

MINUTES OF WORK SESSION
OF THE NEWPORT NEWS CITY COUNCIL
HELD IN THE 10th FLOOR CONFERENCE ROOM
2400 Washington Avenue
August 11, 2009
2:25 p.m.

PRESENT: Sharon P. Scott; Tina L. Vick; Joseph C. Whitaker; Dr. Patricia P. Woodbury;
Herbert H. Bateman, Jr.; Joe S. Frank; and Madeline McMillan ----- 7

ABSENT: None ----- 0

OTHERS PRESENT: Neil Morgan; Stuart E. Katz; Mabel Washington Jenkins; Alan Archer;
Cynthia Rohlf; Lottie Vincent; Allen Jackson; Lisa Cipriano; Yvonne Manning; Scott Liebold;
Chad Pritchett; Steve Carpenter; Everett Skipper; Paul Tribble; LaVerne Lovett; Steve Terveer; Jeff
Verhoef; Ken Krakaur; Sabine Hirschauer; Jennifer Walker; Cleder Jones; Kim Lee; and Jerri
Wilson

I. Call to Order

Mayor Frank stated the Work Session had begun an hour and twenty-five minutes later than scheduled due to the Special Meeting of City Council held at 11:45 a.m. He suggested Council conduct the Work Session in an abbreviated manner in order to get through as many of the items as possible. If necessary, the remaining items for discussion could be added to the next scheduled meeting of September 8, 2009. Mayor Frank introduced Acting City Manager Neil Morgan.

II. Fire Department Response Times

Acting City Manager Neil Morgan introduced Mr. Scott Liebold, Deputy Chief, Newport News Fire Department, to provide a presentation on how the Fire Department made decisions to best optimize response times.

Deputy Chief Liebold explained that the Fire Department used data to determine where to locate equipment, manpower, and stations to reduce response times. He stated data was collected and analyzed annually to look for trends which offered operational posture. The Fire Department had met and exceeded its own standards, as well as the standards of acceptability from its international accreditation board.

Deputy Chief Liebold stated the Fire Department provided a multi-layer of response capability in the City, such as: 1) Fire Suppression; 2) Emergency Medical Services – Treatment and Transport; 3) Rescue and Life Safety; 4) Fire Inspection and Investigation; and 5) Fire Education. Deputy Chief Liebold noted the department measured success by the following: 1) Metrics; 2) Cost Benefit Analysis; 3) Community Expectations; 4) Local, State and Federal Standards; 5) Regional

Considerations; and 6) Fiscal Constraints.

Deputy Chief Liebold reported the Fire Department received accreditation in 2008 from the Commission on Fire Accreditation International Center for Public Safety Excellence, after a four-member panel performed a thorough investigation of the Fire Department's operations. One key component of the investigation process included the standard of response coverage, which incorporated: 1) Community Baselines; 2) Risk Assessment; 3) Critical Tasking Capability; 4) Distribution Service Levels; 5) Concentration Service Levels; 6) Service Level Objectives; 7) Reliability Study; and 8) Policy Recommendations.

Deputy Chief Liebold stated because the City was laid out geographically, with railroad tracks splitting the City in half, the department was always mindful of accessibility from both sides of the track. Anytime the department made policy decisions on the location of various apparatus, or movement of personnel, cross-over locations were considered. (A copy of the presentation, "Newport News Fire Department," is attached and made a part of these minutes.)

Councilwoman McMillan inquired whether the Station District map on page 6 of the attached presentation reflected locations of Fire Stations throughout the City, with the inclusion of the new airport Fire Station or whether it only reflected districts. Deputy Chief Liebold responded that the graph reflected all stations in their actual districts.

Councilwoman McMillan asked whether there was one fire station per district. Chief Liebold responded there was one fire station per district.

Deputy Chief Liebold reported the risk assessment component of the Fire Department included: 1) Available and Needed Fire Flow; 2) Probability; 3) Consequence and Occupancy Risk; and 4) Established Fire Management Zones. He stated the department used formulas to determine how much water flow was needed. The Fire Department worked with Waterworks to ensure water flow availability based on the current system. Recommendations were provided to Waterworks when upgrades were needed. The Probability component looked at the likelihood an event would occur in a given period of time based on the available data to support recommendations. Consequence and Occupancy Risk explored the "what-if" factor, at any given facility, and how it would affect the economics, life safety, and infrastructure. The Fire Management Zones were established to determine whether a new station was needed in a particular location.

