



DANVILLE CITY COUNCIL REGULAR MEETING AGENDA

MUNICIPAL BUILDING

November 16, 2021

7:00 P.M.

PRESIDING: Alonzo L. Jones, Mayor

CITY COUNCIL MEMBERS: James B. Buckner
L.G. "Larry" Campbell, Jr.
Bryant Hood
Barry P. Mayo
Dr. Gary P. Miller, Vice Mayor
Sherman M. Saunders
J. Lee Vogler, Jr.,
Madison J. Whittle

STAFF: Ken F. Larking, City Manager
Earl B. Reynolds, Jr., Deputy City Manager
W. Clarke Whitfield, Jr., City Attorney
Susan M. DeMasi, City Clerk

The City Council is the City of Danville's legislative body and is composed of nine Council members. Council members are elected to serve a four year term of office and elects one of its own to serve as Mayor and presiding officer for a two year term.

Time and Place of Meeting

The public is invited and encouraged to attend and participate in the City Council meetings. The City Council meets in the City Hall, Fourth Floor, Council Chambers at 7:00 p.m. on the first and third Tuesday of each month. All meetings of the Council are open to the public.

Communications from Visitors

Communication from Visitors is an opportunity for citizens to address Council on matters not on the agenda. Citizens who desire to speak on agenda items will be heard when the agenda item is considered. Each speaker shall clearly state his or her name and address. Each individual speaker shall have five uninterrupted minutes. A representative of a group may have up to ten uninterrupted minutes to make a presentation. The representative shall identify the group and a group may have no more than one spokesperson. Time will be kept using the electronic timer on the podium.

Guidelines for Public Hearings

For Public Hearings the applicant or his or her representative shall be the first speaker(s). There shall be

a time limit of ten (10) minutes for the applicant's or his or her representative's presentation. The presiding officer shall then solicit comments from the public, asking those in favor of the proposal to speak first, and then those opposed to the proposal. Each speaker must clearly state his or her name and address. There shall be a time limit of three (3) minutes for each individual speaker. If the speaker represents a group, there shall be a time limit of five (5) minutes. A speaker representing a group shall identify the group at the beginning of his or her remarks. A group may have no more than one spokesperson. The presiding officer may limit or preclude comment which is repetitive, redundant, cumulative, or irrelevant to the subject of the public hearing. After public comments have been received, in a land use case, the applicant or the representative of the applicant, at his or her discretion, may respond with a rebuttal. There shall be a five (5) minute time limit for rebuttal.

MEETING CALLED TO ORDER

ROLL CALL

INVOCATION - J. Lee Vogler, Jr.

PLEDGE OF ALLEGIANCE TO THE FLAG

COMMUNICATIONS FROM VISITORS

*Citizens who desire to speak on matters not listed on the agenda will be heard at this time.
Citizens who desire to speak on agenda items will be heard when the agenda item is considered.*

MEETING MINUTES

- A. Consideration of Approval of Minutes from Regular Council Meeting held on October 19, 2021.
Council Letter Number CL - 2661.

NEW BUSINESS

- A. Review of General Fund Financial Statements as of October 31, 2021.
Council Letter Number CL - 2632.
- B. Consideration of Approving a Moral Obligation with Virginia Community Capital for Construction of a Shell Building.
Council Letter Number CL - 2660.

A Resolution Approving and Authorizing the Execution of a Moral Obligation Agreement By and Between the City of Danville, Virginia and Virginia Community Capital, a Virginia Banking Corporation.

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-2661

Meeting Minutes A.

City Council Regular Meeting

Meeting Date: 11/16/2021

Subject: Consideration of Approval of Meeting Minutes

From: Susan M. DeMasi, City Clerk

COUNCIL ACTION

Business Meeting: 11/16/2021

SUMMARY

Consideration of Approval of Minutes from Regular Council Meeting held on October 19, 2021.

Council Letter Number CL - 2661.

Attachments

Meeting Minutes

October 19, 2021

The Second Regular October meeting of the Danville City Council was held on October 19, 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, Barry P. Mayo, Vice Mayor Gary P. Miller, Sherman M. Saunders, J. Lee Vogler, Jr., and Madison J.R. Whittle (9).

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 Sandra Gale Motley, who informed Council of their family owned, veteran business, Percolate International, a boutique software company. Ms. Motley discussed her company and designs, and noted she was looking for opportunities to partner and team with others as well as those who would like to assist them with achieving their company goals.

Mayor Jones recognized Tommy Bennett, President of the Danville Branch of the NAACP, who thanked Council Members Saunders, Mayo and Hood, the City Manager, and Deputy City Manager for participating in the dedication of the historic marker for Camila Williams. Mr. Bennett also noted they would be providing rides to anyone who needs one to get to the polls to vote.

CONSENT AGENDA

Mayor Jones opened the floor for a Public Hearing regarding Budget Items on the Consent Agenda. Notice of the Public Hearing was published in the *Danville Register & Bee* on October 12, 2021. No one present desired to be heard and the Public Hearing was closed.

Council Member Buckner **moved** for adoption of the following Consent Agenda Items:

Minutes from the Regular Council Meeting held on September 21, 2021. Draft copies of the minutes had been distributed prior to the meeting.

Amending the Fiscal Year 2022 Budget Appropriation Ordinance for Housing and Urban Development Funds

An Ordinance entitled, Ordinance No. 2021-10.05, Amending the Fiscal Year 2022 Budget Appropriation Ordinance for Projects to Be or Being Undertaken to Improve the Danville Community Financed with Community Development Block Grant, Home Investment Partnership Funds from the U.S. Department of Housing and Urban Development, and Estimated Program Income for a Total Appropriation of \$1,245,901.00

Amending the Fiscal Year 2022 Budget Appropriation Ordinance for Grant Funds from the Department of Homeland Security

An Ordinance entitled, Ordinance No. 2021-10.06, Amending the Fiscal Year 2022 Budget Appropriation Ordinance to Provide for a Grant from the Virginia Department of Emergency Management in an Amount of \$115,360.91 and a Local Share in the Amount of \$11,536.09 for

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Extrication Equipment for Three Fire Trucks for a Total Appropriation in the Amount of \$126,897.00, and Appropriating Same.

Amending the Fiscal Year 2022 Budget Appropriation Ordinance for a Grant from the Department of Juvenile Justice for Electronic Monitoring and Outreach Detention Programs and Prevention Services/Pro-Social Skills Program

An Ordinance entitled, Ordinance No. 2021-10.07, Amending the Fiscal Year 2022 Budget Appropriation Ordinance for a Grant from the Department of Juvenile Justice in the Amount of \$86,999 and a Local Share of \$39,830 for a Total Appropriation of \$126,829, to Provide for the Electronic Monitoring and Outreach Detention Programs and Prevention Services/Pro-Social Skills Program for the City of Danville at the W. W. Moore Jr. Detention Home and Appropriating Same.

Amending the Fiscal Year 2022 Budget Appropriation Ordinance for a Grant to Aid Food Service Operations at WW Moore Jr., Detention Home

An Ordinance entitled, Ordinance No. 2021-10.08, Amending the Fiscal Year 2022 Budget Appropriation Ordinance for a Federal Grant in the Amount of Approximately \$38,681 to Aid the Food Service Operations at W. W. Moore, Jr. Detention Home and Appropriating Same.

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

VOTE: 9-0
AYE: Buckner, Campbell, Hood, Jones, Mayo,
Miller, Saunders, Vogler and Whittle (9)
NAY: None

APPOINTMENTS

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

Resolution No. 2021-10.12 – Appointing Sandy Irby to the Danville Community Policy & Management Team as the Danville Pittsylvania Community Services Representative.

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

VOTE: 9-0
AYE: Buckner, Campbell, Hood, Jones, Mayo,
Miller, Saunders, Vogler and Whittle (9)
NAY: None

NEW BUSINESS

REVIEW OF GENERAL FUND FINANCIALS AS OF SEPTEMBER 30, 2021

Director of Finance Michael Adkins reviewed the General Fund Financials as of September 30, 2021 noting Revenues were just over \$20M, an increase of about \$1M from last September. These increases were primarily due to increased collections of delinquent taxes and local consumer based taxes. Delinquent real estate tax collections were at \$422,000 at the end of September, 40% of budget, and the City was currently 25% through the year. Bills for the current

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tax year will be mailed out in the next couple of weeks and were due on December 6th which falls on a Sunday, so they will be due the next business day. Local taxes were up this year, Sales Taxes came in at \$2.7M, ahead of budget by about 1%, at 26% of budget and up \$176,000 over last year. Meals Tax was performing very well at \$2.5M, 29% of budget at the end of the first quarter and up about \$429,000 from September of last year. Lodging tax was at \$510,000 coming in at 34% of budget; about one third of the budget has been received in the first quarter of the year, up about \$135,000 over last year. All other revenues from the State and Federal sources were coming in on line with budget and with no concerns.

Through the first quarter, Expenditures totaled \$35M, an increase of about \$2.5M over last September. The primary reason was the Support of Schools; schools did not start the year off in the previous fiscal year with in person instruction, but this year they did. The draw down of their funding was more in line with what the City typically sees in a fiscal year compared to last year. Department level spending was at 22% of budget, so the City was experiencing some budget savings through the first quarter, and hoped that continued through the fiscal year. For Non-Departmental Expenditures, they were at 30% of budget, a little ahead and primarily made up of Group Health Insurance and Debt Service payments. The City's Group Health insurance was coming in right behind budget at 24% which was a good sign. Debt Services was not incurred evenly through the year; most of the debt payments occur in March and September of each calendar year. With September being in the past quarter, that was the reason that line item was a little ahead of 25%, at 37% of budget. The first quarter results were very favorable for this fiscal year so far. As a matter of note, staff was preparing for their financial and economic development presentation to the Bond Rating Agencies. That will occur on Friday and he will report back to Council when he receives the results from that.

