// A special meeting of the Council of the City of Lynchburg was held on the 1st day of February, 2018, at 9:00 A.M. in the 2nd Floor Training Room, City Hall, Joan Foster, President, presiding. The purpose of the meeting was to conduct City Council's Annual Budget Retreat. The following Members were present:

Present: MaryJane Dolan, Jeff S. Helgeson, J. Randy Nelson, E. J. Turner Perrow, Treney Tweedy, Sterling A. Wilder, Joan F. Foster 7

Absent: 0

// Mayor Foster welcomed everyone and gave an overview of the Budget Retreat.

// City Manager Bonnie Svrcek provided a brief overview of the highlights of Major Departmental Accomplishments and Challenges for Calendar Year 2017. Ms. Svrcek provided to Council a compilation of responses of accomplishments and challenges from Department Directors regarding their major accomplishments for Calendar Year 2017 and challenges and concerns moving forward.

// Chief Financial Officer Donna Witt provided an overview of FY 2019 General Fund Projected Revenues and Submitted Expenditures.

FY 2019 Revenue Highlights – With the changing environment, Revenue sources are projected with a very cautious and conservative approach

- Decreased Growth in Sales Tax
- Nominal Growth in Meals Tax
- Flat Real Estate Assessments
- Liberty University Capped Residential Program
- Increase Popularity of Air BnBs
- Increased on-line Shopping

Major Revenues

- Net Current Real Property
- Personal Property – Local Portion
- Local Sales and Use Tax
- Motor Vehicle Licenses

- Business License Tax
- Lodging Tax
- Meals Tax
- Amusement Tax

FY 2019 Revenue Highlights

- Non-Dedicated Revenues are projected to increase $140,000 over FY 2018 Adopted and $158,000 less than FY 2017 Actual Non-Dedicated Revenue
- Dedicated Revenues are projected to increase $740,000 over FY 2018 Adopted and $916,000 less than FY 2017 Actual Dedicated Revenue
- Total Projected Increase over FY 2018 Adopted Budget $880,000 or 0.5%

// City Council took a break at 10:38 A.M. and reconvened at 11:04 A.M.

FY 2019 Submitted Expenditures (General Fund)

- Overview of major SUBMITTED expenditures to comply with budget instructions to reduce department budgets to achieve an overall 2% reduction (reductions requested based on the size of the department budget).
- All Departments cut expenditures requests as directed to meet the reduction target.
- Highlights not intended to be inclusive

FY 2019 Submitted Expenditure Highlights

Council/Managers Offices

- Eliminate Federal Relations Liaison services

City Attorney

- Eliminate New Assistant City Attorney Position created in FY 2018 for succession planning and assist with Social Services case load

Commissioner of Revenue

- Eliminate new Financial Professional III position created in FY 2018 to assist with Revenue Assessments

Financial Services

- Eliminate Financial Tech III position that is assistant to the Chief Financial Officer and assists with Budget development

Human Resources

- Reduce the City-wide training and development budget which impacts EDGE and other City staff training opportunities

Information Technology

- Eliminate a Network Analyst position which will create longer support response time
- Reduce training budget which impacts the ability to support application software upgrades

Judicial Administration

- Sheriff's Office – reduce temporary budget which impacts deputy support in court facilities

Public Safety

- Eliminate Community Action Team (CAT) Unit (7 officers and 2 civilian positions)
- Eliminate Crisis Intervention Team (CIT) Coordinator (.7 FTE)
- Eliminate the majority of the Animal Control Unit (3.73 FTE)

Fire

- Eliminate 8 firefighters which puts an engine or ladder truck out of service every day

Emergency Services

- Eliminate Emergency Medical Dispatch Program including one communications specialist position, training and dues

Public Works

- Building Maintenance – Eliminate one Building Services Coordinator which impacts support for City Hall
- Refuse – Eliminate All Recycling Drop-Off Sites (7)

Health and Welfare

- Juvenile Services – Eliminate Youth Planner position in Juvenile Services which impacts future prevention programs and services

Parks and Recreation

- Eliminate all City-Sponsored Special Events Funding including support for City services such as street closures, venue set-up and public safety
- Eliminate Internet Service for 3 Community Centers which impacts students on-line homework needs and ability to offer computer classes and public use
- Reduce funding for staff costs at Miller Park Pool which may result in shortened pool operating hours

Community Development

- Community Development Director - Reduce salary support for the Downtown Lynchburg Association (DLA) Executive Director resulting in reduction of communication efforts to Downtown businesses and possible elimination of the Get Downtown and other events.

Economic Development, Tourism and Museums

- Realize efficiencies from the merger of Economic Development and Tourism
- Eliminate 3 Temporary positions that are no longer needed

Communications and Marketing

- Eliminate Lynchburg is Listening software which diminishes department's ability to communicate with citizens
- Reduce marketing funding which impacts the City's ability to promote it's services and programs, being proactive in addressing issues and providing support to departments that do not have marketing resources

Other Major Highlights consist of the following:

- Placeholder for Schools $42,028,498 (Same as FY 2018)
- School Buses additional $713,000
- Blue Ridge Regional Jail decrease $604,196 from FY 2018 Adopted Budget
- Line of Duty increase $110,000 over FY 2018 Adopted Budget
- Reserve for Contingency $1.2 million

// After Council discussed some highlights of the suggested 2 percent reduction, Ms. Witt presented several possible scenarios for how the budget could be balanced with the conservatively projected revenue of $184,182,327 for fiscal year 2019. The three scenarios were calculated without the inclusion of cuts from the school system since that has not been determined. Ms. Witt further stated if a budget is created with all of the proposed cuts, the City still would be faced with a $564,133 gap between revenues
created with all of the proposed cuts, the City still would be faced with a $564,133 gap between revenues

and expenses. In the second scenario, with all the public safety spending restored in the budget, there still would be a gap of $1,919,906 between revenues and expenses. The third scenario showed what would happen if Council did not cut spending, still a budget gap of $2,722,705.

