

MINUTES OF WORK SESSION
OF THE NEWPORT NEWS CITY COUNCIL
HELD IN THE 10th FLOOR CONFERENCE ROOM
2400 Washington Avenue
June 23, 2009
2:00 p.m.

PRESENT: Joe S. Frank; Madeline McMillan; Sharon P. Scott (arrived at 3:40 p.m.); Tina L. Vick; Joseph C. Whitaker; Dr. Patricia P. Woodbury; and Herbert H. Bateman, Jr. ----- 7

ABSENT: None ----- 0

OTHERS PRESENT: Randy W. Hildebrandt; Stuart E. Katz; Mabel Washington Jenkins; Alan Archer; Neil Morgan; Cynthia Rohlf; Lottie Vincent; Allen Jackson; Karen Wilds; Brian Ramaley; Eileen Leininger; Thomas J. Murphy; Lisa Cipriano; Al Riutort; Sheila McAllister; Michael King; Tricia Wilson; John Kaoudis; Carl Jackson; Cyndi Brown; Beverly Gooden; Philip Hatchett; LaVerne Lovett; Jeff Verhoef; William Higgins; Fred Verry; Sharon Harrell; Bobby Lanier; Trent Sturgis; Frank James; Melita Burge; Arielle McCollum; Jennifer Walker; Cleder Jones; Kim Lee; and Jerri Wilson

Mr. Randy W. Hildebrandt, City Manager, modified the agenda and asked Mr. Neil Morgan, Deputy City Manager, to update City Council on the Middle Ground Boulevard project.

Deputy City Manager Morgan noted a revised resolution on City Councils' evening agenda for the Middle Ground Boulevard project. He reported the Commonwealth Transportation Board voted and approved full funding for the Middle Ground Boulevard project. The previous offer required a commitment of \$4 million from the City. The \$4 million was not necessary at this time. The Virginia Department of Transportation (VDOT) also offered technical suggestions for the resolution after it had been prepared and distributed to City Council. The revised resolution removed all references to providing any funding and added VDOT's recommendation to make clear that the surplus property required for the project would be conveyed to the City at the end of the project. The resolution authorized: 1) VDOT to build a Design-Build project; 2) the City Manager to execute all documents and agreements necessary to complete the project, including any proposed City-State Agreements; 3) construction of the project; and 4) VDOT to acquire all rights-of-way necessary for the project and convey said rights-of-way to the City at the appropriate time. (A copy of the resolution is attached and made a part of these minutes.)

Councilwoman McMillan inquired whether the funding was fully committed or was subject to annual approval by the General Assembly in their budget process. Deputy City Manager Morgan replied it was full funding because of the way the State Transportation System worked and the way VDOT did its business. City Manager Hildebrandt replied it was federal funding and the General Assembly did not have to act on the matter annually.

Councilwoman McMillan stated she supported the Middle Ground Boulevard project, but wanted to ensure that the funding was fully committed, so VDOT would not come back to the City for additional funding after the project had begun. Mr. Stuart Katz, City Attorney, stated VDOT would perform the entire project. Mr. Morgan replied, in studying past projects, there was no guarantee that the dollars would not change whenever the Commonwealth Transportation Board reconvened; however, by asking for the Design-Build project, the City received VDOT's commitment to complete the project sooner. The further the project moved along meant there was less of a chance for VDOT to renege on the project.

Mayor Frank stated the obligation would be between VDOT and the contractor hired to construct the project. Should VDOT breach the contract, the project was VDOT's liability. The risks were that the project was started and then delayed for an extended period of time.

Councilwoman McMillan wanted to ensure that the City had a plan B. City Manager Hildebrandt stated one had to remember that VDOT would have a contract proposal once it went through the Design-Build process. If VDOT accepted and executed the contract for \$61 million, they would be obligated to complete the project for \$61 million; however, if the contract came in at \$64 million, the City was not obligated to pay the difference. The resolution did not obligate the City to anything, but made clear the City wanted VDOT to move forward with the Design-Build, which was the City's best effort in getting the project built.

Councilwoman Woodbury questioned the reason that the proposed path of Middle Ground Boulevard travelled through Maxwell Gardens. She stated Oyster Point Road took a straight path. Mr. Morgan recalled, during conceptual meetings, there was interest expressed in lining up the Middle Ground Boulevard with existing intersections, where possible, to avoid a huge amount of property acquisitions. This proposed route avoided Winterhaven and lined up at Maxwell Lane and Warwick Boulevard.

Councilwoman Woodbury understood a residence and a condominium building would be acquired for the project. She inquired about the address of the properties. Mr. Morgan asked Mr. John Kaoudis, Assistant Director, Department of Engineering to provide Councilwoman Woodbury with the information, but pointed out the route could be altered until it was fully adopted.

I. Waterworks' Revised FY2010 Budget

City Manager Hildebrandt introduced Mr. Brian Ramaley, Director, Department of Public Utilities, to report on Waterworks' revised FY2010 Budget. He stated the revisions were the result of the proposed fee increases that were not enacted at the May 12, 2009 Regular

Meeting of City Council. Mr. Ramaley would report on five different scenarios to balance the budget. No matter which scenario City Council decided upon, FY2010 revenues and expenses did not match.

