



# Richmond City Council

The Voice of the People

Richmond, Virginia

## Office of the Council Chief of Staff

**TO** Lenora Reid, Acting Chief Administrative Officer  
Leonard Sledge, Director of Economic Development  
Matt Welch, Senior Policy Advisor  
Jeff Gray, Senior Policy Advisor to the CAO

**FROM** Meghan Brown, Interim Council Chief of Staff

**COPY** Cynthia Newbille, President

**DATE** October 8, 2019

**RE:** October 7<sup>th</sup> Navy Hill Work Session – Follow Up Questions

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- 1.) What will be the process for any Councilmembers to be allowed to participate in closed session meetings of the EDA?

### **City Attorney/Orrick Response:**

From a legal standpoint, the Board of Directors of the EDA determines who participates in closed sessions of the EDA. The EDA is a separate political subdivision of the Commonwealth, established pursuant to the authority of Chapter 49 of Title 15.2 of the Code of Virginia. Its Board determines participation of third parties in closed session in accordance with the Virginia Freedom of Information Act, specifically Virginia Code Section 2.2-3712(F): “A public body may permit nonmembers to attend a closed meeting if such persons are deemed necessary or if their presence will reasonably aid the public body in its consideration of a topic that is a subject of the meeting.” Any specific concerns about or interest in the subject matter of a closed session, and about participation therein, may be addressed from a practical standpoint with the EDA’s Board Chairman or with the City’s Director of Economic Development with advice of legal counsel where necessary.

- 2.) Please provide a listing of the administrative activities that the Chief Administrative Officer will have the authority to do re administrative requirements of the Arena and Armory.

### **City Attorney/Orrick Response:**

Pursuant to Section 2.5 of each of the Arena and Armory Ground Leases, each Ground Lease affords the City the “*power to exercise all of the rights of Landlord under \*the\* Lease.*” This provision grants the City the legal right to grant any approvals or waivers required under the respective Leases and to perform all administrative functions of the Landlord, including, but not limited to, the approval of all design and construction

contracts and related contractor documents, approval of the operating and maintenance plan, granting of any notice waivers or the exercise of any remedies upon a default under a Lease.

- 3.) Will any modifications of the lease agreements for the Arena and/or Armory require Council approval?

**City Attorney/Orrick Response:**

As a legal matter, each of the Arena Lease and the Armory Lease provides for its modification by the “the representatives of Landlord and Tenant duly authorized to sign in the same manner as required for this Lease.” “Landlord” is the Economic Development Authority, and “Tenant” is The NH District Corporation. The Cooperation Agreement does not restrict the changes to which the Economic Development Authority may agree as the Cooperation Agreement does with regard to the future refinancing of the bonds. Practically, though, the Economic Development Authority, from a business standpoint, would not make modifications that would have a materially adverse effect on the bond financing or the other legal documents that govern the Navy Hill development because those modifications could unravel the deal. In addition, section 39.7 of each lease makes the City an intended third-party beneficiary of that lease. As an intended third-party beneficiary, the City would be able to sue to enforce the lease if its rights actions by either party under the lease adversely affected the City’s rights.

- 4.) Please provide the amount of debt currently outstanding on the parcels included in the Navy Hill project.

**Response:**

Please see the attached spreadsheet.

Note - Though shown in the attached spreadsheet, the 5<sup>th</sup> and Marshall Parking Deck (wrapped by Parcel E) and the Coliseum Parking Deck (wrapped by Parcel B) will continue to be owned and managed by the City.

- 5.) What is budgeted in FY20 for the Coliseum (subsidy, debt, etc.)? What costs will be incurred, but are not yet budgeted?

**Response:**

In FY2020 the City budgeted \$558,018 to pay debt service on the Richmond Coliseum. Principal of \$469,878 and semi-annual interest of \$48,207 were paid on July 15, 2019 (FY2020) with the second interest payment of \$39,933 due January 15, 2020.

The City’s FY2020 budget also included \$436,000 in Public Works for maintaining the Coliseum.

- 6.) Please provide the analysis that was performed that provided the basis for the Administration to shut down the Coliseum. Please provide a history of the cost and revenue that was derived by the Coliseum.

**Response:**

Please see the attached documents showing fiscal years 2015 through 2020.

- 7.) How much would it cost to reopen the Coliseum and start scheduling events?

