

The special meeting of the Petersburg City Council was held on Tuesday, May 12, 2020, on live stream. Mayor Parham called the meeting to order at 12:15p.m.

1. CALL TO ORDER

2. ROLL CALL:

Present:

Council Member Charles H. Cuthbert, Jr.
Council Member Annette Smith-Lee
Council Member Treska Wilson-Smith
Council Member W. Howard Myers
Council Member Darrin Hill
Vice Mayor John A. Hart, Sr.
Mayor Samuel Parham

Absent: None

Present from City Administration:

City Manager Aretha R. Ferrell-Benavides
City Attorney Anthony C. Williams
Clerk of Council Nykesha D. Jackson

Mayor Parham stated, "Now I would like to entertain a motion for a closed session for consultation with legal counsel to the agenda this afternoon."

Council Member Myers moved that the City Council add to the agenda a closed session. The motion was seconded by Council Member Smith-Lee. There was no discussion on the motion, which was approved on roll call vote.

On roll call vote, voting yes: Cuthbert, Wilson-Smith, Myers, Smith-Lee, Hill, Hart and Parham

Mr. Williams stated, "The Mayor would entertain a motion for the purpose of this meeting is to convene in the closed session pursuant to §2.2-3711(A)(7) of the Code of Virginia for the purpose of receiving legal advice and status update from the City Attorney and legal consultation regarding the subject of specific legal matters requiring the provision of legal advice by the City Attorney and matter of actual or probable litigation specifically including but not limited to advice on the City.

City Council entered closed session at 12:17 p.m.

CERTIFICATION:

Mr. Williams stated, "The Mayor would entertain a motion to conclude the closed session called this evening to certify in accordance with §2.2-3712 that the Code of Virginia that to the best of each members knowledge that only public business matter lawfully exempted from the opening meeting requirements were discussed and that only such public business matters were identified in the motion by which the closed meeting was convened, heard, discussed or considered. If any member believes that there was a departure from the foregoing requirements should so state prior to the vote indicating the substance for departure that in his or her judgment has taken place. This requires a roll call vote Mr. Mayor."

Council Member Smith-Lee made a motion to return City Council into open session and certify the

*Audio available upon request.

purposes of the closed session. The motion was seconded by Council Member Myers. There was no discussion on the motion.

The motion was approved on roll call vote.

On roll call vote, voting yes: Cuthbert, Wilson-Smith, Myers, Smith-Lee, Hill, Hart, and Parham

20-R-24 A RESOLUTION CERTIFYING, AS REQUIRED BY THE CODE OF VIRGINIA, SECTION 2.2-3712, THAT TO THE BEST OF EACH MEMBER'S KNOWLEDGE, ONLY PUBLIC BUSINESS MATTERS LAWFULLY EXEMPTED FROM OPEN MEETING REQUIREMENTS OF VIRGINIA LAW WERE DISCUSSED IN THE CLOSED SESSION, AND ONLY SUCH PUBLIC BUSINESS MATTERS AS WERE IDENTIFIED IN THE MOTION CONVENING THE CLOSED SESSION WERE HEARD, DISCUSSED, OR CONSIDERED.

City Council returned to opened session at 1:08 p.m.

3. **CONSIDERATION:**

a. Consideration of the FY2020-2021 Budget Appropriation Ordinance.

BACKGROUND: The City Manager proposed an All Funds Budget to the City Council on March 31, 2020. After several weeks of analyzing the economic impacts of the COVID-19 Pandemic, the City Manager adjusted the originally proposed budget and subsequently distributed the changes to the City Council. There was a public hearing held on April 28, 2020. This is the second reading of the All Funds budget ordinance.

RECOMMENDATION: Recommend City Council adopt and appropriate the All Funds Budget for Fiscal Year 2020-2021.

Robert Floyd, Director of Budget and Procurement, gave an overview of the FY2020-2021 Budget Appropriation Ordinance.

Key points:

- Reduction of approximately \$2.2 million dollars.
- 10% reduction in healthcare cost
- No changes in the \$10 million for Petersburg Public Schools
- Depending on numbers may bring back an amendment for the budget in December
- There are hiring freezes and there is also unfunding of several positions throughout the City (elimination of positions)
- No traveling for training for the next couple of months due

There was discussion among City Council and staff.

b. Consideration of amendments to the Citywide Classification & Compensation System for 2020.