Deputy Chief Liebold mentioned the department assessed the capabilities of the equipment used. Each of the suppression and ladder trucks had pumping capability. Everything was taken into account to determine need in a particular area.

Councilman Bateman inquired whether the Fire Department conducted unannounced audits to ensure fire hydrants and equipment was functional. Deputy Chief Liebold responded that fire station districts conducted routine surveys, which checked fire hydrant locations to ensure they were clear of vegetation, not painted shut, and operational.

Deputy Chief Liebold stated statistical relevance included: 1) Data Set – Data from over 100,000 calls for service from 2005 through 2008; 2) Filtration – Concentration data that reflected only calls that were true; and 3) Consistency – Any deviation of 10% from year-to-year was analyzed to determine cause. The data of probability was broken down into day of the week, time of day and time of year. The time of day data peaked during the middle of the day when people cooked lunch and dinner. Monthly call volume showed a high volume of calls during February 2008.

Councilwoman Woodbury questioned why the spike of data in February 2008. She questioned whether it was a particularly cold February? Deputy Chief Liebold responded the weather was reviewed, which noted February was a mild month. There was no indication as to what caused the spike.

Deputy Chief Liebold explained the Fire Department divided the City into two battalions: North and South Battalion. There were ten fire stations, soon to be eleven, with the opening of the airport station. He explained that fire stations were built based on call volume and response times. The Fire Department worked closely with the Department of Development, to be kept abreast of various projects proposed for the City. This ensured the department planned, designed and constructed necessary fire stations. For the component of Emergency Services, the department further divided the City into 99 different geographical segments. If there was a problem in any given segment, the Department was able to pull the data to address any issues and fine tune procedures. The call volume analysis conducted from 2005-2007, reflected the number of calls across the City. The data provided the department with one piece of evidence that enabled the department to propose the construction of the airport fire station.

Councilwoman McMillan inquired whether the calls received were for fires. Deputy Chief Liebold responded the data reflected all calls, including fires.

Deputy Chief Liebold noted data that reflected response time and how long it took to get into a particular area of the City. He explained data identified an issue of responding to calls in the Colony Pines area. Although there were other fire districts in close proximity, traffic congestion and other geographical issues created slower response times in the Colony Pines area. This information necessitated the need for Fire Station 11 at the airport.

Councilwoman McMillan inquired about the reason the airport was considered to be a good location for a fire station to serve the Colony Pines neighborhood. She further inquired why a location on McManus or Denbigh Boulevard was not considered. Deputy Chief Liebold responded the department leased a temporary facility adjacent to the airport, and were looking for a permanent site.

Acting City Manager Neil Morgan commented that the temporary site was selected to accommodate the present need, in response to call volume and response time challenges.

Councilwoman McMillan stated it was a costly available option and felt more thought should have been given to the situation. Deputy Chief Liebold stated the same analysis was used to determine where the replacement for Fire Station 3 would be located.

Deputy Chief Liebold noted the Critical Task Analysis component determined what jobs needed to be done. The department received questions regularly, such as why so many pieces of equipment were necessary at a fire scene, or why a fire truck responded to a medical call. There were many matters to be accomplished at a fire scene which required more than three or four people. He explained that the department was required to work and operate under various regulations, such as the Department of Labor regulations, OSHA standards, federal regulations, and others. The City could be exposed to liability if someone was injured and the department did not follow required regulations.

Mayor Frank inquired whether the department continued to receive calls from citizens who only wanted transportation to the hospital. Deputy Chief Liebold responded yes.

Deputy Chief Liebold explained that First-Due Apparatus Responders arrived within 6 minutes for 70% of all structure fires in the City, and the Basic Life Support Force with AED capability, or an ALS medic unit, arrived within 6 minutes for 70% of priority EMS incidents. The baseline current service levels for all other response assets for residential structure fires was 11 minutes and 30 seconds; 13 minutes for commercial and apartment fires; and seven minutes for all priority EMS incidents.

Councilwoman Scott inquired whether the figures were projections or actual times for the First Due Apparatus Responders. Deputy Chief Liebold responded these were actual times and averages from the data system in use for the past four years.

