DANVILLE CITY COUNCIL REGULAR MEETING AGENDA

MUNICIPAL BUILDING

January 19, 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.

<u>Time and Place of Meeting</u>
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.

<u>Communications from Visitors</u>
Communication from Visitors is an opportunity for citizens to address Council on matters <u>not</u> 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.

<u>Guidelines for Public Hearings</u>
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.

CONSENT AGENDA

All matters listed under the Consent Agenda are considered to be routine, have previously been discussed by City Council and/or introduced for First Reading. There will be no separate discussion on these items and they will be enacted by one motion. If discussion is desired by a Council Member or a citizen, the item(s) will be removed from the consent process and considered separately.

A. Consideration of Approval of Minutes from the Regular Council Meeting held on December 15, 2020.
Council Letter Number CL - 2479.

B. Consideration of Amending the Fiscal Year 2021 Budget Appropriation Ordinance for Litter Control and Recycling Grant Funds.
Council Letter Number CL - 2466.

An Ordinance Amending the Fiscal Year 2021 Budget Appropriation Ordinance to Anticipate Grant Funds from the Commonwealth of Virginia for Litter Control and Recycling Efforts in the Amount of $8,611 and Appropriating Same.
FINAL ADOPTION

APPOINTMENTS

A. Consideration of an Appointment to a City Board or Commission.
Council Letter Number CL - 2487.

1. A Resolution Appointing Bryant Hood to the Danville Development Council.

NEW BUSINESS

A. Review of General Fund Financials as of December 31, 2020.
Council Letter Number CL - 2483.

B. Consideration of Authorizing an Application to the Virginia Department of Rail and Public Transportation for Mass Transit Funding for Fiscal Year 2021.
Council Letter Number CL - 2473.

1. Public Hearing

2. A Resolution Authorizing an Application by the City to the Virginia Department of Rail and Public Transportation for Grants for Operating and Capital Costs for Public Transportation for Fiscal Year 2021.

C. Consideration of Approval of a Moral Obligation with Movement Bank.
Council Letter Number CL - 2484.

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

D. Consideration of Authorizing the City Manager to Enter into a Capacity Agreement for Battery Energy Storage.
Council Letter Number CL - 2465.

A Resolution Approving and Authorizing the City Of Danville, Virginia to Enter into a Capacity Agreement for 10.6 Megawatts of Battery Energy Storage Capacity to be Constructed within the Danville Utilities Service Territory.

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-2479 **Consent Agenda A.**

City Council Regular Meeting

Meeting Date: 01/19/2021

Subject: Consideration of Approval of Meeting Minutes

From: Susan M. DeMasi, City Clerk

COUNCIL ACTION

Business Meeting: 01/19/2021

SUMMARY

Consideration of Approval of Minutes from the Regular Council Meeting held on December 15, 2020. Council Letter Number CL - 2479.

Attachments

Meeting Minutes

The Second Regular December meeting of the Danville City Council was held on December 15, 2020, 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, and J. Lee Vogler, Jr., (8). Madison J.R. Whittle was absent. (1).

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

INVOCATION

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

City Manager Ken Larking noted he and the Mayor spoke last week after the check presentation in chambers by Caesars to representatives of Council and other groups. They felt it was appropriate that City Council get the recognition it deserves for the all the work they put in to get the City to the point where they received the $15,000,000 wire from Caesars, and to have selected the high quality casino resort operator the City can be proud of. He wanted to thank City Council for the continued effort to be a model for the State of Virginia in the way they handled the issue from the beginning through the future. Members of Council felt it was important that the community had a voice in how the City used the funds to better the community as a whole. He looked forward to discussing with City Council, with the public's input, the use of the casino funds; he knows they can do great things together to transform the community. On behalf of City staff who worked closely with Council to get the City to this point, thanking Economic Development, the City Attorney's office, and many others that were involved, and the citizens on the Citizen Advisory Committee, they appreciated the work of Council and their diligent effort going forward. (Photos were taken of Council with the $15,000,000 check from Caesars.)

COMMUNICATIONS FROM VISITORS

Mayor Jones recognized Stetson Franklin, Community Christmas Dinner co-chair who noted with the pandemic they had to change how they did the Christmas Dinner. This year, instead of having a meal on Christmas day, they were doing a meal in the spirit of Christmas, and having it on December 19th. It will be a Christmas Stew with four pick up locations around Danville. Mr. Stetson noted registration was required and encouraged citizens to call by December 18th and reserve their stew. Council thanked Mr. Franklin for what he and his organization were doing.

Mayor Jones recognized Petrina Carter, who noted she was there on behalf of the Danville Kwanzaa Festival, scheduled for December 26th; it will be held virtually and in person. Ms. Carter reviewed some of the activities, area businesses being spotlighted, and stated Fred Motley would be doing storytelling, the Kuumba Dance Company would perform, and encouraged citizens to tune in from 2:00 to 4:00 p.m.; they can call 434-212-0445 for more information.

CONSENT AGENDA

Mayor Jones opened the floor for a Public Hearing regarding Budget Appropriation Items on the Consent Agenda. Notice of the Public Hearing was published in the *Danville Register & Bee* on December 8, 2020. No one present desired to be heard and the Public Hearing was closed.

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

Consideration of Approval of Minutes from the Regular Council Meeting held on November 17, 2020. Draft copies of the Minutes had been distributed prior to the meeting.

Budget Amendment - Consideration of Amending the Fiscal Year 2021 Budget Appropriation Ordinance for Grant Funds from the Virginia Department of Emergency Management in the Amount of $31,693

An Ordinance Entitled, Ordinance No. 2020-12.03, Amending the Fiscal Year 2021 Budget Appropriation Ordinance to Provide for a Grant from the Virginia Department of Emergency Management in an Amount of $31,693 for Equipment Upgrades to the Danville Regional Hazardous Materials Response Team, and Appropriating Same.

Budget Amendment - Consideration of Amending the Fiscal Year 2021 Budget Appropriation Ordinance for Grant Funds for the Victim/Witness Program in the Amount of $177,083

An Ordinance Entitled, Ordinance No. 2020-12.04**,** Amending the Fiscal Year 2021 Budget Appropriation Ordinance to Provide for a Grant from the State for a Victim Witness Program in the Amount of $177,083 and Appropriating Same.

Budget Amendment – Consideration of Amending the Fiscal Year 2021 Budget Appropriation Ordinance for a Grant for Domestic Violence Victim Program

An Ordinance Entitled, Ordinance No. 2020-12.05**,** Amending the Fiscal Year 2021 Budget Appropriation Ordinance to Provide for a Grant from the State for a Domestic Violence Victim Program Grant in the Amount of $44,635 and Appropriating Same.

Budget Amendment – Consideration of Amending the Fiscal Year 2021 Budget Appropriation for a Danville Regional Foundation Peace Grant in the Amount of $25,000

An Ordinance Entitled, Ordinance No. 2020-12.06**,** Amending the Fiscal Year 2021 Budget Appropriation Ordinance by Increasing Revenue from a Danville Regional Foundation Grant for the P.E.A.C.E. with Police (Police Embrace Active Community Engagement) Initiative in the Amount $25,000 and Appropriating Same.

Budget Amendment – Consideration of Amending the Fiscal Year 2021 Budget Appropriation Ordinance for Revenues from Caesars Virginia LLC

An Ordinance Entitled, Ordinance No. 2020-12.07, Amending the Fiscal Year 2021 Budget Appropriation Ordinance by Increasing Revenues from Caesars Virginia, LLC, Casino Revenues for Various Capital Improvements for an Appropriation in the Amount of $15,000,000 and Appropriating the Same.

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

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

APPOINTMENTS

Vice Mayor Miller **moved** for adoption of the following Resolutions:

Resolution No. 2020-12.02 - Reappointing Jeffrey Bond as a Member of the Building Code Board of Appeals.

Resolution No. 2020-12.03 - Reappointing Arthur Craft as a Member of the Building Code Board of Appeals.

Resolution No. 2020-12.04 - Reappointing Lenard Lackey as a Member of the Employee Retirement System Board of Trustees.

Resolution No. 2020-12.05 - Reappointing Emmett Young as a Member of the Fair Housing Board.

Resolution No. 2020-12.06 - Reappointing Tommy Bennett as a Member of the Fair Housing Board.

Resolution No. 2020-12.07- Reappointing Kalil Khan as a Member of the Planning Commission.

Resolution No. 2020-12.08 - Reappointing James Bolton as a Member of the Planning Commission.

Resolution No. 2020-12.09 - Appointing Geary Davis as a Member of the Danville Pittsylvania Community Services Board.

