



**City of Petersburg
Virginia**

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City Council

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

City Manager

Aretha R. Ferrell-Benavides

SPECIAL CITY COUNCIL MEETING AGENDA

**July 21, 2020
Live Stream
Petersburg, VA
9:30am**

- 1. Roll Call**
- 2. Consideration and discussion:**
 - a. Consideration of adoption of the Updated Financial Policy Guidelines by a resolution.
 - b. Presentation of the Final CAFR of FY18-FY19 and consideration of approval.
 - c. Consideration of a motion to approve an MOU with Historic Petersburg Foundation Regarding Renovation of the Exchange Building.
- 3. Adjournment**



City of Petersburg

Ordinance, Resolution, and Agenda Request

DATE: July 21, 2020

TO: The Honorable Mayor and Members of City Council

THROUGH: Aretha R. Ferrell-Benavides, City Manager

FROM: Robert A. Floyd, Director of Budget & Procurement

RE: **Consideration of Updated Financial Policy Guidelines**

PURPOSE: To consider updated Financial Policy Guidelines

REASON: Effective Financial Policy Guidelines contribute significantly to the City's ability to insulate itself from fiscal crisis, enhance short-term and long-term financial credit of the City by helping to achieve the highest credit and bond ratings possible, promote long-term financial stability, and provide City Council and the residents with a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines.

RECOMMENDATION: Recommend City Council approve the attached updated Financial Policy Guidelines.

BACKGROUND: This financial policy is a statement of guidelines and goals that will influence and guide the management practice of the City of Petersburg, Virginia. Financial Policy Guidelines that adopted, adhered to, and regularly reviewed are recognized as the cornerstone of sound financial management. These Financial Policy Guidelines were originally adopted in September 2014, and then amended in April 2017. The foundation of the Financial Policy Guidelines are the same as they have been previously, but since the City of Petersburg has been recovering from the fiscal crisis that it once faced, these Financial Policy Guidelines need to better reflect the fiscal environment that the City of Petersburg faces now and in the future.

COST TO CITY: N/A

BUDGETED ITEM: N/A

REVENUE TO CITY: N/A

CITY COUNCIL HEARING DATE: July 16, 2020

CONSIDERATION BY OTHER GOVERNMENT ENTITIES: None

AFFECTED AGENCIES: Budget & Procurement and Finance

RELATIONSHIP TO EXISTING ORDINANCE OR RESOLUTION: None

REQUIRED CHANGES TO WORK PROGRAMS: None

ATTACHMENTS: Financial Policy Guidelines

STAFF: Robert A. Floyd, Director of Budget & Procurement



CITY OF PETERSBURG, VA

FINANCIAL POLICY GUIDELINES

City of Petersburg, VA

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City of Petersburg, VA

1. FINANCIAL POLICY OBJECTIVES

This financial policy is a statement of the guidelines and goals that will influence and guide the management practice of City of Petersburg, Virginia. Financial Policy Guidelines that are adopted, adhered to, and regularly reviewed are recognized as the cornerstone of sound financial management. Effective financial policy guidelines:

- Contribute significantly to the City's ability to insulate itself from fiscal crisis.
- Enhance short-term and long-term financial credit of the City by helping to achieve the highest credit and bond ratings possible.
- Promote long-term financial stability by establishing clear and consistent guidelines.
- Direct attention to the total financial picture of the City rather than single issue areas.
- Promote the view of linking long-run financial planning with day to day operations.
- Provide the City Council and the citizens with a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines.
- Ensure that the organization has sufficient resources to perform mandated responsibilities.

While adherence to this policy is expected, the City understands that changes in the capital markets, City programs, or other unforeseen circumstances may from time to time produce situations that are not covered by this policy and will require modifications or exceptions to achieve the policy goals. In these cases, the City's management may act, provided specific authorization from the City Council is obtained. These Financial Policy Guidelines shall be reviewed at least every two years by the Fiscal Management Team, who shall in turn report their findings to the City Manager and City Council.



City of Petersburg, VA

2. BUDGET DEVELOPMENT POLICIES

Principles

- The budget development process will be a collaborative process to include residents, City Council, and staff.
- The City will strive to maintain diversified and stable revenue streams to protect the government from problematic fluctuations in any single revenue source and provide stability to ongoing services.
- The City will avoid dedicating revenue to a specific project or program because of the constraint this may place on flexibility in resource allocation except in instances where programs are expected to be self-sufficient or where revenue is dedicated to a program for statutory or policy reasons.
- The budget process will be coordinated in a way that major policy issues are identified for City Council several months prior to consideration of budget approval. This will allow adequate time for appropriate decisions and analysis of financial impacts.

