

City of Petersburg Emergency Financial & Operational Restructuring

Presentation to Petersburg City Council

The Robert Bobb Group, LLC

June 20, 2017

Agenda

- **City Manager's Report**
 1. Introduce the New Police Chief
 2. 6/19/17 Main Pump Station Failure Update

- **Monthly Financial Report**
 1. Budget to Actuals
 2. General Fund Expenditures
 3. Summary of Monthly Cash Flows

- **RBG Progress Report**
 1. RBG Project Plan: March 25, 2017 – September 30, 2017
 2. Update on Hiring for City Manager and Finance Director

- **Utilities Update and Recommendation**

- **Transparency**

Presentations available on City website: <http://www.petersburgva.gov/index.aspx?NID=846>

City Manager's Report

City Manager's Report

City Manager's Report

- Introductions
 - Ken Miller is the New Police Chief for the City of Petersburg

City Manager's Report

- **6/19/17 Main Pump Station Failure**
 - We had a major failure at our main pump station last night. **This pumps ~70% of Petersburg's waste water to the treatment facility.**
 - Emergency Repairs Estimate is \$50,000 and will take 2-3 weeks to complete
 - Bypass needs 24x7 monitoring to balance the pressure and maintain adequate flows into the wastewater treatment facility
- **What We Avoided:**
 - DEQ fines
 - Raw Sewage in the Appomattox flowing into downstream intakes
 - Environmental hazards on Petersburg streets due to unsanitary overflow
 - Potential workplace injury due to the electrical explosion

6/20/17 – Wastewater Bypass



This Main Pump Station handles ~70% of Petersburg's waste water to the treatment facility.

Monthly Financial Report

Monthly Financial Report

Budget to Actuals

CITY OF PETERSBURG, VIRGINIA							
BUDGET TO ACTUALS BY FUND							
FISCAL YEAR ENDING JUNE 30, 2017 AS OF APRIL 30, 2017							
	Fund		Budget	Year-to-Date	Encumbrance	Total	% of Budget
100	General	Revenues	68,411,675	57,171,519			83.6%
		Expenditures	68,411,675	59,489,400		59,489,400	87.0%
212	Special	Revenues	10,585,080	3,166,013			29.9%
		Expenditures	10,538,490	2,083,625	2,207,692	4,291,317	40.7%
213	CDBG						31.6%
						880,629	65.8%
380	CIP						1.4%
		Expenditures	4,685,060	1,552,982	1,795,622	3,348,604	71.5%
501	Public Utilities	Revenues	9,859,339	10,512,569			106.6%
		Expenditures	9,859,339	7,655,002	596,507	8,251,509	83.7%
502	Stormwater	Revenues	1,181,967	1,109,522			93.9%
		Expenditures	1,181,967	688,050	17,568	705,617	59.7%
550	Dogwood Trace Golf Course	Revenues	626,850	488,489			77.9%
		Expenditures	626,850	455,922	22,906	478,828	76.4%
555	Petersburg Generals	Revenues	89,616	5,699			6.4%
		Expenditures	89,616	14,105		14,105	15.7%
575	Petersburg Area Transit	Revenues	2,730,199	2,353,351			86.2%
		Expenditures	2,730,199	2,753,661	98,198	2,851,859	104.5%
	Total	Revenues	99,508,936	75,293,740			75.7%
		Expenditures	99,462,346	75,405,967	4,905,904	80,311,870	80.7%

As of April 30, 2017

\$75 million in Revenues as of April 30, 2017

Budget to Actuals

CITY OF PETERSBURG, VIRGINIA							
BUDGET TO ACTUALS BY FUND							
FISCAL YEAR ENDING JUNE 30, 2017 AS OF MAY 31, 2017							
	Fund		Budget	Year-to-Date	Encumbrance	Total	% of Budget
100	General	Revenues	68,411,675	63,049,073			92.2%
		Expenditures	68,411,675	62,977,181	2,335,418	65,312,599	95.5%
212	Special	Revenues	10,585,080	3,732,434			35.3%
		Expenditures	10,538,490	2,276,043	2,145,534	4,421,577	42.0%
213	CDBG	Revenues	1,330,150	746,933			55.8%
		Expenditures	1,330,150	1,280,000	0	972,195	72.6%
380	CIP	Revenues	23,800,000	1,800,000			1.5%
		Expenditures	23,800,000	18,114,622	5,735,378	3,685,377	78.7%
501	Public Utilities	Revenues	9,859,339	8,510,177			86.3%
		Expenditures	9,859,339	7,599,640	120,753	7,720,392	78.3%
502	Stormwater	Revenues	1,181,967	1,228,776			104.0%
		Expenditures	1,181,967	688,050	17,568	705,617	59.7%
550	Dogwood Trace Golf Course	Revenues	626,850	548,780			87.5%
		Expenditures	626,850	523,204	23,313	546,517	87.2%
555	Petersburg Generals	Revenues	89,616	5,699			6.4%
		Expenditures	89,616	14,105		14,105	15.7%
575	Petersburg Area Transit	Revenues	2,730,199	2,459,276			90.1%
		Expenditures	2,730,199	3,140,469	98,198	3,238,667	118.6%
	Total	Revenues	99,508,936	80,353,036			80.7%
		Expenditures	99,462,346	79,781,567	6,835,481	86,617,048	87.1%

As of May 31, 2017

\$80 million in Revenues as of May 31, 2017

General Fund Expenditures

CITY OF PETERSBURG, VIRGINIA
 GENERAL FUND EXPENDITURES BY DEPARTMENTS
 FISCAL YEAR ENDING JUNE 30, 2017 AS OF APRIL 30, 2017

