

// A regular meeting of the Council of the City of Lynchburg was held on the 14th day of February, 2012, at 4:00 P.M. in the Council Chamber, City Hall, Joan F. Foster, President, presiding. The following Members were present:

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

Absent: 0

// Dr. Larry Massie, Interim Superintendent with Lynchburg City Schools gave an overview on the process that the school is using to develop the proposed FY 2013 budget development process for the City schools.

// Kimball Payne, City Manager, responded to the questions that were raised at the January 31, 2012 Council Retreat regarding the FY 2013 Proposed Budget. Mr. Payne stated the first change is the date of the presentation of the City Manager's Proposed FY 2013 budget from March 13th to March 6th. This change is proposed in order to facilitate four citizen engagement meetings, one in each ward, during March. The two options were 5:00 p.m. or 7:00 p.m. After Council discussed the time for the budget presentation, it was decided that the City Manager's Proposed FY 2013 Budget Presentation would be on March 6, 2012 at 5:30 p.m. until 7:30 p.m. Mr. Payne further stated a proposed change to the budget calendar to facilitate four Citizen Engagement meetings, one in each ward, during March. The Citizen Engagement meetings are proposed as follows:

Ward I	Thursday, March 15	Paul Munro Elementary School
Ward II	TBD	Jubilee or the Hunton-Randolph (have not confirmed availability)
Ward III	Tuesday, March 20	Sandusky Middle School
Ward IV	Thursday, March 22	Linkhorne Middle School

After Council discussion it was decided that the Ward Citizen Engagement meetings would be as follows with the Jubilee availability for Ward II and Paul Munro Elementary School availability for Ward I:

Ward I	Thursday, March 29	Paul Munro Elementary School
Ward II	Tuesday, March 20	Jubilee Family Center
Ward III	Tuesday, March 15	Main Library – Community Meeting Room – Memorial Avenue
Ward IV	Thursday, March 22	Linkhorne Middle School

// Walter Erwin, City Attorney, in response to Council's interest on the matter of the National Defense Authorization Act shared points on what the City could do concerning this item. Mr. Erwin stated that if Council wishes to take action regarding the Act:

- Council can adopt a resolution expressing concerns about the provisions regulating the detention, interrogation, and prosecution of suspected terrorists, finding that the Act is an unprecedented attack on American's Constitutional rights and asking Congress to remove the offending provisions from the Act.

► Council does not have the authority to adopt an ordinance making it a misdemeanor offense for a City employee or a member of the military to comply with the provisions of the Act within the City limits.

Council took no action on this item.

// Kimball Payne, City Manager, informed Council that a Request For Proposals (RFP) for Towing and Vehicle Recovery Services would be issued in the near future. Mr. Payne stated that while there is no requirement that the RFP has to be taken to City Council before it is posted, such contracts usually attract a lot of attention from prospective service providers and Council may be contacted about the RFP. Mr. Payne went on to say it is our recommendation that any questions regarding this RFP be referred to the Procurement Office. It was Council's recommendation to proceed with preparing a Resolution for a RFP for Towing and Vehicle recovery Services.

// During roll call Council Member Nelson had complaints from businesses and citizens concerning the closing off of streets downtown during business hours because of the race that was held on Saturday, February 4, 2012 that was sponsored by the Boys and Girls Club. City Manager Payne stated that he has asked for a report on this matter.

// Council Member Cary asked the City Manager to let Council know about the report when it was received and asked about the water main issue concerning the pressure reducing valve that blew up in the Wards Road area.

// Council Member Perrow commented on the water break that had happened in the City and wanted to thank and recognize the staff for their prompt attention to this matter.

// Council Member Helgeson talked about the water main break and how one thing can affect so many people.

// Vice Mayor Johnson thanked the City Staff (Community Development, Communications and Marketing and Economic Development) that sponsored the 5th Street meeting that was held at the James River Conference Center on Monday, February 13, 2012 for the businesses that are located on 5th Street to keep them informed about the progress of the project and stated that the City Staff did a great job.

// Mayor Foster thanked the city employees as unsung heroes on Wards Road businesses and Rivermont home owners.

// On motion of Council Member Helgeson, seconded by Council Member Nelson, Council by the following recorded vote elected to hold a closed meeting for discussion concerning the location of a prospective business or industry in the City where no previous announcement has been made of the business' or industry's interest in locating its facilities in the community, pursuant to Section 2.2-3711(A.) (5), Code of Virginia, (1950), as amended:

Ayes: Cary, Gillette, Helgeson, Johnson, Nelson, Perrow, Foster

7

Noes:

0

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

// Council Member Gillette 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 Nelson, and Council by the following recorded vote adopted the motion:

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

Noes: 0

// City Council recessed the meeting at 5:31 p.m.

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

The following Members were present:

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

Absent: 0

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

// Mr. David Wert, Meteorologist with the National Weather Service and Mr. Phil Hysell, Warning Coordinator Meteorologist with the National Weather Service from Blacksburg, Virginia, gave a presentation from the National Weather Services (NWS) certifying the City of Lynchburg as a "Storm Ready Community." Bill Aldrich, Director of Emergency Services, along with Jennifer Maul received the award.

// Copies of the minutes of the January 24, 2012 meeting, having been previously furnished Council, reading was dispensed with, and on motion of Council Member Cary, seconded by Council Member Gillette, Council by the following recorded vote approved the minutes as presented:

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

Noes: 0

// Copies of the minutes of the January 31, 2012 meeting, having been previously furnished Council, reading was dispensed with, and on motion of Council Member Cary, seconded by Council Member Gillette, Council by the following recorded vote approved the minutes as presented:

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

Noes: 0

// In the matter of Schools – General, Resolution #R-12-009 amending the FY 2012 General Fund Budget and appropriating \$845,999 for transfer to the School Operating Fund and \$1,246,318 is appropriated for

transfer to the School Capital Fund with resources from the unexpended FY 2011 School Operating appropriations to fund designated expenditures as requested by the School Board, laid over from the January 24, 2012 meeting, was again presented and read, and on motion of Council Member Cary, seconded by Council Member Gillette, Council by the following recorded vote adopted the Resolution:

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

Noes: 0

// In the matter of Commonwealth – Attorney, City Council Report #9 was considered. On motion of Council Member Cary, seconded by Council Member Gillette, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-12-015, as presented, amending the FY 2012 City/Federal/State Aid Fund budget and appropriating \$20,000, fully reimbursable, to support a Family Violence Legal Assistant position and activities related to the Domestic Violence and Intimate Partner Prosecution Unit:

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

Noes: 0

// In the matter of Fire – General, City Council Report #10 was considered. On motion of Council Member Cary, seconded by Council Member Gillette, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-12-016, as presented, amending the FY 2012 City/Federal/State Aid Fund budget and appropriating \$98,175 with resources of \$54,417 from the Rescue Squad Assistance Fund and \$43,758 from the Fire Department budget to purchase two (2) Physio LifePak 15 cardiac monitor/defibrillators, two (2) Stryker Power Pro ambulance cots, seven (7) video laryngoscopes, and seven (7) airway packs for the Fire Department:

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

Noes: 0

// In the matter of Fire – General, City Council Report #11 was considered. On motion of Council Member Cary, seconded by Council Member Gillette, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-12-017, as presented, amending the FY 2012 City/Federal/State Aid Fund budget and appropriating \$100,000, fully reimbursable, to purchase a trailer for the Fire Department's Technical Rescue Team:

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

Noes: 0

// In the matter of Public Works – General, a public hearing was held regarding City Council Report #12 regarding the leasing of the City's building at 3813 Old Forest Road on a year-to-year basis to Edwin A. Gines, to be used for a martial arts and fitness center. Steve Lawson, Project Manager, gave a summary of the request. Mr. Edwin A. Gines, the owner and instructor, asked for approval to use the building at 3813 Old Forest Road for a martial arts and fitness center. 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 matter came before the PDC and they recommended approval of this lease. Council Member Perrow made a motion to lease the City's building at 3813 Old

Forest Road on a year-to-year basis to Edwin A. Gines. This motion does not require a second, and Council by the following recorded vote adopted Resolution #R-12-018, as presented, leasing a City building at 3813 Old Forest Road on a year-to-year basis:

Ayes: Cary, Gillette, Helgeson, Johnson, Nelson, Perrow, Foster

7

Noes:

0

// In the matter of Public Works – General, a public hearing was held regarding City Council Report #13 regarding the consideration of selling the City's building located at 1721 Monsview Place (former Armstrong School) to Rush Lifetime Homes, Inc. Steve Lawson, Project Manager, gave a summary of the request. Mr. Jeffrey Smith, Rush Homes Assistant Director, asked Council to approve the selling of the City building located at 1721 Monsview Place (former Armstrong School) to Rush Lifetime Homes, Inc. There were three individuals who spoke in favor of the request. 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 matter came before the PDC which recommended approval. Council Member Perrow made a motion for the selling of the City's building located at 1721 Monsview Place. 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-12-019, as presented, selling the City's building located at 1721 Monsview Place (former Armstrong School) to Rush Lifetime Homes, Inc.:

Ayes: Cary, Gillette, Helgeson, Johnson, Nelson, Perrow, Foster

7

Noes:

0

// In the matter of Community Planning - Zoning, a public hearing was held regarding City Council Report #14 outlining the petition of Lynchburg Neighborhood Development Foundation for a Conditional Use Permit (CUP) in an R-3, Medium Density, Two-Family Residential District to allow a group home for Substance Abuse and Addiction Recovery Alliance (SAARA) for up to eight (8) residents and an onsite supervisor at 1100 16th Street. Kent White, Director of Community Development, gave a summary of the request and stated the Planning Commission recommended approval of the CUP petition. Ms. Laura Dupuy, Executive Director, Lynchburg Neighborhood Development Foundation (LNDF) gave a summary of the request. Three individuals spoke in favor of the request and one individual spoke in opposition 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 Gillette, seconded by Council Member Nelson, Council by the following recorded vote adopted Resolution #R-12-020 as presented, granting the Conditional Use Permit:

Ayes: Cary, Gillette, Helgeson, Johnson, Nelson, Perrow, Foster

7

Noes:

0

// In the matter of Emergency Services, City Council Report # 15 was considered. On motion of Council Member Gillette, seconded by Vice Mayor Johnson, Council by the following recorded vote adopted Resolution #R-12-021, as presented, reaffirming the City's use of the National Incident Management System (NIMS) and adopting the newly revised Emergency Operation Plan:

Ayes: Cary, Gillette, Helgeson, Johnson, Nelson, Perrow, Foster

7

Noes:

0

// In the matter of City Council, City Council Report # 16 was considered. Bonnie Svrcek, Deputy City Manager, gave an overview of the Lynchburg Humane Society request and staff's recommendation that a long-term lease and agreement for services be negotiated. The arrangement could include an advanced payment on the lease that could be used for capital support with the stipulation that it would be refunded if a contract for services could not be agreed to. Mayor Foster stated that this item had come before the Finance Committee and asked Council Member Helgeson, Chair, about the committee's recommendation. Council Member Helgeson stated that each time this item came before the Finance Committee it had changed and that what was before Council was not what went to the Finance Committee. Council Member Nelson stated that the motion that the Finance Committee passed was to refer the matter to the full Council for a full discussion of the various issues. Council had a wide-ranging discussion regarding the condition of the current facility, the appropriateness of making a capital contribution to the Human Society, the possibility of the City or some third party operating the shelter and potential costs, the appropriate level of service, and timing given impending budget deliberations.

After further Council discussion it was decided to postpone a final decision until other potential vendors were given a chance to express interest in providing the current services. Council Member Gillette offered a motion that was seconded by Council Member Cary, directing staff to issue a Request For Qualifications (RFQ) and if no other qualified vendor is identified, then to negotiate a long term lease and service agreement with the Lynchburg Human Society for the Animal Shelter Service and to bring the proposed agreement to Council for review. The motion passed on the following vote:

Ayes: Cary, Gillette, Helgeson, Johnson, Nelson, Perrow, Foster

7

Noes:

0

// The meeting was adjourned at 10:07 P.M.

Clerk of Council

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **February 28, 2012**

AGENDA ITEM NO.: 1

CONSENT:

REGULAR:

WORK SESSION: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Department of Water Resources FY 2013 Rate Study and Annual Report**

RECOMMENDATION: Proceed to a public hearing regarding the recommendations to increase the water and sewer rates and establish a storm water fee rate as proposed in the FY 2013 Rate Study and Annual Report.

SUMMARY: The Department of Water Resources staff will present an overview of the FY 2013 Rate Study and Annual Report which includes information on the following:

- Water and Sewer Fund operational expenses, revenues, and capital improvements.
- CSO Program progress.
- Stormwater Fund regulatory updates, operational and capital needs, new initiatives, and recommended budget and rate.
- Recommended rate increases.
- Rate 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 a 3% increase in the water volume rate to \$2.36 per hcf. No increase in the sewer volume rate is proposed. It is recommended that the stormwater rate be established at \$4 per single family unit (sfu) per month. Other proposed increases include a 5% increase in industrial surcharges and septic hauler charges to more closely cover the cost of providing those services.

PRIOR ACTION(S): None

FISCAL IMPACT: Increase the revenues in the Water, Sewer, and Stormwater Enterprise Funds 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

ATTACHMENT(S): 1) Slide Presentation; 2) Department of Water Resources FY 2013 Rate Study and Annual Report

REVIEWED BY: lkp

027L



Department of **WATER** **RESOURCES**

FY 2013 Rate Study and Annual Report

Council Work Session
February 28, 2012

Water Fund - Expenses

	FY 2012 Adopted	FY 2013 Proposed	Difference
Operating Expenses	\$8,487,008	\$8,949,456	\$462,448
Debt Service	\$3,782,678	\$3,658,789	-\$123,889
Total	\$12,269,686	\$12,608,245	\$338,559

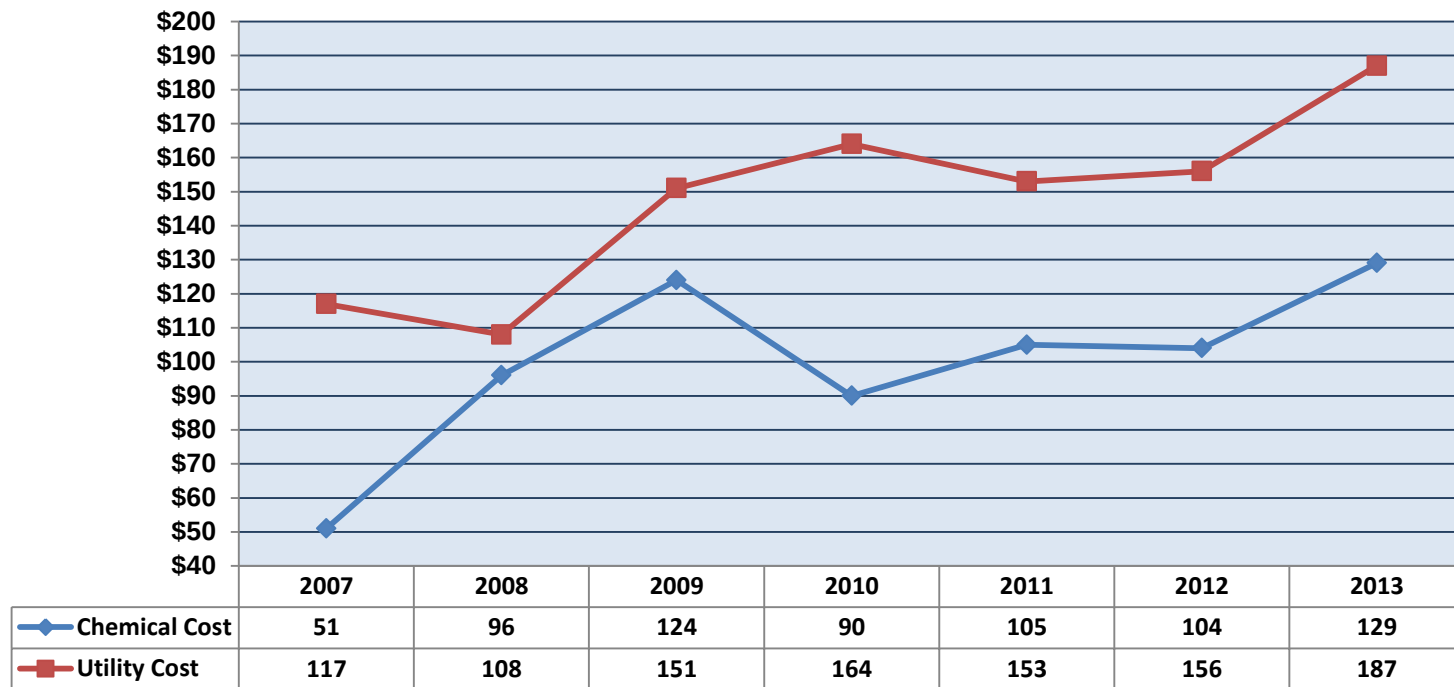
2.8% Increase

Primary Areas of Increases

- Increases in personnel benefits cost plus reassignment of two positions
- Increases in variable expenses such as chemicals and utilities
- Increases in material costs (Copper, fittings, etc.)

Water Fund - Expenses

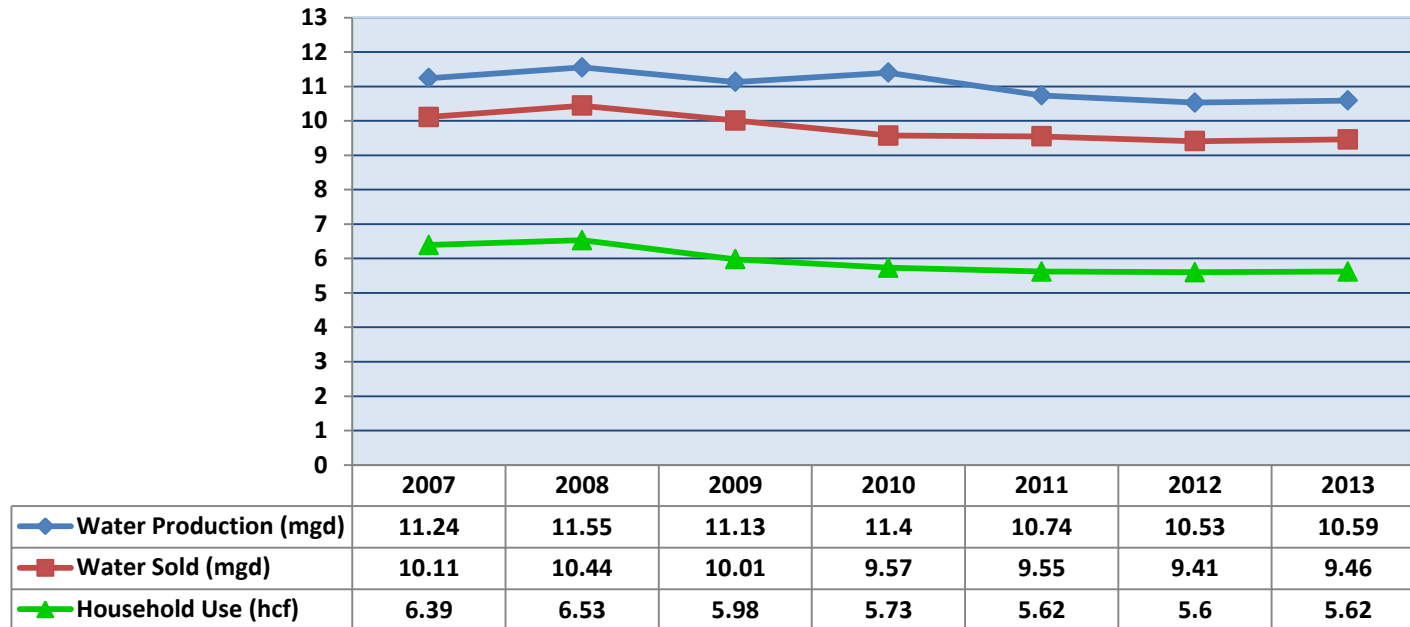
Water Treatment Expenses per Million Gallons Treated



Since 2007 variable costs have risen from \$168 per mg to \$316 per mg, an 88% increase

Water Fund - Revenues

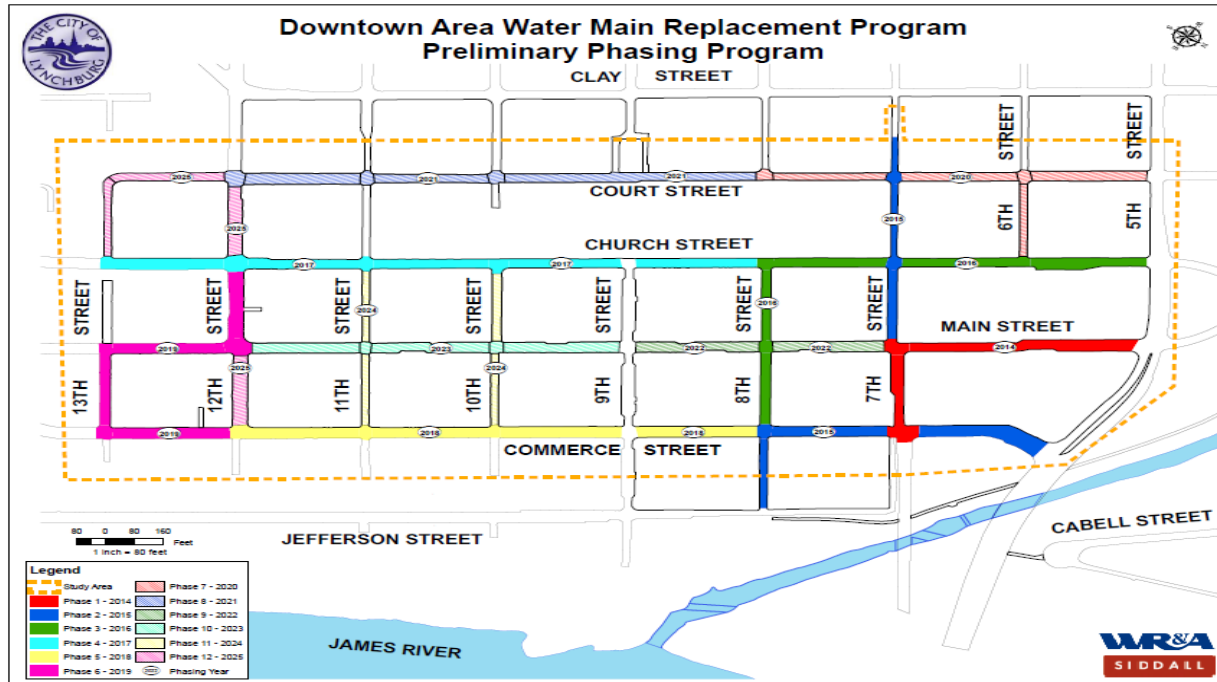
Water Produced and Sold



Since 2007

- 365 more customers
- Water sold has decreased by 650,000 gallons per day
- Average household consumption has decreased from 6.39 hcf to 5.62 hcf
- FY 2013 revenues estimated to be \$12.77 milion - down nearly \$600,000

Water Fund - Capital



Capital Program Impacts

- Reduce Distribution System Improvements to \$2.0 million annually – down from \$3.5 million annually
- Extends Central Business District Water Line Replacement Program from 10 or 12 years to at least 16 years
- Small Water Main Replacement Program also scaled back
- At least \$15 million in existing distribution system infrastructure needs

Sewer Fund - Expenses

	FY 2012 Adopted	FY 2013 Proposed	Difference
Operating Expenses	\$10,352,881	\$9,508,756	-\$844,125
Debt Service	\$8,141,619	\$8,412,117	\$270,498
Total	\$18,494,500	\$17,920,873	-\$573,627

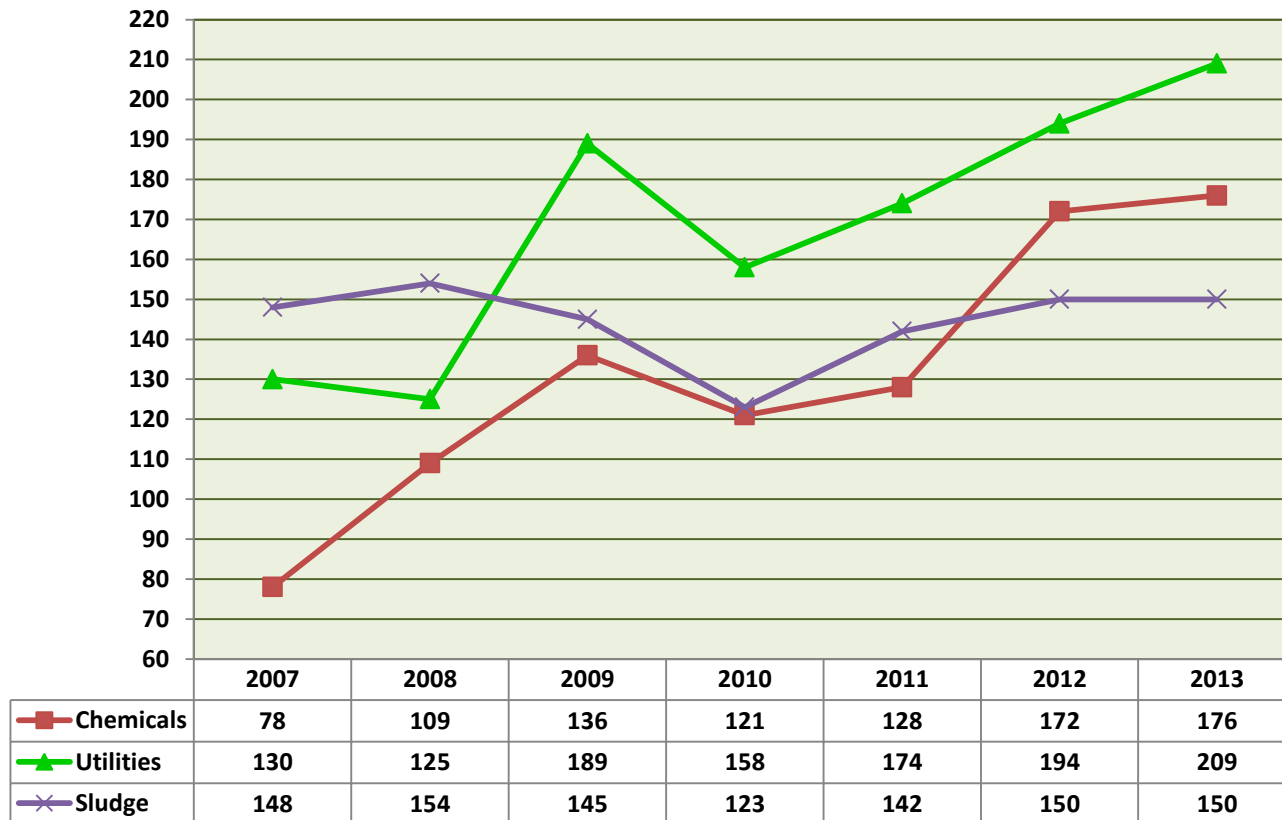
3.1% Decrease

Primary Areas of Change

- Increases in Personnel Benefits Cost plus two new Driver/Operator positions
- \$266,000 decrease in costs associated with nutrient trading due to process changes
- \$165,000 increase associated with hauling sludge to Campbell County + 22 trailer purchases of \$53,000 each (6 already purchased)
- Reassignment of 1.3 positions plus equipment to the Stormwater Division

Sewer Fund - Expenses

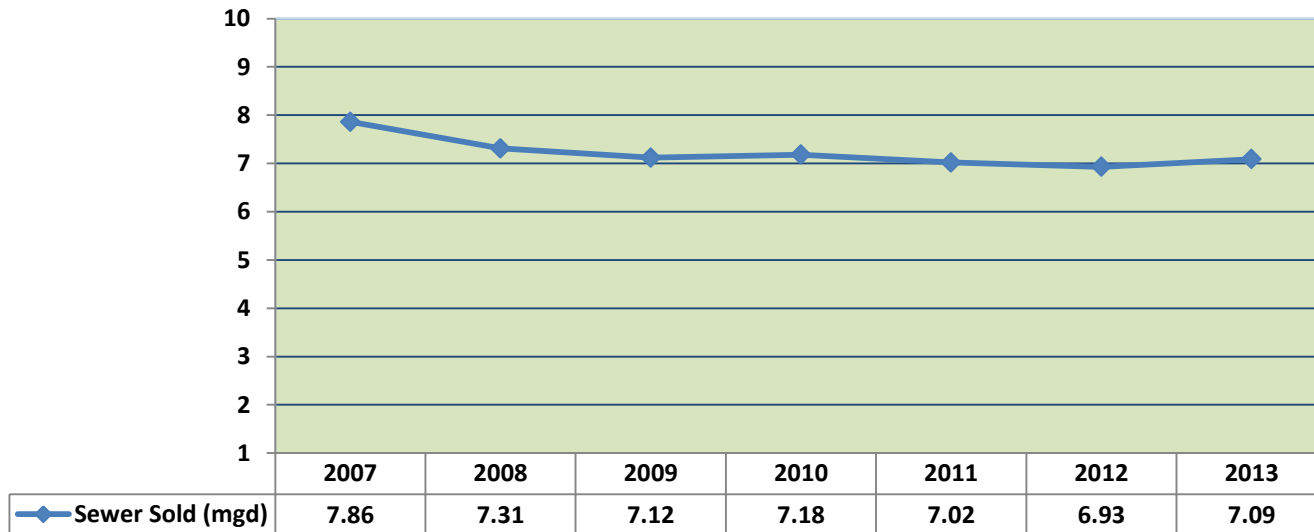
Wastewater Treatment Expenses per Million Gallons Treated



Since 2007 variable costs have risen from \$356 per mg to \$535 per mg, a 50% increase

Sewer Fund - Revenues

Sewer Sold



Since 2007

- 365 More Customers
- Sewer sold has decreased by 770,000 gallons per day
- Average Household Consumption has decreased from 6.39 hcf to 5.62 hcf
- FY 2013 Revenues Estimated to be \$19.45 million - down nearly \$1,000,000

Sewer Fund – Sewer Adjustments

☐ **Seasonal Sewer Cap**

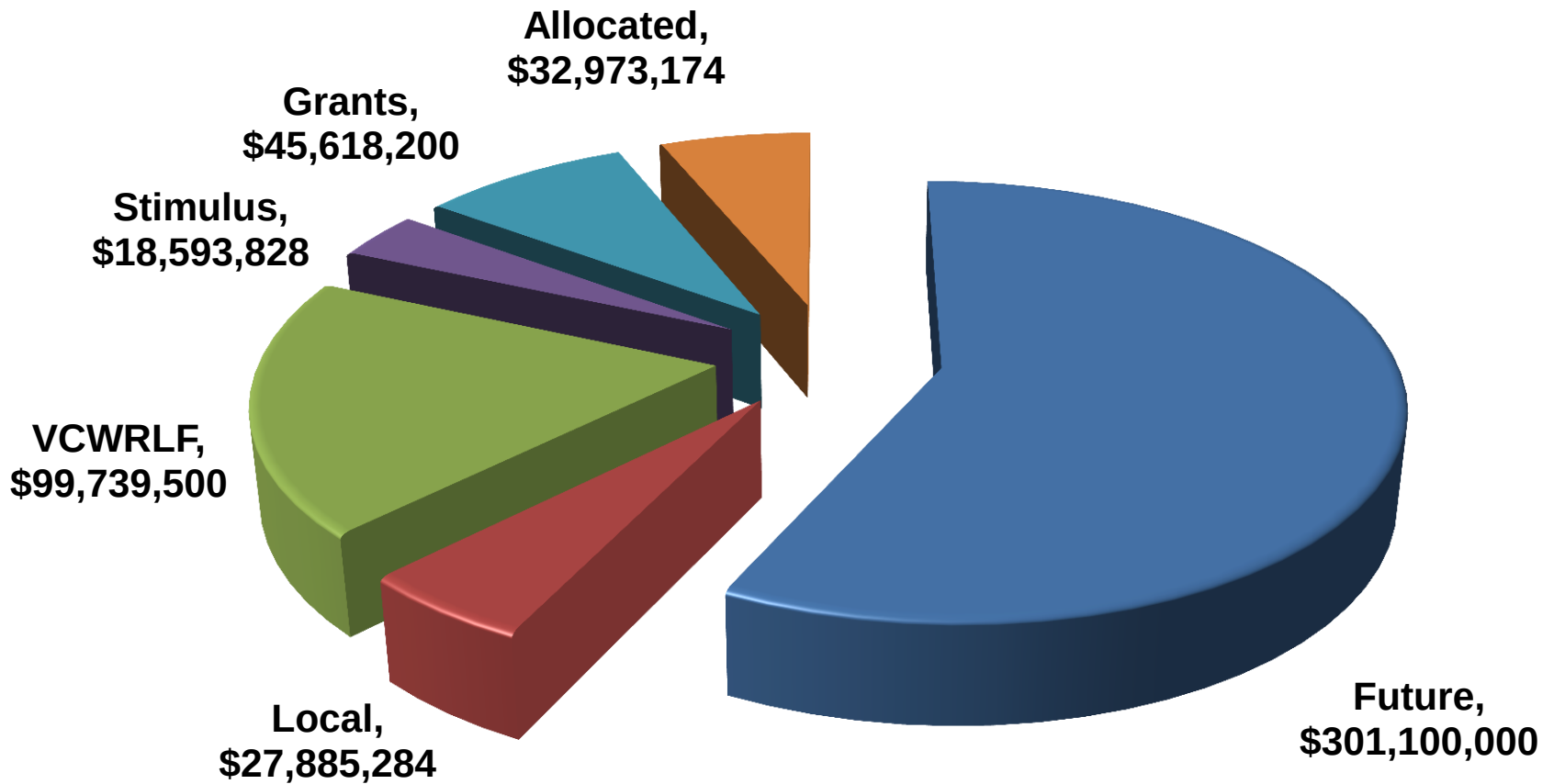
- ✓ Applied to April through September Usage (May through October bills)
- ✓ Residential bills capped at 1.5 times the winter average
- ✓ Impacts to shifting one month estimated at less than \$100,000 plus administrative burden associated with the change

☐ **Sewer Adjustment Program**

- ✓ Applied to 17 accounts
- ✓ Approximately \$735,000 per year savings for commercial, institutional, and industrial users

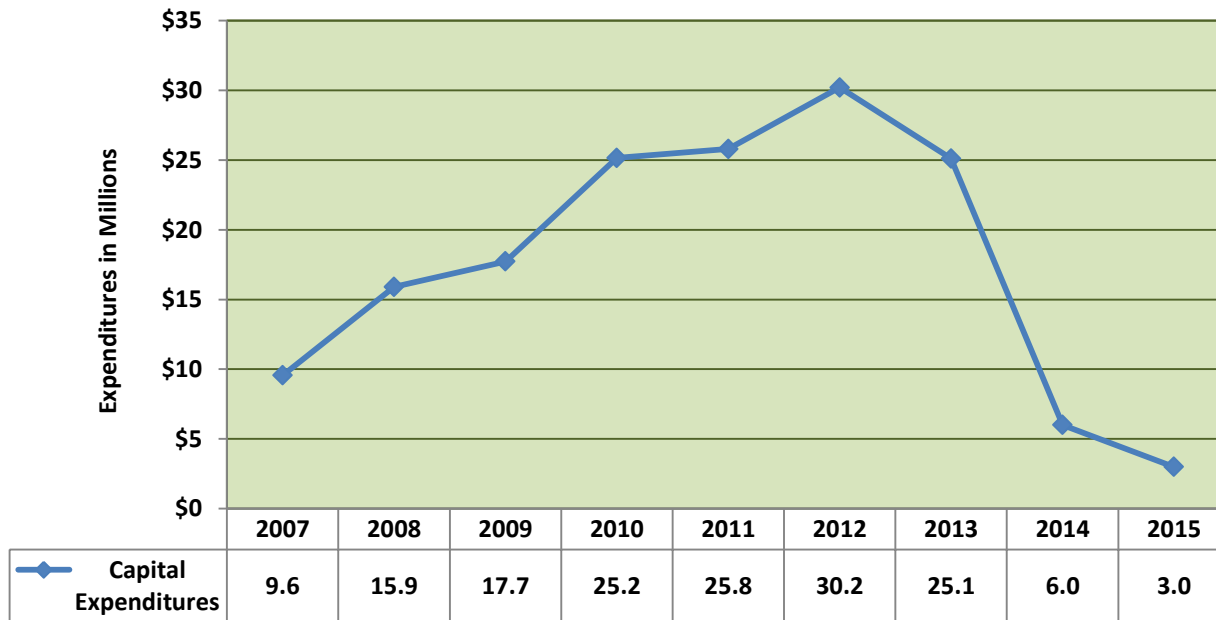
CSO Progress

Current Program Cost



CSO Progress

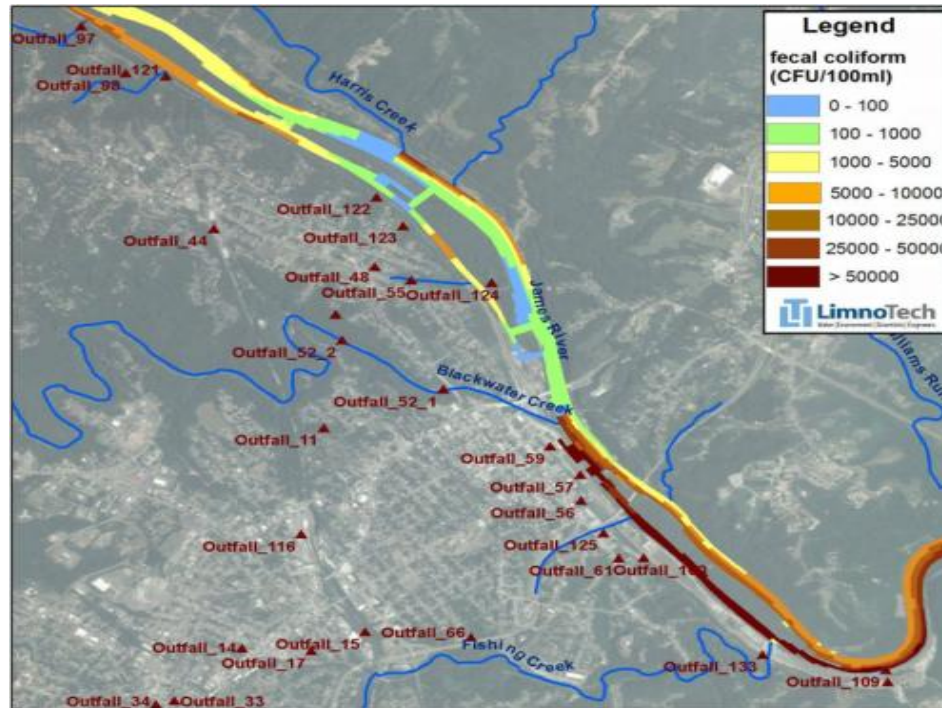
Capital Spending



Debt Capacity significantly impacted by declining revenues and increasing debt service

CSO Progress

James River Water Quality During a Rainfall



Potential Impacts of Slowdown

- Risk Federal Intervention with more stringent requirements such as fixed date completion or increase the MHI requirement to 2.0%
- Reduction in consumption from 7 hcf to 6 hcf – under this scenario or MHI percentage would only be 1.12%

Stormwater Needs

- ☐ **Continue existing stormwater services**
- ☐ **Meet increasing regulatory requirements including:**
 - ✓ Chesapeake Bay TMDL
 - ✓ New State Stormwater Regulations
 - ✓ Permit requirements
- ☐ **Adequately maintain existing stormwater infrastructure**
 - ✓ Aging infrastructure - unknown condition
 - ✓ New stormwater quality devices with higher maintenance cost
- ☐ **Resources for good planning and management to help minimize overall costs**

Stormwater - Regulatory

❑ **Chesapeake Bay – Stormwater Requirements**

- ✓ Achieve 5% of reduction goals during the first 5 year permit cycle ~ \$1 million per year
- ✓ Achieve 35% of reduction goals during the second 5 year permit cycle ~ \$7 million per year
- ✓ Achieve 60% of reduction goals during the third 5 year permit cycle ~ \$12 million per year

❑ **Impacts may be mitigated through the following:**

- ✓ Expansion of the Nutrient Trading Program (SB 77 and HB 176)
- ✓ Taking credit for some water quality measures installed as part of the CSO Program
- ✓ Reductions obtained through redevelopment
- ✓ Good planning and management

Stormwater - Operations

❑ Three Primary Departments

- ✓ Water Resources
- ✓ Public Works
- ✓ Community Development

❑ New Initiatives - Recommendations

- ✓ Leaf Collection - Currently funded through the General Fund with 25% VDOT reimbursement, recommendation to fund 50% through stormwater due to regulatory component.
- ✓ Street Sweeper – Restore Street Sweeper that was recently eliminated. Cost effective method of pollutant removal.
- ✓ Infrastructure – At least \$300,000 pay-as-you-go annually
- ✓ Beginning in FY 2014 at least \$200,000 annually for master planning and design



Stormwater – Immediate Capital Needs

**Edgewood Storm
System – Sink holes
and failing pipe ~
\$98,000**



Stormwater – Immediate Capital Needs



Simsbury Lane



Falcon Hill Outfall

Stormwater – Immediate Capital Needs

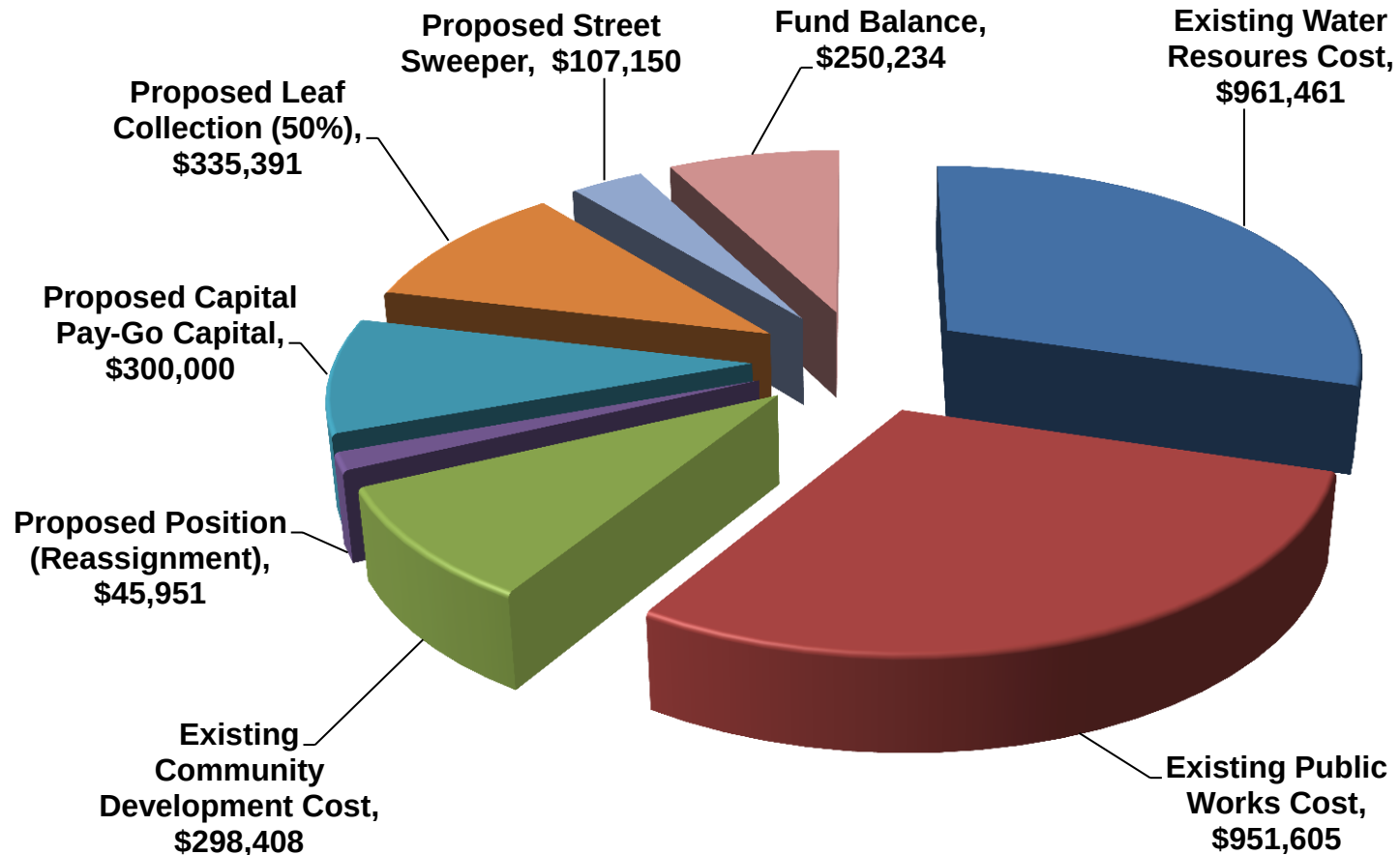


Ardmore Inlet



Ardmore Outfall

Stormwater Fund Budget



Stormwater Fund Budget

Stormwater Fee Allocation

Activity	Cost	Rate
Water Resources less VDOT	\$ 311,461	\$ 0.48
Public Works	\$ 951,605	\$ 1.46
Community Development	\$ 298,408	\$ 0.46
Reassigned Position	\$ 45,951	\$ 0.07
Pay-Go Capital	\$ 300,000	\$ 0.46
Street Sweeper	\$ 107,150	\$ 0.16
Leaf Collection (50%)	\$ 335,391	\$ 0.52
Fund Balance	\$ 250,234	\$ 0.38
VDOT	\$ 650,000	\$ -
Total	\$ 3,250,200	\$ 4.00

