FINANCE COMMITTEE AGENDA

Tuesday, March 22, 2016
11:30 a.m.

GENERAL BUSINESS

11:30 a.m.

1. Approval of the Draft Finance Committee Meeting Notes from February 23, 2016

   Contact: Donna Witt, Director of Financial Services 455-3968

11:35 a.m.

2. Report on the General Fund Reserve for Contingencies

   Contact: Donna Witt, Director of Financial Services 455-3968

11:40 a.m.

3. Consider a request to adopt a resolution to amend the FY 2016 City/Federal/State Aid Fund budget and appropriate $75,000 with resources from the 2015 State Homeland Security Program (SHSP) grant from U.S. Department of Homeland Security (DHS) to fund replacement of aged equipment for Technical Rescue Teams.

   Contact: Fire Chief Brad Ferguson 455-6340

11:45 a.m.

4. Approve the submittal of a grant application to the Virginia Department of Fire Programs Regional Fire Services Training Facilities Grant (RFSTF) for $38,500 to purchase a Flashover Simulator.

   Contact: Fire Chief Brad Ferguson 455-6340

11:50 a.m.

5. Review highlights of the attached quarterly financial report for the Greater Lynchburg Transit Company (GLTC) for the quarter ending December 31, 2015.

   Contact: Josh Baker, General Manager - GLTC 455-5080

11:55 a.m.

6. Consider a request to review, amend and reaffirm the City's Financial Management Policies.

   Contact: Donna Witt, Director of Financial Services 455-3968

12:10 p.m.

7. Review collections received from five of the City's largest revenue sources.

   Contact: Donna Witt, Director of Financial Services 455-3968

12:15 p.m.

8. Roll Call

The next Finance Committee meeting is Tuesday, April 26, 2016, at 11:30 a.m.

FINANCE COMMITTEE NOTES-- DRAFT
Tuesday, February 23, 2016

GENERAL BUSINESS

Meeting commenced at 11:30 a.m.

ATTENDEES
Committee Members: *Councilmember Jeff S. Helgeson, Chairman; Councilmember Randy Nelson; Councilmember Treney Tweedy; Mayor Michael A. Gillette, Ex-Officio*
Others: *Kim Payne, City Manager; Bonnie Svrcek, Deputy City Manager; Donna Witt, Director of Financial Services; Rhonda Allbeck, Assistant Director of Financial Services; Starlette Early, Budget Analyst*

1. Report on the General Fund Reserve for Contingencies

   Donna reported on one new item for the Reserve for Contingencies, $84,071 for Technology-related Equipment for the Circuit Court. If approved, the current balance in the General Fund Reserve for Contingencies is $1,012,111.

2. Approve the submittal of a grant application to the Department of Homeland Security Federal Emergency Management Agency's (DHS/FEMA) National Preparedness Directorate's FY 2015 Assistance to Firefighters Grant (AFG) in the Operations and Safety category for $281,649 with resources of $253,484 from the AFG FY 2015 fund; $111,845 from the FY 2017 Major Building Repairs - Capital Projects Fund; and $8,165 from City/Federal/State Aid Fund (Fire Programs Aid to Localities entitlement funds) to fund two station generators and replacement fire hose for the Fire Department.

   The Committee unanimously approved this item.

3. Adopt a resolution to amend the FY 2016 Adopted Budget and appropriate $84,071 from the General Fund Reserve for Contingencies to purchase and install equipment to display and capture into evidence any visual displays of evidence presented to the Circuit Court.

   The Committee unanimously approved this item. This item will be taken to full Council for consideration on March 8, 2016.

4. Consider a request to adopt a resolution to amend the FY 2016 City/Federal/State Aid Fund budget and appropriate $22,680 with resources from a grant from the Library of Virginia to preserve eighty-four (84) Deed books numbered 298 through 382 with records dated July 1955 through December 1963 at the Lynchburg Circuit Court Clerk's Office.

   The Committee unanimously approved this item. This item will be taken to full Council for consideration on March 8, 2016.

5. Adopt a resolution to amend the FY 2016 City/Federal/State Aid Fund budget and appropriate $8,712 with resources of $7,841 from the Juvenile Accountability Block Grant, Department of

Criminal Justice Services, and $871 from the Department of Human Services/Juvenile Services Division to fund the upgrade of cameras to a digital system at the Detention Center.

The Committee unanimously approved this item. This item will be taken to full Council for consideration on March 8, 2016.

6. Review highlights of attached quarterly financial reports for the Regional Airport, Lynchburg Regional Juvenile Detention Center, Children's Services Act, Water Operating, Sewer Operating, Stormwater Operating, and General Funds for the quarter ending December 31, 2015.

GLTC: Donna reported Josh Baker was unable to attend today's Finance Committee meeting and will present the quarterly report for GLTC at the next meeting.

Airport: Mark Courtney reported the Airport Fund is on track with budget and air traffic projections. January presented challenging weather, but scheduled seats are up 15.2% thru March compared to last March. Revenues are $56,000 (6.4%) above budgeted primarily due to aircraft parking fees and rental cars. Retail fuel sales are down 28%. Looking ahead the Airport expects to operate with 0% subsidy from the City.

Lynchburg Regional Juvenile Detention Center: Tamara Rosser reported revenues from services are below budget due to serving fewer juveniles; however, $8,000 of additional revenue is expected from serving one juvenile placed in the Department of Juvenile Justice (DJJ) Re-entry program. Full revenues are anticipated for operational expenses of the Detention Center. USDA revenue will be reduced as it is reimbursed according to the number of meals served. Expenditures are within budget even with increased training costs due to staff participating in leadership programs.

Children's Services Act (CSA): Tamara reported revenues are down as it is taking longer to receive requested reimbursements from the State. They are working hard to use IV-E funding where possible and are diligent with parental co-pays. Expenses are lower in mandated services due to transferring some to IV-E, higher in Special Ed where students are staying longer periods of time, and lower in non-mandated services due to an increase in mandated services for this population. There was discussion regarding decision making process that enables child to stay in program longer and a request by the Committee to evaluate and monitor expenditures in comparison to FY 2015.

Water: Tim Mitchell reported revenues are tracking along budget and expenses are lower than budgeted due to vacancies in administration and savings in chemicals and electricity by using the Pedlar Reservoir as sole source of water. Overall the Water Fund is at or above target ratio however, the next few years be challenging due to changes in contracts with Bedford County.

Sewer: Tim Mitchell reported revenues are exceeding budget because of additional leachate from Maplewood Landfill and sewer sales from WestRock and Frito-Lay. Expenses are also slightly exceeding budget due to sludge disposal challenges related to odor issues.

Stormwater: Tim Mitchell reported overall revenues are within budget and expenses are slightly down due to savings in Supplies and Materials as staff continues to develop priority repair schedule and lower contractual services by performing in-house repairs.

Water, Sewer, and Stormwater Financial Policies Review: Tim Mitchell reviewed the current financial policies and proposed revisions to reserve fund targets in response to changes in the Virginia Department of Environmental Quality Special Order. There were also no established policies for Stormwater Fund and his proposal included incorporating this fund. There was discussion regarding how these targets would affect bond ratings, how the targets would impact rates for water, sewer, and stormwater, and the appropriate language to use in the revised policies to meet the intent of the policy. The Committee decided to defer for review by the City's financial advisors in order to provide guidance prior to the policies being presented to full Council on March 22.

General Fund: Donna Witt reported the General Fund is in good shape with large revenues in line with budget and expenditures at 50.9%.

General Fund Financial Policies Review: Donna Witt reported that while the City's financial advisors had not made recommendations for specific changes to the General Fund policies, staff proposed revisions in language that incorporated the GLTC in the City's quarterly reporting and provide more specific restrictions on use of fund balance in Third Quarter Review and management of First Quarter Review (formerly referred to as Carry-forward) processes. The Committee elected to have the City's financial advisor review these policy changes prior to moving forward to full Council on March 22.

7. Review collections received from five of the City's largest revenue sources.

Donna reported on the five largest revenues, all revenues are tracking as expected. Sales and Use Tax looks a bit odd due to a true-up from a retailer that reported excess sales in December 2015. Staff is investigating the issue as conflicting information was received earlier regarding this timeframe. Electric Consumption was down due to a warmer December and Communications Sales and Use tax continues a declining pattern. Meals tax continues to grow and the Lodging tax is normal for December.

8. Roll Call

Council Member Helgeson inquired about review of Finance Committee meeting notes. It was decided to include the meeting notes as part of the Committee's materials and place the approval of the draft meeting notes as an item on the following meeting agenda.

Meeting adjourned at 12:55 p.m.

The next Finance Committee meeting is Tuesday, March 22, 2016, at 11:30 a.m.

DRAFT

AGENDA ITEM NO.: 2

FY 2016 GENERAL FUND RESERVE FOR CONTINGENCIES

	Reserve for Contingencies	City Manager's Discretionary Funding
BEGINNING BALANCE, JULY 1, 2015	$565,917	$50,000
Carryforward to FY 2016 Reserve for Contingencies - 05/26/15 Council Meeting	584,083	
BALANCE	**$1,150,000**	**$50,000**
APPROPRIATIONS (Second Reading)		
Body-Worn Camera Pilot Implementation Program - 11/10/15 Council Meeting	($103,818)	
TOTAL APPROPRIATIONS	**($103,818)**	**$0**
REMAINING BALANCE	**$1,046,182**	**$50,000**
ITEMS INTRODUCED		
TOTAL INTRODUCED ITEMS	**$0**	**$0**
REMAINING BALANCE	**$1,046,182**	**$50,000**
PENDING ITEMS		
Technology-related Equipment for Circuit Court - 03/08/16 Council Meeting	($84,071)	
TOTAL PENDING ITEMS	**($84,071)**	**$0**
PROJECTED BALANCE	**$962,111**	**$50,000**

LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **April 12, 2016** AGENDA ITEM NO.: **3**

CONSENT: REGULAR: **X** WORK SESSION: CLOSED SESSION: (Confidential)

ACTION: **X** INFORMATION:

ITEM TITLE: **2015 State Homeland Security Program (SHSP) grant: $75,000 for Lynchburg Fire Department's Technical Rescue Team**

RECOMMENDATION: Adopt a resolution to amend the FY 2016 City/Federal/State Aid Fund budget and appropriate $75,000 with resources from the 2015 State Homeland Security Program (SHSP) grant from U.S. Department of Homeland Security (DHS) to fund replacement of aged equipment for Technical Rescue Teams.

SUMMARY: The Virginia Department of Emergency Management is administering this grant from the Department of Homeland Security (DHS) through the State Homeland Security Program (SHSP) grant. The Fire Department was awarded $75,000 to be utilized by Technical Rescue Teams. The funds will be used for replacement of aged equipment including but not limited to; water rescue boat, wet suits, dry suits, portable generator to be used during deployment, and confined space equipment.

This grant is 100% reimbursable; no local match is required.

PRIOR ACTION(S): Finance Committee – March 22, 2016

FISCAL IMPACT: None – No local match is required. Future funds may be needed for periodic maintenance of the equipment purchased.

CONTACT(S):
Fire Chief S. Brad Ferguson, 455-6340
Deputy Chief Greg Wormser, 455-6345
Ellen Davidson-Martin, Fire Administrative Manager, 455-6368

ATTACHMENT(S): Resolution

REVIEWED BY:

RESOLUTION:

BE IT RESOLVED that the FY 2016 City/Federal/State Aid Fund budget is amended and $75,000 is appropriated with resources from the 2015 State Homeland Security Program (SHSP) grant from U.S. Department of Homeland Security (DHS) to fund replacement of aged equipment for Technical Rescue Teams.

Introduced: Adopted:

Certified: _____
Clerk of Council

FINANCE COMMITTEE
Agenda Item Summary

MEETING DATE: **March 22, 2016** AGENDA ITEM NO.: **4**

CONSENT: REGULAR: WORK SESSION: CLOSED SESSION: (Confidential)

ACTION: INFORMATION: **X**

ITEM TITLE: **Virginia Department of Fire Programs Regional Fire Services Training Facilities Grant to purchase a Flashover Simulator**

RECOMMENDATION: Approve the submittal of a grant application to the Virginia Department of Fire Programs Regional Fire Services Training Facilities Grant (RFSTF) for $38,500 to purchase a Flashover Simulator.

SUMMARY: The Virginia Department of Fire Programs (VDFP) periodically awards grant funding to assist regional fire training centers in acquiring or updating training props within the Commonwealth per the National Fire Protection Association (NFPA) 1001 and 1403 training standards.

The Fire Department desires to submit a grant request for $38,500 in RFSTF funding to purchase a flashover simulator to be located at the Central Virginia Regional Emergency Services Training Center.

Flashover is an extreme fire behavior event that may occur inside structures whereby fire spreads rapidly, almost simultaneously igniting everything in a room or compartment. As a result of flashovers, an unacceptable number of near-misses and deaths occur in the fire service each year. The flashover simulator will provide opportunities to receive advanced training on fire behavior and modern fire dynamics. Therefore, having this training prop will increase safety among firefighters in Lynchburg, and across the region.

The grant is fully funded by the State and requires no local match.

PRIOR ACTION(S): None

FISCAL IMPACT: There is no upfront cost or matching funds required to procure the Flashover Simulator. Future funds may only be required for periodic maintenance and repair.

CONTACT(S):
Fire Chief Steven B. Ferguson, 455-6340
Battalion Chief Jonathan Wright, 455-6363
Ellen Davidson-Martin, Fire Administrative Manager, 455-6368

ATTACHMENT(S): None

REVIEWED BY:

Greater Lynchburg Transit Company

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www.GLTConline.com

February 12th, 2016

Finance Committee
City Council
City of Lynchburg
Lynchburg, Virginia

RE: December 31st, 2015 (2nd Quarter) Financial Report – Greater Lynchburg Transit Company

The attached Greater Lynchburg Transit Company Comparative Income Statement summarizes the financial activities for the second quarter of FY16 and final YTD data for the fiscal year.

REVENUE

GLTC has continued to see revenues below budget by approximately 5%. We continue to show positive performance in advertising and non-operating revenue. GLTC took a loss of Federal and State funds this year which amounts to a combined 6% reduction, this issue is compounded with below target fare box revenues and Liberty University Revenue have combined to create our shortfall.

EXPENDITURES

Expenses are down about 4% primarily due to efforts in cost savings with Maintenance and Paratransit Operations. Our new Employee Handbook goes into effect January 1st, 2016 and has an aggressive attendance policy. We are hopeful this will address the chronic overtime issues we continue to experience due to staffing shortages. From what we have seen thus far in the early part of 2016 we are starting to make a dent in this issue.

SUMMARY

This is the first year in recent memory where GLTC is facing a revenue shortfall that, combined with unavoidable increased expenses (Insurance, Wages, and Maintenance of the aging bus fleet) is showing a deficit position. We are monitoring operations closely, have frozen any and all discretionary spending and are working on an internal budget revision to help us make it through the year in the effort to close in the black.

Respectfully submitted,

Joshua Baker, CCTM
General Manager

Cc: L. Kimball Payne III, City Manager
Bonnie Svrcek, Deputy City Manager
Donna Witt, Director of Financial Services

CENTRAL VIRGINIA TRANSIT MANAGEMENT CO INC.

QUARTERLY INCOME STATEMENT
AS OF DECEMBER 31, 2015

	QTR TO DATE FY2016 QTD ACTUAL	FY2016 QTD BUDGET	% VAR	FY2016 YTD ACTUAL	FY2016 YTD BUDGET	% of Budget
REVENUE						
FRT Passenger Revenue	$ 211,134	$ 261,793	-19%	$ 416,453	$ 523,586	80%
DRT Passenger Revenue	20,455	23,750	-14%	41,901	47,500	88%
Contracts (LC Access)	5,896	6,500	-9%	11,792	13,000	91%
Contracts (CVCC Access)	12,875	12,500	3%	25,750	25,000	103%
Liberty University Revenue	367,121	417,485	-12%	607,816	695,809	87%
Other Contract Revenue	9,458	14,950	-37%	14,184	29,900	47%
Non-Operating Revenue	16,171	-	100%	28,429	-	0%
Advertising Revenue	25,189	16,250	55%	50,590	32,500	156%
City Operating Assistance	348,509	348,510	0%	697,019	697,019	100%
County Operating Assistance	14,375	14,373	0%	28,750	28,746	100%
State Operating Assistance	360,852	381,923	-6%	723,564	763,845	95%
Federal Operating Assistance	504,799	508,500	-1%	1,009,598	1,017,000	99%
TOTAL REVENUE	**$ 1,896,834**	**$ 2,006,533**	**-5%**	**$ 3,655,845**	**$ 3,873,905**	**94%**
EXPENSES						
FIXED ROUTE						
Operator Labor	$ 460,953	$ 411,432	12%	$ 868,494	$ 822,864	106%
Operator-Overtime	107,128	22,618	374%	162,315	45,236	359%
Other Salaries & Wages	67,516	70,416	-4%	131,864	140,831	94%
Supervisors-Overtime	8,492	4,483	89%	16,516	8,967	184%
Fringe Benefits	342,215	295,541	16%	598,324	591,081	101%
TOTAL FIXED ROUTE	**$ 986,304**	**$ 804,489**	**23%**	**$ 1,777,513**	**$ 1,608,978**	**110%**
DEMAND RESPONSE						
Operator Labor	$ 59,803	$ 72,489	-18%	$ 117,175	$ 144,978	81%
Operator-Overtime-PTS	1,472	1,344	10%	2,826	2,688	105%
Other Salaries & Wages	22,429	25,217	-11%	46,060	50,434	91%
Fringe Benefits	44,843	46,911	-4%	84,260	93,822	90%
TOTAL DEMAND RESPONSE	**$ 128,547**	**$ 145,961**	**-12%**	**$ 250,323**	**$ 291,922**	**86%**
MAINTENANCE						
Other Salaries & Wages	$ 160,875	$ 173,768	-7%	$ 314,323	$ 347,537	90%
Inspection&Maint,Srvc-Overtime	4,910	8,403	-42%	12,608	16,806	75%
Fringe Benefits	88,758	84,440	5%	165,886	168,880	98%
Fuel & Lubricants	109,849	211,483	-48%	234,989	422,966	56%
Tires & Tubes	19,034	16,721	14%	39,365	33,443	118%
Other Materials & Supplies	117,775	109,816	7%	217,719	219,632	99%
TOTAL MAINTENANCE	**$ 501,202**	**$ 604,632**	**-17%**	**$ 984,892**	**$ 1,209,263**	**81%**
ADMINISTRATION						
Other Salaries & Wages	$ 77,977	$ 65,246	20%	$ 151,007	$ 130,492	116%
Fringe Benefits	41,668	42,220	-1%	76,621	84,440	91%
Services	128,621	128,176	0%	261,391	256,351	102%
Utilities	28,267	38,050	-26%	53,708	76,100	71%
Casualty & Liability Expenses	66,786	74,650	-11%	131,394	149,300	88%
Other Materials & Supplies	33,838	16,354	107%	42,525	32,708	130%
Miscellaneous	22,886	17,175	33%	35,311	34,350	103%
TOTAL ADMINISTRATION	**$ 400,043**	**$ 381,871**	**5%**	**$ 751,957**	**$ 763,741**	**98%**
TOTAL EXPENSES	**$ 2,016,096**	**$ 1,936,952**	**4%**	**$ 3,764,684**	**$ 3,873,905**	**97%**
NET INCOME/(LOSS)	**$ (119,262)**	**$ 69,581**		**$ (108,838)**	**$ -**	

Lynchburg City Council
Agenda Item Summary

MEETING DATE: **March 22, 2016** AGENDA ITEM NO.: **6**

CONSENT: REGULAR: **X** WORK SESSION: CLOSED SESSION: (Confidential)

ACTION: **X** INFORMATION:

ITEM TITLE: **Review, Amend and Reaffirm the City's Financial Management Policies**

RECOMMENDATION: Review, amend and reaffirm the City's Financial Management Policies.

SUMMARY: The City's financial policies were last reaffirmed by City Council in February 2013.

In consultation with the City's Financial Advisors, Davenport & Company, LLC (Davenport), staff reviewed the financial policies and proposed amendments to the Fund Balance and Debt Management Policies. Such amendments are proposed to comply with the new Consent Order regarding the Combined Sewer Overflow (CSO) program. Financial policies for the Stormwater Fund have also been included for Council's review. Staff has clarified the policies to reflect current practice by adding a First Quarter Adjustment section. There are no proposed revisions to the Investment Policy.

Staff recommends the policies be amended and reaffirmed with the changes as noted in the attached document.

PRIOR ACTION(S): The Financial Policies were originally adopted by Council on August 10, 1999 and have been periodically revised or reaffirmed.
Finance Committee – March 22, 2016

FISCAL IMPACT: Broad implications

CONTACT(S): Donna Witt, Director of Financial Services, 455-3968

ATTACHMENT(S): Resolution; Financial Management Policies (amended and reaffirmed March 22, 2016)

REVIEWED BY: lkp

RESOLUTION:

BE IT RESOLVED that City Council amends and reaffirms the City's Financial Management Policies as noted in the document, Financial Management Policies.

Introduced: Adopted:

Certified: _____
Clerk of Council

BASIS FOR SOUND FINANCIAL MANAGEMENT POLICIES

The primary objective of sound financial management policies is for the City Council to create a framework within which financial decisions can be made. These policies are a statement of the guidelines and goals that influence and guide the financial management practices of the City of Lynchburg. Financial management policies that are adopted, adhered to, and regularly reviewed are recognized as the cornerstone of sound financial management. Sound financial management policies:

- Contribute significantly to the City's ability to insulate itself from fiscal crisis and economic disruption.
- Enhance short-term and long-term financial credit ability by helping to achieve the highest credit and bond ratings possible.
- Promote long-term financial stability by establishing clear and consistent guidelines.
- Direct attention to the total financial picture of the City rather than single-issue areas.
- Promote the view of linking long-term financial planning with day-to-day operations.
- Provide the City Council and citizens a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines.
- Ensure that the organization has sufficient resources to perform mandated responsibilities.
- Provide a foundation for evaluating financial analysis and condition.

FINANCIAL MANAGEMENT POLICIES

The City intends to adhere to these polices. If there is any variance from these policies, the City will advise City Council and establish a plan for recovery within three years.

Policy I - Fund Balance

General Fund

Unassigned Fund Balance

- The City of Lynchburg's Unassigned General Fund Balance will be maintained at a level to provide the City with sufficient working capital and a comfortable margin of safety to address emergencies and unexpected declines in revenue without borrowing.
- The City shall not use the Unassigned General Fund Balance to finance recurring operating expenditures.
- The City will maintain an Unassigned General Fund Balance (UGFB) equal to 10% of General Fund revenues. In the event the UGFB is used to provide for temporary funding of unforeseen emergency needs, the City shall restore the Unassigned General Fund Balance to the minimum of 10% ~~over five years~~ *within three years*.
- Funds in excess of the targeted 10% fund balance may be considered to supplement "pay-as-you-go" capital outlay expenditures, other non-recurring expenditures or as additions to fund balance.

Committed Fund Balance

- Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of ~~the highest level of decision making authority~~ City Council. ~~Formal Council action includes the annual adoption of the City's Budget Resolution, Council Resolutions appropriating funds and/or resources, Budget amendments appropriating funds and resources from third quarter adjustments and Budget amendments to carry forward appropriations that were unexpended at fiscal year end.~~ *These committed fund balance amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. Committed fund balance also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.*

Assigned Fund Balance

- Assigned fund balance includes amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. Fund Balance may be assigned either through the encumbrance

process as a result of normal purchasing activity (which includes the issuance of a purchase order), or by the City Manager or designee, *in accordance with Council adopted fund balance policy*.

Restricted Fund Balance

- Restricted fund balance includes amounts that have constraints placed on their use by external sources such as creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Non-Spendable Fund Balance

- Non-spendable Fund Balance includes amounts that cannot be spent because they are either not in spendable form such as inventories and prepaids or they are legally or contractually required to be maintained intact.

Policy on the order of spending resources

- The City considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unrestricted fund balance are available unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the City considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

Enterprise Funds

Water Fund

- Minimum ending fund balance shall not be less than 25% of total fund appropriations with a target balance of 40% of total fund appropriations. *In the event the ending fund balance falls below the minimum of 25% of total fund appropriations, the City shall restore the fund balance to the minimum of 25% within three years.* Funds in excess of the annual requirements may be considered for "pay-as-you-go" capital outlay expenditures, other non-recurring expenditures or funding of necessary reserves. *Total appropriations include operating expenses, debt service and transfers.*

- A rate review will be conducted at least every two years.

Sewer Fund

- In accordance with the Virginia Department of Environmental Quality Special Order ~~for the correction of the Combined Sewer Overflows, the maximum ending fund balance shall not exceed 25% of total fund appropriations; however, the City shall endeavor to maintain a fund balance as close to 25% as practicable.~~ *, the City shall annually adjust sewer system reserve funds to no more than 40% of the subsequent fiscal years' budgeted operating expenses and debt service.*

- *Minimum ending fund balance shall not be less than 25% of total fund appropriations. In the event the ending fund balance falls below the minimum of 25% of total fund appropriations, the City shall restore the fund balance to the minimum of 25% within three years. Total appropriations include operating expenses, debt service and transfers.*

- ~~As provided by the Special Order, any excess~~ *Ending fund balance* ~~will be directed~~ *in excess of 40%* will be reallocated to "pay-as-you-go" capital outlay expenditures.

- A rate review will be conducted at least every two years.

Stormwater Fund

- *Minimum ending fund balance shall not be less than 15% of total fund appropriations with a target balance of 20% of total fund appropriations. In the event the ending fund balance falls below the minimum of 15% of total fund appropriations, the City shall restore the fund balance to the minimum of 15% within three years. Total appropriations include operating expenses, debt service and transfers.*

- *Funds in excess of the annual requirements may be considered for "pay-as-you-go" capital outlay expenditures, other non-recurring expenditures or funding of necessary reserves.*

- *A rate review will be conducted at least every two years.*

Policy II - Debt Management

Tax-Supported Debt

Tax-supported obligations are those that are expected to be repaid from the General Fund tax revenue of the City of Lynchburg. These include general obligation bonds (except self-supporting bonds) and capital leases. General obligation bonds issued for self-supporting enterprise funds are not included in calculations of tax-supported bonds.

- The City will not use long-term debt to fund current operations.
- The City will not use short-term borrowing to fund current operations.
- Whenever the City finds it necessary to issue tax-supported bonds, the following policy will be adhered to:

    1. The City will never borrow more than it has the capacity to repay.
    2. The term of any bond issue will not exceed the useful life of the capital project/facility or equipment for which the borrowing is intended.
    3. Annual debt service expenditures for tax-supported debt should not exceed 10% of total General Fund Expenditures plus School Component Unit Expenditures minus the General Fund Transfer to Schools.
    4. Total tax-supported debt will not exceed 4.50% of the net assessed valuation of taxable property in the City of Lynchburg.
    5. Total tax-supported debt per capita should be maintained at a reasonable level.
    6. The 10-Year Principal Payout Ratio shall not be less than 60% at the end of each adopted five-year Capital Improvement Program for Tax-Supported General Obligation Indebtedness.

Revenue-Supported Debt

The Water, Sewer and Stormwater Funds may issue General Obligation or Revenue-Supported Debt.

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Revenue-supported obligations are those for which the debt service is payable solely from the revenue generated from the operation of the project being financed or a category of facilities (i.e. water, sewer). These are not considered tax-supported debt of the City. Whenever the City finds it necessary to issue revenue-supported bonds, the following guidelines will be adhered to:

1. The term of any revenue-supported *or general obligation* bond issue will not exceed the useful life of the capital project/facility or equipment for which borrowing is intended.
2. Revenue-supported *and general obligation bonds* will be structured to allow equal or declining annual debt service payments over a term not to exceed the life of the project being financed. For those revenue-supported bonds issued through the Virginia Revolving Loan Fund, annual debt service payments shall not exceed thirty years.
3. ~~For any enterprise fund issuing revenue-supported bonds,~~ *The Water, Sewer and Stormwater Funds*, net revenues available for debt service shall not be less than 1.2 times annual debt service for each fiscal year. *For the Sewer Fund, in accordance with the Virginia Department of Environmental Quality Special Order, net revenues shall not exceed 1.5 times annual debt service computed on a three-year rolling average.* Net revenues available for debt service will be calculated as operating income, plus depreciation and amortization, ~~and~~ plus interest income, *plus governmental grants, plus miscellaneous income, plus capital contributions of others who jointly share in ownership of an infrastructure or facility, and plus any capitalized costs.* Debt service will include all debt service paid by the respective fund; however, the principal portion of any bond anticipation notes or other short-term financing should be excluded.
4. *In the event net revenues available for debt service falls below 1.2 times annual debt service of any fiscal year, the City shall restore the net revenues available for debt service to the minimum of 1.2 within three years.*

Refinancing of Debt

- The City shall issue refunding bonds to achieve debt service savings, eliminate onerous covenants or provisions in outstanding bond documents, or to respond to a financial emergency.
- The City shall continually monitor its outstanding debt to identify instances where the City may achieve savings through an advance refunding or current refunding transaction.
- The City shall receive a written refunding analysis indicating the amount of net present value savings from its financial advisor prior to selling bonds to refund any outstanding bonds.
- A refunding transaction to achieve debt service savings should only be undertaken when the net present value of the savings, net of issuance costs, will be at least 3% of the principal amount of the refunded bonds. Refunding transactions for revenue bonds can be structured so that savings are realized over the life of the refunding bonds or up-front, depending on the results of a cost-benefit analysis.

General Debt Policies

- The City will maintain communication with bond rating agencies to keep them abreast of its financial condition and will provide them with information on a timely basis including the City's *Comprehensive Annual Financial Report*, *Annual Adopted Budget* and *Capital Improvement Program*.
- The City shall comply with all of its undertakings in accordance with Securities and Exchange Commission Rule 15c2-12 and will follow the Government Finance Officers' Association and Securities and Exchange Commission requirements for continuing disclosure.
- The City may use the Virginia Public School Authority (VPSA) or State Literary Fund loans to finance school capital projects. City bonds sold to the VPSA and Literary Fund loans constitute general obligation debt of the City. City Council shall approve any application to the VPSA or the Department of Education for a Literary Fund loan. City Council shall approve the issuance of the bonds as required by the Public Finance Act. The School Board shall recommend such financings before a proposed financing is brought to City Council for approval.

Policy III - Budget

Principles

- Public participation in the budgetary process will be encouraged.
- The City will avoid dedicating revenue to a specific project or program because of the constraint this may place on flexibility in resource allocation except in instances where programs are expected to be self-sufficient or where revenue is dedicated to a program for statutory or policy reasons.
- The budget process will be coordinated in a way that major policy issues are identified for City Council several months prior to consideration of budget approval. This will allow adequate time for appropriate decisions and analysis of financial impacts.

Policies

- City Council shall adopt a balanced budget in accordance with all legal requirements.
- A structured budget preparation and formulation process shall be used for all departments and agencies receiving funding from the City.
- Departmental budgets shall be managed within the total appropriated budget for each fiscal year.
- All operating budget appropriations shall lapse at the end of the fiscal year to the extent that they are not expended or encumbered. ~~with the exception of year-end carry-forward items approved by City Council~~
- The budget shall be adopted by the favorable vote of a majority of members of City Council.
- The Vision and priorities established by City Council as well as the *Comprehensive Plan* will serve as the framework for the budget proposed by the City Manager.
- The fiscal year for the City is July 1 through June 30 as defined by the *City Code*, Section 18-1.
- One-time revenues shall be used for one-time expenditures only.

- A General Fund Reserve for Contingencies of $1.2 million shall be used as a source of funding for unanticipated expenditures during the budget year. The Reserve for Contingencies is limited to one-time expenditures and shall not be considered a source for recurring financing.

Process

- The City Manager shall annually prepare a *Proposed Budget* for City Council review. The *Proposed Budget* shall serve as a financial plan for the upcoming fiscal year and shall contain the following information:
    1. A budget message that outlines the proposed revenue and expenditures for the upcoming fiscal year together with an explanation of any major changes from the previous fiscal year. The budget message should also include any proposals for major changes in financial policy.
    2. Charts indicating the major revenues and expenditures in each major fund (General, Water, Sewer, *Stormwater,* Airport) as well as changes in fund balance for all funds.
    3. Summaries of proposed expenditures by function, department and activity for all funds proposed to be expended in a fiscal year.
    4. A schedule of estimated requirements for the principal and interest of each bond issue.
    5. A three-year history of revenues and expenditures to include the prior year actual, current year adopted, ~~amended~~, *revised* and proposed budgets for each major fund.
    6. The proposed budget appropriation resolution, including the tax levy.
- The City Council shall hold a public hearing on the budget submitted by the City Manager and all interested citizens shall be given an opportunity to be heard on issues related to the proposed budget, including the *Capital Improvement Program*.
- Following the public hearing on the *Proposed Budget*, City Council may make adjustments. In instances where City Council increases the total proposed expenditures, it shall also identify a source of funding at least equal to the proposed expenditures.

Capital Improvement Program

- A five-year *Capital Improvement Program (CIP)* that serves as the basis for annual capital appropriations and debt financing requirements shall be prepared and updated annually.
- The *CIP* shall include descriptions, timeline, cost estimates, and a schedule of expected expenditures for each project.
- Debt service requirements and funding needs for schools and City government shall be determined based on the *Adopted CIP*.
- Long-term borrowing shall be confined to major capital improvements and equipment purchases.
- Short-term borrowing shall be limited to bond anticipation notes and equipment leasing, where feasible, with a life of less than 8 years.
- Capital project appropriations shall lapse upon project completion, allowing for an adequate warranty period. Lapsed appropriations shall remain in the Capital Fund for reallocation to other projects.
- Incremental operating costs associated with capital projects shall be funded in the operating budget after being identified and approved in the Capital Improvement Program.
- Pay-as-you-go funding*, including State Highway Maintenance funds, State Revenue Sharing Funds, State and federal grants, and other cash sources,* shall not be less than 10%, with a goal of 15%, ~~as a percentage~~ of the City's 5-Year CIP.

Quarterly Financial Reporting

The City Manager will present to the City Council's Finance Committee (with copies to the remainder of Council) quarterly financial reports identifying meaningful trends in revenues and expenditures for the General, Water and Sewer, Airport, Stormwater, Children's Services Act, Juvenile Detention ~~Funds~~*, and Greater Lynchburg Transit Company Funds.*

Third Quarter Review

In ~~mid-~~March, ~~City~~ *Budget* staff will evaluate all expenditures and revenues as compared to budget and make recommendations to City Council regarding possible *budget* adjustments. Section 15.2-2507 of the *Code of Virginia* requires that a public hearing be held prior to City Council action when *a proposed* ~~the potential increases~~ *amendment of the budget* ~~in the appropriation~~ exceeds one percent of the total expenditures shown in the currently adopted budget.

First Quarter Review

In September, Budget staff will evaluate requests for the carry forward of funds remaining from prior year appropriations and other possible budget adjustments. Section 15.2-2507 of the Code of Virginia requires that a public hearing be held prior to City Council action when the proposed budget amendment exceeds one percent of the total expenditures shown in the currently adopted budget.

Policy IV - Investment

I. Policy Statement

It is the policy of The City of Lynchburg, Virginia ("the City") that the investment and administration of its funds be made in accordance with the Code of Virginia Investment of Public Funds Act, the applicable provisions of any outstanding bond indebtedness, and this policy. The City shall be in complete compliance with all applicable federal, state and local laws, and other regulations and statutes governing the investment of public funds. Within those parameters, the goal of this policy is to achieve the highest rate of return that is reasonable. The City will establish an Investment Committee consisting of the City Manager, Deputy City Manager, and Director of Financial Services. This Committee will provide broad policy oversight over investments. This policy will be reviewed on an annual basis. Any changes must be approved by the Investment Committee and be reaffirmed by City Council. See Appendix 1 for a Glossary of Investment Terms.

II. Scope

This policy applies to the investment of all the financial assets and funds held by the City. Specific requirements or limitations imposed upon the investment of Bond Proceeds, Debt Service Funds and Debt Service Reserve Funds are located in Section X of this Policy. These Funds are accounted for in the City of Lynchburg's Comprehensive Annual Financial Report and include the General, Special Revenue, Capital Projects, and Proprietary Funds.

III. Objectives

Funds shall be invested in only those investments permitted by Federal, State and local law as it relates to public funds, as well as any contractual agreements entered into by the City.

All of the City's funds, regardless of term, shall be invested with the following objectives listed in the order of priority:

1. *Safety* - Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. Specifically, the City will:

    a. seek to avoid realizing any loss through the sale or disposal of an investment; and

    b. seek to mitigate the risk of unrealized losses due to a decline in value of investments held in the portfolio.

2. *Liquidity* - The investment portfolio shall remain sufficiently liquid to meet all cash requirements that may be reasonably anticipated. This shall be accomplished by structuring the portfolio in the following manner:

    a. The City will purchase investments scheduled to mature in accordance with its anticipated cash needs, in order to minimize the need to sell investments prior to maturity;

    b. A portion of City Funds will be maintained in cash equivalents, including money market funds, investment pools and overnight securities, which may be easily liquidated without a loss of principal should an unexpected need for cash arise; and

    c. The portfolio will consist largely of investments with active secondary markets.

3. *Yield* - The City's investment portfolio shall be designed with the objective of maximizing a fair rate of return consistent with the investment risk constraints and cash flow characteristics of the portfolio. The Investment Committee shall establish suitable benchmarks for the measurement of the portfolio's return.

IV. Delegation of Authority

Under the guidance of the Investment Committee, the City's Director of Financial Services is the official charged with collecting, safeguarding and disbursing City funds. In this capacity, and with consensus from the Investment Committee, the Director of Financial Services is responsible for establishing staff roles and responsibilities, considering the quality and capability of staff, selecting investment advisors and consultants involved in investment management, and developing and maintaining appropriate administrative procedures for the operation of the investment program. Examples of key staff roles and responsibilities include, but are not limited to, solicitation of investment offerings, placement of purchase and sell orders, confirmation of trades, and preparation of reports and other activities as required for the daily operations of the investment area. The Director of Financial Services is also charged with developing written standard Investment procedures and an asset allocation plan consistent with this policy. Such procedures shall be reviewed and approved by the Investment Committee. Subject to the approval of the Investment Committee and City Council, the Director of Financial Services may employ financial consultants on a contractual basis to assist in the development and implementation of investment procedures and policies, to monitor the effectiveness and continued compliance with such policies and procedures, and to provide guidance in investment matters.

V. Standards of Care

The standard of prudence to be used by investment personnel shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. The "prudent person" standard states:

> "Investments shall be made with judgment and care – under circumstances then prevailing – which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

The Director of Financial Services, and those delegated investment authority under this Policy, when acting in accordance with written procedures and this Investment Policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

VI. Ethics and Conflicts of Interest

Officers and employees of the City involved in the investment process shall refrain from personal business activities that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose to the Office of the Clerk of Council any material interests in financial institutions with which they conduct business and any personal investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City. Officers and employees are required to abide by the provisions of the Virginia Conflict of Interests Act. The Act prohibits City officers and employees from seeking or accepting money or any other thing of value for the performance of their duties, using confidential information for their own benefit and having a personal interest in a company with which the City is doing business. "Officer" means any person appointed or elected to the City's government whether or not he/she receives compensation or other emolument of office. "Employee" means all persons employed by the City.

VII. Collateral and Safekeeping Arrangements

The City's investments shall be held in safekeeping by a third party and evidenced by safekeeping receipts. As required by Virginia Code, all security holdings with maturities over 30 days may not be held in safekeeping with the "counterparty" to the investment transaction. The Code refers to a counterparty as the issuer or seller of the security and any repurchase agreement provider. All securities purchased or sold will be transferred when possible only under "delivery vs. payment method" to ensure that funds or securities are not released until all criteria relating to the specific transaction are met.

VIII. Competitive Selection of Investment Instruments

It is desirable to select investments on a competitive basis when possible to ensure that the City receives the best price available on a particular investment and avoids paying excessive fees, mark-ups or other compensation to the provider. A list will be maintained of approved financial institutions and security broker/dealers selected by creditworthiness (*e.g.*, a minimum capital requirement of $10,000,000 and at least five years of operations). These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

All financial institutions and broker/dealers who desire to become qualified for investment transactions will supply the following as appropriate:

- Audited financial statements
- Proof of National Association of Securities Dealers (NASD) certification
- Proof of state registration
- Certification of having read and understood and agreeing to comply with the City of Lynchburg Investment Policy

Under the guidance and oversight of the Investment Committee, the Director of Financial Services shall adhere to the following procedures, with assistance from the City's Investment Advisor where appropriate, when funds become available for investment to the extent practical:

1. The Director of Financial Services shall determine the class of investment and maturity range most appropriate for investment of the funds available, based upon the anticipated expenditure schedule of the City, the desired asset allocation of the City's portfolio and the City's Investment Plan.

2. Offers will be solicited for the selected investment from the list of pre-approved providers as noted above.

3. The Director of Financial Services will accept the offer (or bid, if the City is selling an investment) which provides the highest rate of return or which is otherwise deemed most suitable while complying with this Policy and any other criteria specified in the solicitation of offers.

The City shall retain a record of the offers received, the instruments chosen, and the rationale for making the decision.

From time to time, certain investment dealers may present the City with offers that are attractive for investment. Although the City should endeavor to verify (and document) that the price is "fair," it may occasionally purchase such a security without a competitive process if the investment is for $500,000 or less.

Additionally, a competitive process shall not be required for the investment of funds in money market funds, investment pools and overnight securities. However, it shall be the responsibility of the Director of Financial Services to be aware of the yields being offered by various highly liquid investments, and to invest the City's overnight funds in the vehicle(s) which provide a competitive return to the City while complying with this policy and any other criteria established by the Investment Committee or City Council.

IX. Suitable and Authorized Investments – Without Exception, Only the Following Investments Are Suitable and Authorized

1. Treasury Securities
Bonds, Notes and Bills issued by the United States Treasury or certificates representing ownership of treasury bond principal or coupons.

2. Agency Securities (FHLB, FNMA, FFCB, FHLMC, GNMA)
Obligations issued and guaranteed as to principal and interest by the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association, maturing within five years of the date of purchase.

3. **Prime Commercial Paper**
   Commercial Paper maturing within 270 days of the day of purchase rated P-1 or higher by Moody's and A-l or higher by Standard & Poor's, provided that the issuing domestic corporation has a net worth of $50 million and its long-term debt is rated A or better by Moody's and Standard & Poor's.

4. **Certificates of Deposit**
   Certificates of Deposit maturing within one year and issued by domestic banks rated P-l by Moody's and A-l by Standard & Poor's.

5. **Banker's Acceptances**
   Banker's Acceptances maturing within 180 days rated P-l or higher by Moody's and A-l or higher by Standard & Poor's, provided the issuer is a major domestic bank or the domestic office of an international bank rated AA category or higher by Moody's and Standard & Poor's.

6. **Commonwealth of Virginia and Virginia Local Government Obligations**
   General Obligations, Insured Obligations or Revenue Bonds secured by Debt Service Reserve Funds not subject to annual appropriation rated AA category or higher by Moody's or Standard & Poor's.

7. **Repurchase Agreements**
   Repurchase Agreements collateralized by securities approved for investment herein, provided that the counterparty is rate A or better by Moody's and Standard & Poor's and the collateral is held by an independent third party. All Repurchase Agreements are purchased with a Master Repurchase Agreement in place with a third-party custodian.

8. **Open-End Investment Funds**
   Open-end Investment Funds registered under the Securities Act of the Commonwealth or the Federal Investment Company Act of 1940, provided that they invest only in securities approved for investment herein.

9. **Virginia Local Government Investment Pool**

10. **Virginia State Non-Arbitrage Program or Other Authorized Arbitrage Investment Management Programs**

X. Suitable and Authorized Investments – Restricted Funds

Funds defined as sinking funds under the Virginia Code may be invested in items listed in Section IX.1 and IX.6 above, repurchase agreements collateralized by those investments, and in the Virginia State Non-Arbitrage Program or other authorized Arbitrage Investment Management programs.

XI. Internal Controls

Under the guidance of the Investment Committee, the Director of Financial Services will establish and maintain an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The internal control structure will be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. The Internal Audit Department shall add this Policy and related Procedures to their Audit Universe for audit consideration. The internal control structure will address the following points:

- Control of collusion
- Separation of transaction authority from accounting and record keeping
- Custodial safekeeping
- Avoidance of physical delivery of securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Development of a wire transfer agreement with the lead bank and third-party custodian

XII. Reporting

Under the guidance of the Investment Committee, the Director of Financial Services will ensure that a Management Report will be prepared on a quarterly basis. The information from this Report may be derived from the Investment Advisor and/or the Safekeeping Agent, or both, where appropriate. This Report will include information that provides

an analysis of the status of the current investment portfolio and whether investment activities during the reporting period have conformed to the investment policy herein. The Report will be presented to City Council for information and comment. To the extent practical, the report detail may include such items as the following:

- Listing of securities held at the end of the reporting period
- Realized and unrealized gains or losses resulting from appreciation or depreciation
- Average weighted yield to maturity of portfolio on investments compared to benchmarks
- Listing of investment by maturity type
- Percentage of the total portfolio which each type of investment represents

XIII. Diversification

The City will endeavor to diversify its investment portfolio to avoid incurring unreasonable risks regarding (i) security type, (ii) individual financial institution or issuing entity, and (iii) maturity. Target asset allocation strategies shall be developed by the Investment Committee to provide guidance as to appropriate levels of diversification. With the exception of U. S. Treasury securities and authorized pools, no more than 50% of the City's total investment will be the obligations of a single financial institution.

XIV. Maximum Maturities

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than one year from the date of purchase.

Appendix 1: Glossary of Investment Terms

Accrued Interest – The accumulated interest due on a bond as of the last interest payment made by the issuer.

Agency – A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSA's) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of a federal agency is the Government National Mortgage Association (GNMA). An example of a FSA is the Federal National Mortgage Association (FNMA).

Amortization – The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

Average Life – The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

Basis Point – A unit of measurement used in the valuation of fixed -income securities equal to l/l00 of 1 percent of yield, e.g., "one-quarter" of 1 percent is equal to 25 basis points.

Bid – The indicated price at which a buyer is willing to purchase a security or commodity.

Book Value – The value at which a security is carried on the inventory lists or other financial records of an investor. The book value may differ significantly from the security's current value in the market.

Call Price – The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

Call Risk – The risk to a bondholder that a bond may be redeemed prior to maturity.

Callable Bond – A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

Cash Sale/Purchase – A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.

Collateralization – Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security.

Commercial Paper – An unsecured short-term promissory note issued by corporations, with maturities ranging from 2 to 270 days.

Convexity – A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

Coupon Rate – The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the "interest rate."

Credit Quality – The measurement of the financial strength of a bond issuer to help an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

Credit Risk – The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

Current Yield (Current Return) – A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

Delivery Versus Payment (DVP) – A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian.

Discount – The amount by which the par value of a security exceeds the price paid for the security.

Diversification – A process of investing assets among a range of security types by sector, maturity, and quality rating.

Duration – A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

Fair Value – The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Federal Funds (Fed Funds) – Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

Federal Funds Rate – Interest rate charged by one institution lending federal funds to the other.

Government Securities – An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market See "Treasury Bills, Notes, and Bonds."

Interest Rate – See "Coupon Rate."

Interest Rate Risk – The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value.

Internal Controls – An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

1. Control of collusion - Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. Separation of transaction authority from accounting and record keeping - By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
3. Custodial safekeeping - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.
4. Avoidance of physical delivery securities - Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. Clear delegation of authority to subordinate staff members - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. Written confirmation of transactions for investments and wire transfers -Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.
7. Development of a wire transfer agreement with the lead bank and third-party custodian – The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

Inverted Yield Curve – A chart formation that illustrates long-term securities having lower yields than short-term securities. This configuration usually occurs during periods of high inflation coupled with low levels of confidence in the economy and a restrictive monetary policy.

Investment Company Act of 1940 – Federal legislation which sets the standards by which investment such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

Investment Policy – A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

Liquidity – An asset that can be converted easily and quickly into cash.

Local Government Investment Pool (LGIP) – An investment by local governments in which their money is pooled as a method for managing local funds.

Mark-to-Market – The process whereby the book value or collateral value of a security is adjusted to reflect its current market value.

Market Risk – The risk that the value of a security will rise or decline as a result of changes in market conditions.

Market Value – Current market price of a security.

Maturity – The date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder. See 'Weighted Average Maturity."

Money Market Mutual Fund – Mutual funds that invest, solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos and federal funds).

Mutual Fund – An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines:

1. Report standardized performance calculations.
2. Disseminate timely and accurate information regarding the fund's holdings, performance, management and general investment policy.
3. Have the fund's investment policies and activities supervised by a board of trustees, which are independent of the adviser, administrator or other vendor of the fund.
4. Maintain the daily liquidity of the fund's shares.
5. Value their portfolios on a daily basis.
6. Have all individuals who sell SEC-registered products licensed with a self-regulating organization (SRO) such as the National Association of Securities Dealers (NASD).
7. Have an investment policy governed by a prospectus which is updated and filed by the SEC annually.

Mutual Fund Statistical Services – Companies that track and rate mutual funds, e.g., IBC/Donoghue, Lipper Analytical Services, and Morningstar.

National Association of Securities Dealers (NASD) – A self-regulatory organization (SRO) of brokers and dealers in the over-the-counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

Net Asset Value – The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below.) [(Total assets) - (Liabilities)] / (Number of shares outstanding)

No Load Fund – A mutual fund which does not levy a sales charge on the purchase of its shares.

Nominal Yield – The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the "coupon," "coupon rate," or 'interest rate."

Offer – An indicated price at which market participants are willing to sell a security or commodity. Also referred to as the "Ask price."

Par – Face value or principal value of a bond, typically $1,000 per bond.

Positive Yield Curve – A chart formation that illustrates short-term securities having lower yields than long-term securities.

Premium – The amount by which the price paid for a security exceeds the security's par value.

Prime Rate – A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate.

Principal – The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

Prospectus – A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements.

Prudent Person Rule – An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

Regular Way Delivery – Securities settlement that calls for delivery and payment on the third business day following the trade date (T+3); payment on a T+l basis is currently under consideration. Mutual funds are settled on a same day basis; government securities are settled on the next business day.

Reinvestment Risk – The risk that a fixed-income investor will be unable to reinvest income proceeds from a security holding at the same rate of return currently generated by that holding.

Repurchase Agreement (repo or RP) – An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

Reverse Repurchase Agreement (Reverse Repo) – An agreement of one party to purchase securities at a specified price from a second party and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

Rule 2a-7 of the Investment Company Act – Applies to all money market mutual funds and mandates such funds to maintain certain standards, including a 13-month maturity limit and a 90-day average maturity on investments, to help maintain a constant net asset value of one dollar ($1.00).

Safekeeping – Holding of assets (e.g., securities) by a financial institution.

Serial Bond – A bond issue, usually of a municipality, with various maturity dates scheduled at regular intervals until the entire issue is retired.

Sinking Fund – Money accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or preferred stock issues.

Swap – Trading one asset for another.

Term Bond – Bonds comprising a large part or all of a particular issue which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

Total Return – The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period. (Price Appreciation) + (Dividends paid) + (Capital gains) = Total Return.

Treasury Bills – Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year and issued in minimum denominations of $10,000. Auctions of three- and six-month bills are weekly, while auctions of one-year bills are monthly. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

Treasury Bonds – Long-term U.S. government debt securities with maturities of ten years or longer and issued in minimum denominations of $1,000. Currently, the longest outstanding maturity for such securities is 30 years.

Treasury Notes – Intermediate U.S. government debt securities with maturities of one to 10 years and issued in denominations ranging from $1,000 to $1 million or more.

Uniform Net Capital Rule – SEC Rule 15C3-1 outlining capital requirements for broker/dealers.

Volatility – A degree of fluctuation in the price and valuation of securities.

"Volatility Risk" Rating – A rating system to clearly indicate the level of volatility and other non-credit risks associated with securities and certain bonds funds. The ratings for bond funds range from those that have extremely low sensitivity to changing market conditions and offer the greatest stability of the returns ("AAA" by S&P; "V- 1" by Fitch) to those that are highly sensitive with currently identifiable market volatility risk ("CCC"- S&P, "V-10" by Fitch).

Weighted Average Maturity (WAM) – The average maturity of all the securities that comprise a portfolio. According to SEC rule 2a-7, the WAM for SEC registered money market mutual funds may not exceed 90 days and no one security may have a maturity that exceeds 397 days.

When Issued (WI) – A conditional transaction in which an authorized new security has not been issued. All "when issued' transactions are settled when the actual security is issued.

Yield – The current rate of return on an investment security generally expressed as a percentage of the security's current price.

Yield Curve – A graphic representation that depicts the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity. A normal yield curve may be alternatively referred to as a positive yield curve.

Yield-to-Call (YTC) – The rate of return an investor earns on a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

Yield-to-Maturity – The rate of return yielded by a debt security held to maturity when both interest payments and the investor's potential capital gain or loss are included in the calculation of return.

Zero-Coupon Securities – Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.

FINANCE COMMITTEE
Agenda Item Summary

MEETING DATE: **March 22, 2016**			AGENDA ITEM NO.: 7
CONSENT:	REGULAR:	WORK SESSION:	CLOSED SESSION: (Confidential)
ACTION:		INFORMATION: **X**	

ITEM TITLE: **Revenue Update**

RECOMMENDATION: Review the collections received from five of the City's largest revenue sources.

SUMMARY: Five of the City's major revenue sources are taxes collected on a monthly basis: Sales Tax, Consumer Utility Tax – Electric, Communications Sales and Use Tax, Meals Tax, and Lodging Tax. Since the last Finance Committee meeting, revenue information through January 2016 has been posted for four of the five revenue streams. The January 2016 collection for Communications Sales and Use Tax is not yet available.

PRIOR ACTION(S):
This information is provided monthly to the Finance Committee.

FISCAL IMPACT:
None

CONTACT(S):
Donna Witt, Director of Financial Services, 455-3968

ATTACHMENT(S):
Comparison of Collections Budget to Actual FY 2015 – FY 2016

REVIEWED BY:

Comparison of Collections
Budget to Actual FY 2015 - FY 2016

	Actual FY 2012	Actual FY 2013	Actual FY 2014	Actual FY 2015	Adopted FY 2016	Actual FY 2016	Actual FY 2016 to Adopted FY 2016	Actual FY 2016 to Actual FY 2015
SALES & USE TAX								
ADOPTED FY 2016 BUDGET - $14,700,000								
JULY	$1,014,596	$996,646	$1,075,816	$1,131,485	$1,119,202	$1,207,589	$88,387	$76,104
AUGUST [1]	1,079,129	1,145,592	1,098,342	1,299,763	1,142,228	1,198,772	56,544	(100,991)
SEPTEMBER	1,100,698	1,117,209	1,083,199	1,204,336	1,191,262	1,269,930	78,668	65,594
OCTOBER	1,055,941	1,033,859	1,161,965	1,185,608	1,172,738	1,231,666	58,928	46,058
NOVEMBER	1,117,090	1,187,008	1,155,729	1,241,898	1,228,417	1,227,636	(781)	(14,262)
DECEMBER [2]	1,488,926	1,466,715	1,316,419	1,669,810	1,651,684	1,600,507	(51,177)	(69,303)
JANUARY	998,052	1,085,312	1,103,175	1,073,237	1,061,587	1,055,364	(6,223)	(17,873)
TOTAL	**$7,854,432**	**$8,032,341**	**$7,994,645**	**$8,806,137**	**$8,567,118**	**$8,791,464**	**$224,346**	**($14,673)**
CONSUMER UTILITY TAX - ELECTRIC								
ADOPTED FY 2016 BUDGET - $3,790,000								
JULY	$341,729	$323,141	$325,815	$321,596	$320,615	$332,876	$12,261	$11,280
AUGUST	345,615	345,163	318,738	305,012	304,082	333,953	29,871	28,941
SEPTEMBER	325,754	318,915	317,324	317,947	316,978	328,411	11,433	10,464
OCTOBER	280,745	279,145	273,646	273,264	272,431	281,514	9,083	8,250
NOVEMBER	281,842	282,035	280,945	273,353	272,520	270,434	(2,086)	(2,919)
DECEMBER	325,287	330,714	348,750	346,565	345,509	321,380	(24,129)	(25,185)
JANUARY	344,439	346,399	374,541	365,859	364,744	346,212	(18,532)	(19,647)
TOTAL	**$2,245,411**	**$2,225,512**	**$2,239,759**	**$2,203,596**	**$2,196,879**	**$2,214,780**	**$17,901**	**$11,184**
COMMUNICATIONS SALES & USE TAX								
ADOPTED FY 2016 BUDGET - $3,300,000								
JULY	$349,339	$293,358	$286,999	$283,594	$275,000	$276,750	$1,750	($6,844)
AUGUST	294,910	291,560	284,691	281,957	275,000	270,038	(4,962)	(11,919)
SEPTEMBER	179,549	263,295	284,249	283,441	275,000	273,974	(1,026)	(9,467)
OCTOBER	309,437	319,011	288,830	287,702	275,000	277,686	2,686	(10,016)
NOVEMBER	284,123	300,665	284,176	279,441	275,000	271,470	(3,530)	(7,971)
DECEMBER	233,654	297,855	289,726	282,491	275,000	276,524	1,524	(5,967)
TOTAL	**$1,651,012**	**$1,765,744**	**$1,718,671**	**$1,698,626**	**$1,650,000**	**$1,646,442**	**($3,558)**	**($52,184)**

Comparison of Collections
Budget to Actual FY 2015 - FY 2016

	Actual Assessed FY 2013	Actual Collected FY 2013 [5]	Actual Assessed FY 2014	Actual Collected FY 2014 [5]	Actual Assessed FY 2015	Actual Collected FY 2015 [5]	Adopted FY 2016	Actual Assessed FY 2016	Actual Assessed FY 2016 to Adopted FY 2016	Actual Collected FY 2016 [5]	Actual Collected FY 2016 to Adopted FY 2016	Actual Collected FY 2016 to Assessed FY 2016
MEALS TAX												
ADOPTED FY 2016 BUDGET - $13,715,000												
JULY [3]	$943,431	$1,044,556	$944,920	$1,159,786	$1,009,124	$970,597	1,026,218	$1,096,314	$70,096	$1,046,770	$20,552	($49,544)
AUGUST	1,042,850	1,026,544	1,056,821	1,024,718	1,152,551	1,119,585	1,172,074	1,165,329	(6,745)	1,213,559	41,485	48,230
SEPTEMBER	1,011,701	1,012,294	1,030,134	1,052,079	1,107,413	1,159,391	1,126,172	1,195,300	69,128	1,167,356	41,184	(27,944)
OCTOBER	1,006,966	1,003,032	1,046,550	958,359	1,149,721	1,119,430	1,169,196	1,190,250	21,054	1,152,017	(17,179)	(38,233)
NOVEMBER	964,775	868,692	1,019,305	1,064,385	1,079,590	1,099,028	1,097,877	1,109,019	11,142	1,156,651	58,774	47,632
DECEMBER	1,044,178	1,083,983	1,061,859	1,035,379	1,138,978	1,117,510	1,158,271	1,217,337	59,066	1,224,108	65,837	6,771
JANUARY	927,026	889,358	968,124	971,677	1,089,143	963,288	1,107,592	998,834	(108,758)	908,712	(198,880)	(90,122)
TOTAL	**$6,940,927**	**$6,928,459**	**$7,127,713**	**$7,266,383**	**$7,726,520**	**$7,548,829**	**$7,857,401**	**$7,972,383**	**$114,982**	**$7,869,173**	**$11,772**	**($103,210)**
LODGING TAX												
ADOPTED FY 2016 BUDGET - $2,037,000												
JULY [3]	$180,074	$197,072	$174,759	$223,419	$189,065	$180,395	186,540	$180,587	($5,953)	$180,808	($5,732)	$221
AUGUST [4]	163,020	275,903	185,662	185,340	185,946	185,402	183,463	206,167	22,704	202,217	18,754	(3,950)
SEPTEMBER	160,661	157,680	181,706	204,758	173,904	173,875	171,582	204,267	32,685	206,009	34,427	1,742
OCTOBER	183,064	191,453	184,462	185,014	209,859	209,788	207,056	196,410	(10,646)	160,131	(46,925)	(36,279)
NOVEMBER	131,993	129,941	153,745	148,082	141,855	144,988	139,961	140,701	740	177,048	37,087	36,347
DECEMBER	112,277	113,067	141,137	126,077	115,033	119,891	113,497	129,974	16,653	130,150	16,653	176
JANUARY	134,471	129,578	133,071	125,716	117,665	108,523	116,094	119,637	3,543	109,217	(6,877)	(10,420)
TOTAL	**$1,065,560**	**$1,194,694**	**$1,154,542**	**$1,198,406**	**$1,133,327**	**$1,122,862**	**$1,118,192**	**$1,177,743**	**$59,727**	**$1,165,580**	**$47,388**	**($12,163)**

[1] The August FY 2015 Actual amount includes a one-time, $145,000 payment in taxes, which was redistributed to the City from another locality.

[2] Retailer over-reported Sales & Use Tax in December FY 2015 by $50,000; Corrected in December FY 2016 by reducing owed tax of $39,000 and taking additional $11,000

[3] Due to year end accounting activities, a portion of Meals and Lodging Tax revenues associated with May and June were posted in June and July.

[4] The August FY 2013 collection amount includes a one-time, $140,000 payment in delinquent taxes.

[5] Meals and Lodging Tax data includes columns titled "Actual Collected ." The figures listed under these columns include all revenue received per month regardless of whether the payment is current or delinquent.

LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **March 22, 2016** AGENDA ITEM NO.: 1

CONSENT: REGULAR: WORK SESSION: **X** CLOSED SESSION: (Confidential)

ACTION: INFORMATION: **X**

ITEM TITLE: **Presentation of Proposed FY 2017 Schools Budget**

RECOMMENDATION: Approve the Schools Budget as part of the overall FY 2017 Budget approval process.

SUMMARY: Superintendent of Schools, Dr. Scott Brabrand, will present to Council the proposed FY 2017 Budget for Lynchburg City Schools.

A copy of his presentation is attached.

PRIOR ACTION(S): N/A

FISCAL IMPACT: As noted in the Budget Message.

CONTACT(S): Kimball Payne, 455-3990

ATTACHMENT(S): Superintendent's Proposed 2016-2017 Budget

REVIEWED BY: lkp

036K

A TRADITION OF EXCELLENCE FOR ALL

LCS

LYNCHBURG CITY SCHOOLS

Mission: Every Child, By Name and By Need, to Graduation

Superintendent's proposed

2016-17 Budget

ADDRESSING OUR CHALLENGES

Attracting and Retaining High Quality Personnel

Enhancing Targeted Instructional Support

Increasing Student Opportunities By Name and By Need

WHAT'S NEW THIS YEAR?

Requested city increase to school budget is $1.8 million

Total Tier 1 request of $3.27 million

State budget $385,000 less than governor's proposed budget

State budget provides compensation supplement funds equal to 2% salary increase

- Effective Dec. 1, 2016
- Requires local match
- Funds only SOQ instructional and support positions

A TRADITION OF EXCELLENCE FOR ALL

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LYNCHBURG CITY SCHOOLS

Mission: Every Child, By Name and By Need, to Graduation

BUDGET PROCESS

Budget ties directly to the implementation of the division's Comprehensive Plan

VISION
A Tradition of Excellence for All

MISSION
Every Child, By Name and By Need, to Graduation

GOAL
Excellence in Achievement, Behavior, Culture, Operations and Personnel

A TRADITION OF EXCELLENCE FOR ALL

LCS

LYNCHBURG CITY SCHOOLS

Mission: Every Child, By Name and By Need, to Graduation

Superintendent's proposed

2016-17 Budget

BUDGET PROCESS

Revenues Updates/Expenses Update

	FY 2016-17 Proposed Budget	FY 2015-16 Approved Budget	Change Amount	Change %
ADM	**8,051.20**	**8,310.15**	**-258.95**	**-3.12%**
REVENUES				
State	$38,977,896	$38,156,2666	$879,748	2.38%
State Sales Tax	10,918,467	10,248,262	198,126	1.99
Total State	49,896,363	48,404,528	1,077,874	2.30
Federal	463,000	426,000	0	0.00
Other	1,565,700	1,875,220	0	0.00
Total	**51,925,063**	**$50,705,748**	**1,077,874**	2.19
City Funds	40,114,276	40,114,276	0	0.00
TOTAL OPERATING REVENUE	**$92,039,339**	**$90,820,024**	**$1,077,874**	**1.22%**
EXPENDITURES				
Instruction	$69,631,046	$67,292,977	$2,338,069	3.47%
Administration	5,489,659	5,268,491	221,168	4.20
Pupil Transportation	5,156,941	4,961,028	195,913	3.95
Operations & Maintenance	10,523,797	10,414,429	109,368	1.05
Facilities	32,628	42,178	(9,550)	-22.64
Debt Service & Fund Transfers	28,615	28,615	0	0.00
Technology	2,949,043	2,812,306	136,737	4.86
TOTAL OPERATING EXPENDITURES	**$93,811,729**	**$90,820,024**	**$2,991,705**	**3.29%**

Funding Gap		$1,772,390
LOCAL FUNDING REQUESTS	Current Funding	40,114,276
	Additional Funding Requests	1,772,390
TOTAL LOCAL FUNDING REQUESTS		$41,886,666

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LYNCHBURG CITY SCHOOLS

Mission: Every Child, By Name and By Need, to Graduation

Superintendent's proposed

2016-17 Budget

BUDGET PROCESS

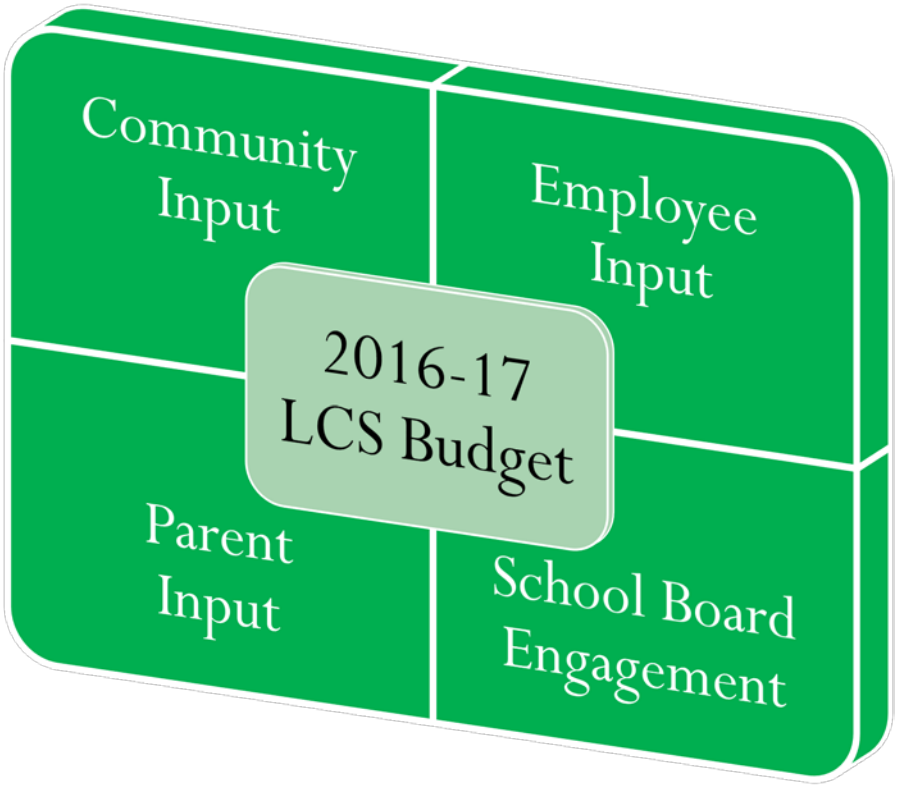
Revenues Updates/Expenses Update Jan 5

FY2016-2017 BUDGET REQUESTS	
Operating Budget	$ 1,772,390
Capital Projects Budget	500,000
School Bus Replacement	500,000
	$ 2,772,390
FY2016-2017 PROPOSED BUDGETS	
Operating Budget	$90,260,689
Capital Projects & Bus Replacement Budgets	1,000,000
	$ 91,260,689

Mission: Every Child, By Name and By Need, to Graduation

BUDGET PROCESS

- One Community Budget Forum at Dunbar
- One Employee Budget Forum at Dunbar
- Principal meetings
- Board member budget meetings and work sessions
- Budget presentation online with opportunity for feedback



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LYNCHBURG CITY SCHOOLS

Mission: Every Child, By Name and By Need, to Graduation

ATTRACTING/RETAINING QUALITY PERSONNEL

- 1% COLA for all employees
- Salary market adjustment for:
  - All IAs/TEAs
  - Bus drivers and bus assistants
  - Custodians and select positions in maintenance

Not only a Personnel issue but also a Moral issue.

Offering a living wage to our employees helps address concerns with poverty in our community.

