Action	Due Date
1	1	6/27/2024	Matt Welch	Approve	7/1/2024
1	2	6/27/2024	Sharon Ebert	Approve	7/1/2024
1	3	6/28/2024	Jeff Gray	Approve	7/1/2024
1	4	6/28/2024	Lincoln Saunders	Approve	7/2/2024
1	5	6/28/2024	Cordell Hayes - FYI	Notified - FYI	
1	6	7/15/2024	Mayor Stoney	Approve	7/2/2024

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:

Text of Legislative File Admin-2024-0723

City of Richmond

Intracity Correspondence

O&R REQUEST

DATE: June 18, 2024 **EDITION:** 1

TO: The Honorable Members of City Council

THROUGH: The Honorable Levar M. Stoney, Mayor

THROUGH: J.E. Lincoln Saunders, Chief Administrative Officer

THROUGH: Sharon Ebert, Deputy Chief Administrative Officer

FROM: Mathew Welch, Acting Director, Department of Economic Development

RE: Authorization for The Second Cooperation Agreement by and between the City of Richmond and the Economic Development Authority of the City of Richmond to administer the Enterprise Zone (EZ) Program

ORD. OR RES. No.

PURPOSE: To authorize the Chief Administrative Officer to enter into the Second Enterprise Zone Program Cooperation Agreement with the Economic Development Authority of the City of Richmond (EDA) for the purpose of administering the Enterprise Zone Program.

BACKGROUND: The Enterprise Zone program is a partnership between the Commonwealth and the City of Richmond that encourages job creation and private investment in the City's designated Enterprise Zones. The City has two enterprise zones - Zones 19A and 28A. The Commonwealth approved both Zones for five-year extensions in December 2022. The City's Enterprise Zones are best viewed through this [searchable map](https://www.richmondeda.com/enterprise-zone-and-care-program-map/) [<https://www.richmondeda.com/enterprise-zone-and-care-program-map/>](https://www.richmondeda.com/enterprise-zone-and-care-program-map/).

Richmond's participation in the program enables economic development and redevelopment projects within the Enterprise Zones to access two state-level incentive programs - the Job Creation Grant program and the Real Property Investment Grant (RPIG) program.

To participate in the program, the Commonwealth requires Richmond to offer incentives, which it does through six local reimbursement grant programs for businesses and property owners that invest and create jobs within the Zones. The maximum value of Richmond’s reimbursement grants ranges from \$1,000 to \$10,000, depending on the program. As of June 2024, \$265,298 in local Enterprise Zone funds were awarded to 58 applicants. The private investment associated with these projects was over \$28.3 million.

The FY 2025 budget included \$400,000 in enterprise zone program funding. The Cooperation Agreement between the City and the EDA lays out the terms for administering the program. The Second Cooperation Agreement includes new clarifying language on commercial projects with mixed-use components and simplifies reimbursement time restrictions. Additionally, in late FY 2024, the City began efforts to evaluate the current Enterprise Zone boundaries and incentives. The administration anticipates providing recommendations on boundary adjustments and incentive updates in FY 2025.

STRATEGIC INITIATIVES AND OTHER GOVERNMENT AGENCIES: The Enterprise Zone is a joint program between the Commonwealth of Virginia Department of Housing and Community Development and the City, with administrative support from the EDA. The use of targeted incentives to encourage revitalization and job creation and support business attraction and expansion is supported by the Strategic Plan for Equitable Economic Development.

FISCAL IMPACT: Enterprise Zone program funds were included in the adopted Fiscal Year 2025 budget.

DESIRED EFFECTIVE DATE: Upon Adoption.

