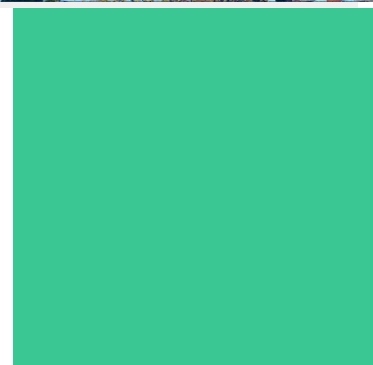




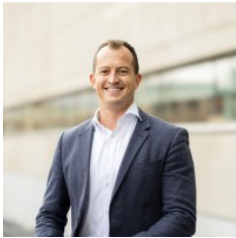
FY 2023

Annual Report

We are Virginia's sixteen oldest cities -
-- proud centers of business,
commerce & culture with a diversity
of opportunity for everyone.



Virginia First Cities
vafirstcities.com
1108 E. Main St.
Suite 601
Richmond, VA. 23219



Chair, Andreas Addison
Member, City Council-Richmond



Kelly Harris-Braxton, J.D.
Executive Director

Chair, Board of Directors & Executive Director's Statement

In an anti-climactic year of advocacy at the Virginia General Assembly due to severe political gridlock, we think one thing is clear: Virginia First Cities' reason for being is more exigent than ever. Our efforts have changed the trajectory of public policy for city education funding, economic development, neighborhood revitalization and community wealth building, to name just a few. Over the last twenty-three years, we have diligently focused our advocacy in areas that disproportionately impact our cities.

Our coalition of cities has been important to the creation and/or funding of several state programs. These programs have made a difference in the lives of our citizens through job creation, training and life skills. We have also increased the bottom line for our cities through programming that provides needed resources to create economic growth and development through historic revitalization and the return of dormant properties into productive use and resulting local tax revenue.

If you don't recognize these programs, examples are: 1) The At-Risk Add-On Program that provides greater benefits to schools with higher levels of poverty. This funding has increased dramatically over the years thanks to our advocacy. We continue to urge the General Assembly to make this a part of the Standards of Quality. 2) Community Development Financing Institution Fund (CDFI Fund), created in 2022 and funded at \$10 million. This initial round of grant funding has resulted in the creation of 196 new jobs, 731 retained jobs, and 80 new businesses that have been created. In short, this post-pandemic program has been instrumental in helping our local small businesses and our communities. 3) TANF for Employment Funding (Community Wealth Building Fund), funded at over \$20 million since its inception, has provided training, career placements and needed support for citizens who are under or unemployed in our communities. 4) The Virginia Brownfields Program has

provided millions in technical assistance and assessments and remediation funding for communities like ours with properties that may have environmental concerns. 5) Instructional Assistant funding is on the horizon. VFC has espoused for years that our city school divisions were paying inordinate amounts of money because the state was underfunding vital instructional assistants in the classrooms of elementary schools and middle schools. We feel somewhat vindicated that our efforts working on this issue have resulted in a recent Joint Legislative Audit and Review Commission (JLARC) study confirming that instructional assistant are, indeed, critical and that more state funding is necessary to reduce the burden on local schools.

Another major effort that VFC is laser-focused on is access to housing. At our May 2023 Annual Meeting, we impaneled a group of housing stakeholders and specialists to discuss the needs and barriers to affordable housing. At that meeting, the VFC Board endorsed the creation of the VFC Access to Housing Committee to develop VFC priorities and policies for the coming year and beyond.

While we wish we had concrete items to point to, in terms of the fruits of our 2023 advocacy, we are bullish that the General Assembly will adopt amendments to the biennial budget for FY 2024 and that these additional resources will flow to the many programs noted above and others delineated in this Annual Report.

We are pleased to announce that VFC is growing. The “Star City”, Roanoke, has re-joined Virginia First Cities as of FY 2024. Roanoke’s decision to return is welcomed. Both VFC and Roanoke are sure to benefit.

We thank you for your membership and advocacy on behalf of Virginia’s older, core cities. With your partnership and contributions, we will continue to positively impact policies that make a difference in our cities and the Commonwealth.



