



Proposal to Purchase City Owned Property Checklist

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.

In this information packet, you will find the disposition guidelines that were authorized by City Council on December 8, 2020 and a checklist of required documentation. Please note that all purchase proposals for City-owned Property must meet a minimum threshold of 50% of the assessed value in order to receive a favorable recommendation, in addition to compliance with all City zoning ordinances and comprehensive plan land use.

The Development Investment Assessment Form enables City staff to fully understand the economic impact of your proposed development in the City of Petersburg. Please complete the form by filling in the yellow-highlighted portions to the best of your ability. At a minimum, please provide the total project investment amount and the total permanent full-time and part-time jobs created.

Many of our commercial and industrial parcels qualify for federal, state, and local incentives. For additional information on incentives and business resources, please refer to the City of Petersburg Economic Development website or call/email our office at the information at the top of this letter.

Please do not hesitate if you have any questions on any of the information provided.

Thank you,
The City of Petersburg Economic Development Team



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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.



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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

Development Investment Assessment Form



| Development Information | | | | |
|-----------------------------|---------|--------------------|------------------|---------|
| Project Name | | | | |
| Property Address | | | | |
| Parcel Number | | Acreage | | Bldg SF |
| New Construction? | Yes/No? | | Year Constructed | |
| Project Developer | | | | |
| Contact Name | | | | |
| Address | | | Phone | |
| Email | | | | |
| Proposed Purchase Price | | Construction Costs | | |
| Due Diligence Period (days) | | | | |

| Project Assessment | | | |
|--|----------------|----------------|-----------------|
| Development Description | | | |
| Construction / Project Start Date | | | |
| Construction / Project Completion Date | | | |
| | Pre-Investment | Proposed Inv't | Post-Investment |
| Real Estate Values | | | |
| Estimated Real Estate Tax | | | |
| Estimated Building Permit Fee (Commercial) | | | |
| Estimated M.E.P Permit Fees (Commercial) | | | |
| Business Personal Property | | | |
| Estimated Business Personal Property Tax | | | |
| Machinery & Tools | | | |
| Estimated M&T Tax | | | |
| Projected Gross Sales Receipts | | | |
| Estimated Local Sales Tax | | | |
| Gross Food Sales Receipts | | | |
| Estimated Meals Tax | | | |
| Gross Room Rental Receipts | | | |
| Estimated Lodging Tax | | | |
| Local Incentives (input as negative value) | | | |
| State Incentives (input as negative value) | | | |
| Federal Incentives (input as negative value) | | | |
| Estimated Annual Water Usage | | | |
| Estimated Annual Water Fee Rate Per Gallon | | | |
| Estimated Water Tap Connection Fee | | | |
| Estimated Annual Sewer Usage | | | |
| Estimated Annual Sewer Fee Rate Per Gallon | | | |
| Estimated Sewer Tap Connection Fee | | | |
| Full-Time Employees (FTE) | | | |
| Average FTE Salary | | | |
| Part-Time Employees (PTE) | | | |
| Average PTE Salary | | | |

Development Investment Assessment Form



City Assessment

| | | | | |
|--|-----------|-------------|--------|---------|
| Outstanding Obligations | | | | |
| Developer Experience / Portfolio Provided? | Yes/No | | | |
| Financial Statement Provided? | Yes/No | | | |
| Non-Quantifiable Community Benefit | | | | |
| Contingencies | | | | |
| Proposed Land Use | | Conformance | Yes | No |
| Comp Plan Land Use | | | | |
| Zoning | | | | |
| Enterprise Zone | | | | |
| Rehab/Abatement | | | | |
| Historic District | | | | |
| Assessed Value | | | | |
| Projected Real Estate Tax Revenue | Abatement | Year 1 | Year 5 | Year 20 |
| Real Estate Tax | | | | |
| Total Capital Investment | | | | |
| Total Tax & Fee Revenue minus Local Incentives | | | | |
| Staff Recommendation | | | | |
| Last Public Use (If Applicable) | | | | |
| Development Review Committee Date | | | | |
| Council Review Date | | | | |
| Consent Agenda Date | | | | |
| Public Hearing Date | | | | |
| Council Decision | | | | |
| Disposition Ordinance # | | | | |

Commonwealth of Virginia Incentives

The Commonwealth of Virginia works closely with existing businesses throughout the state as well as prospective businesses across the nation and the globe to attract commercial investment and high value job opportunities in Virginia. Most of these efforts are done through the Virginia Economic Development Partnership (VEDP), which was created in 1995, along with a small number of other state agencies. The mission of VEDP is as follows:

“To enhance the quality of life and raise the standard of living for all Virginians, in collaboration with Virginia communities, through aggressive business recruitment, expansion assistance, and trade development, thereby expanding the tax base and creating higher income employment opportunities”

To fulfill this mission, VEDP focuses on cultivating new business investment, fostering international trade growth and encouraging the expansion of existing Virginia businesses. To help cultivate and support business investment in the Commonwealth, Virginia has demonstrated a willingness to invest in those who invest in the Commonwealth with a variety of performance-based incentives. From tax credits and tax exemptions to cash grants, Virginia continues to demonstrate a willingness to invest in those who invest and reinvest in the Commonwealth.