REQUESTED INTRODUCTION DATE: July 22, 2024

CITY COUNCIL PUBLIC HEARING DATE: September 23, 2024

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Finance and Economic Development Standing Committee (September 19, 2024)

AFFECTED AGENCIES: Department of Economic Development

RELATIONSHIP TO EXISTING ORD. OR RES.: ORD. 2023-213

ATTACHMENTS: The Second Enterprise Zone Cooperation Agreement Between the City of Richmond, Virginia, and the Economic Development Authority

STAFF: Mathew Welch, Acting Director Director, Department of Economic Development
Katie McConnell, Deputy Director, Department of Economic Development

Rick Winston, Programs Administrator, Department of Economic Development

THE SECOND ENTERPRISE ZONE COOPERATION AGREEMENT BETWEEN
THE CITY OF RICHMOND, VIRGINIA AND
THE ECONOMIC DEVELOPMENT AUTHORITY

THIS ENTERPRISE ZONE PROGRAM COOPERATION AGREEMENT (the "Agreement") is made as of _____, 2024 (the "Effective Date"), by and between the **CITY OF RICHMOND, VIRGINIA**, a municipal corporation of the Commonwealth of Virginia (the "City") and the **ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the "Authority"),

RECITALS:

WHEREAS, the Commonwealth of Virginia (the Commonwealth), pursuant to Title 59.1 Chapter 49 of the Code of Virginia, authorizes the establishment of local Enterprise Zones and authorizes localities to offer incentives to stimulate economic development within the Enterprise Zones;

WHEREAS, as of the Effective Date the City has two Enterprise Zones designated by the Commonwealth. Zone 19 (previously referred to as Zone I) and Zone 28A (previously referred to as Zone III) are, generally speaking, comprised of the following areas of the City as further depicted in Exhibit A.

- Zone 19 comprises 3,611 acres of commercial property south of the James River, bounded on the north by the James River, on the east by Interstate 95 to its intersection with Chippenham Parkway (Route 150), on the south by Chippenham Parkway, and on the west by Richmond Highway.

- Zone 28A comprises 3,588 acres. The city line between Richmond and Henrico County generally bounds the zone to the west, Interstate 64 to the north, Interstate 95 to the east, and E. Canal Street to the south. A portion of this Enterprise Zone is in Henrico County and is overseen by the County.

WHEREAS, the City, in accordance with its Enterprise Zone designations, offers local incentives that address the economic conditions within the city and that help stimulate real property improvements and new job creation.

WHEREAS, the City has, from time to time, appropriated funds for incentives;

WHEREAS, the Enterprise Zone Program operated in the City's Fiscal Year 2024 with the use of previously and properly appropriated funds;

WHEREAS, the City appropriated to the City's Department of Economic Development \$400,000.00 in Fiscal Year 2025 for the Program;

WHEREAS, at the City's request, the Authority has undertaken certain grant and rebate activities to encourage job creation, private investment, and commercial development in the City;

WHEREAS, the City and the Authority agree to work together to jointly implement the Enterprise Zone Program; and

NOW, THEREFORE, in consideration of the benefits to accrue to the City and its citizens from the implementation of the Program, and of the mutual covenants hereinafter set forth, the City and the Authority agree as follows:

1. **DEFINITIONS.** The following words and terms used in this Agreement have the following meanings unless the context clearly indicates otherwise:

- a) **Agreement** shall mean this Enterprise Zone Program Cooperation Agreement, as amended and restated, from time to time.

- b) **Applicant** shall mean the commercial entity that is applying for the Enterprise Zone Program.
- c) **Covered Period** shall mean the 12-month period after a New Job has been created and occupied in the City.
- d) **Enterprise Zones** shall mean those areas in the City that are designated as Enterprise Zones by the Commonwealth of Virginia.
- e) **Enterprise Zone Program or Program** shall mean the local incentives described herein which satisfy the conditions and requirements of this Agreement.
- f) **New Job** shall mean a permanent, full-time position with at least 35 hours of work each week, that pays at least 1.5 time the minimum wage required by the Commonwealth and provides annual leave benefits.
- g) **Program Fund** shall mean that account established in accordance with this Agreement and that contains all funds from any source related to the Enterprise Zone Program.
- h) **Specialized Equipment** shall mean machinery and equipment which is necessary for a business to provide its unique services or produce its unique goods. Standard office equipment and software are not considered specialized equipment.

2. FUNDING. Any expenditures of properly appropriated money, prior to the execution of this Cooperation Agreement and pursuant to the Enterprise Zone program in FY25 are ratified hereby.

3. ENTERPRISE ZONE PROGRAM REQUIREMENTS. Enterprise Zone Program incentives shall be available only to the extent that funding is available. Enterprise Zone Applicants must meet the following Enterprise Zone Program

requirements and meet the individual program requirements in accordance with Sections 4 – 9.

