



Richmond City Council

The Voice of the People

Richmond, Virginia

Office of the Council Chief of Staff

Finance & Economic Development Standing Committee

February 18, 2026

Prep Document for Committee Members

Previous Meeting: January 21, 2026

Next Meeting: March 18, 2026

Agenda Overview:

- Four papers for consideration:
 1. [Ord. 2026-045](#) (joint ordinance to provide dedicated funding for the Affordable Housing Trust Fund)
 2. [Ord. 2026-041](#) (transfer \$14.7 million from contingency reserve to EDA as a loan to be repaid with interest for the purpose of purchasing the Sports Backers parcel for Diamond District redevelopment)
 3. [Res. 2026-R011](#) (provide for the issuance of general obligation public improvement refunding bonds as either federally tax exempt or taxable bonds, or both; max principal amount of \$42,085,000)
 4. [Res. 2026-R012](#) (provide for the issuance of public utility revenue refunding bonds as either federally tax exempt or taxable bonds, or both; max principal amount of \$294,280,000)
- Two presentations:
 - Finance and Davenport on debt issuance (introduction to Res. 2026-R011 and Res. 2026-R012)
 - CAO on Department of Finance updates and improvements
- One written submission:
 - Budget & Strategic Planning: Quarterly ARPA update

1. Ordinance No. 2026-045 Patrons Councilor Robertson, Mayor Avula, Councilor Lynch, Councilor Trammell, Councilor Breton, Councilor Jones, President Newbille, Vice President Jordan

Title: To repeal City Code § 12-46, concerning the disposition of revenues derived from the expiration of partial exemptions from real estate taxation and from certain sales of tax delinquent properties, and to amend ch. 12, art. II, of the City Code by adding therein a new section 12-48, concerning disposition of certain real estate tax revenue, for the purpose of providing for the disposition and evaluation of certain revenues for affordable housing initiatives.

Council Staff Notes:

- CIP funds are authorized (but not required) to be used during the transition period leading up to allocation of real estate tax revenues to the Affordable Housing Trust Fund (AHTF) beginning in FY29.
- City Auditor published a report on AHTF earlier this month recommending that “the CAO collaborate with City Council to take formal action to resolve the identified issues in City Code Sections 12-46” to which the CAO agreed and shared plans to work on this legislation.
- Other recommendations on page 11-12 of report linked here:
<https://rva.gov/sites/default/files/2026-02/2026-07%20Special%20Request%20-%20Affordable%20Housing%20Trust%20Fund%20%28AHTF%29.pdf>

Council Staff Questions:

- None.

2. Ordinance No. 2026-041

Patron Mayor Avula

Title: To amend Ord. No. 2025-057, adopted May 12, 2025, which adopted the Fiscal Year 2025-2026 General Fund Budget and made appropriations thereto, by (i) transferring \$14,700,000.00 from the Contingency Reserve; (ii) creating a new line item in the Outside Agencies and Central Appropriations agency entitled “EDA – Diamond District;” and (iii) appropriating such transferred funds to such new line item in the Outside Agencies and Central Appropriations agency, all for the purpose of providing funding to the Economic Development Authority of the City of Richmond for the redevelopment of the area known as the Diamond District.

Council Staff Notes:

- City Charter § 6.16 grants Council the authority (with six votes) to appropriate funds from the contingency reserve.
- Sec. 12-263 of City Code outlines allowable uses of contingency reserve funds:
Sec. 12-263. - Contingency reserve.
 - (a) There is created a Contingency Reserve. It is the policy of the City that appropriations be made from the Contingency Reserve only when catastrophic, unforeseen, or unavoidable events cause a reduction in revenue or an increase in expenditures, either or both.
 - (b) If funds are expended from the Contingency Reserve to cover appropriations, the Mayor shall submit to the City Council, within 90 days after the date on which such funds were expended, a plan to restore the amount of the unassigned fund balance so expended within three years after the date on which such funds were expended.
- As reported in the FY24 ACFR, “It is the goal of the City that the [Contingency Reserve] be equal to at least 3.0% of budgeted General Fund operating expenses for the latest fiscal year in which City Council has adopted a General Fund Budget,” and the amount in the contingency reserve as of 6/30/24 was \$29.6 million, equivalent to 4.0% of “adopted budgeted FY 2023 expenditures and transfers out.”
- The loan is structured with a “balloon payment” of principal and 4% interest due at the end of the 10-year period (i.e., no required payments along the way).