Mr. Ramaley stated the actions taken by City Council at the May 12, 2009 Regular Meeting, denying rate increases, created a shortfall of \$3.2 million in revenues. This compelled the Department of Public Utilities to provide a number of options for City Council to consider. He stated the original proposed FY2010 budget of \$83.1 million included: 1) Elimination of 12 positions and retained 20 additional vacant positions; 2) Refinancing of General Obligation (GO) Bonds to smooth rate increases; 3) Not increasing the low-usage lifeline rate; 4) a 4.3% increase to the second block rate for usage over 6 hcf; and 5) inflationary increases of fixed meter and fire fees. The range of effect on residential customers was estimated at \$6 to \$18 per year. The FY2009 budget (\$81.7 million) was proposed to increase by \$1.4 million for FY2010 (\$83.1 million), despite the increase of \$3.2 million for power and chemical fees.

Mr. Ramaley reported denial of the rate increase created a shortfall of \$3.2 million in revenues and adjusted the FY2010 budget to \$79.9 million, which would require Public Utilities to: 1) apply the entire "windfall" from GO bond refunding in FY2009 to FY2010; 2) Repay the VRA bonds; 3) Cut Cash Capital spending by an additional 23%; 4) Cut other operating expenses an additional 6%; and 5) Keep 30 positions vacant (10 more than originally proposed).

Mr. Ramaley stated not adopting the rate ordinance in FY2009 would impact future rates. Waterworks would need approximately an 8.2% rate increase for Block 2 in FY2011, plus a fixed fee increase previously requested, compared to a 2.2% rate increase planned in the budget. Waterworks could not sustain severe cuts to cash capital, personnel and other expenses for successive years. The FY2010 budget needed to be readopted at the lower amount to keep the City budget balanced.

Mr. Ramaley noted five scenarios for consideration to balance the FY2010 budget. Waterworks recommended adopting Scenario Five: 1) Increase Block 2 water rate by 13 cents (4.3% increase), effective September 1, 2009; 2) Keep approximately 20 positions vacant all year; 3) Increase the Fire Protection Service Fee and Fire Hydrant Fee, effective July 1, 2009; 4) Increase the System Development Fee, effective September 1, 2009; and 5) No Increase to meter fees. Scenario Five reduced impacts to residential customers by significantly reducing future rate increases and spreading the benefits over several years. Scenario Five allowed Waterworks to continue its service level without significant cut-backs in FY2010. Under Scenario Five, a low usage customer would experience a 0.8% increase in their annual bill and an average customer would experience a 2.8% increase in their annual bill. (A copy of the presentation, noting the specifics of Scenarios One through Five is attached and made a part of these minutes.)

City Manager Hildebrandt suggested discussion of the five scenarios at the July 14, 2009 Work Session of City Council.

II. Adoption of the 10-Year Regional Plan to End Homelessness

City Manager Hildebrandt introduced Mr. Alan Archer, Assistant City Manager, to report on the 10-Year Regional Plan to End Homelessness.

Mr. Archer introduced Ms. Beverly Gooden, Continuum of Care Coordinator of The Planning Council, to offer an overview on the regional 10-Year Homelessness planning process. He stated Ms. Gooden had been an inspirational and motivational force in the City and surrounding Peninsula's efforts to end homelessness.

Ms. Gooden stated the development of a local 10-Year Plan began in 2000. The 10-Year Plan focused on using data to plan for outcomes, implement prevention programs and rapidly re-house individuals and families. The Plan focused on building infrastructure that increased incomes, expanded affordable housing and helped individuals and families to access services. At the close of 2008, 860 cities and counties had partnered in 355 10-Year Plans. The importance of the 10-Year Plan offered an outline to end homelessness within ten years.

Ms. Gooden reported the Continuum of Care (CoC) system was designed to address homelessness through a coordinated community-based process of identifying needs and building a system to address those needs. The CoC was made up of non-profit organizations, government agencies, homeless shelters, service agencies, community volunteers, housing agencies, religious organizations and domestic violence agencies. The CoC enabled jurisdictions to coordinate collective efforts to address homelessness. The U.S. McKinney-Vento Homeless Assistance Act required the formation of the CoC in order to apply for competitive funds. More and more communities were adopting a 10-Year Plan to keep up with best practice models, such as Norfolk's Housing Broker Team who coordinated and outreached to landlords to encourage them to lower their rental rates for clients who were suffering from evictions or foreclosures, who would not be able to secure housing on their own. The City of Richmond hosted a semi-annual one day service event that encouraged homeless individuals to attend in an effort to connect them with services, housing, and employment opportunities.

Ms. Gooden stated the 10-Year Plan had become an essential component in applying for U.S. Department of Housing and Urban Development grants. The Peninsula risked losing funding without a 10-Year Plan.

