

## FINANCE COMMITTEE NOTES

Tuesday, February 23, 2021

### GENERAL BUSINESS

*Meeting commenced at 11:30 a.m. in Council Chamber in order to allow for social distancing requirements due to COVID-19.*

#### ATTENDEES

**Committee Members:** Council Member Jeff S. Helgeson, Chair; Council Member Randy Nelson; Council Member Beau Wright; Mayor MaryJane Dolan, Ex-Officio.

**Others:** Reid Wodicka, Interim City Manager; Kent White, Acting Deputy City Manager; Donna Witt, Chief Financial Officer; Reid Lanham, Accounting Manager; Starlette Early, Budget Analyst

1. Report on the General Fund Reserve for Contingencies.

*Donna Witt reported there were no new items; the FY 2021 General Fund Reserve for Contingencies has a balance of \$1,162,265 including \$22,210 in the Manager's Discretionary Fund.*

2. Consider a request to adopt a resolution to amend the FY 2021 City/Federal/State Aid Fund Budget and appropriate \$64,840 for the Lynchburg Adult Drug Court with resources from the Supreme Court of Virginia Drug Treatment Court Docket Grant.

*This item was approved by the Committee and will be considered by Council at the February 23, 2021 meeting.*

3. Approve the submission of application for Virginia Department of Agricultural and Consumer Services Agriculture and Forestry Industries Development Fund grant for development of the Lynchburg Community Market Produce Stand in the amount of \$10,000.

*This item was approved by the Finance Committee.*

4. Review highlights of attached quarterly financial reports for the Greater Lynchburg Transit Company (GLTC) as well as 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, 2020.

*GLTC: Brian Booth reported total revenues for the second quarter is approximately 5% below budget for the quarter and 7% below budget year-to-date due primarily to lower passenger revenues and Access Contracts reflecting service fare free until November 16<sup>th</sup>. Advertising revenue was up 2% for the quarter and down 4% year-to-date due to management's projection of how advertising would recover following shut-down during spring 2020. Expenditures overall were under budget 5% for the second quarter and 15% year-to-date. Salaries are down 13% due to vacant positions, Fringe Benefits are 10% under budget, and overtime is over budget 19% due to additional coverage needed with vacancies. Maintenance expenses are under budget 20% for the*

quarter, due to fuel expenses less during the pandemic. GLTC anticipates closing the second quarter with a surplus of \$319,860, with adjustments still to be determined based on accrual of CARES Act funds.

*Airport: Andrew LaGala reported the Airport's operating revenues reflect a gradual but steady recovery from the COVID-19 pandemic, with flights being added back as demand warrants and CARES funding providing replacement revenue. Terminal Revenue is down significantly by \$490,000 due to negative impacts of COVID-19 on parking and rental car revenue. Expenses are being held to \$1.55 million less than budgeted to offset the estimated \$555,00 revenue loss and allow for a transfer to the capital fund for a planned revenue-producing corporate hanger project. The Airport anticipates an operating surplus for FY 2021 at \$162,349.*

*Lynchburg Regional Juvenile Detention Center: \*Note: Due to staff transition, this report will be presented at the next meeting of the Finance Committee.*

*Children's Services Act (CSA): \*Note: Due to staff transition, this report will be presented at the next meeting of the Finance Committee.*

*Water: Tim Mitchell reported revenue in the Water Fund was under the amount budgeted by \$417,000, primarily due to Charges for Services: \$296,950 less than expected water consumption from commercial and industrial customers, water purchases associated with the Combined Sewer Overflow Upgrade project, and \$151,000 loss related to utility disconnection moratorium. Overall expenses were \$524,600 less than budget due to vacancies and debt service was \$66,000 less than budgeted due to less usage of line of credit and refinancing of 2010 and 2015 bond issues. Debt coverage ratio for the end of the fiscal year is projected at 1.30 (above Council's minimum target of 1.20) and the fund balance ratio for year end is projected at 40% compared to a target range of 25% - 40%.*

*Sewer: Tim Mitchell reported sewer fund overall revenues exceeded budget by \$152,000 with Charges for Services under budget by \$265,000 and loss of revenue of \$90,000 due to disconnection moratorium offset by Septic Hauler Charges at \$600,000 higher than projected. Sewer Contracts are also \$516,000 above budget, and Interest earnings less than expected by \$99,000. Expenses overall are projected to be \$455,700 less than budget for FY 2021 due primarily to vacant positions and less than anticipated debt service. Debt coverage ratio is projected to be 1.24 compared to a target range of 1.20 to 1.50, and the fund balance ratio is projected at 42% compared to a target range of 25% - 40%.*

*Stormwater: Tim Mitchell reported overall revenues for the Stormwater Fund are projected to exceed budget by \$16,900 increases in Charges for Services above budget by \$38,800 offset by less than anticipated refunds due to property owners due to revised measurements of impervious areas using updated technology and current ownership of property as of June 30, 2020. Expenses are projected to be \$89,700 less than budget. The debt coverage ratio for end of the fiscal year is projected to be 1.96, more than the Council's minimum target of 1.20, and the fund balance ratio is projected at 27% compared to the target range of 15% - 20%.*

*General Fund: Donna Witt reported there were no changes or updates from the General Fund report provided to Council at their meeting on Tuesday, February 9, 2021. Mrs. Witt responded to*

*questions regarding the economic development incentive program, Personal Property Tax schedule of payments, and Real Estate billing.*

5. Roll Call.

*There were no items for roll call.*

Meeting adjourned at 12:17 p.m.