Policies

- City Council shall adopt a balanced budget in accordance with all legal requirements.
- All operating budget appropriations shall lapse at the end of the fiscal year to the extent that they are not expended or encumbered.
- The budget shall be adopted by the favorable vote of a majority of members of City Council.
- The Vision and priorities established by City Council as well as the Strategic Plan will serve as the framework for the budget proposed by the City Manager.
- Current revenues will fund current expenditures. One-time or other special revenues will not be used to finance continuing City operations but instead will be used for funding special projects.
- The City will pursue an aggressive policy seeking the collection of delinquent real estate, utility, licenses, permits and other taxes and fees due to the City via the utilization of third-party collection agencies.
- The City will prepare and annually update a long range (5 year) financial forecast model utilizing trend indicators and projections of annual operating revenue, expenditures, capital improvements with related debt service and operating costs, and fund balance levels.
- Expenditure and revenue projections will be developed monthly and reviewed with Departmental Directors, the City Manager, and City Council. The City Manager, through the Budget Department, will exercise appropriate fiscal management as necessary to live within the limits of the adopted budget.



City of Petersburg, VA

Process

- The City Manager must annually prepare and present a Proposed Budget for City Council review no later than April 1st. The Proposed Budget shall serve as a financial plan for the upcoming fiscal year and shall contain the following information.
 1. A budget message that outlines the proposed revenue and expenditures for the upcoming fiscal year together with an explanation of any major changes from the previous fiscal year. The budget message should also include any proposals for major changes in financial policy.
 2. Charts indicating the major revenues and expenditures in each major fund (General, Utilities, Grants, CDBG, Streets, Stormwater, Golf, Transit) as well as changes in fund balance for all funds.
 3. Summaries of proposed expenditures for all funds proposed to be expended in a fiscal year.
 4. A schedule of estimated requirements for the principal and interest of each bond issue.
 5. A three-year history of revenues and expenditures to include the prior year actual, current year adopted, revised, and proposed budgets for each major fund.
- The City Council shall hold a public hearing on the budget submitted by the City Manager for interested citizens to be given an opportunity to be heard on issues related to the proposed budget, including the Capital Improvement Plan.
- Following the public hearing on the Proposed Budget, City Council may make adjustments. The City Council can only make recommended changes that keep the budget in balance and that are Adopted with at least four members of City Council's prior approval.
 - In instances where City Council increases the total proposed expenditures, it shall also identify a source of funding at least equal to the proposed expenditures.



City of Petersburg, VA

3. CAPITAL IMPROVEMENT POLICIES

The City will develop a five-year Capital Improvement Plan which will serve as the basis for planning and prioritizing the City's capital improvement needs based on affordability and compliance with Debt and Reserve Policies. The Capital Improvement Plan will only include projects with identified and known realistic funding sources. The City will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted for approval.

1. The City will consider all capital improvements in accordance with an adopted Capital Improvement Plan.
2. The City, in consultation with the City of Petersburg Public School System, will develop a five-year Capital Improvement Plan that includes funding sources and uses and review and update the plan annually.
3. The City will enact an Annual Capital Budget based on the five-year Capital Improvement Plan. The first year of the Capital Improvement Plan will be used as the basis for the Annual Capital Budget.
4. The City will coordinate development of the Annual capital Budget with development of the operating budget. Future operating costs associated with new capital improvements will be projected and included in operating budget forecasts.
5. The City will maintain all its assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs.
6. The City will project its equipment replacement and maintenance needs in conjunction with the five- year Capital Improvement Plan and will develop a maintenance and replacement schedule to be followed.
7. The City will attempt to determine the least costly and most flexible financing method for all new projects.
8. Upon reaching the Minimum Initial Target of the Unassigned Fund Balance, the City shall budget \$500,000 toward the Fund Balance Replenishment and \$500,000 to fund Pay-Go Capital Projects.



City of Petersburg, VA

4. DEBT POLICIES

The City will take on, manage and repay debt according to the following debt policies:

1. The City will confine long-term borrowing to capital improvement or projects that cannot be financed from current revenues except where approved justification is provided.
2. When the City finances capital improvements or other projects by issuing bonds or entering into capital leases, it will repay the debt within a period not to exceed the expected useful life of the project. Target debt ratios will be annually calculated and included in the review of financial trends.
3. Direct Net Debt as a percentage of estimated market value of all taxable property shall not exceed 4.5%. Direct Net Debt is defined as any and all debt that is tax-supported. This ratio will be measured annually.
4. The ratio of Direct Net Debt Service expenditures as a percent of Total Governmental Fund Expenditures should not exceed 10%. Direct Net Debt Service is defined as any and all debt service that is tax-supported. Utility Fund debt service that is self-supporting shall be excluded. Total Governmental Fund Expenditures includes the General Fund and School Component Unit Expenditures less the local government transfer. This ratio will be measured annually.
5. Payout of aggregate outstanding tax-supported Direct Net Debt principal shall be no less than 50% repaid in 10 years.
6. The City recognizes the importance of underlying and overlapping debt in analyzing financial condition. The City will regularly analyze total indebtedness including underlying and overlapping debt.
7. Where feasible, the City will explore the usage of special assessment, revenue, or other self-supporting bonds instead of general obligation bonds.
8. The City will retire tax anticipation debt and revenue anticipation debt, if any, annually.



