



THE CITY OF  
**LYNCHBURG**

**FINANCE COMMITTEE**  
**City Council Committee**

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Tuesday, March 25, 2025 | 3:00 PM  
2nd Floor Training Room- City Hall  
900 Church Street  
Lynchburg, VA 24504

**AGENDA**

- I. Welcome** *Councilmember Marty Misjuns, Chair*
- II. General Business**
  - II.1. Edward Byrne Memorial Justice Assistance Grant
  - II.2. 2025 Firehouse Subs Public Safety Foundation Grant for the Fire Department to purchase one (1) Holmatro Pentheon Cutter and one (1) Holmatro Pentheon Spreader
  - II.3. Virginia State Opioid Response (SOR) Grant for Lynchburg Adult Recovery Court
  - II.4. Virginia Opioid Abatement Authority Grant Award
  - II.5. Revisit the City Council's Finance Committee Guidelines
  - II.6. Revisit the City's Financial Management Policies
  - II.7. Revisit Resolution for Federal Grant Guidelines - To Uphold Constitutional Principles and Merit-Based Governance
- III. Other Information**
  - III.8. Downtown Improvement District
  - III.9. FY 2025 General Fund Reserve for Contingencies Update
  - III.10. Monthly Revenue Collections Update
- IV. Roll Call**
- V. Next Regular Meeting**
  - V.11. The next Finance Committee meeting is Tuesday, April 22, 2025 at 3 p.m.



## AGENDA ITEM SUMMARY

### MEETING DATE

March 25, 2025

### PRESENTED BY

Ryan Zuidema, Chief of Police

### AGENDA ITEM # II.1

Edward Byrne Memorial Justice Assistance Grant

### RECOMMENDATION

Adopt a resolution to amend the FY 2025 City/Federal/State Aid Fund budget and appropriate \$36,705 with resources of \$36,705 from the 2024 Edward Byrne Memorial Justice Assistance Grant to purchase computer equipment for the Lynchburg Police Department (\$31,070), the Lynchburg Sheriff's Office (\$3,795), and the Lynchburg Office of the Commonwealth's Attorney (\$1,840).

### SUMMARY

The City of Lynchburg was awarded \$36,705 in Edward Byrne Memorial Justice Assistance Grant funding. The Lynchburg Police Department will use this funding to purchase computers and computer memory upgrades (\$31,070). The Lynchburg Sheriff's Office will use funds to purchase a Toshiba Document Output and Management Station (\$3,795). The Lynchburg Office of the Commonwealth's Attorney will use funds to purchase a laptop computer and computer accessories (\$1,840). No local matching funds are required.

### PRIOR ACTION(S)

### FISCAL IMPACT

None; No local match is required.

### CONTACT(S)

Ryan Zuidema, Chief of Police  
Jessica Hughes, Administrative Manager

### ATTACHMENT(S)

1. 2024 BJA Edward Byrne Memorial Justice (JAG) Grant - RESOLUTION

### REVIEWED BY

RESOLUTION:

BE IT RESOLVED that the FY 2025 City/Federal/State Aid Fund budget is amended and \$36,705 is appropriated with resources of \$36,705 from the 2024 Edward Byrne Memorial Justice Assistance Grant to purchase computer equipment for the Lynchburg Police Department (\$31,070), the Lynchburg Sheriff's Office (\$3,795), and the Lynchburg Office of the Commonwealth's Attorney (1,840).

Introduced:

Adopted:

Certified:

\_\_\_\_\_  
Clerk of Council

## AGENDA ITEM SUMMARY

### MEETING DATE

March 25, 2025

### PRESENTED BY

Gregory Wormser, Fire Chief

### AGENDA ITEM # II.2

2025 Firehouse Subs Public Safety Foundation Grant for the Fire Department to purchase one (1) Holmatro Pentheon Cutter and one (1) Holmatro Pentheon Spreader

### RECOMMENDATION

Approve the submission of a grant application in the amount of \$44,770 to Firehouse Subs Public Safety Foundation Grant for the Fire Department to purchase one (1) Holmatro Pentheon Cutter and one (1) Holmatro Pentheon Spreader.

### SUMMARY

The Fire Department seeks authorization to complete the grant application process for a Holmatro Pentheon Cutter and a Holmatro Pentheon Spreader. This grant, administered by Firehouse Subs Public Safety Foundation, awards grant funding to Emergency Management Services (EMS) agencies for the purpose of obtaining and maintaining emergency vehicles and equipment.

The Fire Department will apply for grant funds for one (1) Holmatro Pentheon Cutter and one (1) Holmatro Pentheon Spreader. The current rescue tools are past their useful life and no longer capable of meeting the demands presented by the advancements in car technology and increasingly complex rescue scenarios.

This grant will directly address this critical gap by replacing outdated tools. The Pentheon series is specifically designed for use with newer vehicle technologies, ensuring that our rescue personnel can respond quickly and effectively to life-threatening situations, saving valuable time and potentially lives.

The Fire Department plans to apply for 100% funding for the equipment through the grant. The total cost of the tools is \$44,770. Grants will be awarded in the second quarter of 2025.

### PRIOR ACTION(S)

None

### FISCAL IMPACT

No matching funds are required since we are applying to be funded at 100%. Future funds will be needed for periodic maintenance of the equipment.

### CONTACT(S)

Gregory Wormser, Fire Chief

Annette Pettyjohn, Administrative Manager

**ATTACHMENT(S)**

None

**REVIEWED BY**



Date: March 10, 2025

Gregory Wormser, Fire Chief

## AGENDA ITEM SUMMARY

### MEETING DATE

March 25, 2025

### PRESENTED BY

Taylor Jones, Adult Recovery Court Program Director

### AGENDA ITEM # II.3

Virginia State Opioid Response (SOR) Grant for Lynchburg Adult Recovery Court

### RECOMMENDATION

Consideration of introducing Resolution #R-25-\_\_\_ amending the FY 2025 City/Federal/State Aid Fund budget and appropriating \$17,490 with resources of \$17,490 from a Virginia State Opioid Response (SOR) Grant for support of the Lynchburg Adult Recovery Court docket to address the public health crisis.

### SUMMARY

The Lynchburg Drug/Recovery Court is a court docket within the existing Circuit Court that is designed to enhance public safety by providing an integrated system of treatment and judicial supervision that results in a reduction in substance use/dependency and recidivism. The Lynchburg Drug/Recovery Court began in March 2017 as the result of a grant from the Supreme Court of Virginia.

The Department of Behavioral Health and Developmental Services State Opioid Response (SOR) team has awarded the Lynchburg Adult Recovery Court a grant of \$17,490 to address the public health crisis caused by escalating opioid misuse, opioid use disorder (OUD), and opioid-related overdose across the nation. These funds can be used to: (1) increase access to U.S. Food and Drug Administration (FDA)-approved medications for the treatment of opioid use disorder (MOUD); (2) support the continuum of prevention, harm reduction treatment, and recovery support services for OUD and other concurrent substance use disorders; and (3) support the continuum of care for stimulant misuse and use disorders, including those involving cocaine and methamphetamine.

### PRIOR ACTION(S)

### FISCAL IMPACT

No local match.

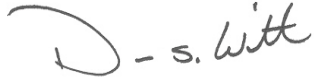
### CONTACT(S)

Taylor Jones, Adult Recovery Court Program Director

### ATTACHMENT(S)

1. Resolution - Virginia State Opioid Response (SOR) Grant
2. SOR 4 Year 1 award Lynchburg Adult Recovery Court-Recovery (003)

**REVIEWED BY**

Handwritten signature of Donna Witt in cursive script.

Date: March 20, 2025

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Donna Witt, Chief Financial Officer

RESOLUTION:

BE IT RESOLVED that the FY 2025 City/Federal/State Aid Fund budget is amended and \$17,490 is appropriated with resources of \$17,490 from a Virginia State Opioid Response (SOR) Grant for support of the Lynchburg Adult Recovery Court docket to address the public health crisis.

Introduced:

Adopted:

Certified:

\_\_\_\_\_  
Clerk of Council



# COMMONWEALTH of VIRGINIA

NELSON SMITH  
COMMISSIONER

DEPARTMENT OF  
BEHAVIORAL HEALTH AND DEVELOPMENTAL SERVICES

Post Office Box 1797  
Richmond, Virginia 23218-1797

Telephone (804) 786-3921  
Fax (804) 371-6638  
www.dbhds.virginia.gov

December 16, 2024

**Organization:** Lynchburg Adult Recovery Court

**To:** Taylor Jones ([tmjones@vacourts.gov](mailto:tmjones@vacourts.gov))

**Cc:** Dr. Candace Roney  
Eric Billings

**Re:** Virginia State Opioid Response (SOR) Grant: SOR 4, Year 1  
Grant Number: 1H79TI087780-01  
Budget Period - 09/30/2024 to 09/29/2025

Dear Sir or Madam:

The Department of Behavioral Health and Developmental Services State Opioid Response (SOR) team hereby awards a grant for recovery services in the amount of **\$17,490** in support of the above referenced project. No award is granted for recovery services currently. If the awarded total and/or categories below are different from your submitted proposal, a revised/adjusted budget is required for entry into Webgrants.

## 1. Purpose of award

The purpose is to address the public health crisis caused by escalating opioid misuse, opioid use disorder (OUD), and opioid-related overdose across the nation. Subrecipients are expected to use the resources to: (1) increase access to U.S. Food and Drug Administration (FDA)-approved medications for the treatment of opioid use disorder (MOUD); (2) support the continuum of prevention, harm reduction, treatment, and recovery support services for OUD and other concurrent substance use disorders; and (3) support the continuum of care for stimulant misuse and use disorders, including those involving cocaine and methamphetamine.

**2. Use of award**

The award is to be used as follows:

**Other Operating Costs**

- Recovery Housing (\$10,000)
- Bus Passes/Move Up Transportation (\$5,000)
- Participant Incentives (\$500)
- Planners (\$200)
- Registration for National Conference capped at 2 staff (\$1,790)

|                              |                    |
|------------------------------|--------------------|
| <b>TOTAL DIRECT</b>          | \$17,490.00        |
| Indirect                     | \$0.00             |
| <b>TOTAL APPROVED BUDGET</b> | <b>\$17,490.00</b> |

**3. Next steps**

Please go to DBHDS’ Webgrants system to enter your proposal/application:

<https://grants.dbhds.virginia.gov/logout.do>. The Funding Opportunity Number for your application is **17654**. I have attached a guide to help with this process. Please reach out if you have questions. We ask that you complete this no later than **COB Nov 1, 2024**.

**4. Award distribution**

Funds will only be distributed on a reimbursement basis. Requests for payment (claims) should be submitted on no less than a bi-monthly basis. All funds **must be** expended by 9-29-25.

Please direct questions to: [SORTeam@dbhds.virginia](mailto:SORTeam@dbhds.virginia).

Respectfully,

Dr. Candace Roney

## AGENDA ITEM SUMMARY

### MEETING DATE

March 25, 2025

### PRESENTED BY

Donna Witt, Chief Financial Officer

### AGENDA ITEM # II.4

Virginia Opioid Abatement Authority Grant Award

### RECOMMENDATION

Consideration of adopting Resolution #R-25-\_\_\_ to authorize the City Manager to execute a Memorandum of Understanding (MOU) with Roads to Recovery, Inc. (R2R).

Consideration of introducing Resolution #R-25-\_\_\_ amending the FY 2025 City/Federal/State Aid Fund budget and appropriating \$193,422 with resources from the Virginia Opioid Abatement Authority's (OAA) Grant to the City of Lynchburg for FY 2025, in relation to a R2R 8-Bed Withdrawal Management Program, for purposes of providing funds to establish and deliver withdrawal management services for individuals with opioid and other substance use disorders in Central Virginia's Planning District 11 (which includes the City, and the Virginia Counties of Amherst, Appomattox, Bedford, and Campbell).

### SUMMARY

The City receives funds from the OAA through direct distributions and grants. R2R has applied to utilize City grant funds to establish and deliver withdrawal management services for individuals with opioid and other substance-use disorders in the City. The OAA has awarded R2R \$193,421.31 for this purpose. In order to accept the grant funds and transfer the funds to R2R, City Council is requested to authorize the City Manager to sign the MOU between R2R and the City and also adopt the resolution to appropriate the funds.

### PRIOR ACTION(S)

March 11, 2025: City Council Work Session and City Council Meeting (Moved)

### FISCAL IMPACT

None; the appropriated funds of \$193,422 are resources from the OAA grant

### CONTACT(S)

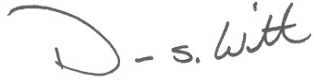
Donna Witt, Chief Financial Officer

### ATTACHMENT(S)

1. BIB - OAA grant for R2R
2. Resolution - OAA Award Resolution (R2R)

3. OAA MOU 3.3.2025
4. VA Opioid Abatement Authority Award Acceptance Letter

**REVIEWED BY**

Handwritten signature of Donna Witt in cursive script.

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Donna Witt, Chief Financial Officer

Date: March 20, 2025

# **VIRGINIA OPIOID ABATEMENT AUTHORITY – GRANT AWARD FOR ROADS TO RECOVERY WITHDRAWAL MANAGEMENT PROGRAM**

**March 11, 2025**



# PURPOSE

## **Purpose:**

Authorize the City Manager to execute a Memorandum of Understanding (MOU) with Roads to Recovery and appropriate \$193,422 from the Virginia Opioid Abatement Authority (OAA)

## **Why:**

Roads to Recovery in conjunction with the City has successfully applied for funding from the OAA

# VIRGINIA OAA FUNDS

## **There are three sources of funding through the OAA:**

1. Direct distribution to participating localities, which includes the City
  - Appropriated for use by the Recovery Court
2. Funds allocated to the locality but must be approved through an application process
  - Requesting appropriation for Roads to Recovery
3. Funds available through a competitive grant process
  - Appropriated for Horizon Behavioral Health



# NEXT STEPS

- Authorize the City Manager to execute the MOU with Roads to Recovery
- Appropriate OAA grant funds for use by Roads to Recovery for a withdrawal management program



**RESOLUTION:**

**#R-25-\_\_\_\_\_**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LYNCHBURG:

1. That the City of Lynchburg, Virginia (“City”), as a fiscal agent for Roads to Recovery, Inc. (“R2R”), a nonprofit Recovery Community Organization duly organized and existing under the laws of the Commonwealth of Virginia, shall manage a grant from the Virginia Opioid Abatement Authority (the “OAA”), such grant being specific to R2R establishing and maintaining an 8-Bed Withdrawal Management Program and providing services related to the same, for individuals with opioid and other substance use disorders in Central Virginia’s Planning District 11 (which includes the City, and the Virginia Counties of Amherst, Appomattox, Bedford, and Campbell), hereafter the “Project”, in accordance with a proposed Memorandum of Understanding (“MOU”), between the City and R2R, dated March 11, 2025, and incorporated herein by reference.

2. That the City Manager, or his designee, on behalf of the City, is authorized to execute the MOU with R2R in relation to the Project and may take any further actions necessary in connection with the same.

3. That this Resolution shall be effective upon its adoption.

Adopted:

Certified: \_\_\_\_\_  
Clerk of Council

**RESOLUTION:**

**#R-25-\_\_\_\_\_**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LYNCHBURG: that the FY 2025 City/Federal/State Aid Fund Budget is amended and \$193,422 is appropriated therein for expenditure, with resources from a Virginia Opioid Abatement Authority (“OAA”) grant to the City of Lynchburg, Virginia (“City”) for FY 2025, in relation to a Roads to Recovery, Inc. 8-Bed Withdrawal Management Program, for purposes of providing funds to establish and deliver withdrawal management services for individuals with opioid and other substance use disorders in Central Virginia’s Planning District 11 (which includes the City, and the Virginia Counties of Amherst, Appomattox, Bedford, and Campbell).

Introduced:

Adopted:

Certified: \_\_\_\_\_  
Clerk of Council



## MEMORANDUM OF UNDERSTANDING

### BY AND BETWEEN

### ROADS TO RECOVERY, INC. AND CITY OF LYNCHBURG, VIRGINIA

THIS MEMORANDUM OF UNDERSTANDING ("MOU"), made and entered into on this 11th day of March, 2025, by and between Roads to Recovery, Inc. ("R2R"), a nonprofit Recovery Community Organization duly organized and existing under the laws of the Commonwealth of Virginia, and the City of Lynchburg, Virginia ("City"), a municipal corporation and political subdivision of the Commonwealth of Virginia, collectively referred to as the "Parties."

