



Prospective Development Introduction Letter

City of Petersburg
Department of Economic Development

Department of Economic Development
135 North Union Street
Petersburg, Virginia 23803

Office (804-898-3645)
econdev@petersburg-va.org
www.petersburg-va.org/126/Economic-Development

Greetings,

Thank you for your interest in the City of Petersburg. We look forward to working with you in our process towards making your proposal reality.

The next step is to fill out the yellow highlighted portions of the attached Development Investment Assessment Form. Please return the Assessment Form with a Business Plan. The Business Plan should include, but is not limited to, an Executive Summary, a Company Description, a Market Analysis, a Competitive Analysis, Organizational/Corporate Structure, Breakdown of Products and Services, Marketing Plan, Capital Budget, and Operating Budget, Pro Forma Financial Projections and Project/Investment Funding, Letter from Financial Institution, and tentative Site Development Plans.

Once the Assessment Form and supporting documents have been supplied, we will work to develop a Purchase Agreement. The Purchase Agreement will outline terms relating to the Due Diligence period in which the Prospective Purchaser will have greater access to the property for assessment, terms relating to a Development Agreement, and appropriate Claw Back provisions if development terms are not met within the negotiated timeframe.

After approval of the Purchase Agreement by City Council via ordinance and execution by the City Manager, the Prospective Purchaser must submit their Earnest Deposit of 10% of the negotiated purchase price along with the signed Purchase Agreement. After this, the Due Diligence Period will begin. During this time, the Prospective Purchaser will draft and submit a Development Agreement to the Department of Economic Development. After all documents are finished, the Development Agreement will be submitted to City Council for approval via resolution. If approved, the Development Agreement will be executed by the City Manager.

After all of this, closing will occur and documents referencing all previous agreements are recorded and final payment is made by the Purchaser. After closing, the Purchaser will now own the property. If development terms are not met in violation of the Purchase Agreement, claw back of the property(s) may occur.

Thank you,

The City of Petersburg Economic Development Team



Prospective Development Introduction Letter

City of Petersburg
Department of Economic Development

Initial proposals should begin at the assessed value with possible negotiated deductions at the discretion of the City Manager or their designee. All proposals should include a tentative business plan, site development plans, and supporting financial statement(s). If the supporting documents and purchase proposal do not meet the Assessment criteria detailed below, this may result in rejection of the proposal.

Attached Documentation:

- DEVELOPMENT INVESTMENT ASSESSMENT FORM – Completed Assessment Form detailing proposed purchase price, construction cost and total investments.
- BUSINESS PLAN – Should include Executive Summary, Company Description, Market Analysis, Competitive Analysis, Organizational/Corporate Structure, Breakdown of Products and Services, Marketing Plan, Capital Budget, Operating Budget, Pro Forma Financial Projections and Project/Investment Funding, Letter from Financial Institution, and tentative Site Development Plans.
- SITE DEVELOPMENT PLAN – To include timeline for construction, and projected cost of renovations and development.
- FINANCIAL STATEMENT – Statement from financial institution that demonstrates the buyer has the resources to purchase the property, and to cover the cost of renovating and developing the property.

Overview of Disposition Process – flow chart attached below

- Identify available City-owned Real Estate Property
- Submit Assessment Form along with supporting documentation to DED staff.
- Review and approval by DED staff.
- Review and approval by City Council (State Code requires two readings which include the first reading as a Consent Agenda item and the second reading as a Public Hearing).
- Execution of Purchase Agreement to include 10% deposit at signing and the remaining balance at closing. The buyer may choose to hire their own attorney or allow the City's contracted attorneys to handle the closing on the property.
- Execution of the Development Agreement which requires approval by City Council (two readings)
- City monitoring of the development process to ensure buyer adheres to guidelines outlined in the Development Agreement. The City reserve the right to re-acquire the property if parameters are not met



Prospective Development Introduction Letter

City of Petersburg
Department of Economic Development



DISPOSITION OF CITY OWNED PROPERTY





Adopted December 8, 2020

City of Petersburg Disposition Guidelines for City-Owned Real Estate Property

Pre-Disposition

1. Department of Economic Development (DED) Staff submits a request through the City Manager to City Council for the approval of a Resolution authorizing the City Manager to market and offer for sale specified City-owned real estate property.
2. DED Staff maintains a list of vacant City-owned real estate property that is available for sale.
3. DED Staff markets property and solicits proposals for the purchase of City-owned real estate property.
4. All proposals must be submitted to the Department of Economic Development Staff to begin the review process.