Proposed Rate Increases

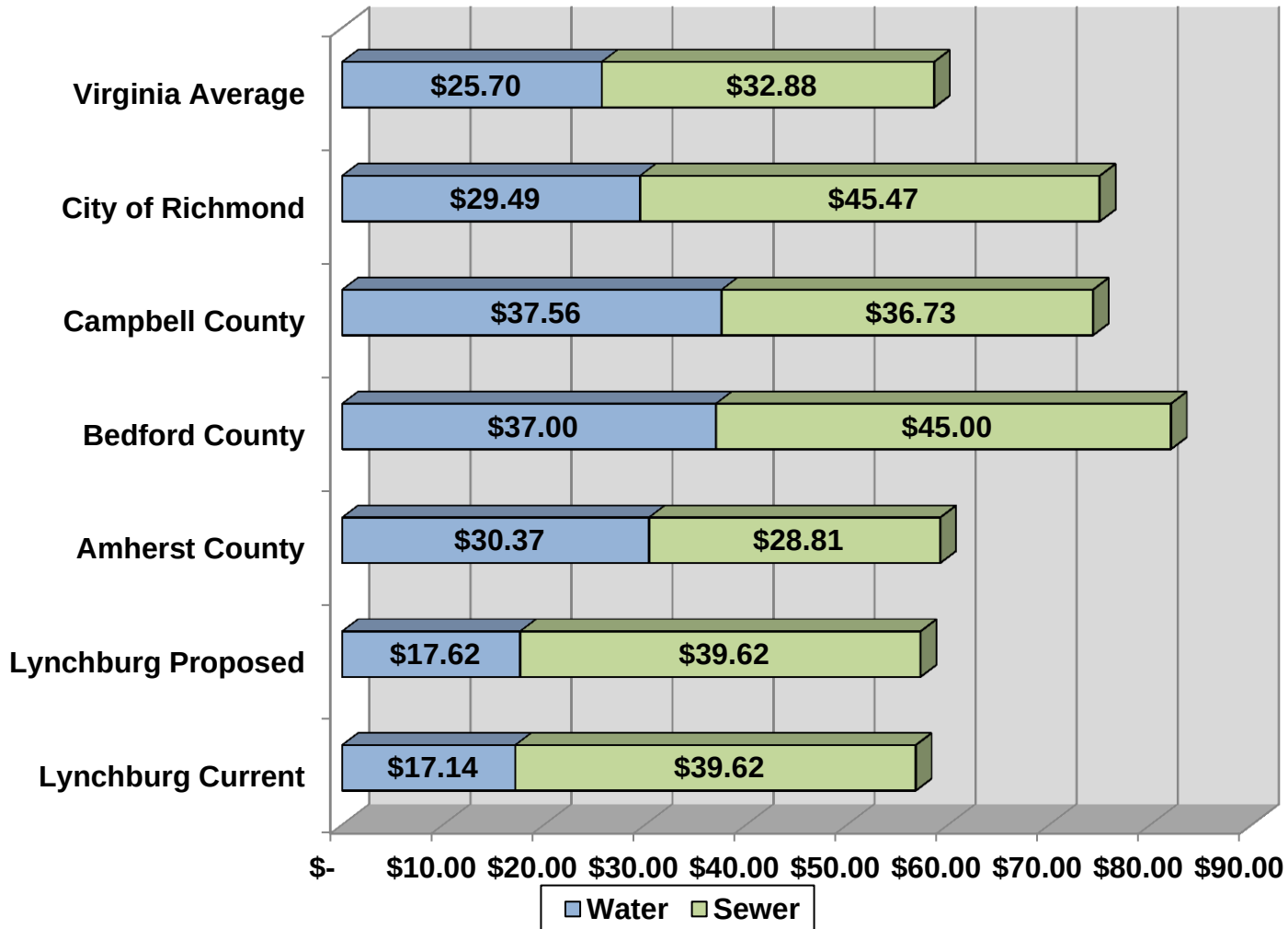
	FY 2012 Existing	FY 2013 Proposed	% Increase
Water Volume Charge (hcf)	\$2.29	\$2.36	3%
Industrial BOD Charge / 100 lbs	\$20.31	\$21.33	5%
Industrial TSS Charge / 100 lbs	\$22.97	\$24.12	5%
Septic Hauler Charge	\$185.85	\$195.14	5%
Stormwater Fee sfu/month	-	\$4.00	-

Summary of Increases

- Water Rate increase needed to offset declining revenues and increasing expenses
- Increase in BOD charge to more closely recover actual cost of \$27.79 per 100 lbs
- Increase in TSS charge to more closely recover actual cost of \$25.47 per 100 lbs
- Increase in Septic Hauler charges to more closely recover actual cost of \$279 per load
- Stormwater fee to cover existing program costs plus additional recommendations

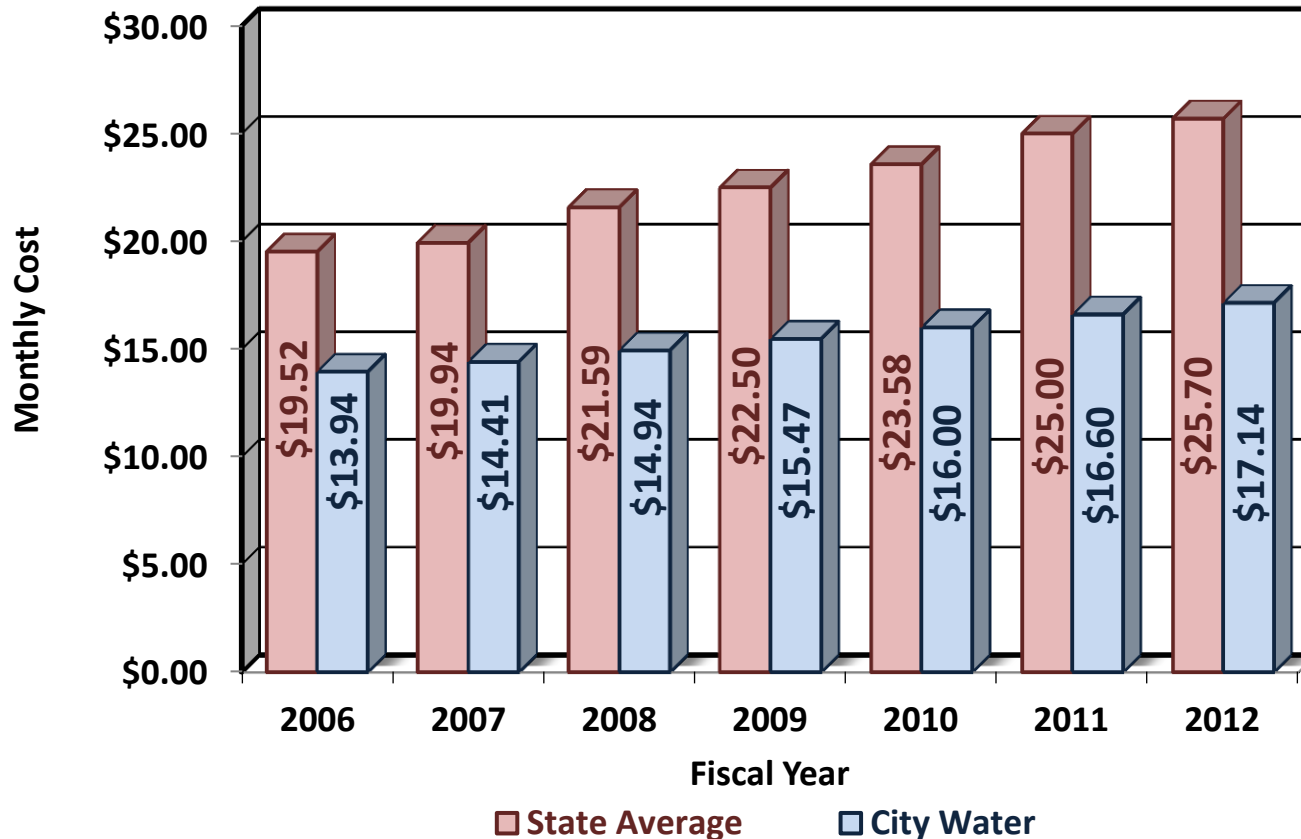
Rate Comparisons

Bill Comparisons – 5000 Gallons per Month



Rate Comparisons

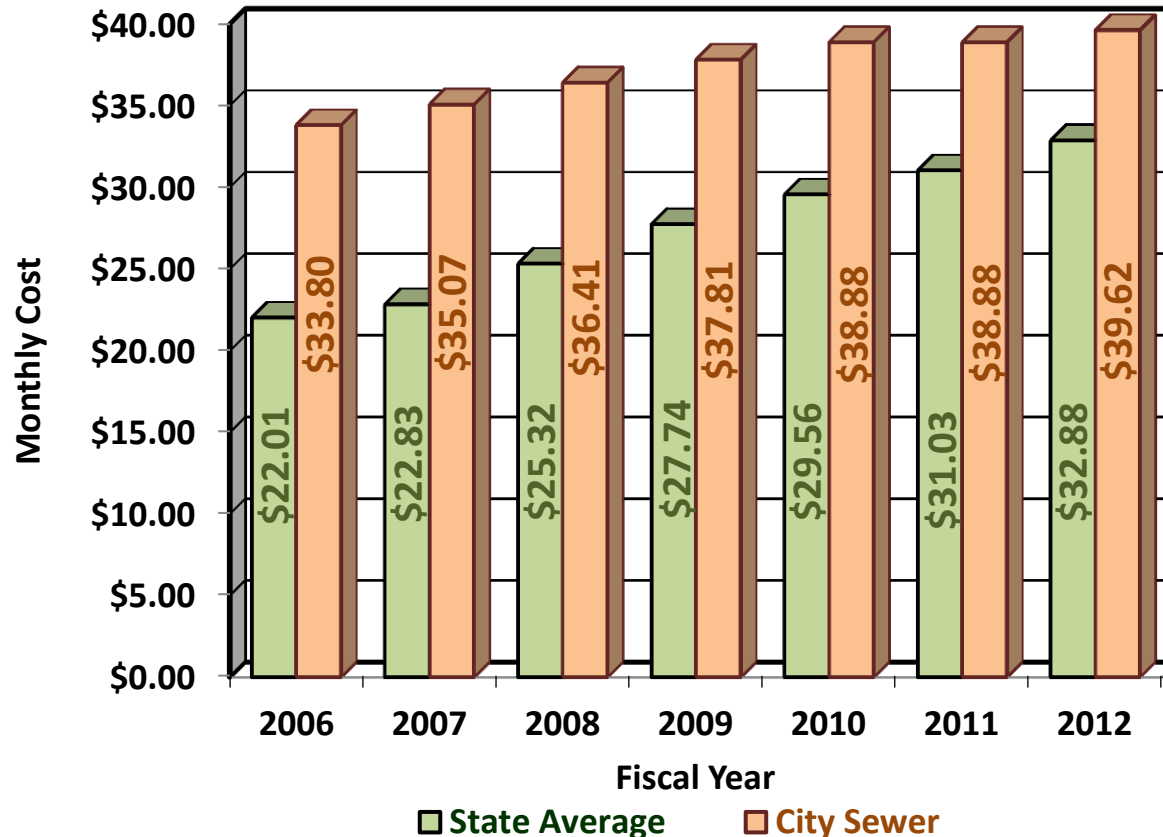
Water Increases – 5000 Gallons per Month



- Lynchburg's water rate is 33.4% below the statewide average
- Statewide rates have increased by 31.7% since 2006
- Lynchburg rates have increased by 23.0% since 2006

Rate Comparisons

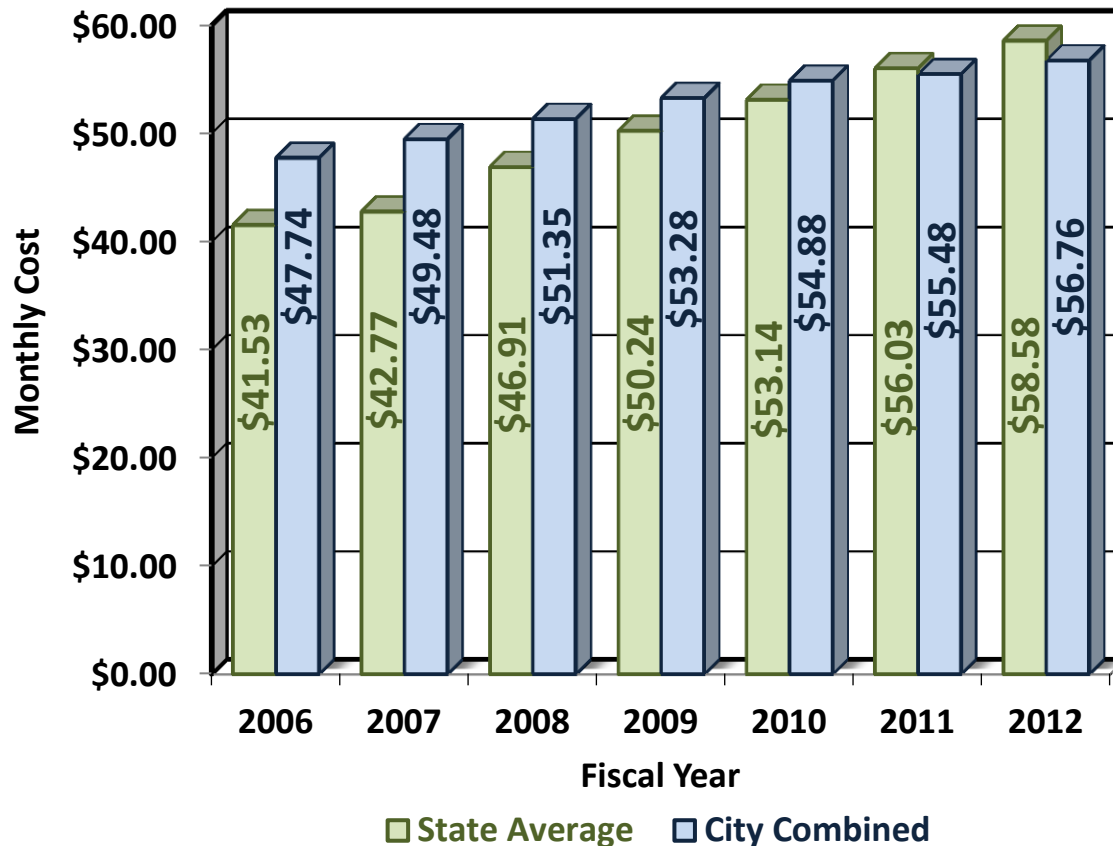
Sewer Increases – 5000 Gallons per Month



- Lynchburg's sewer rate is 20.5% above the statewide average
- Statewide rates have increased by 49.4% since 2006
- Lynchburg rates have increased by 17.2% since 2006

Rate Comparisons

Combined Increases – 5000 Gallons per Month



- Lynchburg's combined water and sewer rate is 3% below the state average
- Statewide combined rates have increased by 41.1% since 2006
- Lynchburg combined rates have increased by 18.9% since 2006

Questions?





WATER RESOURCES

FY 2013 Rate Study and Annual Report

**Council Work Session
February 28, 2012**



FY 2013 Rate Study and Annual Report

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Mission Statement:

“Provide excellent water, wastewater, and stormwater services that promote the health, safety, and prosperity of the community.”

To: The Honorable Mayor and Members of the City Council

From: Timothy A. Mitchell, P.E., Director of Utilities

Re: FY 2013 Rate Study and Annual Report

Date: February 28, 2012

I. EXECUTIVE SUMMARY

The Department of Water Resources prepares the Rate Study and Annual Report in order to determine the adequacy of the water and sewer rates to fund the operating and capital expenses of the Water and Sewer Funds and ensure compliance with the CSO financial criteria. This year we have added stormwater as well. As always, the following are the guiding principles that are adhered to in developing the recommended rates and fees:

- Equitable sharing of water, sewer, and stormwater costs based on actual services provided.
- Ensure rates promote sustainable water, sewer, and stormwater operations and infrastructure.
- Minimize future rate spikes.
- Meet the financial obligations related to the CSO Consent Order.
- Meet Council's financial policies.

The proposed water volume rate is recommended to be increased by 3%, while there is no proposed increase in the sewer volume because we estimate that the average annual sewer bill as of July 1, 2012 will be at or slightly above 1.25% of the median household income (MHI). The water rate increase is due in part to an overall decline in water consumption. Additionally, the need to continue the investment in the water infrastructure; however, previous projections assumed a 3% increase with minimal increases in consumption. As a result, even with a 3% increase in water rates we will not be able to continue the investment in the water infrastructure at the previously planned levels. While we are pleased to be in a position where we can recommend that there is no sewer rate increase, this results in a number of concerns including: a significant reduction in the CSO Program, deferred sanitary sewer system maintenance, and deferred maintenance at the Lynchburg Regional Wastewater Treatment Plant (WWTP). Additionally, there are concerns of additional enforcement action or a change in the criteria in which we calculated sewer rates.

For the second year in a row, the City of Lynchburg's combined water and sewer bill based on 5,000 gallons of consumption is less than the statewide average. Last year the combined rate was 1% less than the statewide average. This year the difference has increased to 3% less. This is based on the "*23rd Annual Virginia Water and Wastewater Report 2011*", prepared by Draper Aden Associates. Since 2004 the statewide average combined rate has increased by 41.1% while City's combined rate has only increased a total of 18.9%.

Stormwater has been included for the first time in this report. Projections for the Stormwater Fund are included in Appendix I – Financial Projections along with projections for the Water and Sewer Funds. In order to meet the existing stormwater needs, to better address the existing stormwater infrastructure issues, and to better plan for new regulatory requirements, the initial stormwater fee is recommended to be \$4.00 per single family unit (sfu) per month. Also, as with the Water and Sewer Funds, financial policies are recommended for the fund. A target of 10% for the fund balance and 1.15 for the debt coverage ratio is recommended.

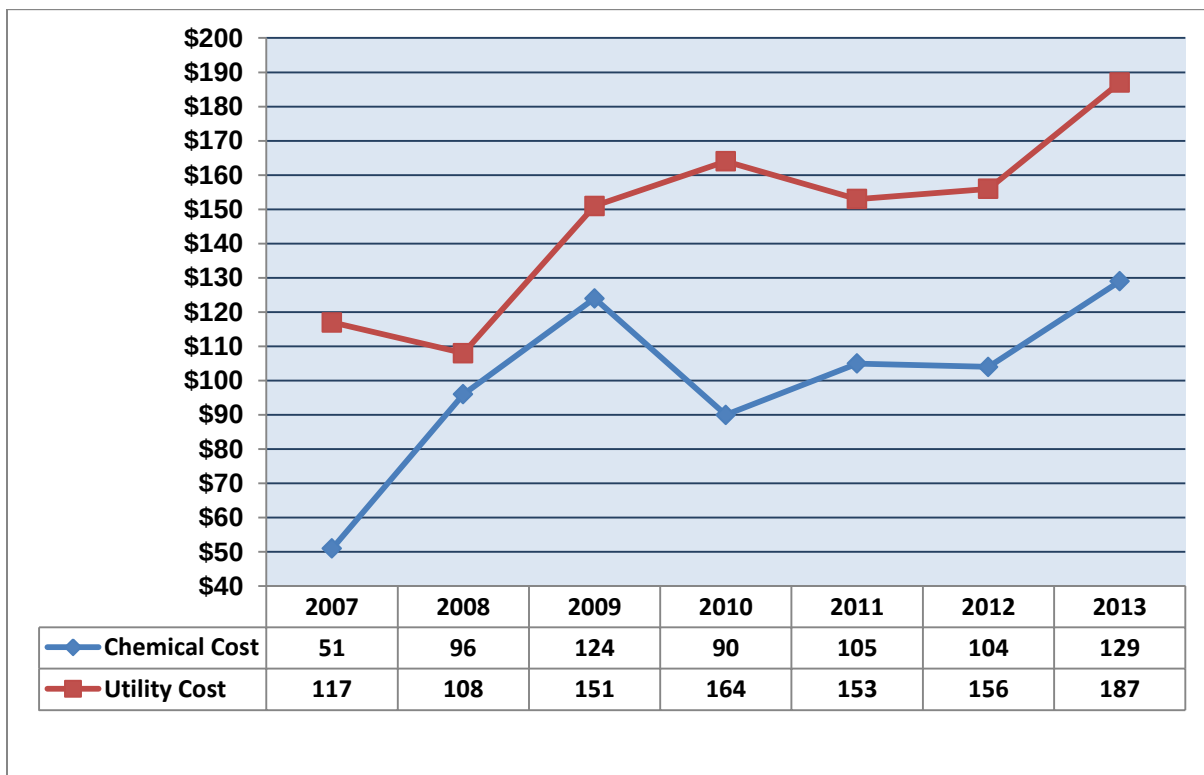
II. WATER FUND

A. Water Fund – Expenses

The **Administrative Division** provides administrative functions for water, sewer, and stormwater are all funded in the water fund. Transfers are made from the sewer and stormwater funds to cover administrative costs associated with sewer and stormwater activities. The proposed FY 2013 Administrative Division budget is \$2,971,946 and reflects an increase of \$244,004 over the adopted FY 2012 budget primarily due to reassigning two positions that were previously in the sewer fund to administration and additional personnel benefits costs. The increase associated with the reassignment of these two positions and additional employee benefits costs comprise \$239,004 of the overall increase.

The **Water Treatment Division** is responsible for the operation and maintenance of the City's two water filtration plants, the Pedlar Reservoir, and numerous pump stations and water tanks. The proposed FY 2013 budget is \$3,247,093 and represents a \$137,565 increase above the adopted FY 2012 budget primarily due to increases in personnel benefits (\$29,858) and increases in power and chemicals (\$75,000). As shown in *Figure II-1 – Water Treatment Variable Expenses per Million Gallons Treated*, since 2007 the variable costs associated with utilities and chemicals has risen from \$168 per million gallons treated to \$316, an 88% increase.

Figure II-1 – Water Treatment Variable Expenses per Million Gallons Treated



The **Water Line Maintenance Division** is responsible for the operation and maintenance of nearly 500 miles of water line and appurtenances within the City including: repairing main breaks, fire hydrant maintenance, service installations, etc.. The proposed budget for FY 2013 is \$1,620,732 and represents a \$70,172 increase above the adopted FY 2012 budget. This increase is primarily due to a \$89,500 increase in materials, such as prices for copper and fittings for water system maintenance.

The **Meter Reading Division** is responsible for the reading, maintenance, replacement, of nearly 23,000 meters. Additionally, they are responsible for cut-offs / ons related to delinquent accounts. The proposed budget for FY 2013 is \$878,189 which represents a \$17,307 decrease from the FY 2012 adopted budget. The primary reason for this decrease is the reassignment of a vacant Meter Reader position to the Stormwater Fund. The position is no longer needed in the Meter Reading Division due to efficiencies gained through the installation of automated meter reading equipment.

Other expenses such as debt service and non-departmental costs are expected to remain relatively stable for FY 2013.

B. Water Fund – Revenues

Water Fund revenues are expected to be approximately \$12.77 million in FY 2013. This is down from previous projections in which we estimated the FY 2013 revenues to \$13.36 million. Revenues for the current year are also projected to be well under the FY 2012 budgeted amount by nearly \$500,000. The primary reason for this decline is the a a continued reduction in household consumption. Although, there has been a slow but steady growth in the number of customers (365 more customers since 2007), *Figure II-2 Number of Water Customers*, the overall water sold has decreased during this same time period by 650,000 gallons per day. More importantly, the average household consumption has decreased from 6.39 hcf per month to 5.62 hcf per month. See *Figure II-3 – Water Produced and Sold*.

Figure II-2 Number of Water Customers

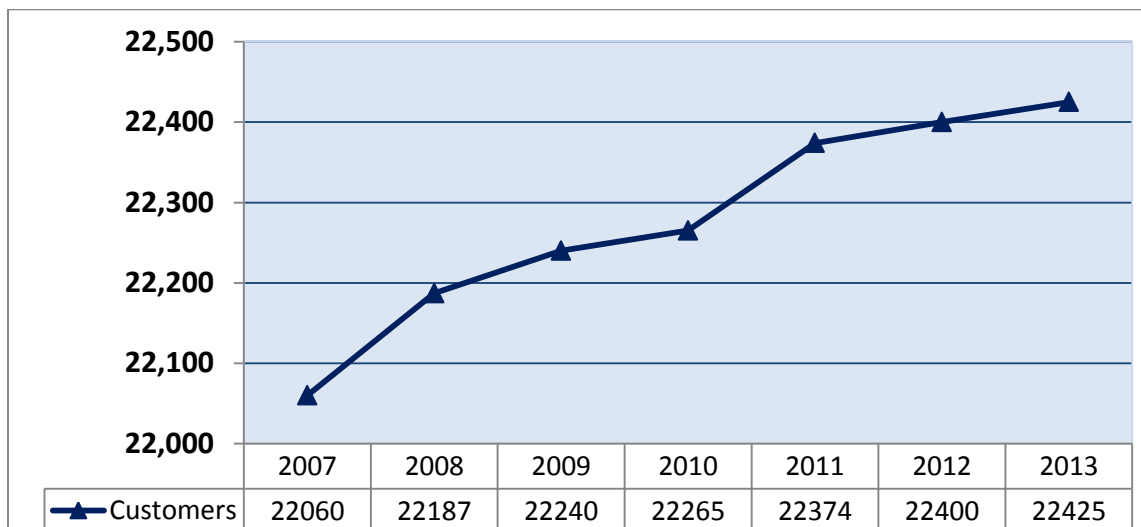
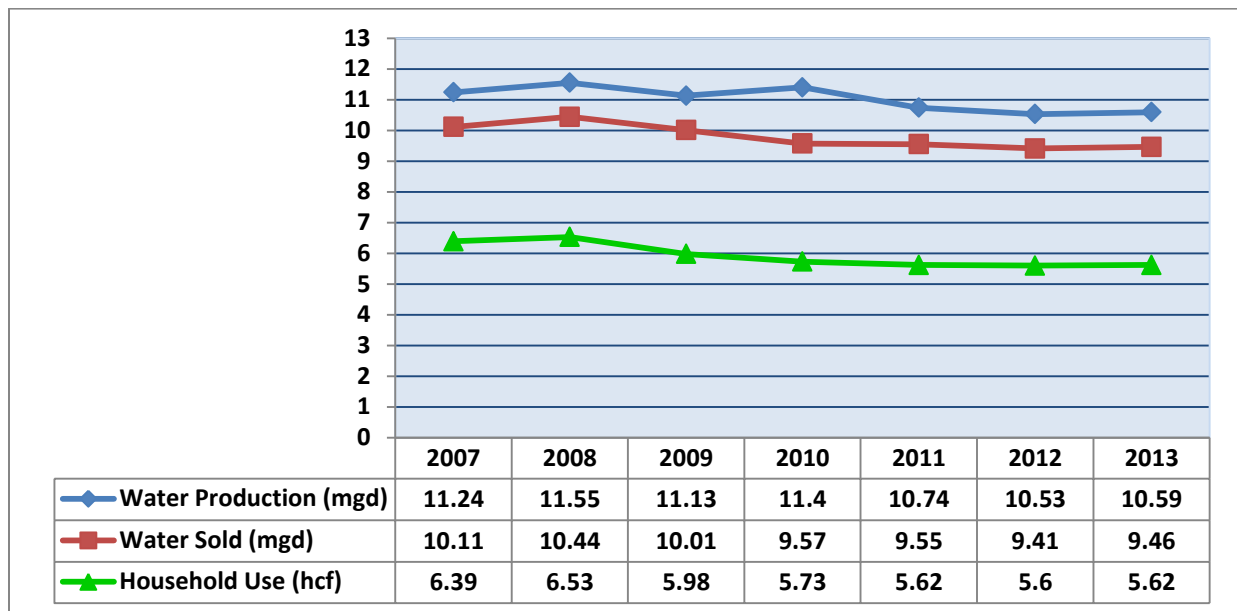


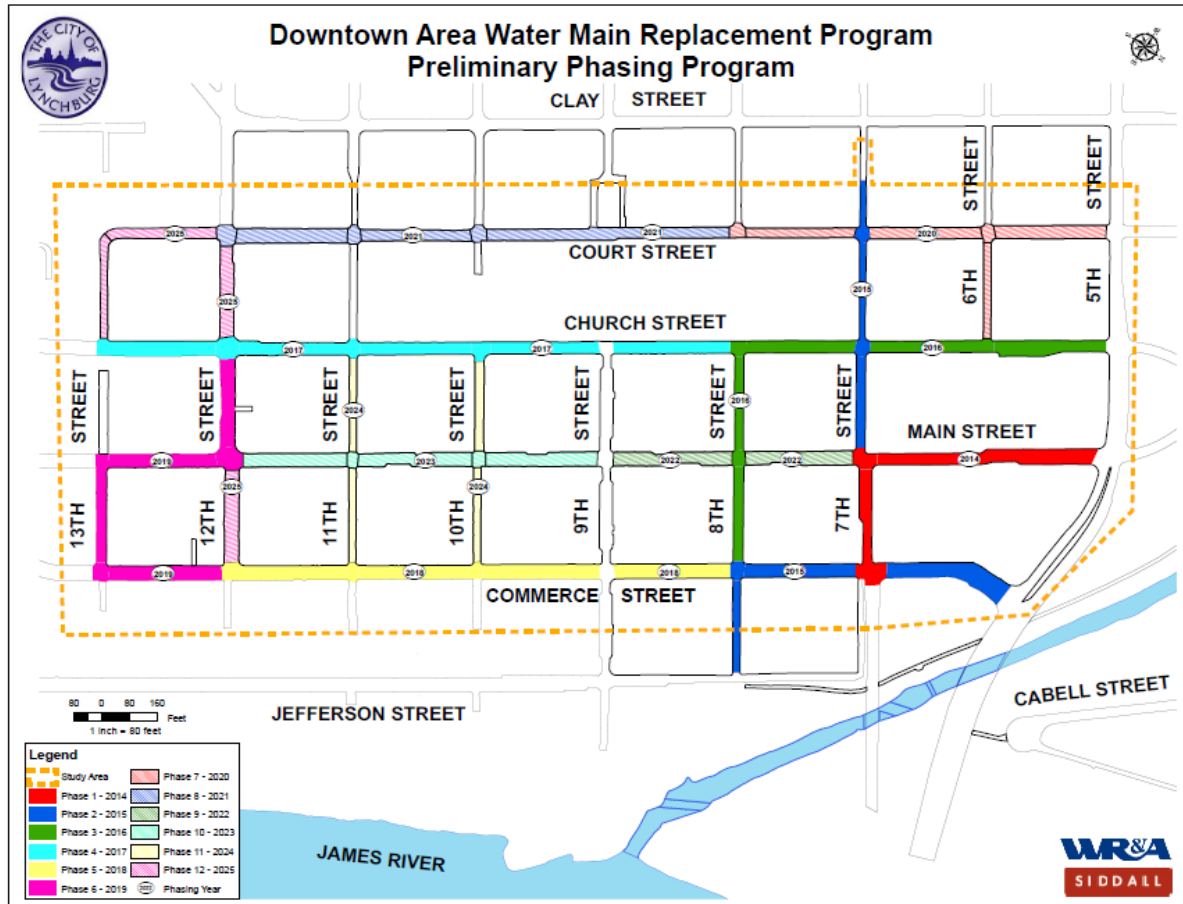
Figure II-3 – Water Produced and Sold



C. Water Fund – Capital

Previously plans included investing \$3.5 million per year into the distribution system assuming 3% annual water rate increases, primarily replacing older small water mains that frequently break and into the Central Business District (CBD) Water Line Replacement Program (*Figure II-4*). However, as a result of declining consumption and lower than anticipated revenue, it is necessary to scale back this to \$2.0 million per year. The impact of this will be to essentially stop the small water main replacement program and extend the CBD Water Line Replacement Program by at least four years. So instead of completing the program in 10 to 12 years, it will likely take at least 16 years. Additionally, reductions in the small main replacement program, which replaces aging and undersized lines, will also be necessary.

Figure II-4 – Central Business District Water Line Replacement Program



Continued investment in the infrastructure is critical for long term sustainability. While a slowdown in investment for a year or so is manageable, to do so for an extended period of time is unadvisable and future rate increases above 3% may be necessary. The risk of reducing the investment in the system is more frequent main breaks, resulting in service disruptions, inconveniences, possible system contamination, property damage, and lost revenues for businesses. While overall system demands are down, they are shifting locations which create other challenges. When the original system was designed and constructed the primary water consumption was in the downtown area, while residential and inner City demands are down, there are growing demands in the Candler's Mountain and southwest portions of the City. A new water storage tank is planned on Candler's Mountain to meet growing needs and to be able to take the only tank in that pressure zone off line for maintenance. Additional system improvements are also being evaluated to better meet the changing demands. There is currently at least \$15 million in distribution system infrastructure needs.

D. Water Fund – Summary

The combination of increased expenses and declining consumption has led to a recommended water rate increase of 3%, which is consistent with previous projections, and the need to dramatically reduce the water capital program for the near future.

III. SEWER FUND

A. Sewer Fund – Expenses

The **Wastewater Treatment Division** is responsible for the operation and maintenance of the Lynchburg Regional Wastewater Treatment Plant. The proposed FY 2013 budget is \$6,819,526 and represents a \$27,064 decrease from the adopted FY 2012 budget. Although we are indicating a slight decrease, there are some significant challenges that need to be noted.

This budget proposes two new driver/operator positions which are needed to be able to haul sludge to the Campbell County landfill beginning in June. This along with increases in personnel benefits results in an increase of \$125,606 in personal services. This is somewhat offset by a \$30,000 reduction in temporary personnel costs.

The Concord Turnpike landfill is adjacent to the Wastewater Plant and has a ¼ mile private access road into the facility which exempts the facility from VDOT weight limits on public roads. This allows for fewer loads, larger storage capacities and the ability to use less experienced drivers than what can be used on public roads. Currently the WWTP uses primarily three axle roll off trucks, which can carry up to 25 tons on the private road, but on public road are restricted to 12 tons. This not only affected the number of loads but also capacity to meet State and Federal Sewage Collection and Treatment regulations which require the ability to store five days of solids production. Because of this one of the first transitions was to begin using six axle tractor trailers which can legally haul about 19 tons. The chart below will indicate some of the affects the relocation will have on sludge disposal operations.

	Current	Projected
Yearly miles traveled	1,500 miles	42,000 miles
Weight per load	20-25 wet tons	<12 wet tons
Total storage capacity	326 wet tons	176 wet tons
Loads per year	1100 loads	1835 loads
Yearly Hours require driving	330 hours	2400 hours
Hours lost for truck down time	15 hours	200 hours

The above changes result in the following sludge disposal cost increases:

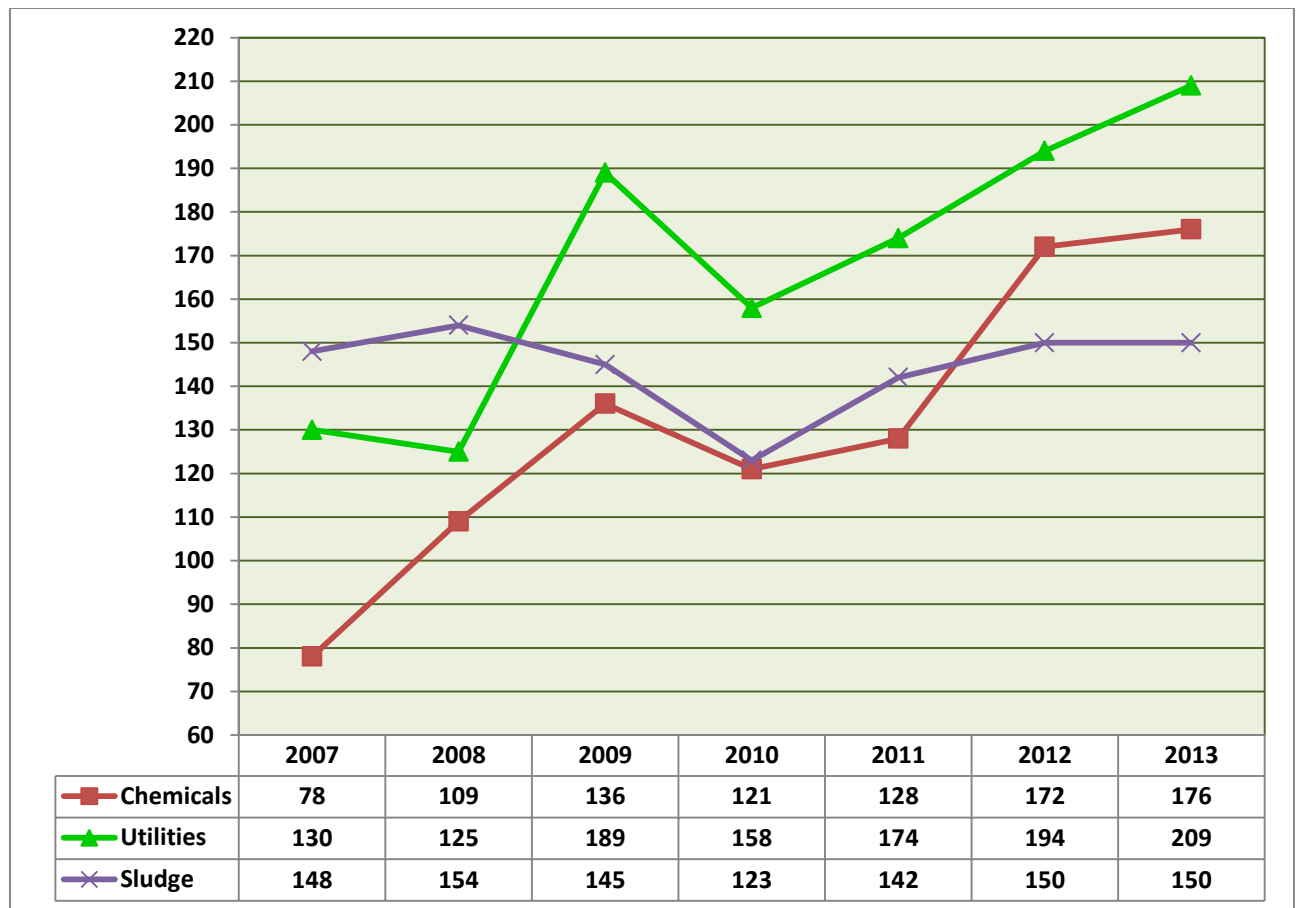
	FY 2012	Projected FY 2013	Increase
Truck repair costs	\$25,000	\$75,000	\$50,000
Fuel	\$15,000	\$50,000	\$35,000
Additional Personnel (4)	\$80,000	\$160,000	\$80,000

The total FY 2013 operational increase associated with sludge disposal = \$165,000

Additionally, we have recently purchased 6 new trailers at \$53,000 each for this operation. A total of 22 trailers will ultimately be needed to transport the sludge and continue to meet the five day sludge storage requirement.

A \$266,000 decrease in costs associated with nutrient trading will be realized as a result of some process changes that will allow the WWTP to meet the phosphorus limits and sell nitrogen credits. However, as in the Water Fund, the variable expenses, (chemicals, power, and sludge disposal) As shown in *Figure III-1 – Sewer Treatment Variable Expenses per Million Gallons Treated*, since 2007 the variable costs associated with utilities and chemicals has risen from \$356 per million gallons treated to \$535, a 50% increase.

Figure III-1 – Sewer Treatment Variable Expenses per Million Gallons Treated



The **Sewer Line Maintenance Division** is responsible for the operation and maintenance of over 450 miles of sanitary sewer lines in the City including: inspection, cleaning, repairing, installation of services, etc. The proposed budget for FY 2013 is \$2,317,776 and represents a \$161,203 decrease above the adopted FY 2012 budget. This increase is primarily due to a \$137,793 decrease in personal services associated with reassigning 1.30 positions to the Stormwater Fund and a \$37,100 internal service charge decrease associated with moving three vehicles to the Stormwater Fund.

B. Sewer Fund – Revenues

Sewer Fund revenues are expected to be approximately \$19.45 million in FY 2013. This is down nearly \$1 million from previous projections in which we estimated the FY 2013 revenues to \$20.43 million. Revenues for the current year are also projected to be well under the FY 2012 budgeted amount by nearly \$600,000. The primary reason for this difference is the continued reduction in household consumption and no proposed sewer rate increase. Similar to water, there has been a slow but steady growth in the number of customers (465 more customers since 2007), *Figure III-2 Number of Sewer Customers*, the overall sewer sold has decreased during this same time period by 770,000 gallons per day. See *Figure III-3 – Sewer Sold*.

Figure III-2 Number of Sewer Customers

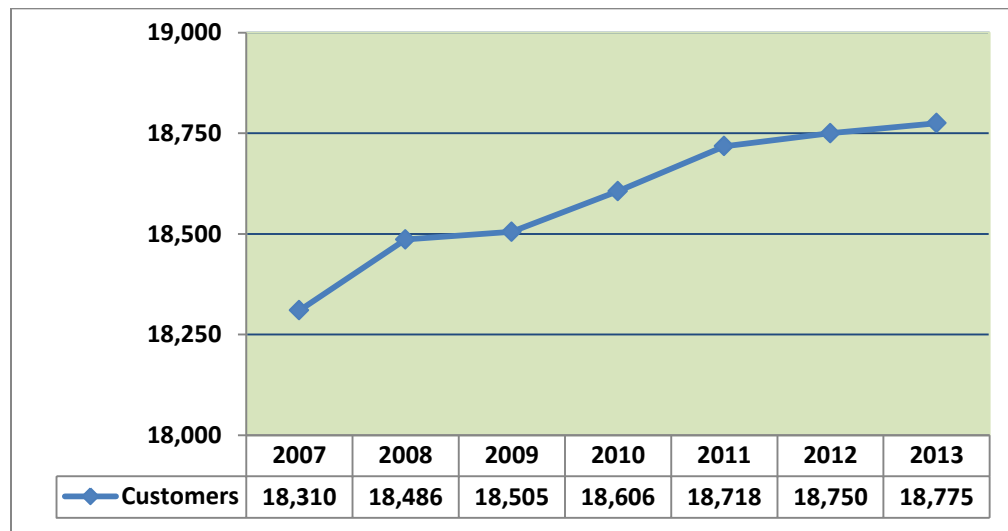
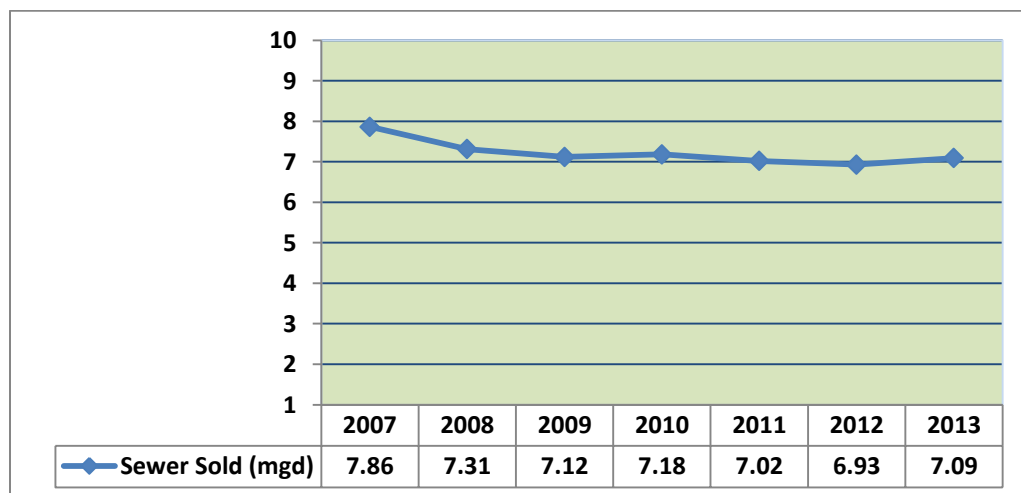


Figure III-3 Sewer Sold



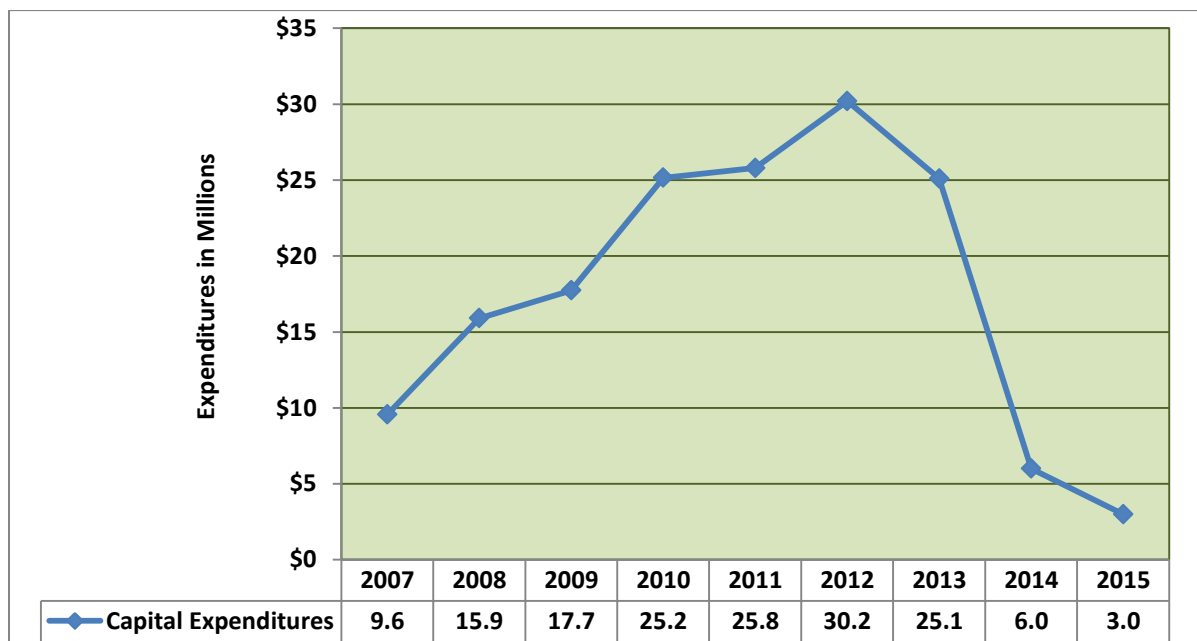
C. Sewer Fund – Capital

As a result of declining consumption and associated revenues combined with the fact that we meet the CSO Consent Order MHI requirements without raising sewer rates, we have suddenly run out of debt capacity. The impacts of this are primarily on the CSO Program. However, other programs such as the Sanitary Sewer Evaluation Study (SSES) and associated maintenance of the separate sewer system will be scaled back as well. It is important to note that this is a critical program which is needed to reduce the number of unpermitted sewer overflows. The following is a description of the current progress and potential impacts to the CSO Program.