A TRADITION OF EXCELLENCE FOR ALL

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LYNCHBURG CITY SCHOOLS

Mission: Every Child, By Name and By Need, to Graduation

ENHANCING TARGETED INSTRUCTIONAL SUPPORT

- Open Empowerment Academy
- Begin Phase 2 of LCS ONE
- Hire 5 elementary coaches/reading specialists
- Hire instructional coach for special education and secondary math
- Provide speech, occupational, and transportation support for identified students

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LYNCHBURG CITY SCHOOLS

Mission: Every Child, By Name and By Need, to Graduation

INCREASING STUDENT OPPORTUNITIES BY NAME AND BY NEED

- Expand co-teaching for students with disabilities
- Hire Culinary and Precision Machining teachers for CTE programs
- Additional support for criminal justice course
- Establish girls JV and Varsity field hockey at E. C. Glass

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LYNCHBURG CITY SCHOOLS

Mission: Every Child, By Name and By Need, to Graduation

Superintendent's proposed

2016-17 Budget

ADDRESSING OUR CHALLENGES

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Lynchburg City Schools
FY2016-17 Budget Requests

3/21/2016 11:05

Initiatives	FTEs		Amount	%
Instruction				
Compensation - 1.0% salary increase		$	570,116	
Salary market adjustment for all IA/TEA's			571,653	
Hire .5 Speech Pathologist for LCS expected caseload challenges	0.5		31,926	
Hire .5 Speech Pathologist for Hutcherson	0.5		31,926	
Hire .5 Occupational Therapist for Hutcherson	0.5		31,926	
Hire one (1) Instructional COACH for Special Education	1		60,000	
Additional .5 day per week Speech pathologist added during 1516 after budget was finalized (Bass Elementary)	0.5		6,579	
Hire five (5) elementary reading specialists	5		370,000	
Hire one (1) Secondary Math Coach	1		80,000	
Establish a JV and Varsity Field Hockey sport at Glass			30,000	
Empowerment Academy Staff Hire five (5) Teachers (Math, Science, Social Studies, English, Sped), 1 guidance coordinator, 1 Administrator and 1 administrative secretary	8		468,000	
Hire one (1) Culinary Teacher	1		60,000	
Hire one (1) Precision Machining teacher	1		60,000	
Criminal Justice additional cost per multi-year agreement with LPD			10,000	
Hire 3 Teachers (History, Social Studies and Science)	3		183,000	
Hire a .5 Art Teacher	0.5		27,300	
Transportation of Department of Social Services placed students in foster homes in other localities (Transportation to and from private day school placements.)			30,240	
Additional funds to cover interpreting during extracurricular activities as required under the Individuals With Disabilities Educational Act and Section 504 of the Rehabilitation Act			5,000	
Subtotal Instruction	**22.5**	**$**	**2,627,666**	**79.83%**
Administration				
Compensation - 1.0% salary increase		$	35,168	
Infinite Campus annual maintenance			101,000	
Hire an Asst. Director of Personnel	1		85,000	
Subtotal Administration	**1**	**$**	**221,168**	**6.72%**
Pupil Transportation				
Compensation - 1.0% salary increase		$	36,035	
Salary adjustment for all Bus Drivers and Bus Assistants			159,878	

Subtotal Pupil Transportation	**0**	**$**	**195,913**	**5.95%**
Operation & Maintenance				
Compensation - 1.0% salary increase		$	46,272	
Salary adjustment for Custodians and Maintenance staff			58,096	
Upgrade one HVAC position to leadman			5,000	
Subtotal Operations & Maintenance	**0**	**$**	**109,368**	**3.32%**
Facilities				
Compensation - 1.0% salary increase		$	673	
Subtotal Facilities	**0**	**$**	**673**	**0.02%**
Technology				
Compensation - 1.0% salary increase		$	16,737	
Hire two (2) Technology Technician	2		120,000	
Subtotal Technology	**2**	**$**	**136,737**	**4.15%**
Total Requests	**25.5**	**$**	**3,291,525**	**100.00%**

Lynchburg City Schools
SOQ Funded Positions Listing
FY2016-2107 Budget

	FY2016 SOQ Funded Positions	FY2017 SOQ Funded Positions	Change Over FY2016 Inc/(Dec)
Support Positions			
Assistant Superintendent	1.06	1.18	0.12
Instructional Professional	13.9	14.71	0.81
Instructional Technical/Clerical	11.43	11.36	-0.07
Attendance & Health Administrative	5.85	5.64	-0.21
Attendance & Health Technical/Clerical	3	2.85	-0.15
Administration Administrative	3.96	4.42	0.46
Administration Technical/Clerical	9.34	9.74	0.4
Technology Professional	2.6	3.00	0.4
Technology Technical/Clerical	1.09	1.26	0.17
Operation & Maintenance	1.77	1.86	0.09
Support Technology	7.88	8.40	0.52
School Based Clerical	25.08	26.45	1.37
Operation & Maintenance Technical/Clerical	54.87	57.34	2.47
Total Support Positions	**141.83**	**148.21**	**6.38**
SOQ Instructional Funded Positions			
Elementary Principals	8.76	9.17	0.41
Elementary Assistant Principals	0	-	0
Elementary Librarians	8.76	9.17	0.41
Elementary Guidance Counselors	7.76	8.28	0.52
Kindergarten Aides	7.79	8.15	0.36
Kindergarten Teachers	31.15	30.58	-0.57

Grade 1 Teachers	29.2	30.58	1.38
Grade 2 Teachers	26.53	29.56	3.03
Grade 3 Teachers	26.28	28.16	1.88
Grade 4 Teachers	24.18	25.77	1.59
Grade 5 Teachers	23.6	26.09	2.49
Grade 6 Teachers	28.18	29.75	1.57
Grade 7 Teachers	28.6	29.41	0.81
Secondary Principals	4.87	5.1	0.23
Secondary Assistant Principals	3.89	4.08	0.19
Secondary Librarians	6.81	7.14	0.33
Secondary Guidance Counselors	10.97	11.58	0.61
Grade 8 Teachers	26.15	28.26	2.11
Grade 9 Teachers	29.57	30.97	1.4
Grade 10 Teachers	29.86	28.79	-1.07
Grade 11 Teachers	24.29	29.56	5.27
Grade 12 Teachers	26.65	27.08	0.43
Secondary English Teachers	1.35	1.43	0.08
Elementary Resource Teachers	25.34	26.87	1.53
Instructional Technology Elementary Teachers	5.07	5.37	0.3
Instructional Technology Secondary Teachers	2.87	3.04	0.17
Total Instructional Funded Positions	448.48	473.94	25.46
SOQ Instructional Funded Positions - Part of Special Education			
Special Education Aides	10.71	9.17	-1.54
Special Education Elementary Teachers	51.2	52.74	1.54
Special Education Secondary Teachers	36.78	40.55	3.77
SOQ Instructional Funded Positions - Part of Vocational Education			
Vocational Education Teachers	7.16	13.3	6.14
SOQ Instructional Funded Positions - Part of Prevention, Intervention & Remediation			

PIR Elementary Teachers	27.2		32.47		5.27
PIR Secondary Teachers	15.38		18.36		2.98
SOQ Instructional Funded Positions - Part of Gifted Education					
Gifted Education Elementary Teachers	5.07		5.37		0.3
Gifted Education Secondary Teachers	2.87		3.04		0.17
Total Instructional Funded Positions	**604.85**		**648.94**		**44.09**
Total Position By Funding Source		**%**		**%**	
SOQ funded positions	604.85	40.6%	648.94	41.6%	44.09
Local funded positions	886.35	59.4%	911.85	58.4%	25.50
Tota funded Positions	**1,491.20**	**100.0%**	**1,560.79**	**100.0%**	**69.59**

Lynchburg City Schools
FY2016-17 Budgeted State Funding
As of March 17, 2016

	Amended Governor's Proposed Budget March 16, 2016 FY2016-17	Approved Budget FY2015-16	Increase\(Decrease) Amount	Percent
ADM	**8051.2**	**8310.15**	**(259.0)**	**-3.12%**
Standards of Quality Programs:				
Basic Aid	$21,878,492	$22,130,823	$ (252,331)	-1.14%
Sale Tax	10,837,193	10,248,262	588,931	5.75%
Textbooks	93,648	165,649	(72,001)	-43.47%
Vocational education	405,161	231,089	174,072	75.33%
Gifted education	246,173	246,845	(672)	-0.27%
Special education	2,841,252	2,862,348	(21,096)	-0.74%
Prevention, Intervention, & Remediation	1,492,427	1,323,508	168,919	12.76%
VRS Retirement	3,015,625	2,846,592	169,033	5.94%
Social Security	1,461,655	1,439,052	22,603	1.57%
Group life	97,444	89,284	8,160	9.14%
English as a Second Language	156,955	-	156,955	100.00%
Remedial Summer school	161,164	105,619	55,545	52.59%
Total SOQ Accounts	**$42,687,189**	**$41,689,071**	**$ 998,118**	**2.39%**
Incentive Programs				
Compensation Supplement	360,828	399,315	(38,487)	100.00%
At-Risk	-	-	-	100.00%
Additional Instructional Positions	-	-	-	100.00%
Early Reading Specialist Initiative	41,476	38,807	2,669	6.88%
Math/Reading Instructional Specialists	42,665	40,624	2,041	5.02%
Total Incentive Programs	**444,969**	**478,746**	**(33,777)**	**-7.06%**

Categorical Programs				
Adult Education	-	-	-	0.00%
Sped Ed - Homebound	107,771	102,053	5,718	5.60%
Total Categorical Programs	**107,771**	**102,053**	**5,718**	**5.60%**
Lottery-Funded Programs				
Foster Care	74,203	132,031	(57,828)	-43.80%
At-Risk	1,502,539	1,474,228	28,311	1.92%
VA Preschool Initiative	944,193	1,221,024	(276,831)	-22.67%
Early Reading Intervention	185,114	188,365	(3,251)	-1.73%
K-3 Primary Class Size	1,956,675	1,705,555	251,120	14.72%
SOL Algebra Readiness	141,003	137,583	3,420	2.49%
Special Ed - Regional Tuition	814,113	739,236	74,877	10.13%
Career & Tech Education	52,654	48,230	4,424	9.17%
Supplemental Lottery Per Pupil Allocation	268,842	148,706	120,136	100.00%
English as a Second Language	-	339,700	(339,700)	-100.00%
Textbooks	469,371	-	469,371	100.00%
Total Lottery-Funded Programs	**6,408,707**	**6,134,658**	**274,049**	**4.47%**
Operating Funds Total - Fund 1	**$49,648,636**	**$48,404,528**	**$ 1,244,108**	**2.57%**
Grant -Fund 5				
Technology - VPSA (Ed Tech)	808,800	806,800	2,000	0.25%
Sped Ed - Jails	216,050	212,141	3,909	1.84%
Sped Ed - State Operated Programs	900,658	910,397	(9,739)	-1.07%
ISAEP (GED funding)	23,576	23,576	-	0.00%
Mentor Teacher	12,424	12,424	-	0.00%
Alternative Education	312,671	295,967	16,704	5.64%
Grant Funds Total- Fund 5	**$2,274,179**	**$2,261,305**	**12,874**	**0.57%**
School Nutrition - Fund 3				
School Breakfast	46,095	30,422	15,673	51.52%
School Lunch	44,579	45,624	(1,045)	-2.29%
Breakfast After the Bell Initiative	-	5,575	(5,575)	100.00%

School Nutrition Total - Fund 3	**$90,674**	**$81,621**	**$9,053**	**11.09%**
Governor's School - Fund 8				
Academic Year Governor's School	**$416,926**	**$346,227**	**$70,699**	**20.42%**
TOTAL STATE FUNDS	**$52,430,414**	**$51,093,680**	**$ 1,336,734**	**2.62%**

LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **March 22, 2016** AGENDA ITEM NO.: 2

CONSENT: REGULAR: WORK SESSION: **X** CLOSED SESSION: (Confidential)

ACTION: **X** INFORMATION:

ITEM TITLE: **Department of Water Resources FY 2017 Rate Study and Annual Report**

RECOMMENDATION: Proceed to a public hearing regarding the rate recommendations contained within the Department of Water Resources FY 2017 Rate Study and Annual Report.

SUMMARY: The Department of Water Resources staff will present an overview of the FY 2017 Rate Study and Annual Report which includes information on the following:

- Drinking Water, Wastewater and Stormwater Overview,
- Financial Overview including: Revenues and expenditures by fund and division, rate analysis and comparisons,
- Water, Sewer, and Stormwater Projections,
- Statistical data.

The utility rate strategy developed for this year continues with the guiding principles of:

- Minimize the impact of rate adjustments on residential and other small customers.
- Ensure necessary funding is provided for increases in operating and debt service costs.
- Ensure compliance with the Special Order for Combined Sewer Overflow (CSO).
- Ensure compliance with adopted Fund Balance and Debt Management Financial Policies.
- Provide an equitable distribution of costs based on actual services provided.

The proposed increases include increasing the water volume charge by 4.9% from $2.43 per hcf to $2.55 per hcf and increasing the sewer volume charge by 3.3% from $5.83 per hcf to $6.02 per hcf. This will result in an increase to a typical residential utility bill by $2.17 per month or an overall increase in the water and sewer bill of approximately 3.3%. The actual percent increase will vary depending upon actual consumption. In addition to the sewer volume rate the only other proposed increase is for the sewer only rate from $47.18 per month to $48.51 per month (2.8%). Currently, City of Lynchburg customers' water and sewer bills are $8.28 per month less than the statewide average. There are also recommended increases in various other fees. No increase in the stormwater rate is needed at this time.

PRIOR ACTION(S): None

FISCAL IMPACT: Increase the revenues in the Water and Sewer Enterprise Fund to meet existing operating and capital needs, and meet financial targets.

CONTACT(S):
Tim Mitchell, Director of Water Resources, 455-4252
Greg Poff, Assistant Director of Water Resources, 455-4249
John Rosser, Financial Professional IV, 455-4445

ATTACHMENT(S): Attachment 1 - Department of Water Resources FY 2017 Rate Study and Annual Report
Attachment 2 – FY 2015 Rate Study and Annual Report Presentation

REVIEWED BY: lkp

039K

LYNCHBURG
WATER
RESOURCES

FY 2017 Rate Study & Annual Report

LYNCHBURG
WATER
RESOURCES

Our Job is Clear!

Overview

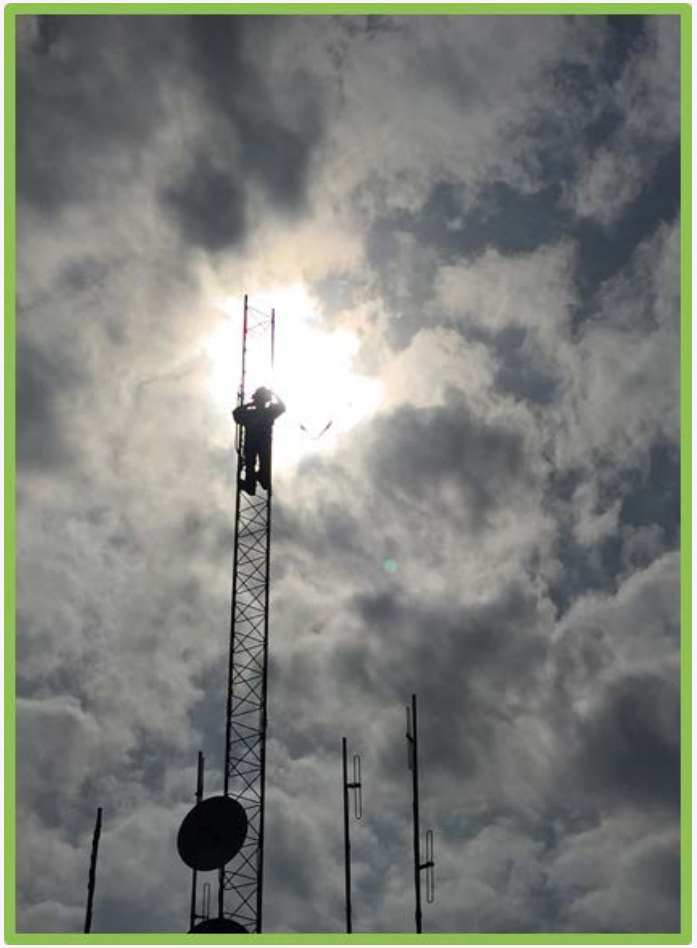
Our Purpose

- Provide Clean, Safe Water!
- Protect Our Resources!
- Provide Excellent Customer Service!
- Promote Economic Development!
- Plan for Future Generations!

Overview

Key Components Needed

- Excellent Water Sources.
- Adequate Infrastructure – Through Planning, Vision, and Innovation.
- Great Employees – Technical Ability, Dedication, and Desire.



Overview

Challenges

- Increasing Regulation.
- More Infrastructure.
- Aging Infrastructure.
- Higher Customer Expectations.

Overview

Strategic Planning

- Currently being developed by our employees.
- New Mission, Vision, and Values.
- New Logo and Slogan
- Six Focus Areas:
  - Workforce
  - Fiscal Responsibility
  - Infrastructure
  - Customer Service
  - Environment
  - Technology

Strategic Planning

Our Mission

"To provide excellent water, wastewater, and stormwater services that promote the health, prosperity, and environmental stewardship of the community!"

We revised to add "environmental stewardship" to better reflect the breadth of Water Resources' mission.

Strategic Planning

Our Vision

"Lynchburg Water Resources will be the innovative leader in providing valued water services!"

Innovation has been a key to our past success and essential for our future. It is also important that our services are not taken for granted and that the true value of having safe, clean and reliable water appropriately recognized.

Strategic Planning

Our Values

Our Values are "CLEAR!"

"CLEAR" will be used as an acronym for the department's values.

Our Values Are Clear:

- Customer Service
- Leadership
- Environmental Stewardship
- Accountability
- Respect

Strategic Planning

Our Logo and Slogan

LYNCHBURG WATER RESOURCES

New logo has been modernized and an environmental theme added while keeping with the traditional look of the City logo.

Our Job is Clear!

Our slogan reflects what we do while focusing our employees on their role of providing excellent water services.

Water Treatment

Last Year in WT

Gallons Treated
3,785,000,000

Water Quality Tests
133,120

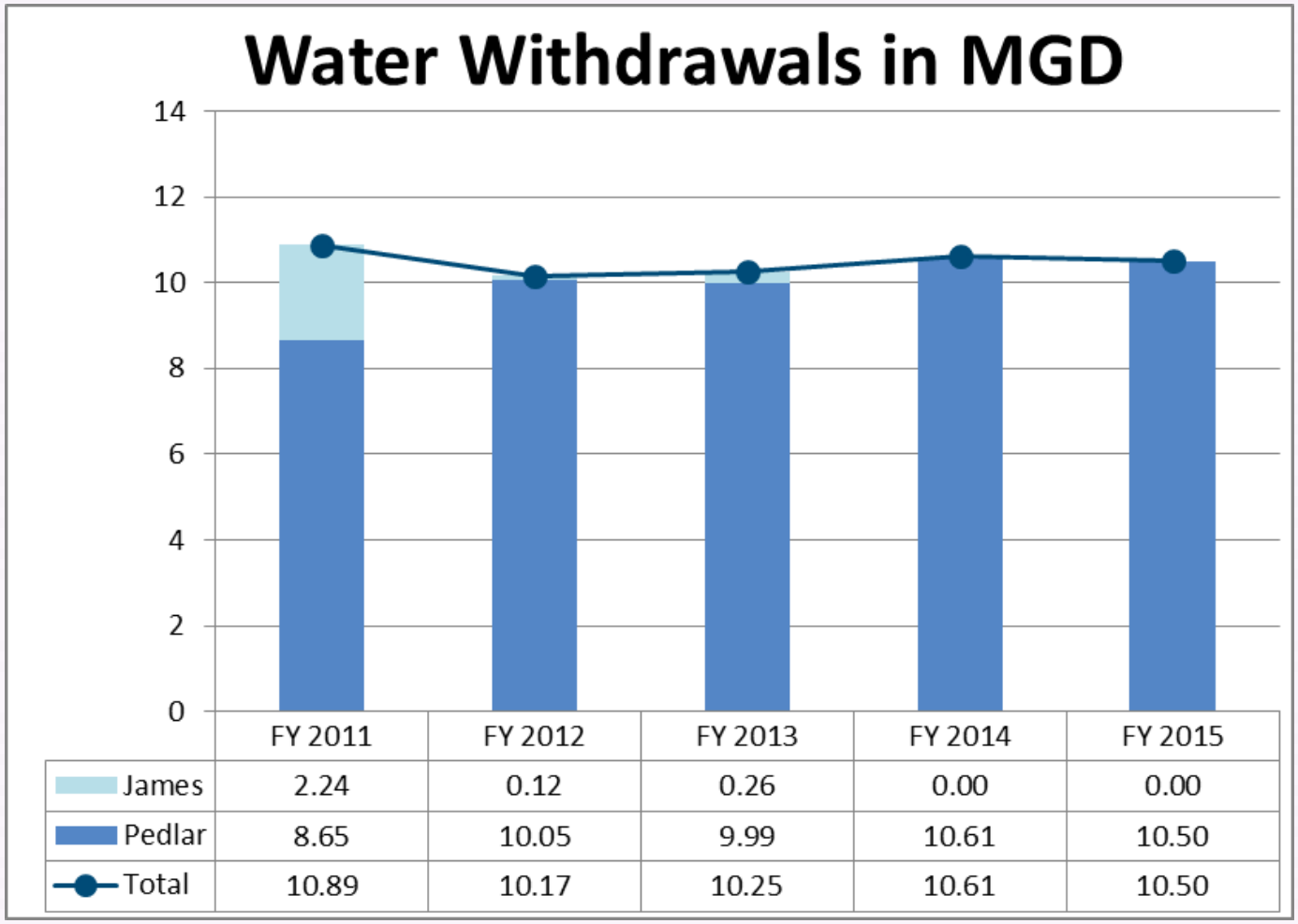
Time in Compliance
100%

Potential Contaminants Tested
70

Water Quality Reports Distributed
20,000+

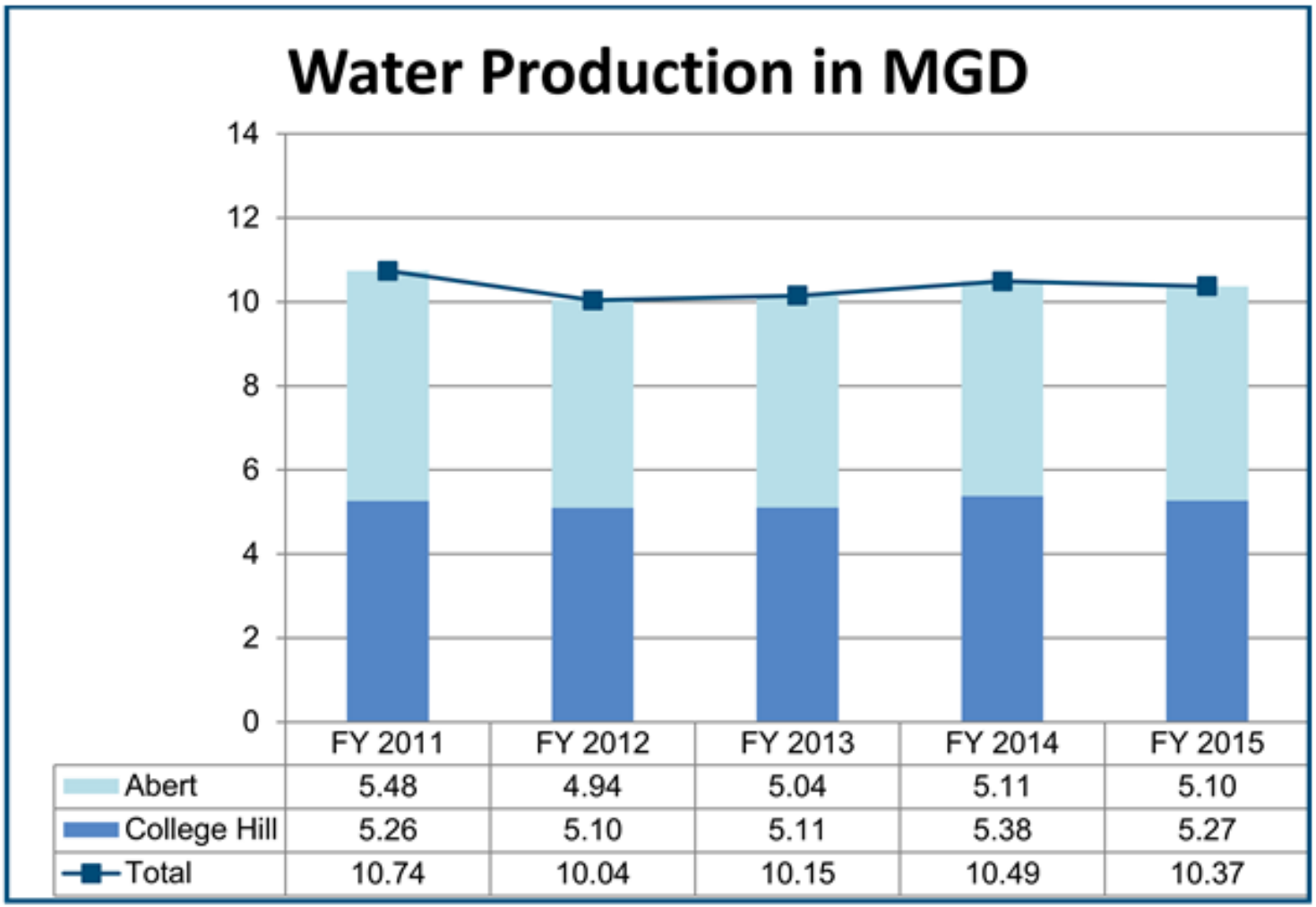
Hours of Operation
Never Closed

Water Treatment



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
James	2.24	0.12	0.26	0.00	0.00
Pedlar	8.65	10.05	9.99	10.61	10.50
Total	10.89	10.17	10.25	10.61	10.50

Water Treatment



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Abert	5.48	4.94	5.04	5.11	5.10
College Hill	5.26	5.10	5.11	5.38	5.27
Total	10.74	10.04	10.15	10.49	10.37

Water Line Maintenance

Last Year in WLM

Total Feet of Water Line
2,420,189

Number of Water Valves
9,229

Number of Fire Hydrants/Maintained
3,084/5,643

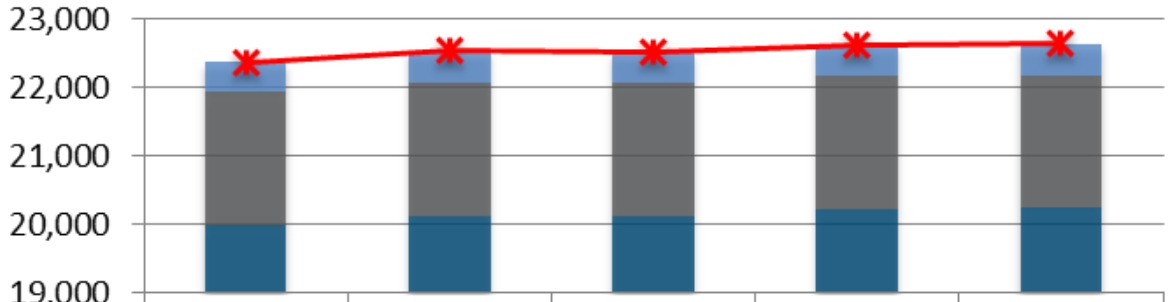
Water Main Breaks Repaired
69

Water Services Installed
79

Emergency Response
Whenever Needed

Water Line Maintenance

Number of Water Customers



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Other	436	476	452	460	456
Business	1,945	1,942	1,925	1,928	1,927
Domestic	19,993	20,126	20,140	20,240	20,257
Total	22,374	22,544	22,517	22,628	22,640

Wastewater Treatment

Last Year at LRWWTP

Employees
37

Gallons Treated
4,136,910,000

Tons of Solids Removed
24,000+

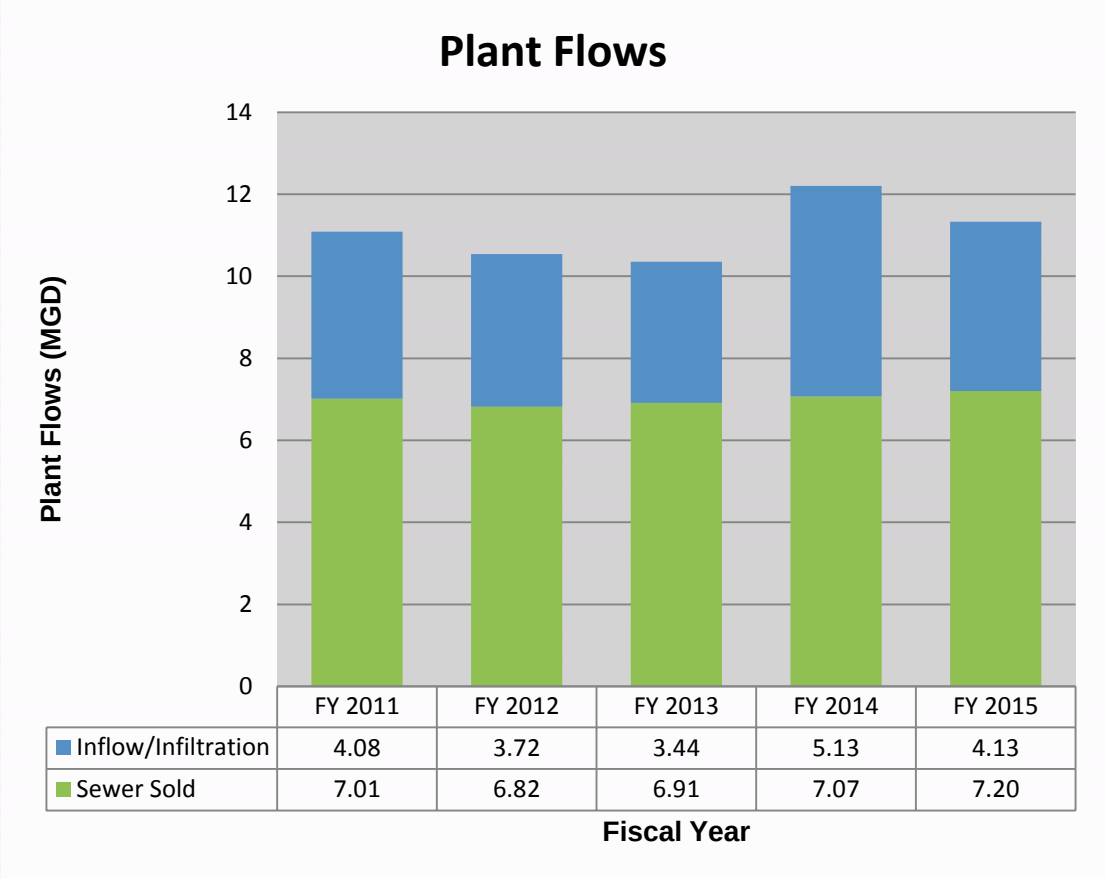
Nitrogen Credits Sold (lbs.)
186,965

Phosphorous Credits Sold (lbs.)
13,411

Water Quality Tests Performed
25,000+

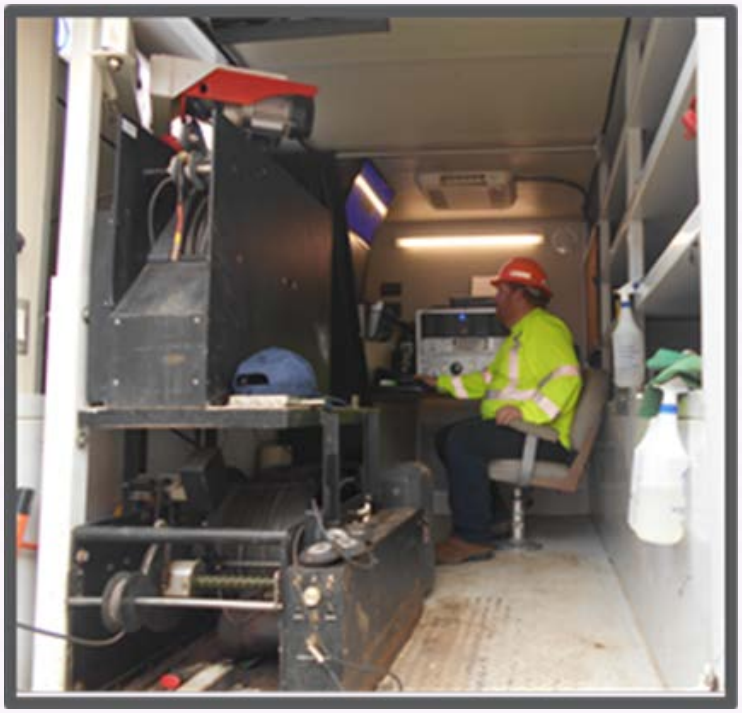
Hours of Operation
ALWAYS

Wastewater Treatment



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Inflow/Infiltration	4.08	3.72	3.44	5.13	4.13
Sewer Sold	7.01	6.82	6.91	7.07	7.20

Sewerline Maintenance



Last Year in SLM

Total Feet of Sewer
2,338,900

Feet of Off-Road Sewer
1,071,183

Number of Manholes
12,527

Feet of Sewer Cleaned
662,418

Feet of Sewer Televised
190,364

Emergency Response
24/7

Stormwater

Stormwater Facts

MS4 Acres

9,000

Storm Inlets

10,836

Feet of Pipe

810,180

Public BMPs Maintained

100

Private BMPs

563

Illicit Discharges Investigated

59

Tons of Pollutants Removed

A LOT

Infrastructure

Infrastructure

Water Distribution

- Goal – Renew/Replace 1% of water system per year (approximately 4.5 miles)
- Average last 5 years = 2.45 miles annually
- At that pace it will take 200 years to renew the system
- Last year we replaced 14,861 ft. (2.8 miles)

Infrastructure

Recent Water Line Projects

- Dearington Utility Improvements – 1,600 l.f. Water Line
- Princeton Circle Utility Improvements – 1,800 l.f. Water Line
- Blue Ridge Farms Phase 2 – 7,800 l.f. Water Line
- Federal Street – 2,900 l.f. Water Line
- Total Water CIP Spending Last Year = $4.37 million

Infrastructure

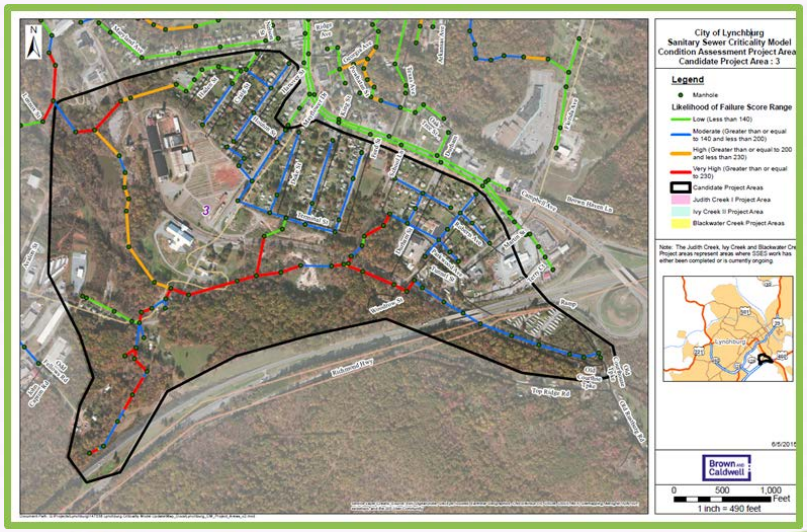
Recent Sewer Projects

- Princeton Circle Utility Improvements – 2,000 l.f. Sewer Line
- Blue Ridge Farms Phase 2 – 3,500 l.f. Sewer Line
- James River Interceptor – Division 3B 1,800 l.f. of 72” Sewer plus 2,300 l.f. of smaller sewer and storm lines.
  - Last division of 7.25 mile, $75,000,000 project.
- Total Sewer CIP Spending Last Year = $5.75 million

Infrastructure

Upcoming Significant Projects

- WWTP CSO – Increases Wet Weather Capacity from 44 mgd to 76 mgd, currently in Preliminary Engineering Report Phase – Construction start January, 2018.
- WWTP Control Building/Lab – Construction start this Fall.
- Burton Creek Interceptor - Construction start this Summer.
- Downtown Utility and Streetscape – Construction start in April.
- SSES – Ongoing.



Financial

Water Fund Budget - Revenues

	2015 ACTUAL	2016 ADOPTED BUDGET	2017 PROPOSED BUDGET	INCREASE / DECREASE
REVENUES:				
Water Sales - Inside City	$7,575,567	$7,533,000	$7,905,000	$372,000
General Fund Hydrant Rental	879,498	879,498	845,191	($34,307)
Cut-on/Late Charges	109,118	100,000	100,000	$0
Delinquent Account Fees	95,142	85,000	87,000	$2,000
Fire Protection Fees	109,963	103,200	105,000	$1,800
Connection Fees	107,111	50,000	50,000	$0
Availability Fees	116,380	60,000	60,000	$0
Account Charges	1,246,662	1,244,400	1,245,500	$1,100
Water Cost Plus	41,134	30,000	30,000	$0
Sewer & Stormwater Fund Charges	1,630,000	1,754,000	1,815,000	$61,000
All Other Charges	15,789	17,700	16,200	($1,500)
Water contracts - Counties	2,156,605	2,113,440	1,613,440	($500,000)
Water contracts - Industrial	623,635	569,800	600,000	$30,200
Interest and other	264,190	268,231	263,119	($5,112)
	$14,970,794	**$14,808,269**	**$14,735,450**	**($72,819)**

- $72,819 Net Revenue Decrease
- $372,000 Increase – (4.9% rate increase)
- $500,000 Decrease – (Bedford County)

Financial

Water Fund Budget - Expenses

	2015 ACTUAL	2016 ADOPTED BUDGET	2017 PROPOSED BUDGET	INCREASE / DECREASE
EXPENSES:				
Salaries	$3,215,180	$3,473,450	$3,547,761	$ 74,311
Employee Benefits	1,236,750	1,367,385	1,364,996	(2,389)
Contractual Services	699,054	665,845	736,432	70,587
Chemicals	263,214	450,500	457,000	6,500
Telecommunications	32,072	34,625	37,075	2,450
Utilities-Water Treatment Plant	651,954	754,990	742,653	(12,337)
Supplies and Materials	947,997	1,117,600	1,143,725	26,125
Indirect Costs	1,099,940	845,105	781,224	(63,881)
Self-Insurance	146,529	162,329	162,329	0
All Other	397,332	453,966	472,558	18,592
Non-departmental	(73,427)	247,451	263,925	16,474
Capital Outlay	0	30,000	131,000	101,000
Transfers - Capital	800,000	1,250,000	1,750,000	500,000
Debt service	4,316,153	4,316,541	4,382,244	65,703
	$13,732,748	**$15,169,787**	**$15,972,922**	**$ 803,135**

- $803,135 Expense Increase
- $74,311 for Valve Maintenance Crew
- $666,703 Increase in Capital Outlay, Pay-Go, Debt Service

Financial

Sewer Fund Budget - Revenues

	2015 ACTUAL	2016 ADOPTED BUDGET	2017 PROPOSED BUDGET	INCREASE / DECREASE
REVENUES:				
Sewer Sales - Inside City	$14,652,659	$15,286,260	$15,531,600	$245,340
Septic Hauler Charges	484,345	500,000	650,000	150,000
College Hill Backwash Charge	130,534	134,450	111,653	(22,797)
Leachate Treatment	70,102	72,206	96,430	24,224
Industrial Pre-treatment	4,547	4,635	5,665	1,030
Industrial Monitoring Charges	47,291	36,050	56,650	20,600
Industrial Surcharges	346,765	327,540	437,750	110,210
Cut-on & Penalty Charges	97,259	98,880	98,000	(880)
Connection charges	83,008	75,000	75,000	0
Availability Fees	144,793	100,000	100,000	0
Account Charges	1,271,981	1,270,800	1,271,980	1,180
Sewer Cost Plus	8,750	12,000	12,000	0
Miscellaneous	147,790	139,635	13,000	(126,635)
Sewer contracts - Counties	1,056,461	1,208,695	1,365,950	157,255
Sewer contracts - Industrial	2,235,151	2,068,072	2,269,500	201,428
Interest and other	115,764	126,727	105,836	(20,891)
	$20,897,200	**$21,460,950**	**$22,201,014**	**$740,064**

- $740,064 Net Revenue Increase
- $245,340 Increase Associated with 3.3% Rate Increase
- $150,000 Septage Haulers
- $110,210 Industrial Surcharges
- $358,683 Industrial and County Contracts

Financial

Sewer Fund Budget - Expenses

	2015 ACTUAL	2016 ADOPTED BUDGET	2017 PROPOSED BUDGET	INCREASE / DECREASE
EXPENSES:				
Salaries	$2,145,409	$2,300,398	$2,428,240	$127,842
Employee Benefits	841,199	906,120	941,909	35,789
Chemicals-WWTP	653,164	655,000	855,000	200,000
Communication Charges	14,351	14,700	17,700	3,000
Utilities-Wastewater Treatment Plant	815,806	832,300	838,300	6,000
Natural Gas	61,745	95,000	95,000	0
Sludge Disposal	543,363	553,700	453,700	(100,000)
Contractual Services	1,143,748	1,392,477	1,691,328	298,851
Supplies and Materials	672,847	638,700	658,775	20,075
Indirect Costs	1,110,474	774,329	761,963	(12,366)
Self-Insurance	200,727	213,027	213,027	0
Admin/Overhead Payments to Water Fund	1,160,000	1,182,000	1,200,000	18,000
All Other	250,703	383,357	484,086	100,729
Non-departmental	(33,098)	288,522	305,750	17,228
Capital Outlay	0	265,000	647,000	382,000
Transfers - Capital	2,925,000	1,500,000	1,300,000	(200,000)
Debt service	9,145,226	9,370,351	9,432,752	62,401
	$21,650,664	**$21,364,981**	**$22,324,530**	**$959,549**

- $959,549 Expense Increase
- $163,631 Salaries & Benefits – Sewer Cleaning Crew, Industrial Pretreatment/FOG Technician
- $200,000 Chemicals - Sludge
- $298,851 Contractual Services - Sludge
- $382,000 Capital Outlay – Equipment
- $200,000 Decrease in Pay-Go

Financial

Stormwater Fund Budget - Revenues

	2015 ACTUAL	2016 ADOPTED BUDGET	2017 PROPOSED BUDGET	INCREASE / DECREASE
REVENUES:				
Charges for services	$3,136,296	3,149,400	$3,149,400	$0
Miscellaneous	132,542	57,278	42,500	($14,778)
Transfers	275,000	275,000	275,000	$0
	$3,543,838	**$3,481,678**	**$3,466,900**	**($14,778)**

- $14,778 Decrease – State Reimbursement

Financial

Stormwater Fund Budget - Expenses

	2015 ACTUAL	2016 ADOPTED BUDGET	2017 PROPOSED BUDGET	INCREASE / DECREASE
EXPENSES:				
Salaries	$253,184	$289,953	$374,067	$84,114
Employee Benefits	113,498	122,492	153,601	$31,109
Contractual Services	47,488	157,087	225,325	$68,238
Internal Service Charges	116,626	108,540	139,592	$31,052
Other Charges	1,465,523	1,804,508	1,448,606	($355,902)
Rentals and Leases	499	500	750	$250
Capital Outlay	0	29,000	32,000	$3,000
Non-departmental	12,207	32,425	42,150	$9,725
Transfers - Capital	1,050,000	1,150,000	1,175,000	$25,000
Transfers - Sewer Operating and Fleet	162,676	126,734	0	($126,734)
Debt service	0	0	0	$0
	$3.221.701	**$3.821.239**	**$3.591.091**	**($230.148)**

- $230,148 Expense Decrease
- $115,223 Increase in Salaries & Benefits reflecting new BMP Inspector and moving Utility Line Tech from the Sewer Fund
- $355,902 Decrease in Other Charges reflecting reductions in Indirect Cost allocations to the General Fund
- $126,734 Decrease in Sewer Fund Transfer

Financial

Rate Analysis – Water Volume Rate

- Current Rate = $2.43 per Hundred Cubic Feet (hcf) or 748 gallons
- Proposed Rate = $2.55 per hcf
- Percent Increase = 4.9%
- Primary Driver - $400,000 loss of revenue from Bedford County in FY 2017 and $1,000,000 loss of revenue every year thereafter
- Unrestricted Cash Balance will be 49% in FY 2017 to help mitigate revenue loss – drops in following years
- Debt Coverage Ratio will be 1.17 in FY 2017 and FY 2018 – increases in following years
- Results in an $0.88 increase per month for household using 7 hcf

Financial

Rate Analysis – Sewer Volume Rate

- Current Rate = $5.83 per hcf
- Proposed Rate = $6.02 per hcf
- Percent Increase = 3.3%
- Primary Driver – Regulatory Compliance with Sewer System Maintenance and Sanitary Sewer Overflow reductions
- Unrestricted Cash Balance will be 25% in FY 2017
- Debt Coverage Ratio will be 1.20 in FY 2017
- Results in an $1.33 increase per month for household using 7 hcf

Financial

Rate Analysis – Industrial Surcharges

BOD / TSS Cost Comparisons

	Current Rate	Cost Rate	% Difference
BOD charge / 100 lbs.	$23.52	$32.34	37.5%
TSS charge / 100 lbs.	$26.60	$28.13	5.8%

- Cost of Service Study Performed
- BOD Rate 37.5% less than actual cost
- TSS Rate 5.8% less than actual cost
- State Average BOD Rate = $30.00
- State Average TSS Rate = $31.00
- Recommend Increasing by 4% per year until rates equal cost of service

Financial

Rate Analysis – Industrial Surcharges

	Existing Charge / Fee	Current Cost	Proposed Charge / Fee	% Change
Industrial Pretreatment				
Annual permit	$220.00	-	$220.00	0%
Permit modification	50.00	-	50.00	0%
1 day sample	275.00	596.85	289.00	5%
3 day sample	462.00	1,315.60	485.00	5%
3 day sample – metal finishers	1,430.00	3,042.90	1,502.00	5%
3 day – pharmaceuticals	2,035.00	2,580.60	2,137.00	5%
3 day – other	825.00	1,603.10	866.00	5%
4 day – electroplating	1,595.00	3,042.90	1,675.00	5%
7 day	880.00	2,704.80	924.00	5%

- Annual revenues = $45,000
- Annual cost to administer = $100,000 (122% higher than revenues)
- Program includes 100 one day sampling events, 200 multiple day sampling events, 180 conventional tests, outsource metals and organic testing
- Recommend increasing charges by 5%

Financial

Rate Analysis – Truck Hauled Waste

Trucked Hauled Waste Cost of Service Charge

	Lbs.	Rate / lb.	Charge
BOD	155	$.3234	$50.13
TSS	730	$.2813	205.35
Total for a 2,500 gallon truck load			$255.48
Charge for each additional 500 gallons			**$51.10**

- Current Rate = $204.90 for 2,500 gallons, $34.74 each additional 500 gallons
- Additional study needed
- No increase recommended at this time

Financial

Rate Analysis – Fire Protection

	Equivalency Factor	Calculated Rate	Current Rate	% Difference
Fire hydrants	1.0	$23.01	$19.79	16%
8” private fire lines	1.0	23.01	19.79	16%
10” private fire lines	1.8	41.42	35.53	17%
12” private fire lines	2.9	66.73	56.38	18%

- Annual cost to provide service = $974,000 based on ISO standards
- Table shows costs of service rates
- Recommend increasing by 4% per year until rate equals cost of service

Financial

Rate Analysis – Water and Sewer Connection Fees

- Water Connection Fee Cost = $1,525
- Current Fee = $1,045
- Virginia Average = $2,084
- Sewer Connection Fee Cost = $1,600
- Current Fee = $1,210
- Virginia Average = $2,765
- Recommend Increasing by 10%

Financial

Rate Analysis – Proposed Rate Summary

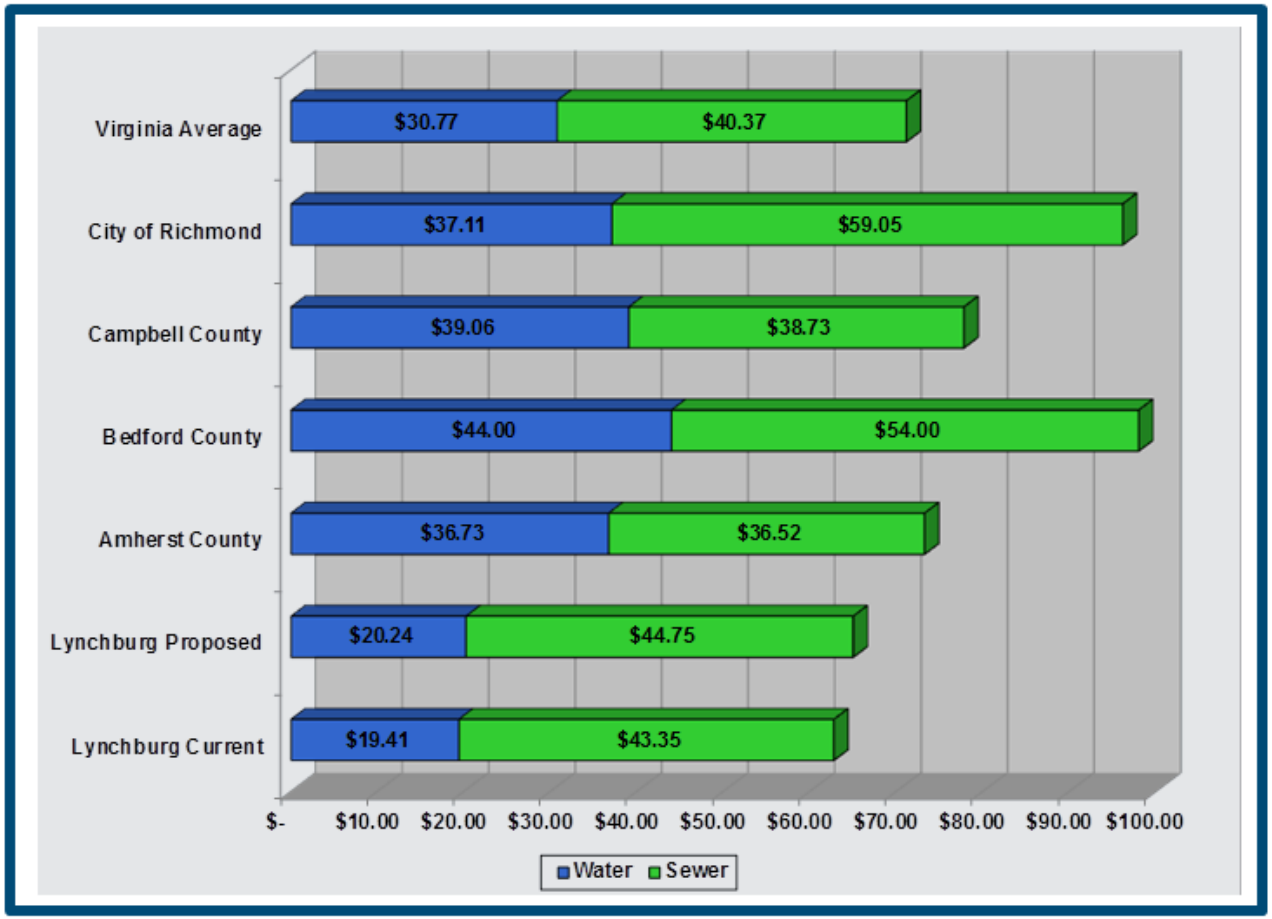
	Current FY2016	Proposed FY 2017	% Increase
Water			
Volume charge / hcf	$2.43	$2.55	**4.9%**
Sewer			
Volume charge / hcf	$5.83	$6.02	**3.3%**
BOD charge / 100 lbs	23.52	24.46	**4.0%**
TSS charge / 100 lbs.	26.60	27.66	**4.0%**
Septic hauler charge	204.90	204.90	**0%**
Industrial permit fee	varies	varies	**0%**
Sewer only	47.18	48.51	**2.8%**
Stormwater			
Rater per sfu per month	$4.00	$4.00	**0%**
Fire Protection			
Hydrants & 8" or smaller fire lines	$19.79	$20.58	**4.0%**
10" fire lines	35.53	36.95	**4.0%**
12" fire lines	56.38	58.64	**4.0%**

	Current FY2016	Proposed FY 2017	% Increase
Availability Fees			
Water	$1220.00	$1220.00	**0%**
Sewer	1950.00	1950.00	**0%**
Water Connection Fees			
¾" & 5/8" meters	$1,045.00	$1,150.00	**10%**
1" service – 5/8' meter	1,100.00	1,210.00	**10%**
1" service – 1" meter	1,265.00	1,400.00	**10%**
Greater than 1"- minimum	1,265.00	1,400.00	**10%**
Sewer Connection Fees			
4" sewer line	$1,210.00	$1,330.00	**10%**
Greater than 4"- minimum	1,320.00	1,450.00	**10%**
Other Charges			
Monthly Service Charge	Next Page	Next Page	**Next Page**
Cut-on charge	15.00	15.00	**0%**
Cut-off charge	25.00	25.00	**0%**
Delinquent account fee	5%	5%	**0%**

*5% Increase in Industrial Sampling Fees Not Shown

Financial

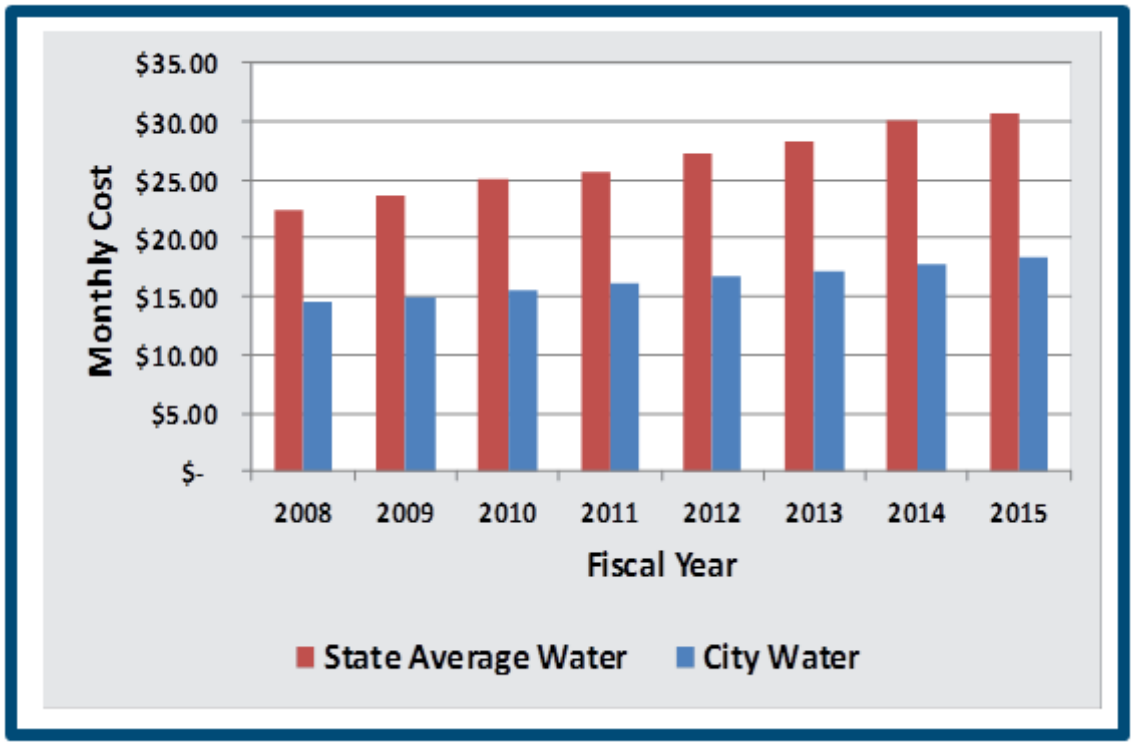
Rate Comparison



Financial

Water Rate Comparison

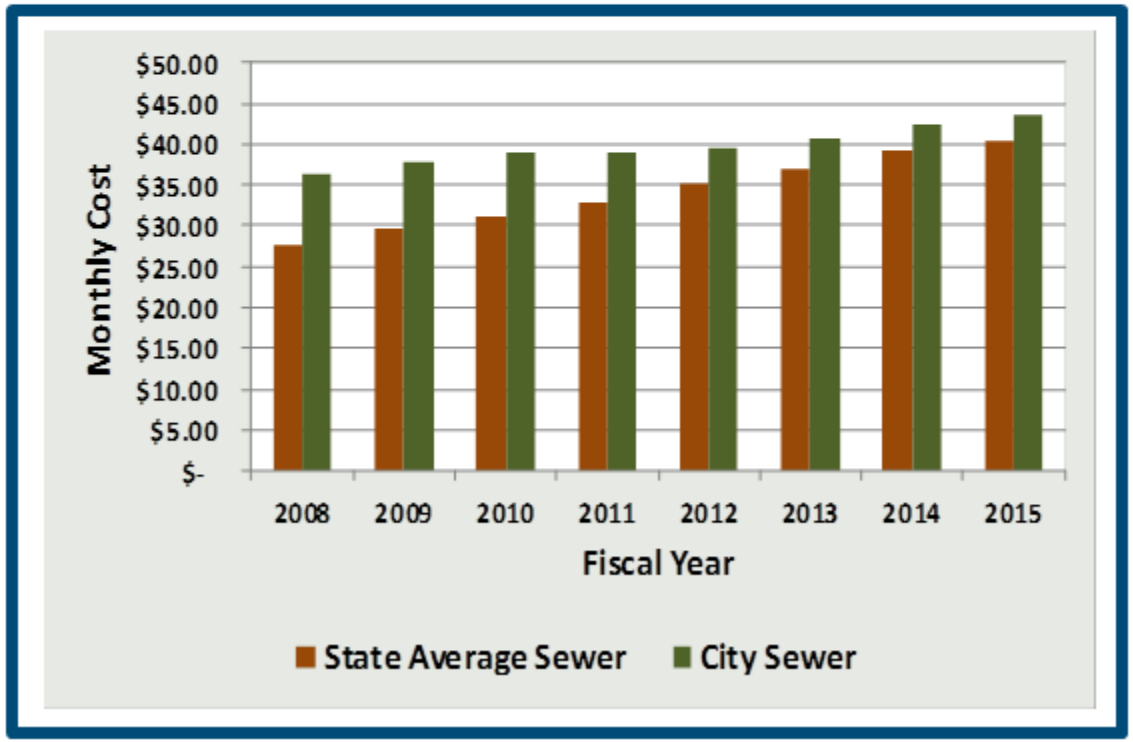
As shown below, the City of Lynchburg's water rate was $11.36 per month less than the statewide average. Last year the state average water rate increase was 2.2% or approximately $0.66 more per month.



Financial

Sewer Rate Comparison

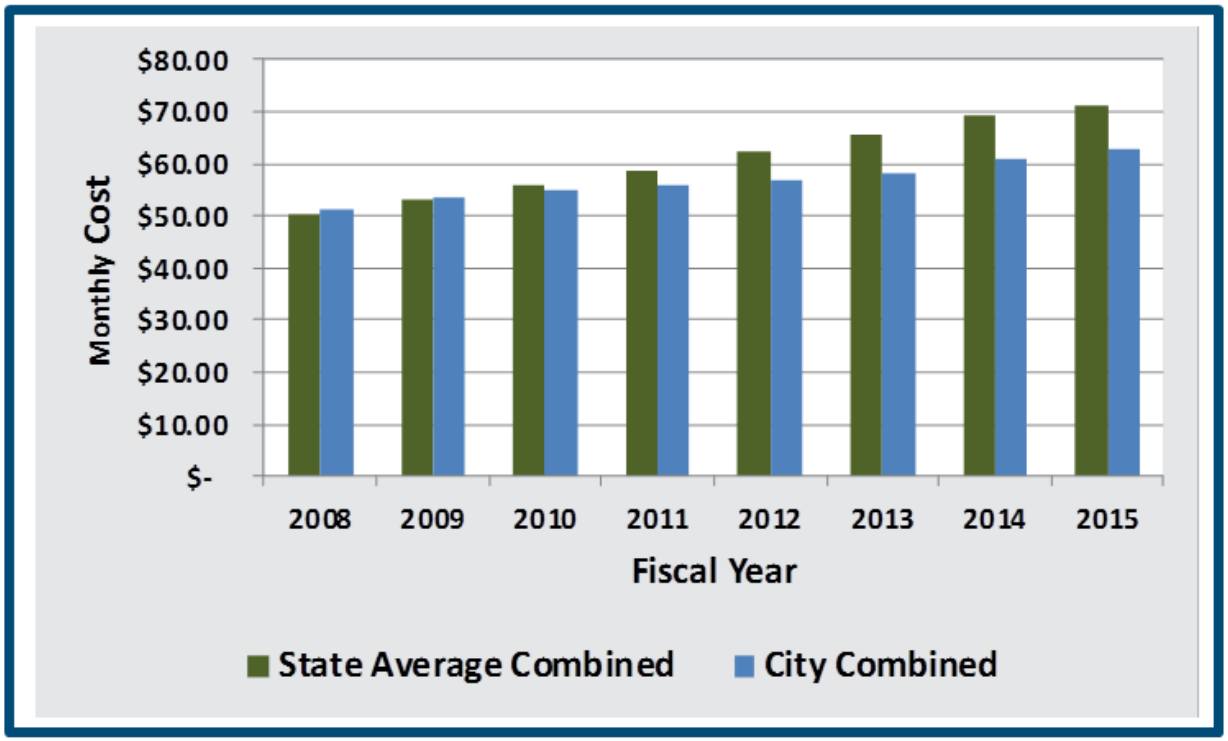
As shown below, the City of Lynchburg's sewer rate is $2.92 per month more than the statewide average. Last year the state average water rate increase was 2.6% or approximately $1.04 more per month.



Financial

Combined Water and Sewer Rates

This is the sixth year that the City of Lynchburg's combined water and sewer rates have been lower than the statewide average. This year the difference in the average monthly bill is $8.28. This gap has been widening every year which illustrates the emphasis we place on keeping rates as low as possible while delivering excellent and valued services.



Financial

Statewide Stormwater Fee Comparisons

VAMSA Stormwater Utility Fee and Sevice District Tax Reference Table

March 1, 2016

Existing Utilities	Phase 1 or 2 MS4 Permit	Avg. Resid. Fee ($/Month)	Annual Utility Fee Revenue ($)	Population (2014)	$ Per Capita (Annual Est.)	Collected Fees Used to Fund O&M	Collected Fees Used to Fund Stormwater CIPs
Town of Blacksburg	2	6.00	1,062,000	44,000	24.14	Yes	Yes
City of Charlottesville	2	4.58	1,900,000	45,600	41.67	No	Yes
City of Chesapeake	1	7.35	15,344,000	231,500	66.28	Yes	Yes
City of Falls Church	2	20.60	1,555,000	13,600	114.34	Yes	Yes
City of Hampton	1	7.83	7,908,000	136,900	57.76	Yes	Yes
City of Harrisonburg	2	5.42	TBD	52,500	TBD	Yes	Yes
City of Hopewell	2	4.00	TBD	22,200	TBD	Yes	Yes
City of Lynchburg	2	4.00	3,121,000	76,500	40.80	Yes	Yes
City of Newport News	1	10.75	18,808,000	185,240	101.53	Yes	Yes
City of Norfolk*	1	10.80	15,609,000	245,400	63.61	Yes	Yes
City of Portsmouth	1	9.25	7,425,000	96,000	77.34	Yes	Yes
City of Richmond	2	3.75	11,200,000	217,900	51.40	Yes	Yes
City of Roanoke	2	5.40	5,637,000	99,400	56.71	Yes	Yes
City of Staunton	2	3.20	981,800	24,500	40.07	Yes	Yes
City of Suffolk	2	6.00	4,051,000	89,600	45.21	Yes	Yes
City of VA Beach	1	12.71	37,143,000	451,000	82.36	Yes	Yes
Isle of Wight County	2	6.00	1,638,000	36,000	45.50	Yes	Yes
Prince William County	1	3.18	7,800,000	450,600	17.31	Yes	Yes
Average		**7.27**			**57.88**		

*Updated to reflect FY '16

Existing Districts	Phase 1 or 2 MS4 Permit	Annual District Revenue ($)	Population (2014)	$ Per Capita (Annual Est.)	Collected Tax Used to Fund O&M	Collected Tax Used to Fund Stormwater CIPs
Fairfax County	1	49,000,000	1,137,500	43.08	Yes	Yes
Arlington County	1	8,570,000	226,908	37.77	Yes	Yes
City of Alexandria	2	1,764,000	150,575	11.72	Yes	Yes

Proposed Utilities	Phase 1 or 2 MS4 Permit	Avg. Resid. Fee ($/Month)	Annual Utility Fee Revenue ($)	Population (2014)	$ Per Capita (Annual Est.)
City of Waynesboro	2	3.42	TBD	21,400	TBD
City of Winchester	2	10.00	TBD	27,500	TBD

Summary

Rate Increases

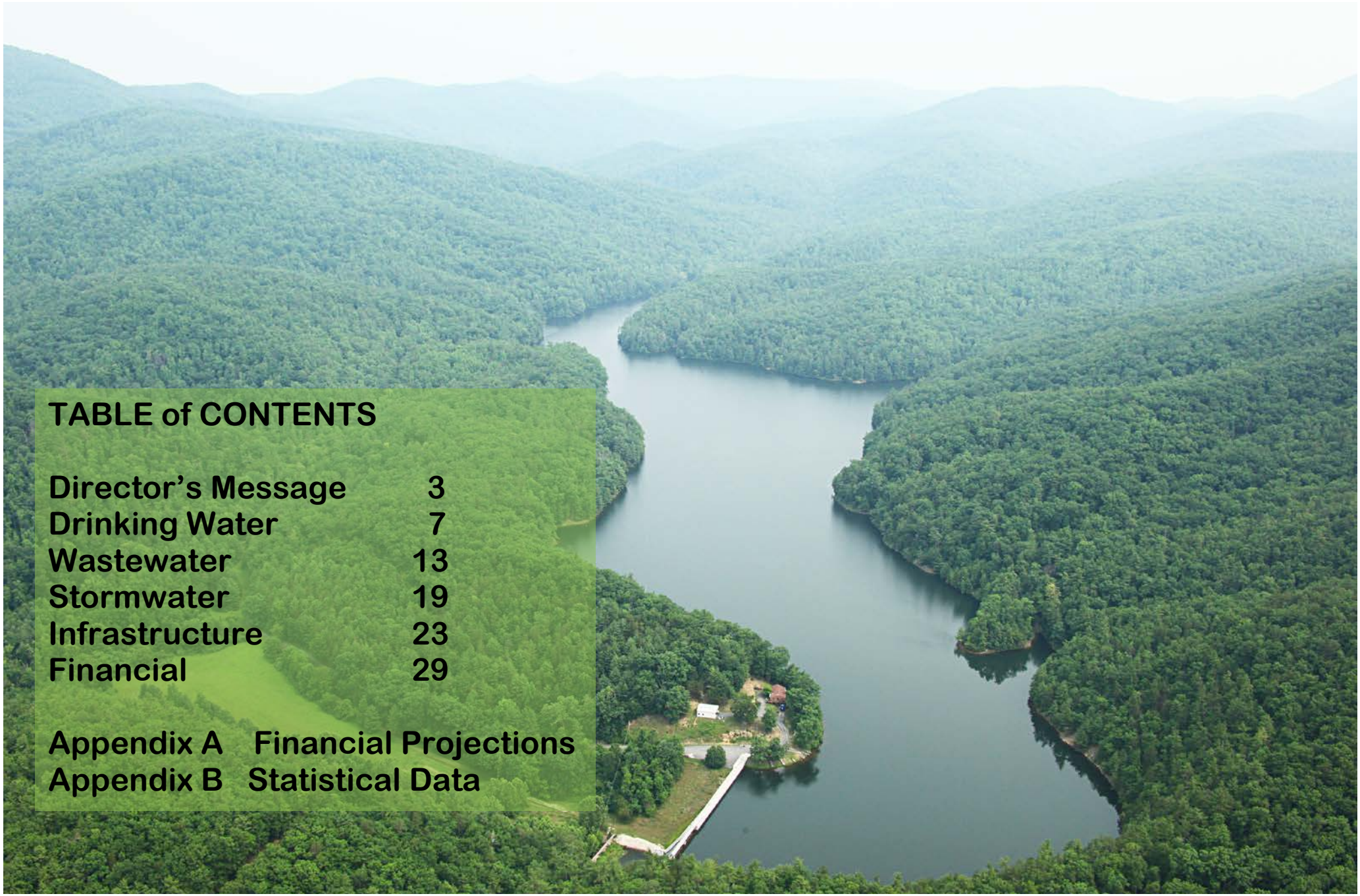
- The water services we provide are essential.
- Recommend a 4.9% water rate increase and a 3.3% sewer rate increase.
- Recommend increasing other fees as discussed.
- Even with proposed increases – Our rates are still well below the State averages.
- Rates need to reflect the true costs of providing services to avoid services being subsidized by those not receiving the particular service.
- Revenues need to be adequate to achieve regulatory compliance, maintain the water infrastructure, and address future needs.

Questions?

FY 2017 Rate Study & Annual Report

LYNCHBURG WATER RESOURCES

Our Mission:
"To provide excellent water, wastewater, and stormwater services that promote the health, prosperity, and environmental stewardship of the community!"



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Appendix B Statistical Data

Director's Message

Recent events in other communities around the country have highlighted the importance of clean, safe, drinking water. We are very fortunate; Lynchburg has a long history of producing and delivering excellent drinking water. In order to do this, three critical components are needed.

The first is to have an excellent water source that is protected from potential contamination. Our primary source, the Pedlar Reservoir, is a very safe and secure water source. Our secondary source, the James River provides an almost unlimited backup during droughts and water emergencies. It also provides essential capacity needed to support economic growth. While also an excellent source, the James is more susceptible to contamination from human activities. Recent events such as the chemical spill in the Elk River in West Virginia, the coal ash spill in the Dan River, and the train derailment here at home constantly remind us of the fragility of these resources and the need to protect them.

The second is infrastructure that is of adequate size and condition. Throughout Lynchburg's history, leaders recognized the importance of water to the health and vitality of the city. They were constantly on the forefront of innovation and technology and as a result they built an efficient and reliable water system. It is imperative that we continue that legacy by adequately renewing our water infrastructure and by anticipating and addressing the needs and challenges of the future. In order to do this effectively, exceptional planning and vision is essential.

Director's Message

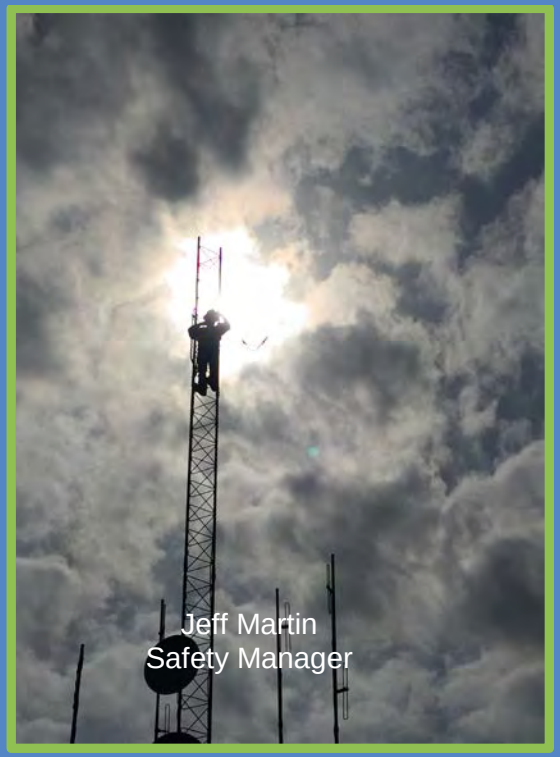
Third and most importantly is to have great employees. Employees not only must have the technical ability to do the work, they must also have the desire and dedication to provide quality service to the community. We must attract and retain the best employees while continuously developing, motivating, and inspiring our workforce. Our employees are the lifeblood of our success. Without their vigilance even the best water system with the best water source is at risk. This is evident by the failures at all levels of government in that created the crisis in Flint, Michigan. We are fortunate that we have a team of highly qualified individuals dedicated to ensuring our drinking water is safe, protecting our natural resources, and serving the citizens of Lynchburg.

Each year our job becomes increasingly more challenging not only for drinking water but wastewater and stormwater as well. More miles of pipe are added to the system, more regulations are enacted, higher citizen expectations to meet, all while striving to keep our utility rates affordable and maintain the public's confidence. In order to meet these challenges and adjust to an ever changing environment it became apparent that we needed to establish clear priorities, focus our energy and resources, and ensure that our employees are working towards common goals. To that end, we are in the process of developing a Strategic Plan. We formed a Strategic Planning Committee comprised of our Emerging Leaders and employees from each workgroup to ensure we received input from across the organization. The committee was charged with developing our Strategic Plan.

Sceauncia Parr
Administrative Support Associate

Customer focused!

Sceauncia Parr is one of our Administrative Support Associates that interact with our citizens from answering routine questions to emergency response.



Jeff Martin
Safety Manager

Reaching new heights!

Jeff Martin, our Safety Manager "safely" removes old cabling from one of the towers on the very top of the seven story College Hill Water Filtration Plant in preparation for the installation of new components for the regional emergency radio system.

Director's Message

This process has several desired outcomes including: to clearly articulate the Department's goals and expectations to every employee, to increase the public's awareness of what the Water Resources Department does and the value of the water services we provide, and to develop long term plans that efficiently and effectively utilize our limited resources.

We have revised our Mission to better reflect all that we do, developed a Vision for the Department and Values for our employees. We have also developed a new logo and tagline to help enhance our outreach to the public and inspire our employees.

Our Mission:

"To provide excellent water, wastewater, and stormwater services that promote the health, prosperity, and environmental stewardship of the community!"

We revised to add "environmental stewardship" to better reflect the breadth of Water Resources' mission.

Our Vision:

"Lynchburg Water Resources will be the innovative leader in providing valued water services!"

Innovation has been a key to our past success and essential for our future. It is also important that our services are not taken for granted and that the true value of having safe, clean and reliable water appropriately recognized.

Our Tagline:

"Our Job is Clear!"

We want our employees to clearly understand their individual role in providing clear and safe water.

LYNCHBURG WATER RESOURCES

New logo has been modernized and an environmental theme added while keeping with the traditional look of the City logo.

Our Job is Clear!

Our slogan reflects what we do while focusing our employees on their role of providing excellent water services.

There will also be several focus areas that will incorporate the use of Clear such as: "Clear Water", "Clear Streams", and "Clear Choices". These focus areas will include initiatives for producing and delivering clear and safe drinking water, cleaning and protecting our streams, and personal choices related to protecting our environment.

Director's Message

Our Values are "CLEAR!"

"CLEAR" will be used as an acronym for the department's values.
Our Values Are Clear:

Customer Service
Leadership
Environmental Stewardship
Accountability
Respect

Spaghetti Tower team building exercise in Utility Line Tech Academy.

The Strategic Plan will include the following strategic issues:

(1) **Workforce** - develop a well-trained, engaged, and motivated workforce; creating an environment of personal and professional accountability; and develop a succession planning strategy.

(2) **Fiscal Responsibility** – keep rates low, adequately fund the true cost of providing services, evaluate ways to become more efficient and more accountable for expenditures.

(3) **Infrastructure** – renew infrastructure at an optimal pace, implement more robust asset management and ranking systems, minimize the life cycle costs of each asset.

(4) **Customer Service** – increase awareness of what we do, develop better and more efficient ways to interact with the public, increase transparency, increase trust, improve professionalism and courtesy, and ensure that we are treating all customers equitably.

(5) **Environment** – improve our natural environment; develop behaviors in our employees that improve stewardship; continue developing various environmental programs and public outreach efforts.

(6) **Technology** – develop strategies on how we can better utilize technology to become more efficient and better meet our other objectives.

Subcommittees were formed develop specific and measurable goals for each strategic priority. Once complete, this Strategic Plan will help focus and motivate our employees and serve as a road map for Water Resources for the next decade and beyond. Ensuring we will continue to provide the citizens of Lynchburg the absolute best water services.

Tim Mitchell
Director

DRINKING WATER

Water Treatment

We deliver high quality drinking water through more than 22,000 service connections within the City of Lynchburg. Our drinking water meets or exceeds all state and federal regulations, in fact, for the last nine consecutive the City of Lynchburg has received the Virginia Department of Health's Excellence in Waterworks Performance Award for producing water that is at least three times cleaner than EPA requires.

Leslie Gryder
Chemist

Our team of experts works tirelessly 24/7 to ensure that our drinking water is safe from source to tap. Our great water starts at our Pedlar Reservoir located in the mountains of Amherst County over 30 miles from Lynchburg. One of the most unique positions in Lynchburg, our Reservoir Caretaker, Mike White, adjusts the flow rate and lime dosage, performs general maintenance, monitors visitors and overall keeps our source water safe. At the water filtration plants, our Chemist, Leslie Gryder, and our water plant operators perform over 2,500 water quality tests at our two water filtration plants and over 60 tests on water collected throughout the water system each week to ensure that every gallon of the 3.8 billion gallons treated annually is safe.

