

February 16, 2021

The Second Regular February meeting of the Danville City Council was held on February 16, 2021, at 7:00 p.m. in the Council Chambers located on the Fourth Floor of the Municipal Building. The following Council Members were present: James B. Buckner, L.G. "Larry" Campbell Jr., Bryant Hood, Mayor Alonzo L. Jones, Vice Mayor Gary P. Miller, Sherman M. Saunders, J. Lee Vogler, Jr., and Madison J.R. Whittle (8). Barry P. Mayo was absent (1).

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

### **INVOCATION**

The Invocation was given by Sherman M. Saunders, followed by the Pledge of Allegiance.

### **COMMUNICATIONS FROM VISITORS**

Mayor Jones recognized Emma Byrne, Regional Director for the Literacy Lab, Richmond, VA, and Alecia Lanier, Dry Fork, VA. Ms. Byrne explained the Literacy Lab was a non-profit organization working to close the literacy gap. They launched a new partnership with Danville Public Schools this year and have placed eight full time tutors in four of the elementary schools in Danville; Ms. Lanier was one of their tutors serving Danville. Ms. Byrne reviewed the goals of the Literacy Lab and how they provide literacy support from age 3 to grade 3, serving high need schools in Virginia. Ms. Lanier noted she was serving as an AmeriCorps member and full time tutor with the Literacy Lab at EA Gibson Elementary, and reviewed her training and work with students. Council thanked Ms. Byrne and Ms. Lanier for their work.

### **MEETING MINUTES**

Upon **Motion** by Council Member Vogler and **second** by Council Member Campbell, Minutes from the Regular Council Meeting held on January 19, 2021, were approved as presented. Draft copies of the minutes had been distributed prior to the meeting.

### **NEW BUSINESS**

### **REVIEW OF GENERAL FUND FINANCIALS AS OF JANUARY 31, 2021**

Director of Finance Michael Adkins reviewed the General Fund Financials as of January 31, 2021, the completion of the seventh month or 58% of the fiscal year complete. Total revenues at this point were \$57.6M, about 52% of budget, and a decrease from last year. Approximately \$400,000 of that decrease was related to interest rates which were much lower now than they were in the first half of the last fiscal year. Staff did budget for a decrease in interest rates, but not to this magnitude. Another \$300,000 of the decrease was found in Charges for Services, some of that was from Parks and Rec; they were unable to offer the services and programs they usually do. The revenues from those programs were not there, but neither was the cost. The same was also true for Adult detention; the census there has been 50% or less of normal which has provided some cost savings as well to offset any revenue loss.

With regard to Property taxes, Real Estate collections were 52% of budget, they like to be at least halfway before the spring collection and were on track. Delinquent Real Estate collections were exceeding budget; at the end of January, they were at 64% complete. The City had a very successful auction of delinquent parcels in November and were planning another one very late in the winter or the beginning of spring; that will keep the collection rate up. Personal Property taxes

February 16, 2021

were just under 50%, which was typically where the City found themselves; the State portion of personal property taxes were not received evenly, more was received in the spring than the fall.

Under Local taxes, Sales Tax continues to set records for the City with \$5.7M collected at the end of January, which was 62% of budget, and about \$630,000 more than last year at this time. Staff receives the monthly installments on the 16<sup>th</sup> of each month, today they received their Sales Tax collection related to December retail sales which was usually their highest month with holiday purchases. The City received \$1,070,000, a new record for one month of sales tax collection; the City has not exceeded \$1M before. This was primarily due to the stricter enforcement of sales tax on on-line sales. Meals tax and Hotel tax were still sluggish resulting from the pandemic; meals tax was \$4.8M, 55.5% of budget, so slightly behind, but only \$157,000 less than last year at this time. Hotel/Motel was also at 54% of budget or \$860,000; that decrease was only \$80,000 less than last year. Sales tax revenues will more than make up for any deficiencies with the other local taxes, and perhaps any deficiencies they find throughout the other revenues. State revenues were on track, there were some timing differences that occur from month to month; sometimes the monthly installments were received at the end of the month, sometimes the first week of the following months; there were no concerns with state revenues.

