// A regular meeting of the Council of the City of Lynchburg was held on the 24th day of February, 2009, at 5:00 P.M. in the Council Chamber, City Hall, Joan F. Foster, President, presiding. Council Member Johnson gave the Invocation, followed by the Pledge of Allegiance. The following Members were present:

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| Present: Dodson, Garrett, Gillette, Helgeson, Johnson, Perrow, Foster | 7 |
| Absent: | 0 |

// Copies of the minutes of the February 10, 2009 meeting, having been previously furnished Council, reading was dispensed with, and on motion of Council Member Perrow, seconded by Council Member Garrett, Council by the following recorded vote approved the minutes as presented:

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| Ayes: Dodson, Garrett, Gillette, Helgeson, Johnson, Perrow, Foster | 7 |
| Noes: | 0 |

// In the matter of Economic Development - General, Director of Communications and Marketing JoAnn Martin along with Angela Hamilton, Lynch's Landing, provided an update regarding the efforts of the Marketing Partnership and the outcomes related to the branding process. Ms. Martin introduced the members of the Marketing Partnership, and explained that the expected outcome of the project included increased awareness of all marketing efforts currently underway, identification and continuation of successful marketing efforts, and the creation of an effective, fiscally-responsible marketing plan for the City based on sound marketing concepts, achievable goals, and realistic expectations. Ms. Hamilton then outlined the process followed by the Marketing Partnership, which included a branding effort to assist in marketing the City of Lynchburg. Ms. Hamilton went on to say that following a review and analysis of existing research studies and experts along with strategy sessions and interviews with City leadership, it was determined that there are already tens of thousands of visitors coming to Lynchburg each year, that most visitors are unaware of all that the City has to offer, and that Lynchburg residents share a lack of awareness, and that the primary target should be current visitors and not just tourists and that the secondary target should be City residents and college students. Ms. Hamilton explained that the objective would be to convince current visitors to stay longer and do more, to expand awareness of Lynchburg area colleges, and to create Lynchburg "Ambassadors". Ms. Martin then demonstrated a new user-friendly micro-site to serve as portal to Lynchburg. Ms. Martin concluded by saying that the creation of the Marketing Partnership has resulted in greater collaboration among its members and the dissolution of silos, it has also provided a deeper understanding of the work being done by the members and external entities and therefore, has enhanced productivity and effectiveness, and that in the ensuing months, members of the Marketing Partnership will be meeting with various community stakeholders to present the website and other materials. Ms. Martin also noted that the branding messages will also be included in existing communication efforts.

// Utilities Director Tim Mitchell presented an overview regarding the FY2010 Water and Sewer Rate Study, explaining that the proposed rate adjustments would result in a 4% increase in the water volume rate to \$2.13 per h.c.f., a 3% increase in the sewer volume rate to \$5.54 per h.c.f., and a 2.7% increase to sewer only rates to \$42.47 per month. Mr. Mitchell stated that the increases are needed to meet existing operating and capital needs, meet financial targets, and maintain compliance with the Combined Sewer

Overflow (CSO) Special Order. In response to questioning, Mr. Mitchell stated that over the next several years the annual investment in the water distribution system is planned to increase up to $4.5 million annually by FY2013, and that in order to adequately address the approaching wave of infrastructure needs, over $7.5 million needs to be invested annually just in water line replacements. Mr. Mitchell went on to say that the current proposed rate increases only fund $3.5 million annually, less than half of what is needed. Mr. Mitchell stated that the next step would be for City Council to authorize staff to schedule a public hearing regarding the proposed water and sewer rate increases. Council Member Perrow made a motion, seconded by Council Member Garrett, to authorize staff to schedule a public hearing regarding the proposed water and sewer rate increases. Council Member Perrow commented that the City's water rates are lower than state average, that he is concerned regarding City liability due to the increasing number of water line breaks, and that the City may need to spend more on the water side to catch up with the water line replacement projects. Other Council Members also expressed concern regarding the need to spend more on the City's infrastructure needs, but noted that due to the current economy that this was not the time to further increase the water rates. Council Member Perrow stated that he still believes that it is important for the City to try to meet the needs of its aging infrastructure and made a substitute motion to authorize staff to schedule a public hearing with a proposed 5% increase in the water rate. Mayor Foster stated that she would second the motion to allow for discussion. Council Member Gillette stated that this was not a good time to increase the water rate more than what is being proposed by staff, but acknowledged that City Council may want to revisit this discussion next year. The vote was called on the substitute motion, and Council by the following recorded vote defeated the substitute motion:

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| Ayes: Perrow | 1 |
| Noes: Dodson, Garrett, Gillette, Helgeson, Johnson, Foster | 6 |

