

FINANCE COMMITTEE AGENDA
Tuesday, March 24, 2015
11:30 a.m.

GENERAL BUSINESS

11:30 a.m.

1. Report on the General Fund Reserve for Contingencies

Contact: Donna Witt, Director of Financial Services

455-3968

11:35 a.m.

2. Review highlights of attached quarterly financial reports for the Greater Lynchburg Transit Company (GLTC) as well as the Regional Airport, Lynchburg Regional Juvenile Detention Center, Comprehensive Services Act, Water Operating, Sewer Operating, Stormwater Operating, and General Funds the for the quarter ending December 31, 2014.

Fund	Preparer
GLTC	Karen Walton, General Manager of GLTC
Regional Airport Fund	Mark Courtney, Airport Manager
Lynchburg Regional Juvenile Detention Center	Tamara Rosser, Director of Human Services
Comprehensive Services Act Fund	Tamara Rosser, Director of Human Services
Water Operating Fund	Tim Mitchell, Director of Water Resources
Sewer Operating Fund	Tim Mitchell, Director of Water Resources
Stormwater Operating Fund	Tim Mitchell, Director of Water Resources
General Fund	Donna Witt, Director of Financial Services

12:15 p.m.

3. Consider a request to adopt a resolution to amend the FY 2015 City Capital Fund budget and appropriate \$284,960 with resources from the Virginia Department of Historic Resources, State Rehabilitation Tax Credit Program, for improvements to the Miller Center.

Contact: Kay Frazier, Director of Parks and Recreation

455-5868

12:20 p.m.

4. Review collections received from five of the City's largest revenue sources.

Contact: Donna Witt, Director of Financial Services

455-3968

12:25 p.m.

5. Roll Call

The next Finance Committee meeting is Tuesday, April 28, 2015, at 11:30 a.m.

FY 2015 GENERAL FUND RESERVE FOR CONTINGENCIES

	Reserve for Contingencies	City Manager's Discretionary Funding
BEGINNING BALANCE, JULY 1, 2014	\$550,000	\$50,000
Anticipated carryforward to FY 2015 Reserve for Contingencies - 05/13/14 Council Meeting	600,000	
BALANCE	\$1,150,000	\$50,000
APPROPRIATIONS (Second Reading)		
Police Department Tasers - 06/24/14 Council Meeting	(\$115,713)	
School Resource Officer Grant local match and additional costs - 06/24/14 Council Meeting	(83,765)	
Two Community Centers - 09/09/14 Council Meeting	(139,720)	
State reimbursement of Reverse 911 Grant matching funds - 10/28/14 Council Meeting/1st Quarter Adjustments	17,095	
Insurance settlement for damages to the Holiday Inn Parking Deck - 10/28/14 Council Meeting/1st Quarter Adjustments	100,000	
Use of FY 2014 fund balance for the Two Community Centers - 10/28/14 Council Meeting/1st Quarter Adjustments	139,720	
Community Market Parking Deck Repairs - 01/13/15 Physical Development Committee		(50,000)
TOTAL APPROPRIATIONS	(\$82,383)	(\$50,000)
REMAINING BALANCE	\$1,067,617	\$0
ITEMS INTRODUCED		
TOTAL INTRODUCED ITEMS	\$0	\$0
REMAINING BALANCE	\$1,067,617	\$0
PENDING ITEMS		
TOTAL PENDING ITEMS	\$0	\$0
PROJECTED BALANCE	\$1,067,617	\$0

Greater Lynchburg Transit Company



1301 Kemper Street
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Lynchburg, VA 24505
434.455.5080
434.847.8621 (Fax)
gberkley@gltconline.com
www.GLTOnline.com

March 12th, 2015

Finance Committee
City Council
City of Lynchburg
Lynchburg, Virginia

RE: December 31, 2014 Quarterly Financial Report – Greater Lynchburg Transit Company

The attached Greater Lynchburg Transit Company Comparative Income Statement summarizes the financial activities for the second quarter of FY15 and YTD data for the fiscal year.

REVENUE

Revenue came in slightly over projection during the 2nd quarter of FY 15 with a 5% increase over the budget. Liberty and CVCC university partners contributed more than what was originally projected due to increased service, advertising revenue is also up. YTD Farebox revenue is down and coming in at 84% of target, we are actively working to determine the causes of this; it is likely an effect of route changes and associated boarding's. It is important to note that overall system ridership is up so are actively looking at causes of Farebox recovery being down. Overall YTD revenue is up and performing at 105% of budget.

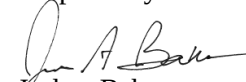
EXPENDITURES

We have experienced increased overtime costs due to service spikes and some issues with driver recruitment. Third quarter will likely reflect an improvement here due to efforts from staff. Total expenses for the year are slightly over budget as a result of increased labor due to additional service. The net income (bottom line) is showing a surplus of slightly over \$93,000.

SUMMARY

With increases in services, additional operational miles for City routes, and cost of living increases for salaries GLTC has experienced increased costs. Due to increased revenues to offset these expenses GLTC's operational status remains well balanced and on track to show us in the black YTD.

Respectfully submitted,


Joshua Baker
General Manager

Cc: L. Kimball Payne III, City Manager
Bonnie Svrcek, Deputy City Manager
Donna Witt, Director of Financial Services

CENTRAL VIRGINIA TRANSIT MANAGEMENT CO INC.

QUARTERLY INCOME STATEMENT

AS OF DECEMBER 31, 2014

	QTR TO DATE					
	FY2015	FY2015	%	FY2015	FY2015	%
	QTD	QTD	VAR	YTD	YTD	of
	ACTUAL	BUDGET		ACTUAL	BUDGET	Budget
REVENUE						
FRT Passenger Revenue	\$ 210,628	\$ 254,168	-17%	\$ 426,129	\$ 508,336	84%
DRT Passenger Revenue	23,102	24,500	-6%	44,491	49,000	91%
Contracts (LC Access)	5,721	6,190	-8%	9,535	12,380	77%
Contracts (CVCC Access)	12,500	6,190	50%	25,000	12,380	202%
Liberty University Revenue	402,485	303,271	33%	670,809	505,451	133%
Other Contract Revenue	3,772	9,950	-62%	8,717	19,900	44%
Non-Operating Revenue	66	-	100%	21,286	-	0%
Advertising Revenue	20,978	13,750	53%	38,418	27,500	140%
City Operating Assistance	348,509	348,510	0%	697,019	697,019	100%
County Operating Assistance	14,373	14,373	0%	28,746	28,746	100%
State Operating Assistance	365,476	347,500	5%	730,952	695,000	105%
Federal Operating Assistance	509,884	494,930	3%	1,019,768	989,860	103%
TOTAL REVENUE	\$ 1,917,496	\$ 1,823,331	5%	\$ 3,720,870	\$ 3,545,572	105%
EXPENSES						
FIXED ROUTE						
Operator Labor	\$ 440,027	\$ 425,060	4%	\$ 820,774	\$ 850,120	97%
Operator-Overtime	121,359	16,721	626%	175,488	33,441	525%
Other Salaries & Wages	50,566	48,995	3%	93,619	97,989	96%
Supervisors-Overtime	9,264	5,454	70%	16,992	10,908	156%
Fringe Benefits	328,014	294,003	12%	528,514	588,007	90%
TOTAL FIXED ROUTE	\$ 949,230	\$ 790,232	20%	\$ 1,635,387	\$ 1,580,464	103%
DEMAND RESPONSE						
Operator Labor	\$ 63,837	\$ 61,676	4%	\$ 125,147	\$ 123,352	101%
Operator-Overtime-PTS	3,146	3,155	0%	4,442	6,309	70%
Other Salaries & Wages	24,362	22,286	9%	52,379	44,571	118%
Fringe Benefits	49,474	26,405	87%	86,887	52,810	165%
TOTAL DEMAND RESPONSE	\$ 140,819	\$ 113,521	24%	\$ 268,856	\$ 227,042	118%
MAINTENANCE						
Other Salaries & Wages	\$ 146,540	\$ 143,290	2%	\$ 294,045	\$ 286,580	103%
Inspection&Maint,Srvc-Overtime	12,520	4,776	162%	22,953	9,552	240%
Fringe Benefits	86,158	80,670	7%	151,361	161,341	94%
Fuel & Lubricants	178,764	218,165	-18%	378,841	436,330	87%
Tires & Tubes	19,788	14,472	37%	47,438	28,944	164%
Other Materials & Supplies	86,508	81,182	7%	201,581	162,364	124%
TOTAL MAINTENANCE	\$ 530,278	\$ 542,555	-2%	\$ 1,096,219	\$ 1,085,110	101%
ADMINISTRATION						
Other Salaries & Wages	\$ 72,187	\$ 47,280	53%	\$ 133,820	\$ 94,559	142%
Fringe Benefits	38,452	19,712	95%	63,897	39,425	162%
Services	92,780	98,412	-6%	219,854	196,823	112%
Utilities	27,473	40,666	-32%	51,954	81,333	64%
Casualty & Liability Expenses	35,451	79,040	-55%	99,536	158,080	63%
Other Materials & Supplies	11,150	20,244	-45%	20,015	40,488	49%
Miscellaneous	17,332	21,125	-18%	37,979	42,250	90%
TOTAL ADMINISTRATION	\$ 294,824	\$ 326,478	-10%	\$ 627,055	\$ 652,957	96%
TOTAL EXPENSES	\$ 1,915,152	\$ 1,772,786	8%	\$ 3,627,517	\$ 3,545,572	102%
NET INCOME/(LOSS)	\$ 2,344	\$ 50,545	-95%	\$ 93,353	\$ -	0%



Lynchburg Regional Airport

350 Terminal Drive, Lynchburg, Virginia 24502 • (434) 455-6090 • Fax (434) 239-9027



March 12, 2015

Finance Committee
City Council
City of Lynchburg
Lynchburg, Virginia

Re: December 31, 2014 – Quarterly Financial Summary - Lynchburg Regional Airport

REGIONAL AIRPORT FUND

The attached Lynchburg Regional Airport Operating Fund Financial Summary reflects the financial activity for this Fund for the FY 2015 second quarter ending December 31, 2014. I am pleased to report that while revenues in general are projected to be relatively flat, they are somewhat higher than budgeted. The subsidy from the General Fund to the airport for FY 2015 is projected to be \$97,443 which is \$55,000 less than budgeted. Permanently eliminating the operating subsidy from the City remains on track starting with next year's requested FY 2016 operating budget.

REVENUE HIGHLIGHTS

- Terminal Revenue: Revenue is projected to be \$43,500 more than budget due primarily to continued modest growth in parking lot revenue.
- General Aviation: Revenue is projected to be \$2,500 more than budget due to CPI computed increases in facility lease revenue.
- Other Leased Property: Revenue is projected to be \$6,500 more than budget due to a new lease with Verizon Wireless for use of airport property.
- General Fund Subsidy: As previously mentioned, the projected operating subsidy from the City is \$97,443 which is \$55,000 less than budget.

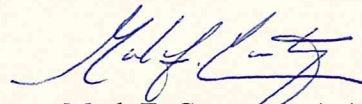
EXPENSE HIGHLIGHTS

- Snow Removal: \$23,250 more than budget due to having more snow and ice events than anticipated.

SUMMARY

Non-recurring maintenance expenses will likely exceed our budget significantly (but are largely reimbursed by state aviation entitlement funds) and will be addressed in the third-quarter budget review. Based on consistent air service levels, competitive airfares, and anticipated passenger demand combined with decreasing debt service, the airport's subsidy from the City is expected to be reduced to less than \$100,000 this fiscal year and permanently eliminated beginning next fiscal year.

Respectfully submitted,



Mark F. Courtney, A.A.E.
Airport Director

cc: L. Kimball Payne III, City Manager
Bonnie Svrcek, Deputy City Manager
Donna Witt, Director of Financial Services
Wesley Campbell, Airport Finance Manager

LYNCHBURG REGIONAL AIRPORT
OPERATING FUND FINANCIAL SUMMARY
December 31, 2014

	FY 2014 Amended Budget	FY 2014 Actual (thru 12/31/13)	FY 2014 % of Budget	*	FY 2015 Amended Budget	FY 2015 Actual (thru 12/31/14)	FY 2015 % of Budget	*	FY 2015 Amended Budget	FY 2015 Revised Estimates	FY 2015 \$ Variance Revised vs. Amended Budget
BEGINNING NET ASSETS		\$ 31,042,521		*	\$ 355,771	\$ 33,493,201 (1)		*	\$ 355,771	\$33,493,201 (1)	
Less: Invested in Capital Assets, net of related debt		30,210,365		*		32,479,365		*		32,479,365	
BEGINNING UNRESTRICTED NET ASSETS	<u>\$ 583,331</u>	<u>\$ 832,156</u>		*	<u>\$ 355,771</u>	<u>\$ 1,013,836</u>		*	<u>\$ 355,771</u>	<u>\$ 1,013,836</u>	<u>\$ -</u>
BOND REFUNDING PROCEEDS	\$ -	\$ -		*	\$ 1,827	\$ -		*	\$ 1,827	\$ -	
USE OF RESERVES - DEBT SERVICE	\$ -	\$ -		*	\$ 46,075	\$ -		*	\$ 46,075	\$ -	
REVENUES				*				*			
Airfield	95,000	51,239	54%	*	97,000	51,032	53%	*	97,000	97,000	0
Terminal	1,307,327	737,881	56%	*	1,312,327	756,321	58%	*	1,312,327	1,355,827	43,500
General Aviation	383,000	210,640	55%	*	399,000	231,919	58%	*	399,000	401,500	2,500
Other Leased Property	214,400	126,144	59%	*	204,400	118,742	58%	*	204,400	210,900	6,500
State Airport Aid	290,000	75,438	26%	*	95,000	0	0%	*	95,000	95,000	0
Federal Security Aid	110,000	27,070	25%	*	107,500	26,020	24%	*	107,500	107,500	0
General Fund Subsidy	218,809	144,000	66%	*	152,443	57,600	38%	*	152,443	97,443	(55,000)
Interest & Other	19,000	14,132	74%	*	19,500	16,792	86%	*	19,500	22,000	2,500
	<u>\$ 2,637,536</u>	<u>\$ 1,386,544</u>		*	<u>\$ 2,387,170</u>	<u>\$ 1,258,427</u>		*	<u>\$ 2,387,170</u>	<u>\$ 2,387,170</u>	<u>\$ -</u>
EXPENSES				*				*			
Airfield Operations	301,041	162,620	54%	*	304,898	146,713	48%	*	304,898	304,898	0
Terminal Operations	553,864	222,166	40%	*	555,459	258,904	47%	*	555,459	555,459	(0)
General Aviation	125,008	56,268	45%	*	119,267	56,900	48%	*	119,267	119,267	0
Administration	660,966	310,960	47%	*	683,049	337,319	49%	*	683,049	683,049	0
Safety (ARFF & LEO)	407,345	206,384	51%	*	406,659	183,627	45%	*	406,659	406,659	0
Snow Removal	20,468	6,662	33%	*	18,930	26,243	139%	*	18,930	42,180	(23,250)
Debt Service	205,865	87,782	43%	*	181,256	81,551	45%	*	181,256	181,256	0
Non-Recurring Airport Expenses	512,721	367,201	72%	*	237,169	197,960	83%	*	237,169	237,169	0
Transfers to Other Airport Funds	20,000	1,640	8%	*	14,024	0	0%	*	14,024	14,024	0
Other Airport Expenses	57,819	18,358	32%	*	70,131	16,345	23%	*	70,131	70,131	0
	<u>\$ 2,865,096</u>	<u>\$ 1,440,042</u>		*	<u>\$ 2,590,843</u>	<u>\$ 1,305,563</u>		*	<u>\$ 2,590,843</u>	<u>\$ 2,614,093</u>	<u>\$ (23,250)</u>
ENDING UNRESTRICTED NET ASSETS	<u>\$ 355,771</u>	<u>\$ 778,658</u>		*	<u>\$ 200,000</u>	<u>\$ 966,700</u>		*	<u>\$ 200,000</u>	<u>\$ 786,913 (2)</u>	

FOOTNOTES:

1) Beginning Net Assets agrees with the Comprehensive Annual Financial Report (CAFR) with the following adjustment:

Total Net Assets per CAFR 6/30/14	\$ 36,954,889
Less: Net Assets in Capital & PFC Funds	\$ (3,461,688)
Total Beginning Net Assets	\$ 33,493,201

2) FY 2015 Ending Unrestricted Net Assets (Estimates) is comprised of the following:

Des. for Debt Service (Rental Car Facility)	\$ 112,418	(\$158,293.79 + \$200 est interest - \$46,075 reserve = \$112,418 est)
Des. for Maintenance (Rental Car Facility)	\$ 75,767	(\$75,767 + or - year-end adjustment)
Reserve for Encumbrances		(estimated encumbrances carried forward to FY16)
Undesignated Retained Earnings	\$ 598,728	
	<u>\$ 786,913</u>	

March 24, 2015

Finance Committee
City Council
City of Lynchburg
Lynchburg, Virginia

RE: December 31, 2014 Quarterly Financial Report - Lynchburg Regional Juvenile Detention Center

Lynchburg Regional Juvenile Detention Center

The attached Lynchburg Regional Juvenile Detention Center (Detention Center) financial report summarizes the financial activities through December 31, 2014 for FY 2015. The financial spreadsheet provides comparative year to date data for the same period of FY 2014.

REVENUES

Charges for Services

Revenue in this category for the second quarter of FY 2015 is \$653,609 or 38.5% of the budget, which is consistent with previous years.

Department of Juvenile Justice Block Grant

This revenue category represents allocations from the Virginia Department of Juvenile Justice (DJJ) for operational expenses of the Detention Center. Revenues received from the DJJ for the second quarter of FY 2015 are \$561,114 or 51.2% of the budget.

United States Department of Agriculture (USDA)

This revenue category consists of reimbursements for meals served to juveniles at the Detention Center. Year-to-date revenues from USDA for FY 2015 are \$16,413 or 36.5% of the budget. An additional reimbursement has been received in March, 2015.

EXPENDITURES

Overall expenditures for the second quarter of FY 2015 were \$1,254,051 and are within budget. Allocated costs for the contracting localities through the first quarter of FY 2015 were approximately 74%; Lynchburg's allocated share is approximately 26%.

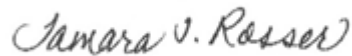
Juvenile Population

The average number of juveniles being served per day through the second quarter of FY 2015 is 21.82 as compared to 18.88 in FY 2014. The percentage of Lynchburg City's juveniles through the second quarter is 56% of the total juvenile population.

SUMMARY

The second quarter report reflects a deviation from the continuing downward trend in the juvenile population at the Lynchburg Regional Detention Home and other facilities in the State of Virginia. The Lynchburg Regional Detention Home is an outstanding facility recognized by the juvenile judicial system for providing educational services, mental health services, physical health services, and partnerships with local area businesses.

Respectfully submitted,



Tamara Rosser
Director, Department of Juvenile Services

c: L. Kimball Payne, III, City Manager
Bonnie Svrcek, Deputy City Manager
Donna Witt, Director, Financial Services
Robin Mamola, Accounting Supervisor, Human Services
Kathy Collins, Accountant, Juvenile Services

Lynchburg Regional Juvenile Detention Center
Special Revenue Fund
Financial Summary
Second Quarter: As of December 31, 2014

	FY 2014 Amended Budget	FY 2014 Actual 2 QTR YTD	FY 2014 % of Budget	FY 2015 Amended Budget	FY 2015 Actual 2 QTR YTD	FY 2015 % of Budget	FY 2015 Actual to Amended
<i>Beginning Funds at July 1</i>							
<i>Revenues:</i>							
Charges for Services	1,676,322	621,909	37.1%	1,698,058	653,609	38.5%	1,044,449
Intergovernmental- Department of Juvenile Justice Block Grant	1,095,120	537,232	49.1%	1,095,120	561,114	51.2%	534,006
Intergovernmental- USDA	45,000	16,519	36.7%	45,000	16,413	36.5%	28,587
Miscellaneous	0	32	0.0%	0	87	0.0%	(87)
Budget Designations	100,842	0	0.0%	115,641	0	0.0%	115,641
<i>Total Revenues</i>	2,917,284	1,175,692	40.3%	2,953,819	1,231,223	41.7%	1,722,596
<i>Expenditures:</i>							
Salaries	1,412,955	723,269	51.2%	1,449,991	684,805	47.2%	765,186
Employee Benefits	582,715	290,776	49.9%	595,783	277,134	46.5%	318,649
Contractual Services	53,836	17,810	33.1%	50,585	20,970	41.5%	29,615
Internal Services	11,900	6,380	53.6%	12,043	5,047	41.9%	6,996
Supplies and Materials	130,170	37,182	28.6%	130,170	48,395	37.2%	81,775
Utilities	85,800	28,112	32.8%	85,800	30,909	36.0%	54,891
Training and Conferences	3,050	609	20.0%	3,050	2,695	88.4%	355
Telecommunications	4,500	1,308	29.1%	4,500	1,081	24.0%	3,419
Postage and Mailing	850	313	36.8%	850	231	27.2%	619
Indirect Costs	237,218	118,609	50.0%	250,435	125,217	50.0%	125,218
Self Insurance	15,752	7,876	50.0%	15,752	7,876	50.0%	7,876
Dues and Memberships	500	60	12.0%	500	0	0.0%	500
Rentals and Leases	2,492	1,102	44.2%	4,373	1,005	23.0%	3,368
Site Improvements	0	0	0.0%	0	0	0.0%	-
Health and Dental Benefits for Retirees	28,144	14,875	52.9%	28,215	15,694	55.6%	12,521
Professional Services	6,721	3,537	52.6%	6,796	2,617	38.5%	4,179
SpecialUseEquipment	0	0	0.0%	0	0	0.0%	-
Debt Service	183,681	17,191	9.4%	178,407	13,962	7.8%	164,445
USDA Grant	45,000	16,519	36.7%	45,000	16,413	36.5%	28,587
Capital Outlay	2,000	0	0.0%	2,000	0	0.0%	2,000
Budget Designations	100,000	0	0.0%	79,569	0	0.0%	79,569
Contingency	10,000	0	0.0%	10,000	0	0.0%	10,000
<i>Total Expenditures</i>	2,917,284	1,285,528	44.1%	2,953,819	1,254,051	42.5%	1,699,768
<i>TOTAL FUND BALANCE</i>	0	(109,836)		0	(22,828)		
<i>TOTAL ASSIGNED FUND BALANCE Maint./Equipment</i>	100,000	100,000		100,000	100,000		

March 24, 2015

Finance Committee
City Council
City of Lynchburg
Lynchburg, Virginia

Re: Comprehensive Services Act (CSA) Fund Financial Report for the period ending December 31, 2014.

The attached CSA Fund Financial Summary summarizes the financial activity for this Fund through December 31, 2014. Under the State guidelines, CSA prior year obligations are paid through September 30th of each year. However, the annual budget is prepared on a fiscal year (July-June). Because of the State guidelines, expenditures for this fund are unique due to the overlap of grants each fiscal year. Accordingly, this report reflects only the current grant year financial activity for FY 2015.

REVENUES

- Public Assistance – Welfare and Administration

The Public Assistance revenue source is the reimbursement received from the State for local expenses incurred under CSA for providing services to troubled youth and their families. The current rate of reimbursement for community-based services is 86.32%, residential services is 65.8%, and for all other services, 72.64%. State funds to assist in administering the grant, (\$29,730 for FY 2015) are provided by the State each year, and have been received in full. A local match is required for all state funds received. Reimbursements received for expenditures incurred through the second quarter of FY 2015 are \$133,208. An additional \$743,690 in State reimbursements was received in January 2015.

- CSA Contribution – General Fund and Schools

These revenue sources are comprised of the required local match for all State funds received for the Comprehensive Services Act. For FY 2015 the budgeted School contribution is \$196,541 and the year-to-date budgeted General Fund contribution is \$1,238,852. For the second quarter of FY 2015, local matching funds for programs in the amount of \$619,426 or 50% of the budget for the General Fund and \$98,271 or 50% of the budget for Schools have been received.

- Miscellaneous Revenue

Miscellaneous revenues in the amount of \$23,137 or 21% of the budget were collected for the first quarter of 2015. These revenues are mainly comprised of recoupments from children's social security payments for expenditures incurred on their behalf, and registered billings for CSA parental co-payments. Recoupments are below budget estimates due to the utilization of IV-E funding when possible.

EXPENSES

- Administrative expenses

CSA Administrative funds are used for salaries, supplies, and materials. Budgeted funds for FY 2015 are \$64,564. Actual YTD administrative expenditures for FY 2015 were \$28,784 or 44.6% of the budget.

- Mandated – Foster Care

Foster care expenses include funds for residential facilities, day care, maintenance payments to foster parents, enhanced maintenance payments to foster parents and foster care prevention. The Virginia Enhanced Maintenance Assessment Tool (VEMAT) was introduced as the required, state-wide tool to be used when assessing a child's need for additional supervision and support and, thus, an enhanced maintenance payment for the foster or adoptive parent. In February 2013, all VEMAT rates were automatically reduced statewide. Year-to-date foster care expenditures for the second quarter of FY 2015 totaled \$939,182 or 33.5% of the budget. Expenditures are slightly below budget due to decreased VEMAT payments and transferring some of this population to 100% reimbursable IV-E funding.

- Mandated – Special Education

Special Education expenses include services for Special Education students from the Lynchburg City Schools. Expenditures for FY 2015 YTD total \$572,520 or 36.6% of the budget. It is anticipated that this budget line will be fully expended.

- Non-Mandated Services

Non-mandated expenditures are for services such as counseling, mentoring, crisis intervention, and foster care prevention services. Non-mandated expenditures for FY 2015 were \$116,464 or 31% of the budget.

- Community Based Services

This category includes services to children while they are living at home, in the home of an extended family, in a regular foster family home, or in an independent living arrangement. Community services may include assessment, crisis stabilization, therapy, or intervention services provided in the child's home. Community Based Services for the second quarter of FY 2015 were \$107,422 or 42.5% of the budget.

SUMMARY

The Comprehensive Services Act Fund creates a collaborative system of services and funding that is child-centered, family-focused, and community-based when addressing the strengths and needs of at-risk youths and their families in the City of Lynchburg

While the number of children currently in foster care fluctuates during the year, the number of children receiving CSA services has increased for FY 2015. Other factors continue to impact this budget. These factors include an increased number of children receiving more intensive services for longer periods of time, increased vendor rates as well as an increase in the number of services provided by the vendors, parental agreements, and an increase in special educational services.

The Community Policy and Management Team, in collaboration with the professional community, continues to work hard and is diligent and deliberate in efforts to reduce costs associated with CSA. We continue to work with the professional community to develop services in an effort to reduce cost.

Respectfully submitted,



Tamara T. Rosser
Director of Human Services

c: L. Kimball Payne, III, City Manager
Bonnie Svrcek, Deputy City Manager
Donna Witt, Director of Financial Services
Rhonda Allbeck, Assistant Director of Financial Services
Robin Mamola, Financial Professional IV
Courtney Blankenstein, Financial Professional III

**Comprehensive Services Act
Special Revenue Fund
Financial Summary
December 31, 2014**

	FY 2014	FY 2014	FY 2014	FY 2015	FY 2015	FY 2015
	Amended Budget	Actual 2nd QTR YTD	% of Budget	Amended Budget	Actual 2nd QTR YTD	% of Budget
<i>Beginning Fund Balance</i>	329,544	466,552		466,552	423,104	
<i>Revenues:</i>						
Public Assistance - Welfare and Administration	3,517,467	460,021	13.1%	3,517,404	133,208	3.8%
Transfer from Lynchburg City Schools	196,541	98,271	50.0%	196,541	98,271	50.0%
Transfer from General Fund	1,238,852	619,426	50.0%	1,238,852	619,426	50.0%
Miscellaneous	110,000	29,348	26.7%	110,000	23,137	21.0%
<i>Total Revenues</i>	5,062,860	1,207,066	23.8%	5,062,797	874,042	17.3%
<i>Expenses:</i>						
Administrative Expenses	62,977	33,009	52.4%	64,564	28,784	44.6%
Mandated - Foster Care	2,723,805	801,573	29.4%	2,803,655	939,182	33.5%
Mandated - Special Education	1,650,000	515,251	31.2%	1,566,000	572,520	36.6%
Non-Mandated Services	375,836	75,674	20.1%	375,836	116,464	31.0%
Community Based	250,242	102,367	40.9%	252,742	107,422	42.5%
<i>Total Expenditures</i>	5,062,860	1,527,874	30.2%	5,062,797	1,764,372	34.8%
<i>ENDING FUND BALANCE</i>	329,544	145,744		466,552	(467,226)	

March 24, 2015

Finance Committee
City Council
City of Lynchburg
Lynchburg, Virginia

Re: December 31, 2014 Quarterly Financial Report – Water Operating Fund

The attached Water Operating Fund Financial Summary summarizes the financial activity for this fund through December 31, 2014. This quarterly report provides comparative financial information for the same period of the prior fiscal year. Projected variances between the FY 2015 Budget and the Department's year end projections are described below.

REVENUES

Following the completion of the second quarter, overall revenues for FY 2015 are projected to exceed the FY 2015 budget by \$139,443 (0.96%). Explanations follow:

- **Charges for Services:**

Revenue in this category is expected to be \$119,800 (1.03%) over budget mostly due to slightly higher revenue in account charges and water connections than was anticipated.

- **Water Contracts:**

This revenue account reflects billing activity to counties of Amherst, Bedford, and Campbell, and the industries of Rock-Tenn and Frito-Lay. The net revenue in this category is projected to be \$44,643 (1.68%) higher than budget mostly due to slight increase in water consumption in Campbell County and Frito-Lay.

- **Interest and Other:**

Interest and other earnings are projected to be \$25,000 (8.55%) less than budget mostly due to less than anticipated earnings on investments.

EXPENSES

Overall expenses for FY 2015 are projected to be \$305,046 (2.13%) more than budget. Explanations of this variance follow:

- **Departmental Operation and Maintenance Expenses:**

This category includes the Water Treatment Plant, Meter Operations, Water Line Maintenance and Administration. Expenses in this category are expected to be \$229,340 (2.45%) less than the FY 2015 budget (Water Treatment - \$89,991 savings, Meter Operations - \$24,612 savings, Water Line Maintenance - \$33,605 savings, Administration - \$81,132 savings). This variance is broken down as follows:

➤ Personnel Services and Benefits	\$132,442
➤ Chemicals	\$ 78,618
➤ Communication and Utilities	\$ 19,387
➤ Contractual Services	(\$27,375)
➤ Supplies and Materials	\$ 21,274
➤ All Other	<u>\$ 4,994</u>
Total	\$229,340

The most significant variance is savings from Personnel Services and Benefits related to several unfilled positions at the end of the quarter. Additionally, chemicals and electricity savings occur when James River water does not need to be pumped and treated. Due to wet weather conditions our water source has been exclusively on the Pedlar Reservoir. Outside any unusual events we anticipate using solely the Pedlar Reservoir through this spring. Contractual Services is expected to go over budget mostly due to contracted services for Water Resources Department's portion of .Net implementation which was not fully completed in FY 2014.

- **Non-Departmental Operation and Maintenance:**

Non-Departmental operation and maintenance expenses are anticipated to be within budget.

- **Capital Outlay and Transfers to Other Funds:**

Purchases and transfers in this category are expected to be within budget.

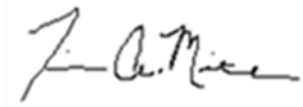
- **Debt Service:**

Expenditures in debt service are expected to be \$534,386 (13.92%) over budget. This is mainly attributed to the July 10, 2014 bond issue which included an additional principal and interest payment for FY 2015 which was not included in the original budget projections. Determination was made that the fund could meet both debt coverage and fund balance ratios due to anticipated net income and cash position in the fund.

SUMMARY

This second quarter report reflects a stable FY 2015 financial position for this fund. Under the Council adopted financial policies, the two important financial ratios, debt coverage and fund balance are above policy targets. The debt coverage ratio projected for the end of the fiscal year is 1.27 compared to a target of 1.20. The fund balance ratio projected for the end of the fiscal year is 58% compared to a target range of 25% - 40%.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Tim A. Mitchell", is centered within a white rectangular box.

Timothy A. Mitchell, P.E.
Director of Water Resources

c: L. Kimball Payne, III, City Manager
Bonnie Svrcek, Deputy City Manager
Donna Witt, Director of Financial Services

**WATER OPERATING FUND
FINANCIAL SUMMARY
Quarter Ending December 31, 2014**

	FY 2014 Adopted Budget	FY 2014 Actual Q2 YTD	FY 2014 % of Budget	FY 2015 Adopted Budget	FY 2015 Actual Q2 YTD	FY 2015 % of Budget	FY 2015 Adopted Budget	FY 2015 Revised Estimate	FY 2015 \$ Variance Adopted Budget vs. Projected
BEGINNING NET ASSETS	\$27,631,979	\$27,631,979		\$33,038,746	\$33,038,746		\$33,038,746	\$33,038,746	
Less: Invested in Capital Assets, net of related debt	(20,961,222)	(\$20,961,222)		(25,346,980)	(25,346,980)		(25,346,980)	(25,346,980)	
BEGINNING UNRESTRICTED NET ASSETS	6,670,757	\$6,670,757		\$7,691,766	\$7,691,766		\$7,691,766	\$7,691,766	
REVENUES:									
Charges for services	\$10,599,129	\$5,000,114	47%	\$11,652,558	\$5,460,392	47%	\$11,652,558	\$11,772,358	\$119,800
Water contracts	2,744,836	1,108,863	40%	2,654,950	\$1,172,554	44%	2,654,950	2,699,593	44,643
Interest and other	282,211	143,124	51%	292,482	\$151,268	52%	292,482	267,482	(25,000)
	\$13,626,176	\$6,252,101		\$14,599,990	6,784,214		\$14,599,990	\$14,739,433	\$139,443
EXPENSES									
Departmental O&M	\$8,912,287	\$4,017,866	45%	\$9,349,210	3,948,266	42%	\$9,349,210	\$9,119,870	\$229,340
Non-departmental O&M	202,713	55,696	27%	229,600	52,924	23%	229,600	229,600	0
Capital Outlay/Purchases	110,072	10,250	9%	75,000	14,450	19%	75,000	75,000	0
Transfers - Capital	800,000	400,000	50%	800,000	400,000	50%	800,000	800,000	0
Debt service	3,685,632	3,685,632	100%	3,839,779	2,226,664	58%	3,839,779	4,374,165	(534,386)
	\$13,710,704	\$8,169,444		\$14,293,589	\$6,642,304		\$14,293,589	\$14,598,635	(\$305,046)
Adjustment for expenses from capital projects		\$0			\$0			\$0	
ENDING NET ASSETS	\$6,586,229	\$4,753,414		\$7,998,167	7,833,676		\$7,998,167	\$7,832,564	

KEY RATIOS:

Unrestricted cash target as a % of operating expenses & debt service:	40%	
Unrestricted cash as a % of operating expenses & debt service:	58%	
Financial Policy targeted debt coverage ratio minimum:	1.20	
Ending debt coverage ratio:	1.27	(1)

Note (1) Calculation of debt coverage includes \$160,000 of capitalizable costs for internal labor charges applicable to time spent on capital project activities.

March 24, 2015

Finance Committee
City Council
City of Lynchburg
Lynchburg, Virginia

Re: December 31, 2014 Quarterly Financial Report – Sewer Operating Fund

The attached Sewer Operating Fund Financial Summary summarizes the financial activity for this fund through December 31, 2014. This quarterly report provides comparative financial information for the same period of the prior fiscal year. Projected variances between the FY 2015 Budget and the Department's year end projections are described below.

REVENUES

Following the completion of the second quarter, overall revenues for FY 2015 are projected to exceed the FY 2015 budget by \$566,279 (2.75%). Explanations follow:

- **Charges for Services:**

Revenue in this category is expected to be 135,000 (.79%) over budget mostly due to higher than anticipated sewer sales of \$306,500 which is offset by lower than expected sales for industrial surcharges of \$207,000. Lower sales in industrial surcharges are primarily attributable to one industry having significantly less waste strength in their tested sewer collections.

- **Sewer Contracts:**

Revenue in this category reflects the billing activity in counties of Amherst, Bedford, and Campbell and industries of Rock-Tenn and Frito-Lay. Revenue from this source is projected to be \$428,502 (12.88%) more than budget primarily due to one county making a large prepayment of their long-term debt for city financed Wastewater Treatment Plant Projects and higher than anticipated sewer sales from Rock-Tenn and Frito-Lay.

- **Interest and Other:**

Revenue in this category is projected to be \$2,777 (3.69%) higher than budget mostly attributable to higher than expected collection and tax lien fees.

EXPENSES

Overall expenses for FY 2015 are projected to be \$215,194 (1.01%) more than budget. Explanations of this variance follow:

- **Departmental Operation and Maintenance Expenses:**

This category includes the Wastewater Treatment Plant and Sewer Line Maintenance. Expenses in this category are expected to be \$61,864 (.63%) greater than the FY 2015 budget (Sewer Line Maintenance - \$29,828 and Wastewater Treatment Plant - \$32,036). This variance is broken down as follows:

➤ Personnel Services and Benefits	\$ 68,806
➤ Chemicals	\$ 27,000
➤ Utilities	(\$ 89,000)
➤ Sludge Disposal	\$ 25,000
➤ Contractual Services	(\$129,200)
➤ Supplies and Materials	(\$ 61,520)
➤ All Other	<u>\$ 97,050</u>
Total	(\$61,864)

The most significant variance in savings is from personnel services and benefits related to several unfilled positions. Increases to Contractual Services are primarily related to additional sanitary sewer system maintenance and preventative programs necessary to minimize sanitary sewer overflows. Additional costs of Utilities are mostly attributable to increased wet-weather flows to Wastewater Treatment Plant. Supplies and Materials are expected to exceed budget due to significantly higher than average annual repairs.

- **Non-Departmental Operational and Maintenance Expenses:**

Non-Departmental expenses are expected to be at budget.

- **Debt/LOC Service Payments:**

Expenditures in debt service are expected to be \$261,330 over budget. This is attributable to the July 10, 2014 bond issuance which included an additional principal and interest payment for FY 2015 which was not included in the original budget projections. Determination was made that the fund could meet both debt service and fund balance ratios due to anticipated net income and cash position in the fund.

- **Capital Outlay and Transfers to Other Funds:**

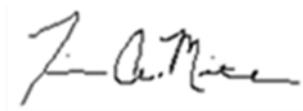
Capital Outlay and Transfers to Other Funds are anticipated to be \$108,000 (4.66%) under budget. This is mostly due to allowing the costs to one of the plant centrifuges to be incurred in the Sewer

Capital Fund to insure proper capitalization for accounting purposes. Transfers to Other Funds are expected to be at budget.

SUMMARY

This second quarter report reflects a stable FY 2015 financial position for this fund. Under the Council adopted financial policies, the two important financial ratios, debt coverage and fund balance, are within or above policy targets. The debt coverage ratio projected for the end of the fiscal year is 1.21 compared to a target range of 1.20 to 1.50. The fund balance ratio projected for the end of the fiscal year is 31% compared to a target range 15 to 25%.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Tim A. Mitchell", enclosed within a thin black rectangular border.

Timothy A. Mitchell, P.E.
Director of Water Resources

c: L. Kimball Payne, III, City Manager
Bonnie Svrcek, Deputy City Manager
Donna Witt, Director of Financial Services

SEWER OPERATING FUND
FINANCIAL SUMMARY
Quarter Ending December 31, 2014

	FY 2014 Adopted Budget	FY 2014 Actual Q2 YTD	FY 2014 % of Budget	FY 2015 Adopted Budget	FY 2015 Actual Q2 YTD	FY 2015 % of Budget	FY 2015 Adopted Budget	FY 2015 Revised Estimate	FY 2015 \$ Variance Adopted Budget vs. Projected
BEGINNING NET ASSETS (1)	\$118,680,799	\$118,680,799		\$136,833,798	\$136,833,798		\$136,833,798	\$136,833,798	
Less: Invested in Capital Assets, net of related debt	(107,598,364)	(107,598,364)		(129,047,540)	(129,047,540)		(129,047,540)	(129,047,540)	
BEGINNING UNRESTRICTED NET ASSETS	\$11,082,435	\$11,082,435		\$7,786,258	\$7,786,258		\$7,786,258	\$7,786,258	
REVENUES:									
Charges for services	\$16,721,214	\$7,603,888	45%	\$17,170,636	7,598,733	44%	\$17,170,636	\$17,305,636	\$135,000
Sewer contracts	2,916,305	1,159,807	40%	3,327,630	1,284,989	39%	3,327,630	3,756,132	428,502
Interest and other	91,953	38,204	42%	75,344	33,966	45%	75,344	78,121	2,777
	\$19,729,472	\$8,801,899		\$20,573,610	8,917,688		\$20,573,610	\$21,139,889	\$566,279
EXPENSES:									
Departmental O&M	\$9,087,931	\$4,303,885	47%	\$9,792,683	\$4,619,333	47%	\$9,792,683	\$9,854,547	(\$61,864)
Non-departmental O&M	200,062	63,118	32%	238,200	64,421	27%	\$238,200	238,200	0
Equipment Purchases	175,209	20,581	12%	320,000	0	0%	\$320,000	212,000	108,000
Transfers - Capital	1,500,000	750,000	50%	2,000,000	1,000,000	50%	\$2,000,000	2,000,000	0
Debt service	8,616,567	4,334,774	50%	8,961,298	4,552,536	51%	8,961,298	9,222,628	(261,330)
	\$19,579,769	\$9,472,358		\$21,312,181	\$10,236,290		\$21,312,181	\$21,527,375	(\$215,194)
Adjustment for expenses from capital projects		\$0			\$0			\$0	
ENDING NET ASSETS	\$11,232,138	\$10,411,976		\$7,047,687	\$6,467,656		\$7,047,687	\$7,398,772	

KEY RATIOS:

Unrestricted cash target as a % of operating expenses & debt service:

25%

Unrestricted cash as a % of operating expenses & debt service:

31%

Financial Policy targeted debt coverage minimum:

1.20

Ending debt coverage:

1.21 (1)

Note (1) Calculation of debt coverage includes \$145,000 of capitalizable costs for internal labor charges applicable to time spent on capital project activities.

March 24, 2015

Finance Committee
City Council
City of Lynchburg
Lynchburg, Virginia

Re: December 31, 2014 Quarterly Financial Report – Stormwater Operating Fund

The attached Stormwater Operating Fund Financial Summary summarizes the financial activity for this fund through December 31, 2014. This quarterly report provides comparative financial information for the same period of the prior fiscal year. Projected variances between the FY 2015 Budget and the Department's year end projections are described below.

REVENUES

Following the completion of the second quarter, the overall revenues for FY 2015 are projected to be \$35,150 (1.0%) over budget. Explanations follow:

- **Charges for Services:**

Revenue in this category reflects billing activity for all known impervious areas, Virginia Stormwater Management Program (VSMP) permits and delinquent charges on past due accounts. Charges for services are expected to increase \$35,150 (1.09%) primarily due to higher than anticipated fees collected by Department of Environmental Quality (DEQ) for the renewal of Virginia Stormwater Management Program (VSMP) permits for active projects before July 1, 2014. All 2009 VSMP Permits expired June, 30 2014 thus requiring renewal through DEQ for coverage under the new VSMP Permit effective July 1, 2014. This was required for existing projects to maintain permit coverage under the prior stormwater management technical criteria.

- **Transfers, Interest and Other:**

The transfer from the General Fund, interest and other revenues are expected to be at budget.

EXPENSES

Overall expenses for FY 2015 are projected to be \$238,668 (6.36%) less than budget. A breakdown and explanations of this variance follow:

- **Departmental Operation and Maintenance Expenses:**

Departmental Operation and Maintenance expenses are projected to be \$212,345 (9.33%) less than budget. Explanations of this variance as follows:

➤ Contractual Services	\$206,389
➤ Supplies and Materials	(\$ 9,000)
➤ All Other	<u>\$14,956</u>
Total	\$212,345

The most significant savings is for Contractual Services due to a projected decrease in maintenance and repair services and legal and engineering services. The original budget was established to accommodate new and unknown stormwater requirements that would be announced after the FY 2015 budget submission. Supplies and Materials are expected to exceed budget due to significant stormwater issues.

- **Non-Departmental Operational and Maintenance Expenses:**

Non-departmental expenses are projected to be at budget.

- **Debt/LOC Service Payments:**

Currently, there is no debt for the Stormwater Fund.

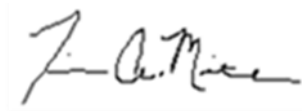
- **Capital Outlay and Transfers to Other Funds:**

Capital Outlay and Transfers to Other Funds are expected to be \$26,323 (1.82%) under budget. A new Vac-con Truck budgeted for \$400,000 was \$373,677. Transfers to Other Funds are expected to be at budget.

SUMMARY

This first quarter report reflects a stable FY 2015 financial position for the fund at this time. The fund balance ratio projected for the end of the fiscal year is 32%.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Tim A. Mitchell", enclosed within a thin black rectangular border.

Timothy A. Mitchell, P.E.
Director of Water Resources

c: L. Kimball Payne, III, City Manager
Bonnie Svrcek, Deputy City Manager
Donna Witt, Director of Financial Services

STORMWATER OPERATING FUND
FINANCIAL SUMMARY
Quarter Ending December 31, 2014

	FY 2014 Adopted Budget	FY 2014 Actual Q2 YTD	FY 2014 % of Budget	FY 2015 Adopted Budget	FY 2015 Actual Q2 YTD	FY 2015 % of Budget	FY 2015 Adopted Budget	FY 2015 Revised Estimate	FY 2015 \$ Variance Adopted Budget vs. Projected
BEGINNING NET ASSETS	\$1,607,940	\$1,607,940		\$1,300,413	\$1,300,413		\$1,300,413	\$1,300,413	
Less: Invested in Capital Assets, net of related debt	0	0		0	0		0	0	
BEGINNING UNRESTRICTED NET ASSETS	\$1,607,940	\$1,607,940		\$1,300,413	\$1,300,413		\$1,300,413	\$1,300,413	
REVENUES:									
Charges for services	\$3,132,000	\$1,368,306	44%	\$3,218,850	\$1,457,345	45%	\$3,218,850	\$3,254,000	\$35,150
Interest and other	0	0		5,000	250	5%	5,000	5,000	0
Transfers	650,000	325,000	50%	275,000	137,500	50%	275,000	275,000	0
	\$3,782,000	\$1,693,306		\$3,498,850	1,595,095		\$3,498,850	\$3,534,000	\$35,150
EXPENSES:									
Departmental O&M	\$3,047,172	\$1,345,454	44%	\$2,275,230	\$1,269,125	56%	\$2,275,230	\$2,062,885	\$212,345
Non-departmental O&M	71,900	3,537	5%	25,800	2,617	10%	25,800	25,800	0
Equipment Purchases	0	0		400,000	0	0%	400,000	373,677	26,323
Transfers - Capital	750,000	375,000	50%	1,050,000	525,000	50%	1,050,000	1,050,000	0
Transfers - Sewer Operating	0	0		0	0		0	0	0
Debt service	0	0		0	0		0	0	0
	\$3,869,072	\$1,723,991		\$3,751,030	\$1,796,742		\$3,751,030	\$3,512,362	\$238,668
Adjustment for expenses from capital projects		\$0			\$0			\$0	
ENDING NET ASSETS	\$1,520,868	\$1,577,255		\$1,048,233	\$1,098,766		\$1,048,233	\$1,322,051	

KEY RATIOS:

Projected unrestricted cash as a % of operating expenses at year end 32%

March 24, 2015

Finance Committee
City Council
City of Lynchburg
Lynchburg, Virginia

Re: December 31, 2014 Quarterly Report - General Fund

Attached is the Financial Summary for the General Fund (Fund) for the period ending December 31, 2014.

This quarterly report provides comparative information for the same period of the prior fiscal year and an annualized projection through the end of the current fiscal year.

NON-DEDICATED REVENUES

- Real Estate Taxes:

Real Estate taxes are due in four quarterly installments on November 15, January 15, March 15, and May 15. As of the date of this report, only the first installment for FY 2015 has been billed and revenue of \$21,716,680 has been collected. The amount collected includes payments made for the entire year.

- Personal Property Taxes:

Personal Property tax revenue for FY 2015 is \$119,736 less than the amount collected through the second quarter of FY 2014, but remains on track with 53.4% collected. Personal property taxes are payable in two equal installments on June 5 and December 5. Additional billings for personal property acquisitions are due March 5 and September 5.

In 1998, the Virginia General Assembly enacted the Personal Property Tax Relief Act (PPTRA) to reimburse citizens for a portion of the local personal property tax. In the 2004 Virginia General Assembly, the State capped the amount reimbursed to localities at \$950 million for FY 2015. This action eliminates the 70% reimbursement. Lynchburg's share is \$5,543,584. During the second quarter of FY 2015, the State reimbursed the City \$4,157,688 (75%), as scheduled. Future payments are scheduled for receipt in February 2014 (15%), and May 2014 (5%).

- Consumer Utility Tax - Electric:

The second quarter FY 2015 revenue is slightly ahead of budget projections by \$25,528, based on collections for 5 months. Staff is monitoring this revenue, which is on pace with FY 2014 collections, and providing the Finance Committee with monthly updates.

- Communications Sales and Use Tax:

Communications Sales and Use tax revenue is on pace with the FY 2015 budget projection based on collections for 4 months.

- Local Sales Tax:

Sales tax revenue is ahead of the FY 2015 budget projection by \$479,226 based on collections for 4 months due to cautious budgeting, allowing for the possibility another dip in the economy could occur this fiscal year. Fortunately, this dip remains unrealized. Staff is monitoring this revenue and providing the Finance Committee with monthly updates.

- Business License:

Business License revenue collected through the second quarter of FY 2015 is \$146,313. Since this tax is due May 1, the collection percentage is currently only a small part of the annual budget. The majority of the tax will be collected from March to May.

- Meals Tax:

Meals tax revenue is ahead of the FY 2015 budget projections by \$533,498 based on collections for 5 months due to cautious budgeting, allowing for the possibility another dip in the economy could occur this fiscal year. Fortunately, this dip remains unrealized. Staff is monitoring this revenue and providing the Finance Committee with monthly updates.

- Lodging Tax:

Lodging tax revenue is ahead of the FY 2015 budget projection by \$130,202 based on collections for 5 months. Staff is monitoring this revenue and providing the Finance Committee with monthly updates.

- Permit, Fees, and Licenses:

Permit, Fees, and Licenses is ahead of the FY 2015 budget projection by 8.7%, or \$40,619, due primarily to Inspection Permits, Land Use Application Fees, and Building Plan Review fees, which all speak to the recovery of the local economy.

- Fines and Forfeitures:

Fines and Forfeitures revenue is slightly behind the budget projection for FY 2015 by 12.7%, or \$37,330, due primarily to Parking Fines. Staff will continue to keep a close watch on this revenue to see if an adjustment in projected revenue is needed.

- Interest on Investments:

Investment income is ahead of the budget projection for FY 2015 by \$12,019, or 16.4%, primarily due to cautious budgeting.

- Charges for Services:

Charges for Services revenue is 15.6%, or \$430,341, ahead of the budget projection for FY 2015, primarily due to trash tag sales and police off duty revenue. Through six months, additional off duty expenses of \$147,000 offset this revenue.

DEDICATED REVENUES

Intergovernmental Revenues are 4.3%, or \$605,774, ahead of the FY 2015 budget projection. The timing of reimbursements from the State causes this revenue source to be slightly ahead, or slightly behind, the yearly projection.

EXPENDITURES

- Operating Expenditures:

The percentage of operating expenditures spent through the second quarter of FY 2015, 49.9%, is on target with budget projections.

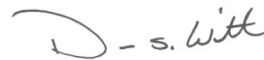
- Debt Service:

Debt Service expenditures are slightly ahead of FY 2015 budget projections with 72.1% expended.

SUMMARY

This report represents six months of fiscal activity. As the year progresses, revised estimates for revenues and expenditures will be presented to reflect the impact of changes.

Respectfully submitted,



Donna S. Witt
Director of Financial Services

c: L. Kimball Payne, III, City Manager
Bonnie Svrcek, Deputy City Manager
Rhonda Allbeck, Assistant Director of Financial Services

GENERAL FUND
FINANCIAL SUMMARY
As of December 31, 2014

	FY 2014 Adopted Budget	FY 2014 Amended Budget	FY 2014 Actual 2nd Qtr	FY 2014 % of Budget	FY 2015 Adopted Budget	FY 2015 Amended Budget	FY 2015 Actual 2nd Qtr	FY 2015 % of Budget	FY 2015 Amnd Budget vs. Actual
	As of 12/31/13				As of 12/31/14				
BEGINNING BALANCE	\$ 22,744,259	\$ 22,744,259	\$ 31,673,717		\$ 24,439,822	\$ 24,439,822	\$ 33,878,500		
UNASSIGNED									
REVENUES:									
Non-Dedicated Revenues									
Real Property	52,518,784	52,518,784	22,186,046	42.2%	53,357,839	53,357,839	21,716,680	40.7%	31,641,159
Personal Property -Local	15,805,000	15,805,000	8,558,296	54.1%	15,805,000	15,805,000	8,438,560	53.4%	7,366,440
Public Service Corp	2,330,000	2,330,000	2,313,631	99.3%	2,300,000	2,300,000	2,268,797	98.6%	31,203
Consumer Utility Taxes	4,185,000	4,185,000	1,652,968	39.5%	4,250,000	4,250,000	1,632,962	38.4%	2,617,038
Communication Sales and Use Taxes	3,462,621	3,462,621	1,144,771	33.1%	3,450,000	3,450,000	1,136,693	32.9%	2,313,307
Local Sales Tax	13,440,973	13,440,973	4,419,322	32.9%	13,600,000	13,600,000	4,821,191	35.4%	8,778,809
Business License	7,199,604	7,199,604	295,499	4.1%	7,542,720	7,542,720	146,313	1.9%	7,396,407
Meals Tax	11,785,000	11,785,000	5,259,327	44.6%	12,100,000	12,100,000	5,468,030	45.2%	6,631,970
Delinquent Taxes/Penalties	2,978,500	2,978,500	1,440,779	48.4%	3,576,000	3,576,000	1,384,725	38.7%	2,191,275
Other Local Taxes	2,578,947	2,578,947	1,172,708	45.5%	2,638,947	2,638,947	1,066,694	40.4%	1,572,253
Motor Vehicle License	1,413,142	1,413,142	184,534	13.1%	1,475,000	1,475,000	181,720	12.3%	1,293,280
Bank Stock Tax	650,000	650,000	-	0.0%	650,000	576,288	(73,712)	-12.8%	650,000
Lodging Tax	1,700,000	1,700,000	946,613	55.7%	1,800,000	1,800,000	894,448	49.7%	905,552
Permit, Fees & Licenses	783,900	783,900	442,002	56.4%	931,150	931,150	506,194	54.4%	424,956
Fines and Forfeitures	591,000	591,000	266,836	45.1%	586,000	586,000	255,670	43.6%	330,330
Interest on Investments	120,762	120,762	91,816	76.0%	146,600	146,600	85,319	58.2%	61,281
Use of Property	361,064	361,064	181,384	50.2%	369,264	369,264	212,210	57.5%	157,054
Charges for Services	6,226,657	6,226,657	3,091,410	49.6%	5,532,529	5,532,529	3,196,606	57.8%	2,335,923
Misc. Revenue	229,500	229,500	285,555	124.4%	226,900	226,900	258,518	113.9%	(31,618)
Revenue from Lynchburg City Schools	-	-	-	0.0%	-	-	-	0.0%	-
Intergovernmental Revenues									
Personal Property -State	5,543,584	5,543,584	4,434,867	80.0%	5,543,584	5,543,584	4,434,867	80.0%	1,108,717
Other	505,000	505,000	332,004	65.7%	604,000	604,000	335,091	55.5%	268,909
Total Non-Dedicated Revenues	134,409,038	134,409,038	58,700,368	43.7%	136,485,533	136,411,821	58,367,576	42.8%	\$ 78,044,245
Dedicated Revenues									
Local									
Indirect Costs and Services from Enterprise Funds	1,992,237	1,992,237	996,119	50.0%	2,702,138	2,702,138	1,351,585	50.0%	1,350,553
Other	1,224,196	1,224,196	475,352	38.8%	931,200	927,950	551,051	59.4%	376,899
Intergovernmental Revenues									
Constitutional Officers	2,975,787	3,026,590	1,216,592	40.2%	3,047,794	3,047,794	1,215,452	39.9%	1,832,342
Human Services	14,277,317	14,277,317	5,982,214	41.9%	14,498,237	14,498,237	6,343,622	43.8%	8,154,615
House Bill 599	2,930,790	2,930,790	1,465,396	50.0%	3,054,362	3,054,362	1,465,396	48.0%	1,588,966
Aid to the Commonwealth of Virginia	-	-	-	0.0%	-	-	-	0.0%	-
Highway Maintenance	7,192,968	7,192,968	4,623,863	64.3%	7,114,754	7,114,754	5,276,135	74.2%	1,838,619
Other	705,326	705,326	471,866	66.9%	687,233	687,233	506,359	73.7%	180,874
Total Intergovernmental Revenues	28,082,188	28,132,991	13,759,931	48.9%	28,402,380	28,402,380	14,806,964	52.1%	13,595,416
Interfund Transfers	-	-	-	-	-	249,861	250,036	-	250,036
Total Dedicated Revenues	31,298,621	31,349,424	15,231,402	48.6%	32,035,718	32,282,329	16,959,636	52.5%	\$ 15,322,693
Total Revenues	\$ 165,707,659	\$ 165,758,462	\$ 73,931,770	44.6%	\$ 168,521,251	\$ 168,694,150	\$ 75,327,212	44.7%	\$ 93,366,938
Other Financing Sources									
Proceeds from Refunding Bonds		57,469	57,468			14,614,036	14,614,036		
Use of Fund Balance & Reserves									
Unclassify FY13 fund balance			1,113,041				613,376		
FY14 Budget reserves			992,570						
7/9/13 Council #8			1,185,000						
Debt Service - CVRRB							5,929		
Fire Equipment							100,000		
Debt Service - SW							254,324		
Recreation Programs							91,957		
Pub Safety Comp Adj							13,968		
6/24/14 Council #8							115,713		
6/24/14 Council #9							83,765		
9/9/14 Council #3							135,720		
9/9/14 Council #4							4,000		
Close T0226							(9,380)		
11/26/13 Council #2			246,724						
Corr Law Library reserve			5,160						
10/23/13 \$10m Bond issue			166,529						
9/24/13 Council #2			33,113						
9/24/13 Council #2			(500,000)						
10/28/14 Council #6							48,044		
FY14 Carry Forward							407,489		
FY13 Carry Forward			50,000						
Total Fund Balance, Revenues and Use of Fund Bal.	\$ 188,451,918	\$ 188,560,190	\$ 108,955,092		\$ 192,961,073	\$ 207,748,008	\$ 125,684,653		

GENERAL FUND
FINANCIAL SUMMARY
As of December 31, 2014

	FY 2014 Adopted Budget	FY 2014 Amended Budget	FY 2014 Actual 2nd Qtr 12/31/13	FY 2014 % of Budget	FY 2015 Adopted Budget	FY 2015 Amended Budget	FY 2015 Actual 2nd Qtr 12/31/14	FY 2015 % of Budget	FY 2015 Amnd Budget vs. Actual
BALANCE FORWARD									
Total Fund Balance, Revenues and Use of Fund Bal.	\$ 188,451,918	\$ 188,560,190	\$ 108,955,092		\$ 192,961,073	\$ 207,748,008	\$ 125,684,653		
EXPENDITURES									
Operating Expenditures - Departmental									
General Government									
Communications/Marketing	434,163	446,274	167,657	37.6%	440,131	467,295	191,645	41.0%	275,650
Customer Service Center	116,065	118,834	56,779	47.8%	119,327	121,229	53,315	44.0%	67,914
Local Government Channel	204,814	209,848	129,591	61.8%	185,240	187,829	69,159	36.8%	118,670
Council/Manager	839,915	859,257	452,743	52.7%	874,179	887,592	436,687	49.2%	450,905
Parking Management	354,575	367,990	174,461	47.4%	356,563	359,787	213,993	59.5%	145,794
Tourism	-	-	-	-	997,297	1,001,169	363,071	36.3%	638,098
City Attorney	634,939	651,504	322,207	49.5%	663,076	674,671	319,748	47.4%	354,923
Self-Insurance (Risk Management)	505,356	505,356	252,678	50.0%	505,356	505,356	252,678	50.0%	252,678
State Treasurer	148,249	150,677	74,267	49.3%	148,454	149,295	68,816	46.1%	80,479
Comm of Revenue	684,508	698,248	320,903	46.0%	694,172	703,839	299,701	42.6%	404,138
City Assessor	705,823	739,145	372,754	50.4%	724,070	735,337	344,363	46.8%	390,974
Director of Finance	636,969	663,002	303,156	45.7%	646,466	667,492	321,017	48.1%	346,475
Billings & Collections	1,257,745	1,291,104	622,323	48.2%	1,286,735	1,303,664	601,040	46.1%	702,624
Procurement	269,792	278,472	138,393	49.7%	303,177	308,721	142,091	46.0%	166,630
Accounting	815,216	901,387	423,605	47.0%	830,219	909,031	386,010	42.5%	523,021
Budget	159,090	163,461	81,774	50.0%	163,519	166,517	77,662	46.6%	88,855
Human Services - Finance	330,031	338,826	169,997	50.2%	316,518	322,067	143,949	44.7%	178,118
Human Resources	691,129	714,969	351,495	49.2%	706,182	731,042	348,130	47.6%	382,912
Occumapotional Health Services	121,174	121,405	60,772	50.1%	120,334	139,318	54,590	39.2%	84,728
Application Services	1,140,227	1,183,222	630,499	53.3%	1,280,498	1,299,025	637,984	49.1%	661,041
Network Services	1,336,261	1,369,095	694,964	50.8%	1,344,302	1,366,411	596,630	43.7%	769,781
IT Administration	455,949	475,490	221,198	46.5%	445,066	460,249	196,869	42.8%	263,380
GIS	267,015	272,558	150,434	55.2%	264,287	268,285	142,132	53.0%	126,153
Registrar	161,845	164,067	83,354	50.8%	170,032	171,506	78,696	45.9%	92,810
Electoral Board	58,257	58,257	35,869	61.6%	43,869	43,869	33,607	76.6%	10,262
Judicial									
Circuit Court - Judge	162,092	136,820	41,964	30.7%	161,921	166,173	45,660	27.5%	120,513
General District Court	62,550	63,150	30,961	49.0%	68,723	81,665	27,370	33.5%	54,295
Juvenile & Domestic District Court	15,409	16,723	5,344	32.0%	15,409	20,430	5,701	27.9%	14,729
24th Court Services Unit	1,632	1,632	193	11.8%	1,550	1,550	672	43.4%	878
Commonwealth Attorney	1,406,739	1,477,915	752,477	50.9%	1,472,119	1,483,910	700,453	47.2%	783,457
Comm Atty Fines & Fees Coll	64,827	64,827	29,709	45.8%	62,327	62,327	26,790	43.0%	35,537
Magistrates Office	4,193	5,299	1,051	19.8%	4,193	4,193	1,166	27.8%	3,027
Circuit Court - Clerk	798,229	798,229	381,725	47.8%	815,411	815,411	359,176	44.0%	456,235
Sheriff	2,133,193	2,162,438	1,088,049	50.3%	2,176,749	2,176,118	1,019,248	46.8%	1,156,870
Public Safety									
Police Operations	14,960,872	15,186,964	7,973,565	52.5%	15,206,219	15,536,685	7,740,653	49.8%	7,796,032
Animal Warden	278,208	293,055	118,612	40.5%	280,569	282,608	117,872	41.7%	164,736
Emergency Communications	2,401,588	2,504,950	1,196,352	47.8%	2,481,286	2,523,381	1,161,724	46.0%	1,361,657
Range Operations	15,000	16,742	7,729	46.2%	15,000	23,208	12,961	55.8%	10,247
Off Duty Employment	525,000	525,000	362,796	69.1%	550,000	550,692	422,340	76.7%	128,352
Fire Operations and EMS	15,010,712	15,216,231	7,317,982	48.1%	15,243,704	15,467,792	6,793,711	43.9%	8,674,081
TRT-Pier	82,500	82,500	45,584	55.3%	82,500	82,500	45,766	55.5%	36,734
Public Works									
Public Works Administration	703,582	714,239	361,666	50.6%	754,629	764,901	298,058	39.0%	466,843
Engineering	3,262,738	3,386,231	1,537,520	45.4%	3,356,005	3,433,894	1,574,953	45.9%	1,858,941
Street Maintenance	3,191,810	3,311,116	1,486,932	44.9%	3,142,424	3,204,580	1,393,419	43.5%	1,811,161
Snow Removal	187,975	227,606	80,692	35.5%	192,254	442,115	281,095	63.6%	161,020
Refuse Collection	2,269,620	2,445,540	1,176,853	48.1%	2,545,139	2,588,867	1,107,952	42.8%	1,480,915
Parks/Grounds Maintenance	2,469,597	2,519,274	1,297,924	51.5%	2,485,932	2,507,412	1,254,232	50.0%	1,253,180
Baseball Stadium Maintenance	93,063	103,183	35,441	34.3%	93,063	98,473	34,320	34.9%	64,153
Building Maintenance	3,148,263	3,286,967	1,707,783	52.0%	3,275,709	3,388,643	1,560,870	46.1%	1,827,773
Human Services Maintenance	208,383	215,191	108,911	50.6%	208,383	216,912	132,649	61.2%	84,263
Subtotal Est. Operating Expenditures - Departmental	\$ 65,786,882	\$ 67,504,270	\$ 33,439,688	49.5%	\$ 68,320,287	\$ 69,875,036	\$ 32,492,394	46.5%	\$ 37,382,642

GENERAL FUND
FINANCIAL SUMMARY
As of December 31, 2014

	FY 2014 Adopted Budget	FY 2014 Amended Budget	FY 2014 Actual 2nd Qtr 12/31/13	FY 2014 % of Budget	FY 2015 Adopted Budget	FY 2015 Amended Budget	FY 2015 Actual 2nd Qtr 12/31/14	FY 2015 % of Budget	FY 2015 Amnd Budget vs. Actual
Subtotal Est Operating Expenditures Departmental	\$ 65,786,882	\$ 67,504,270	\$ 33,439,688		\$ 68,320,287	\$ 69,875,036	\$ 32,492,394		
Continued Operating Expenditures Departmental:									
Health and Welfare									
Social Services Administration	6,563,694	6,919,421	3,390,566	49.0%	6,867,333	7,185,086	3,181,448	44.3%	4,003,638
Public Assistance	7,511,743	7,523,851	3,844,418	51.1%	7,414,648	7,416,606	3,907,806	52.7%	3,508,800
Juvenile Services Administration	335,382	344,257	88,030	25.6%	314,208	317,361	93,821	29.6%	223,540
Regional Detention Home	767,768	767,768	174,824	22.8%	452,768	452,768	312,584	69.0%	140,184
Opportunity House	642,628	654,777	284,598	43.5%	607,986	620,410	279,553	45.1%	340,857
SPARC House	594,169	609,633	315,927	51.8%	612,185	626,816	280,860	44.8%	345,956
CSA Service Providers	1,384,844	1,386,085	697,270	50.3%	1,346,444	1,347,297	685,472	50.9%	661,825
Lynchburg Outreach Program	276,383	282,288	92,771	32.9%	184,465	187,772	85,783	45.7%	101,989
Parks Recreation and Cultural									
Parks and Recreation	3,045,382	3,109,954	1,429,243	46.0%	3,194,601	3,699,724	1,602,526	43.3%	2,097,198
Public Library	1,464,212	1,519,024	691,687	45.5%	1,534,941	1,559,829	697,824	44.7%	862,005
Law Library	33,770	33,770	9,297	27.5%	33,770	33,770	10,303	30.5%	23,467
Museums	432,037	446,567	201,815	45.2%	436,247	446,488	193,155	43.3%	253,333
Community Development									
Director	347,905	358,202	160,828	44.9%	307,662	311,933	131,936	42.3%	179,997
Planning	305,378	479,055	196,820	41.1%	330,568	453,587	221,509	48.8%	232,078
Inspections	774,675	822,424	378,365	46.0%	820,432	832,787	368,659	44.3%	464,128
GIS	154,652	158,779	78,484	49.4%	186,680	188,500	80,850	42.9%	107,650
Economic Development	316,389	476,291	241,527	50.7%	318,455	550,278	380,675	69.2%	169,603
Operating Expenditures Non-Departmental:	16,660,561	16,937,807	11,427,818	67.5%	15,558,918	15,872,992	10,900,655	68.7%	4,972,337
Total Est. Operating Expenditures	107,398,454	110,334,223	57,143,976	51.8%	108,842,598	111,979,040	55,907,813	49.9%	56,071,227
TRANSFERS TO OTHER FUNDS									
Airport Fund	289,061	289,061	144,000	49.8%	152,443	152,443	57,600	37.8%	94,843
City/Federal state Aid Fund	41,720	109,524	79,161	72.3%	42,358	248,727	218,669	87.9%	30,058
Fleet Debt Service	-	33,306	-	0.0%	-	-	-	0.0%	-
Fleet - Vehicle Replacement	-	-	-	0.0%	153,739	135,739	-	0.0%	135,739
Stormwater	-	-	-	0.0%	-	-	-	0.0%	-
Sewer	-	-	-	0.0%	-	-	-	0.0%	-
Stadium Fund - Debt/Operating Expenses	-	-	-	0.0%	-	-	-	0.0%	-
Technology Fund	625,705	658,818	345,966	52.5%	622,294	670,338	359,191	53.6%	311,147
Total Transfers to Other Funds	956,486	1,090,709	569,127	52.2%	970,834	1,207,247	635,460	52.6%	571,787
SCHOOLS - OPERATIONS	38,201,147	38,201,147	14,450,000	37.8%	38,924,147	38,924,147	13,500,000	34.7%	25,424,147
DEBT SERVICE									
General Fund	7,042,641	7,218,789	3,221,139	44.6%	7,655,800	22,440,013	18,234,355	81.3%	4,205,658
Stadium	206,527	206,527	115,476	55.9%	445,619	760,660	239,205	31.4%	521,455
Group Home	-	-	-	0.0%	-	273,374	65,173	23.8%	208,201
Schools	6,565,401	6,583,083	3,310,280	50.3%	8,805,883	8,274,325	4,344,690	52.5%	3,929,635
Total Debt Service	13,814,569	14,008,399	6,646,895	47.4%	16,907,302	31,748,372	22,883,423	72.1%	8,864,949
RESERVES									
Other Post Employment Benefits (OPEB)			250,000				250,000		
Law Library			80						
Debt Service - HHS			3,044,657						
Parking Oper - GASB54			52,004				38,575		
GLTC			43,860						
HHS - FFE							1,251,988		
Fire Equipment			50						
Assign VA Land Conserv			2,314						
Assign RSA Excess			363,317						
Contingency			700,000				600,000		
Total Reserves	-	-	4,456,282		-	-	2,140,563		
TOTAL EXPENDITURES	\$ 160,370,656	\$ 163,634,478	\$ 83,266,280		\$ 165,644,881	\$ 183,858,806	\$ 95,067,259		

GENERAL FUND
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As of December 31, 2014

	FY 2014 Adopted Budget	FY 2014 Amended Budget	FY 2014 Actual 2nd Qtr 12/31/13	FY 2014 % of Budget	FY 2015 Adopted Budget	FY 2015 Amended Budget	FY 2015 Actual 2nd Qtr 12/31/14	FY 2015 % of Budget
TRANSFERS TO CAPITAL FUNDS								
School Capital Projects Fund	\$ 3,252,460	\$ 4,437,460	\$ 1,185,000	26.7%	\$ 2,425,000	\$ 2,425,000	\$ 1,349,400	55.6%
City Capital Projects Fund	3,777,878	4,581,648	2,692,710	58.8%	4,914,676	6,241,594	3,774,876	60.5%
Total Transfers to Capital Funds	7,030,338	9,019,108	3,877,710	43.0%	7,339,676	8,666,594	5,124,276	59.1%
TOTAL EXPENDITURES, RESERVES & TRANSFERS	167,400,994	172,653,586	87,143,990	50.5%	172,984,557	192,525,400	100,191,535	52.0%
Remaining Unassigned Fund Balance	21,050,924	15,906,604	21,811,102	137.1%	19,976,516	15,222,608	25,493,118	167.5%
Committed and Assigned Fund Balance	75,908	-	13,810,551		-	-	15,350,078	
TOTAL FUND BALANCE	\$ 21,126,832	\$ 15,906,604	\$ 35,621,653	223.9%	\$ 19,976,516	\$ 15,222,608	\$ 40,843,196	268.3%

Committed and Assigned Fund Balance								
Committed Fund Balance								Committed Fund Balance
Health Insurance			677,017				695,467	Health Insurance
Contingencies			1,033,471				860,802	Contingencies
Technology								Technology
Detention Home Workers Comp			100,000				100,000	Detention Home Workers Comp
SW Debt Retire			841,605				587,281	SW Debt Retire
Future Post Closure Costs			604,284					Future Post Closure Costs
Other Post Employment Benefits			1,614,509				1,877,471	OPEB
			543,860				543,860	GLTC Spec Reserve
Schl Spc Ed Dis Prop			321,000				321,000	Schl Spc Ed Dis Prop
HHS Debt Service - Recurring			2,483,954					HHS Debt Service - Recurring
							2,399,153	HHS FFE
							250,000	Armstrong
Debt Service CVRRB			5,929					Debt Service CVRRB
Pub Safety Comp Adj			13,968					Pub Safety Comp Adj
School Textbooks			1,432,254				1,432,254	School Textbooks
School Health Ins Reserve			1,440,608				1,440,608	School Health Ins Reserve
School Future Exp Needs	75,908							School Future Exp Needs
Total Committed Fund Balance	75,908	-	11,112,459		-	-	10,507,896	Total Committed Fund Balance
Assigned Fund Balance								Assigned Fund Balance
Return of School Funding			787,305				3,349,440	Return of School Funding
Law Library			74,885				64,929	Law Library
Hlth Ins Reserve			364,538				364,538	Health Ins Reserve
Future Post Closure			567,755					Future Post Closure
Museum			50,028				50,028	Museum
Recreation Programs			112,090				142,672	Recreation Programs
Dental Insurance Reserve			150,000				150,000	Dental Insurance Reserve
Fire Equipment			100,000				144,380	Fire Equipment
LOD Death Benefit			211,904				211,904	LOD Death Benefit
LOD Health Benefit			145,000				145,000	LOD Health Benefit
Pub Safety Comp Adj								Pub Safety Comp Adj
			34,498					PW - Snow
			2,314				2,314	VA Land Conserv
			3,281				3,113	Adopt-A-Bed
Parking Operations			71,564				160,040	Parking Operations
Point of Honor			2,653				2,653	Point of Honor
Police Range Oper			569				1,889	Police Range Oper
PIER			19,658				49,232	PIER
			50				50	Fire Restitution
Total Assigned Fund Balance	-	-	2,698,092		-	-	4,842,182	Total Assigned Fund Balance
Total Committed/Assigned Fund Balance	\$ 75,908	\$ -	\$ 13,810,551		\$ -	\$ -	\$ 15,350,078	

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **April 14, 2015**

AGENDA ITEM NO.: **3**

CONSENT: REGULAR: **X**

WORK SESSION:

CLOSED SESSION:
(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Miller Center Renovations – Additional Historic Tax Credit Revenues**

RECOMMENDATION: Adopt a resolution to amend the FY 2015 City Capital Fund budget and appropriate \$284,960 with resources from the Virginia Department of Historic Resources, State Rehabilitation Tax Credit Program, for improvements to the Miller Center.

SUMMARY:

Council appropriated \$880,000 in FY 2013 for the Miller Center Renovations capital project (P0072) that were to be funded by historic tax credits. The original appropriation was calculated as 25% (per program guidelines) of the total program-eligible costs which, at the time, was a projection. The actual program-eligible costs are higher than projected, resulting in an additional \$284,960 of tax credit revenue received by the City.

The funding will be used for additional project costs including equipment needs, construction change orders, and project closeout costs.

PRIOR ACTION(S):

Finance Committee March 24, 2015

FY 2013 Capital Improvement Program appropriation, Budget book page 66

FISCAL IMPACT:

None

CONTACT(S):

Kay Frazier, Director of Parks and Recreation, 455-5868

John Ramsey, Support Services Supervisor, Parks and Recreation, 455-5869

ATTACHMENT(S):

Resolution

REVIEWED BY:

RESOLUTION:

BE IT RESOLVED That the FY 2015 City Capital Fund budget is amended and \$284,960 is appropriated with resources from the Virginia Department of Historic Resources, State Rehabilitation Tax Credit Program, for improvements to the Miller Center.

Introduced:

Adopted:

Certified: _____
Clerk of Council

FINANCE COMMITTEE

Agenda Item Summary

MEETING DATE: **March 24, 2015**

AGENDA ITEM NO.: **4**

CONSENT:

REGULAR:

WORK SESSION:

CLOSED SESSION:

(Confidential)

ACTION:

INFORMATION: **X**

ITEM TITLE: **Revenue Update**

RECOMMENDATION:

Review the collections received from five of the City's largest revenue sources.

SUMMARY:

Five of the City's major revenue sources are taxes collected on a monthly basis: Sales Tax, Consumer Utility Tax – Electric, Communications Sales and Use Tax, Meals Tax, and Lodging Tax. Since the last Finance Committee meeting, revenue information through January has been posted for these five revenue streams.

PRIOR ACTION(S):

This information is provided monthly to the Finance Committee.

FISCAL IMPACT:

None

CONTACT(S):

Donna Witt, Director of Financial Services, 455-3968

ATTACHMENT(S):

Comparison of Collections Budget to Actual FY 2014 – FY 2015

REVIEWED BY:

**Comparison of Collections
Budget to Actual FY 2014 - FY 2015**

	Actual FY 2011	Actual FY 2012	Actual FY 2013	Actual FY 2014	Adopted FY 2015	Actual FY 2015	Actual FY 2015 to Adopted FY 2015	Actual FY 2015 to Actual FY 2014				
SALES & USE TAX												
ADOPTED FY 2015 BUDGET - \$13,600,000												
JULY	\$979,650	\$1,014,596	\$996,646	\$1,075,816	\$1,056,985	\$1,131,485	\$74,500	\$55,669				
AUGUST ¹	1,022,849	1,079,129	1,145,592	1,098,342	1,079,117	1,299,763	220,646	201,421				
SEPTEMBER	1,102,964	1,100,698	1,117,209	1,083,199	1,064,239	1,204,336	140,097	121,137				
OCTOBER	1,056,307	1,055,941	1,033,859	1,161,965	1,141,625	1,185,608	43,983	23,643				
NOVEMBER	1,144,056	1,117,090	1,187,008	1,155,729	1,135,499	1,241,898	106,399	86,169				
DECEMBER	1,548,053	1,488,926	1,466,715	1,316,419	1,293,376	1,669,810	376,434	353,391				
JANUARY	1,018,798	998,052	1,085,312	1,103,175	1,083,865	1,073,237	(10,628)	(29,938)				
TOTAL	\$7,872,677	\$7,854,432	\$8,032,341	\$7,994,645	\$7,854,706	\$8,806,137	\$951,431	\$811,492				
CONSUMER UTILITY TAX - ELECTRIC												
ADOPTED FY 2015 BUDGET - \$3,700,000												
JULY	\$352,603	\$341,729	\$323,141	\$325,815	\$314,895	\$321,596	\$6,701	(\$4,219)				
AUGUST	345,842	345,615	345,163	318,738	308,056	305,012	(3,044)	(13,726)				
SEPTEMBER	329,379	325,754	318,915	317,324	306,689	317,947	11,258	623				
OCTOBER	283,250	280,745	279,145	273,646	264,475	273,264	8,789	(382)				
NOVEMBER	262,650	281,842	282,035	280,945	271,529	273,353	1,824	(7,592)				
DECEMBER	341,053	325,287	330,714	348,750	337,062	346,565	9,503	(2,185)				
JANUARY	388,100	344,439	346,399	374,541	361,989	365,859	3,870	(8,682)				
TOTAL	\$2,302,877	\$2,245,411	\$2,225,512	\$2,239,759	\$2,164,695	\$2,203,596	\$38,901	(\$36,163)				
COMMUNICATIONS SALES & USE TAX												
ADOPTED FY 2015 BUDGET - \$3,450,000												
JULY	\$301,373	\$349,339	\$293,358	\$286,999	\$287,500	\$283,594	(\$3,906)	(\$3,405)				
AUGUST	344,401	294,910	291,560	284,691	287,500	281,957	(5,543)	(2,734)				
SEPTEMBER	274,076	179,549	263,295	284,249	287,500	283,441	(4,059)	(808)				
OCTOBER	299,531	309,437	319,011	288,830	287,500	287,702	202	(1,128)				
NOVEMBER	292,735	284,123	300,665	284,176	287,500	279,441	(8,059)	(4,735)				
DECEMBER	344,423	233,654	297,855	289,726	287,500	282,491	(5,009)	(7,235)				
JANUARY	265,736	337,936	282,620	264,960	287,500	275,361	(12,139)	10,401				
TOTAL	\$2,122,275	\$1,988,948	\$2,048,364	\$1,983,631	\$2,012,500	\$1,973,987	(\$38,513)	(\$9,644)				
	Actual Assessed FY 2012	Actual Collected FY 2012 ⁴	Actual Assessed FY 2013	Actual Collected FY 2013 ⁴	Actual Assessed FY 2014	Actual Collected FY 2014 ⁴	Adopted FY 2015	Actual Assessed FY 2015	Actual Assessed FY 2015 to Adopted FY 2015	Actual Collected FY 2015 ⁴	Actual Collected FY 2015 to Adopted FY 2015	Actual Collected FY 2015 to Assessed FY 2015
MEALS TAX												
ADOPTED FY 2015 BUDGET - \$12,100,000												
JULY ²	\$889,917	\$889,135	\$943,431	\$1,044,556	\$944,936	\$1,159,786	\$915,132	\$1,005,080	\$89,948	\$970,597	\$55,465	(\$34,483)
AUGUST	960,082	962,761	1,042,850	1,026,544	1,056,177	1,024,718	1,022,863	1,145,447	122,584	1,119,585	96,722	(25,862)
SEPTEMBER	984,785	998,157	1,011,701	1,012,294	1,029,645	1,052,079	997,168	1,109,457	112,289	1,159,391	162,223	49,934
OCTOBER	999,289	994,851	1,006,966	1,003,032	1,045,936	958,359	1,012,945	1,149,788	136,843	1,119,430	106,485	(30,358)
NOVEMBER	916,955	898,157	964,775	868,692	1,018,552	1,064,385	986,425	1,080,797	94,372	1,099,028	112,603	18,231
DECEMBER	1,028,805	986,078	1,044,178	1,083,983	1,061,872	1,035,379	1,028,379	1,127,871	99,492	1,117,510	89,131	(10,361)
JANUARY	931,373	950,784	927,026	889,358	968,137	971,677	937,600	1,087,901	150,301	963,288	25,688	(124,613)
TOTAL	\$6,711,206	\$6,679,923	\$6,940,927	\$6,928,459	\$7,125,255	\$7,266,383	\$6,900,512	\$7,706,341	\$805,829	\$7,548,829	\$648,317	(\$157,512)
LODGING TAX												
ADOPTED FY 2015 BUDGET - \$1,800,000												
JULY ²	\$180,074	\$168,386	\$180,074	\$197,072	\$174,759	\$223,419	\$151,714	\$180,417	\$28,703	\$180,395	\$28,681	(\$22)
AUGUST ³	192,759	200,321	163,020	275,903	185,662	185,340	161,179	185,946	24,767	185,402	24,223	(544)
SEPTEMBER	156,383	159,891	160,661	157,680	181,706	204,758	157,745	173,904	16,159	173,875	16,130	(29)
OCTOBER	185,386	185,530	183,064	191,453	184,462	185,014	160,137	209,859	49,722	209,788	49,651	(71)
NOVEMBER	131,053	131,431	131,993	129,941	153,745	148,082	133,471	141,921	8,450	144,988	11,517	3,067
DECEMBER	108,029	92,483	112,277	113,067	141,137	126,077	122,525	115,033	(7,492)	119,891	(2,634)	4,858
JANUARY	122,636	115,790	134,471	129,578	133,071	125,716	115,523	117,665	2,142	108,523	(7,000)	(9,142)
TOTAL	\$1,076,320	\$1,053,832	\$1,065,560	\$1,194,694	\$1,154,542	\$1,198,406	\$1,002,294	\$1,124,745	\$122,451	\$1,122,862	\$120,568	(\$1,883)

¹ The August FY 2015 Actual amount includes a one-time, \$145,000 payment in taxes, which was redistributed to the City from another locality.

² Due to year end accounting activities, a portion of Meals and Lodging Tax revenues associated with May and June were posted in June and July.

³ The August FY 2013 collection amount includes a one-time, \$140,000 payment in delinquent taxes.

⁴ Meals and Lodging Tax data includes columns titled "Actual Collected ." The figures listed under these columns include all revenue received per month under that description regardless of whether the payment is current or delinquent.

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **March 24, 2015**

AGENDA ITEM NO.: **1**

CONSENT:

REGULAR:

WORK SESSION: **X**

CLOSED SESSION:

(Confidential)

ACTION:

INFORMATION: **X**

ITEM TITLE: **Presentation of Proposed FY 2016 Schools Budget**

RECOMMENDATION: Approve the Schools Budget as part of the overall FY 2016 Budget approval process.

SUMMARY: Superintendent of Schools, Dr. Scott Brabrand, will present to Council the proposed FY 2016 Budget for Lynchburg City Schools.

A copy of his presentation is attached.

PRIOR ACTION(S): N/A

FISCAL IMPACT: As noted in the Budget Message.

CONTACT(S): Kimball Payne, 455-3990

ATTACHMENT(S): Superintendent's Proposed 2015-2016 Budget

REVIEWED BY: lkp

026V

ADDRESSING OUR CHALLENGES

Early Childhood ●

Personnel and Professional Development ●

Mental Health and Poverty ●

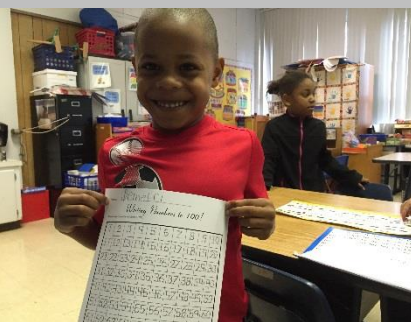
WHAT'S NEW THIS YEAR?

