



City Manager's Summary of Council Retreat January 26, 2024 9:00 – 4:00pm CitySpace

Due to technical difficulties experienced throughout the day of the Council Retreat, the public was not sufficiently able to stay connected and to clearly hear the full discussions. While we planned for access through live streaming, we regret the interruption of access and the inability for the interested public to be able to follow along the entire time. We apologize and I provide this summary for your review of the day's events.

- **Pre-Meeting Matters**

- Action consisted of all participants enjoying breakfast from 8:30 – 9:00am.
- Final seating orientation was determined.
- Audio/Visual setup to support the room and online connection established through Zoom.

- **Welcome & Order of the Day**

- Mayor Wade opened the meeting and thanked everyone for participating in what would be a full day of detailed information aimed at supporting council and staff in the determination of priorities and setting plans for implementation.

- **Introduction of the Facilitator**

- City Manager Sanders expressed the following remarks:
 - Charles Hartgrove has been a friend and a counselor to me.
 - He serves as the Managing Director of Virginia Institute of Government.
 - Charles has been a local administrator, so he knows my job, and how it interacts with yours.
 - Charles does this kind of work when needed, so today he will give us best practices to use in doing our work to serve the public.
- As I thought about this moment on the agenda in search of why are we doing this? I came up with:
 - The Mayor and Vice Mayor are 25 days in their role
 - Councilor Oschrein is also 25 days on the job
 - The City Manager is 5 months on the job
 - The City Attorney is 6 months on the job
 - The Communications Director is 4 months on the job
 - And a number of key roles have people in rough tenures of 24 months or so
 - That is a lot of NEWNESS
 - While we still have some long tenured members of our team, there are a number of shorter tenures across the leadership of this organization.

- That means we need to figure out some things:
 - About one another
 - About each other's priorities
 - How we think
 - How to agree to disagree
 - How to learn and deliver together
- So, Charles, that's your assignment today. Help us figure all of that out in less than 8 hours my friend.

Strategic Highlights of Local Governance

- Charles Hartgrove presented to Council an overview of local governance that included the following:
 - Charles provided an introduction of the Virginia Institute of Government to Council as a resource to them as is available to all municipalities across the state and beyond.
 - Provide countless engagements to support best practice deployment of local government management – in support of city managers/county administrators and governing bodies.
 - *Dillon Rule vs Home Rule + Unique Features to Virginia Government*
 - In *Municipal Corporations* (1872), Dillon explained that in contrast to the powers of states, which are unlimited but for express restrictions under the state or federal constitution, municipalities only have the powers that are expressly granted to them.
 - Home rule involves the authority of a local government to prevent state government intervention with its operations. The extent of its power, however, is subject to limitations prescribed by state constitutions and statutes.
 - VA has a statewide pattern of city-county separation.
 - There is also annexation moratorium that restricts the size to what it is today.
 - Fewer units of local government
 - Fewer cities & less use of special districts
 - No independent school divisions
 - Fewer elected officials per capita
 - Broader use of the council-manager plan, or variation, in cities, counties, & larger towns.
 - Greater reluctance to extend taxing powers to special-purpose governments.
 - *ICMA: International City/County Management Association*
 - Entity that supports county board and council-manager forms of governments across the country.
 - Required duties of a manager/administrator are supported through professional development and the maintenance of ethical standards of performance.
 - ICMA Code of Ethics is an expectation of all members as this is the standard bearer of local government management.
 - Referenced that the City Manager, Deputy City Managers, and other staff are members who have agreed to adhere to these standards.
 - *Review of Council-Manager Form of Government*
 - Council-manager form of government combines the strong political leadership of elected officials with the professional managerial experience of an appointed manager.

