

## Draft Report and Analysis School Investment Funding Plan

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Presented to the:  
Project Evaluation Team

# Goals & Objectives

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- Provide perspective on the City's historic CIP Investment in General Governmental and School Capital Needs over the last 10 years.
- Identify capital needs of both the City and Richmond Public Schools over the next decade.
- Identify Local Revenue options to support new potential Capital Investment,
  - Quantify the relative impact of raising certain Local Revenues.
- Refined projections of potential **Debt Capacity** over the next ten years (i.e. first five and subsequent five years) through FY 2026. **Debt Capacity** is calculation of the amount of debt that can be issued and still be in compliance with the Debt Policies.
  - Assuming **no change** in the City's Primary Governing Debt Policy – Debt Service vs. Total Budget not to exceed 10%; and
  - Assuming **increase** in the City's Primary Governing Debt Policy – Debt Service vs. Total Budget not to exceed 12%.
- **Debt Affordability** analysis incorporating the City's existing Primary Governing Debt Policy at the 10% level and potential impact assuming an increase to a 12% level. **Debt Affordability** is the City's ability to pay for new debt service from recurring and sustainable Revenue Sources.

# Key Observations



- Assuming a change in the City's Primary Governing Debt Policy from 10% to 12%, provide Additional Policy recommendations that may provide enhanced credit strengths. Such Additional Policies may include:
  - ✓ Maintaining the City's Unassigned Fund Balance and reserve levels, if not adding additional funds and increasing the policy targets over time.
  - ✓ Continuously providing balanced budgets that incorporate modest surpluses.
  - ✓ Incorporating Equity pay-as-you-go funding targets into the City's policies and providing for cash capital expenditures in the annual operating budget.
  - ✓ Potential new dedicated annual funding sources from recurring real estate tax revenues with a policy that includes equalization in the event of a decline in the City's tax base.
  
- Implementing an increase in the City's Primary Governing Debt Policy to 12% will allow for increased capacity and borrowing for capital investment.
  - The Additional Policies outlined above are critical and necessary in order to protect the fiscal integrity of the City;
  - BUT, there is no assurance that the implementation and adherence to such Additional Policies will prevent a change in the City's credit ratings
  
- Based on the City's existing CIP spending needs, the City's debt service is projected to increase over the next five years, which will require increasing the City's budget for debt service above the level in the FY 2017 Proposed Budget.
  
- Any additional debt borrowed under the expanded Primary Governing Debt Policy above will require new recurring and sustainable revenue sources for repayment.

# Key Observations



## ■ Preliminary Debt Capacity

– Results are shown below assuming a change in the City’s Governing Debt Policy from 10% to 12%:

### ESTIMATED DEBT CAPACITY

	Revised with FY 2017 Budget	
	<u>Scenario A</u>	<u>Scenario B</u>
	Current 10% Policy	Policy Change to 12%
First Five Years (2017-21)	\$8.5	\$243.7
Next Five Years (2022-26)	<u>\$321.5</u>	<u>\$339.7</u>
Total (10 Years)	\$330.0	\$583.4

# Key Observations



## ■ Preliminary Debt Affordability – Scenario A

- Assuming ***no change*** in the City’s Primary Governing Debt Policy – Debt Service vs. Total Budget not to exceed 10%;

	Scenario A Current 10% Policy
<b>Debt Issue Assumptions</b>	
Existing CIP Spending	\$318.8
Additional Capacity Through FY 2026	<u>330.0</u>
<b>Total Debt Issued</b>	<b>\$648.8</b>
<b>New Recurring Annual Revenues Needed Through FY 2026</b>	<b>\$28.3</b>

## ■ Preliminary Debt Affordability – Scenario B

- Assuming ***increase*** in the City’s Primary Governing Debt Policy – Debt Service vs. Total Budget not to exceed 12%.

	Scenario B 12% Policy
<b>Debt Issue Assumptions</b>	
Existing CIP Spending	\$318.8
Additional Capacity Through FY 2026	<u>583.4</u>
<b>Total Debt Issued</b>	<b>\$902.2</b>
<b>New Recurring Annual Revenues Needed Through FY 2026</b>	<b>\$47.1</b>

# Potential Revenue Sources



- The Revenues/Financing Working Group evaluated a diversity of Potential Revenue Sources. They are comprised as follows:

		Sustainable	Reliable	Locality Discretion	Available
1	Prepared Foods (Meals) Tax	Yes	Yes	Yes	Yes
2	Personal Property Tax	Yes	Yes	Yes	Yes
3	Admissions Tax	Yes	Yes	Yes	Yes
4	Lodging (Hotel) Tax	Yes	Yes	Yes	No
5	Cigarette Tax	Yes	Yes	Yes	Yes
6	Motor Vehicle License Tax	Yes	Yes	Yes	Yes
7	Real Estate Tax	Yes	Yes	Yes	Yes
8	Real Estate Tax (¼ Growth New Value)	Yes	Yes	Yes	Yes
9	Business License (BPOL) Tax	Yes	Yes	No	No
10	Consumers' Utility Tax	Yes	Yes	No	No
11	Incremental Utility PILOT	No	No	No	No
12	State PILOT Service Charge	No	No	No	No
13	Other PILOT Service Charge	No	No	Possible	Possible
14	Surplus Property Sales	No	No	Possible	No

# Other Potential Funding Strategies



- The Revenues/Financing Working Group evaluated Other Potential Funding Strategies as follows:

	Sustainable	Reliable	Locality Discretion	Available
15 PPEA	No	No	Yes	Yes
16 Subsidized Funding (QZAB)	No	No	Yes	Possible
17 Historic Tax Credits	No	No	Yes	Possible

- These Potential Funding Strategies may accelerate a project (in the case of PPEA) or provide additional upfront funding that is cost effective, but they do not traditionally provide recurring revenues or income.

# Revenue Type



Revenue Type	
1	<b>Prepared Foods (Meals) Tax</b> <ul style="list-style-type: none"><li>• 6% (6¢ per \$1.00 of sales)</li><li>• Generates \$5.5 million for every 1¢</li></ul>
2	<b>Personal Property Tax (vehicle less than 2 tons)</b> <ul style="list-style-type: none"><li>• \$3.70/\$100 of Assessed Valuation</li><li>• 10% increase generates \$3.2 million</li></ul>
3	<b>Admissions Tax</b> <ul style="list-style-type: none"><li>• 7% (7¢ per \$1.00 of sales)</li><li>• Generates \$415,000 for every 1¢</li></ul>
4	<b>Lodging (Hotel) Tax</b> <ul style="list-style-type: none"><li>• 8% (8¢ per \$1.00 of sales)</li><li>• Note this revenue is committed to GRCCA</li></ul>
5	<b>Cigarette Tax</b> <ul style="list-style-type: none"><li>• NA – Richmond does not have this tax</li><li>• If implemented similar to Norfolk, may generate upwards of \$5 million<sup>(1)</sup></li></ul>
6	<b>Motor Vehicle License Tax</b> <ul style="list-style-type: none"><li>• Rates vary depending on vehicle class</li><li>• Increase in rate from \$23 to \$30 for passenger vehicles generates approximately \$1.2 million</li></ul>
7	<b>Real Estate Tax</b> <ul style="list-style-type: none"><li>• \$1.20/\$100 of Assessed Valuation</li><li>• Generates \$1.9 million for every 1¢</li></ul>

Source: City of Richmond, Department of Finance/[Virginia Local Tax Rates](#) Weldon Cooper Center for Public Service  
(1) Based on analysis developed by City Council analyst staff.





## Revenue Type

- |    |   |
|----|---|
| 8  | <b>Real Estate Tax (¼ of Growth in New Valuation)</b> <ul style="list-style-type: none"><li>Assuming \$1.20/\$100 of Assessed Valuation</li><li>NOTE: to the extent funds are dedicated/targeted toward a specific use, they are not available for general fund purposes.</li><li>Only works with Equalization Policy</li></ul>                               |
| 9  | <b>Business License (BPOL) Tax</b> <ul style="list-style-type: none"><li>Rates established by Virginia Code and subject to cap</li><li>City is at maximum rates</li></ul>   |
| 10 | <b>Consumers' Utility Tax</b> <ul style="list-style-type: none"><li>Rates established by Virginia Code and subject to cap</li><li>Limited, if any, ability to adjust</li></ul>  |
| 11 | <b>Incremental Utility PILOT</b> <ul style="list-style-type: none"><li>Generated by Net Revenues of the Utility System</li><li>Possible revenue levels are de minimis – Under \$250,000 per year</li></ul>  |
| 12 | <b>State PILOT Service Charge</b> <ul style="list-style-type: none"><li>City currently budgets PILOT service charge on certain Commonwealth of Virginia Property</li><li>Most recently reported PILOT in FY 2014 CAFR was \$4.2 million</li><li>Payment of this revenue is subject to the Commonwealth's discretion regardless of the rate assessed</li></ul> |

Source: City of Richmond, Department of Finance/[Virginia Local Tax Rates](#) Weldon Cooper Center for Public Service  
(1) Based on analysis developed by City Council analyst staff.



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## Revenue Type

- 13
- Other PILOT Service Charge**
- The City has approximately \$6 billion of tax-exempt property comprised of other state and state agency facilities, and not for profit entities
  - Imposition of PILOT may be considered, but collectability could be uncertain

- 14
- Surplus Property Sales**
- Mothballed properties no longer in use by either the City or Schools may provide one-time dollars
  - Value of such properties and revenue derived may be hard to ascertain and budget
- 

Source: City of Richmond, Department of Finance/[Virginia Local Tax Rates](#) Weldon Cooper Center for Public Service  
(1) Based on analysis developed by City Council analyst staff.