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

** City of Roanoke member on 7/1/2023

Legislative Director's Report

Laura Bateman

Virginia First Cities' legislative report looks quite a bit different for FY 2023 due to a couple of phenomena. The 2023 regular session of the General Assembly failed to enact a new mid-biennium state budget. As we are now into the third week of the new fiscal year as I compose this letter, I remain hopeful that the 2023 budget conferees will reunite to pass amendments to the state budget that make use of the almost \$3.6 billion in revenues available to fund the many critical needs of state and local government. We must keep positive that the Governor will be swift in approving said budget. The fact is, the 2023 General Assembly left billions of dollars on the table and did nothing other than enact a very few, essential "skinny budget" changes to last year's adopted budget.

With the bulk of the VFC legislative program driven by state budget advocacy and action, I will begin by identifying where VFC budget policy priority items were in each chamber's as-passed budgets. I believe this is the most likely proxy for where many budget items may ultimately be found.

Pre-K-12 Education

Regarding Pre-k-12 education funding, the Senate budget was VFC's preferred budget because it committed over \$500 million more on pre-K-12 education funding than did the House of Delegates' budget. The Senate truly made an effort to "adequately" fund the Standards of Quality, as well as provide an additional 2% salary increase for teachers and support staff. (The House of Delegates also included a 2% salary increase for teachers and support staff.) Significantly, the Senate budget recommended removing the support cap in place since 2009. Likewise, it was the Senate budget that initially corrected the Virginia Department of Education error in communicating available state funding in FY 2023 by providing \$58 million. (The "skinny budget" that was enacted, fortunately, remedied this situation for the short-term.)

Virginia First Cities has always believed education is the best method for moving people out of poverty. To this end, VFC continually advocates for improving at-risk education programs and targeted assistance directly to our at-risk students. The Senate budget more fully supported the at-risk-add-on, expanded reading specialists to grades 6-8, increased staffing for ELL (English Language Learners)

students, and additional funding to support early childhood mixed delivery programs. Perhaps the most targeted and efficacious funding that research shows benefits our VFC K-12 student populations is additional state funding for instructional assistants. Support and advocacy for instructional assistant funding has long been a signature VFC policy item. And, now there are several JLARC studies that support additional funding for instructional assistants. Therefore, we anticipate a continued push for instructional assistant funding moving forward.

Another important VFC initiative has been expanding the master teacher residency programs that specialize in training teachers for urban schools. Once again, VFC prefers the Senate budget position, as it provided an additional \$3 million to expand the teacher residency partnerships between university teacher preparation programs and school districts with hard-to-staff schools.

Lastly, in the K-12 arena, VFC has long supported additional state resources and funding options for localities' school construction costs, including expanding dedicated local sales and use tax authority. Once again, the Senate budget included language to allow all localities to raise their local option sales tax by 1 percent for school construction needs if approved in a local referendum. This segues into the preferable Senate budget for a \$100 million contingent allocation for the School Construction Grants Program in the event of surplus revenues at the end of FY 2023.

Urban Redevelopment/Post and Pandemic Response

The Virginia Community Development Financial Institution Fund, a high-priority innovative fund that VFC has advocated for since 2020, was funded at \$5.3 million in the House budget, while the Senate funded it at \$5.0 million. The House amendment included administrative costs. The CDFI Fund was originally seeded in DHCD for \$10 million. Virginia First Cities had asked for an additional \$30 million. There were approximately \$20 million in grant requests that were received for the original \$10 million. DHCD successfully allocated \$9.7 million to twelve financial institutions in January 2022. In just six months (as of August 2023) its grantees have successfully closed 165 loans deploying a total of \$1.66 million, and assisted over 160 businesses, resulting in the creation and/or retention of 314 jobs. Building on this initial success, the fund's eligibility requirements now include commercial real estate, housing development, and homeownership financing as eligible uses of the funds. The Commonwealth is a national leader, becoming one of the first states to create a CDFI Fund in the state budget and in state statute. In so doing, this public/private partnership became a model for other state legislatures. We hope to see it recapitalized in FY 2024 and forward.