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

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

NEW BUSINESS

REVIEW OF GENERAL FUND FINANCIAL RESULTS THROUGH NOVEMBER 30, 2020

Director of Finance Michael Adkins reviewed the General Fund Financial Results through the end of November, marking 42% of the fiscal year complete. Under Revenues, the City received \$38.6M, this was down about \$1.3M from the prior year but almost all of that difference was timing issues. One significant timing issue had to do with the current real estate tax collections. Most of the payments were received on or after December 1st; the due date was moved to December 7th because the 5th fell on a weekend. Last year, the City had some significant payments in November; that was one reason for the decrease in total revenues this year. Mr. Adkins noted he checked today and the City had hit their milestone, they like to collect 50% of the real estate taxes during the first half of the fiscal year and they hit that mark today; they have the second half of the month left for late payments to come in. For Delinquent Real Estate Taxes, at the end of November they were at 48% of budget; the City was going very strong compared to budget. Mr. Adkins reminded Council that the State portion of Personal Property taxes was not received equally through year, the City only receives about 30% at this point, the rest in the spring. That holds back the City's collection percentage, but as of today, the City had collected 43% of Personal Property Taxes which was where the City should be. Under Local Taxes, the City has collected \$9.5M at the end of November, an increase of \$88,000 over last year at this time. It would have been higher, but there was a timing difference there as well. Sales Tax, a large part of the local tax revenue, was currently at 44% of budget, running about 2% ahead of where they would be in November. That was an increase of \$368,000 over last year which was very notable. Mr. Adkins stated he believed the bulk of the increase was related to on-line sales; as recalled, the State took measures recently to ensure that localities received sales tax from online sales. Last month, Lodging Tax rebounded closer to budget and was holding at 42% of budget with 42% of the year complete. It was down about \$52,000 from last year, but was on target as far as the percentage of budget. Mr. Adkins explained Meals Tax was where he saw a timing difference; at the end of November they had only collected 38% of budget. He looked at the first few days of December, perhaps it was the way the calendar fell this year, or the Thanksgiving holiday, but the City received about \$222,000 during the first three days of December that really belongs in November, they were for October meals sales. If that had been received in time, the City would have been even with last year with meals tax at 41%. The City has been trailing in meals tax about 1% all year due to the restaurants not being able to operate at full capacity. As far as other revenues, interest earnings were down as rates were down, and they did budget for an interest rate decrease. State revenues were as they should be, if there were any differences, they were due to timing and that will work out as they progress through the new year.

On the Expenditure side, Departmental Spending was at 38% of budget, the City usually runs about a percent or two behind budget, this year was more. One main reason for that was the CARES Act money. One approved use of CARES Act Funding was to offset some public safety personnel costs and the City did a little bit of that, which caused a decrease. The other Expenditures were going as planned; the Transfers to Schools were sluggish this year, they were not needing that funding as quickly as they would last year, with face to face instruction. Other than that the General fund was operating as expected at this point.

PRESENTATION OF THE FISCAL YEAR 2020 AUDIT REPORT

Mr. Adkins introduced Julie Moore, a Manager with Brown, Edwards who conducts the City's External Audit. Ms. Moore thanked the City for allowing them to do the audit and thanked the Finance staff; this year was a very trying time with COVID and they had to do a lot of things remotely. The City received an unmodified, clean opinion, but there was one finding in the Material Weakness and it related to some grant funding the City had; that caused a correction with the Financial Statements. With that finding, they had no concerns that there was any fraud, it was just a big program that caused a lot of funding sources to come into play.

Mr. Adkins explained the City did have a finding, they don't like that, they like the reports to be error free and wanted to provide some context behind that. The correction the City needed to make was in the Special Revenue Fund; that was the fund the City used to account for all the Federal, State and Local grants it receives, any revenue that was designated for a very specific purpose. This year, the correction they needed to make had to do with Hurricane Michael; that was a very large, expensive event with a lot of funding sources coming into play to cover those costs. One of things that needed to be corrected was money from FEMA; FEMA has obligated several million dollars to the City to help offset those costs. At that end of the year, they prepared their June 30th Financials for the Special Revenue Fund, they recorded a receivable for the entire amount that FEMA obligated to the City. What staff did not realize, there were things that FEMA called Small Projects, and others called Large Projects. The Small Project money, the City received right away, the Large Project money was on a reimbursement basis; the City has to actually spend the money on the project before they can ask for the reimbursement. What the City should have done on June 30, was only record a receivable for the actual amount the City had spent thus far on those Large Projects; the City actually recorded the receivable for the entire obligated amount. The City had a similar situation with the Federal Highway Administration, they were also providing reimbursement for some of the roadway repairs from Hurricane Michael. This was just a change to the receivables that were booked, it really doesn't impact the revenue the City will receive in the future.

PUBLIC HEARING – CONSIDERATION OF VACATING APPROXIMATELY 0.58 ACRES OF RIGHT OF WAY ON OLD FARM ROAD

Mayor Jones opened the floor for a Public Hearing regarding Vacating Approximately 0.58 Acres of Right of Way. Notice of the Public Hearing was published in the *Danville Register & Bee* on December 8, 2020 and December 14, 2020. No one present desired to be heard and the Public Hearing was closed.

Council Member Buckner **moved** for adoption of an Ordinance entitled:

ORDINANCE NO. 2020-12.08

VACATING APPROXIMATELY 0.58 ACRE OF UNIMPROVED PUBLIC RIGHT-OF-WAY ON OLD FARM ROAD.

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

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

PETITIONING THE COMMONWEALTH TRANSPORTATION BOARD FOR OWNERSHIP OF PARCEL #50902

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

RESOLUTION NO. 2020-12.10

PETITIONING THE COMMONWEALTH TRANSPORTATION BOARD TO TRANSFER CERTAIN SURPLUS REAL PROPERTY TO THE CITY OF DANVILLE.

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

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

APPROVING THE SUBMISSION OF THE CITY'S COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY PROJECTS LIST

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

RESOLUTION NO. 2020-12.11

APPROVING THE SUBMISSION OF THE COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY PRIORITY PROJECTS FOR MAINTAINING DANVILLE'S STATUS AS A REDEVELOPMENT AREA UNDER THE ECONOMIC DEVELOPMENT ADMINISTRATION'S PROGRAM

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

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

DESIGNATING ARNOLD HENDRIX AS THE CITY'S FOIA OFFICER

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

RESOLUTION NO. 2020-12.12

A RESOLUTION OF THE COUNCIL OF THE CITY OF DANVILLE, VIRGINIA DESIGNATING THE CITY'S PUBLIC INFORMATION OFFICER ARNOLD HENDRIX AS THE CITY OF DANVILLE'S FREEDOM OF INFORMATION ACT OFFICER.

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

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

BUDGET AMENDMENT - CONSIDERATION OF AMENDING THE FISCAL YEAR 2021 BUDGET APPROPRIATION ORDINANCE FOR THE EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM IN THE AMOUNT OF $29,787

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

ORDINANCE NO. 2020-12.09

AMENDING THE FISCAL YEAR 2021 BUDGET APPROPRIATION ORDINANCE BY INCREASING REVENUE FOR THE 2020 EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT (JAG) PROGRAM AWARD IN THE AMOUNT OF $29,787 TO BE USED TO IMPLEMENT A SPEED TRAILER PROJECT.

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 2021 BUDGET APPROPRIATION ORDINANCE FOR ECONOMIC DEVELOPMENT INCENTIVE FUNDS IN THE AMOUNT OF $1,269,875

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

ORDINANCE NO. **2020-12.10**

AMENDING THE FISCAL YEAR 2021 BUDGET APPROPRIATION ORDINANCE FOR THREE COMMONWEALTH OPPORTUNITY FUND GRANTS FROM THE VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP IN THE AMOUNTS OF $275,000, $150,000, AND $780,000 RESPECTIVELY AND ONE TOBACCO REGION OPPORTUNITY FUND GRANT FROM THE VIRGINIA TOBACCO REGION REVITALIZATION COMMISSION IN THE AMOUNT OF $64,875 FOR A TOTAL OF $1,269,875 AS AN ECONOMIC DEVELOPMENT INCENTIVES FOR TAXABLE CAPITAL INVESTMENTS AND JOB CREATION IN THE COMMONWEALTH OF VIRGINIA.

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

COMMUNICATIONS

City Manager Ken Larking wished everyone a safe Christmas, Happy Holidays and a Happy New Year.

Deputy City Manager Earl Reynolds wished everyone the very best Christmas to end this year and a very happy New Year.

City Attorney Clarke Whitfield wished the Council and the citizens a Merry Christmas, Happy Hanukkah and a wonderful holiday season.

Council Member Saunders noted the late Reverend Dr. Terry Lee Ferguson, who worked for the Danville Housing Authority and did so much for so many people in the City and region, passed away last week. Mr. Saunders wanted his family to know they were praying for them. Mr. Saunders stated he wanted to give a special thanks to a lot of people, the list was inconclusive, the Department of Social Services, God's Storehouse, God's Pit Crew, Rotary, Churches, City Employees, neighbors, doctors, nurses, community action, Salvation Army, Danville Pittsylvania Community Services, PATHS, Boys and Girls Club, House of Hope, Danville Neighborhood Development Corporation and so many, many more. Citizens were living in unprecedented times and people find themselves in situations they never expected to be in; they have wonderful people in the City who lend a helping hand. To everyone, Merry Christmas and have a safe holiday season.

Council Member Vogler noted each year, when Fred Shanks was here, he would let people know about the Chrismon Tree at Ascension Lutheran Church which was happening again this year; they have been doing this since 1957. Because of COVID they decided to have it outdoors, and it was out there now, through January 2nd. Mr. Vogler encouraged citizens to attend the Holiday Light show; this year was the biggest and best so far, the lights were fantastic. Mr. Vogler wished everyone a Happy Hanukkah, Merry Christmas and Happy New Year.

Council Member Buckner noted the light show was amazing, showing a sense of community and pride the different organizations and businesses take in their light show. During these times, when people can't socialize as much, this was an easy way to social distance, riding around the park in your car and looking at all the wonderful lights. Mr. Buckner wished Council and citizens a Merry Christmas, Happy Hanukkah, Happy Kwanzaa and Happy New Year.

Council Member Campbell wished everyone a Merry Christmas, be safe and happy and enjoy your family. The times they were living in right now were different, and asked citizens to continue to social distance and protect one another. Reverend Campbell noted he served many years on the Christmas Dinner and Bibleway used to sponsor it for several years; he was glad to see that it was continuing on with changes.

Council Member Hood reminded citizens about the Christmas Stew with pick up on December 19th and the Danville Kwanzaa Festival on December 26th. During these unprecedented times, please enjoy your loved ones, stay safe and have a Happy Holiday.

