City of Petersburg Emergency Financial & Operational Restructuring

Presentation to Petersburg City Council

The Robert Bobb Group, LLC

May 16, 2017

Agenda

- **<u>City Manager's Report</u>**
  1. Introductions of New Hires
  2. Utility Update
  3. Resolution of 1" Meter Audit

- **<u>Monthly Financial Report</u>**
  1. Budget to Actuals
  2. General Fund Expenditures
  3. Summary of Monthly Cash Flows

- **<u>RBG Progress Report</u>**
  1. RBG Plan: March 25, 2017 – September 30, 2017
  2. Executive Search Firm Update
  3. Forensic Audit Update

- **<u>Transparency</u>**

  Presentations available on City website: http://www.petersburgva.gov/index.aspx?NID=846

City Manager’s Report

City Manager’s Report

City Manager’s Report

- Introductions
  - Fire Chief
  - General Manager Transit
  - Interim Police Chief
  - Workplace Matters Committee
- Utility Update
- Resolution of 1” Meter Audit

AS OF 5/16/17

Alternatives to the Utility System

	City (Public Authority)	Franchise	Private	Regionalization/ Other Hybrid Structure
	Separate Single Member Authority	Franchise/ (IFB)	Private Ownership (PPEA)	Cooperative Agreement
Performance	High	High	High	?
Ability to Borrow for Infrastructure	Difficult /Expensive (High Interest Rate)	Private	Private	?
Rates	Higher	Higher (?)	Higher (?)	?
Rate Control	Directors	SCC	SCC	?
Exceeds EPA Affordability Index	Probably	Maybe	Maybe	?
Money to General Fund (Annually)	PILOT	Yes	Yes	?
Money to General Fund (One-Time)	Yes	Yes	Yes	?
GF Fund Balance Addition Leading to Higher Bond Rating	Yes	Yes	Yes	?
Implementation Time Frame	2017	2018	2018	?
SCWWA Approval Required (If more than 25% BV transferred)	Yes	Yes	Yes	?
Rate of Return to the Owners	No	Yes	Yes	?
Anticipated Collection Rate	90+ %	90+ %	90+ %	?

Utility Update

- **Status of Ad Hoc Committee – Where We Are**
  - **May 18th**
  - **May 25th**
  - **June 8th (recommendation to Council on 8th)**

New State Legislation to Equalize Rates

An Act to amend the Code of Virginia by adding a section numbered 56-235.11, relating to water utilities. Approved April 5, 2017.

- ***<u>What It Does:</u>***
  - ***"…ensuring that equal fixed and volumetric rates are charged for each customer class of each water utility that is in the water utility network."***

- ***<u>What It Means:</u>***
  - ***"Water Utility Network" means a water utility and all other water utilities that the water utility is an affiliate of, if affiliated with, controls, is controlled by, is under common control with, or is a subsidiary of."***

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New State Legislation to Equalize Rates

VIRGINIA ACTS OF ASSEMBLY -- 2017 RECONVENED SESSION

CHAPTER 822

An Act to amend the Code of Virginia by adding a section numbered 56-235.11, relating to water utilities; retail rates of affiliated entities.

[S 1492]

Approved April 5, 2017

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 56-235.11 as follows:

§ 56-235.11. Retail rates of affiliated water utilities.

A. As used in this section, unless the context requires a different meaning:

"Affiliate" of a specific water utility or a water utility "affiliated" with a specific water utility means a water utility that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with the water utility specified.

"Control," including the terms "controlling," "controlled by," and "under common control with," means direct or indirect possession of the power to direct or cause the direction of the management and policies of a water utility through the ownership of an equity interest. Control shall be presumed to exist with respect to another water utility if any water utility directly or indirectly owns, controls, or holds with the power to vote 50 percent or more of the equity interest of the other water utility.

"Rates" includes rates, tolls, charges, or schedules.

"Subsidiary" of a specified water utility means an affiliate directly or indirectly controlled by that water utility through one or more intermediaries.

"Water utility" means an investor-owned public utility authorized to furnish water or water and sewer service within a certificated service territory in the Commonwealth except any such investor-owned public utility for which the Commission has approved, after July 1, 2009, and prior to July 1, 2017, a consolidated rate structure consisting of three or more rate groups for the same class of service and in one or more subsequent orders has approved additional consolidation of such rate groups.

"Water utility network" means a water utility and all other water utilities that the water utility is an affiliate of, is affiliated with, controls, is controlled by, is under common control with, or is a subsidiary of. "Water utility network" also means, with respect to a water utility that is authorized to furnish water or water and sewer service within multiple certificated service territories in the Commonwealth, all of the certificated service territories that the water utility is certificated to serve.

B. In any proceeding commenced on and after July 1, 2017, to establish or approve the rates of a water utility that is in a water utility network, the Commission shall ensure that the rates of each water utility in the water utility network are not unjustly discriminatory by ensuring that equal fixed and volumetric rates are charged for each customer class of each water utility that is in the water utility network.