CSO Progress

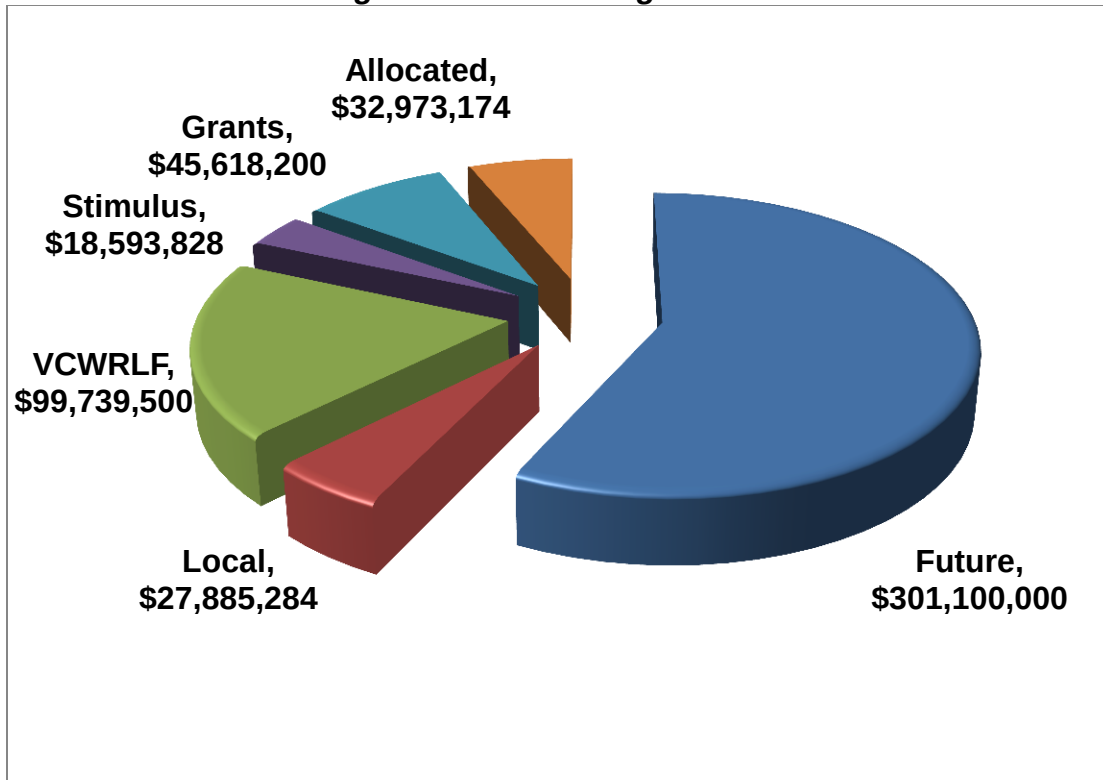
The Department of Water Resources continues to make significant progress on the CSO Program. To date 108 of the 132 original overflow points have been eliminated along with significant reductions in overflow volume and pollutant load. As a result of the American Recovery and Reinvestment Act funding, favorable cash flow and debt coverage numbers, in recent years we have been able to invest a significant amount into the CSO program. However, we have now come to a turning point. Little or no growth in the median household income, declining water consumption, and high debt service payments have resulted in only minimal debt capacity for the near future (refer to *Figure III-4, CSO Capital Spending*).

Figure III-4 CSO Capital Spending



While we may all welcome a break from the extensive CSO construction, the situation does create concerns. As shown in *Figure III-5, CSO Program Cost*, we still have over \$300 million remaining to complete the program. Should the program slow or stop for an extended period of time it would likely attract the attention of EPA.

Figure III-5 CSO Program Cost



Figures III-6, III-7 & III-8, are based on an extensive water quality model and water quality sampling developed as part of the Long Term Control Plan update currently underway by Greeley and Hansen. These figures indicate the levels of fecal coliform in the James River before, during, and after a rainfall event. Based on these facts, we are clearly a long way from meeting the water quality requirements.

Figure III-6 Water Quality 24 Hours Prior to Rainfall

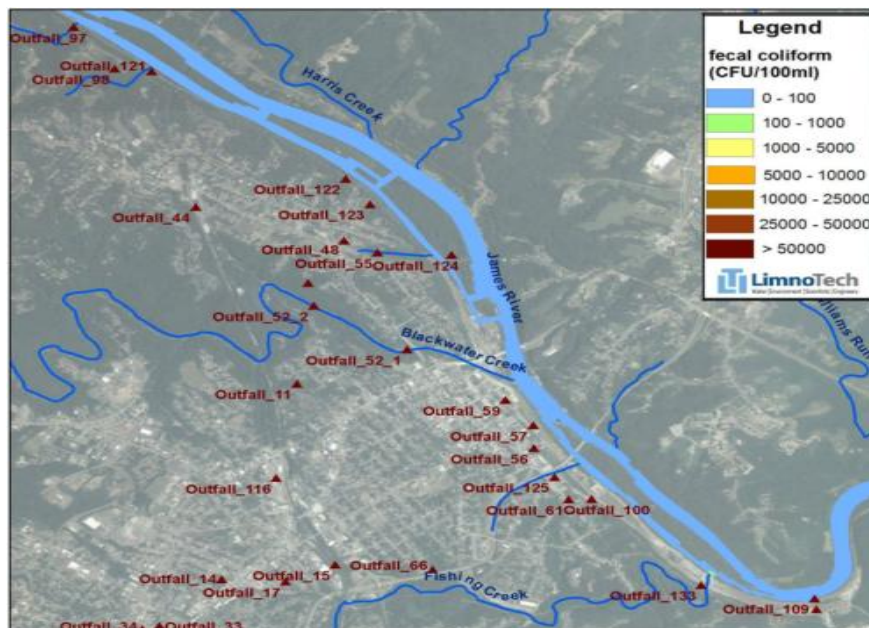


Figure III-7 Water Quality During Rainfall

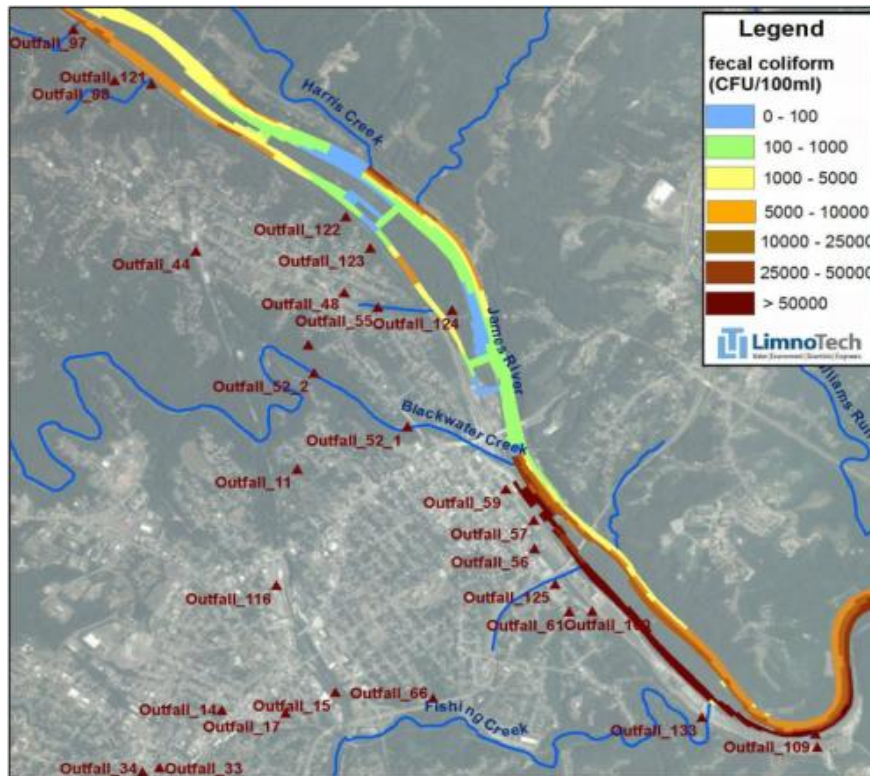
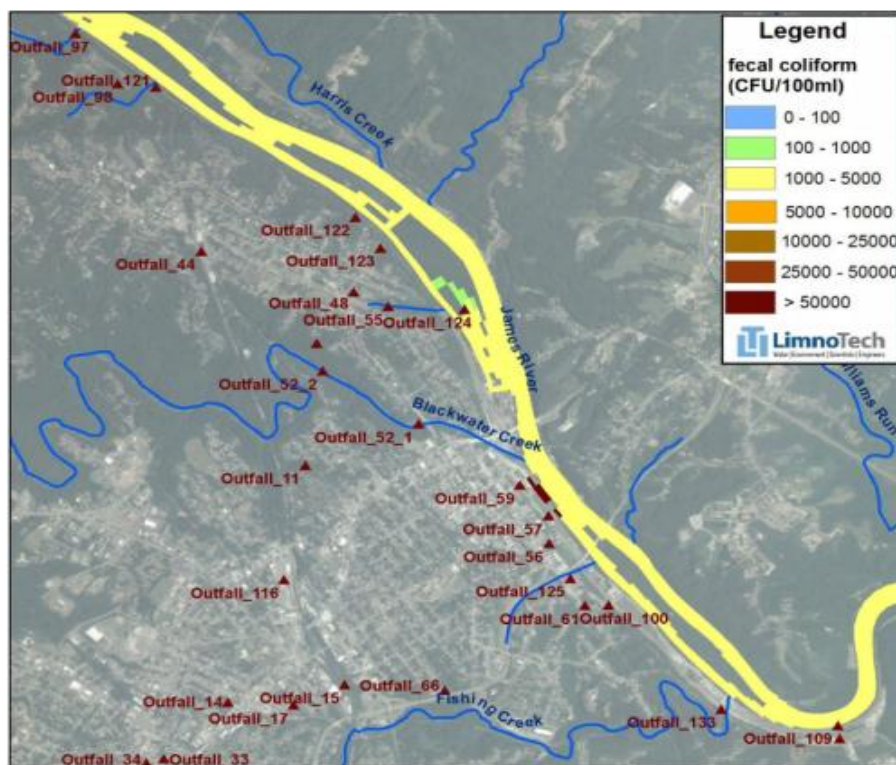


Figure III-8 Water Quality 24 Hours After Rainfall



Potential impacts of slowing or stopping our CSO Program for an extended period include: EPA to reopening our Consent Order to try and incorporate more stringent requirements such as a fixed date for completion of the program or an increase in the sewer rate to at least 2.0% of the MHI. Currently, one or both of these scenarios are being imposed by EPA across the country. We have long said that we have one of the best Consent Orders in the country because Lynchburg was proactive nearly two decades ago. As shown above in the MHI calculation, an additional concern that DEQ has raised is that because our typical household water consumption has decreased to below 6 hcf (5.6 hcf) we are actually well below the MHI requirements. If we were to use 6 hcf instead of 7 hcf for the purpose of calculating compliance, our current sewer rates would only be at 1.12% of the median household income.

The reason for pointing these issues out is that while we are not recommending a sewer rate increase this year, it may be in the City's best interest to consider raising the sewer rate in future beyond what is currently planned in future years for the purpose of continuing a strong CSO Program, renewing aging infrastructure, and hopefully avoiding federal intervention into the program.

IV. STORMWATER FUND

Recently, City Council adopted an ordinance establishing a stormwater utility that will be funded by a fee assessed to each developed property in the City based on its impervious area. The purpose of establishing a utility and fee is multifold. These include: regulatory issues (pending requirements associated with the Chesapeake Bay; local water quality requirements; new State stormwater regulations; a shifting of responsibilities from the Department of Conservation and Recreation (DCR) to localities; continued compliance with increasing MS4 permit requirements); the funding of existing and new stormwater program efforts, the need to adequately maintain our existing stormwater infrastructure.

A. Regulatory Issues

The Watershed Implementation Plan (WIP) submitted by the State to EPA as required by the Chesapeake Bay TMDL describes specific reductions goals related to urban stormwater (and other sectors). The WIP further states the strategy in which these stormwater goals will be met will be through the MS4 permits with certain reductions required each of three subsequent five year permit cycles.

The first permit cycle, beginning in July 2013, will require the City to achieve 5% towards our pollution reduction goals. The second permit cycle an additional 35% would need to be achieved, and finally 60% in the third permit cycle. With our current estimate of approximately \$110 million needed to comply with the urban stormwater requirements divided based on the reduction goals in each permit cycle the estimated cost for each five year permit cycle is as follows: first permit cycle = \$5.5 million; second permit cycle = \$38.5 million; and the third permit cycle = \$66 million.

There potentially is a number of ways that these costs can be reduced and/or spread out over a longer period of time. Currently there are several bills in the General Assembly that could help reduce this cost, specifically, SB 77 and HB 176 expand the nutrient trading program. This would essentially allow us to trade nitrogen and phosphorous credits between wastewater and stormwater potentially lengthening the time needed to comply with the urban stormwater requirements and finding the most cost effective means for compliance. We can also potentially take credit for water quality features put in place in conjunction with CSO and redevelopment to further meet our target reductions. Good management and planning will help mitigate the impacts of the Chesapeake Bay clean-up and other local water quality requirements on the citizens of Lynchburg.

B. Operations

The Departments of Water Resources, Public Works and Community Development are the core departments implementing the components of the City's Municipal Separate Storm Sewer System (MS4) permit and overall stormwater program.

The Department of Water Resources is responsible for the overall management of the permit and coordination among all departments to ensure compliance with the six minimum control measures as dictated by our MS4 permits. Additionally, the department performs any necessary maintenance or repair work to the storm system network and stormwater BMPs, manages the Illicit Discharge Detection and Elimination (IDDE) program and manages compliance of stormwater maintenance agreements for stormwater BMPs. The department is also responsible for maintenance of the stormwater GIS system. Additionally, more and more sophisticated stormwater quality devices (as shown below) are being installed throughout the City which are labor intensive and expensive to maintain.



The Department of Public Works is responsible for managing the leaf collection and street sweeping programs. The department is also responsible for operation and maintenance work on culvert, storm ditch-line and stormwater BMPs.

The Department of Community Development is responsible for the enforcement of the erosion and sediment control program for public and private land disturbing activities and the stormwater management ordinance for adequate channel and water quality management of development projects. The divisions of Zoning and Natural Resources and Building Inspections assist with the Illicit Discharge Detection and Elimination Program.

C. New Initiatives and Recommended Changes

1. Leaf collection

Historically, leaf collection has been a General Fund function; however, beyond providing the citizens with a desired service, leaf collection is a regulatory requirement in both the CSO Program and the MS4 permit. Currently 25% of leaf collection is funded by VDOT, the remaining 75% is funded in the general fund. Because of the regulatory requirements, it is recommended that 50% (\$335,391) of leaf collection be funded through the stormwater fund.

2. Street Sweeper

Currently the City's Street Sweeping Program has been scaled back to approximately the equivalent of one full time street sweeper. Like leaf collection, street sweeping is also a regulatory requirement as well as a very cost effective method of pollutant removal while improving the aesthetics of the community. For these reasons, we recommend restoring a street sweeping position that was recently eliminated. The City currently owns three street sweepers so no additional equipment would be needed. The annual cost of adding the position and operating a street sweeper is \$107,150.



3. Infrastructure

Besides just complying with new and strengthened regulations, it is also critical that we devote adequate resources to maintaining our existing stormwater infrastructure. Currently, very little is even known about the location, condition, or even extent of our stormwater infrastructure. As with other infrastructure, deferring maintenance usually ends up costing more in the long run. We are recommending that at least \$300,000 annually be devoted to pay-as-you-go capital for general system repairs. Below are examples of some existing infrastructure issues that we are aware of but that no funding exists to address.

Edgewood Storm System



This property on Edgewood Drive has a 24" public storm line running through it that has completely collapsed creating multiple sink holes on the property. The estimated cost to replace the storm system is \$98,000. Below are a few of the known existing stormwater issues that need to be addressed but that are currently unfunded.

Simsbury Lane



Ardmore Outfall



Ardmore Inlet



Falcon Hill Outfall



Falcon Hill Outfall



Blackwater Creek



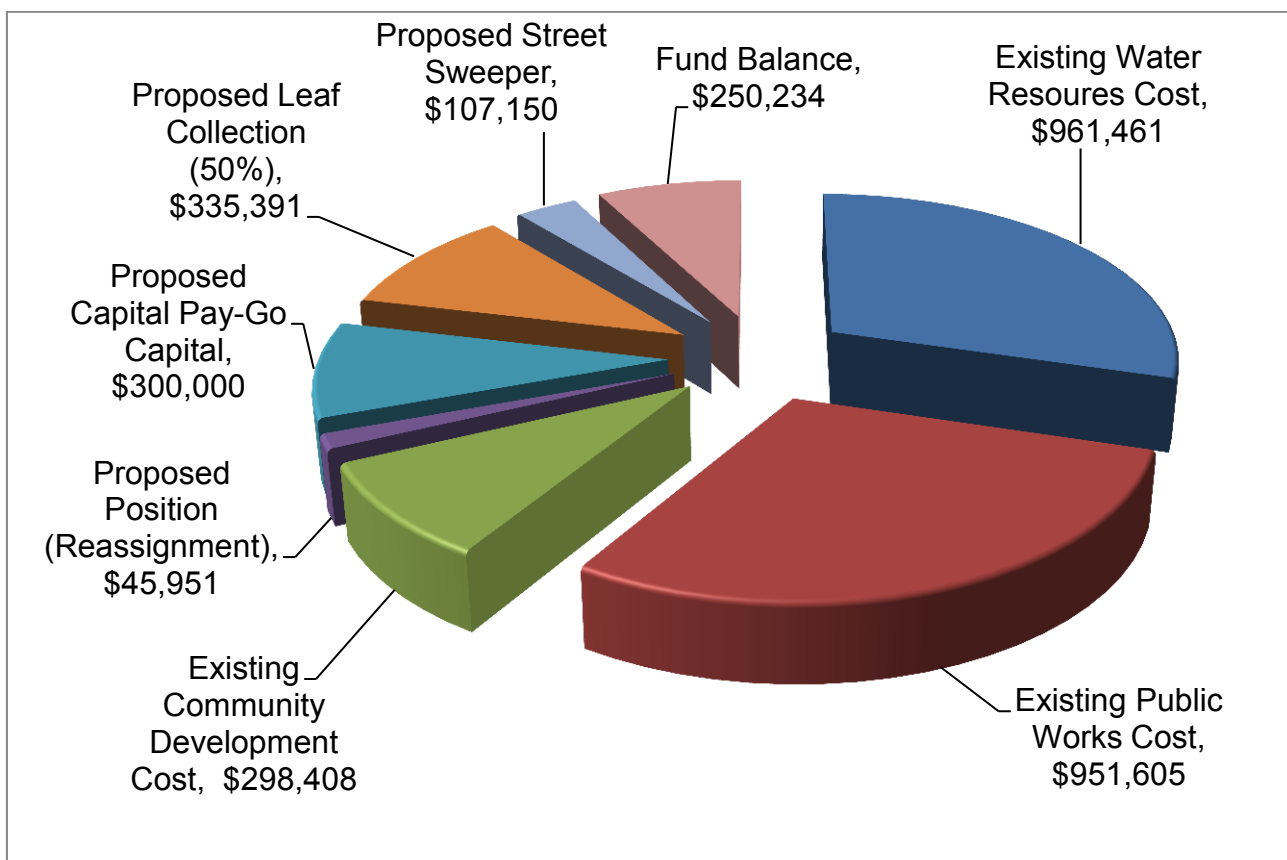
4. Master Planning and Design

It is recommended that beginning in FY 2014 that at least \$200,000 per year be devoted to mapping, condition assessment, master planning and design in order to determine the most cost effective and efficient way to not only meet the new regulatory requirements, but also properly manage our stormwater infrastructure. The actual needs for this are actually far greater.

D. Proposed Stormwater Budget and Fee

The proposed stormwater budget and associated fee are based on these recommendations. While the majority of the fee covers existing stormwater programs, additional funds would be devoted to master planning and infrastructure maintenance, restoration of a street sweeper position and activity, additional maintenance costs associated with the increasing number stormwater quality devices, more accurate distribution of administrative costs associated with stormwater and previously funded in either the water or sewer fund, moving a vacant position to stormwater to provide better oversight of the private stormwater basin maintenance activities, assist with the Illicit Discharge Detection and Elimination (IDDE) program, and to provide technical assistance with the stormwater credit program. *Figure IV-1 Stormwater Budget Items*, shows a breakdown of the proposed stormwater operating budget.

Figure IV-1 Stormwater Budget Items



Each new activity, its associated cost and corresponding portion of the proposed \$4 per sfu fee, *Figure IV-2 Stormwater Fee Allocation*, shows exactly how much of the proposed fee is allocated to each specific activity. Bolded items are either new initiatives or a proposed change in funding source.

Figure IV-2 Stormwater Fee Allocation

Activity	Cost	Rate
Water Resources less VDOT	\$ 311,461	\$ 0.48
Public Works	\$ 951,605	\$ 1.46
Community Development	\$ 298,408	\$ 0.46
Reassigned Position	\$ 45,951	\$ 0.07
Pay-Go Capital	\$ 300,000	\$ 0.46
Street Sweeper	\$ 107,150	\$ 0.16
Leaf Collection (50%)	\$ 335,391	\$ 0.52
Fund Balance	\$ 250,234	\$ 0.38
VDOT	\$ 650,000	\$ -
Total	\$ 3,250,200	\$ 4.00

V. RATE INCREASES

The rate adjustments proposed in this report will result in a typical composite monthly water and sewer bill increase of approximately 0.8%. “*Table V-1 Monthly Bill Impact*” provides a comparison of typical monthly water and sewer bills for a cross section of the customer base. It should be noted that an average household now uses less than 6 hcf per month so in those cases the impact will be less than indicated below.

Table V-1 Monthly Bill Impact

Customer Type	Monthly Volume	Current Bill	Proposed Bill	% Increase
Residential	7 hcf	\$59.28	\$59.76	0.8%
Commercial	30 hcf	\$241.90	\$243.99	0.9%
Industrial	1000 hcf	\$7,943.70	\$8,013.69	0.9%

A. Water Volume Rate

The water volume rate is recommended to increase by 3%. The impact of this increase to a typical household will be less than 50 cents per month.

B. Sewer Volume Rate

There is no sewer rate increase proposed for FY 2013. The City’s CSO Special Order dictates that we maintain the average annual sewer bill at 1.25% of the Median Household Income (MHI). As of July 1, 2011 the sewer rate was 1.30% of the MHI, slightly above the minimum required by the CSO Consent Order. *Table V-2, MHI Calculation*, includes the calculation for the MHI requirement as of July 1, 2011. Indications are that the CPI which is used to update the MHI has slightly increased but even with the increases we estimate that we will meet or exceed the CSO MHI requirement for next year.

Table V-2 MHI Calculation

Annual Sewer Bill	
Sewer volume rate	\$5.65
Avg. monthly use in HCF	x 7
Volume charge	39.55
Meter charge	1.85
Total monthly sewer bill	41.40
	x12
Annual sewer bill	\$496.80
MHI Calculation	
MHI in 2009 per U.S. Census Bureau	\$37,070
Increase in CPI from 12/2009 to 7/2011 x 75%	3.46%
MHI @ 7/2011 (\$37,070 x 1.0346%)	\$38,353
Annual sewer Bill as a % of MHI (\$496.80 / \$38,353)	1.30%

Based on increases in CPI since July 1, 2011, for projection purposes, we assume annual sewer rate increases of 2% will be needed effective July 1, 2013 to stay above the 1.25% threshold. However, it is important to note that changes in MHI are subject to a number of variables in addition to CPI. The next MHI estimate is expected to be released later this year. It is also important to note that the Department of Environmental Quality (DEQ) has argued that the average monthly sewer use for residential customers should be 6 HCF, not 7 HCF. If DEQ should prevail and the City is required to use the 6 HCF number, the annual sewer bill as a percent of MHI would be 1.12% as of July 1, 2011.

C. Sewer Only Rate

Since there is no proposed increase in the sewer volume rate, the sewer only rates are also recommended to remain the same.

D. Stormwater Rate

As discussed above the recommended stormwater rate is \$4.00 per sfu per month.

E. Industrial Surcharges

These charges are designed to recover the cost of treating high strength sewerage which is measured in pounds of biological oxygen demand (BOD) or total suspended solids (TSS) over the amounts assumed to be included in domestic sewerage. There are a total of 19 industrial pretreatment permits of those, seven are currently billed for high strength BOD and TSS. Rock Tenn and Frito-Lay are billed based on contract rates. Additionally, as a result of recent Industrial Pretreatment Memorandum of Understanding with each of the surrounding counties, we will begin billing Barr Labs for high strength waste.

A comparison between the current rates and the actual cost of treating BOD and TSS is shown in *Table V-3 Pretreatment Cost Analysis*.

Table V-3 Pretreatment Cost Analysis

	Current Rate	Actual Cost	% Difference	Proposed Rate (+5%)
BOD charge / 100 lbs.	\$20.31	\$27.79	36.8%	\$21.33
TSS charge / 100 lbs.	\$22.97	\$25.47	10.9%	\$24.12

Note: Actual cost estimates are assumed to have increased by 3% per year since the last detailed cost study.

We recommend that the current BOD and TSS rates be increased 5% to more closely recover the actual cost of service. Additional 5% annual increases are recommended through FY 2015 and then 3% per year thereafter.

F. Septic Hauler Charges

There are currently 22 permitted septic haulers that dispose of septic material at the Wastewater Treatment Plant plus approximately 40 large companies that have contracts with the City to dispose their septic material at the plant.

Revenues from septic haulers and customers with contracts that dispose of waste in the Wastewater Treatment Plant have averaged \$350,000 over the past five years. The current minimum septic hauler charge is \$185.85 and applies to all trucks that carry up to 2,500 gallons of septic material. The septic hauler charge increases by \$31.50 for every 500 gallon increase in the septic carrying capacity of a truck.

The septic hauler charges were increased two years ago. 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 of septic material would be as follows in *Table V-4 Septic Hauler Charges*.

Table V-4 Septic Hauler Charges

	Lbs.	Rate / lb.	Charge
BOD	155	\$.2619	\$43.07
TSS	730	\$.2401	\$185.93
Administration			\$50.00
Total for a 2,500 gallon truck load			\$279.00
Charge for each additional 500 gallons			\$45.80

Administration includes approximately 4 hours of City time to register a septic hauler at the wastewater plant, take PH samples, and record information for billing purposes.

The BOD and TSS rates included in the above table are based on a cost of service analysis that was used to determine the rates charged to Frito-Lay and Rock Tenn Company then escalated by 3% per year.

In order to minimize impacts to current septic haulers, we recommend that current septic hauler charges be increased 5% per year until FY 2015 then 3% per year thereafter to more closely recover the actual cost of providing the service.

"Table V-5 Water and Sewer Rates – FY 2009 to FY 2013", provides a comparison of the current water and sewer rates and the rates proposed for City Council approval, effective July 1, 2012. A summary of all water and sewer rates in effect over the past four years is also included in this table.

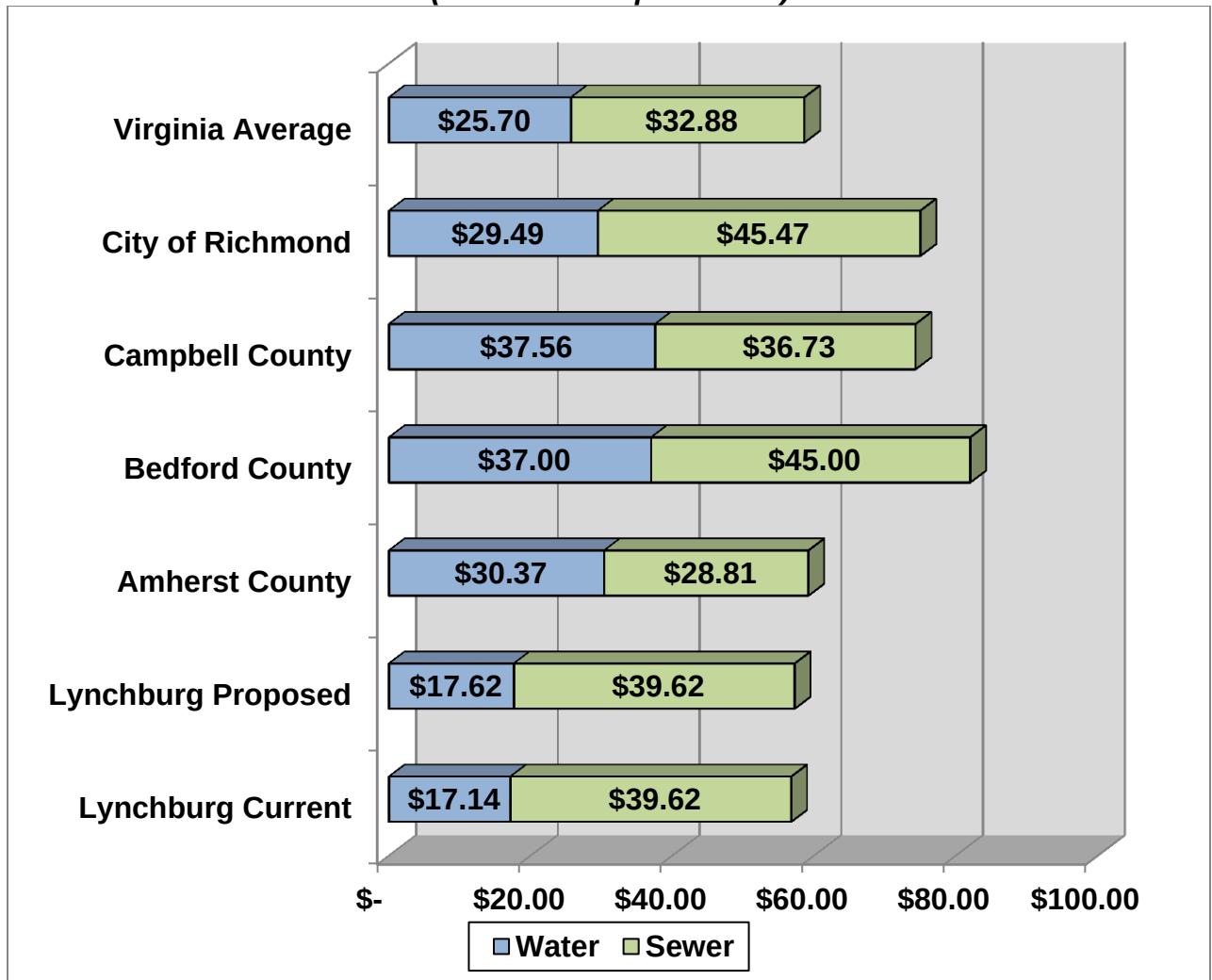
Table V-5 Water and Sewer Rates – FY 2009 to FY 2013

	FY 2009	FY 2010	FY 2011	FY 2012	Proposed FY 2013	% Increase
Water						
Volume charge / hcf	\$2.05	\$2.13	\$2.22	\$2.29	\$2.36	3%
Sewer						
Volume charge / hcf	5.38	5.54	5.54	5.65	5.65	0%
BOD charge / 100 lbs	18.46	18.46	20.31	20.31	21.33	5%
TSS charge / 100 lbs.	20.88	20.88	22.97	22.97	24.12	5%
Septic hauler charge	177.00	177.00	185.85	185.85	195.14	5%
Industrial permit fee	200.00	200.00	varies	varies	varies	0%
Sewer only	41.35	42.47	42.47	43.24	43.24	0%
Stormwater						
Rate per sfu per month					\$4.00	-
Fire Protection						
Hydrants & 8" or smaller fire lines	17.99	17.99	19.79	19.79	19.79	0%
10" fire lines	32.30	32.30	35.53	35.53	35.53	0%
12" fire lines	51.25	51.25	56.38	56.38	56.38	0%
Availability Fees						
Water	1,220.00	1,220.00	1220.00	1220.00	1220.00	0%
Sewer	1,950.00	1,950.00	1950.00	1950.00	1950.00	0%
Water Connection Fees						
¾" & 5/8" meters	950.00	950.00	950.00	950.00	950.00	0%
1" service – 5/8" meter	1,000.00	1,000.00	1000.00	1000.00	1000.00	0%
1" service – 1" meter	1,150.00	1,150.00	1150.00	1150.00	1150.00	0%
Greater than 1" - minimum	1,150.00	1,150.00	1150.00	1150.00	1150.00	0%
Sewer Connection Fees						
4" sewer line	1,100.00	1,100.00	1100.00	1100.00	1100.00	0%
Greater than 4" - minimum	1,200.00	1,200.00	1200.00	1200.00	1200.00	0%
Other Charges						
Account charge	3.69	3.69	3.69	3.69	3.69	0%
Cut-on charge	15.00	15.00	15.00	15.00	15.00	0%
Cut-off charge	25.00	25.00	25.00	25.00	25.00	0%
Delinquent account fee	5%	5%	5%	5%	5%	0%

VI. RATE COMPARISONS

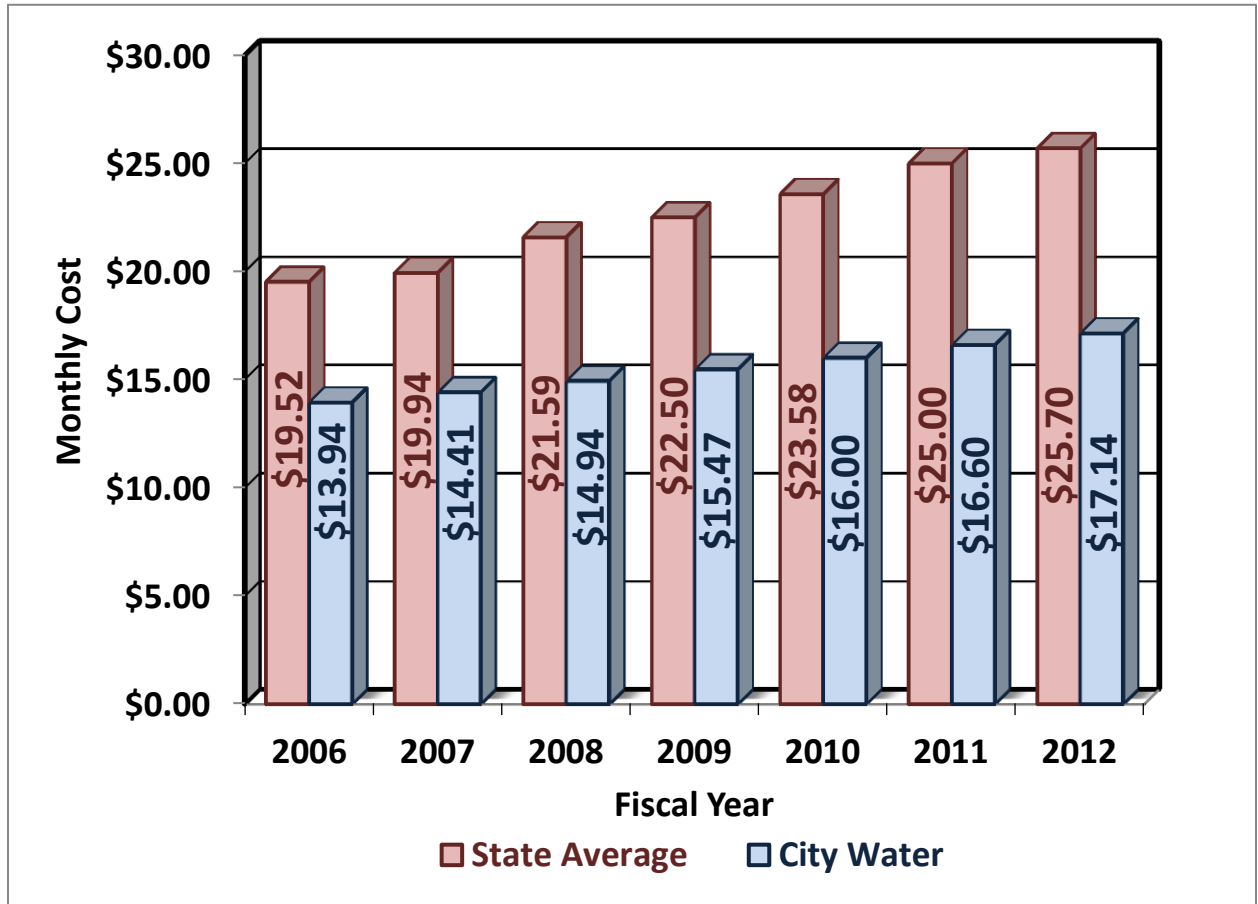
A comparison of the City's water and sewer bills for a customer using 5,000 gallons (6.68 hcf) of water per month to other communities is shown in "Figure VI-1 Bill Comparisons". (Information from other localities and the statewide average is based upon the "23rd Annual Virginia Water and Wastewater Report 2011", prepared by Draper Aden Associates.)

**Figure VI-1 Bill Comparisons
(5000 Gallons per Month)**



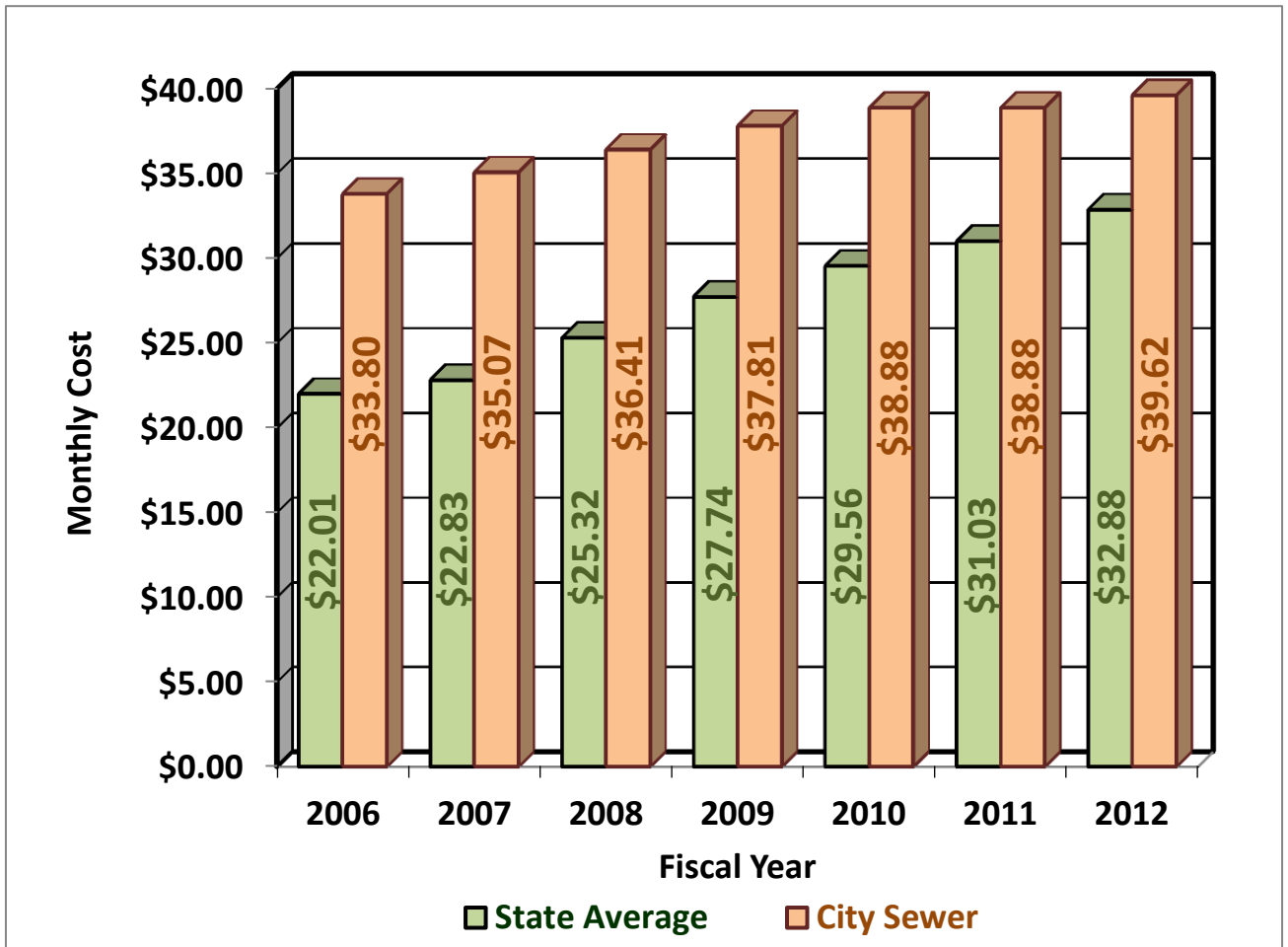
The City of Lynchburg's combined water and sewer rates are the lowest in the region including those of Amherst, Bedford, and Campbell Counties. Also, Lynchburg's rates for water and sewer are lower than the City of Richmond, the State's other CSO city.

**Figure VI-2 Water Increases
(5000 Gallons per Month)**



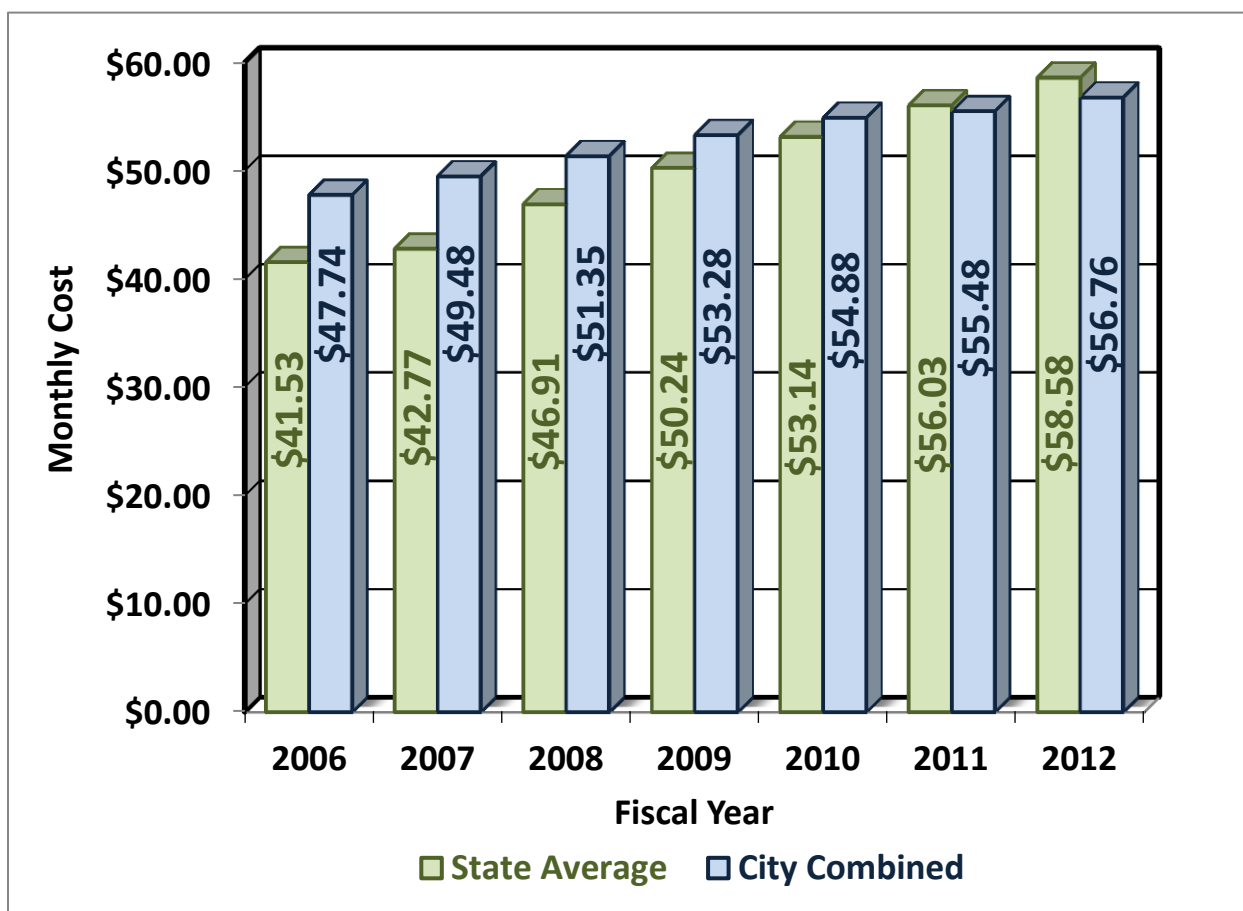
The City of Lynchburg's water rate is 33.4% below the statewide average when considering communities of all sizes and is 33.2% below those communities with the number of connections between 5,000 and 50,000. Since 2006 statewide water rates have increased by 31.7% while the City of Lynchburg water rates have increased by only 23.0%.

**Figure VI-3 Sewer Increases
(5000 Gallons per Month)**



The City of Lynchburg's sewer rate is 20.5% above the statewide average when considering communities of all sizes and is 32.8% above those communities with the number of connection between 5,000 and 50,000. Statewide sewer rates have increased by 49.4% since 2006 while the City of Lynchburg sewer rates have increased by only 17.2%.

**Figure VI-4 Combined Water and Sewer Increases
(5000 Gallons per Month)**



Last year the City of Lynchburg's water and sewer rates increased by 3% and 2% respectively, while average statewide water rates increased by 2.8% and sewer rates increased by 6.0%. For the second year in a row our combined rate has been below the statewide average. Overall our combined rate this year is over 3% below the state average. Since 2006 the average statewide combined rate has increased 41.1% while the City of Lynchburg combined rate has increased by only 18.9%.

VI. RECOMMENDATIONS

The Department of Water Resources recommends the following: increase the water volume rate by 3% to 2.36 per hcf, increase the industrial surcharges for BOD and TSS and septic hauler fees by 5%; and set the stormwater fee at \$4.00 per sfu per month.



Appendix I

Financial Projections





PJ Sun, LLC

**Providing Services to the
Water Industry**

February 15, 2012

Mr. Tim Mitchell, Director
Department of Water Resources
City of Lynchburg
525 Taylor Street
Lynchburg, Virginia 24501

Dear Mr. Mitchell:

We have assembled, from information provided by management, the accompanying financial projections of the Water, Sewer and Stormwater Funds of the City of Lynchburg for each of the six years ending June 30, 2017. The accompanying projections were prepared to help management evaluate the need for rate adjustments and develop strategies for funding capital improvements.

The financial projections have been prepared based on the assumptions that are described in the notes to the financial projections. The key assumptions for each of the Funds are included below:

Water Fund Assumptions

1. No major change in annual water production is anticipated. Over the past five years annual water production has averaged 11.27 MGD (million gallons per day) and has fluctuated from 10.74 to 11.55 MGD.
2. The annual volume of water billed to non-contract customers is estimated at 3.15 million HCF (hundred cubic feet) in FY 2012 and 3.18 million HCF thereafter. FY 2012 estimated annual volume is less due to the wet weather conditions experienced in early FY 2012. Over the past five years the annual volume of water billed to non-contract customers has averaged 3.22 million HCF and has fluctuated from 3.15 million HCF to 3.30 HCF. It is noteworthy that the water use per customer has been gradually declining over the past decade. This appears to be a national trend and reflects a combination of better plumbing fixtures, smaller families and increased water rates.
3. The annual volume of water billed to contract customers¹ is estimated at 1.44 million HCF in FY 2012. . Over the past five years the annual volume of water billed to contract customers has averaged 1.63 million HCF and has fluctuated from 1.47 million HCF to 1.79 million HCF. The decrease in water use from contract customers from historical levels is primarily due to reductions at Rock Tenn and Frito-Lay. No significant increase in billed water use is anticipated from

¹ Contract customers include Amherst County, Bedford County, Campbell County, Rock Tenn and Frito-Lay.

