// A special meeting of the Council of the City of Lynchburg was held on the 18th day of January, 2011, at 10:00 A.M. at the Lynchburg Public Library Community Meeting Room, 2315 Memorial Avenue, Joan F. Foster, President, presiding. The purpose of the meeting was to conduct City Council's Annual Budget Retreat. The following Members were present:

Present: Cary, Gillette, Helgeson, Johnson, Nelson, Perrow, Foster 7

Absent: 0

// City Manager Kimball Payne reviewed the agenda and expectations for the retreat. The majority of the morning agenda was focused on providing staff briefing to help Council plan for the FY 2012 Budget. The agenda included Revenue Projections, Major Expenditure Changes, Compensation and Benefits, Major Capital Improvement Projects and Projections and Fund Balance. The afternoon focused on giving Council an opportunity to discuss and provide guidance on the FY 2012 Budget.

// Financial Services Director Donna Witt provided an overview of the FY 2012 budget drivers for the FY 2012 Budget which include:

- FY 2012 Revenue Projections
- FY 2012 State Impacts
- FY 2012 Expenditure Projections
- FY 2012 Major Capital Project Requests
- Projected Fund Balance
- Financial Policies Compliance

// Human Resources Director Margaret Schmitt provided an overview regarding Compensation and Benefits. Ms. Schmitt stated that compensation data is gathered from public and private organizations which reflect market conditions in the current fiscal year and is compared to current range minimum and actual salaries. Ms. Schmitt went on to say there are two primary data points that are compared to the conditions in the City:

- Minimums of Pay Ranges
- Actual Average Pay of employees doing similar work

Ms. Schmitt's presentation continued with the following items of discussion:

- Updated Market Data
- Potential Virginia Retirement System (VRS) Changes
- Line of Duty Act Funding

// City Council took a brief lunch break and reconvened the meeting at 12:50 P.M.

// City Manager Kimball Payne provided a brief overview regarding FY 2012 Budget Development. Mr. Payne stated he was looking for directions and guidance on how to close the projected budget of less than $2 Million. He stated that, while the gap was less than originally anticipated, additional expenditures such as establishing a debt service reserve for Heritage High School or compensation would increase the gap. During discussion Council directed that such expenditures should remain on the table for consideration and that the City Manager should use his discretion, without restriction, to propose a balanced budget.

// Council discussion included, i.e., Virginia Retirement System (VRS), Compensation, General Assembly Action, Capital Improvement Projects, Revenues, School Funding, Line of Duty Act, Non-Profit Funding and Economic Development. Mr. Payne provided Council with a list of services and programs entitled "Beyond the Basics" that might have to be considered for elimination in order to balance the budget. During Council discussion, several additional services and programs were added to the list. Mr. Payne stated that he would work up the costs for the items added to the list.

// The meeting was adjourned at 2:30 P.M.

Clerk of Council