

September 15, 2020

A Regular Work Session of the Danville City Council convened on September 15, 2020 at 7:45 p.m. in the Council Chambers located on the Fourth Floor of the Municipal Building. Council Members present were: James B. Buckner, L.G. "Larry" Campbell Jr., Mayor Alonzo L. Jones, Samuel A. Kushner, Barry P. Mayo, Vice Mayor Gary P. Miller, Sherman M. Saunders, J. Lee Vogler, Jr. and Madison J.R. Whittle.

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.

WORK SESSION ITEMS

REVIEW OF GENERAL FUND FINANCIALS THROUGH AUGUST 31, 2020.

Director of Finance Michael Adkins noted the City was two months into the new fiscal year and revenues for the first two months came in at \$12.6M. This was a decrease of about \$800,000 from last year, but most of that was timing. There was about \$500,000 of timing differences in Social Services' revenues, those came in after the August reports and also a few hundred thousand in Juvenile Detention billings which also came in after the August reports. Another decrease was Parks & Recreation; their summer activities did not go on as usual so there was about \$100,000 less in charges for services. Those expenditures were also not incurred, and that offsets. On Local Taxes, the Sales Taxes were performing very well for the beginning of the fiscal year, better than last year. Currently, for two months, the City has collected \$1.7M in sales tax as compared to \$1.5M last year; the City was already at 18% of budget even though it was only a little over 16% through the year. Today the City received its monthly installment of sales tax, \$818,000, which was a very good month for the collection of sales tax. Meals Tax still showed some negative impact from the pandemic for the month of July, however, for the month of August, the receipt of meals tax was one of the best Augusts' the City has had in previous years. Hotel and Lodging taxes for the first two months were slightly under budget at 15%, this August was equal to last August, and the City was seeing comparable results to last year before the pandemic.

On the Expenditure side, Department expenses were either on track or below budget; Parks & Rec did not have the opportunity to do a lot of their summer activities, so they were quite a bit under their budget at this point in the year. Fiscal Year 2021 was off to a good start in Mr. Adkins' opinion; the City was seeing a good recovery of the local economy. For Fiscal Year 2020, there were no significant changes and they were still anticipating adding a couple of million dollars to the unassigned fund balance which will bring that to \$33M. Mr. Adkins noted he has put at Council's places the Annual Report of tax collections. The City Code requires him to give that report to Council near the beginning of each fiscal year. Nothing was out of the ordinary in it and there was a letter to explain the information in the report.

CONSIDERATION OF APPROVING RESOLUTIONS IN SUPPORT OF PROPOSED SMART SCALE TRANSPORTATION PROJECTS

Assistant Director of Public Works/City Engineer Brian Dunevant noted these were resolutions of support for five separate VDOT Smart Scale applications that were recently submitted. Council had no questions for Mr. Dunevant and agreed to put this on an upcoming business agenda.

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CONSIDERATION OF APPROVING AND AUTHORIZING A CABLE FRANCHISE AGREEMENT WITH VERIZON

Assistant City Attorney Ryan Dodson noted right before the pandemic hit, the City had been contacted by Verizon about installing wireless facilities. Essentially they were devices that can help increase band width for internet and 5G, in specific areas. Because they would be installed on City right of ways, they needed City Council's permission to go forward. Mr. Dodson noted he believed there were enough protections for the City.

Mr. Saunders noted the law has changed to allow them to be put on City poles and Mr. Dodson explained they still have to get the City's permission to make sure the poles themselves can support the structures. This was discussed with Engineering, and they were not sure if any of the City poles actually can support them. They indicated to the City Engineer they would install their own poles, and install up to ten. Mr. Saunders questioned the time frame and Mr. Dunevant stated the company explained it would be in the next year to eighteen months. Mr. Dodson noted it was possible to do it with less than ten, but the company wants up to that amount, and would do an analysis to see the specific siting around the City where there were gaps in coverage. Because the City has the protections, they still have to get an excavation permit and site plan before they can start digging the holes. The understanding was the actually location may be subject to change and there may be a way to minimize the amount of poles by changing spacing. Mr. Campbell questioned if the \$1,000 per pole was a onetime cost and Mr. Dodson noted it was; under State law the City can only assess a onetime fee and it was capped at \$1,000. In response to Mr. Vogler, Mr. Dodson explained this will enable 5G once they were ready, in the meantime it will also fill in gaps with existing coverage.

Council agreed to put this on an upcoming agenda.

