THE CITY OF LYNCHBURG

CITY COUNCIL WORK SESSION

Tuesday, May 6, 2025 | 4:00 PM
2nd Floor Training Room- City Hall
900 Church Street
Lynchburg, VA 24504

AGENDA

I. **Welcome** — *Larry Taylor, Mayor*

II. **Budget Work Session Agenda Items** — *Wynter C. Benda, City Manager*

II.1. FY 2026 Budget Work Session

THE CITY OF LYNCHBURG

BUDGET UPDATE

Budget Work Session

May 6, 2025

OVERVIEW

Response to Questions

- Structure Inventory Follow-up
- Cost of New Police Headquarters and New Fire Station
- Police and Schools Funding 2015 – 2025
- Department Submissions
- Radio Funding for Fire Department
- Tax Rates
- Financial Management Policies - Policy I – Fund Balance
- FY 2024 Year End
- FY 2026 Proposed UGFB Balance
- Financial Management Policies - Policy II - Debt Management
- FY 2026 Proposed Budget Real Property Tax Equalized
- Budget Adjustments
- FY 2026 Proposed Federal Funding

THE CITY OF LYNCHBURG

OUTSIDE CITY LIMITS

General Fund

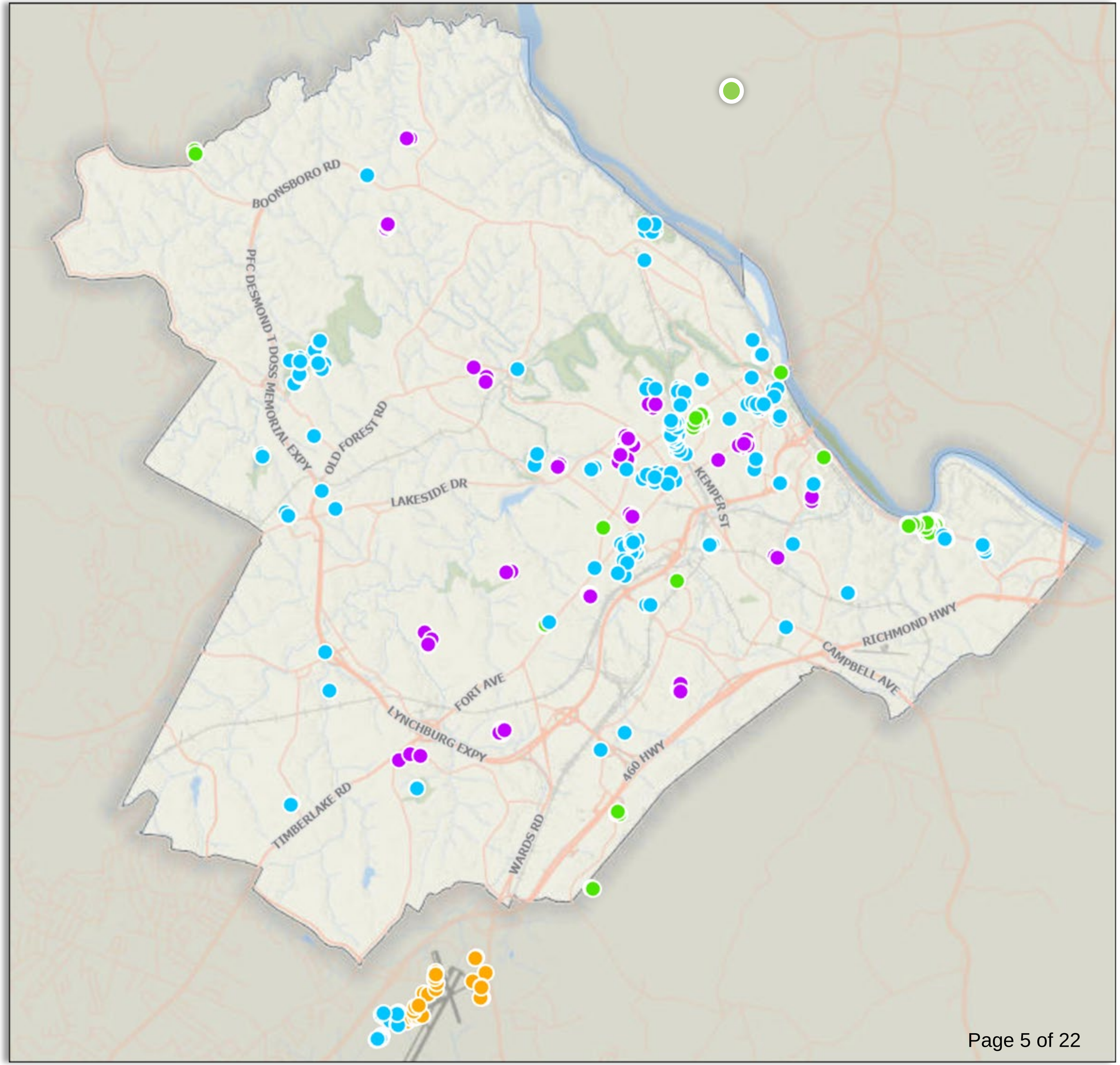
Campbell County – Fire Training Facility and LPD Firing Range