City of Petersburg, VA

5. RESERVE POLICIES

The City believes that sound financial management principles always require that sufficient funds be retained by the City to provide a stable financial base. To retain this stable financial base, the City needs to maintain fund balance reserves sufficient to fund all cash flows of the City, to provide financial reserves for unanticipated or emergency expenditures and/or revenue shortfalls, and to provide funds for all existing encumbrances. The purpose of this policy is to specify the composition of the City's financial reserves, set minimum levels for certain reserve balances, and to identify certain requirements for replenishing any fund balance reserves utilized.

1. Fund Balance Categories: For documentation of the City's fund balance position, communication with interested parties and general understanding, a clear and consistent system of classification of the components of the City's fund balances is necessary. The City's reporting and communication relating to fund balance reserves will utilize the classifications outlined in generally accepted accounting principles (GAAP). GAAP dictates the following hierarchical fund balance classification structure based primarily on the extent to which the City is restricted in its use of resources.
 - a. Non-spendable Fund Balance: These are fund balance amounts that are not in a readily spendable form, such as inventories or prepayments, or trust or endowment funds where the balance must remain intact.
 - b. Restricted Fund Balance: These are amounts that have constraints placed on their use for a specific purpose by external sources such as creditors, or legal or constitutional provisions.
 - c. Committed Fund Balances: These amounts are designated for a specific purpose or constraints have been placed on the resources by City Council. Amounts within this category require City Council action to commit or to release the funds from their commitment.
 - d. Assigned Fund Balances: These are amounts set aside with the intent that they be used for specific purposes. The expression of intent can be by City Council and requires City Council action to remove the constraint on the resources.



City of Petersburg, VA

- e. Unassigned Fund Balances: These are amounts not included in the previously defined categories. The City General Fund is the only fund that should report a positive Unassigned Fund Balance. Amounts in this classification represent balances available for appropriation at the discretion of City Council. However, City Council recognizes that the Unassigned Fund Balance needs to be sufficient and comprised of liquid cash and investments to meet the City's cyclical cash flow requirements and allow the City to avoid the need for short term tax anticipation borrowing. The Unassigned Fund Balance should also allow for a margin of safety against unforeseen expenditures that could include, but not be limited to, natural disasters, severe economic downturns, and economic development opportunities. Unassigned Fund Balance shall not be used for annual recurring expenditures, except for unforeseen emergency circumstances. The City shall have a Minimum Initial Target unassigned fund balance that represents 30 days of its general fund operating expenditures. This will include the City budgeting \$1,000,000 annually toward the Unassigned Fund Balance. Upon reaching the Minimum Initial Target the City shall budget \$500,000 toward the Fund Balance Replenishment and \$500,000 to fund Pay-Go Capital Projects.

Within three years following the City meeting the Minimum Initial Target, the City shall increase the Unassigned Fund Balance to a balance that represents 60 days of its general fund operating expenditures.

To the extent that the City has any remaining operating surplus after all expenditures (including the Annual Budgeted Amount) have been satisfied, the City shall apply at a minimum 75% of such remaining operating surplus to further accelerate the build- up of the Unassigned Fund Balance.



City of Petersburg, VA

City Council recognizes that if amounts above the 10% Policy Goal exist, City Council could contemplate strategically utilizing these amounts, if appropriate. However, City Council also recognizes that maintaining an Unassigned Fund Balance above the minimum policy level may be beneficial to the overall wellbeing of the City. Should any amounts above the 10% policy exist they should only be appropriated for non-recurring expenditures as they represent prior year surpluses that may or may not materialize in subsequent fiscal years. Amounts above the 10% policy minimum could be used for the following purposes (listed in order of priority):

- i. Increase Restricted Fund Balances as necessary.
 - ii. Fund an additional reserve for use during an emergency or during periods of economic uncertainty or budget adversity. Such additional reserves shall be determined by City Council.
 - iii. Allocating such amounts toward equity funding of the Capital Improvement Plan or transfer to the Capital Improvement Fund.
2. **Prioritization of Fund Balances:** As indicated, the fund balance classifications outlined above are based on the level of restriction. In the event expenditures qualify for disbursement from more than one fund balance category, it shall be the policy of City of Petersburg that the most constrained or limited fund balance available will be used first. Unassigned fund balance will be used last.
3. **Accounting for Encumbrances:** Amounts set aside for encumbered purchase orders may be either restricted, committed or assigned fund balance depending upon the resources to be used to fund the purchases. Amounts set aside for encumbrances may not be classified as unassigned since the creation of an encumbrance signifies a specific purpose for the use of the funds.
4. **Replenishment of the Unassigned Fund Balance:** Upon the use of any Unassigned Fund Balance, which causes such fund balance to fall below either the Policy Goal and/or Minimum Initial Target levels, City Council must approve and adopt a plan to restore amounts used within 24 months. If restoration of the reserve cannot be accomplished within such period without severe hardship to the City, then the City Council will establish a different time period.