- Amherst County, Campbell County, Rock Tenn or Frito-Lay. Water use from Bedford County is expected to increase 2% per year.
4. The water volume rate used to bill non-contract customers is assumed to increase 3% effective July 1, 2013 and 3% per year thereafter. The \$3.69 account charge is not expected to increase during the six year projection period.
 5. Contract customer rates for wholesale water service provided to Amherst, Bedford and Campbell Counties are estimated to increase 3% per year due to cost increases and changes in the volume of water used. Contract rates to Rock Tenn and Frito-Lay will increase at approximately 2.5% per year as provided by contract terms.
 6. Water charges related to new customers (availability and connections fees) are estimated at \$100,000 per year. Over the past five years these charges have averaged close to \$200,000. The decrease from historical levels is due to the decline in the real estate market which is not expected to improve substantially during the six year projection period.
 7. Operations and maintenance expenses in FY 2012 and FY 2013 will be consistent with amounts included in the preliminary FY 2013 budget submission. Operations and maintenance expenses in FY 2012 and FY 2013 are estimated at \$8.2 million and \$8.8 million respectively compared to \$8.1 million in FY 2011. The increase in operations and maintenance expenses from FY 2011 to FY 2013 is primarily due to increases in chemical costs and electricity rates. Additional explanations for changes in expense objects are included in the footnotes to the financial projections.
 8. After FY 2013 operations and maintenance expenses are assumed to increase at the rate of 3% per year.
 9. Capital expenditures in FY 2012 and FY 2013 are estimated at \$6.0 million and \$7.7 million respectively. Thereafter, capital expenditures will range from \$2.4 to \$3.0 million annually. Over the past five years capital expenditures have averaged \$5.0 million. During this time period both water treatment plants were renewed and upgraded and several water tanks were also rehabilitated. Going forward most of the water capital expenditures will be earmarked for distribution improvements.
 10. Long term debt financing for water capital expenditures will be available at 3.5%; 30 year repayment terms. Short term line of credit financing will be available at 2%. A \$10.0 million G.O. bond issue is anticipated in FY 2014 followed by a \$3.0 million G.O. bond issue in FY 2016.

Sewer Fund Assumptions

1. No major change in annual wastewater flows and loadings are anticipated that will have a significant impact on operations and maintenance expenses.
2. The annual sewer flow billed to non-contract customers is estimated at 2.50 million HCF (hundred cubic feet) in FY 2012, 2.58 million HCF in FY 2013 and 2.60 million HCF in FY 2014 and years thereafter. FY 2012 estimated annual volume is less due the wet weather conditions experienced in early FY 2012.

Over the past five years the annual sewer flow billed to non-contract customers has averaged 2.65 million HCF and has fluctuated from 2.54 million HCF to 2.94 HCF.

3. No change in the sewer volume rate used to bill non-contract customers will occur in FY 2012. The sewer volume rate is assumed to increase 2% per year effective July 1, 2013 and every year thereafter. Charges to septic haulers and industrial pretreatment charges are expected to be increased 5% per year through FY 2015 and then 3% per year thereafter.
4. Amherst, Bedford and Campbell Counties will continue to pay approximately 8.3% of all wastewater treatment related operations and maintenance expenses (there share of total wastewater treatment plant flow) plus 20% of wastewater treatment plant capital expenditures.
5. Sewer revenues from Rock Tenn and Frito-Lay are assumed to increase approximately 4.0% per year primarily due to increases in contracted rates. No significant change in sewer flows or loadings from FY 2011 levels are anticipated from these two contract customers.
6. Sewer charges related to new customers (availability and connections fees are estimated at \$150,000 per year. Over the past five years these charges have averaged over \$300,000 and have been as high as \$530,000. The decrease from historical levels is due to the decline in the real estate market which is not expected to improve substantially during the six year projection period.
7. Operations and maintenance expenses in FY 2012 and FY 2013 will be consistent with amounts included in the preliminary FY 2013 budget submission. Operations and maintenance expenses in FY 2012 and FY 2013 are estimated at \$10.1 million and \$9.3 million respectively compared to \$9.1 million in FY 2011. It is important to note that the FY 2012 operating expenses include approximately \$500,000 of stormwater related expenses. In FY 2013 stormwater expenses will be charged to a Stormwater Fund. The increase in operations and maintenance expenses from FY 2011 to FY 2013 is primarily due to (a) closure of the regional landfill located in the City, (b) increases in chemical and electricity rates and (c) net payments to the Nutrient Exchange in order to comply with new regulatory requirements. The closure of the regional landfill later this year will cause the City to hire additional staff and purchase tractors to haul sludge from the wastewater plant to the new landfill in Campbell County. Additional explanations for changes in expense objects are included in the footnotes to the financial projections.
8. After FY 2013 operations and maintenance expenses will generally increase at the rate of 3% per year.
9. Capital expenditures in FY 2012 and FY 2013 are estimated at \$30.8 million and \$25.7 million respectively. Thereafter capital expenditures will range from \$3.6 to \$6.4 million annually. The downward trend in annual sewer capital expenditures is due to the likelihood that no State or Federal grants will be available in the future. Further, the poor economic environment precludes higher annual sewer rate increases. As further discussed in this letter these factors have resulted in a significant reduction in planned CSO capital expenditures.

10. Long term debt financing for sewer capital expenditures will be available at 0%; 30 year repayment terms through the Virginia Clean Water Revolving Loan Fund (VCWRLF). Short term line of credit financing will be available at 2%. No G.O. bond financing is anticipated for sewer projects. A loan of up to \$7.0 million from the VCWRLF is planned for June 2012 followed by \$2.0 million loans per year thereafter.

Stormwater Fund Assumption

1. Historically stormwater operations have been accounted for in both the General Fund and Sewer Fund. A General Fund transfer of approximately \$688,000 has been included in the current year budget to cover stormwater operating and capital costs in FY 2012.
2. A Stormwater Fund will be initiated effective July 1, 2012 to account for all stormwater operations and maintenance expenses, capital rehabilitation and construction of new stormwater facilities.
3. Operations and maintenance expenses in FY 2013 will be consistent with amounts included in the preliminary FY 2013 budget submission. Operations and maintenance expenses in FY 2013 are estimated at \$3.0 million. In prior years, approximately \$1.7 million of these expenses were accounted for in the General Fund.
4. A monthly stormwater fee of \$4.00 per month is assumed to be approved effective July 1, 2012 that, together with General Fund transfers of approximately \$650,000, will fund annual stormwater costs.
5. Stormwater fee increases after FY 2013 will be dependent upon regulation and capital needs which are unclear at this time.

Water Rate Increases

The 3% proposed increase to the water rate effective July 1, 2012 and 3% per year increases thereafter are needed to fund increasing operations and maintenance expenses plus needed capital improvements, particularly improvements to the water distribution system. These increases are also needed to maintain Council's criteria to maintain a debt coverage ratio of at least 1.2 and a year end cash reserve of at least 25% of operating expenses and debt service payments.

Previous rate reports had assumed an annual water rate increase of 4%. But, due to the poor economic environment only a 3% water rate increase is recommended effective July 1, 2012. Thereafter annual water rate increases of 3% are proposed. It is important to realize that 3% annual water rate increases only provide financing for approximately \$2.0 million per year in distribution improvements. Considering the age of the City's distribution system this should be viewed as a bare minimum. As economic conditions improve higher rate increase should be considered so that additional distribution improvements are possible.

Sewer Rate Increases

As noted in the assumptions above, no increase is proposed in the sewer volume rate effective July 1, 2012. However, the industrial sur-charges and pretreatment charges are recommended to be increased 5% effective July 1, 2012.

No increase in the sewer volume rate is needed this year to achieve the Special Order requirement to increase the average annual sewer bill to at least 1.25% of MHI (Median Household Income). As shown below the average annual sewer bill was equal to 1.30% of MHI as of July 1, 2011

Annual Sewer Bill	
Sewer volume rate	\$5.65
Avg. monthly use in HCF	x 7
Volume charge	39.55
Meter charge	1.85
Total monthly sewer bill	41.40
	x12
Annual sewer bill	\$496.80
MHI Calculation	
MHI in 2009 per U.S. Census Bureau	\$37,070
Increase in CPI from 12/2009 to 7/2011 x 75%	3.46%
MHI @ 7/2011 (\$37,070 x 1.0346%)	\$38,353
Annual sewer Bill as a % of MHI (\$496.80 / \$38.353)	1.30%

Based on increases in CPI since July 1, 2011, we assume annual sewer rate increases of 2% will be needed effective July 1, 2013 to stay above the 1.25% threshold. However, it is important to note that changes in MHI are subject to a number of variables in addition to CPI. The next MHI estimate is expected to be released later this year. It is also important to note that the Department of Environmental Quality (DEQ) has argued that the average monthly sewer use for residential customers should be 6 HCF, not 7 HCF. If DEQ should prevail and the City is required to use the 6 HCF number, the annual sewer bill as a percent of MHI would be 1.12% as of July 1, 2011.

Previous rate reports had recommended an annual sewer volume rate increase of 3%. At the time this recommendation was made the economy was showing signs of improvement and inflation was estimated at about 3%. This unfortunately was not the case and the reality was periods of deflation and a near unprecedented reduction in MHI.

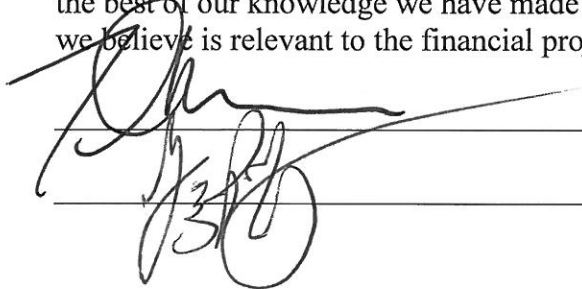
By assuming no sewer volume rate increase effective July 1, 2012 and annual increases of 2% rather than 3% thereafter, the planned expenditures for CSO control have been reduced substantially. It is noteworthy that the Special Order between the City and DEQ provides for changes in the amount of CSO capital expenditures based on changes in economic conditions. However, the cut-back in planned CSO expenditures will extend the timeline to complete the CSO program and will likely be a major concern to DEQ.

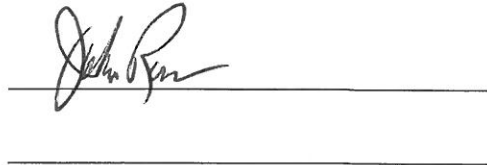
Please call me at (703) 242-3831 if you have any questions or need additional information.

Sincerely,

Paul J. Cumiskey

We the undersigned have participated in the preparation and review of the enclosed financial projections and to the best of our knowledge believe they reasonably present the expected capital expenditures, borrowings, revenues and expenses, and cash flows related to the City's Water, Sewer and Stormwater Funds for the projection period. Further, to the best of our knowledge we have made available to you all significant information that we believe is relevant to the financial projections.





**CITY OF LYNCHBURG
WATER CAPITAL FINANCING PLAN**

	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
BEGINNING FUNDS	\$5,058,448	\$713,095	\$831,597	\$578,597	\$353,597	\$228,597
RECEIPTS						
Transfers	700,000	800,000	800,000	800,000	800,000	800,000
LOC borrowing	1,000,000	7,000,000	-	1,500,000	-	1,500,000
G.O. borrowings, net proceeds	-	-	2,000,000	-	1,500,000	-
total receipts	1,700,000	7,800,000	2,800,000	2,300,000	2,300,000	2,300,000
EXPENDITURES						
Unexpended appropriations @ 6/30/10	5,238,103	2,508,043	278,000	125,585	-	-
FY 2012 appropriation	807,250	3,048,455	500,000	74,415	100,000	40,000
FY 2013 to FY 2017 CIP						
Annual water petitions	-	-	0	50,000	50,000	50,000
Distribution system improvements	-	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Annual facility improvements	-	200,000	200,000	200,000	200,000	200,000
Water main replacements (CSO)	-	75,000	75,000	75,000	75,000	75,000
Water tank rehabilitation	-	0	0	0	0	0
Wingate Water Tank #2	-	850,000	0	0	0	0
total expenditures	6,045,353	7,681,498	3,053,000	2,525,000	2,425,000	2,365,000
ENDING FUNDS	\$713,095	\$831,597	\$578,597	\$353,597	\$228,597	\$163,597

Notes:

1. Beginning funds in FY 2011 equals cash and investments in the Water Capital Fund plus SNAP investments.

CITY OF LYNCHBURG
PROJECTED STATEMENT OF WATER FUND DEBT COVERAGE

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Revenues:							
Charges for services	\$9,792,358	\$9,786,293	\$10,442,179	\$10,724,110	\$11,014,409	\$11,313,326	\$11,621,116
Water contracts	2,670,236	2,526,408	2,637,791	2,754,084	2,879,448	3,010,735	3,148,232
Interest and other	176,058	284,211	284,211	284,211	284,211	284,211	284,211
total revenues	12,638,652	12,596,913	13,364,182	13,762,405	14,178,068	14,608,271	15,053,559
Expenses:							
Water treatment	2,766,593	2,997,630	3,247,093	3,344,506	3,444,841	3,548,186	3,654,632
Water line maintenance	1,626,774	1,516,653	1,620,732	1,669,354	1,719,435	1,771,018	1,824,148
Meter reading	836,002	875,709	878,189	904,535	931,671	959,621	988,409
Administration / engineering	2,793,496	2,715,294	2,971,946	3,061,104	3,152,938	3,247,526	3,344,951
Non-departmental	178,107	228,482	231,496	237,691	244,072	250,644	257,414
Capitalizable cost (1)	(110,000)	(130,000)	(130,000)	(133,900)	(137,917)	(142,055)	(146,316)
total expenses	8,090,972	8,203,768	8,819,456	9,083,290	9,355,039	9,634,940	9,923,238
Operating income	4,547,680	4,393,145	4,544,725	4,679,115	4,823,029	4,973,331	5,130,321
Debt Service	3,604,931	3,649,653	3,658,188	3,808,991	3,899,201	3,967,469	3,915,222
Net Revenue	\$942,749	\$743,492	\$886,537	\$870,124	\$923,828	\$1,005,862	\$1,215,099
Debt Coverage Ratio	1.26	1.20	1.24	1.23	1.24	1.25	1.31

Notes:

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

CITY OF LYNCHBURG
PROJECTED STATEMENT OF WATER FUND SOURCES & USES OF CASH

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Sources of Cash:							
Beginning cash balance	\$14,819,762	\$10,328,127	\$5,846,266	\$5,871,305	\$5,504,529	\$5,215,440	\$5,104,248
Net revenue plus capitalized costs	832,749	613,492	756,537	736,224	785,911	863,808	1,068,783
LOC borrowing	0	1,000,000	7,000,000	0	1,500,000	0	1,500,000
G.O. bond proceeds (1)	0	0	0	10,000,000	0	3,000,000	0
total sources of cash	15,652,511	11,941,619	13,602,803	16,607,529	7,790,440	9,079,248	7,673,030
Uses of Cash:							
Capital Fund expenditures	5,459,212	6,045,353	7,681,498	3,053,000	2,525,000	2,425,000	2,365,000
Other capital expenditures	0	50,000	50,000	50,000	50,000	50,000	50,000
Repayment of LOC borrowing	0	0	0	8,000,000	0	1,500,000	0
Payments to other organizations	0	0	0	0	0	0	0
Change in working capital items	(134,828)	0	0	0	0	0	0
total uses of cash	5,324,384	6,095,353	7,731,498	11,103,000	2,575,000	3,975,000	2,415,000
Ending Cash	\$10,328,127	\$5,846,266	\$5,871,305	\$5,504,529	\$5,215,440	\$5,104,248	\$5,258,030

Cash in Capital Fund	\$5,058,448	\$713,095	\$831,597	\$578,597	\$353,597	\$228,597	\$163,597
Customer deposits	432,000	440,640	449,453	458,442	467,611	476,963	486,502
Unrestricted cash	4,837,679	4,692,531	4,590,255	4,467,490	4,394,232	4,398,688	4,607,931
Total cash	\$10,328,127	\$5,846,266	\$5,871,305	\$5,504,529	\$5,215,440	\$5,104,248	\$5,258,030
Unrestricted cash as a % of budget	41%	40%	37%	35%	33%	32%	33%

Notes:

1. G.O. Bond proceeds in FY 2013, FY 2015 and FY 2017 include funds to repay LOC borrowing.

**CITY OF LYNCHBURG
CHARGES FOR SERVICES**

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Water Sales							
HCF of use	3,187,335	3,150,000	3,175,000	3,175,000	3,175,000	3,175,000	3,175,000
Actual water rate	2.22	2.29	2.36	2.43	2.50	2.57	2.65
	\$7,041,823	\$7,202,790	\$7,477,754	\$7,702,086	\$7,933,149	\$8,171,143	\$8,416,278
% increase in revenues	3.68%	2.29%	3.82%	3.00%	3.00%	3.00%	3.00%
All Other:							
Account charge	593,280	600,000	600,000	600,000	600,000	600,000	600,000
Sewer Fund charge	1,381,000	1,241,000	1,620,000	1,668,600	1,718,658	1,770,218	1,823,324
Hydrant rentals-water	20,341	3,000	3,000	3,000	3,000	3,000	3,000
Hydrant rentals-equip.	9,780	2,000	2,000	2,000	2,000	2,000	2,000
General Fund hydrants	351,900	351,900	351,900	358,938	366,117	373,439	380,908
Cut-on/off-late fees	97,132	92,000	92,000	92,000	92,000	92,000	92,000
Meter removal	8,159	7,500	7,500	7,500	7,500	7,500	7,500
Delinquent account fee	82,106	85,000	85,000	85,000	85,000	85,000	85,000
Fire protection	94,219	96,103	98,025	99,986	101,986	104,025	106,106
Connection fee	52,563	50,000	50,000	50,000	50,000	50,000	50,000
Availability fee	25,690	25,000	25,000	25,000	25,000	25,000	25,000
Water cost plus & other	34,365	30,000	30,000	30,000	30,000	30,000	30,000
	2,750,535	2,583,503	2,964,425	3,022,024	3,081,260	3,142,182	3,204,838
	\$9,792,358	\$9,786,293	\$10,442,179	\$10,724,110	\$11,014,409	\$11,313,326	\$11,621,116

Notes:

1. HCF estimated and projected average use is based on the past five year billable use of 3,216,040.
2. Sewer Fund charge increase in FY 2013 due to additional staff being assigned to Engineering / Adm. division.
3. Fire protection fees assumed to increase 2% per year until the fees approximate cost of service levels.
4. Connection fees, availability fees and water cost plus charges are all lower than historical average due to slow-down in real estate development.

**CITY OF LYNCHBURG
WATER CONTRACTS**

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
AMHERST							
HCF of use	54,080	55,000	55,000	55,000	55,000	55,000	55,000
Rate	1.99	1.95	2.01	2.07	2.13	2.19	2.26
	\$107,457	\$107,250	\$110,468	\$113,782	\$117,195	\$120,711	\$124,332
BEDFORD							
HCF of use	748,310	763,276	778,542	794,113	809,995	826,195	842,719
Rate	1.99	1.95	2.01	2.07	2.13	2.19	2.26
	\$1,487,373	\$1,488,389	\$1,563,701	\$1,642,824	\$1,725,951	\$1,813,284	\$1,905,037
CAMPBELL							
HCF of use	196,767	200,702	204,716	208,811	212,987	217,247	221,592
Rate	2.59	1.95	2.01	2.07	2.13	2.19	2.26
	\$509,214	\$391,370	\$411,173	\$431,978	\$453,836	\$476,800	\$500,927
ROCK TENN							
HCF of use	332,564	300,000	300,000	300,000	300,000	300,000	300,000
Rate	1.19	1.24	1.27	1.30	1.34	1.38	1.42
	\$396,321	\$372,000	\$381,000	\$390,000	\$401,700	\$413,751	\$426,164
FRITO-LAY							
HCF of use	139,112	135,000	135,000	135,000	135,000	135,000	135,000
Rate	1.22	1.24	1.27	1.30	1.34	1.38	1.42
	\$169,871	\$167,400	\$171,450	\$175,500	\$180,765	\$186,188	\$191,774
	\$2,670,236	\$2,526,408	\$2,637,791	\$2,754,084	\$2,879,448	\$3,010,735	\$3,148,232

Notes:

1. County rates in FY 2011 include year end settlement adjustments.
2. County rates in FY 2012 based on FY preliminary settlement rate of \$1.90 + 2.5% increase.
3. FY 2013 to FY 2017 County rates assumed to increase 3% per year.
4. Rock Tenn and Frito-Lay rates are based on contract rates up to FY 2014 and 3% per increases thereafter.
5. Rock Tenn use is projected to be lower in FY 2011 due to economic conditions.

CITY OF LYNCHBURG
INTEREST & OTHER WATER REVENUES

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Interest revenues	30,674	30,000	30,000	30,000	30,000	30,000	30,000
IRS interest rebate	125,799	243,211	243,211	243,211	243,211	243,211	243,211
All other	19,585	11,000	11,000	11,000	11,000	11,000	11,000
	\$176,058	\$284,211	\$284,211	\$284,211	\$284,211	\$284,211	\$284,211

Note:

1. Interest revenues based on estimated average cash balance at .05% interest earnings rate.

**CITY OF LYNCHBURG
ADMIN. / ENGINEERING**

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Personal services	\$1,172,917	\$1,053,997	\$1,206,156	\$1,242,341	\$1,279,611	\$1,317,999	\$1,357,539
Fringe benefits	435,902	412,109	518,340	533,890	549,907	566,404	583,396
Supplies & materials	38,596	51,221	33,660	34,670	35,710	36,781	37,885
Gasoline / fuel	7,520	7,000	6,000	6,180	6,365	6,556	6,753
Internal service charges	18,365	18,664	16,100	16,583	17,080	17,593	18,121
Rentals & leases	4,130	4,130	3,500	3,605	3,713	3,825	3,939
Communication charges	11,153	10,800	12,800	13,184	13,580	13,987	14,407
Contractual services	66,761	95,173	114,540	117,976	121,515	125,161	128,916
Training & travel	18,648	17,250	16,500	16,995	17,505	18,030	18,571
Indirect costs	856,622	807,321	807,321	831,541	856,487	882,181	908,647
City engineering charges	0	75,000	75,000	77,250	79,568	81,955	84,413
Self - insurance	148,191	146,529	146,529	150,925	155,453	160,116	164,920
Miscellaneous	14,691	16,100	15,500	15,965	16,444	16,937	17,445
	\$2,793,496	\$2,715,294	\$2,971,946	\$3,061,104	\$3,152,938	\$3,247,526	\$3,344,951

Notes:

1. FY 2012 and FY 2013 amounts are based on budget worksheets submitted as part of the FY 2013 budget process.
2. Personal services in FY 2013 assumes 22.6 staff positions will be filled throughout the year.
3. Personal services in FY 2012 and FY 2013 assume no general pay rate increases.
4. Indirect costs in FY 2012 and FY 2013 based on agreed upon amounts between Finance and Utilities.
5. City engineering charges represent a best estimate of the fully loaded cost of staff time in the PW Engineering Department that work on water projects.
6. After FY 2013, all costs assumed to increase 3% per year unless noted otherwise.

**CITY OF LYNCHBURG
WATER TREATMENT**

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Personal services	\$917,749	\$922,066	\$951,479	\$980,023	\$1,009,424	\$1,039,707	\$1,070,898
Fringe benefits	371,560	398,946	440,057	453,259	466,856	480,862	495,288
Supplies & materials	166,609	147,500	143,200	147,496	151,921	156,479	161,173
Chemicals	419,264	428,199	531,400	547,342	563,762	580,675	598,095
Gasoline / fuel	10,664	12,000	12,000	12,360	12,731	13,113	13,506
Internal service charges	26,878	24,898	27,700	28,531	29,387	30,269	31,177
Rentals & leases	2,947	3,500	3,500	3,605	3,713	3,825	3,939
Communication charges	10,265	10,450	11,050	11,382	11,723	12,075	12,437
Utilities	608,538	644,548	768,141	791,185	814,921	839,368	864,549
Contractual services	174,836	343,726	294,066	302,888	311,975	321,334	330,974
Training & travel	8,362	10,000	10,000	10,300	10,609	10,927	11,255
Misc., incl. operations fee	48,921	51,797	54,500	56,135	57,819	59,554	61,340
	\$2,766,593	\$2,997,630	\$3,247,093	\$3,344,506	\$3,444,841	\$3,548,186	\$3,654,632

Notes:

1. FY 2012 and FY 2013 amounts are based on budget worksheets submitted as part of the FY 2013 budget process.
2. Personal services in FY 2013 assumes 24 staff positions will be filled throughout the year.
3. Personal services in FY 2012 and FY 2013 assume no general pay rate increases.
4. Contractual service increase due to planned increase in equipment maintenance.
5. After FY 2013, all costs assumed to increase 3% per year.

**CITY OF LYNCHBURG
WATER LINE MAINTENANCE**

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Personal services	\$633,124	\$586,046	\$589,783	\$607,476	\$625,701	\$644,472	\$663,806
Fringe benefits	240,255	235,707	254,057	261,679	269,529	277,615	285,943
Supplies & materials	455,173	420,391	468,600	482,658	497,138	512,052	527,413
Gasoline / fuel	36,846	40,000	40,000	41,200	42,436	43,709	45,020
Internal service charges	109,744	110,124	116,700	120,201	123,807	127,521	131,347
Rentals & leases	1,612	4,780	3,000	3,090	3,183	3,278	3,377
Communication charges	3,101	3,025	4,400	4,532	4,668	4,808	4,952
Contractual services	145,005	113,513	140,374	144,585	148,923	153,390	157,992
Training & travel	1,846	3,000	3,250	3,348	3,448	3,551	3,658
Miscellaneous	68	67	568	585	603	621	639
	\$1,626,774	\$1,516,653	\$1,620,732	\$1,669,354	\$1,719,435	\$1,771,018	\$1,824,148

Notes:

1. FY 2012 and FY 2013 amounts are based on budget worksheets submitted as part of the FY 2013 budget process.
2. Personal services in FY 2013 assumes 16 staff positions will be filled throughout the year.
3. Personal services in FY 2012 and FY 2013 assume no general pay rate increases.

**CITY OF LYNCHBURG
METER READING**

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Personal services	\$252,666	\$250,330	\$246,176	\$253,561	\$261,168	\$269,003	\$277,073
Fringe benefits	103,299	102,714	112,247	115,614	119,083	122,655	126,335
Supplies & materials	391,439	429,200	429,050	441,922	455,179	468,835	482,900
Gasoline / fuel	17,965	19,000	18,000	18,540	19,096	19,669	20,259
Internal service charges	32,750	36,849	35,600	36,668	37,768	38,901	40,068
Rentals & leases	63	100	100	103	106	109	113
Communication charges	3,105	3,450	3,450	3,554	3,660	3,770	3,883
Contractual services	32,465	33,566	31,566	32,513	33,488	34,493	35,528
Training & travel	2,250	500	2,000	2,060	2,122	2,185	2,251
Miscellaneous	0	0	0	0	0	0	0
	\$836,002	\$875,709	\$878,189	\$904,535	\$931,671	\$959,621	\$988,409

Notes:

1. FY 2012 and FY 2013 amounts are based on budget worksheets submitted as part of the FY 2013 budget process.
2. Personal services in FY 2013 assumes 7.8 staff positions will be filled throughout the year.
3. Personal services in FY 2012 and FY 2013 assume no general pay rate increases.

**CITY OF LYNCHBURG
WATER NON-DEPARTMENTAL**

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Financial audit	\$17,513	\$22,000	\$22,660	\$23,340	\$24,040	\$24,761	\$25,504
Interest on customer deposits	4,457	10,000	10,300	10,609	10,927	11,255	11,593
OPEB/Retirees health/WC insurance	125,646	148,482	152,936	157,525	162,250	167,118	172,131
Utility billing upgrades & other	0	3,000	0	0	0	0	0
Allowance for doubtful accounts	16,377	20,000	20,600	21,218	21,855	22,510	23,185
Project costs charged to operations	14,114	25,000	25,000	25,000	25,000	25,000	25,000
	\$178,107	\$228,482	\$231,496	\$237,691	\$244,072	\$250,644	\$257,414

Notes:

1. FY 2012 and FY 2013 amounts are based on budget worksheets submitted as part of the FY 2013 budget process.
2. After FY 2013, all costs assumed to increase 3% per year.

CITY OF LYNCHBURG
WATER FUND BONDS PAYABLE AND DEBT SERVICE

	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
P&I on borrowings o/s @ 6/30/10 (1)	\$3,639,653	\$3,578,188	\$3,458,991	\$3,329,747	\$3,308,015	\$3,194,432
Interest on LOC borrowing	10,000	80,000	0	15,000	0	0
Interest only payments on G.O. Bonds						
\$10.0 million issued in FY 2014	0	0	350,000	0	0	0
\$3.0 million issued in FY 2016				0	105,000	0
Level debt service payments on G.O. Bonds						
Level P&I on \$11million				554,454	554,454	554,454
Level P&I on \$2.5 million						166,336
	\$3,649,653	\$3,658,188	\$3,808,991	\$3,899,201	\$3,967,469	\$3,915,222

Notes:

1. Based on bond refunding schedules.
2. Interest on LOC based on a 2.0% annual rate.
3. New debt issues assumed to occur in the first quarter of years shown; interest assumed at 3.5%.
4. Level debt service assumed on all new G.O issues starting two years after year of issue.

**CITY OF LYNCHBURG
SEWER LOCAL CAPITAL FINANCING PLAN**

	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
BEGINNING FUNDS (1)	\$7,898,453	\$4,217,731	\$770,097	\$525,717	\$905,965	\$779,965
RECEIPTS						
Transfers	2,000,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
LOC borrowing	0	0	0	0	0	0
G.O. borrowings	0	0	0	0	0	0
Total Receipts	2,000,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
EXPENDITURES						
Unexpended Appropriations (2)	5,597,722	4,434,634	1,111,380	236,752	43,000	44,799
FY 2012 appropriation	83,000	333,000	333,000	833,000	833,000	833,000
FY 2013 to FY 2017 CIP						
Sewer extensions	0	0	0	0	0	0
CSO local	0	0	0	0	0	0
WWTP improvements	0	0	0	0	0	0
SSES	0	0	0	0	250,000	250,000
WWTP Control Building	0	0	0	0	0	150,000
RDP	0	0	0	0	0	0
Blue Ridge Farms	0	30,000	300,000	50,000	500,000	60,000
CH 2nd floor renovation	0	150,000	0	0	0	0
Total Expenditures	5,680,722	4,947,634	1,744,380	1,119,752	1,626,000	1,337,799
ENDING FUNDS	\$4,217,731	\$770,097	\$525,717	\$905,965	\$779,965	\$942,166

Notes:

1. Beginning funds in FY 2012 equals cash and investment accounts in the Sewer Capital Fund.
2. Unexpended appropriations represents unspent funds applicable to FY 2011 and prior year appropriations.

**CITY OF LYNCHBURG
SEWER VCWRLF & GRANT FINANCING PLAN**

	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
BEGINNING FUNDS	\$40,983,441	\$21,851,542	\$3,126,205	\$470,205	\$470,205	\$470,205
Receipts						
VCWRLF loan approvals - 0%	6,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Total Receipts	6,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
EXPENDITURES						
Unexpended appropriations	25,131,899	14,725,337	900,000	0	0	0
FY 2012 appropriations:				0	0	0
JRI 3A	0	4,000,000	1,756,000	0	0	0
JRI 3B	0	0	0	0	0	0
CSO designs	0	0	0	0	0	0
FY 2013 appropriations:	0	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Savoy interceptor	0	0	0	0	0	0
Belfield interceptor	0	0	0	0	0	0
College Lake interceptor	0	0	0	0	0	0
CSO projects	0	0	0	0	0	0
Total Expenditures	25,131,899	20,725,337	4,656,000	2,000,000	2,000,000	2,000,000
ENDING FUNDS	\$21,851,542	\$3,126,205	\$470,205	\$470,205	\$470,205	\$470,205

Notes:

1. Beginning funds and VCWRLF loan approvals are funds held by DEQ on behalf of the City. No interest is earned on funds.
2. Beginning Funds based on July Schedule 1 remaining balances.

CITY OF LYNCHBURG
PROJECTED STATEMENT OF SEWER FUND DEBT COVERAGE

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Revenues:							
Charges for services	\$15,757,140	\$16,537,824	\$16,324,331	\$16,810,452	\$17,163,590	\$17,508,653	\$17,861,011
Sewer contracts	2,814,308	3,071,276	3,053,114	3,232,203	3,335,235	3,425,804	3,534,858
Interest and other	199,213	183,421	70,421	60,421	60,421	60,421	60,421
Total Revenues	18,770,661	19,792,521	19,447,866	20,103,076	20,559,246	20,994,878	21,456,290
Expenses:							
WWTP	6,310,030	6,971,479	6,769,526	6,986,342	7,198,932	7,417,900	7,643,437
Sewer line maintenance	2,526,497	2,293,480	2,307,776	2,377,009	2,448,320	2,521,769	2,597,422
Stormwater	139,006	528,804	0	0	0	0	0
Non-departmental	385,422	514,276	371,454	360,394	373,002	380,442	388,105
Capitalizable cost (1)	(239,662)	(190,000)	(190,000)	(195,700)	(201,571)	(207,618)	(213,847)
Total Expenses	9,121,293	10,118,039	9,258,756	9,528,045	9,818,682	10,112,493	10,415,117
Operating Income	9,649,368	9,674,482	10,189,109	10,575,032	10,740,564	10,882,385	11,041,173
Debt service	7,472,504	8,057,889	8,411,416	8,711,155	8,845,703	9,028,762	8,916,034
Net Revenue	\$2,176,864	\$1,616,593	\$1,777,693	\$1,863,877	\$1,894,861	\$1,853,623	\$2,125,138
Debt Coverage	1.29	1.20	1.21	1.21	1.21	1.21	1.24

Notes:

1. Capitalizable cost includes internal labor charges applicable to time spent on capital project activities.
2. Stormwater accounted for as a separate fund stating in FY 2013.

CITY OF LYNCHBURG
PROJECTED STATEMENT OF SEWER FUND SOURCES & USES of CASH

	Actual	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Sources of Cash:							
Beginning cash balance	\$14,091,371	\$11,719,859	\$7,050,731	\$3,590,790	\$3,414,587	\$3,888,124	\$3,808,130
Net revenue plus capitalized costs	1,937,202	1,426,593	1,587,693	1,668,177	1,693,290	1,646,005	1,911,292
LOC Borrowing	0	0	0	0	0	0	0
G.O. bond proceeds, net	0	0	0	0	0	0	0
VCWRLF loan draw downs	11,953,957	25,131,899	20,725,337	4,656,000	2,000,000	2,000,000	2,000,000
ARRA & other capital contributions	11,176,278	0	0	0	0	0	0
Proceeds from other organizations	0	0	0	0	0	0	0
Other capital grants	0	0	0	0	0	0	0
Total Sources of Cash	39,158,808	38,278,352	29,363,761	9,914,967	7,107,876	7,534,130	7,719,421
Uses of Cash:							
Capital & VCWRLF expenditures	27,043,855	30,812,621	25,672,971	6,400,380	3,119,752	3,626,000	3,337,799
Other capital expenditures (1)	285,000	415,000	100,000	100,000	100,000	100,000	100,000
Repayment of LOC borrowing	0	0	0	0	0	0	0
Change in working capital items	110,094	0	0	0	0	0	0
Total Uses of Cash	27,438,949	31,227,621	25,772,971	6,500,380	3,219,752	3,726,000	3,437,799
Ending Cash	\$11,719,859	\$7,050,731	\$3,590,790	\$3,414,587	\$3,888,124	\$3,808,130	\$4,281,622

Cash in capital fund	\$7,898,453	\$4,217,731	\$770,097	\$525,717	\$905,965	\$779,965	\$942,166
Unrestricted cash	3,821,406	2,833,000	2,820,693	2,888,870	2,982,159	3,028,165	3,339,456
Total cash	\$11,719,859	\$7,050,731	\$3,590,790	\$3,414,587	\$3,888,124	\$3,808,130	\$4,281,622
Unrestricted cash as a % of budget (2)	23%	16%	16%	16%	16%	16%	17%

Notes:

1. Other capital expenditures in FY 2012 includes capital outlays for vehicles and equipment needed for sludge hauling.

**CITY OF LYNCHBURG
CHARGES FOR SERVICES**

	Actual	Budget	Proj.	Proj.	Proj.	Proj.	Proj.
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
CITY CUSTOMERS							
HCF of use	2,536,205	2,500,000	2,575,000	2,600,000	2,600,000	2,600,000	2,600,000
Rate	5.54	5.65	5.65	5.76	5.88	6.00	6.12
	\$14,050,576	\$14,127,000	\$14,548,750	\$14,983,800	\$15,283,476	\$15,589,146	\$15,900,928
% increase in revenues	-1.8%	0.5%	3.0%	3.0%	2.0%	2.0%	2.0%
ALL OTHER:							
Account charge	417,987	420,000	420,000	420,000	420,000	420,000	420,000
VDOT reimbursement	0	688,036	0	0	0	0	0
College Hill backwash	115,978	119,457	123,041	126,732	130,534	134,450	138,484
Leachate treatment	62,285	64,154	66,078	68,061	70,102	72,206	74,372
Septic hauler charges	374,709	393,444	413,117	433,773	455,461	469,125	483,199
Industrial pre-treatment	5,670	4,500	4,500	4,500	4,500	4,635	4,774
Industrial surcharges	430,698	452,233	474,845	498,587	523,516	539,222	555,398
Industrial monitoring	49,779	30,000	35,000	35,000	35,000	36,050	37,132
Cut-on penalties	88,884	82,000	82,000	83,000	84,000	86,520	89,116
Connection charges	74,800	75,000	75,000	75,000	75,000	75,000	75,000
Availability charges	57,850	60,000	60,000	60,000	60,000	60,000	60,000
Sewer cost plus	18,899	12,000	12,000	12,000	12,000	12,000	12,000
Collection & Tax Lien Fees	9,025	10,000	10,000	10,000	10,000	10,300	10,609
All other	0	0	0	0	0	0	0
	1,706,564	2,410,824	1,775,581	1,826,652	1,880,114	1,919,507	1,960,083
	\$15,757,140	\$16,537,824	\$16,324,331	\$16,810,452	\$17,163,590	\$17,508,653	\$17,861,011

Notes:

1. No rate increase in FY 2011;
2. No increase in account charge;
3. VDOT reimbursement based on agreed upon amount in FY 2012 with Finance. After FY 2012 reimbursement is accounted for in a Stormwater Fund.
4. Septic hauler and industrial sur-charged charges assumed to increase 5% per year to FY 2015; thereafter 3% per year.
5. Connection fees and availability fees are less than historical average due to slow down in real estate development.

**CITY OF LYNCHBURG
SEWER CONTRACTS**

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
AMHERST							
Operating	\$151,534	\$160,344	\$155,699	\$160,686	\$165,575	\$170,612	\$175,799
Existing capital amort.	212,978	220,614	217,203	213,791	210,380	197,118	196,524
FY 2011 operating settlement	0	8,917	0	0	0	0	0
Future capital. - WWTP	0	0	7,899	70,540	74,719	78,898	84,332
Future capital -Interceptor	0	0	0	0	0	0	0
	364,512	389,875	380,801	445,017	450,674	446,628	456,655
BEDFORD							
Operating	163,172	230,059	223,394	230,549	237,565	244,791	252,233
Existing capital amort.	225,246	221,116	218,598	196,700	194,183	186,362	184,019
FY 2011 operating settlement	0	12,981	0	0	0	0	0
Future capital. - WWTP	0	0	3,164	28,253	29,927	31,601	33,777
Future capital -Interceptor	0	0	0	0	4,989	11,953	11,953
	388,418	464,156	445,156	455,502	466,664	474,707	481,982
CAMPBELL							
Operating	160,000	188,230	182,777	188,631	194,371	200,283	206,373
Existing capital amort.	109,234	109,234	107,769	106,303	104,837	99,484	98,194
FY 2011 operating settlement	0	58,411	0	0	0	0	0
Future capital. - WWTP	0	0	3,164	28,253	29,927	31,601	33,777
Future capital -Interceptor	0	0	0	0	2,111	5,057	5,057
	269,234	355,875	293,710	323,187	331,246	336,425	343,401
INDUSTRIAL							
Rock Tenn	1,019,044	1,049,615	1,081,104	1,113,537	1,146,943	1,181,351	1,216,792
Frito-lay	773,100	811,755	852,343	894,960	939,708	986,693	1,036,028
	1,792,144	1,861,370	1,933,447	2,008,497	2,086,651	2,168,045	2,252,820
	\$2,814,308	\$3,071,276	\$3,053,114	\$3,232,203	\$3,335,235	\$3,425,804	\$3,534,858

Notes:

1. County operating revenues based on % of WWTP expenses (Amherst-2.3%, Bedford-3.3%, Campbell-2.7%.
2. Rock Tenn revenues are assumed to increase 3% per year.
3. Frito-Lay revenues are assumed to increase 5% per year.

**CITY OF LYNCHBURG
OTHER SEWER REVENUES**

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
Other Revenues	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Interest Revenue	67,300	40,000	20,000	10,000	10,000	10,000	10,000
State highway maintenance	93,000	93,000	0	0	0	0	0
Miscellaneous Revenue	15,936	6,000	6,000	6,000	6,000	6,000	6,000
IRS interest rebate	22,977	44,421	44,421	44,421	44,421	44,421	44,421
	\$199,213	\$183,421	\$70,421	\$60,421	\$60,421	\$60,421	\$60,421

Notes:

1. State highway maintenance revenue is an allocation of funds received by the City from the State. Starting in FY 2013 this revenue is all transferred to the Stormwater Fund.

**CITY OF LYNCHBURG
WASTEWATER TREATMENT**

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Personal services	\$1,301,115	\$1,362,032	\$1,404,731	\$1,446,873	\$1,490,279	\$1,534,987	\$1,581,037
Fringe benefits	491,728	540,565	627,614	646,442	665,836	685,811	706,385
Supplies & materials	410,127	410,930	386,500	398,095	410,038	422,339	435,009
Sludge disposal - landfill	575,208	600,000	600,000	618,000	636,540	655,636	675,305
Chemicals	518,055	692,850	706,000	727,180	748,995	771,465	794,609
Gasoline / fuel	19,112	36,000	50,000	51,500	53,045	54,636	56,275
Internal service charges	109,930	172,700	179,580	184,967	190,516	196,232	202,119
Rentals & leases	4,293	7,000	10,000	10,300	10,609	10,927	11,255
Communication charges	8,405	8,750	7,800	8,034	8,275	8,523	8,779
Electricity	621,675	650,000	690,000	710,700	732,021	753,982	776,601
Other utilities	82,770	128,300	150,300	154,809	159,453	164,237	169,164
Contractual services	799,140	928,071	731,171	753,106	775,699	798,970	822,939
Training & meetings	15,168	15,751	15,300	15,759	16,232	16,719	17,220
Indirect costs	342,291	352,560	352,560	363,137	374,031	385,252	396,809
Self-insurance	73,047	48,470	48,470	49,924	51,422	52,964	54,553
Admin/OH Pmts to Water Fund	911,460	782,000	875,000	901,250	928,288	956,136	984,820
Nutrient payments	0	175,000	9,000	20,000	20,600	21,218	21,855
Nutrient sales	0	0	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Misc.	26,506	60,500	25,500	26,265	27,053	27,865	28,700
	\$6,310,030	\$6,971,479	\$6,769,526	\$6,986,342	\$7,198,932	\$7,417,900	\$7,643,437

Notes:

1. FY 2012 and FY 2013 amounts are based on budget worksheets submitted as part of the FY 2013 budget process.
2. Personal services in FY 2013 assumes 34.7 staff positions will be filled throughout the year.
3. Personal services in FY 2012 and FY 2013 assumes no general pay rate increases.
4. Chemicals increase in FY 2012 is due to additional amounts for sludge stabilization and effluent deformer.
5. Gasoline / fuel increases in FY 2012 due to closing of landfill and need to haul to Campbell County landfill or Maplewood.
6. Other utilities increase in FY 2012 due to increase in natural gas needs.
7. Contractual services are higher in FY 2012 due to higher than normal equipment and grounds maintenance.
8. Indirect costs in FY 2012 and FY 2013 based on agreed upon amounts between Finance and Utilities.
9. Nutrient payments and credits based on best available information as of date of projections.
10. Unless noted otherwise, all expenses after FY 2013 are assumed to increase 3% per year.

**CITY OF LYNCHBURG
SEWER LINE MAINTENANCE**

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Personal services	\$584,601	\$541,572	\$477,732	\$492,064	\$506,826	\$522,031	\$537,692
Fringe benefits	236,847	228,000	218,022	224,563	231,300	238,239	245,386
Supplies & materials	158,860	128,830	166,700	171,701	176,852	182,158	187,622
Gasoline / fuel	57,785	58,000	35,000	36,050	37,132	38,245	39,393
Internal service charges	265,770	209,122	209,000	215,270	221,728	228,380	235,231
Rentals & leases	3,797	3,500	1,500	1,545	1,591	1,639	1,688
Communication charges	3,549	3,800	5,300	5,459	5,623	5,791	5,965
Contractual services	179,025	123,276	205,349	211,509	217,855	224,390	231,122
Training & meetings	2,774	4,407	5,250	5,408	5,570	5,737	5,909
Indirect costs	442,928	231,216	231,216	238,152	245,297	252,656	260,236
Self-insurance	120,839	152,257	152,257	156,825	161,529	166,375	171,367
City engineering charges	0	225,000	225,000	231,750	238,703	245,864	253,239
Admin/OH Pmts to Water Fund	469,540	384,000	375,000	386,250	397,838	409,773	422,066
Miscellaneous Expenses	182	500	450	464	477	492	506
	\$2,526,497	\$2,293,480	\$2,307,776	\$2,377,009	\$2,448,320	\$2,521,769	\$2,597,422

Notes:

1. FY 2012 and FY 2013 amounts are based on budget worksheets submitted as part of the FY 2013 budget process.
2. Personal services in FY 2013 assumes 15 staff positions will be filled throughout the year.
3. Personal services in FY 2012 and FY 2013 assumes no general pay rate increases.
4. Indirect costs in FY 2012 and FY 2013 based on agreed upon amounts between Finance and Utilities.
5. City engineering charges represent a best estimate of the fully loaded cost of staff time in the PW Engineering Department that work on water projects.
6. Unless noted otherwise, all expenses after FY 2013 are assumed to increase 3% per year.

**CITY OF LYNCHBURG
STORMWATER**

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Personal services	\$296	\$198,974	\$0	\$0	\$0	\$0	\$0
Fringe benefits	32	78,207	0	0	0	0	0
Supplies & materials	55,791	24,000	0	0	0	0	0
Gasoline / fuel	0	6,000	0	0	0	0	0
Internal service charges	0	28,900	0	0	0	0	0
Rentals & leases	627		0	0	0	0	0
Communication charges	510	650	0	0	0	0	0
Contractual services	80,956	113,073	0	0	0	0	0
Training & meetings	794	1,000	0	0	0	0	0
Start-up project	0		0	0	0	0	0
Indirect costs	0		0	0	0	0	0
Self-insurance	0		0	0	0	0	0
City engineering charges	0		0	0	0	0	0
Adm./OH Pmts to Water Fund	0	75,000	0	0	0	0	0
Miscellaneous Expenses	0	3,000	0	0	0	0	0
	\$139,006	\$528,804	\$0	\$0	\$0	\$0	\$0

Notes:

1. Stormwater to be accounted for in a separate fund in FY 2013.
2. FY 2012 personal services assumes 3 full time positions.
3. Adm. / OH payments to Water Fund include allocation of staff salaries and benefits applicable to stormwater.