Last Year in WT

Gallons Treated
3,785,000,000

Water Quality Tests
133,120

Time in Compliance
100%

Potential Contaminants Tested
70

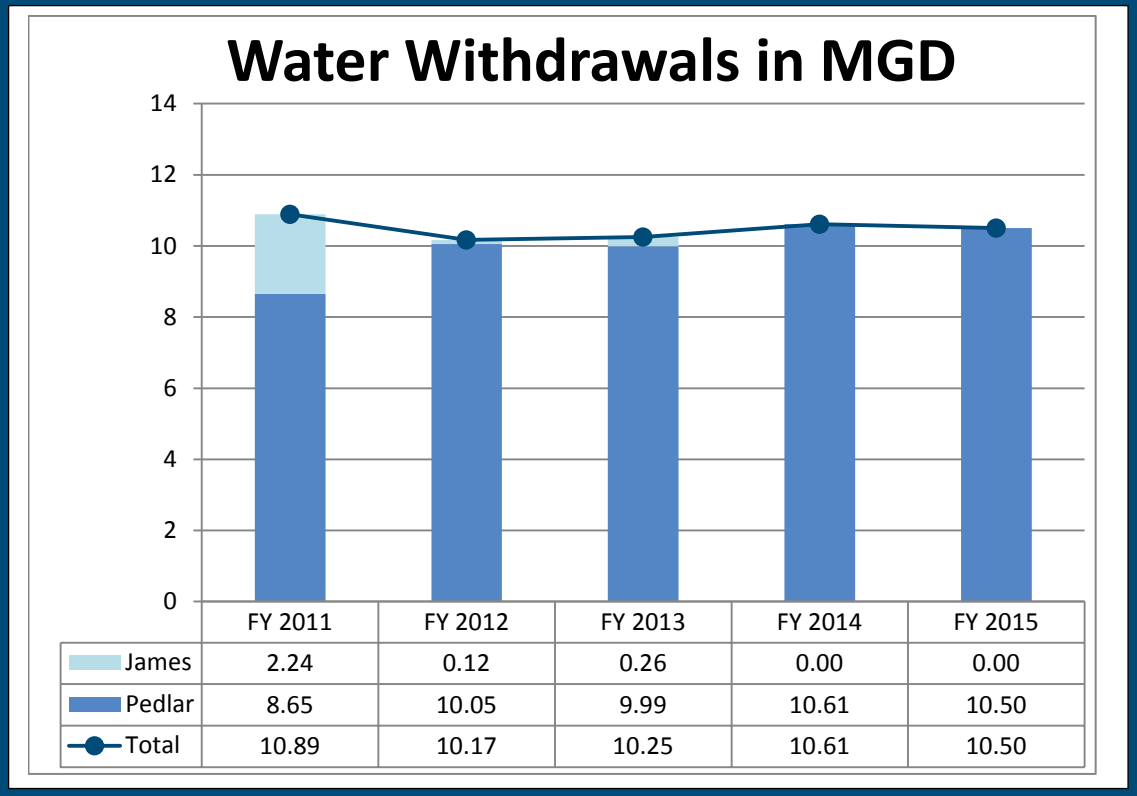
Water Quality Reports Distributed
20,000+

Hours of Operation
Never Closed

Water Treatment

Annually, we test for more than 70 individual types of contaminates. These contaminates may include the following:

- Microbial contaminates - viruses and bacteria, which may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife.
- Inorganic contaminates – salts and metals, which can be naturally occurring or result from urban stormwater runoff, industrial or domestic wastewater discharges, oil and gas production, mining or farming.
- Pesticides and herbicides – chemical substances resulting from a variety of sources such as agriculture, urban stormwater runoff, and residential uses.
- Organic chemical contaminates – substances including synthetic and volatile organic chemicals, which are byproducts of industrial processes and can come from gas stations, urban stormwater runoff, and septic systems.
- Radioactive contaminates – substances that can be naturally occurring or be the result of oil and gas production and mining activities.



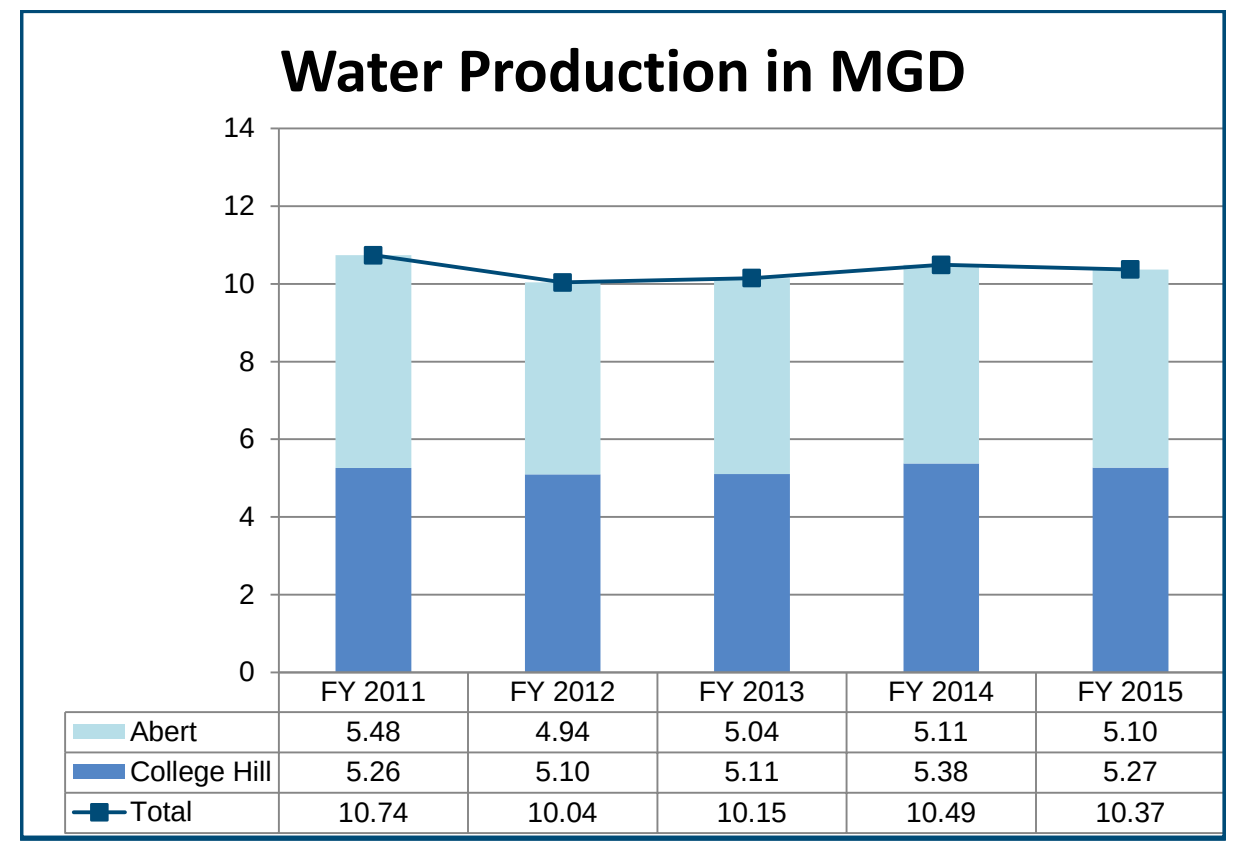
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
James	2.24	0.12	0.26	0.00	0.00
Pedlar	8.65	10.05	9.99	10.61	10.50
Total	10.89	10.17	10.25	10.61	10.50

Water withdrawals have been relatively stable for the past several years despite growth in the City. This is primarily attributable to low flow appliances and conservation in general.

For the past two years we have been exclusively using water from the Pedlar Reservoir in large part due to favorable weather conditions but also stable consumption.

By utilizing the Pedlar Reservoir we have realized significant savings in chemical and electric power cost due to the ease of treatability of Pedlar Water and savings associated with not having to pump James River water.

Water Treatment



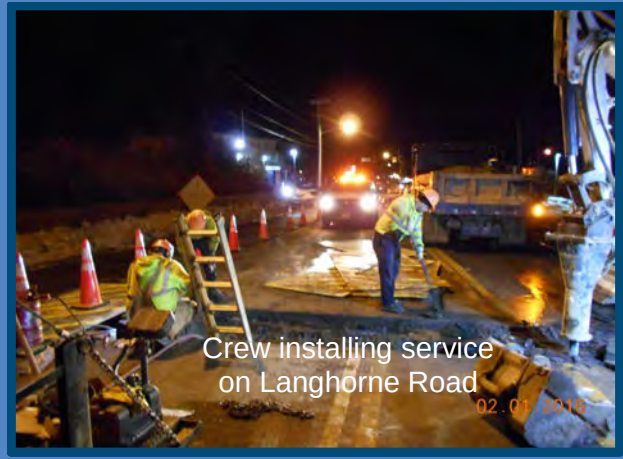
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Abert	5.48	4.94	5.04	5.11	5.10
College Hill	5.26	5.10	5.11	5.38	5.27
Total	10.74	10.04	10.15	10.49	10.37

The Abert Water Filtration Plant has a treatment capacity of 12 million gallons per day (mgd) and the College Hill Water Filtration Plant has a treatment capacity of 14 mgd for a combined capacity of 26 mgd.

Over the past five years the average water production has been 10.36 mgd which is only 40% of the total capacity leaving nearly 16 mgd available for growth and economic development.

Water Line Maintenance

Once the water leaves the treatment plants our work still is not done. Our Utility Line Maintenance crews are responsible for operating and maintaining 458 miles of water line from 1“ to 36” in diameter. Any work that is performed on the water distribution system is done with the utmost care to ensure that the water in the system does not become contaminated. Last year our crews repaired 69 water line breaks, installed 79 water services, performed maintenance on 5,643 fire hydrants just to name a few. In most cases water line repairs are performed with the water system still under pressure and new parts are sprayed with a bleach solution to disinfect before installation. While this makes the repairs much more difficult, dangerous, and time consuming, it minimizes the need to issue boil water notices thereby minimizing the disruption to our customers. After the repairs are complete, the system is strategically flushed and chlorine levels are often checked to further minimize the chance for contamination.



Crew installing service on Langhorne Road

Eli Merat
Crew Leader

Last Year in WLM

Total Feet of Water Line
2,420,189

Number of Water Valves
9,229

Number of Fire Hydrants/Maintained
3,084/5,643

Water Main Breaks Repaired
69

Water Services Installed
79

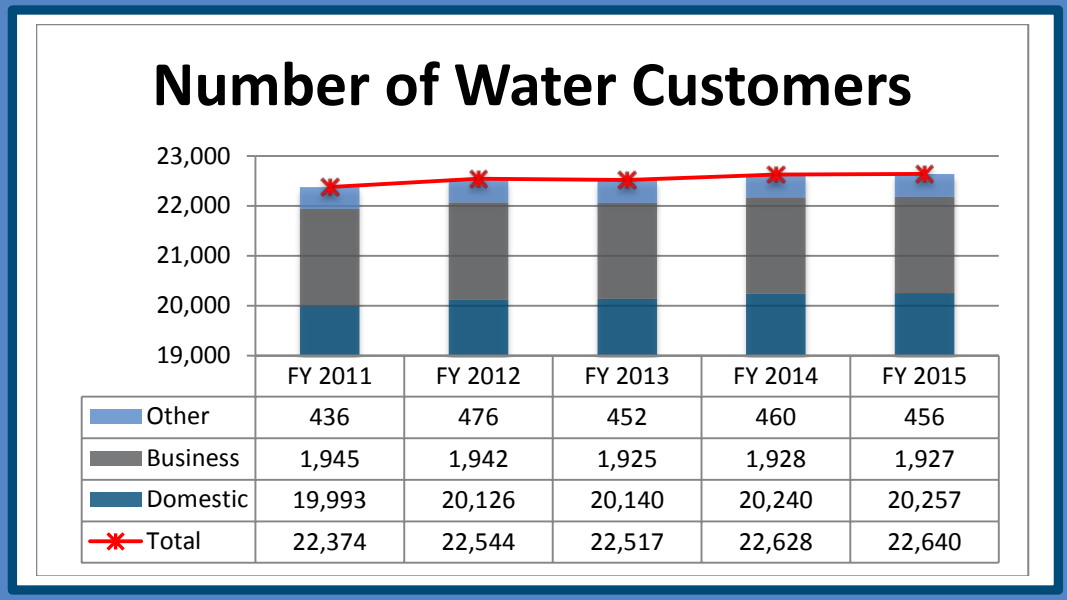
Emergency Response
Whenever Needed

Water Distribution

Minimizing impacts on citizens and customers is another goal. Crews are often scheduled to work at night to minimize traffic disruptions and to minimize the impact of service outages. Recently crews installed a 6" water service for a Centra Health facility across Langhorne Road. The work was completed over two separate nights with little impact to the public.

Our Technical Services Division administers our Cross-Connection and Backflow Control Program. This program is in place to minimize the risk of our water system becoming contaminated from moderate and high risk connections. These are connections which the Virginia Department of Health has determined pose a risk to the safety of the water system should a backflow event occur. The water system can become contaminated during times when there is a loss of water system pressure or when water pressure on the customer's side exceeds the pressure within the water distribution system. In both of these situations contaminates on the customer's side can be forced back into the water system. In order to minimize this risk, a robust Cross-Connection and Backflow Control Program is essential. Additionally, our Technical Service Division performs many other essential functions such as performing fire flow tests so that developers and their engineers can properly design fire protection systems.

Providing a continuous supply of safe and affordable drinking water to every tap every hour of every day is a daunting challenge and a complex operation. It is due to the commitment of our employees to serve the citizens of Lynchburg that makes this possible.



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Other	436	476	452	460	456
Business	1,945	1,942	1,925	1,928	1,927
Domestic	19,993	20,126	20,140	20,240	20,257
Total	22,374	22,544	22,517	22,628	22,640

WASTEWATER

Wastewater Treatment

The Lynchburg Regional Wastewater Treatment Plant (LRWWTP) is the single most important facility we have to prevent pollution of the James River and Chesapeake Bay and it is about to become even more significant. The LRWWTP treats over 11.3 million gallons of wastewater and removes nearly 70 tons of solids each day before discharging the high quality effluent back into the environment. The new CSO Long Term Control Plan changes our strategy for dealing with CSOs from a program of complete separation to a program of capture and treat. We are currently in the preliminary engineering study phase of designing improvements to the LRWWTP. These improvements will increase the rated wet weather capacity of the plant from 44 million gallons per day to 76 million gallon per day. The improvements may also include facilities to store more wastewater and facilities for high rate disinfection. The purpose of which is to dramatically reduce the volume of untreated CSO discharges.

Steve Dunn
Assistant Superintendent

Operation of the LRWWTP includes a staff of highly trained employees that are dedicated to protecting our environment. These include 21 licensed operators, a certified environmental lab manager, chemists, mechanics, electronics technicians, electrician, and an industrial monitoring coordinator. For FY 2017 we are also proposing to add a pretreatment coordinator that will focus on implementation of our Fats, Oils, and Grease (FOG) Program.

Last Year at LRWWTP

Employees
37

Gallons Treated
4,136,910,000

Tons of Solids Removed
24,000+

Nitrogen Credits Sold (lbs.)
186,965

Phosphorous Credits Sold (lbs.)
13,411

Water Quality Tests Performed
25,000+

Hours of Operation
ALWAYS

Wastewater Treatment

The operations of the LRWWTP are becoming increasingly more complex with new equipment, technology and regulatory requirements. As we try to maximize flow we are simultaneously working to minimize the discharge of pollutants such as nitrogen and phosphorous. Rainstorms are tracked well in advance so preparations can be made and appropriate operational changes made. In many cases additional personnel are called in to handle the many different operations that are needed during storm events. Key staff have access to real time operational performance data on mobile devices from anywhere through an app developed by one of our employees, Jason Hamlin. Jason was recently awarded First Place for best presentation at the ISA Water/Wastewater and Automatic Controls Symposium in Orlando, Florida for his presentation "Virtualizing SCADA – Improving Control System Reliability with Proven IT Technology". His work has greatly helped us improve the operational performance of the LRWWTP.

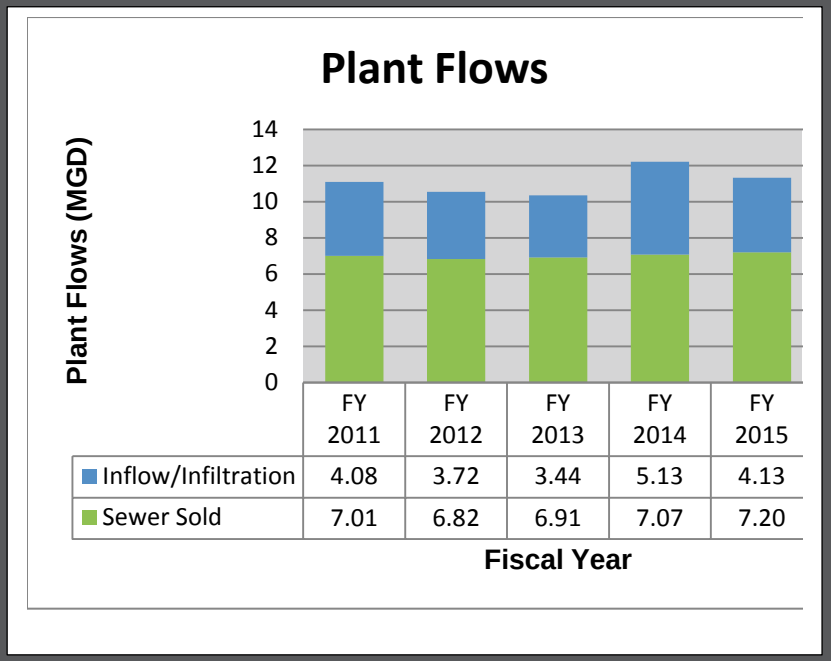
Jason Hamlin
Instrumentation Tech

Jacquelyn Austin
Lab Manager

Recent regulations required that our lab become a certified environmental lab through the Virginia Environmental Laboratory Accreditation Program (VELAP) which is administered by the Division of Consolidated Laboratory Services (DCLS). This requires the laboratory to follow strict protocols related to record keeping, training, management, test procedures, and requires that we have a Lab Manager who has a certain minimum level experience, training, and licensure. Recently we hired Jacquelyn Austin to fill this important position. Jacquelyn has 9 years of experience as the Assistant Laboratory Manager and Quality Assurance Officer at the South Central Wastewater Authority. She also has a Bachelor of Science degree in Biological Sciences from Virginia Tech.

Wastewater Treatment

A big and costly challenge going forward is biosolids disposal. Beginning in the spring of 2016 we are going to be land applying a portion of our biosolids. Some challenges associated with disposal include opposition of disposing at the Regional Services Authority Landfill in Campbell County due to odors, costs associated with transporting sludge to the Maplewood Landfill in Amelia County, and public opposition to land application. For these reasons we believe that it is important to have as many sludge disposal options as possible because we have 70 tons per day that has to go somewhere regardless of the issues. Our plan is to haul approximately 100 tons per week to the Maplewood Landfill, land apply approximately 100 tons per week, and haul the balance or approximately 300 tons per week to the Regional Services Authority. Overall costs for sludge disposal will increase in FY 2017 by more than $300,000. This is due to additional lime costs needed to minimize odor and/or stabilize the sludge to create Class B Biosolids for land application, and additional hauling costs for the Maplewood option. When factoring in all costs associated with each option the overall costs are comparable so regardless of the mix of disposal methods the budget for biosolids disposal is only minimally affected.



Total LRWWTP flows have been extremely variable from year to year while actual sewer sales volumes have been relatively stable. The reasons behind the variability have been weather related and construction activities. For the last several years bypass pumping operations have been in place at various times during construction of the James River Interceptor (JRI). This can alter the total flows at the LRWWTP due to limitations associated with pumping. Recently the main bypass pumps were taken offline allowing the new JRI to begin functioning as it was designed. As a result during a rainfall event February 16, 2016, the total daily flow was 46.04 million gallons (mg) and the total flow from 5:00 am on the 16th to 4:59 am on the 17th was 47.74 mg. Both were record flows. Previously the maximum 24 hour flow was 39 mg. The work we have done effectively eliminated 9 mg of raw sewage from entering the river during that rainfall.

Sewer Line Maintenance

Our Sewer Line Maintenance (SLM) Division is responsible for the operation and maintenance of 443 miles of sewer line from 4“ to 84”. This operation takes specialized vehicles and highly trained personnel. Many of our personnel are National Association of Sewer Service Companies (NASSCO) trained and certified. This creates a standardized method of cleaning and inspecting sewer lines and manholes. Identified defects are categorized based on specific criteria and entered into our asset management system. We can then prioritize our limited rehabilitation and renewal dollars on the most critical issues first.

Sewer Cleaning Crew

We have two significant ongoing initiatives. The first is to complete the development of our Capacity Management Operations and Maintenance Program (CMOM). This is a comprehensive plan to manage and maintain our sewer line infrastructure. The second is a component of CMOM and that is a Sanitary Sewer Evaluation Survey (SSES). We are working through priority areas to clean, inspect, and repair our aging sewer system. This is done with a combination of City forces and contractors and includes tasks such as right-of-way clearing, root control, smoke testing, sewer cleaning and inspecting.

Last Year in SLM

Total Feet of Sewer
2,338,900

Feet of Off-Road Sewer
1,071,183

Number of Manholes
12,527

Feet of Sewer Cleaned
662,418

Feet of Sewer Televised
190,364

Emergency Response
24/7

Sewer Line Maintenance

Sewer Cleaning Crew

This past July EPA conducted a comprehensive two day inspection primarily of how we manage and maintain our sewage collection system due to unauthorized and unpermitted sanitary sewer overflows. Additionally, they took copies of thousands of pages of documents for further review. During the inspection they thoroughly reviewed our procedures, interviewed our crews to verify that their training and the actual field practices were in agreement. They reviewed how we received and tracked complaints from the initial phone call to resolution. They reviewed the wet weather operating procedures for the LRWWTP to make sure we maximized the flow we treat and minimize the untreated overflow from the combined sewer system. Additionally, they reviewed our capital and operating budgets to evaluate if enough funds were available for system maintenance and renewal.

In October we received a report from EPA with their findings. Overall the report was positive but there are a few key “Areas of Concern” which EPA wants us to address. The most significant relates to our Capacity Management Operations and Maintenance Program (CMOM). They want us to fully develop and implement a plan to clean and inspect the entire sewer system within a defined timeframe. This is a significant undertaking. Our plan has been to address the high risk, high consequence of failure areas first then ultimately inspect the rest of the system. We believe that this would be most effective and efficient program to significantly reduce sanitary sewer overflows. Recently we were notified by EPA that they are not taking any enforcement action at this time which is almost unheard of. This is largely attributable to the efforts we currently have underway and our planning go forward. EPA felt confident that we are on the right tract and while they left the door open for future enforcement our risk will greatly be reduced if we continue to develop our programs and address the concerns they noted.

Jonathan DeWease
Camera Van Crew

Stormwater

Stormwater

Our Stormwater Program continues to develop and improve. We are currently in permit year three and to date have met all the required milestones in the current Municipal Separate Storm Sewer System (MS4) permit. The permit is divided into "Six Minimum Control" that are designed to increase public awareness and involvement, map the City's entire storm system and drainage areas to each outfall, prohibit non-stormwater discharges into the storm system through our Illicit Discharge Detection and Elimination program and enforcement actions, control erosion from construction site runoff through inspection and enforcement, inspect and enforce the maintenance of private stormwater control facilities, and develop and implement pollution prevention and good housekeeping programs for all municipal operations.

Chris Gyurisin
Outreach Coordinator

Last year our Public Outreach and Education Program updated and reprinted 20,000 copies of the "Living In Your Watershed" booklet that has been handed out to a 4th graders of the Lynchburg City School system for the past decade. It has become an integral part of the curriculum for teaching students about watersheds and watershed issues, the value of water, and good stewardship practices. In addition to this, activities such as rain barrel workshops, stream cleanups, informational meetings, and

Stormwater Facts

MS4 Acres
9,000

Storm Inlets
10,836

Feet of Pipe
810,180

Public BMPs Maintained
100

Private BMPs
563

Illicit Discharges Investigated
59

Tons of Pollutants Removed
A LOT

Stormwater

programs targeting pet waste, proper yard and septic system maintenance, and Fat, Oils, and Grease programs, have reached over 4,200 citizens greatly enhancing awareness of protecting and cleaning up our watersheds.

The Public Involvement component of our program through events such as “Tire-less James”, “March on Litter”, and storm drain marking has involved over 340 citizens and removed 1453 tires and over 1,900 pounds of trash from the environment. Additionally 50 “Drains to River” markers were installed on storm drains around the downtown area.

Our Illicit Discharge Detection and Elimination (IDDE) Program has completed mapping and general condition assessment of 50% of the City’s storm sewer system. Through storm system outfall inspections our IDDE Program identified seven flowing outfalls. As required by our permit water from each of these outfalls were sampled and tested for pollutants such as ammonia, fluoride, detergents, and potassium to determine if the flow was in fact an illicit discharge or simply ground water that was entering the storm system. None of these discharges were determined to be an illicit discharge. However , there were a total of 59 reported illicit discharges in permit year two. Each of these were thoroughly investigated and brought to a resolution. Some issues found to be illicit discharges included grease and motor oil, hydraulic fluid, paints, concrete washouts, commercial car washing, and leachate to name a few. Each of these were addressed and brought to a resolution through education, technical assistance, or enforcement.

Craig Homan
Water Quality Compliance

Construction site stormwater runoff control is enforced through the City’s Erosion and Sediment Control Program which is administered by the Community Development Department. During permit year two the Community Development Department issued land disturbance permits for a total of 149.93 acres and performed 4,324 construction site inspections. These inspections resulted in the issuance of 18 Notices to Comply and 11 Stop Work Orders.

Post construction stormwater management is administer by Water Resources. Our program includes inspection of private best management practices (BMPs) and enforcement when needed to ensure that they are properly maintained. This is an evolving program and during permit year two we continued to map and update information regarding both public and private BMPs in our Geographic Information System (GIS). Each BMP is tracked with a unique facility identification

Stormwater

number and has been integrated into our work management system for enhanced tracking for inspection and O&M requirements. The City's Technical Review Committee reviews all new and redevelopment projects for compliance with stormwater management regulations.

Pollution prevention and good housekeeping is a City-wide effort that includes all City operations including City schools. As part of this effort ten facilities where identified to need Stormwater Pollution Prevention Plans (SWPPP). These include: Public Works storage yard, Fleet maintenance facility, Chambers Street storage facility, Graves Mill storage yard, stadium storage yard, Rutherford storage yard, Peaks View Parks storage and maintenance facility, refuse maintenance facility, Fire Station #7 maintenance facility, and Lynchburg City Schools maintenance facility. Of these, three SWPPPs are currently under development. Once a SWPPP is developed it will then be reviewed and updated on annual basis. This control measure also requires the development of nutrient management plans. We have identified ten sites with a total of 30 acres that need nutrient management plans, to date we have developed plans for 22 acres. Training is also a big component of pollution prevention and good housekeeping. Training in pollution prevention and good housekeeping as well as illicit discharge detection and ellimination has been held for employees in Water Resources, Public Works, Community Development, Parks & Recreation, Fire Department, and City Schools. A total of 28 training sessions have been held for 785 employees some of which may have attended multiple sessions.

This is only a small fraction of the activities currently under way to meet the goals of our stormwater management program, comply with the terms of our MS4 permit, and improve the overall quality of our streams, the James River and ultimately the Chesapeake Bay. Water Resources demonstrate a strong commitment and diligence towards improving our natural environment now and for future generations to enjoy.

Whitney Blankenship
Stormwater Engineer

Infrastructure

Infrastructure

Our water infrastructure including drinking water, wastewater, and stormwater is out of sight and out of mind to most everyone. It is assumed that when the faucet is turned on that the water will be there. Most people do not know the enormous effort and complex infrastructure needed to get it there. Although our water infrastructure is less visible than other infrastructure needs it is no less important. Water systems are essential for public health, fire protection, economic development, and our quality of life. Aging infrastructure results in degrading water service, service interruptions, property damage, and increasing expenditures for emergency repairs. Our goal is to replace at least one percent of the water and sewer system each year or about 4.5 miles of each per year. Last year we replaced 14,861 feet or 2.81 miles of water line or 0.61% of the water system. Over the last five years we have averaged replacing 2.45 miles of water line or 0.53%. At this pace it will take nearly 200 years to renew our water infrastructure. Water, Wastewater, and Stormwater infrastructure spending in FY 2015 totaled $11,013,839. Below are a few of the significant water and sewer projects that are either currently under construction or have been recently completed.

Infrastructure

Dearington Utility Improvements: Project included installation of 1600 lf of 8" water main on 2nd, York, Kirby, and Stoneridge Streets, replacing an old 2" and smaller galvanized water lines. This work was completed as part of the City's efforts to eliminate small diameter water mains and to precede Community Development improvements as part of the Safe Routes to Schools project. One sanitary sewer was replaced and new services installed on a failing sewer main off Hillcrest Avenue.

Princeton Circle Utility Improvements: Project included installation of 1800 lf of 8" water main on West Princeton Circle, North Princeton Circle, and Duval Street and rehabilitation and replacement of approximately 2000 lf of sanitary sewer and 300 lf of storm drain in the neighborhood. The water main replaces 2" and smaller galvanized water mains and the project was part of the City's efforts to remove these undersized water mains. The sanitary and storm replacements were necessary due to the poor condition of the exiting sewers and storm drains.

Blue Ridge Farms, Phase 2: Project included installation of 7800 lf of 8" water main on Ardmore, Craigmont, Georgetown, Ashley, Standish, and Berkley. In addition 3500 lf of sanitary sewer was replaced or relined in the same neighborhood. The water mains replaced existing 4" and 6" water mains that were undersized to provide adequate fire flow protection to the neighborhood. This work completes the utility improvements on the east side of Blue Ridge Farms which was the most critical with water pressure. Sewer replacement was dictated by condition assessments of the existing mains and to improve flow by increasing the slope of some critical sewer pipes. New water services and sanitary cleanouts were provided to a majority of the neighborhood.

Federal Street Water Main Replacement: Project included installation of 2900 lf of 16" water main on Federal Street, extending from the new roundabout built in 2011. New water services were provided to all customers along Federal Street. Some minor sewer work was also completed to improve sewer crossings and replace failing sewer manholes. The new water line replaces an old 8" cast iron pipe and provides the backbone for two future neighborhood projects in Tinbridge Hill and Garland Hill that will replace 2" and smaller galvanized pipe. The Tinbridge Hill neighborhood utility improvement project is scheduled to be designed in 2016.

Infrastructure

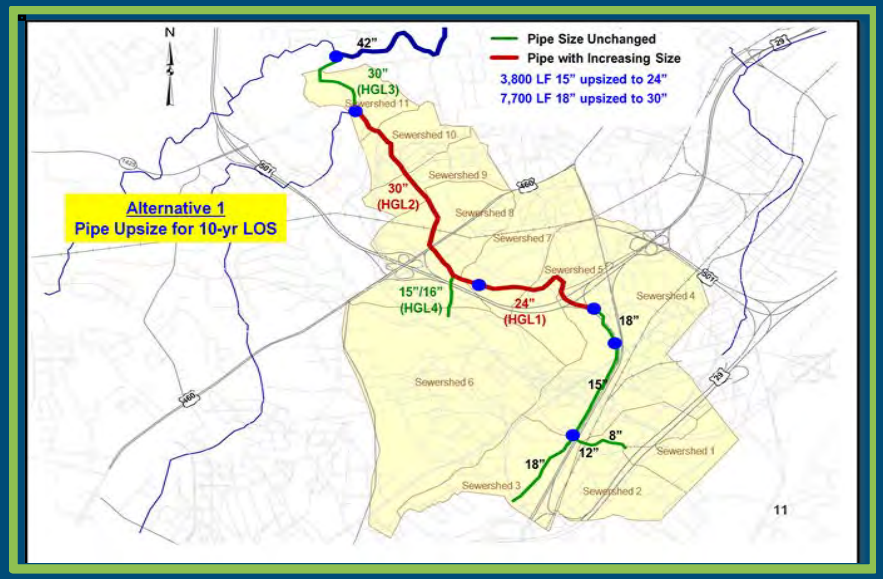
James River Interceptor Division 3B: Part of the CSO Program the project included 1,800 linear feet of 72 inch sanitary sewer line along with an additional 2,300 of side line sanitary sewer and parallel storm sewer line. This project is currently under construction with completion anticipated in May, 2016. Completion of this project will dramatically reduce the volume of combined sewer overflows but conveying more sewage to the LRWWTP. This project is the last section of the 7.25 mile, $75 million James River Interceptor Project.

Whitney Blankenship & Jeff Martin inside the James River Interceptor

Upcoming Projects of Significance:

WWTP CSO: The City's consultant, Greeley and Hansen is preparing a Preliminary Engineering Report (PER) that will specify a capture and treat strategy. This strategy may include a combination of additional wet weather capacity at the Lynchburg Regional Waste Water Treatment Plant influent pump station, additional screening and grit removal facilities, wet weather storage, additional disinfection, and modifications to other existing LRWWTP components that may be required to integrate the new features into the current plant. The wet weather design flow is expected to be 76 million gallons per day up from the current 44 MGD. The PER will be complete in October 2016. Design documents will be complete in October 2017. Construction will begin in January 2018.

Infrastructure



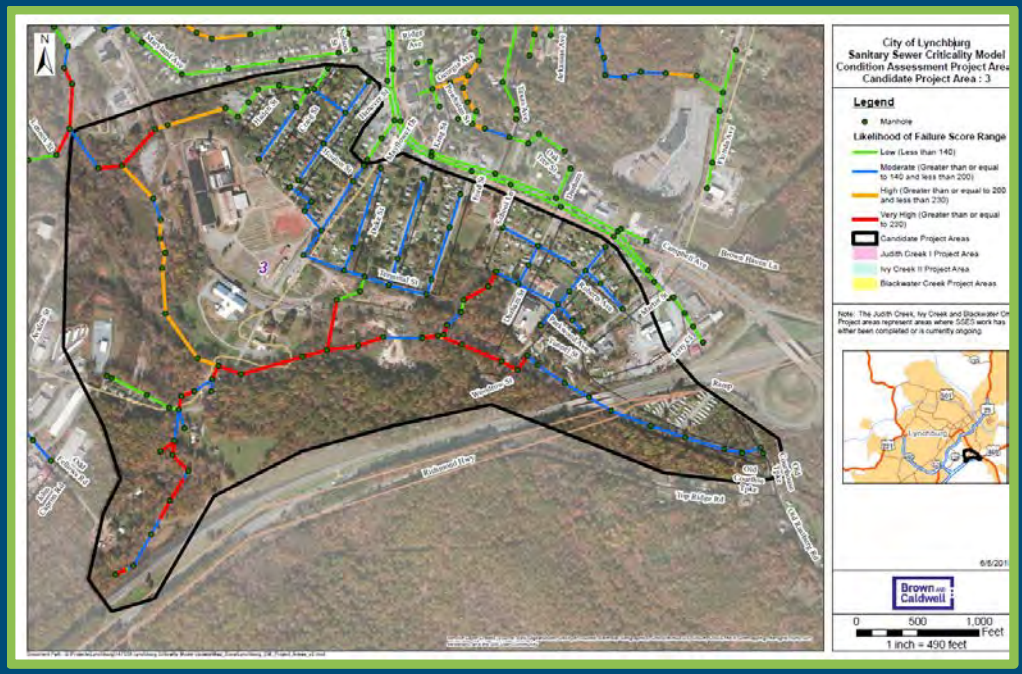
Burton Creek Sewer Replacement: Wiley Wilson is the engineer for the replacement of approximately 16,000 LF of 15-18 inch interceptor sewer to increase the level of service (LOS). New sewer pipe will be installed between Sandusky neighborhood to the upstream side of Lynchburg Expressway. Pipe will be 30" to 24" size and include 4 bores under Norfolk Southern railroad, Fort Avenue, and both travel lanes of the Lynchburg expressway. Construction is scheduled to start in June 2016.

Downtown Utility and Streetscape Improvements, Phase 1: Design has been completed on water and sewer improvements on Main, Church, 7th, and 8th Streets in the Central Business District. This includes replacement of all water mains due to the age of the existing water distribution system and consolidation of two pressure zones into a single zone system. Sewer work will include manhole rehabilitation, some limited sewer rehabilitation, and new sanitary cleanouts. In conjunction with this project, streetscape improvements have been designed to improve traffic and pedestrian flow in this area. Construction is scheduled for 2016-2017.

CSO 61: Replacement and Rehabilitation of approximately 1000 LF of sewer main from CSO 61 to the James River Interceptor. This replacement will allow the elimination of Combined Sewer Overflow point #61. Additionally approximately 800 feet of water main will be replaced along the project corridor. Construction is scheduled to start in March 2016.

Infrastructure

Sanitary Sewer evaluation Survey (SSES) Rehabilitation and Replacement Sewer: A construction project to make sewer repairs on all major sewer line defects identified on three previous SSES inspection projects. Construction is scheduled to start in August 2016.



LRWWTP Control Building Improvements: Primarily driven by the Virginia Environmental Laboratory Accreditation Program requirements a complete make-over of the LRWWTP control room and laboratory is being designed with construction scheduled to start in the fall of 2016.

Denver/Yancey Utility Improvements: Design has been completed on water and sewer improvements in Denver Avenue, Yancey Street, and Deaton Street. Additional sewer improvements have been identified with the sewer main collecting from the end of Yancey and Denver and will be ready to bid in July 2016. New water lines will replace 2" and smaller galvanized pipe as a part of the City's initiative to eliminate small mains. Sewer investigations have indicated sewer rehabilitation should be completed on these streets and new sewers installed in some of the off road collection areas. New services and laterals will be connected to all customers on these streets.

Licensed Professional Engineers	Projects Started Last Year	Total Active Projects	Water CIP Spending Last Year	Sewer CIP Spending Last Year	Stormwater CIP Spending Last Year
7	**57**	**83**	**$4,365,884**	**$5,753,831**	**$894,124**

Financial

Water Fund Budget

WATER FUND REVENUES

Water Fund revenues are expected to be $72,819 less than last year. The primary changes include and additional $372,000 from water sales inside the City associated with a 4.9% water rate increase. This rate increase is needed to partially offset the anticipated loss of $500,000 in water contract revenue related to a new contract with the Bedford Regional Water Authority and their plans to construct a new water line to the Forest area.

	2015 ACTUAL	2016 ADOPTED BUDGET	2017 PROPOSED BUDGET	INCREASE / DECREASE
REVENUES:				
Water Sales - Inside City	$7,575,567	$7,533,000	$7,905,000	$372,000
General Fund Hydrant Rental	879,498	879,498	845,191	($34,307)
Cut-on/Late Charges	109,118	100,000	100,000	$0
Delinquent Account Fees	95,142	85,000	87,000	$2,000
Fire Protection Fees	109,963	103,200	105,000	$1,800
Connection Fees	107,111	50,000	50,000	$0
Availability Fees	116,380	60,000	60,000	$0
Account Charges	1,246,662	1,244,400	1,245,500	$1,100
Water Cost Plus	41,134	30,000	30,000	$0
Sewer & Stormwater Fund Charges	1,630,000	1,754,000	1,815,000	$61,000
All Other Charges	15,789	17,700	16,200	($1,500)
Water contracts - Counties	2,156,605	2,113,440	1,613,440	($500,000)
Water contracts - Industrial	623,635	569,800	600,000	$30,200
Interest and other	264,190	268,231	263,119	($5,112)
	$14,970,794	**$14,808,269**	**$14,735,450**	**($72,819)**

Other significant changes include a decrease of $34,307 in charges to the General Fund for Fire Protection based on an updated cost of service study. An increase of $61,000 in charges to the Sewer and Stormwater Funds due to additional administrative support and a $30,200 increase in revenues from our contract customers based on recent historical consumption trends and rate increases per the terms of the contracts.

Water Fund Budget

WATER FUND EXPENSES

	2015 ACTUAL	2016 ADOPTED BUDGET	2017 PROPOSED BUDGET	INCREASE / DECREASE
EXPENSES:				
Salaries	$3,215,180	$3,473,450	$3,547,761	$ 74,311
Employee Benefits	1,236,750	1,367,385	1,364,996	(2,389)
Contractual Services	699,054	665,845	736,432	70,587
Chemicals	263,214	450,500	457,000	6,500
Telecommunications	32,072	34,625	37,075	2,450
Utilities-Water Treatment Plant	651,954	754,990	742,653	(12,337)
Supplies and Materials	947,997	1,117,600	1,143,725	26,125
Indirect Costs	1,099,940	845,105	781,224	(63,881)
Self-Insurance	146,529	162,329	162,329	0
All Other	397,332	453,966	472,558	18,592
Non-departmental	(73,427)	247,451	263,925	16,474
Capital Outlay	0	30,000	131,000	101,000
Transfers - Capital	800,000	1,250,000	1,750,000	500,000
Debt service	4,316,153	4,316,541	4,382,244	65,703
	$13,732,748	**$15,169,787**	**$15,972,922**	**$ 803,135**

Water Fund expenses are expected to increase by $803,135 with the bulk of the increases totaling $666,703 in Capital Outlay, Capital Transfers (Pay-as-you-go) and Debt Service. The increase in capital outlay is to fund the purchase of a vehicle and equipment for a water valve maintenance program. The capital transfers will directly fund water line replacement projects and the increase in debt service is due to last year's bond funding.

Another significant change is an increase of $74,311 in Salaries due to a proposed 2 person water valve maintenance crew. We have 9,229 water valves in our water distribution system. As with the water lines many of these valves are over 100 years old. They need to properly operate in order to control the water flow during water line breaks, water line maintenance, minimizing water outages and the spread of potential contaminates. During a typical water line break two valves can generally control the flow of water, however, if either of those valves does not operate properly then three or more additional valves have to be operated and have to work properly and so on. As you can see this can quickly become a serious issue leading to a wide spread water service disruption. Nearly 20 valves had to be closed during a recent water line break taking over 12 hours to isolate the break. The new valve maintenance crew and equipment would clean out valve boxes, exercise the water valves, assist with water flushing programs, and assist with replacement of valves found to be defective.

Water Fund Budget

One additional notable increase is $70,587 in Contractual Services primarily due to software maintenance, increases in line locating services, increases in janitorial services, and legal services. The increase of $101,000 in Capital Outlay is primarily for the purchase of an equipment trailer, lab equipment, and a plotter. The other major increase is an additional $500,000 transfer for pay-as-you-go capital which will be used for water line replacement.

Sewer Fund Budget

SEWER FUND REVENUES

Sewer Fund revenues are expected to be $740,064 more than last year. The primary changes include and additional $245,340 from sewer sales inside the City associated with a 3.3% sewer rate increase. This rate increase is needed to primarily fund sewer system maintenance needs while maintaining the minimum debt coverage ratio.

	2015 ACTUAL	2016 ADOPTED BUDGET	2017 PROPOSED BUDGET	INCREASE / DECREASE
REVENUES:				
Sewer Sales - Inside City	$14,652,659	$15,286,260	$15,531,600	$245,340
Septic Hauler Charges	484,345	500,000	650,000	150,000
College Hill Backwash Charge	130,534	134,450	111,653	(22,797)
Leachate Treatment	70,102	72,206	96,430	24,224
Industrial Pre-treatment	4,547	4,635	5,665	1,030
Industrial Monitoring Charges	47,291	36,050	56,650	20,600
Industrial Surcharges	346,765	327,540	437,750	110,210
Cut-on & Penalty Charges	97,259	98,880	98,000	(880)
Connection charges	83,008	75,000	75,000	0
Availability Fees	144,793	100,000	100,000	0
Account Charges	1,271,981	1,270,800	1,271,980	1,180
Sewer Cost Plus	8,750	12,000	12,000	0
Miscellaneous	147,790	139,635	13,000	(126,635)
Sewer contracts - Counties	1,056,461	1,208,695	1,365,950	157,255
Sewer contracts - Industrial	2,235,151	2,068,072	2,269,500	201,428
Interest and other	115,764	126,727	105,836	(20,891)
	$20,897,200	**$21,460,950**	**$22,201,014**	**$740,064**

Other significant changes include an increase of $150,000 in septic hauler revenues as a result of accepting leachate from other landfills. Increases in revenue from county and industrial sewer contracts totaling $358,683 based on recent historical use trends and rate increases per the terms of the contracts. Additionally, industrial surcharges have been trending up and we anticipate an increase in revenues of $110,210 from this source.

Sewer Fund Budget

Sewer Fund expenses are expected to increase by $959,549.

This includes an increase of $163,631 in salaries and benefits which includes the addition of a Sewer Line Maintenance crew of two for off road sewer inspection. We are developing a program to clean and inspect all the sewer lines in the City which will be an on-going effort. In doing this we have evaluated whether it more cost effective to contract out the inspections or add a crew to do the work in house. We also consider whether this would be a one-time effort or an ongoing program. In this case, the estimated annual cost to perform the work with our crew and equipment is approximately $150,000 compared to $314,650 for a contractor to perform a comparable amount of work as one of our units did last year. One of these positions will be offset by the transfer of one Utility Line Tech position to the Stormwater Fund. Additionally, we are adding a new position to assist our Industrial Pretreatment Coordinator and to manage our Fats, Oil and Grease (FOG) Program which is essential in preventing sewer overflows attributable to grease. Also being added is a Administrative Support Associate at the LRWWTP the cost of which is offset by the reduction of a full time equivalent in temporary positions.

SEWER FUND EXPENSES

	2015 ACTUAL	2016 ADOPTED BUDGET	2017 PROPOSED BUDGET	INCREASE / DECREASE
EXPENSES:				
Salaries	$2,145,409	$2,300,398	$2,428,240	$127,842
Employee Benefits	841,199	906,120	941,909	35,789
Chemicals-WWTP	653,164	655,000	855,000	200,000
Communication Charges	14,351	14,700	17,700	3,000
Utilities-Wastewater Treatment Plant	815,806	832,300	838,300	6,000
Natural Gas	61,745	95,000	95,000	0
Sludge Disposal	543,363	553,700	453,700	(100,000)
Contractual Services	1,143,748	1,392,477	1,691,328	298,851
Supplies and Materials	672,847	638,700	658,775	20,075
Indirect Costs	1,110,474	774,329	761,963	(12,366)
Self-Insurance	200,727	213,027	213,027	0
Admin/Overhead Payments to Water Fund	1,160,000	1,182,000	1,200,000	18,000
All Other	250,703	383,357	484,086	100,729
Non-departmental	(33,098)	288,522	305,750	17,228
Capital Outlay	0	265,000	647,000	382,000
Transfers - Capital	2,925,000	1,500,000	1,300,000	(200,000)
Debt service	9,145,226	9,370,351	9,432,752	62,401
	$21,650,664	**$21,364,981**	**$22,324,530**	**$959,549**

Sewer Fund Budget

Other significant increases include $200,000 in chemicals which is primarily for additional lime used in the treatment of the sludge, a $298,851 increase in Contractual Services for various services but primarily for land application of biosolids and sewer system maintenance and repair. An additional $100,729 in all other for Fleet related expenses such as vehicle depreciation. Additionally an increase of $382,000 in Capital Outlay primarily covers a new dump truck, new off road equipment and a retrofit of an existing camera truck with new technology.

Stormwater Fund Budget

Stormwater Fund Revenues are expected to be $14,778 less than the current year's budget due to a one-time payment from the State this year of Virginia Stormwater Management Program permit fees for active construction projects as of July 1, 2015.

Stormwater Fund expenses are expected to decrease overall by $230,148. Increases in salaries and benefits of $115,223 are primarily a result of the addition of a Best Management Practice (BMP) Inspector and moving one Utility Line Tech from the Sewer Fund. There are currently 563 private storm water BMPs that we are required to inspect and enforce adequate maintenance that we are currently unable to do with our existing workforce. An increase of $68,238 in contractual services is primarily associated with software maintenance and legal expenses. The $355,902 savings in Other Charges is primarily attributable to reductions in indirect cost payments to the General Fund per the most recent Maximus indirect cost study. The $126,734 reduction in transfers is related to the end of the reimbursement to the Sewer Fund for Stormwater Fund start-up costs.

STORMWATER FUND REVENUES

	2015 ACTUAL	2016 ADOPTED BUDGET	2017 PROPOSED BUDGET	INCREASE / DECREASE
REVENUES:				
Charges for services	$3,136,296	3,149,400	$3,149,400	$0
Miscellaneous	132,542	57,278	42,500	($14,778)
Transfers	275,000	275,000	275,000	$0
	$3,543,838	**$3,481,678**	**$3,466,900**	**($14,778)**

STORMWATER FUND EXPENSES

	2015 ACTUAL	2016 ADOPTED BUDGET	2017 PROPOSED BUDGET	INCREASE / DECREASE
EXPENSES:				
Salaries	$253,184	$289,953	$374,067	$84,114
Employee Benefits	113,498	122,492	153,601	$31,109
Contractual Services	47,488	157,087	225,325	$68,238
Internal Service Charges	116,626	108,540	139,592	$31,052
Other Charges	1,465,523	1,804,508	1,448,606	($355,902)
Rentals and Leases	499	500	750	$250
Capital Outlay	0	29,000	32,000	$3,000
Non-departmental	12,207	32,425	42,150	$9,725
Transfers - Capital	1,050,000	1,150,000	1,175,000	$25,000
Transfers - Sewer Operating and Fleet	162,676	126,734	0	($126,734)
Debt service	0	0	0	$0
	$3,221,701	**$3,821,239**	**$3,591,091**	**($230,148)**

Rate Analysis

Annually, all rates are evaluated for adequacy and equity. Each fee that is charged should cover the true cost of providing the service being provided in order to avoid shifting costs to customers not actually receiving the service. For example, if the fee for industrial surcharges does not fully cover the cost of collecting and analyzing the samples, treating the high strength waste, and administering the program, then the cost of that service is passed along to the rest of the rate payers who in effect subsidize the operation of the industries. The need to charge for the true cost must then be balanced with reasonable rate increases. Below is an analysis of our various rates which includes the current rate, the cost of service rate, the percent difference, and the recommended increase.

Water and Sewer Volume Rate

The water volume rate is measured in one hundred cubic feet (hcf), or 748 gallons. The current rate for 748 gallons of water is $2.43. A rate increase of 4.9% to $2.55 per hcf will be needed in FY 2017. The most significant driver for this increase is the anticipated loss of approximately $400,000 of revenue from Bedford County in FY 2017 and nearly $1.0 million each year thereafter. The result is that our debt coverage ratio drops below the 1.20 minimum to 1.17 for FY 2017 and FY 2018 even with the rate increase. The unrestricted cash balance for FY 2017 is anticipated to be 49% to help mitigate the loss of revenue from Bedford County but then it begins dropping each year thereafter in the five year projection period. Additional rate increases over the next few years will be needed to offset this revenue loss. The increase in FY 2017 will result in an additional $0.84 increase per month for a household using 7 hcf (5,236 gallons).

The sewer volume rate is also measured in hcf. The current rate per hcf is $5.83. A rate increase of 3.3% to $6.02 per hcf will be needed in FY 2017. The primary reason for the increase is due to regulatory compliance associated with sewer system maintenance and sanitary sewer overflow reductions. With the rate increases the debt coverage ratio of 1.20 is maintained for FY 2017 with a 25% unrestricted cash balance. The increase in FY 2017 will result in an additional $1.33 increase per month for a household using 7 hcf (5,236 gallons).

The combined water and sewer volume rate increases will add approximately $2.17 to a typical household's bill. This results in an overall increase of the water and sewer bill of approximately 3.3%. Factoring in that average household consumption has dropped by over 20% since 2008 and is closer to 5 hcf per month, the impact is actually even less.

Industrial Surcharges

These charges are designed to recover the cost of treating high strength sewerage which is measured in 100 pounds of BOD (Biological Oxygen Demand) or TSS (Total Suspended Solids) over the amounts designated as domestic sewerage. There are nine customers in the City that are recurring billed for high strength BOD and TSS. Annual industrial surcharges

Rate Analysis

from these customers have averaged $440,000 over the past three years. WestRock and Frito-Lay are also billed for high strength BOD and TSS based on contract rates. BOD and TSS charges to West Rock and Frito-Lay have averaged $1,138,000 over the past three years.

Except for the charges to WestRock and Frito-Lay, the current BOD and TSS rates were last increased on July 1, 2013. A comparison between the industrial sur-charge current rates and the cost of treating BOD and TSS is shown below:

BOD / TSS Cost Comparisons

	Current Rate	Cost Rate	% Difference
BOD charge / 100 lbs.	$23.52	$32.34	37.5%
TSS charge / 100 lbs.	$26.60	$28.13	5.8%

The cost rates shown in the above table are based on the rates charged to West Rock and Frito-Lay which are based on a FY 2014 cost of service analysis. A survey of BOD and TSS rates charged by other communities in Virginia showed that the average BOD rate was $30.00 and the average TSS rate was $31.00.

It is recommended that the current BOD and TSS rates charged to customers other than West Rock and Frito-Lay be increased 4% per year until the rates are equal to the cost of providing these services.

Trucked Hauled Waste Charge

There are approximately 45 septic haulers and large companies that have contracts to dispose truck hauled waste at the City's wastewater treatment plant. Annual revenues from truck hauled waste have averaged $504,000 over the past three years. The current minimum trucked hauled waste charge is $204.90 for a truck that has up to 2,500 gallons of waste capacity. The charge increases by $34.74 for every 500 gallon of additional truck capacity.

The truck hauled waste charges were last increased July 1, 2012. If the charges are based on the average concentrations of BOD and TSS in septic material that are treated in the wastewater plant, the charge for a 2,500 gallons truck load would be as follows:

Rate Analysis

Trucked Hauled Waste Cost of Service Charge

	Lbs.	Rate / lb.	Charge
BOD	155	$.3234	$50.13
TSS	730	$.2813	205.35
Total for a 2,500 gallon truck load			$255.48
Charge for each additional 500 gallons			**$51.10**

The BOD and TSS rates included in the above table are based on the cost of service analysis that was used to determine the BOD and TSS rates charged to WestRock and Frito-Lay. If the current truck hauled waste charges are increased to amounts shown in the above table the cost for truck hauled waste would increase by 25%.

We surveyed the trucked hauled waste charges of other communities that are within 90 miles of Lynchburg and that have the capacity to accept truck hauled waste. The survey results showed that the average truck hauled waste charge for the other communities that are likely to accept addition truck load waste was $248.00. Bedford, Danville and the Western Virginia Water Authority in Roanoke charge $150 to $175 for a 2,500 gallon truck that originates waste outside of their service areas.

We plan to make a more comprehensive evaluation of rates, policies, procedures and billing software over the next year. Therefore we recommend that the current truck hauled waste charges be kept in place until this evaluation is complete.

Fire Protection Charges

The annual cost of providing fire protection in the City is estimated at $974,000. This estimate is based ISO standards which suggest that a municipal water system should be able to fight three simultaneous fires lasting four hours. In order to meet the ISO standards, 10% of the water storage capacity and 20% of the water treatment plant capacity needs to be kept in reserve for fire-fighting purposes. The cost of fire protection is also based on an assumption that the water distribution system cost 20% more than it would if fire protection service was not provided.

There are 3,061 water hydrants in the City and 48 private fire lines. As detailed in Exhibit 3, the fire protection cost rate per month for an eight inch water hydrant or eight inch fire line is $23.01. As detailed below the larger private fire line rates are based on the equivalency factor suggested by the American Water Works Association (AWWA) for larger size mains.

Rate Analysis

	Equivalency Factor	Calculated Rate	Current Rate	% Difference
Fire hydrants	1.0	$23.01	$19.79	16%
8” private fire lines	1.0	23.01	19.79	16%
10” private fire lines	1.8	41.42	35.53	17%
12” private fire lines	2.9	66.73	56.38	18%

The fire protection rates were last increased July 1, 2009 and thus a significant increase is needed to bring them up to cost of service levels. However, the percent increase shown above is too much of an increase in one year. It is recommended that fire protection rates increase by 4% per year until they reach cost of service levels.

Water Connection Fees

Water connection fees were last increased about 10 year ago. Annual revenues from water connection fees have averaged about $160,000 over the past three years. An analysis of completed work orders showed that the cost of making a residential connection to the water system was approximately $1,525. Our current residential water connection fee for a typical service and meter is $1,045 or only about 70% of the actual cost to install the service. The Virginia average water connection fee is $2,084 so our fee is about half the Virginia average.

While there is a significant difference in the cost to provide the service and the fee currently charged the policies related to water service extensions, availability fees, and connection fees needs to be evaluated and recommendations made based on that evaluation. Therefore an increase of 10% is recommended at this time until an overall strategy can be developed to better recover the overall cost of providing the service in an affordable manner.

Sewer Connection Fees

Similar to water connection fees, sewer connection fees were last increased about 10 year ago. Annual revenues from sewer connection fees have averaged about $120,000 over the past three years. An analysis of completed work orders showed that the cost of making a residential connection to the sewer system averages about $1,600. Our fee for a typical residential sewer connection is $1,210 or only about 76% of the actual cost to install the service. The Virginia average sewer connection fee is $2,765 so our fee is less than half the Virginia average.

Rate Analysis

While there is a significant difference in the cost to provide the service and the fee currently charged the policies related to sewer service extensions, availability fees, and connection fees needs to be evaluated and recommendations made based on that evaluation. Therefore an increase of 10% is recommended at this time until an overall strategy can be developed to better recover the overall cost of providing the service in an affordable manner.

Industrial Pretreatment Charges

Industrial pretreatment charges apply to 19 customers that are deemed to be SIUs (significant industrial users) per U.S. EPA's rules and regulations. These customers are billed an annual permit renewal fee of $220.00 plus periodic sampling charges to determine compliance with their permits. The sampling charges range from $596.85 to $3,042.90 per sampling event and the number of annual sampling events vary by U.S. EPA's industrial category. The current permit renewal fee and sampling charges were last increased about five years ago. The total annual revenues billed for industrial pretreatment have averaged $45,000 over the past three years.

During an average year the staff assigned to pre-treatment activities conduct approximately 100 one day sampling events and 200 multiple day sampling events. Further, laboratory staff performs approximately 180 conventional tests and outsource numerous test for metals and organics. The total annual cost to administer the pretreatment program is estimated at $100,000; 122% higher than the revenues billed from permit renewal and sampling charges.

Our evaluation of the sampling charges indicated that they are significantly lower than the cost to perform and analyze the applicable sample. It is recommended that all of the sampling charges be increased 5% per year until they reach the cost of taking and analyzing samples.

Proposed Rates

The following pages provide a summary of the existing and the proposed rates.

Rate Analysis

Current and Proposed Rates

	Current FY2016	Proposed FY 2017	% Increase
Water			
Volume charge / hcf	$2.43	$2.55	**4.9%**
Sewer			
Volume charge / hcf	$5.83	$6.02	**3.3%**
BOD charge / 100 lbs	23.52	24.46	**4.0%**
TSS charge / 100 lbs.	26.60	27.66	**4.0%**
Septic hauler charge	204.90	204.90	**0%**
Industrial permit fee	varies	varies	**0%**
Sewer only	47.18	48.51	**2.8%**
Stormwater			
Rater per sfu per month	$4.00	$4.00	**0%**
Fire Protection			
Hydrants & 8” or smaller fire lines	$19.79	$20.58	**4.0%**
10” fire lines	35.53	36.95	**4.0%**
12” fire lines	56.38	58.64	**4.0%**

	Current FY2016	Proposed FY 2017	% Increase
Availability Fees			
Water	$1220.00	$1220.00	**0%**
Sewer	1950.00	1950.00	**0%**
Water Connection Fees			
¾” & 5/8” meters	$1,045.00	$1,150.00	**10%**
1” service – 5/8’ meter	1,100.00	1,210.00	**10%**
1” service – 1” meter	1,265.00	1,400.00	**10%**
Greater than 1”- minimum	1,265.00	1,400.00	**10%**
Sewer Connection Fees			
4” sewer line	$1,210.00	$1,330.00	**10%**
Greater than 4”- minimum	1,320.00	1,450.00	**10%**
Other Charges			
Monthly Service Charge	Next Page	Next Page	**Next Page**
Cut-on charge	15.00	15.00	**0%**
Cut-off charge	25.00	25.00	**0%**
Delinquent account fee	5%	5%	**0%**

Rate Analysis

Monthly Service Charges

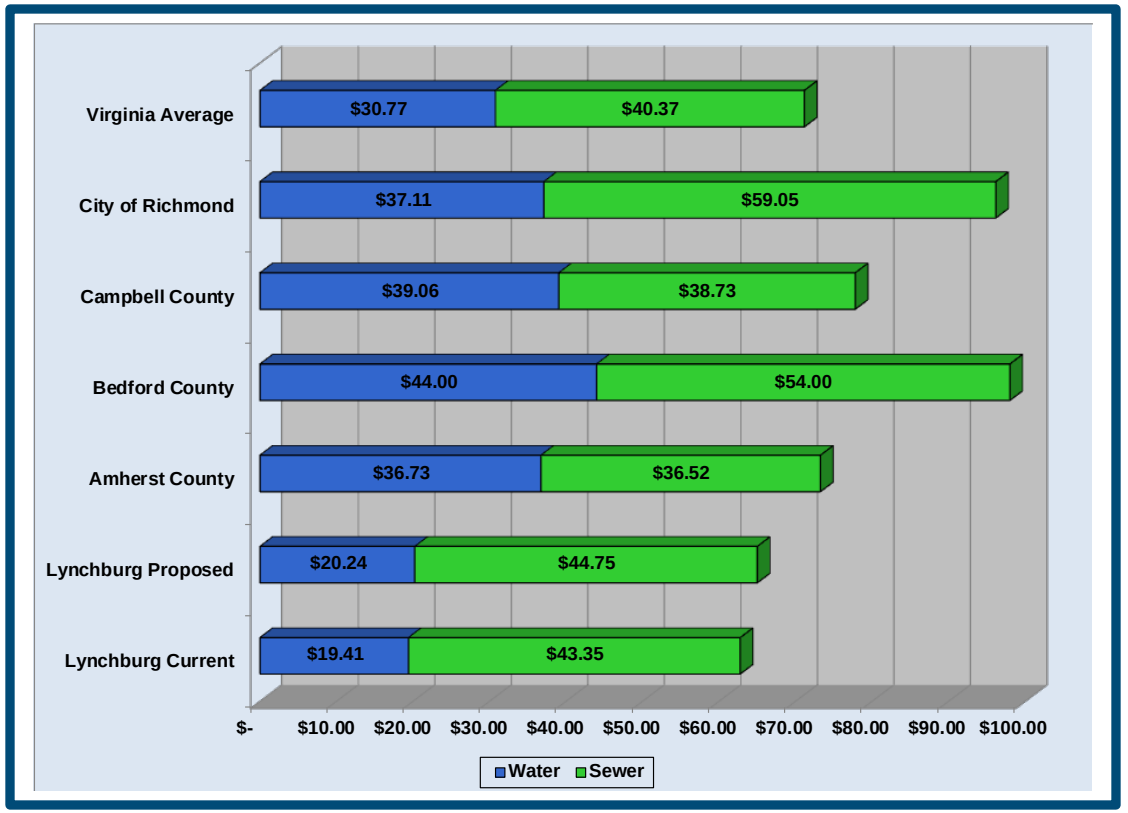
There are no proposed changes in the Monthly Service Charges. The chart below reflects the current fees per meter size.

Meter Size	Exist. Account Charge	Meter Factor	Fee per Equivalent Meter	Fee per Meter Size	Total Service Charge
5/8”	$3.69	1.0	$4.00	$4.00	**$7.69**
3/4”	$3.69	1.5	$4.00	$6.00	**$9.69**
1”	$3.69	2.5	$4.00	$10.00	**$13.69**
1-1/2”	$3.69	5.0	$4.00	$20.00	**$23.69**
2”	$3.69	8.0	$4.00	$32.00	**$35.69**
3”	$3.69	15.0	$4.00	$60.00	**$63.69**
4”	$3.69	30.0	$4.00	$120.00	**$123.69**
6”	$3.69	60.0	$4.00	$240.00	**$243.69**
8”	$3.69	90.0	$4.00	$360.00	**$363.69**
10”	$3.69	150.0	$4.00	$600.00	**$603.69**

Rate Comparisons

A comparison of the City's water and sewer bills for a customer using 5,000 gallons (6.68 hcf) of water per month is shown below. (Information from other localities and the statewide average is based on the "27th Annual Virginia Water and Wastewater Rate Report 2015", prepared by Draper Aden Associates.)

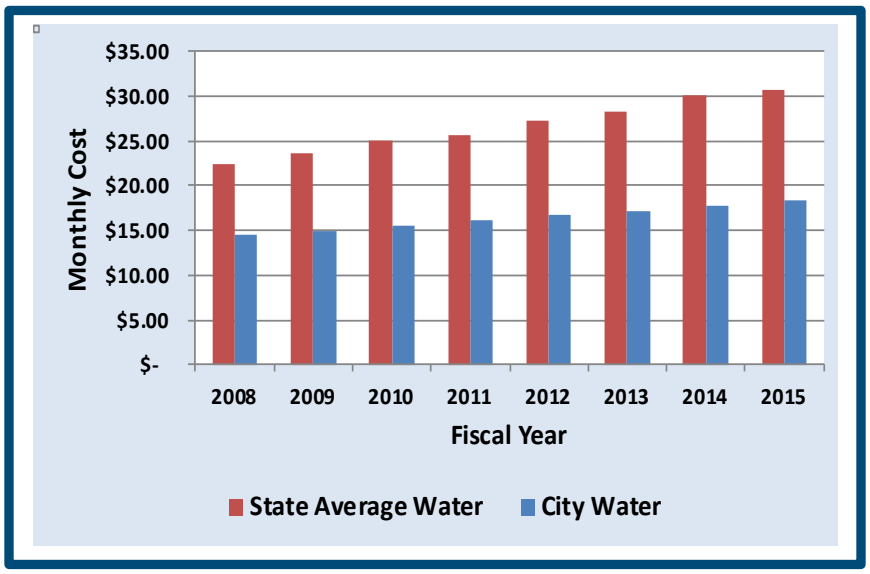
The City of Lynchburg's current combined rates are the lowest in the region including those of Amherst, Bedford, and Campbell Counties. Also Lynchburg's rates for water and sewer are lower than the City of Richmond; the State's other CSO city.



Rate Comparisons

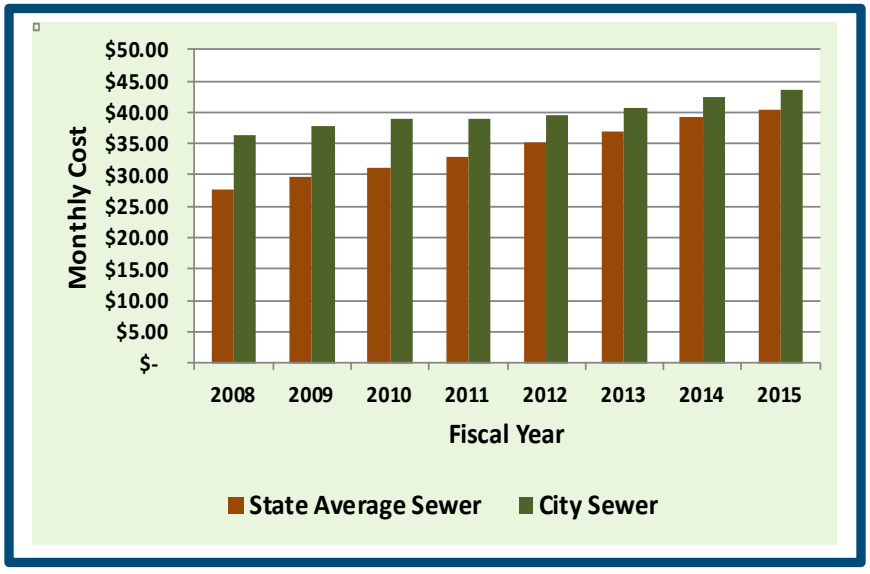
Water Rate Comparison

As shown below, the City of Lynchburg's water rate was $11.36 per month less than the statewide average. Last year the state average water rate increase was 2.2% or approximately $0.66 more per month.



Sewer Rate Comparison

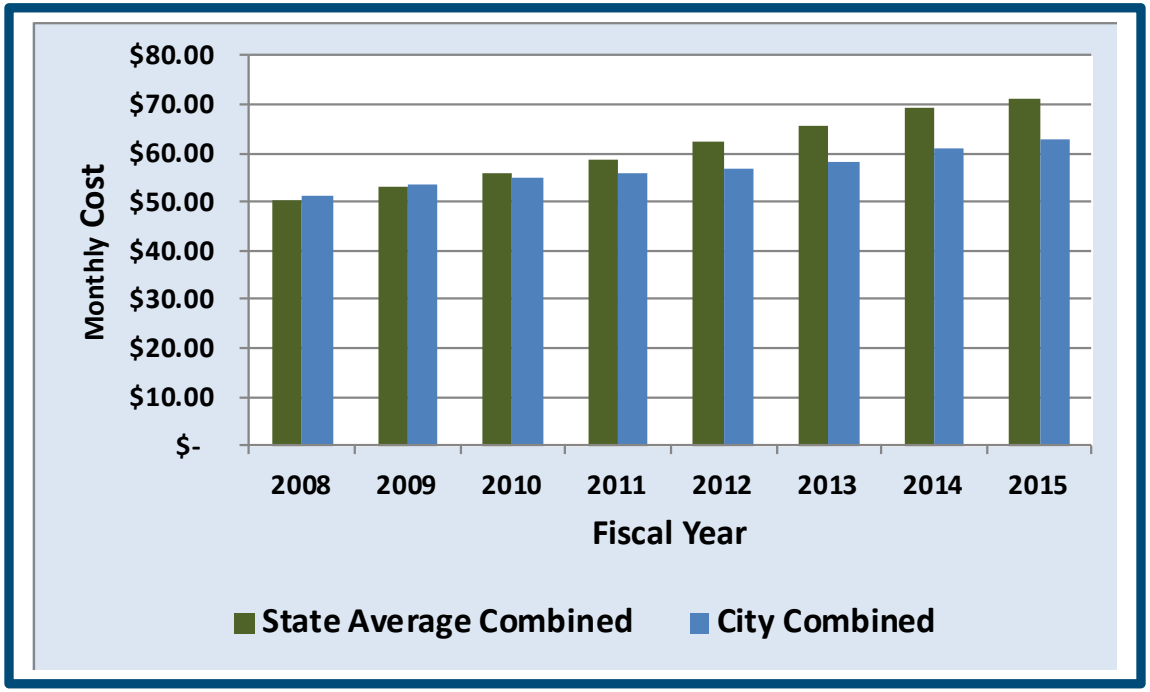
As shown below, the City of Lynchburg's sewer rate is $2.92 per month more than the statewide average. Last year the state average water rate increase was 2.6% or approximately $1.04 more per month.



Rate Comparisons

Combined Water and Sewer Rates

This is the sixth year that the City of Lynchburg's combined water and sewer rates have been lower than the statewide average. This year the difference in the average monthly bill is $8.28. This gap has been widening every year which illustrates the emphasis we place on keeping rates as low as possible while delivering excellent and valued services.



Rate Comparisons

Statewide Stormwater Fee Comparisons

VAMSA Stormwater Utility Fee and Sevice District Tax Reference Table

March 1, 2016

Existing Utilities	Phase 1 or 2 MS4 Permit	Avg. Resid. Fee ($/Month)	Annual Utility Fee Revenue ($)	Population (2014)	$ Per Capita (Annual Est.)	Collected Fees Used to Fund O&M	Collected Fees Used to Fund Stormwater CIPs
Town of Blacksburg	2	6.00	1,062,000	44,000	24.14	Yes	Yes
City of Charlottesville	2	4.58	1,900,000	45,600	41.67	No	Yes
City of Chesapeake	1	7.35	15,344,000	231,500	66.28	Yes	Yes
City of Falls Church	2	20.60	1,555,000	13,600	114.34	Yes	Yes
City of Hampton	1	7.83	7,908,000	136,900	57.76	Yes	Yes
City of Harrisonburg	2	5.42	TBD	52,500	TBD	Yes	Yes
City of Hopewell	2	4.00	TBD	22,200	TBD	Yes	Yes
City of Lynchburg	2	4.00	3,121,000	76,500	40.80	Yes	Yes
City of Newport News	1	10.75	18,808,000	185,240	101.53	Yes	Yes
City of Norfolk*	1	10.80	15,609,000	245,400	63.61	Yes	Yes
City of Portsmouth	1	9.25	7,425,000	96,000	77.34	Yes	Yes
City of Richmond	2	3.75	11,200,000	217,900	51.40	Yes	Yes
City of Roanoke	2	5.40	5,637,000	99,400	56.71	Yes	Yes
City of Staunton	2	3.20	981,800	24,500	40.07	Yes	Yes
City of Suffolk	2	6.00	4,051,000	89,600	45.21	Yes	Yes
City of VA Beach	1	12.71	37,143,000	451,000	82.36	Yes	Yes
Isle of Wight County	2	6.00	1,638,000	36,000	45.50	Yes	Yes
Prince William County	1	3.18	7,800,000	450,600	17.31	Yes	Yes
Average		**7.27**			**57.88**		

*Updated to reflect FY '16

Existing Districts	Phase 1 or 2 MS4 Permit	Annual District Revenue ($)	Population (2014)	$ Per Capita (Annual Est.)	Collected Tax Used to Fund O&M	Collected Tax Used to Fund Stormwater CIPs
Fairfax County	1	49,000,000	1,137,500	43.08	Yes	Yes
Arlington County	1	8,570,000	226,908	37.77	Yes	Yes
City of Alexandria	2	1,764,000	150,575	11.72	Yes	Yes

Proposed Utilities	Phase 1 or 2 MS4 Permit	Avg. Resid. Fee ($/Month)	Annual Utility Fee Revenue ($)	Population (2014)	$ Per Capita (Annual Est.)
City of Waynesboro	2	3.42	TBD	21,400	TBD
City of Winchester	2	10.00	TBD	27,500	TBD

Appendix A
Financial Projections

WATER FUND
FINANCIAL PROJECTIONS
FY 2016 to FY 2021

WATER FUND KEY ASSUMPTIONS

CIP & Financing Plan

1. Total CIP expenditures during the projection period (FY 2016 to FY 2021) are estimated to total $28.3 million. Of this amount, $19.7 million is earmarked for distribution improvements, many of which are in the downtown area of the City.

2. CIP expenditures are expected to be financed from a combination of existing capital funds at July 1, 2015 plus internally generated funds and new borrowing. Total new borrowing during the projection period is estimated at $15.9 million.

3. New borrowing in FY 2017 ($5.6 million) is assumed to be at 4%; 30 year repayment terms. New borrowing after FY 2019 ($6.0 million) is assumed to be at 5%; 30 year repayment terms. New borrowing in FY 2021 ($4.3 million) is assumed to be at 5%; 30 year repayment terms.

Revenues

4. Water use by City customers (excluding contract customers) will remain stable at 3,100,000 HCF per year. Over the past five years annual water use by City customers has averaged 3,132,687 HCF. In FY 2015 and FY 2014 annual water use by City customers totalled 3,117,500 HCF and 3,151,129, respectively.

5. The water volume rate charged to City customers is projected to increase 5% per year in FY 2017, 6% in FY 2018 and FY 2019 and 4% per year thereafter. No increase in the account / fixed charge is projected during the projection period.

