



DANVILLE CITY COUNCIL WORK SESSION AGENDA

MUNICIPAL BUILDING

April 16, 2019

7:30 P.M.

MEETING CALLED TO ORDER

MINUTES

- A. Consideration of Approval of Minutes from Special Work Session held on March 13, 2019 and Special Joint Work Session held on March 18, 2019.
Council Letter Number CL - 2099.

WORK SESSION ITEMS

- A. Review of the General Fund Financial Report as of March 31, 2019.
Council Letter Number CL - 2081.
- B. Discussion of Bridge Between Water Street and Eagle Springs Road.
Council Letter Number CL - 2093.
- C. Consideration of Changes to the Real Estate Tax Abatement Program.
Council Letter Number CL - 2094.

PROGRAM UPDATE

COMMUNICATIONS FROM

- A. City Manager
- B. Deputy City Manager

C. City Attorney

D. City Clerk

E. Roll Call

ADJOURNMENT

Council Letter

City of Danville, Virginia



CL-2099

Meeting Minutes Item #: A.

Work Session Meeting

Meeting Date: 04/16/2019

Subject: Consideration of Approval of Meeting Minutes

From: Susan M. DeMasi, City Clerk

COUNCIL ACTION

Work Session: 04/16/2019

SUMMARY

Consideration of Approval of Minutes from Special Work Session held on March 13, 2019 and Special Joint Work Session held on March 18, 2019.

Council Letter Number CL - 2099.

Attachments

Meeting Minutes

Meeting Minutes

March 13, 2019s

A Special Work Session of the Danville City Council convened on March 13, 2019 at 5:31 p.m. in the Conference Room located on the Fourth Floor of the Municipal Building. Council Members present were: James B. Buckner, Mayor Alonzo L. Jones, Sherman M. Saunders, Fred O. Shanks, III, Adam J. Tomer, Vice Mayor J. Lee Vogler, Jr., and Madison J.R. Whittle (7). L. G. "Larry" Campbell Jr. and Dr. Gary Miller were absent (2). *Mr. Tomer entered the Meeting at 5:40 p.m.*

Staff Members present were: City Manager Ken Larking, Deputy City Manager Earl B. Reynolds, Jr., City Attorney W. Clarke Whitfield Jr., and City Clerk Susan M. DeMasi.

Mayor Jones presided.

CONSIDERATION OF DESIGNATION OF THE DNDC AS THE CITY'S OFFICIAL LAND BANK ENTITY

City Manager Ken Larking stated he wanted to confirm that all the Council Members received the email that was sent earlier today with revisions to the MOU. The main purpose of that revision is to change the MOU to establish a Land Bank Transaction Board. Mr. Reynolds noted that would be made up of five board members, three members appointed by City Council and two from the DNDC Board; the Executive Director would serve as staff, she will not be a voting member. Vice Mayor Vogler questioned if Mr. Reynolds would be eligible as a Board Member to be one of the two appointed and Mr. Reynolds noted he would as a board member, but would not serve.

Mr. Whittle asked what the difference was between the Land Bank and the DNDC and Mr. Reynolds explained the DNDC is already a corporation; it was founded several years ago and already has a board of directors. This is the Land Bank program and they are trying to establish an administrative and operations procedure to put the Land Bank program in place under the management of the Neighborhood Development Corporation. Mr. Whittle asked if the Land Bank program transfers property right out of the City into the Land Bank program, or are they going to transfer it to the DNDC. Mr. Reynolds referred to Section 5 of the MOU, Land Bank Operations and Administration, Item 4, the Establishment of a Land Bank's Properties Transaction Board, is to oversee the acquisition and disposition of Land Bank properties. This Board will be composed of five members, three appointed by the City Council and two DNDC board members. The Board will approve the administrative procedures and policies under which the Land Bank program will operate, and review and approve all proposals for land use of the Land Bank properties. The staff support to the Board will be provided the DNDC Executive Director. The Land Bank Properties Transaction Board shall adopt and make available for the public review, the eligible guidelines and documentation requirements for organizations or individuals seeking to acquire any eligible properties. The DNDC shall provide such other relevant reports as may be reasonably requested by the City Manager.

Mr. Shanks noted Mr. Reynolds had mentioned the Transaction Board and that relieves 90% of his issues. If the three members that are appointed by City Council could include, or be City Council Members, that would eliminate 99% of his concerns. Mayor Jones asked how many members of the City Council would Mr. Shanks want to be Board Members, and Mr. Shanks noted he would prefer all three.

Mr. Reynolds gave his Power Point Presentation, (a copy of which has been retained in Laserfiche, in the City Clerk's folder, Presentations to Council)

Mr. Reynolds reviewed the CDC's beginnings, recommended strategies, studies done to give the City advice on how to improve their blight eradication efforts, and the establishment of a community

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development corporation to help with blight eradication. The CDC was established in 2016, and began operations in 2017 as the DNDC. The Corporation has three target areas, the Cardinal Village area, the Westmoreland Area and the White Rock area. In FY 2016 and 2017, the NDC received start-up seed funds from the Blight Eradication Program, and operating support beyond the start up from the City was not promised, nor has it been budgeted. The DNDC becomes self supporting in the following ways: redevelopment activities in targeted areas with blighted properties in the areas of housing, neighborhood commercial redevelopment, and through grants and loans. Projects will have to meet all the criteria of the banking area and the DNDC would be totally liable for any borrowed funds.

The DNDC was chartered in 2016, the Executive Director was hired in June 2017, they visited Youngstown in July 2017, the Strategic Plan was completed in December 2017, and the IRS determination was received in February 2018 but was retroactive to August 4, 2016. The DNDC's mission is to improve Danville's quality of life by empowering neighbors and community associations, encouraging local investment, and building neighborhoods of opportunity and choice. Mr. Reynolds noted the DNDC's Progress and Accomplishments include Community Engagement and Improvement Activities, neighborhood property surveying and planning with residents, neighborhood leadership training and development in partnership with DRF and the City, and redevelopment projects (pending).

Mr. Reynolds reviewed the Land Bank Objectives which include to manage and seek ways to dispose of vacant lots and vacant dilapidated structures currently held in Trust by the DRHA. Additional properties will be added to the inventory as the City continues its tax lien foreclosure process, when properties are gifted to the City, or the City deems that the acquisition of a property is necessary to eliminate neighborhood conditions. To ensure vacant lot maintenance and the security of vacant structures by establishing regularly scheduled site visits, and set up and administer a process which conveys (by sale or gift) properties to individuals, agencies, or corporations whose objective is to put the property back on the tax rolls by creating a project or use that is consistent the City plans and objectives and is also consistent with the expectations of the neighborhood residents where the property is located.

Mr. Whitfield explained whether three Council Members serve on the board or three members are appointed to the Board which makes up the majority of the board, this board will be subject to the Freedom of Information Act, will have to provide notice of its meetings, it will have to have open meetings and will have to take minutes at its meetings. It will function like all other boards and commissions.

Mr. Shanks noted Mr. Reynolds mentioned the 2016 and 2017 grants that were City funded and questioned how much those were and Mr. Reynolds stated they are committed to date, \$250,000. Mr. Vogler noted he liked Council Member Shanks' suggestion for the three Council Members to serve on the board, and if Council decides on that, he would like to volunteer to be one of the three. Mr. Shanks stated it needed to be part of the MOU; his concerns are 99% eliminated if Council does the three members of Council. Council Members noted their agreement and Mayor Jones stated the Vice Mayor has indicated he is willing to serve, along with Mr. Buckner and Mr. Whittle. There were no objections from Council on Vice Mayor Vogler, Council Member Buckner and Council Member Whittle serving on the Transaction Board.

Mr. Whitfield noted the language that would be used to amend the MOU, on page 3/5, Section V, Subsection 4, line 3, starting with the word of, would now say: *of five members, three (3) of the Danville City Council appointed by the Danville City Council.* Council had no objections to the language.

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Mr. Buckner thanked the City Manager, Deputy City Manager, and Ms. Coles, they answered his questions, and thanked them for a job well done.