Mr. Archer reminded, in 2005, the Virginia Peninsula Mayors and Chairs convened the Commission on Homelessness, to produce a report on a regional framework to address homelessness on the Peninsula, in response to increasing concerns regarding the home-

less. The resulting report, "Framework for Building a Successful Regional Plan to End Homelessness," was presented to the Mayors and Chairs in November 2005. The report demonstrated a significant level of family and chronic homelessness on the Peninsula. The Mayors and Chairs endorsed the report and a process to develop a 10-Year Regional Plan to End Homelessness. The structure of the plan included a vision statement, five objectives, and the creation of five work groups comprised of service providers and stakeholders. Mr. Archer reported, in 2006, the Commission organized large service provider and stakeholder meetings in the Upper and Lower Peninsula to achieve concurrence with the vision statement and the objectives. In 2007, the Commission conducted three action items and strategies.

Councilwoman McMillan inquired about supportive housing and whether funding was being allocated or projected for temporary housing, i.e. housing for a prison inmate just released from jail that had a job but did not have a rental deposit to secure adequate housing. Mr. Archer stated the primary emphasis of the Plan had been around prevention and strategies to house people who were in danger of losing their homes.

Councilwoman McMillan questioned who the Plan targeted. City Manager Hildebrandt replied the Plan addressed how to find housing for a group of people that otherwise would become homeless if they were not moved into some type of permanent housing.

Mayor Frank stated, based on the presentation, there was a gap between finding permanent housing for someone who faced eviction as opposed to finding temporary housing for someone who was homeless and needed services immediately. He inquired about a scenario where someone was identified as homeless and how they would immediately receive services.

Ms. Gooden replied the Plan to End Homelessness encompassed all homelessness issues, such as housing ex-offenders who might not have access to immediate housing. Such individuals fell under a different aspect of the Plan. The aspect of the \$1.6 million that came from the federal government was just one portion of a four-legged plan, which was for those who would need permanent housing. HUD's definition of homelessness was someone who was in imminent danger of homelessness, within one to seven days, or was homeless. Sixty percent of the \$1.6 million was geared to those suffering from mental illness; however, the Plan expanded the term and offered access to resources that would allow housing people on a different level. For example, the Housing Broker Team would help obtain housing and advocate for an ex-offender.

Mayor Frank stated there were apartments and hotels in the community that offered temporary housing for homeless individuals.

Councilwoman McMillan stated there was an immediate need for housing for the homeless in the community, which PORT and LINK tried to address, during the winter months.

When one worked in those shelters one found people who were well educated. She recalled a graduate from college, who worked his way through school and found a job immediately, but all of his money went to pay for school. He was living in shelters to save enough money for a rental deposit. She voiced concern that he did not fall under anyone's umbrella.

City Manager Hildebrandt stated the Plan to End Homelessness dealt with the issue expressed by Councilwoman McMillan.

Ms. Gooden explained part of the Plan would develop a central intake process. The scenario, as requested by Mayor Frank, included someone who found themselves homeless, would walk into a centralized location that had not yet been designated, to say they were homeless and needed help. The next day a Central Intake Specialist would assess that individual's need, and in theory, house them that day. That was what rapid re-housing meant. It caused one to skip temporary and transitional housing, and moved them into permanent housing. That was the best practice model that had been researched over and over again. The government was moving away from temporary and transitional housing to go directly into permanent housing. Research and theory data showed that rapid re-housing was better than moving someone through transitional housing. Rapid re-housing gave one stability, i.e. an address to help them obtain a new job; they had everything that a stable individual had. Rapid re-housing moved one directly into permanent housing.

Councilwoman Scott inquired whether there was a building or specific location to refer a homeless individual to. She found, in all the City had going on with the different agencies, there had been a disconnect. Each time she received a call from a distressed citizen in need of shelter, the individual noted there were services, but indicated they did not know how to obtain such services. She felt the Plan would only be effective if there was a central service center. There needed to be one central location to obtain information other than having to call LINK or Human Services. She inquired whether a centralized service location was considered when the Regional Plan was proposed. Mr. Archer replied a centralized service location was considered when the Regional Plan was proposed. He shared, not only had the City of Newport News applied for Stimulus Funding, but the Commission on Homelessness and five other jurisdictions had joined together in the submission of a regional homeless application, which would go to the state for funding from another pot of money. Part of that application process unveiled a structure that was beginning to take shape on the Peninsula, and that structure would include a homelessness prevention rapid re-housing team, that would work in the upper and lower Peninsula. They would work out of a centralized coordinated office, which was very close to being finalized and would be in collaboration with the Community Services Board. They were planning to design a centralized intake process.

Councilwoman Scott inquired how the centralized location would be advertised so that people knew how to get to such locations. She further inquired whether the information

would be available on the City's website. Mr. Archer replied the information would be available on the City's website and would be provided to service providers, i.e. LINK.

City Manager Hildebrandt stated the idea was to provide the information to service providers.

Councilwoman Scott explained the reason she asked the question was that people already on the Street had a link among themselves on where to tell each other to obtain services; however, if one was on the verge of becoming homeless they needed to be able to obtain information by way of a computer. Mr. Archer replied the Continuum of Care offered a separate website link that only dealt with homelessness. As the program evolved more information would be available for those who had access to the internet.