Council Member Campbell questioned the amount of reserves and Mr. Adkins explained they go up and down through the fiscal year, but at the end of September, the City was running ahead of last September by about \$2M. Council Member Campbell questioned how much the funds from Caesars increased the reserves and Mr. Adkins noted those revenues were accounted for in the Special Projects and Capital Project Funds and were not reflected in the reserve.

APPROVING FREE BUS SERVICE DURING THE NOVEMBER ELECTIONS

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

RESOLUTION NO. 2021-10.13

AUTHORIZING THE DANVILLE TRANSIT SYSTEM TO OFFER FREE BUS SERVICE ON TUESDAY, NOVEMBER 2, 2021

The Motion was **seconded** by Council Member Saunders.

Council Member Vogler noted he and the Mayor, a few years ago, asked the City Manager if this could be possible, as it hadn't been done here in the City before; it has now been done for every election since then. Mr. Vogler stated he was glad to see this continued. Council Member Campbell questioned how widely it was used the last time and Director of Transportation Marc Adelman noted there was no way to measure the fixed route service to track where people get on and off, and there were a number of election polling sites throughout the City. Reserve-A-Ride Service and Senior Transportation Services were all based on reservations and he did not think there was a very significant uptick with regard to use of the transportation service to polling sites.

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The **Motion** was carried by the following vote:

VOTE: 9-0
AYE: Buckner, Campbell, Hood, Jones, Mayo,
Miller, Saunders, Vogler and Whittle (9)
NAY: None

CONSIDERATION OF APPROVING AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE ASSIGNMENT OF AN EXISTING POLE ATTACHMENT FRANCHISE

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

RESOLUTION NO. 2021-10.14

APPROVING AND AUTHORIZING THE ASSIGNMENT OF AN EXISTING POLE ATTACHMENT FRANCHISE FROM CHATMOSS CABLEVISION INC. TO ITS NEW OWNER ZITO CHATMOSS LLC.

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

VOTE: 9-0
AYE: Buckner, Campbell, Hood, Jones, Mayo,
Miller, Saunders, Vogler and Whittle (9)
NAY: None

APPROVING AND AUTHORIZING THE RELEASE OF CITY-HELD LIENS AGAINST PARCELS #21232 AND #24234 JEFFERSON AVENUE AND PARCELS #22490, 22491 AND 21930 LOYAL STREET

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

RESOLUTION NO. 2021-10.15

APPROVING AND AUTHORIZING THE RELEASE OF CITY-HELD LIENS AGAINST REAL PROPERTY IDENTIFIED AS PARCELS #21232 AND #24234 JEFFERSON AVENUE AND #22490, #22491, AND #21930 LOYAL STREET TO FACILITATE THEIR CONVEYANCE TO THE DANVILLE REDEVELOPMENT AND HOUSING AUTHORITY.

The Motion was **seconded** by Council Member Mayo.

Council Member Whittle stated the City had thirty liens on the properties on Jefferson Avenue and Assistant City Attorney Ryan Dodson noted it included two demolition liens for two houses that used to be there, the rest were grass liens. The properties on Colquhoun Street were for three demolitions for three houses and associated grass cutting, after the fact.

The **Motion** was carried by the following vote:

VOTE: 9-0
AYE: Buckner, Campbell, Hood, Jones, Mayo,
Miller, Saunders, Vogler and Whittle (9)
NAY: None

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APPROVING AND AUTHORIZING THE RELEASE OF CITY-HELD LIENS AGAINST PARCELS #20725, #21571 AND #23906 COLQUHOUN STREET TO FACILITATE THEIR SALE

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

RESOLUTION NO. 2021-10.16

APPROVING AND AUTHORIZING THE RELEASE OF CITY-HELD LIENS AGAINST REAL PROPERTY IDENTIFIED AS PARCELS #20725, #21571, AND #23906 COLQUHOUN STREET TO FACILITATE THEIR SALE.

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

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

CONSIDERATION OF THE APPEAL OF THE COMMISSION OF ARCHITECTURAL REVIEW'S DECISIONS AT 918 GREEN STREET AND 154 CHESTNUT STREET

City Attorney Clarke Whitfield noted Mr. Paul Liepe will speak first and he will have ten minutes. Mayor Jones asked Council Members to hold their questions, to let the Mr. Liepe speak first for ten minutes. After that the Commission of Architectural Review will have ten minutes.

Mayor Jones recognized Paul Liepe, Main Street, Danville, Virginia. Mr. Liepe thanked Council for the opportunity to bring this matter to their attention, and noted this appeal was not about solar power, they favor solar power. This appeal was about the visual appearance, the character of the historic district. The appellants maintain that solar panels visible from the street even on slanted roofs were not compatible with the character of Danville's first historic district. Mr. Liepe stated there was a factual error in the material provided to Council by staff; staff offers that the applicant for the Certificate of Appropriateness was Mr. Lawrence Meder. The Application was in fact Titan Solar Power on the original documents, an Arizona corporation. An Arizona corporation has little reason to be concerned about the historic character of the City. The properties in question were actually owned by Fredrick and Lawrence Meder who were here tonight. Mr. Liepe stated at the meeting of the Commission of Architectural Review, or CAR, the property owner stated regarding 918 Green Street, "eight panels on the front section, my wife and I requested that they not be put up but the plan came in since we use so much electricity that we need more panels." It was the Arizona company that was requesting those panels and the homeowner preferred that they not be there.

Mr. Liepe noted City staff suggested that by following the process described in the Zoning Ordinance, the CAR must have arrived at the correct result. Mr. Liepe noted initially, CAR did. CAR decisions were actually a two-step process. The Commission first decides whether the application meets the Old West End Design Guidelines, and, initially the CAR determined that the application did not meet the guidelines. The second step was to determine whether the application should be approved because it would have no adverse impact on the character of the property or the historic district. According to the Zoning Ordinance, additional factors to be considered included the material, texture and color of the proposed change, compatibility with the

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historic building's character and scale, the impact on tourism and compatibility with the City's Comprehensive Plan, the 2030 Plan. It was here that the appellants believe the CAR failed to fully consider the Zoning Ordinance requirements or the effects of the proposed panels as they were required to do. Mr. Liepe asked Council to not allow the Arizona corporation and a misguided CAR with no representatives from the neighborhood, change the character of the historic district, and asked Council to modify the decision of the CAR to preclude the installation of solar panels visible from any public right of way within the Old West End Historic District.

Mayor Jones recognized Mary Kemp, Main Street in the Old West End. Ms. Kemp noted she came up because she was at the CAR meeting on another issue and regretted not getting up to speak; she didn't think it was going to pass. Ms. Kemp stated that Mr. Meder presented a really organized plan and Mr. Liepe got up and did a very well organized rebuttal. Then Mr. Meder said he understood what they were saying, they won't do those eight panels, then someone else stood up and other people outside the situation decided no, there shouldn't be any type of compromise. Ms. Kemp noted a member on the panel, very pro-solar, very much swayed the argument. Ms. Kemp explained she grew up in Arizona, and was familiar with solar panels, but in those historic neighborhoods, those panels weren't visible; those panels were behind or in the backyard. There can be a compromise here, it just seems like they need to meet somewhere in the middle.

Mayor Jones recognized Robin Crews, formerly of the Old West End, 806 Main Street, currently at 322 West Main Street, Chair of the Commission of Architectural Review and speaking on behalf of CAR, who thanked Council for allowing her to come this evening. She respects and supports the fifteen neighbors', which were the appellants in this case, right to appeal the CAR committee's decisions on 22 July, 2021, regarding the solar panel installations at both 918 Green Street and 154 Chestnut Street. Ms. Crews stated for the record she was not present at the meeting on 7/22/21 due to a work related conflict. She has reviewed the minutes, back up materials and the appellants information. The CAR membership did follow a decision making process as condoned by the City Council of Danville, as Mr. Liepe clearly indicated in his appeal letter to Council, that included a two-step process as he mentioned earlier. The first of the two steps was important because the CAR committee's standards cannot consider or anticipate all the circumstances that may arise. The first step, as Mr. Liepe indicated determines whether the application does or does not meet the City's guidelines and the Commission agreed unanimously that it did not. However, the second step, which was part of the two step protocol, was that the Commission decided that the solar panels would not adversely affect the neighborhood, and that neither roof was a prominent historical feature of those homes; this was by unanimous vote of the committee. The Board did unanimously feel that the installations would neither be prominent nor remarkably visible. Per the Appellant letter, the homeowners were certainly entitled to protect and enhance their properties' values and the guidelines do provide under, Section 3b, for technological updates to be installed and screened from view as much as possible.

