

City of Petersburg Emergency Financial & Operational Restructuring

Presentation to Petersburg City Council

The Robert Bobb Group, LLC

March 7, 2017

Agenda

- **City Manager's Report**
 1. VRA & DEQ Letters
 2. Financial Reporting
 3. Budget vs. Actual
 4. Water & Wastewater Utility Systems Update
- **RBG Progress Report**
 1. Financial Crisis Continues
 2. Standing Committees
 3. Executive Search Firm Update
 4. Forensic Audit Update
 5. Real Estate Showcase
 6. Technology Architecture – Key Systems
- **Transparency**
 1. Presentations available on City website:
<http://www.petersburgva.gov/index.aspx?NID=846>

City Manager's Report

- **VRA & DEQ Letters**
- **Financial Reporting**
- **Budget vs. Actual**
- **Water & Wastewater Utility Systems Update**

3/7/17 – Updated VRA Response Letter

March 7, 2017

Stephanie Hamlett,
Executive Director
Virginia Resources Authority
1111 East Main Street, Suite 1920
Richmond, Virginia 23219

**Covenants and Use of Proceeds of
City of Petersburg, Virginia
\$7,380,000 Water and Sewer Revenue Bond, Series 2015**

Dear Ms Hamlett:

We appreciate your letter of March 1, 2017 regarding covenants related to the City's \$7,380,000 Water and Sewer Revenue Bond, Series 2015 (the "2015 Bond") issued and sold to Virginia Resources Authority ("VRA") pursuant to the Local Bond Sale and Financing Agreement dated as of April 10, 2015 (the "2015 Financing Agreement") between the City and VRA and wanted to (a) outline some background on the City's incomplete steps to implement the rate plan and meet its rate covenant, (b) set forth the City's plan to comply with those provisions and (c) let you know our plan for the use of the remaining proceeds of the 2015 Bond to deal with critical repairs and improvements to the City's water and sewer system.

As you pointed out, the City did agree in the 2015 Financing Agreement to adopt a five year rate plan. This plan was adopted by resolution of Council in the Spring of 2015 in connection with closing on the 2015 Bond. A copy of that resolution is attached. The rate plan set forth annual increases in water and sewer rates for that initial five year period. The required rate increase for FY 2016 was adopted by Council by ordinance (attached) during that same time period. In reviewing the City's rates and billing, City staff discovered that there were defects in the City's rate-setting and billing practices. We brought this discovery and our concerns to the Council's attention at public meetings during public presentations last month, which was the initial source for the newspaper reports on the issue.

From our review, it appears that the rate increase for FY 2017 was tabled by request of the interim city manager in July 2016. We are reviewing the Council minutes from that time period and are not exactly clear on the reason that the increase was tabled, but the delay did occur during a tumultuous period when Council and City staff (with assistance from the State) were working to understand the scope of the City's financial difficulties, well before the Robert Bobb Group was brought in to assist with interim management of the City.

Regardless of the reasons, it is clear that the FY 2017 rate increase was not adopted. City staff has been diligently working to correct this problem since its discovery last month in order to present a rate increase and plan to Council as soon as possible. At tonight's (3/7) Council meeting, Staff will request that Council approve the advertisement of a public hearing for the March 21 Council meeting to approve the previously tabled FY 2017 rate increase which is expected to be effective for the April billing cycle. Such a rate increase cannot be retroactive, so demonstrating 115% coverage for FY 2017 may not be possible, but it will set up the City to be in compliance in the future.

Additionally, as set forth in Section 5.3(b) of the 2015 Financing Agreement, the City agreed to update the five year rate plan in each of its annual budgets. It does not appear that it was updated as part of the FY 2017 budget. We are in the process of developing the FY 2018 budget and we are working with the City's Financial Advisors and engineering consultants to update the rate plan for Council consideration to bring rates in line with the rate covenant set forth in Section 5.2 of the 2015 Financing Agreement.

We greatly appreciate VRA's willingness to work with the City to ensure that the City is able to address its various financial challenges. Additionally, we will begin the process of accessing the remaining funds from the 2015 Bond. As you recall, during the first weeks of the Robert Bobb Group's engagement last fall with the City, the Council deauthorized a number of water and sewer projects to free up bond proceeds to allow the reimbursement of capitalized interest paid by the City on the 2015 Bond and other VRA-held debt. We are now in the process of identifying critical repairs and replacements to the City's water and sewer system which are essential to the health of the City's citizens. We expect to formally request project amendments and disbursements for the 2015 Bond proceeds in the next few weeks that comply with the 2015 Financing Agreement and the various amendments undertaken last year that will allow us to work on these critical needs for the City.

Thank you for your assistance during this challenging period.

City of Petersburg, Virginia

By: _____

Tom Tyrrell, Interim City Manager

3/7/17 DEQ Letter – City’s Mitigation Plan



Tricia Dunlap
Principal
Dunlap Law PLC
2418 E. Franklin Street
Suite 110
Richmond, VA 23223
Tdunlap@dunlaplawplc.com
804-931-1158 x3

VIA EMAIL

March 7, 2017

Heather Deihls
Water Compliance & Monitoring Manager
Virginia Department of Environmental Quality
Piedmont Regional Office
4949-A Cox Road
Glen Allen, VA 23060
Heather.deihls@deq.virginia.gov

Dear Heather,

I write on behalf of my client, the City of Petersburg, to update you on the City’s plan for mitigating the circumstances that may cause sanitary sewer overflows (“SSO’s”) from its wastewater collection system. Since the City’s February 3rd voluntary disclosure of a possible SSO from a vent in the Poor Creek Force Main, City officials have consulted with experts and with officials from the National Park Service that owns the land through which the Poor Creek Force Main runs. As a result, the City has revised its original assessment of the best course of action.

Immediate mitigation will consist of: (i) reducing infiltration and inflow (“I&I”) through installation of gasketed manhole covers at strategic locations; (ii) optimizing utilization of the equalization basin; and, (iii) upgrading the Main Pump Station. Given the complexity inherent to any permitted construction on National Park Service lands, the City has decided not to move forward with replacement of the existing Poor Creek Force Main in its current location and instead intends to implement its long-considered plan to relocate the Poor Creek Force Main outside the National Battlefield. The City is developing a comprehensive capital improvement plan, including rate increases, to address Petersburg’s infrastructure needs.

