

## **Planning Commission Work Session**

**November 23, 2021 5:00 PM to 7:00 PM**

### **Virtual Meeting**

**Members Present:** Commissioner Mitchell, Commissioner Lahendro, Commissioner Palmer, Commissioner Stolzenberg, Commissioner Habbab, Chairman Solla-Yates, Commissioner Russell

**Members Absent:** Commissioner Dowell

**Staff Present:** Patrick Cory, Krisy Hammill, Jack Dawson, Remy Trail, Vic Garber, Missy Creasy, Chris Gensic, Mike Rogers, Danny McClung, Chris Engel, Alex Ikefuna, James Freas, Riaan Anthony, Lisa Robertson, Sam Sanders

The Chairman called the work session to order at 5:08 PM

### **1. Capital Improvement Program**

**Krisy Hammill, Budget Analyst –**

#### **Next Slide – What is a Capital Improvement Program?**

It is a 5 year financing plan that contains infrastructure type projects that usually cost more than \$50,000. They are generally non-recurring and non-operational. Projects have a useful life of five years or more.

#### **Next Slide – FY 2023-2027 CIP Focus**

In constructing the CIP plan for this year, we did so with a focus on several factors. One largely being the school reconfiguration project. If you follow the CIP from last year, we had a placeholder in for that project at \$50 million. Based on Council's direction from the meeting in October, that has now been increased from \$50 million to \$75 million. The funding has been moved up from FY25 to FY24. We also know that in doing this, there will be a need for significant revenue enhancements to afford the additional debt service that will be required. We know that our debt capacity will be exhausted for some period of time. In order to reach this amount of funding, we re-programmed some dollars that were previously authorized to be refunded by bonds to the school reconfiguration project. Specifically, we have reallocated \$18.25 million from the West Main Street project and \$5 million from the 7<sup>th</sup> Street parking garage. Those dollars have now been reprogrammed to help with the increase to the \$75 million from the \$50 million. We also looked at this CIP with an idea of spending down available balances. We have many CIP accounts that have ongoing balances. We're looking to work on those accounts and get things moving and get some money off the books. The net effect of all of these factors is that any additions to the CIP required offsetting reductions in a different area.

#### **Next Slide – FY 2023-2027 CIP Budget Draft**

Here is the 5 year plan. The first column is showing the adopted budget. 2023 through 2027 are the current draft of what will be proposed, keeping in mind that we legally appropriate the first year. In this case, Council will be legally appropriating FY23. Years 2024 through 2027 would remain as a financing plan. You can see the three priority areas with the most funding continue to be education, affordable housing, and transportation and access in that order. This chart looks very similar to last year. The basic change here is the increase for the school project. You will also notice on this table that in every year, our revenues must match our expenditures. In funding the CIP, we have two large funding sources. One is cash from the General Fund. That amount is determined by a long-standing budget guideline of the

city, which is to contribute at least 3 percent of the General Fund budget to the CIP as cash or commonly referred to as Pay-Go. The largest funding source that we rely on for the CIP is bonds. You will notice that FY27 has a zero and highlighted in yellow. As we have talked about the CIP and talked about the fact that we will be reaching our bond capacity limits, when we talk about bond capacity, there are two ways to look at that. One is the legal debt capacity that the state defines, which is defined as 6 percent of a locality's assessed value. In this case for the city, that was roughly \$684 million. Second is the debt capacity, which is in keeping with what the locality can actually afford and in keeping with our policy. When we speak to the debt capacity in the light of the CIP, what we are speaking to is the amount of debt that we could issue that keep us within our 10 percent annual debt service limit. Per policy, our annual debt service should not exceed more than 10 percent with a target of 9 percent of the total General Fund budget. Under this scenario, beginning in FY27, we will have exceeded the 10 percent policy. Current projections show that would extend for another probably 2 to 3 years beyond 2027. We might not be at 10 but we would definitely be over our 9 percent target.

#### **Next Slide – Capital Improvement Program**

When we talk about the cash and the debt that goes to the General Fund, the pie chart you see here is really a breakdown of how all of the city's tax revenues are spent. Generally, we talk about these in isolation. It is important to keep in mind that they really are very integrated. The decision on one does have an impact on the other. This pie chart is a depiction of all of the categories in which tax revenue is spent. In talking about the revenues for the CIP, we talk about debt service. It is shown here with the piece of the pie that is sticking out at roughly 5 percent. This was for the 22 budget. Additionally, the cash contribution that goes to the CIP is a small portion of the infrastructure and transportation part of the pie. As these pieces of the pie continue to get bigger, the other pieces of the pie in the General Fund have to get smaller. This is just a depiction of how they relate and the funding of those things relate and the decisions we make and the impact of those decisions.

**Commissioner Mitchell** – With the debt service payment, that comes out of the Capital Budget?

**Ms. Hammill** – The debt service payment comes out of the Operating Budget. This piece of the pie represents the General Fund expenses. The debt service payment actually comes from the General Fund. It is paid through tax revenues.

**Commissioner Mitchell** – I had another question that was relating to financial services. What exactly is that?

**Ms. Hammill** – Financial services are Finance, Treasurer's Office, Commissioner of Revenue, staffing and their operating budget.

#### **Next Slide – The AAA/Aaa Bond Rating**

When we talk about bonds, the city is fortunate enough to be AAA bond rated. We are actually part of a small group of localities that have that rating. It is the premier marker of a locality's financial stability and strength. We have maintained this rating from Standard & Poor's since 1964 and from Moody's since 1973. A credit rating is basically an independent review; the reviewer being the credit rating agencies. In this case, Standard & Poor's and Moody's. They come in and do a review of the city. They assess the ability and the willingness of the city's ability to repay the debt. The great thing about a AAA rating is that it allows the city to borrow funds at virtually the lowest possible bond cost. That means that more of our dollar goes towards the project and less towards interest. There are four factors in this rating that are basically taken into account. One is the economy, which looks at our demographics, our employment base, our property values, and the composition of our tax payer. Secondly, they look at our management. What are our policies? What are our procedures? What does our strategic plan look like?

More carefully, they look at our ability to not only have these things in place but achieve those targets and actually adhere to our policies. Thirdly, they look at our financials. In addition to our clean/unqualified audits that the city receives every year, the rating agencies will review our budget practices. They review our financial statements, our investments. They look at our fund balances. They compare all kinds of ratios and calculations to see how we compare to our peers. Finally, they review our debt profile. What is our outstanding debt? What are our future needs? What do our obligations look like? A AAA rating just indicates how strong financially the city is.

**Commissioner Mitchell** – How will the high turnover of city management impact our bond rating?

**Ms. Hammill** – They do look at management as part of that analysis. To date, that has not really been at the forefront of a lot of those conversations. The single most important goal of a bond rating is to assess our ability to pay our debt. There has not been an instance to date where the things that are happening at the management level have effected any of that. We have still been paying our debt and our bills. We have been adhering to our policies. It really has not been a source of concern at this point.