Mr. Archer reported, in 2008, the Mayors and Chairs endorsed a per-capita funding strategy to support the 10-Year Regional Plan to End Homelessness, beginning with the FY2009 Annual Operating Budget. Funding from the participating jurisdictions provided a contractual support position from the Planning Council to assist the Commission with programmatic initiatives and Homeless Management Information Services administration. On June 1, 2009, the Commission on Homelessness presented the 10-Year Regional Plan to End Homelessness to the Virginia Peninsula Mayors and Chairs. The Plan was endorsed by the Mayors and Chairs and referred to the Chief Administrative Officers to assist with preparation of a Resolution of Support for use by each participating governing body to adopt the plan.

Mr. Archer stated the major goals of the Plan included: 1) Prevention; 2) Permanent Housing; 3) Coordinated Services; 4) Education and Public Relations; and 5) Systems Improvements. (A copy of the presentation, "Commission on Homelessness Virginia Peninsula, 10-Year Regional Plan to End Homelessness," and "Virginia Peninsula Mayors and Chairs, The Virginia Peninsula Regional Plan to End Homelessness, FY 2009 Update, Activities and Accomplishments," are attached and made a part of these minutes.)

Mr. Archer asked City Council to adopt a resolution in support of the Regional Plan at the local level and hoped it could be accomplished with the Commission on Homelessness so that Newport News would not have to coordinate the program with six individual jurisdictions. If the City ran into any difficulty, the fall back would be to ask each individual jurisdiction to adopt a resolution in accordance with the requirements needed to verify that the Plan had been adopted. Once that process was concluded, the resolution in support of the Regional Plan would be submitted to the U.S. Interagency Council on Homelessness, which provided proof and certification to HUD and others, that the Peninsula had adopted a 10-Year Plan to End Homelessness.

Councilwoman Scott inquired whether there were any filtering systems built into the Plan or whether all regional jurisdictions were participating and using the same funding to provide services to homeless individuals no matter what jurisdiction they came from. Mr. Archer replied the Regional Plan would allow services to be provided to all individuals no matter what jurisdiction they came from. There was no mechanism built into the funding that allowed the City to specify who would be recipients of homelessness services. If an individual needed services, no matter where they came from, they would be eligible to receive services.

Councilwoman McMillan inquired whether the services that were going to be funded would be equal in each locality. As in the past, Newport News had been a magnet for the homeless and those who needed public housing, because those services were provided in Newport News. In prior discussions, over the years, it was noted that other localities needed to take some responsibility.

Mr. Archer stated that was the reason he encouraged his colleagues on the Commission on Homelessness to apply for state funding to develop a regional application. Without a regional application in place, Newport News would become, by virtue of federal funding, a designation point for the homeless.

III. Disposition of the Friends of the Homeless Emergency Homeless Shelter

Councilwoman McMillan referred to the memo provided to City Council from the City Manager, dated June 17, 2009, regarding the Friends of the Homeless Emergency Homeless Shelter (attached to these minutes). She stated when the matter was previously discussed by City Council, it was noted that the property of the Friends of the Homeless Shelter had limited uses because of its location and lack of a parking facility. She suggested that City Council tear down the building and leave as green space as part of the community development. City Manager Hildebrandt felt that would be the preference from everyone who was associated with the building, including Ms. Karen Wilds, Executive Director, Newport News Redevelopment & Housing Authority, who was now responsible for the building.

There was consensus among City Council to tear down the Friends of the Homeless Emergency Homeless Shelter and leave the property as green space as part of the community development.

IV. Schedule of Summer Work Sessions

City Manager Hildebrandt reported, since City Council had canceled the second meetings in July and August, as was normally done, there would only be three regular meeting dates remaining before September 2009, to address a number of important issues that would be

ready for City Council's consideration. The first, and perhaps of highest priority, was further deliberation on the restructuring of the Pension and Other Post-Employment Benefits (OPED). He expected to have all of the actuarial and cost impact information by the beginning of July 2009. He suggested that time be devoted to this subject at each of the next three work sessions.

City Manager Hildebrandt proposed that a block of two hours be allotted at the July 14 work session for the presentation and discussion of the various pension restructuring alternatives. Presuming that City Council would need more time after its July 14, 2009 Work Session to further consider and discuss these alternatives, he suggested that two hours also be set aside at the August 11, 2009 work session.

In addition to the pension issues, the City Manager was prepared to make substantive presentations on two development related Strategic Action Plan goals: 1) the Southeast Community Redevelopment Plan; and 2) the City Farm/Menchville Marina Waterfront Land Use Study. In August, he would be ready to present a report and recommendation on the future of the City-owned property at the City Farm and the Menchville side of Deep Creek Harbor. It would be desirable if part of the August 11, 2009 work session were conducted at the City Farm, so that members of City Council could participate in a group tour of the property, preceding the staff presentation. The actual presentation would be done at the James Room at City Center or at Menchville High School, because the City Farm facilities were not conducive for a multi-media presentation. He suggested, since this was the only work session in August, that the City Farm tour and presentation be scheduled for the morning, i.e. 9:30 a.m. to 12:30 p.m. City Council could adjourn for lunch, then travel back to City Hall to resume the afternoon session at 2:00 p.m., which would be largely committed to the discussion of pension benefits restructuring. Since this made for a rather long day on Tuesday, August 11, City Council might want to consider, as an alternative, scheduling an afternoon work session on Monday, August 10 or Wednesday, August 12, which would be devoted to either the pension benefits and funding issues or the City Farm tour and presentation.

