

Planning Commission Work Session

November 26, 2024 5:00 PM to 7:00 PM

Hybrid Meeting – City Space Conference Room

Commissioners Present: Chairman Mitchell, Commissioner d’Oronzio, Commissioner Solla-Yates, Commissioner Joy, Commissioner Yoder, Commissioner Stolzenberg, Commissioner Roettger

Staff Present: Patrick Cory, Missy Creasy, Sam Sanders, Remy Trail, James Freas, Krissy Hammill, Kellie Brown, Rob Hubbard, Ben Chambers, Riaan Anthony, Kristel Riddervold, Brennen Duncan

Chairman Mitchell called the Planning Commission Work Session to order at 5:01 PM.

Commissioner Stolzenberg attended the work session remotely. Commissioner Stolzenberg is in New York City visiting family for Thanksgiving. Commissioner Stolzenberg’s remote participation is approved.

1. Closed Meeting
a. Pending Litigation

Motion – Commissioner d’Oronzio – Pursuant to Code of Virginia Section 2.2-3712, I move that the City Planning Commission close this open meeting and convene a closed meeting for the following purposes:

- 1. Pursuant to Code of Virginia Section 2.2-3711(A) (8) for consultation with the City Attorney regarding legal matters requiring the provision of legal advice related to the Freedom of Information Act (FOIA);**
- 2. Pursuant to Code of Virginia Section 2.2-3711(A) (7) for consultation with the City Attorney pertaining to actual litigation, where consultation or briefing in open meeting would adversely affect the litigating posture of the Planning Commission, specifically, White v. Charlottesville. Second by Commissioner Solla-Yates. Motion passes 6-0.**

The Planning Commission work session was recessed from the open public meeting for the Planning Commission to go into a closed session.

Motion – Commissioner d’Oronzio – I move that this Planning Commission certify by a recorded vote that to the best of each Planning Commissioner’s knowledge, only public business matters lawfully exempted from the open meeting requirements of the Virginia Freedom of Information Act and identified in the motion convening the closed meeting were heard, discussed, or considered in the closed meeting. Second by Commissioner Solla-Yates. Motion passes 6-0.

The Planning Commission reopened in public open meeting from closed session.

2. Capital Improvement Program

Krisy Hammill, Budget Office – We are going to go through a couple of things. Some of this will be a review for some of you. Some of it will be new.

First Slide – Overview

This is an overview of what a CIP improvement program is. We will look at the draft of the plan that is currently under review. We will go through the responses from your memo to the city manager in September. We will talk about what is next. We will have time for comments and questions. We did get some questions from some of the commissioners this afternoon. Some of those are quick answers. We will try to answer some

of those questions tonight. If there are questions that are more involved, we will provide you with written responses ahead of the public hearing. We will send those to the entire Planning Commission.

Next Slide – What is a Capital Project?

It is a project that serves an essential public purpose, has a useful life of at least 5 years, it is usually non-recurring/non-operational, and it is usually an expensive thing. It is something that is \$50,000 or more. These are general guidelines. We will find things that don't meet all these criteria in our CIP. There is a reason for those. We will talk about some of those later as we get through the details.

Next Slide – What is a Capital Budget?

A Capital Budget is a multi-year plan. We do one for 5 years. It forecasts the spending of both the revenues that will pay for that spending and the projects that we intend to undertake over the next 5 years. It should build on the priorities of the Comprehensive Plan. It is also intended to address repairs and maintenance of our existing infrastructure; not just the bright new shiny stuff but taking care of the things we already have in place.

Next Slide – Operating vs Capital

When you compare the difference between an operating and a capital budget, an operating budget, generally for us, is a year that runs from July to June. At the end of that time, we start over with a new budget. It usually covers day-to-day expenses. A capital budget is a 5-year plan. Those projects run for longer than a year. They usually entail very large investments.

Next Slide – Why do a 5-year Plan?

The 5-year Plan is essentially intended to provide a framework to ensure that our capital expenditures align with community input and expectations, the priorities of Council. It is supposed to align with our ability to pay for those projects. It is a way to plan for our cooperation for regional projects, such as the library and some of the other things that we have done jointly with Albemarle County and UVA.

Next Slide – CIP Planning Timeline

Departments begin submitting submissions in September. We have been reviewing those and got to the point where we are now with a proposed 5-year draft. We are bringing this before you tonight to have a work session on that information. In December, you will be having a public hearing. The Planning Commission will again make recommendations to the City Manager. In March, the City Manager will incorporate that feedback into the budget that he will ultimately propose to Council. It will be presented with the operating budget at that time. In April, Council will take all of that and formally adopt the CIP and the operating budget for FY26.

Next Slide – Evaluation Considerations

There are some things that we look at when we are evaluating projects. Is there a legal mandate involved with that particular project? Is there a possible health and safety issue? Does the particular project comply with the City Council Management Strategic Work Plan and the Comprehensive Plan? Does the project meet the goals of the Comprehensive Plan? That is where you come in. You help us look at that. One of the things that we started doing a couple of years ago was tying each project to a goal and chapter of the Comp Plan. If you look at our online budget book for each of the details of the projects, you will see those aligned with where we think they fit in there.

