

CHARLOTTESVILLE CITY COUNCIL
Budget Work Session
December 10, 2020

6:00 PM WORK SESSION

The Charlottesville City Council met in an electronic meeting on Thursday, December 10, 2020, in accordance with a local ordinance approved July 27, 2020, to ensure continuity of government and prevent the spread of disease. The purpose of the meeting was a work session to discuss the FY2022 City Budget.

Mayor Walker called the meeting to order at 6:02 p.m. with the following members present: Mayor Nikuyah Walker, Vice Mayor Sena Magill, Councilors Heather Hill, Michael Payne and Lloyd Snook.

Mayor Walker turned the meeting over to Acting City Manager John Blair, who advised of an agenda addition to discuss alignment of the local coronavirus ordinance with Governor Northam's Executive Order issued earlier in the day.

Mr. Blair then turned the meeting over to Ryan Davidson, Senior Budget and Management Analyst, who reviewed the meeting agenda:

1. Vibrant Community Fund Outside Agency Review Process Update
2. Budget Development Guidelines
3. FY 2022 Budget Development Expectations
4. Council Budget Development Priorities

Kaki Dimock, Director of Human Services, reviewed the Vibrant Community Fund Outside Agency Review Process update.

Mr. Davidson and Mr. Blair reviewed FY 2022 budget guidelines:

1. Annually review major local tax rates.
2. Develop operational budgets within projected available revenues.
3. Incorporate the Council's Strategic Vision Areas and Strategic Plan Goals.
4. Level funding of departmental budgets with a few operationally necessary exceptions.
5. Continue the strong commitment to education by allocating up to 40% of new City real estate and property tax revenue to schools.
6. Invest strategically in employees by providing adequate pay, benefits, training, technology resources, support, appreciation, and annually review the amount of the

- living wage being paid by the City to its employees and continue to require the payment of a living wage under City contracts subject to City Code sec. 22-9.
7. Fund no new programs or major expansion of existing programs without fully offsetting revenues or reductions in expenditures.
 8. Balance reinvestment in the City's existing infrastructure and facilities and creation of new opportunities for investing in the future of the City.
 9. Conduct the Vibrant Community Fund process, to evaluate agency requests for program congruence with Council's strategic areas.
 10. Transfer at least 3% of general fund expenditures to the Capital Improvement Fund (CIP).
 11. Budget a reserve for Council Strategic Initiatives.
 12. Budget a Fund Balance Target Adjustment pool of funds to help ensure that the City continues to meet the important financial policy of maintaining an unappropriated fund balance in the General Fund.

Councilors indicated support of the current guidelines, recognizing that the guidelines may be reviewed at a future meeting.

Council had no comment on the long-term financial goals:

1. Maintain a minimum General Fund balance of at least 14% of General Fund budget. This policy provides the City with sufficient working capital and a margin of financial safety to address unforeseen, one-time expenditure emergencies or significant unforeseen declines in revenues in a specific fiscal year. In the event of a drawdown, the reserve must be replenished to the 14% level within three years.
2. Maintain a minimum Downturn Reserve Fund balance of no less than 3% of General Fund budget. Drawdown of this reserve can occur in the event that revenues decline by more than 1.5% of current fiscal year estimate and will be limited to less than half of the balance of the Downturn Reserve Fund. In the event of a drawdown, the reserve must be replenished to the 3% level within three years.
3. Maintain sufficient working capital in the utility funds (Water, Wastewater, Gas, Stormwater).
4. Stabilize all non-general funds by ensuring they have a positive fund balance.
5. Debt service as a percentage of the general fund total expenditure budget has a ceiling of 10%, with a target of 9%. In calculating compliance with this ratio, the City will exclude debt serviced by dedicated revenues, i.e. self-supporting debt.

6. Transfer an amount equivalent to 1 percent of the meals tax rate to the Debt Service Fund to be used for debt service.

Mr. Blair shared budget development expectations:

- Budget is the Financial Plan for the entire City
- Consistency in review and evaluation of all departments
- Year-round process where budgets are continuously monitored/tracked

Councilors shared their budget development priorities:

HILL – Economic development/recovery, community stability, organizational stability

SNOOK – reserving \$5 Million, keeping expenditures flat, helping the local economy rebound, funding to address police injustice issues, mental health

PAYNE – affordable housing and investment in staff positions to address, investment in a Climate Action Plan and funding for appropriate staff, meeting emergency community needs

MAGILL – addressing through an equity lens the ripple effect of Covid-19 with revenue shrink and increased needs, keeping people housed and fed, economic development, prioritizing the Climate Action Plan

WALKER – stability during the Covid-19 pandemic with housing and food assistance, housing overall, commitment to employees

Mayor Walker concluded that the shared priorities appeared to be housing, economic development recovery, and emergency assistance during the Covid-19 pandemic.

On motion by Councilor Hill, seconded by Councilor Snook, Council unanimously agreed to ADD an emergency ordinance to the agenda to address developments with the Coronavirus.

Acting City Attorney Lisa Robertson reviewed the option to amend the current ordinance passed on December 7, 2020 and provided an explanation on proposed amendments. She then reviewed the option to repeal the local ordinance.

On motion by Councilor Snook, seconded by Councilor Hill, Council voted on the option to repeal the local ordinance and defer to Governor Northam's Executive Orders. Councilors

asked clarifying questions and Ms. Robertson provided responses. The motion FAILED by the following vote: 2-3 (Ayes: Snook, Hill; Noes: Payne, Walker, Magill).

On motion by Councilor Payne, seconded by Vice Mayor Magill, Council voted to amend the City ordinance as presented by Ms. Robertson, with Section 8B to be revised. The motion PASSES by the following vote: 5-0 (Ayes: Hill, Magill, Payne, Snook, Walker; Noes: none).

**ORDINANCE TO AMEND AND RE-ENACT THE ORDINANCE ADOPTED ON
DECEMBER 7, 2020 TO PREVENT THE SPREAD OF THE NOVEL
CORONAVIRUS, SARS-CoV-2, AND THE DISEASE IT CAUSES, COMMONLY
REFERRED TO AS COVID-19**

Ms. Robertson advised that the public would need to refer to the local ordinance and state guidelines together and adhere to the stricter clauses in each for compliance.

Mayor Walker adjourned the meeting at 7:37 p.m.

BY Order of City Council

BY Kyna Thomas, Clerk of Council