Mayor Jones recognized Frederick Lewis Meder, Jr., 918 Green Street, who stated he and his wife have been rehabbing 154 Chestnut Street for last twelve years. The solar panels were on the building today. Mr. Meder stated this was not his fight; they followed all the guidelines and procedures, and stated it needed to be fixed. Several years ago he asked the CAR for guidance regarding solar panels because it was his plan since 2004. He emailed Renee Burton and Dr. Liepe twenty one months ago regarding the solar panels stating his objective and was moving in that direction. On July 22nd, he presented his case to the CAR; the Board approved the proposals with all the votes in his favor; no one on the Commission voted against the solar panels. The solar panels were now on Chestnut and were awaiting final inspection. Mr. Meder explained 154 Chestnut was a derelict home, it was not lived in for over twenty years and it should have been razed; it needed everything imaginable. They started in 2009, twelve years ago and in a few short

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weeks, Dr. Garbett will be moving into this home. They have safely removed all the hazardous waste, cut out the rotted beams, rewired, replumbed, installed new floors and so on; this home was brand new. He and his wife have both resided in the Old West End for over thirty years. On the street that they live on, Green Street, there are fifty six residences on this street, and only twenty six being occupied right now. Many of these homes were derelict and falling down. His family were significant property owners in the Old West End, work every day on these homes and meet the needs of their tenants. Everyone of their homes has needed significant electrical upgrades, insulation, plumbing, wiring, flooring, roofing and significant foundation work. The City has a housing shortage, and they were about to bring 154, a three bedroom home, two full baths back into the mix. The panels were put up last night, and he had over twenty people tell him how wonderful they looked. They do not impact the historic nature of the home.

Mayor Jones recognized Dr. Ann Garbett, 931 Green Street, the house was in the district, that her husband and she bought in 1978 when they first moved to Danville. They were thrilled to be in a Victorian house in a City that had an historic district. Before her husband died, he served on the Commission for Architectural Review; he was as she was, deeply committed to the principals that guide that body. Now, she was ready to downsize and was hoping to downsize to 154 Chestnut Street. She would not want to move to a house that didn't follow the guidelines for historic architectural standards and believes this house does. Dr. Garbett stated she hoped that Council will allow this to go on.

Mayor Jones recognized Barry Koplen, 214 North Union Street who stated he was there to deliver a message from Colonel Larry Meder; he called from Missouri, in support of his brother. Colonel Meder noted the City by means of its buildout of downtown sidewalks and interchanges and its building purchases and renovations has added hope to a city that was blighted by the loss of two prominent industries. His brother Fred has completed similar work in the Old West End and throughout the City of Danville. For many years, Fred has supported and promoted, with various projects, the City's environmental sustainability. Thanks to his efforts, houses have been saved rather than destroyed. His work with pavers for streetscapes at the Danville Science Center was still walked on. He has been president of the Commission of Architectural Review, and continues to work with the Danville Historical Society; in that regard he installed walking tour plaques throughout Danville's Old West End as well as the Museum's monoliths. By introducing solar power to the Old West End, he has insured those houses will be environmentally and financially sustainable; that's why the Commission of Architectural Review approved his use of solar power.

Mayor Jones recognized Mr. Liepe for his rebuttal. Mr. Liepe noted there seems to be an impression that people in the Old West End don't like Fred Meder and that was far from the truth, every one of them would be pleased to recognize his past contributions to the City. However, that had nothing to do with their appeal which was about the appearance of the Old West End. Mr. Liepe noted he received an email this morning, from a man who had requested of the CAR that he be allowed to change his roof from a metal roof to a shingle roof. That request was denied by the CAR because such changes were not allowed. If there was an historic metal roof, they must continue to have a metal roof. The Commission has approved in this case, covering a metal roof with something else, a solar panel. The same man was also very much in favor of energy efficiency and wrote that he would like to have vinyl windows and vinyl soffits because that would increase his energy efficiency. And of course, the CAR would not approve vinyl windows. This email speaks to the point that with enough exceptions to the design guidelines, they really no longer have an historic district, it's changed completely. About ten years ago when the River District Design Guidelines were created and the Old West End Design Guidelines were updated, it was thought that the design commissions needed more flexibility, more latitude. Many of the people he talked to think that both of those commissions have too much discretion and were

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making decisions that were taking away the historic character of those districts. Mr. Liepe asked Council to modify the decision of the CAR to preclude installation of visible solar panels and would also suggest that they direct city staff to review both the River District and Old West End Design Guidelines with an eye toward limiting the discretion of these commissions.

Mayor Jones recognized Ms. Crews, who stated in rebuttal, they do have a process that the Committee of Architectural Review followed, and appreciated that new technologies were at the back door. They need to embrace new technologies because that was what was going to attract people to the neighborhoods; they do want to keep historical context. In this particular issue, the members of the CAR determined that it would have no adverse impact on the historical context of the two homes presented in the application. They do have to embrace new architecture and new ways of doing business but they certainly have to understand that they do have to keep historical context. Ms. Crews stated she has done, in the past several days, quite a bit of reviews of other historical context communities, Charleston, Washington DC, New York and Savannah to name just four, and has found that they too have embraced some technology under certain guidelines. Each and every one of those have embraced this technology.

Mayor Jones recognized Mr. Meder who stated that he would like to point out that CAR was a body of his peers. He asked them to approve this, they have every right to deny him and then if that was the case it would have been fine. He did the due diligence, he talked to Renee Blair and Dr. Liepe twenty one months before he even approached this. The Commission's objective here was that people don't take the parts off the house and throw them away. When it rains and the capitals in the building fade, they have to replace them and rebuild them, not throw them away and go to Lowes and buy plastic. Someone at 154 put up aluminum siding on this house in 1962, cut the water tables off, cut the bottom of the window sill off, carved the wood along the window, threw the gallery balustrade off, and they threw the sawn balustrade. They restored every window, took the siding off, took the lead out, and primed and painted. It was brand new, move in ready and that's what Danville needs.

Mayor Jones asked the City Attorney, Clarke Whitfield to come forward and give Council some history. Mr. Whitfield noted as both Mr. Liepe and Ms. Crews stated, there were two standards that CAR looks at. The first was whether or not it meets the guidelines. Everybody in that hearing, admitted it didn't meet the guidelines, but they have a second step and that second step was if it doesn't meet the guidelines, does it do anything to deteriorate the value of the district or the structure itself. That's where the CAR unanimously voted no, that it didn't. Council was tasked with either affirming the ruling of the CAR and that's the resolution, or as Mr. Liepe has asked, modify, to reverse the CAR, and then Mr. Meder would not be able to keep his solar panels.

Mayor Jones requested that Council direct their questions to the City Attorney. Council Member Buckner questioned was the opposition in question because it was on the side of the house and was visible from the street, and were multiple sets of panels on the property? Mr. Whitfield stated from what he understands it was because it was visible from a public right of way. Mr. Buckner questioned if the panels go away and were moved to the back of the home then they were not visible from the street, was that correct and Mr. Whitfield noted he doesn't believe they would be, he didn't know what right of way was behind there, so he wouldn't know whether or not they would be visible from a right of way. Mr. Meder stated there was a public trail behind this house.

Council Member Campbell questioned what was the compromise or was there a compromise and Mr. Whitfield noted he didn't believe there was a compromise. As Mr. Meder said, there was nowhere they can go, no public right of way where they can't see them if they were to move them. Unfortunately, in this situation, Council was going to have the decision to either affirm or reverse.

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Mr. Campbell questioned as a template for new technology, was there anything to modify or amend and Mr. Whitfield noted he believed there was some work that needed to be done by the Planning Department and the City Attorney's office to bring something back to Council. That was something that everybody agreed may need to be looked at. Mr. Buckner asked if he was correct in understanding the guidelines of the Old West End stated as long as it was not visible from the street, and Mr. Whitfield noted that was correct. Mr. Buckner stated he has never known there to be a street behind 154 Chestnut, and Mr. Whitfield explained it was not just a public street, it was a public way; a public way could mean a sidewalk or an alley in addition to a regular street. Mr. Buckner questioned if it said public way or street and Mr. Whitfield stated it said public way.

Council Member Vogler noted if he heard Mr. Meder correctly, they were placed in the position facing the optimal sunlight so that's why they were where they were. Mr. Vogler asked Mr. Whitfield if he recalled how long this house was vacant prior, and Mr. Whitfield stated he didn't recall, but believed it was probably more than ten years. Mr. Vogler noted to clarify, if Council approved a resolution affirming the CAR's decision, the solar panels stay, and if they reverse, the solar panels have to be removed; Mr. Whitfield noted that was correct. Council Member Saunders questioned if the Commission of Architectural Review's vote was unanimous and Mr. Whitfield noted it was.

Vice Mayor Miller questioned were there panels now on the back of this house, and Mayor Jones noted Mr. Meder said there were. Vice Mayor Miller noted the contract with the Arizona company, how long was that and Mr. Whitfield stated he thought they were the installer and the petitioner was Mr. Meder. Vice Mayor Miller stated all these things have a finite life span; when the panels become obsolete or damaged or new technology comes and they have to be taken off, what happens then, were they back to a metal roof. Mr. Whitfield explained they were always going to have to adhere to the Building Code of Standards and if they become dilapidated then the homeowner was going to be responsible for fixing them and fixing the roof back to the way it currently was now or was prior to installation. Dr. Miller noted it worried him, he was a proponent of solar panels, but what happens at the end of the contract, all that equipment where does it go, to a landfill to be destroyed or get replaced. They have about a thirty year life span then they become deteriorated. Mr. Whitfield stated he assumed the property owner will dispose of them as he sees fit. Dr. Miller questioned what the new standard would be once these were put up, does the new standard become solar panels or something similar or does it go back to metal. Mr. Whitfield explained under today's guidelines, it would be going back to the metal roof if they were to come off.