Disposition

1. A complete Project Proposal and/or Assessment Form describing the proposal for each parcel are submitted by a Prospective Purchaser to the Department of Economic Development (DED).
2. DED Staff completes the Assessment Form to evaluate the Purchase Proposal and then the City Manager or their designee negotiates terms of a Purchase Agreement.
3. The negotiated Purchase Agreement is submitted to and reviewed by Legal Counsel and shall include unless otherwise determined by DED Staff or Council:
 - a. A due diligence period for the purchaser to investigate the property prior to purchase;

- b. A Development Agreement requirement which requires the purchaser to submit a Development Agreement that is reviewed and approved by Council which describes the proposed development and use of the property, identifies a timeline for completion of the project, and identifies funding sources and financial wherewithal of the purchaser to complete the project
 - c. The Development Agreement identified in paragraph 3(b) is incorporated into the deed of sale by reference so that it will run with the land for the duration of the Development Period
 - d. Claw Back provisions that require the purchaser (or any subsequent purchaser) to complete the development within the time period prescribed by the Development Agreement, and a reversion clause that is also included in the Deed of Sale enabling the City to re-acquire the property if the deadline is not met.
 - e. An Earnest Money Deposit Requirement Earnest Deposit totaling 10% of the final purchase price (9% Refundable)
4. Upon completion of review, the City Attorney shall return the Purchase Agreement to DED Staff who shall secure execution by the Purchaser (thus creating their formal offer to purchase the property).
5. Staff requests that the City Council schedules a Public Hearing requesting adoption of an Ordinance authorizing the City Manager to execute the Purchase Agreement described above.
 - a. The Code of Virginia requires a public hearing concerning the disposal of City property.
 - b. The Constitution of Virginia requires an affirmative vote of the governing body of an ordinance or resolution prior to the sale of property and three-fourths of the governing body if the use of the property at the time of sale or prior thereto was a public use.
6. The Ordinance and related documents are submitted to the City Council for review and consideration following the Public Hearing. If approved, the City Manager is authorized to execute the Purchase Agreement.
 - a. Council may adopt the Ordinance signifying acceptance of the offer to purchase; deny the Ordinance signifying rejection of the offer to purchase; or modify the terms of the purchase agreement signifying a counteroffer to the proposed purchase.

7. The City Attorney must sign the Purchase Agreement signifying approval as to form, and the City Manager shall thereafter execute the Purchase Agreement on behalf of the City.
8. The Prospective Purchaser submits Earnest Deposit (if applicable) totaling 10% of the final purchase price (9% Refundable), with the signed Final Purchase Agreement.
9. Purchaser Due Diligence Period (typically not to exceed 120 Days unless otherwise negotiated in Purchase Agreement approved by Council)
10. A Development Agreement (if applicable) is negotiated and drafted, executed by Purchaser, and submitted by Purchaser to DED Staff during the Due Diligence Period.
11. The Development Agreement is submitted to the City Council by DED Staff in conjunction with Purchaser for approval via Resolution. If approved, the Development Agreement is executed as approved as to form by the City Attorney and executed by the City Manager on behalf of the City.
12. Closing occurs and documents referencing all previous agreements are recorded and the final payment is made by the Purchaser.