Next Slide

We also look to see if the project is furthering our climate action goals and commitments. We look to see if the project is preserving city infrastructure; the things that already exist. We look at the impact on the operational finances of that project. What are the impacts once the project is complete? Is there an ability to generate revenue for that project or for the expenses of that project?

Next Slide – Areas of Special Consideration

Some of the things that get special consideration is if the project ties to other existing proposed projects. Is there a demonstrated public support for the project? Is there a possibility to leverage outside funding? Will the project be done in partnership with one or more organizations? Are we upholding our regional partnerships? Does the project increase the level of service that we are able to provide?

Commissioner Solla-Yates – I had a question about the 2030 bond issue. It is historically low. It is lower than the others.

Ms. Hammill – In this 5-year plan, we are basically marching out projects. You will see the prior years (26 through 29) that they have some large commitments that we have already made (Walker for the Pre-k Center). There are some other bigger projects. The 5th year is the farthest year out. It is the one we know the least about. It is our best guess right now. It is typically smaller. It is what we know currently.

Next Slide – Funding the CIP-Revenues

This is a slide for the revenues of this plan. This is how we afford to pay for the plan that we have set forth. In each case, the revenues that are available should match the total expenses that we plan to spend. We fund the CIP with cash from the General Fund. We have a policy that says at least 3 percent of our General Fund budget will go to the CIP as pay-go or cash pay for projects. We have some partnership from the city schools, in which they provide some money for some of their projects. We have used CIP contingency in a few of the years here. You will see that with part of our surplus. The policy is that goes to the CIP contingency to be used for additional cash in the CIP. We are planning to use some of that in 27 and 29. Finally, we sell bonds for the projects. All those together will help fund the CIP.

Chairman Mitchell – I had a question about the schools. Where do they get the money for their contribution?

Ms. Hammill – In some of the past years, they also received CAREs and federal funds that they passed onto the city. There also is a gain sharing agreement. When the city provides local funding to the schools, if they close out a year in which they have not spent all those funds, some of that comes back to the city. They can keep part. We get part. We have allocated that back to the CIP. They also have some other grants that help with some HVAC projects. It is basically grants and leftover funds that they did not spend. When we were working on the Buford Middle School project, they did get a large grant that they were able to apply for that came back to the CIP and helped pay for part of the Buford project as well.

Commissioner d’Oronzio – We roughly have \$133 million. We are saying that we know this number is wrong. We know it is notional on the bonding. Can you give a sense of what our current debt looks like for these?

Ms. Hammill – I can give you some more specific details. When we talk about our debt, we talk about 2 things. One is debt capacity, and one is the annual debt service. When we first started talking about the Buford project, we said that if you try to do a \$50 million project, we are going to be out of debt capacity. Since our revenues have grown, our capacity to bond things has grown with that. As a result, our policy is that we will have an outstanding debt target of 9 percent with no more than 10 percent. Right now, our projections are, even with this plan, we are a little over the 7 percent range. Part of that is a function because we have had assessment increases. Our revenues have done really well. As our General Fund has grown, 9 percent or 10 percent of that general fund has grown, and our capacity has grown. The problem with that is you must pay for it. Affordability of the debt has become the issue. With the current plans that we have had, our current debt service, within the next 5 years, is basically planned to double. We are moving from a debt service payment that is somewhere around \$12 million to about \$24 million. Part of that, we have hedged with a fund balance. We have been building up a fund balance in the debt service fund that we are buying down to try to level off that contribution from the General Fund. We are now in a situation where we need to put in more money from the General Fund

to pay the debt. While we have plenty of capacity, we still must worry about paying that off. For example, we just sold bonds for the Buford School this year. It was about \$51 million. That bond issue alone raised our debt payment by \$1.8 million.

Commissioner d’Oronzio – What kind of pricing are we looking at now as opposed to a year ago?

Ms. Hammill – Interest rates have gone up. This year, we were about 5 basis points higher than the year before. Our AAA bond rating tremendously helps us to keep our rates low. We did very well in our sale. We thought we were going to be a little higher than we were. It was not that dramatically different. We are projecting about 3.5 percent for this year. In the future years, we are planning for about 4 percent.

Next Slide – Aaa/AAA Bond Rating

Because we are AAA Bond rated, we can get good financing rates. We are one of 87 cities nationwide that maintain the AAA from both Moody’s and S&P. There are only 10 cities in the state of Virginia that have this distinction.

Next Slide – The City’s Bond Rating

A bond rating is an independent review of the city’s credit worthiness and the ability to pay off our debt. They come in, go through our finances, go through our economic factors, and they sometimes do tours. It helps attract economic development prospects. We go to market every year. We are talking to the rating agencies on an annual basis.

