

MEMORANDUM



To: City Council
From: Wynter C. Benda
Date: April 3, 2023
About: Responses to Budget Questions

This memorandum will serve to compile and answer questions posed by City Council members throughout the Fiscal Year 2024 budget season. I will update this memo regularly and send to City Council, as well as, post it on the City's website at <https://www.lynchburgva.gov/fy-2024-budget-qa> and on the City's Facebook page.

Questions from Council, Updated April 4, 2023

1. **Question from Council Member Misjuns via email March 15, 2023:** *A breakdown of staff by employee ID for all FTE employees (please delete names from the list) with columns that include department, position classification/rank, hire date, current salary, proposed salary with market/compression adjustment, proposed GWI (as one single item), most recent total score from NEOGOV employee review, and whether they are considered non-supervisory, supervisory, management or executive.*

Staff Response: This information is posted to the City's website [here](#). Employee ID and NEOGOV employee review scores are internal personnel management information. No such classification system exists for non-supervisory, supervisory, management or executive.

2. **Question from Mayor Reed on March 21, 2023:** *What are the implications of expanding the real estate elderly tax relief program? Can you provide additional information about demographic and homeownership rates by Ward?*

Staff Response: City Council can change any or all of the current criteria for qualification for the program, including maximum income amount and maximum net worth. All requirements are currently outlined in Lynchburg, [VA Code of Ordinances, Sec. 36-175](#). Currently the household income cap is \$42,400 in FY 2023 and slated to increase to \$46,100 in FY 2024 – this increase is based on the increase in Social Security income. The household net worth cap is \$100,000.

Other components of the program including tying the maximum income amount to the increase in Social Security, maximum credit amount allowable (currently \$2,500), tax relief only applies to house and up to one acre of land (additional acreage is not allowable and taxed at regular rate), can also be modified by City Council.

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Currently, the maximum allowable relief of \$2,500 only applies to 13 of the approximately 600 participants in the program. This maximum equates to a house assessed at \$225,000 at the current tax rate of \$1.11. Most people that meet the current qualifications for income and net worth do not own homes of this value. So, increasing the maximum allowable tax relief above \$2,500 would not be helpful unless the income/net worth amounts are increased.

The program is budgeted to cost about \$600,000 annually. If the city were to expand the program through increasing the income cap or the net income cap it would result in additional costs.

Below is a table of housing statistics by Ward from the U.S. Census Bureau, 2017-2021 American Community Survey.

City of Lynchburg Housing Statistics by Ward

Source: 2017 - 2021 American Community Survey

Description	Citywide	Ward I	Ward II	Ward III	Ward IV
Population	79,152	19,305	17,725	19,949	22,202
<i>Population %</i>	100.0%	24.4%	22.4%	25.2%	28.0%
Population 65+	14,121	3,913	3,435	2,572	4,203
<i>Population 65+ %</i>	17.8%	20.3%	19.4%	12.9%	18.9%
Housing Units	33,715	8,498	8,944	7,138	9,142
<i>Housing Units %</i>	100.0%	25.2%	26.5%	21.2%	27.1%
Occupied	29,015	7,541	7,097	6,196	8,187
<i>Occupied Percent %</i>	86.1%	88.7%	79.3%	86.8%	89.6%
Owner Occupied	14,277	4,315	2,764	2,647	4,553
<i>Owner Occupied %</i>	42.3%	50.8%	30.9%	37.1%	49.8%
Rental Occupied	14,738	3,226	4,333	3,548	3,634
<i>Rental %</i>	43.7%	38.0%	48.4%	49.7%	39.8%
Vacant	4,700	957	1,847	942	955
<i>Vacant %</i>	13.9%	11.3%	20.7%	13.2%	10.4%
Median Home Value	\$169,268	\$229,616	\$94,651	\$159,056	\$168,737
Median Gross Rent	\$927	\$894	\$821	\$1,006	\$981
Median Household Income	\$57,087	\$78,387	\$38,012	\$53,458	\$61,924