BACKGROUND: The City hired a consultant firm, Management Advisory Group, Inc. (MAG), to conduct a compensation and classification study for the City's classifications. The goal of the project was to provide a foundation for an appropriate classification and compensation system and pay plan based on current compensation levels for similar public-sector employers, municipalities, and local market competitors.

The study resulted in the development of an updated classification plan and the development of a

*Audio available upon request.

compensation system and pay plan. In December 2015, City Council agreed with the study results and adopted the new Classification & Compensation system. The new system addressed internal/external equity by granting salary adjustments to over 100 employees; eliminated certain outdated classifications; and revised/updated job descriptions.

RECOMMENDATION: Recommend City Council revise the listed classifications and corresponding job descriptions to the City's plan to place each classification in the compensation system, accordingly:

Assistant Manager, Billing & Collections
Director of Public Utilities and Capital Projects
IT Analyst
Paralegal

Kimberly Robinson, Director of Human Resources, gave a briefing on consideration of amendments to the Citywide Classification & Compensation System for 2020.

There was discussion among City Council Members and staff.

Council Member Myers made a motion to approve the amendment of the listed classifications and corresponding job descriptions to the City's plan to place each classification in the compensation system, accordingly: Assistant Manager, Billing & Collections; Director of Public Utilities and Capital Projects; IT Analyst and Paralegal. The motion was seconded by Council Member Wilson-Smith. There was no discussion on the motion. The motion was approved on roll call vote. On roll call vote, voting yes: Cuthbert, Wilson-Smith, Myers, Smith-Lee, Hill, Hart and Parham

c. Petersburg Fire Station Update

BACKGROUND: No background information.

RECOMMENDATION: To approve motion request.

Chief Miller stated, "Thank you for your time. I am going to let Chief Milazzo give the update. City Council thank you so much for your patience. I would like to thank Chief Milazzo for all the hard work that he has been doing during the pandemic along with his team and as well as this update for City Council."

Mark Milazzo, Petersburg Fire Department, gave an update on fire station.

Key points:

- Brought in a firm for an air quality control test and it was completed, and results should be back by tomorrow.
- Once all the results are in, they will come up with a plan to move forward and then get back with council with further updates.

Mr. Lyons stated, "We did see some challenges there and we are waiting on the final report at the meeting on site. In addition to that, as you all know that you gave the City Manager the authorization to accept some emergency help and things along the way. There have been individuals as we go through this process that have offered to help us in terms of moving in the direction in getting this site back into place. One we are waiting until we get the final report. Second, we are meeting on site. And then third we are working with this firm and we will come back with an action plan on where we go from here."

*Audio available upon request.

Council Member Cuthbert made a motion that City Council ask the City Manager to give the following documents before Tuesday, June 2, 2020: 1) A written plan itemizing the labor and materials required to remove all mold from the Walnut Hill Fire Station and otherwise to make this station safe for those who may work there. Such plan should include an itemized estimate cost in an achievable timetable to complete the work; 2) Each study previously done, mentioning mold in this station. In addition, by this motion council ask the City Manager to move forward with the study and determine the best locations for fire stations citywide, for council's consideration in planning and funding future capital improvement projects. The motion was seconded by Council Member Hill. There was no discussion on the motion. The motion was approved on roll call vote. On roll call vote, voting yes: Cuthbert, Wilson-Smith, Myers, Smith-Lee, Hill, Hart and Parham

d. Consideration of Petersburg Public Schools Budget Appropriation Ordinance – 1st Reading

BACKGROUND: The total Proposed Budget for Petersburg City Public Schools is \$56,810,492. This includes the following breakdown of revenue and expenses:

Revenues:

State Standards of Quality, Lottery Proceeds, Incentive, and Categorical funding - \$29,911,571.

State Sales and Use Tax - \$4,971,203

Food Service - \$2,993,100

Federal Revenue (JROTC) - \$47,000

Special Revenue (State and Federal Grants - \$8,508,918

Transfer from City General Fund \$10,000,000

Local Funding - \$378,700

Expenses:

Operating Fund - \$45,308,474

Food Service Fund - \$2,993,100

Special Revenue Fund - \$8,508,918

RECOMMENDATION: Recommend City Council appropriate Petersburg City Public Schools Budget for Fiscal Year 2020-21.

Robert Floyd, Director of Budget and Procurement, gave an overview of the first reading of the Petersburg Public Schools Budget Appropriation Ordinance.