C. Upon the commencement of a proceeding described in subsection B, the Commission shall make each water utility that is a member of the applicable water utility network a party to the proceeding and may review each member water utility's rates. In such proceeding:

1. The Commission shall review the rates of each member of the applicable water utility network and order gradual adjustments to such water utility's rates over an appropriate period in order to implement the provisions of subsection B; and

2. The Commission is authorized to aggregate the revenues and costs of the water utilities that are members of the applicable water utility network.

Utilities Activities between May 1st – 12th

- Eleven (11) sewer backups or collapsed lines were addressed
- Four (4) leaks in Water Mains were repaired, one resulted in a boil water notice
- Two (2) Service lines leaked and were repaired

Billings and Collections

- **Aclara**
- **Severn Trent**

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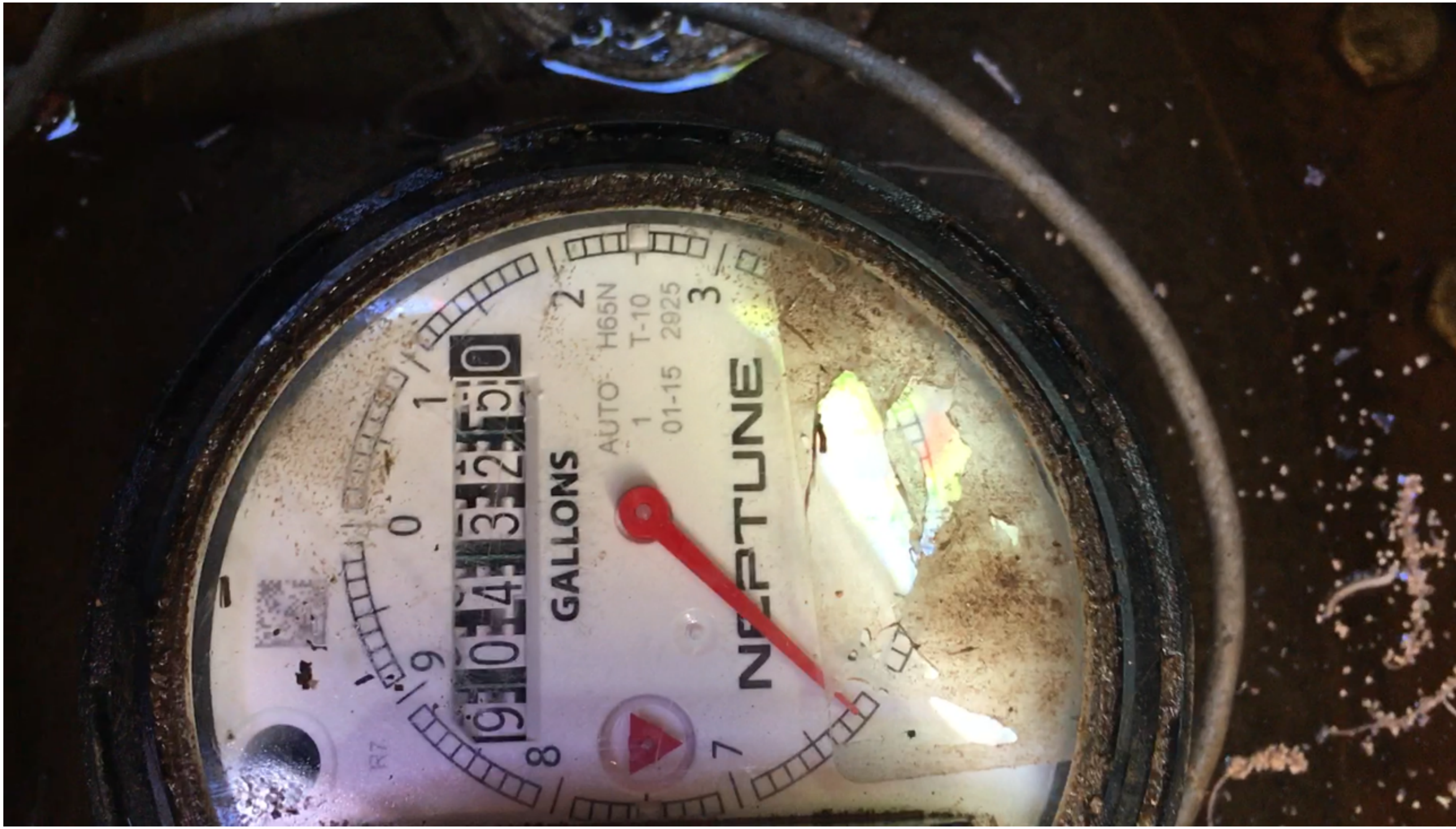
Billings and Collections Update

- An apartment complex was underbilled by 92 units
- Another apartment complex with 90 units was billed for 20 units
- Several large accounts were not billed at all
- We found customers who had paid connection fees and had meters installed. They were using water with no active account **– so no bill!**

Billings and Collections Update

- 16 cases have been referred to the Commonwealth's Attorney for prosecution where water was cutoff, but water is still being consumed
- 146 customers have not abided by payment plans so have been sent default letters **– with 10 days to pay in full**
- We referred to the Treasurer delinquent receivables from **inactive** customers amounting to **$2.3 Million**

Example of Backward Spinning Meter



During a site visit on 5/2/17, the Aclara team took this video Of a backward flowing meter.