Council Member Mayo wished everyone a safe and Happy Christmas, enjoy your family and the times you have with them. They were in unprecedented times, but they will get through it; Merry Christmas.

Vice Mayor Miller encouraged citizens to get their vaccines and noted he was looking forward to improved patient care and a return to normal when COVID was gone. He thinks it will be great year for Danville with hundreds of jobs coming with the casino, Morgan Olsen was hiring and PATHS had a ribbon cutting the other day, supporting people who don't have the means to pay their full medical bills. Vice Mayor Miller wished everyone a Merry Christmas and asked the City Manager for an update on the traffic light at Southwyck.

Mayor Jones reminded citizens of the Kwanzaa celebration on December 26th from 2:00 to 4:00 p.m. and for more information call 434-212-0445. Mayor Jones thanked the Community Christmas Dinner committee for putting on the Christmas Stew and encouraged citizens to call and make a reservation by December 18th. Yesterday he attended the ribbon cutting at PATHS for a new pharmacy and dentist office at 501 Rison Street. Mayor Jones reminded citizens of the Peace sign, noting peace means societal friendship and harmony and a lack of conflict, and wished everyone a Merry Christmas.

ADJOURNED: 7:48 P.M.

APPROVED:

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MAYOR

ATTEST:

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CITY CLERK

Council Letter
City of Danville, Virginia

CL-2466 **Consent Agenda B.**

City Council Regular Meeting

Meeting Date: 01/19/2021

Subject: Litter Control Grant - Fiscal Year 2021 Appropriation

From: Richard Drazenovich, Public Works Director

COUNCIL ACTION

First Reading:	01/05/2021
Final Adoption	01/19/2021

SUMMARY

Each year, the City of Danville is awarded a grant from the Virginia Department of Environmental Quality for litter prevention and recycling program activities. The awarded grant amount for Fiscal Year 2021 is $8,611. The funds are placed in a Special Grant Fund and appropriated annually to continue the City's litter prevention and recycling activities.

The Litter Prevention and Recycling Grant is used to promote recycling and to provide materials and supplies for educational programs and litter collection. The funds can be used to conduct educational programs, purchase trash receptacles and other small supplies and materials necessary, including equipment and solid waste disposal fees associated with voluntary cleanups.

RECOMMENDATION

It is recommended that City Council approve the attached ordinance appropriating funds from the Litter Control and Recycling Grant.

Attachments

Ordinance

PRESENTED: ____________________

ADOPTED: ______________________

ORDINANCE NO. 2021-____.____

AN ORDINANCE AMENDING THE FISCAL YEAR 2021 BUDGET APPROPRIATION ORDINANCE TO ANTICIPATE GRANT FUNDS FROM THE COMMONWEALTH OF VIRGINIA FOR LITTER CONTROL AND RECYCLING EFFORTS IN THE AMOUNT OF $8,611 AND APPROPRIATING SAME.

NOW THEREFORE, BE IT ORDAINED, by the Council of the City of Danville, Virginia, that the fiscal year 2021 budget appropriation ordinance be, and the same is hereby, amended by increasing revenues to the Special Grants Fund from the Litter Control and Recycling Grant for the purpose of paying for equipment, materials, and supplies, such revenues and appropriation to be as follows:

ANTICIPATED REVENUES

Description	Account No.	Amount
Categorical Aid:		
Litter Control Grant	60119000-47420	$8,611.00

ANTICIPATED EXPENDITURES

Description	Account No.	Amount
Litter Control	60119999-50	$8,611.00

BE IT FURTHER ORDAINED that all other accounts and provisions for the fiscal year 2021 budge appropriation ordinance as amended, not hereby amended, shall continue in full force and effect unless and until hereafter further amended or repealed.

APPROVED:

____
MAYOR

ATTEST:

____
CLERK

Approved as to
Form and Legal Sufficiency:

____
CITY ATTORNEY

Council Letter
City of Danville, Virginia

CL-2487 **Appointments A.**

City Council Regular Meeting

Meeting Date: 01/19/2021

Subject: Consideration of an Appointment to a City Board

From: Susan M. DeMasi, City Clerk

COUNCIL ACTION

Business Meeting: 01/19/2021

SUMMARY

Consideration of an Appointment to a City Board or Commission.
Council Letter Number CL - 2487.

Attachments

Resolution

PRESENTED: ___________________

ADOPTED: ______________

RESOLUTION NO. 2021 – __.__

A RESOLUTION APPOINTING BRYANT HOOD AS A MEMBER OF THE DANVILLE DEVELOPMENT COUNCIL.

BE IT RESOLVED by the Council of the City of Danville, Virginia, that Bryant Hood, be, and he is hereby, appointed as a member of the Danville Development Council, to serve as such for a term commencing January 1, 2021.

APPROVED:

____
MAYOR

ATTEST:

____
CLERK

Council Letter
City of Danville, Virginia

CL-2483 **New Business A.**

City Council Regular Meeting

Meeting Date: 01/19/2021

Subject: General Fund Financial Report

From: Michael Adkins, Director of Finance

COUNCIL ACTION

Business Meeting: 01/21/2021

SUMMARY

A brief report will be given on the General Fund financial results as of December 31, 2020. Financial statements are included.

Attachments

Financial Statements

City of Danville
Department of Finance
Michael Adkins, Director

To: Ken F. Larking, City Manager

From: Michael L. Adkins, Director of Finance

Date: January 8, 2021

Subject: Summary of Preliminary General Fund Financial Results for December 31, 2020

After completing the first half of fiscal year 2021, revenues are slightly behind the previous year, primarily due to lower interest rates on invested funds. At December 31, General Fund revenues were $50,933,031, representing 46.6% of the FY 2021 budget, a decrease of about $595,000 from the prior year. Last year, at this time, we had collected $51,527,802 or 46.6% of budget. A decrease of $439,408 is seen in Revenue from Use of Money and relates to a combination of the change in interest rates from the prior year and the timing of our bond issuance. In addition, the timing of revenues from the Commonwealth resulted in a temporary decrease in Categorical Aid (State), specifically in the area of Social Services. The December revenue installment was not received until January this year.

With tax bills for FY 2021 mailed in early November, we saw steady collection activity in the General Property Tax category during the months of November and December with 51.4% of the budgeted real estate realized at the end of December. We continue to see steady performance in the collection of delinquent real estate taxes this year with $568,668 realized in the first six months of this fiscal year, already accounting for 56.9% of the current year budget. Local taxes collected through December 31, were $11,331,887, or 40.3% of budget and comparable to prior year to date collections of $11,328,458. Sales tax collections through December amounted to $4,881,638 or 53.4% of budget, an increase of $465,814 from last year. Meals taxes collected for the first half of the fiscal year amounted to $4,061,471 or 47% of budget, a decrease of $195,744 from last year. Business Licenses realized at the end of December were $626,690, a decrease of $72,807 from the prior year due to timing. Lodging taxes received as of December 31, were $778,231, a decrease of $69,066 from the prior year and behind budget at 48.6%. Both meals and lodging tax are still showing some effects of the COVID-19 pandemic, while other consumer-driven taxes are performing well at this time. Nearly all other revenue categories are at or near the prior year and are tracking well with budget at this point.

Expenditures at December 31 were $60,422,072 or 49.7% of budget. This is a decrease of $521,918 compared to December 31, 2019, primarily resulting from the timing of budgeted transfers to Danville City Schools, offset by budgeted transfers to the Capital Projects Fund. Departmental spending for the first half of the year was 46% of budget and show a decrease of about $1,380,000 from last year with an increase in general government and judicial administration attributed to the timing of expenditures offset by a decrease in public safety and essentially all other departments . The most significant decrease is attributed to covering one month of public safety salaries with CARES Act funding. General Fund expenditures exceeded revenues by $9,489,041 – almost identical to the prior year. This is typical for this point in the fiscal year for 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
50% OF YEAR LAPSED AS OF DECEMBER 31, 2020
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	$ 34,515,700	$ 16,560,011	47.98%		$ 17,955,689	$ 16,424,081
Other Local Taxes	28,117,000	11,331,887	40.30%		16,785,113	11,328,458
License Permits & Privilege Fees	258,350	122,395	47.38%		135,955	140,463
Fines & Forfeitures	345,550	119,848	34.68%		225,702	172,615
Revenue From Use Money & Property	1,161,715	494,491	42.57%		667,224	933,899
Charges For Services	3,393,360	1,491,635	43.96%		1,901,725	1,600,426
Miscellaneous Revenue	130,523	163,627	125.36%		(33,104)	64,237
Recovered Cost	7,962,360	3,845,388	48.29%		4,116,973	3,910,007
Non-Categorical Aid	5,868,720	2,871,243	48.92%		2,997,477	2,867,704
Shared Expenses (Categ. Aid State)	5,174,940	2,498,084	48.27%		2,676,856	2,432,861
Categorical Aid (State)	9,328,810	3,747,169	40.17%		5,581,641	3,976,551
Emergency Services (Federal)	27,020	-	0.00%		27,020	-
Categorical Aid (Federal)	79,754	10,754	13.48%		69,000	-
Transfers From Utilities	15,353,000	7,676,500	50.00%		7,676,500	7,676,500
Transfers From Other	-	-			-	-
TOTAL REVENUES	**$ 111,716,802**	**$ 50,933,031**	**45.59%**		**$ 60,783,770**	**$ 51,527,802**
EXPENDITURES:						
General Government Administration	$ 11,094,670	$ 5,919,465	53.35%	$ 284,037	$ 4,891,168	$ 5,835,509
Judicial Administration	7,325,738	3,617,803	49.38%	10,500	3,697,436	3,551,814
Public Safety	31,338,206	14,309,053	45.66%	435,303	16,593,850	15,244,028
Public Works	4,436,941	2,059,156	46.41%	144,231	2,233,554	2,140,477
Health, Education, Welfare & Soc. Svc.	8,971,175	3,170,675	35.34%	115,891	5,684,609	3,519,390
Parks, Recreation & Cultural	5,227,943	2,134,684	40.83%	64,757	3,028,502	2,257,124
Community Development	2,187,136	1,234,668	56.45%	171,018	781,450	1,275,904
Non-Departmental	12,347,095	6,541,531	52.98%	262	5,805,302	5,683,248
Transfer to Schools - Operating	30,552,929	15,234,369	49.86%	1,426,907	13,891,652	16,931,378
Transfer to Capital Projects	3,655,040	3,655,040	100.00%	-	-	2,638,930
Transfer to Other Funds	4,552,690	2,545,628	55.91%	-	2,007,062	1,866,190
TOTAL EXPENDITURES	**$ 121,689,563**	**$ 60,422,072**	**49.65%**	**$ 2,652,905**	**$ 58,614,585**	**$ 60,943,990**
Revenue over(under) Expenditures	$ (9,489,041)					$ (9,416,188)
FUND BALANCE:						
Beginning Fund Balance 07/01/2020		$ 43,310,847				$ 39,927,182
Revenue over(under) Expenditures		(9,489,041)				(9,416,188)
Ending Fund Balance 12/31/2020		**$ 33,821,807**				**$ 30,510,994**
Composition of Fund Balance:						
Reserved for Encumbrances/Designated Funds		$ 10,268,783				$ 7,955,756
Unassigned		23,553,024				22,555,238
TOTAL FUND BALANCE 12/31/2020		**$ 33,821,807**				**$ 30,510,994**

