

**January 23, 2020**  
**FY 2021 Budget Work Session**  
**AFRICAN AMERICAN HERITAGE CENTER**

City Council met on this date with the following members present: Mayor Nikuyah Walker, Vice Mayor Sena Magill, Ms. Heather Hill, Mr. Michael Payne and Mr. Lloyd Snook.

Ms. Walker called the meeting to order at 1:08 p.m. and turned the meeting over to Dr. Tarron Richardson, who introduced Budget and Management Department staff Ryan Davidson and Krisy Hammill, and Financial Advisor Kevin Rotty.

Mr. Davidson reviewed the Budget Retreat Agenda:

1. Budget Process
2. Strategic Plan Update
3. Budget Guidelines
4. Long-term Financial Policies and Debt
5. Revenue Discussion
6. Expenditure Discussion
  - a. Community Agency Funding Discussion

Mr. Davidson reviewed important dates:

- February 11
  - Real Estate Tax Rate (and rollback rate) advertisement will be sent to paper for publication per State requirement that must occur 30 days before the real estate tax rate public hearing (publish on February 15)
  - FY 2021 Proposed Budget must also be completed (ad includes % change to the budget from current year)
  - Other changes to local taxes require a 7 day advertisement and separate public hearing
- March 2 – Proposed City Operating and Capital Budget and Adopted School Budget Formally Presented to Council
- March 16 – First Budget and Tax Rate Public Hearings
- April 6 – Second Budget Public Hearing/Budget and Tax Levy First Reading
- April 14 – Budget and Tax Levy Second Reading and Final Approval

Council discussed changing the dates of several proposed worksessions.

Ms. Hammill gave an overview of the strategic plan and requested that Council approve the use of the current Strategic Plan through the 2021 Budget, as City Operations are intertwined with the existing Strategic Plan. Council approved. Ms. Hammill reviewed budget guidelines and the City's long-term financial policies.

Financial Advisor Kevin Rotty shared information about the City's outstanding debt and bond ratings, advising that they go hand in hand. He advised that Charlottesville has maintained the highest possible general obligation credit ratings:

- Aaa from Moody's Investors Service since 1973

- AAA by Standard & Poor's since 1964

Mr. Rotty reviewed rating agency factors and shared a list of other Virginia municipalities that have the same rating. Some other areas that Mr. Rotty discussed were:

- Forecasted impact of proposed CIP
- Historic and future borrowing plans
- Estimated debt service
- Funding options for increased debt service
- Potential tax rate impact

Councilors asked questions about debt service, general funds transfers, and investment of funds.

Mr. Davidson led the discussion about revenues, which included:

- Major FY 2020 revenue drivers
- Meals tax trends
- Lodging tax trends
- Sales tax trends
- Business License tax (BPOL)
- Personal Property tax
- Real estate tax
- FY 2021 revenue strategies:
  - Ensuring that imposed fees are appropriate and cover to the extent possible service being provided
  - Use of one-time revenue and fund balances only for one-time expenses
  - Looking at areas where user fees can be better aligned

Dr. Richardson began the discussion on expenditures. Some of the expenditure strategies for FY 2021 are:

- Continue to look for and implement areas of efficiencies that result in cost savings
- Look at areas of savings that occur year to year for permanent savings
- Look at services that can be eliminated, reduced and/or altered based on performance data and outcomes

The meeting recessed at 2:38 p.m.

The meeting reconvened at 2:59 p.m.

Mr. Davidson reviewed major FY 2021 expenditure considerations:

1. Employee compensation and benefits
2. Schools operating budget request
3. Increased CIP transfer
4. Increased debt service transfer
5. Other departmental requests

Ms. Kaki Dimock, Human Services Department Director, shared information about funding for community agencies, and changes made to the process. She shared the five broad funding areas:

Education/Youth, Jobs/Wages, Community/Public Safety, Affordable Housing, and Health. The composition of the review team was changed to reflect more lived experience with poverty and nonprofit consumers, and participants are paid for their participation. Ms. Dimock advised that the workgroup determined that future funding would not depend on past funding for nonprofits.

Council discussed the process for funding the needs of nonprofit organizations in alignment with City goals, and asked clarifying questions. Further discussion continued about the use of the Measurements and Solutions council-appointed board, and how to objectively prioritize funding.

Questions arose about the Council Strategic Initiatives Fund, which includes the Equity Fund, as well as the use of surplus funds to replenish City reserves.

Ms. Dimock shared information about the Community Service Emergency hotline.

Council gave general guidance to staff in preparation for the February 6 Budget Worksession,

Ms. Walker opened the floor for public comment. There were no comments.

The meeting adjourned at 5:12 p.m.

BY ORDER OF THE CITY COUNCIL

BY Kyna Thomas