

## NOTICE OF SPECIAL MEETING

A SPECIAL MEETING OF THE CHARLOTTESVILLE CITY COUNCIL WILL BE HELD ON Thursday, March 14, 2019, AT 6:00 p.m. AT THE City Space Conference Center, 100 Fifth Street, NE, Charlottesville, VA 22902.

THE PROPOSED AGENDA IS AS FOLLOWS:

FY 2020 Budget Work Session

BY ORDER OF THE CITY COUNCIL

BY Kyna Thomas

### **CITY SPACE – March 14, 2019**

City Council met on this date with the following members present: Mayor Nikuyah Walker, Vice Mayor Heather Hill, Dr. Wes Bellamy, Ms. Kathy Galvin and Mr. Mike Signer.

Ms. Walker called the meeting to order at 6:03 p.m. and Pursuant to Virginia Code Section 2.2-3115, she read the following conflict of interest disclosure statement:

“I am an employee of the City of Charlottesville, within the City’s Parks and Recreation Department. I hereby declare that, during the City Council’s discussions of the proposed Budget, relative to issues relating to City employees (such as cost of living increases, living wages, health insurance benefits, and similar fiscal matters relating to City employees – individually and collectively referred to in this Written Disclosure as the “Transaction”) I may have a “personal interest in a transaction”, as that term is defined in Virginia Code §2.2-3101, by reason of the salary or other compensation, or employee benefits, that I receive as a City employee, in excess of \$5,000 annually. I have previously consulted with the Office of the City Attorney on this matter, and received an opinion that, pursuant to Virginia Code §2.2-3112(B)(1), even with this personal interest I may lawfully participate in City Council’s discussion of the Transaction, because I am a member of a group of three or more persons (i.e., City employees) the members of which are affected by the Transaction. I hereby affirm that I am able to participate in the Transaction fairly, objectively, and in the public interest.”

Ms. Walker turned the meeting over to City Manager Mike Murphy. Mr. Murphy advised that the purpose of this meeting was to review the Capital Improvement Program and review follow-up items from the March 7, 2019, budget worksession.

Mr. Ryan Davidson began the overview of the FY 2020-2024 Proposed CIP revenues and expenditures. He reviewed items that changed since the Planning Commission presentation.

#### **Projects Added to the FY20-24 Proposed CIP**

- City Schools Reconfiguration Design and Planning = \$3,000,000 (FY20)

### **Amended Projects**

- General District Court funding moved from FY20 and FY21 to FY21 and FY22
- City Wide IT Strategic Infrastructure was increased by \$150,000 in FY20

### **Reduced Projects**

- Parks and Schools Playground Renovations FY20 funding removed (\$112,000)
- Refurbish Parks Restrooms FY20 funding removed (\$50,000)

Mr. Davidson explained debt service impacts:

- General Fund Transfer to Debt Service (to support proposed CIP)
  - Increase of \$850,000 in FY20 Proposed Budget
- Based upon the current proposed 5-year CIP the City would need to increase the debt service contribution annually by \$850,000 in future fiscal years as well.
- Debt Service – with current projected 5-year CIP, and Proposed FY20 Operational Budget, will stay within the 10% debt ratio cap and 9% target.

The presentation included review of FY 2020 - 2024 CIP bonded projects and non-bonded projects. He followed up on a question from Ms. Galvin at the March 7 Budget Worksession, regarding a comparison between replacing or refurbishing the Bypass Fire Station. The conclusion was that funding has already been expended for the project and the funding from this budget is the second part to complete the \$5.9M expansion.

Councilors asked questions of Mr. Kevin Rotty, member of the financial advisory firm for the City.

Ms. Galvin asked about use of the reserve fund and possible donations from individuals. Mr. Rotty gave an explanation of access to the funds as one-time use funds and guarded against reducing the debt percentage.

Ms. Walker advised that the budget should not be based on hypotheticals and theories.

Council followed up on the City Schools operating request, and Ms. Hill suggested that funding be considered based on the Schools request of \$3.3M. Four Councilors agreed and Dr. Bellamy expressed support of the additional \$500K originally requested.

Ms. Galvin proposed funding the Charlottesville Affordable Housing Fund Flexible dollars at \$1M.

Mr. Signer stated that he would support only the lodging tax increase.

Mr. Murphy advised that the Planning Commission and the Housing Advisory Committee would be in support of having flexible dollars that people can apply for affordable housing.

Ms. Hill advised that the City cannot address the affordable housing issue alone, and that Albemarle County and the University of Virginia should contribute a larger share.

Councilors except Dr. Bellamy agreed to take the additional \$500,000 to fund the Schools original request out of consideration.