Scenario #1

- Total Projected Revenues $184,182,327
- Total Submitted Expenses $184,746,640
- GAP ($564,133)

Scenario #2

- Total Projected Revenues $184,182,327
- Total Submitted Expenses $184,746,460
- Total Submitted Expenses $186,102,233 (with Public Safety restored)
- GAP ($1,919,906)

Scenario #3

- Total Projected Revenues $184,182,327
- Total Submitted Expenses $186,905,032 (with all department reductions restored)
- GAP ($2,722,705)

Council Member Nelson mentioned that the real estate revenue has tremendous increase in commercial properties that include discounts to non-profits and colleges. Would like to see a breakdown of what percentage of revenue comes from residential, commercial, industrial and others? If there is growth in the City why do we continue to be flat? Council Member Perrow added, would like to see what the rate change or growth has been over the past ten years in residential, commercial and industrial. Council Member Helgeson stated the nature of many of the cuts by the departments were non-starters and more of a poison pill. He went on to say in order to reduce the budget in a way that preserves public safety spending he would support more cuts to the public schools as a possible solution. Mayor Foster commented on Council Member Helgeson's concern saying cutting money to the schools could cost the City in the long run with increased crime and fewer young people prepared for the workforce. Council Member Perrow added to the discussion to make sure the City Manager and staff decides what cuts to put in the budget based on data provided by the departments, which is a depth of knowledge City Council does not have.

Additional funding items placed in Parking Lot

- Federal Funding
- State Funding
- Compensation
- Impact of Results of Salary Study
- Health Care Costs
- Social Media Coordinator
- Cybersecurity

// City Manager Bonnie Svrcek provided the Proposed FY 2019 Budget Development Guiding Principles for discussion and direction:

Proposed FY 2019 Budget Development Guiding Principles

1. Balance with no new revenue requirement
2. Preserve funding for public safety
3. Use Council Focus Areas (Poverty, Infrastructure, Workforce, Economic Development) as cornerstones for budget proposal
4. Tie funding decisions to 2017 National Citizen Survey results if possible
5. Preserve quality of life programs
6. Comply with our Financial Policies
7. Identify – Technology
8. Identify steps of outcome of non-tax property
9. Protect the Revenues - Tax Base

// Chief Financial Officer Donna Witt provided the overview of FY 2019 – FY 2023 Capital Improvement Program Submissions and Funding Availability.

Capital Improvement Projects Submitted FY 2019 – FY 2023

- Building Projects
    - Major Building Repairs and Improvements
    - Parking Deck Repairs and Maintenance
    - Roof Replacement

- Building Projects
    - Public Safety Complex
    - New Downtown Parking Deck Facility
- Reserves
    - City Baseball Stadium Capital Maintenance Reserve
    - Snow, Street, and Bridge Reserve

Capital Improvement Projects Requested FY 2019 – FY 2023

- Transportation Projects
- Transportation Projects Total by Funding Sources
- Economic Development Projects
- Miscellaneous (Radio Replacement)
- Parks and Recreation Projects
- Schools – Renovation/Replacement Projects

The sources of project funding for FY 2019 – FY 2023 are: Local Funding = 10%; State Funding = 10%; Federal Funding = 80% and Other Funding = 0%. The State Funding may be impacted beginning in FY 2019 due to an anticipated shortfall in funding if additional revenue sources are not identified. Depending upon the capital item, State Funding may be reduced or eliminated due to the shortfall.

FY 2019 Proposed General Fund Pay-As-You-Go Capital Projects

• Pay-As-You-Go Available	$4,000,000
o Buildings	3,623,380
o Transportation	1,325,000
o Economic Development	1,000,000
o Parks and Recreation	938,000
o Miscellaneous	211,208
o Reserves	350,000
o Schools	570,000
Total General Fund Pay-As-You-Go	$8,017,588

Preliminary Initial GAP based on Submissions - ($4,017,588) with no deferrals

- Pay-As-You-Go History

Fiscal Year	Adopted Budget
FY 2008	$4,992,435
FY 2009	5,949,245
FY 2010	2,820,617
FY 2011	7,508,881
FY 2012	7,000,000
FY 2013	4,591,759
FY 2014	6,108,802
FY 2015	7,339,676
FY 2016	9,556,866
FY 2017	3,223,392
FY 2018	1,655,377
Projected FY 2019	4,000,000

After the presentation on the FY 2019 Submitted Budget, Council raised the questions listed below, which require staff follow-up:

1. Provide the breakdown of Real Estate Assessments by category and provide the percent (%) of the total.
2. Define Use Tax
3. For Sales and Use Tax, what is the percent (%) of big box stores to other retail stores?
4. For Sales and Use Tax, what is the percent (%) of Sales vs. Use?
5. What is the total collected for the $1 per room per night for 10 fiscal years?
6. What is the Occupancy Rate?
7. What is the history of Hillcats Admission Tax payments?
8. For Amusement Tax, what is the percent (%) of movies to other events?

// The Budget calendar was reviewed with one change, the FY 2019 Budget Public Hearing scheduled for April 3, 2018 has been changed to April 9, 2018 at 7:00 P.M.

// Some of the Council remarks regarding the Budget Retreat included that it was a very good retreat, thanked the City Manager, Deputy City Manager and others for a good conversation and discussion, great exchange and appreciate the interaction and all the hard work that had been put into the preparation for the Budget Retreat.

// The meeting was adjourned at 1:50 P.M.

Clerk of Council