Council Member Whittle asked if these were going to be on a case by case basis and Mr. Whitfield noted they were. Mr. Whittle stated both these groups were great advocates for this area, and Mr. Whitfield stated that was a great point, and everyone needs to understand that everybody that was here today and spoke were incredible ambassadors for the City. They all care about the City, they just have a difference of opinion about this particular structure. They have all done tremendous amounts of work and been very dedicated and that needs to be recognized.

Council Member Buckner questioned if the panels were installed at 918 Green Street yet, and Mr. Whitfield noted they have not, but they will also be visible from the street. Mr. Meder indicated it impossible not to be visible from anywhere. Council Member Saunders questioned the City Attorney, the rules that follow the regulations governing use, does the City need to look at these policies as opposed to what they were, the world today versus in the past and Mr. Whitfield stated they did. That was something that the Planning department and the City Attorney's office needed to look at together and that's something everybody requested tonight.

October 19, 2021

Council Member Campbell questioned how the Council can make a decision knowing there will be some upgrades, or questions on the policy, the way that it was written. Mr. Whitfield explained because they always make the decision on the law that was at hand. Laws were amended every day and there was not a single judge that hasn't made a ruling on a law and within just months had that law changed. Council Member Campbell stated he would like to see this tabled so Council can discuss this in a work session to see what was the best vote they can make in reference to both sides. Mr. Whitfield noted they do have the homeowner who has installed these panels and he's got a lot on the line, and they also have the people who have appealed. Council Member Vogler stated he understood where Reverend Campbell was coming from and to the attorney's point, money has been spent, things have been done. Council has listened to the case for and against. They have a Commission of Architectural Review who looked at this thoroughly and made a decision. And this was a very thorough board that unanimously made a decision on this. As far as things that may or may not be changed down the line, that could apply to any number of things Council votes on just tonight alone. Things could always be changed and approved and Council could table every vote on what might be changed later. Mr. Vogler noted he was ready to vote tonight. Council has heard the case, they have a process in place that has been followed and he was ready to move on.

Mayor Jones noted his agreement with Councilman Vogler, it was time to vote. To all who presented this evening, Mayor Jones thanked them for the way they presented themselves. All the bodies that were involved see a community, that he grew up in, it went from being a Green Street community to the Old West End. What he has seen over the years has been absolutely fantastic.

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

RESOLUTION NO. 2021-10.17

A RESOLUTION AFFIRMING THE COMMISSION OF ARCHITECTURAL REVIEW DECISION TO APPROVE CERTIFICATES OF APPROPRIATENESS FOR ROOFTOP SOLAR PANEL INSTALLATIONS AT 918 GREEN STREET AND 154 CHESTNUT STREET.

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

VOTE: 8-1
AYE: Buckner, Campbell, Jones, Mayo,
Miller, Saunders, Vogler and Whittle (8)
NAY: Hood

BUDGET AMENDMENT – CONSIDERATION OF AMENDING THE FISCAL YEAR 2022 BUDGET APPROPRIATION ORDINANCE FOR A GRANT FROM THE DEPARTMENT OF HOMELAND SECURITY

Upon **Motion** by Council Member Vogler and **second** by Council Member Mayo, an Ordinance entitled:

ORDINANCE NO. 2021-10.08

AMENDING THE FISCAL YEAR 2022 BUDGET APPROPRIATION ORDINANCE TO PROVIDE FOR A GRANT FROM THE DEPARTMENT OF HOMELAND SECURITY IN AN AMOUNT OF \$125,889.52 AND A LOCAL SHARE IN THE AMOUNT OF \$6,294.48 FOR EQUIPMENT AND

October 19, 2021

TO ADMINISTER TRAINING TO THE PUBLIC FOR A TOTAL APPROPRIATION IN THE AMOUNT OF \$132,184.00 AND APPROPRIATING SAME.

was presented by its **First Reading**, as required by City Charter, to lie over before final adoption.

BUDGET AMENDMENT – CONSIDERATION OF AMENDING THE FISCAL YEAR 2022 BUDGET APPROPRIATION ORDINANCE FOR COMPREHENSIVE SERVICES ACT FUNDS

Upon **Motion** by Council Member Buckner and **second** by Council Member Campbell, an Ordinance entitled:

ORDINANCE NO. 2021-10.09

AMENDING THE FISCAL YEAR 2022 BUDGET APPROPRIATION ORDINANCE BY APPROPRIATING COMPREHENSIVE SERVICES ACT FUNDS AND PROVIDING LOCAL MATCHING FUNDS FOR A TOTAL AMOUNT OF \$4,780,388 AND APPROPRIATING SAME.

was presented by its **First Reading**, as required by City Charter, to lie over before final adoption.

Council Member Saunders noted he would like to ask the City Manager at a subsequent meeting with regard to the Comprehensive Services Act, was the City seeing a decrease in the need to add money, or were they seeing an increase in the need to add money. The whole idea was to give assistance to young people; some of the services can be very, very costly and that was understandable. Were they continuing to escalate in the cost or were they decreasing in the cost.

COMMUNICATIONS

There were no communications from the City Manager, Deputy City Manager, or City Clerk. City Attorney Clarke Whitfield reminded Council the next Council Meeting will be held on Thursday, November 4, 2021 because of Election Day on Tuesday, November 2, 2021.

Council Member Vogler noted they lost some great people in the community including Linwood Wright, Richard Turner, and Vicky Farmer; a lot of people in this room knew Vicky. She was very special to each and every one of them and they were going to miss her. It was recently reported they had the lowest number of homicides for the summer months for the City of Danville since 2015. It has been going down each year for the past few years, that was for a number of reasons, and it started with Police Chief, Scott Booth. He came, hit the ground running these last few years with community policing and brought a number of initiatives; he has done an amazing job.

Council Member Whittle noted he would never vote to defund the City's police force in any way, they were the absolute best. When it comes to the situation in the Old West End, the next few may not get passed, it was a process, and questioned the City Attorney on a review of the guidelines. Mr. Whitfield noted it will probably take many months of work and then probably a work session. It may not be the next meeting, but it will be at a future meeting.

Council Member Buckner noted he wanted to echo Mr. Whittle's statement, he thinks there was a point of compromise that needed to happen and thinks things should be reviewed. Tonight's outcome was very good, and thinks everyone understood why the decisions were made the way they were. Mr. Buckner noted he loved his conversations with Vicky Farmer and she will be missed. Mr. Buckner invited everyone to the Bridge Street Food Truck Rodeo, this Saturday, from 11:00 a.m. to 6:00 p.m.

October 19, 2021

Council Member Campbell agreed there were some things that needed to be upgraded in the guidelines. Reverend Campbell noted his agreement with what has been said about Vicky Farmer; there was a lot of grief in the community and asked citizens for their prayers.

Council Member Hood noted his condolences to the Wright family and Ms. Farmer's family. Last Saturday, regarding the hip hop event, there were many young people that came out with so many different personalities, encouraging each other, he wanted that to continue. Mr. Hood asked citizens to continue to support Breast Cancer Awareness this month.

Council Member Mayo noted what Council did for the Old West End, having grown up in that area and seeing what was happening, he felt the outcome was the right thing. The Camila Williams tribute was very good, and Mr. Saunders did a great job speaking about the history of the City. Mr. Mayo noted he spoke with Chief Booth and his police force, giving a lot of credit for what he has done, and continuing to make the City the best it can possibly be. Prayers for the young people in the school systems and continuous prayers for the nation dealing with COVID.

Vice Mayor Miller noted he spoke with Vicky Farmer before VML, and then she was gone; people don't realize how quickly they can lose somebody. Dr. Miller noted he read that more policemen died of COVID than shootings; they were out on the front lines. The most important vote this year will be for the school referendum, it needs to be passed so the children can be educated in good, safe, clean buildings. Dr. Miller noted he got his flu shot today and encouraged citizens to get theirs as well as the COVID vaccine; transmission was still high.

Councilman Saunders recognized Officer Tyquan Graves, noted he coached children in the schools, was now a sworn Police Officer, and thanked him for his service. Mr. Saunders noted the event for Camila Williams was very good and at the event Mr. Hood encouraged citizens to "bite off more than you can chew, and then chew it." That was what Camila Williams did, she bit off more than she could chew and ended up world famous. Mr. Saunders thanked Dr. Miller for his reminder on shots, and asked people to continue to pray for the families of Colin Powell, Linwood Wright, Vicky Farmer, Richard Turner and for all the people who have gone on.

Mayor Jones thanked the School Board for what they do, recognized the students from Tunstall High School, and other school board members. Mayor Jones remembered the passing of Vicky Farmer, Norma Brower, Officer Jones, Linwood Wright, and Richard Turner, and encouraged people to pray for their families. Mayor Jones encouraged people to Vote Yes for DPS, and noted Mr. Hood has been appointed to the Virginia Data Advisory Commission for the State of Virginia by the Governor. Mayor Jones noted his appreciation for the work being done with the youth in the City, and the Monster Market Mash was on October 31st at the Community Market.

ADJOURNED: 8:40 P.M.

APPROVED:

MAYOR

ATTEST:

CITY CLERK

Council Letter

City of Danville, Virginia



CL-2632

New Business A.