Dept Code	Department Name	Operating			Salary & Benefits		Total		
		Budget	Year-to-Date	Encumbrance	Budget	Year-to-Date	Budget	Year-to-Date	% Spent
11010	City Council	60,900	37,725	29,189	117,911	101,352	178,811	168,265	94.1%
12110	City Manager	621,602	531,045	98,007	230,998	150,307	852,600	779,359	91.4%
12130	Hispanic Liaison	6,507	9,441		41,378	43,860	47,885	53,301	111.3%
12210	City Attorney	47,500	265,538		345,392	169,697	392,892	435,234	110.8%
12220	Human Resources	87,460	31,438	44,970	266,551	248,898	354,011	325,306	91.9%
12310	Commissioner of Revenue	20,475	16,881	762	329,251	261,487	349,726	279,130	79.8%
12320	Assessor	38,524	29,375	1,435	337,801	263,961	376,325	294,771	78.3%
12410	Treasurer	57,046	46,948	3,408	332,217	270,115	389,263	320,470	82.3%
12420	Finance	216,450	199,369	101,630	305,579	172,182	522,029	473,181	90.6%
12470	Purchasing	67,299	31,946	18,438	209,573	165,334	276,872	215,719	77.9%
12510	Information Systems	418,297	484,063	48,780	313,894	252,450	732,191	785,294	107.3%
12520	Fleet & Equipment Mgmt	1,515,751	1,056,159		11,780	11,859	1,527,531	1,068,018	69.9%
13700	Registrar & Electoral Board	107,115	107,555	11,000	111,555	100,555	107,115	288,663	106.3%
21100	Judge Circuit Court							76,392	74.2%
21200	General District Court							17,089	42.0%
21300	Magistrate							42,130	98.6%
21400	Juvenile Justice							82,399	89.3%
21500	J & D Relations Court							2,479	32.0%
21600	Clerk Circuit Court							529,868	81.1%
21700	Juvenile Court Services	11,100	5,058	10,000	19,393	16,840	30,493	31,898	104.6%
22100	Commonwealth Attorney	65,659	46,593	11,067	974,871	755,500	1,040,530	813,161	78.1%
31100	Police	647,125	414,945	114,039	6,680,092	5,523,733	7,327,217	6,052,716	82.6%
31200	Emergency Communication	520,018	323,567	138,920	1,077,463	943,117	1,597,481	1,405,604	88.0%
32100	Fire	301,868	132,275	56,320	5,576,002	4,477,308	5,877,870	4,665,904	79.4%
32200	Code Compliance	130,865	11,848	77,923	259,810	295,560	390,675	385,331	98.6%
33100	Sheriff Office	164,835	85,563	24,491	1,273,776	958,377	1,438,611	1,068,431	74.3%
35100	Animal Warden	29,400	5,308	1,947	242,436	189,509	271,836	196,764	72.4%
41100	Engineering & Stormwater Mgmt	4,355	235,202		171,544	103,566	175,899	338,768	192.6%
42300	Refuse Collection	1,915,310	1,106,814	584,518			1,915,310	1,691,333	88.3%
43100	Grounds	84,783	42,995	10,456	503,948	418,077	588,731	471,528	80.1%
43200	Facility Management	1,106,288	621,397	41,999	656,726	603,824	1,763,014	1,267,219	71.9%
53501	Social Services	3,861,892	3,049,632	9,594	4,946,220	3,158,453	8,808,112	6,217,678	70.6%
53801	Comprehensive Services Act	3,603,750	3,416,620		85,734	69,707	3,689,484	3,486,327	94.5%
71300	Parks and Leisure Services	180,440	35,288	15,283	536,385	427,978	716,825	478,549	66.8%
71400	Cemeteries	16,352	4,163	200	86,502	61,659	102,854	66,022	64.2%
73100	Public Library	280,399	100,440	78,469	564,259	422,946	844,658	601,855	71.3%
81500	Economic Development	111,689	15,898	2,475	463,317	364,703	575,006	383,076	66.6%
81600	Artist Promotion Programs	102,940	49,702		158,985	127,894	261,925	177,596	67.8%
81700	Special Events Cultural Affairs	56,500	12,535		99,317	81,030	155,817	93,565	60.0%
91400	Risk Management	1,311,248	1,199,776	21,012	79,135	63,913	1,642,998	1,284,701	78.2%
92101	Non Departmental-Civic Organizations	6,397,369	2,951,095	3,242,695			6,397,369	6,193,790	96.8%
92102	Contingencies	955,551	0				955,551	0	0.0%
95101	Debt Services	5,442,129	7,298,867				5,442,129	7,298,867	134.1%
999100	Petersburg Health Department	562,206	412,700	140,551			562,206	553,257	98.4%
999212	Transfer to Federal & State Projects	88,350	0				88,350	0	0.0%
999250	Petersburg Public Schools	8,474,762	7,789,827	238,563			8,474,762	8,028,390	94.7%
999555	Transfer to Petersburg Generals	64,616	0				64,616	0	0.0%
	Total	40,041,818	32,461,571	5,179,887	28,117,242	21,847,942	68,411,772	59,489,400	87.0%