Councilwoman McMillan inquired whether all fire stations would be fully equipped and able to maintain a six minute and below response time when Fire Station 11 opened. Deputy Chief Liebold responded that was the goal.

Councilman Bateman inquired about the opening date for Fire Station 11. Deputy Chief Liebold replied the opening was planned for September or October of 2009.

Councilwoman McMillan inquired whether equipment would be pulled from other fire stations to outfit Fire Station 11. Deputy Chief Liebold responded one reserved engine was outfitted and ready to move in and personnel would be shifted to staff the station. Medic Unit 601 would also be moved in.

Councilwoman McMillan inquired whether each fire station would have a medic. Deputy Chief Liebold responded that each Fire Station would have a medic; however, Fire Station 7 had a medic to handle downtown calls.

Councilwoman McMillan inquired whether each fire station would have a pump truck. Deputy Chief Liebold replied each fire station would have a Suppression and Medic unit. A couple of stations had a Heavy Rescue Unit and Specialty Units were scattered throughout the City.

Councilwoman Scott commented that firefighters attended her North District Town Hall meetings with complaints that the Fire Department did not have enough equipment. She questioned how the comments could be made if all the stations were fully functional. Deputy Chief Liebold explained that the problems faced within the department were due to attrition from the volume of personnel who retired in the past five years. He advised there were 34 candidates in the hiring pool scheduled to start work with the Fire Department on Monday, August 17, 2009. He had adequate equipment to run the Fire Department.

Councilwoman Woodbury inquired about assurances included in the new firefighter's contract that obligated them to stay with the City over a certain amount of time after being trained. Deputy Chief Liebold stated the contract was very specific. The new firefighters agreed to reimburse the City for all training costs, to include the hiring physical, and the polygraph, which amounted to more than \$3,500, if they did not stay with the City for two years or more.

Councilman Bateman inquired whether firefighters concerns, such as incidents and fear for their lives were handled appropriately by either verbal or written response. Deputy Chief Liebold replied most concerns were expressed verbally and it depended on the incident or concern. The majority of concerns was verbal and was handled appropriately.

Councilman Bateman inquired whether the Fire Department was proactive when evaluating incidents. Deputy Chief Liebold replied the Battalion Chief evaluated significant incidents, such as fires.

Councilwoman Woodbury inquired whether the Fire Department could consider a longer period of time, i.e. three years for new firefighter recruits to work for the City after training. Deputy Chief Liebold replied it was difficult to get to the two year point.

III. Warwick Boulevard Speed Limit

Acting City Manager Morgan noted the memo to City Council from the City Manager Hildebrandt dated July 6, 2009, regarding the speed limits for Warwick Boulevard – Avenue of the Arts, to Nettles Drive. He stated the City Manager recommended a 30-mph speed limit as opposed to a 25-mph or 45-mph speed limit. Staff would be comfortable with a speed limit of 30-to-35 mph.

Councilwoman McMillan inquired whether the matter was brought before the Transportation Safety Commission and if so, what was their recommendation. Acting City Manager Morgan replied the matter was brought before the Transportation Safety Commission who recommended not less than 35 mph in the area near Christopher Newport University (CNU) and 45-mph in the remainder of the corridor.

Councilwoman McMillan felt 35-mph in the area near CNU and 45-mph in the remainder of the corridor was reasonable. Councilman Bateman agreed.

Councilwoman Woodbury stated she received many calls from constituents who were very upset about a \$70 million road. She understood that the students were important but they also were adults and needed to learn to make safety choices. People who worked all day in the shipyard and Fort Eustis did not want to have to continue experiencing bottle neck traffic in that particular area. It was the University's choice to put the dorm buildings across the street and she felt it was their responsibility to build a tunnel or crossover for CNU students and not hold the citizens of Newport News hostage.

There was consensus among City Council to support the recommendations of the Transportation Safety Commission to establish a new speed of 35-mph in the area near Christopher Newport University and 45-mph in the remainder of the corridor.

Mayor Frank inquired about VDOT's completion date for the corridor. Acting City Manager Morgan replied VDOT's official new completion date was April 2010.

IV. Fiscal Year 2010 Bond Authorization

Acting City Manager Morgan reported the City had to sell bonds later this fiscal year to carry out the FY 2010 Capital Improvement Plan (CIP). He stated the first step to carry out the

CIP was approval of the FY 2010 Bond Authorization for \$31 million. The authorization was increased by \$1 million from the \$30 million so the City would have additional flexibility in pricing the bonds. He introduced Ms. Lisa Cipriano, Director, Budget and Evaluation, to report on the FY 2010 Bond Authorization.

