Agenda
City Council Strategic Planning Meeting
Friday, October 19, 2012
9:00 a.m. – 1:00 p.m.
City Hall, 2nd Floor Training Room

I.	Agenda Overview	9:00 a.m. – 9:05 a.m.
II.	Review and Reaffirmation of City Council Vision	9:05 a.m. – 9:30 a.m.
III.	Financial Indicators and Trends	9:30 a.m. – 10:15 a.m.
	Break	10:15 a.m. – 10:30 a.m.
IV.	FY 2014 Budget and Beyond A. What We Know Now: BIG PICTURE 1. Revenue Reductions 2. Expenditure Increases	10:30 a.m. – 11:00 a.m.
V.	Council Conversation and Guidance	11:00 a.m. – Noon
	Lunch	Noon – 12:30 p.m.
VI.	Update on Unemployment in the City	12:30 p.m. – 12:45 p.m.
VII.	Wrap-up and Adjourn	12:45 p.m. – 1:00 p.m.

The City of Lynchburg, Virginia

City
Manager''s
Office

MEMORANDUM

TO: City Council
L. Kimball Payne, City Manager

FROM: Bonnie Svrcek
Deputy City Manager

DATE: October 16, 2012

SUBJECT: Sustainable Lynchburg Summary Report – October 2012

In preparation for City Council's Strategic Planning Session on Friday, October 19, 2012 the Sustainable Lynchburg Working Group has prepared a Summary Report that lists the following for each of the eleven Sustainable Lynchburg elements that Council adopted in August, 2008:

1. Major Accomplishments during FY 2012 (ending June 30, 2012)
2. Major Works in Progress
3. Critical Issues/Concerns for the Future

I need to be very, very clear that this "summary" report is not an inclusive report for each of these elements. The report is intended to provide City Council a very broad, BIG picture overview of accomplishments, works in progress and critical issues and concerns as identified by the Working Group.

The Working Group hopes that this information, coupled with the presentation on the Financial Indicators and Trends, will serve as a foundation for discussion at your Strategic Planning meeting.

Thank you.

Attachment

c: Sustainable City Working Group:
Jacob Dorman, Environmental Reviewer, Department of Community Development
Kay Frazier, Director of Parks and Recreation
Gaynelle Hart, Assistant Director of Public Works
JoAnn Martin, Director of Communications and Marketing
Tim Mitchell, Director of Water Resources
Lee Newland, City Engineer
Tamara Rosser, Director of Juvenile Services
Parks Snead, Police Chief
Marjette Upshur, Director of Economic Development
Kent White, Director of Community Development

SUMMARY REPORT

OCTOBER 2012

WORK GROUP MEMBERS

Bonnie Svrcek
City Manager's Office

Kay Frazier
Parks and Recreation

Jacob Dorman
Community Planning

Gaynelle Hart
Public Works

JoAnn Martin
Communications & Marketing

Dr. Michael Gillette
City Council Liaison

Tim Mitchell
Utilities

Lee Newland
Engineering

Tamara Rosser
Juvenile Services

Marjette Upshur
Economic Development

Kent White
Community Planning

BACKGROUND

In February 2008, staff began working on a Sustainable City Initiative with the purpose of providing a framework by which the principles of sustainability are utilized in developing policy and in the City's day to day practices. The Sustainable City Initiative fosters improved communication and leads to effectiveness and efficiencies in planning and day to day operations. The work to date has served to strengthen working relationships among departments, encourage collective ownership for problem solving and will improve long term planning and maximization of resources.

Staff identified eleven (11) Elements of Sustainability: Arts and Culture, Citizen Engagement and Social Capital, Economic Development, Healthy and Active Living, Infrastructure, Land Use, Lifelong Learning, Natural and Environmental Resources, Neighborhoods, Safe Community and Transportation. In August 2008, Deputy City Manager Bonnie Svrcek presented the Sustainable City Initiative to Lynchburg City Council at which time City Council adopted a resolution supporting the initiative including the Statement of Purpose, Vision, Definitions, Guiding Principles, Goals and Objectives. City Council also appointed Councilmember Michael Gillette to serve as Council's liaison to the Sustainable City Initiative committee to serve as the formal point of communication between staff and Council on sustainable issues, to work continually with staff to advance sustainable issues consistent with the Council's priorities, and to report periodically to Council on how its decisions impact the sustainability efforts.

Staff has provided annual reports to City Council since 2008 and has continued working on the effort by strengthening the goals and identifying initiatives for each of those goals. The committee solicited input on the initiatives from the organization's Leadership Team and key leaders. The initiative was also renamed ***Sustainable Lynchburg***.

This report is a broad summary of Accomplishments, Works in Progress and Critical Issues/Concerns for the Future and documents work done internally by staff to support the vision of *a diverse community working together to promote a healthy and sustainable city with social, cultural, economic and environmental vitality, now and for future generations.* This report is not intended to be inclusive of all activities in each of the elements.

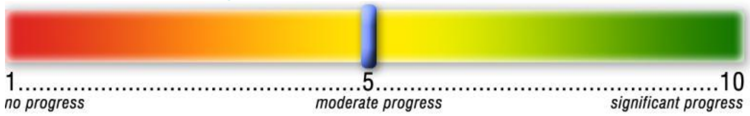
SUSTAINABLE LYNCHBURG VISION

Lynchburg is a diverse community working together to promote a healthy and sustainable City with social, cultural, economic and environmental vitality, now and for future generations.

GUIDING PRINCIPLES

- The City recognizes that financial responsibility, environmental stewardship, economic development, and social and racial equity are integrated elements of sustainability.
- Sound financial management and the appropriate use of taxpayers' dollars are critical foundations to attaining the foals of sustainability.
- Sustainability serves as a filter for City decision making and development of policy.
- Engaging the community, building social capital and encouraging citizen leadership are fundamental elements to working towards a sustainable City.
- A sustainable City is achieved through partnerships with the business community, citizens and local government.
- All local government functions will work in support of a sustainable City.
- The City works to protect, preserve, and restore the natural environment.
- The City promotes active living, advances safe communities, and works to improve the social and physical environment.
- The City works towards a sustainable infrastructure.
- A sustainable City set priorities and evaluates progress through performance indicators and outcomes.

Assessment as of September 2011



City Council Assessment of Progress: Moderate

Arts and Culture

Major Accomplishments

- Despite budget challenges, Library leadership developed a staffing plan to keep the Branch library open with reduced hours in FY 2012 and funding was restored to keep the Branch open in FY 2013 with unreduced hours.
- Sculpture created by children in Lynchburg City Schools has been showcased in the Fifth Street Roundabout.
- Grant funding from the Arts and Cultural District in the amount of $29,975 coupled with $5,000 from the Virginia Commission for the Arts has been awarded to 13 entities. These grants leveraged over $200,000 in private direct investment with an estimated economic impact of more than $600,000, resulting in 10 new events and attractions in the District including the return of Lynchburg touchstone community experiences like the Batteau Festival and Riverflick Film Series. The Arts and Cultural Project Grants have attracted new visitors to the District and broadened the individuals and organizations engaging arts and cultural activities in Lynchburg. Grant recipients include: Amazement Square, Academy of Fine Arts, Virginia University of Lynchburg, Military Order of the Purple Heart, Opera on the James, 5th Street Community Development Corporation, Lynch's Landing, James River Council for the Arts and Humanities, Young Entrepreneurial Spirits Program, Dance Theater of Lynchburg and more.
- City staff and partners have continued to promote the Get! Downtown event that is wildly successful.
- In FY 2012, 5,767 persons visited the Lynchburg Museum at the Old Court House compared to 6,187 in FY 2011, a decrease of 6% from the prior year. In FY 2012, 9,967 persons visited Point of Honor compared to 9,100 in FY 2011, an increase of 9%. Outreach programs (taken to schools, similar sites) increased 56% serving 938 persons in FY 2011 and 1,472 in FY 2012. *Approximately 40% of Point of Honor visitation is from free outdoor public events.*

Major Works in Progress

- Conversations have begun with the James River Arts Council on developing a partnership to create an "Art in Public Places" program.
- Final design for the Children's Reading Room (funded by St. John's Episcopal Church) and the Friends of the Library (with seed money from the City) is nearly complete .Midtown Connector, GLTC Transfer Center, Campbell Avenue/Oddfellows Road Master Plan and Lower Bluffwalk all proceeding.

Critical Issues/Concerns for the Future

- Viability of maintaining the Museum system at its current level of operation.
- The contract with the Lynchburg Regional Chamber of Commerce expires in December 2013. Discussions will need to begin regarding the future of tourism service delivery.

Assessment as of September 2011

City Council Assessment of Progress: Moderate

Citizen Engagement and Social Capital

Major Accomplishments

- Successfully conducted citizen engagement process on the FY2013 budget.
- Improved and increased utilization of social media including Facebook, Twitter, YouTube, etc.
- Citizen Academy and Police Academy continue to be successful in attracting students.
- Town/Gown Meetings continue to be productive avenue to communicate with local colleges and universities.
- Get!Downtown attendance increased and included a Stay!Downtown feature in 2012.
- Continued to conduct citizen surveys to gather input concerning targeted issues (i.e. City's response to windstorm, etc.)

Major Works in Progress

- The City's new website will be launched in December 2012 with improved access for mobile devices.
- Celebration of the 10th Anniversary of the Lynchburg Citizens Academy with establishment of an alumni organization.
- Second annual *Lights! Camera! Lynchburg* video Contest

Critical Issues/Concerns for the Future

- Development of a process that would serve to guide the community through a collaborative and creative process that would lead to a shared community vision and common values. This vision would act as one filter in making long range plans and critical budget decisions.
- Investigating possibility of obtaining funding for Reverse 911 and/or low frequency radio station to improve communication efforts with citizens.

City Council Assessment of Progress: Significant

Economic Development

Major Accomplishments

- Office of Economic Development was awarded a Brownfields Grant from the Virginia Economic Development Partnership for $41,000 to assist with assessment, remediation and stabilization on the 700 block of 5th Street. OED provided funding for the application for 5th Street to be designated a State & Federal Historic District to encourage development.
- Office of Economic Development received a grant of $5000 from the Virginia Commission for the Arts for the James River Arts & Cultural District. Awarded 12 Arts & Cultural District Grants totaling $29,925 to produce a total estimated economic impact of $613,072 in the Arts & Cultural District.
- Lynchburg's Enterprise Zones administered by the Office of Economic Development awarded over $375,000 in grants to commercial property owners for over $47 million in capital investment and the creation of 107 new jobs.
- Launched the Economic Development Authority "OpportunityLynchburg.com" website to provide 24/7 access to information and services to retain, grow and attract business in the City of Lynchburg.
- Governor announces VDOT funding for Odd Fellows Road-460 Interchange - $30 million project. Based on feedback from the new neighborhood economic development pilot, the Office of Economic Development seized the opportunity to fund the current Campbell Avenue and Odd Fellows Road Corridors Land Use & Master Plan Study when the above Interchange was announced to maximize economic development and community livability.

Major Works in Progress

- Local Enterprise Zone Redevelopment Grant approved to support redevelopment and increase revenues.
- Establishing a Defense Zone.
- Partnership with the New River Valley to become a Foreign Trade Zone.
- Workforce Development Initiatives.
- Enterprise Zone Amendment 2012.
- Business Development Strategic Plan.