For more information on these incentives please visit:

<https://www.vedp.org/incentives>

<http://www.petersburgva.gov/1044/Resources-and-Incentives>

or contact our office at:

(804) 733-3223 or e-mail at econdev@petersburg-va.org

The City of Petersburg is economically competitive through innovative strategies for business attraction, expansion, and retention. The development and implementation of these strategies establish the City's prominence as a premier location of commerce and industry in Central Virginia. Improvements to the City's infrastructure are strategically planned to expand water, wastewater, natural gas, broadband, and other utility systems to accommodate new development. The City works collaboratively with the Commonwealth of Virginia, regional organizations, economic development agencies, and other jurisdictions, local businesses and our citizens to enhance investment and job creation. As the center of Virginia's Gateway Region, the City of Petersburg is truly a "Gateway" location with interstate and primary highway access, along with its other unique assets, that serve to attract businesses and tourists alike.

The goal of the Department of Economic Development is to foster Commercial, Retail, Industrial, and Logistical Development. In doing so, we can continue to make the City of Petersburg a premier location for new and existing businesses to thrive.

The definition of economic development incentives is :

“ A deliberate policy or a set of policies designed to make a location more attractive to particular investment decision-makers.”



2021 Economic Development Incentives

Department of Economic Development

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www.petersburgva.gov/126/Economic-Development

The City of Petersburg has one Enterprise Zone: The Central Business District Zone.

The zone has a unique incentive to promote development of properties within this zone. The location is offered below within this map.



The Central Business District offers the following local incentives:

Facade Improvement Grant—The grant is equal to not more than fifty percent of the cost of facade renovations, awarded on a reimbursement basis upon completion of work, and grant awards may total up to \$5,000.

Architectural Assistance Grant—This grant is equal to not more than fifty percent of the cost to create plans for interior renovations to commercial buildings, awarded on a reimbursement basis upon completion of work, and grant awards may total up to \$2,500.

Tap Fee Reduction—Fees associated with connecting to the city's water and sewer system are reduced by fifty percent for commercial properties converted to at least five residential units.

City Assessor Enhancement to Real Estate Rehabilitation Tax Exemption—The partial exemption of real estate property taxes provided under this program is equal to the increase in assessment above the predetermined assessed base value. The exemption is limited to the first two million dollars of increased value for a period of five years. For more information on the incentives under this program please contact the Department of Economic Development.

Machinery and Tool Tax Reduction—The City of Petersburg will provide a rebate of 50% of machinery and tools taxes collected from new industries locating in the Central Business District Enterprise Zone. The rebate starts the year that the industry begins operations and it is available for five consecutive years.

Discounted purchase price of City-owned Industrial Sites—Industrial sites owned by the City of Petersburg will be sold at below market prices to targeted businesses that meet the wage and benefit requirements of the State Jobs Grant incentive at the \$500 grant level (minimum of five full-time positions earning at least 150% of the Federal minimum wage with health benefits, and personal service, retail, food and beverage positions are not considered eligible).

City of Petersburg Technology Zone Incentives

A Capital Investment Grant is available to eligible businesses located in the City of Petersburg's I-95 Technology Zone. The grant is administered by the Grant Administrator based on that the qualified technology business has such new equipment or qualifying existing equipment during the grant period. The grant is equal to 100 percent of the machinery and tools taxes calculated by the Commissioner of Revenue in accordance with the Commissioner's depreciation schedule. For more information, please contact the Petersburg Department of Economic Development.

The Opportunity Zone

An Opportunity Zone is an economically-distressed community where new investments, under certain conditions, may be eligible for preferential tax treatment. Localities qualify as Opportunity Zones if they have been nominated for that designation by the state and that nomination has been certified by the Secretary of the U.S. Treasury via his delegation of authority to the Internal Revenue Service.

