

March 18, 2025

The Second March meeting of the Danville City Council was held on March 18, 2025, at 7:00 p.m. in the Council Chambers located on the Fourth Floor of the Municipal Building. The following Council Members were present: Vice Mayor James B. Buckner, L.G. "Larry" Campbell, Jr., Bryant Hood, Mayor Alonzo L. Jones, Barry P. Mayo, Dr. Gary P. Miller, Sherman M. Saunders, J. Lee Vogler, Jr., and Madison J.R. Whittle (9) *Mr. Vogler entered the meeting at 7:05 p.m.*

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.

Mayor Jones presided.

INVOCATION AND PLEDGE OF ALLEGIANCE

Council Member Campbell gave the Invocation followed by the Pledge of Allegiance.

ANNOUNCEMENTS AND PRESENTATIONS

Presentation of the City Manager's Proposed Fiscal Year 2026 Budget

Presented by: Ken Larking, City Manager

City Manager Ken Larking reviewed his PowerPoint, presenting the recommended budget for the upcoming fiscal year to the Council and the public, explaining the budget was a plan for the upcoming year; it covers all the City services ranging from general government services, utilities and others that the City provides to the community. It funds education, public safety, economic development and core City services that people have grown accustomed to receiving. The budget comes from resources provided by taxpayers or ratepayers, but it all goes toward providing services to the community. Every dollar brought in goes to provide a service.

Mr. Larking noted there was a priority on public education, making sure the young people have what they need to be successful in their life. They want to build and maintain great quality of life amenities; they were in a global competition for residents, workforce and people that would be hired by the companies they were trying to recruit. If there was not a great quality of life in the community, they won't have the people necessary to fill those jobs. They want to retain young people, existing residents, and attract new residents, new businesses and entrepreneurs, and support existing businesses.

Mr. Larking stated this was a balanced budget of \$379M with no tax rate increases. Current year revenues were paying for ongoing expenses. In the General Fund, the real estate tax rate was the fifth lowest for cities in this state; Danville had a low tax rate. Under General Fund Highlights, the total budget recommended was \$184M, that was \$19.4M higher than the current year and the major revenue increases that make that up include the largest which was the \$10M increase the City expected to receive from casino gaming revenue from Caesars now that they were fully open. Expenditure highlights show less than \$5M of casino gaming revenues going toward ongoing expenses; that was because that money was guaranteed, the City can use that for operations and it enables the City to not have to adjust services or raise rates. Other increases in the General Fund include \$5M for a variety of things, a lot was attributed to inflation in providing services; \$2.2M for pay for performance and the cost of retirement has gone up.

Utility highlights include a budget of \$190M which was an \$11.5M increase from the current year. What drives those increases was for utilities, especially gas and electric, the City does not make

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natural gas, so they have to buy it on the market. They hedge that by buying long-term natural gas hedges which help to keep the rate stable as much as possible, and they also do that for electric. The City does own some electric production facilities, it was not their entire portfolio so they have to go out on the market and buy blocks of electricity. When the City has more customers using more power, the City has to buy more power. The City anticipated that happening this year because Tyson's was up and running and using more electricity. Aerofarms uses a significant amount of electricity, as does the casino. Danville's electric rates were average when compared to others in the state; gas, water, and sewer rates were well below average and Danville residents benefit from reliable services with quick local responses. Funds were included in this year's budget to improve reliability of infrastructure.

Mr. Larking explained every two years, Danville Utilities conducts a rate study. These studies were done to ensure that the cost of services were appropriately assigned to the correct customer classes. When adjustments were needed, they were typically very modest, like this year, and the City wants to make sure adequate funding was available to run and maintain the system. Fund balances need to be at the policy minimums, currently they weren't, so there needs to be a rate adjustment to accommodate that need. It ensures that adequate funding was available to make investments which help with growth, keep rates stable, and investments have been made in substation infrastructure to handle more capacity. There was a modest rate adjustment recommended for electric, gas, water and wastewater, a total of \$10 per month for the typical residential customer. The amount of revenue generated from this was about \$6.2M for the year. Mr. Larking discussed the importance of the utilities in Economic Development and prospects, reviewed and explained comparative rates with other communities, and individual utilization. The transfer from the Utility Funds to the General Fund helps pay for projects that wouldn't otherwise be able to be paid for in the General Fund. That has helped with projects related to Economic Development, the River District, creating more businesses, creating housing density and affordability. The transfer that was recommended in this year's budget was \$15.6M; looking at what a penny brings in on the tax rate, that was equivalent to \$.52 on the tax rate, and also equivalent to the entire cost for economic development, parks and recreation and public works in the General Fund, combined. A fifty-two cent increase wouldn't make Danville the highest tax rate for cities in Virginia, but it would be up near the top.

