

INTRODUCED: April 13, 2020

A RESOLUTION No. 2020-R027

To request that the Chief Administrative Officer, in accordance with City Charter § 5.05.1(c), provide the Council with revised financial and activity reports due to reduced economic activity in the business communities within the city of Richmond occasioned by the disaster presented by the spread of COVID-19.

\_\_\_\_\_  
Patron – Ms. Gray  
\_\_\_\_\_

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

PUBLIC HEARING: APR 27 2020 AT 6 P.M.

WHEREAS, on March 23, 2020, the Governor of Virginia issued Executive Order No. 53 (2020), which ordered that “[e]ffective 11:59 p.m., Tuesday, March 24, 2020 until 11:59 p.m., Thursday, April 23, 2020, all public and private in person [sic] gatherings of 10 [sic] or more individuals are prohibited;” and

WHEREAS, on March 30, 2020, the Governor of Virginia issued Executive Order No. 55 (2020), which imposed criminal penalties for violation of the prohibition on “[a]ll public and private in-person gatherings of more than ten individuals,” among other prohibitions; and

AYES:            9            NOES:            0            ABSTAIN: \_\_\_\_\_

ADOPTED: \_\_\_\_\_ REJECTED: \_\_\_\_\_ STRICKEN:      MAY 26 2020

WHEREAS, these executive orders effectively have closed all restaurants in the city to dine-in patrons and relegated restaurants to take-out sales only, resulting in drastic reductions in employment by and income to those restaurants; and

WHEREAS, the Council believes that, as citizens adhere to the prohibitions set forth in Executive Order No. 55, business communities within the city of Richmond are particularly affected by the decrease in business activity and the reduction in business income, which the Council anticipates will reduce the City's revenue estimates for the fiscal year commencing July 1, 2019, and ending June 30, 2020, and the fiscal year commencing July 1, 2020, and ending June 30, 2021; and

WHEREAS, section 5.05.1(c) of the Charter of the City of Richmond (2019), as amended, prescribes that it shall be the duty of the Chief Administrative Officer, as directed by the Mayor, to “[p]resent adequate financial and activity reports as requested by the council;” and

WHEREAS, section 6.16(c) of the Charter of the City of Richmond (2019), as amended, prescribes that, “[i]f at any time during the fiscal year it appears probable to the mayor that the revenue or fund balances available will be insufficient to finance the expenditures for which appropriations have been authorized, the mayor shall report to the city council without delay, indicating the estimated amount of the deficit, any remedial action taken by the mayor and recommendations as to any other steps to be taken;” and

WHEREAS, the Council believes that it is in the City's best interests that the Council request that the Chief Administrative Officer, pursuant to section 5.05.1(c) of the Charter of the City of Richmond (2019), as amended, provide the Council with revised financial and activity reports for the fiscal year commencing July 1, 2019, and ending June 30, 2020, and the fiscal

year commencing July 1, 2020, and ending June 30, 2021, including revised revenue estimates, due to reduced economic activity in the business communities within the city of Richmond occasioned by the disaster presented by the spread of COVID-19;

NOW, THEREFORE,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF RICHMOND:

That the Council hereby requests that the Chief Administrative Officer, pursuant to section 5.05.1(c) of the Charter of the City of Richmond (2019), as amended, provide the Council with revised financial and activity reports for the fiscal year commencing July 1, 2019, and ending June 30, 2020, and the fiscal year commencing July 1, 2020, and ending June 30, 2021, including revised revenue estimates, due to reduced economic activity in the business communities within the city of Richmond occasioned by the disaster presented by the spread of COVID-19 on a schedule agreed to by the President of the Council and the Mayor.