The City is committed to protecting the health of its people and quality of its environment. We look forward to our phone conference tomorrow and further addressing any concerns DEQ may have.

Please feel free to call me at (804) 931-1158 x 3 if you have any questions.

Yours truly,



Tricia Dunlap

Cc: Tom Tyrell
Jack Berry
Jerry Byerly
Daniel Harrison
Lewis Rogers
Ken Turner
Dale Mullen
Dan Siegel

3/1/17 VRA Letter



Stephanie L. Hamlett
Executive Director

March 1, 2017

The Honorable Samuel Parham
Mayor, City of Petersburg
135 N. Union St.
Petersburg, VA 23803

Dear Mayor Parham:

A major provision of the terms and conditions of the Virginia Resources Authority's ("VRA") Series 2015A loan to the City of Petersburg ("the City") is the requirement that the City adopt a five-year water and sewer system rate plan for the Public Utilities Fund, covering fiscal years 2016 through 2020. The City is further required to update and re-adopt the five-year rate plan annually as part of its annual Public Utility Fund budgets.

These terms and conditions can be found in the Local Bond Sale and Financing Agreement ("Financing Agreement"), dated April 10, 2015, between VRA and the City of Petersburg. Sections 3.4(a)(14), 5.2 and 5.3 of the Financing Agreement specifically address the requirements of the City to review, adjust and increase its rates and to submit a preliminary annual budget that includes an updated five-year plan that addresses the expected rates for use of the system for the next five fiscal years.

Information received by VRA along with ongoing news coverage of the City's economic crisis appears to indicate that the required five-year rate plan was adopted by the City in 2015 and, as of this date, has yet to be implemented. Further, VRA's review of the FY2015 audited financials indicate that the City did not meet the required rate covenant. VRA has received no information from the City that would explain its decision not to implement the required rate plan. This delay in implementation is a violation of the City's Financing Agreement with VRA and further frustrates any attempts by VRA to work with the City in addressing the City's financial challenges.

VRA would appreciate a written communication from the City explaining its reasons for not implementing the adopted five-year rate plan and advising VRA when these rates will be implemented. Early receipt of the City's response to this inquiry is appreciated.

Sincerely,



Stephanie L. Hamlett

cc: Tom Tyrrell, Interim City Manager, Petersburg
The Honorable Richard D. Brown, Secretary of Finance
Gina Burgin, Deputy Secretary of Finance

This letter from the Virginia Resources Authority (VRA) states the City is required to adopt a 5 year water and sewer system rate plan for the Public Utilities Fund for FY16 – FY20.

VRA requests written communication from the City explaining its reasons for not implementing the adopted five-year rate plan and advising VRA when these rates will be implemented.

Special Work Session on 3/7

Similar to our FY17 2nd Amendment Workshop, we will detail City Cash Flows, Vendor Payments and Budget to Actuals.

Summary of Estimated Monthly Cash Flows & Accounts Payable

There is a difference between Budget and Cash Flow. Just because it is in an Approved Budget, we are still laser focused on priority payments.

Point In Time Cash Flow from 3/3/2017					
Cash Per Bank: 3/3/2017		\$4,203,890.99			
Less Outstanding Checks:		\$ 1,964,396			
Estimated Available Pooled Cash:		\$ 2,239,495	\$ 5,491,012	\$ 535,441	\$ (1,410,815)
			Mar	Apr	May
Revenue Estimates		\$ 11,392,528	\$ 5,161,847	\$ 6,262,246	\$ 18,208,659
Expenditure Estimates		\$ 8,141,011	\$ 10,117,419	\$ 8,208,502	\$ 8,569,529
Estimated Available Pooled Cash:		\$ 5,491,012	\$ 535,441	\$ (1,410,815)	\$ 8,228,316

Figures above include \$2M per month for ordinary expenses and paying down miscellaneous AP

	Feb
Revenue Shortfall	\$ 598,145
Expenditure-Unpaid Priority	\$ 687,777

\$600,000 Revenue Shortfall

Summary of Monthly Priority Obligations					
Row Labels	Sum of Feb	Sum of Mar	Sum of Apr	Sum of May	Sum of June
Arrears	\$ 131,603.00	\$ 758,934.82	\$ 940,518.44	\$ 646,591.50	\$ 646,461.47
Authority		\$ 574,839.78	\$ 1,070,752.20	\$ 652,543.20	\$ 652,543.20
Debt		\$ 509,198.33	\$ 1,636,432.86	\$ 814,316.91	\$ 1,175,109.95
Lease		\$ 11,051.61	\$ 24,709.17	\$ 24,709.17	\$ 24,709.17
Other	\$ -	\$ 186,459.87	\$ 309,209.87	\$ 75,459.87	\$ 75,459.87
Payroll		\$ 3,112,000.00	\$ 3,112,000.00	\$ 3,112,000.00	\$ 3,112,000.00
Transfer out	\$ 427,500.00	\$ 801,322.00	\$ 846,781.00	\$ 706,230.00	\$ 706,230.00
Utility	\$ 128,674.00	\$ 187,337.37	\$ 177,048.33	\$ 177,048.23	\$ 177,048.23
Grand Total	\$ 687,777.00	\$ 6,141,043.78	\$ 8,117,451.77	\$ 6,208,898.88	\$ 6,569,561.89

Over \$6M+ in Monthly Priority Obligations

Debt Service includes payments for the 2016 RAN

Arrears Above: VRS; Crater Yth Detention; Dist 19; GRTC; SCWMA; CVWMA; Health Dept; Riverside R. Jail; SCBA Vendor;

Accounts Payable Update	
Total Outstanding Payables =	\$7.2M
Total Outstanding AP under Payment Plan:	\$5.4M
Total Outstanding AP Not Accounted for In Payment Plans Above:	\$1.8M/313 Vendors