A RESOLUTION ADOPTING CITY FINANCIAL POLICIES.

BE IT RESOLVED, by the City Council of the City of Petersburg, that the following financial policies are adopted to provide guidance on financial management matters of the City:

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Council recognizes that the Unassigned Fund Balance needs to be sufficient and comprised of liquid cash and investments to meet the City's cyclical cash flow requirements and allow the City to avoid the need for short term tax anticipation borrowing. The Unassigned Fund Balance should also allow for a margin of safety against unforeseen expenditures that could include, but not be limited to, natural disasters, severe economic downturns, and economic development opportunities. Unassigned Fund Balance shall not be used for annual recurring expenditures, except for unforeseen emergency circumstances. The City shall have a Minimum Initial Target unassigned fund balance that represents 30 days of its general fund operating expenditures. This will include the City budgeting \$1,000,000 annually toward the Unassigned Fund Balance. Upon reaching the Minimum Initial Target the City shall budget \$500,000 toward the Fund Balance Replenishment and \$500,000 to fund Pay-Go Capital Projects.

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iii. Allocating such amounts toward equity funding of the Capital Improvement Plan or transfer to the Capital Improvement Fund.

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Financial Status Report Focus on City Reserves

City of Petersburg, Virginia



July 21, 2020



Topics to be Addressed

- Background.
- Why Unassigned Fund Balance (or “Reserves”) Matters.
- History of the City of Petersburg’s Unassigned Fund Balance (Reserve) levels.
- Staff Recommended Policy
- Fund Balance Comparatives.
- Credit Rating Agency/GFOA Commentary.
- Next Steps.



Background

- The City of Petersburg (The “City”) established a series of Financial Policy Guidelines which included Unassigned Fund Balance (or “Reserve”) levels in 2014.
- Certain of these policies in particular, Unassigned Fund Balance (Reserve) levels were not adhered to in the subsequent years until FY2017.
- The policies also called for a structurally balanced budget wherein recurring revenues are sufficient to meet all recurring expenditures.
- Over the past 3 years, the City fiscal health has rebounded and as such Unassigned Fund Balance (Reserve) levels have dramatically improved.
- Under the current administration the City has had 2 Credit Rating Upgrades with the goal of additional upgrades to come.
- As discussed further herein, the City is proposing certain enhancements to strengthen its Unassigned Fund Balance (Reserve) levels so that its Credit Rating will continue to improve.