As of April 30, 2017

87% of General Funds spent to date

General Fund Expenditures

CITY OF PETERSBURG, VIRGINIA									
GENERAL FUND EXPENDITURES BY DEPARTMENTS									
FISCAL YEAR ENDING JUNE 30, 2017 AS OF MAY 31, 2017									
Dept Code	Department Name	Operating			Salary & Benefits		Total		% Spent
		Budget	Year-to-Date	Encumbrance	Budget	Year-to-Date	Budget	Year-to-Date	
11010	City Council	60,900	38,358	29,189	117,911	111,580	178,811	179,127	100.2%
12110	City Manager	621,602	543,555	118,251	230,998	166,199	852,600	828,005	97.1%
12130	Hispanic Liaison	6,507	15,177		41,378	43,860	47,885	59,037	123.3%
12210	City Attorney	53,616	334,671	35	339,276	188,187	392,892	522,893	133.1%
12220	Human Resources	87,460	52,607	44,970	266,551	272,702	354,011	370,279	104.6%
12310	Commissioner of Revenue	20,475	17,026	189	329,251	287,385	349,726	304,600	87.1%
12320	Assessor	38,524	34,415	572	337,801	289,555	376,325	324,542	86.2%
12410	Treasurer	62,298	52,247	2,352	326,965	294,723	389,263	399,322	89.7%
12420	Finance	216,450	316,153	52,441	305,579	181,349	522,029	549,943	105.3%
12470	Purchasing	55,299	38,214	6,354	221,573	181,440	276,872	226,007	81.6%
12510	Information Systems	418,297	491,200	38,265	313,894	276,908	732,191	806,373	110.1%
12520	Fleet & Equipment Mgmt	1,515,751	1,090,001		11,780	11,859	1,527,531	1,101,861	72.1%
13700	Registrar & Electoral Board	127,442	165,610	(2,327)	144,030	133,780	271,472	297,062	109.4%
21100	Judge Circuit Court						939	83,690	81.3%
21200	General District Court						700	18,914	46.5%
21300	Magistrate						730	32,297	75.6%
21400	Juvenile Justice						236	82,999	90.0%
21500	J & D Relations Court						750	2,462	31.8%
21600	Clerk Circuit Court						383	579,906	88.8%
21700	Juvenile Court Services	11,100	6,739	8,318	19,393	25,456	30,493	40,514	132.9%
22100	Commonwealth Attorney	65,659	41,949	12,494	974,871	822,527	1,040,530	876,970	84.3%
31100	Police	697,125	734,764	770,221	6,630,092	6,035,485	7,327,217	7,540,470	102.9%
31200	Emergency Communication	501,029	336,073	129,986	1,096,452	1,035,900	1,597,481	1,501,959	94.0%
32100	Fire	301,868	192,212	25,082	5,576,002	4,880,307	5,877,870	5,097,601	86.7%
32200	Code Compliance	130,865	16,040	77,610	259,810	321,637	390,675	415,287	106.3%
33100	Sheriff Office	168,635	157,018	21,954	1,269,976	1,057,482	1,438,611	1,236,454	85.9%
35100	Animal Warden	26,900	8,319	3,851	244,936	204,473	271,836	216,643	79.7%
41100	Engineering & Stormwater Mgmt	4,355	252,337		171,544	113,087	175,899	365,424	207.7%
42300	Refuse Collection	1,915,310	1,231,989	3,732	0	0	1,915,310	1,235,721	64.5%
43100	Grounds	84,783	106,263	7,875	503,948	455,611	588,731	569,749	96.8%
43200	Facility Management	1,106,288	692,823	51,853	656,726	658,809	1,763,014	1,403,484	79.6%
53501	Social Services	3,861,892	3,377,839	9,338	4,946,220	3,463,847	8,808,112	6,851,023	77.8%
53801	Comprehensive Services Act	3,603,750	3,787,593		85,734	76,576	3,689,484	3,864,169	104.7%
71300	Parks and Leisure Services	180,440	58,930	15,283	536,385	469,520	716,825	543,733	75.9%
71400	Cemeteries	16,352	7,184	200	86,502	66,220	102,854	73,603	71.6%
73100	Public Library	304,699	112,819	109,508	539,959	455,014	844,658	677,342	80.2%
81500	Economic Development	111,689	12,735	3,022	463,317	393,783	575,006	409,540	71.2%
81600	Tourist Promotion Programs	159,440	77,771		102,485	130,306	261,925	208,076	79.4%
81700	Special Events Cultural Affairs	56,500	102,519		99,317	84,268	155,817	186,787	119.9%
91400	Risk Management	1,563,863	1,409,601	21,012	79,135	70,056	1,642,998	1,500,669	91.3%
92101	Non Departmental-Civic Organizations	6,397,369	3,677,632	390,981	0	0	6,397,369	4,068,613	63.6%
92102	Contingencies	955,551	0		0	0	955,551	0	0.0%
95101	Debt Services	5,442,129	8,248,700	(863)	0	0	5,442,129	8,247,837	151.6%
999100	Petersburg Health Department	562,206	412,700	140,551	0	0	562,206	553,257	98.4%
999212	Transfer to Federal & State Projects	88,350	0		0	0	88,350	0	0.0%
999250	Petersburg Public Schools	8,474,762	8,032,070	238,563	0	0	8,474,762	8,270,633	97.6%
999555	Transfer to Petersburg Generals	64,616	0		0	0	64,616	0	0.0%
	Total	40,406,912	36,474,055	2,335,418	28,004,763	23,865,405	51,675	62,674,877	91.6%