Next Slide – Summary

Here is a 5-year summary of what this plan looks like. We are planning to spend a little under \$186 million. Of that, we are planning to bond about \$131 million. Just under \$51 million will be cash from the General Fund. This year, the top 3 priorities, in terms of total budget/where the spending will happen, Education is first, affordable housing is second, and transportation & access is third. That is based on the total expenses that are planned for this 5-year plan.

Next Slide – Education

We will look at each of the categories for spending. If there is no highlight, that means this is exactly how it was laid out in the 5-year plan last year. You will see many numbers that are not affected at all. That means they did not change. In this case with the school HVAC number, you will see this on this slide and the next slide. Staff did request about a \$500,000 increase in this category for facilities. Some of that is being driven by cost of replacement of those units and those parts for that. We are still working through that plan. This is not a done deal yet. This is also a conversation with schools. We are still working on that. You will also see that here the preschool, Walker pre-k program. This is something we added to the budget last year and starts in 27. The final funds are appropriated in 28. We also started 3 years ago putting in funding for roof replacements as a replacement program that we had not previously done. I will note that there have been some school name changes. We do need to update those in this slide but also in our financial system. With the small capital improvement of \$200,000 a year, that is money that the schools contribute to the city for those repairs.

Commissioner Joy – With the line items that have zero funds allocated, they were under consideration? Why are they still showing up?

Ms. Hammill – First, oversight on my part. Basically, they were projects that were in the plan last year that were funded. They just don’t have funds for this year. For example, with the school reconfiguration, that project is well underway. There are no new funds in this 5-year plan. It has been fully funded. For the window replacement at Summit Elementary, those funds were put in for this current fiscal year. It was fully funded.

Next Slide – Facilities Capital Projects

With the HVAC line, we are still working on that. There are no real changes here. You will see the climate action line drops in here \$1 million a year through 29. That was part of our 5-year commitment in terms of planning for implementation of initiatives throughout our climate action plan. Otherwise, no real changes or additions here.

Commissioner Solla-Yates – I have a question about the lump sum to facilities of capital projects. It seems to go up every year. I am guessing it is due to inflation.

Ms. Hammill – That is correct.

Commissioner Stolzenberg – I see there is the school HVAC repair and the city HVAC replacement. Is the city school's replacement included in this replacement budget? Do they have their own replacement program?

Ms. Hammill – I would say that is just a nomenclature inconsistency on our part. That account is used for both repair and replacement in both facilities and schools. These accounts cover both. They act in the same manner. One is for city facilities, and one is for schools.

Commissioner Solla-Yates – With the climate action initiatives, I had a question from my colleagues on the school board about solar PV on school roofs as we are doing the roof replacement. My understanding was that this would go towards that. I am hearing conflicting information. Can you speak to that?

Ms. Hammill – For a long time, we have had funds in the CIP related to solar and what that might look like. It had built up a balance because it was budgeted at small amounts a year for the purpose of building a balance. A year or so ago, we dropped that down to \$75,000 a year. I think there is a couple hundred thousand now in that account. We are deploying on some of those funds for the bypass fire station. This climate action initiatives was a new account. They are working through the Office of Environmental Sustainability that has a work plan for those funds. Could some of it be used for solar? Maybe. That has not been decided. We do have a source that we are working with outside of those funds right now.

Commissioner d'Oronzio – Can you tell us where the figure for the JMRL renovations comes from? It seems to be remarkably precise.

Ms. Hammill – That was the last number they had received through their work. That is the same number we are working with the county.

Commissioner Stolzenberg – For the PV program, since it is going to zero, should we expect that future PV installations will be through power purchase agreements? Are we near reaching power purchase agreements or issuing RFPs for them to put on our recently replaced roofs?

Ms. Hammill – We are exploring all those options now. We have put out an RFP for PPA. We are waiting for that proposal. We will be working through that with our financial advisor and our bond counsel.

Kristel Riddervold, Office of Sustainability – We are exploring power purchase agreements particularly for the 2 largest roofs. Charlottesville High School and the middle school are the 2 largest roofs in the municipal portfolio, which each are multi-million-dollar projects. We have requested a proposal for a power purchase agreement through a cooperative contract. That is exciting to get moving. The city solar program had a balance. We are using some of the climate initiative funds to support that to get solar on CATEC. We have several big solar projects for the first time; more in the works than ever before.

Commissioner Stolzenberg – For HVAC replacements, have we been doing like-for-like replacements like replacing gas furnaces with new gas furnaces? Have we been looking at electrification of potentially replacing furnaces with heat pumps?

Ms. Riddervold – Each time a new piece of equipment is replaced because it is newer, it is going to be more efficient. Simultaneously, we are doing an electrification screening to try to identify where in our portfolio do we have the best candidates for something other than like-for-like if it is not electric.

