

// A regular meeting of the Council of the City of Lynchburg was held on the 10th day of May, 2011, at 4:00 P.M. in the Council Chamber, City Hall, Joan F. Foster, President, presiding. The following Members were present:

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

7

Absent:

0

// Human Resources Director Margaret Schmitt gave an overview on the potential for consolidation of the City and Schools Health Benefits Program. Ms. Schmitt introduced representatives Ms. Shelly Blackburn, Mr. Jeff Harlow and Mr. Chris Covert with Aon Hewitt who gave a presentation on the following:

- Aon Hewitt Point of View
- Focus Group Highlights
- Demographic and Plan Comparison
- Consolidation "Go" or "No Go" Discussion
- Next Steps/Timeline

// Utilities Director Tim Mitchell gave a report of the Draft Region 2000 Water Supply Plan. Mr. Mitchell stated that on November 2, 2005, Title 62.1 of the Code of Virginia 9 VAC 25-780 et seq. Local and Regional Water Planning Regulations became effective. Mr. Mitchell further stated these regulations required that all local governments in the Commonwealth of Virginia submit a local or regional water supply plan to the State Water Control Board. Mr. Mitchell went on to say that the purpose of this was multi-fold and included:

1. Ensure that adequate and safe drinking water is available to all citizens in the region;
2. Encourage, promote, and protect all other beneficial uses of the region's water resources;
3. Encourage, promote, and develop incentives for alternate water sources; and
4. Promote conservation.

Mr. Mitchell stated the next step is to hold a public hearing to adopt a resolution of the Plan, which includes a Drought Response and Contingency Plan and the final adopted Plan must then be submitted to Department of Environmental Quality (DEQ) by November 2, 2011 deadline.

// Grant Manager Melva Walker gave a summary of the allocations from the Community Development Advisory Committee (CADAC) regarding recommendations for the FY 2012 Community Development Block Grant (CDBG) and HOME Program. Ms. Walker stated the Business Development Center returned funds from their Revolving Loan and between this amount and HUD's final estimated allocation amount, City Council will need to reduce the CDAC recommended allocation amount by \$40,352.32. Council Member Helgeson, Chair of the CDAC said that CDAC had met and staff had given a breakdown and the recommendations from this meeting was before Council. There being a shortfall, Council was going to have to decide where funds are coming from. Vice Mayor Johnson, Vice Chair stated that his was a compromise budget and the four (4) organizations listed at the bottom of the list were CDAC's recommendation. Vice Mayor Johnson added that this money is going away in the next year and that this would be the last time for this type of allocation and wanted to see where the money was coming from that would be fair and equitable to everyone. Several Council Members had concerns regarding Bluffwalk

project and Tinbridge Hill Neighborhood. Several different allocations were discussed which included reducing the following: The Gateway House, Inc., Smart Beginnings, YWCA DVPC and Miriam House.

Vice Mayor Johnson made a motion to stay with CDAC's recommendation and the compromise that came from CDAC about the allocation for the four non-profits to stay as CDAC recommended and to take the \$40,000 out of Tinbridge Hills and if there is a reallocation of \$40,000 it would go back into Tinbridge Hills, seconded by Council Member Gillette. Mayor Foster asked that the Smart Beginnings be removed and voted on separately due to the fact that she worked on the Leadership Committee representing the City on the Smart Beginnings and that she can recuse herself from this vote and vote on everything else. Mayor Foster asked Vice Mayor Johnson if he would accept taking Smart Beginnings out of the motion as a friendly amendment and he replied yes.

Council Member Perrow made a friendly amendment to the motion, seconded by Council Member Helgeson, to amend the motion of Vice Mayor Johnson and level fund The Gateway House, Inc., YWCA and Miriam's House and apply the balance and make it up in the Tinbridge Neighborhood. Mayor Foster stated that Miriam's House and the Gateway had similar activities. Council Member Helgeson suggested taking \$1,000 from Gateway and give it to Miriam's House and Mayor Foster agreed and offered this as a friendly amendment and Council Member Perrow accepted the friendly amendment as did Council Member Helgeson. Vice Mayor Johnson stated that he would not vote for the motion because it is going against the Committee recommendations by reshuffling the money for nonprofits, and Council by the following recorded vote defeated the motion:

Ayes: Cary, Helgeson, Perrow	3
Noes: Gillette, Johnson, Nelson, Foster	4

Vice Mayor Johnson's motion was again presented seconded by Council Member Gillette to vote on all the items excluding Smart Beginnings and Council by the following recorded vote passed the motion:

Ayes: Cary, Gillette, Helgeson, Johnson, Nelson, Perrow, Foster	7
Noes:	0

A motion was made by Council Member Helgeson, seconded by Council Member Perrow to give \$4,000 to Gateway, \$1,000 to YWCA, \$1,000 to Miriam's House and the balance to Smart Beginnings, seconded by Council Member Perrow and Council by the following recorded vote passed the motion:

Ayes: Cary, Gillette, Helgeson, Nelson, Perrow	5
Noes: Johnson	1
Abstain: Foster	1

Council Member Helgeson made a motion to lower funding of \$6,750 from LynCag Substantial Rehabilitation and the LNDF Homeownership Fund, seconded by Council Member Cary. Council Member Nelson made a statement that he would abstain from voting on this motion stating that he does pro bono work for Lynchburg Neighborhood Development Foundation, and Council by the following recorded voted passed the motion:

Ayes: Cary, Gillette, Helgeson, Perrow, Foster	5
Noes: Johnson	1
Abstain: Nelson	1

// During roll call Council Member Helgeson referred his question to the City Manager that Buffalo Wild Wings will be having an outside event on Sunday, May 15, 2011 from 11:00 A.M. until 11:00 P.M. with concern not to violate the noise ordinance. In response to Council Member Helgeson, City Manager stated that it is private property.

// City Council recessed the meeting to attend a Reception for Hill Climbers recipients which was hosted at the Holiday Inn.

// City Council recessed the meeting at 6:10 p.m.

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

The following Members were present:

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

Absent: 0

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

// Mayor Foster and Vice Mayor Johnson presented Certificates of Recognition to the 2011 Hill Climbers recipients, i.e., Joshua Baroch, Sophie Brooks, Shakera Cabler, Demarr Gillis, Deshad Gillis, Taehum Kim, Kaylyn Mays, Donovan Montague, Savannah Moore, Terrell Moss, and Frances White.

// Mayor Foster and Vice Mayor Johnson presented Certificates of Recognition to Liberty University Debate Team.

// Mayor Foster and Vice Mayor Johnson presented a Certificate of Recognition for Occupant Protection Month to the Police Department.

// Vice Mayor Johnson made a request that Item #8 on the Consent Agenda be removed and to vote on that item separately. Mayor Foster had a request from the Police department to remove Item #9 from the Consent Agenda until the proper documentation had been received for the approval of the grant.

// Copies of the minutes of the April 26 (2 meetings), 2011 meeting, having been previously furnished Council, reading was dispensed with, and on motion of Council Member Nelson, seconded by Council Member Perrow, Council by the following recorded vote approved the revised minutes as presented:

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

Noes: 0

// In the matter of Schools, Resolution #R-11-034 amending the FY 2011 General Fund Budget and appropriating \$1,467,931 for transfer to the School Operating Fund with resources from unexpended FY 2010 School Operating Fund, laid over from the May 10, 2011 meeting, was again presented and read, and on motion of Council Member Nelson, seconded by Council Member Perrow, Council by the following recorded vote adopted the Resolution:

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

Noes: 0

// In the matter of Budget, Resolution #R-11-035 amending the FY 2011 Third Quarter Budget Adjustments, laid over from the April 26, 2011 meeting, was again presented and read, and on motion of Council Member Nelson, seconded by Council Member Perrow, Council by the following recorded vote adopted the Resolution:

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

Noes: 0

// In the matter of Lynchburg Neighborhood Development Foundation (LNDF), Council Report #8 was considered. Vice Mayor Johnson made a motion, seconded by Council Member Cary to table this item for a future meeting. Council Member Nelson made a statement that he does pro bono work for Lynchburg Neighborhood Development Foundation (LNDF) and it could be considered as a conflict. Council Member Gillette offered a friendly amendment to include budget Item 18K with the motion, Vice Mayor Johnson and Council Member Cary accepted the friendly amendment.

Council Member Helgeson stated that he would not support tabling this item because it has been discussed at length during the budget process and thought it was by consensus of Council that this was no longer a contract. Council Member Perrow also agreed with Council Member Helgeson to terminate this contract. Council Member Helgeson made a substitute motion to adopt the attached resolution terminating the contract between the City and LNDF as presented by staff, seconded by Council Member Perrow, and Council by the following recorded vote defeated the motion

Ayes: Cary, Helgeson, Perrow,	3
Noes: Gillette, Johnson, Foster	3
Abstain: Nelson	1

City Attorney Erwin stated that now the substitute motion had failed Council has to vote on the original motion by Vice Mayor Johnson, and Council by the following recorded vote passed the motion to table item 8 and item 18K:

Ayes: Gillette, Johnson, Perrow, Foster	4
Noes: Cary, Helgeson	2
Abstain: Nelson	1

// In the matter of Police – General, City Council Report #9 for FY 2011 Department of Emergency Management Grant for Thermal Imaging Equipment was pulled from the agenda until the Police department could receive the proper documentation for the grant.

// In the matter of Schools – General / Parks and Recreation – General, City Council Report #10 was considered. On motion of Council Member Nelson, seconded by Council Member Perrow, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-11-037, as presented, to amend the FY 2011 Schools Capital Projects Fund and appropriate \$200,000, with resources transferred from the City Capital Projects Fund Parks Paving and Lighting project, to renovate the tennis courts at E. C. Glass High School:

Ayes: Cary, Gillette, Helgeson, Johnson, Nelson, Perrow, Foster	7
Noes:	0

// In the matter of Schools – School Board, a public hearing was held to receive input from citizens regarding appointments (or reappointments) to vacancies that will exist June 30 in each of the three (3) School Board representational districts. Mayor Foster read into the record the names of the current School Board members whose terms will expire on June 30: District 1, Regina Dolan-Sewell, who is willing to serve again; District 2, Thomas H. Webb, who is not willing to serve again; District 3, Trenay L.

Tweedy, who is willing to serve again. Mayor Foster then read into the record the names of volunteers who have applied to-date to serve on the School Board: District 1 - there were no volunteers; District 2 – Dierdre G. Glover, Lewis Lee, Jr., and Jennifer Poore; District 3 - there were no volunteers. There were no candidates that spoke before City Council. Vice Mayor Johnson submitted the names of Ronnie Shoultz and Nathaniel Marshall as District 2 representatives. There was no one else present who wished to speak to this item, and the public hearing was closed. Council Members discussed and reached consensus to continue the public hearing until May 24 meeting to allow more time for citizens to apply for the positions on the School Board. On motion of Council Member Helgeson, seconded by Council Member Perrow, Council by the following recorded vote continued the public hearing until May 24 to allow more time to receive names of volunteers:

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

Noes: 0

// In the matter of Community Planning – CDBG, a public hearing was held regarding City Council Report #12 regarding the FY 2012 Community Development Block Grant (CDBG) and HOME Program Annual Action Plan. Grant Manager Melva Walker gave a summary of the request. There was no one else present who wished to speak to this item, and the public hearing was closed. On motion of Council Member Helgeson, seconded by Council Member Cary, Council by the following recorded vote adopted Resolution #R-11-038 regarding the FY 2012 Community Development Block Grant and HOME Program Annual Action Plan with the necessary changes:

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

Noes: 0

// In the matter of Schools – General, City Council Report #13 was considered. On motion of Council Member Helgeson, seconded by Vice Mayor Johnson, Council by the following recorded vote adopted Resolution #R-11-039, as presented, to endorse the Safe Routes to School Travel Plan and grant application for Perrymont, T. C. Miller and Dearington Elementary Schools:

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

Noes: 0

// In the matter of Community Planning – General, City Council Report #14 was considered. On motion of Council Member Helgeson, seconded by Council Member Nelson, Council by the following recorded vote adopted Resolution #R-11-040, as amended, endorsing an open-space easement between Peter Houck and the Virginia Outdoors Foundation at 300 and 304 Overstreet Lane is consistent with the City of Lynchburg's Comprehensive Plan:

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

Noes: 0

// In the matter of CVCS, City Council Report #15 was considered. On motion of Council Member Helgeson, seconded by Vice Mayor Johnson, Council by the following recorded vote adopted Resolution #R-11-041, as presented, authorizing the borrowing of \$800,000 by the Central Virginia Community

Services Board to build and operate an intermediate care facility for adults with intellectual disabilities in the Central Virginia area:

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

Noes: 0

// On motion of Council Member Helgeson, seconded by Council Member Cary, Council by the following recorded vote adopted Resolution #R-11-042, as presented, authorizing the borrowing of \$1,000,000 by the Central Virginia Community Services Board to purchase an electronic health record system:

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

Noes: 0

// In the matter of Public Works – General, City Council Report #16 was considered. On motion of Council Member Perrow, Chair of Physical Development, stated this item came before the Committee, which required no second, Council by the following recorded vote adopted Resolution #R-11-043, as presented, to support a \$1.0 million grant application to Virginia Department of Transportation to compete in the Revenue Sharing Grant Program:

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

Noes: 0

// In the matter of Finance – General, City Council Report #17 was considered. On motion of Council Member Gillette, seconded by Vice Mayor Johnson, Council by the following recorded vote adopted Resolution #R-11-044, as presented, revising the Financial Management Policies for Fund Balance as updated in accordance with the requirements of GASB 54, Financial Management Policies – Fund Balance:

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

Noes: 0

// In the matter of FY2012 Budget/CIP, City Council Report #18 was considered. Council Member Perrow provided a statement that this is a good Budget. He commended the City departments for operating more efficiently to keep new spending initiatives down and finding ways to absorb additional health care costs without seeking more funding. Council Member Perrow was most proud of the reserve of reoccurring revenues set aside for Heritage High School. The General Fund is balanced, and he is pleased to support this Budget. Council Member Helgeson provided a statement that it was a pretty good year and was able to come up with a good Budget. There needs to be more “fine tuning” of the city’s spending and more thought given to the burden placed on taxpayers. Council Member Helgeson was concerned about the future spending on Heritage High School and to look out for the citizens that are footing the bill. Vice Mayor Johnson stated for the record as saying there are going to be some hard choices next year and also adding if no action is taken then employees will flee for better paying jobs elsewhere. Vice Mayor Johnson stated on a whole, he was pleased with this year’s Budget.

On motion of Council Member Gillette, seconded by Council Member Cary, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-11-045, as

presented, adopting the FY 2012 General Fund Operating Budget (excluding External Service Provider and Component Unit expenditures) and appropriating \$179,152,997 for this budget:

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

Noes: Helgeson 1

// On motion of Council Member Nelson, seconded by Council Member Gillette, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-11-046, as presented, adopting the FY 2012 Mandated and Contractual External Service Providers Budget and appropriating \$8,291,272 for this budget:

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

Noes: 0

// On motion of Council Member Cary, seconded by Council Member Nelson, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-11-047, as presented, adopting the FY 2012 Central Virginia Area Agency on Aging Budget and appropriating \$15,000 for this budget:

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

Noes: 0

// On motion of Council Member Gillette, seconded by Council Member Nelson, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-11-048, as presented, adopting the FY 2012 Central Virginia Community College Board and Related Operations Budget and appropriating \$1,831 for this budget:

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

Noes: 0

// On motion of Vice Mayor Johnson, seconded by Council Member Nelson, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-11-049, as presented, adopting the FY 2012 Court Appointed Special Advocate Budget and appropriating \$12,000 for this budget:

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

Noes: 0

// On motion of Council Member Perrow, seconded by Council Member Cary, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-11-050, as presented, adopting the FY 2012 Region 2000 Economic Development Council Budget and appropriating \$81,586 for this budget:

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

Noes: 0

// On motion of Vice Mayor Johnson, seconded by Council Member Nelson, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-11-051, as presented, adopting the FY 2012 Robert E. Lee Soil & Water Conservation District Budget and appropriating \$10,000 for this budget:

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

Noes: 0

// On motion of Council Member Cary, seconded by Council Member Nelson, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-11-052, as presented, adopting the FY 2012 Virginia Legal Aid Society Budget and appropriating \$10,000 for this budget:

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

Noes: 0

// On motion of Council Member Nelson, seconded by Council Member Gillette, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-11-053, as presented, adopting the FY 2012 Amazement Square Real Estate Tax Refund Budget and appropriating \$5,302 for this budget:

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

Noes: 0

// Council Member Cary made a motion to adopt this budget and Council Member Perrow seconded the motion. Council Member Helgeson stated he could not support this because the City has already given LynCag funding and to give this would be like giving it to your favorite charity and believes this is wrong and should be stopped, and Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-11-054, as presented, adopting the FY 2012 Lynchburg Community Action Group Budget and appropriating \$25,000 for this budget:

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

Noes: Helgeson 1

// The FY 2012 Lynchburg Neighborhood Development Foundation Budget and appropriating \$25,000 item was tabled.

// On motion of Council Member Nelson, seconded by Council Member Cary, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-11-055, as presented, adopting the FY 2012 Rebuilding Together Budget and appropriating \$25,000 for this budget:

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

Noes: Helgeson 1

// Council Member Gillette made a motion to adopt the School Operating Budget and Council Member Cary seconded the motion. Council Member Helgeson listed some of his concerns regarding this budget which are 1) the city has a zero based budget and the schools have never had a zero based budget, 2) there are less students being served, 3) there are less results happening, 4) the schools have the same number of positions despite declining enrollment, and 5) the City is giving the schools double the amount of money than what is required. After further discussion, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-11-056, as presented, adopting the FY 2012 School Operating Budget and appropriating \$85,728,781 for this budget:

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

Noes: Helgeson 1

// On motion of Council Member Perrow, seconded by Council Member Gillette, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-11-057, as presented, adopting the FY 2012 Greater Lynchburg Transit Budget and appropriating \$7,049,103 for this budget:

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

Noes: 0

// On motion of Council Member Gillette, seconded by Council Member Nelson, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-11-058, as presented, adopting the FY 2012 Operating Fund Budgets and appropriating the sums for each fund:

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

Noes: 0

// On motion of Council Member Perrow, seconded by Council Member Gillette, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-11-059, as presented, adopting the FY 2012 Capital Budget and appropriating \$11,908,494 for the City Capital Projects Fund; \$1,030,518 for the School Capital Projects Fund; \$1,850,000 for the Airport Capital Projects Fund; \$5,088,000 for the Water Capital Projects Fund and \$22,553,000 for the Sewer Capital Projects Fund:

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

Noes: 0

// On motion of Council Member Cary, seconded by Council Member Nelson, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-11-060, as presented, approving the payment of monetary incentives, awards and bonuses to City employees under certain circumstances:

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

Noes: 0

// On motion of Council Member Gillette, seconded by Council Member Perrow, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-11-061, as presented, to set the personal property tax relief rate for the fiscal year beginning July 1, 2011 through June 30, 2012 at 55.44%:

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

Noes: 0

// The meeting was adjourned at 10:22 P.M.

Clerk of Council

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **May 24, 2011**

AGENDA ITEM NO.: 1

CONSENT:

REGULAR:

WORK SESSION: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Proposal for Funding to Accelerate Completion of the Lower Bluffwalk Project**

RECOMMENDATION: Authorize staff to proceed with securing the funding to accelerate completion of the Lower Bluffwalk Project.

SUMMARY: The attached information was presented to the Finance Committee in April and the proposal is now being brought to Council for authorization to proceed.

This matter originated during City Council's annual retreat. Council Member Nelson advised that there was significant private sector interest in the Lower Bluffwalk project with several investors desiring to start projects along the Lower Bluffwalk. The concern, however, was that with the continued funding of only \$1 million a year, it would take five years to complete the project and private sector interest might lessen over that time. As a result, Council asked that staff explore a financing mechanism that would result in project completion on a shorter time frame.

Staff has worked with the City's financial advisors to craft the attached proposal and believe that, overall, it will result in cost savings. The cost of short term borrowing will be more than offset by savings through the avoidance of anticipated increases in construction costs.

Since the Finance Committee meeting staff has also explored the possibility of utilizing cash from the Capital Fund to finance the project with the same expectation that the Capital Fund would be restored through the annual \$1 million contribution toward implementation of the Downtown and Riverfront Master Plan. If this is possible interest and debt issuance costs would be eliminated.

Staff will make a determination of the best alternative if Council authorizes this approach to completing the Lower Bluffwalk Project. Either alternative would be implemented along with the establishment of the City's next Line of Credit for capital projects.

PRIOR ACTION(S): Finance Committee, April 26, 2011

FISCAL IMPACT: As outlined in the attachments. If it is possible to finance the project out of current cash in the Capital Fund, the costs would be minimal with the same potential for savings.

CONTACT(S): Kimball Payne, 455-3990

ATTACHMENT(S): Report to the Finance Committee; Resolution

REVIEWED BY: lkp

RESOLUTION:

NOW, THEREFORE, BE IT RESOLVED THAT The City Manager is authorized to proceed with the construction of the entire Lower Bluffwalk Project and to finance the project either out of funds to be borrowed, short-term, or to utilize cash from the Capital Fund, with repayment from the annual contribution for the implementation of the Downtown and Riverfront Master Plan.

Adopted:

Certified:

Clerk of Council

085L



The City of Lynchburg, Virginia

MEMORANDUM

TO: Finance Committee

FROM: L. Kimball Payne, III, City Manager 

DATE: April 20, 2011

SUBJ: Proposal for Funding to Accelerate Completion of the Lower Bluffwalk Project

A representative of Davenport and Company, LLC, the City's Financial Advisors, will attend the Finance Committee meeting on Tuesday, April 26th, to explain a proposal to accelerate the completion of the Lower Bluffwalk project.

You may recall that this matter came up at Council's annual retreat. Council Member Nelson advised that there was significant private sector interest in the Lower Bluffwalk project with several investors desiring to start projects along the Lower Bluffwalk. The concern, however, was that with the continued funding of only \$1 million a year, it would take five years to complete the project and private sector interest might lessen over that time. As a result, Council asked that we explore a financing mechanism that would result in project completion on a shorter time frame.

We have worked with our financial advisors to craft the attached proposal and believe that, overall, it will result in cost savings. The cost of short term borrowing will be more than offset by anticipated increases in construction costs.

This matter is being brought to the Finance Committee for feedback prior to a presentation to full Council.

CC: City Council
Marjette Glass, Director of Economic Development
Charles Grant, Construction Manager

DAVENPORT

& COMPANY LLC

Est. 1863 • Member: NYSE • FINRA • SIPC

One James Center
901 East Cary Street
11th Floor
Richmond, Virginia 23219

A Comparison of Economic Development Funding Strategies

City of Lynchburg, Virginia



April 26, 2011

CURRENT STATUS OF ECONOMIC DEVELOPMENT FUNDING



City of Lynchburg, VA

- ✓ The City of Lynchburg currently sets aside \$1 million of annual General Fund cash flow toward targeted Economic Development capital improvements related to implementation of the Downtown Master Plan.
- ✓ At the current level of funding, the actual development involving the Lower Bluffwalk project would not be completed for 3-5 years. There is significant private development interest that would like to invest along the Lower Bluffwalk sooner rather than later.

Question: How can the City responsibly accelerate project build-out without putting undue burden on the current (i.e. Fiscal Year 2012) budget or future (i.e. Fiscal Year 2013 – 2016) budgets?

Consider implementing a short-term funding program that allows the City to accelerate the Economic Development program.

PROPOSED PLAN OF FINANCE



City of Lynchburg, VA

1st Continue to allocate only the \$1 million currently set aside from annual General Fund budgets.

2nd Borrow the balance of the identified project needs (i.e. \$5 million) all at one time in the near future.

3rd Consider either a 2-year or a 5-year interest only Note maturing no later than five years.

4th Recognize that a portion of the \$1 million annual contribution would be used to make the annual interest payment.

5th The balance of the annual contribution available after paying interest is reinvested during the five year period.

6th At the end of the five year period a portion of the \$1 million in year six could be used to pay off any remaining balances and/or as seed money for a second phase of Economic Development projects.

PROJECTED CASH FLOWS



City of Lynchburg, VA

Assumes \$500,000 available for FY 2012

2 Year Interest Only Note

	Beginning Balance	Interest Earned 1.00%	Principal & Interest at 1.65%	Funds Deposited	Ending Balance
7/1/2011	-	-		500,000	500,000
7/1/2012	500,000	5,000	(82,500)	1,000,000	1,422,500
7/1/2013	1,422,500	14,225	(82,500)	1,000,000	2,354,225
7/1/2014	2,354,225	23,542	(82,500)	1,000,000	3,295,267
7/1/2015	3,295,267	32,953	(5,158,738)	1,000,000	(830,518)

5 Year Interest Only Note

	Beginning Balance	Interest Earned 1.00%	Principal & Interest at 2.68%	Funds Deposited	Ending Balance
7/1/2011	-	-		500,000	500,000
7/1/2012	500,000	5,000	(134,000)	1,000,000	1,371,000
7/1/2013	1,371,000	13,710	(134,000)	1,000,000	2,250,710
7/1/2014	2,250,710	22,507	(134,000)	1,000,000	3,139,217
7/1/2015	3,139,217	31,392	(5,211,010)	1,000,000	(1,040,401)

Assumes a \$5 million 2-year or 5-year interest only Note is borrowed by July 1, 2011 with \$75,000 estimated as costs of issuance. At the end of year five the City would only need roughly \$800,000 to \$1,000,000 of the sixth year General Fund annual contribution.

PROJECTED CASH FLOWS



City of Lynchburg, VA

Assumes \$1,000,000 available for FY 2012

2 Year Interest Only Note

	Beginning Balance	Interest Earned 1.00%	Principal & Interest at 1.65%	Funds Deposited	Ending Balance
7/1/2011	-	-		1,000,000	1,000,000
7/1/2012	1,000,000	10,000	(82,500)	1,000,000	1,927,500
7/1/2013	1,927,500	19,275	(82,500)	1,000,000	2,864,275
7/1/2014	2,864,275	28,643	(82,500)	1,000,000	3,810,418
7/1/2015	3,810,418	38,104	(5,158,738)	1,000,000	(310,216)

5 Year Interest Only Note

	Beginning Balance	Interest Earned 1.00%	Principal & Interest at 2.68%	Funds Deposited	Ending Balance
7/1/2011	-	-		1,000,000	1,000,000
7/1/2012	1,000,000	10,000	(134,000)	1,000,000	1,876,000
7/1/2013	1,876,000	18,760	(134,000)	1,000,000	2,760,760
7/1/2014	2,760,760	27,608	(134,000)	1,000,000	3,654,368
7/1/2015	3,654,368	36,544	(5,211,010)	1,000,000	(520,099)

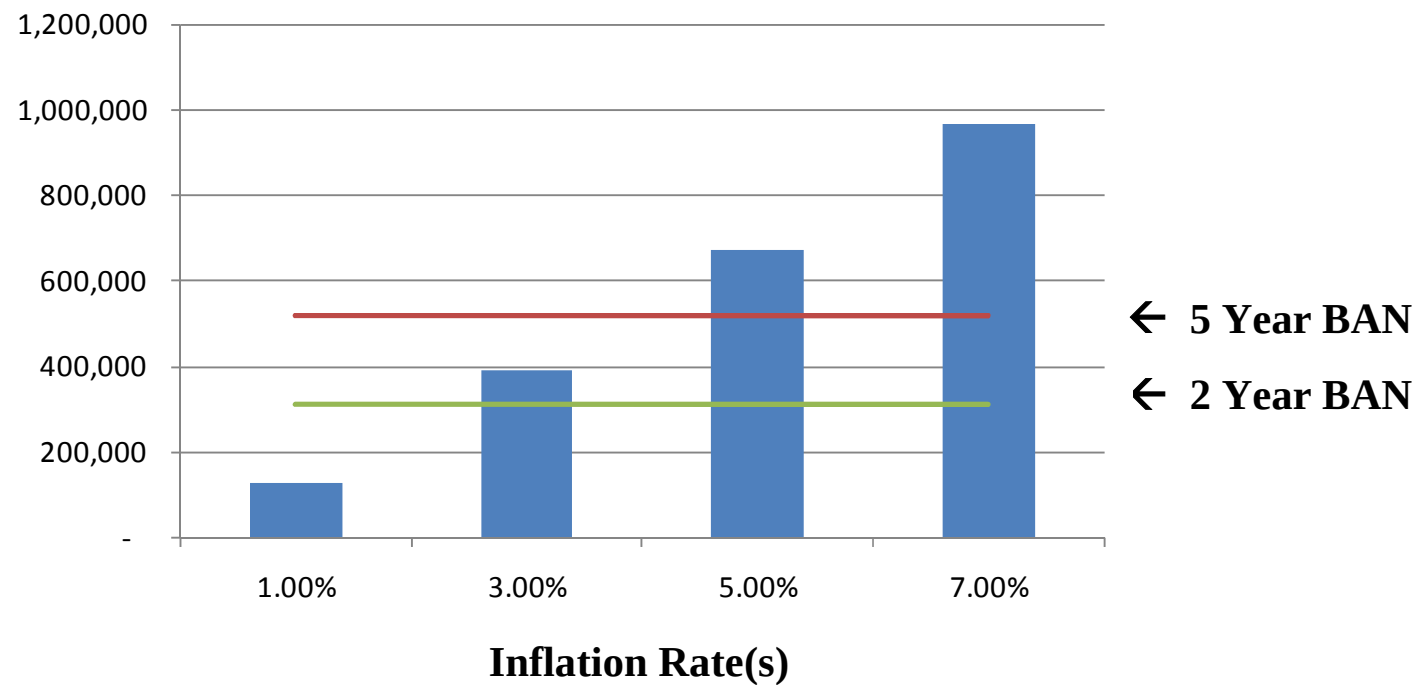
Assumes a \$5 million 2-year or 5-year interest only Note is borrowed by July 1, 2011 with \$75,000 estimated as costs of issuance. At the end of year five the City would only need between \$300,000 to \$525,000 of the sixth year General Fund annual contribution.