Critical Issues/Concerns for the Future

- Resources available to support activity.

Assessment as of September 2011

City Council Assessment of Progress: Moderate

Healthy and Active Living

Major Accomplishments

- City actively participated on the Action Community for Health, Innovation and Environmental (ACHIEVE) Action and Response Team. Team created a Community Action Plan, conducted community assessments, and spearheaded community projects, including the Live Healthy Lynchburg Initiative, Work Healthy Coalition, formation of the Lynchburg Area Food Council, and projects funded through the Virginia Department of Health and the Virginia Foundation for Healthy Youth.
- Improved multi-modal transportation options, including completing Phase I and IIA of the Wards Road Pedestrian/Bicycle Plan. In addition Region 2000 Local Government Council partnered with the City and Lynchburg City Schools to initiate a Safe Routes to School Program. The partnership received two Prevention Connection Mini-Grants, completed Travel Plans for three elementary schools and received over $375,000 in grant funds to improve infrastructure to improve walking conditions around Perrymont, TC Miller and Dearington elementary schools.
- City modeled a work healthy environment by encouraging employee participation in the Live Healthy Lynchburg initiative, Lynchburg Ten Miler/ Four Miler, 100 Mile Challenge, workplace Weight Watchers program, Health On the Go programs, the Health Management Program and exercise and fitness programs.
- Improved recreation facilities, including completing Phase I of the Lynchburg Dog Park; constructing a universally accessible playground in Riverside Park; and substantially completing Allen-Morrison Demolition.

Major Works in Progress

- Improve infrastructure to increase active living and transportation options. Improvements include the renovation and extension of the Creekside Trail, and construction of the Lower Bluff Walk, Mid-town Connector, Wards Road Pedestrian improvements and SRTS sidewalk improvements.
- Renovation of the Miller Center, increasing opportunities to participate in wellness and fitness recreation programs.
- Improvements to recreation infrastructure, including the athletic field at Blackwater Creek Athletic Area, exercise circuit equipment at Peaksview Park, and improving trails, basketball and tennis courts in Riverside Park.
- Continued City staff participation on the ACHIEVE Action and Response Team.

Critical Issues/Concerns for the Future

- Inability to fund trail, park, recreation facility, school ground and multimodal infrastructure improvements.
- Negative economic impact on businesses and the City from rising healthcare costs, loss of productivity and loss of quality of life, related to the obesity epidemic.
- Potential positive and negative impacts and uncertainty (costs) of the Affordable Care Act.
- Citizens' inability to access healthy and affordable food.

City Council Assessment of Progress: Moderate

Infrastructure

Major Accomplishments

- James River Interceptor Divisions 4 & 5 nearly complete.
- Continued progress on the CSO Program— we have eliminated 108 of 132 overflow points.
- Implemented a stormwater utility and now will have a dedicated source of funding for stormwater infrastructure needs.
- Pedestrian Bridge and Trails – Pedestrian access to shopping from Liberty and reducing the number of vehicle trips.
- Rivermont Bridge – Upgrades to enhance the community and maintenance work to extend the serviceable life.

Major Works in Progress

- CSO Long Term Control Plan Update – may result in a significant change in direction for the CSO Program with a possibility of completing the program within the next decade.
- James River Interceptor Division 3A – work just started on this critical component of the CSO Program. This project will significantly reduce the frequency of CSO overflows at one of the most active overflow points.
- Midtown Connector – Replacing underground infrastructure while construction takes place, improving pedestrian access and community pride.
- Juvenile Detention Home – Additional facility to improve continuum of care, streamline services and realize efficiencies.
- Kemper Street Bridge – Replacing deficient bridge to improve lifespan while enhancing safety, pedestrian access and creating gateway to Midtown.

Critical Issues/Concerns for the Future

- Adequate funding for the Central Business District Water Line Replacement Program.
- Sewer system issues including: capacity issues in Burton Creek may require the replacement of this interceptor, providing sewer service to unsewered areas and ongoing sewer system maintenance needs.
- Adequate CSO funding.
- Stormwater Infrastructure – as we complete more storm system evaluations, more replacement and renewal needs are discovered.
- College Lake Dam Upgrades – Costly improvements are required within the next 3 years to bring structure up to current State Dam Safety Regulations.

Assessment as of September 2011

City Council Assessment of Progress: Moderate

Land Use

Major Accomplishments

- Planning Commission submitted its ninth annual report detailing the ongoing implementation of the City's Comprehensive Plan 2002-2020.
- Completed diagnostic review of City's Zoning Ordinance.
- Implemented software upgrades to improve efficiency and internal communication in plan review, project management, permitting and licensing, and project management.
- Significant progress on a variety of connectivity/infrastructure efforts, including Wards Road Pedestrian Improvements phase IIA, 5th Street phase II and Jefferson Street.

Major Works in Progress

- The Planning Commission initiated the 10-year review of the City of Lynchburg Comprehensive Plan 2002-2020. Review will highlight issues identified during the zoning diagnostic review to determine what, if any, revisions are required to Comprehensive Plan.
- City Council approved funding to revise the ordinance in September 2012. Revision process will consist of community engagement, indexing and text amendments necessary to revise the ordinance and official zoning map.
- Improve access to plan, inspection and infrastructure data to provide more options for the public to review and submit development projects.
- Midtown Connector, GLTC Transfer Center, Campbell Avenue/Oddfellows Road Master Plan and Lower Bluffwalk all proceeding.

Critical Issues/Concerns for the Future

- Review City Council vision, Sustainable Lynchburg report card and Annual Report on the Activities on Planning Commission and identify opportunities to assess progress relative to one another.
- Discussion of role of density, use and public facilities on the growth of the City.
- Revise City Code governing Map Room policies to streamline procedures for connecting to public infrastructure and data management.
- Long term funding of infrastructure maintenance and reimbursements as they relate to development within the City.

City Council Assessment of Progress: Significant

Lifelong Learning

Major Accomplishments

- The "Keep Them Home" Committee partnered with the Dearington community and numerous businesses to sponsor the first back to school event. Service providers provided information about their services and backpacks with school supplies were given to every student who attends Dearington Elementary School.
- New Lynchburg City Schools' Truancy Policy.
- The Lynchburg Beacon of Hope program (to provide LCS students with the tools and resources to attain a post-secondary education) is now operating in both high schools.
- The development of the VA Region 2000 Career and Technical STEM (Science, Technology, Engineering and Math) Academy.
- Parenting classes now offered by Central VA Community Services Board and Presbyterian Homes and Family Services.

Major Works in Progress

- The Young Entrepreneurs Academy (YEA)
- City Employee Workforce Development System – Engaging and Developing Great Employees (EDGE) staff development program continuing to evolve to meet employees' and organization's needs.

Critical Issues/Concerns for the Future

- The new LCS truancy policy and the high number of truant students.
- The further eroding of all funding sources.

City Council Assessment of Progress: Moderate

Natural & Environmental Resources

Major Accomplishments

- Reorganized and implemented a stormwater utility that will provide dedicated funding for stormwater and allow for the more efficient and effective management of the City's Stormwater Program.
- Partially as a result of our stormwater utility, we have received grants from: (1) National Fish and Wildlife Foundation through the Center for Watershed Protection to enhance our illicit discharge detection and elimination program and (2) University of Maryland's Environmental Finance Center to help us develop creative financing for the stormwater program and assist with the selection of the most cost effective stormwater best management practices.
- Work with James River Association on River Hero Homes to recognize property owners for their efforts to reduce stormwater and pollution leaving their property.

Major Works in Progress

- Working on various State Stormwater advisory panels to help develop policy that is affordable and achievable while accomplishing the goals of the Chesapeake Bay Watershed Implementation Plan.
- Wastewater Plant Secondary Clarifier upgrades – this is a significant project that will enable higher sustained flows through the wastewater treatment plant with an improved level of treatment which will reduce the volume of CSO overflows and improve effluent quality.
- Development of a complex water quality model of the streams and James River in Lynchburg to provide a tool to make effective decisions about the CSO and Stormwater Programs.
- Continued development of the stormwater program to meet regulatory requirements, improve water quality, and address stormwater infrastructure needs.
- Pursuing a grant through USEPA to identify and eventually evaluate potential brownfield sites through the City's Midtown area.

Critical Issues/Concerns for the Future

- Adequate resources for Stormwater regulations, new stormwater permit and Chesapeake Bay and other TMDL's.
- Keeping stormwater rates as low as possible.
- Balancing the need to create new resource protection ordinances with the desire to maintain a business friendly atmosphere.
- Maintain existing mutually beneficial community environmental partnerships while cultivating new ones that expand our audience in increasingly difficult economic times.

City Council Assessment of Progress: Significant

Neighborhoods

Major Accomplishments

- Community Development Block Grant (CDBG) funds allocated to Tinbridge Hill for a pilot sustainable neighborhood.
- Successfully executed the annual National Night Out with 16 groups hosting events.
- Parks and Recreation continued to operate seven neighborhood centers.

Major Works in Progress

- Construction continues on Jefferson Street South sidewalk and pedestrian access improvements; Bluffwalk design is complete and bids will be received in October.
- Fifth Street Revitalization (Phase II) is under construction.
- Development of a sustainable neighborhood plan for Tinbridge Hill in partnership with the Friends of Tinbridge Hill.
- Implementation of Safe Routes to School grant.
- Development of a trail entrance to Blackwater Creek Trail in the Tinbridge Hill neighborhood and extend the trail (Creekside Trail) to Lynchburg College.

Critical Issues/Concerns for the Future

- Provide safe and affordable housing choices; form a housing coalition that will develop methods to implement the housing strategy that was approve by City Council.
- Improve neighborhood connectivity; improve pedestrian and bicycle connections between neighborhoods and other destinations.

City Council Assessment of Progress: Significant

Safe Community

Major Accomplishments

- City government and other service providers worked collaboratively with community members to meet the challenges posed by the June 29, 2012 derecho windstorm. This event provided valuable lessons in community preparedness and disaster response that will enhance future emergency management effectiveness.
- The number of functional Neighborhood Watch groups has expanded from 40 to 55 City-wide since July 1, 2011.
- The City and the Police Department-sponsored "Citizens Academy" educational programs are ongoing and well-attended mechanisms for fostering citizen education and engagement.
- Public safety salary adjustments approved during FY13 City budget development have served to enhance recruitment and retention of public safety employees – our most critical community safety "infrastructure."

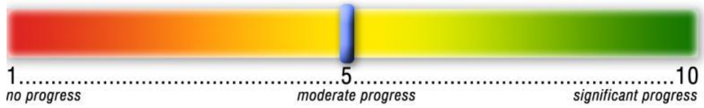
Major Works in Progress

- City and City Department websites are in the process of being updated to provide more convenient public access and a broader range of public service and public safety information.
- Renovation of the vacant Armstrong School property into neighborhood housing and green space is planned as a collaboration among Rush Homes, City Departments and other partner groups.
- Housing improvement projects and neighborhood plan updates are ongoing within City neighborhoods, in conjunction with a Community Code Compliance Team public education campaign.
- City employees are continuing to train in National Incident Management System procedures as means of enhancing the City's emergency management capabilities. City staff will participate in an emergency management practical exercise during October, 2012.
- Installation of emergency call stations along the Wards Road Pedestrian Trail is in progress. Installation of call stations along the Bluff Walk Trail is planned.

