

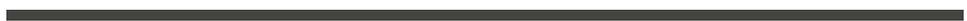


FY 2020

ANNUAL REPORT



Virginia
FIRST CITIES





*Chairperson, Mamie Johnson
Member, City Council-Norfolk*



*Kelly Harris-Braxton, J.D.
Executive Director*

Chair, Board of Directors & Executive Director's Statement

The year 2020 is one that we won't soon forget. After many years, the Democrats won the majority in both the House and Senate and the Governor's Mansion in sweeping legislative victories. Legislation that had languished for many years was adopted. In fact, election laws, gun laws, at-risk education, mental health and many other policies were impacted by the new majority. After much effort and long hours for state policy makers in new leadership roles, the legislature and the Governor's many priorities were adopted in the state budget.

While many changes in policy occurred at the 2020 General Assembly, in the blink of an eye COVID 19 impacted almost everything. The country was in quarantine, the economy frozen, in an effort to limit the spread of the virus. During the Reconvened Session in April, the legislature and Governor found it necessary to "un-allot", or put on hold, essentially everything they'd worked so hard to put in place due to concerns about the impact this novel virus could have on the Commonwealth's coffers.

On May 25, 2020, the country and the world watched in horror as video of George Floyd being killed by a Minneapolis, MN police officer was published on social media. Protests against unfair treatment and police brutality of African Americans and people of color exploded around the country and the world. Cities, like ours, became ground zero for protests against injustice and racism and statues of Confederate generals were removed. In a nod to fans of the highly acclaimed Broadway musical about founding father, Alexander Hamilton, "the world turned upside down."

Across America, state legislators are addressing long-complained of unequal treatment by both police and the criminal justice system. The Virginia General Assembly will tackle the budget and public safety reform in a Special Session in August 2020.

Through all of this, our cities have had to tackle a new paradigm, heavy service needs from citizens, and unknown local budget impacts. With greater needs and service overburden, cities are working hard to address demands. We applaud our city leaders. Much work has been done, but there is much more that must be addressed in the days ahead. Virginia First Cities will continue to advocate for the priorities of our cities and will be a voice for our members as we face uncertain times and great change.

Legislative Director's Report

“It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us ...”

Charles Dickens “A Tale of Two Cities”

What was a successful legislative year for Virginia First Cities changed abruptly in the last quarter of FY 2020. While many publicly traded companies were warning investors of the threat that COVID-19 posed to supply chains, your Virginia First Cities team was experiencing euphoria for the General Assembly making great strides in many of the programs and policies that we worked so hard to enact and bake into the state budget. These gains were a long-time coming, as they had not been sustained since the Great Recession.

Clearly, this year is the “tale of two General Assembly Sessions,” as the reconvened session and an August 2020 Special Session are poised to permanently un-allot many of the state budget gains that VFC successfully advocated for in 2020. Legislative accomplishments for the 2020 General Assembly included passage of several bills that have been perennial items in the VFC legislative package. A new Democratic majority in the House and the Senate ensured that several of these long-term legislative items were passed and signed into law by the Governor. These bills include:

- Giving local governments the authority to remove, relocate, contextualize, or cover any monument or memorial to war veteran’s on the locality's public property.
- Giving local governments the authority to prohibit the possession, carrying or transportation of any firearms and ammunition on local government property.
- A new statute giving local governments the option of amending zoning ordinances to provide for an affordable housing dwelling unit program.
- Designating Election Day, the Tuesday after the first Monday in November, as a state holiday.
- Creating the Virginia Food Access Investment Program and Fund to provide funding for the construction, rehabilitation, equipment upgrades, or expansion of grocery stores, small food retailers, and innovative food retail projects in underserved communities.
- A ban on the so-called “Games of Skill” (will not go into effect until July 1, 2021).
- A new opportunity/grant program for transit agencies through the Virginia Transit Association using TANF dollars to assist low-income working individuals and trainees.

State budget accomplishments at the “gavel down” on March 12 included much for Virginia First Cities to be proud of, including:

- HB599, Aid to Localities with Police Department funding increased by \$ 8.6 million.
- A third round of the TANF for Employment grant program for cities that wish to apply. (This is in addition to the first and second round grant programs funded at \$21 million).
- Enterprise Zone funding increased by \$250,000 in each year to help with grant proration.
- Industrial Revitalization Fund increased by \$ 500,000 in each year.
- Virginia Food Access Investment Fund seeded with \$1.125 million in each year.
- At-Risk Add-On increased by 26% in FY 22.
- Virginia Housing Trust Fund increased by \$30 million in each year.
- Street maintenance funding increased \$1 million to localities.
- Funding the state's portion of teacher raises by 2% in FY21 and FY 22.

