

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **May 22, 2007**

AGENDA ITEM NO.:

CONSENT:

REGULAR: **X**

CLOSED SESSION:
(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: 1) Adoption and Appropriation of the FY 2008 Operating and Capital Budgets; 2) Adoption of the FY 2008-2012 Capital Improvement Program (CIP) and Appropriation of the FY 2008 CIP; 3) Approval of an Ordinance Authorizing the City Manager to Award Monetary Incentives, Awards, and Bonuses to Employees for Exceptional Services; 4) Amend City Code to Eliminate the Common Goods Fee; and 5) Amend the City Code to Adjust the Real Estate Tax Rate from \$1.11 to \$1.05 per \$100 of Assessed Value.

RECOMMENDATION:

Adopt and appropriate the FY 2008 Operating Budget; adopt the FY 2008-2012 Capital Improvement Program; adopt and appropriate the FY 2008 Capital Budget; adopt an ordinance authorizing the City Manager to award monetary incentives, awards, and bonuses to employees for exceptional services; amend the City Code to eliminate the common goods fee; and amend the City Code to adjust the real estate tax rate from \$1.11 to \$1.05 per \$100 of assessed value.

SUMMARY:

Following the March 27, 2007 Public Hearing for the FY 2008 Budget, Council incorporated several adjustments to the Proposed FY 2008 Budget including: a reduction in real estate tax revenue reflecting a reduction in the tax rate from \$1.11 to \$1.05, adjustments to revenues, and elimination of the Common Goods fee in the Solid Waste Fund. Adjustments to proposed expenditures included: a reduction in GLTC funding, increases in debt payments, a reduction in schools funding, elimination of funding for Emergency Medical Dispatch, a reduction in the health management program, reduction of an Engineering Project Manager position, reductions in reserves, an increase in the transfer to the Solid Waste Fund to accommodate the elimination of the Common Goods fee, as well as other adjustments detailed in Attachment A.

Adopting Ordinances A, B, E, F, G, H, J, K, L, M, N, O, P, and Q require a majority vote of all of the members of City Council in attendance, said vote to be taken by ayes and noes.

Adopting Ordinances C, D, and I require a two-thirds majority vote (i.e. five of seven) among the members elected to City Council, said vote to be taken by ayes and noes.

The FY 2008 Proposed Operating and Capital Budgets have been amended as follows:

General Fund

<u>Revenues and Use of Fund Balance</u>	<u>Proposed Operating Budget</u>	<u>Adjustments</u>	<u>Revised Budget</u>
Revenues	\$152,399,439	(\$465,665)	\$151,933,774
Use of Fund Balance	4,842,435	160,000	\$5,002,435
Total Revenues and Use of Fund Balance	\$157,241,874	(\$305,665)	\$156,936,209
 <u>Expenditures</u>			
Operations	\$100,349,899	(\$548,296)	\$99,801,603
Debt Service	12,467,615	479,601	\$12,947,216
Schools-Operations	33,113,730	(546,000)	\$32,567,730
Transfers to Other Funds	4,344,257	709,030	\$5,053,287
Reserves	2,223,938	(400,000)	\$1,823,938
Capital Improvements	4,742,435		\$4,742,435
Total Expenditures, Reserves, and	\$157,241,874	(\$305,665)	\$156,936,209

Details of these adjustments can be found in Attachment A.

Schools Operating Fund

The Schools Operating Fund has been amended by \$546,000 to reflect a reduction in local funding approved by City Council.

City/Federal/State Aid Fund

The City/Federal/State Aid Fund has been amended by \$869,030 to reflect a \$130,970 reduction in transfers from the General Fund for the Neighborhood Alliance and a \$1,000,000 increase for the Workforce Investment Act Program.

Water Operating Fund

The Water Operating Fund has been amended by \$330,000 reflecting increases in supplies and materials, contractual services, and training.

Sewer Operating Fund

The Sewer Operating Fund has been amended by \$286,532 reflecting a \$330,000 increase in supplies and materials, contractual services, and training and a \$43,468 reduction in Debt Service.

Water Capital Projects Fund

The Water Capital Projects Fund has been amended by \$300,000 reflecting increases in College Hill Water Filtration Plant Renovations.

Sewer Capital Projects Fund

The Sewer Capital Projects Fund has been amended by \$1,650,000 reflecting a \$250,000 increase in Annual Sewer Extensions and a \$1,900,000 decrease in Combined Sewer Overflow Projects.

Solid Waste Management Fund

The Solid Waste Management Fund has been amended by \$210,000 reflecting a \$1,050,000 decrease in Charges for Services and an \$840,000 increase in the transfer from the General Fund as a result of the elimination of the Common Goods fee.

Fund Balance

With the adjustments noted above, the General Fund undesignated fund balance as of June 30, 2008 is projected to be \$14,747,399, or approximately 10.0% of revenues. Council's target for undesignated fund balance is 10.0% of revenues.