- All power and authority to set policy rests with an elected governing body, which includes a mayor or chairperson and members of the council, commission, or board. The governing body in turn hires a nonpartisan professional manager who has very broad authority to supervise the daily operations of the organization.
- City manager/chief administrative officer (CAO) works at the pleasure of the elected body.
- When Council members seek answers from City staff, they should generally attempt to do so through the City Manager. City Manager should be advised at all times.
 - **Ask, not task.**
- *Council's Purview:*
 - Set the vision and strategy.
 - Appropriate the funding to execute the strategies.
 - Bridge the gap between what is politically acceptable and administratively sustainable.
 - Understand choices among conflicting values.
 - Understand the difference between politics and administration.
- *City Manager's Purview:*
 - CAO is a facilitator of policy and ideas.
 - CAO ***implements and communicates*** an elected body's vision.
 - Faithfully executes laws, ordinances, resolutions, and bylaws of the elected body.
 - Attend all meetings of the elected body and recommend adoption of measures as the manager/administrator deems expedient.
 - Make reports to the elected body regarding the affairs of the locality.
 - Keep the elected body fully advised of the locality's financial condition and its future financial needs.
 - Prepare and submit to the elected body a proposed budget for the fiscal year.
 - Execute the budget as finally adopted by the elected body.
- *Challenges for Today's Local Government*
 - Local governments are increasingly being asked to do more with less.
 - Outside of pandemic one-time funding, federal and state support is declining.
 - Citizens are demanding a more caring, responsive government.
 - New technology continues to revolutionize communication and service delivery.
 - Evolving expectations for local government services due to COVID-19 learnings.
- **Review of Council Procedures**
 - *Council Meeting Procedures*
 - *Agenda Order of Business*
 - *Boards & Commissions Report Out*
 - Membership lists
 - Meeting Minutes
 - Which meetings should be added to Calendar (ones with Council seats)
 - *Council Work Session Schedule*

- *Procedure for Public Hearings*
 - Council has opted to resume holding Public Hearings during their meetings so the public has that distinct opportunity to speak to them about high interest matters; Council will still be able to attend Public Hearings held by the Planning Commission, but they will discontinue participating, including commenting or reacting during the meeting
 - Council will also add Public Hearings to its agenda for matters that do not require a public hearing if the subject is such that there is high interest in the public communicating with Council.
 - The City Manager and Mayor will attempt to pre-determine when to schedule additional public hearings, but Council will also be able to add a public hearing when they consider adoption of their agenda at the start of each Council Meeting.
 - *Management of First Council Meeting of New Year Following Elections*
 - Addition of a provision that the City Manager will preside over meetings where there is no Mayor or Vice Mayor continuing their service from the prior year and before the installation of new officers; this would be appropriate for the first meeting of the new year following an election, inclement weather, civil unrest, etc.
 - *Public Comment*
 - The first Community Matters opportunity will be moved in front of the Consent Agenda to permit comments before business begins and to clear up the confusion on comments only for the Consent Agenda versus other Agenda Items or General Comments
 - *Review of Credit Card Policy*
 - Available for any councilor interested
 - Otherwise purchases are coordinated through the Clerk or submitted for reimbursement
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- **AM Break - 10 Minutes**
 - **Councilors participated in a FOIA Training session facilitated by City Attorney Jay Stroman & Assistant City Attorney April Wimberley.**
 - Participants took a break to collect their lunch and resumed with a **Discussion with Afton Schneider, Director of the Communications and Public Engagement Office (CAPE)**. The comments included reminders about the availability of the CAPE Team to assist with media relations, speaker engagements, and overall communication strategies to remain aligned with management and staff.
 - **City Budget Highlights**
 - *Kevin Rotty, a principal with the city's financial advisor, Public Financial Management (PFM) provided the following comments:*
 - Charlottesville remains a highly rated client in PFM's portfolio.
 - PFM is recommending a conservative approach to budgeting for FY 2025 given economic slowdown that most economist are predicting.
 - We applaud the City for smart uses of prior surpluses on one-time capital needs vs. spending on recurring expenditures.

