



City of Petersburg Virginia

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Special City Council Meeting

**November 3, 2021
Petersburg Public Library
201 West Washington Street
Petersburg, VA 23803
3:00 PM**

City Council

Samuel Parham, Mayor – Ward 3
Annette Smith-Lee, Vice-Mayor – Ward 6
Treska Wilson-Smith, Councilor – Ward 1
Darrin Hill, Councilor – Ward 2
Charlie Cuthbert, Councilor – Ward 4
W. Howard Myers, Councilor – Ward 5
John A. Hart, Sr., Councilor – Ward 7

City Manager
Stuart Turille

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- 1. Roll Call**
 - 2. Official Public Hearings**
 - a. A public hearing on an ordinance to amend and re-adopt Chapter 38 of the Petersburg City Code to include Article VI Sections 38-120 through 38-125 for the establishment of the City of Petersburg Tourism Financing Program.
 - b. Consideration and discussion of the American Rescue Plan Act Appropriation (\$10,480,919.50).
 - 3. Adjournment**



City of Petersburg

Ordinance, Resolution, and Agenda Request

DATE: November 3, 2021

TO: The Honorable Mayor and Members of City Council

THROUGH: Stuart Turille, City Manager
Tangela Innis, Deputy City Manager
Reginald Tabor, Interim Director of Planning & Zoning

FROM: Cynthia Boone

RE: **A public hearing on an ordinance to amend and re-adopt Chapter 38 of the Petersburg City Code to include Article VI Sections 38-120 through 38-125 for the establishment of the City of Petersburg Tourism Financing Program.**

PURPOSE: An ordinance to amend and re-adopt Chapter 38 of the Petersburg City Code to include Article VI, Sections 38-120 through 38-125 for the establishment of the City of Petersburg Tourism Financing Program.

REASON: TO CONSIDER AN ORDINANCE TO AMEND AND RE-ADOPT CHAPTER 38 OF THE PETERSBURG CITY CODE TO INCLUDE ARTICLE VI SECTIONS 38-120 THROUGH 38-125 FOR THE ESTABLISHMENT OF THE CITY OF PETERSBURG TOURISM FINANCING PROGRAM

RECOMMENDATION: The Department of Economic Development recommends that the City Council adopts the ordinance to amend and re-adopt Chapter 38 of the Petersburg City Code to include Article VI Section 38-120 through 38-125 for the establishment of the City of Petersburg Tourism Development Financing Program.

BACKGROUND: CHAPTER 38

ARTICLE VI. – TOURISM ZONE

Sec. 38.120 – Creation of the Petersburg Tourism Zone

Virginia Code 58.1-3851 authorizes Virginia localities to establish, by ordinance, one or more tourism zones for the purpose of granting tax incentives and providing regulatory flexibility to qualified businesses.

The purpose of the Petersburg Tourism Zone is to facilitate the establishment and growth of businesses that (1) increase capital investment and create jobs, (2) increase the inventory of tourism-related businesses, and (3) enhance public amenities, attractions, and revenue.

The Petersburg Tourism Zone overlaps the city's existing Enterprise Zone, Central Business District, and

historic districts. There are currently incentives in these areas. The Tourism Zone adds additional resources that businesses can receive through the Virginia Tourism Corporation. The City of Petersburg will enter into performance agreements with qualified new and expanding businesses within this zone.

Sec. 38-121 – Boundaries of Petersburg Tourism Zone

The boundaries of the Petersburg Tourism Zone are as follows: the south bank of the original channel of the Appomattox River; thence along the said south bank in an easterly direction to Poor Creek; thence along Poor Creek to East Bank Street; thence eastwardly along the centerline of East Bank Street to a point which is the intersection of East Bank Street with the northern projection of Patrick Street; thence southwardly along the said northern projection of Patrick Street and along the centerline of Patrick Street to Nottoway Street; thence westwardly along Nottoway Street to Accomack Street; thence southwardly along Accomack Street to Wythe Street; thence westwardly along Wythe Street to I-95; thence southwardly along the centerline of I-95 to its intersection with the eastward projection of the centerline of Surry Lane; thence westwardly along the projected and actual centerline of Surry Lane to South Sycamore Street; thence southwardly along the centerline of South Sycamore Street to Shore Street; thence westwardly along the centerline of Shore Street to Halifax Street; thence northwardly along the centerline of Halifax Street to Independence Street; thence westwardly along the centerline of Independence Street to South Jones Street; thence northwardly along the centerline of South Jones Street to Lee Avenue; thence westwardly along the centerline of Lee Avenue to South Street; thence northwardly along the centerline of South Street to West High Street; thence westwardly along the centerline of West High Street to its intersection with the abandoned right-of-way of the Seaboard Coast Line Railway; thence northwardly along the centerline of said right-of-way to the Appomattox River, said river being the northern city limits of the City of Petersburg, Virginia; thence along the northern city limits to the point of beginning.