- A. Applicants must be located in a commercial or industrial property in an Enterprise Zone, this includes commercial space located within a mixed-use property. If the property involves a change of use, , after construction or rehabilitation is complete, the property must include commercial space
- B. Applicants must be current on all taxes, licenses, and fees owed to the City, or have a formal payment plan established with the City and be current on all payments .
- C. Applicants must submit all required applications and documentation. Incomplete applications will not be processed and must be submitted again.
- D. Applications must be signed by the business owner, or the business owner’s designee employed within the business. Applications by third parties not directly employed by the Applicant will not be accepted;
- E. Applicants must provide invoices and proof of payment documentation;
- F. All work \$1,000 and above in value must be carried out by a licensed Class A, B, or C Contractor; and
- G. Applicants must submit evidence of payments for all goods and services \$1,000 and above in value by canceled check, cashier’s check, debit or credit card receipts. If Applicant pays cash for work below \$1,000 in value, the invoice must be signed and notarized by both the Applicant and the vendor. Payments over \$1,000 in cash will not be accepted.

4. BROWNFIELDS ENTERPRISE ZONE REBATE. The Brownfields Enterprise Zone Rebate provides a reimbursement grant up to \$3,500 for costs of Phase

I Environmental Site Assessments and up to \$7,500 for Phase II Environmental Site Assessments. To be eligible:

- A. The Applicant must own or have a binding contract to purchase property located in an Enterprise Zone and be undertaking the site assessment as part of the purchase or redevelopment of the property.
- B. The site assessment must meet the standards set by the Environmental Protection Agency.
- C. The application must be submitted within twelve (12) months of the date of the assessment completion.
- D. The Applicant must not have received a previous Brownfields Enterprise Zone Rebate grant.
- E. This is a one-time incentive.

5. BUSINESS RELOCATION REBATE. The Business Relocation Rebate program is a reimbursement grant of up to \$10,000 covering 50% of the company cost of relocating a company to an Enterprise Zone.

- A. Allowable moving expenditures include costs incurred during the physical move of a company, such as moving company fees, van rentals, and separate wages paid to employees for assistance with the move.
- B. Costs incurred by the company to relocate employees are ineligible.
- C. Application must be submitted within twelve (12) months of the move-in date.
- D. This is a one-time incentive.

6. MACHINERY AND EQUIPMENT REBATE. The Machinery and Equipment Rebate program provides a reimbursement grant equal to 50% of the costs incurred to purchase Specialized Equipment.

- A. Specialized Equipment may be new or used but must be newly acquired by the Applicant.
- B. A company may qualify for up to \$5,000 in a 12-month period.
- C. The application must be submitted within twelve (12) months of the date of purchase of the Specialized Equipment.

7. EMPLOYMENT ASSISTANCE GRANT. The Employment Assistance Grant program provides grants to businesses located within an Enterprise Zone that create New Jobs by providing a grant equal to the equivalent to \$400 per New Job.

- A. Maximum award is \$7,200 over a 24-month period.
- B. An Applicant cannot apply for the Employment Assistance Grant and the state level Enterprise Zone Job Creation Grant program administered by the Commonwealth.
- C. Application must be submitted within 12 months of the completion of the Covered Period.
- D. The City's Department of Economic Development will provide a position worksheet for the purpose of identifying the number of New Jobs.

8. LOAN FEE REBATE. The Loan Fee Rebate program provides a reimbursement grant of up to \$1,000 for authorized loan fees associated with the purchase of real property located in an Enterprise Zone.

- A. Eligible fees include those associated with origination, loan processing, filing fees, administrative fees, guaranties, recording fees, application fees and settlement costs.
- B. Ineligible fees include, but are not limited to, survey costs and fees associated with legal, accounting, appraisal, brokerage, and other professional activities.
- C. Applicant must provide a signed settlement statement itemizing the various loan fees.
- D. Applicant must provide a copy of a contract to purchase the property or property deed.
- E. Application must be filed within twelve (12) months of the date of loan closing.
- F. This is a one-time incentive.

9. DEVELOPMENT FEE REBATE. The Development Fee Rebate program provides a reimbursement grant of up to \$3,000 for permit fees associated with the renovation or construction of commercial and industrial facilities located in an Enterprise Zone.

