

April 18, 2023

// A special meeting of the Council of the City of Lynchburg was held on the 18<sup>th</sup> day of April 2023, at 4:00 p.m. at the 2nd Floor Training Room, City Hall, Stephanie Reed, President, presiding. The following Members of the Council were present:

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

// In the matter of Budget Work Session Agenda Overview, City Manager Mr. Wynter Benda stated Deputy City Manager Mr. Greg Patrick would engage the Council on the process for categorical funding, there would be a discussion on Senior and Disabled Veteran Tax Relief led by Commissioner of Revenue Mr. Mitch Nuckles, Chief Financial Officer Ms. Donna Witt would discuss funding processes, and there would be a conversation regarding Horizon Behavioral Health.

// In the matter of the Budget, Agenda Item #1, Council continued the FY 2024 Proposed Budget Reconciliation. Deputy City Manager Mr. Greg Patrick provided a presentation to the Council regarding Lynchburg City Schools Categorical Funding. He noted that there was interest from four councilmembers to implement categorical funding for LCS. He said that Superintendent Dr. Crystal Edwards and other representatives from LCS were present.

Vice Mayor Faraldi asked for more information about the change in the transportation budget from FY 19 to FY 23. Dr. Edwards responded that they had budget for over 100 positions that were unfilled. She said that as they increased the bus driver salaries, they used funding for the vacant positions to increase the salaries. Vice Mayor Faraldi asked what other vacancy management strategies had been implemented. Dr. Edwards responded that they considered criteria beyond enrollment. She said that they would consider relocating teachers based on need and by collapsing class sizes, and they had transported children to other schools. She said that they had repurposed some positions which may have contributed to budget increases and decreases. She noted that CARES funding would not appear in the operating budget, and some of the funding had expired. Vice Mayor Faraldi asked for clarification about the positions. Dr. Edwards stated that there was funding for behavioral coaches and other positions to support teachers with behavioral problems in the classroom. She noted that they still had over 200 students who participated full time in the virtual academy, and those staff positions were included. Vice

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Mayor Faraldi asked whether those positions would continue. Dr. Edward said that they had begun to step down from some of the positions, such as COVID screening support staff. Vice Mayor Faraldi asked whether the schools would take on the financial responsibility for funding the positions once the federal funding expired. Dr. Edwards said that they had begun to consider options to fund the positions, and they had received an \$8M grant for behavioral support.

Dr. Edwards asked how categorical funding would work with the local match requirements for SOQ funding. Mr. Patrick responded that he was unsure whether the categories could be funded at a level less than what would fund all the SOQ positions and local matches. He said that they would have to address the legal aspects. Dr. Edwards said that about 88 of the staff members would not receive SOQ funding based on a categorical model. She asked how she would differentiate between SOQ and non-SOQ positions because the state did not provide that information. She asked whether the local match obligation would have to be fulfilled before additional teachers could be funded.

Vice Mayor Faraldi asked whether state funding went directly to the School Board or whether it was allocated to the City then transferred to the School Board. Mr. Patrick responded that all of the funding came to the City. Dr. Edwards asked whether the local match was fungible.

Councilmember Misjuns disclosed that his wife was a teacher for LCS, but he was able to participate in the discussions fairly objectively and in the public interest. He requested information about the SOQ-funded positions for other categories. Dr. Edwards responded that all of the SOQ-funded positions and the state provided staffing rate were listed in the documents provided to the Council.

Vice Mayor Faraldi asked for clarification about how the funds would be allocated for the SOQ positions. Mr. Patrick responded that in each of the funding categories for the schools, there were SOQ positions that the City had a legal requirement to fully fund. He said that the City would not be able to fund less than the SOQ requirements, but there was no legal requirement to fund more than the SOQ positions.

Councilmember Helgeson said they should consider how to direct funding to the classrooms, not the administration. He said that a good starting place would be to determine those SOQ positions.