Website: <https://www.dhcd.virginia.gov/opportunity-zones-oz>



The City of Petersburg Tourism Zone

Commonwealth of Virginia Tourism Development Financing Program. The Commonwealth of Virginia has established a financing program for qualified Virginia tourism development projects. This program provides two different tiers of financing to compensate for a shortfall in project funding. Learn more at <https://www.vatc.org/TDFP>.

The City of Petersburg Historic District

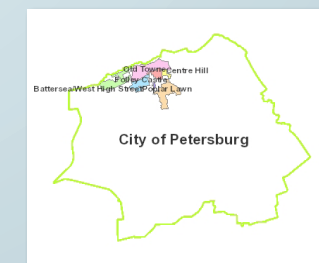
The Petersburg Historic Zoning Ordinance was adopted in 1973 as Article 35 of the city's Zoning Ordinance. The purpose of the ordinance is to preserve, protect, and enhance the City's cultural resources.

All alteration to structures located in the Federal, State or Local Historic Zone are subject to review by the Architectural Review Board.

Businesses and residential homes located in the Historic Zone are eligible for Historic Tax Credits based on their designation (Federal, State or Local).

The Arts and Cultural District

The City of Petersburg has established an Arts and Culture District (Petersburg Municipal Code of Ordinances Chapter 38, Article V) to encourage the continued development and success of its arts and cultural venues. Attached with this District is an incentive program, authorized by the Code of Virginia § 15.2-1129.1. This incentive permits an exemption of the admissions tax to qualified arts organizations for a period of no more than 10 years.



Start Your Business

Longwood University/Crater Small Business Development Center (SBDC)

- Business Plan development, Financial Analysis and Concept Feasibility
- Resources such as Industry Reports and Demographics
- Training on General Business Topics
(804) 518-2003
templetonme@longwood.edu



City of Petersburg Commissioner or the Revenue

- Business License
(804) 733-2315
bflowers@petersburg-va.org

VSU Center for Entrepreneurship

- Research, Entrepreneurship Education and Services
- Tools to Help You with Your Business
(804) 504-7080
www.vsuentrepreneurship.com/index.html



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Petersburg Business Resource Directory

We are your business partners, here to help you:

- Start your Business in Petersburg
- Locate Your Business in Petersburg
- Grow Your Business in Petersburg
- Finance Your Business in Petersburg
- Maintain a Workforce for your Business



Locate Your Business

City of Petersburg

Department of Economic Development

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

VA Economic Development Partnership (VEDP)

- Site selection and Development
- Retention and Expansion Assistance
- (804) 545-5600
- info@vedp.org
- www.yesvirginia.org

Virginia's Gateway Region

- Economic Development Information
- Available Sites and Buildings
- (804) 732-8971
- info@gatewayregion.com
- www.gatewayregion.com

Workforce for Your Business

Virginia Career Works – Crater Region

- Recruitment and Hiring Assistance
- Employee Training Services
- (804) 862-6155
- admin@vcwcraterregion.com
- www.vcwcraterregion.com

Community College Workforce Alliance

- Individual Workforce Training
- Custom-Designed Workforce Training
- (804) 706-5175
- help@ccwa.vccs.edu
- www.ccwatraining.org

Grow Your Business

The Petersburg

Chamber of Commerce

- Business Training and Networking Events
- Business Referral Services
- (804) 733-8131
- info@petersburgvachamber.com
- www.petersburgchamber.com

VA Dept. of Small Business & Supplier Diversity

- Virginia's Procurement Opportunities Certification
- Small, Women-Owned and Minority-Owned Business Enterprise Assistance
- (804) 786-6585
- www.vdba.virginia.gov

Crater Procurement Technical Assistance Center (PTAC)

- Training on Federal, State and Local Government Contracting and Contract Administration
- HUBZone Certification
- (804) 861-1667
- info@craterptac.org
- www.craterptac.org



Finance Your Business

The U.S. Small Business Administration

Virginia District Office

- Small Business Loan and Assistance Programs
- Free Counseling and Technical Assistance
- (804) 771-2400
- richmond.va@sba.gov
- www.sba.gov/offices/district/va/richmond

Virginia Small Business Financing Authority

- Loans Directly to Businesses and Non-Profits
- Credit Enhancements to Banks
- (804) 786-6585
- sbsd@sbsd.virginia.gov
- www.sbsd.virginia.gov/virginia-small-business-financing-authority/

Virginia Community Capital

- Real Estate Lending
- Small Business Lending
- (804) 344-5484
- www.vacommunitycapital.org

Virginia Local Initiatives Support Corporation

- Micro & Small Business Lending
- Technical Assistance & Business Coaching
- (804) 505-4165
- Wshayes@Lisc.Org
- www.Virginialisc.Org

