

MINUTES OF SPECIAL BUDGET WORK SESSION  
OF THE NEWPORT NEWS CITY COUNCIL  
HELD IN THE 10<sup>th</sup> FLOOR CONFERENCE ROOM  
2400 Washington Avenue  
April 21, 2009  
1:00 p.m.

---

PRESENT: Sharon P. Scott; Tina L. Vick (arrived at 1:20 p.m.); Joseph C. Whitaker; Dr. Patricia P. Woodbury; Herbert H. Bateman, Jr.; Joe S. Frank; and Madeline McMillan ----- 7

ABSENT: None ----- 0

OTHERS PRESENT: Randy W. Hildebrandt; Stuart E. Katz; Mabel Washington Jenkins; Alan Archer; Neil Morgan; Cynthia Rolfe; Lottie Vincent; Allen Jackson; Gregg Jones; Lisa Cipriano; Rhonda Everton; Robin Rose; Monique Warren; Chad Pritchett; Steve Carpenter; LaVerne Lovett; Florence Kingston; Yvonne Manning; Izabella Cieszynski; Scott Fuller; Glenn Butler; Eileen Leininger; Lillian Taylor; Sabine Hirschauer; Jennifer Walker; Cleder Jones; Kim Lee; and Jerri Wilson

I. Answers to Previously Asked Budget Questions

● Reduction-in-Force Policy

City Manager Hildebrandt introduced Ms. Yvonne Manning, Director, Department of Human Resources, to review the Reduction-In-Force policy and explain how it would impact employees.

Ms. Manning reported a committee, comprised of 15 Department Directors and management personnel, was charged with the responsibility of developing a Reduction-in-Force Policy and implementation plan. The steps taken to establish and implement the Reduction-in-Force Policy included: 1) Meetings between the City Manager and Department Directors to note the City's mission and how it related to each department's functions to provide services to citizens; 2) Determination of the skill levels and experience needed for departments to provide and continue services to the public; 3) Determine which positions would remain and/or be eliminated; 4) Align remaining employee skills and abilities to administer the City's mission and the Department's functions; 5) Avoid allowing politics to guide the Reduction-in-Force Policy and implementation process; and 6) Usage of solid and defensible criteria to determine and implement a Reduction-in-Force Policy.

Ms. Manning stated organizations used an array of criteria to develop and implement a Reduction-in-Force Policy, i.e. seniority, performance, service dates, etc.; however, the City chose to use knowledge, skills and abilities. The City would offer displaced and/or terminated employees as much notice as possible, but no less than 30 days written notice, that their position would be eliminated. The Department of Human Resources would provide

each displaced and/or terminated employee with a notification packet. Additionally, regular full-time employees, who were terminated, would receive a 30-day unpaid leave-of-absence to allow them an opportunity to continue their benefits for an additional 30 days. The City did not allow severance pay, but wanted to do something to benefit Reduction-in-Force employees. Those employees would have 12 months, beyond their termination, to receive job recruitment services, i.e. resume preparation and counseling from the Department of Human Resources. The Employee Assistance Program would be made available for 30 days to employees affected by the RIF. For a period of 90 days, RIF employees would be considered for placement into vacant City positions. Positions would be identified only for RIF employees. RIF employees would be the first considered for positions that became available while they were still on City payroll. It was important that all employees understood the City Manager and the Department of Human Resources had done the best it could to implement the Reduction-in-Force Policy.

City Manager Hildebrandt assured that the decision to lay-off employees was not taken lightly; it was a last resort. Of the 102 positions that were eliminated, and not funded, only 17 positions were currently filled. Some of the 17 RIF employees would have the opportunity to move into vacant funded positions; however the process would not be considered until after the adoption of the FY2010 budget. (A copy of memo from the City Manager to City Council, dated April 20, 2009, regarding the Reduction-in-Force Policy, is attached and made a part of these minutes.)

Councilwoman McMillan understood the difficult process to establish and implement the Reduction-in-Force Policy, but was confused about the criteria being formed on knowledge, but not performance or seniority. City Manager Hildebrandt explained performance and seniority became part of the consideration after skills and abilities were considered. The first factor considered was whether an employee could do the job and then the issue of seniority and performance were considered.

Councilwoman McMillan inquired whether RIF employees had the opportunity to be moved into vacant positions made available through the retirement of an employee. City Manager Hildebrandt replied RIF employees would be considered for positions as they became vacant and were still in the City's budget. The Department of Human Resources studied each vacant position in comparison with the skills and knowledge of RIF employees.

Councilwoman McMillan inquired whether RIF employees would receive the same salary as they had before being displaced and/or terminated. City Manager Hildebrandt replied there was no guarantee that RIF employees would receive the same salary in a new position. It depended on the position and the employee's knowledge and skills.