Critical Issues/Concerns for the Future

- Maintaining an adequately competitive public safety pay structure and rebuilding a more experienced police force remain ongoing challenges.
- Based on our experience in managing the long-term effects of the June 29, 2012 derecho windstorm, City staff are exploring means of implementing some form of "reverse 911" public notification system.
- Maintaining a safe and vibrant community environment demands ongoing focus and commitment in the areas of neighborhood development and community member engagement.

Assessment as of September 2011



City Council Assessment of Progress: Moderate

Transportation

Major Accomplishments

- Traffic Signal Conversions – LED bulbs installed throughout City to reduce energy usage and maintenance.
- Pedestrian Bridge and Trails – Pedestrian access to shopping from Liberty and reducing the number of vehicle trips.

Major Works in Progress

- GLTC Transfer Center – New center to consolidate multi-modal transportation in one area including extra parking and pedestrian facilities.
- Wards Road Traffic Adaptive Signalization – An optimization of signal timings through Locally Intelligent Actuation for better traffic flows and less delays.
- Lakeside/Memorial/Park – Replacement of traffic signal to include missing turn lanes and pedestrian features at intersection supporting a school, library and park.
- LRTAG – Lynchburg Regional Transportation Action Group continuing to gain support and meeting with State Senators and Representatives to increase local funding.

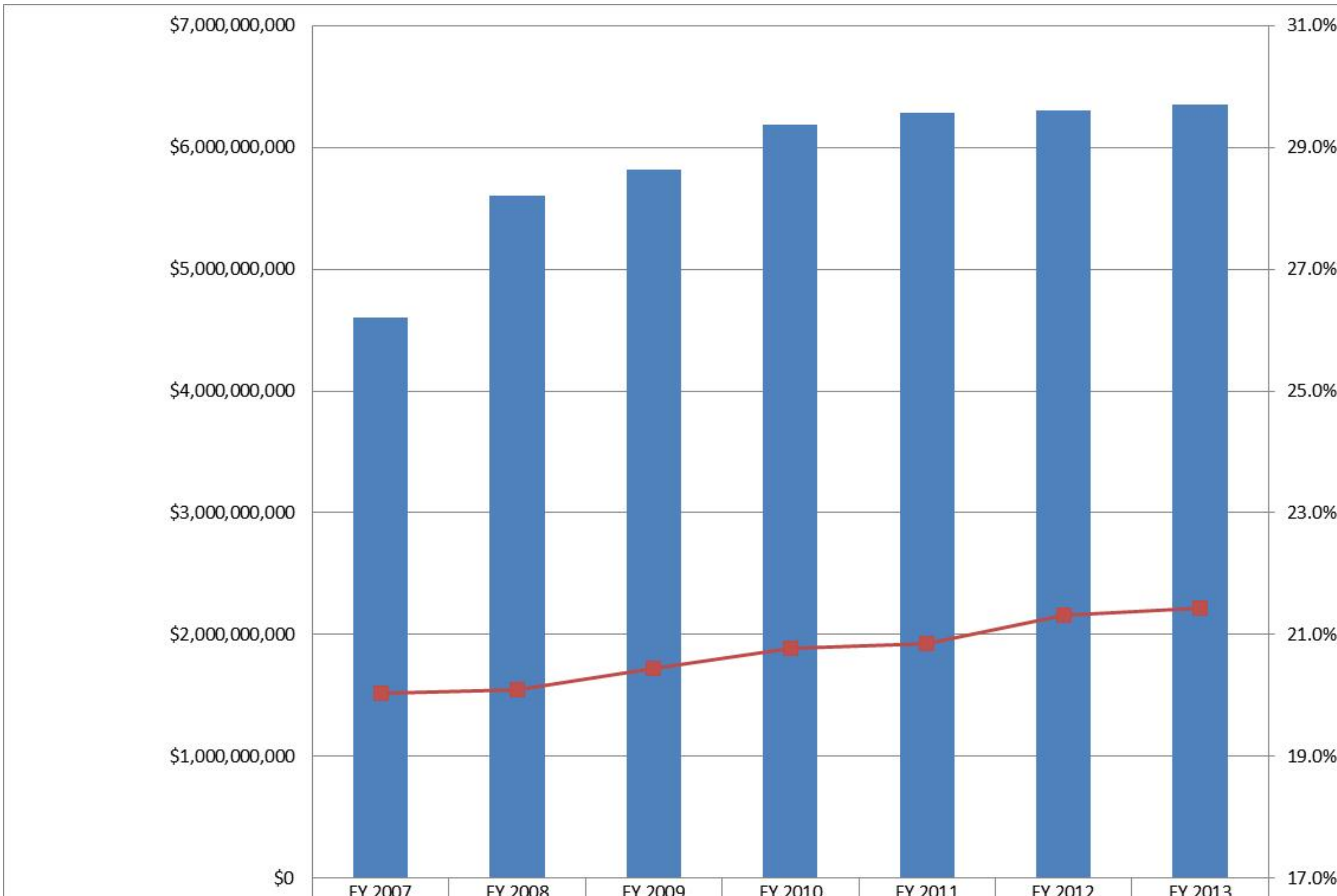
Critical Issues/Concerns for the Future

- Odd Fellows Road – With VDOT moving forward with the interchange, there could be a missing link of improvements for pedestrian and vehicular users between Lynchburg Expressway and 460 Bypass.
- Adaptive Signalization for Timberlake, Candlers Mountain and Rivermont – Areas to plan to install intelligent system for coordinated traffic flows.
- Lakeside Drive at College Street – Possible improvements for pedestrian movements around college, improvements to intersection with roundabout and the extension of Creekside Trail.

Financial Trends and Indicators

October 19, 2012
Lynchburg City Council
Strategic Planning Session

Real Estate Values



	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Total Assessed Value	$4,604,783,900	$5,605,437,800	$5,821,874,200	$6,185,256,900	$6,281,656,100	$6,301,795,100	$6,357,134,000
Percent of Exempt Property	20.0%	20.1%	20.5%	20.8%	20.8%	21.3%	21.4%

DESCRIPTION:

Real Estate Values are an important financial indicator since real property taxes account for approximately 33% of the City's total revenues. The real estate tax rate was $1.11 per $100 assessed value in FY 2007. The rate was reduced to $1.05 for FY 2008 through FY 2012. For FY 2013, the tax rate was proposed at $1.15 but adopted at $1.11.

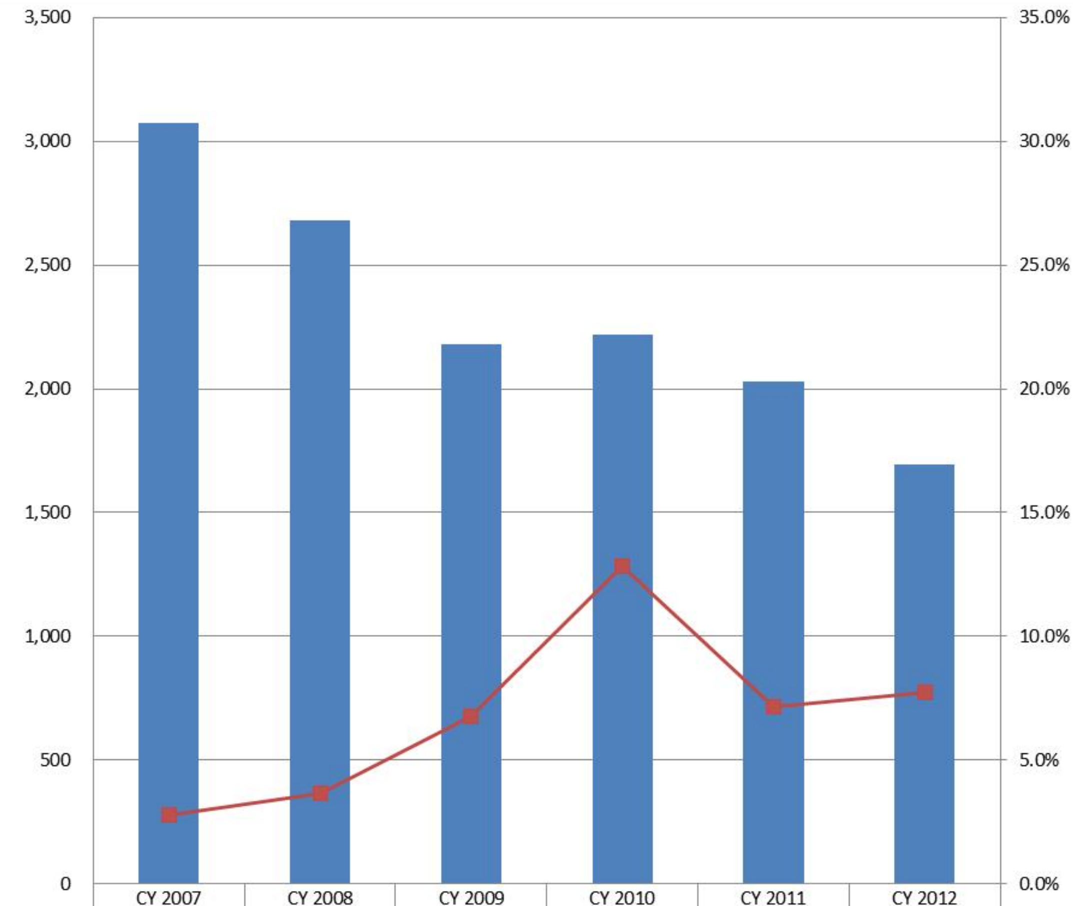
ANALYSIS:

Over the seven year evaluation period there has been growth in real property values; however, between FY 2011 and FY 2013 the growth has slowed considerably. The percentage of tax exempt property has also grown slightly each year during the evaluation period.

TREND:

The continual increase in real estate values means the City will receive an increase in property tax even if the levy is not increased. However, with the minimal increases seen from FY 2011 through FY 2013 there is cause for concern that the reassessment for FY 2014 will result in net decreased property values resulting in decreased revenues. This concern is compounded by the marginal increase in the number of tax exempt properties, resulting in decreased revenues. This indicator received a yellow rating.

Real Estate Defaults



	CY 2007	CY 2008	CY 2009	CY 2010	CY 2011	CY 2012
Total Number of Property Transfers	3,074	2,681	2,181	2,218	2,031	1,696
% of Transfers due to Default	2.8%	3.7%	6.7%	12.8%	7.1%	7.7%

DESCRIPTION:

Real Estate transfers occur as a result of property changing owners. Real Estate defaults in relation to the total number of property transfers is an important indicator of the economy.

