

# AGENDA

## Newport News City Council Work Session

August 11, 2009

### *City Council Conference Room*

- 11:30 a.m. I. Closed Meeting (*lunch provided*)  
• Personnel
- 1:00 p.m. II. Fire Department Response Times
- 1:30 p.m. III. Warwick Boulevard Speed Limit
- 2:00 p.m. IV. Fiscal Year 2010 Bond Authorization
- 2:30 p.m. V. Hampton-Newport News Community Services  
Board Performance Contract
- 3:00 p.m. VI. Food Bank Capital Campaign
- 3:30 p.m. VII. Other Post-Employment Benefits Discussion on Life  
and Health Insurances
- 4:30 p.m. VIII. Closed Meeting  
• Legal
- 6:00 p.m. Dinner

## ITEM I

- Closed Meeting (*lunch provided*)
  - Personnel

## ITEM II

- Fire Department Response Times
  - *No background information included.*

## **ITEM III**

- **Warwick Boulevard Speed Limit**

# CITY OF NEWPORT NEWS

## Office of the City Manager

July 6, 2009

**TO:** The Honorable City Council

**FROM:** City Manager

**SUBJECT:** Speed Limits for Warwick Boulevard - Avenue of the Arts to Nettles Drive

With the VDOT project on this segment of Warwick Boulevard nearing completion, decisions need to be made about the speed limits to be established once construction ends. The Director of Engineering has prepared the attached evaluation regarding options for setting the speed limits. Although the project was designed for a 45-MPH speed limit, I do not believe that setting the limit this high is appropriate, given the proximity of the CNU campus and the significant amount of pedestrian activity between Sweetbriar Drive and Glendale Road.

Based on the unusually high pedestrian volume associated with the CNU campus and the Hidenwood Shopping Center, I have decided to establish the speed limit from the Avenue of the Arts to Glendale Road at 30 MPH, with the remainder of the corridor from Glendale Road to Nettles Drive at the design speed of 45 MPH. The existing speed limit to the north of Nettles Drive is also 45 MPH. Setting the speed limit at 30 MPH through the campus area rather than at 25 MPH previously requested by the University officials and students I believe is a reasonable compromise. This is consistent with the 30-MPH speed limit along Hampton Boulevard in Norfolk for the street segment which bisects the ODU campus. This lower speed limit on Warwick Boulevard for this short segment of 1.4 miles will have only a minimal impact on travel time through the area, but should significantly enhance the perception of safety for students and other citizens desiring to cross Warwick Boulevard in the CNU/Hidenwood area. Once construction work is done, I have directed that our Engineering Department install signage that alerts motorists of the pedestrian activity and the reduced speed limit. The Police Department will be directed to give this segment of Warwick Boulevard

The Honorable City Council

Page 2

Speed Limits for Warwick Blvd.-Avenue of the Arts to Nettles Drive

July 6, 2009

enforcement attention to encourage that motorists abide by the posted speed limit much as has been done for the 25-MPH limit through the Hilton Village area.



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Randy W. Hildebrandt

RWH:rsw

Attachment

cc: Director of Engineering  
Chief of Police  
Transportation Safety Commission  
Paul Tribble, President, CNU

**City of Newport News**  
Department of Engineering

May 21, 2009

**To:** City Manager, Randy Hildebrandt

**From:** Director of Engineering

**Subject:** Warwick Boulevard: Avenue of the Arts to Nettles Drive - Speed Limit

You requested a report on the issues surrounding the establishment of the speed limit for Warwick Boulevard from Avenue of the Arts to Nettles Drive. In November 2009, VDOT will complete the expansion of Warwick Boulevard in this area. During the construction, which began in 2005, the speed limit on Warwick Boulevard has been 25 MPH. The original design speed for Warwick Boulevard was 45 MPH, but the speed limit was reduced in the fall of 1999 to 35 MPH at the request of the then Chief of Police. The design speed for the newly widened Warwick Boulevard was established at 45 MPH.

The tragic death of a Christopher Newport University student in 2005 resulted in a request from the president of CNU to permanently retain the 25 MPH speed limit in the area of CNU. A student group additionally presented a petition supporting a permanent 25 MPH speed limit. You have reported that, in further discussion between you and CNU President Paul Tribble, there was an understanding that CNU would support a 30 MPH speed limit similar to that along Hampton Boulevard near Old Dominion University.

The City's Transportation Safety Council in November of 2008 recommended to City Council that the speed limit be set no lower than 35 MPH in the area near CNU and at 45 MPH in the remainder of the widened roadway area.

Traffic engineering practice shows that lower speed limits do not necessarily improve safety. Posting speed limits lower or higher than what the majority of drivers are traveling produces two distinct groups of drivers: those attempting to observe the speed limit and those driving at a speed they feel is reasonable and prudent. These differences in speeds can result in increased crashes due to tailgating, improper passing, reckless driving, and weaving from lane to lane.

Federal and state studies have consistently shown that the drivers most likely to get into a collision in traffic are those traveling significantly below the average speed. According to an *Institute of Traffic Engineers* study, those driving 10 mph slower than the prevailing speed are six times as likely to be involved in a crash. In addition, frequent changes of speed along a roadway also tend to increase accidents if the need

for the change is not obvious to drivers, because compliance is reduced and speed variations increase.

In accordance with engineering practice, speed limits are typically set at the 85th percentile speed for free flowing traffic on the involved roadway. This is the speed that 85% of drivers would not be comfortable exceeding if there were no regulation on the roadway. Numerous studies have shown that the 85th percentile is the safest level at which to set a speed limit. The 85th percentile speed is typically established by a speed study observing free flowing traffic on the roadway. Because Warwick Boulevard is still under construction, such a study cannot be performed.

