

## **CHARLOTTESVILLE CITY COUNCIL RETREAT**

**January 26, 2022**

**Virtual/electronic meeting via ZOOM**

**9:00 AM**

The Charlottesville City Council met in an electronic meeting on Wednesday, January 26, 2022, in accordance with a local ordinance amended and re-enacted on October 4, 2021, to ensure continuity of government and prevent the spread of disease during the coronavirus State of Emergency. Mayor Lloyd Snook called the retreat to order at 9:03 a.m. and Clerk of Council Kyna Thomas called the roll, noting all members present: Mayor Lloyd Snook, Vice Mayor Juandiego Wade, and Councilors Sena Magill, Michael Payne and Brian Pinkston.

On motion by Magill, seconded by Pinkston, Council voted 5-0 to ADOPT the meeting agenda (Ayes: Magill, Payne, Pinkston, Snook, Wade; Noes: none).

### **KEY BUDGET INFORMATION**

Krisy Hammill (Budget Officer) led a discussion on the City Budget, which included the following topics:

- Budget Process
- Budget Guidelines
- Long-term Financial Policies and Debt
- Council Budget
- FY 2023 Expenditure Drivers

Staff answered questions for Council regarding potential tax increases, Vibrant Community Fund, and the budget calendar. The presentation included a calendar of upcoming meetings at which the FY 2023 City Budget would be discussed.

Ms. Hammill shared information about the City Manager's budget role, City Council's budget role and FY 2023 Budget Guidelines:

1. Annually review major local tax rates.
2. Develop operational budgets within projected available revenues.
3. Focus on Council's Strategic Plan Goals:
  - An Inclusive Community of Self-Sufficient Residents
  - A Healthy and Safe City
  - A Beautiful & Sustainable Natural & Built Environment
  - A Strong, Creative and Diversified Economy
  - A Well-managed and Responsive Organization
4. Continue to incorporate the use of performance measures to assist in making decisions that support budget priorities related to City's Strategic Plan.

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, and appreciation.
7. Annually review the living wage ordinance “so that every City contract for the provision of non- professional services will require that the contractor pay each employee assigned to perform services a living wage equal to no less than the lowest starting salary for City employees.”
8. Fund no new programs or major expansion of existing programs without fully offsetting revenues or reductions in expenditures.
9. Balance reinvestment in the City’s existing infrastructure and facilities and creation of new opportunities for investing in the future of the City.
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.

In addition to reviewing existing guidelines, Council decided to have a discussion on the potential need for tax increase(s) at the February 3 work session. They also discussed the Council Strategic Initiatives Fund to get clarification on parameters.

#### Long-term Financial Policies:

1. Maintain a minimum General Fund balance of at least 14% of General Fund budget.
2. Maintain a minimum Downturn Reserve Fund balance of no less than 3% of General Fund budget.
3. Maintain sufficient working capital in the utilities funds (Water, Wastewater and Gas).
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%.
6. Transfer 1-cent of the meals tax revenue to the Debt Service Fund to be used for debt service.

Kevin Rotty (Financial Advisor) shared an overview of the City's outstanding debt and bond ratings. The City is one of only 125 cities nationwide that maintains a “Aaa/AAA” General Obligation rating from Moody’s and S&P, and one of only ten Virginia cities or towns with this distinction.

Ms. Hammill continued with an overview of the Capital Improvement Fund (CIP), dividing the discussion into several categories:

- Authorized but Not Issued (“ABNI”) – this includes projects that were approved by City

Council in previous CIP's that have not been bond funded because of timing or scope issues (Totals \$66 million)

- Revised Proposed FY 2023-2027 CIP – the City's current five-year CIP funding for both bondable and non-bondable City capital projects and includes \$75 million for School Reconfiguration (Totals \$157 million of which \$124 million is bondable)
  - o Mr. Rotty reviewed the forecasted impact of the Proposed CIP.
- Unfunded Project List – this includes capital projects that have not been included in the current five- year CIP (Totals \$127 million)

During the Overview of Council Funding, Council discussed the Council operational budget, including councilor discretionary funds. At least three councilors expressed interest in maintaining a discretionary funds account, which distributes \$1,000 to each councilor primarily for activities related to constituent outreach. Council also expressed interest in having an official written policy stating the purpose and uses of the Council Strategic Initiatives Account.