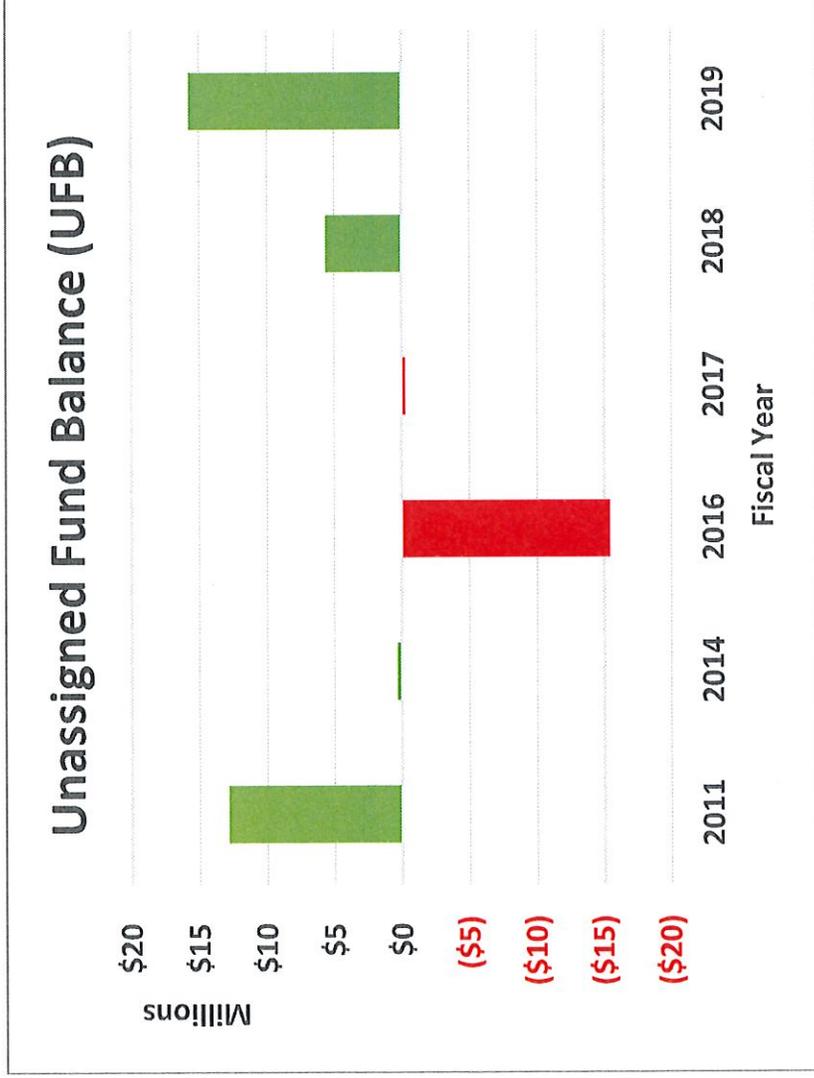
Why Unassigned Fund Balance Matters

- Allows the City to avoid Tax Anticipation Notes (“TANs”) /Revenue Anticipation Notes (“RANs”), which are costly.
- Enables the City to earn interest income, which helps the General Fund and alleviates pressure on tax rate(s).
- Serves as the single most important factor for credit ratings.
- Enables the City to borrow at lower interest rates, which in turn, provides for lower debt service and potential refunding opportunities for debt service savings.
- Excess Unassigned Fund Balance can be used for one-time capital investment and economic development purposes.



History of Petersburg's Unassigned Fund Balance

Over the past 3 years, the City fiscal health has rebounded and as such Unassigned Fund Balance (Reserve) levels have dramatically improved.



FY	UFB Amount (\$mil)	UFB % of Expenditures	S&P Credit Rating
2011	\$6.4	7.9%	A+
2014	\$0.2	0.2%	BBB
2016	(\$7.7)	(10.8%)	BB
2017	(\$0.1)	(0.2%)	BB
2018	\$2.8	3.8%	BB+
2019	\$7.9	10.3%	BBB-



Existing Unassigned Fund Balance Policy

- Key Tenets - Unassigned Fund Balance shall:
 - Be comprised of liquid cash and investments.
 - Consist of a sufficient amount to meet the City’s cash flow needs and allow the City to avoid the use of TANs/RANs (i.e. cash flow borrowing).
 - Allow for a margin of safety against unforeseen expenditures.
 - Not be used for annual recurring expenditures, except in the event of unforeseen emergency circumstances.
- Existing Unassigned Fund Balance target level/approach to funding:
 - The City shall target an Annual Budgeted Amount of a minimum of \$750,000 each year toward rebuilding the Unassigned Fund Balance until it reaches an amount that is sufficient to eliminate the need for annual RANs (the “Minimum Initial Target”).
 - To the extent the City has additional operating surplus after all expenditures and the Annual Budgeted Amount, the City shall apply a minimum of 50% toward the Unassigned Fund Balance.
 - After the Minimum Initial Target is reached, the City shall plan to increase Unassigned Fund Balance so that it is not less than 10% of its General Fund and School Component Unit Operating Expenditures.

Staff Recommended Unassigned Fund Balance Policy



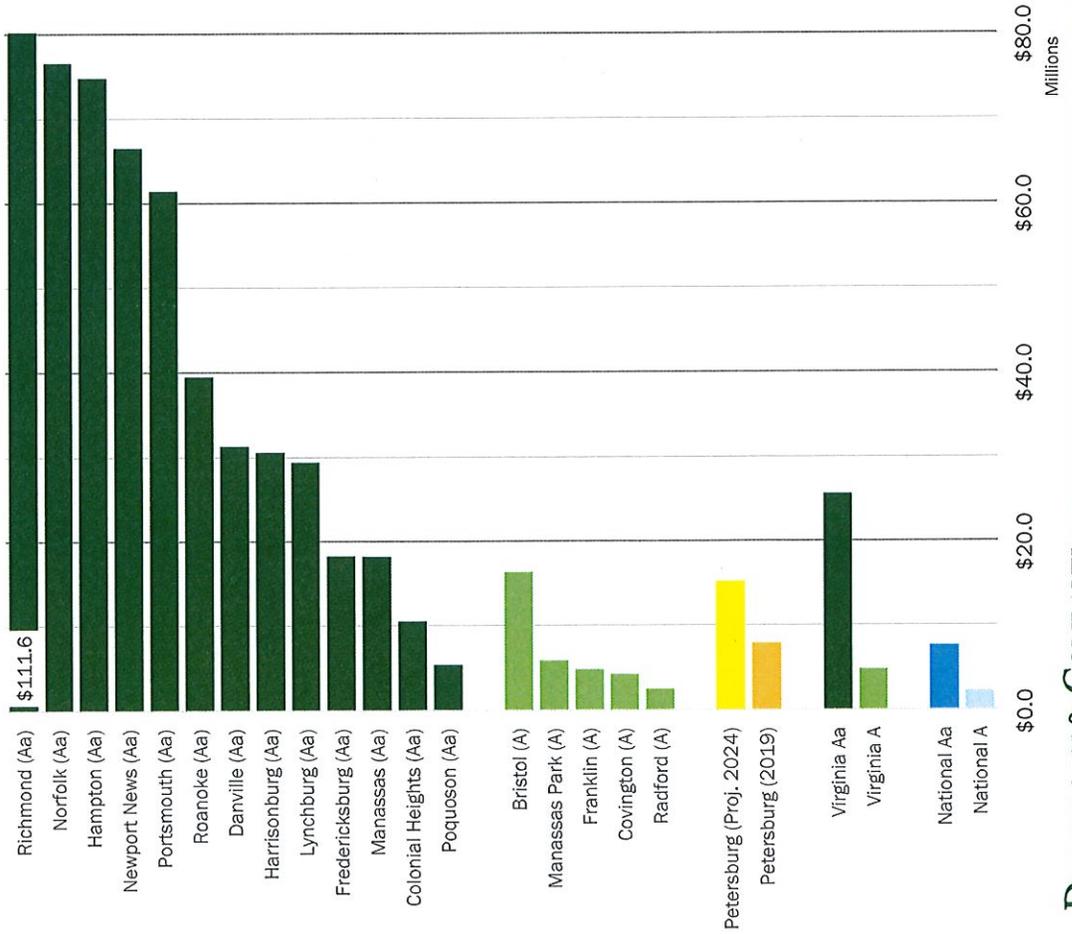
- Staff Recommended Unassigned Fund Balance target level/approach to funding:
 - The City shall have a Minimum Initial Target Unassigned Fund Balance that represents 30 days of its General Fund Operating Expenditures.
 - The budget will include \$1 Million annually toward the Unassigned Fund Balance; Upon reaching the Minimum Initial Target the City shall budget \$500,000 toward Fund Balance Replenishment and \$500,000 toward Pay-Go Capital Projects.
 - Within 3 years following the City meeting the Minimum Initial Target, the City shall increase the Unassigned Fund Balance to a level that represents 60 days of its General Fund Operating Expenditures.



