



FY 2021
Annual Report



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



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

Chair, Board of Directors & Executive Director's Statement

Virginia First Cities continued the important work of city advocacy during the ongoing COVID 19 crisis. While cities handled the constant challenges sent their way, we have done our best to keep you informed, to provide support and to share your vision for the Commonwealth.

Early estimates of the economic impact of the quarantine were bleak, to say the least. However as fiscal 2021 progressed, it became evident that the impact on the state budget would not be as dire as what had been originally expected. In fact, fiscal year 2021 general fund revenues grew 14.5 percent and left a \$2.6 billion surplus. This was partially due to extraordinary federal fiscal stimulus efforts, particularly for those most impacted by the pandemic shutdowns, and the massive liquidity injected into the financial system by the Federal Reserve.

To rescue those in trouble due to no fault of their own, the Congress and President set up a series of federal rescue efforts, CARES I and II and finally the American Rescue Plan Act (ARPA) to provide needed supports to states, localities, and school divisions. The Commonwealth's allocation of \$4.3 billion in ARPA funds is being distributed and VFC members are actively evaluating the usage of local ARPA funds.

In the midst of this unprecedented aid and in an effort to determine and focus VFC's priorities for the General Assembly's Special Session, we surveyed our membership and held two City Manager retreats to determine our approach. We hosted an ARPA webinar to explain the important details and invited every VFC city councilmember to attend. The fiscal year ended after a series of City Manager Forums, member surveys, and communications with citizens, culminating with VFC recommendations for the August 2021 Special Session. With a multi-prism lens, focused on equity and generational, transformational change and considered in tandem with the considerable local ARPA funding that our cities have been and will receive, VFC knows that we have a very special opportunity to make the changes that will transform our core cities into thriving, adaptive, and resilient cities. In fact, our member cities told us that they were most interested in the Commonwealth using its \$4.3 billion in ARPA funds for common statewide needs and leaving the \$2.8 billion in local ARPA funds for purely local priorities and concerns.

In this vein, Virginia First Cities is extremely proud of our work to seed the \$10 million dollar Virginia Community Development Financial Institution (or CDFI) Fund. In response to our members' number one General Assembly request--assistance for small businesses in crisis due to COVID-19—we partnered with an ally that we've worked with before (on the Virginia Grocery Investment Fund), Virginia Community Capital (VCC), to create opportunities for small business development. The Virginia CDFI Fund will provide capital through grants to community development financial institutions (CDFIs), community development enterprises, and minority deposit institutions (MDIs) so they can provide loans, grants and technical assistance to small businesses and community revitalization projects in Virginia. This is consistent with other VFC economic gardening initiatives to help seed and grow small businesses in our cities.

Virginia First City's effort did not stop at the lobbying for and creation of the CDFI fund. We retained and worked closely with the Local Government Law Clinic at the University of Virginia Law School, with Andrew Block as its Director, to study the best way to implement the Virginia CDFI Fund. Law students in the program studied the best uses of CDFIs and presented well-researched recommendations that have been very helpful to the implementation of Virginia's new CDFI fund. Our relationship with the Local Government Law Clinic will not end with this work and we highly recommend your city consider working with the Clinic on important policy concerns. The Clinic's work is outstanding and provided at no cost.

Virginia First Cities will continue to push for additional capitalization for the Virginia CDFI Fund as well as other important legislative priorities for our cities over the coming year. We are also available to assist cities with concerns regarding the strategic uses of potentially transformational ARPA funding.

On the VFC fiscal front, all sixteen VFC member cities were able to continue their valued contributions and membership to the organization. For this we are thankful and know that we are stronger as an organization as we band together than we are going it alone. I'm pleased to report that VFC ended FY21 with a small surplus, due to limited travel and the advent of virtual meetings. These extra funds will certainly be helpful for future advocacy needs. A new, and improved website is in the works that will better address our current needs.

Despite a very difficult year for all, due to the myriad challenges of the pandemic, the state of Virginia First Cities Coalition is strong. Our cities have addressed challenges never imagined with creativity and a determination to tackle the accentuated needs of our citizens and our cities: fiscal overburden, poverty, joblessness, and sickness. Virginia First Cities has worked with our members, offering expert analysis of federal resources (CARES Act and ARPA), surveys, webinars and opportunities for city managers and elected officials to share concerns as well as best practices. The small size of our coalition allowed for frank conversations that led to shared solutions. Virginia First Cities will continue to advocate and facilitate for our members and is here to assist.