Councilwoman Woodbury voiced concern and felt there were inefficiencies in the City when a 20 year employee and/or his/her position was no longer needed or required. City Manager Hildebrandt replied all organizations experienced inefficiencies and constraints that required them to do things differently.

## II. Review of Revenue Implications

Mr. Gregg Jones, Director, Budget & Evaluation, reported several matters had changed since the City Manager presented his recommended FY2010 budget based on the City Assessor's March 2009 figures. Since March 2009, the City Assessor's estimates on assessed value had decreased, which resulted in a reduction of \$150,000 in real estate tax revenue. The Virginia Department of Taxation determined it needed to refund Telecommunications Tax to some vendors. These refunds were previously determined as a credit for FY2009; however, the State would provide the refunds in FY2010, which meant the City would pick up \$400,000 more than what was anticipated in revenue. This caused the estimated FY2010 budget to be \$600,000 less than what was recommended.

City Manager Hildebrandt was not suggesting that any adjustments be made to his recommended FY2010 budget. The \$600,000 was less than 1/10 of 1% of the City's total revenues. The budget was set on a worst case scenario and he felt comfortable the \$600,000 difference was something the City could offset with some better than expected revenue.

Councilwoman McMillan inquired about the funding source for the better than expected revenue. City Manager Hildebrandt replied much depended on when the economy would start to turnaround. If it happened in the beginning of FY2010, it would impact the City's fiscal year. If it did not happen until FY2011, then the City was close to where it should be in terms of its revenue estimates.

Councilwoman McMillan stated it sounded as though the City Manager had tucked away \$600,000. City Manager Hildebrandt felt there was a chance that the \$600,000 could be offset in some way. He did not suggest cutting the FY2010 budget another \$600,000. He was looking forward to seeing a turnaround in the revenue before the next fiscal year ended.

## **Miscellaneous Item**

City Manager Hildebrandt pointed out that his recommended FY2010 budget would have to be reduced by \$1.9 million if City Council chose to reduce the tax rate to \$1.08.

I. Answers to Previously Asked Budget Questions continued

- West Avenue Library

Mayor Frank stated the City Manager recommended that the West Avenue Library be opened to the public three days per week (Monday, Wednesday, and Friday), instead of closing it entirely.

Councilwoman McMillan stated she was in support of keeping the West Avenue Library open, even on a part-time basis. She understood the costs associated with the Library. The new Navy housing was contract housing and would be filled by Navy personnel; however, should a reduction-in-force materialize the housing could be rented to the public, which in turn would include a downtown population that needed amenities. To say to them that they could travel over to the Pearl Bailey Library was unacceptable. She felt it was beneficial to the downtown population to have a library in close proximity.

Mayor Frank stated it was difficult to reopen a library once it closed. He agreed with Councilwoman McMillan's suggestion to keep the West Avenue Library open three days per week. He asked staff to promote the library noting its location and the services it provided.

Councilwoman McMillan did not want much money spent on promotion of the library. She suggested an insert be included in the welcome packet that was provided to new residents of the Navy housing advertising the West Avenue Library, its hours of operation, and the programs offered by the library system.

Mayor Frank suggested that e-mail be forwarded to the residents of the downtown area indicating the City was struggling to keep the West Avenue library open and encouraging citizens to use the facility.

There was consensus among City Council to keep the West Avenue Library open three days per week, Monday, Wednesday and Friday.

- Boys and Girls Club Thorncliff Pool

Mayor Frank stated the City Manager recommended supporting a lease agreement with the Thorncliff Boys and Girls Club for public use of their pool, one day per week, and for swimming lessons. The \$30,000 in existing funding, used for the "Community Pool Day" program, would cover the cost of the lease. He also suggested that the City continue funding the Community Pool Day program for the 2009 summer season at a cost of \$25,000. (A copy of the

City Manager's memo to City Council, dated April 20, 2009, "Use of Boys & Girls Club Pool on Thorncliff Drive is attached and made a part of these minutes.)

Councilwoman McMillan reminded of her memo of April 9, 2009 to the City Manager regarding the Boys & Girls Club (attached to these minutes along with the City Manager's reply). She appreciated what the City Manager was trying to do in support of the Marshall Courts Boys & Girls Club facility, by way of the Thorncliff Boys & Girls Pool and the Community Pool Day programs. However, as stated in her email, the Boys & Girls Club understood they were going to be faced with some constraints when they opened the Marshall Courts facility, which she pointed out. She recalled indicating the City was under a tight budget and was cutting community support funding in many areas, including the Community Services Board, and the Boys and Girls Club should not count on City funding to open the Marshall Courts facility. As noted in her attached memo, the Community Pool Day program had been successful and well received, which the City Manager was trying to balance and support. It was not a balance when you considered the amount of people that were being served. The Thorncliff pool was old and was located indoors. There was no play area around the pool. It had very poor ventilation. She voiced concern about the security issues and people gaining access to the pool. She felt it would not serve the 45 people as projected by the City Manager. The locker rooms were small and made for small children. The parking was limited. It was not equivalent to a community pool and access was difficult.