Councilwoman McMillan stated she preferred that the August 11, 2009 Work Session be kept to one day, rather than two days.

Councilwoman Vick stated she preferred spreading the meeting over a two-day period.

Mayor Frank preferred getting it all done on one day, but would like ample time to read the agenda material.

Councilman Bateman preferred one day.

Councilwoman Woodbury preferred spreading the meeting over a two-day period.

There was consensus among City Council that the meeting of August 11, 2009, be held on one day rather than spreading it over a two-day period.

V. Bus Shelter Plan

City Manager Hildebrandt introduced Mr. Al Riutort, Director, Department of Planning and Mr. Carl Jackson, District Planner, Department of Planning, to provide a presentation on the Bus Shelter Plan.

Mr. Riutort stated, on May 21, 2008, the Transportation Planning Organization (TPO) approved the reallocation of some of the Congestion Mitigation and Air Quality (CMAQ) grant monies from the Newport News Shuttle "Jump-Over-Jeff" project to the Citywide Bus Shelter Program. This reallocation provided \$235,837.13 in federal funding available to replace and enhance bus shelters in Newport News. He introduced Mr. Carl Jackson to report on the Citywide Bus Shelter Program.

Mr. Jackson referenced a draft copy of the "Newport News Citywide Bus Shelter Plan," that is attached and made a part of these minutes. He stated the origins of the Citywide Bus Shelter Plan (Plan) came from the Framework for the Future 2030 Plan, which suggested an increase in the number of bus shelters and bus pull-off lanes throughout the City, and the Warwick Corridor Study, adopted by City Council in 2004, which recommended that the City work with Hampton Roads Transit (HRT) to upgrade its bus shelter facilities.

Mr. Jackson reported the purpose of the Plan was to study the existing bus shelters in Newport News, and develop a citywide bus shelter replacement and upgrade program. The funding for the program would come from the CMAQ grant monies that were used to finance the Newport News Shuttle "Jump-Over-Jeff" program. When Jump-Over-Jeff was terminated, the City approached the TPO to have the funding reauthorized for the Citywide Bus Shelter Program, which gave the City \$235,837 to use towards shelters. The bus shelter program would be managed by HRT.

Mr. Jackson reported the major bus transfer points were located at the Newport News Transit Center, Riverside Hospital, Fishing Point Transfer Center, Patrick Henry Mall, Warwick & Denbigh Boulevards, and Lee Hall. There were 644 bus stops, but only 33 shelters. The majority of shelters were located at major transfer points including the Newport News Transit Center (9 shelters). There were no shelters north of Denbigh Boulevard and the midtown section of the City, between Mercury Boulevard and J. Clyde Morris Boulevard.

Mr. Jackson noted the challenges the City faced with bus shelters: 1) Location and Volume; 2) Damage and Vandalism; 3) Trash and Excessive Clutter; 4) Lack of Cleanliness; 5) Lack of Security; 6) Accessibility Problems; and 7) Poor Schedule and Transfer Point Informational Maps.

Mayor Frank questioned how HRT would handle the challenges of maintaining additional bus shelters if they could not adequately maintain the number of bus shelters they presently had. Mr. Jackson replied the grant included funding for the City to maintain and clean the bus shelters for one year, after which, HRT would take over maintenance, with much oversight from the City.

Mayor Frank felt HRT should be maintaining its existing bus shelters.

Councilwoman McMillan recalled, years ago, she had advocated and convinced HRT to put two trash cans out, which took them an entire year to do, because they only wanted a special type of trash can. The trash cans disappeared, and it was discovered that HRT removed the cans. While the trash cans were out, HRT did not bother to empty them. She felt HRT would not live up to the responsibility of maintaining additional bus shelters, unless they made a commitment.

City Manager Hildebrandt sensed that HRT was ready to make a commitment, but noted, the City would have to monitor the situation to ensure that HRT lived up to its commitment.

Mr. Jackson noted the general recommendations of the Plan were: 1) Bus shelters should be clean, comfortable, and convenient for riders; 2) Bus shelters should be highly visible and engaging, but sensitive to the aesthetics of its surroundings; and 3) Bus shelters should make bus transit accessible for the disabled, pedestrians, bicyclists and commuters using Park & Ride.

Mr. Jackson noted various shelter designs and stated the City's desired shelter design was the HRT Uniform Shelter. The HRT Uniform Shelter was currently used at the Virginia Hospital in Hampton and the Cedar Grove Transfer Center in Norfolk.

Mr. Jackson reported bus shelters should include: 1) at least one bench and trash bin; 2) a paved clear zone; 3) a ramp or landing pad for wheel chair lifts and accessibility; 4) call boxes at major transfer points; 5) provisions for displaying schedules and transit maps; and 6) solar lighting at major transfer points.