Sec. 38-122 – Definitions:

Qualified Tourism Business – a business that meets the following criteria:

- An existing business that makes a \$125,000-capital investment and creates five new full-time equivalent jobs; or
- A new business that makes a \$250,000 capital investment and creates ten new full-time equivalent jobs.

Tourism Business – a business whose primary purpose is to establish a desirable destination to attract tourists from outside of the community and create an environment for those visitors that will deliver a memorable experience or promote educational opportunities while increasing travel-related revenue. A new or existing Tourism Business may apply through the Department of Economic Development to become a Qualified Tourism Business. Tourism Businesses include: retail trade establishments, eating establishments, museums, bed and breakfasts, hotels, theaters, cultural art centers, health clubs/ fitness centers, conference centers, commercial parking garages, and commercial recreation centers.

Tourism Zone – a designated geographic area of a city or county identified for increased growth in tourism related businesses. There is one Tourism Zone in the City of Petersburg.

Sec. 38-123 – City of Petersburg Tourism Development Financing Program

Overview

The purpose of the City of Petersburg Tourism Development Financing Program (PTDFP) is to provide a gap financing mechanism authorized by Virginia Code §58.1-3851.1 for those qualifying tourism development projects identified as critical and which address specific critical tourism deficiencies. Projects receiving Tourism Development Financing must be located within the City of Petersburg Tourism Zone.

The goals of the PTDFP are to facilitate the establishment and growth of businesses that;

- (1) increase capital investment and create jobs.
- (2) increase the inventory of tourism-related businesses.
- (3) enhance public amenities, attractions, and revenue.

Legislative Authority

Pursuant to Virginia Code §58.1-3851, A. Any city, county, or town may establish, by ordinance, one or more tourism zones. Each locality may grant tax incentives and provide certain regulatory flexibility in a tourism zone. B. The tax incentives may be provided for up to 20 years and may include, but not be limited to (i) reduction of permit fees, (ii) reduction of user fees, and (iii) reduction of any type of gross receipts tax. The extent and duration of such incentive proposals shall conform to the requirements of the Constitutions of Virginia and of the United States.

Description

The City of Petersburg Tourism Development Financing Program (PTDFP) is a gap financing program used to fill a significant, local Deficiency in tourism product, visitor experience & spending. The Deficiency shall be identified in the City's current Tourism Plan or Comprehensive Development Plan. Tourism Deficiencies take into account local and regional product similarity, availability and proven visitor need.

For the City to invest in TDFP projects:

- There must be significant benefit to the City and to the existing tourism business community,
- There must be a significant increase in net new jobs, traveler spending and local tax revenue.
- Project Developers must secure and own all project and gap financing debt, prior to applying for PTDFP gap financing.
- There must be a documented need showing that the project could not move forward without the gap financing.
- The project must be a Qualified Business located within the City's Tourism Zone.
- The Project Developers must complete and submit all application documents, and then receive approval.
- There must be a fully executed Performance Agreement between the Developer and the City including but not limited to the project scope, budget, schedule and performance requirements.

Gap Financing

Petersburg Tourism Development Financing Program is a Gap Financing Program used to incentivize development in the City of Petersburg Tourism Zone. The gap financing may total up to twenty percent (20%) of the total project cost, not to exceed \$3 million.

Gap Financing Payments are to be made from City of Petersburg meals tax revenue and lodging tax revenue received from the project and paid through the Economic Development Authority to the gap financing debt service provider.