**CITY OF LYNCHBURG
NON-DEPARTMENTAL-SEWER**

	Actual	Budget	Proj.	Proj.	Proj.	Proj.	Proj.
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Financial audit	\$13,392	\$17,000	\$17,510	\$18,035	\$18,576	\$19,134	\$19,708
Allowance for doubtful accounts	12,959	25,000	25,750	26,523	27,318	28,138	28,982
OPEB/Retirees health/WC insurance	194,500	182,276	187,744	174,922	185,716	191,288	197,026
Legal & professional (CSO)	0	15,000	15,450	15,914	16,391	16,883	17,389
Major sewer line cleaning	28,941	250,000	100,000	100,000	100,000	100,000	100,000
Project costs charged to operations	135,630	25,000	25,000	25,000	25,000	25,000	25,000
	\$385,422	\$514,276	\$371,454	\$360,394	\$373,002	\$380,442	\$388,105

Notes:

1. Retirees health insurance for FY 2011 and FY 2012 based on information provided by Human Resources Dept.

**CITY OF LYNCHBURG
SEWER FUND BONDS PAYABLE**

	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
P&I on debt o/s @ 6/30/11 (1)	8,057,889	8,411,416	8,611,155	8,612,370	8,728,762	8,582,701
Interest on LOC borrowing	0	0	0	0	0	0
Interest only payments on G.O. Bonds						
No issues	0	0	0	0	0	0
No issues					0	0
Principal payments on VCWRLF						
\$6.0 million loan closed 6/12 - 0%			100,000	200,000	200,000	200,000
\$2.0 million loan closed 6/13 -0%				33,333	66,667	66,667
\$2.0 million loan closed 6/14 -0%					33,333	66,667
Level debt service payments on G.O. Bonds						
No issues				0	0	0
No issues						0
	\$8,057,889	\$8,411,416	\$8,711,155	\$8,845,703	\$9,028,762	\$8,916,034

NOTES:

1. Based on Debt book as of June 30, 2011.
2. All VCWRLF loans are at 0% interest; 30 year repayment terms. G. O. bonds are at 3.5% interest, 30 year repayment terms.
3. Principal payments on VCWRLF loans starts 2 years after date loans are closed.
4. Level debt service on G.O issues starting two years after issue date.
5. Interest on LOC borrowing based on 2% annual rate.

CITY OF LYNCHBURG
STORMWATER OPERATING FUND

	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Beginning Funds	\$0	\$0	\$250,234	\$309,244	\$490,639	482,926
Revenues:						
Stormwater fees, net	0	2,599,200	2,688,975	2,694,789	2,775,633	2,858,902
General Fund transfer	0	650,000	650,000	650,000	650,000	650,000
Other	0	1,000	1,000	1,000	1,000	1,000
total revenues	0	3,250,200	3,339,975	3,345,789	3,426,633	3,509,902
Expenses & Transfers:						
Departmental expenses	0	\$1,007,412	\$1,037,634	\$1,068,763	\$1,100,826	\$1,133,851
G.F. charges - PW	0	1,394,146	1,435,970	1,479,049	1,523,421	1,569,124
G.F. charges - CD	0	298,408	307,360	316,581	326,078	335,861
Indirect cost	0	0	0	0	100,000	103,000
Transfers to Capital Fund	0	300,000	500,000	300,000	300,000	300,000
Debt service	0	0	0	0	84,020	168,039
total expenses & transfers	0	2,999,966	3,280,965	3,164,394	3,434,345	3,609,875
Ending Funds	\$0	\$250,234	\$309,244	\$490,639	\$482,926	\$382,953
Ending funds as % of revenues		7.7%	9.3%	14.7%	14.1%	10.9%

Notes:

1. Stormwater accounted for as part of Sewer Fund in FY 2012.
2. Stormwater fees start July 1, 2012.
3. Indirect cost assumed to start in FY 2016 per agreement with Finance. Amount is a placeholder.

**CITY OF LYNCHBURG
STORMWATER CAPITAL FUND**

	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Beginning Funds	\$0	\$0	\$0	\$0	\$0	\$0
Receipts:						
Transfer from Operations	0	300,000	500,000	300,000	300,000	300,000
Bond proceeds	0	0	0	1,250,000	1,250,000	1,250,000
total receipts	0	300,000	500,000	1,550,000	1,550,000	1,550,000
Expenditures:						
Master planning & design	0	0	200,000	250,000	250,000	250,000
Infrastructure renewal	0	300,000	300,000	300,000	300,000	300,000
Water quality related projects	0	0	0	1,000,000	1,000,000	1,000,000
total expenditures	0	300,000	500,000	1,550,000	1,550,000	1,550,000
Ending Funds	\$0	\$0	\$0	\$0	\$0	\$0

Notes:

1. Watershed implementation plan calls for \$110 to \$120 million to be spent on water quality by 2025
2. First permit cycle is likely to call for a 5% reduction to water quality goals by 2018 (≈\$1.0 million CAPEX / year).
3. Second permit cycle is likely to call for a 35% reduction to water quality goals by 2023 (≈\$7.0 million CAPEX / year).
4. Third permit cycle is likely to call for a 60 % reduction to water quality goals by 2028 (≈\$12.0 million CAPEX / year)
5. Trading may reduce CAPEX amounts or extend compliance date.

CITY OF LYNCHBURG

STORMWATER OPERATING REVENUES Departmental Expenses & Debt Service

	Proj. FY 2012	Proj. FY 2013	Proj. FY 2014	Proj. FY 2015	Proj. FY 2016	Proj. FY 2017
Stormwater Fees:						
SFU's	\$0	57,000	57,000	57,000	57,000	57,000
Annual bill	0	\$48.00	\$51.00	\$52.53	\$54.11	\$55.73
Annual billed revenue	0	2,736,000	2,907,000	2,994,210	3,084,036	3,176,557
Credits & uncollectible	0	-136,800	-218,025	-299,421	-308,404	-317,656
	0	2,599,200	2,688,975	2,694,789	2,775,633	2,858,902
Departmental Expenses:						
Personal services	\$0	198,669	204,629	210,768	217,091	223,604
Fringe benefits	0	96,813	99,717	102,709	105,790	108,964
M&R supplies & materials	0	64,150	66,075	68,057	70,098	72,201
Contractual charges	0	202,837	208,922	215,190	221,645	228,295
Internal service charged	0	64,943	66,891	68,898	70,965	73,094
Admin/OH payments	0	370,000	381,100	392,533	404,309	416,438
Travel & training	0	5,000	5,150	5,305	5,464	5,628
Communications	0	2,000	2,060	2,122	2,185	2,251
Miscellaneous	0	3,000	3,090	3,183	3,278	3,377
	0	1,007,412	1,037,634	1,068,763	1,100,826	1,133,851
Debt Service:						
FY 2014 borrowing	0	0	0	0	0	0
FY 2015 borrowing	0	0	0	0	84,020	84,020
FY 2016 borrowing	0	0	0	0	0	84,020
	0	0	0	0	84,020	168,039

Notes:

1. Stormwater fee assumed to start at \$4.00 / month, effective July 1, 2012.
2. Credits & uncollectible equal 5% in FY 2013 and increase to 10% by FY 2015.
3. Personal services based on budget submission documents.
4. Internal service charges based on fuel, maintenance and depreciation for a Vactor, dump truck, utility truck.
5. Adm. / OH payments based on Water Fund Engineering / Adm cost allocations.
6. All borrowing (see capital fund) assumes level debt service at 3%, 20 year repayment terms. There is a possibility for VCWRLF financing at 0%.

Appendix II

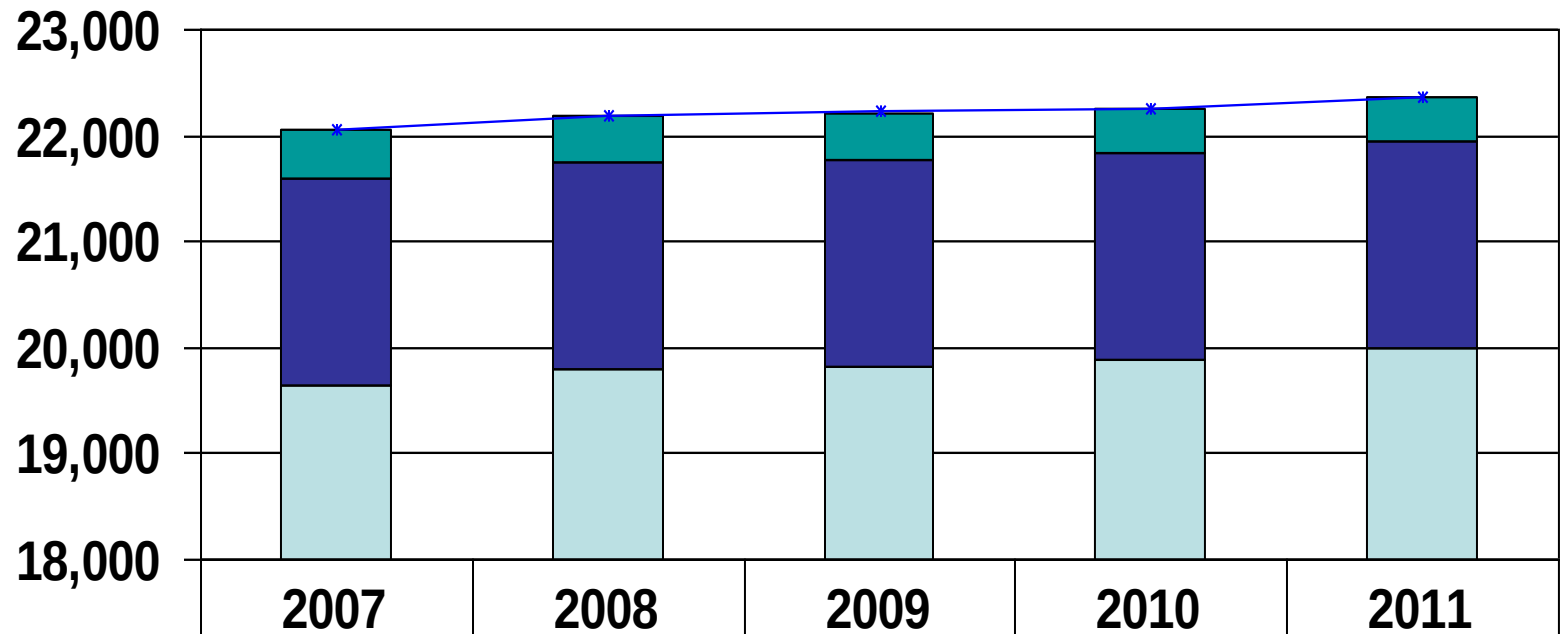
Statistical and Financial

Data



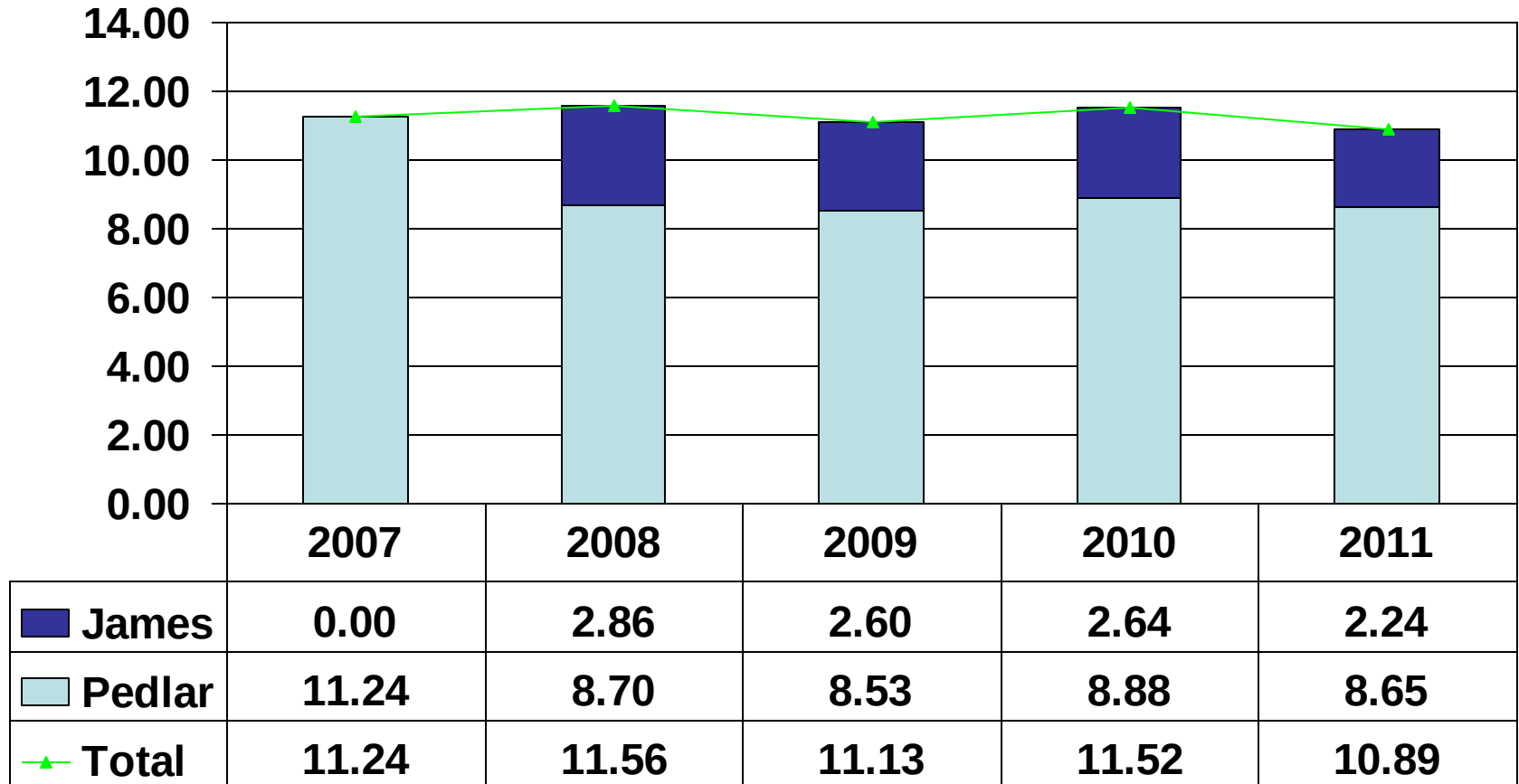
Water Fund Statistics

Number of Water Customers

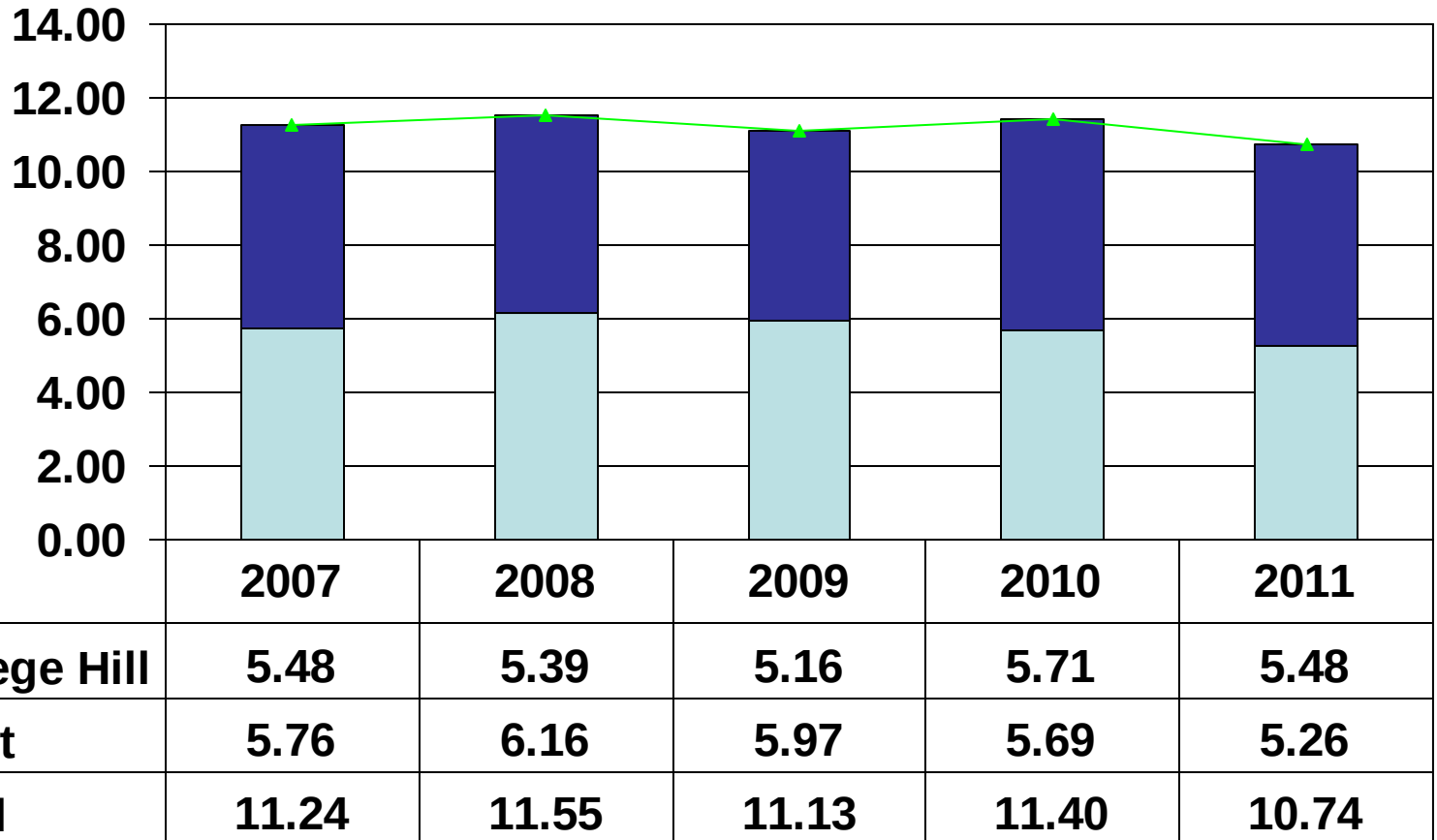


■ Other	456	430	430	431	436
■ Business	1,951	1,950	1,950	1,951	1,945
■ Domestic	19,653	19,807	19,830	19,883	19,993
—* Total	22,060	22,187	22,240	22,265	22,374

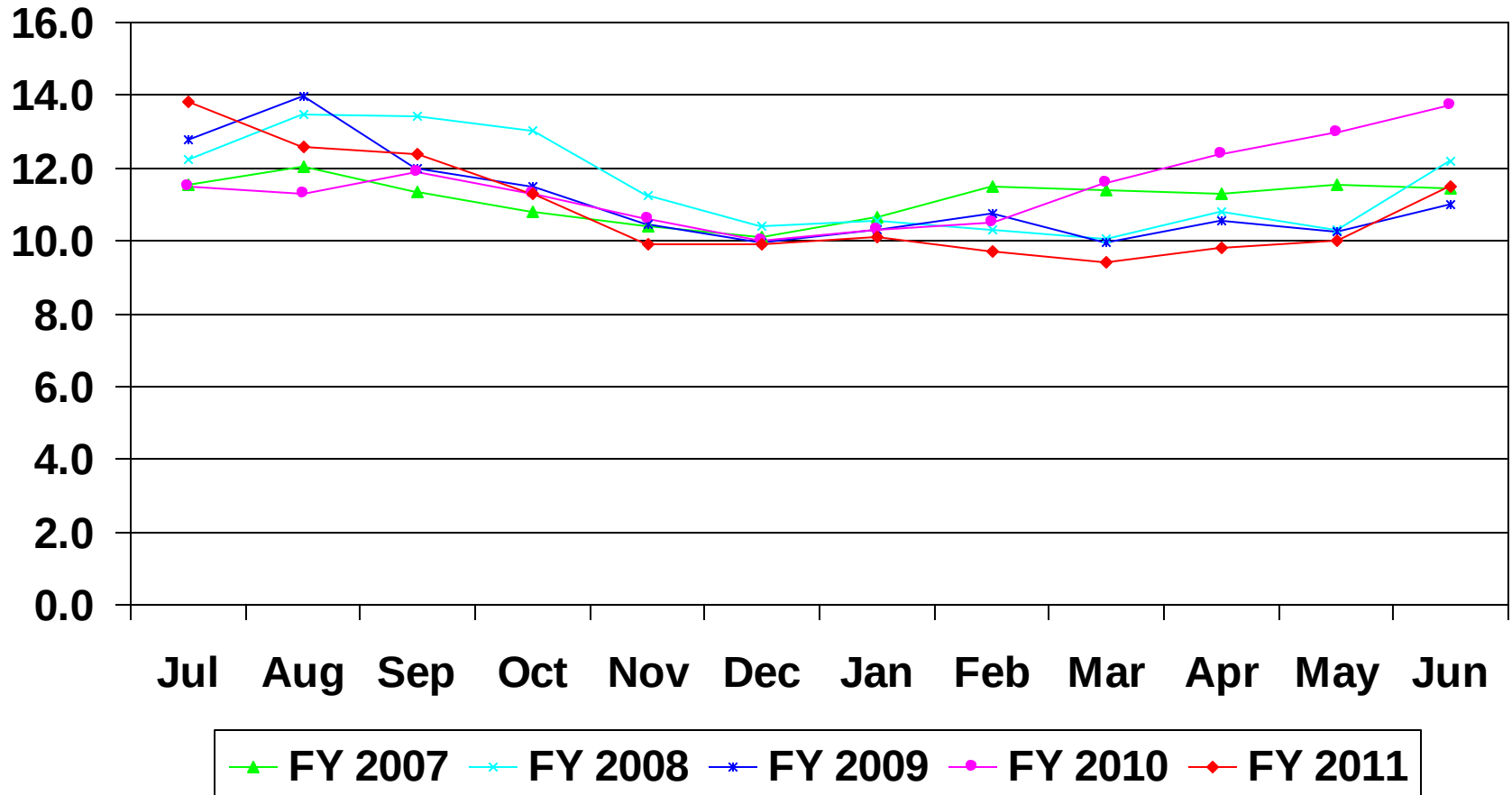
Water Withdrawals in MGD



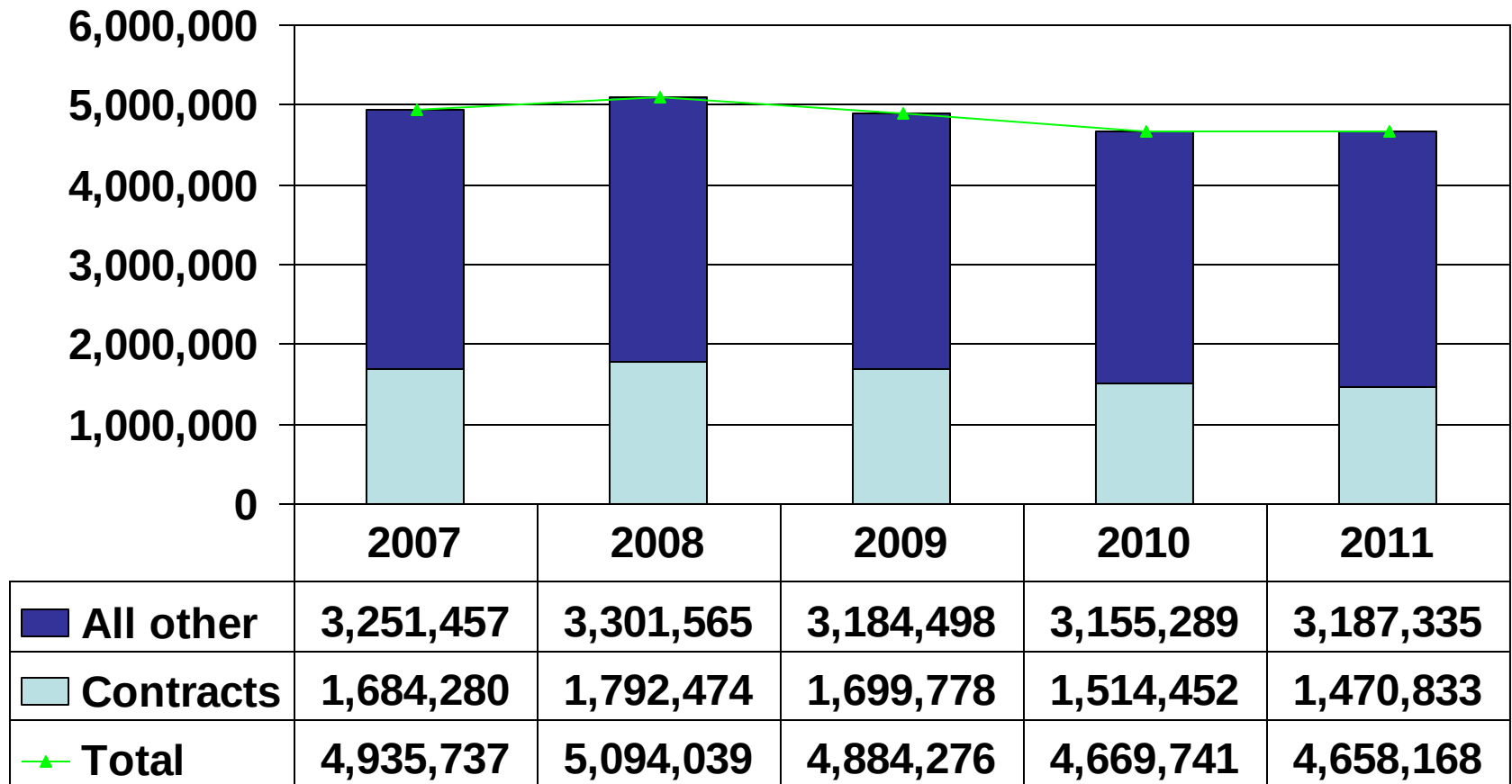
Water Production in MGD



Monthly Production in MGD



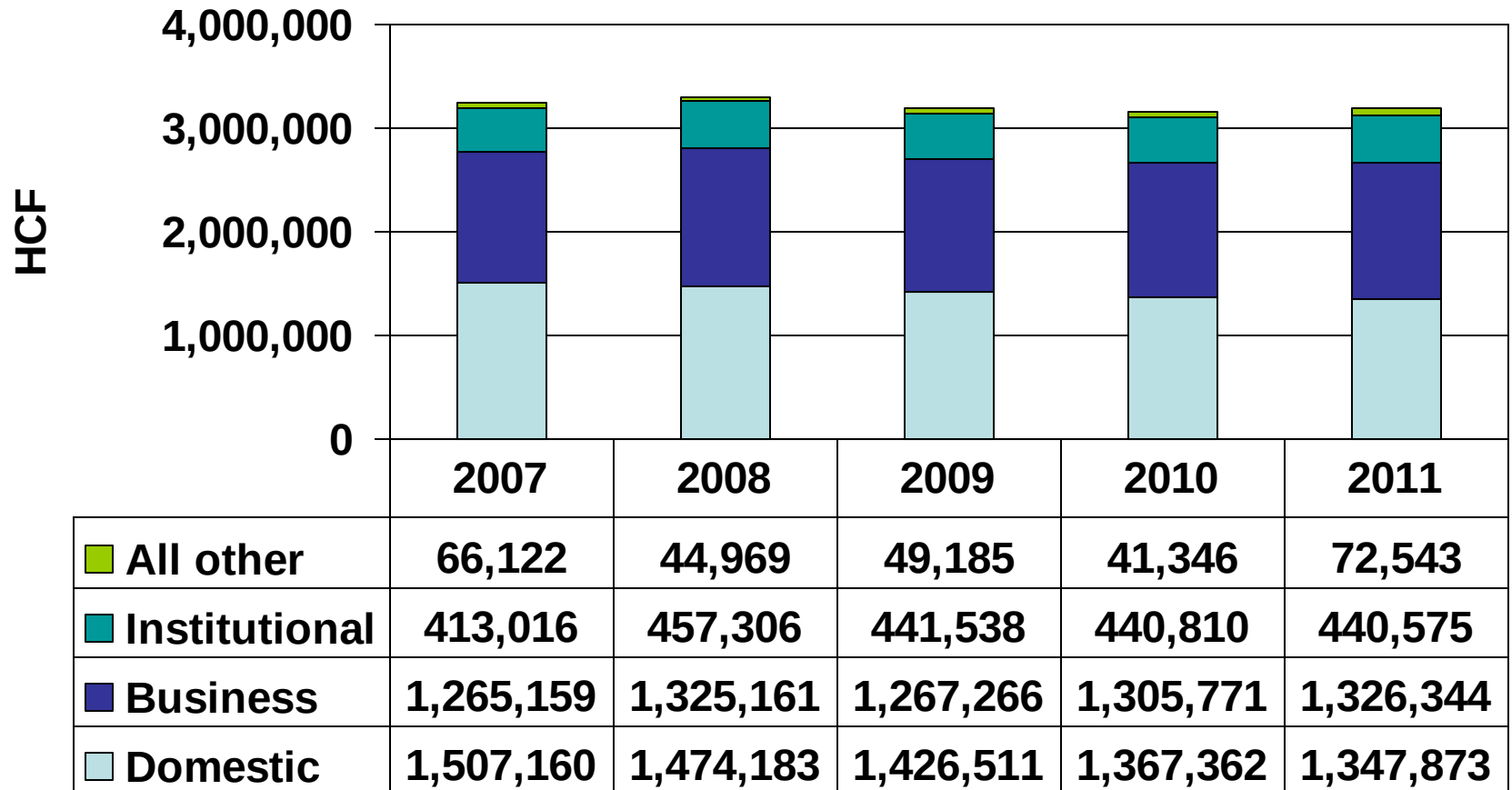
Water Sold in HCF



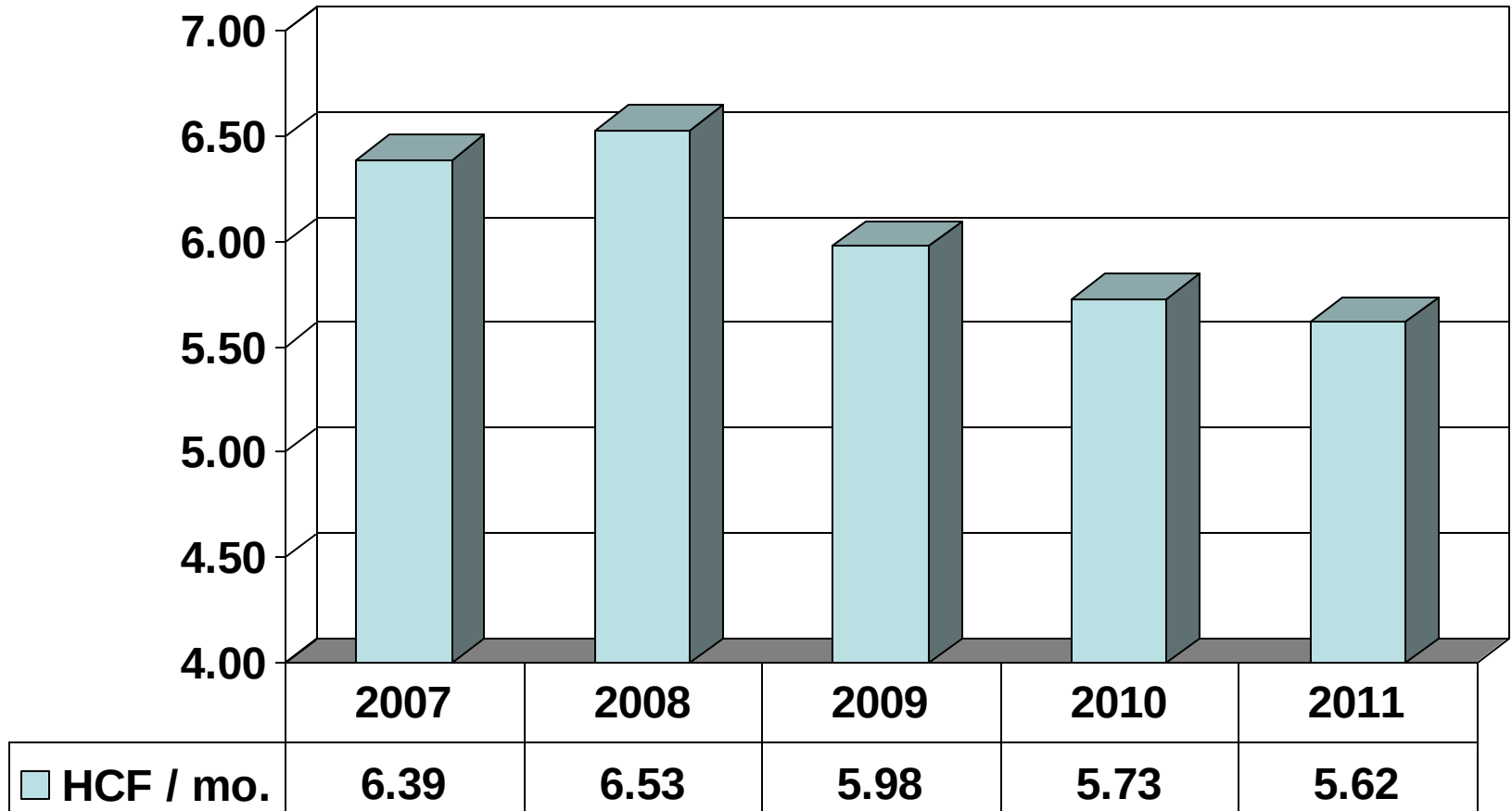
Contract Water Use in HCF

Water Customers	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Amherst	62,125	54,410	55,355	49,805	54,080
Bedford	722,722	806,541	798,263	725,571	748,310
CCUSA	287,918	268,788	250,826	215,854	196,767
Frito-Lay	174,554	181,668	155,245	125,509	139,112
Rock Tenn	436,961	481,067	440,087	397,713	332,564
Total contract use	1,684,280	1,792,474	1,699,776	1,514,452	1,470,833
Non-contract use	3,251,457	3,301,619	3,184,500	3,155,289	3,187,335
Total use	4,935,737	5,094,093	4,884,276	4,669,741	4,658,168
Contract % of use	34%	35%	35%	32%	32%

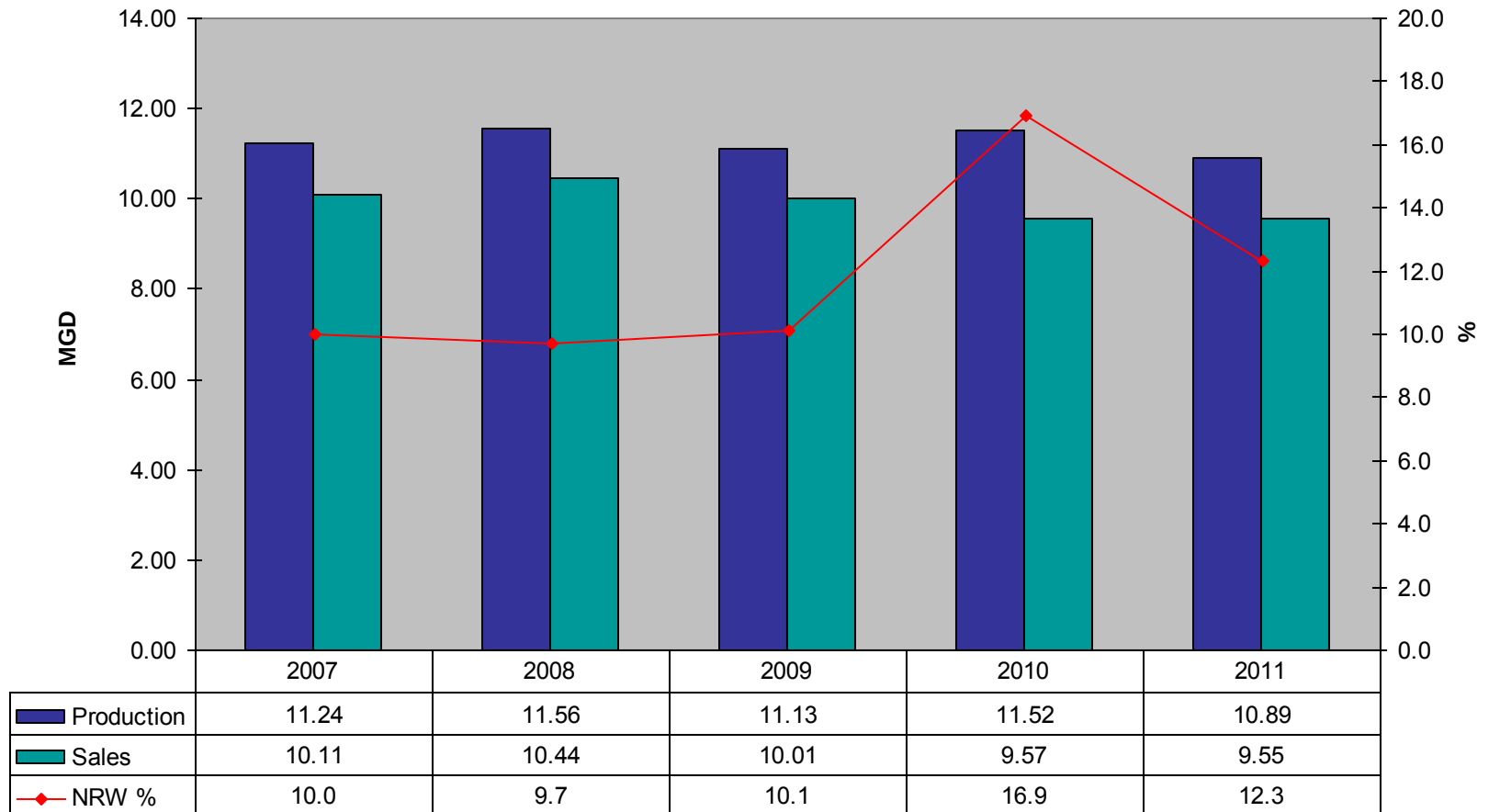
Non-Contract Water Sales in HCF



Avg. Monthly Water Sold Domestic Customers



Non Revenue Water



Water Complaints

Type of Complaint	FY 2007	FY 2008	FY2009	FY 2010	FY 2011
1. Discolored water	100	171	131	140	123
2. Odor / taste	3	4	8	2	11
3. No water	-	-	28	40	15
4. High / low pressure	126	141	94	86	95
5. Service line leaks	152	135	211	133	98
6. Main breaks	-	-	39	46	30
7. Meter related	83	81	134	75	75
8. Unclassified	-	-	-	-	255
Total complaints	464	532	645	522	702
Number of water customers	22,060	21,158	22,240	22,265	22,374
Complaints / 1,000 customers	21	25	29	23	31

Water Fund Financial Data

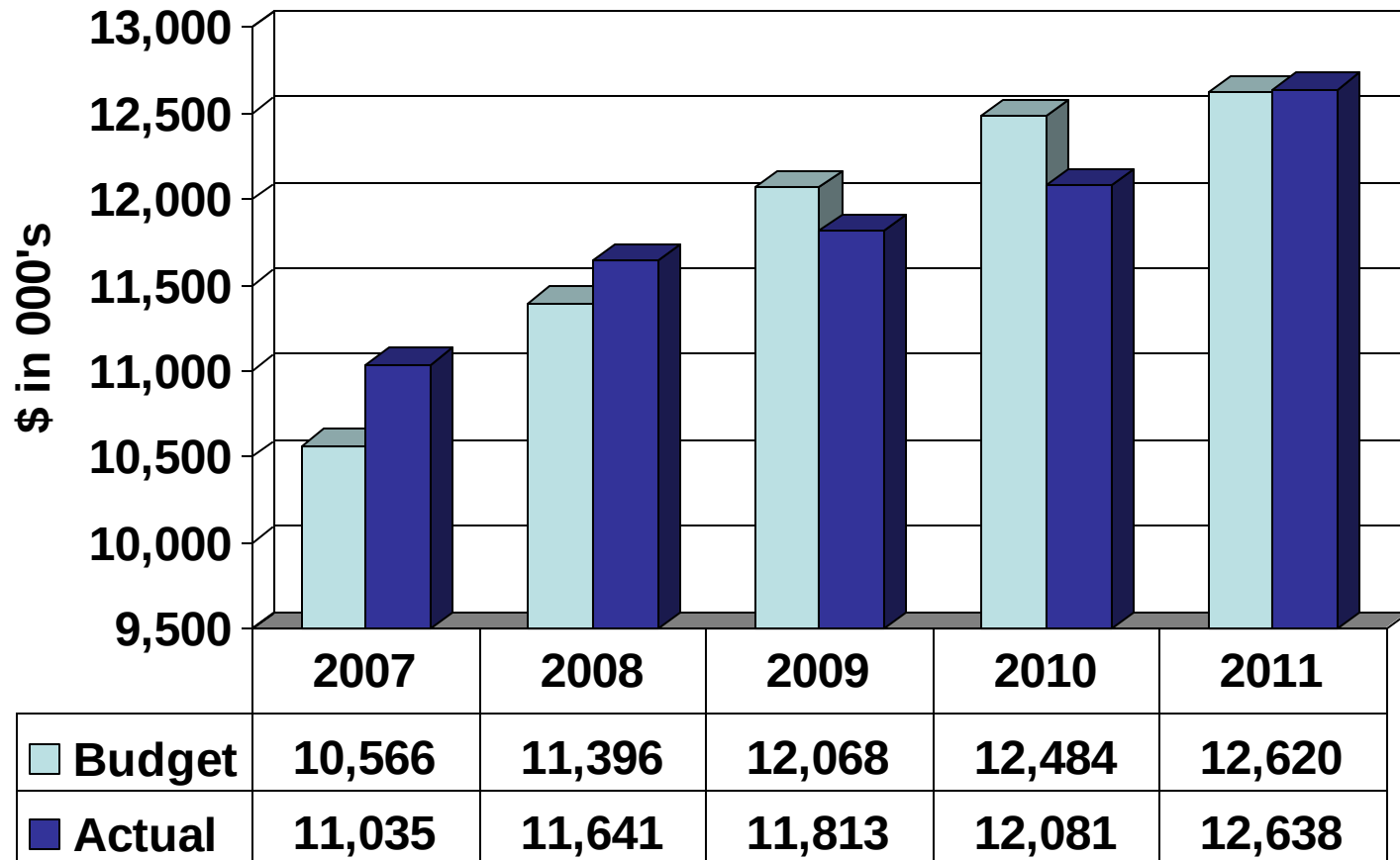
Water Fund Debt Coverage

(\$ in 000's)

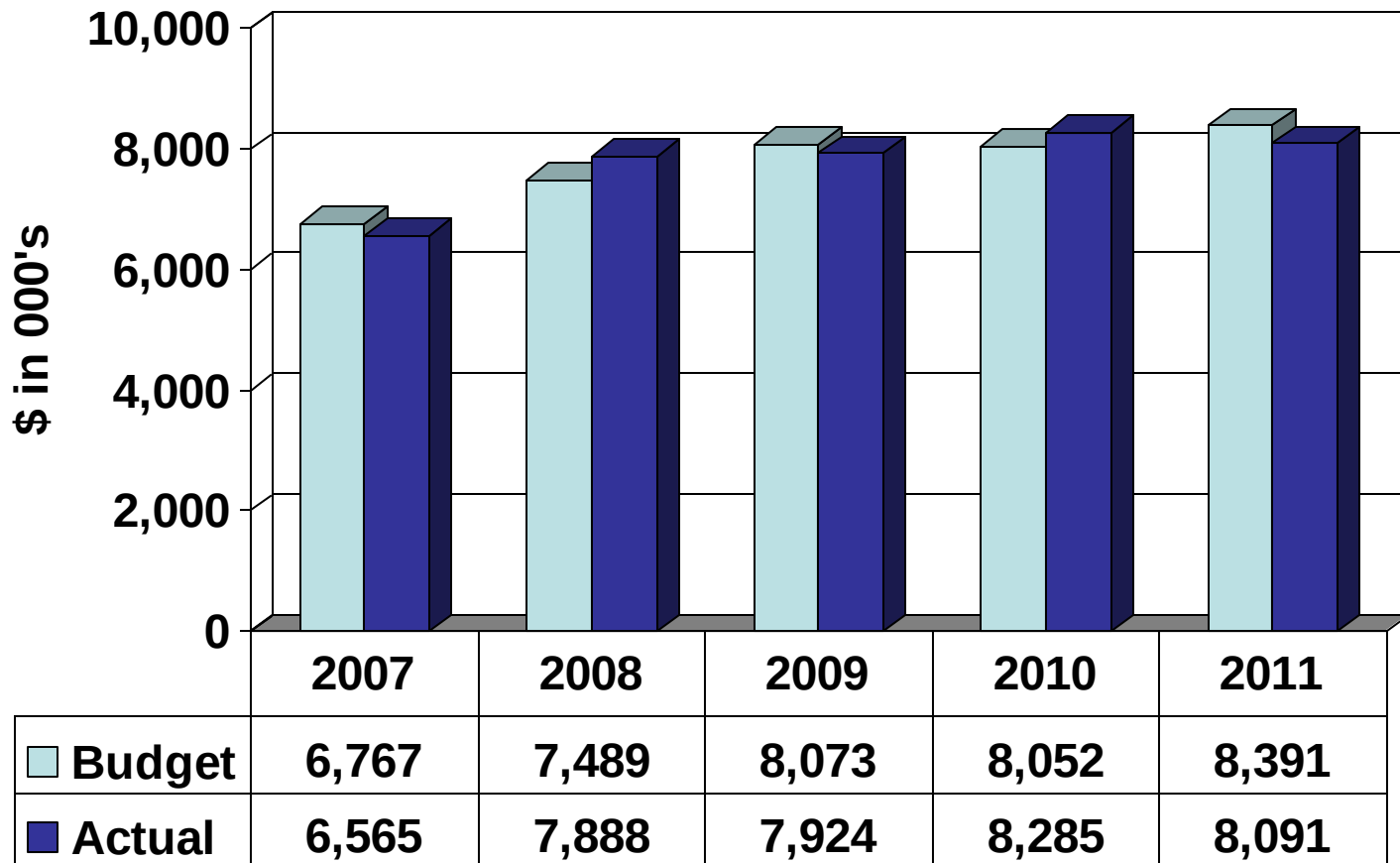
	FY 2007	FY 2008	FY2009	FY 2010	FY 2011
Revenues:					
Charges for services	\$7,985	\$8,763	\$9,034	\$9,309	9,792
Water contracts	2,412	2,502	2,690	2,720	2,670
Interest & other	638	376	89	52	176
	11,035	11,641	11,813	12,081	12,638
Expenses:					
Water treatment	2,260	2,683	2,954	2,863	2,767
Water line maintenance	1,205	1,400	1,548	1,603	1,627
Meter reading	646	879	821	861	836
Administration	2,170	2,478	2,440	2,448	2,793
Non-departmental	147	133	128	168	164
Project expenses	137	315	33	397	14
Capitalized expenses	0	0	0	0	-110
	6,565	7,888	7,924	8,340	8,091
Operating income	4,470	3,753	3,889	3,741	4,547
Debt service	2,980	2,877	2,703	2,999	3,677
Debt coverage	1.50	1.30	1.44	1.25	1.24

Water Revenues

Adopted Budget vs. Actual



Water Operating Expenses Adopted Budget vs. Actual



Largest Water Customers

(\$ in 000's)

Customer	FY 2007	FY 2008	FY2009	FY 2010	FY 2011
1. Bedford County	\$1,195	\$1,326	\$1,501	\$1,537	\$1,487
2. CCUSA	527	432	473	465	509
3. Rock Tenn	431	472	436	460	396
4. Liberty University	184	217	215	233	269
5. Frito-Lay	156	179	169	149	170
6. Azdel	50	91	56	143	150
7. Central Health	163	213	173	124	137
8. Griffin Pipe	110	106	120	115	135
9. Amherst County	102	93	97	110	107
10 .Kroger / Westover	102	122	105	108	105
11. Tri-Tech	32	64	67	106	133
12. RR Donelly	93	111	115	102	135
Total top 12	3,145	3,426	3,527	3,652	3,733
Total water revenues	11,035	11,641	11,813	12,081	12,479
Top 12 % of total	29%	29%	30%	30%	30%

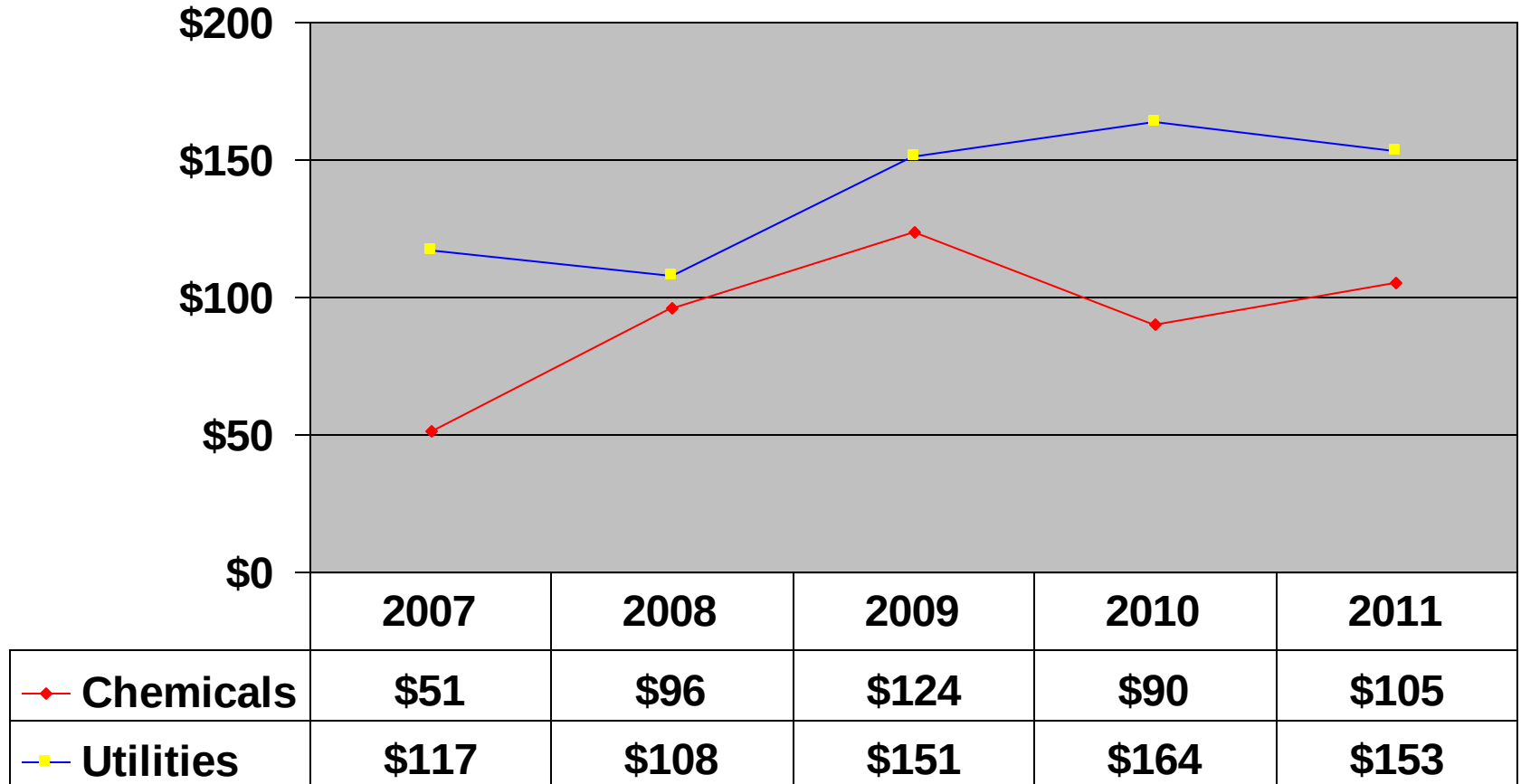
Customers with total billings in excess of \$100,000 / year.