City Council Regular Meeting

Meeting Date: 11/16/2021

Subject: General Fund Monthly Financial Report

From: Michael Adkins, Director of Finance

COUNCIL ACTION

Business Meeting: 11/16/2021

SUMMARY

A brief summary of General Fund financial results through October 31, 2021, will be given. Financial statements are included.

Attachments

Financial Statements



To: Ken F. Larking, City Manager

From: Michael L. Adkins, Chief Financial Officer

Date: November 5, 2021

Subject: Summary of Preliminary General Fund Financial Results for October 31, 2021

After completing the first third of the new fiscal year, revenues are ahead of the previous year. As of October 31, General Fund revenues were \$26,942,468. This represents 23.31% of our FY 2022 budget. Last year, at this time, we had collected \$25,083,338 or 22.45% of budget.

We continue to see steady performance in the collection of delinquent real estate taxes this year with \$470,416 realized in the first four months of this fiscal year. This accounts for 44.4% of the current year budget. Tax bills for FY 2022 were mailed earlier this month and we will soon begin realizing collection of current real estate and personal property taxes. Local taxes collected through October 31 were \$8,646,748 or 29.8% of budget. This exceeds FY 2021 collections by \$880,484. Sales tax collections through October amounted to \$3,500,259 or 34.6% of budget, an increase of \$258,345 from last year. Meals taxes collected for the first four months of the fiscal year amounted to \$3,269,343 or 38.6% of budget, an increase of \$557,114 from last year. Business Licenses realized at the end of October were \$436,674 a decrease of \$97,057 from the prior year. Lodging taxes received as of October 31, were \$727,988 or 48.2% of budget, an increase of \$178,318 from the prior year. Local consumer taxes have rebounded beyond pre-pandemic levels. Nearly all other revenue categories are at or near the prior year and are tracking well with budget at this point.

Expenditures at October 31 were \$46,035,289 or 37.1% of budget. This is an increase of \$3.8 million when compared to October 31, 2020. The net increase is due to the budgeted increase in and timing of transfers to schools offset by a decrease in the transfers to other funds and a net increase in departmental expenditures. Danville Public Schools has been drawing down funds much more rapidly this year than last with the resumption of in-person instruction, but of course will not exceed budgeted amounts. Departmental expenditures at the end of October show an increase of \$327,719 from last year. Most significantly, in the prior fiscal year we allocated one month of public safety salaries to CARES Act funding. Offsetting the increase in public safety is a decrease within community development related to the timing of payments for the support of the IDA. Fund expenditures exceeded revenues by \$19,092,821 at October 31. This is typical for the start of the fiscal year in the General Fund because the timing of the revenue recognition is not matched to expenditures. At this point, the General Fund is performing as expected.

CITY OF DANVILLE, VIRGINIA

GENERAL FUND REPORT

33% OF YEAR LAPSED AS OF OCTOBER 31, 2021

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 | \$ 35,212,000 | \$ 2,425,386 | 6.89% | | \$ 32,786,614 | \$ 2,145,649 |
| Other Local Taxes | 29,064,030 | 8,646,748 | 29.75% | | 20,417,282 | 7,766,264 |
| License Permits & Privilege Fees | 1,196,690 | 92,869 | 7.76% | | 1,103,821 | 81,366 |
| Fines & Forfeitures | 338,050 | 85,408 | 25.26% | | 252,642 | 89,849 |
| Revenue From Use Money & Property | 865,730 | 469,142 | 54.19% | | 396,588 | 311,146 |
| Charges For Services | 3,295,520 | 1,058,049 | 32.11% | | 2,237,471 | 1,210,727 |
| Miscellaneous Revenue | 305,170 | 103,134 | 33.80% | | 202,036 | 99,240 |
| Recovered Cost | 8,128,990 | 2,392,418 | 29.43% | | 5,736,572 | 2,462,832 |
| Non-Categorical Aid | 5,726,620 | 1,570,061 | 27.42% | | 4,156,559 | 1,747,581 |
| Shared Expenses (Categ. Aid State) | 5,260,160 | 1,371,351 | 26.07% | | 3,888,809 | 1,643,779 |
| Categorical Aid (State) | 9,587,440 | 2,697,873 | 28.14% | | 6,889,567 | 2,396,484 |
| Emergency Services (Federal) | 27,020 | - | 0.00% | | 27,020 | - |
| Categorical Aid (Federal) | - | - | | | - | 10,754 |
| Transfers From Utilities/Cap Project | 16,569,363 | 6,030,030 | 36.39% | | 10,539,333 | 5,117,667 |
| TOTAL REVENUES | \$ 115,576,783 | \$ 26,942,468 | 23.31% | | \$ 88,634,315 | \$ 25,083,338 |
| EXPENDITURES: | | | | | | |
| General Government Administration | \$ 12,158,477 | \$ 4,340,406 | 35.70% | \$ 621,633 | \$ 7,196,439 | \$ 4,369,508 |
| Judicial Administration | 7,546,002 | 2,567,213 | 34.02% | 200 | 4,978,589 | 2,387,461 |
| Public Safety | 32,949,488 | 9,688,638 | 29.40% | 550,283 | 22,710,567 | 9,325,848 |
| Public Works | 4,641,926 | 1,434,862 | 30.91% | 190,030 | 3,017,035 | 1,352,672 |
| Health, Education, Welfare & Soc. Svc. | 9,358,540 | 2,248,038 | 24.02% | 97,002 | 7,013,500 | 2,061,400 |
| Parks, Recreation & Cultural | 5,484,032 | 1,479,419 | 26.98% | 112,799 | 3,891,814 | 1,360,257 |
| Community Development | 2,050,985 | 454,642 | 22.17% | 339,449 | 1,256,894 | 1,028,353 |
| Non-Departmental | 12,734,810 | 4,532,171 | 35.59% | - | 8,202,639 | 4,592,889 |
| Transfer to Schools - Operating | 33,606,300 | 17,857,058 | 53.14% | 3,323,320 | 12,425,922 | 9,696,465 |
| Transfer to Capital Projects | 2,013,230 | 610,080 | 30.30% | - | 1,403,150 | 3,655,040 |
| Transfer to Other Funds | 1,614,940 | 822,762 | 50.95% | - | 792,178 | 2,411,355 |
| TOTAL EXPENDITURES | \$ 124,158,732 | \$ 46,035,289 | 37.08% | \$ 5,234,716 | \$ 72,888,727 | \$ 42,241,248 |
| Revenue over(under) Expenditures | | \$ (19,092,821) | | | | \$ (17,157,910) |
| FUND BALANCE: | | | | | | |
| Beginning Fund Balance 07/01/2021 | | \$ 47,090,495 | | | | \$ 43,311,090 |
| Revenue over(under) Expenditures | | (19,092,821) | | | | (17,157,910) |
| Ending Fund Balance 10/31/2021 | | \$ 27,997,674 | | | | \$ 26,153,180 |
| Composition of Fund Balance: | | | | | | |
| Reserved for Encumbrances/Designated Funds | | \$ 12,943,601 | | | | \$ 10,509,179 |
| Unassigned | | 15,054,073 | | | | 15,644,001 |
| TOTAL FUND BALANCE 10/31/2021 | | \$ 27,997,674 | | | | \$ 26,153,180 |

City of Danville, Virginia
Summary of Other Local Tax Revenues - PRE-CLOSING - UNAUDITED
For the period ending October 31, 2021

