

# MEMORANDUM



**To:** City Council  
**From:** Wynter C. Benda  
**Date:** April 18, 2023  
**About:** Response 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 18, 2023**

1. **Question from Council Member Helgeson at the work session on April 11, 2023:** *What is the market rate for the lease to the Downtown Lynchburg Association?*

**Staff Response:** According to the Office of Economic Development & Tourism, the market rate for full-service bottom floor commercial space is \$16-\$20 per square foot. Based on the maximum potential values of these spaces, the value of each suite is as follows:

- Suite 104 (1666 square feet): \$33,320/year
- Suite 103 (682 square feet): \$13,640/year
- Total: \$46,960/year

901 Church Street, the Monument Terrace building, is occupied by municipal partners and service providers. Tenants include Commonwealth Attorney's office, Court Appointment Special Advocates (CASA), Lynchburg Police Department, and the Downtown Lynchburg Association.

2. **Question from Council Member Misjuns at the work session on April 11, 2023:** *Regarding compression in the Lynchburg Police Department, why are officers that have been there 10+ years getting the same increase as more recently hired officers?*

**Staff Response:** As Chief Zuidema presented during the City Council Work Session on April 11, 2023, there are several historical factors that impact officer salaries. Those include:

- The rank of POIII used to be achieved through a competitive promotion process. It was changed to a progression program almost 10 years ago.
- Under the previous career progression program, some officers who were eligible for progression chose not to do so.
- Lateral hires (experienced officers from other departments) have been hired at a rate that is higher than the starting salary for a new officer with no prior experience.

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- This applies to the three officers with 2, 3, and 5 years of experience on this list.
- There is one employee in this group whose hire date reflects when he was hired by another City department (not by the PD).
- With lateral hires, we switched from a formula-based salary calculator to comparing them to current employees with similar law enforcement experience. Lateral hires were brought in close to, but not above current officers' salaries.

Other factors that impact proposed salaries:

- The January 2022 \$10K increase for sworn officers placed some officers' salaries above where they should be in the current PD Pay Progression Plan (PPP) that was implemented in July 2022.
- In the new Public Safety Pay Plan (PSPP), officers are going from their current salary (even if ahead of where they should have been in the PPP based on years of service) to their new salary through a 3.5% increase. These officers would have otherwise stayed stagnant in the PPP for 1-2 years.
- The 3.5% increase for officers to enter the PSPP places some of them just above the Step C salary of \$60,424, while others fall just short of Step D salary of \$64,424. All are therefore placed in Step D.

3. **Question from Council Member Misjuns at the work session on April 11, 2023:** *Provide the full list and value of public safety vacancies.*

**Staff Response:** Per the "[Open Positions and Funding](#)" document provided to City Council on March 28, 2023, general fund open positions totaled \$6.4M (public safety positions - \$3.1M and non-public safety positions - \$3.3M).

4. **Question from Council Member Misjuns at the work session on April 11, 2023:** *Provide information about personal property and property tax relief for public safety employees.*

**Staff Response:** [Section 58.1-3506](#) of the State Code allows for separate rates to be applied to different classifications of property. The Commissioner of the Revenue and City Attorney cannot identify anything that allows for a different rate for vehicles owned or leased by a paid professional police and fire employee. In the opinion of the City Attorney and the Commissioner of the Revenue, the provisions of those personal property tax classifications specific to public safety officers (fire/police officials) are not applicable to full-time paid public safety employees (fire/police officials) who regularly use City vehicles for City services, but rather to volunteer or auxiliary fire/police/sheriff officials who often use their personal vehicles for emergency calls/public services. Further, while the City Council may adopt the said classifications in an ordinance as presented in the

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State code, the Commissioner of the Revenue would still have to qualify the applicant for an exemption and in this case, it wouldn't apply.

This is an issue the City Council could address through its 2024 legislative agenda. A bill could be introduced from one of the members of our local delegations to include private vehicles of full-time paid public safety officers (fire/police officials) as exempted or subject to lower personal property taxation.

5. **Question from Council Member Dolan at the work session on April 11, 2023:** *What are the implications of removing Council compensation from the proposed budget? Would this help us to fund one police officer?*

**Staff Response:** The total amount budgeted for City Council compensation is \$77,508; including \$12,000 for the Mayor, \$10,000 per Councilmember, and associated Social Security and Medicare (\$5,508). The total starting salary and benefits for a police recruit is \$72,924.

6. **Question from Council Member Misjuns at the work session on April 11, 2023:** *What would it require to bring back an office of internal audit, similar to what was cut in FY 2010?*

**Staff Response:** The internal audit function was added in FY 1996. The Program Description in the FY 1996 Adopted Budget states "Program provides an independent appraisal function responsible for financial performance related audits of municipally-funded programs, functions and activities". The General Objective states "Assist City Council and City Administration by providing quality audit services".

The internal audit function was provided by a certified internal auditor (Director), one full-time Senior Auditor, and one full-time Audit Assistant. They worked independent of Financial Services and reported to the City Manager.

Internal Audit included an Audit Committee which, by City Code, had two City Council members and two citizens as members. The Internal Auditor provided evaluations of the processes, programs, and systems of internal controls within the City and made recommendations to improve efficiency and effectiveness of operations. The City's external auditors worked with the Internal Auditor and the Audit Committee to resolve any issues that might arise in the annual audit. The external auditors also provided the results of the annual audit to the Committee before presenting to full City Council.

The audits prepared by Internal Audit staff did not include any work for City Schools.

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The Internal Audit Department was eliminated in the FY 2013 budget adoption through reduction-in-force action.

Currently, a full-time Financial Services Senior Accountant position conducts credit card, payroll, and revenue audits of all City departments. This staff has other duties as well and is not a certified auditor. In addition, the City's external auditors review Financial Services internal audit reports as part of the annual audit.

In order to reinstate the internal audit function with a certified auditor (Director), a deputy auditor, an assistant auditor, and including operating costs would cost an estimated \$352,000.

7. **Question from Mayor Reed at the work session on April 11, 2023:** For the meeting this coming Tuesday can you provide clarity on what exactly is and is not included in the budget proposal from this past week's budget work session (4/11)?

**Staff Response:** There was discussion at the last work session about exactly which initiatives were included in the calculation of the Adjusted Budget. I've outlined what's in and what's out below:

## WHAT'S IN

- \$2,100,000 – Increased funding for Lynchburg City Schools (LCS)
- \$2,620,000 – Five percent general wage increase (GWI) for general city employees
- \$3,020,000 – Public safety employees targeted compression / progression

## WHAT'S OUT

- \$1,380,000 - Debt service reserve
- \$950,000 - New organizational capacity positions and operational support
- \$860,000 - New Police positions and operational support
- \$530,000 - Other new public safety positions and operational support
- \$320,000 - New Constitutional Officer positions and operational support
- \$200,000 - New Housing Toolkit
- \$170,000 - New Police take home car program

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8. **Question from Council Member Misjuns at the work session on April 11, 2023:** *Provide a description for the pay grade header in the Current Employees document?*

<b>Acronym</b>	<b>Structure Name</b>	<b>Description</b>
GEN	General (Rest)	Positions not included in the other pay structures
CORP	Corporate	Legal, financial, and human resources positions
IT	Information Technology	Information technology positions
WD	Water Department	Water resources and engineering positions
PS	Public Safety	Police, fire, and emergency services positions
PSF	Public Safety 2912 Fire	Fire positions that are scheduled to work 2,912 hours per year
EXEC	Executive	Department directors and city management