Next Slide – Public Safety & Justice

Ms. Hammill – You have green highlights. There are some changes in these line items from last year's 5-year plan. They are not necessarily new. It is just the amounts that have changed. On the fire and EMS apparatus, those are mostly timing changes. The supply chain is such that those are taking anywhere from 36 to 40-plus months to build. You must get in line with orders. Some of that has adjusted the timing but also the cost down on the fire apparatus. With mobile data terminals for police, part of that is adjusting for cost. That was previously budgeted. I think it was \$75,000 a year. That is meant to be an annual replacement. Because of cost, that had to be bumped up a little bit to keep us on target so that we are not replacing how many we have all at once but on a cyclical cycle.

Next Slide – Transportation & Access

The green highlights here note changes. One of the big changes you will note is new sidewalks. There is a significant increase here. This is based on all the reports and great work that Mr. Chambers has reported to you and Council. It is based on the priority sidewalk list. In addition, the sidewalk repairs have been increased in the out years. The small area plans and milling & paving were adjusted. Some of those amounts were adjusted up in the later years. The one big notable addition here is the ADA Transition Plan. That is the first time you will see that in the CIP. This is a number that we know is going to be expensive. This is what we think we can afford at this time. We will be coming forward with more details of that as we progress through that plan. With traffic signal infrastructure, we have some of those amounts out. Some of those project expenses have been delayed due to supply issues, which we think are being corrected. We are adjusting the funding request accordingly in the CIP.

Commissioner Joy – Is the ADA Transition Plan a fund to look at similar to the sidewalks to have a robust plan of where you could improve access?

Sam Sanders, City Manager – The ADA Transition Plan item is meant to be the city prioritizing a true demonstration of our commitment to ADA. This has been a challenged subject for us for quite some time. This is meant to coincide with the delivery of a new transition plan. We have a plan that is dated 2013. We will get a new plan. We will begin immediate implementation. The thought behind this is that we are expecting a big number associated with that plan. When it identifies all the different things that need to be dealt with. The total is a significant number. This is a \$2 million commitment per year for the next 5 years. We know that this is a beginning. The intent is that we are doing what we consider to be a demonstrated best effort. If we are ever visited by those in more powerful seats and they tend to leave you with settlement agreements, we will hopefully avoid one if we can demonstrate that we put forth our best effort and we show an annual commitment. That is the reason for putting a number here. We know that number is going to change, and this number will continue to change. We have already received a series of recommendations from the team that is doing the final work that needs to be done. We will use that to break down amongst the team member, who will do what of those things that would use this \$2 million allocation. It is why I am suggesting that, in future years, we will be going up. As we start to do that work, we will find that we probably do not have enough money to do all the things that we need to prioritize for right now. We will constantly be revisiting this and working with a committee on doing that work too.

Commissioner Solla-Yates – Is this different from or the same as the other ADA items?

Mr. Sanders – We are going to revisit those too. One of the things that we need to do is add clarity too. Some of Council's actions and prior city manager actions was to set up 3 separate accounts that had an ADA focus. Since we are now adding a 4th line item, we have had conversations about whether we need to keep all those. Could we consolidate or do we rename them for what they are for? There is a combination of what the result will be. I would say that when you see the proposed budget from me, it will be corrected.

Commissioner Stolzenberg – On this slide, we have our transportation items. We have this new concept of urgent transportation improvements after a woman's death on Elliott Avenue. There are other locations in the city that are quite dangerous. I know that BPAC is working on identifying them for future, similar rapid improvements and hopefully hardening later. Do we have a line item to fund those things? I had heard that some would come out of the surplus for this year. Do we know how much that is for this year?

Mr. Sanders – That is still in progress. That was a commitment I made to Council as a part of a presentation that I made to them last month. What I gave staff is direction to put together a list of those urgent items. Ben Chambers (Transportation Planner) is working with the various public committees. I am working to identify what amount of money is available. We have a few sources that we can consider pulling that from. I have not yet set a target because I am preferring to get the list back and determine if we have enough to cover a portion of that list. We know that there will be at least \$500,000 available. I can tell you that I know that we have at least that much for what is available right now. There is a projected surplus. I will be including more in that request. That depends on what else is on that list.

Next Slide – Parks & Recreation

Ms. Hammill – We have one new item here: The Downtown Mall Tree Management Plan. This will entail future funds that will appear in the CIP. This is to get us started. You will also notice that between the evasive species and the several tree accounts, we have taken some of that funding and realigned it at the request of Parks & Recreation to more accurately reflect how they need to spend those funds.

Next Slide – Technology Infrastructure

The public access, our studio fees essentially come through your Comcast bill. That must be used for the public access. The citywide IT technology infrastructure amount is used to help supplement for things that come up during the year that maybe are not planned. Some of those things that we have used that for include to supplement some of our procurement software. Last year in the CIP, there was an item for the system upgrade for the Circuit Court. That was in here. We have used it to replace some cameras. It is meant to help us supplement for things that are not budgeted. The voting equipment is due to be replaced. We were funding this account to have enough funds in 27 from when those are due to be replaced.