Requested city increase to school budget is 2.7 % ●

Total request of \$1.19 million is devoted primarily to salary
increase for employees ●

No cuts to K-12 education ●

Development of multi-year budget ●



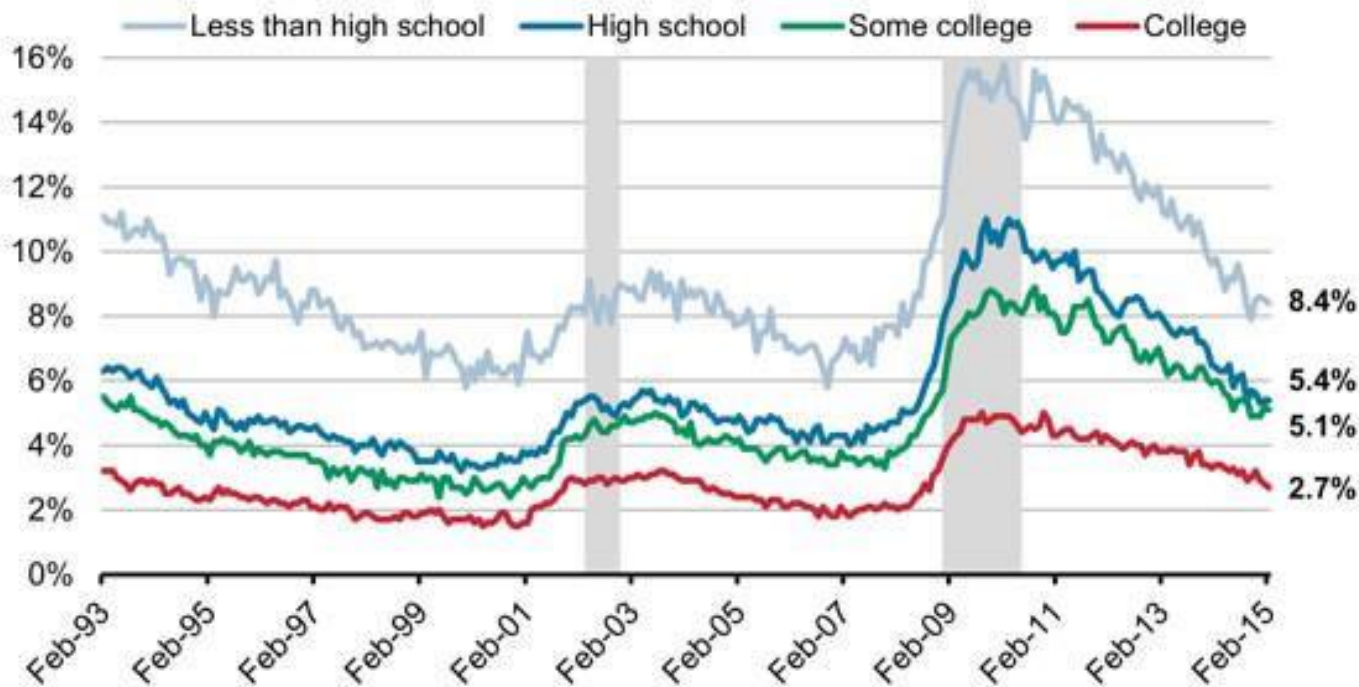
Mission: Every Child,
By Name and By
Need, to Graduation

EDUCATION REMAINS KEY PRIORITY FOR A SUCCESSFUL ECONOMY



Unemployment by Education

Unemployment rate for civilians 25 years and over by educational attainment, seasonally adjusted



Source: Labor Department | WSJ.com

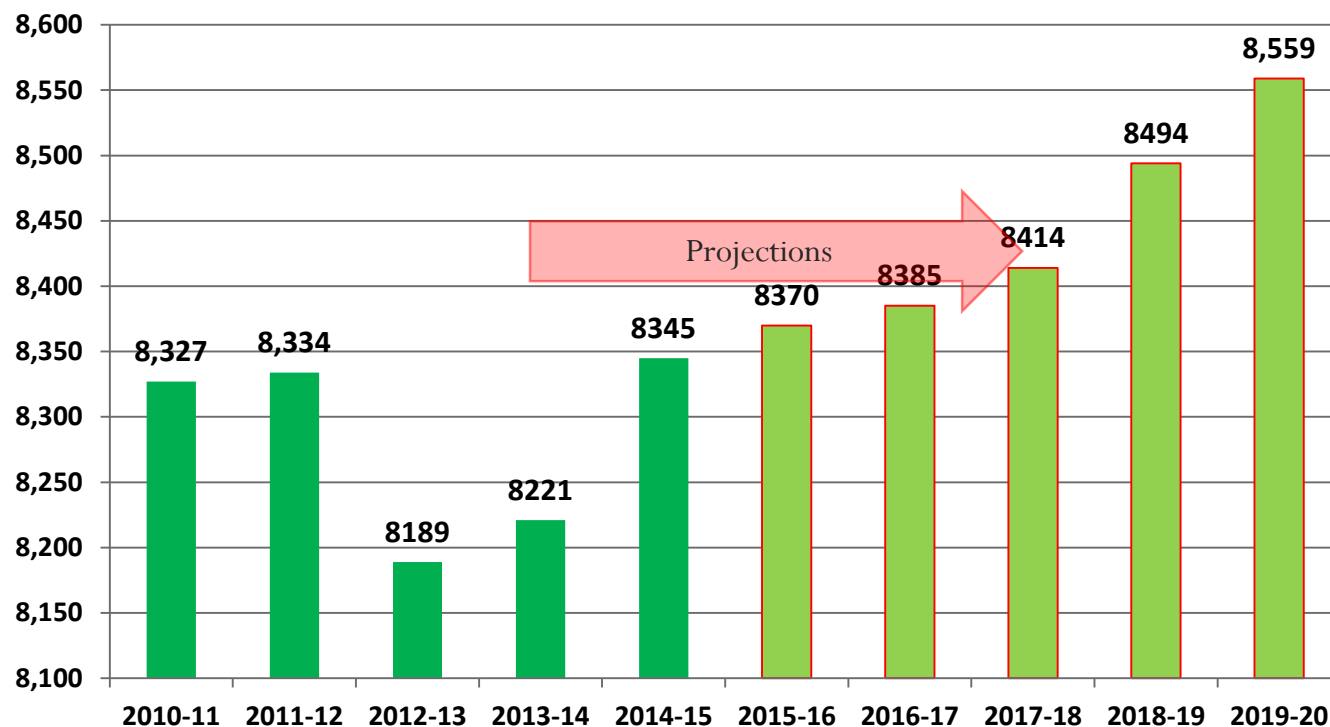
Mission: Every Child,
By Name and By
Need, to Graduation

LCS ENROLLMENT ON THE RISE

Source:
Weldon Cooper
Virginia Dept. of Health
LCS IT Department

K-12 Enrollment & Projections

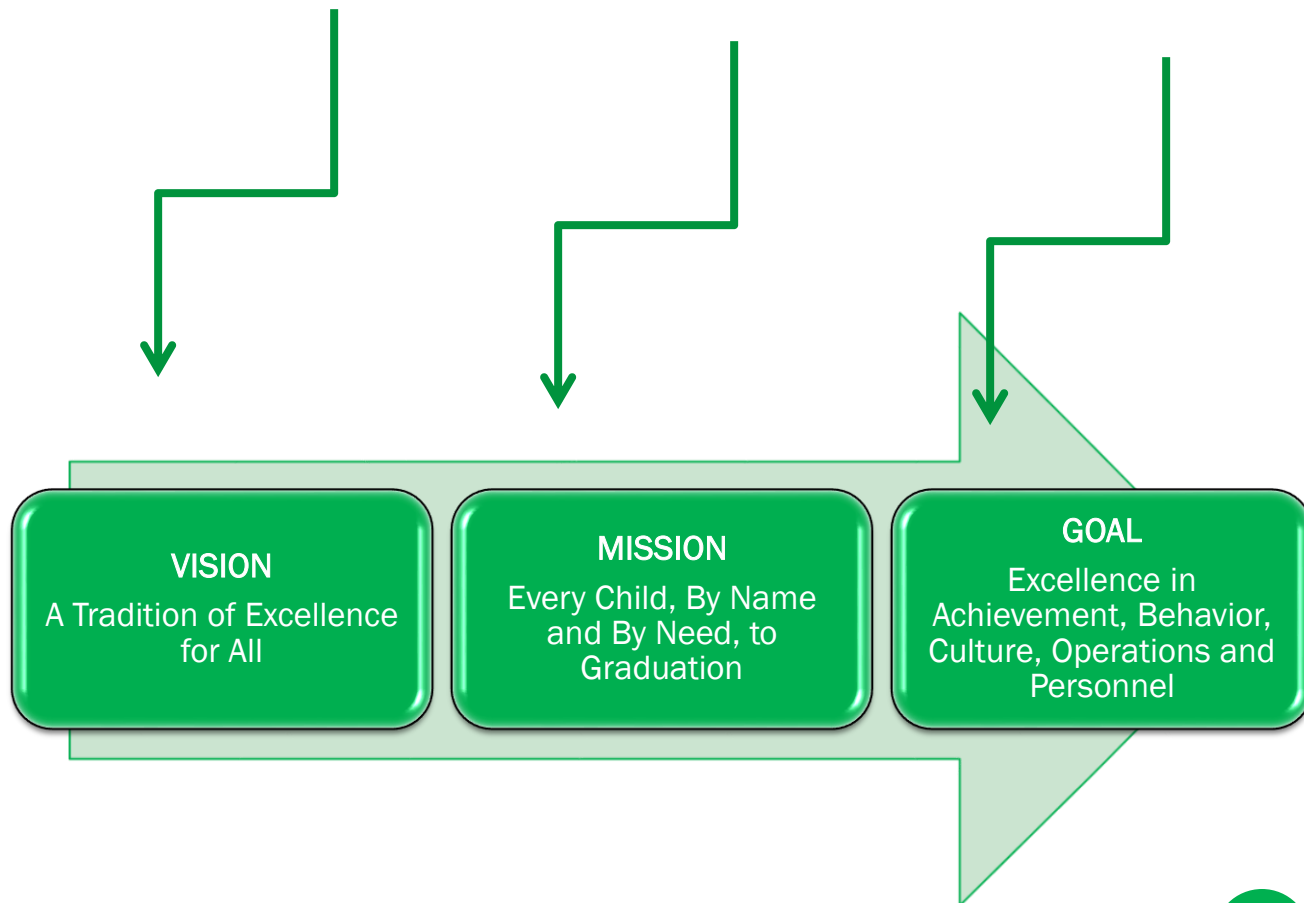
Total K-12



Mission: Every Child,
By Name and By
Need, to Graduation

BUDGET PROCESS

Budget ties directly to the implementation of the division's Comprehensive Plan.



Mission: Every Child,
By Name and By
Need, to Graduation

Superintendent's proposed 2015-16 Budget

REVENUES UPDATE/EXPENSES UPDATE MARCH 13

	FY 2015-16	FY 2014-15	Change	
	Proposed Budget	Approved Budget	Amount	%
ADM	8,310.15	8,113.30	196.85	2.43%
REVENUES				
State	\$37,836,344	\$36,956,596	\$879,748	2.38%
State Sales Tax	10,148,283	9,950,157	198,126	1.99
Total State	47,984,627	46,906,753	1,077,874	2.30
Federal	426,000	426,000	0	0.00
Other	1,857,220	1,857,220	0	0.00
Total	50,267,847	\$49,189,973	1,077,874	2.19
City Funds	38,924,147	38,924,147	0	0.00
TOTAL OPERATING REVENUE	\$89,191,994	\$88,114,120	\$1,077,874	1.22%
EXPENDITURES				
Instruction	\$65,632,798	\$63,952,623	\$1,680,175	2.63%
Administration	6,594,680	6,267,941	326,739	5.21
Pupil Transportation	5,044,126	5,048,980	(4,854)	-0.10
Operations & Maintenance	10,058,234	10,065,261	(7,027)	-0.07
Facilities	42,140	42,178	(38)	-0.09
Debt Service & Fund Transfers	25,439	25,439	0	0.00
Technology	2,984,706	2,711,698	273,008	10.07
TOTAL OPERATING EXPENDITURES	\$90,382,123	\$88,114,120	\$2,268,003	2.57%

Funding Gap

\$1,190,129

LOCAL
FUNDING
REQUESTS

Current Funding

38,924,147

Additional Funding Requests

1,190,129

TOTAL LOCAL FUNDING REQUESTS

\$40,114,276

Mission: Every Child,
By Name and By
Need, to Graduation

Superintendent's proposed 2015-16 Budget

REVENUES UPDATE/EXPENSES UPDATE MARCH 13

FY2015-2016 BUDGET REQUESTS

Operating Budget	\$ 1,190,129
Capital Projects Budget	0
Building Projects (excluding Heritage High School)	*
School Bus Replacement	950,000
	\$ 2,140,129

*The FY2016 Capital Projects Building Budget of \$2,520,400 will be funded from the LCS FY2014 fund balance.

FY2015-2016 PROPOSED BUDGETS

Operating Budget	\$90,382,123
Capital Projects Budget	950,000
	\$ 91,332,123



Mission: Every Child,
By Name and By
Need, to Graduation

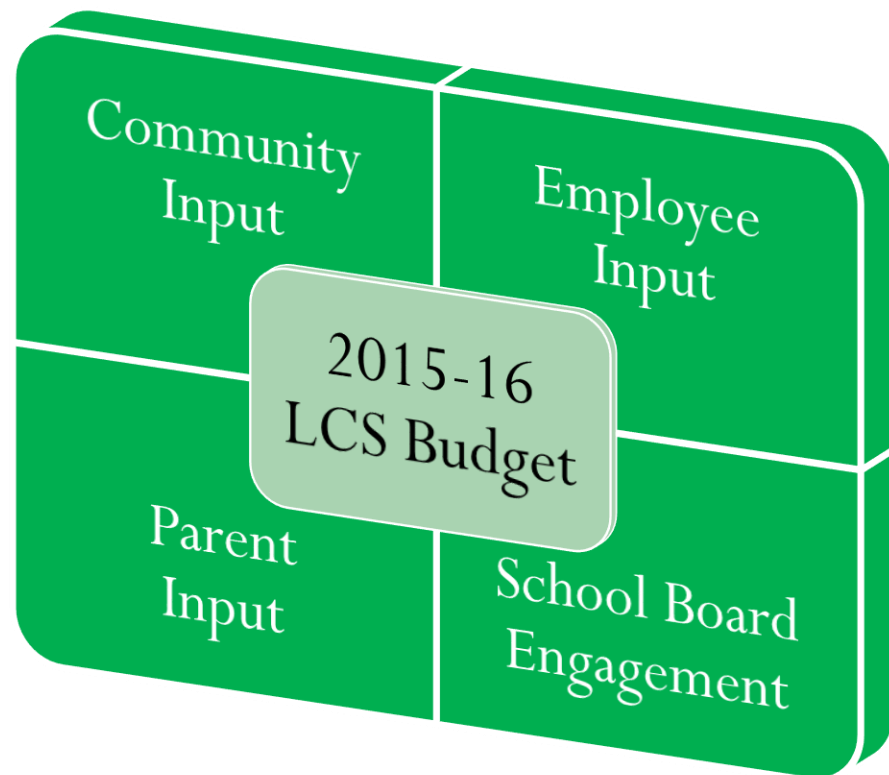
Superintendent's proposed 2015-16 Budget

BUDGET PROCESS



- ▶ Two Community Budget Forums
- ▶ One Employee Budget Forum
- ▶ Review with Superintendent's Parent Advisory Council
- ▶ Principal Meetings
- ▶ Online Input Using Website, Facebook and Twitter
- ▶ Board Member Budget Meetings and Work Sessions

Mission: Every Child,
By Name and By
Need, to Graduation



EARLY CHILDHOOD

- An instructional assistant for every kindergarten classroom
- Additional elementary PE teachers
- “Discovering Lynchburg” field trips grades 2-9
- Beginning conversion from health assistants to LPNs in elementary schools



Mission: Every Child,
By Name and By
Need, to Graduation

Superintendent's proposed 2015-16 Budget

PERSONNEL AND PROFESSIONAL DEVELOPMENT



- 2% COLA for all employees
- Professional courses for instructional and classified staff
- Science Instructional Coach
- Middle School Reading Coach

2016-17

- Market adjustment for principals, assistant principals, and tier 2 salary scale for teachers (in years 6-10)

Mission: Every Child,
By Name and By
Need, to Graduation

Superintendent's proposed 2015-16 Budget

MENTAL HEALTH AND POVERTY



- 2 Additional board certified behavior analysts
- 1 Additional social worker

Mission: Every Child,
By Name and By
Need, to Graduation

Superintendent's proposed 2015-16 Budget

ADDITIONAL NEEDS



- Continuing LCS-ONE implementation
- ELL Teacher and Newcomers Program
- Middle School Athletic Trainer services
- Bookkeeper support for elementary schools to strengthen financial operations
- Hourly secretarial support in summer



Mission: Every Child,
By Name and By
Need, to Graduation



ADDRESSING OUR CHALLENGES

Early Childhood ●

Personnel and Professional Development ●

Mental Health and Poverty ●



WHAT'S NEW THIS YEAR?

Requested city increase to school budget is 2.7 % ●

Total request of \$1.19 million is devoted primarily to salary
increase for employees ●

No cuts to K-12 education ●

Development of multi-year budget ●



Mission: Every Child, By Name and By Need, to Graduation

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **March 24, 2015**

AGENDA ITEM NO.: **2**

CONSENT:

REGULAR:

WORK SESSION: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Department of Water Resources FY 2016 Rate Study and Annual Report**

RECOMMENDATION: Proceed to a public hearing regarding the rate recommendations contained within the Department of Water Resources FY 2016 Rate Study and Annual Report.

SUMMARY: The Department of Water Resources staff will present an overview of the FY 2016 Rate Study and Annual Report which includes information on the following:

- Drinking Water, Wastewater and Stormwater Overview,
- Financial Overview including: Revenues and expenditures by fund and division, rate analysis and comparisons,
- Projection Letter from PJ Sun, LLC,
- Water, Sewer, and Stormwater Projections,
- Statistical data.

The utility rate strategy developed for this year continues with the guiding principles of:

- Minimize the impact of rate adjustments on residential and other small customers.
- Ensure necessary funding is provided for increases in operating and debt service costs.
- Ensure compliance with the Special Order for Combined Sewer Overflow (CSO).
- Ensure compliance with adopted Fund Balance and Debt Management Financial Policies.
- Provide an equitable distribution of costs based on actual services provided.

The proposed increases include increasing the sewer volume charge by 3.2% from \$5.65 per hcf to \$5.83 per hcf. This will result in an increase to a typical residential utility bill by \$1.26 per month or an overall increase in the water, sewer, and stormwater bill of approximately 1.8%. The actual percent increase will vary depending upon actual consumption. In addition to the sewer volume rate the only other proposed increase is for the sewer only rate from \$45.92 per month to \$47.18 per month (2.7%). Currently, City of Lynchburg customers' water and sewer bills are approximately 10% below the statewide average. Last year the state average water and sewer bill increased by over 6%.

PRIOR ACTION(S): None

FISCAL IMPACT: Increase the revenues in the Sewer Enterprise Fund to meet existing operating and capital needs, and meet financial targets.

CONTACT(S):

Tim Mitchell, Director of Water Resources, 455-4252

Greg Poff, Assistant Director of Water Resources, 455-4249

John Rosser, Financial Professional IV, 455-4445

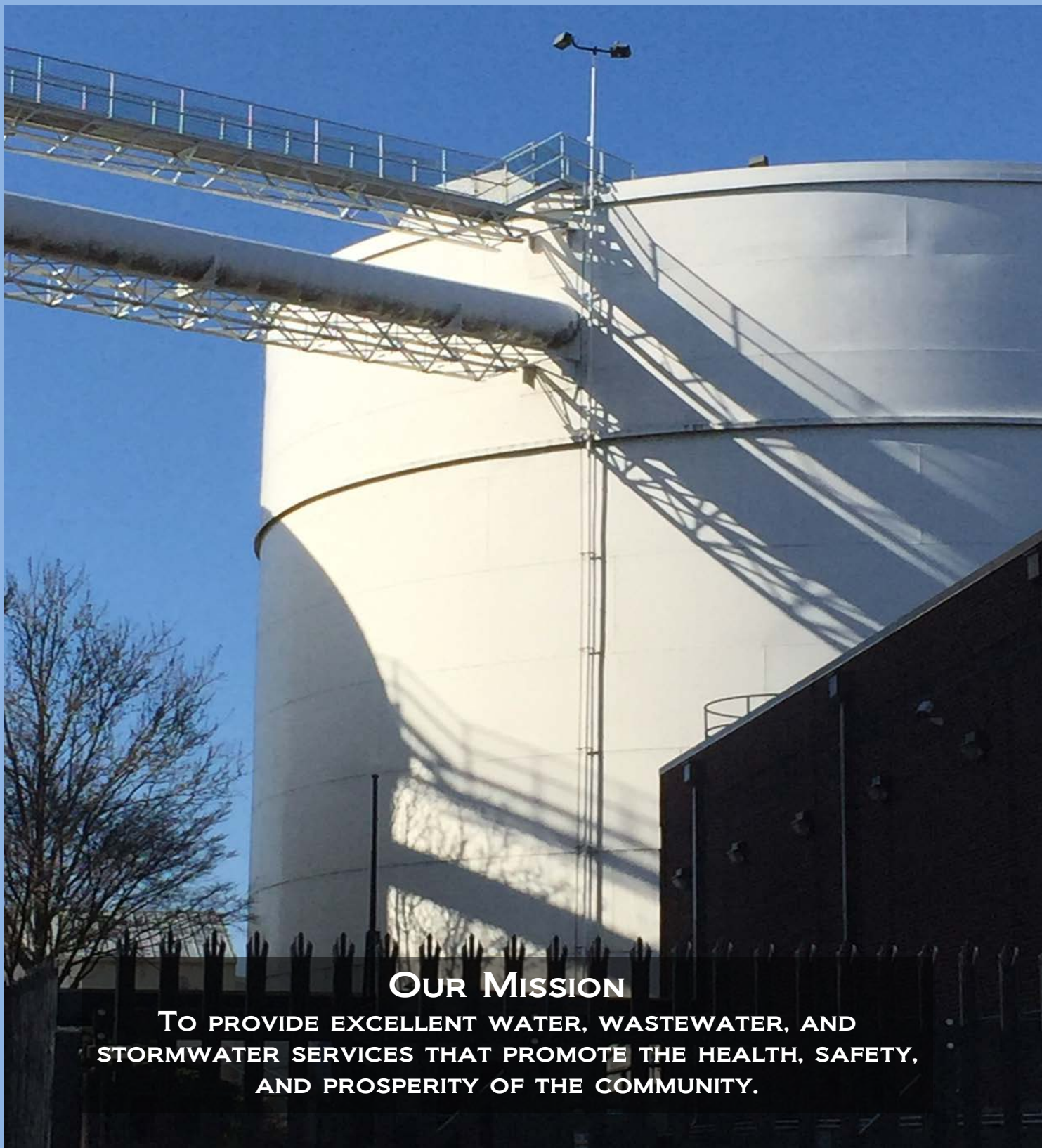
ATTACHMENT(S): Attachment 1 - Department of Water Resources FY 2016 Rate Study and Annual Report
Attachment 2 – FY 2016 Rate Study and Annual Report Presentation

REVIEWED BY: lkp

025V



DEPARTMENT OF WATER RESOURCES
FY 2016 RATE STUDY AND ANNUAL REPORT



OUR MISSION

**TO PROVIDE EXCELLENT WATER, WASTEWATER, AND
STORMWATER SERVICES THAT PROMOTE THE HEALTH, SAFETY,
AND PROSPERITY OF THE COMMUNITY.**



Taylor Street Pervious Parking Lot

INSIDE

2	DIRECTOR'S MESSAGE
4	ADMINISTRATION
9	WATER
15	WASTEWATER
22	STORMWATER
31	FINANCIAL

APPENDICES

A	PROJECTION LETTER
B	FINANCIAL PROJECTIONS
C	STATISTICAL DATA

DIRECTOR'S MESSAGE



The past year for the Water Resources Department has been one marked by significant challenges and even greater accomplishments. This report provides an overview of these as well as our operations, projects, budgets, recommended rates and rate comparisons. As you will see, to put it simply, we have a lot going on and this report only scratches the surface. Behind each program or effort described herein are countless hours of work and planning. The CSO Long Term Control Plan (LTCP) is a prime example of that effort. Many times in the past the question has been asked by the City Manager and City Council “When can we declare victory and say we are done with CSO?” Until recently that was a question that could not be answered other than to say that it will be complete when all the remaining combined sewers are separated at a remaining cost of nearly \$300 million, likely decades. To say anything different meant convincing the Department of Environmental Quality (DEQ) that an alternative plan would still be in compliance with the Environmental Protection Agency’s (EPA’s) Federal CSO Policy as well as meeting all local water quality requirements, meaning that any remaining CSOs do not cause or contribute to exceedances in water quality standards. This was not an easy task. After six years of effort involving extensive data collection, sewer system modeling, water quality modeling of streams, and analysis of over 70 alternatives, we finally obtained approval of the revised CSO LTCP on September 5th, 2014. The effort does not end there; we are still negotiating a revised Consent Order as well as completely redoing the James River Bacteria TMDL.

As with CSO, developing a Stormwater Program that meets the requirements of our Municipal Separate Storm Sewer System (MS4) Permit including compliance with the Chesapeake Bay TMDL requirements is challenging. The Department of Water Resources has undertaken a massive master planning effort that includes elements such as storm system mapping and condition assessment, best management practices (BMPs) condition assessments, stream bank evaluations, project evaluation and cost analysis for TMDL compliance, and development of nutrient management plans, just to name a few. As a result of our evaluation and planning, we were successful in obtaining a \$1.7 million Stormwater Local Assistance Fund (SLAF) grant for five water quality projects. These grants are only awarded to localities that could demonstrate that they had projects ready to go that meet the goals of the Chesapeake Bay TMDL and comply with certain financial criteria. As a result, we will meet the pollution reduction goals for this permit cycle for half of the cost.

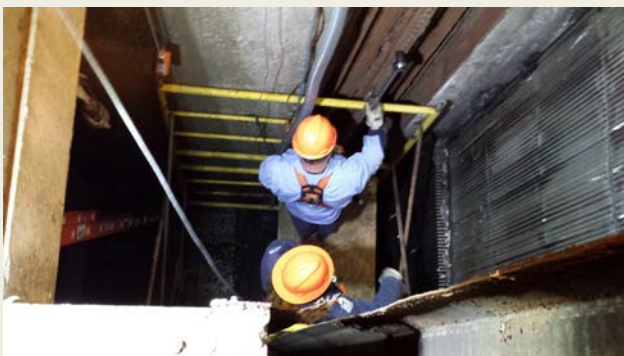
DIRECTOR'S MESSAGE

Continued



Utility Line Technicians: Derrick Helm, Kevin Gallier, Mike Mundy, John Fulghum, Mike Abbott, and Sonny Richardson – Minus 11 degree water line break repair, February 20th, 2015, the coldest in Lynchburg's history.

"Water Resources is successful because of the dedication and passion of our employees who provide exceptional service to the citizens of Lynchburg."



WWTP Maintenance Personnel: Joe Souza, Gary Marcum, Wayne Casey, and Steve Williams. Safety coordinated by Safety Manager, Jeff Martin - Mechanical Bar Screen Repairs, 30 feet deep, the lowest place in Lynchburg..

The extraordinary efforts of our staff do not just involve planning and working with regulators. What is truly amazing is the dedication of our staff that directly provides services to the citizens of Lynchburg. An example of this was on February 20th, 2015, two crews worked throughout the night on a water main break on Harrison Street. Our practice, whenever possible, is to repair water lines while they are still under pressure (blowing water) in order to avoid the possibility of debris and dirty water contaminating the water lines resulting in issuing Boil Water notices. Staying dry during a water main break is not an option. The temperature on February 20th was minus 11 degrees, the coldest recorded temperature in the history of Lynchburg. The crews not only demonstrated their dedication but in fact were extremely proud to have made the coldest water line repair ever.

Or the Wastewater Treatment Plant maintenance staff who recently made an extremely difficult repair to the bar screens. The bar screens are very large mechanical devices that extend 30 feet deep into the flowing wastewater. Their job is to remove any large objects from the flowing wastewater. I will leave it to your imagination what some of those objects might be. The work took weeks of preparation and planning between the maintenance staff and our safety staff. In addition to normal personal protective equipment, employees had to wear fall protection, monitor the weather and plant flows for flooding potential, lock and tag out the equipment, monitored the air quality for dangerous sewer gases, and had personnel standing by in the event they had to evacuate. They made very difficult and physically challenging repairs in extremely adverse conditions only a few feet from the very lowest point in Lynchburg. Their efforts saved thousands of dollars in contractor costs.

Water Resources is successful because of the dedication and passion of our employees who provide exceptional service to the citizens of Lynchburg. They keep systems going 24/7 that are essential to the health and well-being of our citizens, critical for our economy, and necessary for the protection of our environment.

Tim Mitchell
Director

ADMINISTRATION

Support Functions

The Administration Division manages the Water, Sewer, and Stormwater Enterprise Funds providing financial, technical, engineering, and safety functions for all three operations. Additionally the administrative staff is very involved in the State and Federal regulatory and legislative processes advocating that laws and regulations are based on sound science and good judgment.

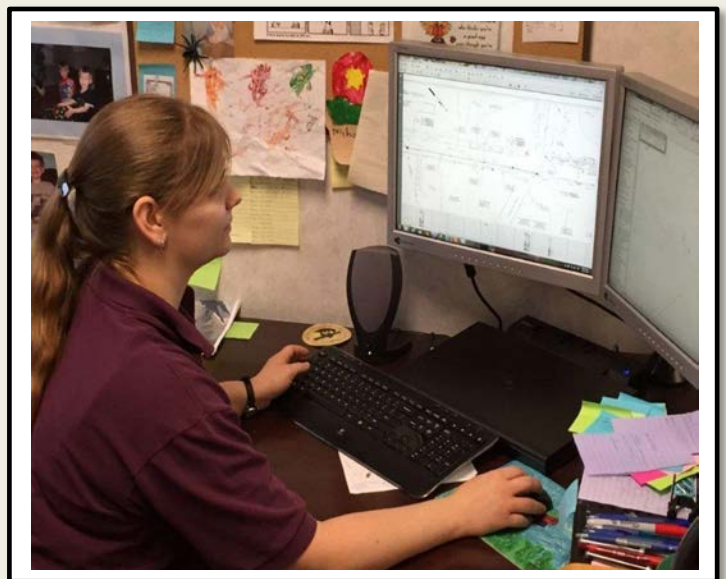
Financial

Water Resources accounting staff oversees the financial planning and reporting of all financial activities for Water, Sewer and Stormwater Funds to ensure that these funds maintain current and future financial stability in accordance to City's financial policies. The primary activities include preparations of annual operating and capital budgets, 5 year forecasting revenues and expenditures for annual rate study presentation, periodic financial reports, participate in the annual audit process to for preparation of the City's Comprehensive Annual Financial Report (CAFR), and continuously managing cash flows. Other activities include working with three surrounding counties for reporting their allocated actual and forecasted costs of Regional Wastewater Treatment Plant and purchases of finished water.

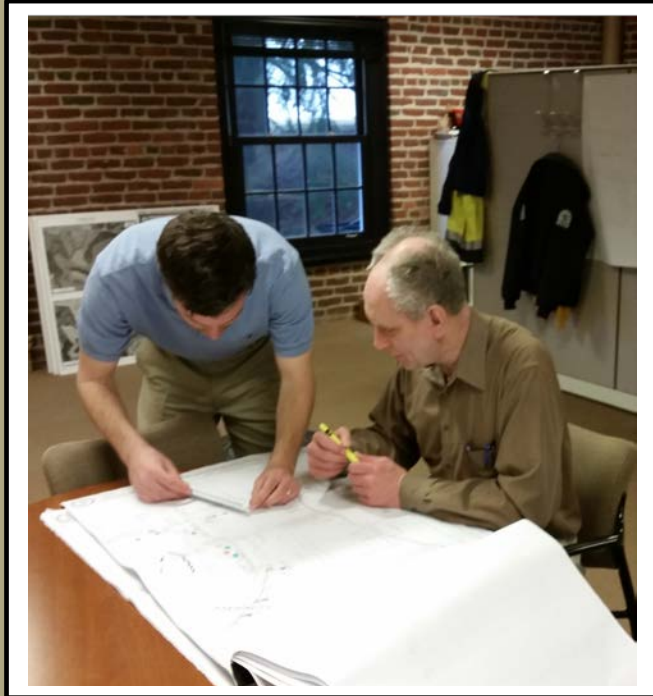


Technical Services

The Technical Services area manages the Water, Sewer, and Stormwater GIS data including nearly 1,000 miles of pipeline and associated attributes such as manholes, valves, fire hydrants, and inlets. Additionally, the Division is responsible for our asset and work management systems. The staff provides support for many of the Department's complex technology needs such as: water pressure loggers, odor loggers, and security systems. Fire Hydrant flow tests are performed by the Technical Services staff as well as the management of the Department's Cross Connection Control and Backflow Prevention Program.



Engineering



The Engineering section develops and manages the entire capital program totaling nearly \$53 million over the next five years for the Department of Water Resources. The engineering staff develops and manages project budgets, provides inspection services, plan review, and acts as a liaison between the design engineers and operations staff to help ensure that projects not only meet the physical needs but operational needs as well. Projects include water and sewer line projects, water and wastewater treatment projects, stormwater quality projects, and condition assessments just to name a few.

One of the staff primary responsibilities is master planning and asset management. Complex studies such as the CSO Long Term Control Plan, Downtown Water System Replacement, and Sanitary Sewer Evaluation Studies are developed and managed to determine the most cost effective way to manage the Water Resources' assets while keeping long term sustainability in mind.

The staff also works very closely with regulators from the Department of Environmental Quality, the Virginia Department of Health, the Department of Conservation and Recreation, the Environmental Protection Agency.



Safety

The Safety Division's primary area of responsibility is employee safety. This is accomplished through developing and presenting current and relevant material to all employees starting with their first day training and continuing throughout their career. Each employee receives extensive and continuous safety training. The safety staff is actively involved with our employees with daily employee interaction at our facilities and in the field.

The Water Resources Department has some of the most challenging safety needs in the City. Our safety programs must span industrial safety to construction and work zone safety. Our employees are in constant risk from confined spaces, trenches, traffic, falls, chemicals, high voltage equipment, engulfment, large industrial equipment, and heavy construction equipment. This is especially challenging due to our range of operations in conjunction with 24 hour a day operations. The safety staff can go from having to address safety issues associated with a high flow wet weather event at the Wastewater Treatment Plant to having to plan and set-up a major road closure for an emergency water or sewer main repair project, anytime of day, any day of the week, under any weather conditions. Often multiple events can be occurring at once. This requires being available all the time.

Other areas of responsibility include: safety Equipment purchasing, inspection, and maintenance ranging from work zone supplies, shoring equipment, confine space equipment, high voltage safety equipment and chemical handling equipment. This equipment must ensure we have equipment on-hand to handle emergency situations that could arise anywhere in the water, wastewater, or stormwater systems. The division also performs incident investigations and documentation working closely with Risk Management and other outside agencies like State Corporation Commission.



Safety Manager, Jeff Martin and his safety staff are dedicated to employee safety. There is rarely an emergency that he does not respond to regardless of the time of day, how much he has worked, or weather conditions. It is obvious that he cares about the well-being of our employees.



WATER

Water Treatment

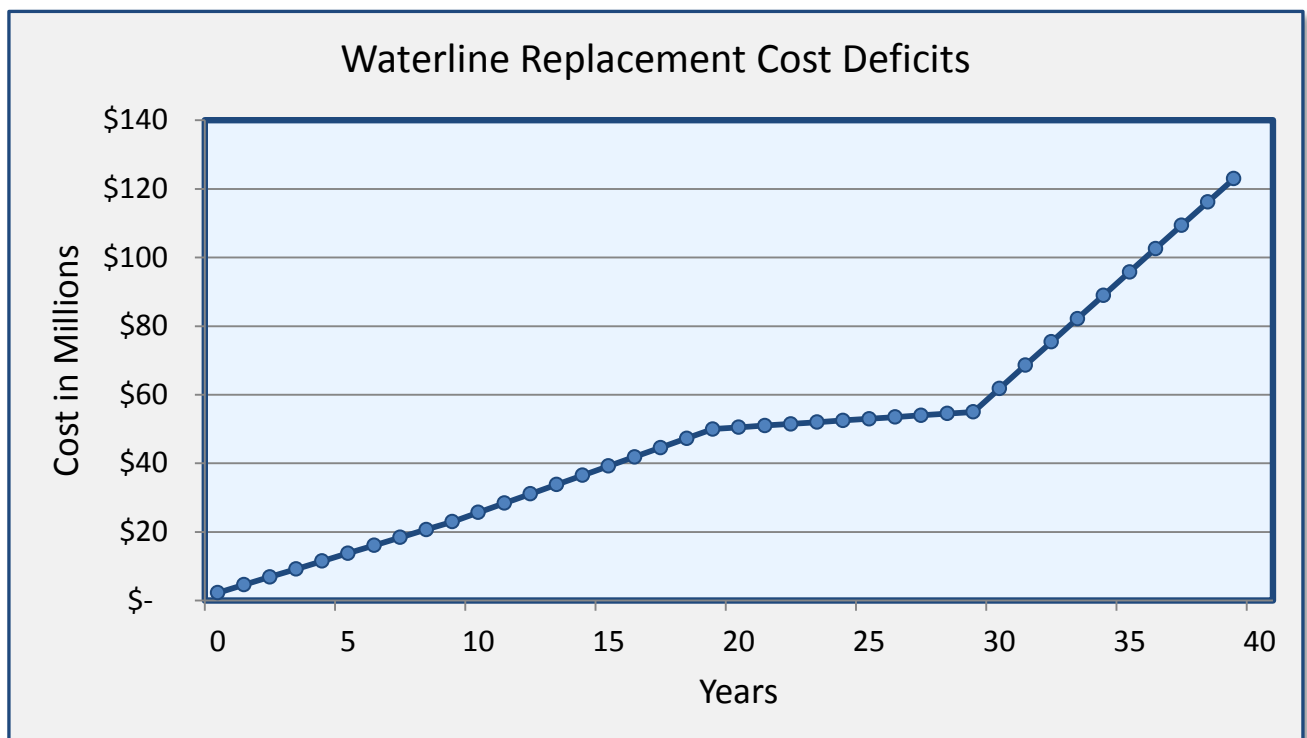
The Department of Water Resources continues to receive awards for exceptional drinking water quality. Last year we produced over 3.8 billion gallons exclusively from the Pedlar Reservoir. Every one of those gallons was at least three times cleaner than EPA requires.



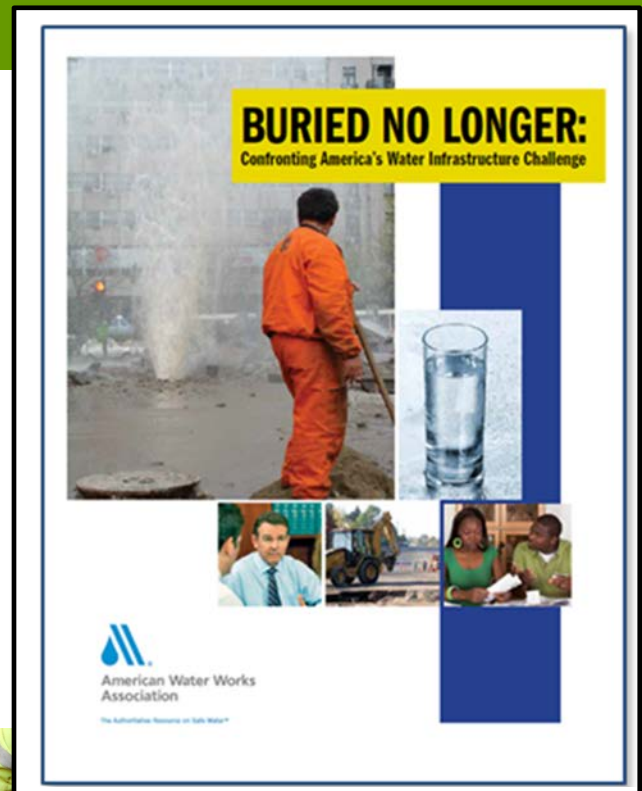
Water Distribution

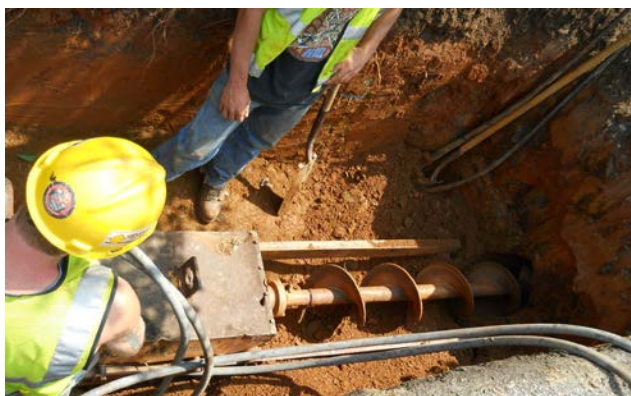
There are a lot of factors that are considered when developing a waterline replacement such as age, size, material and criticality. However, as a general rule, the average useful life of a water line is 100 years. This means that with 460 miles of water lines in the City we should be renewing or replacing 4.6 miles annually or 1% of the water system to be on track to renew the system once every hundred years. In FY 2014 the Department of Water Resources replaced a total of 12,845 linear feet (2.43 miles) of waterline or about 52% of what should have been replaced. There are definitely challenges with replacing 1% of the system including funding, staff resources, and traffic disruption just to name a few. The long term sustainability of our water system is dependent upon providing adequate resources renew our infrastructure, new technology to extend the life of our assets, and excellent planning the maximize the resources we do have. The graph below depicts the current and future waterline replacement needs.

Through an effective asset management program we can often extend the life of our water system through good planning and technology, however, we must recognize and be prepared to address the significant wave of infrastructure renewal. The American Water Works Association (AWWA) calls it “The Era of Infrastructure Replacement”, a time in which we must rebuild infrastructure that in some cases was built more than a century ago. Replacement of the water system will essentially echo the demographic history of Lynchburg. AWWA estimates that over 1 trillion dollars will need to be spent on renewing the nation’s water infrastructure over the next 25 years. In Lynchburg having one of the oldest water systems in the country we are already behind. The graph below illustrates the growing gap between our average current spending levels for water system renewal and the actual needs. Assuming we were caught up now with waterline replacements by 2055 the gap will be over \$120 million.



Our Utility Line Technicians make waterline repairs while the lines are still under pressure whenever possible in order to prevent the risk of contaminants entering the pipeline and the need to issue Boil Water Notices.





Completed Waterline Replacements

CSO 16.3A – Work was completed in 2014 and included installation of 4,500 lf of new 8" and 12" water mains on Aragon, Cliff, Carroll, and Shaffer Streets and renewal of 75 water services. CSO separation of storm and sanitary sewer included new sewer and storm pipe and relining of existing sewer pipe.

Fifth Street Phase II / Clay Street – As a part of the Fifth Street project, work was completed on new 16" finished water main and 24" raw water main in the Fifth Street corridor prior to the road being rebuilt and streetscape improvements installed. This work was an extension of the new utilities installed with the roundabout in 2010. Approximately 2800 lf of finished water pipe and 2000 lf of raw water pipe was installed and 22 new services were connected to the new pipe. The work is part of an overall plan to provide a new infrastructure network from the College Hill Filtration Plant to the Central Business District in downtown Lynchburg.

Bluff Walk / Commerce Street – As part of the City's initiative to building the infrastructure in downtown Lynchburg, new finished water and sewer mains were installed with the Bluff Walk project on Commerce Street. This includes approximately 1000 lf of 8" and 12" water main. This work was completed to avoid future utility line repairs where new streetscape improvements have been installed.

Arkansas/Nevada Avenue Small Main Replacement – Approximately 1200 lf of new 8" water main was installed on Arkansas and Nevada Avenues, replacing undersized 2" pipe. 14 new water services were connected from the existing properties to the new water main. The new main will provide more reliable fire protection for the residents on Arkansas Avenue. Work was completed in early 2014.

15th Street – Approximately 300 lf of new 8" pipe, and 3 new water services were installed in one block of 15th Street to replace a small water main that was constantly being repaired by Department of Water Resources maintenance personnel.

Waterlines Under Construction

Blue Ridge Farms, Phase 2 – Work includes water and sewer line replacement on Ardmore, Craigmont, Georgetown, Ashley, Standish, and Berkley. This project started in October 2014 and should be complete by the end of 2015. The project includes installation of approximately 8000 lf of 8" water main, 1400 lf of new sanitary sewer, and 2300 lf of relining of existing sanitary sewer.

C Street Water Main Replacement – The project included replacement of small diameter water main on C Street, D Street and Johnson Street. Approximately 500 lf of new 8" water main was installed on C Street and an old 4" water main was taken out of service on Norwood where services were tied into a larger parallel water main. Work was completed in November 2014.

Dearington Water and Sewer Improvements – New water main was installed on 2nd, York, Stoneridge, and Kirby Streets in 2014. The water main replaced aging small diameter water pipe. Approximately 1800 lf of new water line was installed with the work completing in October 2014. In addition a small amount of sewer point repair, lining, and manhole repairs were completed in the area. The work precedes a City project to build new sidewalks and crosswalks in the Dearington Elementary School area in 2015.

Midtown Connector Improvements – Beginning in 2013, the City's ongoing Midtown Connector project has completed and put into service a significant portion of the water mains throughout 2014. Work has finished on the phases of work on Park Avenue between Fort and Langhorne and on 8th Street which includes 1200 lf of 12" water main and 1000 lf of 8" water main and 26 new water services.

Beginning July 2014, water mains will be installed on Langhorne Road (completed in December 2014), Rose Lane (completed in January 2015), Kemper Street (to be completed by March 2015), 16th Street (completed in July 2014). Sewer rehabilitation will be completed by January 2015. The remainder of the 2015 construction will be installation of a new roundabout and streetscaping features.

Princeton Circle Water and Sewer Improvement

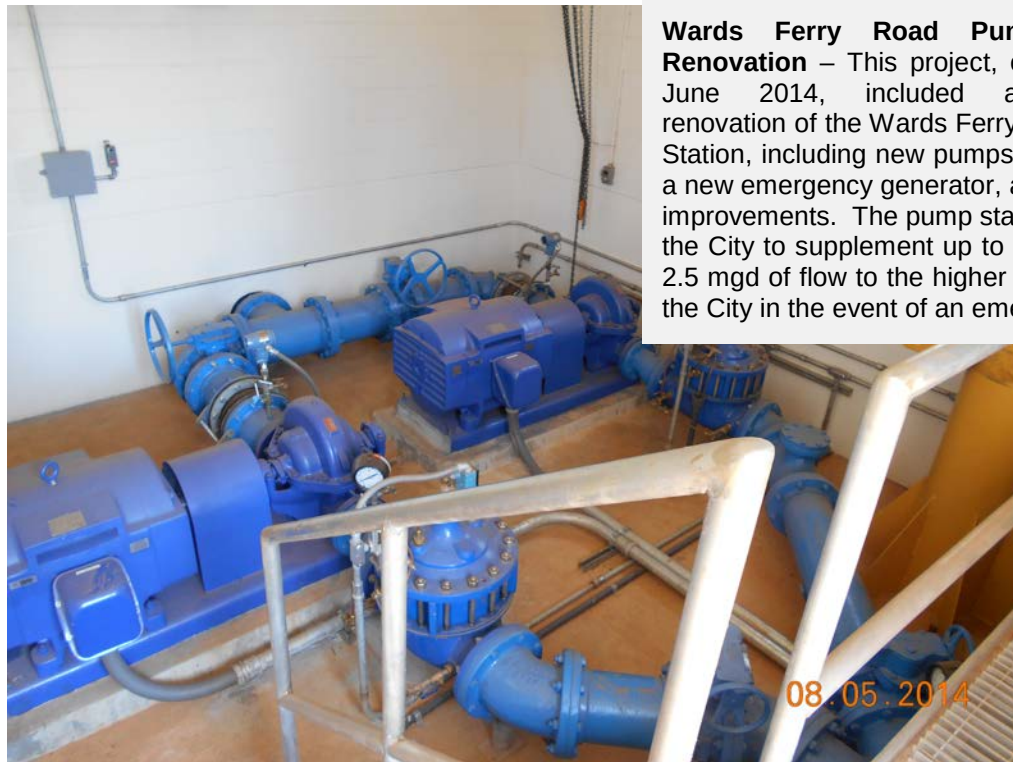
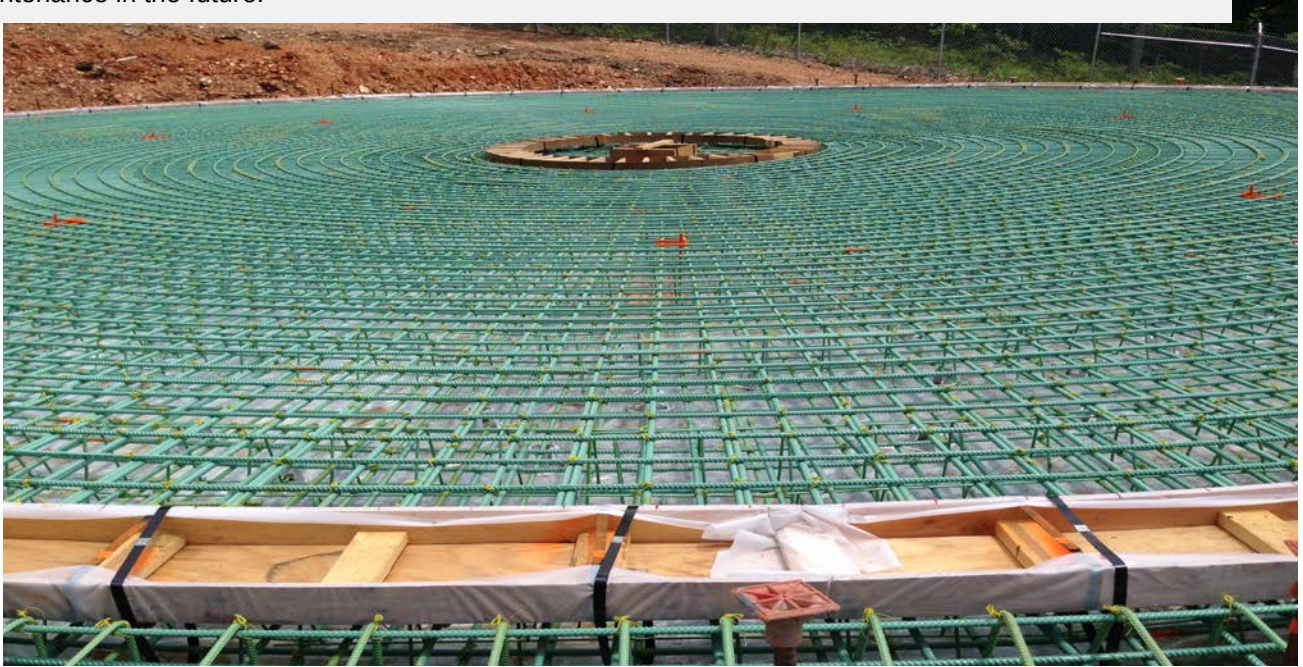
– Over 1800 lf of new 8" water main has been installed on North Princeton, West Princeton, and Duval Street finishing in December 2014. This water main replaces undersized mains in this neighborhood. In addition storm pipe and sewer pipe around West Princeton Circle is being lined or replaced to provide more reliable sanitary and stormwater containment. The sewer improvements are scheduled to complete in the spring of 2015.

Taylor Street Water Main – Approximately 350 lf of new 8" water main was installed on Taylor Street in front of the College Hill Water Filtration Plant. This main replaced an old 4" water main and was completed in February 2015 prior to the street being paved as part of the Department of Water Resources parking improvements.



Other Significant Water Projects

Wingate Tank #2 – This project installed a new 500,000 gallon finished water storage tank on Candler's Mountain. Completion of this tank in October 2014 doubled the storage in this area which serves Liberty University's campus east of US 460. This water tank will also allow the City to take the adjacent tank off-line for maintenance in the future.



Wards Ferry Road Pump Station Renovation – This project, completed in June 2014, included a complete renovation of the Wards Ferry Road Pump Station, including new pumps, new piping, a new emergency generator, and electrical improvements. The pump station allows the City to supplement up to an additional 2.5 mgd of flow to the higher elevations of the City in the event of an emergency.

WASTEWATER



Lynchburg Regional Wastewater Treatment Plant

WWTP

The Lynchburg Regional Wastewater Treatment Plant is a 22 MGD secondary treatment plant using a modified step feed activated sludge process to reduce nutrients and produce an effluent beyond design parameters. Daily the plant treats 11-12 MGD of wastewater from the residences, businesses and industries of the City of Lynchburg and portions of Amherst, Bedford and Campbell County's along with septage and truck hauled wastes from the Central Virginia area. During rainfall events, the plant will handle influent flows up to 70 MGD, storing some of it for later treatment. Daily, the plant removes approximately 2000 pounds of grit and screenings 30,000 pounds of BOD, 29,000 pounds of solids, 3000 pounds of nitrogen and 500 pounds of phosphorous along with elimination of toxicities and pathogenic bacteria prior to discharging to the James River.

The pollutants removed from the reclaimed water are converted to about 70 tons of solids per day referred to as sludge or biosolids. This material must be stabilized and disposed of in approved methods. Currently, the plant uses the regional landfill and a private landfill in Amelia County. In order to improve our reliability, reduce costs of hauling, become greener, and develop alternate disposal, the plant plans to bid and if feasible, begin land application of about 100 tons per week of biosolids in order to reduce the costs associated with hauling and disposing of biosolids at the private landfill. Part of Water Resources responsibilities is removal of materials such grit, trash and other debris which collects in our sewer lines and cause overflows. These materials used to be transported directly to the landfill but due to regulations must now have more water removed before disposal at the landfill. This dewatering and disposal is being absorbed into the duties of the WWTP. In past year, we have begun work on an area of the plant to dump these materials and allow it to dry prior to proper disposal.

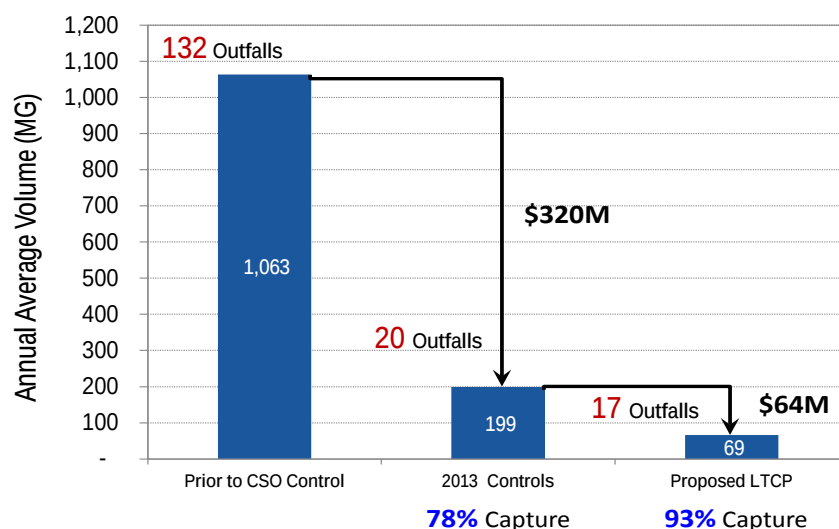


CSO

After five years of intense effort on September 5, 2014 we received approval the CSO Long Term Control Plan (LTCP) from the Department of Environmental Quality (DEQ). Currently we are negotiating a new Consent Order that reflects the changes in the LTCP. This is a major accomplishment that will enable the City to meet the water quality goals associated with CSO much faster with less disruption while saving the City nearly a quarter of a billion dollars. This effort started with the vision and foresight of the Department of Water Resources staff who understood the changing regulatory environment and recognized the opportunity to not only improve the CSO Program but also to minimize the impacts of the changing regulations to our stormwater program. Although combined sewer overflows will still occasionally occur during large storm events, the new plan will still have reduced the overflow volume when complete by 93%. Additionally, during most rainfall events the stormwater that falls within the combined area will be conveyed to the wastewater treatment plant to receive full treatment before being discharged to the river.



The Update LTCP Performance and Costs

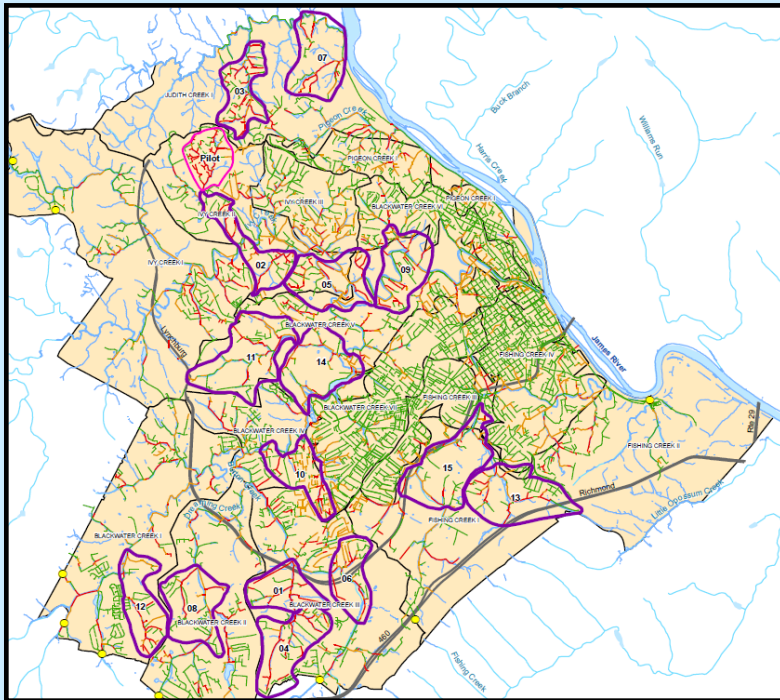


Sewer Line Maintenance

Sewer line maintenance is becoming increasingly more complex and is garnering more regulatory scrutiny. 2014 marked the 40th anniversary of the Clean Water Act which among many other requirements, prohibit sanitary sewer overflows (SSOs). SSOs differ from CSO in that in a CSO event combined sewage and stormwater overflow through a constructed outfall that is permitted through the wastewater treatment plant's Virginia Pollution Discharge Elimination System (VPDES) permit. An SSO is a sewage overflow that typically occurs at a manhole but can be a result of a broken pipe or manhole or even a basement back-up. SSOs are typically a result of blockages caused by roots, grease, debris, or a structural defect.

Regulators expect utilities to have a robust sewer line maintenance program, typically called a Management, Operations and Maintenance (MOM) Program. Some program requirements include: Sewer Overflow Response Plans; Fats, Oils and Grease Programs, sewer cleaning and inspection plans, emergency call centers, SSO characterization and remediation plans, work management systems, and public notification protocols. The Department of Water Resources has been working on formally developing and implementing a MOM Program for the several years. This past year a new two person sewer cleaning crew, sewer cleaning truck (pictured below), and portable camera unit were added in order to better address the sewer maintenance needs. This will supplement the two existing sewer cleaning trucks and two camera units. Additionally, a vacant position was reassigned to oversee the sewer line maintenance operations and to further develop and implement a MOM Program.





Criticality Model Priority Areas

Likelihood of Failure Criteria

Criteria	Weighting
SSOs*	10
Root Potential	10
Pipe Age*	8
Maintenance*	8
Rehabilitation*	8
Stream Crossings	8
Pipe Material*	5
Hot Spot Cleaning	2
Chemical Root Cleaning	2
Soils	2

Sanitary Sewer Evaluation Study (SSES)

Besides CSO, our next biggest challenge is maintenance of the sanitary sewer system. For the last several decades the majority of our resources have been spent in the combined areas of the City. This means that approximately 90% of the rest of the City's sewer system has generally not received an adequate level of maintenance. Over the past several years the Department of Water Resources has stepped up our efforts to perform condition assessments, flow monitoring, smoke testing, and CCTV inspections in order to develop an asset management program for our sewer system. Information such as overflow history, corrective maintenance history, pipe age and material, are capacity issues are used in a risk based approach to determine assets that have both a high likelihood of failure and consequence of failure. These assets then receive the highest priority for further investigation, maintenance and rehabilitation or replacement. Portions of the Judith Creek, Ivy Creek, and Burton Creek sewersheds have received additional evaluation.

Criticality Model

Risk =
(Consequence of Failure)
X (Likelihood of Failure)

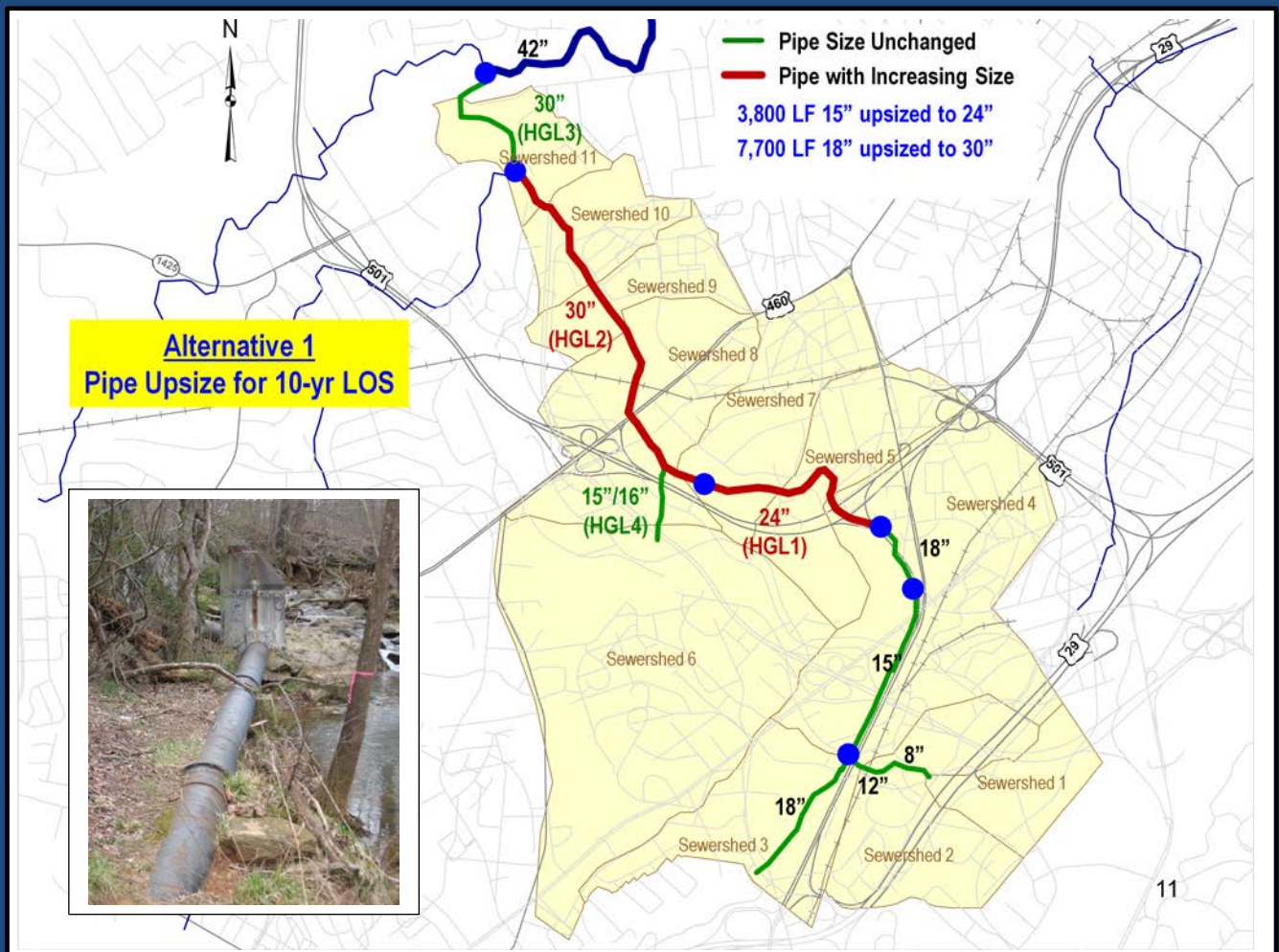


Burton Creek Interceptor Replacement

The Burton Creek Interceptor provides sanitary sewer service to the Sandusky, Sheffield, College Park, Vista Acres, and Leesville Road neighborhoods in Lynchburg as well as the Wards Road commercial corridor, Liberty University, and Campbell County. The interceptor was installed in the 1960's and 1970's, extends from the Blackwater Creek Interceptor approximately five miles (including Rock Castle Creek) to the Campbell County line and is comprised primarily of 15-inch and 18-inch concrete pipe with significant lengths of exposed cast iron pipe.

An analysis of the Burton Creek Interceptor's level of service (LOS) was performed to identify the magnitude of the capacity limitations in the line. The City's hydrologic and hydraulic model (H&H) model was used to assist the LOS analysis. A long term simulation was performed utilizing historical rainfall data from 1948 to 2013 to identify critical storm events that corresponded to the 2, 5, and 10 year return frequencies. The LOS evaluation of the Burton Creek Interceptor identified multiple segments of the system that have less than a 2 year LOS.

Four alternatives were evaluated as possible options and compared to determine the best from a level of service, cost and constructability standpoint. Based on the results of the preliminary engineering report we are proceeding with the replacement of the interceptor with a larger pipe. The project will include approximately 3,800 linear feet of 24 inch pipe and 7,700 linear feet of 30 inch pipe. The project is currently under design and is expected to take 24 months to construct at a total cost of \$4.0 to \$4.5 million.





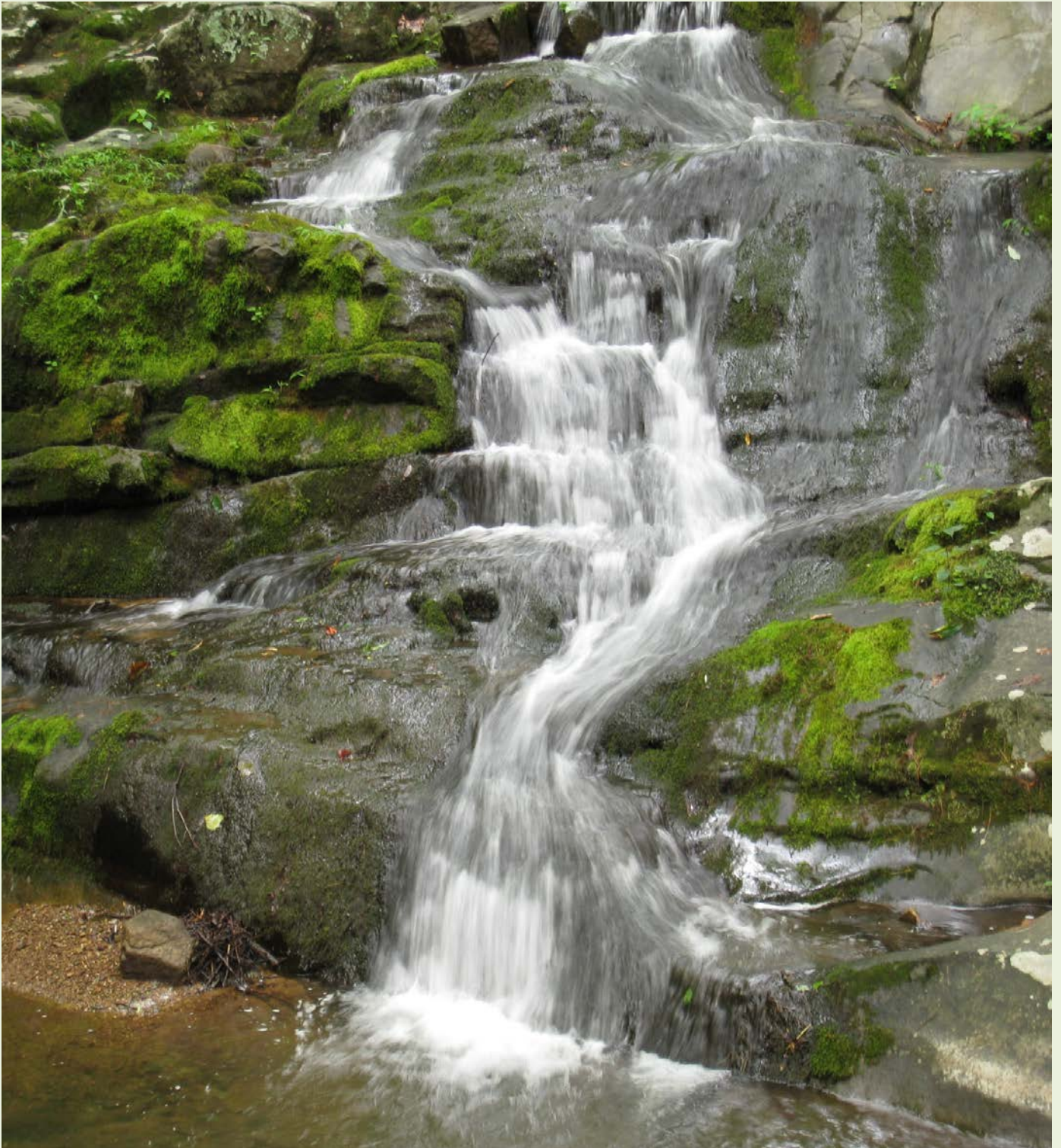
Blue Ridge Farms

The sewer infrastructure in the Blue Ridge Farms neighborhood was installed in the 1960's. The sewer piping and manholes were installed poorly of substandard materials. They were also inadequately sloped and sized. These issues have created a maintenance burden requiring comprehensive cleaning and root control efforts. Sanitary sewer overflows have also occurred at these sewer lines.

In order to address these issues a four phase sewer rehabilitation and replacement plan was developed by the City's consultant Draper Aden. The first phase of construction was performed by F.L. Showalter the sewer portion was approximately \$1.0M, completed in 2013. The second phase is currently under construction also being performed by F.L. Showalter, the expected sewer cost is approximately \$750,000, completion will be early 2016. The estimated cost for Phase 3 is \$500,000 and Phase 4 is \$600,000. Current schedule projections are: Phase 3 to be complete summer 2018 and Phase 4 to be complete summer 2020.



STORMWATER

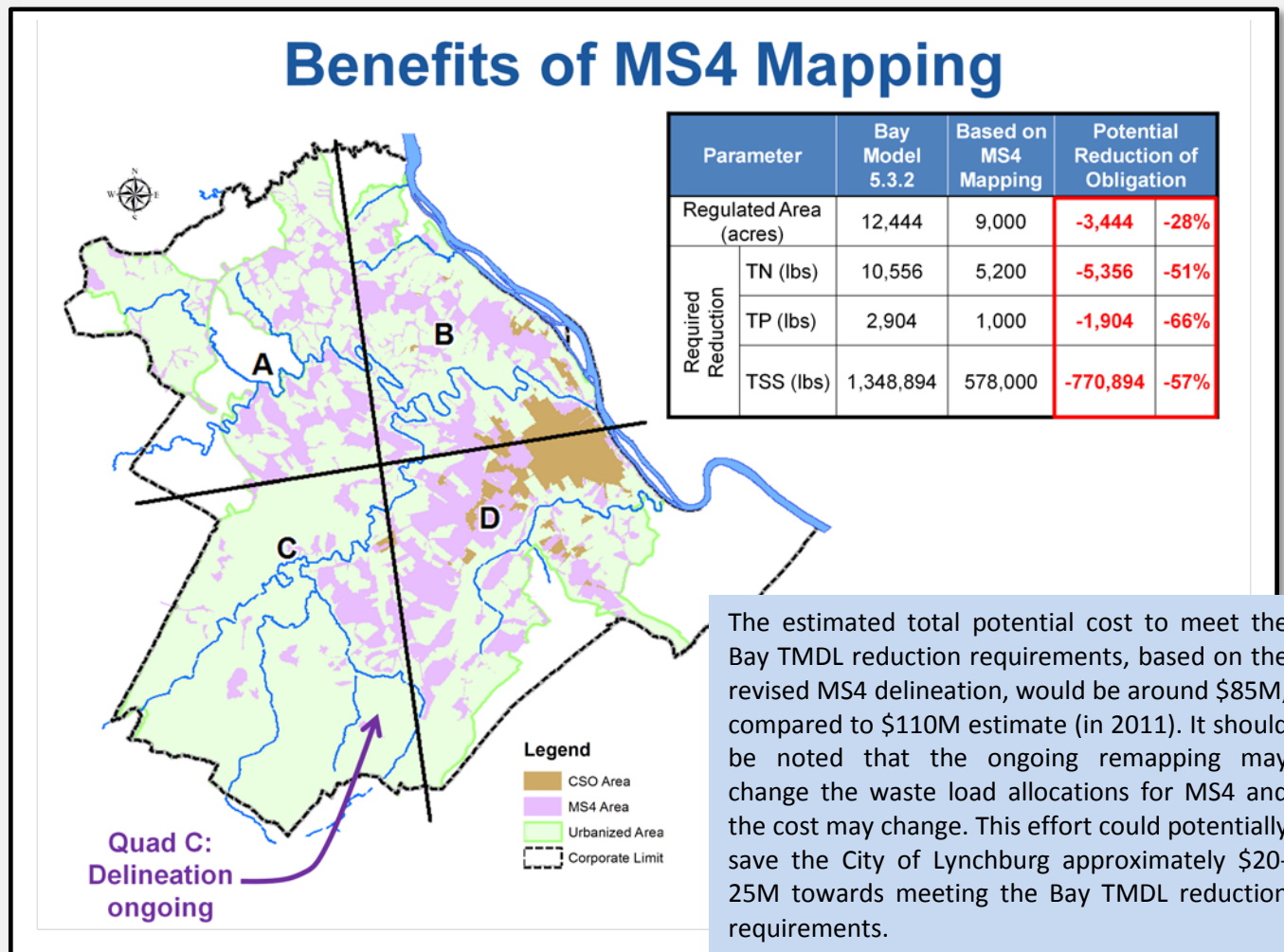


Stormwater

Managing the City's Stormwater Program is becoming increasingly more complex and challenging. Various elements of our Municipal Separate Storm Sewer System (MS4) permit have staggered due dates. As we approach the middle of the permit cycle compliance efforts are intensifying. The next few pages provide an overview of our efforts associated with MS4 permit compliance and achieving water quality goals.

Master Plan – MS4 Mapping and Condition Assessment

The Stormwater Master Plan effort consists of many elements necessary for MS4 Phase II Permit compliance. One significant effort is the MS4 mapping. By June 30, 2017, we are required to have our entire MS4 area mapped. By the end of FY 2015 we will have completed 50% of the mapping, inventory and condition assessments of the surface features of the stormwater conveyance system assets. The remainder of this effort will be completed during FY 2016 and FY 2017. The MS4 area essentially consists of all public drainage systems including inlets, curb and gutter, ditches, and pipes and the associated drainage area. This effort has resulted in a greater understanding of the connectivity and complexity of the stormwater conveyance system and its maintenance and rehabilitation needs. This phase of work has not conducted televised inspections of the underground system and understanding of its overall condition. The results of the condition assessment have identified approximately \$850,000 in stormwater infrastructure needs (not including pipe) over the next five years in Quadrant A. The Chesapeake Bay Model 5.3.2 estimated the City of Lynchburg's MS4 area to be 12,444 acres. Based on the mapping we have done to date we are estimating that the actual MS4 area is closer to 9,000 acres. This is very significant because the required nitrogen, phosphorous, and sediment reductions are directly associated with the amount of regulated MS4 area. While the City is responsible for the remaining unregulated urban area reductions, there is currently no regulatory obligation. This may all change again with the 2017 update of the Bay Model. The map below illustrates the four quadrants that the City was divided into for mapping purposes and the estimated reductions in obligations for pollutant load reductions.



STORMWATER

Continued

Walkable Watershed Grant

The City of Lynchburg was a recipient of a National Fish and Wildlife Foundation (NFWF) Grant, along with Charlottesville, VA and Petersburg, VA, for the implementation of a Walkable Watersheds project. The Walkable Watersheds project will integrate the flow of water and people into a cohesive strategy to improve the overall health of a community and the surrounding watershed. By connecting the built and natural environment, the project will develop a concept plan and potential green infrastructure projects to improve the water flow and pedestrian amenities in the Fairview Heights Neighborhood and the Fishing Creek Watershed.

*A Walkable Watershed integrates the flow of **water** and **people** into a cohesive strategy to improve the overall health of a community and the surrounding watershed.*



BMP Assessment and Inspection

As part of a broader water quality planning process for the Department of Water Resources, the Center for Watershed Protection led an assessment of the City's existing stormwater best management practices (BMPs) on both public and private properties. The field work occurred between March and June, 2014 and included three main objectives: (1) assess the condition of existing BMPs to determine overall needs for maintenance and management, (2) identify opportunities to retrofit existing BMPs to improve conditions and help gain pollutant removal credits, and (3) assist in the development of BMP inspection and maintenance procedures consistent with VSMP regulations, the MS4 permit, and local priorities.

A total of 61 public and 171 private BMPs were assessed. The data collected will be compiled into a spreadsheet and integrated into the Water Resource Department's geodatabase and inspection records incorporated into our work management software. Of the City owned BMPs, 10 were found to be in degraded condition, 43 were in moderate condition, and 8 were in good condition.

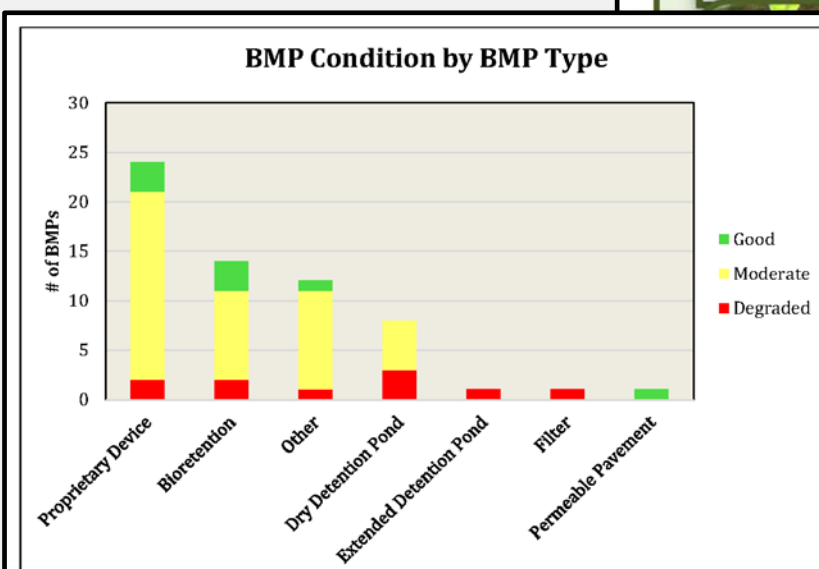
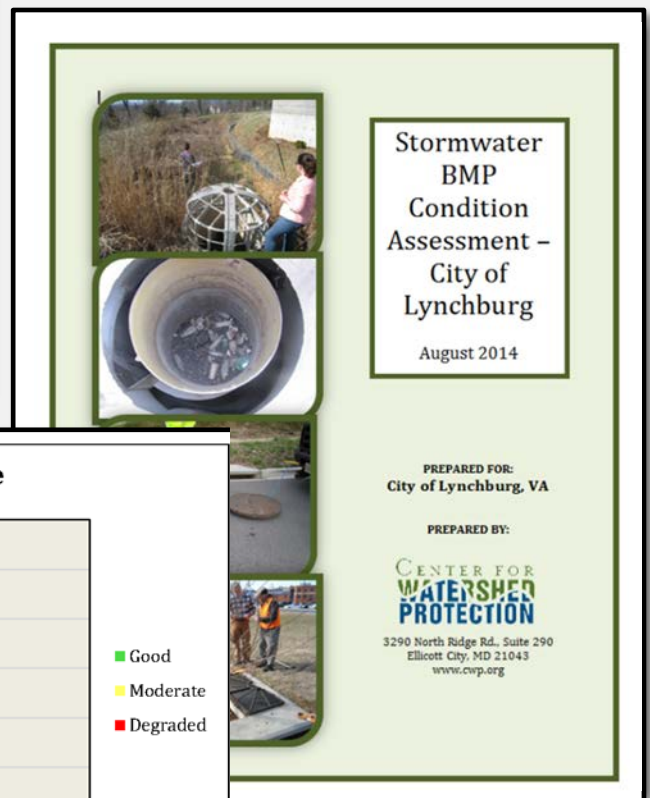


Figure 3: BMP Condition by BMP Type*

(*Other includes: In-stream detention pond, Level Spreader, Underground Detention, Vegetated Roof)

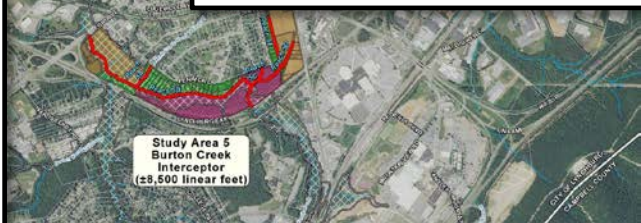
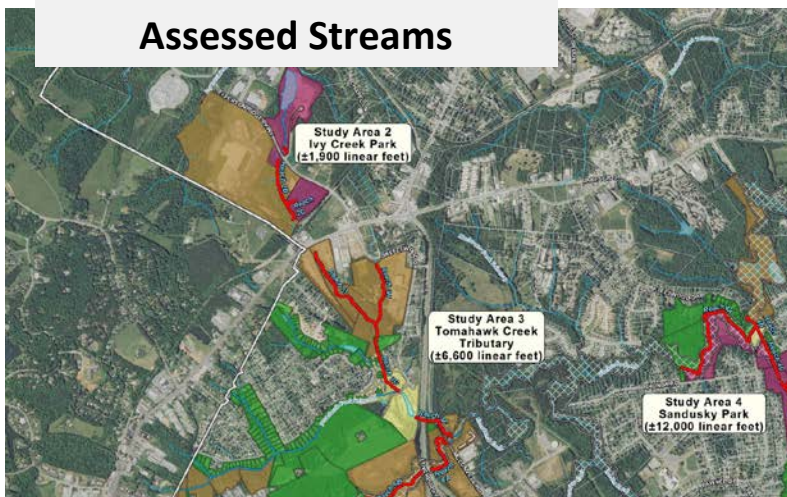
Stream Condition Assessment

Wetland Studies and Solutions, Inc. (WSSI) conducted stream condition assessments on six study areas (totaling approximately 71,460 linear feet of stream) within the City of Lynchburg. The purpose of this study was to identify and prioritize streams for restoration specifically considering improvements relevant to the Chesapeake Bay Total Maximum Daily Loads (TMDLs) and stream protection.

The project consisted of six study areas located throughout the western and southern portions of the City of Lynchburg, Virginia. Study Area 1 is located along Peaks View Park and Ivy Creek. Study Area 2 is located along Ivy Creek Park and its tributaries. Study Area 3 is located along unnamed tributaries to Tomahawk Creek, within a series of residential subdivisions. Study Area 4 is located along Sandusky Park and Blackwater Creek and its tributaries. Study Area 5 is located along Burton Creek and its tributaries within a subdivision south of Fort Avenue and Wards Road. Study Area 6 is located along Tomahawk Creek west of the Lynchburg Expressway (Route 501).

The Rapid Stream Assessment Technique (RSAT) was utilized for this stream condition assessment. The RSAT method was selected because it provides a “simple, rapid reconnaissance-level assessment of stream quality conditions,” and because this methodology has successfully been used by other localities for the same purpose. Of the 15 miles of streams assessed, 7 miles were assessed and prioritized in detail for TMDL credits.

Assessed Streams



Stream Condition Assessment

City of Lynchburg, Virginia
WSSI #22362.01

April 30, 2014

Prepared for:
City of Lynchburg
Department of Water Resources
525 Taylor Street
Lynchburg, Virginia 24501

Prepared by:

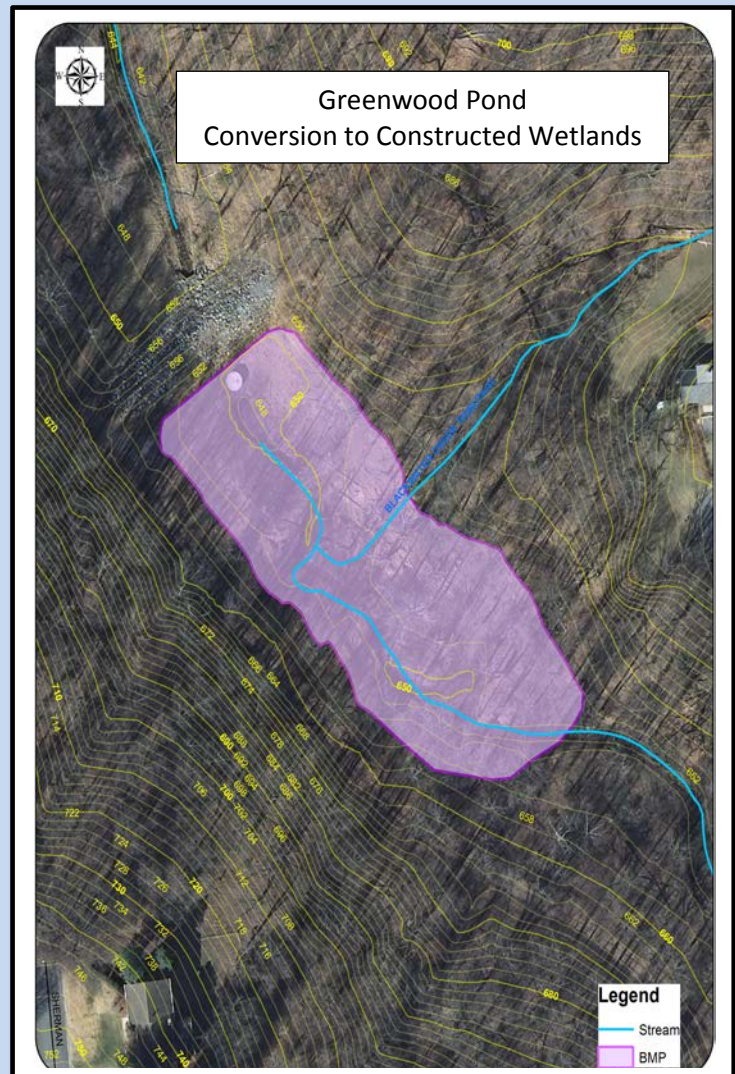


Wetland
Studies and Solutions, Inc.
5300 Wellington Branch Drive, Suite 100
Gainesville, Virginia 20155
Tel: 703-679-5600 Email: contactus@wetlandstudies.com
www.wetlandstudies.com

TMDL Projects

In FY 2015 stormwater management projects were identified and incorporated into the TMDL Action Plan to meet the 5% reduction goal of the Chesapeake Bay TMDL. Projects that were identified were the conversion of two existing Best Management Practices into Level 2 Bio-retention BMPs, conversion of a stormwater pond into a constructed wetland, and two stream restoration projects on tributaries of Blackwater Creek and Rock Castle Creek. Design of these projects will begin in the second half of FY 2015. Construction is expected to begin in FY 2016 and take approximately two years to complete all projects. The approximate cost of these projects is \$3.4 million.

As a result of our proactive approach and planning, the City of Lynchburg was the recipient of a \$1.7 million Stormwater Local Assistance Fund (SLAF) Grant from the Department of Environmental Quality for the implementation of these stormwater management BMPs. This grant will fund 50% of the \$3.4 million total cost of the stormwater BMPs that will achieve the 5% reduction requirement of the Chesapeake Bay TMDL in the City's 2013-2018 MS4 permit.



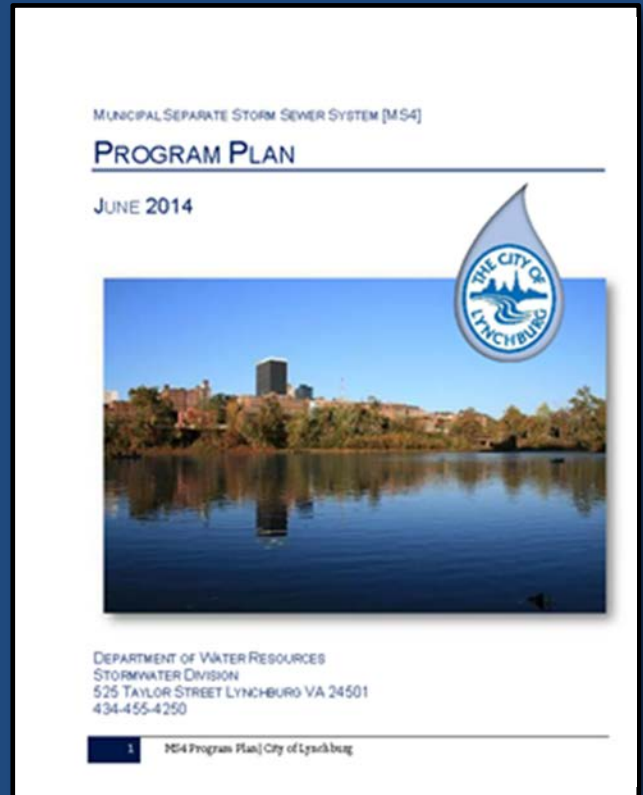
Awarded \$1.7 million SLAF Grant

Project Type	Location	Description	Cost	TMDL Credit (lb/yr)			Contribution Towards Meeting Total POC Reduction Requirement		
				TN	TP	TSS	TN	TP	TSS
BMP Retrofit	Sheffield Elementary School	Convert existing dry detention pond to a level 2 bioretention basin	\$100,300	17.52	2.86	1,029	0.4%	0.3%	0.2%
	LAUREL School	Replace existing bioretention with a new level 2 bioretention basin with a larger drainage area	\$115,700	23.34	3.34	625	0.5%	0.4%	0.1%
	Greenwood CSO Pond	Convert in-stream detention pond to a level 1 constructed wetland	\$398,000	128.62	19.59	8,327	2.7%	2.2%	1.6%
Stream Restoration	Blackwater Creek	Restore 900 LF of stream 4F	\$759,500	32.75	36.14	24,114	0.7%	4.0%	4.6%
	Rock Castle Creek	Restore 2,570 LF of streams 5C, 5D, 5E, & 5G	\$2,037,050	160.79	154.54	102,249	3.4%	17.2%	19.7%
Total			\$3,410,550	363.02	216.47	136,343	7.8%	24.1%	26.2%

MS4 Program Plan

The Municipal Separate Storm Sewer System [MS4] Program Plan intended to meet the requirements of the Small MS4 General Permit effective July 1, 2013 through June 30, 2018. The program plan includes the means and the methods to address the technical elements of the permit for the next five years. The Program Plan must include the work plan for the Six Minimum Control Measures and TMDL Action Plans for the Chesapeake Bay and other approved TMDLs. The Six Minimum Control Measures (MCM) include:

1. Public Educations and Outreach
2. Public Involvement/Participation
3. Illicit Discharge Detection and Elimination
4. Construction Site Stormwater Runoff Control
5. Post Construction Management
6. Pollution Prevention and Good Housekeeping



MCM 1 - Public Education and Outreach

During permit year one the City of Lynchburg Developed a Public Education and Outreach Plan as required by our MS4 permit. Implementation of the plan began in permit year two (July, 2015). The plan includes identification of high priority water quality issues which include: pet waste pollution, homeowner yard maintenance, and septic maintenance. We have participated in various educational events reaching over 1,200 people.



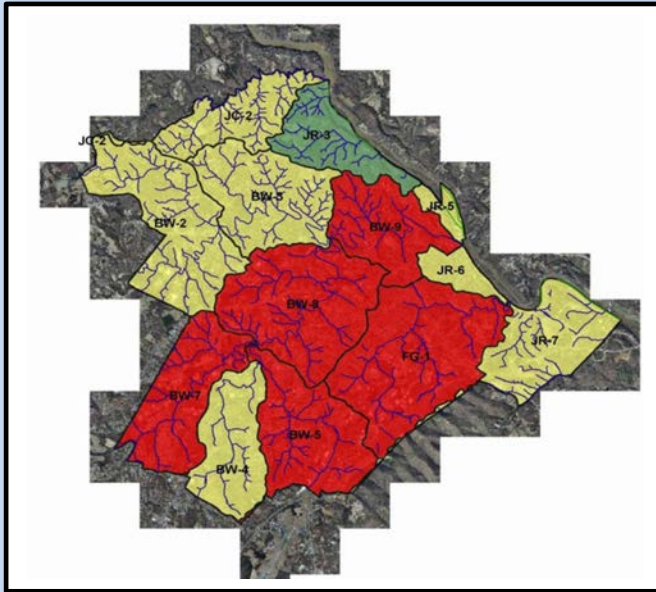
MCM 2 – Public Involvement

A number of Public Involvement events were held last year including activities such as a tire cleanup event where over 70 tires were removed from a one mile section of stream with the help of 21 students and volunteers from Heritage High School, rain Barrel Workshops, storm drain marking, and March on Litter to name a few. Nearly 700 people have participated in public involvement activities.



MCM 3 - Illicit Discharge Detection & Elimination

Illicit discharges are any discharges to the municipal separate storm sewer system that is not composed entirely of stormwater. Last year 22 illicit discharges were investigated with 13 leading to additional enforcement actions.



Highest Potential – Red
Medium Potential Areas – Yellow
Low Potential Areas - Green

Appendix 3.3 – Illicit Discharge Detection and Elimination



City of Lynchburg
Department of Water Resources

**Standard Operating Procedures
for Illicit Discharge Inspections**

Version 1.0
Effective October 1, 2013

Program Approval

Director of Water Resources: _____ Date: _____

MCM 4 & 5 – Construction Site Runoff Control and Post Construction Stormwater Management

The Community Development Department is responsible for the administration, plan review, inspections and enforcement of MCM 4 and MCM 5 Construction Site Runoff Control. The Water Resources Department is responsible for Post Construction Stormwater Management which includes inspections and enforcement of Stormwater Maintenance Agreements as well as maintaining the BMP tracking database associated with MCM 5.