City of Danville, Virginia
Summary of Other Local Tax Revenues - PRE-CLOSING - UNAUDITED
For the period ending December 31, 2020

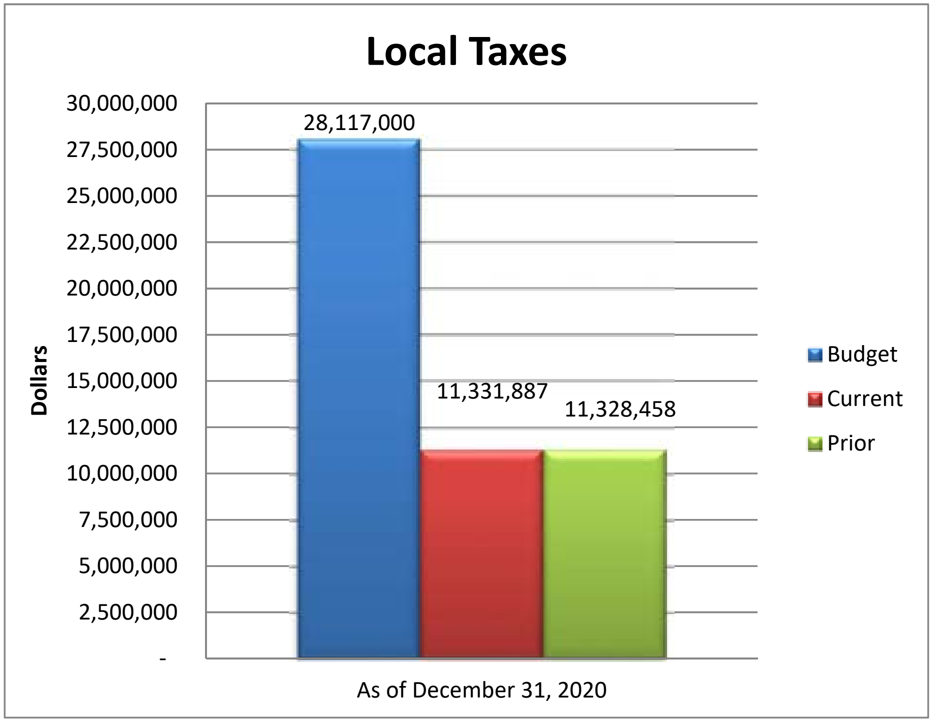
Description	Current Budget	Revenue Realized	Percentage Realized	Prior Year Budget	Prior Year Realized	Percentage Prior Year
Sales Tax	$ 9,150,000	$ 4,881,638	53.35%	$ 9,150,000	$ 4,415,824	48.26%
Business Licenses	5,250,000	626,690	11.94%	5,200,000	699,497	13.45%
Meals Tax	8,645,000	4,061,471	46.98%	8,400,000	4,257,215	50.68%
Utility Taxes	967,000	375,606	38.84%	975,000	466,696	47.87%
Vehicle License Fees	990,000	217,646	21.98%	990,000	225,833	22.81%
Bank Stock Tax	900,000	-	0.00%	900,000	37,860	4.21%
Recordation Tax	180,000	200,329	111.29%	195,000	183,904	94.31%
Hotel Motel Tax	1,600,000	778,231	48.64%	1,514,250	847,297	55.95%
Daily Property Rental Tax	15,000	5,737	38.25%	18,400	8,290	45.05%
Motor Vehicle Tax	175,000	99,060	56.61%	150,000	83,926	55.95%
DMV Fees	245,000	85,478	34.89%	220,000	102,116	46.42%
TOTAL	$ 28,117,000	$ 11,331,887	40.30%	$ 27,712,650	$ 11,328,458	40.88%

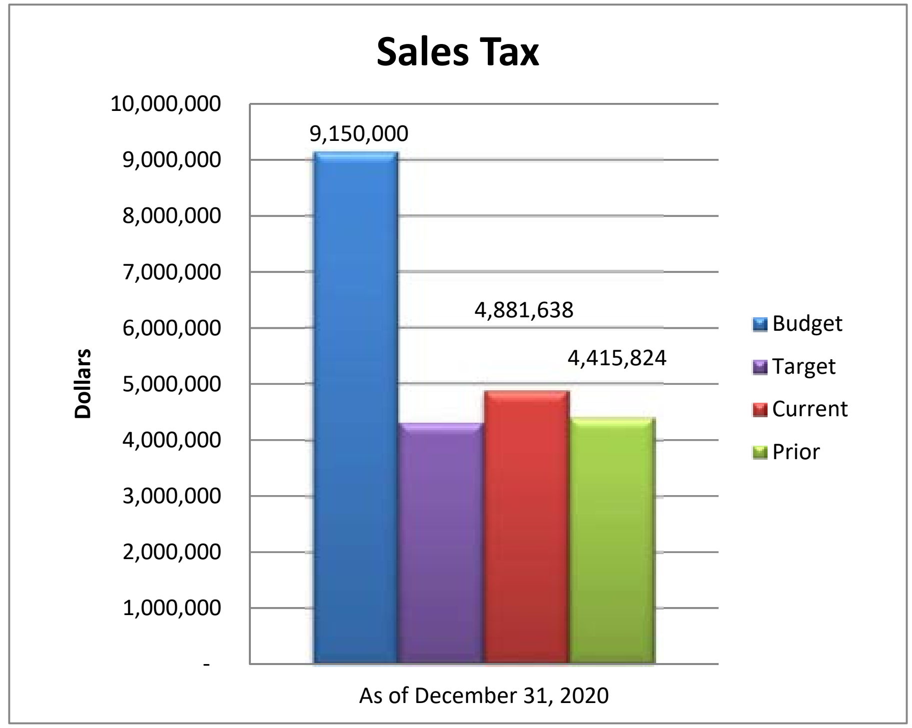
CITY OF DANVILLE, VIRGINIA
GENERAL FUND
COMPOSITION OF FUND BALANCE
PRELIMINARY - AS OF DECEMBER 31, 2020

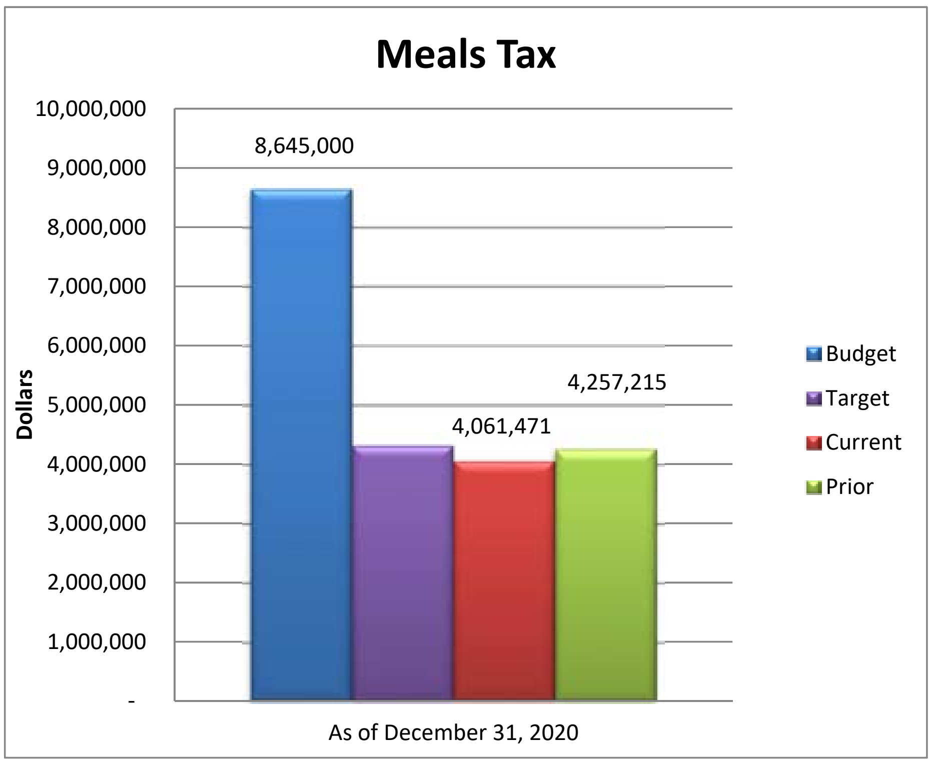
Beginning Total Fund Balance, July 1, 2020	43,310,847.48
Add: General Fund Revenues	50,933,031.38
Deduct: General Fund Expenditures	(60,422,072.12)
Ending Total Fund Balance, December 31, 2020	33,821,806.74