Regarding the CAHF, Mr. Murphy explained that \$10.3M has already been dedicated toward affordable housing efforts, which is the largest amount, by more than double, ever allocated for this cause. Council was tasked with deciding whether to allocate flexible funding of \$1M or \$1.55M. Mr. Murphy suggested that the \$1M flexible dollars be pulled from the \$10.3M funds already budgeted.

Mr. Signer asked whether a surplus at the end of the year could be dedicated to affordable housing fund.

Dr. Bellamy and Ms. Hill expressed concern about using all the surplus toward one cause.

Ms. Walker opened discussion on the Charlottesville Housing Affordability Program (CHAP).

Ms. Galvin advised that she is not in favor of approving funds above the \$285,500 which has been budgeted for the CHAP.

Ms. Walker shared the challenges of homeowners at lower income levels paying for rising tax assessments.

Mr. Todd Divers, Commissioner of the Revenue, gave detail surrounding the qualified CHAP recipients and relief amount. He also mentioned that perhaps next year the rent relief program could be discussed in preparation for the budget. Council asked that a rent relief report be included in the future.

Councilors asked to see the impact of adding \$1M to flexible funding versus making it a portion of the \$10.3M. Ms. Walker asked staff to look at other processes like ABRT to know what could be a better use of the flexible funding for affordable housing.

Council poll:

- Lodging tax increase:
  - YAY – Walker, Hill, Signer, Bellamy;
  - MAYBE - Galvin (contingent on other tax results).
- Real estate tax increase: Mr. Murphy advised that the budget was not built around an increase.
  - YAY – Galvin and Bellamy would raise 1 cent;
  - NO - Walker, Hill, Signer.
- Meals tax:
  - YAY – Walker, Bellamy;

- NO – Signer because it adds to the general cost of living for residents;
- Need more info: Hill; Galvin proposed \$0.05 increase, advising that one sector should not bear the responsibility. At least 3 Councilors would go up \$0.05.

Ms. Walker opened the floor for public comment at 8:09 p.m.

Mr. Tom Eckman, IMPACT Strategy Team, spoke about affordable housing and the need for the County and the University of Virginia to do more. He spoke in support of City affordable housing efforts, and the CAHF additional \$1.55M.

Mr. Aaron Winston, organizer for Charlottesville Low Income Housing Coalition, spoke about affordable housing, advising of the 3300 units needed at this moment in time. He guarded against counting on a surplus at the end of the year. He encouraged Council to take political risk to increase revenue to support affordable housing. He encouraged a permanent revenue foundation.

Mr. Michael Payne, City resident, gave context for Richmond's proposed tax increases, and encouraged Council to do more long-range strategic planning.

Ms. Janette Kawachi of Habitat for Humanity expressed gratitude for Council's support for affordable housing, but advised that there is a gap in addressing affordable home ownership. She asked that Council consider adding the \$1M or \$1.55M to the CAHF. She suggested that non-cash options be considered for Council to support affordable home ownership.

Mr. Signer left at 8:22 p.m.

Ms. Avis Allen, representing IMPACT, spoke in favor of \$1M minimum, preferably \$1.55M being added to the affordable housing fund. Speaking as an individual, she expressed that for over a year she has been unable to find affordable housing near the hospital. She asked Council to look for streams of revenue that would not affect affordable housing.

Ms. Sheila Hurlleheigh, Board member of IMPACT and Coordinator of Justice and Charity for the Church of the Incarnation, spoke about affordable housing. She encouraged funding of the CAHF for the ability to address needs as they arise.

Pastor Liz Emory of New Beginnings Christian Community, helping addicts, alcoholics and ex-offenders, spoke in support of the CAHF. She advised that this is the only way that ex-offenders can stay in the community because they cannot qualify for federal grants.

Mr. Rory Silzenburg, resident, spoke about Council's lack of support for projects that he believes would increase the revenue base. He spoke about a line item for solar power generation.

Public comment was closed.

Mr. Murphy reviewed the remainder of the Budget Calendar:

- March 16 Community Budget Forum, 1pm – 3pm (Herman Key Recreation Center)
- March 18 Public Hearings, 6:30 pm (Council Chamber)
- March 19 Worksession, 6pm – 8pm (TJPDC Water Street Center)
  - Remaining budget issues and wrap-up
- TENTATIVE – March 27 Worksession, 6pm – 8pm (City Space)
  - Remaining budget issues and wrap-up
- April 1: Second Public Hearing on Budget/First Reading, 6:30 pm (Council Chamber)
- April 8 Budget Approval, 2:00pm (2<sup>nd</sup> Floor Conference Room, City Hall)

The meeting adjourned at 8:33 p.m.