- A. A minimum investment of \$20,000 during the 12 months prior to application is required. If the property is mixed-use and has residential components, only investments associated with the rehabilitation and construction of the commercial portion of the structure are eligible to meet the minimum investment criteria.
- B. Eligible fees include building, mechanical, electrical, plumbing, and elevator permit fees.

- C. Ineligible fees include but are not limited to, fees associated with administrative handling, surcharges, plan review, state levy fees and taxes.
- D. If the property is mixed-use, permit fees must be associated with only the commercial portion of the property. In cases when this is not practicable (i.e., a permit is associated with the whole building), the total eligible permit fees will be prorated by the percent of the mixed-use property that is commercial.
- E. Application must be submitted within twelve (12) months of the issuance of the Certificate of Occupancy or Certificate of Zoning Compliance, whichever is applicable.
- F. This is a one-time incentive.

10. APPLICATION REVIEW AND AWARD DISBURSEMENTS. The City's Department of Economic Development staff shall review Enterprise Zone Program applications to determine award amounts based on the criteria set forth in this Agreement. Funds will then be distributed through the Authority to the Applicant.

11. AUTHORITY RECORDS. The Authority shall keep a record of all Enterprise Zone Program awardees including the names and award amounts. The City shall monitor the Authority records, and the Chief Administrative Officer and the City Attorney, and their designees shall have access to such records during normal business hours upon reasonable notice. The City Auditor, pursuant to City Code Section 2-187, as same may be amended from time to time, shall have access to any and all records on demand and without notice.

12. INFORMATION SHARING. The Authority agrees to provide the Chief Administrative Office or a designee thereof with copies of all correspondence relating

to its activities to be performed under this Agreement and will keep the Chief Administrative Officer or a designee thereof fully and timely informed of all material developments relating to the Program. For purposes of this Agreement, the City's Director of Economic Development is the designee of the City's Chief Administrative Officer.

13. BUDGET AND AUTHORITY EXPENSES. The budget shall contain existing appropriations, any unencumbered amounts within the Program Fund and anticipated revenues from activities undertaken for the current Fiscal Year. The Fiscal Year 2025 appropriation will be transferred to the Authority no sooner than July 1, 2024. The Authority is authorized to use an amount not to exceed \$32,000.00 to cover the Authority's direct expenses in administering this Agreement.

14. GENERAL PROJECT FUND. The Authority agrees that funds transferred by the City to the Authority from time to time for the Program shall be deposited by the Authority in a designated Program Fund to be used only in accordance with this Agreement. The Authority agrees to transfer to the Program Fund any funds received from any source as a result of this Program, including, but not limited, income and interest earned against the Program Fund.

15. AUTHORITY LIABILITY. It is the intent of the parties not to impose upon the Authority any responsibility other than what may be required to implement the Plan under this Agreement. Accordingly, the Authority does not assume any responsibility or liability whatsoever except as specifically stated herein. Should any liability accrue to the Authority which is not specifically addressed in this Agreement, the Authority shall not be required to expend its funds derived from sources other than the Program Fund to discharge such liability. The Authority is hereby authorized to expend such

funds from the Program Fund as may be necessary to protect the assets of the Authority and to prevent the entry of a default judgment against the Authority. If a lawsuit involving the Program is filed or expected to be filed against the Authority, the Authority shall immediately notify the City Attorney and Chief Administrative Officer. The parties acknowledge that the Authority has no general fund revenue and that each Program the Authority undertakes is subject to such program's own independent financial resources and limitations.

16. ACCOUNTING AND AUDIT. The Authority shall keep records of its financial transactions, if any, for the projects described herein in accordance with generally accepted accounting principles. The City and the Authority agree that the Authority may engage the services of an independent auditor to conduct an annual audit of the financial transactions, if any, undertaken for the projects described herein. Such audit shall comply in all respects with generally accepted accounting principles. The City Auditor shall have access to the independent auditor's work papers. In addition, the City Auditor or his designee may at any time audit the financial transactions undertaken under this Agreement. The Authority shall cooperate to assure that the independent external auditor and the City Auditor are granted access to all books and records of any party necessary to complete such audits and will require appropriate provisions in furtherance of this objective in any contracts required under this Agreement. The Authority shall provide an annual audited report on the Program Fund within three months after the end of its fiscal year. Failure to provide an annual audited report shall be considered a material breach of this Agreement and provide cause for termination of the Agreement.

