



City of Petersburg American Rescue Plan Application

Background:

On March 11, 2021, the President of the United States signed into law the American Rescue Plan Act (ARPA) to provide continued relief from the impact of the COVID-19 pandemic; and approximately \$350 billion of The ARPA funding was allotted to assist state, local, tribal, and territory governments in responding to the coronavirus pandemic; and Sections 602(b) and 603(b) of the Social Security Act as added by section 9901 of the American Rescue Plan Act, Pub. L No. 117-2 (March 11, 2021) authorized the Department of the Treasury to make payments to certain recipients from the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund, and such funds are to be use in accordance with the guidelines of the plan summarized below:

Eligible Categories:

- A. to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- B. to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the metropolitan city that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;
- C. for the provision of government services to the extent of the reduction in revenue of such metropolitan city due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the metropolitan city; or
- D. to make necessary investment in water, sewer, or broadband infrastructure.

The City of Petersburg will be receiving \$20,961,839 over the next two years as part of the American Rescue Plan Act. The first tranche of funding was received, and the second tranche will be received in 2022.

How to Apply:

In order to receive funding from the City of Petersburg, if you are an organization or business, you must complete this application and send it to ARPAcommittee@petersburg-va.org. If you are an individual or household send to arparelieff@petersburg-va.org. Funds are one-time and not intended to replace normal social services benefits or eligibility; apply directly to the Department of Social Services for those. All applications will be reviewed through the City of Petersburg ARPA Leadership Committee and if deemed eligible will be taken before City Council as recommended projects/programs for funding. **Deadline: August 30, 2021 at 5pm.**

Compliance

All projects/programs that are awarded funding will be subject to **Federal/State/Local auditing** to ensure the funds provided are expended for the purposes outlined in the application. Furthermore, there will be quarterly reporting from every agency/organization that receives funding.

****Due to limited resources, and the large number of applications anticipated, requests will be reviewed and scrutinized by the ARPA Committee. The larger your request, the more it will be subject to partial approval; for large projects the applicant will need to provide sources of gap funding. IF THE AMOUNT REQUESTED IS TOO LARGE THE REQUEST RISKS A LOWER RANKING, ELIMINATION, OR PARTIAL REDUCTION. REQUESTS REQUIRE FULL JUSTIFICATION OF AMOUNTS.**



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By signing you acknowledge that these funds are subject to Federal, State, and Local auditing and will require quarterly reporting.

Submit a WORD document with answers to the following questions; attach supporting documentation. You must answer each question. Use as much space as needed (you can enlarge space), but please be SUCCINCT. Too much information will delay review.

REQUESTED BY:

Economic Development Authority

Name/Organization:

Representative: Samuel Rhue

Address: 135 N Union St, Petersburg, VA 23803

Contact Phone Number: 804-931-9483

Email Address: rhue2@verizon.net

Project/Proposal Name: EDA Revolving Loan Fund

1. Statement of Need (describe in detail the use of the funding):

The Petersburg Economic Development Authority (EDA) approved the formation of a Gap Financing Revolving Loan Fund (RLF) at its May 20, 2021 meeting. The RLF is needed to provide gap financing for large, catalytic projects that will further the goals of the Strategic Plan. While the EDA is looking at external sources of seed capital for the RLF, City funds are immediately necessary to ensure that the EDA can provide gap financing in a timely manner to assist with COVID recovery and resiliency.

Gap financing is necessary for many large projects to attract primary and bridge funding and begin construction.

An example of such a project is The Hotel Petersburg, a ~\$16,000,000 historic rehab project that will result in the reopening of a landmark boutique hotel attraction in the heart of Petersburg’s historic commercial district. The hotel will provide roughly 50 FT and 30 additional PT positions, as well as reduce blight, create foot traffic in the area and attract visitors to Petersburg.

However, the current financing situation, as is normal for projects such as this, has a gap of roughly \$1.8 - \$2.4 million. Seeding the EDA’s RLF will allow the project to begin quickly, while also preserving the funds for future economic development use as the loan is repaid.

Seeding the EDA’s

2. What category of eligibility, mentioned above, does your project/proposal fall under (A, B,C or D)? Explain how your project/proposal aligns with this category:

The EDA Revolving Loan Fund requests fits in Category A, as it will strengthen the City’s **Hospitality, Tourism and Restaurant** industries, as well as Category C, as these projects will help increase City Tax Revenues.



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3. Total amount of funding requested. How much will this project/proposal cost? Provide as much detail as possible; include quotes. Will you need other contributions to complete the project? Do you have commitments from other funding sources? Will the funds enable you to complete your project, or act as seed money only?