Next Slide – Affordable Housing

There is nothing new here, except for Carlton Mobile Home Park. This is green. This is an action that Council already approved. It is new to the CIP this year. This is a cash-funded endeavor. If you were to compare the cash contribution from the General Fund in last year's plan versus this year, you will see that there is \$1 million increase in that. That is a direct result of this project.

Commissioner Solla-Yates – With Hearthwood and the affordability issue, can you speak to that?

Ms. Hammill – There has been no request of the city for any of that. We don't have any information. It would be like any of these other endeavors if there was an alternative or an option that would come up and come forth to the city. We could certainly look and examine that. We have been able to do a lot or multiple of these arrangements over the last couple of years because we had one-time federal money. We have had yearend

surpluses. The federal money is drying up. We won't have those one-time sources. Whatever may or may not come forth with Hearthwood, we would look at it at that time and evaluate whether we could do it or not.

Commissioner d'Oronzio – With the CSRAP, that number has not changed in 8 years. Is that \$900,000 CRHA's request? Housing costs and rents have gone up in the last 8 years.

Mr. Sanders – With regards to the \$900,000, the current iteration is still at \$900,000. Renewal of the agreement, which occurs annually around September, we will be evaluating whether if CRHA is not at capacity, there is a contemplation of what else we could do with that. That won't be introduced until around that time. It is still in there as a placeholder for that amount.

Commissioner d'Oronzio – I assume that these phase 4 redevelopments are essentially notional at that distance.

Ms. Hammill – It is what has been allocated to date.

Commissioner d'Oronzio – There is a 1-time public housing redevelopment. Is that the last in a string?

Ms. Hammill – That was the last of the \$15 million commitment to CRHA.

Commissioner Stolzenberg – Timing-wise for the West Haven Redevelopment and even 501 Cherry Avenue, it seems like 501 Cherry Avenue is further along than West Haven. 501 Cherry Avenue did not get LI HTC funded this year. Should we expect that to be pushed out a year because they will have to reapply? Similarly for West Haven, I don't know that they are applying for LI HTC this coming year or that they have a plan. Have they asked for this in this coming year rather than later?

Antoine Williams, Office of Community Solutions – With regards to West Haven, we have not received any information regarding new requests. That request is as is for right now. I can speak to 501 Cherry Avenue. They are going to submit a 4 percent application next year around July. At that time, we will know whether we need to adjust or augment the schedule depending on the outcomes of that application.

Commissioner d'Oronzio – That is within the context of the city commitment as well, that we have that already signed and reserved. When they go out for LI HTC, they can point to it.

Commissioner Stolzenberg – Do we expect a reduction in the affordability element of that project if they are only going to get 4 percent? Do we expect them to ask us for more money?

Mr. Williams – That is a bridge we are cognizant of. I cannot speak to it now. I will let you know that in terms of a contingency, PHA has indicated that they are going to also pursue the new state housing credit program. That should cover some of the gap. That is a conversation to be had once we get closer to that bridge.

Commissioner Solla-Yates – I had a question about no bondable housing in FY30. Can you talk about it?

Ms. Hammill – The no bondable for housing is not representative of our capacity or anything other than the complications of tax-exempt debt and these projects. It is either the state code or the city code that gives the city the authority to provide money to the Housing Authority, in which we could bond projects for that. It does not give us the authority to bond projects for a nonprofit.

Commissioner Solla-Yates – Could we buy land and lease it to a nonprofit for housing projects?

Ms. Hammill – We can do whatever we want. There is nothing that keeps us from making any kind of arrangement that Council approves. We must weave through the IRS regulations to determine how we pay for it. One of the things that you have noticed is that the large bulk of our affordable housing projects are cash funded because they are through nonprofits. There is nothing that would preclude us from doing that I am aware of. There might some legal thing. If Council approved it, we could do it. We would have to work through the financing piece at that time. Every detail matters. It is hard to make a blanket statement about whether we could bond it or not. If it is through a nonprofit, we are not able to do that.

Next Slide – Planning Commission Review

We kicked off the budget season with Council, City Manager, and me on September 16th. Following up with that, on your September 24th work session, Ms. Creasy kicked off the CIP with you. You drafted a memo to the City Manager for some areas that you would like to provide him to consider for his consideration. This is the list here. We are going to take each one of these and tell you how we think that we have addressed it in the draft.

Next Slide – Multimodal Transportation

Provide additional funding multimodal transportation, walking, biking, transit, etc. Sidewalk funding needs to be restored and increased. One of the things that we just talked about is that for this plan, an additional \$4.2 million has been added for the construction of new sidewalks that were detailed on the sidewalk's priority list. We also have \$2 million a year for a total of \$10 million that has been added to help remediate ADA barriers. The city made a large increased investment of over \$1.8 million last year or for this year's FY25 budget to CAT. We will continue to do that through this budget process.