6. Starting in FY 2017 water use from West Rock and Frito-Lay is assumed to remain constant at 400,000 HCF per year. Over the past five years annual water use from these two customers averaged 418,120 HCF. In FY 2015 and FY 2014 annual water use by these two customers totalled 426,906 HCF and 396,770 HCF, respectively. Water rates from these two customers will increase by approximately 2.5% per year over the projection period.

7. Historically Bedford County's water use from the City has been in the 1.5 MGD range. Bedford County is assumed to use 1.0 MGD of water starting in FY 2018. Their use is expected to decrease as they extend water lines into areas that are currently served by the City. The water rate charged to Bedford County will also decrease from approximately $2.00 per HCF to $1.20 per HCF, effective October 1, 2016 as specified in a recently negotiated contract. As a result annual revenues from Bedford County are projected to decrease approximately $.4 million in FY 2017 and $.9 million in FY 2018 compared to FY 2016 revenues.

8. Annual water volume billed to Amherst County is projected to decrease from current levels (42,000 HCF) to 1,000 HCF by FY 2021 due to a phased closure of a regional training academy in Amherst County. Between FY 2016 and FY 2021 this decrease in HCF represents a $70,000 annual revenue loss. However, the revenue loss will occur slowly until FY 2019 when the bulk of revenue loss is expected to occur.

9. Annual water volume billed to Campbell County is projected to remain constant at 256,000 HCF. The water rates charged to both Campbell County and Amherst County are projected to increase 10% in FY 2018 as a result of the decreased water use from Bedford County.

Operating Expenses

10. Annual water production will approximate 10.5 MGD (the past 5 year average) through FY 2017. In FY 2018 through FY 2021 annual water production will decrease to approximately 10.0 MGD when it is assumed that Bedford County will reduce its water purchases from the City.

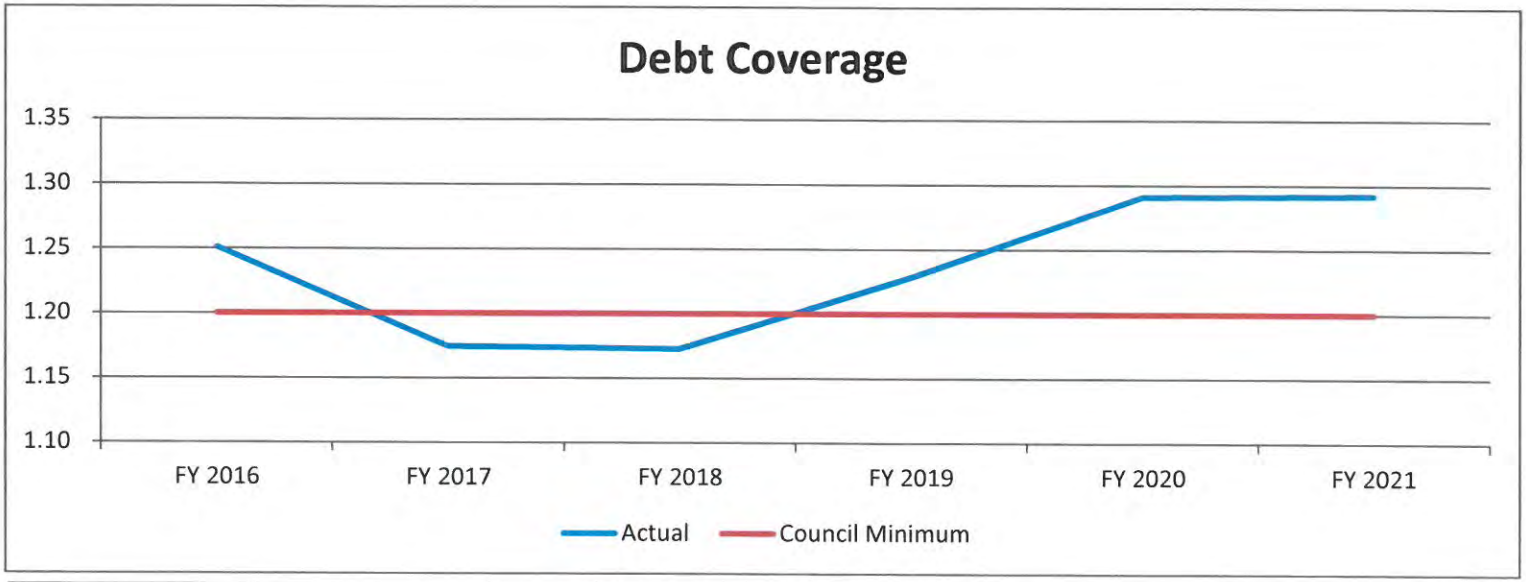
11. Operating expenses in FY 2017 are based on budget submission documents. Operating expenses after FY 2017 are assumed to increase 3% per year unless otherwise noted. However, the impact of reduced water use due to decreased water sales to Bedford County has been factored into the projected electricity and chemical expenses starting in FY 2018.

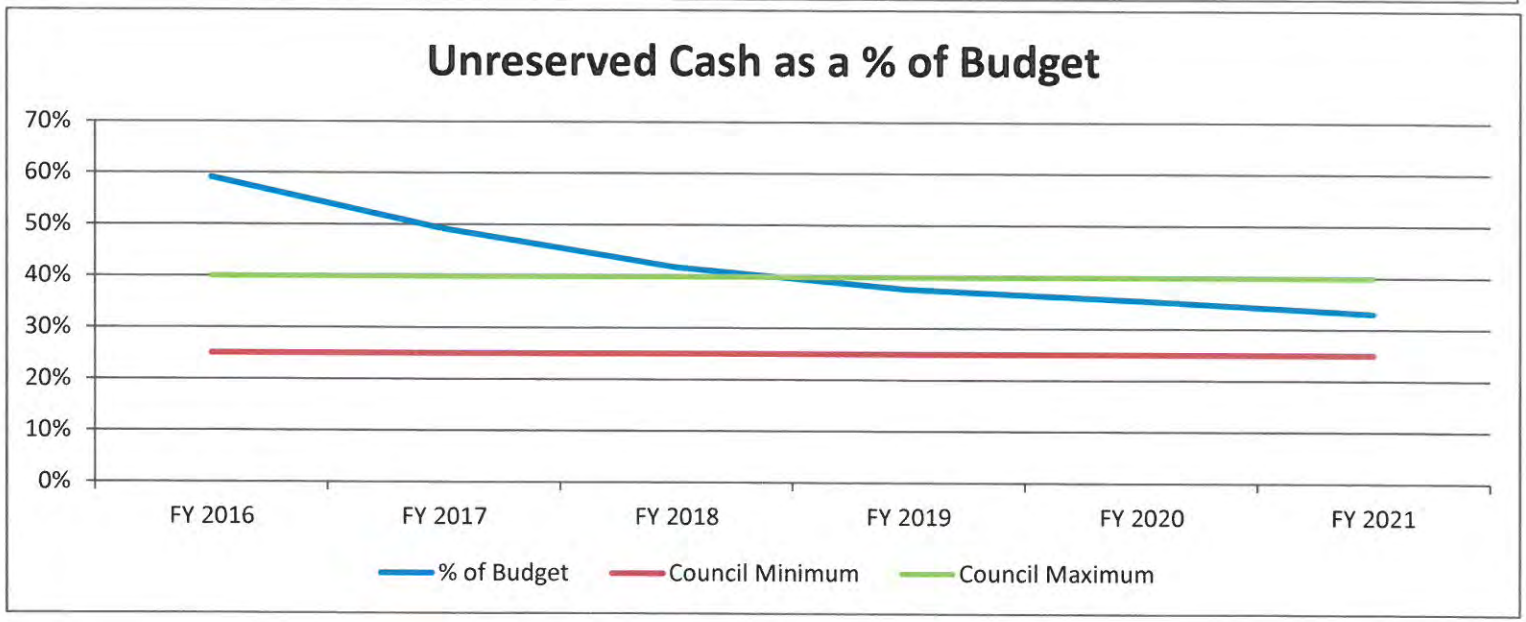
12. There are 70.35 equivalent full time approved staff positions in Water Fund sub-departments in FY 2016. Two additional positions are proposed for FY 2017. No new positions are assumed after FY 2017.

13. Projected operating expenses exclude deferred pension inflows and outflows that are not expected to be paid within the projection period. Projected operating expenses do include accrued workers compensation claims because the claims are expected to be paid within the projection period.

14. Additional assumptions are included in notes on the following financial projections pages.

WATER FUND


Debt Coverage
1.35
1.30
1.25
1.20
1.15
1.10
FY 2016
FY 2017
FY 2018
FY 2019
FY 2020
FY 2021
Actual
Council Minimum


Unreserved Cash as a % of Budget
70%
60%
50%
40%
30%
20%
10%
0%
FY 2016
FY 2017
FY 2018
FY 2019
FY 2020
FY 2021
% of Budget
Council Minimum
Council Maximum

CITY OF LYNCHBURG
PROJECTED STATEMENT OF WATER CAPITAL FUND CASH FLOW

	Est. FY 2016	Budget FY 2017	Proj. FY 2018	Proj. FY 2019	Proj. FY 2020	Proj. FY 2021
BEGINNING FUNDS (1)	**$ 5,940,837**	**$2,616,096**	**$4,317,366**	**$1,726,366**	**$4,381,366**	**$1,366,366**
RECEIPTS						
Transfers	1,250,000	1,750,000	1,500,000	1,250,000	1,250,000	1,250,000
LOC borrowing	-	-	-	-	-	-
G.O. borrowings, net proceeds	-	5,574,000	-	5,952,000	-	4,350,000
total receipts	**1,250,000**	**7,324,000**	**1,500,000**	**7,202,000**	**1,250,000**	**5,600,000**
EXPENDITURES						
Annual water petitions	114,000	85,286	210,000	110,000	50,000	50,000
Distribution system improvements	3,754,741	4,665,628	3,240,000	3,552,000	2,250,000	2,250,000
Annual facility improvements	250,000	556,600	276,000	400,000	800,000	2,600,000
Water tank rehabilitation	456,000	315,216	365,000	485,000	1,165,000	250,000
Other	-	-	-	-	-	-
total expenditures	**4,574,741**	**5,622,730**	**4,091,000**	**4,547,000**	**4,265,000**	**5,150,000**
ENDING FUNDS	**$2,616,096**	**$4,317,366**	**$1,726,366**	**$4,381,366**	**$1,366,366**	**$1,816,366**

Notes:

1. Beginning funds in FY 2016 includes:

SNAP funds	$ 3,558,355
Cash & investments in the Capital Fund	2,382,482
	$ 5,940,837

CITY OF LYNCHBURG
PROJECTED STATEMENT OF WATER OPERATING FUND DEBT COVERAGE

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Revenues:							
Charges for services	$11,919,928	$11,931,198	$12,258,891	$12,778,841	$13,300,425	$13,668,691	$14,069,689
Water contracts	2,780,239	2,659,062	2,213,440	1,830,870	1,856,794	1,912,602	1,959,696
Interest and other	270,627	266,297	263,119	261,955	261,324	261,401	261,278
total revenues	14,970,794	14,856,557	14,735,450	14,871,666	15,418,542	15,842,693	16,290,664
Expenses:							
Water treatment	2,845,666	3,296,302	3,292,767	3,329,188	3,426,921	3,527,587	3,631,272
Water line maintenance	1,766,559	1,844,767	1,988,455	2,048,109	2,109,552	2,172,838	2,238,024
Meter reading	757,819	884,606	878,206	904,552	931,689	959,639	988,429
Administration / engineering	3,319,975	3,314,427	3,286,325	3,384,915	3,486,462	3,591,056	3,698,788
Non-departmental	124,618	284,151	288,925	296,843	304,998	313,398	322,050
Capitalizable cost (1)	(137,518)	(141,644)	(145,893)	(150,270)	(154,778)	(159,421)	(164,204)
total expenses	8,677,119	9,482,610	9,588,785	9,813,336	10,104,844	10,405,098	10,714,359
Operating income	6,293,675	5,373,947	5,146,665	5,058,330	5,313,698	5,437,596	5,576,305
Debt Service	4,463,077	4,295,097	4,382,019	4,313,331	4,325,501	4,211,560	4,316,186
Net Revenue	**$1,830,598**	**$1,078,850**	**$764,646**	**$744,999**	**$988,197**	**$1,226,036**	**$1,260,119**
Debt Coverage Ratio	1.41	1.25	1.17	1.17	1.23	1.29	1.29

Notes:

1. Capitalizable cost includes internal labor charges applicable to time spent on capital project activities.

CITY OF LYNCHBURG
PROJECTED STATEMENT OF WATER OPERATING FUND CASH FLOW

	Est. FY 2016	Budget FY 2017	Proj. FY 2018	Proj. FY 2019	Proj. FY 2020	Proj. FY 2021
Beginning Funds (1)	$ 8,500,514	$ 8,157,721	$ 6,895,474	$ 5,935,203	$ 5,468,622	$ 5,235,236
Net revenue plus capitalized costs	937,207	618,753	594,729	833,419	1,066,615	1,095,915
Capital expenditures for equipment	(30,000)	(131,000)	(55,000)	(50,000)	(50,000)	(50,000)
Transfers to Water Capital Fund	(1,250,000)	(1,750,000)	(1,500,000)	(1,250,000)	(1,250,000)	(1,250,000)
Ending Funds	$ 8,157,721	$ 6,895,474	$ 5,935,203	$ 5,468,622	$ 5,235,236	$ 5,031,152
Water Operating Fund budget (2)	13,919,350	14,116,697	14,276,937	14,585,123	14,776,079	15,194,748
Ending Funds as a % of budget	59%	49%	42%	37%	35%	33%

Notes:

1. Beginning Funds in FY 2016 includes:

Unrestricted cash	$ 1,328,080
Investments excluding SNAP funds	7,108,857
Discount / premium on investments	50,101
Unrealized loss on investment	(9,264)
Interest receivable on investment	22,740
	$ 8,500,514

2. Water Operating Fund budget equals expenses, excluding capitalizable cost, plus debt service.

CITY OF LYNCHBURG
CHARGES FOR SERVICES

	Actual FY 2015	Est. FY 2016	Budget FY 2017	Proj. FY 2018	Proj. FY 2019	Proj. FY 2020	Proj. FY 2021
Water Sales							
HCF of use	3,117,517	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000
Water volume rate (1)	2.43	2.43	2.55	2.70	2.85	2.95	3.06
	$7,575,567	$7,533,000	$7,905,000	$8,370,000	$8,835,000	$9,145,000	$9,486,000
All Other:							
Account / Fixed charge (2)	1,246,662	1,245,000	1,245,500	1,246,000	1,246,500	1,247,000	1,247,500
Sewer/Stormwater Fund charge (3	1,630,000	1,754,000	1,815,000	1,869,450	1,925,534	1,983,300	2,042,798
Hydrant rentals-water	2,565	3,000	3,000	3,000	3,000	3,000	3,000
Hydrant rentals-equip.	3,630	7,200	7,200	7,200	7,200	7,200	7,200
General Fund Fire Protection	879,498	879,498	845,191	845,191	845,191	845,191	845,191
Cut-on/off-late fees	109,118	100,000	100,000	100,000	100,000	100,000	100,000
Meter removal	375	7,500	6,000	6,000	6,000	6,000	6,000
Delinquent account fee	95,142	87,000	87,000	87,000	87,000	87,000	87,000
Fire protection	109,963	105,000	105,000	105,000	105,000	105,000	105,000
Connection fees (4)	107,111	65,000	50,000	50,000	50,000	50,000	50,000
Availability fees (4)	116,380	60,000	60,000	60,000	60,000	60,000	60,000
Water cost plus & other	43,917	85,000	30,000	30,000	30,000	30,000	30,000
	4,344,361	4,398,198	4,353,891	4,408,841	4,465,425	4,523,691	4,583,689
	$11,919,928	**$11,931,198**	**$12,258,891**	**$12,778,841**	**$13,300,425**	**$13,668,691**	**$14,069,689**

Notes:

1. Water volume rate assumed to increase 5% in FY 2017; 6% in FY 2018 and FY 2019; then 4% per year thereafter.
2. No increase in Account Charge planned.
3. Sewer/Stormwater Fund charge is designed to recover cost charged to the Adm. / Engineering Dept. that are attributable to the Sewer and Stormwater Funds. The Sewer / Stormwater Fund charge increases in FY 2016 is due to additional staff positions hired that will support the Sewer and Stormwater Funds.
4. No increases in availability and connection fees assumed due to uncertainty in real estate market.

CITY OF LYNCHBURG
WATER CONTRACTS

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
AMHERST (1) (2)							
HCF of use	42,075	35,000	20,000	15,000	5,000	5,000	1,000
Rate	2.03	2.06	2.06	2.25	2.32	2.39	2.46
Current year bills	$85,513	$72,100	$41,200	$33,750	$11,600	$11,950	$2,460
Prior year settlement	-	(4,000)	-	-	-	-	-
	$85,513	$68,100	$41,200	$33,750	$11,600	$11,950	$2,460
BEDFORD (2) (3)							
HCF of use	786,354	750,000	750,000	488,000	488,000	488,000	488,000
Rate	1.95	1.98	1.40	1.24	1.28	1.32	1.35
Current year bills	$1,534,492	$1,485,000	$1,050,000	$605,120	$623,274	$641,972	$661,231
Prior year settlement	-	(28,191)	-	-	-	-	-
	$1,534,492	$1,456,809	$1,050,000	$605,120	$623,274	$641,972	$661,231
CAMPBELL (2) (4)							
HCF of use	256,000	256,000	256,000	256,000	256,000	256,000	256,000
Rate	2.00	2.04	2.04	2.25	2.32	2.39	2.46
Current year bills	$536,600	$522,240	$522,240	$576,000	$593,920	$611,840	$629,760
Prior year settlement	-	(36,327)	-	-	-	-	-
	$536,600	$485,913	$522,240	$576,000	$593,920	$611,840	$629,760
WEST ROCK (5)							
HCF of use	270,243	280,000	250,000	250,000	250,000	250,000	250,000
Rate	1.46	1.48	1.50	1.54	1.57	1.62	1.67
	$395,423	$414,400	$375,000	$385,000	$392,500	$404,275	$416,403
FRITO-LAY (5)							
HCF of use	156,663	158,000	150,000	150,000	150,000	150,000	150,000
Rate	1.46	1.48	1.50	1.54	1.57	1.62	1.67
	$228,211	$233,840	$225,000	$231,000	$235,500	$242,565	$249,842
	$2,780,239	**$2,659,062**	**$2,213,440**	**$1,830,870**	**$1,856,794**	**$1,912,602**	**$1,959,696**

Notes:

1. Amherst water use assumed to decrease as the Central Virginia Training Center is phased-out.
2. Amherst and Campbell County water rates increase approximately 10% in FY 2018 due to decrease in Bedford County's water use.
3. Bedford County water use in FY 2018 is based on minimum contract use of 1.0 MGD. The new contract rates starting October 1, 2016 is $1.20 per HCF. The new rate is projected to increase 3% per year.
4. Campbell's water use includes water not used per existing take or pay contract.
5. West Rock and Frito-Lay rates are based on cost of service rate calculations as per contract terms.

CITY OF LYNCHBURG
INTEREST & OTHER WATER REVENUES

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Investment earnings	21,389	22,066	17,632	16,468	15,837	15,914	15,791
IRS interest rebate (1)	233,482	233,231	234,487	234,487	234,487	234,487	234,487
Federal grants	-	-	-	-	-	-	-
All other	15,756	11,000	11,000	11,000	11,000	11,000	11,000
	$270,627	**$266,297**	**$263,119**	**$261,955**	**$261,324**	**$261,401**	**$261,278**

Notes:

1. IRS interest rebate is from Public Improvement Bonds issued 8/13/09 under the American Recovery Reinvestment Act that allows an annual interest subsidy for capital projects.

CITY OF LYNCHBURG
ADMIN. / ENGINEERING

	Actual	Est	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal services (1)	$1,273,249	$1,456,437	$1,486,942	$1,531,550	$1,577,497	$1,624,822	$1,673,566
Fringe benefits	469,320	553,978	545,091	561,444	578,287	595,636	613,505
Supplies & materials	57,837	66,250	64,300	66,229	68,216	70,262	72,370
Gasoline / fuel	6,124	8,900	8,720	8,982	9,251	9,529	9,814
Internal service charges	19,524	27,103	28,747	29,609	30,498	31,413	32,355
Rentals & leases	3,397	5,000	5,000	5,150	5,305	5,464	5,628
Communication charges	13,209	14,750	16,050	16,532	17,027	17,538	18,064
Contractual services	188,534	139,000	151,222	155,759	160,431	165,244	170,202
Training & travel	23,865	18,150	19,450	20,034	20,635	21,254	21,891
Indirect costs (2)	1,099,940	845,105	781,224	804,661	828,801	853,665	879,274
Self - insurance	146,529	162,329	162,329	167,199	172,215	177,381	182,703
Miscellaneous	18,447	17,425	17,250	17,768	18,301	18,850	19,415
Total	**3,319,975**	**3,314,427**	**3,286,325**	**3,384,915**	**3,486,462**	**3,591,056**	**3,698,788**

Notes:

1. Personal services in FY 2016 assumes 24.6 staff positions will be filled throughout the year.
2. Indirect cost decrease in FY2016 is mostly attributable to General Fund's decreased engineering costs chargeable to Water Fund.

CITY OF LYNCHBURG
WATER TREATMENT

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal services (1)	$1,051,924	$1,094,562	$1,089,829	$1,122,524	$1,156,200	$1,190,886	$1,226,612
Fringe benefits	422,794	446,420	434,640	447,679	461,110	474,943	489,191
Supplies & materials	126,309	132,650	139,250	143,428	147,730	152,162	156,727
Chemicals (2) (3)	263,214	450,725	457,000	437,290	450,408	463,921	477,838
Gasoline / fuel	9,798	10,200	9,770	10,063	10,365	10,676	10,996
Internal service charges	27,124	24,426	34,749	35,791	36,865	37,971	39,110
Rentals & leases	3,660	4,000	4,200	4,326	4,456	4,589	4,727
Communication charges	12,579	13,100	13,700	14,111	14,534	14,970	15,419
Electricity (2) (3)	466,878	560,000	560,000	550,000	566,500	583,495	601,000
Other utilities	185,292	195,190	182,853	188,339	193,989	199,808	205,803
Contractual services (4)	197,790	280,679	282,376	290,847	299,573	308,560	317,817
Training & travel	8,888	13,000	13,000	13,390	13,792	14,205	14,632
Misc., incl. operations fee	69,416	71,350	71,400	71,400	71,400	71,400	71,400
Total	**2,845,666**	**3,296,302**	**3,292,767**	**3,329,188**	**3,426,921**	**3,527,587**	**3,631,272**

Notes:

1. Personal services in FY 2016 assumes 24 staff positions will be filled throughout the year.
2. Chemicals and electricity includes a contingency for incremental cost of treating James River water in dry weather periods.
3. Chemicals and electricity expense reflect the impact of decreased water projected to be purchased by Bedford County beginning in F
4. Contractual service increase in FY 2016 represents planned maintenance in buildings, grounds and equipment.

CITY OF LYNCHBURG
WATER LINE MAINTENANCE

	Actual	Est	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal services (1)	$640,163	$637,038	$714,452	$735,886	$757,962	$780,701	$804,122
Fringe benefits	237,441	248,775	276,839	285,144	293,698	302,509	311,585
Supplies & materials	441,387	521,875	534,000	550,020	566,521	583,516	601,022
Gasoline / fuel	36,266	36,950	45,900	47,277	48,695	50,156	51,661
Internal service charges	120,314	153,995	146,193	150,579	155,096	159,749	164,542
Rentals & leases	1,052	3,500	3,500	3,605	3,713	3,825	3,939
Communication charges	2,531	3,225	3,025	3,116	3,209	3,305	3,405
Contractual services	280,073	231,326	255,566	263,233	271,130	279,264	287,642
Training & travel	4,741	4,703	4,900	5,047	5,198	5,354	5,515
Miscellaneous	2,591	3,380	4,080	4,202	4,328	4,458	4,592
Total	**1,766,559**	**1,844,767**	**1,988,455**	**2,048,109**	**2,109,552**	**2,172,838**	**2,238,024**

Notes:

1. Personal services in FY 2016 assumes 14.75 staff positions will be filled throughout the year. Two additional FTEs are proposed in FY 2017.

CITY OF LYNCHBURG
METER READING

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal services (1)	$249,844	$256,958	$256,538	$264,234	$272,161	$280,326	$288,736
Fringe benefits	107,196	110,112	108,426	111,679	115,029	118,480	122,034
Supplies & materials	318,049	408,795	404,175	416,300	428,789	441,653	454,903
Gasoline / fuel	13,474	20,050	18,900	19,467	20,051	20,653	21,272
Internal service charges	32,400	31,587	33,999	35,019	36,070	37,152	38,266
Rentals & leases	66	100	100	103	106	109	113
Communication charges	3,750	4,125	4,300	4,429	4,562	4,699	4,840
Contractual services	32,656	48,379	47,268	48,686	50,147	51,651	53,201
Training & travel	209	4,500	4,500	4,635	4,774	4,917	5,065
Miscellaneous	175	-	-	-	-	-	-
Total	**757,819**	**884,606**	**878,206**	**904,552**	**931,689**	**959,639**	**988,429**

Notes:

1. Personal services in FY 2016 assumes 7 staff positions will be filled throughout the year.

CITY OF LYNCHBURG
WATER NON-DEPARTMENTAL

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Financial audit	$22,415	$23,375	$24,310	$25,039	$25,790	$26,564	$27,361
Interest on customer deposits	7,735	7,700	7,931	8,169	8,414	8,666	8,926
Workers compensation (1)	4,872	112,976	119,584	123,172	126,867	130,673	134,593
OPEB & retirees health benefits (1)	50,945	75,100	81,200	83,636	86,145	88,729	91,391
Allowance for doubtful accounts	3,652	30,000	30,900	31,827	32,782	33,765	34,778
Budget compensation adjustments (2)	-	-	-	-	-	-	-
Project costs charged to operations	34,999	35,000	25,000	25,000	25,000	25,000	25,000
	$124,618	**$284,151**	**$288,925**	**$296,843**	**$304,998**	**$313,398**	**$322,050**

Notes:

1. Workers compensation and OPEB and retirees health benefit amounts in FY 2017 based on Human Resources Department estimates.
2. Budget compensation adjustments include assumed pay increases for all Water Fund sub-departments.

CITY OF LYNCHBURG
WATER FUND BONDS PAYABLE AND DEBT SERVICE

	Est. FY 2016	Budget FY 2017	Proj. FY 2018	Proj. FY 2019	Proj. FY 2020	Proj. FY 2021
P&I on borrowings o/s @ 6/30/15 (1)	$4,295,097	$4,159,059	$3,985,134	$3,699,704	$3,490,260	$3,355,636
Interest on Line of Credit	-	-	-	-	-	-
Debt Service payments on G.O. Bonds						
$5.6 million issued in FY 2017 (2)	-	222,960	328,197	328,197	328,197	328,197
$6 million issued in FY 2019 (3)				297,600	393,103	393,103
$4.4 million issued in FY 2021 (3)						239,250
	$4,295,097	**$4,382,019**	**$4,313,331**	**$4,325,501**	**$4,211,560**	**$4,316,186**

Notes:

1. Based on Debt Book as of June 30, 2015.
2. G.O. bond in FY 2017 is assumed to be at 4.0%, 30 year repayment terms with interest only for one year.
3. G.O. bonds in FY 2019 and FY 2021 are assumed to be at 5.0%, 30 year repayment terms with interest only for one year.

SEWER FUND
FINANCIAL PROJECTIONS
FY 2016 to FY 2021

SEWER FUND KEY ASSUMPTIONS

CIP & Financing Plan

1. Total CIP expenditures during the projection period (FY 2016 to FY 2021) are estimated to total $76.2 million. Of this amount, $49.7 million is related to the CSO program that is expected to be funded from remaining grant funds of $26.2 million and zero percent VWFRF loans of $23.5 million.

2. CIP expenditures expected to be financed from local funds are estimated at $26.5 million during the projection period. Of this amount $20.3 million is related to sewer collection and interceptor projects. The $26.5 million will be financed by a combination of existing capital funds at July 1, 2015 ($10.0 million) plus internally generated funds and new borrowing of approximately $8.9 million.

3. New borrowing is expected to occur in three phases; $6.1 million in FY 2017 at 4%, 30 year repayment terms; $1.9 million in FY 2019 at 5%, 30 year repayment terms and $.9 million in FY 2021 at line of credit terms.

Revenues

4. The annual volume of wastewater billed to non-contract customers is estimated at 2.58 million HCF for each year during the projection period. Over the past five years the annual wastewater billed to non-contract customers has averaged 2.58 million HCF and has ranged from 2.53 million HCF in FY 2011 to 2.62 million HCF in FY 2014.

5. The annual wastewater flow applicable to Amherst, Bedford and Campbell Counties is assumed to increase slightly each year. Collectively the three Counties are assumed to pay approximately 9.8% of the wastewater treatment plant operating expenses and 20.5% of new wastewater treatment plant capital expenditures.

6. The sewer volume rate is assumed to increase 3.3% in FY 2017; 2.0% in FY 2018; 1.1% in FY 2019 and FY 2020 and 0% in FY 2021. No increase in the account / fixed charge is projected during the projection period.

7. Sewer rates applicable to West Rock and Frito-Lay are based on recently negotiated rates. Sewer revenues from these two companies are projected to increase on average at about 2.0% per year through a combination of rate increases and changes in production.

8. Truck hauled waste charges will increase from historical levels of approximately $.5 million to over $.8 million in FY 2016. Due to loading problems at a Richmond area facility, truck hauled waste generators found it necessary to find alternative disposal at Lynchburg and other wastewater treatment plants. It is not clear how long this condition will last. For projection purposes septic truck hauled waste charges are assumed to decrease to about $.6 million in FY 2017 and remain at that level for the duration of the projection period.

SEWER FUND KEY ASSUMPTIONS
(continued)

Operating Expenses

9. Annual sewer flow at the wastewater treatment plant is expected to average 11.0 MGD during the projection period. Over the past five years WWTP flow has averaged 11.1 MGD and has ranged from 10.3 MGD in FY 2013 to 12.2 MGD in FY 2014.

10. Operating expenses in FY 2017 are based on budget submission documents. Operating expenses after FY 2017 are assumed to increase 3% per year unless otherwise noted.

11. O&M expenses at the wastewater treatment plant are projected to increase by approximately $200,000 in FY 2017 due to increased sludge disposal and chemical cost associated with land application of sludge disposal.

12. Internal service charges in the sewer line maintenance department are projected to increased by approximately $150,000 in FY 2017 in order to adequately fund the eventual replacement of vactor trucks and other heavy equipment.

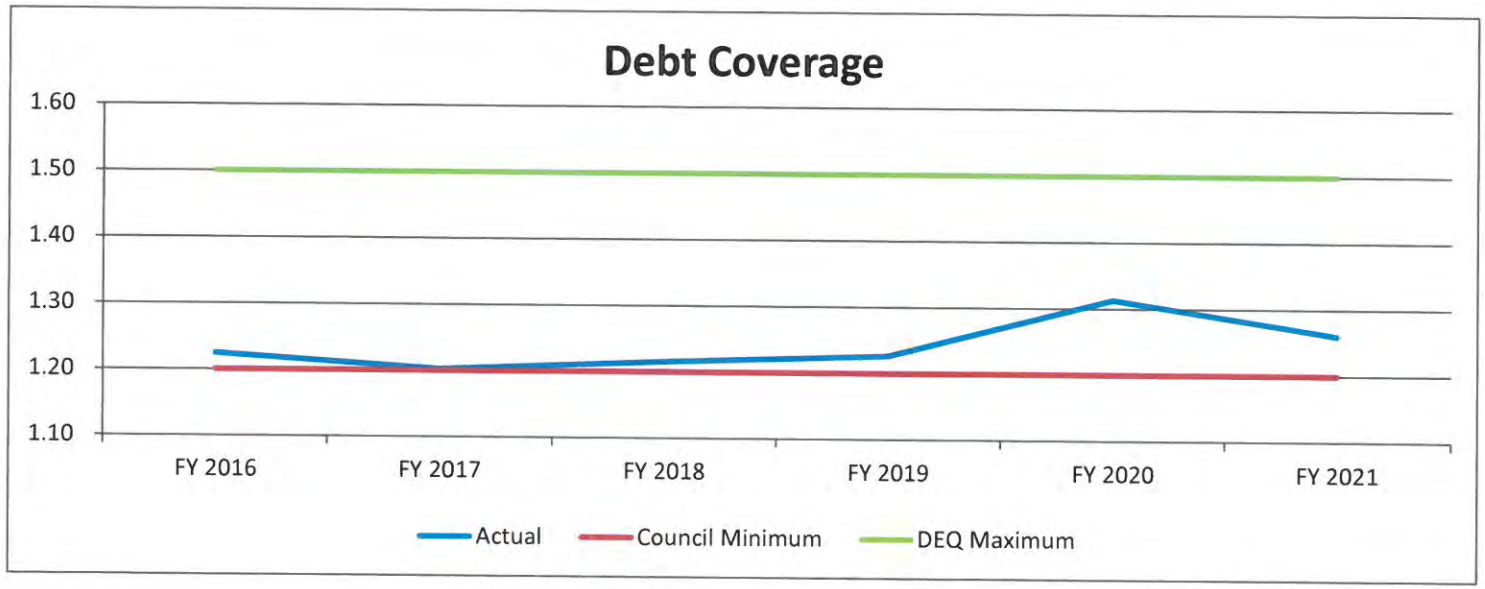
13. O&M expenses at the wastewater treatment plant are projected to increase another $80,000 in FY 2019 and another $195,000 in FY 2020 as Long Term Control Plan projects are assumed to be completed in mid-FY 2019 and become operational.

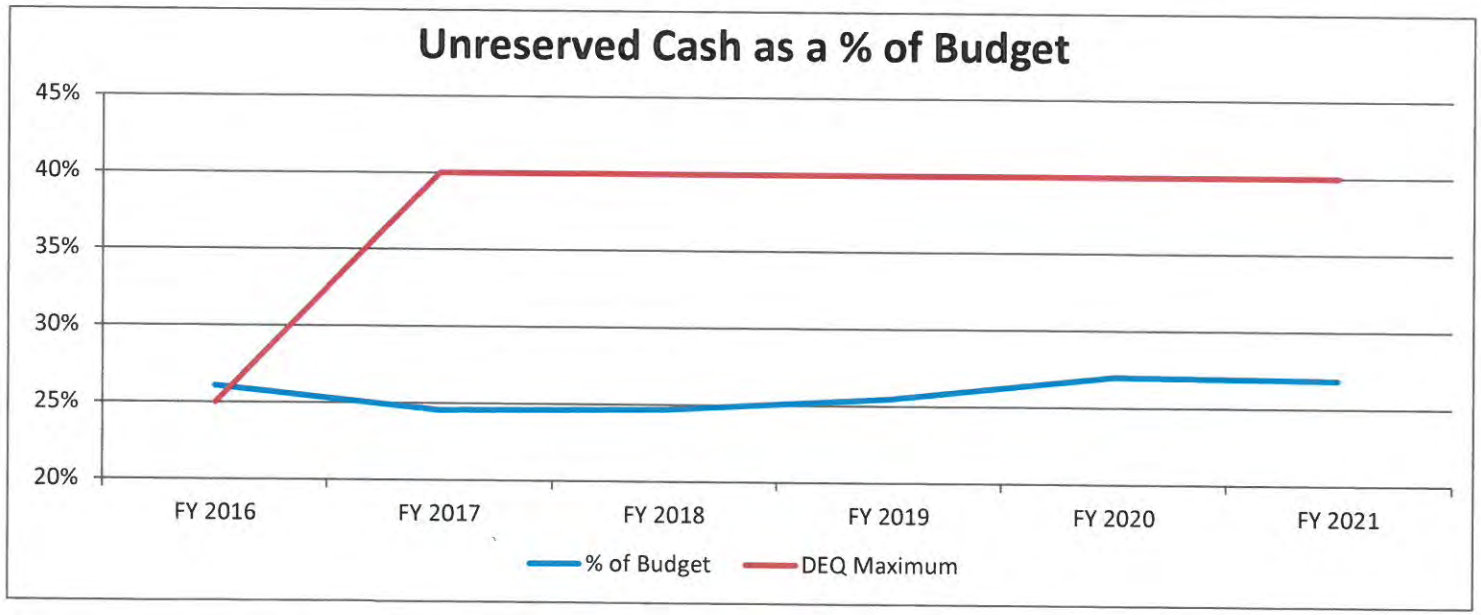
14. There are 53.45 equivalent full time approved staff positions in Sewer Fund sub-departments in FY 2016. Three FTE positions are assumed to be added in FY 2017; 1 FOG Manager to develop and manage programs related to fats, oils and grease and assist in monitoring and billing industrial sur-charges; 1 new Utility Line Technician and 1 new Administrative Service Associate due to increasing regulatory requirements. 1 FTE reduction from several temporary positions is also planned for FY 2017.

15. Projected operating expenses exclude deferred pension inflows and outflows that are not expected to be paid within the projection period. Projected operating expenses do include accrued workers compensation claims because the claims are expected to be paid within the projection period.

16. Additional assumptions are included in notes on the following financial projections pages.

SEWER FUND


Debt Coverage
1.60
1.50
1.40
1.30
1.20
1.10
FY 2016
FY 2017
FY 2018
FY 2019
FY 2020
FY 2021
Actual
Council Minimum
DEQ Maximum


Unreserved Cash as a % of Budget
45%
40%
35%
30%
25%
20%
FY 2016
FY 2017
FY 2018
FY 2019
FY 2020
FY 2021
% of Budget
DEQ Maximum

CITY OF LYNCHBURG
PROJECTED STATEMENT SEWER CAPITAL FUND CASH FLOW

	Est. FY 2016	Budget FY 2017	Proj. FY 2018	Proj. FY 2019	Proj. FY 2020	Proj. FY 2021
BEGINNING FUNDS (1) (2)	**$ 9,968,736**	**$7,243,059**	**$7,481,448**	**$3,136,072**	**$3,706,072**	**$2,631,072**
RECEIPTS						
Transfers from operations	1,975,000	1,300,000	1,300,000	1,500,000	2,000,000	1,750,000
Grant reimbursements	6,509,557	2,196,441	9,100,000	8,553,319	-	-
VWFRF loan reimbursements	567,276	-	-	2,742,830	10,773,000	9,297,400
LOC borrowings	-	-	-	-	-	930,000
G.O. borrowings	-	6,061,578	-	1,900,000	-	-
Total Receipts	**9,051,833**	**9,558,019**	**10,400,000**	**14,696,149**	**12,773,000**	**11,977,400**
EXPENDITURES						
SSES	1,896,769	1,981,000	750,000	1,000,000	1,150,000	1,100,000
Sewer extensions	254,500	120,000	150,000	100,000	100,000	100,000
Sewer separation and rehab	845,078	1,086,490	745,353	565,000	565,000	595,000
VWFRF Projects (2)	567,276	-	-	2,742,830	10,773,000	9,297,400
Grant Projects (2)	6,509,557	2,196,441	9,100,000	8,553,319	-	-
RDP	10,303	10,000	10,000	10,000	10,000	10,000
WWTP improvements	800,678	1,735,699	1,377,309	395,000	300,000	325,000
Blue Ridge Farms	574,133	25,000	496,000	560,000	-	-
Burton Creek interceptor	156,759	2,000,000	2,116,714	-	-	-
Fishing Creek Interceptor	-	-	-	200,000	950,000	950,000
College Hill Water Plant	55,000	165,000	-	-	-	
Other	107,457	-	-	-	-	-
Total Expenditures	**11,777,510**	**9,319,630**	**14,745,376**	**14,126,149**	**13,848,000**	**12,377,400**
ENDING FUNDS	**$ 7,243,059**	**$7,481,448**	**$3,136,072**	**$3,706,072**	**$2,631,072**	**$2,231,072**

Notes:

1. Beginning funds in FY 2016 include:

SNAP funds	$ 5,359,832
Cash & investments in Capital Fund	4,608,904
	$ 9,968,736

2. See page S-5 for project details.

CITY OF LYNCHBURG
SEWER VWFRF & GRANT FINANCING PLAN

	Est. FY 2016	Budget FY 2017	Proj. FY 2018	Proj. FY 2019	Proj. FY 2020	Proj. FY 2021
Beginning Funds held by DEQ (1) (2)	**$ 26,760,498**	**$ 19,683,665**	**$ 17,487,224**	**$ 8,387,224**	**$ 10,606,905**	**$ 9,297,400**
Receipts						
State grants	-	-	-	-	-	-
VWFRF loans - 0%	-	-	-	13,515,830	9,463,495	-
Total Receipts	**-**	**-**	**-**	**13,515,830**	**9,463,495**	**-**
Expenditures for State Grant Projects						
JRI 3B	5,759,557	-	-	-	-	-
CSO 125	-	316,441	-	-	-	-
CSO 61	500,000	780,000	-	-		
CSO - WWTP PER/Design	250,000	1,100,000	1,100,000	1,382,724	-	-
CSO - WWTP - Headwork construction	-	-	8,000,000	7,170,595	-	-
Total Expenditures from State Grant	**6,509,557**	**2,196,441**	**9,100,000**	**8,553,319**	**-**	**-**
Expenditures for VWFRF Projects						
CSO-WWTP PER/Design	567,276	-	-	-	-	-
CSO - WWTP - Headwork construction	-	-	-	2,742,830	-	-
CSO - WWTP Storage Facility		-	-	-	10,773,000	-
CSO - WWTP Disinfection	-	-				9,297,400
	-	-	-			-
Total Expenditures from VCWRLF loans	**567,276**	**-**	**-**	**2,742,830**	**10,773,000**	**9,297,400**
Ending Funds held by DEQ	**$ 19,683,665**	**$ 17,487,224**	**$ 8,387,224**	**$ 10,606,905**	**$ 9,297,400**	**$ -**

Notes:

1. Beginning funds and VWFRF loan approvals are funds held by DEQ on behalf of the City. No interest is earned on these funds.
2. Beginning Funds in FY 2016 include remaining funds from:

$30.0 million CSO Grant from State	$ 26,197,449
$ 10.1 million VWFRF loan	563,049
	$ 26,760,498

CITY OF LYNCHBURG
PROJECTED STATEMENT OF SEWER FUND DEBT COVERAGE

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Revenues:							
Charges for services	$17,342,034	$18,109,536	$18,446,728	$18,780,512	$18,986,022	$19,192,280	$19,218,707
Sewer contracts	3,941,619	3,537,097	3,687,687	3,742,815	3,789,699	3,851,223	3,723,152
Interest and other	201,948	193,739	66,599	66,599	66,599	66,599	66,599
Total Revenues	21,485,601	21,840,372	22,201,014	22,589,926	22,842,321	23,110,102	23,008,458
Expenses:							
WWTP	7,337,482	7,856,264	8,086,064	8,386,796	8,721,700	9,181,651	9,460,400
Sewer line maintenance	2,276,053	2,334,024	2,552,964	2,604,553	2,682,690	2,763,170	2,846,065
Non-departmental	110,677	328,522	345,750	354,923	364,370	374,101	384,124
Capitalizable cost (1)	(151,044)	(125,000)	(128,750)	(132,613)	(136,591)	(140,689)	(144,909)
Total Expenses	9,573,168	10,393,810	10,856,028	11,213,659	11,632,169	12,178,234	12,545,681
Operating Income	11,912,433	11,446,562	11,344,986	11,376,268	11,210,152	10,931,868	10,462,777
Debt service	9,345,620	9,345,365	9,432,527	9,358,840	9,139,772	8,324,334	8,301,644
Net Revenue	$2,566,813	$2,101,197	$1,912,459	$2,017,427	$2,070,380	$2,607,534	$2,161,133
Debt Coverage Ratio	1.27	1.22	1.20	1.22	1.23	1.31	1.26

Notes:

1. Capitalizable cost includes internal labor charges applicable to time spent on capital project activities.

CITY OF LYNCHBURG
PROJECTED STATEMENT OF SEWER OPERATING FUND CASH FLOW

	Est. FY 2016	Budget FY 2017	Proj. FY 2018	Proj. FY 2019	Proj. FY 2020	Proj. FY 2021
Beginning Funds (1)	$ 5,434,951	$ 5,181,148	$ 5,017,857	$ 5,112,671	$ 5,326,460	$ 5,573,306
Net revenue plus capitalized costs	1,976,197	1,783,709	1,884,815	1,933,789	2,466,846	2,016,224
Capital expenditures for equipment	(255,000)	(647,000)	(490,000)	(220,000)	(220,000)	(200,000)
Transfers to Sewer Capital Fund	(1,975,000)	(1,300,000)	(1,300,000)	(1,500,000)	(2,000,000)	(1,750,000)
Ending Funds	**$ 5,181,148**	**$ 5,017,857**	**$ 5,112,671**	**$ 5,326,460**	**$ 5,573,306**	**$ 5,639,530**
Sewer Operating Fund Budget (2)	19,864,175	20,417,305	20,705,112	20,908,532	20,643,256	20,992,234
Ending Funds as a % of Budget	26%	25%	25%	25%	27%	27%

Notes:

1. Beginning Funds in FY 2016 includes:

Unrestricted cash	$ 1,609,064
Investments excluding SNAP funds	3,801,628
Discount / premium on investments	(3,728)
Unrealized loss on investments	26,338
Interest receivable on investments	1,649
	$ 5,434,951

2. Sewer Operating Fund budget equals expenses, excluding capitalizable cost, plus debt service.

CITY OF LYNCHBURG
CHARGES FOR SERVICES

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
CITY CUSTOMERS							
HCF of use	2,593,391	2,580,000	2,580,000	2,580,000	2,580,000	2,580,000	2,580,000
Rate (1)	5.65	5.83	6.02	6.14	6.21	6.28	6.28
	$14,652,659	$15,041,400	$15,531,600	$15,841,200	$16,021,800	$16,202,400	$16,202,400
ALL OTHER:							
Account / Fixed charge (2)	1,271,980	1,271,980	1,271,980	1,271,980	1,271,980	1,271,980	1,271,980
VDOT reimbursement	-	-	-	-	-	-	-
College Hill backwash	130,534	134,450	111,653	115,003	118,453	122,006	125,666
Leachate treatment	70,102	72,206	96,430	99,323	102,303	105,372	108,533
Truck hauled waste (3)	484,345	820,000	650,000	650,000	650,000	650,000	650,000
Industrial pre-treatment	4,547	5,500	5,665	5,835	6,010	6,190	6,376
Industrial surcharges (4)	346,765	425,000	437,750	450,883	464,409	478,341	492,691
Industrial monitoring	47,291	55,000	56,650	58,350	60,100	61,903	63,760
Cut-on penalties	97,259	97,000	98,000	100,940	103,968	107,087	110,300
Connection charges (5)	83,008	75,000	75,000	75,000	75,000	75,000	75,000
Availability charges (5)	144,793	100,000	100,000	100,000	100,000	100,000	100,000
Sewer cost plus	8,750	12,000	12,000	12,000	12,000	12,000	12,000
	2,689,375	3,068,136	2,915,128	2,939,312	2,964,222	2,989,880	3,016,307
	$17,342,034	**$18,109,536**	**$18,446,728**	**$18,780,512**	**$18,986,022**	**$19,192,280**	**$19,218,707**

Notes:

1. Sewer volume rate assumed to increase 3.3% in FY 2017; 2.0% in FY 2018; 1.1% in FY 2019 and FY 2020 and 0% in FY 2021.
2. No increase in the Account / Fixed charge planned during the projection period.
3. Due to loading problems at a Richmond area facility, truck hauled waste generators found it necessary in FY 2016 to find alternative disposal at Lynchburg and other wastewater treatment plants. It is not clear how long this condition will last.
4. Increase in industrial surcharges are mostly due to one industrial customer and one institutional customer.
5. Availability and connection fees for FY 2016 - FY 2021 are conservative due to uncertainty in real estate development.

CITY OF LYNCHBURG
SEWER CONTRACTS

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
AMHERST							
Operating (1)	$197,030	$207,600	$227,055	$234,830	$244,208	$257,086	$264,891
Existing capital amort.	269,522	256,331	255,736	252,780	249,896	247,009	148,412
Prior Year O&M settlement	10,764	(2,204)	-	-	-	-	-
Capital PAYGO.	15,045	30,877	30,166	30,786	30,899	24,992	14,200
Future capital - Financed	-	-	6,016	9,896	28,858	30,818	30,818
	492,361	492,604	518,973	528,292	553,861	559,905	458,321
BEDFORD							
Operating (1)	228,000	228,000	243,273	251,604	261,651	275,450	283,812
Existing capital amort.	222,019	214,199	211,857	194,758	138,976	111,578	45,621
Prior Year O&M settlement	(32,146)	1,292	-	-	-	-	-
Capital PAYGO.	32,231	8,426	33,687	29,575	18,064	19,793	5,688
Future capital - Financed	-	-	1,156	1,413	8,561	8,561	8,561
	450,104	451,917	489,973	477,350	427,252	415,382	343,682
CAMPBELL							
Operating (1)	217,000	228,000	325,000	335,472	348,868	367,266	378,416
Existing capital amort. (2)	505,783	55,533	55,532	55,532	55,532	55,531	55,530
Prior Year O&M settlement	8,875	73,367		-	-	-	-
Capital PAYGO.	32,345	10,676	27,261	29,575	18,064	19,793	5,688
Future capital - Financed	-	-	1,448	1,704	24,935	24,935	24,935
	764,003	367,576	409,241	422,283	447,399	467,525	464,569
INDUSTRIAL							
West Rock (3)	1,267,677	1,300,000	1,326,000	1,352,520	1,379,570	1,407,162	1,435,305
Frito-Lay (3)	967,474	925,000	943,500	962,370	981,617	1,001,250	1,021,275
	2,235,151	2,225,000	2,269,500	2,314,890	2,361,188	2,408,412	2,456,580
	$3,941,619	**$3,537,097**	**$3,687,687**	**$3,742,815**	**$3,789,699**	**$3,851,223**	**$3,723,152**

Notes:

1. County operating revenues based on % of WWTP expenses (Amherst-2.8%, Bedford-3.0%, Campbell-4.0%).
2. Campbell County's existing capital amortization payments increased in FY 2015 reflect a substantial pre-payment of financed capital projects provided by the Sewer Fund.
3. West Rock and Frito-Lay revenues are assumed to increase 2% per year through FY 2021.

CITY OF LYNCHBURG
OTHER SEWER REVENUES

Other Revenues	Actual FY 2015	Est. FY 2016	Budget FY 2017	Proj. FY 2018	Proj. FY 2019	Proj. FY 2020	Proj. FY 2021
Interest revenue	11,559	11,406	11,000	11,000	11,000	11,000	11,000
Collection & tax lien fees	10,050	7,000	7,000	7,000	7,000	7,000	7,000
Miscellaneous revenue	11,006	6,000	6,000	6,000	6,000	6,000	6,000
SW Fund start-up repayment (1)	126,734	126,734	-	-	-	-	-
IRS interest rebate	42,599	42,599	42,599	42,599	42,599	42,599	42,599
	$201,948	**$193,739**	**$66,599**	**$66,599**	**$66,599**	**$66,599**	**$66,599**

Notes:

1. SW Fund start-up repayment is a transfer from the Stormwater Fund to recover the cost incurred by the Sewer Fund to study, organize and implement the Stormwater Fund and fee.

CITY OF LYNCHBURG
WASTEWATER TREATMENT

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal services (1)	$1,579,806	$1,698,775	$1,803,194	$1,897,290	$1,954,209	$2,012,835	$2,073,220
Fringe benefits	605,553	655,594	681,029	721,460	743,104	765,397	788,359
Supplies & materials (2)	485,542	453,079	460,200	474,006	488,226	552,873	569,459
Sludge disposal - landfill	541,763	500,000	450,000	463,500	477,405	491,727	506,479
Chemicals	653,163	796,000	855,000	880,650	907,070	984,282	1,013,810
Gasoline / fuel	27,106	31,500	36,380	37,471	38,596	39,753	40,946
Internal service charges	178,359	191,131	150,920	155,448	160,111	164,914	169,862
Rentals & leases	3,734	6,000	6,000	6,180	6,365	6,556	6,753
Communication charges	8,314	10,900	10,900	11,227	11,564	11,911	12,268
Electricity (2)	816,646	800,000	800,000	824,000	853,720	974,332	1,003,562
Other utilities	61,869	118,300	134,300	138,329	142,479	146,753	151,156
Contractual services (3)	876,057	1,197,155	1,318,555	1,358,112	1,398,855	1,440,821	1,484,045
Training & meetings	20,885	19,500	22,900	23,587	24,295	25,023	25,774
Indirect costs (4)	767,680	567,892	535,916	551,993	568,553	585,610	603,178
Self-insurance (2)	48,470	55,770	55,770	57,443	84,166	86,691	89,292
Water Adm. Services	812,000	827,400	840,000	865,200	891,156	917,891	945,427
Nutrient payments	-	-	-	-	-	-	-
Nutrient sales	(175,095)	(105,000)	(105,000)	(110,000)	(110,000)	(110,000)	(110,000)
Misc.(2)	25,630	32,268	30,000	30,900	81,827	84,282	86,810
	7,337,482	**7,856,264**	**8,086,064**	**8,386,796**	**8,721,700**	**9,181,651**	**9,460,400**

Notes:

1. Personal services in FY 2016 is based on 38 FTE positions. 1 net FTE positions assumed to be added in FY 2017; a FOG Manager and an Adm. Assistant; less 1 FTE reduction from several temporary positions
2. These expense items are projected to increase starting in FY 2019 as WWTP projects related to the CSO program are completed and become operational.
3. Contractual services increase in FY 2016 and FY 2017 primarily due to additional sludge disposal hauling and land application.
4. Indirect cost decrease in FY 2016 is mostly attributable to General Fund's decreased engineering costs chargeable to Sewer Fund.

CITY OF LYNCHBURG
SEWER LINE MAINTENANCE

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal services (1)	$565,603	$603,623	$625,046	$643,797	$663,111	$683,005	$703,495
Fringe benefits	235,646	250,586	260,880	268,706	276,768	285,071	293,623
Supplies & materials	185,711	195,170	195,675	201,545	207,592	213,819	220,234
Gasoline / fuel	40,024	53,400	48,250	49,698	51,188	52,724	54,306
Internal service charges (2)	102,708	130,176	279,986	288,386	297,037	305,948	315,127
Rentals & leases	20,250	7,000	8,000	8,240	8,487	8,742	9,004
Communication charges	6,037	5,800	6,800	7,004	7,214	7,431	7,653
Contractual services (3)	267,692	360,925	372,773	358,956	369,725	380,817	392,241
Training & meetings	7,729	4,950	8,150	8,395	8,646	8,906	9,173
Indirect costs (4)	342,794	206,437	226,047	232,828	239,813	247,008	254,418
Self-insurance	152,257	157,257	157,257	161,975	166,834	171,839	176,994
Water Adm. Services	348,000	354,600	360,000	370,800	381,924	393,382	405,183
Miscellaneous Expenses	1,602	4,100	4,100	4,223	4,350	4,480	4,615
	2,276,053	**2,334,024**	**2,552,964**	**2,604,553**	**2,682,690**	**2,763,170**	**2,846,065**

Notes:

1. Personal services in FY 2016 is based on 15.45 FTE positions. 1 new Utility Line Tech assumed to be added in FY 2017.
2. Internal service charges increase starting in FY 2017 in order to adequately fund eventual replacement of vactor trucks and other heavy equipment.
3. Increase in contractual charges is due, in part, to implementation of the Collections Management Operations Management (CMOM) program.
4. Indirect cost decrease beginning in FY 2016 is mostly attributable to General Fund's decreased engineering costs chargeable to Sewer Fund.

CITY OF LYNCHBURG
NON-DEPARTMENTAL-SEWER

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Financial audit	$17,140	$17,875	$18,590	$19,148	$19,722	$20,314	$20,923
Allowance for doubtful accounts	1,041	40,000	40,000	41,200	42,436	43,709	45,020
Workers compensation (1)	(36,596)	65,000	65,000	66,950	68,959	71,027	73,158
OPEB & retirees health benefits (1)	90,758	165,647	182,160	187,625	193,254	199,051	205,023
Compensation adjustments (2)	-	-	-	-	-	-	-
Project costs charged to operations	38,334	40,000	40,000	40,000	40,000	40,000	40,000
	$110,677	**$328,522**	**$345,750**	**$354,923**	**$364,370**	**$374,101**	**$384,124**

Notes:

1. Workers compensation and OPEB and retirees health benefit amounts in FY 2017 based on Human Resources Department estimates.
2. Budget compensation adjustments include assumed pay increases for all Sewer Fund sub-departments.

CITY OF LYNCHBURG
SEWER FUND BONDS PAYABLE

	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
P&I on debt o/s @ 6/30/15 (1)	9,345,365	9,190,064	9,001,935	8,687,867	7,839,896	7,118,164
Interest on line of credit	-	-	-	-	-	23,250
P&I payments on new G.O. bonds (2)						
$6.1 million G.O bond in FY 2017	-	242,463	356,905	356,905	356,905	356,905
$1.9 million G.O bond in FY 2019	-	-	-	95,000	127,533	127,533
VWFRF debt service	-	-	-	-	-	-
$13.5 million loan close 6/1/19 (3)						675,792
	$9,345,365	**$9,432,527**	**$9,358,840**	**$9,139,772**	**$8,324,334**	**$8,301,644**

NOTES:

1. Based on Debt Book as of June 30, 2015
2. The $6.1 million G.O. bond is assumed to be at 4%; 30 year repayment terms with the first year interest only. The $1.9 million G.O. bond is assumed to be at 5%; 30 year repayment terms with the first year interest only.
3. VWFRF debt service on the $13.5 million loan is assumed to be at 0% with 20 year repayment terms.

STORMWATER FUND
FINANCIAL PROJECTIONS
FY 2016 to FY 2021

STORMWATER FUND KEY ASSUMPTIONS

CIP & Financing Plan

1. The Stormwater CIP includes approximately $3.4 million for Water Quality Improvement projects needed to meet the Chesapeake Bay TMDL requirements of the Municipal Separate Storm Sewer System (MS4) permit. The CIP also includes approximately $7.7 million for other Water Quality improvement projects to be incurred after FY 2018 toward meeting the next MS4 regulatory requirements. An estimate of the annual operating expense associated with these projects is included as Incremental O&M expense on the Projected Statement of Stormwater Debt Coverage (SW-5).

2. The $3.4 million in Water Quality Improvements noted in (1) above will be financed by a $1.7 million SLAF (Stormwater Local Assistance Fund) grant from the State and a $1.7 million loan at 0%, 20 year repayment terms from the Virginia Water Facilities Revolving Fund. The $7.7 million after FY 2018 for Water Quality improvement projects are also assumed to be eligible for 20 year, 0% financing from the Virginia Water Facilities Revolving Fund.

Revenues & Expenses

3. No change in the $4.00 monthly stormwater charge per SFU is assumed through FY 2017. Thereafter an 8.3% increase is assumed in FY 2018, 0% in FY 2019, 7.7% in FY 2020 and 6.3% in FY 2021. The number of SFU's are assumed to remain stable throughout the projection period.

4. Operating expenses in FY 2017 are based on budget submission documents. After FY 2017 all departmental expenses, except for indirect costs, are assumed to increase 3% per year. Indirect costs increase from approximately $.1 million in FY 2016 to $.4 million in FY 2017. Indirect costs are based on an allocation of General Fund support services but with a three year time delay per budget policy.

5. There are 7.05 equivalent full time approved staff positions in the Stormwater Fund in FY 2016. The equivalent full time staff count is assumed to increase to 9.05 in FY 2017.

6. The Community Development Department charges the Stormwater Fund for its costs to administer the Erosion Sediment Control (ECS) and Virginia Stormwater Management Program (VSMP) programs which include plan reviews, inspections and enforcement for new developments and re-developments. In FY 2017 these costs are budgeted at approximately $.4 million (17% of total departmental expenses) and are assumed to increase 3% per year thereafter.

STORMWATER FUND KEY ASSUMPTIONS
(continued)

7. The Public Works Department charges the Stormwater Fund for its costs to provide engineering services related to the Stormwater capital projects and leaf collection activities. In FY 2017 these costs are budgeted at approximately $.3 million (14% of total departmental budget) and are assumed to increase 3% per year.

8. Additional assumptions are included on the following financial projection pages.

CITY OF LYNCHBURG
PROJECTED STATEMENT OF STORMWATER CAPITAL FUND CASH FLOW

	Est. FY 2016	Budget FY 2017	Proj. FY 2018	Proj. FY 2019	Proj. FY 2020	Proj. FY 2021
Beginning Funds	**$ 1,104,017**	**$ 846,222**	**$ 782,868**	**$ 512,868**	**$ 715,758**	**$ 415,758**
Receipts:						
SLAF grant reimbursements (1)	123,963	596,341	119,000	865,970		
VWFRF loan reimbursements (2)		720,305	119,000	865,970	3,000,000	3,000,000
LOC borrowing	-	-	-	-	-	
G.O. Borrowings				755,000		
Transfer from operations	1,150,000	1,175,000	700,000	500,000	500,000	500,000
Total Receipts	1,273,963	2,491,646	938,000	2,986,940	3,500,000	3,500,000
Capital Expenditures:						
Master planning (3)	640,205	240,000	250,000	100,000	100,000	-
Infrastructure renewal	358,193	1,155,000	405,000	485,000	455,000	400,000
VWFRF Projects (4)	190,305	530,000	119,000	865,970	3,000,000	3,000,000
Grant Projects (4)	190,305	530,000	119,000	865,970		
Quality improvements	102,000	-	165,000	317,110	45,000	-
Coordinated capital (5)	50,750	100,000	150,000	150,000	200,000	200,000
Total Expenditures	1,531,758	2,555,000	1,208,000	2,784,050	3,800,000	3,600,000
Ending Capital Funds	**$ 846,222**	**$ 782,868**	**$ 512,868**	**$ 715,758**	**$ 415,758**	**$ 315,758**

Notes:

1. SLAF grant has been awarded and is earmarked for stormwater quality improvements projects needed to meet the first permit cycle water quality goals by FY 2018. The grant is for project expenditures in FY 2016 through FY 2019.
2. VWFRF loans all assumed to be awarded in quarter 3 of the year shown and used for expenditures in the subsequent year.
3. Master planning expenditures will be funded from operating transfers.
4. See page SW-4 for listing of specific VWFRF and Grant project expenditure projections for current and future years.
5. Coordinated capital expenditures include projects that are planned and constructed as part of General Fund projects.

CITY OF LYNCHBURG
STORMWATER GRANT AND VWFRF FINANCING PLAN

	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Beginning Funds held by DEQ	$ -	$ 3,029,940	$ 1,969,940	$ 1,731,940	$ 3,000,000	$ 3,000,000
Receipts:						
SLAF grant	1,705,275	-	-	-	-	-
VWFRF loans	1,705,275	-	-	3,000,000	3,000,000	3,000,000
Total Receipts	3,410,550	-	-	3,000,000	3,000,000	3,000,000
Expenditures for State Grant Projects:						
Sheffield Elementary Water Quality Retrofit	51,147					
Laurel School Water Quality Retrofit	72,817					
Greenwood Pond Retrofit	23,035	143,863				
Blackwater Creek Stream Restoration	43,307	386,137				
Rock Castle Creek Tributary Stream Restoration	-	-	119,000	865,970		
Total Expenditures from State Grants	190,305	530,000	119,000	865,970	-	-
Expenditures for VWRFF Projects:						
Sheffield Elementary Water Quality Retrofit	51,147					
Laurel School Water Quality Retrofit	72,817					
Greenwood Pond Retrofit	23,035	143,863				
Blackwater Creek Stream Restoration	43,307	386,137				
Rock Castle Creek Tributary Stream Restoration	-	-	119,000	865,970		
Quality improvements	-	-	-	-	3,000,000	3,000,000
Total Expenditures from VWFRF Loans	190,305	530,000	119,000	865,970	3,000,000	3,000,000
Ending Funds held by DEQ	$ 3,029,940	$ 1,969,940	$ 1,731,940	$ 3,000,000	$ 3,000,000	$ 3,000,000

CITY OF LYNCHBURG
PROJECTED STATEMENT OF STORMWATER DEBT COVERAGE

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Revenues:							
Charges for services	$ 3,136,295	$ 3,149,400	$ 3,149,400	$ 3,410,600	$ 3,410,600	$ 3,671,800	$ 3,900,350
General Fund (VDOT)	275,000	275,000	275,000	275,000	275,000	275,000	275,000
VSMP fees and other	132,542	42,500	42,500	42,500	49,500	42,500	42,500
Total Revenues	3,543,837	3,466,900	3,466,900	3,728,100	3,735,100	3,989,300	4,217,850
Expenses:							
Departmental	$1,996,818	$2,370,591	$2,341,941	$2,833,138	$2,918,133	$3,005,676	$3,095,847
Non-Departmental	29,819	36,150	42,150	42,896	43,663	44,454	45,269
Incremental O&M (1)	-	-	-	70,000	145,000	245,000	255,000
Capitalizable cost (2)	-	-	-	(70,000)	(100,000)	(103,000)	(106,000)
Total Expenses	2,026,637	2,406,741	2,384,091	2,876,034	3,006,796	3,192,131	3,290,116
Operating Income	1,517,200	1,060,159	1,082,809	852,066	728,304	797,169	927,734
Debt Service	-	-	-	85,250	123,000	135,114	285,114
Net Revenue	1,517,200	1,060,159	1,082,809	766,816	605,304	662,055	642,620
Debt Coverage Ratio	n/a	n/a	n/a	9.99	5.92	5.90	3.25

Notes:

1. Incremental O&M expenses is a best estimate of future expenses needed to maintain all current Best Management Practices (BMPs) and future BMPs constructed as part of Water Quality Improvement capital projects.
2. Capitalizable cost includes labor charges applicable to time spent on capital project activities.

CITY OF LYNCHBURG
PROJECTED STATEMENT OF STORMWATER OPERATING CASH FLOW

	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Beginning Funds	$ 854,903	$ 592,161	$ 467,970	$ 464,786	$ 470,090	$ 529,145
Net revenue plus capitalizable costs	1,060,159	1,082,809	696,816	505,304	559,055	536,620
Payment to Sewer Operating Fund	(126,734)	-	-	-	-	-
Capital expenditures for equipment	(46,167)	(32,000)	-	-	-	-
Transfers to Stormwater Capital Fund	(1,150,000)	(1,175,000)	(700,000)	(500,000)	(500,000)	(500,000)
Ending Funds	$ 592,161	$ 467,970	$ 464,786	$ 470,090	$ 529,145	$ 565,765
Stormwater Operating Fund budget (1)	2,406,741	2,384,091	3,031,284	3,229,796	3,430,245	3,681,230
Ending Funds as a % of budget	25%	20%	15%	15%	15%	15%

Notes:
1. Stormwater Operating Fund budget equals expenses, excluding capitalizable costs, plus debt service.

CITY OF LYNCHBURG
STORMWATER REVENUES

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
Charges for Services:	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
SFUs billed	65,300	65,300	65,300	65,300	65,300	65,300	65,300
Annual rate	48.00	48.00	48.00	52.00	52.00	56.00	59.50
Annual billed revenue	3,121,233	3,134,400	3,134,400	3,395,600	3,395,600	3,656,800	3,885,350
Delinquent account charges	15,062	15,000	15,000	15,000	15,000	15,000	15,000
	$ 3,136,295	**$ 3,149,400**	**$ 3,149,400**	**$ 3,410,600**	**$ 3,410,600**	**$ 3,671,800**	**$ 3,900,350**
Interest & other:							
VSMP permit fees (1)	131,486	38,000	38,000	38,000	45,000	38,000	38,000
Interest & miscellaneous	1,056	4,500	4,500	4,500	4,500	4,500	4,500
	$ 132,542	**$ 42,500**	**$ 42,500**	**$ 42,500**	**$ 49,500**	**$ 42,500**	**$ 42,500**

Notes:

1. VSMP permit fees were substantial in FY 2015 primarily due to the renewal of Virginia Stormwater Management Program (VSMP) permits for active projects before July 1, 2014.

CITY OF LYNCHBURG
DEPARTMENTAL EXPENSES

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal services (1)	$ 253,184	$ 299,953	$ 374,067	$ 385,289	$ 396,848	$ 408,753	$ 421,016
Fringe benefits	113,498	122,492	153,601	158,209	162,955	167,844	172,879
Supplies & materials	104,384	141,013	141,200	145,436	149,799	154,293	158,922
Gasoline / fuel	22,339	23,100	28,520	29,376	30,257	31,165	32,100
Internal service charges	94,431	85,540	111,172	114,507	117,942	121,481	125,125
Communication charges	1,740	2,950	3,650	3,760	3,872	3,988	4,108
Training & meetings	9,679	10,100	10,200	10,506	10,821	11,146	11,480
Contractual charges	47,487	117,638	225,325	232,085	239,047	246,219	253,605
Water Adm. Services (2)	470,000	572,000	615,000	633,450	652,454	672,027	692,188
Indirect costs (3)	107,986	107,328	(75,204)	343,479	353,783	364,397	375,329
Self Insurance	7,000	10,000	10,000	10,300	10,609	10,927	11,255
Community Development charges (4)	430,235	499,003	392,864	404,650	416,789	429,293	442,172
PW charges (5)	323,624	360,599	335,896	345,973	356,352	367,043	378,054
Other charges	11,231	18,875	15,650	16,120	16,603	17,101	17,614
	$ 1,996,818	**$ 2,370,591**	**$ 2,341,941**	**$ 2,833,138**	**$ 2,918,133**	**$ 3,005,676**	**$ 3,095,847**

Notes:

1. Personal services in FY 2016 assumes 7.05 FTE staff. In FY 2017 2 additional FTE staff are assumed;1 for a Best Management Practice Inspector and 1 Utility Line Maintenance Technician.
2. Water Adm. Services is based on Water Fund Engineering / Adm cost allocations to Stormwater Fund.
3. Indirect costs are based on actual cost but with a three year time delay per budget policy.
4. Community Development charges are for administration of the Erosion Sediment Control (ESC) and Virginia Stormwater Management Program (VSMP) programs which includes plan reviews, inspections and enforcement of new development and re-development.
5. Public Works charges include engineering services related to stormwater capital projects and 50% of the cost of leaf collection.

CITY OF LYNCHBURG
STORMWATER NON-DEPARTMENTAL EXPENSES

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Financial audit	$ 4,196	$ 7,150	$ 7,150	$ 7,365	$ 7,585	$ 7,813	$ 8,047
Allowance for doubtful accounts	12,191	17,000	17,300	17,300	17,300	17,300	17,300
OPEB / Retirees Health/WC	10,101	12,000	17,700	18,231	18,778	19,341	19,922
Budget compensation adjustments (1)	-	0	0	0	0	0	0
Project costs expensed	3,331	-	-	-	-	-	-
	$ 29,819	**$ 36,150**	**$ 42,150**	**$ 42,896**	**$ 43,663**	**$ 44,454**	**$ 45,269**

Notes:
1. Budget compensation adjustments include assumed pay increases for employees assigned to the Stormwater sub-department.

CITY OF LYNCHBURG
STORMWATER DEBT SERVICE

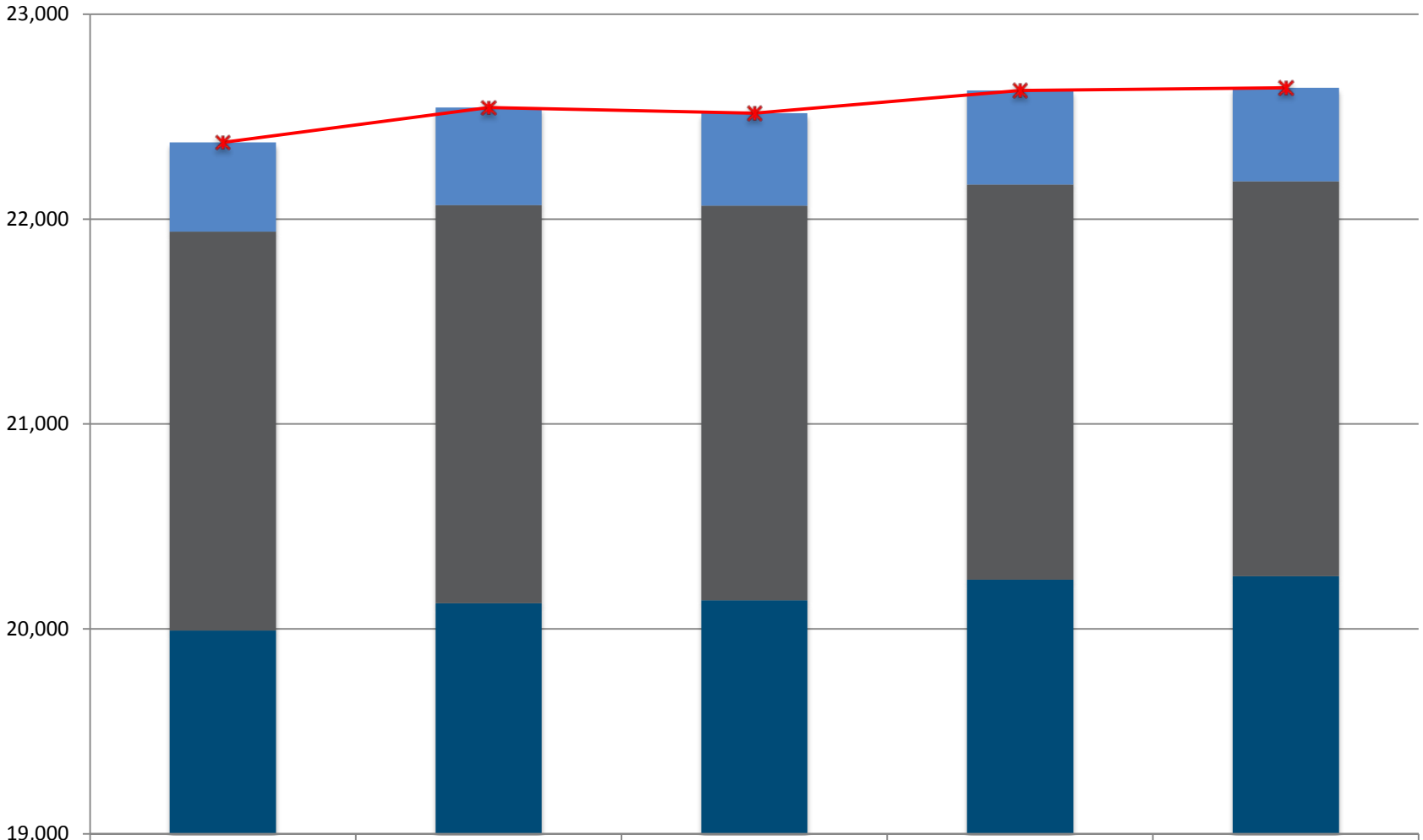
	Est. FY 2016	Budget FY 2017	Proj. FY 2018	Proj. FY 2019	Proj. FY 2020	Proj. FY 2021
P&I on borrowing debt o/s @ 6/30/15	$ -	$ -	$ -	$ -	$ -	$ -
Interest on LOC borrowing	-	-	-	-	-	
P&I payments on G.O Bonds						
$755K G.O bond in FY 2019 (1)	-	-	-	37,750	49,864	49,864
VWFRF debt service (2)						
$1.7 million loan closed 6/1/2016			85,250	85,250	85,250	85,250
$3.0 million loan closed 6/1/2019						150,000
	-	-	-			
	$ -	**$ -**	**$ 85,250**	**$ 123,000**	**$ 135,114**	**$ 285,114**

Notes:
1. Debt service on the $755,000 G.O. bond is based on 5%, 20 year repayment terms with the first year interest only.
2. All debt service assumes that VWFRF loans will be closed at 0% interest with 20 year repayment terms.