Mayor Jones noted his agreement with Mr. Buckner, thanked the visitors for being here and thanked Mr. Reynolds and Ms. Coles for a great job.

Mr. Shanks thanked everyone involved in the change, he thinks it is very good, and it will be a lot of work for the members of Council on the board, but it gives Council a better opportunity to oversee the transactions that take place. He was worried about the lack of oversight and the ability to use properties in ways other than residential without any Council input.

Mr. Tomer thanked staff and the City Manager for seeing this through to fruition and answering all Council's questions. He believes it is a piece of legislation that will do what Council wants it to do and Mr. Shanks had a good idea putting Council on the board for oversight and transparency.

Vice Mayor Vogler thanked staff, Mr. Reynolds especially, it has been four years that he has been hands on with this, and appreciates the amount of time and effort he has put into it. Mr. Vogler thanked him for the information he brought tonight, and thanked staff and Council; he thinks this has the potential to be a really great thing for the City, but it is important that it is done in the right way. Mr. Vogler noted he looks forward to serving with the other Council Members on the board and do something wonderful for the City.

Mr. Whittle noted it took care of his anxiety; he hasn't taken any appointments since he has been on Council, and appreciates staff getting this worked out, it is a real workable situation.

Mr. Whitfield noted under the Virginia Code, the Land Bank specifically does not possess nor is allowed to exercise the power of eminent domain.

MEETING ADJOURNED AT 6:04 P.M.

MAYOR

CITY CLERK

March 18, 2019s

A Special Joint Work Session of the Danville City Council and the Danville Pittsylvania Regional Industrial Facility Authority convened on March 18, 2019 at 6:13 p.m. in the Institute for Advanced Learning and Research, 150 Slayton Avenue, Danville, Virginia. Council Members present were: L. G. "Larry" Campbell Jr., Mayor Alonzo L. Jones, Dr. Gary P. Miller, Sherman M. Saunders, Fred O. Shanks, III, Vice Mayor J. Lee Vogler, Jr., and Madison J.R. Whittle (7). James B. Buckner and Adam J. Tomer and were absent (2).

Staff Members present were: City Manager Ken Larking, Deputy City Manager Earl B. Reynolds, Jr., City Attorney W. Clarke Whitfield Jr., and City Clerk Susan M. DeMasi.

Members of the Danville Pittsylvania Regional Industrial Facility Authority present were: Chairman Fred O. Shanks, III, Sherman M. Saunders and Alternate J. Lee Vogler Jr. County Members Present were: Vice Chairman Robert W. Warren and Ronald S. Searce; Alternate Elton W. Blackstock was absent.

Members of the Pittsylvania County Board of Supervisors present were Chairman Joe B. Davis, Robert W. Warren and Ronald S. Searce.

UPDATE FROM THE INSTITUTE FOR ADVANCED LEARNING AND RESEARCH

Mr. Gignac introduced Don Merricks, Chairman of the Institute Board, and Institute Employees Tim Kruggel, Manager of IT, Allison Moore, Manager of Public Relations and Communications, and Daniel Dalton, Communications Specialist. Mr. Gignac noted tonight was to bring people up to speed on what the Institute is doing. Each director will give a brief overview of their departments and the new things going on. Mr. Gignac noted the Institute's mission is Economic Transformation and believes they have refocused on that, to try to transform the economy through their five divisions to impact the region: Advanced Learning, Applied Research Division, Advanced Manufacturing, Economic Development and Institute Conference Center & Facilities.

Mayor Jones called the City Council meeting to order. County Administrator David Smitherman noted the County Board of Supervisors did not have a quorum so would not call a meeting into session. Supervisors Warren, Searce and Chairman Davis were in attendance. Chairman Fred Shanks called the Danville Pittsylvania Regional Industrial Facility Authority to order.

Advanced Learning

Ms. Julie Brown, Director of Advanced Learning reviewed her programmatic activities including STEM Capacity, where their research areas focus; aligning Talent Development and Career Readiness, how do they look at what is going in their system and align those things toward greater impact; and Organizational Capacity Leadership where they fill the role as an intermediary or sector liaison, fiscal agent for a project or a convener. STEM includes summer internships, scholarships, partnering with the City's IT department to sponsor GIS Day, hosting STEM Summits, the Inspiration Lab, partnering with Code Virginia, and providing summer camps for Elementary through High School students. They also support two high school programs, the Governors School and the Academy for Engineering and Technology and they offer the Excite Program, an externship for teachers. GoTech, Great Opportunities in Technology and Engineering Careers is a way to build off of the Precision Machining Model. Ms. Brown invited Council and Board Members to attend one of their career expo events; this year it will be September 24-26 with about four thousand students that attend. They also champion Virginia's Work Ready Community Initiative and both Danville and Pittsylvania County have been recognized as work ready communities in the Commonwealth of Virginia. They have studied apprenticeships and have

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eighty employers ready to start apprenticeship programs in the near term. Ms. Brown also discussed Organizational Leadership and Capacity Building, partnerships with regional Chambers, Community Health Worker Initiative, and the AmeriCorps Program.

Applied Research

Scott Lowman, Director of Applied Research, noted their department strives to help businesses grow and succeed in many different areas including chemistry, advanced materials, biotechnology and life sciences, and precision agriculture. They work with a number of different science industries including growers and producers in the County and with large industries to help them speed the decision making processes, rent lab space, and do contract research for them. They also work with small industries; the Institute has a lot of equipment small industries don't have access to, so they can help them prove their processes, find them data and also work with entrepreneurs and start ups, and provide them with preliminary data to raise money for their businesses and succeed.

Their Advanced Material Group has historically been focused on providing services to industry; more recently, they help attract BGF to the Park and they are renting the Institute's entire processing lab. Analytical Chemistry works with a number of different companies; they can help companies keep their products moving on the floor. They also provide method developments, developing specific methods to detect molecules that other industries have not done before, such as in plant science. The Life Science and Biotechnology Group also supports research. The core of this group is the Beneficial Bacterial Library, studying plant probiotics; they use these bacteria to help plants grow bigger and healthier naturally. They can also be used to decrease runoff.

Precision Agriculture is way they can help growers and industry with their smart tables, those are precision imaging platforms developed in combination with Virginia Tech's Department of Chemical Engineering. They are so precise, they can watch and monitor plants as they move, and are linking plant movement to plant health. They can also provide farmers with information on what fertilizers may be working and what different types of treatment may work with certain crops. They have a Drone Program that is led by Samantha Herndon; she has worked with twenty regional farmers in the last two years flying over farms to help farmers maximize output while lowering inputs. They are launching a plant endophyte research center; this will be the first one in the world and think they are ahead of the curve. In the future, crops have to be grown that are large and healthy naturally, but has to be done while the consumer demand is for less chemicals, fertilizers, and pesticides to protect the environment and human health. They have been studying these bacteria for about ten years and it is something that has recently been recognized. They also work with growers and have trials with vineyards across the region and strawberry farms across the state to help lower pesticide use.

Economic Development

Linda Green, Director of Economic Development at the Institute noted Economic Development at IALR is constant in a lot of different ways. They sponsored 60% of the cost for the Southern Virginia Regional Alliance and each locality supports the cost as well, on a pro capita basis. Ms. Green noted she was going to concentrate on the Southern Virginia Regional Alliance and why the Institute supports it so heavily. Ms. Green discussed local economic development, noting it coordinates with local leadership, working with partners, investors, and infrastructure providers. They manage the existing industry programs, they have to know every existing industry, their problems and concerns and how do they help them grow. Probably the biggest part of their time

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is spent in Infrastructure preparation, next is marketing the locality, managing the asset and investment roles, capacity building and coordinating announcements.