Councilwoman McMillan inquired about the need to increase the bond authorization by \$1 million to \$31 million. Ms. Cipriano replied a bond authorization allowed the City to purchase money. Unlike the operating budget, where the City knew what its cash flow from taxes and other sources was, the City had to go and purchase money in the bond market. There were three ways to sell bonds; one way being by true face value. City Council was authorizing the need to borrow \$30 million. A bond authorization set the upper limits on the types of money that the City could borrow. If the City had to sell bonds at a discount to get \$30 million in cash, the City had to actually sell \$31 million worth of bonds at a discounted rate. During the last two bond sales, the City had been in a situation where it sold bonds at a premium, meaning it received money and paid less debt service, which it hoped to do during this bond sale. The City needed to have a maximum number should there be a change in the market and the City had to sell the bonds at a discount; however, the City was not anticipating selling at a discount, but things could change rapidly in this economy. The City was setting the maximum limit, but wanted \$30 million in bond cash.

Councilwoman Woodbury voiced concern about the City acquiring an additional \$1 million in debt. She inquired whether the \$1 million would still be needed if the City sold its bonds at a premium and not at a discount. Ms. Cipriano replied no; the City's intention was to only borrow \$30 million.

Ms. Cipriano stated the FY 2010 Bond Authorization of \$31 million allowed City Council to 1) Appropriate funding for projects in the FY 2010 – FY 2014 CIP; 2) Issue General Obligation Bonds to finance CIP projects; 3) Issue Refunding Bonds; and 4) Issue Build America Bonds (BABs). (A copy of the presentation, "FY 2010 Bond Authorization," and "FY 2010 Bond Authorization Project Allocation," are attached and made a part of these minutes.)

Ms. Cipriano stated the FY 2010 Bond Authorization would: 1) Keep the City on track to structure the FY 2011 Bond Authorization to align with the FY 2011 – FY 2015 CIP when adopted by City Council later this fiscal year; 2) Provide the needed flexibility to structure the bond issuance to accommodate market conditions at the time of the sale; 3) Provide Refunding authority if market conditions remained favorable; and 4) Allow additional authority to issue BABs if the City's Financial Advisors determined that this was the best financing option.

V. Hampton-Newport News Community Services Board Performance Contract

Councilwoman McMillan stated she read the contract, met with Mr. Chuck Hall, Executive Director, Hampton-Newport News Community Services Board, and did not have a

problem with the Performance Contract.

Mayor Frank stated he did not have a problem with the contract, and inquired whether City Council wanted to waive the presentation.

There was consensus among City Council to waive the presentation and support the Hampton-Newport News Community Services Board Performance Contract at the September 8, 2009 City Council Regular Meeting.

VI. Food Bank Capital Campaign

Acting City Manager Morgan recalled the FY 2008 - 2012 CIP approved by City Council, in January 2007, included \$400,000, for five years, that amounted to a total pledge of \$2 million to the Foodbank Capital Campaign. He reminded the CIP was a planning document; it did not authorize funds to be spent. The annual \$400,000 contribution must be appropriated by the City Council in the year it was to be paid before a disbursement of funds to the Food Bank could occur. He introduced Mr. Steve Terveer, Chief Executive Officer, Foodbank of the Virginia Peninsula, to report on the Food Bank's Capital Campaign.

Mr. Terveer reported the Food Bank of the Virginia Peninsula was a 501(c)(3) organization that was established in 1986 and located at 9912 Hosier Street, Newport News. The mission of the Foodbank of the Virginia Peninsula was to distribute food effectively through collaborative efforts that minimized hunger, and promoted nutrition and self-reliance through education. Since its inception in 1986, the Foodbank of the Virginia Peninsula had distributed a total of 83,913,272 pounds of food to benefit the needy and hungry of the Virginia Peninsula. During the 2007 – 2008 fiscal year, the Foodbank distributed 9,468,890 pounds of food throughout its nine jurisdiction service areas (Cities of Hampton, Newport News, Poquoson and Williamsburg and the Counties of Gloucester, James City, Mathews, Surry and York).

