// An additional scheduled meeting of the Council of the City of Lynchburg was held on the 7th day of April, 2009, at 1:00 P.M., Council Chamber, City Hall, Joan F. Foster, President, presiding. The purpose of the meeting was to conduct a work session regarding the FY2010 Budget. The following Members were present:

Present: Garrett, Helgeson, Perrow, Foster	4
Absent: Dodson, Gillette, Johnson	3

// Vice Mayor Dodson arrived at 1:10 p.m.

// Council Member Johnson arrived at 1:22 p.m.

// Deputy City Manager Bonnie Svrcek along with Greater Lynchburg Transit Company (GLTC) General Manager Mike Carroll provided an overview regarding the GLTC budget request. Questions from Council Members focused on the expanded service to Liberty University, the pilot program to provide free transportation this summer to school children, and the status of the new bus transfer station and whether or not it will be located at the same site at The Plaza. City Manager Payne stated that City Council should be kept apprised regarding the new transfer station due to the impact it will have on the community. Mayor Foster stated that she was not in favor of cutting any more of the GLTC bus routes. In response to Council questioning regarding the GLTC budget request, City Manager Kimball Payne stated that his goal was to hold the local funding at the same level as last year for agencies such as GLTC. In response to questioning, Mr. Carroll stated that the increase in personal services is for the hourly labor union employees, and that he would provide City Council with a copy of the Commonwealth Transportation Board's Transit Sustainability and Investment Policy.

// City Manager Kimball Payne briefly reviewed the other remaining funds in the budget.

// Council Member Johnson left the meeting at 1:58 p.m. during agenda item #2.

// City Manager Kimball Payne provided information regarding two opportunities to utilize Federal stimulus funds for law enforcement. Mr. Payne stated that the first is a COPS grant funding which could provide funding for five sworn police officers at no match for a three-year period. Mr. Payne explained that at the end of the third year the City would have to fund the positions in that they could not be eliminated. Mr. Payne stated that the second source of grant funding is through the Edward Byrne Justice Assistance Grant (JAG) Program and that part of the funding is formula based and that the City's allocation is $235,915. Mr. Payne explained that the proposed use of those funds would be to hire three (3) additional telecommunicators at a projected annual salary/benefit cost of $117,102 and that the grant would cover two years and then the City would have to absorb the costs of the additional positions. Mr. Payne went on to say that deciding to pursue these funding opportunities is a difficult decision since accepting the funds would create obligations that the City must cover after two or three years, however, if it is felt that the need for additional personnel is critical, this funding provides immediate relief at lower cost over the short term. Both City Manager Payne and Lynchburg Police Chief Parks Snead indicated that their top priority and the most urgent need would be the JAG grant for the three additional telecommunicators' positions. Police Chief Snead informed that the COPS grant is a competitive process and that there is no guarantee that the City will receive the funds. A number of Council Members commented that the City's population is

growing and that City Council several years ago committed to increasing the number of sworn police officers and that the COPS grant could provide a mechanism to immediately provide five more sworn police officers, recognizing that at the end of the grant period the City would need to continue to fund the positions. Following discussion, and on motion of Council Member Helgeson, seconded by Council Member Garrett, Council by the following recorded vote requested staff to submit an application for the COPS grant:

Ayes: Dodson, Garrett, Helgeson, Perrow, Foster	5
Noes:	0
Absent: Gillette, Johnson	2

On motion of Vice Mayor Dodson, seconded by Council Member Garrett, Council by the following recorded vote requested staff to apply for the Edward Byrne Justice Assistance Grant:

Ayes: Dodson, Garrett, Helgeson, Perrow, Foster	5
Noes:	0
Absent: Gillette, Johnson	2

// City Manager Kimball Payne stated that as staff explores options for reducing personnel costs for FY2010 and beyond, attention is drawn to the fairly large number of current employees fully eligible for retirement benefits from the Virginia Retirement System (VRS). Mr. Payne explained that other localities and school systems are developing or have implemented monetary incentives to encourage retirement and that staff has developed a proposal for a similar program. Human Resources Director Margaret Schmitt provided an overview regarding the proposed Voluntary Retirement/Resignation Incentive Program. Ms. Schmitt stated that while individual circumstances ultimately drive employees' decisions around retirement, a one time, voluntary incentive program has proven effective in other organizations to help eligible employees transition to retirement and create savings. Ms. Schmitt explained that savings in salary and benefits typically occur in multiple ways such as eliminating the position, holding the position vacant for some period of time and filling the position at a lower pay rate. Ms. Schmitt did note that since the City's pay system is market-based, there is less predictability as to the savings when filling the position and specific savings will be realized on a case-by-case basis. Ms. Schmitt commented that the average savings for non-sworn positions where the employee is fully eligible for VRS is about $28,000 per position over a year's time, assuming that some positions would need to be filled within 4 months or so and others could remain vacant for 12 months, that the savings for positions where the employee is 65 or older and has at least 5 years of VRS service averages about $21,500 per position over a year's time, and that the average savings per public safety position is about $14,000 over a year's time assuming that promotions would take place and that it would take about 6 months to fill the consequent entry level positions. Ms. Schmitt went on to say that the costs of the incentive program include the incentive itself, leave payouts and public safety promotion costs and that the proposal includes a one-time monetary incentive of $5,000 for those in the 65 years old and at least 5 years of VRS service category and $10,000 for those fully eligible for an unreduced VRS retirement benefit. Council

