// A special meeting of the Council of the City of Lynchburg was held on the 21st day of January, 2014, at 9:00 A.M. in the Second Floor Training room, City Hall, Michael Gillette, President, presiding. The purpose of the meeting was for a Budget Retreat. The following Members were present:

Ayes: Cary, Foster, Helgeson, Nelson, Perrow, Gillette	6
Noes:	0
Absent: Johnson	1

// Vice Mayor Johnson arrived at the meeting at 9:05 a.m.

// Mayor Gillette welcomed everyone attending the Council Budget Retreat.

// City Manager Kimball Payne gave an overview of the agenda as follows:

- Workforce Overview
- The Initial Outlook
- Debt Service……Heritage High School
- Other Major CIP Projects

// Human Resources Director Margaret Schmitt provided an overview on the Workforce which consists of the following items:

- Virginia Retirement System (VRS)
- Health Insurance
- Compensation
- Potential action by the General Assembly and Lynchburg City Schools.

Ms. Schmitt explained the Workforce Distribution Data which included the following:

- City-Wide Turnover Trend
- Public Safety Turnover Trend (Sworn Police and Fire/EMS)
- Public Safety Turnover (Emergency Services)
- Average Salary Trend as of January 2014
- Market Comparison Trend (Market Data and Salaries as of December 2012)
- Police Officers Market Data as of January 2014
- Firefighters Market Data as of January 2014
- Emergency Services Market Data as of January 2014

In conclusion, Ms. Schmitt further explained the on-going challenges in the Workforce which consist of the following:

Virginia Retirement System (VRS)

- VRS Hybrid Plan implementation began 1/1/2014 for new hires
- Defined Benefit and Defined Contribution
  VA Local Disability Program of short and long term disability coverage also began 1/1/2014
- Paid Time Programs

Medical Costs

- Impact of ACA
- Overall medical costs increases
- Retiree costs

Federal and State Mandates

- Line of Duty
- Employment law enhancements

Workforce Development

- Succession Planning
- Sustainable Policies and Practices

// Financial Services Director Donna Witt gave a presentation and discussed the following items:

- Budget Directions
- FY 2015 Preliminary Budget Highlights
  - Revenue Projections/Major Assumptions
- Big Budget Drivers: VRS, Health Insurance, Schools, Debt Services, Compensation, and General Assembly

// Council took a break at 10:30 A.M. and reconvened at 10:40 A.M.

// Financial Services Director Donna Witt discussed the debt service for the financing plan for Heritage High School. Ms. Witt proposed two possible funding strategies for the Heritage project. The first option would call for borrowing the full cost one time later this year. The second option would call for possible funding that would stagger the debt over two years which would cushion the initial financial cost by giving the City more time to build up to the annual debt payments that would be required. During Council discussion it was stated that neither option would reduce the overall cost of the project, but the second option would initially ease the City's financial strain which would inflate its future costs if interest rates rise. Following discussion, Council in general (not unanimous) agreement, preferred option one. No formal vote was taken. It was further stated that the City planned to issue bonds this spring to pay for the project.

// Financial Services Director Donna Witt discussed the other Major CIP Projects that would cause additional financing which are:

- City Football Stadium
- Juvenile Services Group Home
- Timberlake Road at Logan's Lane
- Lakeside Drive/College Street Intersection
- Fifth Street Phase III
- Ward's Road/Harvard Street Intersection
- GLTC Maintenance/Operations Facility

// The meeting was adjourned at 11:20 A.M.

Clerk of Council