April 7, 2020

AGENDA ITEM #: 8

// An additional scheduled meeting of the Council of the City of Lynchburg was held on the 7th of April 2020, at 4:00 p.m. in the Council Chamber, City Hall, Treney Tweedy, President, presiding.

Present:	MaryJane Dolan, Jeff Helgeson, J. Randy Nelson, E. J. Turner Perrow, Treney Tweedy, Sterling A. Wilder, Beau Wright	7
Absent:		0

// In the matter of Budget, Ms. Bonnie Svrcek commented that they will be bringing them the revised FY2020 budget in a couple of weeks, as well as the revised FY2021 budget. Ms. Donna Witt gave them an overview of external service providers. Councilmember Helgeson asked for the Virginia Legal Aid Society to be placed on “the list.” Councilmember Helgeson stated that they will need to have the salaries and market adjustments broken out by essential and nonessential. The governor has defined some things as essential and some things as nonessential in government. This is probably not the best time to be giving large raises, such as 7.8 percent, at a time when there are massive layoffs. The Security Task Force of $125,000, which is a new program, needs to be on “the list.” The new health benefits consultant should be on “the list.”

Councilmember Perrow noted that there is depreciation listed in Fleet Services but that is not truly a depreciation item. That is some sort of transfer to Fleet on some sort of actuarial basis that determines how much each department needs to submit to Fleet. Ms. Witt said it actually equates to the depreciation number. It covers our true replacement cost. Councilmember Perrow noted that it has gone down about $300,000 but he remembers it being one of the driving costs in all the departmental budgets. It was going up so he is still trying to balance this item. Ms. Witt said one is depreciation and one is replacement cost. In the department budgets, they are looking at maintenance for the vehicles, their fuel costs and those types of things. Mr. Cramer can go into that more when he goes over the Fleet Fund.

Mayor Tweedy asked what recruitment costs are and Ms. Witt said that is costs associated with replacing a director or someone in a higher level position.

Councilmember Wright would like the poverty initiative funds to be added to “the list.” He would like tuition reimbursement added to “the list.”

// Ms. Witt gave an overview of the Debt Service fund.

// Mr. Brian Booth from GLTC gave an overview of his budget. Councilmember Helgeson noted that he mentioned the federal operating funds, the extra $720,000 due to performance metrics. He thinks many of the performance metrics were from ridership regarding Liberty. If that contract has dropped by $1.1 million, will this be kind of an ephemeral one time “shot in the arm” performance metric? Mr. Booth said the performance metrics are kind of on a two-year lag period. They are anticipating another major hit in FY2023. Councilmember Helgeson noted that gives them some time to plan. When Liberty put in a very good contract, it was very helpful for GLTC. While this performance metric is filling the gap, it will hopefully be a time to look down the road to when this performance metric money is going to be gone. Councilmember Helgeson would hope some of this money could be saved in the reserve fund. Mr. Booth said they are looking at that. Of the $2.69 million budgeted for FY2021, $1.1 million is performance metric and in FY2023, GLTC will lose that entire amount. They are forecasting out that far and trying to figure out how they make up for it in the future.

Councilmember Helgeson noted there should be less operating expenses because of the loss of the Liberty contract. He would have expected the expenditures to go down a whole lot more than what is budgeted. Mr. Booth said the difficult piece they are running into is they still have the overhead costs. They were not able to make up the direct costs as far as operators, fuel and maintenance. Mr. Booth noted savings in salaries of $98,000. Councilmember Helgeson noted that if they were charging $1.1 million for a service that cost them $98,000, one can see why Liberty said they could do it themselves. Councilmember Helgeson said there should be other things that can be decreased; otherwise, it is pretty obvious why Liberty left.

Councilmember Nelson asked how the decrease in the price of oil could affect fuel costs and might generate some savings for the rest of the year. Mr. Booth said they do not know in terms of numbers but they are looking at potentially seeing if they can lock in a price. Those potential savings are not factored in the numbers presented today.

Councilmember Wright asked what the consequence would be if they were to use some of GLTC's reserve fund to make up lost revenues due to COVID-19. Mr. Booth said that money is surplus money that GLTC has received. It has been paid back to the City and is being held to use for local match for GLTC capital projects. The upcoming capital projects are small. The local match would not be significant.

