

INTRODUCED: June 12, 2017

AN ORDINANCE No. 2017-113

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to enter into the Tenth Extra Commercial Area Revitalization Effort Program Cooperation Agreement between the City of Richmond and the Economic Development Authority of the City of Richmond for the purpose of continuing the operation of the Extra Commercial Area Revitalization Effort (“Extra CARE”) Program in the Belt Boulevard and the Upper Hull Street commercial corridors.

\_\_\_\_\_  
Patron – Mayor Stoney

\_\_\_\_\_  
Approved as to form and legality  
by the City Attorney  
\_\_\_\_\_

PUBLIC HEARING: JUNE 26 2017 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 enter into the Tenth Extra Commercial Area Revitalization Effort Program Cooperation Agreement between the City of Richmond and the Economic Development Authority of the City of Richmond for the purpose of continuing the operation of the Extra Commercial Area Revitalization Effort (“Extra CARE”) Program in the Belt Boulevard and the Upper Hull Street commercial corridors. 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:            9            NOES:            0            ABSTAIN:        \_\_\_\_\_

ADOPTED:      JUNE 26 2017      REJECTED:    \_\_\_\_\_    STRICKEN:    \_\_\_\_\_

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



CITY OF RICHMOND
INTRACITY CORRESPONDENCE

Received
MAY 19 2017
4-6572
Office of the
Chief Administrative Officer

O&R REQUEST

DATE: May 12, 2017

EDITION: 1

TO: The Honorable Members of City Council

THROUGH: The Honorable Levar M. Stoney

Handwritten signature and date: LMS/30/17

THROUGH: Selena Cuffee-Glenn, Chief Administrative Officer

Handwritten initials: SCG

THROUGH: Lenora G. Reid, Deputy Chief Administrative Officer Finance and Administration

THROUGH: Peter L. Downey, Deputy Chief Administrative Officer Economic Development

Handwritten signature and date: PLD 5-17-17

THROUGH: Jay Brown, Director, Department of Budget & Strategic Planning

Handwritten initials: JMB

FROM: Douglas Dunlap, Interim Director, Department of Economic and Community Development

Handwritten signature: DD

RE: Establishing the Tenth Cooperation Agreement by and between the City of Richmond and the Economic Development Authority of the City of Richmond to administer the Extra Commercial Area Revitalization Effort (Extra CARE) Program.

ORD. OR RES. No. \_\_\_\_\_

PURPOSE: To authorize the Chief Administrative Officer to enter into the Tenth Extra CARE Cooperation Agreement with the Economic Development Authority of the City of Richmond (EDA) for the purpose of administering the Extra CARE Program

REASON: To allow for the continuation of the Extra CARE Program.

RECOMMENDATION: Approval is requested by the Administration.

BACKGROUND: The Extra Commercial Area Revitalization Effort (Extra CARE) Program was established in 2003 by the Department of Economic Development, as a comprehensive program for revitalizing the Belt Boulevard commercial corridor between Hull Street and Old Mid-

lothian Avenue. The Program has since been expanded to include the Upper Hull Street commercial corridor from Warrick to Chippenham.

**FISCAL IMPACT / COST:** All cost for this Program are included in the CARE FY 17 allocation of \$540,000. There will be no additional costs to the City this fiscal year.

**FISCAL IMPLICATIONS:** The adoption of this paper will allow the continuation of financial incentives to eligible businesses located within the designated corridors. These incentives will stimulate private investment in the respective businesses and properties housing the businesses, resulting in new and retained jobs and increased taxes for the

**BUDGET AMENDMENT NECESSARY:** No

**REVENUE TO CITY:** Increased taxes over time.

**DESIRED EFFECTIVE DATE:** Upon adoption.

**REQUESTED INTRODUCTION DATE:** June 5, 2017

**CITY COUNCIL PUBLIC HEARING DATE:** June 19, 2017

**REQUESTED AGENDA:** Consent.

**RECOMMENDED COUNCIL COMMITTEE:** Finance and Economic Development

**CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES:** The Economic Development Authority.

**AFFECTED AGENCIES:** Finance, Budget and Strategic Planning and Economic and Community Development

**RELATIONSHIP TO EXISTING ORD. OR RES.:** The proposed Ordinance will supersede Ordinance N0. 2013-147-140 associated with the Ninth Extra CARE Cooperation Agreement.