17. AUTHORITY CONTRACTS. The Authority may, within the approved budget, contract without the City's prior approval for services deemed by the Authority to be necessary to undertake and carry out its responsibilities under this Agreement.

18. NO DISCRIMINATION. The City and the Authority agree not to discriminate, in carrying out this Agreement, against any employee or applicant because of race, color, religion, national origin, sex, pregnancy, childbirth or related medical conditions, age, marital status, sexual orientation, gender identity, disability, or military status.

12. AUTHORITY BOND. The Authority shall not be required to furnish the City a blanket corporate fidelity bond surety covering all officers and employees of the Authority capable of authorizing disbursements of funds or handling funds received or disbursed by the Authority from the City or any other party involved in any activities undertaken pursuant to this Agreement.

13. GOVERNING LAW. This Agreement and the performance thereof shall be governed, interpreted, construed and regulated by the laws of the Commonwealth of Virginia without giving effect to any choice of law or conflict of laws rules or provisions, whether of the Commonwealth of Virginia or any other jurisdiction, that would cause the application of the laws of any jurisdiction other than those of the Commonwealth of Virginia.

14. NOTICES. Any notices required to be given under this Agreement shall be sufficient if in writing and delivered personally, by messenger, by recognized overnight courier service or sent by first class, registered or certified mail, return receipt requested; if to the Authority, to its Chairman at 1500 East Main Street, Suite 400, Richmond, Virginia 23219 or if to the City, to its Chief Administrative Officer at City Hall, 900 East Broad

Street, 14th Floor, Richmond, Virginia 23219 with a copy to the City Attorney, 900 East Broad Street, Suite 400, Richmond, Virginia 23219. Either party may change its address for purposes of notice by giving notice to the other in accordance with this paragraph.

15. NO ASSIGNMENT. This Agreement shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the parties hereto; provided, however, that in no event may this Agreement or any of the rights, benefits, duties or obligations of the parties hereto be assigned, transferred or otherwise disposed of without the prior written consent of the other, which consent neither party shall be obligated to give.

16. NO THIRD-PARTY RIGHTS. Notwithstanding any other provision of this Agreement, the City and the Authority hereby agree that: (i) no individual or entity shall be considered, deemed or otherwise recognized to be a third-party beneficiary of this Agreement; (ii) the provisions of this Agreement are not intended to be for the benefit of any individual or entity other than the City and the Authority; (iii) no individual or entity shall obtain any right to make any claim against the City or the Authority under the provisions of this Agreement; and (iv) no provision of this Agreement shall be construed or interpreted to confer third-party beneficiary status on any individual or entity. For purposes of this section, the phrase "individual or entity" means any individual or entity, including, but not limited to, individuals, tenants, subtenants, contractors, subcontractors, vendors, sub-vendors, assignees, licensors and sub-licensors, regardless of whether such individual or entity is named in this Agreement.

17. TERMINATION. Either party may terminate this Agreement with or without cause at any time upon reasonable written notice. Upon termination, the Authority shall

transfer to the City all assets held under this Agreement, including receivables, and shall cooperate in transferring any such assets to the City.

18. SUBJECT TO APPROPRIATIONS. All payments and other performances by the City and the Authority under this Agreement are subject to City Council approval, Authority Board approval and annual appropriations by the City Council. It is understood and agreed among the parties that the City and the Authority shall be bound hereunder only to the extent of the funds are available or which may hereafter become available for the purpose of this Agreement. Under no circumstances shall the City's or the Authority's total liability under this Agreement exceed the total amount of funds appropriated by the City Council for the payments hereunder for the performance of this Agreement.