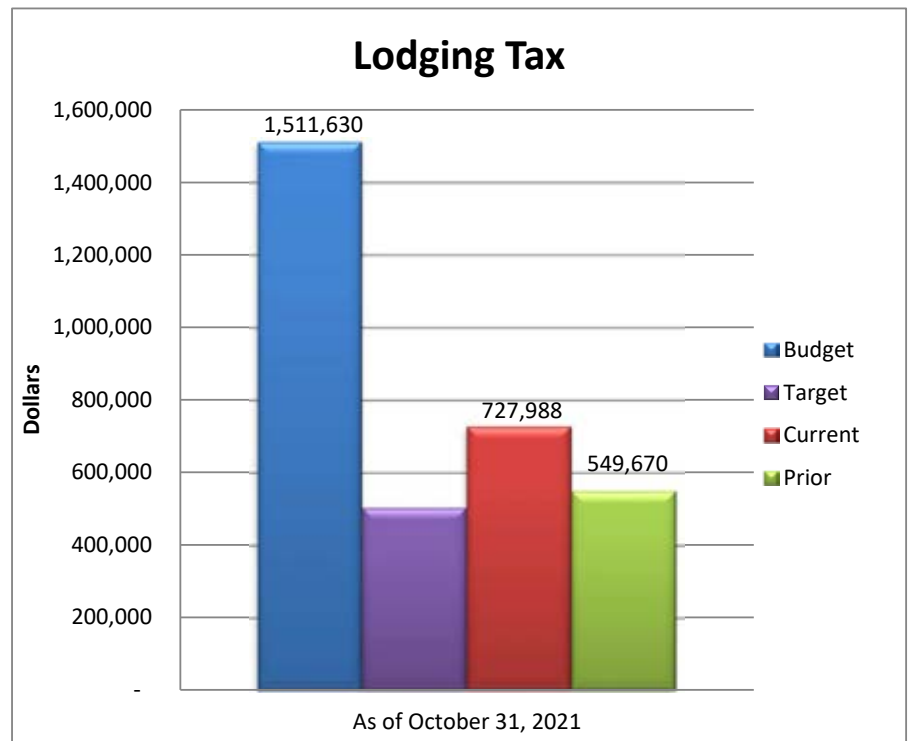
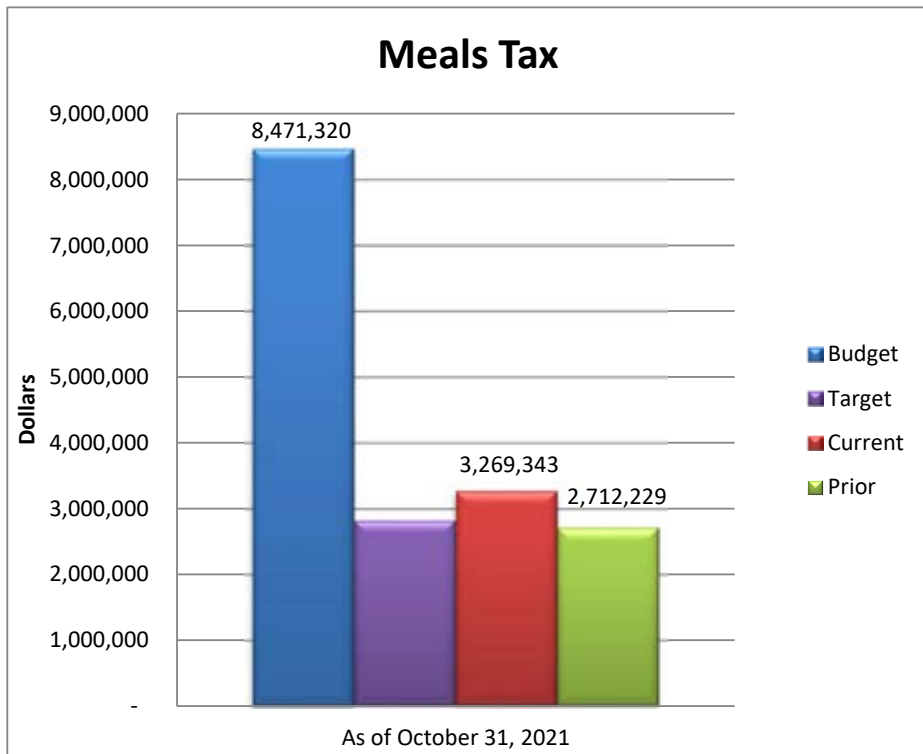
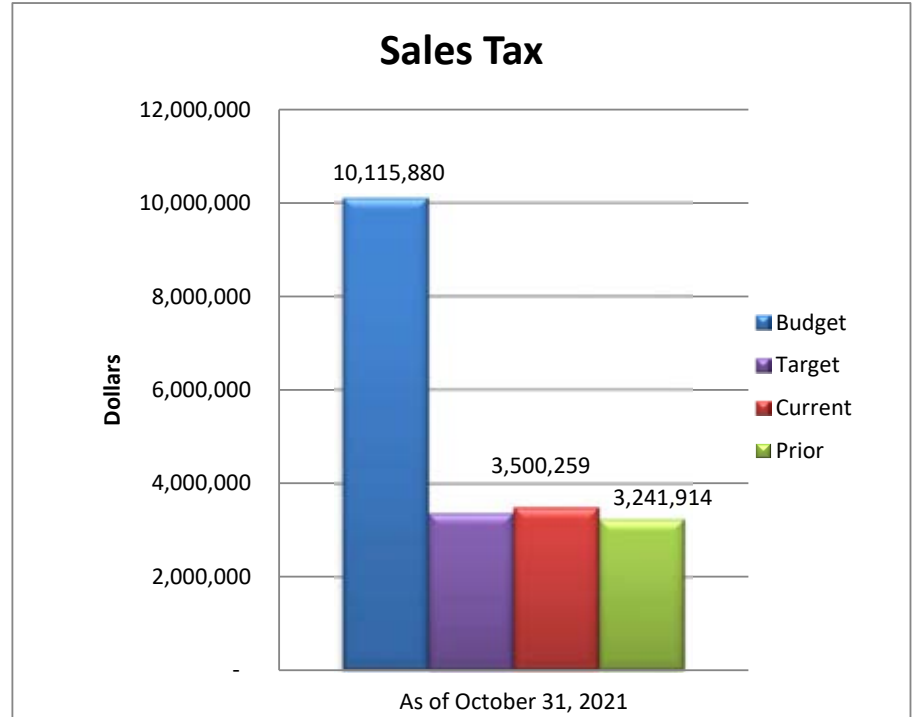
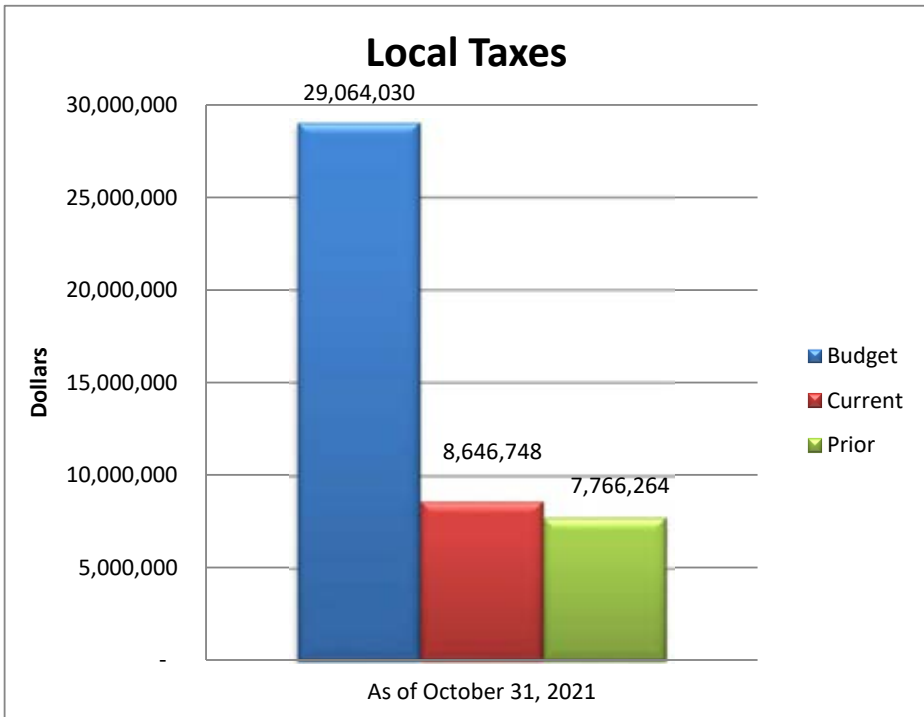
| <u>Description</u> | <u>Current Budget</u> | <u>Revenue Realized</u> | <u>Percentage Realized</u> | <u>Prior Year Budget</u> | <u>Prior Year Realized</u> | <u>Percentage Prior Year</u> |
|---------------------------|-----------------------------|-----------------------------|--------------------------------|------------------------------|--------------------------------|----------------------------------|
| Sales Tax | \$ 10,115,880 | \$ 3,500,259 | 34.60% | \$ 9,150,000 | \$ 3,241,914 | 35.43% |
| Business Licenses | 5,450,000 | 436,674 | 8.01% | 5,250,000 | 533,732 | 10.17% |
| Meals Tax | 8,471,320 | 3,269,343 | 38.59% | 8,645,000 | 2,712,229 | 31.37% |
| Utility Taxes | 940,000 | 303,498 | 32.29% | 967,000 | 303,654 | 31.40% |
| Vehicle License Fees | 1,000,000 | 154,544 | 15.45% | 990,000 | 141,127 | 14.26% |
| Bank Stock Tax | 940,000 | - | 0.00% | 900,000 | - | 0.00% |
| Recordation Tax | 200,000 | 121,707 | 60.85% | 180,000 | 165,644 | 92.02% |
| Hotel Motel Tax | 1,511,630 | 727,988 | 48.16% | 1,600,000 | 549,670 | 34.35% |
| Daily Property Rental Tax | 13,200 | 7,972 | 60.40% | 15,000 | 5,691 | 37.94% |
| Motor Vehicle Tax | 162,000 | 73,177 | 45.17% | 175,000 | 68,219 | 38.98% |
| DMV Fees | 260,000 | 51,587 | 19.84% | 245,000 | 44,386 | 18.12% |
| TOTAL | <u>\$ 29,064,030</u> | <u>\$ 8,646,748</u> | <u>29.75%</u> | <u>\$ 28,117,000</u> | <u>\$ 7,766,264</u> | <u>27.62%</u> |