# Other Potential Funding Strategies



## Potential Funding Strategy

### 15 PPEA

- Can be used for Capital investment and evaluated as a part of the overall construction program
- PPEA Process provides potential efficiencies for procuring design and construction of projects
- Requires debt to be issued and repaid from recurring revenues
- Does not provide recurring revenue revenues

### 16 Subsidized Funding (QZAB)

- Qualified Zone Academy Bond
- Upfront debt funding source in which the interest rate is subsidized by Federal Tax Credits
- Must be allocated to the Locality and there is limited availability of funds

### 17 Historic Tax Credits

- Can be used for Capital investment
- Projects must meet very specific criteria

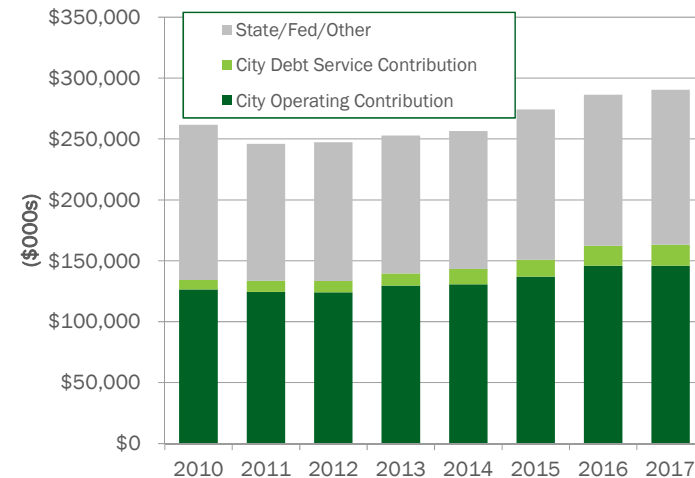
Source: City of Richmond, Department of Finance/[Virginia Local Tax Rates](#) Weldon Cooper Center for Public Service  
(1) Based on analysis developed by City Council analyst staff.

# Historic Annual Funding of Richmond Public Schools (RPS)



- The Total City Local Contribution to Richmond Public Schools (RPS) has increased 22% since 2010.
  - Operations +16% (increase of \$19.6 million since 2010); and
  - Debt Service + 123% (due to 4 new Schools since 2010)
- At the same time State, Federal and Other Sources were flat (0% Growth).
- Total Funding per Student has increased by 8% since 2010.

RPS Funding History



Fiscal Year:	Amounts in (\$000)									2010 - 2017	
	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Adopted	2017 Proposed	% Change	Average Growth	
<b>City Operating Contribution</b>	\$126,389	\$124,671	\$124,245	\$129,532	\$130,655	\$137,068	\$146,000	\$146,000	16%	2.1%	
<b>City Debt Service Contribution</b>	7,756	8,960	9,224	10,215	12,519	13,679	16,394	17,280	123%	12.1%	
<b>Total City Local Contribution</b>	\$134,145	\$133,631	\$133,469	\$139,747	\$143,173	\$150,747	\$162,394	\$163,279	22%	2.8%	
<b>% Change</b>	--	-0.4%	-0.1%	4.7%	2.5%	5.3%	7.7%	0.5%			
<b>State/Fed/Other</b>	\$127,384	\$112,397	\$113,873	\$113,132	\$113,473	\$123,358	\$124,014	\$127,167	0%	0.0%	
<b>% Change</b>	--	-11.8%	1.3%	-0.7%	0.3%	8.7%	0.5%	2.5%			
<b>Total School Funding</b>	<b>\$261,528</b>	<b>\$246,028</b>	<b>\$247,342</b>	<b>\$252,878</b>	<b>\$256,646</b>	<b>\$274,105</b>	<b>\$286,408</b>	<b>\$290,446</b>	11%	1.5%	
		-5.9%	0.5%	2.2%	1.5%	6.8%	4.5%	1.4%			
<b># of Students</b>	21,344	21,399	21,267	21,626	21,786	21,958	22,035	21,992	3%	0.4%	
<b>Total Funding Per Student (\$)</b>	\$12,253	\$11,497	\$11,630	\$11,693	\$11,780	\$12,483	\$12,998	\$13,207	8%	1.1%	

Source: RPS budget documents, City of Richmond CAFR documents, Department of Finance

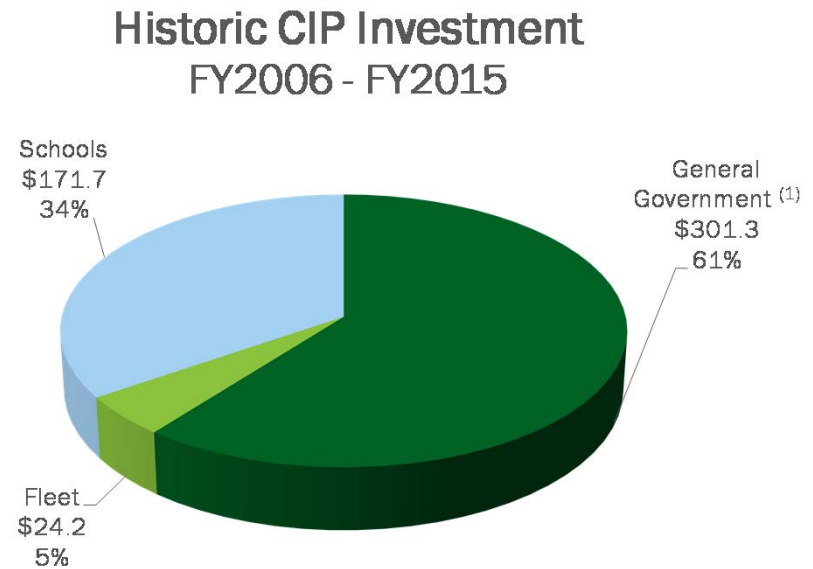
# Historic CIP Investment FY2006 - FY2015



- The City’s historic funding of the CIP for the last 10 years (2006-2015) is shown below:
- The City has funded \$171.7 million of school capital needs, which represents about 34% of total CIP Investment over the last 10 years (excluding the City’s \$101.7 million investment in a once-in-a-generation Jail Facility).
- Beginning in 2010, the City began School investment in a substantial manner with its investment in four new schools beginning approximately 12 years after its last schools were built.
  - Approximately 94% or \$161.4 of the \$171.7 million School Investment occurred from 2010 through 2015.

	10-Year Total	% of Total
<b>General Government <sup>(1)</sup></b>	\$301.3	61%
<b>Fleet</b>	\$24.2	5%
<b><u>Schools</u></b>	<u>\$171.7</u>	34%
<b>Total</b>	\$497.2	100%

(\$millions)



(1) Excludes \$101.7 million Jail Investment (local portion).

Source: City of Richmond, Department of Finance

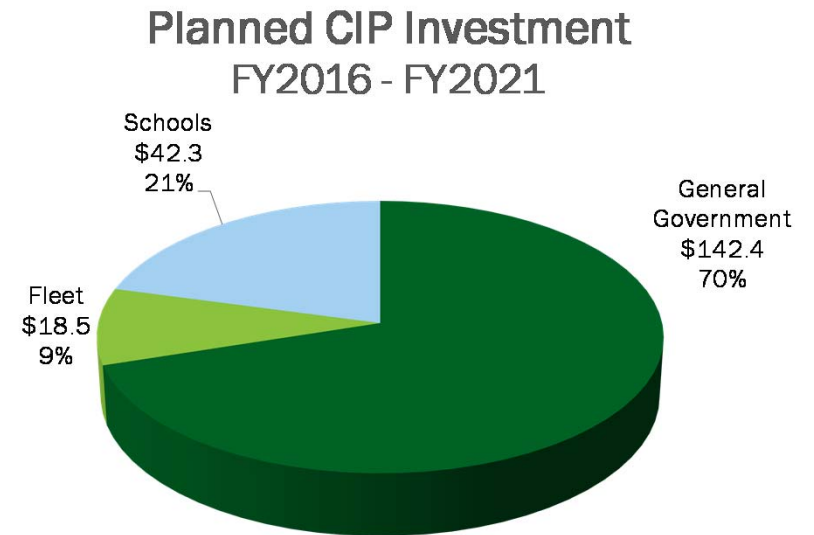
# Planned CIP Investment FY2016 - FY2021



- The City’s planned funding of the CIP for FY2016 - FY2021 (FY 2016 Adopted and FY 2017 Proposed Budgets) is shown below:
  - Approximately \$42.3 million or 21% of the City’s planned \$203 million CIP Investment is allocated for Schools

	FY2016-21 Total	% of Total
General Government	\$142.4	70%
Fleet	\$18.5	9%
<u>Schools</u>	<u>\$42.3</u>	<u>21%</u>
<b>Total</b>	<b>\$203.2</b>	<b>100%</b>

(\$millions)



Source: City of Richmond, Budget Documents

# Total Existing CIP Spending Needs (FY 2016 – FY 2021)



- Total Existing CIP Spending Needs over FY 2016 – FY 2021 approximates \$318.8 million and is comprised of:
  - Adopted CIP Projects in the FY 2016 Budget/Proposed CIP Projects in the FY 2017 Budget and 5-year planning horizon through FY 2021; and
  - Continued spending on Previously Adopted CIP Projects as shown below:

CIP - Adopted FY 2016/Proposed FY 2017-2021			
Fiscal Year	G.O. Bonds	G.O, Equipment Notes	Total
2016	\$60,401,517	\$5,200,000	\$65,601,517
2017	61,430,914	5,000,000	66,430,914
2018	29,712,609	2,300,000	32,012,609
2019	15,505,150	2,000,000	17,505,150
2020	9,548,650	2,000,000	11,548,650
2021	<u>8,095,000</u>	<u>2,000,000</u>	<u>10,095,000</u>
<b>1 Total CIP (FY 2016-FY2021):</b>	<b><u>\$184,693,840</u></b>	<b><u>\$18,500,000</u></b>	<b><u>\$203,193,840</u></b>

(See Page 5)

*Plus:*

**2 Previously Adopted CIP Projects (Pre FY 2016 Amounts Remaining and Still to be Financed): \$115,624,315**

*Equals:*

**(1+2) = 3 Total Existing CIP Spending (to be Financed FY 2016 - FY2021): \$318,818,155**

- Note Previously Adopted CIP Projects includes projects such as: 800Mhz system, remaining School Construction Program, and other general CIP Projects from prior fiscal year budgets.

