

FINANCE COMMITTEE NOTES-- DRAFT
Tuesday, February 23, 2016

GENERAL BUSINESS

Meeting commenced at 11:30 a.m.

ATTENDEES

Committee Members: Councilmember Jeff S. Helgeson, Chairman; Councilmember Randy Nelson; Councilmember Treney Tweedy; Mayor Michael A. Gillette, Ex-Officio

Others: Kim Payne, City Manager; Bonnie Svrcek, Deputy City Manager; Donna Witt, Director of Financial Services; Rhonda Allbeck, Assistant Director of Financial Services; Starlette Early, Budget Analyst

1. Report on the General Fund Reserve for Contingencies

Donna reported on one new item for the Reserve for Contingencies, \$84,071 for Technology-related Equipment for the Circuit Court. If approved, the current balance in the General Fund Reserve for Contingencies is \$1,012,111.

2. Approve the submittal of a grant application to the Department of Homeland Security Federal Emergency Management Agency's (DHS/FEMA) National Preparedness Directorate's FY 2015 Assistance to Firefighters Grant (AFG) in the Operations and Safety category for \$281,649 with resources of \$253,484 from the AFG FY 2015 fund; \$111,845 from the FY 2017 Major Building Repairs - Capital Projects Fund; and \$8,165 from City/Federal/State Aid Fund (Fire Programs Aid to Localities entitlement funds) to fund two station generators and replacement fire hose for the Fire Department.

The Committee unanimously approved this item.

3. Adopt a resolution to amend the FY 2016 Adopted Budget and appropriate \$84,071 from the General Fund Reserve for Contingencies to purchase and install equipment to display and capture into evidence any visual displays of evidence presented to the Circuit Court.

The Committee unanimously approved this item. This item will be taken to full Council for consideration on March 8, 2016.

4. Consider a request to adopt a resolution to amend the FY 2016 City/Federal/State Aid Fund budget and appropriate \$22,680 with resources from a grant from the Library of Virginia to preserve eighty-four (84) Deed books numbered 298 through 382 with records dated July 1955 through December 1963 at the Lynchburg Circuit Court Clerk's Office.

The Committee unanimously approved this item. This item will be taken to full Council for consideration on March 8, 2016.

5. Adopt a resolution to amend the FY 2016 City/Federal/State Aid Fund budget and appropriate \$8,712 with resources of \$7,841 from the Juvenile Accountability Block Grant, Department of

Criminal Justice Services, and \$871 from the Department of Human Services/Juvenile Services Division to fund the upgrade of cameras to a digital system at the Detention Center.

The Committee unanimously approved this item. This item will be taken to full Council for consideration on March 8, 2016.

6. Review highlights of attached quarterly financial reports for the Regional Airport, Lynchburg Regional Juvenile Detention Center, Children's Services Act, Water Operating, Sewer Operating, Stormwater Operating, and General Funds for the quarter ending December 31, 2015.

GLTC: Donna reported Josh Baker was unable to attend today's Finance Committee meeting and will present the quarterly report for GLTC at the next meeting.

Airport: Mark Courtney reported the Airport Fund is on track with budget and air traffic projections. January presented challenging weather, but scheduled seats are up 15.2% thru March compared to last March. Revenues are \$56,000 (6.4%) above budgeted primarily due to aircraft parking fees and rental cars. Retail fuel sales are down 28%. Looking ahead the Airport expects to operate with 0% subsidy from the City.

Lynchburg Regional Juvenile Detention Center: Tamara Rosser reported revenues from services are below budget due to serving fewer juveniles; however, \$8,000 of additional revenue is expected from serving one juvenile placed in the Department of Juvenile Justice (DJJ) Re-entry program. Full revenues are anticipated for operational expenses of the Detention Center. USDA revenue will be reduced as it is reimbursed according to the number of meals served. Expenditures are within budget even with increased training costs due to staff participating in leadership programs.

Children's Services Act (CSA): Tamara reported revenues are down as it is taking longer to receive requested reimbursements from the State. They are working hard to use IV-E funding where possible and are diligent with parental co-pays. Expenses are lower in mandated services due to transferring some to IV-E, higher in Special Ed where students are staying longer periods of time, and lower in non-mandated services due to an increase in mandated services for this population. There was discussion regarding decision making process that enables child to stay in program longer and a request by the Committee to evaluate and monitor expenditures in comparison to FY 2015.

Water: Tim Mitchell reported revenues are tracking along budget and expenses are lower than budgeted due to vacancies in administration and savings in chemicals and electricity by using the Pedlar Reservoir as sole source of water. Overall the Water Fund is at or above target ratio however, the next few years be challenging due to changes in contracts with Bedford County.

Sewer: Tim Mitchell reported revenues are exceeding budget because of additional leachate from Maplewood Landfill and sewer sales from WestRock and Frito-Lay. Expenses are also slightly exceeding budget due to sludge disposal challenges related to odor issues.

Stormwater: Tim Mitchell reported overall revenues are within budget and expenses are slightly down due to savings in Supplies and Materials as staff continues to develop priority repair schedule and lower contractual services by performing in-house repairs.

Water, Sewer, and Stormwater Financial Policies Review: Tim Mitchell reviewed the current financial policies and proposed revisions to reserve fund targets in response to changes in the Virginia Department of Environmental Quality Special Order. There were also no established policies for Stormwater Fund and his proposal included incorporating this fund. There was discussion regarding how these targets would affect bond ratings, how the targets would impact rates for water, sewer, and stormwater, and the appropriate language to use in the revised policies to meet the intent of the policy. The Committee decided to defer for review by the City's financial advisors in order to provide guidance prior to the policies being presented to full Council on March 22.

General Fund: Donna Witt reported the General Fund is in good shape with large revenues in line with budget and expenditures at 50.9%.

General Fund Financial Policies Review: Donna Witt reported that while the City's financial advisors had not made recommendations for specific changes to the General Fund policies, staff proposed revisions in language that incorporated the GLTC in the City's quarterly reporting and provide more specific restrictions on use of fund balance in Third Quarter Review and management of First Quarter Review (formerly referred to as Carry-forward) processes. The Committee elected to have the City's financial advisor review these policy changes prior to moving forward to full Council on March 22.

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

Donna reported on the five largest revenues, all revenues are tracking as expected. Sales and Use Tax looks a bit odd due to a true-up from a retailer that reported excess sales in December 2015. Staff is investigating the issue as conflicting information was received earlier regarding this timeframe. Electric Consumption was down due to a warmer December and Communications Sales and Use tax continues a declining pattern. Meals tax continues to grow and the Lodging tax is normal for December.

8. Roll Call

Council Member Helgeson inquired about review of Finance Committee meeting notes. It was decided to include the meeting notes as part of the Committee's materials and place the approval of the draft meeting notes as an item on the following meeting agenda.

Meeting adjourned at 12:55 p.m.

The next Finance Committee meeting is Tuesday, March 22, 2016, at 11:30 a.m.