- We have reflected on the accuracy in the City's budget as an average is a surplus of just a few million dollars in most years.
- And please note smart local governments are conservative by nature because if you are wrong the other way (absent some sort of emergency) it can be a real problem.
- We usually focus on CIP, debt ratios and the rating agencies views, but this year, we should review collective bargaining.
- The City has a debt policy whereby our total annual debt service shall not exceed 10% of general fund expenditure budget with a goal of below 9%.
- With collective bargaining of wages and benefits, it is important to note that wages today represent 33% of the City's General Fund Expenditures.
- Staff estimates that the 3 bargaining units are about 1/3 of that number so you can see that this category is an even bigger piece of the pie than all of the City's debt service.
- Virginia issuers have been getting asked the following questions by the rating agencies:
 - What is the status of the negotiations?
 - How many certified units?
 - What is the flexibility of the contracts and the terms?
 - What is management's ability to control wages, benefits, and work rules?
 - Do the employees have the right to strike?
 - And perhaps most importantly, what is the budgetary impact and how does the locality anticipate covering the increased cost?
- These are fair questions that can impact the overall credit ratings of a jurisdiction.
- Reminder that there are many highly rated entities where a long history of strong bargaining units exists.
- Kevin's recommendation: make sure you understand what you are agreeing to and the future budgetary impacts.
- *Krisy Hammill, Budget Director, gave an FY25 Budget Overview that included:*
 - Budget Season is in full swing with 1st work session on February 1st.
 - Council's joint meeting with School Board - February 7th.
 - Schools have big needs this year.
 - State LCI changes equal a significant funding cut.
 - Reminder that the City Manager's proposed budget will be presented March 5th.
 - Consideration of tax rate advertising is looming and will need to be discussed.
 - Revenue trends are still trending up, but at a much more moderate rate.
 - Our willingness to be thoughtful and disciplined with revenue estimates has served the City's finances well during these historic and uncharted times.
 - Leaving us with year-end surpluses that have allowed Council to - as City Manager recently noted - "remain nimble" to proactively address community priorities as they arise.
 - Examples:
 - Purchase of 0 East High Street
 - Address City Hall Flooding emergency
 - Close the Premier Circle funding gap

- Purchase CATEC
 - And we have “weathered the storms” during times of economic slowdown – pandemic, 2008, etc.
- Large amounts of federal dollars are dwindling as we continue to spend those down.
- A recent 10-year look back, as a % of budget, our surpluses have averaged about 2%.
- FY 22 trended a little higher at 3.5% and FY 23 was at 6.9%.
- Those budgets were developed during uncertain times with the pandemic and many economists projected a national recession.
- For FY 25, collective bargaining, class and compensation, schools, climate action – specifically as it relates to CAT, and homelessness all represent big investments and are the expenditure drivers.
- The question is how we get them all to fit and at what levels.
- *City Manager Sanders previewed his budget priorities as follows:*
 - Collective Bargaining
 - It is impossible to conduct collective bargaining negotiations where everyone will be in agreement throughout the process. The intention is to reach a compromise that is deemed workable for both sides. It ends with a contract for a period of time. In advance of that contract expiring, negotiations begin anew, and the process repeats itself as long as this is the manner for managing labor relations. The only reply to comments made during the last meeting of council is this:
 - I want three contracts that I can bring to Council with a recommendation to approve.
 - Council has expressed a desire for three contracts to identify a recognition of progress in the implementation of a fair system of compensating members of the bargaining unit and ensuring reasonable working conditions.
 - The manner in how we arrive at these results is the purview of the City Manager. I have the difficult task of deliberating on the most appropriate action to support our employees while maintaining the health of this organization, both financially and operationally.
 - We have engaged PFM to perform the costing function and to participate in the fact-finding portion of the recess. PFM knows our budget better than anyone, so it was important to have them use that knowledge to help provide the real financial impact of all offers: ours and theirs.
 - Reminder of our need to demonstrate affordability of collective bargaining contracts
 - Again, I want three contracts that I can recommend and Council can authorize me to sign.
 - Compensation & Class Implementation
 - I would absolutely love to implement the proposal 100% at one time.
 - I cannot commit to that right now because we are still making determinations on core matters before we even finish some of the elective items.
 - I have to balance the desires of all staff in these two important matters that multiple Councilors have identified as a high priority.
 - Council's Pressure Points
 - School's Priorities: Operating Increase (Walker is separate as that is CIP)
 - CAT Alternative Fuels + Infrastructure