There is a Lot to Fix!

- Processes
- Systems
- Technology
- Meters
- Pipes
- Pumps

The City faces a rate increase as a result of these fixes.

Resolution of 1" Meter Audit

- After reviewing the data collected and double checked by Utilities staff, of the 1,766 meters in question, 50 were actually 5/8 inch meters.
- The rate adjustment should impact 1,716 customers.
- We will notify the impacted customers by letter
- We will identify the economic impact of not collecting retroactively and make a recommendation to council at the June 6^{th} meeting.

Monthly Financial Report

Monthly Financial Report

Financial Report – Key Highlights

- **2nd Amendment developed using 6 months budget to actuals**
- **Froze non-emergency expenditures, hiring, work travel and training**
  - **Instituted New process where all purchases require requisitions and purchase orders and must go through the Director of Finance**
  - **Reduced Purchase Cards and Employee Cell Phones**
- **Expenditure challenges we are working through now to ensure balanced budget**
  - FY 16 accruals are still not complete as working through audit right now
  - Still have departments bringing invoices from 1 year ago
  - Continue to pay FY 16 invoices into FY 17, even while we slowed spending
  - Incorrect journal entries made in ledger that overstate budget to actual (e.g. debt service)
- **Revenue challenges**
  - **If revenues perform based on budget, FY17 should stay balanced**
  - However, personal property tax collections do not appear to be trending on budget – reduced revenue projection by $1.3M (only 54% collection rate for first installment)

Budget to Actuals

	CITY OF PETERSBURG, VIRGINIA						
	BUDGET TO ACTUALS BY FUND						
	FISCAL YEAR ENDING JUNE 30, 2017 AS OF APRIL 30, 2017						
	Fund		**Budget**	**Year-to-Date**	**Encumbrance**	**Total**	**% of Budget**
100	General	Revenues	68,411,675	57,171,519			83.6%
		Expenditures	68,411,675	59,489,400		59,489,400	87.0%
212	Special	Revenues	10,585,080	3,166,013			29.9%
		Expenditures	10,538,490	2,083,625	2,207,692	4,291,317	40.7%
213	CDBG	Revenues	1,339,150	423,169			31.6%
		Expenditures	1,339,150	713,219	167,410	880,629	65.8%
380	CIP	Revenues	4,685,060	63,409			1.4%
		Expenditures	4,685,060	1,552,982	1,795,622	3,348,604	71.5%
501	Public Utilities	Revenues	9,859,339	10,512,569			106.6%
		Expenditures	9,859,339	7,655,002	596,507	8,251,509	83.7%
502	Stormwater	Revenues	1,181,967	1,109,522			93.9%
		Expenditures	1,181,967	688,050	17,568	705,617	59.7%
550	Dogwood Trace Golf Course	Revenues	626,850	488,489			77.9%
		Expenditures	626,850	455,922	22,906	478,828	76.4%
555	Petersburg Generals	Revenues	89,616	5,699			6.4%
		Expenditures	89,616	14,105		14,105	15.7%
575	Petersburg Area Transit	Revenues	2,730,199	2,353,351			86.2%
		Expenditures	2,730,199	2,753,661	98,198	2,851,859	104.5%
	Total	Revenues	99,508,936	75,293,740			75.7%
		Expenditures	99,462,346	75,405,967	4,905,904	80,311,870	80.7%

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General Fund Expenditures

CITY OF PETERSBURG, VIRGINIA
GENERAL FUND EXPENDITURES BY DEPARTMENTS
FISCAL YEAR ENDING JUNE 30, 2017 AS OF APRIL 30, 2017