The Virginia Brownfields and Economic Redevelopment Assistance Fund continues to successfully return contaminated sites back into service. These are sites located in areas that might otherwise be prime locations for economic development. The preferred House budget conference report added \$2 million to the fund and expanded its allowed uses to include the costly removal of concrete slabs. The Senate budget did not include monies for this program.

Public Safety

Prioritizing ongoing funding needs of our local police departments is always a core priority for VFC. Our police chiefs tell us that funding for additional training and recruitment is their most urgent need. The Virginia Aid to Local Police/HB 599 funding has not been fully funded, per the statute, since Governor Gilmore's administration. While the Senate budget did add \$2.06 million in FY 2024, neither the House nor the Senate budget reflected the growth in general fund revenues in fiscal years 2021 and 2022 when HB 599 funding was not increased at all.

The Senate budget did increase Jail Per Diem payments for local-responsible inmates by \$2 (from \$4 to \$6 per day), while the House budget did not include any increase.

Health and Human Services

A signature VFC program, the TANF for Employment Grant Program, also referred to as the Community Wealth Building Program, needs to be recapitalized and consolidated. Fortunately, the Senate budget concurred with the VFC recommendation that the three program rounds be combined into one consolidated fund. This Senate budget amendment is necessary to allow expiring TANF community employment services programs to continue to receive funding and allow new community employment and training programs to qualify for funding. The program has proven very successful in addressing individual needs for moving people out of poverty and into meaningful careers. Additionally, it has helped close the fiscal cliff that many experience when they don't make enough or have the support to fully transition from TANF and SNAP benefits.

Redistricting

The second phenomenon, which occurs every 10 years, is decennial redistricting, resulting in a record number of voluntary and electoral retirements. It has led to the most dramatic change I have experienced in the years I have worked in Virginia (1989). While many of the retirements unfolded in FY 2023, the effects are already

being felt in the new fiscal year 2024. The chair of the Senate Finance and Appropriations Committee is voluntarily retiring, as are seven other committee members who are leaving either voluntarily or through electoral/primary loss. The attrition through retirements and primary electoral losses in the Senate amounts to 35 percent, or fourteen out of 40 senators. The House of Delegates will not have as dramatic a turnover, as 29 percent of the 100 members are either retiring or running for other offices. Of course, the November 2023 election will be telling.

Clearly, with all of the retirements enumerated above, the change has already drastically impacted the crucial state budget negotiation process. As a wise man named Simon T. Bailey is oft-quoted, "Change is your friend not your foe, change is a brilliant opportunity to grow." We are taking that to heart and will be forging relationships with the dozens of new members of the General Assembly. We encourage our members to, similarly, get to know new and existing members of the state legislature from your areas and educate them on the finer points of local government.