Appendix 4 - ESC Inspections Standard Operating Procedure



THE CITY OF LYNCHBURG, VIRGINIA

City Hall, 900 Church Street
Lynchburg, Virginia 24504 • (434) 455-3900
FAX • (434) 645-7630

Community Development
Zoning and Natural Resources Division

Standard Operating Procedures
Erosion and Sediment Control Inspections

Date: January 2014
Revised:

City of Lynchburg
Stormwater Division, Department of Water Resources



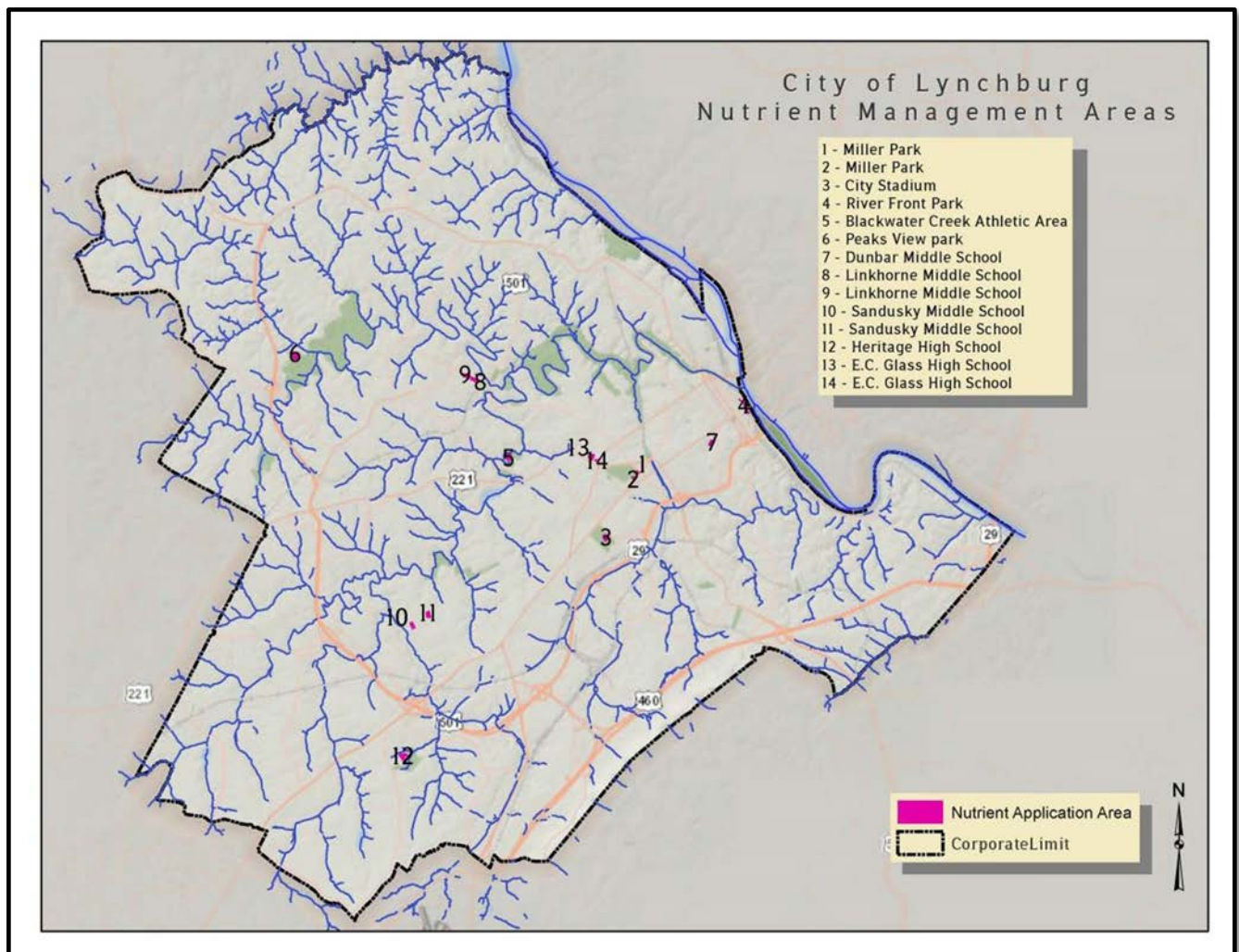
**Department of
WATER
RESOURCES**

Storm Water Management Facility
Inspection Procedures Manual

Introduction:

MCM 6 – Good Housekeeping

Good Housekeeping practices apply to any City owned facility where activities occur that have a high potential to impact water quality. Stormwater Pollution Prevention Plans (SWPPPs) must be developed for each facility and include BMPs that specifically address the pollution threats at each facility. To date ten facilities have been identified including a number of Public Works Facilities, Parks & Rec Facilities, the Fleet Facility, Fire Station #7, and Lynchburg City Schools Maintenance Facility. Urban Nutrient Management Plans must be addressed for managed turf and park areas in the City. Fourteen facilities have been identified for nutrient management plan development including eight schools. Good Housekeeping also includes an employee training program that at a minimum addresses the following: recognition and reporting of illicit discharges, pollution prevention, erosion and sediment control, VSMP certification, pesticide and herbicide certifications, and emergency spill response. Unlike some MS4 permit requirements MCM 6 – Good Housekeeping involves nearly every operating department as well as City Schools. The Department of Water Resources has met regularly with all stakeholders responsible for these facilities and is working to ensure that these requirements are addressed consistently and can reasonably be implemented.



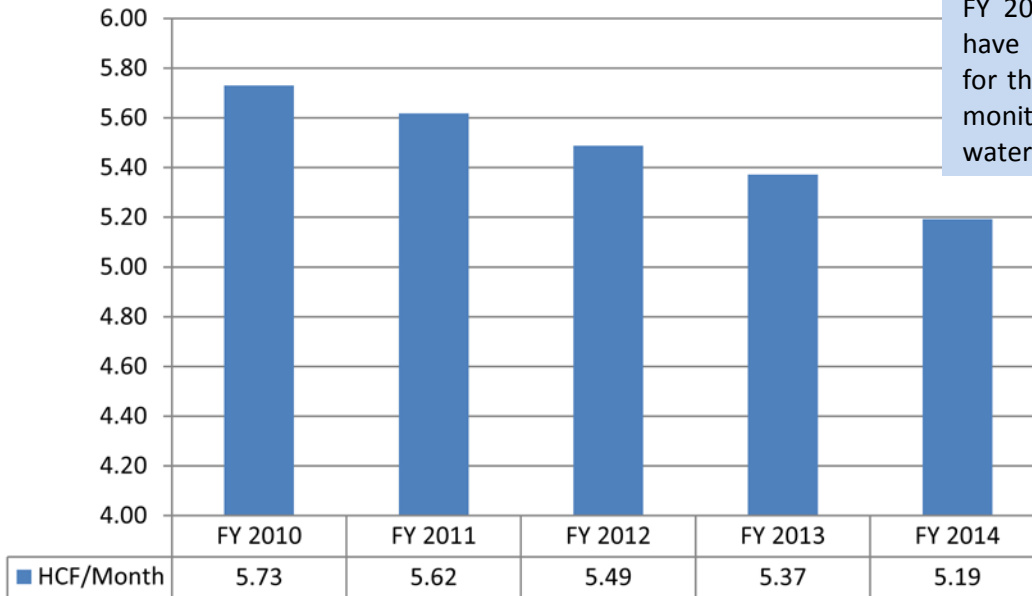
Water Fund

The operating budget for the Water Fund consists of revenues from inside the City water sales and account charges, county water contracts, industrial water contracts, transfers from the Sewer and Stormwater Funds for services provided by the Administrative Division, and other revenue sources that include fire protection charges, connection and availability fees, interest, and other minor revenue sources. Operating expenses are comprised from four divisions: Water Treatment, Water Line Maintenance, Meter Reading, and Administration. Non-departmental, capital transfers, and debt service make up the remaining expenses. Overall revenues are expected to increase by approximately \$208,000 (1.4%) above the FY 2015 budgeted revenues. This is primarily attributable increases in the transfers from the Stormwater Fund and increases in account charges associated with more water services. Expenses are expected to increase by approximately \$876,000 (6.1%) primarily as a result of increases in debt service and capital transfers. Two new positions are proposed, a GIS Analyst to help address the growing need to adequately map and attribute our water, sewer, and stormwater assets, and a Work Planner to help coordinate, manage, and document field work performed.

	<u>FY 2015</u>	<u>FY 2016</u>	<u>Inc/(Dec)</u> <u>Difference</u>
Operating Budgeted Revenues			
Water Sales and Account Charges			
- Inside City	8,693,560	8,777,400	83,840
Water Contracts - Counties	2,096,700	2,113,440	16,740
Water Contracts - Industrial	558,250	569,800	11,550
Sewer and Stormwater Fund Charges	1,630,000	1,754,000	124,000
Other	1,621,480	1,593,629	(27,851)
Total Operating Budgeted Revenues	14,599,990	14,808,269	208,279
Operating Budgeted Expenditures			
Water Treatment	3,343,589	3,283,545	(60,044)
Water Line Maintenance	1,759,553	1,816,464	56,911
Meter Reading	899,065	875,093	(23,972)
Administration	3,422,003	3,293,285	(128,718)
Non-Departmental	229,600	334,859	105,259
Transfer - Capital	800,000	1,250,000	450,000
Debt Service	3,839,779	4,316,541	476,762
Total Operating Budgeted Expenditures	14,293,589	15,169,787	876,198
Total Budgeted Change of Unrestricted			
Net Assets	306,401	(361,518)	

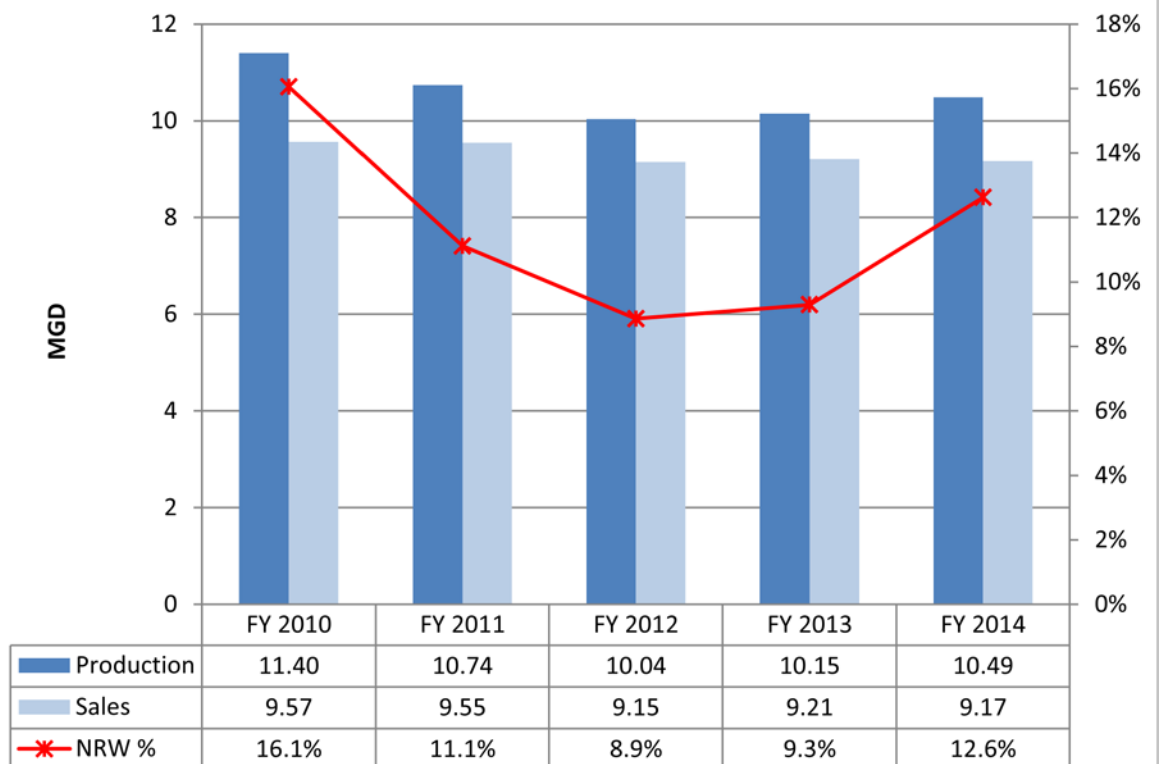
Water Fund

Average Monthly Water Sold Domestic Customers



Decreasing household consumption coupled with an increase in non-revenue water presents challenges going forward. Just in the last five years typical household consumption has decreased by over 9% while non-revenue water jumped from 9.3% in FY 2013 to 12.6% in FY 2014. We have not yet determined the reason for this increase but will continue to monitor and try to identify areas of water loss.

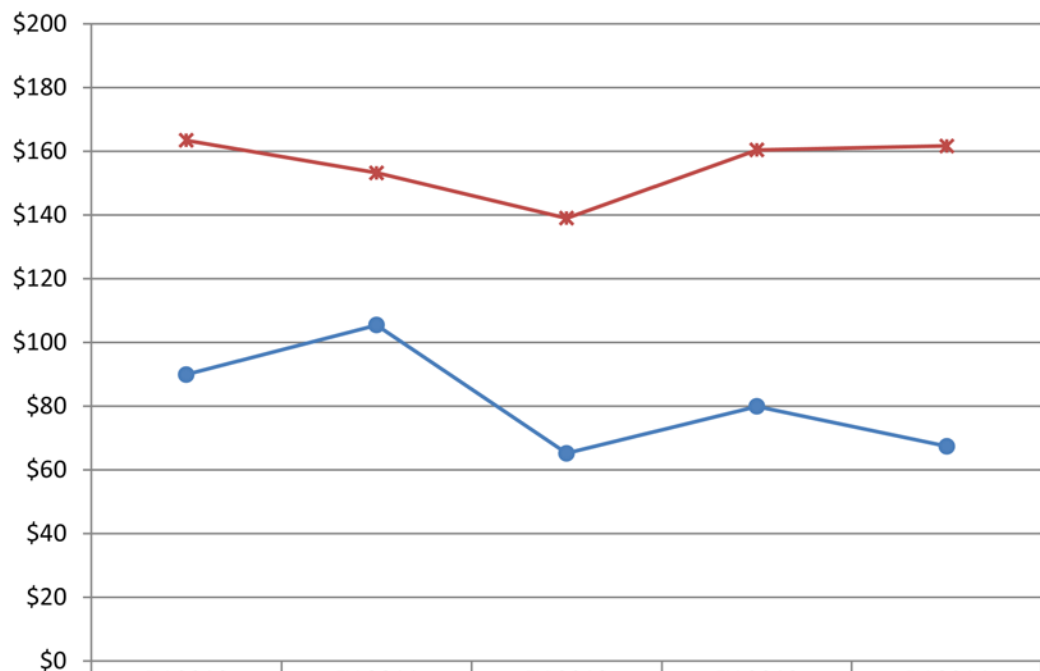
Non-Revenue Water



Water Fund

Overall water withdraws increased from an average of 10.25 mgd in FY 2013 to an average of 10.61 mgd in FY 2014 and the total number of customers in from 22,517 to 22,628 during the same period. The variable treatment costs (chemicals and power) had a slight overall decrease from a total of \$240 per million gallons treated in FY 2013 to a total of \$229 per million gallons treated in FY 2014. This is almost entirely attributable to being on exclusively Pedlar water since the beginning of FY 2014.

Water Variable Expenses/MG



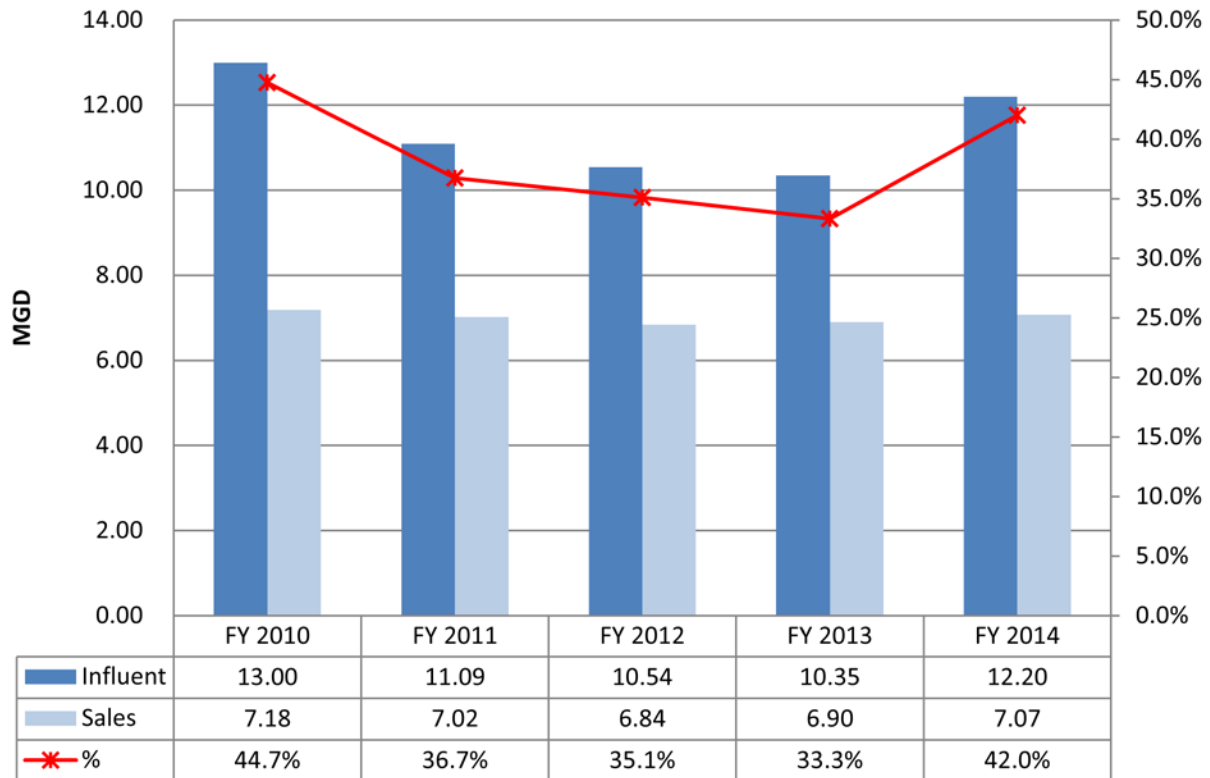
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
—●— Chemicals	\$90	\$105	\$65	\$80	\$67
—*— Utilities / MG	\$163	\$153	\$139	\$160	\$162

Sewer Fund

The operating budget for the Sewer Fund consists of revenues from inside the City water sales and account charges, county sewer contracts, industrial sewer contracts, septic hauler fees, industrial surcharges, and other revenue sources that include connection and availability fees, interest, and other minor revenue sources. Operating expenses are comprised from two divisions: Wastewater Treatment, and Sewer Line Maintenance. Non-departmental, capital transfers, and debt service make up the remaining expenses. Overall revenues are expected to increase by approximately \$887,000 (4.3%) above the FY 2015 budgeted revenues. This is primarily attributable to a 3.2% proposed sewer volume rate increase. Expenses are expected to increase by approximately \$52,800 (0.2%). Wastewater Treatment increases reflect the addition of one instrumentation technician position in order to better address the increasing complexity and quantity of the equipment used in processing wastewater. Additional increases include the following: (1) contractual services primarily attributable to sludge hauling and mechanical maintenance and repair services, (2) electricity, and (3) mechanical maintenance and repair materials. These additional costs are offset by decreases indirect costs.

	<u>FY 2015</u>	<u>FY 2016</u>	<u>Inc/(Dec)</u> <u>Difference</u>
Operating Budgeted Revenues			
Sewer Sales and Account Charges			
- Inside City	15,640,500	16,557,060	916,560
Sewer Contracts - Counties	1,281,332	1,208,695	(72,637)
Sewer Contracts - Industrial	1,971,488	2,068,072	96,584
Septic Hauler	482,000	500,000	18,000
Industrial Surcharges and Monitoring	560,000	363,590	
Other	638,290	763,533	125,243
Total Operating Budgeted Revenues	20,573,610	21,460,950	887,340
Operating Budgeted Expenditures			
Waste Water Treatment Plant	7,690,624	7,812,424	121,800
Sewer Line Maintenance	2,422,059	2,336,243	(85,816)
Non-Departmental	238,200	345,963	107,763
Transfer - Capital	2,000,000	1,500,000	(500,000)
Debt Service	8,961,298	9,370,351	409,053
Total Operating Budgeted Expenditures	21,312,181	21,364,981	52,800
Total Budgeted Change of Unrestricted			
Net Assets	(738,571)	95,969	

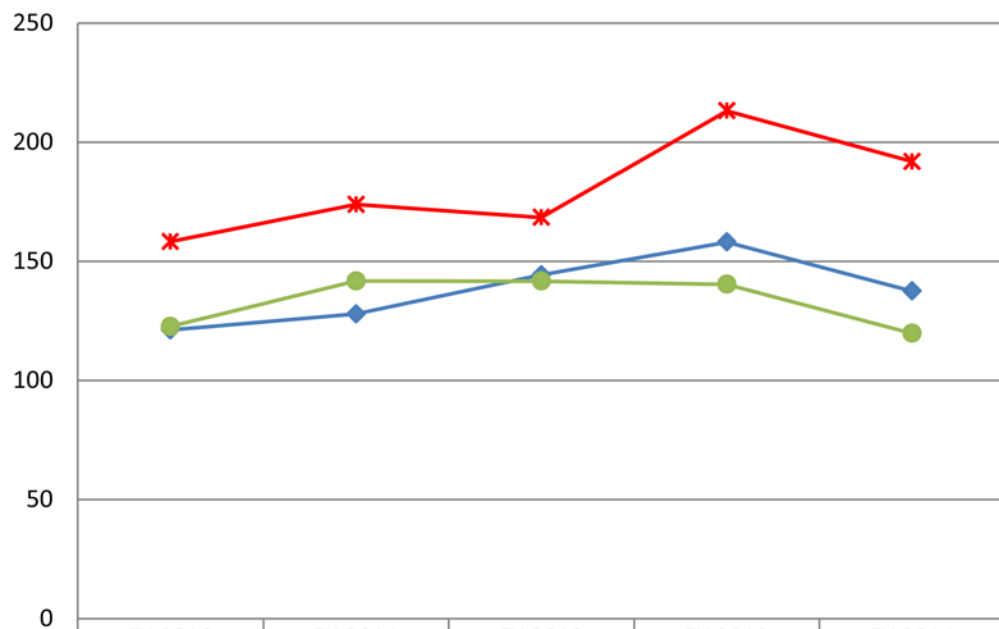
Sewer Sales to Influent



Sewer Fund

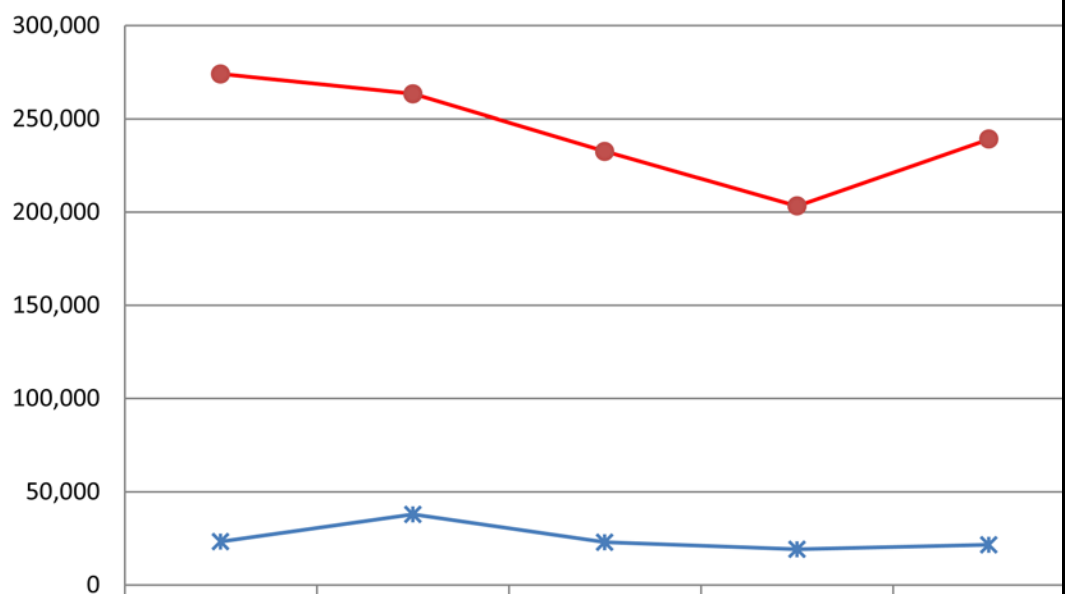
In FY 2014 the influent flow at the WWTP averaged 12.20 mgd while the actual billed sewer use averaged only 7.07 mgd. Basically this indicates that approximately 42% of the flow at the wastewater treatment plant is either rain water or ground water that enters the sewer system. The total variable expenses which includes chemicals, utilities, and sludge disposal decreased significantly from \$511 per million gallons treated in FY 2013 to \$449 per million gallons treated in FY 2014. This was due to several factors including impacts of the recent construction project and increased wet weather flows which have the effect of lowering the concentrations of pollutants. Another area we monitor closely is nitrogen and phosphorous discharges. The lower we can keep these discharges the more nutrient credits we have available to sell. Variable expense and nitrogen and phosphorous discharge history are shown on the next page.

Sewer Variable Expenses/MG



	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Chemicals	121	128	144	158	137
Utilities	158	174	168	213	192
Sludge Disposal	123	142	142	140	120

Nitrogen/Phosphorous Annual Discharge in Lbs



	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Phosphorous	23,319	37,923	22,949	19,156	21,565
Nitrogen	273,963	263,308	232,563	203,280	239,208

Stormwater Fund

The operating budget for the Stormwater Fund consists of revenues primarily from fees associated with the amount of impervious area. Other revenue includes VDOT Highway maintenance fees for work performed by Water Resources that is eligible for reimbursement and a minor amount of revenue from Virginia Stormwater Management Permit (VSMP) fees. Revenue is expected to remain essentially flat for the next fiscal year. Operating expenses include management of the Stormwater Program by Water Resources, maintenance activities of stormwater infrastructure and Best Management Practices (BMPs) by Water Resources, certain maintenance activities performed by Public Works, and management of the Construction Site Runoff or the VSMP Program by Community Development. Overall expenses are expected to increase by approximately \$70,000 (1.9%) in FY 2016. This is primarily attributable to increases in departmental expenditures related to contractual services, stormwater payment to the Water Fund, Community Development's budget, and reimbursement to the Sewer Fund for the Stormwater Fund start-up costs partially offset by decreases in capital outlay due the one time purchase of a VacCon truck in FY 2015.

	<u>FY 2015</u>	<u>FY 2016</u>	<u>Inc/(Dec)</u> <u>Difference</u>
Operating Budgeted Revenues			
Stormwater Service	3,149,400	3,149,400	
State Categorical Aid - Highway Maint.	275,000	275,000	-
Other	74,450	57,278	(17,172)
Total Operating Budgeted Revenues	3,498,850	3,481,678	(17,172)
Operating Budgeted Expenditures			
Departmental	2,675,230	2,504,725	(170,505)
Non-Departmental	25,800	39,780	13,980
Transfer - Sewer Operating	-	126,734	126,734
Transfer - Capital	1,050,000	1,150,000	100,000
Total Operating Budgeted Expenditures	3,751,030	3,821,239	70,209
Total Budgeted Change of Unrestricted			
Net Assets	(252,180)	(339,561)	

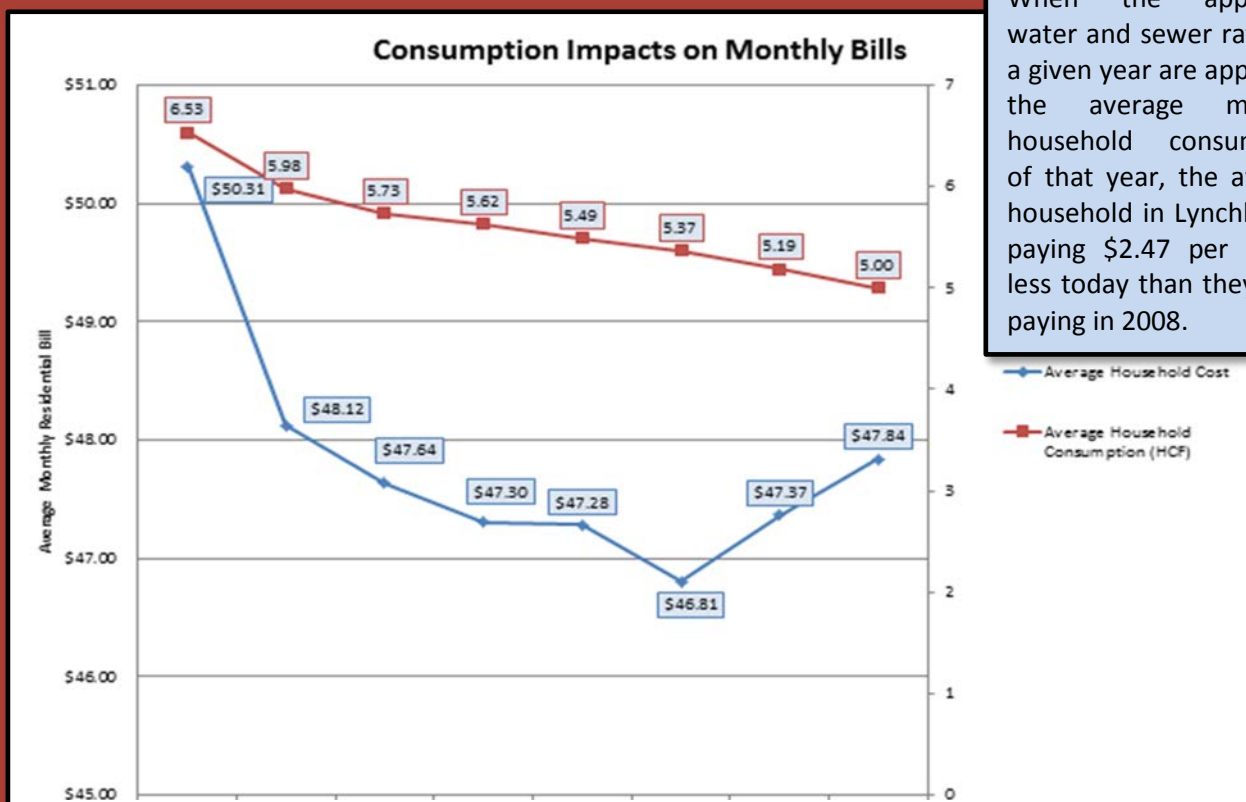
Rate Analysis

Each year significant effort and planning go into evaluating the utility rates and rate structure to ensure that rates adequately cover the actual cost of providing the associated service while minimizing the impacts to our customers. The recommended rate adjustments in this report will result in a typical monthly water, sewer, and stormwater bill increase of \$1.26 or the equivalent of a 1.8% utility bill increase. The only recommended increases are a 3.2% increase in the Sewer Volume Rate from \$5.65 per HCF to \$5.83 per HCF and a 2.7% increase in the Sewer Only Rate from \$45.92 to \$47.18.

Due to cash reserves in the Water Fund at the end of FY 2015 projected to be approximately 54% of the water operating fund budget no increases in water rates or fees are required for FY 2016. However, going forward water volume rate increases of at least 5% from FY 2017 through FY 2018 may be necessary primarily due to the anticipated loss of revenue from Bedford County. Additionally going forward declining consumption continues to be a challenge due to the large fixed costs. Future increases may incur by increasing the monthly service charge or a combination of increasing the monthly service charge and volumetric rates in order to stabilize revenues. One concern related to increases in the monthly service charge is that it disproportionately impacts the lower volume users so a balance between increasing the volume rates and the monthly service charges is needed.

Sewer volumetric increases are recommended due to increases in debt service and maintaining Council's minimum debt coverage ratio of 1.20. Additionally, significant resources are needed for sanitary sewer system condition assessment and maintenance. CSO expenditures for the next several years will primarily be funded through the \$30 million State Grant.

While all other rates and fees may not fully recover the cost of service, additional increases are not recommended at this time but will be evaluated annually for adequacy.



When the applicable water and sewer rates for a given year are applied to the average monthly household consumption of that year, the average household in Lynchburg is paying \$2.47 per month less today than they were paying in 2008.

Proposed Water and Sewer Rates

Below is a comparison of the current water and sewer rates to the proposed FY 2016 rates. The only increases recommended are the Sewer Volume Charge and the Sewer Only Charge.

		Proposed	%
	FY 2015	FY 2016	Increase
Water			
Volume charge / hcf	\$2.43	\$2.43	0%
Sewer			
Volume charge / hcf	5.65	5.83	3.2%
BOD charge / 100 lbs	23.52	23.52	0%
TSS charge / 100 lbs.	26.60	26.60	0%
Septic hauler charge	204.90	204.90	0%
Industrial permit fee	varies	varies	0%
Sewer only	45.92	47.18	2.7%
Stormwater			
Rater per sfu per month	\$4.00	\$4.00	0%
Fire Protection			
Hydrants & 8" or smaller fire lines	19.79	19.79	0%
10" fire lines	35.53	35.53	0%
12" fire lines	56.38	56.38	0%
Availability Fees			
Water	1220.00	1220.00	0%
Sewer	1950.00	1950.00	0%
Water Connection Fees			
¾" & 5/8" meters	1,045.00	1,045.00	0%
1" service – 5/8' meter	1,100.00	1,100.00	0%
1" service – 1" meter	1,265.00	1,265.00	0%
Greater than 1"- minimum	1,265.00	1,265.00	0%
Sewer Connection Fees			
4" sewer line	1,210.00	1,210.00	0%
Greater than 4"- minimum	1,320.00	1,320.00	0%
Other Charges			
Monthly Service Charge	Next Page	Next Page	Next Page
Cut-on charge	15.00	15.00	0%
Cut-off charge	25.00	25.00	0%
Delinquent account fee	5%	5%	0%

Monthly Service Charges

There are no proposed changes in the Monthly Service Charges. The chart below reflects the current fees per meter size.

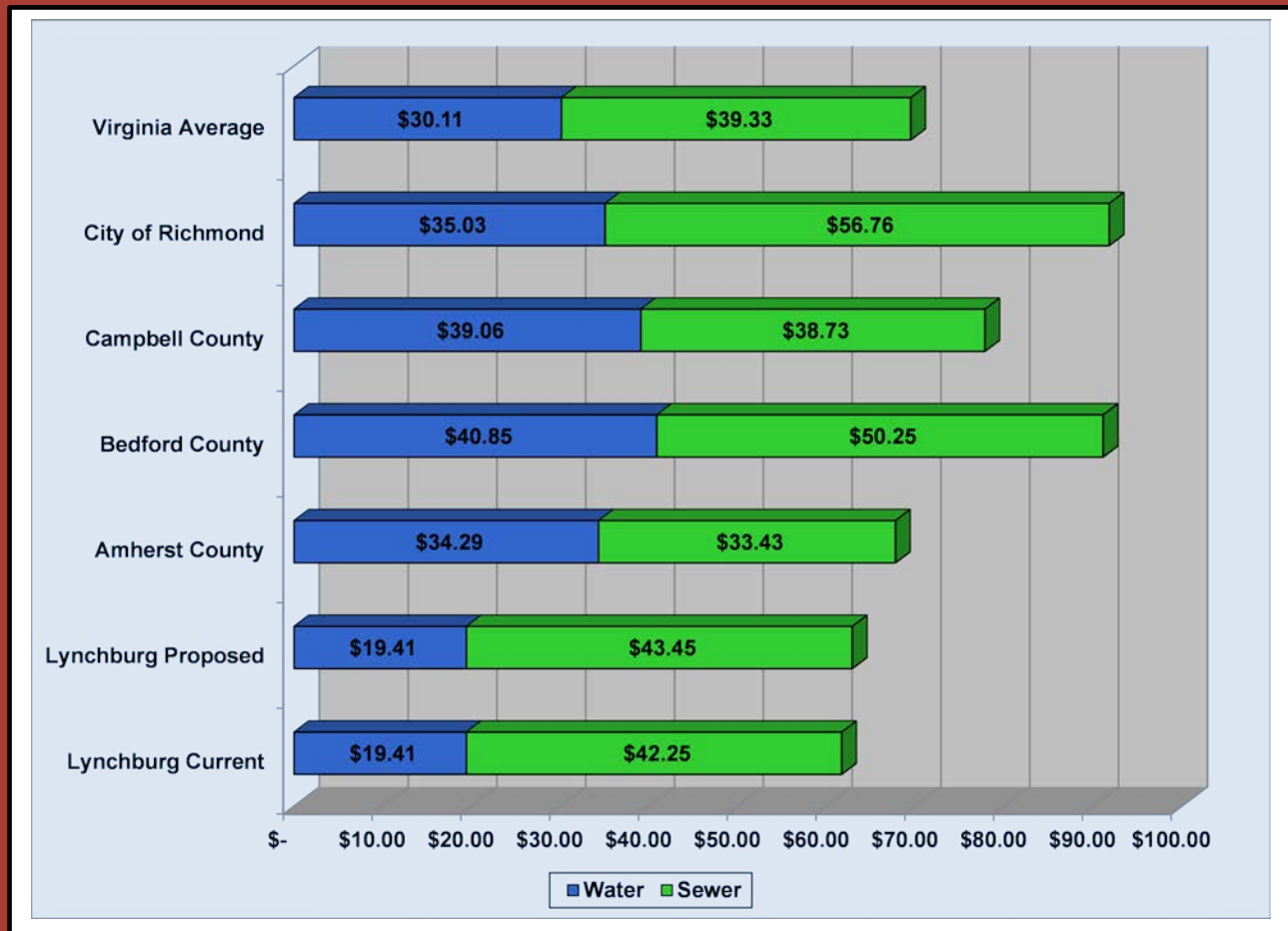
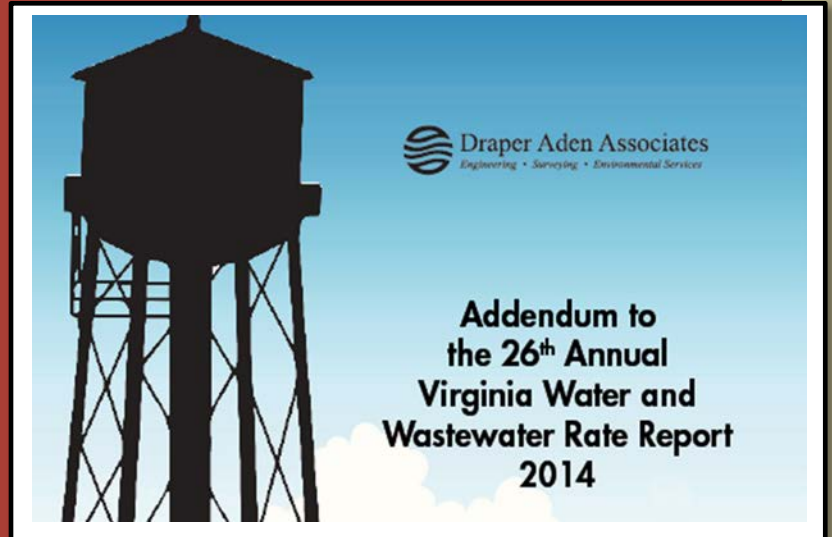
Meter Size	Exist. Account Charge	Meter Factor	Fee per Equivalent Meter	Fee per Meter Size	Total Service Charge
5/8"	\$3.69	1.0	\$4.00	\$4.00	\$7.69
3/4"	\$3.69	1.5	\$4.00	\$6.00	\$9.69
1"	\$3.69	2.5	\$4.00	\$10.00	\$13.69
1-1/2"	\$3.69	5.0	\$4.00	\$20.00	\$23.69
2"	\$3.69	8.0	\$4.00	\$32.00	\$35.69
3"	\$3.69	15.0	\$4.00	\$60.00	\$63.69
4"	\$3.69	30.0	\$4.00	\$120.00	\$123.69
6"	\$3.69	60.0	\$4.00	\$240.00	\$243.69
8"	\$3.69	90.0	\$4.00	\$360.00	\$363.69
10"	\$3.69	150.0	\$4.00	\$600.00	\$603.69

Based on Draper Aden's Rate Report 89% of water utilities and 83% of wastewater utilities contained a fixed charge in their rate structure. Of these for an average household 87% of the water utilities charged more than \$5.00 per month with 10% charging more than \$25.00 per month. For wastewater utilities, 94% charged more than \$5.00 per month and 9% charged more than \$35.00 per month.

Rate Comparisons

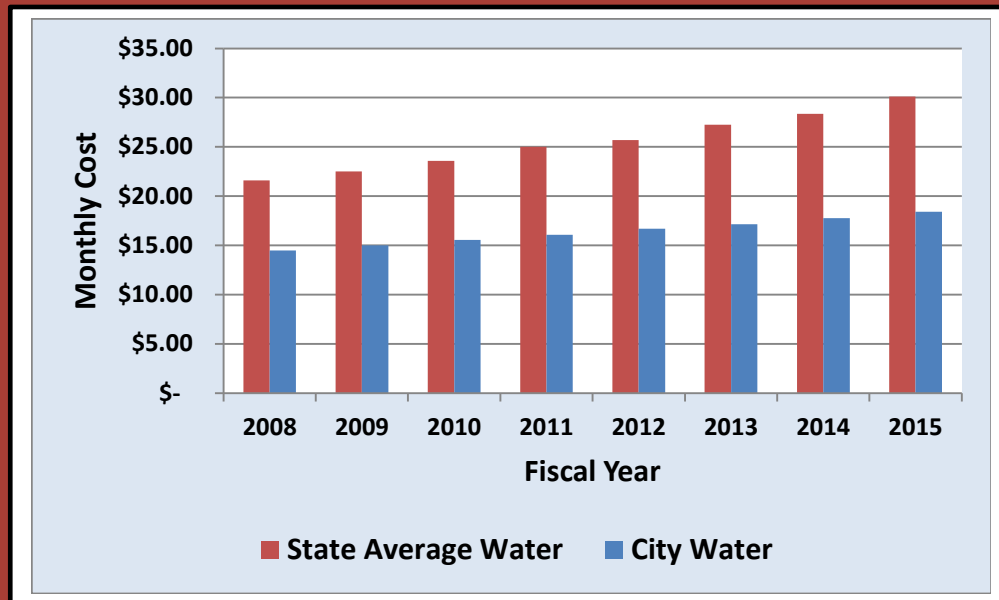
A comparison of the City's water and sewer bills for a customer using 5,000 gallons (6.68 hcf) of water per month is shown below. (Information from other localities and the statewide average is based on the "26th Annual Virginia Water and Wastewater Rate Report 2014", prepared by Draper Aden Associates.)

The City of Lynchburg's current combined rates are the lowest in the region including those of Amherst, Bedford, and Campbell Counties. Also Lynchburg's rates for water and sewer are lower than the City of Richmond; the State's other CSO city.



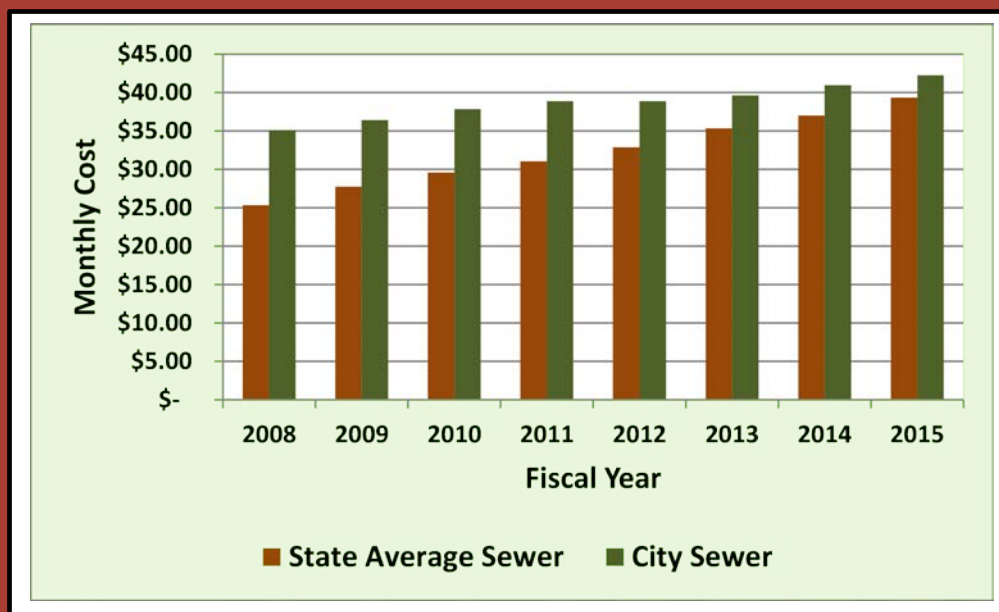
Water Rate Comparison

As shown below, the City of Lynchburg's water rate is \$10.70 per month less than the statewide average. Last year the state average water rate increased by \$1.77 (6.2%) per month. Over the last ten years the average water rate has increased by 65%.



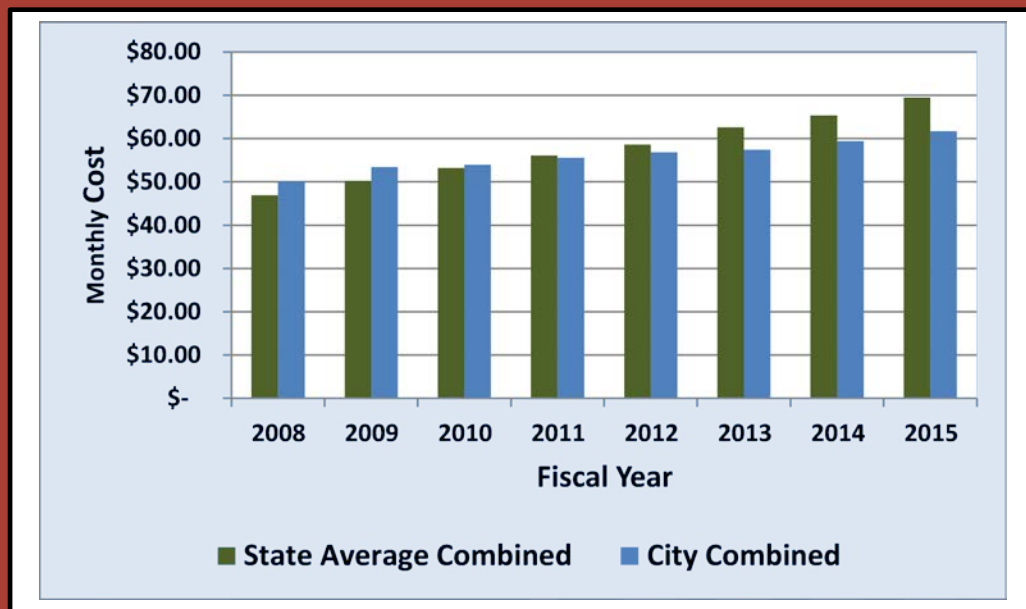
Sewer Rate Comparison

As shown below, the City of Lynchburg's sewer rate is \$2.92 per month more than the statewide average. Last year the state average water rate increased by \$2.33 (6.3%) per month. Over the last ten years the average sewer rate has increased by 88%.



Combined Water and Sewer Rates

This is the fifth year that the City of Lynchburg's combined water and sewer rates have been lower than the statewide average. This year the difference in the average monthly bill is \$7.78. This is quite an accomplishment given the fact that we are an older core City with a Combined Sewer System.



APPENDIX A

PROJECTION LETTER



PJ Sun, LLC
Providing Services to the
Water Industry

February 2, 2015

City Council
City of Lynchburg
900 Church Street
Lynchburg, Virginia 24504

We have assembled, from information provided by management, the accompanying financial projections of the Water, Sewer and Stormwater Funds of the City of Lynchburg for each of the six years ending June 30, 2020. The accompanying projections were prepared to help management evaluate the need for current rate adjustments, potential future rate adjustments and develop strategies for funding capital improvements.

PROPOSED JULY 1, 2015 RATE INCREASES

No increase is proposed as of July 1, 2015 (FY 2016) for the water volume rate, stormwater charge or account charge. A 3.2% increase in the sewer volume rate is proposed. As shown in Table 1 below the average residential customer with 7 HCF (Hundred Cubic Feet) of monthly water use will see a \$1.26 increase in their monthly utility bill from the City. This is the equivalent of a 1.8% utility bill increase. The percent increase in the monthly utility bill will be slightly lower for customers that have monthly water use less than 7 HCF.

TABLE 1: Actual and Proposed Water & Sewer Rates

	FY 2015 Rate/ HCF	FY 2016 Rate/ HCF	FY 2015 Monthly Bill	FY 2016 Monthly Bill
Water	\$2.43	\$2.43	\$17.01	\$17.01
Sewer	5.65	5.83	39.55	40.81
Stormwater	4.00	4.00	4.00	4.00
Account Charge	7.69	7.69	7.69	7.69
Total	-	-	\$68.25	\$69.51

An overview of the rate increases that are likely to be needed after FY 2016 together with a discussion of future projected financial results in the Water, Sewer and Stormwater Funds are described in the remainder of this letter report.

WATER FUND

No increase in the water rates is needed effective July 1, 2015 (FY 2016) because the Water Fund has built-up cash reserves in excess of 60% of the water operating fund budget. However, going forward, water volume rate increases of at least 5% from FY 2017 through FY 2019 are projected. These rate increases are largely needed to offset projected lost revenues from Bedford County. As of the date of this letter the City is still in negotiation with Bedford County for a new

water contract. The projections anticipate an overall reduction in revenue from Bedford which could be a result of reduced consumption, reduced rates or both.

Over the past five years annual water capital expenditures have averaged \$4.2 million and have resulted in renewal and replacement of much of the above ground water assets and some underground infrastructure. As shown in Table 2 below, future annual water capital expenditures will likely average \$4.0 million per year through FY 2020.

TABLE 2: Water CIP Expenditures (\$ in 000's)

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Distribution improvements	\$4,443	\$2,963	\$3,462	\$2,185	\$2,750	\$2,000
Facility improvements	537	440	400	400	400	1,550
Water tank rehabilitation	43	215	375	335	135	340
All other	352	276	280	170	50	50
Total	\$5,375	\$3,894	\$4,517	\$3,090	\$3,335	\$3,940

As shown in Table 2 above, close to 74% of the projected water capital expenditures are earmarked for renewal and replacement in the distribution network targeting the oldest and most vulnerable water mains in the City. Much of this will be in the City's central business district.

The Water Fund financial projections that are incorporated with this letter report are based on a number of assumptions that include significant decreases of water purchases by Bedford County and future volume rate increases. Other critical assumptions include: (1) issuance of up to \$7.0 million of new debt to finance capital expenditures, (2) general inflationary cost increases of 3% per year and (3) no growth in City customer water use. Table 3 presents the projected water bill increases, debt coverage ratio and unreserved cash balance as a percent of budget for the FY 2015 to FY 2020 projection period.

TABLE 3: Water Fund Debt Coverage & Unreserved Cash Balances as a % of Budget

Year	Water Bill Increase	Debt Coverage Ratio	Unreserved Cash % of Budget
FY 2015	-	1.26	54%
FY 2016	0%	1.24	50%
FY 2017	4.1%	1.16	44%
FY 2018	4.2%	1.14	36%
FY 2019	4.3%	1.22	32%
FY 2020	1.7%	1.31	30%

The projected water bill increase is based on the projected increase in the volume rate and no increase in the water portion of the account charge. The debt coverage ratio temporarily falls below Council's 1.20 criteria for two years due to a projected decrease in revenues from Bedford County. The unreserved cash % of budget falls from 54% to 30% because more internally generated funds are projected to be used to fund capital expenditures than in the past.

SEWER FUND

The Virginia DEQ (Department of Environmental Quality) has recently approved a new Long Term Control Plan for the City's CSO Program. The new Long Term Control Plan provides for major expansion of flow capacity at the wastewater treatment plant in- lieu of complete separation of combined sewers in the CSO areas of the City. The new Long Term Control Plan schedule indicates that the CSO program can be completed within the next ten years at a total cost of approximately \$60.0 million. As shown in Table 4 below, sewer capital expenditures will likely average \$11.0 million per year through FY 2020.

TABLE 4: Sewer CIP Expenditures (\$ in 000's)

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
CSO projects	\$6,297	\$4,449	\$9,450	\$9,227	\$8,288	\$6,473
Burton Creek Interceptor	400	2,000	1,978	-	-	-
SSES Program	1,338	720	320	625	905	825
Sewer main improvements	1,037	748	890	1,165	1,065	1,065
WWTP – Control Building	-	150	1,000	850	-	-
All other	1,275	1,165	1,056	955	390	391
Total	\$10,347	\$9,232	\$14,694	\$12,822	\$10,648	\$8,754

All of the CSO projects will be financed from a \$30.0 million grant that was recently awarded to the City by the Commonwealth of Virginia and a \$14.1 million 0% interest loan from the Virginia Water Facilities Revolving Fund. No other borrowing is contemplated for sewer projects through FY 2020. The Department is also working on a Sanitary Sewer Evaluation Study (SSES) that is designed to identify defective sewer lines throughout the City and develop an associated repair, rehabilitation and replacement program.

The Sewer Fund financial projections that are included with this letter report are based on the following critical assumptions: (1) continuation of City customer sewer use at FY 2014 levels, (2) a gradual increase in sewer use from contract customers and (3) general inflationary cost increases of 3% per year. Table 5 presents the projected sewer bill increases, debt coverage ratio and unreserved cash balance as a percent of budget for the FY 2015 to FY 2020 projection period.

TABLE 5: Sewer Fund Debt Coverage & Unreserved Cash Balances as a % of Budget

Year	Sewer Bill Increase	Debt Coverage Ratio	Unreserved Cash % of Budget
FY 2015	-	1.22	23%
FY 2016	2.9%	1.21	24%
FY 2017	2.6%	1.24	23%
FY 2018	2.1%	1.30	23%
FY 2019	1.0%	1.34	25%
FY 2020	1.0%	1.35	27%

STORMWATER FUND

The Department of Water Resources was recently awarded a \$1.7 million Stormwater Local Assistance Fund (SLAF) grant from the Department of Environmental Quality (DEQ) for stormwater capital projects. The Department's plan is to match the grant with the stormwater capital funds and with proceeds from a \$1.7 million 0% loan from the Virginia Water Facilities Revolving Fund. The combination of these funds should allow the City to construct stormwater quality improvement projects needed to meet its Phase II Municipal Separate Storm Sewer System (MS4) permit for total maximum daily load (TMDL) allocation by 2018. As shown in Table 6 below, stormwater capital expenditures are projected to total \$19.4 million from FY 2015 through FY 2020.

TABLE 6: Stormwater CIP Expenditures (\$ in 000's)

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Master Planning	\$887	\$270	\$640	\$570	\$500	\$350
Quality improvements	220	1,574	1,799	1,270	3,145	5,500
System infrastructure	318	400	610	245	260	205
Coordinated capital	-	50	100	150	150	200
Total	\$1,425	\$2,294	\$3,149	\$2,235	\$4,055	\$6,255

The amount of water quality improvement projects shown in the above table in FY 2019 and FY 2020 are based on preliminary estimates. The ongoing stormwater master planning efforts will better define specific capital projects needed to meet future permit requirements and estimated capital costs. The Master Planning will also include a condition assessment of the stormwater system and continuing efforts to inventory and map the stormwater system to inform the utility of its stormwater infrastructure renewal needs.

Table 7 presents the projected stormwater monthly bill, debt coverage ratio and unreserved cash balance as a percent of budget for the FY 2015 to FY 2020 projection period.

TABLE 7: Stormwater Fund Debt Coverage & Unreserved Cash Balances as a % of Budget

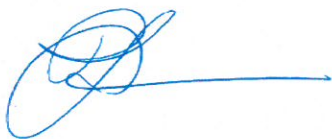
Year	Stormwater Fee	Debt Coverage Ratio	Unreserved Cash % of Budget
FY 2015	\$4.00	-	34%
FY 2016	\$4.00	-	16%
FY 2017	\$4.00	-	14%
FY 2018	\$4.42	9.64	16%
FY 2019	\$4.42	3.47	15%
FY 2020	\$4.75	1.89	13%

As shown in Table 7 above, no increase in the \$4.00 per month stormwater charge is projected until July 1, 2017 (FY 2018). Going forward it is clear that the stormwater fee will need to increase but it is not possible to predict with any certainty when and how much an increase will

be needed. As the master plan is developing, better estimates will be developed to help determine future increases in the stormwater fee.

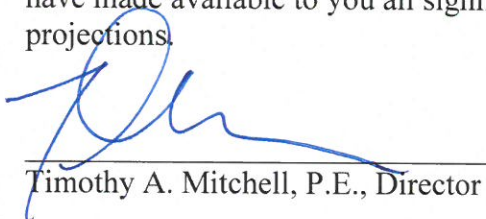
It has been our pleasure to work with the Department of Water Resources to prepare this report and the financial projections that follow. We are available at your convenience to answer any questions you may have.

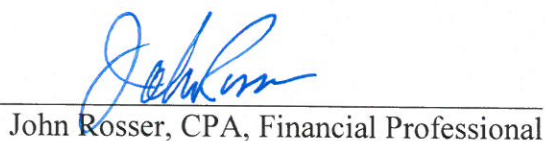
Sincerely,

A handwritten signature in blue ink, appearing to be 'Paul J. Cumiskey', with a long horizontal line extending to the right.

Paul J. Cumiskey

We the undersigned have participated in the preparation and review of the attached financial projections and to the best of our knowledge believe they reasonably present the expected capital expenditures, borrowings, revenues and expenses, and cash flows related to the City's Water, Sewer and Stormwater Funds for the projection period. Further, to the best of our knowledge we have made available to you all significant information that we believe is relevant to the financial projections.

A handwritten signature in blue ink, appearing to be 'Timothy A. Mitchell', with a long horizontal line extending to the right.

Timothy A. Mitchell, P.E., DirectorA handwritten signature in blue ink, appearing to be 'John Rosser', with a long horizontal line extending to the right.

John Rosser, CPA, Financial Professional

APPENDIX B

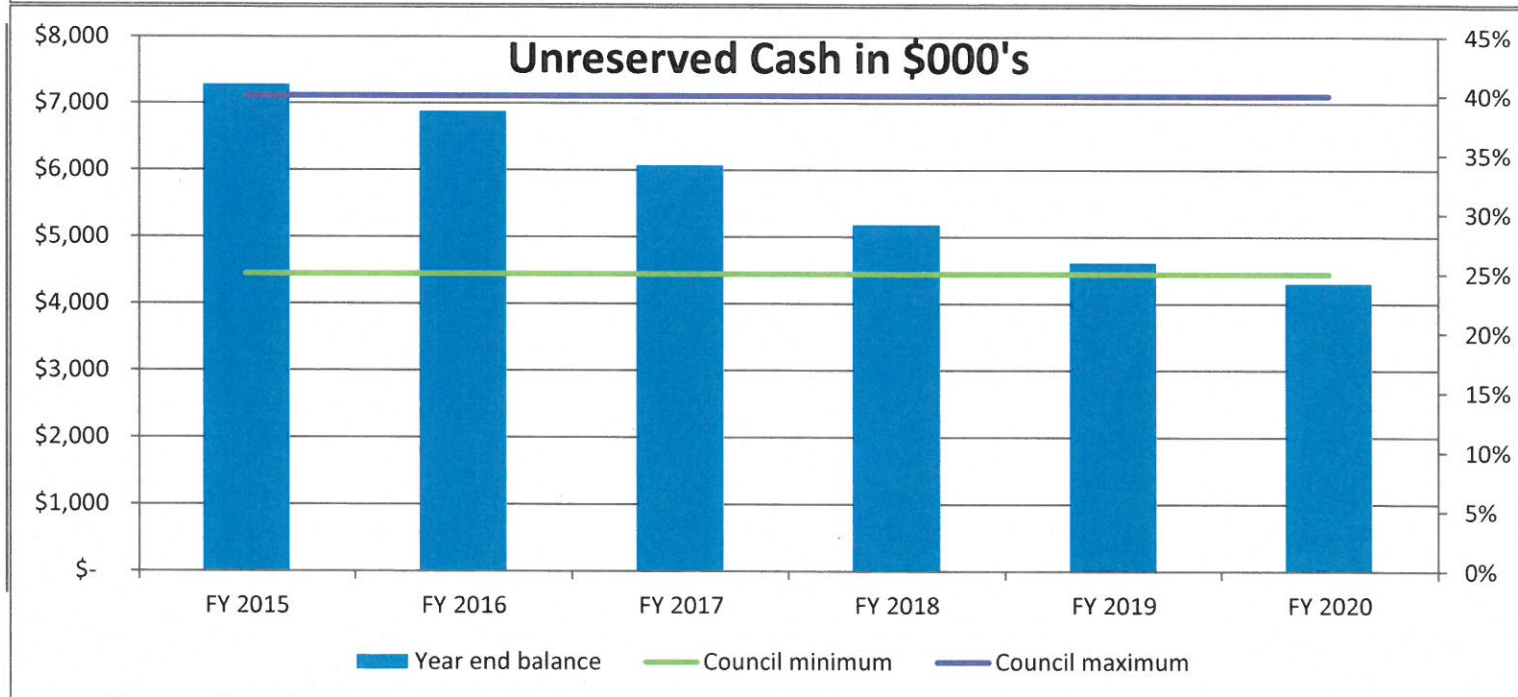
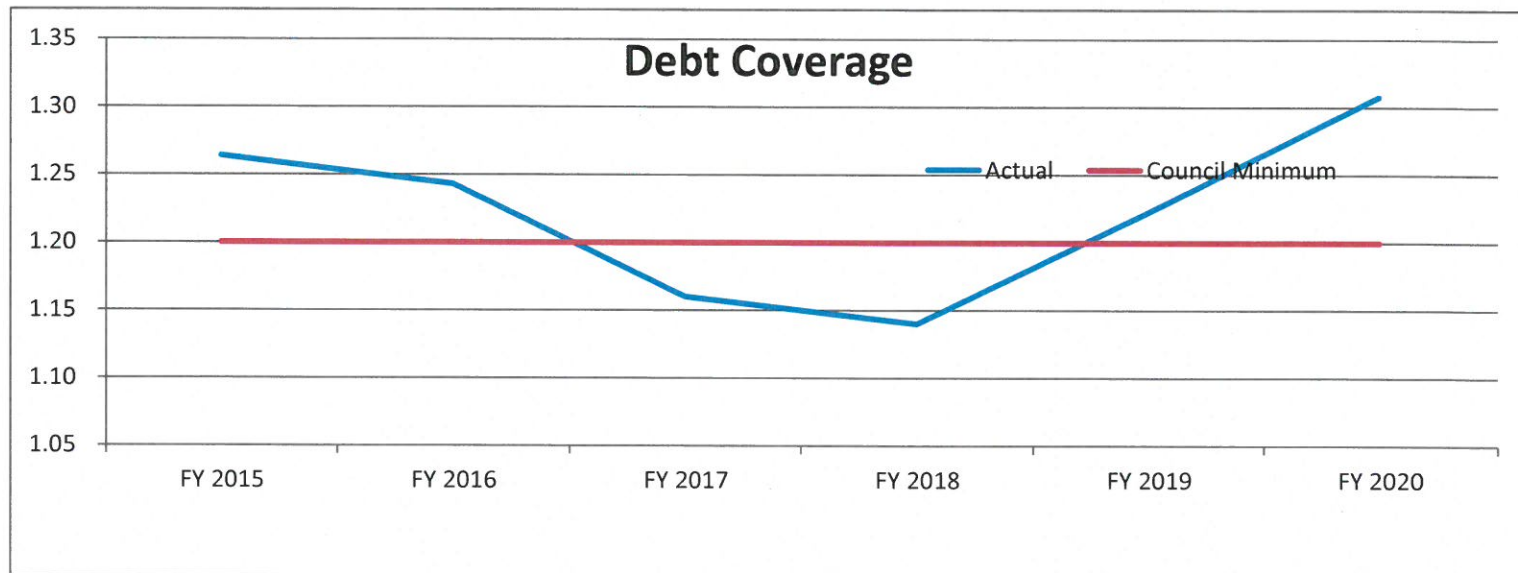
FINANCIAL PROJECTIONS

WATER FUND
FINANCIAL PROJECTIONS
FY 2015 to FY 2020

WATER FUND KEY ASSUMPTIONS

1. Annual water production will approximate 10.5 MGD (the past 5 year average) through FY 2017. In FY 2018 through FY 2020 annual water production will decrease to approximately 10.0 MGD when it is assumed that Bedford County will reduce its water purchases from the City.
2. The annual volume of water billed to non-contract customers is estimated at 3.10 million HCF for each year during the projection period. Over the past five years the annual water volume billed to non-contract customers has averaged 3.13 million HCF and has ranged from 3.10 million HCF in FY 2012 to 3.19 million HCF in FY 2011.
3. Except for Bedford County, the annual water volume billed to contract customers will generally remain stable. However, a small decrease is assumed due to a phased closure of a regional training academy in Amherst County.
4. Bedford County is assumed to have a change in volume and/or rate between FY 2017 and FY 2020. A conservative approach was used to project Bedford's combined revenues from FY 2017 through FY 2020. The water rates to Amherst County, Bedford and Campbell County are assumed to increase 3% per year plus an additional 4% in FY 2017 due to a factored impact of reduced water purchases from Bedford County. Water rates to Frito-Lay and Rock Tenn are based on recently negotiated rates.
5. No increase in the water volume rate is assumed in FY 2016. The water volume rate is projected to increase 5% per year in FY 2017, FY 2018 and FY 2019 to make-up for the loss in revenue from Bedford County. The water volume rate is projected to increase 2% in FY 2020. No increase in the account / fixed charge is projected during the projection period.
6. Operating expenses in FY 2016 are based on budget submission documents. Operating expenses after FY 2016 are assumed to increase 3% per year unless otherwise noted. However, the impact of reduced water use due to decreased water sales to Bedford County has been factored into the projected electricity and chemical expenses starting in FY 2018.
7. There are 68.35 equivalent full time approved staff positions in Water Fund sub-departments in FY 2015. Two additional positions are proposed for FY 2016. No new positions are assumed from FY 2017 to FY 2020.
8. Short term line of credit financing is assumed to be available starting in FY 2017 at 3%; long term debt financing is assumed to be available at 4.5%, 30 year repayment terms.
9. Additional assumptions are included in notes on the following financial projections pages.

WATER FUND



**CITY OF LYNCHBURG
WATER CAPITAL FINANCING PLAN**

	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
BEGINNING FUNDS (1)	\$2,071,332	\$4,027,856	\$1,383,644	\$1,116,644	\$3,276,644	\$1,191,644
RECEIPTS						
Transfers	800,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
LOC borrowing	-	-	3,000,000	-	-	-
G.O. borrowings, net proceeds	6,531,376	-	-	4,000,000	-	3,000,000
total receipts	7,331,376	1,250,000	4,250,000	5,250,000	1,250,000	4,250,000
EXPENDITURES						
Annual water petitions	135,000	80,286	280,000	170,000	50,000	50,000
Distribution system improvements	4,442,754	2,962,676	3,462,000	2,185,000	2,750,000	2,000,000
Water main replacements	161,990	-	-	-	-	-
Annual facility improvements	537,000	439,860	400,000	400,000	400,000	1,550,000
Water tank rehabilitation	33,130	215,000	375,000	335,000	135,000	340,000
Wingate tank	9,978	-	-	-	-	-
Other	55,000	196,390	-	-	-	-
total expenditures	5,374,852	3,894,212	4,517,000	3,090,000	3,335,000	3,940,000
ENDING FUNDS	\$4,027,856	\$1,383,644	\$1,116,644	\$3,276,644	\$1,191,644	\$1,501,644

Notes:

1. Beginning funds in FY 2015 equals cash and investments in the Water Capital Fund.

CITY OF LYNCHBURG
PROJECTED STATEMENT OF WATER FUND DEBT COVERAGE

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenues:							
Charges for services	\$10,920,341	\$11,732,798	\$11,856,798	\$12,281,418	\$12,730,867	\$13,201,704	\$13,433,508
Water contracts	2,554,838	2,647,981	2,683,240	2,067,600	1,817,068	1,854,433	1,892,041
Interest and other	275,643	269,482	268,231	268,231	268,231	268,231	268,231
total revenues	13,750,822	14,650,261	14,808,269	14,617,249	14,816,166	15,324,368	15,593,780
Expenses:							
Water treatment	2,740,908	3,205,743	3,253,545	3,351,151	3,398,111	3,500,054	3,605,056
Water line maintenance	1,592,117	1,751,815	1,816,464	1,870,958	1,927,087	1,984,899	2,044,446
Meter reading	796,244	900,408	875,093	901,346	928,386	956,238	984,925
Administration / engineering	2,982,121	3,289,312	3,293,285	3,392,084	3,493,846	3,598,661	3,706,621
Non-departmental	275,570	273,400	369,859	369,905	380,252	390,909	401,887
Capitalizable cost (1)	(171,114)	(160,000)	(164,800)	(169,744)	(174,836)	(180,081)	(185,484)
total expenses	8,215,846	9,260,678	9,443,446	9,715,699	9,952,845	10,250,681	10,557,451
Operating income	5,534,976	5,389,583	5,364,823	4,901,550	4,863,320	5,073,687	5,036,329
Debt Service	3,586,308	4,264,603	4,316,315	4,225,483	4,266,432	4,150,714	3,851,269
Net Revenue	\$1,948,668	\$1,124,980	\$1,048,508	\$676,067	\$596,888	\$922,973	\$1,185,060
Debt Coverage Ratio	1.54	1.26	1.24	1.16	1.14	1.22	1.31

Notes:

1. Capitalizable cost includes internal labor charges applicable to time spent on capital project activities.

CITY OF LYNCHBURG

PROJECTED STATEMENT OF WATER FUND SOURCES & USES OF CASH

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Sources of Cash:							
Beginning cash balance	\$9,311,414	\$10,045,043	\$12,091,546	\$9,051,042	\$7,990,364	\$9,272,416	\$6,630,308
Net revenue plus capitalized costs	1,777,554	964,980	883,708	506,323	422,052	742,892	999,577
LOC borrowing	1,965,029	-	-	3,000,000	-	-	-
Federal grant	77,824	-	-	-	-	-	-
G.O. bond proceeds (1)	-	14,204,875	-	-	7,000,000	-	3,000,000
total sources of cash	13,131,821	25,214,898	12,975,254	12,557,364	15,412,416	10,015,308	10,629,884
Uses of Cash:							
Capital Fund expenditures	3,292,585	5,374,852	3,894,212	4,517,000	3,090,000	3,335,000	3,940,000
Other capital expenditures	-	75,000	30,000	50,000	50,000	50,000	50,000
Repayment of LOC borrowing	-	7,673,500	-	-	3,000,000	-	-
Payments to other organizations	12,968	-	-	-	-	-	-
Change in working capital items	(218,775)	-	-	-	-	-	-
total uses of cash	3,086,778	13,123,352	3,924,212	4,567,000	6,140,000	3,385,000	3,990,000
Ending Cash	\$10,045,043	\$12,091,546	\$9,051,042	\$7,990,364	\$9,272,416	\$6,630,308	\$6,639,884

Cash in Capital Fund	\$2,071,332	\$4,027,856	\$1,383,644	\$1,116,644	\$3,276,644	\$1,191,644	\$1,501,644
Customer deposits	772,461	782,461	792,461	802,461	812,461	822,461	832,461
Unrestricted cash	7,201,250	7,281,229	6,874,937	6,071,259	5,183,311	4,616,203	4,305,779
Total cash	\$10,045,043	\$12,091,546	\$9,051,042	\$7,990,364	\$9,272,416	\$6,630,308	\$6,639,884
Unrestricted cash as a % of budget	61%	54%	50%	44%	36%	32%	30%

Notes:

1. G.O. bond proceeds in FY 2015 is actual.

**CITY OF LYNCHBURG
CHARGES FOR SERVICES**

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Water Sales							
HCF of use	3,151,129	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000
Water volume rate (1)	2.38	2.43	2.43	2.55	2.68	2.81	2.87
	\$7,499,688	\$7,533,000	\$7,533,000	\$7,905,000	\$8,300,250	\$8,715,263	\$8,889,568
All Other:							
Account / Fixed charge (2)	943,097	1,244,400	1,244,400	1,244,400	1,244,400	1,244,400	1,244,400
Sewer/Stormwater Fund charge (3)	1,580,000	1,630,000	1,754,000	1,806,620	1,860,819	1,916,643	1,974,142
Hydrant rentals-water	6,930	3,000	3,000	3,000	3,000	3,000	3,000
Hydrant rentals-equip.	7,200	7,200	7,200	7,200	7,200	7,200	7,200
General Fund Fire Protection (4)	358,938	879,498	879,498	879,498	879,498	879,498	879,498
Cut-on/off-late fees	110,810	100,000	100,000	100,000	100,000	100,000	100,000
Meter removal	11,770	7,500	7,500	7,500	7,500	7,500	7,500
Delinquent account fee	89,167	85,000	85,000	85,000	85,000	85,000	85,000
Fire protection	96,684	103,200	103,200	103,200	103,200	103,200	103,200
Connection fee (5)	94,654	50,000	50,000	50,000	50,000	50,000	50,000
Availability fee (5)	53,011	60,000	60,000	60,000	60,000	60,000	60,000
Water cost plus & other	68,392	30,000	30,000	30,000	30,000	30,000	30,000
	3,420,653	4,199,798	4,323,798	4,376,418	4,430,617	4,486,441	4,543,940
	\$10,920,341	\$11,732,798	\$11,856,798	\$12,281,418	\$12,730,867	\$13,201,704	\$13,433,508

Notes:

1. No increase in the water volume rate planned for FY 2016; thereafter the volume rate increases 5% from FY 2017 through FY 2019 and 2% in FY 2020.
2. Account / Fixed charge increased in FY 2015 due to a \$2.00 increase in the fixed charge by meter size equivalent effective July 1, 2014. No increase in this charge is planned over the next five years at this time.
3. Sewer/Stormwater Fund charge is designed to recover cost charged to the Adm. / Engineering Dept. that are attributable to the Sewer and Stormwater Funds. The Sewer / Stormwater Fund charge increases in FY 2016 is due to additional staff positions assumed to be hired that will support the Sewer and Stormwater Funds.
4. General Fund Fire Protection charge increased in FY 2015 based on updated calculation of the City's fire protection costs. No increase in this charge or the private fire protection fees assumed during the projection period.
5. No increases in availability and connection fees assumed due to uncertainty in real estate market.

**CITY OF LYNCHBURG
WATER CONTRACTS**

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
AMHERST (1) (2)							
HCF of use	43,960	35,000	30,000	25,000	20,000	15,000	15,000
Rate	1.97	2.00	2.04	2.10	2.25	2.32	2.39
Current year bills	\$86,589	\$70,000	\$61,200	\$52,500	\$45,000	\$34,800	\$35,850
Prior year settlement	(210)	996	-	-	-	-	-
	\$86,379	\$70,996	\$61,200	\$52,500	\$45,000	\$34,800	\$35,850
BEDFORD (2) (3)							
HCF of use	716,278	750,000	750,000	750,000	488,000	488,000	488,000
Rate	2.00	1.98	2.04	1.20	1.24	1.27	1.31
Current year bills	\$1,434,409	\$1,485,000	\$1,530,000	\$900,000	\$603,168	\$621,263	\$639,901
Prior year settlement	(1,874)	22,374	-	-	-	-	-
	\$1,432,535	\$1,507,374	\$1,530,000	\$900,000	\$603,168	\$621,263	\$639,901
CAMPBELL (2) (4)							
HCF of use	261,500	256,000	256,000	256,000	256,000	256,000	256,000
Rate	2.00	2.00	2.04	2.10	2.25	2.32	2.39
Current year bills	\$523,064	\$512,000	\$522,240	\$537,600	\$576,000	\$593,920	\$611,840
Prior year settlement	(5,683)	(639)	-	-	-	-	-
	\$517,381	\$511,361	\$522,240	\$537,600	\$576,000	\$593,920	\$611,840
ROCK TENN (5)							
HCF of use	253,020	245,000	245,000	245,000	245,000	245,000	245,000
Rate	1.29	1.45	1.48	1.50	1.54	1.57	1.57
	\$325,662	\$355,250	\$362,600	\$367,500	\$377,300	\$384,650	\$384,650
FRITO-LAY (5)							
HCF of use	143,750	140,000	140,000	140,000	140,000	140,000	140,000
Rate	1.34	1.45	1.48	1.50	1.54	1.57	1.57
	\$192,881	\$203,000	\$207,200	\$210,000	\$215,600	\$219,800	\$219,800
	\$2,554,838	\$2,647,981	\$2,683,240	\$2,067,600	\$1,817,068	\$1,854,433	\$1,892,041

Notes:

1. Amherst water use assumed to decrease as the Central Virginia Training Center is phased-out.
2. Amherst and Campbell County water rates increase approximately 7% in FY 2018 due to inflation plus impacts of a factored decreased water use from Bedford County. After FY 2018 rates assumed to increase 3% per year
3. A conservative approach was used to project Bedford's County's combined revenues from FY 2017 through FY 2020 due to potential volume and/or rate change.
4. Campbell's water use includes water not used per existing take or pay contract.
5. Rock Tenn and Frito-Lay rates are based on cost of service rate calculations as per contract terms.

**CITY OF LYNCHBURG
INTEREST & OTHER WATER REVENUES**

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Investment earnings (1)	21,508	25,000	24,000	24,000	24,000	24,000	24,000
IRS interest rebate	231,596	233,482	233,231	233,231	233,231	233,231	233,231
Federal grants	13,103	-	-	-	-	-	-
All other	9,436	11,000	11,000	11,000	11,000	11,000	11,000
	\$275,643	\$269,482	\$268,231	\$268,231	\$268,231	\$268,231	\$268,231

Note:

1. Investment earnings are based on an estimated .25% interest earnings rate on all cash and investment balances.

**CITY OF LYNCHBURG
ADMIN. / ENGINEERING**

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal services (1)	\$1,202,719	\$1,271,997	\$1,455,776	\$1,499,449	\$1,544,433	\$1,590,766	\$1,638,489
Fringe benefits	424,093	481,477	553,641	570,250	587,358	604,978	623,128
Supplies & materials	54,902	45,656	54,475	56,109	57,793	59,526	61,312
Gasoline / fuel	7,664	10,050	10,450	10,764	11,086	11,419	11,762
Internal service charges	18,777	24,453	27,603	28,431	29,284	30,163	31,067
Rentals & leases	5,151	4,500	5,000	5,150	5,305	5,464	5,628
Communication charges	13,047	13,900	14,750	15,193	15,648	16,118	16,601
Contractual services	175,802	159,353	133,231	137,228	141,345	145,585	149,953
Training & travel	13,672	15,547	15,000	15,450	15,914	16,391	16,883
Indirect costs (2)	852,890	1,099,940	845,105	870,458	896,572	923,469	951,173
City engineering charges (3)	46,112	0	0	0	0	0	0
Self - insurance	154,001	146,529	162,329	167,199	172,215	177,381	182,703
Miscellaneous	13,291	15,910	15,925	16,403	16,895	17,402	17,924
Total	2,982,121	3,289,312	3,293,285	3,392,084	3,493,846	3,598,661	3,706,621

Notes:

1. Personal services in FY 2016 assumes 24.6 staff positions will be filled throughout the year.
2. Indirect cost decrease in FY2016 is mostly attributable to General Fund's decreased engineering costs chargeable to Water Fund.
3. City engineering charges are included as part of the indirect cost starting in FY 2015.

**CITY OF LYNCHBURG
WATER TREATMENT**

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal services (1)	\$1,026,200	\$1,065,329	\$1,073,100	\$1,105,293	\$1,138,452	\$1,172,605	\$1,207,784
Fringe benefits	391,541	434,290	440,250	453,458	467,061	481,073	495,505
Supplies & materials	94,478	129,600	132,700	136,681	140,781	145,005	149,355
Chemicals (2) (3)	261,502	446,400	450,000	463,500	453,535	467,141	481,155
Gasoline / fuel	7,849	9,200	10,200	10,506	10,821	11,146	11,480
Internal service charges	32,804	31,360	24,426	25,159	25,914	26,691	27,492
Rentals & leases	972	4,000	4,000	4,120	4,244	4,371	4,502
Communication charges	10,992	12,800	12,600	12,978	13,367	13,768	14,181
Electricity (2) (3)	448,067	585,000	560,000	576,800	564,399	581,331	598,771
Other utilities	178,372	174,200	195,190	201,046	207,077	213,289	219,688
Contractual services	212,150	229,430	266,229	274,216	282,442	290,916	299,643
Training & travel	3,893	13,000	13,000	13,390	13,792	14,205	14,632
Misc., incl. operations fee	72,088	71,135	71,850	74,006	76,226	78,512	80,868
Total	2,740,908	3,205,743	3,253,545	3,351,151	3,398,111	3,500,054	3,605,056

Notes:

1. Personal services in FY 2016 assumes 24 staff positions will be filled throughout the year.
2. Chemicals and electricity includes a contingency for incremental cost of treating James River water in dry weather periods.
3. Chemicals and electricity expense reflect the impact of decreased water use from Bedford County beginning in FY 2018.

**CITY OF LYNCHBURG
WATER LINE MAINTENANCE**

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal services (1)	\$602,526	\$627,563	\$624,547	\$643,283	\$662,582	\$682,459	\$702,933
Fringe benefits	221,514	245,636	245,486	252,851	260,436	268,249	276,297
Supplies & materials	458,637	500,931	520,300	535,909	551,986	568,546	585,602
Gasoline / fuel	42,878	33,333	36,950	38,059	39,200	40,376	41,588
Internal service charges	97,974	129,588	153,995	158,615	163,373	168,274	173,323
Rentals & leases	1,229	3,500	3,500	3,605	3,713	3,825	3,939
Communication charges	1,636	3,200	3,150	3,245	3,342	3,442	3,545
Contractual services	159,991	200,544	220,406	227,018	233,829	240,844	248,069
Training & travel	5,660	3,750	4,250	4,378	4,509	4,644	4,783
Miscellaneous	72	3,770	3,880	3,996	4,116	4,240	4,367
Total	1,592,117	1,751,815	1,816,464	1,870,958	1,927,087	1,984,899	2,044,446

Notes:

1. Personal services in FY 2016 assumes 14.75 staff positions will be filled throughout the year.

**CITY OF LYNCHBURG
METER READING**

	Actual	Budget	Proj.	Proj.	Proj.	Proj.	Proj.
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal services (1)	\$261,450	\$266,004	\$251,920	\$259,478	\$267,262	\$275,280	\$283,538
Fringe benefits	99,564	108,778	108,707	111,968	115,327	118,787	122,351
Supplies & materials	348,745	419,200	408,125	420,369	432,980	445,969	459,348
Gasoline / fuel	19,607	19,030	20,050	20,652	21,271	21,909	22,566
Internal service charges	28,712	35,605	31,587	32,535	33,511	34,516	35,551
Rentals & leases	-	100	100	103	106	109	113
Communication charges	3,719	3,513	4,125	4,249	4,376	4,507	4,643
Contractual services	34,297	46,178	45,979	47,358	48,779	50,242	51,750
Training & travel	150	2,000	4,500	4,635	4,774	4,917	5,065
Miscellaneous	-	-	-	-	-	-	-
Total	796,244	900,408	875,093	901,346	928,386	956,238	984,925

Notes:

1. Personal services in FY 2016 assumes 7 staff positions will be filled throughout the year.

**CITY OF LYNCHBURG
WATER NON-DEPARTMENTAL**

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Financial audit	\$22,527	\$23,000	\$23,375	\$24,076	\$24,799	\$25,542	\$26,309
Interest on customer deposits	5,084	5,700	6,000	6,180	6,365	6,556	6,753
OPEB/Retirees health/WC insurance	110,788	179,700	188,076	193,718	199,530	205,516	211,681
Utility billing upgrades & other	-	-	-	-	-	-	-
Allowance for doubtful accounts	37,390	20,000	30,000	30,900	31,827	32,782	33,765
Budget compensation adjustments (1)	-	-	87,408	90,030	92,731	95,513	98,378
Project costs charged to operations	99,781	45,000	35,000	25,000	25,000	25,000	25,000
	\$275,570	\$273,400	\$369,859	\$369,905	\$380,252	\$390,909	\$401,887

Notes:

1. Budget compensation adjustments include assumed pay increases for all Water Fund sub-departments.

CITY OF LYNCHBURG
WATER FUND BONDS PAYABLE AND DEBT SERVICE

	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
P&I on borrowings o/s @ 6/30/14 (1)	\$3,329,748	\$3,308,015	\$3,194,433	\$3,042,762	\$2,779,423	\$2,502,228
G.O. Bond Issue July 10, 2014	934,855	1,008,300	986,050	963,800	941,550	919,300
Interest on LOC (2)	-	-	45,000	45,000	-	-
Debt Service payments on G.O. Bonds \$7.0 million issued in FY 2018 (3)	-	-	-	214,870	429,741	429,741
	\$4,264,603	\$4,316,315	\$4,225,483	\$4,266,432	\$4,150,714	\$3,851,269

Notes:

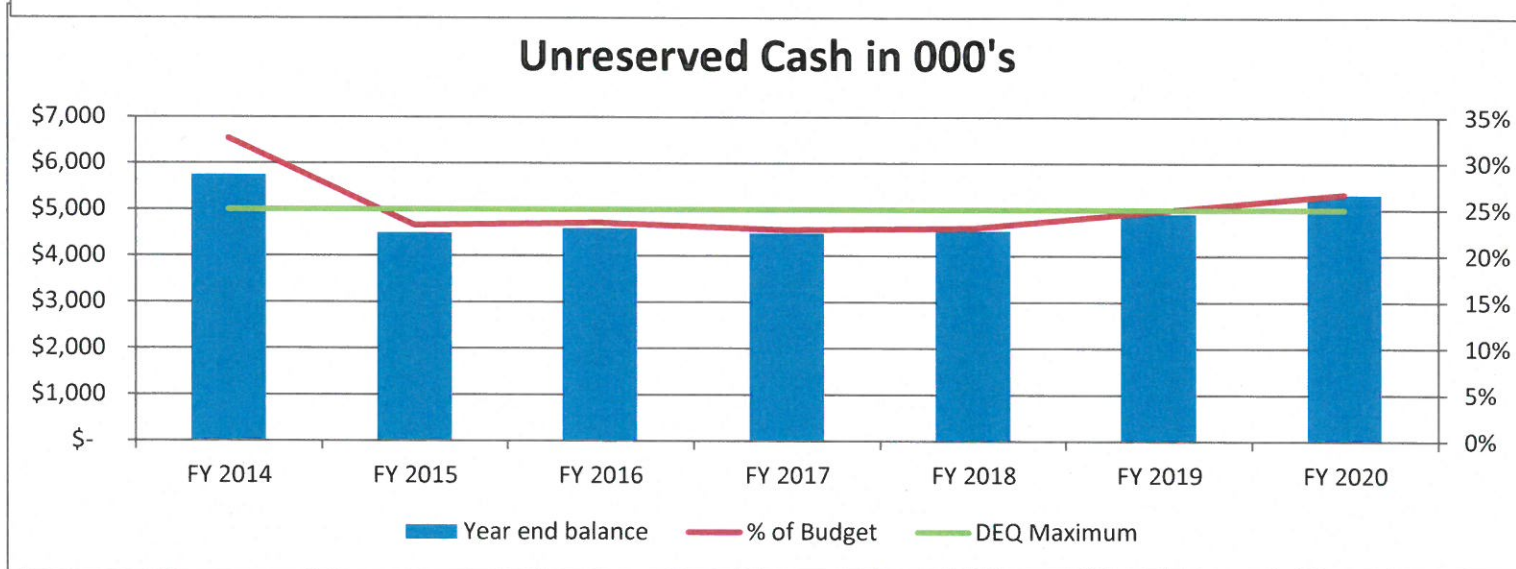
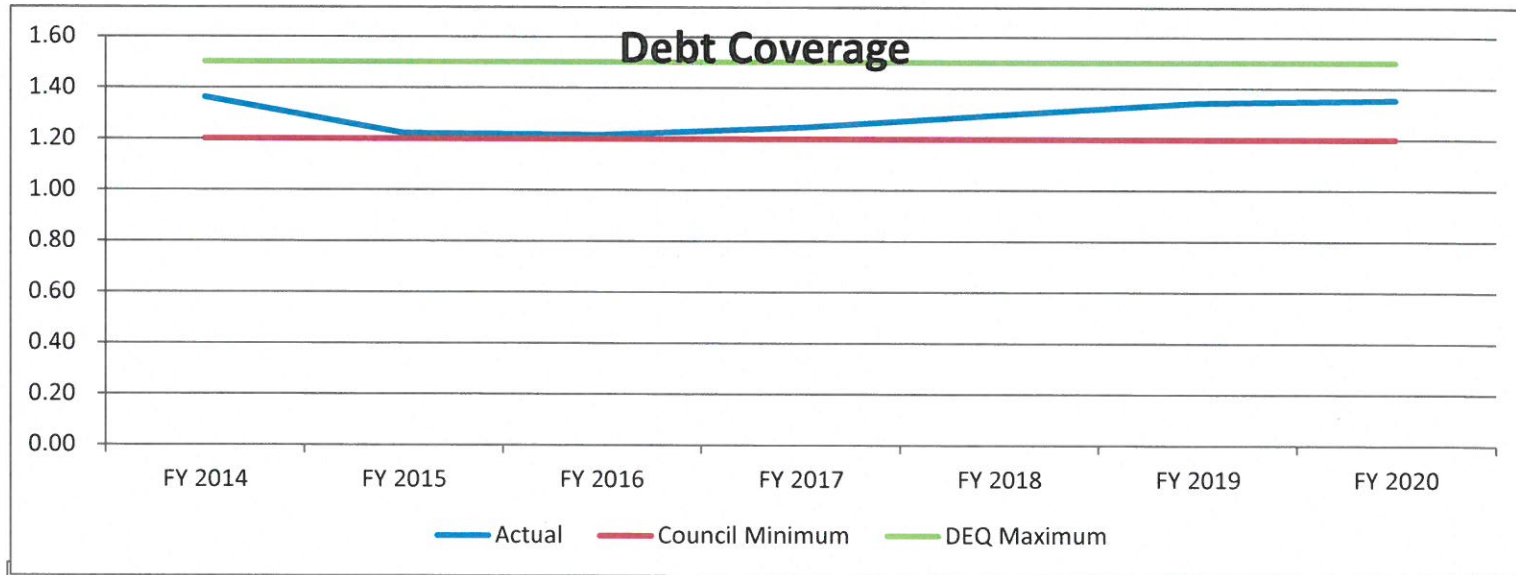
1. Based on Debt Book as of June 30, 2014.
2. Interest on LOC based on a 3.0% annual rate.
3. \$7.0 million G.O. bond issue assumed to occur in early FY 2018; Terms are assumed to be at 4.5%, 30 year repayment. First principal and interest payment assumed to occur in last quarter of FY 2018.

SEWER FUND
FINANCIAL PROJECTIONS
FY 2015 to FY 2020

SEWER FUND KEY ASSUMPTIONS

1. Annual sewer flow at the wastewater treatment plant (WWTP) averages 11.0 MGD during the projection period. Over the past five years WWTP flow has averaged 11.4 MGD and has ranged from 10.3 MGD in FY 2013 to 13.0 MGD in FY 2010.
2. The annual volume of wastewater billed to non-contract customers is estimated at 2.62 million HCF for each year during the projection period. Over the past five years the annual wastewater billed to non-contract customers has averaged 2.57 million HCF and has ranged from 2.51 million HCF in FY 2012 to 2.62 million HCF in FY 2014.
3. The annual wastewater flow applicable to Amherst, Bedford and Campbell Counties is assumed to increase slightly each year. Cost rates for wastewater treatment to the three counties are assumed to increase at the same rate as the increase in the wastewater treatment plant operating expenses. Capital payments from Campbell County in FY 2015 include a \$449,003 pre-payment on prior year financing arrangements offered by the City and as provided for by the wastewater treatment contract between the City and three counties.
4. The sewer volume rate is assumed to increase 3.2% in FY 2016; 2.9% in FY 2017; 2.3% in FY 2018 and 1.1% in FY 2019 and FY 2020. No increase in the account / fixed charge is projected during the projection period.
5. Sewer rates applicable to Rock Tenn. and Frito-Lay are based on recently negotiated rates. Sewer revenues from these two companies are projected to increase in the 4% to 5% range through FY 2019 and 2% in FY 2020. Septic hauler charges and industrial sur-charges are assumed to decrease due to declines in waste loadings.
6. Operating expenses in FY 2015 and FY 2016 are based on budget submission documents. Operating expenses after FY 2016 are assumed to increase 3% per year unless otherwise noted.
7. There are 52.45 equivalent full time approved staff positions in the Sewer Fund departments. One additional position is proposed for FY 2016. No new positions are assumed from FY 2017 to FY 2020.
8. The City was awarded a \$30.0 million grant in FY 2015 from the State to help finance the CSO program. As a result, no short term line of credit or G.O. borrowing is contemplated during the projection. However, a \$14.1 million loan from the Virginia Water Facility Revolving Fund is projected in FY 2018 to complete CSO projects scheduled to be constructed in FY 2019 and FY 2020. It is anticipated that the loan will be at 0%, 20 year repayment terms.
9. Additional assumptions are included on the following financial projections pages.