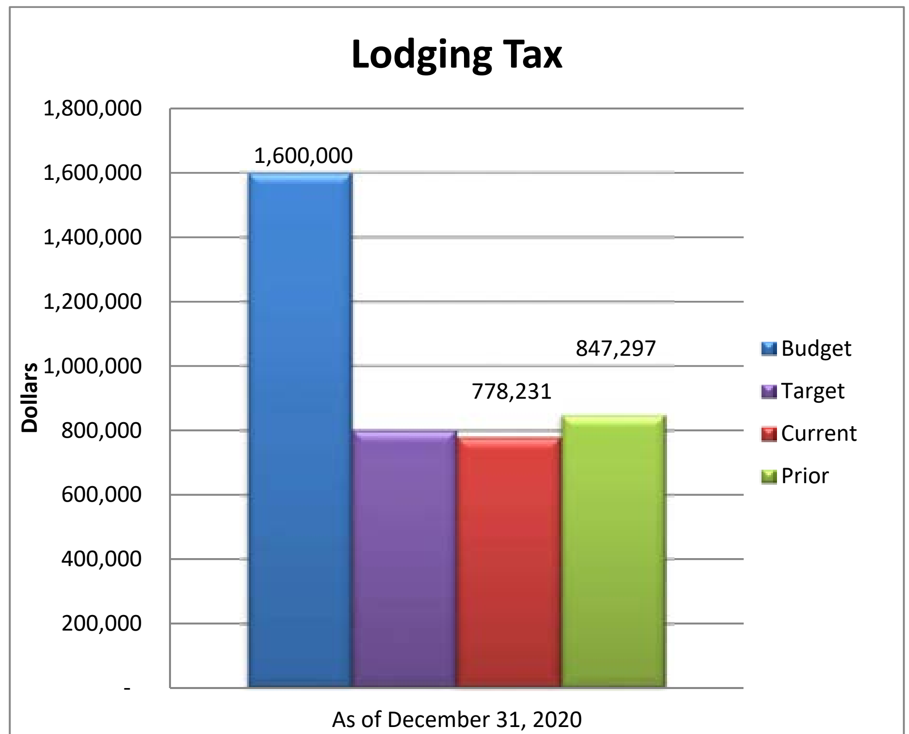
Composition of Fund Balance:	
Restricted for Commonwealth Attorney	108,985.76
Restricted for Police Department	58,782.48
Restricted for Fire Department	96,319.34
Committed for Sheriff's Department	240.92
Committed to Schools	3,814,751.71
Committed to Budget Stabilization	3,000,000.00
Assigned to Sheriff's Department	18,182.85
Assigned to Community Development	6,368.58
Assigned for Encumbrances	2,652,905.34
Nonspendable (Inventory and Prepaids)	512,246.03
UNASSIGNED	**23,553,023.73**
Total Fund Balance, December 31, 2020	33,821,806.74

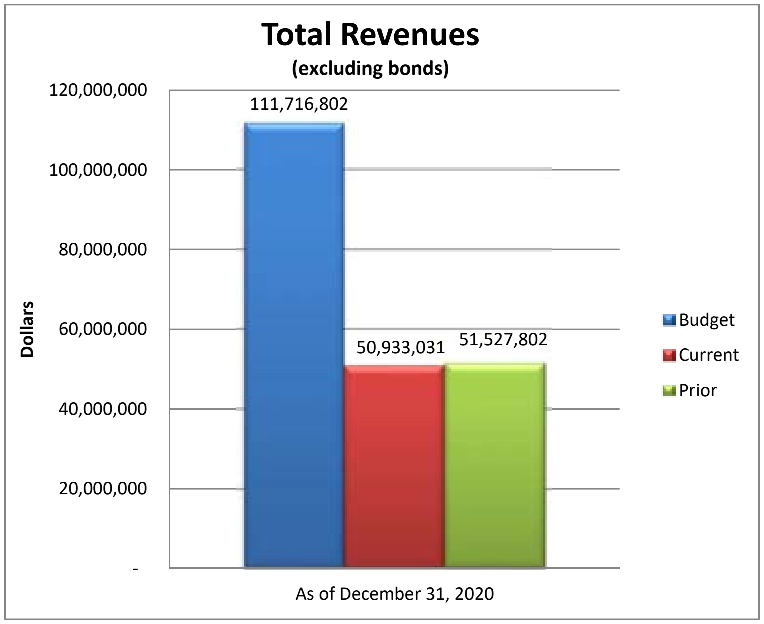
Unassigned fund balance from above	23,553,023.73
Unassigned Minimum per policy (20% of General Fund Operating Revenues) based on FY 2021 budget	22,343,360.36
Current surplus (deficit) over (under) minimum	1,209,663.37

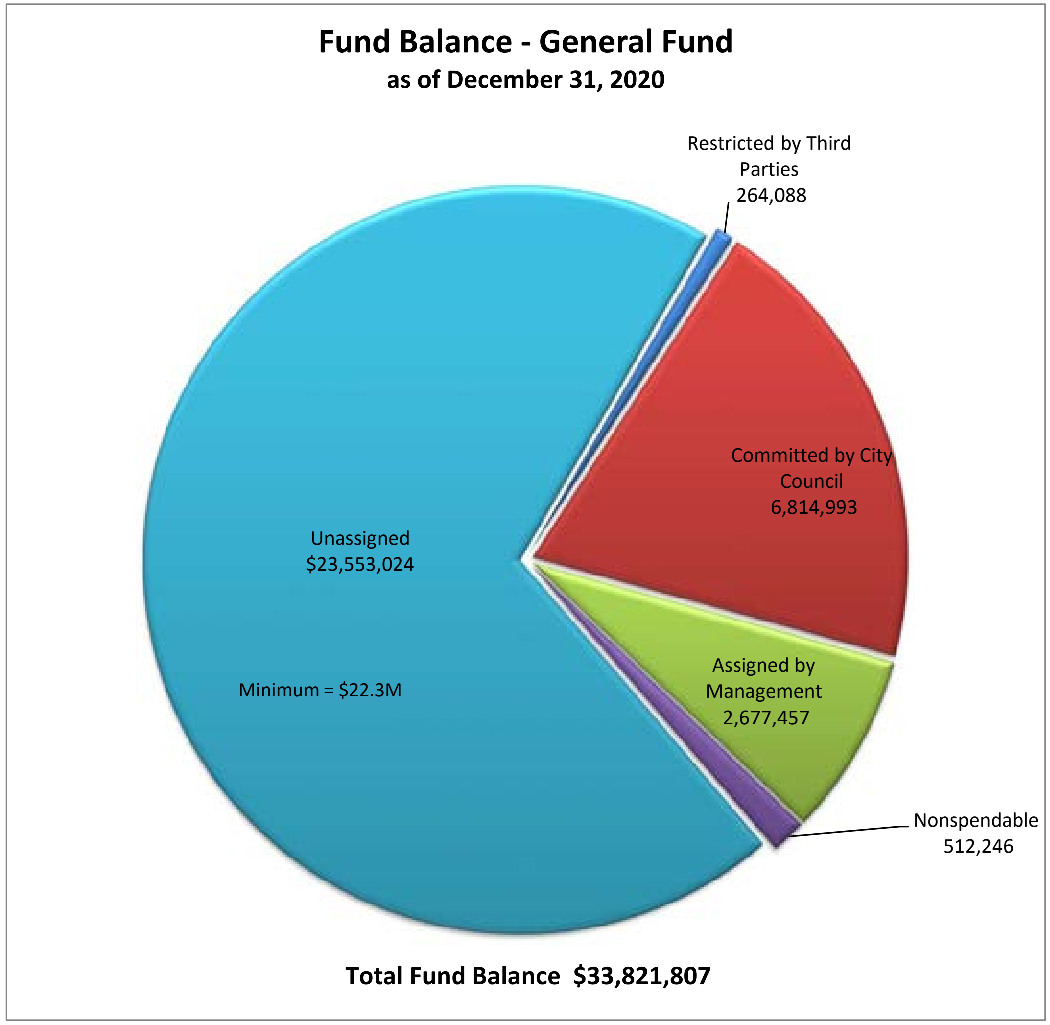

Local Taxes
30,000,000
27,500,000
25,000,000
22,500,000
20,000,000
17,500,000
15,000,000
12,500,000
10,000,000
7,500,000
5,000,000
2,500,000
-
Dollars
28,117,000
11,331,887
11,328,458
Budget
Current
Prior
As of December 31, 2020