Mr. Larking discussed energy efficiency in homes, explaining during the pandemic the City received ARPA funds, allocated \$1M of those funds into a program for energy efficiency and were able to assist sixty four home owners with improvements to insulation, and heating and cooling infrastructure that resulted in an average reduction of 4,500 kilowatts per year per customer, saving them \$615 per year per customer. The City offers HVAC tune up rebates so people can get their HVAC systems tuned up by a private individual and then turn that cost into Danville Utilities and receive a \$75 rebate. They have done customer outreach and identified over 3,000 residential customers who use over 3,000 kilowatts of electric per month, which was higher than any resident should be using.

The City does provide assistance to needy families. There was high poverty in the community, and they want to offer help. That includes the Neighbors Helping Neighbors program, they get grants from the Community Foundation, and every customer in Danville can round up their bill to the next dollar; that rounded up amount goes to the Neighbors Helping Neighbors fund. The City also provided assistance during the pandemic using ARPA Funds, to provide assistance for delinquent bills so that people could keep their utilities on. There were also energy assistance programs, a heating program in the winter and cooling during the summer. If the Council was able to approve the utility rate increases as proposed, staff was suggesting about \$3.1M of unanticipated casino gaming revenue to go toward three programs. One was to offer a credit of

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up to \$10 per month on City customer utility bills at a cost of \$2.4M and \$500,000 to have a City run energy efficiency program similar to the one that was created with ARPA. Staff would like to contribute an additional \$200,000 to the Neighbors Helping Neighbors program which will enable the neediest customers to get help with their bill. That would take that amount of money from about \$35,000 - \$40,000 to \$240,000; it was a significant increase to that program that will help the most vulnerable citizens. These would be offered as budget amendments at the same time Council would be considering the utility rate increases.

Mr. Larking noted people want to know about how the City was investing in education; education was City Council's number one priority. The budget that was recommended included funding that was requested by the School Board. \$2.2M of the request was to pay for increases resulting from a pay study; it has been identified that especially the teachers, but also other positions within the school system, were underpaid as compared with the City's competitors. Mr. Larking discussed the local match to the schools, \$170,000 for the increased cost of health insurance, and the projects and programs that help create a safe learning environment for the children, which will foster better outcomes.

Mr. Larking noted Council has the recommended budget that he has provided; at this point, they can discuss it and make changes they deem necessary based on what they have seen between now and April 30th. After that, there will be a public hearing and adoption of the utility rates and school budget. Mr. Larking thanked Council and recognized the Budget Team.

Director of Utilities, Jason Grey, explained a couple of years ago they created an energy advisor position and they looked back at this past winter, December through February, at how many households consumed over 3,000 kw hours in any one of those three months; it was over 3,600. They have sent out letters and received an outstanding response, with over 150 calls; they were reaching out to each one of them. They were finding out that a lot of people did not know how their emergency heat was supposed to be set; they were running their emergency heat when they shouldn't which drives up their consumption. They were passing along a lot of education and that will hopefully translate into lower bills going forward. They will continue that campaign.

Mayor Jones commented on the importance of raising morale among the staff and community, who don't understand what Council and the City were doing. Council members thanked the budget team for putting together a balanced budget to present to the Council, praised the great work and transparency that went into this budget and the outstanding team behind it. Dr. Hairston thanked Council for their support and their investment in the schools.

CONSENT AGENDA

Vice Mayor Buckner **moved** for adoption of the following Consent Agenda items:

Consideration of Approval of Minutes from Regular Council Meeting held on February 18, 2025.
Draft copies of the minutes had been distributed prior to the meeting.