Source: City of Richmond Budget Documents and Department of Finance

# Richmond Public Schools and City Capital Needs Estimate

## Capital Needs Not in the Current CIP – Next Ten Years



- Richmond Public Schools Capital Needs not in the current CIP over the Next 10 years (Phases I and II of Option 5):

	First Five Years	Next Five Years	Ten Year Total
Phase I*	\$168.9	\$0.0	\$168.9
Phase II	\$0.0	\$205.5	\$205.5
<b>Total</b>	<b>\$168.9</b>	<b>\$205.5</b>	<b>\$374.4</b>

Source: Richmond Public Schools.

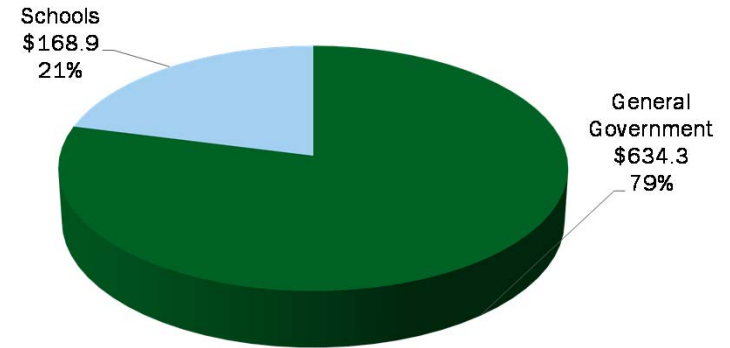
- \* Note \$105 million over the first 28 months is the minimum amount needed to begin Phase I
- Annual operating savings if Phase I is implemented as planned then 1 school would be closed resulting in an annual operating savings of \$500,000/yr beginning after year 5. Annual operating savings if Phase II is implemented as planned then 6 schools would be closed resulting in an annual operating savings of \$3.5 million/yr beginning after year 10.

- City Capital Needs not in the current CIP over the Next 10 years.

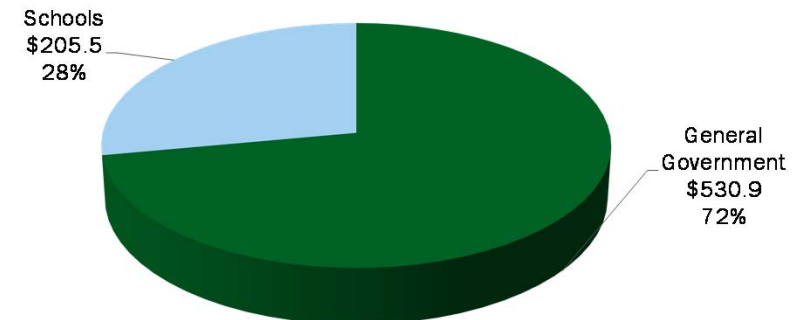
	First Five Years	Next Five Years	Ten Year Total
Public Works (DPW)	\$403.2	\$416.5	\$819.6
Facilities	\$82.5	\$27.2	\$109.7
DIT	\$32.5	\$25.0	\$57.5
Planning	\$51.0	\$51.0	\$102.0
ECD	\$43.1	\$3.5	\$46.6
Parks & Rec	\$22.0	\$7.8	\$29.7
<b>Total</b>	<b>\$634.3</b>	<b>\$530.9</b>	<b>\$1,165.2</b>

Source: City of Richmond

First Five Years  
Combined Capital Needs  
(Not in current CIP)



Next Five Years  
Combined Capital Needs  
(Not in current CIP)





# Debt Management Policies



## Debt Capacity

- The City's **Debt Capacity** is the amount of planned debt that could be issued by the City without violating the City's Debt Management Policies.
- In order to consider increasing the City's Debt Capacity in a responsible manner, the City's Financial Policy Guidelines governing Debt Capacity must be evaluated. Primary Debt Policies are summarized as follows:

Policy	Limit
1. Debt Service versus Total Budget	10%
2. Debt versus Assessed Valuation of Taxable Property	4.5%
3. 10-Year Payout Ratio	60%

- The City's Debt Service versus Total Budget Policy (Number 1 above) is the **"Primary Governing Debt Policy"**.
  - New debt issues also are structured to fit within the 10 Year Payout ratio, which impacts the term and principal repayment.

## Debt Affordability

- It is important to note that the collective efforts of all the working groups and Project Evaluation Team will include an evaluation of the City's **Debt Affordability**, which is an assessment of the projected cash flow impact of planned debt issuances taking into account the City's existing budget for debt service and any future bond/debt issues that may result in an increase in debt service.

# Preliminary Debt Capacity Results

## Governed by Debt Service vs. Total Budget Policy



- Preliminary **Debt Capacity** Results based on the City’s Total Existing CIP Spending Needs, Refined Revenue Growth Assumptions and Davenport’s Multi-year Plan of Finance approach under the following Scenarios:
  - **Scenario A (No Policy Change in Primary Governing Debt Policy):** Additional Debt Capacity of \$330.0 million through FY 2026 based on the City’s existing 10% Debt Service vs Total Budget Policy.
    - First Five Years through FY2021 = \$8.5 million
    - Next Five Years.FY2022 – FY2026 = \$321.5 million
  - **Scenario B (Potential Change in Primary Governing Debt Policy):** changing the City’s Debt Service vs. Total Budget Policy from **10% to 12%** increases Additional Debt Capacity to \$583.4 million through FY 2026.
    - First Five Years through FY2021 = \$243.7 million
    - Next Five Years.FY2022 – FY2026 = \$339.7 million

### ESTIMATED DEBT CAPACITY

	As Presented Oct 2015	Revised with FY 2017 Budget		Average Budget Growth Assumption <sup>(1)</sup>
		<u>Scenario A</u> Current 10% Policy	<u>Scenario B</u> Policy Change to 12%	
First Five Years (2017-21)	\$48.9	\$8.5	\$243.7	1.8%
Next Five Years (2022-26)	<u>\$319.5</u>	<u>\$321.5</u>	<u>\$339.7</u>	1.9%
<b>Total (10 Years)</b>	\$368.4	\$330.0	\$583.4	

(1) See Page 22 – Summary of Key Assumptions: Total Budget

# Preliminary Debt Affordability Results

## Scenario A



- Preliminary Debt Affordability Results based on the City's Total Existing CIP Spending Needs, refined revenue growth assumptions and Davenport's Multi-year Plan of Finance approach under the following Scenarios.
  - Scenario A (No Policy Change in Primary Governing Debt Policy): Increased Additional Debt Borrowing of \$330.0 million assumed through FY 2026 based on the City's existing 10% Debt Service vs Total Budget Policy.

Scenario A			
	(1)	(2)	(3) = (1+2)
	Recurring \$ Required for Planned New CIP Debt Service (DS)	Recurring \$ Required for Additional New Capacity DS	Recurring \$ Required for All New DS
<b>Debt Issued:</b>	\$318.8mm (p 6)	\$330.0mm (p 9)	
<b>Fiscal Year</b>			
2017	NA	NA	NA
2018	\$2,623,067	\$626,267	\$3,249,334
2019	3,748,038	626,267	4,374,305
2020	11,233,480	626,267	11,859,748
2021	14,086,424	626,267	14,712,692
2022	18,155,028	626,267	18,781,295
2023	18,155,028	3,848,102	22,003,130
2024	18,155,028	6,016,338	24,171,367
2025	18,155,028	8,147,763	26,302,791
2026	18,155,028	10,312,897	28,467,925

# Preliminary Debt Affordability Results

## Scenario B



- Preliminary Debt Affordability Results based on the City's Total Existing CIP Spending Needs, refined revenue growth assumptions and Davenport's Multi-year Plan of Finance approach under Scenario B Increased Debt Capacity
  - Scenario B (Potential Change in Primary Governing Debt Policy): Increased Additional Debt Borrowing of \$583.4 million is assumed through FY 2026 due to changing the City's Debt Service vs. Total Budget Policy from 10% to 12%.