**Commissioner Stolzenberg** – Do we have guidance on exactly what they're looking for in that debt category in terms of outstanding debt, percent of budget going to debt service? Is that 9 percent goal and 10 percent limit policy coming from the rating agencies? Is that an internal goal in order to do what we think rating agencies want us to do?

**Ms. Hammill** – All of that. The 10 percent policy with a target of 9 percent is actually a city policy. That was a policy adopted by Council. It was also adopted at the recommendation with our financial advisor. In the past, we actually had a much more conservative debt policy, which was 8 percent. In anticipation of a ramped up CIP and future debt needs, we went back to the rating agency. We told them that we're going to have a need for more debt. We are considering raising our policy from 8 percent to 10 percent. In order to do that on the offset, we also increased our fund balance policy/our reserve fund policy. We were able to do it. The policy is the city's policy. Could we change it? Sure. What would be the impact? That would be something we would assess with our financial advisor and compare that relative to our peers in other AAA bond rating agencies. In terms of the debt, it really is our entire profile. It is anything that is considered debt gets lumped in here. The only exception is that because we do have self-supporting utility funds (gas, water, wastewater, stormwater), the debt for those four utilities are considered self-supporting. They are set outside and they are not part of that policy.

**Commissioner Stolzenberg** – Is that specifically our utility funds and not our other enterprise funds?

**Ms. Hammill** – That's correct.

**Chairman Solla-Yates** – Is it fair to say the revenue is not our revenue for debt purposes?

**Ms. Hammill** – That's correct.

#### **Next Slide – FY 2023 Draft vs FY 2023 as Planned**

This chart attempts to show you the CIP as a 5 year plan. We adopt the first year of the plan. The years 2 through 5 are more of a road map for what is to come. I wanted compare what the plan looked like for 23 in the adopted budget last year versus what the plan looks like in the current draft that is before you. You will see that most of the categories did not change. In 2022, we had planned to spend just over \$26 million for 23. The current draft is now just under \$23 million. That is a reduction of about \$3.6 million. That is the result of reallocating the \$5 million of the parking garage to the school project, which goes online in 2024. Just itemizing some of those changes, in the public safety section, there was \$1.2 million

added to address the construction cost increases for the planned bypass fire station. In doing so, we had some accounts that were set up that were intended to establish a pot of money to replace portable radios and mobile data terminals several years from now when they are due. It is quite costly because of the numbers. We had set aside replacement dollars for that. We have slightly reduced that by \$111,000 in 2023. With transportation and access, we again reprogrammed the \$5.6 million from the new parking deck. Five million went to the school reconfiguration project, \$638,000 has been added for structural repairs that will be needed for the Market Street Parking Garage. Additionally, \$250,000 was reduced from the annual paving amount. \$50,000 was added for the historic district and entrance corridor design guidelines. Under Parks and Recreation, we did add a few line items here. First, we reduced their lump sum account by about \$100,000. We added \$150,000 for a comprehensive master plan. This would be to look at Parks and Recreation programs. This is not the normal master park planning process. This is more of a programmatic master plan. We added just over \$45,000 for drainage repairs to the Oakwood Cemetery. \$50,000 was added for an ash tree removal program. \$92,500 was added for city and county projects, which are joint projects of Ivy Creek and Darden Towe. \$350,000 was added for a McIntire drainage issue/correction that has been flagged by DEQ. \$42,000 was added with additional dollars for a complete roof replacement on Key Recreation Center.

**Commissioner Mitchell** – With the \$100,000 we reduced, what did Parks and Recreation lose when you took that out?

**Ms. Hammill** – The Parks and Recreation lump sum account is established for maintenance types of things. It was funded at \$300,000 this year. It was reduced in 20 or 21 because of COVID. There was a hope to get that back up to \$400,000. With the other additions, we had to look at keeping it level this year.

**Vic Garber, Director of Parks and Recreation** – Basically, it provides us flexibility for those non-budgeted items that pop up on a quarterly basis (roof leak, irrigation). It basically gives us the flexibility to maintain what we have and keep the service delivery at a high level. We normally ask for \$400,000. For this year, in order to get the comprehensive master plan, it has been reduced from \$400,000 to \$300,000.

**Commissioner Mitchell** – You are happy with the tradeoff. We get the master plan done. We're happy to trade this off.

**Ms. Hammill** –

#### **Next Slide – Key Messages**

One of the key messages here is strategic focus. We believe that this CIP focuses on Council's key priorities: Education, Affordable Housing, Transportation, and Access. That's where roughly 90 percent of all of the money going into the CIP are allocated to those priorities.

With affordability, as presented, this plan is NOT affordable without significant revenue enhancements. The plan put before you has debt service basically doubling from just over \$10 million to just over \$20 million within a very short period of time of about 4 years. Going back to that piece of the pie, that piece for debt service continues to get bigger, which would shrink the other pieces.

With Reallocations, this is perhaps an opportunity to look at funds that have been committed but have not been spent in previous plans and determine if they are still needed or if they can be reallocated.

What do the future needs look like? As we talk about exceeding our debt capacity, the CIP as it currently stands, we will putting 'our credit card back in the pocket to sit for a while.' 2027 was the year there was

only cash contributions to the CIP. In that effort, the projects that would only be funded in those years are what we can afford with the cash transfer. I put those dollars into the recurring or commitments for housing such as Friendship Court, I allocated that money there. That would be subject to future conversations and reallocation. There would be no way to add anything new beyond what we can afford with cash in 27, 28, 29, and maybe into 30. What do our future needs look like? Is everything captured here?

With limited reserves, under this scenario that we talked about last year, even with the 10 cent tax increase we talked about, that was making an assumption that we were going to deplete all of our debt service reserves as well. With the significant tax increase, we are depleting our debt service reserves and our debt capacity.

**Commissioner Mitchell** – I think I distracted you. By distracting you, I didn't allow you to talk about the affordable housing stuff, the \$925,000. I am wondering if you could talk about the housing funds. There are two questions I have about that. With the \$925,000, is that staffing expenses or is that actual housing rehabilitation? Are we actually improving infrastructure with that money? The second about housing relates to the \$10 million a year that was recommended by the consultant that we spend on our housing plan. These things add up to \$7.3 million as opposed to \$10 million. I am wondering what staff is thinking about that.

**Ms. Hammill** – The \$925,000 listed here is for the CAHF. Those are the competitive dollars that people can apply for. The \$900,000 here is actually for housing vouchers. That was a multiyear commitment that was made and remaining intact. Everyone is aware of Friendship Court and CRHA. With regards to the \$10 million commitment, the CIP is not the only funding source and does not have to be the only funding source for our housing commitment. There are also assistance programs such as CHAP, the tax relief programs. Those are all funded through the General Fund in a different piece of the pie.

**Commissioner Mitchell** – That is really helpful. I would really appreciate it if Mr. Ikefuna could talk about what we're going to do with the \$925,000. My worry is that it is about people infrastructure as opposed to physical infrastructure. We need that money to go to rehab and things like that.

**Alex Ikefuna, Director of Community Solutions** – The \$925,000 is the annual CIP allocation for the CAHF, the affordable housing fund. That is the fund we use to fund new affordability. That is the money we use to fund approved applications. That's what that \$925,000 stands for.