Ms. Green noted regional economic development is quite different than local; theirs is developing a regional strategy, identifying regional supply chains, and the assets to fill the industry's needs. They direct studies for research and capacity building through national groups and support diverse needs of various localities. Characterizing the assets of a region, how do they identify them for people outside the region. They familiarize the area with all the outside resources, such as the Port of Virginia; the Virginia Maritime Association have now formed a chapter in this area. They liaison with the Commonwealth of Virginia for regional leads and then work with Economic Developers in the footprint regarding those leads. They also act as an advocate for regional support, marketing the region to prospects and supporting the local economic developers for that. They also market Virginia to ensure success in every region; encourage coordination of economic development organizations; encouraging and administering economic development grants and incentive programs and participate in announcements. The SVRA website markets the entire region and every locality in it; they also have one for quality of life they use for foreign direct investment. Ms. Green noted results are nine new companies, twelve expansions, over 1,000 jobs and \$110M in capital investment to the region.

Institute Conference Center & Facilities

Ms. Leslie Dobbins, Director of Institute Conference Center & Facilities, noted they believe the Conference Center plays a key and very critical role in the Institute's mission to drive economic transformation to Southern Virginia. Their premiere meeting facilities attract businesses, organizations, training workshops and conferences from all over the State, Region and beyond. Superior technology, top notch customer service along with excellent food and beverage make the conference center a distinguished and very meaningful resource for attracting potential clients and investors to Southern Virginia. There are over 25,000 square feet of flexible meeting space including the Great Hall, Executive Auditorium, and Business Conference Rooms, hosting conferences of various sizes. Their onsite, local catering partner offers an array of menu options for wide ranging clientele. The onsite restaurant, Mega Bytes offers daily breakfast items as well as a lunch buffet. Last year their team supported about 500 programs and events and served over 22,000 guests; in addition Mega Bytes saw 18,000 people, totaling about 39,000 people. This year, they are tracking well above that number.

The Decorating the Trees Project was started nine years ago in an effort to decorate the atrium during the Christmas season for the people coming in hosting events and activities. They solicited businesses and organizations in the community to select a non-profit and decorate a Christmas Tree for a three week period of time. The community comes in and donates money for their favorite tree; to date, they have raised over \$100,000 with this event. They recently completed the up fit of the Hawkins' Building and are working with new tenants to support their needs as they continue to move in. They are working with a landscape architect on a plan for a pathway throughout the IALR campus. With multiple buildings and a need for tenants and guests to get from one location to another, they have a real need for easy and seamless access.

Advanced Manufacturing

Mr. Gignac noted he would be speaking on behalf of Troy Simpson on Advanced Manufacturing, stating the program at the Haas Center is opening a lot of opportunities for the Institute. Industry 4.0 is about wireless connect and how machines are going to help machines make decisions. The centerpiece of that comes out of the Gene Haas Center for Advanced Machining. One of the keys

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to Go Tech is building the pipeline; to fill the seats in the Gene Haas Center, they have to start young and go regional. The Middle School program is the Go Tech initiative that will go out throughout Region 3. The Secondary schools is another draw for the program and then the existing Danville Community College. Industry came to DCC and the Institute and said they need a higher level of student and that is how the Capstone Program was started; the Integrated Machining Technical Training is in the Gene Haas Center.

They also do Advanced Training Solutions; they generate revenue from people in industry that send people into their program to take training in the H Tech Training Center. They have begun to recruit industry through the region because of the workforce training initiative; the problem they have today is that the Institute is at capacity. Others that are interested in their community not only want to be in the community while they build their facility, they want to be on the campus. They have filled all the remaining spots on the campus and are looking to the future. A year ago, they put together a team led by Don Merricks to investigate funding a new facility to add to the campus. They received funding for their CMA Building, the Center for Manufacturing Advancement. This building will have a Phase 4 launching business, a rapid launch space; they want to put people interested in the community in a spot to launch quickly. This is not a building for people with an idea; this is for industries that exist that want to have a presence in the community. The building will feature an optimization space, a space for technology, dedicated to showing new technologies like additive manufacturing, and they will also have an ISO lab as a part of the facility that will test parts. It will be about a \$25.5M project, the Commonwealth of Virginia will pay the entire cost of the facility. The Institute did have to raise \$7M, \$5M for advanced machinery equipment, as well as almost \$2M which will cover the first four year start up. They are looking to run this as a stand alone opportunity; they expect it to be a self-supporting operation and after four years, break even and make some money. Mr. Gignac also discussed the Hawkins' Expansion which is underway, a 14,000 square foot building; this is to rent to two companies.

Chairman of RIFA, Fred Shanks noted he would entertain a motion that RIFA go into Closed Session.

CLOSED SESSION

At 7:41 p.m. Mr. Saunders **moved** that the Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority be recessed in a Closed Meeting for the following purposes:

A. As permitted by Section 2.2-3711(A)(5) of the Code of Virginia, 1950, as amended ("Virginia Code"), for discussion concerning one or more prospective businesses where no previous announcement has been made of that business's interest in locating its facilities in one or more of the Authority's projects located in Pittsylvania County, Virginia, and/or Danville, Virginia;

B. As permitted by Virginia Code § 2.2-3711(A)(39) for discussion or consideration of records excluded under Virginia Code § 2.2-3705.6(3) (including without limitation (i) those certain confidential proprietary records voluntarily provided by private business pursuant to a promise of confidentiality from the Authority, and used by the Authority for business and trade development and (ii) those certain memoranda, working papers, or other information related to businesses that are considering locating or expanding in Virginia, prepared by the Authority, where competition or bargaining is involved and where disclosure of such information would adversely affect the financial interest of the Authority); such information being excluded from mandatory disclosure under Virginia Code §2.2-3705.1(12) (information relating to the negotiation and award of a specific contract pertaining to the Authority's Berry Hill Mega Site project where competition or bargaining is involved and where the release of such information would adversely affect the bargaining power

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or negotiating strategy of the Authority) and Virginia Code § 2.2-3705.1(8) (appraisals and cost estimates of real property in the Authority's Berry Hill Mega Site project subject to a proposed purchase, sale, or lease, prior to the completion of such purchase, sale, or lease); and

C. As permitted by Virginia Code §§ 2.2-3711(A)(3) for discussion or consideration of the acquisition and/or the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the Authority.

The Motion was **seconded** by Mr. Warren and carried by the following vote:

VOTE: 4-0
AYE: Warren, Searce, Shanks, Saunders (4)
NAY: None (0)

D. On **Motion** by Mr. Warren and **second** by Mr. Saunders and by unanimous vote at 8:18 p.m., the Authority returned to open meeting.

E. Mr. Warren **moved** for adoption of the following Resolution:

WHEREAS, the Authority convened in Closed Meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Freedom of Information Act; and

WHEREAS, Section 2.2-3711 of the Code of Virginia, 1950, as amended, requires a Certification by the Authority that such Closed Meeting was conducted in conformity with Virginia Law;

NOW, THEREFORE, BE IT RESOLVED that the Authority hereby certifies that, to the best of each Member's knowledge, (i) only public business matters lawfully exempted by the open meeting requirements of Virginia Law were discussed in the Closed Meeting to which this Certification Resolution applies, and (ii) only such public business matters as were identified in the motion convening the Closed Meeting were heard, discussed, or considered by the Authority.

The Motion was **seconded** by Mr. Searce and carried by the following vote:

VOTE: 4-0
AYE: Warren, Searce, Shanks, Saunders (4)
NAY: None (0)

MEETING ADJOURNED AT 8:21 P.M.

MAYOR

CITY CLERK

**Council Letter
City of Danville, Virginia**



CL-2081

Work Session Item #: A.

Work Session Meeting

Meeting Date: 04/16/2019

Subject: General Fund Financial Report as of March 31, 2019

From: Michael Adkins, Director of Finance

COUNCIL ACTION

Work Session Meeting: 04/16/2019

SUMMARY

A brief report will be given on the General Fund financial results through March 31, 2019. Financial statements are included.