On the Expenditure side, Departmental Expenditures were 54% of budget, trailing budget which was what was typically seen. Under Non Departmental, the two major factors there were debt service and group health insurance. With debt service they know what that will be for the fiscal year, so that was budgeted and on track. Health insurance was on track as well, there was an increase from last year, but last year group health insurance claims were much lower than expected and the City underperformed budget last year. While it looks like a large increase, it was still on track with budget expectations. In total, the General Fund was consistent with last year, with no concerns at this point.

Mr. Adkins noted, to follow up with a discussion at the retreat, Davenport, the City's financial advisors, suggested a financing strategy the City should consider, and he wanted to bring it back to Council's attention. In addition to refinancing the IDA debt related to the Schoolfield property the City sold, staff talked about issuing a BAN, or Bond Anticipation Note. The way a BAN worked, the City takes on a borrowing, and say within the next five years, they will either pay it off by the end of those five years, or convert it to a traditional bond and stretch it out over twenty years. Some advantages to doing this were interest rates were at an all-time low; if the City took on a borrowing right now, they were fixing it at a low interest rate. If the City does it this year, it will avoid them having to budget, hopefully, from fund balance for the next two years, those onetime expenditures from the Fund Balance.

In order to pay off the BAN, the recommended, preferred way would be to use future casino revenues they were anticipating in the next three to four years; they would come in time to pay that off. The second option would be to just use Fund Balance when it comes due at the end of five years which was what they would have budgeted anyway along the way. The third way was to convert it into long term bonds. Mr. Adkins noted he would like to go ahead and issue an RFP to get bank quotes so they have those in place to know what they were dealing with should the City pursue this. It would require Council to pass a resolution at one of the upcoming meetings, and he would like to get it done before the end of the fiscal year.

City Manager Ken Larking stated he also recommended this, it will be part of the strategy in recommending a budget to Council in the middle of March. Having the timing of this done around March or early April would be helpful to staff as they plan for the budget going forward. The next two years will be interesting and the third year budget will be the first year, per the Development

February 16, 2021

Agreement with Caesars, the City expects to get at least a portion of the gaming tax revenue it expects. Per the Agreement, they were supposed to be up and running by the end of December of that year; it will be a full half year of casino revenue in place by that fiscal year. Staff feels very good about that new revenue source and being able to pick up some of those costs. Because there was a two year gap in the budgets between now and then, staff's approach has been to look at the budget in a two year cycle and see if they can accomplish what they want to during the two year period. The goal was to not raise any rates, to use this financing mechanism to bridge the gap between now and FY24, and then go from there to the investments they want to make in the community.

Mr. Adkins stated in working with Davenport and talking about future revenues, they assumed the minimum amount of future revenues from the agreement with Caesars; they were keeping things very conservative. Mayor Jones noted he appreciated the public having the opportunity to hear the financial reports and thanked Mr. Adkins for bringing this forward. Mr. Larking noted the financial advisors did not anticipate the full amount the City expects from casino gaming, they anticipated the minimum amount per the Performance Agreement. Staff feels very confident they were being conservative with their approach. Also, by not budgeting fund balance, it was helpful when they go for a new bond rating, they can potentially move up in the rating scale which would result in lower interest being charged for any future borrowing. Mr. Larking stated they were on the path for much better financial future, thanks to Mr. Adkins and the City's financial advisors.