Legislative Director's Report

Trying to effectively encapsulate Virginia First Cities legislative activities during fiscal year 2021 is a bit like the movie “Groundhog Day” paired with “Independence Day” - - - The COVID-19 cadence of legislative goings-on, the consequential public protests for criminal justice reform, necessary social and political change, monuments coming down (literally and figuratively) as well as the near year-round legislative session, and the federal and state responsiveness to the pandemic. What a fiscal year it was! How fortunate we are to have systems of government that are responsive to the needs of our citizens. So too, Virginia First Cities. Virginia First Cities refocused, retooled, communicated constantly with state government leaders, surveyed you, our members, as to ever-changing priorities, needs, and trends.

2020 Special Session, August 18, 2020 – November, 2020

As all of our member cities had to adapt to the safety of conducting local government business by electronic means, so too the General Assembly adapted to a hybrid model of legislative conduct. The House of Delegates continued to meet in an entirely virtual setting for the 2020 Special Session and the 2021 Session. The Senate continued operating as it did during the Special Session by having floor sessions and committee meetings in-person at the Science Museum of Virginia which had the space for social distancing and other public health requirements. And, having one of their own, Senator Ben Chaffin, pass away from the ravages of COVID-19 made the pandemic all too real.

Looking back on communications regarding the economic picture in the Fall of 2020, Virginia First Cities offered state legislators guidance and recommendations as it convened in August of 2020 to take up a budget reforecast, as well as criminal justice reform.

While no one would want to imagine having to deal with a pandemic and a much-disrupted criminal justice system, let alone at the same time, here we are. We urge the General Assembly and the Northam Administration to seize this opportunity to move the Commonwealth to a more equitable, just, and healthy future. The Virginia First Cities experience since 1999 suggests that, despite some real gains, state programs put in place in our cities to ameliorate the effects of having to maintain complex infrastructure, public amenities, mandated/public housing, health and welfare services and public transportation, have, in many cases, languished due to lack of state support and/or very siloed approaches. It is imperative that these silos be broken down and that a more holistic approach be taken with regard to policing, social service delivery, and economic recovery.

We came into the August 18, 2020 Special Session with a clear set of VFC priorities, particularly for reallocating hard-fought increases to some very important budgetary programs for our members. This included eviction diversion programs, Enterprise Zone funding, the Industrial Revitalization Fund, access to school meals, increasing state aid to localities with police departments (aka HB 599), and reimagining policing.

When ultimately gaveled down on October 8, 2020, the Special Session that was initially aimed at repairing the damage that the COVID-19 pandemic inflicted on state and local finances, also became an incubator for criminal and social justice issues in the wake of the summer of protests over police brutality against African Americans.

As regards to criminal justice reform, there was something for everyone to love and, it seems, to abhor. Incremental change is how I'd describe it. When the Virginia Association of Chiefs of Police says of the special session, "I think we've been fortunate to reach a lot of compromises that we're a lot more comfortable with" and reform advocates say, "They had an opportunity to do transformational work and chose instead to achieve some positive incremental work," then we can call criminal justice reform in Virginia in FY2021 movement. After all, we did see the passage of legislation banning no-knock warrants, limiting police stops for minor infractions, and the establishment of civilian review boards with investigative authority. The General Assembly passed the very important Marcus Alert legislation designed to reduce negative outcomes involving the use of force in law enforcement interactions with individuals experiencing a behavioral health crisis related to mental health, a developmental disability, or substance abuse.

While our very focused and directed efforts did not result in the General Assembly re-allocating funding for the Aid to Local Police Departments, aka the HB 599 funds, the General Assembly did "gift" a \$500 one-time bonus for some law enforcement officers.

On the subject of K-12 funding, we advocated and were pleased to see the General Assembly restore the unallotted funds for the At-Risk Add-on that increased it to 26% (from 16% in FY20) for FY22. In addition, the legislature partially restored unallotted funds for expanding early education access through the Virginia Pre-School Initiative (VPI) and increased the per-pupil amount by \$1,329 to \$7,655.