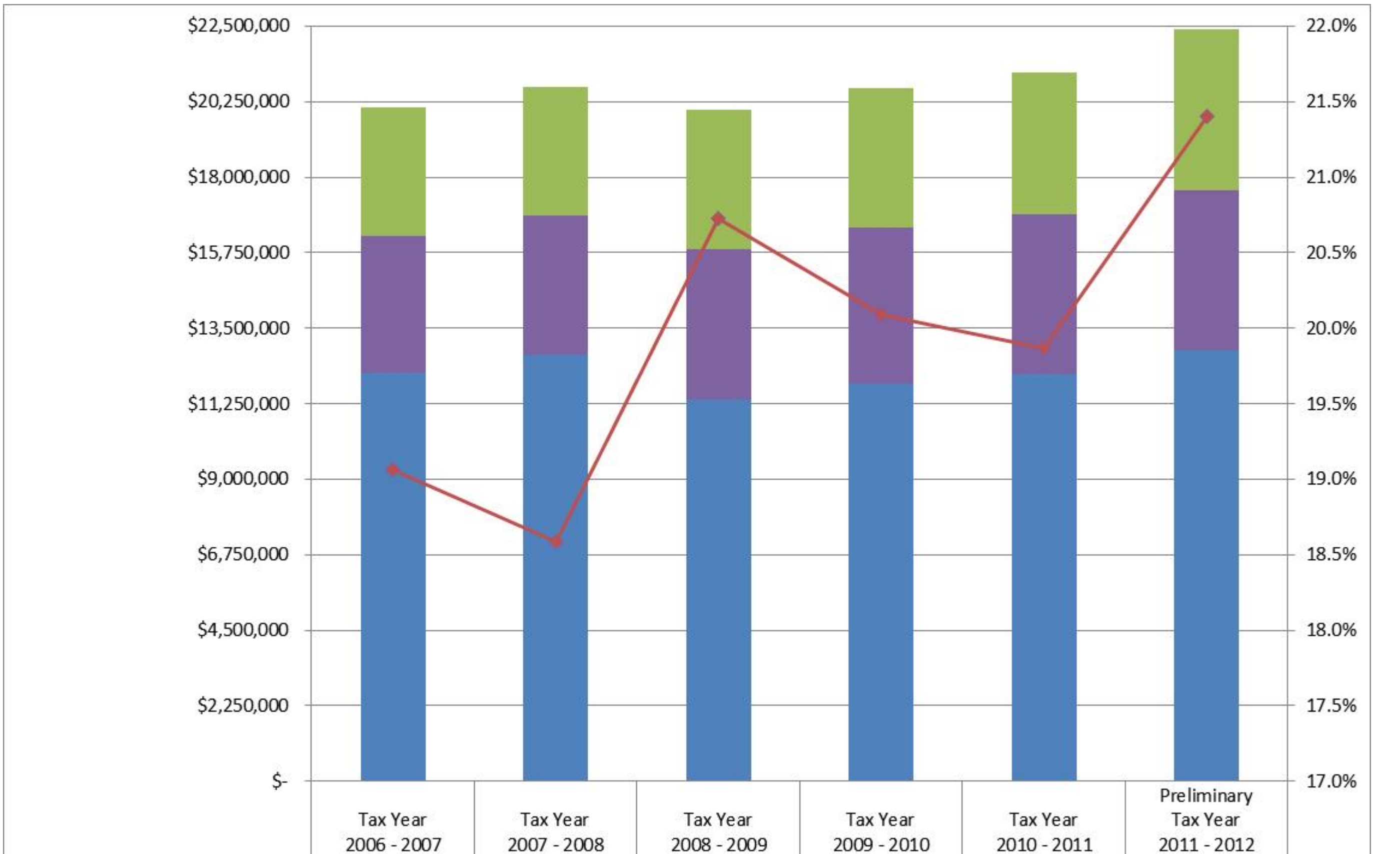
ANALYSIS:

Property transfers are an economic indicator. A growing number of transfers due to default is a cause for concern.

TREND:

Calendar Years 2009 and 2010 indicate a drastic downturn in the economy with the decrease in property transfers and an increase in transfers due to defaults. With the continued decrease in property transfers in CY 2011 and CY 2012, even with the decrease in defaults, this indicator receives a yellow rating indicating the housing market has not returned to pre-recession stability.

Personal Property



	Tax Year 2006 - 2007	Tax Year 2007 - 2008	Tax Year 2008 - 2009	Tax Year 2009 - 2010	Tax Year 2010 - 2011	Preliminary Tax Year 2011 - 2012
Machinery and Tools	$3,824,713	$3,848,690	$4,144,226	$4,147,126	$4,192,742	$4,797,228
Business Personal Property	$4,089,993	$4,171,146	$4,462,704	$4,666,537	$4,766,164	$4,762,033
Personal Property	$12,150,172	$12,689,213	$11,388,802	$11,828,686	$12,145,362	$12,853,481
% Machinery and Tools	19.1%	18.6%	20.7%	20.1%	19.9%	21.4%

DESCRIPTION:

Personal Property Tax revenue represents the City's second largest revenue source. A decline or diminished growth rate in personal property tax revenue may indicate a number of potential problems in the City's revenue structure. Tax Year 2011-2012 data is preliminary due to the billing cycle.

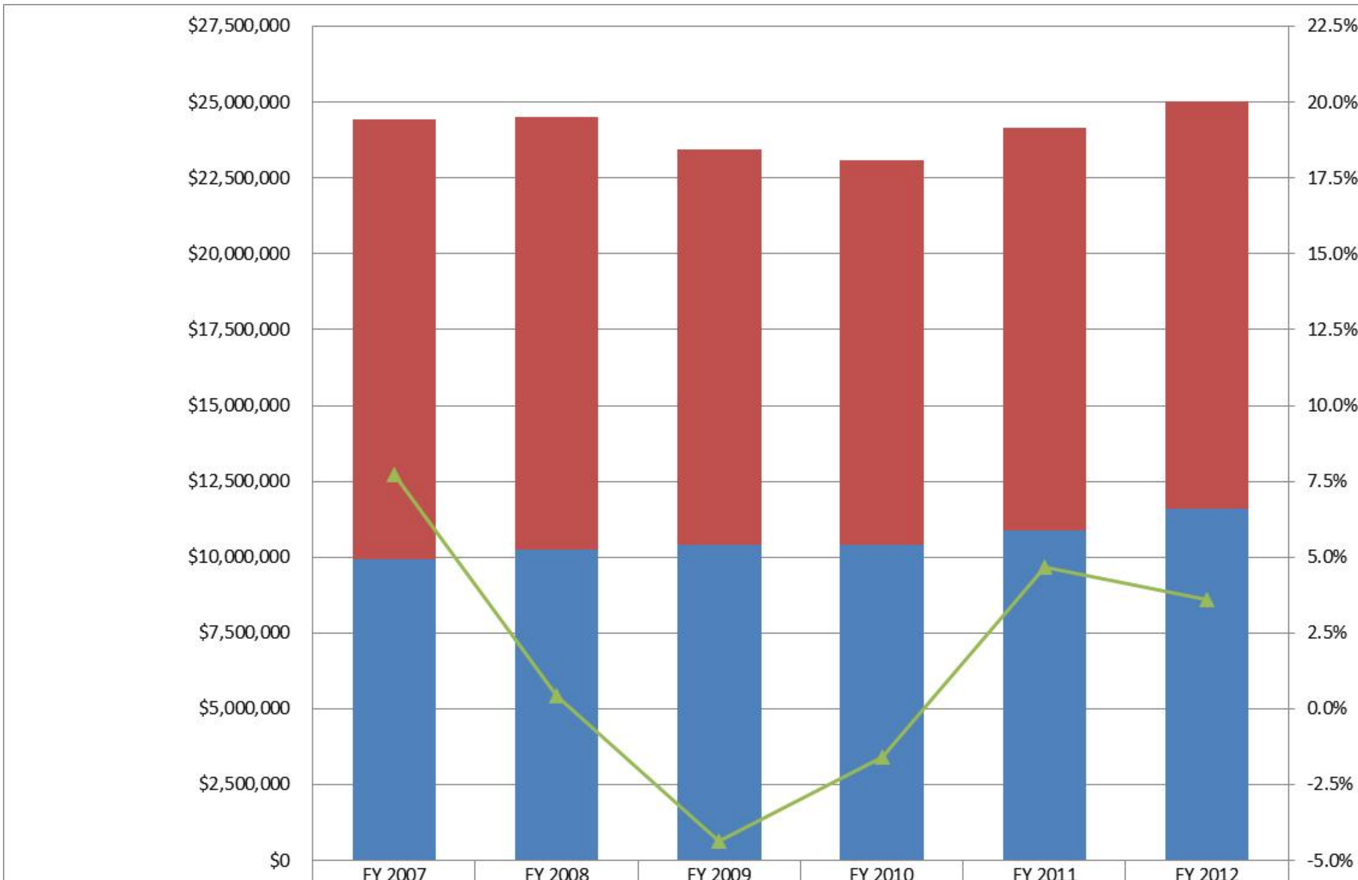
ANALYSIS:

Tax Year 2008-2009 reflects the downturn in the economy with the drastic reduction in personal property taxes of $1.3 million. The increase in fuel prices plus the lack of confidence in the economy caused citizens to purchase smaller, more fuel efficient vehicles or not purchase a vehicle at all. Business type property taxes remain fairly constant over the evaluation period.

TREND:

Although the country is currently experiencing erratic fuel prices, vehicle values have remained steady for large vehicles as well as used vehicles. It is anticipated consumers will retain large vehicles until it becomes evident fuel costs will remain elevated for the long-term. With the increase in revenue for Tax Year 2011-2012 projected to continue through Tax Year 2012-2013, this indicator received a green rating.

Sales and Meals Tax



	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Sales Tax Revenue	$14,475,896	$14,260,830	$13,050,834	$12,656,929	$13,284,506	$13,440,973
Meals Tax Revenue	$9,947,175	$10,264,150	$10,403,618	$10,422,049	$10,876,035	$11,585,083
% Change from Previous FY	7.7%	0.4%	-4.4%	-1.6%	4.7%	3.6%

DESCRIPTION:

Meals and Sales Tax revenues are collected and reported on a monthly basis. Currently, the Meals Tax rate is 6.5%; the Sales Tax rate is 5% with 1% designated to the City.

The graph presents the collected Meals and Sales Tax revenues by fiscal year against the percent change in the combined revenues from year-to-year.