Appendix B
Statistical Data

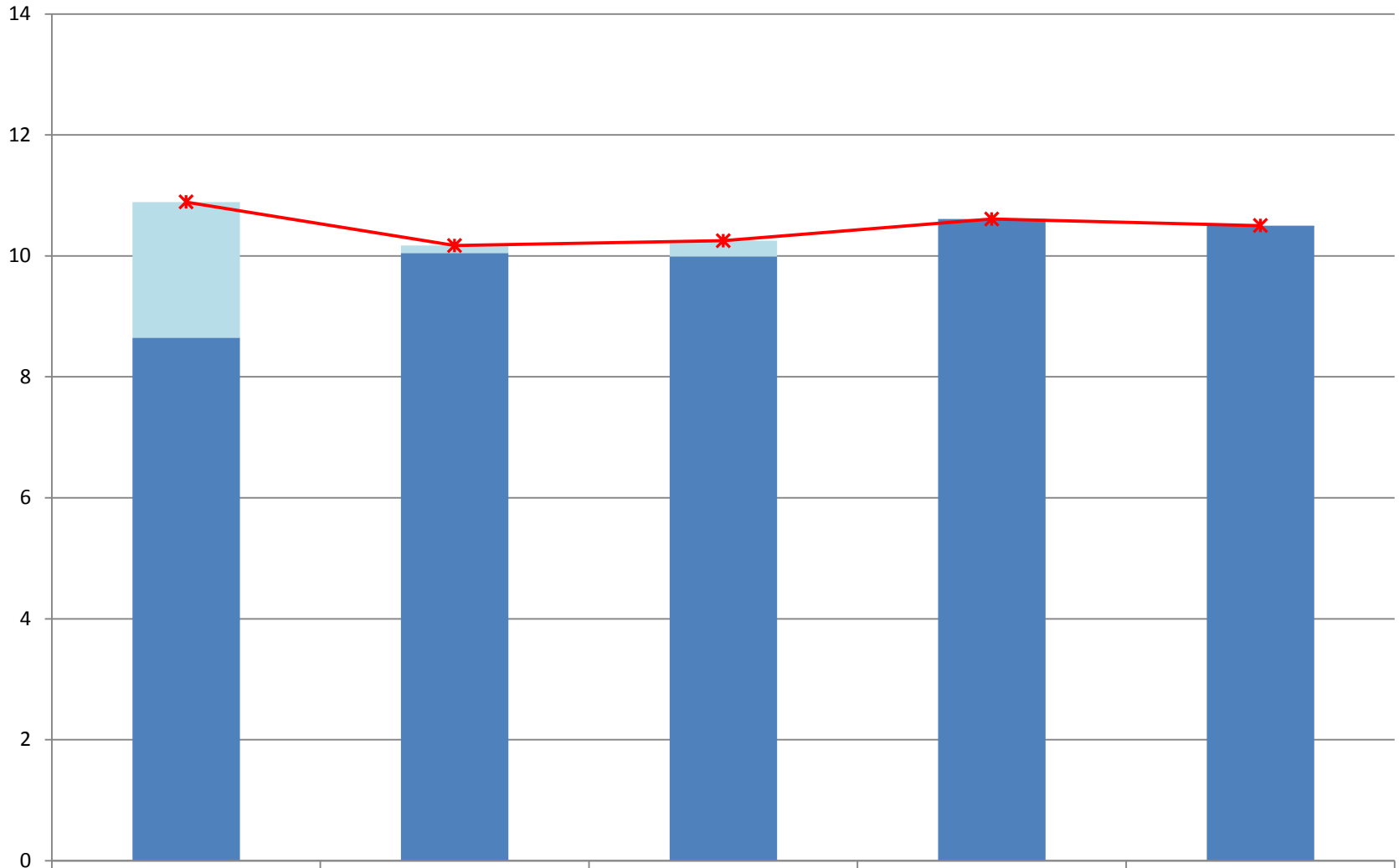
Water Fund Statistics

Number of Water Customers



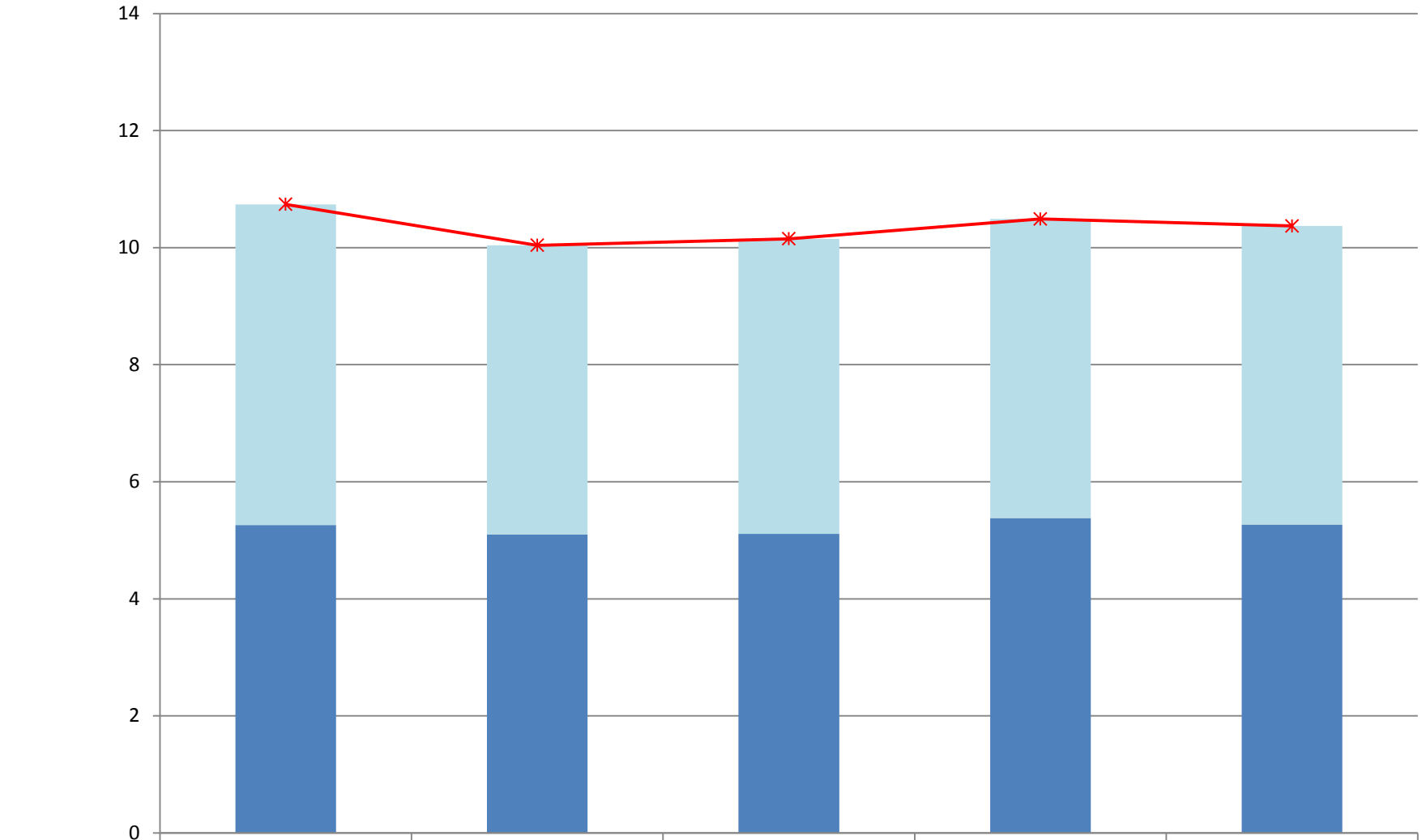
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Other	436	476	452	460	456
Business	1,945	1,942	1,925	1,928	1,927
Domestic	19,993	20,126	20,140	20,240	20,257
Total	22,374	22,544	22,517	22,628	22,640

Water Withdrawals in MGD

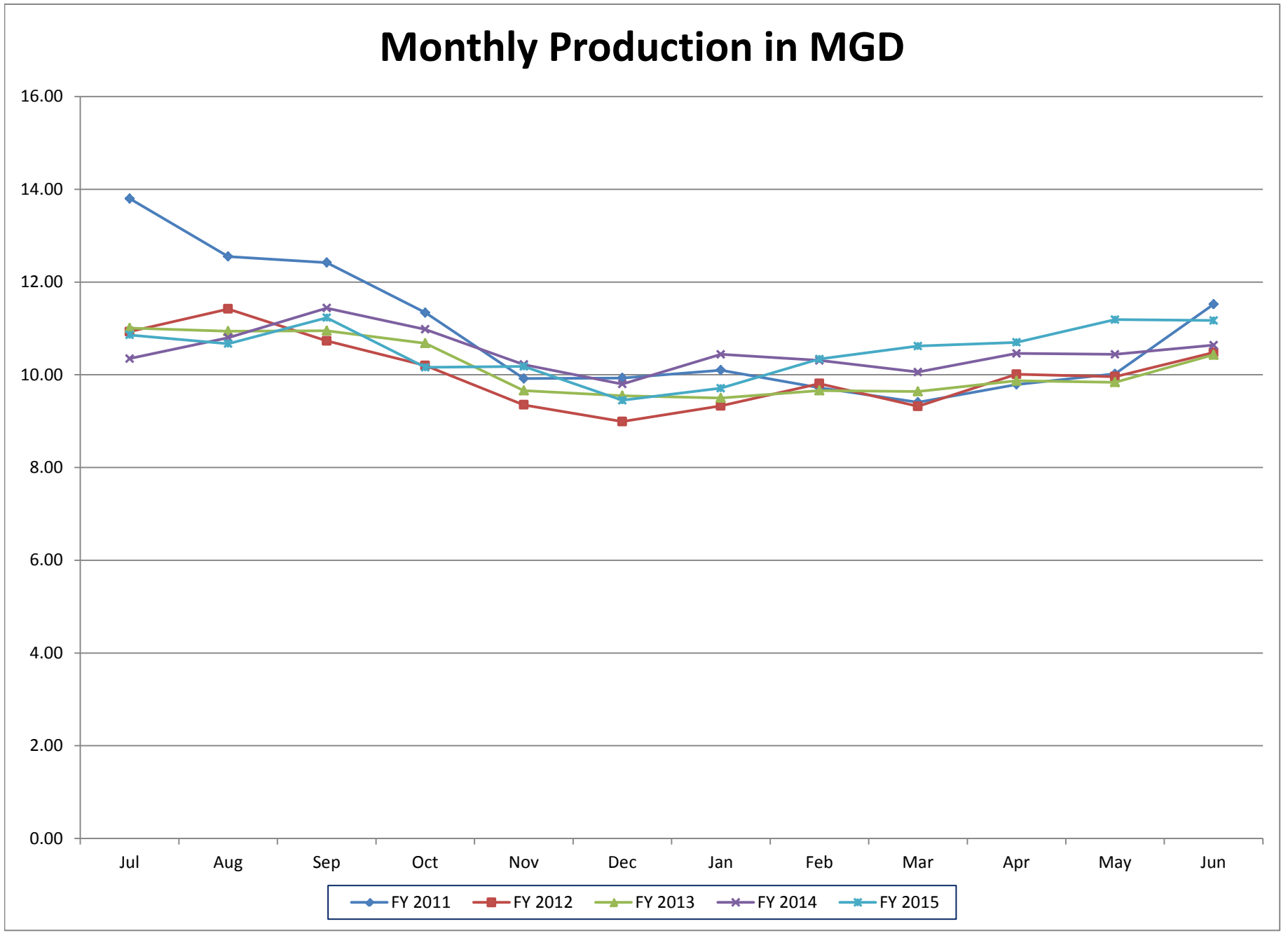


	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
James	2.24	0.12	0.26	0.00	0.00
Pedlar	8.65	10.05	9.99	10.61	10.50
Total	10.89	10.17	10.25	10.61	10.50

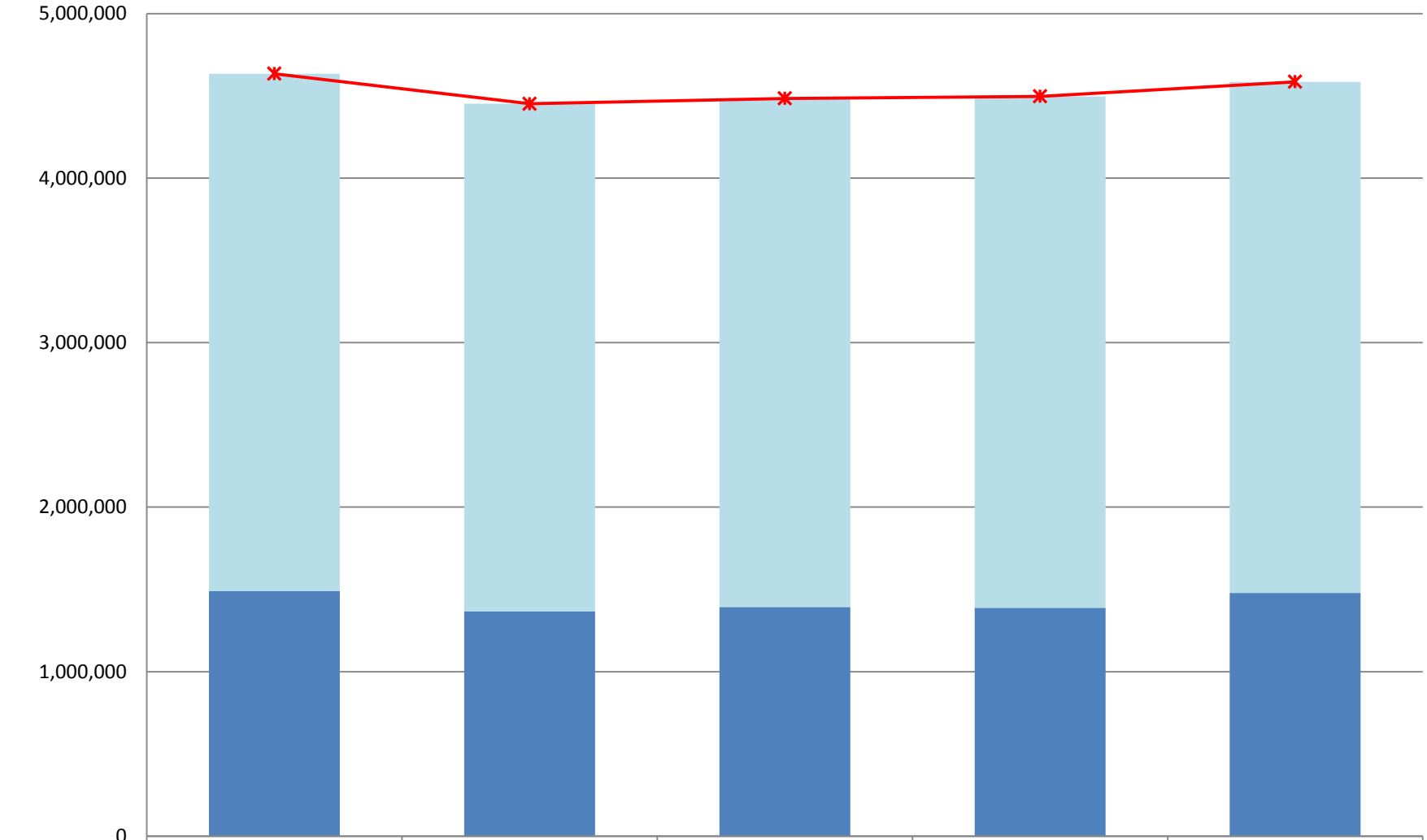
Water Production in MGD



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Abert	5.48	4.94	5.04	5.11	5.10
College Hill	5.26	5.10	5.11	5.38	5.27
Total	10.74	10.04	10.15	10.49	10.37


Monthly Production in MGD
16.00
14.00
12.00
10.00
8.00
6.00
4.00
2.00
0.00
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
FY 2011
FY 2012
FY 2013
FY 2014
FY 2015

Water Sold in HCF

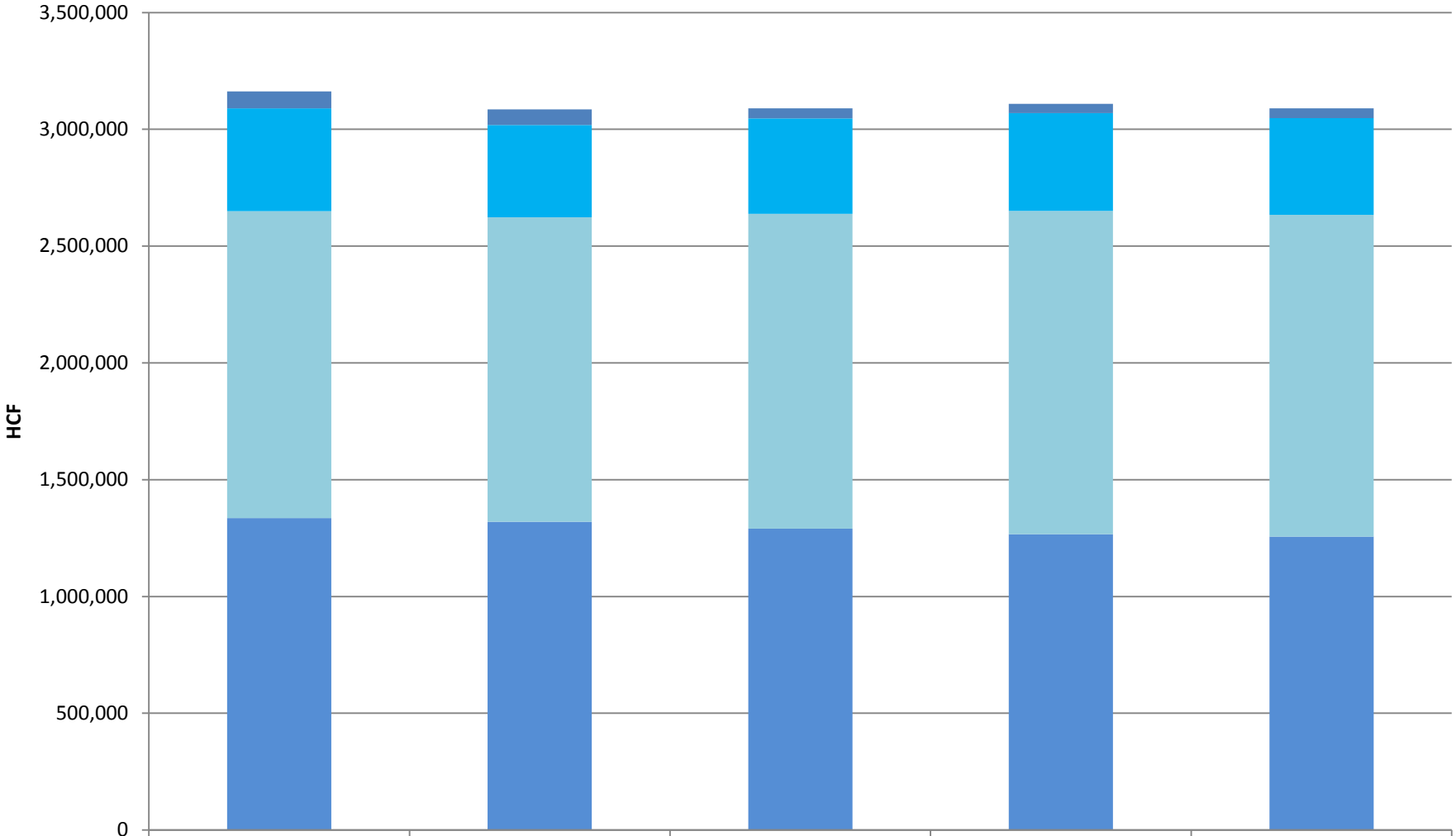


	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
All Other	3,145,695	3,084,953	3,090,755	3,109,217	3,107,111
Contracts	1,488,987	1,366,571	1,393,828	1,387,772	1,478,320
Total	4,634,682	4,451,524	4,484,583	4,496,989	4,585,431

Contract Water Use in HCF

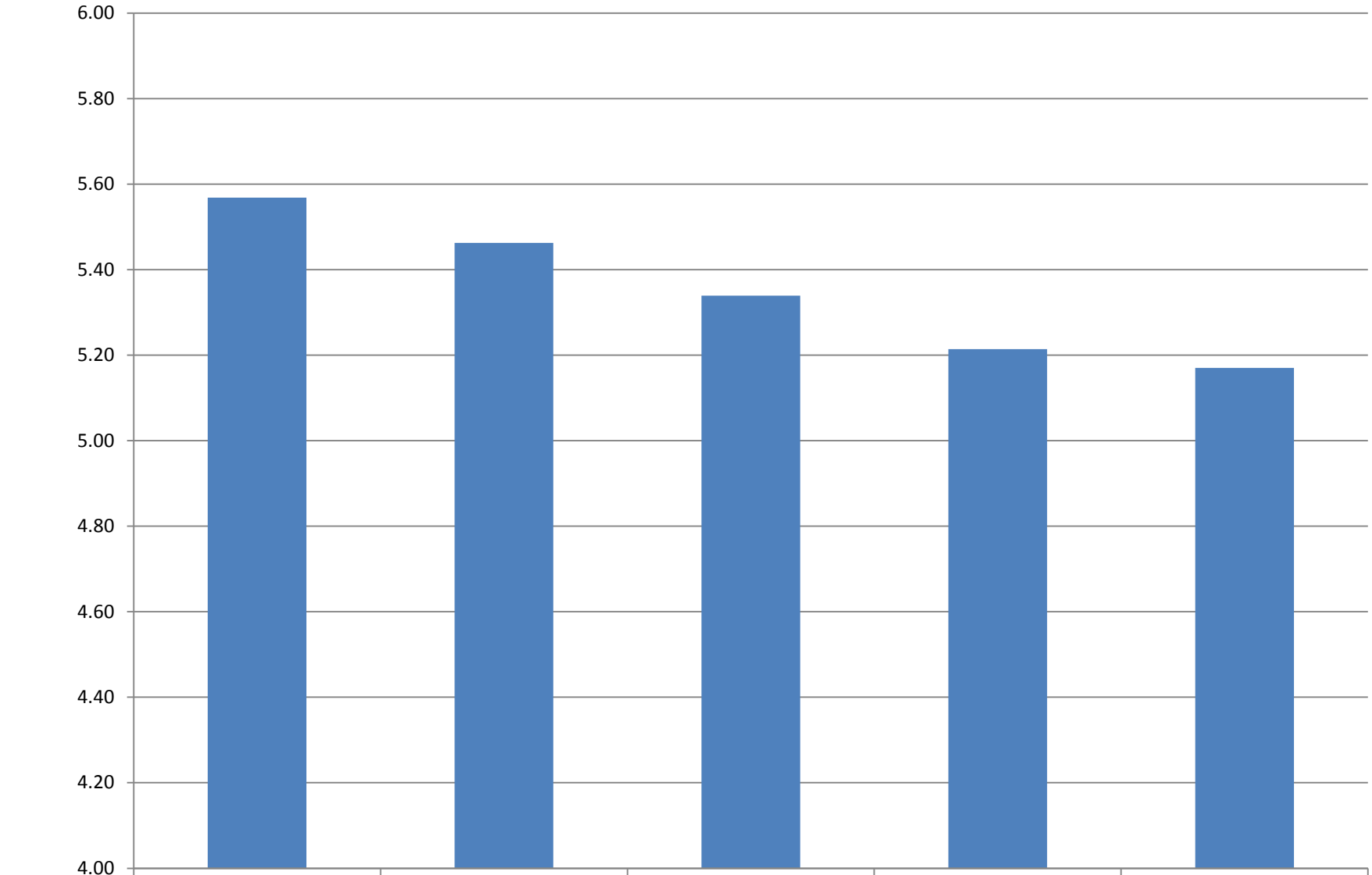
Water Customers	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Amherst	52,820	43,105	41,850	43,680	42,075
Bedford	769,883	745,849	764,949	737,793	786,354
CCUSA	197,568	180,221	201,298	208,244	215,697
Frito-Lay	139,811	135,011	137,992	146,604	157,018
Rock Tenn	328,905	262,385	247,739	251,451	277,176
Total contract use	1,488,987	1,366,571	1,393,828	1,387,772	1,478,320
Non-contract use	3,145,695	3,084,953	3,090,755	3,109,217	3,107,111
Total use	4,634,682	4,451,524	4,484,583	4,496,989	4,585,431
Contract % of use	32.13%	30.70%	31.08%	30.86%	32.24%

Non-Contract Water Sales in HCF



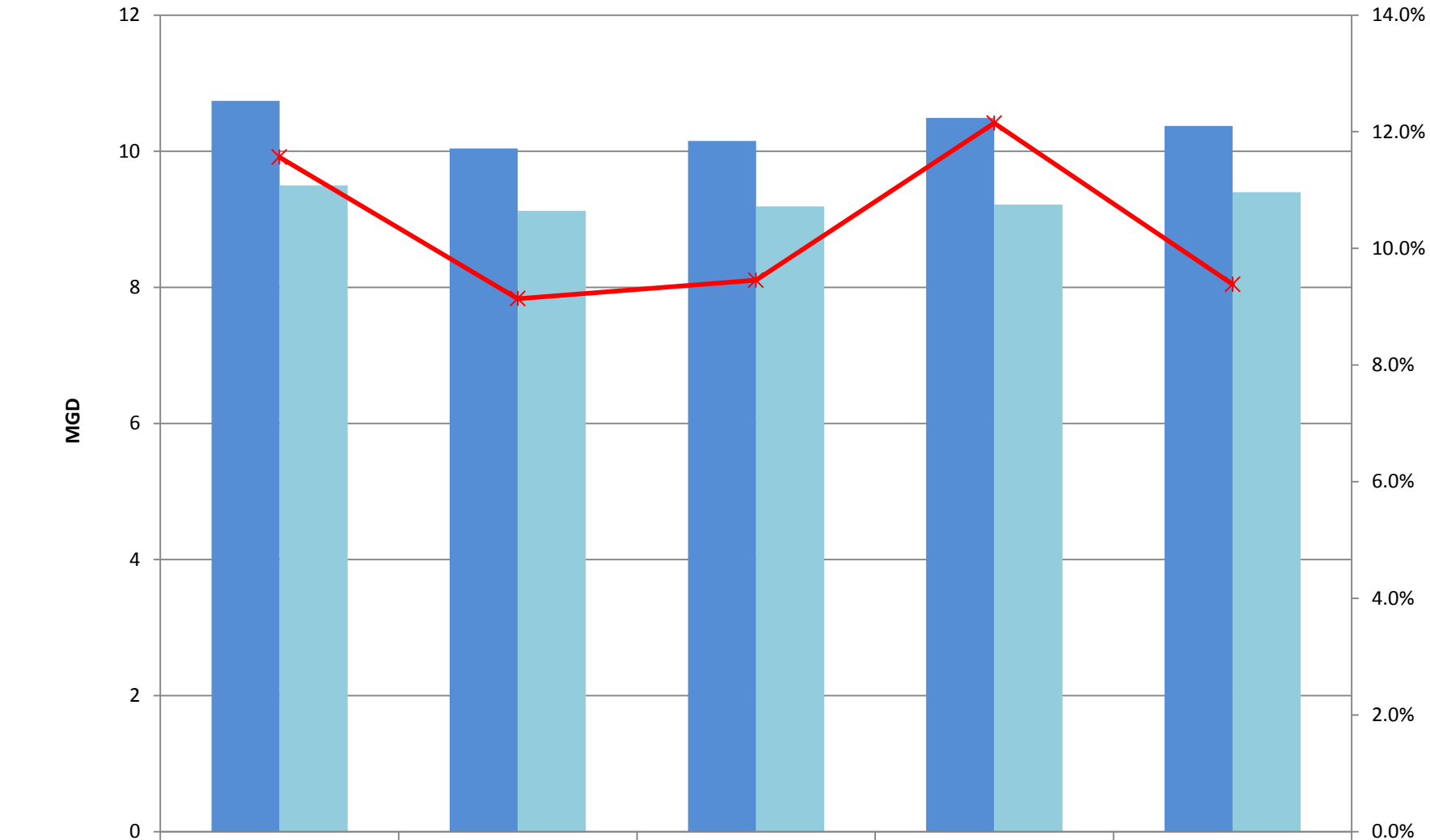
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
All other	72,543	66,426	43,383	39,898	41,735
Institutional	440,575	395,089	409,219	418,591	414,671
Business	1,313,708	1,304,220	1,347,434	1,384,335	1,376,780
Domestic	1,335,929	1,319,218	1,290,355	1,266,393	1,256,813

Average Monthly Water Sold Domestic Customers



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
HCF/Month	5.57	5.46	5.34	5.21	5.17

Non-Revenue Water



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Production	10.74	10.04	10.15	10.49	10.37
Sales	9.50	9.12	9.19	9.22	9.40
NRW %	11.6%	9.1%	9.5%	12.1%	9.4%

Water Complaints

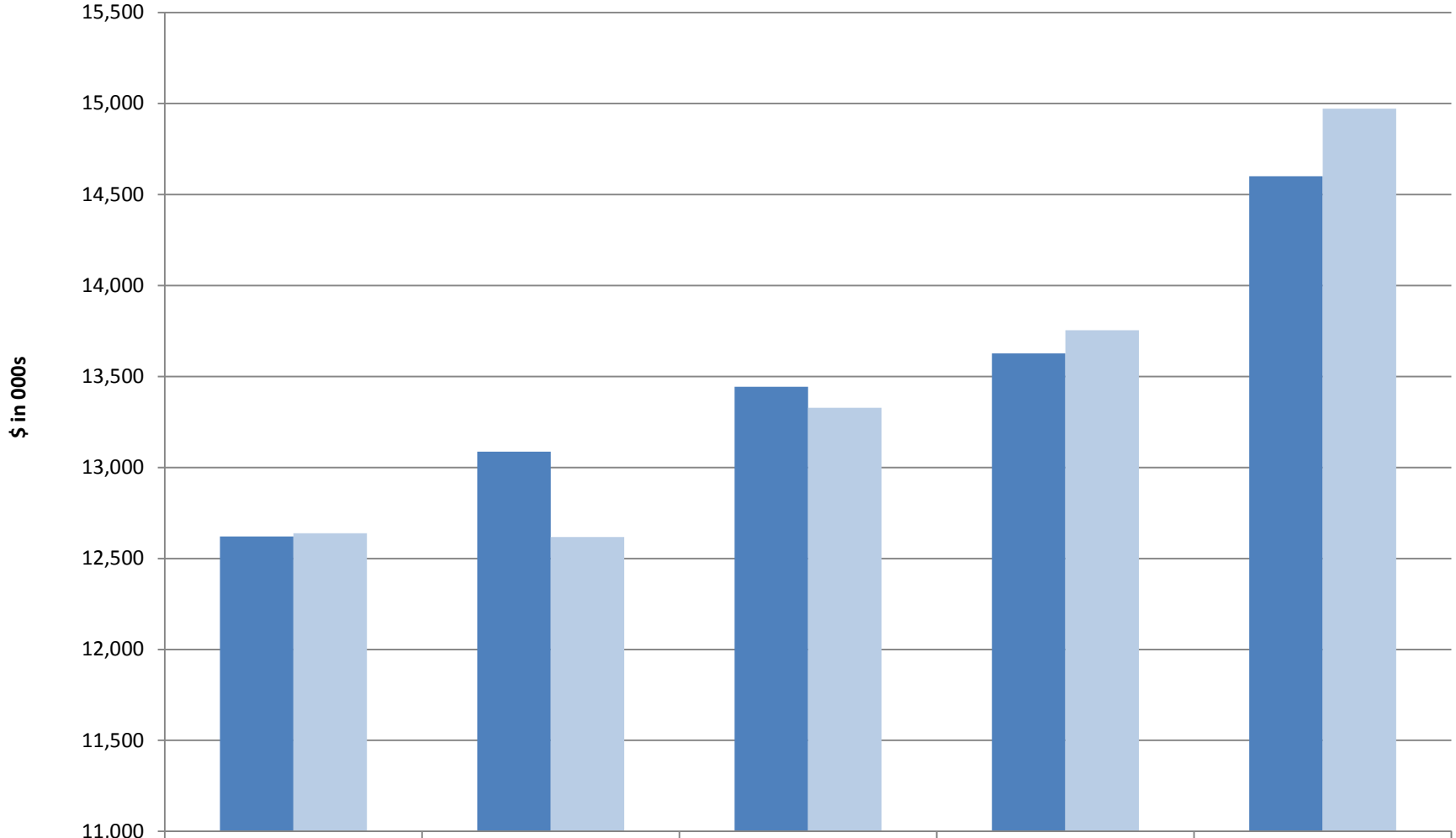
Type of Complaint	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
1. Discolored water	123	53	62	52	64
2. Odor / taste	11	6	7	8	3
3. No water	15	13	15	65	14
4. High / low pressure	95	67	54	47	87
5. Service line leaks	98	85	72	73	83
6. Main breaks	30	39	22	13	16
7. Meter related	75	71	41	71	59
8. Unclassified	255	232	239	293	345
Total complaints	702	566	512	622	671
Number of water customers	22,374	22,544	22,517	22,628	22,640
Complaints / 1,000 customers	31	25	23	27	30

Water Fund Financial Data

Water Fund Debt Coverage
($ in 000s)

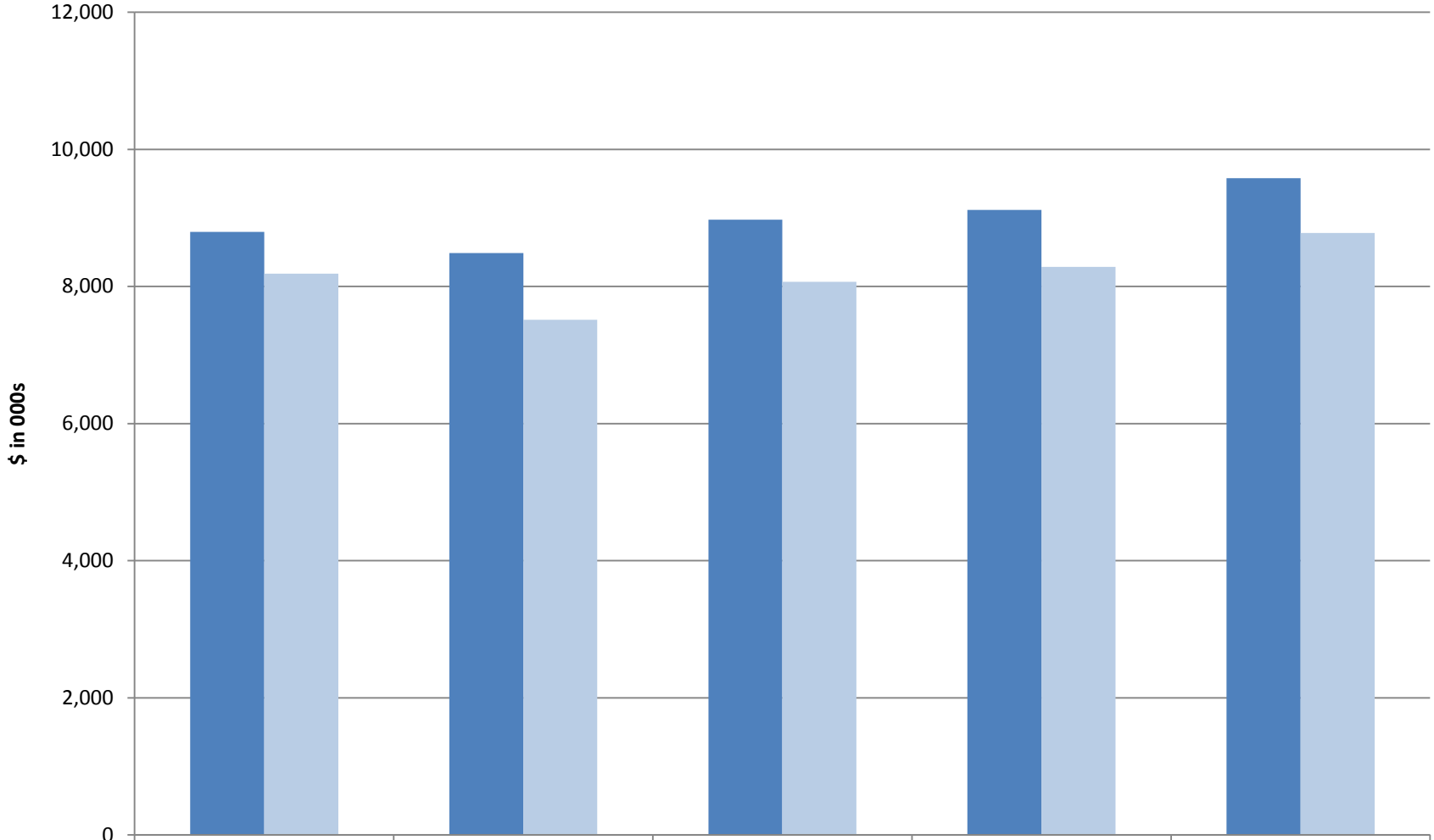
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Revenues:					
Charges for services	$9,792	9,791	10,549	10,920	11,920
Water contracts	2,670	2,518	2,432	2,555	2,780
Interest & other	176	309	347	279	271
	12,638	12,618	13,328	13,754	14,971
Expenses:					
Water treatment	2,767	2,390	2,727	2,741	2,846
Water line maintenance	1,627	1,469	1,378	1,592	1,766
Meter reading	836	885	787	796	758
Administration	2,793	2,647	2,967	2,982	3,320
Non-departmental	164	119	195	176	90
Expenses paid by Capital Fund	14	21	285	100	37
Capitalizable Expenses	-110	(103)	(145)	(171)	(138)
	8,091	**7,428**	**8,194**	**8,216**	**8,679**
Operating income	4,547	5,190	5,134	5,538	6,292
Debt service	3,677	3,650	3,617	3,586	4,320
Debt coverage	1.24	1.42	1.42	1.54	1.46

Water Revenues
Adopted Budget vs. Actual



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Adopted Budget	12,620	13,086	13,443	13,626	14,600
Actual	12,638	12,618	13,328	13,754	14,971

Water Operating Expenses
Adopted Budget vs. Actual



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Adopted Budget	8,794	8,487	8,974	9,115	9,579
Actual	8,187	7,514	8,066	8,287	8,779

Largest Water Customers
($ in 000s)

Customer	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
1. Bedford County	$1,487	$1,406	$1,354	$1,432	$1,534
2. CCUSA	509	543	515	517	537
3. Rock Tenn	396	324	313	326	395
4. Liberty University	269	303	355	404	457
5. Frito-Lay	170	168	176	193	228
6. Azdel	150	126	193	288	298
7. Centra Health	137	262	246	243	255
8. Griffin Pipe	135	148	187	185	249
9. Amherst County	107	77	74	86	86
10. Kroger / Westover	105	107	109	88	97
11. Tri-Tech	133	154	179	191	160
12. RR Donnelley	135	112	115	111	95
Total top 12	3,733	3,730	3,816	4,064	4,391
Total water revenues	12,638	12,618	13,328	13,754	14,971
Top 12 % of total	30%	30%	29%	30%	29%

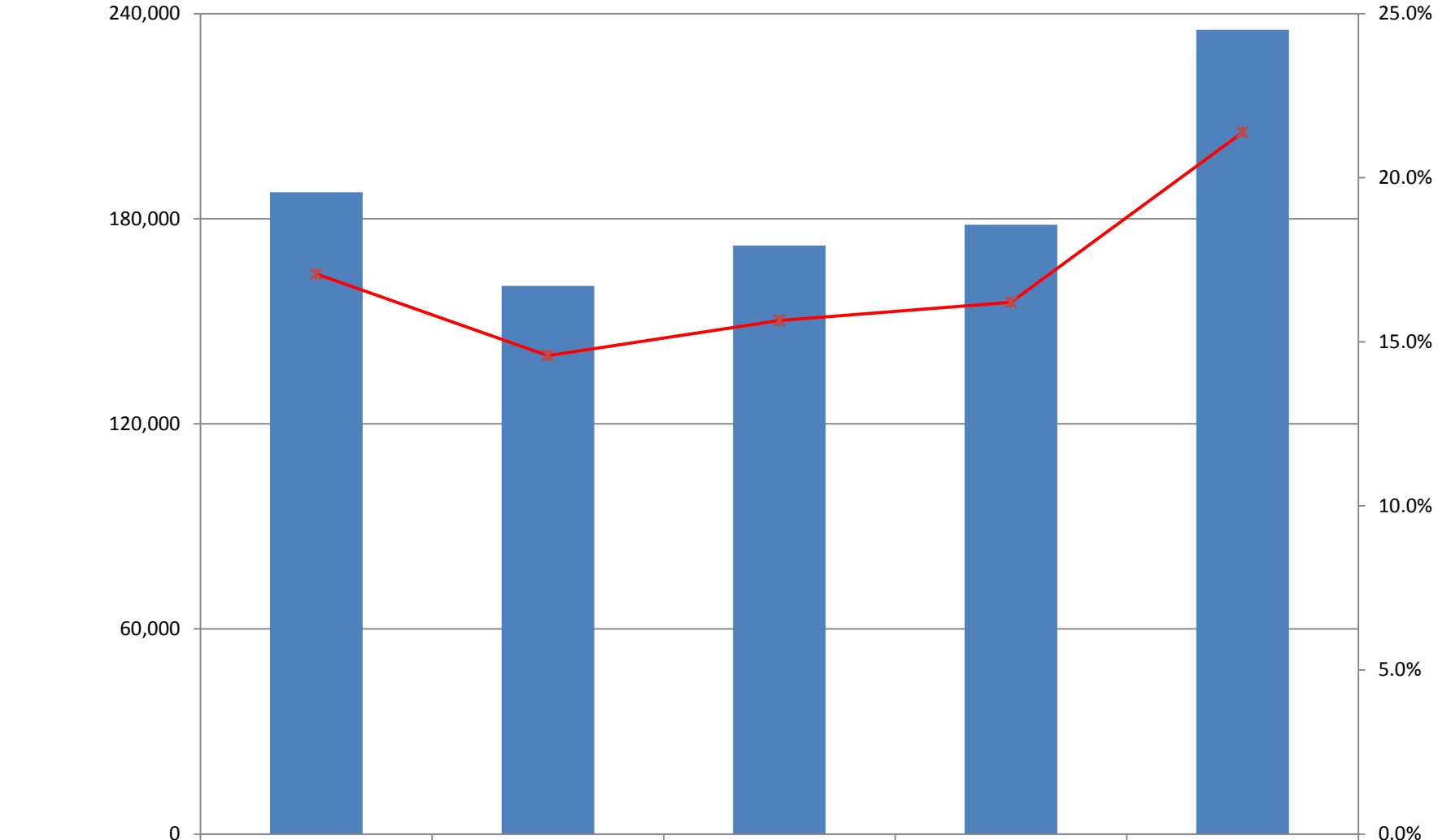
Water Expenses by Object
($ in 000s)

Expenses by object	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Personal services	2,976	2,770	3,084	3,093	3,215
Fringe benefits	1,151	979	1,294	1,137	1,237
Supplies & materials	1,052	1,051	908	957	943
Contractual services	419	472	420	582	699
Utilities, including natural gas	609	516	600	626	652
Chemicals	419	242	299	261	263
General Fund allocations	1,004	1,003	1,013	1,052	1,247
All other, including project expenses	461	395	576	508	434
Total excluding capitalized expenses	8,091	7,428	8,194	8,216	8,690
% increase	-2.3%	-8.2%	10.3%	0.3%	5.8%

Water Variable Expenses/MG

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Chemicals	$105	$65	$80	$67	$69
Utilities / MG	$153	$139	$160	$162	$170

Water Vehicle Costs
Total cost of all vehicles ($1.1 million)

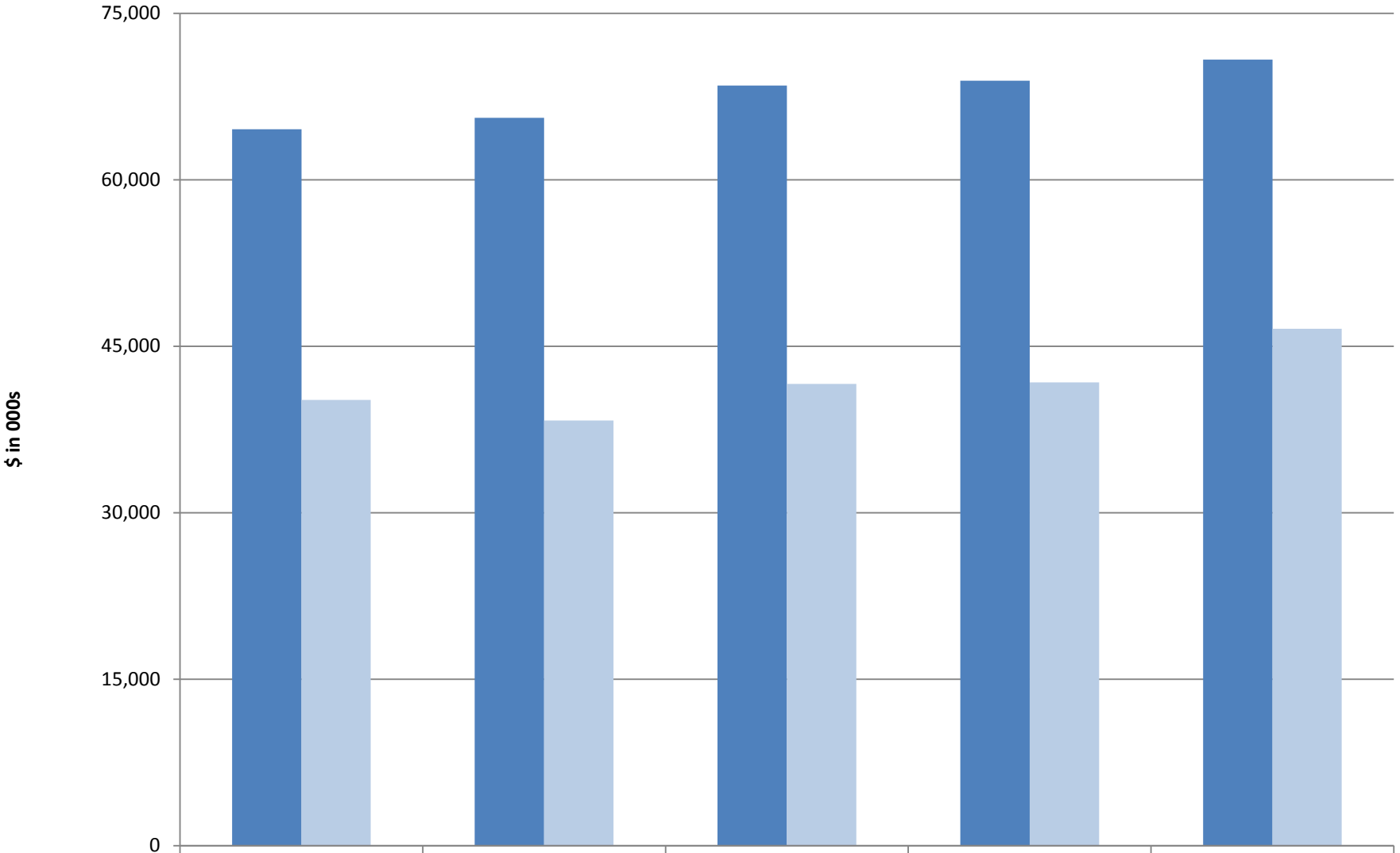


	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Payments	187,737	160,386	172,187	178,266	235,232
Replacement %	17.1%	14.6%	15.7%	16.2%	21.4%

Water Capital Expenditures
($ in 000s)

Capital Expenditures	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Source of supply	1,202	103	206	31	57
Treatment plants	494	298	209	527	430
Storage tanks	603	22	26	481	388
Petitions & extensions	304	111	121	68	0
Distribution & CSO improvements	2,435	2,920	5,245	2,000	3,491
Other	364	0	0	0	0
Total	5,402	3,454	5,807	3,107	4,366

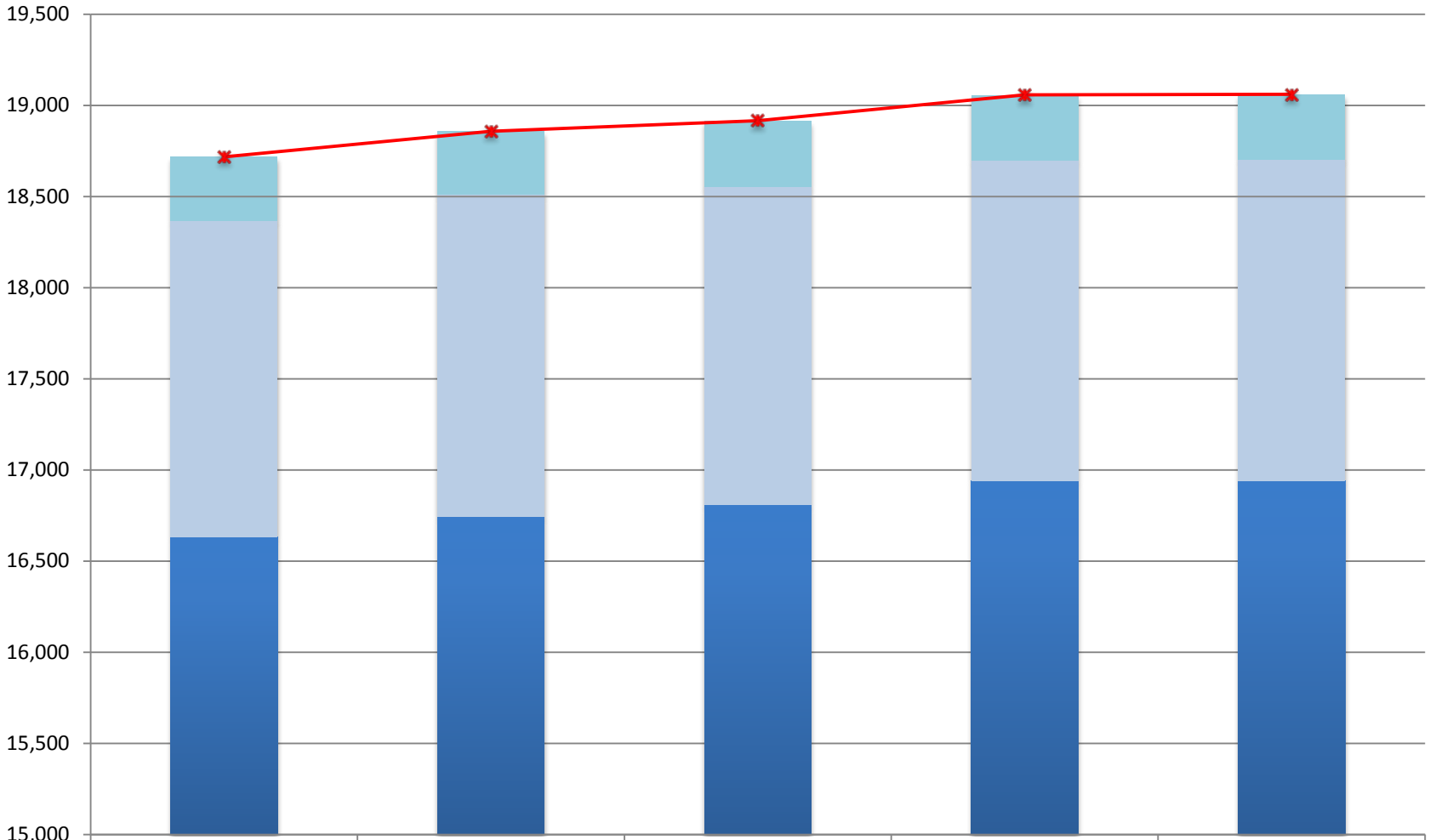
Net Water Capital Assets



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Net Fixed Assets	64,545	65,579	68,495	68,923	70,813
Bonds & Notes	40,166	38,293	41,608	41,747	46,565

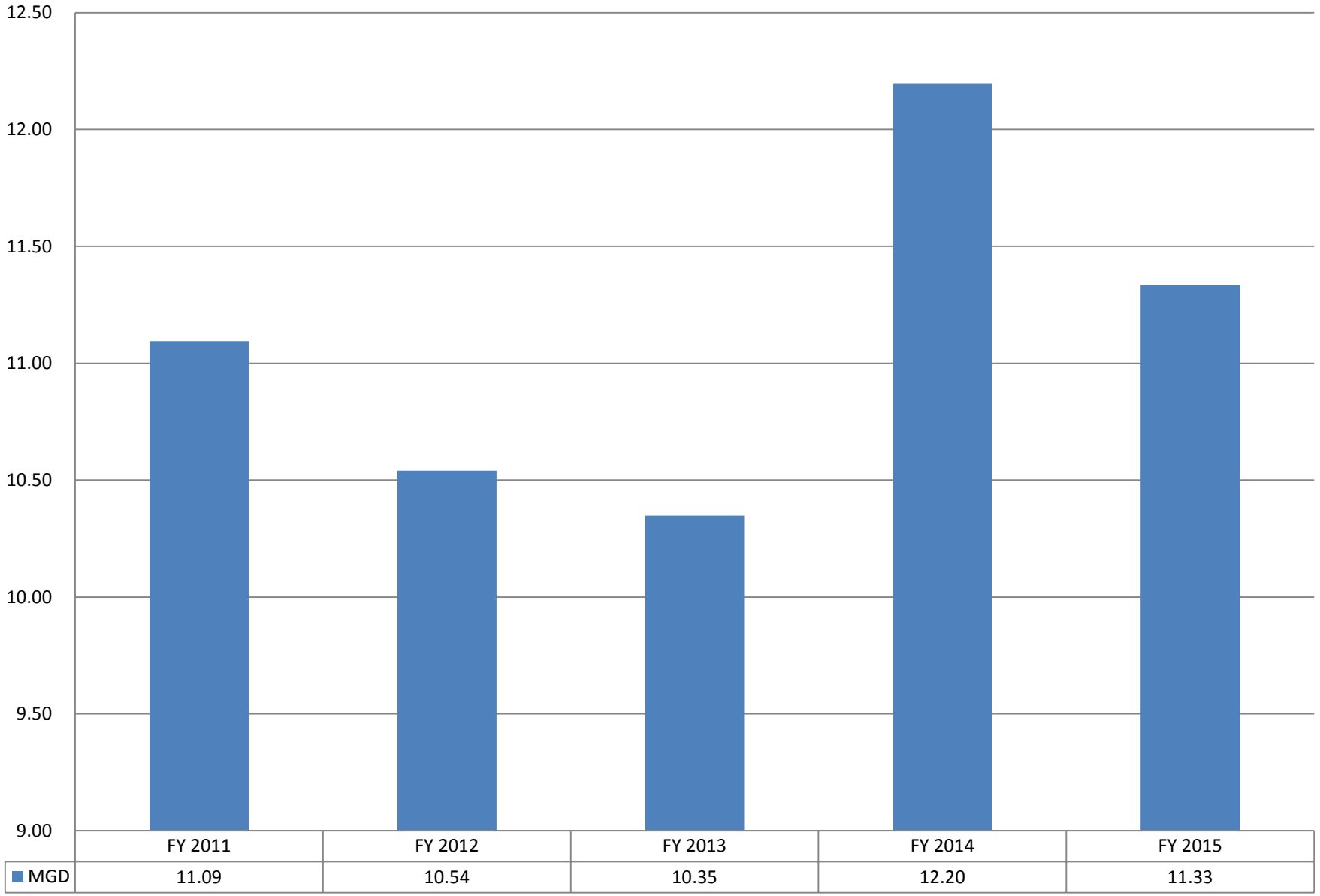
Wastewater Statistics

Number of Sewer Customers



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Other	350	348	360	358	355
Business	1,736	1,765	1,745	1,759	1,763
Domestic	16,632	16,745	16,811	16,940	16,942
Total	18,718	18,858	18,916	19,057	19,060

Wastewater Effluent in MGD

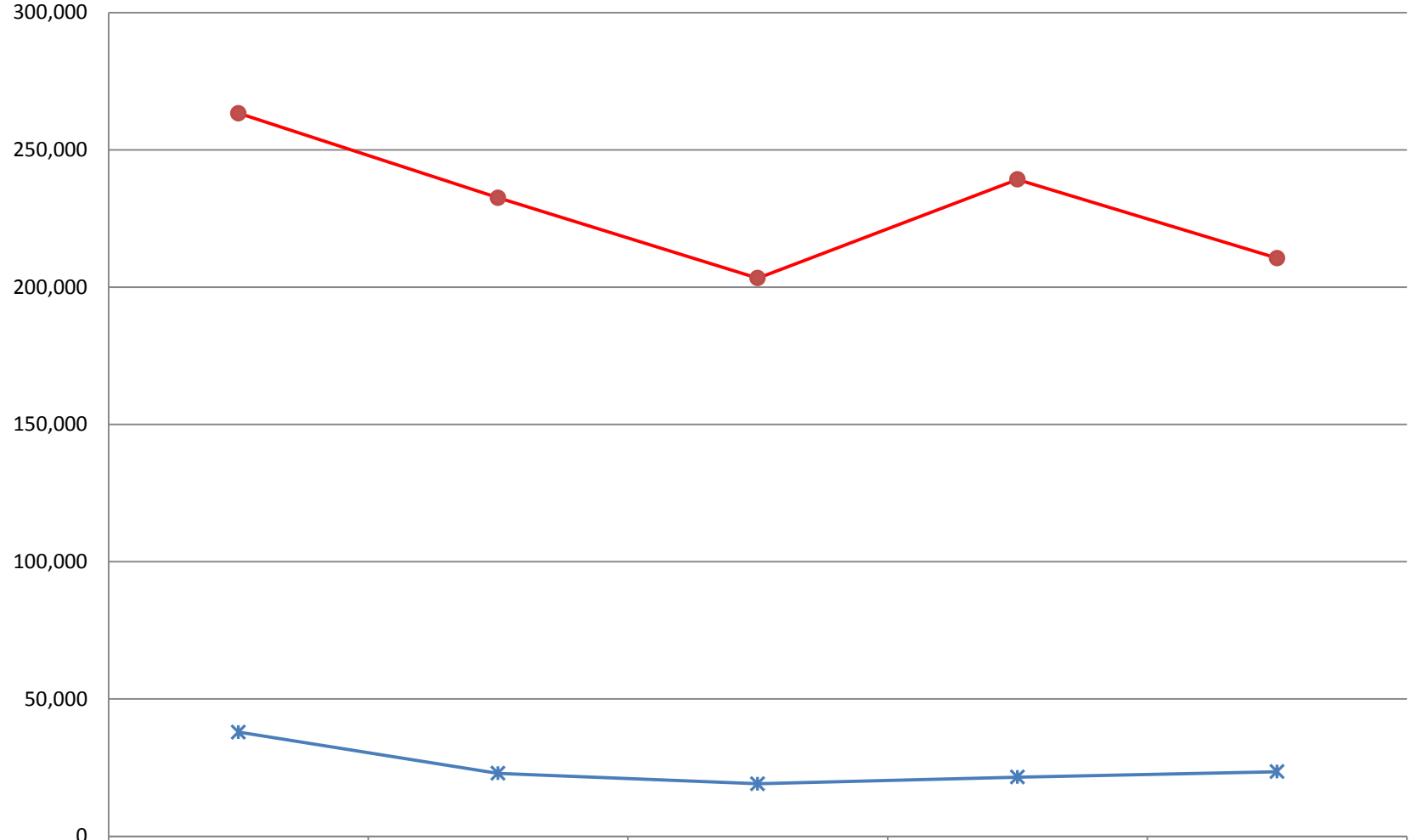


	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
MGD	11.09	10.54	10.35	12.20	11.33

BOD/TSS Loadings in Lbs/Day

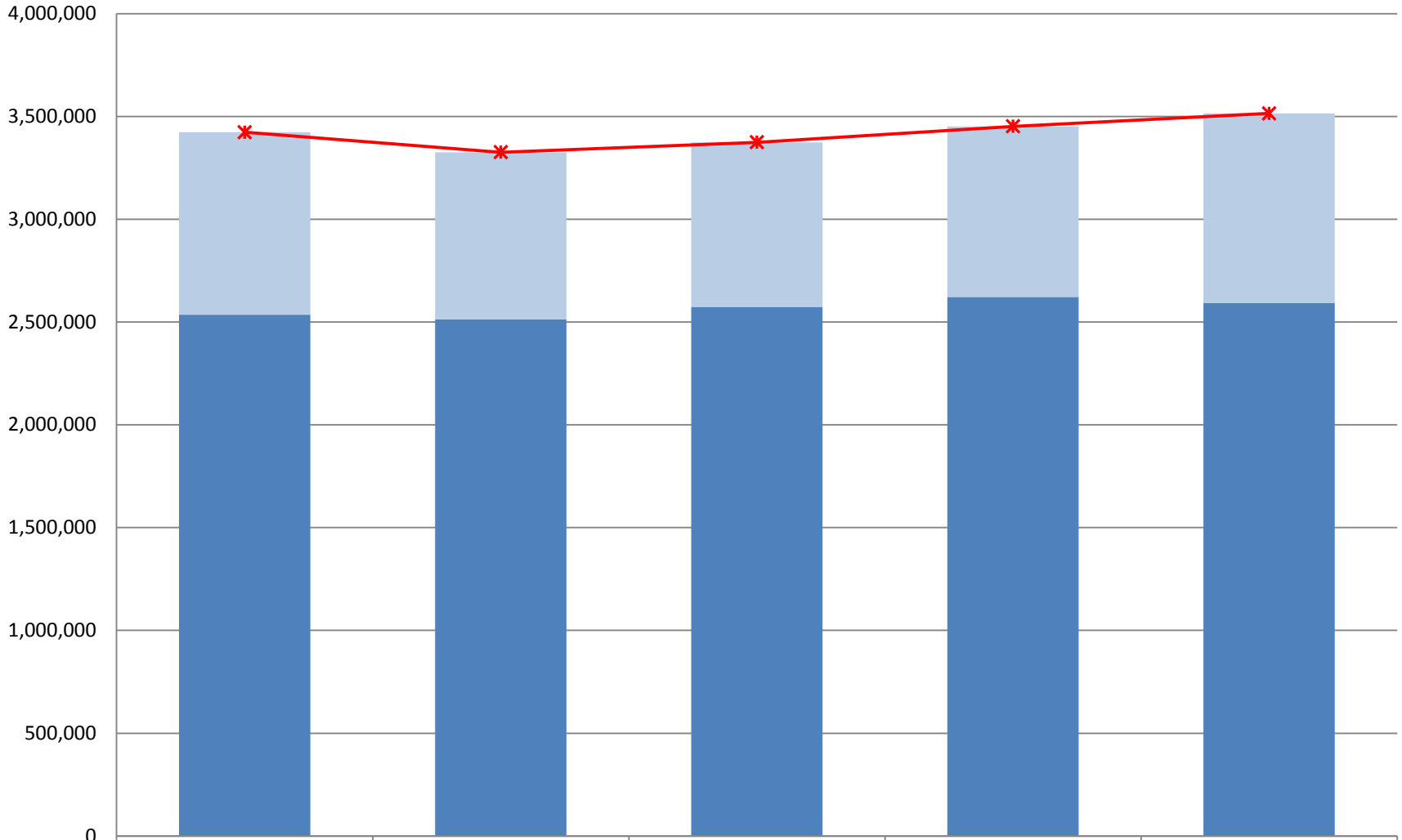
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
BOD	30,998	28,567	28,839	30,166	29,340
TSS	28,689	27,477	26,149	27,317	26,983

Nitrogen/Phosphorous
Annual Discharge in Lbs



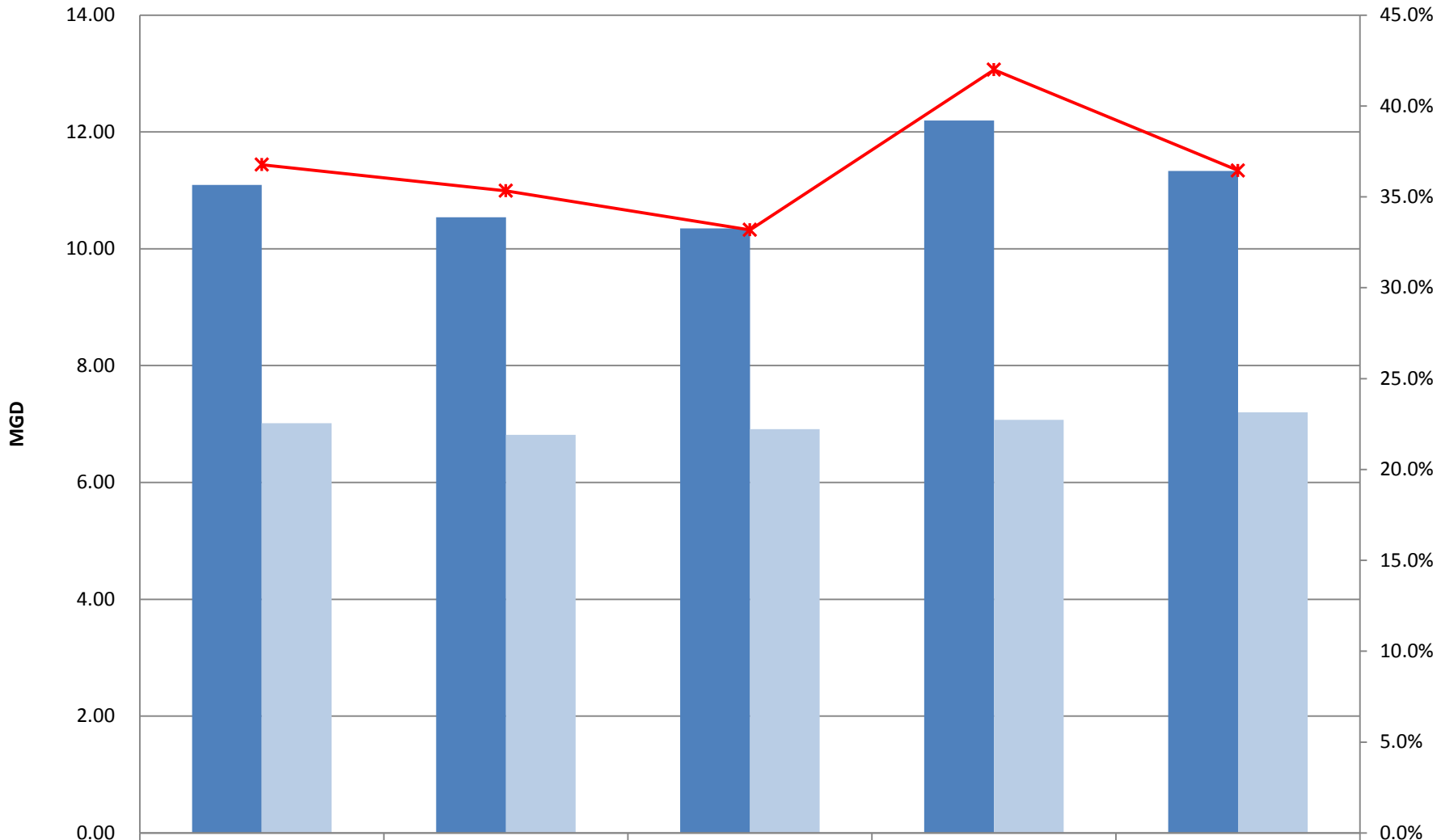
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Phosphorous	37,923	22,949	19,156	21,565	23,540
Nitrogen	263,308	232,563	203,280	239,208	210,565

Sewer Sold in HCF



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Contracts	886,605	812,530	800,605	829,677	921,242
All Other	2,536,205	2,513,334	2,573,269	2,621,921	2,593,391
Total	3,422,810	3,325,864	3,373,874	3,451,598	3,514,633

Sewer Sales to Influent



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Influent	11.09	10.54	10.35	12.20	11.33
Sales	7.01	6.82	6.91	7.07	7.20
%	36.8%	35.3%	33.2%	42.0%	36.5%

Sewer Complaints

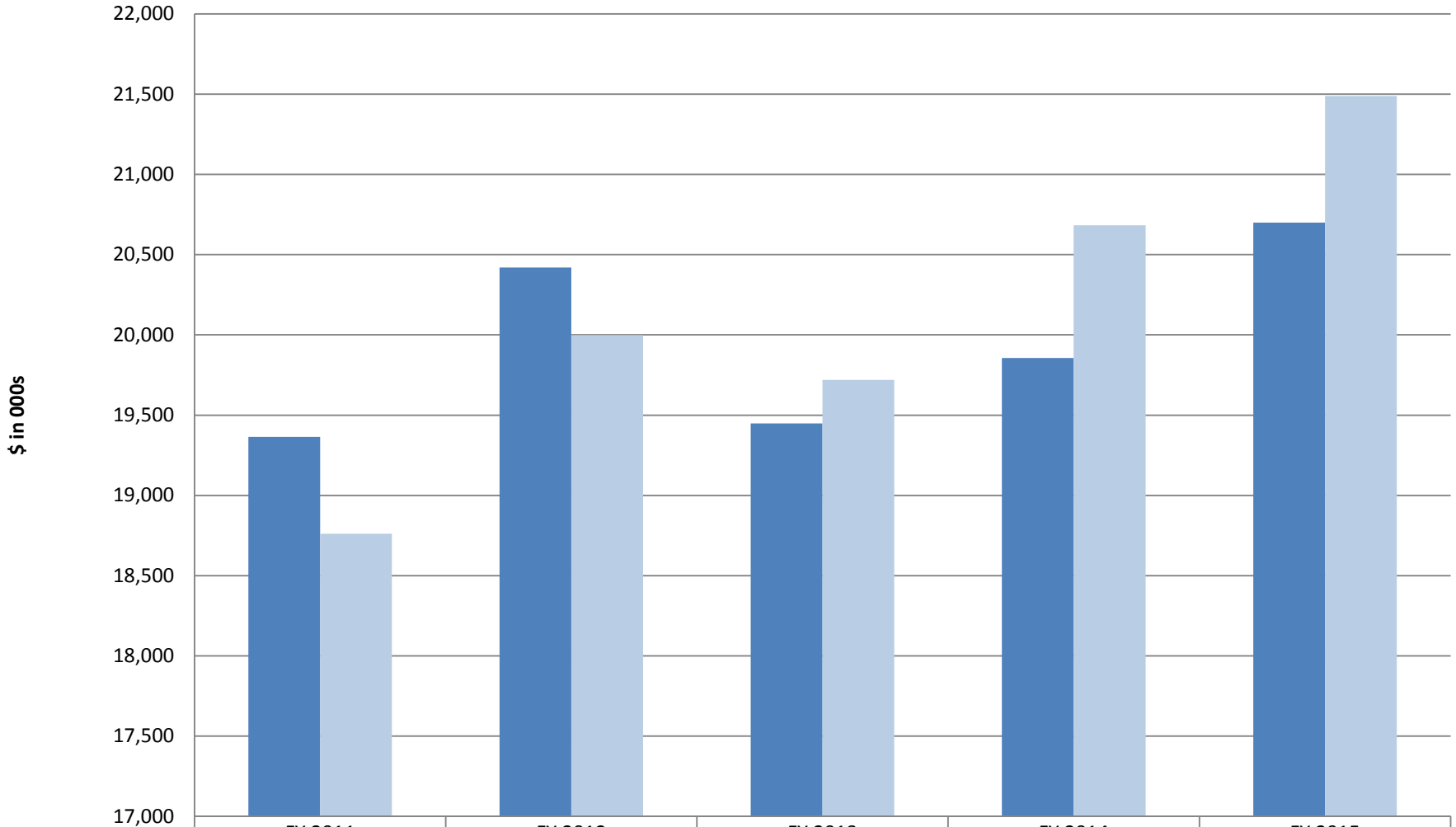
Type of Complaint	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
1. Cave-in / broken sewer line	0	-	-	-	-
2. Sewer odor	72	30	32	15	26
3. Sewer overflow / backups	138	10	18	18	93
4. Stormwater related	219	154	178	201	124
5. All other	122	217	197	220	105
Total complaints	551	411	425	454	348
Number of sewer customers	18,718	18,858	18,916	19,057	19,060
Complaints / 1,000 customers	29	22	22	24	18