Mr. Terveer stated the Kid's Café Program provided a nutritious afternoon meal or snack to children in afterschool programs in a safe, caring and learning environment. There were 24 Kids Café sites that had served 230,559 meals or nutritious snacks to an average of 1,432 children, weekly, during the 2008-2009 school year. The Foodbank of the Virginia Peninsula currently served 210 agencies in the nine jurisdictions it served. Newport News received nearly 34% out of the 9,468,890 pounds of food distributed during 2008.

Mr. Terveer stated the Foodbank's current facility was severely inadequate. He reminded, the strategic planning for a new facility began five years ago. He reported the Food Bank signed a land purchase and a design-build agreement. The new facility would be located at the corner of Aberdeen Road and Aluminum Road in the Copeland Industrial Park in Hampton, which

was very close to Newport News. The Foodbank currently operated out of a 20,000 square foot facility, but planned to build a 50,000 square foot facility. The Foodbank embarked upon a \$7 million capital campaign with commitments of \$6.6 million, and were poised to start the public campaign as soon as they closed on the land.

Mr. Terveer reminded the FY 2008 - 2012 CIP was approved by the City Council in January 2007, and included \$400,000 to be paid to the Foodbank in five consecutive years, beginning in FY 2008, for a total of \$2 million. The Foodbank was in receipt of the first annual contribution of \$400,000 for FY 2008. The Foodbank recognized, based on the current economic situation faced by the City, resuming the payment of this annual contribution, for two fiscal years, would be difficult; however, the City finished FY 2009 with a small surplus. Mr. Terveer asked City Council to release the second annual contribution of \$400,000 immediately, and reaffirm its intention, through a resolution, to contribute the total \$2 million for the new Foodbank facility. (A copy of Foodbank's City of Newport News Quick Facts [FY 2007-2008] is attached and made a part of these minutes.)

Mr. Ken Krakaur, President, Board of Directors, Foodbank of the Virginia Peninsula, stated the Foodbank of the Virginia Peninsula needed to understand the City's position on the \$2 million commitment. They were excited about the project and wanted to obtain necessary financing; but needed a confirmation of the \$2 million commitment to report to their financial institution.

Mayor Frank understood the Foodbank needed a comfort level for the bank. Mr. Krakaur replied that was correct.

Councilwoman McMillan inquired how that would affect the City's cash surplus. Ms. Cipriano replied the City would have cash funding.

Councilwoman Woodbury recalled there was a \$1.9 million surplus from the third quarter. Ms. Cipriano replied, based on the savings the City had instituted, throughout the entire fiscal year, she felt a surplus would be in the realm of \$1.9 million.

Councilwoman Woodbury suggested that City Council move forward with the \$400,000 appropriation to the Foodbank. It was obvious they needed reassurance.

Mayor Frank suggested that City Council appropriate \$400,000 to the Foodbank and have the City Attorney draft a resolution laying out how the City intended to pay the remainder of the \$2 million obligation, for adoption at the September 8, 2009 Regular Meeting of City Council.

City Attorney Katz stated he would need additional information. He reminded that the CIP was a planning document; it was a strategic plan to identify goals. Until City Council

actually appropriated the funding, there was no legal obligation just because something was in the CIP. The resolution would have to be a very general expression of intent and that was subject to an appropriation because the present City Council could not bind a future City Council to expend funding. The only way to do that was to appropriate all the funding now and he did not get the sense that City Council had the \$1.6 million available to do that.

Mayor Frank understood, but the idea was to express the intent from City Council to continue to honor the commitment it had to the Foodbank on a schedule that would be guided by the City Manager and the Finance staff to appropriate \$400,000 with a plan to make the additional payments.

Councilman Bateman inquired whether the real estate tax area was improving. City Attorney Katz stated he would look into the matter and provide a report to City Council.

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

Acting City Manager Morgan introduced Ms. Cindy Rohlf, Assistant City Manager, and Ms. LaVerne Lovett, Director, Department of Finance, to report on the Other Post Employment Benefits (OPEB).