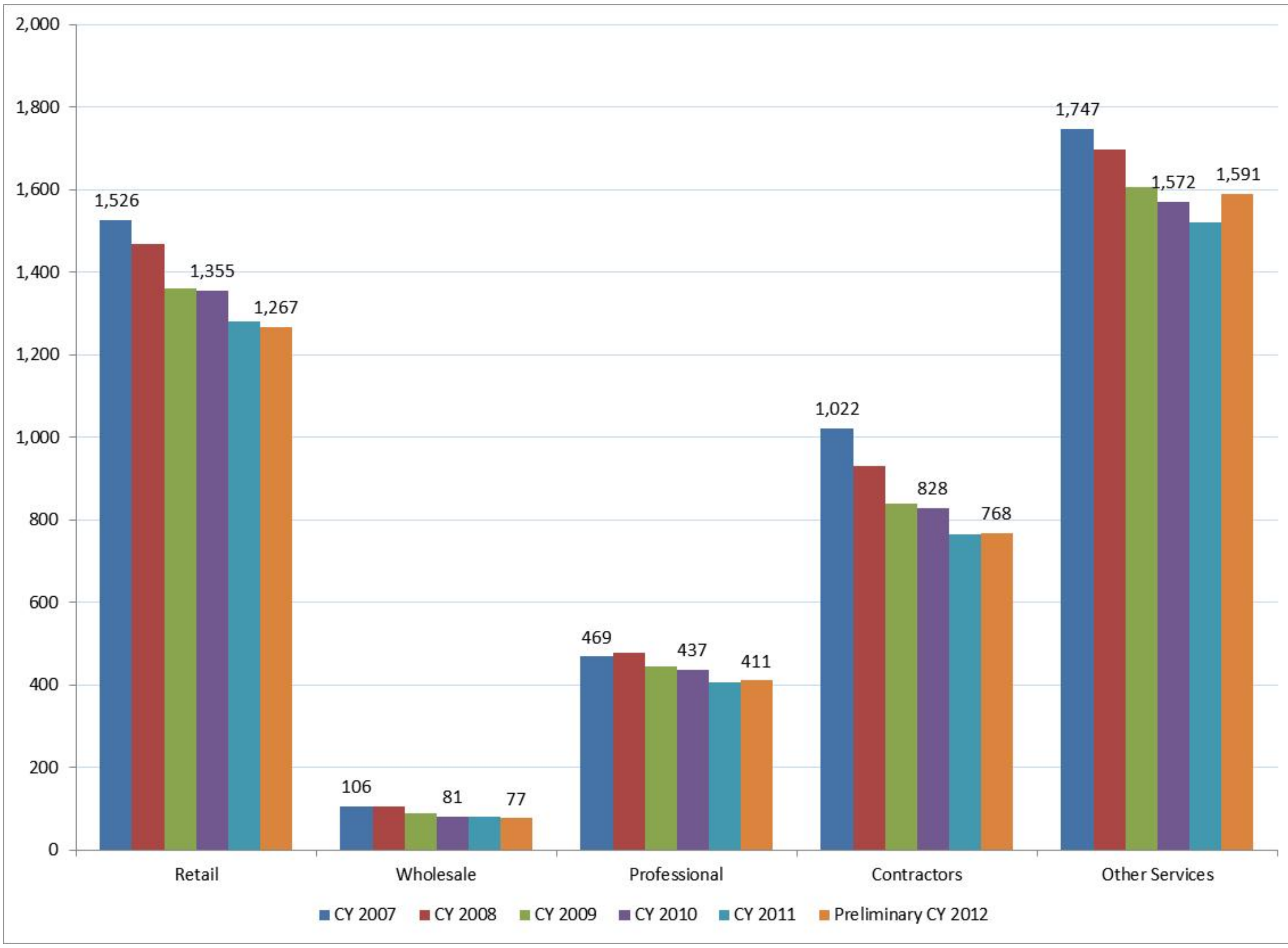
ANALYSIS:

Meals and Sales Tax revenues are sound financial indicators as they reflect the disposable income of a community. It is expected that in a recession, Meals and Sales Tax revenue would decrease; the converse would be expected during times of growth.

TREND:

While Meals Tax revenue has experienced moderate growth, Sales Tax revenue suffered during FY 2009 and FY 2010. Sales Tax revenue rebounded in FY 2011 and experienced moderate growth in FY 2012. The line graph demonstrates the slow recovery sales tax revenues experienced in the last several years. Despite the slight decrease in the percentage change in revenue from FY 2011 to FY 2012 staff is comfortable giving a green rating.

Businesses by License Classification



DESCRIPTION:

Business Licenses are broken into five categories; retail, wholesale, professional, contractors and other services. (However, some businesses may fall into more than one category.) The number of business licenses issued is an important financial indicator since business license revenues account for almost 5% of the City's total operating revenue.

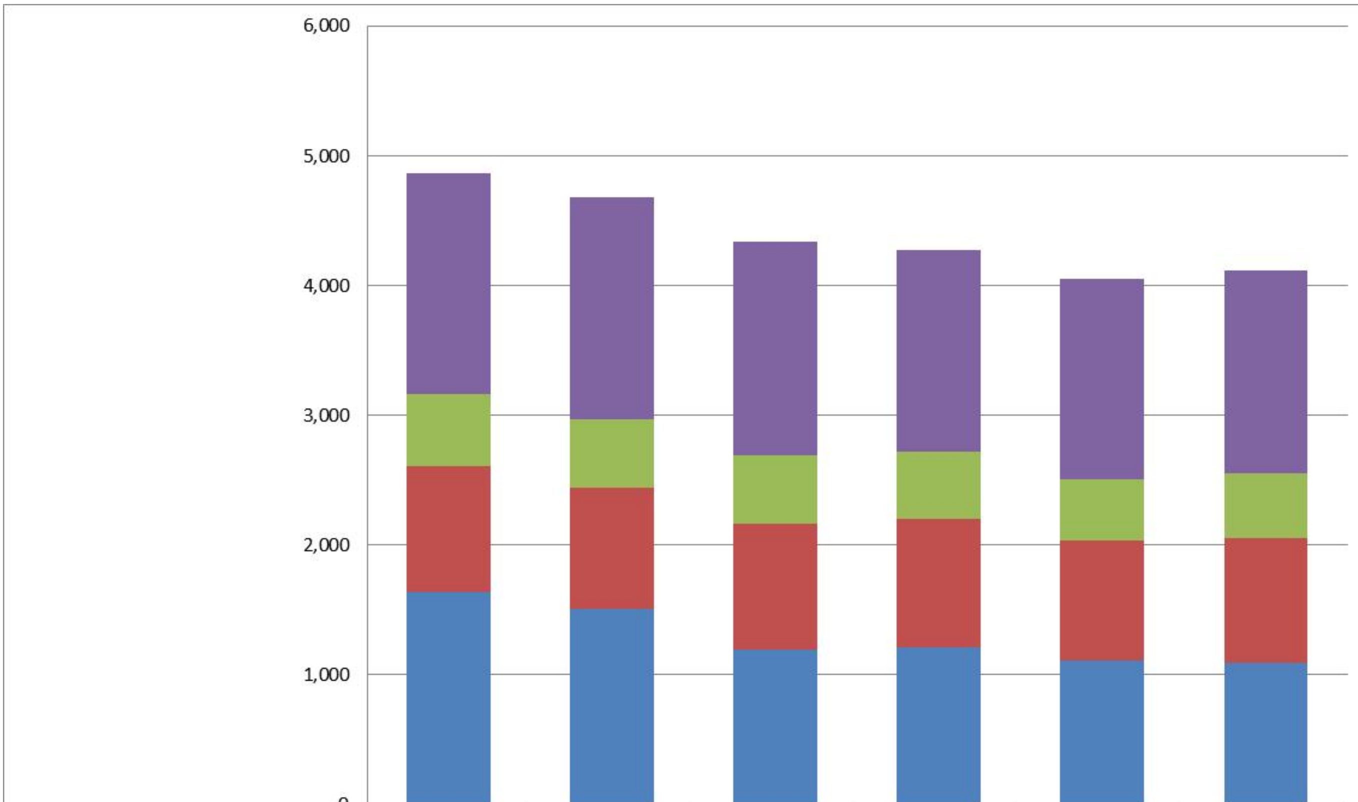
ANALYSIS:

Over the six year evaluation period there has been a decline in the number of business licenses sold in every category.

TREND:

The City no longer depends as heavily on manufacturing type businesses and enjoys a diverse business base, especially among our largest employers. However, the reduction in the contractor category is consistent with the reduction seen in the number of building permits issued. The steady decrease in the number of business licenses merits this indicator receiving a yellow rating.

Businesses by License Tier



	CY 2007	CY 2008	CY 2009	CY 2010	CY 2011	Preliminary CY 2012
$100,001+ of Gross Receipts	1,705	1,712	1,644	1,551	1,550	1,556
$50,001 - $100,000 of Gross Receipts	558	527	532	522	471	506
$10,001 - $50,000 of Gross Receipts	969	940	969	988	923	961
0 - $10,000 of Gross Receipts	1,638	1,505	1,195	1,212	1,112	1,091

DESCRIPTION:

Business Licenses are not only broken into type of business but are also broken into tiers based on gross receipts.

ANALYSIS:

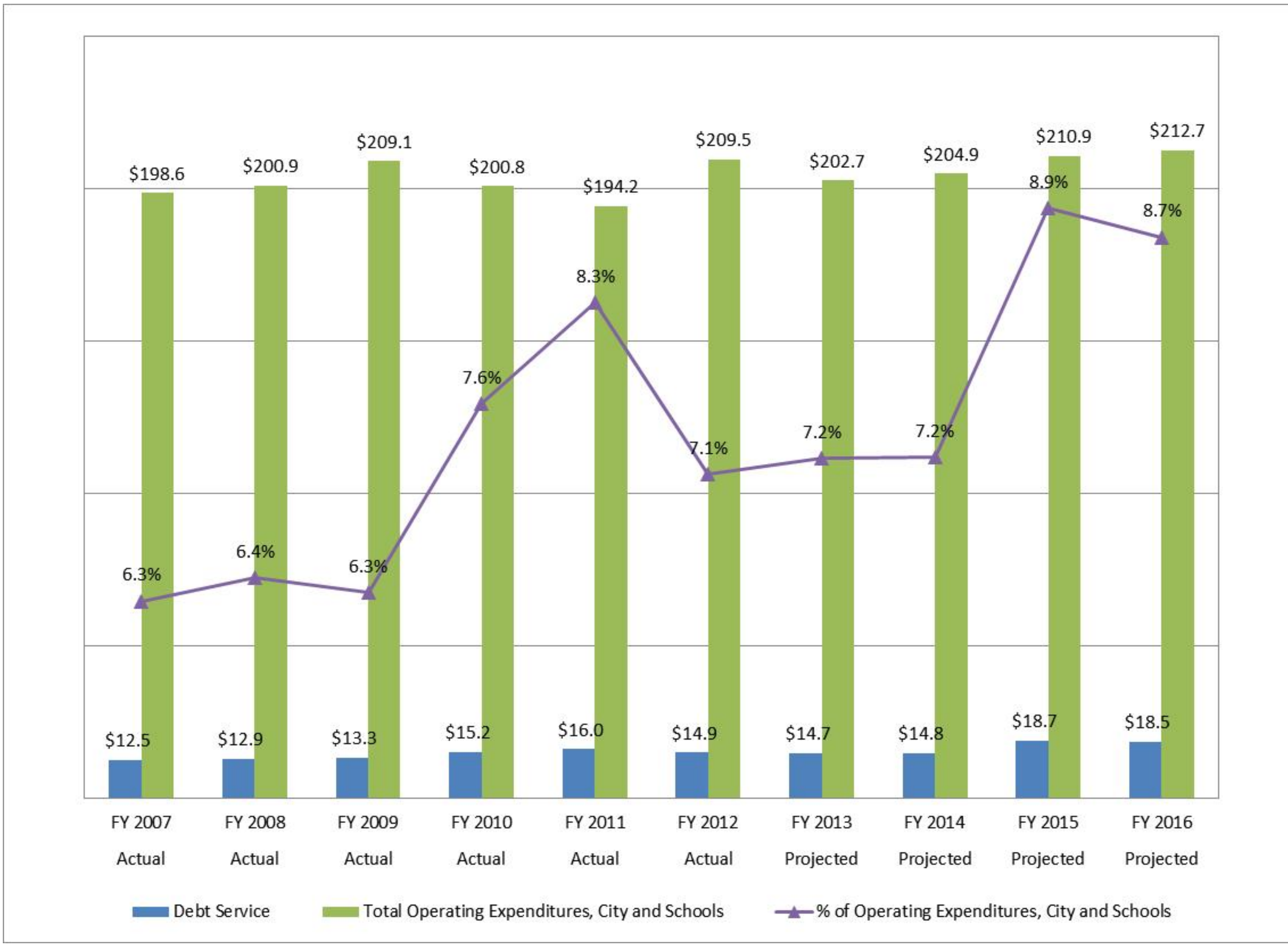
As the number of business licenses issued declines, it is important to know which tier is declining. When larger businesses close or relocate from the City, or contractors are obtaining fewer permits, the revenue impact is more significant.