**Commissioner Mitchell** – That money is not for staffing purposes. It is to do rehabilitation and infrastructure work as opposed to staffing?

**Mr. Ikefuna** – That's correct.

**Commissioner Stolzenberg** – It might be helpful to get a list of what the CAHF funds.

I have a question about what reallocations have been done. My understanding was that reallocations were for when previous CIPs have put money/authorized bonds into an account. Those bonds/money is sitting there as cash or authorized but not issued bonds. For the parking garage, in the previous fiscal years, we have put \$3 million in authorized but not issued bonds into that account. You mentioned that the garage has been reallocated. Is that \$3 million no longer in that account?

**Ms. Hammill** – We never sell bonds on a project that hasn't yet started. When we go to the market to sell bonds, we sell those on a cash basis need. That means the project is well underway and is

guaranteed to be completed within that 24 months. The portion that we have sold will be spent within the 24 months. That is an IRS regulation for tax exempt bonds. I want to clear the conception that we sell bonds and are sitting on that. We don't do that. That \$3 million that was previously allocated to the parking garage is still there. In addition to that, this proposed budget adds another \$1.3 million to that. We still have contractual obligations to the County for parking, specifically related to the courts project. Those discussions are still underway. It has been decided. We are not moving forward at this point with a parking garage. We do have to address those obligations. Until such time we know that is settled and what they are, we are recommending that these dollars stay put. At what point, we know what that is, staff would make a recommendation to Council for any additional money that is left there and it would be reallocated to something else.

**Commissioner Stolzenberg** – Is the anticipation that the cost of converting the surface lot into a county only parking lot or converting the first part of the Market Street garage into county courts parking, those could potentially consume up to \$4.3 million that we allocated for it?

**Ms. Hammill** – It is fair to say that we don't know exactly what that is going to cost. In an effort to be conservative to make sure that we can meet those obligations, this is what we're recommending that we set aside.

**Chris Engel, Director of Economic Development** – We just don't know at this point. As soon as we know, those funds will be eligible for reallocation at that time.

**Commissioner Stolzenberg** – Do we have any idea of how much putting up courts parking only signs cost?

**Mr. Engel** – We don't have any specifics right now. We're in the midst of conversation with the County about the fact that we're not going to build a structure and what the agreement leaves them with regards to their options and trying to figure out what is going to work best for both parties.

**Commissioner Stolzenberg** – Is there any possibility that you will go further than what was contractually obligated in that agreement?

**Mr. Engel** – Everything is an option at the moment.

**Commissioner Russell** – I just wanted to reiterate to see the breakdown on the \$900,000 in CAHF. It was confusing to me that we have been zeroed out. There is maybe something in that breakdown.

**Ms. Hammill** – The rehab was part of a change that happened with the 2021 budget. It was all combined under the one umbrella.

**Sam Sanders, Deputy City Manager** – The CAHF for FY22 has not been released. There is nothing to report in the way of any allocation. Those funds will be available when we release that in late January where we tie that to the HR&A analysis work that they are performing right now to evaluate the prior ten years of investment and allow that to inform us on any changes. We will get some recommendations on how to better expend the funds and contract the funds so that we get exactly what we're looking for in return on that investment.

**Commissioner Habbab** – With the school reconfiguration funding, we're looking at 2024 in taking out the \$62 million, I was wondering why it wasn't phased. Is the expectation that the project would be built within two years and complete?

**Ms. Hammill** – The project will be phased. The architects are working on what that looks like. It is all currently shown in the CIP as one lump sum in one year with a small amount in FY23 and the majority of the \$72.5 million in 24. The end result is that it will be phased over 3 or 4 years maybe. It really doesn't change our message. We will be signing a contract for \$75 million. We will structure our bond sales to be more reflective of our drawdowns. We have to have a plan in place to pay for the total. We have talked about what this looks like in terms of tax increase, how we will time it. All of that is yet to be determined. If we sign a contract, we have to have plans in place for how we will pay for the total.

**Commissioner Habbab** – If we exhaust our bond capacity and something comes up, how would we expect to handle those unexpected things?

**Ms. Hammill** – For those things, they are in the accounts that I referred to that are more of the annual or recurring. In 27, I talked about how I allocated the cash in the expenditure side. It is addressing that. Our ability to address those things would be very limited. We would have to be relying on cash to do that.

**Commissioner Mitchell** – If we have a major disaster and we have outspent our debt capacity, we will have a problem.

A few weeks ago, Council voted to support the recommendation from the consultants to put \$10 million into the housing plan. I only see \$7.3 million in the housing plan. What happened to the other money?

**Ms. Hammill** – The CIP doesn't have to be the only source of funds.

**Commissioner Habbab** – I wonder if we can better use that money now instead of it sitting around for a potential parking solution and find that money later on when we know what we need to do.

**Ms. Hammill** – Our timeframe with the County is fairly soon.

**Mr. Engel** – The County is working on their plans for the renovation of the building now. It is expected to come online in 2024. We don't have a timeframe for spending any of these dollars at the moment. We do know that we have to meet the obligation by the time the building opens. You all are welcome to recommend other uses of the dollars. It is our recommendation that we hold onto it until we have more details.

**Mr. Sanders** – The conversations are ongoing. I am having conversations with the County as well in my capacity being part of the operations side of things. This is moving. I just want to allay any fears that we're sitting and not necessarily making any progress. We're actively talking about this right now.

**Ms. Hammill** –

#### **Next Slide – Responding to the Challenge**

The easiest route (how we get that money) is raising real estate taxes. We talked last year about the potential to need as much as 10 cents beginning with next year's budget to cover the additional debt service. With last year's budget, the schools had a \$4.5 million increase on their operational side that they were able to fund with one time federal funds through the CARES Act that we will need to make up on the operational side. That has the potential to equate to an additional 5 cents. As we look at this CIP and as we look at moving this project forward, Council and the School Board will need to build some community support for these investments. There have also been conversations about the potential sales tax, dedicated sales tax increase. CIP funding priorities should be revisited. Are we still meeting that mark? Are we putting our dollars where Council wants them to go? We can do this by looking at

previously approved projects. We can look at opportunities to reprogram them. While the CIP, the operational budgets, and tax rates are reviewed and adjusted annually, once the school project commences, future Councils will be obligated to complete the work and to follow through on whatever plans we have to finance the CIP.

**Commissioner Russell** – With the proposed property tax raise, does that include what is annually allocated towards our property tax relief program or any expansion of that?

**Ms. Hammill** – That is something the Mayor has spoken about repeatedly. That would mean additional dollars would be needed. As the tax rate increases, there will be increased needs for relief. For people who are receiving relief, they will still receive relief. It will be an additional cost to the City for those programs.

**Commissioner Stolzenberg** – If we were to assume that the sales tax authorization and referendum were to go through and removed the \$75 million from this CIP, is there a revenue enhancement needed at that point? Or is this affordable without the schools?