Along Warwick Boulevard several historical speed studies are available. The Warwick Boulevard widening designed by VDOT and approved by City Council was based on a 45 MPH posted speed. Segments of Warwick Boulevard north and south of the new construction are currently posted at 45 MPH. Speed studies in these areas, which are designed with the same generally flat and mildly curved turns as the expanded segment, support the 45 MPH speed limit.

In Hilton village, Warwick Boulevard has reduced lane widths and a speed limit of 25 MPH. Although speed studies in Hilton Village suggest the speed limit should be 35 MPH, this area has been maintained at 25 MPH because of the high level of pedestrian traffic in that historically significant district.

Finally, a study conducted by Fitzgerald & Halliday, Inc. in October of 2005 modeled travel times for Warwick Boulevard from Avenue of the Arts to Hiden Boulevard after completion of the expansion. It was shown that the 45 MPH travel time of 60 seconds would increase by approximately 10 seconds at 35 MPH, 20 seconds at 30 MPH and 35 seconds at 25 MPH during peak travel times. The travel time impacts are relatively modest at 35 and even 30 MPH. A total of six traffic signals exist along the roughly 3600 feet from Avenue of the Arts to Hiden Boulevard, which averages one every 750 feet. These signals are synchronized, and the analyzed peak travel times closely reflect the speed limits.

Pedestrian traffic in the area of Christopher Newport University requires special consideration in establishing the speed limit. Pedestrian volumes near CNU are higher than at any other location in the City. Based on City crash data, there does not appear to be a direct correlation between the posted speed limit and number of pedestrian crashes. However, there is a correlation between the speed and the severity of injury to the pedestrian. There is also a direct correlation between the number of pedestrian crashes and the location the pedestrian chooses to enter the roadway. For this reason, the Warwick Boulevard widening includes enhanced pedestrian safety features such as raised, colored crosswalks; pedestrian signals with

count-down timers; and improved sidewalks and sidewalk lighting. If students use these features as designed, the overall level of pedestrian safety when crossing the roadway will significantly increase. As previously referenced, the most similar location in this area is Hampton Boulevard in front of Old Dominion University, with a posted speed limit of 30 MPH.

Another factor is the golf cart/utility vehicle crossing(s) of Warwick Boulevard in the area of the university. Both State Code (46.2-916.1 - 916.3) and City Code (Section 26-230 - 234) limit the ability for golf carts and utility vehicles to travel down and cross public roads to "...as necessary by employees of public or private two-year or four-year institutions of higher education if operating on streets within the property limits of such institutions, provided the golf cart or utility vehicle is being operated on streets with speed limits of thirty-five (35) miles per hour or less". Therefore, golf carts and utility vehicles would be precluded from traveling on or crossing roads with a posted speed limit exceeding 35 MPH.

Please let me know if further information is required as you consider this issue. We are obliged to notify VDOT by September 1 of your determination.

  
Everett P. Skipper, PE, BCEE

EPS:DTW:aef

cc: Deputy City Manager, N. Morgan ✓  
Assistant Director of Engineering, J. Kaoudis  
Special Projects Engineer, T. Slaughter

## **ITEM IV**

- **Fiscal Year 2010 Bond Authorization**

# CITY OF NEWPORT NEWS

## Office of the City Manager

August 5, 2009

**TO:** The Honorable City Council

**FROM:** City Manager

**SUBJECT:** FY 2010 Bond Authorization

In order to carry out the FY 2010 Capital Improvements Plan (CIP), the City must sell bonds later this fiscal year. The first step is approval of the FY 2010 Bond Authorization of \$31,000,000. This authorization was increased by \$1 million from the \$30,000,000 amount that was referenced my memorandum dated July 24, 2009, so that the City will have additional flexibility in pricing the bonds. At the advice of the City's Financial Advisor, Public Financial Management (PFM), the bond authorization amount was increased by \$1 million to allow the City the flexibility to sell the bonds at a discount if market conditions indicate that this provides the best financing option. When bonds are sold at a discount, the City receives an amount which is less than the face amount of the bond issue, but benefits from a reduced debt service cost.

As explained, by authorizing \$31 million, the City is guaranteed to receive net bond proceeds of the \$30 million needed for our capital projects. The summary of how the monies will be allocated among our capital spending categories is as follows:

**FY 2010 BOND AUTHORIZATION**

PURPOSE	AMOUNT
<b>COMMUNITY DEVELOPMENT</b>	<b>\$2,940,000</b>
<b>CAPITAL EQUIPMENT</b>	<b>\$1,280,000</b>
<b>PARKS AND RECREATION</b>	<b>\$600,000</b>
<b>PUBLIC BUILDINGS</b>	<b>\$11,394,000</b>
<b>PUBLIC SCHOOLS</b>	<b>\$5,335,000</b>
<b>SEWER REHABILITATIONS</b>	<b>\$2,000,000</b>
<b>STREETS AND BRIDGES</b>	<b>\$350,000</b>
<b>SOLID WASTE</b>	<b>\$901,000</b>
<b>STORMWATER DRAINAGE</b>	<b>\$5,200,000</b>
<b>TOTAL:</b>	<b>\$30,000,000</b>

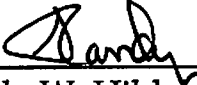
Approval of this bond authorization means that Council can appropriate monies for projects from the approved FY 2010 CIP, and it authorizes the sale later this fiscal year when cash flow and market conditions dictate. You will note that \$2 million is included to pay for the Virginia Department Environmental of Environmental Quality (DEQ) Sanitary Sewer consent order "find and fix" projects discovered in the City's investigation of our sewer system. There is also \$3.7 million to provide the cash for projects that have been previously authorized and have received appropriations.