Scenario B			
	(1)	(2)	(3) = (1+2)
	Recurring \$ Required for Planned New CIP Debt Service (DS)	Recurring \$ Required for Additional New Capacity DS	Recurring \$ Required for All New DS
<b>Debt Issued:</b>	\$318.8mm (p 6)	\$583.4mm (p 9)	
<b>Fiscal Year</b>			
2017	NA	NA	NA
2018	\$2,623,067	\$17,930,028	\$20,553,094
2019	3,748,038	17,930,028	21,678,065
2020	11,233,480	17,930,028	29,163,508
2021	14,086,424	17,930,028	32,016,452
2022	18,155,028	17,930,028	36,085,056
2023	18,155,028	21,477,730	39,632,759
2024	18,155,028	23,978,151	42,133,179
2025	18,155,028	26,448,199	44,603,227
2026	18,155,028	28,958,522	47,113,550

# Real Estate Tax Comparison

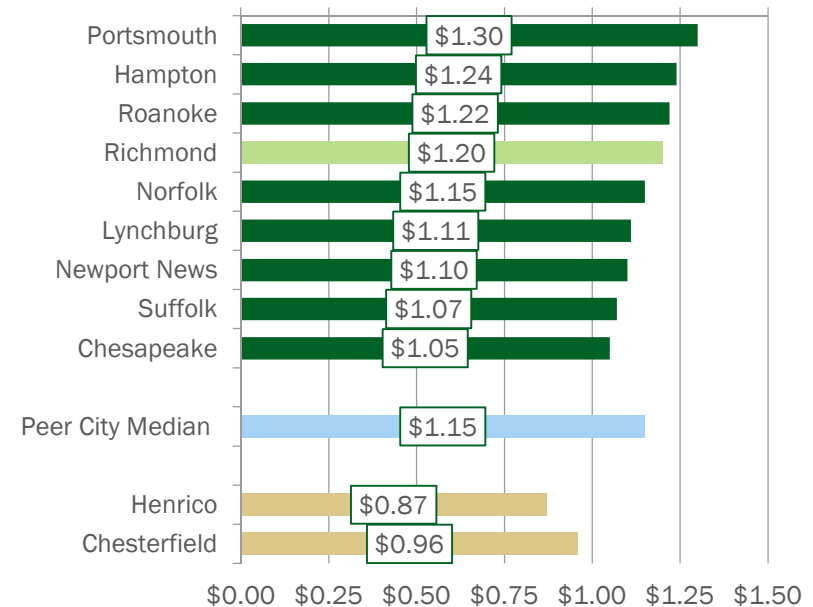


## Sustainable Recurring Local Revenues (Locality can Adjust)

### City Real Estate Tax

- \$1.20/\$100 of Assessed Valuation – The City has not changed the rate to adjust for declines in property value resulting from the Great Recession
- Every 1¢ generates \$1.9 million
- The last change in the City’s tax rate was in 2008 when it was reduced from \$1.23 to \$1.20/\$100 of Assessed Valuation
- 7- year change (from 2009 to 2016) in the average residential assessment/bill by Council District:
  - 6 Districts experienced net declines from FY 2009 to FY 2016 – an average effective tax cut (-1.5% to -22.9% depending on District)
  - 1 District experienced no change
  - 2 Districts experienced net increases (0.4% and 3.5%)
- The City is currently budgeting 96% collection factor. Each additional percent collected by the City would result in \$2.4 million (gross real estate tax revenue)
- The estimated foregone revenue due to abatements approximates \$21.6 million in FY 2017

Real Estate Tax Rate  
(Per \$100 of AV)



Peer Cities: Virginia cities with a “AA” rating and populations in excess of 75,000.

Source: Tax rates confirmed with respective Local Government sources

# Average Real Estate AV/Bills by District

## Assuming Existing CIP Spending Needs Only



### Average Residential Assessments by Council District

District	2009	2010	2011	2012	2013	2014	2015	2016	2009-2016		
									\$ Change	% Change	CAGR
1st - West End	\$450,000	<b>\$447,000</b>	\$449,000	<b>\$435,000</b>	<b>\$423,000</b>	\$425,000	\$436,000	\$452,000	\$2,000	0.44%	0.06%
2nd- North Central	\$348,000	<b>\$342,000</b>	\$343,000	<b>\$329,000</b>	<b>\$326,000</b>	\$330,000	\$342,000	\$360,000	\$12,000	3.45%	0.49%
3rd - Northside	\$186,000	<b>\$186,000</b>	\$187,000	<b>\$177,000</b>	<b>\$171,000</b>	<b>\$169,000</b>	\$172,000	\$179,000	(\$7,000)	<b>-3.76%</b>	<b>-0.55%</b>
4th - Southwest	\$262,000	<b>\$259,000</b>	<b>\$259,000</b>	<b>\$241,000</b>	<b>\$230,000</b>	<b>\$229,000</b>	\$234,000	\$239,000	(\$23,000)	<b>-8.78%</b>	<b>-1.30%</b>
5th - Central	\$181,000	\$182,000	\$183,000	<b>\$177,000</b>	<b>\$172,000</b>	<b>\$171,000</b>	\$175,000	\$181,000	\$0	0.00%	0.00%
6th - Gateway	\$108,000	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$94,000</b>	<b>\$88,000</b>	<b>\$85,000</b>	<b>\$85,000</b>	<b>\$85,000</b>	(\$23,000)	<b>-21.30%</b>	<b>-3.36%</b>
7th - East End	\$133,000	<b>\$133,000</b>	<b>\$133,000</b>	<b>\$125,000</b>	<b>\$121,000</b>	\$123,000	\$126,000	\$131,000	(\$2,000)	<b>-1.50%</b>	<b>-0.22%</b>
8th - Southside	\$109,000	<b>\$109,000</b>	<b>\$109,000</b>	<b>\$99,000</b>	<b>\$93,000</b>	<b>\$84,000</b>	<b>\$84,000</b>	<b>\$84,000</b>	(\$25,000)	<b>-22.94%</b>	<b>-3.65%</b>
9th - South Central	\$133,000	<b>\$132,000</b>	<b>\$132,000</b>	<b>\$122,000</b>	<b>\$114,000</b>	<b>\$110,000</b>	<b>\$110,000</b>	<b>\$109,000</b>	(\$24,000)	<b>-18.05%</b>	<b>-2.80%</b>

### Average Residential Real Estate Tax Bill by Council District

District	2009	2010	2011	2012	2013	2014	2015	2016	2009-2016		
									\$ Change	% Change	CAGR
1st - West End	\$5,400	<b>\$5,364</b>	\$5,388	<b>\$5,220</b>	<b>\$5,076</b>	\$5,100	\$5,232	\$5,424	\$24	0.44%	0.06%
2nd- North Central	\$4,176	<b>\$4,104</b>	\$4,116	<b>\$3,948</b>	<b>\$3,912</b>	\$3,960	\$4,104	\$4,320	\$144	3.45%	0.49%
3rd - Northside	\$2,232	<b>\$2,232</b>	\$2,244	<b>\$2,124</b>	<b>\$2,052</b>	<b>\$2,028</b>	\$2,064	\$2,148	(\$84)	<b>-3.76%</b>	<b>-0.55%</b>
4th - Southwest	\$3,144	<b>\$3,108</b>	<b>\$3,108</b>	<b>\$2,892</b>	<b>\$2,760</b>	<b>\$2,748</b>	\$2,808	\$2,868	(\$276)	<b>-8.78%</b>	<b>-1.30%</b>
5th - Central	\$2,172	\$2,184	\$2,196	<b>\$2,124</b>	<b>\$2,064</b>	<b>\$2,052</b>	\$2,100	\$2,172	\$0	0.00%	0.00%
6th - Gateway	\$1,296	<b>\$1,200</b>	<b>\$1,200</b>	<b>\$1,128</b>	<b>\$1,056</b>	<b>\$1,020</b>	<b>\$1,020</b>	<b>\$1,020</b>	(\$276)	<b>-21.30%</b>	<b>-3.36%</b>
7th - East End	\$1,596	<b>\$1,596</b>	<b>\$1,596</b>	<b>\$1,500</b>	<b>\$1,452</b>	\$1,476	\$1,512	\$1,572	(\$24)	<b>-1.50%</b>	<b>-0.22%</b>
8th - Southside	\$1,308	<b>\$1,308</b>	<b>\$1,308</b>	<b>\$1,188</b>	<b>\$1,116</b>	<b>\$1,008</b>	<b>\$1,008</b>	<b>\$1,008</b>	(\$300)	<b>-22.94%</b>	<b>-3.65%</b>
9th - South Central	\$1,596	<b>\$1,584</b>	<b>\$1,584</b>	<b>\$1,464</b>	<b>\$1,368</b>	<b>\$1,320</b>	<b>\$1,320</b>	<b>\$1,308</b>	(\$288)	<b>-18.05%</b>	<b>-2.80%</b>
Tax Rate	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20			

Source: City Assessor

# Prepared Foods (Meals) Tax Comparison

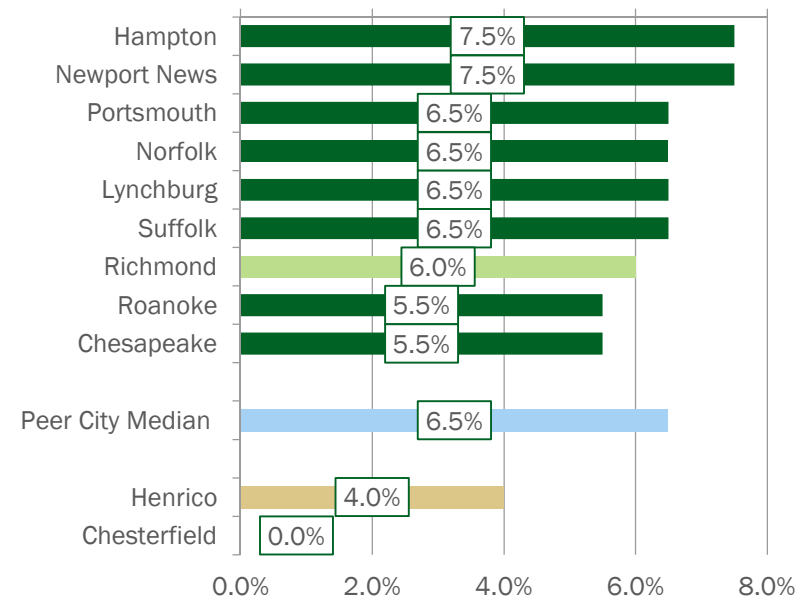


## Sustainable Recurring Local Revenues (Locality can Adjust)

### City Prepared Foods (Meals) Tax

- 6% (6¢ per \$1.00 of sales)
- Generates \$5.5 million for every 1¢
- All cities in Virginia impose a Meals
- Tax Counties are capped by Code to 4% maximum
- Cities may charge above the 4% rate allowed to Counties<sup>(1)</sup>
- Median rate for all cities: 6% (2014 rate)<sup>(1)</sup>
- Lowest rate (charged by a six cities): 4% (2014 rate)<sup>(1)</sup>
- Highest rate (charged by four cities): 7.5% (2014 rate)<sup>(1)</sup>

## Meals Tax Rate



Peer Cities: Virginia cities with a “AA” rating and populations in excess of 75,000.