Ms. Rohlf reminded there were two aspects of the City's retirement program: 1) Pension Fund; and 2) OPEB. She stated discussion was held on the Pension Trust Fund at the July 14, 2009 City Council Work Session. After discussion of the OPEB benefits in the past, staff wanted to receive further direction with the ultimate goal of presenting draft ordinances to City Council in September 2009, with action, hopefully by October 2009. She stated various concerns were addressed that were expressed by City Council and City employees on how the changes would impact long-term employees that were at or near retirement age. To address such concerns, staff had phased in some of the recommendations and believed there would be less financial impact to employees. Much consideration had been given to the impact that OPEB changes would have on employees. Staff was attempting to do everything possible to make recommendations that would have minimal financial impact; however, the recommendations would not impact current retirees because they were not in a financial position to handle any type of adjustment. There would be some impact on employees that retired in the future, but they were hopeful that by phasing in some of the recommendations it would allow employees more flexibility. Ms. Rolfe introduced Ms. Lovett to review the specifics of the recommendations and talk about the financial implications and how the recommendations impacted the City's annual required contribution. She hoped staff could walk through some of the recommendations and get some direction in order to move forward. Ms. Rohlf stated, unfortunately, staff had not been able to receive numbers for the life insurance proposals; however, they were assured they would get the numbers within another week. They were still waiting on the final financial numbers on the Public Safety personnel piece. Hopefully, they

would report back at the September 8, 2009 meeting with some financial implications and recommendations for Public Safety employees.

Councilwoman McMillan reminded she had sent a memorandum dated December 11, 2009, requesting information regarding the implications the benefit changes would have on employees with 10-years or less service with the City. Not only had the information been requested by her, but also by Councilwoman Woodbury during City Council discussions. They both requested figures on how the City would be affected if the changes were only applied to new hires and employees with 10-years or less service with the City. Councilwoman McMillan stated she still did not see any figures that gave City Council options for instituting the recommendations for new hires and employees with 10-years or less service with the City. She had asked for the information for OPEB and the medical benefits and the issue had never been addressed in any manner.

Ms. Lovett apologized, but promised to get the information to City Council. She stated as she went through each of the recommended proposals, she would ensure that if it was a piece that could be applied with a 10-year benefit that it would be addressed. Councilwoman McMillan offered to supply a copy of her December 11, 2009 memo.

Acting City Manager Morgan understood Councilwoman McMillan wanted to know the financial impact to the City if the proposed changes to OPEB were only instituted for new hires and employees with 10-years or less service with the City.

Ms. Rohlf regretted the oversight and indicated the issue was picked up on the Pension side. She did not realize it was an issue with OPEB.

Mayor Frank inquired about the Retirement Health Savings Plan and how it worked. Ms. Lovett replied the Retirement Health Savings Plan was an investment savings plan such as a 457 or 401 Retirement Plan. Contributions were put in the plan to accumulate, and were used only to pay for medical bills after retirement. The Retirement Health Savings Plan would have to be mandatory for all new hires, and would not be voluntary.

Ms. Lovett noted the following recommendations (A copy of the presentation, "Other Post Employment Benefits (OPEB)," noting highlights of the recommendations is attached and made a part of these minutes.):

Recommendation #1 - Close OPEB Fund to new members and establish a Retirement Health Savings Plan

Mayor Frank inquired whether a retiree drew funding out of the plan to pay their insurance premiums, or whether the premiums were paid directly from the fund. Ms. Lovett replied

the retiree would direct the administrator to pay its insurance premiums, co-pays or any medical related bills.

Councilwoman Woodbury inquired what would happen should an employee terminate their employment with the City. Ms. Lovett replied the funds accumulated in the plan would go with the employee if they terminated their vested employment with the City, but the employee could not use the funds until age 55 or older.

Councilwoman Vick inquired whether the account would begin automatically for new hires. Ms. Lovett replied the City would begin contributing automatically on a new hire's date of employment; however, the new hire would have to be vested before the funds would be theirs. If an employee left the City before being vested, they would not receive any of the funds accumulated in the plan.

Councilwoman Woodbury inquired what would happen to the funding should the employee's job be eliminated, through a reduction-in-force, prior to being vested.

Councilwoman McMillan stated she favored Recommendation #1 because it did not have an effect on current employees who had already counted on benefits. She stated new hires would understand exactly where they stood and exactly what they were getting.

Ms. Rohlf reminded that current employees had to be with the City for ten or more years before they were eligible to receive any OPEB benefits.

There was consensus among City Council in support of Recommendation #1.