In this bond authorization, we will be including language to allow the City to issue Build America Bonds (BABs) if the market indicates that these bonds would generate an interest savings when compared to traditional General Obligation Bonds. We anticipate going to the bond market some time after January 1, 2010. At that time, the City's Financial Advisors will do a comparative market analysis and advise us on which type of bond will achieve the lowest True Interest Cost (TIC) for the City.

The Honorable City Council  
Page 3  
FY 2010 Bond Authorization  
August 5, 2009

State law requires that City Council conduct a public hearing to allow citizens to present their views on the proposed Bond Ordinance. The Notice of Public Hearing appeared in the *Daily Press* on Tuesday, July 28, 2009, and again on Tuesday, August 4, 2009, to comply with the legal requirements for the public hearing.

I recommend approval of the FY 2010 Bond Authorization Ordinance in the amount of \$31 million.

  
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Randy W. Hildebrandt

RWH/RKE

Attachment

## **ITEM V**

- **Hampton-Newport News Community Services Board  
Performance Contract**

# CITY OF NEWPORT NEWS

## OFFICE OF THE CITY MANAGER

August 5, 2009

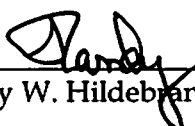
**TO:** The Honorable City Council  
**FROM:** City Manager  
**SUBJECT:** Hampton - Newport News Community Service Board - FY2010 Performance Contract

Annually, the 40 Community Service Boards (CSB) are required to submit a Performance Contract to the Department of Behavioral Health and Developmental Services (DBHDS). This will be the 12<sup>th</sup> year that Performance Contracts between CSBs and the DBHDS are required.

The Performance Contracts serve as a performance and accountability document between the State Department and CSBs for the localities served. The Performance Contract has three components:

- The first component is the actual Performance Contract, which identifies the funding by core service and includes standard contractual scope of services and responsibilities of CSBs and DBHDS.
- The second component is called the Partnership Agreement. It describes the values, roles, and responsibilities of the three operational partners in the public services system: CSBs, State Mental Health (MH) and Mental Retardation (MR) facilities, and DBHDS.
- The third and final component is called the General Requirements. This document incorporates statutory, regulatory, policy, and other requirements that are not included in the annual Performance Contract.

CSB Staff will brief City Council on this year's Performance Contract at the August 11 Work Session. I recommend that Council authorize the City Manager to execute the Hampton-Newport News Community Services Board Performance Contract for FY2010 at the September 8 City Council meeting; this must be done prior to the deadline established by DBHDS of September 15.

  
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Randy W. Hildebrandt

RWH:CAH:kyb

Attachments (2)

cc: Stuart Katz, City Attorney  
Mabel Washington, City Clerk

## Hampton-Newport News Community Services Board State Fiscal Year 2010 Performance Contract Summary

- Effective 7/1/2009, The Department of Mental Health, Mental Retardation and Substance Abuse Services is renamed The Department of Behavioral Health and Developmental Services (The Department).
- For the first time in fiscal year 2010, the CSB contracts with the Department for expenditures by service category and not for specific numbers of clients or units of service to be provided.
- Information on the number of clients served and units of service provided are part of the CSB's ongoing automated reporting to the Department (CCS3).
- A comparison of planned expenditures by service category between fiscal years 2009 and 2010 follows. The significant reduction in Regional Programs is a result of the 2009 state budget reduction and expected reduction for fiscal year 2010. Net of this reduction in regional programs, the CSB is expecting to expand core services by approx \$3.4 million in fiscal year 2010. The significant decrease in the Children's Therapy/Medication Management service area is not a true reduction in service levels, but caused by a reclassification of how services are reported to the Department.

### FY2010 Program Activities

Program Activities	FY2009	FY2010	Change
Core Services	\$ 3,119,891	\$ 3,320,530	\$ 200,639
Adult MH Therapy/Medication	\$ 6,170,990	\$ 6,040,861	\$ (130,129)
Children's Therapy/Medication	\$ 8,943,938	\$ 4,094,812	\$ (2,849,326)
Adult SA Outpatient	\$ 4,883,176	\$ 3,741,743	\$ (1,141,432)
MH/SA Residential	\$ 1,284,603	\$ 2,232,800	\$ 988,287
Prevention	\$ 1,004,405	\$ 1,094,819	\$ 90,414
Case Management	\$ 7,835,889	\$ 10,533,244	\$ 2,697,355
Adult MR Day	\$ 3,451,161	\$ 3,069,878	\$ (381,283)
Adult MH Day	\$ 2,927,289	\$ 3,905,116	\$ 977,827
Adult SA Day	\$ -	\$ 574,249	\$ 574,249
Adult MR Residential	\$ 7,432,305	\$ 8,598,622	\$ 1,166,317
Supported Living	\$ 3,329,796	\$ 3,444,958	\$ 115,162
Contracted Physician Services	\$ 899,603	\$ 1,889,516	\$ 989,713
Regional Programs	\$ 12,945,631	\$ 5,774,958	\$ (7,170,673)
<b>Total Program Activities</b>	<b>\$ 62,008,776</b>	<b>\$ 58,315,806</b>	<b>\$ (3,692,970)</b>

## Hampton-Newport News Community Services Board Fiscal Year 2010 Planned Operations Summary

In fiscal year 2010 the CSB will:

- Continue and expand high quality community programs
- Retain current staff and compensation levels
- Increase reliance on earned revenue in the following service areas:
  - Contracted Physician Services
  - Therapeutic Day Treatment
  - Case Management
- Begin service provision in Winburn Place: the newly constructed intermediate care facility
- Occupy and begin providing mental health support services at Dresden: a newly renovated apartment complex
- Expand jail based service activities
- Initiate regional Wounded Warrior services
- Implement a new clinical data management system
- Continue stewardship of public resources in providing effective and efficient services in a challenging financial environment

**Hampton-Newport News Community Services Board  
State Fiscal Year 2010**

**Newport News City Council  
Budget and Performance Contract Review**

**Annual Operating Budget and  
Performance Contract**

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- ▶ **Parties:** HNNCSB and the Department of Behavioral Health and Developmental Services (DBH&DS)
- ▶ **Describes:** Our commitment to
  - ▶ Our consumers and to
  - ▶ Cities of Hampton and Newport News
- ▶ **Defines our relationship with the DBH&DS**
- ▶ **Primary accountability and funding mechanism between DBH&DS and the CSB**

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## Major Contract/Budget Elements

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- ▶ Budget requires formal approval of the H-NNCSB Board of Directors
- ▶ Requires public comment period
- ▶ Formal approval by sponsoring localities, and
- ▶ Submission of completed resolutions by September 30, 2009

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## Budget Principles

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- ▶ To the extent possible, programs should be self-supporting:
  - ▶ Maximizing earned revenue
  - ▶ Economically and efficiently applying capital, human and support resources
- ▶ State and local funds and excess earnings of other programs should be assigned as program support based on overall CSB strategic plan priorities.

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## Significant FY2010 Changes

- ▶ Reinvestment/Transformation
- ▶ Transportation
- ▶ Therapeutic Day Services
- ▶ Creative Options Supported Employment
- ▶ Contracted Physician Services (Riverside Behavioral Health)
- ▶ Wounded Warrior Program
- ▶ Jail Diversion
- ▶ Information Management System Implementation



## FY2010 Budget Summary

Revenue by Source		Expenses by Program Activity		Expenses by Category	
	Amount		Amount		Amount
State	\$ 16,427,067	Crisis Services	\$ 3,420,830	Personnel	\$ 33,659,325
Federal	\$ 3,174,762	Adult MH Therapy/Medication	\$ 5,859,193	Staff Development	\$ 231,118
Local	\$ 3,283,653	Children's Therapy/Medication	\$ 4,311,413	Facilities	\$ 5,795,059
Fee	\$ 31,785,374	Adult SA Outpatient	\$ 2,290,402	Equipment	\$ 3,177,918
Other	\$ 3,025,000	ARVSA Residential	\$ 2,292,600	Travel	\$ 973,651
		Prevention/Early Intervention	\$ 1,094,519	Contractual	\$ 1,978,685
		Case Management	\$ 12,022,180	Client Support	\$ 605,612
		Adult MH Day	\$ 3,059,878	Family Support	\$ 91,032
		Adult MH Day	\$ 3,905,118	Contract Programs	\$ 5,175,164
		Adult SA Day	\$ 574,249	Miscellaneous	\$ 2,035,250
		Adult MH Residential	\$ 6,690,622		
		Adult Supported Living	\$ 3,302,225		
		Contracted Physician Services	\$ 1,823,519		
		Regional Programs	\$ 5,774,958		
<b>Total Revenue</b>	<b>\$ 58,315,908</b>	<b>Total Program Expense</b>	<b>\$ 58,315,908</b>	<b>Total Expense</b>	<b>\$ 58,315,908</b>



## Changes in State, Federal, Local and Earned Revenue

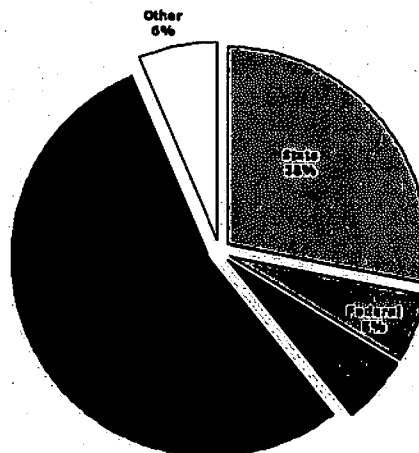
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Revenue by Source	FY2009	FY2010	Change
State	\$ 24,788,177	\$ 18,407,087	\$ (6,379,110)
Federal	\$ 3,218,227	\$ 3,174,782	\$ (44,445)
Local	\$ 3,156,373	\$ 3,283,683	\$ 107,310
Fee	\$ 28,964,510	\$ 31,785,374	\$ 2,820,864
Other	\$ 1,882,469	\$ 3,885,000	\$ 1,802,511
<b>Total Revenue</b>	<b>\$ 62,008,778</b>	<b>\$ 58,315,908</b>	<b>\$ (3,692,870)</b>

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## FY2010 Revenue by Source

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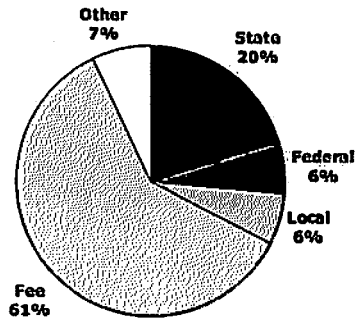
## FY2010 Revenues