Vice Mayor Whitaker inquired whether the new shelters would include bike racks. He indicated very few people used bike racks and suggested that seats be installed rather than bike racks. Mr. Jackson concurred.

Mr. Jackson reported implementation of the Plan would take place in phases based on available funding from CMAQ grants and other funding sources. The Phasing would prioritize major transfer points and existing shelter sites first, low volume sites later. (A copy of the presentation, "Newport News Citywide Bus Shelter Plan" and draft copy of the Plan are attached and made a part of these minutes.)

Councilwoman McMillan inquired whether all new shelters would be in one section of the City. Mr. Jackson replied five shelters in Phase I were located in the Denbigh area.

Councilwoman Scott inquired whether the City had entertained sponsorship for the bus shelters. Mr. Jackson stated the City had entertained a sponsorship recommendation.

Mayor Frank recalled a presentation where it was proposed that companies install and maintain bus shelters with the right to advertise. He inquired whether the City should consider researching the issue that would allow a company to install a bus shelter for advertising purposes. He felt that would allow the City the ability to install shelters sooner.

Vice Mayor Whitaker stated that did not work because a company's advertising could possibly cover up the entire bus shelter and it invited others to come by and put up additional advertising.

Councilwoman McMillan recalled the presentation noted by Mayor Frank, but stated an issue arose regarding the quality and type of advertising and whether it would be appropriate. City Council was trying to eliminate clutter.

Mr. Jackson stated a certain location of the bus shelter could be designated for advertising, should City Council allow companies to purchase and install bus shelters for advertising purposes. City Manager Hildebrandt stated he would research the matter after the proposed new bus shelters were installed.

Councilwoman Woodbury inquired whether a transfer center, which included bus shelters, was proposed for Patrick Henry Mall. Mr. Jackson replied the City had a CMAQ grant to construct a transfer center at the rear of Patrick Henry Mall that included shelters.

Councilwoman McMillan inquired why there were so few shelters proposed for the area of the City north of Denbigh Boulevard. Mr. Jackson replied there was only one bus that serviced the Denbigh area and there were only a few major places where shelters could be installed, such as at the Shopping Center at Jefferson Avenue and Richneck Road, Jefferson Avenue and Denbigh Boulevard, and Jefferson Avenue and Woodcreek Drive, which were the major places where citizens caught the bus. The City also had to account for whether there was enough of an easement to install a bus shelter at various locations.

Mayor Frank inquired whether the federal law required that bus shelters be immediately adjacent to a sidewalk and/or curb, or whether the shelter could be placed 20 feet back from the curb for the safety of residents, if the City received permission from a private owner, such as an apartment complex owner. Mr. Jackson replied that had been considered, but it required permission from a private property owner.

Councilwoman McMillan voiced concern that when the site plans were submitted to the City, for the strip shopping center being built along Jefferson Avenue in Denbigh, the City did not ask for an area to construct a bus shelter. There were a number of income based apartments, along that strip, where young families had to take public transportation. She indicated it was dangerous for the families to stand so close to the street.

Mayor Frank agreed with Councilwoman McMillan and felt the City should require that site plans include a location for a bus shelter. City Manager Hildebrandt asked Mr. Riutort and Mr. Jackson to look into the matter.

Councilwoman McMillan inquired when the shelters would be constructed. Mr. Jackson replied within the next year.

Miscellaneous Item

City Manager Hildebrandt introduced Ms. Cyndi Brown, Chair of the Newport News Arts Commission, to address City Council regarding restoration of Arts Commission funding for FY2010.

Ms. Brown thanked City Council for their support of the Arts Commission and the Arts for the City of Newport News. She stated the Arts Commission served the City through hundreds of volunteer hours to collaborate, manage and foster the very best arts program for the benefit of the citizens and school children in Newport News.

Ms. Brown asked City Council to consider restoring the Arts Commission funding in the amount of \$77,000 as it was greatly needed. (A copy of memo from Ms. Brown to the members of City Council, dated June 17, 2009, requesting the reinstatement of funding, is attached and made a part of these minutes.)

Councilwoman Woodbury stated the letter from Ms. Brown to City Council that indicated "City Council was designating what the Arts Commission could use the money for" was inaccurate. Councilwoman Woodbury stated the minutes of the May 5, 2009 Work Session of City Council noted "City Council would cut the Performing Arts funding by \$77,718, and allow the Newport News Arts Commission to do whatever they wanted with the \$150,000 (excerpt from the May 5, 2009 minutes is attached to these minutes)." The Arts Commission was given clear authority to divide the pot anyway they wanted.

Ms. Brown respectfully understood City Council's intent, but stated the Virginia Symphony was a line item, which was scheduled by the Department of Parks, Recreation & Tourism well in advance of funding being allocated, so the Arts Commission did not have any leeway and was committed to that funding.

Ms. Brown stated the Arts Commission had been cut in half and the children would miss out. The Young Audiences was a program that covered all the arts programs. The Arts Commission spent much time pouring over the grant applications and even changed the application to ensure that those programs that were suitable for the Downing Gross Cultural Arts Center were funded. She indicated those people were committed to going to the Downing Gross Center as part of their funding and they were the people who would miss out the most.