TREND:

A significant reduction in the number of business licenses issued occurred over the six year evaluation period with CY 2011 having the least amount of business licenses issued in every tier. CY 2012 reflects a slight increase in every tier except the lowest and as a result, revenues are increased. This indicator received a yellow rating due to the very slight growth in gross receipts.

Debt Service *(in millions)*

as a % of Operating Expenditures, City and Schools



DESCRIPTION:

The City's Debt Management Policy adopted by City Council states that "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".

ANALYSIS:

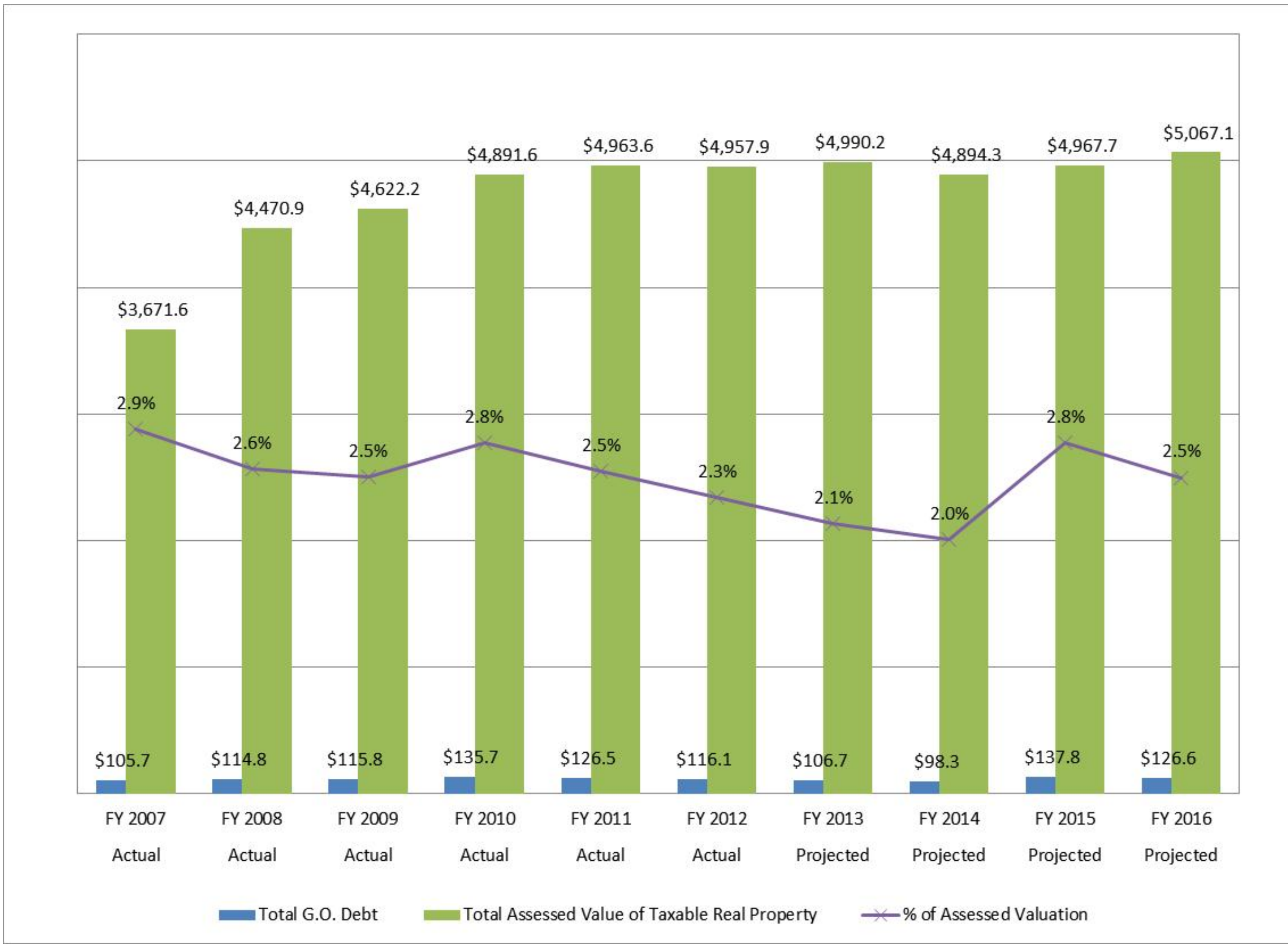
The City has managed to utilize pay-as-you-go funds effectively, aggressively refund debt and limit issuing new debt to keep debt service well below the Debt Management Policy threshold.

TREND:

The spike in debt service for FY 2015 is for Heritage High School anticipated replacement or renovation. This spike causes concern as debt service nears the 10% threshold. The City will need to prioritize other capital projects and bond issuance to allow for this additional debt service until other debt is paid off. This indicator received a yellow rating.

Long-Term Debt *(in millions)*

as a % of Assessed Valuation



DESCRIPTION:

The City's Debt Management Policy adopted by City Council states that "total tax-supported debt will not exceed 4.5% of the net assessed valuation of taxable property in the City".

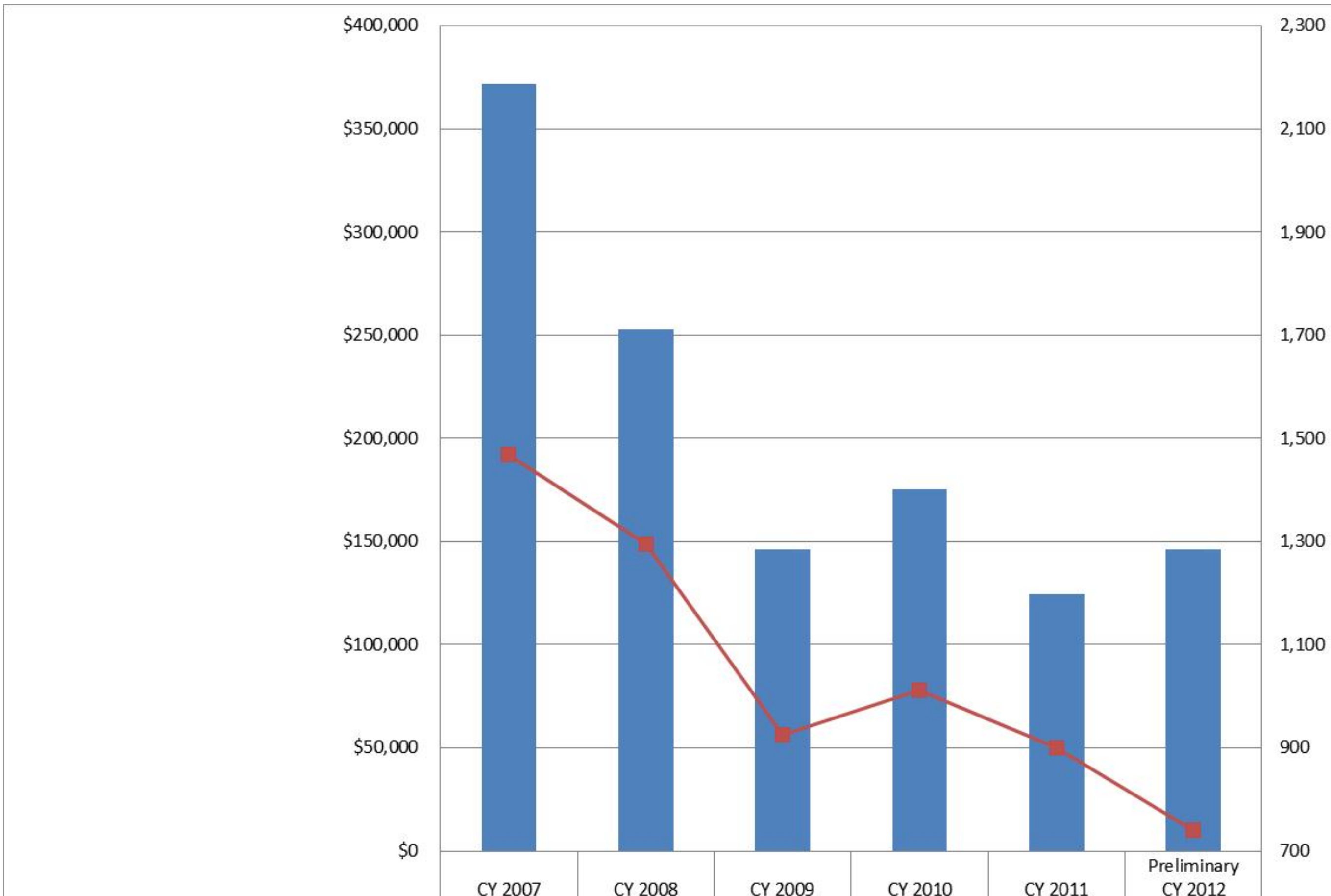
ANALYSIS:

The total general obligation debt as a percentage of assessed valuation has remained stable over the evaluation period within the 2%-2.9% range. Taking advantage of refunding opportunities and strategically issuing bonds has helped the percentage of assessed value fall to 2% before the projection to increase to 2.8% with the Heritage High School project.

TREND:

With the projection that real estate assessments will fall no more than 2% in FY 2014 but then rebound, gives this indicator a green rating.

Residential Construction Permit Fees



	CY 2007	CY 2008	CY 2009	CY 2010	CY 2011	Preliminary CY 2012
Residential Construction Permit Fees	$371,496	$252,934	$146,051	$175,464	$124,617	$146,238
Number of Residential Construction Permits	1,469	1,294	924	1,012	899	739

DESCRIPTION:

The housing market is an important indicator of the economy. This includes residential construction permits for new housing as well as renovations.