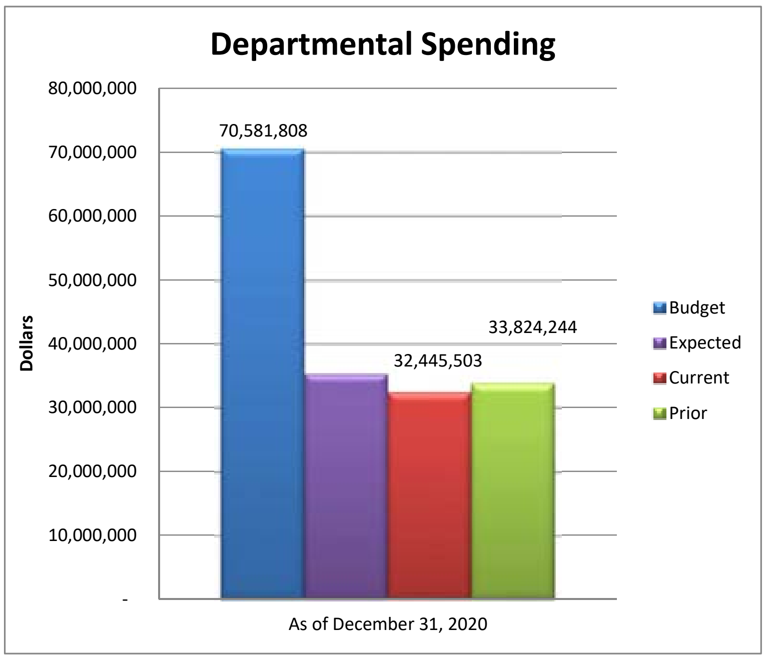

Sales Tax
10,000,000
9,000,000
8,000,000
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
-
Dollars
9,150,000
4,881,638
4,415,824
Budget
Target
Current
Prior
As of December 31, 2020


Meals Tax
10,000,000
9,000,000
8,000,000
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
-
Dollars
8,645,000
4,257,215
4,061,471
Budget
Target
Current
Prior
As of December 31, 2020


Lodging Tax
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
-
Dollars
1,600,000
847,297
778,231
Budget
Target
Current
Prior
As of December 31, 2020


Total Revenues
(excluding bonds)
120,000,000
100,000,000
80,000,000
60,000,000
40,000,000
20,000,000
-
Dollars
111,716,802
50,933,031
51,527,802
Budget
Current
Prior
As of December 31, 2020


Fund Balance - General Fund
as of December 31, 2020
Restricted by Third Parties
264,088
Committed by City Council
6,814,993
Unassigned
$23,553,024
Minimum = $22.3M
Assigned by Management
2,677,457
Nonspendable
512,246
Total Fund Balance $33,821,807


Departmental Spending
80,000,000
70,000,000
60,000,000
50,000,000
40,000,000
30,000,000
20,000,000
10,000,000
-
Dollars
70,581,808
32,445,503
33,824,244
Budget
Expected
Current
Prior
As of December 31, 2020

Council Letter
City of Danville, Virginia

CL-2473 **New Business B.**

City Council Regular Meeting

Meeting Date: 01/19/2021

Subject: Fiscal Year 2021 Federal and State Transit Funding

From: Marc Adelman, Director of Transportation Services

COUNCIL ACTION

Business Meeting: 01/19/2021

SUMMARY

The City of Danville makes application annually to the Virginia Department of Rail and Public Transportation for federal and state operating and capital assistance. State operating and capital funding levels can vary annually and are typically approved in June by the Commonwealth Transportation Board. All operating expenses are eligible for federal operating aid except depreciation and interest charges. The Federal Transit Administration will typically provide financial assistance up to fifty percent of the transit system's operating deficit and up to eighty percent of the total cost of capital projects. For small urban and rural transit systems in Virginia, the Virginia Department of Rail and Public Transportation maintains the authority to allocate federal funding for operating and capital assistance.

Due to the COVID-19 pandemic, funding levels for this fiscal year were not confirmed by the state until December 2020 and increased federal operating and capital aid is available due to CARES Act funds. Consequently, all capital projects will be financed at one hundred percent with federal aid. Therefore, no local match is required for capital projects this fiscal year and additional operating aid is available to finance eligible operating expenses.

BACKGROUND

For Fiscal Year 2021, the Virginia Department of Rail and Public Transportation identified that a total of $2,759,779 in CARES Act funds is available to subsidize operating expenses and $121,801 in additional state operating aid is allocated to Danville. Last fiscal year, Danville received $1,213,756 in federal operating aid and an additional $507,325 in state operating aid was received. Due to the availability of CARES Act funds, this fiscal year Danville is receiving $1,160,499 more in federal and state operating aid than last fiscal year.

The state has also approved CARES Act funds for the following capital projects: two, 28-passenger replacement buses for the fixed route service, one pickup truck, twelve replacement tablets that are installed in buses and used to support reservation based operations, one, 14-passenger replacement bus and new flooring for the Transfer Center. The estimated total cost for all capital projects is $460,582 and typically these projects require a four percent local match. However, due to CARES Act funds, no local match is required for capital projects, which results in a local savings of $18,423.

RECOMMENDATION

It is recommended that City Council adopt the attached Resolution authorizing an application to the Virginia Department of Rail and Public Transportation for Mass Transit funding for Fiscal Year 2021.

Attachments

Resolution

PRESENTED: ______________________

ADOPTED: ________________________

RESOLUTION NO. 2021-____.____

A RESOLUTION AUTHORIZING AN APPLICATION BY THE CITY TO THE VIRGINIA DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION FOR GRANTS FOR OPERATING AND CAPITAL COSTS FOR PUBLIC TRANSPORTATION FOR FISCAL YEAR 2021.

NOW THEREFORE, BE IT RESOLVED, by the Council of the City of Danville, Virginia, that City Manager, Ken Larking, be, and he is hereby, authorized to execute and file on behalf of the City an application to the Virginia Department of Rail and Public Transportation for grants of Transportation Special Revenues, as provided by the Federal Transit Administration and the General Assembly of Virginia State Aid for Public Transportation, for operating and capital costs of the City for public transportation during Fiscal Year 2021 for which purpose the Council does hereby certify that:

1. The requested funds, if granted, shall be used in accordance with the requirements of Sections 33.2-1524 through 33.2-1529.1 of the Code of Virginia; and

2. The City of Danville shall provide for the payment of its share of said operating and capital costs as required by such Act; and

3. The records of the receipts and expenditures of such funds as are granted to the City of Danville shall be subject to audit by the Virginia Department of Rail and Public Transportation and the Auditor of Public Accounts; and

4. The funds granted to the City of Danville to defray its public transportation fuel, tires, and maintenance costs, administrative costs and capital costs shall be used by the City only for the purposes authorized by the Acts of the General Assembly of Virginia; and

5. The applicant assures that it will comply with Title VI of the Civil Rights Act of 1964 and the US Department of Transportation requirements and

6. It is the goal of the applicant that disadvantaged business enterprises be utilized to the fullest extent permitted by law, and when possible in connection with this project and that definite procedures shall be established and administered to ensure that disadvantaged businesses shall have the

maximum construction contracts, supplies, equipment contracts or consultant, and other services and

7. That the City Manager, Ken Larking, be, and he is hereby, authorized to accept, receive, and expend the aforesaid grants of funds in the amount and for the purposes that the same are awarded and to execute such documents as may be necessary therefore and to furnish to the Virginia Department of Rail and Public Transportation such information and documents as it may require with regard to such application and grants.

APPROVED:

____
MAYOR

ATTEST:

____
CITY CLERK

Approved as to
Form and Legal Sufficiency:

____
CITY ATTORNEY

Council Letter
City of Danville, Virginia

CL-2484 **New Business C.**

City Council Regular Meeting

Meeting Date: 01/19/2021

Subject: Industrial Development Authority Moral Obligation for Maintenance and Repairs Financing

From: Kelvin Perry, Project Manager

COUNCIL ACTION

Business Meeting: 01/19/2021

SUMMARY

On November 10, 2020, the Industrial Development Authority of Danville, VA, (IDA) approved financing terms from Movement Bank for the needed maintenance and repairs of the property located at 816 Monument Street, Danville, Virginia. The warehouse is currently leased by Southern States and Belk, Inc. d/b/a United Electronic Services, Inc. (UES). The warehouse has approximately 77,500 square feet of space. Southern States leases approximately 19,728 square feet of the available space, and UES currently leases approximately 46,455 square feet of space. Movement Bank will provide financing for this project of up to $470,000. Movement Bank has requested a moral obligation from the City.

BACKGROUND

The IDA purchased the property located at 816 Monument Street in July 2017. The warehouse has over 77,500 square foot of available leased space and is currently occupied by Southern States and United Electronic Service Co., a division of Belk, Inc. Southern States leases approximately 19,798 sq. ft to store its inventory while UES is leasing 46,455 of the available space. Staff, with the assistance of a local contractor, have identified a number of deferred maintenance items that need to be repaired or replaced. The IDA has engaged the services of Blair Construction Co. for a contract budget of $524,000 to make the necessary repairs. The Scope of Work for this project includes installing a new roof, repairing and replacing any damaged gutters, replace worn and or damaged ceiling tiles and flooring along with minor repairs to the restrooms and common areas of the warehouse. Movement Bank has agreed to provide financing at 90% of the project cost ($470,000) for up to 20 years. The bank is requesting a moral obligation from the City as part of its commitment to lend.

RECOMMENDATION

Staff recommends that City Council approve the attached "Moral Obligation Agreement of City of Danville" and the Resolution authorizing the City Manager to enter into such an agreement with Movement Bank in the amount of $470,000.

Attachments

Resolution

Moral Obligation

PRESENTED: ________________________

ADOPTED: __________________________

RESOLUTION NO. 2021-____.____

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

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 Movement Bank, a Virginia banking corporation Company be, and the same hereby is, approved; and

BE IT FURTHER RESOLVED, that the City Manager, or his designee, be, and he 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 **MOVEMENT BANK**, a Virginia banking corporation ("**Movement Bank**"), 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 making upgrades and improvements to a warehouse facility which it owns located at and commonly referred to as 816 Monument Street, Danville, VA (Tax Parcel ID 24160) (the "**Project**").