The budget discussion concluded with information on FY 2023 Expenditure Drivers for consideration:

1. Employee Compensation and Benefits
2. Schools Operating Budget Request
3. Restoration of COVID reductions
4. CHAP Tax Relief Program Changes
5. Other Departmental Requests

The meeting recessed for lunch from 11:52 a.m. and reconvened at 12:32 p.m.

## **COUNCIL WORK ITEMS**

The discussion on Council work items was led by Deputy City Manager Marshall and Robert Bobb (Robert Bobb Group), with input from Kyna Thomas (Clerk/Chief of Staff) and Lisa Robertson (City Attorney).

Regarding the Council/Manager working relationship, Ms. Marshall reviewed an excerpt from The Effective Local Government Manager handbook, and shared standards that a new executive may expect, as Council looks to work with Interim City Manager Michael C. Rogers, and as Council prepares to hire a permanent City Manager.

Deputy City Manager Sam Sanders reviewed major priorities or "Hot Topics":

- 1) FY23 Budget: Complete the current budget, analyze the current process, and Schools reconfiguration

2) Council-Manager relationship: Assess CMO needs, modernize the City Manager's Office, and present empowered staff

Ms. Marshall and Mr. Bobb emphasized the importance of the ICMA Code of Ethics.

3) Organizational Assessment: Policies and procedures, analyze our structure, and integrate equity everywhere

Mr. Bobb added "practices" to "policies and procedures".

Ms. Robertson shared the importance of developing policies and initiatives into action plans, with priorities reflected in the annual budget.

Mr. Bobb listed several qualifications for City Managers. In response to councilor question, deputy city managers and Mr. Bobb agreed that the City Manager position is apolitical, although they understand the political environment in which they work. Mr. Bobb advised that Council and management should spend time working together in gray areas between policy and operations.

The group discussed that there are a lot of moving parts including turnover, community engagement, need for responsiveness, government continuity issues including:

- Need for Council priorities and updated Strategic Plan
- Timeline considerations
- City staff capacity
- Advisory Boards and Commissions
- Filling leadership vacancies with skilled individuals in order to have a high performing organization

Council will have upcoming sessions with the Virginia Institute of Government (VIG) to work on strategic planning, recognizing that the current Strategic Plan is broad.

Ms. Robertson suggested that Council figure which policy initiatives on which they want to make significant progress on so that staff can get pricing for future budgets. Ms. Hammill added that Council also needs to consider how much flexibility they want in the budget to respond to needs that arise.

## **COUNCIL MEETING PROCEDURES**

Mayor Snook and Vice Mayor Wade led a discussion on Council meeting procedures, with input from Ashley Marshall (Deputy City Manager), Kyna Thomas (Clerk/Chief of Staff) and Lisa

Robertson (City Attorney).

Mr. Wade expressed a desire to make meetings more concise and conducive to good decision making, as well as making the councilor position doable for more people. Discussion included suggestions for keeping to time limits, councilors being mindful of the amount of time they speak and ask questions, structure for how councilors are acknowledged for speaking, enforcing rules already in place, and whether to limit the number of times individuals may speak at a meeting. Most councilors agreed to limit the final public speaking portion of the meeting to individuals who did not speak during the 16 slots of the Community Matters section.

Suggestions were also made to include timing to agenda items to give an estimate of meeting end time and to only place items on the agenda that have been factually vetted so as to reduce the need for questions and debate for information that could have been provided. Council agreed to an earlier start time for the regular Council meetings to hear reports and presentations at 4:00 p.m. for items not requiring a vote.

The format of the meeting was confirmed as a single meeting beginning at 4:00 p.m. for reports, with time reserved at 5:30 p.m. for a closed meeting, and the business agenda generally beginning around 6:30 p.m., with a goal of ending by 11:00 p.m.

Regarding proclamations, Ms. Thomas asked Council whether they would like to put parameters around acknowledging proclamation requests. Councilors agreed that mayor's discretion would apply.

Regarding voting during meetings, Ms. Thomas reminded councilors to read materials prior to the meeting and come prepared in order to facilitate getting to the vote more quickly. Mr. Snook asked about requirements for roll call votes and Ms. Robertson advised that she and Ms. Thomas would work together to identify which items require a roll call vote. She also advised Council of the requirement that any transaction of business by Council must be done by vote in a public meeting, where minutes can be recorded.

The meeting adjourned at 3:51 p.m.

BY Order of City Council

BY Kyna Thomas, Clerk of Council