Feb 2017 Financials – Budget to Actuals

CITY OF PETERSBURG, VIRGINIA					
BUDGET TO ACTUALS BY FUND AS OF FEBRUARY 15, 2017					
FISCAL YEAR ENDING JUNE 30, 2017					
	Fund		Budget	Year-to-Date	% of Budget
100	General	Revenues	68,411,675	40,544,010	59.3%
		Expenditures	(68,411,675)	(38,061,492)	55.6%
212	Special	Revenues	945,661	2,535,318	268.1%
		Expenditures	(6,227,736)	(1,156,015)	18.6%
213	CDBG	Revenues	1,140,163	153,130	13.4%
		Expenditures	(1,140,163)	(151,939)	13.3%
380	CIP	Revenues	4,685,060	36,123	0.8%
		Expenditures	(4,685,060)	(1,270,252)	27.1%
501	Public Utilities	Revenues	10,340,220	6,002,035	58.0%
		Expenditures	(9,859,339)	(5,488,810)	55.7%
502	Stormwater	Revenues	1,181,967	872,248	73.8%
		Expenditures	(1,181,967)	(490,775)	41.5%
550	Dogwood Trace Golf Course	Revenues	689,269	402,620	58.4%
		Expenditures	(626,850)	(477,742)	76.2%
555	Petersburg Generals	Revenues	89,616	5,699	6.4%
		Expenditures	(89,616)	(13,567)	15.1%
575	Petersburg Area Transit	Revenues	2,726,307	1,905,752	69.9%
		Expenditures	(2,730,199)	(2,004,894)	73.4%
	Total	Revenues	90,209,938	52,456,936	58.1%
		Expenditures	(94,952,605)	(49,115,487)	51.7%

Feb 2017 Financials – GF Revenue

CITY OF PETERSBURG, VIRGINIA				
GENERAL FUND REVENUE SUMMARY AS OF FEBRUARY 15, 2017				
FISCAL YEAR ENDING JUNE 30, 2017				
General Fund				
Description	Budget	Year-to-Date	% of Budget	
Charges for Services	2,786,796	1,782,463	64.0%	
Commonwealth Revenue	12,130,180	7,773,362	64.1%	
Current Personal Property Taxes	4,244,100	301,129	7.1%	
Current Real Estate Taxes	20,814,693	10,455,486	50.2%	
Delinquent Personal Property Taxes	1,096,228	177,348	16.2%	
Delinquent Real Estate Taxes	1,500,000	987,648	65.8%	
Federal Revenue	4,443,766	2,066,256	46.5%	
Fines & Forfeitures	548,464	573,290	104.5%	
Miscellaneous Revenues	232,205	6,108,572	2631%	*RAN Proceeds
Other Local Taxes	14,258,463	7,888,292	55.3%	
Other Property Taxes	2,529,836	773,336	30.6%	
Other Taxes	1,722,866	1,041,558	60.5%	
Permits, Fees, Licenses	465,666	347,693	74.7%	
Recovered Cost	162,015	155,350	95.9%	
Revenue from Use of Money and Property	176,397	112,229	63.6%	
Capital Loan Proceeds	1,300,000	-	0.0%	
General Fund Total	68,411,675	40,544,010	59.3%	

Feb 2017 Financials – GF Expenditures

CITY OF PETERSBURG, VIRGINIA						
GENERAL FUND EXPENDITURES BY DEPARTMENTS						
FISCAL YEAR ENDING JUNE 30, 2017 AS OF FEBRUARY 15, 2017						
Department Name	Operating		Salary & Benefits		Total	
	Budget	Year-to-Date	Budget	Year-to-Date	Budget	Year-to-Date % Spent
City Council	60,900	35,774	117,911	76,132	178,811	111,906 62.6%
City Manager	621,602	282,716	230,998	115,612	852,600	398,328 46.7%
Hispanic Liaison	6,507	9,441	41,378	43,860	47,885	53,301 111.3%
City Attorney	47,500	258,275	345,392	123,504	392,892	381,778 97.2%
Human Resources	87,460	14,660	266,551	185,290	354,011	199,950 56.5%
Commissioner of Revenue	20,475	6,748	329,251	196,751	349,726	203,499 58.2%
Assessor	38,524	21,888	337,801	199,977	376,325	221,865 59.0%
Treasurer	57,046	38,349	332,217	202,622	389,263	240,970 61.9%
Finance	216,450	80,278	305,579	156,088	522,029	236,366 45.3%
Purchasing & General Services	67,299	62,224	209,573	125,070	276,872	187,294 67.6%
Information Systems	418,297	303,187	313,894	190,717	732,191	493,904 67.5%
Fleet & Equipment Mgmt	1,515,751	657,319	11,780	12,615	1,527,531	669,934 43.9%
Registrar & Electoral Board	127,442	132,890	144,030	93,347	271,472	226,236 83.3%
Judge Circuit Court	5,750	3,509	97,189	55,560	102,939	59,069 57.4%
General District Court	40,700	10,440			40,700	10,440 25.7%
Magistrate	42,730	22,465			42,730	22,465 52.6%
Juvenile Justice	92,236	57,751			92,236	57,751 62.6%
J & D Relations Court	7,750	1,255			7,750	1,255 16.2%
Clerk Circuit Court	75,600	38,185	577,783	359,004	653,383	397,189 60.8%
Juvenile Court Services	11,100	4,319	19,393	16,427	30,493	20,745 68.0%
Commonwealth Attorney	65,659	39,834	974,871	571,685	1,040,530	611,519 58.8%
Police	647,125	368,952	6,680,092	4,499,059	7,327,217	4,868,011 66.4%
Emergency Communication	520,018	249,089	1,077,463	708,438	1,597,481	957,527 59.9%
Fire	301,868	61,901	5,576,002	3,509,556	5,877,870	3,571,458 60.8%
Code Compliance	130,865	7,048	259,810	234,155	390,675	241,203 61.7%
Sheriff Office	164,835	46,717	1,273,776	720,589	1,438,611	767,306 53.3%
Animal Warden	29,400	3,260	242,436	148,314	271,836	151,574 55.8%
Engineering & Storm water Mgmt	4,355	2,858	171,544	77,440	175,899	80,298 45.7%
Refuse Collection	1,915,310	676,016			1,915,310	676,016 35.3%
Grounds	84,783	30,565	503,948	337,211	588,731	367,776 62.5%
Facility Management	1,106,288	434,421	656,726	466,849	1,763,014	901,270 51.1%
Social Services	3,861,892	2,111,058	4,946,220	2,394,005	8,808,112	4,505,063 51.1%
Comprehensive Services Act	3,603,750	2,476,572	85,734	52,184	3,689,484	2,528,756 68.5%
Parks and Leisure Services	180,440	31,343	536,385	339,726	716,825	371,069 51.8%
Cemeteries	16,352	3,344	86,502	50,325	102,854	53,669 52.2%
Public Library	253,183	71,987	591,475	337,974	844,658	409,960 48.5%
Economic Development & Planning	111,689	461	463,317	295,710	575,006	296,171 51.5%
Tourist Promotion Programs	102,940	43,573	158,985	124,239	261,925	167,813 64.1%
Special Events-Cultural Affairs	56,500	759	99,317	72,946	155,817	73,705 47.3%
Risk Management	1,311,248	995,916	331,750	195,219	1,642,998	1,191,135 72.5%
Non Departmental-Civic Organ	6,109,730	1,535,023	0	15,832	6,109,730	1,550,854 25.4%
Contingencies	1,243,190	0			1,243,190	0 0.0%
Debt Services	5,442,129	4,255,268			5,442,129	4,255,268 78.2%
Petersburg Health Department	562,206	0			562,206	0 0.0%
Transfer to Federal & State Programs	88,350	0			88,350	0 0.0%
Petersburg Public Schools	8,474,762	5,269,826			8,474,762	5,269,826 62.2%
Transfer to Petersburg General Fund	64,616	0			64,616	0 0.0%
Total	40,014,602	20,757,462	28,397,073	17,304,031	68,411,675	38,061,492 55.6%