### RECITALS

WHEREAS, R2R met with the City in 2024 to discuss a partnership and application to the Virginia Opioid Abatement Authority ("OAA") for funds to allow R2R to establish and deliver withdrawal management services for individuals with opioid and other substance use disorders in the City of Lynchburg, Virginia and the Commonwealth of Virginia. Further, R2R demonstrated their organization possesses the necessary expertise, experience, and capacity to deliver medically supervised withdrawal management services to those individuals, and R2R worked with the City to apply for OAA funding in the Fall of 2024. Subsequently, the OAA approved the use and allocation of OAA funding in the amount of One Hundred Ninety-Three Thousand Four Hundred Twenty-One Dollars and Thirty-One Cents (**\$193,421.31**) for the purpose of addressing the Opioid Epidemic through the establishment and operation of an 8-Bed Withdrawal Management Program in Central Virginia's Planning District 11 which includes the City, and the Counties of Amherst, Appomattox, Bedford, and Campbell; and

WHEREAS, R2R was founded in 2010 and incorporated in 2013 as a Recovery Community Organization, and since that time has provided critical recovery support services, including recovery housing and center-based peer recovery support ("PRS") services, to over two hundred (200) individuals annually who are seeking recovery from substance use disorders ("SUDs"); and

WHEREAS, the City, in furtherance of its commitment to public health, the well-being of City residents, and helping fight the Opioid Epidemic across the Commonwealth of Virginia, has agreed to partner with R2R and act as the fiscal agent to ensure that the OAA funds are administered and utilized in compliance with all applicable OAA, legal, and regulatory requirements; and

WHEREAS, the Parties mutually desire to set forth their respective roles and responsibilities in implementing the said 8-Bed Withdrawal Management Program in a manner that is transparent, efficient, and beneficial to the City, R2R, and the community; and

WHEREAS, the “Project” subject to this MOU is briefly described as follows:

City will partner with R2R to provide partial funding for staff-related costs for a Withdrawal Management Program (WMP). The WMP will provide care, support, and connection to ongoing treatment and recovery services for up to 417 adults each year who are experiencing withdrawal from opioid and other substance use disorders in Central Virginia's Planning District 11 which includes the City, and the Counties of Amherst, Appomattox, Bedford, and Campbell. The eight-bed program emphasizes evidence-based peer and social supports for the delivery of detoxification services in a safe and supportive environment, including wraparound support for seamless transitioning to treatment and other recovery support services, and other community services that will assist our people to achieve and sustain recovery. The program includes a specialized, structured environment for individuals experiencing opioid and other substance withdrawal sufficient to require 24-hour support but not require the resources of a hospital facility. R2R’s proposal will fund programming/service costs for FY25.; and

WHEREAS, the City, by a Resolution duly adopted by the Lynchburg City Council on March 11, 2025, the City Manager was authorized to: 1) execute a grant application to the OAA for programming/service costs for FY25 in relation to the Project in the amount of \$193,421.31, 2) to accept the grant award connected with the said application, and 3) to execute all documents in connection therewith, in relation to the “Project”; and

WHEREAS, R2R and the City desire to enter into this MOU to memorialize their relationship under the said OAA grant application and the “Project”.

**NOW, THEREFORE, WITNESSETH:** that the Parties to this MOU, in consideration of the above recitals and the mutual covenants and stipulations set out herein, agree as follows:

1. Upon receipt of the funds connected to the OAA grant for the Project, R2R shall use all of the said funds in accordance with all applicable requirements, terms, and conditions of the OAA grant for the Project. If R2R violates such requirements, terms, conditions, and/or any representations made herein by R2R as to the Project, then within thirty (30) days of a written request from the OAA, or the City acting on behalf of the OAA, R2R shall return to the OAA or the City, as applicable, any and all funds not used in compliance with the requirements, terms, and/or conditions of the OAA grant for the Project.
2. R2R shall provide the City, upon request and in writing, a list of all grants received for the Project or related/connected to the Project.
3. R2R represents to the City that the Project will achieve sustainable funding without OAA assistance by Fiscal Year 2027 (FY27).

4. R2R represents that the Project's 8-Bed Withdrawal Management Program and its connected facilities, once completed and ready for use, will remain in operation for at least five (5) full calendar years for its stated and anticipated purpose(s), or all of the OAA grant funding contemplated hereby will be returned to the City (and in turn provided to the OAA) by R2R, with the option at the OAA's discretion, that such amounts may be prorated to account for the years that the said 8-Bed Withdrawal Management Program and its connected facilities remained in operation.

5. R2R further represents that the Project's 8-Bed Withdrawal Management Program and its connected facilities, once completed and ready for use, will be used for purposes of the Project during the life of the said OAA grant award and any subsequent OAA grant awards for the Project.

6. R2R will provide the following services at its sole effort and expense:

- A. Medically Supervised Peer Delivered Detox Support: Ensure 24/7 monitoring and medical oversight of individuals undergoing withdrawal management.
- B. Nursing Assessments: Conduct intake and comprehensive assessments to determine appropriate care pathways.
- C. Peer Recovery Support Services: Offer peer coaching and recovery planning to individuals before, during, and after withdrawal management.
- D. Referral and Case Management: Provide linkages to long-term treatment, housing, and wraparound services.
- E. Community Engagement & Outreach: Educate and inform the public about available withdrawal management services and increase program access for underserved populations.
- F. Comply with all applicable local, state, and federal requirements connected to its operations and the OAA grant for the Project and the 8-Bed Withdrawal Management Program.
- G. Ensure that all program staff, including medical and peer recovery specialists, are properly trained and credentialed.
- H. Manage the day-to-day operations of the 8-Bed Withdrawal Management Program and its connected facilities, ensuring the highest quality of care and safety for program participants.
- I. Submit required program reports, financial records, and evaluation data to the City, and where required the OAA, in a timely manner.
- J. Collaborate with community partners, law enforcement, and healthcare providers to ensure continuity of care for individuals served.
- K. R2R shall maintain accurate financial records and provide documentation of expenditures to the City upon request.
- L. Comply with R2R-required financial reporting requirements connected to the OAA grant contemplated hereby and the Project.

7. The City shall, at its sole effort and expense:
  - A. Serve as the fiscal agent for the OAA grant for the Project, ensuring compliance with City-required financial reporting requirements connected to the same.
  - B. Assist in the oversight and administration of the OAA grant funds for the Project where required by state and federal regulations.
  - C. Facilitate connections between R2R and relevant municipal agencies, including public health and social services.
  - D. Provide oversight in the collection of program data and evaluation metrics to assess program effectiveness.
  - E. Assist in promoting public awareness of the program and its benefits to the community.
  - E. The City, as the fiscal agent, will ensure that funds are disbursed in accordance with the terms of the OAA grant agreement.
8. The 8-Bed Withdrawal Management Program of the Project, for FY25, will be funded in the amount of \$193,421.31 through the OAA. Such funds shall be used exclusively for program-related costs, including staff salaries, supplies, operational expenses, and administrative costs.
9. This MOU shall take effect upon execution by the Parties and shall remain in effect for the duration of the funding period unless modified by mutual written agreement or terminated by either Party hereto with thirty (30) days' written notice.
10. Both Parties shall comply with all federal, state, and local laws and regulations, which apply to them under the Project and the 8-Bed Withdrawal Management Program, including where applicable HIPAA and the confidentiality provisions under 42 CFR Part 2.
11. If any part, provision, or portion of this MOU is deemed unenforceable by a court of competent jurisdiction, then the Parties agree all remaining parts, provisions, and portions of this MOU shall remain in full force and effect.
12. This MOU embodies the entire understanding of the Parties, and it supersedes all previous agreements that may have existed between the Parties with respect to the subjects described herein.
13. Modifications, additions, amendments, and/or alternations to any of the provisions of this MOU shall be in writing and signed by duly authorized representatives of the Parties.
14. This MOU shall be governed in its entirety by the laws of the Commonwealth of Virginia. Any litigation arising between the Parties hereto, in relation to this MOU, shall be filed in the courts of the City of Lynchburg, Virginia.

15. R2R shall maintain all necessary licenses, permits, approvals, and the like connected to its operations, this MOU, or both.

16. All notices or other writings required to be given under this MOU shall be given by date-and-time stamped facsimile, hand delivery with signed receipt, overnight or other courier with signed receipt, or by return receipt certified or registered mail, addressed to the proper Party to the following addresses, or at such other address as may be subsequently given pursuant to this Section, and shall be deemed given within seven (7) days of being sent or provided:

If to City:

City of Lynchburg, Virginia  
Attn: Chief Financial Officer  
900 Church Street  
Lynchburg, VA 24504

If to R2R:

Roads to Recovery, Inc.  
Attn: Sandy Kanehl, CEO  
3000 Langhorne Road  
Lynchburg, VA 24501

17. The Parties shall be deemed and construed as independent contractors with respect to one another for all purposes, and nothing contained in this MOU shall be determined to create a partnership or joint venture between R2R and the City with respect to the Parties' activities under this MOU. R2R and the City are each responsible for their own respective liabilities under this MOU.

18. The waiver by either R2R or the City of any default or breach by the other Party of any of the provisions of this MOU shall not be deemed a continuing waiver or waiver of any other breach by the other Party of the same or another provision hereof.

19. This MOU shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns. Further, this MOU, nor any part thereof, may be assigned without the written consent of the non-assigning Party.

20. No third-party beneficiaries are intended by this MOU.

21. The Parties agree this MOU may be executed by electronic signature. Without limitation, "electronic signature" shall include faxed versions of an original signature or electronically scanned and transmitted versions (e.g., via pdf) of an original signature. This MOU may be executed in counterparts. Each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one document.

**IN WITNESS WHEREOF**, the Parties, or authorized agents on their behalf, do hereby execute this MOU as of the date first above written.

**Roads to Recovery, Inc.:**

\_\_\_\_\_  
Sandy Kanehl, CEO

Date: \_\_\_\_\_

**City of Lynchburg, Virginia:**

\_\_\_\_\_  
Wynter C. Benda, City Manager

Date: \_\_\_\_\_



# VIRGINIA OPIOID ABATEMENT AUTHORITY

701 E. Franklin St, Ste 803, Richmond, VA 23219

[info@voaa.us](mailto:info@voaa.us)

[www.voaa.us](http://www.voaa.us)

## Board of Directors

Senator Todd Pillion  
Chair

Dr. Sarah Thomason,  
PHARM D  
Vice-Chair

Hon. James Holland  
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Timothy R. Spencer  
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Hon. Janet Vestal Kelly  
Secretary of Health &  
Human Resources

Delegate Briana Sewell  
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Recovery Foundation

Sheriff Joe Baron  
City of Norfolk

Sharon Buckman  
Piedmont CSB

Daryl Washington  
Fairfax-Falls Church  
CSB

Dr. James Thompson,  
MD  
Master Center for  
Addiction Medicine

January 29, 2025

Lynchburg City  
Donna S. Witt  
Chief Financial Officer (CFO)  
900 Church Street  
Lynchburg, Virginia 24504  
[donna.witt@lynchburgva.gov](mailto:donna.witt@lynchburgva.gov)

Dear Ms. Witt,

As Chairman of the Virginia Opioid Abatement Authority (OAA) I am pleased to inform you that Lynchburg City has been awarded an Individual Distribution grant in the amount of \$193,421.31 to support its Roads to Recovery Withdrawal Management Program.

The OAA Board of Directors has invested considerable time and effort to ensure that Virginia allocates its share of the national opioid settlements in a manner that saves lives, restores families, and safeguards communities. This is a major challenge and will require a strengthening of partnerships between community-based organizations, local governments, state agencies, and many other stakeholders. Efforts such as Lynchburg City's have the potential to exemplify how we can work together to turn the tide of the opioid crisis in Virginia.

Details about the award being offered by the OAA are attached to this letter. We look forward to receiving your acceptance and to working together on this important mission.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd", is written over a horizontal line.

Senator Todd Pillion, Chairman  
Virginia Opioid Abatement Authority Board of Directors



# VIRGINIA OPIOID ABATEMENT AUTHORITY

## AWARD ACCEPTANCE PACKAGE

701 E. Franklin St, Ste 803, Richmond, VA 23219 | [info@voaa.us](mailto:info@voaa.us) | [www.voaa.us](http://www.voaa.us)

January 29, 2025

Lynchburg City  
Donna S. Witt  
Chief Financial Officer (CFO)  
900 Church Street  
Lynchburg, Virginia 24504  
[donna.witt@lynchburgva.gov](mailto:donna.witt@lynchburgva.gov)

### **RE: Individual Distribution - Roads to Recovery Withdrawal Management Program**

This letter confirms that on December 6, 2024, the Virginia Opioid Abatement Authority's (OAA) Grants Committee voted to award **\$193,421.31** as an Individual Distribution grant to Lynchburg City for **fiscal year 2025** to the Roads to Recovery Withdrawal Management Program. The performance period for fiscal year 2025 is **July 1, 2024 - June 30, 2025**. The award will be transmitted in a lump sum.

Attached to this letter are the financial details, contingencies, terms and conditions, and the approved performance measures, and a signature page accepting all contents and terms of the award.

An annual report will be due by September 1, 2025, regarding the performance measures, timeline, and the use of the funds.

Please sign and return a copy of this award package to [info@voaa.us](mailto:info@voaa.us). The OAA will be in touch if any additional information is needed to transmit the award. This grant number is **IDIC680101-0A01**

The OAA will gladly assist you in any way we can to assure your plans are successful.

Thanks and Regards,

A handwritten signature in black ink, appearing to be "CL", written over a horizontal line.

Cecil "Charlie" Lintecum  
Director of Operations  
804-500-1811  
[clintecum@voaa.us](mailto:clintecum@voaa.us)  
[www.voaa.us](http://www.voaa.us)



### OAA Award Financial Details

Awardee City or County  
**Lynchburg City**

|                         |               |                     |
|-------------------------|---------------|---------------------|
|                         | <u>FY2024</u> | <u>FY2025</u>       |
| Total Project Cost      | \$0.00        | \$193,421.31        |
| Total Non-OAA Funds     | \$0.00        | \$0.00              |
| <b>Total OAA Awards</b> | <b>\$0.00</b> | <b>\$193,421.31</b> |

Project Title: **Roads to Recovery Withdrawal Management Program** Grant Number: **IDIC680101-0A01**

| OAA Grant Award(s)                    |               |                     |
|---------------------------------------|---------------|---------------------|
| OAA Grant Type(s)                     | FY2024        | FY2025              |
| Individual Distribution               | \$0.00        | \$193,421.31        |
| Gold Standard                         | \$0.00        | \$0.00              |
| Individual Distribution Carry Forward | \$0.00        | \$0.00              |
| Gold Standard Carry Forward           | \$0.00        | \$0.00              |
| Individual Planning                   | \$0.00        | \$0.00              |
| Unrestricted Support                  | \$0.00        | \$0.00              |
| <b>Total OAA Grant Award(s)</b>       | <b>\$0.00</b> | <b>\$193,421.31</b> |

| Non-OAA Matching Funds   |               |               |
|--|---------------|---------------|
| Non-OAA Matching Type(s)   | FY2024        | FY2025        |
| Direct Distribution  | \$0.00        | \$0.00        |
| General Funds  | \$0.00        | \$0.00        |
| Other Grants   | \$0.00        | \$0.00        |
| Donations  | \$0.00        | \$0.00        |
| Other Funds [Description]  | \$0.00        | \$0.00        |
| <b>Total Non-OAA Matching Funds</b>  | <b>\$0.00</b> | <b>\$0.00</b> |
| Non-OAA Matching Funds are not awarded by OAA, however their inclusion in an OAA award designates them a contingent revenue for the awarded project. |               |               |

### Contingencies and Signature Accepting Award

On behalf of Lynchburg City and as the recipient of this award, I am cognizant of and agree to the terms and conditions as fully set out in the document entitled *Virginia Opioid Abatement Authority Grant Award Terms and Conditions for Individual Distributions to Cities and Counties*. More specifically, I acknowledge my obligations under said document with respect to the "Use of Funds" in Section 2, to refrain from "False Statements" as described in Section 10, not to misuse the award and thus incur a debt as described in Section 11 and agree to use the award only for the purposes described in the application and/or award as set out in Section 20. Should the OAA determine that I have incurred a debt pursuant to Section 11, the OAA in its discretion will require the debt: (1) to be paid promptly, (2) to be paid according to a mutually agreeable arrangement, or (3) to be collected by taking any action available by law.

Further, Lynchburg City understands and acknowledges that the following conditions must be met as part of accepting this award before the OAA will transmit the funds:

- Completion of a Memorandum of Understanding (MOU) between the fiscal agent and subrecipients

As the duly authorized representative of the recipient, I hereby accept this award and agree to the terms and conditions of this award, all items contained in and attached to the application resulting in this award, all other information contained herein, and all other provisions of local, state, and federal law that pertain to this award.

  
 \_\_\_\_\_  
**Donna S. Witt**  
 Chief Financial Officer, Lynchburg City

1/31/2025  
 \_\_\_\_\_  
 Date



## AGENDA ITEM SUMMARY

### MEETING DATE

March 25, 2025

### PRESENTED BY

Donna Witt, Chief Financial Officer

### AGENDA ITEM # II.5

Revisit the City Council's Finance Committee Guidelines

### RECOMMENDATION

Full City Council vote is required on the Finance Committee's recommended revisions to the Finance Committee guidelines.

### SUMMARY

At the February 6, 2025 special called Finance Committee meeting, the attached Guidelines were approved for recommendation by a 2-1 vote.

