



# City of Richmond

## Budget Work Session Minutes

900 East Broad Street  
Richmond, VA 23219  
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Monday, April 26, 2017

11:00 AM

Council Chamber, 2nd Floor - City Hall

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Richmond City Council convened in budget work session on Wednesday, April 26, 2017, in the Council Chamber, located on the second floor of City Hall, 900 East Broad Street.

### **Councilmembers Present**

The Honorable Chris Hilbert, President (*Late arrival*)  
The Honorable Cynthia Newbille, Vice President  
The Honorable Andreas Addison  
The Honorable Parker Agelasto  
The Honorable Kim Gray  
The Honorable Michael Jones  
The Honorable Kristen Larson  
The Honorable Ellen Robertson  
The Honorable Reva Trammell

### **Staff Present**

Lou Ali, Council Chief of Staff  
Debra Bowles, Assistant City Clerk  
Meghan Brown, Deputy Council Chief of Staff  
William Echelberger, Council Budget Analyst  
Allen Jackson, City Attorney  
Charles Jackson, Council Budget Analyst  
Debora Shaw, Council Administrative Project Analyst

Vice President Cynthia Newbille called the meeting to order at 11:09 a.m. and presided.

Upon the Vice President's request, Assistant City Clerk Debra Bowles provided information on the appropriate manner in which the Council Chamber is to be evacuated in the event of an emergency.

*President Chris Hilbert arrived and was seated.*

### **Discussion Items**

#### **General Fund Decrease Amendments**

Deputy Council Chief of Staff (CCOS) Meghan Brown stated that the recommendation for Emergency Shelter Home Again in FY18 is to reduce the funds to \$7,500.00, which was the budgeted amount in FY17. Budget and Management Analyst Matthew Peanort responded to questions of Council. The amendment to reduce funds was accepted.

Councilor Parker Agelasto requested that specific non-departmental amendments, proposed by council staff, be considered in a block.

President Chris Hilbert stated that the recommended amendments by staff to reduce non-departmental funds will be considered in a block.

Interim Director for Economic/Community Development Douglas Dunlap and Senior Policy Advisor to the mayor Thad Williamson addressed questions of Council. The \$203,500 reduction of non-departmental amendments was accepted.

Council recessed at 12:11 p.m.

Council reconvened at 12:47 p.m.

Councilor Ellen Robertson moved to suspend Robert's Rules of Order so Council could utilize consensus voting format to make budget amendments, which was seconded and approved.

After some discussion, Council determined that the President of Council would request the mayor to certify the city's unassigned fund balance.

Council Budget Analyst William Echelberger explained council staff's recommendation to reduce the General Fund portion transfer to the Department of Information Technology (DIT). Ms. Brown and Mr. Echelberger answered specific questions of Councilor Kristen Larsen. Interim Director Charles Todd expressed concerns regarding the recommended reduction. The proposed amendment to reduce DIT funding failed.

Deputy CCOS Brown explained council staff's recommendation to reduce the General Fund budget to be used by the Commonwealth's Attorney. Director of Budget and Strategic Planning Jay Brown responded to questions of Council.

Deputy CCOS Brown provided information related to council staff's recommendations to reduce funding for Emergency Communications. Police Chief Alfred Durham responded to the proposed reduction and its possible effects on the Fire and Emergency Services, Police and Fire Departments. It was the consensus of Council to remove the proposed amendments to reduce Emergency Communications and Commonwealth's Attorney funding from consideration in the FY18 budget.

*A copy of the material provided has been filed.*

### **General Fund Revenue Increase or Decrease Amendments**

Vice President Cynthia Newbille and Councilor Ellen Robertson requested to be removed as patrons from the Admissions Tax increase amendment. President Chris Hilbert stated that he is in support of the Admissions Tax increase by three cents on the dollar. Councilor Kim Gray stated that, until the Mayor has certified the fund balance, it is difficult to justify any increase of fees or taxes when there is a fund balance in the budget.