		Operating			Salary & Benefits		Total		
Dept Code	Department Name	Budget	Year-to-Date	Encumbrance	Budget	Year-to-Date	Budget	Year-to-Date	% Spent
11010	City Council	60,900	37,725	29,189	117,911	101,352	178,811	168,265	94.1%
12110	City Manager	621,602	531,045	98,007	230,998	150,307	852,600	779,359	91.4%
12130	Hispanic Liaison	6,507	9,441		41,378	43,860	47,885	53,301	111.3%
12210	City Attorney	47,500	265,538		345,392	169,697	392,892	435,234	110.8%
12220	Human Resources	87,460	31,438	44,970	266,551	248,898	354,011	325,306	91.9%
12310	Commisioner of Revenue	20,475	16,881	762	329,251	261,487	349,726	279,130	79.8%
12320	Assessor	38,524	29,375	1,435	337,801	263,961	376,325	294,771	78.3%
12410	Treasurer	57,046	46,948	3,408	332,217	270,115	389,263	320,470	82.3%
12420	Finance	216,450	199,369	101,630	305,579	172,182	522,029	473,181	90.6%
12470	Purchasing	67,299	31,946	18,438	209,573	165,334	276,872	215,719	77.9%
12510	Information Systems	418,297	484,063	48,780	313,894	252,450	732,191	785,294	107.3%
12520	Fleet & Equipment Mgmt	1,515,751	1,056,159		11,780	11,859	1,527,531	1,068,018	69.9%
13700	Registrar & Electoral Board	127,442	167,728	(1,090)	144,030	122,025	271,472	288,663	106.3%
21100	Judge Circuit Court	5,750	4,224	58	97,189	72,110	102,939	76,392	74.2%
21200	General District Court	40,700	13,601	3,488			40,700	17,089	42.0%
21300	Magistrate	42,730	32,297	9,832			42,730	42,130	98.6%
21400	Juvenile Justice	92,236	82,399				92,236	82,399	89.3%
21500	J & D Relations Court	7,750	2,022	458			7,750	2,479	32.0%
21600	Clerk Circuit Court	75,600	51,258		577,783	478,610	653,383	529,868	81.1%
21700	Juvenile Court Services	11,100	5,058	10,000	19,393	16,840	30,493	31,898	104.6%
22100	Commonwealth Attorney	65,659	46,593	11,067	974,871	755,500	1,040,530	813,161	78.1%
31100	Police	647,125	414,945	114,039	6,680,092	5,523,733	7,327,217	6,052,716	82.6%
31200	Emergency Communication	520,018	323,567	138,920	1,077,463	943,117	1,597,481	1,405,604	88.0%
32100	Fire	301,868	132,275	56,320	5,576,002	4,477,308	5,877,870	4,665,904	79.4%
32200	Code Compliance	130,865	11,848	77,923	259,810	295,560	390,675	385,331	98.6%
33100	Sheriff Office	164,835	85,563	24,491	1,273,776	958,377	1,438,611	1,068,431	74.3%
35100	Animal Warden	29,400	5,308	1,947	242,436	189,509	271,836	196,764	72.4%
41100	Engineering & Stormwater Mgmt	4,355	235,202		171,544	103,566	175,899	338,768	192.6%
42300	Refuse Collection	1,915,310	1,106,814	584,518			1,915,310	1,691,333	88.3%
43100	Grounds	84,783	42,995	10,456	503,948	418,077	588,731	471,528	80.1%
43200	Facility Management	1,106,288	621,397	41,999	656,726	603,824	1,763,014	1,267,219	71.9%
53501	Social Services	3,861,892	3,049,632	9,594	4,946,220	3,158,453	8,808,112	6,217,678	70.6%
53801	Comprehensive Services Act	3,603,750	3,416,620		85,734	69,707	3,689,484	3,486,327	94.5%
71300	Parks and Leisure Services	180,440	35,288	15,283	536,385	427,978	716,825	478,549	66.8%
71400	Cemeteries	16,352	4,163	200	86,502	61,659	102,854	66,022	64.2%
73100	Public Library	280,399	100,440	78,469	564,259	422,946	844,658	601,855	71.3%
81500	Economic Development	111,689	15,898	2,475	463,317	364,703	575,006	383,076	66.6%
81600	Tourist Promotion Programs	102,940	49,702		158,985	127,894	261,925	177,596	67.8%
81700	Special Events-Cultural Affairs	56,500	12,535		99,317	81,030	155,817	93,565	60.0%
91400	Risk Management	1,311,248	1,199,776	21,012	79,135	63,913	1,642,998	1,284,701	78.2%
92101	Non Departmental-Civic Organizations	6,397,369	2,951,095	3,242,695			6,397,369	6,193,790	96.8%
92102	Contingencies	955,551	0				955,551	0	0.0%
95101	Debt Services	5,442,129	7,298,867				5,442,129	7,298,867	134.1%
999100	Petersburg Health Department	562,206	412,706	140,551			562,206	553,257	98.4%
999212	Transfer to Federal & State Projects	88,350	0				88,350	0	0.0%
999250	Petersburg Public Schools	8,474,762	7,789,827	238,563			8,474,762	8,028,390	94.7%
999555	Transfer to Petersburg Generals	64,616	0				64,616	0	0.0%
	Total	40,041,818	32,461,571	5,179,887	28,117,242	21,847,942	68,411,675	59,489,400	87.0%