55.6% of FY17 Budget Spent as of 2/15/17

We Are Cleaning Up Payroll Errors

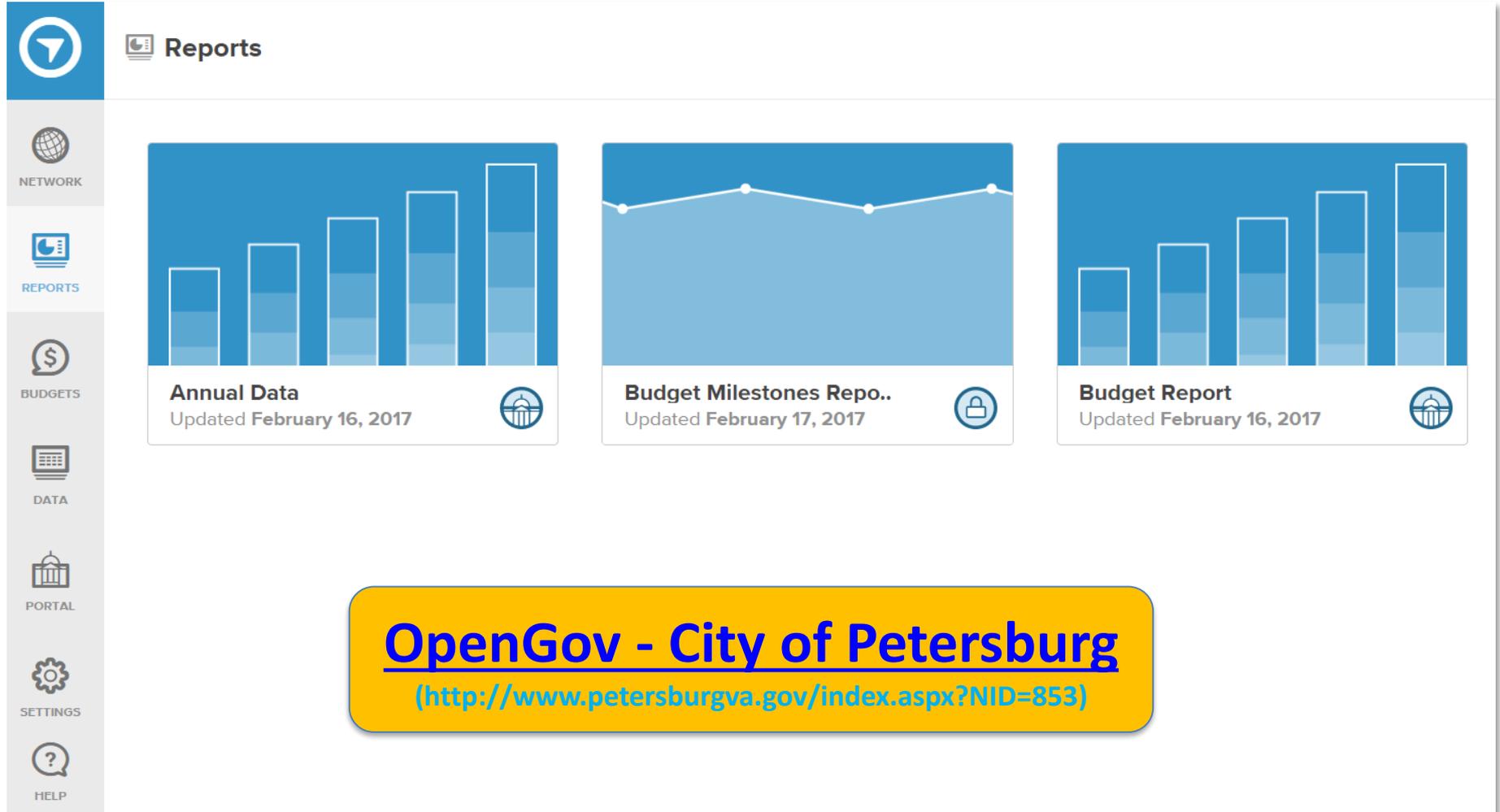
We reviewed the 3/10/17 Payroll and Found Critical Errors

Process Change:

- Starting with 3/10/17 Payroll, the City Manager's Office and the HR Director will review the Payroll Report before it is issued.
- We did this because we observed an Exempt employee (who is not eligible for overtime) received \$1300+ in overtime pay.
- This employee has been fired.
- The City has recouped the overtime pay.

Reminder that Standard Operating Procedures and its Enforcement are Critical for Long Term Sustainability!

Using OpenGov for Financial Transparency



The screenshot shows the 'Reports' section of the OpenGov platform. A vertical sidebar on the left contains navigation icons for NETWORK, REPORTS, BUDGETS, DATA, PORTAL, SETTINGS, and HELP. The main content area displays three report cards under the heading 'Reports':

- Annual Data**: Updated February 16, 2017. Features a stacked bar chart with five bars of increasing height.
- Budget Milestones Repo..**: Updated February 17, 2017. Features a line graph with five data points connected by a white line.
- Budget Report**: Updated February 16, 2017. Features a stacked bar chart with five bars of increasing height.