Councilwoman McMillan voiced concern that the \$30,000 would not adequately cover the pool costs, i.e. lifeguards and additional security. She questioned how much of the \$30,000 would be funneled to the Marshall Courts facility. The City was once again using right-a-way funding, which she understood was used to maintain park facilities that fell under capital improvement projects. The Department of Parks, Recreation and Tourism was cutting its budget to support a private entity that knew, first-hand, what they could and could not afford. She voiced a real problem with this issue.

City Manager indicated the Department of Parks, Recreation and Tourism had an opportunity to hold swimming lessons at the Thorncliff Boys and Girls Club, which would benefit citizens more than open swimming.

Councilwoman McMillan stated she might agree with the City Manager if the Thorncliff pool were outdoors; however, one had to travel through the Club's main play area to gain entrance to the pool, which was to the rear of the facility. Parents would not be able to sit inside and wait for their children. She felt the entire proposal was problematic and she did not believe the Boys and Girls Club had thought the whole matter through. Once again, she felt community support was being increased to benefit the Marshall Court Boys and Girls Club, while cutting others. She felt it was the Boys and Girls Club problem and they should find a way to address the issue by other means.

City Manager Hildebrandt pointed out the annual costs to run the Marshall Courts facility was \$100,000. The Boys and Girls Clubs raised \$70,000 in private funding and needed an additional \$30,000 to continue operation of the facility.

Councilwoman McMillan stated the Boys and Girls Clubs understood, when they proposed opening the Marshall Courts facility, it would cost \$100,000 to operate the facility on an annual basis. The City was not a panacea for everyone. She recalled the City Manager indicating, at prior budget sessions, that the City could not provide funding to everyone who knocked at its door and had to say no every once in a while.

City Manager Hildebrandt agreed he refused many funding requests, but reminded, at the time, the Boys and Girls Clubs introduced the proposal to the City they indicated it was a one- year grant to open the Marshall Courts facility. Funding was needed from the City, the community, and organizations that supported Keeping Our Kids Safe, to sustain its operation for future years. Everyone agreed it was important to take advantage of the grant funding and continue to keep the facility open after the grant ended, given what was going on in the Southeast Community. The City was able to commit CDBG funding for the current six months, but they needed help to continue the operation of the facility beyond that, which was his recommendation.

Councilwoman McMillan stated she could counter that with “we have problems too” and inquired about the number of community or summer playground programs in the North District. Mr. Mike Barber, Assistant Director, Parks, Recreation & Tourism, replied programs varied each year because of the variation of schools that were available; however, he believed there were two summer programs in the North District this year.

Councilwoman McMillan agreed there were only two summer programs in the North District and inquired about the District’s student population. City Manager Hildebrandt reminded there were only six to eight programs in the entire City.

Vice Mayor Whitaker disagreed with Councilwoman McMillan’s observation of Marshall Court Boys and Girls Club. He stated the Club was already equipped with computers and other equipment. The club had more participants than all the Boys & Girls Clubs throughout the City. The Southeast Community had a huge need. The Marshall Courts Boys and Girls Club was located in the neighborhoods of Seven Oaks and Marshall Courts Public Housing. Most of the households in that community were single parent households led by mothers, which was the reason the Club’s participation was so great. He agreed with Councilwoman McMillan’s concern about how the club would survive after the grant funding disappeared when the proposal was first brought to City Council; however, things have changed in the economy. It was now about the children in the community and trying to keep them off the street. The Marshall Courts

Club was doing that more than any other club. He stated the club was needed in the Southeast community.

Councilwoman Vick noted her memo to City Council dated April 21, 2009 regarding the FY 2010 Budget and her concerns about the budget for the Office on Children, Youth and Families. (A copy of the memo is attached and made a part of these minutes.) She stated the Office had a Director, Deputy Director, Assistant Director, and Senior Program Manager. She voiced concern that, in this economy, City Council should look at top-heavy departments and organizations to see whether funding could be found and redirected to organizations that provided direct services, such as the Boys & Girls Club. She felt City Council needed to make sure they received a return on investment from funding that was allocated to City departments as well as regional and community organizations. She felt the Office on Children, Youth and Families did not offer direct services to the community.