REVIEW OF REQUEST FOR PROPOSAL FOR A POLICE STATION

City Manager Ken Larking noted in 2016, the City conducted a space needs analysis for all operations and it was determined that one of the greatest needs was additional space for the Police Department. The Police Department was currently spread out over various floors of City Hall, the Library, and in cramped quarters that long ago failed to meet the needs of the department. A more detailed analysis was conducted in 2018 regarding the police department's specific needs, and based on that information the City hired Dewberry to study multiple sites to obtain cost estimates for a new police headquarters, using a traditional design bid build structure. The cost estimates for those sites were in the range of \$28-\$35M. The City decided to explore the possibility of a public private partnership to have a lease purchase of a new building, sent out RFPs and received three bids. Since June, staff has been negotiating the most cost effective solution which was the one that best fits the needs of the department. It involves the historic rehabilitation of the old Dan River Mills Executive office building off Memorial Drive. It will also include new construction of an annex building on the property and sufficient space for parking and accessory uses. The total cost of the project was estimated to be no more than \$17,750,000; the next lowest bid was \$25M. In order to pay for the cost with no need to increase taxes, staff proposes to use new revenues generated from casino gaming should the referendum in November pass. This will include setting aside \$5,924,000 from the \$20M upfront payment from Caesars to make a down payment on the project, and cover the first two years of payments. Should the referendum fail, the payment structure will change and City Council will have to determine whether to raise taxes to cover the cost. There will be two agreements with the developer in this proposal, one will be the installment purchase of the new construction portion of the project, and the other will be the lease of the historic rehabilitation of the existing building.

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The reason the historic rehabilitation was a lease was, in order to reduce the cost of the project, the developer was using historic tax credits. The developer using tax credits was required to hold ownership of the building for at least five years. The lease will include a first right of refusal provision which protects the City through the required holding period and beyond, and will enable the City to deal with that after the holding period. Mr. Larking thanked Corrie Bobe, who has been very helpful in helping him understand how historic tax credits on this project can be used to drive down the cost, and to put this project together. Mr. Larking thanked Ric Drazenovich, Director of Public Works; he has been involved in the space needs throughout the process, analyzed the proposal, made sure it was meeting all the needs, and he would be able to maintain the building. Also, Chief Booth and his staff for all the work he did to make sure the needs of the department were met so he can continue the good work of community policing in the City. Mr. Larking noted they were working on the two agreements and Mr. Whitfield noted they were very close to having the Lease and the Purchase Agreement put together, and in both agreements there was an absolute out should the referendum not pass.

Mr. Saunders noted the City does need a new police station and he was in support of that, will there be satellite locations, as citizens were concerned about security. Mr. Larking stated it was his understanding that the police precincts will still be used by the police department and there will likely be some presence at City Hall. Modifications have been made to City Hall on the first floor because of COVID, they wanted to make sure people were entering the building in one place, getting checked in and getting their temperature checked. CARES Act funds were used to make these improvements. It was an opportunity for the future to continue to have security at City Hall even after the pandemic was over. Mr. Larking noted they were studying the needs of the Court system and the Commonwealth Attorneys where they have some space needs themselves, and it was a possibility they could be taking some of the space left vacant by the police department. If court operations were part of that, that could involve the need to have security as if it were the courthouse as well, for people going through there.

Mr. Vogler noted he supports the need for a new police station, if and why would Council be voting for this prior to November considering a large part of the funding mechanism was contingent upon the Casino referendum passing. He did not want to vote to approve something and the City was on the hook for the money for it. Mr. Whitfield explained both agreements stated that until the referendum had passed and the votes were certified, nothing can happen. Until it was all in effect, it doesn't matter when Council passes the agreements. If Council votes on the agreements in October, it was contingent on the referendum passing and the certifications passing. Mr. Vogler noted he would like to hear more about the options of leasing or purchasing the building; the City would be investing money into the up fit of the property and it was possible the City wouldn't own the property. Mr. Larking explained it would be two separate parcels, one with the new building on it which the City would be paying for with an installment purchase; the City would own that building from the beginning. The other part, because of the restrictions of historic tax credits, the City has to lease it for a period of time, and the City will have a first right of refusal on any sale of that property. The benefit was it drives down the cost of the project. Mr. Whitfield explained the way the documents were written it was anticipated that after year seven, in year eight, the City will purchase it. The right of first refusal was a tax issue, the City will be the owners, but it helped with some tax issues for the developer to provide a right of first refusal as opposed to a lease purchase option.

Mr. Campbell questioned if the referendum does not pass, will the City still pursue this and Mr. Larking stated it became a more difficult question for Council. The amount of revenue necessary to cover the annual cost associated with this project would require a tax increase.