City of Lynchburg - Single Family Detached Homes Data by Ward

Source: City of Lynchburg Assessor's Office

Description	Citywide	Ward I	Ward II	Ward III	Ward IV
Total Assessed Value	\$3,695,571,400	\$1,544,431,200	\$470,620,200	\$573,809,200	\$1,106,710,800
Average Assessed Value	\$204,164	\$312,511	\$93,525	\$192,231	\$170,289
% of RE Tax Relief	100.0%	41.8%	12.7%	15.5%	29.9%

Additional, more detailed, demographic reports for the City and each Ward are available through the links below:

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- [Citywide](#)
- [Ward I](#)
- [Ward II](#)
- [Ward III](#)
- [Ward IV](#)

3. **Question from Council Member Faraldi via email March 28, 2023:** *What would the breakdown of these dollars be? (reference to question about contractual, mandated and inflationary increases in the Proposed FY 2024 Budget)*

FY 2024 Inflationary, Contractual, and Mandated

Departmental:	
Employee Salary and Benefits (Council Adopted FY 23 Pay Actions)	\$3,405,726
Contractual / Inflationary Operating Costs	\$3,023,214
Fleet Allocations	\$450,453
Non-Departmental:	
Managed Vacancy	\$1,102,096
Employee Appreciation	\$7,000
Health Retirees	(\$415,800)
Dental Retirees	(\$6,384)
Line of Duty Act	\$88,000
Unemployment	(\$5,000)
Water/Stormwater Charges	\$37,081
Worker's Compensation	\$50
External Service Providers:	
Contractual Increase: Blue Ridge Regional Jail Authority	\$547,684
Contractual Increase: Humane Society	\$164,560
Contractual Increase: Horizon	\$73,368
Contractual Decrease: Health Department	(\$85,000)
Discretionary Decrease: Downtown Lynchburg Association	(\$50,000)
Contractual Decrease: Central Virginia Regional Radio Board	(\$6,835)
Manadated Increase: Central Virginia Planning District Commission	\$1,656
Discretionary Decrease: Central Virginia Community College	(\$25)
Discretionary Increase: Amazement Square	\$91
GLTC	\$458,009
Transfers to Other Funds	(\$1,280)
Debt Service	\$1,260,023
Addition to Reserves	(\$79,143)
Fleet Services Debt	\$320,094
Fleet Replacement	\$1,829,519
Total FY 2024 Technical Adjustments	\$12,119,157

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4. **Question from Council Member Faraldi via email on March 30, 2023:** *According to the attached memo, the delta is approximately \$6.79 million in the proposal from the Manager and the interpretation from the March 21st document. As I understand it, amending this to my table, the difference would be approximately \$2.6 million. Further, if Council went with option 1 on page 8 of the memo, the difference would be around \$800,000. I am sure we could further amend spending or other tax proposals outlined in the March 21st document to ensure we are in the black. Please research and compare. Thank you.*

Item	Cost	Total	Remaining
3% Cost of Living Adjustment	\$ 1,570,371	\$ 8,051,739	\$ 4,148,461
Public Safety Targeted Compression/Progression	\$ 3,015,588		(\$12,200,200 or 5% increase to General Fund)
Additional Funds to LCS (funded by category)	\$ 665,780		
Other Org Capacity Positions and Operational Support	\$ 950,000		
Other New Public Safety Positions and Operations	\$ 530,000		
New Constitutional Positions and Operations	\$ 320,000		
Total Increase to Lynchburg City Schools	\$ 1,000,000		

Item	Cost	Total	Remaining
3% Cost of Living Adjustment	\$ 1,570,371	\$ 8,085,959	\$ 4,114,241
Public Safety Targeted Compression/Progression	\$ 3,015,588		(\$12,200,200 or 5% increase to General Fund)
Total Increase to Lynchburg City Schools	\$ 1,700,000		
Other Org Capacity Positions and Operational Support	\$ 950,000		
Other New Public Safety Positions and Operations	\$ 530,000		
New Constitutional Positions and Operations	\$ 320,000		

Staff Response: This scenario would cost roughly \$350K less than the one submitted by you and your colleagues (**Table 2 Below**). It would result in a budget deficit of \$4.64M (**Table 3 Below**), when viewed through the lens of the response I sent last week – [linked here](#). The options to close the budget deficit as discussed in the response would still apply.