When it came to COVID-19 relief, the most contentious item of the Special Session was the jockeying over how the Commonwealth spends its remaining federal CARES Act funding. It was mostly an institutional debate, not so much on the substance of the CARES Act appropriations, but rather whether the Governor should have flexibility in doling out the roughly \$1 billion in unallocated CARES Act funds, versus the General Assembly's more prescriptive approach to allocating the dollars to specific line items, like PPE, supplemental payments to childcare providers during the pandemic, and the like. The Special Session I, Chapter 56 budget was ultimately adopted on November 18, 2020. (As a sidenote, flashing forward to May 2021 in anticipation of a Special Session II General Assembly dealing with federal COVID-19 relief Part 2, also known as the American Rescue Plan Act aka ARPA, the Governor and the Democratic members of the General Assembly appeared to be on the same collaborative page regarding doling out federal dollars.)

**2021 Session, January 13, 2021 to February 9, 2021 and 2021 Special Session I
February 10, 2021 to February 27, 2021**

In a procedurally difficult session that came on the heels of the 84-day 2020 Special Session, Virginia First Cities had a robust legislative program that included budget items to restore funding that was cut as the result of the 2020 Veto Session. Still, operating remote virtually in the House of Delegates and hybrid at the Science Museum of Virginia, translated into a very civilized cadence for the legislative workday. In pre-COVID-19 days, it was virtually impossible to provide testimony to two committees (House and Senate) operating at the same time. However, with virtual testimony, as supplemented with written testimony, it was possible to participate in several committees at once. Your Executive Director and Legislative Director tagged-teamed and were active online participants, providing both written and oral testimony on a near daily basis. Our expansive legislator phone contact/text messaging list definitely came in handy for the more nuanced advocacy required in a virtual General Assembly session.

Virginia First Cities advocacy resulted in passage of the state budget and progress in several functional areas reported below.

Economic Development

Through many years, Virginia First Cities has become adept at researching, fully discussing, and finding allies for new (and some old) programs and policies. The **Brownfields** Restoration and Economic Redevelopment Assistance Fund, the **Community Wealth Building**, aka TANF for Employment Grant Fund, are but a couple of programs that VFC seeded with the state legislature to assist our member cities.

The 2021 General Assembly added another policy program and fund that VFC worked with allies like Virginia Community Capital (VCC). As a result of listening to VFC member feedback about needed state assistance, and putting teamwork and strategy into action, our advocacy resulted in a \$10 million general fund capitalization of the newly created **Community Development Financial Institution (CDFI) Fund** to provide capital through grants to community development financial institutions (CDFIs), community development enterprises, and minority deposit institutions (MDIs) so they can provide financing in the form of loans, grants or forgivable loans to small business or community revitalization real estate projects in Virginia. This is consistent with the VFC Economic Gardening initiative to help seed and grow our city's small businesses.

Also, in the economic development arena, the **Virginia Main Street Program** was provided an increase of \$1.5 million to assist with COVID-19 economic recovery. Virginia First Cities has long been advocating for more funding in this program to bridge our city's commercial corridors.

Another economic development “win” for VFC included having \$250,000 restored/reallotted for the **Enterprise Zone** program. Additional dollars in the EZ program always help with the effects of grant proration in the Real Property Investment Grant. Likewise, there was a very concerted push to bridge the digital/broadband divide by directing the Department of Social Services to design a program to increase the number of low-income Virginians with **access to reliable and affordable broadband**.

The eviction relief moratorium and long-term strategies to avoid eviction were accentuated by **increasing the Housing Trust Fund by almost \$41 million**.

Early Childhood/K-12 Education - There were a bevy of budget items in the early childhood, pre-K-12 space. In particular, a boost to teacher compensation by funding the state share of a 2% to 5% increase. Virginia First Cities will continue the push to increase the at-risk add-on, as well as to fund the true cost of education, including increasing the state contribution for school modernization and construction. In addition, VFC continues to support the state Board of Education’s Standards of Quality recommendations.

Transportation/Transit - We were pleased that the 2021 General Assembly established a transportation funding initiative comprised on one-time COVID-19 relief funding, existing program balances, and general funds that will expand intercity and commuter passenger rail programs, fare-free transit demonstration projects, and an urban connected infrastructure project.

Governor Northam declared the end of the 2021 General Assembly session as one that will be regarded as the most consequential policy-reforming periods in modern Virginia history. As proof he offered, “a state budget that will help Virginians get through the pandemic while laying a foundation for a strong economic recovery. We have directed resources to provide grants for small businesses and built up a robust process to protect renters from eviction. And we have come together to support our schools and safely return students and teachers to the classroom.”