Member Perrow stated that he thought the program was a good idea and made a motion to approve the retirement incentive program as written. Council Member Garrett seconded the motion for discussion. Council Members discussed various components of the program, i.e., concern regarding the loss of a large number of senior, experienced employees, whether or not the program would achieve a significant reduction in workforce, and increasing the amount so that the employee would realize the full amount of the incentive ($10,000 or $5,000). Some Council Members commented that even though they thought it was a good program to pursue, they would like more time before voting on the matter, and that they also thought that Council Members Gillette and Johnson needed to have time to comment regarding the program. In response to questioning, Mr. Payne stated that the goal of the program is to reduce the size of the workforce, and if Council Members needed more time to review the program, that staff could bring it back at the next work session. Council Member Perrow withdrew his motion; Council Member Garrett withdrew his second. City Manager Payne stated that the Retirement Incentive Program would be added to the April 14 work session agenda for further discussion.

// City Manager Kimball Payne stated that during roll call of the March 24 work session, Council Member Garrett asked about the feasibility of using $440,000 from the Schools Text Book Reserve to rescind the furloughs imposed on City employees during the remainder of the current fiscal year. Mr. Payne explained that the question arose out of a discussion earlier the same day in the Finance Committee meeting. Mr. Payne explained that transferring $440,000 from the Schools Text Book Reserve to the City's General Fund would not "solve" the deficit problem with the FY 2008 Schools Budget and that the best way to "solve" the FY 2008 deficit issue would be for the Schools to have at least $440,000 in funds left over at the end of FY 2009. In response to questioning, Financial Services Director Donna Witt explained that the $440,000 deficit from FY 2008 was not covered by “City” funds and that it has been covered by FY 2009 funds and the FY 2008 deficit will be eliminated if the Schools have a balance of at least $440,000 at the end of FY 2009. Mr. Payne noted that funds used to correct the deficit issue would need to stay on or be allocated to the Schools side of the ledger and that is why the original recommendation from staff was to set aside a portion of the Schools Text Book Reserve to address the FY 2008 operating deficit if that proves to be necessary after the FY 2009 audit is completed. Mr. Payne went on to say that whether or not it would be appropriate to take funds from any reserve to eliminate the furloughs, the goal of the furloughs, and associated reduction in pay, was to help reduce the anticipated deficit in the current year’s General Fund budget, thus preserving as much fund balance as possible, and that the purpose behind preserving the fund balance is to put the City in the best possible position entering into FY 2010. Mr. Payne noted that the proposed budget for FY 2010 has already suggested reducing reserves, contingencies and the end-of-year fund balance and that rescinding the furloughs and restoring salaries would just reduce reserve funds further than already anticipated. Mr. Payne suggested that any relief for employees, if funds can be identified, should be applied next fiscal year when the proposed reduction in pay will result in longer term consequences.

// Council Member Johnson returned to the meeting at 4:27 p.m. during agenda item #5.

// City Manager Kimball Payne stated that at next week's work session, staff is planning to provide Council with an update regarding new state revenues, an overall revenue picture, and that Council will need to set the tax rate and reach a decision on the retirement incentive program.

// Some Council Members commented that they had previous commitments, so it was agreed that Council would meet until 5:30 p.m. regarding the Capital Improvement Program and finish up at the next work session.

// City Manager Payne stated that in anticipation of today's work session, staff has provided Council Members with background information regarding previously approved Capital Improvement Program (CIP) projects and the status of such projects. Mr. Payne explained that as staff developed the Proposed FY 2010-2014 Capital Improvement Program, they evaluated all previously approved and appropriated projects relative to the funding available and made decisions on the future of each project, and that the projects are categorized into three categories:

1. Projects that will be completed with funds available from the 2010 (Summer 2009) bond sale (generally, these are projects underway, maintenance, or safety related).
2. Projects funded with future bond issues.
3. Projects to be rescinded at Third Quarter Review.
   Projects that are being closed out due to project completion or are not moving forward at this time. Generally, these are projects for which funding is not available and are less of a priority given the availability of funds, and that the reason for each project not moving forward is identified.

Mr. Payne stated that Project Managers are available to answer specific questions regarding each project. In response to questioning, Parks and Recreation Director Kay Frazier provided a brief history regarding the Ivy Creek Nature Center project. Ms. Frazier explained that staff has been working on this project for the past ten years and that plans are to proceed with the project with current cash on hand and any grants that can be obtained. Council Members also had questions regarding the funding for the D Street Bridge, and the cost to replace the roofs on the two restrooms at Peaks View Park. City Manager Payne stated that next year's CIP will be revised to include project pages for all CIP projects and not just the current projects.

// The meeting was adjourned at 5:44 p.m.

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Clerk of Council