SEWER FUND



**CITY OF LYNCHBURG
SEWER LOCAL CAPITAL FINANCING PLAN**

	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
BEGINNING FUNDS (1)	\$3,892,691	\$8,515,067	\$5,232,208	\$1,988,226	\$643,226	\$533,226
RECEIPTS						
Transfers	2,925,000	1,500,000	2,000,000	2,250,000	2,250,000	2,250,000
LOC borrowing	-	-	-	-	-	-
G.O. borrowing	5,747,768	-	-	-	-	-
Total Receipts	8,672,768	1,500,000	2,000,000	2,250,000	2,250,000	2,250,000
EXPENDITURES						
SSES	1,337,635	720,000	320,000	625,000	905,000	825,000
Sewer extensions	355,000	290,000	260,000	250,000	150,000	150,000
Sewer system improvements	1,036,849	747,905	890,000	1,165,000	1,065,000	1,065,000
RDP	10,000	20,000	30,000	45,000	45,000	45,862
WWTP control building	-	150,000	1,000,000	850,000		
WWTP improvements	458,025	322,000	270,000	100,000	195,000	195,000
Blue Ridge Farms	400,000	347,564	496,000	560,000	-	-
Burton Creek interceptor	400,000	2,000,000	1,977,982	-	-	-
College Hill Water Plant	25,000	125,000	-	-	-	
Other	27,883	60,390	-	-	-	-
Total Expenditures	4,050,392	4,782,859	5,243,982	3,595,000	2,360,000	2,280,862
ENDING FUNDS	\$8,515,067	\$5,232,208	\$1,988,226	\$643,226	\$533,226	\$502,364

Notes:

1. Beginning funds in FY 2015 equals cash and investments in the Sewer Capital Fund.

**CITY OF LYNCHBURG
SEWER VCWRLF & GRANT FINANCING PLAN**

	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
BEGINNING FUNDS	\$ 30,067,405	\$ 23,770,459	\$ 19,322,264	\$ 9,872,264	\$ 14,761,141	\$ 6,472,911
RECEIPTS						
State grant reimbursements	-	-	-	-	-	-
VCWRLF loan approvals - 0%	-	-	-	14,115,647	-	-
Total Receipts	-	-	-	14,115,647	-	-
EXPENDITURES FROM STATE GRANT						
JRI 3A	244,306					
JRI 3B	5,581,997	2,583,295	-	-	-	-
CSO 125	90,785	264,900	-	-	-	-
CSO 61	31,000		-	-	-	-
CSO - WWTP PER/Design		1,054,506	1,450,000	1,250,000	-	-
CSO - WWTP - headwork construction	-	-	8,000,000	7,976,770	-	-
CSO - WWTP Disinfection					645,494	
Total Expenditures from State Grant	5,948,088	3,902,701	9,450,000	9,226,770	645,494	-
EXPENDITURES FROM VCWRLF LOANS						
Long Term Control Plan	67,190	-	-	-	-	-
CSO 1D3.2	534					
CSO 16.3A	19,186					
JRI 3A	25,428					
College Hill parking lot	136,520	-	-	-	-	-
CSO WWTP PER Design	100,000	545,494	-	-	-	-
CSO - WWTP Disinfection	-	-	-		2,257,736	1,087,911
CSO - WWTP tanks	-	-	-	-	5,385,000	5,385,000
Total Expenditures from VCWRLF loans	348,858	545,494	-	-	7,642,736	6,472,911
ENDING FUNDS	\$ 23,770,459	\$ 19,322,264	\$ 9,872,264	\$ 14,761,141	\$ 6,472,911	\$ -

Notes:

1. Beginning funds and VCWRLF loan approvals are funds held by DEQ on behalf of the City. No interest is earned on these funds.
2. Beginning Funds based on July Schedule 1 remaining balances.

\$30.0 million CSO Grant from State	\$ 29,173,053
\$ 10.1 million VCWRLF	894,352
	<u>\$ 30,067,405</u>

CITY OF LYNCHBURG
PROJECTED STATEMENT OF SEWER FUND DEBT COVERAGE

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenues:							
Charges for services	\$17,242,509	\$17,432,937	\$17,924,722	\$18,390,882	\$18,778,994	\$18,984,198	\$19,190,051
Sewer contracts	3,220,261	3,677,621	3,332,495	3,457,990	3,569,059	3,691,234	3,726,064
Interest and other	220,520	203,334	203,733	68,799	63,099	62,099	64,349
Total Revenues	20,683,290	21,313,892	21,460,950	21,917,671	22,411,152	22,737,531	22,980,464
Expenses:							
WWTP	6,773,133	7,488,698	7,582,424	7,808,047	8,045,588	8,290,256	8,542,263
Sewer line maintenance	2,021,496	2,433,320	2,301,243	2,441,199	2,464,435	2,538,368	2,614,519
Non-departmental	305,708	282,833	345,963	356,342	367,032	378,043	389,384
Capitalizable cost (1)	(159,026)	(145,000)	(149,350)	(153,831)	(158,445)	(163,199)	(168,095)
Total Expenses	8,941,311	10,059,851	10,080,280	10,451,757	10,718,610	11,043,468	11,378,072
Operating Income	11,741,979	11,254,041	11,380,670	11,465,914	11,692,542	11,694,063	11,602,391
Debt service	8,625,165	9,223,035	9,370,095	9,215,034	9,026,910	8,712,659	8,570,466
Net Revenue	\$3,116,814	\$2,031,006	\$2,010,575	\$2,250,880	\$2,665,632	\$2,981,404	\$3,031,925
Debt Coverage Ratio	1.36	1.22	1.21	1.24	1.30	1.34	1.35

Notes:

1. Capitalizable cost includes internal labor charges applicable to time spent on capital project activities.

CITY OF LYNCHBURG

PROJECTED STATEMENT OF SEWER FUND SOURCES & USES of CASH

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Sources of Cash:							
Beginning cash balance	\$8,891,197	\$9,634,898	\$13,006,280	\$9,819,645	\$6,472,712	\$5,184,900	\$5,443,104
Net revenue plus capitalized costs	2,957,788	1,886,006	1,861,225	2,097,049	2,507,187	2,818,205	2,863,830
LOC borrowing	-	-	-	-	-	-	-
G.O. bond proceeds, net (1)	-	5,747,768	-	-	-	-	-
State grant reimbursements	-	5,948,088	3,902,701	9,450,000	9,226,770	645,494	-
VWFRF loan draw downs	8,470,494	348,858	545,494.00	-	-	7,642,736	6,472,911
Proceeds from sale of assets	71,000	-	-	-	-	-	-
Proceeds from other organizations, net	611,480	-	-	-	-	-	-
Total Sources of Cash	21,001,959	23,565,618	19,315,699	21,366,694	18,206,670	16,291,334	14,779,846
Uses of Cash:							
Capital & VCWRLF expenditures	11,425,399	10,347,338	9,231,054	14,693,982	12,821,770	10,648,230	8,753,773
Other capital expenditures	-	212,000	265,000	200,000	200,000	200,000	200,000
LOC repayment	-	-	-	-	-	-	-
Change in working capital items & other	(58,338)	-	-	-	-	-	-
Total Uses of Cash	11,367,061	10,559,338	9,496,054	14,893,982	13,021,770	10,848,230	8,953,773
Ending Cash	\$9,634,898	\$13,006,280	\$9,819,645	\$6,472,712	\$5,184,900	\$5,443,104	\$5,826,073

Cash in capital fund	\$3,892,691	\$8,515,067	\$5,232,208	\$1,988,226	\$643,226	\$533,226	\$502,364
Unrestricted cash	5,742,207	4,491,213	4,587,437	4,484,486	4,541,674	4,909,878	5,323,709
Total cash	\$9,634,898	\$13,006,280	\$9,819,645	\$6,472,712	\$5,184,900	\$5,443,104	\$5,826,073
Unrestricted cash as a % of budget	33%	23%	24%	23%	23%	25%	27%

Notes:

1. G.O. bond proceeds in FY 2015 is actual

**CITY OF LYNCHBURG
CHARGES FOR SERVICES**

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
CITY CUSTOMERS							
HCF of use	2,621,921	2,622,000	2,622,000	2,622,000	2,622,000	2,622,000	2,622,000
Rate (1)	5.65	5.65	5.83	6.00	6.14	6.21	6.28
	\$14,813,852	\$14,814,300	\$15,286,260	\$15,732,000	\$16,099,080	\$16,282,620	\$16,466,160
ALL OTHER:							
Account / Fixed charge (2)	870,186	1,270,800	1,270,800	1,270,800	1,270,800	1,270,800	1,270,800
VDOT reimbursement	-	-	-	-	-	-	-
College Hill backwash	126,732	130,534	134,450	138,484	142,638	146,917	151,325
Leachate treatment	68,061	70,102	72,206	74,372	76,603	78,901	81,268
Septic hauler charges (3)	542,983	500,000	500,000	500,000	500,000	500,000	500,000
Industrial pre-treatment	2,212	4,500	4,635	4,774	4,917	5,065	5,217
Industrial surcharges (3)	468,846	318,000	327,540	337,366	347,487	357,912	368,649
Industrial monitoring	41,336	35,000	36,050	37,132	38,245	39,393	40,575
Cut-on penalties	102,547	96,000	98,880	101,846	104,902	108,049	111,290
Connection charges (4)	106,570	75,000	75,000	75,000	75,000	75,000	75,000
Availability charges (4)	81,198	100,000	100,000	100,000	100,000	100,000	100,000
Sewer cost plus	10,886	12,000	12,000	12,000	12,000	12,000	12,000
Collection & Tax Lien Fees	7,100	6,700	6,901	7,108	7,321	7,541	7,767
All other	-	-	-	-	-	-	-
	2,428,657	2,618,637	2,638,462	2,658,882	2,679,914	2,701,578	2,723,891
	\$17,242,509	\$17,432,937	\$17,924,722	\$18,390,882	\$18,778,994	\$18,984,198	\$19,190,051

Notes:

1. Sewer volume rate assumed to increase 3.2% in FY 2016; 2.9% in FY 2017; 2.3% in FY 2018; 1.1% in FY 2019 and FY 2010.
2. Account / Fixed charge increased in FY 2015 due to a \$2.00 increase in the fixed charge by meter size equivalent effective July 1, 2014. No increase in this charge is planned over the next five years at this time.
3. Decrease in septic hauler and industrial sur-charges is due to reduce waste loadings.
4. Availability and connection fees for FY 2015 - FY 2020 are conservative due to uncertainty in real estate development.

**CITY OF LYNCHBURG
SEWER CONTRACTS**

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
AMHERST							
Operating (1)	\$189,662	\$196,596	\$212,308	\$218,625	\$225,276	\$232,127	\$239,183
Existing capital amort.	271,798	269,592	256,331	255,736	252,780	249,896	247,009
Prior Year O&M settlement	5,692	10,764	-	-	-	-	-
Capital PAYGO.	30,001	15,045	26,946	25,901	25,560	23,856	26,128
Future capital - Financed	-	-	2,997	6,421	8,973	30,121	39,750
	497,153	491,997	498,582	506,683	512,589	536,000	552,070
BEDFORD							
Operating (1)	228,000	228,000	227,473	234,241	241,368	248,708	256,268
Existing capital amort.	217,973	222,020	214,199	211,857	194,758	138,976	111,578
Prior Year O&M settlement	(35,147)	(32,146)	-	-	-	-	-
Capital PAYGO.	26,150	32,231	22,579	20,703	23,251	24,115	15,925
Future capital - Financed	-	0	558	1,135	1,135	8,437	8,437
	436,976	450,105	464,809	467,936	460,512	420,236	392,208
CAMPBELL							
Operating (1)	191,000	214,211	219,890	226,433	233,322	240,417	247,726
Existing capital amort. (2)	127,576	508,600	55,533	55,532	55,531	55,531	55,531
Prior Year O&M settlement	7,463	8,875	-	-	-	-	-
Capital PAYGO.	25,681	32,345	24,887	28,210	23,251	24,115	15,925
Future capital - Financed	-	-	722	722	722	31,495	31,495
	351,720	764,031	301,032	310,897	312,826	351,558	350,677
INDUSTRIAL							
Rock Tenn (3)	1,042,550	1,075,825	1,139,117	1,207,702	1,281,063	1,342,523	1,369,373
Frito-Lay (4)	891,862	895,663	928,955	964,771	1,002,069	1,040,917	1,061,735
	1,934,412	1,971,488	2,068,072	2,172,473	2,283,132	2,383,440	2,431,109
	\$3,220,261	\$3,677,621	\$3,332,495	\$3,457,990	\$3,569,059	\$3,691,234	\$3,726,064

Notes:

1. County operating revenues based on % of WWTP expenses (Amherst-2.8%, Bedford-3.0%, Campbell-2.9%).
2. Campbell County's existing capital amortization payments increase in FY 2015 due to a pre-payment on prior capital financing provided by the Sewer Fund.
3. Rock Tenn revenues are assumed to increase 5% - 6% per year through FY 2019; then 2% per year.
4. Frito-Lay revenues are assumed to increase 4% per year through FY 2019; then 2% per year.

**CITY OF LYNCHBURG
OTHER SEWER REVENUES**

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
Other Revenues	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Interest revenue (1)	23,904	28,300	28,400	20,200	14,500	13,500	15,750
State highway maintenance	-	-	-	-	-	-	-
Federal grant - Derecho	10,759						
Miscellaneous revenue	11,170	6,000	6,000	6,000	6,000	6,000	6,000
Gain (loss) on asset disposal	5,653						
SW Fund start-up repayment (2)	126,734	126,734	126,734	-	-	-	-
IRS interest rebate	42,300	42,300	42,599	42,599	42,599	42,599	42,599
	\$220,520	\$203,334	\$203,733	\$68,799	\$63,099	\$62,099	\$64,349

Notes:

1. Investment earnings are based on an estimated .25% interest earnings rate on all cash and investment balances.
2. SW Fund start-up repayment is a transfer from the Stormwater Fund to recover the cost incurred by the Sewer Fund to study, organize and implement the Stormwater Fund and fee.

**CITY OF LYNCHBURG
WASTEWATER TREATMENT**

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal services (1)	\$1,534,438	\$1,594,473	\$1,663,505	\$1,713,410	\$1,764,812	\$1,817,757	\$1,872,290
Fringe benefits	559,826	614,342	646,499	665,894	685,871	706,447	727,640
Supplies & materials	401,133	450,275	449,500	462,985	476,875	491,181	505,916
Sludge disposal - landfill	533,417	575,000	550,000	566,500	583,495	601,000	619,030
Chemicals	612,390	640,000	655,000	674,650	694,890	715,736	737,208
Gasoline / fuel	39,299	36,500	51,500	53,045	54,636	56,275	57,964
Internal service charges	157,598	170,366	191,131	196,865	202,771	208,854	215,120
Rentals & leases	4,389	6,000	6,000	6,180	6,365	6,556	6,753
Communication charges	7,241	9,100	9,100	9,373	9,654	9,944	10,242
Electricity	792,670	790,000	800,000	824,000	848,720	874,182	900,407
Other utilities (2)	61,537	124,300	128,300	132,149	136,113	140,197	144,403
Contractual services	814,750	921,233	1,036,127	1,067,211	1,099,227	1,132,204	1,166,170
Training & meetings	23,194	16,700	19,700	20,291	20,900	21,527	22,173
Indirect costs (3)	488,021	767,680	567,892	584,929	602,477	620,551	639,167
Self-insurance	48,470	48,470	55,770	57,443	59,166	60,941	62,770
Water Adm. Services	791,000	812,000	827,400	852,222	877,789	904,122	931,246
Nutrient payments (4)	-	-	-	-	-	-	-
Nutrient sales (4)	(125,071)	(110,000)	(105,000)	(110,000)	(110,000)	(110,000)	(110,000)
Misc.	28,831	22,259	30,000	30,900	31,827	32,782	33,765
	6,773,133	7,488,698	7,582,424	7,808,047	8,045,588	8,290,256	8,542,263

Notes:

1. Personal services in FY 2016 assumes 38 staff positions will be filled throughout the year.
2. Other utilities increase in FY 2015 due to uncertainty of length of cold weather.
3. Indirect cost decrease in FY2016 is mostly attributable to General Fund's decreased engineering costs chargeable to Sewer Fund.
4. Nutrient Payments/Sales represent net purchases and sales of Chesapeake Bay Nutrient Credits for nitrogen and phosphorus within the Virginia Nutrient Credit Exchange Association.

**CITY OF LYNCHBURG
SEWER LINE MAINTENANCE**

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal services (1)	\$485,624	\$582,300	\$591,787	\$609,541	\$627,827	\$646,662	\$666,061
Fringe benefits	192,501	245,007	247,286	254,705	262,346	270,216	278,323
Supplies & materials	142,686	160,231	190,000	195,700	201,571	207,618	213,847
Gasoline / fuel	45,916	67,155	53,400	55,002	56,652	58,352	60,102
Internal service charges (2)	167,578	222,520	130,176	205,000	211,150	217,485	224,009
Rentals & leases	1,297	8,940	3,000	3,090	3,183	3,278	3,377
Communication charges	3,660	4,700	5,600	5,768	5,941	6,119	6,303
Contractual services (3)	214,360	294,816	356,350	367,041	328,052	337,893	348,030
Training & meetings	4,867	4,150	4,950	5,099	5,251	5,409	5,571
Indirect costs (4)	203,812	342,794	206,437	212,630	219,009	225,579	232,347
Self-insurance	152,257	152,257	157,257	161,975	166,834	171,839	176,994
City engineering charges (5)	67,938	0	0	0	0	0	0
Water Adm. Services	339,000	348,000	354,600	365,238	376,195	387,481	399,105
Miscellaneous Expenses	-	450	400	412	424	437	450
	2,021,496	2,433,320	2,301,243	2,441,199	2,464,435	2,538,368	2,614,519

Notes:

1. Personal services in FY 2016 assumes 15.45 staff positions will be filled throughout the year.
2. Internal service charges fluctuate due to changes in vehicle replacement cost estimates.
3. Increase in contractual charges is due, in part, to implementation of the Collections Management Operations Management (CMOM) program.
4. Indirect cost decrease in FY2016 is mostly attributable to General Fund's decreased engineering costs chargeable to Sewer Fund.
5. City engineering charges are part of indirect costs starting in FY 2015.

**CITY OF LYNCHBURG
NON-DEPARTMENTAL-SEWER**

	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Financial audit	\$17,186	\$17,875	\$18,411	\$18,964	\$19,532	\$20,118
Allowance for doubtful accounts	35,000	40,000	41,200	42,436	43,709	45,020
OPEB/Retirees health/WC insurance	230,647	230,647	237,566	244,693	252,034	259,595
Legal & professional (CSO)	-	-	-	-	-	-
Major sewer line cleaning	-	-	-	-	-	-
Compensation adjustments (1)	-	57,441	59,164	60,939	62,767	64,650
Project costs charged to operations	-	-	-	-	-	-
	\$282,833	\$345,963	\$356,342	\$367,032	\$378,043	\$389,384

Notes:

1. Budget compensation adjustments include assumed pay increases for all Sewer Fund sub-departments.

**CITY OF LYNCHBURG
SEWER FUND BONDS PAYABLE**

	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
P&I on debt o/s @ 6/30/14 (1)	8,846,703	8,962,095	8,816,034	8,636,910	8,331,659	7,492,684
July 10, 2014 G.O. Bond Issue	376,332	408,000	399,000	390,000	381,000	372,000
Interest on LOC borrowing (2)	-	-	-	-	-	-
P&I payments on G.O. bonds (2)	-	-	-	-	-	-
VWFRF debt service	-	-	-	-	-	705,782
	\$9,223,035	\$9,370,095	\$9,215,034	\$9,026,910	\$8,712,659	\$8,570,466

NOTES:

1. Based on Debt Book as of June 30, 2014.
2. No G.O or LOC financing assumed to be needed after FY 2015 through FY 2020.
3. VWFRF debt service based on a \$14.1 million loan closed June 30, 2018. Interest assumed to be at 0% with a 20 year repayment term starting in FY 2020.

STORMWATER FUND
FINANCIAL PROJECTIONS
FY 2015 to FY 2020

**CITY OF LYNCHBURG
STORMWATER CAPITAL FINANCING PLAN**

	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Sources of Financing:						
Beginning funds (1)	\$ 1,118,338	\$ 743,650	\$ 3,010,480	\$ 2,426,430	\$ 4,346,430	\$ 6,596,430
Transfer from operations	1,050,000	1,150,000	900,000	600,000	400,000	350,000
SLAF grant (2)	-	1,705,275	-	-	-	-
VWFRF loans (3)	-	1,705,275	1,665,000	3,555,000	5,905,000	5,000,000
total receipts	2,168,338	5,304,200	5,575,480	6,581,430	10,651,430	11,946,430
Capital Expenditures:						
System infrastructure	317,832	399,720	610,000	245,000	260,000	205,000
Master planning (4)	887,356	270,000	640,000	570,000	500,000	350,000
Quality improvements	219,500	1,574,000	1,799,050	1,270,000	3,145,000	5,500,000
Coordinated capital (5)	-	50,000	100,000	150,000	150,000	200,000
total expenditures	1,424,688	2,293,720	3,149,050	2,235,000	4,055,000	6,255,000
Ending Capital Funds (6)	\$ 743,650	\$ 3,010,480	\$ 2,426,430	\$ 4,346,430	\$ 6,596,430	\$ 5,691,430

Notes:

1. Beginning funds in FY 2015 equals cash and investments in the Stormwater Capital Fund.
2. SLAF grant has been awarded and is earmarked for stormwater quality improvements projects needed to meet the first permit cycle water quality goals by FY 2018. The grant is for project expenditures in FY 2016 and FY 2017.
3. VWFRF loans all assumed to be awarded in quarter 3 of the year shown and used for expenditures in the subsequent year.
4. Master planning expenditures will be funded from operating transfers.
5. Coordinated capital expenditures include projects that are planned and constructed as part of General Fund projects.
6. Ending capital funds include SLAF grant and VWFRF loan amounts that are reserved for specific project expenditures, most of which are in the subsequent year.

CITY OF LYNCHBURG
PROJECTED STATEMENT OF STORMWATER DEBT COVERAGE

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenues:							
Charges for services	\$ 3,124,545	\$ 3,149,400	\$ 3,149,400	\$ 3,149,400	\$ 3,475,900	\$ 3,475,900	\$ 3,737,100
General Fund transfer (VDOT)	650,000	275,000	275,000	275,000	275,000	275,000	275,000
Interest & other	-	114,412	57,278	57,278	57,278	57,278	57,278
total revenues	3,774,545	3,538,812	3,481,678	3,481,678	3,808,178	3,808,178	4,069,378
Expenses:							
Departmental	\$2,565,294	\$2,125,277	\$2,475,725	\$2,557,510	\$2,915,311	\$3,052,770	\$3,144,353
Non-Departmental	30,418	27,800	39,780	40,454	41,149	41,865	42,601
Incremental O&M (1)	-	-	-	20,000	45,000	145,000	245,000
total expenses	2,595,712	2,153,077	2,515,505	2,617,964	3,001,460	3,239,634	3,431,954
Operating Income	1,178,833	1,385,735	966,173	863,714	806,718	568,544	637,424
Debt Service	-	-	-	-	85,264	168,514	346,264
Net Revenue	1,178,833	1,385,735	966,173	863,714	721,455	400,030	291,160
Debt Coverage Ratio	n/a	n/a	n/a	n/a	9.46	3.37	1.84

Notes:

1. Incremental O&M expenses is a best estimate of future expenses needed to maintain BMPs constructed as part of Quality Improvement capital projects.

CITY OF LYNCHBURG
PROJECTED STATEMENT OF STORMWATER SOURCES & USES OF CASH

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Sources of Cash:							
Beginning cash balance	\$ 1,419,613	\$ 2,012,843	\$ 1,473,479	\$ 2,481,085	\$ 3,705,274	\$ 6,921,729	\$ 8,719,259
Net revenue	1,178,833	1,385,735	966,173	863,714	721,455	400,030	291,160
LOC borrowing	-	-	-	-	-	-	-
SLAF grant drawdowns	-	-	805,750	899,525	-	-	-
VWFRF loan drawdowns (1)	-	-	1,685,138	2,610,000	4,730,000	5,452,500	5,000,000
total sources of cash	2,598,446	3,398,578	4,930,539	6,854,324	9,156,729	12,774,259	14,010,419
Uses of Cash:							
Capital Fund expenditures	463,005	1,424,688	2,293,720	3,149,050	2,235,000	4,055,000	6,255,000
Payment to Sewer Fund (2)	126,734	126,734	126,734	-	-	-	-
Vactor Truck	-	373,677	-	-	-	-	-
Departmental capital outlays	9,625	-	29,000	-	-	-	-
Working capital changes	(13,761)	-	-	-	-	-	-
total uses of cash	585,603	1,925,099	2,449,454	3,149,050	2,235,000	4,055,000	6,255,000
Ending Cash	2,012,843	1,473,479	2,481,085	3,705,274	6,921,729	8,719,259	7,755,419
Less Available cash in Capital Fund (3)	1,118,338	743,650	2,090,817	3,351,292	6,446,292	8,243,792	7,338,792
Unrestricted Cash	\$ 894,505	\$ 729,829	\$ 390,268	\$ 353,982	\$ 475,436	\$ 475,466	\$ 416,626
Unrestricted cash as a % of budget	34%	34%	16%	14%	15%	14%	11%

Notes:

1. VWFRF loans are assumed to be awarded in January of each fiscal year shown above.
2. Payments to the Sewer Fund are for reimbursement of stormwater related start-up expenses paid by the Sewer Fund prior to FY 2014.
3. Available Cash in Capital Fund excludes amounts expected to be reserved for specific project expenditures that will be funded from SLAF and VWFRF loans in the subsequent year.

CITY OF LYNCHBURG
STORMWATER CHARGES for SERVICES & DEPARTMENTAL EXPENSES

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Charges for Services:							
SFUs billed		65,300	65,300	65,300	65,300	65,300	65,300
Annual rate (1)		48	48	48	53	53	57
Annual billed revenue	3,107,774	3,134,400	3,134,400	3,134,400	3,460,900	3,460,900	3,722,100
Delinquent account charges	16,771	15,000	15,000	15,000	15,000	15,000	15,000
	\$ 3,124,545	\$ 3,149,400	\$ 3,149,400	\$ 3,149,400	\$ 3,475,900	\$ 3,475,900	\$ 3,737,100
Departmental Expenses:							
Personal services (2)	\$ 294,985	\$ 260,494	\$ 284,268	\$ 292,796	\$ 301,580	\$ 360,627	\$ 371,446
Fringe benefits	114,603	111,120	120,822	124,447	128,180	132,025	135,986
Contractual charges	85,203	97,520	157,087	161,800	166,654	171,653	176,803
Internal service charged	103,913	104,964	108,540	111,796	115,150	118,605	122,163
Water Adm. Services (3)	450,000	470,000	572,000	589,160	606,835	625,040	643,791
Indirect costs (4)	81,807	107,986	107,328	118,061	402,678	414,758	427,201
Community Development charges (5)	388,873	467,235	499,003	513,973	529,392	545,274	561,632
PW charges (6)	917,194	308,000	360,599	371,417	382,560	394,036	405,858
Other charges	128,324	197,260	265,578	273,545	281,752	290,204	298,910
Rental & leases	392	699	500	515	530	546	563
	\$ 2,565,294	\$ 2,125,277	\$ 2,475,725	\$ 2,557,510	\$ 2,915,311	\$ 3,052,770	\$ 3,144,353

Notes:

1. No change in \$4.00 monthly stormwater charge assumed through FY 2017. Thereafter an 8.3% increase is assumed in FY 2018 and 7.5% increase in FY 2020.
2. Personal services in FY 2016 assumes 7.05 FTE staff. Increase in FY 2019 is due to additional maintenance requirements on BMPs.
3. Water Adm. Services is based on Water Fund Engineering / Adm cost allocations to Stormwater Fund.
4. Indirect costs are based on actual cost but with a three year time delay per budget policy.
5. Community Development charges are for administration of the Erosion Sediment Control (ESC) and Virginia Stormwater Management Program (VSMP) programs which includes plan reviews, inspections and enforcement of new development and re-development.
6. Beginning with FY 2015, the reimbursement program for Public Works services was revised to included only engineering services and 50% leaf collection compared to previous years that included other maintenance activities.

CITY OF LYNCHBURG
STORMWATER NON-DEPARTMENTAL EXPENSES

	Actual	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Financial audit	\$ 3,975	\$ 4,500	\$ 6,875	\$ 7,081	\$ 7,294	\$ 7,512	\$ 7,738
Allowance for doubtful accounts	21,676	17,300	17,300	17,300	17,300	17,300	17,300
OPEB / retirees health	4,767	6,000	8,250	8,498	8,752	9,015	9,285
Budget compensation adjustments (1)	-	-	7,355	7,576	7,803	8,037	8,278
	\$ 30,418	\$ 27,800	\$ 39,780	\$ 40,454	\$ 41,149	\$ 41,865	\$ 42,601

Notes:

1. Budget compensation adjustments include assumed pay increases for employees assigned to the Stormwater sub-department.

**CITY OF LYNCHBURG
STORMWATER DEBT SERVICE**

	Est.	Budget	Proj.	Proj.	Proj.	Proj.
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
P&I on debt o/s @ 6/30/14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on LOC borrowing	-	-	-	-	-	-
VWFRF debt service on: (1)						
\$1,705,275 loan closed in FY 2015	-	-		85,264	85,264	85,264
\$1,665,000 loan closed in FY 2016	-	-	-	-	83,250	83,250
\$3,555,000 loan closed in FY 2017	-	-	-	-	-	177,750
	\$ -	\$ -	\$ -	\$ 85,264	\$ 168,514	\$ 346,264

Notes:

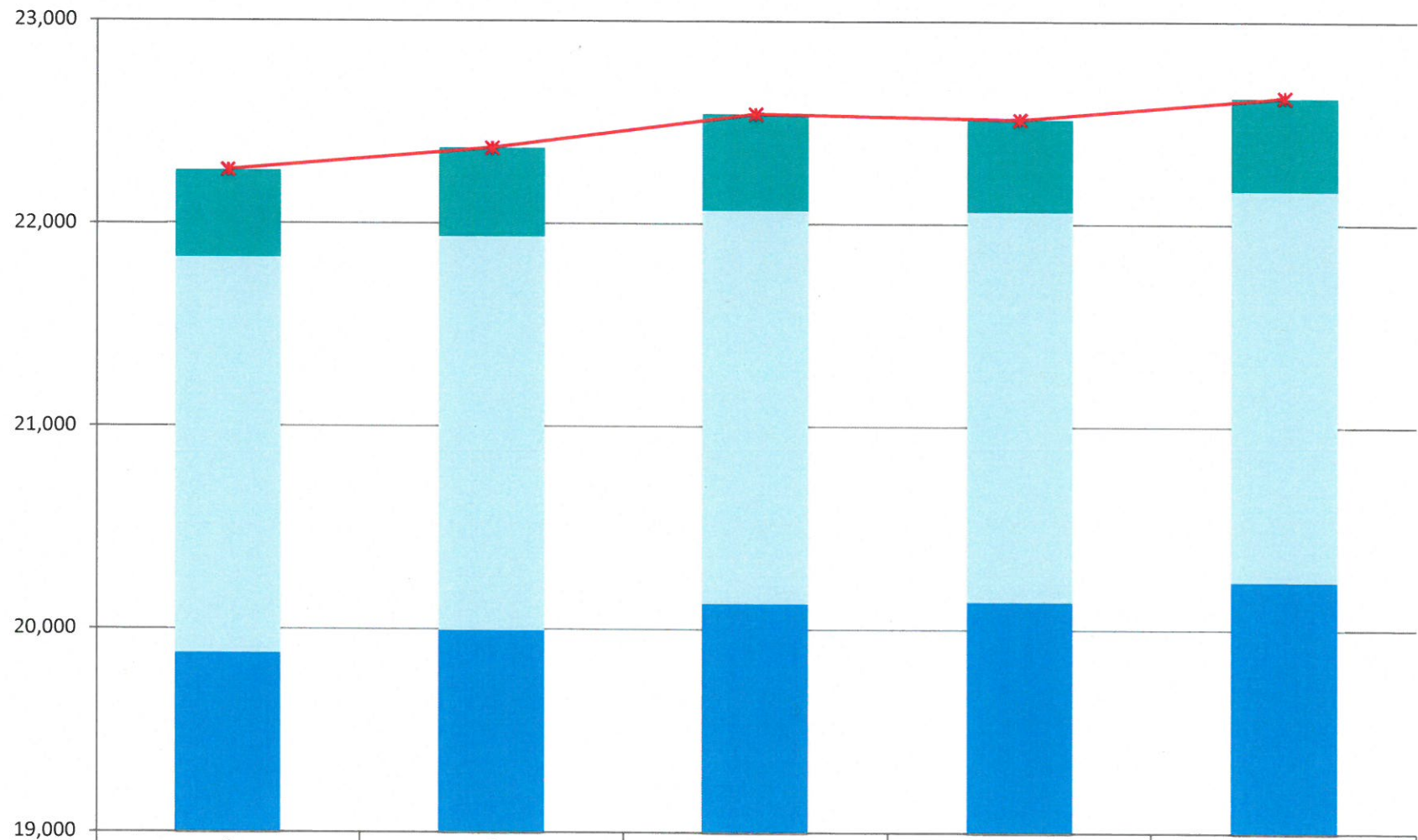
1. All debt service assumes that VWFRF loans will be closed at 0% interest with 20 year repayment terms. All VWFRF loans are assumed to be closed in the third quarter of the fiscal year shown.

APPENDIX C

STATISTICAL DATA

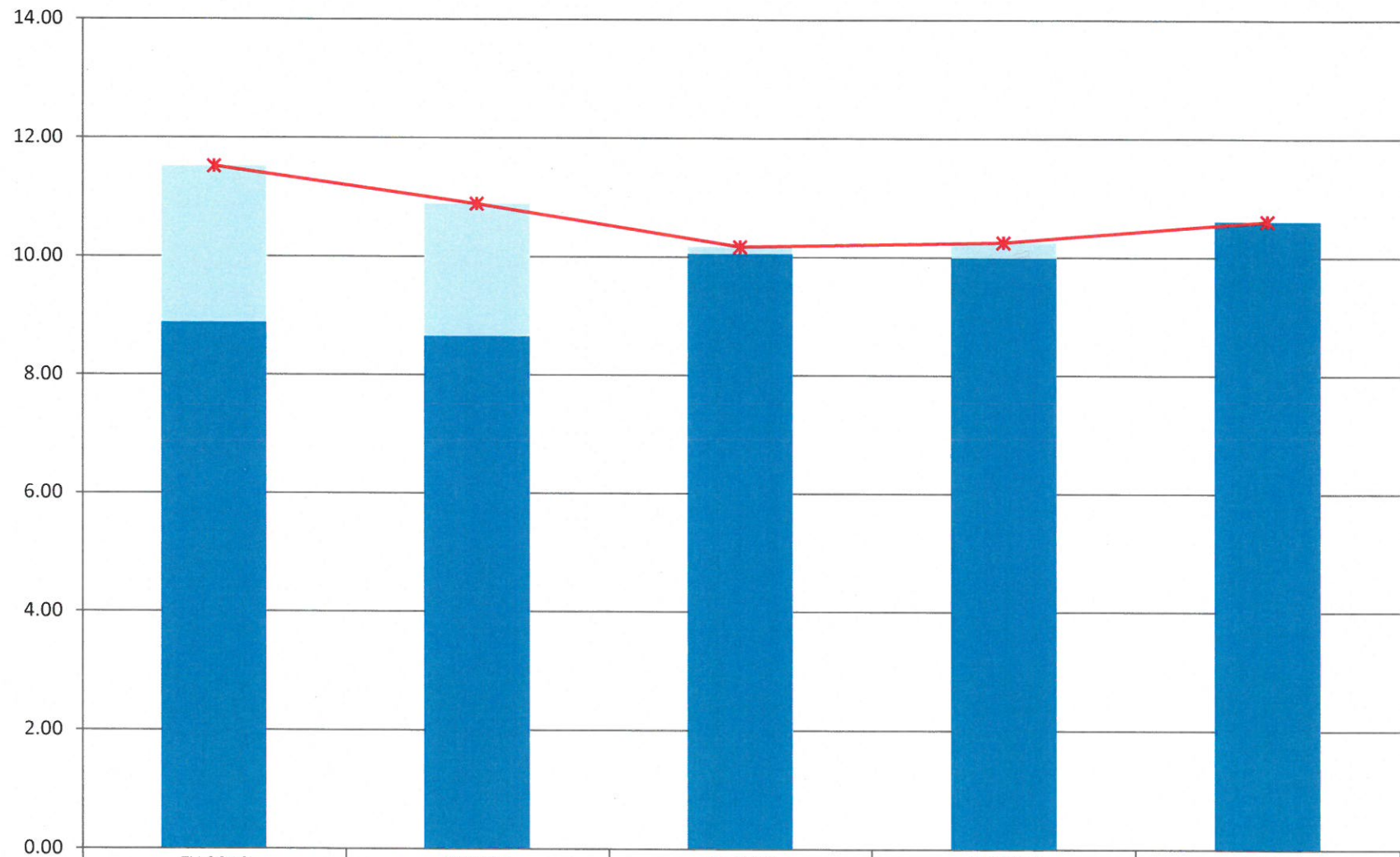
Water Fund Statistics

Number of Water Customers



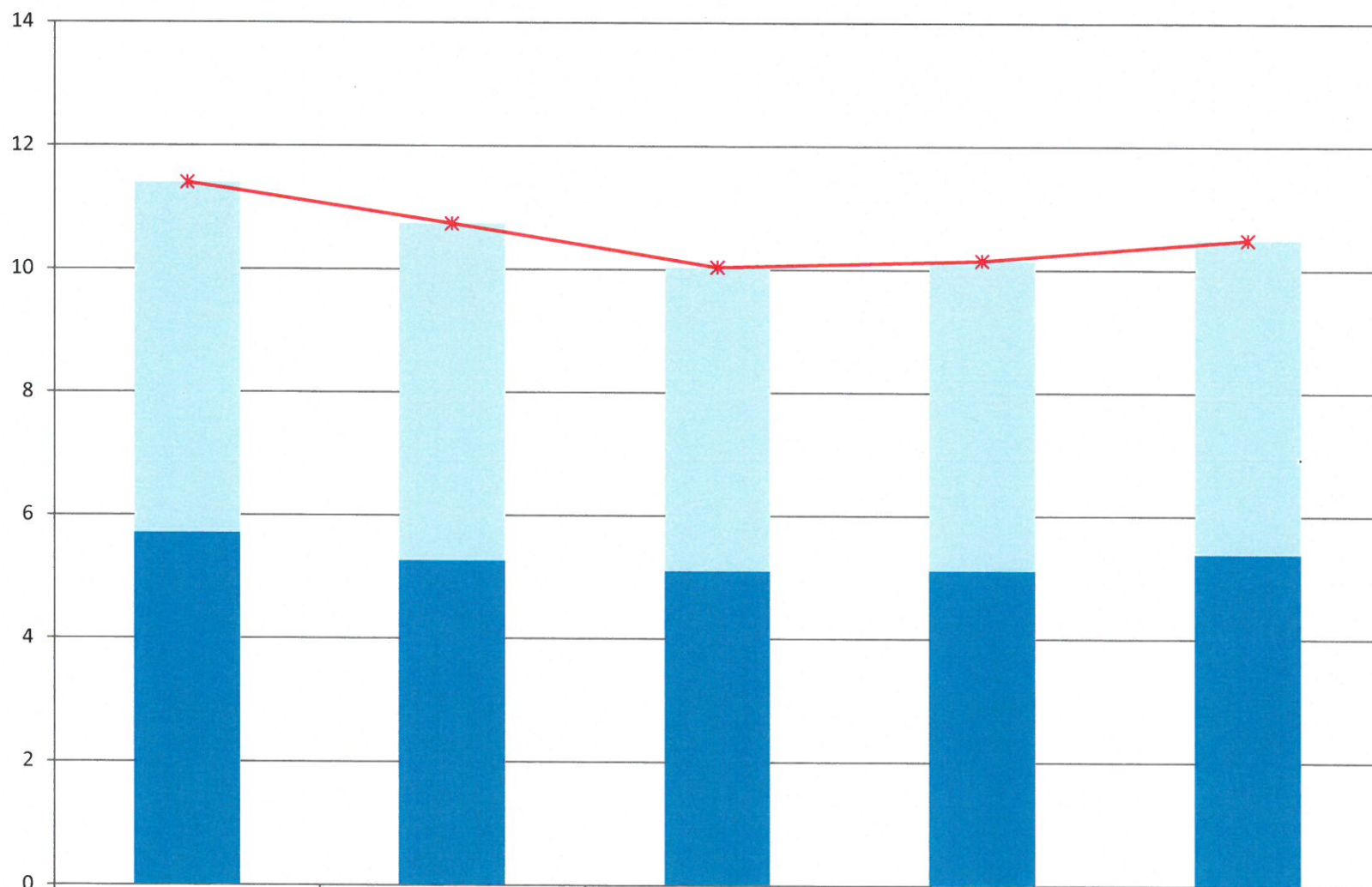
	1	2	3	4	5
Other	431	436	476	452	460
Business	1,951	1,945	1,942	1,925	1,928
Domestic	19,883	19,993	20,126	20,140	20,240
Total	22,265	22,374	22,544	22,517	22,628

Water Withdrawals in MGD



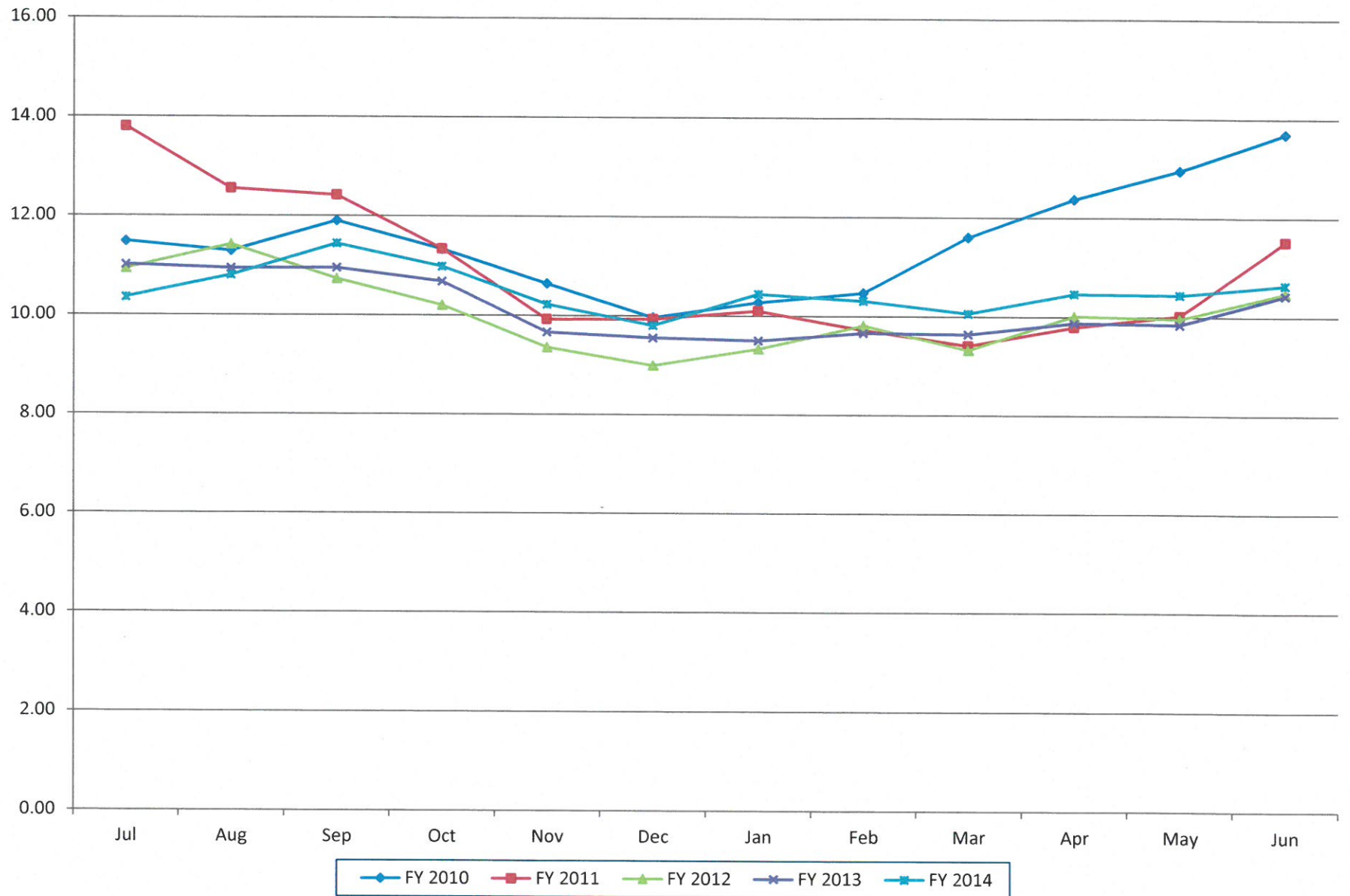
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
James	2.64	2.24	0.12	0.26	0.00
Pedlar	8.88	8.65	10.05	9.99	10.61
Total	11.52	10.89	10.17	10.25	10.61

Water Production in MGD

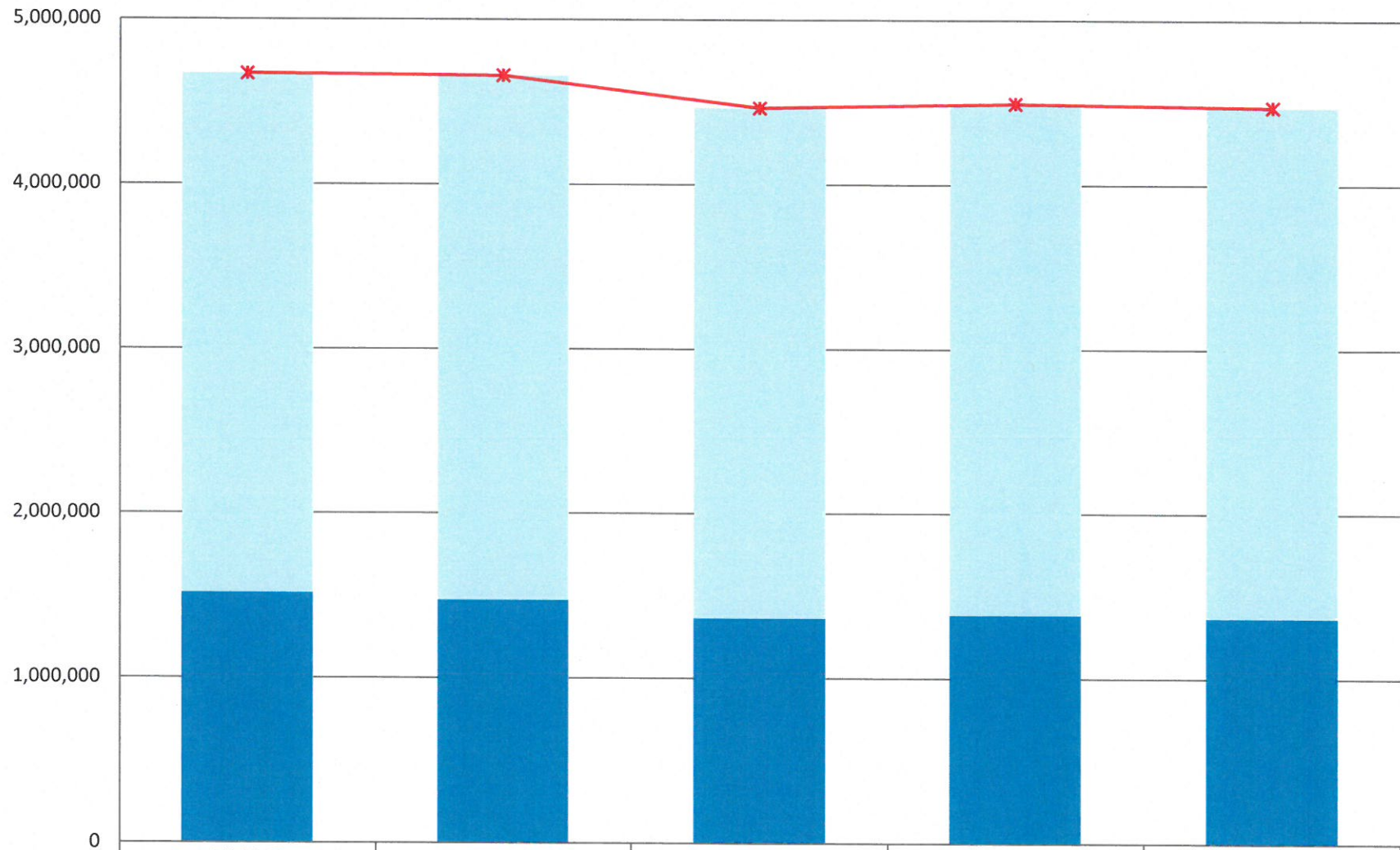


	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Abert	5.69	5.48	4.94	5.04	5.11
College Hill	5.71	5.26	5.10	5.11	5.38
Total	11.40	10.74	10.04	10.15	10.49

Monthly Production in MGD



Water Sold in HCF

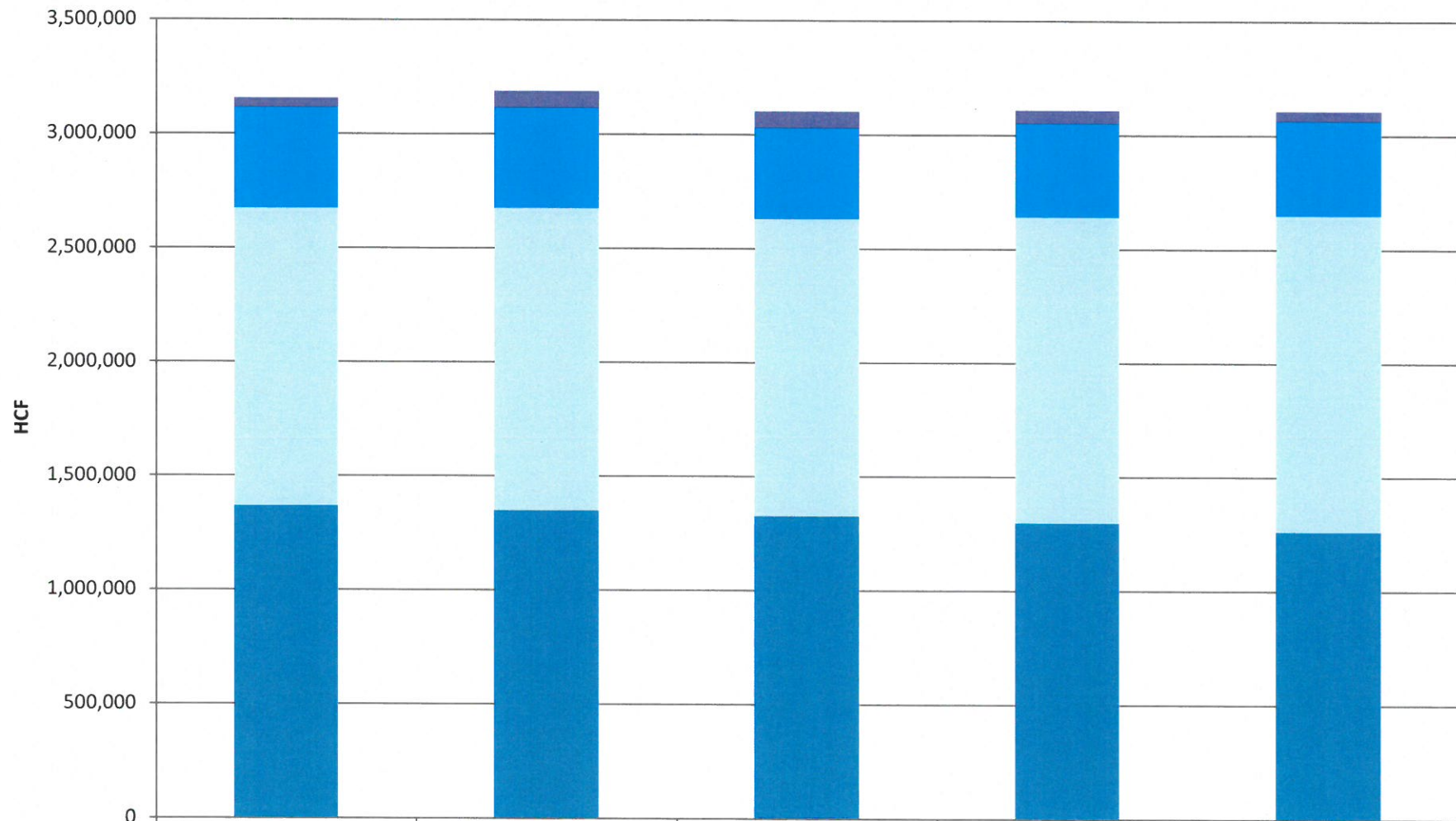


	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
All Other	3,155,289	3,187,335	3,101,321	3,108,070	3,106,066
Contracts	1,514,452	1,470,833	1,363,760	1,384,548	1,366,574
Total	4,669,741	4,658,168	4,465,081	4,492,618	4,472,640

Contract Water Use in HCF

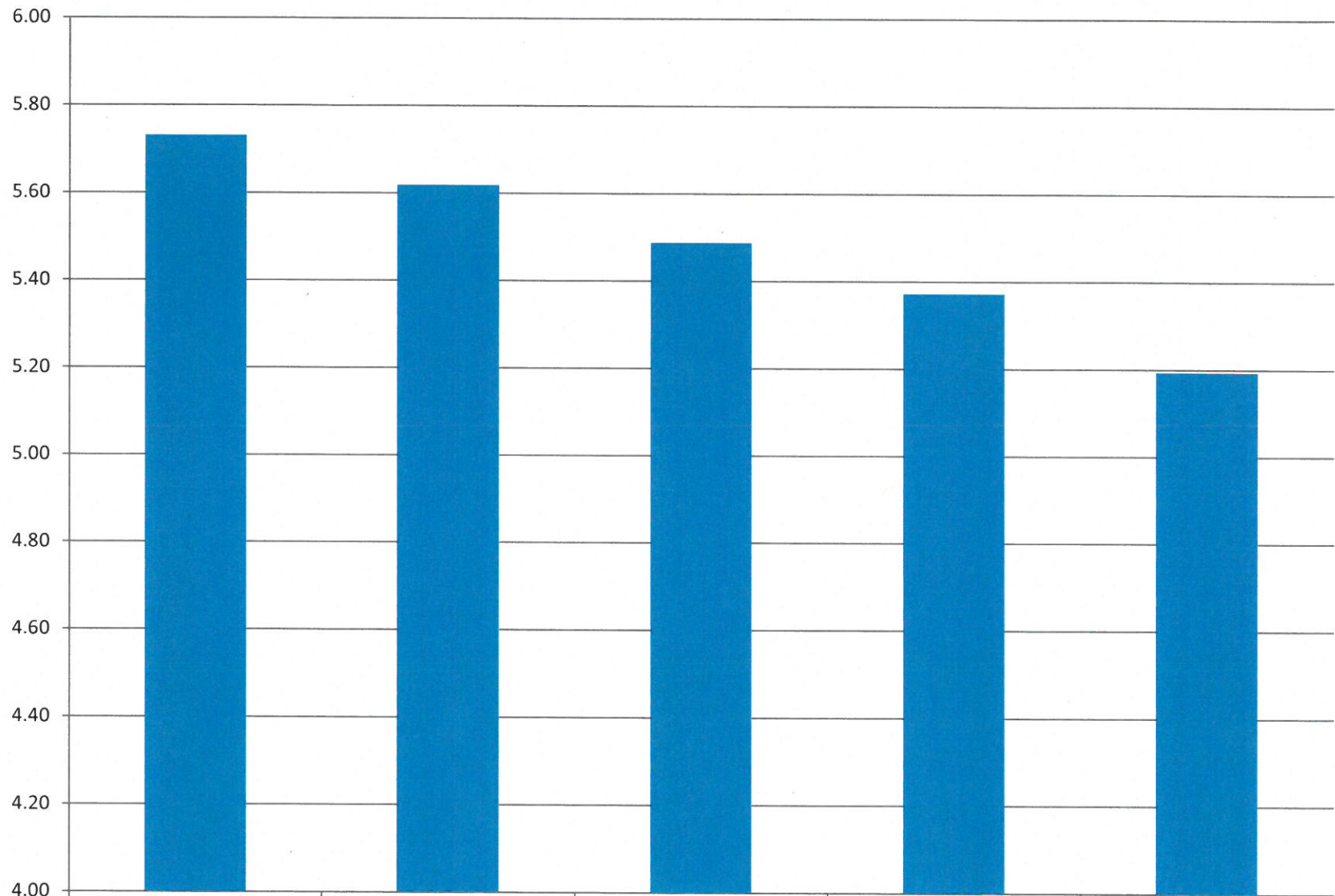
Water Customers	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Amherst	49,805	54,080	43,305	42,130	43,960
Bedford	725,571	748,310	727,881	756,927	716,278
CCUSA	215,854	196,767	182,489	200,324	209,566
Frito-Lay	125,509	139,112	136,765	140,381	143,750
Rock Tenn	397,713	332,564	273,320	244,786	253,020
Total contract use	1,514,452	1,470,833	1,363,760	1,384,548	1,366,574
Non-contract use	3,155,289	3,187,335	3,101,321	3,108,070	3,106,066
Total use	4,669,741	4,658,168	4,465,081	4,492,618	4,472,640
Contract % of use	32.43%	31.58%	30.54%	30.82%	30.55%

Non-Contract Water Sales in HCF



	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
All Other	41,346	72,543	71,086	55,641	42,194
Institutional	440,810	440,575	399,277	411,055	414,671
Business	1,305,771	1,326,344	1,305,666	1,342,981	1,387,819
Domestic	1,367,362	1,347,873	1,325,292	1,298,393	1,261,382

Average Monthly Water Sold Domestic Customers



■ HCF/Month

FY 2010

FY 2011

FY 2012

FY 2013

FY 2014

5.73

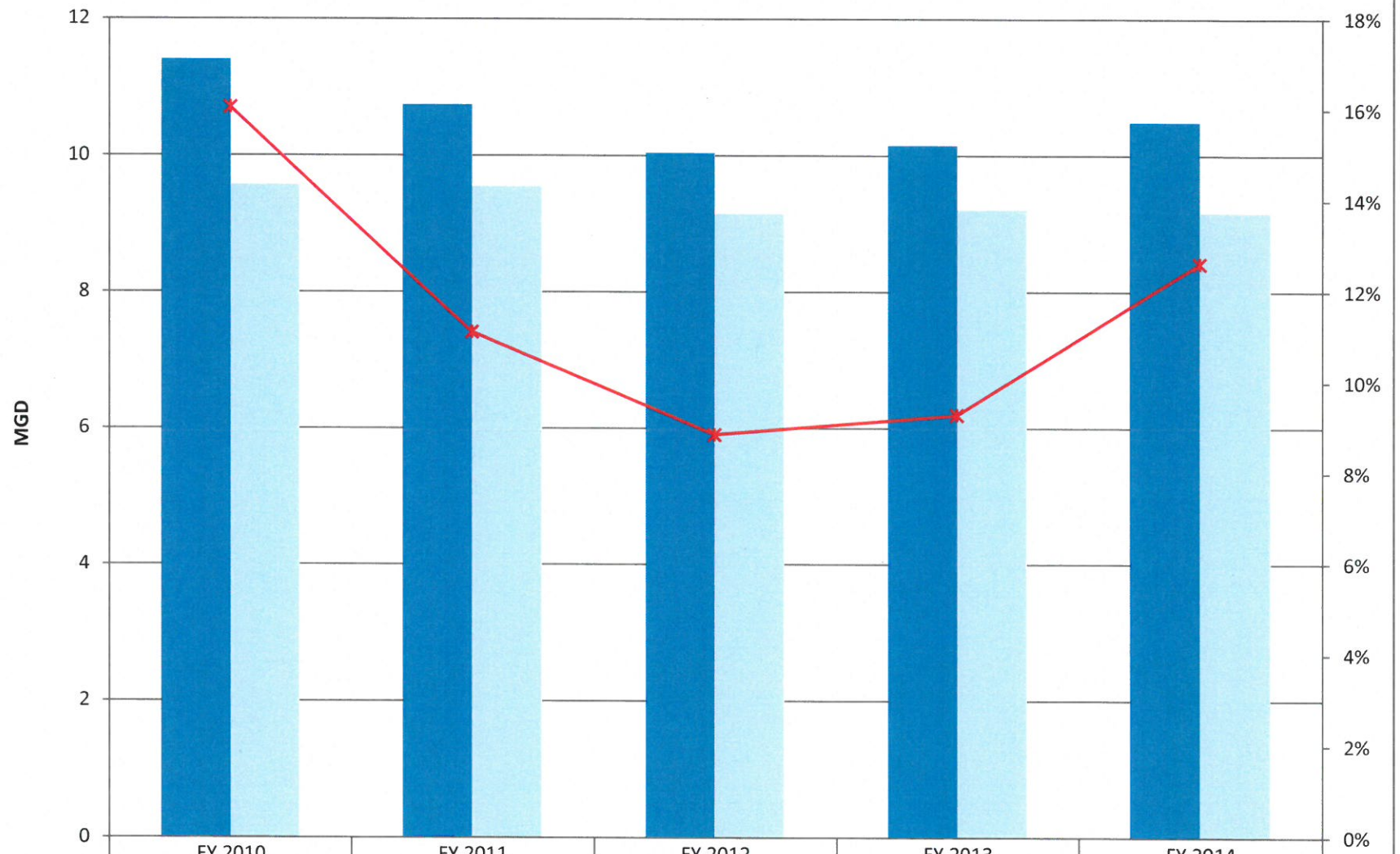
5.62

5.49

5.37

5.19

Non-Revenue Water



	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Production	11.40	10.74	10.04	10.15	10.49
Sales	9.57	9.55	9.15	9.21	9.17
NRW %	16.1%	11.1%	8.9%	9.3%	12.6%

Water Complaints

Type of Complaint	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
1. Discolored water	140	123	53	62	52
2. Odor / taste	2	11	6	7	8
3. No water	40	15	13	15	65
4. High / low pressure	86	95	67	54	47
5. Service line leaks	133	98	85	72	73
6. Main breaks	46	30	39	22	13
7. Meter related	75	75	71	41	71
8. Unclassified	-	255	232	239	293
Total complaints	522	702	566	512	622
Number of water customers	22,265	22,374	22,544	22,517	22,628
Complaints / 1,000 customers	23	31	25	23	27

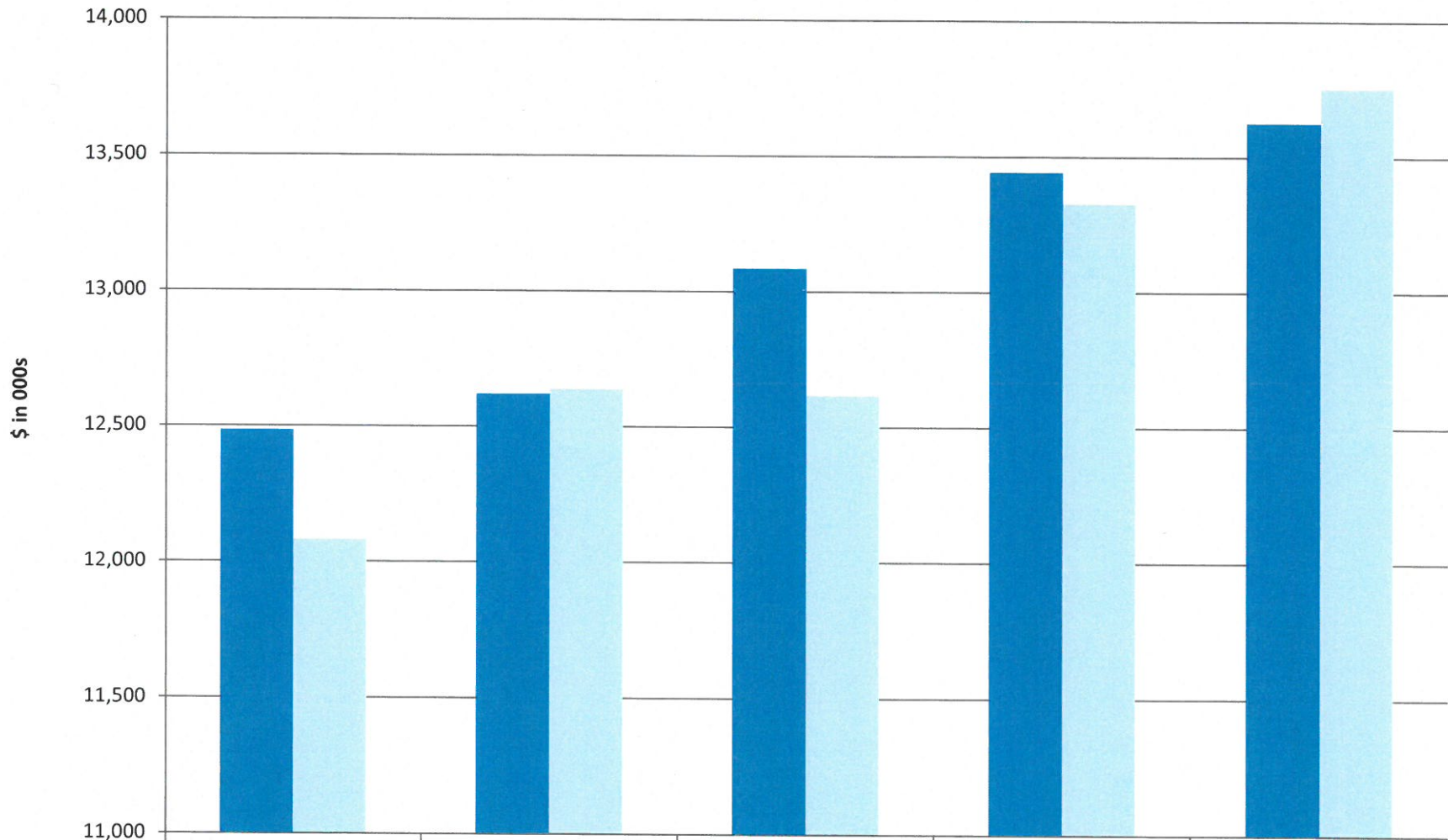
Water Fund Financial Data

Water Fund Debt Coverage

(\$ in 000s)

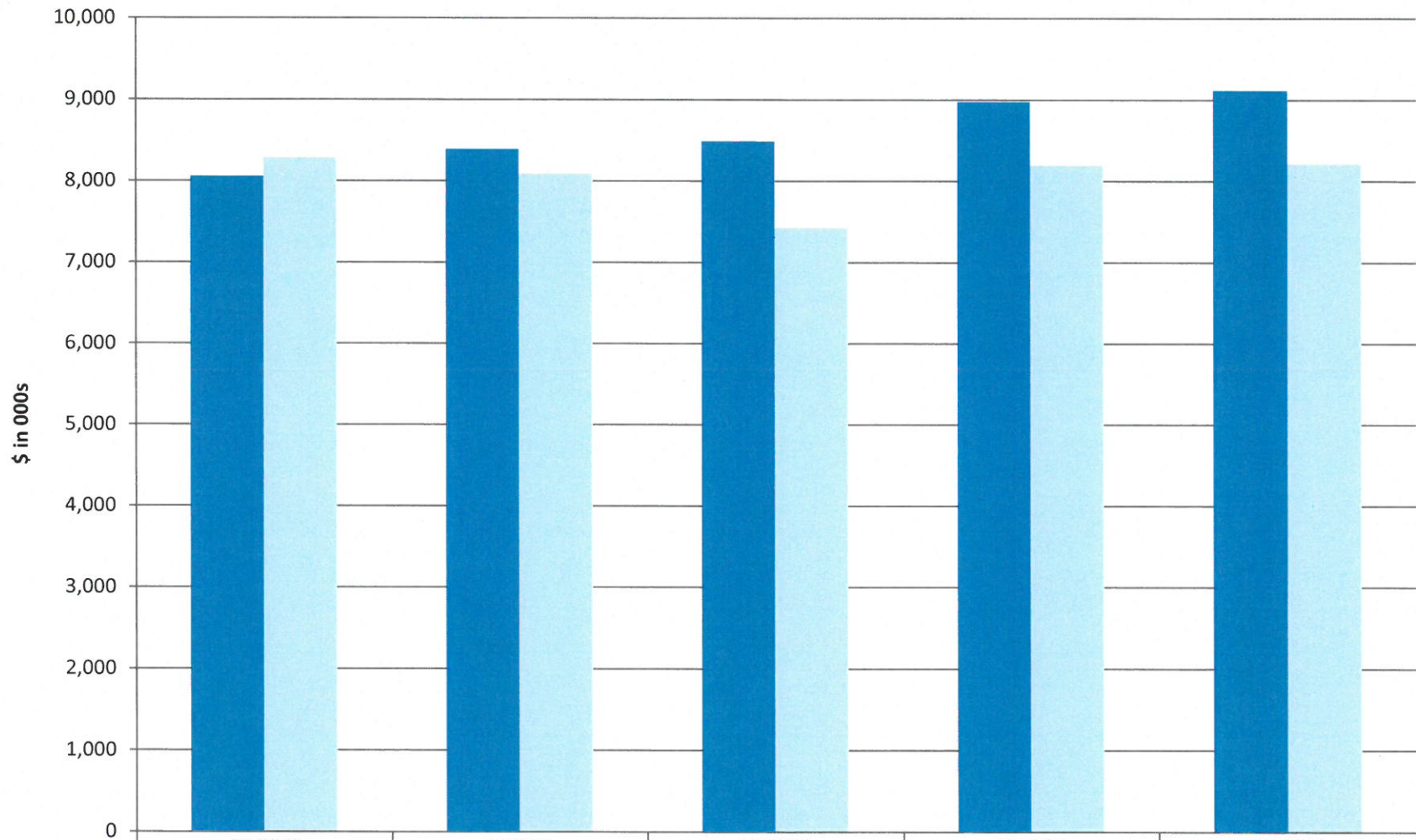
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Revenues:					
Charges for services	\$9,309	9,792	9,791	10,549	10,920
Water contracts	2,720	2,670	2,518	2,432	2,555
Interest & other	52	176	309	347	279
	12,081	12,638	12,618	13,328	13,754
Expenses:					
Water treatment	2,863	2,767	2,390	2,727	2,741
Water line maintenance	1,603	1,627	1,469	1,378	1,592
Meter reading	861	836	885	787	796
Administration	2,448	2,793	2,647	2,967	2,982
Non-departmental	113	164	119	195	176
Expenses paid by Capital Fund	397	14	21	285	100
Capitalizable Expenses	0	(110)	(103)	(145)	(171)
	8,285	8,091	7,428	8,194	8,216
Operating income	3,796	4,547	5,190	5,134	5,538
Debt service	2,999	3,677	3,650	3,617	3,586
Debt coverage	1.27	1.24	1.42	1.42	1.54

Water Revenues Adopted Budget vs. Actual



	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
■ Adopted Budget	12,484	12,620	13,086	13,443	13,626
■ Actual	12,081	12,638	12,618	13,328	13,754

Water Operating Expenses Adopted Budget vs. Actual



	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
■ Adopted Budget	8,052	8,391	8,487	8,974	9,115
■ Actual	8,285	8,091	7,428	8,194	8,216

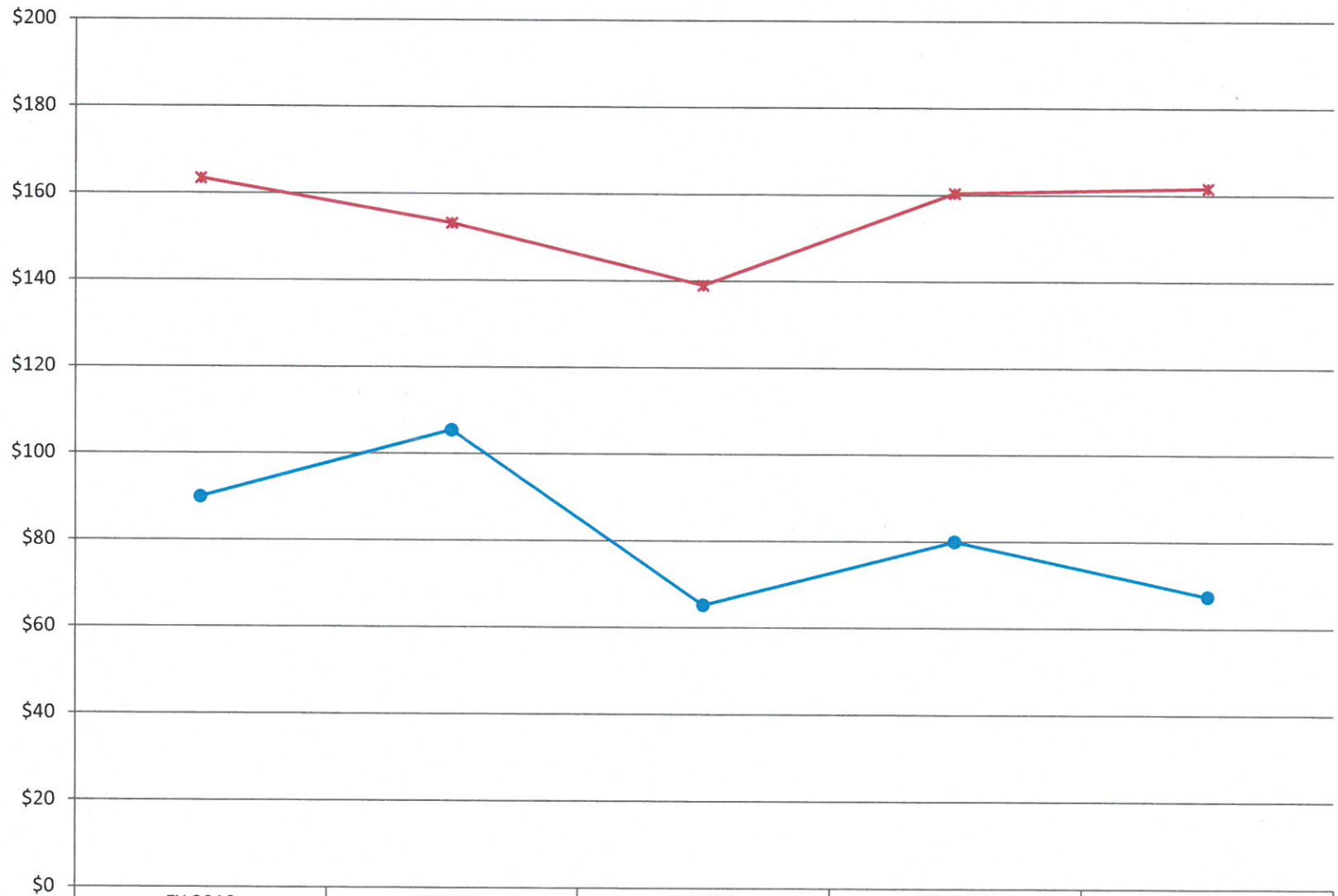
Largest Water Customers (\$ in 000s)

Customer	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
1. Bedford County	\$1,537	\$1,487	\$1,406	\$1,354	\$1,432
2. CCUSA	465	509	543	515	517
3. Rock Tenn	460	396	324	313	326
4. Liberty University	233	269	303	355	404
5. Frito-Lay	149	170	168	176	193
6. Azdel	143	150	126	193	288
7. Centra Health	124	137	262	246	243
8. Griffin Pipe	115	135	148	187	185
9. Amherst County	110	107	77	74	86
10. Kroger / Westover	108	105	107	109	88
11. Tri-Tech	106	133	154	179	191
12. RR Donnelley	102	135	112	115	111
Total top 12	3,652	3,733	3,730	3,816	4,064
Total water revenues	12,081	12,638	12,618	13,328	13,754
Top 12 % of total	30%	30%	30%	29%	30%

Water Expenses by Object (\$ in 000s)

Expenses by object	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Personal services	2,828	2,976	2,770	3,084	3,093
Fringe benefits	1,052	1,151	979	1,294	1,137
Supplies & materials	974	1,052	1,051	908	957
Contractual services	582	419	472	420	582
Utilities, including natural gas	687	609	516	600	626
Chemicals	378	419	242	299	262
General Fund allocations	905	1,004	1,003	1,013	1,053
All other, including project expenses	879	461	395	576	508
Total excluding capitalized expenses	8,285	8,091	7,428	8,194	8,218
% increase	4.4%	-2.3%	-8.2%	10.3%	0.3%

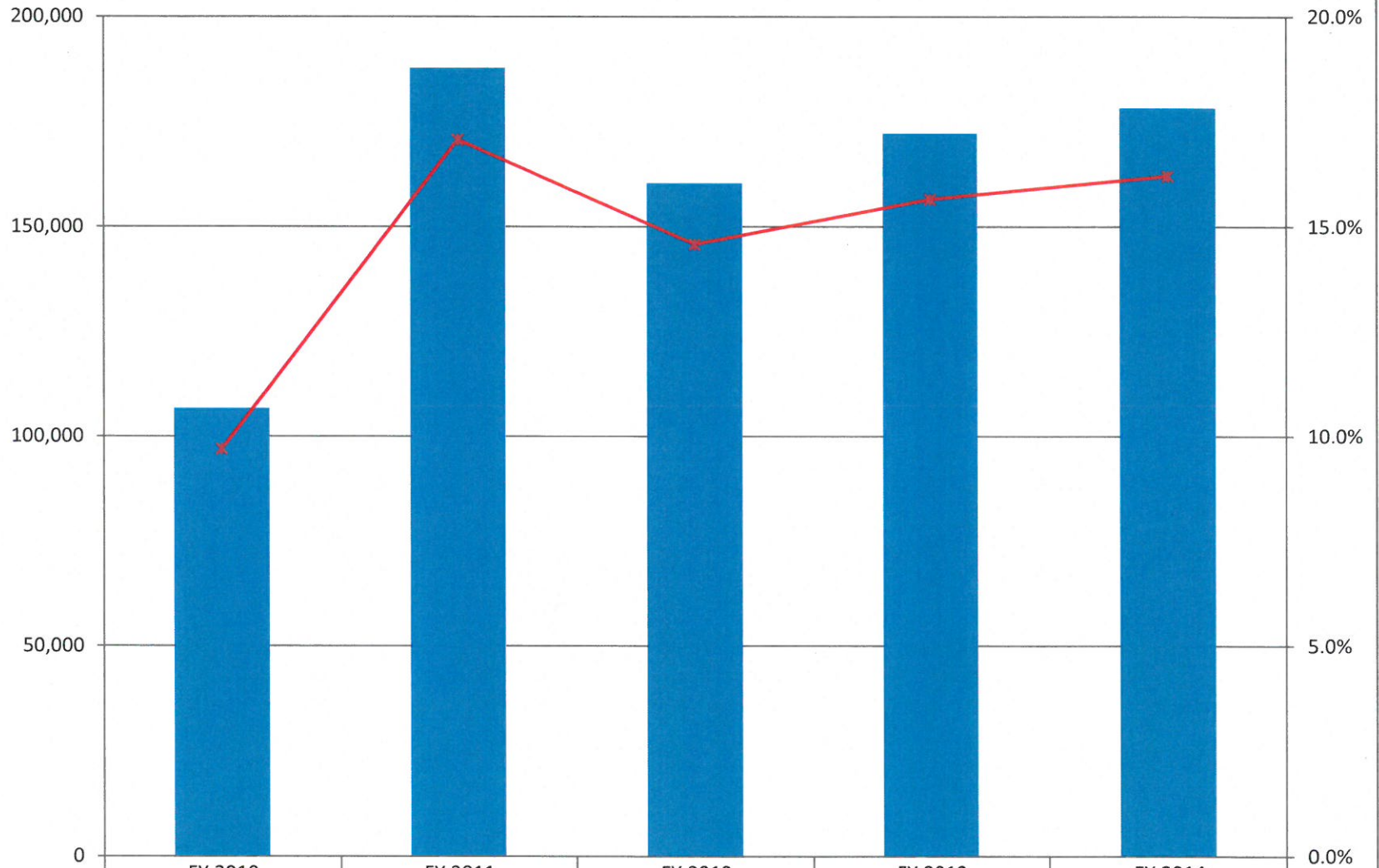
Water Variable Expenses/MG



	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
● Chemicals	\$90	\$105	\$65	\$80	\$67
✕ Utilities / MG	\$163	\$153	\$139	\$160	\$162

Water Vehicle Costs

Total cost of all vehicles (\$1.1 million)

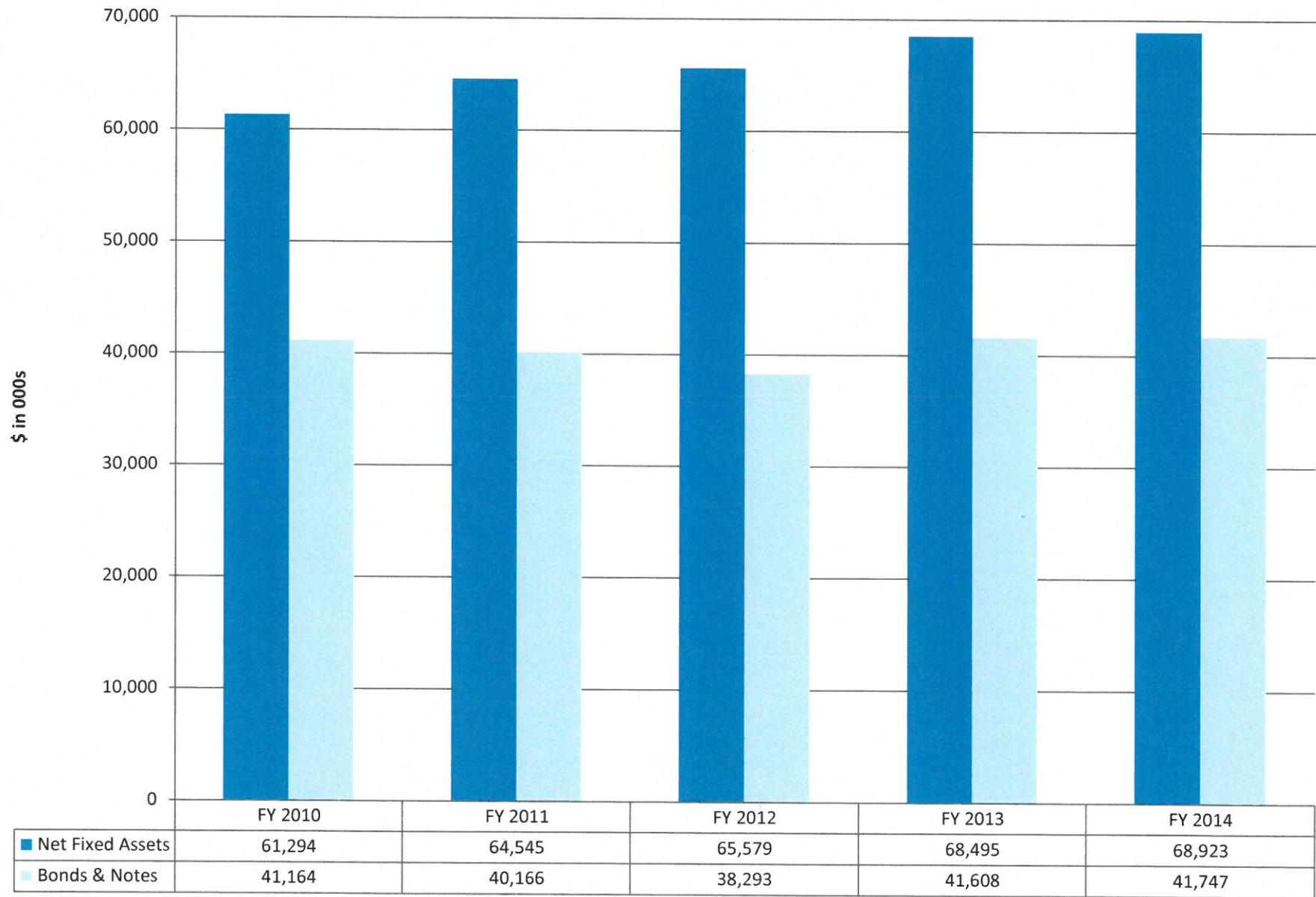


Payments	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
	106,658	187,737	160,386	172,187	178,266
Replacement %	9.7%	17.1%	14.6%	15.7%	16.2%

Water Capital Expenditures (\$ in 000s)

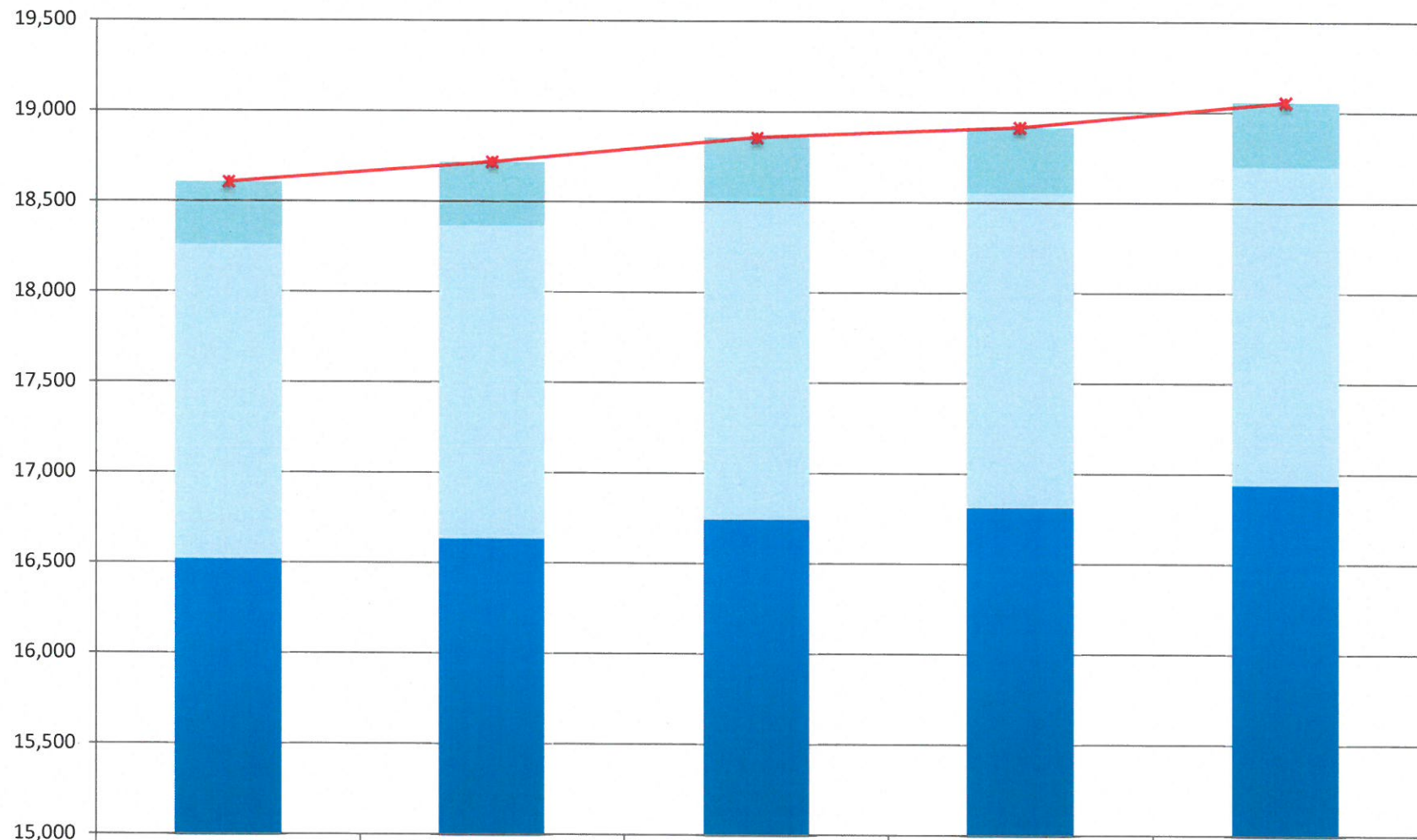
Capital Expenditures	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Source of supply	463	1,202	103	206	464
Treatment plants	83	494	298	209	527
Storage tanks	98	603	22	26	48
Petitions & extensions	239	304	111	121	68
Distribution & CSO improvements	1,795	2,435	2,920	5,245	2,000
Other	778	364	0	0	0
Total	3,456	5,402	3,454	5,807	3,107