Attachments

[Financial Report](#)



To: Ken F. Larking, City Manager

From: Michael L. Adkins, Director of Finance

Date: April 4, 2019

Subject: Summary of Preliminary General Fund Financial Results for March 31, 2019

After completing the third quarter of the fiscal year, General Fund revenues compare favorably to the previous year showing an increase of 5.04% or \$3,407,043. As of March 31, General Fund revenues were \$70,995,663 which represents 67.23% of the FY 2019 budget. Last year, through March 31, we had collected \$67,588,621 or 65.74% of budget. The increase in revenue is primarily within property tax collection and meals and lodging tax, with a timing difference in bank stock tax.

All revenue categories are very comparable or ahead of the prior year. Current year real estate tax collections were \$8.8 million at March 31. This is nearly identical to last year's collections showing a decrease of \$30,000. We continue to see steady performance in the collection of delinquent real estate taxes compared to both budget and prior year. Through March 31, we realized \$992,537 which is 124% of the current year budget and \$331,000 ahead of the prior year. Personal property taxes are trailing behind budget with \$6.7 million received through March 31. This represents 49% of the FY 2019 budget and reflects an increase of \$900,000 over last year at this time. The City receives 48% of the Personal Property Tax Relief Act funds from the Commonwealth during the fiscal year, with the other 52% realized in June. This keeps our personal property collection below 50% until the spring billing.

Local taxes collected through March 31 were \$20.6 million, or 77% of budget and compares favorably to the prior year showing an increase of \$1.7 million. Sales tax collections through March amounted to nearly \$6.8 million, or 77% of budget, an increase of \$230,000 over last year. Meals taxes collected for the first nine months of the fiscal year amounted to \$6.2 million, or 75.4% of budget, an increase of \$578,000 over last year, and indicative of the rate increase from 6% to 6.5%. Business Licenses realized at the end of March were \$4.8 million, showing an increase of \$219,000 from the previous year. Lodging taxes received as of March 31, were \$811,000, or 84.5% of budget, an increase of \$128,000 over the prior year. A large portion of Bank Stock Taxes were received early this year, creating a timing difference of \$513,000. With the exception of utility taxes (decreased \$32,000 from the prior year) and vehicle license fees all other revenue categories are performing well at this point in the fiscal year and any notable variances between the current and prior years relates to timing.

Expenditures for the first nine months were \$78.8 million or 68.6% of budget. This is a decrease of \$258,000 compared to March 31, 2018, resulting from the net effect of a decrease of \$507,000 in departmental expenditures offset by an increase of \$534,000 in public safety (retirement expense) along with a decrease in non-departmental expenditures of \$290,000. Non-departmental expenses decreased with the completion of repayments for Tobacco Commission grants this fiscal year. In addition, there is a \$5,000 decrease in transfers to schools, capital projects and other funds as compared to the prior year to date. Departmental expenditures at the end of March were contained under budget at 69% or \$46,138,010.

Total General Fund expenditures exceeded revenues by \$7,761,443. This is typical for most of the fiscal year in the General Fund because the timing of revenue recognition is not matched to expenditures. Unassigned fund balance at March 31, 2019, is about \$690,000 more than last March partly due to the timing of transfers, but continues to indicate that fund balance may not vary significantly from the prior year, despite budgeting for a decrease. At this point, the General Fund results are tracking well with the FY 2019 budget.

CITY OF DANVILLE, VIRGINIA

GENERAL FUND REPORT

75% OF YEAR LAPSED AS OF MARCH 31, 2019

****PRE-CLOSING FIGURES - SUBJECT TO CHANGE - UNAUDITED****

	Budgets & Appropriations For Current Year	Actual Revenues & Expenditures For Year-to-Date	Percent Realized/Expended This Year	Encumbrances	Balance to be Realized/Expended	Actual Revenues & Expenditures At This Date Last Year
REVENUES:						
Property Taxes	\$ 31,867,700	\$ 17,043,772	53.48%		\$ 14,823,928	\$ 15,676,333
Other Local Taxes	26,601,000	20,574,102	77.34%		6,026,898	18,906,102
License Permits & Privilege Fees	252,950	158,848	62.80%		94,102	173,613
Fines & Forfeitures	393,550	265,185	67.38%		128,365	225,204
Revenue From Use Money & Property	1,309,009	1,249,531	95.46%		59,478	941,934
Charges For Services	3,742,950	2,566,065	68.56%		1,176,885	2,759,466
Miscellaneous Revenue	125,100	85,024	67.96%		40,076	65,866
Recovered Cost	5,968,394	4,164,387	69.77%		1,804,008	3,766,938
Non-Categorical Aid	5,976,720	4,371,474	73.14%		1,605,246	4,434,603
Shared Expenses (Categ. Aid State)	5,124,990	3,573,801	69.73%		1,551,189	3,573,514
Categorical Aid (State)	9,359,130	5,793,344	61.90%		3,565,786	5,796,673
Emergency Services (Federal)	5,833	1,631	27.96%		4,202	-
Categorical Aid (Federal)	27,020	-	0.00%		27,020	4,125
Transfers From Utilities	14,848,000	11,148,500	75.08%		3,699,500	11,264,250
Transfers From Other	-	-			-	-
TOTAL REVENUES	\$ 105,602,346	\$ 70,995,663	67.23%		\$ 34,606,683	\$ 67,588,621
EXPENDITURES:						
General Government Administration	\$ 8,787,253	\$ 6,306,929	71.77%	\$ 56,781	\$ 2,423,543	\$ 6,454,976
Judicial Administration	7,036,737	5,105,968	72.56%	21,767	1,909,001	5,101,051
Public Safety	29,936,333	21,721,687	72.56%	454,766	7,759,880	21,187,995
Public Works	4,399,192	2,905,429	66.04%	153,315	1,340,448	3,121,841
Health, Education, Welfare & Soc. Svc.	9,249,470	5,253,505	56.80%	5,431	3,990,534	5,405,101
Parks, Recreation & Cultural	5,189,642	3,198,870	61.64%	47,098	1,943,674	3,377,807
Community Development	2,170,463	1,645,622	75.82%	106,517	418,323	1,462,138
Non-Departmental	12,876,003	8,953,016	69.53%	8,710	3,914,276	9,242,616
Transfer to Schools - Operating	26,680,085	18,967,307	71.09%	2,255,825	5,456,953	15,513,146
Transfer to Capital Projects	4,387,460	3,041,699	69.33%	-	1,345,761	5,466,450
Transfer to Other Funds	4,099,240	1,657,075	40.42%	-	2,442,165	2,681,958
TOTAL EXPENDITURES	\$ 114,811,877	\$ 78,757,107	68.60%	\$ 3,110,212	\$ 32,944,559	\$ 79,015,079
Revenue over(under) Expenditures		\$ (7,761,443)				\$ (11,426,458)
FUND BALANCE:						
Beginning Fund Balance 07/01/2018		\$ 39,518,570				\$ 42,975,385
Revenue over(under) Expenditures		(7,761,443)				(11,426,458)
Ending Fund Balance 03/31/2019		\$ 31,757,127				\$ 31,548,927
Composition of Fund Balance:						
Reserved for Encumbrances/Designated Funds		\$ 9,669,337				\$ 10,150,662
Unassigned		22,087,790				21,398,265
TOTAL FUND BALANCE 03/31/2019		\$ 31,757,127				\$ 31,548,927

City of Danville, Virginia
Summary of Other Local Tax Revenues - PRE-CLOSING - UNAUDITED
For the period ending March 31, 2019 (year to date)