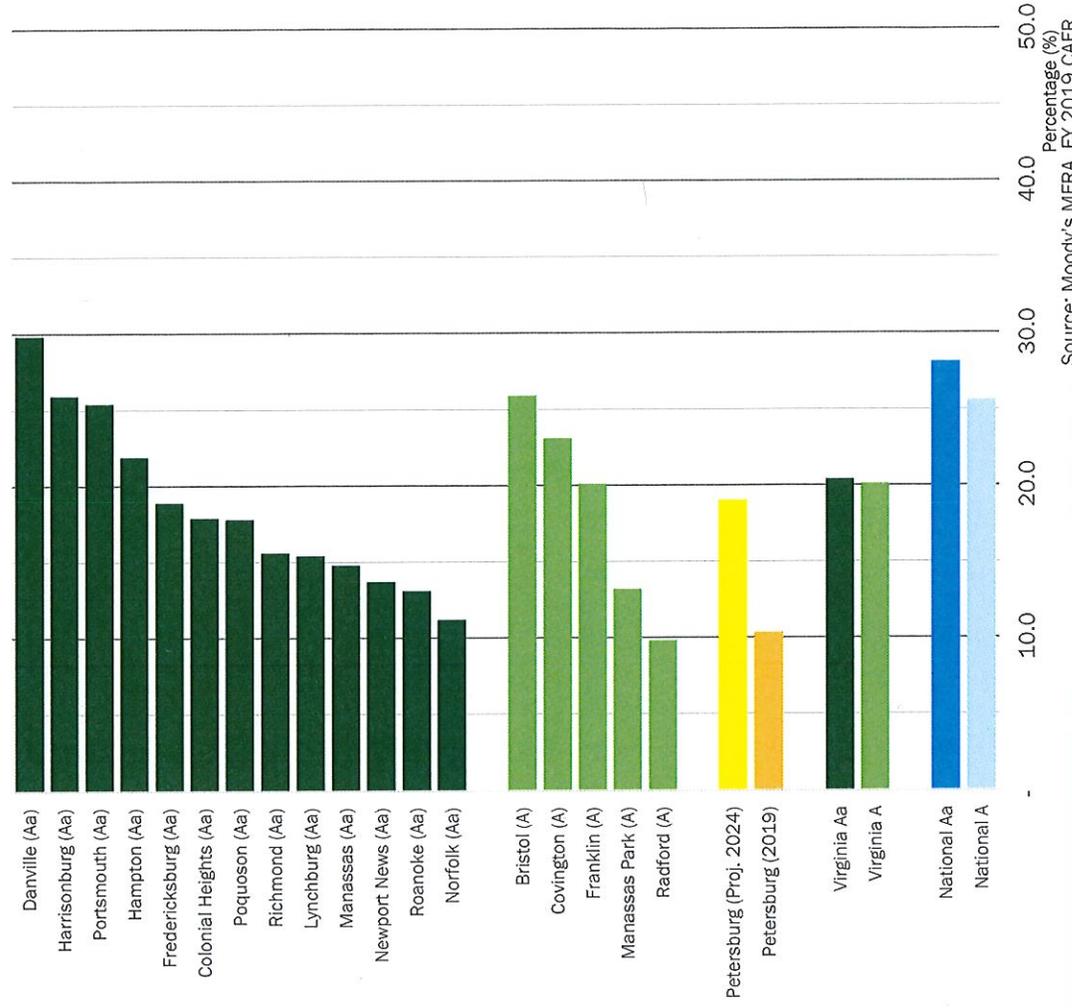
Peer Comparison | Unassigned Fund Balance

The City's FY 2019 and Projected FY 2024 Unassigned Fund Balance levels are compared with selected "Aa" and "A" rated cities below.