Net Water Capital Assets



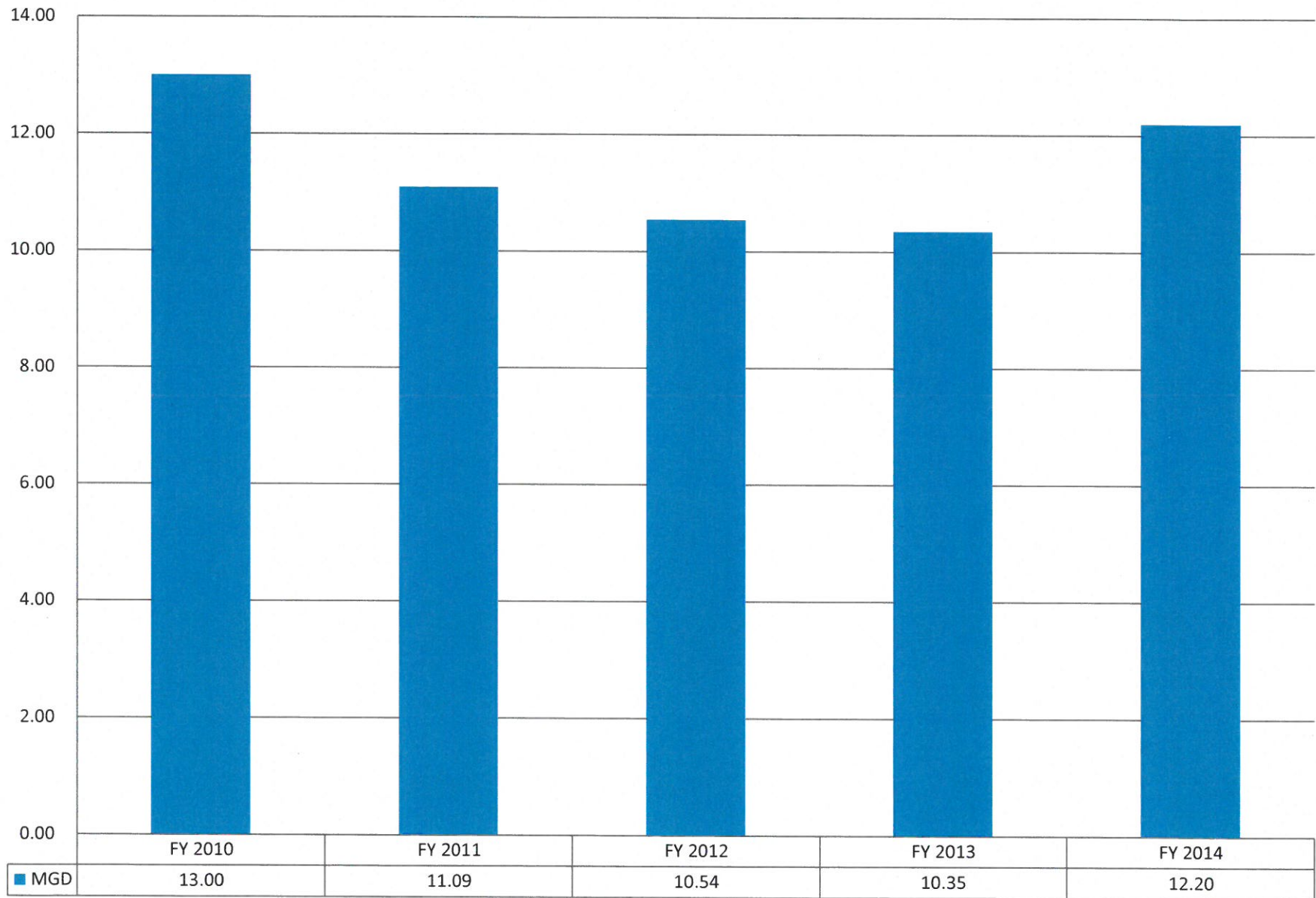
Wastewater Statistics

Number of Sewer Customers

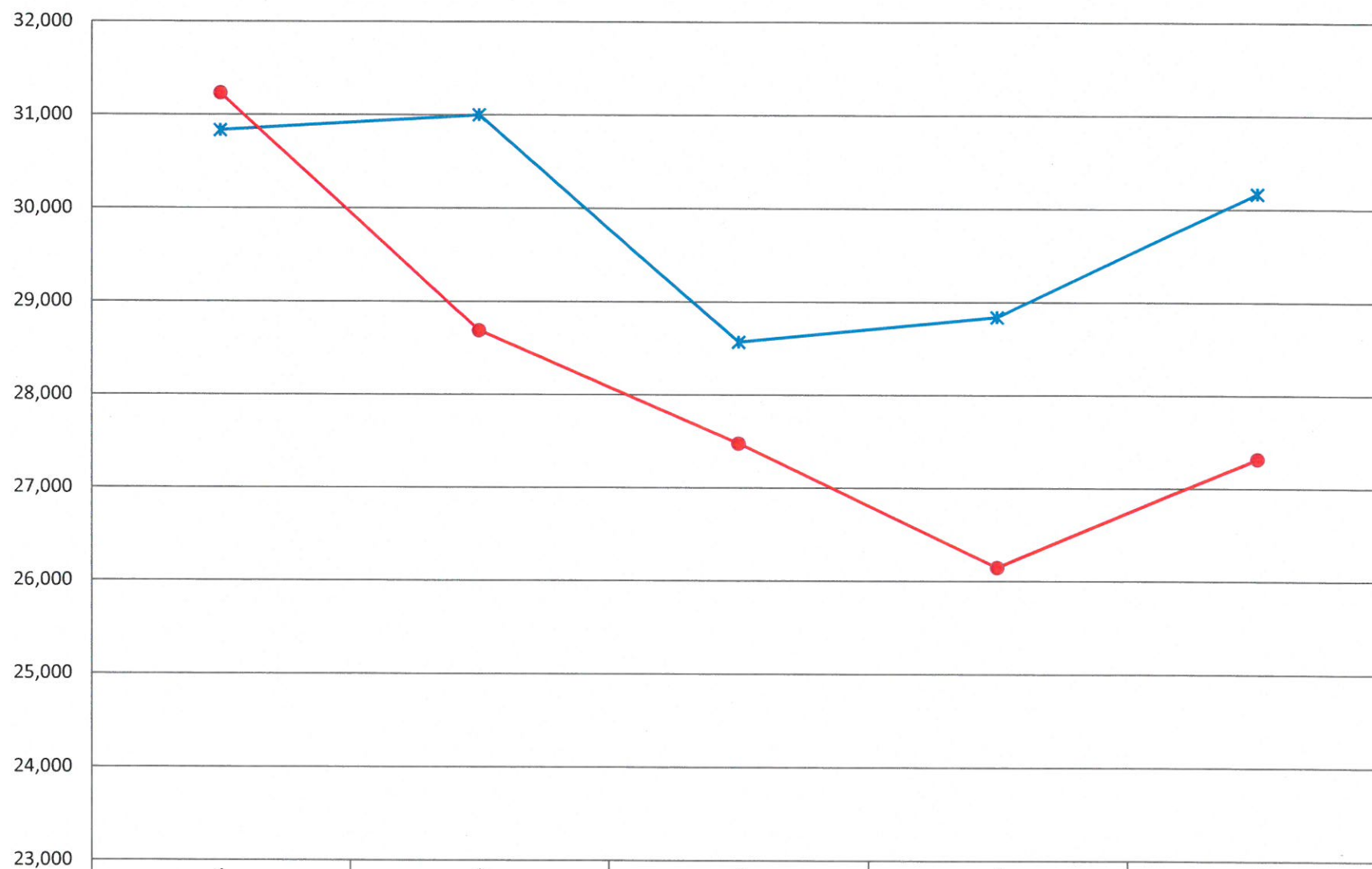


	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Other	345	350	348	360	358
Business	1,743	1,736	1,765	1,745	1,759
Domestic	16,518	16,632	16,745	16,811	16,940
Total	18,606	18,718	18,858	18,916	19,057

Wastewater Effluent in MGD

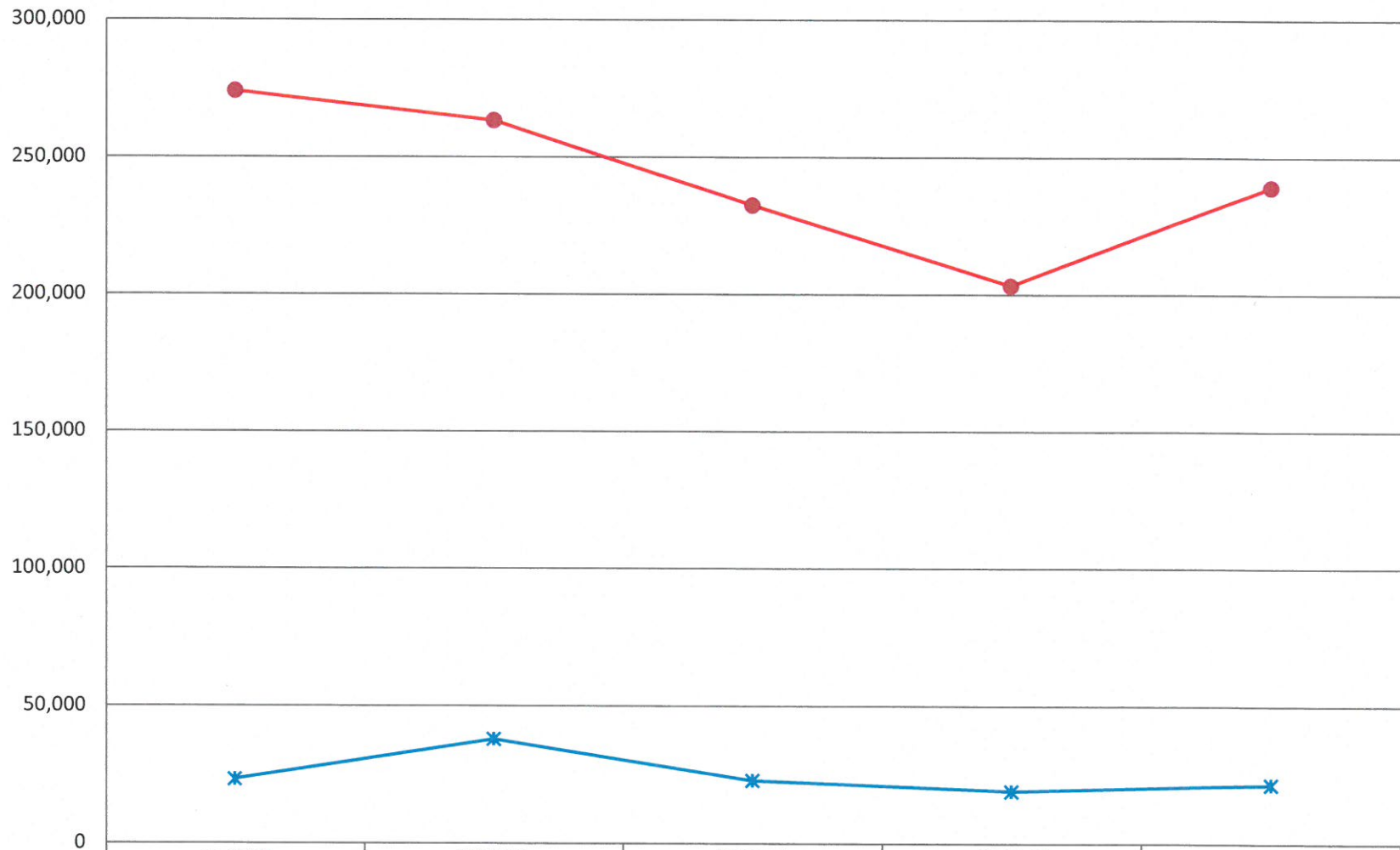


BOD/TSS Loadings in Lbs/Day



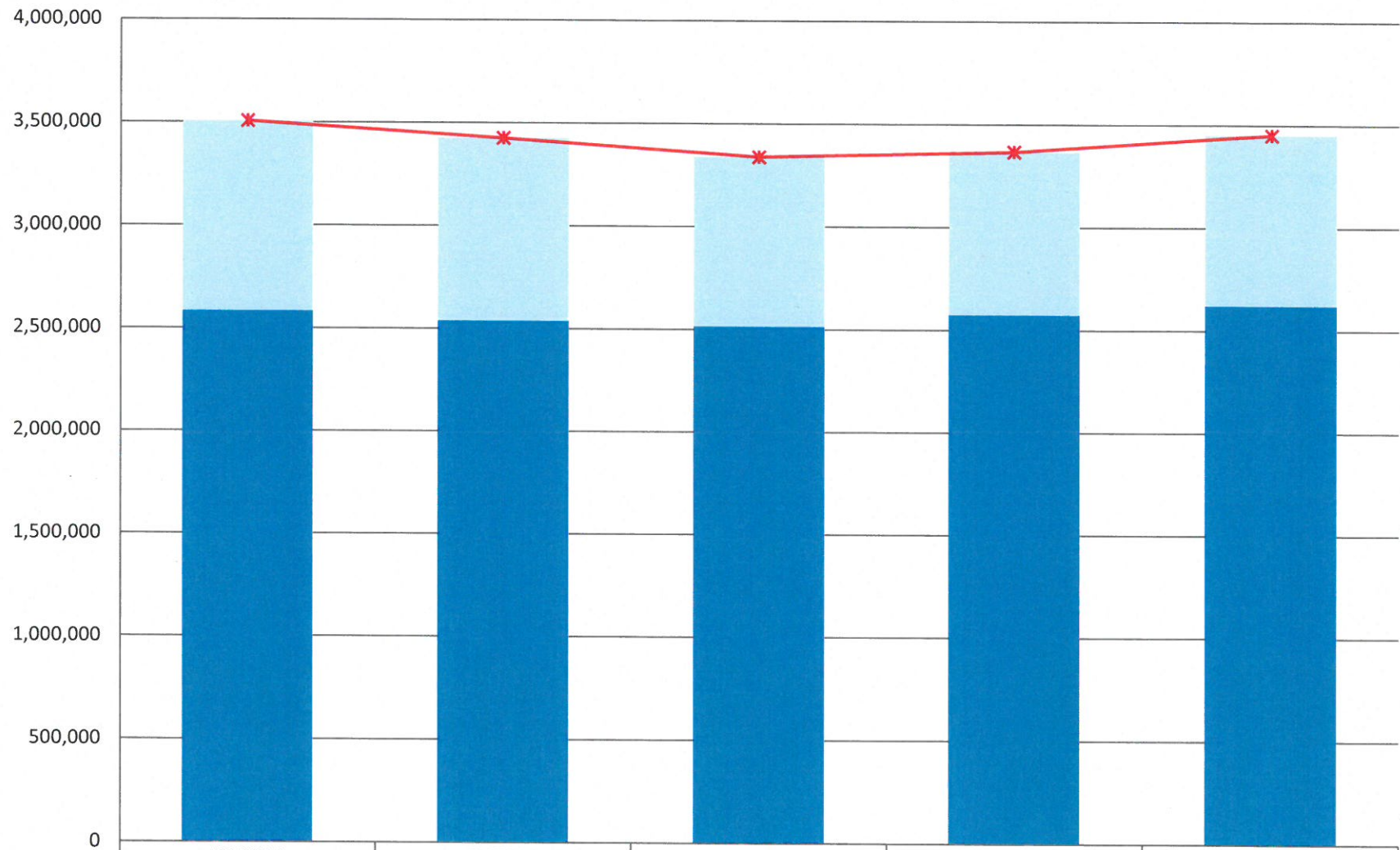
* BOD	30,832	30,998	28,567	28,839	30,166
● TSS	31,232	28,689	27,477	26,149	27,317

Nitrogen/Phosphorous Annual Discharge in Lbs



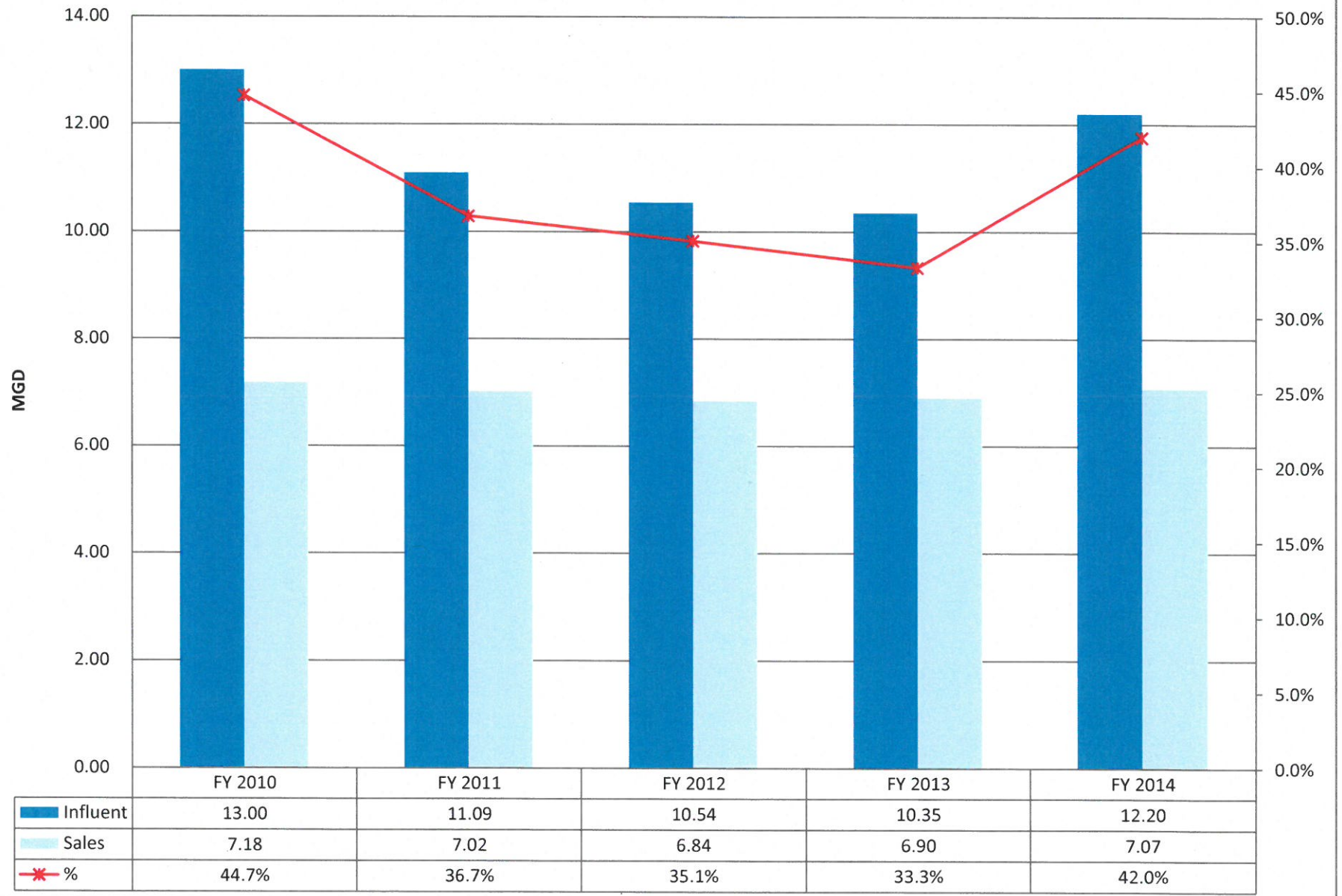
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
* Phosphorous	23,319	37,923	22,949	19,156	21,565
● Nitrogen	273,963	263,308	232,563	203,280	239,208

Sewer Sold in HCF



	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Contracts	923,196	888,742	825,100	793,790	829,664
All Other	2,582,089	2,536,205	2,513,335	2,573,269	2,621,921
Total	3,505,285	3,424,947	3,338,435	3,367,059	3,451,585

Sewer Sales to Influent



Sewer Complaints

Type of Complaint	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
1. Cave-in / broken sewer line	25	-	-	-	-
2. Sewer odor	45	72	30	32	15
3. Sewer overflow / backups	183	138	10	18	18
4. Stormwater related	203	219	154	178	201
5. All other	78	122	217	197	220
Total complaints	534	551	411	425	454
Number of sewer customers	18,606	18,718	18,858	18,916	19,057
Complaints / 1,000 customers	29	29	22	22	24

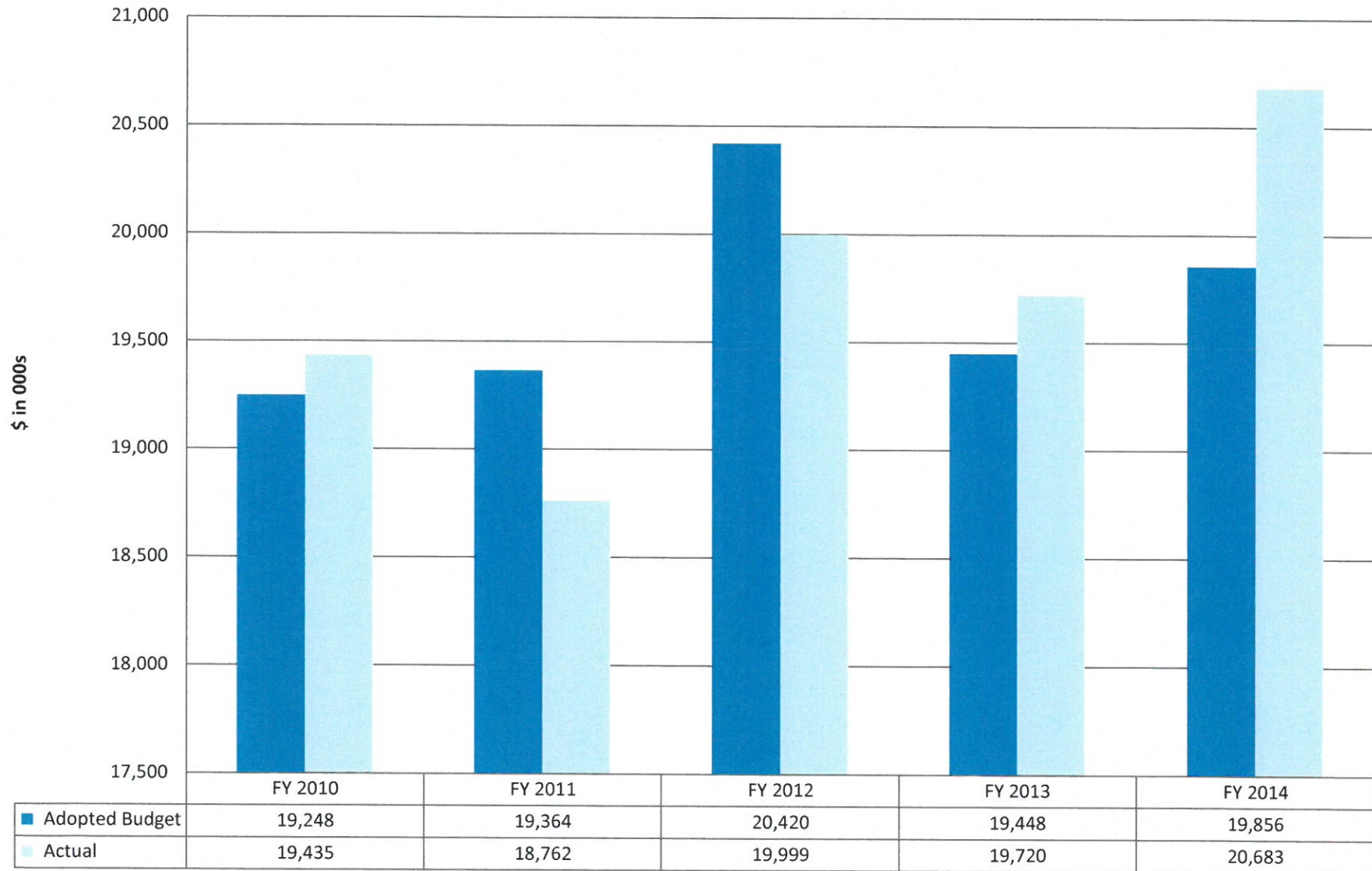
Sewer Fund Financial Data

Sewer Fund Debt Coverage

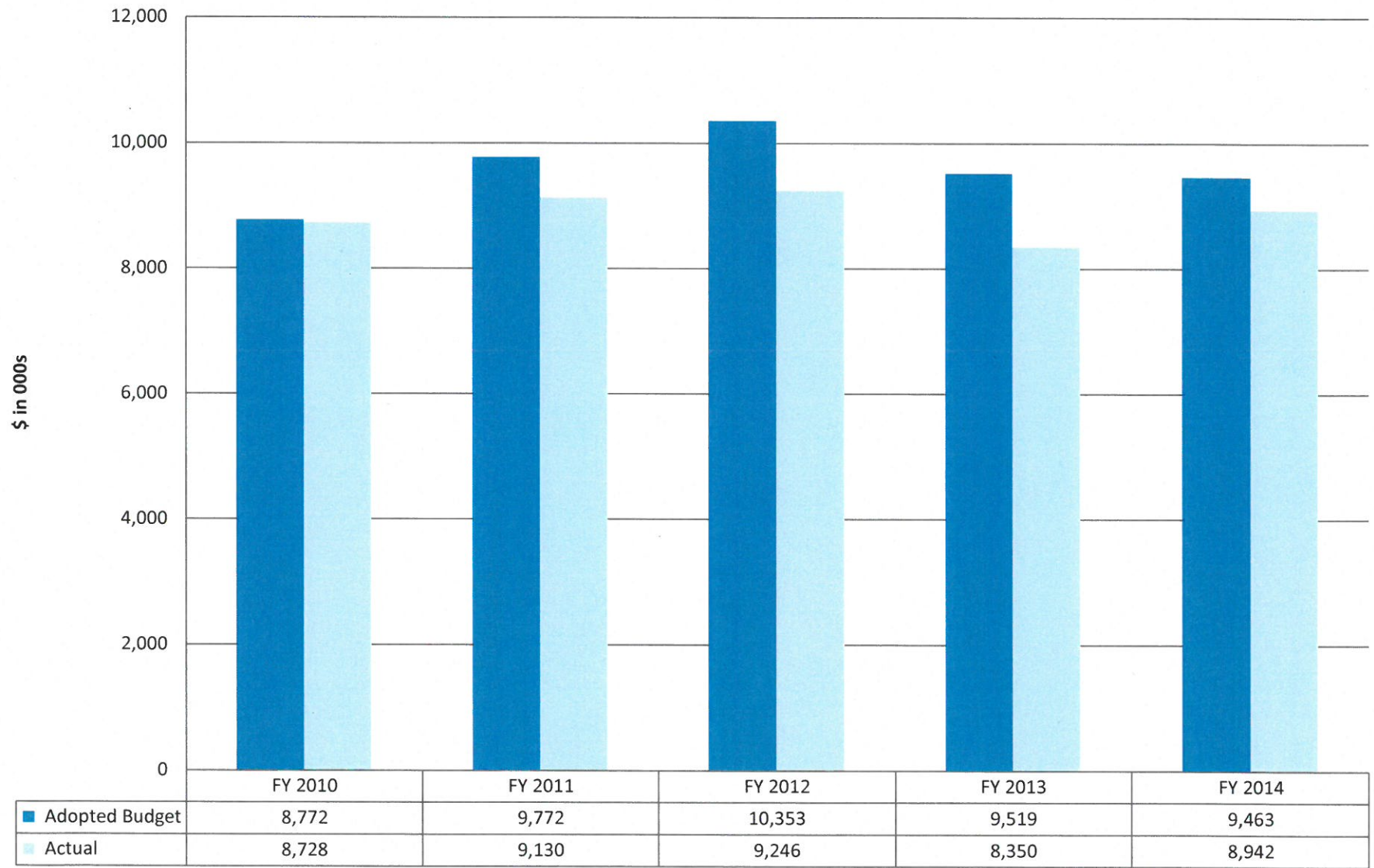
(\$ in 000s)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Revenues:					
Charges for services	16,085	15,757	16,267	16,573	17,235
Sewer contracts	2,991	2,806	2,802	2,909	3,220
Interest & other	359	199	930	238	228
	19,435	18,762	19,999	19,720	20,683
Expenses:					
WWTP	6,007	6,310	6,104	6,448	6,773
Sewer line maintenance + sw	2,305	2,665	2,598	1,952	2,022
Non-departmental	250	250	462	156	172
Project expenses	166	135	380	15	134
Capitalizable expenses	0	(230)	(298)	(221)	(159)
	8,728	9,130	9,246	8,350	8,942
Operating income	10,707	9,632	10,753	11,370	11,741
Debt service, net of IRS rebate	7,107	7,573	8,067	8,412	8,625
Debt coverage	1.51	1.27	1.33	1.35	1.36

Sewer Revenues Adopted Budget vs. Actual



Sewer Operating Expenses Adopted Budget vs. Actual



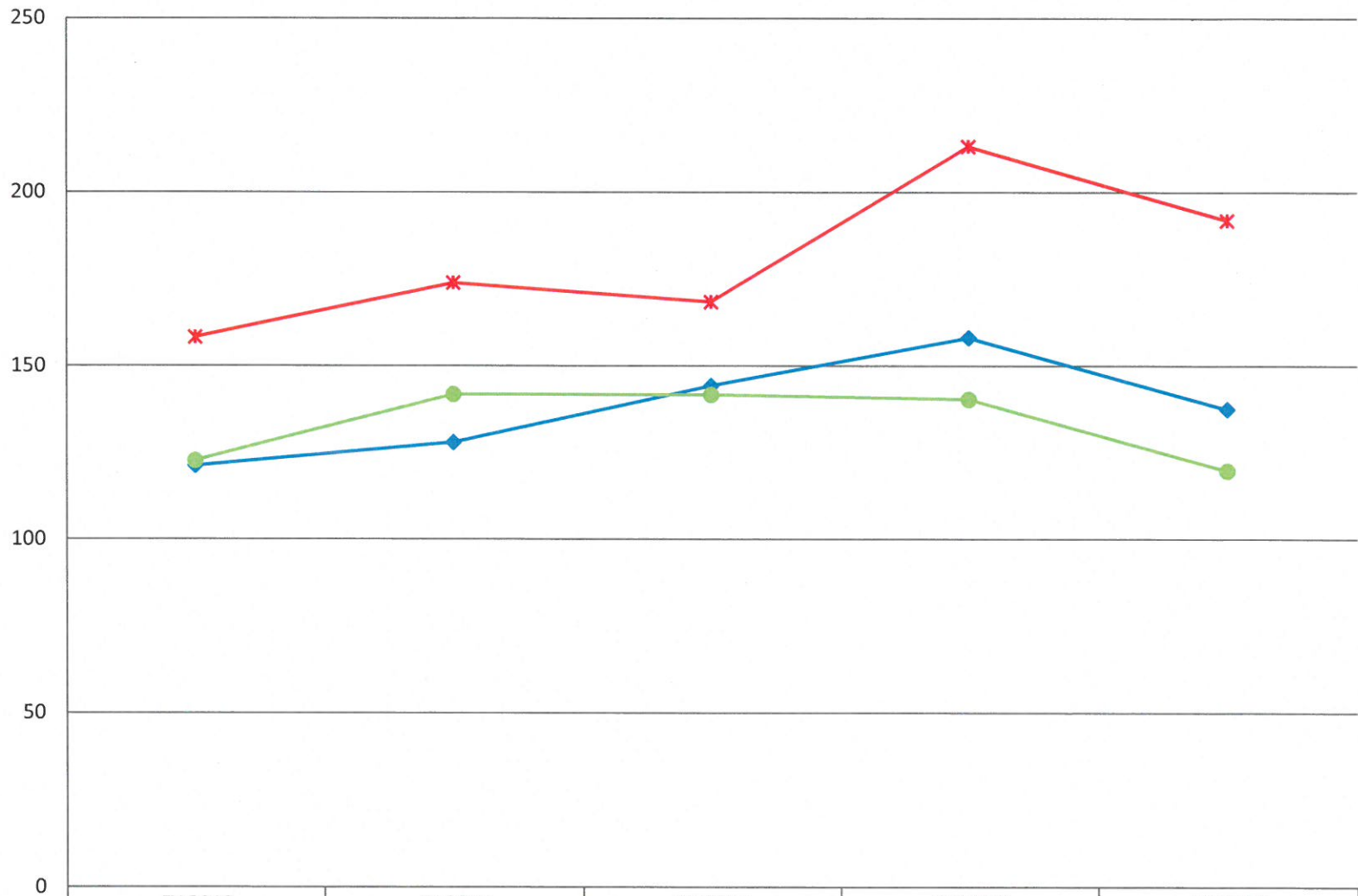
Ten Largest Sewer Customers (\$ in 000s)

Customers	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
1. Rock Tenn	\$1,154	\$1,019	\$921	\$982	\$1,043
2. Frito-Lay	1146	1276	1102	1,230	1,445
3. Centra Health	450	537	516	601	414
4. Liberty University	476	518	614	722	691
5. Azdel	519	417	368	567	872
6. Tri-Tech	433	523	525	615	586
7. Bedford County	484	388	441	443	437
8. Amherst County	396	365	400	413	497
9. Griffin Pipe	280	316	283	502	446
10. Kroger / Westover Dairy	203	308	290	325	206
11. CCUSA	264	262	350	308	352
Total top 11	5,805	5,929	5,810	6,708	6,989
Total sewer revenues	19,435	18,762	19,999	19,720	20,683
Top 11 % of total	30%	32%	29%	34%	34%

Sewer Expenses by Object (\$ in 000s)

Expenses by object	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Personal services	1,844	1,886	2,087	1,898	2,020
Fringe benefits	699	729	737	723	752
Supplies & materials	544	624	517	436	544
Contractual expenses	888	1,059	964	866	1,029
Sludge disposal	582	574	545	530	533
Utilities	751	704	648	805	854
Chemicals	575	518	555	597	612
General & Water Fund Allocations	1,979	2,360	2,136	2,118	2,091
All other	866	676	1,057	377	507
Total excluding capitalized expense	\$ 8,728	\$ 9,130	\$ 9,246	\$ 8,350	\$ 8,942
% Increase -total	-1.9%	4.6%	1.3%	-9.7%	7.1%

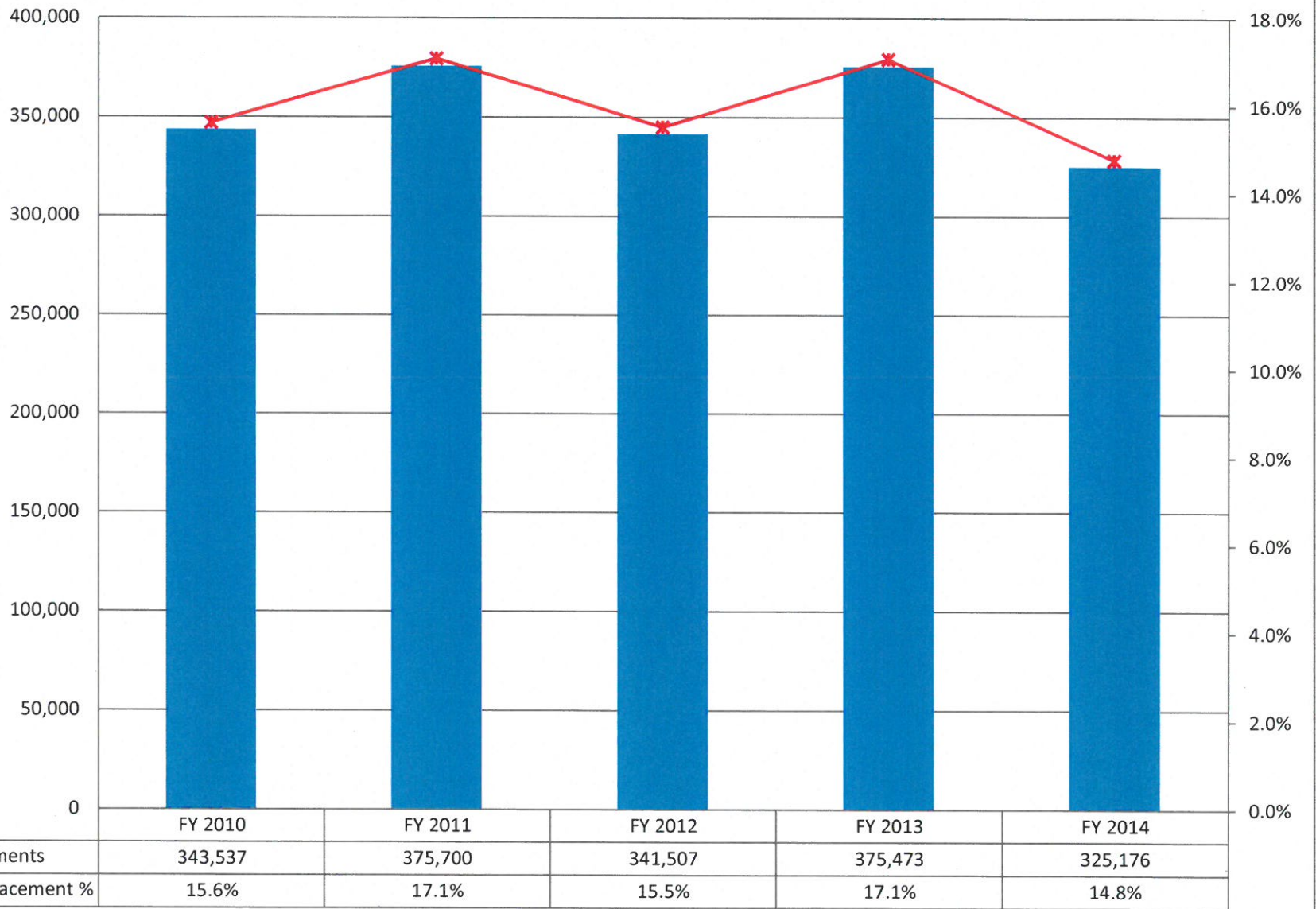
Sewer Variable Expenses/MG



	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Chemicals	121	128	144	158	137
Utilities	158	174	168	213	192
Sludge Disposal	123	142	142	140	120

Sewer Vehicle Costs

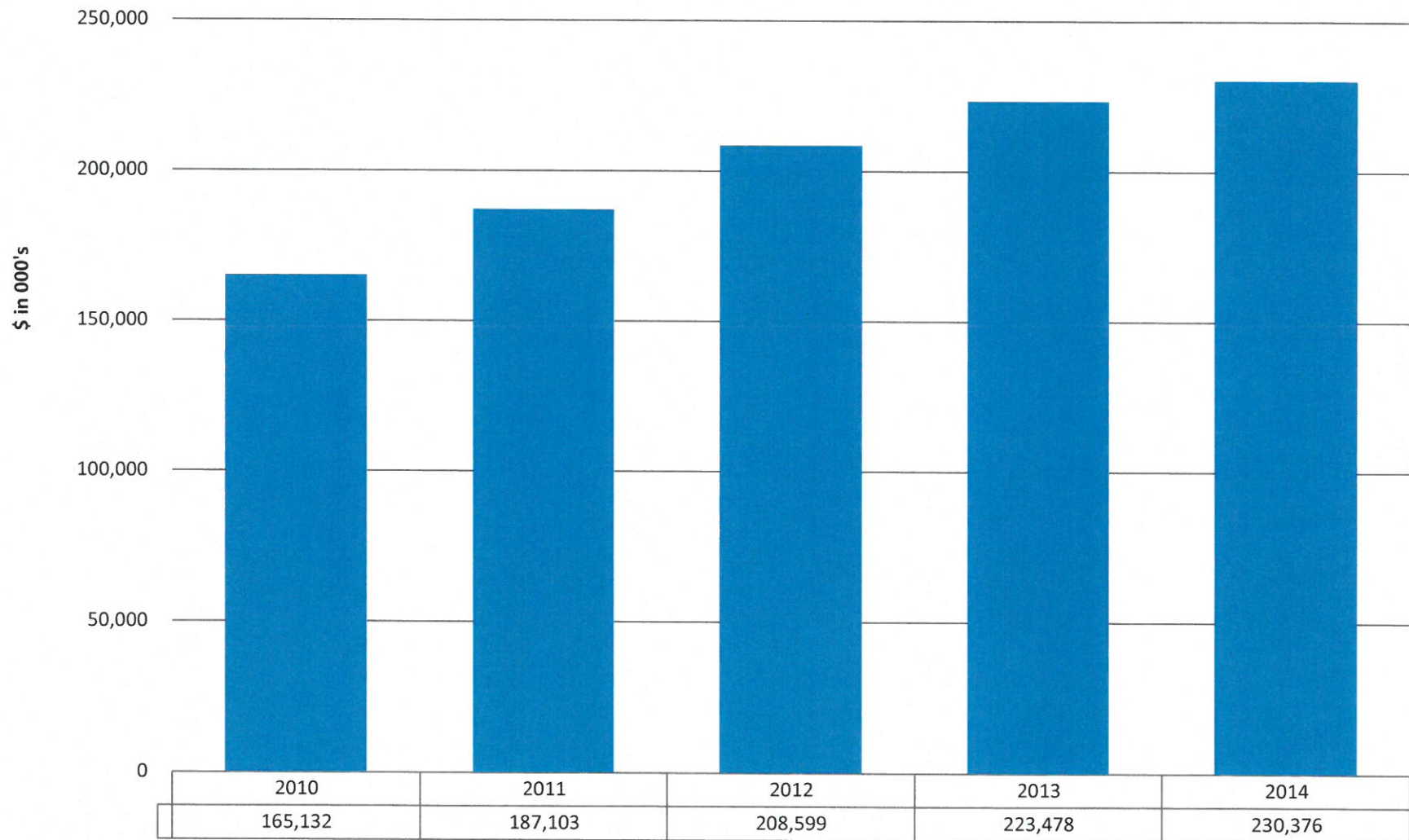
Total cost of all vehicles (\$2.2million)



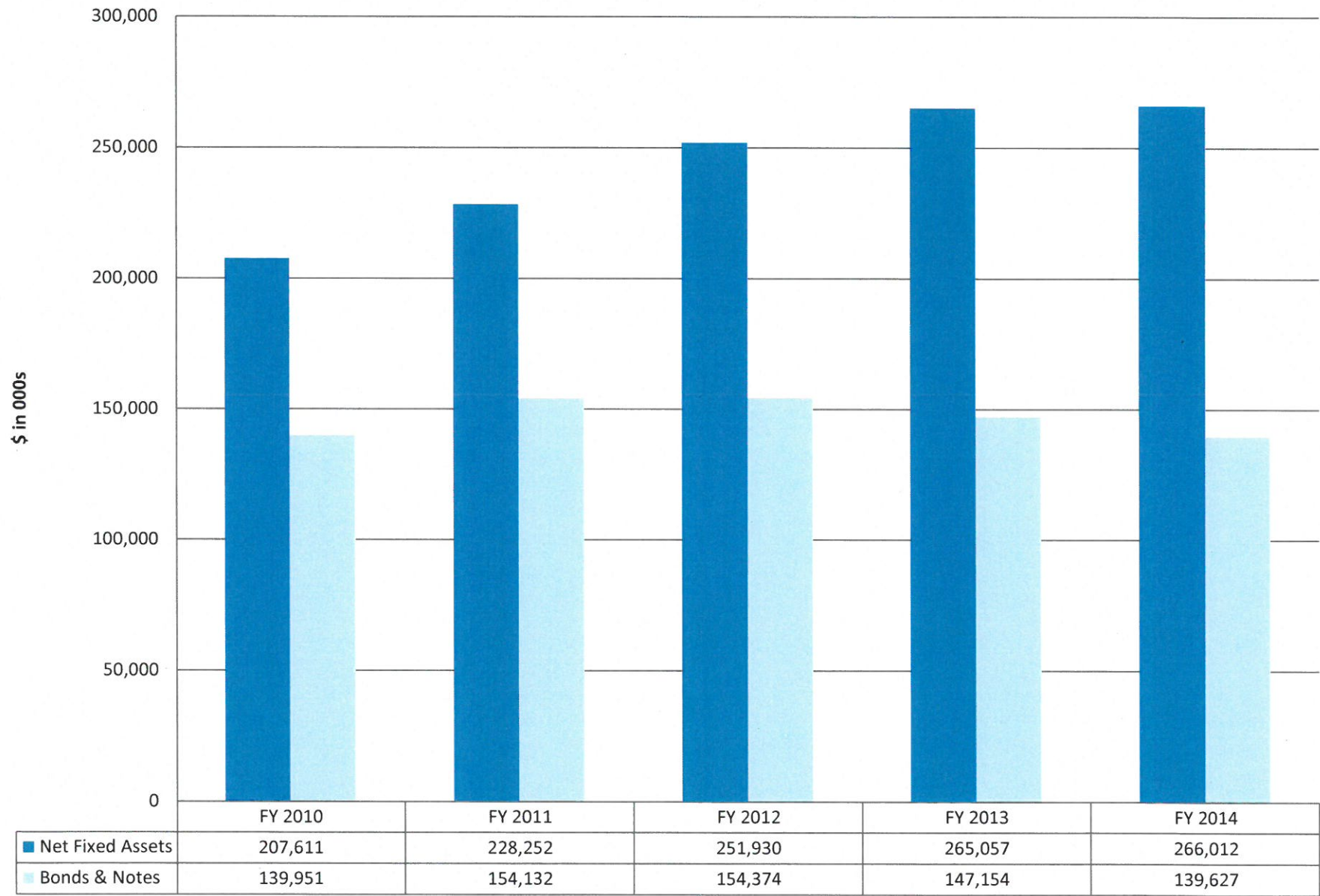
Sewer Capital Expenditures (\$ in 000s)

Capital Expenditures	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Sewer extensions	596	193	258	69	108
Treatment plant	1,612	1,164	5,572	3,377	452
Collection system repairs	464	997	1,667	1,402	303
CSO - separation & RDP	7,387	9,423	5,194	5,497	3,524
Interceptors	14,003	12,549	15,639	8,846	3,222
Stormwater	0	284	92	77	0
Other	1,092	1,177	1,132	183	249
Total	25,154	25,787	29,554	19,451	7,858

Cumulative CSO Expenditures



Net Sewer Capital Assets

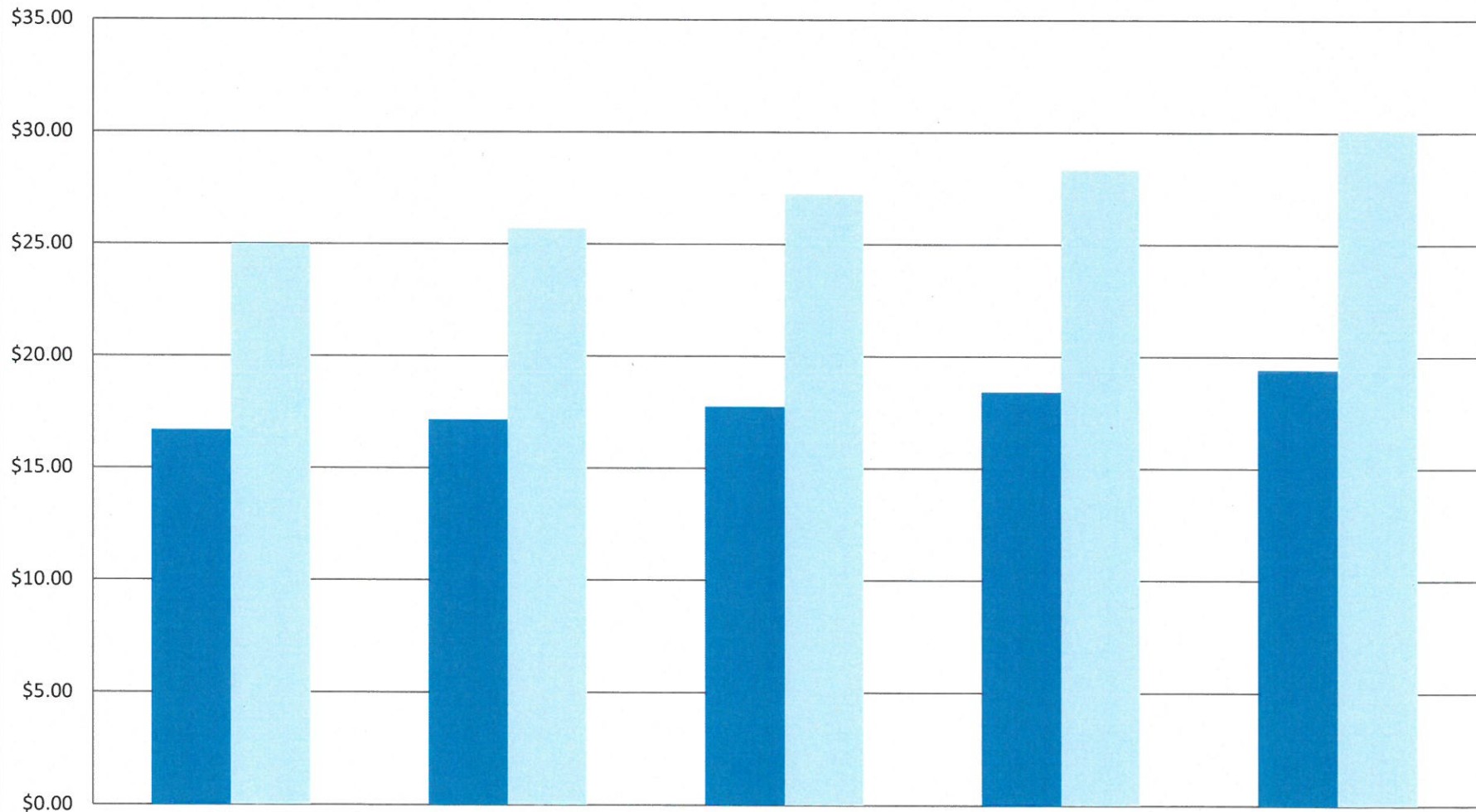


Rate & Bill Data

Water, Sewer & Stormwater Rates

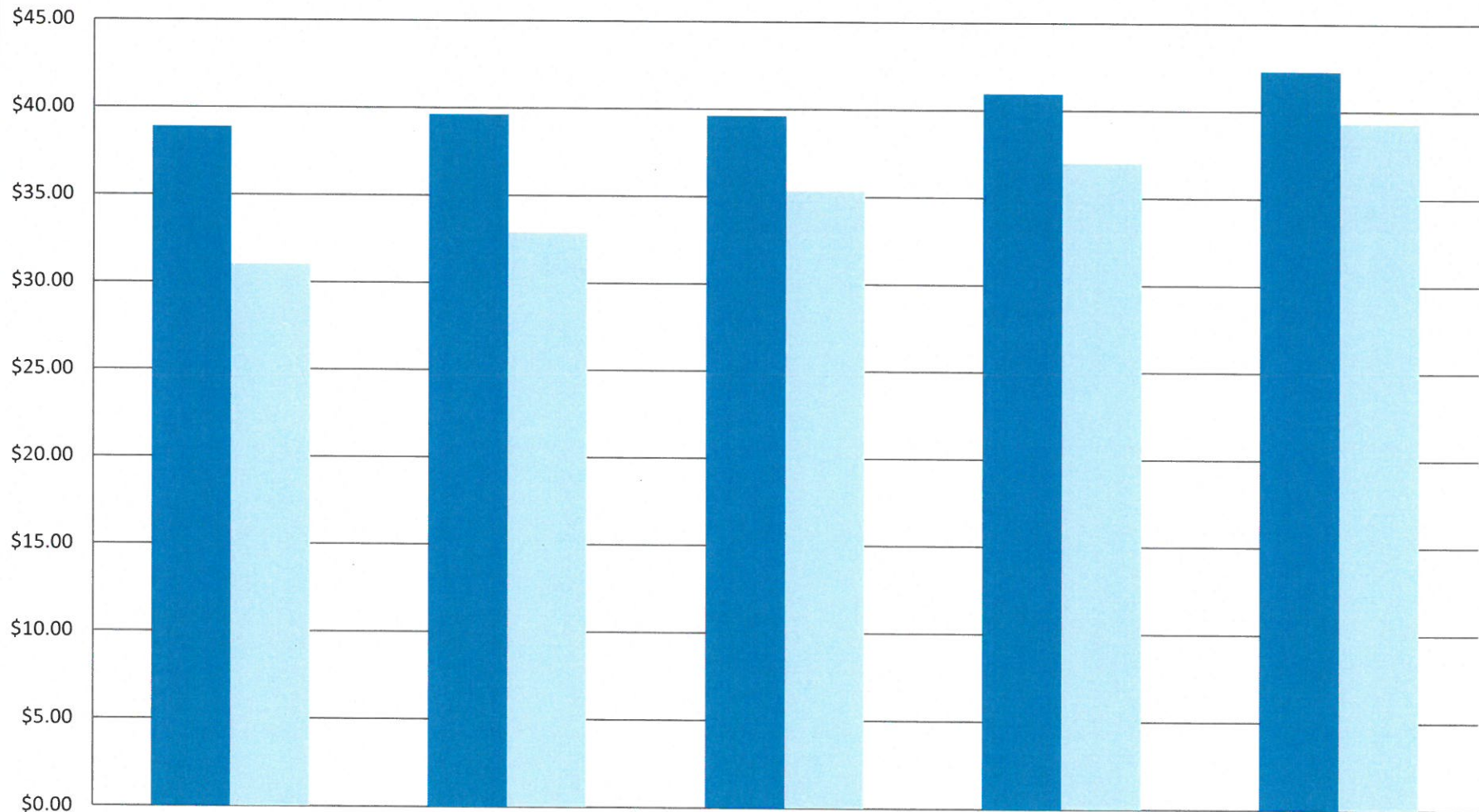
	7/1/2010	7/1/2011	7/1/2012	7/1/2013	7/1/2014
Water volume charge / hcf	\$ 2.22	\$ 2.29	\$ 2.38	\$ 2.38	\$ 2.43
Sewer					
Volume charge / hcf	5.54	5.65	5.65	5.65	5.65
BOD / 100 lbs	20.31	20.31	21.33	22.40	23.52
TSS / 100 lbs.	22.97	22.97	24.12	25.33	26.60
Septic hauler charge	185.50	185.50	195.14	204.90	204.90
Avg. industrial pre-treatment / permit fee	1,606.00	1,606.00	1,606.00	1,606.00	1,606.00
Sewer only	42.27	43.24	43.24	44.58	45.92
Account charge for Water and or Sewer	3.69	3.69	3.69	5.69	7.69
Stormwater					
Rate per sfu per month (1,301- 4,300 sq. ft)			4.00	4.00	4.00
Water Connection fees					
3/4" & 5/8" meters	950	950	950	1,045	1,045
1" service - 5/8" meter	1,000	1,000	1,000	1,100	1,100
1" service - 1" meter	1,150	1,150	1,150	1,265	1,265
Greater than 1" minimum	1,150	1,150	1,150	1,265	1,265
Sewer Connection Fees					
4" line	1,100	1,100	1,100	1,210	1,210
Greater than 4" - minimum	1,200	1,200	1,200	1,320	1,320
Availability fee					
Water	1,220	1,220	1,220	1,220	1,220
Sewer	1,950	1,950	1,950	1,950	1,950
Fire protection fees (monthly)					
Hydrants & 8" fire lines	19.79	19.79	19.79	19.79	19.79
10" fire line	35.53	35.53	35.53	35.53	35.53
12" fire line	56.38	56.38	56.38	56.38	56.38
Cut-on charge	15	15	15	15	15
Cut-off charge	30	30	30	30	30

Water Bill Comparison @ 5,000 gallons/month



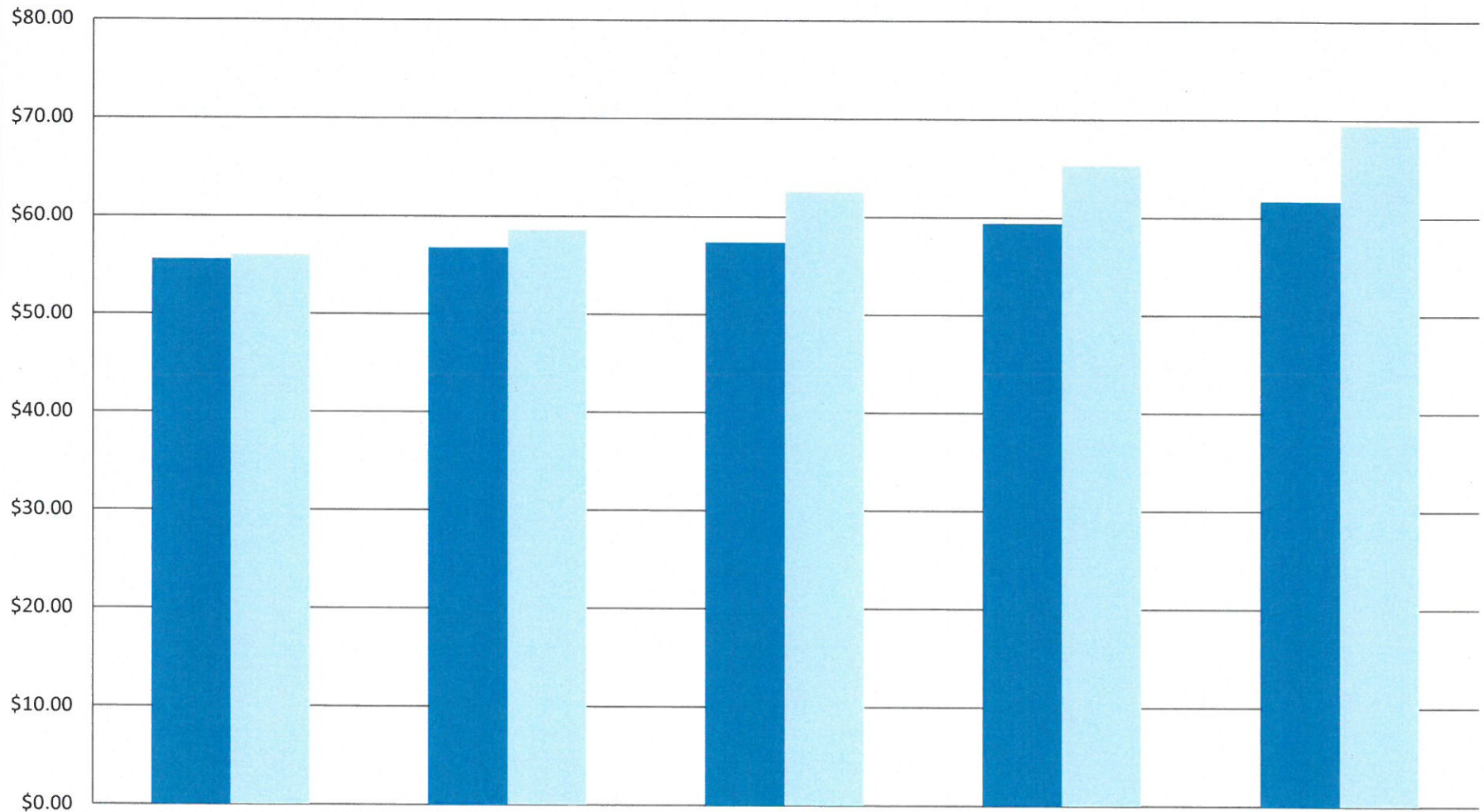
	7/1/2010	7/1/2011	7/1/2012	7/1/2013	7/1/2014
■ Lynchburg	\$16.68	\$17.15	\$17.75	\$18.42	\$19.41
■ State Average	\$25.00	\$25.70	\$27.25	\$28.34	\$30.11

Sewer Bill Comparison @ 5,000 gallons/month



	7/1/2010	7/1/2011	7/1/2012	7/1/2013	7/1/2014
■ Lynchburg	\$38.88	\$39.62	\$39.62	\$40.95	\$42.29
■ State Average	\$31.03	\$32.88	\$35.34	\$37.00	\$39.33

Water & Sewer Bill Comparison @ 5,000 gallons/month



	7/1/2010	7/1/2011	7/1/2012	7/1/2013	7/1/2014
■ Lynchburg	\$55.56	\$56.76	\$57.37	\$59.37	\$61.70
■ State Average	\$56.03	\$58.58	\$62.59	\$65.34	\$69.44

Contract Rate History

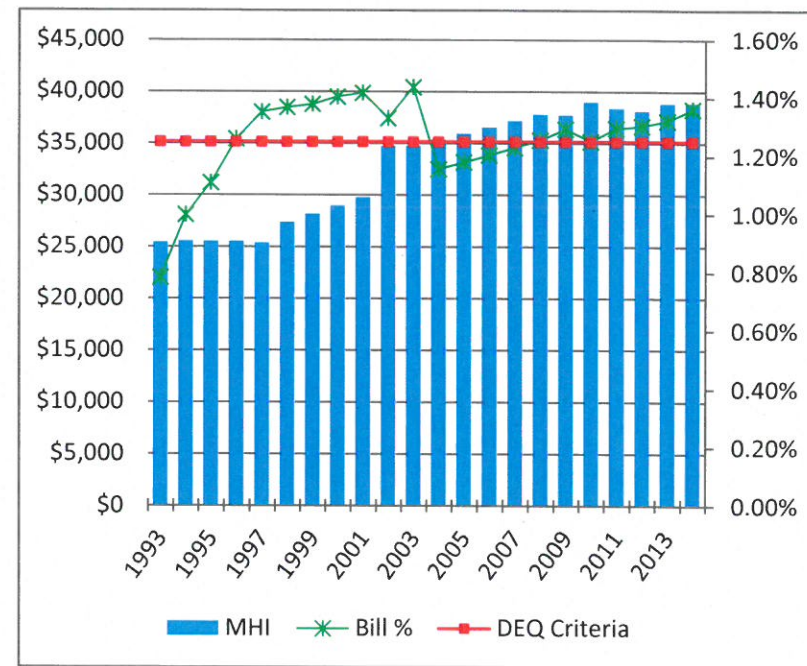
	FY2010	FY2011	FY2012	FY2013	FY2014
Water Contract rates / HCF					
Amherst	1.99	1.89	1.84	1.98	2.04
Bedford	2.00	1.90	1.84	1.98	2.05
CCUSA	1.98	1.89	1.82	1.97	2.03
Frito-Lay	1.18	1.21	1.24	1.27	1.30
Rock Tenn	1.18	1.21	1.24	1.27	1.30
Sewer Contract rates / 1,000 gallons					
Amherst (1)	1.27	1.61	1.60	1.73	1.53
Bedford (1)	1.27	1.61	1.60	1.73	1.53
CCUSA (1)	1.27	1.61	1.60	1.73	1.53
Frito-Lay	2.51	2.65	2.82	2.87	3.03
Rock Tenn	1.84	1.89	2.01	2.01	2.08

1. Volume rate only base on WWTP flows of fiscal year.

Annual Sewer Bill as a % of MHI

Annual Sewer Bill

FY	Bill	MHI	%	DEQ Criteria
1993	\$199.08	\$25,437	0.78%	1.25%
1994	\$255.00	\$25,539	1.00%	1.25%
1995	\$282.96	\$25,523	1.11%	1.25%
1996	\$321.36	\$25,527	1.26%	1.25%
1997	\$342.96	\$25,370	1.35%	1.25%
1998	\$374.28	\$27,370	1.37%	1.25%
1999	\$388.32	\$28,168	1.38%	1.25%
2000	\$406.68	\$28,965	1.40%	1.25%
2001	\$421.80	\$29,762	1.42%	1.25%
2002	\$461.76	\$34,716	1.33%	1.25%
2003	\$499.56	\$34,756	1.44%	1.25%
2004	\$408.33	\$35,340	1.16%	1.25%
2005	\$423.72	\$35,934	1.18%	1.25%
2006	\$439.68	\$36,537	1.20%	1.25%
2007	\$456.48	\$37,151	1.23%	1.25%
2008	\$473.92	\$37,775	1.25%	1.25%
2009	\$487.56	\$37,710	1.29%	1.25%
2010	\$487.56	\$38,983	1.25%	1.25%
2011	\$496.80	\$38,353	1.30%	1.25%
2012	\$496.80	\$38,126	1.30%	1.25%
2013	\$512.76	\$38,823	1.32%	1.25%
2014	\$528.72	\$38,842	1.36%	1.25%



Note (1) - MHI based on 9 hcf of monthly use up to 2003; 7 hcf thereafter.



FY 2016 Rate Study and Annual Report

March 24, 2015

Timothy A. Mitchell, P.E., Director

Overview

- Drinking Water
- Wastewater
- Stormwater
- Financial
- Rate Analysis
- Rate Comparisons





Drinking Water Water Treatment



Water Treatment

The Department of Water Resources continues to receive awards for exceptional drinking water quality. Last year we produced over 3.8 billion gallons exclusively from the Pedlar Reservoir. Every one of those gallons was at least three times cleaner than EPA requires.



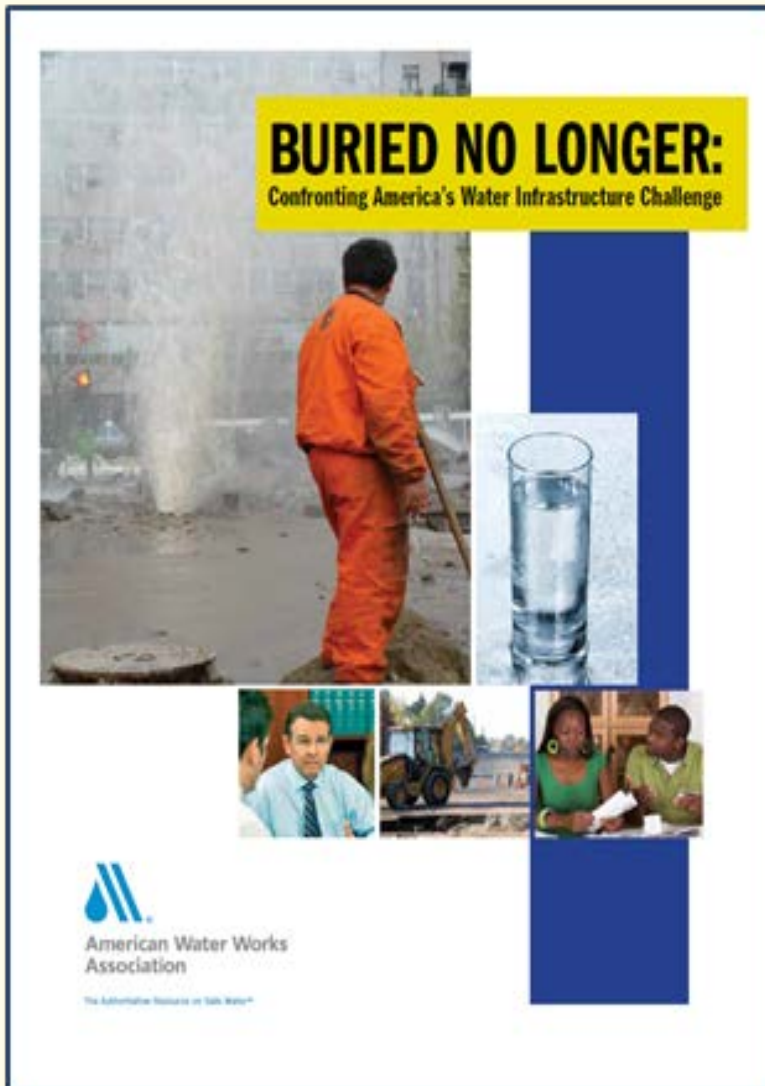


Drinking Water Water Distribution

- Last year replaced 12,845 linear feet of waterline (0.5% of the water system) – At that rate every waterline would have to last 200 years
- Goal is to replace 25,000 linear feet of water line per year (1% of the water system)
- 79 Waterline breaks in 2014
- 81 Waterline breaks to date in 2015

Drinking Water Water Distribution

- The American Water Works Association (AWWA) estimates that there will be over \$1 trillion in buried water infrastructure needs over the next 25 years
- The American Society of Civil Engineers (ASCE) gives water infrastructure a “D” in annual infrastructure grading



Drinking Water Water Distribution

The News & Advance
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Lynchburg, VA

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Lynchburg cold shatters all-time record low

Story Comments Image (2)

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Utility Line Technicians make waterline repairs while the lines are still under pressure whenever possible in order to prevent the risk of contaminants entering the pipeline and the need to issue Boil Water Notices.

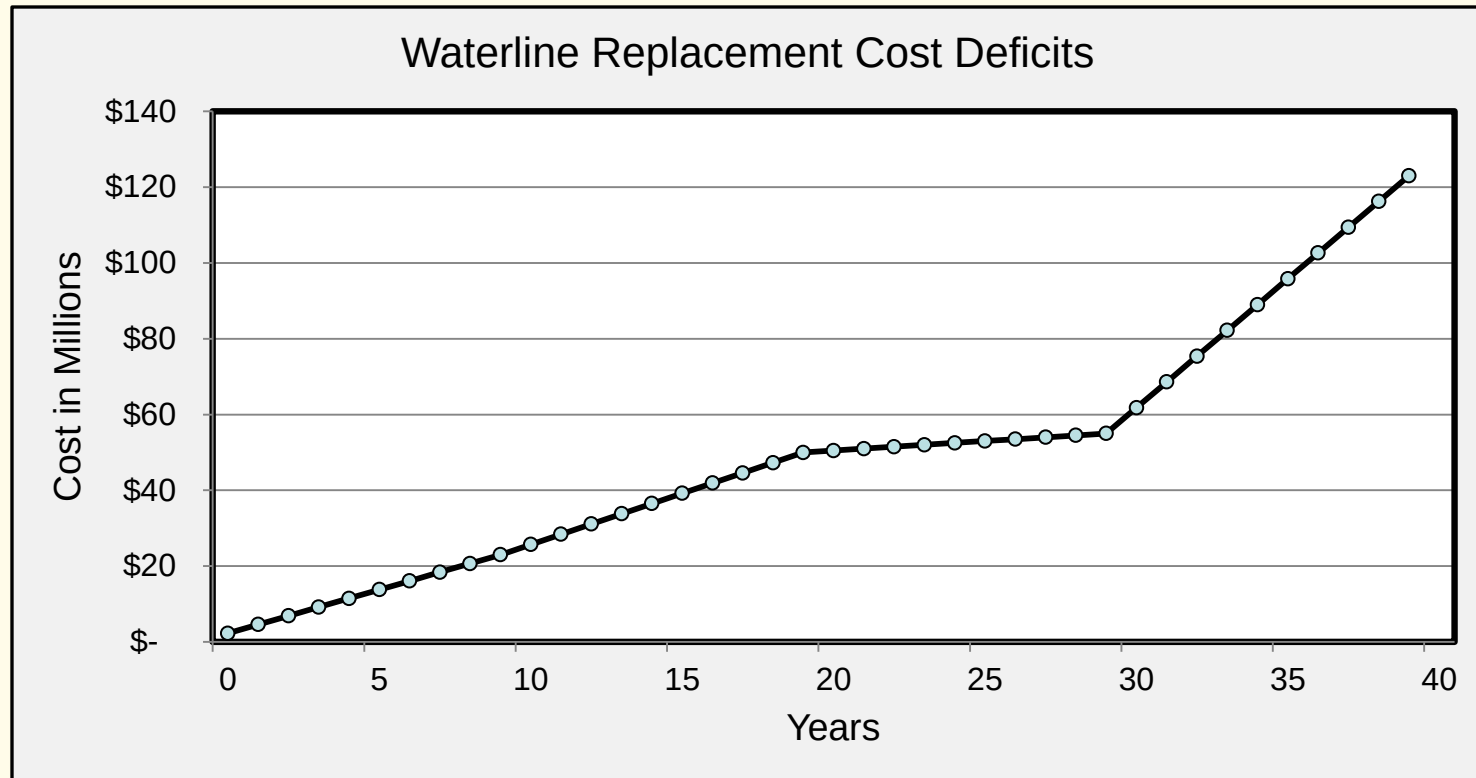


Utility Line Technicians: Derrick Helm, Kevin Gallier, Mike Mundy, John Fulghum, Mike Abbott, and Sonny Richardson – Minus 11 degree water line break repair, February 20th, 2015, the coldest in Lynchburg's history.

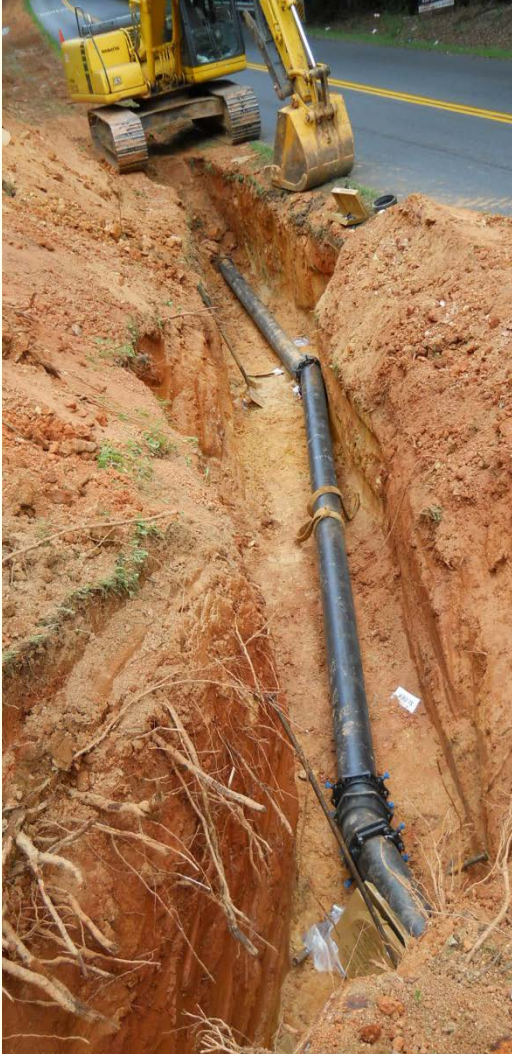


Drinking Water Replacement Costs

Assuming we were caught up now with water line replacements – at current replacement rates we will be over \$120 million behind by 2055



Drinking Water Infrastructure Projects



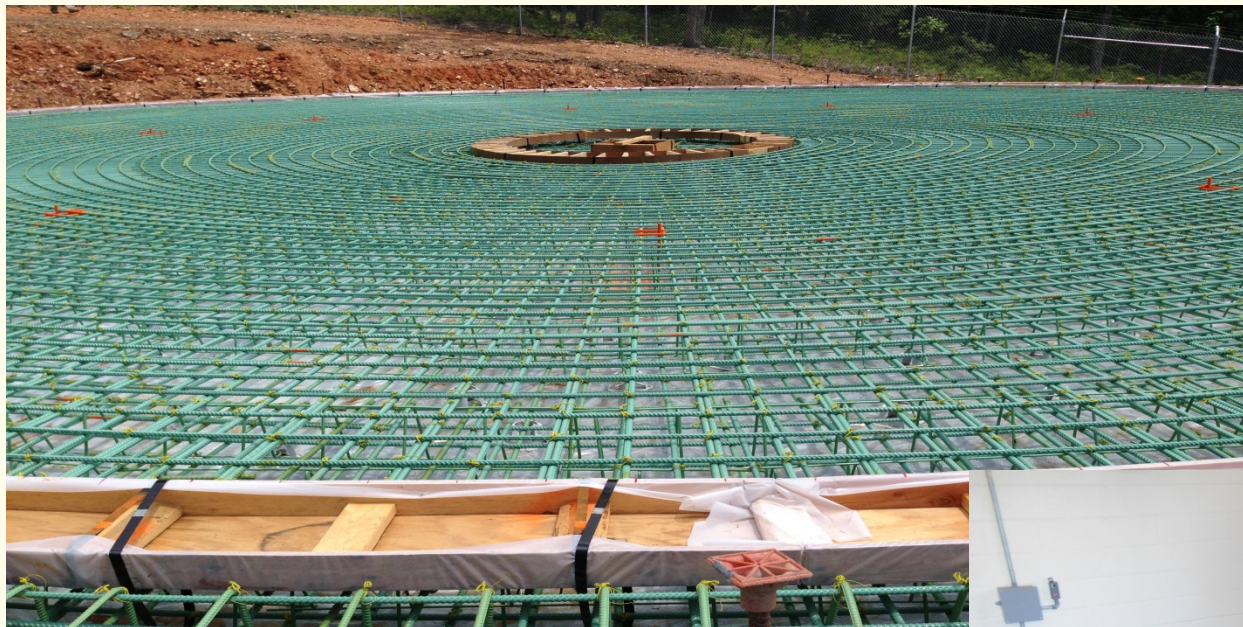
Recently Completed Waterline Projects

- 12,845 L.F. of Water Lines replaced
- 142+ Water Services Renewed
- Key Projects: CSO 16.3A – 4,500 L.F., 75 water services; Fifth Street Phase II – 4,800 L.F., 22 water services; Arkansas/Nevada Ave. – 1,200 L.F., 14 water services

Waterlines Under Construction

- Key Projects: Blue Ridge Farms Phase 2 – 8,000 L.F.; Dearington – 1,800 L.F.; Midtown Connector -2,200 L.F., Princeton Circle – 1,800 L.F.

Drinking Water Infrastructure Projects



Wingate Tank #2 (Above) – New 500,000 gallon finished water storage tank on Candler's Mountain. Completion of this tank in October 2014 doubled the storage in this area which serves Liberty University's campus east of US 460.

Wards Ferry Road Pump Station Renovation (Below) – Complete renovation Wards Ferry Road Pump Station including: new pumps, new piping, a new emergency generator, and electrical improvements. additional 2.5 mgd of flow to the higher elevations of the City.



Wastewater

Wastewater Treatment

WWTP

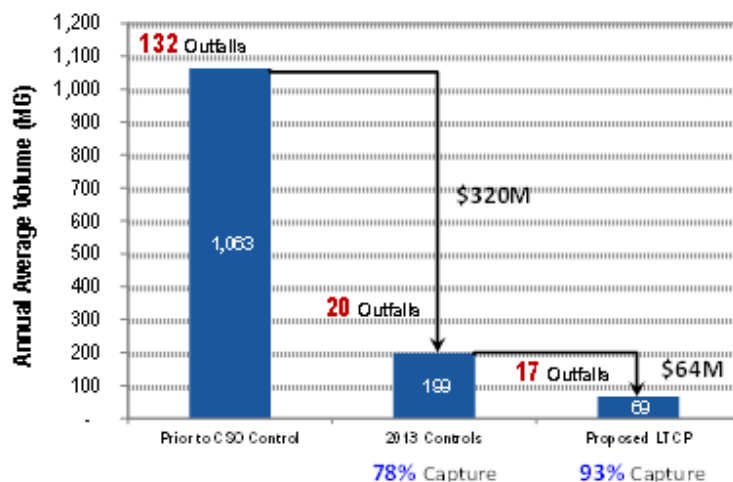
- 22 MGD secondary treatment plant
- Treats 11-12 MGD of wastewater daily
- Treats up to 70 MGD during rainfall events
- Removes approximately 70 tons of solids daily



Wastewater CSO Update

- CSO Long Term Control Plan (LTCP) approved September 5, 2014
- Currently we are negotiating a new Consent Order
- New LTCP saves the City nearly a quarter of a billion dollars
- Minimizes impacts of the changing regulations to our stormwater program
- Reduces the overflow volume when complete by 93%
- Most rainfall events the stormwater that falls within the combined area receives full treatment at WWTP

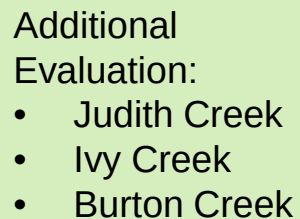
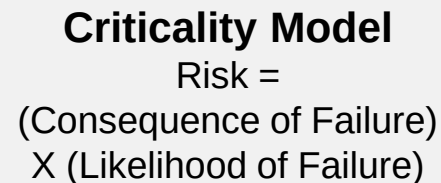
The Update LTCP Performance and Costs



Wastewater Sewer Line Maintenance

- 23 Reportable SSOs last year
- 9 Reportable SSOs to date this year
- 540,403 L.F. Sewer Cleaned last year
- 213,993 L.F. Sewer Inspected last year
- Initiatives include:
 - Management Operations and Maintenance (MOM) Plan
 - Sanitary Sewer Evaluation Study
 - Fats, Oils, and Grease Program
 - Root Program
 - More robust cleaning and inspection: New crew added, New VacCon Truck, New portable CCTV unit

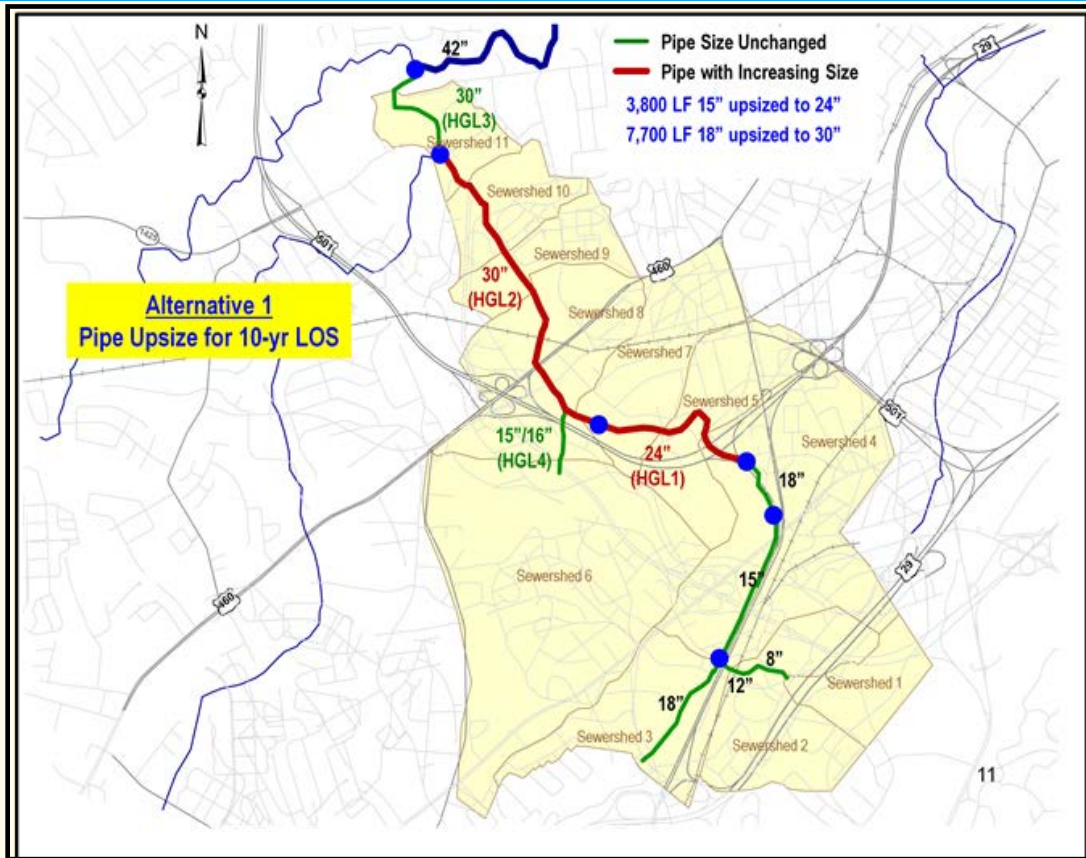




- Sanitary Sewer Overflows receiving a high level of regulatory scrutiny
- Water Resources is prioritizing areas based on risk through condition assessments
- Condition assessments include: flow monitoring, CCTV inspections, smoke testing, etc.

e)	Criteria	Weighting
	SSOs*	10
	Root Potential	10
	Pipe Age*	8
	Maintenance*	8
	Rehabilitation*	8
	Stream Crossings	8
	Pipe Material*	5
	Hot Spot Cleaning	2

Wastewater Sewerline Replacement



Blue Ridge Farms – Phase 2 of 4

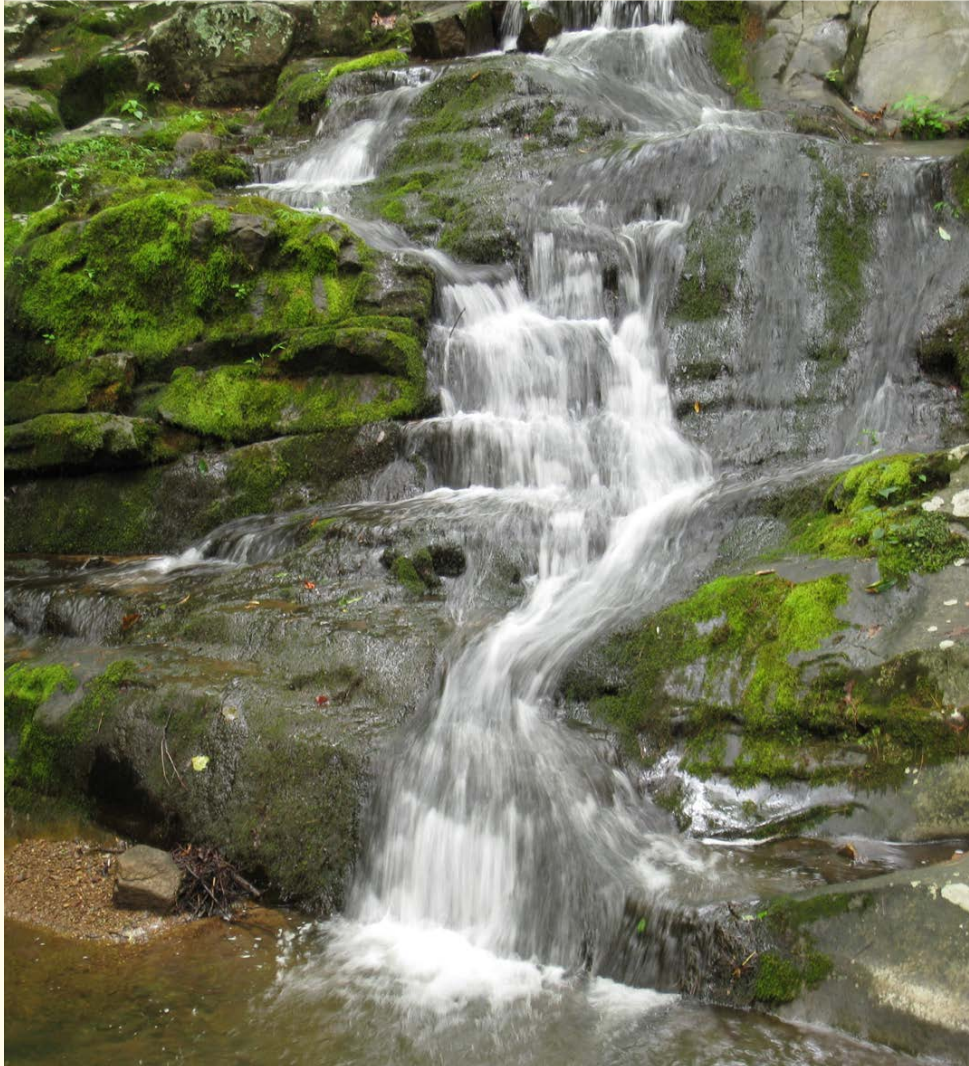
- Sewer installed in the 1960's
- Poor construction and materials
- First Phase complete in 2013 - \$1.0 million
- Second Phase under construction – 750,000

Burton Creek Interceptor Replacement – Inadequate Capacity

- Installed in the 1960's and 1970's
- Project replaces 3,800 l.f. of 15" sewer with 24"
- Project replaces 7,700 l.f. of 18" sewer with 30"
- Estimated cost of \$4.0 to \$4.5 million



Stormwater

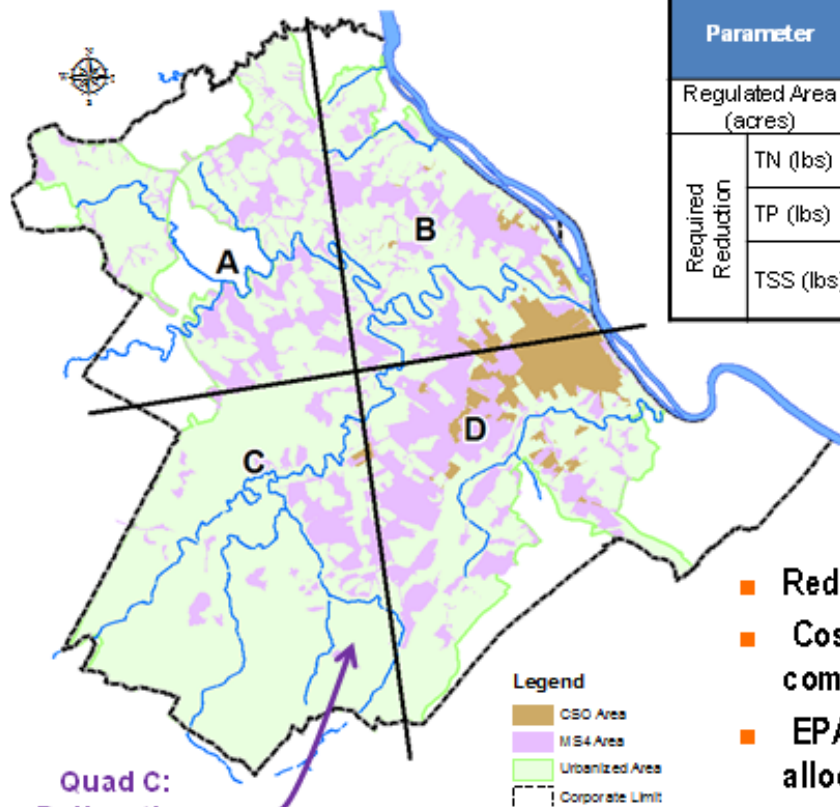


Managing the City's Stormwater Program is becoming increasingly more complex and challenging.

- Various elements of our Municipal Separate Storm Sewer System (MS4) permit have staggered due dates
- Requirements include achieving 5% reduction towards ultimate pollution goals
- Mapping entire system
- BMP Assessment
- Stream Condition Assessment
- Development of Nutrient Management Plans
- Public Outreach Requirements
- Good Housekeeping Requirements

Stormwater

Benefits of MS4 Mapping

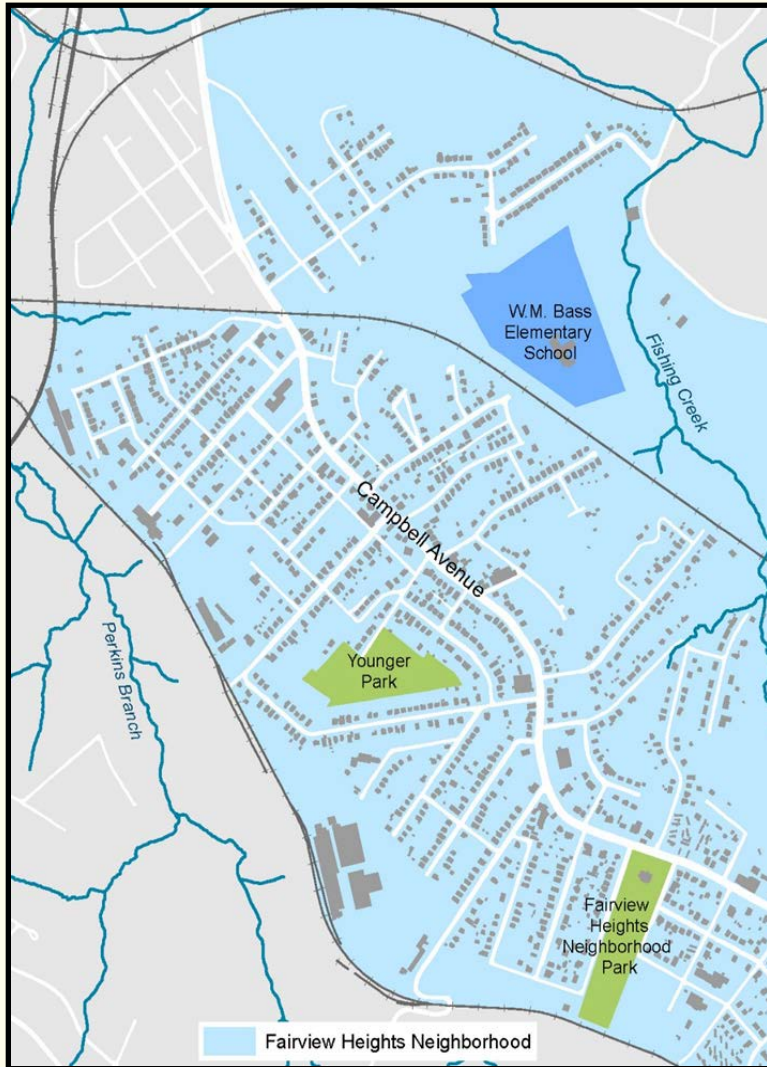


Parameter	Bay Model 5.3.2	Based on MS4 Mapping	Potential Reduction of Obligation	
Regulated Area (acres)	12,444	9,000	-3,444	-28%
Required Reduction	TN (lbs)	10,556	5,200	-5,356 -51%
	TP (lbs)	2,904	1,000	-1,904 -66%
	TSS (lbs)	1,348,894	578,000	-770,894 -57%

- Reduce regulatory obligation
- Cost saving for near term compliance
- EPA re-modeling may change the allocations thus cost

- Reduces regulated area from 12,444 acres to 9,000 acres
- Reduces associated pollution reduction requirements
- Reduces estimated cost for Chesapeake Bay TMDL from \$110 million to \$85 million

Stormwater

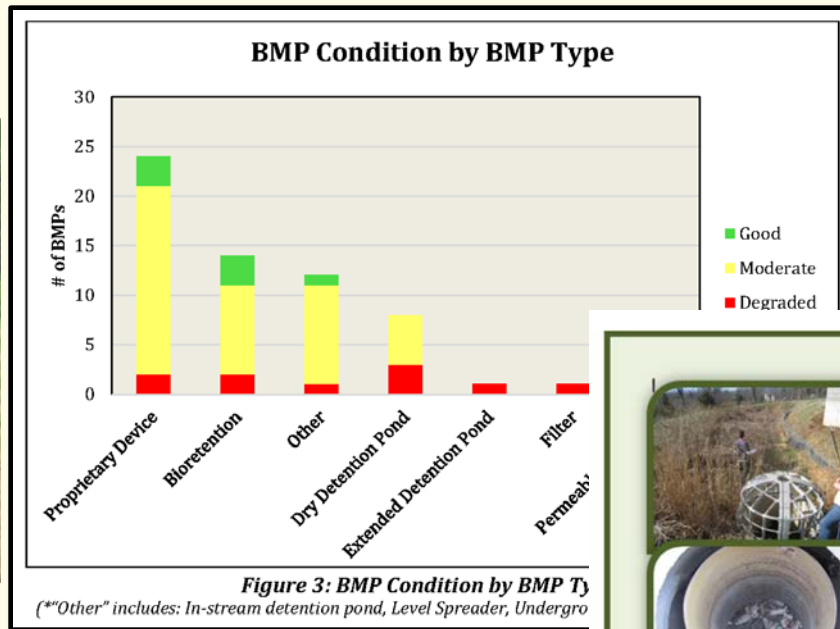


*A Walkable Watershed integrates the flow of **water** and **people** into a cohesive strategy to improve the overall health of a community and the surrounding watershed.*

Walkable Watershed Grant

The City of Lynchburg was a recipient of a National Fish and Wildlife Foundation (NFWF) Grant, along with Charlottesville, VA and Petersburg, VA, for the implementation of a Walkable Watersheds project in the Fairview Heights Neighborhood and the Fishing Creek Watershed.