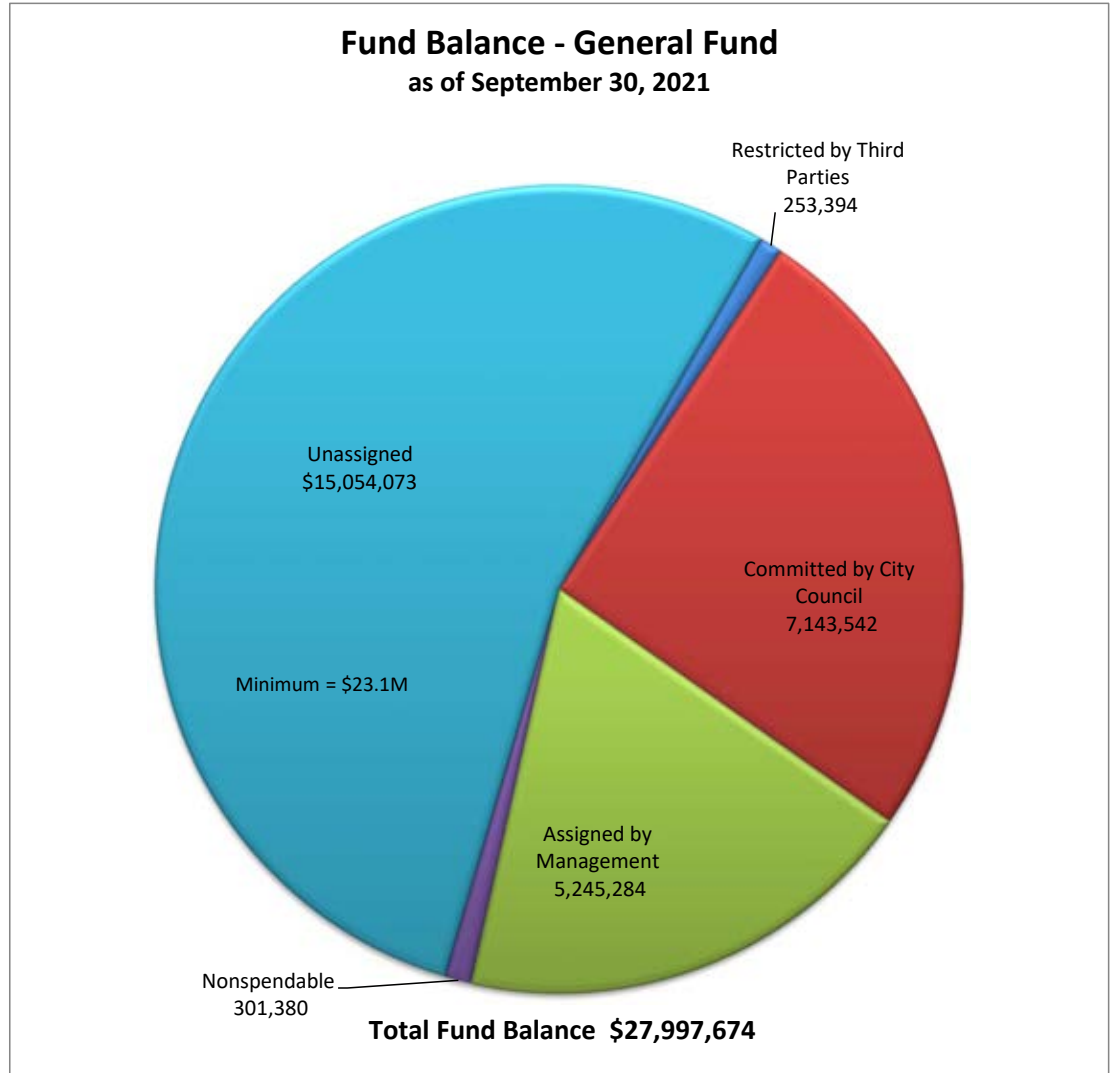
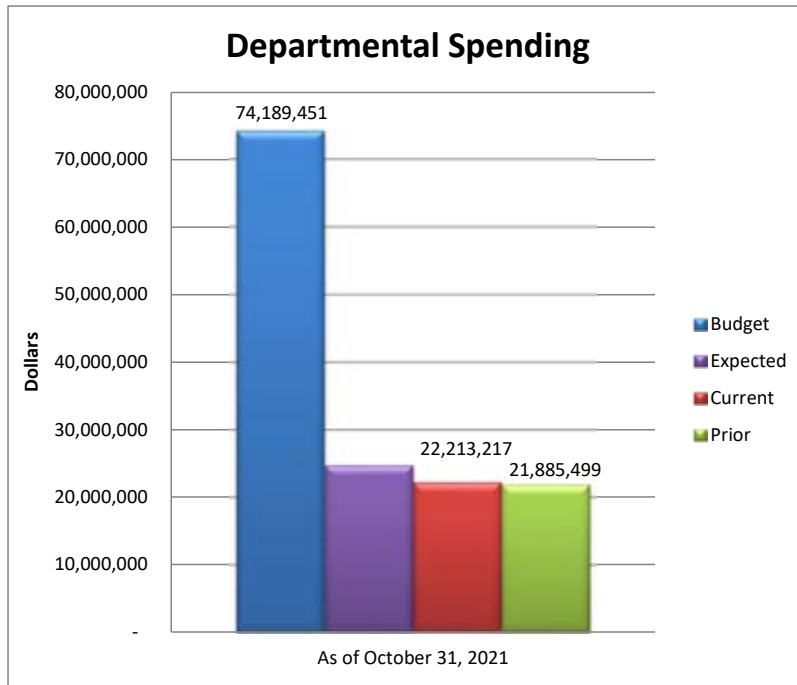
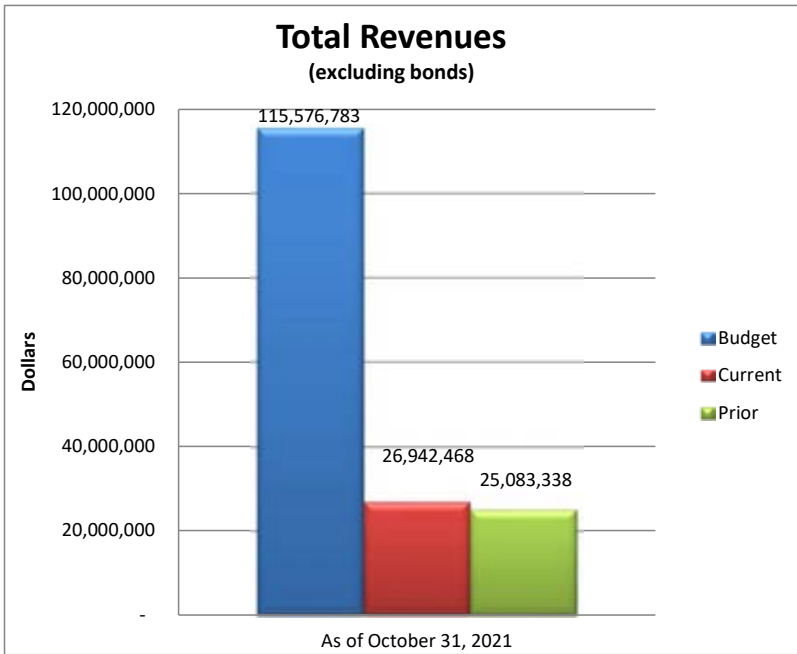
**CITY OF DANVILLE, VIRGINIA
GENERAL FUND
COMPOSITION OF FUND BALANCE
PRELIMINARY - AS OF OCTOBER 31, 2021**

| | |
|---|-----------------------------|
| Beginning Total Fund Balance, July 1, 2021 | 47,090,495.25 |
| Add: General Fund Revenues | 26,942,467.72 |
| Deduct: General Fund Expenditures | <u>(46,035,288.64)</u> |
| Ending Total Fund Balance, October 31, 2021 | <u><u>27,997,674.33</u></u> |

| | |
|---------------------------------------|-----------------------------|
| <u>Composition of Fund Balance:</u> | |
| Restricted for Commonwealth Attorney | 102,056.79 |
| Restricted for Police Department | 33,612.66 |
| Restricted for Fire Department | 117,724.87 |
| Committed for Sheriff's Department | 115.34 |
| Committed to Schools | 4,143,427.05 |
| Committed to Budget Stabilization | 3,000,000.00 |
| Assigned to Community Development | 10,568.12 |
| Assigned for Encumbrances | 5,234,716.30 |
| Nonspendable (Inventory and Prepaids) | 301,380.05 |
| UNASSIGNED | <u>15,054,073.15</u> |
| Total Fund Balance, October 31, 2021 | <u><u>27,997,674.33</u></u> |

| | |
|--|----------------------|
| Unassigned fund balance from above | 15,054,073.15 |
| Unassigned Minimum per policy (20% of General Fund Operating Revenues) based on FY 2021 budget | <u>23,115,356.59</u> |
| Current surplus (deficit) over (under) minimum | (8,061,283.44) |





Council Letter

City of Danville, Virginia



CL-2660

New Business B.

City Council Regular Meeting

Meeting Date: 11/16/2021

Subject: Consideration of Moral Obligation with Virginia Community Capital

From: Corrie Bobe, Director of Economic Development

COUNCIL ACTION

Business Meeting: 11/16/2021

SUMMARY

On October 12, 2021, the Industrial Development Authority of Danville, Virginia (IDA) approved financing terms from Virginia Community Capital for the construction of a shell building in Danville, Virginia. This 30,000 square foot building will be constructed on Lot 10B in the Cyber Park, which totals approximately 10.17 acres. The total cost to construct this building is \$2.875 million. Staff has worked with Virginia Community Capital and the Virginia Small Business Financing Authority to finalize the financing for this project. Both VCC and the VSBFA will participate in this loan and has requested a moral obligation from the City.