**REQUIRED CHANGES TO WORK PROGRAM(S):** None

**ATTACHMENTS:** Ninth Extra CARE Cooperation Agreement, Exhibit A

**STAFF:** Denise Lawus, Deputy Director II -646-3975.  
Keisha Birchett, Project Development Manager ECD -646-3171.

**TENTH EXTRA COMMERCIAL AREA REVITALIZATION  
EFFORT PROGRAM COOPERATION AGREEMENT BETWEEN  
THE CITY OF RICHMOND VIRGINIA AND  
THE ECONOMIC DEVELOPMENT AUTHORITY**

THIS TENTH EXTRA COMMERCIAL AREA REVITALIZATION EFFORT PROGRAM COOPERATION AGREEMENT (the "Agreement") is made as of August 23, 2017, 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 City has designated two Extra Commercial Area Revitalization Effort areas: Belt Boulevard generally bounded by the railroad tracks on the east on Hull Street Road to the Belt Boulevard Exit Ramp west on Hull Street Road and Belt Boulevard south at Hull Street Road to Belt Boulevard and Old Midlothian Turnpike on the north and the Belt Boulevard periphery; and Upper Hull Street, generally bounded by Warwick on the north, Chippenham on the south, east on Hull Street Road, west on Hull Street Road and the Upper Hull Street periphery, both of which are older neighborhood commercial strips in need of revitalization and rehabilitation and where the existing physical deterioration impairs economic values and tax revenues of the City;

**WHEREAS**, the Extra Commercial Area Revitalization Effort Program (the "Extra CARE Program" or the "Program") is a financial incentive program that will

operate in a non-CARE commercial area in need of revitalization and or stabilization and in each designated area;

**WHEREAS**, the primary objective of the Extra CARE Program is to improve the environment for retail business, service or other business, housing and mixed real estate uses in designated Extra CARE areas and provide incentives to property and business owners to improve the physical appearance of their property;

**WHEREAS**, through the Extra CARE Program, the City and the Authority have structured a loan and rebate program in cooperation with property owners to stimulate commercial revitalization and the rehabilitation of properties in designated Extra CARE Areas;

**WHEREAS**, at the City's request, the Authority will undertake certain loan, development and rebate activities in the implementation of the Extra CARE Program including administration of existing and future loan receivables and the closing of existing and future loan commitments pursuant to Policy Guidelines as established by the City and by the Authority, from time to time;

**WHEREAS**, the City has, from time to time, appropriated funds for incentives and intends by this Agreement to amend the guidelines for implementation and authorize the use by or the transfer of funds to the Authority for FY 2017 for the purpose of continuing the Extra CARE Program;

**WHEREAS**, the City and the Authority agree to work together to jointly implement the Extra CARE 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 Extra CARE Program Cooperation Agreement.
- (b) **Extra CARE Area** shall mean those areas of the City as described above or as modified by the City's Department of Economic and Community Development and the Authority from time to time.
- (c) **Extra CARE Area Revitalization Plan** (the "Plan") shall mean the Plan developed cooperatively between the merchants and the City of Richmond that describes the strategy to revitalize an Extra CARE Area.
- (d) **Extra CARE Rebate** shall mean the incentives described herein which satisfy the conditions and requirements of this Agreement.
- (e) **Extra CARE Loan** shall mean a loan that is part of the Loan Program and that is made by and between the Authority and a borrower for the purpose of making improvements in accordance with this Agreement and the Plan.
- (f) **Extra CARE Program** shall mean the Extra Commercial Revitalization Effort Program and all activities that the City's Department of Economic and Community Development and the Authority

undertake pursuant to this Agreement to implement Extra CARE Plans as described in this Agreement.

(g) **Program Fund** shall mean that account established in accordance with this

Agreement and that contains all funds from any source related to the Program.

(h) **Program Income** shall mean all interest from loans and investments as well as principal repayments received during a fiscal year.

(i) **Projects** shall be those activities that may be funded under the Extra CARE Program.

**2. FUNDING.** The City agrees to transfer to the Authority the sum of Seventy-five Thousand Dollars (\$75,000.00 ) as described and included in the Twentieth Commercial Area Revitalization Effort Cooperation Agreement and which is attached hereto and made a part hereof, as Exhibit "A", to allow the Authority to implement the Projects described in this Agreement in FY 2017. Any expenditures of properly appropriated money, prior to the execution of this Cooperation Agreement and pursuant to the Extra CARE program in FY 2016 are ratified hereby.

**3. Extra CARE LOAN PROGRAM ("Loan Program").** The Authority shall administer the Loan Program in accordance with the following requirements:

(a) **Public/Private Loan Package** - The Authority may finance rehabilitation projects with or without a private loan component in accordance with the following terms:

(i) Extra CARE loans shall be in an amount not to exceed \$20,000 per qualified project and shall not exceed \$40,000 to any one applicant (which shall include an individual, partnership and/or corporation). Further, outstanding Extra CARE loan balances are included in the \$40,000 maximum.

(ii) Extra CARE loans shall be supported by an equity investment by the applicant of at least ten percent (10%).

(iii) Extra CARE loans will be fully amortized over a term which will not exceed the useful life of the improvements.

(iv) Extra CARE loans will bear interest at a rate of four percent (4%).