PROJECTED RESULTS



City of Lynchburg, VA

What is the City's cost/benefit if the project is funded incrementally (\$1 million per year) when inflation is factored in?



INITIAL RESULTS/OBSERVATIONS



City of Lynchburg, VA

1. So long as inflation continues at current or projected levels, the City is better off bidding out and funding the entire program at this time.
2. The current construction bidding environment is currently favorable for local governments.
3. Current short-term interest rates are highly attractive-approximating 40-year lows.
4. The Plan of Finance as structured results in little, if any, short term or long term General Fund cash flow impact on the City.
5. Rating Agencies do not typically count short-term funding of this type against the City's debt profile.
6. This Plan of Finance could be issued via a Private Placement without necessitating a costly public sale. No official statement, no ratings nor underwriter(s) and their legal counsel costs would be incurred. Also, the City would know with certainty the actual interest rate prior to approval of such.
7. The Plan of Finance could also be issued simultaneously with the Line of Credit funding currently proposed for other unrelated capital improvement requirements. (Note: To be discussed Bank Qualification.)

NEXT STEPS



City of Lynchburg, VA

1. Present the Plan of Finance strategy to City Finance Committee.
2. Amend proposed Plan of Finance based upon Finance Committee and present to full City Council.
3. Davenport prepares formal Request for Proposal from qualified financial institutions.
4. With firm bids in hand City staff, Davenport and Bond Counsel (Hawkins & Delafield) provide a written recommendation to City Council.
5. If accepted by City Council move to closure in July or August, 2011.

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **May 24, 2011**

AGENDA ITEM NO.: 2

CONSENT:

REGULAR:

WORK SESSION: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Wards Road Pedestrian/Bicyclist Bridge Memorandum of Understanding**

RECOMMENDATION: Approve the Memorandum of Understanding (MOU) between the City of Lynchburg and Liberty University (LU) concerning the construction of a pedestrian/bicyclist bridge in the 3900 block of Wards Road.

SUMMARY: City and Liberty University staff have been working as a project team to coordinate the design and ultimate construction of a pedestrian/bicyclist bridge in the 3900 block of Wards Road (vicinity of Sam's Club and Panera Bread). The attached MOU outlines the agreed upon tasks and responsibilities that will be completed by either the City or LU. City staff will also present the proposed bridge design during Council's work session.

PRIOR ACTION(S): September 8, 2009: City Council adoption of Wards Road Pedestrian & Bicycle Study
October 27, 2009: City Council amended the FY2010 – FY2014 to include the Wards Road Pedestrian & Bicycle Improvement Project.

FISCAL IMPACT: Up to \$1.35 million city contribution to bridge

CONTACT(S): Kim Payne, City Manager – 455-3990
Tom Martin, City Planner - 455-3909
Lee Newland, City Engineer – 455-3947

ATTACHMENT:

- Resolution
- Memorandum of Understanding
- Pedestrian Bridge Elevations

REVIEWED BY: lkp

RESOLUTION

A RESOLUTION APPROVING THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY AND LIBERTY UNIVERSITY FOR THE CONSTRUCTION OF A PEDESTRIAN/BICYCLIST BRIDGE ACROSS WARDS ROAD.

NOW, THEREFORE, BE IT RESOLVED that the Lynchburg City Council hereby approves the Memorandum of Understanding between the City of Lynchburg and Liberty University for the joint construction of a pedestrian/bicyclist bridge across Wards Road; and,

BE IT FURTHER RESOLVED that the City Manager is authorized to execute the Memorandum of Understanding on behalf of the City and to execute any other documents that may be needed for the joint pedestrian/bicyclist bridge project.

Adopted:

Certified:

Clerk of Council

084L

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING entered into this _____ day of May, 2011, by and between LIBERTY UNIVERSITY, INC., a Virginia non-stock Corporation ("Liberty University"), and the CITY OF LYNCHBURG, VIRGINIA (the "City"), (Liberty and the City being collectively referred to herein as the "Parties").

WHEREAS, Liberty University and the City wish to undertake a joint project for the construction of a pedestrian/bicyclist bridge across Wards Road (Bridge Project). The Bridge Project consists of the bridge structure itself, along with associated stairs and elevator as east side access and an Americans with Disabilities Act (ADA) compliant ramp for west side access. The Bridge Project is to be constructed in the 3900 block of Wards Road immediately north of the existing vehicular bridge accessing the Sam's Club site. The Bridge Project will complement access from the Liberty University ("LU") campus to Wards Road via a pedestrian tunnel to be constructed under the Norfolk Southern Railroad tracks between the current Panera Bread and Vitamin Shoppe locations.

The Bridge Project is Phase I of a three-phased implementation of the Wards Road Pedestrian and Bicycle Concept Plan adopted as a part of the Comprehensive Plan by Lynchburg City Council on September 8, 2009. Phase I was originally planned as an at-grade crossing in the Wards Road right-of-way. Upon further reflection, study, and analysis it has been mutually agreed by LU and the City that a pedestrian bridge is the safest and preferred approach to facilitate pedestrians and bicyclists crossing Wards Road. The Phase I improvements will be constructed in easements located on private property and in publicly owned right-of-way.

Phase II includes the installation of pedestrian/bicyclist pathways from the pedestrian bridge north to the current Cracker Barrel site and south to Atlanta Avenue. Phase IIB will include the construction of pedestrian/bicycle pathways from the current Cracker Barrel site to Harvard Street. The Phase II and Phase IIB improvements will be constructed in easements located on private property.

Phase III consists of pedestrian/bicyclist pathways from Atlanta Avenue south to Wards Ferry Road via a multi-use path located adjacent to Wards Road in public right-of-way and a pedestrian/bicycle path located east of Rockcastle Creek in easements on private property.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, the Parties mutually agree as follow:

The City will:

- At its own expense, review and approve Bridge Project plans.
- At its own expense, survey, acquire, or coordinate the acquisition of, and hold the necessary temporary and perpetual easements on private property for construction of the Bridge Project (Phase I) and associated Phase II, IIB and Phase III pedestrian/bicyclist pathways and for those permanent improvements.
- At its own expense, survey, acquire, or coordinate the acquisition of, and hold a perpetual easement on private property for pedestrian and bicycle access between the current Panera Bread and Vitamin Shoppe locations from the eastern access of the pedestrian/bicyclist bridge to the western boundary of the Norfolk Southern Railroad property proximate to the tunnel to be constructed by LU.

- At its own expense, coordinate with the Virginia Department of Transportation (“VDOT”) on issues related to construction of the Bridge Project.
- At its own expense, request that overhead utility lines be relocated and or raised as may be necessary under the City’s franchise agreements.
- Issue the standard permit required for construction in City right-of-way upon receiving a proper and complete permit application, but waiving any City permit fees.
- Provide up to \$1.35 million as reimbursement to Liberty University toward the Bridge Project costs.
- Use a \$438,000 grant from VDOT to make at grade improvements within the Wards Road right-of-way to enhance pedestrian safety. The improvements may include pedestrian signals, crosswalks, and/or median fencing and landscaping between Harvard Street and Wards Ferry Road. Both parties understand that the VDOT grant cannot be used for the Bridge Project.
- At its own expense, accept and own the bridge after construction is complete, the bridge inspection is satisfactory, and Liberty University donates the bridge to the City.
- Place no signs on the bridge, unless they are necessary to direct pedestrian/bicyclist traffic or are approved by City Council.
- Be responsible for major capital repairs of the bridge such as structural repairs, elevator replacement, and replacement or repair of major components, defined as those components expected to have a lifetime of ten years or more, at its own expense.
- At its own expense, construct Phase II, IIB and Phase III improvements as contemplated in the Wards Road Pedestrian and Bicycle Concept Plan and outlined in this Memorandum of Understanding. Phase II will be constructed at approximately the same time as the bridge project and Phase IIB and Phase III will be constructed as soon as resources become available and easements have been secured.
- At its own expense, conduct periodic inspections (at least once a year) of the bridge structure and advise Liberty University of routine maintenance needs.

Liberty University will:

- At its own expense, procure, with City participation and approval, design, construction and construction administration services for the Bridge Project.
- At its own expense, ensure that the Bridge Project meets all applicable federal, state and local standards, including building codes, the Americans with Disabilities Act, and Federal Highway Administration and VDOT standards.
- At its own expense, provide construction plans and specifications for the Bridge Project to the City and VDOT for review and final approval by the City.
- Assist the City with private access easement acquisition as appropriate.
- Have full responsibility for construction of the Bridge Project, including procurement of a general contractor and construction management, at its own expense.
- Ensure that its contractor applies for the standard permit required for construction work in the City right-of-way before constructing the Bridge Project. This includes liability insurance and performance/material bonds but excludes permit fees.
- Provide the City access to all records, including financial, design, construction and testing, regarding the Bridge Project.
- Be responsible for all costs of construction of the Bridge Project, subject to a reimbursement by the City of up to \$1.35 million. The reimbursement is limited to the lesser of \$1.35 million or LU’s actual Bridge Project construction costs and LU will be responsible for any costs in excess of \$1.35 million.
- At its own expense, provide a full accounting of final Bridge Project costs, as-built drawings and a final release of lien statement prior to reimbursement.
- Place no signs on the bridge unless they are necessary to direct pedestrian/bicyclist traffic or are approved by City Council.

- At its own expense, donate the Bridge Project to the City once construction is complete and the project has been satisfactorily inspected by the City or its designated qualified agent.
- At its own expense, complete construction of the pedestrian tunnel, acquiring and holding the necessary property rights for doing so.
- Be responsible for maintenance of the bridge structure (including the pedestrian bridge, ADA ramp and the elevator), at its own expense. This includes preventive and routine maintenance, snow and ice removal, painting, cleaning, litter and graffiti removal, etc.
- At its own expense, develop a routine maintenance plan for the bridge structure and share it with the City. The plan will include a contract for elevator maintenance and inspection.
- At its own expense, close or otherwise restrict pedestrian access across the Norfolk Southern Railroad tracks behind the current Sonic drive-in site.

Liberty University and the City agree that in addition to this Memorandum of Understanding, the Parties will enter into a Bridge Project Construction Development Agreement that will more fully define their specific roles and responsibilities in the Bridge Project. The City will initially propose the terms for the Bridge Project Construction Development Agreement containing the applicable customary provisions for capital improvement projects constructed within the City rights-of-way. The City and Liberty University will then negotiate the terms of the Development Agreement. The Development Agreement will not be executed until all necessary easements for the Bridge Project are acquired, all necessary plans for the Bridge Contract are approved, and all necessary permits for the Bridge Project are issued. Unless and until the Bridge Construction Development Agreement is fully executed, the terms of this Memorandum of Understanding are simply agreed aspirational goals for the parties to pursue in good faith and are not binding commitments that are legally enforceable.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Understanding on the day and year below written, but effective as of the day and year first set forth above.

City of Lynchburg, Virginia

By: _____
L. Kimball Payne, City Manager

Liberty University, Inc.

By: _____
Jerry Falwell, Jr, Chancellor

COMMONWEALTH OF VIRGINIA,

CITY OF LYNCHBURG,

On this ____ day of _____, 2011, L. Kimball Payne, City Manager, executed the foregoing instrument for the City of Lynchburg. In testimony whereof, I have hereunto set my hand and affixed my official seal the day and year aforesaid.

Notary Public

My Commission Expires:

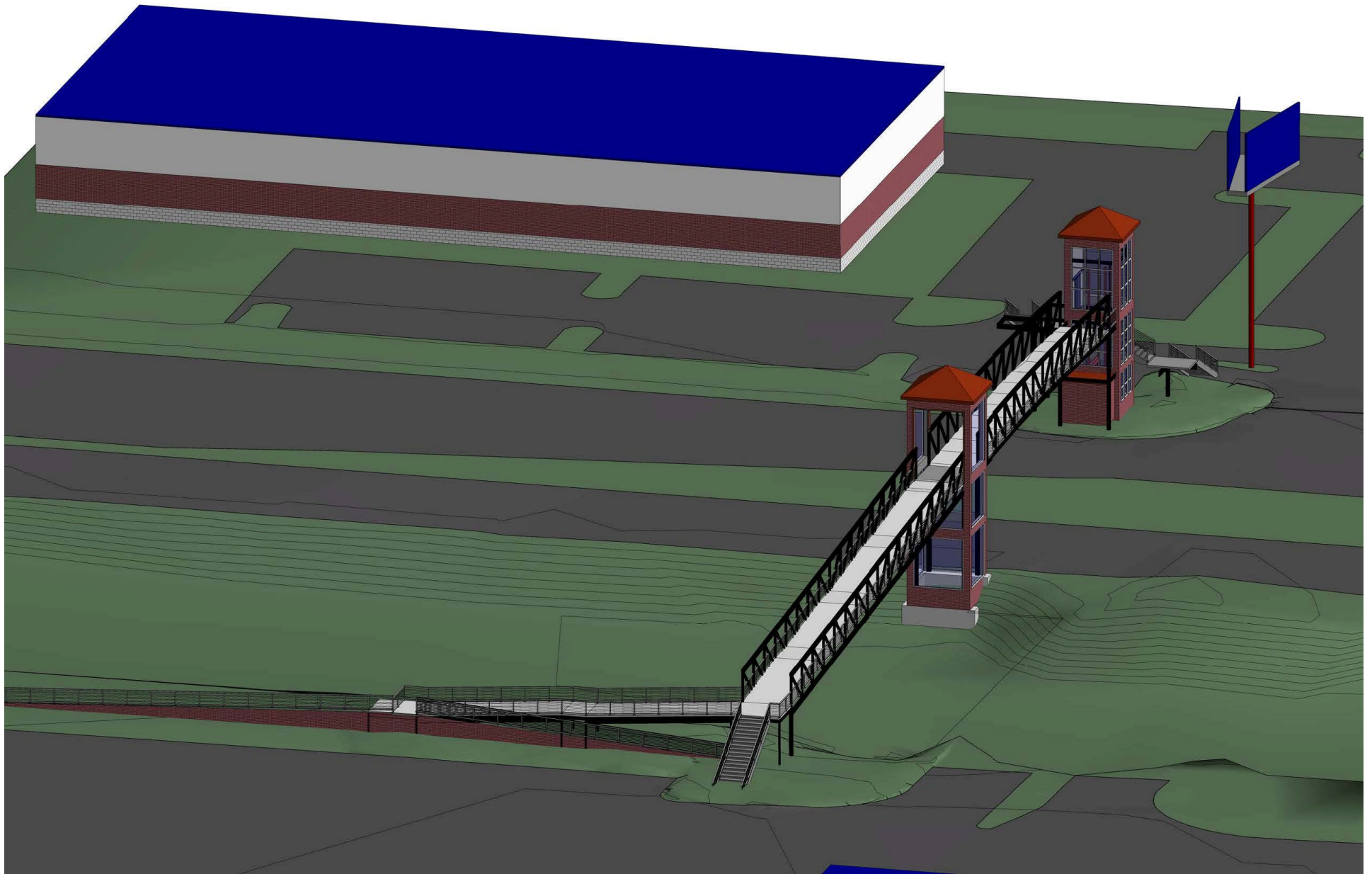
COMMONWEALTH OF VIRGINIA,

CITY OF LYNCHBURG,

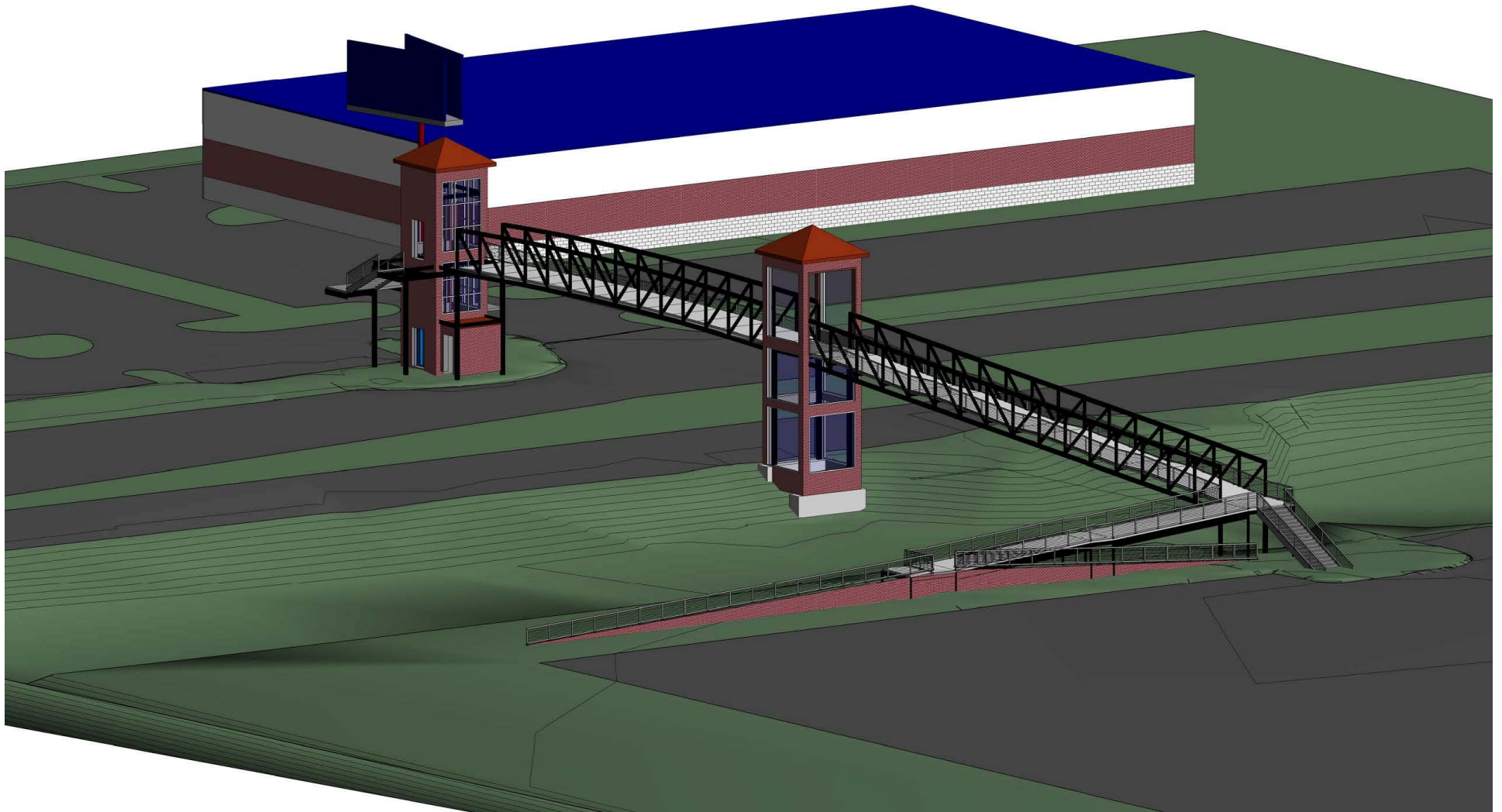
On this ____ day of _____, 2011, Jerry Falwell, Jr., Chancellor, executed the foregoing instrument for Liberty University. In testimony whereof, I have hereunto set my hand and affixed my official seal the day and year aforesaid.

Notary Public

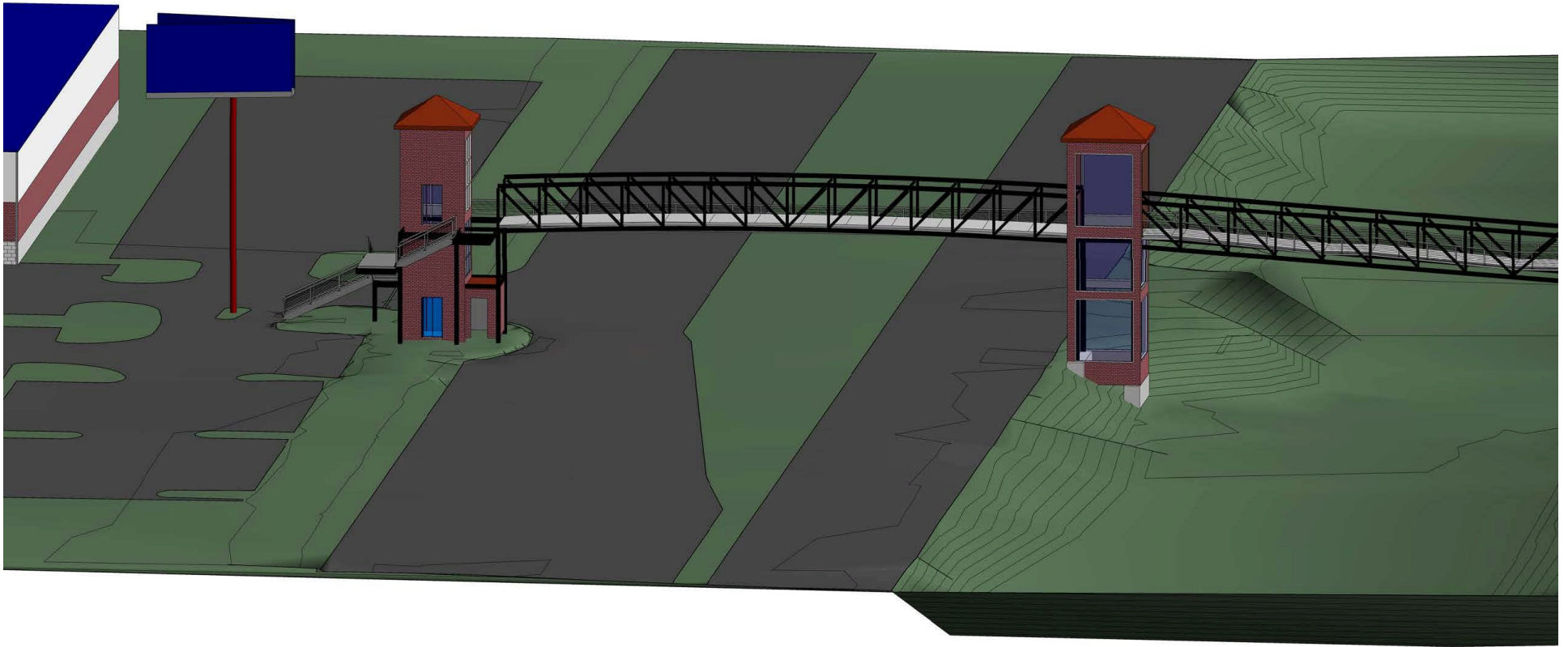
My Commission Expires:



Northeast Elevation



Southeast Elevation



South Elevation

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **May 24, 2011**

AGENDA ITEM NO.: 3

CONSENT: REGULAR: WORK SESSION: **X**

CLOSED SESSION:
(Confidential)

ACTION: INFORMATION: **X**

ITEM TITLE: **Briefing on the Armory and Community Market Complex**

RECOMMENDATION: No action required. During the recent budget discussions City Council requested that staff provide a briefing on the Lynchburg Community Market.

SUMMARY: Since the 1980's the City has conducted several studies and developed plans for revitalization of the Armory and Community Market. Over that time the Community Market evolved from a Saturday only market to a six-day, and now a five-day, a week market. The Armory and Community Market complex has long been seen as a community meeting place and economic driver for downtown Lynchburg revitalization. Since the initial studies of the 1980's, the Armory has continued to be utilized for events and recreation programs. The facility serves very much like a community center with a market component. In 2000 the City entered into an agreement with the Central Virginia Criminal Justice Academy (CVCJA) for lease of the second floor of the Armory. The CVCJA also has exclusive rights to utilize the Armory gymnasium Monday - Friday, 6:00 a.m. - 5:15 p.m. In 1999 the responsibility for managing the Armory/Community Market complex was transferred from Public Works Department to Parks and Recreation Department.

In 2005 Parks and Recreation formed a Community Market Task Force and hired Project for Public Spaces, Inc. to conduct an analysis of the Community Market. As a result of that study, and with Council's endorsement, staff continued efforts to renovate and revitalize the armory/market area. Calloway Johnson Moore and West, P. A. was hired to develop schematic plans for renovation of the parking deck and the interior of the Community Market. In conjunction with those plans, Market Ventures, Inc was hired to prepare a Redevelopment Plan for the market. This plan included market research and recommendations for merchandising, a management structure and market operations. The plans were presented to and endorsed by City Council in 2006. Unfortunately, capital funds have not been available to implement these plans.

Although the capital funds have not been available, staff has focused efforts on implementing the plan and furthering the mission of the Lynchburg Community Market, as stated in the Redevelopment Plan. The mission, as defined in the plan, is as follows:

- To perpetuate Lynchburg's historic public market activity;
- To support local agriculture;
- To help revitalize downtown Lynchburg;
- To provide opportunities to small, local businesses;
- To provide a public gathering place;
- To celebrate the region's food traditions.

The purpose of this report is to brief City Council on the management, operation and future of the Armory and Community Market complex. Staff will provide an oral report that will focus on the following:

- Mission and operating principles of the Armory and Community Market complex.
- A brief history of the market, focusing on critical decisions made by Council to further the mission of the Armory and Community Market.
- An overview of the budget and financials of the Armory and Community Market complex.
- A brief review of the recommendations made in 2005 and 2006 in regards to the management and operations of the Community Market.
- An overview of management and operations of the Armory and Community Market since 2006.
- An overview of challenges and future opportunities for the Armory and Community Market.

PRIOR ACTION:

February 22, 2005 Work Session

September 9, 2006 Work Session

FISCAL IMPACT: N/A

CONTACT(S): Kay Frazier, 455-5868

ATTACHMENT(S): Council Reports of February 22, 2005 (which includes the Project for Public Spaces study) and September 9, 2006; Community Market Redevelopment Plan

REVIEWED BY: lkp

081L

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: February 22, 2005, Work Session

AGENDA ITEM NO.: 3

CONSENT:

REGULAR:

CLOSED SESSION:

(Confidential)

ACTION:

INFORMATION:

ITEM TITLE: Community Market-Task Force Recommendations

RECOMMENDATION: Approve recommendations of the Community Market Task Force.

SUMMARY: City staff has long held that the Community Market is not realizing its full potential as a vibrant public space and retail center for the downtown. The market is poised for success with the development of the Lofts, Bluff Walk, the development of the antique district, the focus on Twelfth Street and the popularity of special events in the downtown. The City joined with The Friends of the Community Market and Lynch's Landing in contracting with the nonprofit group, Project for Public Spaces, Inc., to study the current conditions of the Market and explore the opportunities for the future. Project for Public Spaces issued their final report in September and a forum was held in October to formally release the report to the public. Subsequently, a task force, comprised of City staff, market vendors, representatives of citizen groups and interested citizens was formed to consider the Project for Public Spaces' report and develop recommendations for City Council's consideration.

The task force met during the months of December and January, and discussed in detail many aspects of the Community Market to include management, design, infrastructure and merchandising. In presenting the recommendations the task force seeks guidance from Council in determining the Community Market's future. The recommendations are those that the task force believes to be the critical decisions needed to move the market into the future.

City staff would also like to take this opportunity to recognize the work and dedication of the task force and thank them for their contribution of time and ideas to the effort. Special recognition is given to Mike Metzger of Genworth Financial for his willingness to facilitate the work of the group. His expertise, time and guidance are greatly appreciated.

PRIOR ACTION(S): none

FISCAL IMPACT:

\$150,000 Design, architectural and engineering services, CIP FY 06 requested, Market Parking Deck Renovation

\$100,000 Design, architectural and engineering services, CIP FY 06 requested, Community Market Interior Renovation

CONTACT(S):

Kay Frazier, 455-5868

ATTACHMENT(S):

Community Market Task Force Recommendations, February 2005

Community Market Task Force, members list

Lynchburg Community Market, Issues and Opportunities- Project for Public Spaces, Inc. report, September 2004,

REVIEWED BY: lkp

Community Market Task Force Recommendations February 2005

Marketing / Management

Pursue non-profit management of the Community Market, creating a public/private partnership. The partnership can be modeled from other successful partnerships, such as Lynch's Landing and the Lynchburg Hillcats in management of the City Stadium.