City Manager Hildebrandt stated none of the employees in the Office on Children, Youth and Families were directing the program. They had a six-member staff that supported the Mayor's Youth Commission and the Commission on Youth and worked with the City on Keeping Our Kids Safe. They helped the City collaborate and network to bring more youth services to the City. They were busy and involved in community development in terms of getting communities and neighborhoods to support youth activities. The staff did not sit around and push pencils, but worked with and for the youth of the community. The Office was not a bureaucratic structure. They were a professional staff who had been integrated with the Department of Human Services.

Councilwoman McMillan concurred with Councilwoman Vick. The services of the Office on Children, Youth and Families could be split between the departments of Human Services and Parks, Recreation & Tourism. She recalled a suggestion made a few years ago that the Office be placed under the Department of Parks, Recreation and Tourism because it dealt with the coordination of children activities. She felt the Office on Children, Youth and Families was an expensive department. She did not see much out of the Office that directly benefitted the community. She reiterated her agreement with Councilwoman Vick and felt the office needed to be re-evaluated.

Councilwoman Woodbury agreed with Councilwoman Vick and recalled while working with the Youth Services Division they only had a budget of \$100,000. The Office on Children, Youth and Families was approaching a budget of \$1 million and she did not see what direct services they were providing, nor had she seen any true results. She recalled requesting a report on the results of the program in her capacity as a School Board member, i.e. a decrease in crime. She felt the original purpose for creating the department was to synthesize and gather youth serving organizations and programs. Instead, the Office on Children, Youth and Families had adopted a life of its own. She was not sure that direct services were being put forth.

Councilwoman Vick asked the City Manager to evaluate the department to see whether there were some positions that could be eliminated.

Councilman Bateman understood Councilwoman Vick felt direct services were important and wanted to look for funding and savings to divert to programs. He inquired whether the funding could come from other departments.

Councilwoman Vick replied she would consider funding from other departments, but voiced concern about a department who had a Director, Deputy Director, Assistant Director, etc. She noted it could very well be a needed structure. City Manager Hildebrandt stated he would provide City Council with what each staff member in the Office on Children, Youth and Families was assigned to do and what they accomplished on a daily basis. He indicated the staff was not administering programs. The Department of Human Services provided them with administrative support. They worked directly with youth in the community. The Mayors Youth Commission would not have support staff if the Office on Children, Youth and Family was eliminated unless staff was reassigned from the Department of Parks, Recreation and Tourism.

Councilwoman Vick felt one had to reevaluate and look at every process to find saving in a challenging economy. Although, the services of the Office on Children, Youth and Families were needed in the past, their mission needed to be reevaluated to see whether there was a need to continue in the future. The Office appeared to be extremely top-heavy. City Manager Hildebrandt stated he would provide a report to City Council regarding the duties and services of the Office on Children, Youth and Families. Job titles did not accurately reflect the duties of the staff.

Councilwoman Vick reiterated her concern regarding the four management positions in the Office on Children, Youth and Families. City Manager Hildebrandt stated it was not about management, but professionalism. The staff worked with organizations and evaluated programs.

Vice Mayor Whitaker felt City Council could not just arbitrarily eliminate programs and expect progress as usual. He felt City Council needed to reevaluate everything, and in doing so, were trying to do the best job they could. City Council needed to work with the City Manager to determine what departments were doing and whether cuts could be made. City Manager Hildebrandt replied there was no issue about reevaluating City departments. He would provide information to City Council on the duties of the Office on Children, Youth and Families and the impact to the City should positions be eliminated.

Mayor Frank inquired whether there was a consensus among City Council to support \$30,000 for public use of the Thorncliff Boys and Girls Club pool. There was consensus among City Council to support \$30,000 for public use, one day per week, for the Thorncliff Boys and Girls Club.

Mayor Frank inquired whether there was consensus among City Council to support \$25,000 to continue support of the Community Pool Day Program.

Councilwoman McMillan inquired whether the \$25,000 was only for the five pools who expressed interest for 2009 and who participated in the 2007/2008 program; no new pools could apply for funding. City Manager Hildebrandt replied the \$25,000 would come from right-of-way funding set aside in the Parks, Recreation, and Tourism budget.

There was consensus among City Council to support \$25,000 for continuation of the Community Pool Day Program.

- Special Events Funding

Mayor Frank noted the memo from the City Manager to City Council, dated April 17, 2009, regarding Special Events Funding for Calendar Year 2010. (A copy of the memo is attached and made a part of these minutes.)

Councilwoman McMillan inquired whether there was a Merchant's Association at City Center. City Manager Hildebrandt replied there was not a Merchant's Association at City Center.