Each report card includes a small icon of a building with columns. A large yellow callout box at the bottom center contains the following text:

[OpenGov - City of Petersburg](http://www.petersburgva.gov/index.aspx?NID=853)
(<http://www.petersburgva.gov/index.aspx?NID=853>)

FY 18 BUDGET CALENDAR UPDATE

TOPIC	DATE
Special Work Session on the FY 17 budget	January 10, 2017
Distribute Budget Instructions and Guidance	January 17, 2017
Distribute FY 18 Budget Calendar at Council	January 17, 2017
Staff Training on New Budget Building Module	January 24, 2017
FY 17 Budget 2 nd Amendment Public Hearing Advertised	Jan. 25 and Feb. 1
FY 17 Budget 2 nd Amendment Public Hearing / Appropriation	February 7, 2017
FY 18 Proposed Department Operating Budgets Due	February 10, 2017
Capital Budget and CIP Plan Due to CIP Committee	February 10, 2017

FY 18 BUDGET CALENDAR UPDATE

TOPIC	DATE
FY 17 Budget to Actual Report to Council	February 21, 2017
Departmental Meetings with City Leadership	Feb. 13 – March 3
Preliminary FY 18 Real Estate Figures Available	March 1, 2017
Advertise CIP for Planning Commission	March 8, 2017
Capital Budget and CIP Presented at Planning Commission	March 22, 2017
Council Vision Session	To Be Determined
City Manager Proposed Budget to City Council	March 21, 2017

FY 18 BUDGET CALENDAR UPDATE

TOPIC	DATE
Council Work Sessions on FY 18 Budget	March 27 – April 28
General Fund Revenues	March 27
Debt and Budget Policies <ul style="list-style-type: none"> 1. <i>Steps to Increase Credit Rating</i> 2. <i>Capital Budget</i> 	March 29
Police, Fire and Emergency Communications	April 10
Social Services Agencies and Health Dept	April 12
Schools/Personnel Costs: Benefits Overview	April 24
Enterprise Funds <ul style="list-style-type: none"> 1. <i>Utilities</i> 2. <i>Transit</i> 3. <i>Dogwood Trace</i> 	April 26
Set Maximum Tax Rate	TBD
Advertise Public Hearing on FY 18 Budget	April 18 and April 25

FY 18 BUDGET CALENDAR UPDATE

TOPIC	DATE
Public Hearing on FY 18 Budget	May 2, 2017
City Council submits recommended changes to City Manager (must include the support of 3 additional Council members to be considered)	May 12, 2017
City Council to discuss changes to the budget at Regularly Schedule Council Meeting	May 16, 2017
FY16 CAFR Review	May 31, 2017
City Council Meeting for Adoption/Appropriation of FY18 Budget	June 6, 2017
FY 18 Landbook Finalized	June 2017
Appropriation of FY 18 Budget	June 20, 2017
Re-Appropriation of FY 17 Grant/Capital Funding	September 5, 2017
FY 18 Landbook Produced/Published	September 2017

RBG Progress Update

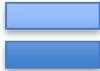
RBG Progress Update

Top 20 Delinquent Utility Accounts

RBG Progress Update

TOTAL	CURRENT	OVER 30	OVER 60	OVER 90
\$46,082.40	\$0.00	\$0.00	\$0.00	\$46,082.40
\$24,198.61	\$3,765.73	\$3,765.73	\$5,695.28	\$10,971.87
\$9,990.15	\$908.10	\$1,816.35	\$909.00	\$6,356.70
\$6,294.83	\$195.08	\$207.02	\$294.45	\$5,598.28
\$5,613.72	\$517.92	\$445.44	\$599.40	\$4,050.96
\$4,330.85	\$145.49	\$145.49	\$145.49	\$3,894.38
\$7,419.74	\$2,179.36	\$253.96	\$1,222.18	\$3,764.24
\$3,731.35	\$49.94	\$49.53	\$49.53	\$3,582.35
\$4,012.04	\$146.53	\$146.53	\$146.53	\$3,572.45
\$3,750.51	\$0.00	\$294.95	\$497.51	\$2,958.05
\$3,165.48	\$103.26	\$135.62	\$101.24	\$2,825.36
\$3,326.18	\$299.58	\$221.53	\$221.83	\$2,583.24
\$3,844.44	\$499.80	\$436.56	\$432.00	\$2,476.08
\$2,720.39	\$94.80	\$94.80	\$103.90	\$2,426.89
\$3,616.58	\$291.71	\$342.04	\$664.00	\$2,318.83
\$2,408.33	\$0.00	\$106.97	\$131.70	\$2,169.66
\$2,421.80	\$149.13	\$76.26	\$76.70	\$2,119.71
\$5,221.48	\$1,023.93	\$1,040.29	\$1,056.65	\$2,100.61
\$2,287.78	\$122.40	\$47.62	\$48.15	\$2,069.61
\$2,173.59	\$46.40	\$46.51	\$45.45	\$2,035.23