Vice Mayor Faraldi requested cost information about the SOQ positions and non-SOQ positions to figure out the budget needs. Mr. Patrick responded that they would likely want to round up the costs to

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protect themselves legally. Dr. Edwards responded that SOQ funding was simpler for early grade levels, but it became more complicated as they considered programs such as Prevention, Intervention, and Restoration (PIR). She explained that every SOQ dollar was not easily matched one-to-one with a position. She said that it was difficult to compare SOQ funding year-to-year because the state changed SOQ funding and criteria. She explained that there were Title I, Title II, and Title IV funds not in the City budget to support instruction.

Councilmember Wilder stated that they would not be able to have a premiere education system if they only funded SOQ positions. He asked how the non-SOQ positions were valued in the school system and what services would be lost if those positions were not funded. Dr. Edwards responded that there were non-SOQ funded positions, such as payroll, transportation, and HR, but were necessary for the infrastructure of the division. She said that they provided the funds for students to participate in CTE programs and the Governor's School Program. She said that field trips offered benefits to students that were funded with budget supplements. She said that behavioral coaches, counselors, and other support positions were working to help improve students' mental health because the care could be provided in the schools. She said teacher training was often funded locally, and that training included methods to address and solve behavioral problems in the classrooms. Councilmember Wilder said he wanted to pursue ways to support LCS and asked for the total cost of the 15-50 program. Dr. Edwards responded that the program request was for \$6.4M. Councilmember Wilder said that they should appropriately compensate teachers and bus drivers to increase retention and reduce vacancies.

Mayor Reed asked what contributed to the 9% growth in administrative positions from 2019 to 2023. Dr. Edwards responded that some of the growth was attributable to reclassifying, reorganizing, or repurposing existing positions. She said that other positions had been added to get back to previous staffing levels.

Councilmember Misjuns asked whether the \$6.6M for transportation funding would solve the bus delays. Dr. Edwards responded that the delays would be solved once they hired more bus drivers. Councilmember Misjuns asked whether the additional resources would help recruit new bus drivers. Dr. Edwards responded that anything they could do to increase the base salaries would help recruit drivers, but places with high salaries were also struggling. Councilmember Misjuns asked whether behavioral

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health services would be contracted positions or if they would be staffed by LCS employees. Dr. Edwards responded that there were employees hired by LCS to work directly with school staff to help students and provide counseling support. She said that they had contracted services in the buildings as well. She said that the grant funded positions were not guaranteed to last longer than the duration of the grant.

Councilmember Misjuns asked for information about remaining CARES or ARPA funds. Dr. Edwards responded that there were remaining CARES and ARPA funds, but those were already programmed.

Councilmember Misjuns asked whether the remaining CARES and ARPA funds could be used to fill budget and payroll gaps rather than funding new programs. Dr. Edwards responded that they had tried that strategy in the past, but they had determined by 2022 that it was not a long-term solution past 2024.

Vice Mayor Faraldi asked whether the City staff needed more information. Mr. Benda stated that they were looking for input from Council about how to implement categorical funding and where and how to impact the categories. He said that if the Council required more information, then they could provide it at the April 25 meeting. Vice Mayor Faraldi said it would be helpful to receive information about the foundations for SOQ positions and funding to help move forward with categorical funding. He said he supported funding for the classroom.

Councilmember Dolan stated that she did not support categorical funding.

Councilmember Wilder said he wanted to support the school system, ensure it had the appropriate resources, and ensure that it met the requirements for state funding.

Councilmember Helgeson said that they needed to make funding changes to make improvements because they had tried the same funding strategy for too long. He said that categorical funding would help them focus on the improvements.

Councilmember Misjuns asked how they ensured the partner jurisdictions in the Governor's School Program were funding it appropriately. Dr. Edwards responded that there was an MOU with the program which set its own tuition rates and budgeting.

Continuing with the Budget Work Session Agenda Items, Council received an overview of the Real Estate Tax Relief for the Elderly and Disabled Program; Commissioner of Revenue Mr. Mitch Nuckles provided a presentation to the Council. He noted that the Disabled Veterans tax benefit program

was a separate program applied as an exemption while the elderly and disabled tax relief program was truly tax relief.

Mayor Reed stated that Mr. Patrick had provided a proposed adjustment. Mr. Patrick said that they had considered targeted tax relief if a rate higher than \$0.89 was adopted. He said that in terms of an expanded program, they had considered an income limit of \$60K and a net worth limit of \$200K which would substantially increase the benefit. He said that few people would be disqualified for net worth, and a substantial number of people would newly qualify in the \$45K to \$60K income bracket. He said that the costs were unknown until they implemented the program because they did not have the available data. He said the current cost in FY 23 for the program was about \$590K. He said that they would likely double the cost of the program with expansion, to \$1.2M, but the total amount of relief provided would decrease because of the tax rate reduction. Mayor Reed clarified relief would only be applied up to the first \$2,500 of the tax bill.

Councilmember Misjuns asked how net worth was defined. Mr. Nuckles responded that net worth included monies in bank accounts, CDs, and other assets. He said that net worth did not include the value of the house and up to one acre of land, as required by the state.

Vice Mayor Faraldi asked whether they would generate savings if they kept the tax rate at \$1.11 and lowered the qualifying tax bill to \$2,000. Mr. Nuckles responded that there were only 13 residents with a tax bill higher than \$2,500. Vice Mayor Faraldi asked whether the strategy could generate savings. Mr. Patrick said that there could be savings, but they would have to calculate them. He said that if the average tax bill decreased, there would be more program participants at a lower average benefit. He said that they could generate savings, but they should wait until they had data to determine whether to decrease the budget for the next fiscal year.

In continued conversation of FY 2024 Proposed Budget Reconciliation, Chief Financial Officer Ms. Donna Witt provided a presentation to the Council summarizing what had been included and removed from the budget to account for adjusted proposal.

Mayor Reed asked what was included from the proposed budget additions originally provided in January. Ms. Witt said that the budget was adjusted based on the Budget Performance Expectations of the City Manager memo. Vice Mayor Faraldi clarified that the only difference was that instead of \$3M for

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LCS, \$2.1M was proposed. Mr. Benda stated that he proposed \$3M for LCS, but it had been adjusted to \$2.1M.

Mayor Reed expressed concerns that the work session and budget planning were not inclusive of all councilmembers. Councilmember Dolan and Councilmember Wilder agreed with Mayor Reed. Councilmember Helgeson spoke about the need to thoroughly review the items which were presumed to be included in the budget. He said that once they determined what was necessary to continue funding, then they could determine how to allocate additional revenues and fund new initiatives. Mr. Patrick provided clarification regarding the proposed budget and explained the inflationary impacts on the cost increase.

Councilmember Wilder stated that the LCS allocation should be increased to between \$3M and \$6M, and he suggested a \$4M allocation for the schools.

Vice Mayor Faraldi stated that staff needed more direction to move forward, and he suggested scheduling another meeting for May 2 to discuss the matter.

Mayor Reed requested for the full public safety package as proposed in January to be presented at the next meeting. She said she wanted to know the impacts of fully funding the public safety package with the \$0.89 rate. She said she supported the inclusion of the \$2.1M allocation for the schools.

Councilmember Wilder requested that they determine a middle point between the Superintendent's request and the City Manager's request to fund LCS.

Mr. Benda said that they would likely need to schedule a meeting for April 25. Vice Mayor Faraldi stated that he would not be able to attend the April 25 meeting, but he would be able to attend on May 2. Mr. Benda said that both an April 25 and May 2 meeting would be necessary.

Mr. Benda stated that there was a request by Horizon Behavioral Health to fund about \$4M for services to help relieve tasks from the police department. He said that to achieve the funding, they would have to generate capacity in the CIP, and he suggested that the project be positioned as fully funded. He said that there were potential grants available to reduce the cost. Vice Mayor Faraldi said that the initiative would help increase the number of officers in the City. Councilmember Misjuns asked how the funding intersected with the funding acquired by the state delegation. Vice Mayor Faraldi stated that

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Senator Newman was a strong advocate along with Senator Peake, Delegate Walker and Delegate Byron to acquire funds to springboard the program.

Councilmember Taylor said that the Council needed to develop a vision statement because it did not have one. Mayor Reed said she agreed.

// The meeting adjourned at 6:19 p.m.

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Clerk of Council