Councilwoman McMillan inquired about the reason there was not a Merchant's Association at City Center. She stated events such as the St. Patrick's Day Shamrock Party could be sponsored by the merchants, or they could provide special discounts and offers during such events. She felt the merchants needed to step up and provide funding as did the Port Warwick and Denbigh Warwick merchants. There was no reason why the merchants of City Center could not start to take some responsibility for their marketing. City Manager Hildebrandt stated Town Center Development contributed some funding for Special events, but that funding was not coming from the merchants of City Center.

Councilwoman McMillan suggested the City allow service groups to sponsor events at City Center, as was done in the past at Oyster Point, where they sold beer and other things and received a part of the profit. She felt the City should not be the free entertainment center for the Peninsula.

Councilwoman Woodbury stated she would like the Special Events Funding line item reduced to \$250,000 from \$503,000. She agreed with Councilwoman McMillan that the merchants in City Center needed to take some responsibility for their own marketing. That might save a few jobs out of the seventeen that were proposed to be eliminated.

Mayor Frank inquired which Special Events City Council wanted to eliminate or continue. He felt it was important to do things for citizens in difficult times. He agreed with the idea that the merchants needed to step up and they already had to some degree. Certainly, the City could ask for more, but noted the merchants were already suffering. Special Events funding helped the merchants to be more successful. He supported the funding as proposed by the City Manager.

Mayor Frank explained \$750,000 was appropriated for Special Events funding in FY2008. It was then reduced to \$550,000 in FY2009. The FY2010 budget reduced the funding another 10% to \$503,917, which was a 10% reduction from the current year. He felt it was a mistake to reduce the funding to \$250,000, as suggested by Councilwoman Woodbury, because it would change the quality of life of citizens. He understood these were difficult times and appreciated the fact that reductions needed to be made. City Council had taken that into consideration and had cut hard things and made difficult decisions. There were some things that had impacts and he felt Special Events funding should not be reduced from the \$503,917 proposed by the City Manager.

Vice Mayor Whitaker appreciated the events held at City Center, which he usually attended. People from all over attended the affairs. He felt programs had to be ongoing, and City Council could not eliminate everything. He encouraged City Council to gradually eliminate and reduce programs.

Mayor Frank pointed out Special Events funding was not just for events held at City Center. Councilwoman McMillan stated she was only addressing the elimination of events at City Center. She noted the events were beautifully coordinated by talented staff members of the Department of Parks, Recreation and Tourism. The programs were popular and all her friends in York County enjoyed attending City Center events, because York County did not sponsor such events, which she felt allowed them to charge a low real estate tax rate. She felt City Council should reconsider what the City was doing in City Center and allow the private sector to start picking-up the tab.

Councilwoman Vick inquired about the possibility of charging a minimal fee for some of the events so it would not be so costly to the City.

Mayor Frank stated he would support such an idea; however, access control was a problem at City Center.

Councilwoman Vick felt it was something to think about for all the events to generate income.

Mr. Poplawski replied the City received \$17,200 above and beyond the budget, and \$82,950 from in-kind contributions. Developers spent over \$190,000 last year in contributions to Special Events. City Center merchants were not interested in contributing toward Special Events because they did not pick up additional business from the events. The events were not held for the retailers, but because the location provided adequate parking and sufficient night-time venue space, which was not available at other locations throughout the City. The developers proposed spending an additional \$100,000. The City already had sponsorships for \$275,000 and projected sponsorships for an event called "Fridays at the Fountain" in FY2010. Many of the sponsorships and developer contributions were predicated, in great part, by the City's contribution. He asked City Council to consider eliminating specific events rather than reducing Special Events funding.

Councilwoman McMillan stated it was not that she thought Special events were not nice, but when one talked about watching money, tightening a budget, finding money to fund programs, and increasing community support funding, one had to look at things, such as Special events, to eliminate. She did not believe that anyone would miss the Neighbors & Nations Celebration that was included in the Special Events funding for FY2010 in the amount of \$40,300.

Councilman Bateman was in support of cutting the Shamrock Party, Neighbors & Nations Celebration, and Fridays at the Fountain, which would amount to a total savings of \$76,300 in Special Events funding.

Councilwoman Scott inquired about the elimination of the King Lincoln Music Festival from Special Events funding, and whether it was based on attendance. She stated it was one of the only events held in the Southeast Community, other than the Fourth of July celebration. Mr. Poplawski replied the attendance was very low for the King Lincoln Music Festival and cost benefit also played a huge factor in the decision to eliminate the festival. A program for \$25,000 that brought in 200 – 500 people versus a program that cost \$10,000 and brought in 2,000 to 3,000 people was not a benefit to the City.

Mayor Frank agreed that the event was not well attended. Vendors were a hard draw to the festival as well.