Unassigned Fund Balance (\$)



Unassigned Fund Balance as a % of General Fund Revenues



Rating Agency Methodology | Moody's



Moody's Rating Methodology

Category	Rating Percentage	Short-Term Control	Long Term Control
1. Economy / Tax Base	30%		✓
2. Finances	30%	✓	✓
3. Management	20%	✓	✓
4. Debt / Pensions	20%	✓	✓

- Finances (i.e. Fund/Cash Balances and trends) is the single most important criteria from the Credit Rating Agency's perspective and comprise 30% of the credit rating evaluation.



Rating Agency Methodology Updates | S&P

S&P Rating Methodology

Category	Rating Percentage	Short-Term Control	Long Term Control
1. Institutional Framework	10%		✓
2. Economy	30%		✓
3. Management	20%	✓	✓
4. Budgetary Flexibility	10%	✓	✓
5. Budgetary Performance	10%	✓	✓
6. Liquidity	10%	✓	✓
7. Debt and Contingent Liabilities	10%	✓	✓

- Budgetary Flexibility/Liquidity (i.e. Fund/Cash Balances) are collectively 20% of the credit rating evaluation and are critical factors from the Credit Rating Agency’s perspective.



GFOA Commentary on Fund Balance (Reserves)

- GFOA recommends that governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund.
- The adequacy of unrestricted fund balance in the general fund should be assessed based upon a government's own specific circumstances.
- GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.
- **Furthermore, a government's particular situation often may require a level of unrestricted fund balance in the general fund significantly in excess of this recommended minimum level.**
 - Such measures should be applied within the context of long-term forecasting.

Next Steps

- City Council approval of revised formal Financial Policy Guidelines.
- City and Davenport to work toward implementing RAN, including evaluation of cash flow projections and estimated RAN size, with the goal of RAN funding by October 2020.
- City and Davenport to continue evaluation of the Utility Enterprise Fund to include an updated recommendation for the Utility's capital funding needs.
- Heading into the 2nd half of FY 2021, provide a strategic recommendation for capital expenditures and a borrowing strategy with necessary user rates and charges so as to maintain the self-supporting operations of the Utility Enterprise Fund in keeping with industry-wide "Best Practices".



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City of Petersburg

Ordinance, Resolution, and Agenda Request

DATE: July 21, 2020

TO: The Honorable Mayor and Members of City Council

THROUGH: Anthony C. Williams, City Attorney

FROM: Mayor Samuel Parham

RE: Motion to Authorize Execution of an MOU with Historic Petersburg Foundation the Renovation of the Exchange Building

PURPOSE: To authorize the execution of an MOU with Historic Petersburg Foundation concerning the Renovation of the Exchange Building

REASON: To authorize the execution of an MOU with Historic Petersburg Foundation concerning the Renovation of the Exchange Building.

RECOMMENDATION: Approve Motion to Authorize execution of the MOU.

BACKGROUND: The Historic Petersburg Foundation previously received a grant in the amount of \$350,000 to which a matching grant in the amount of \$300,000 proposed for use in the renovation of the Exchange Building owned by the City of Petersburg. While the City was not able to commit to a cash match of \$50,000, the Manager has indicated that capital improvements to the facility and other non-monetary contributions toward the renovations are included in previously budgeted funds and may be used to satisfy the requirement. Council previously passed a Resolution supporting the renovation and authorized an operational MOU with Preservation Petersburg Task Force. This MOU will allow HPF to proceed with the renovation efforts.

COST TO CITY: NA

BUDGETED ITEM: NA

REVENUE TO CITY: UNK

CITY COUNCIL HEARING DATE: N/A

CONSIDERATION BY OTHER GOVERNMENT ENTITIES: N/A

AFFECTED AGENCIES: Tourism

RELATIONSHIP TO EXISTING ORDINANCE OR RESOLUTION:

REQUIRED CHANGES TO WORK PROGRAMS:

ATTACHMENTS: MOU

STAFF: Anthony C. Williams, City Attorney

MEMORANDUM OF UNDERSTANDING
City of Petersburg and
The Historic Petersburg Foundation, Inc.

This Memorandum of Understanding ("MOU") dated July 15, 2020 is Entered into by the City of Petersburg and The Historic Petersburg Foundation and is the entire agreement between them regarding the matters described herein, except as may be modified by subsequent written addendum to this MOU signed by both parties.