**Ms. Hammill** – The school project, if it moves forward, will forever be a part of the CIP. If the sales tax referendum were to pass and we are able to get that that is a game changer. We would have a dedicated source of dollars that is estimated to be about \$12 million. We could pay for this entire project in a very short period of time with that revenue. It would not have an impact on debt capacity.

**Commissioner Habbab** – When do we find out about the sales tax? When can it be implemented? The project was moved from 2025 to 2024. I wanted to make sure we had enough time to make those changes.

**Ms. Hammill** – I believe what has to happen is that this would have to go through the General Assembly and receive General Assembly approval. It would happen in January/February. It would have to go on a local referendum, which I believe would be November, 2022.

**Chairman Solla-Yates** – I see \$1.2 million in new funding for a fire station FY23. What is that story?

**Chief Smith, Fire Chief** – The fire station project framework has been underway for some time. We haven't been able to fully come out of the ground due to a number of different challenges. COVID was obviously one of them. What you are seeing there is a change in the cost for construction based on the appreciation of prices and construction material prices in addition to the identified need for a water main to support that structure. That's what the difference is. It is not for the complete fire station. It is to supplement the difference between what had already been allocated for the station. We do need the support for that initiative in terms of addressing the rising construction costs and the water main. It is very time sensitive. When we talk about the health and safety of our firefighters, it is a 60 year old fire station. I am very concerned about the condition of that station, which our men and women work in every day. It is a priority for us to have that support.

**Commissioner Stolzenberg** – I have a few questions about sidewalks. The balance in 2019 was \$683,000 and we're adding an extra \$100,000. You said that the balance was \$785,000. We haven't spent any money on sidewalks even though we have all of this money in the last few years. What is the status of those funds? What is holding up any potential projects?

**Jack Dawson, City Engineer** – It is all committed to a revenue shared grant. At the time, it was 50/50 split with VDOT. That has decreased. They are matching all \$750,000 with their funds. That is tied for at least 2 more years.

**Commissioner Stolzenberg** – That is already committed to a project?

**Mr. Dawson** – That's correct. For that we submitted a list of our top multimodal projects, especially since they have adjusted that fund. We're going to start from that top priority and go as far as we can with that money.

**Commissioner Stolzenberg** – We can't say that there is a lot of money in the pot with nothing to do. We can get away with not funding it. If we put more money into the pot, we could potentially use that for more projects?

**Mr. Dawson** – That is correct.

**Commissioner Stolzenberg** – We reviewed Stribling Avenue last month. Our recommendation was contingent on building those sidewalks. If we create this funding agreement, that won't count against our debt capacity. This project will bring in \$700,000 a year in new revenue that wouldn't otherwise exist. It would pay for the project within 6 or 7 years. We would have \$700,000 a year to spend as we wish. If the project pays for itself, doesn't affect our debt capacity, and is a positive sum in ways that can fund other things beyond that sidewalk project, why are we not including it in the CIP?

**Ms. Hammill** – That is more of a policy or a priority question. Whether the Commission wants to make that recommendation to Council or for Council to discuss, all of the things you have said are correct. We have discovered that there are ways to structure that deal so it doesn't count against our debt capacity. It is a tax revenue. There is some assumption with the General Fund. There is some assumption about new growth and new development. Any tax revenues that come in pays for everything. As we start talking about earmarking particular dollars from particular developments, it is earmarking for that. When we have a list of \$120 million of unfunded projects as we talk about a future with limited capacity to do new things, opportunities such as Stribling Avenue present an opportunity for the Commission or for Council to look at their priorities and see if it fits.

**Chairman Solla-Yates** – Can we talk about the Strategic Investment Area (SIA)? I am presuming that there is still money there. There is an 'ask' for more money over time. What does that money get us?

**Mr. Ikefuna** – The money goes to implement projects in the SIA. There are several projects right now going on in the SIA, even though they are fully funded by other funding sources. A need might arise from any of those projects that will require application of the SIA implementation. The construction of the Belmont Bridge is underway. That is part of the SIA. There is almost 100 percent design completion for the Elliott Streetscape project. You have a massive development initiative happening in the SIA. With CRHA and Friendship Court, at any given point in time, a need might arise to use any part of that money for a capital project related to the streets, sidewalks, or any capital need. That money still has the potential to be used for any one of those projects.

**Commissioner Stolzenberg** – Have we ever expended money out of that fund?

**Mr. Ikefuna** – We have \$250,000 earmarked for Pollocks Branch pedestrian bridge at this point. Our development manager, Parks and Recreation, Public Works, are finalizing the logistics related to that project. We're looking at starting construction late next year.

**Commissioner Stolzenberg** – With the Key Recreation Center roof replacement, we talked about the solar fund. There was money accruing in there waiting for roofs to get replaced so we could use that and put on a new roof instead of one that is going to be torn down. Have we had other solar projects going on? I know there are members of the community who ask why spend any money on solar when you can sign a PPA with a private company.

**Kristel Riddervold, Environmental Sustainability Manager** – We are looking at the PPA model. That's something that has become much more practical and appropriate for local governments to be looking at. It is possible in some cases that the monies could be used for some of the roof replacement that currently has no funding; not to say that we're saving it. As soon as we can crack the PPA nut, we will know how best we can use those monies to deal with roof-related costs.

**Chairman Solla-Yates** – I understand the County is working to extract as much money as possible from Washington DC. How does that change our story? Do we need to readjust to get more money from DC? Are some of these things already paid for?

**Ms. Hammill** – A lot of the legislation, rules, or guidelines are still in the works. It is not especially clear right now in terms of what qualifies or what we can use those for. The Finance Director is following that very closely. We will be looking for ways to use those dollars depending on what we get. We also have the art money that the city has been allocated. We have gotten the first and second part of that. Much of that has not been used yet. That will become part of the conversation. I am not sure that it will be in a timeframe that would effect this CIP necessarily.

**Commissioner Habbab** – For the CRHA projects, it is \$3 million a year up to 2027. Is it because we know the development timeline of CRHA?

**Mr. Ikefuna** – It based on the funding needs for the next 5 years. That decision was made by City Council based on the information provided by the CRHA. Every year, in terms of leverage funding, which is coming from the city, they apply for LI HTC every year. They know that gap or leverage funding is required. That is projected out for the next 5 years when they will be needing it for the massive redevelopment initiative that is going on by CRHA. Subsequent after that, they might come back to the city as we look into the future. The CIP is projected for five years. There might be a reconsideration for funding beyond the next 5 years.

**Ms. Hammill** – Keep in mind that 2027 is completely subject to change. That is a year with no bonds. The CRHA projects do qualify for bonds. That's why they're shown under the bondable. It doesn't preclude us from funding that with cash. With the dollars that are currently shown as available in 2027 that was not shown for CRHA.

**Commissioner Stolzenberg** – With the \$683,000 with structural repairs with the Market Street garage, I am glad that we're going to keep it standing. I would like to better understand why the parking enterprise fund, which is bringing in revenue from garage operations, is not able to pay for this or not able to pay the city back. Prior to COVID, the parking enterprise fund even was booking in the high six figures/low seven figures net gains every year. It accrued nearly \$3 million. I understand that it has been operating under a loss since COVID started since nobody was using the garages. One assumes that the garages will eventually go back to something approaching normal capacity. If the purpose of the parking enterprise fund was to pay for its own operations, doesn't that include keeping and maintaining its own capital infrastructure?