Stormwater



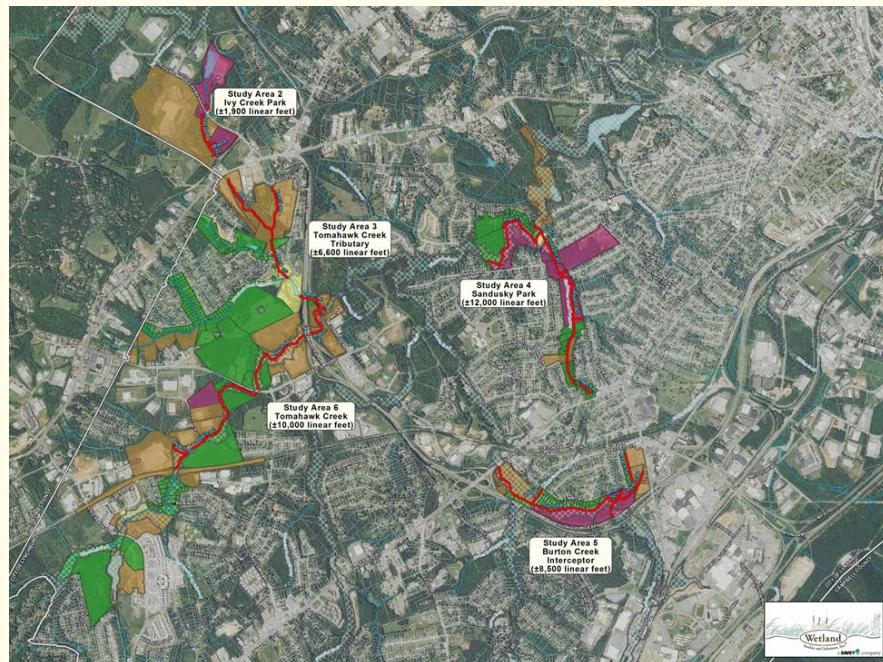
- 61 public and 171 private BMPs assessed
- Integrated into the Water Resource Department's geodatabase
- Inspection records incorporated into our work management software
- City owned BMPs: 10 degraded condition, 43 moderate condition, and 8 good condition

Stormwater BMP Condition Assessment – City of Lynchburg
August 2014

PREPARED FOR:
City of Lynchburg, VA

PREPARED BY:
CENTER FOR WATERSHED PROTECTION
3290 North Ridge Rd., Suite 290
Ellicott City, MD 21043
www.cwrp.org

Stormwater



Stream Condition Assessment

City of Lynchburg, Virginia
WSSI #22362.01

April 30, 2014

Prepared for:
City of Lynchburg
Department of Water Resources
525 Taylor Street
Lynchburg, Virginia 24501

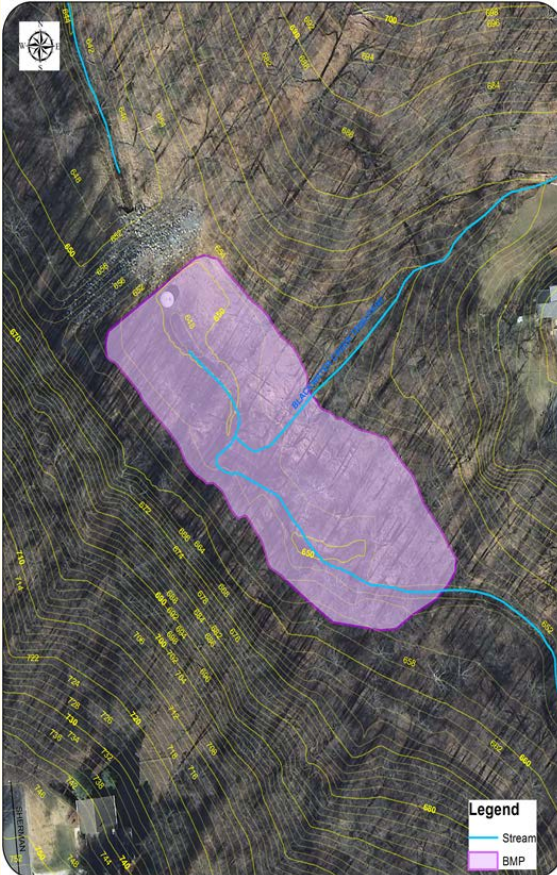
Prepared by:



5300 Wellington Branch Drive, Suite 100
Gainesville, Virginia 20155
Tel: 703-679-5600 Email: contactus@wetlandstudies.com
www.wetlandstudies.com

- Wetland Studies and Solutions, Inc. (WSSI) conducted stream condition assessments
- six study areas (totaling approximately 71,460 linear feet of stream)
- purpose to identify and prioritize streams for restoration for Chesapeake Bay Total Maximum Daily Loads (TMDLs)

Stormwater



Greenwood CSO Pond

- Proactive approach and planning
- Recipient of a \$1.7 million Stormwater Local Assistance Fund (SLAF) Grant from the Department of Environmental Quality
- Fund 50% of the \$3.4 million cost of the stormwater BMPs
- Achieves required 5% reduction requirement of the Chesapeake Bay TMDL in the City's 2013-2018 MS4 permit.

Project Type	Location	Description	Cost	TMDL Credit (lb/yr)			Contribution Towards Meeting Total POC Reduction Requirement		
				TN	TP	TSS	TN	TP	TSS
BMP Retrofit	Sheffield Elementary School	Convert existing dry detention pond to a level 2 bioretention basin	\$100,300	17.52	2.86	1,029	0.4%	0.3%	0.2%
	LAUREL School	Replace existing bioretention with a new level 2 bioretention basin with a larger drainage area	\$115,700	23.34	3.34	625	0.5%	0.4%	0.1%
	Greenwood CSO Pond	Convert in-stream detention pond to a level 1 constructed wetland	\$398,000	128.62	19.59	8,327	2.7%	2.2%	1.6%
Stream Restoration	Blackwater Creek	Restore 900 LF of stream 4F	\$759,500	32.75	36.14	24,114	0.7%	4.0%	4.6%
	Rock Castle Creek	Restore 2,570 LF of streams 5C, 5D, 5E, & 5G	\$2,037,050	160.79	154.54	102,249	3.4%	17.2%	19.7%
Total			\$3,410,550	363.02	216.47	136,343	7.8%	24.1%	26.2%

Stormwater

MUNICIPAL SEPARATE STORM SEWER SYSTEM (MS4)

PROGRAM PLAN

JUNE 2014



DEPARTMENT OF WATER RESOURCES
STORMWATER DIVISION
525 TAYLOR STREET LYNCHBURG VA 24501
434-455-4250

1 MS4 Program Plan City of Lynchburg



MS4 Program Plan

The Municipal Separate Storm Sewer System [MS4] Program Plan required to meet the requirements of Small MS4 General Permit effective July 1, 2013 through June 30, 2018. Program plan includes the means and the methods to address the technical elements of the permit for the next five years. Includes the work plan for the Six Minimum Control Measures and TMDL Action Plans for the Chesapeake Bay and other approved TMDLs. The Six Minimum Control Measures (MCM) include:

1. Public Educations and Outreach
2. Public Involvement/Participation
3. Illicit Discharge Detection and Elimination
4. Construction Site Stormwater Runoff Control
5. Post Construction Management
6. Pollution Prevention and Good Housekeeping





Financial

Water Fund Revenues and Expenditures

	<u>FY 2015</u>	<u>FY 2016</u>	<u>Inc/(Dec)</u> <u>Difference</u>
Operating Budgeted Revenues			
Water Sales and Account Charges			
- Inside City	8,693,560	8,777,400	83,840
Water Contracts - Counties	2,096,700	2,113,440	16,740
Water Contracts - Industrial	558,250	569,800	11,550
Sewer and Stormwater Fund Charges	1,630,000	1,754,000	124,000
Other	1,621,480	1,593,629	(27,851)
Total Operating Budgeted Revenues	14,599,990	14,808,269	208,279
Operating Budgeted Expenditures			
Water Treatment	3,343,589	3,283,545	(60,044)
Water Line Maintenance	1,759,553	1,816,464	56,911
Meter Reading	899,065	875,093	(23,972)
Administration	3,422,003	3,293,285	(128,718)
Non-Departmental	229,600	334,859	105,259
Transfer - Capital	800,000	1,250,000	450,000
Debt Service	3,839,779	4,316,541	476,762
Total Operating Budgeted Expenditures	14,293,589	15,169,787	876,198
Total Budgeted Change of Unrestricted			
Net Assets	306,401	(361,518)	

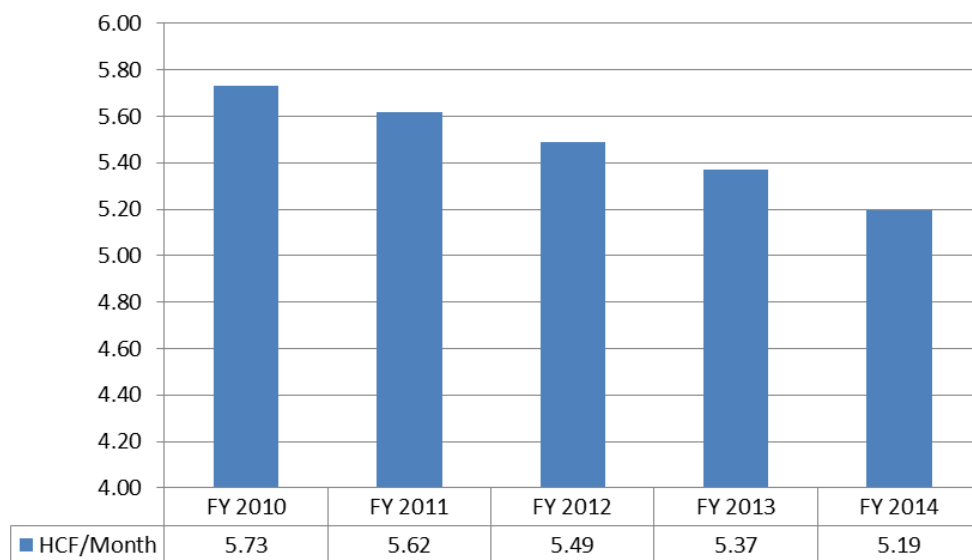
- Revenues increase \$208,000 (1.4%) – increased transfers from the Stormwater Fund and increases in account charges associated with more water services
- Expenses increase \$876,000 (6.1%) - increases in debt service and capital transfers
- Two new positions are proposed:
 - (1) GIS Analyst
 - (2) Work Planner



Financial

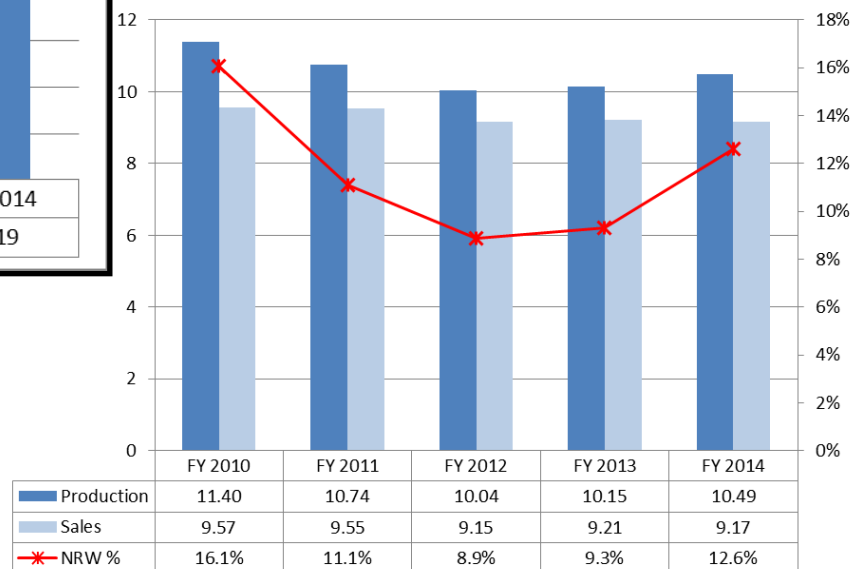
Water Fund Trends

Average Monthly Water Sold Domestic Customers



Household consumption has decreased by over 10% since FY 2010 and non-revenue water jumped from 9.3% in FY 2013 to 12.6% in FY 2014

Non-Revenue Water

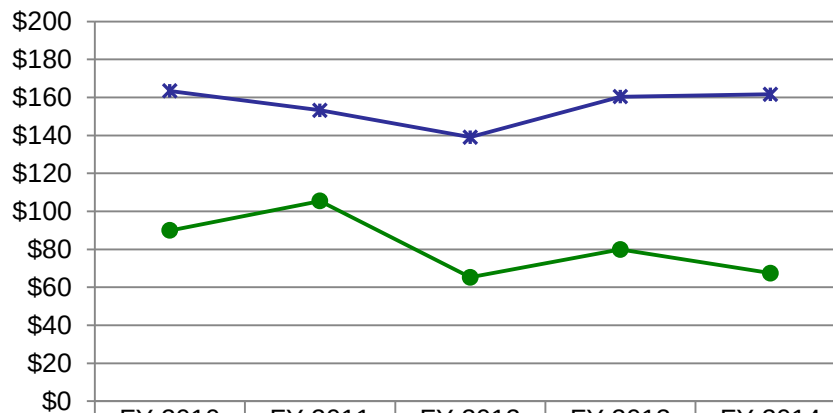




Financial

Water Fund Trends

Water Variable Expenses/MG



● Chemicals	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
	\$90	\$105	\$65	\$80	\$67
* Utilities / MG	\$163	\$153	\$139	\$160	\$162

Variable treatment costs (chemicals and power) decreased from \$240 per million gallons treated in FY 2013 to \$229 per million gallons treated in FY 2014. This is attributable to being on exclusively Pedlar Reservoir water since the beginning of FY 2014.

Financial

Sewer Fund Revenues and Expenditures

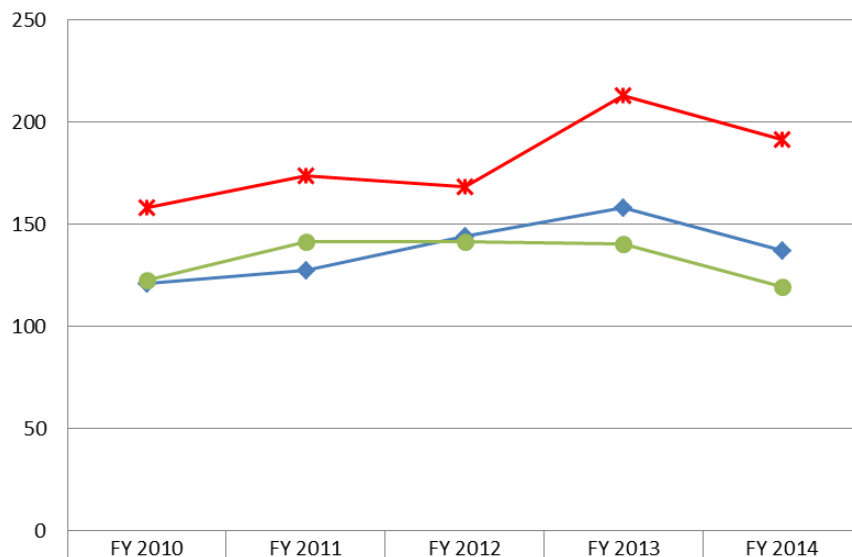
	<u>FY 2015</u>	<u>FY 2016</u>	<u>Inc/(Dec)</u> <u>Difference</u>
Operating Budgeted Revenues			
Sewer Sales and Account Charges			
- Inside City	15,640,500	16,557,060	916,560
Sewer Contracts - Counties	1,281,332	1,208,695	(72,637)
Sewer Contracts - Industrial	1,971,488	2,068,072	96,584
Septic Hauler	482,000	500,000	18,000
Industrial Surcharges and Monitoring	560,000	363,590	
Other	638,290	763,533	125,243
Total Operating Budgeted Revenues	20,573,610	21,460,950	887,340
Operating Budgeted Expenditures			
Waste Water Treatment Plant	7,690,624	7,812,424	121,800
Sewer Line Maintenance	2,422,059	2,336,243	(85,816)
Non-Departmental	238,200	345,963	107,763
Transfer - Capital	2,000,000	1,500,000	(500,000)
Debt Service	8,961,298	9,370,351	409,053
Total Operating Budgeted Expenditures	21,312,181	21,364,981	52,800
Total Budgeted Change of Unrestricted			
Net Assets	(738,571)	95,969	

- Revenue increase of \$887,000 (4.3%) primarily attributable to a 3.2% proposed sewer volume rate increase
- Expense increase of approximately \$52,800 (0.2%)
- Addition of one instrumentation technician position
- Additional increases include the following: (1) contractual services primarily attributable to sludge hauling and mechanical maintenance and repair services, (2) electricity, and (3) mechanical maintenance and repair materials. These additional costs are offset by decreases indirect costs

Financial

Sewer Fund Trends

Sewer Variable Expenses/MG



Variable expenses decreased from \$511 per million gallons treated in FY 2013 to \$449 per million gallons treated in FY 2014 due to several factors including:

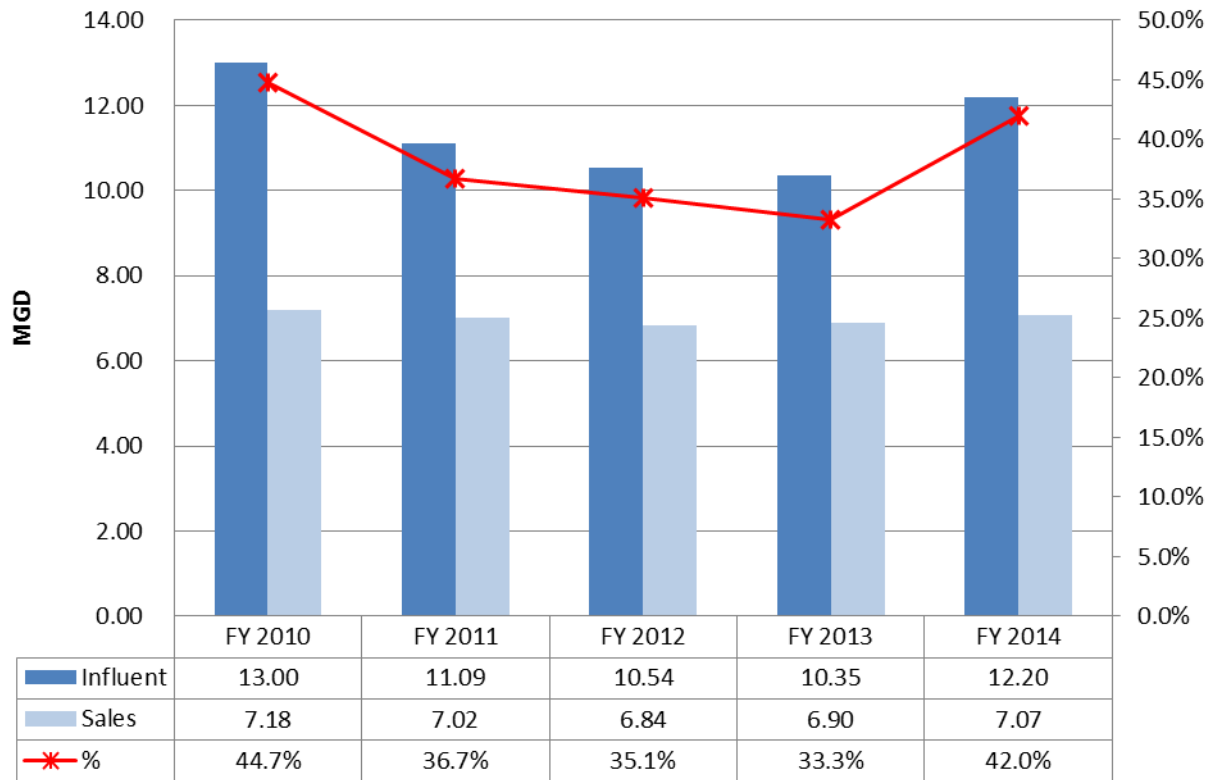
- (1) impacts of the recent construction project
- (2) increased wet weather flows which tend to lower concentrations of pollutants



Financial

Sewer Fund Trends

Sewer Sales to Influent

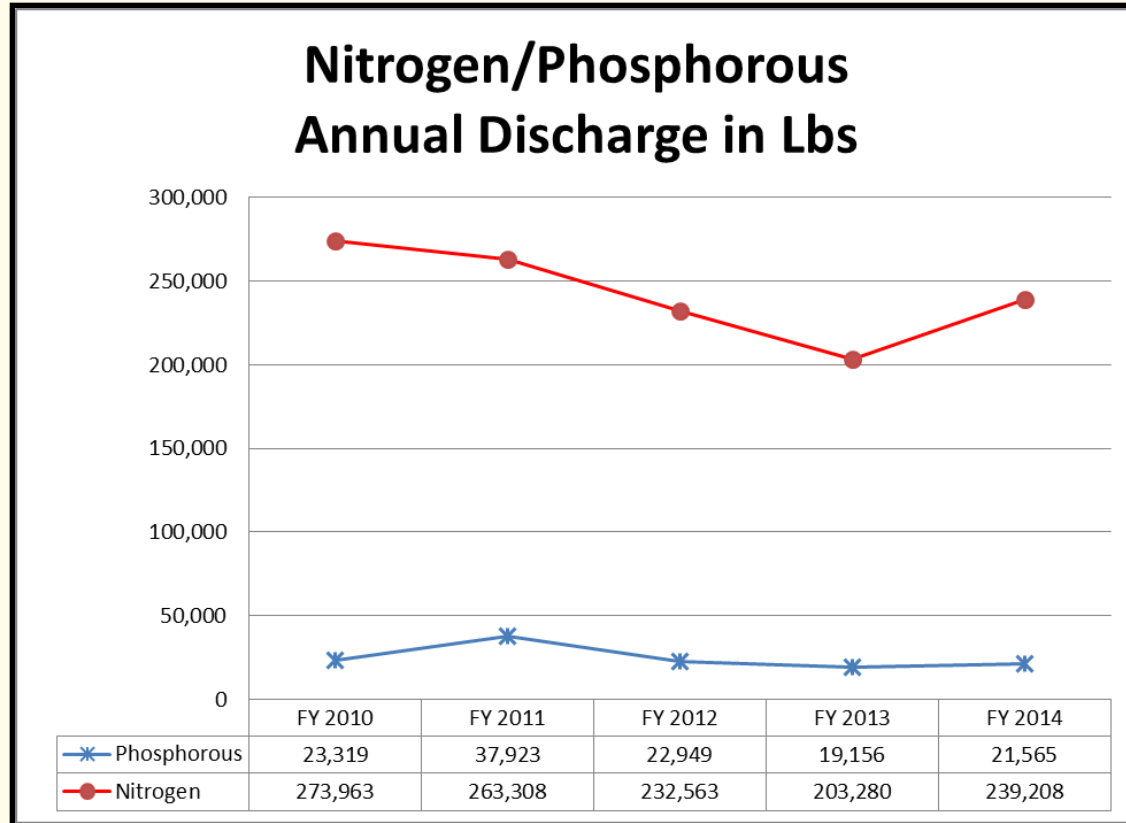


In FY 2014 the
influent flow =
12.20 mgd - actual
billed sewer use =
7.07 mgd -
approximately 42%
of the flow is rain
water or ground
water



Financial

Nutrient Discharges



The lower these numbers are the more revenue we receive from the Nutrient Exchange.



Financial

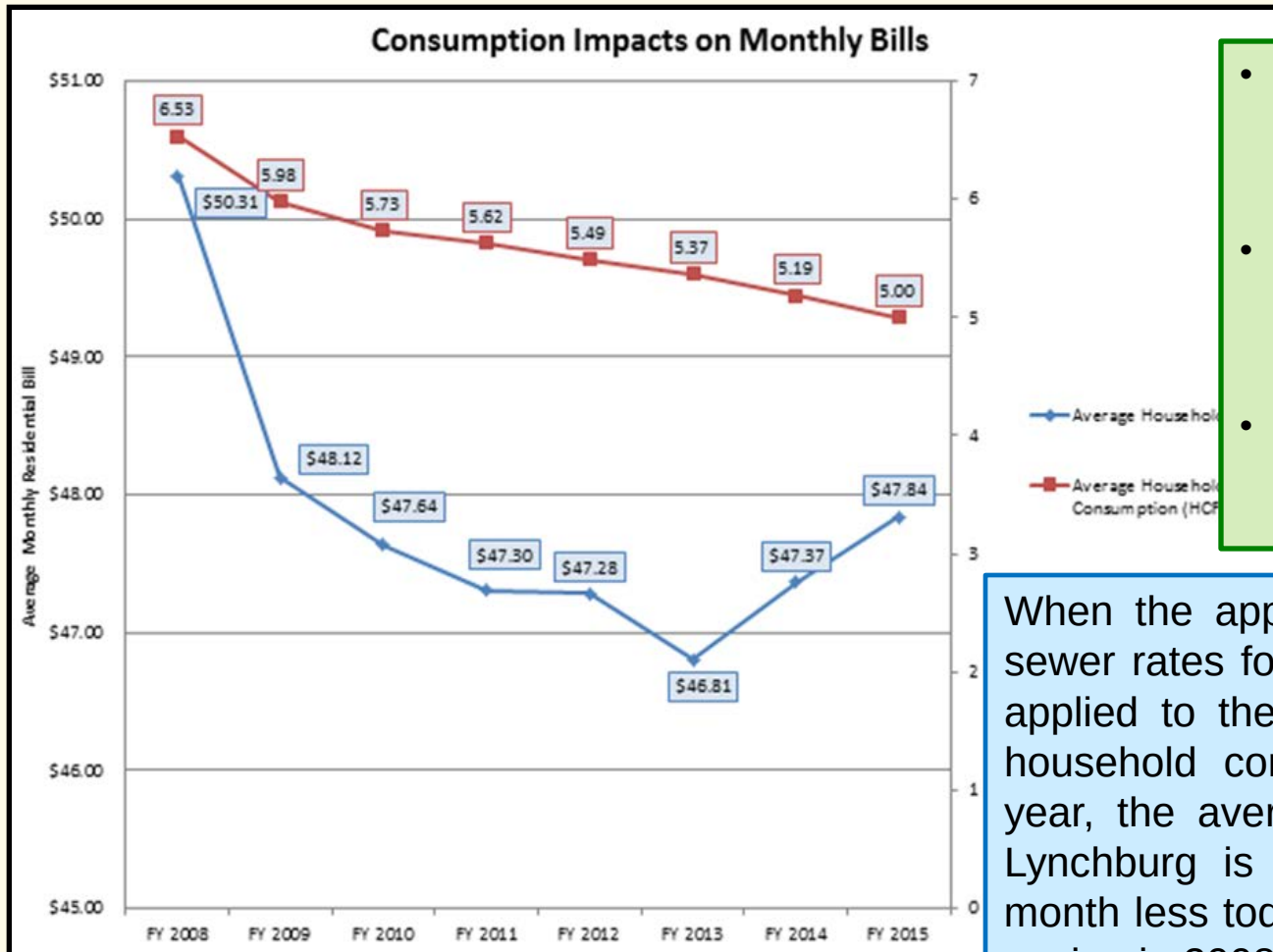
Stormwater Revenues and Expenditures

	<u>FY 2015</u>	<u>FY 2016</u>	<u>Inc/(Dec)</u> <u>Difference</u>
Operating Budgeted Revenues			
Stormwater Service	3,149,400	3,149,400	
State Categorical Aid - Highway Maint.	275,000	275,000	-
Other	74,450	57,278	(17,172)
Total Operating Budgeted Revenues	3,498,850	3,481,678	(17,172)
Operating Budgeted Expenditures			
Departmental	2,675,230	2,504,725	(170,505)
Non-Departmental	25,800	39,780	13,980
Transfer - Sewer Operating	-	126,734	126,734
Transfer - Capital	1,050,000	1,150,000	100,000
Total Operating Budgeted Expenditures	3,751,030	3,821,239	70,209

Only minor variance in overall revenues and expenditures

Rate Analysis

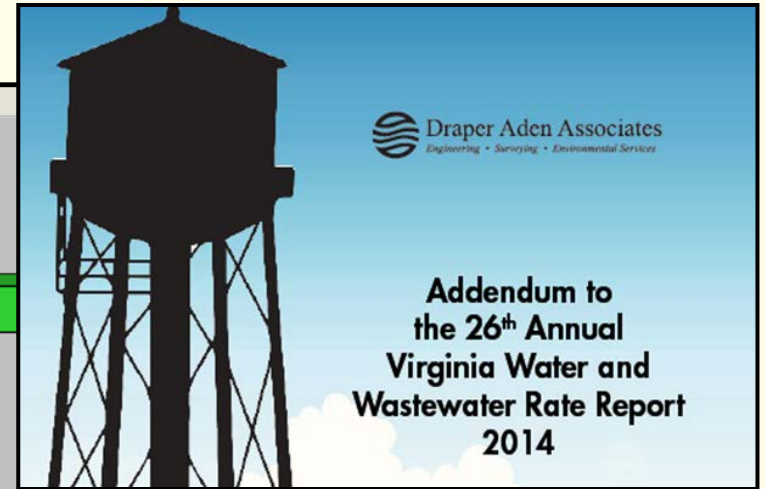
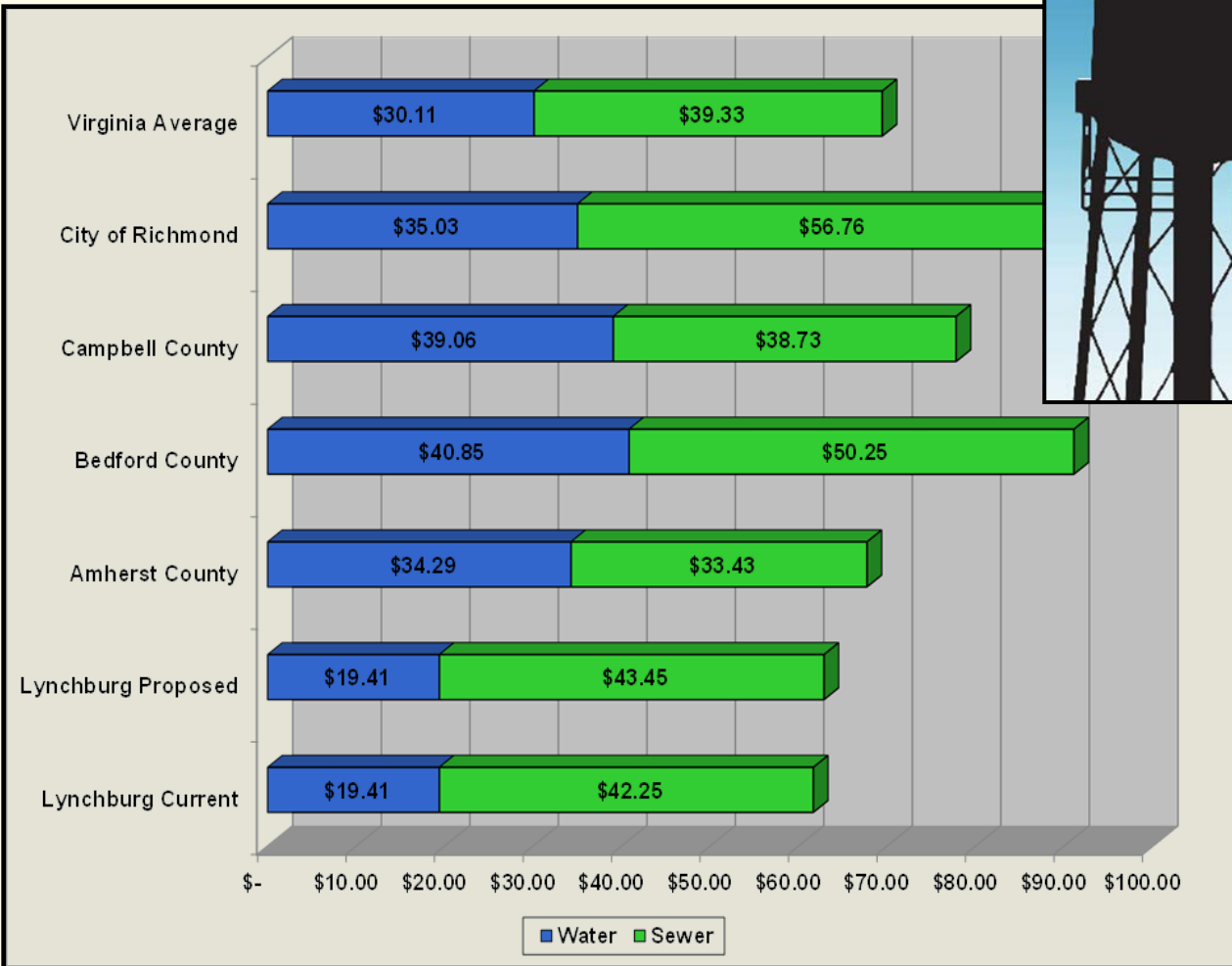
Monthly Bills based on Consumption



- Recommend 3.2% increase in Sewer Volume Rate - \$5.65 per HCF to \$5.83 per HCF
- Recommend 2.7% increase in the Sewer Only Rate - \$45.92 to \$47.18
- Typical utility bill increase of 1.8% or about \$1.26 per month

When the applicable water and sewer rates for a given year are applied to the average monthly household consumption of that year, the average household in Lynchburg is paying \$2.47 per month less today than they were paying in 2008.

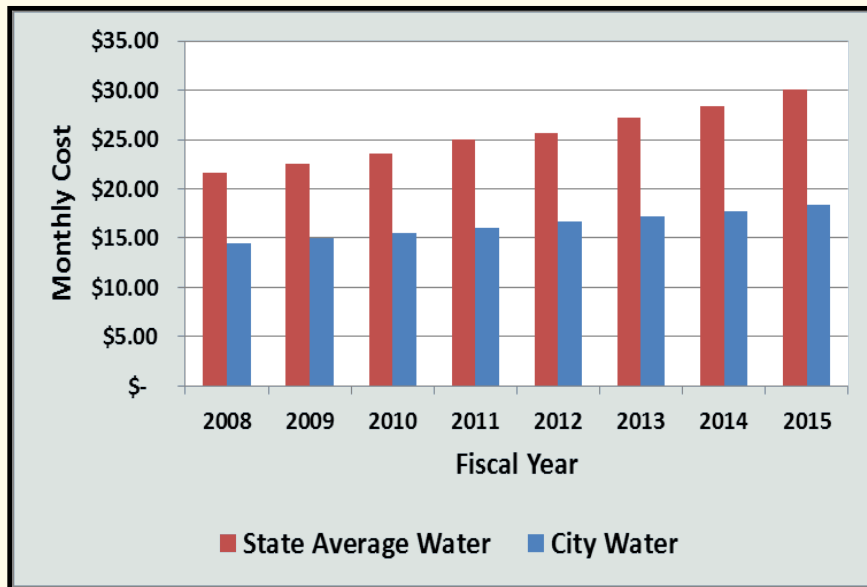
Rate Comparisons



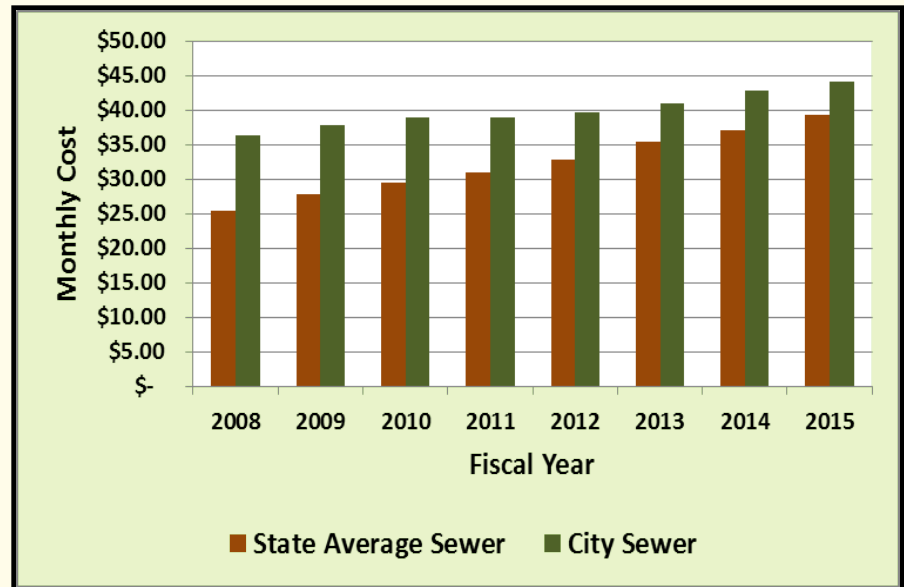


Rate Comparisons

Lynchburg vs. State Averages



Water – Lynchburg's monthly bill \$10.70 less than State average

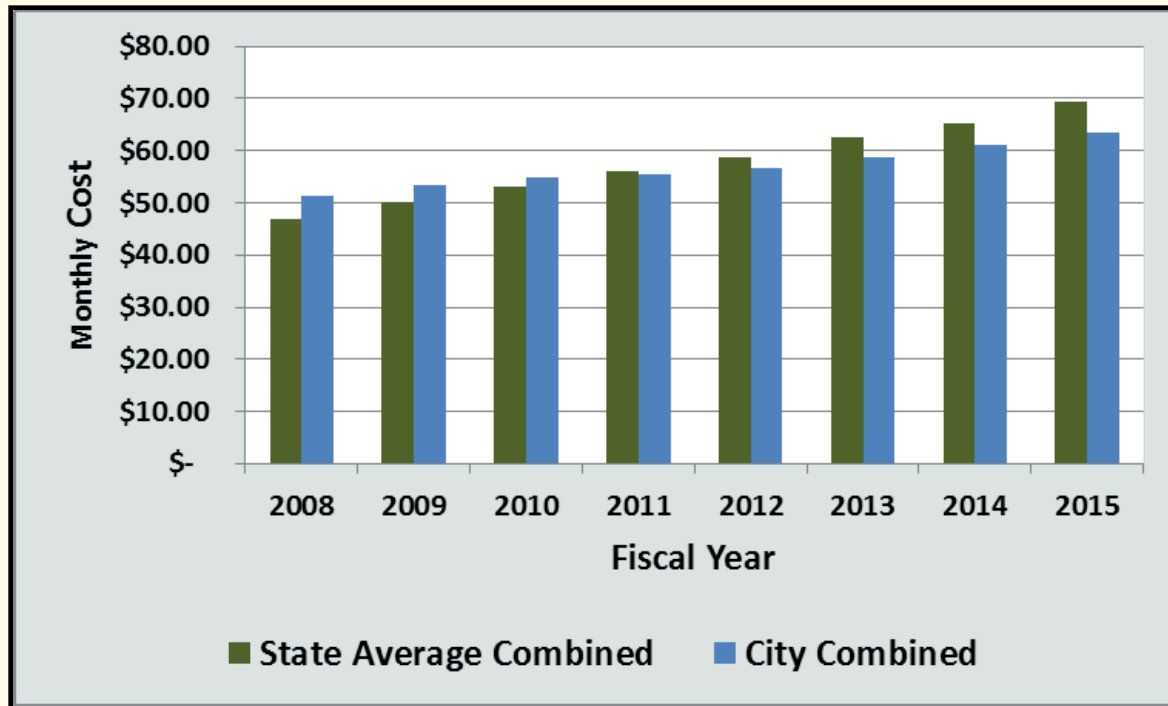


Sewer – Lynchburg's monthly bill is \$2.92 more than State average



Rate Comparisons

Combined Water & Sewer Comparison



Average monthly water and sewer bill is \$7.78 (11%) less than state average - Fifth consecutive year below state average

Recommendations: Increase Sewer Rate by 3.2% and Increase Sewer Only Rate by 2.7%

Questions?



Agenda #4

140

March 10, 2015

// A regular meeting of the Council of the City of Lynchburg was held on the 10th day of March, 2015, at 4:00 P.M. in the Council Chamber, City Hall, Michael Gillette, President, presiding. The following Members were present:

Present: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette

7

Absent:

0

// City Manager Kimball Payne presented an overview of the Proposed FY 2016 Budget for the City of Lynchburg. Mr. Payne stated that the Proposed FY 2016 Budget which includes the General, Fleet, Capital, Airport, Water, Sewer, Stormwater and other minor funds, as well as component units, minus beginning funds and transfer between funds, with this year's budget totaled \$330.4 million. The decrease is mainly attributable to the appropriation in FY 2015 for the construction of Heritage High School (\$72.3 million) that is not repeated in FY 2016. General Fund expenditures for FY 2016 are projected to increase by about \$8.3 million.

The Proposed FY 2016 Budget complies with the fiscal policies adopted by City Council. It does not include any recommendation for tax increases and proposes only a small increase in Sewer Fund user fees. Mr. Payne went on to say that the Proposed FY 2016 Budget reflects a stabilizing economy and utilizes increased revenues to improve service delivery capabilities in some departments; in some cases restoring cuts made during the recession and in other cases adding resources. Mr. Payne further stated in particular, the proposed budget recognizes revenue streams from consumption related taxes that were underestimated in the previous budget and provides additional funding for Public Safety and Public Works. The proposed budget funds increased debt service and supports an across-the-board pay increase of two percent (2%) for City and Schools employees, which includes funding for new positions, or conversions from part-time to full-time, to support increased service demands. The Budget Principles are important to the sound fiscal management of an organization that must meet mandated and contractual financial commitments while delivering quality services. The proposed budget supports these principles which include:

- Fund debt service
- Fund mandated programs
- Maintain a fund balance in accordance with fiscal policy
- Provide appropriate compensation for City employees
- Preserve employee benefits
- Replace essential equipment, especially vehicles and computers
- Maintain existing facilities and infrastructure
- Provide excellent core services
- Provide quality customer service

Mr. Payne concluded that the Proposed FY 2016 Budget is offered for City Council consideration, deliberation, amendment, and adoption. Over the next several weeks, Council will have the opportunity to hear from and question the representatives of the various departments and agencies seeking funding in the FY 2016 Budget.

// City Manager Kimball Payne reviewed the Budget Work Session calendar with Council with possible dates for March and April. After the discussion, Council decided to eliminate April 7, 2015 from the calendar and reserve the other dates as stated.

// Donna Witt, Director of Financial Services gave an overview of the FY 2016 General Fund Revenues. The following are the proposed major revenues:

- Current Real Property Tax - \$55.4 million – a 1% increase.
- Current Personal Property Tax - \$17.3 million – a 2.9% increase from Revised FY 2015 to FY 2016.
- Local Sales Tax - \$14.5 million – a 1% increase over FY 2015 Revised.
- Consumer Utility Tax Electric - \$3.8 million – the FY 2016 revenue is projected flat with FY 2015 Revised.
- Communications Sales and Use Tax - \$3.3 million – the Projected FY 2016 figure reflects the continued reduction in revenue.
- Business Licenses - \$8.3 million – the FY 2016 projection reflects a 2% increase over FY 2015 Revised.
- Motor Vehicle Licenses - \$1.5 million – the FY 2015 is revised to include a 3.1% increase over FY 2015 Adopted; FY 2016 is projected to include an additional 1.5% over Revised FY 2015.
- Lodging Tax - \$2.1 million – the FY 2016 projection reflects a 1.5% increase over FY 2015 Revised.
- Meal Tax – \$13.5 million – the FY 2016 projection reflects a 3.0% increase over the FY 2015 Revised.
- Ambulance Service Fees - \$2.8 million – the FY 2016 Projection remains flat with FY 2015 Adopted based on current year collections.

Ms. Witt also provided information regarding the Non-Dedicated Revenues (\$6.2 million increase) and the Dedicated Revenues (\$46,000 decrease). The overall total General Fund Revenues increased \$6.1 million.

// During roll call Council Member Nelson applauded the Public Works department on the way they handled the snow and ice storms over the last two months. He further thanked the Lynchburg Police department for a great job that they did in handling the traffic control during the Selma March in Lynchburg on March 8, 2015.

// Council Member Tweedy also thanked Public Works for their fine job on the removal of the snow. One suggestion from a citizen, would it be possible for residents to park on one side of the street so the snow plow would be able to get down very narrow streets.

// Council Member Foster congratulated the young lady from R. S. Payne that won the News and Advance Spelling Bee contest from Dunbar Middle School.

// Council Member Perrow stated he and Vice Mayor Johnson attended the National League of Cities (NLC) Conference in Washington, D.C.

// Vice Mayor Johnson mentioned his attendance at the NLC Conference and also stated that President Obama was in attendance at the conference.

// Mayor Gillette mentioned that the Budget Citizen Engagement meeting will be held on March 17, 2015 at 7:00 p.m. at the Miller Center located on Grove Street.

// City Council recessed the meeting at 5:22 p.m.

// City Council reconvened the meeting at 7:30 p.m.

The following Members were present:

Present: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Absent: 0

Council Member Nelson gave the Invocation, followed by the Pledge of Allegiance led by Cub Scout Pack 29.

// Copies of the minutes of the February 10, 2015 meeting, having been previously furnished Council, reading was dispensed with. Council Member Helgeson asked if a motion and second had been added to Agenda Item #6 of the minutes, to which the Clerk replied the change had been made, and on motion of Council Member Nelson, seconded by Council Member Foster, Council by the following recorded vote approved the minutes as presented:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// Copies of the minutes of the February 24, 2015 meeting, having been previously furnished Council, reading was dispensed with, and on motion of Council Member Nelson, seconded by Council Member Foster, Council by the following recorded vote approved the minutes as presented:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Bonds, Resolution #R-15-010 amending the FY 2015 General, Water and Sewer Funds Adopted Budget and appropriating \$71,000, \$15,008 and \$17,492 respectively with resources from the refunding bond proceeds for a total of \$103,500 for estimated issuance costs related to the General Obligation Public Improvement Refunding Bonds, Series 2015, laid over from the February 24, 2015 meeting, was again presented and read, and on motion of Council Member Nelson, seconded by Council Member Foster, Council by the following recorded vote adopted the Resolution:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Community Development - Zoning Amendments, a public hearing was held regarding City Council Report #8 outlining the petition of Rosedale Farm, LLC to rezone approximately twenty-six and eight tenths (26.8) acres at 1600 Graves Mill Road from R-1, Low Density, Single-Family Residential District to B-3C, Community Business District (Conditional) and for a Conditional Use Permit (CUP) to allow a cluster commercial development that would allow the construction of a minimum of twenty (20) townhomes, forty-five (45) condominiums, fifty (50) apartments and one hundred thousand (100,000) square feet of office space. City Planner Tom Martin gave a summary of the request and stated the

Planning Commission recommended approval of the Rezoning and CUP petitions. Hopkins Brothers representative Mr. Bryant Hare asked Council to approve the Rezoning and CUP petitions. There was no one else present who wished to speak to this item, and the public hearing was closed. On motion of Council Member Perrow, seconded by Council Member Nelson, Council by the following recorded vote adopted Ordinance #0-15-013, as presented, granting the petition of Rosedale Farm, LLC to rezone approximately twenty-six and eight tenths (26.8) acres at 1600 Graves Mill Road from R-1, Low Density, Single-Family Residential District to B-3C, Community Business District (Conditional):

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

On motion of Council Member Nelson, seconded by Vice Mayor Johnson, Council by the following recorded vote adopted Resolution #R-15-014, as presented, granting the Conditional Use Permit to allow a cluster commercial development that would allow the construction of a minimum of twenty (20) townhomes, forty-five (45) condominiums, fifty (50) apartments and one hundred thousand (100,000) square feet of office space:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Public Works/Water Resources – Water, City Council Report #9 was considered. On motion of Council Member Perrow, seconded by Vice Mayor Johnson, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-15-015, as presented, to amend the FY 2015 Water Capital Projects Fund budget and appropriate \$5,000 with resources from a Virginia Department of Conservation and Recreation grant to reimburse costs associated with bringing Pedlar Dam into compliance with minimum standards for dam safety:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Public Works/Water Resources – Water, City Council Report #10 was considered. On motion of Council Member Foster, seconded by Council Member Nelson, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-15-016, as presented, to amend the FY 2015 City Capital Projects Fund budget and appropriate \$10,000 with resources from a Virginia Department of Conservation and Recreation grant to reimburse costs for College Lake Dam associated with compliance for dam safety:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Museum – General, City Council Report #11 was considered. On motion of Council Member Nelson, seconded by Vice Mayor Johnson, Council by the following recorded vote adopted Ordinance #0-15-017, as presented, to amend sections relating to the appointment of the members of the Museum Advisory Board:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Community Development – General, City Council Report #12 was considered. On motion of Council Member Perrow, seconded by Council Member Nelson, Council by the following recorded vote adopted Resolution #R-15-018, as presented, to provide Virginia Housing Development Authority (VHDA) loan funding for the Kirkley Apartments:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette

7

Noes:

0

// In the matter of Economic Development – General, City Council Report #13 was considered. To negotiate the final terms of and execute a performance agreement between the City of Lynchburg, the Lynchburg Economic Development Authority, and Virginian Hotel, LLC to facilitate the rehabilitation, renovation and redevelopment of the property known as the former Virginian Hotel located at 712 Church Street. Director of Economic Development Marjette Upshur provided a summary of the request for the performance agreement to facilitate the rehabilitation, renovation and redevelopment of the property known as the former Virginian Hotel located at 712 Church Street. During the discussion several Council Members had concerns in approving the performance agreement because they had received emails from citizens that they thought the performance agreement was being hurried through before Council had a chance to hear from the citizens. A motion was made by Council Member Nelson, seconded by Council Member Helgeson to postpone a vote of approving the performance agreement to renovate the historic Virginian Hotel building until a public hearing could be held. Council by the following recorded vote agreed to hold a public hearing at the March 24th Council meeting:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette

7

Noes:

0

// On motion of Council Member Nelson, seconded by Council Member Foster, Council by the following recorded vote elected to hold a closed meeting for consultation with legal counsel and briefings by staff members concerning the case of *Allyson Brooks Carter v. Eugene Alphonso Tweedy and the City of Lynchburg*, pursuant to Section 2.2-3711(A.)(7) of the Code of Virginia, because discussion in an open meeting would adversely affect the negotiating or litigating posture of the City:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette

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Noes:

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// The meeting was re-opened to the public.

// Vice Mayor Johnson made the following motion:

WHEREAS, the Council of the City of Lynchburg has convened a closed meeting on this date, pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification by City Council that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Lynchburg certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification

March 10, 2015

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resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by Council.

The Motion was seconded by Council Member Foster, and Council by the following recorded vote adopted the motion:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette

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Noes:

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// The meeting was adjourned at 9:11 P.M.

Clerk of Council

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March 24, 2015

// A regular meeting of the Council of the City of Lynchburg was held on the 24th day of March, 2015, at 4:00 P.M. in the Council Chamber, City Hall, Michael Gillette, President, presiding. The following Members were present:

Present: Foster, Helgeson, Nelson, Perrow, Tweedy, Gillette 6

Absent: Johnson 1

// Vice Mayor Johnson arrived at 4:09 p.m. during the presentation of the Schools Budget.

// Schools Superintendent Scott Brabrand presented the Proposed 2015-2016 School's Budget. Dr. Brabrand stated that education remains the key priority for a successful economy. In the proposed budget request he asked for \$1.1 million in local funding. He also stated that if this proposal is approved, the increase would cover a 2% raise for school employees and put schools' operational spending at \$90.3 million, which is 2.5% more than the current year. The Budget shows enrollment in the Lynchburg City Schools is on the rise. Dr. Brabrand addressed the following challenges:

- Early Childhood
- Personnel and Professional Development
- Mental Health and Poverty

What's New This Year?

- Requested city increase to school budget is 2.7%
- Total request of \$1.19 million is devoted primarily to salary increase for employees
- No cuts to K-12 education
- Development of multi-year budget

Dr. Brabrand went on to say that he is requesting in the proposed budget, support for an instructional assistant for every kindergarten classroom, and additional physical education teachers, which will add a much needed second day of physical education classes during the week for all elementary schools. He also stated in the area of personnel and professional development, the budget proposes adding a science instructional coach and a middle school reading coach. He explained the Revenues update/Expenses update for the proposed budget. A request for \$950,000 is proposed for school bus replacements. He mentioned several components of the budget process including Community Input, Parent Input, Employee Input and School Board Engagement. Additional needs in this year's budget include:

- Continuing Lynchburg City Schools – One implementation
- ELL Teacher and Newcomers Program
- Middle School Athletic Trainer services
- Bookkeeper support for elementary schools to strengthen financial operations
- Hourly secretarial support in summer

In conclusion, Dr. Brabrand stated that the budget process ties directly to the implementation of the division's Comprehensive Plan.

- Vision – A Tradition of Excellence for All
- Mission – Every Child, By Name and By Need, to Graduation

- Goal – Excellence in Achievement, Behavior, Culture, Operations and Personnel

// Water Resources Director Tim Mitchell provided an overview of the FY 2016 Rate Study and Annual Report which includes information on the following:

- Drinking Water, Wastewater and Stormwater Overview
- Financial Overview including: revenues and expenditures by fund and division, rate analysis and comparison
- Projected letter from PJ Sun, LLC
- Water, Sewer, and Stormwater Projections
- Statistical Data

Mr. Mitchell stated that the utility rate study strategy developed for this year continues with the guiding principles of:

- Minimize the impact of rate adjustments on residential and other small customers.
- Ensure necessary funding is provided for increases in operating and debt service costs.
- Ensure compliance with the Special Order for Combined Sewer Overflow (CSO).
- Ensure compliance with adopted Fund Balance and Debt Management Financial Policies.
- Provide an equitable distribution of costs based on actual services provided.

The proposed increases include increasing the sewer volume charge by 3.2% from \$5.65 per hcf to \$5.83 per hcf. This will result in an increase to a typical residential utility bill by \$1.26 per month or an overall increase in the water, sewer, and stormwater bill of approximately 1.8%. He stated the actual percent increase will vary depending upon actual consumption. In addition to the sewer volume rate the only other proposed increase is for the sewer only rate from \$45.92 per month to \$47.18 per month (2.7%). Mr. Mitchell further stated the City of Lynchburg customers' water and sewer bills are approximately 10% below the statewide average. Last year the state average water and sewer bill increased by over 6%. In conclusion, Mr. Mitchell stated that no increase is proposed as of July 1, 2015 for the water volume rate, stormwater charge or account charge. There is a proposed increase of 3.2% in the sewer rates.

// During roll call Council Member Helgeson mentioned a concern with the construction work that is ongoing on Kemper Street; it is hard for citizens to access those businesses. He asked if something could be done to help alleviate the situation.

// Vice Mayor Johnson received a complaint from a citizen regarding loud music from an ice cream truck that parks at Riverside Park for several hours at a time.

// Mayor Gillette announced the Budget Public hearing will be held on March 31, 2015 at 7:00 p.m. in Council Chamber.

// City Council recessed the meeting at 5:57 p.m.

// City Council reconvened the meeting at 7:30 p.m.

The following Members were present:

Present: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette

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Absent:

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Vice Mayor Johnson gave the Invocation, followed by the Pledge of Allegiance.

// Copies of the minutes of the March 10, 2015 meeting, having been previously furnished Council, reading was dispensed with, and on motion of Council Member Nelson, seconded by Vice Mayor Johnson, Council by the following recorded vote approved the minutes as presented:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Public Works/Water Resources – Water, Resolution #R-15-015 to amend the FY 2015 Water Capital Projects Fund budget and appropriate \$5,000 with resources from a Virginia Department of Conservation and Recreation grant to reimburse costs associated with bringing Pedlar Dam into compliance with minimum standards for dam safety, laid over from the March 10, 2015 meeting, was again presented and read, and on motion of Council Member Nelson, seconded by Vice Mayor Johnson, Council by the following recorded vote adopted the Resolution:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Public Works/Water Resources – Water, Resolution #R-15-016 to amend the FY 2015 City Capital Projects Fund budget and appropriate \$10,000 with resources from a Virginia Department of Conservation and Recreation grant to reimburse costs for College Lake Dam associated with compliance for dam safety, laid over from the March 10, 2015 meeting, was again presented and read, and on motion of Council Member Nelson, seconded by Vice Mayor Johnson, Council by the following recorded vote adopted the Resolution:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Community Development - Zoning Amendments, a public hearing was held regarding City Council Report # 7 outlining the petition of David Moore to rezone approximately one and ninety-one hundredths (1.91) acres located at 1001 and 1005 Creekside Lane from B-5C, General Business District (Conditional) to B-5C, General Business District (Conditional) to amend previously approved proffers to allow a right-in, right-out connection to Graves Mill Road. City Planner Tom Martin gave a summary of the rezoning request and stated that the Planning Commission recommended approval of the rezoning petition. Moore's Country Store representative Mr. David Moore asked Council for approval of the rezoning petition. There was no one else present who wished to speak to this item, and the public hearing was closed. On motion of Council Member Perrow, seconded by Vice Mayor Johnson, Council by the following recorded vote adopted Ordinance #0-15-019, as presented, granting the petition of David Moore to rezone approximately one and ninety-one hundredths (1.91) acres located at 1001 and 1005 Creekside Lane from B-5C, General Business District (Conditional) to B-5C, General Business District (Conditional) to amend previously approved proffers to allow a right-in, right-out connection to Graves Mill Road:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Economic Development – General, a public hearing was held regarding City Council Report #8 regarding the City's proposed participation in the project to rehabilitate, renovate and redevelop the property known as the former Virginian Hotel located at 712 Church Street. City Manager Kimball Payne gave an overview of the request to approve a performance agreement between the City of Lynchburg, the Lynchburg Economic Development Authority (LEDA) and Virginian Hotel, LLC to support the rehabilitation, renovation and redevelopment of the property known as the former Virginian Hotel located at 712 Church Street.

Nine individuals spoke in favor of the proposed project stating that the new project will attract more people and grow the City's economy. The project has the potential to increase jobs, make downtown more vibrant, and provide a boost to the downtown revitalization efforts.

Sixteen individuals spoke in opposition of the City's ability to participate in this project for many reasons. For instance, it would provide direct tax aid to a private development, the Virginian project would cut into existing hotel owners' profits, and concern that the City government should not take the role of a bank. In addition, the City should not use taxpayers money to invest in a business deal with a private company, if the project fails who would be responsible for the loan, and since the City is not a bank, the property owners should seek assistance from a commercial bank, and not the City. There was no one else present who wished to speak to this item, and the public hearing was closed.

Vice Mayor Johnson made a motion seconded by Council Member Foster, to approve the project to rehabilitate, renovate and redevelop the property known as the former Virginian Hotel located at 712 Church Street. A discussion followed the motion. Council Member Helgeson voiced his concern about this project. He felt that private business owners should fund 100% of the project with no loan from the City. The majority of Council was in favor of the project for several reasons. The project will stimulate job growth and complement downtown businesses; the project will increase economic vitality, add jobs, and boost the local tax base; the Economic Development Authority (EDA) helps businesses who ask for assistance and public funds have been used in the past to support private developments. This project will provide needed conference space for the City and will not divert tax dollars from any existing streams.

After the discussion, Council Member Helgeson made a substitute motion to take this item to a work session for further discussion. The motion failed for a lack of a second. Mayor Gillette called for a vote on the original motion. Council Member Foster made a motion seconded by Vice Mayor Johnson to vote on the original motion. Council by the following recorded vote agreed to vote on the original motion:

Ayes: Foster, Johnson, Nelson, Perrow, Tweedy, Gillette 6

Noes: Helgeson 1

On motion of Vice Mayor Johnson, seconded by Council Member Foster, Council by the following recorded vote adopted Ordinance #R-15-020, as presented, regarding the City's proposed participation in the project to rehabilitate, renovate and redevelop the property known as the former Virginian Hotel located at 712 Church Street:

Ayes: Foster, Johnson, Nelson, Perrow, Tweedy, Gillette 6

Noes: Helgeson 1

// In the matter of Parks and Recreation – General, City Council Report #9 was considered. On motion of Vice Mayor Johnson, seconded by Council Member Foster, Council by the following recorded vote adopted Resolution #R-15-021, as presented, authorizing the City Attorney to submit the necessary documents, to petition the Circuit Court of the City of Lynchburg to appoint a special commissioner to execute the necessary deed to convey the tax delinquent real estate at 1201 Hollins Street to the City in lieu of its sale at public auction:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette

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Noes:

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// The meeting was adjourned at 10:14 P.M.

Clerk of Council

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **March 24, 2015**

AGENDA ITEM NO.: 7

CONSENT: REGULAR: **X**

WORK SESSION:

CLOSED SESSION:
(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Change zoning to amend previously approved proffers for vehicular access to Graves Mill Road – 1001 and 1005 Creekside Lane**

RECOMMENDATION: Approval of the rezoning petition.

SUMMARY: David Moore is petitioning to rezone one and ninety-one thousandths (1.91) acres at 1001 and 1005 Creekside Lane from B-5C, General Business District (Conditional) to B-5C, General Business District (Conditional). If approved, the amended proffers would facilitate the development of the property as a convenience store by allowing a right-in, right-out vehicular access to Graves Mill Road and a full vehicular access to Creekside Lane. The requested access points were not indicated on the proffered site plan approved by City Council on January 12, 1999.

PRIOR ACTION(S):

March 11, 2015: The Planning Division recommended approval of the rezoning petition.

The Planning Commission recommended approval of the rezoning petition (4-0 with one vacancy and two absences – Light and Perault)

FISCAL IMPACT: N/A

CONTACT(S):

Tom Martin, City Planner - 455-3900

Kent White, Director of Community Development – 455-3900

ATTACHMENT(S):

- Ordinance
- Planning Commission Report and Minutes – March 11, 2015
- Zoning Map
- FLUM Map
- Watershed Map
- Planimetric and Topographic Map
- Concept Plan
- Stormwater Narrative
- Voluntarily Submitted Proffers
- Zoning Determination Letter
- Property Photograph
- Speaker Signup Sheet

REVIEWED BY: lkp

UNCODIFIED ORDINANCE:

AN ORDINANCE CHANGING A CERTAIN AREA LOCATED AT 1001 AND 1005 CREEKSIDE LANE FROM B-5C, GENERAL BUSINESS DISTRICT (CONDITIONAL) TO B-5C, GENERAL BUSINESS DISTRICT (CONDITIONAL).

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LYNCHBURG that in order to promote the public necessity, convenience, welfare and good zoning practice that Chapter 35.1 of the Code of the City of Lynchburg, 1981, as amended, be and the same is hereby further amended by adding thereto Section 35.1-76__, which section shall read as follows:

Section 35.1-76__. Change of a certain area located at 1001 and 1005 Creekside Lane from B-5C, General Business District (Conditional) to B-5C, General Business District (Conditional).

The area embraced within the following boundaries:

BEGINNING at a point on Graves Mill Road, common corner to parcel identification numbers 23902006 and 23902007, thence, N 10° 49' 51" W for a distance of 314.95 feet to a point; thence with a curve, said curve turning to the left through 26° 50' 40", having a radius of 50.00 feet, and whose long chord bears N 51° 38' 01" E for a distance of 23.21 feet to a point; thence with a curve, said curve turning to the right through an angle of 45° 05' 33", having a radius of 35.00 feet, and whose long chord bears N 61° 12' 53" E for a distance of 26.84 feet to a point; thence, N 83° 45' 39" E for a distance of 183.99 feet to a point; thence with a curve, said curve turning to the right through an angle of 64° 51' 02", having a radius of 25.00 feet, and whose long chord bears S 63° 48' 50" E for a distance of 26.81 feet to a point; thence, S 31° 23' 19" E for a distance of 23.22 feet to a point; thence with a curve, said curve turning to the right through an angle of 06° 08' 59", having a radius of 460.00 feet, and whose long chord bears S 28° 18' 50" E for a distance of 49.35 feet to a point; thence, S 25° 41' 21" E for a distance of 150.55 feet to a point; thence with a curve, said curve turning to the right through an angle of 95° 41' 28", having a radius of 25.00 feet, and whose long chord bears S 22° 09' 23" W for a distance of 37.07 feet to a point; thence, S 70° 27' 07" W for a distance of 170.30 feet to a point; thence S 64° 45' 39" N for a distance of 128.02 feet to the POINT OF BEGINNING; Containing 1.91 acres, more or less.

...is hereby changed from B-5C, General Business District (Conditional) to B-5C, General Business District (Conditional), subject to the conditions set out herein below which were voluntarily proffered in writing by the petitioner, Mr. David Moore, to wit:

1. The petitioner agrees to exclude the following uses from the B-5 zoning:
 - a. Armories
 - b. Rebuilding and retreading establishments
 - c. Bottling plants
 - d. Blacksmith shops
 - e. Drive-in theaters
 - f. Sales lots for construction and farm equipment and similar equipment
 - g. Bulk ice manufacture (On-site ice production for retail is acceptable)
 - h. Monument and gravestone sales
 - i. Motion picture production studios
 - j. Second-hand stores including auction sales provided such activity is conducted wholly with an enclosed building
2. Petitioner agrees to build the project in substantial compliance with the site plan.
 - a. The part of the property which is subject to the Scenic Corridor Overlay District will be developed in compliance with all of the requirements of Section 35.1-43.3 of the Zoning Ordinance (Scenic Corridor Overlay District).

The remaining portion of the property will be developed in compliance with the following requirements of the Scenic Corridor.

- b. All utilities shall be located underground.
- c. Architectural treatment: No portion of a building constructed of unadorned cinderblock or corrugated and/or sheet metal shall be visible from any adjoining single-family or two-family residential district of public right-of-way. Buildings shall be designed to utilize to the greatest extent feasible building materials which are compatible with the Scenic Corridor Overlay District environment, such as rock, stone, brick and wood. Vegetative buffering placed along that portion of a building not otherwise meeting the requirement of architectural treatment, will be deemed sufficient treatment for the purposes of this proffer. Retail fuel industry standards as to the surface treatment /adornment of the sheet metal and steel components of a fuel canopy and structure are acceptable.
- d. Changeable copy and digital signs are prohibited; however, the numerals announcing fuel prices may be changeable.
- e. Each development shall be permitted one (1) free standing sign identifying the development and announcing only the name or location of the development and business names of tenants therein. One logo per sign shall be permitted. All tenant signs (individual signs for businesses in a development) shall be uniform in letter size and color. One additional free standing monument style sign will be allowed specifically at the corner of Creekside Lane and Creekside Drive, which will be otherwise subject to the sign ordinances of the underlying district. Fuel canopy installation logos will be treated as signs attached to a building and subject to the limitations of the sign ordinance of the underlying zoning district.
- f. Direction signs indicating location of truck entrances, employee parking, shipping and receiving and similar activities; provided that all such signs are located on the property of the business and no such sign shall exceed (four) square feet in area. Directional signs shall contain no advertising.

And the Director of Community Development shall forthwith cause the "Official Zoning Map of Lynchburg, Virginia," referred to in Section 35.1-4 of this chapter to be amended in accordance therewith.

Adopted:

Certified: _____
Clerk of Council

027V

The Department of Community Development

City Hall, Lynchburg, VA 24504 **434-455-3900**

To: Planning Commission
From: Planning Division
Date: March 11, 2015
Re: **Moore's Country Store – 1001 and 1005 Creekside Lane**
Rezoning: B-5C, General Business District (Conditional) to B-5C, General Business District Conditional

I. PETITIONER

David Moore, Moore's Country Store, 1576 Cuddington Lane, Forest, Virginia 24551

Representative: David Moore, Moore's Country Store, 1576 Cuddington Lane, Forest, Virginia 24551

II. LOCATION

The subject property includes two (2) tracts comprising approximately one and ninety-one hundredths (1.91) acres located at 1001 and 1005 Creekside Lane.

Property Owner: Creekside of Lynchburg, P.O. Box 638, Lynchburg, Virginia 24504

III. PURPOSE

The purpose of this petition is to rezone approximately one and ninety-one hundredths (1.91) acres located at 1001 and 1005 Creekside Lane from B-5C, General Business District (Conditional) to B-5C, General Business District (Conditional) to amend previously approved proffers.

IV. SUMMARY

- The proposed rezoning would amend proffers approved by City Council on January 12, 1999.
- The proffered January 12, 1999 site plan indicated access to the two (2) parcels would be from Creekside Drive. The proposed site plan indicates a right-in, right-out access to Graves Mill Road and a full access on Creekside Lane and Creekside Drive.
- A convenience store is a permitted use under the current B-5C, General Business District (Conditional) zoning.
- The *Comprehensive Plan 2013-2030's Future Land Use Map* recommends a Community Commercial use for the area.
- A portion of the property falls within the Scenic Corridor Overlay District (SCOD). The remainder of the property is proffered to follow certain aspects of the SCOD, which is consistent with the proffers of the existing B-5C, General Business District.

The Planning Division recommends approval of the rezoning petition.

V. FINDINGS OF FACT

1. ***Comprehensive Plan.*** The property is indicated for a Community Commercial use on the *Future Land Use Map (FLUM)*.

The *Comprehensive Plan 2013-2030* provides "Community Commercial areas contain retail, personal service, entertainment and restaurant uses that draw customers from at least several neighborhoods, the entire City or the region. Community Commercial areas contain clusters of

businesses, often at major intersections and shopping centers. Most community shopping centers range from 100,000 to 200,000 square feet and serve 40,000 to 70,000 people. Regional shopping centers would be at least as large as Community Commercial ones, 100,000 to 200,000 square feet, possibly larger, if parcels of sufficient size can be found or assembled. They are intended to serve 70,000 to 100,000 people. Office, research and development and technology development uses may be permitted in Community Commercial areas as long as traffic and other impacts to the community are mitigated. In particular, conversion of existing vacant retail space to these uses may be appropriate in areas where there is sufficient retail to serve the community and space for employment uses is needed. Residential uses may be established on the upper floors of commercial structures or as transitional structures between residential and commercial buildings.” (pp. 75-76)

The property is also located in the “Graves Mill Business/Technology Area” as indicated on the *Plan Framework Map*. The plan states “while limited commercial use may be appropriate to serve the needs of employers and employees in these areas, permitting a broad mix of uses is not recommended. Given the size and location of the Graves Mill area, a mixed use core with higher density residential development and retail uses is appropriate for the area south and west of the interchange of Graves Mill Road and the Lynchburg Expressway.” (p. 70)

The addition of a convenience store at this location is reasonable given the adjacent institutional, retail and office uses in the immediate area.

2. **Zoning.** The subject property was annexed into the City in 1976. The existing B-5C, General Business District (Conditional) zoning was approved by City Council on January 12, 1999 as part of a larger rezoning for the tract currently occupied by Home Depot.

The subject property was indicated as out parcels of a much larger development. Access to the property was only shown from Creekside Lane. An access to Graves Mill Road was not indicated on the proffered site plan, nor was it included in the traffic impact analysis submitted as part of the 1999 rezoning.

The proposed convenience store is permitted under the current B-5C, General Business District Zoning. The need to amend proffers is strictly related to the desire for an access point to Graves Mill Road. Other pertinent proffers associated with the 1999 rezoning have been incorporated into the current request.

3. **Proffers.** The petitioner has voluntarily submitted the following proffers:

1. The petitioner agrees to exclude the following uses from the B-5 zoning:
 - a. Armories
 - b. Rebuilding and retreading establishments
 - c. Bottling plants
 - d. Blacksmith shops
 - e. Drive-in theaters
 - f. Sales lots for construction and farm equipment and similar equipment
 - g. Bulk ice manufacture (On-site ice production for retail is acceptable)
 - h. Monument and gravestone sales
 - i. Motion picture production studios

- j. Second-hand stores including auction sales provided such activity is conducted wholly with an enclosed building
- 2. Petitioner agrees to build the project in substantial compliance with the site plan.
 - a. The part of the property which is subject to the Scenic Corridor Overlay District will be developed in compliance with all of the requirements of Section 35.1-43.3 of the Zoning Ordinance (Scenic Corridor Overlay District).

The remaining portion of the property will be developed in compliance with the following requirements of the Scenic Corridor.
 - b. All utilities shall be located underground.
 - c. Architectural treatment: No portion of a building constructed of unadorned cinderblock or corrugated and/or sheet metal shall be visible from any adjoining single-family or two-family residential district of public right-of-way. Buildings shall be designed to utilize to the greatest extent feasible building materials which are compatible with the Scenic Corridor Overlay District environment, such as rock, stone, brick and wood. Vegetative buffering placed along that portion of a building not otherwise meeting the requirement of architectural treatment, will be deemed sufficient treatment for the purposes of this proffer. Retail fuel industry standards as to the surface treatment, adornment of the sheet metal and steel components of a fuel canopy and structure are acceptable.
 - d. Changeable copy and digital signs are prohibited; however, the numerals announcing fuel prices may be changeable.
 - e. Each development shall be permitted one (1) free standing sign identifying the development and announcing only the name or location of the development and business names of tenants therein. One logo per sign shall be permitted. All tenant signs (individual signs for businesses in a development) shall be uniform in letter size and color. One additional free standing monument style sign will be allowed specifically at the corner of Creekside Lane and Creekside Drive but will be otherwise subject to the sign ordinances of the underlying district. Fuel canopy installation logos will be treated as signs attached to a building and subject to the limitations of the sign ordinance of the underlying zoning district.
 - f. Direction signs indicating location of truck entrances, employee parking, shipping and receiving and similar activities provided that all such signs are located on the property of the business and no such sign shall exceed (four) 4 square feet in area. Directional signs shall contain no advertising.

4. Board of Zoning Appeals (BZA). N/A

5. Surrounding Area. There have been several items requiring City Council approval in the immediate area:

- On April 14, 1981, Council approved the petition of Woodrow Iseman and William Milton to rezone approximately eight (8) acres from R-1, Low Density Residential District, to R-2C, Low-Medium Density Residential District (Conditional) to allow the construction of single-family residential homes on smaller lots around the intersection of Omega Drive and Omega Court.

- On August 12, 1986, Council approved the petition of Dreaming Creek Properties to rezone approximately four and half (4.5) acres from I-1, Restricted Industrial District to B-5C, General Business District (Conditional) and for a CUP for a Cluster Commercial Development (CCD) of office, showroom, and warehouse uses at the southwest corner of the intersection of Old Graves Mill and Graves Mill Roads.
- On December 8, 1987, Council approved the petition of Hutter Associates, Inc. to rezone approximately thirty and a half (30.5) acres from R-2, Low-Medium Density Residential District to B-5C, General Business District (Conditional) and approximately thirty-two and a half (32.5) acres from R-1, Low Density Residential District to R-4, Medium-High Density Residential District, to allow speculative development with commercial and multi-family uses at the corner of Graves Mill Road and Creekside Drive.
- On December 11, 1990, Council approved the petition of Frank Davidson to amend a previously approved site plan and proffers by rezoning approximately four and a half (4.5) acres from B-5C, General Business District (Conditional), to B-5C, General Business District (Conditional) to allow office, professional, and commercial uses of the property according to a new site plan at the southwest corner of the intersection of Old Graves Mill and Graves Mill Roads.
- On October 13, 1992, Council rezoned fifty four (54) acres to the west of this site along Graves Mill Road from R-1, Low Density Residential District, and R-3, Medium Density Residential District to B-1, Limited Business District as part of the Graves Mill Road/US 221 Area Land Use Study, Growth Management Program.
- On January 12, 1999, Council approved the petition of Petrie, Dierman and Kughn to rezone approximately sixty-five (65) acres from R-4, Medium-High Density Residential District, and B-5C, General Business District (Conditional), to B-5C, General Business District (Conditional) and for two (2) CUPs to fill in a flood plain to allow the construction of a shopping center and parking lot on the properties adjacent to Creekside Drive.
- On July 13, 1999, Council approved the petition of Paul G. Graves to rezone approximately one (1) acre at 1220 Graves Mill Road from R-C, Resource Conservation District, and R-1, Low Density Residential District, to B-5C, General Business District (Conditional) to allow the reconstruction of the historic Graves Mill and its use for various commercial uses, including consignments, antiques, restaurant, gift shop and the installation of thirty-three (33) parking spaces.
- On September 12, 2000, Council approved the petition of First Assembly of God for a CUP to allow the construction of a church and parking area in a residential district at 1210 Graves Mill Road.
- On December 12, 2000, Council approved the petition of Lowe's Home Centers for a CUP to allow filling in a flood plain for the construction of a new building and parking lot in a B-5C, General Business District (Conditional) at 1200 Graves Mill Road.
- On August 13, 2002, Council approved the petition of Miller-Motte Technical College for a CUP for a technical college for up to two hundred fifty (250) students in a B-5C, General Business District (Conditional) at 1011 Creekside Drive.

- On January 11, 2005, Council approved the petition of Millside Development LLC for a CUP to allow the construction of a Cluster Commercial Development (CCD) in a B-1, Limited Business District at the corner of Graves Mill Road and Lillian Lane.
 - On September 13, 2011, Council approved the petition of the Lynchburg Humane Society to amend the FLUM from Resource Conservation and Medium Density Residential to Regional Commercial and to rezone the property from R-2 Low-Medium Density Single Family Residential District to B-5C, General Business District (Conditional) to allow the construction of a new animal shelter and associated parking at 1211 Old Graves Mill Road.
 - On April 8, 2014, Council approved the petition of Rosedale, Farm, LLC to rezone forty-two (42) acres from R-1, Low Density, Single-Family Residential to B-3C, Community Business District (Conditional) and for a conditional use permit to allow a cluster commercial development at 1600 and 1220 Graves Mill Road.
 - On March 10, 2015, City Council will consider the petition of Rosedale, Farm, LLC to rezone twenty-six and eight tenths (26.8) acres from R-1, Low Density, Single-Family Residential District to B-3C, Community Business District (Conditional) and for a conditional use permit to allow the construction of additional phases of a cluster commercial development at 1600 Graves Mill Road.
6. **Site Description.** The subject property is comprised of two (2) tracts totaling one and ninety-one hundredths (1.91) acres located at 1001 and 1005 Creekside Lane. The property is currently vacant and slopes in a northerly direction from Graves Mill Road to Creekside Lane.

The property is bounded to the north by vacant land, to the east by a commercial use (Home Depot) to the south by an office use (Scott Insurance) and to the west by an institutional use (Miller Motte Technical College).

7. **Proposed Use of Property.** The purpose of the petition is to amend previously approved proffers related to the site plan. The 1999 proffered site plan and traffic study indicated access to the property would be from Creekside Lane. The petitioner desires to have a right-in, right-out access to Graves Mill Road and a full vehicular access to Creekside Drive. The additional vehicular access points create the need for the rezoning.

If approved, the property would be developed as a convenience store/restaurant with gasoline on the upper level and office space on the lower level of the building.

8. **Traffic, Parking and Public Transit.** The subject property is served by the Greater Lynchburg Transit Company (GLTC) Route 7. A bus stop is currently located on Graves Mill Road in front of 1005 Creekside Lane. This stop primarily serves Miller Motte Technical College as is evident from the existing path from the bus stop to the Miller Motte campus. As indicated on the submitted site plan, the petitioner is proposing to relocate the existing bus stop while still providing pedestrian access to Miller Motte.

The City's Transportation Engineer reviewed the request for a right-in, right-out access to Graves Mill Road and had no comments of concern. This is primarily due to the close proximity to the existing traffic signal at Graves Mill Road and Creekside Lane and the proposed construction of a concrete median to prevent left hand turns from the property to Graves Mill Road. A full access to the property is proposed from Creekside Drive and Creekside Lane. The Creekside Drive entrance was relocated as far north on the property as possible at the request of the City's Transportation Engineer. This location should provide ample queuing for vehicles entering and exiting the site from Creekside Drive.

9. **Stormwater Management.** A stormwater management plan addressing both quantity and quality of stormwater related to the development will be required prior to final site plan approval. The preliminary site plan indicates water quality will be addressed by a bio-retention area prior to being routed to a redesigned detention basin on the north side of Creekside Lane. Preliminary analysis indicates that the channel (Tomahawk Creek) is adequate to receive stormwater associated with the development.
 10. **Emergency Services.** The City's Fire Marshal and Police Department had no comments of concern.
 11. **Impact.** The submitted rezoning amends previously approved proffers by allowing additional access points to the property. The right-in, right-out access on Graves Mill Road with incorporated turn lanes should not create a negative impact on traffic patterns in the area.

The voluntarily submitted proffers adequately address any impacts associated with the development of the property and essentially mirror those approved in 1999. The addition of the convenience store should blend well into the area.
 12. **Technical Review Committee.** The Technical Review Committee (TRC) reviewed the site plan on February 17, 2015. Technical comments related to the proposed development have or will be addressed prior to final approval.
-

VI. PLANNING DIVISION RECOMMENDATION(s)

Based on the preceding Findings of Fact, the Planning Commission recommends to City Council approval of the petition of David Moore to:

1. **Waive the twenty-one (21)-day submittal requirement for proffers.**
2. **Rezone approximately one and ninety-one hundredths (1.91) acres located at 1001 and 1005 Creekside Lane from B-5C, General Business District (Conditional) to B-5C, General Business District (Conditional) subject to the following voluntarily submitted proffers:**
 1. **The petitioner agrees to exclude the following uses from the B-5 zoning:**
 - a. **Armories**
 - b. **Rebuilding and retreading establishments**
 - c. **Bottling plants**
 - d. **Blacksmith shops**
 - e. **Drive-in theaters**
 - f. **Sales lots for construction and farm equipment and similar equipment**
 - g. **Bulk ice manufacture (On-site ice production for retail is acceptable)**

- h. **Monument and gravestone sales**
- i. **Motion picture production studios**
- j. **Second-hand stores including auction sales provided such activity is conducted wholly with an enclosed building**
- 2. **Petitioner agrees to build the project in substantial compliance with the site plan.**
 - a. **The part of the property which is subject to the Scenic Corridor Overlay District will be developed in compliance with all of the requirements of Section 35.1-43.3 of the Zoning Ordinance (Scenic Corridor Overlay District).**

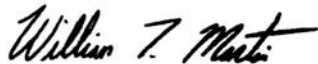
The remaining portion of the property will be developed in compliance with the following requirements of the Scenic Corridor.

- b. **All utilities shall be located underground.**
- c. **Architectural treatment: No portion of a building constructed of unadorned cinderblock or corrugated and/or sheet metal shall be visible from any adjoining single-family or two-family residential district of public right-of-way. Buildings shall be designed to utilize to the greatest extent feasible building materials which are compatible with the Scenic Corridor Overlay District environment, such as rock, stone, brick and wood. Vegetative buffering placed along that portion of a building not otherwise meeting the requirement of architectural treatment, will be deemed sufficient treatment for the purposes of this proffer. Retail fuel industry standards as to the surface treatment/adornment of the sheet metal and steel components of a fuel canopy and structure are acceptable.**
- d. **Changeable copy and digital signs are prohibited; however, the numerals announcing fuel prices may be changeable.**
- e. **Each development shall be permitted one (1) free standing sign identifying the development and announcing only the name or location of the development and business names of tenants therein. One logo per sign shall be permitted. All tenant signs (individual signs for businesses in a development) shall be uniform in letter size and color. One additional free standing monument style sign will be allowed specifically at the corner of Creekside Lane and Creekside Drive, which will be otherwise subject to the sign ordinances of the underlying district. Fuel**

canopy installation logos will be treated as signs attached to a building and subject to the limitations of the sign ordinance of the underlying zoning district.

- f. Direction signs indicating location of truck entrances, employee parking, shipping and receiving and similar activities; provided that all such signs are located on the property of the business and no such sign shall exceed (four) square feet in area. Directional signs shall contain no advertising.**

This matter is respectfully submitted for your consideration.



William T. Martin, AICP
City Planner

pc: Mr. L. Kimball Payne, III, City Manager
Ms. Bonnie M. Svrcek, Deputy City Manager
Mr. Walter C. Erwin, City Attorney
Mr. Kent L. White, Director of Community Development
Mr. J. Lee Newland, City Engineer
Ms. Cynthia Kozerow, Lynchburg Police Department
Battalion Chief Thomas Goode, Fire Marshal
Mr. Donald DeBerry, Transportation Engineer
Mr. Doug Saunders, Building Commissioner
Mr. Kevin Henry, Zoning Administrator
Ms. Marjette Upshur, Director of Economic Development

VII. ATTACHMENTS

- 1. Zoning Map**
- 2. FLUM Map**
- 3. Watershed Map**
- 4. Planimetric and Topographic Map**
- 5. Concept Plan**
- 6. Stormwater Narrative**
- 7. Voluntarily submitted proffers**
- 8. Zoning Determination Letter**
- 9. Property Photograph**

MINUTES OF THE MARCH 11, 2015 PLANNING COMMISSION MEETING (MINUTES HAVE NOT BEEN APPROVED):

a. Petition of David Moore to rezone approximately one and ninety-one hundredths (1.91) acres located at 1001 and 1005 Creekside Lane from B-5C, General Business District (Conditional) to B-5C, General Business District (Conditional) to amend previously approved proffers to allow a right-in, right-out connection to Graves Mill Road.

Mr. Martin explained that these two parcels were part of a larger rezoning that was approved in 1999. At that time, the site plan did not indicate any uses for these two parcels but did indicate that access to any development on these parcels would be from Creekside Lane. The use being proposed today would have been permitted by right without any public hearing; however, the petitioner would like to install access to Graves Mill Road. The petitioner is proposing a right in, right out access only. Left turns onto Graves Mill Road would not be allowed. Staff is comfortable with the proposed entrance, including the City's Transportation Engineer.

Mr. Martin explained the Scenic Corridor Overlay District splits the site. He indicated on the concept plan where the split occurs. When the rezoning was approved in 1999, the proffers submitted at that time carried some of those overlay district requirements. Staff worked with the petitioner to mirror those proffers submitted in 1999. Mr. Martin explained that stormwater management for quantity and quality will flow in a northwesterly direction and be captured in a bioretention facility and then to a reworked detention facility on the north side of Creekside Lane.

With the voluntarily submitted proffers, which staff feels are adequate to address any concerns, staff recommends approval of the rezoning petition.

Mr. David Moore and Mr. Tim Reynolds were present to represent the petition. They did not have anything to add to the report, as they felt that staff had done an excellent job of summarizing the project. Mr. Moore mentioned that he had met with surrounding property owners and everyone is excited about the project. Both representatives are available to answer any questions the commissioners may have about the project.

Mr. Dave Francis, owner of the Miller Motte College property, 1011 Creekside Lane, was present to speak in favor of the petition. He likes the project, thinks it will be a great business and will improve the corner nicely.

Chair Swienton asked if there was anyone else who wished to speak in favor of the petition. No one came forward. He asked if there was anyone else who wished to speak in opposition of the petition. No one came forward. He closed the public hearing of the petition and opened the discussion up to the commissioners.

Commissioner Lowe asked if the dumpster pad is going to go over the Miller Motte property line. It looks that way on the concept plan. Mr. Reynolds noted that the property lines are somewhat schematic and are pending a survey. The dumpster will definitely not encroach onto Miller Motte's property when the final site plan is submitted for review.

Commissioner Lowe asked them to expand on moving the bus stop and asked if that had been coordinated with GLTC. Mr. Moore indicated that they are very open to doing whatever is amenable with GLTC. It is important to their project that the bus stop is located in a good location and is a covered shelter, as they think they will likely have employees that ride the bus to work. The question brought up at the Technical Review Committee meeting was whether or not the bus stop needs to be moved because it may conflict with the turn lane into the store. They will coordinate that with GLTC and are

even proposing to connect their facility with the Miller Motte campus. At this time, the students are wearing a path in the grass to get to campus.

Commissioner Lowe asked if staff is requiring an island to be placed in the middle of Graves Mill Road that will discourage cars from trying to cut across Graves Mill Road directly into the parking lot. He gave the example of the Sheetz in Forest that has an island in front of it to prevent traffic from cutting across 221 to get into the parking lot. Mr. Martin explained that the triangle will be placed in the right in, right out entrance but will not protrude into the road. Everyone is concerned with safety. This solution was agreeable to the Transportation Engineer because full access to the site will be via the traffic light. Staff feels that the triangle addresses all traffic concerns, it has been reviewed in depth and this solution will prevent left turns onto Graves Mill Road.

Commission Marion asked Mr. Martin to further explain the Scenic Corridor Overlay District requirements that are being addressed in the proffers. Mr. Martin indicated where the split is on the concept plan. The petitioner has agreed to locate all utilities underground, which is a requirement of the Scenic Corridor. The petitioner will provide the same architectural treatment to the entire site and not just the part in the Scenic Corridor. The rest of the requirements have to do with signage. The Scenic Corridor does not allow changeable copy or digital displays. The petitioner has proffered that these types of signs will be prohibited on the entire site. The Zoning Administrator has ruled that gas price numeral changes are not changeable copy. There is only one sign allowed in the Scenic Corridor but three would be permitted on this site normally. The petitioner has proffered to do only one other small monument sign at the lower level, announcing the uses for those spaces. That sign will be located at the full access entrance off Creekside Lane.