Source: Tax rates confirmed with respective Local Government sources

(1) [Virginia Local Tax Rates](#) Weldon Cooper Center for Public Service

# Personal Property Tax Comparison



## Sustainable Recurring Local Revenues (Locality can Adjust)

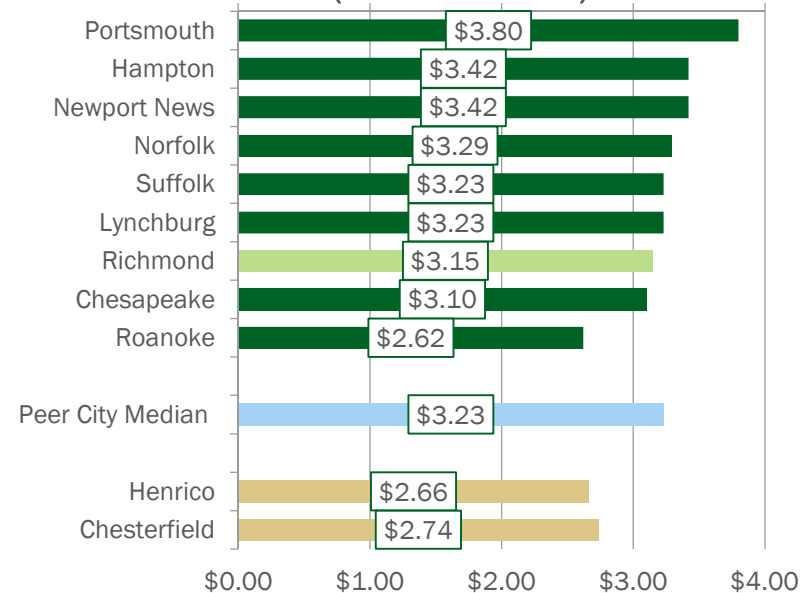
### City Personal Property Tax (vehicle less than 2 tons)

- \$3.70/\$100 of Assessed Valuation
- 10% increase generates \$3.2 million
- Assessed value concept (trade in value)<sup>(1)</sup>
- Relationship to retail value: 85%<sup>(1)</sup>
- Assessment ratio: 100%<sup>(1)</sup>

### Adjusted Effective Tax Rate <sup>(2)</sup>

	Tax Rate 2016	Relationship to Retail Value	Assessment Ratio	Adjusted Effective Tax Rate
Portsmouth	\$5.00	76%	100%	\$3.80
Hampton	\$4.50	76%	100%	\$3.42
Newport News	\$4.50	76%	100%	\$3.42
Norfolk	\$4.33	76%	100%	\$3.29
Suffolk	\$4.25	76%	100%	\$3.23
Lynchburg	\$3.80	85%	100%	\$3.23
Richmond	\$3.70	85%	100%	\$3.15
Chesapeake	\$4.08	76%	100%	\$3.10
Roanoke	\$3.45	76%	100%	\$2.62
Peer City Median	\$4.25			\$3.23
Henrico	\$3.50	76%	100%	\$2.66
Chesterfield	\$3.60	76%	100%	\$2.74

### Adjusted Effective Personal Property Tax Rate (Per \$100 of AV)



Peer Cities: Virginia cities with a “AA” rating and populations in excess of 75,000.

Source: 2016 Tax rates confirmed with respective Local Government sources

(1) [Virginia Local Tax Rates](#) Weldon Cooper Center for Public Service

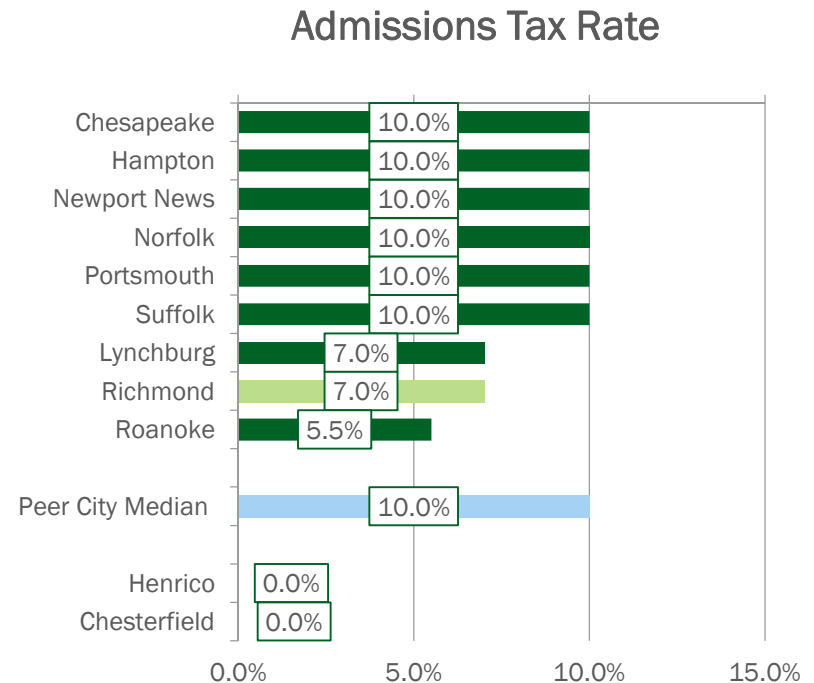
(2) Standardized by the assessment valuation method for each locality.



# Admissions Tax Comparison



<b>Sustainable Recurring Local Revenues (Locality can Adjust)</b>
<b>City Admissions Tax</b>
<ul style="list-style-type: none"> <li>7% (7¢ per \$1.00 of sales)</li> <li>Generates \$415,000 for every 1¢</li> </ul>
<ul style="list-style-type: none"> <li>Median 2014 Rate for all cities was 7.25%<sup>(1)</sup></li> </ul>
<ul style="list-style-type: none"> <li>Median 2016 Rate for Peer Cities is 10%</li> </ul>



Peer Cities: Virginia cities with a “AA” rating and populations in excess of 75,000.

Source: 2016 Tax rates confirmed with respective Local Government sources  
 (1) [Virginia Local Tax Rates](#) Weldon Cooper Center for Public Service

# Lodging Tax Comparison

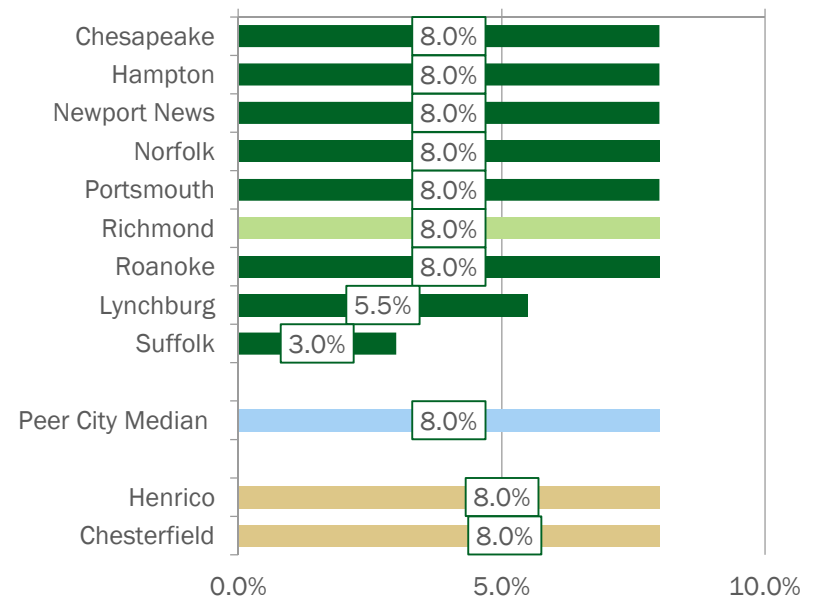


**Sustainable Recurring Local Revenues (Locality can Adjust)**

**City Lodging (Hotel) Tax**

- 8% (8¢ per \$1.00 of sales)
- Note all of this tax is committed to the Greater Richmond Convention Center Authority (GRCCA)
- Based on the City's commitment to GRCCA, the Lodging Tax revenues are not sufficient and the City has to budget a supplemental payment over and above Lodging tax receipts
- Although this revenue sources is sustainable and collected annually, it is fully committed to GRCCA

**Lodging Tax Rate**



Peer Cities: Virginia cities with a “AA” rating and populations in excess of 75,000.