Vice Mayor Whitaker indicated it was difficult to get citizens to come to King Lincoln Park.

Councilwoman Vick stated, as a resident and young person who grew up in the Southeast community, she noticed the music volume had decreased over time. Someone had made a decision that the volume level had to be decreased, which deterred from the number of people who would have attended the festival. Many times the volume of the music alerted the community to the fact that something was going on at the park, and in turn, people would be drawn to the park. Because the volume was decreased, many in the community were not aware that anything was going on at the Park. She felt the City could enhance its marketing efforts for the festival.

The consensus among City Council regarding the City Manager's proposed FY2010 Special Events Funding as noted in the attached memo included: 1) Eliminate funding (\$25,000) for the Shamrock Party; 2) Discontinue funding for the Fiesta by the Fountain; 3) Support funding (\$28,617) for the Children's Festival of Friends; 4) Support funding (\$65,000) for the July 4<sup>th</sup> Stars in the Sky; 5) Reduce the Family Film Series funding (\$18,500) from four to two events; 6) Include funding (\$18,500) for the King-Lincoln Music Festival; 7) Support funding (\$86,500) for the Fall Festival; 8) Eliminate funding (\$40,300) for the Neighbors & Nations Celebration and combine the program with the Fall Festival. Mr. Poplawski stated it would possibly take an additional \$20,000 to combine the two events. He would report back to City Council on the amount of funding needed; 9) Discontinue funding for the Great Pumpkin Party; 10) Eliminate funding (\$20,000) for the Oyster Point Oyster Roast; 11) Support funding (\$80,500) for Hollydazzle; 12) Support funding (\$10,000) for the Downing Gross CAC Concert Production; 13) Support funding (\$50,000) for the Ella Fitzgerald Festival. City Manager Hildebrandt would speak to CNU to determine whether they would continue the project. If not, transfer part of the funding to the Downing Gross Cultural Arts Center; 14) Support funding (\$11,000) for Fridays at the Fountain Concert Series; 15) Discontinue funding for Kick-off Concerts; 16) Eliminate funding for Vineyards by the Fountain; 17) Discontinue funding for Holidays at City Center; 18) Support funding (\$20,000) for Community Event Grants; and 19) Support funding (\$20,000 instead of \$30,000) for Citywide Event Marketing.

City Manager Hildebrandt noted the total savings in Special Events funding amounted to \$55,000, which was an additional 10% reduction in total funding.

### III. Community Support Funding

- Youth Challenge

Mayor Frank reminded of the Youth Challenge request for funding in the amount of \$100,000, through the Community Support Grant application in January 2009, for the renovation of their gymnasium, which was damaged during Hurricane Isabel. He explained, Youth Challenge was not eligible to receive Community Support Grant funding, under State law,

and given the severe economic constraints and the impact on the City's ability to maintain existing City services, the City Manager denied the request. The City received a new application from Youth Challenge from their 501(c)3 Foundation (Peninsula Drug Rehabilitation Foundation), requesting \$100,000 in funding for services. He inquired whether there was consensus among City Council to provide \$100,000 to Youth Challenge, if they complied with all of the rules for eligibility. (A copy of memo to City Council from the City Manager, dated April 17, 2009, regarding Youth Challenge request for funding, is attached to these minutes.)

Councilwoman Scott felt the 501(c)3 Foundation was composed in order to funnel funding to the church and inquired what difference it made in giving to the church and giving to the 501(c)3 Foundation. Mayor Frank replied one violated State law and the other did not.

Councilwoman Woodbury replied Peninsula Drug Rehabilitation Foundation provided services to the community.

Mayor Frank stated to do legally, Youth Challenge and the Foundation had to provide separate bookkeeping records and had to account for the services they provided separately. Whether they were willing to make or had made such distinctions would be determined by the City Attorney. He inquired whether City Council supported giving the Foundation funding, and if so how much. The City Attorney would then determine whether the Foundation was chartered and eligible to receive community support funding.

Councilwoman McMillan stated, in fairness to other organizations, all of the above needed to be resolved before City Council discussed giving Youth Challenge funding. She felt City Council was sympathetic to their mission and felt the comments of those who attended the City Council regular of meeting of April 14, 2009 were rendering; however, this was a re-consideration of a previous request. She inquired whether City Council could fairly accept an application after the deadline submission date when other organizations may be in the same situation. She inquired whether the City was putting itself in a position of giving consideration to one entity and not to others.

Mayor Frank inquired whether there was support among City Council to have staff determine whether Youth Challenge and its 501(c)3 Foundation had complied legally, and whether they met necessary requirements that the City identified.

Councilwoman Woodbury was in support of having staff determine the legality of the 5013C Foundation.