There was consensus among City Council against the restoration of Arts Commission funding in the amount of \$77,000 for FY2010.

VI. Retirement Board Presentation

Pension Recommendations

City Manager Hildebrandt introduced Mr. Philip Hatchett, member of the Newport News Employee Retirement Board of Directors and member of the Newport News Investment Committee, to provide the presentation on the Pension recommendations.

Mr. Hatchett reported the Newport News Employee Retirement Fund had 4,300 retiree beneficiaries. The Pension fund would pay \$47 million in pension benefits to the employees this year. The \$47 million represented a \$5 million increase from last year. As of June 1, 2009, the Newport News Employees' Retirement fund had a balance of \$598 million. In March 2009, the Fund was slightly more than \$500 million, at \$503 million. The Retirement fund increased 18.89% since March 2009.

Mr. Hatchett noted five recommendations by the Retirement Board for changes in the benefit plan: 1) Funding Actual Required Contribution (ARC); 2) Multiplier Reduction to 1.85% from 2% prospectively; 3) COLA Elimination for New Hires; 4) Elimination of Overtime; and 5) Allow Spousal Annuity as an Elective Option.

Mr. Hatchett reported the Retirement Board endorsed the following recommendations by the City Manager: 1) Increase Retirement Eligibility Age by Five Years for New Hires; 2) Exclude Non-salary Earnings from Average Final Compensation Prospectively; and 3) Prospectively Use Time Actually Worked to Qualify for Retirement Eligibility. (A copy of Mr. Hatchett's remarks and presentation, "Newport News Employees' Retirement Fund – Proposed Changes to the Retirement Fund," are attached and made a part of these minutes.)

Mr. Jeff Verhoef, Chairman of the Employees' Retirement Fund, asked City Council to consider the recommendation to funding the Actual Required Contribution (ARC). All other recommendations were small compared to actually being able to fund the retirement system correctly, which was the reason the deficit was growing deeper and deeper. He agreed that was the biggest challenge faced by City Council.

Councilwoman Woodbury thanked Mr. Hatchett and all the members of the Retirement Board for their input and hard work. She stated their jobs were very difficult during this time, but were easier when the retirement fund was plush. She appreciated the time and effort put into studying the retirement issues for City employees.

Mayor Frank expressed his gratitude to the members of the Retirement Board for the effort put into the matter. He requested that the City Manager provide City Council with a memo at the July 14, 2009 Work Session of City Council that included the issues that were raised regarding the retirement recommendations. He wanted to see the City Manager's views on the recommendations. City Manager Hildebrandt stated he would compare his recommendations to the recommendations made by the Retirement Board.

Mayor Frank asked the City Manager to also offer information on any issues he felt were necessary for City Council to understand regarding the retirement recommendations. The recommendations noted what the City would save over a number of years; however he did not know whether target savings were identified for each year. Mayor Frank wanted to know what the City Manager felt City Council needed to accomplish, in terms of savings, depending on which combination of recommendations were adopted.

City Manager Hildebrandt reminded that the target was to reduce the ARC by one-third over timber, in terms of what otherwise had to be funded.

Mayor Frank inquired, from an analysis point, how those impacts were related to getting to the one-third reduction in the ARC.

Councilwoman Woodbury commended the Retirement Board on the Retreat held at the Downing Gross Cultural Arts Center in the Fall of 2008. She stated it was a wonderful experience for her as a new member of City Council.

Councilwoman Woodbury understood one of the big investments by the retirement board was in timber. She inquired about the return on the timber and how many years it would take before the City realized a good return. Mr. Hatchett replied there was a 20-year return on time. It was anticipated that inflation would increase significantly in the next five to six years, which meant the value of lumber would increase faster. He felt it was a good investment that was pushed by the City's advisor.

Councilwoman McMillan inquired about page 10 of Mr. Hatchett's remarks in which he stated that "there are approximately 1,000 retirees who are grandfathered under a plan that gives them no reduction to the one-half of their salary" and the City Manager's recommendation to change the amount of life insurance for current and future retirees. She felt

felt this was contradictory. City Manager Hildebrandt stated the current ordinance was to grandfather those people, but City Council was not required to grandfather them. That was a policy decision to be made by City Council.

Councilwoman McMillan stated, she for one, did not support switching the votes on those who had already retired who were counting on one-half of their salary in life insurance, as well as people who had spent years with the City who were planning to retire and, as part of their retirement portfolio, had counted on that life insurance.

Mr. Hatchett stated the City had never spent as much money on obtaining Actuary reports as was done previously. It was critical to get the information to City Council, but the targets and numbers had changed; and in defense of the Actuary, that was the reason they were taking so long to get the reports back to the City Council.

Councilwoman McMillan appreciated all that Mr. Hatchett and the Retirement Board had done, but felt City Council and all involved had to realize that they were dealing with people's lives, lifestyles and plans when they made such changes. Sometimes it may take longer and not happen quite like one wanted, but first considerations should be for our past and current employees.