### Core and Regional Programs

Source	CSB Operated Regional Programs	CSB Core Programs	Total CSB FY2010
State	5,774,958	10,832,109	16,407,067
Federal		3,174,782	3,174,782
Local		3,263,883	3,263,883
Fee		31,785,374	31,785,374
Other		3,685,000	3,685,000
Total	5,774,958	52,540,848	58,315,806



## FY2010 Core Programs Revenue by Source



## New Services/Fees

### New Services:

Service	Rate	Unit
CSA Day Services Rate - Pathways	\$1,000	Month
CSA Residential Rate - Pathways	\$2,850	Month

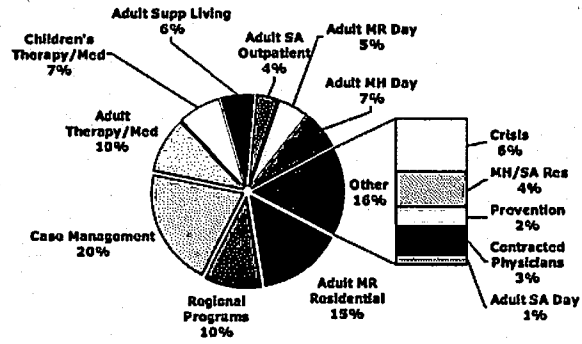


## FY2010 Program Activities

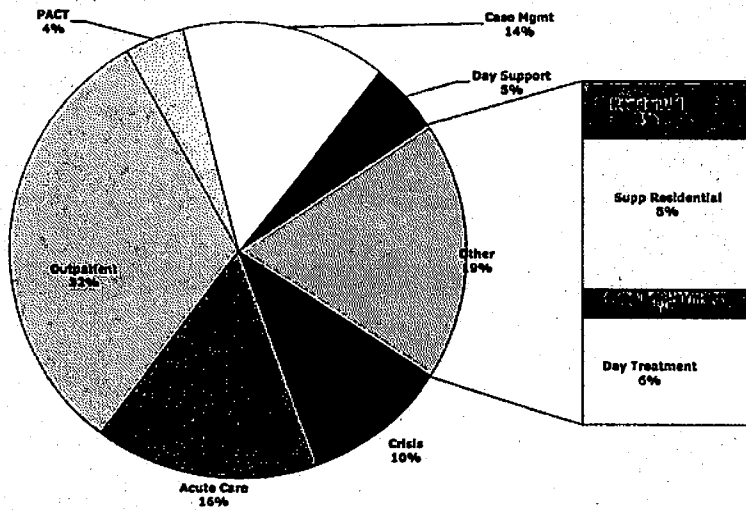
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Contracted Physician Services	\$ 699,603	\$ 1,889,518	\$ 1,189,913
Regional Programs	\$ 12,945,631	\$ 5,774,958	\$ (7,170,673)
<b>Total Program Activities</b>	<b>\$ 62,008,776</b>	<b>\$ 58,315,908</b>	<b>\$ (3,692,870)</b>



## FY2010 Program Activities

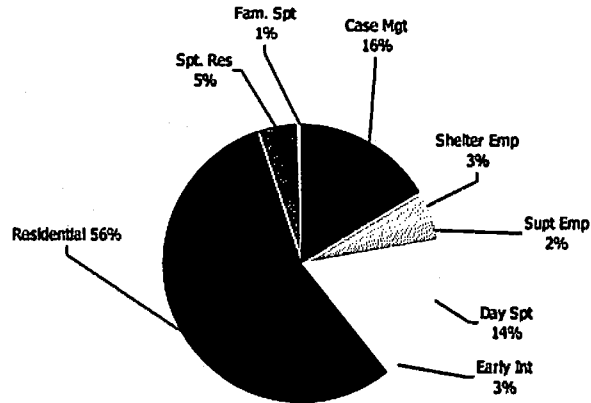


## FY2010 Mental Health Programs



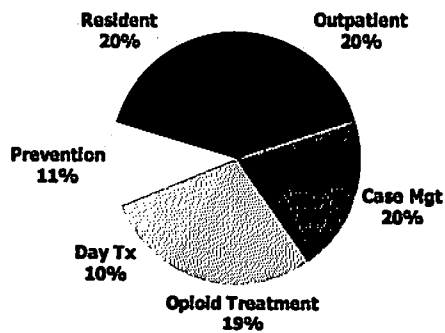
## FY2010 Intellectual and Developmental Disability Programs

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## FY2010 Substance Abuse Programs

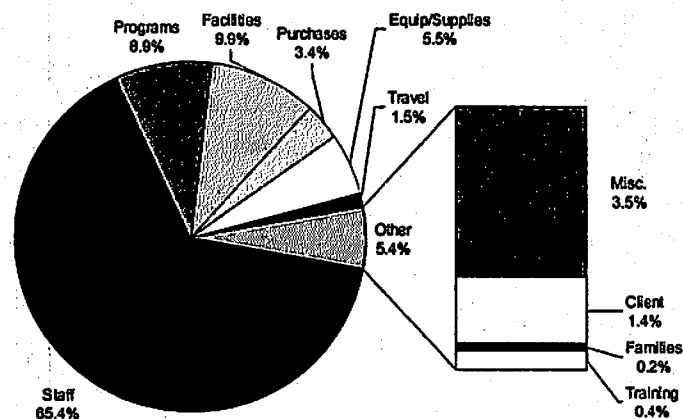
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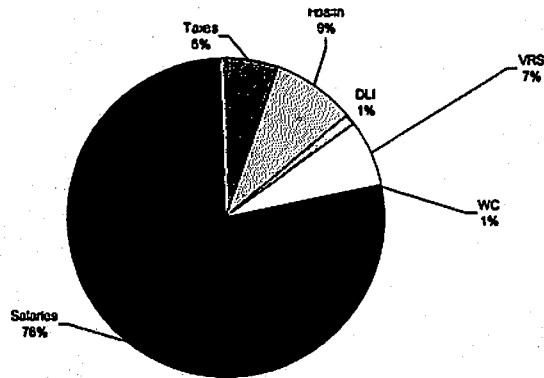
## FY2010 Expenses by Category

