

INTRODUCED: June 22, 2015

AN ORDINANCE No. 2015-144-154

To amend and reordain ch. 2, art. IV, div. 3 of the City Code by adding therein new §§ 2-305—2-308 for the purpose requiring that fiscal impact statements and economic impact statements be submitted to the Council upon the introduction of ordinances authorizing certain economic development projects to be funded or supported by the City.

\_\_\_\_\_  
Patron – Ms. Robertson

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

PUBLIC HEARING: JULY 27 2015 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That Chapter 2, Article IV, Division 3 of the Code of the City of Richmond (2004) be and is hereby amended and reordained by **adding therein new** sections numbered 2-305 through 2-308, as follows:

**Sec. 2-305. Definitions.**

For purposes of sections 2-305 through 2-308 of this Code, the following words, terms and phrases shall have the meanings ascribed to them in this section, except where the context clearly indicates that a different meaning is intended:

AYES:           8                    NOES:           0                    ABSTAIN: \_\_\_\_\_

ADOPTED:   JULY 27 2015   REJECTED: \_\_\_\_\_   STRICKEN: \_\_\_\_\_

*“Economic development project”* means an undertaking involving (i) a City expenditure or grant of at least \$5,000,000 or with a value of at least ten percent of the initial estimate of the total project cost, the pledge of a moral obligation or other financial guarantee by the City, or the conveyance of City-owned real estate, (ii) private investment and (iii) a requirement for the Council’s approval to authorize the execution of a cooperation agreement, development agreement, or other contract between the City and one or more separate political subdivisions of the Commonwealth or one or more private entities in order to facilitate the construction of improvements to real property in the city of Richmond. The term “economic development project” shall not be construed to include ancillary undertakings that are associated with, but are not contained in or addressed by, cooperation agreements, development agreements, or other contracts between the City and one or more separate political subdivisions of the Commonwealth or one or more private entities, or to include projects where the only City funds involved are grants or loans of the Enterprise Zone program, Commercial Area Revitalization Effort (i.e., CARE and Extra-Care) programs, Community Development Block Grant funds, Housing Opportunities Made Equal Investment Partnership funds, Emergency Solutions Grant funds, or Housing Opportunities for Persons with AIDS funds to eligible recipients.

*“Economic impact statement”* means a written report containing analysis and estimates of the effect of a proposed economic development project in the city of Richmond on the creation or loss of employment and business opportunities within the city of Richmond.

*“Fiscal impact statement”* means a written report containing analysis of the estimated public service costs and the increase or decrease of revenues to the City associated with a proposed economic development project.

**Sec. 2-306. Fiscal and economic impact statements required.**

Upon introduction to the Council of each ordinance authorizing an economic development project, there shall be provided to the Council a fiscal impact statement and an economic impact statement. For any amendments for any such ordinance, at the time of the proposal of any such amendment, there shall be provided to the Council a revised fiscal impact statement and a revised economic impact statement reflecting such amendments. If either the fiscal impact statement or the economic impact statement required by this section is not submitted at the time of introduction of any ordinance authorizing an economic development project, or if either the revised fiscal impact statement or the revised economic impact statement required by this section is not submitted at the time that any amendments to any such ordinance are proposed, the Council shall delay consideration of the proposed ordinance or the proposed amendments until at least two weeks after the fiscal impact statement, the economic impact statement, the revised fiscal impact statement or the revised economic impact statement, as applicable, is provided to the Council.

**Sec. 2-307. Content of fiscal impact statements.**

The fiscal impact statements and the revised fiscal impact statements required by section 2-306 of this Code shall include, at a minimum, all of the following:

- (a) The sources of information, assumptions and methodologies used to reach the conclusions set forth in the fiscal impact statement.
- (b) A debt capacity schedule, if debt is a funding mechanism. In addition, the debt capacity schedule shall show the City's current debt capacity and how the City's current debt capacity is expected to change if the Council approves the proposed ordinance to which the fiscal impact statement relates for adoption or amendment.

(c) A comparison of funding and financing options available, including, but not limited to, expenditures from City funds, the issuance of general obligation bonds, and the issuance of revenue bonds.

(d) A detailed cost analysis, including, but not limited to, costs to the City and private funding, and a listing of the amount, value and source, as applicable, of each public and private investment, including, but not limited to, any property values of any real estate transferred, incentives provided, or infrastructure improvements made to facilitate the economic development project.

(e) Projected revenue and expenditure estimates attributable to the City, as a result of the proposed ordinance for adoption or amendment, if it is approved, covering at least the next ten fiscal years, including, but not limited to, debt repayment, new tax revenue, ownership, management, and maintenance costs, and additional service delivery costs for police and fire protection services and refuse collection services.

(f) Subsequent actions that may affect future revenue and expenditures if the proposed ordinance authorizes spending, including, but not limited to, the City's full fiscal obligation, ownership, management and maintenance.