Next Slide – Community Infrastructure

You wanted funding for community infrastructure to allow for the implementation of the Comp Plan. This includes utilities and transportation. Each project in the 5-year plan has been linked to the relevant chapters and goals of the Comp Plan. For FY26, the current draft includes \$6.8 million in projects related to transportation across and throughout the city. The projects related to city-owned utilities are not part of this CIP. They are Enterprise funds. Those projects are funded through the utility rates and in their own separate fund. They come to Council as part of the rate setting process in May.

Next Slide – Smart Scale Projects

There was a request for adequate funding to complete the smart scale projects currently funded. The City Manager with the VDOT District Engineer has confirmed a series of changes to the current VDOT program. That entailed revising scopes of 2 projects, redistributing previous awarded funds for a series of projects in the current portfolio. That will help with the significant budget gaps for those programs. That memo and presentation is going to Council for consideration at the next Council meeting on December 2nd. The Commonwealth Transportation Board will consider the request at its meeting in January making it possible for all those previous grant awards to the city to remain for use within the current portfolio ensuring no additional project loss. Council will consider the reallocation of those funds resulting from the CTBs action in January or February. Once we get that notice from VDOT, we will be coming back to Council to move those funds around.

Next Slide – Human Capital for Projects

There was a request to provide for human capital needed to accomplish funded projects. There was an assessment of staffing needs that was done and completed in 2024, which resulted in 4 additional project manager positions, which have been filled. The city completed a reorganization within the Public Works Department that included the addition of a deputy director, the addition of a project manager specializing in right-of-way acquisition. All project manager teams were merged into a single facilities development team, which provides project management specialization of all construction projects regardless of the department that are built by the city.

Commissioner Stolzenberg – It sounds like we have adequate staff to manage our portfolio. On the previous item, we cancelled several projects for a budget shortfall. I previously understood a lack of staffing. If the problem was the budget shortfall, was there any consideration given to backfilling that budget shortfall so we could keep 1 of those 2 projects that were cancelled? My understanding, from the presentation given a month ago, is that the total amount of those 2 projects is around \$50 million and the shortfall is about \$17 million. Why did we cancel both rather than cancelling the one and potentially backfilling with a small amount of CIP funds to get the other one done?

James Freas, Deputy City Manager – The shortfall was \$17 million. We discussed the notion of whether the city would take on that cost. We made the determination that we would rather transfer funds within the VDOT portfolio program and not bring on an additional \$17 million request into the CIP. Only one of those projects could be canceled and transfer the funds. With the other project, we could not cancel that project and transfer those funds. With the project at 5th and Ridge, that project also had a significant shortfall. We could not transfer funds into it. There were concerns as to whether the design of that project matched up with what we wanted to do today, the approach that we would take today on that project. With limited ability to make alterations to that project and maintain the state funding, we ultimately made the decision that we had to cancel that as well. The decision to cancel projects was due to the shortfall in funding.

Commissioner Stolzenberg – Could you elaborate why only one of the two projects could have funds transferred? My understanding is that both projects came from the district grant pool and not the high priority pool. I would think that they would be equivalent.

Brennen Duncan, City Engineer – That one had a combination of funds.

Mr. Freas – The Ridge Street project had a combination of funds. Because it had a combination of funds, it was not as readily transferrable as the Emmet Street Phase 2 project, which could be.

Commissioner Stolzenberg – Was the thought that some percentage of the funds would be transferrable?

Mr. Freas – At this point, what I am going to offer you is that if you have further questions on it, we are happy to ‘dig into it’ further. That is where we are right now.

Commissioner Stolzenberg – I guess that I would propose that large budget decisions like that could be made within the budget cycle and within the process that we have for establishing our budget priorities in the future.

Mr. Freas – I appreciate that comment. On this whole program and everything we are doing here within the CIP; we certainly look and work to do that within the budget cycle and within processes where we can take decisions in front of Council and other entities. We were working under a timeline given to us by VDOT when those decisions were made. We are bringing these decisions back in front of Council for discussion.

Next Slide – Downtown Initiatives

Ms. Hammill – Fund the Downtown initiatives, the tree study, infrastructure, etc. This plan includes three projects related to the Downtown Mall. One is the infrastructure account, which has been in there for some time. That is basically a budget that is offset by the café permit fees for the restaurants on The Mall. The Downtown Mall Active Life Cycle Tree Management account is funded at \$100,000 a year to help take care of pruning and general maintenance of the trees on The Mall. New this year is the Downtown Mall Tree Management Plan, which is funded at about \$315,000. That is to get us started. That will come back again once the plan is solidified with a request for more funds.

Commissioner Solla-Yates – Did we figure out what to do about the fountains? Do we like the chains? Are we thinking about changing it?

Mr. Freas – The Downtown Tree Management Plan includes recommendations for the fountains. In the Phase 1, which this is the first down payment on Phase 1, includes some recommendations about making alterations, not to the fountains themselves, but how they operate within the space overall.