Revenue Summary by Funds

CITY OF PETERSBURG, VIRGINIA REVENUE SUMMARY BY FUNDS FISCAL YEAR ENDING JUNE 30, 2017 AS OF APRIL 30, 2017			
General Fund			
Description	**Budget**	**Year-to-Date**	**% of Budget**
General Property Taxes	31,907,723	22,159,748	69.4%
Other Local Taxes	14,258,463	12,514,914	87.8%
Permits, Fees, & Licenses	465,666	460,053	98.8%
Fines & Forefeitures	548,464	780,065	142.2%
Revenue From Use of Money/Property	176,397	143,996	81.6%
Charges for Services	2,786,796	2,392,679	85.9%
Miscellaneous Revenues	232,205	227,573	98.0%
Loan Proceeds		5,967,310	-100.0%
Recovered Cost	162,015	197,133	121.7%
Commonwealth Revenue	12,130,180	9,585,100	79.0%
Federal Revenue	4,443,766	2,742,946	61.7%
Capital Loan Proceeds	1,300,000	0	0.0%
General Fund Total	68,411,675	57,171,519	83.6%
Non General Fund			
Description	**Budget**	**Year-to-Date**	
Special-Federal	2,536,130	449,846	17.7%
Special-Local	741,167	160,919	21.7%
Special-State	7,307,783	2,555,248	35.0%
Community Development Block Grant-Federal	1,339,150	423,169	31.6%
Capital Improvement Projects	4,685,060	63,409	1.4%
Public Utilities - Water	9,859,339	10,512,569	106.6%
Stormwater Utilities	1,181,967	1,109,522	93.9%
Dogwood Trace Golf Course	626,850	488,489	77.9%
Petersburg Generals	89,616	5,699	6.4%
Petersburg Area Transit - Federal	1,545,212	976,078	63.2%
Petersburg Area Transit - Local	710,468	822,238	115.7%
Petersburg Area Transit - Match	779	0	0.0%
Petersburg Area Transit - State	473,740	546,259	115.3%
Non-General Fund Total	31,097,261	18,113,444	58.2%
All Fund Total	99,508,936	75,284,964	75.7%

Summary of Monthly Cash Flows

City of Petersburg, VA

Summary of Estimated Monthly Cash Flows and Accounts Payable

		Point In Time Cash Flow from 5/7/2017		
Cash Per Bank:	5/7/2017	$ 2,801,427		
Less Outstanding Checks:		$ 1,758,592		
Estimated Available Pooled Cash:		$ 1,042,835	$ 1,373,718	
		May	**June**	
	Revenue Estimates	$ 5,388,205	$ 18,208,659	
	Expenditure Estimates	$ 5,057,322	$ 9,252,903	
	Estimated Available Pooled Cash:	$ 1,373,718	$ 1,704,601	

Figures above include $2M per month for ordinary expenses and paying down miscellanous AP

	Feb	March	April
Revenue Performance	$ (578,144)	$ 907,083	$ 546,905

Summary of Monthly Obligations

Row Labels	Sum of May	Sum of June
Arrears	$ 43,727.59	$ 654,953.06
Authority	$ 588,494.62	$ 932,543.20
Debt	$ 14,002.79	$ 1,175,109.95
Lease	$ 3,074.00	$ 4,274.00
Other	$ 483,459.87	$ 329,459.87
Payroll	$ 1,436,000.00	$ 3,668,000.00
Transfer out	$ 238,563.34	$ 238,563.34
Utility	$ 250,000.00	$ 250,000.00
Grand Total	**$ 3,057,322.21**	**$ 7,252,903.42**

Arrears Above: VRS; SCWMA; Riverside R. Jail

Arrears Paid: CVWMA, Dist 19, GRTC, VRS- LODA, Crater Youth Detention, Health Dept., SCBA Vendor

Accounts Payable Update

Total Outstanding Paybales= $3.7M

Total Outstanding AP under Payment Plan: $2.4M

Total Outstanding AP Not Accounted for in Payment Plans Above: $1.3M

FY18 Budget Adjustments for Council

General Fund	Type of Adjustment		
Revenues		77,732,499	
	Technical	161,297	Indirect Cost PILOT from Utility (did not account for this, can go up to $750K)
	Technical	37,000	Additional Landfill Revenue from contract review
	Technical	246,000	Indirect Cost PILOT from Transit (per cost allocation report)
	Technical	-68,000	Offset of Using Confirmed Interst Earnings from Perpetual Care Fund (Budgeted $100K but only $32K is confirmed)
		78,108,796	Total Revenues
Expenditures		77,732,499	
	Technical	-550,000	Savings from Leasing of Public Safety Vehicles from original projections
	Technical	300,000	Transit Local Match
	Technical	100,000	Urban Allocation Fix
	Technical	-125,000	Reconciled Comp Board adjustments ($197K in Budget and do not need that much)
	Technical	287,297	Restore funds for CVWMA to manage refuse contract
	Technical	100,000	Repay Stormwater Fund for Use of Bond Proceeds
	Technical	114,902	Repay Accounts Payable that Remains
	Council	110,000	Addition of City Collector
	Council	5,225	Restoration of City Clerk 10% (salary + benefits)
	Council	15,121	Restoration of City Assessor 10% (salary + benefits)
	Council	18,752	Restoration of City Attorney 10% (salary + benefits)
	Council (Cuthbert + 3)	30,000	Advertising Funds for Tourism/Museum
	Council	-30,000	Reduce Public Information Expense in the City Manager's Office Budget
		78,108,796	Total Expenditures
		0	Difference
Capital Projects Fund			
	Council	35,000	Repair Boiler at Centre Hill Mansion
	Council	12,000	HVAC at Blandford
	Paid for by Pay-Go Capital transfer from GF		$113,000 Remains for Emergency Projects
	Council	48,950	Cooperative Extension
Non-Monetary Changes:			
	Moving Grounds back to DPW from Leisure & Cultural Affairs (except for management of turf)		
	Move Performance of Museum Contract to Leisure & Cultural Affairs; Move Oversight of Assets to Planning, ED and Code		
	Move Cemetery Operations to Leisure & Cultural Affairs and the Grounds Operation of Cemeteries to Grounds in DPW		