Discretionary Application Programs Advocated by VFC

	Round 1&2	FY 2012-23	Grant Yr 2021	FY 2023	FY 2023	FY 2023
	Employment TANF Grant	Brownfields Restoration	Enterprise Zone Program Grants	IRF/Port Revitalization *	Historic Rehab Tax Credit Expenditures	Extended School Funding
CHARLOTTESVILLE	\$106,630	\$62,290	\$0	\$0	\$12,024,535	\$0
DANVILLE	\$597,118	\$1,250,000	\$1,222,190	\$5,000,000	\$23,115,675	\$0
HAMPTON	\$230,850	\$21,615	\$599,704	\$0	\$0	\$1,500,000
HARRISONBURG	\$0	\$0	\$0	\$0	\$4,138,269	\$0
HOPEWELL	\$0	\$75,215	\$160,161	\$850,000	\$671,190	\$0
LEXINGTON	\$0	\$0	\$0	\$0	\$0	\$0
LYNCHBURG	\$280,498	\$307,426	\$1,328,055	\$0	\$5,647,834	\$0
MARTINSVILLE	\$271,204	\$1,171,146	\$299,785	\$0	\$3,191,731	\$0
NEWPORT NEWS	\$896,803	\$550,000	\$1,193,251	\$300,000	\$3,785,411	\$4,984,092
NORFOLK	\$741,998	\$800,000	\$600,543	\$785,000	\$30,294,946	\$0
PETERSBURG	\$547,482	\$412,500	\$144,381		\$21,750,197	\$0
PORTSMOUTH	\$122,269	\$0	\$348,482	\$415,000	\$0	\$0
RICHMOND CITY	\$2,282,866	\$600,000	\$3,548,801	\$0	\$125,146,456	\$0
STAUNTON	\$0	\$531,200	\$200,000	\$0	\$958,537	\$0
WILLIAMSBURG	\$159,303	\$470,000	\$0	\$0	\$0	\$0
WINCHESTER	<u>\$284,041</u>	<u>\$49,900</u>	<u>\$0</u>	<u>\$4,500,000</u>	<u>\$0</u>	<u>\$0</u>
Total VFC	\$6,521,062	\$6,301,292	\$9,645,353	\$11,850,000	\$230,724,781	\$6,484,092
Total State	\$8,504,615	\$16,408,394	\$13,582,809	\$25,500,000	\$391,490,111	\$7,763,312
VFC % of State	76.7%	38.4%	71.0%	46.5%	79.6%	94.9%
* Includes \$24 million in ARPA state allocated funds for IRF. Port Host funds (\$1.5 m) were used for Newport News, Norfolk, and Portsmouth.						
New Member:						
ROANOKE CITY	\$0	\$190,000	\$495,955	\$0	\$21,282,190	\$929,220

State Formula Programs Advocated by VFC

	Street Maintenance	Aid to Police (HB599)	At-Risk Student Add-on	VA Preschool Initiative
CHARLOTTESVILLE	\$4,645,517	\$2,460,982	\$877,160	\$984,180
DANVILLE	\$12,250,838	\$3,087,321	\$6,062,599	\$1,412,316
HAMPTON	\$18,705,411	\$7,976,535	\$9,921,421	\$4,004,469
HARRISONBURG	\$5,675,076	\$1,600,293	\$4,863,591	\$1,418,971
HOPEWELL	\$4,475,780	\$1,549,222	\$3,889,288	\$953,639
LEXINGTON	\$889,237	\$233,888	\$43,920	\$0
LYNCHBURG	\$13,403,814	\$3,583,617	\$4,629,938	\$1,559,067
MARTINSVILLE	\$3,809,746	\$1,029,015	\$2,092,101	\$655,280
NEWPORT NEWS	\$19,476,494	\$10,689,397	\$16,399,796	\$4,852,118
NORFOLK	\$27,938,597	\$13,664,200	\$16,984,232	\$7,747,024
PETERSBURG	\$6,629,629	\$2,472,682	\$5,746,733	\$1,342,492
PORTSMOUTH	\$14,041,490	\$7,075,634	\$9,713,622	\$4,936,334
RICHMOND CITY	\$30,914,747	\$16,988,879	\$15,085,982	\$3,380,380
STAUNTON	\$4,672,374	\$1,049,862	\$823,271	\$352,009
WILLIAMSBURG	\$2,084,241	\$456,468	\$64,685	\$41,795
WINCHESTER	<u>\$3,683,538</u>	\$993,854	<u>\$2,125,392</u>	<u>\$754,394</u>
Total VFC	\$173,296,528	\$74,911,849	\$99,323,731	\$34,394,468
Total State	\$431,293,441	\$ 210,797,081	\$336,421,166	\$102,954,896
VFC % of State	40.2%	35.5%	29.5%	33.4%
New Member:				
ROANOKE CITY	\$17,136,822	\$6,528,748	\$12,334,035	\$3,083,410

State Formula Programs Trends

	Street Maintenance	Aid to Police (HB599)	At-Risk Student Add-on	VA Preschool Initiative
2018	\$145,549,007	\$63,971,887	\$31,010,941	\$24,099,811
2019	\$155,609,154	\$65,372,777	\$35,912,864	\$25,068,673
2020	\$156,049,139	\$68,135,045	\$39,602,525	\$22,869,554
2021	\$159,566,705	\$68,135,045	\$55,105,881	\$19,547,991
2022	\$162,414,966	\$68,135,045	\$68,793,491	\$28,347,047
2023	\$173,296,528	\$74,911,849	\$99,323,731	\$34,394,468
Average Annual Growth	3.81%	3.42%	44.06%	8.54%