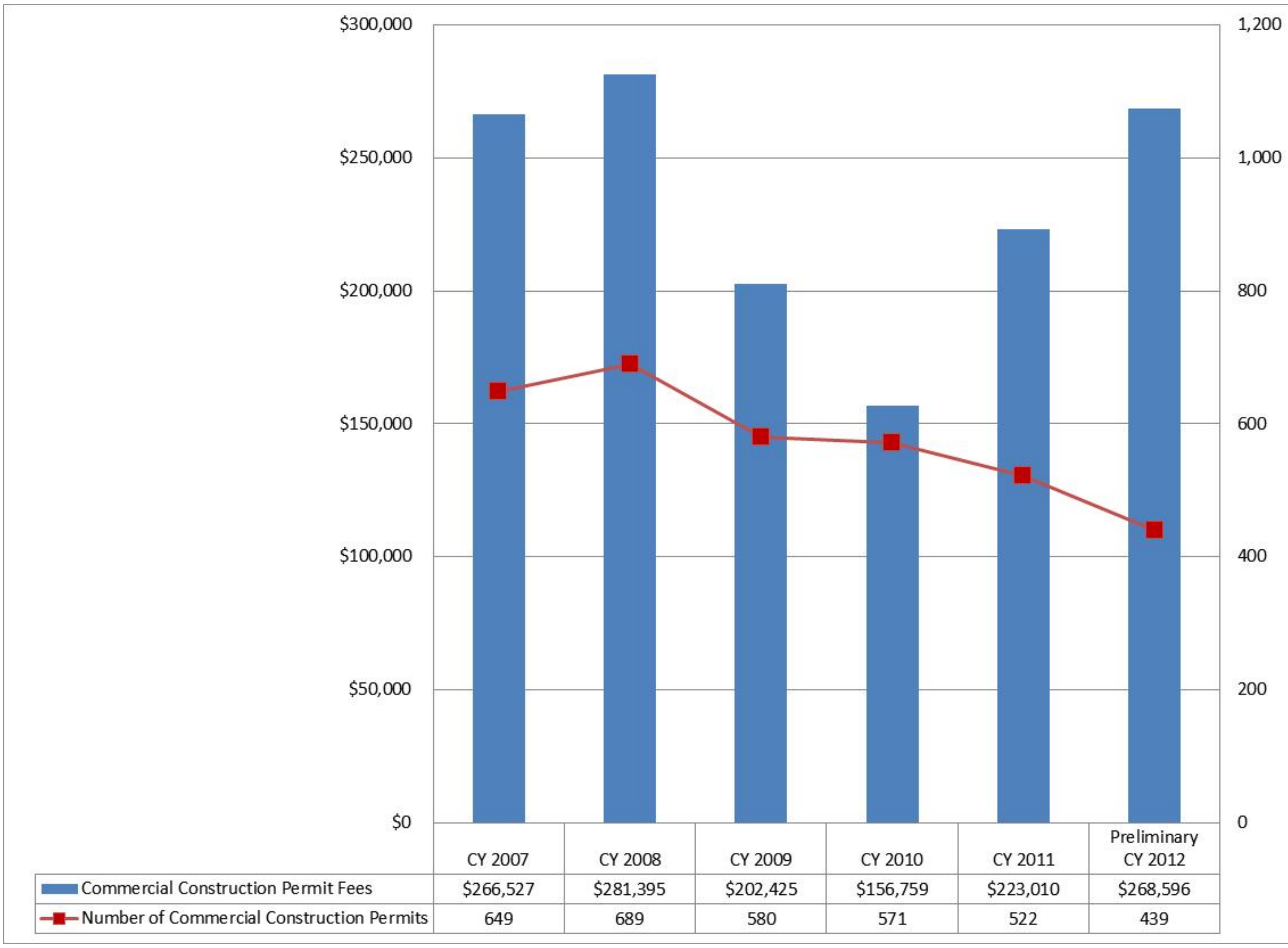
ANALYSIS:

CY 2008 reflects the beginning of the downturn in the housing market, although the City realized a slowing economy in other areas beginning in CY 2009.

TREND:

The number of residential permit fees in CY 2012 only brings the revenue received from permits back to the CY 2009 level. With the projection that assessed values of real estate will decrease 2% in the reassessment, there is no indication of a real upswing in the housing market. This indicator receives a yellow rating.

Commercial Construction Permit Fees



	CY 2007	CY 2008	CY 2009	CY 2010	CY 2011	Preliminary CY 2012
Commercial Construction Permit Fees	$266,527	$281,395	$202,425	$156,759	$223,010	$268,596
Number of Commercial Construction Permits	649	689	580	571	522	439

DESCRIPTION:

The City is no longer heavily dependent on manufacturing as its only commercial employer. The medical, education and professional industries are equally represented and are growing in both size and by the number of employees.

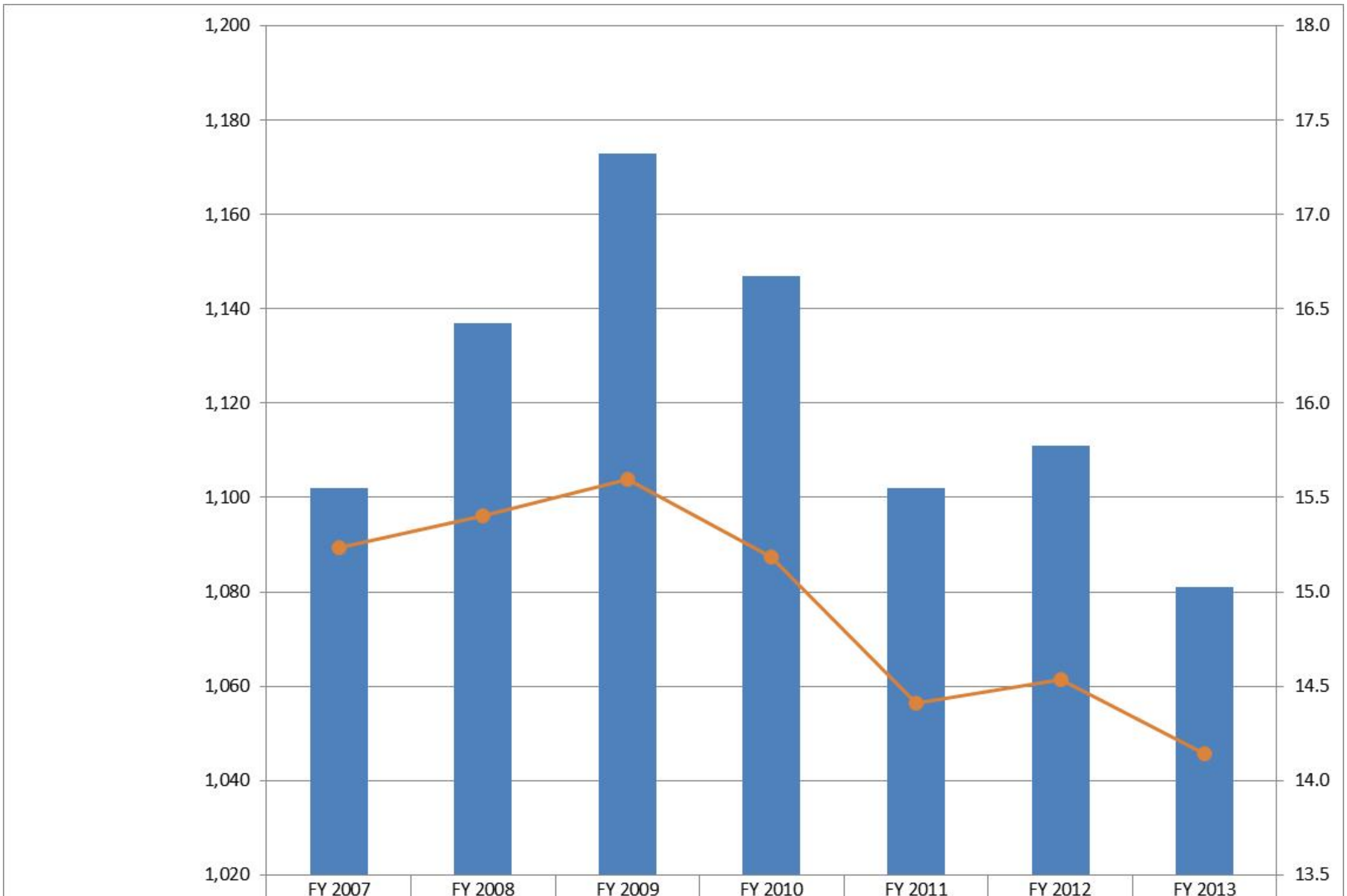
ANALYSIS:

The downturn in the economy is again reflected in the number and value of commercial construction permits for CY 2009 and CY 2010.

TREND:

Even though the number of commercial construction permits has decreased in CY 2011 and CY 2012, the value of the permits has increased indicating permits have been purchased for large projects or expansions. With the increase in revenues, this indicator received a green rating.

Employees per Capita



	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Number of Employees	1,102	1,137	1,173	1,147	1,102	1,111	1,081
Employees per 1000	15.2	15.4	15.6	15.2	14.4	14.5	14.1

DESCRIPTION:

Personnel costs are a major portion of the City's operating budget. Tracking changes in the number of employees to population is a means to measure changes in expenditures. An increase in employees to population may indicate expenditures are rising faster than revenues. However, an increase in employees per capita is not negative if a direct correlation can be shown to increased services.

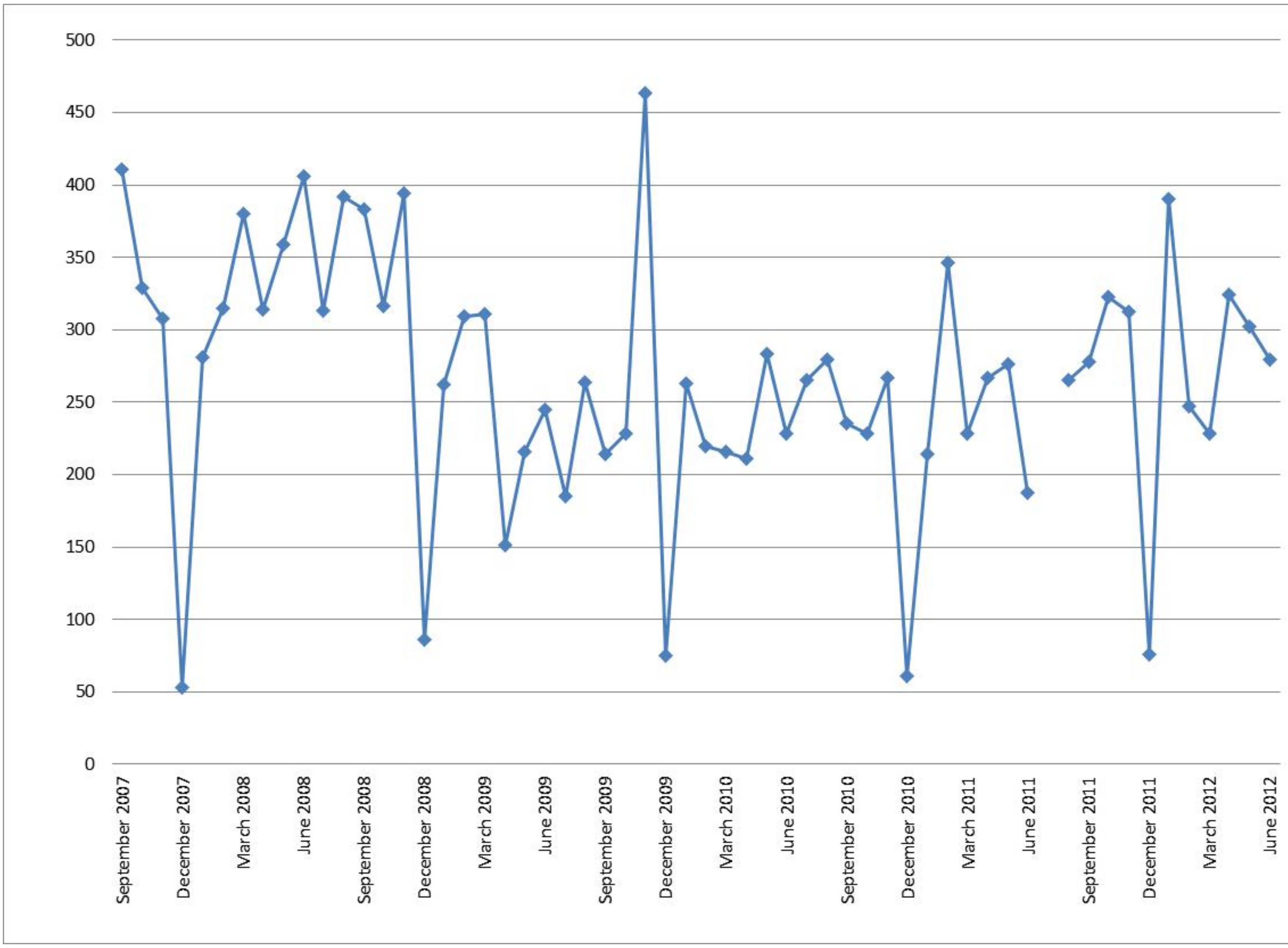
ANALYSIS:

The population of the City has increased over the seven year evaluation period. The number of City employees has decreased from a high of 15.6 to a low of 14.1 over the evaluation period.