### PRIOR ACTION(S)

January 28, 2025: Finance Committee  
February 6, 2025: Finance Committee  
February 25, 2025: City Council Work Session, Business Item Briefing

### FISCAL IMPACT

None.

### CONTACT(S)

Donna Witt, Chief Financial Officer

### ATTACHMENT(S)

1. 1 - Finance Committee Memo
2. 2 - Current Finance Committee Guidelines
3. Finance Committee Guidelines - Draft by MMisjuns- REVISED IN FC

### REVIEWED BY

\_\_\_\_\_  
Donna Witt, Chief Financial Officer

Date: March 20, 2025

# THE CITY OF LYNCHBURG MEMORANDUM



To: City Council  
From: Greg Patrick, Deputy City Manager  
Date: February 20, 2025  
About: Finance Committee Update

This memorandum is in response to questions received from Council Member Reed regarding the February 6<sup>th</sup> Finance Committee meeting:

On Friday January 31<sup>st</sup>, Councilman Misjuns and Vice Mayor Diemer called a special meeting of the Finance Committee for Thursday, February 6<sup>th</sup> at 3:30PM. The purpose of the meeting was to complete unfinished agenda items from the January 28<sup>th</sup> Finance Committee meeting and to propose a new time for the committee to meet. The agenda included the following items:

- Reaffirm the City Council's Finance Committee Guidelines
- Review City Financial Policies
- Review Updated Federal Grant Guidelines
- Propose New Time for Finance Committee Meetings

During the meeting, the Finance Committee adopted recommended changes to its guidelines and to the City's Financial Policies, and it moved its standard meeting time from 3:00 p.m. to 11:00 a.m. on the fourth Tuesday of the month. Final adoption of the changes to the Guidelines and the Financial Policies requires the support of the full City Council. Staff will provide a Business Item Briefing at the work session on February 25, 2025 before the items come before City Council for vote during General Business that evening.

This memorandum provides an overview of the Committee's actions and a summary of the feedback provided by City Staff on each of the proposed changes. The current Guidelines and the Financial Policies are attached.

## **Finance Committee Guidelines**

The Finance Committee agenda is divided into two sections: General Business and Other information. The Finance Committee Guidelines provide a sample of the items that may be included in each of the sections. On February 6<sup>th</sup> the Committee voted to add four items to the list of topics to be considered as General Business. Those items are detailed below along with the context provided by the Committee Chair and feedback provided by city staff.

**Item One:** Propose accountability measures as the fiscal agent for Lynchburg City Schools and recommend changes to the LCS operating budget by category. [Approved 2-1]

### **Context Provided by Committee Chair:**

*"As you know, City Council serves as the fiscal agent of Lynchburg City Schools. I believe there should be greater collaboration on fiscal matters between the city and the school division. A structured process for reviewing and*

# THE CITY OF LYNCHBURG MEMORANDUM



*deliberating school budget considerations before making recommendations to the full council would improve transparency and accountability.*

*During my first budget process, I presented a proposal that led to increased accountability for the school division by prioritizing funds for instruction, resulting in the largest salary increases for frontline educators in a decade. We need to continue supporting our teachers and the finance committee can be a key mechanism to ensure taxpayer dollars are allocated in ways that align with community priorities.”*

### **City Staff Comments:**

City staff commented that the role of City Council is to appropriate funding to schools and the School Board is responsible for how the funding is deployed. City Council can appropriate funds in a lump sum or by category. Lynchburg has appropriated funds by category for the last two fiscal years. Proposing accountability measures for schools would likely be considered a City Council overreach into the School Board’s responsibilities.

**Item Two:** Quarterly Review of managed vacancies. [Approved 2-1]

### **Context Provided by Committee Chair:**

*“Managed vacancies should result in a decrease in operating expenditures for a department. Tracking these vacancies is important, as they directly impact our fund balance. If vacancies in a department remain unfilled for an extended period, we should evaluate whether the position is still necessary or whether recruitment strategies need adjustment. The finance committee is the appropriate place to examine these details.”*

### **City Staff Comments:**

Staff will provide Finance Committee with a quarterly report of vacancies. Staff will and has provided vacancy information on an ad hoc basis whenever a Council Member has requested it. Evaluating long-term vacancies and/or recruiting strategies is the role of the City Manager rather than City Council.

**Item Three:** Review of non-profit funding and/or assistance. [Approved 2-1]

### **Context Provided by Committee Chair:**

*It is critical to scrutinize every tax dollar allocated to nonprofits and non-governmental organizations (NGOs). Public funds should not support advocacy groups or organizations engaged in political activities. Additionally, funding one nonprofit with an executive director while not supporting others creates an imbalance. Tax dollars should not be used to pick winners and losers among nonprofits.*

### **City Staff Comments:**

The city provides funding to many non-profit organizations in many different ways. For example:

# THE CITY OF LYNCHBURG MEMORANDUM



- Non-profit agencies may be funded through a grant process, as with the city's Community Development Block Grant (CDBG) program,
- Many non-profit agencies provide contractual services to the city as is the case with the Blue Ridge Regional Jail and the Lynchburg Humane Society, among others.
- The city provides general operating support to a small number of non-profit agencies in the discretionary service providers section of the budget. This funding requires a super majority vote of City Council.

It is important that the Finance Committee provides clarity around which type of non-profit agencies the committee wants to review.

The Chair specifically mentioned the Downtown Lynchburg Association (DLA) and the Lynchburg Regional Business Alliance (LRBA) as two organizations for review.

The DLA was founded at the direction of the City as part of the state's Virginia Main Street program to provide what are typically municipal functions to downtown stakeholders. The city has an MOU with the DLA that details the services that are to be provided and has funded the salary of the organization's executive director since its inception.

The city is a member of the LRBA and pays per-capita member dues. In return, the city receives economic development and other services from the LRBA as outlined in an MOU.

**Item Four:** Policy proposals for the use of public funds, compliance, revenue recovery and/or efficiency. [Approved 2-1]


#### **Context Provided by Committee Chair:**

*"Proposing policies for the use of public funds is a broad topic, but a few key considerations include:*

- *How can we legally prioritize public funds for local and regional businesses whenever possible?*
- *How can we stay ahead of changing federal grant guidelines and eligibility requirements?*
- *How can we develop a structured process for fund balance allocations to avoid past mistakes while ensuring we have resources for critical needs, such as school building repairs?*
- *How do we hold recipients of public funds accountable to ensure they are using them as intended?*
- *How can we create a process that allows city employees to present cost saving or revenue-generating proposals to the finance committee-without raising taxes? Setting up a program like this would create 360-degree accountability for professional leadership while promoting stewardship at all levels of government. By rewarding and incentivizing innovative ideas, we can encourage efficiency."*

#### **City Staff Comments:**

# THE CITY OF LYNCHBURG MEMORANDUM



The areas outlined in this item are the responsibility of the City Manager. The administration has implemented an employee gain-sharing program to solicit innovative, cost saving ideas from city employees in the recent past and we would certainly consider doing so again.

## **City Financial Policy**

The city's Financial Policies guide high level financial policy making, primarily in the areas of budget and debt. Importantly they also serve as part of the city's financial commitment to the three credit rating agencies [Standard & Poors, Moody's, and Fitch] and ultimately the city's bond holders. City staff frequently reviews the city's financial policies with our financial advisor, Davenport & Co. Recommended changes to the policies are typically only recommended by staff when needed to align with updated or changing expectations of the rating agencies. The Finance Committee voted to add the following item to the Budget Policies section of the City's Financial Policies:

- City Council shall establish tax and fee rates to set revenue levels prior to the City Manager's proposal of expenditures.

City staff recommended against the change based on two primary concerns:

- Any changes to the financial policies should only be considered after consultation with our financial advisor, and
- Having City Council set tax rates and fees prior to receiving a proposed budget from the City Manager does not align with best budget practices and may not align with City code which names the City Manager as "Budget Commissioner."

The City's CFO, Donna Witt, mentioned that we would be the only city in the state that has such a practice. In response, Vice Mayor Diemer asked for confirmation of that claim. As a result, staff reached out to our Davenport & Co. for their thoughts on the impact of implementing such a policy and to understand which localities in the state, if any, have such a practice. Their response is attached to this email.

**Finance Committee Guidelines**  
**(Revised: January 24, 2023)**

**General Purpose Statement**

To guide the City in the execution of Council-adopted financial policies; to review and serve as a filter in determining specific budget/financial actions to be considered by City Council; and, to review financial reports on a quarterly basis to determine if any revenue or expenditure adjustments are necessary during the fiscal year.

To better facilitate the Finance Committee meetings, the agenda format is divided into two sections: General Business and Other Information. Following is a sample of items that may be included in each of these sections:

**I. Items considered as General Business**

1. A review of the status of the General Fund Reserve for Contingencies
2. Any item requesting an appropriation from:
  - Reserve for Contingencies-All Funds
  - Fund Balance-All Funds
3. Review of grant applications:  
Prior to submitting grant applications, the grant application or concept will be reviewed by the Finance Committee if local funding is required during or following the end of the grant period. Departments applying for grants must include a strategy for consideration by the Committee outlining what action will occur when the grant funding expires.
4. Discuss quarterly financial reports for the General, Water, Sewer, Stormwater, Airport, Juvenile Detention Home, Children’s Services Act (CSA) Funds, and Greater Lynchburg Transit Company (GLTC).
5. Proposed Amendments to Fiscal Management Policies.
6. Other items deemed appropriate by the City Manager.

**II. Items Considered as Other Information**

1. Items that do not require immediate Council action but are to advise Council on future items, issues, or simply information sharing. Examples include: reports from bond rating agencies, changes in Virginia Retirement System costs, changes in accounting identified by the Governmental Accounting Standards Board (GASB), grants that are fully reimbursable, requiring no current or local funding.

**III. Financial items to be considered by the full City Council**

1. Input into the planning and approach for the annual Capital Improvement Program and Operating Budget.
2. Review and deliberations regarding the Proposed Capital Improvement Program and Operating Budget.
3. Requests for funding by outside agencies.
4. First Quarter Adjustments
5. Third Quarter Adjustments
6. Use of Contingency
7. The structure and timing of proposed bond sales.
8. New programs or changes in programs creating a current or future budget impact, to include both revenue and expenditure impact.

**IV. Roll Call Items**

## Finance Committee Guidelines

(Revised: January 24, 2023)

### General Purpose Statement

To guide the City in the execution of Council-adopted financial policies; to review and serve as a filter in determining specific budget/financial actions to be considered by City Council; and, to review financial reports on a quarterly basis to determine if any revenue or expenditure adjustments are necessary during the fiscal year.

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- Reserve for Contingencies-All Funds
- Fund Balance-All Funds

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Prior to submitting grant applications, the grant application or concept will be reviewed by the Finance Committee if local funding is required during or following the end of the grant period. Departments applying for grants must include a strategy for consideration by the Committee outlining what action will occur when the grant funding expires.

4. Discuss quarterly financial reports for the General, Water, Sewer, Stormwater, Airport, Juvenile Detention Home, Children's Services Act (CSA) Funds, and Greater Lynchburg Transit Company (GLTC).

5. Proposed Amendments to Fiscal Management Policies.

**6. Propose accountability measures as the fiscal agent for Lynchburg City Schools.**

**7. Review of managed vacancies, and deviations of from departmental appropriations that exceed a threshold of +/- 3%.**

**8. Review of all non-profit funding and/or assistance.**

**9. Propose policy for the use of public funds.**

**10. Other items deemed appropriate by the City Manager.**

## **II. Items Considered as Other Information**

- 1. Items that do not require immediate Council action but are to advise Council on future items, issues, or simply information sharing. Examples include: reports from bond rating agencies, changes in Virginia Retirement System costs, changes in accounting identified by the Governmental Accounting Standards Board (GASB), grants that are fully reimbursable, requiring no current or local funding.

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5. Third Quarter Adjustments
6. Use of Contingency
7. The structure and timing of proposed bond sales.
8. New programs or changes in programs creating a current or future budget impact, to include both revenue and expenditure impact.

## **IV. Roll Call Items**

## AGENDA ITEM SUMMARY

### MEETING DATE

March 25, 2025

### PRESENTED BY

Donna Witt, Chief Financial Officer

### AGENDA ITEM # II.6

Revisit the City's Financial Management Policies

### RECOMMENDATION

Revisit recommendations by the Finance Committee.

### SUMMARY

At the February 6, 2025 special called Finance Committee meeting, by a 2-1 vote, Policy III: Budget of the City of Lynchburg's Financial Management Policies was recommended to be amended to include this statement, with the caveat that it meets legal guidelines:

*"City Council shall establish tax and fee rates to set revenue levels prior to the City Manager's proposal of expenditures."*

The additional proposed revisions to the policy were not voted on during this meeting.

At the February 25, 2025 meeting, City Council recommended this item go back to Finance Committee for further discussion.

### PRIOR ACTION(S)

January 28, 2025: Finance Committee  
February 6, 2025: Finance Committee  
February 25, 2025: City Council Work Session, Business Item Briefing  
February 25, 2025: City Council Meeting

### FISCAL IMPACT

### CONTACT(S)

Donna Witt, Chief Financial Officer

### ATTACHMENT(S)

1. 4 - Davenport Memo - Potential Implications of a Proposed New Financial Policy Guideline
2. Financial Management Policies 01.24.2023 FINAL

### REVIEWED BY

*D. S. Witt*

Date: March 20, 2025

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Donna Witt, Chief Financial Officer

## MEMORANDUM

**To** Mr. Wynter Benda, City Manager, *City of Lynchburg, Virginia*

**From** David Rose, Senior Vice President & Manager of Public Finance, *Davenport & Company LLC*  
Courtney Rogers, Senior Vice President, *Davenport & Company LLC*

**CC:** City Council, *City of Lynchburg, Virginia*  
Ms. Donna Witt, Chief Financial Officer, *City of Lynchburg, Virginia*  
Stephen Geisz, Associate Vice President, *Davenport & Company LLC*  
Allie Baxter, Administrative Assistant, *Davenport & Company LLC*

**Date** February 14, 2025

**Subject** Potential Financial Implications of a Proposed New Financial Policy Guideline

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### Background

Davenport & Company LLC (“Davenport”), in our capacity as Financial Advisor to the City of Lynchburg (the “City”), has been asked to provide our input on a proposed new Financial Policy Guideline which is as follows:

*“City Council shall establish tax and fee rates to set revenue levels prior to the City Manager’s proposal of expenditures.”*

### Davenport Observations

The City of Lynchburg enjoys an excellent financial reputation in the Credit Markets. This is evidenced by your very strong Credit Ratings from all of the National Credit Rating Agencies. These Ratings are a result of continued adherence to “Best Practices” as well as meeting several self-imposed Financial Policy Guidelines. Among these, are historic demonstration of producing structurally balanced budgets. This is to say that the City has historically been able to balance its budgets using recurring annual revenues to meet all recurring annual expenses, including but not limited to, payroll, and other operational needs, debt service, VRS and other liability requirements, and selected pay-go capital funding. We believe, the proposed policy would be negatively received by the Credit Markets, including historic and future investors in the City’s debt portfolio. Typically, Best Practices suggest that a local government develop its annual Budget(s) starting from the perspective of “expenditures”. Meaning, those categories listed above, including debt service. Then, once all of the necessary expenditures have been tallied by City Staff, the leadership provides City Council with the expected recurring revenue(s) so as to determine what, if any, revenue adjustments are needed to meet these critical/necessary expenditures.

To the extent City Council implements this proposed policy, there is a concern on the part of Davenport, as a proxy for the Credit Markets and investors, that the revenue level set by City Council will not allow for the Best Practice of having recurring revenues meet recurring expenditures.

The potential consequences of this proposed policy, however unintended, could mean the City would use one-time revenues such as existing Fund Balances to balance a future Budget(s). This in turn could lead to a credit rating downgrade(s), which in turn would cost the City additional expenditures in the future in the form of higher interest rates on future debt. Also, use of Fund Balances would lower interest earnings that the City currently

receives and goes towards reducing the burden on the General Fund. As such, this would only exacerbate the City's challenges in the future related to recurring revenue(s).

Davenport has the good fortune of serving a majority of Virginia's cities, counties and towns. To the best of our knowledge, we know of no other municipality that has this proposed policy formally or in practice.

In closing, we would respectfully suggest that the City would not establish this proposed policy, but rather follow Best Practices and instead ask the City Manager and Staff to provide initial detailed operating/recurring expenditure(s) for the upcoming Budget so that the City Council can have the full knowledge of the level of revenue(s) needed.

To the extent City Council would like Davenport to elaborate on our Memorandum herein, we welcome the opportunity to do so in a future Finance Committee and/or City Council meeting.

*[Remainder of Page Intentionally Left Blank]*

## Municipal Advisor Disclaimer

The enclosed information relates to an existing or potential municipal advisor engagement.