1,483
Accounts
Over 90
Days Old



\$775,391
To Be Collected

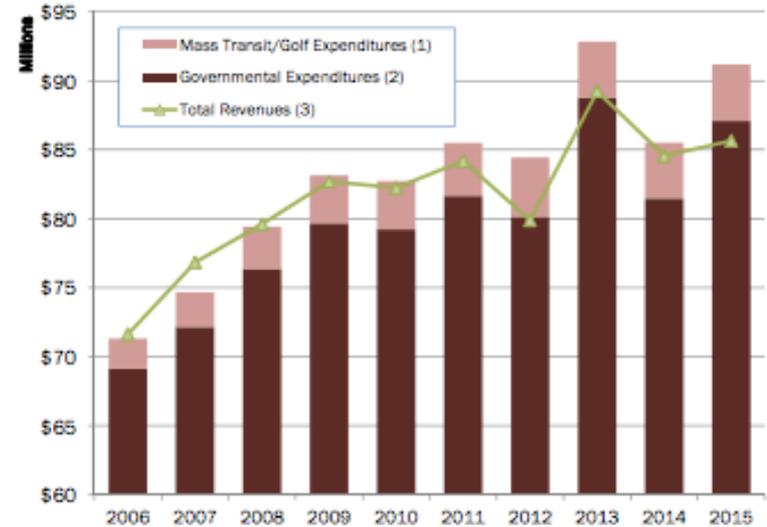
Background & Reminder

Governmental, Mass Transit and Golf Funds

Fiscal Year	Expenditures Mass Transit/Golf (1)	Expenditures Governmental (2)	Total Revenues (3)	Surplus (Deficit)
2006	2,207,103	69,117,310	71,635,381	310,968
2007	2,500,457	72,158,936	76,829,525	2,170,132
2008	3,049,122	76,375,348	79,596,926	172,456
2009	3,460,204	79,668,879	82,692,841	(436,239)
2010	3,505,975	79,214,494	82,239,230	(481,239)
2011	3,834,946	81,657,871	84,186,793	(1,306,024)
2012	4,299,727	80,140,067	79,878,828	(4,560,966)
2013	4,032,005	88,798,157	89,238,273	(3,591,889)
2014	4,025,575	81,483,802	84,553,700	(955,677)
2015	4,107,319	87,076,939	85,653,891	(5,530,364)

The City began its deficit in 2009 and continued it to the current fiscal year

Revenues vs Expenditures (Governmental, Mass Transit/Golf Funds)



(1) Net of Depreciation
 (2) Excludes Capital Projects Fund
 (3) Includes Net Other Financing Sources (Uses) for the General and Non-Major Governmental Funds and Net Non-Operating Revenue for the Mass Transit and Golf Funds.

Source: City CAFRs

Complete

In Progress

5 Month Plan

#1 Priority for Phase 1 was securing the RAN to address the short term fiscal crisis. Phases 2 & 3 will focus on long term financial stability.

Financial Emergency Turnaround – Key Activities

Phase 1: 10/25/16 – 12/2/16

Phase 2: 12/5/16 – 1/27/16

Phase 3: 1/30/16 – 3/31/16

Strategic Theme 1: Short Term Financing

Strategic Theme 2: Long Term Financing and Fiscal Plan

Strategic Theme 3: Technology, Data and Process Platform

1. Finalize list of Outstanding Invoices from FY16 and Prior.
2. Secure Revenue Anticipation Note (RAN).
3. Pay current FY17 obligations with RAN.
4. Develop a long-term financing strategy to deal with the deficit.
5. Validate the FY17 budget, audit cell phone bills and utility bills.
6. Conduct benefits eligibility audit.
7. Conduct document reviews to build on previous work: Report by VA Secretary of Finance, Aug 3, 2016, PFM Report.
8. Identify Capital Funds that can be deferred.
9. Develop Internal/External Communications Plan.
10. Prioritize workforce compensation issues and review salary survey.
11. Appropriate, by Council action, Amended FY 17 budget.

1. Determine the revenue cycle and what billing cycles should change to help cash flows, including state-shared revenues.
2. Provide a budget to actual assessment of FY 17 to Council.
3. Determine critical positions to hire.
4. Issue RFP for the City's CAFR/Auditing responsibilities.
5. Review the city's economic development plan and individual agency plans.
6. Conduct organizational assessment, and identify resource gaps.
7. Conduct business process reviews for financial operations, create standard operating procedures & policies.
8. Start recruiting critical hires.
9. Conduct technology assessment and define a robust and scalable platform.
10. Map process flows for Accounts Payable.
11. Publish a 2018 Budget Calendar that includes CIP.

1. Provide recommendations for upgraded systems/procedures to track cash.
2. Implement long-term financing strategy to deal with the deficit.
3. Make recommendations for process improvement, roles & responsibilities.
4. Establish a long term financial operating platform based on Phase 2's technology assessment.
5. Fill key positions and make recommendations for key positions (HR Director has been hired).
6. Identify additional cost savings and lines of revenue.
7. Implement technologies that enhance financial transparency.
8. Recommend a draft FY18 capital and operating budget.
9. Conduct mid year FY17 budget review
10. Hand off knowledge repository to city & submit our Exit Plan.