Recommendation #2 – Pre-65 – No change recommended for current retirees

Ms. Lovett stated current retirees would continue to receive a 69% contribution from the City, to include a Cost-of-Living-Adjustment (COLA), each year. Recommendation #2 would have no impact to the City's savings.

There was consensus among City Council in support of Recommendation #2.

Recommendation #3 – Pre-65: Reduction in the City's premium contribution for employees retiring on or after January 1, 2010

Ms. Lovett reported a new dollar cap would be established for the City's premium contribution for employees retiring after January 1, 2010, with an annual COLA added. The City's

contribution for single coverage would be capped at 75% of the total December 31, 2009 premium. The City's contribution for all other coverages would be capped at 50% of the total December 31, 2009 premium.

Mayor Frank inquired about the cost differential should the City continue the 69% it was presently now doing and raise the other to 75%.

Councilwoman Woodbury inquired about reducing the capped amount to 60% for all other retiree healthcare coverage and 69% for single coverage. Ms. Rohlf replied staff would report back to City Council on 69% for single and 60% for all other coverages.

Mayor Frank stated maybe the City should pay 69% of the Cost-of-living instead of 100%.

Mayor Frank inquired about the reason for such disparity in the percentage of premium payments towards healthcare coverage for single and family plans. He felt it was not right to treat employees differently, who had a family and retired early, from those employees who did not have a family. He was not comfortable with the recommendation.

Ms. Lovett explained the City found that both spouses worked in most families. During active years, each spouse would be enrolled in their own employer's health insurance plan, but in planning for retirement both would become a part of the City's health insurance plan.

Councilwoman McMillan stated she did not believe such a scenario should be a consideration in what the City was doing. Whether someone's spouse had another job and other benefits was not any of the City's concern. The City should be providing a benefit plan that was fair and equitable for its employees. If and when an employee or his/her spouse looked towards retirement, viewed their financial packet, and decided that one benefit plan was better than the other was their personal choice that they should be allowed to make.

Ms. Rohlf stated when one looked at the annual premiums of what the City paid for health insurance, single coverage cost one-half of what the City paid for family coverage. A single employee could have a case by stating that the City was discriminating against him/her and then, in turn, request that the City to pay 100% of the premium for their single coverage to equal what the City paid for family coverage.

Councilwoman McMillan stated one had to remember that more coverage costs more money and the City should not be making up private scenarios. Someone's private income was no

one's business. What people decided to do, regarding their benefits, should not be part of the City's plan.

Ms. Lovett agreed with Councilwoman McMillan, but indicated she was just trying to make a point about the impact on the cost of the plan. The City was trying to make up a more sharing of the cost.

Mayor Frank asked that staff provide the information in clear narrative form so that City Council could truly understand the issues, the recommendations, and the consequences.

Councilwoman McMillan recalled City Council previously asked that such information be put into a graph form to allow Council to better understand all the implications and/or benefits of the recommendations.

Mayor Frank stated he would like the information provided by staff refined, and forwarded to City Council for study in advance the meeting.

Acting City Manager Morgan stated it was the goal of staff to come back with the parts that were agreed upon by City Council, noting the savings, and have other pieces put on the table for discussion.

Mayor Frank asked staff to provide understandable information, regarding the recommendations, in advance of the meeting. City Council had some interesting ideas and valid concerns that needed to be defined in order to find a way to summarize the conclusion of the matter.

Ms. Lovett indicated she was clear on the first and second recommendations, and would provide a third recommendation with two scenarios: 1) A contribution of 69% for single; and 2) A contribution of 60% for all other coverages with a phase-in option.

Recommendation #4 – For current and future Post-65 retirees: The city would contribute a flat amount of \$250 per retiree (per month) and \$125 (per month) for spouses effective January 1, 2010

Councilwoman McMillan questioned whether the \$313 monthly Medicare Supplement Plan, with drug coverage, was the best deal the City could receive. She inquired about the amount that Richmond paid for the same type of plan. She recalled offering an example that noted substantial savings were involved in going to a Medicare Supplement as opposed to offering the full benefits plan. The proposed recommendation would cost employees more than less. Ms. Lovett stated the City had reduced its premiums by nearly 50%; they were looking at \$562 to \$700

for the previous plan. Councilwoman McMillan indicated it was costing the retiree more. Ms. Lovett replied it cost the retiree \$10 more per month.