Councilmember Perrow asked how this budget affects routes and times. Mr. Booth said it would maintain the service prior to the pandemic. They did reduce service by about 25 percent due to a decrease in ridership related to the virus. They have not furloughed drivers but have put them on the "extra board." GLTC is subject to the Families First Coronavirus Response Act, which offers sick leave and they are trying to figure out how that figures into the budget. They are being conservative and cautious. They have had to limit the riders to nine and this means that they have to put out extra busses for their heavier routes. Councilmember Perrow noted there is no depreciable decrease in expenses but there is a loss of revenue. Mr. Booth would anticipate there is some decrease but he cannot pinpoint a number today. Councilmember Wright commented they should recoup some of the money through the Families First Coronavirus Response Act. Mr. Booth said they should and they are trying to figure out the process for doing so.

// Ms. Svrcek noted that the Lynchburg Business Development Center did not request any money.

// Mr. Charles Cramer presented the Fleet Services budget. Councilmember Wright asked him to outline the $900,000 capital outlay. Mr. Cramer said they have to replace two pumpers this year and they are about $630,000 per vehicle. They also have to replace an ambulance. They also have to replace two and purchase one new knuckle boom refuse truck. Those six vehicles are about $2.18 million. Councilmember Perrow asked if there is a relatively consistent number for each department for depreciation depending on what equipment each needs. Do they operate it as a fund and borrow what they need depending on what vehicles they need to buy? Mr. Cramer said that is correct but clarified that the depreciation is spread out across the number of years they expect the vehicle to last. For example, a vehicle's depreciation is spread out over 12 years but if it is not replaced until year 15, it looks like a major increase because the department paid nothing for three years. Councilmember Perrow said he likes the science of the department and how they work to save the City money and how Mr. Cramer knows when it is no longer cost effective to operate a piece of equipment.

Councilmember Perrow asked Mr. Cramer to explain the transfer in the Unassigned Fund Balance for FY2020. Mr. Cramer said that is the difference in depreciation and vehicle replacement costs. It is basically an adjustment account that is needed because there might be several months in between when a vehicle is ordered and when it arrives and the depreciation starts. Ms. Witt said it is a balancing account. For example, if Water Resources needs more vehicles replaced, the department will put more money into the account. If they need fewer vehicles replaced, they will put less in the account. Councilmember Perrow asked if this is budgeted for or if it is just the way it falls out. Ms. Witt said it is the way it falls out. Councilmember Perrow said he appreciated the explanation. Basically the departments are making use of their vehicles beyond their depreciable lives and when they are replaced, it is a big jump.

Councilmember Wilder requested a printout of what makes up the $907,073 increase in capital outlays amount.

Councilmember Helgeson would suggest that staff come back in a couple of weeks with what vehicles are needed. He noted that this department's budget has one of the largest increases in salary, approximately a nine percent increase. Councilmember Helgeson thinks that is something staff needs to look at because it does not look there was an increase in people. Councilmember Helgeson would also like some of the capital purchase items to be looked at very strenuously. Mr. Cramer noted that he could remove the rest of his replacement budget and it would not equal the number for the six large vehicles and he noted that they are related to public safety or keeping the City clean. Councilmember Helgeson said they could look at some of the smaller items. When times are tough, people put off buying off another vehicle. Ms. Svrcek noted that "kicking the can down the road" in terms of replacing vehicles costs more in maintenance. Mr. Cramer looks very closely at the replacement list relative to maintenance cost. Mr. Cramer noted that they have pumpers and a ladder truck that they can either no longer get parts for or for which they have to manufacture parts. Ms. Witt noted that some ladder trucks were bond funded, so the increase would be to debt service. Councilmember Helgeson acknowledged there is a need for the big purchases, but hopefully staff will be looking at the others.

// Mr. Andrew LaGala gave an overview of the Airport Enterprise Budget. He acknowledged that the current situation has obviously changed the budget he is presenting but he thinks he can make some projections. There is an

85 percent reduction in revenue for the fourth quarter of FY2020. They were projecting $3.2 million in revenue for FY2020 but are now projecting $2,941,308. If you subtract the $196,000 in surplus, they will be at about $106,083 deficit. They are reducing expenses by $112,200 so they should have a surplus of a few thousand dollars. They should not have to tap into their $1.1 million in net reserves. Councilmember Perrow commented that is a great summary. Against all odds, Mr. LaGala is working to finish the year in the black, which is excellent.

As far as projecting for FY2021, Mr. LaGala projected worst case scenario that they will start the first quarter with 25 percent passenger loads. He is projecting 60 percent for the second quarter, 80 percent for the third quarter and 100 percent for the fourth quarter. These percentages refer to the 75 percent passenger load they were experiencing before the pandemic because they have never been at 100 percent passenger loads for all flights. That would put them at a deficit of about $465,000. He can find $317,000 in expenses he does not have to incur. Add back the $162,000 they proposed as a surplus and he should be at about $14,000 in surplus. This is an estimate but he thinks he can offset the loss in revenue for FY2021 and he may not have to touch the $1.1 million in reserve.

He noted that the CARES Acts 2020 has $10 billion slated for airports. He is in close contact with the FAA to try and estimate how they will determine how much an airport will receive. They will use their 2018 numbers to figure it out and we did pretty well in 2018. There are ratios and entitlements that have to be figured out. He has been advised that it will not take months. It will take weeks to get whatever they are going to receive from the stimulus fund. He is projecting they will receive around $300,000. He noted that they normally receive $1,050,000 in entitlement funds from the FAA. He is comfortable they will finish this year well and next year as well.

// Mr. Timothy Mitchell gave an overview of the water fund and sewer fund. He said water consumption is up duie to people staying at home and they are not anticipating any decrease in numbers for next year. They continue to face challenges with infrastructure and personnel. Their goal is to replace one percent of buried infrastructure each year and they are at about half of that goal. They have had 67 percent turnover in their field operations. They have been trying to fill critical wastewater treatment plant maintenance positions for over two years.

Councilmember Perrow asked about septic hauler charges and Mr. Mitchell noted this year it is $2.3 million. This could disappear tomorrow if localities find another place to dispose of their waste. Councilmember Perrow thought we are one of the few facilities in the region that takes septage and leachate. Mr. Mitchell said that is correct. Councilmember Perrow asked if they have a good demand scenario and if they could increase fees because there are fewer options for disposal. Mr. Mitchell indicated they are generating a profit because they are actually charging pretty high rates now. They have been trying to enter into contracts with some of the haulers. Theu do not want to raise prices too much or they might try to find other disposal facilities. Councilmember Perrow thinks it is an opportunity and he likes the idea of contracting.

Councilmember Helgeson thinks it is obvious that the rate study is a function of average income or per capita income. Mr. Mitchell said it is based on median household income. Councilmember Helgeson would think that with all the layoffs happening, it would have the tendency to drive down average median household income. He would think that Mr. Mitchell could come up with a revenue neutral sewer rate. He knows that we had the public hearing regarding it on March 31 but now is probably not the best time to be raising any rates. Mr. Mitchell noted that when they do the actual calculation will be December 2021. Councilmember Helgeson said Mr. Mitchell does not have to answer right now but he hopes they will look at the downward pressure on median household income as they go through this process. Mr. Mitchell said from an operational standpoint, they can make it work if they did not have the rate increase.

Ms. Svrcek said they have a group called the Long-term Recovery and Mitigation group as part of the Emergency Operations Plan. It is looking at the economics of the pandemic. As you might imagine, it is difficult to project the future based on what they know. She does not have a good answer as to what might happen regarding the downward pressure on the area median household income. Mayor Tweedy asked if they are looking at data and now just assumptions. Ms. Svrcek said absolutely.

// Mr. Mitchell gave an overview of the Stormwater Fund. He mentioned that because of a court case settled recently between Roanoke and Norfolk Southern, they will begin billing railroads for ballasted areas beginning July 2020. This should be approximately $140,000 in additional revenue.

Councilmember Helgeson noted the decrease from $20,000 to $5,000 in uncollectable accounts. Mr. Mitchell said they have been looking at that over the years and thought $20,000 was too high.

In terms of goals, Councilmember Helgeson thought some of the highlights would be items like the cleanliness of the stormwater because they have separated so much CSO. Councilmember Perrow noted that he saw a statistic on the water side that the waterline breaks were significantly down this year. Mr. Mitchell that is because they have been concentrating waterline replacements in areas where they have had the most breaks. We also had a mild winter. Mr. Mitchell noted that the goals do not accurately reflect what the department does because they track hundreds of metrics all the time. Councilmember Helgeson said he brought it up because Mr. Mitchell had mentioned how hard his employees work and it would be great to see a metric of what they did last year.
Mr. Mitchell said they will definitely look at the metrics.

Councilmember Perrow said he misses the annual report Mr. Mitchell used to present. Mr. Mitchell said they are going to go back to doing it and they are going to do it on a fiscal year basis rather than a calendar year basis. They will tie their new strategic plan into the report.

Mayor Tweedy asked Mr. Mitchell about the 67 percent turnover rate. Mr. Mitchell said they see the bulk of turnover in the field staff. They are down one crew and have to juggle people from one function to another and they are more dependent on contractors to fulfill some of the responsibilities. They have a backlog of work orders that if they worked on them continuously, it would take almost two years to complete. As far as the positions at the wastewater treatment plant, the vacancies are a function of salaries and the nature of the unpleasant work. The turnover in the field staff is due to people leaving to work for contractors or after getting their CDL license, they go to driving trucks. They also do not like it that every fifth week, they are on mandatory standby. Mayor Tweedy asked if these positions would be considered essential and staff said absolutely.

Councilmember Perrow asked if they had thought about a rebranding of the wastewater treatment plant. Is it a water reclamation facility now? Mr. Mitchell said they have talked about it but it has fallen on the priority list. Communications and Public Engagement and Water Resources Public Relations staff are putting together a recruitment video. There is a lot of reward involved with the job because they are essential personnel and are protecting the environment and public health, so they are trying to brand it to that extent. Rebranding the wastewater treatment plant would be a good thing as well.

Councilmember Wright asked how we stack up in terms of pay in comparison to other localities. Mr. Mitchell said he would have to look at the Korn Ferry study again but they have progression plans for the field staff. If they can get an employee to stay five years and they are vested in VRS, they are more likely to stay. The work is hard and heavy and challenging and people do not like the standby and call work very much. They lose a lot of people to Columbia Gas. Councilmember Wright pointed out that since many are out of work because of the pandemic, they might actually see more applicants. Councilmember Wright noted that when you have three percent unemployment, which we had before the current situation, it makes it really hard to recruit. Councilmember Helgeson noted also that there is rarely a large forced turnover in government, not like in the restaurant industry for instance, and some may see that as a benefit. Benefits are not just salary. They are job security, retirement, health insurance and those kinds of things. Mayor Tweedy said it does not seem to matter for the first five years, since Mr. Mitchell said they have the highest turnover in the first five years. Mr. Mitchell said that might change now.

Councilmember Perrow noted what they are experiencing is really industry wide. If they could find younger people that are interested in the science of the wastewater treatment plant, it would be really helpful. Mr. Mitchell said they have 10 employees in the wastewater treatment plant that are over 65 and it takes at least four years to get to a Class 1 wastewater plant operator. It takes a long time for our field staff to learn over a thousand miles of water and sewer lines as well.

Councilmember Helgeson noted this is a little different because it is an enterprise fund as opposed to the general fund. We are not seeing a vast discrepancy in the fee for the service.

// Ms. Witt gave them an overview of the Other Funds. There was one question from Councilmember Helgeson regarding the Forfeited Assets Fund and whether they have an increase or decrease in this fund over the year. Ms. Witt said they are not allowed by state code to project this amount and they merely state what revenue they receive each year.

// Ms. Svrcek thanked the employees for stepping up and working very differently and more innovatively in what are unprecedented and extraordinary times. She gave them some of the highlights of the efforts the City is doing regarding the COVID-19 pandemic.

Councilmember Wright asked if staff had any thoughts about moving the Council meetings to teleconferencing and if it is legal. Ms. Svrcek said it is legally permissible and they will do what Council would prefer. Councilmember Helgeson and Mayor Tweedy thought there still needed to be a quorum physically present. Councilmember Wright would like staff to research the legalities with the City Attorney. He thinks we should iron out how to do it and make a decision about whether or not to do so.

Councilmember Wright asked Ms. Witt if they know if Lynchburg will receive any funds from the stimulus package, as the state is receiving several billion dollars. She said she does not and does not know when they might be told. Ms. Svrcek said there is a conference call tomorrow with other financial individuals across the state. Ms. Witt said they might get some of those funds but then their normal state revenues for 2021 might get cut.

Councilmember Wright asked if the EDA has thought about establishing a loan fund for small businesses. He is aware that Richmond just established one. Dr. Wodicka said they could certainly discuss it. Councilmember Wright said it would be worth knowing what the EDA's resources are and where we could stretch funds.

Councilmember Wright also noted he saw an article that the Registrar's office has a shortage of PPE and cleaning supplies for the May 5 election. He asked what assistance is being provided to the Registrar's office. Ms. Hart said they are trying to get them cleaning supplies but are having trouble getting them themselves. They have also been asked to make some glass barricades for the election workers. Fire Chief Wormser said they are also working on getting them PPE and some tents that have been requested.

Councilmember Wright asked if nonessential employees are being diverted to other tasks. For instance, other localities are using them to check up on seniors or those with disabilities living in public housing. Is that something we are thinking about doing? Ms. Svrcek said that she and the Deputy City Manager are meeting with each department head. There will be some news by the end of the week regarding staffing. There is a senior citizen hotline that is being staffed out of the Templeton Center. They have not talked about doing an extensive outreach program because they do not have those resources.

Councilmember Wright asked if they are doing any engagement with the community regarding coronavirus scams. Ms. Svrcek said that whenever they are aware of something, they get it on all of the different social media channels and press releases.

Councilmember Perrow noted that City staff has done a tremendous amount of work and every department has been struggling to figure out how to manage this crisis. All aspects of City departments have been affected and he wanted to thank the City Manager and City staff for all the work they have done to manage this problem. He asked if there was anything she needed from City Council. She said that anytime they see a City employee, particularly the first responders but any employee, to remember that they really have stepped up. They have learned to work remotely and differently. Closing City Hall was not easy. She thanked him for asking. Councilmember Perrow said to let them know if she can think of anything they can do to help. He said he likes the marketing campaign with City employees holding signs that say "We are working so you can stay home" and the stay at home message. He likes it because it lets people know that the dedicated employees are still working and that it is a rewarding job. There might be a recruiting benefit to it as well.

There was some discussion about the items for their upcoming meetings. Councilmember Perrow indicated that he does not want the work of the City to slow down or for Council to be a bottleneck for people that are trying to conduct business. We need to be doing that as efficiently as this body can. Ms. Svrcek agreed and noted that in a time of incredible instability among our citizens, she really views the work that we do as local government to be a beacon of stability. We are going to continue to do the work that we do as public servants and do it the very best way we can. She is doing her best to communicate that to all of our employees because it is uncertain times for them as well.

Councilmember Wright also offered his thanks and commented that when we get this community back on our feet financially—when this government is solid again—that we remember just how important and valued and talented our civil servants are. It's easy to forget them when times are good and it's easy to praise them when times are rough. He hopes they remember them and offer them tangible thanks when times are good again.

Councilmember Helgeson said he has heard from some pastors that are nervous but are doing what they can. People like to get together in time of crisis and pray and have their services, especially at Easter. He hopes they are mindful and public safety is mindful of the First Amendment right to peaceable assembly. In other states, pretty heavy handed government is coming out and breaking up people. Obviously we are not like that in Lynchburg. He is glad to hear reports that things are kind of on a downward trajectory. Sadly, we had about 114,000 people in Virginia file for unemployment last week, which is a record. We have to be mindful of the citizens that are paying the bills and mindful of our employees and keeping them safe. He is so thankful for our firefighters that things came out nicely. They are going in harm's way and willing to do it. He is thankful for our police officers as well.

Mayor Tweedy wanted to be sure that we are not sending any mixed messages. The governor's ban of ten people or more at a gathering is still in effect. She wants the pastors and churches to understand that. She understands the First Amendment and people in other states and localities have the choice to do what they want to do. The medical experts are saying that to keep it safe to keep it to ten people or less for a gathering. We will be celebrating Easter and our faith but we are still responsible to follow the governor's order.

She thanked all the employees because it is challenging, unprecedented and nerve racking. She wished to address the family members that have called or emailed her. Not everyone considers the positions essential and would like to see their loved ones at home with them. She wants to assure the family members that staff and the crisis team is doing everything they can with protective equipment, practices, protocol and processes to keep all our personnel safe. We still have City functions that we have to do. She would like everyone to be mindful of the

AGENDA ITEM #: 8

employees but also the family members that have some stress from supporting them.

// The meeting was adjourned at 5:56 p.m.

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Clerk of Council