By the April 22 Reconvened Session the Commonwealth was feeling the first economic impacts of the COVID-19 pandemic. The only certainty was the impacts were going to be far greater than imagined and a state budget re-forecasting in the early Fall of 2020 would be necessary. Governor Northam, out of an abundance of caution, recommended (and the General Assembly for the most part agreed) to un-allot new or increased state general fund spending until such time as the re-forecast was complete.

The state budget reforecast, coupled with criminal justice reforms resulting from the civil unrest in the early summer, are on the agenda when the Virginia General Assembly reconvenes for a special session on August 18, 2020.

In early June, Virginia First Cities re-tooled the 2020 Legislative Program to reflect the budgetary and criminal justice reforms that have been the hallmarks of our state legislative advocacy. The VFC Executive Committee gave its imprimatur to this package of recommendations. We are actively advocating our priorities with General Assembly legislative leadership and legislators from our member cities. This includes the most important budgetary actions to support local government recovery from the COVID-19 crisis.

The Path Forward By Virginia First Cities

The economic shutdown brought about by the Covid-19 public health pandemic has resulted in economic upheaval to the residents of Virginia, all in a very short period of time. Virginia First Cities believes we need to take seriously the adage of “never let a crisis go to waste”. Meaning, how do we come out of this pandemic stronger than before? How do we respond to the demands for social justice to be more inclusive and provide opportunity for all? How do we leverage the acceleration of changes taking place before our eyes to our long-term advantage? A crisis such as this should make us sharpen our focus to improve our society and give everyone a greater opportunity to succeed. It is not a coincidence that many of the most successful business start-ups occur during recessions. We can see right before our eyes the creativity taking place within people and businesses to overcome this crisis.

By way of background, in February of 2020, Virginia First Cities was bullish and quite optimistic about the health of Virginia’s economy that would, at last, allow funding for many needed improvements to state and local programs that had been delayed or limited due to the budgetary effects of the Great Recession of 2007-2009. Over the course of the last ten years, Virginia prioritized keeping its Triple A credit rating mostly through public pension reform and the restoration of reserve funds. With those priorities attained, funding was seemingly now available for VFC public policy priorities like accelerating K-12 education funding for our schools with large number of at-risk students (At-Risk Add-On), increasing teacher pay, and improvements to early childhood education programs. Improving our health care system also seemed attainable through Medicaid expansion and needed increases for mental health programs. Increasing natural resource funding for water quality improvements was put in place to help meet our Chesapeake Bay cleanup commitments. Economic development programs were being expanded, including universal broadband, STEM-related higher education programs, and efforts to incentivize regional cooperation on high priority initiatives. Improving housing policies and outcomes for low-income individuals was a funding priority.

All this and more came to a crashing halt with the Covid-19 economic shutdown. In the next few months with the realization that the economic downturn will be longer and deeper than first imagined, Virginia’s state legislators and our local governments will have to make wrenching decisions about what to cut and what our priorities are. For our city members, we recommend introspection about where the true strengths and value-added lies and then to focus like never before on building on these things. To do this a locality needs to actually measure where the highest values are in their community. For example, if a certain square block of older property – even if it appears to be rundown – generates \$1 million dollars of property tax per year, versus another “modern” block generating half that much, it is probably worthwhile to spend some dollars improving the higher value property.

We invite you to think about and connect what it is that brings people together in your city and what makes your city special. Is it the natural amenities, like a river running through it? Is it a Main Street out of a Norman Rockwell painting? Is it a working waterfront? It could include cultural institutions, vibrant

neighborhoods, a foodie culture. No doubt your planning departments and comprehensive plans do more than contemplate these things. However, Virginia First Cities recommends spending your time in the COVID-19 pandemic environment using your valuable resources to help connect all of these together.

That is, invite diversity with amenity-filled public spaces. Design streets and bike paths that connect with outer communities. Make your community livable for all with mixed development. Build the downtowns of the future with lots of small businesses, vibrant, walkable streets and transit – with as few parking lots and garages as possible. Finally, exploit your natural resources for the enjoyment of all.

