

INTRODUCED: August 5, 2019

AN ORDINANCE No. 2019-

To create the Navy Hill Fund.

Patron – Mayor Stoney

Approved as to form and legality
by the City Attorney

PUBLIC HEARING:

AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. **Definitions.** Words, terms, and phrases used in this ordinance have the meanings ascribed to them in this section, unless the context clearly indicates that another meaning is intended.

(a) *Authority.* “Authority” means the Economic Development Authority of the City of Richmond, Virginia, a political subdivision of the Commonwealth of Virginia.

(b) *Baseline Real Estate Value.* “Baseline Real Estate Value” means the amount of real estate taxes that could have been levied by the City pursuant to Chapter 26, Article V of the Code of the City of Richmond (2015), as amended, on real estate in the Increment Financing Area based on the 2020 Proposed Assessment of such real estate in the Increment Financing Area

AYES: _____ NOES: _____ ABSTAIN: _____

ADOPTED: _____ REJECTED: _____ STRICKEN: _____

provided in the 2020 Notice of General Reassessment for each parcel of real estate in the Increment Financing Area; provided, however, that if any real estate in the Increment Financing Area was exempt from real estate taxes in the Tax Year commencing January 1, 2019, the Baseline Real Estate Value of such real estate shall equal \$0.00.

(c) *City Incremental Revenues.* “City Incremental Revenues” means the following incremental revenues generated within the Development Area and the Increment Financing Area:

(1) The amount of real estate taxes levied pursuant to Chapter 26, Article V of the Code of the City of Richmond (2015), as amended, on real estate in the Increment Financing Area by the City in each Tax Year beginning with the Tax Year commencing January 1, 2020, that exceeds the Baseline Real Estate Value, less the amount of any grants funded by the City where the grant amount is based on the amount of real estate taxes paid for real estate located in the Increment Financing Area.

(2) The amount of meals taxes levied pursuant to Chapter 26, Article VIII of the Code of the City of Richmond (2015), as amended, at a rate of six percent on meals purchased in the Development Area in each Tax Year beginning with the Tax Year commencing January 1, 2020, that exceeds the amount of such meals taxes levied at a rate of six percent on meals purchased in the Development Area in the Tax Year commencing January 1, 2019, which, for purposes of this ordinance, is assumed to be \$0.00. It is the intent of this ordinance that no part of the additional meals tax levy for which section 2 of Ordinance No. 2018-017, adopted February 12, 2018, be included when calculating meals taxes to be contributed to the Navy Hill Fund.

(3) The amount of Virginia retail sales and use taxes attributable to the Development Area remitted by the Commonwealth of Virginia to the City in each Tax Year

beginning with the Tax Year commencing January 1, 2020, that exceeds the amount of Virginia retail sales and use taxes attributable to the Development Area remitted by the Commonwealth of Virginia to the City for the Tax Year commencing January 1, 2019, which, for purposes of this ordinance, is assumed to be \$0.00.

(4) The amount of transient lodging tax levied pursuant to Chapter 26, Article X of the Code of the City of Richmond (2015), as amended, in each Fiscal Year beginning with the Fiscal Year commencing on July 1, 2020, on any hotel constructed in the Development Area that the City receives in an amount not to exceed those Residual Tax Payment Fund distributions made in accordance with the provisions set forth in sections 3 (“Residual Tax Payment Fund”), 4 (“First Distribution of Residual Fund Moneys”), 5 (“Second Distribution of Residual Fund Moneys”), and 6 (“Due To, Due From” Payment Obligations”) of an Interlocal Agreement dated February 1, 2000, and approved by Ordinance No. 99-301-287, adopted September 27, 1999, and as authorized by section 508 (“Residual Account”) of an Indenture of Trust entered into by the Greater Richmond Convention Center Authority and dated February 1, 2000.

(5) The amount of license taxes levied pursuant to Chapter 26, Article XV of the Code of the City of Richmond (2015), as amended, that is attributable to the Development Area in each Tax Year beginning with the Tax Year commencing January 1, 2020, that exceeds the amount of such license taxes levied that is attributable to the Development Area for the Tax Year commencing January 1, 2019, which, for purposes of this ordinance, is assumed to be \$0.00.