Sewer Fund Financial Data

Sewer Fund Debt Coverage
($ in 000s)

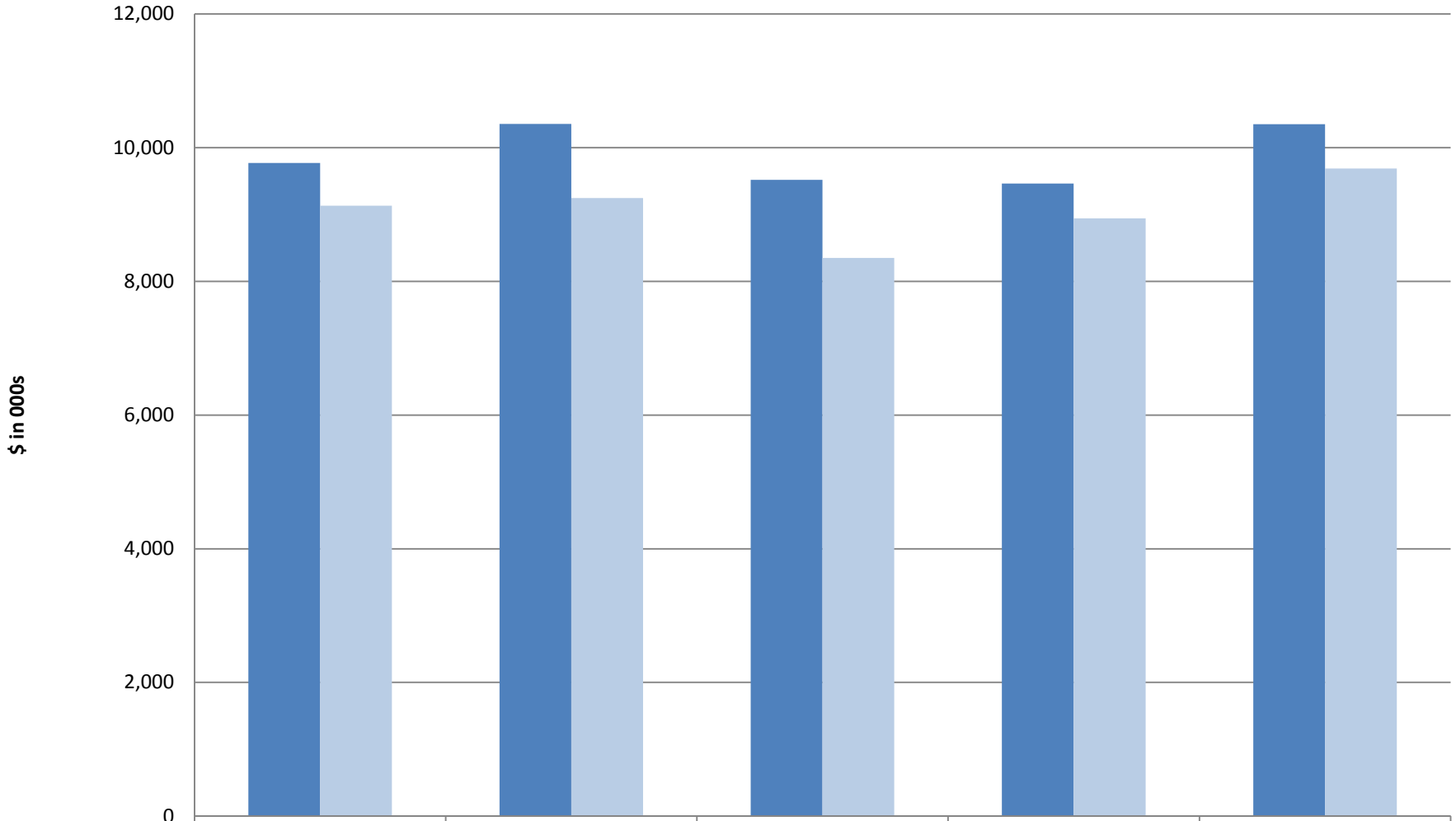
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Revenues:					
Charges for services	15,757	16,267	16,573	17,235	17,342
Sewer contracts	2,806	2,802	2,909	3,220	3,944
Interest & other	199	930	238	228	202
	18,762	19,999	19,720	20,683	21,488
Expenses:					
WWTP	6,310	6,104	6,448	6,773	7,338
Sewer line maintenance + sw	2,665	2,598	1,952	2,022	2,276
Non-departmental	250	462	156	172	72
Project expenses	135	380	15	134	38
Capitalizable expenses	-230	(298)	(221)	(159)	(151)
	9,130	9,246	8,350	8,942	9,573
Operating income	9,632	10,753	11,370	11,741	11,915
Debt service, net of IRS rebate	7,573	8,067	8,412	8,625	9,234
Debt coverage	1.27	1.33	1.35	1.36	1.29

Sewer Revenues
Adopted Budget vs. Actual



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Adopted Budget	19,364	20,420	19,448	19,856	20,700
Actual	18,762	19,999	19,720	20,683	21,488

Sewer Operating Expenses
Adopted Budget vs. Actual



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Adopted Budget	9,772	10,353	9,519	9,463	10,351
Actual	9,130	9,246	8,350	8,942	9,686

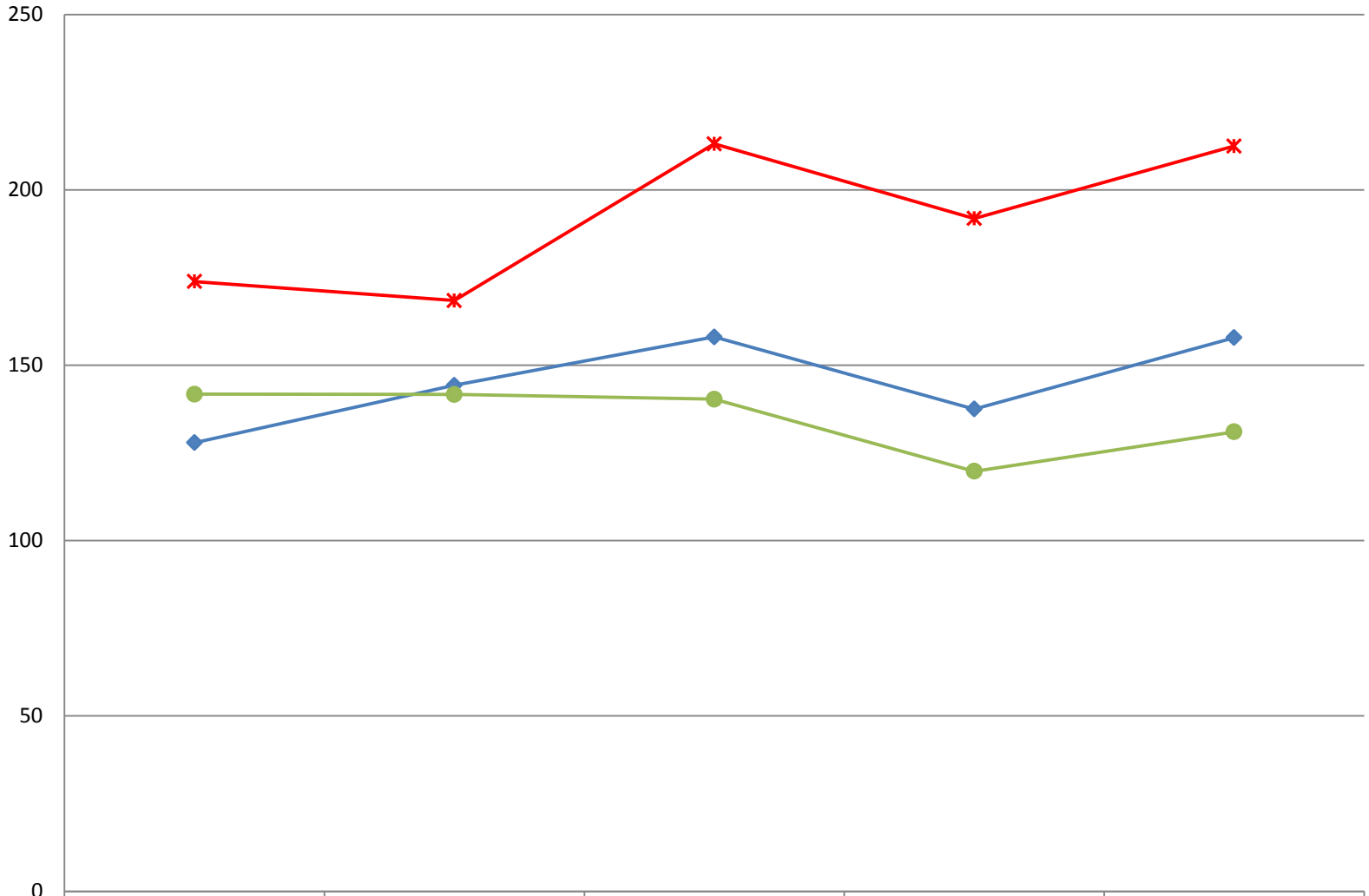
Ten Largest Sewer Customers
($ in 000s)

Customers	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
1. Rock Tenn	$1,019	$921	$982	$1,043	$1,268
2. Frito-Lay	1276	1102	1230	1,445	1,487
3. Centra Health	537	516	601	414	450
4. Liberty University	518	614	722	691	856
5. Azdel	417	368	567	872	732
6. Tri-Tech	523	525	615	586	511
7. Bedford County	388	441	443	437	450
8. Amherst County	365	400	413	497	492
9. Griffin Pipe	316	283	502	446	582
10. Kroger / Westover Dairy	308	290	325	206	263
11. CCUSA	262	350	308	352	764
Total top 11	5,929	5,810	6,708	6,989	7,855
Total sewer revenues	18,762	19,999	19,720	20,683	21,488
Top 11 % of total	32%	29%	34%	34%	37%

Sewer Expenses by Object
($ in 000s)

Expenses by object	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Personal services	1,886	2,087	1,898	2,020	2,145
Fringe benefits	729	737	723	752	841
Supplies & materials	624	517	436	544	671
Contractual expenses	1,059	964	866	1,029	1,144
Sludge disposal	574	545	530	533	542
Utilities	704	648	805	854	879
Chemicals	518	555	597	612	653
General & Water Fund Allocations	2,360	2,136	2,118	2,091	2,471
All other	676	1,057	377	267	267
Total excluding capitalized expense	$ 9,130	$ 9,246	$ 8,350	$ 8,702	$ 9,613
% Increase -total	4.6%	1.3%	-9.7%	4.2%	10.5%

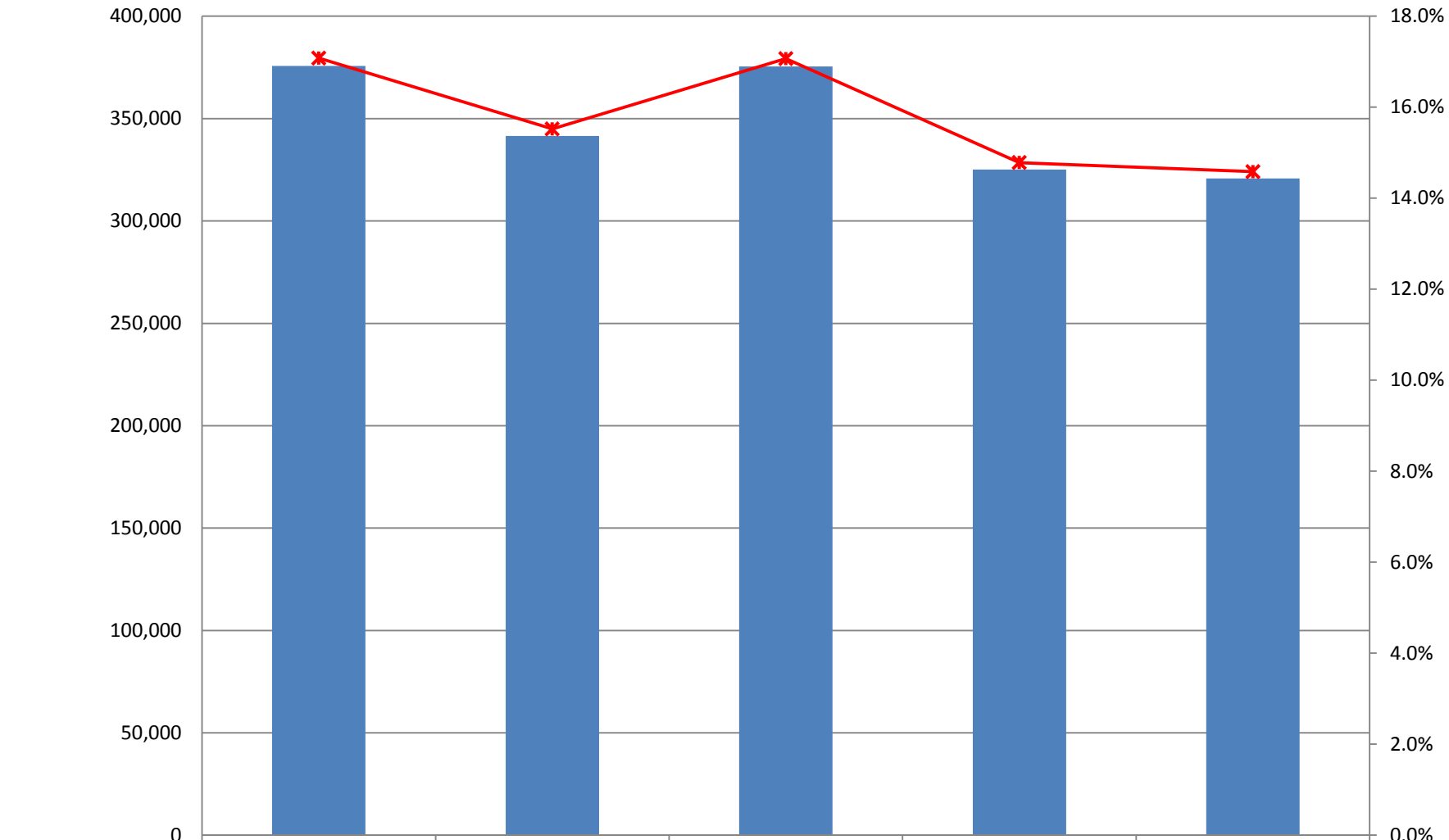
Sewer Variable Expenses/MG



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Chemicals	128	144	158	137	158
Utilities	174	168	213	192	212
Sludge Disposal	142	142	140	120	131

Sewer Vehicle Costs

Total cost of all vehicles ($2.2million)

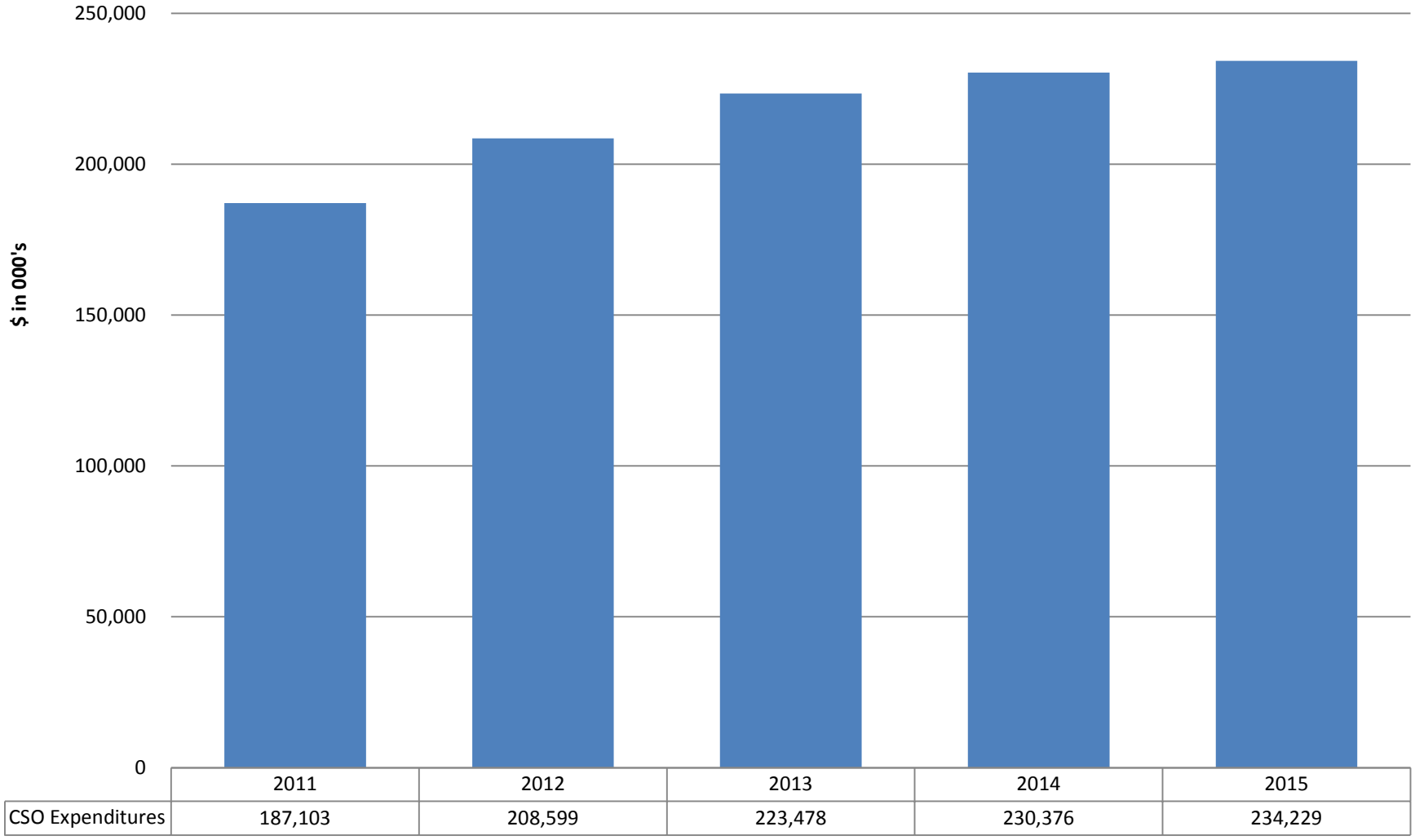


	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Payments	375,700	341,507	375,473	325,176	320,799
Replacement %	17.1%	15.5%	17.1%	14.8%	14.6%

Sewer Capital Expenditures
($ in 000s)

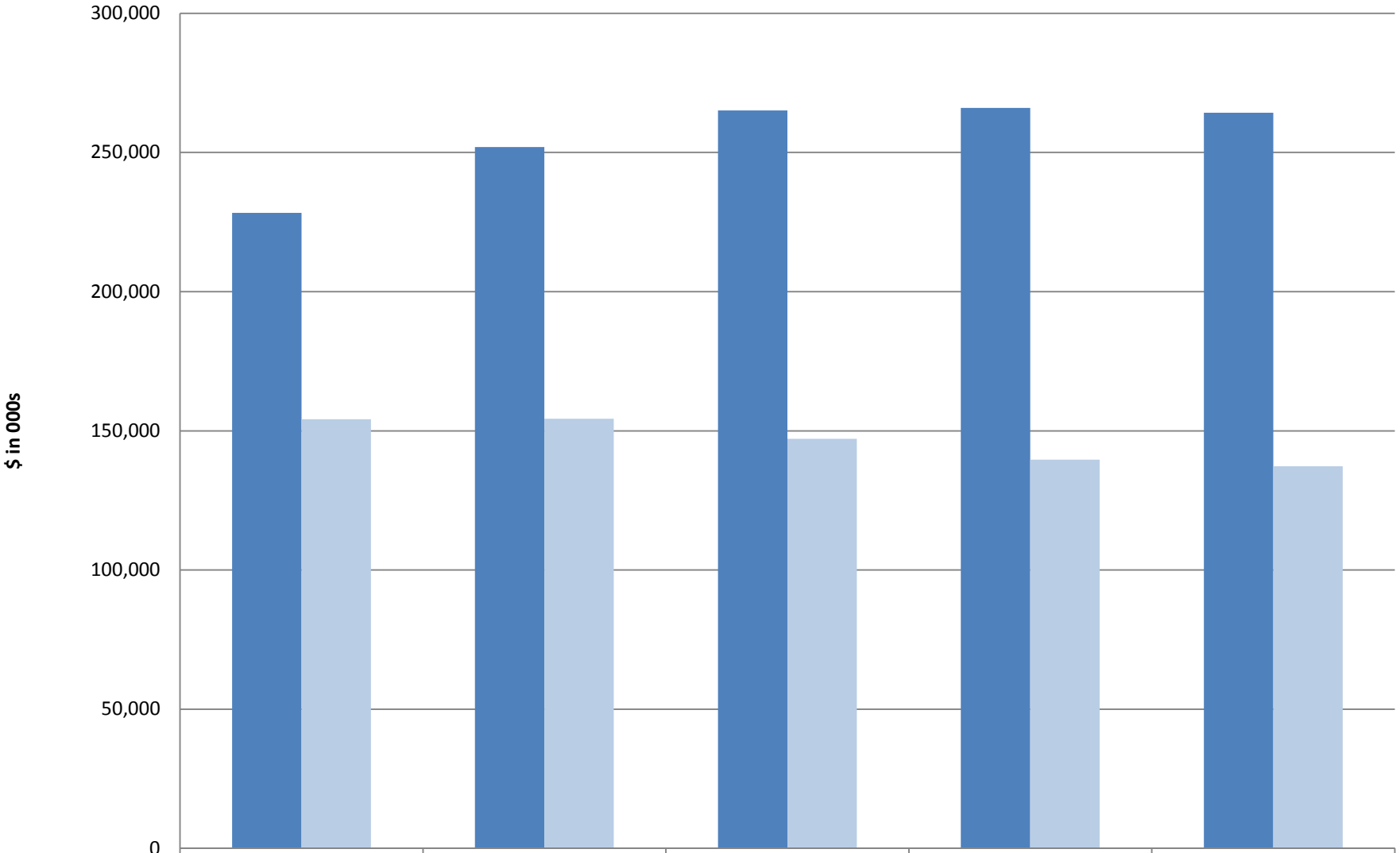
Capital Expenditures	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Sewer extensions	193	258	69	108	0
Treatment plant	1,164	5,572	3,377	452	372
Collection system repairs	997	1,667	1,402	303	1,503
CSO - separation & RDP	9,423	5,194	5,497	3,524	886
Interceptors	12,549	15,639	8,846	3,222	2,967
Stormwater	284	92	77	0	0
Other	1,177	1,132	183	249	26
Total	25,787	29,554	19,451	7,858	5,754

Cumulative CSO Expenditures



	2011	2012	2013	2014	2015
CSO Expenditures	187,103	208,599	223,478	230,376	234,229

Net Sewer Capital Assets



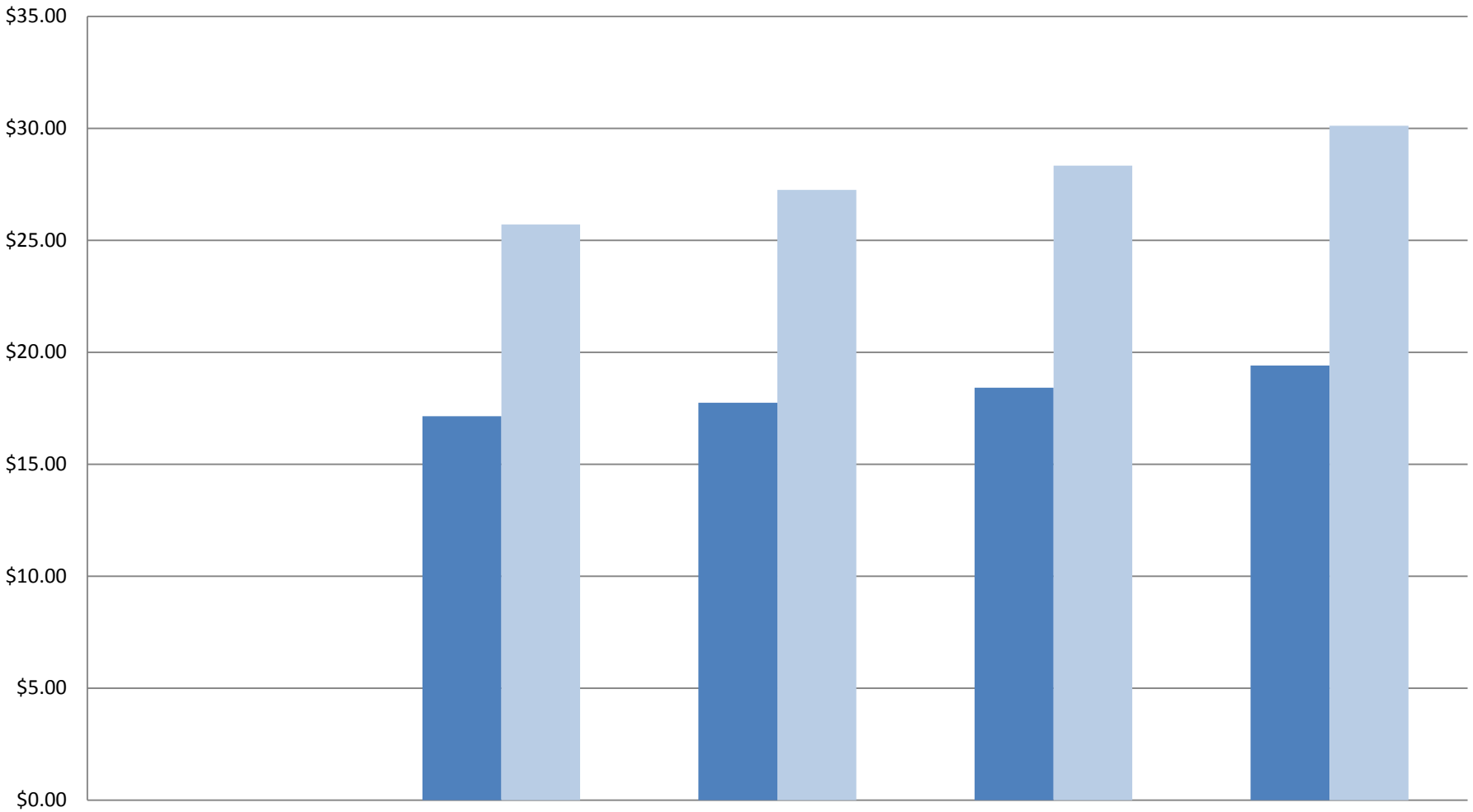
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Net Fixed Assets	228,252	251,930	265,057	266,012	264,306
Bonds & Notes	154,132	154,374	147,154	139,627	137,251

Rate & Bill Data

Water, Sewer & Stormwater Rates

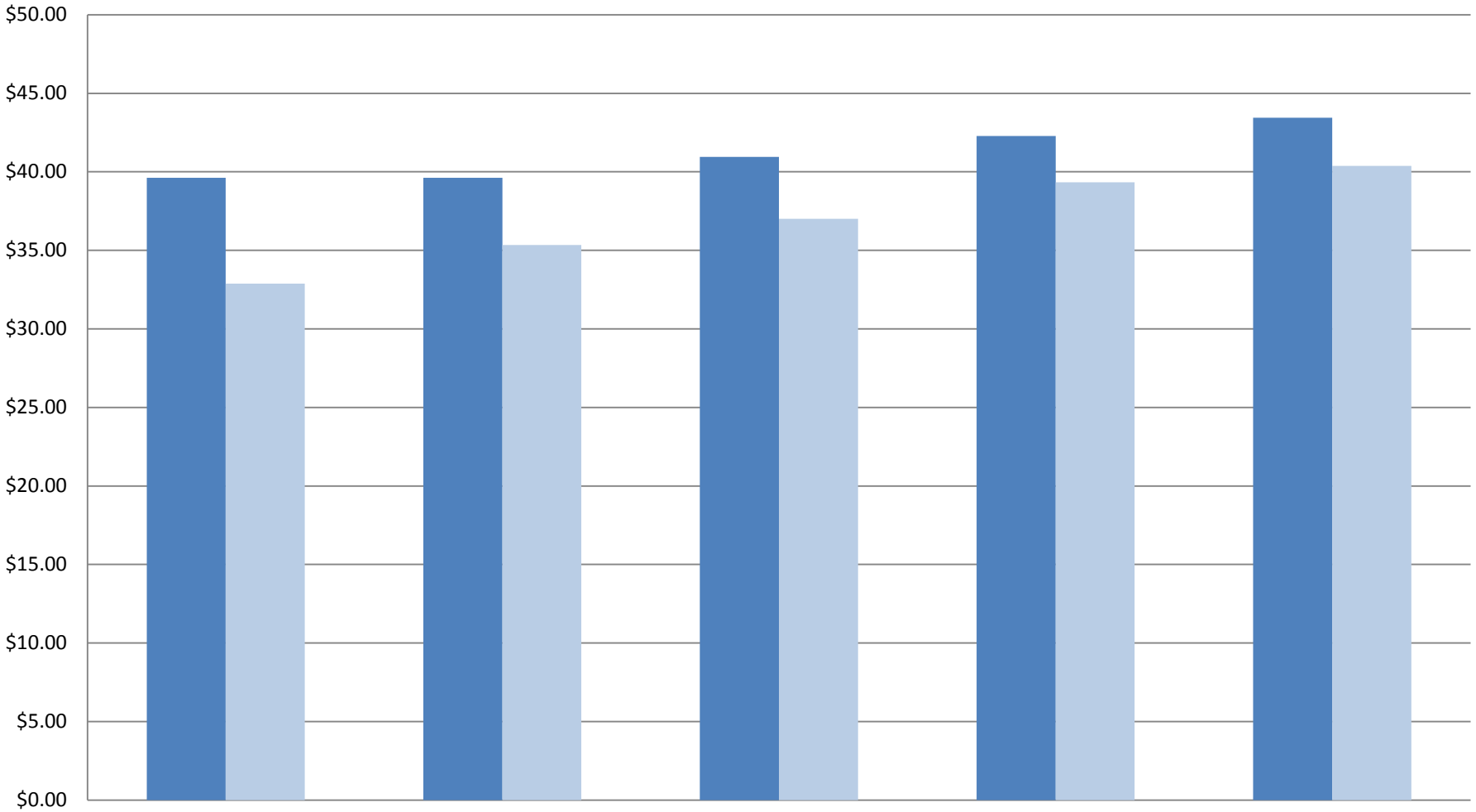
	7/1/2011	7/1/2012	7/1/2013	7/1/2014	7/1/2015
Water volume charge / hcf	$ 2.29	$ 2.38	$ 2.38	$ 2.43	$ 2.43
Sewer					
Volume charge / hcf	5.65	5.65	5.65	5.65	5.83
BOD / 100 lbs	20.31	21.33	22.40	23.52	23.52
TSS / 100 lbs.	22.97	24.12	25.33	26.60	26.60
Septic hauler charge	185.50	195.14	204.90	204.90	204.90
Avg. industrial pre-treatment / permit fee	1,606.00	1,606.00	1,606.00	1,606.00	1,606.00
Sewer only	43.24	43.24	44.58	45.92	47.18
Account charge for Water and or Sewer	3.69	3.69	5.69	7.69	7.69
Stormwater					
Rate per sfu per month (1,301- 4,300 sq. ft)		4.00	4.00	4.00	4.00
Water Connection fees					
3/4" & 5/8" meters	950	950	1,045	1,045	1,045
1" service - 5/8" meter	1,000	1,000	1,100	1,100	1,100
1" service - 1" meter	1,150	1,150	1,265	1,265	1,265
Greater than 1" minimum	1,150	1,150	1,265	1,265	1,265
Sewer Connection Fees					
4" line	1,100	1,100	1,210	1,210	1,210
Greater than 4" - minimum	1,200	1,200	1,320	1,320	1,320
Availability fee					
Water	1,220	1,220	1,220	1,220	1,220
Sewer	1,950	1,950	1,950	1,950	1,950
Fire protection fees (monthly)					
Hydrants & 8" fire lines	19.79	19.79	19.79	19.79	19.79
10" fire line	35.53	35.53	35.53	35.53	35.53
12" fire line	56.38	56.38	56.38	56.38	56.38
Cut-on charge	15	15	15	15	15
Cut-off charge	30	30	30	30	30

City of Lynchburg Water Bill Comparison
@ 5,000 gallons/month



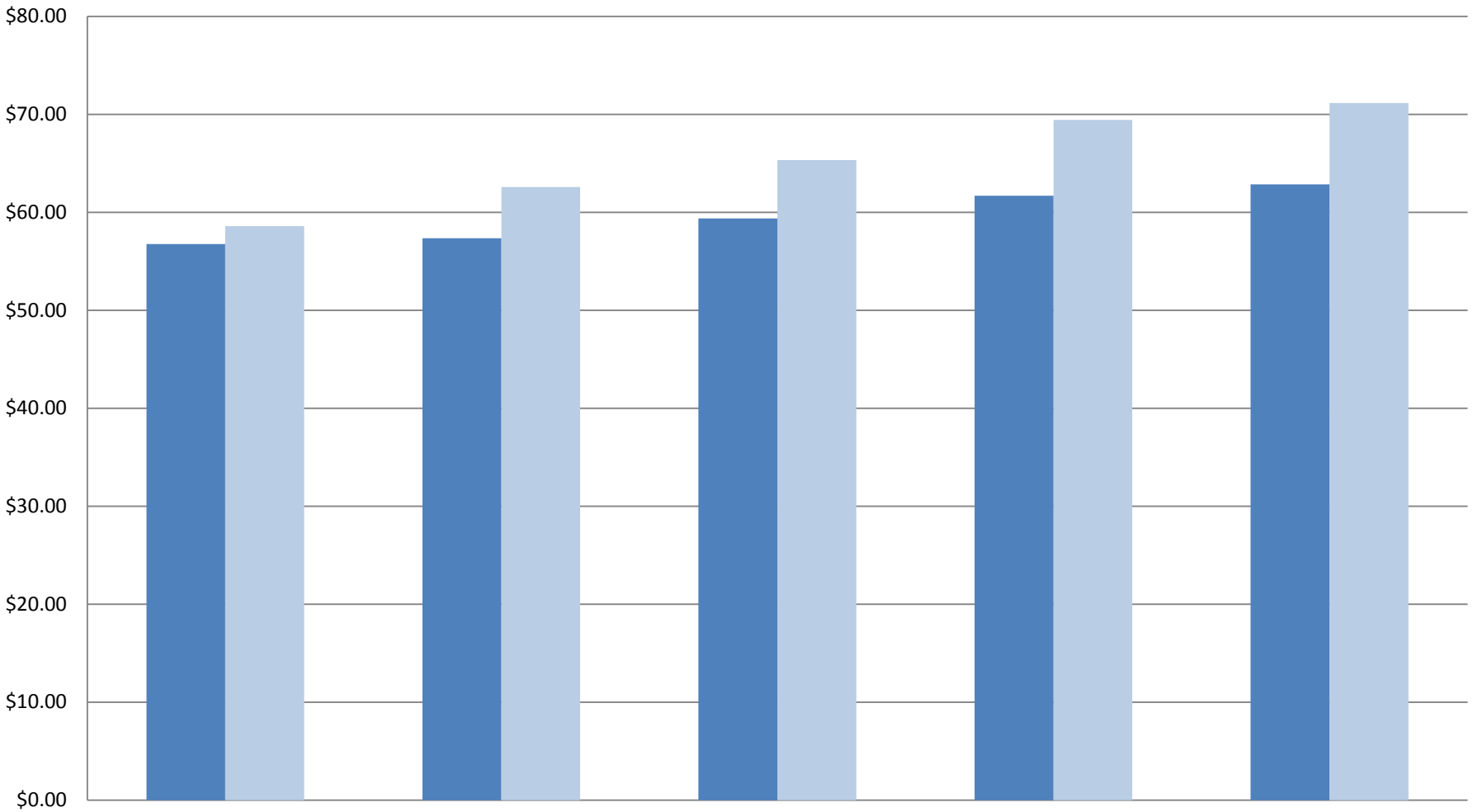
	7/1/2011	7/1/2012	7/1/2013	7/1/2014	7/1/2015
Lynchburg	$17.15	$17.75	$18.42	$19.41	$19.41
State Average	$25.70	$27.25	$28.34	$30.11	$30.77

City of Lynchburg Sewer Bill Comparison
@ 5,000 gallons/month



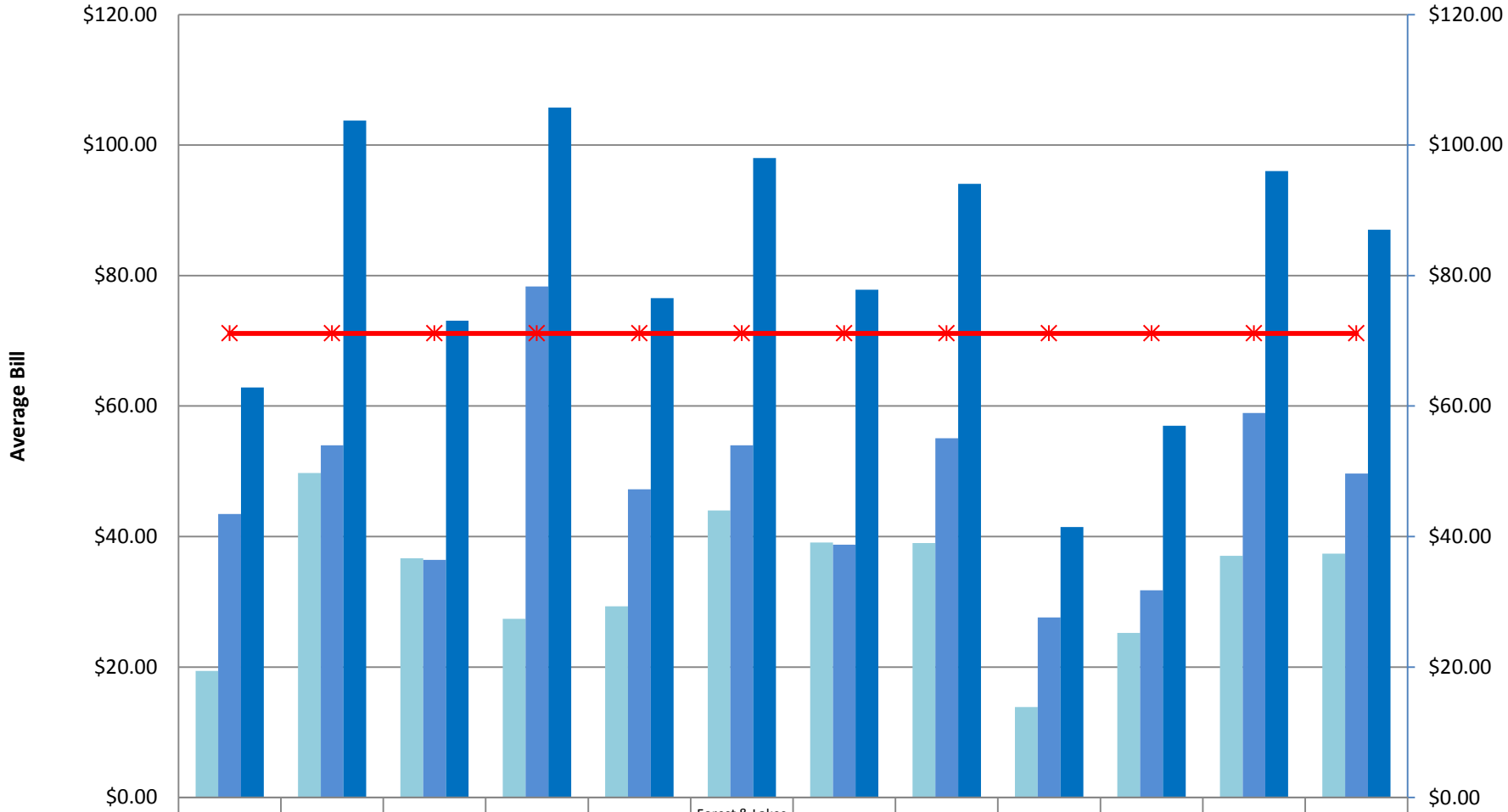
	7/1/2011	7/1/2012	7/1/2013	7/1/2014	7/1/2015
Lynchburg	$39.62	$39.62	$40.95	$42.29	$43.45
State Average	$32.88	$35.34	$37.00	$39.33	$40.37

City of Lynchburg Water & Sewer Bill Comparison @ 5,000 gallons/month



	7/1/2011	7/1/2012	7/1/2013	7/1/2014	7/1/2015
Lynchburg	$56.76	$57.37	$59.37	$61.70	$62.86
State Average	$58.58	$62.59	$65.34	$69.44	$71.14

Average Water & Sewer Bill Per 5,000 Gallons By Locality



	City of Lynchburg	Town of Amherst	Amherst CSA	Town of Appomattox	Town of Bedford	Forest & Lakes of Bedford County	Campbell County USA	City of Charlottesville	City of Harrisonburg	Roanoke City and County	City of Richmond	City of Salem
Water Total	$19.41	$49.75	$36.67	$27.40	$29.30	$44.00	$39.08	$39.00	$13.88	$25.25	$37.05	$37.38
Sewer Total	$43.45	$54.00	$36.43	$78.35	$47.25	$54.00	$38.75	$55.08	$27.60	$31.75	$58.95	$49.65
Average total bill	$62.86	$103.75	$73.10	$105.75	$76.55	$98.00	$77.83	$94.08	$41.48	$57.00	$96.00	$87.03
State Average	$71.14	$71.14	$71.14	$71.14	$71.14	$71.14	$71.14	$71.14	$71.14	$71.14	$71.14	$71.14

Contract Rate History

	FY2011	FY2012	FY2013	FY2014	FY2015
Water Contract rates / HCF					
Amherst	1.89	1.84	1.98	1.98	2.04
Bedford	1.90	1.84	1.98	1.98	1.98
CCUSA	1.89	1.82	1.97	1.97	2.04
Frito-Lay	1.21	1.24	1.27	1.3	1.45
Rock Tenn	1.21	1.24	1.27	1.3	1.45
Sewer Contract rates / 1,000 gallons					
Amherst (1)	1.61	1.60	1.73	1.53	1.53
Bedford (1)	1.61	1.60	1.73	1.53	1.53
CCUSA (1)	1.61	1.60	1.73	1.53	1.53
Frito-Lay	2.65	2.82	2.87	3.03	3.36
Rock Tenn	1.89	2.01	2.01	2.08	2.26

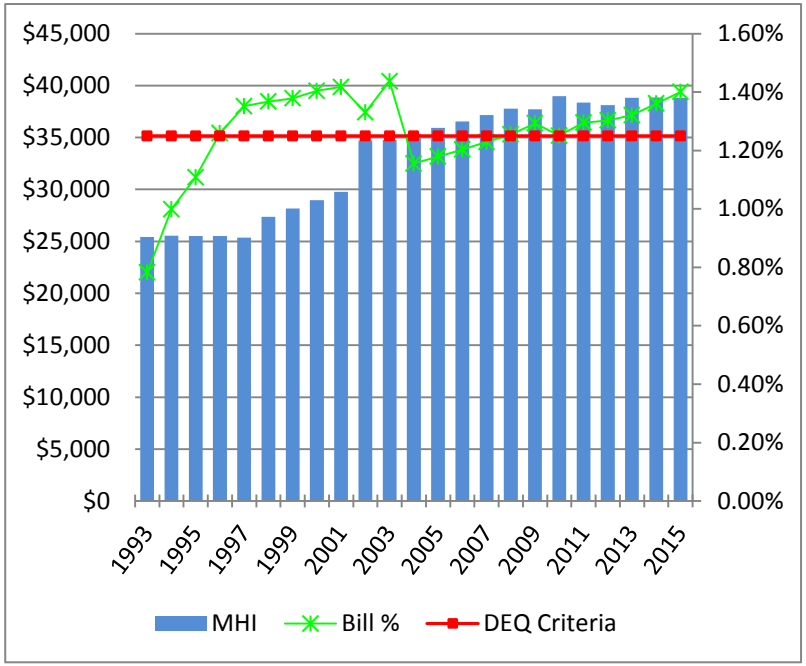
1. Volume rate only base on WWTP flows of fiscal year.
2. FY 2015 county rates are provisional rates

Annual Sewer Bill as a % of MHI

Annual Sewer Bill

FY	Bill	MHI	%	DEQ Criteria
1993	$199.08	$25,437	0.78%	1.25%
1994	$255.00	$25,539	1.00%	1.25%
1995	$282.96	$25,523	1.11%	1.25%
1996	$321.36	$25,527	1.26%	1.25%
1997	$342.96	$25,370	1.35%	1.25%
1998	$374.28	$27,370	1.37%	1.25%
1999	$388.32	$28,168	1.38%	1.25%
2000	$406.68	$28,965	1.40%	1.25%
2001	$421.80	$29,762	1.42%	1.25%
2002	$461.76	$34,716	1.33%	1.25%
2003	$499.56	$34,756	1.44%	1.25%
2004	$408.33	$35,340	1.16%	1.25%
2005	$423.72	$35,934	1.18%	1.25%
2006	$439.68	$36,537	1.20%	1.25%
2007	$456.48	$37,151	1.23%	1.25%
2008	$473.92	$37,775	1.25%	1.25%
2009	$487.56	$37,710	1.29%	1.25%
2010	$487.56	$38,983	1.25%	1.25%
2011	$496.80	$38,353	1.30%	1.25%
2012	$496.80	$38,126	1.30%	1.25%
2013	$512.76	$38,823	1.32%	1.25%
2014	$528.72	$38,842	1.36%	1.25%
2015	$566.16	$39,267	1.44%	1.25%

Note (1) - MHI based on 9 hcf of monthly use up to 2003; 7 hcf thereafter.



// A regular meeting of the Council of the City of Lynchburg was held on the 22nd day of March, 2016, at 4:00 P.M. in the Council Chamber, City Hall, Michael Gillette, President, presiding. The following Members were present:

Present: Foster, Helgeson, Nelson, Perrow, Tweedy, Gillette 6

Absent: Johnson 1

// Vice Mayor Johnson arrived at 4:10 p.m.

// Mayor Gillette asked that the following announcement be read into the record.

"Pursuant to Section 2.2-3712(B) of the Code of Virginia, the Lynchburg City Council will be holding closed meetings at undisclosed locations within the following fifteen days for the purpose of interviewing candidates for the position of City Manager." He stated he would also make this announcement again at the 7:30 meeting.

// Dr. Scott Brabrand, Superintendent of Schools stated he wanted to thank City Manager Kimball Payne for the leadership, guidance and support that he has shown him during the last four years and wished him the very best in his retirement.

// Dr. Scott Brabrand, Superintendent of Schools presented the Proposed 2016-2017 School's Budget. First, he addressed the school's challenges which he stated were the same as last year:

- Attracting and Retaining High Quality Personnel
- Enhancing Targeted Instructional Support
- Increasing Student Opportunities by Name and By Need

Dr. Brabrand explained what's new this year in the Budget:

- Requested City increase to school budget is $1.8 million
- Total Tier 1 request of $3.27 million
- State budget $247,727 less than governor's proposed budget
- State budget provides compensation supplement funds equal to 2% salary increase

He explained the Revenues/Expenses for the proposed budget with a funding gap of $2 million. He stated that the funding request for the Operating Budget is $1,772,320, Capital Project Budget is $500,000 and School Bus Replacement Budget is $500,000, which is a little over $2.7 million in the Budget request. He mentioned several components of the budget process including Community Input, Parent Input, Employee Input and School Board Engagement. The total proposed Operating Budget request is $93,392,414.

In conclusion, Dr. Brabrand stated that the Budget process ties directly to the implementation of the division's Comprehensive Plan.

- Vision – A tradition of Excellence for All
- Mission – Every child, By Name and By Need, to Graduation
- Goal – Excellence in Achievement, Behavior, Culture, Operations and Personnel

// Tim Mitchell, Water Resources Director provided an overview of the FY 2017 Rate Study and Annual Report which includes information on the following:

- Drinking Water, Wastewater and Stormwater Overview

- Financial overview including revenues and expenditures by fund and division, rate analysis and comparison
- Water, Sewer, and Stormwater Projections
- Statistical data

Mr. Mitchell stated the utility rate strategy developed for this year continues with the guiding principles of:

- Minimize the impact of rate adjustments on residential and other small customers.
- Ensure necessary funding is provided for increases in operating and debt service costs.
- Ensure compliance with the Special Order for Combined Sewer Overflow (CSO).
- Ensure compliance with adopted Fund Balance and Debt Management Financial Policies.
- Provide an equitable distribution of costs based on actual services provided.

The proposed increases include increasing the water volume charge by 4.9% from $2.43 per hcf to $2.55 per hcf and increasing the sewer volume charge by 3.3% from $5.83 per hcf to $6.02 per hcf. This will result in an increase to a typical residential utility bill by $2.17 per month or an overall increase in the water and sewer bill of approximately 3.3%. The actual percent increase will vary depending upon actual consumption. In addition to the sewer volume rate the only other proposed increase is for the sewer only rate from $47.18 per month to $48.51 per month (2.8%). The City of Lynchburg customers' water and sewer bills are $8.28 per month less than the statewide average. There are no stormwater rate recommendations needed at this time. Mr. Mitchell went on to say a 4.9% water rate increase and a 3.3% sewer rate increase is recommended. Even with the proposed increases, the City rates are still well below the State averages.

// Due to time constraints the FY 2017-2021 Capital Improvement Program (CIP) will be presented at the March 29, 2016 work session.

// During roll call Vice Mayor Johnson mentioned that Heritage High School graduate Kevin Keatts, coach for UNC-Wilmington has led his team to the NCAA Tournament.

// City Council recessed the meeting at 6:30 p.m.

// City Council reconvened the meeting at 7:30 p.m.

The following Members were present:

Present: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette	7
Absent:	0

Council Member Perrow gave the Invocation, followed by the Pledge of Allegiance.

// Mayor Gillette presented Certificates of Recognition to E.C. Glass Girls 2016 4A Indoor Track and Field Champions.

// Mayor Gillette presented Certificates of Recognition to Liberty Christian Academy Boys 2016 Virginia High School League Group 4A Indoor Track and Field State Champions.

// Mayor Gillette read a recognition from the Government Finance Officers Association to the City of Lynchburg, Virginia for receiving a Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2015.

// Copies of the minutes of the March 8, 2016 meeting, having been previously furnished Council, reading was dispensed with, and on motion of Council Member Perrow, seconded by Council Member Helgeson, Council by the following recorded vote approved the minutes as presented:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// Copies of the minutes of the March 15, 2016 meeting, having been previously furnished Council, reading was dispensed with, and on motion of Council Member Perrow, seconded by Council Member Helgeson, Council by the following recorded vote approved the minutes as presented:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Courts, Resolution #R-16-022 to amend the FY 2016 City/Federal/State Aid Fund budget and appropriate $22,680 with resources from a grant from the Library of Virginia to preserve eighty-four (84) Deed books numbered 298 through 382 with records dated July 1955 through December 1963 at the Lynchburg Circuit Court Clerk's Office, laid over from the March 8, 2016 meeting, was again presented and read, and on motion of Council Member Perrow, seconded by Council Member Helgeson, Council by the following recorded vote adopted the Resolution:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Courts, Resolution #R-16-023 to amend the FY 2016 General Fund Adopted Budget and appropriate $84,071 from the General Fund Reserve for Contingencies to purchase and install equipment to display and capture into evidence any visual displays of evidence presented to the Circuit Court, laid over from the March 8, 2016 meeting, was again presented and read, and on motion of Council Member Perrow, seconded by Council Member Helgeson, Council by the following recorded vote adopted the Resolution:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Human Services – Detention Center, Resolution #R-16-024 to amend the FY 2016 Detention Home Fund budget and appropriate $8,712 with resources of $7,841 from the Juvenile Accountability Block Grant, Department of Criminal Justice Services and $871 from the Department of Human Services/Juvenile Services to fund the upgrade of cameras to a digital system at the Detention Center, laid over from the March 8, 2016 meeting, was again presented and read, and on motion of Council Member Perrow, seconded by Council Member Helgeson, Council by the following recorded vote adopted the Resolution:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Community Development/CDBG, a public hearing was held regarding City Council Report #10 to receive public comments and adopt a Resolution approving the allocation of the FY 2017

Community Development Block Grant (CDBG) and HOME Program funds and incorporate into the FY 2017 General Fund Operating Budget and Program Year 2016 Annual Action Plan. Melva Walker, Grants Manager gave a summary of the request with recommendations from the Community Development Advisory Committee (CDAC). Ms. Walker went on to say that she had not received any public comments before this meeting. Denise Crews spoke and thanked Council for their past support and asked Council to continue supporting their programs, (i.e. Lynchburg Community Action Group First-time Homebuyer, Lynchburg Community Action Group Homeownership Substantial Rehabilitation and Lynchburg Community Action Group Housing Counseling Initiative). She stated that she was speaking on behalf of the Central Virginia Continuum of Care (CoC) and Lyn-CAG, as Lead Agency for the CoC. She asked that Council support the funding recommended for the Coordinated Homeless Intake Assessment (CHIA) project that provides staff for the homeless intake system. There was no one else present who wished to speak to this item, and the public hearing was closed. On motion of Council Member Foster, Chair of the Community Development Advisory Committee (CDAC), seconded by Council Member Nelson, Co-Chair of CDAC, Council by the following recorded vote adopted Resolution #R-16-025, as presented, approving the allocation of the FY 2017 Community Development Block Grant (CDBG) and HOME Program funds and incorporating into the FY 2017 General Fund Operating Budget and Program Year 2016 Annual Action Plan:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of City Council, Ronald Shavers with Shopo Nation was not present at this meeting.

// In the matter of Finance - General, City Council Report #12 was considered. Director of Financial Services Donna Witt reviewed the financial policies and proposed amendments to the Fund Balance and Debt Management Policies. Staff recommends the policies be amended and reaffirmed with the changes. Council Member Helgeson, Chair of the Finance Committee (FC), stated that this item came before FC which recommended approval with changes. This motion does not require a second, and Council by the following recorded vote adopted Resolution #R-16-026, as amended, to amend and reaffirm the City's Financial Management Policies:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Taxes, City Council Report #13 was considered. Council Member Perrow, Chair of the Physical Development Committee (PDC), stated that this item came before PDC which recommended approval. This motion does not require a second. Several Council Members expressed concern with the City providing a waiver of the weed bills and taxes. Council by the following recorded vote adopted Resolution #R-16-027, as presented, approving the waiver of weed bills and Real Property Tax penalty and interest for 2006 Tulip Street:

Ayes: Foster, Johnson, Nelson, Tweedy, Gillette 5

Noes: Helgeson, Perrow 2

// In the matter of Bonds, City Council Report #14 was considered. On motion of Council Member Nelson,

seconded by Council Member Johnson, Council by the following recorded vote adopted Resolution #R-16-028, as presented, authorizing the reimbursement from the proceeds of tax-exempt obligations of expenditures to be made by the City in advance of the issuance and receipt of the proceeds of such tax-exempt obligations:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Police - General, City Council Report #15 regarding the body-worn camera policy and camera demonstration presentation was provided by the Police Department. There were two camera systems that were presented. One camera system would be clasped to clothing and the other camera system would be attached to eyewear or mounts that flip over the ears. The need to equip police officers with body-worn cameras has been apparent to the Lynchburg Police Department (LPD) in order to strive to remain a progressive, engaged and increasingly transparent law enforcement agency.

// The meeting was adjourned at 8:50 P.M.

_____

Clerk of Council

// A regular meeting of the Council of the City of Lynchburg was held on the 8th day of March, 2016, at 4:00 P.M. in the Council Chamber, City Hall, Michael Gillette, President, presiding. The following Members were present:

Present: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Absent: 0

// City Manager Kimball Payne presented the Proposed FY 2017 Budget Message. The Proposed FY 2017 Budget for the City of Lynchburg, which includes the General, Fleet, Capital, Airport, Water, Sewer, Stormwater and other minor funds totaling $352.2 million which represents a 6 percent increase from the prior year. This Budget reflects a stable economy with modest revenue growth from local taxes and increased State and Federal funding for mandated programs. The additional resources are utilized to support new debt service, fund increased costs of employee's medical benefits, provide selective compensation adjustments to enhance recruitment and retention, implement a body-worn camera program in the Police Department, and set aside funds for future capital needs. This Budget also complies with the fiscal policies adopted by City Council. This Budget does not include any recommendation for tax increases, but does, however, propose increases in Water and Sewer Fund user fees of 4.9% and 3.3%, respectively. The Proposed Budget does not include a salary increase for city employees, but there will be market adjustments in some departments including Human Services, Parks and Recreation and Public Works.

Mr. Payne went on to say that the Budget Principles are important to the sound fiscal management of an organization that must meet mandated and contractual financial commitments while delivering quality services. These principles include:

- Fund debt service
- Fund mandated programs
- Maintain a fund balance in accordance with fiscal policy
- Provide appropriate compensation for City employees
- Preserve employee benefits
- Replace essential equipment, especially vehicles and computers
- Maintain existing facilities and infrastructure
- Provide excellent core services
- Provide quality customer service

Mr. Payne concluded that the Proposed FY 2017 Budget is offered for City Council consideration, deliberation, amendment, and adoption. Over the next several weeks, Council will have the opportunity to hear from and question the representatives of the various departments and agencies seeking funding in the FY 2017 Budget.

// City Manager Kimball Payne reviewed the Budget Work Session calendar with Council for possible dates for March and April. After the discussion, Council decided to leave March 29, 2016 on the calendar and reserve the other dates as stated.

// Financial Services Director Donna Witt briefly reviewed the Projected FY 2017 Revenues. The three largest revenues consist of Meal Tax, Sales Tax and Real Property Tax. In addition, Ms. Witt discussed the following revenues:

- Real Property Tax – slightly increased
- Personal Property Tax – remain flat
- Local Sales Tax – increased slightly
- Consumer Utility Tax Electric – remains flat
- Communications Sales and Use Tax – slightly declined
- Business Licenses – reflect an increase
- Motor Vehicle Licenses – remain flat
- Lodging Tax – revenue has increased
- Meals Tax – continue to increase
- Ambulance Service Fees – remain flat

// During roll call Council Member Nelson mentioned parking enforcement for handicap spaces.

// Council Member Foster mentioned the two day session that was held on "Bridges Out of Poverty."

// Mayor Gillette thanked the citizens and city employees that helped Appomattox during the aftermath of the tornado.

// City Council recessed the meeting at 5:14 p.m.

// City Council reconvened the meeting at 7:30 p.m.

The following Members were present:

Present: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette	7
Absent:	0

Council Member Nelson gave the Invocation, followed by the Pledge of Allegiance.

// Mayor Gillette presented Certificates of Recognition to Ten (10) Distinguished Young Women Class of 2016.

// Copies of the minutes of the February 9, 2016 meeting, having been previously furnished Council, reading was dispensed with, and on motion of Council Member Foster, seconded by Council Member Tweedy, Council by the following recorded vote approved the minutes as presented:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette	7
Noes:	0

// Copies of the minutes of the February 23, 2016 meeting, having been previously furnished Council, reading was dispensed with, and on motion of Council Member Foster, seconded by Council Member Tweedy, Council by the following recorded vote approved the minutes as presented:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette	7
Noes:	0

// In the matter of Community Development - Zoning Amendments, a public hearing was held regarding City Council Report #5 outlining the petition of CMB Properties, LLC to rezone approximately seven-

hundred and sixty-seven thousandths (.767) of an acre at 3316 Naval Reserve Road from I-3, Heavy Industrial District, to B-5, General Business District to allow a standalone office use. City Planner Tom Martin provided a summary of the request and stated the Planning Commission recommended approval of the rezoning petition. Mr. Tommy Brooks with Acres of Virginia, representing the petitioner asked Council for approval for the rezoning petition.

There was no one else present who wished to speak to this item, and the public hearing was closed. There were several questions raised regarding the rezoning petition. Mayor Gillette stated that he was not in favor of granting this request because rezoning from I-3 Heavy Industrial District to B-5, General Business District could cause a problem if this property is ever sold and could be converted back. He went on to say the business should be granted the option to expand, without changing the underlying zoning. On motion of Council Member Johnson, seconded by Council Member Nelson, Council by the following recorded vote adopted Ordinance #0-16-019, as presented, granting the petition of CMB Properties, LLC to rezone approximately seven-hundred and sixty-seven thousandths (.767) of an acre at 3316 Naval Reserve Road from I-3, Heavy Industrial District, to B-5, General Business District to allow a standalone office use:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, 6

Noes: Gillette 1

// In the matter of Public Works – Street Vacation, a public hearing was held regarding City Council Report #6 regarding the petition of Centra Health, Inc., as contract purchaser on behalf of the current owner, Peak Capital Group, LLC, to vacate an alley located between 504 and 508 Jackson Street, extending into 808 5th Street. The total area proposed for vacation is approximately five hundredths (.05) of an acre.

Council Member Helgeson made the following statement, “I am a member of a group, the spouse of an employee of Centra Health and not withstanding that relationship, I am able to participate in this matter fairly, objectively and in the public interest. Therefore, I will participate in the discussion of and vote on this item.”

Mayor Gillette made the following statement, “since I have a contract with Centra Health which generates in excess of $10,000 in annual income, under the Virginia Conflict of Interest Act, I must abstain from discussion and voting on this item.” After the statement from Mayor Gillette, Vice Mayor Johnson proceeded with the public hearing. Rachel Frischeisen, Planner I, provided a summary of the request to approve the alley vacation. Mr. Joe Archambeault with Centra Health asked Council for approval to vacate this alley. There was no one else present who wished to speak to this item, and the public hearing was closed. Council Member Perrow, Chair of the Physical Development Committee (PDC), stated that this item came before the PDC which recommended approval. This motion does not require a second and Council by the following recorded vote adopted Ordinance #O-16-020, as presented, to vacate an alley located between 504 and 508 Jackson Street, extending into 808 5th Street:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy 6

Noes: 0

Abstention: Gillette 1

// In the matter of Public Works – General, a public hearing was held regarding City Council Report #7 regarding conveying a strip of land and a temporary construction easement to the Virginia Department of Transportation (VDOT) for the Greenview Drive project. City Manager Kimball Payne provided a summary of the request. There was no one else present who wished to speak to this item, and the public hearing was closed. On motion of Council Member Perrow, seconded by Council Member Helgeson, Council by the following recorded vote adopted Resolution #R-16-021, as presented, to convey a strip of land and a temporary construction easement to the Virginia Department of Transportation for the Greenview Drive project:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Courts, City Council Report #8 was considered. Council Member Helgeson, Chair of the Finance Committee (FC), stated that this item came before the FC which recommended approval. This motion does not require a second and Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-16-022, as presented, to amend the FY 2016 City/Federal/State Aid Fund budget and appropriate $22,680 with resources from a grant from the Library of Virginia to preserve eighty-four (84) Deed books numbered 298 through 382 with records dated July 1955 through December 1963 at the Lynchburg Circuit Court Clerk's Office:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Courts, City Council Report #9 was considered. Council Member Helgeson, Chair of the Finance Committee (FC), stated that this item came before the FC which recommended approval. This motion does not require a second and Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-16-023, as presented, to amend the FY 2016 General Fund Adopted Budget and appropriate $84,071 from the General Fund Reserve for Contingencies to purchase and install equipment to display and capture into evidence any visual displays of evidence presented to the Circuit Court:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Human Services – Detention Center, City Council Report #10 was considered. Council Member Helgeson, Chair of the Finance Committee (FC), stated that this item came before the FC which recommended approval. This motion does not require a second and Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-16-024, as presented, to amend the FY 2016 Detention Home Fund budget and appropriate $8,712 with resources of $7,841 from the Juvenile Accountability Block Grant, Department of Criminal Justice Services and $871 from the Department of Human Services/Juvenile Services to fund the upgrade of cameras to a digital

system at the Detention Center:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette	7
Noes:	0

// The meeting was adjourned at 8:30 P.M.

// A special meeting of the Council of the City of Lynchburg was held on the 15th day of March, 2016, at 4:00 P.M. in the Council Chamber, City Hall, Michael Gillette, President, presiding. The purpose of the meeting was to conduct a work session regarding the FY 2017 Budget. The following Members were present:

Present: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette	7
Absent:	0

// City Manager Kimball Payne and Deputy City Manager Bonnie Svrcek provided an overview of the FY 2017 Proposed Budget General Fund regarding individual budgets within the following categories: General Government Administration; Judicial Administration; Public Safety; Public Works; Health and Welfare; Parks, Recreation and Culture; and Community Development. During the budget discussion, Council advised staff to add the following to "The List":

- Council/Manager – Assistant City Manager full-time position
- Communications & Marketing – Digital Media Specialist full-time position
- Communications & Marketing – Community Handbook
- Greater Lynchburg Transit Company (GLTC) increase
- Review the Fleet Services Replacement Schedule

// Vice Mayor Johnson left the meeting at 5:39 p.m.

// City Manager Kimball Payne also reviewed the other Funds with Council such as Fleet Service Funds, Airport Fund, and City/Federal/State Aid Fund. Mr. Payne went on to say that Water Resources and the School Funds will be presented at the March 22, 2016 work session.

// Due to time constraints the FY 2017-2021 Capital Improvement Program (CIP) will be presented at the March 22, 2016 work session.

// On motion of Council Member Foster, seconded by Council Member Perrow, Council by the following recorded vote elected to hold a closed meeting for the discussion and consideration of prospective candidates to serve as the City Manager pursuant to Section 2.2-3711(A.)(1) of the Code of Virginia, 1950:

Ayes: Foster, Helgeson, Nelson, Perrow, Tweedy, Gillette	6
Noes:	0
Absent: Johnson	1

// The meeting was re-opened to the public.

// Vice Mayor Johnson joined the closed meeting.

// Council Member Johnson made the following motion:

WHEREAS, the Council of the City of Lynchburg has convened a closed meeting on this date, pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification by City Council that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Lynchburg certifies that, to

the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by Council.

The Motion was seconded by Council Member Helgeson, and Council by the following recorded vote adopted the motion:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette	7
Noes:	0

// The meeting was adjourned at 7:36 P.M.

LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **March 22, 2016** AGENDA ITEM NO.: 10

CONSENT: REGULAR: **X** WORK SESSION: CLOSED SESSION: (Confidential)

ACTION: **X** INFORMATION:

ITEM TITLE: **Public Hearing Regarding the Fiscal Year (FY) 2017 Allocation of Community Development Block Grant (CDBG) and HOME Program Funds and Adoption of Resolution Approving Final CDBG and HOME Allocations for FY 2017**

RECOMMENDATION: Hold a public hearing and adopt a resolution approving the allocation of the Fiscal Year (FY) 2017, Community Development Block Grant (CDBG) and HOME Program funds and incorporating into the FY 2017 General Fund Operating Budget and Program Year 2016 Annual Action Plan.

SUMMARY: The U.S. Department of Housing and Urban Development (HUD) funds the CDBG and HOME Programs. The CDBG entitlement funds for FY 2017 were reduced by $23,268 (3.4%) and the HOME Program funds were increased by $10,191 (3.3%) from the FY 2016 allocation. The City has available the following funds to use for eligible CDBG and HOME activities during the Program Year 2016 (FY 2017).

CDBG AVAILABLE FUNDING/SOURCE	**AMOUNT**
HUD Allocation	$662,772.00
Reprogrammed Funds	89,173.45
Program Income	286.80
Total CDBG Funding Available	**$752,232.25**

HOME AVAILABLE FUNDING	**AMOUNT**
HUD Allocation	$316,176.00
Reprogrammed Funds	-0-
Program Income	-0-
Total HOME Funding Available	**$316,176.00**

The public was notified of the public hearing through a public notice advertisement published in *The News and Advance* on March 7 and through social media.

The Community Development Advisory Committee (CDAC) met on March 3 and reviewed the applications that were submitted. The following projects have been recommended for funding by the CDAC.

CDBG PROJECTS RECOMMENDED FOR FUNDING
BY THE COMMUNITY DEVELOPMENT ADVISORY COMMITTEE (CDAC)

City Administration	$94,000.00
Lynchburg Redevelopment & Housing Authority (LRHA) Admin & Delivery Costs	$84,365.00
Downtown Street Improvements	$263,867.25
LRHA Langview Apartment Renovations	$85,000.00
LRHA Dearington Apartments Windows/Doors-Phase II	$150,000.00
LRHA Centralized Homeless Intake Coordinator	$65,000.00
Lynchburg Community Action Group Housing Counseling Initiative	$10,000.00
Total CDBG	$752,232.25

HOME PROJECTS RECOMMENDED FOR FUNDING
BY THE COMMUNITY DEVELOPMENT ADVISORY COMMITTEE (CDAC)

City Administration	$24,000.00
Lynchburg Community Action Group Homeownership Substantial Rehabilitation	$192,176.00
Lynchburg Community Action Group First-time Homebuyer (CHDO)	$100,000.00
Total HOME	$316,176.00

All CDBG and HOME funds will be expended in accordance with primary objectives of these programs. The City estimates that over 70 percent of the CDBG FY 2017 funding will benefit low/moderate income persons which comply with HUD regulations.

All applications submitted for funding consideration are available for review in the Grants Administration Office, Second Floor, City Hall.

At the conclusion of the public hearing, City Council will review the recommendations of the CDAC and approve the projects and allocations to be included in the FY 2017 Annual Action Plan and subsequently submitted to HUD for approval.

PRIOR ACTION(S): Community Development Advisory Committee Meeting – March 3, 2016

FISCAL IMPACT: N/A

CONTACT(S): Melva Walker, Grants Manager, 455-3916
Bonnie Svrcek, Deputy City Manager, 455-3987

ATTACHMENT(S): Resolution
CDAC Meeting Notes – March 3, 2016 – Attachment A
CDAC Funding Recommendations Worksheet – Attachment B
Summary of CDBG and HOME Applications – Attachment C
CDBG and HOME Unexpended Balances – Attachment D

REVIEWED BY: lkp

RESOLUTION

BE IT RESOLVED that the Community Development Block Grant (CDBG) and HOME Program FY 2017 funding allocations are hereby approved for incorporation into the FY 2017 General Fund Operating Budget and Program Year 2016 Annual Action Plan.

Adopted:

Certified: _____
Clerk of Council

041K

Community Development Advisory Committee (CDAC) Meeting
March 3, 2016
City Hall, Second Floor Training Room
11:00 a.m.

Meeting Notes

*Note: All members of the CDAC committee have reviewed and approved these notes

Attendance included:

CDAC Members:	Council Member Joan Foster, Chair; Council Member Randy Nelson, Vice Chair; Ms. Kimberly Dyke-Harsley (Daniel's Hill Representative); Ms. Michelle Jackson-Calhoun (College Hill Representative); Mr. Dennis G. Newton (Diamond Hill-Historic District Representative); Ms. Jimmie Stevens (Diamond Hill-South Representative)
City Staff:	Melva Walker (Grants Manager); Rhonda Allbeck (Assistant Director of Financial Services); Kent White (Community Development Director); Kevin Henry (Zoning Administrator); Cheree Taylor (Construction Manager); Angie Shepard (Community Development Program Coordinator)
Guests/Applicants:	Dawn Fagan, Lynchburg Redevelopment and Housing Authority (LRHA); Loren McGarrahan (LRHA); Megan Wood (LRHA); Denise Crews, Lynchburg Community Action Group (Lyn-CAG); Melissa Yuille (Lyn-CAG); Jennifer Martin, Lynchburg Area Center for Independent Living (LACIL)

The Committee Chair, Council Member Joan Foster, called the meeting to order at 11:00 a.m. Council Member Foster welcomed everyone attending the meeting. She thanked the members and audience for being present and asked members to introduce themselves. Each member introduced themselves and the area they represented. Council Member Foster turned the meeting over to City staff member, Melva Walker, Grants Manager.

Ms. Walker thanked everyone for being present and explained that Ms. April Sales, CDAC member representing White Rock Hill, was unable to make the meeting due to an emergency. Ms. Walker introduced herself and City staff.

Ms. Walker presented the highlights of the Consolidated Annual Performance and Evaluation Report (CAPER) for Program Year 2014 (7/1/2014-6/30/15) that was submitted to the U.S. Department of Housing and Urban Development (HUD). This Report provides HUD with the accomplishments and activities that were completed with the use of the Community Development Block Grant (CDBG) and HOME Program funds. She summarized the programs and accomplishments in the following areas:

- Housing Ownership, Rehabilitation and Rental
- Support of Neighborhoods
- Economic Development Efforts- expansion of the City's two Enterprise Zones
- Continuum of Care- provides homeless assistance and a full-time CHIA (Coordinated Homeless Intake and Access) Homeless Response System). There were some questions from CDAC members and what services the CHIA position is providing to the Continuum of Care (CoC).
- Residential Rental Property Inspections Program and Property Maintenance Inspections
- Demolition and Code Enforcement
- LRHA (Lynchburg Redevelopment and Housing Authority) - Spot Blight Acquisitions and Rental Rehabilitation Grants: completed three (3) Rental Rehabilitations grants and disposed of two (2) properties previously acquired with CDBG funds.

Ms. Walker reviewed the role of CDAC as it pertains to the Citizen Participation Plan for CDBG and HOME Programs:

- Review CDBG and HOME applications received by City staff
- Make recommendations to City Council
- City Council will conduct public hearing, review recommendations of CDAC and give final approval for projects to be funded; and
- Public Notices are published for the public meetings

Ms. Walker noted the City Council's direction for Fiscal Year 2017 application funding:

- Maximize the use of CDBG funds for Capital Improvements Projects;
- Partnership with the Lynchburg Redevelopment and Housing Authority (LRHA) (spot blight, rental rehabilitation and other housing related projects)
- Focus resources on targeted neighborhood(s) through partnerships with City departments and/or LRHA

Ms. Walker provided some clarity to CDAC of HOME funds that can be allocated to a Community Housing Development Organization (CHDO) and what the requirements/criteria a housing development organization must meet to be a certified agency.

Ms. Walker provided an overview of the 2015-2020 Consolidated Plan Goals for the Fiscal Year 2017 Annual Action Plan. She noted these goals were adopted by City Council on February 12, 2015 and reviewed/adopted by City Council at a public hearing on January 12, 2016.