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Chief of Police Scott Booth reviewed the design overview at the old Dan River Executive building, noting when they first started discussing a new police station, there had already been several space studies done. Several site surveys were done, and the Dan River building was the most cost effective solution. His vision was not the police department as seen now as part of the Municipal Building; they want to be in the community. Right now he does not have community space for meetings, space to meet with staff, and they don't have a place for a police athletic leagues; this gives them the opportunity to do that. This space allows the community to come and talk to the police about community involvement. When he first saw this site and started talking to the developer he was a little skeptical; they spoke and he feels that this was a cost effective solution for the community. It was based around the concept of community; it meets the needs of the space study and it allows them to move the department forward. Chief Booth reviewed the aerial view and the proposed floor plan (a copy of the power point presentation has been retained in Laserfiche in the City Clerk's folder, *Presentations to Council*.)

Mr. Kushner questioned whether any consideration was given to developing office space where the green space was now, since space was so important. Chief Booth noted he believed the green space was tied in with the Historic Tax Credits and Ms. Bobe noted that was correct, it has to keep in line with the original architecture of that building, which was built in the 1960s. Mr. Larking explained there were some open areas underneath the second floor that could be filled in, in the future to increase space. They do not anticipate that need would arise until several years later. If and when it does, the Historic Tax Credit period will be over and the limitations on renovation will be over, and they could take advantage of some of that space for that purpose.

Mr. Vogler questioned if the Chief had concerns about the location, being somewhat isolated, and have they discussed ways to open it up so it wasn't so secluded. Chief Booth noted that was one of the concerns he had initially. His perfect police facility would be in the neighborhood that needs the police the most, where they can have the most impact. This was a cost effective solution to what the department needs, it can be opened up and was a way they can bring the community to them. His vision was to one day have their own police academy, as the economy gets better. There was a regional police academy that does not meet Danville's needs; they were a different type of police department now than many others. They were working with the community to solve problems and they were only going to get better. He received a call today from the Director of the State Criminal Justice Services; she wants Danville to be a test site for working with communities of colors, a model for the State. He told her absolutely. In his mind though was, where they would host meetings, where could they bring people in to have these conversations.

Mr. Larking noted as far as it being secluded, the City was looking at opening it up; there were trees surrounding it and they have had discussions with Public Works about that. They want to look at having another entrance on Bishop which would serve the Schoolfield area more readily. Chief Booth noted when talking about the casino, if does go through, one of the concerns was crime; they were prepared and will be prepared working with their partners. This facility will also allay some community concerns as the facility backs up to the proposed site. Mr. Larking noted there was a perception of increased crime from the casino and this will help with that perception. Mayor Jones noted he would like Council to take a tour of the site.

In response to Dr. Miller, Chief Booth explained the annex will be a multi-purpose room for meetings, training, and locker rooms. The department has recently implemented de-escalation training for the entire department and will be able to continue that training in that multi-purpose room. They also have a MILO simulator they purchased last year which was housed at the library; that will be in that facility.

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Mr. Saunders asked if the building was for the present or for the future as well. Mr. Larking noted it was a building for now and the future, because of the expandable space of the existing building and a large amount of acreage around the building that would provide opportunities for future expansion. There were a lot more opportunities than what currently exist; the police department was now occupying the first floor of City Hall and part of the fourth floor. They operate some units out of the basement of the library; they were spread out over two different buildings plus the two precincts. This will give them one space where they can operate and serve the public.

Mr. Whitfield explained this could be at the second Council meeting in October. Mayor Jones conducted a straw poll noting eight out of nine Council Members agreed to put this on an upcoming agenda; one Council Member will have to abstain.

Mr. Kushner asked about the time frame for this project as far as breaking ground, and Mr. Whitfield noted if the casino referendum passes, they will break ground the end of November or first week of December of 2020. It should be completed in January 2022.

PROGRAM UPDATE

Mr. Larking noted they have engaged with a citizen committee to look at what kind of investments the City could be making with potential new revenue related to the casino. He will share Council Member Vogler's thoughts with them but would encourage everyone to let it go through the process and fully understand the impact of ideas before the City goes out and states what they were going to do.

COMMUNICATIONS

Dr. Miller questioned if National Night Out would be this year and Mr. Larking noted it would not. The City would be recording virtual events throughout the day promoting the idea of National Night Out.

ADJOURNED: 8:43 P.M.

APPROVED:

s/Alonzo L. Jones
MAYOR

ATTEST:

s/Susan M. DeMasi, CMC
CITY CLERK