Vice Mayor Whitaker agreed with Councilwoman McMillan, that City Council was dealing with people's lives. He also wanted to offer City employees the best benefits possible, but realized, as time went forward, it would cost the City more money.

Councilman Bateman inquired how often the Retirement Board Investment Committee scrutinized the performance of the City's Financial Advisor. Mr. Hatchett replied the Retirement Board scrutinized the performance of the City's Financial Advisor on an ongoing basis. The Investment Committee met monthly and met with the City's Financial Advisor approximately eight times per year.

Councilman Bateman inquired how often the Retirement Board Investment Committee looked at the opportunity to hire another money manager. Mr. Hatchett replied the Retirement Board Investment Committee received a quarterly report on how the City's fund compared to other funds, and also received a report on how every money manager did within its pool of funds. The Investment Committee knew where every money manager stood and was always interested in personnel and turnover of the money manager; and made sure they stayed in the discipline as defined by the Committee.

Councilman Bateman stated he appreciated all of the time and effort the Retirement Board had put into the changes to the Pension and Retirement alternatives. He agreed with Councilwoman McMillan that it was about lives of employees and citizens.

Councilwoman Scott thanked the Retirement Board for all their hard work, but reminded that City employees and retirees were getting very nervous. She looked forward to City Council concluding the issue for the sake of all involved.

Life Insurance Alternatives

City Manager Hildebrandt introduced Ms. LaVerne Lovett, Director, Department of Finance, to report on the Life Insurance Alternatives.

Ms. Lovett noted issues facing the City relative to the provision of Life Insurance to Retirees: 1) the Grandfathered group whose insurance coverage would not be reduced and was set at one-half of their salary and a second group of retirees whose life insurance coverage began at one-half of their salary and was reduced by 20% each year down to \$10,000. The greatest portion of insurance costs was caused by the grandfathered group because there was no reduction in coverage. Insurance coverage for the grandfathered group ranged from \$5,000 to \$100,000; 2) the City was paying 100% of Employee Insurance Premiums. This was an issue because the City promised employees that they would pay 100% of their premiums and now was returning to say changes must be made; 3) Retirees based their plans and future estates on the insurance provision; and 4) Term Insurance was only for a specific period of time, which offered no investment or cash value.

Mayor Frank inquired whether the City had researched Whole Life and Paid-up Life Insurance options. Ms. Lovett replied the City did not research Whole Life or Paid-up Life Insurance as alternatives, because, Term Life Insurance was what insurance providers offered to a group of employees in large companies.

Ms. Lovett noted the following Life Insurance alternatives for City Council's consideration: 1) Make no changes to the current provision; 2) Provide \$10,000 City paid life insurance and eliminate death benefit of \$3,300. Supplemental coverage may be elected by the retirees at full cost; 3) Eliminate life insurance coverage for future retirees and provide them with a \$10,000 death benefit. Phase down coverage to \$10,000 for current retirees. Eliminate coverage at \$10,000 and provide \$10,000 lump sum death benefit to current retirees; 4) Eliminate coverage and provide \$10,000 death benefit to current and future retirees. Retirees may elect a supplemental death benefit coverage based on an actuarial determined premium rate; and 5) Provide City paid life insurance of \$10,000, \$15,000 or \$25,000 with retiree election to purchase supplemental life insurance.

Councilwoman McMillan inquired whether the City considered, as one of the alternatives, honoring the commitment made to retirees and current employees who would retire within the next seven years. Ms. Lovett stated anything could be incorporated but, indicated grandfathering was difficult. She had never been in favor of grandfathering employees. A certain group received one benefit, while another group received something different.

Councilwoman McMillan understood the complexity of grandfathering employees, but stated employees did not wait before the year that they planned to retire to make up their retirement portfolio. That was something that most employees planned ahead for and counted on. There were retirees who had reached a certain age who would not qualify for any life insurance if the City eliminated what they presently had. If someone had counted on the benefit, she felt an obligation to follow-through on what was promised.

There was consensus among City Council for staff to further study the following life insurance alternatives: 1) Make no change to the current provisions by grandfathering current retirees who were eligible to receive one-half of their salary in life insurance and grandfathering retirees and current employees who were eligible to receive one-half of their salary in life insurance which would reduce by 20% per year down to \$10,000; 2) Eliminate life insurance coverage and provide a \$10,000 death benefit with the power for an employee to elect supplemental coverage based on an actuarial determined premium rate; and 5) Provide City paid life insurance of \$10,000 with the power of a retiree to elect to purchase supplemental life insurance.

Mayor Frank asked the City Manager to provide a memo to City Council on the above alternatives so that City Council could be sure their requests were correctly noted, since the discussion was rather confusing. City Manager Hildebrandt stated he would provide a memo to City Council noting the alternatives they requested.

THERE BEING NO FURTHER BUSINESS,
ON MOTION, COUNCIL ADJOURNED AT 6:14 P.M.

Jennifer D. Walker, CMC
Chief Deputy City Clerk

Joe S. Frank
Mayor
Presiding Officer

A true copy, teste:

City Clerk