Assessment Criteria

The following are considered in the assessment of proposals for the purchase of City-owned real estate property:

Initial proposals should begin at the assessed value with possible negotiated deductions at the discretion of the City Manager or their designee. All proposals should include a tentative business plan, site development plan, and supporting financial statement(s). If the supporting documents and purchase proposal do not meet the Assessment criteria detailed below, this may result in rejection of the proposal.

1. Ability of the Prospective Purchaser to Realize Development

- a. Experience/Qualifications of the prospective Purchaser
- b. Any Outstanding Obligations to the City by the prospective Purchaser
- c. Financial Backing

2. The proposed use of the property

- a. Whether the proposed use complies with the current zoning of the property
- b. Whether the proposed use complies with the Comprehensive Plan

3. The proposed development of the property

- a. Whether the development would include improvements that increase the value
- b. Whether the property would be maintained as open space without improvements
- c. Whether the development would include New Construction
- d. Whether the development would include Rehabilitation of existing structures
- e. Whether the property is eligible for Rehab Real Estate Tax Abatement
- f. Whether the property is a historic structure and/or located in a Historic District
- g. Whether the property is eligible for Enterprise Zone or other Incentives

4. The potential City Return (Revenue - Cost)

- a. The current assessed value of the property
- b. The potential City Revenue from the sale of the property including:
 - i. The proposed purchase price
 - ii. The proposed total investment in the property and Projected Tax
- c. Future revenue associated with the sale of the property including:
 - i. Real Estate Tax
 - ii. Personal Property Tax
 - iii. Machinery and Tools Tax
 - iv. Sales and Use Tax
 - v. Business License Fee
 - vi. Lodging Tax
 - vii. Meals Tax
 - viii. Other Taxes or Fees
 - ix. Total Estimated Tax Revenue

5. Potential Costs to the City

- a. Increased infrastructure costs
- b. Increased demand on utility systems exceeding current capacity
- c. Total Estimated Tax Abatement

6. Potential Benefits

- a. Number of Projected Jobs
 - i. Temporary
 - ii. Construction
 - iii. Permanent
- b. Average Wages
- c. Community Benefit

7. Proposed Financing

- a. The proposed purchase and development financing
- b. Whether financing has been secured

8. Contingencies

9. The anticipated Due Diligence Period

10. Whether the Last Use of the property was Public and requires $\frac{3}{4}$ approval

11. Proposed Construction period including the Start Date and Completion Date

Proposal to Purchase City-Owned Property



Purchaser			
Project Name			
Property Address			
Parcel Number		Acreage	Bldg SF
Year Constructed			
Project Developer			
Contact Name			
Address		Phone	
Email			
Experience/Qualifications			
Development Description			
Offered Purchase Price		Construction Costs	
		Total Investment	
Description of Financing (%)			
Community Benefit			
Due Diligence Period (days)			
Construction Start Date		Completion Date	
Number of Projected Jobs	Temp/Const. Jobs	Permanent Jobs	
Average Wage			
Contingencies			

City Assessment			
Outstanding Obligations			
Proposed Land Use		Yes	No
Comp Plan Land Use			
Zoning			
Enterprise Zone			
Rehab/Abatement			
New Construction			
Historic District			
Assessed Value	Appraised Value	\$	-
			Date
City Revenue from Sale	\$	-	
Projected Tax Revenue	Abatement	Year 1	Year 5
Real Estate Tax	\$ -	\$ -	\$ -
Personal Property Tax	\$ -	\$ -	\$ -
Machinery and Tools Tax	\$ -	\$ -	\$ -
Sales and Use Tax	\$ -	\$ -	\$ -
Business License Fee	\$ -	\$ -	\$ -
Lodging Tax	\$ -	\$ -	\$ -
Meals Tax	\$ -	\$ -	\$ -
Other Taxes or Fees	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -
Total Tax Revenue	\$	\$	\$
Waivers & Other Costs to the City	\$	\$	\$
City ROI (Revenue - Cost)	\$ -	\$ -	\$ -
Staff Recommendation			
Last Use Public		Comm. Review Date	
Council Decision		Council Review Date	
Disposition Ord #		Ord Date	