Commissioner Marion asked if their sign will be viewable from the expressway. Mr. Moore said it will not be; however, they are working with Virginia Logos to put logos on signs along both sides of the expressway.

Commissioner Mays noted that their store on Waterlick Drive is very attractive. Mr. Moore thanked him and said this store will be very much like that one. Commissioner Mays asked if there will be more landscaping on this site. Mr. Moore said the City's requirements are more stringent and there will be more landscaping at this site. Commissioner Mays noted that he likes the right in, right out entrance. Mr. Moore assured him that he does not want to create a traffic hazard for their customers or anyone traveling along Graves Mill Road.

Chair Swienton noted that the Walgreens at Enterprise Drive is a good example of what will be at this location. It does a good job of discouraging people from making a left turn out of that store onto 221. Mr. Moore pointed out that after people get used to it, it is really not that bad and definitely safer for everyone.

Commissioner Marion made the following motion, which was seconded by Commission Mays:

"That the Planning Commission waive the twenty-one (21)-day submittal requirement for proffers."

The motion passed by the following vote:

AYES:	Lowe, Marion, Mays and Swienton	4
NOES:		0
ABSTENTIONS:		0
ABSENT:	Light and Perault	2
VACANCIES:		1

Commissioner Marion made the following motion, which was seconded by Commission Mays:

"That the Planning Commission recommends to City Council to rezone approximately one and ninety-one hundredths (1.91) acres located at 1001 and 1005 Creekside Lane from B-5C, General Business District (Conditional) to B-5C, General Business District (Conditional) subject to the following voluntarily submitted proffers:

- 1. The petitioner agrees to exclude the following uses from the B-5 zoning:**
 - a. Armories**
 - b. Rebuilding and retreading establishments**
 - c. Bottling plants**
 - d. Blacksmith shops**
 - e. Drive-in theaters**
 - f. Sales lots for construction and farm equipment and similar equipment**
 - g. Bulk ice manufacture (On-site ice production for retail is acceptable)**
 - h. Monument and gravestone sales**
 - i. Motion picture production studios**
 - j. Second-hand stores including auction sales provided such activity is conducted wholly with an enclosed building**
- 2. Petitioner agrees to build the project in substantial compliance with the site plan.**
 - a. The part of the property which is subject to the Scenic Corridor Overlay District will be developed in compliance with all of the requirements of Section 35.1-43.3 of the Zoning Ordinance (Scenic Corridor Overlay District).**

The remaining portion of the property will be developed in compliance with the following requirements of the Scenic Corridor.

- b. All utilities shall be located underground.**
- c. Architectural treatment: No portion of a building constructed of unadorned cinderblock or corrugated and/or sheet metal shall be visible from any adjoining single-family or two-family residential district of public right-of-way. Buildings shall be designed to utilize to the greatest extent feasible building materials which are compatible with the Scenic Corridor Overlay District environment, such as rock, stone, brick and wood. Vegetative buffering placed along that portion of a building not otherwise meeting the requirement of architectural treatment, will be deemed sufficient treatment for the purposes of this proffer. Retail fuel industry standards as to the surface treatment/adornment of the sheet metal and steel components of a fuel canopy and structure are acceptable.**
- d. Changeable copy and digital signs are prohibited; however, the numerals announcing fuel prices may be changeable.**
- e. Each development shall be permitted one (1) free standing sign identifying the development and announcing only the name or location of the development and business names of tenants therein. One logo per sign shall be permitted. All tenant signs (individual signs for businesses in a development) shall be uniform in letter size and color. One additional free standing monument style sign will be allowed specifically at the corner of Creekside Lane and Creekside Drive, which will be otherwise subject to the sign ordinances of the underlying district. Fuel**

canopy installation logos will be treated as signs attached to a building and subject to the limitations of the sign ordinance of the underlying zoning district.

- f. Direction signs indicating location of truck entrances, employee parking, shipping and receiving and similar activities; provided that all such signs are located on the property of the business and no such sign shall exceed (four) square feet in area. Directional signs shall contain no advertising.**

The motion passed by the following vote:

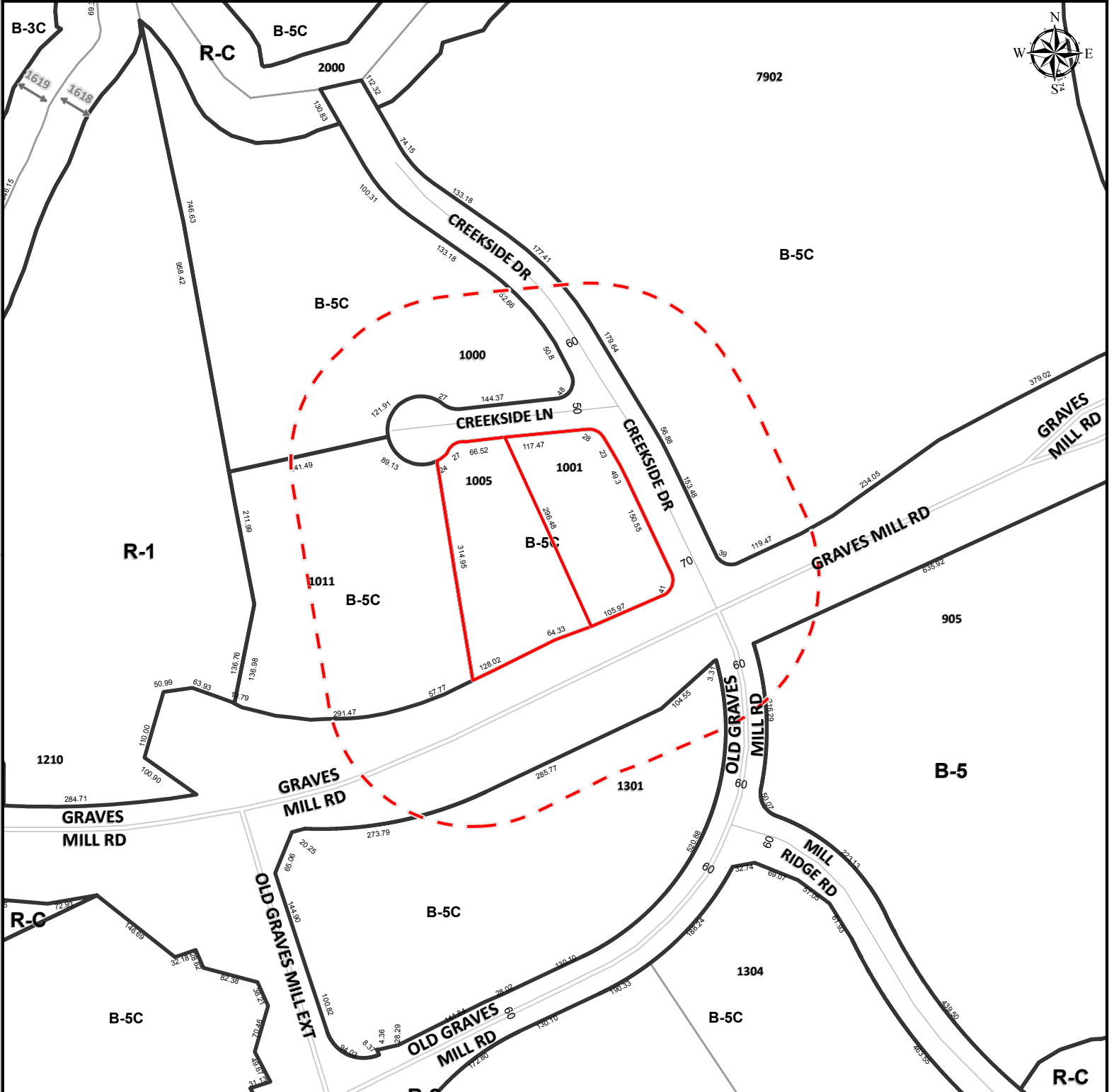
AYES:	Lowe, Marion Mays and Swienton	4
NOES:		0
ABSTENTIONS:		0
ABSENT:	Light and Perault	2
VACANCIES:		1

Zoning Map

MOORE'S COUNTRY STORE

Zoning Request

Creekside of Lynchburg



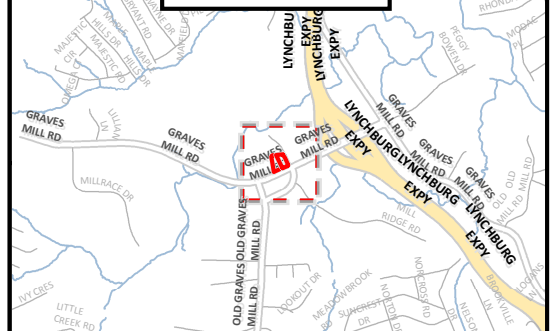
PROPERTY INFORMATION

PARCEL ID	ADDRESS
23902003	1001 CREEKSIDE LN
23902006	1005 CREEKSIDE LN

LEGEND

- Subject Property
- 215' Buffer
- Zoning Boundary

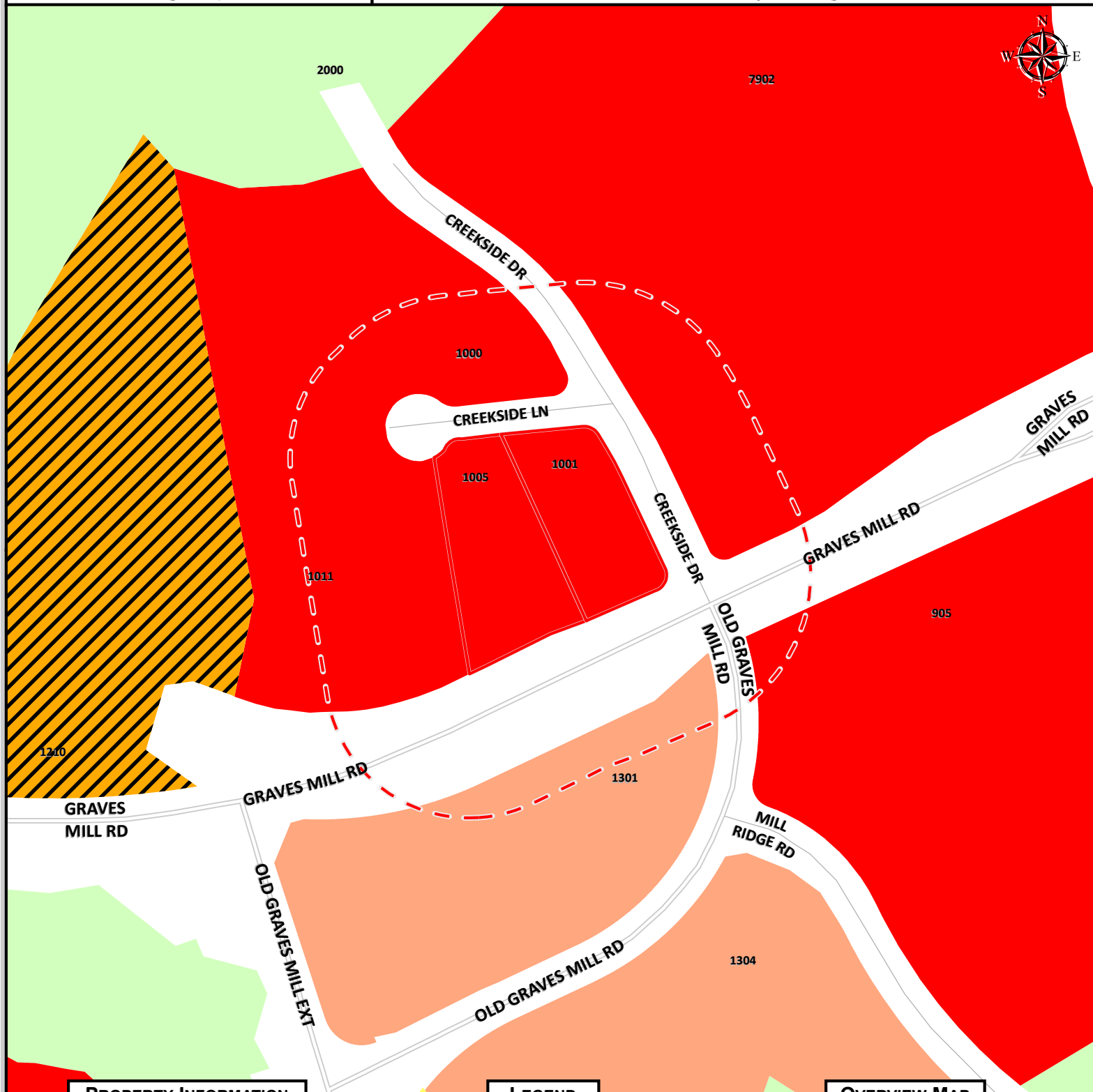
OVERVIEW MAP



MAP SCALE: 1" to 200' DATE PRINTED: 2/27/2015

DISCLAIMER: THIS MAP IS NEITHER A LEGALLY RECORDED MAP NOR A SURVEY AND IS NOT INTENDED TO BE USED AS SUCH. THE INFORMATION DISPLAYED IS A COMPILATION OF RECORDS, INFORMATION, AND DATA OBTAINED FROM VARIOUS SOURCES. THE CITY OF LYNCHBURG IS NOT RESPONSIBLE FOR ITS ACCURACY OR HOW CURRENT IT MAY BE.

Parcel ID	Address	Owner
23903003	1301 OLD GRAVES MILL RD	JAMES A SCOTT & SON INC
23902006	1005 CREEKSIDE LN	CREEKSIDE OF LYNCHBURG
23902007	1011 CREEKSIDE LN	FRANCIS HOSPITALITY INC
23902003	1001 CREEKSIDE LN	CREEKSIDE OF LYNCHBURG
23903001	905 GRAVES MILL RD	LESTER GROUP INC
23902004	1000 CREEKSIDE LN	CREEKSIDE OF LYNCHBURG
23902001	7902 GRAVES MILL RD	H D DEVELOPMENT OF MARYLAND INC



PROPERTY INFORMATION

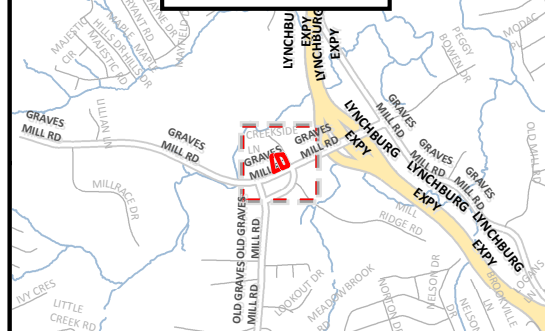
PARCEL ID	ADDRESS
23902003	1001 CREEKSIDE LN
23902006	1005 CREEKSIDE LN

LEGEND

Local Historic District	Employment 1
Traditional Residential	Employment 2
Low Density Residential	Downtown
Medium Density Residential	Institution
High Density Residential	Public Use
Neighborhood Commercial	Public Parks
Community Commercial	Resource Conservation
	Mixed Use

MAP SCALE: 1" to 200' DATE PRINTED: 2/27/2015

OVERVIEW MAP



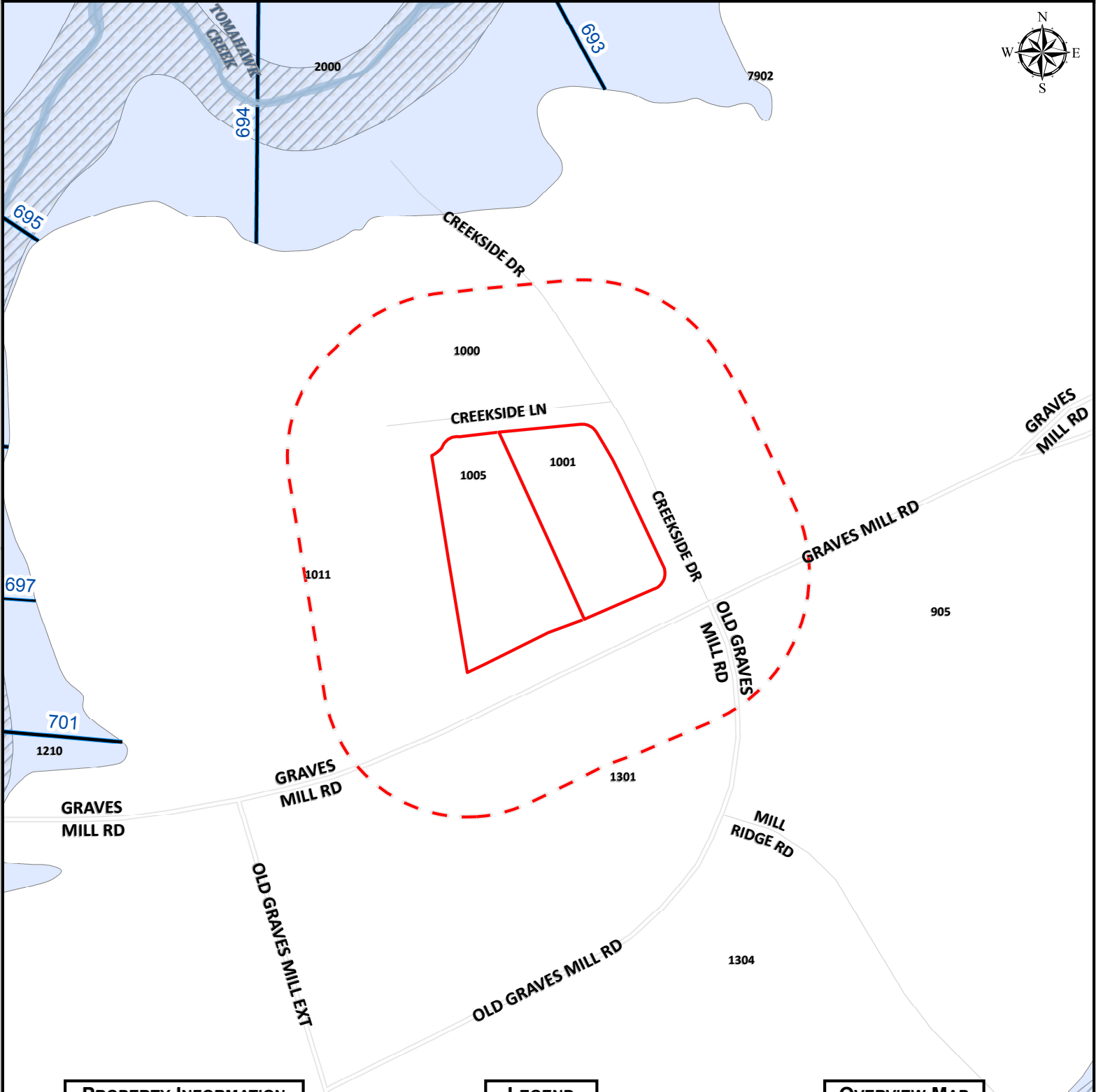
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Watershed Map

MOORE'S COUNTRY STORE

Zoning Request

Creekside of Lynchburg



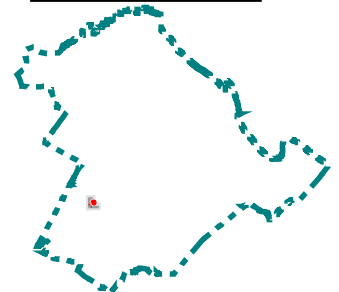
PROPERTY INFORMATION

PARCEL ID	ADDRESS
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23902006	1005 CREEKSIDE LN

LEGEND

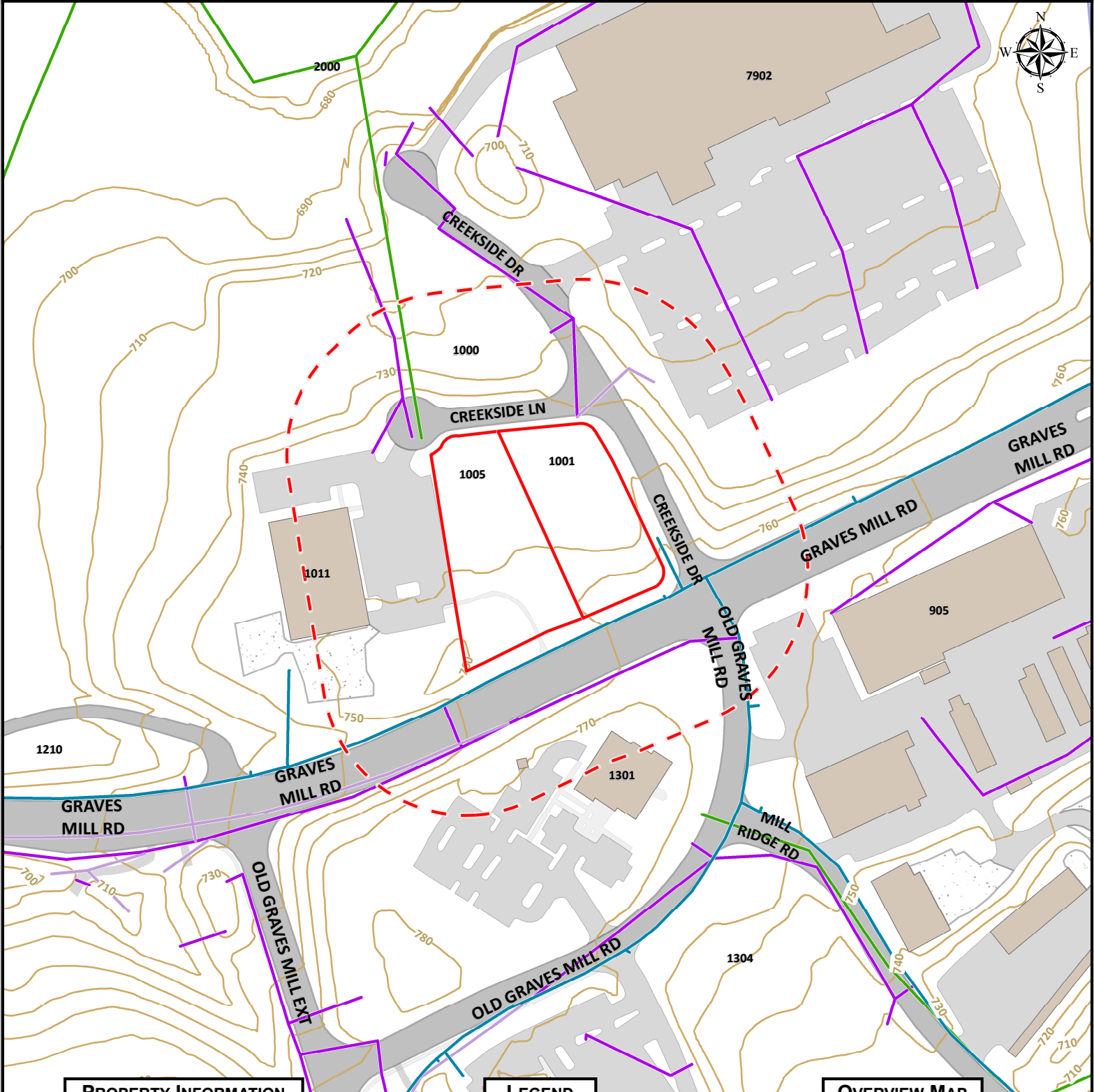
- Subject Property
- Base Flood Elevation
- Floodway
- Floodzone
- River / Lake / Stream

OVERVIEW MAP



MAP SCALE: 1" to 200' DATE PRINTED: 2/27/2015

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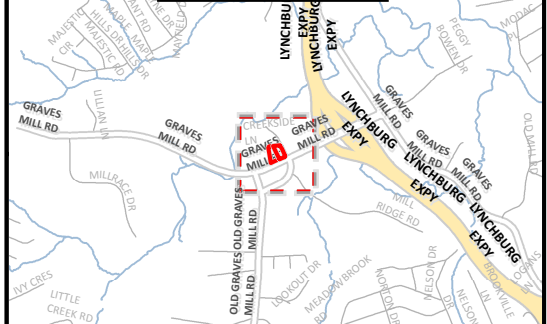
PROPERTY INFORMATION

PARCEL ID	ADDRESS
23902003	1001 CREEKSIDE LN
23902006	1005 CREEKSIDE LN

LEGEND

	Active	Proposed	Abandoned
Utilities			
Water			
Sanitary			
Storm			
Planimetrics			
Structure			
Roadway			
Parking			
Sidewalk			
Driveway			
Topography			
Contour			

OVERVIEW MAP



MAP SCALE: 1" to 200' DATE PRINTED: 2/27/2015

MOORE'S COUNTRY STORE
GRAVES MILL ROAD
CITY OF LYNCHBURG, VIRGINIA

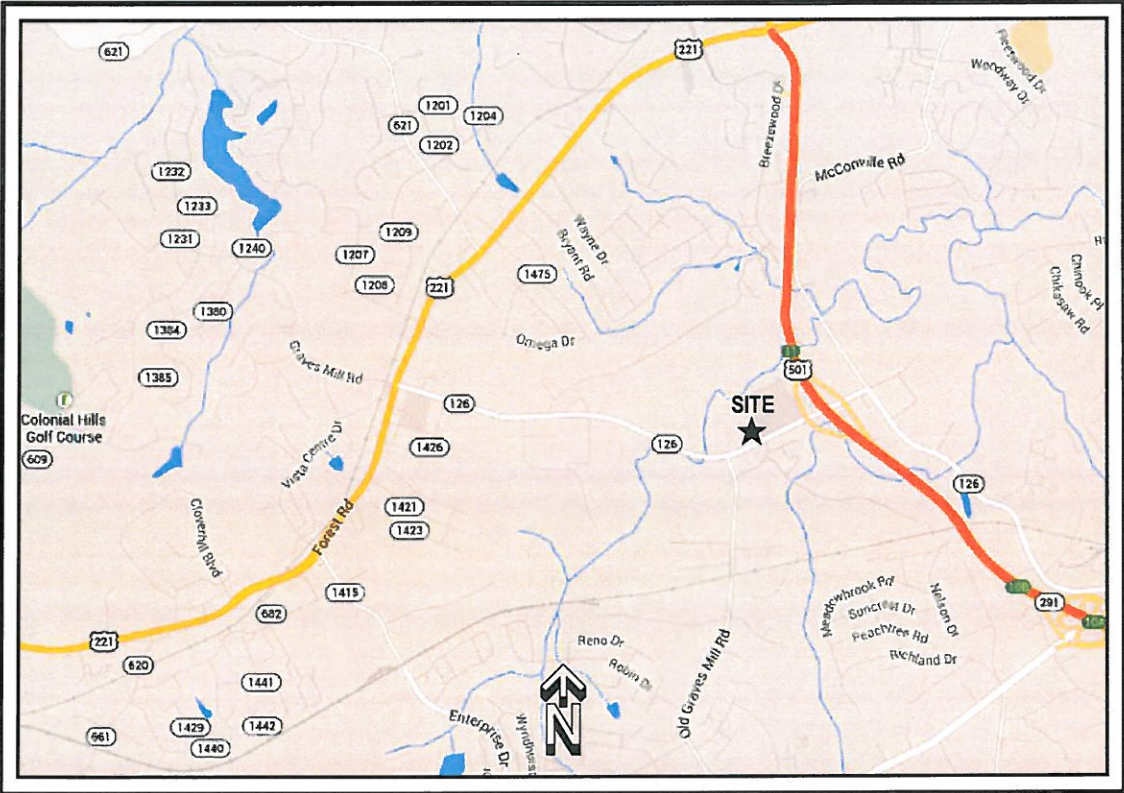
FEBRUARY 3, 2015
REVISED: 02/25/2015 - 02/27/2015

GENERAL NOTES:

1. THE CONTRACTOR SHALL CONTACT THE CITY ENVIRONMENTAL REVIEWER AND THE CITY CONSTRUCTION COORDINATOR IN ADVANCE OF ANY CONSTRUCTION ACTIVITY.
1. THE CONTRACTOR SHALL NOTIFY MISS UTILITY (1-800-552-7001) 48 HOURS PRIOR TO COMMENCEMENT OF ANY CONSTRUCTION. CONTRACTOR SHALL FIELD VERIFY VERTICAL AND HORIZONTAL LOCATIONS OF ALL UTILITIES PRIOR TO CONSTRUCTION.
2. UNDERGROUND UTILITIES SHOWN HEREON ARE BASED ON THE FIELD MARKINGS OF MISS UTILITY OF VIRGINIA. THE ENGINEER AND/OR SURVEYOR TAKE NO RESPONSIBILITY FOR THE LOCATION OR ACCURACY OF ANY UTILITIES SHOWN ON THESE DRAWINGS OR THE LOCATION OF ANY UTILITIES WITHIN THE PROJECT THAT MAY NOT BE SHOWN ON THE DRAWINGS. THE CONTRACTOR IS RESPONSIBLE FOR CONTACTING "MISS UTILITY" OR THE RESPECTIVE UTILITY OWNERS TO DETERMINE IF ANY UTILITIES EXIST WITHIN THE PROJECT AREA BEFORE ANY CONSTRUCTION BEGINS, AS REQUIRED BY LAW.
3. THE CONTRACTOR SHALL TAKE ALL PRECAUTIONS NECESSARY TO VERIFY LOCATION OF AND PREVENT DISTURBANCE OF ANY EXISTING UTILITIES IN WORK AREA. CONTRACTOR SHALL ALSO PROVIDE IMMEDIATE TEMPORARY SERVICES TO ANY DAMAGED UTILITIES AT THE EXPENSE OF THE CONTRACTOR. ANY EXISTING UTILITIES NOT LOCATED PRIOR TO THE BEGINNING OF CONSTRUCTION THAT ARE DAMAGED DURING CONSTRUCTION OR WHICH CONFLICT WITH PROPOSED CONSTRUCTION, SHALL BE REPAIRED OR RELOCATED TO THE SATISFACTION OF THE ENGINEER AT THE CONTRACTOR'S EXPENSE.
4. CONTRACTOR SHALL CONTACT AMERICAN ELECTRIC POWER (1-800-277-2177) AND ENGINEER IMMEDIATELY IF ANY POLES, GUY WIRES OR LINES ARE DAMAGED DURING CONSTRUCTION.
5. CONTRACTOR SHALL CONTACT CITY OF LYNCHBURG WATER & SEWER AUTHORITY (434-455-4250) AND ENGINEER IMMEDIATELY IF ANY VALVES, METERS, WATER OR SEWER LINES ARE DAMAGED DURING CONSTRUCTION.
6. FAILURE TO MENTION SPECIFICALLY ANY WORK WHICH WOULD NORMALLY BE REQUIRED TO COMPLETE THIS PROJECT SHALL NOT RELIEVE THE CONTRACTOR FROM PERFORMING SUCH WORK.
7. EROSION AND SEDIMENT CONTROL (E&S) MEASURES SHALL BE INSTALLED FOR ALL DISTURBED AREAS IN ACCORDANCE WITH ALL LOCAL REQUIREMENTS AND THE VIRGINIA EROSION & SEDIMENT CONTROL HANDBOOK, LATEST EDITION. THE E&S MEASURES SHALL BE INSTALLED AS A FIRST STEP IN CONSTRUCTION PRIOR TO ANY EXCAVATION. THE CONTRACTOR SHALL MAINTAIN ALL E&S MEASURES AS NECESSARY AND SHALL BE RESPONSIBLE FOR ALL ADDITIONAL MEASURES AS DETERMINED BY THE CITY OF LYNCHBURG.
8. CONTRACTOR SHALL COMPLY WITH ALL FEDERAL, STATE AND LOCAL CONFINED SPACED ENTRY REGULATIONS, AS APPLICABLE.
9. ALL CONSTRUCTION SHALL BE PERFORMED IN ACCORDANCE WITH THE CITY OF LYNCHBURG MANUAL OF SPECIFICATIONS AND STANDARD DETAILS.
9. THE CONTRACTOR SHALL BE FULLY LIABLE FOR REPAIR OF ANY DAMAGES ON PUBLIC OR PRIVATE PROPERTY CAUSED BY THE CONSTRUCTION ACTIVITIES. THE CONTRACTOR SHALL REPAIR OR REPLACE ALL DISTURBED SURFACES OR PHYSICAL IMPROVEMENTS TO THEIR ORIGINAL CONDITION OR BETTER INCLUDING, BUT NOT LIMITED TO, THE FOLLOWING: PAVEMENT, STONE, DITCHES, MAILBOXES, CULVERTS, FENCING, SIGNS, CURBS, GUARDRAIL, LANDSCAPING, PLANTERS, SHRUBS, TREES, AND PROPERTY MONUMENTS.
10. ALL SPOT ELEVATIONS REFLECT FINISHED ELEVATIONS. SUB-GRADE ELEVATIONS SHALL BE DETERMINED FROM INDIVIDUAL SECTION DETAILS.
11. HATCH PATTERNS ARE A REPRESENTATION OF THE SURFACE TREATMENTS SPECIFIED IN THE DETAILS OF THIS PLAN AND ARE NOT A "TO-SCALE" REPRESENTATION OF THE FINAL PATTERN.
12. THE CONTRACTOR IS RESPONSIBLE FOR OBTAINING ALL PERMITS REQUIRED FOR CONSTRUCTION PRIOR TO BEGINNING WORK.
13. THE CONTRACTOR SHALL VERIFY THROUGH THE OWNER OR THE ENGINEER THAT THE MOST CURRENT SET OF CONSTRUCTION DRAWINGS ARE BEING USED ON THE SITE.
14. NO BURNING ON THE SITE.

SITE NOTES:

PARCEL TAX MAP ID NUMBER: 23802003 & 23802006
PROPERTY ADDRESS: 1001 & 1005 CREEKSIDE LANE
LYNCHBURG, VA 24502
LEGAL ACREAGE: 1.9 ACRES
LATITUDE / LONGITUDE: 37° 22' 31" N / -79° 11' 16" W
CURRENT ZONING: B-5C
PROPOSED ZONING CHANGES: B-5C MINUS PREVIOUS PROFFERS
EXISTING IMPERVIOUS AREA = 0.00 ACRES
PROPOSED NEW IMPERVIOUS AREA = 1.5 ACRES
REQUIRED PARKING SPACES = 22
REQUIRED HANDICAP SPACES = 1
PROPOSED PARKING SPACES = 49
PROPOSED HANDICAP SPACES = 2
AREA TO BE TREATED BY PROPOSED
STORM WATER MEASURES = 1.5 ACRES
THE PROPERTY DOES NOT LIE WITHIN THE 100 YR FLOOD ZONE



VICINITY MAP
Not To Scale

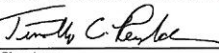
CONTACTS:

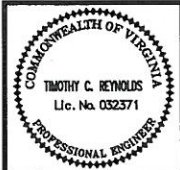
OWNER:
Moore's Country Store
Mr. David Moore
1576 Cuddington Lane
Forest, Virginia 24557
Phone: 434.610.4815
Email: dmoore2407@gmail.com

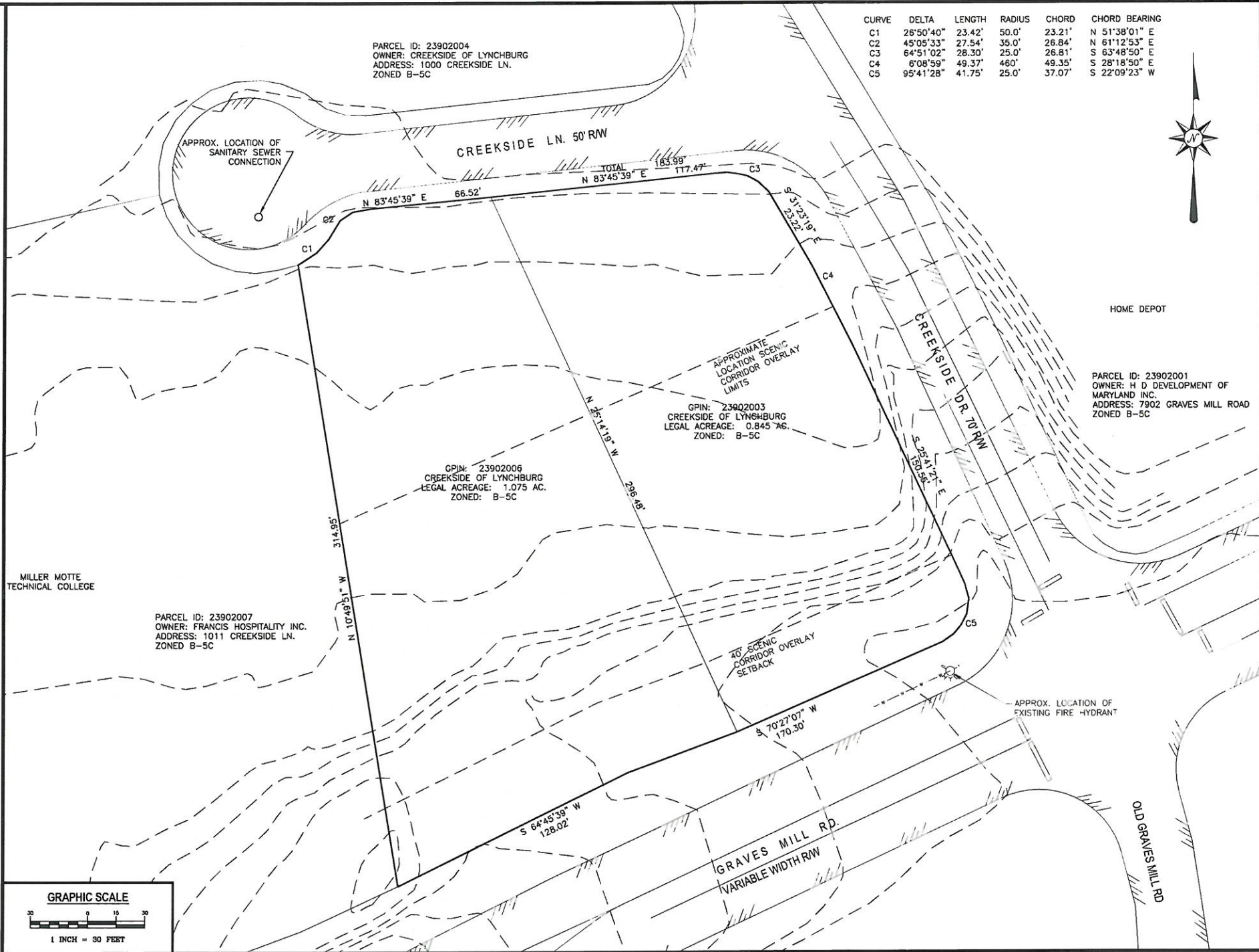
ENGINEER:
Reynolds-Clark Development, Inc.
Mr. Timothy C. Reynolds, P.E.
Post Office Box 556
Gretna, Virginia 24557
Phone: 434.656.8961
Fax: 434.656.8995
Email: treynolds@reynoldsclark.com

DRAWING INDEX:

Sheet	Description
T1	Title Sheet
C1	Existing Site Conditions
C2	Not Used
C3	Site Plan
C4	Landscape Plan

Designer Certification	
"I hereby certify that, to the best of my ability, this plan has been prepared in accordance with the latest City of Lynchburg Manual of Specifications and Standard Details and City Code."	
	032371
Signature	Registration Number
Timothy C. Reynolds, P.E., Vice President	February 27, 2015
Printed Name and Title	Date
Owner Certification	
"I/We hereby certify that all site construction, drainage and grading will be done pursuant to this plan and that the applicable Stormwater Management conditions and requirements of the City of Lynchburg, the Commonwealth of Virginia and the Federal Government and its agencies are hereby made part of this plan."	
Signature	Owner / Manager
Mr. David Moore	February 27, 2015
Printed Name	Date
City of Lynchburg Approval	
City Engineer	Date
TRC	Date
E&S	Date

REVISIONS / SUBMITTALS	
DATE	DESCRIPTION
February 3, 2015	Rezoning Submittal
February 25, 2015	Rezoning Submittal
February 27, 2015	Rezoning Submittal
APPROVAL	
☐ BIDDING	
☐ CONSTRUCTION	
☐ RECORD	
	
112 South Main Street • Post Office Box 556 Gretna, Virginia 24557 Phone: 434.656.8961 • Fax: 434.656.8995 Web: www.reynoldsclark.com	



MOORE'S COUNTRY STORE

GRAVES MILL ROAD
CITY OF LYNCHBURG, VIRGINIA



117 South Main Street - 2nd Floor - Suite 405 - Lynchburg, Virginia 24502
Phone: 434.658.8901 - Fax: 434.658.8905 - Web: www.reynoldsclark.com

EXISTING SITE CONDITIONS



- Revisions:
1. Comments 02/25/2015
 2. Comments 02/12/2015
 - 3.
 - 4.
 - 5.

Date: 02/13/2015
Project #
Drawn by: TCR
Scale: 1" = 30'

Drawing Number
C1

STORM WATER NARRATIVE

Storm Water Narrative
Proposed Moore's Country Store
Graves Mill Road and Creekside Drive
GPI#s 23902003 and 23902006

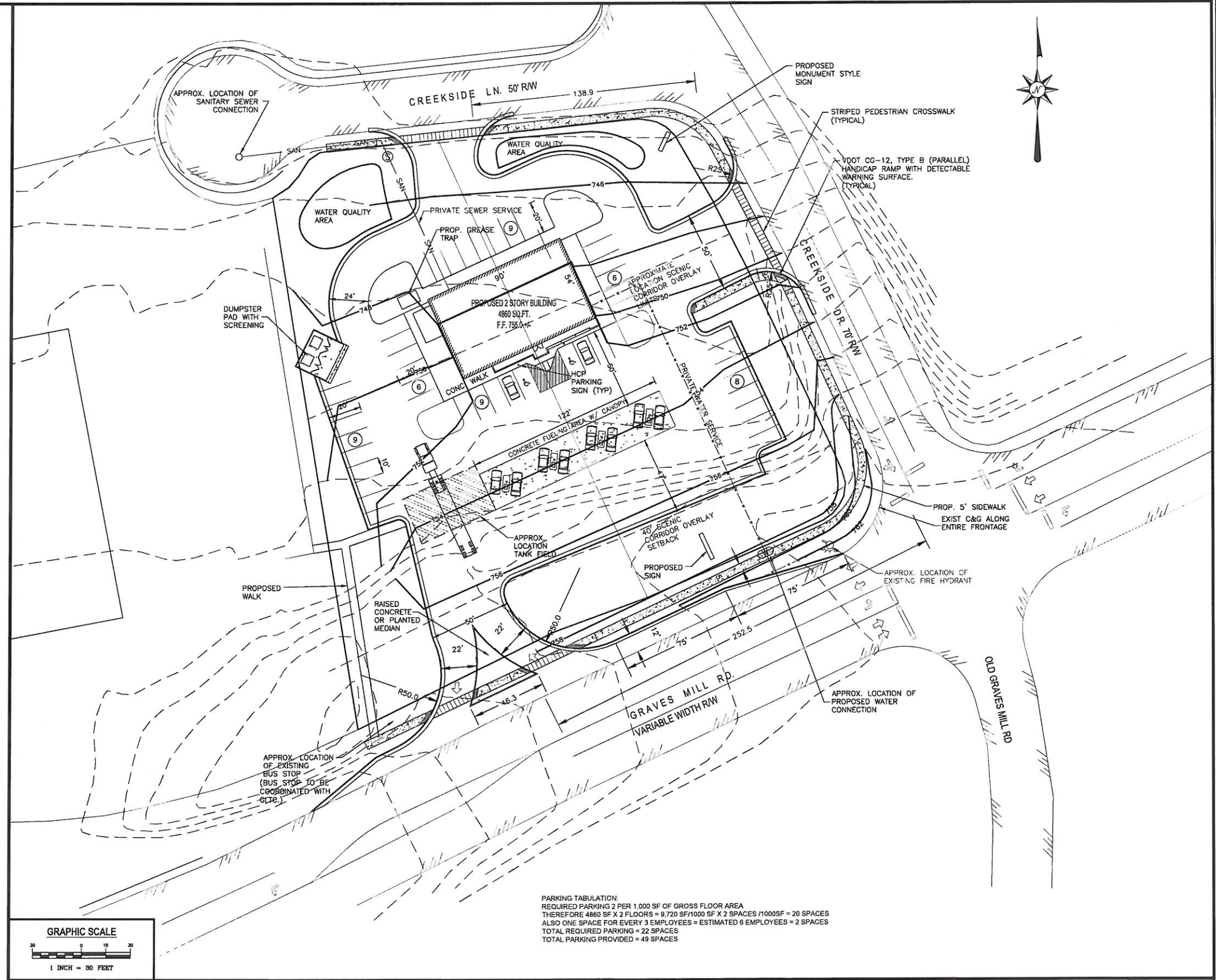
The proposed project will consist of a new 2 story +/-4,860 s.f. convenience store with commercial rental space below it. The project will also include the associated parking and fuel stations for the convenience store operations. The site is approximately 1.9 acres and is currently undeveloped.

The development of the site will add approximately 1.5 ac. of impervious surface and this increase in runoff from the site. The increase in impervious area will require that the runoff be treated for both water quality and quantity.

Water Quality:
Storm water from the site will be collected into a storm drainage system and directed to the lower portion of the site along Creekside Lane. One or two water quality areas will be utilized for water quality treatment. The most likely treatment method will be bio-retention areas per the Virginia Department of Environmental Quality regulations.

Water Quantity:
Treated storm water will then be conveyed to an existing basin near the end of Creekside Drive. This basin will be renovated and re-designed to reduce runoff from both the project and future increases from Parcel #23902004. The basin will be designed to insure that the post developed run-off will be reduced to below pre-developed peak levels.

Adequate Channel:
Storm water will be conveyed from the basin detailed above via an adequate storm water conveyance channel to Tomahawk Creek. Tomahawk Creek has a very large drainage area at the proposed discharge point and will provide an adequate channel.



SHEET KEYNOTES

- APPROXIMATE LOCATION OF EXISTING UTILITIES (ELECTRIC, COMMUNICATIONS, GAS, WATER, ETC.) SHOWN ON PLAN FOR INFORMATION ONLY. CONTRACTOR TO CONFIRM LOCATION OF ALL EXISTING UTILITIES PRIOR TO CONSTRUCTION.
- CONTRACTOR SHALL TAKE SPECIAL PRECAUTIONS TO PROTECT POWER POLES AND GUY-WIRES. BOX OUT AROUND EXISTING POLES.
- EROSION CONTROL PHASE II: APPLY TEMPORARY SEEDING AND PERMANENT SEEDING. FOR GENERAL EROSION CONTROL NOTES AND DETAILS, SEE SHEET D1.
- PRIOR TO RELEASE OF FINAL PAYMENT, ALL EROSION CONTROLS SHALL BE REMOVED BY THE CONTRACTOR AND A HEALTHY STAND OF VEGETATION SHALL BE ESTABLISHED.

EROSION CONTROL MEASURES LEGEND

KEY	TITLE & STANDARD NO.	SYMBOL
TS	TEMPORARY SEEDING (3.31)	
PS	PERMANENT SEEDING (3.32)	
IP	STORM DRAIN INLET PROTECTION (3.07)	

MOORE'S COUNTRY STORE

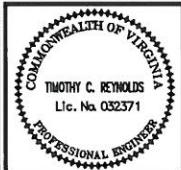
GRAVES MILL ROAD

CITY OF LYNCHBURG, VIRGINIA

Reynolds-Clark
DEVELOPMENT, INC.

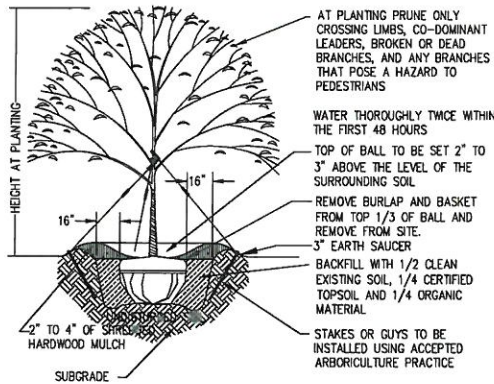
112 South Main Street - P.O. Box 1000 - Lynchburg, Virginia 24502
Phone: 434-528-8891 Fax: 434-528-8895 Web: www.reynoldsclark.com

CONCEPTUAL SITE PLAN

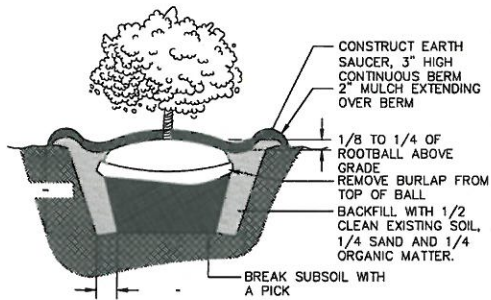


Revisions:
1. Comments 02/25/2015
2. Comments 02/27/2015
3.
4.
5.

Date: 02/03/2015 Drawing Number
Project #
Drawn By: TCR
Scale: 1" = 30'
C3



TREE PLANTING DETAIL
DECIDUOUS TREE
NO SCALE



SHRUB PLANTING DETAIL
NO SCALE

CITY OF LYNCHBURG REQUIREMENTS SEC. 35.1 - 25.1.8 STREET TREES FOR COMMERCIAL

(A) FOR ALL MULTI-FAMILY, COMMERCIAL, INSTITUTIONAL AND INDUSTRIAL DEVELOPMENTS, STREET TREES ARE REQUIRED AT THE RATE OF ONE (1) SHADE TREE FOR EACH FORTY (40) FEET OF STREET FRONTAGE OR IN THE CASE WHERE OVERHEAD UTILITY LINES PROHIBIT THE PLANTING OF SHADE TREES ONE (1) ORNAMENTAL TREE FOR EACH TWENTY (20) FEET OF STREET FRONTAGE.

(B) REQUIRED STREET TREES SHALL BE PLANTED ALONG THE PROPERTY LINE THAT FRONTS THE STREET AND SHALL NOT BE PLANTED WITHIN THE PUBLIC RIGHT-OF-WAY OR WITHIN ANY UTILITY EASEMENTS.

(C) STREET TREES WITHIN THE SITE DISTANCE TRIANGLE MAY BE RAISED TO ALL FOR VISIBILITY.

SEC. 35.1 - 25.1.8 FOUNDATION PLANTINGS

(A) ALL SIDES OF MULTI-FAMILY, COMMERCIAL, INSTITUTIONAL AND INDUSTRIAL BUILDINGS, WHICH FRONT ON A PUBLIC OR PRIVATE STREET OR ARE VISIBLE FROM AN ADJACENT RESIDENTIAL DISTRICT, SHALL BE LANDSCAPED WITH FOUNDATION PLANTINGS AS FOLLOWS:

- (1) ONE (1) ORNAMENTAL TREE PER FIFTY (50) LINEAR FEET OF BUILDING, AND
- (2) ONE (1) LARGE SHRUB PER TEN (10) LINEAR FEET OF BUILDING, OR
- (3) ONE (1) MEDIUM SHRUB AND ONE (1) SMALL SHRUB PER TEN (10) LINEAR FEET OF BUILDING, OR
- (4) THREE (3) SMALL SHRUBS PER TEN (10) LINEAR FEET OF BUILDING, OR
- (5) ANY COMBINATION OF 2, 3, OR 4 ABOVE.

(B) FOUNDATION PLANTINGS MAY BE PLACED IN COLLECTIVE GROUPINGS ALONG THE PERIMETER OF THE BUILDING FOR WHICH REQUIRED.

SEC. 35.1 - 25.1.11 BUFFERING

WHERE REQUIRED, THE PLANTING AREA FOR BUFFERING SHALL BE A MINIMUM OF TWENTY (20) FEET IN WIDTH EXTENDING ALONG THE ENTIRE LENGTH OF THE DEVELOPMENT AREA AND SHALL GENERALLY BE REQUIRED ALONG THE PROPERTY LINE UNTIL TOPOGRAPHIC OR OTHER CONSIDERATIONS WOULD MAKE IT MORE EFFECTIVE LOCATED BACK FROM THE PROPERTY LINE.

THE VEGETATIVE BUFFER SHALL CONSIST OF A STAGGERED EVERGREEN TREE LINE WITH A BASELINE FILLER OR MEDIUM HEIGHT EVERGREEN SHRUBS. THE EVERGREEN MATERIAL SHALL BE A MINIMUM OF FOUR (4) FEET IN HEIGHT AT TIME OF PLANTING. THE EVERGREEN TREE LINE SHALL BE PLANTED IN ROWS OF FIFTEEN (15) FEET APART AND STAGGERED TEN (10) FEET ON CENTER.

GENERAL LANDSCAPE NOTES

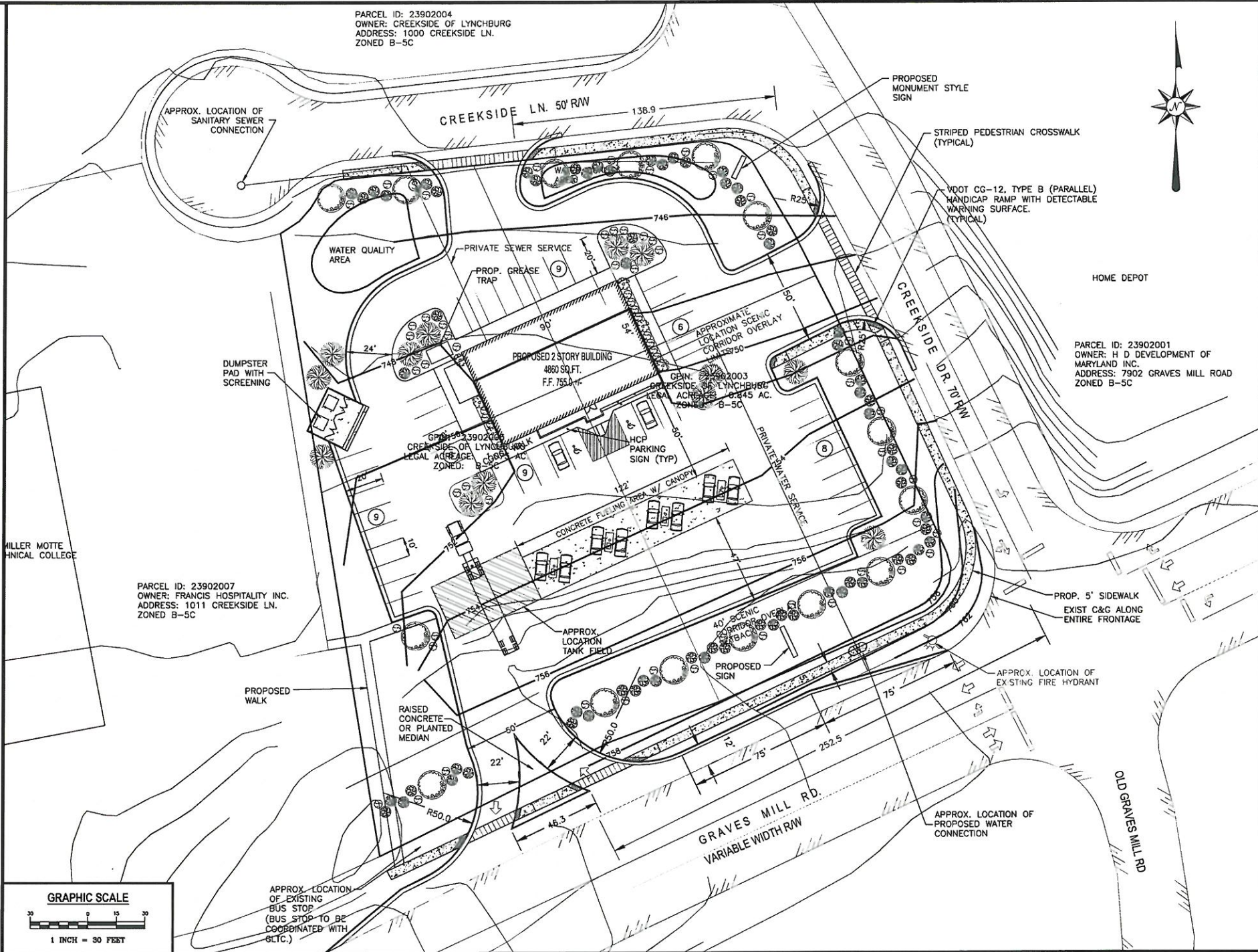
1. EXACT LOCATIONS OF TREES AND SHRUBS ARE TO BE VERIFIED IN THE FIELD.
2. UNDERGROUND ELECTRIC LINE BETWEEN EXISTING LIGHT POLES SHOULD BE MARKED & FLAGGED PRIOR TO LANDSCAPING.
3. THE PLANTING OF TREES SHALL BE DONE IN ACCORDANCE WITH EITHER THE STANDARDIZED LANDSCAPE SPECIFICATIONS JOINTLY ADOPTED BY VIRGINIA NURSEYMEN'S ASSOCIATION AND THE VIRGINIA SOCIETY OF LANDSCAPE DESIGNERS, OR THE VIRGINIA CHAPTER OF THE AMERICAN SOCIETY OF LANDSCAPE ARCHITECTS.
4. ALL LANDSCAPING USED TO SATISFY THE REQUIREMENTS OF THE LANDSCAPING ORDINANCE SHALL MEET THE SPECIFICATIONS AND STANDARDS OF THE AMERICAN ASSOCIATION OF NURSERYMEN.
5. REQUIRED LANDSCAPING SHALL BE INSTALLED IN ACCORDANCE WITH THE APPROVED SITE PLAN.
6. THE OWNER SHALL BE RESPONSIBLE FOR THE ONGOING PROTECTION AND MAINTENANCE OF ALL REQUIRED LANDSCAPING IN A MANNER CONSISTENT WITH THE APPROVED SITE PLAN.
7. THE OWNER SHALL BE RESPONSIBLE FOR REPLACING ANY DEAD OR DAMAGED REQUIRED LANDSCAPING AS SHOWN ON THE APPROVED SITE PLAN. 100% SURVIVABILITY IS REQUIRED FOR A PERIOD OF FIVE (5) YEARS.
8. ALL REQUIRED TREES AND SHRUBS AS SHOWN ON THE APPROVED SITE PLAN SHALL BE ALLOWED TO GROW TO MATURITY AND SHALL NOT BE REMOVED, UNLESS A SUITABLE REPLACEMENT IS PROVIDED THAT SATISFIES THE REQUIREMENTS OF THE APPROVED SITE PLAN.
9. PRUNING SHALL BE DONE IN ACCORDANCE WITH THE STANDARDS ADOPTED BY AMERICAN NATIONAL STANDARDS INSTITUTE AND THE INTERNATIONAL SOCIETY OF ARBORICULTURE.
10. TREES SHALL BE NURSERY GROWN SPECIMENS WHICH MEET THE REQUIREMENTS SET FORTH IN THE AMERICAN STANDARD FOR NURSERY STOCK ANSI Z60 - AND SHALL BE TYPICAL OF THEIR SPECIES, HAVING FULLY DEVELOPED CROWNS AND SINGLE LEADERS. THEY SHALL BE BRANCHED TO 1/3 OF THEIR HEIGHT AT THE TIME OF PLANTING.
11. ALL NURSERY STOCK SHALL BE VIGOROUS, AND FREE OF DISEASE AND INFESTATION. ALL PLANTS SHALL BE INSPECTED AT THE NURSERY AND SHIPMENTS SHALL BEAR THE APPROPRIATE INSPECTION PROVIDED BY THE STATE OF ORIGIN FOR PLANTING MATERIALS.

WATERING

SPRING AND FALL PLANTED TREES AND SHRUBS SHALL BE THOROUGHLY WATERED THE DAY OF PLANTING AND THEN SHALL BE WATERED EVERY SEVEN (7) DAYS THROUGHOUT THE FIRST GROWING YEAR. WHEN SIGNIFICANT RAINFALLS MAINTAIN MOISTURE IN THE SOIL, WATERING FOR THAT PERIOD CAN BE DELAYED UNTIL THE NEXT SEVEN (7) DAY CYCLE.

FERTILIZING

THE INSTALLER IS TO AMEND THE SOIL AS REQUIRED BY ON-SITE CONDITIONS AND THE NEEDS OF THE PLANTED TREES AND SHRUBS. FERTILIZATION SHOULD BE DONE IN THE EARLY SPRING OR LATE FALL, AND A WATER INSOLUBLE NITROGEN (WNI) IS RECOMMENDED AS THE PLANTS WILL USE IT AS NEEDED AND IT WILL NOT WASH OFF OR LEACH INTO THE GROUND WATER. THE INSTALLER SHALL HAVE THE SOIL TESTED FOR PH PRIOR TO INSTALLATION AND DETERMINE THE CORRECT FERTILIZERS FOR THE SPECIFIED PLANTS.



LANDSCAPE LEGEND

SYMBOL	QTY.	BOTANIC NAME	COMMON NAME	SIZE AT TIME OF PLANTING	ULT. SIZE (Height)	ULT. SIZE (Width)
DECIDUOUS TREE	16	Tilia tomentosa	Silver Linden	2.5" Caliper	50' - 70'	30' - 50'
ORNAMENTAL TREE	6	Lagerstroemia indica	Crape Myrtle	2.5" Caliper	8' - 30'	6' - 15'
EVERGREEN TREE	13	Cupressocyparis leylandii	Leyland Cypress	3 Gallon	60' - 90'	12' - 15'
SHRUBS	68	Distylium hybridum 'Blue Cascade'	Blue Cascade Distylium	2'	2' - 3'	7' - 8'
	67	Distylium hybridum 'Vintage Jade'	Vintage Jade Distylium	1'	2' - 3'	5' - 6'

MOORE'S COUNTRY STORE

GRAVES MILL ROAD

CITY OF LYNCHBURG, VIRGINIA

Reynolds-Clark
DEVELOPMENT, INC.

137 South Main Street - Post Office Box 666 - Greensboro, Virginia 22657
Phone: 434-766-8901 - Fax: 434-655-6605 - Web: www.reynoldsclark.com

CONCEPTUAL LANDSCAPE PLAN

COMMONWEALTH OF VIRGINIA
TIMOTHY C. REYNOLDS
Lic. No. 032371
PROFESSIONAL ENGINEER

Revisions:

1. Comments: 02/25/2015
2. Comments: 02/27/2015
- 3.
- 4.
- 5.

Date: 02/03/2015
Project #
Drawn By: TCR
Scale: 1" = 30'
Drawing Number
C4



January 29, 2015

RECEIVED

FEB 03 2015

COMMUNITY
DEVELOPMENT

Storm Water Narrative

Proposed Moores Country Store
Graves Mill Road and Creekside Drive –
GPIN# 23902003 and 23902006

The proposed project will consist of a new 2 story +/-4,860 s.f. convenience store with commercial rental space below it. The project will also include the associated parking and fuel stations for the convenience store operations. The site is approximately 1.9 acres and is currently undeveloped.

The development of the site will add approximately 1.5 ac. of impervious surface and thus increase runoff from the site. The increase in impervious area will require that the runoff be treated for both water quality and quantity.

Water Quality:

Storm water from the site will be collected into a storm drainage system and directed to the lower portion of the site along Creekside Lane. One or two water quality areas will be utilized for water quality treatment. The most likely treatment method will be bio-retention areas per the Virginia Department of Environmental Quality regulations.

Water Quantity:

Treated storm water will then be conveyed to an existing basin near the end of Creekside Drive. This basin will be renovated and re-designed to reduce runoff from both this project and future increases from Parcel #23902004. The basin will be designed to insure that the post developed run-off will be reduced to below pre-developed peak levels.

Adequate Channel:

Storm water will be conveyed from the basin detailed above via an adequate storm water conveyance channel to Tomahawk Creek. Tomahawk Creek has a very large drainage area at the proposed discharge point and will provide an adequate channel.

RECEIVED

MAR 02 2015

COMMUNITY
DEVELOPMENT

Cover Page

To: The City of Lynchburg Office of Zoning
And Community Development

3/2/2015

Development: Moore's Country Store at Graves Mill Rd. (Corner Creekside Drive and Graves Mill Rd.)

Enclosed: Statement of Proffers, Zoning Determination Letter (per Kevin Henry)

Official statement;

The two enclosed documents are submitted collectively, and neither is to be considered valid in the absence of the other.

Respectfully;



David C. Moore

434-610-4815

Dmoore2407@gmail.com

The City of Lynchburg
Office of Zoning and Community Development
900 Church St.
Lynchburg, VA 24504

Mr. David C. Moore, Petitioner
1576 Cuddington Lane
Forest, VA 24551

**Development: Moore's Country Store
Graves Mill Rd**

2/27/2015

Statement of Proffers

1. The Petitioner agrees to exclude the following uses from the B-5 zoning:
 - a. Armories
 - b. Rebuilding and retreading establishments.
 - c. Bottling plants
 - d. Blacksmith shops
 - e. Drive-in theaters
 - f. Sales lots for construction and farm equipment and similar equipment
 - g. Bulk Ice manufacture (On-site ice production for retail is acceptable)
 - h. Monument and gravestone sales
 - i. Motion picture production studios
 - j. Second-hand stores including auction sales provided such activity is conducted wholly within and enclosed building.
2. Petitioner agrees to build the project in substantial compliance with the site plan.
 - a. The part of the property which is subject to the Scenic Corridor Overlay District will be developed in compliance with all of the requirements of Section 35.1-43.3 of the Zoning Ordinance (Scenic Corridor Overlay District)

The remaining portion of the property will be developed in compliance with the following requirements of the Scenic Corridor.

- b. All utilities shall be located underground.
- c. Architectural treatment: No portion of a building constructed of unadorned cinderblock or corrugated and/or sheet metal shall be visible from any adjoining single-family or two-family residential district or public right-of-way. Buildings shall be designed to utilize to the greatest extent feasible building materials which are compatible with the Scenic Corridor Overlay District environment, such as rock, stone, brick and wood. Vegetative buffering placed along that portion of a building not otherwise meeting the requirements of architectural treatment, will be deemed sufficient treatment for the purposes of this proffer. Retail Fuel Industry standards as to the surface treatment/adornment of the sheet metal and steel components of a fuel canopy and structure are acceptable.

- d. Changeable copy and digital signs are prohibited; however the numerals announcing fuel prices may be changeable.
- e. Each development shall be permitted one (1) detached free standing sign identifying the development and announcing only the name or location of the development and business names of tenants therein. One logo per sign shall be permitted. All tenant signs (individual signs for businesses in a development) shall be uniform in letter size and color. One additional free standing monument style sign will be allowed specifically at the corner of Creekside Lane and Creekside Drive, which will be otherwise subject to the sign ordinances of the underlying district. Fuel canopy installation logos will be treated as signs attached to a building and subject to the limitations of the sign ordinances of the underlying zoning district.
- f. Directional signs indicating location of truck entrances, employee parking, shipping and receiving, and similar activities; provided that all such signs are located on the property of the business and no such signs exceed four (4) square feet in area. Directional signs shall contain no advertising.
- g. The backing and support material of the face sign shall be of the same material as of that portion of the building which faces any adjoining single-family or two-family residential district or public right-of-way, or of a natural material (such as rock, stone, brick, wood).

Respectfully Submitted;



David C. Moore
434-610-4815
Dmoore2407@gmail.com



Zoning & Natural Resources Division • Community Development

900 Church Street • Lynchburg • Virginia • 24504

www.lyncburgva.gov • P 434-455-3900 • F 434-845-7630

March 2, 2015

David Moore
1576 Cuddington Ln.
Forest, VA 24551

RE: 1001 & 1005 Creekside Lane, Parcel ID #23902003, 23902006

Dear Mr. Moore:

At your request this office is providing a determination regarding a proposed sign:

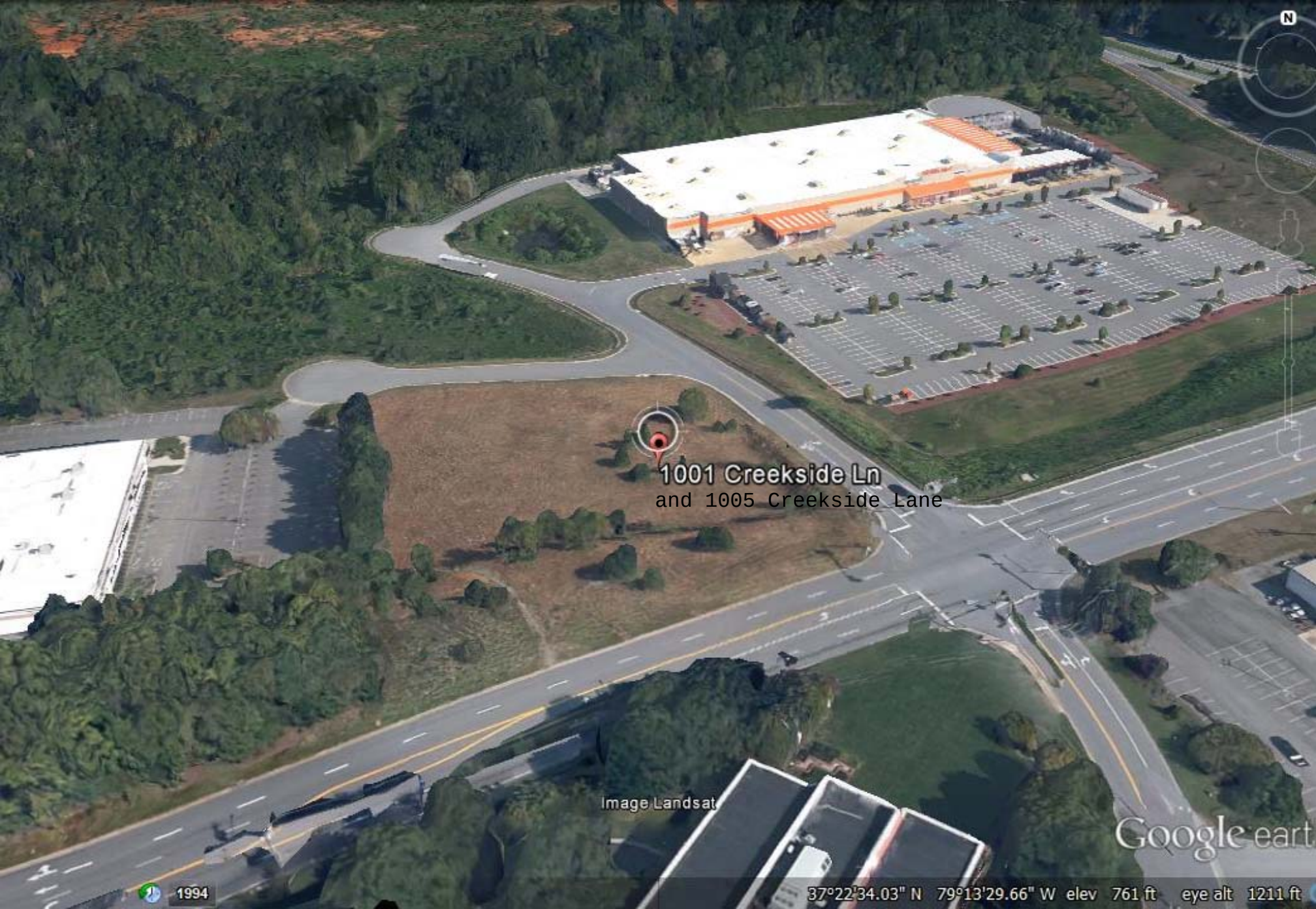
- The Property is zoned B-5C, General Business District (Conditional) under the zoning ordinance of the City of Lynchburg.
- A rezoning petition has been received by the Community Development Department to modify the proffers of the existing B-5C, General Business District (Conditional) zoning designation. The rezoning applicant has indicated that they plan to install a free-standing sign within the Scenic Corridor Overlay District which gasoline prices will be displayed upon. The sign is proposed to have numbers which are manually flipped to reflect changes in the prices. This type of sign is considered to be permitted at the above referenced properties. This type of sign is not considered changeable copy. The sign may not be digital in any manner.
- This determination is to be used strictly for interpretation of changeable copy signs and how they relate to gasoline price signs. All other applicable City codes must be adhered to in order to obtain a sign at the above referenced property.

This information may be relied upon by the addressee(s) listed above and by any assignee or successor in interest of the addressee(s) listed above, and by any other person who has a current or future interest in the property whether as owner or mortgagee. I am authorized and empowered to execute this Zoning Compliance Letter on behalf of the City of Lynchburg. If you have any question or concerns, please feel free to contact me at 434-455-3915.

Sincerely,

A handwritten signature in cursive script that reads "Kevin Henry".

Kevin T. Henry, AICP
Zoning Administrator



1001 Creekside Ln
and 1005 Creekside Lane

Image Landsat

Google earth



1994

37°22'34.03" N 79°13'29.66" W elev 761 ft eye alt 1211 ft

**Moore's Country Store
1001 and 1005 Creekside Drive
Rezoning from B-5C to B-5C**

PLEASE PRINT

[illegible]

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **March 24, 2015**

AGENDA ITEM NO.: 8

CONSENT:

REGULAR: **X**

WORK SESSION:

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Performance Agreement in Support of the Restoration of the Historic Virginian Hotel**

RECOMMENDATION: After a public hearing, adopt a resolution authorizing the execution of a performance agreement between the City of Lynchburg, the Lynchburg Economic Development Authority (LEDA) and Virginian Hotel, LLC to support the rehabilitation, renovation and redevelopment of the property known as the former Virginian Hotel located at 712 Church Street.

SUMMARY: The Lynchburg Economic Development Authority has reviewed, amended and approved a performance agreement in support of the restoration of the historic Virginian Hotel. The concept for this support was presented to City Council on February 10th and was accepted, with instructions to proceed, on a 6-1 vote. On March 10th, City Council directed that a public hearing be held to receive comment before it acted on the proposed agreement.

Attached are the reports from both the February 10th and March 10th Council meetings which included all documents shared with the LEDA.

Two additional attachments are a revised performance agreement, which corrects a typographical error, and an annotated term sheet, including the LEDA's added conditions, that references the relevant sections of the performance agreement.

PRIOR ACTION(S): February 10, 2015, City Council meeting; March 4, 2015, LEDA approval of the performance agreement; March 10, 2015, City Council directed that a public hearing be held on the matter.

FISCAL IMPACT: The property is assessed at approximately \$2.2 million and was generating about \$25,000 a year in real property tax. Development as residential space would produce no additional revenue until the 15 year tax abatement period expired. The developers' pro-forma assumes a taxable value of \$16 million after the five (5) year abatement period expires. Estimated revenues from all taxes, real property, personal property, lodging, meals, sales and business license, are projected to be \$300,000 to \$700,000 annually. The proposed financing agreement guarantees a minimum of \$100,000 a year to the City.

CONTACT(S): Marjette Upshur, Director of Economic Development, 455-4492; Kimball Payne, City Manager, 455-3990.

ATTACHMENT(S): Proposed resolution; March 10, 2015 Council Report, Corrected Performance Agreement;

REVIEWED BY: lkp

RESOLUTION:

BE IT HEREBY RESOLVED THAT the City Manager, Deputy City Manager, and City Attorney are hereby authorized to negotiate the final terms of and execute a performance agreement between the City of Lynchburg, The Lynchburg Economic Development Authority, and Virginian Hotel, LLC to facilitate the rehabilitation, renovation and redevelopment of the property known as the former Virginian Hotel located at 712 Church Street,

AND FURTHERMORE the City Manager, Deputy City Manager, and City Attorney are authorized to negotiate the final terms of and execute on behalf of the City all other documents and to undertake such other actions as are reasonably related to the project and are in conformity with the purposes and intent of this Resolution.

Adopted:

Certified: _____
Clerk of Council

024V

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **March 10, 2015**

AGENDA ITEM NO.: 13

CONSENT:

REGULAR: **X**

WORK SESSION:

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Performance Agreement in Support of the Restoration of the Historic Virginian Hotel**

RECOMMENDATION: Adopt a resolution authorizing the execution of a performance agreement between the City of Lynchburg, the Lynchburg Economic Development Authority (LEDA) and Virginian Hotel, LLC to support the rehabilitation, renovation and redevelopment of the property known as the former Virginian Hotel located at 712 Church Street.

SUMMARY: The Lynchburg Economic Development Authority has reviewed, amended and approved a performance agreement in support of the restoration of the historic Virginian Hotel. The concept for this support was presented to City Council on February 10th and was accepted, with instructions to proceed, on a 6-1 vote.

A draft performance agreement was presented to the LEDA which then held two meetings to discuss, amend, and subsequently approve the agreement. During its deliberations the LEDA developed a list of additional conditions, not included in the Virginian Hotel Gap Financing Term Sheet presented to City Council on February 10th or in the original draft of the performance agreement. The developers have agreed to all conditions requested by the LEDA which included:

1. Provide an MAI certified appraisal
2. Agree not to appeal the City's assessed value for a period of five years after opening
3. Agree to hire 60% City of Lynchburg residents to extent qualified workers are available.
4. Use local contractors to the extent feasible
5. Provide an agreement that identifies the hotel brand
6. Allow the LEDA to review the financing package prepared for the primary lender
7. Provide the LEDA with a 1st position on a parking structure
8. Any grants secured by the City or LEDA will be used to pay the principal loan balance
9. Provide information on the purchase of the Allied Arts Building
10. Provide personal guarantees.

At its meeting of March 4th, on a vote of 6-0 with one abstention, the LEDA approved the revised performance agreement which is attached. Also attached are copies of the documents provided to the LEDA during its deliberations.

PRIOR ACTION(S): February 10, 2015, City Council meeting; March 4, 2015, LEDA approval of the performance agreement.

FISCAL IMPACT: The property is assessed at approximately \$2.2 million and was generating about \$25,000 a year in real property tax. Development as residential space would produce no additional revenue until the 15 year tax abatement period expired. The developers' pro-forma assumes a taxable value of \$16 million after the five (5) year abatement period expires. Estimated revenues from all taxes, real property, personal property, lodging, meals, sales and business license, are projected to be \$300,000 to \$700,000 annually. The proposed financing agreement guarantees a minimum of \$100,000 a year to the City.

CONTACT(S): Marjette Upshur, Director of Economic Development, 455-4492; Kimball Payne, City Manager, 455-3990.

ATTACHMENT(S): Proposed resolution; February 10, 2015 Council Report; Documents reviewed by the LEDA: Proposed Performance Agreement, Project Overview, Market Study Memo, Payoff Projection, Sources and Uses, Developer Response Letter, LRCVB Statement

REVIEWED BY: lkp

RESOLUTION

BE IT HEREBY RESOLVED THAT the City Manager, Deputy City Manager, and City Attorney are hereby authorized to negotiate the final terms of and execute a performance agreement between the City of Lynchburg, The Lynchburg Economic Development Authority, and Virginian Hotel, LLC to facilitate the rehabilitation, renovation and redevelopment of the property known as the former Virginian Hotel located at 712 Church Street,

AND FURTHERMORE the City Manager, Deputy City Manager, and City Attorney are authorized to negotiate the final terms of and execute on behalf of the City all other documents and to undertake such other actions as are reasonably related to the project and are in conformity with the purposes and intent of this Resolution.

Adopted:

Certified:

Clerk of Council

022K

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **February 10, 2015**

AGENDA ITEM NO.: 6

CONSENT:

REGULAR: **X**

WORK SESSION:

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Proposal to Restore the Historic Virginian Hotel**

RECOMMENDATION: Approve, in concept, a proposal to provide gap financing for the restoration of the Virginian Hotel, through the Lynchburg Economic Development Authority.

SUMMARY: Blair Godsey and George Stanley propose to purchase the historic Virginian Hotel, at 712 Church Street, and restore it for operation as a branded hotel. The hotel would have 115 rooms and a conference center with restaurant space and would be planned to open in 2017. The \$25 million project has a funding gap of \$5 million.

Proposed gap financing would come through a \$2 million loan from the Lynchburg Economic Development Authority (LEDA) and a \$3 million conduit loan, through the LEDA, from a commercial bank. Payments on both loans would be through a grant from the LEDA, over a 17.5 year amortization period, funded by annual tax revenues from the project and its tenants, less \$100,000 that would remain with the City. The developers would guarantee both loans and the LEDA would have a lien on the property as security. City Council would have to budget the annual tax revenues as funding for the LEDA in order for the LEDA to have the resources to provide the grants.

An outline of the proposed agreement is attached. It provides further details with respect to the financing and other issues such as two-way traffic and streetscape improvements important to the project's success.

The developers will attend Council's meeting and make a presentation on the project. They have completed two projects downtown, Cliff's Edge and Midpoint lofts, and have a third under construction.

If Council approves the proposal in concept the matter will be taken to the Lynchburg Economic Development Authority for its approval, and a formal performance agreement will be drafted and presented to Council for approval at a future meeting.

PRIOR ACTION(S): None

FISCAL IMPACT: The property is assessed at approximately \$2.2 million and was generating about \$25,000 a year in real property tax. Development as residential space would produce no additional revenue until the 15 year tax abatement period expired. The developers' pro-forma assumes a taxable value of \$16 million after the five (5) year abatement period expires. Estimated revenues from all taxes, real property, personal property, lodging, meals, sales and business license, are projected to be \$300,000 to \$700,000 annually. The proposed financing agreement guarantees a minimum of \$100,000 a year to the City.

CONTACT(S): Kimball Payne, City Manager, 455-3990; Marjette Upshur, Director of Economic Development, 455-4492.

ATTACHMENT(S): Virginian Hotel Gap Financing Term Sheet

REVIEWED BY: lkp

010K

VIRGINIAN HOTEL
Gap Financing
February 3, 2015

1. Project is the former Virginian Hotel.
2. Owner is Virginian Hotel, LLC.
3. Closing mid-March and construction commencing summer 2015.
4. Project cost \$25,000,000. Funding gap \$5,000,000.
5. Projected annual tax revenue from Project is between \$300,000 and \$700,000.
6. City of Lynchburg (City), LEDA and Owner will enter into Performance Agreement that (a) City to make annual appropriations of the amount of all tax revenues benefiting City from Project and Project tenants in excess of \$100,000 per year to LEDA; (b) LEDA to make grants to Owner in the amount of the City appropriations; and (c) appropriations and grants to continue for 17.5 years after July 1, 2017 or until LEDA Loan, Conduit Loan and Shortfalls are paid. City will make the first annual payment to LEDA by 7/31/17, for the 2017/2018 fiscal year for City based on projected tax revenues for the 2017/2018 fiscal year. There will be a year-end adjustment each year for actual revenue accruals. In the event that Project generates tax revenues after opening and prior to 7/1/2017, the amount of those revenues will be added to the first payment.
7. LEDA will loan Owner \$2,000,000 by 7/1/15 at the same rate and repayment terms as Conduit Loan (LEDA Loan). LEDA loan will be secured by Owner, an assignment of the payments from Performance Agreement and a lien against Project. Liens in favor of LEDA will be subordinate to liens to secure Conduit Loan. Payment of LEDA loan will be conditioned on City making the appropriations anticipated in Performance Agreement.
8. LEDA will borrow \$3,000,000 from a bank (nonrecourse except as to Owner, Project and assignment of Performance Agreement). This loan will be arranged by Owner with LEDA cooperation. LEDA will concurrently loan \$3,000,000 to Owner at the same rate and repayment terms as the LEDA bank loan (Conduit Loan). Conduit Loan will be secured by Owner, an assignment of the payments from Performance Agreement and lien against Project subordinate only to the first lien project financing.
9. To the extent the payments from City are not sufficient to make required loan payments, Owner will pay any Shortfall. If at the end of each fiscal year tax revenues are in excess of what was needed to service the debt, then excess revenues shall be applied first to pay any Shortfall plus interest equal to the interest rate charged on LEDA Loan, second to principal on LEDA Loan and third to principal on Conduit Loan.
10. After Project has been operational for 3 years then 25% of the annual net positive cash flow from the Project for that year (less the developer fee allowed in the Historic Tax Credit, Shortfalls, a preferred return of 4% of project costs, all payments required to tax credit partners, lender required replacement reserves, all tax liabilities associated with the Project and/or the syndication of any tax credits have been

paid or funded in full for a given year) shall be deposited into a Developer controlled escrow account and used to fund Shortfalls, for a public benefit in the area of the Project (to be agreed upon by City) and to accelerate loan payments (if mutually agreed upon between City and Developer).

11. Proceeds of LEDA Loan and Conduit Loan will be used only for Project construction (not acquisition).
12. Owner and tenants will allow inspection of their books to the extent necessary to verify tax revenue generated by Project.
13. City will seek any available grant funding to offset the capital costs of the Project and reduce the loan amounts dollar for dollar to the extent the grant proceeds reduce Owners costs. Grant funding, for the purposes of this section, does not include tax credits.
14. Owner may refinance Project only in an amount equal to the amount secured by the first lien on Project.
15. City and LEDA will cause 7th Street between Main and Church to become a two-way street to accommodate access to Project and facilitate construction.
16. Owner, City and LEDA support 2-way traffic for Main and Church Streets and believe that it will be helpful for the long term success of Project and revitalization in Downtown Lynchburg. City will explore efforts to cause Main and Church Streets to be two-way before opening of Project.
17. There are planned utility infrastructure improvements (Planned Infrastructure Improvements) that will impact Project. City and LEDA acknowledge that construction of these improvements after Project opens would have a negative impact on the operations and agree to make all reasonable efforts to complete the improvements before March 1, 2017.
18. City and LEDA are aware that Owner is attempting to acquire the Genworth parking lot behind Project and they acknowledge that it is an essential piece of Project. City agrees to reasonably assist Owner in its efforts to acquire the Genworth lot.
19. City and LEDA acknowledge that Project needs designated loading zones in front of Project on both 8th Street and Church Street. City and LEDA agree to assist with a plan to accommodate 150 feet of loading area in front of Project on Church Street and 120 feet of loading area in front of Project on 8th Street ; will allow a canopy to be constructed over a portion of 8th Street to provide shelter for loading in inclement weather; and construct streetscape improvements for the entire block around Project to include sidewalks, curbs, streets, crosswalks at intersections, architectural street lighting and landscaping (Note: from asphalt overlay of Church Street over the years, the curb at Project is reduced in height significantly, milling of Church Street to original grade will be required).

PERFORMANCE AGREEMENT

This Performance Agreement (the “Agreement”) is dated as of _____, 2015, by, between and among the **City of Lynchburg, Virginia** (the “City”), the **Lynchburg Economic Development Authority** (the “Authority”) and **Virginian Hotel, LLC** (the “Owner”).

RECITALS

- R1. The Owner has proposed the rehabilitation, renovation and development of the property known as the former Virginian Hotel located at 712 Church Street, Lynchburg, Virginia, for a hotel, restaurant, commercial, and conference facility with related amenities, site improvements, and public infrastructure (the “Project”).
- R2. The Owner intends to acquire the Property located at 712 Church Street, Lynchburg, Virginia (the “Property”), as part of the development of the Project.
- R3. The City and the Authority recognize that the development of the Project will require significant costs for rehabilitation, renovation, construction, remediation, site improvements, utility upgrades, street scape improvements, and other improvements.
- R4. The Owner has requested economic development grants and gap loan financing through the Authority to assist in financing the costs for the Project.
- R5. The City and the Authority wish the Project to proceed and have determined that the Project will promote economic development in the City and the region. The Project will provide additional tax revenues, additional employment opportunities and new amenities and will contribute to the continued vitality of downtown Lynchburg.
- R6. The City and the Authority recognize that the Property is historically significant in the context of Downtown Lynchburg. The parties recognize that historic, rehabilitation, and other tax credit financing arrangements are essential to finance the Project.
- R7. The Authority, based on the undertakings of the Owner, has determined to make the Authority Loan to the Owner in accordance with the terms and conditions of this Agreement.
- R8. The Authority, based on the undertakings of the Owner, has determined to make annual economic development grants (the “Grants”) to the Owner from funds provided for that purpose to the Authority by the City, in accordance with the terms of this Agreement.
- R9. The City, based on the undertakings of the Authority and the Owner, has determined to appropriate funds from the Tax Revenues generated by the Project to the Authority for the purpose of the Grants, in accordance with the terms of this Agreement.

R10. The parties wish to reduce their understanding to writing.

NOW, THEREFORE, the parties, in consideration of the promises and obligations contained herein, mutually agree as follows:

ARTICLE I INCORPORATION OF RECITALS

1.1 The recitals stated above shall be part of this Agreement.

ARTICLE II DEFINITIONS

The terms defined in this Article II shall for all purposes of this Agreement have the meanings specified unless the context expressly or by necessary implication otherwise requires:

2.1 **“Agreement”** means this Performance Agreement by, between and among the City, the Authority, and the Owner, as amended, supplemented, or modified from time to time, and all amendments.

2.2 **“Annual Net Positive Cash Flow”** means the positive difference between the Owner’s cash inflows and outflows in a calendar year. In this case, the annual net positive cash flow shall be determined after the payment of all required payments to tax credit partners, lender required replacement reserves, deferred developer fee allowed in the historic tax credit, all tax liabilities associated with the Project, and/or the syndication of any tax credits, and a preferred cumulative annual return to the Owner equal to four percent (4%) of the Project cost.

2.3 **“Appropriation”** means the appropriation by the City to the Authority each Fiscal Year pursuant to this Agreement in the amount of the New Tax Revenues, with any reconciliation adjustments, or any other amount.

2.4 **“Authority”** shall mean the Lynchburg Economic Development Authority.

2.5 **“Authority Deed of Trust”** means that certain deed of trust of even date with the Authority Loan in form and substance reasonably satisfactory to the Authority given to secure the payment of the Authority Loan. The Authority Deed of Trust shall be subordinate to the Conduit Loan Deed of Trust and any deed of trust providing primary construction financing or permanent financing for the Project.

2.6 **“Authority Loan”** means the Two Million Dollars (\$2,000,000) loan by the Authority to the Owner evidenced by the Authority Note and any renewals, modifications or extensions thereof.

2.7 **“Authority Note”** means the promissory note evidencing the Authority Loan, executed and delivered pursuant to this Agreement, and any and all renewals, modifications, and extensions thereof.

2.8 **“Bank Loan”** means the Three Million Dollar (\$3,000,000) loan between a bank and the Authority.

2.9 **“Bank Note”** means the promissory note evidencing the Bank Loan, and any and all renewals, modifications, and extensions thereof.

2.10 **“Closing Date”** shall mean the date of the Authority Note.

2.11 **“Conduit Loan”** means the Three Million Dollar (\$3,000,000) loan by the Authority to the Owner evidenced by the Conduit Note and funded by the proceeds of the Bank Loan, and any renewals, modifications, or extensions thereof.

2.12 **“Conduit Loan Deed of Trust”** means that certain deed of trust given to secure the payment of the Conduit Loan. The Conduit Loan Deed of Trust shall have priority over the Authority Loan Deed of Trust and shall be subordinate to any deed of trust providing primary construction financing or permanent financing for the Project.

2.13 **“Conduit Note”** means the promissory note evidencing the Conduit Loan, and any and all renewals, modifications, and extensions thereof.

2.14 **“City”** means the City of Lynchburg, Virginia.

2.15 **“Debt Service”** means the amount necessary to pay all amounts due, including principal and interest, on the Authority Loan and the Conduit Loan.

2.16 **“Fiscal Year”** means the financial reporting period from July 1 through June 30 of each year.

2.17 **“GenWorth Lot”** shall mean the parking lot adjacent to the Property located on 717 Main Street.

2.18 **“Grant”** shall mean the annual cash grant payment by the Authority to the Owner from funds provided for that purpose to the Authority by the City.