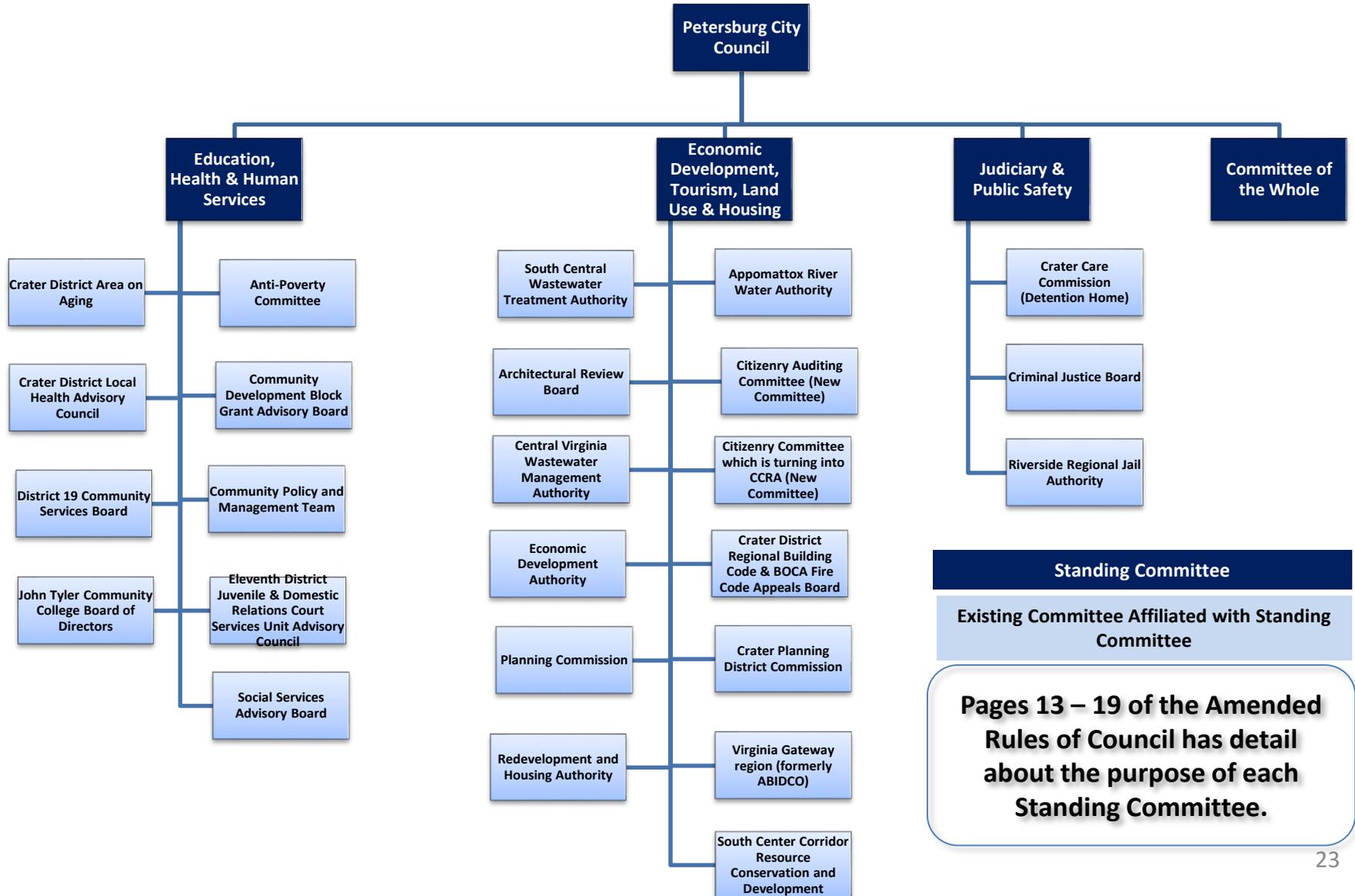
Standing Committees – Structure & Rules

- **Section 2. The Standing Committees.** The following Standing Committees are established:
 - A. **Education, Health and Human Services**
 - B. **Economic Development, Tourism, Land Use and Housing**
 - C. **Judiciary and Public Safety**
 - D. **Committee of the Whole**

- **Section 3. Composition; Selection; Vacancies.** Section 3 of Rule VII shall not apply to the Committee of the Whole. At the organizational meeting of Council at the beginning of each Council period, the Mayor shall nominate the Chairperson and Vice Chairperson of each Standing Committee. The Mayor shall also nominate a sufficient number of Council Members to serve on each Standing Committee based on the anticipated needs of the City of Petersburg for the Council period.



Standing Committees – Structure & Rules



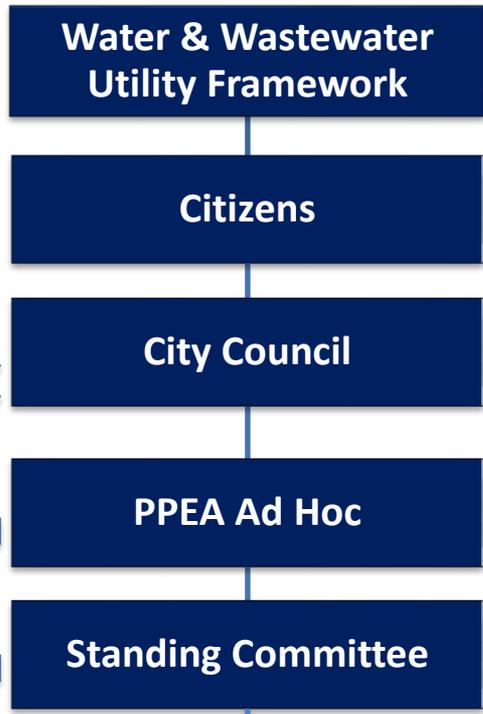
Standing Committee

Existing Committee Affiliated with Standing Committee

Pages 13 – 19 of the Amended Rules of Council has detail about the purpose of each Standing Committee.

Committees – Framework for Evaluating Water Utility Path Forward

The City has a Committee Framework in place to evaluate a path forward



Information sharing between these committees

	City			Private	
	Current	Better Management	Better Management w/investment	Private Management	Private Ownership
Performance	Low	High	High	High	High
Infrastructure Investment	No	No	Yes	Yes	Yes
Rates	Low	Moderate	Higher	Higher	Higher
Regulatory Control	City	City	City	SCC	SCC
Money to General Fund (Annually)	No	No	Maybe	Maybe	Yes
Money to General Fund (One-Time)	No	No	No	No	Yes
Eliminate Deficit	No	No	No	No	Yes
Reserve Fund Higher Bond Rating	No	No	No	No	Yes
Time Frame	Current	2017	2020	2020	2017

Council appoints these committees

Utility Options Matrix

	City			Private	
	Current	Better Management	Better Management w/investment	Private Management	Private Ownership
Performance	Low	High	High	High	High
Infrastructure Investment	No	No	Yes	Yes	Yes
Rates	Low	Moderate	Higher	Higher	Higher
Regulatory Control	City	City	City	SCC	SCC
Money to General Fund (Annually)	No	No	Maybe	Maybe	Yes
Money to General Fund (One-Time)	No	No	No	No	Yes
Eliminate Deficit	No	No	No	No	Yes
Reserve Fund Higher Bond Rating	No	No	No	No	Yes
Time Frame	Current	2017	2020	2020	2017

We have the framework between the Citizens and Committees to evaluate all options in the Utility Options Matrix.

Executive Search Firm Hired: Colin Baenziger & Associates



3/7/17 - We Are Here

Community Engagement is Critical!
We want to ensure the community is informed and knowledgeable about the candidates recruited to lead the City into the Future.