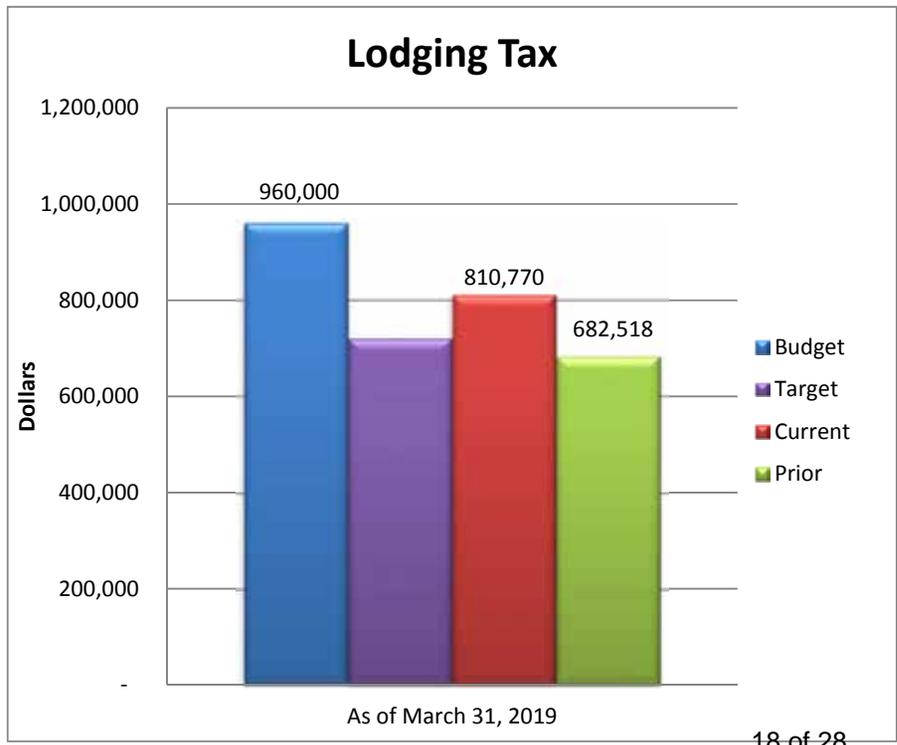
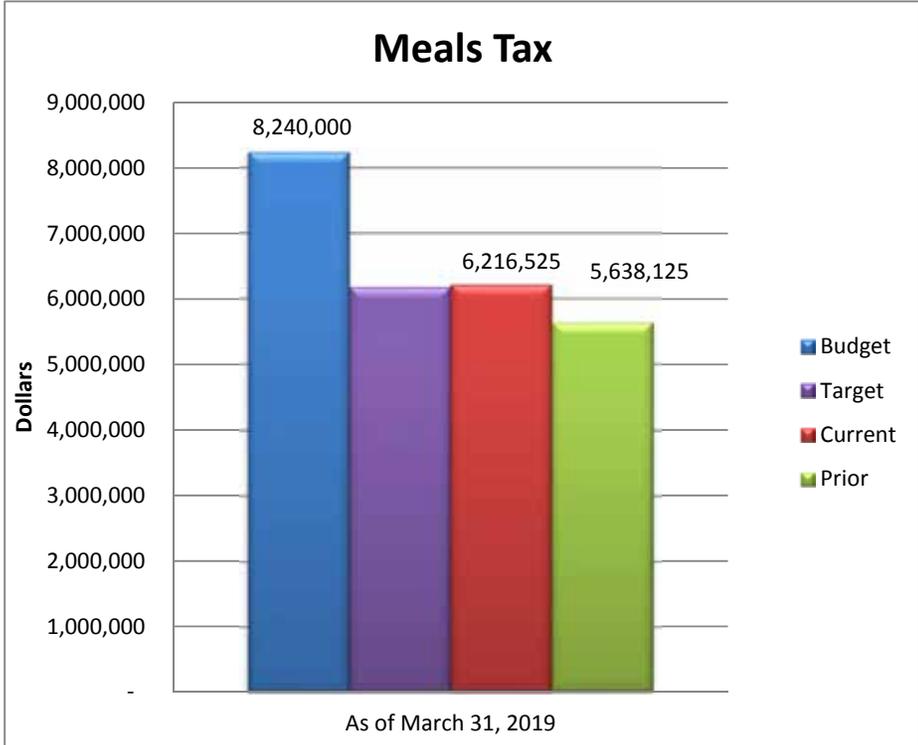
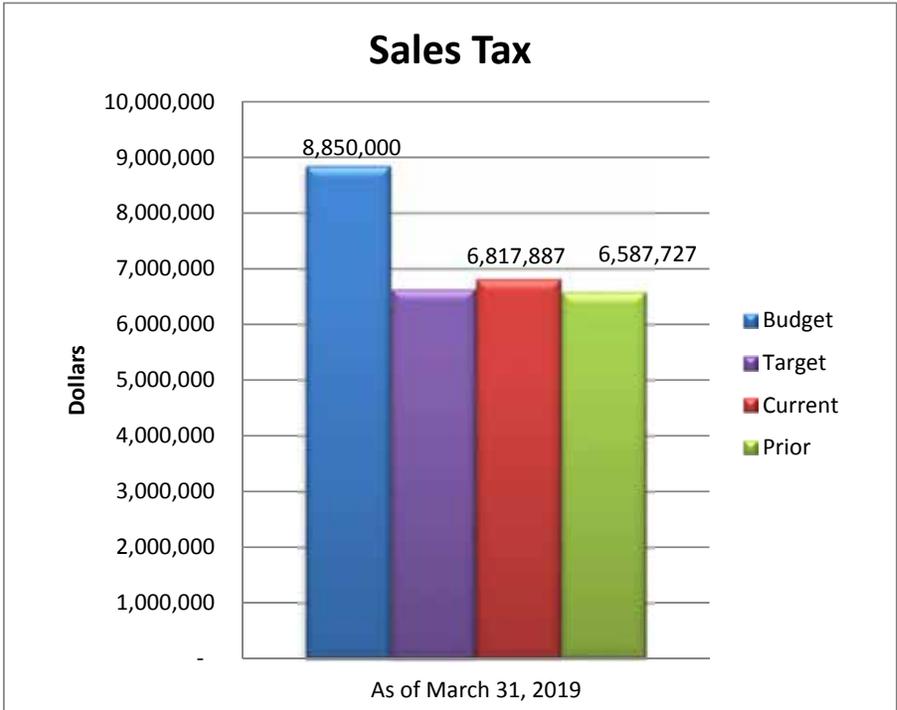
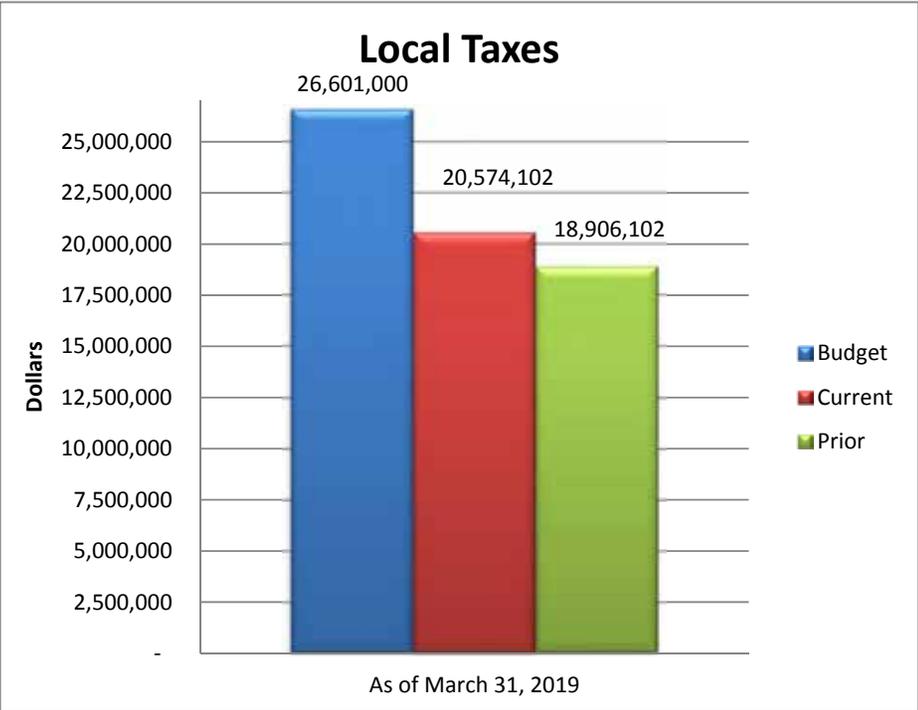
<u>Description</u>	<u>Current Budget</u>	<u>Revenue Realized</u>	<u>Percentage Realized</u>	<u>Prior Year Budget</u>	<u>Prior Year Realized</u>	<u>Percentage Prior Year</u>
Sales Tax	\$ 8,850,000	\$ 6,817,887	77.04%	\$ 8,750,000	\$ 6,587,727	75.29%
Business Licenses	5,200,000	4,776,383	91.85%	5,100,000	4,557,341	89.36%
Meals Tax	8,240,000	6,216,525	75.44%	7,500,000	5,638,125	75.17%
Utility Taxes	963,000	706,241	73.34%	978,000	739,028	75.57%
Vehicle License Fees	1,000,000	318,155	31.82%	1,000,000	300,212	30.02%
Bank Stock Tax	800,000	515,706	64.46%	790,000	2,509	0.32%
Recordation Tax	200,000	115,538	57.77%	180,000	126,825	70.46%
Hotel Motel Tax	960,000	810,770	84.46%	990,000	682,518	68.94%
Daily Property Rental Tax	18,000	11,122	61.79%	17,000	14,919	87.76%
Motor Vehicle Tax	150,000	122,617	81.74%	135,000	113,022	83.72%
DMV Fees	220,000	163,159	74.16%	215,000	143,876	66.92%
TOTAL	<u>\$ 26,601,000</u>	<u>\$ 20,574,102</u>	<u>77.34%</u>	<u>\$ 25,655,000</u>	<u>\$ 18,906,102</u>	<u>73.69%</u>