BE IT FURTHER RESOLVED:

That the financial and activity reports that this resolution requests include the following:

1. Revised revenue estimates for the fiscal year commencing July 1, 2019, and ending June 30, 2020, and the fiscal year commencing July 1, 2020, and ending June 30, 2021, including any assumptions and methodologies used in any revised forecasts for meals tax revenues, delineating, to the extent permitted by law, the revenues anticipated or collected from restaurants and other businesses required by law to collect and remit to the City meals taxes from its patrons.

2. Revised revenue estimates for the fiscal year commencing July 1, 2019, and ending June 30, 2020, and the fiscal year commencing July 1, 2020, and ending June 30, 2021, including any assumptions and methodologies used in any revised forecasts for business,

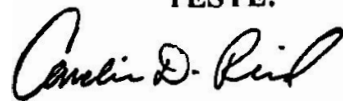
professional, and occupational license taxes, delineating, to the extent permitted by law, the revenues anticipated or collected from restaurants and other businesses required by law to remit business, professional, and occupational license taxes to the City.

3. Revised revenue estimates for the fiscal year commencing July 1, 2019, and ending June 30, 2020, and the fiscal year commencing July 1, 2020, and ending June 30, 2021, including any assumptions and methodologies used in any revised forecasts for other sources of tax revenues payable to the City, delineating, to the extent permitted by law, the revenues anticipated or collected from restaurants and other businesses required by law to collect or remit, or both, payments on such other taxes to the City.

**BE IT FURTHER RESOLVED:**

That the Council also requests that the Chief Administrative Officer, provide in the financial and activity reports requested by this resolution recommendations concerning actions that the City may take, to the extent permitted by law, to mitigate the effects of the COVID-19 pandemic on restaurants in the city of Richmond and recommendations from the Director of Budget and Strategic Planning concerning, for the fiscal year commencing July 1, 2020, and ending June 30, 2021, a revised General Fund Budget and a revised Capital Budget and how those budgets may be balanced so that projected expenditures do not exceed projected revenues in light of any revenue shortfalls caused by the spread of COVID-19.

**A TRUE COPY:  
TESTE:**



**City Clerk**



# Richmond City Council

The Voice of the People

Richmond, Virginia

## Office of the Council Chief of Staff

### Ordinance/Resolution Request

**TO** Haskell Brown, Interim Richmond City Attorney  
Richmond Office of the City Attorney

**THROUGH** Lawrence R. Anderson  
Council Chief of Staff

**RECEIVED**

By Elyse Steele at 1:18 pm, Apr 03, 2020

**FROM** William E. Echelberger, Jr, Council Budget Analyst

**COPY** Kimberly B. Gray, 2<sup>nd</sup> District Representative  
Tabrica C. Rentz, Interim Deputy City Attorney  
Meghan K. Brown, Deputy Council Chief of Staff  
Craig K. Bieber, 2<sup>nd</sup> District Liaison

**DATE** April 3, 2020

**PAGE/s** 1 of 3

**TITLE** Temporary Financial Reporting and Budget Estimates – COVID-19

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

**REQUESTING COUNCILMEMBER/PATRON**

Kimberly B. Gray, 2nd District Representative

**SUGGESTED STANDING COMMITTEE**

Finance and Economic Development

**ORDINANCE/RESOLUTION SUMMARY**

The patron requests a resolution requesting the Mayor and the Interim Chief Administrative Officer, as appropriate, to cause:

1. The Director of Finance to provide City Council with updated financial information to include:
  - a. Revised revenue estimates for FY20 and FY21, including any assumptions and methodologies used in the revised forecast for the City Meals Tax, delineating, to the extent allowable by law, the amounts from restaurants, and other business classifications,
  - b. Revised revenue estimates for FY20 and FY21, including any assumptions and methodologies used in the revised forecast for the Business, Professional, and Occupational License (BPOL) Tax, delineating, to the extent allowable by law, the amounts from restaurants, and other business classifications,
  - c. Revised revenue estimates for FY20 and FY21, including any assumptions and methodologies used in the revised forecast for other City revenue sources, delineating, to the extent allowable by law, the amounts from restaurants, and other business classifications,
2. The Mayor and Interim chief Administrative Officer to identify additional actions to mitigate the effects of the COVID-19 health emergency on Richmond restaurants.