**(b) Extra CARE Leasehold Improvement Loans.** The Authority may finance leasehold improvements to properties located in designated Extra CARE areas. Loans and rebates are available to tenants of properties within the area who have a valid lease acceptable to the Authority and the City. Lease options may be considered in the term of the loan if the lease and option terms are acceptable to the Authority and aggregate no less than five (5) years. The proceeds may be used to make leasehold improvements to the interior and exterior of the property, the mechanical systems or to bring the property into compliance with local and state building codes. The facade of the property must meet the City's design and repair specifications to receive a loan. The terms and conditions of the Extra CARE Leasehold Improvement Loans are presented as follows:

(i) **Loan Amount:** The Authority may loan to qualified tenants no more than \$10,000.00 and no less than \$2,500.00.

(ii) **Financing Structure:** Minimum Tenant Contribution equivalent to 10% of improvements.

(iii) **Authority Loans** will be fully amortized over a 24-month to 60-month period. The term of the loan may not exceed the useful life of the improvements or the remaining term of the lease, whichever is shorter but not to exceed 60 months.

(iv) **Authority loans** will bear interest at a rate of four percent (4%).

(v) **Authority loans** shall be secured by a deed of trust on the residence of the tenant or other security acceptable to the Authority.

**4. LOAN PACKAGE ELIGIBILITY.** The Authority agrees that it will make no Extra CARE Loan unless it is part of the loan package described herein which meets the following criteria:

(a) No existing improvement will be financed with public money.

(b) Proposed improvements shall meet all standards and conditions set forth in the Plan where applicable.

(c) Generally, upon completion of the improvements, the property will comply with all applicable local and state laws and regulations. However, exceptions are permitted for Projects assisted with leasehold improvement loans, or for other Projects agreed to, in writing, by the City.

(d) Upon completion of the improvements, the facade will be restored to the standards identified in the Plan where applicable.

(e) The City's Department of Economic and Community Development shall approve the character of all facade improvements.

(f) The Authority, when making loans pursuant to this Cooperation Agreement, shall use reasonable care and standards and shall not make loans to speculative or financially unsound businesses.

(g) Award of Loans - Loans will be awarded on a competitive basis according to the following criteria;

(i) The extent to which the Project meets the Authority's underwriting criteria,

(ii) The extent of the Project's visual impact.

(iii) The extent to which the Project is located in close proximity to other rehabilitated properties or to properties that will be funded under this Loan Program.

(iv) The extent to which upper floors will be used for residential purposes upon completion of the Project.

(v) The extent to which the Project eliminates the blight identified in the Plan.

(h) Loans under this Program must adhere to prudent lending practices.

(i) Authority Records - The Authority shall keep a record of all loans including names of borrowers, loan terms and amounts, and nature of improvements funded. The City shall monitor the Authority records on an annual basis, and the Chief Administrative Officer, City Attorney, the City Auditor and

their designees shall have access to such records during normal business hours upon reasonable notice.

**5. Extra CARE Rebates.** Extra CARE Rebates shall be available only to the extent that funding is available and Extra CARE rebate assistance through the Authority and the City shall not exceed Fourteen Thousand Dollars (\$14,000.00) on any one eligible project and no applicant (which shall include an individual, partnership and/or corporation) shall exceed Twenty Thousand Dollars (\$20,000.00) total of rebates in a thirty-six month period.. No applicant shall be eligible to receive the maximum allowable rebate amount until completion of the renovation of the commercial space and until the commercial space is tenant/business ready as evidenced by issuance of a Certificate of Occupancy. Additional restrictions may apply as noted in the application. The City's Department of Economic and Community Development shall review and approve rebate requests which shall include providing approved rebate checks and maintaining accounting records. Rebates are available through the Extra CARE Program for the following purposes;

(a) Rebates For Water Service Lateral Lines And Sprinkler System.

Rebates shall be available for 100% of the total actual combined costs not to exceed \$5,000 of providing any water lateral line from the tap on the street water main up to and including the meter vault for the property to serve sprinkler systems that are necessary for a proposed rehabilitation and/or the cost of installing or improving a sprinkler system or fire suppression system to meet the requirements of the

Virginia Uniform Statewide Building Code. Rebates available to persons who receive Authority loans shall not be counted as part of the formula for repair or maintenance of existing systems. Rebates shall not be counted as any part of the formula allocating public and private costs.

(b) Interior Rehabilitation Rebates. Rebates shall be available for up to fifty percent (50%) or \$3,000, whichever is less, of the cost of rehabilitating the commercial space of the blighted property. Property owners and or business owners in the Extra CARE Area are eligible.

(c) Security Rebate Program. Property owners and business owners in the Extra CARE Area are eligible for rebates up to fifty percent (50%) of the cost of new security improvements or \$3,000, whichever is less. These improvements may include security gates, exterior lighting and or security glass.