Water Expenses by Object

(\$ in 000's)

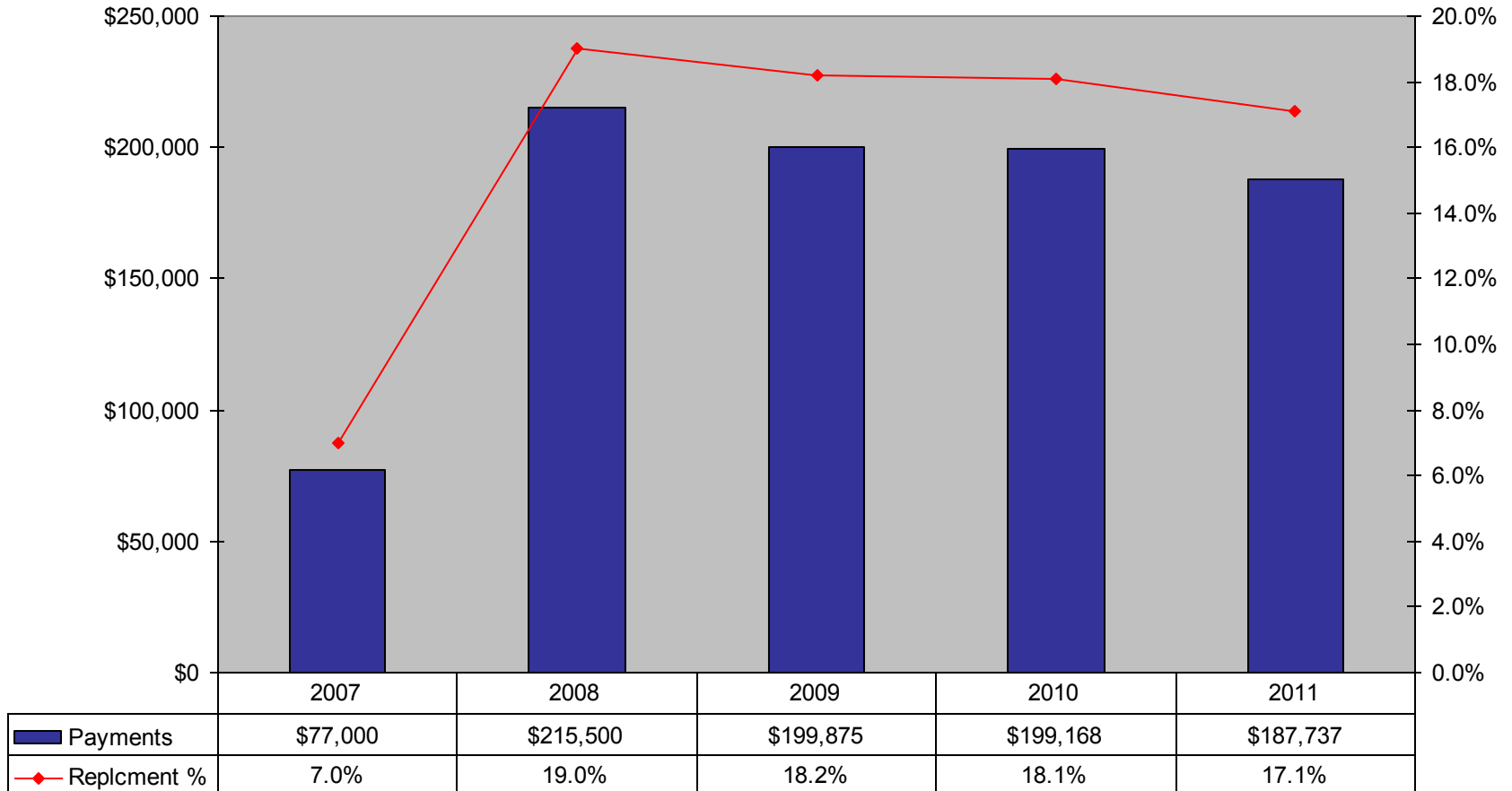
Expenses by object	FY 2007	FY 2008	FY2009	FY 2010	FY 2011
Personal services	\$2,208	\$2,636	\$2,764	\$2,828	2,976
Fringe benefits	862	969	1,023	1,052	1,151
Supplies & materials	705	994	959	974	1,052
Contractual services	454	603	479	582	419
Utilities, including natural gas	480	455	614	687	609
Chemicals	210	404	504	378	419
General Fund allocations	1,100	1,105	1,026	905	1,004
All other, including project expenses	546	722	540	879	571
Total excluding capitalized expenses	\$6,565	\$7,888	\$7,909	\$8,285	\$8,201
% increase	4.7%	20.2%	0.3%	4.8%	-1.0%

Water Variable Expenses / MG



Water Vehicle Costs

Total cost of all vehicles (\$1.1 million)

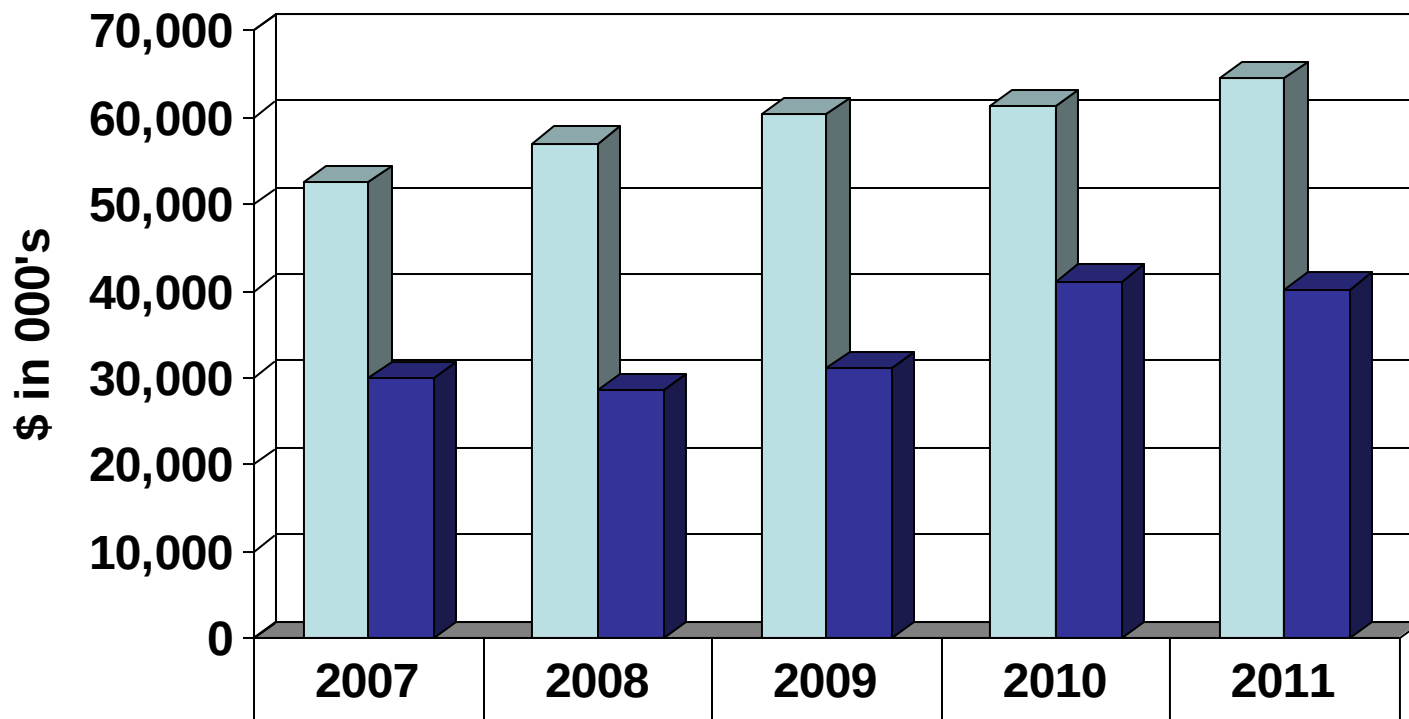


Water Capital Expenditures

\$ in 000's

Capital Expenditures	FY 2007	FY 2008	FY2009	FY 2010	FY 2011
Source of supply	0	45	220	463	1,202
Treatment plants	1,114	4,347	2,349	83	494
Storage tanks	1,424	683	733	98	603
Petitions & extensions	439	840	211	239	304
Distribution & CSO improvements	1,087	804	1,765	1,795	2,435
Other	0	0	182	778	364
Total	4,064	6,719	5,460	3,456	5,402

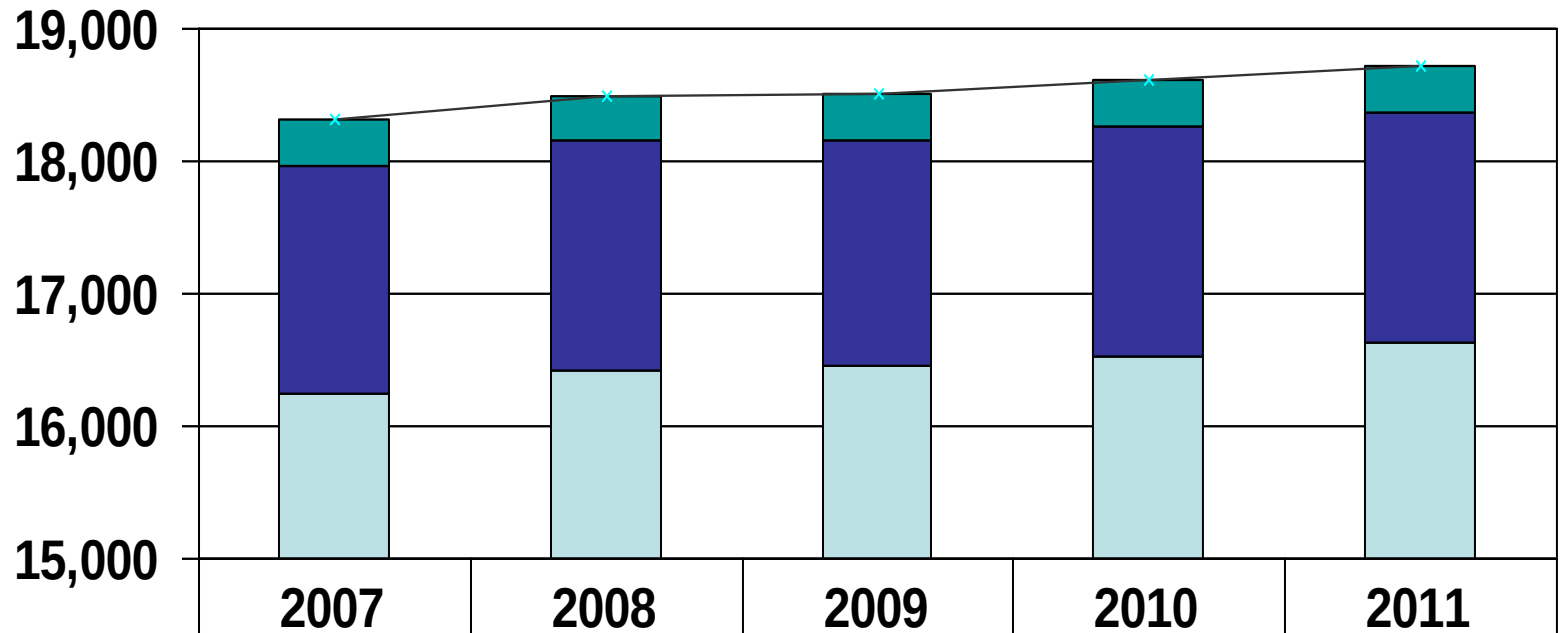
Net Water Capital Assets



■ Net fixed assets	52,562	57,028	60,391	61,294	64,545
■ Bonds & notes	29,942	28,572	31,138	41,164	40,166

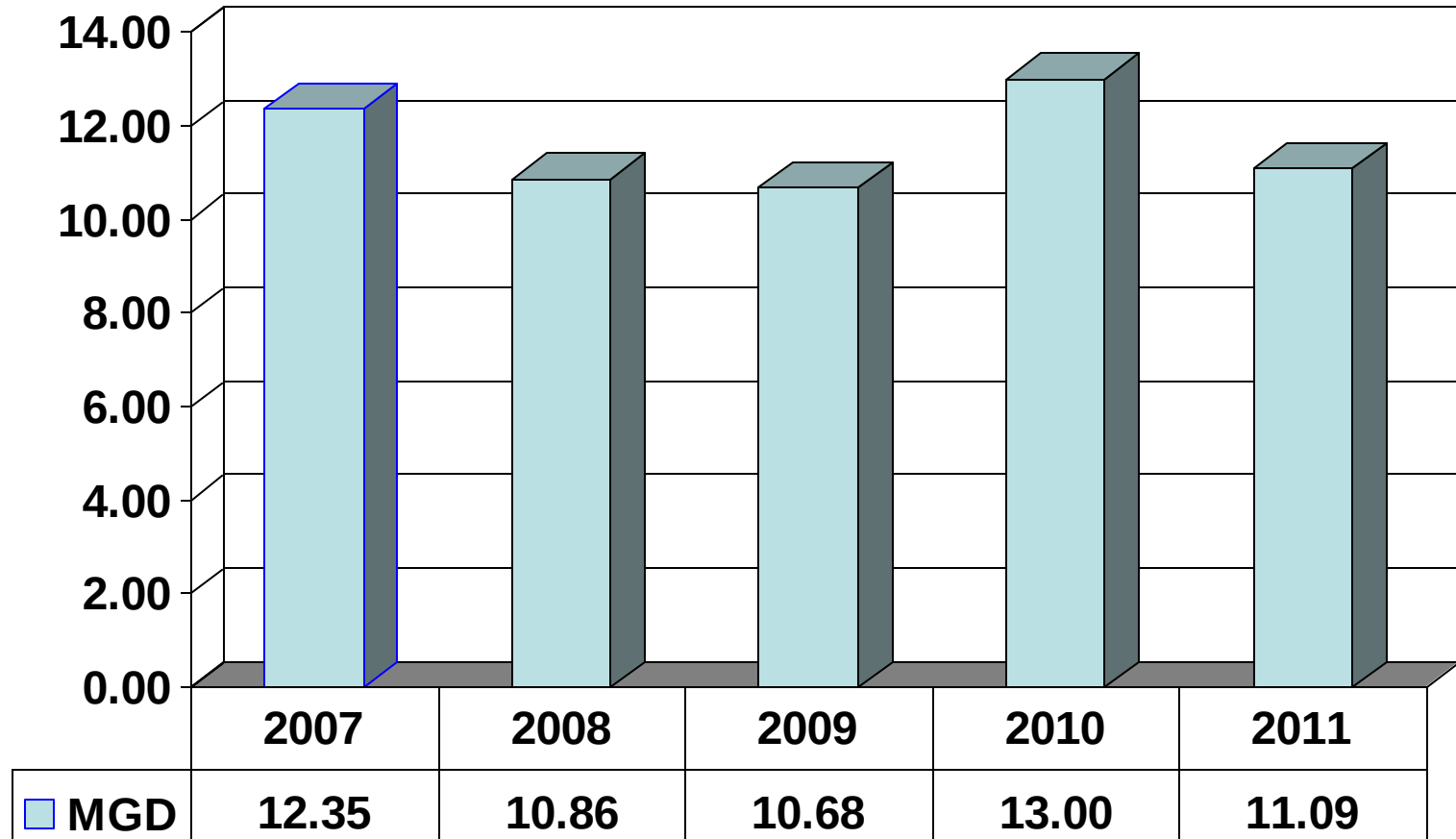
Wastewater Statistics

Number of Sewer Customers

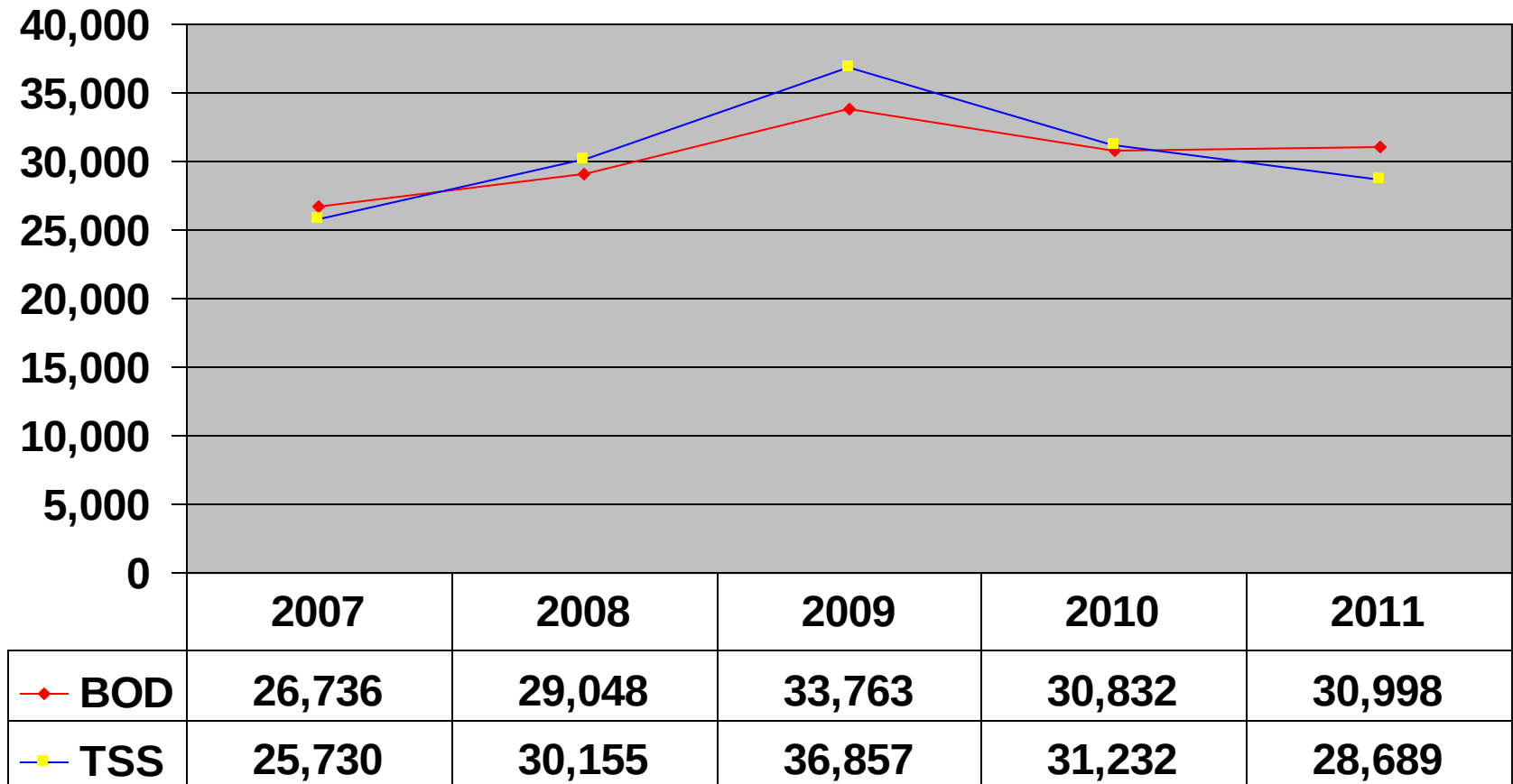


Other	338	336	340	345	350
Business	1,721	1,734	1,715	1,743	1,736
Domestic	16,251	16,416	16,450	16,518	16,632
Total	18,310	18,486	18,505	18,606	18,718

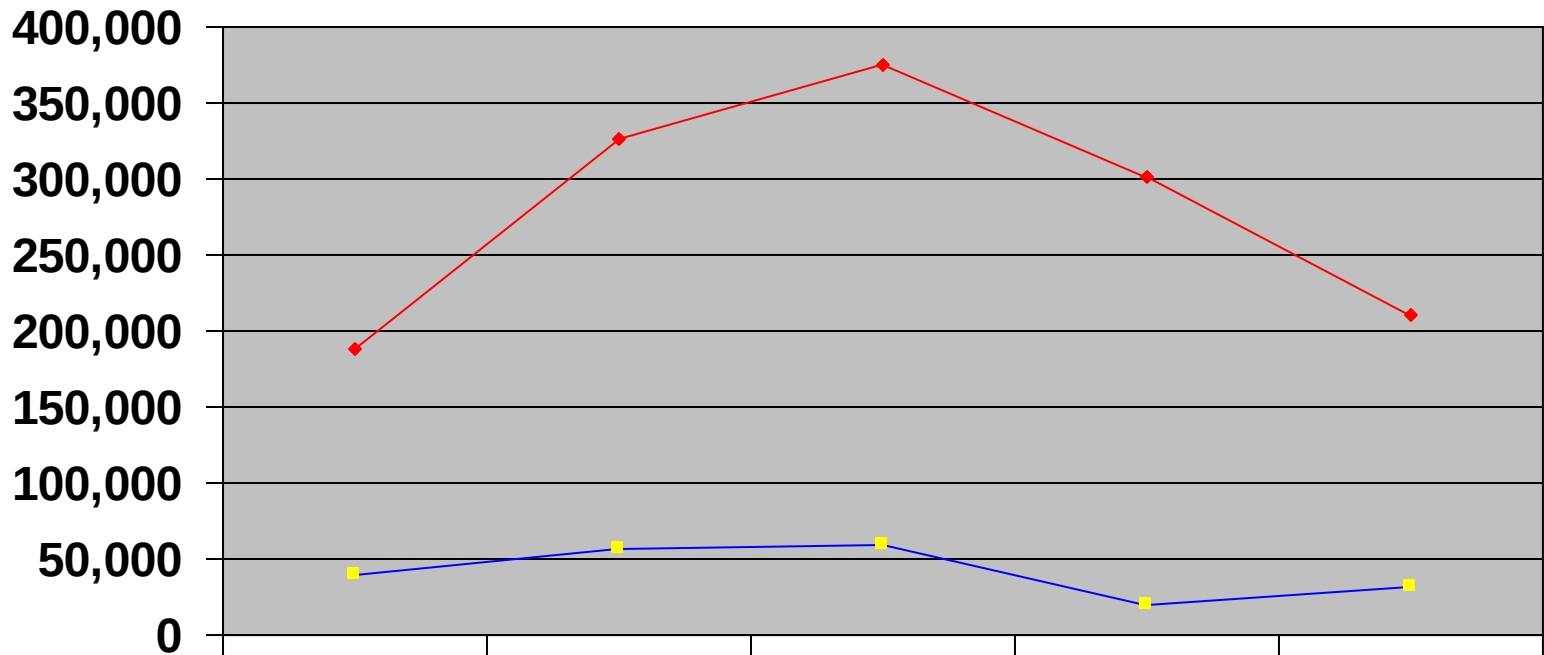
Wastewater Effluent in MGD



BOD / TSS Loadings in lbs. / Day

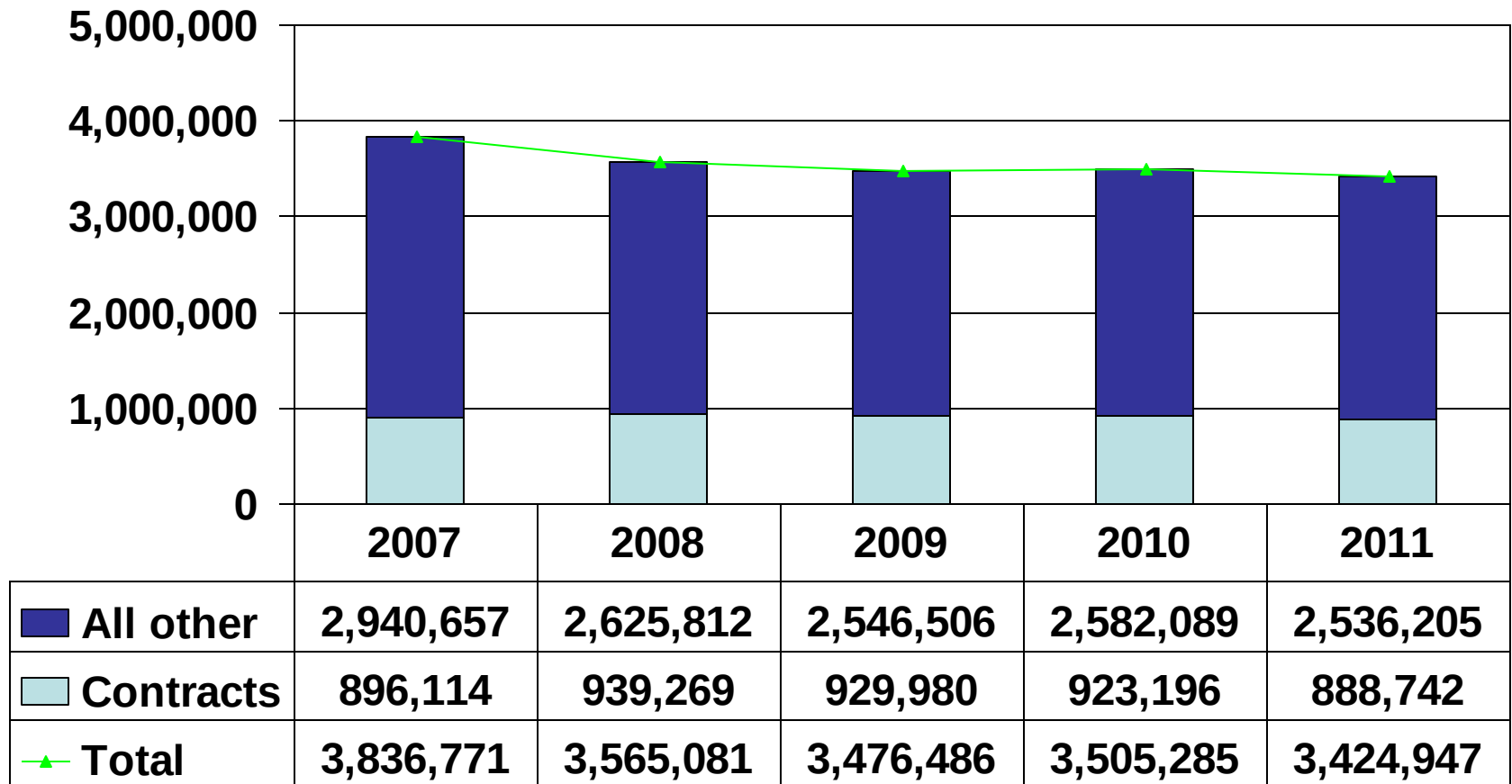


Nitrogen / Phosphorus Annual Discharge in lbs

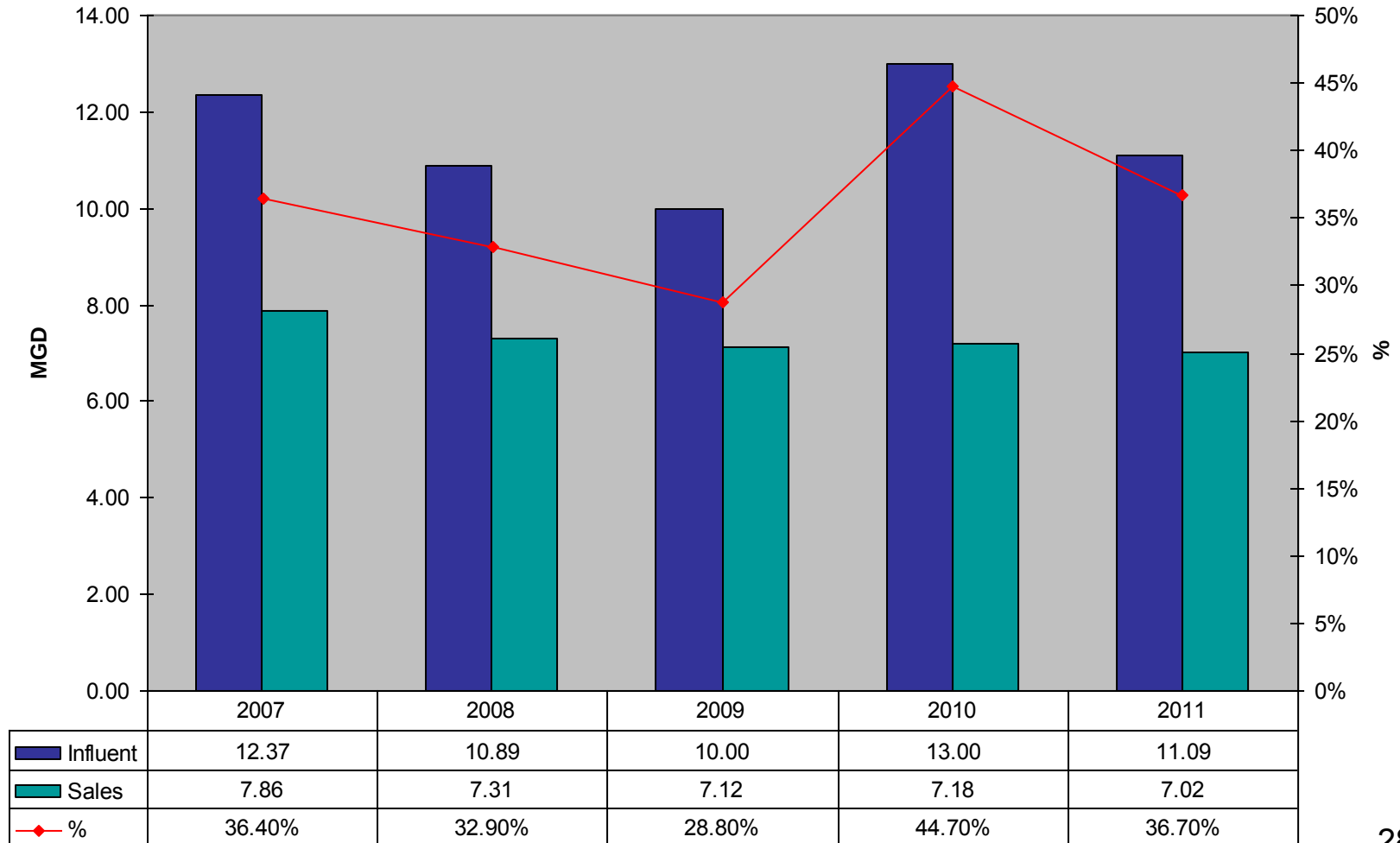


	2007	2008	2009	2010	2011
◆ Nitrogen	187,987	326,623	375,106	301,208	210,024
■ Phosphorus	39,709	56,539	59,343	19,597	31,706

Sewer Sold in HCF



Sewer Sales to Influent



Sewer Complaints

Type of Complaint	FY 2007	FY 2008	FY2009	FY 2010	FY 2011
1. Cave-in / broken sewer line	7	21	29	25	-
2. Sewer odor	31	45	76	45	72
3. Sewer overflow / backups	30	27	58	183	138
4. Stormwater related	133	167	228	203	219
5. All other	64	64	66	78	122
Total complaints	265	324	457	534	551
Number of sewer customers	18,310	18,486	18,505	18,606	18,718
Complaints / 1,000 customers	14	18	25	29	29

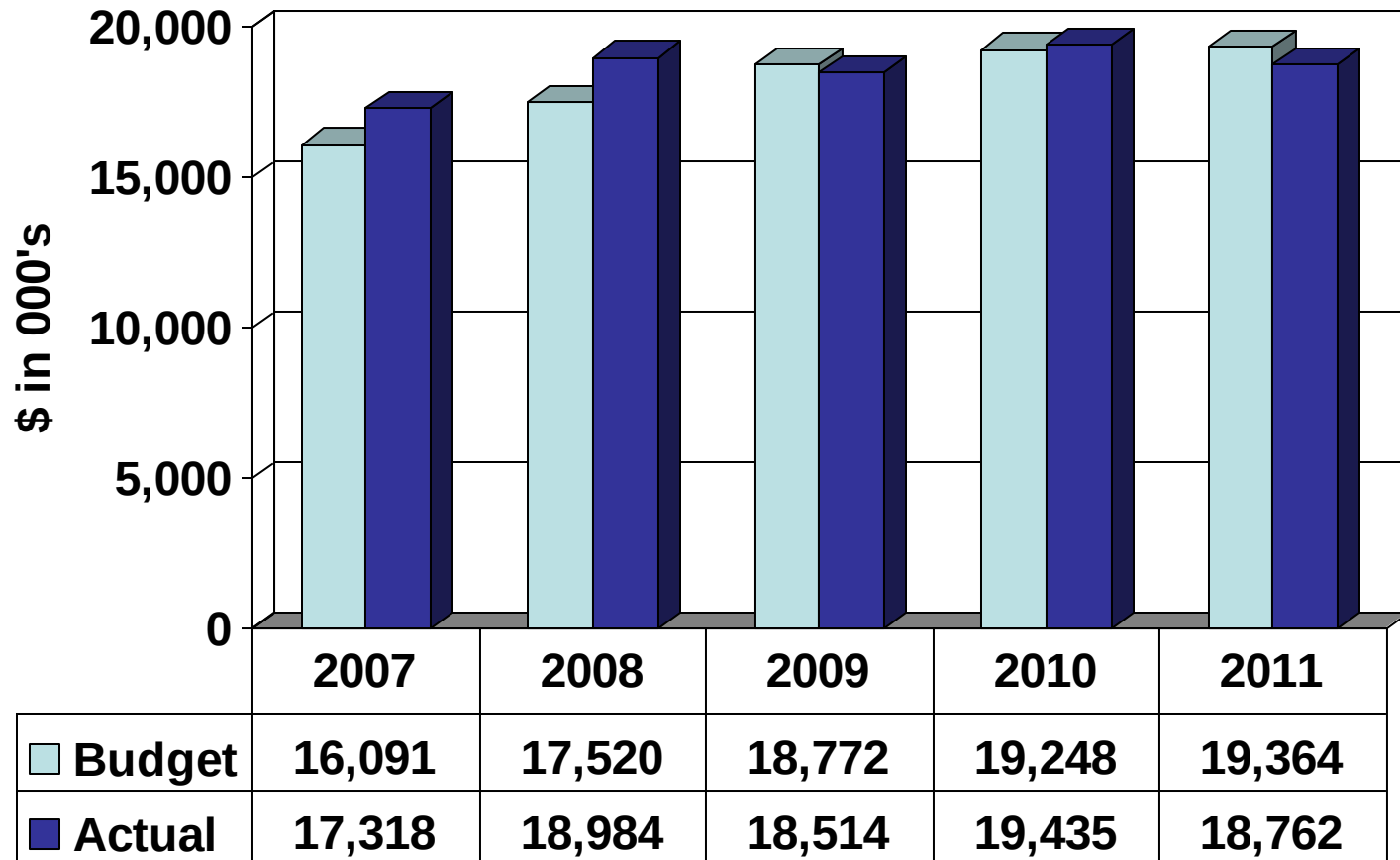
Sewer Fund Financial Data

Sewer Fund Debt Coverage

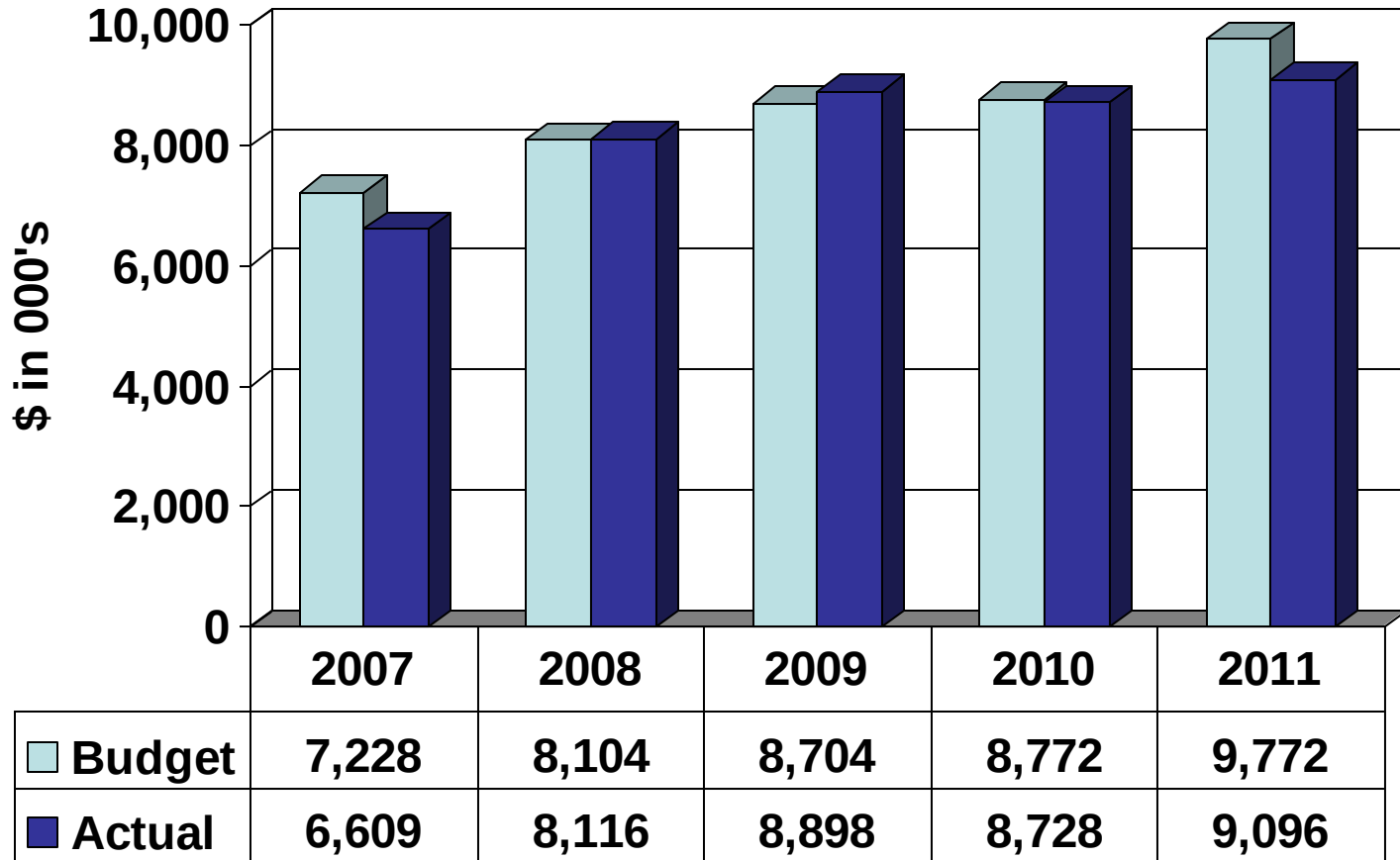
	FY 2007	FY 2008	FY2009	FY 2010	FY 2011
Revenues:					
Charges for services	14,187	15,525	15,542	16,085	15,757
Water contracts	2,342	2,836	2,562	2,991	2,806
Interest & other	789	623	410	359	199
	17,318	18,984	18,514	19,435	18,762
Expenses:					
WWTP	4,230	4,721	5,052	6,007	6,310
Sewer line maintenance + sw	1,546	1,687	1,921	2,305	2,665
Non-departmental	747	1,283	1,278	250	250
Project expenses	86	425	647	166	135
Capitalized expenses	0	0	0	0	-230
	6,609	8,116	8,898	8,728	9,130
Operating income	10,709	10,868	9,616	10,707	9,632
Debt service, net of IRS rebate	6,846	6,959	6,569	7,107	7,573
Debt coverage	1.56	1.56	1.46	1.51	1.27

Sewer Revenues

Adopted Budget vs. Actual



Sewer Operating Expenses Adopted Budget vs. Actual



Ten Largest Sewer Customers

(\$ in 000)

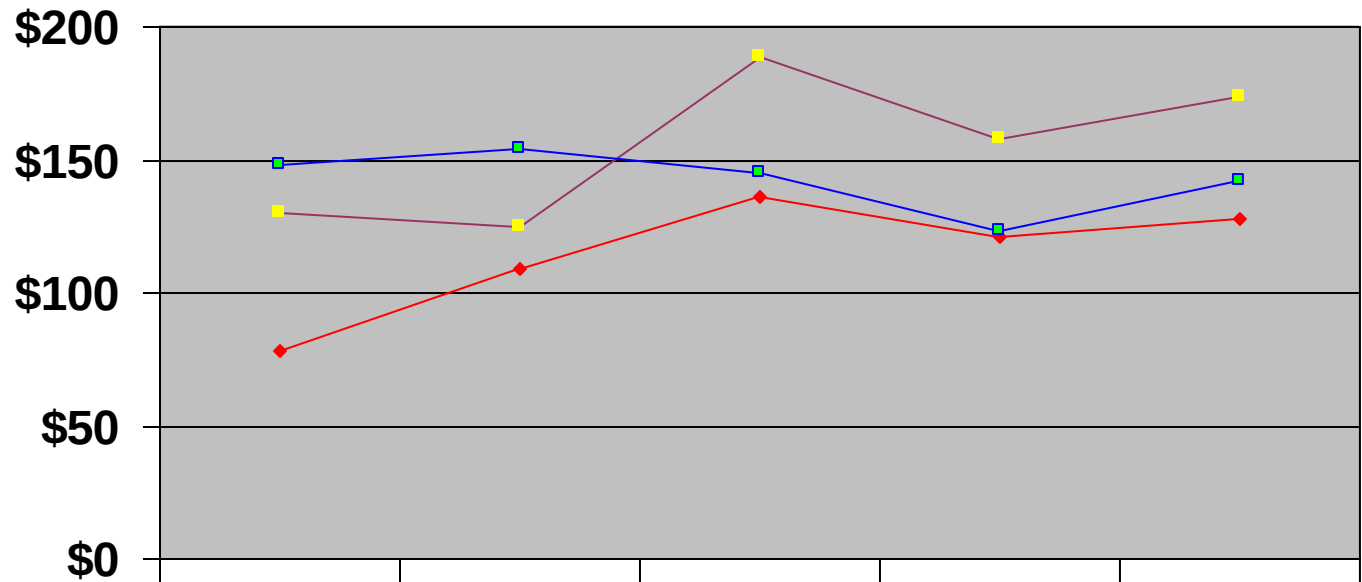
Customers	FY 2007	FY 2008	FY2009	FY 2010	FY 2011
1. Rock Tenn	\$1,015	\$1,431	\$1,139	\$1,154	\$1,019
2. Frito-Lay	499	578	613	692	778
3. Central Health	381	278	382	450	537
4. Liberty University	212	262	469	476	518
5. Azdel	162	312	175	519	417
6. Bedford County	323	320	365	484	388
7. Amherst County	302	303	337	396	365
8. Griffin Pipe	314	298	295	280	316
9. Kroger / Westover Dairy	387	443	276	203	308
10. CCUSA	202	205	246	264	262
Total top 10	3,797	4,430	4,297	4,918	4,908
Total sewer revenues	17,318	18,984	18,514	19,435	18,762
Top ten % of total	22%	23%	23%	25%	26%