(g) A description of any variables that may affect revenue and cost estimates.

(h) An estimate of the staff time and staff costs needed to implement the proposed ordinance.

(i) An explanation of how the addition of new staff, if any, and responsibilities would increase costs and affect other duties.

(j) Ranges of revenue or expenditures that are uncertain or difficult to project.

(k) If it is determined that the proposed ordinance, or any proposed amendments thereto, is not likely to have a fiscal impact, the basis for such a determination.

**Sec. 2-308. Content of economic impact statements.**

The economic impact statements and the revised economic impact statements required by section 2-306 of this Code shall include, at a minimum, all of the following:

(a) The sources of information, assumptions and methodologies used to reach the conclusions set forth in the economic impact statement.

(b) An outline that lists all ordinances, resolutions or actions that are required to be completed related to and for the economic development project, with an associated timeline for each.

(c) A description of any variables that could affect economic impact estimates.

(d) The partnerships, corporations, businesses, boards, commissions, nonprofit organizations and other entities that the Mayor anticipates will be stakeholders in the economic development project to be authorized by the proposed ordinance and the level and nature of their involvement with the economic development project to be authorized by the proposed ordinance.

(e) Any anticipated positive or negative impact, if any, on employment.

(f) A range of economic impact factors that are uncertain or difficult to project.

(g) The number of permanent or temporary jobs that are anticipated to be created as a result of the economic development project to be authorized by the proposed ordinance.

(h) An analysis and timeline showing the projected revenues that are expected to be generated as a result of the City's expenditure of public funds, if the proposed ordinance is approved by the Council. The analysis and timeline shall include the benchmarks used to determine the revenue projections. An annual progress report concerning the actual revenues

collected as a result of the City's expenditure of public funds and how such revenues exceeded, met or failed to meet the revenue projections and benchmarks shall be provided to the Council no later than December 31 of each year for ten years and as may be requested by the Council for any subsequent year beyond the initial ten years.

(i) An explanation of how the expenditure of any public funds by the City, as may be indicated in the proposed ordinance, complies with any guidelines, policies or best practices that help to achieve or maintain the goal of being a AAA bond rated locality.

(j) If it is determined that the proposed ordinance, or any proposed amendments thereto, is not likely to have an economic impact, the basis for such a determination.

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



# Richmond City Council

The Voice of the People

Richmond, Virginia

## Office of the Council Chief of Staff

### Ordinance/Resolution Request

**TO** Allen Jackson, Richmond City Attorney  
Richmond Office of the City Attorney

**THROUGH** Lou Brown Ali *LB*  
Council Chief of Staff

**FROM** Meghan Brown, Council Budget Analyst *MKB*

**COPY** Ms. Ellen F. Robertson, Council Vice-President  
Haskell Brown, Deputy City Attorney  
Vincent Jones, Deputy Council Chief of Staff *V. Jones*  
Michael D. Winborne, 6<sup>th</sup> District Liaison

**DATE** June 18, 2015

**PAGE/s** 1 of 4

**TITLE** To establish a requirement that fiscal and economic impact statements be provided for City-funded Development Projects

RECEIVED

JUN 19 2015

OFFICE OF CITY ATTORNEY

This is a request for the drafting of an **Ordinance** ☒ **Resolution** ☐

**REQUESTING COUNCILMEMBER/PATRON**

Councilwoman Robertson

**SUGGESTED STANDING COMMITTEE**

Finance & Economic Development

**ORDINANCE/RESOLUTION SUMMARY**

The patron is requesting an ordinance that fiscal and economic impact statements shall be required for every ordinance or resolution for City-funded development projects that is newly proposed for adoption or amendment. The proposed legislation shall be required to show as part of the fiscal and economic impact statements the return on the City's investment and that the investments comply with guidelines, policies or best practices that assist the City in achieving or maintaining, once achieved, the goal of being a AAA bond rated City.

**BACKGROUND**

Recently, considerable attention has been given to the potential impacts of growth and development on communities. In general, growth has been viewed as healthy and desirable for communities because it often leads to additional jobs; increased income for residents; a broader tax base; and the enhancement of cultural amenities such as libraries and parks. However, growth may also be accompanied by costs such as increased fiscal expenditures for necessary public services, infrastructure, traffic congestion, consumption of local natural resources, loss of open space and unique cultural attributes. Carefully planned city investment is necessary for ensuring that growth is consistent with the long-range goals of the governing bodies. In order for City Council to fully consider proposals and their long-term impact on the City, additional detailed data is needed to assist Council with decision making.

**Purpose:**

To assist both the governing body (City Council) and the public with understanding the potential financial and economic impacts prior to the adoption or amendment of any proposal for approval for City-funded development projects; such as, an expenditure (whether or not debt financed), moral or other financial guarantee by the City or the sale, purchase or lease of property. The impact statements are to provide Council with the information necessary to consider the intended outcomes against the financial impact of proposed City-funded development projects.

