

February 10, 2023

// A special meeting of the Council of the City of Lynchburg was held on the 10th day of February, 2023, at 9:00 A.M. at the Lynchburg Department of Social Services, 99 9th Street, 5th Floor Training Room #539. Stephanie T. Reed, President, presiding. The following Members were present at the retreat:

Present: Stephanie Reed, Martin Misjuns, Jeff Helgeson, Larry Taylor, MaryJane Dolan, Sterling A. Wilder, Chris Faraldi	7
Absent:	0

// Deputy City Manager Greg Patrick provided Council with an overview of City programs and services. City Council previously received a set of 78 flashcards that each listed a separate City program or service. Only programs supported by the City's General Fund were included. The programs and services were divided into six priority areas: Public Safety, Lifelong Learning, Economic Development, Infrastructure, Quality of Life, and Support Services. Councilmembers were asked to answer a set of three questions on each of the flashcards: "Is this program a core service?"; "Should this program be considered for a funding reduction, if necessary?"; "Should this program be considered for additional investment, if funding is available?". Mr. Patrick provided an analysis of the results.

// Deputy City Manager Greg Patrick provided Council with an analysis of the FY 2022 Unassigned General Fund Balance. Mr. Patrick reviewed the difference between Unassigned Fund Balance and surplus funds, budgeting and a budgetary surplus, City Council's Financial Management Policies, Unassigned Fund Balance uses, and a breakdown of the \$66.4 million Unassigned General Fund Balance.

// Deputy City Manager Greg Patrick provided Council with a comparison of the City of Lynchburg and its surrounding counties. Mr. Patrick reviewed the general differences between cities and counties in Virginia. He gave a comparison of select characteristics between Lynchburg and surrounding counties. He also provided a comparison of spending between Lynchburg and surrounding counties in the following areas: Public Safety, Public Works, Health and Human Services, Parks and Culture, and Total Per Capita Spending.

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// City Assessor Jeff Bandy provided Council with a preliminary look at the FY 2024 Real Estate Assessments. He reviewed the 2023 reassessment summary of changes which included a Taxable Real Estate values increase from \$6.3 billion to \$7.5 billion due to appreciation, growth, plats and rezoning. He noted key dates for the reassessment process; on February 27th an estimated 30,000 notices of changes in assessment will be sent out to property owners; March 31st marks the Administrative Review period deadline, and; June 30th marks the Board of Equalization deadline.

// The meeting was recessed at 11:45 a.m.

// City Council reconvened the meeting at 1:15 p.m. The following members were present:

Present: Stephanie Reed, Martin Misjuns, Jeff Helgeson, Larry Taylor, MaryJane Dolan, Sterling A. Wilder, Chris Faraldi 7

Absent: 0

// Council received an update from the City's financial advisor, Davenport & Company, LLC. Mr. Courtney Rogers, Senior Vice President, Davenport, was in attendance and made a presentation. He spoke about the City preparing to sell its 2023 G.O. Bond in February, which will provide funding for projects appropriated in previous years including: the new Police Headquarters; other City, School, and Fleet capital projects; Water Fund capital projects; sewer fund capital projects; Stormwater Fund capital projects, and; Airport Fund capital projects. He also reviewed the estimated Cash Flow Impact from the General Fund and noted that for the City, Schools and Fleet projects the City is projected to need an additional \$1.2 million of recurring revenues to cover increased debt service costs associated with the 2023 Bonds over the next few years. This figure was estimated using a very conservative interest rate. Assuming a good interest rate market this figure will be reduced. This would increase the City's debt service budget to approximately \$18.9 million. Mr. Rogers reviewed challenges the City could face over the next three to five years. He stated that in order to maintain the City's position of financial strength from a credit rating perspective, Davenport and City Staff recommend the following are taken into consideration during the development of the FY 2024 Budget: The continued impact of inflation on the City's operating expenditures and capital project costs; additional pressure on the City's operating

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expenditures from onboarding new employees and retaining existing staff –particularly police officers and other emergency personnel; the potential impact of an economic downturn on the City’s operating revenues; and, increases in debt service related to the financing of future capital projects.

// Deputy City Manager Greg Patrick provided Council with a presentation on structuring tax relief and what Council’s tax levers were. He reviewed who the taxpayers were – citizens, businesses, visitors, and Real Property owners – and how each tax affected the correlated group of taxpayers.

// The agenda item *Building the FY 2024 Budget* was pulled and the meeting was adjourned early.

// The meeting adjourned at 3:37 p.m.

Clerk of Council