LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **May 13, 2008** AGENDA ITEM NO.:

CONSENT: REGULAR: **X** CLOSED SESSION: **(Confidential)**

ACTION: **X** INFORMATION:

ITEM TITLE: **1) Adoption and Appropriation of the FY 2009 Operating and Capital Budgets; 2) Adoption of the FY 2009-2013 Capital Improvement Program (CIP) and Appropriation of the FY 2009 CIP; 3) Approval of an Ordinance Authorizing the City Manager to Award Monetary Incentives, Awards, and Bonuses to Employees for Exceptional Services; 4) Adopt the personal property tax relief rate.**

RECOMMENDATION:
Adopt and appropriate the FY 2009 Operating Budget; adopt the FY 2009-2013 Capital Improvement Program; adopt and appropriate the FY 2009 Capital Budget; adopt an ordinance authorizing the City Manager to award monetary incentives, awards, and bonuses to employees for exceptional services; adopt an ordinance to set the personal property tax relief rate.

SUMMARY:
Following the April 1, 2008 Public Hearing for the FY 2009 Budget, Council incorporated several adjustments to the Proposed FY 2009 Budget including: adjustments to revenues and reserves. Adjustments to proposed expenditures included: a reduction in debt payments, a decrease in a transfer to Fleet for debt service, an increase in non-departmental for staff compensation adjustments, the addition of a firefighter recruit position, as well as other adjustments detailed in Attachment A.

Adopting Ordinances A, B, E, F, G, H, J, K, L, M, N, O, and P 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 2009 Proposed Operating and Capital Budgets have been amended as follows:

General Fund

Revenues and Use of Fund Balance	**Proposed Operating Budget**	**Adjustments**	**Revised Budget**
Revenues	$154,706,519	$18,000	$154,724,519
Use of Fund Balance	9,545,496	0	$9,545,496
Total Revenues and Use of Fund Balance	**$164,252,015**	**$18,000**	**$164,270,015**
Expenditures			
Operations	$104,937,063	$553,617	$105,490,680
Debt Service	13,852,939	(431,381)	$13,421,558
Schools-Operations	32,442,103	0	$32,442,103
Greater Lynchburg Transit Company	1,128,884	0	$1,128,884
Transfers to Other Funds	2,655,253	(428,461)	$2,226,792
Reserves	5,825,535	(2,375,775)	$3,449,760
Capital Improvements	3,410,238	2,700,000	$6,110,238
Total Expenditures, Reserves, and	**$164,252,015**	**$18,000**	**$164,270,015**

Details of these adjustments can be found in Attachment A.

Regional Airport Fund
The Regional Airport Fund has been amended by $10,461 to reflect a reduction in transfers from the General Fund due to reductions in debt service related to debt refunding.

Regional Juvenile Detention Fund

The Regional Juvenile Detention Fund has been amended by $41,983 to reflect a reduction in debt services related to debt refunding.

Water Operating Fund

The Water Operating Fund has been amended by $113,059 to reflect a reduction in debt services related to debt refunding.

Sewer Operating Fund

The Sewer Operating Fund has been amended by $197,183 to reflect a reduction in debt services related to debt refunding.

City Capital Projects Fund

The City Capital Projects Fund has been amended by $2,700,000 reflecting the addition of projects to replace D Street Bridge and perform preliminary engineering studies for future projects.

Fund Balance

With the adjustments noted above, the General Fund undesignated fund balance as of June 30, 2009 is projected to be $14,160,819, or 9.2% of revenues. Council's target for undesignated fund balance is 10.0% of revenues. Due to using FY 2008 additional revenues from third quarter adjustments for capital projects, the 10% target was not met. The fund balance will be restored at the end of FY 2008 when excess appropriations close into fund balance.

PRIOR ACTION(S):

March 11, 18, 25, April 8, 15, 22, 2008 – City Council Work Sessions
April 1, 2008 – Public Hearing on the Proposed FY 2009 Budgets for City Government, Public Schools, Water, Sewer, Solid Waste, Airport and Other Funds, and the FY 2009 - 2013 Capital Improvement Program
May 13, 2008 – 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 2009 Operating and Capital Budgets; 2) adopt the FY 2009-2013 Capital Improvement Program (CIP) and appropriate the FY 2009 CIP; 3) approve an ordinance authorizing the City Manager to award monetary incentives, awards, and bonuses to employees for exceptional services; 4) adopt an ordinance to set the personal property tax relief rate.

REVIEWED BY:

ATTACHMEMENT A

BALANCING THE FY 2009 GENERAL FUND BUDGET continued

Revenues and Use of Fund Balance	
Proposed Revenues (from the FY 2008 Proposed Operating Budget)	**$154,706,519**
Use of Fund Balance	9,545,496
Total Proposed Revenues and Use of Fund Balance	**$164,252,015**
Adjustments: Revenue Summary (discussed at the 4/15/08 Work Session)	
Non-Dedicated Revenue Adjustments	
Lodging Taxes	$12,000
Sale of GIS Products	($4,000)
Police Report Sales	$10,000
Revised Revenues and Use of Fund Balance	**$164,270,015**

Expenditures, Reserves and Transfers	
Proposed Expenditures, Reserves and Transfers (*from the FY 2009 Proposed Operating Budget)*	**$164,252,015**
Adjustments: Expenditures, Reserves, and Transfers (discussed at the 4/08/08 Work Session)	
Emegency Communications Position reorganization	($19,310)
Indigent Hospitalization	(8,929)
.3 FTE wage postion	(5,940)
Emergency Medical Dispatch expenses in Council/Manager Budget	(7,000)
Sheriff's Office Lease of Blue Ridge Regional Jail	16,000
Fuel Increase	87,750
Debt Service Savings	(431,381)
Increase Debt Service Reserve	329,836
Cooperative Extension Agent Increase	1,064
Reduce Transfer to Fleet for Debt Service	(418,000)
Increase Non-departmental for staff compensation	418,000
Eliminate Reserve for General Assembly action	(2,030,535)
Eliminate Reserve for FY 2008 Revenue Shortfall	(1,500,000)
Add a Reserve for Local Aid to the Commonwealth	800,000
Increase Transfer to City Capital Projects Fund	2,700,000
Adjustments: Expenditures, Reserves, and Transfers (discussed at the 4/22/08 Work Session)	
Firefighter recruit	49,704
Increase Non-departmental for staff compensation	92,000
Fire safety supplies and training	(23,807)
Reduce transfer to Airport Fund	(10,461)
Reduce Detention Home per diem	(20,991)
Revised Expenditures	**$164,270,015**