Expenses by Category	FY2009	FY2010	Change
Personnel	\$ 36,657,370	\$ 38,059,526	\$ 1,402,156
Staff Development	\$ 233,138	\$ 231,118	\$ (2,020)
Facilities	\$ 5,389,941	\$ 5,786,059	\$ 396,118
Equipment	\$ 2,442,749	\$ 3,177,918	\$ 735,169
Travel	\$ 912,730	\$ 973,651	\$ 60,921
Contractual	\$ 1,433,306	\$ 1,978,688	\$ 545,380
Client Support	\$ 630,809	\$ 806,614	\$ 175,805
Family Support	\$ 286,485	\$ 91,892	\$ (174,593)
Contract Programs	\$ 12,355,651	\$ 5,176,184	\$ (7,180,367)
Miscellaneous	\$ 1,686,697	\$ 2,035,258	\$ 348,561
<b>Total Expense</b>	<b>\$ 62,008,776</b>	<b>\$ 58,315,906</b>	<b>\$ (3,692,870)</b>

## FY2010 Elements of Expense



## FY2010 Elements of Personnel Expense



Salaries and Wages	Taxes	Health	DLI	VRS	Workers Comp.
30,166,647	2,224,710	3,416,993	388,970	2,583,089	268,033

## Budget Summary

- ▶ FY2010 Continues and expands high quality community programs
- ▶ Retains current staff and compensation levels
- ▶ Increased reliance on earned revenue and productivity
  - ▶ Contracted Physician Services
  - ▶ Therapeutic Day Treatment
  - ▶ Case Management
- ▶ Adds Winburn Place (ICF/MR)

## **Budget Summary Continued**

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- ▶ Occupies Dresden (Mental Health Support Services)
  - ▶ Expands jail service activities
  - ▶ Reorganizes housing management
  - ▶ Initiates Wounded Warrior regional services
  - ▶ Implements new clinical data management system
  - ▶ Continues stewardship of public resources in providing effective and efficient services in a challenging financial environment
- 
- ▶

## **Remaining Unfunded Needs**

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- ▶ Operating Reserve
  - ▶ Psychosocial Day Service Expansion
  - ▶ Replacement Housing to Support SEVTC Downsizing
  - ▶ Consumer Primary Healthcare Access
- 
- ▶

**Action**

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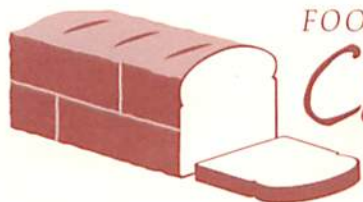
- ▶ **Newport News City Council approve Fiscal Year 2010 Performance Contract.**

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## **ITEM VI**

- **Food Bank Capital Campaign**



FOODBANK OF THE VIRGINIA PENINSULA

# Capital Campaign

Build a community without hunger...one brick at a time.



July 24, 2009

Randy W. Hildebrandt  
City Manager  
City of Newport News  
2400 Washington Avenue  
Newport News, Virginia 23607

Dear Mr. Hildebrandt:

Thank you for meeting with Foodbank representatives Steve Terveer, Jeff Verhoef and me on July 20th to discuss the status of the City's \$2 million pledge to the Foodbank's Capital Campaign. As you are aware, the Fiscal Year 2008-2012 Capital Improvement Program (CIP) was approved by the City Council in January 2007, and included \$400,000 to be paid in each of the five consecutive years beginning in FY 2008, for a total of \$2 million. The Foodbank is in receipt of the first annual contribution of \$400,000 for FY 2008, and for this we are deeply grateful.

Based on our conversation during the meeting, it is my understanding that the City finished FY 2009 with a small surplus, and the Foodbank would like to request that the City Council release the second annual contribution of \$400,000 at this time. Further, the Foodbank recognizes, based on the current economic situation faced by the City, that resuming the payment of these annual contributions for two fiscal years will be difficult.

At this time, the Foodbank has entered into Land Purchase and Design Build Agreements to construct our new facility in Copeland Park, with land closing scheduled to occur on September 14, 2009. Because of these developments, the Foodbank is eager to begin structuring the financing for our project, and to this end wishes to reaffirm the City's commitment made in January 2007. Representatives of the Foodbank would like to update the City Council on our project's progress to date at their work session to be held on August 11, 2009.

Momentum for our long awaited dream of a safe and modern facility on the Peninsula is mounting, and could not be coming soon enough for the needy and hungry who we serve. I look forward to your response regarding our requests as outlined above, and look forward to hearing from you in the near future.

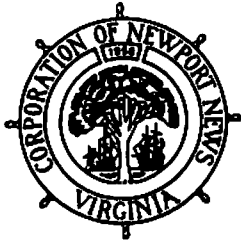
Sincerely,

Ken Krakaur  
President, Board of Directors, FBVP

Cc: The Honorable City Council – City of Newport News



9912 Hosier Street • Newport News, VA 23601  
(757) 596-7188 • fax (757) 595-2507



# City of Newport News

Virginia 23607

Office Of The City Manager

August 28, 2007

2400 Washington Avenue

(757) 926-8411

Fax (757) 926-3503

Ms. Kathleen Whitehead  
Capital Campaign Coordinator  
Foodbank of the Virginia Peninsula  
9912 Hoiser Street  
Newport News, VA 23601

Dear Ms. Whitehead:

I am writing in response to your request for a statement of "intent to give" regarding the City's \$2 million pledge to the Foodbank's Capital Campaign.