After much discussion, the proposed amendment to increase the Admissions Tax failed.

Vice President Newbille stated that her request to increase the Meals Tax should have been ear marked to support the police and Councilor Robertson stated that her request to increase the Meals Tax should have stated that the increase was to be used or ear marked to support education. Councilwoman Reva Trammell requested that the Meals Tax not be used to support the police; therefore, Vice President Newbille amended her request to ear mark the Meals Tax increase for education. President Hilbert expressed concern with targeting funds for a specific purpose and stated that designating funds for education could have a financial impact on future operation needs for education. The amendment to increase the Meals Tax failed.

President Hilbert requested that Council allow the administration an opportunity to provide or certify the surplus funds prior to discussing additional revenue increases.

It was the consensus of Council to extend the meeting time to 5:00 p.m. with each member being limited to two minutes for comment and the patron being allowed four minutes to explain their proposed amendment.

Councilor Andreas Addison provided information in reference to establishing an 8% tax for short-term lodging (Airbnb Lodging Tax).

City Attorney Allen Jackson stated that the proposed tax is a tax that would be authorized by a section of the State Code which currently applies to transient tax code that is applied to hotels. Mr. Jackson also stated that the revenue that would be received from Airbnb rentals is dedicated by the hotel tax payment agreement to support the Greater Richmond Convention Center Authority. Director of Finance John Wack responded to questions and statements of Council.

Councilor Larson stated that she is in agreement with pursuing the proposed Short-Term Lodging tax; however, she believes that it should be discussed at a Finance and Economic Development Standing Committee meeting at a later date.

After further discussion by Council there was a consensus to approve a 8% tax for short-term lodging; however, it would not be considered as a budget item until additional information is obtained and provided to Council.

Councilor Parker Agelasto provided information related to the PILOT amendment requesting an assessed payment or service charge in lieu of Tax for Virginia Housing Development Authority (VHDA), Virginia Public Building Authority (VPBA) and Virginia Biotechnology (BioTech). Councilor Agelasto provided to Council a memo that he received from Interim Assessor Mel Bloomfield on, March 24, 2017, relating to PILOT properties.

City Attorney Jackson informed Council that the legislation that created each of these entities specifies that they are not subject to taxes or assessments and, assessments would include service charges as imposed in the PILOT amendment. Mr. Jackson stated that the city could impose the tax; however, it may not be paid if the state agencies do not have the money. Mr. Jackson also stated that he did not recommend Council building a budget on anticipated revenues from the three entities unless there was indication that the entities were willing and able to pay.

Councilor Agelasto stated that the General Assembly building is being demolished and personnel would be relocating to a building owned by VPBA. He also stated that the VPBA has not been contributing to the city but the General Assembly has; therefore, if the assessment were based upon use or intention, then it is reasonable to request the General Assembly to pay the PILOT on the building in use while employees are relocated for approximately three years.

There was a consensus of Council to include the PILOT amendment as a revenue source.

Councilor Agelasto explained the revenue amendment to establish an 80¢ Cigarette Tax dedicated specifically to debt service for Richmond Public Schools (RPS) Capital Improvement Plan (CIP). Mr. Agelasto stated that, even if the proposed amendment is not approved, the school CIP issues will not go away and will continue to be a situation that the city needs to handle.

After much discussion the amendment to establish a Cigarette Tax failed.

Councilor Michael Jones encouraged Council to have an extended conversation after the budget cycle prior to the FY19 budget discussions and suggested that the City form a compact consisting of the mayor, administration and Council working together to locate revenue for the city.

*A copy of the material provided has been filed.*

President Hilbert announced that the next budget work session would be on Monday,

May 1<sup>st</sup>, at 11:00 a.m., in the Council Chamber, followed by a special meeting to adopt the FY18 budget or finalize the RPS portion of the FY18 budget on Monday, May 15<sup>th</sup>.

**Adjournment**

There being no further business, the meeting adjourned at 5:12 p.m.

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CITY CLERK