

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **June 23, 2009, Work Session**

AGENDA ITEM NO.: 1

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Budget Report and Pay Restoration Scenarios**

RECOMMENDATION: Receive the report from the City Manager and determine the appropriate course of action.

SUMMARY: When Council concluded adoption of the FY 2010 Budget it directed the City Manager to come back on June 23rd with a report on the latest budget figures for the current year and any revised projections for FY 2010 with a goal of crafting a scenario to restore, as soon as possible, the 3% pay cut that is anticipated by the adopted FY 2010 budget.

Although a final report and scenario was not complete in time for inclusion in Council's agenda package, staff will provide additional information and a proposal during the work session.

There are a number of issues that affect this effort and they will be discussed during the presentation on Tuesday. Those issues include:

- The latest revenue projections for FY 2009 (Information provided to the Finance Committee on June 23rd is relevant to this issue.)
- Revised revenue projections for FY 2010 based on the latest information available.
- Significant changes in anticipated expenditures for FY 2010.
- The sustainability of any resources potentially identified to address the 3% pay cut.
- The State budget situation and its possible impact on local revenues and expenditures.
- The suggestion from City Schools that the transfer from the General Fund to support Schools operations can be reduced by \$500,000 due to savings generated by the Schools Retirement Incentive Program.
- Potential savings and the timing of those savings from the City's Retirement Incentive Program and associated vacancy management.

PRIOR ACTION(S): May 26, 2009, final adoption of FY 2010 Budget.

FISCAL IMPACT: Undetermined at this time.

CONTACT(S): Kimball Payne, 455-3990

ATTACHMENT(S): None

REVIEWED BY: lkp

For June 23, 2009 Worksession
To supplement Agenda Item No. 1

General Fund
Major Revenue Sources

Revenue Detail	Actual FY 2008	Adopted FY 2009	3/1/2009		4/9/2009		6/11/2009		Inc/(Dec) Adopted '10 to Revised '10	
			Revised FY 2009	Revised FY 2009	Receipts To Date	Adopted FY 2010	Revised FY 2010			
Current Real Property	\$45,969,063	\$48,233,199	\$48,753,494	\$48,719,494	\$47,161,405	\$51,164,921	\$51,474,921	\$310,000	Revised projections from the Assessor's Office based on fewer appeals than expected.	
Real Property Tax Relief	(622,723)	(621,550)	(621,550)	(621,550)	(621,550)	(715,147)	(715,147)	0		
Allowance for Uncollectible (2%)		(964,664)	(975,070)	(974,390)		(1,023,298)	(1,029,498)	(6,200)	Based on the change to Current Real Property.	
Local Sales Tax	14,260,830	14,235,896	13,066,474	13,066,474	10,960,778	12,468,277	12,468,277	0		
Current Personal Property - Local portion	14,541,089	13,974,299	13,175,517	13,175,517	14,709,069	12,357,017	13,282,416	925,399	\$325,399 increase based on vehicle value reduction less than projected; \$240,000 increase based on higher business personal property than projected; and \$360,000 based on machinery and tools tax increase (especially from Areva and News & Advance). This figure reflects no growth from FY 2009.	
Delinquent Personal Property	861,217	1,000,000	1,068,433	968,000	881,720	993,433	993,433	0		
Allowance for Uncollectible (3%)		(345,642)	(395,266)	(395,266)		(370,711)	(398,472)	(27,761)	Based on the change to Current Personal Property.	
Meals Tax	10,264,150	10,332,000	10,470,000	10,470,000	8,622,836	10,470,000	10,470,000	0		
Business License Tax	7,537,805	7,701,716	7,216,951	7,216,951	6,908,478	6,856,103	6,856,103	0		
Consumer Utility Tax - Electric	3,898,549	3,915,031	3,757,100	3,800,000	3,260,414	3,757,100	3,757,100	0		
Communications Sales and Use Tax	3,893,158	3,780,000	3,451,675	3,616,000	2,737,685	3,492,000	3,380,000	(112,000)	Based on current projections coupled with a \$130,000 refund initially anticipated in FY 2009 being shifted by the State to FY 2010.	
Current Public Service Corporation (PSC)	1,859,402	1,750,000	2,092,537	2,092,537	2,092,537	2,000,000	2,000,000	0		
Motor Vehicle Licenses	1,413,142	1,591,000	1,413,142	1,413,142	1,242,293	1,413,142	1,413,142	0		
Lodging Tax	1,698,848	1,600,000	1,698,848	1,698,848	1,422,275	1,698,848	1,745,139	46,291	Based on current assessments, reflecting approximately 4% growth that has remained steady through April 2009.	
TOTAL	\$105,574,530	\$106,181,285	\$104,172,285	\$104,245,757	\$99,377,940	\$104,561,685	\$105,697,414	\$1,135,729		

SUMMARY

Revised Revenues (Major Categories)	\$ 1,135,729
Return of Funds from Schools	\$ 500,000
Ambulance Billing	\$ 100,000
Revised Revenues	\$ 1,735,729
Reserve for Local Aid to the Commonwealth	(500,000)
Total Funding Available to restore 3% compensation	\$ 1,235,729
Funding needed to restore 3% Employee Compensation	\$ 1,600,000
Balance	(364,271)
Value of 1%	533,333
Percentage amount that \$1,235,729 will fund	2.32