C. The Authority has obtained a commitment from Movement Bank to finance up to Four Hundred Seventy Thousand and 00/100 Dollars ($470,000.00) (the "**Loan**") of the projected costs of the Project, and, as part of that financing commitment, Movement Bank requires the moral obligation of the City to repay the Loan with Movement Bank 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 Four Hundred Seventy Thousand and 00/100 Dollars ($470,000.00) provided by Movement Bank, 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 Movement Bank such amounts otherwise due from and payable by the Authority. In the event of nonpayment by the Authority, Movement Bank, 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 Movement Bank 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 Movement Bank the amount of such appropriation as soon as practicable.

2. Movement Bank 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 Movement Bank.

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 Movement Bank 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 Movement Bank, 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 Movement Bank an amount equal to the Deficiency Amount.

4. If at any time Movement Bank believes there is a Deficiency Amount or that amounts appropriated by City Council are insufficient to fulfill the Authority's Loan obligations, Movement Bank 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 Movement Bank 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 Movement Bank, 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 Movement Bank:	Movement Bank 201 N Union Street P. O. Box 6400 Danville, VA 24541 Attention: President and CEO

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 Movement Bank has caused its name to be subscribed hereunto by David Rupp, President, 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

MOVEMENT BANK

By:_____________________________________
Name: David Rupp
Title: President & CEO

(SEAL)

Council Letter
City of Danville, Virginia

CL-2465 **New Business D.**

City Council Regular Meeting

Meeting Date: 01/19/2021

Subject: Battery Energy Storage System Proposal

From: Jason Grey, Utilities Director

COUNCIL ACTION

Business Meeting: 01/19/2021

SUMMARY

Danville Utilities has been evaluating various ways to lower electric demand during transmission and capacity peak hours. Approximately 30% of the City's power supply costs are demand related and can be lowered by various types of peak shaving. After extensive evaluation, staff recommends pursuing a 10.6 megawatt battery energy storage system that would be beneficial to the ratepayers of Danville Utilities. This project will help reduce the City's rising transmission, capacity, and congestion charges. Staff proposes entering into a 20-year capacity agreement with Delorean Power to construct, own, and operate a 10.6 megawatt lithium-ion battery storage system at our current warehouse property on Industrial Avenue. The City would not be responsible for any of the upfront capital costs or the maintenance of the facility.

BACKGROUND

Staff evaluated approximately a dozen possible battery storage system proposals in 2019 in an effort to lower transmission and capacity costs. No recommendations were made in 2019 and the price of the battery systems have dropped significantly because of additional manufacturing due to cell phones, tablets, electric vehicles, and growing deployment of battery storage systems. Delorean Power's proposal is unique in that they bill based on the performance of the system during transmission and capacity peaks rather than the available capacity of the system. Their battery storage proposal was the only response that offered this incentive.

RECOMMENDATION

Staff recommends Danville City Council authorizes the City Manager to enter into a capacity agreement for 10.6 megawatts of battery energy storage to be constructed within the Danville Utilities service territory as recommended by the Danville Utility Commission.

Attachments

Resolution

Presentation

PRESENTED: ____________________

ADOPTED: ______________________

RESOLUTION NO. 2021-____.____

A RESOLUTION APPROVING AND AUTHORIZING THE CITY OF DANVILLE, VIRGINIA TO ENTER INTO A CAPACITY AGREEMENT FOR 10.6 MEGAWATTS OF BATTERY ENERGY STORAGE CAPACITY TO BE CONSTRUCTED WITHIN THE DANVILLE UTILITIES SERVICE TERRITORY.

WHEREAS, the Utility Commission recommends approval of entering into a twenty year capacity agreement with Delorean Power for 10.6 megawatts of battery storage to be constructed at 864 Monument Street within the Danville Utilities territory; and

WHEREAS, the resource would benefit the ratepayers of Danville Utilities by providing local energy storage system in an effort to lower rising transmission, capacity, and congestion charges.

NOW THEREFORE, BE IT RESOLVED, by the Council of the City of Danville, Virginia, that is does hereby authorize and approve the City of Danville to enter into a twenty year capacity agreement with Delorean Power for 10.6 megawatts of energy storage which provides capacity during peak demand periods and to be constructed at 864 Monument Street within the Danville Utilities service territory; and

BE IT FURTHER RESOLVED, by the Council of the City of Danville, Virginia, that the City Manager, be, and is hereby, authorized and directed to execute or sign the capacity agreement document necessary to complete the above referenced transaction.

APPROVED:

____
MAYOR

ATTEST:

____
CLERK

Approved as to
Form and Legal Sufficiency:

____
CITY ATTORNEY

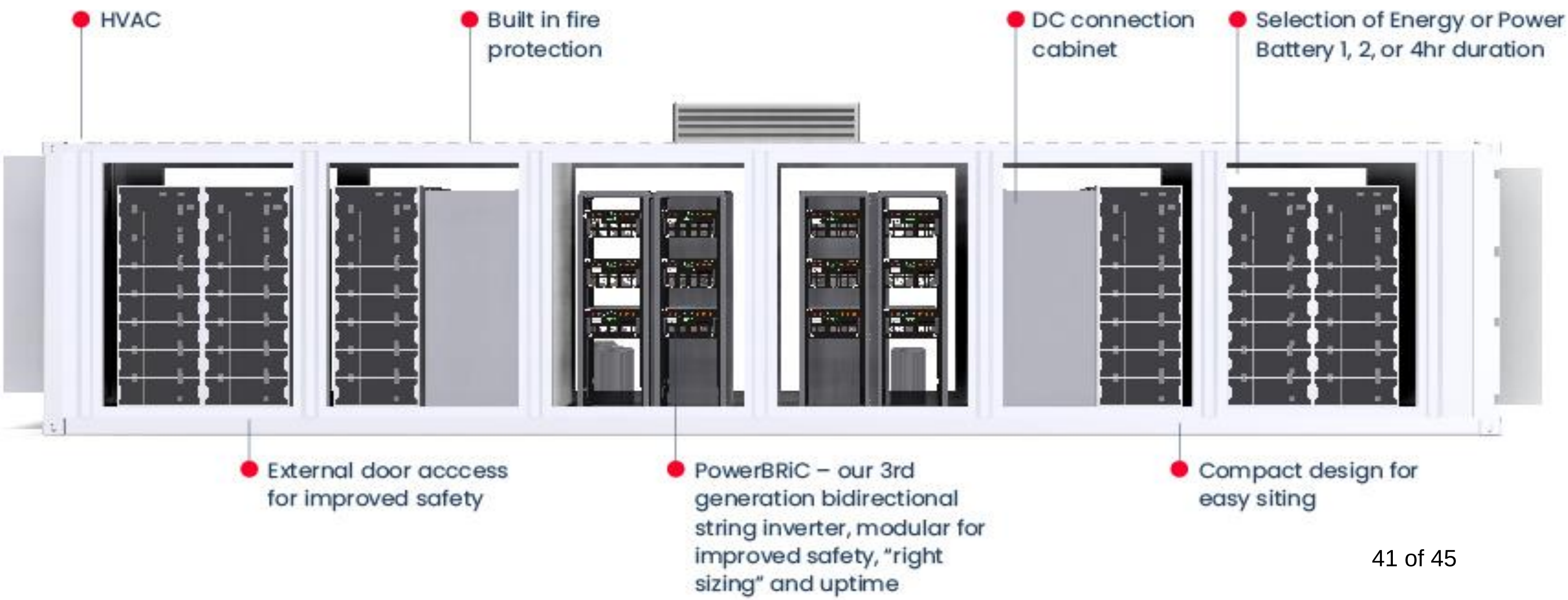
Battery Energy Storage System Project

Peaking Capacity

- Seeking summer/winter resource
- Rising transmission and capacity costs
  - 2021 AEP Transmission rate-November 2^{nd} 19% increase
- Low cost non-fossil fueled resource
- Dispatch based on AEP transmission peak hour
- Dispatch based on PJM capacity peak hours