I. Background

- A. At all times herein mentioned, the Historic Petersburg Foundation, Inc. ("HPF") was and remains a non-profit, non-stock corporation formed and operating under the laws of the Commonwealth of Virginia, with its principal office location being 318 East Washington Street, Petersburg, VA 23803. HPF is a 501 (c)3 organization under the Internal Revenue Code and has adopted an organizational structure that allows for the preservation and promotion of Petersburg's historic building and neighborhoods, as well as interpretive and educational activities relating thereto, and the raising of funds for such purposes.
- B. At all times herein mentioned, the City of Petersburg ("the City") was and remains a municipal corporation formed and operating under the laws of the Commonwealth of Virginia.
- C. The City is the owner of certain historic buildings located within the City. These properties include the Exchange Building, a registered National Historic Landmark building situated on Bank Street.
- D. HPF was awarded a preservation grant under the Saving America's Treasures program administered by the National Park Service in the amount of \$350,000. HPF was awarded a grant from the Cameron Foundation in the amount of \$300,000 to match the Federal grant. These grants are intended for the sole purpose of preservation measures intended to benefit the Exchange Building and the City of Petersburg. The City's contribution to this project pursuant to Section 4.1 of the Project Plan shall consist of in kind capital improvements to the facility, not a cash contribution.
- E. HPF and the City wish to enter into this MOU for the purpose of allowing HPF to undertake the restoration project defined by the scope of the grant, a copy of which is attached hereto as Addendum A.
- F. The terms of the MOU are set forth below.

II. PURPOSE OF THIS MOU

- A. For a three year period beginning June 1, 2020 and ending May 31, 2023, HPF is authorized by the City and hereby agrees to undertake the preservation project as described in the scope as attached to this agreement**
- B. HPF further agrees to provide at its own expense the personnel and staff engaged by HPF to undertake, supervise and otherwise monitor the project.**
- C. HPF acknowledges that the City and the Petersburg Preservation Task Force have entered into an agreement dated July 16, 2019 describing and allowing public visitation at the property. In the course of this project, HPF will make every reasonable effort not to interfere with the scheduled opening of the building for interpretive and public visitation. When the safety of City staff or volunteers, or the visiting public, might be adversely affected, HPF will provide no less than 48 hours notice of such interruption to normal operations.**
- D. Any damage to the property as a result of any act or omission of HPF, its employees, agents, and assigns, shall be repaired to the reasonable satisfaction of the City and at the sole expense of HPF. If HPF fails to make such repairs, the City may cause them to be made at the expense of HPF to the extent they are not insured.**
- E. No modifications or repairs to the Property, outside of the scope of the project as outlined in the attachment to this agreement, shall be permitted without the prior written authorization of the City.**
- F. All plans, drawings, specifications and other construction or research documents produced as a result of this project shall become the property of the City of Petersburg. HPF retains the right to hold copies of research documents relating to the history of the building developed as a result of this project for its own archives. All original documents shall be turned over to the City.**
- G. HPF shall provide to the City copies of quarterly financial reports on the progress of the project as submitted to the National Park Service and the Cameron Foundation.**

- H. Under no circumstances shall HPF submit any grant request for additional funds for this project, or any additional preservation project on the property, without the prior written consent of the City.

III. LIAISON WITH CITY STAFF

- A. HPF's primary points of contact with the City regarding the matters described in this MOU shall be the Deputy City Manager – Development and the Preservation Planner

IV. TERMINATION

- A. It is the intent of each party to continue this agreement through to completion of the stated goals. Each party commits to all reasonable efforts to resolve any disputes arising under this MOU.
- B. Either party may terminate this MOU with or without cause upon ninety (90) days written notice to the other party. Such notice may be sent by certified mail, return receipt requested. Said notices shall be sent to the following addresses:

If to the City:

CITY OF PETERSBURG, VIRGINIA
Attn: City Manager (with copy to City Attorney)
135 N. Union Street
Petersburg, VA 23803

If to HPF

HISTORIC PETERSBURG FOUNDATION
318 East Washington Street
PO Box 691
Petersburg, VA 23804

- C. Upon termination in accordance with this Section, neither party shall have any further obligations to the other with regard to this MOU.

V. MISCELLANEOUS

- A. This document represents the entire agreement between the parties regarding the matters described herein.

- B. This MOU will be governed by and construed according to the laws of the Commonwealth of Virginia.
- C. Any dispute concerning the performance or non-performance of any term of this MOU shall be litigated solely in the Circuit Court for the City of Petersburg.
- D. Prior to the commencement of this MOU, HPF has produced certificates of liability insurance relating to the property ad activities described herein, in a form and amount satisfactory to the City's Risk Manager, naming the City as an additional insured.
- E. Nothing in this MOU shall be construed to create an employment relationship between HPF and the City. At all times herein mentioned, the City and HPF shall remain separate legal entities that shall be solely responsible for the acts and omissions of their respective employees, agents, and assigns.

By signing this MOU, the undersigned represent that they have the authority to bind and do hereby bind their respective entities to the terms of this MOU.

City of Petersburg, Virginia

By: Aretha Ferrell-Benavides, City Manager

Date

Approved as to form.

By: Anthony C. Williams, City Attorney

Date

Historic Petersburg Foundation, Inc.

By: Louis J. Malon, President

Date