Council Staff Questions:

- What was the balance in the contingency reserve as of June 30, 2025?
- What other possible sources (such as the upcoming City bond issuance or revenue bond issuance by the EDA) were considered?
- Does the Administration plan to replenish the contingency reserve within three years, as required by City Code, or is the current plan for the only replenishment to occur through loan payments made by the EDA per the 10-year promissory note?

3. Resolution No. 2026-R011

Patron Mayor Avula

Title: To provide for the issuance of general obligation public improvement refunding bonds of the City of Richmond, Virginia, in the maximum principal amount of \$42,085,000 to refund all or portions of certain general obligation bonds previously issued by the City, and 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 purpose, to provide for the form, details and payment of such bonds, and to authorize the issuance of such bonds as either federally tax-exempt or federally taxable bonds, or both.

*Note: This resolution and Res. 2026-R012 will be introduced via a **presentation from Davenport**. The most recent version of the City's debt policy (2017) referenced in the Davenport presentation is available via Res. 2017-R088 on Legistar [here](#). The Council staff notes and questions below reflect both the Davenport presentation and the O&R.*

Council Staff Notes (Davenport presentation and O&R):

- Per the O&R, this issuance is specifically to refund/refinance GO public improvement bonds issued in 2015 (principal amount of \$62.795 million), with a goal of savings at least equal to 3% net present value (about \$100,000 per year for the next 12 years, though closer estimates can be made in April).
- Note on graphics in presentation slides: Being BELOW the orange dotted target line is the goal on slides 8 and 9, but being ABOVE the orange dotted line is the goal on slide 10.
- Fine print on slide 14: “(1) New revenues needed to pay for projected CIP debt service. Note: this debt service excludes the City’s Pension Obligation Bonds paid from revenues that were previously directed to the RRS ADC and debt related to the Diamond District (to be paid from incremental new revenues from the project).”

Council Staff Questions (Davenport presentation and O&R):

- Presentation slide 4: In the current interest rate environment, what is the percentage cost difference of GO bond market borrowing between the “top tier” (AAA Fitch rating) and the second-highest tier (Moody’s and S&P)?
 - What, in your view, are the chances of the City securing AAA ratings from Moody’s and S&P next month and maintaining its AAA rating from Fitch?
- Presentation slide 6: How do these policies compare to our geographic peers? Is the 10-year payout ratio the percentage of GO debt being paid off within 10 years?
- Presentation slide 14: What is the amount of annual debt service on the 2024 pension obligation bonds (principal amount of \$120 million), and why is that amount excluded from this slide?

4. Resolution No. 2026-R012

Patron Mayor Avula

Title: To provide for the issuance of public utility revenue refunding bonds of the City of Richmond, Virginia, in the maximum principal amount of \$294,280,000 to refund all or portions of certain public utility revenue 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, providing for the form, details and payment of such bonds and approving the form of supplemental indenture of trust, and to authorize the issuance of such bonds as either federally tax-exempt or federally taxable bonds, or both.

Council Staff Notes (Davenport presentation and O&R):

- Per the O&R, this issuance is specifically to refund/refinance public utility revenue bonds issued in 2016 and 2020: Series 2016A Public Utility Revenue and Refunding Bonds and the Series 2020B Public Utility Revenue Refunding Bonds. These original issuances were both subject to “partial refunding” in 2023, so this issuance is to complete the refunding/refinancing process.
- Key excerpt from fiscal impact portion of O&R: “Based on today’s interest rate environment, achieving 3.0% to 4.0% net present value savings on both bond issues would achieve over \$8.5 million in annual debt service savings over the remaining years.”