PRIOR ACTION(S):

March 6, 13, 27, April 2, 10, 24, 2007 – City Council Work Sessions

March 27, 2007 – Public Hearing on the Proposed FY 2008 Budgets for City Government, Public Schools,

Water, Sewer, Solid Waste, Airport and Other Funds, and the FY 2008 - 2012 Capital Improvement Program

May 8, 2007 – First Reading

BUDGET IMPACT:

See attached budget ordinance.

CONTACT(S):

L. Kimball Payne, III, City Manager, 455-3990

Bonnie Svrcek, Deputy City Manager, 455-3990

Donna Witt, Director of Financial Services, 455-3968

ATTACHMENT(S):

Attachment A: General Fund Expenditure Adjustments, and

Ordinances to 1) adopt and appropriate the FY 2008 Operating and Capital Budgets; 2) adopt the FY 2008-

2012 Capital Improvement Program (CIP) and appropriate the FY 2008 CIP; 3) approve an ordinance

authorizing the City Manager to award monetary incentives, awards, and bonuses to employees for

exceptional services; 4) amend City Code to eliminate the Common Goods fee; and 5) amend the City Code to

adjust the real estate tax rate from \$1.11 to \$1.05 per \$100 of assessed value.

REVIEWED BY:

lkp

ATTACHMENT A

BALANCING THE FY 2008 GENERAL FUND BUDGET

Revenues and Use of Fund Balance

<i>Proposed Revenues (from the FY 2008 Proposed Operating Budget)</i>	\$152,399,439
Use of Fund Balance	4,842,435
Total Proposed Revenues and Use of Fund Balance	\$157,241,874

Adjustments: Revenue Summary (discussed at the 4/10/07 Work Session)

Non-Dedicated Revenue Adjustments

Real Property Tax	\$1,470,593
Allowance for Uncollectible Real Property Tax	(\$29,412)
Communications Sales and Use Tax	\$655,976
Right of Way Fees	(\$13,873)
Franchise License Tax Cablevision	(\$580,187)
Motor Vehicle Licenses	(\$101,222)
Lodging Taxes	(\$63,684)
Meals Tax	(\$197,607)
Interest - City Capital	\$55,000
Interest - SNAP	\$446,000
Sheriff's Fee Courtroom Services	47,000
State Non-Categorical Aid	76,555

Dedicated Revenue Adjustments

Recreation Revenue	90,000
State Categorical Aid	72,858
Federal and State VIEW Revenues	135,128

Adjustments: Revenue Summary (discussed at the 4/24/07 Work Session)

Non-Dedicated Revenue Adjustments

Real Property Tax	(2,646,672)
Allowance for Uncollectible Real Property Tax	52,934
Tax Relief for the Elderly/Disabled	(50,000)
Meals Tax	56,487
State Non-Categorical Aid	58,461

Adjustments: Revenue Summary (discussed at the 4/24/07 Work Session)

Use of Fund Balance

For One-time expenditures for Work Management System and Community Development consultants	160,000
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Revised Revenues and Use of Fund Balance **\$156,936,209**

Proposed Expenditures, Reserves and Transfers (from the FY 2008 Proposed Operating Budget) **\$157,241,874**

Adjustments: Expenditures, Reserves, and Transfers (discussed at the 4/10/07 Work Session)

Police cell phone savings	(\$9,600)
Work station for Benefit Program Specialist	(3,500)
Expenses related to additional VIEW funding	135,128
Blue Ridge Regional Jail Authority	70,300
GLTC Operating (increased Fed. Revenue reduces local share)	(302,124)
Graffiti removal program	65,800
Humane Society utilities	10,000
Increase transfer to Solid Waste to cover expenses related to the Common Goods Fee	840,000
E911 Debt payment	269,601
Interest for FY 2008 bond issue	400,000
Reduce interest on interim financing	(190,000)

Adjustments: Expenditures, Reserves, and Transfers (discussed at the 4/24/07 Work Session)

Constitutional Offices due to increased funding	72,858
Facilitator for Council retreat	(2,400)
Emergency Medical Dispatch	(295,000)
Contribution to City Schools	(546,000)

ATTACHMENT A

BALANCING THE FY 2008 GENERAL FUND BUDGET continued

Contribution to GLTC	(61,269)
Wellness Program	(100,000)
Part Time Nature Zone position	(36,423)
Reduce Neighborhood Alliance Network Program to one full-time employee	(62,135)
Engineering Project Manager	(100,000)
Decrease Debt Service Reserve	(200,000)
Decrease Reserve for Contingencies	(200,000)
Police office supplies	(10,000)
Electricity	(67,669)
Firefighter recruit	(44,501)
Increase part-time Sheriff's Deputy positions by \$.50 per hour	4,603
2 Police Officers and equipment for 6 months	56,666
Revised Expenditures	\$156,936,209
Revised Balance	\$0