As of May 31, 2017

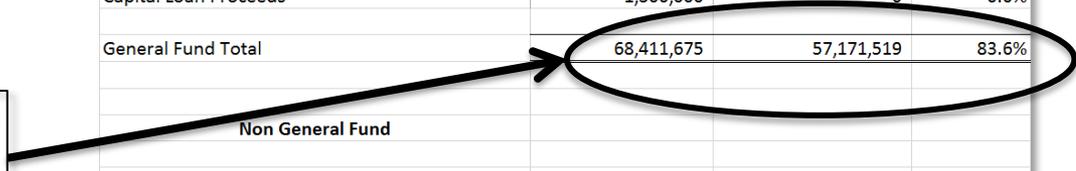
92% of General Funds spent to date

As of April 30, 2017

Revenue Summary by Funds

CITY OF PETERSBURG, VIRGINIA			
REVENUE SUMMARY BY FUNDS			
FISCAL YEAR ENDING JUNE 30, 2017 AS OF APRIL 30, 2017			
General Fund			
Description	Budget	Year-to-Date	% of Budget
General Property Taxes	31,907,723	22,159,748	69.4%
Other Local Taxes	14,258,463	12,514,914	87.8%
Permits, Fees, & Licenses	465,666	460,053	98.8%
Fines & Forfeitures	548,464	780,065	142.2%
Revenue From Use of Money/Property	176,397	143,996	81.6%
Charges for Services	2,786,796	2,392,679	85.9%
Miscellaneous Revenues	232,205	227,573	98.0%
Loan Proceeds		5,967,310	-100.0%
Recovered Cost	162,015	197,133	121.7%
Commonwealth Revenue	12,130,180	9,585,100	79.0%
Federal Revenue	4,443,766	2,742,946	61.7%
Capital Loan Proceeds	1,300,000	0	0.0%
General Fund Total	68,411,675	57,171,519	83.6%
Non General Fund			
Description	Budget	Year-to-Date	
Special-Federal	2,536,130	449,846	17.7%
Special-Local	741,167	160,919	21.7%
Special-State	7,307,783	2,555,248	35.0%
Community Development Block Grant-Federal	1,339,150	423,169	31.6%
Capital Improvement Projects	4,685,060	63,409	1.4%
Public Utilities - Water	9,859,339	10,512,569	106.6%
Stormwater Utilities	1,181,967	1,109,522	93.9%
Dogwood Trace Golf Course	626,850	488,489	77.9%
Petersburg Generals	89,616	5,699	6.4%
Petersburg Area Transit - Federal	1,545,212	976,078	63.2%
Petersburg Area Transit - Local	710,468	822,238	115.7%
Petersburg Area Transit - Match	779	0	0.0%
Petersburg Area Transit - State	473,740	546,259	115.3%
Non-General Fund Total	31,097,261	18,113,444	58.2%
All Fund Total	99,508,936	75,284,964	75.7%

\$57 million in General Fund revenues (84%)



As of May 31, 2017

Revenue Summary by Funds

CITY OF PETERSBURG, VIRGINIA			
REVENUE SUMMARY BY FUNDS			
FISCAL YEAR ENDING JUNE 30, 2017 AS OF MAY 31, 2017			
General Fund			
Description	Budget	Year-to-Date	% of Budget
General Property Taxes	31,907,723	23,192,670	72.7%
Other Local Taxes	14,258,463	14,213,648	99.7%
Permits, Fees, & Licenses	465,666	488,730	105.0%
Fines & Forfeitures	548,464	864,859	157.7%
Revenue From Use of Money/Property	176,397	157,005	89.0%
Charges for Services	2,786,796	2,631,112	94.4%
Miscellaneous Revenues	232,205	789,086	339.8%
Loan Proceeds		5,967,310	-100.0%
Recovered Cost	162,015	213,731	131.9%
Commonwealth Revenue	12,130,180	10,889,163	89.8%
Federal Revenue	4,443,766	3,641,760	82.0%
Capital Loan Proceeds	1,300,000	0	0.0%
General Fund Total	68,411,675	63,049,073	92.2%
Non General Fund			
Description	Budget	Year-to-Date	
Special-Federal	2,536,130	648,541	25.6%
Special-Local	741,167	172,110	23.2%
Special-State	7,307,783	2,911,783	39.8%
Community Development Block Grant-Federal	1,339,150	746,932	55.8%
Capital Improvement Projects	4,685,060	71,888	1.5%
Public Utilities - Water	9,859,339	8,510,177	86.3%
Stormwater Utilities	1,181,967	1,228,776	104.0%
Dogwood Trace Golf Course	626,850	557,827	89.0%
Petersburg Generals	89,616	5,699	6.4%
Petersburg Area Transit - Federal	1,545,212	976,078	63.2%
Petersburg Area Transit - Local	710,468	885,702	124.7%
Petersburg Area Transit - Match	779	0	0.0%
Petersburg Area Transit - State	473,740	589,460	124.4%
Non-General Fund Total	31,097,261	17,304,974	55.6%
All Fund Total	99,508,936	80,354,047	80.8%

\$63 million in General Fund revenues (92%)

Summary of Monthly Cash Flows

City of Petersburg, VA			
Summary of Estimated Monthly Cash Flows and Accounts Payable			
Point In Time Cash Flow from 5/7/2017			
Cash Per Bank: 5/7/2017	\$	2,801,427	
Less Outstanding Checks:	\$	1,738,592	
Estimated Available Pooled Cash:	\$	1,042,835	\$ 1,373,718
		May	June
Revenue Estimates	\$	5,388,205	\$ 18,208,659
Expenditure Estimates	\$	5,057,322	\$ 9,252,903
Estimated Available Pooled Cash:	\$	1,373,718	\$ 1,704,601

