FINANCE COMMITTEE NOTES
Tuesday, January 24, 2023

GENERAL BUSINESS

Meeting commenced at 3:00 p.m. in 2nd Floor Training Room – City Hall.

ATTENDEES
Committee Members: *Vice Mayor Chris Faraldi, Chair; Council Member MaryJane Dolan; Council Member Larry Taylor; Mayor Stephanie Reed, Ex-Officio.*
Others: *Wynter C. Benda, City Manager; Greg Patrick, Deputy City Manager; John H. Hughes, IV, Assistant City Manager; Donna Witt, Chief Financial Officer; Rhonda Allbeck, Assistant Director of Financial Services; Starlette Early, Budget Analyst.*

1. Real Estate Rate Reduction Discussion.

   Chief Financial Officer Donna Witt presented this item.

   Chair Faraldi moved for a recommendation by Finance Committee to direct City staff to provide creative, effective, and legal options for the associated increase for real estate. This motion was seconded by Council Member Taylor.

   The item was approved, by a 3-0 vote, to move forward for full Council consideration at the January 24, 2023 meeting.

2. Receive information related to the Concealed Weapon Permit and related fee.

   Chief Financial Officer Donna Witt presented this item.

   Chair Faraldi moved for adoption of draft Ordinance #1 for this item, seconded by Council Member Taylor. This ordinance would remove the full local portion of the fee from the Concealed Handgun permit fee, leaving the required $15 fee for the Clerk and State Police.

   The item was approved, by a 2-1 vote, to move forward for full Council consideration at the January 24, 2023 meeting.

3. Approve the guidelines for the operation of the City Council's Finance Committee.

   Chief Financial Officer Donna Witt presented this item. The Committee agreed to holding Finance Committee meetings at 3:00 p.m. on the fourth Tuesday of the month.

   The item was approved, by a 3-0 vote, to move forward for full Council consideration at the January 24, 2023 meeting.

4. Consider a request to adopt a resolution to review, amend, and reaffirm the City Council's Financial Management Policies as revised by the City's financial advisors, Davenport & Company, LLC.

   Chief Financial Officer Donna Witt presented this item. Recommended revisions to the Investment Policy were explained in detail and are related to additional investment tools now sanctioned by State Code, including specific rated Corporate Bond investments, Pre-refunded Obligations of the Commonwealth of Virginia, and the portfolio of the Virginia Local Government Investment Pool.

   The item was approved, by a 3-0 vote, to move forward for full Council consideration at the January 24, 2023 meeting.

5. Consider a request to adopt a resolution to amend the FY 2023 City/Federal/State Aid Fund budget and appropriate $85,000 with resources from the Virginia Department of Emergency Management, 2022 State Homeland Security Program Grant to purchase a Drone Mobile Command Response Vehicle for the Lynchburg Police Department.

   Deputy Chief of Police Ken Edwards presented this item, noting no local match funds are required.

   The item was approved, by a 3-0 vote, to move forward for full Council consideration at the January 24, 2023 meeting.

6. Consider a request to adopt a resolution to amend the FY 2023 City/Federal/State Aid Fund budget and appropriate $387,250 with resources from the 2023 Department of Criminal Justice Services, American Rescue Plan Act, Funding Program to purchase Law Enforcement Equipment & Technology for the Lynchburg Police Department.

   Deputy Chief of Police Ken Edwards presented this item, noting no local match funds are required.

   The item was approved, by a 3-0 vote, to move forward for full Council consideration at the January 24, 2023 meeting.

7. 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, Children's Services Act, Water Operating, Sewer Operating, Stormwater Operating, and General Funds for the quarter ending September 30, 2022.

   GLTC: Joshua Moore, General Manager, reported GLTC experienced first quarter deficits primarily due to much higher than anticipated costs for diesel fuel, a one-time retention bonus for employees, and increased costs for parts. Also contributing to the deficit is the inability to draw down standard State and Federal 5307 funds until all ARPA funds have been utilized. There is approximately $300,000 in these funds including a grant from the State that will be available once the ARPA funds have been expended.