Executive Committee & Board of Directors

Please note that the listing below is current as of the beginning of FY 2023

Executive Committee

Chair - Hon. Andreas Addison, Council Member, City of Richmond
Vice Chair - Hon. Lisa Lucas-Burke, Vice Mayor, City of Portsmouth
Secretary - Mr. Leon Towarnicki, City Manager, City of Martinsville
Treasurer - Mr. Ken Larking, City Manager, City of Danville
Member at Large – Hon. Beau Wright, Vice Mayor, City of Lynchburg
Member at Large - Mr. Andrew Trivette, City Manager, City of Williamsburg
Immediate Past Chair - Hon. Mamie B. Johnson, Council Member, City of Norfolk

Board of Directors

Hon. Sena Magill, Council Member, City of Charlottesville
Mr. Michael Rogers, Interim City Manager, City of Charlottesville
Hon. Sherman Saunders, Council Member, City of Danville
Hon. Donnie Tuck, Mayor, City of Hampton
Ms. Mary Bunting, City Manager, City of Hampton
Hon. Sal Romero, Vice Mayor, City of Harrisonburg
Mr. Ande Banks, Interim City Manager, City of Harrisonburg
Hon. Patience Bennett, Mayor, City of Hopewell
Dr. Concetta Manker, Interim City Manager, City of Hopewell
Hon. Frank Friedman, Mayor, City of Lexington
Mr. Jim Halasz, City Manager, City of Lexington
Mr. Wynter Benda, City Manager, City of Lynchburg
Hon. Jennifer Bowles, Vice Mayor, City of Martinsville
Hon. Tina Vick, Councilmember, City of Newport News
Ms. Cindy Rohlf, City Manager, City of Newport News
Mr. Chip Filer, City Manager, City of Norfolk
Hon. Treska Wilson-Smith, Councilmember, City of Petersburg
Mr. March Altman, City Manager, City of Petersburg
Ms. Tanya Chapman, City Manager, City of Portsmouth
Mr. Lincoln Saunders, Chief Administrative Officer, City of Richmond
Hon. Brenda Mead, Council Member, City of Staunton
Ms. Leslie Beauregard, Interim City Manager, City of Staunton
Hon. Caleb Rogers, Council Member, City of Williamsburg
Hon. John David Smith, Jr., Mayor, City of Winchester
Mr. Dan Hoffman, City Manager, City of Winchester

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Jamie Crawford, Policy Coordinator, jcrawford@vafirstcities.com



July 1, 2022 - June 30, 2023

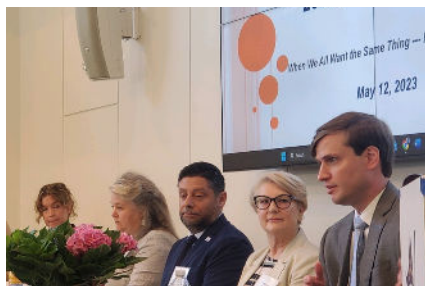
August 19 - City Manager's Institute, Community Wealth Building
September 9 - Executive Committee, virtual
October 3 - Legislative Program Preview, Richmond
November 10 - Fall Legislative Meeting, virtual
January - March - Legislative Liaison Meetings - 7 Richmond
January 19 - Local Government Day, Richmond
May 12 - Annual Meeting, Richmond
CDFI Coalition Meetings - 12, virtual



Chair, Andreas Addison



R-L: Chair, Andreas Addison, Vice Chair Lisa Lucas-Burke, Chair Emeritus Mamie Johnson



Housing Access Panel Participants: L-R: Tracey Smith, JLARC; Erica Sims, HDAdvisors; Fabrizio Fasulo, Virginia Housing; Sharon Ebert, City of Richmond; Andrew Clark, HBAV



Delegate Betsy Carr (D-Richmond)