

The Council of the City of Richmond, VA

**Budget Retreat Minutes**

Monday, October 19, 2015

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The Council of the city of Richmond, Virginia held a budget retreat on Monday, October 19, 2015, at Virginia Union University, Claude G. Perkins Living and Learning Center, 1500 North Lombardy Street, Richmond, Virginia.

**Councilmembers Present**

The Honorable Michelle Mosby, President  
The Honorable Jon Baliles  
The Honorable Charles Samuels (*late arrival*)  
The Honorable Kathy Graziano  
The Honorable Parker Agelasto  
The Honorable Ellen Robertson (*late arrival*)  
The Honorable Cynthia Newbille

**Absent**

The Honorable Chris Hilbert, Vice President  
The Honorable Reva Trammell

**Others Present**

Selena Cuffee-Glenn, Chief Administrative Officer  
Lenora Reid, Deputy Chief Administrative Officer  
Lou B. Ali, Council Chief of Staff  
Haskell Brown, Deputy City Attorney  
Jay Brown, Budget Director  
Meghan Brown, Council Budget Analyst  
Jean Capel, City Clerk  
Joyce Davis, Council Policy Analyst  
Bill Echelberger, Council Budget Analyst  
Allen Jackson, City Attorney  
Vincent Jones, Deputy Council Chief of Staff  
Andrea Kane, Associate Superintendent of Academic Services ~ Richmond Public Schools  
Candice Reid, Deputy City Clerk  
Debora Shaw, Council Administrative Project Analyst  
Ralph Westbay, Assistant Superintendent for Financial Services ~ Richmond Public Schools

Council Chief of Staff, Lou Brown Ali, called the meeting to order at 12:12 p.m. and provided an overview of the budget retreat agenda. Deputy Council Chief of Staff, Vincent Jones, introduced each presenter.

### **Richmond Regional Economy**

Sonya Ravindranath Waddell, Regional Economist ~ Federal Reserve Bank of Richmond, provided a presentation titled “Richmond’s Economic Outlook” that included, but was not limited to, the following information through August 2015:

- FY 14 federal contract spending mostly went to Hampton Roads and Northern Virginia
- Manufacturing and construction still struggling in Richmond’s industry growth
- Richmond employment not growing as quickly
- Home prices growing at a faster pace in Richmond

*Councilman Charles Samuels arrived at 12:17 p.m. and was seated.*

*Councilwoman Ellen Robertson arrived at 12:19 p.m. and was seated.*

### **Richmond Real Estate Assessments and Budget Impact**

Jim Hester, City Assessor, presented information regarding 2010-2020 land book forecasts and assessment trends. He reported that The Assessor’s Office has to publish January 1 reassessments in July (6 months prior to being on the land book) with some new finished construction being captured in July. He also reported that, for the current year, approximately \$30M in new finished construction was captured. Mr. Hester further reported that most new construction is finished at year’s end and is tied to the Rehab Program. He stated that an additional estimated \$150M will be added to the land book because of new construction projects that will be completed.

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

### **Preliminary Fiscal Year 2017 Richmond Government Budget Revenue Estimates**

Lenora Reid, Deputy Chief Administrative Officer, reported that her tenure with the City of Richmond began July 1, 2015 and provided preliminary revenue estimates. She reported that a 1% revenue growth along with expenditure growth. Ms. Reid also reported that she feels the city has a strong budget and she sees fund balance growth. Ms. Reid further reported that delinquent tax collections should not be considered a sustainable source of revenue.

### **Richmond Government Budget Capacity and Impact on Upcoming Capital Budgets**

David Rose, Senior Vice President and Co-Head of Public Finance – Davenport & Company, distributed copies of the “General Fund Debt Capacity Analysis Update” taking into consideration the following:

- The City addressed an unprecedented amount of deferred capital investment in facilities and infrastructure
- Incorporation of the City’s \$336.4M of G.O. Bond funded investment over FY 2016 – FY 2020

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- Continuation of Davenport’s Multi-year Plan of Finance approach that provides funding on a “just-in-time” basis to minimize unnecessary interest costs and budget impacts
- Preliminary results based on the City’s Total Projected CIP Spending and Davenport’s Multi-year Plan of Finance approach
- City’s Unassigned Fund Balance Policy
- Revenue Stabilization and Contingency Fund Policy

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

***Recess 2:00 p.m. to 2:10 p.m.***

**Richmond City Council Approved Fiscal Year 2017 Richmond Government Budget Expenditures**

Bill Echelberger, Council Budget Analyst, provided a review of FY 2016 and FY 2017 budget comparisons. Mr. Echelberger reported that most of the changes were minor and included the following:

- Retirement expenses
- Health insurance expenses
- Integrated library system
- UCI overtime
- Public schools state sales tax

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

Meghan Brown, Council Budget Analyst, reviewed Council’s FY 2017 budget highlights that included, but was not limited to, the following:

- General Fund Budget increase by approximately \$10.9M
- Step increase of Police Department and Fire Department officers
- Career development for Police Department and Fire Department officers
- Salary compression for Police Department
- Body cameras & data storage and body armor replacement for Police Department

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

**Richmond Public Schools**

Vincent Jones introduced Associate Superintendent of Academic Services, Andrea Kane, and Assistant Superintendent for Financial Services, Ralph Westbay, both of Richmond Public Schools, who were in attendance. Ms. Kane answered questions from councilors regarding SOL data provided at the October 10, 2015 joint meeting with Richmond City Council and the Richmond Public School Board.

**Discussion: Richmond City Council Fiscal Year 2017 Richmond Government Budget Priorities**

Vincent Jones reviewed a letter, dated January 21, 2015, addressed to city administration outlining Council's budget priorities for FY 2016 and FY 2017. He reviewed councilors identified priorities, classified into the following focus areas, to ensure they are still relevant and to determine if there are any needed additions/deletions:

- Education
- Community Development and Poverty Reduction
- Human Resources
- Economic Development
- Capital Improvements

Councilors discussed the importance of starting the budget process early. Councilman Jon Baliles, referencing Suffolk's budget document, requested that consideration be given by city administration in producing a more user-friendly document that is somewhat similar to that of Suffolk.

Mr. Jones asked councilors what they wish to see when presentations are prepared regarding departmental budgets.

Councilman Parker Agelasto requested a listing of 2-3 items that may be implemented to become more efficient or 2-3 ways that the city may potentially find funding for their operations.

Councilwoman Kathy Graziano suggested that clarity, regarding what budget dollars are used for, (more itemization) would be beneficial to Council and could reduce the time spent on presentations.

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

***Recess 3:24 p.m. to 3:38 p.m.***

**2016 Virginia General Assembly Legislative Agenda/Proposals**

Ron Jordan, Vice Chairman/Managing Director, Advantus Strategies, reviewed the proposed 2016 General Assembly Session Calendar. Joyce Davis, Council Policy Analyst, reviewed suggested legislative agenda items to be prioritized by councilors.

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

**Adjournment**

There being no further business, the retreat adjourned at 4:14 p.m.