

FINANCE COMMITTEE NOTES

Tuesday, May 24, 2022

GENERAL BUSINESS

Meeting commenced at 11:30 a.m. in Council Chamber.

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, Deputy City Manager; Donna Witt, Chief Financial Officer; Rhonda Allbeck, Assistant Director of Financial Services

1. Report on the General Fund Reserve for Contingencies.

Donna Witt reported there were no new items presented or pending since the last Finance Committee meeting, leaving a current balance of \$1,200,000 including \$50,000 for the City Manager's Discretionary Funding.

2. 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 March 31, 2022.

GLTC: Joshua Moore, General Manager, reported slightly higher revenues than anticipated on Fixed Route fares as well as advertising revenues. Non-operating revenues are higher due to an insurance payment for a bus involved in an accident. Paratransit fees and expenses are both down this quarter. Josh reported expenses related to tire replacements have increased due to the shortage for recapped and retreaded tires. Diesel fuel expenses have also increased. Overall, Josh reported a net surplus of \$644,496. Council Member Nelson questioned if tires were purchased locally to which Josh reported they are purchased from local suppliers. Chairman Helgeson questioned ridership and Josh reported ridership is up due to the cost of fuel.

Airport: Andrew LaGala reported revenues continue to grow slowly with direct revenues at 93% compared to pre-COVID levels. Demand is exceeding the supply of seats even with airfares increasing by 30%. In response to Council Member Wright's question, Andrew reported there are 4-5 flights a day but no crews are available to increase the flights to 6 due to a pilot shortage. Overall, the Airport is projecting an operating fund surplus of \$334,930 and without CARES funds, the surplus is about \$111,000. Council Member Nelson questioned why snow removal costs are over budget and Andrew explained it was due to icing and not snow.

Lynchburg Regional Juvenile Detention Center: Kathy Collins presented in the absence of Preston Sellers. She reported the detention fund is reporting a surplus of \$283,248. Sherry McIntyre was called to the podium and responded to questions from Council Member Nelson and Chairman Helgeson regarding the CPP grant expenses and verified the fund is operating at a surplus.

Children's Services Act (CSA): Kathy Collins presented in the absence of Preston Sellers. She reported the CSA fund is reporting a surplus through the third quarter. Dana Long was called to the podium to answer questions from Chairman Helgeson and Council Member Nelson regarding the meaning of the terms Sum-Sufficient and Non-Sum Sufficient. Dana explained these terms are from State code and replaced the terms Mandated and Non-mandated based on State criteria.

Water: Tim Mitchell reported the Water Fund revenues are projected to be above budget by \$394,000 and expenses are below budget by \$410,600 primarily due to vacancies. He reported the Water Fund is meeting or exceeding all financial policy ratios. Chairman Helgeson asked about collections rates and Tim reported they are back to pre-COVID levels. Councilman Nelson asked if the CARES funds were spent to help citizens and Tim reported about \$200,000 were sent back to the State due to citizens not requesting the funds.

Sewer: Tim Mitchell reported the Sewer Fund revenues are projected to be \$2,497,400 above budget due to increased sewer sales by commercial and industrial customers and sewer contract revenue from sewer surcharges that are much more than previous years. Sewer Fund expenditures are projected to be \$156,000 above budget due to vacant positions being filled by temporary and contractual staff and the increased cost of chemicals. He reported the Sewer Fund is meeting or exceeding the financial policy ratios.

Stormwater: Tim Mitchell reported the Stormwater Fund revenues are projected to exceed budget by \$59,600 due to charges for services exceeding projections. Expenditures are projected to be \$145,600 under budget primarily due to vacancies. He reported the Stormwater Fund is exceeding the financial policy ratios.

General Fund: Donna Witt reported the General Fund is financially strong with 73% of budgeted revenues received through the third quarter and 69.4% of expenditures being recorded. Most departments are below the 75% mark compared to budget primarily due to excessive vacant positions. Donna reported there are currently 102 positions vacant.

3. Review collections received from five of the City's revenue sources.

Donna Witt reported for the five revenues reported they are \$6.1 million above budget through March. She projected these revenues would be about another \$1.5 million above budget by the end of the fiscal year. Business License Tax payments were due May 1 and exceeded projections by about \$400,000 and Real Estate Tax collections exceeded projections by about \$700,000 due to the uncollectible rate being closer to 1.3% instead of the budgeted 2.5%. Due to excessive vacancies, expenditures will be under budget by possibly \$7 million leaving a very strong fund balance at the end of the year. A discussion was held on why there are so many vacancies and Deputy City Manager, Reid Wodicka, reported the word is

out about the increases in pay provided by City Council and the positions in Public Works and Water Resources are receiving good applications.

4. Roll Call.

Chairman Helgeson reported this will be the second year of a fund balance well above budget and that the citizens should be considered due to inflation and the funds returned to them instead of spending them.

There were no other roll call items.

Meeting adjourned at 12:21 p.m.