I would be remiss if I did not mention that Virginia made history as the first state in the South to legalize the simple possession of marijuana. Also, in the reform category, Virginia joined 22 other states in outlawing capital punishment.

Looking back on the General Assembly Sessions of FY 2021, I am at once truly astounded by the sheer volume of pivots, change, and institutional upheaval that occurred in one year’s time. I am also mindful to never underestimate the resiliency of institutions and the people that make up these institutions to not only survive, but to thrive. Indeed, at the fiscal year-end, the Commonwealth of Virginia was looking at a revenue surplus of well over \$2.6 billion that was fueled by a surging economy and ARPA funds, resulting in the largest surplus in Virginia history. Onward to FY 2022 and transformational change in those areas that VFC has advocated for years.

Discretionary Application Programs Advocated by VFC

	Round 1&2	FY 2012-21	CY 2019	CY 2012-21	FY 2021	FY 2021
	Employment TANF Grant	Brownfields Restoration	Enterprise Zone Program Grants	Industrial/Port Revitalization	Historic Rehab Tax Credits	Extended School Funding
CHARLOTTESVILLE	\$106,630	\$62,290	\$0	\$0	\$535,130	\$93,313
DANVILLE	\$597,118	\$1,050,000	\$471,157	\$600,000	\$5,613,231	\$0
HAMPTON	\$230,850	\$21,615	\$1,403,145	\$0	\$1,668,120	\$1,200,000
HARRISONBURG	\$0	\$0	\$0	\$500,000	\$26,858	\$0
HOPEWELL	\$0	\$90,430	\$234,104	\$387,900	\$0	\$1,500,000
LEXINGTON	\$0	\$0	\$0	\$0	\$0	\$0
LYNCHBURG	\$280,498	\$667,426	\$1,175,532	\$186,000	\$4,098,046	\$0
MARTINSVILLE	\$271,204	\$661,146	\$583,448	\$600,000	\$0	\$0
NEWPORT NEWS	\$896,803	\$500,000	\$1,731,801	\$980,000	\$71,370.00	\$1,821,115
NORFOLK	\$741,998	\$650,000	\$845,713	\$500,000	\$13,676,363	\$0
PETERSBURG	\$547,482	\$362,500	\$188,767	\$600,000	\$6,746,176	\$0
PORTSMOUTH	\$122,269	\$0	\$325,164	\$1,000,000	\$0	\$0
RICHMOND CITY	\$2,282,866	\$600,000	\$3,472,171	\$1,150,000	\$30,181,013	\$0
STAUNTON	\$0	\$531,200	\$167,864	\$0	\$1,969,871	\$0
WILLIAMSBURG	\$159,303	\$470,000	\$0	\$0	\$0	\$0
WINCHESTER	\$284,041	\$0	\$54,683	\$0	\$207,546	\$0
Total VFC	\$6,521,062	\$5,666,607	\$10,653,549	\$6,503,900	\$64,793,721	\$4,614,428
Total State	\$8,504,615	\$11,878,906	\$14,500,000	\$19,022,636	\$81,414,411	\$7,700,000
VFC % of State	76.7%	47.7%	73.5%	34.2%	79.6%	59.9%

State Formula Programs Advocated by VFC

	FY 2021	FY 2021	FY 2021	FY 2021
	Street Maintenance	Aid to Police (HB599)	At-Risk Student Add-on	VA Preschool Initiative
CHARLOTTESVILLE	\$4,263,110	\$2,238,352	\$432,964	\$640,508
DANVILLE	\$11,306,668	\$2,808,031	\$2,992,268	\$528,574
HAMPTON	\$17,239,327	\$7,254,948	\$5,215,001	\$2,084,213
HARRISONBURG	\$5,113,227	\$1,455,524	\$2,370,195	\$940,354
HOPEWELL	\$4,130,832	\$1,409,073	\$2,091,325	\$728,954
LEXINGTON	\$820,704	\$212,730	\$26,537	\$0
LYNCHBURG	\$12,370,785	\$3,259,430	\$2,597,221	\$1,073,507
MARTINSVILLE	\$3,516,130	\$935,927	\$1,161,978	\$331,233
NEWPORT NEWS	\$17,879,418	\$9,722,394	\$8,573,447	\$3,916,850
NORFOLK	\$25,695,001	\$12,428,086	\$9,137,521	\$4,287,691
PETERSBURG	\$6,118,685	\$2,248,994	\$2,765,446	\$731,522
PORTSMOUTH	\$12,959,315	\$6,435,546	\$4,828,671	\$1,426,613
RICHMOND CITY	\$28,532,153	\$15,452,002	\$11,318,265	\$2,286,733
STAUNTON	\$4,298,092	\$954,887	\$471,929	\$209,164
WILLIAMSBURG	\$1,923,609	\$415,174	\$31,821	\$0
WINCHESTER	\$3,399,649	\$903,947	\$1,091,292	\$362,075
Total VFC	\$159,566,705	\$68,135,045	\$55,105,881	\$19,547,991
Total State	\$395,770,777	\$191,746,081	\$176,870,381	\$70,474,181
VFC % of State	40.3%	35.5%	31.2%	27.7%