- Takes a "business approach"
- Increases the potential for self-sufficiency
- Minimizes politics
- Increases ability to secure external funding
- Strengthens authority of the Market Master
- Taps into entrepreneurial spirit

Continue to fund a full-time Market Manager as part of the management plan/structure.

- Market Manager should have marketing and retail experience/expertise
- Serves as point person for final decisions for Market operations
- Develops and enforces rules and regulations
- Establishes rapport and relationships with vendors and all constituents
- Serves to establish vendor mix policies and recruit appropriate businesses to the Market.

Establish market-driven rental rates.

- Conduct study of rental rates for downtown area
- Conduct comparison study to Community Market rates
- Adjust rates accordingly

Design

Hire architect/engineering firm to redesign the interior of market.

- Renovate interior to increase circulation, improve lighting and create an inviting space
- Design space that is efficient and flexible
- Design space to maximize retail potential

Hire architect/engineering firm to design the "Market Square".

- Creates a public square in the downtown area.
- Improves space for public events
- Improves pedestrian-vehicle flow
- Improves outdoor vendor space
- Improves the façade of the market
- Improves public recognition of the Market and square
- Design for flexibility in use of space
- Design to maximize retail potential

Develop a parking plan to serve the market and development.

- Current parking deck at the Community Market is failing structurally and requires major repair. This project is currently funded in the Capital Improvement Plan.

- Shift the focus of the parking deck to the "Market Square" concept.
- Lynch's Loft, Bluff Walk and a revitalized Community Market will generate need for additional parking.
- Continue feasibility study for parking deck to be located at Main and Commerce.
- Parking deck on east Main is supported by the Downtown Plan.

Merchandising

Establish Marketing Mix as proposed by the Project for Public Spaces report and based on local market research.

- Moves Market towards more financial self sufficiency
- Creates a vibrant retail space that meets needs of consumers
- Creates more demand for retail space
- Adapts to new/changing customer base
- Rental rates are more market-driven
- Encourages diversity in product and vendor mix

Community Market Task Force

Mike Metzger	Genworth Financial, Facilitator
Larry Bassett	Market Customer, Downtown Resident
Nancy Brockman	Friends of the Community Market, Board of Directors
Shirley Carwille	Market Vendor, Crafts
David Moore	Market Vendor, Restaurant
Don Pendleton	Consensus Real Estate
Terri Proffitt	Lynch's Landing, Inc, Executive Director
John Saunders	Market Vendor, Produce
Cindy Sanchez	Market Customer, Event Organizer
John Saunders	Market Vendor, Produce
Rachel Flynn	Department of Community Planning and Development
Kay Frazier	Department of Parks and Recreation
Charles Grant	Department of Public Works, Engineering
Mary Jane Russell	Department of Economic Development

Lynchburg Community Market

Issues and Opportunities

Submitted to:

Lawrence A. Landolt
City of Lynchburg
Parks and Recreation Department
Lynchburg, VA

Submitted by:

David K. O'Neil
Stephen C. Davies
Public Market Collaborative
A Program of Project for Public Spaces, Inc.

September 2004

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Introduction

Public markets are making a comeback in American and Canadian cities. From Seattle, Washington, to Baltimore, Maryland, historic public market halls and districts have been redeveloped and upgraded, allowing them to compete in a contemporary retailing environment while still retaining their essential, authentic elements. New public market halls have been developed in Toledo, Ohio; Little Rock, Arkansas; Nashville, Tennessee; and Portland, Maine as well as in Canadian cities such as Vancouver and Montreal. At the same time, public markets in the open-air, including many farmers markets and craft markets, have sprung up in cities throughout the country -- attracting people back to the public spaces of their downtowns and neighborhoods. Whether in the form of weekly outdoor markets that convene only in the warmer months, indoor market halls that operate every day year round, or entire market districts, a number of American cities are finding that public markets are providing an effective strategy for economic development which brings new life to public spaces and which creates a focal point for community life.

Over the past 30 years, Project for Public Spaces, Inc. (PPS) has worked with nearly 800 communities throughout the U.S. and abroad to help make their public spaces more active, attractive, comfortable, usable, and economically viable. PPS formed the Public Market Collaborative (PMC) in 1987 to further the preservation and establishment of public markets through research and education programs, and through assistance to communities in market development, renewal, and operations.

Report Summary

The Lynchburg Community Market, one of the oldest in the United States, is an important social as well as commercial gathering place. Now in its third century, the market has moved several times, continually adapting to a changing environment. The market is poised, once again, to bolster its role as a key civic institution and economic engine.

The City of Lynchburg asked PPS to take a critical look at the issues and opportunities facing Lynchburg's historic Community Market and make recommendations to strengthen the market's future as a catalyst for the local economy and as an anchor for stimulating development and investment downtown.

The current revival of downtown Lynchburg is largely centered around the market. Storefront retail is making a comeback, empty buildings are being converted to loft apartments and parties and events drawing thousands on summer nights take place in front of the market.

To capitalize on these positive developments, the market must take the initiative to build on its strengths and correct its weaknesses. This report categorizes issues and opportunities for design, merchandising, management and operations, parking and funding. The goals of this report are to give the Lynchburg Community Market (LCM) a strategic framework to increase sales and customer visits, move towards more sustainable operations, build on the momentum of investment surrounding the market and create a stronger sense of place. Lastly, a series of next steps are recommended to move the market agenda forward in a constructive and achievable manner.

Study Process

Before conducting its site visit, PPS reviewed historic and contemporary market documents provided by the City of Lynchburg including: the USDA report of 1983; 'Lynchburg Community Market 1983-1993' compiled by Robert P. Merchant, research assistant at the Lynchburg State Museum; Business Plan and Annual Report 2001, Lynchburg Parks and Recreation Division; Lease and rental documents; revenue reports, Vendor Handbook, Community Market Annual Report 1998-1999; Harrison and Hardison architectural site plans 1996 and miscellaneous photo and historic materials.

The PPS team, David O'Neil and Stephen Davies, visited Lynchburg July 22-24, 2004. Meetings were held with stakeholder groups (City staff, Lynch's Landing, Inc., Lynchburg Regional Chamber of Commerce, The Friends of the Lynchburg Community Market, City Council representatives, downtown merchants and market vendors) and a Community Market Public Forum was held in the Bank of James Building. The downtown was toured as were surrounding residential areas within the trade area of the market. The market was observed both during operations and when it was empty. The Market basement and Armory were toured. Friday Cheers was also visited and observed. Surrounding properties currently slated for rehab including the James T. Davis building, 1225 Main and the former Piggly Wiggly were also made available for inspection.

ABOUT PUBLIC MARKETS

The reasons for the renaissance of public markets, one of the oldest and most universal forms of retail trade, are diverse. Cities looking to bring consistent activity to their public spaces are using regularly scheduled markets to transform streets, plazas, and parking lots into bustling "people places," alive with vitality and commerce. Public markets are valued because they create common ground in the community, where people feel comfortable to mix, mingle, and enjoy the serendipitous pleasures of strolling, socializing, people-watching, and shopping in a special environment. Others see public markets as an effective way to support local economic development and small businesses in their city. As a means for the distribution of needed goods and services, market merchants and vendors provide farm fresh fruits and vegetables, ethnic foods, crafts, and personal services that are often unavailable elsewhere at the same level of quality, variety, and price. People are rediscovering that public markets, with their emphasis on locally grown, locally made, and locally owned businesses, accentuate the qualities that make their community special.

Although start-up costs generally require public or philanthropic support, successful public markets operate self-sufficiently, and can fulfill an often elusive principle of public-private partnership: the achievement of public sector goals through the harnessing of private sector means. They are a proven vehicle for non-profit and the public sector to get involved with entrepreneurial activity.

What is a Public Market?

The term "public market" has changed in meaning over time and still differs between places. Traditionally, in the United States, a public market has been defined as a municipally owned and operated building where vendors sell fresh food from open stalls. While some public markets still match this definition, public markets now come in many shapes and settings, offer a wide range of different products, and are owned and operated by various types of organizations, not just city/local governments.

At their most basic, markets include vendors or merchants who meet at the same location on a regular basis, a sponsoring entity that has legal and financial responsibility and that oversees operations, and, in some cases, structures or facilities to house the market activity.

Public Markets: A Business Enterprise... with Public Benefits

Public markets achieve a variety of public goals, including attracting shoppers to a commercial district, providing affordable retailing opportunities to small businesses, preserving farming or farmland in the region, activating an under used public space, or creating an inviting, safe, and lively public place that attracts a wide range of people. As

an effective place where people mix, public markets can become the heart and soul of a community, its common ground, a place where people interact easily and a setting where other community activities take place.

A public market can achieve these benefits over time only if it is operated in a business-like manner and pays for the full cost of operation within the first several years of start-up. Public markets require constant, on-site management and promotion, as they operate in a highly competitive retail environment where there is a great deal of choice for the consumer. Because of their focus on fulfilling public goals, public markets typically require assistance to cover the costs of start-up and capital development. However, long-term operating subsidies tend to suggest that the market is not being operated in a business-like manner, with adequate effort going to attract the mix of vendors and customers, which could make the market self-sufficient.

This emphasis on the business aspects of developing and running a public market should not diminish the importance of community benefits. In practice, the market sponsor must artfully blend the economic imperatives with the greater good. Market sponsors face the difficult task of balancing the market's public goals with the hard-nosed economic realities of developing a viable, competitive, and self-supporting business activity. In general, social benefits of public markets come from economic strength, not the other way around.

Forms of Public Markets

Markets have been developed or redeveloped in a wide variety of physical shapes and configurations. These forms can be viewed along a spectrum, from simple and temporary at one end, to complex and permanent at the other. These different forms are not necessarily cast in stone, as a market can evolve from the simpler open-air approach to the more complex indoor market hall over time.

While many combinations and variations exist in between, there are four basic forms:

Open Air Markets

At the simple end of the spectrum are markets which take place on a seasonal basis and meet once or twice a week in the open-air. The site might be a plaza, street, or parking lot with little or no site improvements. Vendors bring their own tables and umbrellas or canopies and all trace of the market is removed at the end of the day. Most of the country's nearly 2,700 farmers markets take this form, as well as many craft and flea markets (which may or may not be considered public markets, depending on whether they have public goals and meet the other established criteria). On days when open-air markets do not operate, there might be little or no physical indication of their existence. Without buildings or the need to own property, open-air markets can be inexpensive to develop and operate.

Covered Markets

A more complex form of market includes some kind of overhead structure, similar to a shed roof. In this form, the market retains an open air orientation, but vendors and customers are protected from the weather, and the market assumes an air of permanence because the structure remains in place even if the market operates only several days each week. Sometimes shed roof structures are used in other ways on days when the market does not operate, such as covering a parking area. In other cases, a market will use an existing structure, such as a highway overpass or the portico of a building. The Toledo Farmers Market and the Richmond (Virginia) Farmers Market are both examples of markets with open structures.

Market Halls

Public market halls or enclosed buildings--often of historic significance--represent a substantial step forward in terms of complexity, risk, and potential reward. Indoor markets must be on property that is completely devoted to the market activity. Merchants generally sell throughout the year, six days per week, although some indoor markets operate only several days per week. To supplement their full-time tenants, many indoor markets have part-time vendors, such as farmers and crafts people, who sell from "day tables." Day tables are spaces within the market that can be rented by the day or for the short-term. They serve to bring new or seasonal products into the market and encourage fledgling entrepreneurs to get started in retailing by offering inexpensive space without the need for commitment to a lease.

In large indoor public markets, customers can find a tremendous selection of produce, dairy products, bakery goods, meat, poultry, seafood, coffees, teas, and spices. On this large scale, the number and diversity of vendors creates a critical mass that can attract customers from throughout the city. However, successfully operating a large market hall generally necessitates long hours and operation on the weekend, when most shopping at public markets takes place. Complex building systems, storage, and refrigeration make market halls a considerable investment for sponsors and merchants alike. While the costs and effort needed to maintain these large markets are great, the potential benefits to the community are considerable and can justify the large expenditures of time and money.

Most public markets in traditional buildings somehow managed to survive post-World War II shift of food buying to supermarkets. Market Halls in Philadelphia (Reading Terminal), Lancaster, PA, Baltimore, Washington, DC (Eastern Market), Cleveland, Buffalo, and Los Angeles (Grand Central Market) are examples of market halls largely built over 50 years ago which are still operating and, in most cases, thriving today. Many cities have developed new public market halls over the past twenty years. One of the most successful is the Granville Island Public Market, the centerpiece for a major waterfront redevelopment of a dilapidated industrial island adjacent to the downtown. Other new downtown markets have opened in Toledo, Ohio; Portland, Maine; Nashville, Tennessee; Little Rock, Arkansas; and are in planning stages in Asheville, NC; Burlington, VT; Boston, MA; and other cities.

Market Districts

In their most evolved state, public markets become the centers of districts where related businesses choose to locate, creating a highly synergistic and dynamic economic zone. Once the market activity is established, and people are drawn to it on a regular basis, complementary businesses such as restaurants, specialty food stores, and neighborhood services will locate nearby, filling vacant storefronts and, thereby, renewing urban areas.

Some market districts have strict and legally enforceable use and architectural controls to maintain the district's flavor and purpose, as well as common management and marketing efforts. In these cases, preference is given to fresh-food and related businesses and those serving a diversity of economic and ethnic groups, as well as start-up businesses. Pike Place Market in Seattle, generally recognized as the premier public market in the United States, and Roanoke City Market are both examples of thriving market districts in historic areas, which have been revitalized by the market activity.

Evolution of Markets

Finally, it is important to stress that many of today's large, successful public markets evolved from modest beginnings, with little initial capital investment. Pike Place Market began with farmers selling produce in the open air on a downtown street; today the Market includes hundreds of farmers, craftspeople, and independent businesses. The Greenmarket program in New York City got its start with one location in 1975; today, Greenmarket operates over twenty different farmers markets throughout the city, some of which function year-round. A potential sponsor with limited resources can start its involvement with public markets by conceptualizing and developing a low capital, open-air market that operates once per week for several months. Even at this scale, the market can provide a significant, positive impact on the life of the community. With time and experience, and with ground-level success, the market can be expanded to take advantage of new opportunities that will broaden its impact.

Note: This section was adapted from Project for Public Spaces' book, Public Markets and Community Revitalization, co-published in 1995 with the Urban Land Institute.

A Brief History of the Lynchburg Community Market

(Adapted from "The Lynchburg Community Market, 1783-1985" by Robert P. Merchant and Patricia A. Hobbs)

Lynchburg's long and proud market history dates back to 1783 when the first market building was erected in the center of what was then called Water Street (now Ninth Street) between Main and Church. This central location was testament to the market's importance as a hub of the local economy and also as a valued social gathering place for the citizenry. The modest market had only several covered stalls. Early lithographs show farmers and vendors also selling in the open air on the grounds and street surrounding the market. It was deemed to small almost from the beginning and was modified over time with additions for more stalls and storage for a fire engine and ladders.

As the town continued to grow and commerce increased, the early market was eventually replaced in 1814 by a more commodious structure ('fifty feet long on stone pillars, 16 feet wide and 8 feet high') again built in the center of Water Street, on the southwest side of Church Street. The market was open six days a week and closed on Sundays. It was not unusual for the empty market to be used by street preachers during the evenings, many drawing large crowds. Legal notices were posted at the market as well as the court house, again emphasizing the importance of the market as a civic gathering place.

The arrival of the railroad increased the availability of produce and the Town Council again recommended enlarging the market as early as 1852. The old market was increasingly looked upon as a nuisance and was described by a leading historian as 'an intolerable old sore'. New sites were discussed for years, but it was not until well after the Civil War in 1869 that the issue was formally considered by a resolution. In the spring of 1872, the city finally settled upon a site on Main Street, between 11th and 12th Streets as the preferred location for a new market and put out a request for plans. Two plans were submitted, one was accepted and the market was completed in November of 1873. It was a grand brick edifice fronting on Main Street and extending back 132 feet. The market operated on two stories– the first floor on Main Street consisted mostly of meats and a lower floor entered from the rear sold vegetables. The market was aptly known as the Main Street Market.

Ever restless with their market, Lynchburg began deliberations once more in 1907 to replace the Main Street Market and in 1909 approved plans for a new market building with an auditorium on the same site as the 1873 market house. The old market was demolished and the new one opened in October of 1910 with a handsome arched façade welcoming patrons from Main Street. Operations continued apace until 1924 when the city sold the building and the new owners continued to run the market as a 'private' entity through 1930. A farmer's cooperative formed in 1924 and some of the old market vendors relocated and sold their wares out of a building at 1127 Main Street.

The current Lynchburg Community Market and Armory was built on the site of the old Pace's warehouse and opened July 2, 1932. Attendance by vendors and customers began declining in the mid-1950's (this was common in public markets throughout the country) due to suburbanization, growth of the supermarkets, loss of farms and a declining population in the city.

But public markets and cities have been steadily rebounding since the 1980's and Lynchburg is no exception. Major renovations to the market were completed in January of 1987 adding attractive landscaping, parking, outdoor farmer stalls and enclosing and heating the indoor market.

Today, as the revival of downtown continues, Lynchburg is once again looking to upgrade its market as a centerpiece to attract new businesses, residents and visitors.

Lynchburg Community Market

Issues and Opportunities

Design Issues

The most memorable and enjoyable part of any market is the ‘experience’ – and sensitive design should always respect and reinforce this. Good design invites customers to explore and participate in the market rituals, and encourages people to spend more time and money because of the pleasant social and commercial environment.

The design and configuration of the Lynchburg Community Market (LCM) has changed over time since the building opened in 1932. The original market ‘place’ fortified by high brick walls surrounding a courtyard is gone. Today, a surface parking lot and an open-sided farmers shed are the focal points. The facade of the building, set well back from the street, has no market identity or sense of retail and is not particularly inviting or attractive. Loyal shoppers know this is the market, but it is not obvious to non-market shoppers or visitors. The consultants had practically driven past the market when they realized where they were.

The interior of the market building needs freshening. The lighting is poor, the circulation creates dead zones and the merchandising is weak. This is particularly glaring during the week when there are no farmers.

The market has a parking ‘problem’ and the 1.3 million dollars allocated for repairs to the market ‘deck’ are probably better spent elsewhere and to better effect. Parking inventory can also be better managed and this is addressed elsewhere in this report.

The great opportunity here is to recreate a sense of market *and* place, skillfully integrating social and commercial functions into a whole that is useful as a market, attractive as a gathering place and catalytic for the surrounding district.

Design Opportunities

Establish a Design Master Plan

The LCM should invest in a design master plan to coordinate all interior, exterior and district improvements. Rather than taking an ad hoc approach, the market would be better served in the long term if monies were spent on capital improvements that adhered to a cohesive plan. This would encompass vendor spaces, the market façade, interior, basement, shed, parking, signage, lighting and access points.

Establish Tenant Design Criteria

The market should develop detailed design criteria to steer all future improvements to interior and exterior vendor stalls. The design criteria would address: counter heights, demising partitions, merchandising, display, lighting, materials, storage, signage, code issues and utilities.

The intent of the criteria is to give tenants a framework in which they can express their own creativity while preserving certain overall market characteristics such as sight lines, interface between stalls, sanitation and design integration.

Create a Market Square

During our meetings with constituent groups it was generally agreed that the market is the de facto town square of Lynchburg. The resurgent retail and residential activity surrounding the market are testament to this.

The market as ‘market square’ adds more dimension, usefulness and civic value to the public space. It becomes an amenity for new residents not only as a place to buy foods but as a public square. For retailers, the square is a valuable attraction that brings customers and gives a sense of space and one of the few level places of any consequence in the heavily sloped downtown. The square becomes a promotable attraction and source of civic pride showcasing assets of downtown and the region.

Thinking of the market as more than just a place to buy tomatoes on Saturday – and to see it as one of the most important civic spaces even when the market is not operating will actually improve the market and make it a more desirable commercial and social institution.

A “Market Square” in Lynchburg would require evolution of the space between the building and Main Street (today, it looks like a parking lot) to something more multi-functional, useful, attractive and enjoyable. A market square is a civic place where the market operates and when the market is not in operation functions much as an urban park for contemplation, passing time, people watching and for more organized events such as concerts, festivals and shows. Design elements and public amenities could include: grass, trees, sculpture, lighting, hard paths, ADA accessibility as well as areas that could be used for parking, vending and events, public seating, drinking fountains and

restrooms. The trick here is to create a square that will attract a diverse community of users without over designing it and inadvertently having the opposite effect. A community based design planning process is an effective way to get the vision started.

As one of the largest, centrally located, *level* public places in the city, Lynchburg's Market Square would be a cherished asset and a strong attraction for new residents moving into downtown. Urban dwellers, office workers and visitors need public places to go that are safe, attractive and conducive to socializing or just being alone. The reclaimed areas along the riverfront are incorporating many of these elements but the commercial/retail/office/residential zone has few places of refuge.

Create a Market District

The market already anchors what is essentially a market district in the making. This could be formalized and extended several blocks on Main Street to encompass additional retail and buildings converting to residences adding 109 units within two blocks of the market. Banners could be hung on street poles to 'mark' the district. This would help to define the area as one with distinction and a strong identity as part of downtown. The idea of a district will encourage vendors and residents to support each other and combine their energies, ideas and promotional resources for the greater good. Occasional street closures for special events will reinforce this.

A more formal approach to a market district would establish actual boundaries and within which there would be guidelines for uses and design. This is currently done at the Pike Place Market in Seattle which has an ordinance that was adopted by City Council in 1980. A market district ordinance establishes the philosophy of the district to preserve the character and flavor of the market for all time. In Seattle, it is administered by a twelve citizen commission with the aid and cooperation of the City's Department of Community Development.

The goals of a market district are guided by legal and zoning controls to preserve the market as a place for farmers and small, owner operated shops. It also looks to maintain the market as a place which will appeal to a wide variety of shoppers including low and moderate income groups. Other elements would include sidewalk dining, signage, façade restoration, public art, drinking fountains, public restrooms and lighting.

A formal market district would need the approval of property owners within the district which may preclude this approach in Lynchburg.

Alternatively, an informal market district operates in the spirit of the formal district, yet has few if any legal controls in place. The informal district operates on a cooperative or volunteer basis with the city taking the lead as the owner of public property, streets, sidewalks and the market and armory. This is more of a 'branding' approach reinforced with advertising, graphics and streetscape improvements.

Chamber of Commerce Visitor Center

The interior of the market needs intensification of uses, one possible consideration is the relocation of the Visitors Center to the inside of the market which would add life to the market and attract more potential customers. There may also be some shared operating savings for the center and the market. The current location of the Visitors Center seems hard to find unless you already know its location.

Interface with James T. Davis Building

The imminent conversion of the James T. Davis Building into retail and apartments shows the value of advancing the market square concept and accelerates the need to develop a Design Master Plan to interface effectively with this property.

The building's retail entrances on Main Street and interior ground floor is lower than market square. Direct pedestrian access from the building to the market is problematic and expensive; however, there are reasonable alternatives.

The side of the James T. Davis building frames the market square, adding vitality, color and life. Likewise, the residents on the upper floors will have views onto the square, market, Main Street and city. The attractiveness and activity of the square will be a focal point for these permanent residents.

The rear of the James T. Davis Building is adjacent to a cold storage box used by market tenants and a set of entrance doors into the market. This is an unwelcoming and unattractive area that begs for improvement. The cooler can be relocated. The impetus to do so, with the advent of a market square and adaptive reuse of James T. Davis, is now obvious.

There are two obvious points of interface. The first is on the square itself, which would require adding a new entrance (and stairs to account for the level change) from the side of James T. Davis onto the square. The second interface opportunity is from the rear of James T. Davis into the existing market entrance through the space now occupied by the cold storage.

Interfacing the market and James T. Davis can be enhanced with signage, lighting and the already planned restoration of the historic windows that open onto the market square. Customers and city strollers in market square will be pleased to look in the windows at attractive retail displays and activities. The synergy between the two properties will create a strength that neither would be able to produce on their own.

Improve Interior Circulation

As noted, the stall grid does not promote even customer circulation to all areas of the market. Most of the retail activity occurs on the first aisle. The interior aisles should be reconfigured ninety degrees to open up the 'rear' of the market.

The perimeter stalls, most of which are serving prepared food, are walk-in establishments. This is contrary to most markets which require vendors to merchandise and display onto the aisle. Requiring customers to walk inside a stall takes energy away from the market floor and also reduces the sales potential for perimeter vendors. If these spaces were redesigned to face and display merchandise onto the market aisle they would see an increase in sales, and the market would see an increase in visual activity. Remember, that people buy with their eyes first – and if you can't see it, you are much less likely to buy it.

Reconfigure Interior Seating and Create Center Courtyard

Two separate seating areas flank the prepared food stalls on either end of the market. Relocating and combining these two areas into the center of the market would create a stronger social atmosphere. This 'center' of the market could also be used effectively for special events both during and after market hours. The redesign of the interior stall layout and circulation areas could transform the existing seating areas into merchandise zones.

Color Correct the Interior Lighting

Lighting is the narrator of the retail experience and tells the market 'story'. The effect of lighting is largely a subliminal factor, yet if done effectively it can be extremely powerful and productive.

The LCM ceiling mounted light fixtures are less than satisfactory. The lights discolor merchandise and also give people's skin a greenish-yellow pallor. The interior light level is also too low and the market feels dark and cold in many areas.

LCM should add color corrected lighting fixtures for the general interior and also consider adding vendor lighting to highlight product sales areas.

Make the Façade Retail Friendly

The front of the building – its foremost asset from a retail point of view – is basically used for vendors parking. This is definitely a lost opportunity and the market would be dramatically improved if it presented a positive appearance.

Today, the façade is more of a barrier than an invitation to customers. Improved lighting, additional entrances, signage, merchandising and display should be foremost in any changes to the façade. Right now, it looks and functions like the back of a building instead of the front. The design master plan must address this essential element to enhance to attractiveness of the market and to increase the retail value of the space.

Improve the Market Shed and Outdoor Vending

One of the market's needs is to increase the length of the season and attract more customers to shed in the cooler weather. The shed could be fully covered and weatherproofing (side tarps, heaters) could be added.

The sheds could also be extended to other parts of the square as part of an overall plan.

Redirect the \$1.3 million for parking underneath Market Square to Piggly Wiggly.

Spending this large sum to only add 22 spaces (almost \$60,000 per space) is ill advised. The money would be better spent on other market improvements that will accrue more benefit to the city, the market and the market district.

Parking demand will increase with the renovation of Piggly Wiggly, 1225 and the James T. Davis Building. Erecting a parking deck in the sunken lot next to Piggly Wiggly will alleviate new parking pressure. This is a gateway location for people entering the city and the design should be sensitive to its context.

Make it Easier to Find the Market

Identity and accessibility can be improved by integrating directional signage for the market into the broader program planned for downtown.

Improve Access to Downtown

Drivers coming into downtown Lynchburg using Concord Turnpike often incur a delay at the railroad switching at the Rock-Tenn factory and again at the railroad crossing at Washington Street. Creation of a route that provides unobstructed access into downtown via Concord Turnpike should be researched and implemented to give unimpeded access. The unpredictable and often lengthy delays have the effect of discouraging persons from driving to downtown Lynchburg (and the Market) along this route.

A participant at the Market Vendor stakeholder meeting stated that making improvements to an existing graded route could provide an alternative that would run parallel along the railroad tracks from the current railroad crossing at the Rock-Tenn factory to Garnet Street without crossing the railroad tracks. The result would be an unobstructed roadway into downtown from east of the City. Matters concerning access rights and property ownership issues are unknown by this consultant, however, the underlying issue of unobstructed access is critically important to the market and all of downtown.

Merchandising *Issues*

Personable, knowledgeable vendors and quality products are the two key elements in any successful market. The building, parking, advertising, maintenance, location and management are also vital, but secondary to the people, products and personalities. In survey after survey, customers say they are attracted to a market for quality products and the experience. Results from past surveys with LCM shoppers indicate the same is true here.

Local farm and fresh food products are what customers need and buy the most. They are the core of successful markets. Sales at the LCM are largely driven by fresh farm and food products. Indeed, many vendors told us that the good majority of their sales occur on Saturday when the farmers and fresh food vendors are set up in force. Prepared food and craft vendors at LCM both add positively to the market experience but they are secondary in terms of merchandising appeal and are largely dependent on traffic generated by farmers and fresh food vendors. This is normal and expected in a public market.

The allocation of space for prepared foods, non-foods and crafts is disproportionate vis a vis space allocation for farm and fresh foods. This is particularly obvious in the colder months when few farmers sell at the market. Expanding permanent, year round fresh food offerings at the market will also be welcomed by the growing downtown residential population.

Without clear policies, the market merchandising will continue to drift and weaken.

Merchandising *Opportunities*

Build on the fresh and local food base

The future growth of the market should build on its fresh food basis, especially things that are locally raised and produced such fruits and vegetables, meats, poultry, cheese, baked goods, plants and flowers, etc. As this core of the market builds, so will the sales of the prepared food and craft vendors.

Attract new vendors

Management must attract specialized vendors who can bolster the fresh food basis of the market.

Improving the overall design and comfort level will make it easier to induce new businesses to locate in LCM, and will make it more appealing for customers, especially the growing residential population. In fact, part of the justification for investing in the market is that it can be a powerful amenity for those considering moving into downtown. Many cities have found that proximity to a public market is one of the great selling points to attract new residents. These people are making a commitment to downtown and do not want to drive to malls in the suburbs.

Another possibility for some of the larger spaces is to lease space to small wholesalers and caterers who are not entirely dependent on market customer flow. Businesses making things on site become an attraction in their own right. The market should become the food hub for small scale producers, all of whom would gain by clustering and creating a center for the food community

Another merchandising opportunity for the market is a small grocer who would carry staples (milk, butter, newspapers, deli, etc.) catering to downtown residents.

Renewed leasing effort

The leasing and outreach effort requires persistence and focus and is an essential responsibility of management. Competition in the food arena is cutthroat and the most defensible advantage the market has with competition is that it can be the source for local, fresh foods and become a center point for regional agriculture and local production. Clustering small, local businesses in the LCM is really central to its historic mission and key to its revival.

Attract More Farmers and Producers

Farmers are the big draw at city markets and Lynchburg is no exception. More farmers and food producers (smoked products, baked goods, cheese, etc.) will add to the drawing power of the market. Farmers are looking for strong retail outlets and will travel hours to get there if the market trade warrants it. Visiting other markets in the region, including Roanoke, is a good way to get new vendor contacts.

Encourage Crafters to Work on Site

Market shoppers like to see action, and if LCM crafters were encouraged to make things on site it would add to the atmosphere and all important 'experience'.

Get anchor-type permanent tenants

The market needs to work with the existing businesses to build their stock, displays, identity and focus. This can be done with training and encouragement. New businesses need to have a stronger retail presence, product base and specialization to build the competitive base of the market.

Intensify displays and space usage

The interior of the market building at 18,000 square feet (approximately) is perhaps too large and there is a lot of empty space. The space needs more intensification. This can be achieved by creating more vendor spaces and working with vendors to 'pile it high and watch it fly'. One of the downsides of low priced rents is that vendors tend not to think of space as a valued commodity and many of their displays are diffused. Again,

adding a central seating area/event space would also be beneficial to intensify usage of the space.

Create more outdoor vending space

The outdoor 'market square' expands the merchandising zone for the LCM into what is now just a parking lot. The design for the square should anticipate and accommodate temporary vending areas for more farmers and producers. Certain spaces should also be for 'off-loading' only, whereby the vendor will have to unload merchandise in a designated selling zone and park their vehicle in a remote area, not adjacent to the space. The market square will attract new users and uses during non-market hours and should not be designed primarily as a parking lot.

Clarify rental and space allocation priorities

Space allocation and prioritization policies need to be established to address the goals and mission of the market. As the market gets busier this will become more of an issue and the policy needs to be clear, fair and enforceable.

Today's low rents have the unintended consequence of not discouraging vendors from renting space defensively or not even showing up at all. This stifles new vendors who may want to get in the market.

Management and Operations *Issues*

The LCM is owned and by the City of Lynchburg and operated by its' Department of Parks and Recreation. The staff is responsible for the market, the Armory and Criminal Justice Academy. An annual operating shortfall of nearly \$200,000 is covered by the City while market, armory and event rentals generate about \$80,000 per year.

There are many challenges facing the market today, both internal and external. To grow and compete more effectively, management must to take on additional responsibilities and be more entrepreneurial. Basic housekeeping issues such as maintenance and site management require immediate attention often leaving strategic, growth oriented initiatives behind. The recommendations in this report are extensive and will require a change in 'business as usual' without losing today's sense of camaraderie, community and comfort. It is not an easy charge, and many decisions will be difficult.

Management and Operations *Opportunities*

Consider alternate management options

Historically, cities managed their markets as caretakers, rather than entrepreneurs. Increased competition in the food and retail industries has made the task of running municipal markets more difficult and demanding.

Today, the responsibilities of market management still require basic caretaking, rent collection, maintenance and security. However, to compete effectively, management must rely more and more on retail skills, merchandising, tenant recruitment and retention, promotion, mediation, partnering and fundraising. Entrenched habits and political interference often act as barriers to innovation and keep a market from realizing its potential. Public management is often (but not always) undermined by a political culture that is more intent on keeping the peace than keeping pace.

Many older city markets have transferred management to not-for-profit public corporations whose sole charge is to run the market. This must be done very carefully to ensure that the public goals of the market are not sacrificed and that the institution continues to serve the public goals.

There was nothing in the observations or meetings that led the consultants to believe management was not doing a good job under the circumstances. The facilities in fact seemed to run relatively smoothly and were well maintained.

A few examples of the many markets which successfully transferred management to an outside entity include Roanoke City Market (VA), Pike Place Market in Seattle, Reading Terminal Market in Philadelphia and City Market in Kansas City. Examples of the

specific types of management entities include: Market Commission, Market Authority, outside management contract with a private management company, private not for profit corporation and a public not for profit corporation.

It is our opinion that Lynchburg could safely transfer management of the market to a suitable non-profit entity and actually enhance the market in the process. This is not meant as a criticism of the current management – it is based on an understanding of the structural shortcomings of any city when it comes to market management.

Transfer of market management (the city would still own and retain a to-be-defined role in the market) would achieve the following:

- Increase fundraising capability
- Encourage outside partnerships and sponsors
- De-politicize decision making
- Entrepreneurialize day to day operations and strategy
- Allow the market to compete more effectively
- Increase resources

Assess the Fairness of Market Fees and Rents

Total annual market, armory and event rentals are approximately \$80,000. Even if the market were to operate at 100% occupancy year round, total revenues for indoor and outdoor spaces and the cooler would still be less than \$60,000 a year. The balance of income is generated by event and armory rentals. Even though market rents are on a par with downtown storefronts, comparison is inaccurate because tenants use much less space at the market. Common area charges that retailers normally pay for in a shopping mall are also not factored into the LCM rents.

Raising rents is always a volatile issue, but must be discussed rationally. The vendors and farmers would all like to see sales increase so they could put more money in their pockets at the end of the year. Rents are essentially a tool that can build sales. The city as rent collector merely acts as a conduit and redirects rents into maintenance, management and advertising. There is no ‘profit’ in rent for the city. As Landlord and steward of the market the City must raise rents when it is appropriate to do so. Without having a sense of what sales levels are in the market it is difficult for the consultants to make a recommendation about future rent levels. As a guide, many markets consider it fair to charge rents that are in the four to ten percent range of sales. Some farmers markets even have an honor system of rents, whereby tenants pay seven percent of sales as rent. Rent is a way to reinvest in the market. The more money that goes into rents – the more money there is to put back into market operations to enhance the all important ‘market experience’ which bring more customers which will increase sales and profits for vendors.

The issue of rent needs to be considered more broadly in terms of sales. If the debate only looks at rent it risks becoming an ‘us versus them’, ‘small merchant versus big city’

issue and is politically untenable and irresolvable. Rent is a means not an end. Farmers certainly know the importance of building the soil and to increase yield you must maintain the health of the soil. The same is true of markets.

Rents and fees for events and the armory seem low in relation to the time, effort and money that management expends maintaining the facilities year round and providing direct services to the lessees. Also, the consultants were told on multiple occasions that events were often an inhibitor to market trade, although it was acknowledged they do bring new faces to the LCM. More events are needed that support the core shopping goals of the market.

The \$200,000 operating shortfall of LCM is not a pure 'loss'. The market is a job creator, vital social institution and a catalyst for downtown activity and investment that is beginning to show handsome dividends. It is the anchor of what is becoming one of the most valuable real estate districts in the city.

Adjust the Rules and Regulations to Reflect the Goals of the Market

A review of the rules and regulations indicate that consistent enforcement is lax, especially with regards to: use clauses and permissible products offered for sale, hours of operation, space allocation and farmers selling products they do not raise. If the rules are not working they can be changed, but if they are not enforceable as a whole, it makes management's job more difficult to enforce any of them.

Create a Realistic Market Operating Schedule

The LCM is essentially a Saturday market. Many of the weekly vendors said they do 90% of their business on Saturday.

Customers who make a special trip to visit the market during the week are bound to be disappointed, and rightfully so. The credibility of the market's advertising is also weakened with a largely empty market Monday through Friday.

The operating expenses of heating, ventilating, air conditioning, management and maintenance are constant during the week and add disproportionately to the overhead of the LCM. During the week the LCM underperforms as a food court with a smattering of craft vendors.

Once design improvements and the market square are in place, the LCM will be better able to justify six day a week operations. Today, the value of operating the market six days is very questionable and it certainly loses money operationally. A two or three day market would seem more sensible and would enable the market to concentrate on building another solid day or two of trade in addition to Saturday, rather than dissipating its slim resources.

Build up the Friends of the Market

The Friends have been a great partner for the market adding needed resources, time and money. They represent a valuable partner and can play a stronger role helping to plan and implement changes to ensure a long and healthy future for the market. Their fundraising efforts are laudable and ought to grow commensurately with the goals and plans for the market and downtown.

Provide Business Assistance and Incubation Services

Markets are inherently business incubators, providing affordable, small scale opportunities for startup operations. Most of the 'incubation' in markets is internal and it is common for a market operator to start out quite small and grow within the market moving to a larger space or graduating from a part time day stall to a permanent stall. Some market businesses grow enough to open other locations, although most do not leave the market, preferring to keep a good thing going. It is not in the interests of the market to have successful businesses leave. The market's role as incubator, therefore, is to provide the space and opportunity to nurture a fledgling operation into a profitable one. Opening a business in a market is generally the least expensive option – certainly less costly than a strip mall or storefront.

Many prospective market tenants would benefit if the city (or other business service organization) provided assistance with business education and planning. Some vendors tend to be independent and prefer to go it on their own. But for those who seek help, it would be most welcome and help move them onto the path of having their own business.

Use College Community Service Volunteers

One of the ways the market can reach out and begin attracting younger shoppers is to tap into the college volunteer programs. These enthusiastic students have the energy, enthusiasm and mindset to innovate and contribute in ways that will appeal to the youth market.

Stretch the Advertising and Promotion Budget

Most markets have limited advertising funds and rely on outside partnerships and public relations to get a bigger bang for their buck. The market is a great venue that has appeal to others. For instance, one market got an HMO to sponsor a weekday farmers market. The HMO paid for an entire ad campaign as their way of promoting community health by getting people to eat more local, fresh fruits and vegetables. Reaching out to forge creative partnerships will help maximize limited funds.

Have a clear and well managed parking program.

Parking is more of a perceived problem than an actual one. There is considerable inventory within a block or two of the market. If properly managed, signed and publicized a parking awareness campaign will do much to alleviate the 'parking problem'. Beyond a two or three block radius there are many empty multi-story garages. Too much inventory or underused parking can be a slippery slope to even worse

problems. Too many parking garages erode the vitality of city sidewalks and are too often built to accommodate suburban office workers who don't even shop in town.

Have market porters available on Saturday

Work with youth groups to set up a market porter system to help customers carry packages to their cars. Porters should be clearly identified (armbands, hats, or tee shirts) and screened to provide shoppers with a reliable and courteous service. Porters can work for tips. This is also a form of outreach and involves more citizens into the market.

Establish a pick-up zone in front of the market.

Create an attended, curbside pick up zone in front of the market. (This can also be the station for market porters) Patrons would leave their packages at this location, get their car, pull up and have their packages put into their vehicle.

Cut a parking deal with the owner of the lot at the corner of 12th and Main.

The lot behind the Salvadoran/Mexican restaurant is posted 'for restaurant patrons only'. During our observation on a Saturday it was mostly empty. The owner of this lot is one of the principal investors in downtown's revitalization and should be approached to cut a deal to open the lot for market patrons.

Next Steps

1) Establish a Market Task Force

This will bring focus to the formidable tasks at hand and should be comprised of relevant city, market, civic and downtown parties. This can be an ex-officio group that acts as an advisor to the City and formulates strategy, direction and recommendations. They should also visit other markets for ideas and inspiration. This group can also take the lead on the idea of the market square and conduct a visioning workshop.

2) Immediately begin outreaching to the developer of the James T. Davis Building

Time is of the essence here, and this needs immediate attention.

3) Collect Data

Conduct surveys, do research, visit markets and enlist partners to better understand the following:

- What are the obstacles for attracting shoppers who do not patronize LCM?

- What is the pool of potential stallholders? What do they want, need and look for in a market?

- Outreach to farmers, minorities, immigrants, home businesses, etc.

- What are other area markets doing right that you could learn from?

- What are other area markets doing wrong that are valuable lessons for LCM?

4) Develop a Design and Master Plan for the Market

Hire a design team to work with the Task Force and develop a community based design process to complete the master plan. In addition to issues raised in this report the plan also need to address:

- Structural condition of deck in Market Square

- Feasibility of parking deck for Piggly Wiggly

- Factor in the role of the Armory and Criminal Justice Center

- Options for basement including retail, storage and parking

- Possible relocation of visitor center into market

5) Investigate Alternate Management Options

A sub-committee of the task force should look into the need and feasibility of handing the market over to another management entity. This would be the first step towards addressing other market issues such as rules and regulations, fees, leasing and scheduling.

6) Identify and Raise Funds

More and more markets are accessing public and foundation funds. PPS is about to launch an inaugural market grant program for the Ford Foundation and Office of Community Services. Information is available on our website at www.pps.org.

- Economic Development Administration (Department of Commerce)*

- Apply directly to appropriate EDA regional office to obtain additional information. www.doc.gov/eda

- USDA*

- Planning grants to help farmers markets. www.ams.usda.gov/farmersmarkets

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **September 26, 2006, Work Session**

AGENDA ITEM NO.: 3

CONSENT:

REGULAR: X

CLOSED SESSION:

(Confidential)

ACTION:

INFORMATION: X

ITEM TITLE: **Community Market Update**

RECOMMENDATION: No action required. Unless directed otherwise, staff will proceed with final design and construction of renovations to the interior of the market, final design and construction of the Market Square, and design and construction of a cut-back of the market deck in conjunction with the *Market Lofts* project.

SUMMARY: The purpose of this report is to update City Council on the status of work in completing the recommendations of the Community Market Task Force and to brief Council on the planned next steps. The recommendations of the Community Market Task Force, approved by Council in February 2005, focused on improving the management of the market, converting the parking lot to a Market Square, renovating the interior of the market, and improving the merchandising and marketing of products and vendors.

Staff has established the following goals for the Market:

- 1) Realize the full potential of the Lynchburg Community Market as a public market and public space.
- 2) Make the Market a successful six-days a week retail operation.
- 3) Ensure the Market supports the investments and revitalization of downtown, particularly in the area around 12th and Main Streets.
- 4) Reduce the reliance on general fund dollars, moving the Market towards self-sufficiency.

The City hired a local firm, Calloway Johnson Moore and West (CJMW), to provide architectural services for the design of the interior renovations and the Market Square. As part of the work, CJMW, enlisted the assistance of Market Ventures, Inc. to conduct market research, develop merchandising and design concepts, conduct a financial analysis of the market, and develop management and operations guidelines. This phase of the work resulted in a redevelopment plan that outlines, in detail, a proposed merchandising mix, an interior design concept, a business plan that leads to operational improvements and financial self sufficiency, and a management plan for operations after renovations. There are several conclusions from the report that drive future design decisions. These conclusions are included as an attachment in a summary report for Council's review. As a result of the redevelopment plan and the construction of the *Market Lofts*, staff intends to take the following next steps:

- 1) Construction of the *Market Lofts* is proceeding with the renovation of the James T. Davis building to be completed in January 2007. The City is working in partnership with the developers to finalize designs and construction of a cut-back of the market deck abutting the James T. Davis building. The cut-back includes the design and construction of two stairwells that allow access to the lower level of the *Market Lofts* commercial space. This work will be coordinated with the overall design of the Market Square. Also included in this phase of work is a final study for developing the basement of the market building into usable parking spaces. Current estimates are that the space can accommodate 50 parking spaces. The cut-back is on schedule to be completed in January 2007.
- 2) Proceeding with final schematic design of the interior of the Market and the Market Square. The final designs will be guided by the redevelopment plan prepared by Market Ventures, Inc. Most significantly the redevelopment plan recommends reducing the permanent vendor space from approximately 20,000 square feet to 15,000 square feet. The remaining square footage would be designed as a space that generates additional revenue and is much more flexible in use for events, community meetings, a weekend market, and craft shows. This phase will also include development of a final cost estimate and schedule for the construction phase.
- 3) Proceeding with a review of all market policies, rules and procedures. A new vendor handbook and leasing agreements will reflect the recommendations made by both Market Ventures, Inc. and Project

for Public Spaces. Staff is also proceeding with policies and procedures that move the market mix towards one based on locally grown and prepared foods, local agricultural products and local artisans.

- 4) Staff is continuing work to shift day to day management of the Market from the City to a nonprofit organization. The initial discussions with Lynch's Landing have been positive.

PRIOR ACTION:

February 22, 2005 Work Session

FISCAL IMPACT:

Cost estimates for the renovation are as follows:

- Parking lot in basement of Market building: \$5,000 per parking space, 50 spaces for a total cost of \$250,000
- Cut-back of market deck: \$175,000
- Market Square final design and construction: \$1.5 million
- Interior Renovation final design and construction: \$1.5 million

These costs need to be refined as schematic and construction documents are finalized.

The following funding is appropriated and available:

\$236,000 Market Parking Deck, FY 2005

\$186,000 Community Market Interior Renovations, FY 2006

Staff is requesting additional capital funding for FY 2008.

CONTACT(S):

Kay Frazier, 455-5868

ATTACHMENT(S):

Summary Report of the Redevelopment Plan

REVIEWED BY: lkp

Summary Report
Redevelopment Plan for the Lynchburg Community Market
September 26, 2006

Market Ventures, Inc. (MVI) completed a Redevelopment Plan for the Lynchburg Community Market as the first phase in developing designs for the interior market renovations and conversion of the market parking lot to a public Market Square. This plan is important as MVI conducted extensive market research and developed pro formas for prospective businesses for the retail space in the market. Staff believes it is important to understand the potential of the market as successful retail space prior to finalizing the designs for renovation. This report summarizes the findings of MVI. The complete report is available upon request.

Market Research

Two focus groups were held that explored the attitudes of current and potential market customers. The report states the following as conclusions from the focus groups:

- “Confirmed that the Community Market is perceived as “two markets” – the Saturday market, which is very popular and universally loved; and the weekday market, which evoked more ambivalence.
- The Market has a strong emotional attachment to long time Lynchburg residents, who feel it is a critical link to the city’s history and traditions.
- There is little support for the current crafts, which were described as “junky” and “nanny crafts”, but there was strong interest in having more high quality crafts at the Market.
- There is great support for making physical improvements to the Market but they don’t want it to change too much. There was interest in keeping the Market simple and historical, while improving bathrooms, adding more lighting, and making the space feel less cold.
- Participants liked the idea of a plaza without customer parking but were concerned about parking in general.
- Overall, participants expressed low expectations about what the Market should be but believe that it has high potential.
- There was a variety of attitudes about operating hours, but general support for longer hours. While some customers would like the farmers’ market to open later in the morning and stay open later in the afternoon, others felt the Market should serve the needs of farmers, which they perceived as meaning the Market should open very early.
- The participants felt that many people they know are not aware of the Market and it will need to be reintroduced once improvements are made.
- Overall, there is not a strong culture of local foods. While nearly all of the participants like shopping from farmers at the Market, they do not have a general ethic about local foods and they do not seek out local foods elsewhere.
- The Market is perceived as a good place for community events and they support having more events there”.

The MVI project team visited the market on four different occasions, interviewing vendors and customers and drew similar conclusions as those from the focus groups. MVI was also furnished with all meeting notes and conclusions from the Community Market Task Force. The project team met with representatives of the task force to discuss the varying perspectives.

MVI also conducted a customer demand analysis to quantify the potential demand for fresh prepared foods and estimate how many square feet of retail space that the Lynchburg Community Market can successfully support. The customer demand analysis included examining demographics in three trade areas (.5 mile, .5-5 mile and 5-20 mile radius from the Market). A food purchasing index was developed that compares local expected purchases to the national average.

Finally, a competitive analysis was conducted to assess the availability of fresh foods and locally owned and operated restaurants. This research was conducted by touring Lynchburg and visits to local businesses.

The primary conclusions from the market research are as follows:

- There is limited opportunity to expand the amount of fresh and prepared foods at the market.
- The customer base for a weekday market is limited and not anticipated to increase dramatically in the immediate future. The anticipated growth in downtown housing and businesses will increase the demand for restaurants, grocery items and gifts, but not to the point of creating a demand that leads to retail success for the current amount of space available at the market.
- The report states, "In the foreseeable future, there is neither supply nor demand to fill the indoor market with food businesses- the space is simply larger than needed for a six day a week operation".
- The strongest demand for handmade crafts is through expanding craft fairs and a weekly artisan market. The current use of the market hall for selling crafts six days a week is not conducive to a successful market.
- The Saturday farmers market is strong, well liked and has the capacity to grow.

Merchandising and Design Concept

The redevelopment concept is summarized in three parts:

- "Weekly, seasonal sales, including the outdoor farmers' market under the shed on the plaza
- Indoor market hall with restaurants and retailing
- Flexible space for indoor farmers' market, crafts, meetings, and events, utilizing the Armory Hall (second floor), new events space within the indoor market, and the outdoor plaza."

The proposed market hall tenant mix for permanent vendors includes a bakery/café, grocery/cheese/wine store, specialty food/gifts store, a florist, a consignment craft shop and locally operated restaurants.

The design also creates a flexible space for indoor daily vendors, community meetings, event space and craft fairs. Events are popular at the market and the Market Square and new community space will allow for expansion of these popular activities. Although space will be limited for permanent craft vendors in the market hall, a community room will support day vending, art shows and craft days to greater extent than currently available.

The Saturday outdoor farmers market is popular and successful. Over time more emphasis will be placed on local farmers and local products and the farmers market may be able to expand to a two-day a week market.

Market Design

The primary components of the market conceptual design as stated by MVI include the following:

- "Consolidate restaurants and permanent retail. The principal change is to cluster all the permanent restaurants and retail on one side of the building, closest to the outdoor farmers' market shed. These businesses are clustered around a single common central seating area, rather than the split seating areas that currently exist. By grouping the businesses together, the Market should gain regain the synergy found in fully tenanted public markets.
- Develop flexible vendor space with moveable partitions. Rather than permanent vendor space that is underutilized, the plan envisions flexible vendor space that is only used during designated market times. This flexible vendor space can be adjacent to the new glazed wall at the front of the permanent vendor area (replacing seating areas) and on the south side of the Market hall. Partition walls allow the space to be reduced, as needed, depending on the number of vendors who are renting space or the size of the event. When no activities are taking place in this area, the area can be closed and savings can be realized by shutting the lights and HVAC operation (if zoned).
- Create events spaces. When the flexible space is not used for vending, it can be used for events. Storage space is allotted to hold the periodic vendors' tables and chairs. This requires an operating change, because vendors will no longer be allowed to leave their products in place when not attended. Through the use of partition walls, the events space can be either very large (approximately 5,000 sf), or reduced into a number of smaller rooms. These rooms can then be rented for meetings and events. The events space also connects into the plaza and the all-purpose room in the Armory, above. Large scale events can make use of all three zones.
- Develop catering/demo kitchen for education and events. A demonstration and catering kitchen is included within the events space, which can be used for both classes and events. The demo kitchen allows the Market to provide a series of cooking and nutrition education classes, for children and adults. Again, the use of partition walls allows the demo kitchen to be within an intimate classroom setting or within a much larger space if a celebrity chef is brought to the Market.
- Improve indoor/outdoor connection. Another major change is to improve the indoor outdoor connection. This is done by bringing the building edge out to the front of the Armory, with new glazed walls rather than the overhang that exists today. The roll-up garage doors will be replaced by windows and entrance doors. A new suspended canopy would be added to the building edge to provide shade to the building edge and improve the articulation of the building at this level.
- Dedicated seating. New dedicated seating would be added to both indoor and outdoor areas. The dedicated seating would be within the leasehold of the bakery/café and one restaurant, expanding the Market's leasable area and shifting the maintenance burden from Market staff to the tenant. This area could be partitioned to allow the consumption of alcohol beverages, perhaps limited to evening hours.
- Bathrooms. The plan envisions an upgrade of the existing set of bathrooms as well as new bathrooms in the permanent vendor space."

Financial Analysis

The analysis includes operating statements for each permanent shop, revenue projections and operating budgets for the market. The report recommends slight increases in rents over time to keep pace with rental rates in the downtown area. The report also recommends a common maintenance area charge and a fee for marketing. The report concludes that, with renovations and implementing the merchandising and management recommendations, that the market can become almost self sufficient in three-five years. Limited general fund dollars will be needed for maintenance of the market hall, Armory and Market Square, but the reliance on general fund dollars can be greatly reduced.

The MVI report confirms the belief that day to day operations of the market should be in the hands of a non-profit that can establish a clear vision and mission for the market. A non-profit is better able to establish, support and enforce best management practices for a successful Community Market.

Redevelopment Plan – Phase 1

Lynchburg Community Market

Prepared for:
City of Lynchburg, Virginia
Department of Parks & Recreation

August 17, 2006

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Introduction and Goals

In February 2006, the City of Lynchburg Department of Parks and Recreation retained a planning and design team led by Calloway Johnson Moore & West (CJMW) to undertake a redevelopment of the historic Lynchburg Community Market, including both the interior market hall and the outdoor plaza that includes the farmers' market. Market Ventures, Inc., as a subconsultant to CJMW, had primary responsibility for the first phase of the redevelopment effort focused on merchandising and business planning. This report summarizes the work and recommendations of Market Ventures, Inc. for this initial planning phase.

The City of Lynchburg owns the Lynchburg Community Market, which is housed in the historic downtown Armory Building and the adjacent plaza. The city's Department of Parks and Recreation operates the Community Market and has focused on improving the Market over the past several years. The leadership of the department enunciated these goals for the redevelopment effort:

- Help Lynchburg Community Market realize its potential as a public market and a public space;
- Make the Market successful six days per week;
- Ensure that the Market supports the investments and revitalization of the area around 12th and Main Streets; and
- Build on the community planning effort focused on the Market over the past few years.

Before the physical redevelopment planning commenced, it was determined that targeted planning work was needed to determine the preferred program for the site and create a strategy for operating the redeveloped facility. Therefore, Phase 1 of the redevelopment plan included four principal components:

1. Merchandising plan – to establish a preferred mix of businesses and uses for the Community Market.
2. Design concept – to create an initial schematic plan for physical reconfiguration and upgrade that supports the merchandising plan.
3. Business plan – to develop an operating strategy and budget that leads to operational improvements and approaches financial self-sufficiency.
4. Sponsorship and management plan – to create a nonprofit model of sponsorship and management that could replace the city's management of the Market.

While these components are presented sequentially in this report, the planning effort is actually an iterative process. Each of the four elements has influenced the other in order to come up with an optimum plan based on the project's goals and the available opportunities.

Methods

As per its scope of services, Market Ventures, Inc. undertook the following tasks:

1. Review of existing Community Market operations, vendor mix, stall layout, circulation and equipment, as well as parking and site access.
2. Creation of operating and redevelopment goals.
3. Competitive analysis, including exploration of retail options for fresh food around Lynchburg, particularly locally grown and produced items.
4. Trend analysis, such as recent Market trends in terms of sales, changes to the district around the Market, and broader trends in food retailing.
5. Customer focus groups with frequent and infrequent Market shoppers of various ages, ethnicities, work and home locations, and gender.
6. Customer demand analysis divided by trade areas.
7. Supply analysis of potential new vendors for the Community Market.

In addition to relying on its experience with public market development and operations nationwide, Market Ventures, Inc. conducted a number of market research activities to understand the redevelopment potential for the Lynchburg Community Market. Primary research included focus groups, interviews with vendors, farmers, city staff, and area food experts, and direct observations. Secondary research included analysis of demographic information and review of previous studies, including Project for Public Spaces, “Lynchburg Community Market: Issues and Opportunities,” (September 2004) and Sasaki Associates, “Lynchburg Downtown and Riverfront Master Plan 2000,” (December 2000). The research team also analyzed the site and its environs, inspected competitive food businesses in the region, and reviewed regional and national trends. The Department of Parks and Recreation provided recent operating data and research they had conducted into nearby rental rates.

The redevelopment plan includes financial statements for each proposed permanent market hall tenant and a three year operating statement for the Market. Our guideline for estimates has been “realistic;” that is, neither unduly optimistic nor conservative.

The Market Ventures, Inc. project staff included Ted Spitzer and Hugh Boyd, FAIA. Emmett Lifsey of CJMW led the planning and design team. We recognize and appreciate the information and guidance provided by Kay Frazier, Carleen Dixon, and Nancy Brockman of the Lynchburg Department of Parks and Recreation, as well as the input from the Community Market Advisory Committee. This report was written by Ted Spitzer.

Goals

One of the defining characteristics of a public market is that it has public goals. These goals are typically expressed in a mission statement. Clearly enunciated goals are particularly

important as the Community Market transitions to nonprofit management because nonprofits are mission-driven organizations. A clearly stated and easily memorized mission statement is important for communicating the purpose and intent of the Market to all of its constituents. These goals should guide both the redevelopment of the Market and its ongoing operation. Furthermore, these goals become the gauge by which to judge the success of the Market over time.