### **CONSIDERATION OF ADOPTING RESOLUTIONS TO SET THE SALARIES OF DANVILLE CITY COUNCIL EMPLOYEES**

#### **A RESOLUTION SETTING THE SALARY OF THE CITY MANAGER**

Council Member Vogler **moved** for adoption of a Resolution entitled:

#### **RESOLUTION NO. 2021-02.01**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DANVILLE VIRGINIA SETTING THE SALARY OF THE CITY MANAGER

The Motion was **seconded** by Council Member Buckner and carried by the following vote:

VOTE: 8-0-1  
AYE: Buckner, Campbell, Hood, Jones,  
Miller, Saunders, Vogler and Whittle (8)  
NAY: None  
ABSENT: Mayo (1)

#### **A RESOLUTION SETTING THE SALARY OF THE CITY ATTORNEY**

Council Member Buckner **moved** for adoption of a Resolution entitled:

#### **RESOLUTION NO. 2021-02.02**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DANVILLE VIRGINIA SETTING THE SALARY OF THE CITY ATTORNEY.

The Motion was **seconded** by Council Member Vogler and carried by the following vote:

February 16, 2021

VOTE: 8-0-1  
AYE: Buckner, Campbell, Hood, Jones,  
Miller, Saunders, Vogler and Whittle (8)  
NAY: None  
ABSENT: Mayo (1)

### **A RESOLUTION SETTING THE SALARY OF THE CITY CLERK**

Vice Mayor Miller **moved** for adoption of a Resolution entitled:

#### **RESOLUTION NO. 2021-02.03**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DANVILLE VIRGINIA SETTING THE SALARY OF THE CITY CLERK**

The Motion was **seconded** by Council Member Saunders and carried by the following vote:

VOTE: 8-0-1  
AYE: Buckner, Campbell, Hood, Jones,  
Miller, Saunders, Vogler and Whittle (8)  
NAY: None  
ABSENT: Mayo (1)

### **COMMUNICATIONS**

City Manager Ken Larking noted he appreciated Council Member Saunders offering a prayer for the injured City employee. The City has had a number of outages due to the ice storm, the crews have worked sixteen hour shifts, the maximum allowed for safety purposes, over the past several days, in terrible weather conditions, trying to get power restored as quickly as possible. The employee was doing okay, it was a survivable accident, but a severe one. It was a very dangerous job, there were many jobs in the City government that were dangerous, police officers, fire fighters, linemen and public works employees, employees who do very dangerous things on behalf of the community; the City does its best to implement safety practices to help them be as safe as possible. He appreciated the patience of the public, people frustrated with the power being out, but were understanding about the situation. Mr. Larking thanked the four cities from North Carolina helping the City crews restore power.

There were no communications from the Deputy City Manager or City Clerk. City Attorney Clarke Whitfield thanked Council for their generosity and the confidence they placed in him with tonight's actions; he appreciated it.

Vice Mayor Miller noted he remembered about three years ago, one of the city workers was killed during a storm, it was very dangerous work and Council's prayers were with the lineman. These workers were in the bad weather for sixteen hours trying to repair the lines, it was exhausting work. One of the fire stations in the county opened up for people to take showers, charge their cell phones and get food; they appreciated the people who did that. Dr. Miller noted he heard on the news that COVID cases were down in New York, Virginia and this community; they may be turning the corner, but encouraged citizens to continue to wear their masks, social distance and wash their hands.

Council Member Saunders noted a special thanks to all City employees, especially those in public safety.

February 16, 2021

Council Member Vogler asked for a round of applause for the linemen out working so hard, it was a dangerous job. Mr. Vogler noted he was excited to see the bike share program was back in Danville, and was happy to have his son Kingston at tonight's meeting.

Council Member Buckner thanked all the linemen, public works crews and all those that were out in the weather, working around the clock to make sure everyone was able to sleep at night a little better. Mr. Buckner stated Marcus Luck has a boxing gym on North Main Street, and has been training a young lady in Danville named Brittan Hart who won the Bare Knuckle Boxing World Championship on the 5<sup>th</sup>; they were very proud of her.

Council Member Hood noted a special thanks to Danville Utilities and Public Works for their diligence in the bad weather to restore power to residents, and a special prayer to the lineman that was injured this morning restoring power. Council's thoughts and prayers were with him.

ADJOURNED: 7:31 P.M.

APPROVED:

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK