May 20, 2025

A Regular Work Session of the Danville City Council convened on May 20, 2025, at 7:30 p.m. in the City Council Conference Room located on the Fourth Floor of the Municipal Building, 427 Patton Street. 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).

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.

WORK SESSION ITEMS

MEETING MINUTES

Upon **Motion** by Council Member Campbell and **second** by Vice Mayor Buckner, Minutes of the Regular Work Sessions held on March 18, 2025, and April 1, 2025, were approved as presented. Draft copies were distributed to Council Members prior to the Meeting.

CONSIDERATION OF APPOINTMENTS TO BOARDS AND COMMISSIONS

Vice Mayor Buckner noted the Committee on Appointments met earlier that day and made the following recommendations:

Airport Commission:	Reappoint: Appoint:	Eugene Jackson Kendal Carlson
Danville Community College Board:	Appoint:	Gary Terry
Danville Development Council:	Reappoint:	Ralph Price and Phillip Hall
Danville Pittsylvania Community Services Board:	Reappoint:	Adrian Watlington, Lori Eanes Brooks
Danville Utility Commission:	Reappoint: Appoint:	Mary Williamson Fred Shanks
Danville CPMT	Reappoint:	Tammy Warren
Transportation Advisory	Reappoint:	Tyrell Payne

CONSIDERATION OF THE RENEWAL OF THE PEMBERTON LOFTS LEASE AGREEMENT

Director of Human Resources Sara Weller explained that the Pemberton Lofts was the location of the CARE Team Corporate Health Center. The Lease expires in the fall, and they were preparing to redo that lease. It would be an eighteen-month term and renewable for five successive years after that.

Council Agreed to put this on an Upcoming Business Agenda

CONSIDERATION OF REVISIONS TO THE PERSONNEL SYSTEM

Director of Human Resources Sara Weller explained the City does these revisions annually: the Personnel Ordinance, changes to policies and personnel classifications that were being recommended.

Council Agreed to put this on an Upcoming Business Agenda.

REVIEW OF THE CITY'S DEBT CAPACITY AND CREATION OF CAPITAL/DEBT RESERVE

Chief Financial Officer Michael Adkins noted they had Jimmy Sanderson, Senior Vice President with Davenport, the City's financial advisor, here that evening. The City's borrowing capacity has increased based on real estate, including the construction of the multi-million dollar casino. The City does have to borrow funds every year for maintenance and capital improvement projects, so they asked Davenport to give an analysis of where the City stands and help them strategize on how best to use that moving forward.

Mr. Sanderson noted there was a rather large analysis in the agenda which he will summarize, noting the first take away was that the City was in a good financial position. There were a number of policies in place related to debt, and as they currently stand, they were well under all those policies, which gives the City a cushion and ability to do some things they want to do. They looked at the City's fund balance, it was very good; the City's policy was to have 25% of revenues there, the City has about 35% which was $15M above that policy. They also looked at the Budget Stabilization Fund, which was about $3M that the City had set aside; that money has been there for a number of years and they have been lucky they haven't had to use it. In combination with the Unassigned Fund Balance and the Budget Stabilization Fund, the City was in a very good position with relation to reserves.

Mr. Sanderson stated there were a few observations they wanted to make with respect to the City's ability to issue debt going forward and how that might impact their policies. The first thing they looked at was, if they were to issue $10M over the next two years, how might that impact the City. From a policy perspective, the City would still be within all their policies to issue that debt; as far as a budgetary impact, they found there would be no impact on the budget, the City would not have to increase their debt service budget in order to pay for that. They took that a little bit further and looked at $50M over the next five years, $10M a year for the next five years and what that impact would be. The City would be within their policies, but where it becomes a little more difficult was from a budgetary standpoint. That would require the City to increase their real estate tax rate by five to six cents; that was not what they were suggesting the City do, but they wanted to give an understanding of what that impact would be. When they tie that back with their analysis related to the fund balance and budget stabilization fund, one of the suggestions they had was, if they could take that budget stabilization fund and turn it into a capital/debt reserve, they would basically be able to eliminate that penny impact on that $50M. There was another piece to that, they would utilize about $1M a year from the casino revenues. That in combination with moving the budget stabilization fund over to the capital reserve fund would allow them to issue up to $10M a year over the next five years without having an impact on the annual debt service budget. It would not affect the fund balance, the City would be able to issue $10M a year and keep the current debt service budget where it was in FY 2026.

Mayor Jones noted he heard Mr. Sanderson speak several times about the budget capitalization fund and asked him to review that. Mr. Sanderson explained there were two funds, the Budget Stabilization Fund which the City currently has in place. It was about $3M, established a number of years ago and has never been touched; the City has not had to use it relative to the budget. They were suggesting that the City do away with that from a policy perspective, take that $3M that was in the Budget Stabilization Fund and create a Capital Reserve Debt Fund.

Council Member Whittle questioned why the City would do this and Mr. Sanderson noted the main reason was the City has the Budget Stabilization Fund that was just sitting there; the funds were not being used. If the City had capital needs over the next five years of $10M per year, they could use that Budget Stabilization Fund as a capital reserve to help shave off the peaks of the increased debt service without having to increase the real estate tax rate in order to pay for future debt service.

Mr. Larking noted a lot of cities and local governments have capital reserve funds in place. They can use that to fund capital projects as needed, sometimes as a pay as you go format, so they were not issuing debt, but paying for it out of the capital reserve fund. One of the other policy considerations that Council may want to consider, if at the end of the year they have additional revenue above what was expected or less spending than expected, and hit a certain point in the fund balance, they could move some of those funds into that capital reserve and then further increase the capacity to fund capital projects without impacting the tax rate. It was a good financial policy, it helps fund projects that were needed, gives some flexibility and will not impact tax bills.

Council Members noted they were in favor of this.

BUDGET DISCUSSION

City Manager Ken Larking noted at the last Council meeting, he received direction to balance the budget without the rate increases for utilities. During an event he attended at Caesars the day after that Council meeting, he had a conversation with the general manager who told him how great the month of May would look when it comes to casino revenue. Based on the conversation he had, it felt like it could be one of the biggest months ever, and he believed they will have about $5.8M in unexpected casino gaming revenue for the current year, above what was budgeted. There was no way of knowing what the casino revenue would look like at the beginning of the year, so they budgeted $25M. It wasn't until March that they saw the large amount of revenue that came in. There was an opportunity to use unexpected casino revenue to provide a one-time measure to help with the reduction in revenue to the utility fund.

Mr. Larking reviewed transfers that have been made from the Utility funds to the General Fund that have assisted in the economic development of the City and resulted in great things for the community. Danville was in a different place now with different revenue sources including the casino, and believed it would be appropriate as a one time measure to transfer the excess casino money from the current year back to the electric and gas funds in order to prevent the need for a rate increase. This would still properly fund those operations so that the City can maintain the systems the way they need to be maintained, provide reliable service to the citizens, and invest in the system in a way that can continue the growth because it was important to invest in the utility system. Mr. Larking stated if they don't invest in the utility systems, they cannot grow the system, get new customers or grow their revenue. When they get new customers and grow their revenue, they spread the cost of maintaining the system over more customers which helps to keep the rates down. It all works together to make it possible for the City to have the low rates that they do have. They have low electric gas rates, and the water and wastewater rates are very low as compared to other communities. Casino revenues were not anticipated to come in as strongly as they did; it was an opportunity to provide the citizens some relief to the utility rate increase, as a one-time measure. To balance next year's budget, Mr. Larking stated he recommended reversing the transfers for the electric and gas funds that occurred and use that to make sure the system was properly maintained.

Based on the latest trend information, staff believed there will be sufficient revenue and available fund balance in the water and wastewater funds to delay the rate adjustment for one year. Staff will closely monitor the expenditures and revenue throughout the year, and make adjustments as needed to make sure they were not out of balance at any point.

Mr. Larking noted the public may want to know what would have happened to the $5.8M of unexpected casino revenue that came in at the end of the year if the rate adjustments were adopted. The City Council would have had the option to appropriate the excess for unfunded capital or special projects, place it in fund balance or the new capital reserve fund. Money accumulated in a reserve fund could be budgeted by City Council to be used for capital and special projects in a future year. The establishment and funding of the capital reserve fund would fall under the category of long-term financial stability which was one of the pillars of the *Investing in Danville* report. For the upcoming budget, when the budget team was looking at all the requests, there were $40M more in requests for capital and special projects than the City was able to fund based on revenues they thought they would get. There was an additional $750,000 in personnel requests that were submitted for consideration that were not recommended due to lack of funding. A lot of those requests had merit and would make the community a more desirable place for people to live, but because the City has to live within their means, they have to have the capacity at the staff level to carry out these projects in an efficient way.

A lot of the projects that were submitted had a lot of merit but due to lack of funding they could not do them. There were always more needs than they could fund, but they all go toward making Danville a great place to live. The revenues the City receives from the community that were used to provide services were investments in the community to make it a better place for people to live. Danville was unique because they had a casino and an incredible resource of revenue but it was not very consistent and they did not have real trend information. He has heard from colleagues in North Carolina that North Carolina in a couple years will be looking at potentially examining a casino option, and that will impact Danville's revenues. The City has to be careful how they use casino revenues, and try the best they can to use them for one time expenses.

Mayor Jones noted to Council, the presentation the City Manager has made tonight, what were their thoughts and did they agree with this. One of the things Council needed to do was to continue to educate the public about utilities; there has been a lot of misinformation out there for years regarding utilities. Jason Grey and his team have done an amazing job teaching people about the City's low utility rates, and citizens can call the utility department when they see the bills go up, they can do things to improve their homes.

After further discussion, a majority of Council Members noted their agreement with the City Manager's plan.

ECONOMIC DEVELOPMENT UPDATES

Assistant Director of Economic Development Kelvin Perry introduced Shayl Herndon-Edmonds and noted they have been working to develop within the City a more robust way to help small businesses in the community. They hired Ms. Edmonds to help staff make the case of why they feel they need a dedicated SWaM office; Economic Development does a lot of work to help the small businesses, but they don't have a brand for this. Ms. Herndon-Edmonds has done some work for the City, to make that case, and the City wants to start taking those steps towards being more visible and more accountable to those individuals who were looking to start, grow or build their capacity. The City applied for a grant from the National League of Cities and as part of that grant, they made the case that this was how they want to not only reach into the community that they know, but they also want to touch those communities that they have not been able to touch, such as the Hispanic community. The City hired Ms. Herndon-Edmonds through that particular grant to help the City formulate what that will look like.

Ms. Herndon-Edmonds noted she was there to talk about the work they were doing in terms of creating a case for having a SWaM office. Part of the conversation was to think about, as Danville's economic landscape was shifting, how can they have more intentional support to include small, women and minority owned businesses. Not assuming that opportunity will trickle down, but requires intentional action; they don't want people left behind. Also to acknowledge that have been historical barriers that they want to address and mitigate, and that there was a need to build capacity for businesses so they can show up and take advantage of the opportunities that were coming into the community. They were also fostering a more inclusive ecosystem.

The main case for the SWaM office was the need for a supportive infrastructure for entrepreneurs, particularly small, women-owned and minority-owned businesses who often do not have the same access to resources. They know there was a growing need based on the survey, that there was a lack of resources including mentorship and networking opportunities. Having a SWaM office would increase the local and economic impact these businesses could have. There were proven models around the country such as the HIVE in Virginia Beach or Flywheel in Winston-Salem.