\$2.8 million cash on 5/7/17

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

	Feb	March	April
Revenue Performance	\$ (578,144)	\$ 907,083	\$ 546,905

Summary of Monthly Obligations		
Row Labels	Sum of May	Sum of June
Arrears	\$ 43,727.59	\$ 654,953.06
Authority	\$ 588,494.62	\$ 932,543.20
Debt	\$ 14,002.79	\$ 1,175,109.95
Lease	\$ 3,074.00	\$ 4,274.00
Other	\$ 483,459.87	\$ 329,459.87
Payroll	\$ 1,436,000.00	\$ 3,668,000.00
Transfer out	\$ 238,563.34	\$ 238,563.34
Utility	\$ 250,000.00	\$ 250,000.00
Grand Total	\$ 3,057,322.21	\$ 7,252,903.42

Arrears Above: VRS; SCWMA; Riverside R. Jail

Arrears Paid: CVWMA, Dist 19, GRTC, VRS- LODA, Crater Youth Detention, Health Dept., SCBA Vendor

Accounts Payable Update
Total Outstanding Payables= \$3.7M
Total Outstanding AP under Payment Plan: \$2.4M
Total Outstanding AP Not Accounted for in Payment Plans Above: \$1.3M

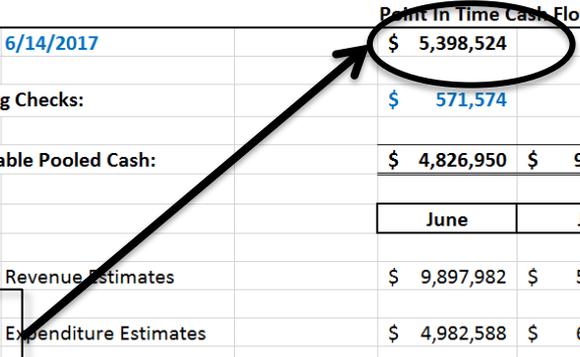
As of June 14, 2017

Summary of Monthly Cash Flows

City of Petersburg, VA
 Summary of Estimated Monthly Cash Flows and Accounts Payable

Point In Time Cash Flow from 6/14/2017				
Cash Per Bank: 6/14/2017	\$ 5,398,524			
Less Outstanding Checks:	\$ 571,574			
Estimated Available Pooled Cash:	\$ 4,826,950	\$ 9,742,344	\$ 8,631,583	\$ 6,530,263
	June	July	August	September
Revenue Estimates	\$ 9,897,982	\$ 5,482,386	\$ 4,122,917	\$ 7,446,554
Expenditure Estimates	\$ 4,982,588	\$ 6,593,147	\$ 6,224,237	\$ 6,408,628
Estimated Available Pooled Cash:	\$ 9,742,344	\$ 8,631,583	\$ 6,530,263	\$ 7,568,189

\$5.4 million cash on 6/14/17



	Feb	March	April	May
Revenue Performance	\$ (578,144)	\$ 907,083	\$ 546,905	\$ (31,515)

Summary of Monthly Obligations		
Row Labels	Sum of May	Sum of June
Arrears	\$ 122,284.82	\$ 122,284.82
Authority	\$ 16,666.67	\$ 1,000,543.20
Debt		\$ 370,032.87
Lease		\$ 3,074.00
Other	\$ 25,459.87	\$ 425,459.87
Payroll		\$ 2,100,000.00
Transfer out	\$ 238,563.34	\$ 511,436.66
Utility	\$ 69,066.47	\$ 100,000.00
Grand Total	\$ 349,756.35	\$ 4,632,831.42

Note: This Cash Flow assumes only \$900,000 of the \$1.9M owed to Schools. We will address this during Q1 of FY 2018.

Arrears Above: VRS; SCWMA

Arrears Paid: CVWMA, Dist 19, GRTC, VRS- LODA, Crater Youth Detention, Health Dept., SCBA Vendor, Riverside Jail

Accounts Payable Update	
Total Outstanding Payables=	\$2.9M
Total Outstanding AP under Payment Plan:	\$2.1M
Total Outstanding AP Not Accounted for in Payment Plans Above:	\$800K

RBG Progress Update

RBG Progress Update

Key Background & Reminder

Eight years of consecutively unbalanced budgets finally resulted in near default in the repayment of a short-term cash flow note

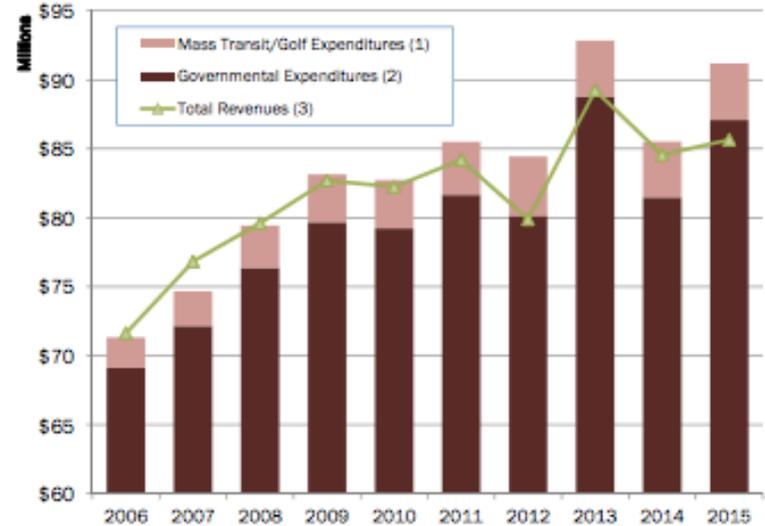
Governmental, Mass Transit and Golf Funds

The City's budget deficit began in 2009.