Ms. Lovett explained currently a retiree and his/her spouse were paying \$313 each, per month, for the Medicare Supplement Plan with drug coverage. The City proposed a contribution of \$250 per month for a retiree and \$125 per month for his/her spouse towards each of their \$313 premium. The current monthly retiree/spouse cost, less City contribution, was \$53 per month for each. The proposed monthly premium for a retiree would cost \$63 and \$188 for his/her spouse. This would amount to a \$10 per month increase for the retiree and \$135 per month increase for his/her spouse, totaling a combined increase of \$145.

Councilwoman McMillan understood that the proposed recommendation increased the spousal premium by \$135. Ms. Lovett replied the City currently contributed the same amount for the retiree and his/her spouse. The proposal was for the City to contribute one-half of the premium that it contributed currently. That theory was also recommended by the Retirement Board.

Councilwoman Woodbury inquired about phasing-in the increase for the spouse. Ms. Lovett replied she would review the option of phasing-in the increase for the spouse.

Acting City Manager Morgan stated he and staff would come back with some coherent information in September 2009.

Mayor Frank stated receiving information in writing, regarding the life insurance, would be a plus. Ms. Rohlf replied staff would recap what they heard to ensure everyone was on the same page when they met in September 2009.

VIII. Miscellaneous Item

Mayor Frank noted his memorandum to City Council, dated August 4, 2009, regarding a \$10,000 contribution to Virginians for High-Speed Rail. He stated high-speed rail was an item that was becoming very significant. Virginians for High-Speed Rail were working to acquire high-speed rail for Hampton Roads. Mayor Frank felt the City needed to be at the table as this was an important issue to the City and the community. He reminded that City Council decided not to support the initiative in the budget. The Executive Director for Virginians for High-Speed Rail then wrote a letter, in which Mayor Frank copied to City Council, by way of a letter, asking that they reconsider their decision.

Councilwoman McMillan stated she appreciated what Mayor Frank was saying about high-speed rail. She stated Virginians for High-Speed Rail had been around for quite a while. She

noted correspondence went back to 2001. Their website had the very same information since 2001 or before. As far as she was concerned, the Virginians for High-Speed Rail talked a good talk, and were nothing more than another lobbying group. She felt the City could effectively do its own lobbying for high-speed rail in the City of Newport News, without giving the Virginians for High-Speed Rail \$10,000.

Councilwoman Woodbury noticed Virginians for High-Speed Rail was a non-profit group, not a State agency. She questioned how much had been done since 2001 as she reviewed the information and saw nothing. This was 2009, and they received \$10,000 each year. She inquired about what they did with the \$10,000 they received from the City each year. She inquired whether they used the \$10,000 to support their bureaucracy. Councilwoman Woodbury did not see that they were moving fast.

Councilwoman McMillan stated one saw the same concept that appeared on the State Transportation site and in the VML report. She did not see what Virginians for High-Speed Rail were doing with their money.

Mayor Frank replied Virginians for High-Speed Rail advocated for high-speed rail. The state had asked for money from the Stimulus Package for two high-speed rail projects: 1) Down the South of the James River; and 2) Down the Peninsula on the CSX corridor. High-speed rail was becoming an immediate issue. Virginians for High-Speed Rail had worked for the project for a long time. Mayor Frank indicated he only asked because he was asked. He felt the City should be at the table in relation to what was happening regarding the two high-speed rail projects.

Councilwoman Scott inquired about Virginians for High-Speed Rail and stated she would like to talk to a representative to get a better understanding of what they did.

Mayor Frank stated he would invite a representative from Virginians for High-Speed Rail to make a presentation at an upcoming Work Session in September 2009.

Councilwoman Woodbury stated the City had the Metropolitan Planning Organization.

Councilwoman Vick stated she would like to hear from a representative from Virginians for High-Speed Rail.

Councilman Bateman stated he would like to receive a presentation from the Virginians for High-Speed Rail.

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There was consensus among City Council to have a representative from Virginians for High Speed Rail to provide a presentation at an upcoming City Council Work Session.

THERE BEING NO FURTHER BUSINESS,
ON MOTION, COUNCIL ADJOURNED AT 4:50 P.M.

Jennifer D. Walker
Chief Deputy City Clerk

Joe S. Frank
Mayor
Presiding Officer

A true copy, teste:

City Clerk