**Ms. Hammill** – The parking enterprise fund was set up to operate in the way that you are describing; an enterprise fund that is self-supporting, all of those revenues would come in, it would maintain all of its infrastructure, eventually be able to support its own debt outside the General Fund. That was the plan. What has happened is that in doing that you have to assume all of the costs of that infrastructure, depreciation, and lots of other things that the parking revenues, with the whole, don't cover. What has happened is that the parking has operated as a quasi-enterprise fund for the last few years. In pre-COVID, there was a fund balance in that fund. As COVID happened and as the transfers back to the General Fund have continued to happen, I believe the estimate of the fund balance in the parking fund will end as of June 30, 2021 with just over \$640,000. That is not enough to cover the expected cost of Market Street. We are expecting a very similar bill coming down the pipe for Water Street in a short period of time. We would expect the parking fund to cover that. That is why we didn't look to the parking fund for the Market Street repairs.

**Mr. Engel** – Ideally, we would use the funds for this purpose. We don't have enough funds there, given the situation, to do so.

**Commissioner Stolzenberg** – I am looking at the current adopted budget. It was \$660,000 projected. It still said in this current fiscal year that the parking enterprise fund after the \$750,000 transfer would book a \$677,000 profit. That alone would pay for this garage and presumably the following years could pay for Water Street. Are we running significantly behind budget? Even if we can't do it this fiscal year, if we're assuming at some point to get back to normal, if any given year's revenue/net gain can pay for anyone of these expenditures, why can't it be paying us/the CIP fund back? What is the outlook for the parking enterprise fund once the Water Street garage lease resets in 2024?

**Ms. Hammill** – The dollars in the parking fund, whether it is money to the General Fund or CIP, it is all the same dollars. The net parking revenues are coming back to the General Fund or they are paying expenses related to parking.

**Mr. Engel** – Yes, the budget was pretty close to what we expected. I think it ended a little under. The net balance was \$640,000 at the end of 2021. That is not enough to cover the expected expense on Market Street. We will likely have a similar amount for Water Street. We have no source for that. The funds, to the extent that we can accrue some money in that as we come out of COVID and revenues improve, it will be allocated for that. When the lease resets for Water Street that is an unknown. It will likely go up. We don't know how much it will go up. That will be something that we have to deal with in conjunction with rates as well as other city resources to potentially cover that to maintain that.

**Commissioner Stolzenberg** – My question was for this current fiscal year, FY22.

**Mr. Engel** – We're doing OK so far. Things are improving every month. Market Street is closer to normal, not quite there. Water Street is still a bit off. There are new monthlies every month that are added back. Transient comes and goes with the season. We're doing OK so far.

**Commissioner Stolzenberg** – If we're on budget, we're going to have \$675,000 in net gain after the transfer. Why isn't there money to pay for the repairs?

**Ms. Hammill** – It is a planning piece. We have to plan for what we know what we have to pay. Right now, we know that we don't have the money to cover that. Should the budget come in FY22 and Council decides they want to redirect some of that money from the parking fund to pay for those, they certainly could with a separate action. In terms of planning a CIP, we have to plan for what we know right now, which is that the parking fund does not have enough money to cover those.

**Commissioner Habbab** – I am looking at the home conservation grant program. It has \$0 throughout. Is that an unfunded CIP item?

**Ms. Hammill** – That was a change I believe that happened in FY21. I believe there was some concern about the ability to spend those dollars. They were combined. That is how the CAHF got to \$925,000. It was funded at \$800,000 with \$125,000 each year going to energy conservation. They were just combined, making the energy conservation piece another qualification that is eligible for the CAHF application.

**Commissioner Habbab** – With the Climate Action Plan we're doing in our Comp Plan goals, there is a lot of allocation to achieving any of those goals that we want to achieve in future projected years.

**Chairman Solla-Yates** – With the garage maintenance, is it possible to push that back until we have money?

**Mr. Engel** – It is not recommended based on the analysis that was just done. This type of maintenance needs to occur every 5 to 7 years. It has been at least 6 years since the last round was done. It should probably be done.

**Ms. Riddervold** – Every 5 years, there is essentially a facility condition assessment done. The items are presented in 3 categories with the priority one items being considered deficient items that had immediate impact to the functionality of the building system and need to be addressed within 1 or 2 years. This request is for the priority one components. They include things like structural, water proofing.

The construction industry is seeing some really crazy escalations. We are finding ourselves repeatedly putting projects out to bid and having the bids come back higher than our estimated cost. What is in our current proposed plan, we don't feel good we're going to be able to do those projects. That's a reality that everybody is hitting, not just Charlottesville.

**Chairman Solla-Yates** – Several years ago, we were planning to fully fund the Tonsler Park project but pulled it because housing projects took a greater priority. There was great desire to find a way to bring it back. Is there a way to put Tonsler back into the plan in the 5 year scope?

**Ms. Hammill** – Of course. There is another \$3.5 million that currently resides on the unfunded list for Tonsler. That gets back to priorities. As we have shaped this, one of things is an addition in one place is a reduction somewhere else. What would be the tradeoff we push off and do Tonsler instead?

**Commissioner Stolzenberg** – There is \$25,000 in tree planting that is unfunded. I would like to see that happen. As you have said, everything is a tradeoff. I am looking at the skate park item. I have seen the fundraisers that they have been doing and I am looking at that \$25,000 line item. If they can provide \$100,000 for the skate park, it should definitely be possible to raise \$25,000 for trees. I have read an old urban forester report. They talk about this funds for the forest campaign. They accept donations for trees. There are maybe other items where we can go out to the community and ask for some money for this. Can I write a check somewhere and give some money for trees?

**Ms. Hammill** – Sure. There is an existing account in the General Fund that has existed for years that is just for that. People can write a check to make contributions for trees.

**Commissioner Lahendro** – The Charlottesville Area Tree Stewards will take your check.

**Commissioner Stolzenberg** – Do we see their activities as being complimentary or substituting in a way if they do \$25,000 then we have \$25,000 for tree planting?

**Commissioner Lahendro** – The CATs and the Tree Commission have combined efforts to plant additional trees. The city leans and depends on CATs to help us to try to make up the deficit in new trees.

**Commissioner Mitchell** – We would be happy at Parks and Recreation to get your check.

**Ms. Hammill** – That \$25,000 is the portion that is not funded. There is money in the CIP for planting trees. It is \$75,000 each year. This draft does also add money to address the ash tree situation.

**Commissioner Lahendro** – I would like to clarify that. \$105,000 was requested for the emerald ash bore tree removal. We asked for \$50,000 last year and got nothing. It has been cut. You keep saying ‘adding.’ I believe that it has been cut from \$105,000 to \$50,000. It is the same with the tree planting. It has been cut from a \$100,000 request, which just kept us level with the needed number of trees, to replace those that we lose. We have lost 460 acres of trees since 2004. We are fast not becoming a tree city. That is not just aesthetics. We all know what the issues are with health and what it means about communities that do not have enough trees. I feel silly talking about \$50,000 and \$25,000 when the city is buying something in a few years that is going to eliminate our ability to issue bonds. That tells me that we can’t afford it. There are smarter people in economics. That makes sense to somebody.