3. The City Budget Director to provide City Council with revised budget recommendations for use by Council in its review of the proposed FY21 operating and capital budgets that maintain a balanced budget in light of the anticipated decline in revenue.
4. The requested financial and budget information shall be provided to City Council and Council staff on a schedule to be agreed to between the Mayor and Council President.

**BACKGROUND**

**Summary:**

- The State Health Commissioner declared COVID-19 a disease of public health threat on February 7.
- Governor Northam declared a state of emergency due to COVID-19 on March 12.
- Governor Northam issued an executive order prohibiting more than ten patrons in any restaurant on March 20.
- Based on the available data COVID-19 will dramatically reduce statewide and Richmond restaurant patronage and revenues during calendar 2020.
- Prior to the COVID-19 pandemic, Richmond restaurants employed thousands of individuals, however, that level of employment has dropping dramatically due to the pandemic.
- Richmond restaurants are subjected to multiple layers of taxation, including:
  - 7.5% meals tax,
  - 6% state and regional sales tax (later this year);
  - \$.36 per \$100 business license tax based on gross receipts;
  - \$3.70 per \$100 personal property tax; and,
  - \$1.20 per \$100 real estate tax (often passed through a lease);
- Section 12-37 of the Richmond City Code requires that 20.3% of the 7.5% Meals Tax is to be credited to the special reserve assigned to support public schools in the city established by subsection (b)(1) of section 12-32.
  - For FY20 and FY21 Meals Tax revenues were originally projected to be:

	<u>FY20</u>	<u>FY21</u>
<b>Meals Tax - GF</b>	\$36,791,413	\$37,187,580
<b>Meals Tax - School Facilities</b>	<u>\$ 9,370,962</u>	<u>\$ 9,471,868</u>
<b>Total</b>	<b>\$46,162,375</b>	<b>\$46,659,448</b>

- Actual collections will likely be substantially less, due to the impact of the COVID-19 pandemic.
- The Business, Professional, and Occupational License (BPOL) Tax revenues were originally projected to be \$36,561,999 for FY20, and \$36,998,384 for FY21.
- The patron believes that the COVID-19 public health emergency and its attendant impacts on Richmond restaurant employees, owners, operators and patrons warrants immediate action by City Council to mitigate the effects of restaurant taxation on Richmond restaurant employees, owners, operators, and patrons.
- The patron believes that, based on available reports in the news media, many of the restaurant-related revenue projections in the FY 2020 budget, and the Mayor's proposed FY 2021 budget will not be met, including the prospective collection of gross receipt license taxes.

- Charter § 5.05(b) provides that “[i]t shall be the duty of the mayor to . . . [k]eep the council advised of the financial condition and the future needs of the city and of all matters pertaining to its proper administration.”
- Charter § 5.05.1(c) provides that “[i]t shall be the duty of the chief administrative officer, acting under the general direction of the mayor, to . . . [p]resent adequate financial and activity reports as requested by the council.”
- Charter § 6.16.c. provides that:

“If at any time during the fiscal year it appears probable to the mayor that the revenue or fund balances available will be insufficient to finance the expenditures for which appropriations have been authorized, the mayor shall report to the city council without delay, indicating the estimated amount of the deficit, any remedial action taken by the mayor and recommendations as to any other steps to be taken. The council shall then take such further action as it deems necessary to prevent or reduce any deficit, and for that purpose it may by ordinance reduce one or more appropriations.”

**FISCAL IMPACT STATEMENT**

Fiscal Impact Yes  No

Budget Amendment Required Yes  No

Estimated Cost or Revenue Impact

There will be a cost for the Department of Finance to provide the requested financial information, however, this cost cannot be estimated at this time.

Attachment/s Yes  No