Sewer Expenses by Object

\$ in 000's

Expenses by object	FY 2007	FY 2008	FY2009	FY 2010	FY 2011
Personal services	1,439	1,660	1,761	1,844	1,886
Fringe benefits	475	630	674	699	729
Supplies & materials	484	464	493	544	624
Contractual expenses	412	826	807	888	1,059
Sludge disposal	669	614	531	582	575
Utilities	586	498	690	751	703
Chemicals	352	434	496	575	518
General & Water Fund Allocations	1,663	1,815	2,112	1,979	2,360
All other	529	1,175	1,304	866	906
Total excluding capitalized expense	\$6,609	\$8,116	\$8,868	\$8,728	\$9,360
% Increase -total	1.1%	22.8%	9.3%	-1.6%	7.2%

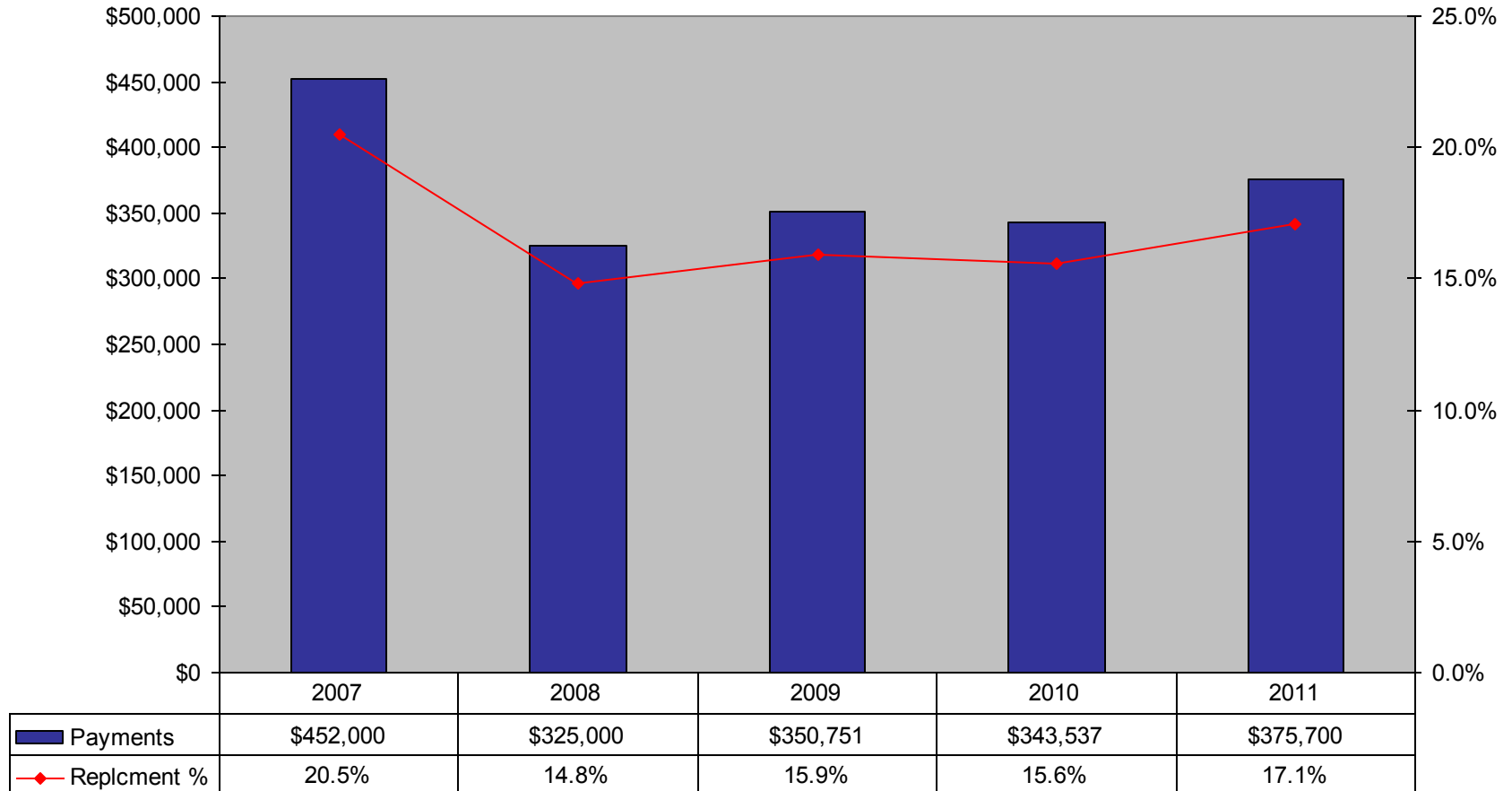
Sewer Variable Expenses / MG



	2007	2008	2009	2010	2011
◆ Chemicals	\$78	\$109	\$136	\$121	\$128
■ Utilities	\$130	\$125	\$189	\$158	\$174
■ Sludge disposal	\$148	\$154	\$145	\$123	\$142

Sewer Vehicle Costs

Total cost of all vehicles (\$2.2 million)

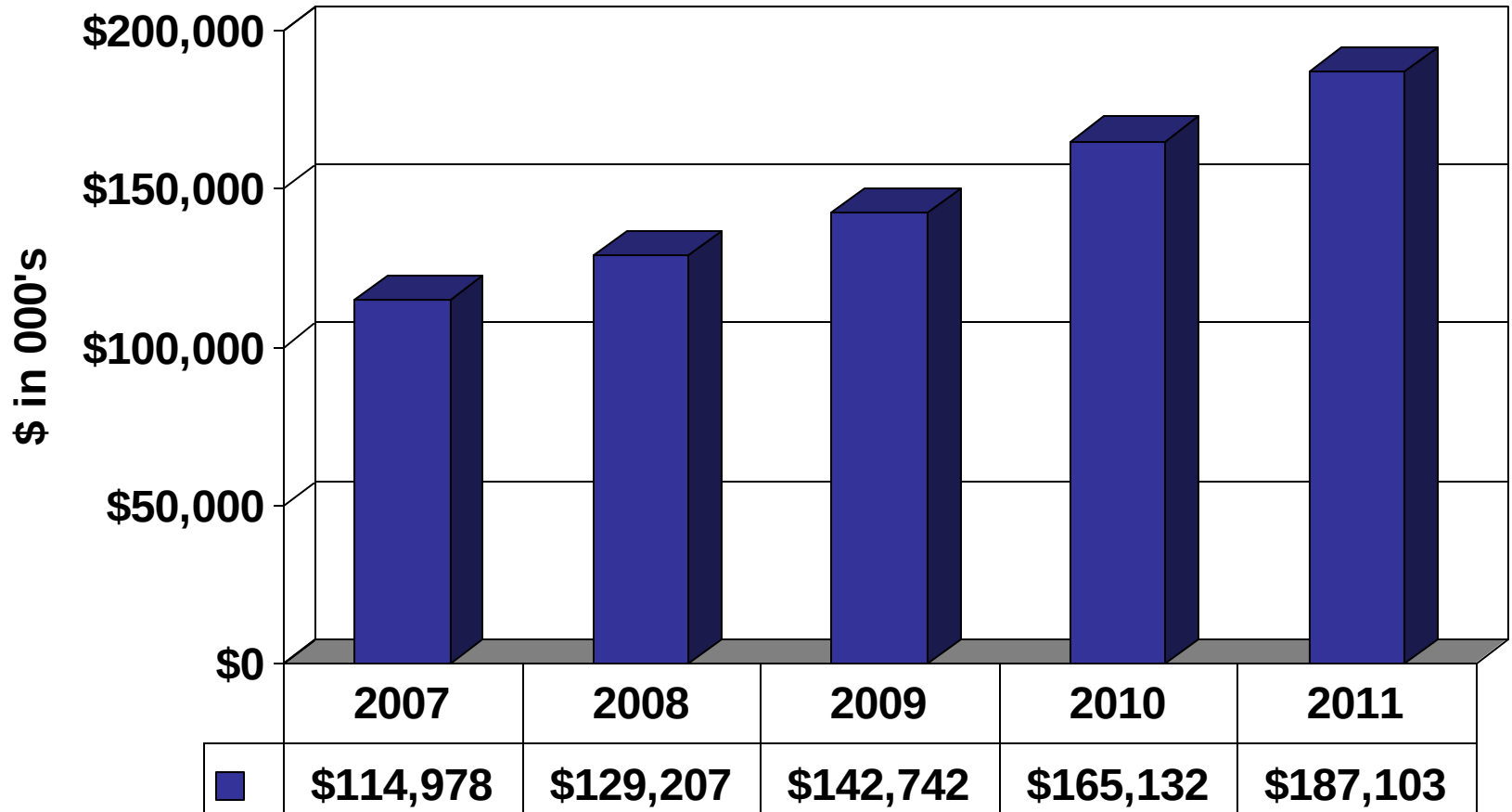


Sewer Capital Expenditures

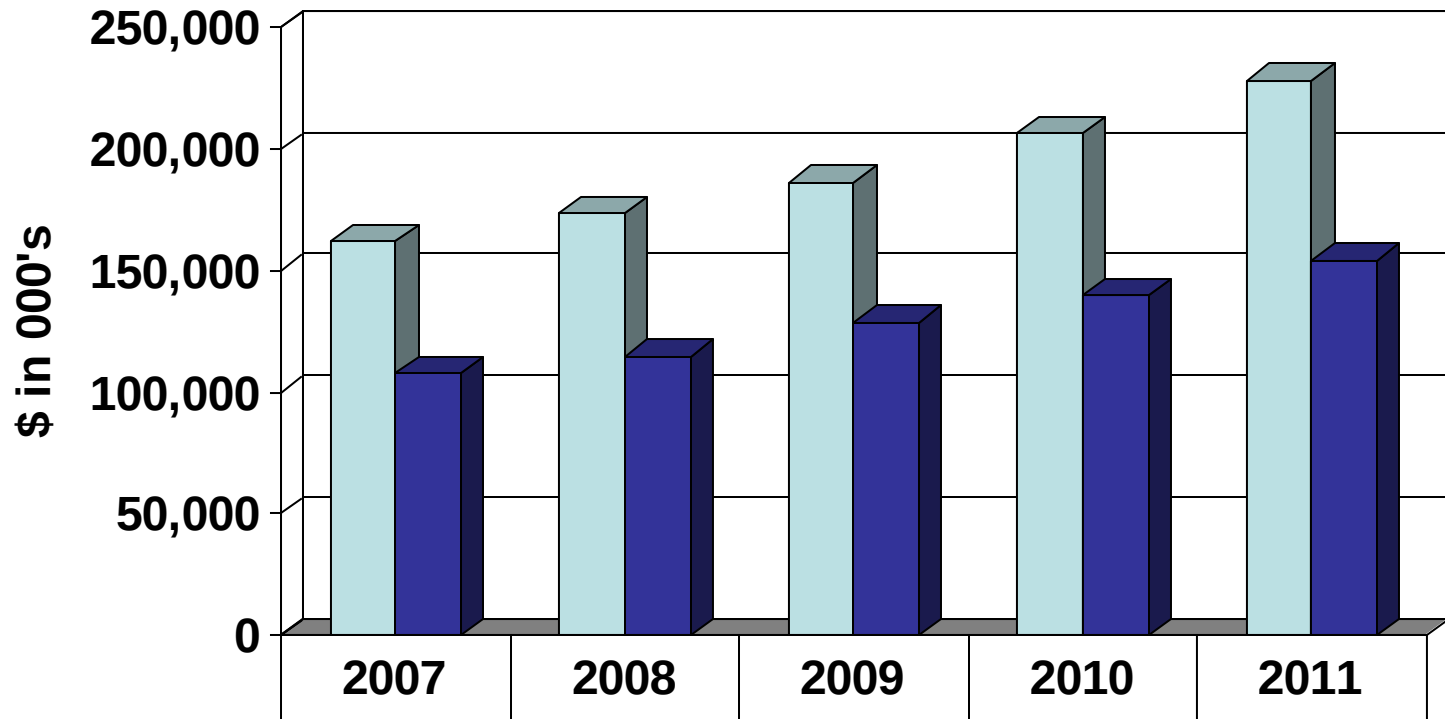
\$ in 000's

Capital Expenditures	FY 2007	FY 2008	FY2009	FY 2010	FY 2011
Sewer extensions	401	829	572	596	193
Treatment plant	276	630	2,564	1,612	1,164
Collection system repairs	299	103	309	464	997
CSO - separation & RDP	7,996	7,703	8,007	7,387	9,423
Interceptors	371	6,530	6,060	14,003	12,549
Stormwater	0	0	0	0	284
Other	115	102	218	1,092	1,177
Total	9,458	15,897	17,730	25,154	25,787

Cumulative CSO Expenditures



Net Sewer Capital Assets



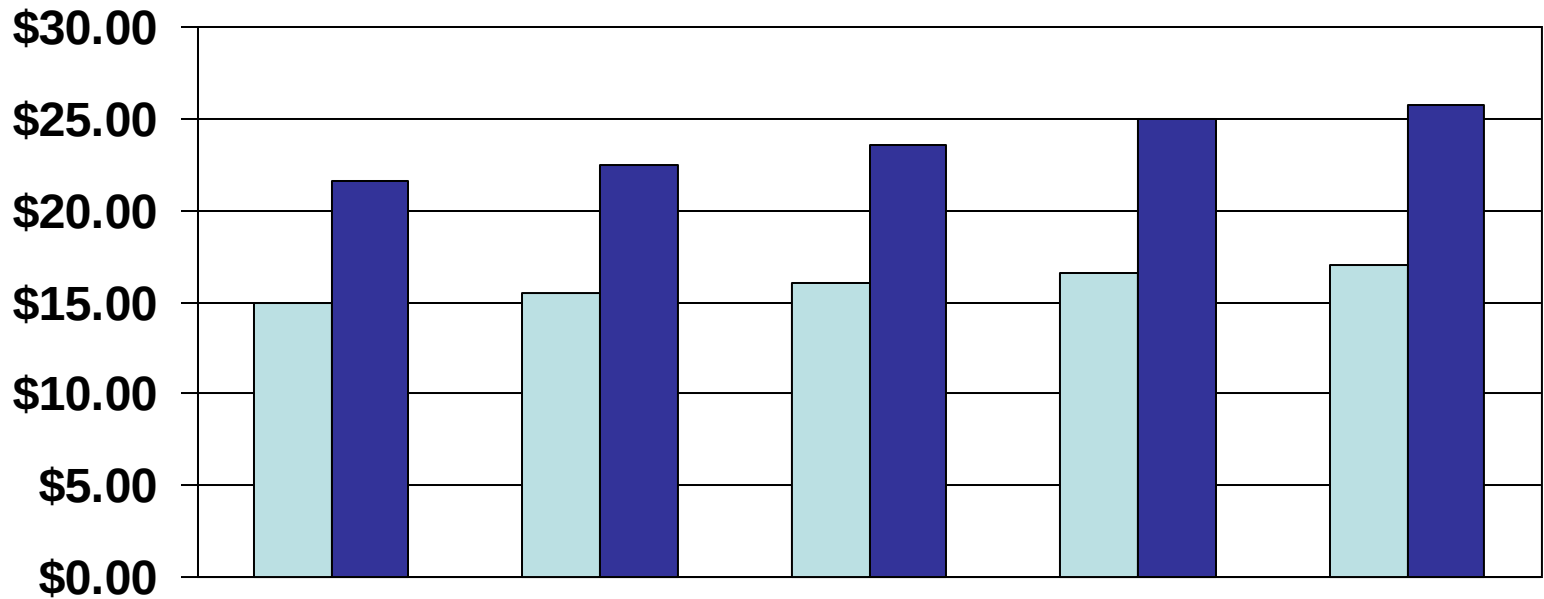
■ Net fixed assets	162,064	173,491	186,190	206,611	\$228,252
■ Bonds & notes	107,769	114,694	128,757	139,951	\$154,132

Rate & Bill Data

Water & Sewer Rates

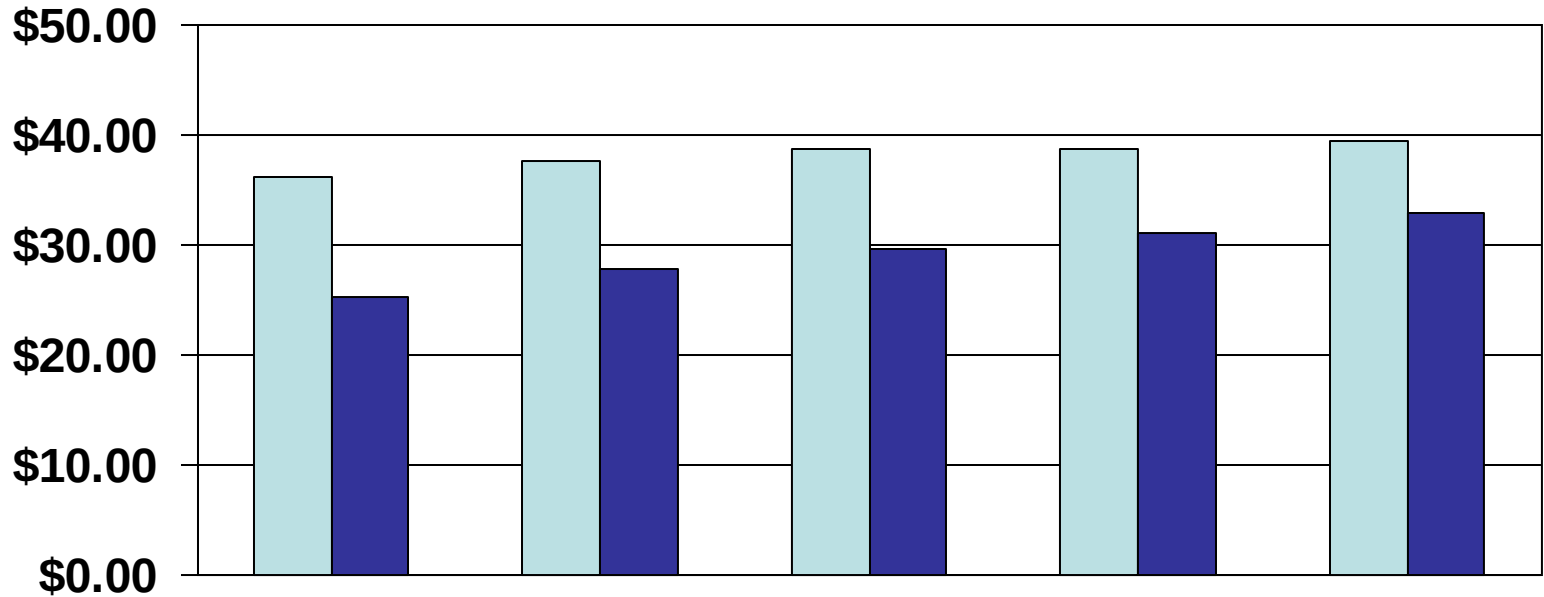
	7/1/2007	7/1/2008	7/1/2009	7/1/2010	7/1/2011
Water volume charge / hcf	\$1.97	\$2.05	\$2.13	\$2.22	\$2.29
Sewer					
Volume charge / hcf	5.17	5.38	5.54	5.54	5.65
BOD / 100 lbs	18.46	18.46	18.46	20.31	20.31
TSS / 100 lbs.	20.88	20.88	20.88	22.97	22.97
Septic hauler charge	177.00	177.00	177.00	185.50	185.50
Avg. industrial pre-treatment / permit fee	1,460	1,460	1,460	1,606	1,606
Sewer only	39.88	41.35	42.47	42.27	43.24
Account charge	3.69	3.69	3.69	3.69	3.69
Water Connection fees					
3/4" & 5/8" meters	850	950	950	950	950
1" service - 5/8" meter	870	1,000	1,000	1,000	1,000
1" service - 1" meter	1,030	1,150	1,150	1,150	1,150
Greater than 1" minimum	1,030	1,150	1,150	1,150	1,150
Sewer Connection Fees					
4" line	965	1,100	1,100	1,100	1,100
Greater than 4" - minimum	1,045	1,200	1,200	1,200	1,200
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					
Hydrants & 8" fire lines	17.99	17.99	17.99	19.79	19.79
10" fire line	32.30	32.30	32.30	35.53	35.53
12" fire line	51.25	51.25	51.25	56.38	56.38
Cut-on charge	15	15	15	15	15
Cut-off charge	25	25	25	25	25

Water Bill Comparison @ 5,000 gallons / month



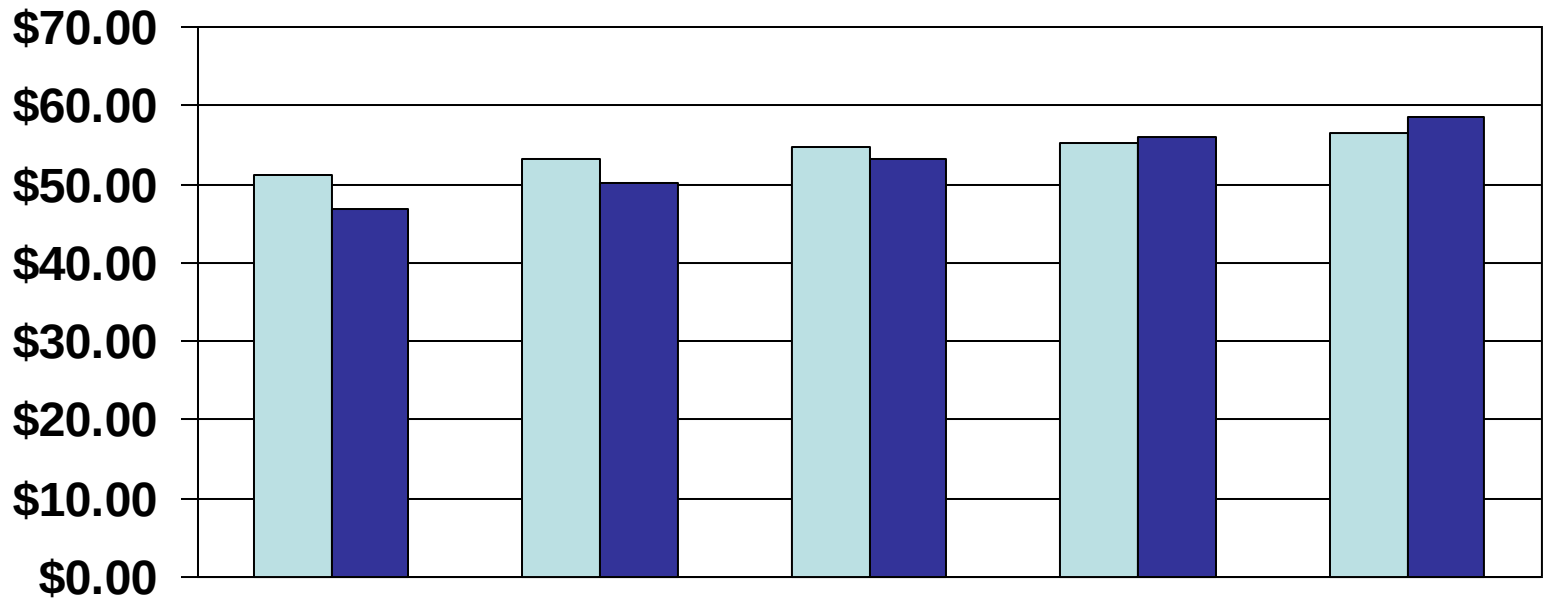
	7/1/2007	7/1/2008	7/1/2009	7/1/2010	7/1/2011
■ Lynchburg	\$14.94	\$15.47	\$16.00	\$16.60	\$17.07
■ State avg.	\$21.59	\$22.50	\$23.58	\$25.00	\$25.70

Sewer Bill Comparison @ 5,000 gallons / month



	7/1/2007	7/1/2008	7/1/2009	7/1/2010	7/1/2011
■ Lynchburg	\$36.23	\$37.63	\$38.69	38.69	39.42
■ State avg.	\$25.32	\$27.74	\$29.56	31.03	32.88

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



	7/1/2007	7/1/2008	7/1/2009	7/1/2010	7/1/2011
■ Lynchburg	\$51.17	\$53.10	\$54.70	55.29	\$56.49
■ State avg.	\$46.91	\$50.24	\$53.14	56.03	\$58.52

Contract Rates

	FY 2007	FY 2008	FY2009	FY2010	FY2011
Water Contract rates / HCF					(2)
Amherst	1.72	1.94	1.89	1.99	1.90
Bedford	1.67	1.90	1.93	2.00	1.91
CCUSA	1.65	1.79	1.80	1.98	1.90
Frito-Lay	0.90	0.97	1.086	1.18	1.24
Rock Tenn	0.95	0.97	1.086	1.18	1.24
Sewer Contract rates / 1,000 gallons					
Amherst (1)	0.98	1.27	1.47	1.27	1.50
Bedford (1)	0.98	1.27	1.47	1.27	1.50
CCUSA (1)	0.98	1.27	1.47	1.27	1.50
Frito-Lay	1.91	1.57	1.73	2.51	2.65
Rock Tenn	2.05	1.56	1.73	1.84	1.89

1. Volume rate only.

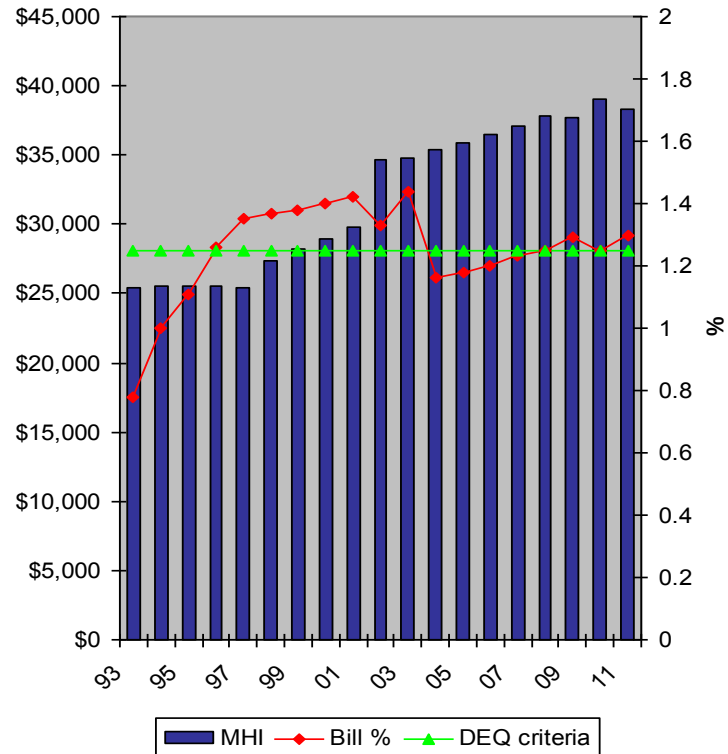
2. Per preliminary contract settlement calculations for counties.

Annual Sewer Bill as a % of MHI

Annual Sewer Bill

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

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



LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **February 28, 2012**

AGENDA ITEM NO.: 2

CONSENT:

REGULAR:

WORK SESSION: **X**

CLOSED SESSION:

(Confidential)

ACTION:

INFORMATION: **X**

ITEM TITLE: **Community Code Compliance Team (CCCT) Annual Report**

RECOMMENDATION: Review the prior year's activities of the Community Code Compliance Team (CCCT).

SUMMARY: The City's Community Code Compliance Team was created by City Council to develop and implement "a proactive, coordinated and focused long-term strategy to improve living conditions through consistent code compliance, thereby facilitating a positive impact on the quality of life in Lynchburg." The CCCT includes representatives from the neighborhood, as well as the City Manager's Office, Community Development, Billings and Collections, Fire Marshal, Public Services, Police, City Attorney's Office, Social Services, Commissioner of the Revenue, Lynchburg Redevelopment and Housing Authority and City Council. Team representatives frequently conduct neighborhood walkthroughs as part of its mission to work proactively with residents to identify concerns and raise awareness of local codes and public maintenance needs.

In 2011 the Community Code Compliance Team coordinated six meetings, four of which were conducted in neighborhoods at the request of residents. Staff will provide a brief overview of last year's initiatives.

PRIOR ACTION(S):

November 22, 2011: City Council changed the name of the "Code Enforcement Task Force" to the "Community Code Compliance Team" and endorsed its purpose.

February 22, 2011: City Council reviewed the Code Enforcement Task Force's activities and requested an annual update on its neighborhood initiatives.

FISCAL IMPACT: None

CONTACT(S): Keith Wright, Neighborhood Programs Manager/CCCT Facilitator, 455-3921
Kent White, Director, Department of Community Development, 455-3900

ATTACHMENTS:

- Annual Report on the Activities of the Community Code Compliance Team
- Community Code Compliance Team Charter

REVIEWED BY: lkp

028L

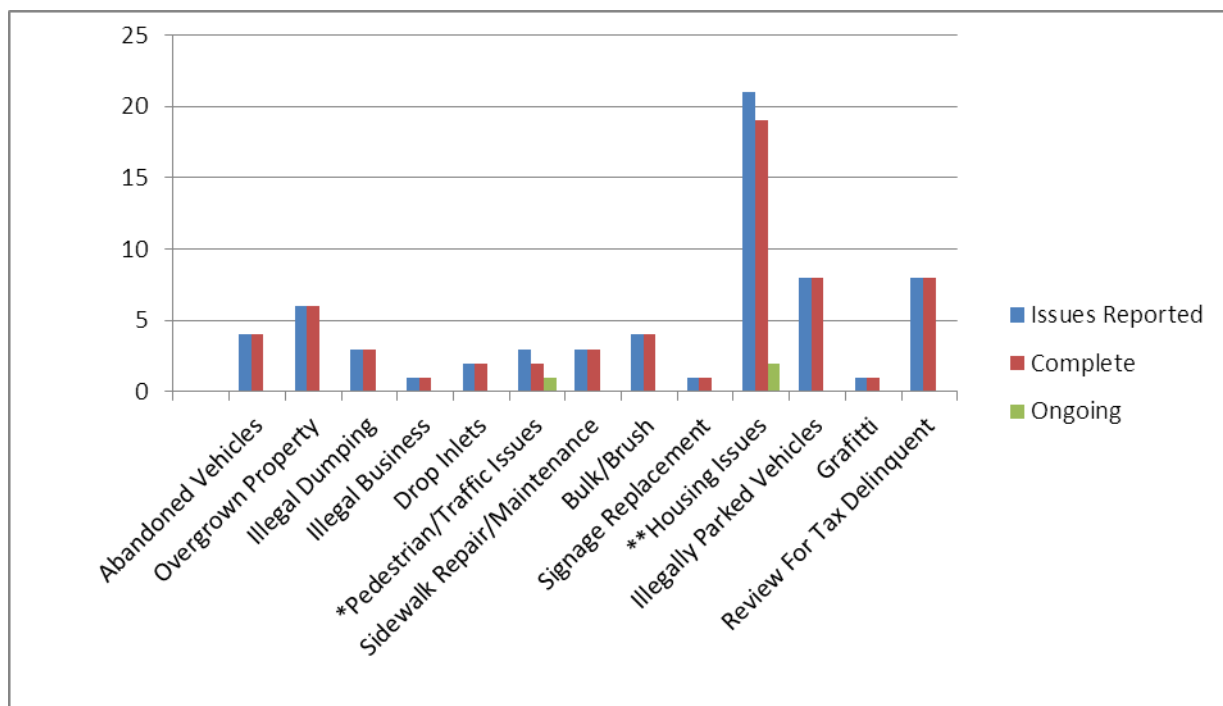
2011 Community Code Compliance Team Summary

Walkthroughs

In 2011, the Community Code Compliance Team coordinated six meetings, four of which were conducted in neighborhoods at the request of residents:

- 1) Diamond Hill Neighborhood – January 19, 2011
- 2) Tinbridge Hill Neighborhood – May 18, 2011
- 3) Denver Avenue Neighborhood – July 21, 2011
- 4) Lynchburg College Neighborhood – September 21, 2011

The result of these walkthroughs addressed sixty-five (65) Code compliance issues:



***Traffic Engineering has included crosswalks in a study to determine any needed enhancements.**

****Two cases have out-of-state owners who cannot be located.**

New Approach

Although enforcement is important in the process, the Team uses neighborhood walkthroughs to provide information to neighbors about the City's process for Codes compliance; whether or not the City can or cannot address the issue; and the establishment of a timeframe for compliance. During this reporting period, there was a consensus among Team members that the Team should focus on new ways to get information regarding City Codes to the community. The Team believes that rather than simply citing property owners with a notice for every violation, a better approach is to focus on education regarding applicable Codes. The benefit to citizens and government alike is to gain a well-rounded approach to Codes compliance.

New Ideas

During 2011, the Team continued its work with the Department of Communications and Marketing to video walkthroughs and air them on LTV. The program now includes a more coordinated introduction and wrap up and, during each show, a highlight of a different Code compliance issue complete with an “on camera” explanation of how the Team may address the matter. The Team has received positive feedback on this change, noting this has made for more interesting and educational television.

Team members believe the next step in the rebranding process from enforcement to compliance and education is to create a user-friendly website that provides general Code compliance information, access to links for related minutes or announcements and an avenue for neighbors to ask questions or request a walkthrough in their own neighborhood. In addition, the Team will be working on a series of public service announcements designed to provide helpful information to the public. Examples of two public service announcements under development include reminders to check batteries in smoke detectors and vehicle inspection stickers.

Summary

The Team is seeking new connections with the City's neighborhoods to promote, protect and improve the health, safety and welfare of the citizens and the environment. This is accomplished by providing equitable, expeditious and effective Code compliance while establishing a working partnership with the City's neighborhoods.



City of Lynchburg

COMMUNITY CODE COMPLIANCE TEAM CHARTER

PURPOSE

The team will develop and implement a proactive, coordinated and focused long-term strategy to improve living conditions through consistent code compliance, thereby facilitating a positive impact on the quality of life in Lynchburg.

LYNCHBURG CITY COUNCIL VISION

We will work to ensure an environment in which all of the residents of Lynchburg are free to pursue their dreams, hopes, and aspirations through our understanding and commitment to meet the public's needs in the areas of:

Community Character

The character of our City is defined by the values and behaviors of its residents and its natural and built environments. We are a beautiful, safe and comfortable community with hospitable, friendly, and caring citizens who are free to pursue their values of faith and family according to their individual preferences.

Economic Prosperity

Our City will maintain a vibrant, industrious community that will expand economic opportunities for our citizens. We embrace policies that will enhance economic prosperity with the support of a strong Economic Development Authority, emphasis on education, workforce development, and a continued commitment to business-friendly initiatives.

Good Government

City government will deliver, in an equitable manner, public services through the effective and efficient stewardship of resources. We will also engage in regional efforts that advance the interests of our citizens.

Multicultural Vibrancy

Lynchburg acknowledges and values its rich cultural, ethnic, racial, and religious diversity while promoting a respectful and cohesive community.

A Compelling Destination

The City is a regional draw for entertainment, shopping and business. Our unique historic heritage and tourism attractions draw a national audience. With its breadth of recreational experiences, centers of interactive living history, and opportunities for educational excellence, our City appeals to all generations.

Revised October 2011

Adopted December 2006

STRATEGIC FOCUS

- Enforce codes in a fair and effective manner
- Instill a spirit of cooperation and trust among team members
- Devise new strategies to address neighborhood and citizen concerns, including citizen engagement and education
- Improve communication between the City, other agencies, and the public regarding compliance activities
- Conduct neighborhood walkthroughs to see and hear citizen concerns first-hand

MEMBERSHIP

The team is a core group of City employees whose job responsibilities relate to compliance and quality of life issues. The membership of this multi-disciplinary team consists of representatives of the City Manager's Office, Inspections, Billings and Collections, Fire Marshal, Waste Management, Police, Community Development, City Attorney's Office, Public Services, Customer Service Division, Social Services Division, Commissioner of the Revenue, Lynchburg Redevelopment and Housing Authority and City Council. Meetings are open to any interested customers, citizens, City employees and agency representatives working in partnership with the City.

LEADERSHIP

Leadership is a shared responsibility. Every member of the team is a leader, and will be called upon to act in that capacity during the course of their service. However, in order to have an efficient organizational structure, the membership of the team designates a leader/facilitator, a co-facilitator, recorder and co-recorder to serve during the calendar year. The selection of individuals to staff these positions will occur at the first scheduled meeting each January.

AUTHORITY

City Council and the City Manager endorse and support the work of the team and have empowered its members to work cooperatively toward a common purpose. Each member of the team brings with them the authority inherent in their position. Collectively, the team can influence a wide range of enforcement and compliance strategies that are beyond the ability of individuals acting alone. Cooperation among members will enhance the impact the team will have on the quality of life in Lynchburg.

PERFORMANCE EVALUATION

In keeping with the goals of results-oriented government, the Community Code Compliance Team shall prepare an annual performance report of results for presentation to the City Manager and City Council in January.

Revised: November 22, 2011
City Council



“Putting Citizens and Business Partners *First*”
Working Together To Serve You Better

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **February 28, 2012**

AGENDA ITEM NO.: 3

CONSENT:

REGULAR:

WORK SESSION: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Commercial Electronic Variable Message Signs (CEVMS)** [also known as Digital Billboards]

RECOMMENDATION: Conduct a work session and provide direction to staff regarding the allowance of CEVMS in areas where billboards are in conformity with the *Zoning Ordinance*.

SUMMARY: On November 22, 2011, Council Member Helgeson requested that City Council consider allowing billboards with a changeable message within the City. Commercial Electronic Variable Message Signs (CEVMS) or “digital” billboards are those that can display a digital image rather than a static one. Each digital billboard can display multiple advertisements in six (6) second increments as permitted by the Code of Virginia. Digital billboards eliminate the need for on-site installation of vinyl posters and allow the billboard industry to increase advertisement space (and revenues) without adding additional billboard locations.

Section 35.1-26.13, (g) of the *Zoning Ordinance* permits only white illumination for billboards and prohibits flashing (on-and-off) or any billboard that simulates movement. As a result of this section the Zoning Administrator has determined that “digital” billboards are not permitted within the City. Billboards are permitted by the *Zoning Ordinance* on property that is zoned I-2, Light Industrial District and I-3, Heavy Industrial District. Billboards located on property zoned B-5, General Business District, are allowed to remain and may be replaced in the exact location as they currently exist. While the Zoning Ordinance prohibits the erection of new billboards in the B-5 District, the existing billboards are not considered non-conforming. Other existing billboards outside of the B-5, I-2, or I-3 districts are non-conforming and may not be replaced.

Campbell County currently allows digital billboards, while Bedford County permits them only in certain locations. Amherst County and the Town of Altavista do not permit digital billboards.

A review of the City’s Geographic Information System’s (GIS) data indicates that there are eighty-one (81) billboard locations in the City. Of these locations forty-six (46) are deemed to be conforming with the *Zoning Ordinance* while thirty-five (35) are nonconforming. Reasons for nonconformity include: zoning, location in a special overlay district, being stacked, “v” shaped, side by side or not meeting spacing requirements. Billboards are currently taxed as “personal” property and owners pay business license tax.

During the preparation of the City’s *Comprehensive Plan 2002-2020* a “community character” survey was conducted to gain an understanding of resident perceptions and preferences for the City. The survey indicated participants “responded favorably to images showing active, pedestrian-friendly environments, streets with generous landscaping, brick sidewalks, and outdoor cafes, and images of well-maintained public spaces, including urban plazas and natural park settings. Images receiving the lowest ranking showed commercial strips, billboards, pole-mounted and large commercial signs, parking lots with minimal landscaping and unadorned buildings”. (**pg. 6.4**) The *Comprehensive Plan 2002-2020*’s Design, Character & Quality, Goal 1 is to “ensure that development and redevelopment reinforce the city’s unique character and sense of place”. Objective 1A (5) states “restrict the placement of off-site, outdoor advertising (billboards) in the city, especially, in or near residential areas, schools, parks, historic sites and districts, scenic areas, gateways and commercial areas”. Objective 1A (6) states “limit reinvestment in existing billboards and explore strategies for their eventual removal through purchase programs or sunset provisions”. (**pgs. 6.21-6.22**)

There have been numerous studies related to the safety of digital billboards with varying results. A February 2009 Phase I, Federal Highway Administration (FHWA) study reviewed the results of prior studies and determined them to be inconclusive. A Phase II, FHWA study was conducted in Reading, Pennsylvania and Richmond, Virginia. Both localities have numerous digital billboards, static billboards and other points of visual interest. The purpose of the study was to determine the frequency that participant drivers glanced away from

the roadway, the percentage of time they looked at the roadway and the time spent looking at digital billboard displays. An analysis of the data is not complete. A release date for the study has not been scheduled.

Between December 2006 and September 2007, City staff reviewed draft revisions to the *Zoning Ordinance* relating to billboards as proposed by the Billboard Industry. However, representatives never sought to move forward with amending the *Zoning Ordinance*.

Discussions concerning billboards in general and “digital” billboards in particular, often pertain to driver safety, visual blight, advertisement opportunities for businesses and appropriate locations for installation. There are also philosophical differences and the matter ultimately becomes a “policy” issue.

City staff is requesting guidance on if and how to proceed with amendments to the *Zoning Ordinance* relating to billboards. The Ordinance could be amended to allow digital billboards in certain instances, or a more detailed review and revision to the Billboard Ordinance could be conducted as part of future amendments that will most likely be recommended from the ongoing *Zoning Ordinance Diagnostic* exercise.

PRIOR ACTION(S): None

FISCAL IMPACT: N/A

CONTACT(S): Tom Martin, AICP, City Planner, Department of Community Development
Kent White, Director, Department of Community Development

ATTACHMENT(S):

- *Zoning Ordinance* Section 35.1-26.13, Billboards
- Billboard Location Map

REVIEWED BY: lkp

030L

Sec. 35.1-26.13. Billboards.

All billboards constructed or erected after the enactment of this ordinance shall conform to the following requirements:

(a) No person shall cause to be constructed or erected in a B-5 district any billboard except a billboard that replaces a then existing billboard in a B-5 district. Any billboard existing in a B-5 district at the time of enactment of this ordinance, and any replacements and any billboard existing in an I-2 or I-3 district at the time of enactment of this ordinance shall not be considered as a nonconforming billboard provided said billboard is in compliance with this ordinance. All other billboards existing at the time of enactment of this ordinance shall be deemed nonconforming billboards.

(b) Any billboard located within three hundred (300) feet of the center line of, and readily readable from, any limited access highway shall be located not nearer than five hundred (500) feet to an exit ramp. The required distance shall be measured along the center line of the highway, in the direction in which traffic is approaching the exit ramp, beginning at the nearest intersecting point of a line drawn perpendicular to the said center line through the beginning of the nearest exit ramp with said highway. No billboard shall be located in such a manner as to obstruct an existing advertising structure viewed from a point on the main traveled portion of said highway at a distance of three hundred (300) feet approaching said sign.

(c) Billboards shall be located no less than five hundred (500) feet apart.

(d) The spacing provisions cited above shall not apply to billboards separated by buildings or other obstructions in such a manner that only one (1) sign located within the required spacing distance is visible from the road at any one (1) time.

(e) Except on property located adjacent to limited access highways, no billboard shall be located within one hundred fifty (150) feet of any property zoned for or used as a residential development, church, playground, school or public park.

(f) The area of the advertising surfaces erected on any billboard shall not exceed six hundred seventy-five (675) square feet, and no billboard(s) shall be double-decked, multi-decked, stacked or side-by-side structures with more than one (1) surface area facing the same direction.

(g) When any billboard is lighted, such lights shall be enclosed in the sign, shaded or indirect, so that they will in no way interfere with the vision of motorists or with neighboring residents. Only white illumination shall be used, and no flashing (on-and-off) sign, nor any sign simulating movement, shall be permitted, except signs indicating time and/or temperature or similar signs erected for the convenience of the public. No fluorescent paint or other preparation can be used for high reflection.

(h) The maximum height of a billboard shall be forty (40) feet from the grade of the thoroughfare to which the sign is oriented or from the base of the structure, whichever is higher.