Vice Mayor Whitaker expressed support for the program and felt it was a good program that worked. Many people were rehabilitated through the program offered by Youth

Challenge. He would support the program but wanted to determine the legality of the Foundation.

City Attorney Katz reminded that the City had an application policy for filing applications and that deadline had passed. He stated the purpose of the deadline was geared so that the budget could be prepared and recommended to the City Council by the City Manager. If City Council accepted the application after the deadline date, it opened the door to receive applications from other organizations. He did not want anyone to interpret that he did not believe it was a worthwhile program, but he felt it was his responsibility to remind City Council of the correct procedure. He would certainly do his part to check out the legality of the Foundation.

Councilwoman Scott stated if the Foundation was a legal entity they would already have books, and it should be nothing that the City would have to set-up or inquire about.

Councilwoman Woodbury stated the City had given funding to the Foundation before, but there were questions and the funding was discontinued. Those questions were determined to be unfounded. City Attorney Katz stated there was a more fundamental problem with the Foundation; the Foundation, at some point in time, failed to renew its Corporate Charter and the State Corporation Commission dissolved it as a legal entity several years ago.

Councilwoman McMillan pointed out that the City had a process and the process had to be followed, in fairness to everyone, regardless of how sympathetic City Council was to the plight of Youth Challenge.

Mayor Frank stated the policy required the application be submitted by January 12, 2009 and the City received the application on April 21, 2009. He inquired whether City Council felt they should accept the application after the deadline.

Councilwoman Woodbury felt City Council should accept the application.

Councilwoman Woodbury sympathized with Youth Challenge because they submitted their original application on time, and after learning it was entered in error, submitted a corrected application.

Councilman Bateman would accept the exception and felt they were worthy to received funding from the City, but recognized all that was said.

Councilwoman Scott stated she was compelled by all that was said, but did not agree with violating policy. She believed City Council would receive recourse from other organizations, and that was the only problem she had.

Councilwoman Woodbury asked City Council to reconsider the application.

Mayor Frank stated he was opposed to accepting the application because he felt it was a violation of City policy.

Councilwoman McMillan agreed with Mayor Frank to deny acceptance of the application.

Councilwoman Vick stated she did not want to violate the policy and did not support acceptance of the application.

Vice Mayor Whitaker agreed with Mayor Frank to deny the application, due to the policy.

City Manager Hildebrandt stated that the City would reconsider qualifying Youth Challenge for funding in FY2010-2011.

- Center for Child and Family Services

City Manager Hildebrandt explained the funding for the Center for Child and Family Services would be used for a Hispanic Outreach Counselor. The position required a master level counselor or social worker with experience in providing individual, marital and family therapy. The applicant would be fluent in Spanish and knowledgeable of the Hispanic culture. (A copy of a memo from the City Manager to City Council, dated April 17, 2009, regarding the Center for Child and Family Services, is attached and made a part of these minutes.)

Councilwoman McMillan indicated she was not in support of creating another position when the City was eliminating positions and reducing its workforce.

Councilwoman Woodbury agreed with Councilwoman McMillan.

There was consensus among City Council to support funding for the Center for Child and Family Services.

- Hampton Roads Transit

There was consensus among City Council to defer this matter to the April 28, 2009 Work Session of City Council. (A copy of memo to City Council from the City Manager, April 17, 2009, regarding City support for Hampton Roads Transit, is attached to these minutes.)

- Community Services Board

There was consensus among City Council to provide funding to the Community Services Board. (See attached memo to City Council, from the City Manager, dated April 17, 2009, regarding City support for the Community Services Board.)

- Hampton Roads Metropolitan Response System

City Manager Hildebrandt provided City Council with an informational memo on the Hampton Roads Metropolitan Medical Response System. (A copy of memo from the City Manager to City Council, dated April 17, 2009, regarding the Hampton Roads Metropolitan Medical Response System, is attached and made a part of these minutes.)

Mayor Frank stated City Council had tentatively set time aside for further budget discussion at the April 28, 2009 Work Session of City Council. He asked the members of City Council to voice their opinions and suggestions in writing prior to the April 28, 2009 Work Session.

Councilwoman Woodbury inquired about the Metropolitan Planning Association, the Hampton Roads Partnership, and other Community Support organizations, and what they were doing to reduce their budget requests by 10%. City Manager Hildebrandt replied the Hampton Roads Partnership reduced their requests.

Councilwoman Woodbury inquired whether the City could reduce its contribution rate to regional and community support organizations. City Manager Hildebrandt felt City Council should not reduce any funding to regional and community support organizations. The organizations were supported by all communities in the Hampton Roads region and each locality provided formula based funding, usually based on population. He felt the City had to pay its fair share to regional organizations, and could not arbitrarily reduce its commitment unless it decided to quit the organization.