The \$2,500,000 request will be deposited as Seed Capital for the EDA's Revolving Loan Fund to be used for the purposes of the Revolving Loan Fund as described in the Revolving Loan Fund document as approved May 20, 2021 and attached. These funds can be immediately used to fill the gap in a financing stack for a project that will serve the community's lack of hospitality options, and allow for investment in other small businesses.

4. If you are an individual or household, how were you impacted negatively by the pandemic? Include documentation of lost income or wages:

N/A – However, COVID related supply chain disruptions have increased the cost of construction by approximately 20%.

5. For projects, provide a schedule with a completion date and phases, including when the project will start and complete; for phased projects, show the breakdown of the funds needed for each phase:

Out of the \$2,500,000 request, we expect \$2,000,000 to be allocated in the first 90 days and the balance to be available for additional projects over the next 12 months.

6. If this is a City of Petersburg governmental internal request explain how this project/program aligns with the City of Petersburg's [Strategic Plan](#), or urgent capital or operational needs:

This project/program aligns with parts of all Four of the identified Goals:

1 – *Economic Development*: Meets all three of the Objectives: Foster Commercial and Retail Development; Strengthen Petersburg's Workforce; Diversify and Broaden City's Tax Base.

Meets the following identified Strategies: Downtown Revitalization; Commercial Development; Industry cluster (Hospitality/Tourism); Partnering with other Organizations (EDA) to assess needs and provide solutions; Job Development for underemployed and lower-skilled workers; OJT partnerships with local businesses; Transfer City Owned Property to Private investors; Create Incentive Packets and Programs.

2 – *Neighborhood Vitality*: Meets the Objective of Preventing Blight and Deterioration.

3 – *Good Governance*: Meets Objective 2 - Demonstrate Collaborative Leadership and #3 – Provide Responsible Fiscal Management

Meets the following identified Strategies: Develop policies utilizing Best Practices (Revolving Loan Fund); Improve and Increase inter-departmental communication and collaboration; Strengthen Relationships with Local, State, and Federal entities (DHCD; EDA); Effective Establishment of City Boards and Commissions (EDA); Establish and Maintain effective working relationships between City Council, City Manager, and City Staff; Explore Strategies to increase revenue. Also – unstated Strategy to preserve windfall for both immediate and future use.

4 – *Celebrate Petersburg*: Meets all three of the Objectives: Increase Tourism; Preserve Petersburg's Historic Infrastructure; Develop Community Pride in Petersburg.

Meets the following Identified Strategies: Strengthen local, regional, state, and federal partnerships; Seek grant funding (IRF application); Complete assessment of all historic buildings; Ensure maintenance of privately owned historic buildings; Seek alternative fund sources for historic preservation; Strengthen public-private partnerships.



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7. What is the long-term benefit to the overall community of Petersburg?

The long-term benefits are manifold. Initially, the project will eliminate blight and putting derelict buildings back to productive use. This will increase the value of surrounding properties and provide security for financing nearby projects. A successful rehab project will attract additional investment in surrounding areas.

Ex: A hotel will allow for visiting artists and performers to stay in Petersburg, making it easier for local promoters and event holders to attract more talent. This will result in more performances and, ergo, more visitors. These visitors will now have a local hotel in which to stay. By increasing local visitation time (time per stay, and more stays per year) the hotel will drive business to nearby restaurants and stores. Satisfied visitors tell their friends how wonderful Petersburg is to visit, resulting in more stays. As vacancies dwindle, opportunities for other hotels will appear, especially at the midscale and upper midscale tiers, creating a hospitality cluster in the city and removing additional blight.

Also, a hotel will employ approximately 80 people, while increasing employment and wages at nearby stores and restaurants.

By providing a quality hotel option for visiting prospects and clients, Petersburg will attract additional business investments. These investments should provide additional employment and tax revenues, as well as increase demand for local housing, furthering blight elimination.

A hotel will create a long-term and lucrative tax stream for the city's revenues through occupancy, meals, real estate, and other local taxes.

8. Other relevant information we should consider:

Petersburg EDA has been working on a RLF for nearly a year, as such a product is necessary for the revitalization and rebirth for Petersburg. It will spur additional investments and buoy local confidence and pride.

9. Have you received any previous funds for your project/proposal? If so, how much and explain its use; how does the request further the original project to completion?

The EDA's Revolving Loan Fund has not been funded previously.

However, project selected for the RLF will require a large matching equity and debt position from the investors/developers.

10. If you are an organization, entity or business, state legal status and provide certification:

N/A

ATTACH SUPPORTING DOCUMENTATION on costs, lost wages, project contributions/schedules, legal status, etc.

Sign and Date: