



CITY OF RICHMOND

INTRACITY CORRESPONDENCE

ADMINISTRATIVE IMPACT STATEMENT

Date: April 16, 2020

Ordinance/Resolution No. 2020-R026: To establish a grant program to be administered by the Economic Development Authority of the City of Richmond for restaurants within the city of Richmond affected by the spread of COVID-19.

Patron: Ms. Gray

Legislative History: Introduced April 13, 2020

Administrative Staff Presenting: John Wack, Director of Finance; Jay Brown, Director of Budget and Strategic Planning; and Leonard Sledge, Director of Economic Development

Impact Statement Summary: *The program would potentially have a multi-million dollar negative impact on the FY2020 general fund during uncertain economic times without any identified funding source, and add an administrative burden to implement.*

Staff Position: *Finance, Budget, and Economic Development staff oppose this Resolution as introduced. No prior discussion occurred in regards to the establishment of a new and additional grant program that is unbudgeted with no funding source identified. The City Administration has initiated a number of other programs to assist the restaurant industry during COVID-19, and this would appear to cause some overlap and only focus on only one type of business that has been negatively impacted by the pandemic.*

Administrative Impact Statement of draft Ordinance/Resolution No. 2019-276:

The grant program suggested by the resolution will have a significant negative impact on revenues available to fund essential City services, and add another administrative burden on Economic Development and Finance staff that are already being asked to implement other COVID-

19 relief programs. This also would be occurring during the busiest time of the tax year (with personal property and real estate taxes due in June) and with unknown fiscal impacts.

The City Administration is attempting to minimize the use of Rainy Day reserves as a result of citywide business closures and increased unemployment, and this restaurant grants program would add to that uncertainty and lack of sustainability with no identified funding source.

Fiscal Impacts (Estimated);

The fiscal impact cannot accurately be determined because the suggested restaurant grant program pertains to taxable sales that occurred in March 2020 and early April that haven't yet been quantified due to a lack of submitted meals tax returns, and sales in late April, May, and June that haven't yet occurred. Further, the Department of Finance doesn't track meals tax revenues from restaurants separate from other establishments selling prepared food, such as convenience and grocery stores. However, in applying a number of theoretical assumptions that could turn out to be materially inaccurate due to the unknown end date of the Governor's executive order limiting restaurant operations, the following provides some context:

16.65% of 2020 BPOL for Restaurants, estimated:	\$400,000
6% meals tax levy collected in March 2020 and associated with February 2020 taxable sales	\$2,726,176
Assuming 80% reduction from prior fiscal year receipts after March 2019: 6% meals tax levy to be collected in April 2020 through the end of the fiscal year	<u>\$2,788,936</u>
Total of the above	\$5,915,112

Note that this \$5.9 million would be above and beyond other assistance being provided to City restaurants that can't yet be calculated and is being administered by Economic Development and Finance staff, including:

- Small Business Disaster Loan Program
- Richmond First Responder Meal Program
- 2020 Tax Amnesty Program (outlined in Ordinance 2020-096)

Description	Estimated Impact in \$
Additional staff time	TBD