**Commissioner Mitchell** – I would suggest you (Commissioner Lahendro) are the championship of the canopy. It is important. If I look at the Comprehensive Plan, you helped us develop the plan and pass the investment in protecting ash trees. The issue is worth it. We should find something we can delete to support the canopy.

**Commissioner Lahendro** – It is a silly, short-sighted plan to think that by cutting the money to get rid of the ash trees that are being diseased, that you are saving in the long run. It is costing you multiple times what you would spend now to take them down. They’re going to come down in a storm. They’re going to be an emergency situation. They are riddled from the results of emerald ash bores. They are unpredictable when they come down. The city is going to end up spending much more.

**Commissioner Stolzenberg** – It is exactly because these small items like trees or sidewalks are so impactful for so little money. It is important to talk about them and to look at what we can shift around. When we have \$4.3 million allocated to put up Court Parking Only signs, that is a lot of trees and sidewalks that you are soaking up for something with much less benefit to the community. Our job here is to be getting the best bang for every dollar we’re spending here. The school reconfiguration takes up a lot. There is a lot to be done in prioritizing on the rest of this.

With our affordable housing plan, we have certain observations from our consultants. What they observed is that we have done a fairly poor job of deciding the amounts and allocations of our LI HTC gap funding. What they have recommended is that we put the bulk of the money into the CAHF/this account that can be allocated and form a committee that weighs different applications for allocations against each other. We get the best bang for our buck spent on affordable housing. What I see in this Capital Improvement Program is continuation of the same relatively small dollar amount we’re putting into the CAHF and very large dollar amounts for specific projects that we have made, in some cases specific/some cases vague, commitments to in the past. In particular, I see Friendship Court on the funded list for several million dollars per year and MACAA and senior housing/Park Street Christian Church are on the unfunded list. It seems that Friendship Court got there first and the other ones ‘jonny

come lately' asks. Since this was already on the CIP, let's keep this here. I recognize that we made a commitment for Friendship Court Redevelopment. That is Phases 1 through 3. Phase 4 has not been specified. It will probably taller with a mix of residential and commercial. All of the current residents will have been rehoused in Phases 1 through 3. Given the units costs we are seeing out of earlier Friendship Court phases, how are we prioritizing these now? Assuming we are going to be forming the committee to decide these things, should we (in these out years) be putting this money into one central pot and deciding those allocations later according to some real criteria and objective standards?

**Mr. Ikefuna** – I am looking at two questions. The amount of money allocated for Friendship Court, in terms of dollars per units, might be higher than usual. The Friendship Court project is a very good project. It is a phased project that will yield in excess of 400 units once it is built out. One of the reasons the funding from the city is high in terms of investment is that Friendship Court has one way in/one way out. The design for that project breaks the site up. It provides integration of the design and construction with the rest of the city grid. Instead of one way in/one way out, it would look like a regular neighborhood with streetscapes, sidewalks, etc. There is a considerable expense in terms of that project. They came to City Council with that need. They are going to need assistance from the city in terms of addressing the infrastructure. With the infrastructure, the agreement between the PHA and the city is that infrastructure will be designed to comply with Streets That Work. It is going to be built to the city standards. Once it is completed, it will be turned over to Public Works for maintenance. That's why the expense looks unusual. The other aspect of Phase 4, which we don't know if it is going to happen, the money you're looking at with Phase 4 is a placeholder. The decision in terms of actual funding will be made when we get to that point.

**Commissioner Stolzenberg** – In a sense all of our out year CIP items are placeholders. By the same logic, Phase 2 funding is a placeholder. We are likely to give them \$2.5 million for Phase 2. If you are doing a competitive allocation and you have this committee that reviews requests, there is a big difference between saying that there is money in this pot and we're going to say who is going to get it, including potentially Phase 4 versus saying that we have this money in the pot and maybe we will grab this extra pot of money that is already allocated only as a placeholder for one thing. I don't mean to specifically pick on Friendship Court. I am not going to say that the plan is bad. Redevelopment of Friendship Court is a worthy goal. The plan has worthy non-housing elements in it. I have to wonder what are the 'asks,' where are we coming up with the exact numbers of the 'asks.' Even for those other things on the unfunded list, what we see is a request that gets to be one line on the unfunded list. Is there a proforma? Is there a description of needs and things that this money will be spent on? Is there a justification for why it is needed to obtain LI HTC funds? I look at Friendship Court Phase 1. I see that they maxed out points that they could get for external subsidy. They got an extra \$900,000 of external subsidy. LI HTC, if you didn't have that external subsidy, would give you more money. In making sure that we're getting the most of our federal funds and making projects happen, there is a potential we could have made the project happen and spent less money. We could fund an extra year of vouchers or something. It doesn't seem that there is a cohesive logic behind how we're making these funding decisions.

**Mr. Sanders** – You're acknowledging the challenges that we have. We have challenges with how we have done things in the past. That is the reason we're doing the analysis that we're doing. In reading the Affordable Housing Plan, there is a lot of work to be done. The points you're making this evening are really specific along with the analysis work that needs to get done. We don't want to get into picking 'winning' or 'losing' situation after having already awarded these funds to Friendship Court. I understand what you're saying. We need to have a process. That is very much what I am focused on in everything that I am doing these days. The Council on the 6<sup>th</sup> is having a discussion about governing the CAHF funds. The plan does suggest that we put more money or just drop all of the money into that fund.

That is exactly where that conversation needs to begin and focus on what the outcomes can be once we start to do things a little differently. HR&A is going to give us an eye opening report. It will be hard for us to ‘digest.’ The truth hurts some time so you take that information and move it forward. Commissioner Mitchell, you were concerned about spending the \$925,000 on staff in any way. There is need for additional staff to be able to get this work done to the degree that it needs to get done and to be able to check the boxes you have pointed out with your comments. All of it is important for us to discuss. We have to continue to evaluate this. We are on track for trying to get there. It is going to take some time and more resources to achieve it.

**Commissioner Stolzenberg** – I don’t mean to be picking on any specific project. I am using Phase 1 because it is what we have the numbers for in terms of their LI HTC application. Other than that, there really isn’t much documentation. All of that funding has been awarded.

Does this layout of the CIP put us in a good position for this future where we have a CAHF committee and have a better system for allocating these funds? Does it make sense to leave it as it is now? Perhaps, it makes sense to leave it as it is now with the understanding that once this committee is formed and we create that better process, next year’s CIP might not look at all like this one does; these placeholders will be moved around later because of that process.