The mission statement needs to be carefully considered by the Market's new sponsoring organization and adopted after appropriate deliberation. Based on the vision for the Community Market expressed by local officials, vendors, and residents, the following mission statement is proposed as a starting place:

The mission of the Lynchburg Community Market is:

- To perpetuate Lynchburg's historic public market activity;
- To support local agriculture;
- To help revitalize downtown Lynchburg;
- To provide opportunities to small, local businesses; and
- To provide a public gathering place and celebrate the region's food traditions.

In addition to the Market's mission, the redevelopment plan also embraces financial goals. According to the Department of Parks and Recreation, the current annual city subsidy to the Community Market is approximately \$200,000. The city has also invested capital funds into the Market over the years, including recent improvements in ventilation and air conditioning. As an important public amenity akin to a park, it is expected that the city might need to continue to subsidize the public spaces of the Market in future years. However, the financial goal of the redevelopment plan is to minimize subsidy and ensure that vendors in the Market pay reasonable, market-rate rents for their space, in keeping with the Market's goal of supporting small local businesses. Ideally, the reduction in city subsidy can be used to offset debt service that the city will incur to improve the Market as part of the redevelopment plan.

Market Research

Focus groups

Market Ventures, Inc. conducted two focus groups in February 2006. Participants were recruited by the Department of Parks and Recreation. The focus groups took place in the new focus group facilities at Lynchburg College and were videotaped for later analysis.

The purpose of the focus groups was to understand how different people in and around Lynchburg perceive the Community Market and how they currently utilize the Market, and to

solicit their ideas for improvements. The focus groups also explored participants' attitudes to farmers and the idea of locally grown foods and specialty foods. The research tested supported for physical changes to the Market.

Principal conclusions were:

- Confirmed that the Community Market is perceived as “two markets” – the Saturday market, which is very popular and universally loved; and the weekday market, which evoked more ambivalence.
- The Market has a strong emotional attachment to long time Lynchburg residents, who feel it is a critical link to the city's history and traditions.
- There is little support for the current crafts, which were described as “junky” and “nanny crafts”, but there was strong interest in having more high quality crafts at the Market.
- There is great support for making physical improvements to the Market but they don't want it to change too much. There was interest in keeping the Market simple and historical, while improving bathrooms, adding more lighting, and making the space feel less cold.
- Participants liked the idea of a plaza without customer parking but were concerned about parking in general.
- Overall, participants expressed low expectations about what the Market should be but believe that it has high potential.
- There was a variety of attitudes about operating hours, but general support for longer hours. While some customers would like the farmers' market to open later in the morning and stay open later in the afternoon, others felt the Market should serve the needs of farmers, which they perceived as meaning the Market should open very early.
- The participants felt that many people they know are not aware of the Market and it will need to be reintroduced once improvements are made.
- Overall, there is not a strong culture of local foods. While nearly all of the participants like shopping from farmers at the Market, they do not have a general ethic about local foods and they do not seek out local foods elsewhere.
- The Market is perceived as a good place for community events and they support having more events there.

Observations

The project team visited the Community Market four times since August 2005. During a visit in September 2005, the team observed the Market in operation on a Saturday. Large crowds were flocking to farmers under the outdoor shed and there was a brisk trade among the farmers on the front row inside the market hall.



Not every farmer was busy, however. Those with limited product offerings and poor displays did not attract buyers.



Similarly, the restaurants attract a loyal following and several are quite busy operations. At times, all of the tables are filled with customers. However, the placement of the restaurants at both ends of the Market deprives them of the synergy that could be created if they were near each other.



The Market's indoor/outdoor connections are problematic. The existing setback makes the entrance to the Market uninviting. The garage doors are no longer an accepted design solution for a food market because they let in flies and birds.



A major problem with the Market are the craft tables. For much of the week and even on Saturdays, they can be empty, even though the stalls have been rented. This emptiness seriously erodes the shopping experience.



Even when these spaces are filled, the products are weak and do not enhance the Market experience. Sometimes, the vendors are even asleep – and this was on a busy Saturday in September!



The project team also observed other operational problems with the Market. Last September, light fixtures were covered with filth, construction materials were left out even when contractors were not working, and windows are very dirty.



Customer demand analysis

The purpose of the customer demand analysis is to quantify the potential demand for fresh and prepared foods at the Lynchburg Community Market and then estimate how many square feet of retail space can be supported by the demand.

Demand analysis consists of defining the Market's trade areas, evaluating the demographics of the residents of the different trade areas, and analyzing buying behavior in order to estimate potential expenditures for the different products that potentially could be sold in the Market. Both the experience of other public markets and the characteristics of Lynchburg helped shape the trade area decision.

Three trade areas were determined for the Market. The first is a ½ mile radius around the site. This is a walkable area and encompasses the new downtown housing. The second trade area is a band between ½ mile and 5 miles. This band can be considered conveniently located to the Market, generally as close as other fresh food and restaurant shopping options. The final trade area is a band between 5 and 20 miles around the site. This is a typical zone from which successful public markets draw the majority of their customers. 20 miles encompasses much of the Lynchburg metropolitan area, although it is recognized that Lynchburg acts as a central place for a larger, predominately rural area in adjoining counties and customers might travel to the Market from these outlying areas.

In addition to these trade areas, the demand analysis also includes estimates of potential patronage by tourists (which, for the purposes of this analysis, are defined as anyone beyond the 20 mile radius), and considers the potential utilization of the Market by downtown workers.

According to research conducted at other downtown public markets, public markets attract a wide range of shoppers in terms of age, ethnicity, and income level. In general, families buy more fresh food than individuals or people living in unrelated households, and people with higher income levels (\$50,000 and above) are more frequent shoppers and spend more than people with lower incomes. The highest spending customer is typically a 40 to 55 year old woman. What is unique about public markets, however, is their ability to appeal to both the highest income shoppers and lower income shoppers. While higher income shoppers might be drawn by unique products and superior quality, lower income and elderly shoppers appreciate the ability to purchase smaller quantities, the ability to negotiate with empowered owners, ethnic specialties, and competitive prices.

Demographic data about the three trade areas were acquired from Claritas, a national market research data company. The acquired data include 2000 and 1990 U.S. Census information, estimates developed by Claritas for 2005, and projections for 2010. Data from the three trade areas are summarized in the chart below:

	Trade Area		
	0.5 mile ring	0.5-5 mile band	5-20 mile band
Population 2000 census	2,236	65,855	106,264
Population 2005 estimate	2,265	64,728	109,271
Population 2010 projection	2,287	64,001	111,993
Population change 2005-2010	1.0%	-1.1%	2.5%
Households 2005	829	25,599	43,172
Average household size	2.11	2.27	2.49
Median age	37.25	35.94	38.76
Average household income	\$27,710	\$46,991	\$57,188
Household income >\$50,000/yr	14.7%	30.6%	45.9%
Age 35-64	38.1%	33.9%	42.4%

Trade area 1: One-half mile ring

2005 population for the one-half mile radius is estimated at 2,265 people, which represents a slight 1.3% increase from the 2000 Census count of 2,236. The population is expected to increase only another 1.0% by 2010, to 2,287 people. By comparison, the population of the United States grew 4.9% between 2000 and 2005 and is expected to grow another 4.9% between 2005 and 2010. This trade area has only 829 households, with an average household size of 2.11, which is small compared to the national average. Only 383, or 46%, of these households are families, which is problematic because families typically buy more fresh food than shoppers in unrelated households.

The median age of the population, at 37.3, is older than the national median of 36.2. 38.1% of the population is in the targeted age range of 35 to 64. In addition, average household income in the area is very low, at \$27,710, and average household income is only expected to increase 8.5% over the next five years, compared to an increase of 13.0% nationally over the same period. Only 14.7% of the households in this area have household income of \$50,000 or more.

Educational attainment is often used as an indicator of interest in high quality and specialty foods. Within this trade area, it is estimated that only 3.6% of the population age 25 and over has earned a Master's, Professional, or Doctorate degree and 5.9% has earned a Bachelor's degree. By comparison, 8.9% of the US population has earned a higher degree and 15.7% a Bachelor's degree.

These demographics are generally very weak for a fresh food market. According to data provided by Lynch's Landing, there are 362 housing units in the downtown, with 67 units under construction next to the Community Market. Even if these new households have higher incomes than the downtown population in general, the relatively small number of households will not fundamentally alter the demand for foods in the Community Market.

The one-half mile ring also includes downtown workers. According to the Sasaki Downtown and Riverfront Master Plan 2000, the workforce population will increase by 2,000 employees over the existing 4,000 downtown employees when the plan is fully built out. If the

projection is correct, these new downtown workers can substantially help the restaurants and retail businesses within the Community Market, although the plan also anticipates additional restaurant and retail in the downtown, which will increase competition.

Trade area 2: Area between one-half mile ring and 5 mile ring

The 2005 population is estimated at 64,728 people, which represents a 1.7% decline from the 2000 Census count of 65,855. The population is expected to decrease another 1.1% by 2010. These declines follow a decrease of 2.5% between 1990 and 2000.

The median age of 35.9 is approximately the same as the national average of 36.2. 33.9% of the population is in the 35-64 age range, a lower percentage than the one-half mile radius, in part because of the large percentage of student-age residents who attend area colleges.

The population is currently divided into 25,599 households with an average size of 2.27 people, which is higher than the one-half mile ring's average of 2.11 but lower than the 5-20 mile band of 2.49. Unlike the one-half mile ring, which had only 46% of family households, in this trade area 61% are family households. The average household income of \$46,991 is well above the one-half mile ring \$27,710 but still well below the national average of \$64,816. At present, 30.6% of the households earn more than \$50,000. Over the next five years, income growth is expected to be 8.3%, again well below the US average of 13.0%.

Within this trade area, it is estimated that 8.1% of the population age 25 and over has earned a Master's, Professional, or Doctorate degree and 13.4% had earned a Bachelor's degree. These rates are much higher than the one-half mile ring but still below the US average of 8.9% having earned a higher degree and 15.7% a Bachelor's degree.

While better than the one-half mile ring, these demographics are mediocre for a public market. In particular, the expected drop in population and the relatively weak income growth do not provide much new demand for food.

Trade area 3: Area between 5 mile radius and 20 mile radius

The 20-60 mile band contains about 112,000 people divided into 43,172 households. This population grew by 2.83% between 2000 and 2005 and is expected to increase another 2.49% by 2010. Unlike the two other trade areas which saw declines, this trade area experienced rapid population growth between 1990 and 2000, when the population grew by 18.7%

The median age of 38.8 is older than the national average of 36.2. Average household income of \$57,188 is higher than the other areas but still below the national average of \$64,816. Over the next five years, it is expected to increase 9.5 % increase, compared to the national average growth of 13.0%. At present, 45.9% of the population has annual household income of more than \$50,000 and 42.4 of the population is in the targeted 35-64 age range, higher than the other trade areas.

Within this trade area, it is estimated that 6.7% of the population age 25 and over has earned a Master's, Professional, or Doctorate degree and 13.6% had earned a Bachelor's degree.

These rates are the same or below the one-half – five mile ring but still below the US average of 8.9% having earned a higher degree and 15.7% a Bachelor's degree.

Like the other two trade areas, the demographics of this trade area are not particularly strong for a public market.

Based on the demographic profile of area residents and typical expenditure patterns as determined by the Bureau of Labor Statistics' Consumer Expenditure Survey, Claritas estimates the retail sales potential for consumer goods. Using their estimated per capita expenditures for various food items, Claritas creates a **Food Purchasing Index** that compares local expected purchases to national averages on the household level. In any category, a score of 1.00 means that households within the defined trade area are expected to buy exactly the same as the national household average. If households in the targeted trade area are expected to purchase less of a particular product, the index will be less than one. Conversely, if they are expected to buy more than the national average of a certain item, the index will be more than one. For example, if the average household in the trade area is expected to buy \$1,200 worth of baked goods per year and the national average is \$1,000 per household, then the index would be 1.2.

For each of the three trade areas, the food purchasing index for 2010 is:

Fresh Food Index 2010			
	0-.5 m ring	0.5-5 m band	5-20 m band
Fresh fruits/veges	59	68	79
Bakery	59	79	92
Meats	84	87	93
Fish/seafood	63	74	85
Dairy	59	79	92
Food away from home	43	73	86

Source: Claritas

Every score is below one, with some extremely low, such as Food Away from Home in the one-half mile ring at only 43. This data confirms that the expected demand for products typically sold in a public market is weak in these trade areas.

Competitive analysis

Specialty and fresh food retailers, along with restaurants in and around Lynchburg, were examined. Overall, Lynchburg has a very limited collection of independent food retailers. Notable retailers include Magnolia Foods, Montana Plains Bakery, and The Farm Basket. There are also a fairly small number of independent restaurants.

Most food in the region is purchased at national chain supermarkets, such as Krogers. During an inspection of a Krogers in Lynchburg, no local produce was evident in the produce section. In fact, the store had very little fresh meat on display. The store did have some Virginia wines. The closest natural supermarket is the Whole Foods Market in Charlottesville, which

appears to have a very different food “culture” than Lynchburg, as well as a different demographic profile.

The number of farms around Lynchburg continues to contract, typical of agricultural patterns throughout the eastern United States. In Virginia as a whole, the number of farms contracted from 49,366 in 1997 to 47,606 in 2002, a drop of 4%. However, direct marketing, which is defined by USDA as “agricultural products sold directly to individuals for human consumption” and which includes the farm-direct sales at the farmers’ market, has been growing. During the period from 1997 to 2002, the number of farms in Virginia that were engaged in direct marketing grew from 2,026 to 2,512, an increase of 24%. The value of farm goods sold directly increased even more dramatically, from \$11 million to nearly \$17 million, an increase of 52%.¹ Interviews with farmers at the Lynchburg Community Market and at other markets suggests that the opportunity exists to recruit additional farmers to the Market, in part because the outdoor and indoor facilities are generally superior to other farmers’ market locations around the state.



Research conclusions

The market research suggests that the opportunity for expanding the amount of permanent fresh or prepared foods at the Lynchburg Community Market is limited. In part, this is driven by the apparent lack of experienced fresh food operators in the area. Experience at other public markets has shown that an important key to success is recruiting highly skilled and reasonably well capitalized food operators. These types of businesses are difficult to find in most communities and the problem is compounded if the community does not have a thriving independent, small food business economy. Given the very limited number of independent food businesses in Lynchburg, the area cannot be considered very fertile ground for attracting additional, full time food businesses to the Community Market.

In addition to the difficulty in finding quality tenants, both observations and discussions with food professionals in the area suggest that the area does not have a strong “local food culture.” While this is counter-indicated by the success of the outdoor farmers’ market, the

¹ http://www.nass.usda.gov/census/census02/volume1/va/st51_1_002_002.pdf

farmers' market and nearby farm stands and U-pick operations appear to satisfy most of the demand for local foods. Additional demand can be captured by expanding the offerings at the Saturday market and adding one more day of the week for the farmers' market.

During the work week, customers at the Community Market will continue to be a mix of downtown workers, nearby residents, and tourists. The Market cannot be expected to attract a consistently large base of shoppers from a larger region during the week. As a result, given the density of downtown residents and employees, the number of shoppers will be fairly limited. On weekends, however, the customer base is much larger and can grow. Residents from throughout the region can be attracted to downtown Lynchburg, in part to take advantage of other cultural opportunities available in the downtown. The Saturday market is already perceived as successful and has the capacity to strengthen and grow. The key will be not changing the Market too much, but building off the positive qualities that attract customers: the presence of bona fide farmers from the region with high quality products. Changes to the Market should focus first on "doing no harm" to what makes the Community Market successful, but rather look for opportunities to make marginal changes that enhance the shopping experience for customers. These opportunities includes recruiting more farmers who sell complementary products in order to widen the merchandise mix and potentially adding a second day of operation.

In the foreseeable future, there is neither adequate supply nor demand to fill the indoor market with food businesses – the space is simply larger than needed for a six day a week operation. The huge amounts of unused space and weak crafts currently strongly detract from the Market experience. No one wants to shop in a place that is half empty. Furthermore, the current craft vendors do little to enhance the Market experience, in part because they are not handmade items and in part because they are poorly merchandised and there is weak customer service.

Growth in downtown housing and workforce, if it materializes to the extent suggested by the Sasaki Master Plan, will provide some additional demand for products available at the Community Market. In particular, these consumers will be interested in restaurants and grocery items, as well as gifts. Additional businesses in the downtown will also stimulate demand for catering services.

Although it is not possible to fill the 20,000 square foot space with retailing, there are opportunities for adding some additional food retailing to meet the demands of downtown workers, tourists, and residents. These are determined to be bakery, specialty coffee, flowers, grocery and gifts. Furthermore, the Community Market can continue to support approximately the current number of restaurants. The restaurants would benefit from being consolidated in a common area, rather than being split between two ends of the building, as now.

There is also a role for artisans in the Community Market, with a focus on handmade items by local craftsmen. This opportunity can be expressed as festivals or weekly artisan market.

Merchandising and Design Concept

Redevelopment Concept

The proposed redevelopment concept has three principal parts. They are:

1. Weekly, seasonal sales, including the outdoor farmers' market under the shed on the plaza and .
2. Indoor market hall with restaurants and retailing
3. Flexible space for indoor farmers' market, crafts, meetings, and events, utilizing the Armory Hall (second floor), new events space within the indoor market, and the outdoor plaza.

This concept anticipates the least disruption for the outdoor farmers' market (which is well loved and conceptually strong), a reorganization of the indoor space for the restaurant and permanent retail, and new-found interior space and a redesigned plaza for meetings, events, and flexible vending.

Merchandising characteristics

While each public market is unique, there are some common elements found in most of the country's successful public markets. These characteristics were considered when constructing the proposed mix of tenants for the Lynchburg Community Market. They include:

Owner-operated businesses - the merchants in public markets own and operate their own businesses; national chains are not allowed and even regional franchises are discouraged. Owner-operators offer customers the most knowledgeable and attentive service, as well as the accountability that only an owner can provide. As a result, public markets are centers of small business activity, providing opportunities for low-capitalized entrepreneurs. Great personalities and professionalism are a key to creating loyalty with customers. To compete successfully with supermarkets and chain groceries, vendors within a public market must take advantage of their principal competitive advantage: themselves.

Farmers, food producers and wineries - the presence of farmers, food producers and wineries within a public market further differentiates the experience of shopping at a public market with other retail venues. Local, farm fresh foods make the market authentic.

Scale - the best public markets have enough vendors to create a bustling atmosphere, where new products are continually being introduced and unique items are offered for sale. A downtown public market should become recognized as the premier location to shop for local foods in the region. A public market must be large enough to create an exciting atmosphere, but not too large that vendors cannot reach profitability because the market is saturated with too many businesses chasing too few dollars.

Customer-friendly atmosphere - Unlike supermarkets, public markets are valued for their customer service orientation and their hospitality. Market businesses typically have several employees at all times to serve their customers (this increases the number of jobs at a public market, making it a desirable economic development strategy, yet increases costs for the vendors and lowers the market's efficiency). Successful public markets strive to make the market experience more than just buying food and wine by offering educational activities, special events, and festivals, as well as "planned spontaneity" in the form of street performers and activities that will appeal to families.

Sensory experience - through layout, display, and food preparation, public markets present the customer with a rich composition of sights, sounds, smells, and tastes. These combine with the products, the architecture and surrounding environment, and the mix of people who take part in the market to make an exciting and satisfying urban experience.

Market hall tenant mix – permanent vendors

The tenant mix plan provides an initial description of the desired tenants for the market hall, along with a proposed number of vendors and range of leasable square feet for each product category. To create the mix, the project team combined its analysis of the market research, an understanding of the space requirements for each type of business, and the availability of products at the outdoor farmers' market.

Category	Sq. ft.	Description and Limitations
Bakery/café	1,000-1,500	Baked on premises with a mix of sweet and savory products. Products could include breads, rolls, bagels, biscuits, and muffins, as well as brownies, cookies, cakes, sweet rolls, coffee cakes, doughnuts, pies, tarts, or turnovers. Specialty coffees and teas.
Grocery/cheese/wine	800-1,000	Multi-product grocery, which can include meat, poultry, seafood, and grocery items. Vendors should also offer a wide variety of fresh and aged cheeses. Wines and beer.
Specialty food/gifts	700-1,000	Should focus on Virginia specialty food products, including sauces, mustards, jams, oils, vinegars, hot sauces/salsas, bread and cookies mixes, etc. Can also include chocolates, candies and nuts.
Flowers	300-600	Cut flowers and potted plants.
Crafts	400-800	High quality craft items.
Restaurants	450-1,200	Existing restaurants: Southern, deli, ethnic

For purposes of analysis, an initial plan with square footages is found in “Tenant Mix.” This outlines a mix of 10 vendors with 7,255 sf of retail space and 2,850 sf of storage, for a total leasable area of 10,105 sf. The storage is envisioned in the basement level.

Market hall tenant mix – flexible vendors

The indoor market has spaces for flexible, daily vending opportunities. This is a continuation of the indoor farmers’ market activity that happens predominately on Saturdays, with a mix of produce, baked goods, and meat. The space should also accommodate nonfood (craft) uses on Saturdays, and perhaps a second farmers’ market day during the growing season. Additional indoor vending days can also be scheduled around the holidays.

Outdoor farmers’ market

The merchandising plan includes the outdoor farmers’ market, without conceptual change. If changes are made to the shed structure, it should be designed so that the farmers’ trucks can continue to back into the sheds.

Over the long term, the most successful farmers’ markets have strict rules that prohibit non-local and non-farm raised products from being sold in the market. While the reality varies widely, the “brand promise” of a farmers’ market is that customers can buy products that were grown and harvested by the farmer who sells to them at the market. Farmers’ markets that allow that promise to be broken eventually see a drop in their customer base. Short term efforts to fill up spaces with middlemen or to allow non-locally grown products in the market generally backfire in the long run as the market loses the qualities that made it unique in the first place.

At minimum, non-local products should be clearly labeled so it is clear to customers when they are not buying local foods. Farmers should be required to label products if they don’t come from their own farm with the farm name and location.

Initially, the outdoor farmers’ market should only operate on Saturdays and all marketing materials and signs should make it clear that the farmers’ market takes place only at that time. Having only a few farmers operate on other days undermines the shopping experience and will discourage new shoppers. Rather, the Market should plan to add a second full farmers’ market day, after reaching out to the farmers and gaining their agreement to participate on a regular basis. Then, a major marketing effort is needed to make customers aware of the second market day.

Education

An important programmatic addition is space and infrastructure for education. Many public markets have demonstration kitchens, which are used by both Market vendors and outside chefs, nutritionists, and other food professionals to conduct classes or programs. Recent attention to obesity and other diet related diseases makes the need for culinary and nutrition

education very important and the Community Market should be perceived as a primary resource in this area.

Events and catering

The Lynchburg Community Market has long been a place for downtown and community-wide events, most notably the Friday Cheers. The merchandising plan envisions an expansion of the programming to include event-based vending, particularly for crafts. The space is very flexible to permit events of many different sizes, from intimate gatherings that can take place in a conference room to large scale events that use two floors of the Armory and the outdoor plaza.

The events space can also accommodate activities that bridge between events and vending, such as a Sunday arts market. This could be a series of events where artists make their art on the plaza or within the Market's flexible space, and sell them too. This concept can be extended to students and others in the community, too.

Market design

An initial schematic design concept, found in Appendix A, was created for the market hall. It must be stressed that this is a preliminary concept only and might change as the project undergoes further schematic design and design development. Some of the notable concepts within the schematic design include:

- Consolidate restaurants and permanent retail. The principal change is to cluster all the permanent restaurants and retail on one side of the building, closest to the outdoor farmers' market shed. These businesses are clustered around a single common central seating area, rather than the split seating areas that currently exist. By grouping the businesses together, the Market should gain regain the synergy found in fully tenanted public markets.
- Develop flexible vendor space with moveable partitions. Rather than permanent vendor space that is underutilized, the plan envisions flexible vendor space that is only used during designated market times. This flexible vendor space can be adjacent to the new glazed wall at the front of the permanent vendor area (replacing seating areas) and on the south side of the Market hall. Partition walls allow the space to be reduced, as needed, depending on the number of vendors who are renting space or the size of the event. When no activities are taking place in this area, the area can be closed and savings can be realized by shutting the lights and HVAC operation (if zoned).
- Create events spaces. When the flexible space is not used for vending, it can be used for events. Storage space is allotted to hold the periodic vendors' tables and chairs. This requires an operating change, because vendors will no longer be allowed to leave their products in place when not attended. Through the use of partition walls, the events space can be either very large (approximately 5,000 sf), or reduced into a number of smaller

rooms. These rooms can then be rented for meetings and events. The events space also connects into the plaza and the all-purpose room in the Armory, above. Large scale events can make use of all three zones.

- Develop catering/demo kitchen for education and events. A demonstration and catering kitchen is included within the events space, which can be used for both classes and events. The demo kitchen allows the Market to provide a series of cooking and nutrition education classes, for children and adults. Again, the use of partition walls allows the demo kitchen to be within an intimate classroom setting or within a much larger space if a celebrity chef is brought to the Market.
- Improve indoor/outdoor connection. Another major change is to improve the indoor outdoor connection. This is done by bringing the building edge out to the front of the Armory, with new glazed walls rather than the overhang that exists today. The roll-up garage doors will be replaced by windows and entrance doors. A new suspended canopy would be added to the building edge to provide shade to the building edge and improve the articulation of the building at this level.
- Dedicated seating. New dedicated seating would be added to both indoor and outdoor areas. The dedicated seating would be within the leasehold of the bakery/café and one restaurant, expanding the Market's leasable area and shifting the maintenance burden from Market staff to the tenant. This area could be partitioned to allow the consumption of alcohol beverages, perhaps limited to evening hours.
- Bathrooms. The plan envisions an upgrade of the existing set of bathrooms as well as new bathrooms in the permanent vendor space.



While the Market should highlight the unique qualities of each permanent vendor, the vendors' stalls should follow a common design vocabulary for lighting and display, and individual signage must be kept within size and material criteria. The best way to ensure a compatible and high quality design is for the Market to utilize an experienced architect to design each space. Any subsequent modifications of design or new tenants should be required, by lease, to have approval from the landlord.

Financial Analysis

Permanent vendor pro forma

One year operating statements were prepared for each vendor in the market hall in order to determine potential rent levels and needed tenant allowances, and to analyze profitability (see Appendix C, Vendor Pro Forma). The pro forma included average weekly sales estimates under a conservative sales scenario, with total sales among the set of 10 merchants equaling \$2.8 million. These gross sales are probably higher than what the existing vendors currently earn but were deemed reasonable given the increased patronage the Market should attract once it is redeveloped and a strong marketing program is put in place. Sales per square foot, based on retail square footage only, range from \$234 for the bakery/café to \$1,156 for the flower shop (this number is so high because the flower shop's retail area is very small but it has a large storage/production area and the flower buckets will spill out into the common area). Market-wide, sales per square foot average \$383, which is well below the level of most successful public markets. One of the restaurants, with 1,132 square feet, is much larger than the others because it has its own dedicated seating both indoors and outdoors. Because it has its own entrance, this restaurant can be open additional hours and therefore has higher revenue potential.

As part of each statement, estimates are made for all typical operating expenses, including cost of goods, labor, rent, depreciation on initial capital investment, and others. This analysis is summarized for all ten vendors in Appendix B, "Market hall vendors financial analysis: summary."

The following chart summarizes the ten businesses in terms of their square footage, gross sales, net income, rent plus CAM, and rent plus CAM as a percentage of sales:

Category	Retail sf	Storage sf	Total	Gross sales	Net Income	Rent + CAM	Rent/ sales
<i>Restaurant</i>							
1	1,132	250	1,382	\$338,000	\$67,470	\$24,640	7.3%
2	508	250	758	\$208,000	\$40,474	\$12,160	5.8%
3	475	250	725	\$208,000	\$41,299	\$11,500	5.5%
4	508	300	808	\$312,000	\$66,917	\$12,560	4.0%
5	484	250	734	\$208,000	\$41,074	\$11,680	5.6%
<i>Retail</i>							
Specialty food/gifts	900	300	1,200	\$286,000	\$44,222	\$14,100	4.9%
Bakery/café	1,668	300	1,968	\$390,000	\$77,221	\$29,088	7.5%
Grocery/cheese/wine	900	300	1,200	\$364,000	\$53,729	\$16,800	4.6%
Gifts (consignment)	500	300	800	\$260,000	\$57,530	\$12,400	4.8%
Flowers	180	400	580	\$208,000	\$38,470	\$4,820	2.3%
Subtotal:	7,255	2,900	10,155	\$2,782,000	\$528,406	\$149,748	5.4%
Averages	726	290	1,016	\$ 278,200	\$ 52,841	\$ 14,975	5.4%

Total leasable retail space is 7,255 sf with 2,850 sf of storage space needed. Based on estimated sales of \$2.8 million, the sales per square foot equal \$383, which is well below the level achieved at other public markets but reasonable for this location. All of the businesses are profitable with average net operating income (NOI) of about \$53,000.