Ms. Walker summarized the most recent CDBG and HOME Allocations Worksheet, noting that the actual entitlement allocations had been received from HUD and that City staff had provided a revised Worksheet to the Committee members. She noted that no application for City Administration is required to be submitted and that what is being requested in those categories in both CDBG and HOME is what is needed to oversee the administration of the programs. She noted that in Public Service that up to 15 percent of the CDBG funds can be allocated; so all 15 percent can be allocated or reduced at the recommendation of the members. Any funds not used in the Public Service category can be allocated to the non-public service activities in CDBG. Council Members Foster and Nelson acknowledged the wonderful work that Ms. Walker does for the City in administering and monitoring the oversight of these programs and the allocations of funding. For clarification it was noted that CDBG and HOME funds cannot be intermingled. Ms. Walker noted that HOME funds are strictly for housing activities. Mr. Newton asked for clarification that the 15 percent is the maximum that can be allocated to Public Service activities. Ms. Walker confirmed and added that HUD is focused on housing projects.

Council Member Foster asked applicants for CDBG funding to come forward to summarize their funding requests, starting with Lynchburg Redevelopment and Housing Authority (LRHA).

Ms. Fagan, Executive Director, with LRHA explained they are currently asking for funding for four (4) projects. The first of these projects is for window and door replacements (Phase II) at Dearington Apartments. She asked Mr. McGarrahan, Director of Assets and Capital Projects for LRHA to join her. Mr. McGarrahan explained that they approached CDAC two years ago for funding of windows at Dearington Apartments, which is the oldest LRHA public housing complex, built in the 1960s. CDBG funding was received and windows were replaced in 34 units. Upon further inspection of Dearington it was determined that the installation of the doors was not adequate at the time they were installed. The doors had been redone but not the jams, which was insufficient to solve air leakage issues. LRHA is now requesting funds for doors and windows for 34 more units in Phase II. This funding would be partnered with their Capital funds received from HUD through their Public Housing allocation. Mr. Newton asked if rental income supported these upgrades. Ms. Fagan explained that rental income is not allowed to be used for Capital improvements. Council Member Foster summarized that this request is $150,000 of a $300,000 project, and the $150,000 would go directly to the replacement of windows and doors. Council Member Nelson asked about the issues with the initial doors that had been installed and if this was a scope of work problem. Mr. McGarrahan stated that it was a scope of work issue.

Ms. Fagan then explained the funding request for the Langview Apartments renovations. The request of $170,000 is to make two units at Langview compliant with ADA/504 standards. LRHA must have at least five percent of its units ADA/504 compliant for HUD. Seventeen (17) units must be compliant. LRHA has completed the renovation of five (5) units and this request will assist in further meeting the compliancy requirement. Mr. McGarrahan gave an overview that the last units completed were all one bedroom units, with bathrooms on the first floor. There are significant

costs associated with making units compliant that also include needed roofing, gutters, downspouts, tile, etc. He explained HUD's requirements of the five percent compliancy and that applies to all the public housing properties, not just one property. Discussion was had that the rehabilitation costs are roughly $85,000 per unit. Ms. Fagan did explain that any funding would help with this requirement, and if at least one unit could be done, that shows HUD progress is being made toward meeting the five percent goal. Ms. Jackson-Calhoun noted her awareness, working with properties in the City, of the need for affordable housing for disabled clients and the costs associated with coming into compliancy.

Ms. Fagan presented the next funding request which was to support the Centralized Homeless Intake Coordinator (CHIA) position and asked Ms. Megan Wood, CHIA Coordinator to join her. Ms. Fagan explained the intake services that Ms. Wood provides, how the intake process works and referrals that are then made throughout the community. Ms. Wood explained some data on individuals, phone calls, assessments and referrals she had made just in the month of January 2016. The position is located at LRHA, but services the entire Continuum of Care (CoC) service area for its homelessness response system. Mr. Newton questioned as to how this position would be funded in the future. Ms. Fagan indicated that they are always seeking out opportunities, especially with cuts to funding. Ms. Denise Crews with Lyn-CAG and as Chairman of the Board of Directors and Lead Agency for the CoC emphasized that HUD mandates having this housing intake system in place and the position is essential to that process.

Ms. Fagan presented the final request from LRHA for Administration and Delivery Costs. This request is for funding to continue the ongoing monitoring of programs such as the Rental Rehabilitation Program; four properties in the Spot Blight Program that have Rehabilitation Agreements associated with them and for monitoring those projects currently being requested to fund. Council Member Foster inquired as to what may happen if the funding was reduced. Ms. Fagan explained LRHA would have to figure out what projects may have a reduction in monitoring.

Council Member Foster asked Ms. Yuille, Director of Housing Counseling Services for Lyn-CAG, to present her request for the Housing Counseling Initiative. Ms. Yuille explained this was an effort to improve quality and coordination of housing counseling and fair housing activities for the citizens of Lynchburg. Lyn-CAG is the only HUD certified housing counseling agency in Lynchburg. This program provides information on housing rights, landlord tenant responsibilities and fair housing activities. This funding request would support those efforts, training for housing counselors and to hold a fair housing event. Council Member Nelson inquired about the success of persons that receive this counseling. Ms. Yuille indicated that last year forty-five (45) homeowners were able to maintain their homes. She also explained that there is a Homebuyers Club, which is a twelve month program to prepare individuals for the purchase of a home and they provide prevention programs. Ms. Yuille noted that full funding would support these initiatives; however, if only one percent of the CDBG entitlement funds were provided for this activity she could complete various Fair Housing activities, which would be extremely helpful as well.

Mr. White, Director for Community Development, presented the City's request for funding to support the Downtown Street Improvements. Mr. White indicated this project was born out of the waterline/construction project. The project was partially funded last year and the CDBG funds were used to assist with completing the design of the project. The effort is to change traffic patterns, trying to improve visibility and access for all, reduce vacancy and increase economic development. Mr. White and Ms. Taylor, Construction Manager, provided an overview and map. Plans for the Downtown Street Improvements are under design right now. Mr. White clarified that this funding would provide for streetscape improvements and makes the feasibility of two-way traffic possible with the improvement of the infrastructure Downtown. Mr. Newton questioned if the City has approved the $800,000 of the $1.2 million project from CIP. Mr. White explained the recommendation from CDAC for funding from CDBG and requests for consideration of the use of CIP funds to support this project would all go before City Council for consideration. Due to the costs of the entire project, any funds provided through the CDBG allocations would be used in conjunction with other available resources.

Applications were then presented for funding requests to the HOME Program.

Ms. Crews, Director of Housing and Community Development, with Lynchburg Community Action Group (Lyn-CAG) presented the request for the Homeownership Substantial Rehabilitation. Ms. Crews noted this is a $200,000 request that could possibly serve twenty (20) clients. Ms. Crews explained there was a shift in focus and program objectives having realized that efforts in previous years were merely band aid type fixes. She explained that the scope of this project has changed and the homeowners can either contribute cash, materials or labor hours to make a contribution toward the rehabilitation. In addition, the maximum amount that Lyn-CAG will expend on per each housing unit for rehabilitation will be approximately $10,000-$12,000. This will allow Lyn-CAG to assist more homeowners. The Rehabilitation Specialist looks at the scope of work with each home and prioritizes what needs to be done. Lyn-CAG utilizes other sources of funds from the Weatherization Program at Lyn-CAG to complete the rehabilitation. In addition, Lyn-CAG staff works very closely with the Department of Social Services and the City Inspections Division, and other organizations to make this a more collaborative effort for the homeowner.

Ms. Crews then presented the application request for the First-time Homebuyer (CHDO) Program. The request is for $100,000 to acquire and rehabilitate two (2) houses. Once completed, the housing units would be acquired by an eligible low-to-moderate income person. Ms. Crews explained that she works with local lenders as BB&T, Wells Fargo, Bank of the James, and First Citizens to obtain financing that will assist the client in securing sufficient financing that will provide an affordable housing unit. As a part of their process, first Lyn-CAG staff works to secure an eligible client, then the client approaches the bank to get prequalified for an amount, and then Lyn-CAG partners with a realtor who can help the client find a home within the prequalified amount from the financial institution.

Council Member Foster then opened the floor for discussion of the applications and allocations. The members began with the HOME Program. Recommendations were made to fund City Administration at the full amount of $24,000. With the funding for the HOME Program being $7,824 short of the requested amount and Lyn-CAG being the only other applicant, the Committee asked Ms. Crews if a cut were to be made, which program (Substantial Rehabilitation or CHDO) would it be the least impactful on. Ms. Crews recommended reducing the amount from Substantial Rehabilitation if a cut were made because she has other resources to combine with this project. CDAC recommended reducing Lyn-CAG's Substantial Rehabilitation request of $200,000 by $7,824 for an amount of $192,176 and funding the full $100,000 for CHDO First Time Homebuyer project.

CDAC then proceeded to discuss allocations for the CDBG program. Council Member Foster summarized that there is a total of $752,232.25 to award. CDAC members discussed the $94,000 request for City Administration. Council member Foster reiterated that this is the amount needed to continue to fund the two staff positions that monitor/administer CDBG and HOME funding to subrecipients. CDAC members were in agreement to fund the full amount for this request.

CDAC members then considered the CHIA position at LRHA. The members agreed to award the full request amount of $65,000 to the LRHA CHIA position since this is a HUD mandate. There was discussion among the members on the Housing Counseling Initiative as to whether to support the full amount requested or to focus just on the Fair Housing piece of one percent of the CDBG entitlement amount which is $6,627. Council Member Nelson asked what may not be done if this funding were reduced and if this directly paid for a position. Ms. Yuille had left the meeting, but Ms. Crews explained that the large scale fair housing event may not be done and they would need to be creative to provide other fair housing activities. This funding is programmatic and not a part of anyone's salary. She noted as Ms. Yuille stated, even with reduced funding, they will meet the objectives of the program. The recommendation at the time was for $20,000, but the members said they may come back to this after further discussion.

Committee members asked Ms. Fagan what LRHA could do as far as rehabilitating one unit and if this will still present a good faith effort. Ms. Fagan explained they will still be in good standing with HUD by bringing one unit into compliance at Langview versus the two (2) requested. Ms. Dyke-Harsley noted her concern about cutting this funding in half because the need for ADA/504, affordable housing is so great. Discussions were had to fund LRHA Administration and Delivery Costs at the full amount of $84,365, cut the Langview request in half to $85,000 and to fund Dearington Windows and Doors project fully at $150,000.

Council Member Foster led the discussion for the overall need for City infrastructure and the domino effect that occurs when this is not in place or upgraded. Ms. Stevens questioned if the waterline construction that is going on right now, if this will expand to other areas of the City. Mr. White explained that as construction is being done throughout the City, the waterlines and sewer lines are being replaced at the same time as to maximize benefit and minimize costs. CDAC

recommended allocating the remaining $253,867.25 to the City's Downton Street Improvements. Discussion was had after a suggestion from Council Member Nelson about possibly splitting the $20,000 request for the Housing Counseling Initiative and making that $10,000. The $10,000 for the Housing Counseling would be more than one percent of the entitlement amount and would add an additional $10,000 to the Downtown Street Improvements amount. The members agreed to fund the Downtown Street Improvements at $263,867.25 and Lyn-CAG's Housing Counseling Initiative at $10,000.

With a balanced budget reached, Council Member Foster asked for a motion to accept funding recommendations. Ms. Jackson-Calhoun made a motion to accept the recommendations for funding allocations for the CDBG and HOME Program for FY 17. Mr. Newton seconded that motion. All members were in favor; none opposed. 6-0

Ms. Walker reviewed the timeline for 2015-2020 Consolidated Plan and Fiscal Year 2017 Annual Action Plan:
-City Council Public Hearing (CDAC Recommendations) & City Council Allocations- March 22nd @ 7:30 p.m.
-City Council Public Hearing (FY 2017 Annual Action Plan) - May 10 @ 7:30 p.m.
-2015-2020 Consolidated Plan and FY 2017 Annual Action Plan Submittal to HUD- May 12

Council Member Foster closed the meeting by thanking the Committee members for their attendance and participation in the CDBG and HOME Program allocation reviews and for serving on the CDAC Committee. She noted that the thorough review and questions asked of the applicants allowed the Committee to reach a consensus in an equitable manner and with much thought and consideration.

CDBG and HOME Allocations Worksheet 2016 - 2017

Total CDBG Available $ 752,232.25

CDBG - Non-Public Service
Amount to Award FY 2017 $ 677,232.25

NAME	Prior Year 15/16 Award	Amount Requested	CDAC Recommendation	City Council Amount Awarded
City Administration	$ 92,000.00	$ 94,000.00	$ 94,000.00	$ -
LRHA Admin & Delivery Costs	128,882.00	84,365.00	84,365.00	-
Downtown Street Improvements	360,694.51	400,000.00	263,867.25	-
LRHA Langview Apartment Renovations		170,000.00	85,000.00	-
LRHA Dearington Apartments Windows/Doors-Phase II	-	150,000.00	150,000.00	-
	-	-	-	-
LRHA Rental Rehabilitation	50,000.00	-	-	-
Totals	**$ 631,576.51**	**$ 898,365.00**	**$ 677,232.25**	**$ -**
Remaining Amount to Award		**$ (221,132.75)**	**$ -**	**$ 677,232.25**

CDBG - Public Service 15% Allocation
Amount to Award FY 2017 $ 75,000.00

NAME	Prior Year 15/16 Award	Amount Requested	CDAC Recommendation	City Council Amount Awarded
LRHA / CoC - Centralized Homeless Intake Coordinator	$ 50,000.00	$ 65,000.00	$ 65,000.00	$ -
LRHA Housing Resource Center	45,219.00	-		
Police Dept / Boys & Girls Club Badges & Fun Fridays	7,687.00	-		
Lyn-CAG Housing Counseling Initiative		20,000.00	10,000.00	
Totals	**$ 102,906.00**	**$ 85,000.00**	**$ 75,000.00**	**$ -**
Available		**75,000.00**	**$ 75,000.00**	**$ 75,000.00**
Balance		**$ (10,000.00)**	**$ -**	**$ 75,000.00**

Total CDBG	**$ 734,482.51**

CHDO Requirement $ 47,426.40

HOME
Amount Available
$ 316,176.00

NAME	Prior Year 15/16 Award	Amount Requested	CDAC Recommendation	City Council Amount Awarded
City Administration	$ 22,925.58	$ 24,000.00	$ 24,000.00	$ -
Lyn-CAG Homeownership Substantial Rehab	100,000.00	200,000.00	192,176.00	-
Habitat for Humanity - Homeownership	75,000.00		-	-
Rush Homes (CHDO) - Old Forest Rd. Village	150,000.00	-	-	-
Lyn-CAG Down Payment & Closing Cost/ Education	-	-	-	-
Lyn-CAG First-time Homebuyer (CHDO)	-	100,000.00	100,000.00	-
Rush Homes (CHDO - Armstrong Place	-	-	-	-
LRHA Homeownership Development***	-	-	-	-
Total HOME	**$ 347,925.58**	**$ 324,000.00**	**$ 316,176.00**	**$ -**
Remaining Amount to Award		**$ (7,824.00)**	**$ -**	**$ 316,176.00**

	FY 2016	FY 2017	Difference	%
CDBG				
Entitlement	**$686,040.00**	**$662,772.00**	($23,268.00)	-3.4%
Reprogrammed Funds	**15,663.51**	**89,173.45**	73,509.94	469.3%
Program Income	**32,779.00**	**286.80**	(32,492.20)	-99.1%
TOTAL	**$734,482.51**	**$752,232.25**	**$17,749.74**	**2.4%**
Administration CAP	**$143,763.80**	**132,611.76**	($11,152.04)	-7.8%
Public Service CAP	**$102,906.00**	**$99,415.80**	($3,490.20)	-3.4%
HOME				
Entitlement	**$305,985.00**	**$316,176.00**	$10,191.00	3.3%
Reprogrammed Funds	**40,020.58**	**0.00**	(40,020.58)	-100.0%
Program Income	**1,920.00**	**0.00**	(1,920.00)	0.0%
TOTAL	**$347,925.58**	**$316,176.00**	**($31,749.58)**	**-9.1%**
Administration CAP	**$30,598.50**	**$31,617.60**	$1,019.10	3.3%
CHDO Required	**$45,897.75**	**$47,426.40**	$1,528.65	3.3%

LRHA - Lynchburg Redevelopment and Housing Authority
CoC - Continuum of Care
Lyn-CAG - Lynchburg Community Action Group
Habitat for Humanity- Greater Lynchburg Habitat for Humanity

ATTACHMENT C

Summary of Community Development Block Grant (CDBG) and HOME Program Funding Requests Fiscal Year (FY) 2017

Following is a brief summary of each of the applications received for consideration of CDBG and HOME Program funding. Entire applications are available and can be reviewed in the Grants Administration Office.

Community Development Block Grant Applicants

City Administration

FY 2017 Request	CDAC Recommendation
$94,000	**$94,000**

Funding is requested to fully fund the personnel, operating, and training costs associated with managing the CDBG Program.

Lynchburg Redevelopment and Housing Authority (LRHA) – Administration & Direct Costs

FY 2017 Request	CDAC Recommendation
$84,365	**$84,365**

These funds enable LRHA staff to undertake Community Development Block Grant financed activities. These include activities which were funded in previous years as well as activities to be undertaken during FY 2017.

Administrative Costs
Payment of pro-rata share of salaries, benefits, travel, communications, etc., attributable to employees' duties for the CDBG program as outlined in the Authority's annual administrative budget.

Direct Costs

- Oversight of the Authority's loan portfolio of amortized and deferred payment residential loans in the College Hill, Daniel's Hill, Diamond Hill, Garland Hill, Grace Street and White Rock neighborhoods; single-family and multi-family rental rehabilitation loans and grants; commercial loans secured by Urban Development Action Grant funds, as well as bond financed loans. Oversight involves the collection of delinquent accounts, monitoring insurance coverage, negotiation of payment plans and participating in foreclosures and deed acquisition in lieu of foreclosure.
- Monitoring the security and maintenance of properties which were acquired under the Spot Blight program.
- Monitoring four (4) properties under continuing Rehabilitation Agreements.
- Acquiring property and coordinating work with appraisers and legal counsel under the Spot Blight program.
- Disposal and clearance of improved and unimproved properties acquired under the Spot Blight program.
- Identifying and monitoring blighted properties and the required renovations by owners to remove the blight.

- Partnering in joint ventures with other local non-profit and housing-focused organizations.
- Determining best use options of the lots in LRHA inventory and building homes that create opportunities for disabled low to moderate public housing families.
- Monitoring the renovation of public housing units to meet ADA/504 guidelines for disabled persons.
- Monitoring the removal of substandard windows and installing energy efficient windows at Dearington Apartments, making utilities more affordable (100 Units)

Downtown Street Improvements (City)

FY 2017 Request	CDAC Recommendation
$400,000	**$263,867.25**

The Downtown Riverfront Master Plan and the Fifth Street Master Plan were adopted by City Council in 2001 and 2006, respectively. The plans establish the vision for rehabilitated and revitalized corridors that serve the needs of both the surrounding neighborhoods and the City as a whole. The City has committed CDBG and Capital funds to a variety of public infrastructure projects in these areas and is recognizing considerable private development interest as a result. The impetus for many of these efforts has been the replacement of aging water, sewer, and storm water infrastructure and improved streetscaping.

In conjunction with the current waterline/streetscaping effort, the City of Lynchburg is requesting CDBG funds to supplement the cost of traffic control improvements associated with the conversion of two Downtown streets to 2-way traffic. This project furthers the City's Strategic Plan priorities of economic development, healthy and active living, infrastructure, land use and transportation. The work also (i) supports efforts for the removal and redevelopment of dilapidated and condemned structures to eliminate neighborhood deterioration, blight and blighting influences and (ii) economic development initiatives that improve the economic base, job skills, and health of the community as identified in the adopted 2015-2020 Consolidated Plan goals.

Lynchburg Redevelopment and Housing Authority (LRHA) – Langview Apartments

FY 2017 Request	CDAC Recommendation
$170,000	**$85,000**

During HUD REAC (Real Estate Assessment Center) and FHEO (Fair Housing Equal Opportunity) on-site inspections, it was noted that HUD requires public housing authorities to provide at least five percent of their housing inventory as ADA/504 accessible units. For LRHA, this means that 17 of its 328 units should be accessible in order to provide low-moderate income disabled families equal opportunity to the public housing program. Due to the changes in accessibility requirements since the public housing developments were constructed, none of our units were deemed to be fully accessible. Since December 2013, LRHA has completed renovation of five units to full ADA compliance, with the sixth contract expected to be awarded in the next 30-days.

The requested CDBG funds will permit LRHA to make two additional units in Langview Apartments, #501 and #604, fully ADA/504 compliant. The renovation of these two apartments primarily focuses on enlarging the bathroom to create room to reconfigure the plumbing fixtures and adding an addition to the kitchen to gain the required clearances.

Lynchburg Redevelopment and Housing Authority (LRHA)-
Dearington Apartments Windows/Doors – Phase II

FY 2017 Request	CDAC Recommendation
$150,000	**$150,000**

Due to the rising cost and environmental restraints of producing energy, Federal regulations require all public agencies develop and implement energy conservation measures. In April 2013, LRHA contracted with an independent consultant to conduct an energy audit in accordance with the methodology required by HUD. This energy audit evaluated the current energy consumption and conservation measures and identified available conservation opportunities. The funds requested in this application will enable the Authority to install energy efficient replacement windows and new exterior doors in 34 units (Phase 2) at Dearington Apartments.

LRHA successfully applied for FY 2015 CDBG funding to assist in the replacement of windows in Dearington Apartments. During the design phase of this project it was determined that the exterior door assemblies also needed to be replaced and many of the cast stone window sills were in need of replacement in conjunction with the installation of the new windows. These increases in cost, combined with bids much higher than anticipated, resulted in the need to do this project in three phases. LRHA has completed phase 1, which also consisted of 34 apartments.

The funds requested in this application will be used to remove old substandard windows currently installed in the Dearington Apartments and replace them with new Energy Star vinyl frame/sash, Low-E insulated glass with warm-edge spacer. The windows will be single-hung with tilt-in sashes and exterior screens. The original metal door frames will be removed and replaced with new door unit assemblies; door frames, sills, compression weather strip, and fiberglass insulated door slab. All windows and exterior doors in 34 apartments will be replaced, resulting in a decrease in utility costs and enhanced comfort for tenants.

Lynchburg Redevelopment and Housing Authority (LRHA) –
Centralized Homeless intake Coordinator

FY 2017 Request	CDAC Recommendation
$65,000	**$65,000**

The Central Virginia Continuum of Care (CoC), in partnership with Lynchburg Redevelopment and Housing Authority (LRHA), is requesting continued funding for the position of Homeless Intake Coordinator. This position was created in early 2014 as a part-time position and was housed at the City's Department of Human Services. HUD's Continuum of Care program regulations require a coordinated intake process in order for a community to be eligible for federal grants to assist with homeless response programs. This inaugural year was used to increase community awareness, develop policy and procedure,

and gain community partner participation. In July 2015, the position was made full-time and was moved to LRHA. This enhancement created additional hours of availability as well as married the "front-door" of the homeless response system to the City's Housing Authority and its programs. This allows the Coordinator to have access to information about programs that will provide long term stability to households most vulnerable. The Coordinator assesses a household's needs to determine if they can be diverted from homelessness or, if necessary, placed in shelter. Development of a housing plan, assessment of barriers and referral to the most appropriate housing program, put households on a path to housing stability.

With this grant funding, it is the intention of the CoC and LRHA to maintain this position full-time. HUD regulations require a coordinated intake process in an effort to prevent newly homeless and rapidly end a household's episode of homelessness. The CoC has worked with the homeless housing providers to develop the Coordinated Homeless Intake and Access (CHIA) program by which every household experiencing a housing crisis is assisted for diversion, Domestic Violence assistance or emergency shelter placement. Homeless assistance programs participating in CHIA receive 100% of their referrals through CHIA to ensure that there is a fair and transparent means to access services.

Once a household is placed in emergency shelter, they work closely with a housing focused case manager to develop a housing plan. This plan identifies barriers to housing and means to address each barrier. Households with high barriers or households, who cannot identify a housing plan, will be referred back to CHIA to complete a Housing Barrier Assessment (HBA). This tool determines what next level of service the household/individual need. This includes Rapid Re-Housing (RRH), Transitional Housing (TH), or Permanent Supportive Housing (PSH). It is then faxed to the case managers at each shelter and to the appropriate program agencies.

Homelessness is not only a standard office day issue; therefore, the CoC has developed a process for access outside the hours that CHIA is open, which allows for accessing shelter at other times of the day and week. This full time position has been beneficial towards improved coverage and has ensured that our homeless population is receiving adequate and timely assistance. Additional benefits include increased data collection and improved data quality.

Lynchburg Community Action Group (Lyn-CAG) – Housing Counseling Initiative

FY 2017 Request	CDAC Recommendation
$20,000	**$10,000**

Lyn-CAG has provided housing services to low-income residents of Central Virginia since 1973. The Lyn-CAG Housing Counseling Services Department offers an array of housing programs and services whose objectives are to expand homeownership opportunities, provide improved access to affordable housing, and assist clients who are facing homelessness. The Housing Counseling Services Department offers extensive group and one-on-one counseling services, as well as, providing information, referral and services to clients via e-mail and telephone. This Department provides counseling to consumers on seeking, financing, maintaining, renting, or owning a home. The program enables anyone who wants to (or already does) rent or own housing to get the counseling they need, to make their rent or mortgage payments and to be a responsible tenant or owner in other ways. On average, the Department assists roughly 500 clients per year.

The primary goals of this Department are to improve the quality of renter and homeowner education and to enhance coordination among local housing providers. The strategies implemented in this Department are to create a new expectation among mortgage lenders and insurers, homebuilders, real estate brokers, nonprofit organizations, and government agencies to make counseling and fair housing education an integral part of services for potential renters and homebuyers. The agency's Department staff also has a wide variety of skills and certifications that insures the facilitation of quality services provided to prospective clients.

Lyn-CAG's Department achieves their objectives and successfully demonstrates the capacity to leverage and maximize resources for the following programs and services: Housing Counseling, Rental Counseling, Tenant's Rights and Responsibilities Workshops, Fair Housing Workshops, Foreclosure Mitigation Counseling, Homelessness Prevention Program, Central Virginia Homebuyers Club, Virginia Housing Development Authority (VHDA) Homeowners Classes, Non-Delinquency/Post Purchase Counseling, Financial Literacy Workshops and Predatory Lending Workshops .

The CDBG funds requested will be used to support the above-referenced goals. Lyn-CAG staff plans to facilitate several housing counseling and fair housing activities which include: setting up an Information and Referral Booth on Housing Counseling Services at the City Market (a Saturday event), the River Ridge Mall and during Kaleidoscope – Day in the Park. We also plan to host Fair Housing workshops with specific topics for targeted populations, in conjunction with the Virginia Department of Occupational Regulations, Virginia Legal Aid Society, and the Lynchburg Redevelopment and Housing Authority. Listed below are some workshops that may be conducted based on the available funds:

- Housing Rights Training for Social Workers, Case Workers, Redevelopment and Housing Staff, CoC and Non-profit Organization and Agency Staff Workshop
    - This workshop will assist participants in how to be more effective in assisting clients regarding fair housing and tenant/landlord issues.

- Tenants' Rights and Responsibilities Workshop
    - Participants will learn strategies to request maintenance; how to do a walk through inspection; how to request reasonable accommodations or modifications; and avoid or resolve landlord disputes.
    - Note: We hope to include residents of all subsidized and low-income housing Programs in the Lynchburg area (i. e. College Hill, The Meadows, James Crossing, Birchwood, Dearington, Burton Creek, Timber Ridge and Tinbridge Manor

- Fair Housing Training for the Real Estate Sales Industry, Landlords, Rental Property Management Teams
    - Participants in this workshop will receive training on specific Fair Housing topics such as accessibility and Issues relevant to today's basic standards for dealing with a "transient group such as college and university students;

- Support Training for housing counselors to include travel and accommodations to stay up-to-date with the latest fair housing and housing trends

- Community Homeownership Fair Event

ATTACHMENT C

HOME Program Applicants

City Administration

FY 2017 Request	CDAC Recommendation
$24,000	$24,000

Funding is requested to fully fund the personnel, operating and training costs associated with managing the HOME Program.

Lynchburg Community Action Group (Lyn-CAG) – Homeowner Substantial Rehabilitation

FY 2017 Request	CDAC Recommendation
$200,000	$192,176

Lyn-CAG's Homeowner Rehabilitation Program provides rehabilitation services to existing properties. Eligible properties are brought into Building Code compliance. The program is operated as a forgivable loan program with lien requirements and resale restriction agreements as required by U. S. Department of Housing and Urban Development (HUD) regulations.

The rehabilitation program activities provide selective rehabilitation services designed to remove health and safety hazards and Building Code violations from the homes of low-income homeowners who live in the City of Lynchburg and meet HUD income guidelines for the HOME Program. Typical requests for services include electrical, plumbing, structural, and roof repair/replacement. All local contractors who provide the services are licensed and insured. Building materials are purchased from local businesses. Lyn-CAG anticipates providing services to 20 low-income households during the FY 2017 program year at an average cost of $10,000 per unit. In addition, Lyn-CAG staff will be coordinating resources from its Weatherization Program to ensure that homes are energy efficient. This will also make the home more affordable.

Lynchburg Community Action Group (Lyn-CAG) – First-time Homebuyer (Certified Housing Development Organization (CHDO)

FY 2017 Request	CDAC Recommendation
$100,000	$100,000

As a certified CHDO, Ly-CAG operates the HOME/CHDO First Time Homebuyers Program. This Program provides for acquisition of vacant properties for rehabilitation or new construction to eligible first time homebuyers. Proceeds from the sale of properties are reinvested in housing program services that benefit eligible clients in the City of Lynchburg. Lien documents and recapture agreements are required for each property.

ATTACHMENT D

CDBG Unexpended Balances

updated as of February 29, 2016

	00038	00039	00040	00041	
Program Description	**2012-2013**	**2013-2014**	**2014-2015**	**2015-2016**	**Total**
City Program Administration	-	-	-	**49,775.34**	**49,775.34**
Lyn -CAG Fair Housing Ed Initiative	-	-	**603.01**		**603.01**
Tinbridge Hill Nieghborhood Public Infrastrc	-	-	**291,143.60**		**291,143.60**
Police Dept / Boys & Girls Club Project				**6,073.07**	**6,073.07**
Funds to be Reprogrammed	**88,254.45**	-	**919.00**		**89,173.45**
LRHA - Brookside 4 Unit ADA Replcmt	-	-			-
LRHA Delivery Costs - Property Disposition		-	**7,795.39**	**28,576.00**	**36,371.39**
LRHA Delivery - Rehab		-	**21,347.58**	**25,747.00**	**47,094.58**
LRHA Delivery - Public Housing Rehab				**25,175.00**	**25,175.00**
Subtotal LRHA					**108,640.97**
LRHA Rental Rehab	-	**734.28**	-	**50,000.00**	**50,734.28**
LRHA Housing Resource Center				**45,219.00**	**45,219.00**
LRHA Delivery Costs - Administration		-	**22,065.06**	**49,384.00**	**71,449.06**
LRHA - CHIA - Continuum of Care		-		**41,413.24**	**41,413.24**
Total LRHA					**317,456.55**
Coordinated Infrastructure Improvements	-	-	-	**181,502.43**	**181,502.43**
Total Unexpended CDBG Funds	**88,254.45**	**734.28**	**343,873.64**	**502,865.08**	**935,727.45**

To be reprogrammed in 2016-2017

ATTACHMENT D

HOME Fund Unexpended Balances

updated as of February 29, 2016

	01018	01019	01020	01021	01022	
Program Description	**2011 - 2012**	**2012-2013**	**2013-2014**	**2014-2015**	**2015-2016**	**Total**
City Program Administration	-	-	-	**6,740.46**	**22,925.58**	**29,666.04**
Habitat	-	-	-	**54,600.00**	**75,000.00**	**129,600.00**
Rush Homes CHDO	-	-	-	-	**150,000.00**	**150,000.00**
Funds to be Reprogrammed	-	-	-	-	-	-
Subtotal						**309,266.04**
Lyn-CAG CHDO	-	-	-		-	-
Lyn-CAG Substantial Rehab	-	-	-	**15,341.89**	**100,000.00**	**115,341.89**
Lyn-CAG Down Paymt/Closing/Educ	-	-	-	**50,000.00**	-	**50,000.00**
Total Lyn-CAG						**165,341.89**
LRHA - Homeownership	-	-	-	**146,152.18**	-	**146,152.18**
Total LRHA						**146,152.18**
Total HOME Unexpended Funds	**-**	**-**	**-**	**272,834.53**	**347,925.58**	**620,760.11**

To be reprogrammed in 2016-2017

March 14, 2016 Agenda Item# 11

Hello Mrs Chambers

Can you please add name to the docket to speak to council regarding the situation at Dunbar, and the latest issue regarding the use of force by our Lynchburg Police Department. Thank. I will be speaking on behalf of Shopo Nation
Thank You.

Ronald Shavers

042K

Lynchburg City Council
Agenda Item Summary

MEETING DATE: **March 22, 2016** AGENDA ITEM NO.: 12

CONSENT: REGULAR: **X** WORK SESSION: CLOSED SESSION: (Confidential)

ACTION: **X** INFORMATION:

ITEM TITLE: **Review, Amend and Reaffirm the City's Financial Management Policies**

RECOMMENDATION: Review, amend and reaffirm the City's Financial Management Policies.

SUMMARY: The City's financial policies were last reaffirmed by City Council in February 2013.

In consultation with the City's Financial Advisors, Davenport & Company, LLC (Davenport), staff reviewed the financial policies and proposed amendments to the Fund Balance and Debt Management Policies. Such amendments are proposed to comply with the new Consent Order regarding the Combined Sewer Overflow (CSO) program. Financial policies for the Stormwater Fund have also been included for Council's review. Staff has clarified the policies to reflect current practice by adding a First Quarter Adjustment section. There are no proposed revisions to the Investment Policy.

Staff recommends the policies be amended and reaffirmed with the changes as noted in the attached document.

PRIOR ACTION(S): The Financial Policies were originally adopted by Council on August 10, 1999 and have been periodically revised or reaffirmed.
Finance Committee – March 22, 2016

FISCAL IMPACT: Broad implications

CONTACT(S): Donna Witt, Director of Financial Services, 455-3968

ATTACHMENT(S): Resolution; Financial Management Policies (amended and reaffirmed March 22, 2016)

REVIEWED BY: lkp

RESOLUTION: #R-16-026

BE IT RESOLVED that City Council amends and reaffirms the City's Financial Management Policies as noted in the document, Financial Management Policies.

Adopted: March 22, 2016

Certified: _____
Clerk of Council

040K

FINANCIAL MANAGEMENT POLICIES

Policy I	***Fund Balance***	**Adopted August 10, 1999** **Reaffirmed November 14, 2000** **Revised October 29, 2002** **Reaffirmed September 28, 2004** **Reaffirmed December 12, 2006** **Reaffirmed December 9, 2008** **Reaffirmed November 23, 2010** **Revised May 10, 2011** **Revised February 26, 2013** **Revised March 22, 2016**
Policy II	***Debt Management***	**Adopted August 10, 1999** **Reaffirmed November 14, 2000** **Revised October 29, 2002** **Reaffirmed September 28, 2004** **Revised December 12, 2006** **Revised December 9, 2008** **Revised November 23, 2010** **Revised February 26, 2013** **Revised March 22, 2016**
Policy III	***Budget***	**Adopted November 14, 2000** **Revised October 29, 2002** **Reaffirmed September 28, 2004** **Revised December 12, 2006** **Revised December 9, 2008** **Reaffirmed November 23, 2010** **Revised February 26, 2013** **Revised March 22, 2016**
Policy IV	***Investment***	**Adopted September 25, 2001** **Revised October 29, 2002** **Reaffirmed September 28, 2004** **Revised December 12, 2006** **Revised December 9, 2008** **Reaffirmed November 23, 2010** **Revised February 26, 2013** **Reaffirmed March 22, 2016**

BASIS FOR SOUND FINANCIAL MANAGEMENT POLICIES

The primary objective of sound financial management policies is for the City Council to create a framework within which financial decisions can be made. These policies are a statement of the guidelines and goals that influence and guide the financial management practices of the City of Lynchburg. Financial management policies that are adopted, adhered to, and regularly reviewed are recognized as the cornerstone of sound financial management. Sound financial management policies:

- Contribute significantly to the City's ability to insulate itself from fiscal crisis and economic disruption.
- Enhance short-term and long-term financial credit ability by helping to achieve the highest credit and bond ratings possible.
- Promote long-term financial stability by establishing clear and consistent guidelines.
- Direct attention to the total financial picture of the City rather than single-issue areas.
- Promote the view of linking long-term financial planning with day-to-day operations.
- Provide the City Council and citizens a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines.
- Ensure that the organization has sufficient resources to perform mandated responsibilities.
- Provide a foundation for evaluating financial analysis and condition.

FINANCIAL MANAGEMENT POLICIES

The City intends to adhere to these polices. If there is any anticipated or unplanned variance from these policies, staff will advise City Council and establish a plan for recovery within three years.

Policy I - Fund Balance

General Fund

Unassigned Fund Balance

- The City of Lynchburg's Unassigned General Fund Balance will be maintained at a level to provide the City with sufficient working capital and a comfortable margin of safety to address emergencies and unexpected declines in revenue without borrowing.
- The City shall not use the Unassigned General Fund Balance to finance recurring operating expenditures.
- The City will maintain an Unassigned General Fund Balance (UGFB) equal to 10% of General Fund revenues. In the event the UGFB is used to provide for temporary funding of unforeseen emergency needs, the City shall restore the Unassigned General Fund Balance to the minimum of 10% within three years.
- Funds in excess of the targeted 10% fund balance may be considered to supplement "pay-as-you-go" capital outlay expenditures, other non-recurring expenditures or as additions to fund balance.

Committed Fund Balance

- Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of City Council. These committed fund balance amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. Committed fund balance also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance

- Assigned fund balance includes amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. Fund Balance may be assigned either through the encumbrance process as a result of normal purchasing activity (which includes the issuance of a purchase order), or by the City Manager or designee, in accordance with Council adopted fund balance policy.

Restricted Fund Balance

- Restricted fund balance includes amounts that have constraints placed on their use by external sources such as creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Non-Spendable Fund Balance

- Non-spendable Fund Balance includes amounts that cannot be spent because they are either not in spendable form such as inventories and prepaids or they are legally or contractually required to be maintained intact.

Policy on the order of spending resources

- The City considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unrestricted fund balance are available unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the City considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

Enterprise Funds

Water Fund

- Minimum ending fund balance shall not be less than 25% of total fund appropriations with a target balance of 40% of total fund appropriations. In the event the ending fund balance falls below the minimum of 25% of total fund appropriations, the City shall restore the fund balance to the minimum of 25% within three years. Funds in excess of the annual requirements may be considered for "pay-as-you-go" capital outlay expenditures, other non-recurring expenditures or funding of necessary reserves. Total appropriations include operating expenses, debt service and transfers.
- A rate review will be conducted at least every two years.

Sewer Fund

- In accordance with the Virginia Department of Environmental Quality Special Order, the City shall annually adjust sewer system reserve funds to no more than 40% of the subsequent fiscal years' budgeted operating expenses and debt service.
- Minimum ending fund balance shall not be less than 25% of total fund appropriations. In the event the ending fund balance falls below the minimum of 25% of total fund appropriations, the City shall restore the fund balance to the minimum of 25% within three years. Total appropriations include operating expenses, debt service and transfers.
- Ending fund balance in excess of 40% will be reallocated to "pay-as-you-go" capital outlay expenditures.
- A rate review will be conducted at least every two years.

Stormwater Fund

- Minimum ending fund balance shall not be less than 15% of total fund appropriations with a target balance of 20% of total fund appropriations. In the event the ending fund balance falls below the minimum of 15% of total fund appropriations, the City shall restore the fund balance to the minimum of 15% within three years. Total appropriations include operating expenses, debt service and transfers.
- Funds in excess of the annual requirements may be considered for "pay-as-you-go" capital outlay expenditures, other non-recurring expenditures or funding of necessary reserves.
- A rate review will be conducted at least every two years.

Policy II - Debt Management

Tax-Supported Debt

Tax-supported obligations are those that are expected to be repaid from the General Fund tax revenue of the City of Lynchburg. These include general obligation bonds (except self-supporting bonds) and capital leases. General obligation bonds issued for self-supporting enterprise funds are not included in calculations of tax-supported bonds.

- The City will not use long-term debt to fund current operations.
- The City will not use short-term borrowing to fund current operations.
- Whenever the City finds it necessary to issue tax-supported bonds, the following policy will be adhered to:
    1. The City will never borrow more than it has the capacity to repay.
    2. The term of any bond issue will not exceed the useful life of the capital project/facility or equipment for which the borrowing is intended.
    3. Annual debt service expenditures for tax-supported debt should not exceed 10% of total General Fund Expenditures plus School Component Unit Expenditures minus the General Fund Transfer to Schools.
    4. Total tax-supported debt will not exceed 4.50% of the net assessed valuation of taxable property in the City of Lynchburg.
    5. Total tax-supported debt per capita should be maintained at a reasonable level.
    6. The 10-Year Principal Payout Ratio shall not be less than 60% at the end of each adopted five-year Capital Improvement Program for Tax-Supported General Obligation Indebtedness.

Revenue-Supported Debt

The Water, Sewer and Stormwater Funds may issue General Obligation or Revenue-Supported Debt.

Revenue-supported obligations are those for which the debt service is payable solely from the revenue generated from the operation of the project being financed or a category of facilities (i.e. water, sewer). These are not considered tax-supported debt of the City. Whenever the City finds it necessary to issue revenue-supported bonds, the following guidelines will be adhered to:

1. The term of any revenue-supported or general obligation bond issue will not exceed the useful life of the capital project/facility or equipment for which borrowing is intended.
2. Revenue-supported and general obligation bonds will be structured to allow equal or declining annual debt service payments over a term not to exceed the life of the project being financed. For those revenue-supported bonds issued through the Virginia Revolving Loan Fund, annual debt service payments shall not exceed thirty years.
3. The Water, Sewer and Stormwater Funds net revenues available for debt service shall not be less than 1.2 times annual debt service for each fiscal year. For the Sewer Fund, in accordance with the Virginia Department of Environmental Quality Special Order, net revenues available for debt service shall not exceed 1.5 times annual debt service computed on a three-year rolling average. Net revenues available for debt service will be calculated as operating income, plus depreciation and amortization, plus interest income, plus governmental grants, plus miscellaneous income, plus capital contributions of others who jointly share in ownership of an infrastructure or facility, and plus any capitalized costs. Debt service will include all debt service paid by the respective fund; however, the principal portion of any bond anticipation notes or other short-term financing should be excluded.
4. In the event net revenues available for debt service falls below 1.2 times annual debt service of any fiscal year, the City shall restore the net revenues available for debt service to the minimum of 1.2 within three years.

Refinancing of Debt

- The City shall issue refunding bonds to achieve debt service savings, eliminate onerous covenants or provisions in outstanding bond documents, or to respond to a financial emergency.
- The City shall continually monitor its outstanding debt to identify instances where the City may achieve savings through an advance refunding or current refunding transaction.
- The City shall receive a written refunding analysis indicating the amount of net present value savings from its financial advisor prior to selling bonds to refund any outstanding bonds.
- A refunding transaction to achieve debt service savings should only be undertaken when the net present value of the savings, net of issuance costs, will be at least 3% of the principal amount of the refunded bonds. Refunding

transactions for revenue bonds can be structured so that savings are realized over the life of the refunding bonds or up-front, depending on the results of a cost-benefit analysis.

General Debt Policies

- The City will maintain communication with bond rating agencies to keep them abreast of its financial condition and will provide them with information on a timely basis including the City's *Comprehensive Annual Financial Report*, *Annual Adopted Budget* and *Capital Improvement Program.*
- The City shall comply with all of its undertakings in accordance with Securities and Exchange Commission Rule 15c2-12 and will follow the Government Finance Officers' Association and Securities and Exchange Commission requirements for continuing disclosure.
- The City may use the Virginia Public School Authority (VPSA) or State Literary Fund loans to finance school capital projects. City bonds sold to the VPSA and Literary Fund loans constitute general obligation debt of the City. City Council shall approve any application to the VPSA or the Department of Education for a Literary Fund loan. City Council shall approve the issuance of the bonds as required by the Public Finance Act. The School Board shall recommend such financings before a proposed financing is brought to City Council for approval.

Policy III - Budget

Principles

- Public participation in the budgetary process will be encouraged.
- The City will avoid dedicating revenue to a specific project or program because of the constraint this may place on flexibility in resource allocation except in instances where programs are expected to be self-sufficient or where revenue is dedicated to a program for statutory or policy reasons.
- The budget process will be coordinated in a way that major policy issues are identified for City Council several months prior to consideration of budget approval. This will allow adequate time for appropriate decisions and analysis of financial impacts.

Policies

- City Council shall adopt a balanced budget in accordance with all legal requirements.
- A structured budget preparation and formulation process shall be used for all departments and agencies receiving funding from the City.
- Departmental budgets shall be managed within the total appropriated budget for each fiscal year.
- All operating budget appropriations shall lapse at the end of the fiscal year to the extent that they are not expended or encumbered.
- The budget shall be adopted by the favorable vote of a majority of members of City Council.
- The Vision and priorities established by City Council as well as the *Comprehensive Plan* will serve as the framework for the budget proposed by the City Manager.
- The fiscal year for the City is July 1 through June 30 as defined by the *City Code*, Section 18-1.
- One-time revenues shall be used for one-time expenditures only.
- A General Fund Reserve for Contingencies of $1.2 million shall be used as a source of funding for unanticipated expenditures during the budget year. The Reserve for Contingencies is limited to one-time expenditures and shall not be considered a source for recurring financing.

Process

- The City Manager shall annually prepare a *Proposed Budget* for City Council review. The *Proposed Budget* shall serve as a financial plan for the upcoming fiscal year and shall contain the following information:
    1. A budget message that outlines the proposed revenue and expenditures for the upcoming fiscal year together with an explanation of any major changes from the previous fiscal year. The budget message should also include any proposals for major changes in financial policy.

2. Charts indicating the major revenues and expenditures in each major fund (General, Water, Sewer, Stormwater, Airport) as well as changes in fund balance for all funds.
3. Summaries of proposed expenditures by function, department and activity for all funds proposed to be expended in a fiscal year.
4. A schedule of estimated requirements for the principal and interest of each bond issue.
5. A three-year history of revenues and expenditures to include the prior year actual, current year adopted, revised and proposed budgets for each major fund.
6. The proposed budget appropriation resolution, including the tax levy.

- The City Council shall hold a public hearing on the budget submitted by the City Manager and all interested citizens shall be given an opportunity to be heard on issues related to the proposed budget, including the *Capital Improvement Program*.
- Following the public hearing on the *Proposed Budget*, City Council may make adjustments. In instances where City Council increases the total proposed expenditures, it shall also identify a source of funding at least equal to the proposed expenditures.

Capital Improvement Program

- A five-year *Capital Improvement Program (CIP)* that serves as the basis for annual capital appropriations and debt financing requirements shall be prepared and updated annually.
- The *CIP* shall include descriptions, timeline, cost estimates, and a schedule of expected expenditures for each project.
- Debt service requirements and funding needs for schools and City government shall be determined based on the *Adopted CIP*.
- Long-term borrowing shall be confined to major capital improvements and equipment purchases.
- Short-term borrowing shall be limited to bond anticipation notes and equipment leasing, where feasible, with a life of less than 8 years.
- Capital project appropriations shall lapse upon project completion, allowing for an adequate warranty period. Lapsed appropriations shall remain in the Capital Fund for reallocation to other projects.
- Incremental operating costs associated with capital projects shall be funded in the operating budget after being identified and approved in the Capital Improvement Program.
- Pay-as-you-go funding, including State Highway Maintenance funds, State Revenue Sharing Funds, State and federal grants, and other cash sources, shall not be less than 10%, with a goal of 15%, of the City's 5-Year CIP.

Quarterly Financial Reporting

The City Manager will present to the City Council's Finance Committee (with copies to the remainder of Council) quarterly financial reports identifying meaningful trends in revenues and expenditures for the General, Water and Sewer, Airport, Stormwater, Children's Services Act, Juvenile Detention, and Greater Lynchburg Transit Company Funds.

Third Quarter Review

In March, Budget staff will evaluate all expenditures and revenues as compared to budget and make recommendations to City Council regarding possible budget adjustments. Section 15.2-2507 of the *Code of Virginia* requires that a public hearing be held prior to City Council action when a proposed amendment of the budget exceeds one percent of the total expenditures shown in the currently adopted budget.

First Quarter Review

In September, Budget staff will evaluate requests for the carry forward of funds remaining from prior year appropriations and other possible budget adjustments. Section 15.2-2507 of the Code of Virginia requires that a public hearing be held prior to City Council action when the proposed budget amendment exceeds one percent of the total expenditures shown in the currently adopted budget.

Policy IV - Investment

I. Policy Statement

It is the policy of The City of Lynchburg, Virginia ("the City") that the investment and administration of its funds be made in accordance with the Code of Virginia Investment of Public Funds Act, the applicable provisions of any

outstanding bond indebtedness, and this policy. The City shall be in complete compliance with all applicable federal, state and local laws, and other regulations and statutes governing the investment of public funds. Within those parameters, the goal of this policy is to achieve the highest rate of return that is reasonable. The City will establish an Investment Committee consisting of the City Manager, Deputy City Manager, and Director of Financial Services. This Committee will provide broad policy oversight over investments. This policy will be reviewed on an annual basis. Any changes must be approved by the Investment Committee and be reaffirmed by City Council. See Appendix 1 for a Glossary of Investment Terms.

II. Scope

This policy applies to the investment of all the financial assets and funds held by the City. Specific requirements or limitations imposed upon the investment of Bond Proceeds, Debt Service Funds and Debt Service Reserve Funds are located in Section X of this Policy. These Funds are accounted for in the City of Lynchburg's Comprehensive Annual Financial Report and include the General, Special Revenue, Capital Projects, and Proprietary Funds.

III. Objectives

Funds shall be invested in only those investments permitted by Federal, State and local law as it relates to public funds, as well as any contractual agreements entered into by the City.

All of the City's funds, regardless of term, shall be invested with the following objectives listed in the order of priority:

1. *Safety* - Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. Specifically, the City will:

    a. seek to avoid realizing any loss through the sale or disposal of an investment; and

    b. seek to mitigate the risk of unrealized losses due to a decline in value of investments held in the portfolio.

2. *Liquidity* - The investment portfolio shall remain sufficiently liquid to meet all cash requirements that may be reasonably anticipated. This shall be accomplished by structuring the portfolio in the following manner:

    a. The City will purchase investments scheduled to mature in accordance with its anticipated cash needs, in order to minimize the need to sell investments prior to maturity;

    b. A portion of City Funds will be maintained in cash equivalents, including money market funds, investment pools and overnight securities, which may be easily liquidated without a loss of principal should an unexpected need for cash arise; and

    c. The portfolio will consist largely of investments with active secondary markets.

3. *Yield* - The City's investment portfolio shall be designed with the objective of maximizing a fair rate of return consistent with the investment risk constraints and cash flow characteristics of the portfolio. The Investment Committee shall establish suitable benchmarks for the measurement of the portfolio's return.

IV. Delegation of Authority

Under the guidance of the Investment Committee, the City's Director of Financial Services is the official charged with collecting, safeguarding and disbursing City funds. In this capacity, and with consensus from the Investment Committee, the Director of Financial Services is responsible for establishing staff roles and responsibilities, considering the quality and capability of staff, selecting investment advisors and consultants involved in investment management, and developing and maintaining appropriate administrative procedures for the operation of the investment program. Examples of key staff roles and responsibilities include, but are not limited to, solicitation of investment offerings, placement of purchase and sell orders, confirmation of trades, and preparation of reports and other activities as required for the daily operations of the investment area. The Director of Financial Services is also charged with developing written standard Investment procedures and an asset allocation plan consistent with this policy. Such procedures shall be reviewed and approved by the Investment Committee. Subject to the approval of the Investment Committee and City Council, the Director of Financial Services may employ financial consultants on a

contractual basis to assist in the development and implementation of investment procedures and policies, to monitor the effectiveness and continued compliance with such policies and procedures, and to provide guidance in investment matters.

V. Standards of Care

The standard of prudence to be used by investment personnel shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. The "prudent person" standard states:

> "Investments shall be made with judgment and care – under circumstances then prevailing – which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

The Director of Financial Services, and those delegated investment authority under this Policy, when acting in accordance with written procedures and this Investment Policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

VI. Ethics and Conflicts of Interest

Officers and employees of the City involved in the investment process shall refrain from personal business activities that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose to the Office of the Clerk of Council any material interests in financial institutions with which they conduct business and any personal investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City. Officers and employees are required to abide by the provisions of the Virginia Conflict of Interests Act. The Act prohibits City officers and employees from seeking or accepting money or any other thing of value for the performance of their duties, using confidential information for their own benefit and having a personal interest in a company with which the City is doing business. "Officer" means any person appointed or elected to the City's government whether or not he/she receives compensation or other emolument of office. "Employee" means all persons employed by the City.

VII. Collateral and Safekeeping Arrangements

The City's investments shall be held in safekeeping by a third party and evidenced by safekeeping receipts. As required by Virginia Code, all security holdings with maturities over 30 days may not be held in safekeeping with the "counterparty" to the investment transaction. The Code refers to a counterparty as the issuer or seller of the security and any repurchase agreement provider. All securities purchased or sold will be transferred when possible only under "delivery vs. payment method" to ensure that funds or securities are not released until all criteria relating to the specific transaction are met.

VIII. Competitive Selection of Investment Instruments

It is desirable to select investments on a competitive basis when possible to ensure that the City receives the best price available on a particular investment and avoids paying excessive fees, mark-ups or other compensation to the provider. A list will be maintained of approved financial institutions and security broker/dealers selected by creditworthiness (*e.g.*, a minimum capital requirement of $10,000,000 and at least five years of operations). These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

All financial institutions and broker/dealers who desire to become qualified for investment transactions will supply the following as appropriate:

- Audited financial statements
- Proof of National Association of Securities Dealers (NASD) certification
- Proof of state registration

- Certification of having read and understood and agreeing to comply with the City of Lynchburg Investment Policy

Under the guidance and oversight of the Investment Committee, the Director of Financial Services shall adhere to the following procedures, with assistance from the City's Investment Advisor where appropriate, when funds become available for investment to the extent practical:

1. The Director of Financial Services shall determine the class of investment and maturity range most appropriate for investment of the funds available, based upon the anticipated expenditure schedule of the City, the desired asset allocation of the City's portfolio and the City's Investment Plan.

2. Offers will be solicited for the selected investment from the list of pre-approved providers as noted above.

3. The Director of Financial Services will accept the offer (or bid, if the City is selling an investment) which provides the highest rate of return or which is otherwise deemed most suitable while complying with this Policy and any other criteria specified in the solicitation of offers.

The City shall retain a record of the offers received, the instruments chosen, and the rationale for making the decision.

From time to time, certain investment dealers may present the City with offers that are attractive for investment. Although the City should endeavor to verify (and document) that the price is "fair," it may occasionally purchase such a security without a competitive process if the investment is for $500,000 or less.

Additionally, a competitive process shall not be required for the investment of funds in money market funds, investment pools and overnight securities. However, it shall be the responsibility of the Director of Financial Services to be aware of the yields being offered by various highly liquid investments, and to invest the City's overnight funds in the vehicle(s) which provide a competitive return to the City while complying with this policy and any other criteria established by the Investment Committee or City Council.

IX. Suitable and Authorized Investments – Without Exception, Only the Following Investments Are Suitable and Authorized

1. Treasury Securities
Bonds, Notes and Bills issued by the United States Treasury or certificates representing ownership of treasury bond principal or coupons.

2. Agency Securities (FHLB, FNMA, FFCB, FHLMC, GNMA)
Obligations issued and guaranteed as to principal and interest by the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association, maturing within five years of the date of purchase.

3. Prime Commercial Paper
Commercial Paper maturing within 270 days of the day of purchase rated P-1 or higher by Moody's and A-l or higher by Standard & Poor's, provided that the issuing domestic corporation has a net worth of $50 million and its long-term debt is rated A or better by Moody's and Standard & Poor's.

4. Certificates of Deposit
Certificates of Deposit maturing within one year and issued by domestic banks rated P-l by Moody's and A-l by Standard & Poor's.

5. Banker's Acceptances
Banker's Acceptances maturing within 180 days rated P-l or higher by Moody's and A-l or higher by Standard & Poor's, provided the issuer is a major domestic bank or the domestic office of an international bank rated AA category or higher by Moody's and Standard & Poor's.

6. Commonwealth of Virginia and Virginia Local Government Obligations

General Obligations, Insured Obligations or Revenue Bonds secured by Debt Service Reserve Funds not subject to annual appropriation rated AA category or higher by Moody's or Standard & Poor's.

7. Repurchase Agreements

Repurchase Agreements collateralized by securities approved for investment herein, provided that the counterparty is rate A or better by Moody's and Standard & Poor's and the collateral is held by an independent third party. All Repurchase Agreements are purchased with a Master Repurchase Agreement in place with a third-party custodian.

8. Open-End Investment Funds

Open-end Investment Funds registered under the Securities Act of the Commonwealth or the Federal Investment Company Act of 1940, provided that they invest only in securities approved for investment herein.

9. Virginia Local Government Investment Pool

10. Virginia State Non-Arbitrage Program or Other Authorized Arbitrage Investment Management Programs

X. Suitable and Authorized Investments – Restricted Funds

Funds defined as sinking funds under the Virginia Code may be invested in items listed in Section IX.1 and IX.6 above, repurchase agreements collateralized by those investments, and in the Virginia State Non-Arbitrage Program or other authorized Arbitrage Investment Management programs.

XI. Internal Controls

Under the guidance of the Investment Committee, the Director of Financial Services will establish and maintain an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The internal control structure will be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. The Internal Audit Department shall add this Policy and related Procedures to their Audit Universe for audit consideration. The internal control structure will address the following points:

- Control of collusion
- Separation of transaction authority from accounting and record keeping
- Custodial safekeeping
- Avoidance of physical delivery of securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Development of a wire transfer agreement with the lead bank and third-party custodian

XII. Reporting

Under the guidance of the Investment Committee, the Director of Financial Services will ensure that a Management Report will be prepared on a quarterly basis. The information from this Report may be derived from the Investment Advisor and/or the Safekeeping Agent, or both, where appropriate. This Report will include information that provides an analysis of the status of the current investment portfolio and whether investment activities during the reporting period have conformed to the investment policy herein. The Report will be presented to City Council for information and comment. To the extent practical, the report detail may include such items as the following:

- Listing of securities held at the end of the reporting period
- Realized and unrealized gains or losses resulting from appreciation or depreciation
- Average weighted yield to maturity of portfolio on investments compared to benchmarks
- Listing of investment by maturity type
- Percentage of the total portfolio which each type of investment represents

XIII. Diversification

The City will endeavor to diversify its investment portfolio to avoid incurring unreasonable risks regarding (i) security type, (ii) individual financial institution or issuing entity, and (iii) maturity. Target asset allocation strategies shall be developed by the Investment Committee to provide guidance as to appropriate levels of diversification. With the

exception of U. S. Treasury securities and authorized pools, no more than 50% of the City's total investment will be the obligations of a single financial institution.

XIV. Maximum Maturities

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than one year from the date of purchase.

Appendix 1: Glossary of Investment Terms

Accrued Interest – The accumulated interest due on a bond as of the last interest payment made by the issuer.

Agency – A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSA's) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of a federal agency is the Government National Mortgage Association (GNMA). An example of a FSA is the Federal National Mortgage Association (FNMA).

Amortization – The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

Average Life – The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

Basis Point – A unit of measurement used in the valuation of fixed -income securities equal to l/l00 of 1 percent of yield, e.g., "one-quarter" of 1 percent is equal to 25 basis points.

Bid – The indicated price at which a buyer is willing to purchase a security or commodity.

Book Value – The value at which a security is carried on the inventory lists or other financial records of an investor. The book value may differ significantly from the security's current value in the market.

Call Price – The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

Call Risk – The risk to a bondholder that a bond may be redeemed prior to maturity.

Callable Bond – A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

Cash Sale/Purchase – A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.

Collateralization – Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security.

Commercial Paper – An unsecured short-term promissory note issued by corporations, with maturities ranging from 2 to 270 days.

Convexity – A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

Coupon Rate – The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the "interest rate."

Credit Quality – The measurement of the financial strength of a bond issuer to help an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

Credit Risk – The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

Current Yield (Current Return) – A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

Delivery Versus Payment (DVP) – A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian.

Discount – The amount by which the par value of a security exceeds the price paid for the security.

Diversification – A process of investing assets among a range of security types by sector, maturity, and quality rating.

Duration – A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

Fair Value – The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Federal Funds (Fed Funds) – Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

Federal Funds Rate – Interest rate charged by one institution lending federal funds to the other.

Government Securities – An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market See "Treasury Bills, Notes, and Bonds."

Interest Rate – See "Coupon Rate."

Interest Rate Risk – The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value.

Internal Controls – An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

1. Control of collusion - Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. Separation of transaction authority from accounting and record keeping - By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
3. Custodial safekeeping - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.
4. Avoidance of physical delivery securities - Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. Clear delegation of authority to subordinate staff members - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. Written confirmation of transactions for investments and wire transfers -Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.
7. Development of a wire transfer agreement with the lead bank and third-party custodian – The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

Inverted Yield Curve – A chart formation that illustrates long-term securities having lower yields than short-term securities. This configuration usually occurs during periods of high inflation coupled with low levels of confidence in the economy and a restrictive monetary policy.

Investment Company Act of 1940 – Federal legislation which sets the standards by which investment such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

Investment Policy – A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

Liquidity – An asset that can be converted easily and quickly into cash.

Local Government Investment Pool (LGIP) – An investment by local governments in which their money is pooled as a method for managing local funds.

Mark-to-Market – The process whereby the book value or collateral value of a security is adjusted to reflect its current market value.

Market Risk – The risk that the value of a security will rise or decline as a result of changes in market conditions.

Market Value – Current market price of a security.

Maturity – The date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder. See 'Weighted Average Maturity."

Money Market Mutual Fund – Mutual funds that invest, solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos and federal funds).

Mutual Fund – An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines:

1. Report standardized performance calculations.
2. Disseminate timely and accurate information regarding the fund's holdings, performance, management and general investment policy.
3. Have the fund's investment policies and activities supervised by a board of trustees, which are independent of the adviser, administrator or other vendor of the fund.
4. Maintain the daily liquidity of the fund's shares.
5. Value their portfolios on a daily basis.
6. Have all individuals who sell SEC-registered products licensed with a self-regulating organization (SRO) such as the National Association of Securities Dealers (NASD).
7. Have an investment policy governed by a prospectus which is updated and filed by the SEC annually.

Mutual Fund Statistical Services – Companies that track and rate mutual funds, e.g., IBC/Donoghue, Lipper Analytical Services, and Morningstar.

National Association of Securities Dealers (NASD) – A self-regulatory organization (SRO) of brokers and dealers in the over-the-counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

Net Asset Value – The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below.) [(Total assets) - (Liabilities)] / (Number of shares outstanding)

No Load Fund – A mutual fund which does not levy a sales charge on the purchase of its shares.

Nominal Yield – The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the "coupon," "coupon rate," or 'interest rate."

Offer – An indicated price at which market participants are willing to sell a security or commodity. Also referred to as the "Ask price."

Par – Face value or principal value of a bond, typically $1,000 per bond.

Positive Yield Curve – A chart formation that illustrates short-term securities having lower yields than long-term securities.

Premium – The amount by which the price paid for a security exceeds the security's par value.

Prime Rate – A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate.

Principal – The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

Prospectus – A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements.

Prudent Person Rule – An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

Regular Way Delivery – Securities settlement that calls for delivery and payment on the third business day following the trade date (T+3); payment on a T+l basis is currently under consideration. Mutual funds are settled on a same day basis; government securities are settled on the next business day.

Reinvestment Risk – The risk that a fixed-income investor will be unable to reinvest income proceeds from a security holding at the same rate of return currently generated by that holding.

Repurchase Agreement (repo or RP) – An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

Reverse Repurchase Agreement (Reverse Repo) – An agreement of one party to purchase securities at a specified price from a second party and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

Rule 2a-7 of the Investment Company Act – Applies to all money market mutual funds and mandates such funds to maintain certain standards, including a 13-month maturity limit and a 90-day average maturity on investments, to help maintain a constant net asset value of one dollar ($1.00).

Safekeeping – Holding of assets (e.g., securities) by a financial institution.

Serial Bond – A bond issue, usually of a municipality, with various maturity dates scheduled at regular intervals until the entire issue is retired.

Sinking Fund – Money accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or preferred stock issues.

Swap – Trading one asset for another.

Term Bond – Bonds comprising a large part or all of a particular issue which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

Total Return – The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period. (Price Appreciation) + (Dividends paid) + (Capital gains) = Total Return.

Treasury Bills – Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year and issued in minimum denominations of $10,000. Auctions of three- and six-month bills are weekly, while auctions of one-year bills are monthly. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

Treasury Bonds – Long-term U.S. government debt securities with maturities of ten years or longer and issued in minimum denominations of $1,000. Currently, the longest outstanding maturity for such securities is 30 years.

Treasury Notes – Intermediate U.S. government debt securities with maturities of one to 10 years and issued in denominations ranging from $1,000 to $1 million or more.

Uniform Net Capital Rule – SEC Rule 15C3-1 outlining capital requirements for broker/dealers.

Volatility – A degree of fluctuation in the price and valuation of securities.

LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **March 22, 2016** AGENDA ITEM NO.: 13

CONSENT: REGULAR: **X** WORK SESSION: CLOSED SESSION: (Confidential)

ACTION: **X** INFORMATION:

ITEM TITLE: **Waiver of Weed Bills and Real Property Tax Penalty and Interest for 2006 Tulip Street**

RECOMMENDATION: Approve the waiver of weed bills and Real Property Tax penalty and interest accumulated on 2006 Tulip Street to facilitate the sale of the property.

SUMMARY: Volk, LLC has requested a waiver of the weed bills and Real Property Tax penalty and interest for 2006 Tulip Street. The current owner has $1,361.52 in delinquent property taxes and $2,668.19 in weed bills, plus associated penalty and interest on the Real Property Tax, for a total of $4,029.71. The property is assessed at $24,800.

In June 2001, City Council adopted a Municipal Property Liens Waiver Policy that states "the City will consider on a case-to-case basis petitions for the waiver of that amount of municipal liens that exceed, the fair market value of real property proposed for purchase by a third party." Even though the assessed value is more than the taxes and fees owed, staff was advised by the City Attorney to follow the policy guidelines.

Volk, LLC members have submitted the request as outlined in the policy with the intent to renovate the property and provide the home at cost to a first time home owner and his family. Staff recommendation is that the weed bills, plus Real Property Tax penalty and interest, be waived in order to facilitate the transfer of the property to an owner who will pay the taxes and keep the property maintained. The owner will still be responsible for the $1,361.52 in Real Property Tax owed on the property.

In April, staff would like to bring revisions to this policy for consideration by City Council.

PRIOR ACTION(S): Municipal Property Lien Policy, June 19, 2001; Physical Development Committee, March 8, 2016

FISCAL IMPACT: Reduction of $2,668.19 (weed bills and Real Property Tax penalty and interest) from the Real Estate Tax Receivable.

CONTACT(S): Donna Witt, Director of Financial Services, 455-3968

ATTACHMENT(S): Municipal Property Lien Policy, June 19, 2001; Request letter from Volk, LLC; Standard Real Estate Purchase and Sale Agreement; Tax Year 2015 Real Estate Bill for 2006 Tulip Street

REVIEWED BY: lkp

RESOLUTION:

BE IT RESOLVED THAT the weed bills and Real Property Tax penalty and interest are waived for 2006 Tulip Street pursuant to the purchase of the property from the current owners by Volk, LLC.

Adopted:

Certified: _____
Clerk of Council

037K

City of Lynchburg Online Policy System

Policy Document

DOCUMENT INFORMATION

Document Information

Subject: Municipal Property Liens - Waivers
Category: Municipal Operations
Sub-Category:

Last Updated: 06/19/2001
Effective Date:
Supercedes/Amends:

Year(s) to next review:
Optional Reviewer(s):

I. POLICY

A. Policy Statement:

The City of Lynchburg shall consider petitions for the waiver of that amount of municipal liens that exceed the **fair market value** of real property proposed for purchase by a third party.

At the discretion of City Council, the City expressly reserves the right to exercise the following options:

- Waive the municipal lien on the subject property for the prospective purchaser, but pursue collection of the amount due for the municipal lien from the owner of the property at the time the municipal lien was imposed.
- Waive the municipal lien on the subject property and not pursue collection of the amount due from the owner of the property at the time the municipal lien was imposed.

B. Applicability:

Petitioners who request a waiver of municipal liens to facilitate the sale of privately-owned real property.

C. Municipal Liens Defined:

Municipal liens include but are not limited to, demolition costs and weed and grass cutting costs. Municipal liens do NOT include delinquent real estate taxes.

II. OBJECTIVE

A. Policy Objective:

The purpose of this policy is to provide a means for citizens and non-profit housing groups to petition for the waiver of municipal liens on privately-owned real property in order to facilitate the sale of such property for a higher and better use and to return it to the active tax records.

General Policy:

The City of Lynchburg shall consider on a case-to-case basis petitions for the waiver of that amount of municipal liens that exceed, the fair market value of real property proposed for purchase by a third party.
No payment in exchange for real estate transfer is to be made to the owners of property on which liens have been waived by City Council. If any compensation is made for such property, it shall be paid directly to the City of Lynchburg against the balance owed.

B. Background:

Citizens and non-profit housing groups may occasionally request the waiver of municipal liens on privately owned

real property to facilitate the transfer of such property to a new property owner for a better and higher use. The Code of Virginia provides that a locality may waive municipal liens in order to facilitate the sale of real property, that otherwise might not be salable.

As provided by State law, municipal liens may only be waived to facilitate the sale of property to a new owner. Liens cannot be waived for the benefit of the person(s) that owned the property when the liens were created. Also, municipal liens on property can only be waived as to purchasers who are unrelated by blood or marriage to the owner and who have no business association with the owner or his or her spouse

III. PROCEDURES

Prospective Purchaser Files the Request

The prospective purchaser of lien encumbered real property shall present an executed contract for sale along with a request for a waiver of municipal liens to the Real Property Manager in the Public Works Department. The request shall include the following:

property location;
tax map number;
proposed use;
amount of delinquent taxes owed (which cannot be waived);
a listing of municipal liens against such property; and
a statement that the purchaser is not related by blood or marriage and has no business association with the property owner or his or her spouse.

Responsibilities of Staff and Departments

1. The Real Property Manager shall review the request, determine the **fair market value** of the property, prepare a summary report and distribute the report the City Attorney's Office, the Department of Community Planning & Development, and Billings and Collection Division for review and recommendations.
2. The Real Property Manager shall schedule the request for consideration by the Physical Development Committee. The Physical Development Committee shall recommend approval or denial of the request to City Council.
3. The Lynchburg City Council shall consider the request to waive the municipal lien and either grant approval or denial of the waiver.
4. The Real Property Manager shall provide notice of City Council action to the petitioner and affected City offices. Once the purchaser of the property produces a recorded deed of conveyance, the Billings and Collections Divisions shall remove the municipal lien. Any unpaid delinquent taxes become the responsibility of the new owner.

IV. ADMINISTRATION

A. Office of Primary Responsibility:
Department of Public Works/City Attorney's Office

V. ATTACHMENTS

A. Attached Files:
None

INSPECTIONS DIV
FEB 2 2 2016
RECEIVED

Parcel ID	Property Address
04630001	2006 TULIP ST

This request is for the waiver of fines associated with the property at 2006 Tulip Street that has been abandonded for many years and accrued a large sum of fines and taxes. We have a family of faithful tenants who we would like to give an opportunity to own their own home. After the planned renovation is complete, we will provide this home at cost to this first time home owner and his family.

The purchaser of this property, Volk LLC, has no blood, marriage, or business affiliations with the current owner of the property nor his/her spouse.

Total taxes owed:$1,223.88 +$137.64 (for the March and May installments) = $1,361.52

Weed bills, penalty and interest: $2,668.19

Grand Total: $4,029.71

Thank you,

Ben Jonas
Owner, Volk LLC

STANDARD REAL ESTATE PURCHASE AND SALE AGREEMENT

Parties Ben Jones & Seth Wadsworth, hereinafter referred to as Buyer, and KC Realty, LLC, hereinafter referred to as Seller, which terms may be singular or plural and include the heirs, successors, personal representatives and assigns of Seller and Buyer, hereby agree that Seller will sell and Buyer will buy the following property, with such improvements as are located thereon, described as follows: Address: 3004 Tulip St City: Lynchburg State: VA Zip: 24501. All light fixtures, all electrical, mechanical, plumbing, air-conditioning, and any other systems or fixtures as are attached thereto; all plants trees, and shrubbery now a part thereof, together with all the improvements thereon; and all appurtenances thereto, all being hereinafter collectively referred to as the "Property." The full legal description of said Property is the same as is recorded with the Clerk of the Superior Court of the County in which the Property is located and is made a part of this Agreement by reference.

Seller will sell and Buyer will buy upon the following terms and conditions, as completed or marked. On any conflict of terms or conditions, that which is added will supersede that which is printed or marked. It is understood that the Property will be conveyed by Limited Warranty Deed, with covenants, restrictions, and easements of record.