The U.S. Securities and Exchange Commission (the "SEC") has clarified that a broker, dealer or municipal securities dealer engaging in municipal advisory activities outside the scope of underwriting a particular issuance of municipal securities should be subject to municipal advisor registration. Davenport & Company LLC ("Davenport") has registered as a municipal advisor with the SEC. As a registered municipal advisor Davenport may provide advice to a municipal entity or obligated person. An obligated person is an entity other than a municipal entity, such as a not for profit corporation, that has commenced an application or negotiation with an entity to issue municipal securities on its behalf and for which it will provide support. If and when an issuer engages Davenport to provide financial advisory or consultant services with respect to the issuance of municipal securities, Davenport is obligated to evidence such a financial advisory relationship with a written agreement.

When acting as a registered municipal advisor Davenport is a fiduciary required by federal law to act in the best interest of a municipal entity without regard to its own financial or other interests. Davenport is not a fiduciary when it acts as a registered investment advisor, when advising an obligated person, or when acting as an underwriter, though it is required to deal fairly with such persons,

This material was prepared by public finance, or other non-research personnel of Davenport. This material was not produced by a research analyst, although it may refer to a Davenport research analyst or research report. Unless otherwise indicated, these views (if any) are the author's and may differ from those of the Davenport fixed income or research department or others in the firm. Davenport may perform or seek to perform financial advisory services for the issuers of the securities and instruments mentioned herein.

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The securities/instruments discussed in this material may not be suitable for all investors or issuers. Recipients should seek independent financial advice prior to making any investment decision based on this material. This material does not provide individually tailored investment advice or offer tax, regulatory, accounting or legal advice. Prior to entering into any proposed transaction, recipients should determine, in consultation with their own investment, legal, tax, regulatory and accounting advisors, the economic risks and merits, as well as the legal, tax, regulatory and accounting characteristics and consequences, of the transaction. You should consider this material as only a single factor in making an investment decision.

The value of and income from investments and the cost of borrowing may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions or companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance and estimates of future performance are based on assumptions that may not be realized. Actual events may differ from those assumed and changes to any assumptions may have a material impact on any projections or estimates. Other events not taken into account may occur and may significantly affect the projections or estimates. Certain assumptions may have been made for modeling purposes or to simplify the presentation and/or calculation of any projections or estimates, and Davenport does not represent that any such assumptions will reflect actual future events. Accordingly, there can be no assurance that estimated returns or projections will be realized or that actual returns or performance results will not materially differ from those estimated herein. This material may not be sold or redistributed without the prior written consent of Davenport.

01.01.25 BT/AA/SG/CR/DR



CITY OF LYNCHBURG  
FINANCIAL MANAGEMENT POLICIES

|                   |                        |  |                             |
|-------------------|------------------------|--|-----------------------------|
| <i>Policy I</i>   | <i>Fund Balance</i>    | Adopted August 10, 1999<br>Reaffirmed November 14, 2000<br>Revised October 29, 2002<br>Reaffirmed September 28, 2004<br>Reaffirmed December 12, 2006<br>Reaffirmed December 9, 2008<br>Reaffirmed November 23, 2010<br>Revised May 10, 2011<br>Revised February 26, 2013<br>Revised March 22, 2016<br>Reaffirmed March 27, 2018<br>Revised December 10, 2019 | Reaffirmed January 24, 2023 |
| <i>Policy II</i>  | <i>Debt Management</i> | Adopted August 10, 1999<br>Reaffirmed November 14, 2000<br>Revised October 29, 2002<br>Reaffirmed September 28, 2004<br>Revised December 12, 2006<br>Revised December 9, 2008<br>Revised November 23, 2010<br>Revised February 26, 2013<br>Revised March 22, 2016<br>Reaffirmed March 27, 2018<br>Revised December 10, 2019                                  | Reaffirmed January 24, 2023 |
| <i>Policy III</i> | <i>Budget</i>          | Adopted November 14, 2000<br>Revised October 29, 2002<br>Reaffirmed September 28, 2004<br>Revised December 12, 2006<br>Revised December 9, 2008<br>Reaffirmed November 23, 2010<br>Revised February 26, 2013<br>Revised March 22, 2016<br>Reaffirmed March 27, 2018<br>Reaffirmed December 10, 2019  | Reaffirmed January 24, 2023 |
| <i>Policy IV</i>  | <i>Investment</i>      | Adopted September 25, 2001<br>Revised October 29, 2002<br>Reaffirmed September 28, 2004<br>Revised December 12, 2006<br>Revised December 9, 2008<br>Reaffirmed November 23, 2010<br>Revised February 26, 2013<br>Reaffirmed March 22, 2016<br>Reaffirmed March 27, 2018<br>Reaffirmed December 10, 2019  | Revised January 24, 2023    |



## **BASIS FOR SOUND FINANCIAL MANAGEMENT POLICIES**

The primary objective of sound financial management policies is for the City Council to create a framework within which financial decisions can be made. These policies are a statement of the guidelines and goals that influence and guide the financial management practices of the City of Lynchburg. Financial management policies that are adopted, adhered to, and regularly reviewed are recognized as the cornerstone of sound financial management. Sound financial management policies:

- Contribute significantly to the City's ability to insulate itself from fiscal crisis and economic disruption.
- Enhance short-term and long-term financial credit ability by helping to achieve the highest credit and bond ratings possible.
- Promote long-term financial stability by establishing clear and consistent guidelines.
- Direct attention to the total financial picture of the City rather than single-issue areas.
- Promote the view of linking long-term financial planning with day-to-day operations.
- Provide the City Council and citizens a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines.
- Ensure that the organization has sufficient resources to perform mandated responsibilities.
- Provide a foundation for evaluating financial analysis and condition.

## **FINANCIAL MANAGEMENT POLICIES**

**The City intends to adhere to these policies. If there is any anticipated or unplanned variance from these policies, staff will advise City Council and establish a plan for recovery within three years.**

### ***Policy I - Fund Balance***

#### **General Fund**

##### ***Unassigned Fund Balance***

- The City of Lynchburg's Unassigned General Fund Balance will be maintained at a level to provide the City with sufficient working capital and a comfortable margin of safety to address emergencies and unexpected declines in revenue without borrowing.
- The City shall not use the Unassigned General Fund Balance to finance recurring operating expenditures.
- The City will maintain an Unassigned General Fund Balance (UGFB) equal to a minimum of 10% of General Fund revenues with a goal of 15% as the City strives to grow incrementally each year subject to revenues available. In the event the UGFB is used to provide for temporary funding of unforeseen emergency needs, the City shall restore the Unassigned General Fund Balance to the previous level within three years.
- The City will balance moving towards the 15% targeted fund balance with its annual "Pay as you go" capital improvement requirements.

##### ***Committed Fund Balance***

- Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of City Council. These committed fund balance amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. Committed fund balance also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

##### ***Assigned Fund Balance***

- Assigned fund balance includes amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. Fund Balance may be assigned either through the encumbrance process as a result of normal purchasing activity (which includes the issuance of a purchase order), or by the City Manager or designee, in accordance with Council adopted fund balance policy.



**Restricted Fund Balance**

- Restricted fund balance includes amounts that have constraints placed on their use by external sources such as creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**Non-Spendable Fund Balance**

- Non-spendable Fund Balance includes amounts that cannot be spent because they are either not in spendable form such as inventories and prepaids or they are legally or contractually required to be maintained intact.

**Policy on the order of spending resources**

- The City considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unrestricted fund balance are available unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the City considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

**Enterprise Funds**

**Water Fund**

- Minimum ending fund balance shall not be less than 25% of total fund appropriations with a target balance of 40% of total fund appropriations. In the event the ending fund balance falls below the minimum of 25% of total fund appropriations, the City shall restore the fund balance to the minimum of 25% within three years. Funds in excess of the annual requirements may be considered for “pay-as-you-go” capital outlay expenditures, other non-recurring expenditures or funding of necessary reserves. Total appropriations include operating expenses, debt service and transfers.
- A rate review will be conducted at least every two years.

**Sewer Fund**

- In accordance with the Virginia Department of Environmental Quality Special Order, the City shall annually adjust sewer system reserve funds to no more than 40% of the subsequent fiscal years’ budgeted operating expenses and debt service.
- Minimum ending fund balance shall not be less than 25% of total fund appropriations. In the event the ending fund balance falls below the minimum of 25% of total fund appropriations, the City shall restore the fund balance to the minimum of 25% within three years. Total appropriations include operating expenses, debt service and transfers.
- Ending fund balance in excess of 40% will be reallocated to “pay-as-you-go” capital outlay expenditures.
- A rate review will be conducted at least every two years.

**Stormwater Fund**

- Minimum ending fund balance shall not be less than 15% of total fund appropriations with a target balance of 20% of total fund appropriations. In the event the ending fund balance falls below the minimum of 15% of total fund appropriations, the City shall restore the fund balance to the minimum of 15% within three years. Total appropriations include operating expenses, debt service and transfers.
- Funds in excess of the annual requirements may be considered for “pay-as-you-go” capital outlay expenditures, other non-recurring expenditures or funding of necessary reserves.
- A rate review will be conducted at least every two years.

**Policy II - Debt Management**

**Tax-Supported Debt**

Tax-supported obligations are those that are expected to be repaid from the General Fund tax revenue of the City of Lynchburg. These include general obligation bonds (except self-supporting bonds) and capital leases. General obligation bonds issued for self-supporting enterprise funds are not included in calculations of tax-supported bonds.



- The City will not use long-term debt to fund current operations.
- The City will not use short-term borrowing to fund current operations.
- Whenever the City finds it necessary to issue tax-supported bonds, the following policy will be adhered to:
  1. The City will never borrow more than it has the capacity to repay.
  2. The term of any bond issue will not exceed the useful life of the capital project/facility or equipment for which the borrowing is intended.
  3. Annual debt service expenditures for tax-supported debt should not exceed 10% of total General Fund Expenditures plus School Component Unit Expenditures minus the General Fund Transfer to Schools.
  4. Total tax-supported debt will not exceed 4.50% of the net assessed valuation of taxable property in the City of Lynchburg.
  5. The 10-Year Principal Payout Ratio shall not be less than 60% at the end of each adopted five-year Capital Improvement Program for Tax-Supported General Obligation Indebtedness.

### **Revenue-Supported Debt**

The Water, Sewer and Stormwater Funds may issue General Obligation or Revenue-Supported Debt.

Revenue-supported obligations are those for which the debt service is payable solely from the revenue generated from the operation of the project being financed or a category of facilities (i.e. water, sewer). These are not considered tax-supported debt of the City. Whenever the City finds it necessary to issue revenue-supported bonds, the following guidelines will be adhered to:

1. The term of any revenue-supported or general obligation bond issue will not exceed the useful life of the capital project/facility or equipment for which borrowing is intended.
2. Revenue-supported and general obligation bonds will be structured to allow equal or declining annual debt service payments over a term not to exceed the life of the project being financed. For those revenue-supported bonds issued through the Virginia Revolving Loan Fund, annual debt service payments shall not exceed thirty years.
3. The Water, Sewer and Stormwater Funds, net revenues available for debt service shall not be less than 1.2 times annual debt service for each fiscal year. For the Sewer Fund, in accordance with the Virginia Department of Environmental Quality Special Order, net revenues shall not exceed 1.5 times annual debt service computed on a three-year rolling average. Net revenues available for debt service will be calculated as operating income, plus depreciation and amortization, plus interest income, plus governmental grants, plus miscellaneous income, plus capital contributions of others who jointly share in ownership of an infrastructure or facility, and plus any capitalized costs. Debt service will include all debt service paid by the respective fund; however, the principal portion of any bond anticipation notes or other short-term financing should be excluded.
4. In the event net revenues available for debt service falls below 1.2 times annual debt service of any fiscal year, the City shall restore the net revenues available for debt service to the minimum of 1.2 within three years.

### **Refinancing of Debt**

- The City shall issue refunding bonds to achieve debt service savings, eliminate onerous covenants or provisions in outstanding bond documents, or to respond to a financial emergency.
- The City shall continually monitor its outstanding debt to identify instances where the City may achieve savings through an advance refunding or current refunding transaction.
- The City shall receive a written refunding analysis indicating the amount of net present value savings from its financial advisor prior to selling bonds to refund any outstanding bonds.



- A refunding transaction to achieve debt service savings should only be undertaken when the net present value of the savings, net of issuance costs, will be at least 3% of the principal amount of the refunded bonds. Refunding transactions for revenue bonds can be structured so that savings are realized over the life of the refunding bonds or up-front, depending on the results of a cost-benefit analysis.

### **General Debt Policies**

- The City will maintain communication with bond rating agencies to keep them abreast of its financial condition and will provide them with information on a timely basis including the City's *Annual Comprehensive Financial Report*, *Annual Adopted Budget* and *Capital Improvement Program*.
- The City shall comply with all of its undertakings in accordance with Securities and Exchange Commission Rule 15c2-12 and will follow the Government Finance Officers' Association and Securities and Exchange Commission requirements for continuing disclosure.
- The City may use the Virginia Public School Authority (VPSA) or State Literary Fund loans to finance school capital projects. City bonds sold to the VPSA and Literary Fund loans constitute general obligation debt of the City. City Council shall approve any application to the VPSA or the Department of Education for a Literary Fund loan. City Council shall approve the issuance of the bonds as required by the Public Finance Act. The School Board shall recommend such financings before a proposed financing is brought to City Council for approval.

### ***Policy III - Budget***

#### **Principles**

- Public participation in the budgetary process will be encouraged.
- The City will avoid dedicating revenue to a specific project or program because of the constraint this may place on flexibility in resource allocation except in instances where programs are expected to be self-sufficient or where revenue is dedicated to a program for statutory or policy reasons.
- The budget process will be coordinated in a way that major policy issues are identified for City Council several months prior to consideration of budget approval. This will allow adequate time for appropriate decisions and analysis of financial impacts.

#### **Policies**

- City Council shall adopt a balanced budget in accordance with all legal requirements.
- A structured budget preparation and formulation process shall be used for all departments and agencies receiving funding from the City.
- Departmental budgets shall be managed within the total appropriated budget for each fiscal year.
- All operating budget appropriations shall lapse at the end of the fiscal year to the extent that they are not expended or encumbered.
- The budget shall be adopted by the favorable vote of a majority of members of City Council.
- The Vision and priorities established by City Council as well as the *Comprehensive Plan* will serve as the framework for the budget proposed by the City Manager.
- The fiscal year for the City is July 1 through June 30 as defined by the *City Code*, Section 18-1.
- One-time revenues shall be used for one-time expenditures only.
- A General Fund Reserve for Contingencies of \$1.2 million shall be used as a source of funding for unanticipated expenditures during the budget year. The Reserve for Contingencies is limited to one-time expenditures and shall not be considered a source for recurring financing.



**Process**

- The City Manager shall annually prepare a *Proposed Budget* for City Council review. The *Proposed Budget* shall serve as a financial plan for the upcoming fiscal year and shall contain the following information:
  1. A budget message that outlines the proposed revenue and expenditures for the upcoming fiscal year together with an explanation of any major changes from the previous fiscal year. The budget message should also include any proposals for major changes in financial policy.
  2. Charts indicating the major revenues and expenditures in each major fund (General, Water, Sewer, Stormwater, Airport) as well as changes in fund balance for all funds.
  3. Summaries of proposed expenditures by function, department and activity for all funds proposed to be expended in a fiscal year.
  4. A schedule of estimated requirements for the principal and interest of each bond issue.
  5. A three-year history of revenues and expenditures to include the prior year actual, current year adopted, revised and proposed budgets for each major fund.
  6. The proposed budget appropriation resolution, including the tax levy.
- The City Council shall hold a public hearing on the budget submitted by the City Manager and all interested citizens shall be given an opportunity to be heard on issues related to the proposed budget, including the *Capital Improvement Program*.
- Following the public hearing on the *Proposed Budget*, City Council may make adjustments. In instances where City Council increases the total proposed expenditures, it shall also identify a source of funding at least equal to the proposed expenditures.

**Capital Improvement Program**

- A five-year *Capital Improvement Program (CIP)* that serves as the basis for annual capital appropriations and debt financing requirements shall be prepared and updated annually.
- The *CIP* shall include descriptions, timeline, cost estimates, and a schedule of expected expenditures for each project.
- Debt service requirements and funding needs for schools and City government shall be determined based on the *Adopted CIP*.
- Long-term borrowing shall be confined to major capital improvements and equipment purchases.
- Short-term borrowing shall be limited to bond anticipation notes and equipment leasing, where feasible, with a life of less than 8 years.
- Capital project appropriations shall lapse upon project completion, allowing for an adequate warranty period. Lapsed appropriations shall remain in the Capital Fund for reallocation to other projects.
- Incremental operating costs associated with capital projects shall be funded in the operating budget after being identified and approved in the Capital Improvement Program.
- Pay-as-you-go funding, including State Highway Maintenance Funds, State Revenue Sharing Funds, State and federal grants, and other cash sources, shall not be less than 10%, with a goal of 15%, of the City's 5-Year CIP.

**Quarterly Financial Reporting**

The City Manager will present to the City Council's Finance Committee (with copies to the remainder of Council) quarterly financial reports identifying meaningful trends in revenues and expenditures for the General, Water, Sewer, Stormwater, Airport, Children's Services Act, Juvenile Detention, and Greater Lynchburg Transit Company Funds.