RBG Progress Update

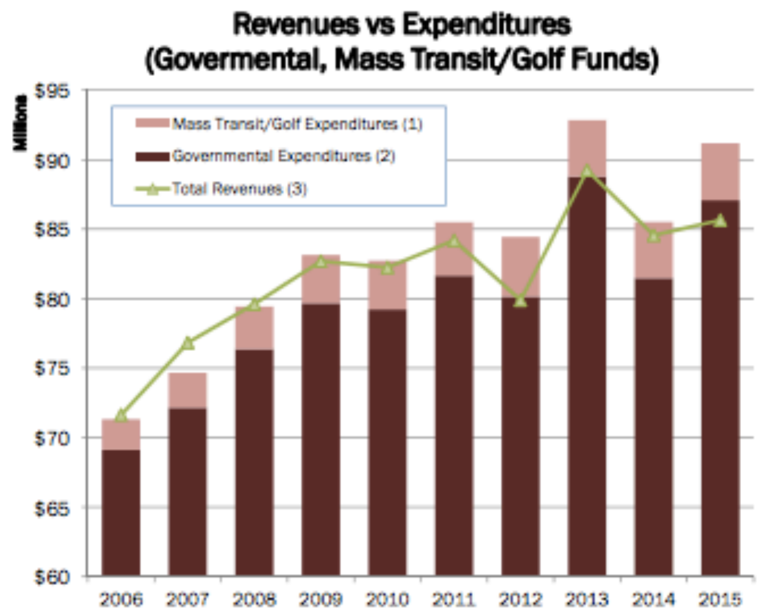
RBG Progress Update

Background & Reminder

Governmental, Mass Transit and Golf Funds

Fiscal Year	Expenditures Mass Transit/Golf (1)	Expenditures Governmental (2)	Total Revenues (3)	Surplus (Deficit)
2006	2,207,103	69,117,310	71,635,381	310,968
2007	2,500,457	72,158,936	76,829,525	2,170,132
2008	3,049,122	76,375,348	79,596,926	172,456
2009	3,460,204	79,668,879	82,692,844	(436,239)
2010	3,505,975	79,214,494	82,239,230	(481,239)
2011	3,834,946	81,657,871	84,186,793	(1,306,024)
2012	4,299,727	80,140,067	79,878,828	(4,560,966)
2013	4,032,005	88,798,157	89,238,273	(3,591,889)
2014	4,025,575	81,483,802	84,553,700	(955,677)
2015	4,107,319	87,076,939	85,653,894	(5,530,364)

FY17 was the first year since FY09 the City had a structurally balanced budget.



(1) Net of Depreciation
(2) Excludes Capital Projects Fund
(3) Includes Net Other Financing Sources (Uses) for the General and Non-Major Governmental Funds and Net Non-Operating Revenue for the Mass Transit and Golf Funds.

Source: City CAFRs

Davenport & Company

August 3, 2016 8

Source: Background/Summary of Davenport's 2012 Financial Review & Preliminary Plan(s) of Finance, Presentation to the City of Petersburg, VA City Council, August 3, 2016

AS OF 5/16/17

RBG Plan: 3/25/17 – 9/30/17

City of Petersburg Financial Emergency Turnaround – Key Project Activities

PHASE 2: MARCH 25, 2017 – JUNE 30, 2017

1. Implement the Long Term Debt Restructuring Plan
2. Develop plan to pay off current RAN
3. Complete and Implement FY 18 Budget Proposal
4. Develop Water Utility Repair Plan (e.g., PPEA)
5. Manage and Report findings for Forensic Audit
6. Complete FY16 CAFR by July 2017
7. Complete Executive Search Firm hiring by July 2017
8. Hired Fire Chief and Transit Director
9. Complete financing for police & fire vehicles
10. Submitted Proposal to State for Funding Assistance for RBG Contract Extensions
11. Complete Pre-Audit Work for FY17
12. Implement new Real Estate Sale Process & realize revenue
13. Implement Workforce Reorganization
14. Optimize City Technologies for data and reporting
15. Create repeatable data & reporting for Financial Reports
16. Develop and Execute Policies for Controls and Reporting
17. Develop Standard Operating Procedures (SOPs)
18. Manage and Measure Financial and Purchasing Policies
19. Initiated new Billing and Collections process and collected delinquent revenues
20. Evaluate Utilities meter reading and billing technologies
21. Evaluate Johnson Controls contract
22. Provide Executive Coaching to New Hires
23. Schedule Visits for Ratings Agencies to Petersburg in June