Please keep in mind that lowering the city employee GWI to three percent would put Lynchburg substantially below where our neighboring cities and counties are. **Table 1** below provides a breakdown of the proposed pay increases by locality. Please note – some localities have not yet proposed budgets and staff will continue to compile this information.

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A Comparison of Proposed Pay Increases

Locality	Proposed Pay Increase
Bedford County	TBD
Campbell County	5% - 7%
Appomattox County	TDB
Amherst County	7%
Roanoke City	3-7% with \$2k minimum
Danville City	3% + Pay Study
Charlottesville City	6%
Richmond City	8%
Harrisonburg City	TBD
State Employees	7%

Table 2

Proposed & Adjusted FY 2024 Budget Initiatives

Vice Mayor Faraldi & Councilmen Helgeson, Misjuns and Taylor Adjustments

Description	Proposed	Adjusted	Difference
Increased Funding for Lynchburg City Schools	\$3,000,000	\$2,100,000	(\$900,000)
Five Percent General Wage Increase (GWI)	\$2,620,000	\$2,620,000	\$0
Debt Service Reserve	\$1,380,000	\$0	(\$1,380,000)
Public Safety Targeted Compression/Progression	\$3,020,000	\$3,020,000	\$0
Lynchburg Fire Department Compression Adjustments			
Public Safety Pay Progression (LPD & LFD)			
Increased Starting Pay for 911 Call Takers			
Other Org Capacity Positions and Operations	\$950,000	\$0	(\$950,000)
New Police Positions and Operational Support	\$860,000	\$0	(\$860,000)
Other New Public Safety Positions and Operations	\$530,000	\$0	(\$530,000)
New Constitutional Positions and Operations	\$320,000	\$0	(\$320,000)
Housing Toolkit	\$200,000	\$0	(\$200,000)
Police Take Home Car Program (Ongoing Costs)	\$170,000	\$0	(\$170,000)
Total	\$13,050,000	\$7,740,000	(\$5,310,000)

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Proposed & Adjusted FY 2024 Budget Initiatives

Vice Mayor Faraldi Updated Adjustments

Description	Proposed	Adjusted	Difference
Increased Funding for Lynchburg City Schools	\$3,000,000	\$1,700,000	(\$1,300,000)
Five Percent General Wage Increase (GWI)	\$2,620,000	\$1,570,371	(\$1,049,629)
Debt Service Reserve	\$1,380,000	\$0	(\$1,380,000)
Public Safety Targeted Compression/Progression	\$3,020,000	\$3,015,588	(\$4,412)
Lynchburg Fire Department Compression Adjustments			
Public Safety Pay Progression (LPD & LFD)			
Increased Starting Pay for 911 Call Takers			
Other Org Capacity Positions and Operations	\$950,000	\$950,000	\$0
New Police Positions and Operational Support	\$860,000	\$0	(\$860,000)
Other New Public Safety Positions and Operations	\$530,000	\$530,000	\$0
New Constitutional Positions and Operations	\$320,000	\$320,000	\$0
Housing Toolkit	\$200,000	\$0	(\$200,000)
Police Take Home Car Program (Ongoing Costs)	\$170,000	\$0	(\$170,000)
Total	\$13,050,000	\$8,085,959	(\$4,964,041)

Table 3

FY 2024 Adjusted Budget Analysis

(all numbers in millions)

FY 2024 Ongoing Revenue	\$218.85
FY 2024 Ongoing Expenditures	\$225.64
FY 2024 Adjusted Budget Surplus / (Deficit)	(\$6.79)
Reduce Expenses to Account for Vacant Positions	\$1.60
Reduce Workers Compensation Expense	\$0.20
Updated Adjusted Budget Surplus / (Deficit)	(\$4.99)
Vice Mayor Faraldi Updated Adjustments	\$0.35
Budget Surplus / (Deficit)	(\$4.64)