**Third Quarter Review**

In March, Budget staff will evaluate all expenditures and revenues as compared to budget and make recommendations to City Council regarding possible budget adjustments. Section 15.2-2507 of the *Code of Virginia* requires that a public hearing be held prior to City Council action when a proposed amendment of the budget exceeds one percent of the total expenditures shown in the currently adopted budget.



**First Quarter Review**

In September, Budget staff will evaluate requests for the carry forward of funds remaining from prior year appropriations and other possible budget adjustments. Section 15.2-2507 of the Code of Virginia requires that a public hearing be held prior to City Council action when a proposed budget amendment exceeds one percent of the total expenditures shown in the currently adopted budget.

**Policy IV - Investment**

**I. Policy Statement**

It is the policy of The City of Lynchburg, Virginia (“the City”) that the investment and administration of its funds be made in accordance with the Code of Virginia Investment of Public Funds Act, the applicable provisions of any outstanding bond indebtedness, and this policy. The City shall be in complete compliance with all applicable federal, state and local laws, and other regulations and statutes governing the investment of public funds. Within those parameters, the goal of this policy is to achieve the highest rate of return that is reasonable. The City will establish an Investment Committee consisting of the City Manager, Deputy City Manager, and Director of Financial Services. This Committee will provide broad policy oversight over investments. This policy will be reviewed on an annual basis. Any changes must be approved by the Investment Committee and be reaffirmed by City Council. See Appendix 1 for a Glossary of Investment Terms.

**II. Scope**

This policy applies to the investment of all the financial assets and funds held by the City. Specific requirements or limitations imposed upon the investment of Bond Proceeds, Debt Service Funds and Debt Service Reserve Funds are located in Section X of this Policy. These Funds are accounted for in the City of Lynchburg’s *Annual Comprehensive Financial Report* and include the General, Special Revenue, Capital Projects, and Proprietary Funds.

**III. Objectives**

Funds shall be invested in only those investments permitted by Federal, State and local law as it relates to public funds, as well as any contractual agreements entered into by the City.

All of the City’s funds, regardless of term, shall be invested with the following objectives listed in the order of priority:

1. *Safety* - Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. Specifically, the City will:
  - a. seek to avoid realizing any loss through the sale or disposal of an investment; and
  - b. seek to mitigate the risk of unrealized losses due to a decline in value of investments held in the portfolio.
2. *Liquidity* - The investment portfolio shall remain sufficiently liquid to meet all cash requirements that may be reasonably anticipated. This shall be accomplished by structuring the portfolio in the following manner:
  - a. The City will purchase investments scheduled to mature in accordance with its anticipated cash needs, in order to minimize the need to sell investments prior to maturity;
  - b. A portion of City Funds will be maintained in cash equivalents, including money market funds, investment pools and overnight securities, which may be easily liquidated without a loss of principal should an unexpected need for cash arise; and
  - c. The portfolio will consist largely of investments with active secondary markets.
3. *Yield* - The City’s investment portfolio shall be designed with the objective of maximizing a fair rate of return consistent with the investment risk constraints and cash flow characteristics of the portfolio. The Investment Committee shall establish suitable benchmarks for the measurement of the portfolio’s return.



**IV. Delegation of Authority**

Under the guidance of the Investment Committee, the City’s Director of Financial Services is the official charged with collecting, safeguarding and disbursing City funds. In this capacity, and with consensus from the Investment Committee, the Director of Financial Services is responsible for establishing staff roles and responsibilities, considering the quality and capability of staff, selecting investment advisors and consultants involved in investment management, and developing and maintaining appropriate administrative procedures for the operation of the investment program. Examples of key staff roles and responsibilities include, but are not limited to, solicitation of investment offerings, placement of purchase and sell orders, confirmation of trades, and preparation of reports and other activities as required for the daily operations of the investment area. The Director of Financial Services is also charged with developing written standard Investment procedures and an asset allocation plan consistent with this policy. Such procedures shall be reviewed and approved by the Investment Committee. Subject to the approval of the Investment Committee and City Council, the Director of Financial Services may employ financial consultants on a contractual basis to assist in the development and implementation of investment procedures and policies, to monitor the effectiveness and continued compliance with such policies and procedures, and to provide guidance in investment matters.

**V. Standards of Care**

The standard of prudence to be used by investment personnel shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. The “prudent person” standard states:

“Investments shall be made with judgment and care – under circumstances then prevailing – which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

The Director of Financial Services, and those delegated investment authority under this Policy, when acting in accordance with written procedures and this Investment Policy and exercising due diligence, shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

**VI. Ethics and Conflicts of Interest**

Officers and employees of the City involved in the investment process shall refrain from personal business activities that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose to the Office of the Clerk of Council any material interests in financial institutions with which they conduct business and any personal investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City. Officers and employees are required to abide by the provisions of the Virginia Conflict of Interests Act. The Act prohibits City officers and employees from seeking or accepting money or any other thing of value for the performance of their duties, using confidential information for their own benefit and having a personal interest in a company with which the City is doing business. “Officer” means any person appointed or elected to the City’s government whether or not he/she receives compensation or other emolument of office. “Employee” means all persons employed by the City.

**VII. Collateral and Safekeeping Arrangements**

The City’s investments shall be held in safekeeping by a third party and evidenced by safekeeping receipts. As required by Virginia Code, all security holdings with maturities over 30 days may not be held in safekeeping with the “counterparty” to the investment transaction. The Code refers to counterparty as the issuer or seller of the security and any repurchase agreement provider. All securities purchased or sold will be transferred when possible only under “delivery vs. payment method” to ensure that funds or securities are not released until all criteria relating to the specific transaction are met.



### VIII. Competitive Selection of Investment Instruments

It is desirable to select investments on a competitive basis when possible to ensure that the City receives the best price available on a particular investment and avoids paying excessive fees, mark-ups or other compensation to the provider. A list will be maintained of approved financial institutions and security broker/dealers selected by creditworthiness (*e.g.*, a minimum capital requirement of \$10,000,000 and at least five years of operations). These may include “primary” dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

All financial institutions and broker/dealers who desire to become qualified for investment transactions will supply the following as appropriate:

- Audited financial statements
- Proof of National Association of Securities Dealers (NASD) certification
- Proof of state registration
- Certification of having read and understood and agreeing to comply with the City of Lynchburg Investment Policy

Under the guidance and oversight of the Investment Committee, the Director of Financial Services shall adhere to the following procedures, with assistance from the City’s Investment Advisor where appropriate, when funds become available for investment to the extent practical:

1. The Director of Financial Services shall determine the class of investment and maturity range most appropriate for investment of the funds available, based upon the anticipated expenditure schedule of the City, the desired asset allocation of the City’s portfolio and the City’s Investment Plan.
2. Offers will be solicited for the selected investment from the list of pre-approved providers as noted above.
3. The Director of Financial Services will accept the offer (or bid, if the City is selling an investment) which provides the highest rate of return or which is otherwise deemed most suitable while complying with this Policy and any other criteria specified in the solicitation of offers.

The City shall retain a record of the offers received, the instruments chosen, and the rationale for making the decision.

From time to time, certain investment dealers may present the City with offers that are attractive for investment. Although the City should endeavor to verify (and document) that the price is “fair,” it may occasionally purchase such a security without a competitive process if the investment is for \$500,000 or less.

Additionally, a competitive process shall not be required for the investment of funds in money market funds, investment pools and overnight securities. However, it shall be the responsibility of the Director of Financial Services to be aware of the yields being offered by various highly liquid investments, and to invest the City’s overnight funds in the vehicle(s) which provide a competitive return to the City while complying with this policy and any other criteria established by the Investment Committee or City Council.

### IX. Suitable and Authorized Investments – Without Exception, Only the Following Investments Are Suitable and Authorized

#### 1. Treasury Securities

Bonds, Notes and Bills issued by the United States Treasury or certificates representing ownership of treasury bond principal or coupons.

#### 2. Agency Securities (FHLB, FNMA, FFCB, FHLMC, GNMA)

Obligations issued and guaranteed as to principal and interest by the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association, maturing within five years of the date of purchase.



**3. Prime Commercial Paper**

Commercial Paper maturing within 270 days of the day of purchase rated P-1 or higher by Moody's and A-1 or higher by Standard & Poor's, provided that the issuing domestic corporation has a net worth of \$50 million and its long-term debt is rated A or better by Moody's and Standard & Poor's.

**4. Corporate Bonds/Notes**

Corporate obligations rated AA or higher by Standard & Poor's and Aa by Moody's that were issued by a domestic corporation with a net worth of at least \$50 million maturing within five years of the date of purchase.

**5. Certificates of Deposit**

Certificates of Deposit maturing within one year and issued by domestic banks rated P-1 by Moody's and A-1 by Standard & Poor's.

**6. Banker's Acceptances**

Banker's Acceptances maturing within 180 days rated P-1 or higher by Moody's and A-1 or higher by Standard & Poor's, provided the issuer is a major domestic bank or the domestic office of an international bank rated AA category or higher by Moody's and Standard & Poor's.

**7. Commonwealth of Virginia and Virginia Local Government Obligations**

General Obligations, Insured Obligations or Revenue Bonds secured by Debt Service Reserve Funds not subject to annual appropriation rated AA category or higher by Moody's or Standard & Poor's.

**8. Pre-Refunded Obligations of the Commonwealth of Virginia and Virginia Local Government Obligations**

Obligations of the Commonwealth of Virginia and Virginia Local Governments that have been legally and economically defeased and are secured by an escrow account funded with cash or securities issued or unconditionally guaranteed by the United States Treasury.

**9. Repurchase Agreements**

Repurchase Agreements collateralized by securities approved for investment herein, provided that the counterparty is rate A or better by Moody's and Standard & Poor's and the collateral is held by an independent third party. All Repurchase Agreements are purchased with a Master Repurchase Agreement in place with a third-party custodian.

**10. Open-End Investment Funds**

Open-end Investment Funds registered under the Securities Act of the Commonwealth or the Federal Investment Company Act of 1940, provided that they invest only in securities approved for investment herein.

**11. Virginia Local Government Investment Pool**

Any portfolio established by the Virginia Department of the Treasury.

**12. Virginia State Non-Arbitrage Program or Other Authorized Arbitrage Investment Management Programs**

**X. Suitable and Authorized Investments – Restricted Funds**

Funds defined as sinking funds under the Virginia Code may be invested in items listed in Section IX.1 and IX.6 above, repurchase agreements collateralized by those investments, and in the Virginia State Non-Arbitrage Program or other authorized Arbitrage Investment Management programs.

**XI. Internal Controls**

Under the guidance of the Investment Committee, the Director of Financial Services will establish and maintain an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The internal control structure will be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. The Internal Audit Department shall add this Policy and related Procedures to their Audit Universe for audit consideration. The internal control structure will address the following points:

- Control of collusion
- Separation of transaction authority from accounting and record keeping



- Custodial safekeeping
- Avoidance of physical delivery of securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Development of a wire transfer agreement with the lead bank and third-party custodian

**XII. Reporting**

Under the guidance of the Investment Committee, the Director of Financial Services will ensure that a Management Report will be prepared on a quarterly basis. The information from this Report may be derived from the Investment Advisor and/or the Safekeeping Agent, or both, where appropriate. This Report will include information that provides an analysis of the status of the current investment portfolio and whether investment activities during the reporting period have conformed to the investment policy herein. The Report will be presented to City Council for information and comment. To the extent practical, the report detail may include such items as the following:

- Listing of securities held at the end of the reporting period
- Realized and unrealized gains or losses resulting from appreciation or depreciation
- Average weighted yield to maturity of portfolio on investments compared to benchmarks
- Listing of investment by maturity type
- Percentage of the total portfolio which each type of investment represents

**XIII. Diversification**

The City will endeavor to diversify its investment portfolio to avoid incurring unreasonable risks regarding (i) security type, (ii) individual financial institution or issuing entity, and (iii) maturity. Target asset allocation strategies shall be developed by the Investment Committee to provide guidance as to appropriate levels of diversification. With the exception of U. S. Treasury securities and authorized pools, no more than 50% of the City's total investment will be the obligations of a single financial institution.

**XIV. Maximum Maturities**

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than one year from the date of purchase.



## Appendix 1: Glossary of Investment Terms

**Accrued Interest** – The accumulated interest due on a bond as of the last interest payment made by the issuer.

**Agency** – A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSA's) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of a federal agency is the Government National Mortgage Association (GOMA). An example of a FSA is the Federal National Mortgage Association (FNMA).

**Amortization** – The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

**Average Life** – The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

**Basis Point** – A unit of measurement used in the valuation of fixed-income securities equal to 1/100 of 1 percent of yield, e.g., “one-quarter” of 1 percent is equal to 25 basis points.

**Bid** – The indicated price at which a buyer is willing to purchase a security or commodity.

**Book Value** – The value at which a security is carried on the inventory lists or other financial records of an investor. The book value may differ significantly from the security's current value in the market.

**Call Price** – The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

**Call Risk** – The risk to a bondholder that a bond may be redeemed prior to maturity.

**Callable Bond** – A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

**Cash Sale/Purchase** – A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.

**Collateralization** – Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security.

**Commercial Paper** – An unsecured short-term promissory note issued by corporations, with maturities ranging from 2 to 270 days.

**Convexity** – A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

**Corporate Bond** – A promissory note issued by corporations with maturities ranging from 0 to 5 years.

**Coupon Rate** – The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the “interest rate.”

**Credit Quality** – The measurement of the financial strength of a bond issuer to help an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

**Credit Risk** – The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

**Current Yield (Current Return)** – A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

**Delivery Versus Payment (DVP)** – A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian.

**Discount** – The amount by which the par value of a security exceeds the price paid for the security.



**Diversification** – A process of investing assets among a range of security types by sector, maturity, and quality rating.

**Duration** – A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

**Fair Value** – The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Federal Funds (Fed Funds)** – Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

**Federal Funds Rate** – Interest rate charged by one institution lending federal funds to the other.

**Government Securities** – An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market See “Treasury Bills, Notes, and Bonds.”

**Interest Rate** – See “Coupon Rate.”

**Interest Rate Risk** – The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value.

**Internal Controls** – An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

1. Control of collusion - Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. Separation of transaction authority from accounting and record keeping - By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
3. Custodial safekeeping - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.
4. Avoidance of physical delivery securities - Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. Clear delegation of authority to subordinate staff members - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. Written confirmation of transactions for investments and wire transfers -Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.
7. Development of a wire transfer agreement with the lead bank and third-party custodian – The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

**Inverted Yield Curve** – A chart formation that illustrates long-term securities having lower yields than short-term securities. This configuration usually occurs during periods of high inflation coupled with low levels of confidence in the economy and a restrictive monetary policy.



**Investment Company Act of 1940** – Federal legislation which sets the standards by which investment such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

**Investment Policy** – A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

**Liquidity** – An asset that can be converted easily and quickly into cash.

**Local Government Investment Pool (LGIP)** – An investment by local governments in which their money is pooled as a method for managing local funds.

**Mark-to-Market** – The process whereby the book value or collateral value of a security is adjusted to reflect its current market value.

**Market Risk** – The risk that the value of a security will rise or decline as a result of changes in market conditions.

**Market Value** – Current market price of a security.

**Maturity** – The date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder. See “Weighted Average Maturity.”

**Money Market Mutual Fund** – Mutual funds that invest, solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers’ acceptances, repos and federal funds).

**Mutual Fund** – An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines:

1. Report standardized performance calculations.
2. Disseminate timely and accurate information regarding the fund’s holdings, performance, management and general investment policy.
3. Have the fund’s investment policies and activities supervised by a board of trustees, which are independent of the adviser, administrator or other vendor of the fund.
4. Maintain the daily liquidity of the fund’s shares.
5. Value their portfolios on a daily basis.
6. Have all individuals who sell SEC-registered products licensed with a self-regulating organization (SRO) such as the National Association of Securities Dealers (NASD).
7. Have an investment policy governed by a prospectus which is updated and filed by the SEC annually.

**Mutual Fund Statistical Services** – Companies that track and rate mutual funds, e.g., IBC/Donoghue, Lipper Analytical Services, and Morningstar.

**National Association of Securities Dealers (NASD)** – A self-regulatory organization (SRO) of brokers and dealers in the over-the-counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

**Net Asset Value** – The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund’s assets which includes securities, cash, and any accrued earnings, subtracting this from the fund’s liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund’s portfolio.  $[(\text{Total assets}) - (\text{Liabilities})] / (\text{Number of shares outstanding})$

**No Load Fund** – A mutual fund which does not levy a sales charge on the purchase of its shares.

**Nominal Yield** – The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the “coupon,” “coupon rate,” or “interest rate.”



**Offer** – An indicated price at which market participants are willing to sell a security or commodity. Also referred to as the “Ask price.”

**Par** – Face value or principal value of a bond, typically \$1,000 per bond.

**Positive Yield Curve** – A chart formation that illustrates short-term securities having lower yields than long-term securities.