The term of the Gap financing shall not exceed a period of ten (10) years

Criteria

To qualify for the Petersburg Tourism Development Financing Program, projects must meet the following criteria:

- Be a certified and Qualified Tourism Business.
- Projects must be unique in concept and/or amenities and contribute to the goals of the City's Tourism Plan, Strategic Plan and Comprehensive Plan which include eliminating blight, attracting a critical mass, recruiting entrepreneurs, adding quality of life amenities, and driving tourism activity within the city of Petersburg.
- The project must comply with all City, State and Federal laws including but not limited to business licensure, historic preservation, zoning, and construction.
- The project development must comply with a performance agreement approved by the City and Economic Development Authority including investment, job creation, meals tax and lodging tax revenues, or other significant criteria.

Gap Financing Quarterly Payments

Once the project is completed and generating income, the Commissioner of the Revenue will perform a quarterly review of meals taxes and lodging taxes collected from the business's revenue that quarter. A total of 50% of the meals or lodging taxes collected is the amount the City may contribute to the Economic Development Authority as further described in a performance agreement to be used as a grant towards the loan payment for the project. These payments will be made on quarterly basis. Any outstanding balance owed for that quarter due to lack of revenue generated by the meals and lodging taxes, will be the sole responsibility of the borrower.

Term of Gap Financing

The term of the Gap Financing shall be for a period not to exceed ten (10) years. If at any time the business defaults on any measurement included in the performance agreement, the City may exercise the right to end the Gap Financing for that business. Following default, all payments of the meals and lodging taxes will cease, and the business will be responsible for any remaining debt service. Additional terms of the Gap Financing will be defined in the Performance Agreement between the Project Developer and the City of Petersburg. The Gap Financing may total up to twenty percent (20%) of the project total cost, not to exceed \$3 million.

COST TO CITY: Portion of Meals and Lodging Taxes paid to the debt services provider

BUDGETED ITEM:N/A

REVENUE TO CITY: Meals Taxes and Lodging Taxes

CITY COUNCIL HEARING DATE: 11/3/2021

CONSIDERATION BY OTHER GOVERNMENT ENTITIES: N/A

AFFECTED AGENCIES: City Manager, Economic Development, Commissioner of the Revenue

RELATIONSHIP TO EXISTING ORDINANCE OR RESOLUTION: 16-ORD-16

REQUIRED CHANGES TO WORK PROGRAMS: N/A

ATTACHMENTS:

1. Petersburg Tourism Financing Program Ordinance (Final)

**AN ORDINANCE TO AMEND AND RE-ADOPT CHAPTER 38 OF THE
PETERSBURG CITY CODE TO INCLUDE ARTICLE VI SECTIONS 38-120
THROUGH 38-125 FOR THE ESTABLISHMENT OF THE CITY OF PETERSBURG
TOURISM FINANCING PROGRAM**

WHEREAS, On February 16, 2016, City Council for the City of Petersburg established the Tourism Zone, 16-ORD-06; and

WHEREAS, The purpose of the Petersburg Tourism Zone is to facilitate the establishment and growth of businesses that (1) increase capital investment and create jobs, (2) increase the inventory of tourism-related businesses, and (3) enhance public amenities, attractions, and revenue; and

WHEREAS, Pursuant to Virginia Code §58.1-3851, “A. Any city, county, or town may establish, by ordinance, one or more tourism zones. Each locality may grant tax incentives and provide certain regulatory flexibility in a tourism zone. B. The tax incentives may be provided for up to 20 years and may include, but not be limited to (i) reduction of permit fees, (ii) reduction of user fees, and (iii) reduction of any type of gross receipts tax. The extent and duration of such incentive proposals shall conform to the requirements of the Constitutions of Virginia and of the United States”; and

WHEREAS, City Council believes that it would be in the best interests of the City for the City to create the City of Petersburg Tourism Financing Program to assist new and existing businesses to repay the gap financing service; and

WHEREAS, the Department of Economic Development has developed a detailed Administrative Policy for the Tourism Zone Incentive Repayment Assistance Program as outlined in the attached (**Exhibit A**); and

WHEREAS, it is the belief of City Council that the adoption of Article VI Sections 38-120 through 38-125 of the Petersburg City Code for the establishment of the City of Petersburg Tourism Finance Program is in the best interests of the City of Petersburg.