Witness the following signatures and seals:

CITY OF RICHMOND, VIRGINIA,
A municipal corporation of the Commonwealth
of Virginia,

By: _____
J. E. Lincoln Saunders,
Chief Administrative Officer

Date: _____

Approved as to Form:



Deputy City Attorney

**ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF RICHMOND, VIRGINIA,**
A Political Subdivision of the Commonwealth of
Virginia

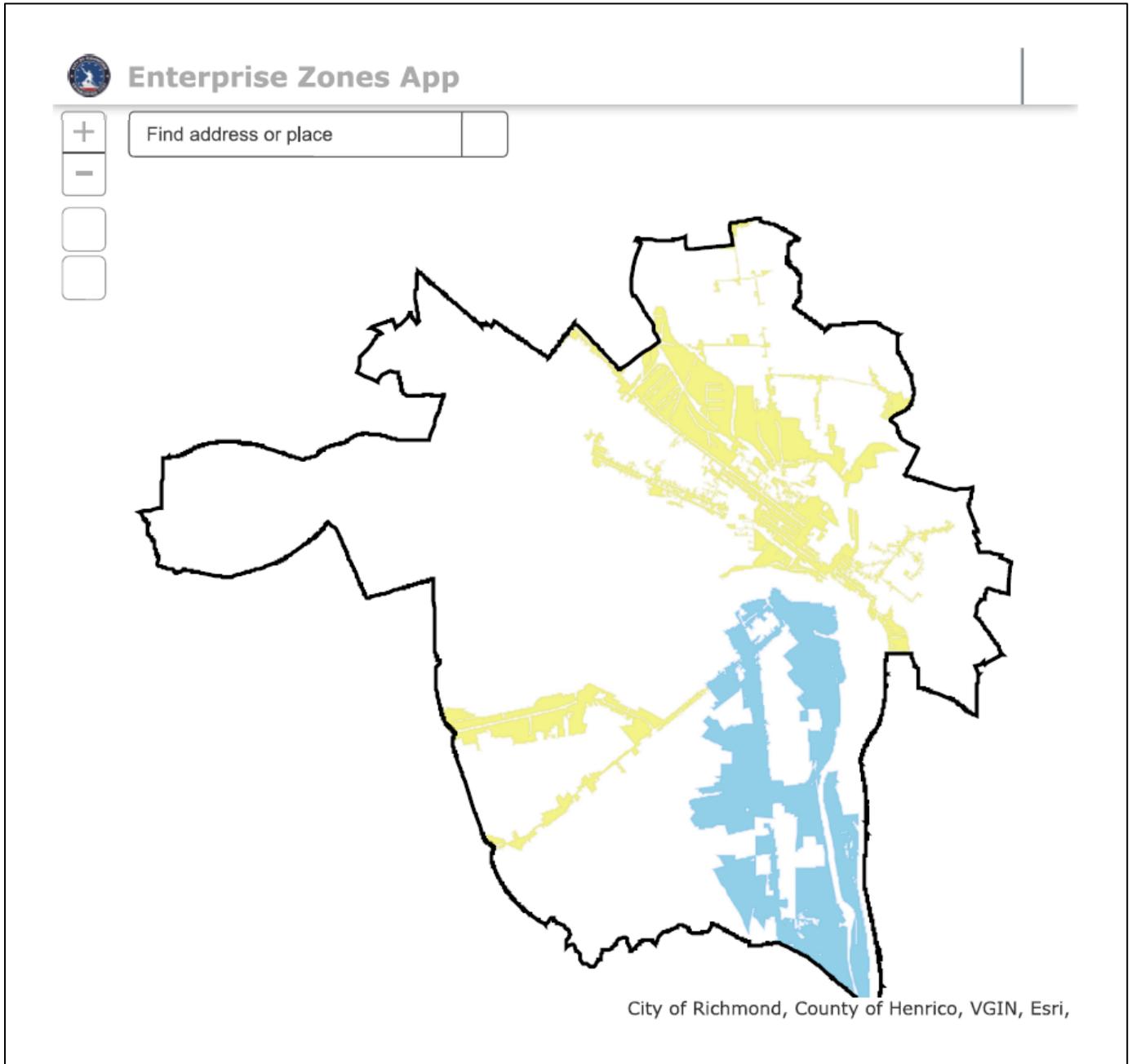
By: _____

John S. Molster,
Chairman

Date: _____

Exhibit A

City of Richmond Enterprise Zones (2023)



Zone 28A is yellow
Zone 19 is blue