In Progress | Complete

RBG Plan: 3/25/17 – 9/30/17

City of Petersburg Financial Emergency Turnaround – Key Project Activities

PHASE 3: JULY 1, 2017 – SEPTEMBER 30, 2017

1. **Develop the 5-Year Financial Plan**
2. **Develop & Implement the 5-Year Capital Improvement Program**
3. **Implement Financial & Purchasing Policies**
4. **Conduct City wide training for OpenGov**
5. **Conduct City wide training for CityWorks**
6. **Continue to evaluate options for the sale of the Water & Sewer Utility Sale process as needed to address the critical infrastructure issues facing the Water and Sewer system**
7. **Develop Implementation Strategies for Outsourcing execution and implementation**
8. **Develop and Implement Standard Operating Procedures (SOPs) for Finance**
9. **Implement Findings to address issues uncovered during the Forensic Audit**
10. **Assist Management Team to implement Fy16 CAFR findings**
11. **Implement a Budget Transition Plan**
12. **Provide Executive Coaching for New Hires**

In Progress

Budget Events Calendar

Complete

Date	Event
March 27	City Manager Proposed Budget to Council
March 27-April 28	Council Work Sessions on Budget
March 27	General Fund Revenues
March 29	Debt/Budget Policies; Capital Budget; Utilities
April 10	Police, Fire and Emergency Communications
April 12	Social Services Agencies; Health Department; Personnel/Benefits
April 24	Schools Operating & Capital
May 2	Public Hearing on the FY 18 Budget
May 8	Leisure and Cultural Affairs; Planning, Economic Development & Code
May 12	City Council submits recommendations to City Manager
May 16	City Council to discuss changes to the budget
June 6	City Council Meeting to Adopt/Appropriate FY 18 Budget
June	Landbook Finalized
September	FY 18 Landbook Produced/Published
October 17	Public Hearing on the Proposed Tax Rate Adjustment due to Reassessment

Complete

Executive Search Firm Update
Colin Baenziger & Associates

February 7th — **Timeline for Hiring Highly Qualified Candidates** — **June 30th**

Recruit City Manager

Recruit Assistant City Managers

Recruit Finance Director

Interim Police Chief Hired

New Fire Chief Dennis Rubin Hired

General Manager Transit Hired

Community Engagement is Critical! We want to ensure the community is informed and knowledgeable about the candidates recruited to lead the City into the Future.

Note: We are also recruiting for Public Works Director, Economic & Planning Director

5/16/17 – We Are Here

Timeline for Hiring the City Manager

- **City Manager:**
  - **May 3rd: Provide the semi-finalist materials to the City**
  - **May 22nd: One-on-one and full City Council Interviews and decision**
  - **Post Selection: work with City representatives and the selected candidate on an employment agreement.**
  - **July 1st: Start Date for New City Manager**

Timeline for Hiring the Police Chief

- **Police Chief:**
  - **May 24th: conduct in person interviews**
  - **Post Selection: work with City representatives and the selected candidate on an employment agreement.**
  - **July 1st: Start Date**

Forensic Audits Update

- **Completing in person interviews this week**
- **Reminder of the Scope:**
  - **Commissioner of Revenue Office**
  - **Office of the Treasurer**
  - **Special Funds**
  - **Enterprise Funds**
  - **Surplus Vehicles**
  - **Perpetual Care Fund**
  - **Purchase Cards**

Building a Stronger Utility Department

- **Severn Trent Utility Process Assessment**
  - **Team on the ground today conducting process flow assessments, technology assessments**

- **Aclara Site Visit on 5/2/16**

Comparing AMR vs. AMI Systems

- **The City currently has an Automated Meter Reading (AMR) system purchased from Johnson Controls**
- **As part of our due diligence in researching the issues plaguing the Utility Department, we have learned that the AMR system installed by Johnson Controls has unreliable data communications impacting how meter usage data is converted into billing**
- **We are evaluating the benefits of an Automated Meter Interface (AMI) system which allows for real time meter usage data transmission to the billing system**
- **By replacing these aging or malfunctioning meters as soon as possible, we can recoup a large portion of the City's unaccounted for water – and billing revenue**

<u>This is one piece of the puzzle to insure the future streamlining, efficiency, and profitability of the City of Petersburg's water and sewer system.</u>

Scope of Severn Trent

Severn Trent is on site this week assessing Utilities Billing processes and technology usage.

<u>Scope of Organizational Review</u>

- Conduct a detailed examination of the appropriate departmental organizational structure and functions (Customer Service, Billing, Payments & Meter Reading.)
- Identify existing organizational priorities and protocols.
- Assess the functional assignments and staffing levels required to perform current duties.
- Identify current supervisory ratios based on industry best practices and organizational needs.
- Evaluate the department's and City's initiatives, goals and objectives.
- Identify all active strategic initiatives
- Assess interdepartmental collaboration with other City departments
- Evaluate staff scheduling and process for time management
- Assess administrative strengths, i.e., supervision, staffing levels, and use of technology.