TREND:

The decrease in the number of employees per capita has not resulted in any significant decrease in productivity or services provided. Further reduction in staff will likely result in a decreased level of service delivery. This indicator received a yellow rating.

Water Disconnects



DESCRIPTION:

Water service is disconnected for citizens who do not pay their bill for two consecutive months. There are two cycles of water billing and a disconnect schedule for each due date.

ANALYSIS:

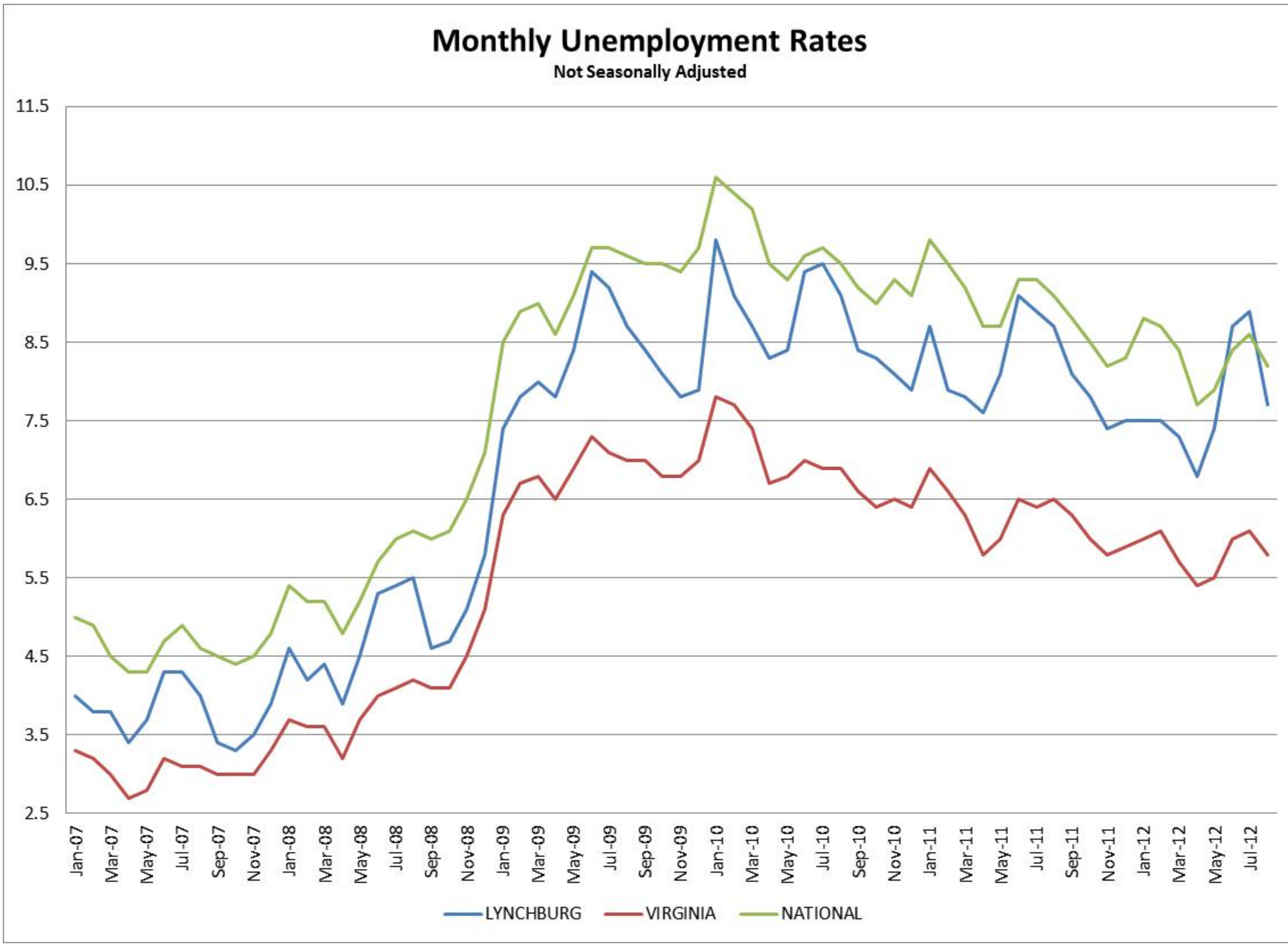
The number of disconnects was increasing to the point the meter readers could not complete the disconnects and the reconnects in the same day. Until FY 2009, service was disconnected if the amount owed was more than $25. In Spring 2009, the threshold was increased to $35. In addition, beginning in FY 2010 citizens were given an extra three days from the due date before service was disconnected. These measures were implemented to reduce the number of disconnects since the goal is to have the ability to reconnect service to everyone who pays on the same day. Also note, staff does not disconnect water during the December holidays.

TREND:

An increase in the number of disconnects reflects the stress on citizens to meet their financial responsibilities. Even with the changes made in FY 2009 and FY 2010, the number of disconnects is beginning to increase again. With this increase in the number of disconnects, this indicator received a yellow rating.

Monthly Unemployment

(not seasonally adjusted)



Source: U.S. Bureau of Labor Statistics

DESCRIPTION:

This graph reflects the monthly unemployment rate for the City, State and Nation for January 2007 through July 2012.

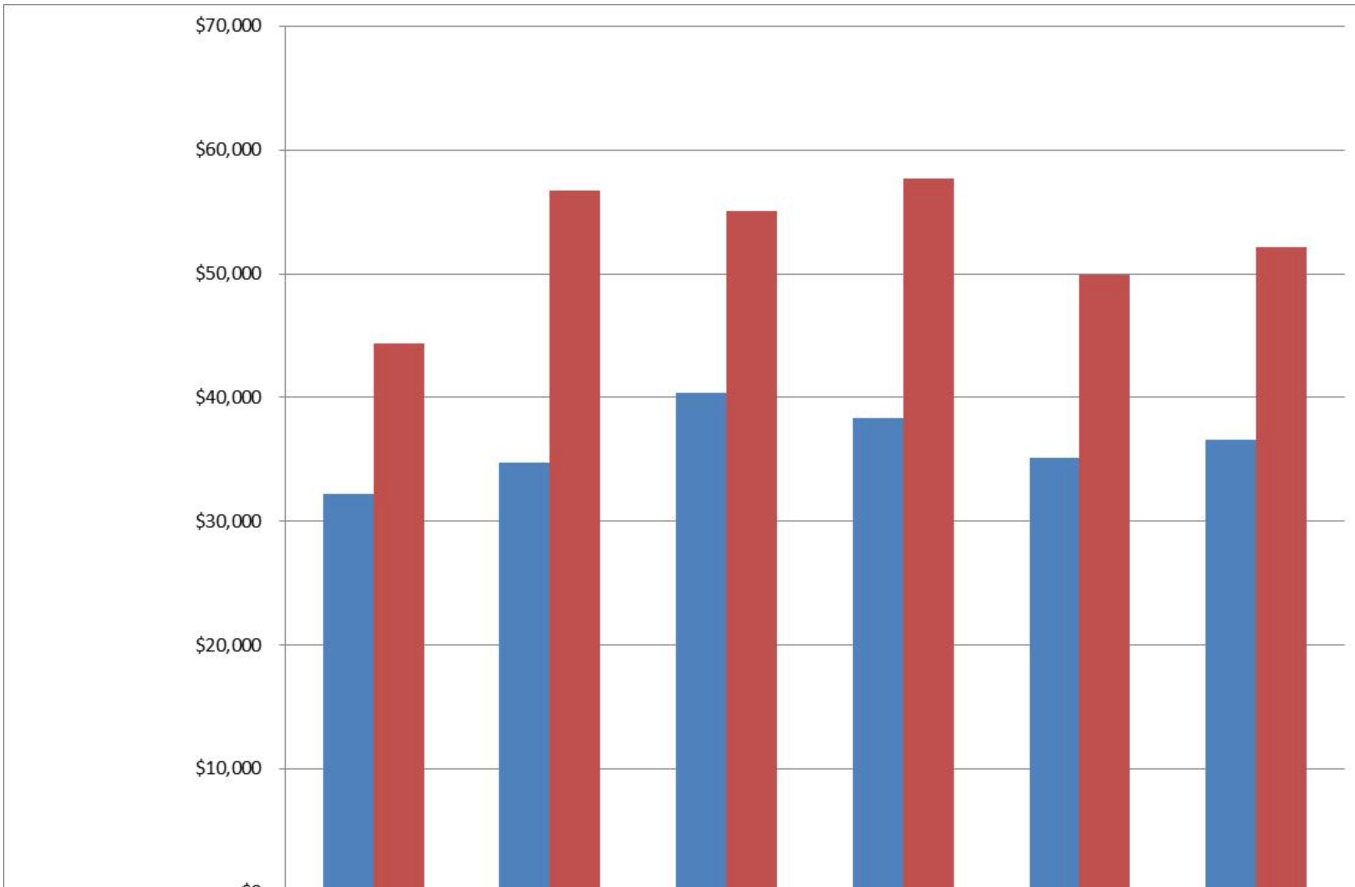
ANALYSIS:

The City consistently trends between the National average and the State average with the exception of June and July 2012.

TREND:

Typically the City's unemployment rate increases as the large student population begins to look for summer employment and then decreases as the volume of part-time jobs increase when school is in session. Even though the unemployment rate reaches the national average in July 2012, staff feels comfortable with giving this indicator a green rating.

Median Household Income



	CY 2000	CY 2007	CY 2008	CY 2009	CY 2010	CY 2011
Median Household Income	$32,234	$34,720	$40,396	$38,314	$35,156	$36,627
Mean Household Income	$44,345	$56,730	$55,059	$57,668	$49,939	$52,145

Source: U.S. Census Bureau, American Community Surveys

DESCRIPTION:

The U.S. Census Bureau uses the following definitions of median and mean income:

" Median income is the amount which divides the income distribution into two equal groups, half having income above that amount, and half having income below that amount. Mean income (average) is the amount obtained by dividing the total aggregate income of a group by the number of units in that group. The means and medians for households and families are based on all households and families. Means and medians for people are based on people 15 years old and over with income.

ANALYSIS:

As seen in other economic indicators, the City realized the effects of the recession in 2009 and 2010.

TREND:

Although the median household income begins to recover in 2011, the income level is still low compared to the 2011 mean of $52,145. As a result, this indicator received a yellow rating.