The Fiscal Year 2008-2012 Capital Improvement Program (CIP) approved by the City Council in January 2007, includes \$400,000 for this purpose in each of five consecutive years beginning this year (FY 2008), for a total of \$2 million. The CIP is a planning document only and does not authorize funds to be spent. The annual \$400,000 contribution must be appropriated by the City Council in the year it is to be paid before a disbursement of funds to the Food Bank can occur. Based on the City Council's approval of the FY 2008-2012 CIP, the City has made a commitment to contribute \$2,000,000 over five years. Each year the CIP is updated and this commitment will be reconfirmed.

If you have further questions regarding our financial commitment to your capital campaign, please let me know.

Sincerely,

Randy W. Hildebrandt  
City Manager

RWH:WGJ:bem

## ITEM VII

- Other Post-Employment Benefits Discussion on Life and Health Insurances

# CITY OF NEWPORT NEWS

## OFFICE OF THE CITY MANAGER

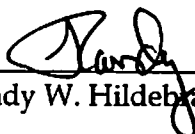
August 5, 2009

**TO:** The Honorable City Council  
**FROM:** City Manager  
**SUBJECT:** Proposed Changes to the Other Post Employment Benefits (OPEB)

Since January of this year, City Council has been considering various changes to our pension and other post-employment benefits and how to address the challenge of setting aside sufficient monies now to pay for benefits in the future. For FY2010, we are budgeted to meet our current OPEB expenses of \$9.5 million. However, when we project, on an actuarial basis, the cost of benefits in the future, we are faced with an unfunded liability of \$185 million.

I believe there is agreement that we must be committed, as a City government, to providing a comprehensive and competitive benefits program for our employees - during their active work years, as well as in their retirement. But in doing so, we also must ensure that the cost of these benefits will be affordable to our taxpayers. In order to achieve this balance between achieving affordability and maintaining competitive health care benefits, I had presented to City Council several alternatives for reducing the cost of our post-retirement benefit package. Since City Council has not sought additional OPEB actuarial studies, except for the life insurance program, I believe we have a package that now can be evaluated from a financial perspective.

Our OPEB annual required contribution (ARC) for FY2010 is \$12.5 million and this is \$3.0 million more than our current budgeted contribution. The alternative plan that I have proposed will reduce this ARC by \$3.1 million and, therefore, would not require a substantial increase in funding in future budgets. The Retirement Board has endorsed this plan only with a minor change in the Post-65 plan premium contribution by the City. I have attached a summary of these proposed benefit changes, so that at the August 11, 2009 Work Session, Council can determine if there is sufficient support to proceed with adoption of this package. If consensus is reached on the OPEB package, the only unresolved issue will be this issue of pension benefits for public safety employees.

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

RWH:LL:kyb

Attachment



## OTHER POST EMPLOYMENT BENEFITS (OPEB)

*Health, Dental & Life Insurance*

City Council Work Session: August 11, 2009

### Recommendation #1: Close OPEB Fund to New Members and Establish a Retirement Health Savings Plan (RHS)

- Applies to full-time employees hired after January 1, 2010
- An investment savings account will be set up for each new hire
- Each employee's investment account will be funded 100% by City  
City contribution: Based on 3% of the average City employee salary  
(\$41,700 x 3% = \$1,252 per year)
- At retirement, new hires may elect to participate in the City sponsored OPEB health and dental plans but will not receive a premium contribution from the City
- Assets accumulated in the employee's account will be used to pay the premiums, co-pays and other medical expenses (Non-taxable benefit)
- **Projected growth over 30 years:**
- **4% growth**    \$111,288                      **7% growth**    \$173,091
- **Impact: No immediate impact. The Fund would not incur future accrued liability for this group.**

### Summary of Retirement Health Savings Plan (RHS)

	Proposal
<b>Eligible Group</b>	Full-time employees hired on/after Jan. 1, 2010
<b>Employer Contribution</b>	Flat dollar amount based on 3% of average CITY EMPLOYEE SALARY
<b>Employee Contribution</b>	None
<b>Benefit Eligibility</b> <i>(Participant's eligibility to use the funds)</i>	• Service/Disability retirement • Age 55, if terminated prior to retirement
<b>Expenses eligible for reimbursement</b>	Participants may use their assets for: Qualified medical expenses of the participant, their spouse and legal dependents
<b>Vesting</b>	5 years (employee owns accumulated assets)
<b>Death</b>	If assets remain after participant's death, the spouse and legal dependents can continue to use the account
<b>Forfeits</b>	• When employee terminates prior to vesting • An account balance remains following death of participant/spouse/dependent

### Recommendation #2

Pre-65 - No change recommended for current retirees.