2.19 **“New Tax Revenues”** means all tax revenues and tax benefits the City receives from the Property or the Project, and any taxes generated by the Project, the Property or any business located on the Property, including revenues from real estate taxes, the City’s portion of general sales tax, business professional and occupational license tax, tangible personal property tax, meals and beverage tax, and lodging tax, and all other tax revenues or benefits realized by the City from the Property or the Project, to the extent that such tax revenues and benefits exceed \$100,000 in a Fiscal Year (or prorated for any period shorter than a Fiscal Year).

2.20 **“Owner”** means the Virginian Hotel, LLC.

2.21 **“Project”** means the rehabilitation, renovation, and development of the Property for a hotel, restaurant, commercial and conference facility with related amenities, site improvements and public infrastructure improvements.

2.22 **“Property”** means the land, buildings, structures, and improvements formerly known as the Virginian Hotel located at 712 Church Street, Lynchburg, Virginia, Tax Map No. 02434012.

2.23 **“Shortfall”** means the amount by which the cumulative Grants are less than the cumulative Debt Service, plus interest on said amount from the date it is paid to when it is reimbursed. Interest shall be the same rate charged on the Conduit Loan.

ARTICLE III THE AUTHORITY LOAN

3.1 **Amount.** The Authority agrees to lend the Owner the principal sum of Two Million Dollars (\$2,000,000), upon the terms and conditions set forth in this Agreement. The Owner agrees to accept the Authority Loan and agrees to comply with the terms and conditions of this Agreement.

3.2 **Disbursement.** The Authority will disburse the Authority Loan on a lump sum basis at the Closing Date.

3.3 **The Authority Note.** The Authority Loan shall be evidenced by the Authority Note in the amount of the Authority Loan, payable to the order of the Authority, in accordance with the terms and conditions set forth in this Agreement. The Authority Note shall be on the same terms and conditions and interest rate as the Bank Loan.

3.4 **Authority Deed of Trust.** The Authority shall receive the Authority Deed of Trust as collateral security for the Authority Loan. The Authority Deed of Trust shall be subordinate to the Conduit Loan Deed of Trust and subordinate to the primary construction and permanent financing for the Project.

3.5 **Pledge of Grants.** The Owner shall pledge the Grants as collateral security to pay the Debt Service.

3.6 **Closing Date.** The Closing Date for the Authority Loan shall be on a date mutually agreed upon by Owner and Authority, but in no case later than July 1, 2015.

3.7 **Additional Collateral.** At Closing the Authority shall receive a first lien deed of trust on a property located at 709 Church Street in the City of Lynchburg (formerly known as the Allied Arts Building parking deck) and personal guaranties from W. Blair Godsey and George D.

W. Stanley which deed of trust and personal guaranties shall be released by the Authority upon issuance of a Certificate of Occupancy for the Project.

3.8 **Deliveries.** Prior to Closing on the Authority Loan, Owner shall show evidence of commitment for the primary financing for the Project and an agreement that identifies the hotel brand. The Authority will have the opportunity to see the primary financing package.

ARTICLE IV THE CONDUIT LOAN

4.1 **Bank Loan.** The Authority shall enter into a loan with a bank in the amount of Three Million Dollars (\$3,000,000) upon the terms and conditions agreed to between the Authority and the bank. The Owner shall arrange the Bank Loan, with the Authority's assistance.

4.2 **No Recourse.** The Bank Loan shall be without recourse to the Authority other than the pledge of the Appropriations, the Conduit Note and the Conduit Loan Deed of Trust.

4.3 **Conduit Loan.** The Authority agrees to lend the Owner the principal sum of Three Million Dollars (\$3,000,000) upon the terms and conditions set forth in this Agreement. The Conduit Loan shall be made on the same terms and conditions and interest rate as the Bank Loan. The Owner agrees to accept the Conduit Loan and agrees to comply with the terms and conditions of this Agreement. The Authority shall use the proceeds of the Bank Loan to fund the Conduit Loan.

4.4 **Disbursement.** The Authority shall disburse the proceeds of the Conduit Loan to the Owner on a lump sum basis at the Closing Date or as determined by the terms of the Conduit Loan.

4.5 **Conduit Note.** The Conduit Loan shall be evidenced by the Conduit Note in the amount of the Conduit Loan, payable to the order of the Authority, in accordance with the terms thereof.

4.6 **The Conduit Loan Deed of Trust.** The Authority and the Owner agree that the Authority shall receive the Conduit Deed of Trust as collateral security for the Conduit Loan. The Conduit Deed of Trust shall be subordinate to the primary construction and permanent financing for the Project and shall have priority over the Authority Deed of Trust.

4.7 **Pledge of Grants.** The Owner shall pledge the Grants as collateral security to pay the Debt Service.

ARTICLE V GRANTS

5.1 **Amount.** The Authority shall make a Grant each Fiscal Year to the Owner in an amount equal to the Appropriation for that Fiscal Year.

5.2 **Commencement of Grants.** The Authority shall make the first annual Grant on or before July 31, 2017 for the 2017- 2018 Fiscal Year. The first annual Grant shall include the estimated New Tax Revenues for Fiscal Year 2017 – 2018 plus an amount equal to the tax revenues and tax benefits the City receives from the Property or the Project, and any taxes generated by the Project, the Property, or any business located on the Property, for the time period from the issuance of the certificate of occupancy for the Project through June 30, 2017.

5.4 **Date of Grants.** The Authority shall make annual Grants to the Owner on or before July 31 of each year. In the event the Authority has not received the Appropriation from the City to fund the grant by July 31 of each year, the Authority shall make such Grants upon receipt of the Appropriation for such purpose from the City.

5.5 **Use of the Appropriation.** The Authority shall use the Appropriation solely to make Grants to the Owner.

5.6 **Owner's Pledge of Grants.** The Authority and the City acknowledge that the Owner will pledge the Grants as security for the repayment of the Authority Loan and the Conduit Loan.

5.7 **Excess Grant.** In the event the amount of the Grant in a Fiscal Year exceeds the Debt Service, the Owner shall use any such excess amount solely:

5.7.1 First, for any unreimbursed Shortfall.

5.7.2 Second, to prepay the Authority Loan.

5.7.3 Third, to prepay the Conduit Loan.

5.8 **Shortfall.** In the event the Grant in a Fiscal Year is less than the Debt Service, the Owner shall pay the Shortfall needed to pay the Debt Service, subject to the terms of this Agreement.

5.9 **Reconciliation.** The Authority, the City and the Owner shall reconcile the amounts due each year as provided in Section 6.5 below.

5.10 **Final Annual Grant.** The final annual Grant shall include the estimated New Tax Revenues for the time period July 1 through December 31, 2034, unless a lesser amount is needed to pay the remaining amounts due on the Authority Loan, the Conduit Loan, and any unreimbursed Shortfall.

5.11 **Term.** The Authority shall make Grants for the period beginning January 1, 2017 and continuing through December 31, 2034 or until the Authority Loan, the Conduit Loan, and any unreimbursed Shortfall have been paid, whichever is sooner.

ARTICLE VI CITY APPROPRIATIONS TO THE AUTHORITY

6.1 **Budget.** The City shall budget each Fiscal Year for the appropriation of funds to the Authority to allow the Authority to make the Grants to the Owner in accordance with this Agreement. The first Appropriation shall include all amounts to be granted to Owner pursuant to Section 5.3 of this Agreement. Each subsequent year, the City shall budget for the Appropriation in the amount of the New Tax Revenues the City estimates it will receive in the next Fiscal Year.

6.2 **Appropriation.** The City shall make the Appropriation each Fiscal Year to allow the Authority to make the Grants. The City shall make the Appropriation to the Authority by July 31 of each Fiscal Year.

6.3 **Nature of the Obligation of the City.** The City, the Authority and the Owner recognize that the City may not have the power to make a legally enforceable obligation to make the Appropriations beyond the current Fiscal Year. It is the intention of the Council of the City to make sufficient annual appropriations during the term of this Agreement to satisfy the City's obligations under this Agreement.

6.3.1 The City Council hereby directs the City Manager (or other officer charged with responsibility for preparing the City's budget) to include in the budget for each Fiscal Year of the City during the term of this Agreement a request that the Council appropriate the amount of the estimated New Tax Revenues plus any reconciliation adjustments for the next Fiscal Year to the Authority in order to satisfy the City's obligations pursuant to this Agreement. If the Council fails to appropriate the amount of the estimated New Tax Revenues to the Authority before July 31 in each year, the City Manager (or other officer charged with the responsibility of preparing the City's budget) shall:

6.3.1.1 Submit to the Council at its next scheduled meeting, or as promptly as possible, but in any event within 45 days, a request for a supplemental appropriation sufficient to satisfy the City's obligation pursuant to this Agreement; and

6.3.1.2 Give the Owner and the Authority written notice of the Council's failure to appropriate the amount of the estimated New Tax Revenues prior to July 31 in the year in question and give notice to the Owner and the Authority of the request for the supplemental appropriation pursuant to this Section.

6.4 **Appropriation of Funds.** All obligations for funding undertaken by the City or the Authority in connection with the Project or this Agreement are subject to the appropriation of such funds by City Council as may be necessary for such funding.

6.5 **Annual Reconciliation.** The Authority, the City and the Owner shall reconcile the amounts of Appropriations and Grants each year based on the difference between the

estimated New Tax Revenues appropriated to the Authority in each year and the actual New Tax Revenues received by the City in that Fiscal Year.

6.5.1. **Underpayment.** If the amount of estimated Tax Revenues appropriated by the City in a Fiscal Year is less than the actual New Tax Revenues collected in that Fiscal Year, the City shall make an additional Appropriation for the next Fiscal Year in the amount of the underpayment.

6.5.2 **Overpayment.** If the amount of the estimated Tax Revenues appropriated in a Fiscal Year is more than the actual New Tax Revenues collected in that Fiscal Year, the City shall receive a credit against the Appropriation for the next Fiscal Year in the amount of the overpayment.

6.6 **Term.** The City shall make Appropriations for the period beginning January 1, 2017 through December 31, 2034 or until the Authority Loan, the Conduit Loan, and Shortfall have been paid, whichever is sooner.

6.7 **Failure to appropriate.** If the City fails to make an Appropriation to the Authority in accordance with this Agreement in a Fiscal Year, then the City shall make an Appropriation of the amount provided for in accordance with this Agreement in the following fiscal years to reconcile the underpayment.

ARTICLE VII ADDITIONAL OBLIGATIONS OF THE CITY

7.1 **Tax Credits.** The parties acknowledge that rehabilitation, historic and other tax credit financing arrangements are essential to the financing of the Project. The parties will cooperate in structuring the transactions and payments as provided for in this Agreement to allow the realization of rehabilitation, historic and other tax credit financing arrangements.

7.2 **GenWorth Lot.** The parties acknowledge that the Owner's acquisition of the GenWorth Lot is essential to the Project. The parties will cooperate in efforts to allow the Owner to acquire the GenWorth Lot.

7.3 **Street and Utility Improvements.** The parties acknowledge that street and utility improvements planned by the City will affect the Project and that the construction of these improvements after the Project opens will have a negative effect on the Project's operations. The City and the Authority agree to make reasonable efforts to accelerate the completion of the street and utility improvements and/or make provisions that will mitigate the adverse effects of the construction of these improvements on the Project.

7.4 **Two Way Traffic on Seventh Street, Main Street, and Church Street.**

7.4.1 **Seventh Street and Eighth Street.** The City and the Authority will initiate efforts to cause Seventh Street and Eighth Street between Main Street and Church

Street to become two-way streets to accommodate access to the Project and to facilitate construction.

7.4.2 **Main Street and Church Street.** The City and the Authority shall explore efforts to cause Main Street and Church Street to be converted to two-way traffic before the opening of the Project.

7.5 **Loading Zones.** The City and the Authority acknowledge that the operation of the Project requires the designation of loading zones in front of the Project on Eighth Street and Church Street to accommodate 150 feet of loading area in front of the Project on Church Street and 120 feet of loading area in front of the Project on Eighth Street. The City and the Authority shall allow a canopy to be constructed over a portion of Eighth Street to provide shelter for loading in inclement weather. The City and the Authority agree to construct streetscape improvements for the entire block around the Project to include sidewalks, curbs, streets, crosswalks at intersections, architectural street lighting and landscaping. The City and the Authority shall arrange for the milling of Church Street to the original grade because the asphalt overlay of Church Street over the years has reduced the height of the curb in front of the Project significantly.

7.6 **Additional Grants.** The City and the Authority may seek additional grant funding available to offset the capital cost of the Project to the Owner and reduce the loan amounts dollar for dollar for amounts received by Owner which reduce its costs. The parties acknowledge that the historic, rehabilitation, and other tax credits sought by the Owner shall not be considered grant funding pursuant to this Agreement.

ARTICLE VIII OWNER'S OBLIGATIONS

8.1 **Development of the Project.** The Owner shall prosecute diligently and continuously the construction of the Project.

8.2 **Conditions Precedent.** The obligations of the Owner to construct the Project shall be subject to the following conditions precedent:

8.2.1 The timely availability of construction financing and permanent financing.

8.2.2 The timely availability of rehabilitation, historic, and other tax credit financing arrangements.

8.2.3 The timely acquisition of the GenWorth Lot.

8.3 **Use of Loan Proceeds.** The Owner shall use the proceeds of the Authority Loan and the Conduit Loan only for the construction and development of the Project and for capital costs of the Project. The Owner shall not use the proceeds of the Authority Loan or the Conduit Loan for the acquisition of the Property.

8.4 **Use of Grant Proceeds.** The Owner shall use the Grants solely to pay the Debt Service and Shortfall.

8.5 **Owner's Payment of Debt Service if Shortfall.** If the amount of the Grant in a Fiscal Year is not sufficient to pay the Debt Service in that Fiscal Year because the estimated or actual New Tax Revenues were in an amount less than the Debt Service, the Owner shall pay the Shortfall in that Fiscal Year.

8.5.1 **Failure of the City to Appropriate Estimated Tax Revenues.** If the City fails to appropriate an amount equal to the estimated New Tax Revenues in a Fiscal Year in accordance with this Agreement, then the Owner shall not be obligated to pay the Debt Service on the Authority Loan in that Fiscal Year.

8.5.2 **Failure of the City to Appropriate Tax Revenue for Reconciliation.** If the City fails to appropriate amounts to allow the reconciliation of prior appropriated estimated New Tax Revenues and/or actual New Tax Revenues for a specific Fiscal Year, then the Owner shall not be obligated to pay the Debt Service on the Authority Loan in the Fiscal Year in which the City fails to appropriate the amounts needed to reconcile the Grants in past Fiscal Years with the Debt Service in past fiscal years and any Shortfall.

8.6 **Pledge of Grants.** The Owner shall pledge the Grants to secure the payment of the Debt Service.

8.7 **Refinancing of First Priority Financing.** Nothing in this Agreement shall restrict the Owner's ability to refinance the principal of the primary construction financing, the primary first priority permanent financing, or the first priority Deed of Trust. If the Owner refinances the first priority permanent financing or the first priority Deed of Trust for the purpose of taking cash out of the Project prior to the repayment of the first priority permanent financing or the first priority Deed of Trust, then the Owner shall repay the Authority Loan and the Conduit Loan in full or the parties will renegotiate this Agreement.

8.8 **Use of Annual Net Positive Cash Flow.** After the Project has been operational for three full calendar years, and for as long as the Authority Note and the Conduit Note are outstanding, the Owner shall deposit and maintain twenty-five percent (25%) of the Annual Net Positive Cash Flow for each year in an escrow account controlled by the Owner. The funds in the escrow account shall be used solely:

8.8.1 First, for any unreimbursed Shortfall.

8.8.2 Second, for public benefit in the immediate area of the Project as agreed to between the City and the Owner.

8.8.3 The funds in the escrow account may be used to pay Debt Service upon the approval of the City and the Owner.

8.8.4 All funds in the escrow account shall be disbursed upon the repayment of the Authority Loan, the Conduit Loan, and any reimbursed Shortfall have been paid, whichever is sooner.

8.9 **Assessed Value.** Owner agrees to not appeal the City's assessed value for a period of Five (5) years after the opening of the hotel as long as the assessed value does not exceed Sixteen Million Dollars (\$16,000,000).

8.10 **New Local Jobs.** Owner will use its good faith efforts to create and maintain at least Eighty (80) new jobs in the City of Lynchburg, which jobs will come from full and part-time positions, both directly and indirectly associated with the Project operations, its vendors and service contractors. Owner agrees to hire Sixty Percent (60%) of its workforce from citizens of the City of Lynchburg to the extent qualified workers are available. Owner agrees to participate in job fairs for new hires in City neighborhoods as reasonably requested by the Authority.

8.11 **Use of Local Contractors.** Owner understands and agrees that in calculating the Authority's return on investment, the use of local contractors from the City of Lynchburg, Virginia shall be considered by Owner. Owner shall use commercially reasonable efforts to use such local contractors if Owner's general contractor determines in its sole discretion that such local contractors are the most qualified to provide services for the Project and at a competitive cost.

8.12 **Appraisal.** Upon receipt, Owner agrees to allow the Authority to review the Appraisal for the Project, which appraisal shall be performed by a MAI certified appraiser.

ARTICLE IX EVENTS OF DEFAULT

9.1 **Events of Defaults.** The occurrence of any of the following events shall constitute an Event of Default under this Agreement:

9.1.1 The Owner shall fail to make any payment when due of principal or interest with respect to the Authority Note or the Conduit Note, or any of them, on the due date thereof, whether at maturity, acceleration or otherwise, provided that, in the Event of Default, Owner shall receive written notice of such Event of Default and the opportunity to cure the same within thirty (30) days after the notice of same is given;

9.1.2 The Owner shall breach or fail to perform any other term, covenant, warranty or agreement herein and such default shall continue for thirty (30) days after written notice thereof has been given to the Owner by the Authority or the City.

9.1.3 The Owner shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code or any other federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of, or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any

such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for it or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due, or (vii) with respect to the Owner, take partnership action for the purpose of effecting any of the foregoing.

9.1.4 An involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Owner or of a substantial part of its property, under Title 11 of the United States Bankruptcy Code or any other federal, state or foreign bankruptcy, insolvency or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator or similar official for the Owner or for a substantial part of its property or (iii) the winding-up or liquidation of the Owner and such proceeding or petition shall continue un-dismissed for 60 days or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for 30 days.

9.2 **Remedies.**

9.2.1 Upon the occurrence of an Event of Default the Authority may, without notice to the Owner, take either or both of the following actions, at the same or different times: (i) declare the full unpaid principal of and accrued interest on the Authority Note or the Conduit Note and all other obligations of the Owner to be immediately due and payable, whereupon the Authority Note or the Conduit Note and such obligations shall be immediately due and payable, without presentment, demand protest or other obligations formalities of any kind, all of which are hereby expressly waived by the Owner; or (ii) exercise any other rights or remedies available to the Authority under the applicable law.

ARTICLE X ADDITIONAL PROVISIONS

10.1 **Reports to the Authority and City.** During the term of this Agreement, the Owner agrees to report to and provide the Authority and the City on a semi-annual basis, on or before June 30 and December 31 of each year, sufficient information related to the Owner's compliance with the conditions of this Agreement and to provide appropriate documentation to support such compliance. The Owner also agrees to allow the Authority, the City and/or their representatives to inspect, audit, copy, or examine any of the Owner's books, documents, or other relevant material in connection therewith, to the extent necessary to administer this Agreement, upon written request by the Authority or the City. All such documents, information (including electronic data), or access shall be provided or made available within thirty (30) days of a written request from either the Authority or the City at no cost to the Authority or the City. Any information provided to the Authority or the City pursuant to this agreement shall be deemed to be proprietary and confidential information and will be held in confidence by the City and the Authority to extent allowed by Section 2.2-3705.6 of the Code of Virginia.

10.2 **Compliance With the Laws.** The Owner agrees to comply with all applicable federal, state, and local laws, rules, and regulations, including, but not limited to, obtaining a City business license, if applicable.

10.3 **Cooperation.** Each party agrees to cooperate with the others in a reasonable manner to carry out the intent and purpose of this Agreement.

10.4 **Severability.** If any term of this Agreement is found to be void or invalid, such invalidity shall not affect the remaining terms of this Agreement, which shall continue in full force and effect. The parties intend the remaining provisions of this Agreement be enforced to the fullest extent permitted by applicable law.

10.5 **Authority To Sign.** The persons who have executed this Agreement on behalf of the parties represent and warrant they are duly authorized to execute this Agreement on behalf of their respective entity.

10.6 **Counterpart Copies.** This Agreement may be executed in any number of counterpart copies, each of which shall be deemed an original, but all of which together shall constitute a single instrument.

10.7 **Successors.** The terms, conditions, provisions and undertakings of this Agreement shall be binding upon and inure to the benefit of each of the parties and their respective successors and assigns.

10.8 **Assignment.** Owner agrees not to assign or transfer any part of this Agreement without the prior written consent of the City and the Authority, which shall not be unreasonably withheld, and any such assignment shall not relieve Owner from any of its obligations under this Agreement. Owner shall be allowed to assign or transfer rights under this Agreement for the purpose of furthering the development of the Project for financing purposes or for the development of specific portions of the Project, subject to providing the Authority and the City with 30 days written notice of any such assignment and the City's right to object within such 30 day time period and withhold the City's consent which shall not be unreasonably withheld.

10.9 **Responsibility of the Parties.** To the extent permitted by applicable law, each party to this Agreement will be responsible for the actions, inactions, or violations of its officers, employees, and agents in connection with the Project or the Property, and the activities provided for in this Agreement, but nothing contained herein shall be construed as a waiver of the City's sovereign immunity.

10.10 **Forum Selection And Choice Law/Disputes.**

10.10.1 By virtue of entering into this Agreement, Owner agrees and submits itself to the jurisdiction of the Circuit Court of the City of Lynchburg, Virginia, and further agrees this Agreement is controlled by the laws of the Commonwealth of

Virginia, with the exception of Virginia's choice of law provisions which shall not apply; and all claims, disputes, and other matters shall be decided only by such court according to the laws of the Commonwealth of Virginia as aforesaid.

10.10.2 **Disputes.** Prior to the initiation of any litigation, the parties agree to seek to resolve any and all claims, disputes, and other matters utilizing mediation in accordance with the dispute provisions provided in this Section.

10.10.2.1 If a dispute arises out of or relates to this Agreement, or a claimed breach of this Agreement, the parties first to try in good faith to resolve the dispute through negotiation among the parties and by nonbinding mediation. In the event of any such dispute, a party may give the other parties a written description of the dispute and the relief requested. The parties shall promptly attempt to resolve the dispute by negotiation involving senior managers. If the dispute is not promptly resolved by negotiation, any party may demand in writing that all of the parties involved in the dispute participate in a formal mediation presided over by a third-party neutral mediator. If the parties cannot agree on a mediator, then McCammon Mediation Group, 6641 West Broad Street, Richmond, Virginia 23230, or its successor, shall have the power to select the mediator. The parties shall share in the cost of the mediation proceedings equally.

10.10.2.2 If mediation is unsuccessful, the parties shall be free to initiate litigation or take other appropriate action as they deem appropriate. However, no party shall initiate any litigation or action against any other party to this Agreement with respect to the performance or enforcement of this Agreement without first complying with the dispute resolution provisions of this section except for the sole and limited purpose of tolling a statute of limitations or similar laws that would otherwise impair a party's legal rights, or for enforcing this Dispute Section.

10.11 **Nonwaiver.** Each party agrees that any party's waiver or failure to enforce or require performance of any term or condition of this Agreement or any party's waiver of any particular breach of this Agreement by any other party extends to that instance only. Such waiver or failure is not and shall not be a waiver of any of the terms or conditions of this Agreement or a waiver of any other breaches of the Agreement by any party and does not bar the nondefaulting party from requiring the defaulting party to comply with all the terms and conditions of this Agreement and does not bar the nondefaulting party from asserting any and all rights and/or remedies it has or might have against the defaulting party under this Agreement by law.

10.12 **Captions and Headings.** The section captions and headings are for convenience and reference purposes and shall not affect in any way the meaning or interpretation of this Agreement.

10.13 **Easements.** Owner promises and agrees to grant and dedicate to the City all reasonably necessary easements on the Property for the construction of infrastructure improvements needed for or benefiting the Project or surrounding areas, including, but not limited to, storm drainage, sanitary sewers, and/or water, all at no cost to the City.

10.14 **Performance.** If Owner fails to comply with any of the obligations of this Agreement, Owner shall not be entitled to be eligible for and/or receive and/or continue to be eligible for and/or receive any such Grants as referred to above or in this Agreement. In the event the City or the Authority believe that Owner has failed to comply with any of the obligations of this Agreement, except as noted below, the City or the Authority shall give Owner written notice identifying how Owner is not in compliance, with reasonable specificity. Owner shall then have a 30 day period to reasonably cure the identified noncompliance issue. If the identified noncompliance issue cannot reasonably be cured within the 30 day period, Owner shall have an additional reasonable time to cure, not exceeding an additional 60 days, provided Owner acts diligently to accomplish the cure.

10.15 **Notices.** All notices hereunder must be in writing and shall be deemed validly given if sent by certified mail, return receipt requested, or by a nationally recognized overnight courier, addressed as follows (or any other address the party to be notified may have designated to the sender by like notice):

If to City, to:

City of Lynchburg, Virginia
Attn: L. Kimball Payne, III, City Manager
900 Church Street, 3rd Floor
Lynchburg, VA 24504
(434) 455-3990
Fax: (434) 847-1536

With a copy to:

City of Lynchburg, Virginia
Attn: Walter C. Erwin, III, City Attorney
900 Church Street, 3rd Floor
Lynchburg, VA 24504
(434) 455-3973
Fax: (434) 847-2067

If to Authority, to:

H. Michael Lucado, Chair
Lynchburg Economic Development Authority
900 Church Street
Lynchburg, VA 24504
(434) 455-4490

With a copy to: Theodore J. Craddock, Esquire
Caskie & Frost, P.C.
2306 Atherholt Road
Lynchburg, VA 24501
(434) 846-2731

If to Owner, to: Blair Godsey
Virginian Hotel, LLC
101 Mountain Avenue
Roanoke, VA 24016

With a copy to: G. Franklin Flippin, Esq.
Gentry Locke
800 SunTrust Plaza
10 Franklin Road, S.E.
P.O. Box 40013
Roanoke, VA 24022-0013
Fax No. 540-983-9400

Notice shall be deemed delivered upon the date of personal service, two days after deposit in the United States mail, or the day after delivery to a nationally recognized overnight courier.

10.16 **Force Majeure**. A delay in or failure of performance by any party shall not constitute a default, nor shall Owner, the City or Authority be held liable for loss or damage, or be in breach of this Agreement, if and to the extent that such delay, failure, loss or damage is caused by an occurrence beyond the reasonable control of such party and its agents, employees, contractors, subcontractors and consultants, which results from Acts of God or the public enemy, compliance with any order of or request of any governmental authority or person authorized to act therefore, acts of declared or undeclared war, public disorders, rebellion, sabotage, revolution, earthquake, floods, riots, strikes, labor or employment difficulties, delays in transportation, inability of party to obtain necessary materials or equipment or permits due to existing or future laws, rules, or regulations of governmental authorities or any other causes, whether direct or indirect, and which by the exercise of reasonable diligence said party is unable to prevent. For purposes of this Agreement any one delay caused by any such occurrence shall not be deemed to last longer than 6 months and all delays caused by any and all such occurrences under any circumstances shall not be deemed to last longer than a total of 9 months. Any party claiming a force majeure occurrence shall give the other parties written notice of the same within 30 days after the date such claiming party learns of or reasonably should have known of such occurrence, or any such claim of force majeure shall be deemed waived. Notwithstanding anything else set forth above, after a total of 9 months of delays or failure of performance of any type have been claimed by a party as being subject to force majeure, no further delays or claims of any type shall be claimed by such party as being subject to force majeure and/or being an excusable delay.

10.17 **Entire Agreement.** This Agreement, together with any exhibits, attachments, and referenced items, constitutes the entire agreement of the parties and supersedes all prior agreements between the parties. No amendment to this Agreement shall be valid unless made in writing and signed by the appropriate parties.

(SIGNATURE PAGE TO FOLLOW)

IN WITNESS WHEREOF, the parties have executed this Agreement by their authorized representatives.

CITY OF LYNCHBURG, VIRGINIA

By: _____

_____, City Manager

ECONOMIC DEVELOPMENT
AUTHORITY OF THE CITY OF
LYNCHBURG, VIRGINIA

By: _____

_____, Chair

VIRGINIAN HOTEL, LLC

By: _____

Its: Manager

The Virginian Hotel and Conference Center
Lynchburg, VA
Sources and Uses

2-16-15

Construction Financing

Building Acquisition	\$ 1,250,000
Soft Costs	\$ 2,250,000
Building Renovation Costs	\$ 17,500,000
FF&E (Furniture etc.)	\$ 2,500,000
Genworth Deck Construction	\$ 1,500,000
Total Cash Required for Construction Completion	\$ 25,000,000
Construction Loan	\$ 15,000,000
LEDA Loan	\$ 2,000,000
Private Conduit Loan	\$ 3,000,000
Owner Cash Contributions	\$ 5,000,000
Total Cash Available for Construction Completion	\$ 25,000,000

Permanent Financing

Total Historic Tax Credit Qualified Rehab Expense	\$ 20,160,000
State Tax Credit Contribution (.80 cents less tax consequence)	\$ 3,628,800
Federal Tax Credit Contribution (.85 cents)	\$ 3,427,200
State and Federal Historic Tax Credit Contributions	\$ 7,056,000
Cash for Construction Completion	\$ 25,000,000
Deferred Developer Fee (paid only from positive operational cashflow over 10 yrs)	\$ 2,650,000
Total Uses	\$ 27,650,000
Permanent Loan	\$ 10,000,000
LEDA Loan	\$ 2,000,000
Private Conduit Loan	\$ 3,000,000
State and Federal Historic Tax Credit Contributions	\$ 7,056,000
Developer Fee Equity	\$ 2,650,000
Owner Cash Equity	\$ 2,944,000
Total Sources	\$ 27,650,000

Virginian Hotel LLC

March 2, 2015

Re: Developer response to opposing statements

Dear Kim and Marjette,

In preparation of the EDA's meeting on Wednesday we felt it was important to summarize the comments we made over the past month in response to various statements from people who oppose the proposal we presented to redevelop The Virginian. Please share as you feel appropriate.

- The security on the loans is most significantly placed in the fact that this project will be redeveloped as a luxury hotel and event space with food service. It will not operate in any other capacity under its current design. As long as the property is redeveloped as a hotel it will operate as one, and the various taxes associated with it will be collected and the loans repaid. This alone is security for the City and the EDA and should insure that this property will generate significant tax revenue long after the loans are paid off.
- The Project will have no more than \$10 mm of debt on the property when we go to permanent financing. We assumed for tax revenue projections that the property will be tax assessed for \$16 mm at completion. Based on this assessment we are projecting a Loan to Value Ratio (LTV) of 62.5%. Based on our projected Net Operating Income and Debt Service we anticipate a Debt Service Coverage Ratio (DSCR) at stabilization of 2. Both our projected LTV and DSCR exceed lender underwriting requirements. Our combined equity from cash and historic tax credits will be at least \$10 mm and we are prepared and capable of leaving more equity in the deal if we feel it is necessary.
- Due to this being our first hotel development, we made a decision in early fall 2014 to engage several hotel operators about working with us on the project. After a lot of consideration we chose Cornerstone Hospitality to be part of our development team and to handle long term operations for 2 primary reasons. The first being that they have maintained the Craddock Terry Hotel as the top rated hotel in Lynchburg for several years. The second being that we feel strongly that working closely with other downtown hotel operators and owners will best serve our project and the interests of the market. This was echoed in a conversation I had with the owners of the downtown Holiday Inn just last week. We feel very confident in our partnership with Cornerstone and believe we have aligned our interests strategically to insure the greatest chance of success for the project.
- The equity partners in this project have more than 75 years combined experience in the construction and real estate industries. Collectively, we own more than \$75 mm in productive real estate assets, have been responsible for successful real estate development projects in excess of \$200 mm and have significant net worth. 3 lenders are proposing to finance this project for us and one of the top hospitality companies in the world has endorsed it (more to come later).

- We develop, buy and invest in real estate for the long term. We are not short sighted by fees. We pay ourselves well below industry averages, and we are able to perform the work in a manner that is faster, better designed and less expensive than our competitors.
- Our market study shows an increase in occupied room nights over the 2013-2018 forecast period of 101,040 (see memo from S. Patz & Associates to Jason Ruiter with the News & Advance dated 2/17/15). Our statement to Council of 80,000 was derived assuming the projected average annual increase in room nights and a fall 2017 opening. For The Virginian, we project 25,162 rooms sold in year 1, 27,687 in year 2, 28,178 in year 3, 28,965 in year 4 and 29,764 in year 5. These numbers are well within the market's projected growth and give room for additional inventory to come into the market. We conservatively project average daily rates from \$135 in year 1 to \$146 in year 5. These rates and the occupancy projections are below The Craddock Terry, which is where we will likely be priced and is within range of the rates and occupancy levels for the newest hotel products in the market, yet The Virginian will offer an experience consistent with hotels that have average daily rates of \$250+ in many markets. We are being conservative.
- We are aware that other hotels are being planned and/or are under construction. Some will happen. Some will not. Regardless, our analysis anticipates some hotels entering the market and still indicates support for the addition of The Virginian at a 60+ percent occupancy rate in its 1st year. As is the case with any new property that opens up, whether apartments, an office building or a hotel, new supply puts pressure on demand. As long as we avoid a major economic downturn and Lynchburg continues to see sustainable growth, demand should catch up with the supply. We can be successful below 60% occupancy and can afford to wait until demand catches up if the market doesn't grow as well as projected.
- There is only one building like The Virginian. There will be nothing in the market that can provide the same experience and it can be priced competitively. Future projects will likely put short term pressure on those hotels that are existing, but good properties that are operated well should perform long term for the Owners and the City. We believe The Virginian will be one of those properties.
- Stu Patz, President of S. Patz & Associates, did the initial analysis on the market and our project. He is known best for his work in the multi-family arena, but he also does work in the hospitality area as well and he is an expert at analyzing market data. We considered hiring one of the larger consultants, such as HVS or PKF, but ultimately decided on S. Patz due to the trust we have in the firm. They are conservative and most importantly, we trust them to tell us when not to do a deal.
- It is not surprising that one would see a drop in rates and occupancy when new hotels come into the market. Basic economic theory tells us this can happen, but it should stabilize. A look at the past 4 month STR (Smith Travel Research) report will not give you the full picture.
- Some markets are possibly being overbuilt, but we believe it is rooted in the unique economic environment we are in. When interest rates go up and inflation kicks in, the economics for developing anything will change and may make it very difficult to successfully execute projects

for some time. We believe smart investors are thinking ahead and completing projects that make good long term economic sense, knowing that they may have to wait a little bit for demand to catch with supply. Returns may not be as great in the earlier years, but eventually the demand will catch up. Long term, those who get projects completed should benefit.

- Regardless of any statements to the contrary, we believe the market will support the additional rooms over the long term. This should be evidenced by our willingness to take the risk and by the nearly 300 rooms in construction and in various stages of development across the City.

We hope these comments, combined with the revisions we recently offered in the performance agreement, will give the EDA the additional assurance and confidence needed to support our proposal. We are optimistic about the future of Lynchburg and no one can refute that this is a unique opportunity to restore The Virginian back to the gracious hotel that it once was. With approval of the gap financing we are prepared to take a significant risk in a real and meaningful investment that will result in The Virginian Hotel reopening in 2017 as a much improved asset for both the City and the region.

Thank you for your consideration.

Best Regards,

Blair Godsey and George Stanley



■ S. PATZ & ASSOCIATES, INC ■
■ REAL ESTATE CONSULTANTS ■

February 17, 2015

Subject: Lynchburg Area Hotel Market
From: Stuart M. Patz
To: ruiter@newsadvance.com
Cc: Mr. Blair Godsey

Mr. Ruiter:

I am the consultant who provided the market study for Mr. Blair Godsey for The Virginian. My contact information is on the letterhead. We have been undertaking market studies in Lynchburg for 30+ years. Mr. Godsey asked that I provide you with some market data on the Lynchburg area hotel market for your upcoming news article:

1. Our base market data comes from a reputable source, Smith Travel Research. This research company provides trend hotel room occupancy data on the entire region. It is the one reliable source for all hotel market studies. Our research was supplemented by interviews with on-site hotel managers, many of which are people that we work with, so we know our data are correct.

The market data in our report on room occupancy and trends are correct and I challenge any area hotel operator to provide data to the contrary.

2. Our market study shows that several hotels are planned for the market, which is the true test of whether "the veracity" of our data are correct. These new proposals are studied as part of our projections of net new room demand.
3. The Lynchburg market area has over 2,000 rooms, many of which are old and no longer competitive for the upgrading and evolving hotel room market in Lynchburg.
4. The market area hotel room occupancy rate has increased each year since 2010. That is due to the improvement in the area economy since the recession and to a sizable increase in hotel room occupancy demand from Liberty University.

February 17, 2015

Page 2

5. Our market analysis shows expected net growth of 100,000 occupied room nights over the 2013 to 2018 forecast period. That equals to a need for 400+ new hotel rooms at an industry accepted annual occupancy rate.

Please feel free to call me. I did interview Mr. Greenburg as part of this study, as he and a partner are clients of mine for a development proposal next to the Kirkley Hotel. I found his understanding and knowledge of the area hotel market incorrect based on the results of our research.

Sincerely,

A handwritten signature in black ink, appearing to read "Stuart M. Patz". The signature is fluid and cursive, with a long horizontal stroke extending to the left.

Stuart M. Patz
President

SMP/mes

The Virginian
Gap Funding- Loan Payoff Projection (February 3, 2015)

Development & Construction	Loan Balance	Interest Rate	Interest Paid by Project	Projected	Appropriation	Debt Service	Shortfall	Shortfall	Additional
				Tax Revenue to City	to LEDA by City	Payment by LED A	Payment by Project	Reimbursement by LEDA	Principal Payments by LED A
Jul-15	2,000,000	5%	8,333	-	-	-	8,333	-	-
Aug-15	2,500,000	5%	10,417	-	-	-	10,417	-	-
Sep-15	3,000,000	5%	12,500	-	-	-	12,500	-	-
Oct-15	3,500,000	5%	14,583	-	-	-	14,583	-	-
Nov-15	4,000,000	5%	16,667	-	-	-	16,667	-	-
Dec-15	4,500,000	5%	18,750	-	-	-	18,750	-	-
Jan-16	5,000,000	5%	20,833	-	-	-	20,833	-	-
Feb-16	5,000,000	5%	20,833	-	-	-	20,833	-	-
Mar-16	5,000,000	5%	20,833	-	-	-	20,833	-	-
Apr-16	5,000,000	5%	20,833	-	-	-	20,833	-	-
May-16	5,000,000	5%	20,833	-	-	-	20,833	-	-
Jun-16	5,000,000	5%	20,833	-	-	-	20,833	-	-
Jul-16	5,000,000	5%	20,833	-	-	-	20,833	-	-
Aug-16	5,000,000	5%	20,833	-	-	-	20,833	-	-
Sep-16	5,000,000	5%	20,833	-	-	-	20,833	-	-
Oct-16	5,000,000	5%	20,833	-	-	-	20,833	-	-
Nov-16	5,000,000	5%	20,833	-	-	-	20,833	-	-
Dec-16	5,000,000	5%	20,833	-	-	-	20,833	-	-
Jan-17	5,000,000	5%	20,833	-	-	-	20,833	-	-
Feb-17	5,000,000	5%	20,833	-	-	-	20,833	-	-
Mar-17	5,000,000	5%	20,833	-	-	-	20,833	-	-
Apr-17	5,000,000	5%	20,833	-	-	-	20,833	-	-
May-17	5,000,000	5%	20,833	-	-	-	20,833	-	-
Jun-17	5,000,000	5%	20,833	-	-	-	20,833	-	-

Post CO & Operations	Loan Balance	Interest Rate	Interest Paid by Project	Projected	Appropriation	Debt Service	Shortfall	Shortfall	Additional
				Tax Revenue to City	to LEDA by City	Payment by LED A	Payment by Project	Reimbursement by LEDA	Principal Payments by LED A
3/1/17- 6/30/17	5,000,000	5%	-	133,814	133,814	-	-	-	-
Jul-17	4,800,000	5%	-	401,441	301,441	200,000	-	(235,255)	-
Jul-18	4,614,244	5%	-	449,269	349,269	349,269	76,487	-	-
Jul-19	4,419,200	5%	-	464,692	364,692	364,692	61,064	-	-
Jul-20	4,214,405	5%	-	483,799	383,799	383,799	41,957	-	-
Jul-21	3,999,369	5%	-	502,809	402,809	402,809	22,947	-	-
Jul-22	3,773,582	5%	-	664,393	564,393	425,756	-	(138,637)	-
Jul-23	3,536,505	5%	-	676,370	576,370	425,756	-	(150,614)	-
Jul-24	3,287,574	5%	-	689,734	589,734	425,756	-	(163,978)	-
Jul-25	2,980,566	5%	-	703,517	603,517	425,756	-	(132,130)	(45,631)
Jul-26	2,512,135	5%	-	717,459	617,459	425,756	-	-	(191,703)
Jul-27	2,005,933	5%	-	731,808	631,808	425,756	-	-	(206,052)
Jul-28	1,459,785	5%	-	746,444	646,444	425,756	-	-	(220,688)
Jul-29	871,401	5%	-	761,373	661,373	425,756	-	-	(235,617)
Jul-30	238,370	5%	-	776,601	676,601	425,756	-	-	(250,845)
Jul-31	-	5%	-	792,133	692,133	250,289	-	-	-

Notes: Minimum annual debt service payment assumes \$4.8 mm amortized over 17 years at 5% with 1 time annual payments of \$425,755.88.



The Historic Virginian: Hotel Restoration

Blair Godsey and George Stanley of Virginian Hotel, LLC and the developers of Cliffs Edge Lofts, Midpoint Apartments and Imperial Tobacco Lofts in downtown Lynchburg, plan to purchase the historic Virginian building at 712 Church Street and restore the downtown Lynchburg property into a luxury branded destination hotel.

- ❖ The total cost of the restoration project is \$25,000,000.
- ❖ Funding in the amount of \$5.0 million in "gap financing" is requested from the Lynchburg Economic Development Authority (LEDA), which Lynchburg City Council approved in concept on February 10, 2015. The developers anticipate using Historic Preservation Tax Credits as a component of the financing package.
- ❖ Of the \$5.0 million gap financing, a \$2.0 million loan from the Lynchburg Economic Development Authority and a \$3.0 million conduit loan from a private bank through the LEDA will provide the gap funding required to complete the project.
- ❖ Payments on the \$5.0 million loan will come from tax revenues generated by the hotel over a period not to exceed 17 ½ years. If tax revenues don't generate enough to fully amortize the loan over the term, the developer will make up any difference. The Economic Development Authority will maintain a lien on the property as security.
- ❖ Estimated revenues from all taxes generated by the property (real estate, business license, personal property, meals, sales and lodging taxes) are projected to be from \$300,000 to \$700,000 annually.
- ❖ The proposed performance agreement guarantees a minimum of \$100,000 a year to the City of Lynchburg.
- ❖ In spring of 2015 when construction begins, 7th Street and 8th Street between Main and Church will become two-way streets, pending weather suitable for traffic striping.
- ❖ The City of Lynchburg is evaluating the return of two-way traffic on Main and Church Streets before the opening of the Virginian Hotel.
- ❖ The Virginian Hotel is scheduled to open in 2017 after major restoration efforts, and will have 115 rooms, a conference center with meeting rooms, a restaurant and two retail spaces.
- ❖ The project proposes a minimum of 80 new full time and part time positions.
- ❖ The increase in foot traffic around The Virginian Hotel will benefit other downtown shops and restaurants. The conference space will fill a void that currently exists for mid-size conferences and will be a destination for visitors, strengthening tourism in the City of Lynchburg.

The Virginia Hotel Re-development

The Lynchburg Regional Convention & Visitors Bureau (LRCVB) views the proposed redevelopment of the historic Virginian Hotel as a boon to the tourism and conference appeal of Lynchburg. The Virginian Hotel and Conference Center project offers the City of Lynchburg an exceptional opportunity to bolster the city's tourism program by providing additional guest rooms and most importantly, much needed meeting and conference space located within one facility.

Currently, Lynchburg turns-away potential meetings and conferences too large for existing hotel meeting space. The appeal of The Virginian Hotel project is it will offer much needed meeting/conference space accommodating more people than the hotel will be able to provide with their guest rooms. This means many guests coming to a large conference at The Virginian will need to stay at other area properties, benefiting multiple hotels within the City.

The redevelopment of The Virginian Hotel will act as a catalyst for new private sector re-development along Church Street, nearby sections of Main Street and along the area's cross streets, all of which have great potential for renovation of existing buildings and provide new in-fill of area vacant lots.

Finally, the Virginian Hotel, and any area projects that result from this endeavor, will create new jobs, increase local real estate values and generate new local tax revenues. This project will also transform a neglected historic building back to new glory, and will help to generate vibrancy back to this area of downtown.

The Lynchburg hotel and Conference Center inventory needs as seen by the LRCVB are as follows:

- Currently, Lynchburg is positioned to handle conferences that require lodging/function space under one roof with a maximum group room commitment of approximately 175 rooms per night (variable depending on the group/time of booking) and a maximum banquet seating of 500 (table rounds of 10/with staging). For conferences that require flexible meeting space to accommodate general sessions, meal functions and concurrent meetings, this number would probably look more like 200-250. The majority of these conferences are membership associations headquartered in Virginia that require they hold an annual conference easily accessible to their membership for which Lynchburg's geographic location is ideal for such conferences. State associations typically rotate around the state to accommodate their members and drive attendance. The Holiday Inn Downtown which has approximately 10,000 square feet of flexible meeting space, is currently the largest hotel in the city with such meeting space.
- Lynchburg does offer some non-traditional meeting space venues such as colleges and universities as well as the James River Conference Center but there are limitations to these outlets. Colleges and universities can accommodate much larger groups and offer many amenities such as onsite food & beverage, high-speed internet access in conference rooms, large pre-function exhibitor space and sporting venues. However, these options are only appealing to groups who do not require lodging under the same roof. There is also an issue of restricted times of year due to when colleges and universities are able to make space available i.e. spring and Christmas breaks. The City's largest University, Liberty University does not allow alcoholic beverages on campus prohibiting a vast majority of conferences who desire this service.

- Hotels traditionally do not commit all their guest rooms for any conference since they reserve a block for their regular/corporate customers. If Lynchburg has a conference using space for 500 attendees, we now know our largest hotel can host 175 rooms per night on average. Any additional lodging would overflow into neighboring properties. The Virginia Hotel project will have meeting space that can hold considerably more guests than can be accommodated in the guest rooms. As a result, multiple lodging facilities within Lynchburg can expect overflow housing as a result guests attending a conference at The Virginian.
- It has been the experience of the LRCVB that a meeting/conference planner will not consider a property if they are not able to accommodate a majority of their attendees for lodging either in the host property or at least in facilities close by. The LRCVB believes the Virginia Hotel project will make Lynchburg much more attractive to these planners as a location for conferences of many state associations as it fulfills the desired needs referenced above.

New jobs will be created by The Virginia Hotel project including staff related to the day to day operations of a full-service property: Hotel Administrative, sales, front desk, housekeeping, maintenance, public food & beverage, catering and banquet staff. Food service vendors for the catering and public restaurant, florists/landscapers, taxi and transportation services. Potential for increased retail and restaurants along Church Street and area cross-streets.

The Virginian project will bring Lynchburg to a new level of competitiveness with other Virginia communities such as Roanoke, Charlottesville and Staunton in attracting larger conferences and more accommodation space for visitors.

The Virginian Hotel project would offer the LRCVB greater opportunity to lure conferences, weddings and motorcoach tours to the city and give Lynchburg two very distinct Luxury/Boutique hotels offering meeting/function space and full service food & beverage. Since establishing of the LRCVB as a city department, our staff has fielded inquiries about the Craddock-Terry Hotel as a meeting location because of its uniqueness. These inquiries are coming from meeting planners looking for distinctive locations with unique stories and have previously met at locations such as Boars Head Inn, Kingsmill, Wintergreen, The Homestead and Keswick.

The Virginian Hotel will positively impact our marketing efforts by showcasing it as a “destination” getaway for leisure travelers as well as meetings and conferences.

PERFORMANCE AGREEMENT

This Performance Agreement (the “Agreement”) is dated as of _____, 2015, by, between and among the **City of Lynchburg, Virginia** (the “City”), the **Lynchburg Economic Development Authority** (the “Authority”) and **Virginian Hotel, LLC** (the “Owner”).

RECITALS

- R1. The Owner has proposed the rehabilitation, renovation and development of the property known as the former Virginian Hotel located at 712 Church Street, Lynchburg, Virginia, for a hotel, restaurant, commercial, and conference facility with related amenities, site improvements, and public infrastructure (the “Project”).
- R2. The Owner intends to acquire the Property located at 712 Church Street, Lynchburg, Virginia (the “Property”), as part of the development of the Project.
- R3. The City and the Authority recognize that the development of the Project will require significant costs for rehabilitation, renovation, construction, remediation, site improvements, utility upgrades, street scape improvements, and other improvements.
- R4. The Owner has requested economic development grants and gap loan financing through the Authority to assist in financing the costs for the Project.
- R5. The City and the Authority wish the Project to proceed and have determined that the Project will promote economic development in the City and the region. The Project will provide additional tax revenues, additional employment opportunities and new amenities and will contribute to the continued vitality of downtown Lynchburg.
- R6. The City and the Authority recognize that the Property is historically significant in the context of Downtown Lynchburg. The parties recognize that historic, rehabilitation, and other tax credit financing arrangements are essential to finance the Project.
- R7. The Authority, based on the undertakings of the Owner, has determined to make the Authority Loan to the Owner in accordance with the terms and conditions of this Agreement.
- R8. The Authority, based on the undertakings of the Owner, has determined to make annual economic development grants (the “Grants”) to the Owner from funds provided for that purpose to the Authority by the City, in accordance with the terms of this Agreement.
- R9. The City, based on the undertakings of the Authority and the Owner, has determined to appropriate funds from the Tax Revenues generated by the Project to the Authority for the purpose of the Grants, in accordance with the terms of this Agreement.

R10. The parties wish to reduce their understanding to writing.

NOW, THEREFORE, the parties, in consideration of the promises and obligations contained herein, mutually agree as follows:

ARTICLE I INCORPORATION OF RECITALS

1.1 The recitals stated above shall be part of this Agreement.

ARTICLE II DEFINITIONS

The terms defined in this Article II shall for all purposes of this Agreement have the meanings specified unless the context expressly or by necessary implication otherwise requires:

2.1 **“Agreement”** means this Performance Agreement by, between and among the City, the Authority, and the Owner, as amended, supplemented, or modified from time to time, and all amendments.

2.2 **“Annual Net Positive Cash Flow”** means the positive difference between the Owner’s cash inflows and outflows in a calendar year. In this case, the annual net positive cash flow shall be determined after the payment of all required payments to tax credit partners, lender required replacement reserves, deferred developer fee allowed in the historic tax credit, all tax liabilities associated with the Project, and/or the syndication of any tax credits, and a preferred cumulative annual return to the Owner equal to four percent (4%) of the Project cost.

2.3 **“Appropriation”** means the appropriation by the City to the Authority each Fiscal Year pursuant to this Agreement in the amount of the New Tax Revenues, with any reconciliation adjustments, or any other amount.

2.4 **“Authority”** shall mean the Lynchburg Economic Development Authority.

2.5 **“Authority Deed of Trust”** means that certain deed of trust of even date with the Authority Loan in form and substance reasonably satisfactory to the Authority given to secure the payment of the Authority Loan. The Authority Deed of Trust shall be subordinate to the Conduit Loan Deed of Trust and any deed of trust providing primary construction financing or permanent financing for the Project.

2.6 **“Authority Loan”** means the Two Million Dollars (\$2,000,000) loan by the Authority to the Owner evidenced by the Authority Note and any renewals, modifications or extensions thereof.

2.7 **“Authority Note”** means the promissory note evidencing the Authority Loan, executed and delivered pursuant to this Agreement, and any and all renewals, modifications, and extensions thereof.

2.8 **“Bank Loan”** means the Three Million Dollar (\$3,000,000) loan between a bank and the Authority.

2.9 **“Bank Note”** means the promissory note evidencing the Bank Loan, and any and all renewals, modifications, and extensions thereof.

2.10 **“Closing Date”** shall mean the date of the Authority Note.

2.11 **“Conduit Loan”** means the Three Million Dollar (\$3,000,000) loan by the Authority to the Owner evidenced by the Conduit Note and funded by the proceeds of the Bank Loan, and any renewals, modifications, or extensions thereof.

2.12 **“Conduit Loan Deed of Trust”** means that certain deed of trust given to secure the payment of the Conduit Loan. The Conduit Loan Deed of Trust shall have priority over the Authority Loan Deed of Trust and shall be subordinate to any deed of trust providing primary construction financing or permanent financing for the Project.

2.13 **“Conduit Note”** means the promissory note evidencing the Conduit Loan, and any and all renewals, modifications, and extensions thereof.

2.14 **“City”** means the City of Lynchburg, Virginia.

2.15 **“Debt Service”** means the amount necessary to pay all amounts due, including principal and interest, on the Authority Loan and the Conduit Loan.

2.16 **“Fiscal Year”** means the financial reporting period from July 1 through June 30 of each year.

2.17 **“GenWorth Lot”** shall mean the parking lot adjacent to the Property located on 717 Main Street.

2.18 **“Grant”** shall mean the annual cash grant payment by the Authority to the Owner from funds provided for that purpose to the Authority by the City.

2.19 **“New Tax Revenues”** means all tax revenues and tax benefits the City receives from the Property or the Project, and any taxes generated by the Project, the Property or any business located on the Property, including revenues from real estate taxes, the City’s portion of general sales tax, business professional and occupational license tax, tangible personal property tax, meals and beverage tax, and lodging tax, and all other tax revenues or benefits realized by the City from the Property or the Project, to the extent that such tax revenues and benefits exceed \$100,000 in a Fiscal Year (or prorated for any period shorter than a Fiscal Year).

2.20 **“Owner”** means the Virginian Hotel, LLC.

2.21 **“Project”** means the rehabilitation, renovation, and development of the Property for a hotel, restaurant, commercial and conference facility with related amenities, site improvements and public infrastructure improvements.

2.22 **“Property”** means the land, buildings, structures, and improvements formerly known as the Virginian Hotel located at 712 Church Street, Lynchburg, Virginia, Tax Map No. 02434012.

2.23 **“Shortfall”** means the amount by which the cumulative Grants are less than the cumulative Debt Service, plus interest on said amount from the date it is paid to when it is reimbursed. Interest shall be the same rate charged on the Conduit Loan.

ARTICLE III THE AUTHORITY LOAN

3.1 **Amount.** The Authority agrees to lend the Owner the principal sum of Two Million Dollars (\$2,000,000), upon the terms and conditions set forth in this Agreement. The Owner agrees to accept the Authority Loan and agrees to comply with the terms and conditions of this Agreement.

3.2 **Disbursement.** The Authority will disburse the Authority Loan on a lump sum basis at the Closing Date.

3.3 **The Authority Note.** The Authority Loan shall be evidenced by the Authority Note in the amount of the Authority Loan, payable to the order of the Authority, in accordance with the terms and conditions set forth in this Agreement. The Authority Note shall be on the same terms and conditions and interest rate as the Bank Loan.

3.4 **Authority Deed of Trust.** The Authority shall receive the Authority Deed of Trust as collateral security for the Authority Loan. The Authority Deed of Trust shall be subordinate to the Conduit Loan Deed of Trust and subordinate to the primary construction and permanent financing for the Project.

3.5 **Pledge of Grants.** The Owner shall pledge the Grants as collateral security to pay the Debt Service.

3.6 **Closing Date.** The Closing Date for the Authority Loan shall be on a date mutually agreed upon by Owner and Authority, but in no case later than July 1, 2015.

3.7 **Additional Collateral.** At Closing the Authority shall receive a first lien deed of trust on a property in the City of Lynchburg with an assessed value not less than Three Hundred

Seventy Thousand Dollars (\$370,000), which deed of trust shall be released by the Authority upon issuance of a Certificate of Occupancy for the Project.

3.8 **Deliveries.** Prior to Closing on the Authority Loan, Owner shall show evidence of commitment for the primary financing for the Project and an agreement that identifies the hotel brand.

ARTICLE IV THE CONDUIT LOAN

4.1 **Bank Loan.** The Authority shall enter into a loan with a bank in the amount of Three Million Dollars (\$3,000,000) upon the terms and conditions agreed to between the Authority and the bank. The Owner shall arrange the Bank Loan, with the Authority's assistance.

4.2 **No Recourse.** The Bank Loan shall be without recourse to the Authority other than the pledge of the Appropriations, the Conduit Note and the Conduit Loan Deed of Trust.

4.3 **Conduit Loan.** The Authority agrees to lend the Owner the principal sum of Three Million Dollars (\$3,000,000) upon the terms and conditions set forth in this Agreement. The Conduit Loan shall be made on the same terms and conditions and interest rate as the Bank Loan. The Owner agrees to accept the Conduit Loan and agrees to comply with the terms and conditions of this Agreement. The Authority shall use the proceeds of the Bank Loan to fund the Conduit Loan.

4.4 **Disbursement.** The Authority shall disburse the proceeds of the Conduit Loan to the Owner on a lump sum basis at the Closing Date or as determined by the terms of the Conduit Loan.

4.5 **Conduit Note.** The Conduit Loan shall be evidenced by the Conduit Note in the amount of the Conduit Loan, payable to the order of the Authority, in accordance with the terms thereof.

4.6 **The Conduit Loan Deed of Trust.** The Authority and the Owner agree that the Authority shall receive the Conduit Deed of Trust as collateral security for the Conduit Loan. The Conduit Deed of Trust shall be subordinate to the primary construction and permanent financing for the Project and shall have priority over the Authority Deed of Trust.

4.7 **Pledge of Grants.** The Owner shall pledge the Grants as collateral security to pay the Debt Service.

ARTICLE V GRANTS

5.1 **Amount.** The Authority shall make a Grant each Fiscal Year to the Owner in an amount equal to the Appropriation for that Fiscal Year.

5.2 **Commencement of Grants.** The Authority shall make the first annual Grant on or before July 31, 2017 for the 2017- 2018 Fiscal Year. The first annual Grant shall include the estimated New Tax Revenues for Fiscal Year 2017 – 2018 plus an amount equal to the tax revenues and tax benefits the City receives from the Property or the Project, and any taxes generated by the Project, the Property, or any business located on the Property, for the time period from the issuance of the certificate of occupancy for the Project through June 30, 2017.

5.3 **Date of Grants.** The Authority shall make annual Grants to the Owner on or before July 31 of each year. In the event the Authority has not received the Appropriation from the City to fund the grant by July 31 of each year, the Authority shall make such Grants upon receipt of the Appropriation for such purpose from the City.

5.4 **Use of the Appropriation.** The Authority shall use the Appropriation solely to make Grants to the Owner.

5.5 **Owner's Pledge of Grants.** The Authority and the City acknowledge that the Owner will pledge the Grants as security for the repayment of the Authority Loan and the Conduit Loan.

5.6 **Excess Grant.** In the event the amount of the Grant in a Fiscal Year exceeds the Debt Service, the Owner shall use any such excess amount solely:

5.6.1 First, for any unreimbursed Shortfall.

5.6.2 Second, to prepay the Authority Loan.

5.6.3 Third, to prepay the Conduit Loan.

5.7 **Shortfall.** In the event the Grant in a Fiscal Year is less than the Debt Service, the Owner shall pay the Shortfall needed to pay the Debt Service, subject to the terms of this Agreement.

5.8 **Reconciliation.** The Authority, the City and the Owner shall reconcile the amounts due each year as provided in Section 6.5 below.

5.9 **Final Annual Grant.** The final annual Grant shall include the estimated New Tax Revenues for the time period July 1 through December 31, 2034, unless a lesser amount is needed to pay the remaining amounts due on the Authority Loan, the Conduit Loan, and any unreimbursed Shortfall.

5.10 **Term.** The Authority shall make Grants for the period beginning January 1, 2017 and continuing through December 31, 2034 or until the Authority Loan, the Conduit Loan, and any unreimbursed Shortfall have been paid, whichever is sooner.

ARTICLE VI CITY APPROPRIATIONS TO THE AUTHORITY

6.1 **Budget.** The City shall budget each Fiscal Year for the appropriation of funds to the Authority to allow the Authority to make the Grants to the Owner in accordance with this Agreement. The first Appropriation shall include all amounts to be granted to Owner pursuant to Section 5.2 of this Agreement. Each subsequent year, the City shall budget for the Appropriation in the amount of the New Tax Revenues the City estimates it will receive in the next Fiscal Year.

6.2 **Appropriation.** The City shall make the Appropriation each Fiscal Year to allow the Authority to make the Grants. The City shall make the Appropriation to the Authority by July 31 of each Fiscal Year.

6.3 **Nature of the Obligation of the City.** The City, the Authority and the Owner recognize that the City may not have the power to make a legally enforceable obligation to make the Appropriations beyond the current Fiscal Year. It is the intention of the Council of the City to make sufficient annual appropriations during the term of this Agreement to satisfy the City's obligations under this Agreement.

6.3.1 The City Council hereby directs the City Manager (or other officer charged with responsibility for preparing the City's budget) to include in the budget for each Fiscal Year of the City during the term of this Agreement a request that the Council appropriate the amount of the estimated New Tax Revenues plus any reconciliation adjustments for the next Fiscal Year to the Authority in order to satisfy the City's obligations pursuant to this Agreement. If the Council fails to appropriate the amount of the estimated New Tax Revenues to the Authority before July 31 in each year, the City Manager (or other officer charged with the responsibility of preparing the City's budget) shall:

6.3.1.1 Submit to the Council at its next scheduled meeting, or as promptly as possible, but in any event within 45 days, a request for a supplemental appropriation sufficient to satisfy the City's obligation pursuant to this Agreement; and

6.3.1.2 Give the Owner and the Authority written notice of the Council's failure to appropriate the amount of the estimated New Tax Revenues prior to July 31 in the year in question and give notice to the Owner and the Authority of the request for the supplemental appropriation pursuant to this Section.

6.4 **Appropriation of Funds.** All obligations for funding undertaken by the City or the Authority in connection with the Project or this Agreement are subject to the appropriation of such funds by City Council as may be necessary for such funding.

6.5 **Annual Reconciliation.** The Authority, the City and the Owner shall reconcile the amounts of Appropriations and Grants each year based on the difference between the

estimated New Tax Revenues appropriated to the Authority in each year and the actual New Tax Revenues received by the City in that Fiscal Year.

6.5.1. **Underpayment.** If the amount of estimated Tax Revenues appropriated by the City in a Fiscal Year is less than the actual New Tax Revenues collected in that Fiscal Year, the City shall make an additional Appropriation for the next Fiscal Year in the amount of the underpayment.

6.5.2 **Overpayment.** If the amount of the estimated Tax Revenues appropriated in a Fiscal Year is more than the actual New Tax Revenues collected in that Fiscal Year, the City shall receive a credit against the Appropriation for the next Fiscal Year in the amount of the overpayment.

6.6 **Term.** The City shall make Appropriations for the period beginning January 1, 2017 through December 31, 2034 or until the Authority Loan, the Conduit Loan, and Shortfall have been paid, whichever is sooner.

6.7 **Failure to appropriate.** If the City fails to make an Appropriation to the Authority in accordance with this Agreement in a Fiscal Year, then the City shall make an Appropriation of the amount provided for in accordance with this Agreement in the following fiscal years to reconcile the underpayment.

ARTICLE VII ADDITIONAL OBLIGATIONS OF THE CITY

7.1 **Tax Credits.** The parties acknowledge that rehabilitation, historic and other tax credit financing arrangements are essential to the financing of the Project. The parties will cooperate in structuring the transactions and payments as provided for in this Agreement to allow the realization of rehabilitation, historic and other tax credit financing arrangements.

7.2 **GenWorth Lot.** The parties acknowledge that the Owner's acquisition of the GenWorth Lot is essential to the Project. The parties will cooperate in efforts to allow the Owner to acquire the GenWorth Lot.

7.3 **Street and Utility Improvements.** The parties acknowledge that street and utility improvements planned by the City will affect the Project and that the construction of these improvements after the Project opens will have a negative effect on the Project's operations. The City and the Authority agree to make reasonable efforts to accelerate the completion of the street and utility improvements and/or make provisions that will mitigate the adverse effects of the construction of these improvements on the Project.

7.4 **Two Way Traffic on Seventh Street, Main Street, and Church Street.**

7.4.1 **Seventh Street and Eighth Street.** The City and the Authority will initiate efforts to cause Seventh Street and Eight Street between Main Street and Church

Street to become two-way streets to accommodate access to the Project and to facilitate construction.

7.4.2 **Main Street and Church Street.** The City and the Authority shall explore efforts to cause Main Street and Church Street to be converted to two-way traffic before the opening of the Project.

7.5 **Loading Zones.** The City and the Authority acknowledge that the operation of the Project requires the designation of loading zones in front of the Project on Eighth Street and Church Street to accommodate 150 feet of loading area in front of the Project on Church Street and 120 feet of loading area in front of the Project on Eighth Street. The City and the Authority shall allow a canopy to be constructed over a portion of Eighth Street to provide shelter for loading in inclement weather. The City and the Authority agree to construct streetscape improvements for the entire block around the Project to include sidewalks, curbs, streets, crosswalks at intersections, architectural street lighting and landscaping. The City and the Authority shall arrange for the milling of Church Street to the original grade because the asphalt overlay of Church Street over the years has reduced the height of the curb in front of the Project significantly.

7.6 **Additional Grants.** The City and the Authority may seek additional grant funding available to offset the capital cost of the Project to the Owner and reduce the loan amounts dollar for dollar for amounts received by Owner which reduce its costs. The parties acknowledge that the historic, rehabilitation, and other tax credits sought by the Owner shall not be considered grant funding pursuant to this Agreement.

ARTICLE VIII OWNER'S OBLIGATIONS

8.1 **Development of the Project.** The Owner shall prosecute diligently and continuously the construction of the Project.

8.2 **Conditions Precedent.** The obligations of the Owner to construct the Project shall be subject to the following conditions precedent:

8.2.1 The timely availability of construction financing and permanent financing.

8.2.2 The timely availability of rehabilitation, historic, and other tax credit financing arrangements.

8.2.3 The timely acquisition of the GenWorth Lot.

8.3 **Use of Loan Proceeds.** The Owner shall use the proceeds of the Authority Loan and the Conduit Loan only for the construction and development of the Project and for capital costs of the Project. The Owner shall not use the proceeds of the Authority Loan or the Conduit Loan for the acquisition of the Property.

8.4 **Use of Grant Proceeds.** The Owner shall use the Grants solely to pay the Debt Service and Shortfall.

8.5 **Owner's Payment of Debt Service if Shortfall.** If the amount of the Grant in a Fiscal Year is not sufficient to pay the Debt Service in that Fiscal Year because the estimated or actual New Tax Revenues were in an amount less than the Debt Service, the Owner shall pay the Shortfall in that Fiscal Year.

8.5.1 **Failure of the City to Appropriate Estimated Tax Revenues.** If the City fails to appropriate an amount equal to the estimated New Tax Revenues in a Fiscal Year in accordance with this Agreement, then the Owner shall not be obligated to pay the Debt Service on the Authority Loan in that Fiscal Year.

8.5.2 **Failure of the City to Appropriate Tax Revenue for Reconciliation.** If the City fails to appropriate amounts to allow the reconciliation of prior appropriated estimated New Tax Revenues and/or actual New Tax Revenues for a specific Fiscal Year, then the Owner shall not be obligated to pay the Debt Service on the Authority Loan in the Fiscal Year in which the City fails to appropriate the amounts needed to reconcile the Grants in past Fiscal Years with the Debt Service in past fiscal years and any Shortfall.

8.6 **Pledge of Grants.** The Owner shall pledge the Grants to secure the payment of the Debt Service.

8.7 **Refinancing of First Priority Financing.** Nothing in this Agreement shall restrict the Owner's ability to refinance the principal of the primary construction financing, the primary first priority permanent financing, or the first priority Deed of Trust. If the Owner refinances the first priority permanent financing or the first priority Deed of Trust for the purpose of taking cash out of the Project prior to the repayment of the first priority permanent financing or the first priority Deed of Trust, then the Owner shall repay the Authority Loan and the Conduit Loan in full or the parties will renegotiate this Agreement.

8.8 **Use of Annual Net Positive Cash Flow.** After the Project has been operational for three full calendar years, and for as long as the Authority Note and the Conduit Note are outstanding, the Owner shall deposit and maintain twenty-five percent (25%) of the Annual Net Positive Cash Flow for each year in an escrow account controlled by the Owner. The funds in the escrow account shall be used solely:

8.8.1 First, for any unreimbursed Shortfall.

8.8.2 Second, for public benefit in the immediate area of the Project as agreed to between the City and the Owner.

8.8.3 The funds in the escrow account may be used to pay Debt Service upon the approval of the City and the Owner.

8.8.4 All funds in the escrow account shall be disbursed upon the repayment of the Authority Loan, the Conduit Loan, and any reimbursed Shortfall have been paid, whichever is sooner.

8.9 **Assessed Value.** Owner agrees to not appeal the City's assessed value for a period of Five (5) years after the opening of the hotel as long as the assessed value does not exceed Sixteen Million Dollars (\$16,000,000).

8.10 **New Local Jobs.** Owner will use its good faith efforts to create and maintain at least Eighty (80) new jobs in the City of Lynchburg, which jobs will come from full and part-time positions, both directly and indirectly associated with the Project operations, its vendors and service contractors. Owner agrees to hire Sixty Percent (60%) of its workforce from citizens of the City of Lynchburg to the extent qualified workers are available. Owner agrees to participate in job fairs for new hires in City neighborhoods as reasonably requested by the Authority.

8.11 **Use of Local Contractors.** Owner understands and agrees that in calculating the Authority's return on investment, the use of local contractors from the City of Lynchburg, Virginia shall be considered by Owner. Owner shall use commercially reasonable efforts to use such local contractors if Owner's general contractor determines in its sole discretion that such local contractors are the most qualified to provide services for the Project and at a competitive cost.

8.12 **Appraisal.** Upon receipt, Owner agrees to allow the Authority to review the Appraisal for the Project, which appraisal shall be performed by a MAI certified appraiser.

ARTICLE IX EVENTS OF DEFAULT

9.1 **Events of Defaults.** The occurrence of any of the following events shall constitute an Event of Default under this Agreement:

9.1.1 The Owner shall fail to make any payment when due of principal or interest with respect to the Authority Note or the Conduit Note, or any of them, on the due date thereof, whether at maturity, acceleration or otherwise, provided that, in the Event of Default, Owner shall receive written notice of such Event of Default and the opportunity to cure the same within thirty (30) days after the notice of same is given;

9.1.2 The Owner shall breach or fail to perform any other term, covenant, warranty or agreement herein and such default shall continue for thirty (30) days after written notice thereof has been given to the Owner by the Authority or the City.

9.1.3 The Owner shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code or any other federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of, or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any

such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for it or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due, or (vii) with respect to the Owner, take partnership action for the purpose of effecting any of the foregoing.

9.1.4 An involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Owner or of a substantial part of its property, under Title 11 of the United States Bankruptcy Code or any other federal, state or foreign bankruptcy, insolvency or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator or similar official for the Owner or for a substantial part of its property or (iii) the winding-up or liquidation of the Owner and such proceeding or petition shall continue un-dismissed for 60 days or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for 30 days.

9.2 **Remedies.**

9.2.1 Upon the occurrence of an Event of Default the Authority may, without notice to the Owner, take either or both of the following actions, at the same or different times: (i) declare the full unpaid principal of and accrued interest on the Authority Note or the Conduit Note and all other obligations of the Owner to be immediately due and payable, whereupon the Authority Note or the Conduit Note and such obligations shall be immediately due and payable, without presentment, demand protest or other obligations formalities of any kind, all of which are hereby expressly waived by the Owner; or (ii) exercise any other rights or remedies available to the Authority under the applicable law.

ARTICLE X ADDITIONAL PROVISIONS

10.1 **Reports to the Authority and City.** During the term of this Agreement, the Owner agrees to report to and provide the Authority and the City on a semi-annual basis, on or before June 30 and December 31 of each year, sufficient information related to the Owner's compliance with the conditions of this Agreement and to provide appropriate documentation to support such compliance. The Owner also agrees to allow the Authority, the City and/or their representatives to inspect, audit, copy, or examine any of the Owner's books, documents, or other relevant material in connection therewith, to the extent necessary to administer this Agreement, upon written request by the Authority or the City. All such documents, information (including electronic data), or access shall be provided or made available within thirty (30) days of a written request from either the Authority or the City at no cost to the Authority or the City. Any information provided to the Authority or the City pursuant to this agreement shall be deemed to be proprietary and confidential information and will be held in confidence by the City and the Authority to extent allowed by Section 2.2-3705.6 of the Code of Virginia.

10.2 **Compliance With the Laws.** The Owner agrees to comply with all applicable federal, state, and local laws, rules, and regulations, including, but not limited to, obtaining a City business license, if applicable.

10.3 **Cooperation.** Each party agrees to cooperate with the others in a reasonable manner to carry out the intent and purpose of this Agreement.

10.4 **Severability.** If any term of this Agreement is found to be void or invalid, such invalidity shall not affect the remaining terms of this Agreement, which shall continue in full force and effect. The parties intend the remaining provisions of this Agreement be enforced to the fullest extent permitted by applicable law.

10.5 **Authority To Sign.** The persons who have executed this Agreement on behalf of the parties represent and warrant they are duly authorized to execute this Agreement on behalf of their respective entity.

10.6 **Counterpart Copies.** This Agreement may be executed in any number of counterpart copies, each of which shall be deemed an original, but all of which together shall constitute a single instrument.

10.7 **Successors.** The terms, conditions, provisions and undertakings of this Agreement shall be binding upon and inure to the benefit of each of the parties and their respective successors and assigns.

10.8 **Assignment.** Owner agrees not to assign or transfer any part of this Agreement without the prior written consent of the City and the Authority, which shall not be unreasonably withheld, and any such assignment shall not relieve Owner from any of its obligations under this Agreement. Owner shall be allowed to assign or transfer rights under this Agreement for the purpose of furthering the development of the Project for financing purposes or for the development of specific portions of the Project, subject to providing the Authority and the City with 30 days written notice of any such assignment and the City's right to object within such 30 day time period and withhold the City's consent which shall not be unreasonably withheld.

10.9 **Responsibility of the Parties.** To the extent permitted by applicable law, each party to this Agreement will be responsible for the actions, inactions, or violations of its officers, employees, and agents in connection with the Project or the Property, and the activities provided for in this Agreement, but nothing contained herein shall be construed as a waiver of the City's sovereign immunity.

10.10 **Forum Selection And Choice Law/Disputes.**

10.10.1 By virtue of entering into this Agreement, Owner agrees and submits itself to the jurisdiction of the Circuit Court of the City of Lynchburg, Virginia, and further agrees this Agreement is controlled by the laws of the Commonwealth of

Virginia, with the exception of Virginia's choice of law provisions which shall not apply; and all claims, disputes, and other matters shall be decided only by such court according to the laws of the Commonwealth of Virginia as aforesaid.

10.10.2 **Disputes.** Prior to the initiation of any litigation, the parties agree to seek to resolve any and all claims, disputes, and other matters utilizing mediation in accordance with the dispute provisions provided in this Section.

10.10.2.1 If a dispute arises out of or relates to this Agreement, or a claimed breach of this Agreement, the parties first to try in good faith to resolve the dispute through negotiation among the parties and by nonbinding mediation. In the event of any such dispute, a party may give the other parties a written description of the dispute and the relief requested. The parties shall promptly attempt to resolve the dispute by negotiation involving senior managers. If the dispute is not promptly resolved by negotiation, any party may demand in writing that all of the parties involved in the dispute participate in a formal mediation presided over by a third-party neutral mediator. If the parties cannot agree on a mediator, then McCammon Mediation Group, 6641 West Broad Street, Richmond, Virginia 23230, or its successor, shall have the power to select the mediator. The parties shall share in the cost of the mediation proceedings equally.

10.10.2.2 If mediation is unsuccessful, the parties shall be free to initiate litigation or take other appropriate action as they deem appropriate. However, no party shall initiate any litigation or action against any other party to this Agreement with respect to the performance or enforcement of this Agreement without first complying with the dispute resolution provisions of this section except for the sole and limited purpose of tolling a statute of limitations or similar laws that would otherwise impair a party's legal rights, or for enforcing this Dispute Section.

10.11 **Nonwaiver.** Each party agrees that any party's waiver or failure to enforce or require performance of any term or condition of this Agreement or any party's waiver of any particular breach of this Agreement by any other party extends to that instance only. Such waiver or failure is not and shall not be a waiver of any of the terms or conditions of this Agreement or a waiver of any other breaches of the Agreement by any party and does not bar the nondefaulting party from requiring the defaulting party to comply with all the terms and conditions of this Agreement and does not bar the nondefaulting party from asserting any and all rights and/or remedies it has or might have against the defaulting party under this Agreement by law.

10.12 **Captions and Headings.** The section captions and headings are for convenience and reference purposes and shall not affect in any way the meaning or interpretation of this Agreement.

10.13 **Easements.** Owner promises and agrees to grant and dedicate to the City all reasonably necessary easements on the Property for the construction of infrastructure improvements needed for or benefiting the Project or surrounding areas, including, but not limited to, storm drainage, sanitary sewers, and/or water, all at no cost to the City.

10.14 **Performance.** If Owner fails to comply with any of the obligations of this Agreement, Owner shall not be entitled to be eligible for and/or receive and/or continue to be eligible for and/or receive any such Grants as referred to above or in this Agreement. In the event the City or the Authority believe that Owner has failed to comply with any of the obligations of this Agreement, except as noted below, the City or the Authority shall give Owner written notice identifying how Owner is not in compliance, with reasonable specificity. Owner shall then have a 30 day period to reasonably cure the identified noncompliance issue. If the identified noncompliance issue cannot reasonably be cured within the 30 day period, Owner shall have an additional reasonable time to cure, not exceeding an additional 60 days, provided Owner acts diligently to accomplish the cure.

10.15 **Notices.** All notices hereunder must be in writing and shall be deemed validly given if sent by certified mail, return receipt requested, or by a nationally recognized overnight courier, addressed as follows (or any other address the party to be notified may have designated to the sender by like notice):

If to City, to: City of Lynchburg, Virginia
Attn: L. Kimball Payne, III, City Manager
900 Church Street, 3rd Floor
Lynchburg, VA 24504
(434) 455-3990
Fax: (434) 847-1536

With a copy to: City of Lynchburg, Virginia
Attn: Walter C. Erwin, III, City Attorney
900 Church Street, 3rd Floor
Lynchburg, VA 24504
(434) 455-3973
Fax: (434) 847-2067

If to Authority, to: H. Michael Lucado, Chair
Lynchburg Economic Development Authority
900 Church Street
Lynchburg, VA 24504
(434) 455-4490

With a copy to: Theodore J. Craddock, Esquire
Caskie & Frost, P.C.
2306 Atherholt Road
Lynchburg, VA 24501
(434) 846-2731

If to Owner, to: Blair Godsey
Virginian Hotel, LLC
101 Mountain Avenue
Roanoke, VA 24016

With a copy to: G. Franklin Flippin, Esq.
Gentry Locke
800 SunTrust Plaza
10 Franklin Road, S.E.
P.O. Box 40013
Roanoke, VA 24022-0013
Fax No. 540-983-9400

Notice shall be deemed delivered upon the date of personal service, two days after deposit in the United States mail, or the day after delivery to a nationally recognized overnight courier.

10.16 **Force Majeure**. A delay in or failure of performance by any party shall not constitute a default, nor shall Owner, the City or Authority be held liable for loss or damage, or be in breach of this Agreement, if and to the extent that such delay, failure, loss or damage is caused by an occurrence beyond the reasonable control of such party and its agents, employees, contractors, subcontractors and consultants, which results from Acts of God or the public enemy, compliance with any order of or request of any governmental authority or person authorized to act therefore, acts of declared or undeclared war, public disorders, rebellion, sabotage, revolution, earthquake, floods, riots, strikes, labor or employment difficulties, delays in transportation, inability of party to obtain necessary materials or equipment or permits due to existing or future laws, rules, or regulations of governmental authorities or any other causes, whether direct or indirect, and which by the exercise of reasonable diligence said party is unable to prevent. For purposes of this Agreement any one delay caused by any such occurrence shall not be deemed to last longer than 6 months and all delays caused by any and all such occurrences under any circumstances shall not be deemed to last longer than a total of 9 months. Any party claiming a force majeure occurrence shall give the other parties written notice of the same within 30 days after the date such claiming party learns of or reasonably should have known of such occurrence, or any such claim of force majeure shall be deemed waived. Notwithstanding anything else set forth above, after a total of 9 months of delays or failure of performance of any type have been claimed by a party as being subject to force majeure, no further delays or claims of any type shall be claimed by such party as being subject to force majeure and/or being an excusable delay.

10.17 **Entire Agreement.** This Agreement, together with any exhibits, attachments, and referenced items, constitutes the entire agreement of the parties and supersedes all prior agreements between the parties. No amendment to this Agreement shall be valid unless made in writing and signed by the appropriate parties.

(SIGNATURE PAGE TO FOLLOW)

IN WITNESS WHEREOF, the parties have executed this Agreement by their authorized representatives.

CITY OF LYNCHBURG, VIRGINIA

By: _____

_____, City Manager

ECONOMIC DEVELOPMENT
AUTHORITY OF THE CITY OF
LYNCHBURG, VIRGINIA

By: _____

_____, Chair

VIRGINIAN HOTEL, LLC

By: _____

Its: Manager

VIRGINIAN HOTEL
Gap Financing
Project Term Sheet Cross-References with Performance Agreement

1. Project is the former Virginian Hotel. (**Section 2.21**)
2. Owner is Virginian Hotel, LLC. (**Section 2.20**)
3. Closing mid-March and construction commencing summer 2015.
4. Project cost \$25,000,000. Funding gap \$5,000,000.
5. Projected annual tax revenue from Project is between \$300,000 and \$700,000.
6. City of Lynchburg (City), LEDA and Owner will enter into Performance Agreement that (a) City to make annual appropriations of the amount of all tax revenues benefiting City from Project and Project tenants in excess of \$100,000 per year to LEDA (**Section 2.19**); (b) LEDA to make grants to Owner in the amount of the City appropriations (**Section 2.18**); and (c) appropriations and grants to continue for 17.5 years after July 1, 2017 or until LEDA Loan, Conduit Loan and Shortfalls are paid (**Section 5.10**). City will make the first annual payment to LEDA by 7/31/17, for the 2017/2018 fiscal year for City based on projected tax revenues for the 2017/2018 fiscal year (**Section 5.2**). There will be a year-end adjustment each year for actual revenue accruals. In the event that Project generates tax revenues after opening and prior to 7/1/2017, the amount of those revenues will be added to the first payment. (**Section 6.5**)
7. LEDA will loan Owner \$2,000,000 by 7/1/15 at the same rate and repayment terms as Conduit Loan (LEDA Loan) (**Sections 3.1 and 3.3**). LEDA loan will be secured by Owner, an assignment of the payments from Performance Agreement and a lien against Project (**Section 3.7**). Liens in favor of LEDA will be subordinate to liens to secure Conduit Loan (**Section 3.4**). Payment of LEDA loan will be conditioned on City making the appropriations anticipated in Performance Agreement (**Section 6.3**).
8. LEDA will borrow \$3,000,000 from a bank (nonrecourse except as to Owner, Project and assignment of Performance Agreement (**Section 4.2**)). This loan will be arranged by Owner with LEDA cooperation (**Section 4.1**). LEDA will concurrently loan \$3,000,000 to Owner at the same rate and repayment terms as the LEDA bank loan (Conduit Loan) (**Section 4.3**). Conduit Loan will be secured by Owner, an assignment of the payments from Performance Agreement and lien against Project subordinate only to the first lien project financing. (**Section 4.6**)
9. To the extent the payments from City are not sufficient to make required loan payments, Owner will pay any Shortfall (**Section 5.7**). If at the end of each fiscal year tax revenues are in excess of what was needed to service the debt, then excess revenues shall be applied first to pay any Shortfall plus interest equal to the interest rate charged on LEDA Loan, second to principal on LEDA Loan and third to principal on Conduit Loan (**Section 5.6**).

10. After Project has been operational for 3 years then 25% of the annual net positive cash flow from the Project for that year (less the developer fee allowed in the Historic Tax Credit, Shortfalls, a preferred return of 4% of project costs, all payments required to tax credit partners, lender required replacement reserves, all tax liabilities associated with the Project and/or the syndication of any tax credits have been paid or funded in full for a given year) shall be deposited into a Developer controlled escrow account and used to fund Shortfalls, for a public benefit in the area of the Project (to be agreed upon by City) and to accelerate loan payments (if mutually agreed upon between City and Developer). **(Section 8.8)**
11. Proceeds of LEDA Loan and Conduit Loan will be used only for Project construction (not acquisition). **(Section 8.3)**
12. Owner and tenants will allow inspection of their books to the extent necessary to verify tax revenue generated by Project. **(Section 10.1)**
13. City will seek any available grant funding to offset the capital costs of the Project and reduce the loan amounts dollar for dollar to the extent the grant proceeds reduce Owners costs. Grant funding, for the purposes of this section, does not include tax credits. **(Section 7.6)**
14. Owner may refinance Project only in an amount equal to the amount secured by the first lien on Project. **(Section 8.7)**
15. City and LEDA will cause 7th Street between Main and Church to become a two-way street to accommodate access to Project and facilitate construction. **(Section 7.4)**
16. Owner, City and LEDA support 2-way traffic for Main and Church Streets and believe that it will be helpful for the long term success of Project and revitalization in Downtown Lynchburg. City will explore efforts to cause Main and Church Streets to be two-way before opening of Project. **(Section 7.4.2)**
17. There are planned utility infrastructure improvements (Planned Infrastructure Improvements) that will impact Project. City and LEDA acknowledge that construction of these improvements after Project opens would have a negative impact on the operations and agree to make all reasonable efforts to complete the improvements before March 1, 2017. **(Section 7.3)**
18. City and LEDA are aware that Owner is attempting to acquire the Genworth parking lot behind Project and they acknowledge that it is an essential piece of Project. City agrees to reasonably assist Owner in its efforts to acquire the Genworth lot. **(Section 7.2)**
19. City and LEDA acknowledge that Project needs designated loading zones in front of Project on both 8th Street and Church Street. City and LEDA agree to assist with a plan to accommodate 150 feet of loading area in front of Project on Church Street and 120 feet of loading area in front of Project on 8th Street ; will allow a canopy to be constructed over a portion of 8th Street to provide shelter for loading in inclement weather; and construct streetscape improvements for the entire block around Project to include sidewalks, curbs, streets, crosswalks at intersections, architectural street lighting and landscaping (Note: from asphalt overlay of Church Street over the years, the curb at Project is reduced in height significantly, milling of Church Street to original grade will be required). **(Section 7.5)**

ADDITIONAL

The Economic Development Authority Finance Committee met on February 13th and sent the developers a list of 9 additional items to incorporate into the performance agreement as part of their due diligence. The full Authority met on February 26th to consider the proposal and ask additional questions.

1. Provide an MAI certified appraisal (**Section 8.12**)
2. Agree not to appeal the City's assessed value for a period of five years after opening (**Section 8.9**)
3. Agree to hire 60% of City of Lynchburg residents to extent qualified workers are available. (**Section 8.10**)
4. Use local contractors to the extent feasible (**Section 8.11**)
5. Provide an agreement that identifies the hotel brand (**Section 3.8**)
6. Allow the Authority to review the financing package prepared for the primary lender (**Section 3.8**)
7. Provide the Authority with a 1st position on a parking structure (**Section 3.7**)
8. Any grants secured by the City or Authority be used to pay the principal loan balance (**Section 7.6**)
9. Provide information on Allied Arts building (**Section 3.7**)

Additionally, the developers have offered a personal guarantee of the Authority loan during construction. (**Section 3.7**)

**LYNCHBURG CITY COUNCIL
Agenda Item Summary**

MEETING DATE: **March 24, 2015**

AGENDA ITEM NO.: **9**

CONSENT: REGULAR: **X**

WORK SESSION:

CLOSED SESSION:
(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Executing Title to Certain Real Estate with Delinquent Taxes for the Purpose of Providing a Trail Connection in Tinbridge Hill**

RECOMMENDATION: Adopt a resolution authorizing the filing of documents to petition the circuit court to appoint a special commissioner to execute the necessary deed to convey the real estate with delinquent taxes at 1201 Hollins Street to the City.

SUMMARY: From time to time the City, through an attorney, sells at public auction certain properties on which the real property taxes have been delinquent for more than three years. This procedure works if the property has enough market value so that the proceeds of the sale cover the delinquent taxes, any other liens on the property and the attorney's fees. In cases where the value of the delinquent property is too low it is not financially feasible to offer the property at auction and it remains delinquent. Frequently, such properties have very complicated ownership situations, possibly involving many heirs who have knowingly or unknowingly inherited the property from a deceased relative. Such situations can lead to neglected properties.

In recognition of the challenges posed by such properties the General Assembly has created an alternative method for a locality to transfer the title on low value tax delinquent properties. Attached is Section 58.1-3970.1 of the Code of Virginia that provides for the appointment of a special commissioner to execute the necessary deed to convey the property to a locality in lieu of sale at public auction. The locality can then use the property itself, or utilize other procedures available to it to get the property back on the tax rolls.

The City is interested in acquiring one such property to be utilized for a neighborhood trail connection, linking the Tinbridge Hill neighborhood to the Blackwater Creek Trail. The property address is 1201 Hollins Street. Taxes have not been paid for at least the last twenty years and \$672.59 is currently owed to the City. The assessed value of the property is \$2,500. The City has made attempts to identify, locate, and contact the property owner with no success.

Staff requests that City Council authorize the City Attorney to utilize the process outlined in Section 58.1-3970.1 of the State Code to acquire the property.

PRIOR ACTION(S): City Council adopted the Tinbridge Hill Neighborhood Plan on March 11, 2014. This action would be consistent with the goals of the plan to foster neighborhood revitalization.

FISCAL IMPACT: Negligible

CONTACT(S): Kay Frazier, Parks and Recreation, 455-5868; Walter Erwin, City Attorney, 455-3973

ATTACHMENT(S): Section 58.1-3970.1 of the Code of Virginia; Property Map showing neighborhood trail connection

REVIEWED BY: lkp

RESOLUTION

BE IT HEREBY RESOLVED THAT the City Attorney is authorized to submit the necessary documents, under the process established by Section 58.1-3970.1 of the Code of Virginia 1950, as amended, to petition the Circuit Court of the City of Lynchburg to appoint a special commissioner to execute the necessary deed to convey the tax delinquent real estate at 1201 Hollins Street to the City in lieu of its sale at public auction.

Adopted:

Certified: _____
Clerk of Council

023V



Tinbridge Hill Trail