Source: 2016 Tax rates confirmed with respective Local Government sources

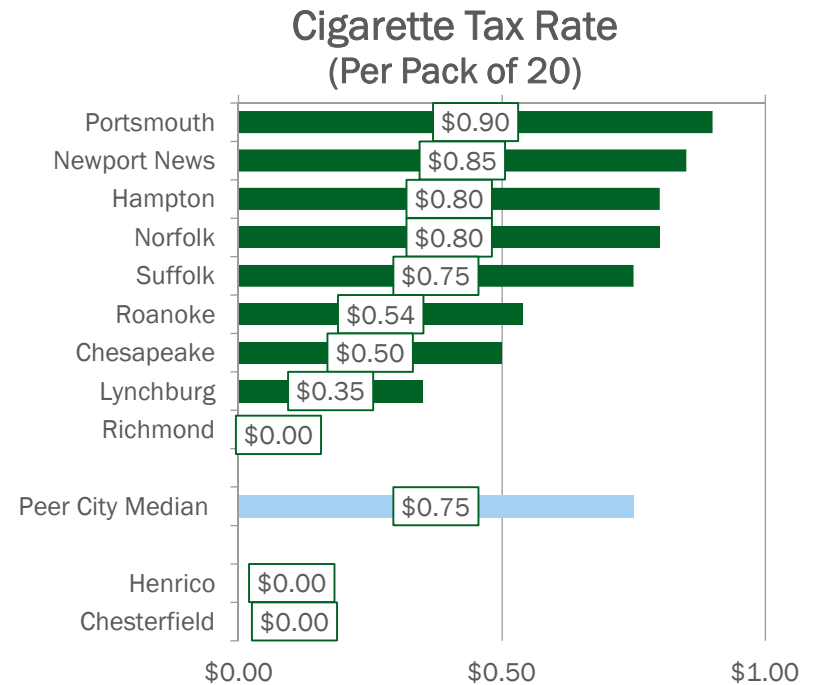
# Cigarette Tax Comparison



## Sustainable Recurring Local Revenues (Locality can Adjust)

### Cigarette Tax

- NA – Richmond does not have this tax
- If implemented similar to Norfolk, may generate upwards of \$5 million<sup>(1)</sup>
- Counties are not permitted to assess this tax



Peer Cities: Virginia cities with a “AA” rating and populations in excess of 75,000.

Source: 2016 Tax rates confirmed with respective Local Government sources  
 (1) Based on analysis developed by City Council analyst staff.

# Motor Vehicle License Tax

## Vehicle Less than 4,000 lbs

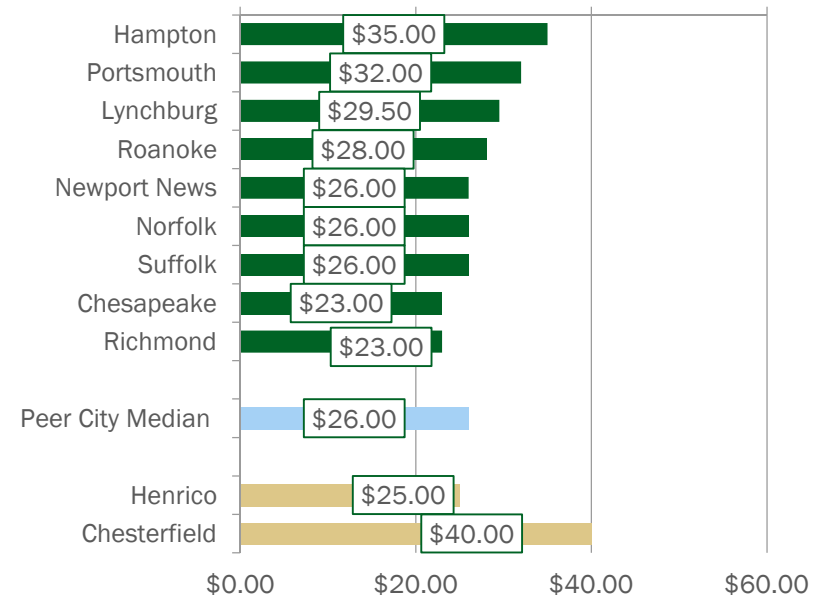


### Sustainable Recurring Local Revenues (Locality can Adjust)

#### City Motor Vehicle License Tax (Non-Commercial)

- Rates vary depending on vehicle class
- Increase in rate from \$23 to \$30 for passenger vehicles generates approximately \$1.2 million
- This tax is subject to a state cap and may not be assessed above \$40.74 (\$33.00 base + \$6.25 EMS + \$1.50 inspection fees)<sup>(1)</sup>

Motor Vehicle License Tax Rate  
(Vehicle less than 4,000 lbs)



Peer Cities: Virginia cities with a “AA” rating and populations in excess of 75,000.

Source: 2016 Tax rates confirmed with respective Local Government sources  
(1) [Virginia Local Tax Rates](#) Weldon Cooper Center for Public Service



# Key Assumptions/Drivers Debt Capacity Analysis

# Summary of Key Assumptions: Total Budget



- The City’s Total Budget (City General Fund and Richmond Public Schools) is a key metric in the City’s governing Debt Policy, which determines the City’s Debt Capacity.
- The City’s General Fund and School Budget (net of local revenue transfer) is shown below.

Fiscal Year	General Fund		Plus: School Budget (Net of Local Revenue)		Total Budget	
	Budget	% Change				% Change
2017	709,152,771	2.9%	101,033,793		810,186,564	2.8%
2018	721,096,921	1.7%	101,033,793		822,130,714	1.5%
2019	731,249,791	1.4%	101,033,793		832,283,584	1.2%
2020	741,820,201	1.4%	101,033,793		842,853,994	1.3%
<b>2021</b>	<b>753,067,721</b>	<b>1.5%</b>	<b>101,033,793</b>		<b>854,101,514</b>	<b>1.3%</b>
2022	764,154,221	1.5%	101,033,793		865,188,014	1.3%

- FY2017 figures are from the FY2017 Proposed Budget.
- For FY2018 through FY 2022, General Fund Budget growth projections are based on growth in major revenue categories, which have been provided by the City’s Department of Budget.
- No growth assumption has been assumed for the School Budget (net of local revenue transfer) through FY 2022.
- For FY 2023 and beyond, a general 2% inflationary factor for the General Fund Budget and 1% for the School Budget have been incorporated into the analysis.

Source: General Fund Budget documents; Growth in major revenues from City of Richmond Budget Department.

# Summary of Key Assumptions: Taxable Assessed Valuation



- The City’s Total Taxable Assessed Valuation is a key metric in the City’s Debt to Assessed Valuation Policy.
- The City’s projected Taxable Assessed Valuation is shown below:

Fiscal Year	Real Estate	% Change	Personal Property	% Change	Machinery & Tools	% Change	Total Assessed Valuation	% Change
2017	21,607,600,000	3.5%	1,326,029,257	0.0%	588,032,927	0.0%	23,521,662,184	3.2%
2018	22,221,643,000	2.8%	1,326,029,257	0.0%	588,032,927	0.0%	24,135,705,184	2.6%
2019	22,864,926,000	2.9%	1,326,029,257	0.0%	588,032,927	0.0%	24,778,988,184	2.7%
2020	23,542,028,000	3.0%	1,326,029,257	0.0%	588,032,927	0.0%	25,456,090,184	2.7%
<b>2021</b>	<b>24,292,781,000</b>	<b>3.2%</b>	<b>1,326,029,257</b>	<b>0.0%</b>	<b>588,032,927</b>	<b>0.0%</b>	<b>26,206,843,184</b>	<b>2.9%</b>
2022	25,004,655,000	2.9%	1,326,029,257	0.0%	588,032,927	0.0%	26,918,717,184	2.7%

- Real Estate: provided by the City Assessor.
- No growth assumptions for Personal Property and Machinery & Tools have been provided and as a result those figures have been assumed to be constant.
- For FY 2023 and beyond, a general 2% inflationary factor for Real Estate Valuation has been incorporated into the analysis.



# Existing Financial Policies

- The City's Debt Capacity is governed by self imposed Financial Policy Guidelines that are evaluated in order to calculate the City's Debt Capacity. Primary Debt Policies are summarized as follows:

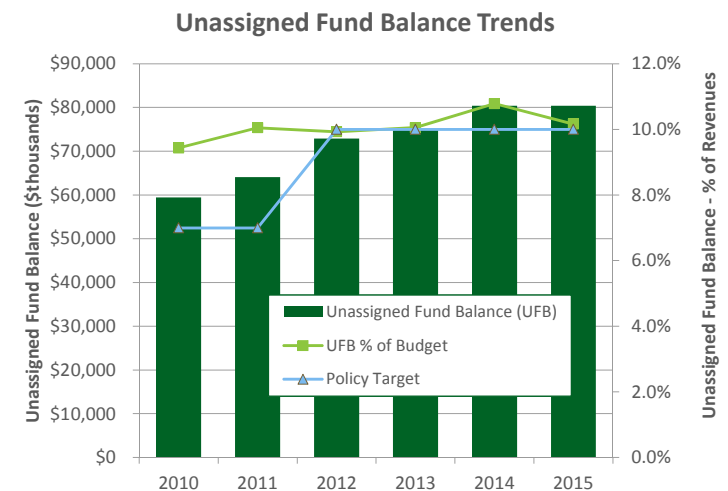
Policy	Limit
1. Debt Service versus Total Budget (General Fund and Schools)	10%
2. Debt versus Assessed Valuation of Taxable Property	4.5%
3. 10-Year Payout Ratio	60%

- The Debt Service versus Total Budget Policy (Number 1 above) is the City's Primary Governing Debt Policy.
- Adherence to these self imposed Debt Management Policies are a key factor in the City's Very Strong Aa2/AA+/AA+ Credit Ratings.

- The City's Unassigned Fund Balance Policy is another critically important factor in protecting the fiscal integrity of the City and its Credit Ratings. In 2012, the City raised its Unassigned Fund Balance Policy to a 10% target of both the General Fund and School Operating Fund budget.

2002 Policy	7.0% of General Fund Budget
2012 Policy	10% of Both General Fund and Schools Budget

- The City's Unassigned Fund Balance provides liquidity and serves as an important credit offset to the City's debt levels.







