

# AGENDA

## Newport News City Council Work Session

July 14, 2009

*Downing-Gross Cultural Arts Center  
2410 Wickham Avenue*

1:00 p.m. I. Southeast Redevelopment Plan

*- Break -*

*City Council Conference Room  
City Hall*

3:30 p.m. II. Air Service Development/RAISE Briefing

4:00 p.m. III. Pension Benefits Analyses

5:30 p.m. IV. Closed Meeting  
▪ Personnel

6:20 p.m. Dinner

## ITEM I

- Southeast Redevelopment Plan

# CITY OF NEWPORT NEWS

## OFFICE OF THE CITY MANAGER

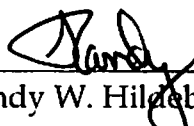
July 9, 2009

**TO:** The Honorable City Council

**FROM:** City Manager

**SUBJECT:** Southeast Community Redevelopment Strategic Action Plan (Goal 4)

As I have previously advised, staff and I will be providing you a comprehensive presentation updating you on the Southeast Community Redevelopment Strategic Action Plan (Goal 4) at your July 14, 2009 work session, to be conducted jointly with the Newport News Redevelopment and Housing Authority Board of Directors, the Economic/Industrial Development Authority Board of Directors and the Planning Commission. The work session presentation will be at 1:00 p.m. at the Downing-Gross Cultural Arts Center. As with the presentation you received at your June 9, 2009 work session on the Expansion of the Oyster Point Central Business District, I encourage dialogue and your input following the presentation.

  
\_\_\_\_\_  
Randy W. Hildebrandt

RWH:clc

cc: Chair, EDA/IDA  
Chair, NNRHA  
Chair, Planning Commission  
Director of Development

## **ITEM II**

- **Air Service Development/RAISE Briefing**

# CITY OF NEWPORT NEWS

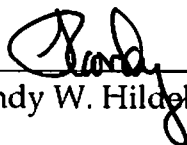
## OFFICE OF THE CITY MANAGER

July 9, 2009

**TO:** The Honorable City Council  
**FROM:** City Manager  
**SUBJECT:** Air Service Development

At your July 14, 2009 work session, Ken Spirito, the new Executive Director of the Newport News-Williamsburg International Airport since January 2009, will be providing you with a presentation relative to air service development routes and opportunities. We have been working closely with Mr. Spirito and leading activities of the Regional Air Service (RAISE) Committee to support desirable air service development. The primary mission of RAISE is to increase and expand flights to destinations deemed beneficial to the economy of the Virginia Peninsula and to induce both new and existing air carriers to bring flights to and initiate flights from the Airport.

If you have any specific questions or concerns related to air service development that you would like addressed by Mr. Spirito in his presentation, please let me know in advance.

  
Randy W. Hildebrandt

RWH:sw

cc: Director of Development

## **ITEM III**

- **Pension Benefits Analyses**

# CITY OF NEWPORT NEWS

## OFFICE OF THE CITY MANAGER

July 9, 2009

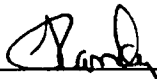
**TO:** The Honorable City Council  
**FROM:** City Manager  
**SUBJECT:** Briefing on Pension Benefits

City Council has been reviewing various alternatives relative to changes in the City's Pension benefits program. As part of that review, Council requested that staff have actuarial studies to determine the cost savings associated with implementing some other alternatives in addition to what has already been considered. Some of those alternatives included reducing the multiplier to 1.75%, increasing the retirement age from 60 to 63, making the spousal annuity an elective, and grandfathering employees with 10 more years of service.

The actuarial analysis has been completed and the data has been compiled for Council's consideration. For easy reference and comparison, the attached matrix, outlines the cost savings for each alternative including the studies that Council requested as well as previous studies that were done based on the Retirement Board and the City Manager's proposals.

In addition, I have also included a memorandum providing more detailed information for Council to consider with regard to pension benefits for public safety personnel.

Both of these items will be presented in more detail to Council for further discussion and questions at the Work Session.