BACKGROUND

The Industrial Development Authority of Danville, Virginia and Pittsylvania County's Industrial Development Authority have entered into an agreement to jointly construct a 30,000 square foot shell building within the Cyber Park, which is owned by the Danville-Pittsylvania Regional Industrial Facility Authority (RIFA). This site totals approximately 10.17 acres, which allows the building to be doubled in size at a future date. RIFA has approved a 30-year ground lease with both entities for this project at a rate of \$100.00 per year and with an option to purchase the site after September 1, 2022 for a price of \$1,000.00. The total cost to construct this building is \$2.875 million and the City of Danville has received a \$1 million grant from the Tobacco Commission to go towards this project. This grant will be provided on a reimbursement basis. Danville has a very limited number of suitable buildings for a manufacturing operation, and this shell building would provide some needed inventory to market to prospective industry. Virginia Community Capital (VCC) and the Virginia Small Business Financing Authority will be partnering on the financing of this project, with VCC acting as the administrator. This partnership provides both IDAs with an initial blended interest rate of 3.10%.

The bank is requesting a moral obligation from both the City and County as part of its commitment to lend.

RECOMMENDATION

Staff recommends that Council approves a moral obligation as prepared by the City Attorney and the attorney representing Virginia Community Capital.

PRESENTED: _____

ADOPTED: _____

RESOLUTION NO. 2021-_____._____

A RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF A MORAL OBLIGATION AGREEMENT BY AND BETWEEN THE CITY OF DANVILLE, VIRGINIA AND VIRGINIA COMMUNITY CAPITAL, A VIRGINIA BANKING CORPORATION.

WHEREAS, In an effort to promote development, trade, and the local economy, the Industrial Development Authority of Danville, Virginia (the "Authority") is partnering with the Pittsylvania County Industrial Development Authority to construct a 30,000 square foot shell building on property commonly referred to as Lot 10B in the Cyber Park located at 120 Slayton Avenue, Danville, VA (Tax Parcel ID 78359) (the "Project"); and

WHEREAS, The Authority has obtained a commitment from Virginia Community Capital to finance up to Two Million Eight Hundred Seventy-Five Thousand and 00/100 Dollars (\$2,875,000.00) of the projected costs of the Project, and, as part of that financing commitment, Virginia Community Capital requires the moral obligation of the City to repay the Loan with Virginia Community Capital in the event that the Authority fails to do so.

NOW THEREFORE, BE IT RESOLVED, by the Council of the City of Danville, Virginia, that a Moral Obligation Agreement, substantially in the form attached hereto and made a part hereof, between the City of Danville and Virginia Community Capital, a Virginia banking corporation Company be, and the same is hereby, approved; and

BE IT FURTHER RESOLVED that the City Manager, or his designee, be, and is hereby, authorized and directed to execute such Moral Obligation Agreement on behalf of the City.

APPROVED:

Mayor

ATTEST:

City Clerk

Approved as to
Form and Legal Sufficiency:

City Attorney

MORAL OBLIGATION AGREEMENT OF CITY OF DANVILLE

THIS MORAL OBLIGATION AGREEMENT made as of the ____ day of _____, 20 __, by and between the **CITY OF DANVILLE, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the “**City**”), and **VIRGINIA COMMUNITY CAPITAL**, a Virginia banking corporation (“**Virginia Community Capital**”), to-wit:

Background

A. The Industrial Development Authority of Danville, Virginia (the “**Authority**”), was created under the Industrial Development and Revenue Bond Act (§15.2-4900 et seq.) of the Code of Virginia to promote development, industry and trade.

B. In an effort to promote development, trade, and the local economy, the Authority is partnering with the Pittsylvania County Industrial Development Authority to construct a 30,000 square foot shell building on property commonly referred to as Lot 10B in the Cyber Park located at 120 Slayton Avenue, Danville, VA (Tax Parcel ID 78359) (the “**Project**”).

C. The Authority has obtained a commitment from Virginia Community Capital to finance up to Two Million Eight Hundred Seventy-Five Thousand and 00/100 Dollars (\$2,875,000.00) (the “**Loan**”) of the projected costs of the Project, and, as part of that financing commitment, Virginia Community Capital requires the moral obligation of the City to repay the Loan with Virginia Community Capital in the event that the Authority fails to do so.

Agreement

NOW, THEREFORE, for and in consideration of the covenants and the mutual benefit to be derived therefrom and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. In the event the Authority fails to repay the indebtedness associated with the Loan, in the principal amount not to exceed Two Million Eight Hundred Seventy-Five Thousand and 00/100 Dollars (\$2,875,000.00) provided by Virginia Community Capital, in accordance with the terms of its repayment stated therein, the City hereby acknowledges that, to the extent permitted by law, it has a moral obligation to pay Virginia Community Capital such amounts otherwise due from and payable by the Authority. In the event of nonpayment by the Authority, Virginia Community Capital, by its duly authorized representative, shall submit an appropriation request to the City in the amount sufficient to make current payments on the Loan then due Virginia Community Capital by the Authority and other amounts, if any, in order to protect and maintain the Authority’s ownership interest in the Project (collectively, the “**Deficiency Amount**”). Subject to the making of an appropriation pursuant to the provisions of this Paragraph 1, the City shall pay Virginia Community Capital the amount of such appropriation as soon as practicable.

2. Virginia Community Capital shall apply any funds so appropriated and paid to it by the City pursuant to this Agreement toward the Authority's obligations under the Loan provided to it by Virginia Community Capital.

3. Until such time that there is no longer a Deficiency Amount, the City Manager of the City (the "**City Manager**") shall include any Deficiency Amount due Virginia Community Capital with respect to the Loan in his budget submitted to the City Council for the following fiscal year as an amount to be appropriated to or in respect of the Project. The City Manager shall deliver to Virginia Community Capital, within fifteen (15) days after the adoption of the City's budget for each fiscal year in which a Deficiency Amount was requested as provided herein, but not later than July 15 of each year, a letter, on letterhead of the City Manager's Office, stating whether the City Council has appropriated for payment to Virginia Community Capital an amount equal to the Deficiency Amount.

4. If at any time Virginia Community Capital believes there is a Deficiency Amount or that amounts appropriated by City Council are insufficient to fulfill the Authority's Loan obligations, Virginia Community Capital shall notify the City Manager of the Deficiency Amount or such insufficiency and the City Manager shall request a supplemental appropriation from City Council in the amount necessary to make such payment.

5. The City Manager shall present each request for appropriation pursuant to Paragraph 4 above to City Council and City Council shall consider such request at City Council's next regularly scheduled meeting at which it is possible to satisfy any applicable notification and all other legal requirements. Not later than five (5) business days after such meeting, the City Manager shall notify Virginia Community Capital as to whether the amount so requested was appropriated. If City Council shall fail to make any such appropriation, the City Manager shall add the amount of such requested appropriation to the amount to be requested in the next fiscal year.

6. The City Council hereby undertakes a non-binding obligation to appropriate such amounts as may be requested from time to time pursuant to Paragraphs 3, 4 and 5 above, to the fullest degree and in such manner as is consistent with the Constitution and laws of the Commonwealth of Virginia. The City Council, while recognizing that it is not empowered to make any binding commitment to make such appropriations in future fiscal years, hereby states its intent to make such appropriations, as may be necessary, consistent with this Agreement.

7. Nothing herein contained is or shall be deemed to be a lending of the credit of the City to Virginia Community Capital, the Authority, the Project or to any other person or entity (unless specifically set forth otherwise), and nothing herein contained is or shall be deemed to be a pledge of the faith and credit or the taxing power of the City, nor shall anything herein contained legally bind or obligate the City Council to appropriate funds for the purposes described herein.

8. Any notices or requests required to be given hereunder shall be deemed given if hand-delivered or sent by registered or certified mail, postage prepaid, addressed as follows:

If to the City: City of Danville, Virginia
Municipal Building, Patton Street
P. O. Box 3300
Danville, VA 24543
Attention: City Manager

With a copy to: The City Attorney's Office
Municipal Building, Patton Street
P.O. Box 3300
Danville, VA 24543
(434) 799-5122

If to Virginia
Community Capital:
Virginia Community Capital
110 Peppers Ferry Road NW
Christiansburg, VA 24073
Attention: Cindy Snider, AVP,
Small Business Loan Officer

9. If any clause, provision, or paragraph of this Agreement shall be held illegal or invalid by a court, the illegality or invalidity of such clause, provision, or paragraph shall not affect any of the remaining clauses, provisions, or paragraphs hereof, and this Agreement shall be construed and enforced as if such illegal or invalid clause, provision, or paragraph had not been contained herein. In case any question should arise as to whether any provision contained herein shall be in violation of law, then such provision shall be construed to be the agreement of the parties hereto to the full extent permitted by law.

10. This Agreement and the performance thereof shall be governed by and enforced under the laws of the Commonwealth of Virginia, and if legal action by either party is necessary for or with respect to the enforcement of any or all of the terms and conditions hereof, then exclusive venue therefore shall lie in the City of Danville, Virginia.

11. This Moral Obligation Agreement supersedes all prior understandings and agreements of the parties with respect to the subject matter hereof and contains the entire agreement and understanding of the parties in connection with the transactions contemplated hereby.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the City of Danville, Virginia has caused its name to be subscribed hereunto by its City Manager, as authorized and directed by the City Council, City of Danville, and its seal to be hereto affixed and attested by the City Clerk, and Virginia Community Capital has caused its name to be subscribed hereunto by Cindy Snider, as its duly authorized representative, all as of the date first above written.

CITY COUNCIL, CITY OF DANVILLE

By: _____
Name: Ken Larking
Title: City Manager

(SEAL)

Attest:

City Clerk

VIRGINIA COMMUNITY CAPITAL

By: _____
Name:
Title:

(SEAL)