**(1) Definitions:**

- (a) *Fiscal Impact* means a fiscal analysis that involves assessing the public service costs and revenues associated with development and providing an estimate of changes in future City revenue and expenditures attributable to a change in law by ordinance or resolution.
- (b) *Economic Impact* means an analysis that measures or estimates the effect of a project or event on the City.
- (c) *City-funded Development Project* means any development project for which the total project cost is at least five million dollars (\$5 million) and for which the City contributes ten percent (10%) or more of the funding, private investment and pursuant to Council authorization or approval. The amount of funding contributed by the City to a project shall include all contributions of money in support of the project either directly or indirectly (such as by making payments under a service or other agreement that support the repayment of bonds issued to fund the project), and any in-kind contributions to the project, including, but not limited to, any transfer of any interest in real estate, site improvement, environmental remediation, infrastructure improvements which benefit the project (including, but not limited to curbs, sidewalks, streets, drainage or water and sewer mains), loans, grants, tax incentives, tax abatements, tax increment financing, or any other form of public supported financing which in whole or in part is subject to authorization or approval by Council. The amount of funding contributed by the City to a project shall not include any grant or other funds that the City received from another entity and then paid over in support of the project, acting merely as a conduit for such other entity with respect to such grant or other funds (i.e. CDBG, HOME, HOPWA funding from HUD). The Enterprise Zone program and Commercial Area Revitalization Effort (i.e., CARE and Extra CARE) programs shall also be excluded from this requirement.

**(2) Time for submission: Impact statements should be submitted to the Council:**

- (a) Impact statements are to be submitted at the time of introduction for each ordinance or resolution introduced;
- (b) If the Patron(s) is unable to submit the statement(s) within the time required by paragraph a, the Council must be notified in writing of the delay, the reason for the delay, and the revised delivery date.



- (c) If the impact statements are not submitted, either at the time required by paragraph a or b, it will be at the discretion of Council to move forward with consideration or continue until such time as the impact statements are provided.

**(3) Content of Development Fiscal Impact Statement. Each fiscal impact statement must include, but not limited to:**

- (a) The sources of information, assumptions, and methodologies used;
- (b) A debt capacity schedule, if debt is a funding mechanism. The debt capacity schedule shall show the current position of the City debt capacity and what the change would be if the proposal of such project would be approved;
- (c) A comparison of funding and financing options available, including, but not limited to, City funds. General obligation bonds, and revenue bonds;
- (d) Detailed cost breakdown analysis, including but not limited to, City cost, private funding, etc
- (e) Revenues and expenditure estimates covering at least the next 10 fiscal years, including but not limited to, debt repayment, new tax revenue, additional service delivery costs (i.e. police, fire, public works, etc) associated or resulting from Development Project;
- (f) Later actions that may affect future revenue and expenditures if the ordinance or resolution authorizes future spending, including but not limited to, City's full fiscal obligation, ownership and management, maintenance, etc;
- (g) A description of any known variable that could affect revenue and cost estimates;
- (h) An estimate of the staff time and cost needed to implement the ordinance or resolution;
- (i) An explanation of the addition of new staff, if any, and the associated cost;
- (j) Ranges of revenue or expenditures that are uncertain or difficult to project;
- (k) If an ordinance or resolution is likely to have no fiscal impact, provide an explanation.

**(4) Content of Development Economic Impact Statement. Each economic impact statement must include, but not limited to:**

- (a) The sources of information, assumptions, and methodologies used;
- (b) An outline that lists all ordinances, resolutions or actions that are required to be completed related to and for the economic development project with an

associated timeline for each.

- (c) A description of any known variable that could affect economic impact estimates;
- (d) Partnerships or businesses, boards and commissions, not-for profit groups, etc, that have involvement with the project and the level of their involvement;
- (e) Any anticipated positive or negative impact, if any, on employment;
- (f) A range of economic impact factors that are uncertain or difficult to project;
- (g) How many jobs are anticipated to be created as a result of the proposed legislation, permanent or temporary jobs;
- (h) Provide a breakdown and timeline to show the return on the City's investment. It shall include the benchmarks used to measure the City's return on its investment. Economic Impact evaluations using the benchmarks identified to measure the City's return shall be completed and a report provided to Council annually no later than December 31 of each year for ten years as may be requested by the Council for any subsequent year beyond the initial ten years;
- (i) Include an explanation on how the investment complies with any guidelines, policies or best practices that helps in achieving and or maintaining once achieved the goal of being a AAA bond rated City;
- (j) If an ordinance or resolution is likely to have no economic impact, provide an explanation.

#### FISCAL IMPACT STATEMENT

Fiscal Impact	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Budget Amendment Required	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Estimated Cost or Revenue Impact	\$
Fiscal Summary: None	

Attachment/s Yes ☐ No ☒

Richmond City Council Ordinance/Resolution Request Form/updated 10.5.2012 /ss