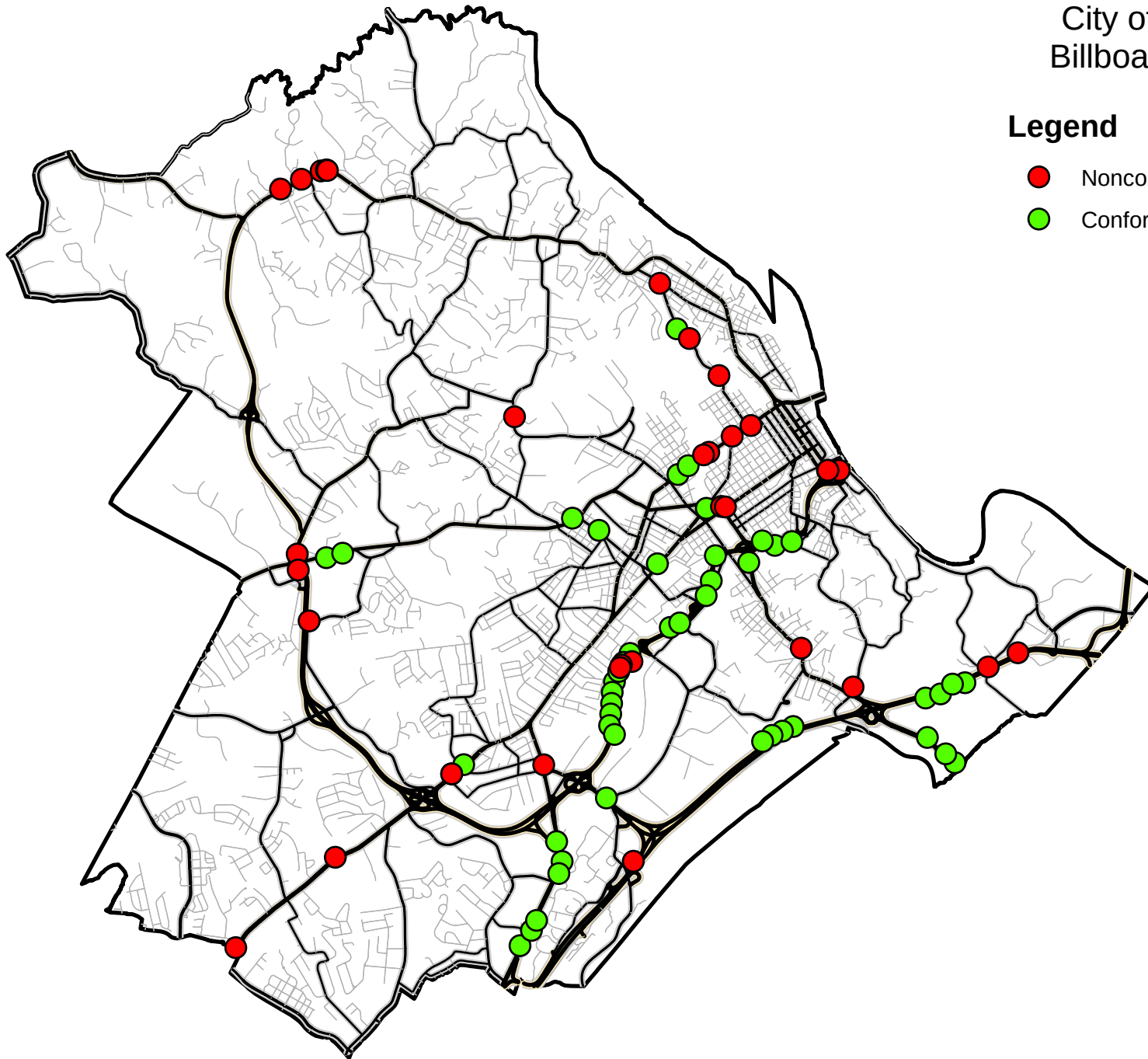
(i) All billboards shall be maintained by the owner in accordance with Section 33.1-370.2 of the Code of Virginia.

(j) No billboard shall be erected, rebuilt, altered or relocated without a building permit. (Ord. No. O-04-074, 6-22-04)

City of Lynchburg Billboard Locations

Legend

- Nonconforming Billboards 35
- Conforming Billboards 46



LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **February 28, 2012**

AGENDA ITEM NO.: 4

CONSENT:

REGULAR: **X**

WORK SESSION:

CLOSED SESSION:

(Confidential)

ACTION:

INFORMATION: **X**

ITEM TITLE: **Report on Procurement of Transit Management Services for GLTC**

RECOMMENDATION: No action required.

SUMMARY: The GLTC Board of Directors has started a process for the procurement of transit management services. The current vendor, First Transit, has been advised that the Board does not plan on automatically renewing the present contract and that it will seek proposals from qualified transit management companies. It is anticipated that the procurement will be completed by the end of the calendar year. First Transit has agreed to a month to month extension of its contract until the procurement process is complete.

The GLTC Board has procured the services of a transit consultant to assist it with the procurement process. That will consist of an examination of transit management service options, the selection of an appropriate model, the drafting of an RFP for transit management services, review of the proposals and the negotiation of a contract with the top-ranked vendor.

GLTC does not have funds designated in its operating budget to pay for the services of the consultant. However, there are funds available in the GLTC's capital account that the Board plans to use for the consultant. The origin of the funds is a \$50,000 appropriation to GLTC as the local match for the purchase of the new transfer center site. It turned out that the cost of that acquisition was covered 100% by Federal and State funding, except for \$3000 needed for title insurance.

The GLTC Board intends to use the remaining \$47,000 in its capital account to pay for the consultant services related to the procurement of transit management services and wanted City Council to be aware of its plans.

PRIOR ACTION(S): As noted.

FISCAL IMPACT: None

CONTACT(S): Kimball Payne, 455-3990

ATTACHMENT(S): None

REVIEWED BY: lkp

033L

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **February 28, 2012**

AGENDA ITEM NO.: 11

CONSENT: REGULAR: **X**

WORK SESSION:

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: Request of S. J. Collins Enterprises, LLC, to purchase 3901 Old Forest Road (Tax Parcel #23102001) and property located between Whitehall Road and Lakeside Drive consisting of six and three hundred seventy-eight thousandths (6.378) acres

RECOMMENDATION: Authorize the City Manager to sell the subject property.

SUMMARY: S. J. Collins Enterprises, LLC has offered to purchase City owned property consisting of six and three hundred seventy-eight thousandths (6.378) acres located at 3901 Old Forest Road, between Whitehall Road and Lakeside Drive. (Attachment A) The property includes remnants of land which were obtained at various points in time by the Virginia Department of Transportation (VDOT) for highway projects. The property was transferred from VDOT to the city by "quitclaim" deeds. The property was originally acquired with transportation funds; therefore, if the property is sold, proceeds are required to be used for transportation projects.

The property is adjacent to improvements proposed as part of the 221/501 Intersection Improvement Project approved by Council on July 11, 2006. The land proposed for sale is not needed and sufficient land has been reserved to facilitate construction of the project.

If Council determines to sell the property, additional public hearings will be scheduled for right-of-way vacation and rezoning to accommodate the development of the property; these items are also listed as contingencies in the contract. The property is proposed to be used as a retail development.

PRIOR ACTION(S): None

FISCAL IMPACT: \$1.14 Million (\$190,000 per acre x approximately 6 acres) in payment for the property. These proceeds are required to be used for transportation projects. The city would also receive real property tax revenue from the property which is currently not taxed.

CONTACT(S): Marjette Upshur, Director, Office of Economic Development, 455-4492
L. Kimball Payne, III, City Manager, 455-3990

ATTACHMENT(S):

- Resolution
- Attachment "A"
- Aerial Photograph
- Purchase Agreement
- Assessment Sheet

REVIEWED BY: lkp

RESOLUTION:

A RESOLUTION TO CONVEY THE PROPERTY LOCATED AT 3901 OLD FOREST ROAD AND BETWEEN WHITEHALL ROAD AND LAKESIDE DRIVE TO S. J. COLLINS ENTERPRISES, LLC.

WHEREAS, the City of Lynchburg owns the property located at 3901 Old Forest Road (Tax Parcel #23102001) and the property between Whitehall Road and Lakeside Drive consisting of approximately, six and three hundred seventy-eight thousandths (6.378) acres; and

WHEREAS, the property is remnants of land obtained at various points in time by the Virginia Department of Transportation (VDOT) for highway projects; and

WHEREAS, the property has been transferred to the City of Lynchburg by the Virginia Department of Transportation; and

WHEREAS, sufficient land is being reserved to construct the 221/501 Intersection Improvement Project as approved by Council on July 11, 2006; and

WHEREAS, the City has no plans for the remainder of the property; and

WHEREAS, S. J. Collins Enterprises, LLC is requesting to purchase the property from the City for the sum of \$190,000 per acre for future retail development.

NOW, THEREFORE, BE IT RESOLVED that City Council determines that the City is reserving sufficient land to construct the 221/501 Intersection Improvement Project and has no need for the remainder of the land located at 3901 Old Forest Road (Tax Parcel #23102001) and between Whitehall Road and Lakeside Drive and finds the City's continued ownership of the property is no longer necessary or required for the best interests of the City; and

BE IT FURTHER RESOLVED that the City Council hereby vacates for any public purpose the property located at 3901 Old Forest Road; approves the conveyance of the property to S. J. Collins Enterprises, LLC for the sum of \$190,000 per acre ; authorizes the City Manager to execute a deed and any other documents that may be needed to convey said property to S. J. Collins Enterprises, LLC ; and hereby directs staff to initiate the public hearings necessary to vacate any public right-of-way that might exist on the property and rezone the property to facilitate the proposed retail development.

Introduced:

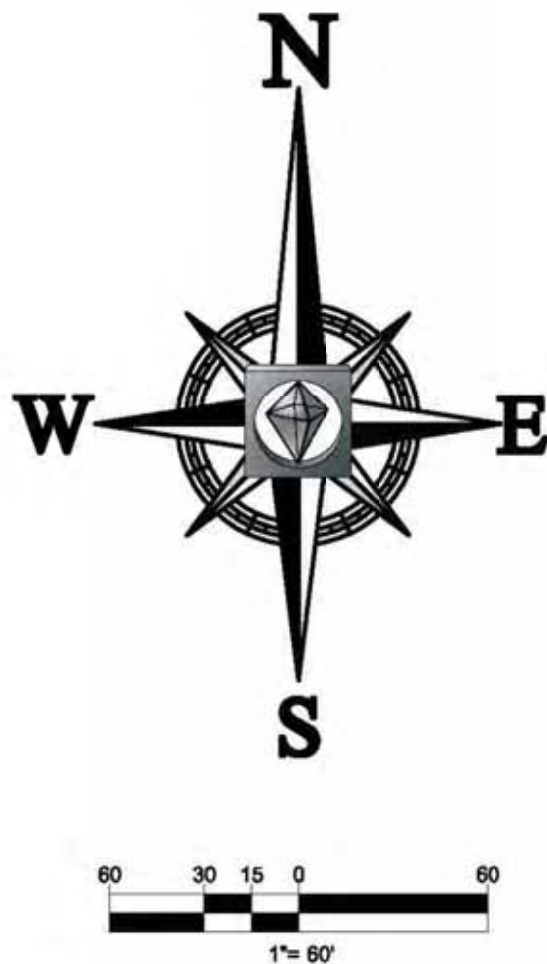
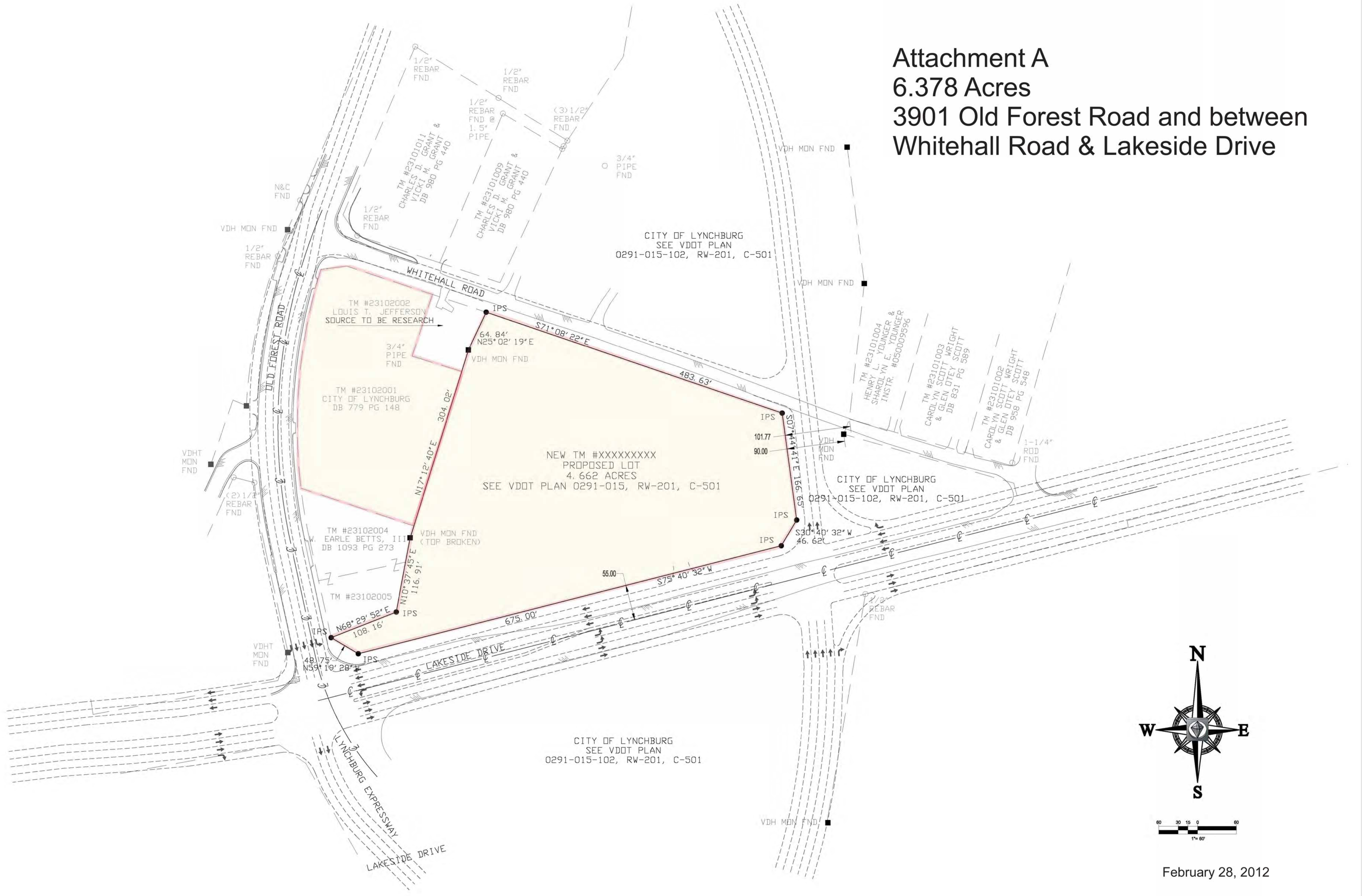
Adopted:

Certified:

Clerk of Council

031L

Attachment A
6.378 Acres
3901 Old Forest Road and between
Whitehall Road & Lakeside Drive



Aerial Photograph
3901 Old Forest Road
Property between Whitehall Road & Lakeside Drive



REAL PROPERTY PURCHASE AGREEMENT

This **REAL PROPERTY PURCHASE AGREEMENT** (hereinafter sometimes referred to as the "Agreement") is hereby made and entered into as of the Effective Date (as hereinafter defined) by and between The City of Lynchburg ("Seller"), and S.J. Collins Enterprises, LLC, a Georgia limited liability company ("Purchaser"). Seller and Purchaser may hereinafter be collectively referred to herein as the "Parties" and individually as a "Party."

W I T N E S S E T H:

WHEREAS, at Closing (hereinafter defined) Seller will be the owner of certain tracts or parcels of land lying and being located in the City of Lynchburg, Virginia, consisting of approximately 6.00 acres, as more particularly described on Exhibit "A" and shown on Exhibit "A-1" attached hereto and by this reference made a part hereof, together with all rights, easements and appurtenances pertaining thereto and all improvements, trees, bushes, landscaping and foliage thereon (the "Property") and subject only to the Permitted Title Exceptions as defined in Paragraph 9 hereof; and

WHEREAS, Seller desires to sell to Purchaser and Purchaser desires to purchase from Seller the Property, upon the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are all hereby acknowledged by each of the parties hereto, the parties hereto agree as follows:

1. **Purchase Price.** Subject to and pursuant to the following terms and conditions set forth herein, Seller shall sell and transfer the Property to Purchaser and Purchaser shall purchase the Property from Seller and pay to Seller the sum of One Hundred and Ninety Thousand and No/100 Dollars (\$190,000.00) multiplied by the total acreage of the Property as determined by the Survey (the "Purchase Price"), payable by the delivery at Closing (as hereinafter defined) of immediately available and collectible funds, less the Earnest Money (as hereinafter defined) and extension deposit, if applicable, and subject to adjustment as provided herein.

2. **Earnest Money.** Within five (5) business days after the Effective Date, Purchaser agrees to deposit in escrow with the Title Company (as hereinafter defined) an earnest money deposit of Twenty-five Thousand and No/100 Dollars (\$25,000.00) (the "Earnest Money"). After Purchaser deposits the Earnest Money with the Title Company, the Title Company shall invest the Earnest Money in an interest bearing account designated by Purchaser. The Earnest Money shall be held in escrow to be applied for Purchaser's benefit against the Purchase Price at Closing or as otherwise provided for by this Agreement. All interest which has accrued on the Earnest Money shall, under all circumstances, belong to Purchaser. The Title Company shall make disbursements of the Earnest Money in accordance with this Agreement and in reliance upon written directions of Purchaser and Seller. In the event that a dispute arises with respect to the distribution of any funds held, Title Company may apply to a court of competent jurisdiction for an order determining the party or parties to whom such deposit shall be paid.

3. **Closing.** The consummation of the purchase and sale of the Property contemplated under this Agreement (the "Closing") shall be held on or before sixty (60) days after the end of the Inspection Period (as hereinafter defined), at an exact date and time designated by Purchaser to Seller in the offices of Stewart Title Insurance Company or such other title insurance company designated by Purchaser (the "Title Company") at such location which may be agreed to between Seller and Purchaser. Seller agrees to deliver possession of the Property to Purchaser at Closing in the same condition as it presently exists, free of any right of possession or claim to right of possession by any party other than Purchaser.

4. **Closing Costs.** The premium for the issuance to Purchaser of a standard ALTA Form B Owner's Policy of Title Insurance for the Property in the amount of the Purchase Price, the preparation and update of the Survey (as hereinafter defined) and Purchaser's attorneys' fees shall be paid by Purchaser. Seller shall be responsible for the payment of its own attorneys' fees, all recording taxes and transfer taxes and all recording fees on recordable documents.

5. **Intentionally Deleted.**

6. **Inspection Period.** It is specifically agreed that Purchaser's obligations hereunder are conditioned upon Purchaser, until the later of (a) ninety (90) days from the Effective Date, and (b) the first business day immediately following the earlier to occur of (i) the date on which the Lynchburg City Council approves the petition to rezone the Property to a zoning classification that will permit the operation of a multi-tenant commercial shopping center on the Property, or (ii) December 31, 2012 (hereinafter sometimes referred to as the "Inspection Period"), satisfying itself as to such matters as Purchaser in its sole discretion deems to be necessary or desirable for the construction and operation of the Project (as hereinafter defined), including, but not limited to, determining mutually agreed upon location of all curb-cuts providing access to and from the publicly dedicated street fronts and adjoining right-of-ways adjacent to the Property. Should Purchaser desire to terminate this Agreement for any reason on or before the end of the Inspection Period, then Purchaser may thereafter, at its option, terminate this Agreement by giving written notice to Seller whereupon all Earnest Money shall be refunded to Purchaser except One Hundred and No/100 Dollars (\$100.00) of such Earnest Money which shall be paid to Seller in consideration of entering into this Agreement, and this Agreement shall be deemed null and void and of no further force or effect with Purchaser and Seller having no further rights, obligations or liabilities hereunder. If Purchaser does not terminate this Agreement pursuant to the terms of this Paragraph 6, then the Earnest Money shall be non-refundable to Purchaser except for (i) failure to procure all necessary zoning approvals, (ii) Seller's default, (iii) casualty, or (iv) condemnation, but shall at all times be applicable to the Purchase Price.

Purchaser, its agents and representatives, shall at all times before the Closing have the privilege, opportunity and right of entering upon the Property in order to inspect and examine same and perform topographical surveys, soil tests, borings, percolation tests and other tests needed to determine surface, subsurface and topographic conditions. To the extent that any testing disturbs the surface of the Property, Purchaser will, at the expense of Purchaser, restore the Property to as nearly as possible its condition prior to the testing. Purchaser hereby indemnifies Seller and agrees to hold Seller harmless from and against any loss, damage, personal injury, death, property damage, liens, liabilities or expense of any nature whatsoever, including, without

limitation, reasonable attorneys' fees actually incurred, which Seller may suffer or incur as a result of the exercise by Purchaser of its rights under this Paragraph 6. The indemnity by Purchaser of Seller in this Paragraph 6 will survive Closing and any termination of this Agreement and will not be subject to the limitation on the rights and remedies of Seller contained in Paragraph 16 of this Agreement. Seller shall deliver to Purchaser, within five (5) business days of the date hereof, and throughout the term of this Agreement, but without representation as to content, copies of all correspondence from government agencies, and all reports (including but not limited to environmental surveys or investigations), surveys, agreements or similar items in Seller's possession relating to the Property.

7. **Conveyance of Title.** Seller shall convey fee simple title to the Property to Purchaser at Closing pursuant to a recordable special warranty deed subject only to the Permitted Title Exceptions (the "Deed"). The title to the Property to be conveyed by Seller to Purchaser will be insurable by the Title Company under its standard ALTA Form B Owner's Policy of Title Insurance at standard rates, free and clear of all liens, encumbrances, and other exceptions to title, except the Permitted Title Exceptions (as hereinafter defined). The legal description to be incorporated into the Deed shall be prepared pursuant to the survey of the Property (the "Survey"), which shall be obtained at Purchaser's expense, but shall be certified to Seller and Purchaser as well as others as needed. If the legal description of the Property, as depicted on the Survey, is not the same as the legal description attached to this Agreement as Exhibit "A", Seller will, at Closing, execute and deliver to Purchaser a Quitclaim Deed containing a legal description of the Property prepared from the Survey. Seller shall deliver to Purchaser at Closing an affidavit acceptable to Purchaser and the Title Company stating that Seller has sole and exclusive possession of the Property subject to the Permitted Title Exceptions and stating that either (i) there have been no improvements, additions, alterations, repairs or any changes of any kind whatsoever made to the Property during the last ninety (90) days immediately preceding Closing, or (ii) if there have been any such improvements or repairs, that all lienors or potential lienors in connection with such improvements or repairs have been paid in full. Seller shall also supply to Purchaser at Closing such other documentation reasonably required by Purchaser, including, a non-foreign affidavit, and evidence of authority to consummate the sale, all in form and substance acceptable to Purchaser. Seller covenants and agrees with Purchaser that Purchaser shall have until the expiration of the Inspection Period to examine the Survey of and title to the Property and that Purchaser may notify Seller of any objectionable matter or defect which affects the marketability or insurability of the title to the Property or which adversely affects the use of the Property for the Project. In the event Seller is notified of any such objectionable matters, Seller agrees to coordinate with Purchaser and employ its good faith best efforts to procure a mutually acceptable cure for same prior to the expiration of the Inspection Period or ten (10) days from notice of Purchaser's objection. In the event, however, Seller is unable through the exercise of such good faith best efforts to cure any objectionable matter prior to Closing, then at Purchaser's option, Purchaser may either (i) take title to the Property despite the existence of such matter, (ii) terminate this Agreement in which event all Earnest Money paid by Purchaser shall be immediately refunded by Title Company to Purchaser, and neither Purchaser nor Seller shall have any further liabilities, obligations or rights with regard to this Agreement which shall then become null and void and of no further force or effect. Any title exceptions to the Property existing prior to the Effective Date hereof to which Purchaser does not object, or to which Purchaser waives its objection, are referred to herein as "Permitted Exceptions" or "Permitted Title Exceptions". In the event that any title exceptions or survey matters arise after Purchaser's

initial title search that affect the marketability or insurability of the title to the Property or which adversely affect the use of the Property for the Project, Purchaser may after the discovery thereof notify Seller, in which event Seller shall promptly employ its good faith best efforts to procure a cure for same, as required above, and upon the failure of Seller to effectuate a cure, then Purchaser may elect any of the options set forth in subclauses (i) and (ii) above.

8. **Condemnation.** In the event, at any time between the making of this Agreement and Closing, all or any portion of the Property is condemned by any legally constituted authority for any public use or purpose, then Purchaser may elect to either: (i) terminate this Agreement, in which event all Earnest Money paid by Purchaser shall be immediately refunded by Title Company to Purchaser, and neither Purchaser nor Seller shall have any further liabilities, obligations or rights with regard to this Agreement; or (ii) collect all proceeds from any condemnation and have the terms of this Agreement remain in full force and effect and binding on the parties hereto. In the event of a condemnation in which Purchaser does not elect to terminate this Agreement pursuant to the foregoing terms, then the term "Property" as used herein shall thereafter refer to the Property less and except any portion thereof taken by such condemnation.

9. **Agreement Assignable by Purchaser.** This Agreement may be assigned or transferred by Purchaser at any time to an affiliate or an entity controlled by Purchaser provided the assignee agrees to be specifically bound by the terms hereof. Seller shall not assign its interest hereunder.

10. **Survival of Closing.** All warranties, covenants and representations made herein by either Seller or Purchaser shall survive Closing, and shall not merge into the Deed upon Closing.

11. **Seller's Representations and Warranties.** Seller represents, warrants and covenants to Purchaser that as of the date of Closing:

(a) Seller (i) has complete and full authority to execute this Agreement and Seller will convey to Purchaser good and marketable fee simple title to the Property, in accordance with Paragraph 9 of this Agreement, which is free and clear of all liens, encumbrances and other exceptions to title except for the Permitted Title Exceptions, (ii) will execute and deliver such other documents, instruments, agreements, including but not limited to affidavits and certificates necessary to effectuate the transaction contemplated herein, and (iii) will take all such additional action necessary or appropriate to effect and facilitate the consummation of the sale and purchase transaction contemplated herein.

(b) Intentionally deleted.

(c) All assessments that are liens against the Property are shown in the official records of the taxing authorities in whose jurisdiction the Property is located; no improvements (site or area) have been constructed or installed by any public authority, the cost of which may be assessed in whole or in part against any part of the Property in the future; and Seller has not been notified of any possible future improvements that might create an assessment against any part of the Property.

(d) Seller has received no notice of, nor has any knowledge of any pending or threatened taking or condemnation of the Property or any portion thereof.

(e) There are no leases, conservation easements, or occupancy agreements currently affecting any portion of the Property; provided, however, Purchaser hereby acknowledges that, as of the Effective Date of this Agreement, a billboard is located on the Property (the "Billboard"). Seller has no knowledge of, nor has Seller received any notice of, any lease or occupancy agreement with respect to the Billboard. Seller will not further market, sell (including backup offers), encumber, convey, assign or contract to sell, convey, assign, pledge, encumber or lease all or any part of the Property, nor restrict the use of all or any part of the Property, nor take or cause to be taken any action in conflict with this Agreement at any time between the Effective Date and (i) Closing, or (ii) the earlier termination of this Agreement pursuant to its terms. Seller additionally hereby represents and warrants that no rights-of-first refusal or similar agreements exist in connection with the Property which would in any way interfere with Purchaser's ability to purchase the Property as provided herein, or which is in any way in contravention of the spirit and intent of this Agreement.

(f) Seller warrants that Purchaser has access to and from the Property to all publicly dedicated street fronts and adjoining right of ways; provided, however, Purchaser acknowledges that the location of all entrances, exits and curb cuts are based upon a traffic study approved by the City of Lynchburg.

(g) Neither the entering into of this Agreement nor the consummation of the transaction contemplated hereby will constitute or result in a violation or breach by Seller of any judgment, order, writ, injunction or decree issued against or imposed upon it, or will result in a violation of any applicable law, order, rule or regulation of any governmental authority. There is no action, suit, proceeding or investigation pending which would become a cloud on the title to the Property or any portion thereof or which questions the validity or enforceability of the transaction contemplated by this Agreement or any action taken pursuant hereto in any court or before or by any federal, district, county, or municipal department, commission, board, bureau, agency or other governmental instrumentality.

(h) Seller has no knowledge of, nor has Seller received any notice of, any actual or threatened action, litigation, or proceeding by any organization, person, individual or governmental agency (including governmental actions under condemnation authority or proceedings similar thereto) against the Property or Seller, nor has any such organization, person, individual or governmental agency communicated to Seller anything which Seller believes to be a threat of any such action, litigation or proceeding.

(i) Seller has not received notice of any violations of law, municipal or county ordinances, or other legal requirements with respect to the Property or with respect to the use, occupancy or construction thereon.

(j) During Seller's ownership of the Property (i) none of the Property has been excavated, (ii) no landfill was deposited on, or taken from, the Property, (iii) no construction debris or other debris (including, without limitation, rocks, stumps, or concrete) was buried on

the Property, (iv) no toxic wastes or hazardous materials were deposited on the Property, (v) there are no asbestos-containing materials in the building or other improvements on the Property, and (vi) no portion of the Property is located within a one hundred (100) year flood plain. Seller represents and warrants that to the best of its knowledge without inquiry, none of the foregoing has occurred with respect to the Property prior to the time Seller became the owner of the Property.

(k) Seller is not a "foreign person" as that term is defined in the I.R.C., Section 1445(F)(3), nor is the sale of the Property subject to any withholding requirements imposed by the Internal Revenue Code, including, but not limited to, Section 1445 thereof.

12. Notices. All notices, requests, demands or other communications hereunder shall be in writing and deemed given when delivered personally, when telefaxed or sent via a nationally recognized overnight courier service, or on the day said communication is deposited in the U.S. mail, by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Seller: Office of Economic Development
City of Lynchburg
828 Main Street, 10th Floor
Lynchburg, VA 24504
Attention: Marjette G. Upshur

If to Purchaser: S.J. Collins Enterprises, LLC
5 SW Broad St. ~~600 Bohannon Road~~, P.O. Box # 214
Suite B Fairburn, GA 30213
Attention: Jeff Garrison
Phone No. 770-692-8300
Fax No. 770-692-8302

With copies to: Hartman Simons & Wood, LLP
6400 Powers Ferry Road, N.W., Suite 400
Atlanta, Georgia 30339
Attention: Peter M. Hartman, Esq.
Phone No. (770) 951-6585
Fax No. (770) 303-1158

or to such other address as the parties may from time to time designate by notice in writing to the other parties.

13. Amendment. Neither this Agreement nor any provision hereof may be changed, amended, modified, waived or discharged orally or by any course of dealing, but only by an instrument in writing signed by the party against which enforcement of the change, amendment, modification, waiver or discharge is sought.

14. Intentionally Deleted.

15. **Brokers.** Each party represents and warrants to the other that (a) it has not employed, retained or consulted a broker, agent or finder in carrying on the negotiations in connection with this Agreement or the purchase and sale referred to herein, and (b) no real estate commission or compensation shall be payable by either party with respect to the procurement and execution of this Agreement or the sale of the Property contemplated hereby. Each party shall indemnify and save the other party wholly harmless against any loss, cost, or other expense that may be incurred by such other party by reason of any breach of the foregoing warranties.

16. **Default.** In the event the purchase and sale is not consummated because of the inability, failure or refusal, for whatever reason whatsoever, by Seller to convey the Property in accordance with the terms and conditions provided herein, or because of other fault of Seller or reason provided herein for Purchaser's not consummating this transaction, all Earnest Money and other sums paid in connection with this Agreement shall be returned by Title Company to Purchaser, without prejudice to any other legal or equitable right or remedy of Purchaser against Seller including, but not limited to, specific performance. In the event the purchase and sale is not consummated because of the default of Purchaser, then Title Company shall deliver the Earnest Money paid hereunder to Seller as full, complete and final liquidated damages. Seller and Purchaser hereby agree that it would be impossible to ascertain the damages accruing to Seller as a result of a default by Purchaser under this Agreement. The payment of said liquidated damages, therefore, shall constitute Seller's sole remedy against Purchaser and shall be in lieu of the exercise by Seller of any other legal or equitable right or remedy which Seller may have against Purchaser as a result of Purchaser's default.

17. **Applicable Law.** This Agreement shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Virginia. In the event legal action is instituted by a Party to enforce the terms of this Agreement or arising out of the execution of this Agreement, any such proceeding shall be initiated in the Lynchburg Circuit Court.

18. **Waiver.** Failure of either Purchaser or Seller to exercise any right given hereunder or to insist upon strict compliance with regard to any term, condition or covenant specified herein, shall not constitute a waiver of Purchaser's or Seller's right to exercise such right or to demand strict compliance with any term, condition or covenant under this Agreement.

19. **Counterparts.** This Agreement may be executed in several counterparts, each of which may be deemed an original, and all of such counterparts together shall constitute one and the same Agreement.

20. **Captions.** All captions, headings, paragraph and subparagraph numbers and letters are solely for reference purposes and shall not be deemed to be supplementing, limiting, or otherwise varying the text of this Agreement.

21. **Severability.** The invalidity or enforceability of a particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted.

22. **Entire Agreement.** Time is of the essence of this Agreement. This Agreement constitutes the sole and entire agreement of the parties and is binding upon Seller and Purchaser, their heirs, successors, legal representatives and assigns, and the terms and parties hereto shall be kept confidential without the written agreement of all parties hereto. In the event more than one individual or entity comprises Seller, each individual or entity executing this Agreement shall be jointly and severally liable for the obligations of Seller under this Agreement.

23. **Date of Agreement.** In the event this Agreement is not signed simultaneously by both parties, it shall be considered to be an offer made by the party first executing it to the other party. In such event, said offer shall expire at midnight on the seventh (7th) day following execution by the offering party, unless by that time one copy executed by the party to whom the offer has been made, shall have been placed in the mail or faxed or personally delivered to the party making the offer. The "Effective Date" shall be the later of (a) the date the last party hereto executes this Agreement and delivers a signed original to the other Party, and (b) the date on which the City Council Approval Contingency (as defined in Paragraph 24 below) has been satisfied. In the event that any applicable date hereunder falls on a Saturday, Sunday or holiday recognized by the Commonwealth of Virginia such date shall be extended to the next applicable business day.

24. **City Council Approval Contingency.** This Agreement is conditioned upon the approval of the sale of the Property by the Lynchburg City Council as required by Section 15.2-1800 of the Code of Virginia (the "City Council Approval Contingency").

25. **Repurchase Option.** If Purchaser or its contractor has not submitted a building permit application to the City of Lynchburg on or before the first anniversary of the Closing, then Seller shall have the right at any time thereafter, but prior to the date of such submittal, to repurchase the Property upon written notice to Purchaser at an amount equal to the Purchase Price (the "Repurchase Option"). In the event Seller exercises the Repurchase Option, the closing and consummation of the purchase and sale of the Property shall occur on or before the date which is thirty (30) days after Purchaser's receipt of Seller's written notice of such election. Title to the Property shall be conveyed to Seller by special warranty deed. The Parties hereby agree and acknowledge that this Paragraph 25 shall be null and void and of no further force or effect upon the date on which Purchaser or its contractor submits a building permit application to the City of Lynchburg.

26. **Exclusive Rights.** Seller represents, warrants and covenants to Purchaser that Seller will not contract to sell or negotiate contract terms with any other prospective purchaser for all or any portion of the Property at any time between the date on which this Agreement has been fully executed by the Parties and the earlier to occur of (a) Closing, or (b) the earlier termination of this Agreement pursuant to the terms hereof.

27. **Description of Property.** Notwithstanding anything to the contrary contained in this Agreement, the Parties hereby acknowledge that the portion of the Property depicted as "NEW TM #XXXXXXXXXX PROPOSED LOT 4.662 ACRES" on Exhibit "A-1" attached hereto may be amended to reserve a portion thereof as right-of-way (the "ROW Property"). Prior to the expiration of the Inspection Period, Seller shall provide Purchaser with written

notice of the ROW Property, if any. In such event, the Parties shall work together in good faith to mutually agree upon the amended description of the Property.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year written below.

SELLER:

CITY OF LYNCHBURG, VIRGINIA

Kimball Rye
City Manager

Date of Execution: 2/21/12

PURCHASER:

S.J. COLLINS ENTERPRISES, LLC

By: [Signature]
Name: Stephen J. Collins
Title: Manager

Date of Execution: 2/20/12

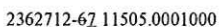
EXHIBIT "A"

Description of the Property

Those certain tracts or parcels of land depicted on Exhibit A-1 attached hereto as:

- TM #23102001 City of Lynchburg DB 779 PG 148
- NEW TM #XXXXXXXXXX PROPOSED LOT 4.662 ACRES

Depiction of the Property



FM POSSIBLE COMPS

6/8/2010

CITY
ASSESSOR'S
OFFICE



<u>PIN</u>	<u>NEIGH #</u>	<u>CLASS</u>	<u>GRANTOR</u>	<u>SALE DATE</u>	<u>SALE PRICE</u>	<u>ACREAGE</u>		
<u>ALT PIN</u>	<u>PROPERTY ADDRESS</u>		<u>GRANTEE</u>	<u>DOC #</u>	<u>T TYPE</u>	<u>CONV FORM</u>	<u>ZONING</u>	
100002978								
11117003	4,000	429	FAIRVIEW HEIGHTS LLC	05/11/2010		\$1,600,000	1.877	
57582145	3908 CAMPBELL AVE		CVS 3502 VA LLC	100002978	S	DEED	B5	
1 PARCEL(S)			SALE \$ PER PARCEL	\$1,600,000		\$852,424 PER ACRE	1.877	TOTAL ACRES
090005294								
23112001	7,302	402	LINDSAY, RUSSELL W JR	07/22/2009		\$383,300	1.069	
52604006	2654 LAKESIDE DR		OVERSTREET, CHARLES P & L	090005294	S	DEED	B5	
1 PARCEL(S)			SALE \$ PER PARCEL	\$383,300		\$358,559 PER ACRE	1.069	TOTAL ACRES
090001660								
25413007	7,202	416	MRSC REALTY LLC	03/13/2009		\$265,000	0.808	
53563057	7802 TIMBERLAKE RD		V C 7806 TIMBERLAKE ROA	090001660	S	DEED	B1	
1 PARCEL(S)			SALE \$ PER PARCEL	\$265,000		\$327,970 PER ACRE	0.808	TOTAL ACRES
080010231								
22004003	7,402	428	WALKER, GEORGE C JR & L	12/31/2008		\$8,450,000	32.865	
54613257	3227 OLD FOREST RD		WAL-MART REAL ESTATE I	080010231	X	DEED	B3	
1 PARCEL(S)			SALE \$ PER PARCEL	\$8,450,000		\$257,112 PER ACRE	32.865	TOTAL ACRES
080008619								
25412007	7,202	410	KROGER LIMITED PARTNEI	10/08/2008		\$650,000	1.409	
53563054	7819 TIMBERLAKE RD		GOBO PROPERTIES LLC	080008619	S	DEED	B3	
1 PARCEL(S)			SALE \$ PER PARCEL	\$650,000		\$461,320 PER ACRE	1.409	TOTAL ACRES
080001211								
23111002	7,302	400	WALKER, REGINALD C ETA	02/12/2008		\$3,200,000	13.854	
53603068	2634 LAKESIDE DR		LAKESIDE LAND, LLC	080001211	S	DEED	B3	
1 PARCEL(S)			SALE \$ PER PARCEL	\$3,200,000		\$230,980 PER ACRE	13.854	TOTAL ACRES

AGENDA ITEM # 12

Louis F. Sette
401 Spring Lake Road
Forest, Va., 24551
434-316-9641

RECEIVED
FEB 22 2012

Council/Manager
Offices

Feb, 22, 2012

The Hon. Mayor and Council
The City of Lynchburg

By Fax to 434-847-1536

Re: Incentive Money Pledged To Delta Star

Dear Elected Officials:

I live in Forest, but pay real estate taxes to the city on properties I own in it. Allow me to raise an issue in which I therefore have an interest.

Sen. Steve Newman may have personally benefitted from Lynchburg's pledge last year of \$100,000 in "incentive" money to Delta Star, where he serves as vice president and board member. As you know, that pledge precipitated a matching grant from the Governor's Opportunity Fund of another \$100,000 to Delta.

Delta is, according to public records, organized under an employee stock ownership program, termed an ESOP. This was confirmed by another source. The stock's value benefits employees upon retirement or separation.

Incentive money, enhancing Delta's finances, would derivatively benefit Newman if he owns employee stock, which is reasonably plausible considering his potions at Delta. The Senator has not confirmed or denied this.

The incentive program lawfully permits taxpayer money to go to firms that employ members of the legislature and, apparently, that may be owned in part by them. I make no claim the pledge and award were legally incorrect or that the senator did the least thing legally improper. As you know, the legislature plays no role in awarding the money.

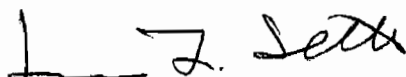
Nevertheless, as a matter of principle, this is bad public policy, for two reasons, to pledge incentive money to a firm in these circumstances. First, the pledge could be seen as a means of saving the legislator's private employment by keeping the firm in place, which is the purpose of the incentive program. Second, it enhances the value of the legislator's stock in the company in some admittedly, small measure.

The senator told me he did not influence the grant decisions. We may trust his word, but can't verify it. This is the essential element of the problem. There is no way for a citizen to know if any legislator who might benefit from the incentive money exerted his influence, in ways the citizen cannot detect, to win for his firm such pledges and awards.

Allow me to ask as follows. Did this body know Sen. Newman's position at Delta when the pledge was made? Did it know that Delta was owned by its employees who held company stock? Shall this body review its policies regarding the issues in this matter?

At the least, the incentive law should be amended to prohibit such money from going to firms that employ members of the legislature or to closely held, as opposed to publicly owned companies, in which they hold an ownership interest. Would this body recommend to the legislature that this amendment be made? The city has an interest in the program.

Thank you.



Louis F. Sette

**Louis F. Sette
401 Spring Lake Road
Forest, Va., 24551
434-316-9641
lfsette@jetbroadband.com**

By Fax To: Mayor and Council, City of Lynchburg

From: Louis Sette

Faxed To: 434-847-1536

Attention: Valerie

No. of Pages, including this one: 2

Request: Please confirm, based on the timely receipt of this letter, that I may speak on this topic, for whatever time allotted, at the Feb. 28 Mayor and Council meeting.

Thank you.

Louis Sette

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **February 24, 2012**

AGENDA ITEM NO.: **13**

CONSENT: REGULAR: **X**

WORK SESSION:

CLOSED SESSION:

ACTION: **X**

INFORMATION:

(Confidential)

ITEM TITLE: **Lynchburg Soap Box Derby**

RECOMMENDATION: Adopt the attached resolution.

SUMMARY: Members of the Leadership Lynchburg 40 Class “One For All” team were charged with creating a project to improve the quality of life in the Lynchburg area. They have decided to revive the Soap Box Derby race, which was popular here in the 1950s and ‘60s. The race will have a strong focus on education, in particular the “STEM” curriculum being taught in local schools, and is being sponsored in part by Central Virginia Community College’s “Grow Your Own” program that aims to get students interested in careers in Science, Technology, Engineering and Mathematics. The “Hill City Classic” will help create partnerships between area schools and businesses, in particular engineering firms, and will rekindle interest in a popular local tradition. The “One For All” team is asking City Council for its support, by adoption of the attached resolution, of a fun, family-oriented event that all local residents can attend and enjoy.

PRIOR ACTION(S): None

FISCAL IMPACT: None

CONTACT(S): Steve Smallshaw ext. 3988

ATTACHMENT(S): Proposed resolution

REVIEWED BY: lkp

RESOLUTION

A RESOLUTION SUPPORTING EFFORTS TO CREATE THE "HILL CITY CLASSIC" SOAP BOX DERBY RACE.

WHEREAS, Leadership Lynchburg is a program of the Lynchburg Regional Chamber of Commerce aimed at strengthening individuals for personal, organizational and community leadership through exercises in team building, conflict resolution, public speaking and leadership skills;

WHEREAS, the 2011-2012 Leadership Lynchburg 40 Class "One For All" team has been asked to develop a project that will help improve the quality of life in the Lynchburg region;

WHEREAS, the "One For All" team is seeking to revive the long-time popular tradition of sponsoring a local All-American Soap Box Derby race for boys and girls ages 7 to 17 to participate in;

WHEREAS, the "One For All" team has expressed its commitment to engaging and enabling youths from all backgrounds to participate;

WHEREAS, the City of Lynchburg strongly supports local education and encourages efforts to engage students in fields of critical thinking such as Science, Technology, Engineering and Mathematics;

WHEREAS, the City of Lynchburg's Vision Statement outlines its commitment to Community Character, Economic Prosperity, Good Government, Multicultural Vibrancy and to making Lynchburg a Compelling Destination;

WHEREAS, the mission of the All-American Soap Box Derby is to educate and inspire youths through fair and honest competition and mentorship, while advancing family values, embracing diversity, facilitating lifelong friendships, teaching the application of math and science concepts and advocating the true spirit of teamwork and sportsmanship;

THEREFORE BE IT RESOLVED that the Lynchburg City Council expresses its support for the Hill City Classic Soap Box Derby race to be held on June 2, 2012 at the Falwell Airport, and also its hope that the race becomes an annual tradition and source of pride for our community.

Adopted:

Certified:

Clerk of Council

029L

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **February 28, 2012**

AGENDA ITEM NO.:

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION:

INFORMATION: **X**

ITEM TITLE: **Safe Routes to School and Bike Week**

RECOMMENDATION: None – informational purposes

SUMMARY: In May, 2011 City Council approved the submittal of a grant application to the Virginia Department of Transportation (VDOT) Safe Routes to School (SRTS) program to provide pedestrian improvements around Perrymont, T. C. Miller, and Dearington Elementary Schools for the purpose of promoting safe walking access to the schools for students and families.

The City has been notified by VDOT that it has been awarded \$376,796. Specifically, the grant will allow the following improvements:

Perrymont:

Construct approximately 3,154 feet of new sidewalk, new marked crosswalks, handicap accessible ramps, and upgraded school pavement markings.

Dearington:

Install approximately 2,930 feet of sidewalk, new marked crosswalks around the school and neighborhood, and new school zone markings.

T. C. Miller:

Install approximately 1,745 feet of sidewalk, new marked crosswalks, and eight timed pedestrian signals.

This award is the result of a partnership among Lynchburg City Schools, Virginia's Region 2000 and the City of Lynchburg to expand pedestrian resources to ensure that Lynchburg residents and students can safely access local school facilities and other resources in the community. The development of these resources supports safe access, increases opportunities for exercise and healthy lifestyles for our residents, and meets several goals in the City's Sustainable Lynchburg Initiative.

PRIOR ACTIONS: Approval of SRTS Travel Plans and VDOT Grant Submittal on May 10, 2011

FISCAL IMPACT: \$376,796 awarded to the City of Lynchburg

CONTACT(S):

Kelly Hitchcock, Region 2000 Local Government Council – 845-5678
Kent White, Director of Community Development – 455-3919
Dave Owen, Director of Public Works – 455-4469

ATTACHMENT(S): None

REVIEWED BY: lkp

Informational Item – Bike Week

Virginia's Region 2000 and the Lynchburg Area Greenway Alliance, in partnership with Lynchburg City, Lynch's Landing, the Greater Lynchburg Greenway Alliance, and local businesses, will host the Greater Lynchburg Bike Week and Greater Lynchburg Clean Commute Challenge during the Week of May 14th – 18th.

Several events will be held during Bike Week to encourage citizens to get out and ride their bikes. A key event is the Clean Commute Challenge, a week-long event to challenge local individuals and companies to commute to work through biking, walking, carpooling, using transit or any combination of alternative transportation for one or more days during the week.

Kelly Hitchcock, Region 2000 Local Government Council, will provide a brief overview of the pending Bike Week activities.

032L