As we know all too well, a crisis usually exposes weaknesses. We know now, for example, that the Commonwealth's antiquated unemployment insurance system is a massive chink in the state's economic and customer service delivery. The systems in place at the Virginia Employment Commission are still using antiquated technology from the 1990's and have struggled to keep up with the demands placed on it. Using the state's unemployment insurance system as an analogy, this is a great time to take stock of the systems in place in our cities that are driven by the state.

In the education sector, take a look at our K-12 education system. A fundamental principle of the Virginia First Cities Coalition is that all children deserve the same opportunity to succeed. Virginia needs to prioritize and accelerate its focus on transforming schools with high numbers of children coming from economically- challenged backgrounds. A state priority should be to encourage and fund successful education models such as the Achievable Dream schools that encourage respect and a love of learning, and the Hampton Academies that connect high school kids to real career opportunities. Encourage more schools to use year-round school models so that kids retain and build on what they learn. The state should prioritize giving every child the technology and training it takes to be successful in today's world. This crisis provides stark evidence that our K-12 system needs modernization. Now that technology and distance learning have accelerated at lightning speed, it is time for the state to assist local K-12 improvements to bring 21st century technology to all our students and schools. Every child, no matter their zip code, should have modern computer tools in their schools and homes and access to broadband and remote learning capabilities. Our technology should be able to bring the latest skills, ideas and experts to all students.

We can also bring technology to bear in helping our less fortunate adult residents utilize society's educational and training resources to create better career paths for marginalized people. Technology is becoming available to better understand people's needs and then connect them to the educational resources, training and employers that can change people's lives. Technology can and should be used to drive non-siloed approaches to community wealth building. In summation, we are positive that now is not the time to continue business as usual. The leaders of the

Commonwealth of Virginia need to listen to our cities in order to identify where there are strengths that must be nurtured and expanded. We would argue that our cities are the precise places that experience and see on a daily basis these weaknesses that have been exposed and exasperated and are in critical need of correcting in this time of crisis.

The state should be a willing partner in directing its resources to assist our cities in building on their strengths and correcting weaknesses that have become apparent during this crisis. The Virginia First Cities Coalition promotes an economic development approach called “economic gardening”. That is, focus on growing jobs in existing businesses rather than paying businesses to relocate to the community. The state should actively prioritize this concept with real resources such as a greatly expanded Main Street Program and other public-private redevelopment programs. Let’s use this crisis to ultimately make us stronger and more resilient, with more opportunity for all.

Discretionary Application Programs Advocated by VFC

	Round 1&2	FY 2012-20	CY 2018	CY 2016-Present	FY 2020
	Employment TANF Grant	Brownfields Restoration	Enterprise Zone Program Grants	Historic Rehab Tax Credits	Extended School Funding
CHARLOTTESVILLE	\$106,630	\$62,290	\$0	\$3,522,015	\$146,709
DANVILLE	\$597,118	\$550,000	\$212,144	\$12,319,317	\$0
HAMPTON	\$230,850	\$21,615	\$1,173,982	\$233,863	\$818,656
HARRISONBURG	\$0	\$0	\$0	\$3,259,245	\$0
HOPEWELL	\$0	\$90,430	\$0	\$710,753	\$1,500,000
LEXINGTON	\$0	\$0	\$0	\$3,613,778	\$0
LYNCHBURG	\$280,498	\$667,426	\$987,399	\$24,015,275	\$0
MARTINSVILLE	\$271,204	\$212,146	\$569,229	\$0	\$0
NEWPORT NEWS	\$896,803	\$500,000	\$1,341,126	\$2,995,910	\$2,010,000
NORFOLK	\$741,998	\$650,000	\$533,248	\$54,242,181	\$0
PETERSBURG	\$547,482	\$362,500	\$129,860	\$34,965,866	\$2,040,000
PORTSMOUTH	\$122,269	\$0	\$404,670	\$28,121,777	\$0
RICHMOND CITY	\$2,282,866	\$600,000	\$4,028,464	\$151,263,358	\$217,490
STAUNTON	\$0	\$481,200	\$184,339	\$8,560,188	\$0
WILLIAMSBURG	\$159,303	\$420,000	\$0	\$245,351	\$0
WINCHESTER	<u>\$284,041</u>	\$0	<u>\$46,441</u>	<u>\$1,914,840</u>	<u>\$280,993</u>
Total VFC	\$6,521,062	\$4,617,607	\$9,610,902	\$329,983,715	\$7,013,848
Total State	\$8,504,615	\$9,339,188	\$13,500,000	\$426,118,590	\$7,700,000
VFC % of State	76.7%	49.4%	71.2%	77.4%	91.1%