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	82,692,844	(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	85,653,894	(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

RBG was hired by the City of Petersburg through an emergency procurement in October 2016

RBG Plan: 3/25/17 – 9/30/17

City of Petersburg Financial Emergency Turnaround – Key Project Activities

PHASE 2: MARCH 25, 2017 – JUNE 30, 2017

1. Implement the Long Term Debt Restructuring Plan
2. Develop plan to pay off current RAN
3. Complete and Implement FY 18 Budget Proposal
4. Develop Water Utility CIP
5. Manage and Report findings for Forensic Audit
6. Complete FY16 CAFR by July 2017
7. Complete Executive Search Firm hiring by July 2017
8. Hired Police Chief, Finance Director, Fire Chief and Transit Director
9. Finalize Recruitment of the CFO
10. Complete financing for police & fire vehicles
11. Submitted Proposal to State for Funding Assistance for RBG Contract Extensions
12. Develop the Plan Pre-Audit Work for FY17
13. Implement new Real Estate Sale Process & realize revenue
14. Implement Workforce Reorganization
15. Optimize City Technologies for data and reporting
16. Create repeatable data & reporting for Financial Reports using OpenGov
17. Develop and Execute Policies for Financial Reporting
18. Develop Standard Operating Procedures
19. Manage and Measure Financial and Purchasing Policies
20. Initiated new Billing and Collections process and begin collecting delinquent revenues
21. Assess Utility Billing Processes
22. Evaluate Utilities meter reading and billing technologies
23. Evaluate Johnson Controls contract with Forensic Audit Team
24. Provide Executive Coaching to New Hires
25. Schedule Visits for Ratings Agencies to Petersburg on July 13th

RBG Plan: 3/25/17 – 9/30/17

City of Petersburg Financial Emergency Turnaround – Key Project Activities

PHASE 3: JULY 1, 2017 – SEPTEMBER 30, 2017

1. **Develop the 5-Year Financial Plan**
2. **Develop & Implement the 5-Year Capital Improvement Program**
3. **Implement Financial & Purchasing Policies**
4. **Conduct City wide training for OpenGov**
5. **Conduct City wide training for CityWorks**
6. **Continue to evaluate options for the sale of the Water & Sewer Utility Sale process as needed to address the critical infrastructure issues facing the Water and Sewer system**
7. **Develop Implementation Strategies for Outsourcing execution and implementation**
8. **Develop and Implement Standard Operating Procedures (SOPs) for Finance**
9. **Implement Findings to address issues uncovered during the Forensic Audit**
10. **Assist Management Team to implement FY16 CAFR findings**
11. **Implement a Budget Transition Plan**
12. **Provide Executive Coaching for New Hires**

Key Project Deliverables To Date

- **Working with Secretary of Finance Ric Brown on our request to fund up to \$500,000 of services for the City (this does not include RBG services):**
 - Pre Audit and Audit Services
 - Executive Training for City Leaders
- **Kick Off CityWorks Development and Training for Utilities:**
 - Purpose:
 - CityWorks will track all work repairs, cost of work repairs and staff time devoted to those work repairs, so Utilities will be able to provide real time data on repairs around the City for Council and the Public
 - Target Completion: August 2017

City Council Completes Process to Hire the New City Manager

**Aretha Ferrell - Benavides is the new City
Manager**

**Press Conference will be held to introduce the new City
Manager on 6/21/17**

Decision Made on the New Finance Director

Blake Rane is the City's Finance Director

Start Date is July 10th

Draft Findings: Assessment of Utilities Billing Processes

1. **“Billing staff cannot run a report to see the total amount outstanding that is setup on a payment agreement.”**
2. **“Compound Meters are not setup in the billing system to automatically calculate consumption in an efficient manner. The current process is manual and increases the chances of errors.”**
3. **“Data validation: the system lacks the ability to validate the mailing addresses in the system. There is no process in place for returned mail.”**
4. **“The management team does not have the capability to run reports and track metrics on missed calls, wrap time, drop calls, or compile any data to monitor the performance of the staff responsible for customer service.”**

Draft Findings: Assessment of Utilities Billing Processes

5. “The **website is missing information** that could reduce the number of phone calls to Customer Service.”
6. “There is **no meter reading schedule to ensure that customers are billed on an average 30 day billing cycle**. This results to inconsistent monthly cash flow.”
7. “**Billing is completed once a month around the 11th**. It takes 4 days from when the readings are uploaded to print, seal, and mail the bills.”
8. “The **total amount of \$6,388,488.97 remains on the receivables as unpaid**. In addition, there is a large variance of \$1,481,790.77 on the balance sheet.”