1. **Total Purchase Price** to be paid by Buyer is payable as follows:
   - A. Earnest Money received from Buyer: non-refundable → $1600.00
   - B. Additional Earnest Money due from Buyer on _____ (date): $_____
   - C. Purchase money loan to Seller on terms set forth in Paragraph 2a: (including discount points) $_____
   - D. Proceeds of a new loan to be executed by Buyer to any lender other than Seller as set forth in Paragraph 2b. Name of Lender: _____ $_____
   - E. Balance due at closing (not including Buyers closing costs, prepaid items or prorations) in U.S. cash or locally drawn certified or cashiers check. approximately ☐ exactly ☐ $_____
   - F. Total Purchase Price. approximately ☐ exactly ☒ $6500.00

2a. ☐ **Seller Financing:** The balance due to Seller will be evidenced by a negotiable Promissory Note of Borrower, secured by a Mortgage or Deed to Secure Debt on the Property and delivered by Buyer to Seller dated the date of closing, bearing an annual interest rate of _____ % and payable at $_____ per _____ for _____ months, which includes ☐; does not include ☐; an escrow for property taxes and hazard insurance. Loan amount includes _____ loan discount point(s). This loan contains a _____% prepayment penalty. This Agreement is NOT assignable without the consent of Seller.

2b. **New Financing:** If Buyer does not obtain the required financing, the earnest money deposit shall be forfeited to Seller as liquidated damages. Buyer will make application for financing within five days of the date of acceptance of this Agreement and in a timely manner furnish any and all credit, employment, financial and other information required by the lender. In the event the original loan application is denied, Buyer, if requested by Seller, will reapply within five days of such request to an alternate institution suggested by Seller then has the option to suggest the lender. Seller further has the option to substitute itself as an alternate financing source anytime after the first loan denial. Unless such mortgage loan is approved without continued contingencies other than those elsewhere covered in this Agreement within thirty (30) days of the date of acceptance of this agreement, Seller will have the right to terminate this Agreement, and Buyer will return to Seller all the title evidence and surveys received from Seller.

3. **Buyer Will Pay:** Buyer will pay all closing costs to include: Recording Fees, Intangibles Tax, Credit Reports, Funding Fee, Loan Origination Fee, Document Preparation Fee, Loan Insurance Premium, Loan Discount, Title Insurance Policy, Attorney's Fees, Courier Fees, Overnight Fee, Appraisal Fee, Survey, Transfer Tax, Satisfaction and Recording Fees, Wood Destroying Organism Report and any other costs associated with the funding or closing of this Agreement, Buyer will pay all additional monies. All taxes, rentals, condominium or association fees, monthly mortgage insurance premiums and interest on loans will be prorated as of the date of closing.

4. **Prorations:** All taxes, rentals, condominium or association fees, monthly mortgage insurance premiums and interest on loans will be prorated as of the date of closing.

5. **Title Evidence:** Buyer shall have the title to the Property researched prior to closing. Any expense of curing title, including but not limited to legal fees, discharge of liens and recording fees will be paid by Seller. This Agreement shall be extended as required to resolve any title issues revealed by said title research.

6. **Survey:** If required by Buyer, or Buyer's lender, Buyer or closing attorney, may, at Buyer's expense, obtain a new staked survey showing all improvements now existing thereon.

7. **Title Examination and Time for Closing:** A. If title evidence and survey, as specified above, show Seller is vested with a marketable title, subject to the usual exceptions contained in title insurance commitments (such as exceptions for survey, current taxes, zoning ordinances, covenants, restrictions and easements of record), the transaction will be closed and the limited warranty deed and other closing papers delivered on or before June 17, 2015, unless extended by other conditions of this Agreement or this agreement is canceled by the Buyer with any earnest money forfeited to the Seller. B. If title evidence or survey reveal any defects which render the title unmarketable, Buyer will immediately notify Seller of such title defects and Seller agrees to use reasonable diligence to cure such defects at Seller's expense and will have 30 days to do so, in which event this transaction will be closed immediately after delivery to Buyer of evidence that such defects have been cured. Seller agrees to pay for and discharge all due or delinquent taxes, liens and other encumbrances, unless otherwise agreed. If Seller is unable to convey to Buyer a marketable title, Buyer will have the right to terminate this Agreement, at the same time returning to Seller all title evidence and surveys received from Seller, or Buyer will have the right to accept such title as Seller may be able to convey, and to close this transaction upon the terms stated herein, which election will be exercised within 10 days from notice of Seller's inability to cure.

8. **Loss or Damage:** If the property is damaged by fire or other casualty prior to closing, and cost of restoration does not exceed 3% of the assessed valuation of the improvements located on the Property, cost of restoration will be an obligation of the Seller and closing will proceed pursuant to the terms of this Agreement with cost thereof escrowing at closing. In the event cost of restoration exceeds 3% of the assessed valuation of the improvements and Seller declines to repair or restore, Buyer will have the option of either taking the Property as-is, together with either the said 3% or any insurance proceeds payable by virtue of such loss or damage, or of canceling this Agreement.

9. **Property Condition:** Seller agrees to deliver the Property in its **PRESENT AS-IS CONDITION** except as otherwise specified herein. Seller does hereby certify and represent that Seller has legal authority and capacity to convey the Property with all improvements. Seller further certifies and represents that Seller knows of no latent defects to the Property and knows of no facts materially affecting the value of the Property except the following: _____

_____

Buyer has inspected the Property and accepts the Property in its **PRESENT AS-IS CONDITION**, except as otherwise specified herein.

10. **Personal Property:** Included in the purchase price are all fixed equipment including carpeting, floor coverings, ceiling fans, dishwasher, range, range hood, drapery hardware, attached lighting fixtures, mailbox, fence, plants, and shrubbery as now installed on the property, and these additional items: _____

_____

_____

11. Default and Attorney's Fees: Should Buyer elect not to fulfill Buyer's obligations under this Agreement all earnest monies will be retained by the Seller as liquidated damages and full settlement of any claim, whereupon Buyer and Seller will be relieved of all obligations under this Agreement. If Seller defaults under this Agreement, the Buyer may seek specific performance or elect to receive the return of the Buyer's earnest money deposit. In connection with any litigation arising out of this Agreement, the prevailing party shall be entitled to recover all costs including reasonable attorney's fees.

12. TIME IS OF ESSENCE IN THIS AGREEMENT.

13. Entire Agreement: There are no other agreements, promises or understandings between these parties except as specifically set forth herein. This legal and binding Agreement will be construed under Virginia Law, will not be recorded and if not understood, parties should seek competent legal advice. If any signature is faxed or digitally produced, it shall have the same legal force and effect as an original ink signature.

14. Special Stipulations: The following stipulations, if in conflict with any of the preceding, shall control:

IN WITNESS WHEREOF, all of the parties hereto affix their hands and seals this 11th day of June, 2015.

KC Realty, LLC (Seal)
Seller: Dawn, Manager

(Seal)
Seller:

(Seal)
Buyer: Ben Jonas
(434)409-7735

434 221-6761 (Seal)
Buyer: Seth Wadsworth

THE CITY OF LYNCHBURG, VIRGINIA

BILLINGS & COLLECTIONS
PO Box 9000
Lynchburg, VA 24505-9000

REAL ESTATE BILL

Return Service Requested

TAX YEAR: 2015

Bill Date: 3/2/2016

Current Installment Due Date: 3/15/2016

Billing Questions: 434-455-3850

Assessment Questions: 434-455-3830

WOOD, PATRICIA A
2006 TULIP ST
LYNCHBURG, VA 24504-4722

*** = Prior Tax Year**

* 2013	Real Estate Tax	4	68.82	0.00	68.82	6.88	15.16	0.00	90.86
* 2014	Weed General	1	250.00	0.00	250.00	25.00	39.04	0.00	314.04
* 2014	Real Estate Tax	1	68.82	0.00	68.82	6.88	10.75	0.00	86.45
* 2014	Real Estate Tax	2	68.82	0.00	68.82	6.88	9.33	0.00	85.03
* 2014	Real Estate Tax	3	68.82	0.00	68.82	6.88	7.93	0.00	83.63
* 2014	Real Estate Tax	4	68.82	0.00	68.82	6.88	6.55	0.00	82.25
2015	Real Estate Tax	1	68.82	0.00	68.82	6.88	2.56	0.00	78.26
2015	Real Estate Tax	2	68.82	0.00	68.82	6.88	1.27	0.00	76.97
2015	Real Estate Tax	3	68.82	0.00	68.82	0.00	0.00	0.00	68.82
2015	Real Estate Tax	4	68.82	0.00	68.82	0.00	0.00	0.00	68.82
2015	Weed General	1	250.00	0.00	250.00	25.00	4.60	0.00	279.60
								Grand Total	**4,062.13**

If your mortgage company is responsible for paying your Real Estate Tax, please forward this bill to them immediately.

Please make checks payable to "City of Lynchburg" and return this portion with your payment.
******** PLEASE DO NOT FOLD, STAPLE, PAPER CLIP OR WRITE ON THIS PORTION ********
See reverse side for additional payment methods.

Real Estate Bill **Parcel ID:** **04630001** **Installment:** **3**

Tax Year	Current Installment Amount Due	Current Installment Due Date	Past Due Amount	Future Installments Amount Due	Penalty	Interest	Total Due
2015	68.82	3/15/2016	387.64	68.82	38.76	8.43	572.47
Past Due			2,436.24		243.60	809.82	3,489.66
						Grand Total	4,062.13

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0200463000100000688204062138

WOOD, PATRICIA A
2006 TULIP ST
LYNCHBURG, VA 24504-4722

CITY OF LYNCHBURG
PO BOX 9000
LYNCHBURG, VA 24505-9000

THE CITY OF LYNCHBURG, VIRGINIA

BILLINGS & COLLECTIONS

PO Box 9000
Lynchburg, VA 24505-9000

REAL ESTATE BILL

Return Service Requested

TAX YEAR: 2015

Bill Date: 3/2/2016

Current Installment Due Date: 3/15/2016

Billing Questions: 434-455-3850

Assessment Questions: 434-455-3830

WOOD, PATRICIA A

2006 TULIP ST

LYNCHBURG, VA 24504-4722

*** = Prior Tax Year**

Parcel ID	Property Address	Lot Size	Legal Description
04630001	2006 TULIP ST	0.2603	DAVIS ADD, BLK D 45, PT LOT D

Tax Rate	Land Assessment	Building and Improvement Assessment	Total Assessment
1.11	3,800	21,000	24,800

Tax Year	Description	Installment	Installment Amount	Tax Relief	Amount Due After Relief	Penalty	Interest	Payments	Total Due
* 2011	Real Estate Tax	1	65.10	0.00	65.10	6.51	38.63	0.00	110.24
* 2011	Real Estate Tax	2	65.10	0.00	65.10	6.51	36.82	0.00	108.43
* 2011	Weed General	2	250.00	0.00	250.00	25.00	141.38	0.00	416.38
* 2011	Real Estate Tax	3	65.10	0.00	65.10	6.51	35.03	0.00	106.64
* 2011	Real Estate Tax	4	65.10	0.00	65.10	6.51	33.28	0.00	104.89
* 2012	Real Estate Tax	1	68.82	0.00	68.82	6.88	29.80	0.00	105.50
* 2012	Real Estate Tax	2	68.82	0.00	68.82	6.88	28.07	0.00	103.77
* 2012	Weed General	2	250.00	0.00	250.00	25.00	101.92	0.00	376.92
* 2012	Real Estate Tax	3	68.82	0.00	68.82	6.88	26.36	0.00	102.06
* 2012	Real Estate Tax	4	68.82	0.00	68.82	6.88	24.68	0.00	100.38
* 2012	Weed General	4	250.00	0.00	250.00	25.00	77.72	0.00	352.72
* 2013	Real Estate Tax	1	68.82	0.00	68.82	6.88	19.80	0.00	95.50
* 2013	Real Estate Tax	2	68.82	0.00	68.82	6.88	18.23	0.00	93.93
* 2013	Weed General	2	350.00	0.00	350.00	35.00	92.66	0.00	477.66
* 2013	Real Estate Tax	3	68.82	0.00	68.82	6.88	16.68	0.00	92.38

LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **March 22, 2016** AGENDA ITEM NO.: 14

CONSENT: REGULAR: **X** WORK SESSION: CLOSED SESSION: (Confidential)

ACTION: **X** INFORMATION:

ITEM TITLE: **Reimbursement Resolution for Debt Financing of Capital Improvement Project Expenditures**

RECOMMENDATION: Adopt a resolution authorizing reimbursement from bond proceeds for expenditures made by the City in advance of the issuance and receipt of the bond proceeds in accordance with Treasury Regulation Section 1.150-2.

SUMMARY: The attached reimbursement resolution provides for City Council's authorization to temporarily fund capital expenditures using existing cash until the next bond issue occurs which will permanently finance those capital expenditures. Adoption of the resolution provides greater flexibility with respect to funding decisions related to this and other capital projects.

PRIOR ACTION(S): N/A

FISCAL IMPACT: Undetermined

CONTACT(S): Donna S. Witt, Director of Financial Services, 455-3968

ATTACHMENT(S): Resolution Authorizing Reimbursement

REVIEWED BY: lkp

RESOLUTION OF THE COUNCIL OF THE CITY OF LYNCHBURG, VIRGINIA, TO AUTHORIZE THE REIMBURSEMENT FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS OF EXPENDITURES TO BE MADE BY THE CITY IN ADVANCE OF THE ISSUANCE AND RECEIPT OF THE PROCEEDS OF SUCH TAX-EXEMPT OBLIGATIONS

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LYNCHBURG, VIRGINIA, AS FOLLOWS:

The Council (the "Council") of the City of Lynchburg, Virginia (the "City"), hereby approves the financing of the acquisition, construction, installation, furnishing and equipping of capital improvement projects of and for the City, including public school improvement projects and public buildings, streets and bridges and other general municipal improvement projects and water and sewer improvement projects of and for the City (collectively, the "Projects"), through the issuance and from the proceeds of an issue of not to exceed $20,000,000 principal amount of tax-exempt obligations of the City. Of such total amount of $20,000,000, subject to reallocation by the City from time to time, the amount of $15,000,000 shall be allocable to public school improvement projects and public buildings, streets and bridges and other general municipal improvement projects and the amount of $5,000,000 shall be allocable to water and sewer improvement projects of and for the City.

The Council hereby authorizes the City to make expenditures on the Projects in advance of the issuance and receipt of the proceeds of tax-exempt obligations of the City and hereby declares that the City reasonably expects and intends to reimburse such expenditures from the proceeds of such tax-exempt obligations. The adoption of this resolution shall be considered as a declaration of "official intent" within the meaning of Treasury Regulation Section 1.150-2 promulgated under the Internal Revenue Code of 1986. This declaration of official intent is being made not later than sixty (60) days after the payment of any expenditure contemplated by this resolution to be reimbursed from the proceeds of the tax-exempt obligations to be issued by the City.

This resolution shall take effect upon its adoption.

Adopted:

Certified: _____
Clerk of Council

035K

LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **March 22, 2016** AGENDA ITEM NO.: 15

CONSENT: REGULAR: **X** WORK SESSION: CLOSED SESSION: (Confidential)

ACTION: INFORMATION: **X**

ITEM TITLE: **Body-Worn Camera Policy Review and Camera Demonstration**

RECOMMENDATION: No action required.

SUMMARY: When City Council appropriated grant funds received from the Federal government for the implementation of body-worn cameras in the Lynchburg Police Department it was advised that the policy for the use of the cameras would be shared with Council along with a demonstration of the cameras. The Department of Justice has approved the draft body-worn camera program policy and it is now ready to be shared with Council.

PRIOR ACTION(S): October 27, 2015; City Council appropriated the grant funds for the implementation of the Body-Worn Camera Program

FISCAL IMPACT: Total cost of the implementation of the body-worn camera program is over $400,000.

CONTACT(S): Chief Raul Diaz, 455-6104.

ATTACHMENT(S): October 27, 2015 Council report; Body-Worn Camera Policy

REVIEWED BY: lkp

038K

LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **October 27, 2015** AGENDA ITEM NO.: 14

CONSENT: REGULAR: X WORK SESSION: CLOSED SESSION: (Confidential)

ACTION: **X** INFORMATION:

ITEM TITLE: **Department of Justice-Bureau of Justice Assistance- Body-Worn Camera Pilot Implementation Program Grant**

RECOMMENDATION: Adopt a resolution to amend the FY 2016 City/Federal/State Aid Fund budget and appropriate $205,486 with resources from a Department of Justice-Bureau of Justice Assistance- Body-Worn Camera Pilot Implementation Program Grant and $103,818 from Reserve for Contingencies Fund to purchase and implement a Body-Worn Camera program for the Police Department.

SUMMARY: The City was awarded $205,486 in Department of Justice-Bureau of Justice Assistance- Body-Worn Camera Pilot Implementation Program Grant funding. Funding will be utilized to purchase and implement a Body-Worn Camera (BWC) program for the Police Department. Total cost during FY16 is $309,304 of which $205,486 is reimbursable by the grant. $103,818 is required local funding.

The development and implementation of BWC programs represents a significant change and opportunity for community policing. There is general acknowledgement that an effective BWC program can enhance community relations through increased openness and transparency regarding police operations and interactions with the public. In many communities, the number of complaints regarding officer use of force or other negative interactions has fallen after the implementation of a BWC program.

The City was very fortunate to receive a grant from the Department of Justice for the implementation of a BWC program. In addition to financial support the City will receive guidance on policy development regarding such issues as appropriate utilization guidelines, data retention and information sharing.

Attached are the program narrative for the BWC program that the LPD submitted to the Justice Department and a timeline for implementation. The plan is for the first cameras to be deployed in the Spring of 2016, with full program implementation completed by September 30, 2017, at the end of the grant period. All of the hardware for the BWC will be purchased in FY 2016, with reimbursement from the grant.

Prior to the deployment of BWC's a policy guiding their utilization will be adopted. A draft policy will be shared with community stakeholders for feedback as it will be important that the community have a clear understanding of how BWC's will be utilized, how information will be retained and shared, and how privacy and other individual rights will be protected. Officers will undergo training on camera operations, the BWC program policy, and fair and impartial policing before being issued a BWC.

Although the funding from the Department of Justice is significant, it will not cover the ongoing costs of the program, which are estimated at approximately $350,000 a year in the Police Department alone. The Commonwealth's Attorney has indicated a need for additional personnel at a cost of approximately $135,000 a year. There may be additional costs related to integration with the Commonwealth Attorney's case management system and to facilitate the use of BWC evidence in the courts. Most of the new costs will first appear in the FY2017 budget. More precise cost figures will be developed as program implementation proceeds.

City Council will be briefed on the draft BWC Program Policy and will be given a demonstration of capabilities at a future meeting.

PRIOR ACTION(S): May 26, 2015 Finance Committee – Approval of application submission; October 27, 2015 Finance Committee

FISCAL IMPACT: FY16- $103,818. There will be significant ongoing costs in subsequent fiscal years as illustrated on the attached spreadsheet.

CONTACT(S): Captain R.M. Zuidema, Police Department, 455-6171; Captain M.L. Jamison, Police Department, 455-6168

ATTACHMENT(S): Resolution; BWC Program Narrative; BWC Implementation Timeline; BWC Financials

REVIEWED BY: lkp

RESOLUTION:

BE IT RESOLVED that the FY 2016 City/Federal/State Aid Fund budget is amended and $205,486 is appropriated with resources from a Department of Justice-Bureau of Justice Assistance- Body-Worn Camera Pilot Implementation Program Grant and $103,818 from Reserve for Contingencies Fund to purchase and implement a Body-Worn Camera program for the Police Department.

Introduced: Adopted:

Certified: _____
Clerk of Council

119K

Program Narrative:

Statement of the Problem:

1. The need to equip police officers with body worn cameras has become apparent to the Lynchburg Police Department (LPD) as we strive to remain a progressive, engaged and increasingly transparent law enforcement agency. This need is in the forefront of our agency due to several factors. In recent years the population has grown by over 12,000 people and we have seen a tremendous increase in business development during this same time. As the community experiences a growth in population and business' continue to develop, there will be an increased need for community engagement and operational transparency. In 2014 officers experienced a significant increase in the mental health workload as compared to previous years. In 2014, the LPD saw 475 combined ECO/TDO patients and 175 of these patients ultimately required transport by LPD officers. This is compared to years 2010 -2013 where we averaged 243 combined ECO/TDO patients, with an average of 50 of these patients requiring transport each year. The use of a body worn camera in situations involving a person with an altered mental state would be beneficial not only to the officer, but to the mental health workers who normally have to evaluate patients' prior behaviors based upon incomplete second and third party information.

   High profile community incidents involving LPD officers in recent years have included an officer involved shooting, in custody death as well as numerous uses of force and officer complaints. These incidents have fostered divisive community reactions which might have been resolved more quickly and more definitively had BWC incident video been available. The unbiased objective data that a body worn camera could have

provided in these situations would be invaluable when investigating the incident after the fact. During 2014, LPD had 70, 201 documented interactions with citizens. While the vast majority of these interactions are peaceful, officers utilized force in 62 of the 70,201 interactions. The 62 incidents reflect a 10.2% decrease from the fifteen year average of 69 incidents. Within the 62 incidents, however, 117 individual application of force were used due to the fact that more than one officer could be involved in the same incident. This is an 11.4% increase from the fifteen year average of 105 individual applications. The following summarizes the 117 individual applications of force by LPD officers during 2014:

- 82 applications of physical force to subdue an individual (70.1%)
- 25 applications of a Taser to subdue an individual (21.4%)
- 4 applications of flash-sound diversionary devices during Tactical Unit operations (3.4%)
- 1 application of OC spray to subdue an individual (0.9%)
- 2 applications of a firearm to address a vicious dog (1.7%)
- 3 applications of spike strips to terminate a vehicle pursuit (2.6%)

In 29 of the 62 use of force incidents (46.8%), one officer applied force in one of the above categories. The LPD experienced a 34.5% increase in use of force applications in 2014 (up from 87 to 117); and a 31.9% increase in use of force incidents (up from 47 to 62) when compared to 2013. The number of use of force applications in 2014 was 11.4% above the fifteen year average; the number of use of force incidents in 2014 was 10.1% below the fifteen year average. The following chart summarizes departmental use of

force data and related data for the past fifteen years - including arrests, injuries and a breakdown by type of force used in various use of force incidents:

Use of Force Incident Data													
	Use of Force				Arrests		Injury Data						
Year	UoF Incidents	% Change	Uses of Force	% Change	# of Arrests Made	% Change	Minor Injuries to Suspects	% Change	Minor Injuries to Suspects - Taser	% Change	Minor Injuries to Officers	% Change	% Incidents w/injuries to suspect
2000	66		78		7457		17				5		25.8%
2001	77	16.7%	90	15.4%	7601	1.9%	21	23.5%			10	100.0%	27.3%
2002	88	14.3%	95	5.6%	6790	-10.7%	33	57.1%			19	90.0%	37.5%
2003	61	-30.7%	88	-7.4%	6440	-5.2%	23	-30.3%			10	-47.4%	37.7%
2004	49	-19.7%	89	1.1%	6573	2.1%	17	-26.1%			14	40.0%	34.7%
2005	59	20.4%	97	9.0%	6770	3.0%	26	52.9%			19	35.7%	44.1%
2006	101	71.2%	181	86.6%	7268	7.4%	63	142.3%			39	105.3%	62.4%
2007	81	-19.8%	138	-23.8%	7273	0.1%	34	-46.0%			14	-64.1%	42.0%
2008	70	-13.6%	98	-29.0%	7323	0.7%	49	44.1%			13	-7.1%	70.0%
2009	75	7.1%	112	14.3%	6949	-5.1%	60	22.4%			9	-30.8%	80.0%
2010	70	-6.7%	106	-5.4%	7193	3.5%	37	-38.3%			18	100.0%	52.9%
2011	66	-5.7%	109	2.8%	7072	-1.7%	40	8.1%			14	-22.2%	60.6%
2012	56	-15.2%	95	-12.8%	7155	1.2%	20	-50.0%	25	N/A	14	0.0%	35.7%
2013	47	-16.1%	87	-8.4%	6654	-7.0%	22	10.0%	14	-44%	17	21.4%	46.8%
2014	62	31.9%	117	34.5%	6022	-9.5%	23	4.5%	20	43%	8	-52.9%	37.1%
Average	69		105		6969		32		20		15		46.3%

Beginning with the 2012 LPD Use of Force Annual Report, minor injuries caused to suspects were separated into two categories: injuries caused by Taser probes and a second category capturing all other minor force-related injuries. This categorization more clearly demonstrated that the majority of injuries related to Tasers are superficial puncture wounds caused by the probes that require little or no medical treatment. Use of force data for 2013 showed a 4.5% increase in the number of suspect injuries during non-Taser use of force incidents when compared to the previous year (up from 22 to 23). During the same timeframe, there was a 43% increase in the number of suspect injuries during Taser use of force incidents (up from 14 to 20). As we continue to track injuries

caused by Taser applications, we will develop a more accurate picture of legitimate suspect injuries based on historical data. In an effort to successfully minimize injuries to both suspects and officers during use of force incidents, the department continues to provide annual training to its officers as it relates to defensive tactics and related areas. However, it is recognized that due to the circumstances involved in many use of force incidents, some injuries are likely to occur.

	Use of Force Applications by Type									
Year	Physical Force	% Change	OC Spray	% Change	Taser	% Change	Canine	% Change	Tactical	% Change
2000	20		31		X		2		3	
2001	30	50.0%	38	22.6%	X	N/A	2	0.0%	1	-66.7%
2002	46	53.3%	29	-23.7%	2	N/A	9	350.0%	0	-100.0%
2003	47	2.2%	18	-37.9%	1	-50.0%	1	-88.9%	2	N/A
2004	58	23.4%	19	5.6%	2	100.0%	0	-100.0%	5	150.0%
2005	60	3.4%	17	-10.5%	2	0.0%	1	N/A	7	40.0%
2006	136	126.7%	30	76.5%	3	50.0%	2	100.0%	4	-42.9%
2007	87	-36.0%	23	-23.3%	14	366.7%	0	-100.0%	7	75.0%
2008	45	-48.3%	4	-82.6%	40	185.7%	2	N/A	7	0.0%
2009	50	11.1%	6	50.0%	47	17.5%	1	-50.0%	8	14.3%
2010	50	0.0%	3	-50.0%	46	-2.1%	1	0.0%	4	-50.0%
2011	64	28.0%	2	-33.3%	36	-21.7%	1	0.0%	6	50.0%
2012	54	-15.6%	4	100.0%	24	-33.3%	0	-100.0%	9	50.0%
2013	58	7.4%	2	-50.0%	19	-20.8%	0	#DIV/0!	6	-33.3%
2014	82	41.4%	1	-50.0%	25	31.6%	0	#DIV/0!	4	-33.3%
Average	59		3		34		1		5	
			Average 2008-Present (full Taser implementation)		Average 2008-Present (full Taser implementation)					

During 2014, 46 internal investigations were conducted based on allegations of misconduct or inappropriate performance/demeanor by LPD officers. Of these investigations, 18 (or 39%) allegations were misconduct complaints and 28 (or 61%) allegations were performance/demeanor complaints. Investigation of misconduct allegations would obviously be enhanced by BWC evidence. Consistent, objective video

documentation of citizen encounters with officers would be proven an invaluable resource when investigating use of force incidents and claims of officer misconduct.

2. The City of Lynchburg is located in central Virginia. The City is 49.8 square miles and has a population of 78,014 according to the 2013 U.S. Census. The current demographic statistic report shows that Lynchburg is 65.8% white, 28.6% black and 5.6% other (comprised of mostly Asian and Hispanic/Latino). Lynchburg's population below the poverty level is at 22.7% which is much higher than the national average of 14.5% and even the Virginia state level of 13.3%.
3. BWC systems will provide us with a non-biased view of incidents and allow us to conduct more thorough investigations into complaints against employees , and more objectively review use of force incidents. Over the last five years the LPD has investigated a total of 212 complaints against employees. Of these, 46% were either non-sustained or unfounded. Over the same time period officers with the LPD were involved in 300 incidents of Use of Force where 513 applications of force were used by individual officers. The LPD believes that the use of BWC systems will promote the following results:
    - ultimately reduce the amount of citizen complaints against employees;
    - ultimately reduce the frequency and degree of officer application of force;
    - lead to more conclusive findings in the internal investigations of complaints against employees;
    - provide officers with incident information that will enhance reporting accuracy;
    - reduce the staff hours required to complete complaint and use of force investigations;

- promote LPD operational transparency and thus enhance both citizen and officer accountability;
- facilitate identified training needs and take corrective action when necessary;
- allow for random audits of officer operational effectiveness. Again as a means of identifying training needs and job performance issues.

4. The expectation for the availability of digital evidence in the adjudication of cases has increased significantly over the past several years. Prosecutors, judges and juries are routinely asking for digital evidence of arrest situations in order to more accurately assess the merits of a criminal case. Although many of our patrol vehicles are equipped with in-car cameras, these devices only capture video of events that occur directly in front of the vehicle and audio for a very limited range away from the vehicle. The implementation of body worn cameras will allow officers to capture incidents (regardless of location) that regularly lead to arrests and criminal prosecution. Additionally, countless hours are currently spent investigating citizen complaints of officer misconduct and officer use of force applications. Investigating supervisors often receive conflicting accounts of the incident from the involved citizen and the involved officer. The implementation of body worn cameras would allow supervisors to bring these investigations to a more accurate and efficient resolution.
5. The LPD is committed to maintain an engaged, professional and service-oriented approach to working with other community members. We clearly recognize that proactive, effective policing is not all about enforcement efforts. Our collective success is ultimately dependent upon how effectively we educate the community and how positively engaged LPD employees are within the community. Ultimately all three of

these priority areas are dependent upon the various relationships we establish and maintain throughout the community: that is why we invest so heavily in them. We enjoy a strong working relationship with the following organizations: the Lynchburg Commonwealth's Attorney's Office, the Lynchburg Chapter of the NAACP, the Lynchburg City School System, the Boys and Girls Club of Greater Lynchburg, The Salvation Army, The United Way of Central Virginia, CASA, the Mental Health Association of Central Virginia, The Commonwealth Autism Board, the Community Criminal Justice Board, the Crisis Intervention Training Advisory Board, the Central Virginia Traffic Safety Board, the Blue Ridge Regional Safety Board, the Regional Domestic Violence Coalition, the YWCA Advisory Board, and a host of other community entities and regional law enforcement partners. Though this list is certainly not all encompassing, it does shed some insight on how we work collaboratively with the community to provide effective law enforcement services here in Lynchburg. If awarded this grant, we would certainly demonstrate this same collaborative spirit in how we implement and maintain our BWC program – from policy development and implementation to installation/usage of cameras, to the uploading of data to storage and the management of the data. This level of cooperation also speaks to the fact that the LPD's ultimate purpose for a BWC program is to enhance our operational transparency. We feel that it is very important that we be able to effectively utilize all available technology to capture video/audio of our officers' interactions with the public – this is predicated upon recent events around the country that are inevitably impacting the entire law enforcement profession. The benefit of this is two-fold. It will enable us to effectively capture as much evidentiary information as possible with regards to criminal

and traffic-related violations that will ultimately wind up in court; and it will afford the Department with as much information as possible as we investigate complaints against our officers – this is important because we need to be able effectively refute allegations that are false and have no merit and, conversely we need to know when allegations are merited so we can take the appropriate action – whether it be identified training needs or require disciplinary action.

6. We will seek input from and partner with the Commonwealth of Virginia Attorney General's Office, the Lynchburg City Attorney's Office and the 24th Judicial District Magistrate's Office in developing policies and tracking mechanism that deal with legal liabilities of FOIA. We will review the Library of Virginia storage, retention, redaction and expungement requirements and implement policies to adhere to those standards. The LPD will partner with the 24th Judicial District Magistrate's Office, local Public Defenders Office, NAACP, ACLU, YWCA, Coalition against Domestic Violence, Lynchburg Juvenile Services and other victim advocacy groups to ensure privacy and civil rights concerns are addressed.
7. The LPD is currently authorized 170 sworn officer positions and 3 sworn grant officer positions for a total of 173 sworn officers. All of our sworn personnel have daily interaction with members of the community outside of the agency. The LPD is projecting to outfit 173 of our sworn personnel with body-worn camera systems.

Project Design and Implementation:

Please see attached "Project Design and Implementation Timeline"

Capabilities and Competencies:

A. The LPD currently has five information technology (IT) positions with a combined 76 years of Public Safety Information Systems support experience. This experience includes, but is not limited to, the following support areas: an information desk, computer hardware/software, smart phone, server, networking, 800\900 MHz portable radio, in-car digital video, programming, and database administration. To help protect the confidentiality of criminal history records, the LPD IT staff maintains a firewall to segregate its network from the rest of the City of Lynchburg municipal offices.

B. It is LPD policy development practice to seek input from all internal and external resources. We consult with and review other law enforcement agencies policies and the International Association of Chiefs of Police policies. We also consult with stakeholders in the community such as the Commonwealth Attorney's Office, juvenile probation and parole and our emergency communications center. Furthermore, when the LPD develops a policy, we take into consideration what the best professional practices are according the Commission on Accreditation for Law Enforcement Agencies (CALEA). The LPD has been accredited by CALEA since 1989: our agency was re-accredited with distinction in March, 2015. Once a rough draft of a policy has been developed, the policy is submitted through a review process, and is revised by the Accreditation Manager, the Division Captains, the Deputy Chiefs and the Chief of Police. Additionally, we solicit the opinions of employees within the department so in order incorporate the widest possible range of opinion into the policy appraisal. After the review process has been completed, and the policy is finalized by the Chief of Police, the policy is electronically placed on the

department's eSign System. The eSign system is the primary source of internal communication, and allows for department wide employee distribution, and review of the policy. After reviewing the policy and electronically acknowledging an understanding of the responsibilities and expectations associated with the policy, the employee will then complete an electronic test based on the policy's content. This test will evaluate the employees understanding of the material, and be used as one of many sources of training for the department. Additionally, policy changes are communicated to officers and department staff through roll call training at the beginning of their shift, employee in service training sessions, and biennial weapons and equipment qualification training days.

CALEA promotes a "best practices" standards for law enforcement agency use of in-car and body worn camera systems. The LPD is currently in compliance with the in car camera portion of the standard. LPD will create a policy to comply with the body worn camera portion of the standard if and when the LPD acquires body worn cameras. When creating a body worn camera policy, the LPD will consider the following at a minimum:

a. A statement on purpose and organizational philosophy regarding use of the device, to include who will be assigned the device and where on the uniform it will be worn.
b. Detailed recording protocols including requirements and restrictions for activation and deactivation of the device

c. Criminal and administrative use of camera captured data, to include circumstances in which supervisors are authorized to review body worn camera footage, as well as release recorded data outside the department.

d. Data storage and retention requirements for both evidentiary and non-evidentiary data.

e. Equipment maintenance and inspection procedures for the device.

f. Training requirements for users and supervisors to include a review of related state laws, as well as scenario based training in which the activation and deactivation of the camera may occur.

g. Requirements for a documented review of camera captured data including frequency and quantity.

The LPD acknowledges that the establishment of policy is critical to recognize enhanced organizational credibility, which can be accomplished through the deployment of body worn cameras. LPD must be consistent in our activation of body worn cameras, as well as the application of captured data to build and maintain community trust.

C. The LPD's network structure consists of 1 Gigabyte per second data connections. Our devices are interconnected using mainly Cisco networking devices and is segregated from the rest of the City's network by a Cisco Adaptive Security Device (ASA). Servers installed on our network include Domain and File Services, SQL, RMS, Automated License Plate Recognition (ALPR), In-Car Video and other Public Safety related services. LPD users utilize a total of 250 computers, laptops and tablets. Seventy-four of our users have been issued Apple iPhones.

D. In 2012 the LPD was awarded a grant to begin a Crisis Intervention Team (CIT) program for the Central Virginia region. One requirement of the grant was that a broadly representative advisory group be formed from the criminal justice, public safety and mental health treatment communities to provide input, guidance, policy perspective and support of this program. From this collaboration the Lynchburg-Central Virginia CIT Advisory Council (LCV CIT) was created. It began with twelve members and currently stands at seventeen. As new resources were discovered within the community, they were invited to participate in the work of the Council. The LCV CIT program conforms in all respects to the state requirements established in Virginia Code and in three short years has become one of the leading CIT programs in the Commonwealth of Virginia.

The program is built around a training platform that teaches the improvement of communication skills to law enforcement officers and other first responders so that they can more effectively communicate with persons with mental illness or other behavioral or developmental disabilities. This is important because when such people are in a crisis state of mind they may not be able to communicate their needs in a way that others understand or they may act out in a violent or bizarre manner due to frustration. The ability of officers to understand people in crisis allows them to de-escalate potentially violent or hazardous situations. It also allows them to communicate effectively with mental health treatment professionals in making a custody transfer which is critical to the treatment and recovery of the person in crisis. It also provides far greater potential for such people to be taken into treatment rather

than inappropriately incarcerated where their mental health problem might well be exacerbated.

The training program consists of instructors from nearly all of the community partners plus additional volunteer instructors. Approximately thirty instructors participate in each 40-hour class representing ten of the Council member agencies. This program, operating completely within Virginia Code, has changed the way in which calls involving persons in mental health crisis are handled in Central Virginia. It has greatly reduced the amount of time that patrol officers must retain custody of persons before they can return to their other duties and it has reduced the number of incidents that involve violent behavior which have the potential of injury to both the person in crisis, the first responders and/or the mental health treatment professionals involved.

The mental health treatment agencies who are partners in this program have service areas that far exceed the City of Lynchburg. The LCV CIT program has reached out to the law enforcement agencies of four surrounding counties, three towns and two higher education institutions and brought them into the program through a permanent committee of the Advisory Council. In this way, the improvements in training, procedures and handling of consumers is shared throughout the entire Central Virginia region served by the mental health treatment community. Since October of 2013, nearly 200 law enforcement officers (roughly 50%) and first responders have been trained toward our goal of having 90% of all law enforcement officers trained by the end of 2017.

The LCV CIT program members are: the LPD, Horizon Behavioral Health, Centra Health, HumanKind, Lynchburg Commonwealth's Attorney, Chief Magistrate 24th Judicial District, Community Corrections and Probation Services, Lynchburg Fire Department, Lynchburg Sheriff's Office, Mental Health America of Central Virginia, Lynchburg Department of Emergency Services, the Public Defender's Office, the Department of Social Services, Adult Protective Service, Roads to Recovery Addiction Counseling and Recovery, the Virginia Wounded Warriors Program and the Johnson Health Center (a Federally Qualified Health Center).

The permanent Law Enforcement Committee consists of all area law enforcement agencies; including five sheriff offices, three town police departments, two college/university police departments, the Blue Ridge Regional Jail Authority and the LPD.

E. The LPD has a laptop installed in each of its patrol vehicles. Each of these devices has Sungard's Mobile Computing Application (MCT) installed. The purpose of MCT is to connect officers, supervisors and dispatch personnel to life-saving information. In order to manage the Internet/VPN connection our programming staff wrote a custom application called Mobile Connect. Mobile Connect automates the process of dialing/connecting a cellular modem and establishing our agency's virtual private network(VPN), which in turn allows the required data connection to our dispatch center's Computer Aided Dispatch(CAD) system. Our department created a custom Mobile Field Reporting system that allows Officers to electronically file reports and other documents.

F. Please see attached "Letters of Support"

Program Continuity:

The LPD presented the Body-Worn Camera Pilot Implementation Program to the City of Lynchburg, City Council during the May 26, 2015 Finance Committee Meeting to seek their approval of submission for this grant application. The City Council members present approved the submittal with the understanding that once the grant funding period ended, the City would be required to financially absorb the costs of the BWC program.

Plan for Collecting the Data Required for this Solicitation's Performance Measures and Sustainment:

The LPD will hire a full-time employee to manage the Body-Worn camera system. This individual will be responsible for collecting the data and meeting the requirements of the grant solicitation as provided by the performance measures of the solicitation which follow:

Objective	**Performance Measure(s)**	**Data Grantee Provides**
Improve transparency and accountability in encounters between police and the public by deploying body-worn cameras (BWC) and train law enforcement personnel on appropriate BWC privacy policies and operational procedures	Percent of eligible officers within the department wearing body- worn cameras	During the reporting period: Number of officers within the department eligible for body-worn cameras Number of officers using body-worn cameras purchased by the grant
	Percent of law enforcement officers trained on the BWC policies and procedures including usage, analysis, and management	During the reporting period: Number of staff identified to receive training on the policies and procedures of BWCs by staff type: a) sworn personnel b) non-sworn personnel Number of staff trained on the usage of BWCs by staff type: a) sworn personnel b) non-sworn personnel Number of staff trained on the analysis of management of BWC data by staff type:

		a) sworn personnel b) non-sworn personnel
Establish privacy policies and operational procedures governing body-worn cameras (BWC) that are transparent, accessible to the public and address BWC issues involving legal liabilities of FOIA, civil rights, domestic violence, juvenile groups, and victim's groups	Number of new policies developed that address the key BWC policy and procedures areas	During the reporting period: Number of policies created that address the following BWC policy and procedures areas 1. Assignment of cameras 2. Personal cameras 3. Data protection/storage/transfer 4. Data management/ tracking/ and analysis 5. Data request procedures 6. Collaboration and coordination with associated agencies or organizations (e.g., police unions, prosecutors, courts) 7. Data retention 8. Data tagging 9. Camera placement 10. Documentation of camera usage/failure to use 11. Recording guidance/recording discretion 12. Preserving video evidence 13. Recording crime victims 14. Recording statements from witnesses or citizen informants 15. Prohibited recordings 16. Officer review of footage 17. Supervisor review of footage 18. Internal audit review of footage 19. Review procedures for investigating complaints 20. Public disclosure 21. Training
	Percent decrease in the number of citizen-officer (public) complaints	During the current reporting period, number of citizen-officer (public) complaints
	Percent decrease in the number of substantiated citizen-officer complaints	During the current reporting period, number of substantiated citizen-officer (public) complaints During the current reporting period, number of unsubstantiated citizen-officer (public) complaints

	Percent decrease in the number of use-of-force reports filed	During the current reporting period, number of use-of-force reports filed
Implementation of a BWC program developed in a planned and phased approach that first achieves broad stakeholder, local political leadership, community engagement and then leverages partnership input to address policy, training, deployment and ultimately procurement-related requirements.		During the reporting period: A. Number of external partners participating in the BWC initiative B. Number of external partners who commit their participation in the BWC initiative formally through a Memorandum of Understanding, by type 1. Court representatives 2. Police union representatives 3. Prosecutors 4. Public defenders 5. Victim advocates 6. General public 7. Other external organizations Number of new staff positions created/classified as a result of the BWC initiative
Training and Technical Assistance: Increase the knowledge of criminal and tribal justice practitioners through: • In-person training. • Web-based learning. • Distance learning using CD/DVDs. • Developing or revising training curricula.	Percentage of in-person or web- based participants who successfully completed the program Percentage of in-person or web- based participants who rated the training as satisfactory or better Percentage of in-person or web- based participants trained and subsequently demonstrated performance improvement Percentage of organizations that rated the training as satisfactory or better	Number of **in-person trainees** who: • Attended each training • Completed each training • Completed an evaluation • Rated the training as satisfactory or better • Completed a pre- and post-test • Had an improved post-test score over their pre-test Number of **web-based trainees** who: • Started the training • Completed the training • Completed an evaluation • Rated the training as satisfactory or better • Completed a pre- and post-test • Had an improved post-test score over their pre-test Number of **organizations** that: • Received CD/ DVDs • Received CD/DVDs that responded to the survey • Rated the CD/DVD as satisfactory or that

		the CD/DVD met their training needs Number of **training curricula** • Developed • Pilot tested • Revised after being pilot tested.
	Number of curricula developed Number of curricula that were pilot tested Percentage of curricula that were revised after pilot testing	
Increase a criminal justice agency's ability to solve problems and/or modify policies or practices.	Percentage of agencies that rated services as satisfactory or better Percentage of agencies that implemented one or more recommendations Percentage of people who received peer visits who reported that the visit to the other agency was useful in providing information on policies or practices Percentage of people who received peer visits who implemented one or more policies or practices 6 months after they were observe Percentage of requesting agencies of other onsite services who rated the services provided as satisfactory or better Number of web sites developed	For the current reporting period: • Number of onsite visits completed • Number of agencies that completed an evaluation of services • Number of agencies that rated the services as satisfactory or better • Number of reports submitted to requesting agencies after onsite visits • Number of requesting agencies that implemented one or more of the report recommendations 6 months after onsite visit • Number of peer-to-peer visits completed • Number of people who received peer visits who completed an evaluation • Number of people who received peer visits who reported that the visit was useful in providing information on policies or practices • Number of people who received peer visits who implemented one or more policies or practices 6 months after they were observed • Number of people who received peer visits • Number of requesting agencies who completed an evaluation • Number of requesting agencies that rated the services provided as satisfactory or better • Number of web sites developed • Number of web sites maintained

	Number of web sites maintained Number of publications developed Number of publications disseminated Percentage of resolved calls for assistance	• Number of publications developed • Number of publications disseminated • Number of information requests • Number of information requests responded to.
Increase the dissemination of information to help build capacity.	Number of conferences or forums held. Percentage of advisory/focus groups evaluated as satisfactory or better Number of publications developed Number of publications disseminated Percentage of evaluations rating the materials as satisfactory or better Number of trainings conducted Percentage of participants who rated the training as satisfactory or better	For the current reporting period: • Number of advisory/focus groups held • Number of advisory/focus group attendees who completed an evaluation • Number of advisory/focus group attendees rated the advisory/focus group as satisfactory or better • Number of documents produced as a result of advisory/focus groups • Number of documents disseminated to the field as a result of advisory/focus groups • Number of evaluations provided • Number of agencies that rated the product as satisfactory or better • Number of training activities conducted • Number of trainees who completed an evaluation • Number of trainees who rated the training satisfactory or better

Thank you for your consideration.

Body-Worn Camera Implementation Timeline

Date	Objective / Goal	Performance Measure
October 2015	Accept award and begin internal approval process	City Council approval of grant acceptance
Oct – Dec 2015	Choose Body Worn Camera (BWC) vendor	Sign procurement contract with identified vendor in compliance with the eighteen required operating characteristics. – The LPD's BWC Program Coordinator will be responsible for identifying a vendor in compliance with the eighteen required operating characteristics.
Oct – Dec 2015	Develop BWC policy with stakeholder input.	Finalize and approve policies in compliance with BJA guidelines- The Office of the Chief of Police will be responsible for final approval of BWC policies that include BJA guidelines
Dec 2015 – Mar 2016	Develop training programs for use of BWC and begin initial training for BWC deployment.	Implementation of training programs: Officers will receive internal/external training on all facets of BWC.- The LPD's BWC Program Coordinator will be responsible for internal/external training on BWC
Dec 2015 – Mar 2016	Begin a Public Awareness Campaign.	Number of completed public awareness events: social media releases, PSA's and number of local media stories on LPD BWC program.-The LPD's BWC Program Coordinator will be responsible for Public Awareness Campaign
March 2016	Deliver specialized training to criminal justice partners to include but not limited to: dispatchers, magistrates, judges, security officers, mental health treatment professionals, social service workers, youth serving organizations and attorneys	Number of training programs attended by listed partners- The LPD's BWC Program Coordinator will be responsible for delivery of specialized training on BWC
Apr 2016 – June 2016	Deploy BWC to previously trained officers	Number of cameras deployed- The LPD's BWC Program Coordinator will be responsible for deploying cameras
Apr 2016 – June 2016	Assess compatibility of training programs and operational functionality based on initial deployment of BWC	Feedback from officers utilizing BWC- The LPD's BWC Program Coordinator will be responsible for assessing the training programs and operational functionality
Apr 2016 – June 2016	Revise training curriculum as needed to continue training officers	Number of officers trained- The LPD's BWC Program Coordinator will be responsible for revising training curriculums as needed.
Apr 2016 – June 2016	Collecting outcome measures to assess BWC implementation	Tabulation of collected data for reporting to BJA to include Use of Force Incidents and Citizen Complaints- The LPD's BWC Program Coordinator will be responsible for collecting outcomes measures to assess BWC implementation.

Apr 2016 – June 2016	Evidence collected to aid in prosecution of cases	Number of cases where BWC evidence was used in the prosecution of cases- The LPD's BWC Program Coordinator will be responsible reporting the number of cases where BWC evidence was used.
July 2016 – Dec 2016	Deploy additional BWC based on training completion	Number of cameras deployed- The LPD's BWC Program Coordinator will be responsible deploying additional BWC
July 2016 – Dec 2016	Collect outcome measures to assess BWC implementation	Tabulation of collected data for reporting to BJA to include Use of Force Incidents and Citizen Complaints- The LPD's BWC Program Coordinator will be responsible for collecting outcomes measures to assess BWC implementation.
July 2016 – Dec 2016	Review BWC initial implementation with identified stakeholders	Number of stakeholder feedback provided- The LPD's BWC Program Coordinator will be responsible for reviewing initial implementation with identified stakeholders.
July 2016 – Dec 2016	Follow up public awareness feedback sessions Secure funding sources for continued BWC program	Number of people providing feedback- The LPD's BWC Program Coordinator will be responsible following up on public awareness feedback sessions. City Council approval of funding – The LPD Finance Office will be responsible for securing funding sources through City Council Approval for continued BWC program.
July 2016 – Dec 2016	Evidence collected to aid in prosecution of cases	Number of cases where BWC evidence was used in the prosecution of cases-The LPD's BWC Program Coordinator will be responsible reporting the number of cases where BWC evidence was used.
Jan 2017 – Sept 2017	Collect outcome measures to assess BWC implementation	Tabulation of collected data for reporting to BJA to include Use of Force Incidents and Citizens Complaints- The LPD's BWC Program Coordinator will be responsible for collecting outcomes measures to assess BWC implementation.
Jan 2017 – Sept 2017	Finalize training for remainder of officers	Number of officers trained-The LPD's BWC Program Coordinator will be responsible for finalizing training curriculum for remainder officers.
Jan 2017 – Sept 2017	Deploy remainder of BWC to trained officers	Number of cameras deployed-The LPD's BWC Program Coordinator will be responsible deploying remainder of BWC
Jan 2017 – Sept 2017	Policy Review	Feedback from officers as well as identified stakeholders- The Office of the Chief of Police will be responsible for BWC policy review.

Jan 2017 – Sept 2017	Evidence collected to aid in prosecution of cases	Number of cases where BWC evidence was used in the prosecution of cases-The LPD's BWC Program Coordinator will be responsible reporting the number of cases where BWC evidence was used.
Aug 2017 – Sept 2017	BWC program evaluation with identified stakeholder input	Final report with lessons learned-The LPD's BWC Program Coordinator will be responsible for the BWC evaluation and final report.
Oct 2015 – Sept 2017	Prepare quarterly reports as required by grant guidelines	The LPD Finance Office will be responsible for the preparation and submission of all quarterly grant reporting.

Grant covered costs		
Body worn cameras	$104,825.00	
Mounting kits	$34,991.00	
Docking stations	$44,370.00	
Assurance program	$6,300.00	
Training	$15,000.00	
	$205,486.00	

City covered expenses (MATCH) - over 2 years		
Salary	$94,737.00	BWC Coordinator & 5% of 5 current employees' time
Benefits	$39,062.00	BWC Coordinator & 5% of 5 current employees' time
Evidence.com storage	$74,990.00	
Office equip/phone for NA(I)	$4,903.00	
	$213,692.00	

City funding needed during FY16		
Evidence.com	$34,800.00	
Axon Signal	$27,900.00	
RMS Integration	$24,000.00	
Admin. Licenses	$2,340.00	
Internet Bandwith increase	$14,778.00	
	$103,818.00	

City funding needed during FY17		
BWC Program continuation	$190,125.00	
Internet Bandwith increase	$29,566.00	
Network Administrator I	$52,843.00	
Office Equip/phone for NAI	$4,903.00	
PD only RMS upgrade	$271,169.00	
4G Aircard upgrades	$21,000.00	necessary for RMS upgrade
Fair & Impartial Policing Training	$5,000.00	added to training budget
	$574,606.00	

City funding needed during FY18	
BWC Program continuation	$214,200.00
Internet Bandwith increase	$29,566.00
Network Administrator I	$52,843.00
PD only RMS maintenance	$27,190.40
4G Aircard service	$21,000.00
	$344,799.40

City funding needed during FY19	
BWC Program continuation	$214,200.00
Internet Bandwith increase	$29,566.00
Network Administrator I	$52,843.00
PD only RMS maintenance	$27,190.40
4G Aircard service	$21,000.00
	$344,799.40

City funding needed during FY20	
BWC Program continuation	$214,200.00
Internet Bandwith increase	$29,566.00
Network Administrator I	$52,843.00
PD only RMS maintenance	$27,190.40
4G Aircard service	$21,000.00
	$344,799.40

WRITTEN DIRECTIVE	No. PD - 0408	Page: 1 of 7
Subject: BODY WORN CAMERA SYSTEM	Effective Date: 03-16-16	
	Supersedes/ Amends: **NEW**	
	Reference:	

I. Purpose

The purpose of this directive is to establish guidelines and procedures for the use of Body Worn Cameras (BWCs) by officers of the Lynchburg Police Department.

II. Policy

It shall be the policy of the Lynchburg Police Department to utilize body worn cameras to assist with the documentation of events, actions, conditions, and statements, to enhance officer reporting, performance management, collection of evidence, and testimony in court. The use of BWCs will be consistent with departmental policy and compliant with State, Federal and Constitutional law. BWCs may be used by LPD employees for the following purposes:

A. To document appropriate officer behavior during encounters with citizens.

B. To record criminal events committed against officers, or members of the community, and to provide evidence of those events in court.

C. To accurately document crime scenes, the discovery of evidence, and the actions of responding officers to active scenes.

D. To aid in the documentation of victim, witness, and suspect statements during on-scene investigations.

E. To provide a training tool to improve performance, and to ensure the professionalism of all officers.

F. Other uses approved by the Chief of Police, or his designee.

III. Procedure

A. BWC equipment will be issued to sworn personnel as directed by the Chief of Police.

B. All BWC equipment and recorded data is the property of the Lynchburg Police Department. All equipment malfunctions shall be reported to a supervisor as soon as possible so a replacement can be issued.

C. All employees will be trained in the proper use of all BWC components prior to using the BWC system. Training will be conducted by personnel approved by the Chief of

Police. The training received will be documented and included in the personnel and training file for each employee.

D. Officers will only use BWC equipment that is issued and approved by the Lynchburg Police Department. The use of any other personal digital recording devices is prohibited.

E. Employees are prohibited from downloading, displaying or posting BWC digital recordings for any reason other than a legitimate law enforcement purpose.

1. This includes making a digital recording of the BWC recording with another device such as a smart phone.

2. LPD employees shall not share, post, or provide copies of BWC digital recordings with anyone outside the Lynchburg Police Department, other than the City Attorney and members of the Commonwealth Attorney's Office, without approval from the Chief of Police or his designee.

F. As a general rule, BWC digital recordings will not be released outside of the Lynchburg Police Department except under discovery, subpoena, court order, or as provided under the provisions of the Virginia Freedom of Information Act.

1. Digital Recordings may be released to the Police Academy or similar agency as a training aid with the approval of the Chief of Police.

2. Any requests for BWC digital recordings from anyone other than the City Attorney or the Commonwealth Attorney's Office will be directed to the Professional Standards Division for review.

IV. Officer Responsibilities

The BWC will enhance, not replace, the perspectives of officers during the course of their law enforcement duties. BWC digital recordings provide an unbiased account of events, and provide valuable evidence for criminal and administrative investigations. BWCs will be used in police/citizen contacts except in those situations exempted and prohibited by this policy.

A. Each officer shall inspect his or her assigned BWC prior to each shift to ensure the device is fully charged, and functioning properly. Any malfunctions shall be reported to a supervisor as soon as possible.

B. The BWC shall be properly affixed, as directed in training, on the person of uniformed officers at the beginning of each shift to include off duty shifts. The BWC will be worn the entire shift utilizing only the mounting options provided by the manufacturer.

1. This is not to prevent an officer from removing the BWC when inside secure department facilities during breaks, or when completing paperwork.

2. Plain clothes officers will not be required to wear BWCs except when taking pre-planned enforcement action, or as otherwise directed by a supervisor.

3. Plain clothes officers shall have their BWCs immediately available while on duty.

C. When reasonable and practical, and safe to do so, officers will advise citizens that the encounter is being recorded by a BWC.

D. Once a BWC is activated it will continue recording until the citizen interaction has concluded.

1. Exceptions can be made when the digital recordings clearly provide no evidentiary value such as waiting for tow trucks, directing traffic, and other situations approved by a supervisor.

2. Prior to deactivating the BWC the officer shall verbally state the reason for ending the recording.

3. Should the situation change, and a digital recording would be of evidentiary value, the officer shall immediately reactivate the BWC.

E. Any time a BWC is used to capture an event the officer will note in the narrative section of the incident report that a BWC digital recording was recorded. In instances where no report is done the officer will indicate in the computer aided dispatch (CAD) notes that a BWC digital recording was created.

F. In the event that a BWC was not used, or was discontinued prior to the end of an incident, an explanation will be documented in the incident report, or the CAD notes of the call. This documentation will include the name of the supervisor who authorized the BWC deactivation when applicable.

G. Officers shall not attempt to alter, edit, or delete any BWC recording under any circumstance.

1. In cases of accidental digital recordings that are of no evidentiary value, the digital recording can be tagged as “non-evidentiary” in Evidence.com, and will be purged according to the pre-determined retention schedule.

H. Officers are required to dock their BWCs for downloading and recharging at the conclusion of each tour of duty.

I. Officers will inform their supervisor of any digital recordings that may be of value for training purposes.

V. Required BWC Activation

A. Officers will activate their BWCs during interactions with the public while in the performance of their official duties, provided that activating the camera does not

compromise officer safety. The following is a list of circumstances in which BWCs shall be activated:

1. Prior to any officer initiated citizen contact involving actual or potential violations of law. Situations include traffic stops, subject stops, and calls for service provided that activating the BWC does not compromise officer safety, or the safety of others.

2. When operating patrol vehicles Code 3 (lights and sirens) for any reason.

3. When involved in a foot pursuit.

4. During requests for consent searches, and during the searches of individuals, buildings, vehicles, and other places.

5. During the search and transport of arrestees.

6. When taking statements from victims *(in accordance with section VI. H. 3 of this policy)*, witnesses, and suspects.

7. To document accident and crime scenes where appropriate.

8. During building searches and the execution of search warrants to include tactical unit operations.

9. Officers who are called back to duty will respond to the Police Department to pick up their assigned BWC when practical. Officers who are called back to duty to respond to critical incidents *(as defined by PD 2007- Critical Incidents and High Risk Warrant Service)* will not be required to respond to the Police Department to pick up their BWCs if doing so would delay their response to the emergency.

10. During any other situation where the officer or the officer's supervisor believes that the use of the BWC would be of evidentiary value.

VI. Prohibited Uses

A. BWCs can only be used for legitimate law enforcement purposes. BWCs shall not be used to record non-law enforcement related activities. The use of BWCs for personal use is strictly prohibited.

B. Officers shall not record conversations between other LPD employees, other City employees, or City Officials who are not aware they are being recorded without approval from that officer's Division Captain. All digital recordings shall be in accordance with *PD - 0405 Use of Recording Devices*.

1. Any officer found to be recording another employee, for his or her own personal gain, will be subject to disciplinary action in accordance with *PD - 0212 Disciplinary System.*

C. BWCs shall not be used to document activities occurring in hospitals or other medical facilities unless such digital recordings are for specific law enforcement purposes. In those instances caution must be used to respect the privacy of those not involved, and to limit who, and what is being recorded. Officers must also be cognizant of Health Insurance Portability and Accountability Act (HIPAA) protected information, and ensure such data is not recorded.

D. BWCs shall not be used inside of courthouses or courtrooms, or for the recording of any court proceedings, unless the recording is being made pursuant to an investigation, arrest, or search within the courthouse.

E. BWCs shall not be used to record the activities of confidential informants, or undercover officers without the approval of a Vice Unit supervisor.

F. BWCs shall only be used by School Resource Officers for law enforcement purposes.

G. Officers shall not use BWCs to record interactions with other law enforcement officials, attorneys, magistrates, doctors, mental health counselors, or others who may be discussing privileged or sensitive information.

H. Officers shall not use BWCs to record confidential information from the National Crime Information Center (NCIC), Virginia Criminal Information Network (VCIN), or other criminal data bases. This does not include inadvertent recordings of radio transmissions that occur normally during the course of police duties.

I. BWCs shall not be used in restrooms or locker rooms unless law enforcement action is being taken in these locations. Caution will be used to avoid inadvertently recording a person who has a legitimate and reasonable expectation of privacy in the facility.

J. Certain situations are sensitive by their nature, and discretion should be used when determining whether to record these events. Examples of these types of incidents are listed below:

1. Interviews with those wishing to provide confidential information.

2. Complainants who wish to remain anonymous.

3. Victims and witnesses of crimes such as sexual assault, or other crimes of a sensitive nature who wish to protect their identity.

Please note the list above is not all inclusive. Officers shall consult with their supervisors in these and any other situations in which they feel that a BWC recording may be inappropriate. The officer shall document the reason for not using the BWC to record an incident.

VII. Privacy Considerations

A. In locations where individuals have a reasonable expectation of privacy, such as a residence, individuals may decline to be recorded unless the recording is being made

pursuant to an investigation, arrest, or search of the residence or individuals within the residence.

B. The Lynchburg Police Department is committed to openness and transparency in releasing information to the media and individual citizens. However, when BWC digital recordings contain Personal Identifiable Information (PII, such as date of birth, social security numbers, etc.) that cannot be released by law, or should not be released, we have the duty to protect the citizen's privacy. In these instances the digital recording will be redacted. This includes images of individuals not the subject of the captured incident, images of the victim of a crime, and in most cases images of juveniles.

VIII. Review of Digital Recordings

A. Officers may review BWC digital recordings to assist with report writing, testimony in court, and prior to making statements as part of an internal or criminal investigation.

B. If an officer feels the need to review the BWC digital recordings of another officer, he or she shall request assistance from their supervisor to review the digital recording

C. The Lynchburg Police Department retains the right to limit or restrict the viewing or accessing of digital recordings generated by the BWC system. Requests to view or access digital recordings will be handled in accordance with *PD-1304 : Release of Records*

D. All supervisory personnel will have access to all BWC digital recordings. Supervisory personnel may review BWC digital recordings when conducting internal investigations.

E. Detectives will be granted access to review BWC digital recordings as needed to conduct internal or criminal investigations.

F. Officers shall only copy BWC digital recordings to digital media for legitimate law enforcement purposes.

G. Supervisors or Detectives conducting internal investigations will be allowed to copy BWC digital recordings to digital media to be included with the investigation file.

H. BWC digital recordings that are copied to digital media to be used for training purposes will be approved by the Chief of Police, and maintained in a secure location.

I. BWC digital recordings shall be reviewed by supervisory staff for purposes of performance review and performance management.

1. Supervisory staff shall review a sampling of BWC digital recordings for each officer on a quarterly basis.

2. Such review shall be documented in the Daily Observation Report (DOR) system.

IX. BWC Digital Recording Retention

A. BWC digital recordings are considered a public record under the provisions of the Virginia Freedom of Information Act. All digital recordings made while on-duty are subject to the provisions of the Virginia Freedom of Information Act, and rules of evidentiary disclosure in criminal and civil court proceedings.

B. BWC digital recordings must be maintained in accordance with the Library of Virginia records retention schedule as required by the Virginia Public Records Act and PD-0408 - *Body Worn Cameras Addendum*.

C. BWC digital recordings that are not known to contain any footage of evidentiary value will be tagged as non-evidentiary and retained for a minimum period of 210 days. If the status of the digital recording does not change after 210 days, the digital recording shall be deleted based on the pre-determined retention schedule.

D. BWC digital recordings that are known or suspected to contain footage of evidentiary value shall be tagged as evidentiary and retained for a minimum period of 180 days. The Office of the Commonwealth's Attorney shall be consulted prior to deletion.

E. Officers will be responsible for tagging their BWC digital recordings at the end of each tour of duty. Supervisors will ensure that digital recordings of known evidentiary value are correctly tagged.

Original Signed

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Raul M. Diaz
Chief of Police

March 16, 2016

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Date

// A regular meeting of the Council of the City of Lynchburg was held on the 22nd day of March, 2016, at 4:00 P.M. in the Council Chamber, City Hall, Michael Gillette, President, presiding. The following Members were present:

Present: Foster, Helgeson, Nelson, Perrow, Tweedy, Gillette 6

Absent: Johnson 1

// Vice Mayor Johnson arrived at 4:10 p.m.

// Mayor Gillette asked that the following announcement be read into the record.

"Pursuant to Section 2.2-3712(B) of the Code of Virginia, the Lynchburg City Council will be holding closed meetings at undisclosed locations within the following fifteen days for the purpose of interviewing candidates for the position of City Manager." He stated he would also make this announcement again at the 7:30 meeting.

// Dr. Scott Brabrand, Superintendent of Schools stated he wanted to thank City Manager Kimball Payne for the leadership, guidance and support that he has shown him during the last four years and wished him the very best in his retirement.

// Dr. Scott Brabrand, Superintendent of Schools presented the Proposed 2016-2017 School's Budget. First, he addressed the school's challenges which he stated were the same as last year:

- Attracting and Retaining High Quality Personnel
- Enhancing Targeted Instructional Support
- Increasing Student Opportunities by Name and By Need

Dr. Brabrand explained what's new this year in the Budget:

- Requested City increase to school budget is $1.8 million
- Total Tier 1 request of $3.27 million
- State budget $247,727 less than governor's proposed budget
- State budget provides compensation supplement funds equal to 2% salary increase

He explained the Revenues/Expenses for the proposed budget with a funding gap of $2 million. He stated that the funding request for the Operating Budget is $1,772,320, Capital Project Budget is $500,000 and School Bus Replacement Budget is $500,000, which is a little over $2.7 million in the Budget request. He mentioned several components of the budget process including Community Input, Parent Input, Employee Input and School Board Engagement. The total proposed Operating Budget request is $93,392,414.

In conclusion, Dr. Brabrand stated that the Budget process ties directly to the implementation of the division's Comprehensive Plan.

- Vision – A tradition of Excellence for All
- Mission – Every child, By Name and By Need, to Graduation
- Goal – Excellence in Achievement, Behavior, Culture, Operations and Personnel

// Tim Mitchell, Water Resources Director provided an overview of the FY 2017 Rate Study and Annual Report which includes information on the following:

- Drinking Water, Wastewater and Stormwater Overview

- Financial overview including revenues and expenditures by fund and division, rate analysis and comparison
- Water, Sewer, and Stormwater Projections
- Statistical data

Mr. Mitchell stated the utility rate strategy developed for this year continues with the guiding principles of:

- Minimize the impact of rate adjustments on residential and other small customers.
- Ensure necessary funding is provided for increases in operating and debt service costs.
- Ensure compliance with the Special Order for Combined Sewer Overflow (CSO).
- Ensure compliance with adopted Fund Balance and Debt Management Financial Policies.
- Provide an equitable distribution of costs based on actual services provided.

The proposed increases include increasing the water volume charge by 4.9% from $2.43 per hcf to $2.55 per hcf and increasing the sewer volume charge by 3.3% from $5.83 per hcf to $6.02 per hcf. This will result in an increase to a typical residential utility bill by $2.17 per month or an overall increase in the water and sewer bill of approximately 3.3%. The actual percent increase will vary depending upon actual consumption. In addition to the sewer volume rate the only other proposed increase is for the sewer only rate from $47.18 per month to $48.51 per month (2.8%). The City of Lynchburg customers' water and sewer bills are $8.28 per month less than the statewide average. There are no stormwater rate recommendations needed at this time. Mr. Mitchell went on to say a 4.9% water rate increase and a 3.3% sewer rate increase is recommended. Even with the proposed increases, the City rates are still well below the State averages.

// Due to time constraints the FY 2017-2021 Capital Improvement Program (CIP) will be presented at the March 29, 2016 work session.

// During roll call Vice Mayor Johnson mentioned that Heritage High School graduate Kevin Keatts, coach for UNC-Wilmington has led his team to the NCAA Tournament.

// City Council recessed the meeting at 6:30 p.m.

// City Council reconvened the meeting at 7:30 p.m.

The following Members were present:

Present: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette	7
Absent:	0

Council Member Perrow gave the Invocation, followed by the Pledge of Allegiance.

// Mayor Gillette presented Certificates of Recognition to E.C. Glass Girls 2016 4A Indoor Track and Field Champions.

// Mayor Gillette presented Certificates of Recognition to Liberty Christian Academy Boys 2016 Virginia High School League Group 4A Indoor Track and Field State Champions.

// Mayor Gillette read a recognition from the Government Finance Officers Association to the City of Lynchburg, Virginia for receiving a Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2015.

// Copies of the minutes of the March 8, 2016 meeting, having been previously furnished Council, reading was dispensed with, and on motion of Council Member Perrow, seconded by Council Member Helgeson, Council by the following recorded vote approved the minutes as presented:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// Copies of the minutes of the March 15, 2016 meeting, having been previously furnished Council, reading was dispensed with, and on motion of Council Member Perrow, seconded by Council Member Helgeson, Council by the following recorded vote approved the minutes as presented:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Courts, Resolution #R-16-022 to amend the FY 2016 City/Federal/State Aid Fund budget and appropriate $22,680 with resources from a grant from the Library of Virginia to preserve eighty-four (84) Deed books numbered 298 through 382 with records dated July 1955 through December 1963 at the Lynchburg Circuit Court Clerk's Office, laid over from the March 8, 2016 meeting, was again presented and read, and on motion of Council Member Perrow, seconded by Council Member Helgeson, Council by the following recorded vote adopted the Resolution:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Courts, Resolution #R-16-023 to amend the FY 2016 General Fund Adopted Budget and appropriate $84,071 from the General Fund Reserve for Contingencies to purchase and install equipment to display and capture into evidence any visual displays of evidence presented to the Circuit Court, laid over from the March 8, 2016 meeting, was again presented and read, and on motion of Council Member Perrow, seconded by Council Member Helgeson, Council by the following recorded vote adopted the Resolution:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Human Services – Detention Center, Resolution #R-16-024 to amend the FY 2016 Detention Home Fund budget and appropriate $8,712 with resources of $7,841 from the Juvenile Accountability Block Grant, Department of Criminal Justice Services and $871 from the Department of Human Services/Juvenile Services to fund the upgrade of cameras to a digital system at the Detention Center, laid over from the March 8, 2016 meeting, was again presented and read, and on motion of Council Member Perrow, seconded by Council Member Helgeson, Council by the following recorded vote adopted the Resolution:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Community Development/CDBG, a public hearing was held regarding City Council Report #10 to receive public comments and adopt a Resolution approving the allocation of the FY 2017

Community Development Block Grant (CDBG) and HOME Program funds and incorporate into the FY 2017 General Fund Operating Budget and Program Year 2016 Annual Action Plan. Melva Walker, Grants Manager gave a summary of the request with recommendations from the Community Development Advisory Committee (CDAC). Ms. Walker went on to say that she had not received any public comments before this meeting. Denise Crews spoke and thanked Council for their past support and asked Council to continue supporting their programs, (i.e. Lynchburg Community Action Group First-time Homebuyer, Lynchburg Community Action Group Homeownership Substantial Rehabilitation and Lynchburg Community Action Group Housing Counseling Initiative). She stated that she was speaking on behalf of the Central Virginia Continuum of Care (CoC) and Lyn-CAG, as Lead Agency for the CoC. She asked that Council support the funding recommended for the Coordinated Homeless Intake Assessment (CHIA) project that provides staff for the homeless intake system. There was no one else present who wished to speak to this item, and the public hearing was closed. On motion of Council Member Foster, Chair of the Community Development Advisory Committee (CDAC), seconded by Council Member Nelson, Co-Chair of CDAC, Council by the following recorded vote adopted Resolution #R-16-025, as presented, approving the allocation of the FY 2017 Community Development Block Grant (CDBG) and HOME Program funds and incorporating into the FY 2017 General Fund Operating Budget and Program Year 2016 Annual Action Plan:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of City Council, Ronald Shavers with Shopo Nation was not present at this meeting.

// In the matter of Finance - General, City Council Report #12 was considered. Director of Financial Services Donna Witt reviewed the financial policies and proposed amendments to the Fund Balance and Debt Management Policies. Staff recommends the policies be amended and reaffirmed with the changes. Council Member Helgeson, Chair of the Finance Committee (FC), stated that this item came before FC which recommended approval with changes. This motion does not require a second, and Council by the following recorded vote adopted Resolution #R-16-026, as amended, to amend and reaffirm the City's Financial Management Policies:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Taxes, City Council Report #13 was considered. Council Member Perrow, Chair of the Physical Development Committee (PDC), stated that this item came before PDC which recommended approval. This motion does not require a second. Several Council Members expressed concern with the City providing a waiver of the weed bills and taxes. Council by the following recorded vote adopted Resolution #R-16-027, as presented, approving the waiver of weed bills and Real Property Tax penalty and interest for 2006 Tulip Street in the amount of $2,668.19:

Ayes: Foster, Johnson, Nelson, Tweedy, Gillette 5

Noes: Helgeson, Perrow 2

// In the matter of Bonds, City Council Report #14 was considered. On motion of Council Member Nelson,

seconded by Council Member Johnson, Council by the following recorded vote adopted Resolution #R-16-028, as presented, authorizing the reimbursement from the proceeds of tax-exempt obligations of expenditures to be made by the City in advance of the issuance and receipt of the proceeds of such tax-exempt obligations:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Police - General, City Council Report #15 regarding the body-worn camera policy and camera demonstration presentation was provided by the Police Department. There were two camera systems that were presented. One camera system would be clasped to clothing and the other camera system would be attached to eyewear or mounts that flip over the ears. The need to equip police officers with body-worn cameras has been apparent to the Lynchburg Police Department (LPD) in order to strive to remain a progressive, engaged and increasingly transparent law enforcement agency.

// The meeting was adjourned at 8:50 P.M.

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Clerk of Council