(d) Exterior Rehabilitation Rebates. Rebates are available to repair, restore, and improve the exteriors of blighted properties (including parking lots, landscaping, and signage) in the Extra CARE Area of up to fifty percent (50%) of the costs or \$3,000, whichever is less. To be eligible, the improvements must meet the standards of Extra CARE Area Revitalization Plan where applicable, and maintain the historic integrity of the property and district.

**6. INFORMATION SHARING.** The Authority agrees to provide the Chief Administrative Officer or his designee with copies of all correspondence relating to its activities to be performed under this Agreement and will keep the Chief Administrative Officer fully and timely informed of all developments relating to the preparation and planning of the project.

**7. BUDGET AND AUTHORITY EXPENSES.** The Authority agrees that it will adhere to the budget contained within Exhibit A that is attached hereto and made a part hereof. The Authority shall receive upon execution of the Agreement the amount not to exceed \$13,000 of the current appropriation to the Authority by the City to cover its direct expenses in administering the Nineteenth CARE Cooperation Agreement and the Ninth Extra CARE Cooperation Agreement, as set forth in the budget attached as Exhibit A to the Nineteenth CARE Cooperation Agreement and Exhibit A to the Ninth Extra CARE Cooperation Agreement. A separate line item is contained within the Exhibit A of the Nineteenth CARE Cooperation Agreement for Audit expenses to cover both the Nineteenth CARE and Ninth Extra CARE Programs.

**8. 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, to Income and interest earned against the Program Fund.

**9. 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.

**10. ENVIRONMENTAL SITE ASSESSMENT.** The Authority shall require from the borrower an appropriate level of environmental inquiry with respect to any and all property to be acquired with Project funds. Whenever the results of a Phase I site assessment indicate a need to perform a Phase II site assessment, the Authority shall so advise the borrower and City and shall provide the City with a copy of the Phase I site assessment and shall receive the City's written approval before requesting a Phase II site assessment from the borrower. The City shall be provided a copy of the Phase II site assessment results.

The City and the Authority shall not be responsible for abating and remediating any environmental condition or nuisance of any kind which may be created, caused or, to the extent exacerbated or contributed to by the Project activities. The Authority shall require appropriate indemnifications of the Authority and the City from the applicants for assistance under the Program.

**11.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 reasonable access on a timely basis 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 to the Chief Administrative Officer 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.

**12. 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.

**13. NO DISCRIMINATION.** The City and the Authority agree not to discriminate, in carrying out this Agreement, against any employee, contractor or applicant for assistance because of race, color, religion, sex or national origin.

**14. 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.

**15. GOVERNING LAW.** This Agreement and the performance thereof shall be governed, interpreted, construed and regulated by the laws of the Commonwealth of Virginia.

**16. NOTICES.** Any notices required to be given under this Agreement shall be sufficient if in writing and sent by first class, registered or certified mail, return receipt requested; if to the Authority, to its Chairman at 2401 East Leigh Street, Richmond, Virginia 23220 or if to the City, to Selena Cuffee-Glenn Chief Administrative Officer, City Hall, 900 East Broad Street, 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.

**17. 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.

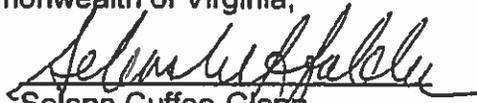
**18. NO THIRD PARTY RIGHTS.** No third party rights are created by this Agreement.

**19. 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 outstanding loans to the City.

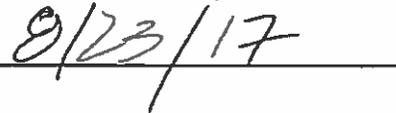
Witness the following signatures and seals:

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

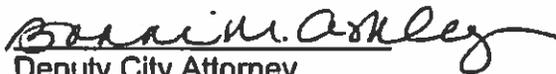
By:

  
Selena Cuffee-Glenn  
Chief Administrative Officer

Date:

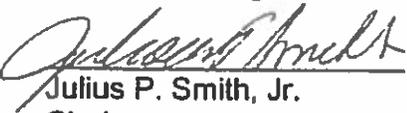


Approved as to Form:

  
Deputy City Attorney

**ECONOMIC DEVELOPMENT  
AUTHORITY OF THE CITY OF  
RICHMOND, VIRGINIA,**

A Political Subdivision of the  
Commonwealth of Virginia

By:   
Julius P. Smith, Jr.  
Chairman

Date: 7-27-17

**Exhibit A**

**Extra Commercial Area Revitalization Effort**

**FY 17**

**Budget\***

**Extra CARE Program:**

<b>Loans and Rebates</b>	<b>\$75,000.00</b>
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**\*Budget: These funds are delineated in the CARE Budget and are included in the Twenty-first CARE Cooperation Agreement and are a part of the total FY 17 CARE and Extra CARE allocation**