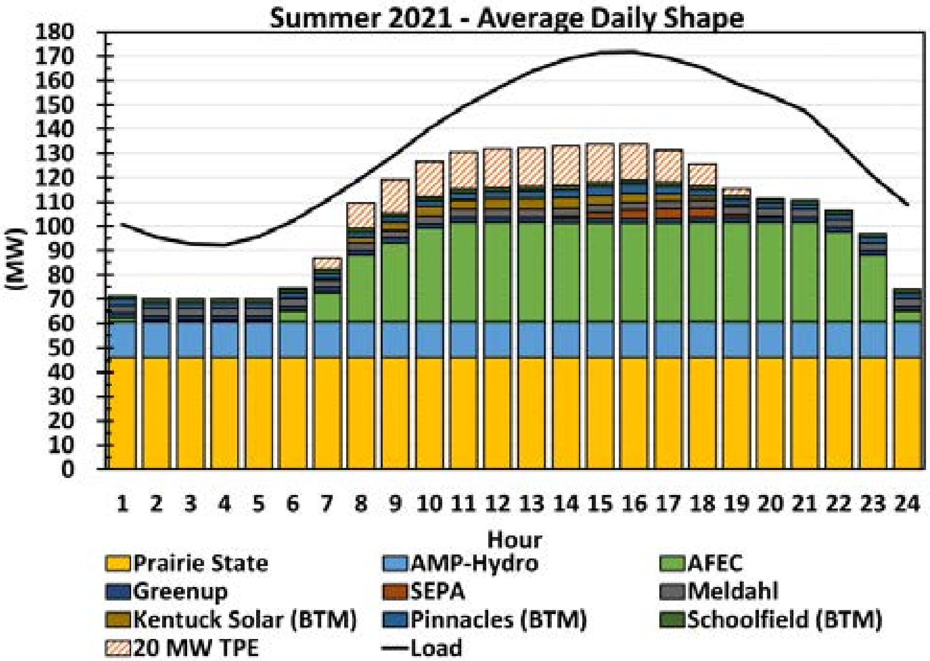
Battery Energy Storage Technology

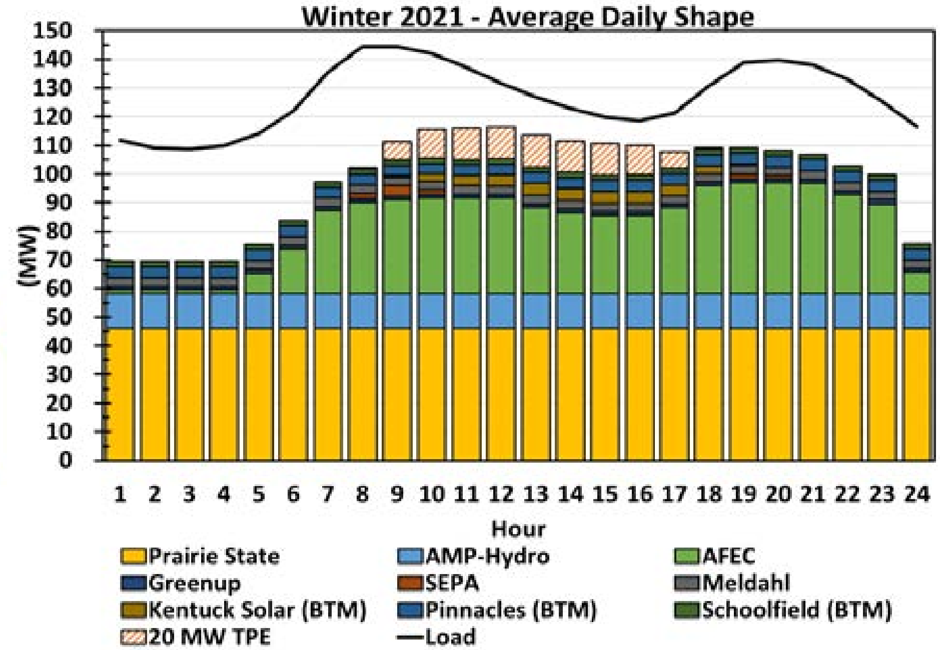
- Used solely for peak shaving
  - Charge during off-peak hours and discharge during on-peak periods
  - Reduce exposure to rising transmission and capacity rates
  - Batteries and production degrade approximately 1.5% annually

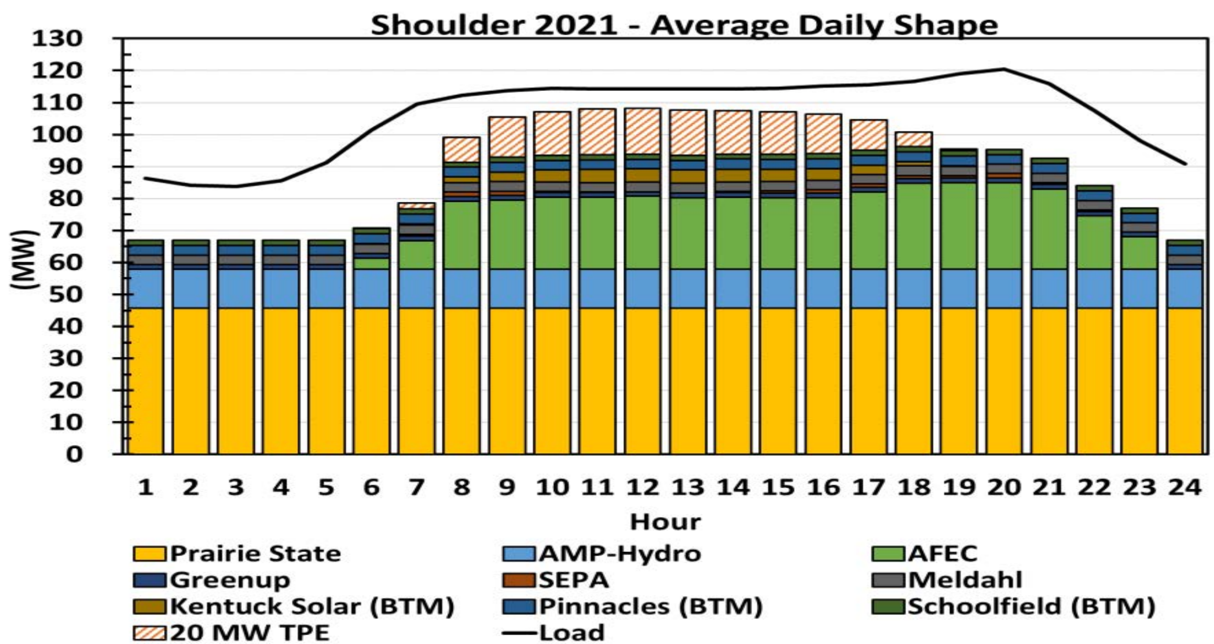


Danville Utilities Warehouse site project 10.6 MW/2 Hour Battery Storage System

- Delorean Power
- 20-year capacity agreement
  - City would not be responsible for the capital costs or maintenance of the battery facility
- Fixed, non-escalating price proposal
- $4.25/kW-month or ~$541,000/year one
- Danville to realize transmission and capacity avoidance benefits
- Capacity rate would be based on prior year's performance
- Delorean Power would monitor AEP/PJM peaks dispatch batteries based on analytical software.
- Allow Delorean Power to operate the batteries in the PJM Frequency Regulation market to lower capacity rate. Delorean be responsible for their own energy costs.


Summer 2021 - Average Daily Shape
(MW)
180
170
160
150
140
130
120
110
100
90
80
70
60
50
40
30
20
10
0
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24
Hour
Prairie State
AMP-Hydro
AFEC
Greenup
SEPA
Meldahl
Kentuck Solar (BTM)
Pinnacles (BTM)
Schoolfield (BTM)
20 MW TPE
Load


Winter 2021 - Average Daily Shape
(MW)
150
140
130
120
110
100
90
80
70
60
50
40
30
20
10
0
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24
Hour
Prairie State
AMP-Hydro
AFEC
Greenup
SEPA
Meldahl
Kentuck Solar (BTM)
Pinnacles (BTM)
Schoolfield (BTM)
20 MW TPE
Load


Shoulder 2021 - Average Daily Shape
(MW)
130
120
110
100
90
80
70
60
50
40
30
20
10
0
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24
Hour
Prairie State
AMP-Hydro
AFEC
Greenup
SEPA
Meldahl
Kentuck Solar (BTM)
Pinnacles (BTM)
Schoolfield (BTM)
20 MW TPE
Load

Project Site

- 864 Monument Street
- Utilities Warehouse site-unused 90’x60’ area
- Delorean Power would need a Special Use Permit- No setback requirements
- Delorean Power has included all of the costs associated with the property in the PPA (taxes, permitting, etc).

Economics

Delorean Proposal						
	kW-month price	Escalation	Capacity (kW)	Yearly costs	Transmission and Capacity costs (5% annual Increase)	Estimated Savings
Year 1	$ 4.25	0%	10600.0	$ 540,600.00	$ 1,753,200.00	$ 1,212,600.00
Year 2	$ 4.25	0%	10467.500	$ 533,842.50	$ 1,840,860.00	$ 1,307,017.50
Year 3	$ 4.25	0%	10336.656	$ 527,169.47	$ 1,932,903.00	$ 1,405,733.53
Year 4	$ 4.25	0%	10207.448	$ 520,579.85	$ 2,029,548.15	$ 1,508,968.30
Year 5	$ 4.25	0%	10079.855	$ 514,072.60	$ 2,131,025.56	$ 1,616,952.96
Year 6	$ 4.25	0%	9953.857	$ 507,646.69	$ 2,237,576.84	$ 1,729,930.14
Year 7	$ 4.25	0%	9829.434	$ 501,301.11	$ 2,349,455.68	$ 1,848,154.57
Year 8	$ 4.25	0%	9706.566	$ 495,034.85	$ 2,466,928.46	$ 1,971,893.61
Year 9	$ 4.25	0%	9585.234	$ 488,846.91	$ 2,590,274.88	$ 2,101,427.97
Year 10	$ 4.25	0%	9465.418	$ 482,736.33	$ 2,719,788.63	$ 2,237,052.30
Year 11	$ 4.25	0%	9347.100	$ 476,702.12	$ 2,855,778.06	$ 2,379,075.94
Year 12	$ 4.25	0%	9230.262	$ 470,743.34	$ 2,998,566.96	$ 2,527,823.62
Year 13	$ 4.25	0%	9114.883	$ 464,859.05	$ 3,148,495.31	$ 2,683,636.26
Year 14	$ 4.25	0%	9000.947	$ 459,048.31	$ 3,305,920.08	$ 2,846,871.76
Year 15	$ 4.25	0%	8888.436	$ 453,310.21	$ 3,471,216.08	$ 3,017,905.87
Year 16	$ 4.25	0%	8777.330	$ 447,643.83	$ 3,644,776.88	$ 3,197,133.05
Year 17	$ 4.25	0%	8667.613	$ 442,048.29	$ 3,827,015.73	$ 3,384,967.44
Year 18	$ 4.25	0%	8559.268	$ 436,522.68	$ 4,018,366.51	$ 3,581,843.83
Year 19	$ 4.25	0%	8452.277	$ 431,066.15	$ 4,219,284.84	$ 3,788,218.69
Year 20	$ 4.25	0%	8346.624	$ 425,677.82	$ 4,430,249.08	$ 4,004,571.26
				$ 9,619,452.12		**$ 48,351,778.61**
				Total Spent (20 years)		**Total Savings**