  
\_\_\_\_\_  
Randy W. Hildebrandt

RWH/CDR

Attachment

cc: Newport News Retirement Board

**Impact Analysis of Requested Studies**

*In Millions*

Pension Plan Proposal	Proposed Effective Date	1st Year Savings	Total 10 Yr Savings	UAAL Impact	Contribution Rate Change	Impact Study Requested By
<b>1.90% Multiplier, prospectively</b>	Jan. 1, 2010	1.9	25.5	(12.1)	-0.54%	City Manager
<b>1.85% Multiplier, prospectively</b>	Jan. 1, 2010	2.6	33.7	(16.9)	-0.78%	Ret. Board & City Council
<b>1.75% Multiplier, prospectively</b>	Jan. 1, 2010	4.4	47.5	(28.3)	-1.31%	City Council
<b>Increase Retirement Age :</b>						
<b>Pub Safety from 50 to 55 &amp; Others from 60 to 63</b>	Jan. 1, 2010					
New Hires		-	4.7	-	-0.03%	City Council
New Hires & Current Emp w/less than 10 years of service		1.2	15.1	(5.6)	-0.36%	City Council
<b>Pub Safety from 50 to 55 &amp; Others from 60 to 65</b>	Jan. 1, 2010	0.2	12.5	-	-0.07%	City Manager
<b>No COLA for non-vested &amp; new hires</b>	Jan. 1, 2010	0.4	28.5	(1.9)	-0.13%	Retirement Board
<b>Vesting:</b>						
New Hires: 10-Year Vesting	Jan. 1, 2010	-	4.2	-	-0.03%	Retirement Board
New Hires: 7-Year Vesting	Jan. 1, 2010	-	0.8	-	-0.01%	City Council
New Hires & Current Emp w/less than 10 years of service	Jan. 1, 2010	0.3	3.2	(1.0)	-0.10%	City Council
<b>Elective Spousal Annuity:</b>						
New Hires	Jan. 1, 2010	-	7.5	-	-0.05%	Ret. Board & City Council
New Hires & Current Emp w/less than 10 years of service	Jan. 1, 2010	2.4	29.9	(10.3)	-0.71%	City Council
<b>Overtime Elimination:</b>						
Prospectively	July 1, 2011	0.6	5.6	-	-0.18%	Retirement Board
Prospectively	Jan. 1, 2010	0.6	6.2	-	-0.17%	City Manager
New Hires	Jan. 1, 2010	-	1.5	-	-0.03%	City Council
New Hires & Current Emp w/less than 10 years of service	Jan. 1, 2010	0.5	6.1	(2.7)	-0.14%	City Council
<b>AFC: Eliminate Non-Salary Earnings, prospectively</b>	Jan. 1, 2010	2.0	20.4	(15.5)	-0.60%	City Manager
<b>Use Time Actually Worked for computing retirement eligibility, prospectively</b>	Jan. 1, 2010	0.2	13.2	-	-0.04%	City Manager

# CITY OF NEWPORT NEWS

## OFFICE OF THE CITY MANAGER

July 9, 2009

**TO:** The Honorable City Council  
**FROM:** City Manager  
**SUBJECT:** Pension Benefits for Public Safety Employees

As we began this process to study the City's Pension and Other Post Employment Benefits (OPEB), it has always been my goal to develop recommended amendments to the City's Pension benefits program that would maintain the City's competitiveness in the job market, minimize the financial impact on employees and retirees while ensuring that the program is affordable to our citizens over the long term. As we have gone through this process and studied a number of alternatives, I have continued to be concerned about ensuring that our employees, particularly our public safety employees, are not negatively impacted in comparison to the benefits provided to other employees within the Hampton Roads region or even the State.

Most of our surrounding localities participate in the Virginia Retirement System (VRS). Over the years, I have always been comfortable that the City's overall Pension benefits structure was equal to or better than the VRS program. As we look at changing our pension benefits, particularly reducing the multiplier, it is important to do further analysis with regard to maintaining our competitiveness in the work force.

Currently, the City's multiplier is 2% for all employees and the VRS multiplier for all regular employees is 1.7%. However, for public safety employees, VRS gives localities the option of offering a multiplier of 1.85% as well as a Law Enforcement Officers Supplement (LEOS) that upon meeting service requirements they are eligible to receive until they draw Social Security benefits. The supplement VRS currently offers to public safety employees is \$12,450 annually or \$1,038 per month. The supplement is subject to cost-of-living increases.

The Honorable City Council  
Page 2  
Pension Benefits for Public Safety Employees  
July 9, 2009

To recap, a reduction in the multiplier to the 1.85% recommended by the Retirement Board will still provide our regular employees with a higher final retirement benefit. For our public safety employees, the circumstances are slightly differently as outlined in the following.

The City provides a 2% multiplier for all public safety employees in conjunction with other benefits that VRS does not offer. As I stated previously, I am comfortable that our current pension benefits program for public safety personnel compares favorably with VRS. However, with a proposed reduction in the multiplier to 1.85% and potential changes to other benefits, I thought it was important to do further analysis to ensure that the proposed retirement benefit changes would not put our public safety employees at a disadvantage relative to their counterparts in VRS.

Based on staff's review and the feedback that I have received from public safety personnel about the impact of the proposed changes, I am concerned that reducing the multiplier to 1.85% in conjunction with other benefit changes will lessen the City's competitive position with regard to public safety employees. In the past, the City has not been in a position to lead the region in public safety salary levels; however, with our generous benefits package, we were able to offer a very competitive overall compensation package. The City has been able to attract very dedicated public safety personnel in a working environment that can be very challenging and demanding relative to some of our surrounding communities. In the future, as our public safety personnel age out of the workforce, the City must be in a competitive position to recruit and retain qualified personnel to fill these positions.

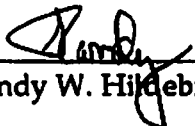
To address this concern, I am proposing that Council consider amending the City's Retirement Pension Plan to more closely reflect the VRS Retirement Program for public safety employees. I am suggesting that if Council elects to reduce the multiplier to 1.85% that Council consider offering public safety employees a supplement such as the local law enforcement officers supplement provided by VRS.

There are some administrative issues that staff is still considering relative to implementing such an initiative. We are also working with the actuary to get an analysis of the costs associated with making this change, and the analysis may

**The Honorable City Council**  
**Page 3**  
**Pension Benefits for Public Safety Employees**  
**July 9, 2009**

not be finalized by your next meeting. However, I think it is important to begin the dialogue on this option. Once we have initiated discussions with Council and better defined the specifics of such a program, I would anticipate meeting with our public safety personnel to get their input.

It is my intent to provide Council with more details on the specifics of the program at your July 14, 2009 Work Session. At that time we can provide an opportunity for more detailed questions and discussion.

  
\_\_\_\_\_  
Randy W. Hildebrandt

RWH:CDR:bem

pc: Cynthia Rohlf, Assistant City Manager  
Laverne Lovett, Director of Finance

## **ITEM IV**

- **CLOSED MEETING**
  - Personnel