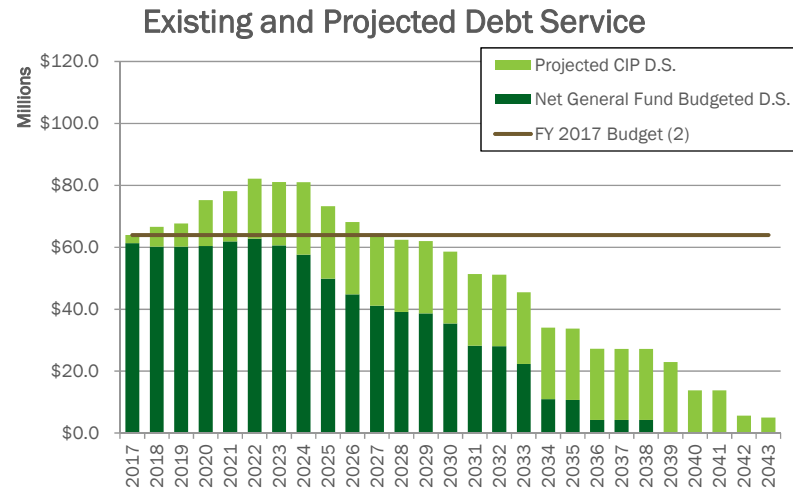
# Preliminary Analysis Details

# Estimated Debt Affordability

## Assuming Existing CIP Spending Needs Only



- Assumes debt for the City's Existing CIP Spending Needs approximating \$318.8 million through FY 2021 only:
- Approximately \$18.2 million of additional revenues are necessary to support \$318.8 million of new debt through FY 2022.
- Beginning in FY 2023 the City's debt service begins to decline as debt is repaid faster than is being issued and recurring new revenues create additional affordability.



- (1) Existing General Fund G.O. Debt Service (Excludes Parking G.O., Non-General Fund G.O. and M.O. Debt Service which are included in other budget categories and
- (2) Excludes Credit Line Interest.

Fiscal Year	A Existing General Fund Debt Service <sup>(1)</sup>	B Projected Future CIP Bonds D.S.	C Additional D.S. Based on Capacity	D Existing and Projected Gen Fund D.S.	E FY 2017 Budget <sup>(2)</sup>	F Incremental Revenues for New D.S.	G Revised Budget for D.S. Needed
2017	61,377,469	2,610,551	0	63,988,020	63,988,020	NA	NA
2018	60,210,437	6,400,650	0	66,611,087	63,988,020	2,623,067	66,611,087
2019	60,200,408	7,535,650	0	67,736,058	63,988,020	1,124,971	67,736,058
2020	60,435,279	14,786,221	0	75,221,500	63,988,020	7,485,443	75,221,500
2021	61,960,322	16,114,122	0	78,074,444	63,988,020	2,852,944	78,074,444
2022	62,827,936	19,315,112	0	82,143,048	63,988,020	4,068,604	82,143,048
2023	60,599,031	20,492,317	0	81,091,348	63,988,020	0	82,143,048
2024	57,574,184	23,452,667	0	81,026,851	63,988,020	0	82,143,048
2025	49,878,104	23,417,784	0	73,295,888	63,988,020	0	82,143,048
2026	44,789,975	23,382,901	0	68,172,876	63,988,020	0	82,143,048
<b>TOTAL</b>						<b>18,155,028</b>	

# Scenario A: Estimated Debt Affordability

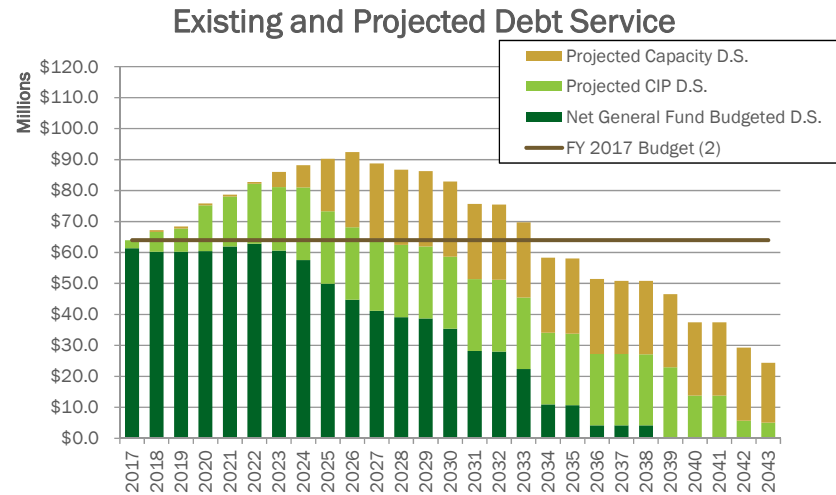
## Existing CIP Spending Needs + Additional Capacity @ 10% Policy



- Assumes total of \$648.8 million of debt over FY 2017 – FY 2022:
  - Debt for the City’s Existing CIP Spending Needs approximating \$318.8 million through FY 2021 AND
  - Additional \$330.0 million of debt within the capacity generated by the City’s 10% Policy governor.

- Debt Service vs. Total Budget Policy remains unchanged at 10%.

- Approximately \$28.5 million of additional revenues are necessary to support \$648 million of new debt through FY 2026.



- (1) Existing General Fund G.O. Debt Service (Excludes Parking G.O., Non-General Fund G.O. and M.O. Debt Service which are included in other budget categories and
- (2) Excludes Credit Line Interest.

Fiscal Year	A	B	C	D	E	F	G	H
	Existing General Fund Debt Service <sup>(1)</sup>	Projected Future CIP Bonds D.S.	Additional D.S. Based on Capacity	Existing and Projected Gen Fund D.S.	FY 2017 Budget <sup>(2)</sup>	Incremental Revenues for New D.S.	Revised Budget for D.S. Needed	Recurring Revenues Needed
2017	61,377,469	2,610,551	0	63,988,020	63,988,020	NA	NA	NA
2018	60,210,437	6,400,650	626,267	67,237,354	63,988,020	3,249,334	67,237,354	3,249,334
2019	60,200,408	7,535,650	626,267	68,362,325	63,988,020	1,124,971	68,362,325	4,374,305
2020	60,435,279	14,786,221	626,267	75,847,768	63,988,020	7,485,443	75,847,768	11,859,748
2021	61,960,322	16,114,122	626,267	78,700,712	63,988,020	2,852,944	78,700,712	14,712,692
2022	62,827,936	19,315,112	626,267	82,769,315	63,988,020	4,068,604	82,769,315	18,781,295
2023	60,599,031	20,492,317	4,899,801	85,991,150	63,988,020	3,221,834	85,991,150	22,003,130
2024	57,574,184	23,452,667	7,132,535	88,159,387	63,988,020	2,168,237	88,159,387	24,171,367
2025	49,878,104	23,417,784	16,994,923	90,290,811	63,988,020	2,131,425	90,290,811	26,302,791
2026	44,789,975	23,382,901	24,283,069	92,455,945	63,988,020	2,165,134	92,455,945	28,467,925
					<b>TOTAL</b>	<b>28,467,925</b>		

# Scenario B: Estimated Debt Affordability

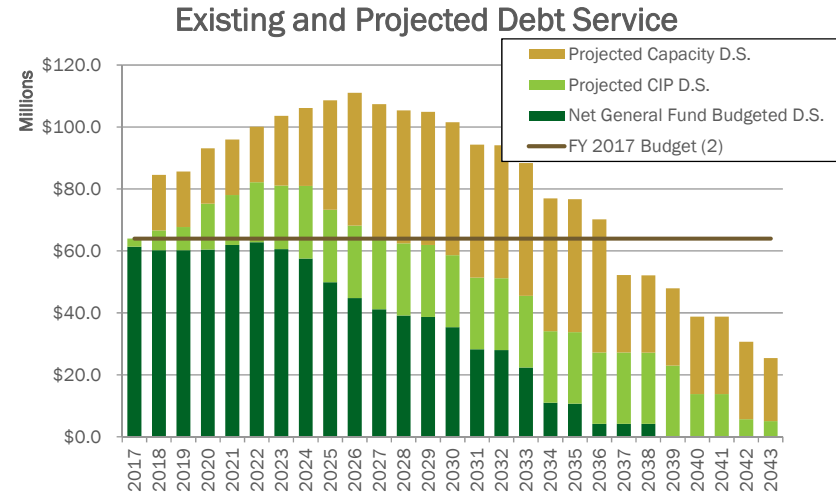
## Existing CIP Spending Needs + Additional Capacity @ 12% Policy



- Assumes total of \$902.2 million of debt over FY 2017 – FY 2022
  - Debt for the City’s Existing CIP Spending Needs approximating \$318.8 million through FY 2021 AND
  - Additional \$583.4 million of debt within the capacity generated by increasing the City’s Policy governor to 12%.

- Debt Service vs. Total Budget Policy is increased to 12%.

- Approximately \$47.1 million of additional revenues are necessary to support \$902.2 million of new debt through FY 2026.



- (1) Existing General Fund G.O. Debt Service (Excludes Parking G.O., Non-General Fund G.O. and M.O. Debt Service which are included in other budget categories and
- (2) Excludes Credit Line Interest.