Key points:

- School Board approved on May 6th to approve their budget with a \$10 million dollar contribution from the City.
- Their total budget is \$56,810,492 with \$10 million coming from the City of Petersburg.

e. Consideration of a resolution for Hotel Petersburg

BACKGROUND: No background information.

RECOMMENDATION: No information.

Kelly Evko, Assistant to the City Manager and Carthan Currin, Director of Economic Development, gave an update on the consideration of a resolution for Hotel Petersburg.

Joanne Williams, Jeff Sadler and Paul Cooper gave a briefing of the Hotel Petersburg Project.

Key Points:

*Audio available upon request.

- Last year the region outperformed the state for hotel demand.
- Last year key number was \$80 million for Petersburg.
- Petersburg spends about \$1.2 million dollars in tourism.
- They are engaged with all their properties and this is something that they are passionate about. Especially with being engaged with the hotels and that guest as well. They are deeply involved in partnerships and with the community.
- They want to attract people to Petersburg for the market, history, restaurants, and view.
- They have tons of experience in marketing knowledge in Virginia.
- They have turnkey services. And they work closely with their clients.
- They have been with their team for about 20 years.
- They have gap financing and they are looking at other options as well if the gap financing does not fill the \$3.8 million dollars.
- 3-year permanent term at loan conversion rate estimated at 4.29% with 25-year amortization, or 5-year permanent loan term at loan conversion rate estimated at 4.37% with a 25-year amortization.
- Hotel Petersburg total budget is \$13,500,000 and the projected gross revenue yearly is \$5,275,770.
- Projected sales tax in year three is \$279,615 and the projected lodging and meals tax in year three is \$454,327.

Mr. Williams stated, "So, you are going to have two items in the package in front of you. The first item that they are going to present you with is a resolution. This resolution is actually in step two to identify the project and also identify the developer that you are going to work with on the project. That is all that you are doing with this resolution. Saying yes, we are interested in this project and yes, we think the developer would be a good partner to work with and help them obtain this gap financing. So, they are going to ask you to adopt this resolution today based on the presentation. Item F that you are going to come to is actually in step five of that list. As you can see there are a number of things between two and five that need to be done still. And that is why they are asking that you set that for your second meeting in June to give them time to get those things accomplished to the best of their ability prior to that June date. They may not meet everything that VTC wants. The developer said that there is going to be some discussion because the COVID-19 has had some impact on their ability to fulfill some of those things and time has as well. They said that they are going to work to get those reconciled before you actually adopt that ordinance on the 19th. One of those items that need to be accomplished and will be is the amendment to the Comprehensive Plan which is scheduled to be back before council on the 19th of May. So, that is where we are, and I think Carthan would ask that you consider the resolution at this time."

Council Member Myers made a motion to adopt the resolution identifying the developer Tabb Street Development LLC of the project Hotel Petersburg at 22 West Tabb Street with option partner of Tourism Development Finance Program for Gap Financing. The motion was seconded by Council Member Smith-Lee.

Mayor Parham opened the floor for public comments.

Norma Williams, 409 Walnut Street, stated, "What is the cost for Hotel Petersburg? The focal market to draw people into the hotel, what is our central market that we have to attract people to Petersburg and to Hotel Petersburg? Thank you."

Ms. Williams stated, "I can answer part two of the question first and then I will turn it over to Paul. Actually, I can answer both. I believe she asked what the cost of the hotel was. The investment is going to be about \$14 million dollars by the developer. Define region for tourist. Petersburg Area Regional Tourism and the City of Petersburg markets to the entire east coast. But we do feel that a lot of tourist coming to this region

*Audio available upon request.

already for events at Virginia Motorsports Park, Virginia State University, at Fort Lee and at the tractor museum. A lot of other attractions in our area will certainly provide a try and tell for this hotel.”

Mr. Williams stated, “If we can clarify that the cost to the City is zero. We are simply helping them to get gap financing if you approve it. The program would require a referral of certain taxes generated by the hotel to pay of certain debt services. We are not losing any taxes but for a period of time the tax revenue is being generated will be deferred to pay off certain debt services. So, the City is not spending a time and it is not going to cost the City anything but there is a deferral of certain taxes for debt service.”

Nathan Anderson, 1830 Berkeley Avenue, stated, “My main question was answered about the financing. But my secondary question is in the unlikely event that the hotel was to fail does the City take on any debt?”

Ms. Williams stated, “The City is no way financially liable.”

Mr. Williams stated, “They are using gap financing. That is the developer responsibility for any debt service. So, to your question the answer is no.”