Airport: Andrew LaGala, Airport Director, reported the Airport enterprise fund has remained healthy and balanced while continuing to recover and stabilize from the recent effects of the pandemic. Overall for the quarter, direct operating revenues (total revenues less CARES funds) is up by 26.2% compared to last year, primarily attributed to increased terminal revenues from the parking lot and rental cars. Parking is now at about 80 – 85% of 2019 levels, and rental car is back to 95 - 100% of where we were in 2019. Total operating revenues for the year is projected to be $171,000 more than budget. Expenses at this early stage are currently in-line with budget and are expected to finish the year at or near budgeted levels. Total COVID-related grants (CARES/CRRSA/ARPA) have $2.4 million remaining to be drawn and are earmarked for adding to the operating fund and upcoming pay-as-you-go revenue building capital projects. Bottom line is the Airport is projecting an operating surplus for FY 2023 of approximately $350,000.

Lynchburg Regional Juvenile Detention Center: Preston Sellers, Director of Human Services, reported first quarter revenues at $657,052 are nearly the same amount as last year's first quarter revenues. These revenues are from charges for services (per-diem), the Juvenile Justice Block Grant, and United States Department of Agriculture (USDA) grant. Mr. Sellers noted a State Ward per diem revenue of $300 on the spreadsheet, but not in the narrative. Total expenditures were $622,470 and are also within budget. There were no significant changes between FY 2022 and FY 2023 first quarter.

Children's Services Act (CSA): Preston Sellers reported total first quarter revenues of $834,667, including Public Assistance, City Schools and General Fund CSA contributions, and Miscellaneous Revenues Special Welfare. Expenditures include administrative, foster care, and special education, both mandated (Sum-Sufficient) services, and other non-mandated (Non-Sum Sufficient) services of $501,113. No significant changes in expenditures; however, Mr. Sellers noted they are still in the process of collecting funds from schools for special education as they started back in September.

Water: Tim Mitchell, Director of Water Resources, reported overall Water Fund revenues were approximately $326,000 more than budget, with the majority of the increase in higher than projected interest earnings ($251,000). He noted water use is trending down in both industrial and residential accounts from last year to the current year, a metric that is carefully tracked. Expenses were approximately $42,000 below budget with primary variances in personnel savings due to vacancies, offset by significant increases in chemical costs and utility costs that incorporated higher electricity rates. Overall the fund is in good condition and meeting all Council's fiscal policies.

Chair Faraldi requested additional information on the interest earnings, and Mrs. Witt indicated this was across all funds. Chair Faraldi requested a break-down on this information.

Sewer: Tim Mitchell reported the Sewer Fund revenues are expected to be approximately $364,000 above budget primarily due to increased interest earnings ($427,000) and sewer contract variances. Sewer Fund expenditures are expected to be approximately $1.167 million above budget due to significant increases in chemical costs and utilities. Chemical costs are above budget by $345,000 and utilities are above budget by $240,000. Staff is *working with AEP to determine if there is anything that can help reduce power usage costs. Mr. Mitchell reported the fund is meeting all of Council's fiscal policies, as well as the fiscal responsibilities related to the Combined Sewer Overflow (CSO) consent order.*

Stormwater: Tim Mitchell reported the Stormwater Fund revenues are expected to exceed budget by $97,500 with interest earnings accounting for $81,000 of this amount. Expenditures are expected to be $50,200 below budget with variances related to vacancies and reduced costs other areas noted on report. He reported the Stormwater Fund is meeting Council's financial policy ratios.

General Fund: Due to time constraints, the General Fund report was deferred to the next Finance Committee meeting.

8. Roll Call.

   There were no roll call items.

Meeting adjourned at 3:49 p.m.