**Premium** – The amount by which the price paid for a security exceeds the security’s par value.

**Prime Rate** – A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate.

**Principal** – The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

**Prospectus** – A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information on the issuer, the issuer’s business, the proposed use of proceeds, the experience of the issuer’s management, and certain certified financial statements.

**Prudent Person Rule** – An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

**Regular Way Delivery** – Securities settlement that calls for delivery and payment on the third business day following the trade date (T+3); payment on a T+1 basis is currently under consideration. Mutual funds are settled on a same day basis; government securities are settled on the next business day.

**Reinvestment Risk** – The risk that a fixed-income investor will be unable to reinvest income proceeds from a security holding at the same rate of return currently generated by that holding.

**Repurchase Agreement (repo or RP)** – An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

**Reverse Repurchase Agreement (Reverse Repo)** – An agreement of one party to purchase securities at a specified price from a second party and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

**Rule 2a-7 of the Investment Company Act** – Applies to all money market mutual funds and mandates such funds to maintain certain standards, including a 13-month maturity limit and a 90-day average maturity on investments, to help maintain a constant net asset value of one dollar (\$1.00).

**Safekeeping** – Holding of assets (e.g., securities) by a financial institution.

**Serial Bond** – A bond issue, usually of a municipality, with various maturity dates scheduled at regular intervals until the entire issue is retired.

**Sinking Fund** – Money accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or preferred stock issues.

**Swap** – Trading one asset for another.

**Term Bond** – Bonds comprising a large part or all of a particular issue which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

**Total Return** – The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period. (Price Appreciation) + (Dividends paid) + (Capital gains) = Total Return.

**Treasury Bills** – Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year and issued in minimum denominations of \$10,000. Auctions of three- and six-month bills are weekly, while auctions of one-year bills are monthly. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.



**Treasury Bonds** – Long-term U.S. government debt securities with maturities of ten years or longer and issued in minimum denominations of \$1,000. Currently, the longest outstanding maturity for such securities is 30 years.

**Treasury Notes** – Intermediate U.S. government debt securities with maturities of one to 10 years and issued in denominations ranging from \$1,000 to \$1 million or more.

**Uniform Net Capital Rule** – SEC Rule 15C3-1 outlining capital requirements for broker/dealers.

**Volatility** – A degree of fluctuation in the price and valuation of securities.

**“Volatility Risk” Rating** – A rating system to clearly indicate the level of volatility and other non-credit risks associated with securities and certain bonds funds. The ratings for bond funds range from those that have extremely low sensitivity to changing market conditions and offer the greatest stability of the returns (“AAA” by S&P; “V- 1” by Fitch) to those that are highly sensitive with currently identifiable market volatility risk (“CCC”- S&P, “V-10” by Fitch).

**Weighted Average Maturity (WAM)** – The average maturity of all the securities that comprise a portfolio. According to SEC rule 2a-7, the WAM for SEC registered money market mutual funds may not exceed 90 days and no one security may have a maturity that exceeds 397 days.

**When Issued (WI)** – A conditional transaction in which an authorized new security has not been issued. All “when issued” transactions are settled when the actual security is issued.

**Yield** – The current rate of return on an investment security generally expressed as a percentage of the security’s current price.

**Yield Curve** – A graphic representation that depicts the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity. A normal yield curve may be alternatively referred to as a positive yield curve.

**Yield-to-Call (YTC)** – The rate of return an investor earns on a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

**Yield-to-Maturity** – The rate of return yielded by a debt security held to maturity when both interest payments and the investor’s potential capital gain or loss are included in the calculation of return.

**Zero-Coupon Securities** – Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.

## AGENDA ITEM SUMMARY

### MEETING DATE

March 25, 2025

### PRESENTED BY

Donna Witt, Chief Financial Officer

### AGENDA ITEM # II.7

Revisit Resolution for Federal Grant Guidelines - To Uphold Constitutional Principles and Merit-Based Governance

### RECOMMENDATION

Staff does not recommend approval of the proposed resolution To Uphold Constitutional Principles and Merit-Based Governance. Federal grant guidelines continue to evolve under President Trump. Once grant guidelines are finalized at the federal level, they flow to the Commonwealth for adoption by the General Assembly. City staff reviews each grant before applying to ensure compliance can be followed as required, making the proposed attached resolution unnecessary.

### SUMMARY

Attached resolution and article provided by Council Member Misjuns.

The attached article was provided by Council Member Misjuns for Other Information at the January 28, 2025, Finance Committee meeting. It provides a declaration by President Trump regarding Diversity, Equity and Inclusion (DEI) Programs and the prohibited use of federal funds for these programs. Council Member Misjuns has requested a grant policy that prohibits any DEI programs or positions.

The attached resolution was provided by Council Member Misjuns during the special called meeting of the Finance Committee on February 6, 2025. No recommendation was made for this item.

### PRIOR ACTION(S)

January 28, 2025: Finance Committee  
February 6, 2025: Finance Committee  
February 25, 2025: Finance Committee

### FISCAL IMPACT

### CONTACT(S)

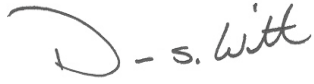
Donna Witt, Chief Financial Officer

### ATTACHMENT(S)

1. Grant Guidelines Resolution - Drafted by MMisjuns

2. Ending Illegal Discrimination And Resto...it-Based Opportunity The White House

REVIEWED BY

Handwritten signature of Donna Witt in cursive script.

Date: March 20, 2025

Donna Witt, Chief Financial Officer

# A RESOLUTION TO UPHOLD CONSTITUTIONAL PRINCIPLES AND MERIT-BASED GOVERNANCE

WHEREAS, Presidential Executive Orders signed on January 20 and January 21, 2025, direct federal agencies to ensure that recipients of federal funding certify compliance with the principles of constitutional merit and the prohibition of Diversity, Equity, and Inclusion (DEI) programs that undermine these principles; and

WHEREAS, adherence to these principles is necessary to maintain the City of Lynchburg's eligibility for federal grant funding and to uphold the values of fairness, unity, and equal opportunity for all individuals; and

WHEREAS, in Fiscal Year 2024, the City of Lynchburg received significant federal aid totaling millions of dollars across various departments, as reported in the Schedule of Expenditures of Federal Awards, including:

- \$2,387,538 from the Department of Agriculture;
- \$8,685,316 from the Department of Health and Human Services;
- \$794,011 from the Department of Housing and Urban Development;
- \$580,608 from the Department of Justice;
- \$1,037,125 from the Department of Labor;
- \$989,896 from the Department of Homeland Security;
- \$6,245,192 from the Department of Treasury;
- \$335,946 from the Department of Transportation;
- \$772,134 from the Environmental Protection Agency;
- \$2,745,289 from the Federal Aviation Administration; and
- \$202,990 from the Federal Emergency Management Agency; and

WHEREAS, Lynchburg City Schools also benefited from substantial federal funding in Fiscal Year 2024, including:

- \$6,222,819 from the Department of Agriculture; and
- \$23,540,635 from the Department of Education; and

WHEREAS, the continuation of this critical federal funding is essential for the operation and success of city services and educational programs, making compliance with federal requirements a top priority; and

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LYNCHBURG:

The City of Lynchburg shall adopt practices of merit-based governance and reject DEI programs as defined in this resolution, ensuring no taxpayer funds directly or indirectly support or subsidize the advancement or promotion of DEI programs. The following provisions outline the methods by which the City will certify compliance and reverse the effects of prior DEI initiatives:

## DEFINITIONS

As used in this resolution:

“Contractor” means any person, individual, group of persons, organization, corporation, or business of any kind that enters into a contract, or enters into a subcontract pursuant to a contract, with any municipal or public entity operated, controlled, paid for, or under the jurisdiction of the City of Lynchburg, Virginia.

“Discriminatory Equity Ideology” means an ideology that treats individuals as members of preferred or disfavored groups rather than as individuals, and minimizes agency, merit and capability in favor of immoral generalizations, including that:

1. Members of one race, color, sex, or national origin are morally or inherently superior to members of another race, color, sex, or national origin;
2. An individual, by virtue of the individual's race, color, sex, or national origin, is inherently racist, sexist, or oppressive, whether consciously or unconsciously;
3. An individual's moral character or status as privileged, oppressing, or oppressed is primarily determined by the individual's race, color, sex, or national origin;
4. Members of one race, color, sex, or national origin cannot and should not attempt to treat others without respect to their race, color, sex, or national origin;
5. An individual, by virtue of the individual's race, color, sex, or national origin, bears responsibility for, should feel guilt, anguish, or other forms of psychological distress because of, should be discriminated against, blamed, or stereotyped for, or should receive adverse treatment because of actions committed in the past by other members of the same race, color, sex, or national origin, in which the individual played no part;
6. An individual, by virtue of the individual's race, color, sex, or national origin, should be discriminated against or receive adverse treatment to achieve diversity, equity, or inclusion;
7. Virtues such as merit, excellence, hard work, fairness, neutrality, objectivity, and racial colorblindness are racist or sexist or were created by members of a particular race, color, sex, or national origin to oppress members of another race, color, sex, or national origin; or
8. The City of Lynchburg, the Commonwealth of Virginia, or the United States of America is fundamentally racist, sexist or otherwise discriminatory.

“Diversity, Equity, and Inclusion (DEI) Concepts” means any ideology, principle, or belief that:

1. Promotes prioritization of characteristics such as race, ethnicity, sex, gender identity, or sexual orientation over merit, qualifications, or individual performance;
2. Asserts individuals should be treated differently based on inherent characteristics rather than individual actions or achievements;
3. Encourages or mandates adopting concepts of systemic oppression, privilege, or bias tied to inherent characteristics;
4. Supports racial, social, or environmental justice programs that prioritize group identity over individual merit;
5. Advocates for or promotes radical gender ideology, including the denial of biological sex, the forced use of preferred pronouns, or policies that compel speech related to gender identity;
6. Preferred pronouns should be published, communicated or included in discourse;
7. Advocates for, promote, or endorse medical treatments, surgeries, or interventions for gender transition, including hormone therapy or surgical procedures, particularly in minors; unlawfully practices medicine by offering diagnoses and treatment without the requisite license; or otherwise unlawfully facilitates the social transition of a minor; or
8. Advances divisive ideologies rather than unity, equal treatment, and opportunity for all.

“Diversity, Equity, and Inclusion (DEI) Program” means any initiative, policy, activity, training, or program that:

1. Incorporates, promotes, or applies DEI Concepts as defined above;
2. Promotes or applies Discriminatory Equity Ideology as defined in this resolution;
3. Is funded, implemented, or supported by public resources, either directly or indirectly, to advance ideological or divisive objectives.

#### COMMUNICATION AND ACTIONS BY PUBLIC ENTITIES

1. No communication by any municipal entity or official representative shall adopt, express, or promote any Discriminatory Equity Ideology or DEI Concepts as defined in this resolution.
2. No employee, contractor, or staff member in any municipal entity shall face adverse treatment for refusing to support, believe, or endorse any Discriminatory Equity Ideology or DEI Concepts.

3. No public funds shall be expended to promote, advertise, or advance any Discriminatory Equity Ideology or DEI Programs.

### CERTIFICATION REQUIREMENT FOR CITY TRANSACTIONS

The City Manager is directed to ensure that all contracts, leases, grants, and agreements entered into by the City of Lynchburg include the following provision:

**CERTIFICATION OF NON-OPERATION OF DEI PROGRAMS:** All contractors, subcontractors, vendors, grantees, lessees, or recipients of city funds certify that no Diversity, Equity, and Inclusion (DEI) Programs, as defined in City Resolution [Resolution Number], are being operated, funded, or promoted in connection with their engagement with the City of Lynchburg. Violations of this certification shall result in penalties, termination of the agreement, or disqualification from future engagements.

### CERTIFICATION REQUIREMENT FOR LYNCHBURG CITY SCHOOLS

Lynchburg City Schools shall annually certify that:

1. No DEI Programs, as defined in this resolution, are being operated, funded, or promoted.
2. No curriculum is being taught advancing the "Discriminatory Equity Ideology," or "DEI Concepts," as defined in this resolution.

Failure to certify compliance shall limit local funding to the state-mandated minimum.

### CERTIFICATION FOR TUITION ASSISTANCE PROGRAMS

All employees participating in city-funded tuition assistance programs shall certify that:

No coursework, degree programs, or certifications funded by the City involve the elements of DEI Programs as defined in this resolution. For the purpose of continuing education to maintain a certification necessary to a position, exceptions may be made on a case-by-case basis.

Violations of this certification shall require reimbursement of tuition assistance funds.

### REVIEW AND ACTION PLAN ON DEI PRACTICES

The City Manager shall review all city programs, policies, and expenditures since January 1, 2021, and:

1. Publish a list of all city programs, policies or expenditures that supported, advocated for or implemented:
  - a. Discriminatory Equity Ideology
  - b. DEI Concepts
  - c. DEI Programs
2. Costs associated with implementation, including compensated leave for participation;
3. Organizations providing services aligned with DEI Concepts or DEI Programs.

A report of these findings shall be submitted to City Council within 90 days of the adoption of this resolution.

Within 120 days, the City Manager shall deliver an action plan to:

1. Prevent future implementation of DEI Programs;
2. End funding for organizations promoting Discriminatory Equity Ideology or DEI Concepts;
3. Train all supervisors and managers to recognize and prevent the illegal and discriminatory promotion or application of Discriminatory Equity Ideology or DEI Concepts; and
4. Train all employees on their right to work in an environment free of the illegal and discriminatory promotion or application of Discriminatory Equity Ideology or DEI Concepts,

retaliation on the basis of political belief or activities, reinforce constitutional principles and protected rights under state and federal law, and promote merit-based principles.

The retraining program shall reverse the ideological effects of prior DEI training. This program shall:

1. Reinforce constitutional principles, including fairness, equal opportunity, and merit-based practices;
2. Promote unity and collaboration across all departments;
3. Address and correct divisive or discriminatory ideologies introduced by prior DEI training.

The retraining program shall be implemented for all new employees by July 1, 2025, and all current employees shall complete the retraining by July 1, 2026.

#### ABANDONMENT OF DEI-AFFILIATED GROUPS AND PROGRAMS

The City of Lynchburg shall disband Action 4 Change, an employee group promoting the Government Alliance on Race and Equity (GARE) philosophy of social justice and cease all related activities.

The City shall cease and/or discontinue participation in programs by:

1. Leadership Lynchburg, a program of the Lynchburg Regional Business Alliance; and
2. Virginia Center for Inclusive Communities (VCIC) at the University of Lynchburg.

The City shall immediately disband any internal DEI committees within departments. Any employee "affinity groups" that are exclusive based on race, sex, or other inherent characteristics and were created as a result of DEI Concepts or practices are prohibited from meeting during city-funded time. Such groups may meet on employees' personal time or through charged leave without the use of city resources.

#### IMPLEMENTATION AND AMENDMENTS

All city policies and procedures shall be updated to reflect this resolution within 180 days of adoption.

The City Attorney's Office and the Clerk of Council are explicitly required to comply with all provisions of this resolution, ensuring that no DEI Concepts or DEI Programs are incorporated, promoted, or supported within their respective offices. These offices shall also certify compliance annually to City Council.

This resolution shall become effective immediately upon its adoption.

#### SEVERABILITY

The provisions of this resolution are severable. If any part is declared invalid or unconstitutional, the remaining provisions shall remain in effect.

Adopted:

Certified: \_\_\_\_\_ Clerk



PRESIDENTIAL ACTIONS

# ENDING ILLEGAL DISCRIMINATION AND RESTORING MERIT- BASED OPPORTUNITY

January 21, 2025

By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered:

Section 1. Purpose. Longstanding Federal civil-rights laws protect individual Americans from discrimination based on race, color, religion, sex, or national origin. These civil-rights protections serve as a bedrock supporting equality of opportunity for all Americans. As President, I have a solemn duty to ensure that these laws are enforced for the benefit of all Americans.

Yet today, roughly 60 years after the passage of the Civil Rights Act of 1964, critical and influential institutions of American society, including the Federal Government, major corporations, financial institutions, the medical industry, large commercial airlines, law enforcement agencies, and institutions of higher education have adopted and actively use dangerous, demeaning, and immoral race- and sex-based preferences under the guise of so-called “diversity, equity, and inclusion” (DEI) or “diversity, equity, inclusion, and accessibility” (DEIA) that can violate the civil-rights laws of this Nation.

Illegal DEI and DEIA policies not only violate the text and spirit of our longstanding Federal civil-rights laws, they also undermine our national unity, as they deny, discredit, and undermine the traditional American values of hard work, excellence, and individual achievement in favor of an unlawful, corrosive, and pernicious identity-based spoils system. Hardworking Americans who deserve a shot at the American Dream should not be stigmatized, demeaned, or shut out of opportunities because of their race or sex.