Leonard Curry, 2014 Woodland Road, stated, “There is a definite need for short-term housing in Petersburg. This old bank building would be a tourist attraction.”

Jeffrey Fleming, 1819 Chuckatuck Avenue, stated, “I have several questions. One, what is the deferral period with taxes for the hotel?”

Mr. Williams stated, “I think that it is the first two years of operation.”

Mr. Fleming stated, “Number two, with the construction, how many job opportunities are being offered to the Petersburg residents or residents in the region for the construction and how many job opportunities after the construction?”

Ms. Williams stated, “I do not know the exact number for jobs, but the construction has not been put out for bid yet.”

Mr. Cooper stated, “We are looking at around 65-75 full-time employees for the hotel and restaurant and event space. On the construction and subcontract side and I do not have those numbers right now, but I can certainly follow up.”

Mr. Fleming stated, “That would be good if we follow up on the employment aspect of it. The unemployment rate in Petersburg is high. I think that this would help the citizens here with some type of employment.”

Ms. Williams stated, “I made a note on that and certainly apply that to employment.”

Jeff Sadler, developer, stated, “We have projections of 68 full-time jobs once it open and 40 part-time jobs. It will vary tremendously based on how busy business is. Along with the hospitality jobs it will be some higher skilled management jobs. It will be first gig jobs for the current Petersburg residents.”

Mr. Cooper went through the job titles that will be employed at the Petersburg Hotel.

There was discussion among the developers and citizens.

*Audio available upon request.

Seeing no further hands, Mayor Parham closed the public comments.

There was no discussion on the motion. The motion was approved on roll call vote. On roll call vote, voting yes: Wilson-Smith, Myers, Smith-Lee, Hill, and Parham; Absent: Hart; Abstain: Cuthbert

20-R-25 A RESOLUTION IDENTIFYING DEVELOPER TABB STREET DEVELOPMENT, LLC AND PROJECT HOTEL PETERSBURG 22 W. TABB STREET AS APPLICANT PARTNER FOR THE TOURISM DEVELOPMENT FINANCING PROGRAM FOR GAP FINANCING.

- f. A request to schedule a public hearing for an ordinance for a proposed tourism development project, and to authorize other actions consistent with Virginia Tourism Gap Financing.

BACKGROUND: The City of Petersburg City Council established the Petersburg Tourism Zone pursuant to the Virginia Code Section 58.1-3851 by adopting 16-ORD-6 on February 2, 2016. This ordinance is in furtherance of the goals set forth in the City's Comprehensive Plan, Vision 20/20. Compliance with the Virginia Code Section 58.1-3851 requires approval and certification by the Comptroller of the Commonwealth of Virginia, and the execution of a Performance agreement between the Developer and the City of Petersburg.

A Tourism Development Financing Program, administered by the Virginia Tourism Corporation, is a two-tiered gap financing program for qualified tourism development projects in Virginia. The Tourism Development Financing Program provides gap financing to support tourism-related development in designated Tourism Zones through a partnership between a Project Developer, the Locality and the Commonwealth of Virginia. The program requires a Performance Agreement between Commonwealth of Virginia the Locality and the Developer, as well as a Tourism Development Plan.

Once the Project is completed and generating income, the Locality with the Virginia Department of Taxation performs quarterly reviews of Sales and Use taxes collected from the Tourism Development Project. Once percent of the quarterly Sales and Use tax revenue generated from the Development Project is the amount each of the three partners contributes toward the debt service of the project until the debt is fully paid.

The Hotel Development Project at 20 West Tabb Street is a qualified tourism development project seeking to participate in the Virginia Tourism Development Financing Program. The total cost of the project is approximately \$_____, and it will generate approximately _____ part-time and _____ full-time jobs. As a qualified Tourism Development Project, the Developer is eligible to apply for up to 30% of the total project costs for gap financing.

RECOMMENDATION: To schedule a public hearing.

Council Member Myers made a motion to schedule a public for an ordinance for a proposed tourism development project, and to authorize other actions consistent with Virginia Tourism Gap Financing. The motion was seconded by Council Member Smith-Lee. There was no discussion on the motion. The motion was approved on roll call vote. On roll call vote, voting yes: Wilson-Smith, Myers, Smith-Lee, Hill, and Parham; Absent: Hart; Abstain: Cuthbert

4. ADJOURNMENT:

City Council adjourned at 2:19p.m.

Clerk of City Council

APPROVED:

Mayor

DRAFT