**Ms. Hammill** – Keep in mind that the CAHF, the vouchers, Friendship Court are all cash funded projects. Unlike the bondable projects where we can easily move things within those 5 years and adjust our timetable for outgoing bonds, you don’t have that flexibility on the cash side. In terms of where our plan is right now, your cash balance is your cash balance. If you talk about shifting that around, you’re still talking about tradeoffs. Even as you talk Phase 4 for Friendship Court, that is a cash funded project. That cash would not be available until 26 and 27. Keep that in mind as you talk about these different options. It is still a conversation about tradeoffs.

**Mayor Walker** – I am not sure how we ended up at the point we ended up with those discussions/amount. There is a TIF with this property where there are taxes that they can use to fund some of the development. I asked the city for the amount of money that we had invested in Friendship Court and that there should be an ownership stake on the property to ensure that we didn’t end up in the situation where we ended up a few years ago and the way they are separating out the phases. Since there wasn’t a plan for Phase 4, it could potentially all be market rate. Every time I have posed that question, I did not get a clear answer. For the city to fund Phases 1 through 3, we should definitely have Phase 4 transferred in ownership to the city to ensure that the city had a ‘say’ in what happened in that plan. Those things didn’t happen for a variety of reasons. Those things should still be monitored. With the Parks and Recreation planning that is happening now, there is a plan to not have the level of affordability in this area that we could have targeted, especially since everyone is familiar with what surrounds Friendship Court. They were pretty consistent on that de-concentration of poverty model, which I didn’t understand. There are also homeownership opportunities that are going to come in there. There is still a lot of unanswered questions. The city could have leveraged its position based on the amount of money that is invested.

**Commissioner Stolzenberg** – I would like to emphasize that it is still early for that. We have put in a little less than \$6 million out of a \$22 million total commitment. There is much more managing of this project left to be done. I would like to see us get the most out of it and the other projects as well.

**Chairman Solla-Yates** – Looking back on Mayor Walker’s concept of an ownership stake, my understanding and reason we couldn’t use bondable funds for Friendship Court was because the city did not have an ownership stake. Would that change the formula?

**Ms. Hammill** – The tax law gets pretty complicated with that. Ownership was a factor. If things were to change, we could certainly reevaluate that. As it stands right now, it was not eligible for bonds.

**Commissioner Mitchell** – There would be great value if the commissioners could give staff input on the tradeoffs that they might be interested in. We should not raise the amount of money to spend. There is an opportunity to do some tradeoffs. There would be value in us giving staff input on tradeoffs so we're not having this debate in December when we have to vote.

**Commissioner Habbab** – I am looking at the Downtown Mall infrastructure repairs. It is \$78,000 every year. I also saw the sidewalk repair. If it is a recurring expense, why is that part of the CIP?

**Ms. Hammill** – The Downtown Mall infrastructure (\$78,000) was put into the CIP a couple of years ago. That is fully funded by the café fees that are paid by the cafes on The Mall. If you look at the top, you see an offsetting revenue for that. That is for more general maintenance. Generally speaking, the things that are in the CIP are generally not recurring in nature. Anything that we fund with cash can go in the CIP. A lot of times it is put in there to accumulate the funds for something that might be a bigger expense, an ongoing expense because the appropriation carries forward as opposed to something in the General Fund, where the appropriation, at the end of every year, is over with unless Council re-appropriates it.

**Commissioner Habbab** – If it is non-bondable, we're diminishing the actual 3 percent of the budget going into the CIP for other projects.

**Ms. Hammill** – As a general rule, we try not to do that. I can check with staff and get more details for you on that sidewalk repair account to find out why it is different from the everyday sidewalk maintenance.

**Chairman Solla-Yates** – Any thoughts or desires on the straw polls for items in the CIP? The parking structure-diminishing funding and pulling existing funding out for reprogramming (Majority of Commission gave approval). Ash trees-full funding for ash trees.

**Commissioner Mitchell** – We probably need to get the Tree Commission and Mr. Garber to help. If we're going to do that, it is important to do that. Canopy is important. We probably need to have a chat with Commissioner Lahendro to talk about other things in Parks and Recreation that we might want to do/switch off. I agree with Mr. Lahendro that the canopy is important. We need to protect it. It begins with the ash tree.

**Commissioner Russell** – We have received a letter November 18<sup>th</sup> from the Tree Commission requesting \$100,000 for planting trees, \$105,000 for combatting emerald ash bore, and supporting the Parks and Recreation CIP request.

**Commissioner Lahendro** – The Tree Commission has already made its recommendations known. Does that effect what you (Commissioner Mitchell) said?

**Commissioner Mitchell** – Yes. We need to make tradeoffs. We need to do the work to protect the canopy. If we're going to do that, we're going to need concede that something else needs to go.

**Commissioner Lahendro** – I just voted to concede the parking garage.

**Chairman Solla-Yates** – Restore sidewalks funding?

**Commissioner Stolzenberg** – We should talk about what restoring funding means. Our Pre-COVID budget was \$300,000 a year for new sidewalks. We're down to zero for this year and \$100,000 into perpetuity until funding capacity runs out. It makes sense given the goals of the Comprehensive Plan we just passed to at least restore the \$300,000. Over a 5 year CIP, that is \$1.5 million. There is \$4.3 million for that garage. The two contractually obligated options the County can choose, there is no chance it should cost anywhere near that amount to implement that. Without hearing some rationale from staff, I am willing to allow some amount be left in that fund. Millions of dollars for signage doesn't make sense to me. The amount that should be removed from that fund should be nearly all of it to pay for those things.

**Commissioner Mitchell** – We need to make sure that if we're adding stuff, we delete stuff. We do the math for Council so Council doesn't have to do it and it balances.

I am pretty comfortable with staff's recommendations.

**Commissioner Stolzenberg** – Separate from balancing the budget, Stribling Avenue, which would be paid for by revenue that would not affect our budget capacity, seems like a 'no brainer.'

**Commissioner Mitchell** – You're onto something. That is worthy of a conversation there. If we can do that and make it work and not go into debt, it makes sense to do it.

**Commissioner Stolzenberg** – Would that include a new revenue item of drawing on that developed line of credit?

**Ms. Hammill** – In the CIP, there would be a revenue line item. There would be the expense for the sidewalk. We would have to look at the backend in terms of the funding agreement. Keep in mind, it is a revenue. It is a way to get that done. On the General Fund side, it is now an earmark of revenue that is not available for anything else.

**Commissioner Russell** – When we were talking about the bypass fire station, is that all expected \$1.2 million to be spent in 2023?

**Ms. Hammill** – I am not sure what the spend down rate would be. We would not be spending the bonds until we spent the money or it is well underway. We have to have the budget available to sign the construction contract.

**Commissioner Habbab** – With Stribling, the money will be earmarked in the General Fund. It wouldn't exist if the project doesn't happen for the sidewalks. It seems silly to not do it. The only way the money is going to be there is if we have the project.

**Commissioner Mitchell** – If I recall, the way we voted, it only happens if Council authorizes the infrastructure. Stribling will happen unless Council commits the city to pay for the city infrastructure.

**Ms. Creasy** – That is how you framed your recommendation. Council would have different ways of looking at that. There would be income on the front end for the tax revenue. When we add residential to our community, there are costs that do arise with that. We don't know what all of those things would be. We would have new revenue from property taxes. We would also have new costs that we didn't have before.