Council Staff Questions (Davenport presentation and O&R):

- How much is the City currently paying on debt service for public utility bonds, and what percentage of that amount does the \$8.5 million in estimated annual savings on debt service represent?
- Is any portion of debt service on DPU bonds paid by the general fund, or is DPU debt service fully covered by utility revenues?

Presentation: CAO Donald on Finance Department and RVA Pay

Council Staff Summary and Notes:

- FY26 Fiscal Challenges slide includes items noted in the CAO100 report.
- RVA Pay: “Many of the system’s original design decisions now conflict with established operational workflows and financial management practices.”
- Per the presentation, the tax enforcement unit resumed field operations in September 2025, with \$152,000 in outstanding revenues owed to the City collected to date.
- RVA Pay slide includes information about system status and challenges, noting that “the cost to maintain the current platform is projected to remain high,” and about the successful launch of BPP/BPOL within the portal.
- The “Early Returns: Key Results to Date” slide notes that Moody’s recently reaffirmed the City’s Aa1 bond rating.
- The first “Present Focus: (continued)” slide includes data about departmental vacancies and recruitment, noting that “Leadership transition resulted in 59 total vacancies” and that 10 positions are in active recruitment, including a deputy director of technology.
- The second “Present Focus: (continued)” slide outlines several substantial structural adjustments that have been made in the Department, including:
 - New internal controls division
 - Consolidated delinquent collections and tax enforcement
 - Reestablished audit & compliance division within revenue administration, with plans to expand to 10 FTEs from 5
 - Risk assessment positions transitioned from temporary to permanent
- The presentation includes multiple references to planned or potential engagements with external partners, including for administration of the Gap Grant program and to assess ARPA closeout, compliance, and audit readiness. An external entity may also be tapped to conduct a multiyear fiscal health assessment.
- The Administration plans to “Document lessons learned from the FY25 [ACFR] closeout cycle and establish an implementation plan” – the committee and/or Council may wish to request written or oral presentation of such findings.
- The final slides of the presentation list actions and accomplishments by strategic area:
 - Modernization, Service Delivery, and Customer Experience
 - Cross-Agency Partnerships
 - Governance, Oversight, and Intergovernmental Coordination
 - Credit Strength and Strategic Planning

Council Staff Questions:

- Does “unexpected costs related to state legislative requirements” strictly refer to the Marvin Grimm restitution payment or are there other such costs the committee and Council should be aware of?
- What are the most significant or concerning staffing gaps within the Department of Finance as of this month, and what is being done to address them?
- Real Estate update slide: Do all figures on this slide reflect **current** real property taxes, or do they include delinquent tax payments as well?
- Early Returns: Key Results to Date slide: What evidence do you have for improved staff morale?
- What percentage of the \$1.3 million in increased hotel taxes in FY25 derived from short-term rentals?
- What process will the Administration follow to secure external partnerships as referenced in the presentation, including for the forward-looking fiscal health assessment?

Written Submission: ARPA Quarterly Update (Budget and Strategic Planning Director Meghan Brown)

Council Staff Summary and Notes:

- Director Brown supplied three PDF documents for the committee’s review: an updated spreadsheet with category- and project-level information about funds obligated and expended; a 34-page “Status Report” that provides additional detail on project outputs, outcomes, and accomplishments; and a 1/30/26 memo from CAO Donald to Mayor Avula outlining status updates, options considered, and recommended changes to the ARPA-funded first-time homebuyer assistance program.
- The amount expended for the first-time homebuyer assistance program as of December 2025 was \$62,260. This is an increase of \$19,160 from the last quarterly update provided at the November Finance meeting, using data as of September 2025.
- The Administration can immediately implement some recommendations in CAO Donald’s memo to Mayor Avula, namely removal of the qualified Census tract requirement and an increase to the maximum income for program eligibility (up to \$175,000). Another recommendation – possibly expanding the program to RPS employees – would require additional deliberation, including with RPS leadership, and Council action via ordinance.

Council Staff Questions:

- Have there been any changes to the amount expended for the first-time homebuyer program since the December 2025 dashboard update and 1/30 memo from the CAO, which indicated one home closing was pending?
- Are we on track to expend the full remaining amount for the Healthy Homes program?