These illegal DEI and DEIA policies also threaten the safety of American men, women, and children across the Nation by diminishing the importance of individual merit, aptitude, hard work, and determination when selecting people for jobs and services in key sectors of American society, including all levels of government, and the medical, aviation, and law-enforcement communities. Yet in case after tragic case, the American people have witnessed first-hand the disastrous consequences of illegal, pernicious discrimination that has prioritized how people were born instead of what they were capable of doing.

The Federal Government is charged with enforcing our civil-rights laws. The purpose of this order is to ensure that it does so by ending illegal preferences and discrimination.

Sec. 2. Policy. It is the policy of the United States to protect the civil rights of all Americans and to promote individual initiative, excellence, and hard work. I therefore order all executive departments and agencies (agencies) to terminate all discriminatory and illegal preferences, mandates, policies, programs, activities, guidance, regulations, enforcement actions, consent orders, and requirements. I further order all agencies to enforce our longstanding civil-rights laws and to combat illegal private-sector DEI preferences, mandates, policies, programs, and activities.

Sec. 3. Terminating Illegal Discrimination in the Federal Government. (a) The following executive actions are hereby revoked:

- (i) Executive Order 12898 of February 11, 1994 (Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations);
- (ii) Executive Order 13583 of August 18, 2011 (Establishing a Coordinated Government-wide Initiative to Promote Diversity and Inclusion in the Federal Workforce);
- (iii) Executive Order 13672 of July 21, 2014 (Further Amendments to Executive Order 11478, Equal Employment Opportunity in the Federal Government, and

Executive Order 11246, Equal Employment Opportunity); and

(iv) The Presidential Memorandum of October 5, 2016 (Promoting Diversity and Inclusion in the National Security Workforce).

(b) The Federal contracting process shall be streamlined to enhance speed and efficiency, reduce costs, and require Federal contractors and subcontractors to comply with our civil-rights laws. Accordingly:

(i) Executive Order 11246 of September 24, 1965 (Equal Employment Opportunity), is hereby revoked. For 90 days from the date of this order, Federal contractors may continue to comply with the regulatory scheme in effect on January 20, 2025.

(ii) The Office of Federal Contract Compliance Programs within the Department of Labor shall immediately cease:

(A) Promoting “diversity”;

(B) Holding Federal contractors and subcontractors responsible for taking “affirmative action”; and

(C) Allowing or encouraging Federal contractors and subcontractors to engage in workforce balancing based on race, color, sex, sexual preference, religion, or national origin.

(iii) In accordance with Executive Order 13279 of December 12, 2002 (Equal Protection of the Laws for Faith-Based and Community Organizations), the employment, procurement, and contracting practices of Federal contractors and subcontractors shall not consider race, color, sex, sexual preference, religion, or national origin in ways that violate the Nation’s civil rights laws.

(iv) The head of each agency shall include in every contract or grant award:

(A) A term requiring the contractual counterparty or grant recipient to agree that its compliance in all respects with all applicable Federal anti-discrimination laws is material to the government’s payment decisions for purposes of section 3729(b)(4) of title 31, United States Code; and

(B) A term requiring such counterparty or recipient to certify that it does not operate any programs promoting DEI that violate any applicable Federal anti-discrimination laws.

(c) The Director of the Office of Management and Budget (OMB), with the assistance of the Attorney General as requested, shall:

(i) Review and revise, as appropriate, all Government-wide processes, directives, and guidance;

(ii) Excise references to DEI and DEIA principles, under whatever name they may appear, from Federal acquisition, contracting, grants, and financial assistance procedures to streamline those procedures, improve speed and efficiency, lower costs, and comply with civil-rights laws; and

(iii) Terminate all “diversity,” “equity,” “equitable decision-making,” “equitable deployment of financial and technical assistance,” “advancing equity,” and like

mandates, requirements, programs, or activities, as appropriate.

Sec. 4. Encouraging the Private Sector to End Illegal DEI Discrimination and Preferences. (a) The heads of all agencies, with the assistance of the Attorney General, shall take all appropriate action with respect to the operations of their agencies to advance in the private sector the policy of individual initiative, excellence, and hard work identified in section 2 of this order.

(b) To further inform and advise me so that my Administration may formulate appropriate and effective civil-rights policy, the Attorney General, within 120 days of this order, in consultation with the heads of relevant agencies and in coordination with the Director of OMB, shall submit a report to the Assistant to the President for Domestic Policy containing recommendations for enforcing Federal civil-rights laws and taking other appropriate measures to encourage the private sector to end illegal discrimination and preferences, including DEI. The report shall contain a proposed strategic enforcement plan identifying:

- (i) Key sectors of concern within each agency's jurisdiction;
- (ii) The most egregious and discriminatory DEI practitioners in each sector of concern;
- (iii) A plan of specific steps or measures to deter DEI programs or principles (whether specifically denominated "DEI" or otherwise) that constitute illegal discrimination or preferences. As a part of this plan, each agency shall identify up to nine potential civil compliance investigations of publicly traded corporations, large non-profit corporations or associations, foundations with assets of 500 million dollars or more, State and local bar and medical associations, and institutions of higher education with endowments over 1 billion dollars;
- (iv) Other strategies to encourage the private sector to end illegal DEI discrimination and preferences and comply with all Federal civil-rights laws;
- (v) Litigation that would be potentially appropriate for Federal lawsuits, intervention, or statements of interest; and
- (vi) Potential regulatory action and sub-regulatory guidance.

Sec. 5. Other Actions. Within 120 days of this order, the Attorney General and the Secretary of Education shall jointly issue guidance to all State and local educational agencies that receive Federal funds, as well as all institutions of higher education that receive Federal grants or participate in the Federal student loan assistance program under Title IV of the Higher Education Act, 20 U.S.C. 1070 et seq., regarding the measures and practices required to comply with *Students for Fair Admissions, Inc. v. President and Fellows of Harvard College*, 600 U.S. 181 (2023).

Sec. 6. Severability. If any provision of this order, or the application of any provision

to any person or circumstance, is held to be invalid, the remainder of this order and the application of its provisions to any other persons or circumstances shall not be affected thereby.

Sec. 7. Scope. (a) This order does not apply to lawful Federal or private-sector employment and contracting preferences for veterans of the U.S. armed forces or persons protected by the Randolph-Sheppard Act, 20 U.S.C. 107 et seq.

(b) This order does not prevent State or local governments, Federal contractors, or Federally-funded State and local educational agencies or institutions of higher education from engaging in First Amendment-protected speech.

(c) This order does not prohibit persons teaching at a Federally funded institution of higher education as part of a larger course of academic instruction from advocating for, endorsing, or promoting the unlawful employment or contracting practices prohibited by this order.

Sec. 8. General Provisions. (a) Nothing in this order shall be construed to impair or otherwise affect:

(i) the authority granted by law to an executive department, agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is not intended to and does not create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

THE WHITE HOUSE,  
January 21, 2025.

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## AGENDA ITEM SUMMARY

### MEETING DATE

March 25, 2025

### PRESENTED BY

Ashley Kershner, DLA Executive Director

### AGENDA ITEM # III.8

Downtown Improvement District

### RECOMMENDATION

Hear information regarding implementing a Downtown Improvement District

### SUMMARY

Council Member Misjuns requested information regarding implementing a Downtown Improvement District

### PRIOR ACTION(S)

### FISCAL IMPACT

### CONTACT(S)

Ashley Kershner, DLA Executive Director  
Gregory Patrick, Deputy City Manager

### ATTACHMENT(S)

1. DID Presentation 3.24.25 AK

### REVIEWED BY

\_\_\_\_\_  
Donna Witt, Chief Financial Officer

Date:

\_\_\_\_\_  
Gregory Patrick, Deputy City Manager

Date:

# **DOWNTOWN IMPROVEMENT DISTRICTS (DIDS) 101**

**Tuesday, April 15, 2025**



# WHAT IS A DID?

- Public-private partnership where property owners invest in the area's vitality and economic success
- Operates by collecting assessment revenues from property owners within the district
- Enhances but does not replace regular city services
- Funds are used for marketing, maintenance, beautification, public safety enhancements, business support, etc.
- Must be approved by local governments and/or property owners
- Typically requires enabling legislation at the state or local level



# WHERE ARE DIDS USED?

DIDs exist in diverse settings, including:

- Urban Downtowns – Supporting business districts and economic growth.
- Commercial Corridors – Enhancing shopping and dining hubs.
- Tourism Areas – Creating inviting destinations for visitors.
- Historic Districts – Maintaining cultural landmarks while supporting local businesses.
- Suburban Retail Centers – Competing with newer developments through revitalization.



# WHAT ARE DIDS NOT USED FOR?

- General Government Services – DIDs supplement, not replace, municipal services like police, fire, and public schools.
- Zoning and Land Use Regulation – DIDs advocate for policies but do not control zoning, permitting, or land use decisions.
- Large-Scale Public Works Projects – Major infrastructure like bridges, highways, and sewer systems fall outside DID funding.
- Law Enforcement & Arrest Powers – DIDs may fund security programs, but they do not replace police or enforce laws directly.



# HOW ARE DIDS ESTABLISHED?

To establish a DID, the city passes an ordinance defining the DID's boundaries, funding mechanism, and governance structure.

Two potential paths based on planned DID activities:

1. City Council goes through public hearing process and then votes; OR
2. 50% of property owners must sign petition, then city council votes.



# PUBLIC ENGAGEMENT

Before a Downtown Improvement District (DID) is established, public engagement ensures that property owners, businesses, and city officials assess feasibility and align on priorities.

- 1. Planning & Feasibility:** Stakeholders evaluate the costs, benefits, and impact of a DID, including financial feasibility, service needs, and how it complements city services.
- 2. Stakeholder Engagement:** Property and business owners participate in discussions, surveys, and meetings to define priorities, desired services, and governance structures.



# WHAT ACTIVITIES DOES A DID FUND?





# PUBLIC SPACE ENHANCEMENTS

- **Sidewalk Improvements:** Decorative paving, widening, and ADA accessibility.
- **Street Furniture:** Benches, trash cans, and bike racks
- **Wayfinding & Navigation:** Coordinated signage, maps, and kiosks to help pedestrians locate key destinations.
- **Lighting Upgrades:** LED streetlights, decorative lighting, parking lot lighting.
- **Green Spaces:** Planters, trees, parks, parklets, and mini plazas.



# BEAUTIFICATION & MAINTENANCE

- **Street Cleaning & Waste Removal:** Daily sidewalk sweeping and trash collection.
- **Graffiti Mitigation:** Prompt removal and protective coatings.
- **Seasonal Décor & Landscaping:** Hanging baskets, holiday lights, and tree wells.
- **Public Art & Murals:** Investing in creative visual enhancements.
- **Facade Improvement Grants:** Supporting storefront renovations and signage upgrades.



# PUBLIC EXPERIENCE & SAFETY ENHANCEMENTS

- **Ambassador Programs:** Providing visitor assistance and reporting maintenance needs.
- **Parking & Access:** Improving signage and coordination to make parking easier and support district access.
- **Security & Law Enforcement Partnerships:** DID-funded patrols and coordination with police.
- **Homeless Outreach & Social Services:** Connecting individuals to resources.
- **Crime Prevention:** Neighborhood watch, business safety training, and deterrence programs.



# BUSINESS SUPPORT & MARKETING

- **Event Programming:** Festivals, markets, concerts, and parades.
- **Destination Branding:** Identity-building campaigns and marketing materials.
- **Digital & Social Media Marketing:** Online promotion for district businesses.
- **Collaborative Advertising & Promotions:** Joint marketing initiatives among local businesses.
- **Retail & Business Attraction:** Technical assistance and market analysis.



# ECONOMIC DEVELOPMENT & GROWTH

- **Business Retention & Recruitment:** Supporting startups, entrepreneurs, and leasing efforts.
- **Workforce Development:** Partnering with training programs and incubators.
- **Real Estate & Development Advocacy:** Encouraging mixed-use spaces and adaptive reuse.
- **Market Research & Data Analytics:** Using foot traffic data and economic trends to guide decisions.

# DID GOVERNANCE & PUBLIC-PRIVATE PARTNERSHIPS

Most cities partner with nonprofit organizations to manage DIDs, ensuring efficient operations and stakeholder-driven decision-making.

## How the Partnership Works:

1. City establishes priorities for the DID.
2. City selects non-profit management partner to administer the DID.
3. Non-profit partner engages stakeholders and implements programs.
4. City ensures DID funds are allocated properly, requiring annual reports, budgets, and performance assessments.



# EXAMPLE DIDS IN VA

- **Roanoke (Downtown Roanoke, Inc.)** – Provides business support, marketing, event management, public space beautification, and advocacy for economic development.
- **Richmond (Venture Richmond)** – Provides cleaning services, public space improvements, and business support.
- **Staunton (Staunton Downtown Development Association)** – Focuses on beautification, events, and public space management.
- **Norfolk (Downtown Norfolk Council)** Enhances safety, cleanliness, and overall vitality through public safety ambassadors, sidewalk cleaning, graffiti removal, and marketing strategies.
- **Winchester (Old Town Winchester)** – Provides public space management of pedestrian mall, infrastructure enhancement and maintenance, beautification events, promotion, and design services.



# MEASURING SUCCESS & SUSTAINABILITY

To ensure long-term impact, DIDs track performance using key metrics:

- **Foot Traffic & Business Growth** – Tracking increased visitors and retail activity.
- **Crime Reduction & Safety Perception** – Measuring the effect of security programs.
- **Property Value Increases** – Assessing the DID's role in economic uplift.
- **Stakeholder Satisfaction** – Gathering feedback from businesses and property owners.



# RENEWING & ADAPTING THE DID

- Most DIDs operate on multi-year terms (typically five years) and require renewal.
- The renewal process includes assessing past impact, refining services, and securing stakeholder support.
- A well-managed DID evolves to meet changing community needs, ensuring continued success.



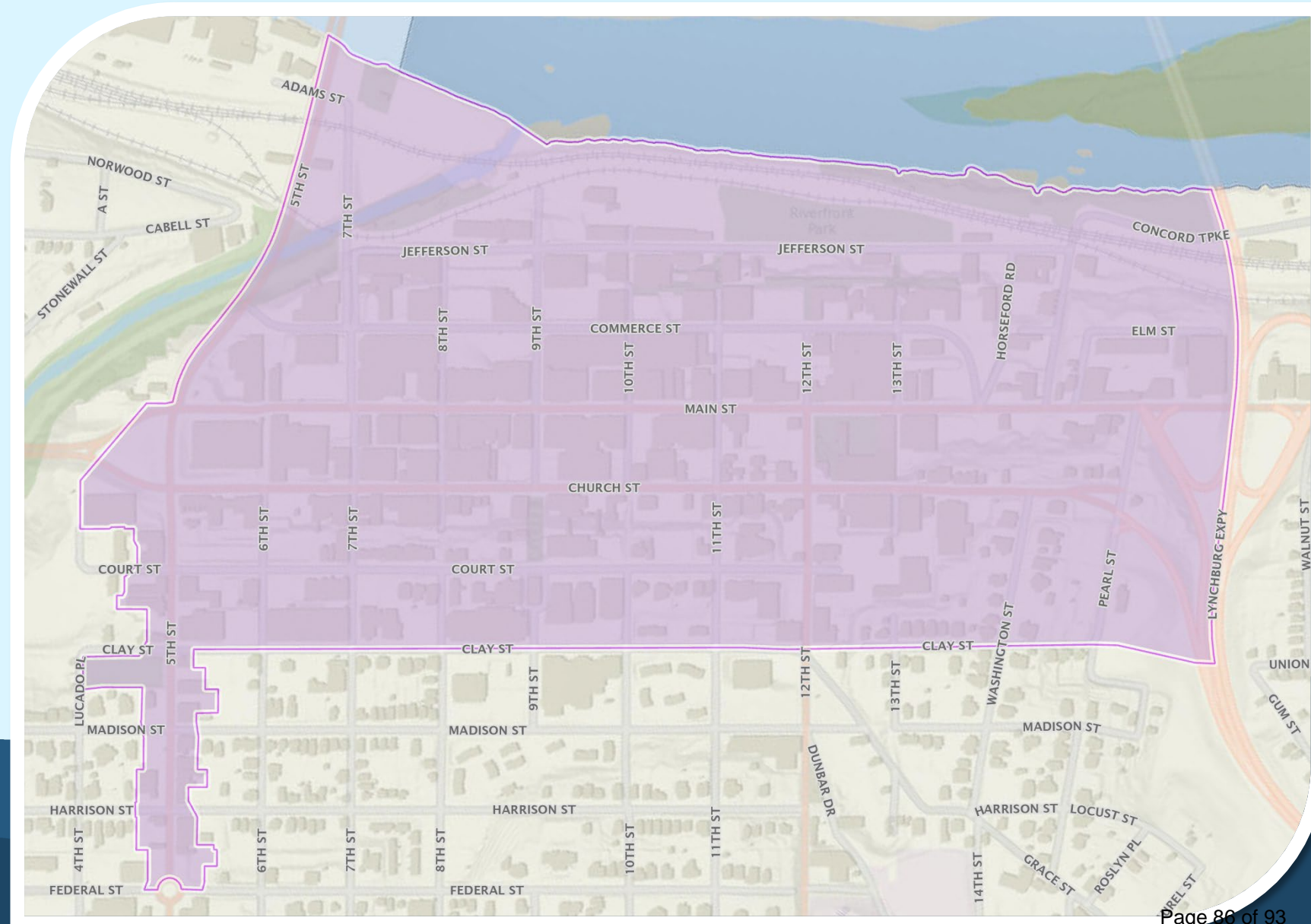
# AREA OVERVIEW

674  
Parcels

\$272,522,400  
Taxable Value

202.5  
Acres

| Category                  | % Assessed Value* |
|---------------------------|-------------------|
| Single-Family Residential | 11.38             |
| Multi-Family Residential  | 14.20             |
| Commercial                | 41.93             |
| Industrial                | 1.32              |
| Exempt                    | 31.17             |



# POTENTIAL REVENUE



| Owner                      | Assessed Value w/ Rehab | One Cent |
|----------------------------|-------------------------|----------|
| VIRGINIAN HOTEL LLC        | \$20,293,000            | \$2,029  |
| BLUFFWALK CENTER LP        | \$10,047,600            | \$1,004  |
| CITY MARKET LOFTS LLC      | \$9,402,500             | \$940    |
| JAMESVIEW INVESTMENTS LLC  | \$7,551,900             | \$755    |
| LYNCHBURG GRAND HOTEL, LLC | \$7,500,000             | \$750    |
| WEST ON MAIN LLC           | \$6,268,200             | \$626    |
| AC CAPITAL LLC             | \$6,203,500             | \$620    |
| GISH HOLDINGS LLC          | \$5,257,500             | \$525    |
| 700 MAIN ST LLC            | \$4,752,000             | \$475    |
| ROSENBERG FAMILY FUND      | \$4,400,000             | \$440    |





# UNIQUE CONSIDERATIONS IN LYNCHBURG

- DLA has existed for 27 years, providing many of the services that a DID would provide.
- Many DLA existing donors and sponsors are Downtown property owners.
- DIDs cannot replace existing City services.