Scope of Severn Trent

<u>Scope of Functional Review (Customer Service, Billing, Payments, & Meter Reading)</u>

- Review all department operational functions and workflow processes
- Review the meter reading and billing schedule
- Review the service department processes and procedures (i.e. disconnects, meter maintenance, leaks, installations)
- Review Billing including such functions as move-ins, move outs, new account setups, rate structure, billing cycles
- Review Customer Service/ Call Center functionality
- Review all payment channels including workflow processes
- Review monthly financials and risk management practices
- Evaluate the current meter reading processes, vehicle fleet and equipment, including condition and replacement schedules and repair scheduling and costs based on industry standards
- Assess procedures and policies for meter replacement program and software/ hardware systems

May 6, 2017 – City Council Working Session

Key Notes to be Updated before the August Work Session

TO BE UPDATED

Working Session Topic: Economic Development

Economic Development	Level of Difficulty	Impact to the City
Attract Top Talent Employees (e.g., City Manager)	Hard to Do	High Impact
Make Better Use of Colleges	Easy to Do	High Impact
Getting a Realistic Tax Base	Easy to Do	High Impact
Reduce Negative Press	Hard to Do	High Impact
Creating a Fund Balance	Hard to Do	High Impact
Creating a Balanced Budget	Easy to Do	High Impact
Managing a Balanced Budget	Hard to Do	High Impact
Adhering to the approved financial policies	Hard to Do	High Impact
Creating the Proposed Liquidity Event of $6M in the FY18 Budget	Hard to Do	High Impact
Creating the Office of the City Collector for taxes and assessments	Easy to Do	High Impact
Expanding the City's overall Tourism	Easy to Do	High Impact

TO BE UPDATED

Working Session Topic: Amenities

Amenities	Level of Difficulty	Impact to the City
Adding the Promotion of Petersburg's African American History to the overall promotion of the City's History and Tourism	**Easy to Do**	**High Impact**

TO BE UPDATED

Working Session Topic: Public Safety

Public Safety	Level of Difficulty	Impact to the City
Change in Public Housing Development Strategies	Hard to Do	High Impact
Crime Reduction Strategies	Hard to Do	High Impact
Implement Fire Suppression and Prevention Services	Easy to Do	High Impact
Manage a more robust and comprehensive EMS system for the City	Easy to Do	High Impact
Creating More Community Amenities	Easy to Do	Low Impact

TO BE UPDATED

Working Session Topic: Schools

Petersburg Public Schools	Level of Difficulty	Impact to the City
Implement Year Round Schooling	Hard to Do	High Impact
Create Greater Opportunities for Community Education on Public Policy Issues	Easy to Do	High Impact

TO BE UPDATED

Working Session Topic: Transportation

Transportation	Level of Difficulty	Impact to the City
Creating a more comprehensive transportation system that includes alternative modes (e.g., bicycle lanes)	Hard to Do	High Impact

TO BE UPDATED

Working Session Topic: Public Health

Public Health	Level of Difficulty	Impact to the City
Greater Collaboration between City Council and State Department of Public Health to address negative health impacts (i.e., physical and mental)	**Easy to Do**	**High Impact**

TO BE UPDATED

Working Session Topic: Environment

Environment	Level of Difficulty	Impact to the City
TBD	**TBD**	**TBD**

TO BE UPDATED

Working Session Topic: City Council

City Council	Level of Difficulty	Impact to the City
Training to City Council on Policies, Practices & Procedures, City Charter	Easy to Do	High Impact
Implement the City Council Sub-Committee structure now that chairs have been appointed	Easy to Do	High Impact
Appoint other City Council members to the Sub-Committees	Easy to Do	High Impact
Managing the City Council Rules	Easy to Do	High Impact
Developing Performance Standards and Evaluations for City Council Employees	Hard to Do	High Impact

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Technology Architecture – Key Systems

OpenGov provides financial data reporting based on the Chart of Accounts generated in BAI. The City is building its FY18 Budget in OpenGov. It was purchased by the City in 2015.

Cityworks manages public works service request tickets. It was purchased in 2015 to utilize the City's GIS investment built by Timmons since 2014. The scope includes Facilities, Engineering, Utilities & Street.

OPEN GOV

Cityworks

Project and Service Request Fund Code Data pushed from OpenGov to CityWorks (developing integration with Timmons)

Allocating $19,675 in VRA Technology Funds for Timmons to configure and develop CityWorks for Utilities

BAI MUNICIPAL SOFTWARE

Payroll

General Ledger

Treasury

Utilities

GIS CITY ASSET MANAGEMENT

BAI is the financial system of record for the City and manages all City financial data and reporting. It includes the General Ledger, Payroll, Treasury, Utilities. Bright.net is a BAI web interface employees can use to access paystubs and general financial information.

The City invested in GIS buildout by Timmons since 2014. The GIS system is a valuable data repository that can be used by Facilities, Utilities & Engineering. It can also be used to map Police and Fire incident data.

Transparency

- All presentations are available on the City's website:

  http://www.petersburgva.gov/index.aspx?NID=846