Consideration of Amending the Fiscal Year 2025 Budget Appropriation Ordinance for Erosion Mitigation Airport Engineering Services

Ordinance No. 2025-03.07, an Ordinance Amending the Fiscal Year 2025 Budget Appropriation Ordinance to Provide for Additional State Aviation Funding for the Purpose of Completing Engineering Services in the Amount of \$71,744 plus Local Share in the Amount of \$7,972 to be Provided by a Transfer from Undesignated Capital Improvement Funds and Appropriating Same.

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

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

NEW BUSINESS

Review of General Fund Financials as of February 28, 2025

Chief Financial Officer, Michael Adkins, gave an overview of the General Fund financials as of February 28, 2025, which was eight months into the current fiscal year or 67% of budget. Total budgeted revenues for this current year were approximately \$164M, and they have received nearly \$97M, or about 60% of the budget which was where they expect to be at this time during the year. Real Estate tax collections were at 53% of budget, the second billing cycle was set to begin the first week of May. Delinquent real estate collections were 68%; they were planning another auction of abandoned parcels in the spring and that usually boosts real estate tax collections. Consumer driven taxes were still performing well; sales tax for February, which included December retail activity was not the highest ever, but the second highest for one month at \$1.3M, or 74% of the budget. Meals tax at the end of February show the City collected \$8.5M, 71%, and about 4% ahead of budget. Lodging tax collected was about \$2.4M, or 67% of the budget; the City had about 150 to 155 additional nightly stays for December and January, for both months, compared to last December and January. The City receives most of their Business License revenue in the months of February and March; at this point they have collected \$5.2M, or 68% of budget. The City has issued 1,813 business licenses, about 33 more than last year at this time. Another area that was doing well was the interest and investment earnings. As they develop budgets early, they base their interest rate on what was going on with the Federal Reserve at that time; they had expected consistent decreases in the interest rates. A lot of that did not materialize and interest rates stayed higher this year, so the City saw some surplus collected, about \$2.5M, which was nearly 90% of budget with four more months to go. They do expect that line item to finish above budget, about \$750,000 to \$900,000. State and federal revenues were performing on target with no delays in those collections. Departmental spending was about 60% to 61% of the budget. Non-Departmental spending, which was primarily Group health, was about 60% of the budget. Council Members thanked Mr. Adkins for the work that he does in keeping the City's financials in order.

CONSIDERATION OF APPROVING AND AUTHORIZING A LEASE AGREEMENT WITH DANVILLE VA BESS 2 LLC

Mayor Jones opened the floor for a Public Hearing regarding a Lease agreement with Danville VA BESS. Notice of the Public Hearing was published in the *Danville Register & Bee* on March 11, 2025. No one present desired to be heard and the Public Hearing was closed.

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

RESOLUTION NO. 2025-03.03

A RESOLUTION APPROVING AND AUTHORIZING A NEGOTIATED LEASE AGREEMENT WITH DANVILLE VA BESS 2, LLC FOR THE INSTALLATION AND OPERATION OF COMMERCIAL ENERGY STORAGE FACILITIES AT 900 MOUNT CROSS ROAD.

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

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

CONSIDERATION OF A RESOLUTION AUTHORIZING THE ABANDONMENT OF AN ELECTRIC UTILITY EASEMENT IN PITTSYLVANIA COUNTY

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

RESOLUTION NO. 2025-03.04

A RESOLUTION AUTHORIZING THE ABANDONMENT OF A CITY EASEMENT ACROSS PROPERTY LOCATED IN PITTSYLVANIA COUNTY.

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

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

CONSIDERATION OF AMENDING THE FISCAL YEAR 2025 BUDGET APPROPRIATION ORDINANCE TO FUND A BONUS PAYMENT TO CITY RETIREES

Upon **Motion** by Vice Mayor Buckner and **second** by Council Member Whittle, an Ordinance entitled:

ORDINANCE NO. 2025-03.08

AN ORDINANCE AMENDING THE FISCAL YEAR 2025 BUDGET APPROPRIATION ORDINANCE BY INCREASING REVENUES FROM INTEREST INCOME TO FUND A BONUS FOR CITY RETIREES IN AN AMOUNT NOT TO EXCEED \$725,000 AND APPROPRIATING THE SAME.