Note: We are also recruiting for Transit GM, Public Works Director, Fire Chief, Economic & Planning Director

Proposals Received for Forensic Audits

- **6 Proposals Received from local and national firms**
 - **Forensic Audit Focus:**
 - Purchase Cards
 - Commissioner of Revenue Office
 - Office of the Treasurer
 - Special Funds
 - Enterprise Funds
 - Surplus Vehicles
- **3/14 – Interview Firms & Select Firms to Negotiate**
 - **3/31 – Issue Intent to Award**
 - **4/1 – Start All Audits**

Real Estate Showcase on Feb 28th at 2pm

Below is a list of properties included in the recent Real Estate Showcase

	Parcel ID	Premise	Street	Owner	Gross Building Area (sf)	Land Area (ac)	Zoning	Current Use	EZone
1	024-180001	1004	Commerce St	COP		2.00	M-1	Titmus Parking Lot	Y
2	024-140014	1015	Commerce St	COP	209,187	2.62	M-1	Former Titmus	Y
3	096-010001	3645	Halifax Rd	COP		8.70	M-2	Interstate Industrial Park	Y
4	022-170003	106	Halifax St	COP		0.80	B-3	Halifax Triangle	Y
5	022-160001	140	Halifax St	COP		0.41	B-3	Halifax Triangle	Y
6	022-170002	116-122	Halifax St	COP		0.23	B-3	Halifax Triangle	Y
7	011-290004	10	Jefferson St N	COP		1.09	B-3	Former VEC Site	Y
8	011-250002	20	Tabb St W	COP	44,724	0.28	B-3	Historic Hotel	Y
9	022-060004	29	UNION ST S	COP	46,371	0.41	B-3	Historic Commercial Building	Y
10	022-060005	41	UNION ST S	COP	4,212	0.09	B-3	Historic Commercial Building	Y
11	011-290007	125	Washington St E	COP		1.67	B-3	Former VEC Site	Y
12	012-140001	501	Washington St E	COP		1.77	B-2	Former Holiday Inn Site	Y

According to Disposition Ordinances provided by the City Attorney, the Disposition of 1004 and 1015 Commerce Street was approved 6/3/14, 14-Ord-50.

Disposition was also approved for 106, 116-122, and 140 Halifax Street 2/22/16 16-Ord-08.

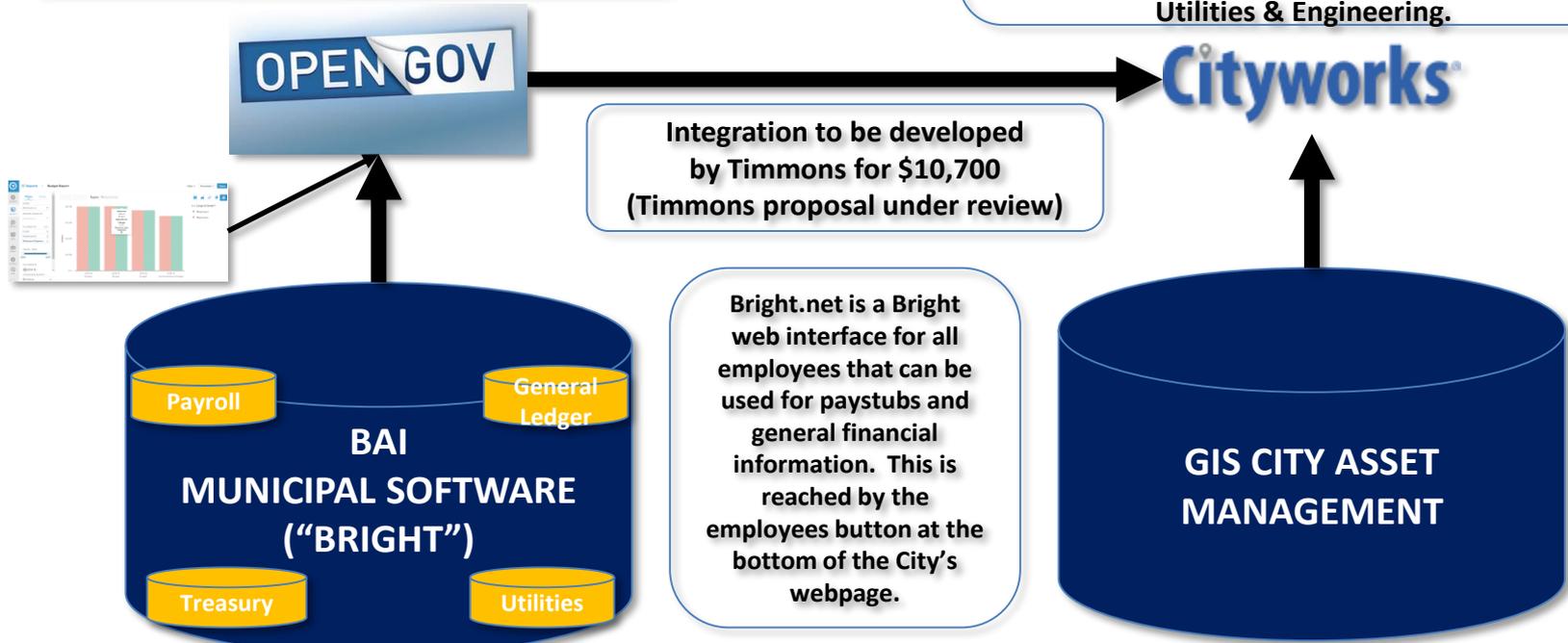
Disposition has not been approved by Council for the remaining 7 properties since 2013.

- Agenda**
1. Welcome and Purpose
 2. Developer Presentations on Successful Projects
 3. Development Opportunities - Featured Properties
 4. Deal making/Disposition and Development process
 5. Networking Reception

Technology Architecture – Key Systems

OpenGov provides data analytics and reporting based on the Chart of Accounts generated in BAI. It was purchased by the City in 2015 and is a cloud based software as a service costing \$22K annually.

Cityworks provides service request work flow and project management for public infrastructure services. It was purchased in 2015 to utilize the City’s GIS investment built by Timmons since 2014. It is free for 2017 and will cost \$30K in 2018. The scope includes Facilities, Utilities & Engineering.



BAI Municipal Software ("Bright") manages all City of Petersburg financial data and reporting. It is the financial system of record for the City. It is an end of lifecycle software housed in a legacy mainframe environment AS-400. Modules include data storage and reporting for General Ledger, Payroll, Treasury, Utilities.

The City invested in GIS buildout by Timmons since 2014. The GIS system is valuable data repository that can be used by Facilities, Utilities & Engineering.

City Council Vision Session for FY18 Budget

We recommend holding an FY18 Budget Vision Session for Council. The purpose of this session is to create a space for Council to imagine and dream about the City they want to build.

Vision

We will build the FY18 Budget around this vision.

Transparency

- All presentations are available on the City's website:

<http://www.petersburgva.gov/index.aspx?NID=846>