Water/Sewer/Storm

Amherst County - Pedlar Reservoir
Bedford County – Abert Water Filtration Plant and Water Pump Station
Campbell County – Wingate Water Tanks and Leesville Road Tanks

Airport

Campbell County



GENERAL FUND

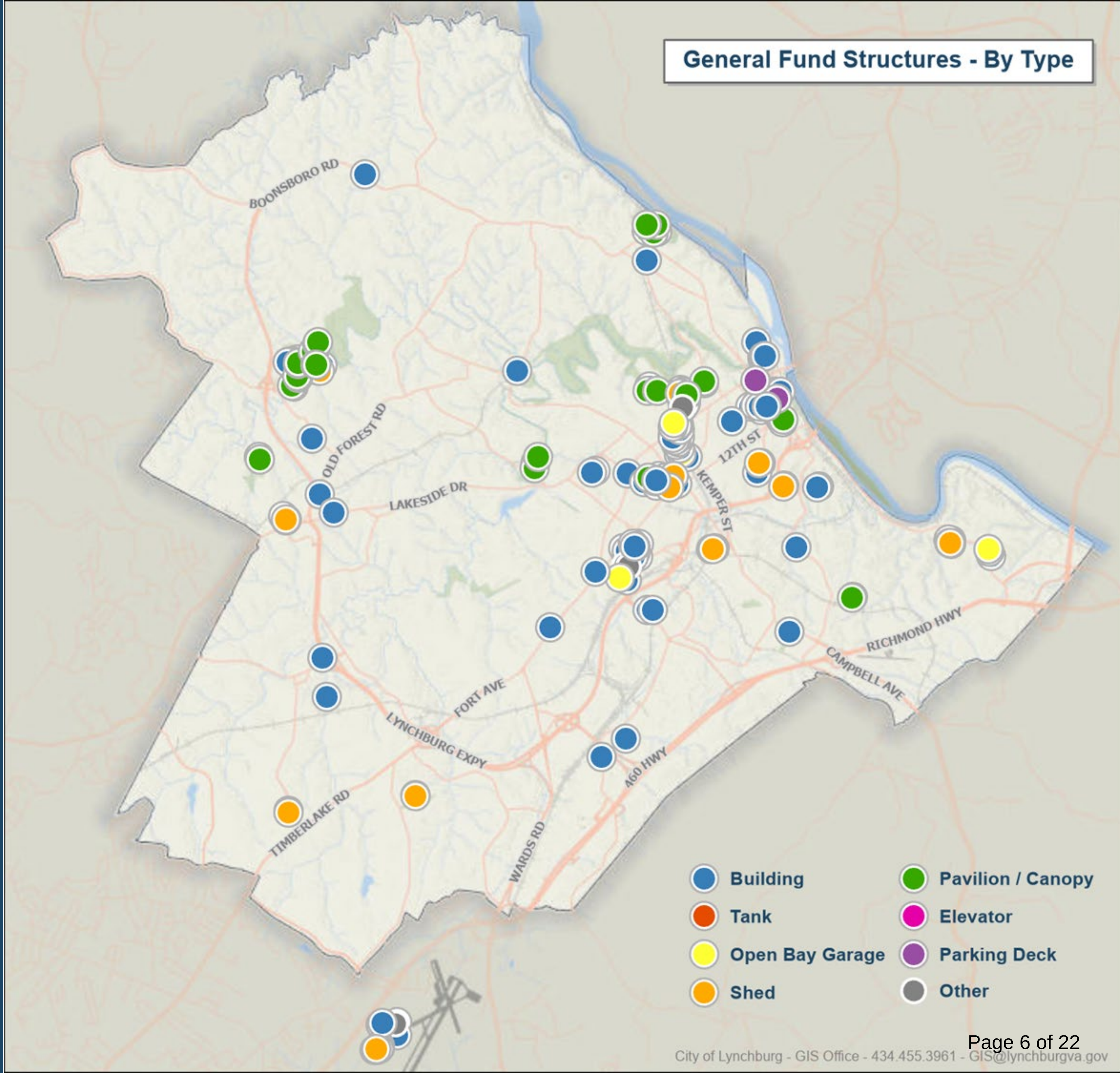
BY TYPE

180

Type	Count
Building	**112**
Pavilion / Canopy	33
Shed	20
Open Bay Garage	7
Other	4
Parking Deck	3
Elevator	1

*OTHER:

- **GREENHOUSES**
- **FIRE TRAINING FACILITY STRUCTURES**



CONDITIONED BUILDINGS

GENERAL FUND

65

Type	Count
General Office	12
Neighborhood Center	9
Fire Station	8
Museum	6
Vacant / Vacancy Expected	6
Other	4
Stadium	4
Workshop / Maintenance	4
Court	2
Library	2
Police Station	2
Storage	2
Residential	1
School	1
Community Market and City Armory	1
Garage	1

VACANT / UNDERUTILIZED

GENERAL FUND

6

Building	Address
Opportunity House	1517 JACKSON ST
VA Amateur Sports	2348 LAKESIDE DR
Old Forest Rd Commercial	3813 OLD FOREST RD
White Rock School (x2)	400 BUENA VISTA ST
PD West Building	805 COURT ST

CRITERIA FOR DETERMINING UNDERUTILIZATION:

- BUILDING IS VACANT OR WILL BE VACANT IN THE NEXT 12 MONTHS.
- STAFF HAS DETERMINED THERE IS EXCESS SPACE NOT BEING UTILIZED BY PERSONNEL, STORAGE, OR OTHER OPERATIONAL NEEDS

COST OF NEW POLICE HEADQUARTERS AND NEW FIRE STATION

New Police Headquarters cost as of May 1, 2025 is $50,357,228.

New Fire Station

- Liberty University estimated investment $8,500,000
- City’s annual lease payment of approximately $500,000
- SAFER grant ending on or about March 1, 2028 (FY 2028) moving 21 firefighters to the General Fund budget at $1,470,000+ annually

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POLICE AND SCHOOLS FUNDING FY 2015 - FY 2025

	Adopted FY 2015		Adopted FY 2016	%	Adopted FY 2017	%	Adopted FY 2018	%	Adopted FY 2019	%	Adopted FY 2020	%
Police Department	15,206,219		15,961,431	*5.0%*	16,569,896	*3.8%*	16,313,258	*-1.5%*	16,709,468	*2.4%*	17,147,895	*2.6%*
Schools Operations	38,924,147		41,064,276	*5.5%*	41,354,039	*0.7%*	42,028,498	*1.6%*	42,028,498	*0.0%*	42,890,498	*2.1%*

	Adopted FY 2021	%	Adopted FY 2022	%	Adopted FY 2023	%	Adopted FY 2024	%	Adopted FY 2025	%	$ Change from FY 2015 to FY 2025	%
Police Department	17,973,292	*4.8%*	18,521,407	*3.0%*	22,339,496	*20.6%*	25,186,708	*12.7%*	25,678,172	*2.0%*	10,471,953	*68.9%*
Schools Operations	39,828,498	*-7.1%*	39,828,498	*0.0%*	40,794,923	*2.4%*	39,360,355	*-3.5%*	40,360,355	*2.5%*	1,436,208	*3.7%*

Note: Schools Operations Adopted FY 2025 budget totaling $40,360,355 includes the Schools Use of the Health Insurance Reserve.

Note: LPD funding includes both local revenue and state HB 599 revenue.

THE CITY OF LYNCHBURG

DEPARTMENT SUBMISSIONS

Submitted by Dept in Letter

Human Resources and Occupational Health Budget Description

The Department Submitted FY 2026 Human Resources and Occupational Health budget of $1,632,229 represents a 15.5% increase of $219,117 compared to the Adopted FY 2025 budget of $1,413,112.

Highlights of the Department Submitted FY 2026 budget include:

- $143,494 increase in Salaries and Employee Benefits reflecting the 3% cost of living adjustment adopted by City Council for FY 2025 as well as the Virginia Retirement System (VRS) biennial rate change and the hybrid rate separation and requesting to change the Administrative Associate II hourly position to part-time with benefits, a new full-time Human Resources Coordinator position, and funds for overtime and progression.
- $69,141 increase in Contractual Services reflecting an increase in cost to the current NeoGov platforms and additional funding for Occupational Health services.
- $6,482 increase in Other Charges reflecting costs associated with a new full-time Human Resources Coordinator position, as well as purchasing labor law posters.

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DEPARTMENT SUBMISSIONS (con't)

The Manager's Proposed budget includes the following change(s) from Department Submitted:

- $100,351 decrease in Salaries and Employee Benefits due to not funding the request to change the Administrative Associate II hourly position to part-time with benefits and a new full-time Human Resources Coordinator position.
- $60,000 decrease in Contractual Services due to not funding the increase for Occupational Health services.
- $4,062 decrease in Other Charges reflecting not funding costs associated with a new full-time Human Resources Coordinator position.