The vote was called on the original motion, and Council by the following recorded vote authorized staff to schedule a public hearing regarding the proposed water and sewer rate increases as recommended by staff:

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| Ayes: Dodson, Garrett, Gillette, Helgeson, Johnson, Perrow, Foster | 7 |
| Noes: | 0 |

// City Manager Kimball Payne explained that as the continuing recession has deepened, City revenues are showing significant declines and at this point it is anticipated that total revenues could come in as much as $3.5 to $4.0 million less than budgeted for the current year. Mr. Payne stated that actions proposed and implemented by the various departments may result in savings of as much as $2.0 million, however, that in the short term the City cannot reduce spending quickly enough to balance revenues and expenditures in the current fiscal year. Mr. Payne noted that at the present time, and without further action, an end of year imbalance of $1.5 to $2.0 million is anticipated and that this will affect the City's fund balance and put the City that much further behind as we attempt to produce a balanced budget proposal for Fiscal Year 2010. Mr. Payne went on to say that it is clear that significant action is necessary to further reduce the anticipated imbalance and that unfortunately, the only way to do that is to reduce personnel costs. Mr. Payne stated that he would like for City Council to approve 2.5 days of furlough for all City employees which is expected to result in savings of $415,000 in the General Fund through the remainder of the fiscal year. Mr. Payne explained that if approved, the furloughs will be implemented for most of the workforce as two and one-half days without pay on Friday, April 10 (half-day), Monday, April 13, and Friday, May 22, and that City offices will be closed on those days. In response to questioning, Mr. Payne stated that in order to spread out the impact of the time off without pay, all employees will see a three percent (3%) reduction in gross pay, taken as a pre-tax deduction, in each of the last eight pay checks of the fiscal year, March 26 through July 2, and that by reducing pay through a deduction there will be no reduction in the salary reported to the Virginia Retirement System (VRS). Council Member Garrett suggested that the funds be taken from the General Fund Reserve for Contingencies rather than furlough employees, noting that the fund currently stands at $1.1 million. Mr. Payne explained that revenues are falling faster than costs can be stopped, making a deficit a strong likelihood and should the City end the year in the red, plans are to close the gap by using the Reserve for Contingencies. Mr. Payne also noted that all indications are that FY 2010 and FY 2011 will be even more challenging than this year and that further personnel actions, similar to or more severe than those being taken now, may be necessary in the next two years. Mr. Payne stated that more information regarding FY 2010 will be available in the proposed budget to be presented to City Council on March 10. Some Council Members commented that using the Reserve funds would only leave the City in a weaker position, especially since the City Manager has stated that all indications are that FY 2010 and FY 2011 will be even more challenging than this year and that further personnel actions, similar to or more severe than those being taken now, may be necessary in the next two years. Some Council Members also suggested that City Council reduce its salary by 3% to show solidarity with city employees. Council Members also discussed reducing their salaries to the amount prior to the July 1 increase. Council Member Gillette requested the City Manager to include in the upcoming budget meetings a discussion regarding reducing City Council salaries. Council Member Johnson made a motion, seconded by Vice Mayor Dodson, to approve the City Manager's recommendation regarding 2.5 days of furlough for all City employees. Council Member Helgeson stated that in December he suggested that due to the economic slowdown that Council may want to reexamine some capital projects to see if they could be postponed. Council Member Helgeson suggested that one project in particular, the Fifth Street Roundabout, would have been one of the projects to postpone and that instead of postponing the project, it was decided to move forward with construction of the Fifth Street Roundabout. Council Member Helgeson went on to say that he believes the furlough could have been avoided if that spending was cut and made a substitute motion to call the furlough motion: "Thank you, Lynchburg City employees, for the Fifth Street roundabout." The motion died for lack of a second. In response to questioning, City Manager Payne explained why capital funds could not be used for salaries. Council Member Garrett stated that he could not support the motion in that he believes the responsible thing to do would be to take funds from the General Fund Reserve for Contingencies rather than to furlough employees. The vote was called on the original motion, and Council by the following vote approved the City Manager's recommendation regarding 2.5 days of furlough for all City employees:

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| Ayes: Dodson, Gillette, Johnson, Perrow, Foster | 5 |
| Noes: Garrett, Helgeson | 2 |

On motion of Council Member Perrow, seconded by Vice Mayor Dodson, Council by the following recorded vote agreed to reduce its salary by 3% to show solidarity with city employees:

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| Ayes: | Dodson, Garrett, Gillette, Helgeson, Johnson, Perrow, Foster | 7 |
| Noes: | | 0 |

// The meeting was adjourned at 7:32 P.M.

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Clerk of Council