Next Slide – Affordable Housing & Homelessness Needs

Ms. Hammill – Continue the commitment to affordable housing and support homelessness needs. This FY26 part of the CIP includes \$12.7 million in funding for affordable housing projects with just under \$52 million that is included in the 5-year plan. These are CIP funds. This does not include the tax assistance programs and other things that are also funded in the operational budget. The City Manager has been leading discussions with Council on community interventions, which will include some homelessness and other potential uses of ARP. That is why that is not showing up in the CIP right now.

Commissioner Solla-Yates – I got a question from the public about LGBTQ accessibility to a no-barrier shelter operated by the Salvation Army. Do we have clarity on that? Is that on our radar?

Ashley Marshall, Deputy City Manager – One of the things that I have been surprised with coming from another community where I did nonprofit work in unhoused community members and those who are housing insecure is that this Salvation Army has always had space, even in their high-barrier shelter, specifically for our LGBTQ neighbors, who may be transitioning so they can have a private, comfortable space. I know that is unusual for a Salvation Army. Salvation Armies across the country maybe are not all that progressive, compassionate, and caring. I can tell you, with our friends at PACEM being willing to work with them at the warm room, that alone gave me comfort coming into this community. Having conversations with our lead in the Human Rights Commission and Major Mark, we understand that individuals need safe, comfortable places to have shelter for individuals who maybe don't share the same faith tradition as the Salvation Army. That is something that we are very keen to participate in and very focused on, especially with the city that finally got a 100 percent rating from our municipal equity index. That is a fantastic question for our community members to be concerned with. As we go into this conversation as the city, it is very important that we consider, not only that, but also individuals who are differently abled. Thinking about beds, bunks, and all those things are going to be conversations that we have.

Mr. Sanders – Part of the ongoing conversation is the discussions with the Salvation Army. Part of what they have agreed to do is to make sure that we get access to what are the variations on what they do in the way of service so we can ensure that we get the best version possible.

Next Slide – What is Next

I started a short series with Council at the last Council meeting that I have labeled Budget Briefs. What I am doing in that moment is being responsive to them. They have asked for information on the front end of the budget being proposed so they can understand what to anticipate in the way of a budget presentation so that I don't surprise them with the budget announcement being what it is. I created a 3-part series. The first session was on organizational excellence and equity. I am pulling straight from their strategic outcome areas in the ways of topics. On Monday night, I will be talking about housing and infrastructure. On December 16th, the third session is going to be on public safety and transportation. Not that any of the other strategic outcome areas are not important, but those are 'big ticket' areas/things that are moving very fast. They are going to high dollar topics. The goal is to make sure that I can provide Council some deep opportunity to see what it is looking like to try to fit all these things into the budget. I say that to frame your discussion you are going to have. When you look at the CIP and recommend that things be added at a higher amount, we are at a place we are needing to offset that. Whatever we want to add in, we need to take something away. Whatever we want to increase, we

may have to reduce. I am not saying that to you to stop you from offering any of those. I am pointing out that as it stands right now, we do not have a balanced budget. It is too early to have one. We don't have one. This city being a city that 'punches above its weight class,' is why we won't. That means decisions must be made. Sometimes there are difficult decisions that must be made.

On the 10th of December, you will have the public hearing, giving the public a chance to react to what they learned tonight and what you talk about and what they will also be able to bring forward on the 10th. I will have a budget forum on the 12th of December. That is the public's opportunity to come in and talk with me and the team about budget priorities. It is a chance for me to hear from them. We will frame that conversation a little bit about what we are seeing in the way of budget drivers for this upcoming session so they can appreciate that and understand that. They will be left to the room to ask questions about what they just heard and other things that they might be thinking about. As you are forming your recommendations, the public hearing is a part of that. It is to give me insight as to what all the expectations are. I am here to help and to do my best to meet as many of them as possible. I won't hit all the expectations. I know that because the budget is not infinite. It will not go everywhere. That proposed CIP becomes a part of the presentation. Ms. Hammill and I will be presenting the proposed budget March 5th.

Chairman Mitchell – When do we make our recommendation?

Mr. Sanders – We consider it an open conversation at this point. We are going to be capturing what you talk about if you decide to talk more tonight. I am taking notes. We will be looking for additional things that you might say this evening. At the public hearing, we will be capturing that information. It all becomes a test for us to go back in and say: Do we have a beat on that in this CIP? Are we seeing that in our budget in a different way? Is it on the ARP list that people don't know about yet? Is there a decision that needs to be made? That decision is either mine or Council's decision. We are framing all these different information points for how we process that to take it forward.

Next Slide – CIP Resources

Ms. Hammill – This slide will give you a couple of resources. Our budget explorer tool will allow you to look at the current CIP. One of the things, when we are working through this process, is that we are always looking from today forward. We have a lot of stuff on the books and in the works. The budget explorer will let you look at the project, the status of those projects in terms of budget and expenses. The online budget book gives you a summary of the CIP that we presented tonight. It also has a page for each project with a little more in-depth detail that you can view. On our city budget webpage, after every work session, we have all the presentations posted. Any public notices that we post will be found there. Any information related to the budget development process will be there. The only thing there right now is the CIP budget book and a schedule of all the public meetings for the FY 26 budget development process that will take us from now through April of next year.