Forensic Audits Update

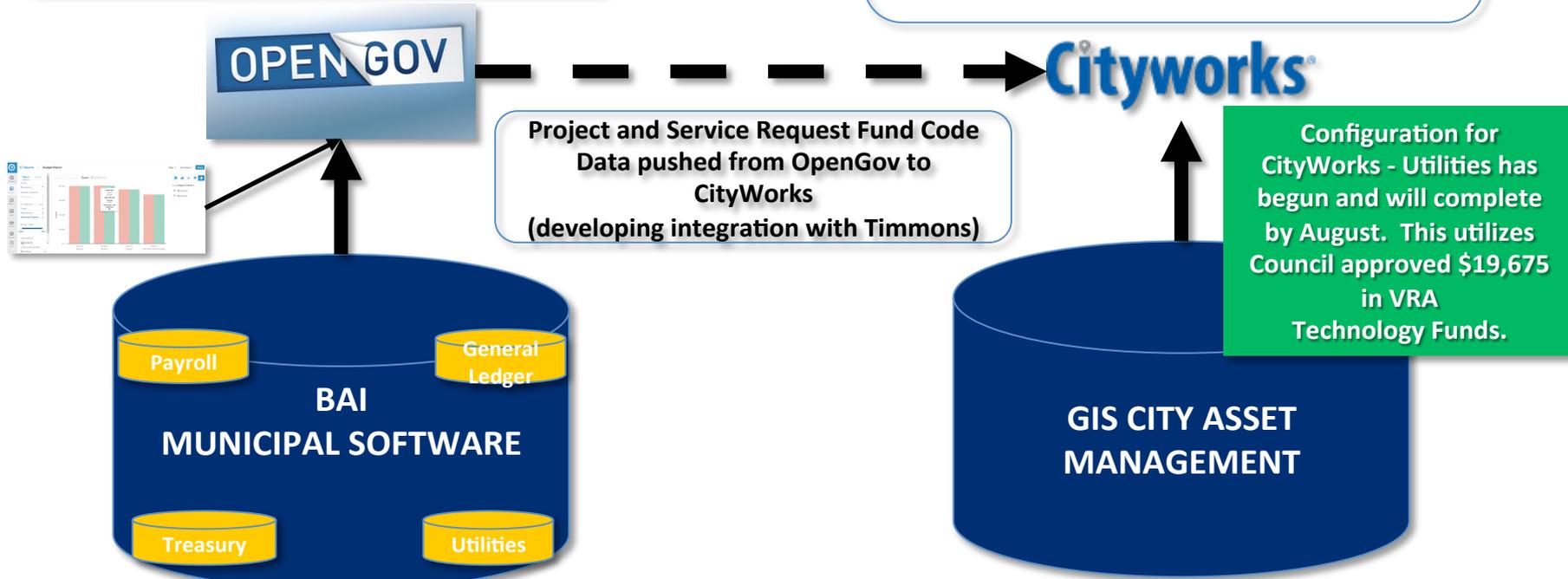
- **Completing in person interviews this week**
- **Reminder of the Scope:**
 - **Commissioner of Revenue Office**
 - **Office of the Treasurer**
 - **Special Funds**
 - **Enterprise Funds**
 - **Surplus Vehicles**
 - **Perpetual Care Fund**
 - **Purchase Cards**
 - **Johnson Controls Contract**

**Report will be
available by end of
August 2017.**

Technology Architecture – Key Systems

OpenGov provides financial data reporting based on the Chart of Accounts generated in BAI. The City is building its FY18 Budget in OpenGov. It was purchased by the City in 2015.

Cityworks manages public works service request tickets. It was purchased in 2015 to utilize the City's GIS investment built by Timmons since 2014. The scope includes Facilities, Engineering, Utilities & Street.



BAI is the financial system of record for the City and manages all City financial data and reporting. It includes the General Ledger, Payroll, Treasury, Utilities. Bright.net is a BAI web interface employees can use to access paystubs and general financial information.

The City invested in GIS buildout by Timmons since 2014. The GIS system is a valuable data repository that can be used by Facilities, Utilities & Engineering. It can also be used to map Police and Fire incident data.

Recommendations on the Future of the Utility System

Staff and Consultant Team
Recommendations on the Future of
the Utility System

After 7 months on the job, and consultation with numerous subject matter experts, this is our conclusion and recommended path forward:

First:

- What have we learned?
- What have we done?
- What is the path forward?

What we have learned about the Utility

- The Utility experienced a \$2,459,686 loss in FY2016
- The Utility experienced a \$1,382,608 loss in FY2015
- The Utility has (5-year) infrastructure needs of over \$50,000,000
- The Utility will bear 52% of the costs of SCWWA infrastructure needs with Petersburg's share estimated at over \$40,000,000 (the City sold its stake to SCWWA in 1996 and sold its water to ARWA in 1964 for a 16.9% ownership stake)

What we have learned about the Utility

- The Utility frequently violates environmental regulations when there are large scale rain events (raw sewage in the street and river)
- The billing and collection function has been dysfunctional for a long time, with thousands of customers routinely receiving incorrect bills
- The collection rate is roughly 70%, far below the industry standards

What we have learned about the Utility

- The Utility subsidized rates for years using proceeds from the sale of the wastewater treatment plant, until the money ran out, leaving rates artificially low
- The Utility has excess water capacity rights that have a monetary value, and at the same time, impose an unnecessary annual cost burden (because we pay for 16.9% of ARWA costs, far beyond our usage rate)

What we have learned about the Utility

- The Utility's ability to borrow for future capital needs is very limited due to past performance and the City's severe financial condition
- The City faces the risk of a catastrophic system disruption, based on past experience and current vulnerabilities

Infrastructure needs are not exaggerations

- Remember, water line breaks in July 2016 and October 2016 disrupted flow from ARWA
- Petersburg lost all incoming water for 16 hours in July 2016 (last summer)

Infrastructure needs are not exaggerations

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- Petersburg lost all incoming water for 16 hours in July 2016 (last summer)

The main pump station experienced a major failure last night

Constant Flow of Complaints (last two weeks)

(Apartment Owner Association)

- Some meters are not recorded in the system at all, therefore no bill is generated
- Meter sizes in the system don't agree with meter sizes in the field
- Bills are not calculated based on meter sizes and consumption; they are based on the number of units served by each meter (so if a meter serves 18 units, the price is 18 base rates + consumption)
- Some bills do not show consumption readings, so calculating the bill is not possible for the customer

What have we done in the past 6 months?

- In the past two months, we have corrected ~1,000 account errors that caused customers to receive incorrect bills (wrong meter size, wrong meter type, wrong meter tied to account, cubic feet not than gallons)
- Gained an in-depth understanding of the City's remaining meter problems, aided by consultations with Aclara and Itron
- Gained an in-depth understanding of the City's billing and collection problems, aided by consultations with Severn-Trent

What have we done in the past 6 months?