Ms. Edmonds noted nationally and locally, key areas of concern and challenges were access to capital, market access barriers, mentoring and networking gaps, knowledge and skills gaps, as well as systemic barriers. These were the core things that they see both consistently nationally and locally based on feedback from the entrepreneurial survey in Danville. The proposed plan was to create a SWaM office that provides access to culturally affirming resources, opportunities, and support to foster the growth and sustainability of small, woman-owned and minority-owned businesses in the City of Danville. This includes having a business incubator and co-working space, SWaM certification support, access to capital and business mentorship and networking.

Ms. Edmonds noted the goals for the three-year plan would be to launch and operationalize the SWaM office by having a dedicated space, increase access to capital for SWaM businesses, enhance market access and business opportunities, increasing business infrastructure and support systems, strengthen data collections, and monitoring and evaluation systems. It would be a critical step to addressing barriers, and tailoring support systems around the needs of the community.

Council Member Whittle asked what the cost of the program would be, and would the City reapply for the grant and Mr. Perry noted they would not. Once they decide the direction they want to take, they will start looking for sources of funding. Not only do they need to find the source of funding, but also have to create a sustainability model to keep it going. Ms. Edmonds noted what she recommended to the Office of Economic Development was to estimate a five-year financial commitment of $3M to $3.5M. When they look at models around the country, they see annual operating budgets for offices like this ranging from $400,000 to $500,000 per year. Mr. Whittle questioned if they have an incubator system set up somewhere in the City and Mr. Larking noted just the Dan River Business Development Center which was in the County but the City was part of that. Ms. Edmonds noted the unique thing they were talking about with this SWaM office was that as an incubator, having a dedicated space where entrepreneurs can co-work, attend a workshop, it may actually help entrepreneurs who were at the foundational level to build the confidence, the connections and the resilience to be ready for an RDA program, or for launch.

Council thanked Ms. Edmonds for the excellent presentation.

CLOSED MEETING

At 8:21 p.m., Vice Mayor Buckner **moved** that this meeting of the City Council of the City of Danville, Virginia be recessed and that Council immediately reconvene in a Closed Meeting for the following purposes: discussion, consideration or interview of prospective candidates for employment, assignment, appointment, promotion, performance, salaries, disciplining of specific public employees or appointees as permitted in Subsection (A)(1), Section 2.2-3711 of the Code of Virginia, 1950 as amended and more specifically to consider: the performance review of the City Manager, City Clerk and City Attorney, and discussion or consideration of the acquisition or disposition of real property for a public purpose where discussion in an open meeting would adversely impact the bargaining position of the City as permitted by Subsection (A)(3) of Section 2.2-3711 of the Code of Virginia, 1950, as amended and more specifically to consider discussion regarding the sale and/or potential purchase of a specific parcel of property for use by the City of Danville and prospective industrial, commercial, and mixed use projects looking to locate to the City, and an Economic Development discussion and update concerning a prospective business or industry where no previous announcement has been made and/or the expansion of an existing business or industry where no previous announcement has been made as permitted by Subsection (A)(5) of Section 2.2-3711 of the Code of Virginia, 1950, as amended and more specifically to consider an update on multiple prospective commercial, mixed use, hospitality, and industrial projects considering locating within the City and/or within the region in cooperation with the City's regional partners.

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)

Upon unanimous vote at 9:52 p.m., Council reconvened in open session and Vice Mayor Buckner **moved** for adoption of the following Resolution:

CERTIFICATE OF CLOSED MEETING

WHEREAS, the Council convened in Closed Meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Freedom of Information Act; and

WHEREAS, Section 2.1-344.1 of the Code of Virginia, 1950, as amended, requires a Certification by the Council that such Closed Meeting was conducted in conformity with Virginia Law;

NOW, THEREFORE, BE IT RESOLVED that the Council hereby certifies that, to the best of each Member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements of Virginia Law under Section 2.2-3711 were heard, discussed or considered, and (ii) only such public business matters as were identified in the Motion by which the Closed Meeting was convened were heard, discussed or considered by the Committee.

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)

MEETING ADJOURNED AT 9:53 P.M.

APPROVED:

s/Alonzo L. Jones
MAYOR

ATTEST:

s/Susan M. DeMasi, CMC
CITY CLERK