Commissioner Roettger – I don't see anything that should be moved. It seems all reasonable. I appreciate all the affordable housing, homelessness, and the money being spent there. Cultivate Charlottesville sent some disturbing email about how they are falling or that they might have to close. It might be something to investigate. It would be great to be able help them, if necessary, given their help in the CRHA and other neighborhoods. If they are going to be helping with the Washington Park garden, that is not in here. I am going to mention it. It takes a while to tee all these things up. It just came in.

Commissioner Yoder – It is good when the city and Public Works has the internal staff capacity to complete quick-build projects, we saw this on Elliott Avenue and other places. I have seen city crews building sidewalks. It is great. Members of the public see that the city is getting something done that positively affects their lives. I like what I see in the transportation and access budget lines. I hope that some of that can be spent on quick-build

projects. So many transportation projects take so long to build and can be so expensive. I hope the city will invest in some quick wins to keep the ball rolling in a positive direction.

Commissioner d’Oronzio – Since the City Manager has laid out the rules of play for moving money around and I would not want to make specific recommendations, I am going to ‘dig’ into the budget tool before I make any specific line-item recommendations.

Commissioner Solla-Yates – The school lump sum account is not indexed to inflation. It is diminishingly useful. I don’t think it is an emergency. It will become an increasing problem. With the school priority projects, I love them. They are beautiful. They are currently unformatted for the out years (29 and 30). School solar is a priority. If we need to pull some of that money away, if it can make school solar happen faster, that may be a wise decision.

Commissioner Joy – I wanted to say thank you for letting me be a part of this process. I appreciate the transparency. I will be happy to report back some of the items that were discussed tonight and share some of the draft CIP with my colleagues. I am appreciative of the attentiveness to the comments that were made. When we previously discussed the CIP, what was presented tonight was a marked improvement over what was previously shown.

Chairman Mitchell – This gets better and better every year. Thank you for the way you have organized this. I love the way you have organized the website. One thing that does worry me Hearthwood. It looms large. I want us to be certain that we are thinking about that. We don’t want to revisit the mobile home crisis that we faced a few months ago. Please start thinking about it and begin developing a plan of action. There are 200 people that live there that are having their rent subsidized. I have no idea what the owners are going to do with that when the affordability window shuts down next year.

Commissioner Solla-Yates – We have an economic development fund for strategic initiatives, which is helpful because things come up, and we are ready. We could do something like that with housing. We could have a fund identified and ready to go when these things come up.

Commissioner Stolzenberg – I am glad to see this year that there is a plan to both fund and build new sidewalks. I appreciate you putting that in there. If we had been funding it at 2018 of \$500,000 a year, we would have had that fund built up and would not have to be significantly increasing it now. I was a big advocate of our \$10 million affordable housing pledge. We have significantly exceeded that pledge. In this CIP, we are continuing to. I am concerned for some of these out year projects. We are committing funds before having a proforma or funding model from these organizations and in some cases not even a concept plan of what to do from these organizations. For example, Kindewood Phase 4 does not even have a plan. I can’t say that in FY29 Kindewood Phase 4 or some plan that we have not seen to date will be a higher priority than a Hearthwood acquisition or another affordable housing thing. I would like the city to create a proper process for evaluating these large funding requests. It looks like the Cherry and Ridge smart scale projects from the district grant fund were \$14.84 million. It is about \$2.2 million short of that \$17 million funding gap. It is disappointing that we are canceling an additional \$20 million project if the alternative might have been putting \$2.2 million of bondable funds into our CIP. It happened outside of the budget cycle. I understand it is going to Council now. It is not clear to me what that means given that the request to cancel has already been made to VDOT and whether this upcoming Council discussion has any potential effect on that outcome. We have made a commitment to the city to commit to better transportation to accommodate the increased density, which will come with increased tax revenue that we have planned for as part of our Comprehensive Plan and our zoning code. We need to execute on that plan.

Commissioner Roettger – For the affordable housing piece, I was on the CRHA board for several years. We need to be fair about all the money being distributed and always refining the way that the process works. With any of those projects, the price is going to go up, which is why I am not that worried about the proforma and the plans. I know West Haven has some conceptual plans started. Kindewood has past plans that need to be updated. I am fine with all that. Setting it out there is great. They are always going to need more.

Commissioner d’Oronzio – I share some of Commissioner Stolzenberg’s concerns. The project is coming. We know it is coming. If it isn’t coming and it falls by the wayside, we do a CIP every year. We can make those adjustments as we go.

Adjournment

The meeting was adjourned at 6:57 PM.

Public Comments

There were no public comments submitted during this work session.