



Richmond City Council

The Voice of the People

Richmond, Virginia

Office of the Council Chief of Staff

Finance & Economic Development Standing Committee

October 19, 2023

Legislative Summary

Previous Meeting: September 21, 2023
November 16, 2023

Next Meeting:

Paper(s) for Consideration

1. ORD. 2023-288

Patron: Mayor Stoney

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to execute a First Amendment to Lease between the City of Richmond, as lessor, and Capital Area Health Network, doing business as Vernon J. Harris East End Community Health Center, as lessee, for the purpose of providing health center office space for the Vernon J. Harris East End Community Health Center at 719 North 25th Street.

Key Points:

- A.** The ordinance provides for a lease renewal extension for five years.
- B.** Nominal lease payment of \$1.00 per year.
- C.** CAHN will be responsible for all utilities, building maintenance, repairs, and improvements to the eased premise.

Fiscal Impact: None Yes. No additional fiscal impacts other than the continuation of utilities, building maintenance, repairs, and improvements to the eased premise.



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2. ORD 2023-289

Patron: President Jones

To amend and reordain City Code § 26-355, concerning the levy of tax on real estate, to establish a tax rate of \$1.20 for the tax year beginning Jan. 1, 2024, pursuant to Va. Code § 58.1-3321(b), and increasing such rate from the Rolled Back Tax Rate of \$1.125 as computed in accordance with Va. Code § 58.1-3321(a).

Key Points:

- A. Adoption of a tax rate that differs from the “roll back” rate requires a public hear and notice in accordance with Section 58.1-3221 of the Code of Virginia.

Fiscal Impact: None Yes. Not establishing the tax rate of \$1.20 can negatively impact current fiscal year revenue projections.

3. ORD. 2023-308

Patron: Mayor Stoney

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to execute a Grant Agreement between the City of Richmond, Afton Avenue Apartments LLC, and the Economic Development Authority of the City of Richmond for the purpose of facilitating the construction of an affordable residential development located at 2400 Afton Avenue and 2420 Afton Avenue.

Key Points:

- A. Grant payments will be solely limited to incremental real estate tax revenues generated by the Project and received by the City and such payments will be conditioned upon the Recipients' completion of Project construction and continued maintenance thereafter.
- B. The approval of these performance grants will allow the City to meet one of its main affordable housing goals, and the new housing units produced are direly needed as the City recently declared a “housing crisis”.

Fiscal Impact: None Yes No direct fiscal impact to the baseline of current real estate tax revenues received by the City for such properties as the grant payments are solely limited to incremental tax revenues above and beyond such respective baselines.



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4. ORD. 2023-309

Patron: Mayor Stoney

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to execute a Grant Agreement between the City of Richmond, 2100 Bainbridge LLC, and the Economic Development Authority of the City of Richmond for the purpose of facilitating the construction of an affordable residential development located at 2100 Bainbridge Street.

Key Points:

- A. Grant payments will be solely limited to incremental real estate tax revenues generated by the Project and received by the City and such payments will be conditioned upon the Recipients' completion of Project construction and continued maintenance thereafter.
- B. The approval of these performance grants will allow the City to meet one of its main affordable housing goals, and the new housing units produced are direly needed as the City recently declared a "housing crisis".

Fiscal Impact: None Yes No direct fiscal impact to the baseline of current real estate tax revenues received by the City for such properties as the grant payments are solely limited to incremental tax revenues above and beyond such respective baselines.

5. ORD. 2023-310

Patron: Mayor Stoney

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to execute a General Services Administration Public Buildings Service Lease Amendment No. 8 between the City of Richmond and the Government of the United States of America for the purpose of incorporating a prohibition on a ByteDance covered application and reducing the number of parking spaces leased to the federal government at a City-owned parking facility located at 500 East Marshall Street.

Key Points:

- A. Enables the CAO to enter into, as needed, modify a parking lease agreement with Government of the United States of America.

Fiscal Impact: None Yes,



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6. ORD. 2023-311

Patron: Ms. Robertson

To amend Ord. No. 2022-310, adopted Jan. 9, 2023, which amended City Code § 26-1065, concerning Downtown General Special Service and Assessment District boundaries, for the purpose of expanding the Downtown General Special Service Assessment District to include the Manchester area of the city, to change the effective date from Jan. 1, 2023, to Jan. 1, 2024.

Key Points:

- A. This request is to amend Ordinance No. 2022-310, adopted January 9, 2023 that amended City Code 26-1065, concerning Downtown General Special Service and Assessment District boundaries, for the purpose of expanding the Downtown General Special Service Assessment District to include the Manchester area of the city. The amendment requested is to change the effective date currently stated in the Ordinance from January 1, 2023 to January 1, 2024.
- B. The purpose of the date change is to correct the effective date to implement the adopted ordinance, so that the service district fee begins in fiscal year 2023-2024 (real estate tax year 2024) which was the original intent and to avoid any misinterpretation of its application in the 2022-2023 years. This would avoid any unintended application of retro-charges to property owners for 2022-2023.