**Response:**

To estimate the cost to reopen the Coliseum and start scheduling events would require a variety of factors to be considered. Per DPW, prior to bringing the Coliseum on line, a complete assessment of the facility – e.g., HVAC, roof, lighting, plumbing – should be performed.

- 8.) Does the 30 year financial model/analysis (cash flow impact) take into account a recession in the first five years?

**Davenport Response:**

The 30 year cash flow analysis does not factor in a specific recession in the first five years. Recessions are not predictable in terms of timing nor severity. As a result, the 2% growth rate in the Municap projections takes into account the fact that over time there will be years with much higher growth and years with lower growth (due to recessions). Likewise, the additional growth impact assumed by Hunden is also an average annual growth rate that also takes into account the fact that over time there will be years with much higher growth and years with lower growth (due to recessions).

- 9.) Please provide a financial model/analysis scenario (cash flow impact) that assumes the same real estate tax growth forecasted for both scenarios (“Do Nothing” and “With Project”), and provides for the current new Dominion tower and the other tower remaining as is and not assuming another new tower will be built.

**Davenport Response:**

Please see the “Cash Flow Impact Analysis” dated Oct. 11, 2019 and provided along with this response.

- 10.) Can a financial model/analysis scenario (cash flow impact) be performed that takes into account the time value of money? If so, please provide.

**Davenport Response:**

Please see the spreadsheets dated Oct. 11, 2019 and provided along with this response.

- 11.) In the financial model/analysis (cash flow impact) please provide a breakdown of the assumptions for each column.

**Response:**

Please see the spreadsheets dated Oct. 11, 2019 and provided along with these response.

- 12.) Can MuniCap, Inc. provide their projections, data sets, tables, etc. in a more user friendly format that Members can use to test the assumptions and numbers?

**NHDC Response:**

MuniCap's model is proprietary so we will not be able to gain access to their "live" model. However, MuniCap does provide us an Excel workbook with values which can then be used to do an independent analysis. That Excel workbook is being provided along with this response.

Please note that provided with this response is MuniCap Projection No. 26, which updates version 25A that was previously provided to City Council. Projection No. 26 should be considered the correct projection to utilize moving forward and the document includes a cover memo explaining the update from version 25A.

- 13.) How will the Administration ensure that Councilmembers will have the same opportunity and access to the Arena and the City Club Suite?

**Response:**

The Arena Lease contemplates the operator entering into a use agreement with the City prior to substantial completion of the arena providing for the City's use of the suite and tickets. The Administration is willing to work with members of Council to ensure there is a clear and inclusive process for utilizing the negotiated benefits (e.g., suite/tickets during private events and rights to use arena for public events).

City of Richmond  
Outstanding Debt by Property

**Debt Service on Parking Assets**

FY	<u>5th and Marshall Parking Deck</u> (Wrapped by Parcel E) Remains with City <b>1,000 spaces</b> 2017B GO(Tax exempt) & 2017C GO (Taxable)			<u>Coliseum Parking Garage</u> (Wrapped by Parcel B) Remains with City <b>943 Spaces</b> 2012C GO (Taxable)			<u>5th and Broad Surface Parking Lot</u> Parcel N <b>117 spaces</b> 2017B GO(Tax exempt) & 2017C GO (Taxable)			<u>7th and Grace Surface Parking Lot</u> Parcel U <b>124 spaces</b> 2017B GO(Tax exempt) & 2017C GO (Taxable)			<u>6th and Franklin Parking Deck</u> Parcel U <b>94 spaces</b> 2017B GO(Tax exempt) & 2017C GO (Taxable)			
	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	
	FY2020		407,158.29	407,158	-	15,545	15,545	47,637.52	47,638	50,488	50,488	38,273	38,273			
	FY2021	1,691,517	726,797	2,418,314	513,127	19,494	532,621	197,907	85,035	282,943	209,748	90,123	299,871	159,003	68,319	227,322
FY2022	1,732,648	684,342	2,416,990	518,185	6,734	524,919	202,720	80,068	282,788	214,848	84,858	299,707	162,869	64,328	227,197	
FY2023	1,784,062	633,095	2,417,157				208,735	74,072	282,807	221,224	78,504	299,727	167,702	59,511	227,213	
FY2024	1,843,188	572,620	2,415,808				215,653	66,997	282,649	228,555	71,005	299,560	173,260	53,826	227,086	
FY2025	1,902,314	513,371	2,415,685				222,571	60,064	282,635	235,887	63,658	299,545	178,817	48,257	227,074	
FY2026	1,964,010	454,810	2,418,821				229,789	53,213	283,002	243,537	56,396	299,934	184,617	42,752	227,369	
FY2027	2,025,707	392,808	2,418,515				237,008	45,959	282,966	251,188	48,708	299,896	190,416	36,924	227,340	
FY2028	2,089,974	327,433	2,417,407				244,527	38,310	282,837	259,157	40,602	299,758	196,458	30,779	227,236	
FY2029	2,161,954	258,429	2,420,382				252,949	30,236	283,185	268,082	32,045	300,127	203,224	24,292	227,516	
FY2030	2,231,362	187,304	2,418,666				261,069	21,915	282,984	276,689	23,226	299,915	209,748	17,607	227,355	
FY2031	2,305,913	112,780	2,418,692				269,792	13,195	282,987	285,933	13,985	299,918	216,756	10,601	227,357	
FY2032	2,380,463	36,910	2,417,373				278,514	4,319	282,833	295,177	4,577	299,754	223,763	3,470	227,233	
	<u>24,113,111</u>	<u>5,307,859</u>	<u>29,420,969</u>	<u>1,031,312</u>	<u>41,773</u>	<u>1,073,085</u>	<u>2,821,234</u>	<u>621,019</u>	<u>3,442,253</u>	<u>2,990,026</u>	<u>658,174</u>	<u>3,648,200</u>	<u>2,266,632</u>	<u>498,939</u>	<u>2,765,571</u>	