Councilwoman Woodbury inquired about the City's representative on the Hampton Roads Partnership. City Manager Hildebrandt replied Mayor Frank was the City's representative for the Hampton Roads Partnership.

Mayor Frank stated he encouraged the Hampton Roads Partnership to reduce its budget by 10%, and it was.

Councilwoman Woodbury inquired about the measures taken by the Planning District Commission (PDC) to reduce their budget. Mayor Frank replied the PDC had

implemented a hiring freeze and eliminated pay increases for their employees. He would provide a memo to City Council on what the PDC did and how it was funded.

Councilwoman Woodbury voiced concern that the regional organizations were overlapping.

Mayor Frank stated the organizations were not overlapping each other. The Planning District Commission dealt with environmental issues, the Metropolitan Planning Organization (MPO) only dealt with transportation issues, The Peninsula District Commission (PDC) helped the utilities and public works departments on water, sewer, sanitation and storm water issues. The staff of the PDC served as staff of the MPO.

The Hampton Roads Partnership included regional mayors, commanding officers of military facilities and members of business organizations, colleges and universities. The Hampton Roads Partnership focused on regional issues that impacted everyone, such as traffic management.

Councilwoman Vick voiced concern that some of the regional organizations might be overlapping and felt City Council needed to review their missions. She felt some of the duties described by Mayor Frank seemed to have been a duty of the Hampton Roads Economic Development Alliance.

Mayor Frank explained the Economic Development Alliance was a marketing and recruiting agency who had the responsibility of marketing the region. They traveled with the State's Economic Development Authority to Germany and places around the country to interview and recruit businesses to relocate to the Hampton Roads region. The Economic Development Alliance sold the community. The Department of Development was very engaged and participated in some of the missions.

Councilwoman Woodbury asked the City Manager to review all City department travel, periodicals and meeting expense budgets. She understood they were small items, but indicated they added up. She felt there was some savings in these categories.

Councilwoman Scott stated she had requested verified audits from community support agencies. She asked that it be made a requirement to receive funding. Ms. Cipriano replied the Department of Budget had all the audits.

Councilwoman Scott inquired whether there was an opportunity to review non-formula based agencies to cut their budgets by 10%. City Manager Hildebrandt replied the non-formula based agencies were the community support agencies and the only one that was non-formula based was the Chamber of Commerce. He stated he would research the matter.

Councilwoman Woodbury recommended that the City reduce its contribution to the Virginia Living Museum. She understood they were in financial straits, but felt they would never do anything about their business practices. She felt if they lowered their rates, they would get more people.

Councilman Bateman stated the Virginia Living Museum (VLM) was trying to work with their bank to refinance their debt. The City had to recognize that it owned the land and the building and it derived some benefit. This was an element that required the City to reinvest in the organization to make sure it did not lose any more long-term value. He felt the City could be somewhat forbearing with the VLM in the short term.

Councilwoman Woodbury stated the VLM was the only organization that was not required to reduce its operating costs by 10%. City Manager Hildebrandt stated he did not require the VLM to reduce its budget by 10% because he understood the financial situation of the VLM and its struggle to resolve long-time debt issues. The City did invest \$5 - \$7 million to help the VLM build a new facility. He felt City Council could require that the VLM develop a financial plan that included a provision to reduce the support they received from the City.

Councilwoman Scott voiced concern that the VLM closed its doors at 5:00 p.m., which did not allow time for the working public to visit the facility. She felt if they restructured their hours, they would have a better chance to increase their revenue.

City Manager Hildebrandt stated he would ask the VLM to provide the City with a long-term financial perspective on how they were going to operate and how much funding they needed from the City. City Council could then review the information to determine funding for FY2011.

Councilwoman Woodbury felt the City should cut the VLM's budget request by 10%, as was required of other organizations. City Manager Hildebrandt did not believe it was a good time to cut the VLM's budget request, given the fact that they were trying to restructure their debt.

Councilwoman Scott suggested that the VLM restructure its management team and reevaluate how things were done. It was insanity to do the same thing and expect a different result. City Manager Hildebrandt pointed out a new director was appointed to the VLM two years ago and had made significant changes. He would ask the VLM for further information to allow an evaluation by City Council.

Page 19  
Minutes of Special Budget Work Session  
April 21, 2009

THERE BEING NO FURTHER BUSINESS,  
ON MOTION, COUNCIL ADJOURNED AT 3:25 P.M.

Jennifer D. Walker, CMC  
Chief Deputy City Clerk

Joe S. Frank  
Mayor  
Presiding Officer

A true copy, teste:

City Clerk