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

COMMUNICATIONS FROM VISITORS

David Weslowksi with Danville Best Friends, gave Council a brief overview of the work that has been done in the community over the past few months. Mr. Weslowski noted Homeward Trails will be back in the community to provide spay and neuter services.

COMMUNICATIONS

There were no communications from the City Manager, Deputy City Manager, City Clerk, or City Attorney.

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Council Member Mayo thanked staff for the budget that was presented and commended the City Manager and his team for their work. Mr. Mayo noted that Council Member Miller attended his church on Sunday, it was good to see him there. Mr. Mayo thanked Jason Grey for explaining how utility rates worked.

Council Member Miller stated it was always good to see the various department heads at the meeting and to recognize them for the work they do. Dr. Miller noted he attended Council Member Mayo's church, it was a good sermon and good music, and with a lecture by the Pastor's wife.

Council Member Saunders thanked City staff and school board staff for the work that they do. It was important to keep the children in school, and questioned if a child drops out of school do they have to be reported to the state and Dr. Hairston noted they did and they lose the funds for that child.

Council Member Vogler commented on the casino revenue website, how citizens can find that information on the City's website, and thanked the City Manager and staff for putting that together.

Council Member Whittle thanked staff for putting together a proposal for a bonus for retirees, noted Delegate Danny Marshall had surgery and was doing well; they were glad to see that.

Mr. Whittle **moved** to put a **Motion** on the floor to reduce real estate taxes \$0.10 on \$100.

ORDINANCE NO. 2025-03.09
(No written Ordinance).

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

Following Mr. Buckner's vote, Council Member Campbell made a **motion** that Council study this.

Mayor Jones noted there was an alternative motion on the floor, **seconded** by Council Member Mayo.

Mr. Vogler questioned once Council started voting, could an alternative motion be put forward and City Attorney Clarke Whitfield noted they cannot, but if Mr. Whittle's motion failed, Mr. Campbell could come back and make that alternative motion, once this motion was disposed of. Once a motion was put on the floor, it has to be disposed of. Mr. Campbell's motion DIED.

Mr. Saunders noted a point of order questioning that a substitute motion cannot be made when a motion on the floor has been made and Mr. Whitfield noted, not once the voting has begun.

Mr. Whittle's Motion **FAILED** with the following vote:

VOTE:	4-4-1
AYE:	Buckner, Hood, Vogler, and Whittle (4)
NAY:	Jones, Mayo, Miller, and Saunders (4)
ABSTAIN:	Campbell (1)

Council Member Campbell noted he appreciated Mr. Whittle making the comment but it disturbed him to make a comment like that with the sensitivity of Council talking about the utility rates, then coming behind and saying ten cents for property. It was irrational to make a statement to Council, to put pressure to make a decision like that. It has be balanced, what Council tries to do, it was

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not a game, this was something where they were dealing with people's lives. Rev Campbell noted he was for lowest tax rate that they can give, they did reduce the property tax, but the appreciation of property went up. Council can't do both, looking at ten cents for utilities and then come behind with that.

Council Member Whittle noted he asked back in December and Council has not taken any action.

Council Member Miller asked if they could make a motion once the business session was over and Mr. Whitfield noted City Council does not have a rule against that, a motion can be made at any time; Dr. Miller noted there should be.

Vice Mayor Buckner asked for continued prayers for Delegate Danny Marshall for a speedy recovery.

Council Member Campbell noted they were praying for Delegate Danny Marshall.

Council Member Hood prayed for a speedy recovery for Delegate Marshall, and gave a shout out to the Danville Chapter of the Health Collaborative who had a luncheon this week. It was amazing to be among so many different organizations looking to help and serve citizens.

Mayor Jones sent continued prayers to Delegate Marshall and his family, and thanked Mr. Larking and Dr. Hairston for the wonderful presentations given for budget. Mayor Jones asked for a moment of silence for Delegate Danny Marshall and prayed for him and his family.

The meeting was adjourned at 8:34 p.m.

APPROVED:

s/Alonzo L. Jones
MAYOR

ATTEST:

s/Susan M. DeMasi, CMC
CITY CLERK