Fiscal Year	A	B	C	D	E	F	G	H
	Existing General Fund Debt Service <sup>(1)</sup>	Projected Future CIP Bonds D.S.	Additional D.S. Based on Capacity	Existing and Projected Gen Fund D.S.	FY 2017 Budget <sup>(2)</sup>	Incremental Revenues for New D.S.	Revised Budget for D.S. Needed	Recurring Revenues Needed
2017	61,377,469	2,610,551	0	63,988,020	63,988,020	NA	NA	NA
2018	60,210,437	6,400,650	17,930,028	84,541,114	63,988,020	20,553,094	84,541,114	20,553,094
2019	60,200,408	7,535,650	17,930,028	85,666,085	63,988,020	1,124,971	85,666,085	21,678,065
2020	60,435,279	14,786,221	17,930,028	93,151,528	63,988,020	7,485,443	93,151,528	29,163,508
2021	61,960,322	16,114,122	17,930,028	96,004,472	63,988,020	2,852,944	96,004,472	32,016,452
2022	62,827,936	19,315,112	17,930,028	100,073,076	63,988,020	4,068,604	100,073,076	36,085,056
2023	60,599,031	20,492,317	22,529,430	103,620,779	63,988,020	3,547,703	103,620,779	39,632,759
2024	57,574,184	23,452,667	25,094,348	106,121,199	63,988,020	2,500,421	106,121,199	42,133,179
2025	49,878,104	23,417,784	35,295,359	108,591,247	63,988,020	2,470,048	108,591,247	44,603,227
2026	44,789,975	23,382,901	42,928,694	111,101,570	63,988,020	2,510,323	111,101,570	47,113,550
					<b>TOTAL</b>	<b>47,113,550</b>		



# Supporting Data

# Historic CIP Investment (Supporting Data)



- The City's historic funding of the CIP for the last 10 years is shown below:

Debt Issue	General				Total
	Government	Jail <sup>(1)</sup>	Fleet	Schools	
2006A	\$35,740,000	\$0	\$5,000,000	\$3,810,000	\$44,550,000
2009A	72,830,598	0	0	5,749,402	78,580,000
2009 Equipment	0	0	2,000,000	0	2,000,000
2010A	0	0	0	22,482,875	22,482,875
2010B	0	0	0	14,980,000	14,980,000
2010 Equipment	0	0	2,500,000	0	2,500,000
2011 Equipment	0	0	6,500,000	0	6,500,000
2012A	58,156,558	10,025,601	5,100,000	20,552,841	93,835,000
2012D	0	0	0	7,500,000	7,500,000
2013A	33,992,945	61,636,962	0	32,115,093	127,745,000
2013C	10,000,000	0	0	0	10,000,000
2014A	30,384,270	23,314,466	0	45,596,264	99,295,000
2014 Equipment	0	0	3,125,000	0	3,125,000
2015B	37,149,522	6,737,903	0	18,907,575	62,795,000
2015C	23,000,000	0	0	0	23,000,000
<b>Total</b>	<b>\$301,253,893</b>	<b>\$101,714,932</b>	<b>\$24,225,000</b>	<b>\$171,694,050</b>	<b>\$598,887,875</b>
<b>% of Total</b>	<b>50%</b>	<b>17%</b>	<b>4%</b>	<b>29%</b>	<b>100%</b>
<b>Total (Excluding Jail)</b>	<b>\$301,253,893</b>	<b>--</b>	<b>\$24,225,000</b>	<b>\$171,694,050</b>	<b>\$497,172,943</b>
<b>% of Total (Excluding Jail)</b>	<b>61%</b>	<b>--</b>	<b>5%</b>	<b>35%</b>	<b>100%</b>

(1) Local portion does not include the Commonwealth funding of approximately \$32.75 million.

Source: City of Richmond, Department of Finance

# Assumptions: Timing of G.O. Bond/Note Issuance



- Based on the City’s Projected CIP Spending Needs, Davenport’s General Fund Debt Capacity Analysis and Update incorporates the following:
  - Continued use of the City’s Credit Line – This interim financing vehicle will continue to provide “just in time” funding of the City’s CIP spending on a monthly basis.
  - Permanent G.O. Bond and Equipment Note Financing as shown below under Timing of Issuance columns A and B:

Projected CIP Spending - FY 2016-2020				Timing of Issuance	
Fiscal Year	Projected CIP Projects	Projected CIP Equipment	Total	A G.O. Bonds	B G.O, Equipment Notes
2016 <sup>(1)</sup>	55,143,303	5,200,000	60,343,303	0	5,200,000
2017	107,139,771	5,000,000	112,139,771	116,224,371	5,000,000
2018	52,176,281	2,300,000	54,476,281	8,000,000	2,300,000
2019	56,310,150	2,000,000	58,310,150	103,370,818	2,000,000
2020	21,453,650	2,000,000	23,453,650	64,627,967	2,000,000
2021	8,095,000	2,000,000	10,095,000	8,095,000	2,000,000
Total	\$300,318,155	\$18,500,000	\$318,818,155	\$300,318,155	\$18,500,000

(1) Balance of FY 2016 spending commencing in November 2015.

Source: City of Richmond, Department of Finance

# Assumptions: Projected Local General Fund Revenues



- Major Local Revenue categories in the City’s General Fund are shown below.
  - FY 2017 figures reflect the City’s Proposed Budget.
  - FY2018 through FY 2022 figures are projections provided by the City’s Department of Budget and have been incorporated into the growth assumptions of the Debt Capacity Analysis/Affordability herein.

Current Revenues	Proposed 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022
Real Property Tax	\$241,609.6	\$249,413.8	\$256,539.2	\$264,045.5	\$272,491.0	\$280,484.6
Personal Property Tax	31,559.7	32,353.7	32,892.9	33,432.1	33,971.3	34,480.9
Machinery & Tools Tax	15,022.9	15,248.3	15,477.0	15,709.2	15,944.8	16,184.0
Local Sales & Use Tax	33,503.7	34,089.6	34,687.9	35,289.1	35,893.2	36,500.3
Prepared Food (Meals) Tax	33,491.1	35,525.8	36,236.3	36,961.0	37,700.2	38,454.3
Lodging (Hotel) Tax	6,057.0	6,770.4	7,002.8	7,235.2	7,467.6	7,658.3
Admissions Tax	3,302.8	2,900.6	2,998.4	3,096.1	3,193.9	3,294.6
<u>Business License</u>	<u>34,667.2</u>	<u>34,855.9</u>	<u>35,476.5</u>	<u>36,113.2</u>	<u>36,466.9</u>	<u>37,158.4</u>
<b>Total</b>	\$399,214.0	\$411,158.1	\$421,311.0	\$431,881.4	\$443,128.9	\$454,215.4
<b>% Change</b>		3.0%	2.5%	2.5%	2.6%	2.5%

Source: City of Richmond, Department of Budget



# Real Estate Tax Rate Analysis



	95% Collection 2017	96% Collection 2017	97% Collection 2017	98% Collection 2017
<b>Assessed Valuation (AV) Category</b>				
<b>Taxable</b>	\$21,508,295,200	\$21,508,295,200	\$21,508,295,200	\$21,508,295,200
<b>New Construction</b>	200,000,000	200,000,000	200,000,000	200,000,000
<b>State Corp Comm</b>	917,557,701	917,557,701	917,557,701	917,557,701
<b>Railroad</b>	69,172,241	69,172,241	69,172,241	69,172,241
<b>Area Tax</b>	28,533,000	28,533,000	28,533,000	28,533,000
<b>Less: Rehabilitation</b>	(1,800,504,000)	(1,800,504,000)	(1,800,504,000)	(1,800,504,000)
<b>Less: Tax Relief</b>	(210,417,000)	(210,417,000)	(210,417,000)	(210,417,000)
<b>Total Taxable AV</b>	\$20,712,637,142	\$20,712,637,142	\$20,712,637,142	\$20,712,637,142
<b>Real Estate Tax Rate/\$100 AV</b>	<u>\$1.20</u>	\$1.20	\$1.20	\$1.20
<b>Estimated Taxes @ 100%</b>	\$248,551,646	\$248,551,646	\$248,551,646	\$248,551,646
<b>Collection Rate</b>	<u>95%</u>	<u>96%</u>	<u>97%</u>	<u>98%</u>
<b>Projected Tax Collection</b>	\$236,124,063	\$238,609,580	\$241,095,096	\$243,580,613
<b>Tax Rehab Payment:</b>	3,000,000	3,000,000	3,000,000	3,000,000
<b>Projected Revenue</b>	<b>\$239,124,063</b>	<b>\$241,609,580</b>	<b>\$244,095,096</b>	<b>\$246,580,613</b>
<b>Gross Incremental Revenue due to collection rate</b>		<b>\$2,485,516</b>	<b>\$4,971,033</b>	<b>\$7,456,549</b>
<b>PILOT</b>	786,631,700	786,631,700	786,631,700	786,631,700
<b>Real Estate Tax Rate/\$100 AV</b>	<u>\$0.58</u>	<u>\$0.58</u>	<u>\$0.58</u>	<u>\$0.58</u>
<b>Projected Revenue from PILOT</b>	<b>\$4,562,464</b>	<b>\$4,562,464</b>	<b>\$4,562,464</b>	<b>\$4,562,464</b>
<b>Service</b>	17,721,150	17,721,150	17,721,150	17,721,150
<b>Real Estate Tax Rate/\$100 AV</b>	<u>\$0.60</u>	<u>\$0.60</u>	<u>\$0.60</u>	<u>\$0.60</u>
<b>Projected Revenue from Service</b>	<b>\$106,327</b>	<b>\$106,327</b>	<b>\$106,327</b>	<b>\$106,327</b>
<b>Value of Abatement</b>				
<b>Less: Rehabilitation</b>	1,800,504,000	1,800,504,000	1,800,504,000	1,800,504,000
<b>Real Estate Tax Rate/\$100 AV</b>	<u>\$1.20</u>	\$1.20	\$1.20	\$1.20
<b>Foregone Revenue due to Abatement</b>	<b>\$21,606,048</b>	<b>\$21,606,048</b>	<b>\$21,606,048</b>	<b>\$21,606,048</b>

Source: City of Richmond, Department of Budget

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