Coverage	Participants	Total Annual Premium	Retiree Portion	City Portion*
Retiree-single	322	\$ 6,672	\$2,040	\$4,632
Single + Child	48	\$10,860	\$3,324	\$7,536
Single + Spouse	164	\$15,216	\$4,644	\$10,572
Family	110	\$18,240	\$5,496	\$12,744
	<b>653</b>			

\*Annually, city contribution is increased by a COLA

Impact: No Savings

### Recommendation #3:

Pre-65: Reduction in the City's premium contribution for employees retiring on or after Jan. 1, 2010

For employees retiring after January 1, 2010: A new dollar cap will be established for the City's premium contribution, with an annual COLA added

- Dollar cap for City's premium contribution
- Single Coverage = City's contribution capped at 10% of the total December 31, 2010 premium
  - All other Coverages = City's contribution capped at 15% of the total December 31, 2010 premium
  - Annual COLA added to Capped amount
  - New allocation of City contribution amount based on service at retirement
- | Service      | City contribution allocation |
|--------------|------------------------------|
| 25+          | 100%                         |
| 20-24        | 75%                          |
| 15-10        | 50%                          |
| 10-14        | 25%                          |
| Less than 10 | 0%                           |

Financial Impact: 1<sup>st</sup> year savings of \$1.3 million  
\$108 million reduction to Unfunded Actuarial Accrued Liability (UAAL)

### Recommendation #3 Continued

• Comparison of the provision for current retirees and the proposed provision for employees retiring on or after January 1, 2010

Coverage	Annual Premium	Current Retiree Portion	Proposed Retiree Portion (Retiring on/after 1/1/2010)	Annual Impact to Future Retirees
Retiree-Single	\$ 6,672	\$2,040	\$1,668	Decrease \$372 (\$31/mo)
Single + Child	\$10,860	\$3,324	\$5,430	Increase \$2,106 (\$175/mo)
Single + Spouse	\$15,216	\$4,644	\$7,608	Increase \$2,984 (\$247/mo)
Family	\$18,240	\$5,496	\$9,120	Increase \$3,624 (\$302/mo)

**Exception to Recommendation #3 – Pre-65 Plan**

- In order to minimize the impact on employees eligible for retirement, the following exception is proposed for:
  - General Employees with 30 years of actual service as of 12/31/2009
  - Public Safety Employees with 25 years of actual service as of 12/31/2009
- For coverage levels other than single, the City's premium contribution will not phase down to 50% until January 1, 2014.

**If effective date of retirement is between:**

- Jan 1, 2010 – Dec 1, 2010 The City will contribute 70% of premium
- Jan 1, 2011 – Dec 1, 2011 The City will contribute 65% of premium
- Jan 1, 2012 – Dec 1, 2012 The City will contribute 60% of premium
- Jan 1, 2013 – Dec 1, 2013 The City will contribute 55% of premium
- Jan 1, 2014 – Dec 1, 2014 The City will contribute 50% of premium

**Recommendation #4**

For current and future post-65 retirees: The City will contribute a flat dollar amount of \$250 per retiree (per month) and \$125 (per month) for spouses effective January 1, 2010

Age of Participant	Spouse	Monthly Cost (Medicare Supplement Plan w/long coverage)	City Proposed Contrib.	Proposed monthly Retiree Costs (Total less City Contrib.)	Current Retiree Costs	Monthly Premium Increase under the Proposal
65 to 69	Retiree	\$313	(\$250)	\$ 63	\$53	\$ 10
	Spouse	\$313	(\$125)	188	\$53	\$135 (\$143)
70 to 74	Retiree	\$330	(\$250)	\$ 80	\$70	\$ 10
	Spouse	\$330	(\$125)	\$205	\$70	\$135 (\$143)
75+	Retiree	\$341	(\$250)	\$ 91	\$81	\$ 10
	Spouse	\$341	(\$125)	\$216	\$81	\$135 (\$143)

**Financial Impact:**

1<sup>st</sup> year savings = \$1.1 million  
 \$14.0 million reduction of UAAL

**LIFE INSURANCE**

**LIFE INSURANCE ALTERNATIVES**

- Retirement Board - Current & future retirees**  
 \$10,000 City paid life insurance coverage & eliminate \$3,300 death benefit  
 Voluntary supplemental coverage offered (age based rates)
- City Manager:**  
 Future retirees: Eliminate life insurance coverage & provide \$10,000 death benefit  
 Current retirees: \$10,000 death benefit provided after current coverage is phased down  
 Voluntary supplemental coverage NOT OFFERED
- City Manager:**  
 Current & future retirees who were not grandfathered to receive life insurance coverage of 1/3 their annual salary.  
 • Eliminate life insurance coverage & provide \$10,000 death benefit  
 Current retirees & existing employees that were grandfathered to receive 1/3 of their salary in life insurance.  
 • Over 4 year period, the insurance coverage will phase down \$10,000 each year until reaching \$10,000 then provide a \$10,000 death benefit  
 • If current coverage more than \$40,000 Coverage would immediately drop down to \$40,000 then phase down \$10,000 each year until reaching \$10,000, then provide a \$10,000 death benefit  
 Voluntary supplemental death benefit offered (based on an actuarial and individual premium rate)

**LIFE INSURANCE ALTERNATIVES**

- Work Session Discussion**  
 Current & future retirees
  - Eliminate \$3,300 death benefit & provide City paid life insurance of \$25,000
  - Voluntary supplemental coverage offered (age based rates)
- Work Session Discussion:**  
 Grandfathered Retirees & Current Employees
  - Continue the provision to receive up to 1/3 of their annual salary in life insurance
  - \$3,300 death benefit
 Current Retirees who are not grandfathered
  - Continue to phase down until they reach \$10,000 threshold
  - \$3,300 death benefit
 Current existing employees who are not grandfathered
  - Life insurance coverage of \$10,000
  - Voluntary supplemental coverage offered (age based rates)
  - \$3,300 death benefit
 Non-vested & new hires
  - \$10,000 death benefit (no life insurance)

## **ITEM VIII**

- Closed Meeting
  - Legal