- Built a FY2018 operating budget that will allow many problems to be fixed
- Built a FY2018 Capital Budget and 5-Year CIP (the roadmap) that will address critical infrastructure needs (if it can be debt financed)
- Through two rate increases, have honored VRA bond covenants and built a revenue stream that will fund many improvements to long-neglected system

What have we done in the past 6 months?

- Developed a financing plan that will enable previously issued VRA bonds to be accessed for Utilities projects
- Undertaken an evaluation process (e.g., single member authority, franchise, etc) that we believe can lead to the comprehensive solution to the City's utilities problems (and City's financial problems)

What have we done in the past 6 months?

- Gained an in-depth understanding of the ARWA and SCWWA regional issues including future capital needs and cost implications, possible opportunity to sell excess capacity, possible dissolution of ARWA
- Identified a cost effective, long-term solution that will completely replace the current Utilities operations center, and dramatically improve working conditions for 100 employees in many departments
- Corrected safety issues at the main pump station

What is the path forward?

- Complete audit of every account to eliminate errors (approximately 1,000 have been corrected in past 2 months)
- Reconcile every large account, focusing newly created task force on Apartment Complex billing problems (coordinating with Owners Association)
- Prosecute cases of water theft (12 indictments last week)

What is the path forward?

- Test and/or replace the remaining 1100 large meters
- Further investigate the migration from AMR (Automatic Meter Reading) to AMI (Advanced Metering Infrastructure)
- Reinstate Delinquent Penalties (stopped due to processing delays in Treasurer's Office)
- Begin placing liens on properties of delinquent accounts

What is the path forward?

- Replace the Locks 20" Water Transmission Line from ARWA (which has suffered 4 breaks in recent years)
- Next Phase of Improvements at Main Pump Station
- First Phase of Poor Creek Force Main Replacement
- First Phase of the Mt. Vernon Pump Station Upgrade
- Highest Priority Inflow & Infiltration Reduction Projects
- Plan for the Replacement/Relocation of the DPU/DPW Operation Center
- City has a plan to increase rates by 73.4% over 5 years

What are our conclusions about the Utility?

- The system is not an asset
- There is no essential need to own it or manage it (many cities do not)
- The system is not a source of pride; it does not define us as a city

What are our conclusions about the Utility?

- The Utility is a drain on City resources
- It is an ongoing symbol of failure
- The Utility is a liability
- The Petersburg Utility is a disaster waiting to happen

Why is there a fear of rate shock if privatized?

- Recent State legislation requires private companies to equalize rates across the state (over time), by blending the rates of multiple localities. That legislation provides rate increase protection if the Utility is sold.

There are so many more important issues that affect people's lives, and which deserve our attention!

Poverty

Safety

Schools

Economic Development

What we've learned about the City's Financial Condition

- Cash has gone from \$3.0 million in 2010 to **zero** in FY2016
- The unassigned fund balance (discretionary reserve) has gone from \$15.4 in 2010 to **negative \$7.7 million** in FY2016
- To remain solvent the City has had to borrow short term at exorbitant rates

What we've learned about the City's Financial Condition

- The City has struggled to meet payroll throughout FY2017
- The General Fund still owes large sums to VRS, SCWWA, the Stormwater Fund and the **School Board**

What we've learned about the City's Financial Condition

- The City must generate surpluses to cover the \$7.2 million overdraft, just to get back to even
- Then, the Fund Balance must be restored to approximately **\$12.1 million**

What we've learned about the City's Financial Condition

Bottom Line

- We must have a large cash event (\$19.8 million) in order to restore financial stability to the City.
- The only way we know of to do that is to **sell or franchise the utility** (to an authority, thru a franchise/lease, or to a private company)

What will the cash event allow us to do?

- Pay back all vendors
- Pay back VRS
- Make the School Board whole; finance future school capital improvements
- Fix the crisis. Get back to even
- Create a Fund Balance based on industry norms

What will the cash event allow us to do?

- Avoid excessive short term borrowing
- Obtain bond rating upgrade after demonstrating sustained discipline
- Access the credit markets (borrow money to renew infrastructure)
- Restore pride, confidence and respect as a financially stable city

What will the cash event allow us to do?

- Build the future this city deserves
- Stabilizes the City's financial condition and stabilizes the Utility System

You have a choice to make

**Begin a new chapter in the Future of
Petersburg**

or

Hold on to an anchor

Recommendation

- Authorize Administration to proceed to the detailed proposal phase, which includes negotiating the terms to obtain the best possible deal with either Aqua or American Water
- Bring back a recommended proposal to sell or franchise the Utility, if it is determined to be in the best interests of the City

The City's Path Forward = \$19.8 Million

The City's Path Forward Depends on a \$19.8 Million Fund Balance:

1. Collect Receivables to increase Cash (\$5.05M)

- Increase collections and improve timeliness of collections

2. Repay Reconciled Overdraft (borrowing from other funds \$7.2M)

- Need One-Time Cash Revenue (aka Liquidity Event)
- Need Continued Budget Surpluses
- By eliminating this, you will help Unassigned Fund Balance by an equivalent amount

3. Eliminate deficit Unassigned Fund Balance (\$7.7M)

- Need One-Time Cash Revenue (aka Liquidity Event)
- Need Continued Budget Surpluses

4. Require \$7.7M just to get to \$0

- The City needs an additional \$12.1M to meet financial policy requirements, eliminate need for the annual RAN, provide adequate working capital, & regain access to credit markets

**\$7.7 Million + \$12.1 Million
=
\$19.8 Million**

Transparency

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

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