Executive Committee & Board of Directors

Executive Committee

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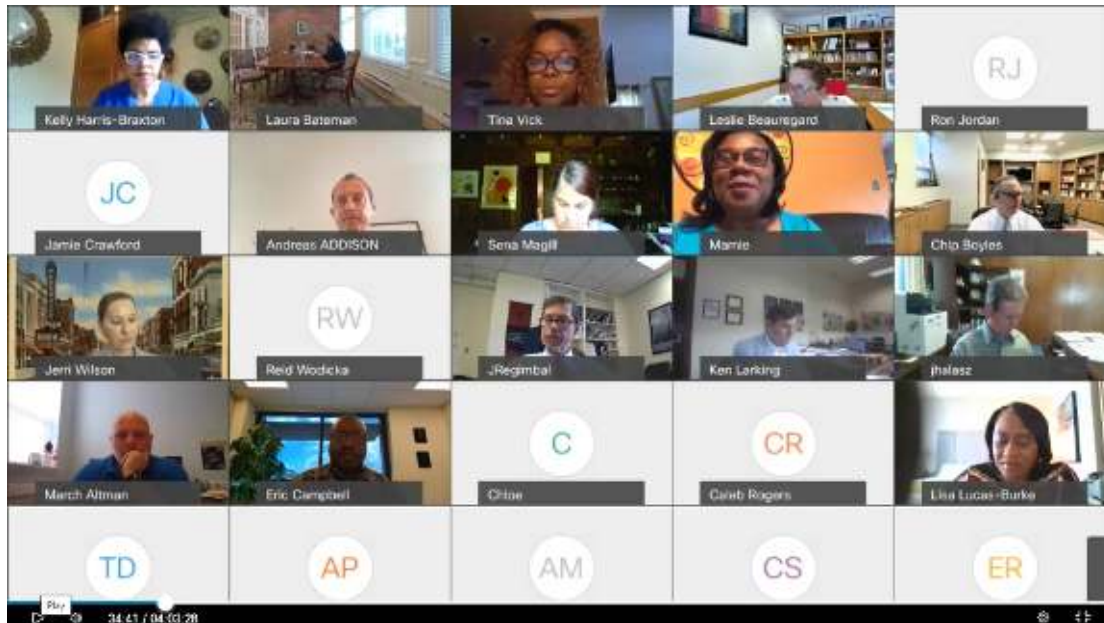
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The VFC **Virtual City Managers' Institute**: ARPA Priorities meetings were held on June 30 and July 7. During the virtual meetings, VFC city managers discussed their mutual city ARPA priorities and VFC staff received input that will determine Virginia First Cities' advocacy priorities for the State spending its \$4.3 billion in ARPA money.



Virginia First Cities Annual Meeting (Virtual) was held on June 4, 2021. The theme of the meeting was: “A Time to Rebuild Stronger than Before: Strategies for Virginia First Cities”. At the Annual Meeting VFC took a deep dive into both the American Rescue Plan and the latest on K-12 federal funding. Also the details of our successful new initiative, the Virginia Community Development Financing Institution Program, which will bring needed low interest loans to struggling and new businesses in our cities, was shared to the attendees. VFC requested members' input as we prioritized the coming Special Legislative Session in August that will address State funding received from the ARP.



**Charlottesville * Danville * Hampton * Harrisonburg *
Hopewell * Lexington * Lynchburg * Martinsville * Newport News *
Norfolk * Petersburg * Portsmouth * Richmond * Staunton *
Williamsburg * Winchester ***

Notes

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