- CAT optimization to meet frequency, reliability, safety
 - Sustaining major Affordable Housing investment
 - Crafting a permanent intervention into the impacts of Homelessness
 - Management of CIP (Walker, JMRL, ACRJ, etc.)
 - Charles Hartgrove offered a series of reflections on the financial review & highlights given as normal for what has been discussed across the state.
 - He added that it is a challenge that most municipalities are struggling with - the volume of need and the distance the funding will take them.
 - **PM Break - 10 Minutes**
 - **Strategic Planning**
 - Charles Hartgrove facilitated a review discussion of Council's Strategic Plan Framework.
 - He started with reminding them of the 9 Strategic Outcome Areas and the Commitment to Justice, Equity, Diversity, and Inclusion.
 - *Reminder: we refer to there being 10 Strategic Outcome Areas since the commitment to JEDI is significant and demonstrated throughout the other priorities.*
 - The discussion produced identification of the following areas of interest by Council to be reflected in the proposed budget.
1. Organizational Excellence
 - Collective Bargaining
 - Class & Compensation
 - IT Investments
 2. Climate Action
 - Bike Lanes
 - CIP commitment
 - What have we done since the adoption of the CAP?
 3. Education
 - CATEC
 - Walker
 - Operating Increase
 4. Transportation
 - Alternative Fuels
 - Overall Performance
 - Advance the establishment of a Regional Transit Authority
 5. Recreation, Arts, Culture
 - Registration support
 - Continued support for scholarships (access)
 - Service reductions due to COVID (what elements can return)
 - Staff capacity for more services that are in high demand
 - Ensuring the services match the critical periods where childcare challenges persist
 6. Public Safety
 - ACRJ debt service begins in FY26 - \$1M (growing to \$1.5M for an extended period) expensed to the General Fund
 - How do we address drug enforcement issues?

7. Affordable Housing
 - Continued Investments to Produce & Preserve
 - Land Banks/Land Trusts
 - Cherry Avenue
 - Westhaven
 - Homelessness Intervention
 8. Partnerships
 - UVA Relations
 - PILOT vs Commonwealth Contribution
 9. Economic Prosperity
 - What are the examples from other communities?
 - How does Economic Development embrace this strategic outcome area
 - Desire for clarity and consideration on what makes sense for Charlottesville
 - Request for Reports regarding the following:
 - Home to Hope
 - Job Center
 - Office of Economic Development – specifically the economic prosperity strategies
 10. JEDI
 - What are the empirical measures?
 - We need external assessments, not just internal
 - Justice analysis of policing (ex: drugs)
 - Discussion about the vacancy that persists on the Planning Commission as Council desires to fill the seat with someone who brings diversity to the existing group
- *The numbered items and the subjects below each are going to be used by the City Manager to confirm inclusion of budgetary allocations to address these priorities as identified by Council. Where there is not active engagement on a matter, the discussion will be leveraged into discussions about the budget that commence after the March 5th presentation of the city budget.*
 - **Some questions that arose during the discussion, but labeled: Not Immediate, But Worthy**
 - Acquiring large portfolios to preserve affordability (Ex: Maclin)
 - What are some low-cost implementation items that could make a difference?
 - Drewary Brown Bridge installation of honorary signage and improvements
 - CAT App (interoperability among CAT, Jaunt, UTS?)
 - What kinds of community events are you interested in?
 - Arts Council
 - Not sure who would make this happen
 - Art in Place
 - Not sure who would make this happen
 - Fireworks
 - We should make this happen
 - First Night
 - Multiple expressions of supporting the return

- *City Manager Sanders indicated the reason for posing these questions is because they have come up and different times, but there has been no time or attention to paid to them. He added that these are not things that will get immediate attention, but as he gets out again to meeting with people and groups, it becomes something that we can explore and determine any role for the city to engage.*
- **City Manager Sanders briefly reviewed the Strategic Plan next steps with the following notes:**
 - Our new Deputy City Manager for Administration - Eden Ratliff - will be the lead on Strategic Planning.
 - We will re-engage Raftelis to support the expansion of the Framework adopted in September.
 - Full engagement of staff to buildout the strategies, actions, and measurements for the 5-year period.
 - Production of full plan with progress & success reports will be something to look for later this year and into the next fiscal year.
- **City Attorney Stroman took Council through a discussion of 1st & 2nd Reading reconsiderations.** After much discussion, the decision was made to only revise with the inclusion of the reminder that Council can move to suspend a second reading during a meeting and they increased the threshold to \$5,000 for items required to come to Council for approval because it is understood that those items are already accounted for in department and office budgets that have been approved. The full set of revisions will be completed by the City Attorney and brought to Council for adoption at a future Council Meeting.
- **There was a request that the matter of the City Code identifying a 3-member Finance Committee of Council is a conflict with quorum obligations and should be resolved. The request was to:** Edit for the ability to exist or pursue the removal of the provision.

The meeting adjourned at the conclusion of this discussion with a thank you to Charles Hartgrove for facilitating the day's discussion.