**Ms. Hammill** – From a pragmatic standpoint in terms of this work session and the public hearing that we have in December is the idea that you will come up and form your recommendation. That will be part of the presentation at the public hearing on the 14<sup>th</sup>. What are we envisioning this process to look like in terms of the public hearing?

**Ms. Creasy** – In the past, the CIP hearing has been an education opportunity. It is an opportunity to provide an overview of what the CIP is and what is being presented. It helps give the new members and the community that context. Typically, there is the discussion that is very similar to what has evolved in this work session. In the work session, it is more high level. The Commissioners ask quite a few questions. A lot of research needs to be done in between. We will note that Commissioners provided a number of questions along the way. Staff was able to spend quite a bit of time getting answers to those questions. That was a step that hasn't happened until later in this discussion process. It might be after the education and public hearing portion that the discussion by the Commission may be a little more streamlined. From what I am hearing so far, there is interest in a recommendation that would include a potential decrease of certain accounts and potential increase of certain other accounts. Usually, the Commission doesn't get into the weeds of what those numbers are. It is more the priority areas that we would like to see more funding, we would like to see funding come away from certain areas, and we would like to see funding go towards these items in their stead rather than you getting into the accounting portions of it. It is more of the broader perspective. That might be the direction the hearing goes. I don't know if any of the Commissioners have thoughts based on our past CIP hearing experiences.

**Commissioner Mitchell** – It is very important that the Commissioners walk staff through the tradeoffs so staff is prepared to explain the tradeoffs. Either you embrace the budget staff has prepared or you don't. You will understand the tradeoffs that will need be made so staff can coach us through those and we can vote on those tradeoffs.

**Ms. Creasy** – How that has been documented in the past is that the Commission's motion ends up being put into a memo format. That memo is placed with the materials that go to Council specific to the CIP. Council is there to listen. They are also reminded with materials that are in their packet.

**Commissioner Mitchell** – What has been frustrating over the years is that we did the 'sausage.' It will be really helpful if we could have that debate via email, talking back and forth with staff so we understand the consequences/tradeoffs before we get on the dais to make those decisions. If we have the numbers, we can make a decision and be ready to make our vote.

**Ms. Creasy** – If you have specific questions and items that you are interested in, we can provide that factual information. We are not going to encourage a meeting over the internet/email. We would have a problem providing background information on items. We just can't have you all having discussions through email about where that lands. That's why you're here. You can do that here and you can do that at the hearing.

**Commissioner Mitchell** – Ask the questions now. Get them answered so we can come to the meeting prepared to make a decision.

**Chairman Solla-Yates** – With restoring the funding for Tonsler Park bringing it back onto the 5 year plan?

**Commissioner Mitchell** – I would love to do it. Tell us what we take out of the budget.

**Chairman Solla-Yates** – I would suggest the Parking at this point.

**Commissioner Stolzenberg** – I would have to better understand what is in that plan and what that funding would be going towards. I would certainly point to other needs within the Transportation and Access category that the parking garage funding could and should be going towards if we're going to be implementing our Comp Plan goals.

**Commissioner Russell** – Wouldn't we allocate all of the slate roof replacement to FY24? What is FY23? Is that design?

**Ms. Riddervold** – Typically big roof projects like that have design in one year and construction in the following year. We follow a design bid, build model.

**Commissioner Russell** – I am not understanding why we have so much in the fire station. I understand it increased. It is a big number and not a lot of detail behind it.

**Ms. Riddervold** – One of the problems/realities with the fire station is that it has been subject to many years of delay and a number of capital projects being put on hold during COVID. That whole project in a question. Looking at the program the fire department is looking to deliver from that location, building something that we have the budget for doesn't accomplish it. Between trying to meet the program needs and the 2023/2024 budget realities and this waterline component that wasn't contemplated at the front end has put us in a place where we are.

**Mr. Sanders** – The fire station has been identified as a priority for quite some time. It has been sitting and sitting. Once the water main was discovered as an issue, we spent a great deal of time trying to figure out if there was a different way that we could address that. We have exhausted all options, including having looked at it thinking that might be an eligible expense. We have found that we cannot use that funding source to address that \$600,000 expenditure. The cost increase for looking at updating the cost is where the other \$600,000 came from. That \$1.2 million is a true, hard number in what it is going to take in order for us to get started on the station soon. If we delay any further, it will go up again.

**Commissioner Stolzenberg** – One item on the unfunded list is the energy savings performance contract. It costs \$5 million and pays \$333,000 a year. As I recall, the last time we did a big bond issuance, staff said a \$10 million bond is about \$660,000 of debt service per year for 20 years. It exactly pays for itself. The biggest problem is that it uses up \$5 million of debt capacity. I wouldn't recommend it be added this time. If we were to get that referendum, I would certainly want to see that. It pays for itself. You save a lot of energy, which is good emissions-wise. After that payback period, that is \$333,000 every year.

One item I would like details on is that CAT Park and Ride. I have not heard about this. I did a little research. I see a Wendy's land acquisition in the 6 year plan for the state. I like the amount of funding matching. I really don't see the need for Park and Ride. It sounds like it is in the County and serving the County people. Why is that our cost instead of the County? Could we ask the County to fund that? If we short bridge inspections, are we going to have a bridge collapse?

**Ms. Hammill** – With the CAT Park and Ride, we will get you some more information. I do want to clarify that was only a request. It is not anywhere. It is not in the CIP. I think there were a bunch of questions to be determined with that. On the bridge inspections, one of the things that will be helpful for

you is to reaffirm balances in some of these accounts. That will help you answer some of these questions.

**Commissioner Russell** – How is something like inspections even a capitalized expense? That seems like an anomaly.

**Ms. Hammill** – This has been an item that has been in the CIP for years. Part of it is accumulating funds to be able to pay for these. It is funded with cash. It is primarily in there for its accumulation function. It also leads to a broader question of a potential CIP add. If the inspections render some need for bridge replacement, that would eventually be a capital project. That account is only for inspections. It is an anomaly in the CIP. There are other recurring accounts that are in the CIP that are funded by cash. It is the way to designate those funds.

## **2. Public Comments**

**Peter Krebs** – I wanted to remind everybody of your one job. It is to be the shepherd of the Comp Plan. We're very excited about the good work, the hard compromises, and the excitement about having this new Comprehensive Plan. It talks about what it is going to take to be a livable community. It talks about parks, sidewalks, and affordable housing. This budget doesn't really reflect what the Comp Plan says. It oddly differs from it. I know that there are a lot of hard choices. We can't pass the Comp Plan and then have zero for the sidewalks. That is a terrible look. I would definitely underline the idea of putting money in for sidewalks. The Parks and Recreation lump sum is a pretty good, flexible place where money could go to be used for forestry of various kinds, land acquisition, and other opportunities that come up. I would recommend some of the monies from the parking garage. We're not going to need it. Sidewalks and parks are great places.

## **3. Adjournment**

The meeting was adjourned at 7:27 PM