**Debt Service on City Buildings**

FY	<u>Richmond Coliseum</u> (Tax Exempt)			<u>Advantage Richmond (Marshall Plaza)</u> (Tax Exempt)		
	Principal	Interest	Debt Service	Principal	Interest	Debt Service
		39,933	39,933		36,225	36,225
2020						
2021	473,309	71,377	544,686	1,135,571	36,225	1,171,796
2022	480,721	52,545	533,266			
2023	480,794	31,599	512,393			
2024	493,906	10,498	504,404			
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
	<u>1,928,730</u>	<u>205,952</u>	<u>2,134,682</u>	<u>1,135,571</u>	<u>72,450</u>	<u>1,208,021</u>

# Richmond Coliseum

Schedule of Operating Activities  
Years Ended June 30\*



	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>Budgeted FY2020</u>
Richmond Coliseum Operating (Loss)*	\$ (664,131)	\$ (841,290)	\$ (414,432)	\$ (512,420)	\$ (542,423)	\$ (436,000)
Subsidy to Coliseum**	\$ (1,540,337)	\$ (783,737)	\$ (856,770)	\$ (464,892)	\$ (425,000)	\$ -
Debt Service***	\$ (819,942)	\$ (799,199)	\$ (590,604)	\$ (582,837)	\$ (563,873)	\$ (558,018)
<b>TOTAL Gain/(Loss)</b>	<b>\$ (3,024,410)</b>	<b>\$ (2,424,226)</b>	<b>\$ (1,861,806)</b>	<b>\$ (1,560,149)</b>	<b>\$ (1,531,296)</b>	<b>\$ (994,018)</b>

\*Fiscal Years 2015, 2016, 2017, and 2018 pulled from the Richmond Coliseum Financial Schedules compiled by Mitchell Wiggins (CPAs) which was presented to the Planning Commission and is public (on legistar).

FY2019 - Unaudited amount from RAPIDS

FY2020 - Budgeted in Public Works budget for Coliseum maintenance

\*\*Per Fiscal Years 2015, 2016, 2017, 2018 CAFRs

\*\*See attached Richmond Coliseum Debt Service

NOTE: Estimated cost of demolition is \$12,000,000, per Public Works Department.

***Business Type Activities***

**Richmond Coliseum Debt Service**

General Obligation Bonds

Payment Paid/ Due in FY	<b><i>Coliseum</i></b>		Total Debt Service
	Principal	Interest	
2014	752,053.18	228,871.17	980,924.35
2015	620,256.18	199,685.32	819,941.50
2016	628,667.18	170,531.35	799,198.53
2017	452,263.00	138,340.65	590,603.65
2018	464,179.00	118,657.69	582,836.69
2019	461,178.00	102,695.18	563,873.18
2020	469,878.00	88,140.11	558,018.11
2021	473,309.00	71,377.30	544,686.30
2022	480,721.00	52,545.06	533,266.06
2023	480,794.00	31,598.77	512,392.77
2024	493,906.00	10,498.21	504,404.21