According to research conducted by the Department of Recreation, downtown rents currently range from \$8-\$10 per sf for Class B retail and \$12.50 - \$16.50 for Class A retail. At present, rents in the Community Market are \$9 per sf. For this financial analysis, rents are \$12.00 per sf for the restaurants and range from \$5.00 to \$16.00 per sf for the retail stores. While most of the tenants are assigned rents that are higher than the current rent, it was deemed appropriate since the Market will be much improved physically after the space is redeveloped and it will have operational improvements.

This financial analysis includes the introduction of CAM charges, which are typical of shared retail environments such as shopping malls and many retail leases, both in the Lynchburg area and nationally. CAM is charged at the rate of \$8.00 per square foot for the restaurants and \$4.00 per sf for the retail stores. Restaurants are charged more because of the extra cleaning and trash burdens they place on the common area seating. Some public markets peg CAM to particular operating expenses and then share the costs on a pro rata basis. If those operating expenses go up or down each year, then the tenants' CAM fees are adjusted proportionally. For simplicity, CAM is proposed initially as a set, per square foot fee.

At the proposed level, rents in the Community Market will be at the high end but still comparable to existing downtown Lynchburg Class B spaces. Furthermore, on a square foot basis, public markets are typically at least two times more expensive than nearby store rents. In part, this is because of the extra management services that public markets provide. In addition, tenants only pay rent for their actual stalls and not for customer circulation areas or bathrooms, which they would have to absorb in a storefront. Market tenants need much smaller spaces to generate similar or higher sales volumes. As a result, the rents per square foot are higher, but the absolute cost of occupancy is not. These benefits will have to be stressed to existing and new tenants. According to the Urban Land Institute's annual survey of shopping centers, food stores such as bakeries, delicatessens and butcher shops typically pay between 7% and 17% of their gross sales in total real estate occupancy costs, with an average of 12.5%. By contrast, total occupancy costs for vendors in the market hall (adding base rent and CAM) average only 5.4% of gross sales in this analysis.

A new charge is a marketing fee. This is proposed at \$5.00 per sf for all permanent vendors. This provides \$36,275 per year of revenue for the Market. The daily vendors are also charged a marketing fee of \$5 per day for farmers and \$10 per day for craft vendors. These fees provide the resources to significantly expand the Community Market's marketing program, which is essential to the project's long term success and critical for supporting the investment represented by the redevelopment of the Market.

One of the most important costs facing public market vendors is labor. In all instances, the operating statements assume that the owner is present to manage the business; the owner's compensation is therefore the business' net profit. Local wage conditions, as reported by the US

Bureau of Labor Standards, were utilized in the analysis for employees. Hour/wage calculations are shown at the bottom of each operating statement. These estimates represent the manpower requirements at these sales levels. As sales increase or hours are extended, additional labor will be required. Total payroll expenditures, including taxes and benefits, are estimated at \$531,000 (this excludes owner income). Overall, the ten permanent tenants are estimated to provide 40 FTE jobs.

Estimates were made for the tenants' cost of construction and fit-out of their new spaces, as well as working capital. For current tenants, they might be able to use existing equipment and fixtures, although there will still be plumbing and electrical costs and other costs of physical improvements. These numbers will need to be revisited as the design concept is further refined and the amount of time the Market needs to be closed during reconstruction is determined. For purposes of pro forma analysis, the total construction/equipment/working capital estimate is \$720,000 for the ten proposed businesses. Most of this cost (\$515,000) is expected to be carried by the tenants, but an initial estimate of \$205,000 is provided for tenant allowances, which are provided by the landlord to help defray some of the tenants' costs. The tenant share (average \$51,500 per tenant) is incorporated into the individual income statements as depreciation, with a cost of capital at 7.5% over a five year term.

Daily vendors

Income estimates were made for the indoor and outdoor components of the farmers' market, and indoor and outdoor components of nonfood (craft) vendors.

- Outdoor farmers' market. Currently, farmers pay \$600 per year for 21 outdoor spaces. Additional rent is garnered by re-renting spaces when the farmers do not show up. For this analysis, the seasonal rent is raised 5% to \$630 per year and is only good for one day a week, Saturdays, which reflects the Market's operating practice. If a second day is added, additional rent should be charged on either a daily or seasonal basis. Re-rent of \$28 per day is figured at 5 spaces per day over 24 days. Farmers are also charged \$5 per day for the marketing fee. For the analysis, it is assumed that farmers average 24 market days per year, so the average marketing fee per farmer is \$120. As the chart below shows, annual income from the outdoor farmers' market is \$19,353.

Outside Farmers Market

Space		Spaces	Seasonal rent, 1 day		Total	Mktg fee/day		Days/yr	Mktg/year	Total
57-75	Covered	18	\$	630	\$ 11,340	\$	5.00	24	\$ 2,160	
no #	Uncovered	1	\$	273	\$ 273	\$	5.00	24	\$ 120	
Stalls 1-2	Uncovered	2	\$	630	\$ 1,260	\$	5.00	24	\$ 240	
Re-rent		Days/year 24	Spaces 5	Rent/day \$ 28	\$ 3,360	\$	5.00	24	\$ 600	
<i>Subtotal</i>					\$ 16,233				\$ 3,120	\$ 19,353

- Indoor Saturday farmers' market. At present, there are 15 farmers and food producers that rent space inside along what is called the tailgate and front row. Currently, the tailgate spaces (#48-56) are charged \$840 per year. As with the outdoor farmers' market, rents are raised 5% from current levels. The 5 nonfood tenants are charged \$1,250 per year, which is the equivalent of \$25 per day over 50 days. With the marketing fee of \$5 per day, the indoor farmers' market equals \$24,480 in rents (see chart below).

Indoor Saturday Market - year round

# of stalls	Type	Annual rent, 1 day	Total	Mktg fee/day	Days/yr	Mktg/year	Total
15	Food	\$ 882	\$ 13,230	\$ 5.00	50	\$ 3,750	
5	Noonfood	\$ 1,250	\$ 6,250	\$ 5.00	50	\$ 1,250	
<i>Subtotal</i>			\$ 19,480			\$ 5,000	\$ 24,480

- Indoor craft vendors. The indoor vending in the new flexible space is assumed to be rented on a daily basis. It is estimated that, on average, there will be 25 vendors who pay \$28 per day over 12 events during the course of the year, plus the \$10 per day marketing fee. This equals \$12,408 per year.

Event space vendor rentals

# of stalls	Type	Rent/day	Events days/year	Total	Mktg fee/day	Mktg/year	Total fee
25	Nonfood	\$28.00	12	\$9,408	\$10.00	\$3,000	\$12,408

- Outdoor craft vendors. The outdoor vending is imagined to be on Sundays or mid-week, when the farmers' market is not in operation. Depending on how the plaza is designed and the demand, it is also possible to have craft vending outdoor on Saturdays when the farmers' market is in operation. For the financial analysis, it is estimated that there will be 25 spaces rented 20 days per year for \$25 per day, plus the \$10 per day marketing charge, for a total of \$15,000.

Outside events - vendors (Sunday, weekday)

Spaces	Rent/day	Events days/year	Total	Mktg fee/day	Days/yr	Mktg/year	Total fee
25	\$ 25.00	20	\$ 12,500	\$ 10.00	20	\$ 5,000	\$ 17,500

Site rental

The flexible event space is expected to be rented for a variety of functions, from board meetings to parties and fundraisers. At present, there are a number of facilities in downtown Lynchburg that are available for rental. Research was conducted on fees charged and availability in order to determine reasonable projections for fees and usage. Event spaces contacted include the Academy of Fine Arts, the 9th Street Parlor (aka The Ballroom), Holiday Inn, and The Swann Building on Commerce Street.

To determine income from the site rental, the analysis factors in the projected number of events per year, the average number of people who attend each event, and a site rental fee using a per person amount. In practice, management can determine a fixed price for each of the rooms per hour or per session, and charge set up and break down fees. It is expected that some users of the space (nonprofits, charities) will yield little site rental revenue, so the average fees are low.

In the first year, the analysis suggests that 40 paid events will take place, with an average of 50 people per event. Over a full year, this is well below one event each week, so the analysis should be seen as quite conservative. By the second year, the number of events increases to 50 and then to 80 by the third year.

In addition to the flexible indoor space, the second floor of the Armory and the plaza are also available to be rented. Through 10 months of FY2006, the Department of Parks and Recreation received about \$4100 of income for the Armory and \$4800 of income for the plaza. With more aggressive marketing, it is anticipated that these rental numbers can increase to \$5,000 per year and \$6,000 per year, respectively, and then increase by 10% per year for the following two years.

Site rental for catered events

	Year 1	Year 2	Year 3
Indoor flexible space			
Events/year	40	50	80
People/event (ave)	50	55	60
Fee/person	\$ 8.00	\$ 8.00	\$ 10.00
<i>Subtotal</i>	\$16,000	\$22,000	\$48,000
Armory 2nd Floor	\$5,000	\$5,500	\$6,050
Plaza	\$6,000	\$6,600	\$7,260
Total	\$27,000	\$34,100	\$61,310

Market pro forma

A three year operations pro forma has been prepared for the Community Market (see “Operating Projection” in Appendix B.) Based on the various sources of rental income, total first year income is estimated at \$293,764. In addition to all the income sources described above, this includes \$7,000 for gift certificates (net) and Market merchandise sales, as per below:

Concessions/sales

Gift certificates (net)	\$5,000
Merchandise	\$2,000
Total	<u>\$7,000</u>

Allowances are provided for uncollected rents and vacancy lost, dropping net income to \$267,414.

First year expenses are estimated to be \$350,563, resulting in a net loss of \$83,148, before subtracting any capital maintenance fund. By the third year, revenues should climb to \$323,575 while expenses are \$367,423, resulting in net loss of \$43,847.

Personnel represents the biggest operating cost for the Community Market, at 46% of total expenses, followed by marketing, at 24%. Personnel and marketing costs are detailed below. Other significant expenses include utilities and repairs. While the design plan will encourage energy savings because HVAC will be consolidated, increasing energy costs will probably keep the utility budget at approximately the same level as experienced today.

Development budget

An analysis was made of how much debt the city could support based on the proposed concept. At present, the City of Lynchburg subsidizes the Community Market at the rate of approximately \$200,000 per year. Assuming the Market achieves a \$44,000 operating deficit a year as envisioned by year three, the total change is \$156,000. According to the Department, the interest rate on the City's most recent debt was 4.5%. Assuming the city can borrow at 5.0% in the near future, an annual payment of \$240,000 over a thirty year term would produce a present value of \$2.4 million. Therefore, an investment of \$2.4 million into the Market's infrastructure would be "expense neutral" compared to the city's current support.

Management and Operations*Organizational structure*

It is anticipated that a nonprofit organization, Lynch's Landing, will take over the operation of the Lynchburg Community Market once the redevelopment is completed. The City will maintain ownership of the Market and maintain the property. Lynch's Landing will be responsible for the outdoor plaza, the market hall, and, when it is not being utilized by the police academy, the second floor of the Armory.

A number of public markets around the country have a similar organizational structure, with the city owning the market property and having an agreement with a nonprofit corporation to run the facility. Some examples include the Findlay Market in Cincinnati and the Lexington Market in Baltimore. In the case of Lexington Market, the city's Finance Director is a member of the board of director's of Lexington Market, Inc.

Management

A strong management team is often identified as the most critical determinant of a public market's long term success. Public markets are management-intensive operations: market managers need to understand how each business inside the market operates, understand the market's customers, and take the steps that lead to profitability for both merchants and the market as a whole. The management team must pursue the market's public goals, which include financial objectives that require a firm, business-like approach.

The tasks of market management can generally be divided into five categories: property management, financial management/planning, tenant relations/business assistance, leasing, and marketing. Some of the critical tasks within each category include:

Property management

- Cleaning and pest control
- Security; opening and locking doors on time
- Maintenance
- Code adherence
- Rules enforcement, including quality control, display, and hours of operation

Financial management and planning

- Financial reports to board of directors and the city
- Regular update of business plan
- Preparation of annual report, demonstrating progress toward meeting the Market's goals

Leasing

- Active, aggressive leasing effort to add proposed retail businesses, particularly bakery/café, then ongoing leasing to fill vacancies and replace underperforming vendors
- Farmer recruitment, with focus on bona fide farmers, not hobbyists or middlemen (pursue farmers from Charlottesville Farmers' Market)
- Preparation of leasing materials with new vision
- Rental of events space

Tenant relations/business assistance

- Maintain strong relations and ensure good communication with vendors
- Provide business assistance services, such as training and employee orientation

Marketing

- Advertising
- Special events/promotions
- Public relations
- Research

As currently conceptualized, the management staff includes a director, marketing director, farmers' market/space rental coordinator, bookkeeper, and janitorial staff. The director is expected to be the executive director of Lynch's Landing. For budgeting purposes, the director is assumed to spend one-quarter time on the Community Market and charge \$18,000 of her time to the Market budget. Similarly, the marketing director is assumed to be a staff person at Lynch's Landing who devotes 1/3 of his/her time to the Market and charges \$15,000 to the Market budget. The farmers' market/space rental coordinator is expected to be a full time position and is budgeted at \$36,000. The bookkeeper is expected to be one-half time (budgeted at \$13,000) and there are the equivalent of three full time janitors at \$9.00 per hour for a total of \$47,250. The following chart shows all the personnel costs:

Personnel	
Director (1/4 time)	\$18,000
Marketing Director (1/3 time)	\$15,000
Farmers' Market/Space rental coord.	\$36,000
Bookkeeper (1/2 time)	\$13,000
Janitorial (3 at \$9.00)	\$47,250
Fringe benefits	\$23,265
Payroll tax	\$9,048
Total	\$161,563
Annual raise	3.5%
Fringe benefits	18%
Payroll taxes	7%

Marketing

Marketing will play a key role in the success of the redeveloped Community Market. Residents in the region need to be made aware of the improved facility, educated about public market shopping (particularly the farmers' market), and convinced that they should alter their food buying habits by coming downtown to shop. It is critical that the Market only advertise and promote what it is able to deliver. For example, clear rules and an enforcement regime must be in place about mandatory hours – with the buy-in from vendors – before the Market can advertise its hours of operation. Furthermore, if the Market is going to advertise local foods, then there must be local foods available at all times the Market promises.

A well developed marketing program includes advertising, promotions/special events, and public relations. Given the expertise and capacity of Lynch's Landing to run events, it is

recommended that special events be the centerpiece of the Market's marketing program. Much of the effort here will be to draw customers to the Market and to gain television, radio, and print coverage of the events. For initial budgetary purposes, other marketing strategies include a brochure, placement in area guide books and maps, and a quarterly newsletter.

The Community Market's marketing program should be tied into the new downtown branding themes, which are expected to be arts, culture and history. The Market's message about local foods and crafts, and its own long history, should be readily adaptable to the downtown's branding strategy.

Growing concern about obesity and its link to diet and lifestyle provide an opportunity for the Community Market to position itself as a locus of information and education. The redevelopment plan includes a demonstration kitchen that will facilitate cooking and nutrition classes. The Market can bring in school groups to teach about healthy eating and thereby fulfill its public mission, while also creating loyalty and interest among families in the region.

A preliminary annual budget for marketing is \$85,000 (see below). This figure does not include the staff resources devoted to marketing. The development budget should include additional funds for a grand opening promotion. The redevelopment offers the opportunity to revisit the Market's branding materials, including logo. An annual marketing plan should be developed each with targeted strategies to reach customer segment (downtown workers, nearby residents, regional residents, tourists, etc.).

Since tenants will be required to pay a marketing fee, it is reasonable for the Market to organize a marketing committee that includes vendors in order to solicit their ideas, gauge the impact of the marketing on their businesses, and encourage their participation in market events.

Advertising	Brochure	\$	6,000	
	Guides	\$	2,000	
	Television	\$	10,000	
	Radio	\$	15,000	
	Billboard	\$	10,000	
	Newspaper	\$	10,000	
	<i>Subtotal</i>			\$ 53,000
Events	Festivals	\$	12,000	
	Holiday decorations	\$	2,000	
	<i>Subtotal</i>			\$ 14,000
Public relations	Newsletter	\$	10,000	
	Giveaways			\$ 10,000
Other	Web	\$	5,000	
	Design/production	\$	3,000	
				\$ 8,000
Total				\$ 85,000

Schedule of operation

Hours of operation have been inconsistent at the Community Market. The redevelopment plan provides the opportunity to rethink the advertised hours, reach agreement with the vendors, and create appropriate rules and procedures for consistent and logical hours.

- Farmers' market

In the focus groups, customers spoke about the progressively early start times for the Saturday farmers' market and assumed that the earlier hours benefited the farmers. Conversations with farmers revealed that they keep coming earlier because the customers keep showing up earlier. The farmers said that they would prefer a later, set opening time.

It is recommended that the Saturday farmers' market keep to a consistent schedule, which can then be reliably advertised. The proposed schedule is 7 am until 2 pm. No selling should be permitted before the scheduled opening time. Like at other markets, the Market Manager can ring a bell to signify the opening and closing of the farmers' market. Since the consultant team only spoke with a subset of the farmers, this policy should be shared with the participating farmers in order to get their feedback and agreement before it is adopted and announced.

While it is illogical to require a farmer to stay at the Market once he or she has sold out, a strong effort should be made to keep the farmers at the Market until the official closing time (2 pm). Again, if management is going to advertise the Market's hours of operation, then it needs

to ensure that products are available to consumers for the entire period. Management needs to work closely with the farmers to encourage them to bring enough products so they are adequately supplied for the entire Market day.

- Indoor market

One of the challenges in setting hours of operation is the variation in business models between the different types of vendors within a public market. Some vendors, such as a coffee business, want very long hours, stretching from the early morning until late in the evening. Other vendors, such as a lunch stall, only want to be open for about four hours around lunchtime. The public market must balance the needs of the different vendors when setting its operating schedule and then, once a decision is made, strictly enforce the rules around opening and closing times because that is what customers are promised.

Ideally, the restaurants and retailers in the market hall would be open the same hours. However, given the previous history, the following hours are suggested:

- Restaurants: Monday through Saturday 7 am – 3 pm
- Retail: Monday through Saturday 9 am – 6 pm

The individual restaurants should be encouraged to stay open until 6 pm.

Sunday hours are becoming increasingly popular in food retailing and many supermarkets have their busiest day of the week on Sundays. If the Market develops a second farmers' market day on Sundays or an afternoon crafts market on Sundays, then it should consider opening the market hall on Sundays, too. This should only take place seasonally.

Parking

Parking remains an important management and communications issue. The next phase of design work will examine the potential to include some parking on the redeveloped plaza, but it is expected that the amount of parking will be reduced. However, demand for parking will grow as Community Market attracts more customers.

The proposed market interior layout offers new access to Church Street via new entryways. This will offer easy access to street parking and the YMCA lot. The new housing for police adjacent to the Market will hopefully also reduce the need for policemen to parking on the plaza. The plaza planning will also look at adding some street parking to 12th Street.

The Community Market does not control enough property to address the downtown's parking problems alone. The Market needs to advocate for parking solutions in the adjacent blocks because most customers shopping for fresh food will arrive with their cars.

Conclusion

This report summarizes the first phase of the Lynchburg Community Market Redevelopment Plan. It includes a proposed merchandising mix with a preferred mix of businesses and uses, an interior layout design concept, a business plan that leads to operational improvements and helps the Market approach financial self-sufficiency, and a sponsorship and management plan to operate the Market after the redevelopment takes place.

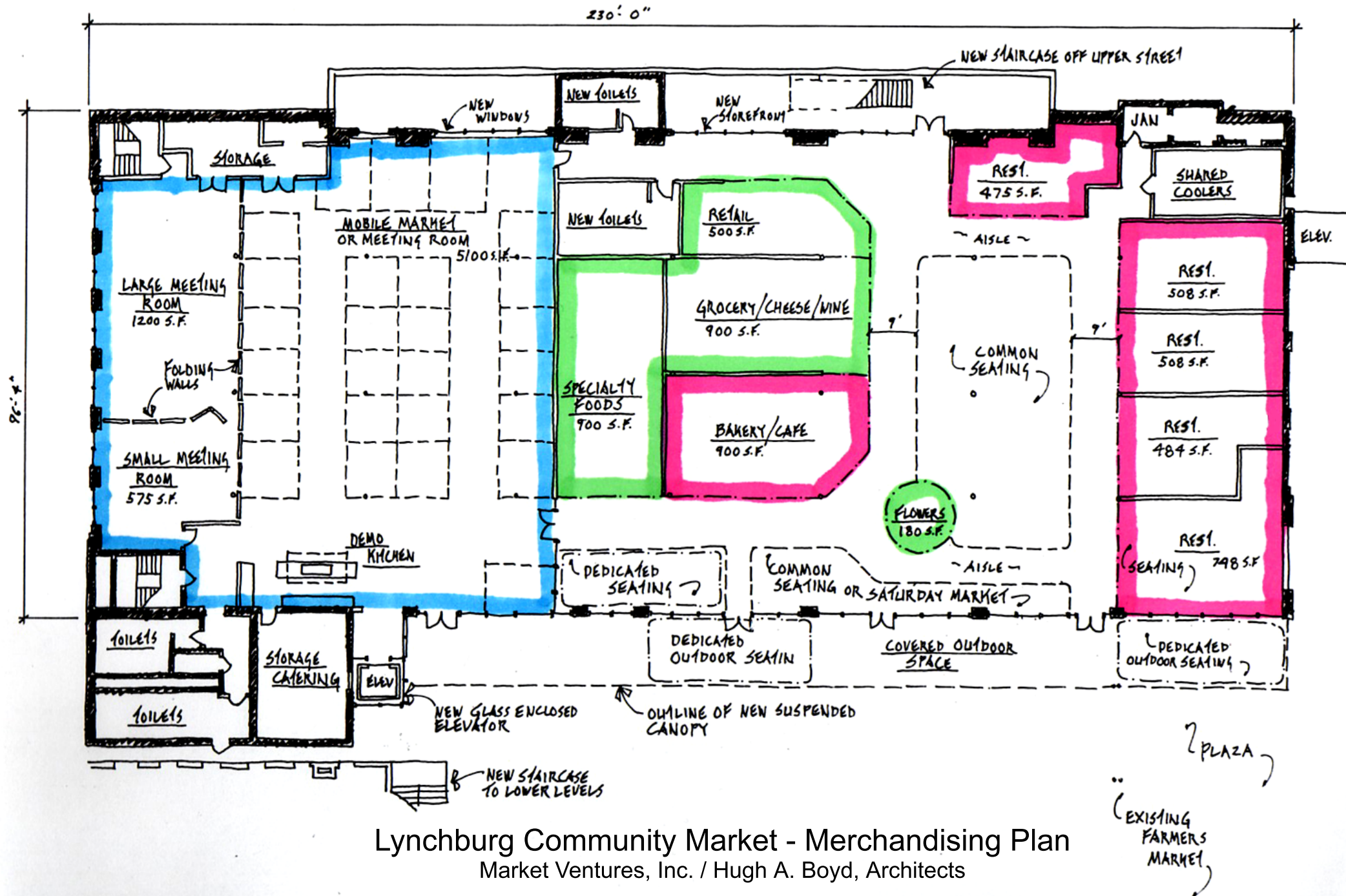
The proposed flexible design will serve both the needs of current vendors (farmers, permanent retailers and restaurants, and crafters) and the needs of the community by providing space that can be utilized by both small groups and large. The new demonstration kitchen can become a significant resource for schools and at-risk families to teach about nutrition and healthy eating. By clustering the restaurants and permanent food vendors together, this design will greatly improve the shopping experience for customers while reducing the cost of operating the building.

Based on the analysis and assumptions contained herein, the redevelopment of the Community Market can substantially reduce the operating subsidy that has been provided by the City of Lynchburg. This has been achieved with moderate rent increases, new efforts at leasing (particularly for bona fide farmers), additional income from site rental, more efficient management, and modest new fees.

The reduction of subsidy suggests that the Market can support about a \$2.4 million investment into the property, utilizing the city's bonding capacity. In return, the Community Market will be a place that serves area residents and tourists much better and has the capacity to grow.

Following the city's investment in the building, the Market will greatly benefit from a professional, nonprofit manager. This group and the city need to agree on the Market's mission and metrics against which to measure progress. The redevelopment provides a great opportunity to strengthen the Market's rules and operating procedures, as well as expand the marketing program particularly with a reinigorated series of events.

Appendix A: Concept Drawing



Appendix B: Charts and Spreadsheets

Market hall vendors: Summary

Lynchburg Community Market

Businesses		10	
Square footage - retail		7,255	
Square footage - storage		2,900	
Total leasable square footage		10,155	
Average sales/sf	\$	383	
Totals (all businesses)			
Annual sales	\$	2,782,000	
Cost of goods	\$	1,123,980	40.4%
Gross profit	\$	1,658,020	
Total Expenses	\$	1,129,614	
NOI	\$	528,406	
Average NOI	\$	52,841	
Expenses (select)			
Base rent - retail	\$	85,100	
Base rent - storage	\$	23,200	
CAM	\$	41,448	
<i>Subtotal - rents</i>	\$	149,748	
<i>Base rents per square foot - average</i>	\$	11.73	
<i>Rents + CAM as % of sales</i>		5.4%	
Marketing fee	\$	36,275	
Tenant fit out costs	\$	445,000	
Tenant allowances	\$	275,000	
Tenant contributions and working capital	\$	720,000	
Payroll	\$	469,820	
Payroll taxes	\$	46,982	
Payroll benefits	\$	14,095	
Total: Payroll	\$	530,897	
Full time employment (FTE)		30.3	
Business owners		10.0	
Market management		5.0	
Total jobs (FTE)		45.3	

Operating Projection

Lynchburg Community Market

	Year 1	Year 2	Year 3
INCOME			
Stores - rent	\$108,300	\$108,300	\$113,715
Stores - CAM	\$41,448	\$41,448	\$43,520
Stores - marketing fee	\$36,275	\$36,275	\$38,089
Farmers' market - inside	\$24,480	\$25,214	\$25,971
Farmers' market - outside	\$19,353	\$19,934	\$20,532
Indoor vending - event space	\$12,408	\$12,780	\$13,164
Outdoor vending (weekday, Sunday)	\$17,500	\$18,025	\$18,566
Site rental	\$27,000	\$34,100	\$61,310
Concessions/sales	\$7,000	\$7,210	\$7,426
Gross Income	\$293,764	\$303,286	\$342,292
Uncollected rents	(\$9,301)	(\$9,301)	(\$9,766)
Vacancy lost	(\$17,049)	(\$8,524)	(\$8,951)
Net Income	\$267,414	\$285,461	\$323,575
EXPENSES			
Personnel	\$161,563	\$161,563	\$167,217
Contractual services/repair	\$15,000	\$15,450	\$15,914
Insurance	\$5,000	\$5,000	\$5,000
L&P	\$10,000	\$10,300	\$10,609
Marketing	\$85,000	\$87,550	\$90,177
Miscellaneous	\$5,000	\$5,150	\$5,305
Real estate taxes	\$0	\$0	\$0
Supplies/equipment	\$8,000	\$8,240	\$8,487
Telephone/computer	\$6,000	\$6,180	\$6,365
Utilities	\$55,000	\$56,650	\$58,350
Total expenses	\$350,563	\$356,083	\$367,423
Net Operating Income	(\$83,148)	(\$70,622)	(\$43,847)

Operating Projection

Lynchburg Community Market

	Year 1	Year 2	Year 3
Base rent and CAM increase	0%	0%	5%
Daily vending fee increase	0%	3%	3%
Uncollected rent	5%	5%	5%
Vacancy	10%	5%	5%

Personnel

Director (1/4 time)	\$18,000	\$18,630	\$19,282
Marketing Director (1/3 time)	\$15,000	\$15,525	\$16,068
Farmers' Market/Space rental coord.	\$36,000	\$37,260	\$38,564
Bookkeeper (1/2 time)	\$13,000	\$13,455	\$13,926
Janitorial (3 at \$9.00)	\$47,250	\$48,904	\$50,615
Fringe benefits	\$23,265	\$24,079	\$24,922
Payroll tax	\$9,048	\$9,364	\$9,692
Total	\$161,563	\$167,217	\$173,070

Annual raise	3.5%
Fringe benefits	18%
Payroll taxes	7%

	SF	Rate	Total
Insurance	20,000 \$	0.25	\$5,000

	SF	Rate	Total
Taxes - Property	20,000 \$	-	\$0

	Building sf	Rate/sf	Total
Utilities	20,000 \$	2.75	\$55,000

Expense inflator	3.0%
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Appendix C: Vendor Pro Forma

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Restaurants	1			2			3			4			5			Total			
Square footage - retail	1132			508			475			508			484			3,107			
Square footage - storage	250			250			250			300			250			1,300			
Total sf	1,382			758			725			808			734			4,407			
Sales/s.f.	\$299			\$409			\$438			\$614			\$430						
Income																			
Annual sales	\$338,000			sales/wk \$6,500			\$208,000			sales/wk \$4,000			\$208,000			sales/wk \$4,000			\$1,274,000
Cost of Goods	\$118,300			35%			\$72,800			35%			\$72,800			35%			\$445,900
Gross Profit	\$219,700						\$135,200						\$135,200						\$828,100
Expenses																			
Advertising fee	\$5,660			\$5.00			\$2,540			\$5.00			\$2,420			\$5.00			\$15,535
Credit Card	\$2,535			3.0%			25%			\$1,560			\$2,340			25%			\$1,560
Depreciation	\$18,537			\$75,000			\$14,830			\$60,000			\$16,066			\$65,000			\$79,093
Dues, subscriptions, publications	\$600						\$1,200						\$1,200						\$1,200
Insurance	\$1,200						\$1,000						\$1,200						\$1,000
Miscellaneous	\$5,000						\$5,000						\$5,000						\$5,000
Office expenses	\$2,000						\$2,000						\$2,000						\$2,000
Parking (employee)	\$0			\$0.00 per month			\$0						\$0						\$0
Payroll (1)	\$61,750						\$31,200						\$61,750						\$31,200
Payroll taxes	\$6,175			10%			\$3,120						\$6,175						\$3,120
Payroll benefits	\$1,853			3%			\$936						\$1,853						\$936
Professional fees	\$1,500						\$4,000						\$4,000						\$4,000
Rent - 1st floor	\$13,584			\$12.00			\$6,096			\$12.00			\$6,096			\$12.00			\$5,808
Rent - storage	\$2,000			\$8.00			\$2,000						\$2,400						\$2,000
CAM	\$9,056			\$8.00			\$4,064						\$4,064						\$3,872
Repairs & Maintenance	\$2,000						\$2,000						\$2,000						\$2,000
Supplies	\$10,140			3.0%			\$6,240						\$9,360						\$6,240
Telephone	\$840						\$840						\$840						\$840
Uniforms and laundry	\$1,000						\$500						\$1,000						\$500
Utilities	\$4,800						\$3,600						\$4,000						\$3,600
Vehicle/Transportation	\$2,000						\$2,000						\$2,000						\$2,000
Subtotal	\$152,230						\$94,726						\$135,883						\$94,126
Net Operating Income	\$67,470						\$40,474						\$66,917						\$41,074
Notes																			
Rent/total sf				\$17.83						\$15.86						\$15.54			\$15.91
Cost of occupancy (rent, CAM)				\$24,640			7.3%			\$12,160			5.8%			\$11,500			5.5%
																			\$12,560
																			4.0%
																			\$11,680
																			5.6%
1. Payroll																			
Rate 1 - retail clerk	Hrs/wk			Rate/hr			Total/wk			Hrs/wk			Rate/hr			Total/wk			
Rate 2 - front line manager	100			\$7.50			\$750			80			\$7.50			\$600			
Rate 3 - manager/skilled	35			\$12.50			\$438			0			\$12.50			\$0			
	0			\$22.00			\$0			0			\$22.00			\$0			
	135						\$1,188			80						\$600			
FTE	3.9						2.3						2.3						
																			14.6
Break even sales = fixed costs / (1 - variable costs as percent)																			
Break even sales				\$234,200						\$145,732						\$209,051			\$144,809
Break even sales/sf				\$169						\$192						\$259			\$197
Equipment/construction costs	\$70,000						\$50,000						\$60,000						\$280,000
Working Capital	\$25,000						\$25,000						\$25,000						\$125,000
Total start-up costs	\$95,000						\$75,000						\$85,000						\$405,000
Tenant allowance	\$20,000						\$15,000						\$20,000						\$85,000
Tenant contribution	\$75,000						\$60,000						\$65,000						\$320,000
Cost of capital	7.5%																		
Amortization (years)	5																		

Vendor pro formas
Lynchburg Community Market

Sales multiplier:	100%
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Retail	6			7			8			9			10			Total
	Specialty food/gifts			Bakery/café			Grocery/cheese/wine			Gifts (consignment)			Flowers			5
Square footage - 1st floor	900			1,668			900			500			180			4,148
Square footage - storage	300			300			300			300			400			1,600
Total sf	1,200			1,968			1,200			800			580			5,748
Sales/s.f.	\$318			\$234			\$404			\$520			\$1,156			
Income	sales/wk			sales/wk			sales/wk			sales/wk			sales/wk			
Annual sales	\$286,000	\$5,500		\$390,000	\$7,500		\$364,000	\$7,000		\$260,000	\$5,000		\$208,000	\$4,000		\$1,508,000
Cost of Goods	\$151,580	53%		\$136,500	35%		\$182,000	50%		\$104,000	40%		\$104,000	50%		\$678,080
Gross Profit	\$134,420			\$253,500			\$182,000			\$156,000			\$104,000			\$829,920
Expenses																
Advertising fee	\$4,500	\$5.00		\$8,340	\$5.00		\$4,500	\$5.00		\$2,500	\$5.00		\$900	\$5.00		\$20,740
Credit Card	\$2,145	3.0%	25%	\$2,925		25%	\$2,730		25%	\$1,950		25%	\$1,560		25%	
Depreciation	\$9,887	\$40,000		\$11,122	\$45,000		\$11,122	\$45,000		\$11,122	\$45,000		\$4,943	\$20,000		\$48,197
Dues, subscriptions, publications	\$600			\$600			\$600			\$600			\$600			
Insurance	\$1,000			\$1,500			\$1,500			\$600			\$600			
Miscellaneous	\$5,000			\$7,000			\$5,000			\$5,000			\$4,000			
Office expenses	\$1,000			\$1,500			\$1,000			\$1,000			\$500			
Parking (employee)	\$0	\$0.00 per month		\$0			\$0			\$0			\$0			
Payroll (1)	\$33,280			\$85,800			\$58,760			\$41,600			\$33,280			\$252,720
Payroll taxes	\$3,328	10%		\$8,580			\$5,876			\$4,160			\$3,328			\$25,272
Payroll benefits	\$998	3%		\$2,574			\$1,763			\$1,248			\$998			\$7,582
Professional fees	\$1,200			\$3,000			\$3,000			\$3,000			\$2,000			
Rent - retail	\$8,100	\$9.00		\$20,016	\$12.00		\$10,800	\$12.00		\$8,000	\$16.00		\$900	\$5.00		\$47,816
Rent - storage	\$2,400	\$8.00		\$2,400			\$2,400			\$2,400			\$3,200			\$12,800
CAM	\$3,600	\$4.00		\$6,672			\$3,600			\$2,000			\$720			\$16,592
Repairs & Maintenance	\$1,000			\$1,000			\$1,500			\$1,500			\$500			
Supplies	\$5,720	2.0%		\$7,800			\$7,280			\$5,200			\$4,160			
Telephone	\$840			\$1,200			\$840			\$840			\$840			
Uniforms and laundry	\$0			\$1,250			\$1,000			\$750			\$500			
Utilities	\$3,600			\$1,000			\$3,000			\$3,000			\$0			
Vehicle/Transportation	\$2,000			\$2,000			\$2,000			\$2,000			\$2,000			
Subtotal	\$90,198			\$176,279			\$128,271			\$98,470			\$65,530			\$558,749
Net Operating Income	\$44,222			\$77,221			\$53,729			\$57,530			\$38,470			\$271,171
Notes																
Rent/total sf		\$11.75			\$14.78			\$14.00			\$15.50			\$8.31		
Cost of occupancy (rent, % rent)		\$14,100	4.9%		\$29,088	7.5%		\$16,800	4.6%		\$12,400	4.8%		\$4,820	2.3%	
52	Hrs/wk	Rate/hr	Total/wk	Hrs/wk	Rate/hr	Total/wk	Hrs/wk	Rate/hr	Total/wk	Hrs/wk	Rate/hr	Total/wk	Hrs/wk	Rate/hr	Total/wk	
Rate 1 - retail clerk	80	\$8.00	\$640	120	\$8.00	\$960	80	\$8.00	\$640	100	\$8.00	\$800	80	\$8.00	\$640	
Rate 2 - senior clerk/asst mgr	0	\$10.00	\$0	20	\$10.00	\$200		\$10.00	\$0		\$10.00	\$0		\$10.00	\$0	
Rate 2 - manager/skilled	0	\$14.00	\$0	35	\$14.00	\$490	35	\$14.00	\$490		\$12.00	\$0		\$14.00	\$0	
	80		\$640	175		\$1,650	115		\$1,130	100		\$800	80		\$640	
FTE	2.3			5.0			3.3			2.9			2.3			15.7
35																
Break even sales = fixed costs / (1 - variable costs as percent)																
Break even sales			\$191,911			\$271,199			\$256,542			\$164,117			\$131,059	\$1,014,829
Break even sales/sf			\$160			\$138			\$214			\$205			\$226	
Equipment/construction costs	\$40,000			\$30,000			\$40,000			\$40,000			\$15,000			\$165,000
Working Capital	\$25,000			\$35,000			\$35,000			\$35,000			\$20,000			\$150,000
Total start-up costs	\$65,000			\$65,000			\$75,000			\$75,000			\$35,000			\$315,000
Tenant allowance	\$25,000			\$20,000			\$30,000			\$30,000			\$15,000			\$120,000
Tenant contribution	\$40,000			\$45,000			\$45,000			\$45,000			\$20,000			\$195,000
Cost of capital	7.5%															
Loan term	5															

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **May 24, 2011**

AGENDA ITEM NO.: 4

CONSENT:

REGULAR:

WORK SESSION: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **End of Fiscal Year 2011 Bonuses for City Employees**

RECOMMENDATION: Adopt a resolution to amend the FY 2011 General, Fleet, Risk Management, Regional Detention Center, Airport, Water and Sewer Funds adopted budgets and approve the use of savings within the funds for a staff bonus to be paid on the June 30, 2011 pay date.

SUMMARY: During its budget deliberations Council indicated its intention to provide a bonus to City employees based on savings in the FY 2011 Budget.

Adoption of the attached resolution would provide a cash bonus of \$500 to each full-time employee on the payroll at the end of the fiscal year who has demonstrated acceptable performance. Part-time employees would receive a prorated bonus based on budgeted hours.

In order for each full-time employee to receive a check for \$500, the amount of the bonus will be grossed up as follows:

Gross amount based on
assumption of:

Salary (Bonus)	787.00
Federal 25%	196.75
State 5.75%	45.25
Social Security 4.2%	33.05
Medicare 1.45%	<u>11.41</u>
NET PAY (Bonus)	500.53

City pays additional

Social Security	6.20%
Medicare	1.45%

The total cost of the bonuses to the General Fund will be approximately \$860,000.

PRIOR ACTION(S): As noted.

FISCAL IMPACT: The use of savings in FY 2011 will result in less fund balance available to be used for the FY 2013 Budget; however, the FY 2011 undesignated fund balance is still estimated to be approximately \$22.8 million, as projected.

CONTACT(S): Donna S. Witt, Director of Financial Services 455-3968

ATTACHMENT(S): Resolution

REVIEWED BY: lkp

RESOLUTION:

BE IT RESOLVED That the FY 2011 General Fund budget is amended and \$859,608 is appropriated with resources from the savings in the General Fund to fund a staff bonus for the June 30, 2011 pay date and that the Fleet, Water, and Sewer Funds are approved to fund a bonus for staff using savings in the FY 2011 Adopted budgets.

BE IT FURTHER RESOLVED That the FY 2011 Airport Fund budget is amended and \$11,607 is appropriated with resources from savings in the General Fund to fund a staff bonus.

BE IT FURTHER RESOLVED That the FY 2011 Regional Detention Center Fund budget is amended and \$36,726 is appropriated with resources from savings in the General Fund to fund a staff bonus.

BE IT FURTHER RESOLVED That the FY 2011 Risk Management Fund budget is amended and \$1,779 is appropriated with resources from savings in the General Fund to fund a staff bonus.

Introduced:

Adopted:

Certified:

Clerk of Council

086L

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **May 24, 2011**

AGENDA ITEM NO.: 21

CONSENT: **X**

REGULAR:

WORK SESSION:

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Technology Trust Fund (TTF) Fees for the Office of the Circuit Court Clerk**

RECOMMENDATION: Adopt a resolution to amend the FY 2011 General Fund budget and appropriate \$22,265 with resources from the State Compensation Board, Technology Trust Fund fees to support information technology needs in the Office of the Circuit Court.

SUMMARY: As required by the Code of Virginia, Section 17.1-279 – Additional fee to be assessed by circuit court clerks for information technology, “the clerk of each circuit court shall assess a \$5 fee, known as the “Technology Trust Fund Fee,” in each civil action, upon each instrument to be recorded in the deed books, and upon each judgment to be docketed in the judgment lien docket book. Such fee shall be deposited by the State Treasurer into a trust fund.” Annually, a portion of this fee is returned to the local Office of the Circuit Court Clerk based on its information technology needs. These funds cannot be used to take the place of current funding supplied by the locality.

PRIOR ACTION(S): Finance Committee, November 23, 2010 [Note: This item was overlooked after the Finance Committee meeting and not brought to Council until now.]

FISCAL IMPACT: None

CONTACT(S): Eugene C. Wingfield, Circuit Court Clerk, 455-2611

ATTACHMENT(S): Resolution

REVIEWED BY: lkp

RESOLUTION:

BE IT RESOLVED that the FY 2011 General Fund budget is amended and \$22,265 is appropriated with resources from the State Compensation Board, Technology Trust Fund fees to support information technology needs in the Office of the Circuit Court Clerk.

Introduced:

Adopted:

Certified:

Clerk of Council

080L

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **May 24, 2011**

AGENDA ITEM NO.: 22

CONSENT: **X**

REGULAR:

WORK SESSION:

CLOSED SESSION:

ACTION: **X**

INFORMATION:

ITEM TITLE: **2010 State Homeland Security Program – Regional Information Sharing**

RECOMMENDATION: Adopt a resolution to amend the FY 2011 City/Federal/State Aid Fund budget and appropriate \$33,000 with resources from the 2010 State Homeland Security Program – Regional Information Sharing Grant to purchase thermal imaging equipment for use in critical incident response.

SUMMARY: The Lynchburg Police Department is eligible to receive \$33,000 in 2010 State Homeland Security Program – Regional Information Sharing Grant funding. This funding would be utilized to purchase thermal imaging equipment for use in critical incident response by the Tactical Unit. Total equipment cost is \$33,000, which is fully reimbursable by the grant; no local matching funds are required.

PRIOR ACTION(S): April 26, 2011 – Finance Committee

BUDGET IMPACT: None

CONTACT(S): Captain Ryan Zuidema, 455-6052

ATTACHMENT(S): Resolution, Notice of Allocation Letter

REVIEWED BY: lkp

RESOLUTION:

BE IT RESOLVED that the FY 2011 City/Federal/State Aid Fund budget is amended and \$33,000 is appropriated with resources from the 2010 State Homeland Security Program – Regional Information Sharing Grant to purchase thermal imaging equipment for use in critical incident response.

Introduced:

Adopted:

Certified:

Clerk of Council

078L



COMMONWEALTH of VIRGINIA

Department of Emergency Management

MICHAEL M. CLINE
State Coordinator

JACK E. KING
Chief Deputy Coordinator

BRETT A. BURDICK
Deputy Coordinator

10501 Trade Court
Richmond, Virginia 23236-3713
(804) 897-6500
(TDD) 674-2417
FAX (804) 897-6506

May 13, 2011

Mr. L. Kimball Payne
City Manager
Lynchburg City
900 Church Street
Lynchburg, VA 24504

Dear Mr. Payne:

The Virginia Department of Emergency Management (VDEM) is pleased to announce the allocation of the 2010 State Homeland Security Program (CFDA #97.073) from the National Preparedness Directorate (NPD), United States Department of Homeland Security (DHS). Your agency has been funded for:

Project Title: Regional Information Sharing
Federal Grant Allocation: \$33,000.00
Recipient's Required Cost Share/Match Amount: \$0.00

The obligation period for this program is August 1, 2010 to February 28, 2013. Reimbursement may be requested for items procured during this period, consistent with the project intent. As a reminder, organizations that spend more than \$500,000 in DHS funds during a fiscal year are subject to an independent audit per OMB circular A-133.

All projects must comply with Environmental and Historic Preservation (EHP) requirements. Sub-recipients must not obligate and/or expend any (federal and/or non-federal matching) funds on any project having the potential to impact environments planning and historical preservation resources without the prior approval of FEMA. A current EHP review evaluation form must be submitted as part of the VDEM application. For more information, please visit <http://www.vaemergency.com/grants/forms> or contact your grant specialist.

"Working to Protect People, Property and Our Communities"

Mr. Payne
Page 2
May 13, 2011

All sub-recipients are requested to submit a completed VDEM grant application. The application, project plan, and timeline will be due 30 days from the receipt of this letter. Below is a list of the documents that comprise the VDEM grant application:

POC Form, Budget Sheets, EHP Evaluation Form	www.vaemergency.com/grants/forms
Grant Assurances	www.vaemergency.com/grants/forms
Certification Regarding Lobbying	www.vaemergency.com/grants/forms
Non-Supplanting Certification	www.vaemergency.com/grants/forms

A quarterly report will be required 15 days after each quarter starting from the date of the award. Quarterly reports will be due until the end of the grant period or when the project is complete. An electronic copy of this document can be found at www.vaemergency.com under grant forms. The final report is due 30 days after closeout. These reports should be held for at least five years after the close of the grant period and are subject to audit by DHS and/or the Commonwealth of Virginia.

Please review and sign the required documents and return them to the Grants Management Office by June 15, 2011. If you have any questions regarding this award, please contact Jocelyn Bagby Grant Specialist at the VDEM Grants Management Office at (804) 897-9766.

Sincerely,



Michael M. Cline

MMC/jb

- c: Honorable Terrie L. Suit, Secretary of Veterans Affairs and Homeland Security
Ms. Kerry Stuver, Grants Management Coordinator, Office of Commonwealth Preparedness
Capt. Ryan Zuidema, City of Lynchburg Police Department

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **May 24, 2011**

AGENDA ITEM NO.: 23

CONSENT:

REGULAR: **X**

WORK SESSION:

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Continuation of the Public Hearing Regarding School Board Appointments**

RECOMMENDATION:

To receive input from citizens regarding appointments (or reappointments) to vacancies that will exist June 30 in each of the three (3) School Board representational districts.

SUMMARY:

The Code of Virginia stipulates that Council may appoint only those nominees or applicants whose names have been considered at a public hearing. Following the public hearing City Council may either conclude the public hearing or continue it to the next meeting to allow more time for citizen input. The City Code requires that these appointments be made during the month of June; so therefore, no action may be taken on this matter except at the June 14 or June 28 meetings.

PRIOR ACTION(S): May 10, 2011, Public Hearing

FISCAL IMPACT:

None

CONTACT(S):

Valeria P. Chambers 455-3990

ATTACHMENT(S):

None

REVIEWED BY: lkp

079L

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **May 24, 2011**

AGENDA ITEM NO.: 24

CONSENT:

REGULAR: **X**

WORKSESSION:

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **\$21,010,000 Loan from the Virginia Clean Water Revolving Loan Fund**

RECOMMENDATION: Conduct the required public hearing pursuant to Section 15.2-2206.A of the Code of Virginia for the issuance of \$21,010,000 of Sewer Revenue Bonds and adopt a resolution authorizing the issuance of not to exceed \$21,010,000 Sewer Revenue Bonds.

SUMMARY: As part of the City's continuing program of combined sewer overflow (CSO) correction, applications are submitted in July of each year to the State Water Control Board for funding from the Virginia Clean Water Revolving Loan Fund (VCWRLF). On December 9, 2010, the State Water Control Board authorized a \$10,100,000 VCWRLF zero percent (0%) interest loan for combined sewer overflow projects. Additionally, the Board authorized a second VCWRLF loan of \$9,000,000 with zero percent (0%) interest for improvements to the Lynchburg Regional Wastewater Treatment Plant. An additional \$350,928 for this second loan was approved on May 11, 2011, bringing the total loan amount up to \$9,350,928. This resolution authorizes an issuance of not to exceed \$21,010,000 to provide for debt issuance in excess of the \$19,450,928 total of both loans in the event future project bids exceed estimates available to date. The projects included in these loans are:

Design:

Blackwater Creek (BWC) - Randolph/Savoy, Belfield Place and College Lake

Construction Administration and Inspection:

CSO Project 1D3.2

CSO Project 1A5

CSO Project 16.3

Construction:

CSO Project 1D3.2

CSO Project 1A5

CSO Project 16.3 (Partial)

College Hill Green Roof

Wastewater Treatment Plant Upgrades:

Replace primary clarifier #2 mechanism

Upgrade & repair four secondary clarifiers

Replace & install new pumps & install new mechanical screen

Modify electrical buildings and rooms

Replace Plant's communication system with fiber optic cable

In order to accept these VCWRLF loans, the City is required to follow the requirements of the Public Finance Act of the Commonwealth of Virginia. This Act requires localities issuing long-term debt to conduct a public hearing and adopt a bond resolution to issue the debt so advertised.

PRIOR ACTION(S): Adoption of the FY 2011-2015 Capital Improvements Program including receipt of a Virginia Clean Water Revolving Loan for Combined Sewer Overflow correction projects

Finance Committee, May 24, 2011

FISCAL IMPACT: Issuance of up to \$21,010,000 Sewer Revenue bonds secured by a pledge of the revenues from the sewer system as collateral for the loan.

CONTACT(S): Donna Witt, Director of Financial Services, 455-3968; Timothy Mitchell, Director of Utilities, 455-4252

ATTACHMENT(S): Resolution

REVIEWED BY: lkp

083LAIS

A RESOLUTION OF THE COUNCIL OF THE CITY OF LYNCHBURG, VIRGINIA, AUTHORIZING THE ISSUANCE OF NOT TO EXCEED TWENTY-ONE MILLION TEN THOUSAND DOLLARS (\$21,010,000) PRINCIPAL AMOUNT OF REVENUE OBLIGATIONS OF THE CITY OF LYNCHBURG, VIRGINIA, IN THE FORM OF SEWER REVENUE BONDS OF THE CITY OF LYNCHBURG, VIRGINIA, FOR THE PURPOSE OF PROVIDING FUNDS TO PAY THE COST OF CAPITAL IMPROVEMENTS TO THE SEWER SYSTEM OF THE CITY, A REVENUE-PRODUCING UNDERTAKING OF THE CITY, SUCH CAPITAL IMPROVEMENTS CONSTITUTING WASTEWATER TREATMENT FACILITIES WITHIN THE MEANING OF TITLE 62.1, CHAPTER 22, SECTION 62.1-224, OF THE CODE OF VIRGINIA, 1950; FIXING THE FORMS, DENOMINATIONS AND CERTAIN OTHER DETAILS OF SUCH BONDS; PROVIDING FOR THE ISSUANCE OF SUCH BONDS TO THE VIRGINIA RESOURCES AUTHORITY (“VRA”), AS ADMINISTRATOR OF THE VIRGINIA WATER FACILITIES REVOLVING FUND, TO EVIDENCE THE BORROWINGS TO BE MADE BY SUCH CITY FROM VRA PURSUANT TO ONE OR MORE FINANCING AGREEMENTS BY AND BETWEEN VRA AND SUCH CITY; APPROVING THE FORMS AND THE TERMS, CONDITIONS AND PROVISIONS OF SUCH FINANCING AGREEMENTS AND AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY THEREOF; AND APPOINTING THE DIRECTOR OF FINANCIAL SERVICES AS REGISTRAR AND PAYING AGENT FOR SUCH BONDS

WHEREAS, in the judgment of the Council (the “Council”) of the City of Lynchburg, Virginia (the “City”), it is desirable to authorize the issuance of not to exceed Twenty-One Million Ten Thousand Dollars (\$21,010,000) principal amount of revenue obligations of the City in the form of Sewer Revenue Bonds to provide funds to pay the cost of capital improvements to the sewer system of the City, a revenue-producing undertaking of the City, such capital improvements constituting wastewater treatment facilities within the meaning of Title 62.1, Chapter 22, Section 62.1-224, of the Code of Virginia, 1950;

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

SECTION 1. Pursuant to Chapter 26 of Title 15.2 of the Code of Virginia, 1950, the same being the Public Finance Act of 1991, for the purpose of providing funds to pay the cost of capital improvements to the sewer system of the City, a revenue-producing undertaking of the City, such capital improvements constituting wastewater treatment facilities within the meaning of Title 62.1, Chapter 22, Section 62.1-224, of the Code of Virginia, 1950, there are authorized to be issued not to exceed Twenty-One Million Ten Thousand Dollars (\$21,010,000) principal amount of revenue bonds of the City to be designated “City of Lynchburg, Virginia, Sewer Revenue Bonds” (the “Bonds”). The Bonds may be issued in one or more series and shall bear the series designation “Series 2011” and such other series designation as shall be determined by the City Manager or the Deputy City Manager.

SECTION 2. The Bonds of each series shall be issued to the Virginia Resources Authority ("VRA"), as administrator of the Virginia Water Facilities Revolving Fund (the "Fund"), pursuant to the terms, conditions and provisions of, and to evidence the borrowing to be made by the City from VRA under, a Commitment Letter for the Bonds of each series (a "Commitment Letter" or, collectively, the "Commitment Letters"), from VRA to the City, and a Financing Agreement for the Bonds of each series (a "Financing Agreement" or, collectively, the "Financing Agreements"), by and between VRA, as administrator of the Fund, and the City, as the Borrower thereunder. The City Manager or the Deputy City Manager is hereby authorized and directed to execute and deliver to VRA a Commitment Letter and a Financing Agreement for the Bonds of each series in such forms as the City Manager or the Deputy City Manager executing the same shall approve upon the advice of counsel (including the City Attorney and Bond Counsel to the City), such approval to be conclusively evidenced by the execution and delivery thereof by the City Manager or the Deputy City Manager. In accordance with the terms, conditions and provisions of the Commitment Letters and the Financing Agreements, as the same may be amended from time to time, the Bonds of each series shall have a term of not exceeding the term provided for in the Financing Agreement relating to the Bonds of such series as executed, shall bear interest at the rate of zero per centum (0%) per annum and shall mature on such dates (*provided* that the final maturity date of the Bonds of each series shall not be later than thirty-five (35) years after the dated date of the Bonds of such series) and in such principal amounts as shall be specified in the definitive forms of the Financing Agreements and the forms of the Bonds attached to the definitive forms of the Financing Agreements as Exhibit A.

SECTION 3. The revenues of the sewer system of the City are irrevocably pledged to the punctual payment of the principal of the Bonds as the same become due and payable, and the Bonds shall be secured solely by and payable solely from such revenues. The Bonds shall be secured on a parity basis with the City's "Existing Parity Bonds" set forth in Appendix F to the definitive forms of the Financing Agreements.

The City Council hereby covenants with and for the benefit of the registered owners of the Bonds that so long as any Bond shall remain outstanding the rates, rents, fees or other charges for the services and facilities furnished by, or for the use of, or in connection with the revenue-producing undertaking of the City consisting of the sewer system of the City shall be fixed and maintained at the level that will produce sufficient revenue in each year to satisfy the rate covenants set forth in the Financing Agreements, to pay the cost of operation and administration of such sewer system, the cost of insurance against loss by injury to persons or property and the principal of the Bonds when due and payable and to provide reserves for such purposes.

SECTION 4. The Bonds of each series shall be executed, for and on behalf of the City, by the manual or facsimile signature of the Mayor or the Vice Mayor of the City and shall have the corporate seal of the City impressed thereon, attested by the manual or facsimile signature of the Clerk of Council or any Deputy Clerk of Council of the City, and shall be authenticated with the manual or facsimile signature of the Director of Financial Services of the City.

The Bonds of each series shall be in substantially the form set forth as Exhibit A to the definitive form of the Financing Agreement relating to such series.

The Director of Financial Services is hereby appointed as the Registrar and Paying Agent for the Bonds.

SECTION 5. The City Manager, the Deputy City Manager, the Director of Financial Services, the City Attorney and other appropriate officers and employees of the City shall take all actions as shall be necessary to carry out the provisions of this Resolution.

SECTION 6. All resolutions in conflict herewith are, to the extent of such conflict, repealed. This Resolution shall constitute the "Local Resolution" as such term is defined in Section 1.1 of the Financing Agreement.

SECTION 7. The Clerk of Council or any Deputy Clerk of Council is hereby directed to file a copy of this Resolution, certified by such Clerk of Council or any Deputy Clerk of Council to be a true and correct copy hereof, with the Circuit Court of the City.

SECTION 8. The members of the Council and all officers, employees and agents of the City are hereby authorized to take such action as they or any one of them may consider necessary or desirable in connection with the issuance and sale of the Bonds and any such action previously taken is hereby ratified and confirmed.

SECTION 9. This Resolution shall take effect upon its adoption.

Adopted:

Certified:

Clerk of Council

083LRes

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **May 24, 2011**

AGENDA ITEM NO.: 25

CONSENT: REGULAR: **X**

WORK SESSION:

CLOSED SESSION:
(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Proposed Changes to the City Code regarding Alarm Systems**

RECOMMENDATION: Adopt the proposed changes to the City Code.

SUMMARY: Lynchburg City Code Sections 27-103 through 27-106, 27-108, 27-111 and 27-113 address the selling, ownership and use of alarm systems within the City. The purpose for regulating the use of alarm systems is to ensure that alarm systems are installed, used and maintained to limit false alarms from occurring. False alarms present a serious threat to the effectiveness of local public safety assets. False alarms are costly and dangerous as they divert public safety personnel from proactive efforts and reduce available resources for true emergency calls for service.

Proposed changes in the ordinance reflect updated administrative methods that will help to reduce staff time and related supply costs, clarifications in definitions, and changes in titles of responsible persons. The following summarizes the purpose of the proposed changes:

27-103(a) - clarification involving the repair of any alarm system

27-103(c) – clarification, uses more industry standard language to include series of devices

27-103(g) – provides a distinction of duties between the Alarm Administrator and the Alarm Coordinator due to changes in job titles

27-103(h) – provides a distinction of duties between the Alarm Administrator and the Alarm Coordinator due to changes in job titles

27-103(i) – provides a more appropriate name for the appeals committee and removes the Department of Public Works member

27-103(l) – adds the definition of monitoring

27-103(o) – adds the definition of response

27-104(a) – clarifies expectations for equipment by using more modern industry standard language/requirements

27-104(b) – adds the expectation that the alarm business provide appropriate service

27-104(e-1) – provides new name of department

27-104(e-5) – clarifies expectations by deleting the mandate for response as it may not be necessary

27-104(f) – added to ensure proper administrative notifications concerning alarm business accounts

27-105(a) – added to clarify alarm user responsibilities

27-105(b) – added to clarify alarm user responsibilities

27-106(a) – corrects department name

27-106(a-1-d) – adds ability to pro-rate permits

27-106(NOTE 1) corrects name of committee

27-106(a-2) – corrects department name, position and adds an on-line option

27-106(4) – deletes requirement to display alarm user permit (sticker)

27-106(4) – changes alarm permit year from May 1 - April 30 to July 1 – June 30 to coincide with the fiscal year. Also clarifies that no refunds are issued for disconnecting alarm service.

27-106(4-b) – corrects department name

27-108(a) – clarifies service assessments also apply to those who are revoked

27-108(b-5) – corrects department name, position and name of committee

27-108(c) – deletes 10 day payment requirement, changes mandatory reporting responsibilities, and corrects department name

27-108(d) – match wording with requirements of 27-108(c)

27-108(e) – match working with requirements of 27-108(c)

27-111(b) – clarifies enforcement to include alarm administrator

27-113(a) – corrects name of committee and corrects position title

27-113(b) – corrects position title

Attached for background is a short presentation that reviews the alarm permit program

PRIOR ACTION(S): Reviewed by City Attorney

FISCAL IMPACT: \$500 cash annually as well as associated staff time savings by eliminating registration stickers

CONTACT(S): Amy N. Lowe, Alarm Systems Coordinator, 455-4286; William A. Aldrich, Director, Department of Emergency Services, 455-4285

ATTACHMENT(S): Proposed ordinance; Summary presentation.

REVIEWED BY: lkp

ORDINANCE

AN ORDINANCE TO AMEND AND REENACT SECTIONS 27-103, 27-104, 27-105, 27-106, 27-108, 27-109, 27-111 AND 27-113 OF THE CODE OF THE CITY OF LYNCHBURG, 1981, THE AMENDED SECTIONS RELATING TO THE SALE, MAINTENANCE AND USE OF ALARM SYSTEMS WITHIN THE CITY.

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

1. That Sections 27-103, 27-104, 27-105, 27-106, 27-108, 27-109, 27-111 and 27-113 of the Code of the City of Lynchburg, 1981, be and the same are hereby amended and reenacted as follows:

Sec. 27-103. Definitions.

Except where otherwise indicated by the context, the following definitions shall apply in the interpretation and enforcement of this article.

(a) Alarm agent: Any person who is employed by an alarm business, either directly or indirectly, whose duties include any of the following: maintaining, servicing, or repairing any alarm or alarm system in or on any building, place or premises. Any person whose duties consist solely of resetting an alarm following activation shall not be deemed to be an alarm agent.

(b) Alarm business: The business, by an individual, partnership, corporation, or other entity, of selling, leasing, maintaining, servicing, repairing, altering, replacing, moving, installing or monitoring an alarm or alarm system in or for any building, structure or facility.

(c) Alarm or alarm system: Any mechanical device, ~~or~~ electrical device or series of devices, that ~~is~~ are used to detect unauthorized entry into buildings or alerting others of any unlawful activity, fire or other emergency within buildings or on premises.

(d) Alarm user: Any person, firm, partnership, corporation, or business who leases, rents, purchases or uses any monitored or proprietor alarm, alarm system, device or service.

(e) Audible alarm: A device designed for the detection of an unauthorized entry of premises or fire which when activated generates an audible sound on the premises.

(f) Automatic dialing device: A device that is interconnected to a telephone line and programmed to select a predetermined telephone number and transmit by voice methods or code signal an emergency message indicating a need for emergency response.

(g) Alarm administrator: ~~coordinator: The Emergency Communications Administrator. The department of emergency services director, who oversees the alarm coordinator and enforces the provisions of this article.~~

(h) Alarm coordinator: The person designated by the alarm administrator to administer, control and review false alarm reduction efforts and administer the provisions of this article.

~~(h) (i) Emergency communications users committee~~ False alarm appeal's committee: A committee composed of one sworn police officer, firefighter, sheriff's deputy, ~~a member of the Lynchburg Public Works Department and a member of the Lynchburg Emergency Communications Center, department of emergency services with the department of emergency services director with the emergency communications administrator~~ as chairman.

~~(j)~~ (i) False alarm: Any activation of an alarm system by failure, malfunction, accidental tripping, mis-operation, misuse or negligent maintenance by the owner/user or lessee of the alarm system or his employee or agent or any other activation of an alarm system that results in a response by City of Lynchburg emergency personnel where an emergency situation does not exist. False alarms shall not include signals willfully activated by security alarm users upon good faith belief that an actual fire or attempted burglary, holdup, assault or unlawful entry is about to occur.

~~(j)~~ (k) Monitored alarm: A device designed for the detection of an unauthorized entry in premises, fire or medical emergency and which, when activated, generates an inaudible signal to a monitoring station. A monitored alarm may also generate an audible sound on the premises.

(l) Monitoring: the process by which a monitoring company or alarm installation company receives a signal from an alarm system and relays an alarm dispatch request to the municipality for the purpose of summoning emergency personnel to the alarm site.

~~(k)~~ (m) Permittee: Any person who is granted an alarm user permit under this article.

~~(j)~~ (n) Person: An individual, firm, partnership, joint venture, association, corporation, estate, trust or any other group or combination acting as a unit, and the plural as well as the singular number.

(o) Response: the dispatch of emergency personnel that results when the monitoring company or alarm installation company requests an alarm dispatch to the municipality.

~~(m)~~ (p) Small business: Business occupying floor space of two thousand (2,000) square feet or less and employs no more than five (5) employees including owners and officers.

Sec. 27-104. Alarm business.

The duties of an alarm business shall be as follows:

~~(a) To install a state-of-the-art alarm system and be available to maintain the alarm or alarm system in good working order and to take reasonable measures to prevent the occurrence of false alarms.~~
system that meets or exceeds the minimum American National Standards Institute, (ANSI) requirements for the appropriate installations and to use control panels tested for conformance to the Security Industry Association's Control Panel Standard, C.P. -01

(b) To be available to maintain the alarm system in good working order and to take reasonable measures to prevent the occurrence of false alarms.

~~(b)~~ (c) To instruct each of its alarm users and/or the principal occupants of the buildings or premises protected by an alarm system in the proper operation of the system. Such instruction will specifically include all necessary instructions in turning on and off the system and in avoiding false alarms.

~~(c)~~ (d) To provide each purchaser and user with a copy of the pertinent provisions of this article relating to alarm user duties and false alarm assessments.

~~(d)~~ (e) Upon selling, leasing or renting an inaudible alarm system:

(1) To insure the City of Lynchburg's Emergency Communications Center department of emergency services, alarm coordinator is kept informed as to the name and telephone number of the primary person, and at least one alternate responsible for responding to the premises when the alarm has been activated.

(2) To organize its central receiving station in order to be able to readily and positively identify the type of alarm, i.e., fire, burglary, robbery, or medical emergency, and the location of the alarm if there is more than one system.

(3) To maintain current records as to each of these alarm systems, devices, or services which shall include the name of the owner or occupant of the premises, the name and telephone number of the user or primary person, and at least one alternate responsible for responding to the premises when the alarm is activated, and information concerning whether the alarm system includes an audible alarm.

(4) To make notification of activated alarm systems in the manner prescribed by city policy, including reasonable information concerning the alarm system.

(5) ~~The alarm business shall~~ To make every reasonable effort to arrange for either the alarm user, alarm agent or other responsible representative to go to the premises of an activated alarm system in order to be available to assist city emergency personnel in determining the reason for activation and securing the premises. ~~In no event shall there be unreasonable delay in arriving at the location of the alarm. [Thirty (30) minutes shall be deemed as reasonable and shall commence upon notification of responding individual]. If city emergency personnel depart the premises prior to the arrival of the user, alarm agent, or other responsible representative, then the user, alarm business, or proprietor upon arrival at the location of the alarm signal may document their required response through telephonic notification to the city.~~

(f) An alarm business that purchases alarm system accounts from another person or acquires another alarm business shall notify the City of Lynchburg, alarm coordinator, of such information and provide details as may be reasonable requested by the alarm coordinator. Said written notice shall be sent within thirty (30) days of purchase.

~~(e)~~ (g) Upon ceasing responsibility for a monitored alarm pursuant to this article, the alarm business shall promptly notify the alarm coordinator. Said written notice shall be sent within ten (10) days, giving pertinent information associated with the alarm site.

Sec. 27-105. Alarm user and property owner/occupant responsibility.

The duties of an alarm user shall be as follows:

(a) Obtain an alarm users permit for their alarm system as required in Section 27-106.

(b) Maintain the alarm site and the alarm system in a manner that will minimize or eliminate false alarms.

~~(a)~~ (c) To instruct all personnel who are authorized to place the system or device into operation in the appropriate method of operation.

~~(b)~~ (d) To inform personnel who are authorized to place the alarm system into operation of the provisions of this article emphasizing the importance of avoiding false alarms. A current copy of the pertinent provisions of this article shall be maintained on the premises and be made available to persons who are authorized to place an alarm system into operation.

~~(c)~~ (e) The owner/occupant has the responsibility of re-setting and/or returning all alarm systems to service after an alarm trip or maintenance. The emergency response personnel will not re-set any alarm system.

~~(d)~~ (f) To inactivate or cause to be inactivated audible alarms within thirty (30) minutes of the notification of its activation.

Sec. 27-106. Alarm user's permits required.

(a) Every alarm user shall obtain an alarm user's permit from the City of Lynchburg, department of emergency services for each alarm system. No alarm system located within the city shall be activated without the alarm user having first obtained an alarm user permit as described within this subsection. Such a permit shall be obtained from the City of Lynchburg within one hundred twenty (120) days from the effective date of this article or prior to the use of an alarm system which is installed subsequent to the expiration of one hundred twenty (120) days from the effective date of this article.

(1) The alarm user shall purchase an annual alarm user's permit for each alarm system within the corporate limits of the City of Lynchburg, which is intended and/or designed, when activated, to generate a response from one or more municipal public safety agencies. Effective on July 1, 1996, and for each year thereafter, unless otherwise changed by city council, the annual fee for the alarm permit shall be paid by the "alarm user" and imposed as follows:

- a. Business/industry alarm systems: fifty-five dollars (\$55);
- b. Small business, non-profit and governmental agencies alarm system: forty-five dollars (\$45); and
- c. Residential alarm system: thirty dollars (\$30).

d. The City retains the right to pro-rate permits that are obtained after July 1st of each year.

NOTE: An "audible alarm" system unconnected to a central station may require a user permit for one (1) year should the alarm generate more than four (4) false alarm responses in a single permit year from any public safety agency. All user permit requirements for audible alarm systems may be appealed to the ~~emergency communications users committee~~ false alarm appeal's committee.

(2) The application for an alarm user's permit shall be made on an alarm permit application form which is available from the ~~emergency communications division~~ department of emergency services, alarm coordinator and on-line at lynchburgva.gov. Payment of a the permit fee for each alarm system shall accompany the application to the city collections division.

(3) Every person applying for more than one alarm permit at one location shall pay the alarm user's permit fee for each permit up to five (5) permits. Regardless of the number of permits, the total fee shall not exceed five times the single permit fee for any one location.

~~(4) An alarm user's permit shall be displayed in a conspicuous place at the main entrance of the building observable from outside.~~

~~(4) (5)~~ The initial alarm permit may be ~~issued~~ obtained at any time; however, all alarm permits expire on ~~April June 30th~~ with renewal due between ~~March 1 and May 1~~ May 15th and June 30th of each year following the issuance of the permit. Permits are not transferable from one user to another user, or from one address to another address and no permit refunds will be issued for disconnecting alarm service during an alarm year. It shall be the duty of the alarm user to maintain current permit information.

(b) No alarm system receivers shall be installed ~~in~~ at the Lynchburg department of emergency services, Lynchburg emergency communications center.

(c) An alarm user whose permits has been revoked may apply for a reissued alarm permit in accordance with the fee schedule in Section 27-108 (j).

Sec. 27-108. False alarms; penalty assessments and permit revocation.

(a) Any alarm system which has more than two (2) false alarms within a permit year and / or has had their permit revoked and continues to have false alarms, shall be subject to service assessments as hereinafter provided and any alarm system which has ten (10) or more false alarms within a permit year shall be subject to permit revocation as hereinafter provided. NOTE: Sec. 27-108 shall not apply to newly (first time/original alarm systems) installed/activated alarm systems for the first thirty (30) days of operation.

(b) Notice of service assessment: Notice from the city to any permit holder shall be deemed to have been given on the date such notice is deposited in the U.S. mail, first class postage, prepaid, and addressed to the permit holder at the address shown in the city's permit records or delivered by personal service to the premises. Failure to mail notice to an alarm business shall not impair or invalidate any notice furnished to the alarm user. The notice of service assessment shall contain at least the following information:

- (1) The amount of the assessed fee and number of false alarms during the permit year.
- (2) The dates and times that emergency personnel responded to each alarm.
- (3) The fact that the service assessment must be paid within ~~twenty (20)~~ thirty (30) days following the date of the notice.
- (4) The notice of intent to revoke the permit after ten (10) false alarms during the permit year.
- (5) The right of appeal to the ~~emergency communications users committee~~ false alarm appeal's committee of which the ~~emergency communications administrator~~ department of emergency services director is chairman.

(c) If the City of Lynchburg records more than two (2) false alarms within a permit year for any alarm system, the city shall notify the alarm user of such fact and direct that the user pay to the city a service assessment in the sum of fifty dollars (\$50.00) for the 3rd false alarm recorded, fifty dollars (\$50.00) for the 4th, fifty dollars (\$50.00) for the 5th, seventy-five dollars (\$75.00) for the 6th, one hundred dollars (\$100.00) for the 7th, one hundred twenty-five dollars (\$125.00) for the 8th, one hundred fifty (\$150.00) for the 9th, one hundred seventy-five (\$175.00) for the 10th, and two hundred dollars (\$200.00) for the 11th and all successive false alarms, ~~to be paid within ten (10) days of each excessive false alarm.~~ After the sixth (6) false alarm in one (1) permit year the alarm user must also may be requested to submit a report to the ~~city~~ department of emergency services, alarm coordinator, describing the actions taken or to be taken to discover and eliminate the cause of the false alarms. A copy of such notification shall be sent to the alarm business providing service or inspection to the user.

(d) If the alarm user submits a report as ~~directed~~ requested, the alarm coordinator shall determine if the actions taken or to be taken will prevent the reoccurrence of false alarms. The city shall notify the alarm user and the relevant alarm business in writing whether the permit will be revoked at that time. If the alarm permit is not to be revoked, then notification will be provided that if any subsequent false alarms occur within the permit year, the permit may be revoked without further notice on the tenth (10th) day after the date of the notice of revocation.

(e) If no report is submitted as ~~required~~ requested, or if the city determines that the actions taken or to be taken by the alarm user will not prevent the reoccurrence of false alarms, the city shall give notice to the alarm user and alarm business providing service that the permit will be revoked effective on the tenth (10th) day after the date of the notice of revocation.

(f) If the alarm user fails to pay a service assessment within the time provided after receipt of notification from the city as provided with this section, the city may summarily revoke the alarm user's permit through notification to the alarm user and to the alarm business providing service to the user,

which notification shall be effective on the tenth (10th) day following the date of said notice of revocation.

(g) An alarm user whose permit has been revoked shall be furnished notification of such revocation and shall within three (3) days after the date of said notice of revocation discontinue the use of the alarm system. It shall be unlawful for any alarm user to fail to disconnect such system within three (3) days as herein defined and such failure shall subject the alarm user to the penalties hereinafter provided.

(h) For purposes of any notification to be provided under the terms of this article, such notice shall be effective if the same is mailed addressed to the alarm user at the address furnished to the city in connection with a permit application or at such other address as the alarm user may furnish in writing to the city and such notice shall be effective if mailed to the alarm business at the address provided to the city in connection with the filing of alarm user instructions, or alternatively, to the last known address of said alarm business.

(i) After permit revocation, the alarm user shall take steps to alleviate the false alarm problem. Alarm permits which have been revoked may be reinstated after a report is submitted describing corrective actions taken along with an alarm user application form as described in Section 1-5 (A) and payment of a reissued users alarm permit fee.

First reissued users permit in original one-year period	\$ 50
Second reissued users permit in original one-year period	\$100
Third reissued users permit in original one-year period	\$150
Fourth and each reissued users permit in original one-year period	\$200

Sec. 27-111. Violations and penalties.

(a) In addition to the unlawful acts hereinabove specified, it shall be unlawful for any alarm user to activate an alarm system for use within the city without first obtaining a permit as required by this article. It shall be unlawful for any alarm user to fail to disconnect an alarm system after the revocation of an alarm user's permit in accordance with the terms and provisions of this article.

(b) Enforcement: The city alarm administrator, alarm coordinator, city fire marshal and city police officers are authorized to initiate enforcement of this article.

(c) Penalty: Any person convicted of a violation of any provision of this article shall be guilty of a class 2 misdemeanor and shall be punished by a fine not to exceed one thousand dollars (\$1,000.00) or by imprisonment not to exceed six (6) months, or by both fine and imprisonment, and each day any violation shall continue shall constitute a separate offense.

(d) The conviction or punishment of any person for violation of the provisions of this article or ~~for~~ failing to secure a permit as required by this article shall not relieve the person from paying the permit fee due and unpaid at the time of the conviction, nor shall payment of any permit fee prevent criminal prosecution for violation of any of the provisions of this article. All remedies shall be cumulative and the use of one or more remedies by the city shall not bar the use of any other remedy to the purpose of enforcing the provisions of this article. The amount of any permit fee or service assessment shall be deemed a debt to the city. An action may be commenced in the name of the city in any court of competent jurisdiction for the amount of any delinquent permit fee or service assessment.

Sec. 27-113. Appeal procedures.

(a) Any party aggrieved by a decision of the alarm coordinator or his designee made pursuant to Section 27-108 may, within ten (10) calendar days of receipt of notice of the decision, appeal to the ~~emergency communications users false alarm appeal's~~ committee. A copy of the appeal request shall be sent to the alarm coordinator administrator or his designee.

(b) The request for an appeal shall set forth the specific objection to the decision of the alarm coordinator ~~coordinator~~ administrator or his designee which form the basis of the appeal.

2. That this ordinance shall become effective upon its adoption.

Adopted:

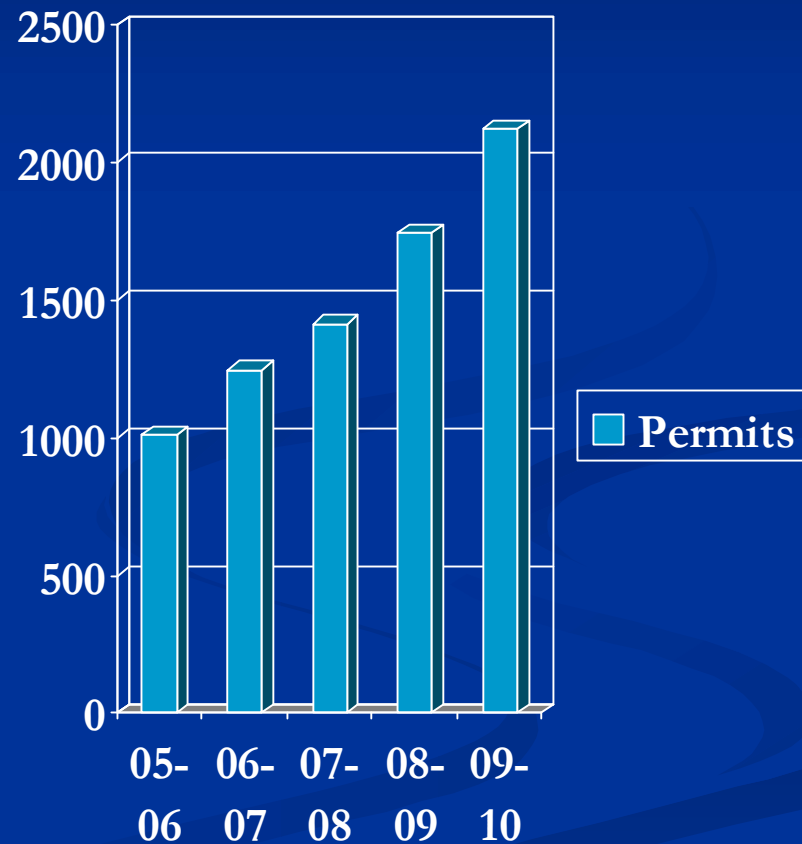
Certified:

Clerk of Council

082L

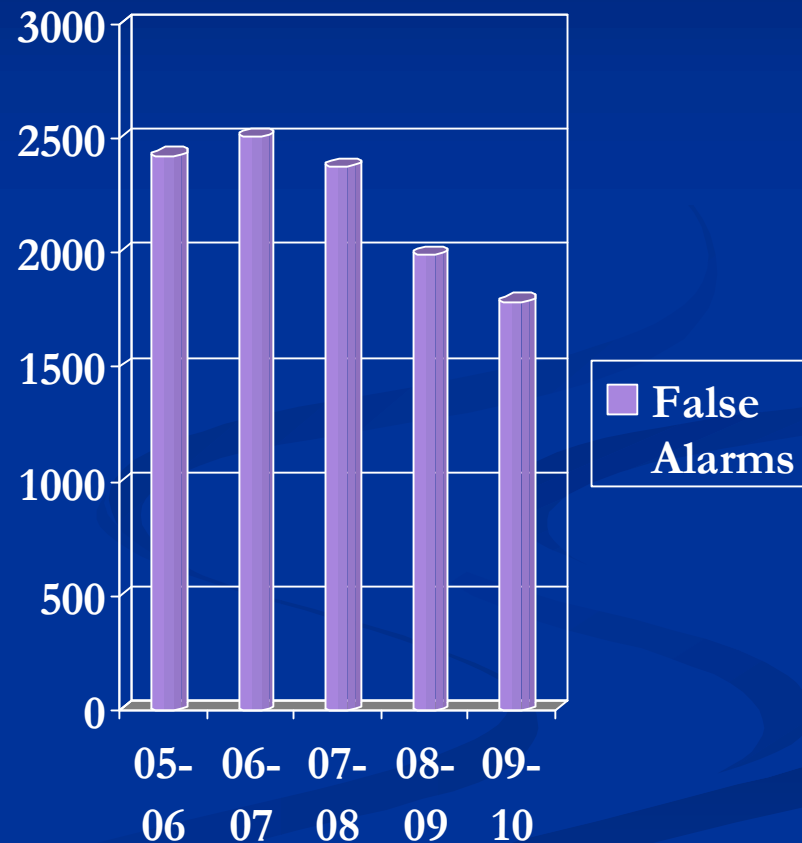
Permits

- We Continue to see a rise in Commercial and Residential Permits. (The number of alarm systems being installed is steadily on the rise)

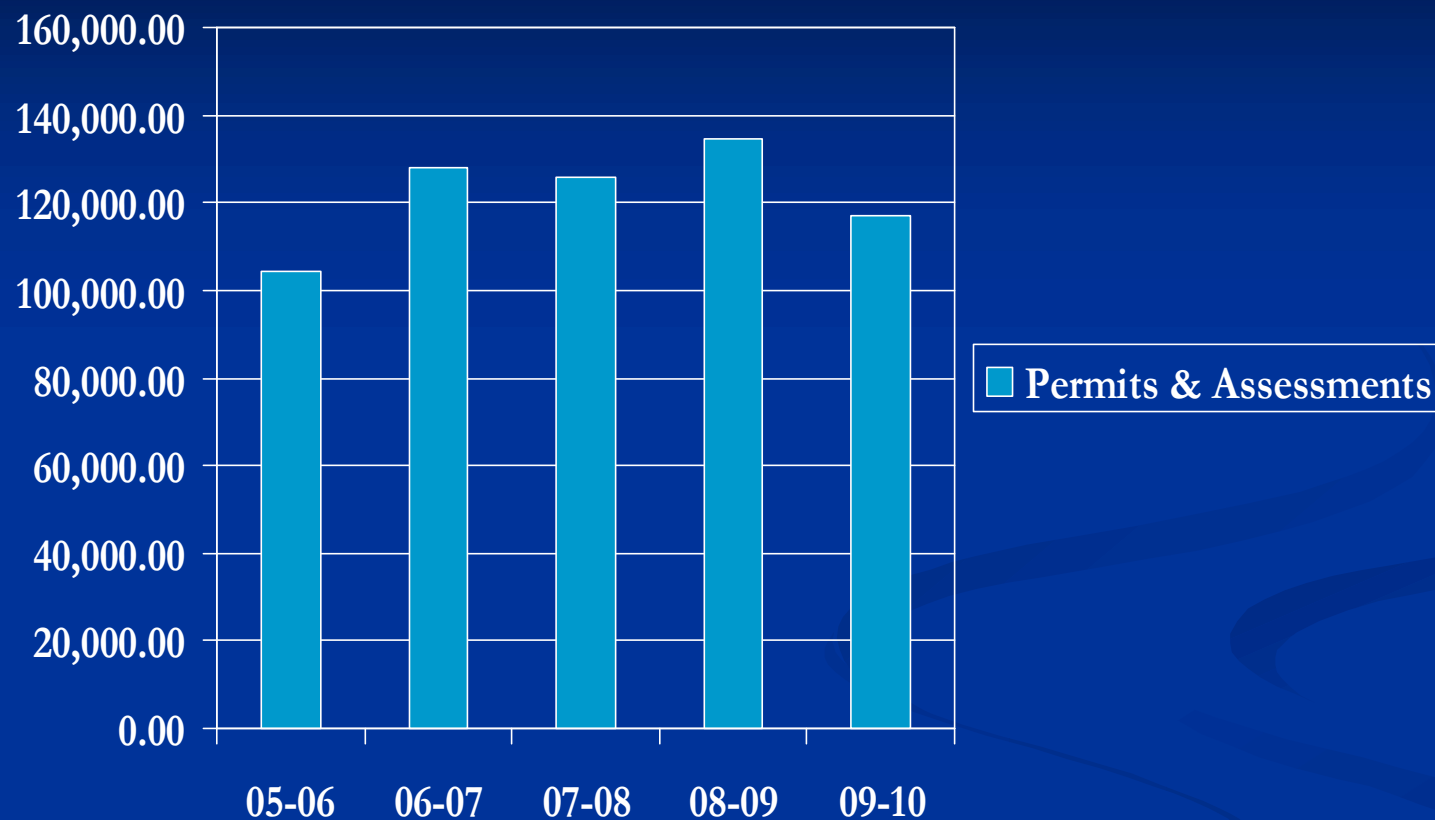


False Alarms for Last 5 Years

- Note a steady decrease of false alarms in the last 3 alarm permit years.
- 2010-2011 alarm permit year we are projecting another decrease in our false alarms in the city.



Alarm Program Revenue



- In March of 2006 the Policy of allowing a alarm user 10 minutes to cancel a alarm was discontinued.

Impact of Reducing False Alarms

- Emergency Personnel Safety (responding to the same location over & over again and not finding any criminal or emergency activity lends itself to officer complacency, this is cut down when the alarms are reduced)
- Available Personnel for Actual Emergency Calls
- Decrease in Personnel Time for all of Public Safety
- Decrease in Fuel & Maintenance for Public Safety Vehicles

Overview of Alarm Program

- Statistics have shown an increase in Permits in the last 5 alarm permit years.
- The number of false alarms decreased by *28.89%* in the last 5 alarm permit years.
- The number of false alarms decreased almost *10%* just in the last alarm permit year.
- We are collecting more money in alarm permits as the amount of permit holders increase and collecting less money for false alarm fines as the false alarms are decreasing significantly
- The program is proving to be a success at cutting down on public safety resources being used for non-emergency situations.