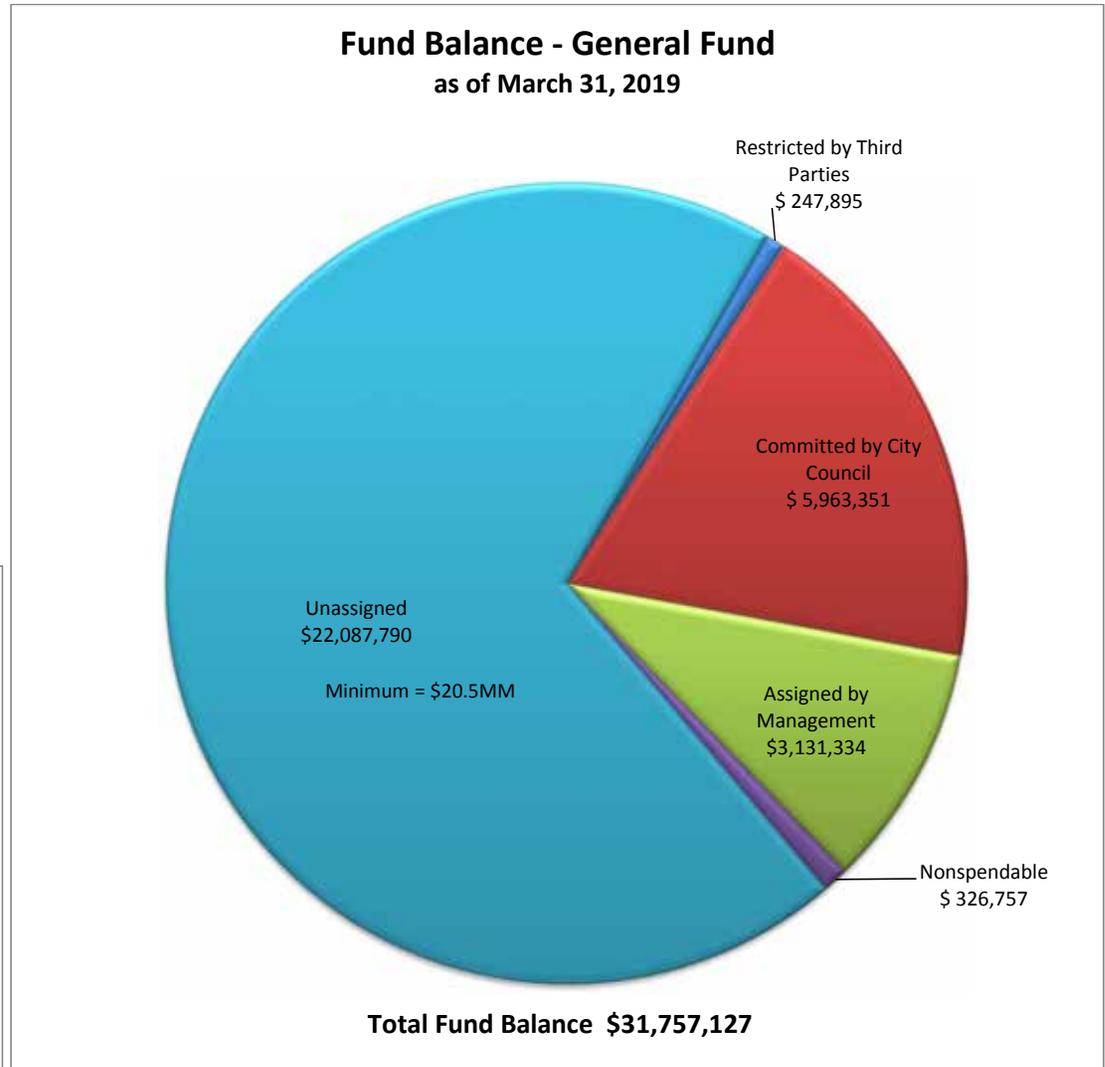
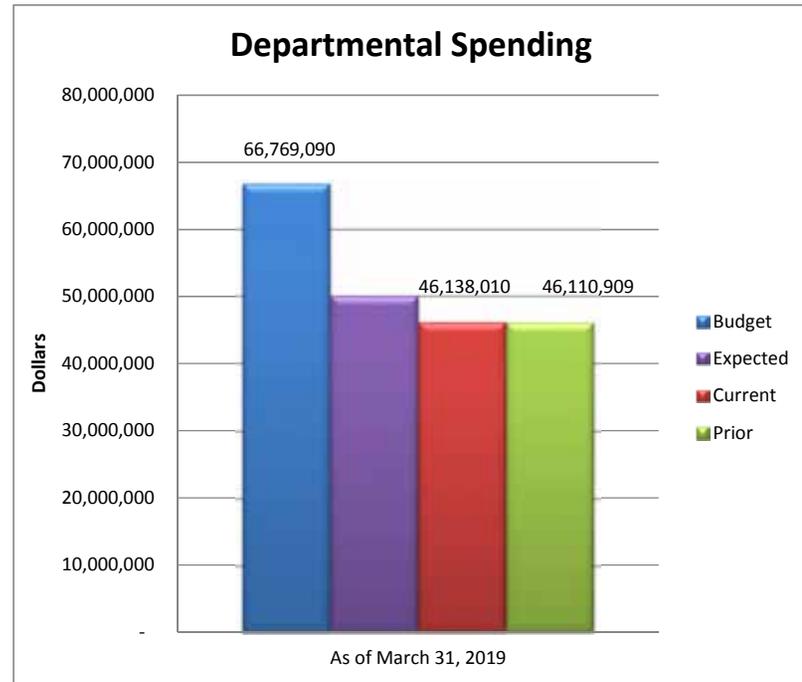
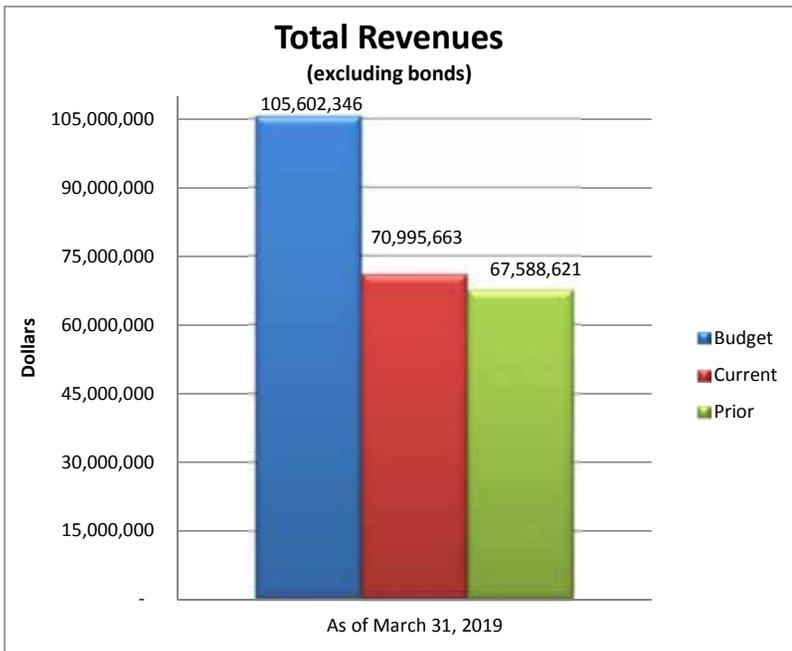
**CITY OF DANVILLE, VIRGINIA
GENERAL FUND
COMPOSITION OF FUND BALANCE
PRELIMINARY - AS OF MARCH 31, 2019**