Changes to Dept Submitted Requests in City Manager's Proposed Budget

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DEPARTMENT SUBMISSIONS (con't)

Human Resources and Occupational Health

	Actual FY 2024	Adopted FY 2025	Department Submitted FY 2026	Manager's Proposed FY 2026
POSITION SUMMARY				
City Funded Full-Time	10.00	10.00	11.00	10.00
City Funded Part-Time	0.00	0.00	0.75	0.00
City Funded Hourly	0.53	0.53	0.00	0.53
TOTAL FTE	**10.53**	**10.53**	**11.75**	**10.53**
BUDGET SUMMARY				
EXPENDITURES				
Personnel Services				
Salaries	$709,776	$727,537	$821,631	$755,106
Employee Benefits	288,391	295,369	344,769	310,943
Subtotal Personnel Services	***$998,167***	***$1,022,906***	***$1,166,400***	***$1,066,049***
Operating				
Contractual Services	$376,635	$360,299	$429,440	$369,440
Other Charges	43,934	27,573	34,055	29,993
Rentals and Leases	1,760	2,334	2,334	2,334
Subtotal Operating	***$422,329***	***$390,206***	***$465,829***	***$401,767***
TOTAL CITY COST	**$1,420,496**	**$1,413,112**	**$1,632,229**	**$1,467,816**

Submitted by Dept in Letter

Proposed by City Manager

THE CITY OF LYNCHBURG

RADIO FUNDING FOR FIRE DEPARTMENT

- The estimate needed to fund radios for the Fire Department is approximately $700,000.
- It is anticipated there will be savings in the FY 2025 Fire Department budget to cover much of this cost.

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TAX RATES

CITY OF LYNCHBURG - FY 2026 MANAGER'S PROPOSED			
Revenue Source	Current Rate	Increment	Revenue Value
Meals	6.5%	1.0%	$3,230,768
Lodging	6.5%	1.0%	$517,977
Lodging room/night	$1.00	$1.00	$433,150
Amusement	7.0%	1.0%	$135,714
Personal Property	$3.80	$0.10	$684,211
Real Estate	$0.89	$0.01	$907,148

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FINANCIAL MANAGEMENT POLICIES - 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.

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FY 2024 Year End

Presented at City Council Retreat

Thursday, January 9, 2025

FY 2024 Analysis of Unassigned General Fund Balance (UGFB)

FY 2024 Analysis of Unassigned General Fund Balance (UGFB)

FY 2023 Actual Ending UGFB	$68.1
FY 2024 Adopted Use of UGFB	($23.2)
FY 2024 Appropriated Use of UGFB - 1st Quarter	($1.0)
FY 2024 Appropriated Use of UGFB - 12th Street Stabilization	($2.4)
FY 2024 Appropriated Use of UGFB - 4th Quarter	($0.3)
FY 2024 City Council Adopted UGFB	($15.1)
FY 2024 Additional Revenue above Adopted *	$11.2
FY 2024 Expenditure Savings above Amended **	$2.2
FY 2024 Year End Adjustments	$0.9
FY 2024 Actual Ending UGFB	$40.4

THE CITY OF LYNCHBURG

FY 2025 Estimated Unassigned General Fund Balance (UGFB)

FY 2025 Estimated Unassigned General Fund Balance (UGFB)	
FY 2024 Actual Ending UGFB	$40.4
FY 2025 Adopted Use of UGFB	($1.4)
FY 2025 Appropriated Use of UGFB - 1st Quarter	($1.5)
FY 2025 Estimated Ending UGFB	$37.5
Financial Policy - 11.8% of FY 2025 Adopted Revenues	($26.9)
Estimated Remaining for One-Time Expenditures	$10.6

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FY 2026 PROPOSED UGFB BALANCE

“The City will balance moving towards the 15% targeted fund balance with its annual “Pay as you go” capital improvement requirements.”

- 11.70% - $28,379,565 – FY 2026 Proposed UGFB
- 11.00% - $26,654,611 – additional $1,724,954 one-time funds
- 10.00% - $24,231,464 – additional $4,148,101 one-time funds

Excerpt Budget Overview (FY 2026 Proposed Budget document page v)
“The Proposed Budget includes an 11.7% Unassigned General Fund Balance, which is a slight decrease below Adopted FY 2025. The total Unassigned General Fund Balance in FY 2026 is projected to be $28,379,565. Funding in the amount of $9.0 million of the FY 2024 Unassigned General Fund Balance is proposed as transfers to the City and Schools Capital Funds for projects in the Capital Improvement Program.”

THE CITY OF LYNCHBURG

FY 2026 PROPOSED DEBT SERVICE

FY 2026 Proposed debt service represents payments due on current bond issues plus an estimate of interest payments for use of line of credit for current projects.

Changes to the Proposed FY 2026-2030 CIP will have no impact on the FY 2026 Proposed debt service.

THE CITY OF LYNCHBURG

FINANCIAL MANAGEMENT POLICIES
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.

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