NOW therefore be it **ORDAINED** that the Administrative Procedures included in Exhibit A are hereby approved and authorized as if set forth fully herein; and

BE IT FURTHER ORDAINED that 16-Ord-06 is hereby rescinded and replaced with this Ordinance; and

BE IT FURTHER ORDAINED that the Petersburg City Code is hereby amended and re-adopted to include Article VI Sections 38-120 through 125 as follows:

CHAPTER 38

ARTICLE VI. – TOURISM ZONE

Sec. 38.120 – Creation of the Petersburg Tourism Zone

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- There must be a fully executed Performance Agreement for each project between the Developer and the City and Economic Development Authority including but not limited to the project scope, budget, schedule and performance requirements.

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Exhibit A

Overview

The purpose of the City of Petersburg Tourism Development Financing Program (PTDFP) is to provide a gap financing mechanism for those qualifying tourism development projects identified as critical and which address specific critical tourism deficiencies. Projects receiving Tourism Development Financing must be located within the City of Petersburg Tourism Zone.

The goals of the PTDFP are to facilitate the establishment and growth of businesses that;

- (4) increase capital investment and create jobs.
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- There must be a fully executed Performance Agreement between the Developer, the Economic Development Authority and the City including but not limited to the project scope, budget, schedule and performance requirements.

Definitions

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City of Petersburg

Ordinance, Resolution, and Agenda Request

DATE: November 3, 2021

TO: The Honorable Mayor and Members of City Council

THROUGH: Stuart Turille, City Manager

FROM: Tangela Innis

RE: **Consideration and discussion of the American Rescue Plan Act Appropriation (\$10,480,919.50).**

PURPOSE: Discussion and consideration about appropriating the American Rescue Plan Act funds.

REASON: The City Council approved at the September 27, 2021 City Council meeting the resolution for certain projects to be funded by the American Rescue Plan Act.

RECOMMENDATION: Recommend that Council accept and appropriate the ARPA funds to be spent in FY2021-22.

BACKGROUND: The City Council approved at the September 27, 2021 City Council meeting the resolution for certain projects to be funded by the American Rescue Plan Act. A public hearing was held about this item at the October 19, 2021 meeting.

COST TO CITY: N/A

BUDGETED ITEM: N/A

REVENUE TO CITY: N/A

CITY COUNCIL HEARING DATE: 11/3/2021

CONSIDERATION BY OTHER GOVERNMENT ENTITIES: N/A

AFFECTED AGENCIES: Citywide

RELATIONSHIP TO EXISTING ORDINANCE OR RESOLUTION: 21-R-83

REQUIRED CHANGES TO WORK PROGRAMS: N/A

ATTACHMENTS:

1. American Rescue Plan Appropriation Ordinance

**AN ORDINANCE, AS AMENDED, SAID ORDINANCE MAKING APPROPRIATION
FOR THE FISCAL YEAR COMMENCING ON JULY 1, 2021 & ENDING ON JUNE 30,
2022 IN THE AMERICAN RESCUE PLAN ACT FUND (Fund 210)**

BE IT ORDAINED by the City Council of the City of Petersburg, Virginia:

I. That appropriations for the fiscal year commencing July 1, 2021, and ending June 30, 2022, are made from the following resources and revenues anticipated for the fiscal year

Revenue:

Previously Appropriated	\$ 0.00
American Rescue Plan	\$10,480,919.50

Total Revenue	<u>\$10,480,919.50</u>
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II. That there shall be appropriated from the resources and revenues of the City of Petersburg for the fiscal year commencing July 1, 2021, and ending June 30, 2022, the following sums for the purposes mentioned:

Expenditures:

Previously Appropriated	\$ 0.00
Community Recovery Needs	\$520,000.00
Parks & Recreation Rehabilitation	\$250,000.00
Petersburg Library Foundation	\$269,000.00
Southside Depot Rehabilitation	\$1,364,035.00
Storm Drainage Projects	\$2,104,000.00
Wilcox Lake Dam Rehabilitation Design	\$90,000.00
Farmer Street Building Rehabilitation	\$1,271,352.00
Downtown Master Plan (Grant Match)	\$100,000.00
EDA Revolving Loan	\$2,250,000.00
Police Radios	\$98,551.00
EMS Equipment	\$262,848.00
EMS Fire Radios	\$226,134.00
Unallocated	\$1,674,999.50

Total Expenditures	<u>\$10,480,919.50</u>
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