Beginning Total Fund Balance, July 1, 2018	\$ 39,518,569.81
Add: General Fund Revenues	70,995,663.37
Deduct: General Fund Expenditures	<u>(78,757,106.53)</u>
Ending Total Fund Balance, March 31, 2019	<u><u>\$ 31,757,126.65</u></u>

<u>Composition of Fund Balance:</u>	
Restricted for Commonwealth Attorney	\$ 110,324.22
Restricted for Police Department	47,799.85
Restricted for Fire Department	89,770.99
Committed for Sheriff's Department	2,100.07
Committed to Schools	1,000,000.00
Committed to Budget Stabilization	3,000,000.00
Committed transfer of Fund Balance FY2019	1,961,250.80
Assigned to Sheriff's Department	16,223.13
Assigned to Community Development Dept.	4,898.93
Assigned for Encumbrances	3,110,212.05
Nonspendable (Inventory and Prepaids)	326,756.97
UNASSIGNED	<u>22,087,789.64</u>
Total Fund Balance, March 31, 2019	<u><u>\$ 31,757,126.65</u></u>

Unassigned fund balance from above	\$ 22,087,789.64
Unassigned Minimum per policy (20% of General Fund Operating Revenues) based on FY 2019 budget	<u>20,455,832.00</u>
Current surplus (deficit) over (under) minimum	\$ 1,631,957.64





Council Letter

City of Danville, Virginia



CL-2093

Work Session Item #: B.

Work Session Meeting

Meeting Date: 04/16/2019

Subject: Vehicle Bridge Between Water Street and Eagle Springs Road Over Norfolk Southern Right-of-Way

From: Brian Dunevant, Assistant Public Works Director & City Engineer

COUNCIL ACTION

Work Session: 04/16/2019

SUMMARY

The vehicle bridge that connects Water Street to Eagle Springs Road was struck by a Norfolk Southern train on or around September 30, 2017; the bridge is owned by Norfolk Southern Railway. Norfolk Southern has indicated no interest in rebuilding the existing bridge due to it not meeting current bridge design standards and not having vertical and horizontal clearances that are up to current railroad standards.

Norfolk Southern offered to consider contributing 10% of the cost to construct a new bridge. A new bridge would need to be constructed to current bridge standards and the City of Danville would own and maintain the new structure. The other option presented by Norfolk Southern is that the structure be permanently closed and barricades be installed on each side of the crossing. Under this scenario, Norfolk Southern would consider a cash donation to the City in the amount of \$50,000.

BACKGROUND

Our records indicate that this Norfolk Southern owned structure was originally constructed in 1932. The most recent reconstruction occurred around 2006. The City of Danville performs the necessary structure inspections, as required by the Virginia Department of Transportation, and Norfolk Southern maintains the structure. In 2015, the average daily traffic count was 150 cars per day. The structure serves as a connection between Water Street and Eagle Springs Road (Route 730). Citizens in the North Main/Halifax Street area of the City could use Water Street to access Evans Park and Kentuck Road (Route 729) near Intertape.

Construction of a new bridge is preliminarily estimated at just over \$4,500,000. Right-of-way acquisition, structure alignment and availability of project funds will influence a final estimate. The funding options that the City could pursue through the Virginia Department of Transportation would include Revenue Sharing program funds and Smart Scale program funds. Revenue Sharing would require a match of 50% of the cost of the project and would require applications for multiple fiscal years. Smart Scale could fund most of the project cost if approved.

RECOMMENDATION

The information presented herein is for discussion purposes.

Council Letter

City of Danville, Virginia



CL-2094

Work Session Item #: C.

Work Session Meeting

Meeting Date: 04/16/2019

Subject: Proposed Changes to the Real Estate Tax Abatement Program

From: Telly D. Tucker, Economic Development Director

COUNCIL ACTION

Work Session: 04/16/2019

SUMMARY

As allowed under Section 58.1 of the Code of Virginia, the City of Danville offers a Real Estate Tax Abatement Program (RETA) that is used as an economic development tool to promote redevelopment within historic districts (Downtown, Tobacco Warehouse, North Danville, Old West End, and Holbrook-Ross). This investment incentive is available for qualified rehabilitation of residential, commercial, industrial, hotel, and motel structures. For residential structures, the real estate exemption shall be equal to the increase in assessed value resulting from the rehabilitation and shall be for a period of no longer than fifteen (15) years. For commercial, industrial, hotel, and motel structures, the exemption shall be for a period of five (5) years at a descending rate as follows:

- Year 1 - 100%
- Year 2 - 80%
- Year 3 - 60%
- Year 4 - 40%
- Year 5 - 20%
- Year 6 - 0%

When first created, this program also included the Mill Historic District which covered the former Long Mill and Dan River Mill No. 8 (White Mill) sites. In the fall of 2009, this district was delisted by the Virginia Department of Historic Resources (VDHR) and the National Park Service (NPS) due to a loss of more than 50% of its resources (fire and demolition at the Long Mill Site). For this reason, the City changed the ordinance language in 2011 to remove this district from the program.

Since 2011, there has been significant investment within Danville's River District which includes the Downtown and Tobacco Warehouse districts, along with property that was once part of the Mill Historic District. In addition, Dan River Mill No. 8 (the White Mill) has been individually listed on the National Register of Historic Places. To help aid and encourage development of this significant structure, staff is requesting to update the language of this ordinance to include Dan River Mill No. 8 (the White Mill) as a qualifying structure for this program.

RECOMMENDATION

It is recommended that City Council approve the recommended changes to the Real Estate Tax Abatement Program.

Attachments

Ordinance

PRESENTED: _____

ADOPTED: _____

ORDINANCE NO. 2019____.____

AN ORDINANCE AMENDING ARTICLE XI, ENTITLED "PARTIAL EXEMPTION OF REAL ESTATE TAXES FOR CERTAIN REHABILITATED OR RENOVATED REAL ESTATE," OF CHAPTER 37, ENTITLED "TAXATION," OF THE DANVILLE CITY CODE TO ALLOW FOR REVISIONS TO THE REAL ESTATE TAX ABATEMENT PROGRAM.

NOW THEREFORE, BE IT ORDAINED by the Council of the City of Danville, Virginia, that Article XI, entitled "Partial Exemption of Real Estate Taxes for Certain Rehabilitated or Renovated Real Estate", of Chapter 37, entitled "Taxation," of the Code of the City of Danville, Virginia, 1986, as amended, be, and the same is hereby, amended and reordained to read as follows:

Chapter 37. TAXATION.