(6) The amount of admission taxes levied pursuant to Chapter 26, Article IX of the Code of the City of Richmond (2015), as amended, in the Development Area in each

Tax Year beginning with the Tax Year commencing January 1, 2020, that exceeds the amount of such admission taxes levied in the Development Area for the Tax Year commencing January 1, 2019, which, for purposes of this ordinance, is assumed to be \$0.00, less the amount of any grants funded by the City where the grant amount is based on the amount of admissions tax paid for admissions to any arena located in the Development Area following an increase in the admissions tax rate.

(7) The amount of Net Parking Revenues, up to a maximum of \$2,500,000.00 per Fiscal Year, from (i) parking meters located in the Increment Financing Area for each Fiscal Year beginning with the Fiscal Year commencing July 1, 2020, that exceeds the amount of Net Parking Revenues from parking meters located in the Increment Financing Area for the Fiscal Year commencing July 1, 2019, and (ii) the following City-owned off-street parking facilities beginning with the Fiscal Year commencing July 1, 2020, that exceeds the amount of Net Parking Revenues from such City-owned off-street parking facilities for the Fiscal Year commencing July 1, 2019:

- a. The 5th and Marshall Street Garage;
- b. The 7th and Marshall Street Garage;
- c. The 5th and Broad Street Lot;
- d. The 7th and Grace Street Garage;
- e. The Coliseum Garage; and
- f. The 8th and Clay Street Lot.

(d) *Cooperation Agreement*. “Cooperation Agreement” means that certain Navy Hill Cooperation Agreement entered into between the City and the Authority for the purposes set forth therein.

(e) *Development Area.* “Development Area” means the parcels of real estate identified by street address and tax parcel number on the document labeled Exhibit A, entitled “Development Area Parcels,” and attached to this ordinance.

(f) *Fiscal Year.* “Fiscal Year” means a fiscal year as defined in section 6.01 of the Charter of the City of Richmond (2019), as amended.

(g) *Increment Financing Area.* “Increment Financing Area” means all parcels of real estate located in the area bounded by North 1st Street on the west, Interstate 64/95 on the north, North 10th Street on the east, and East Byrd Street on the south.

(h) *Navy Hill Fund.* “Navy Hill Fund” means the fund created by section 2 of this ordinance.

(i) *Net Parking Revenues.* “Net Parking Revenues” means the revenues derived solely from parking meters of the City located within the Increment Financing Area and from the City-owned off-street parking facilities listed in section 1(c)(7) of this ordinance, less the City’s costs and expenses incurred during any fiscal year for the management, maintenance, administration, sales, or operation of the City’s parking system.

(j) *Tax Year.* “Tax Year” means a tax year as defined in section 6.01 of the Charter of the City of Richmond (2019), as amended.

§ 2. **Navy Hill Fund.**

(a) *Creation.* There is hereby created a special revenue fund of the City named the “Navy Hill Fund” into which the Director of Finance shall credit and deposit all City Incremental Revenues.

(b) *Purpose.* The purpose of the Navy Hill Fund is to set aside, to the extent permitted by law, and to account separately for the City Incremental Revenues that the City has agreed to pay to the Authority pursuant to the Cooperation Agreement.

(c) *Limitations.*

(1) The City shall make no payment to the Authority from the Navy Hill Fund other than pursuant to a lawful appropriation for such purpose by the City Council.

(2) The City shall make no payment to the Authority pursuant to any appropriation unless the Director of Finance has first credited, to the Navy Hill Fund, City Incremental Revenues in an amount equal to the payment to be made to the Authority.

(3) This ordinance shall not be deemed to be a pledge of the City's moral obligation or general obligation to any holder of any debt instrument or of the City's full faith and credit to make any payment to the Authority.

(4) For the avoidance of doubt, this ordinance is not intended to exercise the authority set forth in or otherwise be conditioned upon or subject to Title 58.1, Subtitle III, Chapter 32, Article 4.1 of the Code of Virginia (1950), as amended.

§ 3. **Effective Date.** This ordinance shall be in force and effect upon adoption and shall expire upon the later of the (i) expiration or earlier termination of a certain Deed of Ground Lease (Arena) between the Authority and The NH District Corporation or (ii) expiration or earlier termination of the Cooperation Agreement.