## AGENDA ITEM SUMMARY

### MEETING DATE

March 25, 2025

### PRESENTED BY

Donna Witt, Chief Financial Officer

### AGENDA ITEM # III.9

FY 2025 General Fund Reserve for Contingencies Update

### RECOMMENDATION

Receive an update on the FY 2025 General Fund Reserve for Contingencies.

### SUMMARY

The General Fund Reserve for Contingencies is a reserve in the General Fund Operating Budget designed to provide a source of funding for items not included in the current budget. Requests for use of this reserve is recommended by the Finance Committee with final approval by City Council.

The FY 2025 Reserve for Contingencies was adopted at \$1,200,000, including \$50,000 for City Manager's Discretionary expenditures. Updates are presented at the Finance Committee meeting.

### PRIOR ACTION(S)

May 28, 2024: City Council, Adoption of the FY 2025 Operating Budget

### FISCAL IMPACT

As noted in Attachment A.

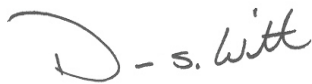
### CONTACT(S)

Donna Witt, Chief Financial Officer

### ATTACHMENT(S)

1. General Fund Reserve for Contingencies - Finance Committee - March 2025

### REVIEWED BY



\_\_\_\_\_  
Donna Witt, Chief Financial Officer

Date: March 20, 2025

FY 2025 GENERAL FUND RESERVE FOR CONTINGENCIES

|  | <u>Reserve for<br/>Contingencies</u> | <u>City Manager's<br/>Discretionary<br/>Funding</u> |
|--|--------------------------------------|---|
| <b>BEGINNING BALANCE, JULY 1, 2024</b>                                     | \$1,150,000                          | \$50,000  |
| Carryforward to FY 2025 Reserve for Contingencies - FY 2025 Adopted Budget | 0                                    | 0   |
| <b>BALANCE</b>   | <b><u>\$1,150,000</u></b>            | <b><u>\$50,000</u></b>                              |
| <b>APPROPRIATIONS (Second Reading)</b>                                     |                                      |   |
| Community Development - Demolition of Blighted Properties (2/18/2025)      | (\$116,160)                          |   |
| <b>TOTAL APPROPRIATIONS</b>  | <b><u>(\$116,160)</u></b>            | <b><u>\$0</u></b>                                   |
| <b>REMAINING BALANCE</b>   | <b><u>\$1,033,840</u></b>            | <b><u>\$50,000</u></b>                              |
| <b>ITEMS INTRODUCED</b>  |                                      |   |
| <b>TOTAL INTRODUCED ITEMS</b>  | <b><u>\$0</u></b>                    | <b><u>\$0</u></b>                                   |
| <b>REMAINING BALANCE</b>   | <b><u>\$1,033,840</u></b>            | <b><u>\$50,000</u></b>                              |
| <b>PENDING ITEMS</b>   |                                      |   |
| <b>TOTAL PENDING ITEMS</b>   | <b><u>\$0</u></b>                    | <b><u>\$0</u></b>                                   |
| <b>ENDING BALANCE, JUNE 30, 2025</b>                                       | <b><u>\$1,033,840</u></b>            | <b><u>\$50,000</u></b>                              |



## AGENDA ITEM SUMMARY

### MEETING DATE

March 25, 2025

### PRESENTED BY

Donna Witt, Chief Financial Officer

### AGENDA ITEM # III.10

Monthly Revenue Collections Update

### RECOMMENDATION

Review collections received from five of the City's revenue sources during Fiscal Year 2025. This report reflects revenues collected through January 2025.

### SUMMARY

A comparison of collections received by month is provided for the following revenues:

1. Sales and Use Tax
2. Consumer Utility Tax - Electric
3. Meals Tax
4. Lodging Tax
5. Amusement Tax

### PRIOR ACTION(S)

May 28, 2024: City Council, Adoption of the FY 2025 Operating Budget

### FISCAL IMPACT

As noted on report.

### CONTACT(S)

Donna Witt, Chief Financial Officer

### ATTACHMENT(S)

1. Monthly Tax Revenues Comparison FY 2025 - March 2025

### REVIEWED BY

\_\_\_\_\_  
Donna Witt, Chief Financial Officer

Date: March 20, 2025

**Comparison of Collections  
Budget to Actual  
Fiscal Year 2025**

|  | <b>Actual<br/>FY 2022</b> | <b>Actual<br/>FY 2023</b> | <b>Actual<br/>FY 2024</b> | <b>Adopted<br/>FY 2025</b> | <b>Actual<br/>FY 2025</b> | <b>Actual<br/>FY 2025 to<br/>Adopted<br/>FY 2025</b> | <b>Actual<br/>FY 2025 to<br/>Actual<br/>FY 2024</b> |
|--|---------------------------|---------------------------|---------------------------|----------------------------|---------------------------|--|---|
| <b>SALES &amp; USE TAX</b>                   |                           |                           |                           |                            |                           |  |   |
| <b>ADOPTED FY 2025 BUDGET - \$22,000,000</b> |                           |                           |                           |                            |                           |  |   |
| JULY   | \$1,595,392               | \$1,752,856               | \$1,756,307               | \$1,757,960                | \$1,858,087               | \$100,127  | \$101,780   |
| AUGUST                                       | 1,567,107                 | 1,734,950                 | 1,735,715                 | 1,737,349                  | 1,925,891                 | 188,542  | \$190,176   |
| SEPTEMBER                                    | 1,702,723                 | 1,910,727                 | 1,873,719                 | 1,875,483                  | 1,782,891                 | (92,592)   | (\$90,828)  |
| OCTOBER                                      | 1,727,124                 | 1,826,541                 | 1,779,505                 | 1,781,180                  | 1,873,631                 | 92,451   | \$94,126  |
| NOVEMBER                                     | 1,705,132                 | 1,755,273                 | 1,849,100                 | 1,850,840                  | 1,909,776                 | 58,936   | \$60,676  |
| DECEMBER                                     | 2,128,639                 | 2,339,927                 | 2,244,272                 | 2,246,384                  | 2,339,069                 | 92,685   | \$94,797  |
| JANUARY                                      | 1,623,094                 | 1,470,075                 | 1,626,161                 | 1,627,692                  | 1,608,074                 | (19,618)   | (\$18,087)  |
| <b>TOTAL</b>                                 | <b>\$12,049,211</b>       | <b>\$12,790,349</b>       | <b>\$12,864,779</b>       | <b>\$12,876,888</b>        | <b>\$13,297,419</b>       | <b>\$420,531</b>                                     | <b>\$432,640</b>                                    |
| <b>CONSUMER UTILITY TAX - ELECTRIC</b>       |                           |                           |                           |                            |                           |  |   |
| <b>ADOPTED FY 2025 BUDGET - \$3,500,000</b>  |                           |                           |                           |                            |                           |  |   |
| JULY   | \$320,905                 | \$323,534                 | \$305,391                 | \$303,585                  | \$328,167                 | \$24,582   | \$22,776  |
| AUGUST                                       | 340,374                   | 326,175                   | 315,489                   | 313,624                    | 326,991                   | 13,367   | \$11,502  |
| SEPTEMBER                                    | 321,494                   | 316,174                   | 313,758                   | 311,903                    | 302,612                   | (9,291)  | (\$11,146)  |
| OCTOBER                                      | 285,740                   | 264,598                   | 259,987                   | 258,450                    | 258,383                   | (67)   | (\$1,604)   |
| NOVEMBER                                     | 265,895                   | 248,183                   | 240,492                   | 239,070                    | 247,468                   | 8,398  | \$6,976   |
| DECEMBER                                     | 331,167                   | 339,268                   | 336,512                   | 334,522                    | 319,405                   | (15,117)   | (\$17,107)  |
| JANUARY                                      | 336,155                   | 359,207                   | 350,274                   | 348,203                    | 372,667                   | 24,464   | \$22,393  |
| <b>TOTAL</b>                                 | <b>\$2,201,730</b>        | <b>\$2,177,139</b>        | <b>\$2,121,903</b>        | <b>\$2,109,357</b>         | <b>\$2,155,693</b>        | <b>\$46,336</b>                                      | <b>\$33,790</b>                                     |

|  | Actual<br>Collected<br>FY 2022 <sup>2</sup> | Actual<br>Collected<br>FY 2023 <sup>2</sup> | Actual<br>Collected<br>FY 2024 <sup>2</sup> | Adopted<br>FY 2025  | Actual<br>Assessed<br>FY 2025 | Actual<br>Assessed<br>FY 2025 to<br>Adopted<br>FY 2025 | Actual<br>Collected<br>FY 2025 <sup>2</sup> | Actual<br>Collected<br>FY 2025 to<br>Adopted<br>FY 2025 | Actual<br>Collected<br>FY 2025 to<br>Adopted<br>FY 2024 |
|--|---|---|---|---------------------|-------------------------------|--|---|---|---|
| <b>MEALS TAX</b>                             |   |   |   |                     |                               |  |   |   |   |
| <b>ADOPTED FY 2025 BUDGET - \$21,500,000</b> |   |   |   |                     |                               |  |   |   |   |
| JULY <sup>1</sup>                            | \$1,381,484                                 | \$1,450,812                                 | \$1,445,285                                 | \$1,664,742         | \$1,568,899                   | (\$95,843)   | \$1,463,383                                 | (\$201,359)   | \$18,098  |
| AUGUST                                       | 1,506,141                                   | 1,608,171                                   | 1,701,730                                   | 1,810,513           | 1,741,484                     | (69,029)   | 1,754,060                                   | (56,453)  | 52,330  |
| SEPTEMBER                                    | 1,457,339                                   | 1,636,715                                   | 1,815,499                                   | 1,787,870           | 1,754,453                     | (33,417)   | 1,740,798                                   | (47,072)  | (74,701)  |
| OCTOBER                                      | 1,537,383                                   | 1,677,356                                   | 1,759,675                                   | 1,857,002           | 1,807,476                     | (49,526)   | 1,731,117                                   | (125,885)   | (28,558)  |
| NOVEMBER                                     | 1,452,953                                   | 1,531,231                                   | 1,672,125                                   | 1,757,737           | 1,754,056                     | (3,681)  | 1,734,682                                   | (23,055)  | 62,557  |
| DECEMBER                                     | 1,560,912                                   | 1,727,245                                   | 1,730,918                                   | 1,855,934           | 1,776,624                     | (79,310)   | 1,665,808                                   | (190,126)   | (65,110)  |
| JANUARY                                      | 1,277,126                                   | 1,550,911                                   | 1,497,034                                   | 1,590,301           | 1,559,018                     | (31,283)   | 1,573,286                                   | (17,015)  | 76,252  |
| <b>TOTAL</b>                                 | <b>\$10,173,338</b>                         | <b>\$11,182,441</b>                         | <b>\$11,622,266</b>                         | <b>\$12,324,099</b> | <b>\$11,962,010</b>           | <b>(\$362,089)</b>                                     | <b>\$11,663,134</b>                         | <b>(\$660,965)</b>                                      | <b>\$40,868</b>   |
| <b>LODGING TAX</b>                           |   |   |   |                     |                               |  |   |   |   |
| <b>ADOPTED FY 2025 BUDGET - \$4,300,000</b>  |   |   |   |                     |                               |  |   |   |   |
| JULY <sup>1</sup>                            | \$242,273                                   | \$268,473                                   | \$287,424                                   | \$341,838           | \$304,097                     | (\$37,741)   | \$323,561                                   | (\$18,277)  | \$36,137  |
| AUGUST                                       | 333,446                                     | 335,707                                     | 367,347                                     | 406,757             | 401,148                       | (5,609)  | 400,907                                     | (5,850)   | 33,560  |
| SEPTEMBER                                    | 263,845                                     | 301,809                                     | 341,274                                     | 380,352             | 333,670                       | (46,682)   | 327,595                                     | (52,757)  | (13,679)  |
| OCTOBER                                      | 317,407                                     | 384,448                                     | 411,122                                     | 452,601             | 376,556                       | (76,045)   | 376,203                                     | (76,398)  | (34,919)  |
| NOVEMBER                                     | 194,097                                     | 241,126                                     | 297,618                                     | 352,943             | 267,609                       | (85,334)   | 273,200                                     | (79,743)  | (24,418)  |
| DECEMBER                                     | 193,575                                     | 251,366                                     | 229,855                                     | 244,046             | 203,646                       | (40,400)   | 204,711                                     | (39,335)  | (25,144)  |
| JANUARY                                      | 173,332                                     | 265,409                                     | 244,962                                     | 279,345             | 246,476                       | (32,869)   | 248,082                                     | (31,263)  | 3,120   |
| <b>TOTAL</b>                                 | <b>\$1,717,975</b>                          | <b>\$2,048,338</b>                          | <b>\$2,179,602</b>                          | <b>\$2,457,882</b>  | <b>\$2,133,202</b>            | <b>(\$324,680)</b>                                     | <b>\$2,154,259</b>                          | <b>(\$303,623)</b>                                      | <b>(\$25,343)</b>                                       |
| <b>AMUSEMENT TAX</b>                         |   |   |   |                     |                               |  |   |   |   |
| <b>ADOPTED FY 2025 BUDGET -</b>              |   |   |   |                     |                               |  |   |   |   |
| JULY <sup>1</sup>                            | \$59,351                                    | \$46,938                                    | \$88,097                                    | \$96,977            | \$84,443                      | (\$12,534)   | \$83,599                                    | (\$13,378)  | (\$4,498)   |
| AUGUST                                       | 55,160                                      | 97,916                                      | 62,359                                      | 68,804              | 77,609                        | 8,805  | 79,458                                      | 10,654  | 17,099  |
| SEPTEMBER                                    | 45,639                                      | 60,593                                      | 62,730                                      | 69,355              | 69,951                        | 596  | 70,629                                      | 1,274   | 7,899   |
| OCTOBER                                      | 55,688                                      | 70,383                                      | 93,525                                      | 87,983              | 80,926                        | (7,057)  | 81,550                                      | (6,433)   | (11,975)  |
| NOVEMBER                                     | 54,292                                      | 64,081                                      | 57,177                                      | 68,195              | 92,301                        | 24,106   | 91,894                                      | 23,699  | 34,717  |
| DECEMBER                                     | 91,535                                      | 84,585                                      | 102,333                                     | 109,868             | 108,375                       | (1,493)  | 108,913                                     | (955)   | 6,580   |
| JANUARY                                      | 46,525                                      | 65,873                                      | 61,315                                      | 65,967              | 63,229                        | (2,738)  | 60,978                                      | (4,989)   | (337)   |
| <b>TOTAL</b>                                 | <b>\$408,190</b>                            | <b>\$490,369</b>                            | <b>\$527,536</b>                            | <b>\$567,149</b>    | <b>\$576,834</b>              | <b>\$9,685</b>   | <b>\$577,021</b>                            | <b>\$9,872</b>  | <b>\$49,485</b>   |

<sup>1</sup> Due to year end accounting activities, a portion of revenues associated with May and June were posted in June and July.

<sup>2</sup> "Actual Collected" includes all revenue received per month regardless of whether the payment is current or delinquent.