Article XI. Partial Exemption of Real Estate Taxes for Certain Rehabilitated Or Renovated Real Estate

Sec. 37-169. Residential Structures

(a) A partial exemption from taxation of real estate on which any structure or other improvement has undergone substantial rehabilitation or renovation for residential use shall be granted, subject to the following conditions:

- (1) The existing structure or other improvement must be no less than 50 years old and located within the Downtown, Tobacco Warehouse, Old West End, North Danville, or Holbrook-Ross Historic Districts. **Dan River Mill No. 8 located at 424 Memorial Drive is also a qualifying structure.** The applicant will have the responsibility of providing the Real Estate Assessor with evidence sufficient for Real Estate Assessor to make an appropriate determination of the age of the structure.
- (2) The structure or other improvement must have been substantially rehabilitated sufficiently to increase the base value by twenty-five (25) percent. The base value shall be the fair market value, as determined and assessed by the Real Estate Assessor, prior to any rehabilitation.

- (3) The qualifying rehabilitation to the structure shall not increase the overall original square footage by more than fifteen (15) percent. The original square footage shall be used to determine the base value of the real property.
- (4) Residential structures after rehabilitation is completed shall remain as such for the remainder of the exemption period in order to continue to qualify for the exemption.

(b) Multifamily residential units which have been substantially rehabilitated for multifamily use shall be granted a partial exemption under the terms and conditions set forth in subsection (a) and the other subsections herein.

(c) The partial exemption granted by this section shall be an amount equal to the increase in assessed value resulting from the rehabilitation or renovation of the structure as determined by the Real Estate Assessor. The exemption shall commence on July 1 of the tax year following completion of the rehabilitation or renovation and shall run with the real estate for a period of no longer than fifteen (15) years.

(d) There shall not be listed upon the land book any reduced value due to the exemption provided in subsection (c).

(e) No property shall be eligible for such exemption unless the appropriate building permits have been acquired and the Real Estate Assessor has verified that the rehabilitation, renovation or replacement indicated on the application has been completed.

(f) A fee of fifty dollars (\$50.00) shall be paid to the City for the processing of each application for exemption. The fee in the form of cash, check or money order shall be due upon submission of the application. All checks and money orders should be made payable to the City of Danville, Virginia. Such fees shall be nonrefundable.

(g) The qualifying rehabilitation or renovation must occur within two (2) years of the application for exemption or the exemption will not be granted. No extension of this time period will be granted.

(h) No applicant may qualify for a partial exemption from real estate taxation if the applicant receives any other local Economic Development incentives from the City or the Industrial Development Authority with the exception of the Local Enterprise Zone incentives.

(i) Applicant must be current on all local taxes, utilities, and Performance Agreement obligations to qualify for a partial exemption from real estate taxation.

Sec. 37-170. Hotel or motel structures.

(a) A partial exemption from taxation of real estate on which any hotel or motel has undergone substantial rehabilitation or renovation for residential, commercial, industrial, or a mixed use of the preceding uses shall be granted, subject to the following conditions:

- (1) The existing structure or other improvement must be no less than 50 years old and located within the Downtown or Tobacco Warehouse Districts. The applicant will have the responsibility of providing the Real Estate Assessor with evidence sufficient for Real Estate Assessor to make an appropriate determination of the age of the structure.
- (2) The structure must have been substantially rehabilitated sufficiently to increase the base value by twenty-five (25) percent. The base value shall be the fair market value, as determined and assessed by the Real Estate Assessor, prior to any rehabilitation.
- (3) The qualifying rehabilitation to the structure shall not increase the overall original square footage by more than fifteen (15) percent. The original square footage shall be used to determine the base value of the real property.
- (4) The residential use of such structures after rehabilitation is completed shall remain such for the remainder of the exemption period in order to continue to qualify for the exemption.

(b) The partial exemption granted by this section shall be an amount equal to the increase in assessed value resulting from the rehabilitation or renovation of the structure as determined by the Real Estate Assessor. The exemption shall commence on July 1 of the tax year following completion of the rehabilitation or renovation and shall run with the real estate for a period of no longer than five (5) years at a descending abatement rate over the five (5) year term as follows:

Year 1:	100%
Year 2:	80%
Year 3:	60%
Year 4:	40%
Year 5:	20%
Year 6:	0%

(c) There shall not be listed upon the land book any reduced value due to the exemption provided in subsection (b).

(d) No property shall be eligible for such exemption unless the appropriate building permits have been acquired and the Real Estate Assessor has verified that the rehabilitation, renovation or replacement indicated on the application has been completed.

(e) A fee of one hundred dollars (\$100.00) shall be paid to the City for the processing of each application for exemption. The fee in the form of cash, check or money order shall be due upon submission of the application. All checks and money orders should be made payable to the City of Danville, Virginia. Such fees shall be nonrefundable.

(f) The qualifying rehabilitation or renovation must occur within two (2) years of the application for exemption or the exemption will not be granted. No extension of this time period will be granted.

(g) No applicant may qualify for a partial exemption from real estate taxation if the applicant receives any other local Economic Development incentives from the City or the Industrial Development Authority with the exception of the Local Enterprise Zone incentives.

(h) Applicant must be current on all local taxes, utilities, and Performance Agreement obligations to qualify for a partial exemption from real estate taxation.

Sec. 37-171. Commercial or industrial structures.

(a) A partial exemption from taxation of real estate on which any structure or other improvement has undergone substantial rehabilitation or renovation for commercial, residential, industrial, or a mixed use of the preceding uses shall be granted, subject to the following conditions:

- (1) The existing structure or other improvement must be no less than fifty (50) years old and located within the Downtown, Tobacco Warehouse, North Danville, or Historic Districts. **Dan River Mill No. 8 located at 424 Memorial Drive is also a qualifying structure.** The applicant will have the responsibility of providing the Real Estate Assessor with evidence sufficient for Real Estate Assessor to make an appropriate determination of the age of the structure.
- (2) The structure or other improvement must have been substantially rehabilitated sufficiently to increase the base value by twenty-five (25) percent. The base value shall be the fair market value, as determined and assessed by the Real Estate Assessor, prior to any rehabilitation.
- (3) The qualifying rehabilitation to the structure shall not increase the overall original square footage by more than fifteen (15) percent. The original square footage shall be used to determine the base value of the real property.
- (4) Commercial, industrial, or mixed use structures, after rehabilitation is completed, shall remain as such for the

remainder of the exemption period in order to continue to qualify for the exemption.

(b) The partial exemption granted by this section shall be an amount equal to the increase in assessed value resulting from the rehabilitation or renovation of the structure as determined by the Real Estate Assessor. The exemption shall commence on July 1 of the tax year following completion of the rehabilitation or renovation and shall run with the real estate for a period of no longer than five (5) years at a descending abatement rate over the five (5) year term as follows:

Year 1:	100%
Year 2:	80%
Year 3:	60%
Year 4:	40%
Year 5:	20%
Year 6:	0%

(c) There shall not be listed upon the land book any reduced value due to the exemption provided in subsection (b).

(d) No property shall be eligible for such exemption unless the appropriate building permits have been acquired and the Real Estate Assessor has verified that the rehabilitation, renovation or replacement indicated on the application has been completed.

(e) A fee of one hundred dollars (\$100.00) shall be paid to the City for the processing of each application for exemption. The fee in the form of cash, check or money order shall be due upon submission of the application. All checks and money orders should be made payable to the City of Danville, Virginia. Such fees shall be nonrefundable.

(f) The qualifying rehabilitation or renovation must occur within two (2) years of the application for exemption or the exemption will not be granted. No extension of this time period will be granted.

(g) No applicant may qualify for a partial exemption from real estate taxation if the applicant receives any other local Economic Development incentives from the City or the Industrial Development Authority with the exception of the Local Enterprise Zone incentives.

(h) Applicant must be current on all local taxes, utilities, and Performance Agreement obligations to qualify for a partial exemption from real estate taxation.

AND BE IT FURTHER ORDAINED, that all other provisions and Sections of said Article, Chapter and Code be, and the same are hereby, continued in full force

and effect unless and until the same are hereafter amended or repealed.

APPROVED:

MAYOR

ATTEST:

CLERK

Approved as to
Form and Legal Sufficiency:

City Attorney