

# MEMORANDUM



**To:** City Council  
**From:** Wynter C. Benda  
**Date:** April 28, 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.

1. **Question from Council Member Misjuns via email April 24, 2023:** *This is my request for General fund wage increases excluding public safety:*

- *A savings amount to eliminate wage increases for the entire leadership team.*
- *An equitable compensation increase plan that ensures our lowest paid/below median compensation employees get the full 5% GWI tapering off to no increases for department heads.*

**Staff Response:** In addition to the investment in public safety compression/progression pay plans that Council supports in the FY 2024 proposed budget, a 5% general wage increase, applied across the organization, is an important employee retention effort in today's marketplace. The amount of the 5% general wage increase, excluding public safety, for Leadership Team positions (salaries and benefits), is \$135,345.

The combination of experience, education, certification, licensure and other leadership and management expertise reflects the investment that our Leadership Team has made to this organization. My ability to compete for top talent and to retain seasoned and experienced professionals requires equitable compensation increases across the organization.

2. **Question from Council Member Helgeson at the work session on April 25, 2023:** *Provide information regarding the General Fund Reserve for Contingencies.*

**Staff Response:** City Council's *Financial Management Policies – Budget Policy* requires \$1.2 million to be set aside in a General Fund Reserve for Contingencies. This could be funded with one-time funds each year; however, this would reduce the amount of funding available for pay-as-you-go for the Capital Improvement Program. Pay-as-you-go funds have consistently been used for general infrastructure maintenance as well as other capital projects not eligible for bond funding. Other than pay-as-you go, there is no other funding budgeted for these types of projects. Pay-as-you-go funds are variable and depend on year-end fund balance.

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3. **Question from Council Member Misjuns at the work session on April 25, 2023:** *How are CIP projects estimated?*

**Staff Response:** Staff uses a variety of means in order to estimate projects for Major Building Repair (MBR). In many instances, staff can use past projects of similar size and scope as a guideline for likely project costs. If a design firm is utilized, we can frequently obtain an estimate of probable cost from the design consultant. In other cases, the scope of work may not be clearly defined, or there may be unknowns in the project where we are using partial resources and then basing the remainder on staff experience to form an opinion of budgeting costs.

In recent times, the construction market has been very tight and contractors have more work than they can handle and meeting insurance requirements mandated by the City can limit the contractors willing or able to bid on City projects. We must also factor in materials shortages driven by supply chain issues which have had a significant impact on project costs. As a result, the bids we have received are frequently significantly higher than past trends support – sometimes double and even triple what similar projects were bidding at just a year ago. MBR project cost estimates are developed nearly a year in advance of when the projects are constructed; inflation, industry trends and economic factors are considered when developing these estimates.

Our contacts in the building industry have indicated that they are seeing the same cost escalations and are having difficulty hitting estimates as a result. More conservative project estimating is the result and is evident in our budget requests.

Using the Fire Station Hood retrofit projects as an example: we recognize that all of the kitchens are different but the base requirements of the fire suppression system will be present in all of the systems. Elements that will vary from station to station are: how to fit these systems into the existing stations, integrating alarm components for the hoods, and what impact the vacuum generated by the hoods will have on the HVAC systems for each building. We also had somewhat recent costing information in the hood installation done as part of the Fire Station 3 kitchen installation. This is how the proposed budgets were developed and a uniform number selected in an effort to allow for contingencies from station to station.

Looking at Fire Station #5 again, we are basing the costs off of previous projects and attempting to account for variability in pricing. One clarification is that this project will also include flooring in the kitchen/eating areas that was inadvertently left off of the project description. We agree it is a much smaller kitchen than most other stations.

Regarding Courtroom A benches, we are basing the estimate off of pricing we have from 2018 (sheet attached). Note that the benches for our zone were \$847 per linear foot in 2018 dollars. Add end caps (\$1,166 per pair), hinged gates (\$4,494 per set), etc. and the price adds up quickly.

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An additional consideration is the likely need to replace the flooring as the benches will not line up with the existing mounting. Based on the significant increases in cost, and taking into account that the online pricing is from 2018 and does not include shipping to the site (dock delivery only), options that the court may select or installation and assembly, we feel that \$500,000 is an appropriate estimate for this work.

# Example: Courtroom A Pricing Sheet



## Spectator Seating



- Zone 1
- Zone 2
- Zone 3
- Zone 4

Prices shown below are list prices, dock delivered to zone indicated. Prices subject to fuel surcharge. Installation available in some areas. See page 7.

## List prices 2018

Bench Body	Bench Body and Panel Options	Prices shown below are for Contemporary edges				Bench End Styles		
		Zone 1	Zone 2	Zone 3	Zone 4			
Bench bodies are ergonomically designed with flat plywood and solid wood caps.  Same body is used for all styles.  Bench ends come standard with hidden hardware to anchor the end to the floor.  ARD benches are composed of wood bench bodies with solid wood caps and solid wood bench ends.  Benches up to 8' long will ship fully assembled. Benches over 8' will ship KD.	All wood seat and back	Ln. Ft. RJPB solid wood RJPB flat plywood	792 449	847 468	886 479	918 490	Contempo AOD 19%	
	Cushioned seat wood back		Call factory for pricing				Bullnose or similar solid wood molding on top cap Traditional AOD 19%	
	Cushioned seat and back		Call factory for pricing				Z' thick ogee Traditional edge detail on cap. Applied picture frame molding	
	Cushioned seat and back		Call factory for pricing				Somerset AOD 25%	
Bench End	Full Panel	Par	RJFP	1122	1166	1199	1238	Fluted columns, solid wood cap and toe kick. Picture frame molding on veneer panel. Kent AOD 45%
	Stepped Panel	Par	RJSP	1160	1205	1232	1271	
	Sloped Panel	Par	RJPP	1480	1535	1668	1595	Solid wood cap, toe kick, and raised panel

Arnold Reception Desks Inc.

Add edge detail descriptor - B, D, R, V, K, H, S, Z or T as suffix to style number. There are no base molding or picture frame moldings with edge details S, B, H, V, R or D. Edge Z has base molding only. Edge T has base molding and picture frame molding.