Fiscal Impact: None Yes

7. ORD. 2023-312

Patron: Mayor Stoney

To authorize the issuance of general obligation bonds of the City of Richmond, Virginia (the "City") in the maximum principal amount of \$150,000,000 to finance the cost of funding a portion of the City's unfunded actuarial accrued liability to the Richmond Retirement System, as initially adopted November 18, 1952, by Ordinance No. 52-189-175, as subsequently amended and restated (the "RRS"), with respect to the City's defined benefit retirement plan for City employees; to authorize the establishment and funding of an irrevocable trust under Section 115 of the Internal Revenue Code to provide the City budget flexibility with respect to its current and future contributions to RRS; to authorize the Director of Finance, with the approval of the Chief Administrative Officer, to negotiate, execute and



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deliver a Section 115 Trust Agreement, for and on behalf of 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 bonds for such projects, to provide for the form, details and payment of such general obligation bonds; to authorize the issuance of general obligation notes of the City in anticipation of the issuance of such general obligation bonds; and to authorize the issuance of taxable general obligation bonds, for the same purposes and uses, in the same maximum principal amount and payable over the same period as such general obligation bonds.

Key Points:

- A. This request is to authorize the issuance of taxable Pension Obligation Bonds (POBs) of the City of Richmond, Virginia in a maximum principal amount not to exceed \$120 million to enhance the funded status of the Richmond Retirement System, and to authorize the Director of Finance, with the approval of the Chief Administrative Officer, to sell such bonds.
- B. On September 25, 2023, City Council passed Resolution 2023-R050 to join the Virginia Retirement System (VRS), subject to the approval of the VRS Board of Trustees. A transmittal letter accompanying Resolution 2023-R050 outlined subsequent actions that would be taken to effect the transition. This included a recommended action that the unfunded status of the Richmond Retirement System (RRS) be addressed through the issuance of POBs.
- C. For comparison, the funded ratio of the VRS Political Subdivisions plan funded ratio of value of assets to actuarial liability was 88.8 percent in FY 2022 compared to RRS' 67.7 percent. The perpetual underfunding of the RRS pension system has been a detriment to the improving city's credit rating. Issuance of POBs will allow the funded status, meaning the actuarial value of assets as a percentage of actuarial liability, to reach 80.0 percent or higher.
- D. The city's external financial advisors have tested this approach against a credit rating agency scorecard and have found that the debt issuance impact is minimal. They advise that the action would be viewed as a credit positive by the agencies if approached holistically, i.e., combined with long-term financial policies that will include:
 - Continued dedication to fund the actuarially determined contribution annually;
 - Establishing financial policies that do not increase current benefits resulting in additional costs without pre-funding;
 - Establishing a reserve trust account which includes short-term investment strategies.

Fiscal Impact: None Yes Issuance of POBs would trade the cost of funding future actuarially determined contribution amounts for debt service on the



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POBs. As this debt is not to be used for CIP projects, it will not impact the city's established debt policies

8. ORD. 2023-313

Patron: Mayor Stoney

To repeal City Code § 22-113, concerning assets and contributions and employer contributions; to amend ch. 12, art. V, div. 2 of the City Code by adding therein a new section numbered 12-265.1, concerning funding of the Richmond Retirement System; to amend ch. 22, art. IV, div. 1 by adding therein a new section numbered 22-113.1, concerning assets and contributions and employer contributions; to amend ch. 22, art. V by adding therein a new section numbered 22-146, concerning vesting of members who elect to or become members of a VRS Retirement Plan; to amend ch. 22, of the City Code by adding therein a new art. XIII, consisting of §§ 22-341—22-343, concerning the transition to the Virginia Retirement System; and to amend City Code §§ 2-1244 and 2-1246, concerning deferred compensation, and 22-2, 22-52, 22-112, 22-142, 22-143, 22-145, and 22-317, all concerning the Richmond Retirement System, for the purpose of facilitating the transition to the Virginia Retirement System

Key Points:

- A. This ordinance amends the City Code to create equity in employee contributions of all Richmond Retirement System (RRS) members and establish financial policies to implement a transition to the Virginia Retirement System (VRS)
- B. All plans in VRS require a mandatory five percent employee contribution. As a result of the approved transition to VRS, this legislation will enact a wage and retirement contribution adjustment, financial policies for funding RRS, and other City Code amendments needed to implement the retirement system transition.

Fiscal Impact: None Yes A one-time cost of \$1.2 million for FY 2024 to cover contribution and FICA increases.