State Formula Programs Advocated by VFC

	FY 2020	FY 2020	FY 2020	FY 2020
	Maintenance Payments	Aid to Police (HB599)	At-Risk Student Add-on	VA Preschool Initiative
CHARLOTTESVILLE	\$4,204,565	\$2,238,352	\$339,194	\$512,406
DANVILLE	\$11,048,300	\$2,808,031	\$2,330,066	\$952,511
HAMPTON	\$16,792,285	\$7,254,948	\$3,457,420	\$2,442,967
HARRISONBURG	\$4,967,033	\$1,455,524	\$1,776,659	\$1,005,043
HOPEWELL	\$4,125,724	\$1,409,073	\$1,569,746	\$725,840
LEXINGTON	\$793,475	\$212,730	\$25,677	\$0
LYNCHBURG	\$12,094,323	\$3,259,430	\$1,915,898	\$948,520
MARTINSVILLE	\$3,396,242	\$935,927	\$835,751	\$238,819
NEWPORT NEWS	\$17,453,240	\$9,722,394	\$6,544,424	\$4,548,472
NORFOLK	\$25,065,483	\$12,428,086	\$7,212,482	\$5,559,552
PETERSBURG	\$5,979,013	\$2,248,994	\$2,032,230	\$1,043,954
PORTSMOUTH	\$12,686,160	\$6,435,546	\$3,413,140	\$2,179,222
RICHMOND CITY	\$28,015,368	\$15,452,002	\$6,946,090	\$2,378,940
STAUNTON	\$4,212,712	\$954,887	\$365,429	\$209,506
WILLIAMSBURG	\$1,876,711	\$415,174	\$17,261	\$0
WINCHESTER	\$3,338,505	\$903,947	\$821,058	\$123,802
Total VFC	\$156,049,139	\$68,135,045	\$39,602,525	\$22,869,554
Total State	\$386,482,050	\$ 191,746,081	\$121,412,099	\$73,290,301
VFC % of State	40.4%	35.5%	32.6%	31.2%

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The VFC Legislative Information meeting was held in the City of Roanoke on October 7, 2019 in conjunction with the Virginia Municipal League Annual Meeting. A large turnout was on hand to share ideas for the 2020 General Assembly Session and to preview the proposed VFC Legislative Program.



The VFC Fall Legislative Board Meeting was held on Friday, December 6, at the Cameron Foundation in the City of Petersburg. The theme of the meeting was: 20 Years City Strong – The Way Forward. The attendees were greeted by The Honorable Samuel Parham, Mayor of the City of Petersburg. We had a great line up of speakers, including Senator Joe Morrissey and Delegate Lashrecse Aird. They both provided their perspectives on the coming 2020 General Assembly Session and outlined their top legislative priorities. The City of Petersburg gave a presentation on the future of Petersburg and economic development. Additional invited speakers presented on Inclusionary Zoning legislation and the benefits for affordable housing and the Fund Our School Campaign. VFC board members discussed and adopted the Virginia First Cities' 2020 Legislative Program. Members also learned about important revenue projections for the Commonwealth that have a direct impact on our cities and our legislative efforts.



The VFC Annual Board Meeting was held virtually on Friday, May 15. During the meeting, we heard from Chuck Marohn, from Strong Towns, on how active citizens, local officials and design professionals can change the negative trajectory in their towns and help them to become more resilient — no matter what challenges lie ahead. We also received an update on the state opening along with a Q & A with Angela Navarro, Deputy Secretary of Commerce & Trade. Holly Coy talked about the state's plan for schools reopening and the distribution and uses of emergency funding for K-12. Ridge Schuyler discussed PVCC's Community Self-Sufficiency Programs (Network2Work and TJACE) which utilizes multiple resources in our community to identify and support people being left behind in our economy and provides the training and supports they need to find quality employment in our community. There was also a state and local budget outlook from Jim Regimbal and Laura Bateman discussed advocacy and resiliency.

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Executive Committee & Board of Directors

Executive Committee

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